

São Paulo, February 26, 2021

Dear Shareholders,

It is with great satisfaction that the management of CESP - Companhia Energética de São Paulo ("CESP" or "Company") invites everyone to participate in the Company's Ordinary and Extraordinary General Meeting ("General Meeting"), to be held on December 30 March 2021, at 2:00 pm, **exclusively digitally**, pursuant to Instruction No. 481 of the Securities and Exchange Commission ("CVM"), of December 17, 2009, as amended ("ICVM 481/09"), due to the current public health scenario resulting from the COVID-19 pandemic and in order to preserve the integrity, health, and safety of its shareholders and other representatives necessary to hold a general meeting.

Without prejudice to participation in the General Meeting through a digital platform as detailed below in this document, which includes management proposals and general guidelines for participation in the General Meeting ("Management Manual and Proposal"), the Company also strongly encourages shareholders to use the Remote Voting Ballots, in compliance with ICVM 481/09, also detailed below in this document. The guidelines on how to exercise voting by means of remote voting ballots are detailed throughout this document.

Finally, we inform you that the Call Notice that will be published on February 27, 2021 in the Valor Econômico newspaper and in the Official Gazette of the State of São Paulo describes the matters to be resolved at the General Meeting.

We ask shareholders to carefully examine this Management Proposal and the documents related to the General Meeting that are available on the Investor Relations website (<http://ri.cesp.com.br>), on the Securities and Exchange Commission website (www.cvm.gov.br), as well as at the Company's headquarters.

Fabio Rogério Zanfelicce
Chairman of the Board of Directors

CESP - COMPANHIA ENERGÉTICA DE SÃO PAULO
Publicly-Held Company

CNPJ No. 60.933.603/0001-78
NIRE no. 35.300.011.996 | CVM Code 02577

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MANUAL OF THE ORDINARY AND EXTRAORDINARY GENERAL MEETING

1. SUBJECT MATTER

In view of the Company's best interests, and pursuant to Law No. 6,404, of December 15, 1976, as amended ("Corporation Law"), and CVM Instruction No. 481, of December 17, 2009, as amended ("ICVM 481/09"), the Company's Management submits to the examination, discussion, and voting of the General Meeting, to be held, on first call, on **March 30, 2021, at 2:00 pm**, in an **exclusively digital manner**, the following matters on the agenda:

At the Annual General Meeting:

- a. management's accounts, management's report, and the Company's financial statements, including the explanatory notes, accompanied by the the independent auditors' report, the audit committee's opinion, and the report of the statutory audit committee, referring to the fiscal year ended on 31 December 2020;
- b. management's proposal on the Company's capital budget for the fiscal year 2021;
- c. management's proposal for the allocation of the results of the fiscal year ended on December 31, 2020;
- d. fixing the number of members of the Company's Board of Directors for the next term of office;
- e. election of the members of the Company's Board of Directors with the approval of the result of the election of the employee's representative on the Company's Board of Directors;
- f. appointment of the Chairman of the Board of Directors of the Company;
- g. appointment of the Vice-Chairman of the Board of Directors of the Company;
- h. waiver of Mr. Fabio Rogerio Zanfelicce from the requirement of not exercising a position in a company potentially competing in the market, under the terms of art. 147, § 3, I, of the Corporation Law;
- i. waiver of Mr. Frederico Ferreira Sarmiento from the requirement of not exercising a position in a company potentially competing in the market, under the terms of art. 147, § 3, I, of the Corporation Law;
- j. election of the effective and alternate members of the Company's Audit Committee;
- k. waiver of Ms. Iara Pasian from the requirement not to exercise office in a company potentially competing in the market, under the terms of art. 147, § 3, I, of the Corporation Law; and

- I. establishment of the annual global compensation of the managers, of the members of the Audit Committee and of the Statutory Audit Committee for the fiscal year of 2021.

At the Extraordinary General Meeting:

- a. the ratification of the election of Mr. Fabio Rogério Zanfêlice, in addition to his mandate, to the position of Chairman of the Board of Directors of the Company, held at the Board of Directors' Meeting on August 6, 2019;
- b. the reform of the Company's Bylaws, with the amendment of the current paragraphs 2 and 3 of article 4; and
- c. the consolidation of the Company's Bylaws.

2. DOCUMENTS AVAILABLE TO SHAREHOLDERS

In compliance with the applicable legislation and regulation, especially the provisions of article 133 of the Corporation Law, CVM Instruction 480, of December 7, 2009, as amended ("ICVM 480/09"), and ICVM 481/09, the Company's Management provides the Shareholders, at least one (1) month prior to the date scheduled for the General Meeting, with the following documents:

- (i) The Company's financial statements for the fiscal year ended December 31, 2020;
- (ii) Independent auditors' opinion;
- (iii) Standardized financial statements form (DFP);
- (iv) Management's report on corporate affairs and main administrative facts of the fiscal year ended on December 31, 2020;
- (v) Management's comments on the Company's financial situation;
- (vi) Proposal for the allocation of net income for the year;
- (vii) Audit Committee's opinion on the financial statements;
- (viii) Summarized annual report of the Statutory Audit Committee;
- (ix) Capital Budget Proposal;
- (x) A statement by the officers responsible for having the financial statements prepared in accordance with the law or the bylaws that they analyzed, discussed, and agreed with the opinions expressed in the opinion of the independent auditors;
- (xi) A statement by the officers responsible for having the financial statements prepared in accordance with the law or the bylaws that they analyzed, discussed and agreed with the financial statements;

- (xii) Remote voting ballot for the Ordinary General Meeting;
- (xiii) Remote voting ballot for the Extraordinary General Meeting; and
- (xiv) This Manual and the Proposal, with their respective appendices.

The documents indicated above are available to the Shareholders at the Company's headquarters and at the Company's website, (ri.cesp.com.br), CVM (<http://www.cvm.gov.br/>) and da B3 S.A. - Brasil, Bolsa, Balcão ("B3") (<http://www.b3.com.br/>) on the world wide web.

3. CALL FOR THE GENERAL MEETING

The General Meeting will be called by notice published, at least 3 (three) times, in the newspapers usually used by the Company, containing, in addition to the place, date, and time of the meeting, the agenda, and, in view of the amendment to the bylaws, the indication of the matter.

In addition, according to the Corporation Law, the first publication of the call for a general meeting of publicly-held companies will be carried out at least 15 (fifteen) days in advance of the general meeting. The advance notice period for the second call to the General Meeting, if necessary, is 8 (eight) days.

The first publication of the announcement of the first call for the General Meeting will be held on February 27, 2021, more than 30 (thirty) days in advance.

4. GENERAL MEETING LOCATION

Exclusively digitally under the terms of Instruction No. 481 of the Securities and Exchange Commission ("CVM"), of December 17, 2009, as amended ("ICVM 481/09"), and further detailed below.

5. INFORMATION FOR PARTICIPATION IN THE GENERAL MEETING

The Company's shareholders may participate in the General Meeting in two ways: (i) through a digital platform to be made available by the Company for access on the day and time of the General Meeting, as detailed below; or (ii) through remote voting, under the terms of ICVM 481/09.

5.1. Required documentation: To participate in the General Meeting, in both types of participation (by means of a digital platform or remote voting), shareholders must submit the following documents to the Company:

- (i) identity document (Identity Card (RG), National Driver's License (CNH), passport, identity cards issued by professional councils and functional cards issued by Public Administration bodies, provided they contain a photo of the holder) and relevant corporate acts that prove legal representation, when applicable;

- (ii) a proof, issued by the proper financial institution that provides the bookkeeping services for the Company's shares, within 2 (two) days before the date of the General Meeting;
- (iii) in the event of representation of the shareholder, original or copy of the power of attorney;
- (iv) in relation to the shareholders participating in the fungible custody of registered shares, the statement containing the respective shareholding, issued by the competent body.

The representative of a corporate shareholder must submit the original or a copy of the following documents, duly registered with the competent body (Civil Registry of Legal Entities or Commercial Registry, as the case may be): (a) a contract or bylaws, and (b) corporate act of election of the manager who (b.i) attends the general meeting as representatives of the legal entity; or (b.ii) grants a power of attorney for a third party to represent the corporate shareholder.

With regard to investment funds, the representation of the quota holders at the General Meeting will be the responsibility of the administering or managing institution, observing the provisions of the fund's regulations with respect to who is entitled to exercise the right to vote the shares and assets in the fund's portfolio. In this case, the representative of the fund's manager or manager, in addition to the aforementioned corporate documents related to the fund manager or manager, must submit the fund's last consolidated regulation (if the regulation does not cover the fund's voting policy, also submit the voting form). complementary information or equivalent document).

With regard to participation by means of an attorney, the granting of powers of attorney for participation in the General Meeting must have been carried out less than 1 (one) year.

Additionally, in compliance with the provisions of art. 654, § 1 and § 2 of Law No. 10,406, of January 10, 2002, as amended ("Civil Code"), the power of attorney must indicate the place where it was granted, the complete identification of the grantor and of the grantee, the date and purpose of the grant with the designation and extension of the powers conferred.

It is worth mentioning that (a) individuals who are shareholders of the Company may only be represented at the General Meeting by an attorney-in-fact who is a shareholder, Company manager, lawyer, or a financial institution; and (b) legal entities that are shareholders of the Company may, under the terms of CVM's decision under CVM Process RJ2014/3578, judged on November 4, 2014, be represented by an attorney-in-fact established in accordance with its agreement or bylaws and according to the rules of the Civil Code, without the need for such person to be a director of the Company, a shareholder, or an attorney.

Shareholder documents issued abroad, as a rule, must have the signatures of the signatories notarized by a Notary Public, must be apostilled or, if the country where the document is issued is not a signatory to the Hague Convention (Apostille Convention), must be legalized by a Brazilian Consulate, translated by a sworn translator registered with the Board of Trade, and registered with the Registry of Deeds and Documents, under the terms of the applicable law.

However, considering the current public health scenario resulting from the COVID-19 pandemic and seeking to care for the health and integrity of our shareholders, our teams, their families, and the whole of society, at the same time that we seek to facilitate and encourage shareholder participation. in the AGOE, the formalities for the recognition of signatures, authentication, notarization, consularization, apostille, or sworn translation are exceptionally exempted, in relation to the documents indicated above, in the latter case, their free translation into Portuguese is enough. It should be noted that documents in Portuguese, English, and Spanish are exempt, even from having a free translation. In this case, the shareholder is responsible for the veracity and integrity of the submitted documents and, even when opting for using a digital signature, it must be made through a digital certificate issued by a certifier with an ICP-Brasil certification.

6. PARTICIPATION IN THE GENERAL MEETING THROUGH THE DIGITAL PLATFORM

For participation purposes through a digital platform to be accessed on the day and time of the General Meeting ("Digital Platform"), the interested shareholders must complete all registration data at the address: <https://www.swsm.com.br/assembleia/portal/?id=1094630AA02> and attach all documents required for their qualification to participate and/or vote in the Assembly, at least 2 (two) days before designated date for the Assembly, that is, until March 28, 2021. After the approval of the registration by the Company, the shareholder will receive his/her login and individual password to access the platform through the e-mail used in registration.

In the case of an attorney/representative, he/she must register with his/her data at the address: <https://www.swsm.com.br/assembleia/portal/?id=1094630AA02>. After receiving a registration confirmation email, one must, through the link sent to the email informed in the registration, indicate each shareholder who will represent and attach each document proving the shareholder and representation status, under the terms mentioned above. The attorney-in-fact will receive an individual e-mail about the qualification status of each registered shareholder in hi/her register and will provide, if necessary, the complementation of documents. The attorney-in-fact who may represent more than one shareholder may only vote at the Meeting for shareholders whose qualification has been confirmed by the Company.

Access to the Meeting via the Digital Platform will be restricted to shareholders or their attorneys-in-fact who are accredited under the terms of this Management Manual and Proposal ("Accredited Shareholders"). The Company advises that shareholders who do not submit the request and the required participation documents within the period established herein will not be able to participate in the Meeting.

Supporting documents required for submission, qualification, participation, and/or voting at the Meeting via the Digital Platform:

The following documents will be required from shareholders for the purpose indicated here: *(i)* proof of ownership of shares issued by the Company issued on a date not less than March 26, 2021 by the bookkeeping financial institution or escrow agent, and *(ii)* the documents required to participate as detailed in item 5. above.

Provision of information and guidelines to access the Digital Platform:

After the regularity of the representation documents sent under the terms above is verified, they will be forwarded after the qualification confirmed by the Company, for each shareholder (or their respective attorney, as the case may be) who has made the regular Participation Register, the information and guidelines for access to the Digital platform, including, but not limited to, the login and the **individual** access password, which will authorize only a single access to the Assembly. Such information and guidance will be forwarded exclusively to the e-mail address informed in the Participation Register, regardless of the e-mail address used by the shareholder (or his/her respective attorney, as the case may be) to send the documents and information for purposes of making such registration. Notwithstanding, the Company also informs that, until 2 (two) hours before the start time of the General Meeting, a reminder will be sent about the holding of the Meeting, without, however, login data and individual access password will not be sent at that time.

The guidelines on access to the Digital Platform and rules of conduct to be adopted at the Meeting will be sent in due time to each shareholder together with an invitation with the individual password to access the Digital Platform and/or with the aforementioned reminder.

In case the shareholder (or his/her respective attorney, as the case may be) has not received the aforementioned guidelines, he/she must contact the Company, by e-mail ricesp@cesp.com.br and within 1 (one) hour before the start time of the General Meeting, so that the guidelines are forwarded.

If documentary supplementation and/or additional clarifications are required regarding the documents sent for the purposes of the Participation Register, the Company will contact the shareholder (or its respective attorney, as the case may be) to request such documentary supplementation and/or additional clarifications in a timely manner that allows the sending of information and guidelines for accessing the Digital Platform within the period referred to above.

Pursuant to article 5, paragraph three, of ICVM 481/09, the Company clarifies that, if there the shareholder (or his/her attorney) is not interested in participating in the General Meeting, under the terms established above, **until March 28, 2021, 2 pm** or if the requests for documentary complementation and/or additional clarifications referred to in the previous paragraph are not met in order to attest to the regularity of shareholder representation, the shareholder **may not participate in the General Meeting** through the Digital Platform.

The Company also points out that the information and guidelines for accessing the Digital Platform, including, but not limited to, the password, are unique and non-transferable, with the shareholder (or its respective attorney, as the case may be) fully responsible for the possession and secrecy of the information and guidelines transmitted to it by the Company under the terms of this Manual.

The Accredited Shareholders or their attorneys undertake to: (i) use the individual invitations solely and exclusively for the remote monitoring of the Meeting, (ii) not transfer or disclose, in whole or in part, the individual invitations to any third party, shareholder or no, the invitation being non-transferable, and (iii) not recording or reproducing, in whole or in part, nor transferring, to any third

party, shareholder or not, the content or any information transmitted by virtual means during the Meeting.

The participating shareholder who wants to make a statement on any issue not related to the agenda of the Meeting must use the usual contact channels of the Company, through the Investor Relations area.

The Company also requests that, on the day of the General Meeting, qualified shareholders access the Digital Platform **at least 30 minutes before** the scheduled time for the meeting, to allow access validation and participation of all shareholders who use it. It is also recommended that qualified shareholders become familiar with the Digital Platform in advance in order to reduce risks related to incompatibility issues of their equipment with the platform and other issues with its use on the day of the General Meeting. **Access to the General Meeting will not be allowed after it starts.**

In anticipation of the access information that will be sent by e-mail to the duly registered shareholder, as described above, the Company requests that access to the Digital Platform occurs by videoconference (a modality in which the shareholder will be able to attend the meeting and speak by voice and video) in order to ensure the authenticity of the communications, except if the shareholder needs, for any reason, to turn off the video functionality of the Digital Platform. It also requests, in order to keep the General Meeting going smoothly, that the shareholders respect any maximum time that may be established by the Company for the statement of the respective shareholder after its request to make a statement and the opening of the audio by the Company.

In addition, as informed above, considering the provisions of article 21-C, paragraph 1, II, of CVM Instruction 481/09, the Company will fully record the meeting, highlighting, however, the prohibition on recording or transmitting the meeting, even partially, by the shareholders.

However, the attending shareholders herein authorize the use, by the Company, of any information contained in the recording of the General Meeting for: (i) recording the possibility of manifesting and viewing the documents presented during the General Meeting; (ii) registration of the authenticity and security of communications during the General Meeting; (iii) registration of the presence and votes cast by the attending shareholders; (iv) compliance with the legal order from competent authorities; and (v) defense of the Company, its managers and contracted third parties, in any legal, arbitral, regulatory, or administrative sphere.

To access the Digital Platform, the following are required: (i) a computer with a camera and audio that can be enabled and (ii) internet access connection of at least 1mb (minimum bandwidth of 700kbps). Access by videoconference should preferably be carried out using the Google Chrome browser, noting that the Safari browser on the IOS System is not compatible with the Digital Platform. Additionally, it is also recommended that the shareholder disconnect any VPN or platform that may use his/her camera before accessing the Digital Platform. If there is any access issues, the shareholder should contact the telephone number +55 (11) 3092-2813 or by e-mail: ricesp@cesp.com.br.

The Company clarifies that it is not and will not be responsible for any shareholder operational or connection problems, as well as for any other problems external to the Company that may make it difficult or impossible for the shareholder to participate in the Meeting through the Digital Platform.

Finally, under the terms of art. 21-V, caput, II, and III, of ICVM 481/09, considering that it is an exclusively digital General Meeting, shareholders will be considered as attending the General Meeting when: (i) their remote voting ballot was considered valid by the Company; or (ii) their attendance was recorded on the electronic system.

7. REMOTE VOTING BALLOT

2 (two) remote voting ballots were made available by the Company, on the present date, on the Company's page (<http://ri.cesp.com.br/eventos-e-apresentacoes/assembleias/>) and on the CVM pages (<http://www.cvm.gov.br>) and B3 (<http://www.b3.com.br/>) in the world wide web, in a printable version and manual filling.

One of the remote ballot papers contains the items on the agenda of the ordinary general meeting and the other contains the items on the agenda of the extraordinary general meeting. Shareholders who choose to vote remotely at the Shareholders' Meeting must complete the remote voting ballots provided by the Company indicating whether they wish to approve, reject, or abstain from voting on the resolutions described in the ballot, subject to the following procedures.

a) Sending of the bulletin directly to the Company

After completing the bulletins, the Shareholders must send the following documents to the Company:

- (i) remote voting ballots related to the General Meeting, with all fields duly completed, all initialed pages and the last page signed by the shareholder or his/her legal representative(s). Signatures on the ballots will not be required to be notarized, nor consularization or an apostille, as the case may be. It should be noted that the shareholders holding preferred shares will be able to vote exclusively on certain matters at the ordinary general meeting and, therefore, they will be able to use the remote voting ballot to cast their vote on the matters to be resolved at that meeting; and
- (ii) a copy of an identity document of the shareholder or legal representative who will sign the ballots, in accordance with the instructions described in item 5 of this Manual.

To be validly accepted, the remote voting ballots, accompanied by the documentation indicated above, must be received by the Company, in full order, by **March 23, 2021**. Documents must be sent to Investor Relations only electronically, by e-mail, to the address ricesp@cesp.com.br.

Under the terms of ICVM 481/09, the Company will communicate to the shareholders, by sending an e-mail to the electronic address informed by the shareholders in the remote voting ballots, within 3 (three) days from the receipt of the originals of the documents above indicated, on the validity

of the remote ballots and accompanying documents. The Company will inform the shareholders, within the same period, of the need to rectify or resend the remote voting ballots or accompanying documents, describing the procedures and deadlines required to regularize the remote vote.

If ballots and/or accompanying documents need to be amended or resubmitted by the shareholders, such amendment or resubmission must be done by **March 23, 2021**.

Votes cast by shareholders will not be considered in cases where the remote voting ballot and/or the shareholder representation documents listed above are submitted (or resubmitted and/or amended, as the case may be) without observing the deadlines and formalities to send them above.

b) Sending through service providers

As provided by ICVM 481/09, in addition to sending the ballots directly to the Company, the Shareholders may send instructions for completing the remote ballot to service providers that provide services of collection and transmission of instructions for completing the remote voting form, provided that such instructions are received on or before March 23, 2021, or on another date as indicated by such service providers.

Accordingly, voting instructions may be sent through the escrow agent of shareholders with shares issued by the Company that are deposited in a central depository or, if the shares are book-entry shares, through Itaú Corretora de Valores S.A.

The escrow agent and Itaú Corretora de Valores S.A. will check the voting instructions provided by the shareholders, but are not responsible for checking the shareholder's eligibility to exercise voting rights, as such function shall be the responsibility of the Company.

Voting instructions issued by shareholders with shares issued by the Company that are book-entry shares, through Itaú Corretora de Valores S.A., must be carried out through the Itaú Assembleia Digital website. To vote on the site, one must register and have a digital certificate. Information on how to register and a step-by-step on how to issue a digital certificate are described on the website: <https://www.italu.com.br/investmentservices/assembleia-digital/>

Shareholders should contact their escrow agents and Itaú Corretora de Valores S.A., if they need additional information, to check the procedures they have established for the issuance of instructions for voting via ballots, as well as documents and information required to do so. Said service providers shall notify shareholders of the receipt of such voting instructions or the need for amendment or resubmission, and must provide for the applicable procedures and deadlines.

For shareholders with part of their Company-issued shares in escrow and part are book-entry shares, or who have book-entry shares in more than one escrow agent institution, voting instructions may be sent to only one institution, and such vote will always be considered as the total number of shares held by such shareholder.

c) Additional Information

Additionally, the Company points out that:

- (i) If there are any differences between any ballot received directly by the Company and the voting instructions collected by the bookkeeping agent (as shown on the voting map from the bookkeeper), for the same CPF or CNPJ number, the voting instructions of the bookkeeper will prevail, according to the provisions of paragraph 2 of article 21-W of ICVM 481/09;
- (ii) as determined by article 21-S of ICVM 481/09, the B3 Depositary Central, upon receiving the voting instructions from the shareholders through their respective escrow agents, will disregard any divergent instructions in relation to the same resolution that have been issued by the same registration number with the CPF or CNPJ;
- (iii) The deadline for remote voting has ended, that is, on **March 23, 2020**, and the shareholder shall not change voting instructions already sent, except at the General Meeting, in person or by proxy, upon express request to disregard the voting instructions sent via ballot, before the respective subject matter was put to the vote;
- (iv) as provided for in article 21-X of ICVM 481/09, remote voting instructions will normally be considered in the event of a possible postponement of the General Meeting or if it need to be held on a second call, provided that such postponement or second call do not exceed 30 (thirty) days from the date initially scheduled for the first call; and
- (v) under the terms of art. 21-C, Paragraph 2, the Company gives shareholders the following alternatives: (i) simply attending the meeting, whether or not they have sent a remote voting ballot; and (ii) participating and voting at the meeting, provided that, however, for a shareholder who has already sent a remote ballot and that wishes to vote at the meeting, all the voting instructions received through the ballot paper by such shareholder, identified by means of his/her registration number in the Individual Taxpayer Registry – CPF or in the National Registry of Legal Entities – CNPJ, must be disregarded by the board, under the terms of art. 21-W, §5, II, of ICVM 481/09.

8. HOLDING THE GENERAL MEETING

As a general rule, general meetings shall be installed on the first call with attending shareholders with at least 1/4 (one quarter) of the shares with voting rights and, on the second call, with any number of shareholders with voting shares.

However, under the terms of article 135 of the Corporation Law, extraordinary general meetings with the purpose of reforming the bylaws shall only be held, on first call, with shareholders holding shares representing at least 3 (two thirds) of the share capital with voting rights. If the quorum is not reached, it may be installed on a second call with any number of shareholders holding voting shares (article 135, *caput*, of the Corporation Law).

Pursuant to item 9 of Appendix V to Normative Instruction No. 81 of the Department of Business Registration and Integration ("DREI"), for ordinary and extraordinary general meetings, the

requirements for calling, holding, agenda, and quorum must be observed, individually, in relation to each meeting.

Thus, if shareholders holding $\frac{1}{4}$ (one quarter) or more of the total and voting share capital of the Company, but less than $\frac{2}{3}$ (two thirds), are attending the meeting, only the ordinary general meeting will be held, to the prejudice of the subject matter of the extraordinary general meeting. In this case, the discussion and resolution of such subject matter shall depend on the calling of a specific extraordinary general meeting by publishing a new call notice, under the terms of the law.

Under the terms of item 6 above, two remote voting ballots will be provided to the General Meeting, one for the subject matters to be resolved at the annual general meeting and one for the subject matters to be resolved at the extraordinary general meeting, and each ballot shall be individually considered for the purposes of calculating the quorum.

MANAGEMENT'S PROPOSAL FOR THE GENERAL MEETING

1. ANALYSIS OF THE SUBJECT MATTERS TO BE RESOLVED AT THE ANNUAL GENERAL MEETING

The Company's management submits the matters described below to the Annual General Meeting.

a. Management accounts, the management report and the financial statements of the Company, including explanatory notes, accompanied by the independent auditor's report, the opinion of the audit committee and the report of the statutory audit committee referring to the fiscal year ended on December 31, 2020

The management of the Company submits to the you evaluation, through management report, management accounts, financial statements, and each explanatory note for the fiscal year ended on December 31, 2020, prepared in accordance with the Corporation Law, with the accounting pronouncements of the Accounting Pronouncements Committee (CPC) approved by the CVM and the other rules of such autarchy, as well as with the international accounting standards (IRFS) issued by the International Accounting Standards Board (IASB) and duly audited by an independent auditor registered with the CVM.

Under the terms of the applicable law, the Company's financial statements and the respective explanatory notes were made available to the shareholders in the form of an "auditor's notebook" accompanied by the following documents and information: (a) a report by management on the company's business and the main administrative facts for the year ended; (b) the auditor's annual report; (c) the audit committee's opinion; (d) the Statutory Audit Committee's annual summary report, pursuant to item VI, of article 31-D of CVM Instruction No. 308, of May 14, 1999, as amended; (e) a statement by the executive officers that they have reviewed, discussed, and agreed with the opinions expressed in the independent auditors' report; and (f) a statement by the executive officers that they have reviewed, discussed and agreed with the financial statements.

The report of management on corporate affairs was prepared in line with the information disclosed in Section 10 of the Reference Form (Officers' Comments) and in accordance with CVM Guidance Opinion No. 15, of December 28, 1987, and contains the following minimum information provided for in the Corporation Law: (a) considerations regarding the acquisition of debentures issued of its own issue (article 55, paragraph 2); (b) the policy of reinvesting profits and distributing dividends contained in the shareholders' agreement (article 118, § 5); (c) social business and main administrative facts that occurred during the year (article 133, item I); and (d) a list of investments in affiliated and/or controlled companies, showing the changes that occurred during the year (article 243). In addition, the management's report contains information regarding the relationship between the Company and the independent auditor, pursuant to CVM Instruction 381/2003, of January 14, 2003, as amended.

With a view to providing a better understanding by the Shareholders, in relation to the reality of the Company, [Appendix I](#) to this Proposal contains, under the terms of Section 10 of the Reference Form, the management's comments on the Company's financial situation.

Thus, based on the documents and information made available, management proposes to the General Meeting the full approval of the management accounts, the management report, and the financial statements of the Company, accompanied by the annual report of the independent auditors, the opinion of the Audit Committee, and the Statutory Audit Committee's summary annual report for the fiscal year ended December 31, 2019.

b. Management's proposal on the Company's capital budget for the year 2021

Pursuant to article 196 of the Corporation Law, the general meeting may resolve to retain a portion of the net income for the year in order to execute the capital budget previously approved by it. According to legal authorization, the capital budget can be approved by the annual general meeting that decides on the financial statements for the year.

Accordingly, the Company's management proposes to the General Meeting the approval of the capital budget in the amount of R\$ 672,456,324.15 (six hundred and seventy-two million, four hundred and fifty-six thousand three hundred and twenty-four reais and fifteen cents) for the 2021 financial year, as set out in [Appendix II](#).

c. Management's proposal for the allocation of the results related to the fiscal year ended on December 31, 20 20

The Company's Management proposes the following allocation of net income for 2020, in the amount of R\$ 1,728,761,592.77 (one billion, seven hundred and twenty-eight million, seven hundred and sixty-one thousand, five hundred and ninety-two reais and seventy and seven cents):

Net income for the year	1,728,761,592.77
(-) Legal reserve – 5%	(86,438,079.64)
(-) Deemed cost	(28,964,439.75)
Adjusted net income	1,613,359,073.38
(-) Preferred dividend – PNA share	(13,476,678.28)
(-) Mandatory dividend – ON and PNB shares	(584,066,667.12)
(-) Additional dividend	(252,621,933.03)
(=) Net income balance	763,193,794.95
(-) Statutory reserve	(90,737,470.80)
(-) Profit retention reserve	(672,456,324.15)
(=) Net income balance	-

Accordingly, the Company's Management proposes (i) to ratify the distribution of interest on equity (JCP), approved under the terms of the Board of Directors' Meeting on December 16, 2020, attributable to the mandatory minimum dividend, for the fiscal year ended on December 31, 2020 (based on the Financial Statements for the fiscal year ended on December 31, 2019), pursuant to

art. 9 of Law No. 9,249/95 and CVM Resolution No. 683/2012, in the total amount of R\$ 150,000,563.58 (one hundred and fifty million, five hundred and sixty-three reais and fifty-eight cents), corresponding to R\$ 0.42648549 per common share (CESP3), R\$ 1.82454519 per preferred share A (CESP5) and R\$ 0.42648549 per preferred share B (CESP6) and to be paid together with dividends; (ii) distribute the global amount of R\$ 700,164,714.84 (seven hundred million, one hundred and sixty-four thousand, seven hundred and fourteen reais and eighty-four cents), as mandatory dividends and additional dividends, equivalent to R\$ 2.16980942 per common share (CESP3), R\$ R\$ 0.77174972 per preferred share A (CESP5) and R\$ 2.16980942 per preferred share B (CESP6); and (ii) constituting a statutory reserve of R\$ 90,737,470.80 (ninety million, seven hundred and thirty-seven thousand, four hundred and seventy reais and eighty cents), pursuant to art. 33, IV, of the Company's Bylaws.

The amounts to be declared as dividends will not be subject to monetary restatement or compensation between the declaration and actual payment date. Dividends are also exempt from income tax, in accordance with articles 10 of Law No. 9,249/95 and 72 of Law No. 12,973/14.

Dividends, if approved, shall be paid according to the existing shareholding positions at the close of the B3's trading session on April 2, 2021 (base date), respecting the negotiations carried out up to that day. The Company's shares will be traded "*ex dividends*" as of April 5, 2021, inclusive.

It is proposed that the payment of dividends be made in national currency, in two installments, the first on April 15, 2021 and the second, in principle, on September 15, 2021, provided for, however, the date of the second installment is subject to change, upon a resolution by the Company's Board of Directors, in which case the new date, which may not be after December 31, 2021, shall be timely and duly communicated to the market.

For a better understanding of the proposal for the allocation of the Company's net income, **Appendix III** contains the minimum information provided for in Appendix 9-1-II to ICVM 481/2009.

d. Establishment of the number of members of the Company's Board of Directors for the next term of office and the election of its members, with the approval of the election results by the employees' representative in the Company's Board of Directors

Under the terms of article 9 of the Bylaws, the Board of Directors of the Company will be composed of at least 3 (three) and at most 11 (eleven) effective members, elected by the General Meeting.

It is also incumbent upon the General Meeting that elects the Board of Directors to set the total number of positions to be filled within the maximum limit provided for in the Company's Bylaws, as well as to appoint its Chairman and Vice-Chairman.

Accordingly, the current management of the Company proposes to resolve on the number of seats on the Company's Board of Directors ("Board of Directors") and the election and/or reelection of its members, with a term of office until the date of the Annual Shareholders' Meeting of the Company that will approve the financial statements for the fiscal year to end on December 31, 2022, pursuant to **Appendix IV** to this Proposal

The Board of Directors suggests that the number of seats on the Board of Directors for the next term of office is, within the limit allowed by the Company's Bylaws, as above, of 08 (eight) effective members, in view of the end of the term of office of the current members of the Board of Directors, all elected at the General Meeting, by majority vote or multiple vote (if required).

According to the Corporation Law, art. 141, §5, if a separate vote is requested, 1 (one) member shall be elected separately by the vote of the majority of minority shareholders with preferred shares attending the General Meeting holding at least 10% (ten percent) of the total share capital of the Company (excluding treasury shares), and 6 (six) members will be elected by majority vote or multiple vote (if required).

The Company also points out that, pursuant to Article 10 of the Company's Bylaws, the participation of 1 (one) member on the Board of Directors as a representative of the employees is ensured. This representative is chosen by the vote of the employees, in a direct election organized by the union entities that represent them.

The election of the employees' representative was concluded on March 10, 2021, and Mrs. Beatrice Cristina de Athayde Arfelli Meyer was elected as the employees' representative, with a of 2 (two) years term, coinciding with that of the other members of the board of directors to be elected at the General Meeting, pursuant to the Company's Bylaws.

Thus, the current management of the Company proposes to resolve on the approval of the election of the employee representative on the Company's Board of Directors, with a mandate until the date of the Annual Shareholders' Meeting of the Company, which will approve the financial statements for the fiscal year to be ended in December 31, 2022.

It should be noted that, under the terms of § 7 of article 141 of the Corporation Law, upon a request to adopt the multiple voting and the separate voting processes, to ensure the majority of the board, the controlling shareholder shall have the right to elect an equal number of directors to be elected by the minority shareholders, plus one.

Thus, although the management proposes the establishment of 8 (eight) effective members to form the board of directors, if there is a cumulation of the multiple voting and separate voting processes and, depending on the actual presence and allocation of votes, the board may be formed by up to 9 (nine) members.

For more information on the Company's management candidates ("Managers"), see **Appendix V** to this Proposal, which includes the information required by items 12.5 to 12.10 of the Reference Form.

e. Holding the Company's Audit Committee

In accordance with the Corporation Law and Article 21 of the Company's Bylaws, it shall have an Audit Committee, which will operate on a non-permanent basis, with the powers and duties

provided for in the law and will only be hold upon a resolution of the General Meeting or at the request of shareholders in the cases provided for by law.

The Company's Audit Committee shall be composed of a minimum of 3 (three) and a maximum of 5 (five) members, and an equal number of deputies, shareholders or not, elected by the general meeting.

The participation in the Audit Committee of a representative of minority shareholders and preferred shareholders, if any, and of their respective deputies is guaranteed under the terms of article 161 of the Corporation Law and the controlling shareholder is also guaranteed the power to elect the majority of its members under the terms of letter b of paragraph 4 of article 161 of the Corporation Law

f. Election of effective and deputy members of the Company's audit committee

In accordance with ICVM 481/09, this Proposal presents considerations about the candidates previously appointed by the controlling shareholders to the Company's management and the instructions for the assignment of candidates by the other shareholders of the Company.

According to the Corporation Law, only individuals, resident in the country, with a university degree, or who have been a company director or audit committee member for a minimum period of three (3) years, can be elected to the audit committee.

Additionally, the following persons ineligible for the audit committee, in addition to the the one listed in paragraphs of article 147 of the Corporation Law: members of management bodies and employees of the Company or of a controlled company or from the same group, and the spouse or relative, up to the third degree, of an manager of the Company.

f.i. Candidates nominated by controlling shareholders

The controlling shareholders nominate the following candidates to form the Company's audit committee, with a mandate until the annual general meeting that will deliberate on the financial statements for the fiscal year to end on December 31, 2021:

Effective Directors	Alternate Directors
Iara Pasian	Carlos Atushi Nakamuta
Guillermo Oscar Braunbeck	Carla Alessandra Trematore

Despite the proposal contained in item 1.d above, that the Audit Committee is composed of 3 (three) effective members and respective alternates, the controlling shareholders appointed only 2 (two) effective members and respective alternates, considering that the Company received a request made by shareholders holding preferred shares to nominate 1 (one) effective member and respective alternate for separate election, as informed in item 1.f.ii below.

