020 ANNUAL REPORT





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This document is interactive. Click on the contents or top menu on the pages to browse through the Report and the links throughout the text for further information about the issues addressed.

Cover: Vila Restauração, in the state of Acre, where Energisa is developing a project to install a photovoltaic solar power plant to substitute the generation of energy from diesel fuel. Photo: Jack Motta



MESSAGE FROM MANAGEMENT

| GRI 102-14 |



Ricardo Botelho Energisa Group CEO

2020 saw Energisa Group implement a series of initiatives aiming to instill sustainability as an important part of our business strategies. Before diving into them, however, we are compelled to mention the situation we have faced since March 2020, following the advent of the Covid-19 pandemic. We are in the midst of an unprecedented global crisis, which has devastated human lives and unleashed serious social and economic consequences.

Our first challenge was working out what Energisa could do to protect its people: our employees and their relatives, partners and society in general. At this juncture it is only fair to stress the adaptability and agility with which the Group's leaders and our 19,991 direct employees, service providers and interns have demonstrated to introduce strict sanitation protocols and tools to enable employees to work from home, while ramping up digital customer services. I also draw your attention to the performance of our operating personnel and field teams to guarantee that our essential services remained up and running with quality and safety.

Another immediate concern was coordinating efforts to ameliorate the most pressing socioeconomic issues in our geographies. To do this we invested R\$ 8 million in *Energia do Bem*, a movement we set up to mobilize institutional partners, volunteers and the government to join forces around initiatives that resulted in donations of 150 tonnes of food products, thousands of masks and hundreds of ventilators for use in-hospital emergencies. We also act to guarantee financing for struggling small and medium-sized businesses and foster a digital cultural agenda supporting the arts.



We bolstered our presence in digital customer service channels during the four months in which our branches were closed. The service facilities were approved and became a part of our customers' routines, with participation in digital channels rising from 66.2% in February 2020 to 75.5% in December, peaking at 81.8% in May.

The pandemic did not thwart our employee training program and we ramped up our remote learning initiatives, which amassed 442,015 hours in the year, an increase of 45% compared to 2019.

Over the year we enhanced our management model by opening a practice exclusively dedicated to sustainability and creating our Sustainability Governance program, which aims to ensure that ESG matters are instilled in the Group's strategy, policies and practices. For this we also created the Strategic Sustainability Committee, which answers to the Board of Directors and is advised by the tactical and operational sustainability committees.

We committed to the UN's Global Compact and its 10 principles of the global sustainability agenda. We also joined the Brazilian Business Council for Sustainable Development (CEBDS), an organization that represents companies with the common goal of fostering meaningful sustainable solutions, which is a representative of the World Business Council for Sustainable Development (WBCSD) in Brazil. Another initiative was our entry into the Brazilian GHG Protocol Program to record our inventory of greenhouse gases emitted by the group's activities.







The Energisa we envisage for the future is a company that goes beyond energy distribution, generation and transmission, establishing itself as a platform for data-driven customer-centric solutions conversant with the energy sector's ecosystem.

The Energisa we envisage for the future is a company that goes beyond energy distribution, generation and transmission, establishing itself as a platform for data-driven customer-centric solutions conversant with the energy sector's ecosystem. We aim to increment our portfolio of solutions with a range of higher added value offers through innovative business models focused on 4D energy transmission supported on four pillars: Diversification, Decentralization, Digitization and Decarbonization.

Our Amazon decarbonization initiatives are also emblematic of how our fundamental strategy translates into practical initiatives. Part of our customers in the region are currently served by diesel-powered thermal power plants in islanded systems operated by third parties, i.e., energy from an expensive polluting source not connected to the National Interconnected Grid. We are working to interconnect these regions and deactivate the islanded thermal plants. We deactivated five such plants in 2020. and will have deactivated 19 islanded plants by 2025. In practical terms this means keeping 533 thousand tonnes of CO₂ in the ground, directly benefiting 450 thousand people who will have access to better quality cheaper energy.