In compliance with ICVM 481/09, Appendix VII contains the minimum information provided for in items 12.5 to 12.10 of the Company's Reference Form in relation to the candidates indicated by the controlling shareholders.

f.ii. Candidates nominated by non-controlling shareholders

The funds managed by Squadra Investimentos Gestão de Recursos Ltda. (CNPJ 09.267.871/0001-40), holders of class B preferred shares representing more than 1% (one percent) of the total class B preferred shares issued by the Company, indicated the following people to form the audit committee of the Company, requesting the inclusion of a candidate in the remote voting ballot:

Effective Advisor	Alternate Board Member
Paulo Roberto Franceschi	Bruno Shigueyoshi Oshiro

The information provided to the Company about the candidates nominated by a non-controlling shareholder to the Company's audit committee is contained in Appendix VII to this Proposal.

f.iii. Appointment of one or more candidates to compose the audit committee

Shareholders who wish to nominate other candidates for the Audit Committee may notify the Company by filling in a form available on the Company's website (<http://ri.cesp.com.br/eventos-e-apresentacoes/assembleias/>), to be sent to the Company's Investor Relations care to the Company's electronic address (ricesp@cesp.com.br).

The shareholder who submits the appointment of a member of the Audit Committee must, in the same act, submit (i) a copy of the instrument of Statement on legal status for performance of duties or declare that he/she obtained the information from the nominee that he/she is in a position to sign such instrument, indicating any reservations; and (ii) the candidates' resumes, containing, at least their qualifications, professional experience, education, main professional activity at the moment, and indication of which positions they hold on boards of directors, tax, or advisory boards at other companies, and the others information required in article 10 of ICVM 481/09.

The good reputation statement must, as provided for in ICVM 367, be signed in a specific instrument and contain the candidate's statement to the Audit Committee that:

- (i) it is not prevented by special law, or condemned for bankruptcy, malfeasance, or bribery, concussion, embezzlement, against the popular economy, public faith, or property, or a criminal penalty that prohibits, even if temporarily, access to public offices, as provided for in § 1 of article 147 of the Corporation Law;
- (ii) it is not condemned to a penalty of suspension or temporary disqualification applied by the CVM, which makes it ineligible for management positions in a publicly-held company, as established in § 2 of article 147 of the Corporation Law;

(iii) it meets the good reputation requirement established by § 3 of art. 147 of the Corporation Law; and

(iv) it does not occupy a position in a company that can be considered a competitor of the Company, and does not have, nor does it represent, a conflicting interest with that of the Company, pursuant to items I and II of § 3 of article 147 of the Corporation Law.

According to ICVM 367, a candidate is presumed to have a conflicting interest with the Company if he/she: (i) has been elected by a shareholder who has also elected a board member in a competing company; and (ii) has a subordinate link with the shareholder that elected him/her.

Still, under the terms of ICVM 367, failure to make the statement referred to in item "iv" above does not prevent the vesting, imposing, in this case, that the general meeting expressly exempts the elected person from such requirement, and the instrument of declaration contain detailed clarifications about the reasons that prevent the aforementioned statement.

The complete qualification of the nominated candidate must meet the minimum requirements determined by DREI for the registration of the minutes of the General Meeting by the Board of Trade (item 5.1. of Appendix V of Normative Instruction of DREI No. 81, of June 10, 2020, duly changed):

- (i) legal name in full;
- (ii) nationality;
- (iii) marital status and property regime (in the case of a civil union, quote the marital status and property regime);
- (iv) profession;
- (v) identity number and issuing agency;
- (vi) number of the Individual Taxpayer Registry of the Ministry of Economy (CPF); and
- (vii) residence with full address.

As soon as it receives a nomination to be a candidate for the Audit Committee containing the minimum information required by ICVM 367, the Company will disclose a "Notice to Shareholders" informing about the nomination of a candidate to the Audit Committee.

In addition, if such nomination is received **by March 5, 2021** and is submitted upon request to include a candidate for the Audit Committee in the remote voting ballot, by shareholders who hold at least 1% (one percent) of the voting capital, observing the applicable procedures and deadlines, the Company, if it considers the request valid and compliant, shall submit the Remote Voting Ballot, to include in it the name of a new candidate for the Audit Committee, as provided for in article 21-A, §3, of ICVM 481/09.

Despite the procedures for prior nomination and disclosure, the nomination of a candidate to be a member of the Audit Committee may be made at the General Meeting itself by the shareholder or by a group of shareholders, personally or by proxy, provided that the above-mentioned documents and information required by law are submitted.

In view of the CVM's understanding that the election of an deputy member of the Audit Committee is mandatory to ensure the effectiveness of the body, the Company recommends that shareholders who submit the nomination of a candidate also nominate a candidate to exercise the position of the respective alternate.

g. Establishment of the annual global compensation of the managers and members of the Audit Committee and Statutory Audit Committee for the year 2021

According to article 152 of the Corporation Law, the general meeting must set the global or individual amount of the compensation of the managers, including benefits of any nature and representation fees, taking into account their responsibilities, the time dedicated to their functions, their competence and professional reputation and the value of its services in the market.

Likewise, § 3 of article 162 of the Corporation Law determines that the compensation of the members of the audit committee, in addition to the mandatory reimbursement of travel and subsistence expenses necessary for the performance of the function, will be fixed by the general meeting that to elect them, and it cannot be less, for each member in office, 10% (ten percent) of that, on average, attributed to each director, not counting benefits, representation fees and profit sharing.

For the period from January 1 to December 31, 2021, the Company proposes the global amount of up to **R\$ 10,373,154.46** (ten million, three hundred and seventy-three thousand, one hundred and fifty-four reais and forty-six cents) for the compensation of the managers and the Audit Committee, including in such global amount social charges to be recognized in the Company's results.

Under the terms of the first paragraph, of article 42, the Company's Bylaws provide that the compensation of the members of the Committees will be fixed by the General Meeting. Accordingly, the Company proposes the amount of up to **R\$ 606,677.07** (six hundred and six thousand, six hundred and seventy-seven reais and seven cents) for the compensation of the Statutory Audit Committee, for the period from January 1 to December 31 December 2021.

gi Global amount of management compensation

In compliance with the provisions of Paragraph 2 of Article 33 of the Company's Bylaws, the Board of Directors will be responsible for apportioning individual compensation and apportioning the established and variable installments, within the proposed limit.

Subordinated to the effective deliberation of the Board of Directors distributing the compensation among the bodies, it is estimated the allocation of the global amount of up to **R\$ 703,386.51** (seven hundred and three thousand, three hundred and eighty-six reais and fifty-one cents) to the Board of Directors and up to **R\$ 9,289,102.57** (nine million, two hundred and eighty-nine thousand, one hundred and two reais and fifty-seven cents) for the Executive Board.

g.ii. Comparisons of compensation

The table below shows the differences between this year's compensation proposal and the previous year's compensation proposal:

Difference - Amounts of the current proposal and the previous proposal (in R\$)			
Body	Amounts proposed in 2020	Proposed amounts for 2021	Justification
Board of Directors	7,955,484.87	9,289,102.57	The variation results from (i) the preliminary forecast in 2021 of the variable compensation considering the maximum amount, with the exceeding of the assigned goals; and (ii) updating the executive officers' compensation.
Board of Directors	689,468.53	703,386.51	The variation is due to the updating of the compensation of the members of the Company's Board of Directors
Audit Committee	373,132.99	380,665.38	The variation results from the update of the compensation of the members of the Company's Audit Committee

The following table compares the amounts approved by the general meeting for the 2020 fiscal year and the amounts reported in the 2020 Reference Form:

Difference - Amounts approved in 2020 and values reported in the 2020 Reference Form (in R\$)			
Body	Amounts approved in 2020	Amounts reported in the Reference Form 2020	Reasons
Board of Directors	7,955,484.87	7,955,484.87	There were no changes
Board of Directors	689,468.54	689,468.54	There were no changes
Audit Committee	373,132.99	373,132.99	There were no changes

The table below compares the amounts proposed in the fiscal year 2020 and the realized amounts:

Comparison between the values proposed in the fiscal year 2020 and the values realized in 2020 (in R\$)			
Body	Amounts proposed in 2020	Values realized in 2020	Reasons
Board of Directors	7,955,484.87	7,490,705.79	The variation is explained by the difference between the expected variable compensation and the one actually paid for the period.
Board of Directors	689,468.54	678,610.80	The variation is explained by the expected readjustment index (4.31%) and the readily applied index (1.88%).

Audit Committee	373,132.99	367,257.24	The variation is explained by the expected readjustment index (4.31%) and the readily applied index (1.88%).
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g.iii. Additional information on compensation

The information on the compensation of the managers and members of the audit committee pursuant to Section 13 of the Reference Form, as provided for in ICVM 481/09, are set out in **Appendix VIII** to this Proposal.

2. ANALYSIS OF THE MATTERS TO BE RESOLVED AT THE EXTRAORDINARY GENERAL MEETING

a. Ratification of the election at a meeting of the Board of Directors on August 6, 2019 of Mr. Fabio Rogério Zanfelic to the position of Chairman of the Board of Directors of the Company

Considering that the last Ordinary and Extraordinary General Meeting, held on March 30, 2020, failed to ratify the election of Mr. Fabio Rogério Zanfelic to the position of Chairman of the Board of Directors replacing, due to the resignation presented by Mr. João Henrique Batista de Souza Schmidt to the position of Chairman of the Board of Directors of the Company, according to the Board of Directors' Meeting held at 2:00 pm on August 6, 2019, the Company's management proposes, to this General Meeting, the ratification, pursuant to article 13 of the Bylaws, of the aforementioned election in order to remedy the obligation mentioned herein.

b. Reform of the Company's Bylaws, with the amendment of the current paragraphs 2 and 3 of article 4

In view of the April 30, 2021 deadline for the expiration of the provision relating to the restriction on voting rights provided for in paragraphs 2 and 3 of article 4 of the Company's Bylaws, an adjustment to the provisions is proposed in order to create a new expiration date for the voting restriction to April 30, 2022. The change proposed herein by the Company will not create economic and/or legal impacts, nor will it impact the Company's shareholders.

It is therefore proposed to amend the current paragraphs 2 and 3 of article 4 of the Company's Bylaws. **Appendix IX** to this Proposal contains a comparative table with all the proposed changes, accompanied by a report on their origin, justification, and impacts. Additionally, in compliance with Article 11, I, of ICVM 481/09, **Appendix X** to this Proposal contains a consolidated version of the Bylaws, reflecting, in revision marks, the reform now proposed.

It is noteworthy that this proposal to amend the Bylaws is still under analysis by the National Electric Energy Agency ("ANEEL"), in compliance with ANEEL Normative Resolution 149, of February 28, 2005 and may undergo changes until the day of the General Meeting, if requested by ANEEL.

c. Consolidation of the Company's Bylaws

In view of the statutory reform object of the item above, it is proposed to consolidate the Company's Bylaws, allowing shareholders, investors and interested third parties to access in a practical and easy way the consolidated and complete version of the document, of substantial importance for the organization. Company's internal control. Accordingly, the consolidated version of the Bylaws is included in **Appendix XI** to the Proposal.

3. CONCLUSIONS

For the above reasons, the Company's management submits this Proposal to the evaluation of the shareholders meeting at the Company's General Meeting, recommending its full approval.

São Paulo, February 26, 2021

Fabio Rogério Zanfelize
Chairman of the Board of Directors

Appendix I

**MANAGEMENT COMMENTS
(SECTION 10 OF THE REFERENCE FORM)**

10.1 - General Financial and Equity Conditions

10.1 - General Financial and Equity Conditions

10.1. General financial and equity conditions

a. general financial and equity conditions

i. financial conditions

In 2020

In 2020, the energy produced by CESP's plants was in line with that observed in 2019 (increase of 3 MWh) and was motivated by a lower generation in the first half due to the reduction of the SIN load due to the effects of the COVID-19 pandemic and the water crisis that worsened in the second half.

With respect to HPPs Paraibuna and Jaguari, the production schedule for these plants is based on the flow control in the Paraíba do Sul River basin, with the ONS defining the flow rate of the cascade plants in order to meet hydraulic restrictions of the basin. At the end of 2020, ONS requested a generation reduction at the headwaters of the Paraíba do Sul river basin due to the beginning of the rainy season and an increase in the flow of the Paraíba do Sul river.

In 2020, the plants operated by CESP reached an average availability rate of 95.7%, higher than the 93.9% in 2019, continuously demonstrating the maintenance of the plants in 2020 and the good operational performance of the generation assets.

Net Operating Revenue in 2020 totaled R\$1.9 billion, an increase of R\$346 million (+ 22%) in relation to 2019, mainly due to:

- Marketers: An increase of R\$323 million, mainly due to: (i) the contractual conditions previously agreed with the counterparties (seasonality of energy sold); (ii) settlement of a balance with the CCEE in the amount of ~R\$57 million and (iii) an update in contracts indexed to the dollar.
- Trading: start of trading operations by CESP Comercializadora, with a revenue of R\$112 million in 2020.
- Distributors: An increase of R\$17 million due to a contractual adjustment clause.

These effects were partially offset by:

- Derivative Instruments: A decrease of R\$ 117 million due to the variation of the dollar in the year in the settlement of derivative financial instruments to protect the foreign exchange exposure of free market contracts, indexed to the dollar.
- Short-term energy: A decrease of R\$17 million due to the new strategy to equalize the Company's energy balance combined with optimized management of receivables at CCEE due to a systemic default.

Adjusted EBITDA totaled R\$1,014 million in 2020 with a margin of 53%, 35% above 2019. The variations in adjusted EBITDA can be explained, mainly by the 22% increase in net revenue in 2020, mainly due to the start of operations of CESP Comercializadora, with the costs and expenses of 2020 at the same level of 2019.

Gross indebtedness on December 31, 2020 was R\$1,826 million against R\$1,791 million at the end of 2019.

10.1 - General Financial and Equity Conditions

As a strategy for debt management, in August, CESP raised R\$1.5 billion by issuing the 12th Infrastructure Debenture at an IPCA rate of 4.30% pa and a 10-year term. Funding was carried out with the objective of partially prepaying debentures issued under the 11th Issue, which, in turn, were issued with the purpose of financing the payment of the concession to renew the concession of Porto Primavera HPP. With this operation, CESP's debt had an increase of five years in the average term, maintaining, however, the average cost, in addition to improving the contractual conditions to better adapt them to CESP's new credit profile. As of December 31, 2020, the average debt term was 7.8 years.

The cash and cash equivalents position at the end of December 2020 was R\$ 713 million against R\$ 741 million in December 2019. The net debt on December 31, 2020 was R\$1,216 million.

Leverage, as measured by the ratio between net debt and adjusted EBITDA, which peaked at 4.0x in the second quarter of 2019, reached 1.2x at the end of 2020.

In 2019

Energy production at CESP, in 2019, was 3% lower than in 2018. This reduction was caused by a smaller affluence in the Southeast region, which led the National System Operator ("ONS") to practice an operating policy in which the Engenheiro Sérgio Mota Hydroelectric Plant ("Porto Primavera HPP") was maintained with reduced generation much of the dry period to preserve the storage of reservoirs in the basins of the Paranaíba and Grande rivers.

With regard to the Paraibuna and Jaguari plants ("HPP Paraibuna" and "HPP Jaguari"), the generation of these plants is a function of the flow control in the Paraíba do Sul River basin, where ONS defines the flow of these plants to avoid violate hydraulic restrictions downstream from the rest of the basin.

In 2019, the plants operated by CESP reached the average availability index of 93.9%, with an increase in relation to 2018 when it reached the level of 93.7%, demonstrating in a continuous way the good maintenance management and, consequently, greater efficiency in the management of plant availability in 2019.

The availability index of CESP's plants is consistently higher than the reference values established by ANEEL, showing the efficiency in the management of the operation and maintenance of its plants.

Net Operating Revenue in 2019 totaled R\$ 1.6 billion, a reduction of R\$ 63 million (-4%) compared to 2018, mainly due to:

- Short-term energy: A decrease of R\$ 48 million due to the new strategy to equalize the Company's energy balance combined with an optimized management of receivables at the Electric Energy Trading Chamber ("CCEE") due to a systemic default.
- Marketers: A decrease of R\$ 65 million due to the termination and reduction of existing agreements in order to settle the Company's energy balance.

These effects were partially offset by:

- Deductions and other income: A decrease of R\$ 35 million due to the alteration of the Porto

10.1 - General Financial and Equity Conditions

Primavera HPP regime to an Independent Energy Producer, leaving the Global Reversion Reserve ("RGR") no longer applicable and starting to incur the Public Asset Use ("UBP") charge.

- Distributors: An increase of R\$ 19 million due to a contractual adjustment clause.

In 2019, adjusted EBITDA was R\$ 752 million and an EBITDA margin of 48%, an increase of R\$ 249 million compared to 2018.

The increase in adjusted EBITDA is mainly explained by the reduced costs and expenses arising mainly from the reduced cost in purchased energy and other manageable costs and expenses partially offset by the reduction in revenue due to the new management strategy of the Company's energy balance.

Gross indebtedness on December 31, 2019 was R\$ 1,791 million against R\$ 216 million at the end of 2018. The increased indebtedness results from the 11th issue of debentures of the Company, carried out with the objective of paying the concession for the renewal of the concession of the Porto Primavera HPP, with a compensation corresponding to 100% of the accumulated variation of the average daily rates of Interbank Deposits – DI for one day, plus a surcharge of 1.64% per year, and the compensation shall be paid every six months and the principal shall mature in 2025. As of December 31, 2019, the average debt term was 4.4 years. Gross debt is allocated in national currency and indexed to the CDI.

The cash and cash equivalents position at the end of 2019 was R\$ 741 million¹ against R\$ 411 million in December 2018. Net debt² on December 31, 2019 was R\$ 1,010 million

- (1) *Considering the amount of the contribution to CESP Comercializadora* | (2) *Considers the amount of the contribution to CESP Comercializadora, loans and financing, leasing, cash and cash equivalents, and derivative financial instruments*

CESP's economic-financial indicators varied somewhat, mainly explained by the issuance of debentures in 2019, which increased the participation of third-party capital. See the table below:

Liquidity/Indebtedness	2017	2018	2019
Asset Indebtedness.....	0.36	0.31	0.45
Third-Party Capital Interest.	0.56	0.45	0.81
Current Liquidity.....	0.91	0.97	1.07

In 2018

CESP's gross guaranteed power output in 2018 was 1,002.6 average MW, sold (i) in the Regulated Contracting Environment ("ACR"), with 32 distribution companies and (ii) in the Free Contracting Environment ("ACL"), with 5 free customers and 3 traders. The differences between the energy produced, the guaranteed power output, and the contracted energy were accounted for and settled at CCEE.

The very unfavorable hydrological conditions in 2018 caused the hydroelectric power plants of the Energy Reallocation Mechanism ("MRE") to be dispatched below their guaranteed power outputs

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during much of the year, resulting in a Generation Scaling Factor ("GSF") condition in which the MRE generators must undertake the deficit between generation and guaranteed power output. This difference is valued at the PLD (Difference Settlement Prices) which determines the short-term market prices and is the basis for the Free Energy Market.

2018 operating revenues reached R\$ 1,927.3 million, an increase of 10.1% compared to 2017, mainly due to the 17.2% growth in sales in the free contracting environment and 119.3% in the billing of available energy sold within the scope of the CCEE.

The Company's operations provided an EBITDA calculated in accordance with CVM Instruction No. 527/2012 of R\$ 502.7 million, adjusted by provisions for legal risks and provision reversal for impairment, representing an increase of 29.3% when compared to the previous year.

The transfer of control of the Company originated within the scope of the bidding procedure regulated by Notice SF 001/2018 of the Government of the State of São Paulo, dated July 6, 2018 ("Privatization Notice").

In the Privatization Notice, the rules and procedures applicable to the sale of 116,450,219 (one hundred sixteen million, four hundred and fifty thousand, two hundred and nineteen) shares issued by the Company were established, 87,521,950 (eighty-seven million, five hundred and twenty-one thousand, nine hundred and fifty) common shares, and 28,928,269 (twenty-eight million, nine hundred and twenty-eight thousand, two hundred and sixty-nine) class B preferred shares, then held by the State of São Paulo ("State ") and by companies under its control ("Sellers").

On October 19, 2018, the Company's shares were auctioned, which São Paulo Energia Consortium was awarded, which is formed by VTRM Energia Participações S.A. ("VTRM") and SF Ninety Two Participações Societárias S.A. ("SF 92"), in the proportion of 50% (fifty percent) interest of each member of the consortium.

On December 10, 2018, a Share Purchase and Sale Agreement was signed between, on the one hand, VTRM and SF 92, as buyers and, on the other hand, the Sellers, whose purpose was the acquisition of 87,521,950 (eighty-seven million, five hundred and twenty-one thousand, nine hundred and fifty) common shares and 28,928,269 (twenty-eight million, nine hundred and twenty-eight thousand, two hundred and sixty-nine) class B preferred shares held by the Sellers, representing 35.56% (thirty-three integers and fifty-six hundredths percent) of the shares issued by the Company ("First Tranche of Auction Shares").

On December 11, 2018, the First Tranche of Auction Shares was settled, for an updated amount of R\$ 1,721,438,655.49 (one billion, seven hundred and twenty-one million, four hundred and thirty-eight thousand, six hundred and fifty-five reais and forty-nine cents), corresponding to R\$ 14.78 (fourteen reais and seventy-eight cents) per share ("Acquisition Price"). Thus, on December 11, 2018, the effective transfer of the Company's shareholding control to the Consortium was made.

According to the Privatization Notice, the Sellers allocated 16,375,710 (sixteen million, three hundred and seventy-five thousand, seven hundred and ten) common, registered, book-entry shares with no par value of the Company ("ON Shares") for acquisition by the Company's employees, within the scope of an offer to them ("Offer to Employees"). Under the rules of the Privatization Notice, any ON Shares that were not acquired in the Offer to Employees should be acquired by the winner of the

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Auction, according to the schedule provided for in the Privatization Notice.

On January 2, 2019, the Auction organizing committee sent a notice to the Company informing that, within the scope of the Offer to Employees, a total of 1,805,906 (one million, eight hundred and five thousand, nine hundred and six) ON Shares were acquired by employees. Therefore, in order to comply with the rules of the Privatization Notice, VTRM and SF 92, as members of the Consortium, they were required to acquire the remaining ON Shares subject to the Offer to Employees ("Second Tranche of Auction Shares").

Thus, on January 7, 2019, in compliance with the provisions of the Privatization Notice, VTRM, directly and indirectly, through SF 92, settled the Second Tranche of Auction Shares, acquiring the 14,569,804 (fourteen million, five hundred and sixty-nine thousand, eight hundred and four) remaining ON Shares, as follows: (a) SF 92 acquired 7,284,901 (seven million, two hundred and eighty-four thousand, nine hundred and one) ON Shares, for the total amount of R\$ 105,048,221.95 (one hundred and five million, forty-eight thousand, two hundred and twenty-one reais and ninety-five cents); and (b) VTRM acquired 7,284,903 (seven million, two hundred eighty-four thousand, nine hundred and three) ON Shares issued by the Company, for the total amount of R\$ 105,048,243.58 (one hundred and five million, forty-eight thousand, two hundred and forty-three reais and fifty-eight cents).

As a result of the transaction, METRO, DERSA, SABESP, DAEE, CPP, and the State no longer hold any shares issued by the Company, VTRM became the holder of 51,045,878 common shares and 14,464,135 class B preferred shares, representing approximately 20% of the Company's total share capital, and SF 92 became the holder of 51,045,876 common shares and 14,464,134 class B preferred shares, representing approximately 20% of the Company's total share capital.

CESP ended the year of 2018 with cash and cash equivalents of R\$ 410.9 million.

CESP's economic and financial indicators did not change significantly in the fiscal years 2016 to 2018, with the maintenance of the ability to settle its obligations, reduce indebtedness, and lower third-party share capital. See the table below:

Liquidity/Indebtedness	2016	2017	2018
Asset Indebtedness.....	0.37	0.36	0.31
Third-Party Capital Interest.	0.59	0.56	0.45
Current Liquidity.....	0.98	0.91	0.97

ii. equity conditions

The Company currently has two hydroelectric generation plants that operate on a price basis and have 1,627 MW of nameplate capacity and 935 average MW of guaranteed power output.

On April 23, 2019, the concession contract for the use of public goods for Electricity Generation No. 01/2019 - ANEEL was signed, regulating the exploration of the Porto Primavera HPP for 30 years, through the Independent Energy Production regime ("Porto Primavera HPP Concession Agreement"). As of this date, the guaranteed power output of Porto Primavera HPP is 886.8 average MW, as determined by the Ministerial Order of the Ministry of Mines and Energy ("MME") No.

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66/2018.

Generating Facilities

Hydroelectric Plants	Start of operation	Generating Units	Dam Extension (km)	Reservoir Area (km ²)	Nameplate Capacity (MW)	Guaranteed Physical Output (Average MW)
Porto Primavera	1999	14	10.2	2,040	1,540	886.8
Paraibuna	1978	2	0.5	177	87	47.5
Totally		16	10.7	2,217	1,627.0	934.3

	2018	2019	2020
Fixed assets	6,356,617	6,305,943	5,956,429
Total Assets	10,326,500	12,929,688	14,551,864
Fixed Assets / Total assets	61.56%	48.77%	40.93%

In 2020, reduced fixed assets/total assets compared to 2019 is mainly due to (i) the reduced fixed assets, mainly due to the depreciation for the year; and (ii) the constitution of deferred taxes on temporary differences and tax loss/negative basis, according to the projection of taxable income for the concession period of Porto Primavera HPP until 2048.

In 2019, the reduction in the Fixed Assets/Total Assets ratio compared to 2018 is mainly due to (i) the increase in Intangible assets due to the recognition of the Grant and UBP, due to the new Porto Primavera HPP Concession Agreement; and (ii) the constitution of deferred taxes on temporary differences according to the projection of taxable income for the next 10 years.

In 2018, the increased Fixed Assets/Total Assets ratio in relation to 2017 was mainly due to the reduction in the balance of the item Collateral and related deposits account, in view of a judicial settlement with the City Hall and the Public Prosecutor's Office of Mato Grosso do Sul, on June 30, 2018, with a material reduction in liabilities, in the balance of Provisions for legal risks.

Ilha Solteira, Jupia, Três Irmãos, and Jaguari plants

Through Provisional Measure ("MP") No. 579/12, later converted into Law No. 12,783, of January 11, 2013, The Federal Government, as the granting authority, was allowed to extend power generation concessions. In this normative context, specifically in relation to the Company's activities, the Union offered to anticipate, for January 2013, the renewal of the concessions of the HPPs of Ilha Solteira and Jupia, due on July 7, 2015. The same treatment was extended to the concession of UHE Três Irmãos, whose expiration of the first concession period had already occurred in November 2011.

Due to the conditions established by the granting authority, the Company decided, in the form of its bylaws, for the non-renewal of said concessions. Accordingly, the Company continued to operate the Ilha Solteira and Jupia plants, until the final term of the concession, on July 7, 2015. In

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relation to Três Irmãos HPP, operation continuity occurred in accordance with the regulations of the Granting Authority.

As a result of the manifestation of intention of the State of São Paulo to plead with the Union for the exploration of the HPP Jaguari, the Company formalized with the Union (MME/ANEEL) its non-interest in the renewal of the concession of the HPP Jaguari, and the Company maintained its responsibilities concessionaire until the expiration of Concession Contract No. 003/2004, on May 20, 2020. The Company, from then on, began to temporarily operate the Jaguari HPP under the guaranteed power output quota regime, maintaining this condition between May 21, 2020, and December 31, 2020. As a result of the publication of Portaria/MME No. 449, of November 13, 2020, Furnas Centrais Elétricas S/A became the new company responsible for providing the electricity generation service of the Jaguari HPP, as of January 1 2021.

Shareholders' Equity Statement R\$ thousand

	2018	2019	2020
Share Capital	5,975,433	5,975,433	5,975,433
Capital reserves	1,929,098	1,929,098	1,929,098
Profit reserves	554,588	1,084,883	1,934,515
Asset valuation adjustment	(976,752)	(948,623)	(919,658)
Other comprehensive income	(380,301)	(895,886)	(1,965,797)
TOTAL SHAREHOLDERS' EQUITY	7,102,066	7,144,905	6,953,591
Net income for the year	294,433	1,163,014	1,728,762

b. capital structure

i. capital structure

In 2020

Gross indebtedness on December 31, 2020 was R\$1,826 million against R\$1,791 million at the end of 2019.

As a strategy for debt management, in August, CESP raised R\$1.5 billion by issuing the 12th Infrastructure Debenture at an IPCA rate of 4.30% p.a. and a 10-year term. Funding was carried out with the objective of partially prepaying debentures issued under the 11th Issue, which, in turn, were issued with the purpose of financing the payment of the concession to renew the concession of Porto

10.1 - General Financial and Equity Conditions

Primavera HPP. With this operation, CESP's debt had an increase of five years in the average term, maintaining, however, the average cost, in addition to improving the contractual conditions to better adapt them to CESP's new credit profile. As of December 31, 2020, the average debt term was 7.8 years.

The cash and cash equivalents position at the end of December 2020 was R\$ 713 million against R\$ 741 million in December 2019. The net debt on December 31, 2020 was R\$1,216 million.

	2018	2019	2020
Loans, financing, and debentures	215,636	1,784,125	1,819,074
Lease liabilities		7,208	6,488
Cash and cash equivalents	(410,886)	(741,444)	(713,384)
Derivative financial instruments		(39,943)	104,225
Net debt (a)	(195,250)	1,009,946	1,216,403
Net Worth	7,102,066	7,144,905	6,953,591
Financial leverage ratio (a)/(b)	-2.7%	14.1%	17.5%

In 2019

CESP has a balanced capital structure, with Third-Party Capital comprising 16.5% of short-term and 83.5% of long-term obligations.

Gross indebtedness on December 31, 2019 was R\$ 1,791 million against R\$ 216 million at the end of 2018. The increased indebtedness results from the 11th issue of debentures of the Company, carried out with the objective of paying the concession for the renewal of the concession of the Porto Primavera HPP, with a compensation corresponding to 100% of the accumulated variation of the average daily rates of Interbank Deposits – DI for one day, plus a surcharge of 1.64% per year, and the compensation shall be paid every six months and the principal shall mature in 7 years with a grace period of 3 years. As of December 31, 2019, the average debt term was 4.4 years. Gross debt is allocated in national currency and indexed to the CDI.

The cash and cash equivalents position at the end of 2019 was R\$ 690 million against R\$ 411 million in December 2018. In view of the cash value and the Market to Market adjustment of derivative instruments, in the amount of R\$ 39.9 million, net debt totaled R\$ 1,101.1 million at the end of 2019.

Indebtedness Index	2017	2018	2019
Loans, Debentures, and Leases	388,684	215,636	1,791,333
Cash and Cash Equivalent ¹	(310,536)	(410,886)	(741,276)
Net Debt...	78,148	(195,250)	10,101,14²
Net Worth...	7,114,565	7,102,066	7,144,905
Net Indebtedness Index	1.1%	-2.7%	15.4%

10.1 - General Financial and Equity Conditions

¹ Considering the amount of the contribution to CESP Comercializadora

² Considering the amount of the contribution to CESP Comercializadora, loans, and financing, leasing, cash and cash equivalents, and derivative financial instruments

In 2018

CESP had a balanced capital structure, with a Third-Party Capital comprising 27.4% of short-term and 72.6% of long-term obligations, showing a reduction in its indebtedness when compared to the 2017 fiscal year.

The financial debt, comprising Loans and Financing reached R\$ 215.6 million, having been reduced by approximately R\$ 173 million (44.5%) compared to the fiscal year of 2017, which represented 2.2% in national currency and 97.8% in foreign currency. At the end of 2018, Cash and Cash Equivalents amounted to R\$ 410.9 million, representing approximately 190.6% of the financial debt.

As shown in the table below, CESP has financed its operations, preferably, with its equity, gradually reducing its indebtedness:

Indebtedness Index	2016	2017	2018
Loans + Financ. + FIDC.....	651,545	388,684	215,636
Cash and cash equivalent	(504,029)	(310,536)	(410,886)
Net Debt...			
	147,516	78,148	(195,250)
Net Worth...	7,161,537	7,114,565	7,102,066
Net Indebtedness Index	2.1%	1.1%	-2.7%

10.1 - General Financial and Equity Conditions

c. Payment capacity in relation to the financial commitments assumed

In 2020

Operating cash flow after debt service in 2020 was R\$ 743 million, which represents a cash conversion index of ~73%. The R\$ 48 million increase in operating cash flow after debt service compared to 2019 is mainly due to the reduced working capital resulting from the increased voluntary dismissal program requests in 2019.

In 2019

Free cash flow in 2019 was R\$ 330 million, an increase of R\$ 230 million compared to 2018, mainly due to the release of court deposits resulting from judicial settlements made during the year. 4Q19, partially offset by: (i) the reduced working capital resulting from the voluntary dismissal program; (ii) a growth in debt service due to increase of R\$ 1.8 billion in debentures; (iii) litigation payment; (iv) Porto Primavera grant payment and (v) dividends payment.

In 2019, the 11th issue of the Company's debentures took place, with the objective of paying the concession for the renewal of the concession of Porto Primavera HPP in the total amount of R\$ 1.8 billion.

In 2019, the current liquidity ratio reached R\$ 1.08 compared to R\$ 0.97 in 2018.

Financial Obligations:

Amounts in R\$ thousand

Description	2017	2018	2019
Short Term	204,532	214,556	4,586
Long Term	184,152	1,080	1,786,747
GROSS DEBT	388,684	215,636	1,791,333
(-) Cash and cash equivalents	(310,536)	(410,886)	(690,276)
NET DEBT	78,148	(195,250)	1,101,057

In 2018

The Company has been having consistent cash generation measured by the "Adjusted EBITDA" method, which reached R\$ 502.7 million in 2018, a level sufficient to deal with the flow of commitment payments.

The Company accessed the capital market at the end of 2018 to structure the debentures operation, with a view to raising funds to pay the concession renewal of the Porto Primavera HPP concession, due as of the signing of the new concession agreement. The transaction was concluded in early 2019, with R\$ 1.8 billion raised.

On December 31, 2018, the financial debt was R\$ 215 million, lower than the 2017 position, which was R\$ 388 million. This reduction was mainly due to amortizations, despite the 17.13 dollar appreciation during the year, on foreign currency debt.

In 2018, the current liquidity ratio reached R\$ 0.97 and the general liquidity ratio was R\$ 1.22. In 2017, the current liquidity ratio was R\$ 0.91 and the general liquidity ratio was R\$ 1.13.

10.1 - General Financial and Equity Conditions

d. Financing sources for working capital and for investments in non-current assets used

The Company, in addition to the active programs listed in sub-item (f) below, has already used capital market operations, such as debt issuance, as a source of financing for working capital and for investments in non-current assets, having issued for 12 times simple debentures not convertible into shares of the Company, 10 (ten) of which have already been fully paid.

In a pioneering way, the Company also launched a CTEEs (Fixed-Term Electricity Certificates) program, which differed from Debentures in terms of being backed by electric energy (megawatt/hour). There were 9 issues, all of which have also been redeemed. The Company also made 4 issues of investment Funds of Credit Rights, backed by receivables from energy sale agreements, all of which have already been paid.

In the international market, 8 series of the Medium Term Notes (MTN) Program started in 2001, the last series in force (8th), were settled on 01/15/2015.

e. Financing sources for working capital and for investments in non-current assets intended to be used to cover liquidity deficiencies

Currently, the Company does not have outstanding financing agreement for working capital and for investments in non-current assets. It only has debentures issued in 2019 and in 2020 carried out with the objective of paying the grant for the renewal of the Porto Primavera HPP concession.

If there is a need for financing sources for working capital and for investments in non-current assets, the Company can access the financial market and adopt the best alternative that fits its costs, terms, and availability expectations. For investment, funds sources compatible with the conditions and rates of return of each project may be used.

f. Indebtedness levels and the characteristics of such debts, further describing:

i. Relevant loan agreements

The following table includes the composition of the Company's financial commitments on 12/31/2018, 12/31/2019, and 12/31/2020:

Financial Debt

Amounts in R\$

thousand

	2018	2019	2020
FOREIGN CURRENCY	210,882		
BNDES	209,743		
Other Institutions	1,139		
NATIONAL CURRENCY	4,754	1,791,333	1,819,074
Debentures		1,784,092	1,819,074
ELETROBRÁS	4,754	33	

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Commercial Lease		7,208	
TOTAL	215,636	1,791,333	1,819,074

ii. Other long-term relationship with financial institutions

The Company maintains a commercial relationship in the normal course of its business with financial institutions in accordance with market practices. However, there are no other long-term relationships with financial institutions other than those described in this reference form for the last three fiscal years.

iii. Subordination level between debts

There is no contractual subordination between the Company's unsecured debts. In case of a universal creditors' claim, debts with a security interest have priority for receipt over the other debts of the Company, up to the limit of the encumbered good, in compliance with the provisions of the current legislation.

iv. Any restrictions imposed on the issuer, in particular, in relation to debt limits and contracting of new debts, the distribution of dividends, the sale of assets for the issuance of new securities and the sale of corporate control, as well as whether the issuer has been complying with its restrictions.

On October 29, 2020, the Third Amendment to the Deed of the 11th Debentures Issuance was signed, which excluded the determination to submit the financial index of Net Financial Debt/adjusted EBITDA less than or equal to 3.50x. There are no other related restrictions.

g. Limits on the use of already contracted financing.

Not applicable, as the Company has no open limits on its financing in the last 3 fiscal years.

h. material changes in each item of the financial statements

In 2020

Below we present the balances of the 2020 income accounts and their variations:

	Consolidated		
	2020	2019	% Variation
Net Revenue	1,917,248	1,571,296	22%
Electricity service cost	(1,189,642)	(1,092,015)	9%
Electricity cost	(751,687)	(667,717)	13%
Operation cost	(437,955)	(424,298)	3%
Gross profit	727,606	479,281	52%

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Operating income (expenses)

General and administrative	(111,552)	(263,201)	-58%
Other operating income, net	196,672	267,282	-26%
	85,120	4,081	1986%
Operating income before equity interests and financial result	812,726	483,362	68%

Net financial result

Financial income:	29,742	74,438	-60%
Financial expenses:	(585,670)	(418,505)	40%
Exchange variations, net		(2,809)	-100%
	(555,928)	(346,876)	60%
Profit before income tax and social contribution	256,798	136,486	88%
Income tax and social contribution			
Current	(24,639)	(32)	76897%
Deferred	1,496,603	1,026,560	46%
Net income for the year	1,728,762	1,163,014	49%
Basic earnings per thousand shares, in reais	5.28	3.55	49%

NET REVENUE

Net Operating Revenue in 2020 totaled R\$1.9 billion, an increase of R\$346 million (+ 22%) in relation to 2019, mainly due to:

- Marketers: An increase of R\$323 million, mainly due to: (i) the contractual conditions previously agreed with the counterparties (seasonality of energy sold); (ii) settlement of a balance with the CCEE in the amount of ~R\$57 million and (iii) an update in contracts indexed to the dollar.
- Trading: start of trading operations by CESP Comercializadora, with a revenue of R\$112 million in 2020.
- Distributors: An increase of R\$17 million due to a contractual adjustment clause.

These effects were partially offset by:

- Derivative Instruments: A decrease of R\$ 117 million due to the variation of the dollar in the year in the settlement of derivative financial instruments to protect the foreign exchange exposure of free market contracts, indexed to the dollar.
- Short-term energy: A decrease of R\$17 million due to the new strategy to equalize the Company's energy balance combined with optimized management of receivables at CCEE

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due to a systemic default.

COSTS AND EXPENSES

Operating costs and expenses totaled R\$1,104 million in 2020, the same level as the amount of R\$1,088 recorded in 2019. In both years there were non-recurring or non-cash effects, as described below:

- Reversal of provision for litigation: In 2020, a provision reversal in the amount of R\$267 million occurred in line with the procedural strategy of reducing the liability contingent. In 2019, there was a reversal in the amount of R\$332 million.
- Non-recurring effects: including: (i) Voluntary Dismissal Program: In 2020, there was an impact of non-recurring expenses of R\$ 15 million referring to medical expenses of the 2019 Voluntary Dismissal Program ("PDV") plus new agreements signed. In 2019, VDP expenses totaled R\$ 111 million and include the two programs that occurred during the year. (ii) Impairment: In 2020, the reversal of impairment of property, plant and equipment was R\$ 8 million, compared to R\$ 120 million recorded in 2019. (iii) Contingent assets: adjustment of contingent assets of Ilha Solteira and Jupia in the amount of R\$230 million in 2019, from the recognition in the Company's balance sheet of the amounts to be indemnified, in accordance with MME Ordinance No. 458/2015.
- Non-cash effects: It includes depreciation/amortization, warehousing provisions and mark-to-market of future energy contracts. In 2020, the amount was R\$419 million, explained by the R\$397 million depreciation and the mark-to-market of future energy contracts of R\$21 million. In 2019, non-cash effects totaled R\$380 million, mainly explained by the amount of depreciation and amortization in the period.
- Write-off of court deposits: In 2020, an expense of R\$ 63 million was recognized, referring to the write-off of court deposits raised by counterparties without recognition in the income statement at the time, identified in the process of reconciliation of court deposits. It should be noted that this accounting is the result of the advance in the process of carefully analyzing the liability litigation and the court deposits corresponding to the proceedings.

Excluding non-recurring and non-cash effects, operating costs and expenses in 2020 totaled R\$882 million, an increase of 8% in relation to 2019, when it reported R\$834 million.

- Purchased energy: An increase of R\$ 62 million compared to 2019, mainly due to the purchase of energy for trading operations in the amount of R\$ 83 million in 2020 which, when excluded, reduce the energy purchase cost by 4%, showing the assertive management in the equalization of the energy balance, with an average purchase price of R\$ 204 MW/h, 17% lower than in 2019 (R\$ 247 MW/h).
- Personnel and Management: In 2020, personnel and management expenses reached R\$77 million, a 32% reduction compared to 2019, due to the adjustment of personnel with the change in the professional profile, accompanied by the reformulation of goals, performance evaluation, development and professional training.
- Third party services, materials and rentals: In 2020, it totaled R\$ 38 million, a 28% reduction compared to 2019, highlighting the focus on cost discipline.

FINANCIAL INCOME

The net financial result of 2020 recorded an expense of R\$556 million compared to the expense of R\$347 million presented in 2019. The variation can be explained mainly by:

- Other financial expenses An increase of R\$ 113 million, mainly: (i) by updating the balance of actuarial liabilities (CPC 33) in the amount of R\$ 60 million and (ii) by paying the early

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settlement premium of the 11th Debenture in the amount of R\$ 11 million and proportional write-off of funding costs in the amount of R\$ 14 million and (iii) adjustment to present value of the initial recognition in 2019 of the provision for social and environmental obligations with a variation of R\$ 19 million.

- Financial income: A decrease of R\$ 45 million due to the lower CDI level, which adjusts the Company's investments.
- An update of the balance of the provision for litigation: An increase of R\$ 43 million, due to the update of the balance of the provision for litigation, which mostly have the IGP-M as index.
- Write-off of court deposits: R\$24 million expense related to the reversal of inflation adjustment on court deposits raised by counterparties.
- Debt charges: Decrease of R\$ 13 million, mainly due to the reduction in interest appropriated during 2020, due to the decrease in the average CDI.

INCOME TAX (IR) AND SOCIAL CONTRIBUTION (CSLL)

The result with income tax and social contribution in 2020 was R\$1.5 billion, of which R\$25 million refer to current income tax and social contribution, and the constitution of R\$1.5 billion of deferred tax assets according to the impairment test. The amount of tax paid in 2020, calculated by estimates, was R\$73 million (cash). Deferred tax assets arising from tax losses and deductible temporary differences were 100% recognized in 2020, according to the likelihood of realizing future profits. Recognition arises mainly from tax loss (negative basis) and provision for impairment, provision for litigation, and provision for assets, carried out in accordance with accounting standards, since Instruction CVM 371/2002, which limited recognition to 10 years, was revoked in August 2020. It is important to note that all compensation will occur within period of the Porto Primavera HPP concession, according to the Company's projections, to generate future taxable profits.

NET INCOME

The net result for 2020 showed a profit of R\$1.7 billion, against a profit of R\$1.1 billion in 2019. The main impact on this year's profit is the recognition of deferred IR/CSLL in the amount of R\$ 1.5 billion.

Below are the balance sheet accounts for 2020 and their variations:

Consolidated			
	2020	2019	% Variation
ASSET			
CURRENT			
Cash and cash equivalents	713,384	741,444	-4%
Derivative financial instruments		18,718	-100%
Accounts receivable	276,299	198,930	39%
Taxes recoverable	61,190	8,357	632%
Dividends receivable			
Prepaid expenses	1,957	11,186	-83%
Other assets	66,026	93,153	-29%

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	1,118,856	1,071,788	4%
NON CURRENT			
Long term receivable			
Derivative financial instruments		21,225	-100%
Future energy contracts			
Collaterals and court deposits	260,496	343,979	-24%
Deferred income and social contribution taxes	3,791,283	1,877,412	102%
Warehouse	6,023	7,611	-21%
Assets subject to indemnity	1,739,162	1,719,390	1%
	5,796,964	3,969,617	46%
Investments			0%
Fixed assets	5,961,600	6,305,943	-5%
Intangible assets	1,504,724	1,575,300	-4%
Right of use on lease agreements	6,323	7,106	-11%
	13,269,611	11,857,966	12%
TOTAL ASSETS	14,388,467	12,929,754	11%

ACCOUNTS RECEIVABLE

Increased accounts receivable, mainly due to the initiation of trading operations in 2020 with CESP Comercializadora.

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TAXES RECOVERABLE

An increase due to the anticipation of IRPJ and CSLL by estimate calculation during fiscal year 2020. In December 2020, with the decision to pay interest on equity, there was a reduction in the Company's taxable income.

COLLATERALS AND COURT DEPOSITS

In 2020, there was a 24% reduction in the balance of court deposits compared to the balance in 2019, mainly due to the decrease in court deposits already raised by counterparties, identified in the court deposits reconciling process. It should be noted that this accounting is the result of the advance in the process of carefully analyzing the liability litigation and the court deposits corresponding to the proceedings.

DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

Deferred tax assets arising from tax losses and deductible temporary differences were 100% recognized in 2020, according to the likelihood of realizing future profits. Recognition arises mainly from tax loss (negative basis) and provision for impairment, provision for litigation, and provision for assets, carried out in accordance with accounting standards, since Instruction CVM 371/2002, which limited recognition to 10 years, was revoked in August 2020. It is important to note that all compensation will occur within period of the Porto Primavera HPP concession, according to the Company's projections, to generate future taxable profits.

	Consolidated		
	2020	2019	% Variation
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Suppliers	7,475	8,849	-16%
Energy purchased for resale	76,109	35,755	113%
Loans	18,220	3,002	507%
Lease liabilities	1,700	1,584	7%
Derivative financial instruments	95,084		
Future energy contracts	17,336		
Estimated liabilities and payroll	23,387	21,497	9%
Taxes payable	40,721	23,535	73%
Sector charges	96,003	115,673	-17%
Dividends payable and interest on equity	834,540	606,176	38%
UBP – Use of the public good	41,307	29,275	41%
Social and environmental obligations	28,426	23,474	21%
Other Liabilities	22,906	88,038	-74%
	1,303,214	956,858	36%

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NON CURRENT			
Loans	1,800,854	1,781,123	1%
Lease liabilities	4,789	5,624	-15%
Derivative financial instruments	9,141		
Future energy contracts	4,108		
Sector charges	1,240	12,014	-90%
UBP – Use of the public good	114,057	158,355	-28%
Allowance for litigation	1,748,257	1,814,375	-4%
Social and environmental obligations	152,749	164,536	-7%
Post-employment benefits	2,412,379	836,995	188%
Other Liabilities	47,485	54,969	-14%
	6,295,059	4,827,991	30%
TOTAL LIABILITIES	7,598,273	5,784,849	31%
NET WORTH			
Share capital	5,975,433	5,975,433	0%
Capital reserves	1,929,098	1,929,098	0%
Profit reserves	1,934,515	1,084,883	78%
Deemed costs	(919,658)	(948,623)	-3%
Other comprehensive income	(1,965,797)	(895,886)	119%
TOTAL SHAREHOLDERS' EQUITY	6,953,591	7,144,905	-3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,551,864	12,929,754	13%

DERIVATIVE FINANCIAL INSTRUMENTS

CESP has energy sale agreement indexed to the dollar. In order to mitigate the foreign exchange exposure arising from these agreements, the Company implemented a hedge strategy using a Non-Deliverable Forward ("NDFs") financial instrument and accounted for as hedge accounting. The strategy aims to protect approximately 95% of the currency exposure in the period. The variation follows the dollar exchange rate, together with the settlement of agreements in the year.

OTHER LIABILITIES

51% reduction, mainly related to the payment of court settlements.

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PROVISION FOR LITIGATION

Variation justified by, (i) reversal of the provision for litigation in the amount of R\$ 266.6 million, in line with the Company's strategy of constant reduction of liability litigation; (ii) R\$ 315.8 million related to the monetary restatement for the period; (iii) R\$ 115.2 million in payments for convictions and settlements.

POST-EMPLOYMENT BENEFITS

The increase in actuarial liabilities according to the calculation issued by an independent actuary is mainly due to the higher than expected growth in benefits due to the inflation assumption partially offset by the gains above the expected return on plan assets.

In 2019

Below we present the balances of the 2019 income accounts and their variations:

	2019	2018 (Restated)	% Variation
Net Revenue	1,571,296	1,634,110	-4%
Electricity service cost	(1,092,015)	(1,232,279)	11%
Electricity cost	(667,717)	(866,112)	-23%
Operation cost	(424,298)	(366,167)	16%
Gross profit	<u>479,281</u>	<u>401,831</u>	19%
Operating income (expenses)			
General and administrative	(263,157)	(182,194)	44%
Other operating income, net	<u>267,282</u>	<u>439,516</u>	39%
	<u>4,125</u>	<u>257,322</u>	98%
Operating income before equity interests and income			
Financial	<u>483,406</u>	<u>659,153</u>	27%
Result of equity interests			
Equity	<u>102</u>	<u>102</u>	0%
Net financial result			
Financial income:	74,259	75,704	-2%
Financial expenses:	(418,504)	(398,207)	5%
Exchange variations, net	<u>(2,809)</u>	<u>(52,364)</u>	95%
	<u>(347,054)</u>	<u>(374,867)</u>	7%
Profit before income tax and social contribution	<u>136,454</u>	<u>284,286</u>	52%
Income tax and social contribution			
Deferred	<u>1,026,560</u>	<u>10,147</u>	10017%
Net income for the year	<u><u>1,163,014</u></u>	<u><u>294,433</u></u>	295%
Basic profit per share, in reais	3.55	0.90	295%

10.1 - General Financial and Equity Conditions

NET REVENUE

In 2019, Net Revenue totaled R\$ 1.6 billion, a reduction of R\$ 63 million (-4%) compared to 2018, mainly due to:

- Short-term energy: A decrease of R\$ 48 million due to the new strategy to equalize the Company's energy balance combined with an optimized management of receivables at CCEE due to a systemic default.
- Marketers: A decrease of R\$ 65 million due to the termination and reduction of existing agreements in order to settle the Company's energy balance.

These effects were partially offset by:

- Deductions and other revenue: A decrease of R\$ 34 million due to the change of the Porto Primavera HPP regime to Independent Energy Producer, ceasing to incur in RGR to incur in UBP.
- Distributors: An increase of R\$ 19 million due to a contractual adjustment clause.

OPERATING COSTS AND EXPENSES

Operating costs and expenses totaled R\$ 1,088 million in 2019, an increase compared to the R\$ 975 million expense recorded in 2018.

In both years there were non-recurring or non-cash effects, as described below:

- Provision for litigation: in 2019, a provision reversal in the amount of R\$ 332 million occurred, in line with the strategy of constant review of the risk forecasts of lawsuits and amounts under discussion, in addition to the procedural strategy of reducing the liability contingent. In 2018, the provision was reversed in the amount of R\$ 410 million.

▪ Non-recurring effects: It includes adjustment of contingent assets of Ilha Solteira and Jupia in the amount of R\$ 230 million made in 2019, resulting from the recognition in the Company's balance sheet of the amounts to be indemnified, according to Ordinance MME No. 458/2015 and expenses with the voluntary dismissal program of R\$ 111 million, partially offset due to the impairment reversal of property, plant and equipment in the amount of R\$ 120 million for 2019, against a R\$ 63 million reversal that occurred in 2018.

▪ Non-cash effects: It includes depreciation, amortization, warehousing provisions, and reversal of the provision for PIS and COFINS on court deposits. In 2019, the amount was R\$ 366 million and in 2018 it was R\$ 303 million.

Excluding non-recurring and non-cash effects, 2019 operating costs and expenses totaled R\$ 834 million, a 27% drop compared to 2018, when it reported R\$ 1,145 million, due to the 28% reduction in the cost of purchased energy, 21% in personnel and managers, and 23% in third-party services, materials, and rentals.

FINANCIAL INCOME

The net financial income of 2019 had an expense of R\$ 347 million compared to the expense of R\$ 375 million of 2018. The variation can be explained mainly by:

▪ Debt charges: An increase due to the recognition of the obligations of the 11th Debentures issue, in the amount of R\$ 1.8 billion, disbursed in January 2019.

▪ An update of the balance of the provision for litigation: A decrease of R\$ 90 million, due to the lower update of the balance of the provision for litigation.

▪ Exchange variation: A decrease of R\$ 49 million in exchange variation resulting from the payment of principal and interest on debt with BNDES indexed to exchange variation made during 2019.

10.1 - General Financial and Equity Conditions

NET INCOME

In 2019, net income reached R\$ 1.2 billion, an increase of R\$ 869 million compared to 2018. The evolution of the net result is mainly due to:

- Provision for Litigation: in 2019, there was a reversal of the provision for litigation in the amount of R\$ 332 million, compared to the reversal of 2018, in the amount of R\$ 410 million, mainly due to the extrajudicial settlement with the Public Prosecutor's Office and City Halls of Mato Grosso do Sul in the amount of R\$ 405 million on 2Q18.
- Impairment: reversal of provision for impairment of R\$ 120 million in 2019 (vs. R\$ 63 million in 2018). The Company found that the book value of the Jaguari HPP was above its fair value, and the loss is recognized, while the Porto Primavera HPP recovered its value, compared to the provision accounted for since 2018.
- Contingent asset adjustment: a reduction of R\$ 230 million due to the adjustment of the contingent assets of Ilha Solteira and Jupia, due to the recognition in the Company's balance sheet of the amounts to be indemnified, according to MME Ordinance 458/2015.
- Deferred income tax and social contribution: constitution of deferred income tax and social contribution in the amount of R\$ 1 billion due to the expected realization of taxable income in the coming years, according to the Company's projections. The constitution refers mainly to the following temporary differences: (i) provision for litigation; (ii) provision for impairment; (iii) provision for contingent assets of Três Irmãos, Ilha Solteira, and Jupia.

Below we present the balances of the balance sheet accounts for 2019 and their variations:

10.1 - General Financial and Equity Conditions

	2019	2018	Variation %
CURRENT ASSET			
Cash and cash equivalents	690,276	410,886	68%
Derivative Financial Instruments	18,718		n/m
Account receivable	198,930	240,802	-17%
Recoverable Taxes	8,357	79,203	-89%
Anticipated expenses	11,186	15,580	-28%
Other assets	93,153	108,528	-14%
	1,020,620	854,999	19%
NON-CURRENT ASSET			
Long-term receivable			
Derivative Financial Instruments	21.225		n/m
Anticipated expenses		7,511	-100%
Collaterals and court deposits	343.979	536,254	-36%
Differed Tax Income and Social Contribution	1.877.412	579,226	224%
Warehouse	7.611	4,302	77%
Asset subject to indemnification	1.179.390	1,949,430	-12%
Other assets		1,361	-100%
	3,969,617	3,078,084	29%
Investments	51,102		n/m
Fixed assets	6,305,943	6,356,617	-1%
Intangible asset	1,575,300	36,800	n/m
Lease contract right of use	7,106		n/m
	11,090,068	9,471,501	26%
ASSET TOTAL	12,929,688	10,326,500	25%

DERIVATIVE FINANCIAL INSTRUMENTS

CESP has energy sale agreements indexed to the dollar, which represent approximately 30% of its total revenue. In order to mitigate the foreign exchange exposure arising from these agreements, the Company implemented a hedge strategy using a Non-Deliverable Forward ("NDFs") financial instrument and accounted for as hedge accounting. The strategy aims to protect approximately 95% of currency exposure in the period between September 2019 and December 2021.

COLLATERALS AND COURT DEPOSITS

In 2019, there was a 36% reduction in the balance of court deposits compared to 2018's balance, due to court deposits released as a result of judicial settlements entered into by the Company.

DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

In 2019, deferred income tax and social contribution were recorded in the amount of R\$ 1 billion

10.1 - General Financial and Equity Conditions

due to the expectation of realizing taxable income in the coming years, as projected by the Company. The constitution mainly refers to the following temporary differences: (i) provision for litigation; (ii) provision for impairment;

(iii) provision for contingent assets of Três Irmãos, Ilha Solteira, and Jupia.

ASSET SUBJECT TO INDEMNITY

A decrease of R\$ 230 million due to the adjustment of the contingent assets of Ilha Solteira and Jupia, due to the recognition in the balance sheet by the Company of the amounts to be indemnified, according to the ordinance MME No. 458/2015.

INTANGIBLE

The increased intangible assets results mainly from the recognition of the grant in the amount of R\$ 1,398.7 million and the use of the public asset in the amount of R\$ 181.8 million, impacts of the renewal of the Porto Primavera HPP Concession Agreement in April 2019.

	2019	2018	% Variation
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Suppliers	8,824	7,595	16%
Energy purchased for resale	35,755	167,822	-79%
Loans	3,002	214,556	-99%
Lease liabilities	1,584		n/m
Estimated liabilities and payroll	21,497	25,211	-15%
Taxes payable	23,494	19,061	23%
Sector charges	115,673	141,742	-18%
Dividends payable and interest on equity	606,176	298,750	103%
UBP – Use of the public good	29,275		n/m
Social and environmental obligations	23,474		n/m
Other liabilities	88,038	9,661	n/m
	956,792	884,398	8%
NON CURRENT			
Loans	1,781,123	1,080	n/m
Lease liabilities	5,624		n/m
Sector charges	12,014	35,852	-66%
UBP – Use of the public good	158,355		n/m
Allowance for litigation	1,814,375	2,156,162	-16%
Social and environmental obligations	164,536	72,915	126%
Employee pension entity	836,995		n/m
Other Liabilities	54,969	74,027	-26%
	4,827,991	2,340,036	106%
TOTAL LIABILITIES	5,784,783	3,224,434	79%
NET WORTH			
Share capital	5,975,433	5,975,433	0%
Capital reserves	1,929,098	1,929,098	0%
Profit reserves	1,084,883	554,588	96%
Deemed costs	(948,623)	(976,752)	-3%
Other comprehensive income	(895,886)	(380,301)	136%
TOTAL SHAREHOLDERS' EQUITY	7,144,905	7,102,066	1%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,929,688	10,326,500	25%

10.1 - General Financial and Equity Conditions

ENERGY PURCHASED FOR RESALE

A decrease of R\$ 95.9 million due to the reversal by paying the provision related to the CCEE Injunction in relation to the Lambda parameter, with the operationalization of the judicial decision by the CCEE.

LOANS AND FINANCING

The loans and financing balance in 2019 is R\$ 1,791 million against R\$ 216 million at the end of 2018. The increased indebtedness results from the 11th issue of debentures of the Company, carried out with the objective of paying the concession for the renewal of the concession of the Porto Primavera HPP, with a compensation corresponding to 100% of the accumulated variation of the average daily rates of Interbank Deposits – DI for one day, plus a surcharge of 1.64% per year, and the compensation shall be paid every six months and the principal shall mature in 7 years with a grace period of 3 years. As of December 31, 2019, the average debt term was 4.4 years. Gross debt is allocated in national currency and indexed to the CDI.

USE OF PUBLIC ASSET

On April 23, 2019, ANEEL signed the concession contract for the use of public assets for Electricity Generation No. 01/2019 - ANEEL, which regulates the exploration of the Porto Primavera HPP for 30 years, through the Independent Energy Production regime ("Agreement"). The base date of the agreements, for purposes of counting the term of grant, is April 15, 2019. As defined in the agreement, the Company shall pay for the use of the public asset ("UBP") of 2.5% on gross revenue over 5 years, the UBP asset will be amortized over the concession period.

DIVIDENDS PAYABLE

The Board of Directors approved, at a meeting on February 17, 2020, the proposal for the distribution of dividends to shareholders in the amount of R\$ 606 million, representing a payout of 52% and a dividend yield of ~6% for all share classes of CESP (ON, PNA, and PNB), with payments in the months of April and October 2020.

SOCIAL AND ENVIRONMENTAL OBLIGATIONS

Increased social and environmental obligations related to the review of the existing provision for liabilities the Operating License ("LO") and the Conduct Adjustment Terms ("TAC");

LO: Costs related to the Porto Primavera LO, related to the monitoring and conservation activities of the areas close to the HPP facilities, including reforestation and social programs. The best estimate for future disbursements was prepared, brought to present value and recorded as a counter-entry to property, plant, and equipment. Amortization will have the same term as the operating license (10 years).

TAC: Regarding the recognized environmental liability due to the obligation by the Company, which incurred in an environmental cost that was not disbursed yet. Obligations related to the Conduct Adjustment Terms (TAC) signed with the Public Prosecutor's Office and which are not contained in the conditions of the Operation License.

PROVISION FOR LITIGATION

A variation justified by (i) the reversal of provision for litigations in the amount of R\$ 332 million, in the amount of R\$ 410 million, in line with the Company's strategy of constant reduction of liability litigation; (ii) R\$ 272.3 million related to the monetary restatement for the period; (iii) R\$ 282.0 million in payments for convictions and settlements.

EMPLOYEE PENSION ENTITY

A record of actuarial liabilities of pension plans to employees with Funesp according to an actuarial report prepared by an independent actuary for the year ended December 31, 2019.

10.2. Operating and financial income

a. Results of issuer operations, especially:

i. A description of any important revenue components

The Company's operating revenue comes mainly from the sale of electricity in long-term agreements with several energy distribution companies in the country (regulated contracting environment – auctions) and from the supply of energy to free consumer and trading customers (free contracting environment), with fluctuations in power outputs quantities (MWh) and price updates. In 2020, the Company started CESP Comercializadora's operations and entered the energy trading market, within pre-established risk limits.

CESP's turnover in 2020 was R\$ 2,203.8 million, representing an increase of 20% in relation to the turnover of R\$ 1,830.5 million in 2019, especially when related to the beginning of stock trading operations. In 2018, it was R\$ 1,924.7 million, as shown in the table below, in R\$ thousand:

	2018	2019	2020
Gross revenue			
Energy Recipes			
Free Consumers – Industrial	788,540	785,746	833,822
Trading Agents	552,474	487,660	810,435
Trading operations			112,152
Energy auctions – Energy distributors	463,076	481,588	498,445
Short-term energy	120,648	72,235	55,296
	1,924,738	1,827,229	2,310,150
Derivative financial instruments		685	(116,295)
Supply under quota regime – HPP Jaguari			7,190
Other income	2,581	2,585	2,753
	2,581	3,270	(106,352)
	1,927,319	1,830,499	2,203,798

ii. Factors that materially affected operating results.

10.1 - General Financial and Equity Conditions

In 2020

NET REVENUE

Net Operating Revenue in 2020 totaled R\$1.9 billion, an increase of R\$346 million (+ 22%) in relation to 2019, mainly due to:

- Marketers: An increase of R\$323 million, mainly due to: (i) the contractual conditions previously agreed with the counterparties (seasonality of energy sold); (ii) settlement of a balance with the CCEE in the amount of ~R\$57 million and (iii) an update in contracts indexed to the dollar.
- Trading: start of trading operations by CESP Comercializadora, with a revenue of R\$112 million in 2020.
- Distributors: An increase of R\$17 million due to a contractual adjustment clause.

These effects were partially offset by:

- Derivative Instruments: A decrease of R\$ 117 million due to the variation of the dollar in the year in the settlement of derivative financial instruments to protect the foreign exchange exposure of free market contracts, indexed to the dollar.
- Short-term energy: A decrease of R\$17 million due to the new strategy to equalize the Company's energy balance combined with optimized management of receivables at CCEE due to a systemic default.

COSTS AND EXPENSES

Operating costs and expenses totaled R\$1,104 million in 2020, the same level as the amount of R\$1,088 recorded in 2019. In both years there were non-recurring or non-cash effects, as described below:

- Reversal of provision for litigation: In 2020, a provision reversal in the amount of R\$267 million occurred in line with the procedural strategy of reducing the liability contingent. In 2019, there was a reversal in the amount of R\$332 million.
- Non-recurring effects: including: (i) Voluntary Dismissal Program: In 2020, there was an impact of non-recurring expenses of R\$ 15 million referring to medical expenses of the 2019 Voluntary Dismissal Program ("PDV") plus new agreements signed. In 2019, VDP expenses totaled R\$ 111 million and include the two programs that occurred during the year. (ii) Impairment: In 2020, the reversal of impairment of property, plant and equipment was R\$ 8 million, compared to R\$ 120 million recorded in 2019. (iii) Contingent assets: adjustment of contingent assets of Ilha Solteira and Jupiá in the amount of R\$230 million in 2019, from the recognition in the Company's balance sheet of the amounts to be indemnified, in accordance with MME Ordinance No. 458/2015.
- Non-cash effects: It includes depreciation/amortization, warehousing provisions and mark-to-market of future energy contracts. In 2020, the amount was R\$419 million, explained by the R\$397 million depreciation and the mark-to-market of future energy contracts of R\$21 million. In 2019, non-cash effects totaled R\$380 million, mainly explained by the amount of depreciation and amortization in the period.
- Write-off of court deposits: In 2020, an expense of R\$ 63 million was recognized, referring to the write-off of court deposits raised by counterparties without recognition in the income statement at the time, identified in the process of reconciliation of court deposits. It should be noted that this accounting is the result of the advance in the process of carefully analyzing the liability litigation and the court deposits corresponding to the proceedings.

Excluding non-recurring and non-cash effects, operating costs and expenses in 2020 totaled R\$882 million, an increase of 8% in relation to 2019, when it reported R\$834 million.

10.1 - General Financial and Equity Conditions

- Purchased energy: An increase of R\$ 62 million compared to 2019, mainly due to the purchase of energy for trading operations in the amount of R\$ 83 million in 2020 which, when excluded, reduce the energy purchase cost by 4%, showing the assertive management in the equalization of the energy balance, with an average purchase price of R\$ 204 MW/h, 17% lower than in 2019 (R\$ 247 MW/h).
- Personnel and Management: In 2020, personnel and management expenses reached R\$77 million, a 32% reduction compared to 2019, due to the adjustment of personnel with the change in the professional profile, accompanied by the reformulation of goals, performance evaluation, development and professional training.
- Third party services, materials and rentals: In 2020, it totaled R\$ 38 million, a 28% reduction compared to 2019, highlighting the focus on cost discipline.

FINANCIAL INCOME

The net financial result of 2020 recorded an expense of R\$556 million compared to the expense of R\$347 million presented in 2019. The variation can be explained mainly by:

- Other financial expenses An increase of R\$ 113 million, mainly: (i) by updating the balance of actuarial liabilities (CPC 33) in the amount of R\$ 60 million and (ii) by paying the early settlement premium of the 11th Debenture in the amount of R\$ 11 million and proportional write-off of funding costs in the amount of R\$ 14 million and (iii) adjustment to present value of the initial recognition in 2019 of the provision for social and environmental obligations with a variation of R\$ 19 million.
- Financial income: A decrease of R\$ 45 million due to the lower CDI level, which adjusts the Company's investments.
- An update of the balance of the provision for litigation: An increase of R\$ 43 million, due to the update of the balance of the provision for litigation, which mostly have the IGP-M as index.
- Write-off of court deposits: R\$24 million expense related to the reversal of inflation adjustment on court deposits raised by counterparties.
- Debt charges: Decrease of R\$ 13 million, mainly due to the reduction in interest appropriated during 2020, due to the decrease in the average CDI.

INCOME TAX (IR) AND SOCIAL CONTRIBUTION (CSLL)

The income with income tax (IR) and social contribution (CSLL) in 2020 was R\$ 1.5 billion, of which R\$ 25 million related to current IR and CSLL, and a reversal of R\$ 1.5 billion related to deferred IR and CSLL. Deferred tax assets arising from tax losses and deductible temporary differences were 100% recognized in 2020, according to the likelihood of realizing future profits. Recognition arises mainly from tax loss (negative basis) and provision for impairment, provision for litigation, and provision for assets, carried out in accordance with accounting standards, since Instruction CVM 371/2002, which limited recognition to 10 years, was revoked in August 2020. It is important to note that all compensation will occur within period of the Porto Primavera HPP concession, according to the Company's projections, to generate future taxable profits.

NET INCOME

The net result for 2020 showed a profit of R\$1.7 billion, against a profit of R\$1.1 billion in 2019. The main impact on this year's profit is the recognition of deferred IR/CSLL in the amount of R\$ 1.5 billion.

In 2019

10.1 - General Financial and Equity Conditions

NET REVENUE

Net Revenue in 2019 totaled R\$ 1.6 billion, a reduction of R\$ 63 million (-4%) compared to 2018, mainly due to:

- Short-term energy: A decrease of R\$ 48 million due to the new strategy to equalize the Company's energy balance combined with an optimized management of receivables at CCEE due to a systemic default.
- Marketers: A decrease of R\$ 65 million due to the termination and reduction of existing agreements in order to settle the Company's energy balance.

These effects were partially offset by:

- Deductions and other income: A decrease of R\$ 34 million due to the change of the Porto Primavera HPP regime to Independent Energy Producer, ceasing to incur in RGR to incur in UBP.
- Distributors: An increase of R\$ 19 million due to a contractual adjustment clause.

OPERATING COSTS AND EXPENSES

Operating costs and expenses totaled R\$ 1,088 million in 2019, an increase compared to the R\$ 975 million expense recorded in 2018.

In both years there were non-recurring or non-cash effects, as described below:

- Provision for litigation: in 2019, a provision was reversed in the amount of R\$ 332 million,

in line with the strategy of constant review of the risk forecasts of lawsuits and the amounts under discussion, in addition to the procedural strategy for reducing the contingent liability. In 2018, the provision was reversed in the amount of R\$ 410 million.

- Non-recurring effects: Includes adjustment of contingent assets of Ilha Solteira and Jupiá in the amount of R\$ 230 million realized in 2019, resulting from the recognition in the Company's balance sheet of the amounts to be indemnified, according to MME Ordinance 458/2015 and expenses with voluntary dismissal programs of R\$ 111 million, partially offset by the impairment reversal of property, plant and equipment in the amount of R\$ 120 million for 2019, against a reversal of R\$ 63 million in 2018.

Non-cash effects: It includes depreciation, amortization, warehousing provisions, and reversal of the provision for PIS and COFINS on court deposits. In 2019, the amount was R\$ 366 million and in 2018 it was R\$ 303 million.

Excluding non-recurring and non-cash effects, 2019 operating costs and expenses totaled R\$ 833 million, a 27% drop compared to 2018, when it reported R\$ 1,145 million, due to the 28% reduction in the purchased energy cost, 21% in personnel and managers, and 23% in third-party services, materials, and rentals.

FINANCIAL INCOME

The net financial income of 2019 had an expense of R\$ 347 million compared to the expense of R\$ 375 million of 2018. The variation can be explained mainly by:

Debt charges: An increase due to the recognition of the obligations of the 11th Debentures issue, in the amount of R\$ 1.8 billion, disbursed in January 2019.

- An update of the balance of the provision for litigation: A decrease of R\$ 90 million, due to the lower update of the balance of the provision for litigation.

▪ Exchange variation: A decrease of R\$ 49 million in exchange variation resulting from the payment of principal and interest on debt with BNDES indexed to exchange variation made during 2019.