Annual savings will be made by the end of the program of R\$ 665 million on subsidies paid to thermal power plants, which will be felt in consumer rates throughout Brazil. The Decarbonization Meter on our *webpage* reports the progress made by the decarbonization program and the emissions avoided.

Acquired by Energisa in 2019, Alsol is a trailblazer in distributed energy distribution and photovoltaic systems, which also opens up new possibilities in terms of 4D Energy options. Last year the company inaugurated six solar farms in Minas Gerais, and in 2021 is set to invest R\$ 200 million to build 15 new plants capable of generating 73 MWp, enough energy to power 70 thousand homes.

Alsol has also just received a Rushlight Award, a British award acknowledging innovation and sustainability projects. The award was given to the initiative MoovAlsol, the first electric mobility project in Brazil in which electric vehicles are powered solely by solar energy. There is a huge potential market for electric vehicles in Brazil, which is still in its early days.

Another truly inspiring achievement is the creation of a microgrid powered by photovoltaic technology, batteries and biodiesel in Vila Restauração in Acre state, at the heart of the Amazon forest, which supplies around-the-clock energy to 600 people who had previously only enjoyed 2 hours a day. This is the kind of pilot solution we intend to introduce in other off-the-grid locations that can drive development of regions with insufficient energy coverage.

In the Diversification and Digitization pillars, we laud the creation of the fintech Voltz, which offers financial services to customers currently excluded from the banking system or unable to fully benefit from the services offered by conventional financial institutions. Energisa identified huge conversion potential amongst the approximately 20 million inhabitants in its concession area.

Energisa has more than doubled in size in the last decade. We have a footprint in all regions of Brazil, supplying energy to some 8.1 million customers. Our distribution utilities are the Group's greatest assets. Continuously enhancing these consumers' experience is a priority for the Company and crucial to achieving our objective of being the foremost energy solutions platform in Brazil.

In 2020 we distributed an energy volume 0.9% higher than in the previous year, whilst the Brazilian market contracted by 1.6% in the same period. Despite the challenging conditions, we achieved a meaningful result for the year: Adjusted EBITDA of R\$ 4.4 billion, 13.6% more than the previous year, and net income of R\$ 1.6 billion.

We intend to spearhead Brazil's energy transition, coupling financial results with economic, social and environmental development in our geographies, investing in our personnel and nurturing their talents. Energisa is the largest private Brazilian company in the electric sector and has been operating for 116 years. We are a company in transformation and continuously pursuing perfection, guided by the commitment of leaving a positive legacy for future generations.

energisa

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ABOUT THIS REPORT

Energisa has published annual performance and management reports on social, environmental, economic, financial and governance matters since 2005. In 2020, for the first time, we are presenting our Annual Report prepared in accordance with Global Reporting Initiative (GRI) Standards: Core option. This document also forms the Communication on Progress (COP), which comprises Energisa's commitments to the Global Compact and Sustainable Development Goals (SDGs). The previous edition for 2019 was published in April 2020. [GRI 102-51, 102-52]

The report embraces the period January 01 to December 31, 2020 and presents performance indicators and information about the management of topics with the greatest impact and influence for Energisa and its stakeholders — shareholders, investors, financial market, employees, customers, suppliers, entities, NGOs and the press. The document is formally approved by the Company's Board of Directors. [GRI 102-50, 102-32]

The information embraces the companies Energisa controls: eleven DisCos, four TransCos, an energy trader, six service firms and a renewable energy firm. Socioenvironmental data is not consolidated for Energisa Comercializadora. The financial indicators are compiled in accordance with International Financial Reporting Standards – IFRS and were audited by Ernst & Young Auditores Independentes. The socio-environmental and governance information was ascertained by internal procedures, standards and environmental and quality certifications, but the data was not independently verified. [GRI 102-56]

Queries, suggestions and requests for further information should be sent to the e-mail sustentabilidade@energisa.com.br |GRI 102-53|



Materiality |GRI 102-46|

In 2020 Energisa carried out analyses and made consultations in order to determine the topics which should be prioritized in the Company's sustainability management practice and the contents of this report. This process took place in accordance with GRI Standards and the standard AA1000 (Accountability 1000), which calls for stakeholder engagement.