10.1 - General Financial and Equity Conditions

NET INCOME

In 2019, net income reached R\$ 1.1 billion, an increase of R\$ 869 million compared to 2018. The evolution of the net result is mainly due to:

- Provision for Litigations: in 2019, there was a reversal of the provision for litigations in the amount of R\$ 332 million, compared to the reversal of 2018, in the amount of R\$ 410 million, in line with the Company's strategy of constant reduction of litigation liability.

- Impairment: a reversal of provision for impairment of R\$ 120 million in 2019 (vs. R\$ 63 million in 2018). The Company found that the book value of the Jaguari HPP was above its fair value, and the loss is recognized, while the Porto Primavera HPP recovered its value, compared to the provision accounted for since 2018.

- Contingent asset adjustment: a reduction of R\$ 230 million due to the adjustment of the contingent assets of Ilha Solteira and Jupia, due to the recognition in the Company's balance sheet of the amounts to be indemnified, according to MME Ordinance 458/2015.

- Deferred income tax and social contribution: constitution of deferred income tax and social contribution in the amount of R\$ 1 billion due to the expected realization of taxable income in the coming years, according to the Company's projections. The constitution refers mainly to the following temporary differences: (i) provision for litigation; (ii) provision for impairment; (iii) provision for contingent assets of Três Irmãos, Ilha Solteira, and Jupia.

In 2018

CESP's gross guaranteed power output in 2018 was 1,002.6 average MW, sold (i) in the ACR, with 32 distribution companies and (ii) in the ACL, with 5 free customers and 3 traders. The differences between the energy produced, the guaranteed power output, and the contracted energy were accounted for and settled at CCEE.

2018 operating revenues reached R\$ 1,927.3 million, an increase of 10.1% compared to the year of 2017, mainly as a result of the 17.2% growth in sales in the free contracting environment and 119.3% % in the invoicing of available energy sold within the scope of the CCEE.

Deductions from operating revenue totaled R\$ 293.2 million, an increase of 7.3% compared to 2017, resulting in Net Operating Revenue of R\$ 1,634.1 million, with an increase of 10.7% over 2017.

The Electricity Service Cost totaled R\$ 1,242.6 million, an increase of 4.9%, broken down into Electricity Cost and Operation Cost.

The Electricity Cost increased by 6.1%, mainly due to the increase in electricity purchased for resale in bilateral agreements, due to the impact of the GSF and the high Difference Settlement Prices – PLD.

Operating Costs grew 2.1% compared to 2017, and ended 2018 at R\$ 376.5 million.

CESP had a Gross Operating Profit of R\$ 391.5 million in 2018, an increase of

10.1 - General Financial and Equity Conditions

34.2% in relation to the previous year.

General and Administrative Expenses decreased by 5.9%, mainly due to the reduced expenses with third-party services, while Other Operating Expenses were positive by R\$ 112.1 million, (negative by R\$ 203.1 million in 2017), mainly, in view of the reversal of provisions for legal risks of an environmental nature, resulting from the judicial settlement carried out on 06.30.2018 with the Public Prosecutor's Office and City Halls of the State of Mato Grosso do Sul, which exceeded the provision amount with the update of 2018, as well as the reduced amount of the reversal of the provision for impairment of R\$ 62.6 million in 2018 (R\$ 163.6 million in 2017).

Other (Expenses) Net Revenue increased by 44.3%, mainly due to expenses with the judicial settlement made on 06.30.2018 with the Public Prosecutor's Office and the City Halls of the State of Mato Grosso do Sul, as opposed to the reversal of provisions for socio-environmental commitments.

Thus, CESP recorded an Operating Profit before the Financial Result of R\$ 297.4 million, compared to a loss of R\$ 117.8 million in 2017.

Adjusted EBITDA due to provisions for legal risks totaled R\$ 502.7 million, representing an increase of 29.3%, when compared to the previous year, as shown below.

Financial Result reached a negative R\$ 13.1 million (positive R\$ 50.8 million in 2017). Financial Income decreased by 26.3%, reaching R\$ 136 million, mainly due to the reduced income from financial investments and updated balance of court deposits. Debt Charges and Other Financial Expenses decreased by 51.6%, totaling R\$ 36.4 million. Expenses with Monetary and Exchange Variations reached a negative R\$ 112.7 million (a negative R\$ 58.3 million in the previous year).

The Company had a Profit before Taxes of R\$ 284.3 million. After the appropriation of Income Tax and Social Contribution on Taxable income profit and deferred taxes, the Company calculated a net income of R\$ 294.4 million.

10.3 - Events with Occurred and Expected Material Effects on Financial Statements**10.3. Events with occurred and expected material effects on the financial statements****a. operating segment introduction or disposal**

In the last three fiscal years, there was no operating segment introduction or disposal.

b. interest on equity constitution, acquisition, or sale

On October 11, 2019, by order No. 2,731, ANEEL authorized CESP Comercializadora de Energia ("CESP Comercializadora") to act as an Electricity Trading Agent within the scope of the CCEE. CESP Comercializadora, a company 100% controlled by CESP, was created to promote a more active participation of CESP in the energy market, optimized management of the energy balance, both in the purchase of energy for risk mitigation and in the best possible strategy for available energy sales. CESP Comercializadora received capital contributions in the amounts of R\$ 1.0 million and R\$ 50.0 million on July 31, 2019 and December 3, 2019, respectively, and started operations in January 2020.

c. unusual events or operations

In 2020, there were expenses with the Voluntary Dismissal Program ("PDV") of R\$ 15 million and a reversal of impairment of property, plant and equipment in the amount of R\$ 7.6 million.

In 2019, there was an adjustment of contingent assets of Ilha Solteira and Jupiá in the amount of R\$ 230 million, resulting from the recognition in the balance sheet by the Company of the amounts to be indemnified, according to Ordinance MME No. 458/2015, expenses with the voluntary dismissal program ("PDV") of R\$ 111 million and a reversal of impairment of property, plant and equipment in the amount of R\$ 120 million.

In 2018, a judicial settlement was signed with the Public Prosecutor's Office and City Halls of the State of Mato Grosso do Sul, whose effects are reported in item 10.1 (h) above.

10.4 - Material Changes in Accounting Practices - Qualifications and Emphasis in the Auditor's Opinion

10.4. Material changes in accounting practices - Qualifications and emphasis in the auditor's opinion

a. Material changes in accounting practices

The Company obtained authorization from ANEEL to operate as an Electric Energy Trading Agent within the scope of CCEE, through CESP Comercializadora. With the beginning of the energy commercialization operations in January 2020, the Company also discloses its consolidated financial statements. The Company consolidates CESP Comercializadora because it holds 100% of its voting capital and has control over the Company, that is, it is exposed or is entitled to variable returns from its involvement with the investee and has the capacity to direct its relevant activities. Transactions, balances and results of transactions between the subsidiary and the Company are eliminated.

The Company's subsidiary carries out leasing operations, which are traded on an active market and meet the definition of financial instruments, due to the fact that they are settled in energy and readily convertible into cash. Such contracts are recorded in the balance sheet at fair value, on the date they are entered into, and revalued at fair value on the balance sheet date, with a corresponding entry to operating income.

The fair value of these financial instruments is estimated based, in part, on price quotes published in active markets, insofar as such observable market data exist, and, in part, by the use of valuation techniques, which consider: i) prices established in the purchase and sale operations; (ii) supply risk margin and (iii) projected market price in the availability period. Whenever the fair value at initial recognition for these contracts differs from the transaction price, a gain or loss of fair value is recognized in Other operating income (expenses), net.

Up to the quarter ended March 31, 2019, the Company entered monetary restatement expenses of the provision for litigations together with the adjustments for the provision and reversal in the group "Other net operating revenue". The current Management decided to make the monetary restatement of the provision for litigation on "Financial result" due to the following factors: (i) it assessed that a large part of the change in the balance of provision for litigation is due to the monetary restatement of the period, so that, with the segregation of the impacts on the income statement, the changes in the provision for litigation would be better demonstrated; (ii) the Company understands that monetary restatement is a financial component; and (iii) consistency with the record of monetary restatement of court deposits. Comparative periods have been changed to reflect the reclassification.

Until the year ended December 31, 2018, the Company entered expenses with the pension plan to employees, reflecting the adoption of CPC 33 - Employee benefit (IAS 19) as a operation cost in the income statement. As of January 1, 2019, Management understands that as most of the participants in the plans belong to the administrative area, amounts previously treated as "Operating costs" fit better into "General and administrative expenses". Comparative periods have been changed to reflect the reclassification.

In 2018, there were no material changes in accounting practices compared to those adopted in 2017.

b. Significant effects of changes in accounting practices.

The effects of changes in accounting practices during fiscal year 2019 are shown below:

	(Original)		(Restated)
	2018	Reclassification	2018
Net Revenue	<u>1,634,110</u>		<u>1,634,110</u>
Electricity service cost			
Electricity cost	(866,112)		(866,112)
Operation cost	<u>(376,497)</u>	<u>10,330</u>	<u>(366,167)</u>
	<u>(1,242,609)</u>	<u>10,330</u>	<u>(1,232,279)</u>
Gross profit	<u>391,501</u>	<u>10,330</u>	<u>401,831</u>
Operating income (expenses)			
General and administrative	(171,864)	(10,330)	(182,194)
Other operating income, net	<u>77,734</u>	<u>361,782</u>	<u>439,516</u>
	<u>(94,130)</u>	<u>351,452</u>	<u>257,322</u>
Operating income before financial result	<u>297,371</u>	<u>361,782</u>	<u>659,153</u>
Net financial result			
Financial income:	75,704		75,704
Financial expenses:	(36,425)	(361,782)	(398,207)
Exchange variations, net	<u>(52,364)</u>		<u>(52,364)</u>
	<u>(13,085)</u>	<u>(361,782)</u>	<u>(374,867)</u>
Profit before income tax and social contribution	<u>284,286</u>		<u>284,286</u>

Changes in accounting practices that occurred during the 2018 fiscal year had no significant effects on the Company's financial statements.

c. Qualifications and emphases in the auditor's report

There are no qualifications in the auditor's report for the last 5 years.

The independent auditors' report of the Financial Statements for the fiscal year ended December 31, 2020 does not contain an emphasis paragraph.

The independent auditors' report of the Financial Statements for the fiscal year ended December 31, 2019 does not contain an emphasis paragraph.

The independent auditors' report of the Financial Statements for the fiscal year ended December 31, 2018 contains the following emphasis:

"Asset available for reversal

As mentioned in Note 14 to the financial statements, the Company has recognized the amount of R\$ 1,949,430 thousand in the item "Assets available for reversal", net of provision, in which the amount of R\$ 232,068 thousand is due to improvements made in the concession assets of the Jupiá and Ilha Solteira plants for which Aneel published Normative Resolution No. 596/2013, which provides for the definition of criteria

10.4 - Material Changes in Accounting Practices - Qualifications and Emphasis in the Auditor's Opinion

for indemnity purposes, as well as the amount of R\$ 1,717,362 thousand regarding the indemnity for the Três Irmãos Plant, whose amount was defined by Interministerial Ordinance No. 129, on March 27, 2014, published by the Ministry of Mines and Energy (MME) and the Ministry of Finance (MF), whose base value is June of 2012. The Company claims in court the determination of the amounts of indemnifiable assets and forms of receipt. Our report does not contain changes on this issue."

The independent auditor included an emphasis paragraph regarding "Assets available for reversal" as a result of legal disputes relating to the indemnity proceedings at the Três Irmãos, Ilha Solteira, and Jupiá plants, whose amounts achieved by the Company are those reported in Interministerial Ordinances of the Government as owed to CESP, as well as by the documents submitted by the Company, under the terms of ANEEL Resolution No. 596/2013, which dealt with the claim related to the modernizations and improvements implemented at the Ilha Solteira and Jupiá plants. The final amounts to be indemnified to CESP will depend on the outcome of the legal proceedings, as well as on ANEEL's position in relation to resolution No. 596/2013.

10.5 – Critical Accounting

10.5. Critical accounting policies - provisions, contingencies, revenue recognition, tax credits, long-term assets, useful lives of non-current assets, pension plans, foreign currency translation adjustments, environmental recovery cost, criteria for testing asset recovery, and financial instruments.

Based on assumptions, the Company makes estimates regarding the future. By definition, accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances. Revisions to estimates are recognized prospectively.

Accounting estimates will rarely be equal to the respective actual results. The estimates and assumptions that present significant risk, with the likelihood of causing a relevant adjustment in the book values of assets and liabilities for the next fiscal year, are included below:

- (a) Accounts receivable
- (b) Future energy contracts
- (c) Deferred income and social contribution taxes
- (d) Intangible Assets and Property, Plant and Equipment
- (e) Post-employment benefits
- (f) Allowance for litigation
- (g) Social and environmental obligations
- (h) Revenue
- (i) Costs and expenses

10.6 - Relevant Items Not Evidenced In The Financial Statements

10.6. Relevant items not evidenced in the financial statements

a. the assets and liabilities held by the issuer, directly or indirectly, that do not appear on its balance sheet (off-balance sheet items), such as:

- i. operating commercial leases, assets, and liabilities
- ii. written-off portfolios over which the entity maintains risks and responsibilities, indicating the respective liabilities
- iii. agreements for the future purchase and sale of products or services
- iv. agreements for unfinished construction
- v. agreements for future financing receipts

The the following long-term future commitments of the Company are not recorded in the financial statements:

	Parent company and consolidated						
	2021	2022	2023	2024	2025	After 2026	Total
Inspection Fee for Electric Energy Services (TFSEE)	5,235	5,078	5,084	5,084	5,084	116,943	142,509
Tariff for Use of the Transmission and Distribution System (TUST and TUSD)	185,726	197,441	197,441	197,441	197,441	4,541,149	5,516,641
Financial Compensation for the Use of Water Resources (CFURH)	48,301	46,601	46,601	46,756	46,756	1,075,392	1,310,407
Connection charges	126	141	143	143	143	3,293	3,989
Energy purchase agreements	459,832	35,395	9,489	6,795	4,710	7,343	523,565
	<u>699,221</u>	<u>284,656</u>	<u>258,759</u>	<u>256,220</u>	<u>254,135</u>	<u>5,744,119</u>	<u>7,497,111</u>

b. other items not shown in the financial statements

As of December 31, 2020, deferred tax assets arising from tax losses and deductible temporary differences were 100% recognized in accordance with the likelihood of realizing future profits. Accordingly, there are no more amounts not recorded in the balance sheet.

As of December 31, 2019, the Company has deferred tax assets not recorded in the balance sheet in the total amount of R\$ 1,521.3 million. The balances recorded up to December 31, 2019 of credits from deferred income tax, negative basis of social contribution and on temporary differences, are supported by financial projections prepared by Management for the next 10 years, which are reviewed annually, as recommended by the Granting Authority and determined by the CVM, which consistently demonstrate the realization of the balances of tax losses, negative basis of social contribution, and temporary differences.

10.7 - Comments on Items Not Shown in the Financial Statements**10.7. Comments on items not shown in the financial statements**

- a. Items that change or may change revenue, expenses, operating income, financial expenses, or other items in the issuer's financial statements**
- b. nature and purpose of the operation**
- c. nature and amount of obligations assumed and rights generated in favor of the issuer as a result of the transaction**

Not applicable, as all relevant items are evidenced in the Company's financial statements for the last 3 fiscal years.

10.8 – Business Plan

10.8. Business plan

a. Investments, including:

i. quantitative and qualitative description of investments in progress and planned investments.

Investments made in recent years were mainly aimed at the maintenance program for the generating plants, including improvements and modernization of equipment. The amount invested in PP&E and intangible assets in 2020 was R\$ 15.6 million.

ii. Investment financing sources.

The Company has its own resources for investment in projects, in which it intends to have a minority interest. Depending on the projects, they may be financed by private and governmental financial institutions, usually in the order of up to 70%.

iii. Relevant divestments in progress and expected divestments.

Through Provisional Measure ("MP") No. 579/12, later converted into Law No. 12,783, of January 11, 2013, The Federal Government, as the granting authority, was allowed to extend power generation concessions. In this normative context, specifically in relation to the Company's activities, the Union offered to anticipate, for January 2013, the renewal of the concessions of the HPPs of Ilha Solteira and Jupirá, due on July 7, 2015. The same treatment was extended to the concession of UHE Três Irmãos, whose expiration of the first concession period had already occurred in November 2011.

Due to the conditions established by the granting authority, the Company decided, in the form of its bylaws, for the non-renewal of said concessions. Accordingly, the Company continued to operate the Ilha Solteira and Jupirá plants, until the final term of the concession, on July 7, 2015. In relation to Três Irmãos HPP, operation continuity occurred in accordance with the regulations of the Granting Authority.

As a result of the manifestation of intention of the State of São Paulo to plead with the Union for the exploration of the HPP Jaguari, the Company formalized with the Union (MME/ANEEL) its non-interest in the renewal of the concession of the HPP Jaguari, and the Company maintained its responsibilities concessionaire until the expiration of Concession Contract No. 003/2004, on May 20, 2020. The Company, from then on, began to temporarily operate the Jaguari HPP under the guaranteed power output quota regime, maintaining this condition between May 21, 2020, and December 31, 2020. As a result of the publication of Portaria/MME No. 449, of November 13, 2020, Furnas Centrais Elétricas S/A became the new company responsible for providing the electricity generation service of the Jaguari HPP, as of January 1 2021.

b. provided it has already been disclosed, indicate the acquisition of plants, equipment, patents, or other assets that are expected to materially influence the issuer's productive capacity

There are no operations for the acquisition of plants, equipment, patents, or other assets that have already been disclosed and which are expected to materially influence the Company's production capacity.

10.8 – Business Plan

c. New products and services.

i. description of research in progress already disclosed

The description of the research in progress can be found in sub-item "iii" below, together with the names of the projects and investments carried out. These are the research and development projects in progress within the scope of ANEEL's R&D Program, according to Law No. 9.991/2000.

ii. total amounts spent by the issuer on research to develop new products or services.

In 2020, the Company paid R\$ 6 million to the National Fund for Scientific and Technological Development (FNDCT), R\$ 3 million to the Ministry of Mines and Energy (MME) and invested R\$ 7.3 million in Research and Development projects.

iii. projects under development already disclosed

In 2020, the Company had a total of 5 R&D projects in progress, of which 3 are its own and 2 are strategic, all in cooperation with other executing entities.

Under ANEEL's category "Alternative Sources of Generation", the following 2 projects were undertaken:

- Electricity Cogeneration in the Sugar and Alcohol Sector Using Regional Bioenergy: Technological Routes for Production Process Optimization. The objective of this research is to optimize cogeneration from sugar cane biomass by complementing it with vinasse biogas and other regionally available bioenergetics. From 2019, investments in this project until December of that year were R\$ 3.1 million.
- Implementation of the Pilot Plant through the Integration of the Thermosolar Generation Source to the Complex of Alternative Renewable Energies of the Porto Primavera HPP. In development since January 2017, this is a strategic project launched in a public call notice by ANEEL, whose research consists of the construction of a pilot plant of up to 0.5 MW of nameplate capacity, on the site of the Porto Primavera HPP. The objective is to consolidate the HPP as a Research Center for renewable sources through Thermosolar, Photovoltaic, and Wind systems, which will be able to operate in conjunction with hydroelectric generation. The estimated duration of the project is 60 months (additive), with completion scheduled for December 2021. By the end of 2020, R\$ 42 million had been invested.

With the theme "Supervision, Control and Protection of Electric Energy Systems", the Stator Winding Life Extension project continued through the Cooling Water Control and Optimization project, whose objective is to investigate the effects of winding fatigue (a part used in UHEs components) in its useful life for the traditional refrigeration system compared to an active water flow control system, looking for ways to keep the winding operating within a minimum range of temperature variation. With a predicted duration of 3 years, this research will end in 2020. Until December 2020, R\$ 5 million were spent.

10.8 – Business Plan

The project "Analysis of the Efficiency of Complementary Energy Storage with Hydroelectric Plants using Electrochemical and Hydrogen Storage Technologies": Technological Route for Large-Scale Applications in Brazil - CESP Pilot Storage System " continued in the year 2020, in ANEEL's category called "Others", within the scope of the Public Call for Strategic R&D Project No. 021/2016, whose objective is to research the application of electrochemical and hydrogen energy storage technologies, scheduled to end in November 2020 (additive). By the end of 2020, R\$ 29.7 million had been invested.

Finally, the Management Project 2019-2021, established by ANEEL for the management of the R&D program of each of the participating companies, is still in progress. By the end of 2020, the project had totaled R\$ 1.5 million in investments.

iv. total amounts spent by the issuer to develop new products or services

It does not apply, as investments in research and development are considered according to sub-item "ii".

10.9 - Other Factors with Material Influence

10.9. Other factors with material influence

All the factors that influenced operational performance have already been commented on in the previous items.

Appendix II

PROPOSED CAPITAL BUDGET OF THE COMPANY FOR THE YEAR OF 2021

CAPITAL BUDGET

Year 2021

The Company remains focused on its energy generation activity in order to better meet systemic demands. Management still has the objective of continuing the strategy of reducing litigation, in addition to maintaining a capital structure in accordance to its strategic planning.

In line with this strategy and based on the Company's cash flow projections, management proposes to allocate the remaining net income balance for the year ended December 31, 2020, in the amount of R\$ 672,456,324.15 (six hundred and seventy-two million, four hundred and fifty-six thousand three hundred and twenty-four reais and fifteen cents) to the Profit Retention Reserve, in accordance with this capital budget, with a term of up to 5 (five) fiscal years, whose approval is submitted to the shareholders, pursuant to article 196 of Law No. 6,404, of December 15, 1976, as amended.

Appendix III

PROPOSAL FOR THE ALLOCATION OF NET INCOME
(APPENDIX 9-1-II OF ICVM 481/09)

A Proposal for the Allocation of Net Income for the fiscal year ended on December 31, 2020, prepared by the management of CESP - Companhia Energética de São Paulo, to be submitted to the appreciation and resolution of the Ordinary and Extraordinary Shareholders' Meeting to be held on March 30, 2021, under the terms of item II, sole paragraph of article 9 of ICVM 481/09.

Appendix 9-1-II of ICVM 481/09 - Net Income Allocation

1. Inform the net income for the year.

The result of net income for the fiscal year ended on December 31, 2020 was R\$ 1,728,761,592.77 (one billion, seven hundred and twenty-eight million, seven hundred and sixty-one thousand, five hundred and ninety-two reais and seventy and seven cents), which, after deducting the amounts of (i) R\$ 86,438,079.64 (eighty-six million, four hundred and thirty-eight thousand, seventy-nine reais and sixty-four cents), intended to be the Company's legal reserve, corresponding to 5% (five percent) of the net income for the year, pursuant to article 193 of the Corporation Law; and (ii) R\$ 28,964,439.75 (twenty-eight million, nine hundred and sixty-four thousand, four hundred and thirty-nine reais and seventy-five cents), due to the equity valuation adjustment (depreciation); for an adjusted net profit of R\$1,613,359,073.38 (one billion, six hundred and thirteen million, three hundred and fifty-nine thousand, seventy-three reais and thirty-eight cents).

The table below summarizes the calculation of the adjusted net income for the fiscal year ended December 31, 2020:

Net income for the year	1,728,761,592.77
(-) Legal reserve	(86,438,079.64)
(-) Deemed cost	<u>(28,964,439.75)</u>
(=) Adjusted net income for the year	<u>1,613,359,073.38</u>

2. Inform the global amount and the amount per share of dividends, including advance dividends and interest on equity already stated.

There is a proposal to distribute the global amount of R\$ 850,165,278.43 (eight hundred and fifty million, one hundred and sixty-five thousand, two hundred and seventy-eight reais and forty-three cents), corresponding to 52.70% (fifty-two point seventy percent) of adjusted net income equivalent to (i) R\$ 2.59629491 per class A preferred share, disregarding class A preferred shares held in treasury; (ii) R\$ 2.59629491 per class B preferred share, disregarding class B preferred shares held in treasury; and (iii) R\$ 2.59629491 per common share, disregarding common shares held in treasury.

It is important to note that the aforementioned amount includes (i) the amount of R\$ 13,476,678.28 (thirteen million, four hundred and seventy-six thousand, six hundred and seventy-eight reais and twenty-eight cents), corresponding to the dividend due to the holders of class A preferred shares, pursuant to article 4, Paragraph six, I, 'b' with article 36, first paragraph, of the Bylaws; (ii) the amount of R\$ 584,066,667.12 (five hundred and eighty-four million, sixty-six thousand, six hundred and sixty-seven reais and twelve cents), corresponding to the mandatory dividend due to the holders of class B preferred shares and common shares, under the terms of article 4, Paragraph six, II, 'b' c/c art. 35, III and art. 36, *caput* and Paragraph two of the Bylaws; and (iii) the amount of R\$ 252,621,933.03 (two hundred and fifty-two million, six hundred and twenty-one thousand, nine hundred and thirty-three reais and three cents) related to additional dividends to shareholders holding common shares and class A and class B preferred shares, under equal conditions, under the terms of art. 35, V, of the Company's Bylaws.

The table below summarizes the management's proposal for the distribution of dividends to the Company's shareholders at the General Meeting:

Net income for the year	1,728,761,592.77
(-) Legal reserve – 5%	(86,438,079.64)
(-) Deemed cost	(28,964,439.75)
Adjusted net income	1,613,359,073.38
(-) Preferred dividend – PNA share	(13,476,678.28)
(-) Mandatory dividend – ON and PNB shares	(584,066,667.12)
(-) Additional dividend	(252,621,933.03)
(=) Net income balance	763,193,794.95
(-) Statutory reserve	(90,737,470.80)
(-) Profit retention reserve	(672,456,324.15)
(=) Net income balance	-

The distribution of interest on equity (JCP), approved pursuant to the Board of Directors' Meeting on December 16, 2020, will be deducted from the above amount, in the total amount of R\$ 150,000,563.58 (one hundred and fifty million, five hundred and sixty-three reais and fifty-eight cents), corresponding to R\$ 0.42648549 per common share (CESP3), R\$ 1.82454519 per A preferred share (CESP5) and R\$ 0.42648549 per B preferred share (CESP6) to be paid with the other dividends.

For more information regarding the method to calculate dividends to be paid to shareholders holding class A preferred shares, class B preferred shares, and common shares issued by the Company, see items 5, 9, and 10 below.

3. Inform the percentage of distributed net income for the year.

The total amount of dividends to be distributed to shareholders corresponds to (i) 49.18% of the net income for the year; and (ii) 52.70% of the adjusted net income, calculated per art. 202, of the Corporation Law, as follows:

Dividend to be stated	850,165,278.43
Net income for the year	<u>1,728,761,592.77</u>
Percentage	<u>49.18%</u>

Dividend to be stated	850,165,278.43
Adjusted net income for the year	<u>1,613,359,073.38</u>
Percentage	<u>52.70%</u>

4. Inform the global amount and the amount per share of dividends distributed based on profit from previous years.

During the year ended on December 31, 2020, interim dividends based on reserves and earnings withheld from previous years were not distributed.

5. Inform, deducting advance dividends and interest on equity already declared:

a. The gross amount of dividends and interest on equity, segregated, per each type and class of share.

The Company's Management proposes to distribute the global amount of R\$ 700,164,714.84 (seven hundred million, one hundred and sixty-four thousand, seven hundred and fourteen reais and eighty-four cents), as dividends:

	Amount per Share (R\$)	Total amount (R\$)
PNA	0.77174972	5,635,168
PNB	2.16980942	457,712,595
ON	2.16980942	236,816,952

b. The form and term of payment of dividends and interest on equity.

Dividends will be paid in Brazilian currency, in two installments, due on April 15, 2021 and, possibly the second installment on September 15, 2021, unless the Board of Directors sets a different, later date, which may be until December 31, 2021, as explained below:

Share	Payment on 04/15/2021		Payment on 09/15/2021	
	Amount per Share (R\$)	Total amount (R\$)	Amount per Share (R\$)	Total amount (R\$)
PNA	2.32055330	17,098,434.25	0.27574162	2,013,412.33
PNB	1.82103483	384,139,993.12	0.77526008	163,538,005.18
ON	1.82103483	198,762,136.21	0.77526008	84,613,297.33
Total		600,000,563.58		250,164,714.84

c. Restatement and interest on dividends and interest on equity.

There will be no monetary restatement or interest on the proposed dividends between the statement and actual payment date.

d. Date of declaration of dividends and interest on equity payment used to identify shareholders who will be entitled to receive them.

The payment of dividends based on the net income for the year 2020 will be resolved at the Ordinary and Extraordinary General Meeting scheduled for March 30, 2021.

Dividends, if approved, shall be paid according to the existing shareholding positions at the close of the B3's trading session on April 2, 2021, respecting the negotiations carried out up to that day. The Company's shares will be traded "ex dividends" as of April 5, 2021, inclusive.

6. If there has been a declaration of dividends or interest on equity based on profits determined in half-yearly balance sheets or in shorter periods.

a. Inform the amount of dividends or interest on equity already declared.

b. Inform the date of each payment.

Interest on equity will be paid in national currency, together with the first installment of the payment of dividends on April 15, 2021.

Provide a comparative table indicating the following values per share of each type and class:

a. Net income for the year and the 3 (three) previous years.

Fiscal year ended on:	Net income/(loss) per share (R\$)	
	Share	Price (R\$)

31.12.2020	PNA	5.27861951
	PNB	5.27861951
	ON	5.27861951
31.12.2019	PNA	3.5511601445
	PNB	3.5511601445
	ON	3.5511601445
31.12.2018	PNA	1.8245449418
	PNB	0.8776689705
	ON	0.8776689705

b. Dividends and interest on equity distributed in the 3 (three) previous years.

Fiscal year ended on:	Proceeds	Share	Amount per share (R\$)
31.12.2020	Dividend	ON	R\$ 2.16980942
		PNA	R\$ 0.77174972
		PNB	R\$ 2.16980942
	Interest on shareholders' equity	ON	R\$ 0.426485490
		PNA	R\$ 1.824545190
		PNB	R\$ 0.426485490
Fiscal year ended on:	Proceeds	Share	Amount per share (R\$)
31.12.2019	Dividend	ON	1.850014
		PNA	1.850014
		PNB	1.850014
Fiscal year ended on:	Proceeds	Share	Amount per share (R\$)
31.12.2018	Dividend	ON	0.8866270309
		PNA	1.8245449418
		PNB	0.8866270309

7. If profits are allocated to the legal reserve.

a. Identify the amount allocated to the legal reserve.

Of the net income for the fiscal year ended December 31, 2020, in the amount of R\$ 1,728,761,592.77 (one billion, seven hundred and twenty-eight million, seven hundred and sixty-one thousand, five hundred and ninety-two reais and seventy and seven cents), a portion equivalent to 5% (five percent) will be allocated to the legal reserve, under the terms of article 193 of the Corporation Law, in the amount of R\$ 86,438,079.64 (eighty-six million, four hundred and thirty-eight thousand, seventy-nine reais and sixty-four cents).

b. Detail the method of calculating the legal reserve.

Pursuant to article 193 of the Corporation Law, a portion corresponding to 5% (five percent) of the net income for the year must be applied, before any other allocation, to the constitution of the legal reserve. It should be noted, however, that the legal reserve cannot exceed the amount that corresponds to 20% (twenty percent) of the share capital and that the Corporation Law provides for the option of not allocating a portion of the net profit to form the legal reserve when its balance, plus the amount of the capital reserve, corresponds to more than 30% (thirty percent) of the share capital.

In the case of the Company, as the legal reserve has not yet reached the limit of 20% (twenty percent) of the share capital, the Company must allocate part of the net income for the year to form the legal reserve.

Accordingly, the amount that will be allocated to the legal reserve was calculated in accordance with art. 193 of the Corporation Law, combined with article 35, item I, of the Company's Bylaws, as indicated in the table below:

Net income for the year	<u>1,728,761,592.77</u>
(-) Legal reserve - 5%	<u>(86,438,079.64)</u>

8. If the company has preferred shares entitled to fixed or minimum dividends.

a. Describe how such fixed or minimum dividends are calculated.

Pursuant to Article 4, Paragraph six, I, 'b' c/c articles 35, II, and 36, Paragraph One, of the Bylaws, the holders of class A preferred shares are entitled to receive a non-cumulative, annual preferred dividend, corresponding to 10% (ten percent) of the paid-in share capital represented by such class of shares.

Shareholders with class B preferred shares, in turn, are not entitled to preferred dividends, but compete on equal terms with shareholders with common shares to receive the mandatory annual dividend, which is based on one of the following parameters provided for in the Company's Bylaws: (i) the mandatory annual dividend to be distributed to holders of common shares and class B preferred shares corresponds to 10% (ten percent) of the paid-in share capital represented by such

shares and must be prorated equally among them (art. 35, III, of the Bylaws); and (ii) the minimum mandatory annual dividend to be distributed to holders of common shares and class B preferred shares corresponds to 25% (twenty-five percent) of the net profit for the year (art. 4, Paragraph six, II, 'b' c/c art. 36, caput and Paragraph two).

b. Inform whether the profit for the year is sufficient for the full payment of fixed or minimum dividends.

The profit for the year was sufficient for the full payment of dividends due to the Company's shareholders, under the terms of article 4, Paragraph six, I, 'b' and II, 'b', c/c articles 35 and 36 of the Bylaws.

c. Identify whether any unpaid installments are cumulative.

Not applicable, as the net income for the year was sufficient for the full payment of dividends due to shareholders and that the Company does not provide for the payment of cumulative dividends.

d. Identify the global amount of fixed or minimum dividends to be paid for each class of preferred shares.

Total amount (R\$)	
PNA	13,476,678.28
PNB	384,885,108.03

e. Identify the fixed or minimum dividends to be paid per preferred share of each class.

Amount per share (R\$)	
PNA	1.82454494
PNB	1.82454494

9. Regarding the mandatory dividend.

a. Describe the calculation method provided for in the bylaws.

The Company's Bylaws provide for two parameters to set the amount to be paid as the mandatory dividend to shareholders holding class B preferred shares and common shares issued by the Company, namely:

1. Under the terms of art. 35, III, of the Bylaws, the mandatory annual dividend to be

distributed to the holders of common shares and class B preferred shares corresponds to 10% (ten percent) of the paid-in share capital represented by such shares and must be prorated equally among such shares; and

2. Under the terms of art. 4, II, 'b' c/c art. 36, "caput" and Paragraph two, the minimum mandatory annual dividend to be distributed to shareholders holding common shares and class B preferred shares corresponds to 25% (twenty-five percent) of the net income for the year.

Using the parameter described in item (1) above, holders of class B preferred shares and common shares issued by the Company would be entitled to a mandatory dividend in the amount of R\$ 584,066,667.13 (five hundred and eighty-four million, sixty-six thousand, six hundred and sixty-seven reais and thirteen cents).

On the other hand, using the parameter described in item (2) above, holders of class B preferred shares and common shares issued by the Company would be entitled to a minimum mandatory dividend in the amount of R\$ 432,190,398.19 (four hundred and thirty-two million, one hundred and ninety thousand, three hundred and ninety-eight reais and nineteen cents).

In view of the fact that the second parameter results in a mandatory dividend amount lower than that obtained using the first parameter, the Company's management chose to use the first parameter indicated in item (1) above, so that the holders of preferred shares class B and common shares shall be entitled to a mandatory dividend corresponding to 10% (ten percent) of the paid-in share capital represented by such shares.

b. Inform whether it is paid in full.

The mandatory dividend, to which the shareholders are entitled, shall be paid in full in two installments, as shown below:

Share	Payment on 04/15/2021		Payment on 09/15/2021 ⁽¹⁾	
	Amount per Share (R\$)	Total amount (R\$)	Amount per Share (R\$)	Total amount (R\$)
PNA	2.32055330	17,098,434.25	0.27574162	2,013,412.33
PNB	1.82103483	384,139,993.12	0.77526008	163,538,005.18
ON	1.82103483	198,762,136.21	0.77526008	84,613,297.33
Total		600,000,563.58		250,164,714.84

⁽¹⁾ A date that can be postponed by the Board of Directors to a later date, until 12.31.2021.

c. Inform the actually withheld amount.

Not applicable, as no mandatory dividend will be withheld.

10. If the mandatory dividend is withheld due to the company's financial situation.

a. Inform the withheld amount.

Not applicable, as the mandatory dividend will not be withheld.

b. Describe, in detail, the company's financial situation, including aspects related to liquidity analysis, working capital, and positive cash flows.

Not applicable, as the mandatory dividend will not be withheld.

c. Justify withholding dividends.

Not applicable, as the mandatory dividend will not be withheld.

11. If income is allocated to the contingency reserve.

a. Identify the amount allocated to the reserve.

Not applicable, as income will not be allocated to the Company's contingency reserve.

b. Identify the loss considered probable and its cause.

Not applicable, as income will not be allocated to the Company's contingency reserve.

c. Explain why the loss was considered probable.

Not applicable, as income will not be allocated to the Company's contingency reserve.

d. Justify the constitution of the reserve.

Not applicable, as income will not be allocated to the Company's contingency reserve.

12. If income is allocated to the unrealized profit reserve.

a. Inform the amount allocated to the unrealized profit reserve.

Not applicable, as there no income will be allocated to the unrealized profit reserve.

b. Inform the nature of the unrealized profits that gave rise to the reserve.

Not applicable, as there no income will be allocated to the unrealized profit reserve.

13. If income is allocated to statutory reserves.

a. Describe the statutory clauses that provides for the reserve.

If there is a remaining balance after the proposal for payment of mandatory dividends, up to 20% (twenty percent) may be allocated, according to the resolution of the general meeting, for reinvestment in the expansion of the activities provided for in Article 2 of the Bylaws, up to the limit of 10% (ten percent) of the share capital, pursuant to item IV of Article 35 of the Bylaws.

b. Identify the amount allocated to the reserve.

The amount allocated to the statutory reserve will be R\$ 90,737,470.80 (ninety million, seven hundred and thirty-seven thousand, four hundred and seventy reais and eighty cents).

c. Describe how the amount was calculated.

The amount allocated to the reserve will be R\$ 90,737,470.80 (ninety million, seven hundred and thirty-seven thousand, four hundred and seventy reais and eighty cents), such reserve with the total balance of R\$ 597,543,345.40 (five hundred and ninety-seven million, five hundred and forty-three thousand, three hundred and forty-five reais and forty cents), which represents 10% (ten percent) of the share capital according to the Bylaws and as shown below:

Net income for the year	1,728,761,592.77
(-) Legal reserve – 5%	(86,438,079.64)
(-) Deemed cost	(28,964,439.75)
Adjusted net income	1,613,359,073.38
(-) Preferred dividend – PNA share	(13,476,678.28)
(-) Mandatory dividend – ON and PNB shares	(584,066,667.12)
(-) Additional dividend	(252,621,933.03)
(=) Net income balance	763,193,794.95
(-) Statutory reserve	(90,737,470.80)
(-) Profit retention reserve	(672,456,324.15)
(=) Net income balance	-

14. If profits are retained as provided for in a capital budget.

a. Identify the retaining amount.

The remaining balance will be allocated to retained profits, in the total amount of R\$ 672,456,324.15 (six hundred and seventy-two million, four hundred and fifty-six thousand three hundred and twenty-four reais and fifteen cents).

b. Provide a copy of the capital budget.

The Company remains focused on its energy generation activity in order to better meet systemic demands. Management still has the objective of continuing with the de-risking strategy and constantly evaluating opportunities in the power generation market.

In line with this strategy and based on the Company's cash flow projection, management proposes to allocate the remaining net income balance for the year ended December 31, 2020, in the amount of R\$ 672,456,324.15 (six hundred and seventy-two million, four hundred and fifty-six thousand three hundred and twenty-four reais and fifteen cents) to the Profit Retention Reserve, according to the capital budget, subject matter of Appendix II hereto, whose approval is submitted to the shareholders, under the terms 196 of Law 6,404/76, as amended. Profit balances without an obligatory allocation to other reserves and that are not allocated to the payment of dividends are allocated to this reserve.

15. If income is allocated to the tax incentives reserve.

a. Inform the amount allocated to such reserve.

Not applicable, as income will not be allocated to the Company's tax incentives reserve.

b. Explain the nature of such allocation.

Not applicable, as income will not be allocated to the Company's tax incentives reserve.

Appendix IV

**APPOINTMENT OF DIRECTORS TO FILL THE POSITIONS OF MEMBERS
MEMBERS AND DEPUTIES (INCLUDING INDEPENDENT MEMBERS) OF THE BOARD OF DIRECTORS**

According to the Corporation Law, the election of members of the board of directors can be carried out by majority vote, multiple voting process, or separate vote. As the many voting procedures may affect the number of board members, in order to better understand the dynamics of the election of board members, each voting process is detailed below.

i. Majority Voting

In majority voting, each common share gives 1 (one) vote to its holder, and the elected candidate is the one who receives the absolute majority of the votes of those attending the meeting, without counting abstentions.

For greater shareholder participation, the Chairman of the General Meeting will vote on the name of each candidate for the board of directors appointed by the controlling shareholder or by the minority shareholder of the Company. Thus, shareholders will be able to express their votes individually in favor, against, or abstain for each nominated candidate.

In view that article 129 of the Corporation Law provides that the resolutions of the general meeting are taken by an absolute majority of attending votes, not counting blank votes, for a candidate to be elected, he/she needs more than half of the valid votes cast in such an election.

Thus, when the Chairman of the General Meeting votes on a certain candidate, such candidate will be considered elected if he/she receives an absolute majority of the attending votes, without counting abstentions.

The voting will be closed when all the positions of the board of directors are filled, even if there are candidates whose names have not been put for voting.

If, after voting and analysis of all candidates, a vacant position still remains, a second voting session will be held at the General Meeting between two candidates with the most votes, and the candidate who receives more than half of the votes cast in this second vote session is elected, without counting abstentions.

ii. Multiple Vote

Pursuant to article 141 of the Corporation Law, a shareholder or a group of shareholders representing at least 10% (ten percent) of the voting share capital, may request the adoption of the multiple vote process for the election of the members of the board of directors. This is an election procedure whereby each share is attributed as many votes as there are positions to be filled on the board of directors, and the shareholder is entitled to cumulate votes in a single candidate or distribute them among several.

According to article 291 of the Corporation Law, the CVM can set a scale, reducing the minimum percentage to request the multiple voting procedure based on the share capital of publicly-held companies. Accordingly, article 1 of CVM Instruction No. 165, December 11, 1991, as amended ("ICVM 165/91"), presents the following scale for multiple voting requests:

Social Capital Range (R\$)	Minimum Percentage of Voting Capital for Multiple Voting Request (%)
0 to 10,000,000	10
10,000,001 to 25,000,000	9
25,000,001 to 50,000,000	8
50,000,001 to 75,000,000	7
75,000,001 to 100,000,000	6
over 100,000,001	5

As the Company's share capital, on this date, is R\$ 5,975,433,454.43 (five billion, nine hundred and seventy-five million, four hundred and thirty-three thousand, four hundred and fifty-four reais and forty-three cents), the percentage to request the adoption of the multiple voting process for the election of the members of the Company's board of directors is at least 5% (five percent) of the total and voting share capital, pursuant to article 141 of the Corporation Law and article 1 of ICVM 165/1991.

Thus, pursuant to § 1 of article 141 of the Corporation Law and article 1 of ICVM 165/1991, Company's shareholders representing, individually or jointly, at least 5% (five percent) of the capital share with voting rights, may request, in writing, the adoption of the multiple voting process to the Company.

Depending on the CVM's understanding in CVM Administrative Proceedings Nos. RJ2013/4386 and RJ2013/4607, judged on November 4, 2014, as treasury shares are momentarily not entitled to a voting right, they must be excluded from any and all legal percentages based on the number of voting shares, including those for the purposes of calculating the percentages indicated in article 141, paragraphs 4 and 5, of Law 6,404/76.

Therefore, when calculating the percentage of 5% (five percent) of the required voting share capital to request the adoption of the multiple voting mechanism, any treasury shares should be disregarded¹.

Thus, a request for multiple voting may be made by a shareholder or a group of shareholders holding at least 5,457,091 (five million, four hundred and fifty-seven thousand and ninety-one) registered, nominal, book-entry common shares with no par value, issued by the Company.

According to the Corporation Law, the request for a multiple vote must be made by means of a written notice delivered to the Company up to 48 (forty-eight) hours before the General Meeting is held. It is important to note that, as provided for in § 4 of article 132 of the Civil Code, deadlines set in hours are counted minute by minute. Shareholders who choose to participate in the ordinary general meeting by means of a remote voting ballot, if they wish to request the adoption of the multiple voting process, may do so in the appropriate field of the ballot.

Once the request for multiple voting has been received by a shareholder or a group of shareholders representing 5% (five percent) of the voting share capital, disregarding treasury shares, the Company, in accordance with the applicable legislation, shall disclose a "notice to shareholders" informing about the election of the members of the board of directors through the multiple voting process, as requested by the Company's shareholders.

A shareholder who requests the adoption of the multiple voting procedure for the election of members of the board of directors may withdraw such request at any time, including at the Shareholders' Meeting (CVM Process 19957.003630/2018-01.43, judged on October 9, 2018). In the event that, due to the withdrawal of a request, the above criteria are no longer fulfilled, the multiple voting procedure will not be adopted. However, it is recommended that shareholders who are interested in a multiple voting election submit their own requests for adoption of such procedure, regardless of previous similar requests that have been made by other shareholders. Thus, even if a previous request is withdrawn by a shareholder who formulated it, the multiple voting procedure must still be observed.

At the General Meeting, the board, in compliance with the provisions of article 141, § 1, in fine, of the Corporation Law, shall inform the number of votes necessary to, in any scenario, elect 1 (one) member of the board of directors within the scope of multiple voting.

¹On the date hereof, there are 113,055 (one hundred and thirteen thousand and fifty-five) shares issued by the Company held in treasury, of which 25,980 (twenty-five thousand, nine hundred and eighty) are common shares and 87,075 (eighty eight thousand and seventy-five) are preferred shares.

To calculate the number of votes required to elect 1 (one) member of the board of directors, the board will use the following formula:

$$V = \frac{A}{C + 1} + 1$$

Where:

"V" integer number of votes required to elect, in any scenario, 1 (one) member of the board of directors.

"A" number of legitimate shares to participate in the multiple voting process held by the attending shareholders.

"C" number of positions on the board of directors to be filled by multiple voting.

As there are no fractions of shares and fractional votes, any fractions will be disregarded.

It is worth noting that the number to be informed by the board indicates the number of votes to, in any scenario, elect 1 (one) member of the board of directors. In effect, depending on the effective allocation of votes during the General Meeting, it may be possible to elect a board member with a lower number of votes than that calculated by the formula above.

As provided for in § 2 of article 141 of the Corporation Law, in the event of a tie, vacant positions will be the subject of a new vote by the multiple vote mechanism, and the board must inform, prior to the vote and the ballot, the number of votes required to elect 1 (one) member of the board of directors based on the formula above.

Finally, it is hereby clarified that, for the election of the members of the board of directors, votes cast by shareholders who, via the remote voting ballot, have chosen to abstain in the item of previous distribution of votes in the candidates informed in the ballot, are considered as abstention in the respective resolution of the meeting. Accordingly, the votes of such shareholders are not counted in the deliberation quorum and, therefore, these shareholders do not participate in the election of the members of the board of directors.

iii. Separate Election

In addition to using the multiple voting process, the Corporation Law guarantees the right to require a separate voting system to elect 1 (one) member of the board of directors to the following groups of shareholders: (a) minority holders of common shares attending the General Meeting representing, individually or jointly, at least 15% (fifteen percent) of the share capital with voting rights; and (b) shareholders holding preferred shares with restricted voting attending the General Meeting who represent, individually or jointly, at least 10% (ten percent) of the total share capital.

In addition, if neither the holders of common shares nor the holders of preferred shares attending the General Meeting reach their respective percentages for exercising the separate vote, they may group their shares and elect, jointly, 1 (one) effective member and respective deputy member of the board of directors, provided that they represent at least 10% (ten percent) of the total share capital.

The purpose of the separate vote is to make the body effectively representative, which contributes to the good governance of publicly-held companies. Therefore, the controlling shareholder does not participate in the voting session, which will be held by majority vote within the universe of the attending minority and preferred shareholders who wish to participate in this voting session.

It should be noted that, pursuant to § 6 of article 141 of the Corporation Law, only those shareholders who can prove uninterrupted ownership of the equity interest during the period of at least three (3) months immediately prior to the General Meeting may exercise their right to request and participate in the separate voting session.

Bearing in mind that the minority shareholders holding common shares of the Company are, on this date, common shares representing less than 7% (seven percent) of the voting share capital, said shareholders may not exercise the right to request and participate in the separate voting session for the election of a member of the Board of Directors at the General Meeting, as the percentage of shareholding required by the Corporation Law has not been reached

iv. Shareholders entitled to participate in the election

§ 2 of article 110 of the Corporation Law prohibits the attribution of a plural vote to any class or type of share. This means that, in each resolution to be taken by the general meeting, each share with voting rights will give the weight of 1 (one) vote to its holder. Thus, Brazilian legislation establishes the principle of proportionality of the weight of a vote with the participation in the voting share capital.

One of the consequences of the prohibition of plural voting is precisely the impossibility for the shareholder to use the same shares to participate in the separate election and in the multiple voting or in the majority vote processes for the election of the board of directors at the same general meeting.

v. Election of the board of directors combining the multiple voting process with separate voting

Both multiple voting and the separate voting can take place within the same General Meeting. Thus, the shareholder must choose to participate in one or the other process, and may even use part of his/her shares to vote by multiple voting and part to vote in a separate voting session. However, a shareholder cannot use a share to vote in both election processes at the same time.

When the multiple and separate voting mechanisms are used cumulatively in the same election, the Corporation Law guarantees the controlling shareholder the right to elect one more member of the board of directors than the other shareholders (article 141, § 7 of the Corporation Law). For this purpose, the controlling shareholder may elect a member in excess of the maximum number of directors provided for in the bylaws.

Additionally, when the multiple voting and separate voting mechanisms are used cumulatively in the same election, the separate voting must be held prior to the election through the multiple voting system, because after the separate voting is carried out, the number of vacant seats can be found and thus the multiple vote coefficient can be calculated.

b. Election of the effective members of the Company's Board of Directors

Under the terms of the applicable law, shareholders can nominate one or more candidates to form the board of directors.

In accordance with ICVM 481/09, this Proposal presents considerations about the candidates indicated by the controlling shareholders and by a non-controlling shareholder and the instructions to nominate candidates for the other shareholders of the Company.

i. Candidates nominated by the controlling shareholder for the composition of the Board of Directors

The Company's controlling shareholders indicated the reelection of all current directors, Messrs. (A) Fabio Rogerio Zanfelicé; (b) Frederico Ferreira Sarmiento; (c) Ricardo Szlejf; and (d) Mauro Eduardo Guizeline; as well as proposed the election of (e) Mr. Sergio Ricardo Romani and (f) Mrs. Glaisy Peres Domingues, all for a term of 2 (two) years, which will end on the date of the

General Meeting to resolve on the financial statements of the fiscal year to be ended on December 31, 2022.

Information on the candidates who will run for the Board of Directors is contained in **Appendix V** to this Proposal.

Pursuant to the provisions of article 12 of the Bylaws, the Board of Directors will have at least one independent member who must comply with the requirements provided for in Paragraph one of such article, and the independent director status must be expressly stated in the minutes of the general meeting that elects him/her.

In view that Mr. Sergio Ricardo Romani (i) is not a direct or indirect controlling shareholder of the Company; (ii) did not vote at the Board of Directors' meetings bound by a shareholders' agreement; (iii) is not a spouse, partner, or relative, straight or collateral, up to the second degree, of the controlling shareholder, a manager of the Company, or a manager of the controlling shareholder; (iv) was not, in the last 3 (three) years, an employee or director of the Company or its controlling shareholder; if elected, Mr. Sergio Ricardo Romani must be the independent officer for the purposes of article 12 of the Company's Bylaws.

ii. Candidates nominated by a non-controlling shareholder to form the board of directors by means of a request for inclusion in the Remote Voting Ballot

The funds managed by Squadra Investimentos Gestão de Recursos Ltda. (CNPJ 09.267.871/0001-40), holders of class B preferred shares representing more than 1% (one percent) of the total class B preferred shares issued by the Company, nominated Mr. Felipe Dutra Cançado to form the Company's board of directors, by requesting the inclusion of a candidate in the remote voting ballot.

The information provided to the Company about the candidate nominated by a non-controlling shareholder to the Company's board of directors, as required in article 10 of ICVM 481/09, is contained in **Appendix V** to this Proposal.

Additionally, the members that may be elected at the General Meeting by means of a separate vote will also be considered independent, pursuant to the provisions of Paragraph two of article 12 of the Bylaws.

4. Nominating one or more candidates to form the board of directors

Shareholders who wish to nominate other candidates for the Board of Directors may notify the Company by filling in a form available at the Company's website (<http://ri.cesp.com.br/governanca-corporativa/assembleia-acionista/>) to be sent to the Company's Investor Relations Advisory to the Company's electronic address (ricesp@cesp.com.br).

The shareholder who submits the appointment of a member of the Board of Directors must, in the same act, submit (i) a copy of a statement on its legal status for performance of its duties or declare that it obtained from the nominee the information that it is in position to sign such instrument, indicating any reservations; and (ii) the candidates' resumes, containing, at least, their qualifications, professional experience, education, main professional activity at the moment and indication of which positions they hold on boards of directors, tax, or advisory boards at other companies, and other required information according to article 10 of ICVM 481/09.

The good standing statement must, as provided for in CVM Instruction No. 367, of May 29, 2002 ("ICVM 367"), be signed in a specific instrument and contain the candidate's declaration to the Board of Directors that:

- (i) it is not prevented by a special law, or condemned for bankruptcy, malfeasance, or bribery, concussion, embezzlement, against the popular economy, public faith, or property, or the criminal penalty that prohibits, even temporarily, access to public positions, as provided for in § 1 of article 147 of the Corporation Law;
- (ii) it is not condemned to a penalty of suspension or temporary disqualification applied by the CVM, which makes it ineligible for management positions in a publicly-held company, as established in §2 of article 147 of the Corporation Law;
- (iii) it meets the good reputation requirement established by § 3 of art. 147 of the Corporation Law; and
- (iv) it does not occupy a position in a company that can be considered a competitor of the Company, and does not have, nor does it represent, a conflicting interest with that of the Company, pursuant to items I and II of § 3 of article 147 of the Corporation Law.

According to ICVM 367, a candidate is presumed to have a conflicting interest with the Company if he/she: (i) has been elected by a shareholder who has also elected a board member in a competing company; and (ii) has a subordinate link with the shareholder that elected him/her.

The complete qualification of the nominated candidate must meet the minimum requirements determined by the Department of Company Registration and Integration (DREI) for the registration

of the minutes of the General Meeting by the Commercial Board (item 5.1 of Appendix V of Normative Instruction of DREI No. 81, 10 June 2020):

- (i) legal name in full;
- (ii) nationality;
- (iii) marital status and property regime (in the case of a civil union, quote the marital status and property regime);
- (iv) profession;
- (v) identity number and issuing agency;
- (vi) number of the Individual Taxpayer Registry of the Ministry of Economy (CPF); and
- (vii) residence with full address.

As soon as it is nominated as a candidate to the Board of Directors containing the minimum information required by ICVM 367, the Company will disclose a "Notice to Shareholders" informing about the nomination of a candidate to the Board of Directors.

Additionally, if such nomination is received by March 5, 2021 and submitted upon request for inclusion of a candidate for the board of directors in the remote voting ballot, by shareholders who hold, as determined by art. 21-L, I, of ICVM 481/09, at least 1% (one percent) of the voting capital, observing the applicable procedures and term, then the Company, if it considers it a valid and compliant request, shall submit a new Distance Voting Ballot that includes the name of the new candidate for the Board of Directors, as provided for in Article 21-A, §3, of ICVM 481/09.

Despite the procedures for prior nomination and disclosure, the nomination of a candidate to be a member of the Board of Directors may be made at the General Meeting itself by the shareholder or by a group of shareholders, personally or by proxy, provided that the above-mentioned documents and information required by law are submitted.

a. Appointment, among the elected directors, of the Chairman of the Board of Directors of the Company

Pursuant to Paragraph one of Article 9 of the Bylaws, the General Meeting that elects the Board of Directors will appoint its Chairman.

Thus, management proposes the appointment of Mr. Fabio Rogério Zanfelize as Chairman of the Board of Directors of the Company for the term of 2 (two) years, which will end on the date of the General Meeting to resolve on the financial statements of the fiscal year to be ended on December 31, 2022.

b. Appointment, among the elected directors, of the Vice-Chairman of the Board of Directors of the Company

Pursuant to Paragraph one of Article 9 of the Bylaws, the General Meeting that elects the Board of Directors will appoint its Vice-Chairman.

Thus, the management proposes the appointment of Mrs. Glaisy Peres Domingues as Vice-Chairman of the Board of Directors of the Company for the term of 2 (two) years, which will end on the date of the General Meeting to resolve on the financial statements of the fiscal year to be ended on December 31 December 2022.

c. Dismissal of Mr. Fabio Rogerio Zanfalice to the Board of Directors of the requirement of not holding a position in a company potentially competing in the market, under the terms of art. 147, § 3, I, of the Corporations Law

Depending on the provisions of art. 147, § 3, members who hold positions, especially on advisory boards, management, or audit committees, in companies that may be considered competitors of the Company in the market, may not be elected to the Board of Directors, except by waiver by the General Assembly.

Mr. Fabio Rogerio Zanfalice, nominated by the controlling shareholders to be a member of the Board of Directors, holds the position of Chairman of the Board of Directors of Votorantim Geração de Energia S.A. ("VGE"), a company with a corporate purpose similar to that of the Company, which involves the production and exploration of energy, especially electric energy, as well as studies related to the subject, and it a member of the Board of Directors and Audit Committee of Nexa Resources S.A., a company that operates in the mining area, but has a corporate purpose similar to that of the Company with regard to the generation and sale of electric power.

In this sense, the Company's management proposes to the General Meeting to waiver the requirement of not occupying a position in a company that is a potential competitor in the market, pursuant to art. 147, § 3, item I of the Corporation Law, with regard to the election of Mr. Fabio Rogerio Zanfalice as a member of the Company's Board of Directors.

d. Waiver of Mr. Frederico Ferreira Sarmiento to the Board of Directors from the requirement of not holding a position in a company that is a potential competitor in the market, under the terms of art. 147, § 3, I, of the Corporations Law

Depending on the provisions of art. 147, § 3, members who hold positions, especially on advisory boards, management, or audit committees, in companies that may be considered

competitors of the Company in the market, may not be elected to the Board of Directors, except by waiver by the General Assembly.

Mr. Frederico Ferreira Sarmiento, nominated by the controlling shareholders as a member of the Board of Directors, holds the position of Financial and Administrative Director at VGE, a company with a corporate purpose similar to that of the Company, which involves the production and exploration of energy, especially electricity, as well as as studies related to the subject.

In this sense, the Company's management proposes to the General Meeting to waiver the requirement of not occupying a position in a company that is a potential competitor in the market, pursuant to art. 147, § 3, item I of the Corporation Law, with regard to the election of Mr. Frederico Ferreira Sarmiento as a member of the Company's Board of Directors.

Appendix V.1

INFORMATION ON CANDIDATES FOR THE BOARD OF DIRECTORS APPOINTED BY CONTROLLING
SHAREHOLDERS
(ITEMS 12.5 TO 12.10 OF THE REFERENCE FORM)

12.5 Composition and professional experience of the members of the board of directors appointed by the controlling shareholders

Name		CPF	Birth Date	Profession
Fabio Rogerio Zanfelice		175.671.758-35	0914/1973	Electric Engineer
Management Body		Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Board of Directors		Effective Member and Chairman of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office		Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021		AUG to be held in 2023	Yes
Independent Advisor	Criteria used to determine independence			Consecutive Offices
No	N/A			2
Work Experience				
Education: He hold an undergraduate degree in Electrical Engineering from Universidade Estadual Paulista – UNESP, a Master's Degree in Energy Systems Planning from UNICAMP, an MBA in Economics and Energy Management from the COPPEAD/UFRJ Institute, and attended the Advanced Management Program - AMP at Harvard Business School.				
Work Experience: Mr. Fabio Rogerio Zanfelice has been the Chief Executive Officer of Votorantim Energia, since May 2015, a company that is part of the Company's control block. He was a Energy Planning Director at CPFL Energia S.A., from June 2011 to June 2013 and the CEO of CPFL Brasil from July 2013 to April 2015. He currently holds the positions of Chairman of the Board of Directors of VTRM (a Joint Venture Formed by CPP and Votorantim Energia), Chairman of the Board of Directors of the Brazilian Association of Energy Self-Producers – ABIAPE and a deputy member of the Board of Directors of the National System Operator – ONS.				
Statement of Possible Convictions				
Mr. Fabio Rogerio Zanfelice stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Fabio Rogerio Zanfelice is not considered a politically exposed person, as defined in the applicable regulations.				

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Name	CPF	Birth Date	Profession
Frederico Ferreira Sarmento	042.308.827.00	09/22/1974	Engineer
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Board of Directors	Effective Member of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021	AUG to be held in 2023	Yes
Independent Advisor	Criteria used to determine independence		Consecutive Offices
No	N/A		2
Work Experience			
Education: Mr. Frederico Ferreira Sarmento has a degree in Civil Engineering from the Federal University of Espírito Santo. He holds a master's degree in Production Engineering from the Pontifical Catholic University of Rio de Janeiro and a Master Business Administration - MBA from MIT Sloan School of Management.			
Work Experience: Since December 2018, he has held the position of Officer with no Specific Designation at SF Ninety Two Participações Societárias S.A., a company that is part of the Company's controlling block of the Company and whose purpose is to hold interests in other companies. Since March 2019, he has held the position of Director with no Specific Designation at VTRM Energia Participações S.A., a company that is part of the Company's control block operating in the energy sector. From 2016 to 2018 he held the position of Vice President responsible for M&A in renewable energy at Brookfiel Asset Management do Brasil. From 2008 to 2016, he was Vice President in the Investment Banking area, responsible for M&A, IPO, and debt issuance transactions with a focus on the oil & gas, infrastructure, and health industries. During the period from 2005 to 2008 he was a member of Credit Suisse in New York, focusing on the energy industry. Except for the positions mentioned above, Mr. Frederico Ferreira Sarmento does not hold other management positions in third sector companies and/or organizations. Brookfiel Asset Management and Credit Suisse do not belong to the same economic group as the Company, nor are they controlled by a shareholder of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company .			
Statement of Possible Convictions			
Mr. Frederico Ferreira Sarmento stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr.Frederico Ferreira Sarmento is not considered a politically exposed person, as defined in the applicable regulations.			

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Name		CPF	Birth Date	Profession
Ricardo Szlejf		285.717.088.27	04/02/1976	Company Manager
Management Body		Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Board of Directors		Effective Member of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office		Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021		AUG to be held in 2023	Yes
Independent Advisor	Criteria used to determine independence			Consecutive Offices
No	N/A			2
Work Experience				
Education:Mr. Ricardo Szlejf has a degree in Business Administration from EAESPFGV and a Master in Business Administration – MBA from INSEAD.				
Work Experience: Since May 2018, Mr. Ricardo Szlejf is a member of the Board of Directors and an Officer with no Specific Designation at VTRM Energia Participações S.A., the controlling shareholder of the Company. He is Infrastructure Director for Latin America at Canada Pension Plan Investment Board – CPPIB, a company that has been part of the Company's control block, since May 2015. He has been a member of the Board of Directors of Grupo Costanera SpA in Chile (road concession operator in Chile) since September 2017. He has served as an deputy member of the Board of Directors of Transelec S.A., a power transmission company in Chile, since April 2018. He was a member of the Board of Directors of Promotora Punta Cometa S.A. de CV, owner of a highway concessionaire in Mexico, between December 2016 and April 2018. Between April 2013 and April 2015, he served as an executive at Bank of America Merrill Lynch Banco Múltiplo S.A. – Brazil. He was an executive at Banco Santander between April 2006 and April 2013. Except for the positions mentioned above, Mr. Ricardo Szlejf does not hold other management positions in third sector companies and/or organizations. Transelec S.A., Promotora Punta Cometa S.A. de CV, Bank of America Merrill Lynch Banco Múltiplo S.A. – Brazil, and Banco Santander are not part of the same economic group as the Company, nor are they controlled by a shareholder of the Company with direct or indirect interest equal to or higher than 5% of the same type or class of security issued by the Company.				
Statement of Possible Convictions				
Mr. Ricardo Szlejf stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Ricardo Szlejf is not considered a politically exposed person, as defined in the applicable regulations.				

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
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Name		CPF	Birth Date	Profession
Mauro Eduardo Guizeline		533.573.297-00	07/20/1958	Lawyer
Management Body		Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Board of Directors		Effective Member of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office		Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021		AUG to be held in 2023	Yes
Independent Advisor	Criteria used to determine independence			Consecutive Offices
No	N/A			2
Work Experience				
Education: Mr. Mauro Eduardo Guizeline has a law degree from Faculdades Metropolitanas Unidas (FMU).				
Work Experience: Mr. Mauro Eduardo Guizeline has been a partner at Tozzini Freire Advogados since 1997, a law firm that provides services to Votorantim Geração de Energia S.A. and the Canada Pension Plan Investment Board - CPPIB, companies that have been part of the Company's control block since 2017. He served as a member of the Board of Directors of Alesat Combustíveis S.A. from June 2012 to August 2018 and has been a member of the Board of Directors of the Brazilian Association of Listed Companies – ABRASCA since January 2015. Except for the positions mentioned above, Mr. Mauro Eduardo Guizeline does not hold other management positions in third sector companies and/or organizations. Alesat Combustíveis S.A. does not belong to the same economic group as the Company, nor is it controlled by a shareholder of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.				
Statement of Possible Convictions				
Mr. Mauro Eduardo Guizeline stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Mauro Eduardo Guizeline is not considered a politically exposed person, as defined in the applicable regulations.				

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Name		CPF	Birth Date	Profession
Sergio Ricardo Romani		728.647.617-34	06/05/1959	Accountant and Auditor
Management Body		Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Board of Directors		Independent Member of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office		Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021		AUG to be held in 2023	Yes
Independent Advisor	Criteria used to determine independence			Consecutive Offices
Yes	The criteria provided for in article 12 of the Company's Bylaws for the election of a member as an independent director			0
Work Experience				
Education: Mr. Sergio Ricardo Romani is an accountant graduated from Santa Úrsula University.				
Work Experience: Mr. Sergio Ricardo Romani is specialized in auditing, having worked for more than 36 years at Ernst & Young (EY) where, throughout his career, he has dedicated himself to serving publicly-traded companies in Brazil and abroad, mainly in the United States. He was the leading Partner for the practice of auditing (including accounting consultancy, fraud, and investigation) in Brazil and South America for more than 10 years. In 2016, he was appointed as the CEO of EY in South America and as Chairman of the regional Board of Directors. He also served as a member of the "AOE-EY American Operating Executive" and the "Global Partners Group". Except for the positions mentioned above, Mr. Sergio Ricardo Romani does not hold other management positions in third sector companies and/or organizations. The aforementioned companies do not belong to the same economic group as the Company, nor are they controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.				
Statement of Possible Convictions				
Mr. Sergio Ricardo Romani, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Sergio Ricardo Romani is not considered a politically exposed person, as defined in the applicable regulations.				

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Name		CPF	Birth Date	Profession
Glaisy Peres Domingues		072.823.557-97	11/29/1976	Accountant
Management Body		Elective Position	Other Positions and Functions Carried Out at the Issuer	
Board of Directors		Effective Member and Vice-Chairman of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office		Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021		AUG to be held in 2023	Yes
Independent Advisor	Criteria used to determine independence			Consecutive Offices
No	N/A			0
Work Experience				
Education: Mrs. Glaisy Peres Domingues has a degree in accounting sciences from UFF - Universidade Federal Fluminense, with an MBA in Economics and Business Law from FGV and in Finance from Insper.				
Work Experience: Mrs. Glaisy Peres Domingues has more than 25 years of experience in the tax and financial areas, has worked for the Votorantim group for 17 years, having held various positions in the holding and investee companies, currently holds the position of Director of Votorantim S.A., and serves as a member of the Board of Directors of some investee companies of the Votorantim group.				
Statement of Possible Convictions				
Mrs. Glaisy Peres Domingues, for all legal purposes, that in the past 5 years she has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice her professional activities.Mrs. Glaisy Peres Domingues is not considered a politically exposed person, as defined in the applicable regulations.				

12.6. In relation to each person who served as a member of the board of directors or of the audit committee in the last fiscal year, inform, in table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Board of Directors	Total meetings held by the respective body since the assumption of office*	% interest of the member in the meetings held after the assumption of office
Fabio Rogerio Zanfelice	19	100%

Frederico Ferreira Sarmiento	23	100%
Ricardo Szlejf	20	82.60%
Mauro Eduardo Guizeline	23	100%

12.7. Provide the information mentioned in item 12.5 in relation to the members of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory:

Not applicable, as the management's proposal is only for the election of the members above to compose the board of directors.

12.8 In relation to each of the people who served as a member of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory, inform, in a table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Not applicable, as the management's proposal is only for the election of the members above to form a board of directors.

12.9 Marital relationship, civil union, or kinship up to the second degree between:

- a. managers of the issuer appointed by non-controlling shareholders
- B. (i) managers of the issuer appointed by the non-controlling shareholders and (ii) managers of direct or indirect subsidiaries of the issuer
- c. (i) managers of the issuer appointed by the non-controlling shareholders or of its direct or indirect subsidiaries and (ii) direct or indirect controllers of the issuer
- d. (i) managers of the issuer appointed by non-controlling shareholders and (ii) managers of the issuer's direct and indirect parent companies

There are no conjugal, civil union, or kinship relations between (a) the managers of the Company; (b) managers of the Company, and managers of direct or indirect subsidiaries of the Company; (c) managers of the Company or its direct or indirect subsidiaries and direct or indirect controllers of the Company; and (d) managers of the Company, and managers of the direct or indirect parent companies of the Company.