The engagement included analyzing materials and benchmarking Brazilian and international energy utilities, drawing on external sources of sustainability and consulting the company's key leaders and stakeholder representatives. The online consultation involved 133 participants (including shareholders and investors, customers, suppliers, employees and outsourced employees, the press, community, social project partners and the regulatory agency). The Business vision was constructed based on the replies from 13 of the company's leaders.

The scores obtained were used to compile a materiality matrix, which plots the opinions of stakeholders (Y axis) against Energisa's vision (X axis). The five topics scored highest by each group of stakeholders are also presented.





Step 1 Identifying topics

The process for defining the material topics involved preparing a list of material topics for the sector, based on analyzing internal and external documents strategic to Energisa Group.

The sources consulted were:

- External: Energy utilities, DJSI, SASB, WBCSD, Global Risks Report–World Economic Forum, press articles about the company and the sector.
- Internal: Energisa's 2019 report and relevant publications about the company, such as the quarterly results release.



Step 2 Evaluating external relevance

This step consisted of two processes:

- 1. Online consultation using Survey Monkey, sending emails to stakeholder representatives (shareholders, investors, financial market, employees, customers, suppliers, entities, NGOs and the press). 57% of total respondents were employees, which demonstrates the engagement of our internal public.
- 2. Analyzing the external relevance of topics identified in Step 1, to determine the material topics based on the consulted sources. We evaluated the level of information reported by sector companies and, if applicable, the existence or absence of performance targets.



Step 3 Evaluating internal relevance

Analyzing and determining the internal relevance of the topics identified in Step 1, in order to determine Energisa's material topics. This consisted of two stages:

- 1. Online consultation with 13 Company officers.
- 2. Analyzing the internal relevance of the topics identified in Step 1, to assess compliance of the material topics.



Step 4 Prioritization and materiality matrix

- Consolidating the results obtained in Steps 2 and 3 to classify matters depending on their importance to Energisa and its stakeholder groups.
- The results were graphically depicted in the **Materiality matrix**.



Step 5 Determining GRI content

Analyzing the topics listed by GRI Standards.

- Comparing these topics with the material issues identified in Step 4.
- Mapping the material topics to the 10 principles of the UN's Global Compact, to which Energisa is a signatory, and the 17 Sustainable Development Goals (SDGs).







MATERIAL TOPICS GRI 102-47								
	Topic	GRI Topic	Why the topic is material GRI 103-1	Generation	Transmission	Distribution	All operations	Involvement with the impacts <i>GRI 103-1</i>
	Ethics and integrity	Ethics and integrity; Anti-corruption; Anti-competitive behavior; Public policy; and Compliance	For Energisa it is imperative that we conduct ourselves ethically and value transparency above all else. This is expressed in our value "Commitment" and is supported by management mechanisms that can mitigate risks of ethical violations. This includes the Internal Audit, a Code of Ethics and Conduct, Ethics Committee and Reporting Channel, and policies, processes and systems that inform internal processes and employee conduct.	•		•	•	Energisa, suppliers, governments and society
	Employee health and safety	Occupational Health and Safety	Safety is associated with Energisa Group's foremost value: protecting the lives of employees, service providers and customers.					Energisa, suppliers
TOPICS	Customer security	Consumer health and safety	Energy sector assets, especially distribution and transmission assets, pose a risk of accidents for the general population.					Energisa, communities
	Customer satisfaction	Stakeholder engagement	Customers are at the heart of Energisa's priorities, and one of its values is to make their lives easier. This is why it is crucial to guarantee service quality, with agile solutions that create value for users and enable us to cultivate enduring relationships.			•		Energisa, suppliers, customers
ΙΟΡΙΤΥ	Efficiency and reliability	Energy sector	Supplying energy is Energisa's core business and the quality and reliability of this service are essential to business longevity. These conditions are measured by outage duration and outage frequency indicators, and Energisa is subject to strict standards established by the regulatory agency and expected by its customers.					Energisa, suppliers, customers, regulatory agencies
PR	Innovation and technology	Management approach	Innovation yields competitive edges, improves operations and creates long-term value. This is also one of Energisa's values to set us apart and lies at the heart of the Group's strategy.					Energisa, suppliers, government and society
	Climate change	Economic performance	Extreme weather and climate action failure were considered to be the two top global risks in 2020, by a World Economic Forum analysis. Energisa has undertaken a commitment to decarbonize the economy, with an eye on the future of people and the planet.					Energisa, suppliers, government and society
	Community relations	Indirect economic impacts; Local communities	The concession area, especially the DisCos', reinforces the importance of concentrating private social investment in regions where Energisa's presence is a driver for the economy, job and income creation and development. Our operation is underpinned by the triple bottom line of sustainability, with improvements to economic, social and environmental issues.			•		Energisa, suppliers, communities