12.10. Inform about subordination, service provision, or control relationships maintained, in the last 3 fiscal years, between the members of the issuer's board of directors appointed by the controlling shareholders and:

- a. a company that is directly or indirectly controlled by the issuer, with the exception of those in which the issuer holds, directly or indirectly, the entire share capital
- B. direct or indirect controller of the issuer

c. if relevant, a supplier, customer, debtor, or creditor of the issuer, its subsidiary or parent companies or subsidiaries of any of such persons

BOARD OF DIRECTORS – FISCAL YEAR 2020					
Manager Name	Ricardo Szlejf				
CPF	285.717.088.27				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
Canada Pension Plan Investment Board – CPPIB	Not applicable (headquartered abroad)	Corporation	Infrastructure Director	Subordination	Indirect controller
Manager Name	Frederico Ferreira Sarmiento				
CPF	042.308.827-00				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
MRTV COMERCIALIZADORA DE ENERGIA LTDA		Corporation		Subordination	Indirect controller
VENTOS DE SANTA ALBERTINA ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTA ALEXANDRINA ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO AFONSO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO AGOSTINHO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ALBERTO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller

VENTOS DE SANTO ALDERICO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ALFREDO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ANGELO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ANSELMO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ANTERO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO APOLINÁRIO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO AUGUSTO I ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO AUGUSTO II ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO AUGUSTO VI ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO AUGUSTO VII ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO AUGUSTO VIII ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ESTEVÃO HOLDING S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ESTEVÃO I ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ESTEVÃO II ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller

VENTOS DE SANTO ESTEVÃO III ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ESTEVÃO IV ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ESTEVÃO V ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ISIDORO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SANTO ONOFRE IV ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO ADEODATO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO BERNARDO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO CAIO ENERGIAS RENOVAVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO CASIMIRO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO CIRÍACO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO CIRO ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO CRISPIM I ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SAO JOÃO PAULO II ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller

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VENTOS DE SÃO VICENTE PARTICIPAÇÕES ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO VINICIUS ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO VIRGÍLIO 01 ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO VIRGÍLIO 02 ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VENTOS DE SÃO VIRGÍLIO 03 ENERGIAS RENOVÁVEIS S.A.		Corporation		Subordination	Indirect controller
VTRM ENERGIA PARTICIPAÇÕES S.A.	28.594.234/0001-23	Corporation	Member of the Board of Directors and Director with no Specific Designation	Subordination	Direct controller
Manager Name	Fabio Rogério Zanfelize				
CPF	175.671.758-35				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
CBA BAESA GERAÇÃO DE ENERGIA LTDA.		Corporation		Subordination	Indirect controller
CBA ENERGIA PARTICIPAÇÕES S.A. (FORMERLY MSDC)		Corporation		Subordination	Indirect controller
CBA MACHADINHO GERAÇÃO DE ENERGIA LTDA.		Corporation		Subordination	Indirect controller
CONSÓRCIO PAI QUERÊ		Corporation		Subordination	Indirect controller
ESPLANADA GERAÇÃO DE ENERGIA LTDA.		Corporation		Subordination	Indirect controller

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
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L.C.G.S.P.E. EMPREENHIMENTOS E PARTICIPAÇÕES LTDA.		Corporation		Subordination	Indirect controller
L.D.O.S.P.E. EMPREENHIMENTOS E PARTICIPAÇÕES LTDA.		Corporation		Subordination	Indirect controller
L.D.Q.S.P.E. EMPREENHIMENTOS E PARTICIPAÇÕES LTDA.		Corporation		Subordination	Indirect controller
L.D.R.S.P.E. EMPREENHIMENTOS E PARTICIPAÇÕES LTDA.		Corporation		Subordination	Indirect controller
POLLARIX S.A.		Corporation		Subordination	Indirect controller
SANTA CRUZ GERAÇÃO DE ENERGIA S.A.		Corporation		Subordination	Indirect controller
SF FIFTY SIX PARTICIPAÇÕES SOCIETÁRIAS LTDA.		Corporation		Subordination	Indirect controller
SOL DO PIAUÍ GERAÇÃO DE ENERGIA LTDA.		Corporation		Subordination	Indirect controller
VOTENER - VOTORANTIM COMERCIALIZADORA DE ENERGIA LTDA.		Corporation		Subordination	Indirect controller
VOTORANTIM ENERGIA LTDA.		Corporation		Subordination	Indirect controller
VOTORANTIM GERAÇÃO DE ENERGIA S.A.		Corporation		Subordination	Indirect controller
VTRM ENERGIA PARTICIPAÇÕES S.A.	28.594.234/0001- 23	Corporation		Subordination	Direct controller
Manager Name	Glaisy Peres Domingues				
CPF	072.823.557-97				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
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Manager Name	Mauro Eduardo Guizeline				
CPF	533.573.297-00				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
Votorantim Geração de Energia S.A.	23.056.547/0001-04	Corporation	Service Provider	Services Provision	Indirect controller
Canada Pension Plan Investment Board – CPPIB	Not applicable (headquartered abroad)	Corporation	Service Provider	Services Provision	Indirect controller
BOARD OF DIRECTORS – FISCAL YEAR 2019					
Manager Name	Ricardo Szlejf				
CPF	285.717.088.27				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
Manager Name	Frederico Ferreira Sarmiento				
CPF	042.308.827-00				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type

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**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
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CPF	285.717.088.27				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
Canada Pension Plan Investment Board – CPPIB	Not applicable (headquartered abroad)	Corporation	Infrastructure Director	Subordination	Indirect controller
VTRM Energia Participações S.A.	28.594.234/0001-23	Corporation	Member of the Board of Directors and Director with no Specific Designation	Subordination	Direct controller
Manager Name	Fabio Rogério Zanfêlice				
CPF	175.671.758-35				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
Manager Name	Glaisy Peres Domingues				
CPF	072.823.557-97				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
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Manager Name	Mauro Eduardo Guizeline				
CPF	533.573.297-00				
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
Votorantim Geração de Energia S.A.	23.056.547/0001-04	Corporation	Service Provider	Services Provision	Indirect controller
Canada Pension Plan Investment Board – CPPIB	Not applicable (headquartered abroad)	Corporation	Service Provider	Services Provision	Indirect controller
Manager Name	Frederico Ferreira Sarmento				
CPF					
Position/Role Held	Member of the Board of Directors (Effective)				
Name/Business name of the related person	CNPJ	Type of Legal Person	Position or function exercised by the Manager	Type of relationship between the Manager and the related person	Related legal person type
SF Ninety Two Participações Societárias S.A.	31.467.270/0001-30	Corporation	Director without Specific Designation	Subordination	Direct controller

Appendix V.2

INFORMATION ON CANDIDATES FOR THE BOARD OF DIRECTORS APPOINTED BY NON-CONTROLLING
SHAREHOLDERS
(ITEMS 12.5 TO 12.10 OF THE REFERENCE FORM)

12.5 Composition and professional experience of the managers of the issuer appointed by non-controlling shareholders

Name		CPF	Birth Date	Profession
Felipe Dutra Cançado		051.473.407-85	09.09.1982	Engineer
Management Body		Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Board of Directors		Independent Member of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office		Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021		AUG to be held in 2023	No
Independent Advisor	Criteria used to determine independence			Consecutive Offices
Yes	Under the terms of §2 of art. 12 of the Company's Bylaws			2
Work Experience				
Education: Production Engineering from the Federal University of Rio de Janeiro - UFRJ.				
Work Experience: Founding partner of Squadra Investimentos – Gestão de Recursos Ltda. and Squadra Investments – Gestão de Recursos Ltda., independent management companies, responsible for the management of investment funds in stocks and managed portfolios of investors resident abroad, incorporated in 2007. Except for the position mentioned above, Felipe Dutra Cançado does not hold other management positions in companies and/or organizations in the third sector. Squadra Investimentos – Gestão de Recursos Ltda. and Squadra Investments – Gestão de Recursos Ltda. are fund managers who jointly hold more than 5% of the total share capital of the Company. Mr. Felipe has not pursued any other activity in the past 5 years.				
Statement of Possible Convictions				
Mr. Felipe Dutra Cançado stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Felipe Dutra Cançado is not considered a politically exposed person, as defined in the applicable regulations.				

12.6. In relation to each person who served as a member of the board of directors in the last fiscal year, inform, in table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Mr. Felipe Dutra Cançado participated in 100% of the meetings held by the board of directors after his assumption of office.

12.7. Provide the information mentioned in item 12.5 in relation to the members of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory:

Not applicable, as the management's proposal is only for the election of the members above to compose the board of directors.

12.8 In relation to each of the people who served as a member of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory, inform, in a table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Not applicable, as the management's proposal is only for the election of the members above to form a board of directors.

12.9 Marital relationship, civil union, or kinship up to the second degree between:

- a. managers of the issuer appointed by non-controlling shareholders**
- b. (i) managers of the issuer appointed by the non-controlling shareholders and (ii) managers of direct or indirect subsidiaries of the issuer**
- c. (i) managers of the issuer appointed by the non-controlling shareholders or of its direct or indirect subsidiaries and (ii) direct or indirect controllers of the issuer**
- d. (i) managers of the issuer appointed by non-controlling shareholders and (ii) managers of the issuer's direct and indirect parent companies**

Not applicable, as there is no marital relationship, civil union, or kinship up to the 2nd degree between Mr. Felipe Dutra Cançado and (a) managers of the issuer appointed by non-controlling shareholders; (b) (i) managers of the issuer appointed by the non-controlling shareholders and (ii) managers of direct or indirect subsidiaries of the issuer; (c) (i) managers of the issuer appointed by the non-controlling shareholders or its direct or indirect subsidiaries and (ii) direct or indirect controllers of the issuer; and (d) (i) managers of the issuer appointed by non-controlling shareholders and (ii) managers of the issuer's direct and indirect parent companies.

12.10. Inform about subordination, service provision, or control relationships maintained, in the last 3 fiscal years, between the members of the issuer's board of directors appointed by the controlling shareholders and:

- a. a company that is directly or indirectly controlled by the issuer, with the exception of those in which the issuer holds, directly or indirectly, the entire share capital**

Not applicable, as no subordination, service provision, or control relationships were maintained in the last 3 fiscal years between Mr. Felipe Dutra Cançado and a company that is directly or indirectly controlled by the issuer, with the exception of those in which the issuer holds, directly or indirectly, the entire share capital

- b. direct or indirect controller of the issuer**

Not applicable, as no subordination, service provision, or control relationships were maintained in the last 3 fiscal years between Mr. Felipe Dutra Cançado and the direct or indirect controller of the issuer

c. if relevant, a supplier, customer, debtor, or creditor of the issuer, its subsidiary or parent companies or subsidiaries of any of such persons

Not applicable, as no relevant subordination, service provision, or control relationships were maintained in the last 3 fiscal years between Mr. Felipe Dutra Cançado and a supplier, customer, debtor, or creditor of the issuer, its subsidiary or parent companies or subsidiaries of any of such persons

Appendix V.3

INFORMATION ON EMPLOYEES REPRESENTATIVE
(ITEMS 12.5 TO 12.10 OF THE REFERENCE FORM)

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
TO BE HELD ON MARCH 30, 2021**



Name	CPF	Birth Date	Profession
Beatrice Cristina de Athayde Arfelli Meyer	370.535.698-45	09/20/1987	Lawyer
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Board of Directors	Member of the Board of Directors	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
03/30/2021	Until April 30, 2021	GM to be held in 2023	No
Independent Advisor	Criteria used to determine independence		Consecutive Offices
No	N/A		0
Work Experience			
Education: Ms. Beatrice Cristina de Athayde Arfelli Meyer has a law degree from the University of São Paulo (USP), and also has a degree in Economics & Management BSc/Study Abroad at King’s College London, a program in partnership with the University of São Paulo (USP) and extension in Energy Law by the Brazilian Institute of Energy Law Studies (IBDE).			
Professional Experience: Ms. Beatrice Cristina de Athayde Arfelli Meyer has been Legal Manager of Business and Corporate Governance at CESP since March 2019. Between 2013 and 2019 she worked in the legal departments of Somos Educação SA (acquired by the current Cogna Educação SA) and Hidrovias do Brasil SA. He also worked at the offices of Demarest Advogados, Machado Meyer Advogados and Tauil & Checker associated with Mayer Brown, in the areas of Corporate Law, Capital Markets, M&A and Infrastructure. She was elected board member representing CESP's employees for the term 2021 to 2023.			
Except for the positions mentioned above, Ms. Beatrice Cristina de Athayde Arfelli Meyer does not hold other management positions in third sector companies and/or organizations. The aforementioned companies do not belong to the same economic group as the Company, nor are they controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.			
Statement of Possible Convictions			
Ms. Beatrice Cristina de Athayde Arfelli Meyer stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Ms. Beatrice Cristina de Athayde Arfelli Meyer is not considered a politically exposed person, as defined in the applicable regulations.			

12.6. In relation to each person who served as a member of the board of directors in the last fiscal year, inform, in table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Not applicable, given that Ms. Beatrice Cristina de Athayde Arfelli Meyer did not hold a position as a member of the Company's board of directors in the last year.

12.7. Provide the information mentioned in item 12.5 in relation to the members of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory:

Not applicable, as the management's proposal is only for the election of the members above to compose the board of directors.

12.8 In relation to each of the people who served as a member of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory, inform, in a table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Not applicable, as the management's proposal is only for the election of the members above to form a board of directors.

12.9 Marital relationship, civil union, or kinship up to the second degree between:

- a. managers of the issuer appointed by non-controlling shareholders**
- b. (i) managers of the issuer appointed by the non-controlling shareholders and (ii) managers of direct or indirect subsidiaries of the issuer**
- c. (i) managers of the issuer appointed by the non-controlling shareholders or of its direct or indirect subsidiaries and (ii) direct or indirect controllers of the issuer**
- d. (i) managers of the issuer appointed by non-controlling shareholders and (ii) managers of the issuer's direct and indirect parent companies**

Not applicable, as there is no marital relationship, civil union, or kinship up to the 2nd degree between Ms. Beatrice Cristina de Athayde Arfelli Meyer and (a) managers of the issuer appointed by non-controlling shareholders; (b) (i) managers of the issuer appointed by the non-controlling shareholders and (ii) managers of direct or indirect subsidiaries of the issuer; (c) (i) managers of the issuer appointed by the non-controlling shareholders or its direct or indirect subsidiaries and (ii) direct or indirect controllers of the issuer; and (d) (i) managers of the issuer appointed by non-controlling shareholders and (ii) managers of the issuer's direct and indirect parent companies.

12.10. Inform about subordination, service provision, or control relationships maintained, in the last 3 fiscal years, between the members of the issuer's board of directors appointed by the controlling shareholders and:

- a. a company that is directly or indirectly controlled by the issuer, with the exception of those in which the issuer holds, directly or indirectly, the entire share capital**
- b. direct or indirect controller of the issuer**
- c. if relevant, a supplier, customer, debtor, or creditor of the issuer, its subsidiary or parent companies or subsidiaries of any of such persons**

Not applicable, as no subordination, service provision, or control relationships were maintained in the last 3 fiscal years between Ms. Beatrice Cristina de Athayde Arfelli Meyer and a company that is directly or indirectly controlled by the issuer, with the exception of those in which the issuer holds, directly or indirectly, the entire share capital; (ii) direct or indirect controlling shareholder of the issuer; and (iii) supplier, customer, debtor or creditor of the issuer, its subsidiary or parent companies or subsidiaries of any of these persons.

Appendix VII.1

INFORMATION ON CANDIDATES FOR THE AUDIT COMMITTEE APPOINTED BY CONTROLLING
SHAREHOLDERS
(ITEMS 12.5 TO 12.10 OF THE REFERENCE FORM)

12.5 Composition and professional experience of the members of the audit committee appointed by the controlling shareholder

12.6. In relation to each person who served as a member of the audit committee appointed by the controlling shareholder in the last fiscal year, inform, in table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Name	CPF	Birth Date	Profession
Guillermo Oscar Braunbeck	106.627.498-39	12.08.1972	Professor
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Audit Committee	Effective Member of the Audit Committee	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
March 30, 2021	Until April 30, 2021	AUG to be held in 2023	Yes
Consecutive Offices			
2			
Work Experience			
<p>Education: Doctor's Degree in Controllershship and Accounting from the University of São Paulo (2010). Bachelor of Economics from the State University of Campinas, Unicamp (1994).</p> <p>Work Experience: Since 2014 he is Professor-Doctor at the School of Economics, Administration, and Accounting (FEA/USP) and at the Getúlio Vargas Foundation (EAESP). He was Deputy Controller-General of the University of São Paulo. Consultant and Partner in Financial Accounting and Auditing. Since 2016, he has been a voting member of the Accounting Pronouncements Committee (CPC), representing FIPECAFI. Financial Director of the Support Foundation for the Accounting Pronouncements Committee (FACPC). Member of several audit committees. Since 2018 he is a full member of the audit committee of Anima Holding S.A., a company dedicated to higher education, since 2017 he is a full member of the audit committee of the CPqD Foundation, dedicated to the research of information and communication technologies; since 2014 he has been a member of the audit committee of Via Varejo S.A., a company in the consumer durables retail sector, between 2015 and 2019 he was a member of the audit committee of Suzano Holding S.A. and a full member of the audit committee of IPLF Holding S.A., companies in the industry of cellulose. Since April 2019, he has been a member of the audit committee of FIPECAFI. Between 1994 and 2001, he worked in the independent audit segment for Arthur Andersen and, between 2005 and 2008, he was a partner at Hirashima & Associados, where he was dedicated to consulting on mergers and acquisitions and post-merger integration processes. Between 2002</p>			

and 2005, he was the leading executive of internal audit and risk management at Votorantim Celulose e Papel S.A., a pulp producing company. From 2005 to 2010, he was an deputy member of the audit committee of Embraer. From 2011 to 2014, he held the position of project manager on the International Accounting Standards Board (IASB), the issuing body for the International Financial Reporting Standards (IFRS) located in London. He participated and participates in several initiatives to promote high quality financial reports for private and public sector entities, including projects for the Federal Accounting Council, Accounting Pronouncements Committee (CPC), World Bank, United Nations (UNCTAD) and the Treasury National and is a partner of GBR Consultoria Empresarial EIRELI, an accounting and auditing technical consultancy company. Except for the positions mentioned above, Guillermo Oscar Braunbeck does not hold other management positions in companies and/or organizations in the third sector. The aforementioned companies do not belong to the same economic group as the Company, nor are they controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.

Statement of Possible Convictions

Mr. Guillermo Oscar Braunbeck stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Guillermo Oscar Braunbeck is not considered a politically exposed person, as defined in the applicable regulations.

Name	CPF	Birth Date	Profession
Carla Alessandra Trematore	248.855.668-86	10.30.1975	Accountant
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Audit Committee	Deputy Member of the Audit Committee	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
March 30, 2021	Until April 30, 2021	AUG to be held in 2023	Yes
Consecutive Offices			
2			
Work Experience			
Education: Bachelor of Computer Science from Universidade Estadual Paulista – UNESP, completed in 1996. Accounting Sciences from the Pontifical Catholic University of Minas Gerais – PUC Minas, completed in 2018.			

Work Experience: She worked in the independent audit business at Arthur Andersen, Deloitte and Ernst & Young between 1996 and 2010 and was an internal audit manager at Confab, a publicly traded Brazilian company controlled by the Italian-Argentine group Techint/Tenaris. She was a partner at Hirashima & Associados, where she led accounting and financial consultancy services in corporate reorganizations and served as a consultant for the Accounting, Actuarial, and Financial Research Foundation - FIPECAFI. From July 2014 to August 2017, she held the position of controller in electricity generation companies. She was a deputy member of the audit committee of Empresa Brasileira de Aeronáutica S.A. – EMBRAER between 2007 and 2015 and member of the audit committee of Via Varejo S.A. from 2017 to 2018. She is currently Chairman of the Audit Committee of Caixa Econômica Federal, member of the audit committee of Ânima Holding S.A., and Companhia de Gás de São Paulo - COMGÁS and deputy member of the audit committee of COSAN S.A. Her experience includes: auditing the financial statements of companies several segments, in accordance with Brazilian and international accounting practices; audit of internal controls, in accordance with the Sarbanes-Oxley Act; management of processes of acquisition, merger, and incorporation of companies with a financial-accounting focus; advice on corporate restructuring processes; advising on IPO processes; risk management, and monitoring through the planning, execution, and monitoring of corporate internal audit programs with a focus on risks; and assessment and diagnosis of corporate fraud. Except for the positions mentioned above, Carla Alessandra Trematore does not hold other management positions in companies and/or organizations in the third sector. The aforementioned companies do not belong to the same economic group as the Company, nor are they controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.

Statement of Possible Convictions

Mrs. Carla Alessandra Trematore stated, for all legal purposes, that in the past 5 years she has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice her professional activities. Mrs. Carla Alessandra Trematore is not considered a politically exposed person, as defined in the applicable regulations.

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
TO BE HELD ON MARCH 30, 2021**



Name	CPF	Birth Date	Profession
Iara Pasian	011.207.508-81	02/12/1956	Accountant and Economist
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Audit Committee	Effective Member of the Audit Committee	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
March 30, 2021	Until April 30, 2021	AUG to be held in 2023	Yes
Consecutive Offices			
0			
Work Experience			
<p>Education: Miss. Iara Pasian has a degree in Accounting and Economic Sciences from the School of Economic Sciences of São Paulo, Fundação Escola de Comércio Álvares Penteado - FECAP. She also has a university extension in Financial Mathematics and in Financial Administration from FGVSP.</p> <p>Work Experience: Until May 31, 2018, Iara Pasian was the leader of the Infrastructure and Energy Industry at Deloitte, a company active in the audit sector, responsible for business development and professional staff specializing in these segments, in addition to serving auditing and consulting clients. Since February 2019, she has been a partner at Iara Pasian Assessoria Empresarial Ltda. For more than 10 years, from 2000 to 2014, she was the National Coordinator of the Technical Energy Group at IBRACON – Institute of Independent Auditors of Brazil. She has more than 40 years of experience in serving auditing and consulting clients of medium- and large-sized, national and multinational corporations from the service, manufacturing, infrastructure, and especially energy industries. She participated in a specialization program in serving companies in the energy industry, participating, including in services provided to, among others, The AES Corporation, Duke Energy, and AEP at Deloitte's office in Washington, DC, United States, in 1997 and 1998. Except for the positions mentioned above, Iara Pasian does not hold other management positions in companies and/or organizations in the third sector. The aforementioned companies do not belong to the same economic group as the Company, nor are they controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.</p>			
Statement of Possible Convictions			
<p>Iara Pasian stated, for all legal purposes, that in the past 5 years she has not been subject to the effects of criminal conviction or punishment in administrative proceedings before the CVM and of a final and unappealable sentence, in the judicial or</p>			

administrative sphere, which had caused her suspension or disqualification for the practice of any professional or commercial activity, being, therefore, duly qualified for the practice of her professional activities. Iara Pasian is not considered a politically exposed person, as defined in the applicable regulation.

Name	CPF	Birth Date	Profession
Carlos Atushi Nakamuta	011.603.868-38	19.08.1959	Accountant
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Audit Committee	Deputy Member of the Audit Committee	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
March 30, 2021	Until April 30, 2021	AUG to be held in 2023	Yes
Consecutive Offices			
2			
Work Experience			
<p>Education: Mr. Carlos Atushi Nakamuta has a master's degree in accounting from the Pontifical University Católica de São Paulo, graduated in accounting sciences from Associação Tibiricã de Educação, graduated in Actuarial Sciences from FMU - SP and graduated in law from the same faculty. Post-graduation in Financial and Actuarial Management from FIPECAFI.</p> <p>Work Experience: Mr. Carlos Atushi Nakamuta is Managing Partner of Moore companies Stephens Momentum Accounting, Momentum - Consultoria De Informática Ltda., Moore Stephens Momentum Risk Consultoria e Assessoria Actuarial, Finance e de Risk Ltda .; Thymus Consultores Ltda. and partner of the companies Moore Stephens Lima Lucchesi Auditores Independentes and Profit Yzuk Gestão, Participação e Publicações Ltda. He is also a Consultant Associated with FIPECAFI. He is a Judicial Expert at the São Paulo Court of Justice TJ - SP, and in Arbitration Chambers. He is an Independent Auditor registered with the CVM - Comissão de Valores Mobiliários and member of IBRACON - Institute of the Institute of Independent Auditors of Brazil. He was an Officer in independent auditing companies for more than 25 years, having performed audit work in various economic sectors. Except for the positions mentioned above, Mr. Carlos Atushi Nakamuta does not hold other management positions in companies and/or organizations in the third sector. The aforementioned companies do not belong to the same economic group as the Company, nor are they controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.</p>			

Statement of Possible Convictions
Mr. Carlos Atushi Nakamuta stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Carlos Atushi Nakamuta is not considered a politically exposed person as defined in the applicable regulation.

12.7. Provide the information mentioned in item 12.5 in relation to the members of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory:

Not applicable, since the members of the Audit Committee do not participate in the Company's Committees.

12.8 In relation to each of the people who served as a member of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory, inform, in a table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Not applicable, since the members of the Audit Committee do not participate in the Company's Committees.

12.9 Marital relationship, civil union, or kinship up to the second degree between:

(a) managers of the Company;

(b) (i) managers of the Company and (ii) managers of direct or indirect subsidiaries of the Company;

(c) (i) managers of the Company or its direct or indirect subsidiaries and (ii) direct or indirect controllers of the Company

(d) (i) managers of the Company and (ii) managers of direct and indirect controllers of the Company

The candidates for the audit committee declared, individually and for all legal purposes, that there is no marital relationship, civil union, or kinship up to the 2nd degree between each one of them and: (a) managers of the issuer appointed by non-controlling shareholders; (b) (i) managers of the issuer appointed by the non-controlling shareholders and (ii) managers of direct or indirect subsidiaries of the issuer; (c) (i) managers of the issuer appointed by the non-controlling shareholders or its direct or indirect subsidiaries and (ii) direct or indirect controllers of the issuer; and (d) (i) managers of the

issuer appointed by non-controlling shareholders and (ii) managers of the issuer's direct and indirect parent companies.

12.10. Inform about subordination, service provision, or control relationships maintained, in the last 3 fiscal years, between the members of the issuer's board of directors appointed by the controlling shareholders and:

- a. a company that is directly or indirectly controlled by the issuer, with the exception of those in which the issuer holds, directly or indirectly, the entire share capital**
- b. direct or indirect controller of the issuer**
- c. if relevant, a supplier, customer, debtor, or creditor of the issuer, its subsidiary or parent companies or subsidiaries of any of such persons**

The candidates for the audit committee stated, individually and for all legal purposes, that no subordination, service provision, or control relationships were maintained in the last 3 (three) fiscal years between them and (i) a company directly or indirectly controlled by the Company, except in relation to those in which the Company holds, directly or indirectly, the total share capital; (ii) the direct or indirect controllers of the Company; or (iii) relevant suppliers, customers, debtors, or creditors of the Company, its subsidiaries, or its controllers or the controllers of such persons.

Appendix VII.2

INFORMATION ON AUDIT COMMITTEE CANDIDATES APPOINTED BY NON-CONTROLLING SHAREHOLDERS
(ITEMS 12.5 TO 12.10 OF THE REFERENCE FORM)

12.5 Composition and professional experience of the members of the audit committee appointed by the controlling shareholder

12.6. In relation to each person who served as a member of the audit committee appointed by the controlling shareholder in the last fiscal year, inform, in table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Name	CPF	Birth Date	Profession
Paulo Roberto Franceschi	171.891.289-72	06.12.1951	Accountant
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Audit Committee	Effective Member of the Audit Committee	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
March 30, 2021	Until April 30, 2021	AUG to be held in 2023	No (Preferred Minority Shareholders)
Consecutive Offices			
2			
Work Experience			
<p>Education: Economics from FAE - School of Administration and Economics and Accounting Sciences by the Social Studies Foundation of Paraná.</p> <p>Work Experience: He has been working since June 1995 as a partner at Audicontrol Auditoria e Controle, an independent auditing and consulting firm in the accounting and tax areas. Currently, he also serves as a member of the audit committee of the following companies: a) Equatorial Energia S.A., a company in the electricity sector; b) Celpa Centrais Elétricas do Pará S.A., a power generation and distribution company; c) Companhia Energética do Maranhão – CEMAR, an energy trading and distribution company; d) Triunfo Participações e Investimentos S.A., a company in the infrastructure sector; e) CESP Companhia Energética de São Paulo, an electric energy producer in the State of São Paulo; and f) SANEPAR – Companhia de Saneamento do Paraná, a company that holds concessions for public basic sanitation services in cities in the State of Paraná. He served as a member of the audit committee for the following companies: BEMATECH S.A. from 2004 to 2014 – in 2015 it was incorporated by Totvs, BB Seguridade S.A., in 2013, KEPLER WEBER in 2011. And as alternate director, in alternate periods, in the following companies: BANCO DO BRASIL - (2014 to 2019), WEG S.A. (from 2014) ODONTOPREV S.A. (from 2015) and CELPE – 2013. Except for the positions mentioned above, Paulo Roberto Franceschi does not hold other management positions in companies and/or organizations in the</p>			

third sector. Audicontrol Auditoria e Controle does not belong to the same economic group as the Company, nor is it controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company. Mr. Paulo has not pursued any other activity in the past 5 years.

Statement of Possible Convictions

Mr. Paulo Roberto Franceschi stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Paulo Roberto Franceschi is not considered a politically exposed person, as defined in the applicable regulations.

Name	CPF	Birth Date	Profession
Bruno Shigueyoshi Oshiro	074.475.088-10	07. 27.1967	Accountant
Management Body	Elective Position Occupied	Other Positions and Functions Carried Out at the Issuer	
Audit Committee	Deputy Member of the Audit Committee	N/A	
Date of Election	Date of Assumption of Office	Term of Office	Elected by the Controller
March 30, 2021	Until April 30, 2021	AUG to be held in 2023	No (Preferred Minority Shareholders)
Consecutive Offices			
2			
Work Experience			
<p>Education: Accounting Sciences by FASP - Faculdades Associadas de São Paulo.</p> <p>Work Experience: He served as audit manager at Trevisan Auditores Independentes and Nexia Villas Rodil auditores independentes until 2011, a partner at BAS – Serviços Contábeis S/C Ltda., From November 2013 to May 2016, a company that operates in the sector of rendering services. accounting consulting and services. He is currently a partner at HY RMS accounting services and acts as a tax advisor for companies: Triunfo participações e Investimentos S.A., a company in the infrastructure sector; Aeroportos Brasil Viracopos S.A., a special purpose company in the airport sector; CSE - Centro de Soluções Estrategicas S.A., a consulting company specialized in the electric power sector; and Tijoá Participações e Investimentos S.A., the electricity generation</p>			

concessionaire responsible for the management, operation and maintenance of the Três Irmãos hydroelectric plant. Except for the positions mentioned above, Bruno Shigueyoshi Oshiro does not hold other management positions in third sector companies and/or organizations. The aforementioned companies do not belong to the same economic group as the Company, nor are they controlled by shareholders of the Company with a direct or indirect interest equal to or greater than 5% of the same type or class of securities issued by the Company.

Statement of Possible Convictions

Mr. Bruno Shigueyoshi Oshiro stated, for all legal purposes, that in the past 5 years he has not been subject to the effects of criminal conviction or application of a sentence in an administrative proceeding before the CVM, and of a final and unappealable sentence, in the judicial or administrative sphere, that had caused the suspension or disqualification to practice any professional or commercial activity, thus being duly qualified to practice his professional activities. Mr. Bruno Shigueyoshi Oshiro is not considered a politically exposed person, as defined in the applicable regulations.

12.7. Provide the information mentioned in item 12.5 in relation to the members of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory:

Not applicable, since the members of the Audit Committee do not participate in the Company's Committees.

12.8 In relation to each of the people who served as a member of the statutory committees, as well as the audit, risk, financial, and compensation committees, even if such committees or structures are not statutory, inform, in a table format, the interest percentage in the meetings held by the respective body in the same period, which occurred after the assumption of office:

Not applicable, since the members of the Audit Committee do not participate in the Company's Committees.

12.9 Marital relationship, civil union, or kinship up to the second degree between:

(a) managers of the Company;

(b) (i) managers of the Company and (ii) managers of direct or indirect subsidiaries of the Company;

(c) (i) managers of the Company or its direct or indirect subsidiaries and (ii) direct or indirect controllers of the Company

(d) (i) managers of the Company and (ii) managers of direct and indirect controllers of the Company

The candidates for the audit committee declared, individually and for all legal purposes, that there is no marital relationship, civil union, or kinship up to the 2nd degree between each one of them and: (a) managers of the issuer appointed by non-controlling shareholders; (b) (i) managers of the issuer appointed by the non-controlling shareholders and (ii) managers of direct or indirect subsidiaries of the issuer; (c) (i) managers of the issuer appointed by the non-controlling shareholders or its direct or indirect subsidiaries and (ii) direct or indirect controllers of the issuer; and (d) (i) managers of the issuer appointed by non-controlling shareholders and (ii) managers of the issuer's direct and indirect parent companies.

12.10. Inform about subordination, service provision, or control relationships maintained, in the last 3 fiscal years, between the members of the issuer's board of directors appointed by the controlling shareholders and:

- a. a company that is directly or indirectly controlled by the issuer, with the exception of those in which the issuer holds, directly or indirectly, the entire share capital**
- b direct or indirect controller of the issuer**
- c. if relevant, a supplier, customer, debtor, or creditor of the issuer, its subsidiary or parent companies or subsidiaries of any of such persons**

The candidates for the audit committee stated, individually and for all legal purposes, that no subordination, service provision, or control relationships were maintained in the last 3 (three) fiscal years between them and (i) a company directly or indirectly controlled by the Company, except in relation to those in which the Company holds, directly or indirectly, the total share capital; (ii) the direct or indirect controllers of the Company; or (iii) relevant suppliers, customers, debtors, or creditors of the Company, its subsidiaries, or its controllers or the controllers of such persons.

Appendix VIII

INFORMATION ON THE COMPENSATION OF MANAGERS AND MEMBERS OF THE AUDIT COMMITTEE
(SECTION 13 OF THE REFERENCE FORM)

13.1 Description of the compensation policy or practice for the board of directors, statutory and non-statutory executive board, audit committee, statutory committees and audit, risk, financial, and compensation committees, covering the following aspects:

a. objectives of the compensation policy or practice, informing whether the compensation policy was formally approved, the body responsible for its approval, the date of approval and, if the issuer discloses the policy, locations on the world wide web where the document can be consulted

Although the Company does not yet have a compensation policy formally approved for the 2020 fiscal year, the objectives and premises of the compensation practices adopted by the Company are:

- (a) attract, retain and motivate managers, providing the necessary conditions for the development and implementation of the Company's business strategies;
- (b) align the interests of the managers, shareholders and the Company in order to create value for the Company in a sustainable manner;
- (c) motivate and reward the individual performance of the managers, in view of the achievement of the Company's financial and/or strategic goals;
- (d) stimulate the growth, success and achievement of the Company's social objectives and, consequently, the creation of long-term value for the Company and its shareholders;
- (e) propagate the culture of high performance and meritocracy; and
- (f) provide its managers with competitive compensation levels in relation to those practiced by the selected markets.

b. composition of the compensation, indicating:

i. a description of the elements of the compensation and the objectives of each one of them.

Board of Directors

The compensation of the Company's Board of Directors is made up of 12 monthly payments (fixed compensation). The members of the Board of Directors are entitled to fixed monthly compensation, regardless of the number of meetings of the Board of Directors in which they participate. The objective of the fixed monthly compensation is to offer direct compensation to the members of the Company's Board of Directors for the services provided and to recognize and reflect the value of the position internally and externally, in line with market practices, as well as reflecting performance, time demand, responsibilities, experience, training, and knowledge of the executive.

If the member of the Board of Directors also participates in advisory committees, he may receive an additional fixed amount, paid monthly. Such additional fixed amount, if applicable, is included in the fixed compensation of the Board of Directors, indicated in items 13.1. and 13.2 of this Reference Form, in the line "compensation for participation in committees".

Statutory and Non-Statutory Executive Board

The total compensation of the Company's Statutory and Non-Statutory Executive Board is composed of the following elements:

- **Fixed monthly compensation:** The fixed monthly compensation of statutory and non-statutory directors is composed of 13 monthly payments and a vacation bonus to be calculated under the terms of the applicable Collective Bargaining Agreement. The objective of the fixed monthly compensation is to offer direct compensation to the Company's statutory and non-statutory directors for the services provided and to recognize and reflect the value of the position internally and externally, in line with market practices, as well as reflecting individual performance, demand for time, responsibilities, experience, training, and knowledge of the executive.
- **Benefits:** The benefits granted to statutory and non-statutory directors are: medical assistance, group life insurance, private pension, vacation, FGTS, social security and meal vouchers. The benefits aim to ensure the competitiveness of compensation practices, with the objective of offering an attractive package to retain directors in key positions and that is compatible with market standards for the performance of similar functions, as well as complementing pension benefits, social security and provide greater security for statutory and non-statutory directors, allowing them to maintain their focus on the performance of their respective functions.
- **Variable Compensation:** It aims to reward the achievement and overcoming of individual and Company goals established by the Company's Board of Directors, aligned with the budget, strategic planning and market, in order to align the interests of the managers with the short and medium term results of the Company. Currently, the variable compensation paid to statutory and non-statutory directors is composed of (i) Short Term Variable Compensation (which includes eventual payment of Bonuses and profit sharing) and is based on the level of achievement of pre-established goals of statutory directors and not statutory provisions determined by the Board of Directors and in Profit or Income Sharing of the Company; and (ii) Long Term Variable Compensation, corresponding to the Long Term Incentive ("ILP"), provided for in the policy approved at the Board of Directors' meeting held on June 28, 2019, which aims to ensure the competitiveness of the compensation of its key executives in relation to the market, balancing the retention factor with the generation of consistent and long-term results.

Audit Committee

During the fiscal years of 2018, 2019 and 2020, the Company's audit committee was entitled only to the fixed monthly compensation, corresponding to 12 monthly payments, without direct or indirect benefits.

The monthly compensation of the audit committee, as prescribed in paragraph 3 of article 162 of Law No. 6,404/76, cannot be less than, for each member in office, 10% of the average compensation of each Director of the Company, not counting benefits, amounts representation and profit sharing.

It did not form part of the compensation of the audit committee, and no type of variable compensation, post-employment benefits or motivated by the termination of the position, or compensation based on the value of the shares is also foreseen for the fiscal year 2021.

The objective of the fixed monthly compensation is to offer direct compensation to the members of the Company's Audit Committee for the services provided and to recognize and reflect the value of the position internally and externally, in line with market practices, as well as reflecting performance, time demand, responsibilities, experience, training and knowledge of the executive.

Statutory Audit Committee

The compensation of the members of the Statutory Audit Committee ("CAE") is made up of 12 monthly payments (fixed compensation). The objective of the fixed monthly compensation is to offer direct compensation to the members of the Company's Advisory Committees for the services provided and to recognize and reflect the value of the position internally and externally, in line with market practices, as well as reflecting individual performance, demand for time, responsibilities, experience, training and knowledge of the executive.

CAE's compensation was not part of any type of variable compensation, post-employment benefits or motivated by the termination of the position, or a compensation based on the value of the Company's shares.

The CAE Coordinator receives differentiated compensation due to his specific functions and duties performed by the position he holds in the Committee. The other members of the CAE receive, among themselves, the same compensation.

ii. in relation to the last 3 fiscal years, what is the proportion of each element in the total compensation

The table below shows the relative participation of each element, in relation to the total compensation.

2020			
Elements of compensation	Board of Directors	Executive Office Statutory	Audit Committee
Salary or pro-labore	83.33%	37.70%	83.33%

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Direct or indirect benefits	0%	3.51%	0%
Participation in Committees	0%	0%	0%
Variable Salary	0%	45.79%	0%
Others (Charges of the company)	16.67%	13.01%	16.67%
Others (Annual Bonus)	0%	0%	0%

2019			
Elements of compensation	Board of Directors	Executive Office Statutory	Audit Committee
Salary or pro-labore	82.54%	30.03%	85.64%
Direct or indirect benefits	0.00%	1.08%	0.00%
Participation in Committees	0%	0%	0%
Variable Salary	0.00%	54.78%	0.00%
Others (Charges of the company)	17.46%	14.12%	14.36%

2018			
Elements of compensation	Board of Directors	Executive Office Statutory	Audit Committee
Salary or pro-labore	76.87%	61.33%	76.87%
Direct or indirect benefits	0%	8.82%	0%
Participation in Committees	0%	0%	0%
Variable Salary	0%	2.65%	0%
Others (Charges of the company)	16.67%	22.42%	16.67%
Others (Annual Bonus)	6.46%	4.77%	6.46%

iii. calculation and adjustment methodology for each of the compensation elements.

Given that the Company's shareholding control was held by the Government of the State of São Paulo until December 10, 2018, until the 2018 fiscal year, the compensation of the Company's directors, officers and committee members followed the CODEC Resolution, which stipulates general rules for setting compensation, bonuses, benefits, and advantages to be observed by companies in which the State of São Paulo is a controlling shareholder, directly, or indirectly.

The global compensation for the 2018 fiscal year attributed to the members of the Board of Directors, Statutory Board, and Statutory Audit Committee and Audit Committee was fixed at the general meeting held on April 24, 2018, and was based on the CODEC Resolution.

In any case, under the terms of the applicable legislation, the revision of the management's compensation is deliberated in a general shareholders' meeting, which sets, each year, the new compensation of the managers of the Company.

In the fiscal years of 2019 and 2020, the Company structured the bases of compensation for its managers by means of a comparison with market studies conducted by specialized and independent external companies.

The panel of companies that comprised the basis for this research was selected taking into account criteria such as: (a) size (turnover) similar to that of the Company; (b) industries in different sectors, but mainly in the energy sector; (c) nationally owned companies and subsidiaries of leading foreign companies in their respective segments; and (d) consistent and recognized market practices.

The global annual amount of the compensation of the managers, members of the audit committee and the statutory audit committee of the Company is approved at a general meeting. After the definition of the global compensation amounts, the individual compensation and the amount attributed to each member of the management are defined and approved at a meeting of the Board of Directors.

iv. reasons that justify the composition of the compensation.

Bearing in mind that the Company's shareholding control was held by the Government of the State of São Paulo until December 10, 2018, during the last three fiscal years, the compensation of the Company's directors, officers, and committee members followed the CODEC Resolution, which stipulates the general rules for setting compensation, bonuses, benefits, and advantages to be observed by companies in which the State of São Paulo is a controlling shareholder, directly or indirectly.

The global compensation for the 2018 fiscal year attributed to the members of the Board of Directors, audit committee and Statutory Audit Committee was set at a general meeting held on April 24, 2018, and was based on the CODEC Resolution.

In the fiscal years of 2019 and 2020, the Company structured the bases of compensation for its managers by means of a comparison with market studies conducted by specialized and independent

external companies. With regard to the compensation of the members of the Board of Directors, the main objectives are to offer adequate compensation to the members of the Company's Board of Directors for the services provided and to recognize and reflect the value of the position internally and externally, in line with market practices.

The compensation of the statutory and non-statutory board, in turn, aims to offer direct compensation to the Company's statutory and non-statutory directors for the services provided and to ensure the competitiveness of compensation practices, as well as to promote an attractive package to retain directors in positions keys and reward the achievement and overcoming of individual and Company goals pre-established by the Company's Executive Office.

The compensation attributed to the members of the audit committee and advisory committees has the main objective of attracting directors with an adequate reputation and profiles.

v. existence of members not remunerated by the issuer and the reason for this fact

All managers and members of the Audit Committee and the Statutory Audit Committee are remunerated by the Company, unless the member, on his own initiative, waives the compensation. In August 2019, one of the members of the Company's Board of Directors waived his compensation until the end of his term, which will end in the election of the member who will replace him in the body, to be held at the AGM of March 30, 2021, and subsequent investiture in the position or, in the event of reelection of that director, until his investiture in the position for the new term.

c. main performance indicators that are taken into account in determining each element of compensation.

Although the Company does not use specific indicators, the determination of the compensation elements of the managers takes into account their responsibility, their professional competence and reputation, the time dedicated to the exercise of their functions, and the value of their services in the market.

In the case of the compensation of statutory and non-statutory directors, the variable compensation is based on the level of achievement of pre-established goals of statutory and non-statutory directors determined by the Board of Directors and in Profit Sharing or Results Plans of the Company.

The members of the board of directors and advisory committees are only eligible for fixed compensation, according to market practice, and are not subject to performance indicators, so the compensation must reflect performance, time demand, responsibilities, experience, training, and executive knowledge.

The members of the audit committee also receive only fixed compensation, therefore without the effects of performance indicators, incompatible with the functions of that body, but their

compensation reflects the performance, time demand, responsibilities, experience, training, and knowledge of the executive.

d. how compensation is structured to reflect the evolution of performance indicators.

As informed in item (c) above, in the case of the compensation of statutory and non-statutory directors, the variable compensation is based on the level of achievement of pre-established goals of statutory and non-statutory directors determined by the Board of Directors and in Profit Sharing Plans or Company Results. However, there are no specific performance indicators other than those mentioned above.

As stated in item (d) above, members of the board of directors, audit committee and committees are only eligible for fixed compensation, therefore without the effects of performance indicators.

e. how the compensation policy or practice aligns with the issuer's interests in the short, medium and long term.

The compensation practices described in this item 13.1 are intended to align the interests of the managers and members of the audit committee and advisory committees to the interests of the Company as they provide for the maintenance of professionals with the competence, experience, motivation, necessary for the exercise management function, with repercussions on the Company's business performance.

In the short term, the Company seeks to align its interests through salaries and a benefit package compatible with market levels.

Additionally, the payment of bonuses, profit sharing, and long-term incentives to certain employees rewards the achievement and exceeding of individual and Company goals, pre-established by the Board and aligns the interests of the managers with the medium and long-term results of the Company.

f. existence of compensation supported by subsidiaries, controlled companies, or direct or indirect controllers.

There is no payment of compensation supported by subsidiaries, controlled companies or direct or indirect controllers of the Company.

g. existence of any compensation or benefit linked to the occurrence of a specific corporate event, such as the sale of the issuer's corporate control.

There is no compensation or benefit related to the occurrence of corporate events.

h. practices and procedures adopted by the board of directors to define the individual compensation of the board of directors and the executive board, indicating:

i. the issuer's bodies and committees that participate in the decision-making process, identifying how they participate

The global annual amount of compensation for the Company's management and audit committee members is approved at a general meeting. After the definition of the global compensation amounts, the individual compensation and the amount attributed to each member of the management are defined and approved at a meeting of the Board of Directors.

ii. criteria and methodology used for setting individual compensation, indicating whether studies are used to check market practices, and, if so, the comparison criteria and the scope of these studies

As already mentioned in item 13.1, considering that the Company's shareholding control was held by the Government of the State of São Paulo until December 10, 2018, until the 2018 fiscal year, the compensation of the directors, officers, and members of committees of the The Company followed the CODEC Resolution, which stipulates the general rules for setting compensation, bonuses, benefits and advantages to be observed by companies in which the State of São Paulo is a controlling shareholder, directly or indirectly.

In the fiscal years of 2019 and 2020, the Company structured the bases of compensation for its managers by means of a comparison with market studies conducted by specialized and independent external companies.

The panel of companies that comprised the basis for this research was selected taking into account criteria such as: (a) size (turnover) similar to that of the Company; (b) industries in different sectors, but mainly in the energy sector; (c) nationally owned companies and subsidiaries of leading foreign companies in their respective segments; and (d) consistent and recognized market practices.

iii. how often and how the board of directors assesses the adequacy of the issuer's compensation policy

Although the Company does not have a compensation policy formally approved, the Board of Directors constantly evaluates the adequacy of the compensation and its short, medium and long term incentives, as applicable, are adequate and in line with those practiced in the market. If any inadequacy is found, it is reviewed, despite the fact that the Company does not adopt a formal compensation policy.

13.2 - Total Compensation of the Board of Directors, Statutory Board, and Audit Committee

Total expected compensation for the Fiscal Year of 12/31/2021 - Annual Values (R\$)				
	Board of Directors	Statutory Board	Audit Committee	Total
Total number of members	8.00	3.00	3.00	14.00
Number of paid members	7.00	3.00	3.00	13.00
Fixed annual compensation				
Salary or pro-labore	586,155.43	3,117,104.53	317,221.15	4,020,481.11
Direct and indirect benefits	0	225,727.56	0	225,727.56
Compensation for participation in committees	0	0	0	0
Others (company encumbrance charges)	117,231.09	1,122,624.01	63,444.23	1,303,299.32
Description of other fixed remunerations	0	0	0	0
Variable salary				
Bonus	0	0	0	0
Profit sharing	0	4,823,646.47	0	4,823,646.47
Compensation for participation in meetings	0	0	0	0
Commissions	0	0	0	0
Other	0	0	0	0
Description of other variable compensation	0	0	0	0
Post-employment benefits	0	0	0	0
Benefits for termination of office	0	0	0	0
Share-based compensation (including options)	0	0	0	0
Note	<p>A member of the Board of Directors waived his compensation from August 2019 until the end of his term of office, and election and investiture of the new member who will replace him or, in the case of re-election, until the investor of this member for the new term, as may be resolved at the Company's AGM of March 30, 2021.</p> <p>In the line "Other (onus charges of the company)", the following charges are considered: INSS (for all agencies), as well as FGTS, SESI, SENAI, Salário Educação, RAT, INCRA, SEBRAE (only for the Statutory Board).</p>			
Total compensation	703,386.51	9,289,102.57	380,665.38	10,373,154.46

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Total compensation paid for the Fiscal Year of 12/31/2020 - Annual Values (R\$)				
	Board of Directors	Statutory Board	Audit Committee	Total
Total number of members	8.00	3.00	3.00	14.00
Number of paid members	7.00	3.00	3.00	13.00
Fixed annual compensation				
Salary or pro-labore	565,509.28	2,951,345.91	306,047.64	3,822,902.83
Direct and indirect benefits	0	274,577.88	0.00	274,577.88
Compensation for participation in committees	0.00	0.00	0.00	0.00
Others (company encumbrance charges)	113,101.52	1,018,288.44	61,209.60	1,192,599.56
Description of other fixed remunerations	0.00	0.00	0.00	0.00
Variable salary				
Bonus	0.00	0.00	0.00	0.00
Profit sharing	0.00	3,584,330.67	0.00	3,584,330.67
Compensation for participation in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation	0.00	0.00	0.00	0.00
Post-employment benefits	0.00	0.00	0.00	0.00
Benefits for termination of office	0.00	0.00	0.00	0.00
Share-based compensation (including options)	0.00	0.00	0.00	0.00
Note	<p>The number of members of each body corresponds to the annual average of the number of members of each body, calculated monthly, to two decimal places and the number of paid members of each body corresponds to the annual average of the number of members of each body to which they were assigned remunerations recognized in income for the year, calculated monthly to two decimal places.</p> <p>A member of the Board of Directors waived his compensation from August 2019 until the end of his term of office, and election and investiture of the new member who will replace him or, in the case of re-election, until the investor of this member for the new term, as may be resolved at the Company's AGM of March 30, 2021.</p>			

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
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	In the line "Other (onus charges of the company)", the following charges are considered: INSS (for all agencies), as well as FGTS, SESI, SENAI, Salário Educação, RAT, INCRA, SEBRAE (only for the Statutory Board).			
Total compensation	678,610.80	7,828,542.90	367,257.24	8,874,410.94

Total compensation paid for the Fiscal Year of 12/31/2019 - Annual Values (R\$)				
	Board of Directors	Statutory Board	Audit Committee	Total
Total number of members	7.50	2.67	4.75	14.92
Number of paid members	7.08	1.92	4.75	13.75
Fixed annual compensation				
Salary or pro-labore	558,253.76	1,748,822.55	342,156.45	2,649,232.76
Direct and indirect benefits	0.00	62,652.27	0.00	62,652.27
Compensation for participation in committees	0.00	0.00	0.00	0.00
Others (company encumbrance charges)	118,094.86	822,340.11	57,349.88	997,784.85
Description of other fixed remunerations	0.00	0.00	0.00	0.00
Variable salary				
Bonus	0.00	386,000.00	0.00	386,000.00
Profit sharing	0.00	2,804,091.82	0.00	2,804,091.82
Compensation for participation in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation	0.00	0.00	0.00	0.00
Post-employment benefits	0.00	0.00	0.00	0.00
Benefits for termination of office	0.00	0.00	0.00	0.00
Share-based compensation (including options)	0.00	0.00	0.00	0.00
Note	The number of members of each body corresponds to the annual average of the number of members of each body, calculated monthly, to two decimal places and the number of paid members of each body corresponds to the annual average of the number of members of each body to which they were assigned remunerations recognized in income for the year, calculated monthly to two decimal places.			

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	<p>A member of the Board of Directors waived his compensation from August 2019 until the end of his term of office, and election and investiture of the new member who will replace him or, in the case of re-election, until the investor of this member for the new term, as may be resolved at the Company's AGM of March 30, 2021.</p> <p>In the line "Other (onus charges of the company)", the following charges are considered: INSS (for all agencies), as well as FGTS, SESI, SENAI, Development Fund and Education Fund (only for the Statutory Board).</p>			
Total compensation	676,348.62	5,823,906.75	399,506.33	6,899,761.70

Total compensation <u>paid</u> for the Fiscal Year on 12/31/2018 - Annual Values (R\$)				
	Board of Directors	Statutory Board	Audit Committee	Total
Total number of members	9.42	3.5	4.92	17.84
Number of paid members	9.42	3.5	4.92	17.84
Fixed annual compensation				
Salary or pro-labore	715,945.60	1,278,537.92	240,779.46	2,235,262.98
Direct and indirect benefits	0	183,873.95	0	183,873.95
Committee memberships	0	0	0	0
Other	155,229.65	467,395.01	52,204.92	674,829.58
Description of other fixed remunerations	INSS employer's contribution	INSS employer's contribution	Employer's social security contribution.	
Variable salary				
Bonus	0	27,512.84	0	27,512.84
Profit sharing	0	27,733.05	0	27,733.05
Participation in meetings	0	0	0	0
Commissions	0	0	0	0
Other	60,202.65	99,518.87	20,245.13	179,966.65
Description of other variable compensation	Annual bonus.	Annual bonus.	Annual bonus.	
Post-employment	0	0	0	0
Termination of office	0	0	0	0
Share-based (including options)	0	0	0	0

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Note	<p>The number of members of each body corresponds to the annual average of the number of members of each body, calculated monthly, to two decimal places and the number of paid members of each body corresponds to the annual average of the number of members of each body to which they were assigned remunerations recognized in income for the year, calculated monthly to two decimal places.</p> <p>In the line "Other (onus charges of the company)", the following charges are considered: INSS (for all agencies), as well as FGTS, SESI, SENAI, Development Fund and Education Fund (only for the Statutory Board).</p>			
Total compensation	931,377.90	2,084,571.65	313,229.51	3,329,179.05

13.3. In relation to the variable compensation of the last 3 fiscal years and that expected for the current fiscal year of the board of directors, statutory board and audit committee, prepare a table with the following content:

Variable compensation foreseen for the current fiscal year 2021 (Amounts in R\$)				
	Board of Administration	Board of Directors Statutory	Audit Committee	Total
Total number of members	8	3	3	14
Number of paid members	7	3	3	13
Bonus				
Minimum amount provided for in compensation plan	N/A	0	N/A	0
Maximum value provided for in compensation plan	N/A	0	N/A	0
Amount provided for in the compensation plan, if the goals are reached	N/A	0	N/A	0
Value effectively recognized	N/A	0	N/A	0
Profit sharing				
Minimum amount provided for in the compensation plan	N/A	236,618.85	N/A	236,618.85
Maximum amount provided for in the compensation plan	N/A	3,864,386.29	N/A	3,864,386.29
Amount provided for in the compensation plan, if the goals are reached	N/A	2,342,052.29	N/A	2,342,052.29
Value effectively recognized in the fiscal year	N/A	2,342,052.29	N/A	2,342,052.29

Variable compensation - fiscal year ended on 12.31.2020 (Amounts in R\$)				
	Board of Administration	Board of Directors Statutory	Audit Committee	Total
Total number of members	8	3	3	14
Number of paid members	7	3	3	13
Bonus				
Minimum amount provided for in compensation plan	N/A	0.00	N/A	0.00
Maximum value provided for in compensation plan	N/A	0.00	N/A	0.00

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Amount provided for in the compensation plan, if the goals are reached	N/A	0.00	N/A	0.00
Value effectively recognized	N/A	0.00	N/A	0.00
Profit sharing				
Minimum amount provided for in the compensation plan	N/A	224,808.93	N/A	224,808.93
Maximum amount provided for in the compensation plan	N/A	3,668,902.61	N/A	3,668,902.61
Amount provided for in the compensation plan, if the goals are reached	N/A	2,223,577.34	N/A	2,223,577.34
Value effectively recognized in the fiscal year	N/A	3,584,330.67	N/A	3,584,330.67
Variable compensation - fiscal year ended on 12.31.2019 (Amounts in R\$)				
	Board of Administration	Board of Directors Statutory	Audit Committee	Total
Total number of members	7.50	2.67	4.75	14.92
Number of paid members	N/A	1.92	N/A	1.92
Bonus				
Minimum amount provided for in compensation plan	N/A	0.00	N/A	0.00
Maximum value provided for in compensation plan	N/A	2,322,885.94	N/A	2,322,885.94
Amount provided for in the compensation plan, if the goals are reached	N/A	0.00	N/A	0.00
Value effectively recognized	N/A	386,000.00	N/A	386,000.00
Profit sharing				
Minimum amount provided for in the compensation plan	N/A	227,264.66	N/A	227,264.66
Maximum amount provided for in the compensation plan	N/A	3,337,771.19	N/A	3,337,771.19
Amount provided for in the compensation plan, if the goals are reached	N/A	1,851,380.79	N/A	1,851,380.79
Value effectively recognized in the fiscal year	N/A	2,804,091.82	N/A	2,804,091.82

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Variable compensation - fiscal year ended on December 31, 2018 (Amounts in R\$)				
	Board of Administration	Board of Directors Statutory	Audit Committee	Total
Total number of members	9.42	3.50	4.92	17.84
Number of paid members	0.00	3.50	0.00	3.50
Bonus				
Minimum amount provided for in compensation plan	N/A	N/A	N/A	N/A
Maximum value provided for in compensation plan	N/A	N/A	N/A	N/A
Amount provided for in the compensation plan, if the goals are reached	N/A	N/A	N/A	N/A
Value effectively recognized	N/A	27,512.84	N/A	27,512.84
Profit sharing				
Minimum amount provided for in the compensation plan	N/A	N/A	N/A	N/A
Maximum amount provided for in the compensation plan	N/A	N/A	N/A	N/A
Amount provided for in the compensation plan, if the goals are reached	N/A	N/A	N/A	N/A
Value effectively recognized in the fiscal year	N/A	27,733.05	N/A	27,733.05

13.4. In relation to the share-based compensation plan of the board of directors and statutory board, in force in the last fiscal year and foreseen for the current fiscal year, describe:

- a. general terms and conditions**
- b. main objectives of the plan**
- c. how the plan contributes to these objectives**
- d. how the plan fits into the issuer's compensation policy**
- e. how the plan aligns the interests of managers and the issuer in the short, medium, and long term**
- f. maximum number of shares covered**
- g. maximum number of options to be granted**
- h. conditions for the acquisition of shares**
- i. criteria for setting the acquisition or exercise price**
- j. criteria for setting the exercise period**
- k. settlement method**
- l. restrictions on the transfer of shares**
- m. criteria and events that, when verified, will cause the suspension, alteration, or extinction of the plan**
- n. effects of the manager's departure from the issuer's bodies on his rights provided for in the share-based compensation plan**

Not applicable considering that the Company does not currently have a compensation plan based on shares/stock options. For more information, see item 13.16.

13.5. In relation to the share-based compensation recognized in the result of the last 3 fiscal years and the one foreseen for the current fiscal year, of the board of directors and statutory board, prepare a table with the following content:

- a. body**
- b. total number of members**
- c. number of paid members**
- d. in relation to each grant of stock options:**
 - i. grant date**
 - ii. number of options granted**
 - iii. term for the options to become exercisable**
 - iv. maximum term for exercising the options**
 - v. restriction period for the transfer of shares**
 - vi. weighted average strike price for each of the following groups of options:**
 - open at the beginning of the fiscal year**
 - lost during the fiscal year**
 - exercised during the fiscal year**
 - expired during the fiscal year**
- e. fair value of options on the date of each grant**
- f. potential dilution in case of exercise of all options granted**

Not applicable considering that the Company does not currently have a compensation plan based on shares/stock options. For more information, see item 13.16.

13.6. In relation to the open options of the board of directors and statutory board at the end of the last fiscal year, prepare a table with the following content:

a. body

b. number of members

c. number of paid members

d. in relation to options not yet exercisable

i. amount

ii. date when they will become exercisable

iii. maximum term for exercising the options

iv. restriction period for the transfer of shares

v. weighted average year price

vi. fair value of options on the last day of the fiscal year

e. in relation to the exercisable options

i. amount

ii. maximum term for exercising the options

iii. restriction period for the transfer of shares

iv. weighted average exercise price

v. fair value of options on the last day of the fiscal year

vi. fair value of total options on the last day of the fiscal year

Not applicable considering that the Company does not currently have a share-based compensation plan. For more information, see item 13.16.

13.7. In relation to the options exercised and shares delivered related to the share-based compensation of the board of directors and statutory board, in the last 3 fiscal years, prepare a table with the following content:

a. body

b. number of members

c. number of paid members

d. in relation to the options exercised inform:

i. number of actions

ii. weighted average exercise price

iii. total value of the difference between the exercise value and the market value of the shares related to the options exercised

e. in relation to the delivered shares inform:

i. number of actions

ii. weighted average purchase price

iii. total value of the difference between the acquisition price and the market value of the acquired shares

Not applicable considering that the Company does not currently have a compensation plan based on shares/stock options. For more information, see item 13.16.

13.8. Summary description of the information necessary to understand the data disclosed in items 13.4 to 13.7, as well as the explanation of the method of pricing the value of shares and options, indicating, at least:

a. pricing model

b. data and assumptions used in the pricing model, including the weighted average price of the shares, exercise price, expected volatility, life of the option, expected dividends, and the risk-free interest rate

c. method used and the assumptions made to incorporate the expected effects of early exercise

d. way of determining the expected volatility

e. if any other characteristic of the option was incorporated in the measurement of its fair value

Not applicable considering that the Company does not currently have a compensation plan based on shares/stock options. For more information, see item 13.16.

13.9. Inform the number of shares or quotas directly or indirectly held, in Brazil or abroad, and other securities convertible into shares or quotas, issued by the issuer, its direct or indirect controllers, companies controlled, or under common control, by members of the board of directors, management, statutory board, or audit committee, grouped by body:

Shareholding position held in the Company		12/31/2020
Board of Directors		
Securities/Derivatives	Title Characteristics	Amount
Share	ON	0
Share	PNA	0
Share	PNB	0
Subtotal		0

Shareholding position held in the Company		12/31/2019
Statutory Board		
Securities/Derivatives	Title Characteristics	Amount
Share	ON	0
Share	PNA	0
Share	PNB	0
Subtotal		0

Shareholding position held in the Company		12/31/2018
Audit Committee		
Securities/Derivatives	Title Characteristics	Amount
Share	ON	0
Share	PNA	0
Share	PNB	0
Subtotal		0
Total		0

13.10. In relation to the pension plans in force granted to members of the board of directors and statutory officers, provide the following information in the form of a table:

a. body

b. number of members

c. number of paid members

d. plan name

e. number of managers who meet the conditions to retire

f. conditions to retire early

g. updated value of contributions accumulated in the pension plan until the end of the last fiscal year, discounting the portion related to contributions made directly by the managers

h. total accumulated value of contributions made during the last fiscal year, less the portion related to contributions made directly by the managers

i. if there is the possibility of early redemption and what are the conditions

(Amounts in R\$)		
	Board of Directors	Executive Office Statutory
Number of members - total	8	3
Number of members - paid	N/A	N/A
Plan name	N/A	N/A
Number of managers who meet the conditions to retire	N/A	N/A
Conditions for early retirement	N/A	N/A
Updated accumulated value of accumulated contributions until the end of the last fiscal year, discounting the portion related to contributions made directly by the managers.	N/A	N/A
Total accumulated value of the contributions made during the last fiscal year, less the portion related to contributions made directly by the managers.	N/A	N/A
Possibility of early redemption and conditions	N/A	N/A

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13.11. Maximum, Minimum, and Average Individual Compensation of the Board of Directors, Statutory Board and Audit Committee

Annual values

	Statutory Board			Board of Directors			Audit Committee		
	12/31/2020	12/31/2019 ¹	12/31/2018	12/31/2020	12/31/2019 ²	12/31/2018	12/31/2020	12/31/2019 ³	12/31/2018
Number of members	3	2.67	3.50	8	7.50	9.42	3	4.75	4.92
Number of paid members	3	1.92	3.50	7	7.08	9.42	3	4.75	4.92
Highest compensation amount (Reais)	4,103,845.45	3,221,931.99	1,126,782.20	96,944.40	88,123.76	237,692.65	122,419.08	101,060.72	10,180.22
Lowest compensation amount (Reais)	1,637,942.49	1,175,014.44	488,182.18	96,944.40	30,687.36	237,692.65	122,419.08	5,114.56	10,180.22
Average compensation amount (Reais)	2,609,514.30	3,033,284.77	595,591.90	96,944.40	95,529.47	237,692.65	122,419.08	84,106.60	10,180.22

¹ The calculation of the average amount of annual compensation corresponds to the division of the total amount of annual compensation by the number of members. Considering that all members held the position for less than 12 months, with entries in different periods, the value of the lowest individual annual compensation and the value of the highest individual annual compensation were calculated considering the remunerations effectively recognized in the income for the year. The Director with the highest individual compensation held the position for 10 (ten) months.

² The calculation of the average amount of annual compensation corresponds to the division of the total amount of annual compensation by the number of members. Considering that a member of the Board of Directors waived the compensation, it was not considered for the calculation of the average annual compensation, although it was computed to indicate the number of members of the body. Considering that all remunerated members held the position for less than 12 months, the value of the lowest individual annual compensation and the value of the highest individual annual compensation were calculated considering the remunerations effectively recognized in the income for the year. The Director with the highest individual compensation held the position for 11 (eleven) months.

³ The calculation of the average amount of annual compensation corresponds to the division of the total amount of annual compensation by the number of members. Considering that only one of the members held the position for 12 months, the amount of the lowest individual annual compensation and the amount of the highest individual compensation were calculated considering the remunerations effectively recognized in the income for the year. The Audit Committee or with the lowest individual annual compensation held the position for only 1 (one) month.

13.12. Describe contractual arrangements, insurance policies, or other instruments that structure mechanisms of compensation or indemnity for the managers in case of removal from office or retirement, indicating the financial consequences for the issuer

Currently, there are no contractual arrangements, insurance policies or other instruments that structure compensation or indemnity mechanisms for managers in the event of removal from office or retirement. As detailed in item 12.11 of this Reference Form, the Company has a Civil Liability Insurance Policy for Managers (D&O), which aims to guarantee to its managers the reimbursement of expenses resulting from the repair of damages caused to third parties or to the Company.

13.13. In relation to the last 3 fiscal years, indicate the percentage of the total compensation of each body recognized in the issuer's income for members of the board of directors, statutory board, or audit committee that are parties related to the controllers, direct or indirect, as defined by the accounting rules that deal with this matter

	2020	2019	2018
Board of Directors	42.86%	38%	60%
Statutory Board	0%	0%	25%
Audit Committee	0%	0%	60%

13.14. In relation to the last 3 fiscal years, indicate the amounts recognized in the issuer's income as compensation for members of the board of directors, statutory executive board or audit committee, grouped by body, for any reason other than the function they occupy, such as, commissions and consultancy or advisory services provided

In the last three fiscal years, there was no compensation recognized in the Company's results paid to any of the members of the Board of Directors, the Statutory Executive Board or the audit committee for any reason other than the function they occupy.

13.15. In relation to the last 3 fiscal years, indicate the amounts recognized in the income of controllers, direct or indirect, of companies under common control and subsidiaries of the issuer, as compensation for members of the board of directors, statutory executive board or audit committee of the issuer, grouped by body, specifying to what extent such values were attributed to such individuals

In relation to the last 3 fiscal years, there was only in the fiscal year ended on December 31, 2020, compensation of members of the board of directors, statutory board, and audit committee recognized in the result of controllers, direct or indirect, of companies under common control and of the issuer's subsidiaries, as provided below.

Other compensation received, specifying for what reason Fiscal year ended December 31, 2020				
	Board of Directors	Statutory Board	Audit Committee	Total
Direct and indirect controllers	0.00	0.00	0.00	0.00
Issuer's Subsidiaries	0.00	0.00	0.00	0.00
Companies under common control	0.00	2,602,117.83 ¹	0.00	2,602,117.83

¹ Amount transferred on December 18, 2020 by Nexa Resources to CESP, and paid in full by CESP to one of its Directors, regarding the remaining payment of such director's Long Term Incentive - ILP, related to its previous performance in Nexa Resources.

13.16. Provide other information that the issuer deems relevant

Transfer of Director from Nexa to CESP and amount corresponding to the compensation owed by Nexa to such Director

As provided in item 13.15. above, the Company clarifies that in relation to the transfer of values from Nexa Resources, a company under common control, to it in 2020, with the exclusive purpose of paying the remaining amount of Long Term Incentive - ILP of a director transferred to the Company relatively exclusively services previously provided by said manager at Nexa.

The above transfer was motivated and occurred due to the fact that, after the transfer of the director to the Company, Nexa Resources was unable to access the linked account (e-social) to collect the INSS and FGTS amounts of the referred director, and, for this reason, it was necessary to transfer amounts from Nexa Resources to the Company, in order to make the entire payment operational. The Company informs that there was no expense or profit for the Company in relation to the transaction referred to herein, being it financially neutral to CESP.

No share-based plan

The Company does not currently have a share-based compensation plan, that is, a stock option plan or stock purchase or delivery plan, nor any other plan involving the transfer of ownership of shares issued by the Company to managers or any employees. However, the Company has a long-term incentive plan that is merely referenced to shares that do not meet the criteria mentioned above.

Appendix IX

COMPARATIVE TABLE OF THE PROPOSED CHANGES
(ACCORDING TO ARTICLE 11, II, OF CVM INSTRUCTION No. 481 OF DECEMBER 17, 2009)

CESP - Companhia Energética de São Paulo - Comparative Chart Amendments to the Bylaws

Current Wording of the Bylaws	Proposed Reform to the Bylaws	Justification and Impacts
<p>ARTICLE 4 - Each common share will correspond to one vote in the resolutions of the General Meeting, except in the case provided for in Paragraph One below in relation to the election of members of the Board of Directors.</p> <p>(...)</p> <p>Paragraph two - The restriction on voting rights provided for in Paragraph one above will expire on April 30, 2021, subject to the provisions of Paragraph three below.</p>	<p>ARTICLE 4 - Each common share will correspond to one vote in the resolutions of the General Meeting, except in the case provided for in Paragraph One below in relation to the election of members of the Board of Directors.</p> <p>(....)</p> <p>Paragraph two - The restriction on voting rights provided for in Paragraph one above will expire on April 30, 2022, subject to the provisions of Paragraph three below.</p> <p>Paragraph three – Annually, as from the 2021 fiscal year (inclusive), but in any case only while there is a voting restriction under the terms of Paragraph 1 above, within (i) 3 (three) business days after the meeting ordinary general meeting or (ii) on April 1 of each year in which a voting restriction is in effect, whichever comes first ("<u>Date of Decision on New Restriction</u>"), an extraordinary general meeting will be held to deliberate, by the majority of shareholders. shareholders with voting rights present at such meeting, on the creation of a new voting restriction period in the exact terms of the first Paragraph above, not exceeding 1</p>	<p>Adjustment in the provision for the creation of a new period for the expiration of the restriction on voting rights, pursuant to Paragraph One and Paragraph Three of Article 4 of the Bylaws. The Company does not foresee any economic and/or legal impacts as a result of the change now indicated. The proposed change will not impact the Company's shareholders.</p> <p>Wording adjustment.</p>
<p>Paragraph three - Annually, as from the fiscal year 2020 (inclusive), but in any case only while there is a voting restriction under the terms of Paragraph one above, within (i) 3 (three) business days after the annual general meeting or (ii) on April 1 of each year in which there is a voting restriction, whichever comes first ("<u>Date of Decision on New Restriction</u>"), an extraordinary general meeting will be held to deliberate, by the majority of shareholders with right to vote present at such meeting, on the creation of a new voting restriction period in the exact terms of Paragraph 1</p>		

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Current Wording of the Bylaws	Proposed Reform to the Bylaws	Justification and Impacts
above, not exceeding 1 (one) year	(one) year (" <u>General Meeting - New</u>	
("General Meeting - New Restriction").	<u>Restriction</u> ").	
.		

Wording adjustment.

Appendix X

A COPY OF THE COMPANY'S BYLAWS WITH THE PROPOSED CHANGES HIGHLIGHTED
(ACCORDING TO ARTICLE 11, I, OF CVM INSTRUCTION NO. 481 OF DECEMBER 17, 2009)

BYLAWS

Publicly-Held Company

CNPJ No. 60.933.603/0001-78

NIRE no. 35.300.011.996 | CVM Code 02577

CHAPTER I

NAME, DURATION, HEADQUARTERS, AND PURPOSE

ARTICLE 1 - CESP - Companhia Energética de São Paulo is a corporation governed by the provisions of these bylaws ("Bylaws"), by the provisions of Law No. 6,404, of December 15, 1976, as amended ("Corporation Law") and other applicable legal provisions.

Paragraph one - With the admission of the Company to the special listing segment called Level 1 of Corporate Governance of B3 S.A. - Brasil, Bolsa, Balcão ("Level 1" and "B3"), the Company, its shareholders, managers and members are subject of the audit committee, when installed, to the provisions of the B3 Corporate Governance Level 1 Listing Regulation ("Level 1 Regulation").

Paragraph two - The Company's duration is indefinite.

Paragraph three - The Company has its headquarters and venue in the Capital of the State of São Paulo.

Paragraph four - To the extent necessary for the achievement of the corporate purpose and observing its area of operation, the Company may, by resolution of the Executive Board, change the address of the Company's headquarters (provided that the provisions of Paragraph Three above) are observed, as well as opening, installing, maintaining, transferring, or extinguishing branches, facilities, agencies, subsidiaries, offices, representations, in the country and abroad, or appointing representatives, in compliance with legal and regulatory provisions.

ARTICLE 2 - The Company's corporate purpose is:

I. study, planning, design, construction, and operation of systems for the production, transformation, transport, and storage, distribution and trade of energy, mainly electric, resulting from the use of rivers and other sources, especially renewable ones;

II. study, planning, design, construction, and operation of dams and accumulation reservoirs and other undertakings, intended for the multiple use of water;

III. participation in undertakings whose purpose is the energy industry and trade, especially electricity, as well as the provision of services that, directly or indirectly, relate to such purpose;

IV. study, design, execution of plans and programs for research and development of new energy sources, mainly renewable ones, directly or in cooperation with other entities;

V. study, preparation, execution of economic development plans and programs in regions of interest to the Company, either directly or in collaboration with other state or private bodies, as well as the provision of information and assistance to assist the private or state initiative, which aim at implementing economic, cultural, assistance and social activities in those regions, in order to fulfill their social function for the benefit of the community;

VI. study, design, execution of afforestation and reforestation of trees, commercialization and industrialization of trees, timber and by-products resulting from these activities;

VII. research, mining, exploration and use of mineral resources, mainly energy; and

VIII. participation in other companies, as partner, shareholder or quotaholder.

CHAPTER II SHARE CAPITAL AND SHARES

ARTICLE 3 - The Company's share capital, fully subscribed and paid in, is R\$ 5,975,433,454.43 (five billion, nine hundred and seventy-five million, four hundred and thirty-three thousand, four hundred and fifty-four reais and forty-four three cents), divided into 327,502,673 (three hundred and twenty-seven million, five hundred and two thousand, six hundred and seventy-three) shares, of which 109,167,801 (one hundred and nine million, one hundred and sixty-seven thousand, eight hundred and one) single class common shares and 7,386,323 (seven million, three hundred and eighty-six thousand, three hundred and twenty-three) class A preferred shares and 210,948,549 (two hundred and ten million, nine hundred and forty-eight thousand and five hundred and forty-nine) class B preferred shares, all of which are nominative and without par value.

Paragraph one - Regardless of statutory reform, the share capital may be increased up to the maximum limit of R\$ 17,926,300,363.29 (seventeen billion, nine hundred and twenty-six million, three hundred thousand, three hundred and sixty-three reais and twenty-nine cents), by resolution of the Board of Directors.

Paragraph two - The shares that are part of the Company's shareholding control may not be transferred, assigned or, in any way, disposed of, directly or indirectly, free of charge or without consideration, without the prior consent of the National Electric Energy Agency – ANEEL.

ARTICLE 4 - Each common share will correspond to one vote in the resolutions of the General Meeting, except in the case provided for in Paragraph One below in relation to the election of members of the Board of Directors.

Paragraph One - At any general meeting whose purpose is to resolve on the election, replacement or dismissal of members of the Company's Board of Directors, the shareholder or group of shareholders with the same economic interests or bound by means of a shareholders' agreement (or agreement of votes of any kind) involving the Company, may only vote jointly on such matter with a maximum number of shares equivalent (i) to 60% (sixty percent) of the total number of voting shares issued by the Company or (ii) the percentage represented by the total number of shares issued by the Company held by such shareholder or group of shareholders, whichever is less.

Paragraph two - The restriction on voting rights provided for in Paragraph one above will expire on April 30, 2022, subject to the provisions of Paragraph three below.

Paragraph three - Annually, as from the fiscal year 2021 (inclusive), but in any case only while there is a voting restriction under the terms of Paragraph one above, within (i) 3 (three) business days after the annual general meeting or (ii) on April 1 of each year in which there is a voting restriction, whichever comes first ("Date of Decision on New Restriction"), an extraordinary general meeting will be held to deliberate, by the majority of shareholders with right to vote present at such meeting, on the creation of a new voting restriction period in the exact terms of Paragraph 1 above, not exceeding 1 (one) year ("General Meeting - New Restriction").

Paragraph four - If, for any reason, the General Meeting - New Restriction is not made by the Date of Decision on New Restriction, the Board of Directors will be obliged to call, within 5 (five) days, the General Meeting - New Restriction. If the Board of Directors does not call the General Meeting - New Restriction under the terms of this paragraph, any shareholder holding shares representing more than 5% (five percent) of the voting capital may call such meeting directly.

Paragraph five - In the event of Paragraph four above, the voting restriction will remain in effect under the terms of Paragraph 1 above until the General Meeting - New Restriction is held.

Paragraph six - Preferred shares will not have the right to vote, except as provided for in Article 41, but will be entitled to:

I – Class A preferred shares:

- a) priority in the reimbursement of capital, without the right to a premium in the event of liquidation of the Company;
- b) priority non-cumulative annual dividend of 10% (ten percent), calculated on the value of paid-in capital represented by class A preferred shares, to be apportioned equally among them;
- c) the right to appoint, together with the class B preferred shares, a member of the audit committee and respective alternate, chosen by the holders of the shares, in a separate vote;

d) the right to participate in capital increases, resulting from the capitalization of reserves and profits, under the same conditions as common shares and class B preferred shares; and

e) they will be irredeemable.

II - Class B preferred shares:

a) the right to receive an amount per share corresponding to 100% (one hundred percent) of the amount paid per share to the alienating controlling shareholder in the event of disposal of the Company's control;

b) the right to participate on equal terms with the common shares of the distribution of the mandatory dividend attributed to such shares under the terms of these Bylaws;

c) the right to appoint, together with the class A preferred shares, a member of the Audit Committee and respective deputy, chosen in a separate vote;

d) the right to participate in capital increases resulting from the capitalization of reserves and profits, under the same conditions as common shares and class A preferred shares;

e) they will not have the right to vote and will not acquire that right even in the event of non-payment of dividends; and

f) they will be irredeemable.

ARTICLE 5 - The shareholders, observing the legal provisions and the conditions provided for below, may convert (i) class A preferred shares into common shares and class B preferred shares of the Company and (ii) common shares into class A preferred shares and shares class B preferred shares of the Company, in both cases as long as paid in. The Company's class B preferred shares are not convertible.

Paragraph one - In the event of conversion (i) of class A preferred shares into common shares and (ii) of common shares into class A preferred shares:

I. the conversions will be carried out at times to be determined by the Board of Directors, in periods of not less than 15 (fifteen) consecutive days;

II. the shareholders must, in order to use the benefit, have enjoyed all the rights related to the shares held and present, at the time of the conversion, identity documents;

III. in each period of conversion of species, the shareholder may make requests for conversion of up to 3% (three percent) of the share capital and the amount of the requests made may not exceed 5% (five percent) of the share capital.

Paragraph two - In the event of conversion (i) of class A preferred shares into class B preferred shares, and (ii) of common shares into class B preferred shares, the conversion will be carried out in proportion to one share held by a new converted share, observing the limit of 2/3 (two thirds) of the total number of shares issued for preferred shares without voting or with restricted voting.

Paragraph three - The Company's Board of Directors will be responsible for establishing the terms, terms and conditions for the exercise of the conversion rights provided for in this article, being able to perform all the acts necessary for its implementation.

Paragraph four - The Company may authorize the depositary institution in charge of registering the book-entry shares to be charged to the shareholder, subject to the limits set by the Securities and Exchange Commission - CVM, the cost of the service of transferring the ownership of the book-entry shares.

CHAPTER III GENERAL MEETING

ARTICLE 6 - The General Meeting will be convened, installed and will deliberate in accordance with the law, on matters within its competence.

Paragraph one - It is incumbent upon the Board of Directors, through its Chairman, to call the General Meeting.

Paragraph two - The General Meeting will be chaired by the Chairman of the Board of Directors or, in his absence, by a person chosen by the majority of the votes of the shareholders present.

Paragraph three - The chairman of the General Meeting will choose, from among those present, the secretary of the board.

Paragraph four - The minutes of the General Meeting will be drawn up as provided for in article 130, of the Corporation Law.

CHAPTER IV COMPANY MANAGEMENT

ARTICLE 7 - The Company will be managed by the Board of Directors and the Executive Board.

Sole paragraph - The positions of Chairman of the Board of Directors and Chief Executive Officer or main executive of the Company cannot be accumulated by the same person, except for the hypotheses of vacancy, subject, in this case, to the provisions of Level 1 Regulation.

CHAPTER V

ADMINISTRATIVE COUNCIL

ARTICLE 8 - The Board of Directors is a collegiate decision-making body responsible for the Company's superior guidance.

Composition and term of office

ARTICLE 9 - The Board of Directors will be composed of, at least, 3 (three) and, at most, 11 (eleven) effective members, in compliance with the provisions of Article 13 below, elected and removed at any time by the General Meeting, all with unified mandate of 2 (two) years from the date of the election, extending until the inauguration of the successors, reelection being permitted.

Paragraph one - It will be incumbent upon the General Meeting that elects the Board of Directors to establish the total number of positions to be filled, within the maximum limit provided for in these Bylaws, and to designate its Chairman and the Vice-Chairman.

Paragraph two - It is the responsibility of the Chairman of the Board of Directors to call the General Meetings, pursuant to Article 6, paragraph 1, to preside over the meetings of the Board of Directors and to exercise other duties and functions that may be specified or assigned by an internal regulation of the Board of Directors.

Paragraph three - The Vice-Chairman of the Board of Directors will exercise all the functions of the Chairman in his absence.

Paragraph four - In the event of the absence of the President and the Vice-President, such assignments will be carried out by any other Director appointed by the President.

Employee Representative

ARTICLE 10 - The participation of 1 (one) employee representative on the Board of Directors is guaranteed, with a mandate coinciding with that of the other Directors.

Paragraph One - The Director representing the employees will be chosen by the vote of the employees, in a direct election, the reappointment for a successive period is prohibited.

Paragraph two - To apply, the interested employee must (i) meet the conditions imposed by art. 147 of the Corporation Law and other applicable regulations; (ii) comply with the guidelines and procedures provided for in the Referral Policy, eventually approved at a Board of Directors' Meeting; (iii) comply with the provisions set forth in Chapter IX of these Bylaws, as applicable; (iv) on the application date, be employed by the Company, and (v) have, on the application date, completed higher education.

Paragraph three - Candidacy for a Director representing employees is prohibited:

I – of a politically exposed person, pursuant to Resolution No. 29 of the Financial Activities Control Council (COAF), of December 7, 2017, as amended;

II - of a person who acts or has acted, in the last 24 (twenty-four) months, as a participant in the decision-making structure of a political party or in work linked to the organization, structuring and conducting of an electoral campaign;

III - of a person who holds or has held a position in a trade union organization in the last 24 (twenty four) months.

Paragraph four - The prohibitions provided for in the preceding paragraph also extend to consanguineous or related relatives up to the first degree of candidates for employee representatives.

Paragraph five - The internal regulations of the Board of Directors or the Nominating Policy, eventually approved at the Board of Directors' Meeting, may establish eligibility requirements and additional conditions for the exercise of the position of Director representing the employees.

Representative of Minority Shareholders

ARTICLE 11 - The participation of a representative of minority shareholders in the Board of Directors is guaranteed, with a mandate coinciding with that of the other Directors, pursuant to article 141, of the Corporation Law

Independent Members

ARTICLE 12 - The Board of Directors will have the participation of one or more independent members, guaranteed to the controlling shareholder the power to elect the majority of its members, under the terms of item "a", of article 116, of the Corporation Law

Paragraph one - The condition of independent Board Member must be expressly stated in the minutes of the general meeting that elects him, and the one who (i) is a direct or indirect controlling shareholder of the Company will not be considered an independent Director; (ii) has its exercise of voting at the Board of Directors' meetings bound by a shareholders' agreement that has as its subject matter matters related to the Company; (iii) is a spouse, partner or relative, in a straight or collateral line, up to the second degree of the controlling shareholder, a manager of the Company or a manager of the controlling shareholder; and (iv) was, in the last 3 (three) years, an employee or director of the Company or its controlling shareholder.

Paragraph two - Regardless of the provisions of the previous Paragraph, the Board Member elected by means of a separate vote shall be considered independent for the purposes of the *caput* of this Article 12.

Vacancy and Replacements

ARTICLE 13 – In the event of a vacancy in the position of Board Member before the end of the term, the Board of Directors may decide on the choice of a replacement, who will serve on an interim basis until the first General Meeting. carried out after the beginning of the vacancy.

Paragraph one - In the event of a vacancy in the majority of the positions on the Board of Directors, a general meeting will be called to proceed to the new election, and it will be incumbent upon the Executive Board to call the General Meeting to elect the Directors in the event of vacancy in all positions on the Administration.

Paragraph two - In the event of vacancy in the position of the Director representing the employees before the end of the term, the Board of Directors may decide on the choice of the substitute, who will serve on an interim basis until the conclusion of a new election of the Director representing the employees, to be held in the pursuant to Article 10, Paragraph One of these Bylaws.

Paragraph three - For the purposes of this article, the position of member of the Board of Directors (including that of employee representative) resulting from dismissal, resignation, death, disability, or unjustified absence in 4 (four) consecutive meetings of the Board of Directors is considered vacant.

Operation

ARTICLE 14 - The Board of Directors will meet, ordinarily, on a quarterly basis, on dates previously fixed in an annual calendar defined by the body itself and, extraordinarily, whenever necessary to the interests of the Company, preferably at the headquarters of the Company.

Paragraph One - The meetings of the Board of Directors shall be called by its Chairman, or, in his absence, by the Vice Chairman, or by a majority of the Directors, by sending a written or electronic correspondence to all of the Directors at least 5 (five) calendar days in advance for ordinary and extraordinary meetings, if held on first call, and 3 (three) calendar days in advance for ordinary and extraordinary meetings, if held on second call, and such notice must state the date, time and subjects that will be included in the agenda.

Paragraph two - Calling in writing or electronically is waived whenever all members of the Board of Directors attend the meeting.

Paragraph three - The member of the Board of Directors is allowed to participate in the meeting through videoconference, conference call or any other means of communication that allows the identification of the participants and their interaction in real time. The Director, in this case, will be considered as attending the meeting for all purposes and must subsequently sign the corresponding minutes.

Paragraph four - The Board Member may, in his/her absences, cast his/her vote by means of a power of attorney, provided that it is received by the Chairman or the Vice Chairman of the Board of Directors until the beginning of the meeting. If there is any vote to be cast, the power of attorney must contain the exact content of the vote of the represented Director. Otherwise, the attorney-in-fact must abstain from voting, however, the absent Director will be considered present for the formation of the installation quorum and for voting.

Paragraph five - The Chairman of the Board of Directors shall ensure that the Directors receive individually, with due advance in relation to the date of the meeting, the documentation containing the necessary information to allow the discussion and deliberation of the matters to be treated, including, when as the case may be, the Executive Board's proposal and the technical and legal manifestations.

Paragraph six - The meetings of the Board of Directors will be installed with the presence of the majority of its acting members, chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice-Chairman of the Board of Directors and, in the absence of the Board of Directors. President and Vice-President, by another Director appointed by the majority of those present, and secretariat by whomever he/she nominates.

Paragraph seven - In the event of the absence or temporary impediment of any member of the Board of Directors, the Board of Directors shall operate with the other members, provided that the minimum installation quorum provided for in Paragraph six above is respected.

Paragraph eight – The Chairman of the Board of Directors, on his own initiative or at the request of any Director, may call on the Company's Officers to attend the meetings and provide clarifications or information on the matters under consideration.

Paragraph nine - When necessary to examine the matter, the matters submitted to the Board of Directors for consideration will be instructed with the approved proposal of the Executive Board or of the competent bodies of the Company, and of any legal or technical opinions.

Paragraph ten - When there is an urgent reason, the Chairman of the Board of Directors, or, in his absence, the Vice-Chairman, or the majority of the Directors, may call extraordinary meetings at any time.

Paragraph eleven - The Board of Directors will decide by majority of votes of the participants in the meeting, and in the event of a tie, the Chairman of the Board of Directors shall have the casting vote.

Paragraph twelve - The meetings of the Board of Directors must be recorded in minutes drawn up in the appropriate book.

Paragraph thirteen - Whenever it contains resolutions intended to take effect before third parties, the extract of the minutes, or the minutes of the Board of Directors' meeting will be filed in the trade

register and published, in accordance with the legislation. In any case, in case of confidentiality or relevance, the Board of Directors can determine the non-disclosure of minutes or excerpts from it. In this case, an extract of the minutes with non-confidential matters will be prepared for registration and publicity under the terms above.

Assignments

ARTICLE 15 - The Board of Directors is responsible for:

- I. establishing the general orientation of the Company's business;
- II. inspecting the management of the Officers, examine, at any time, the books and papers of the Company, request information on contracts entered into or about to be signed, and any other acts;
- III. calling the General Meeting when deemed convenient or in the situations provided for in the legislation and these Bylaws;
- IV. constituting, installing, and dissolving non-statutory advisory committees, electing and dismissing, at any time, the respective members and establishing any internal operating regulations;
- V. approving the strategic planning, containing the updated long-term strategy with analysis of risks and opportunities, the guidelines for action, results targets and performance evaluation indexes;
- VI. approving the business plan for the following year, annual and multiannual programs, indicating the respective projects;
- VII. approving expenditure and investment budgets, with an indication of the sources and applications of funds;
- VIII. expressing an opinion on the management report, the accounts of the Executive Board and the financial statements of the Company;
- IX. approving and/or reviewing the Company's code of ethics and any corporate policies of the Company, such as the Policy on Transactions with Related Parties, the Dividend Policy, the Securities Trading and Disclosure Policy, the Information Policy Risk Management, the Environment Policy, the Referral Policy, the Anti-Corruption Policy, the Policy of Responsibilities, among others;
- X. promoting the annual disclosure of the integrated or sustainability report;
- XI. approving the Energy Commercialization Policy, including the methodology, scope and risk limits for the commercialization of energy;
- XII. resolving on the increase of the share capital within the limit authorized by the Bylaws, establishing the respective subscription and payment conditions;

XIII. resolving on the issue, within the authorized capital limit, of shares, debentures convertible into shares and subscription bonus;

XIV. resolving on the issue, for private placement or through a public offer for distribution, of promissory notes and debentures not convertible into shares;

XV. resolving on the granting, within the limit of the authorized capital, and in accordance with the plan approved by the General Meeting, of the option to purchase shares to managers or employees, or to natural persons who provide services to the Company or the company under its control;

XVI. authorizing the trading of the Company with its own shares and with financial instruments referenced to the shares issued by the company and authorizing the sale and cancellation of treasury shares, subject to the applicable legislation;

XVII. authorizing the Company's participation in other companies, as a quotaholder or shareholder, as well as its participation in consortia and association agreements and/or shareholders' agreements and on the incorporation of companies, in Brazil or abroad, by the Company;

XVIII. setting the maximum limit for the Company's indebtedness;

XIX. resolving on the payment of interest on equity or the distribution of dividends based on the net income for the current year, as determined in the interim financial statements, half-yearly, quarterly or in shorter periods or based on the profit reserves existing in the last statements annual or interim financial statements, half-yearly, quarterly, or in shorter periods;

XX. resolving on the Profit and Results Sharing Program;

XXI. authorizing the execution of any legal transactions that compel the Company or exonerate third parties from liability to the Company, whose individual amounts per transaction exceed the limit established in the Policy of Responsibilities approved by the Board of Directors, subject to the provisions of item XXXIII below;

XXII. authorizing the sale, exchange or encumbrance of the Company's real estate, the values of which exceed the limit established in the Policy of Responsibilities approved by the Board of Directors. Donations are excluded, which must be approved by the Board of Directors regardless of the amount;

XXIII. authorizing the provision of guarantees in favor of third parties, whose individual amounts per operation exceed the limit established in the Policy of Responsibilities approved by the Board of Directors. Except for those provided in favor of companies or entities controlled by the Company itself, individually or jointly, and guarantees of any nature offered in judicial, arbitration or administrative proceedings to which the Company or its subsidiaries are a party, which will not depend on authorization by the Board. administration;

XXIV. authorizing the execution of judicial, extrajudicial, administrative or arbitration agreements that exceed the maximum limits established in the Company's Policy of Responsibilities;

XXV. organizing its operation, by means of its own rules embodied in any internal regulations approved and modified by the Board of Directors itself;

XXVI. previously expressing an opinion on any proposal or matter to be submitted to the General Meeting;

XXVII. implementing and supervise the risk management and internal control systems established to prevent and mitigate the main risks to which the Company is exposed, including risks related to the integrity of accounting and financial information and those related to the occurrence of corruption and fraud;

XXVIII. approving the parameters for structuring the reporting channel;

XXIX. approving, upon proposal by the Chief Executive Officer, the powers and duties of the Executive Officers;

XXX. choosing and removing independent auditors;

XXX I. electing and dismissing the members of the Executive Board and other statutory advisory committees of the Board of Directors, at any time, as well as establish any internal operating regulations;

XXXII. calling and deciding on any matter or matter that is not included in the private competence of the General Meeting; and

XXXIII. authorizing the execution of any legal business between the Company and its subsidiaries, on the one hand, and any related parties, on the other hand, pursuant to the Policy on Transactions with Related Parties, approved by the Board of Directors.

CHAPTER VI EXECUTIVE OFFICE

Composition and term of office

ARTICLE 16 – The Executive Board will be composed of a minimum of 2 (two) and a maximum of 6 (six) members, being a Chief Executive Officer, a Financial Officer, an Investor Relations Officer, a Generation or Operations Director and the others without specific designation, the cumulation of positions is allowed, and the position of Investor Relations Officer may only be cumulated with the position of Chief Executive Officer or with the position of Financial Director, with the respective

attributions established by the Board of Directors, specified in any internal regulation, when not specified in these Bylaws, all with a unified mandate of 2 (two) years.

Absence, Vacancy, and Replacements

ARTICLE 17 – In the absence or temporary impediment of any Director, the Chief Executive Officer shall designate another member of the Executive Board to fulfill the functions of the Executive Officer who is absent or temporarily impeded.

Sole Paragraph – In his absences and temporary impediments, the Chief Executive Officer will be replaced by the Director appointed by him.

ARTICLE 18 – In case of vacancy of any position of Director before the end of the mandate, the Board of Directors shall elect the substitute, who will complete the term of office of the replaced.

ARTICLE 19 – The Chief Executive Officer is responsible for:

- I. coordinating the activities of the Executive Board and the other Directors;
- II. leading, planning, organizing, coordinating, and supervising the Company's ordinary management, including the implementation of the guidelines and compliance with the resolutions taken by the General Meeting, the Board of Directors and the Executive Board;
- III. promoting the organizational and functional structure of the Company;
- IV. indicating to the Board of Directors the names for the composition of the Executive Board and recommend to the Board of Directors the removal of any member of the Executive Board; and
- V. performing other activities indicated by the Board of Directors.

Company Representation

ARTICLE 20 – Except for the cases provided for by law and in these Bylaws, the Company undertakes, through acts, in or out of court, binding, assuming rights and obligations, by acting, manifesting and signing:

- I. of any 2 (two) Directors jointly;
- II. 1 (one) Director together with 1 (one) attorney-in-fact, according to the powers expressed for the practice of the act contained in the respective power of attorney; or
- III. 2 (two) attorneys-in-fact together, according to the express powers contained in the respective power of attorney; or

IV. 1 (one) attorney-in-fact, in accordance with the express powers contained in the respective power of attorney.

Paragraph one – The powers of attorney granted by the Company will only be valid if signed by any 2 (two) directors acting together, specifying the powers granted.

Paragraph two – All powers of attorney of the Company will have a maximum term of validity of 1 (one) year, except those granted to attorney(s) for the representation of the Company in judicial or administrative proceedings, which may have an indefinite term.

Paragraph three – The Investor Relations Officer may, individually, represent the Company before CVM, B3, the financial institution providing the Company's stock bookkeeping services and entities managing organized markets in which the Company's securities are admitted for negotiation

CHAPTER VII AUDIT COMMITTEE

ARTICLE 21 – The Company will have a Audit Committee of non-permanent operation, with the powers and attributions provided for in the law and will only be installed by resolution of the General Meeting, or at the request of the shareholders, in the cases provided for by law.

ARTICLE 22 – The Audit Committee will be composed of, at least, 3 (three) and, at most, 5 (five) effective members, with an equal number of alternates, elected annually by the Annual General Meeting, with reelection allowed.

Sole paragraph – In the event of vacancy or impediment of an effective member of the audit committee, the alternate will take over.

Representative of Minority Shareholders

ARTICLE 23 – The participation of a representative of minority shareholders, and of preferred shareholders, if any, and their respective alternates, under the terms of article 161, of the Corporation Law, is guaranteed on the Audit Committee.

Sole paragraph – The controlling shareholder is guaranteed the power to elect the majority of its members, under the terms of paragraph "b", of paragraph 4, of article 161, of the Corporation Law.

CHAPTER VIII STATUTORY AUDIT COMMITTEE

ARTICLE 24 – The Company may have a Statutory Audit Committee, a technical organ of permanent assistance to the Board of Directors, and shall, in addition to those competencies assigned in the regulations in force and under the terms defined in the internal regulations:

I. supervise the activities of the areas of internal audit, internal controls and the preparation of the Company's financial statements;

II. issue an opinion on the hiring and dismissal of the independent auditor for the preparation of an independent external audit or any other service and supervise its activities in order to assess its independence, the quality of the services provided and the adequacy of the services provided to the needs of the Company;

III. analyze and monitor the quality and integrity of the Company's quarterly information, interim statements and financial statements;

IV. monitor the quality and integrity of the information and measurements disclosed based on adjusted accounting data and non-accounting data that add elements not provided for in the structure of the usual reports of the Company's financial statements;

V. monitor the quality and integrity of the Company's internal control mechanisms;

VI. to ensure compliance with the Company's Code of Ethics;

VII. monitor the procedures for investigating breaches of the Code of Ethics, as well as the events recorded in the Reporting Channel;

VIII. evaluate and monitor the Company's risk exposures, which may require detailed information on procedures and policies related to the compensation of the managers, the use of the Company's assets and the expenses incurred on behalf of the Company;

IX. evaluate and monitor, together with management and the internal audit area, the adequacy of transactions with related parties carried out by the Company and their respective disclosures;

X. prepare the summarized annual report, to be submitted together with the financial statements, containing the following information: (a) the activities carried out in the period, the results and conclusions reached, (b) description of the recommendations presented to the Company's management, and (c) any situations in which there is a significant divergence between the Company's management, the independent auditors and the CAE in relation to the Company's financial statements;

XI. prepare the detailed annual report corresponding to the year to which the assessment refers, and that report must contain the description of: (a) its activities, results and conclusions reached and recommendations made; (b) any situations in which there is a significant divergence between the

Company's management, the independent auditors and the CAE in relation to the Company's financial statements.

ARTICLE 25 – The Statutory Audit Committee will be formed by a minimum of 3 (three) and a maximum of 5 (five) members, most of them independent under the terms of CVM Instruction No. 308, of May 14, 1999, as amended ("ICVM 308"), elected and dismissed by the Board of Directors, with at least 1 (one) of the members of the Statutory Audit Committee to be a member of the Company's Board of Directors who does not participate in the Executive Board and at least 1 (one) member has recognized experience in corporate accounting matters.

Paragraph one – The members of the Statutory Audit Committee will have a unified mandate of 2 (two) years, with reelection being allowed for the same period, as long as the interval of 3 (three) years for renewal is observed.

Paragraph two – The Statutory Audit Committee will be coordinated by a Board Member.

Paragraph three – The participation of the Company's Officers, its subsidiaries, parent companies, affiliates or companies under common control, directly or indirectly, in the Statutory Audit Committee is prohibited.

ARTICLE 26 – The Statutory Audit Committee will have operational autonomy and its own budget approved by the Board of Directors, under the terms of the applicable regulations.

ARTICLE 27 – The Statutory Audit Committee exercises its functions in accordance with its internal regulations. In addition to the provisions of these Bylaws and the internal regulations, the committee will observe all the terms, requirements, attributions and composition provided for in ICVM 308, qualifying as a Statutory Audit Committee (CAE), under the terms therein.

CHAPTER IX COMMON RULES TO THE STATUTORY BODIES

Article 28 – Notwithstanding the other provisions of these Bylaws, investiture as a member of the Board of Directors, audit committee, Executive Board and statutory committees ("Statutory Bodies") of the Company will observe (i) the conditions imposed by art. 147 of the Corporation Law and other applicable regulations; (ii) the guidelines and procedures foreseen in the Nominating Policy, eventually approved at the Board of Directors' Meeting

ARTICLE 29 – The members of the Board of Directors and of the Executive Board must prove compliance with legal requirements, by submitting a resume and declaration signed by the individual elected under the terms of article 2 of CVM Instruction 367, of May 29, 2002.

Sole paragraph – The impossibility of declaring that he does not occupy a position in a company that can be considered a competitor of the company, and does not have, nor does it represent, a

conflicting interest with that of the Company, does not prevent the investiture of the members of the Board of Directors and of the Executive Board, imposing, in this case, that the General Meeting expressly dismisses the elected from such requirement, and the declaration instrument contains detailed clarifications about the reasons that prevent the declaration mentioned above.

ARTICLE 30 – A person prohibited by a special law, or convicted of a crime of bankruptcy, prevarication, bribery, graft, embezzlement, against the popular economy, the public faith or property, or under a criminal penalty that prohibits, even temporarily, access to public office, is ineligible for management and Audit Committee positions in the Company

Sole paragraph – A person sentenced to the penalty of suspension or temporary disqualification applied by the CVM is also ineligible for the positions of management and the audit committee of the Company.

ARTICLE 31 – The members of the Statutory Bodies will be invested in their positions by signing the instrument of investiture drawn up in the respective book of minutes.

Paragraph one – The term of investiture must be signed within 30 (thirty) days after the election, under penalty of its ineffectiveness, unless justification accepted by the body for which the member has been elected, and must contain the indication of at least one domicile to receive citations and subpoenas from administrative and judicial processes, related to acts of its management, being allowed to change the address indicated only by written communication.

Paragraph two – The investiture of the members of the Board of Directors and of the Executive Board will be subject to the prior subscription of the Administrators' Instrument of Consent under the terms of the Level 1 Regulation, as well as compliance with the applicable legal requirements.

ARTICLE 32 – Except in the event of resignation or dismissal, the term of office of the members of the Statutory Bodies is automatically considered to be extended until the investiture of the respective substitutes.

Compensation:

ARTICLE 33 – The global compensation of the members of the Statutory Bodies will be fixed by the General Meeting.

Paragraph one – The compensation of the members of the Committees will be fixed by the General Meeting.

Paragraph two – It is incumbent upon the Board of Directors to resolve on the distribution of the overall compensation of the managers among the members of the Board of Directors and the Executive Board.

Paragraph three – The General Meeting that elects the audit committee must establish the compensation of the audit committee members, which, in addition to the mandatory reimbursement, of the travel and subsistence expenses necessary for the performance of the function, cannot be lower, for each member in office, the 10% (ten percent) of the compensation that, on average, is attributed to each director, not counting benefits, representation fees, and profit sharing.

**CHAPTER X
SOCIAL YEAR AND FINANCIAL STATEMENTS PROFITS, RESERVES, AND DISTRIBUTION
OF RESULTS**

ARTICLE 34 – The fiscal year will coincide with the calendar year, after which the Board will prepare the financial statements provided for by law.

Sole paragraph – The disclosure of the financial statements must occur up to a maximum of 4 (four) months after the end of the respective fiscal year.

ARTICLE 35 – The profit for the fiscal year, after the deductions provided for in the Corporation Law, will have the following destination:

- I. 5% (five percent) will be invested, before any other allocation, in the constitution of the legal reserve, up to the limit of 20% (twenty percent) of the share capital;
- II. of the balance, an amount will be allocated for the payment of the preferred dividend for class A preferred shares, provided for in Article 4, item I, letter b;
- III. of the balance, an amount will be allocated for the payment of mandatory annual dividends to common shares and class B preferred shares, corresponding to 10% (ten percent) of the paid-in share capital represented by these shares, to be apportioned equally between them;
- IV. the balance, up to 20% (twenty percent), may be allocated according to the resolution of the General Meeting, for reinvestment in the expansion of the activities provided for in Article 2 of these Bylaws, up to the limit of 10% (ten percent) of the share capital;
- V. the balance will be allocated deliberately at the General Meeting, subject to the retentions permitted by law, and in the case of distribution of the remaining balance, class A and class B common and preferred shares, this will be done under equal conditions.

Sole paragraph – The payment of interest as compensation of equity may be deducted from the amount of dividends payable, in accordance with the legislation in force.

ARTICLE 36 – Common shares will be entitled to the minimum mandatory dividend corresponding to 25% (twenty-five percent) of the net profit for the year, after deductions determined or admitted by law.

Paragraph one – Class A preferred shares will be entitled to the annual non-cumulative preferred dividend of 10% (ten percent), calculated on the amount of paid-in capital represented by class A preferred shares to be apportioned equally between them.

Paragraph two – Class B preferred shares will be entitled to participate on equal terms with common shares in the distribution of the mandatory dividend under the terms of the caput of this Article.

Paragraph three – The dividend may be paid by the Company in the form of interest on equity.

Paragraph four – The Company may draw up interim or interim balance sheets for the purpose of distributing dividends or paying interest on shareholders' equity.

CHAPTER XI LIQUIDATION

ARTICLE 37 – The Company will go into liquidation in the cases provided for by law, and it is incumbent upon the General Meeting, if applicable, to determine the method of liquidation and to appoint the liquidator, setting his compensation.

CHAPTER XII SHAREHOLDERS AGREEMENT

ARTICLE 38 – The Company must comply with any and all provisions provided for in shareholders' agreements that may be filed at its headquarters.

Sole paragraph – The Company must not register, consent to or ratify any vote or approval by the shareholders, Board of Directors or any executive officer, or perform or fail to perform any act that violates or is incompatible with the provisions of such shareholders' agreements or which, in any way, could harm the rights of shareholders under such agreements.

CHAPTER XIII ARBITRAL JUDGE

ARTICLE 39 – The Company, its shareholders, managers, and the members of the Audit Committee undertake to resolve, through arbitration, before the B3 Market Arbitration Chamber, in accordance with its respective Arbitration Regulation, any and all disputes or controversies that may arise between them, related or arising, in particular, from the application, validity, effectiveness, interpretation, violation, and its effects, of the provisions contained in the Corporation Law, in these Bylaws, in the rules issued by the National Monetary Council, by the Central Bank of Brazil and the CVM, as well as in the other rules applicable to the functioning of the capital market in general, in addition to those contained in the Tier 1 Regulation, the Arbitration Rules of the Market Arbitration Chamber and the Tier 1 Agreement for the Adoption of Differentiated Corporate Governance Practices.

**CHAPTER XIV
GENERAL PROVISIONS**

ARTICLE 40 – The Company is included in Tier 1 and can only be excluded from Tier 1 so that the Company's shares are registered for trading outside Tier 1 or due to corporate reorganization in which the resulting company does not have its securities admitted to trading at Tier 1 within 120 (one hundred and twenty) days from the date of the general meeting that approved the transaction, through (i) prior approval at the General Meeting and (ii) notice to B3 in writing with 30 (thirty) days in advance.

ARTICLE 41 – The provisions contained in (i) in article 12, (ii) in Article 39 and (iii) in this article, of these Bylaws, can only be changed with the favorable vote of more than half of the total share capital of the Company or to incorporate eventual changes to the B3 Regulations for differentiated levels of corporate governance.

ARTICLE 42 – The reimbursement amount due to dissenting shareholders who exercise the right of withdrawal in the cases provided for in the Corporation Law is determined by dividing the value of shareholders' equity, as determined in the last individual financial statements approved by the General Meeting, by the total number shares issued by the Company, excluding treasury shares.