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TERIAL TOPICS	GRI 102-47		Whe imp GRI	ere th acts c 103-	e occur 1		
Topic	GRI Topic	Why the topic is material [GRI 103-1]			Distribution	All operations	Involvement with the impacts <i>GRI 103-1</i>
Economic performance	Economic performance	Consistent results are essential to the enduring creation and distribution of value.					Energisa, suppliers, government and society
Diversity and equal opportunity	Diversity and equal opportunity	One of the Group's core ethical principles is the inalienable dignity of people without discrimination, in the belief that an inclusive and diverse workplace enriches our culture and propels our business performance.					Energisa, suppliers and society
Respecting human rights	Non-discrimination; Freedom of association and collective bargaining; Child labor; Forced or compulsory labor; Security practices; Human rights assessment	As a signatory of the Global Compact, Energisa made a commitment to human rights and labor rights, as well as to ending poverty, inequality and injustice. This is one of our Sustainability fronts.	•	•	•	•	Energisa, suppliers and society
Risk management	Strategy	A vital process for identifying and mapping situations that could compromise the company's performance, along with measures to prevent and minimize these factors.					Energisa
Employee development	Training and education	Maintain skilled professionals with growth prospects to improve the efficiency and quality of services.					Energisa
Responsible sourcing	Procurement practices; Supplier environmental assessment; Supplier social assessment	Alignment with Energisa's commitments, to positively influence the value chain and contribute to risk management, especially operational and reputational risks.					Energisa, suppliers
Energy	Energy	This is Energisa's business, which encourages the adoption of clean and renewable energy sources.					Energisa, suppliers
Job creation	Employment	Attract and retain qualified professionals to support business growth.			•	•	Energisa, suppliers
Waste management	Waste	The need to consume fewer materials, improve resource management and guarantee lower waste generation.					Energisa, suppliers
Biodiversity	Biodiversity	Energy companies' operations create impacts on fauna and flora, which should be prevented and kept to a minimum. This assumes greater importance as the group's operations grow in the Amazon.					Energisa, suppliers
Access to energy	Energy sector supplement	Sector companies' commitment to universal energy access.					Energisa, government
Energy efficiency	Energy	Need for educational initiatives around safe and rational electricity consumption.					Energisa, government, communities
Water	Water & effluents	Climate issues have catalyzed water management efficiency measures.					Energisa, suppliers
Emissions	Emissions	Energisa has undertaken a commitment to decarbonize the economy, with an eye on the future of people and the planet.					Energisa, suppliers

MATERIAL ISSUES

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MATERIAL TOPICS FOR STAKEHOLDERS |GRI 102-44|

KEHOLDER		ê.E.			The second secon		
STA	Customers	Staff	Financial market	Suppliers	Media	The community	Regulatory agency
6	Operational efficiency and reliability	Employee health and safety	Economic performance	Employee health and safety	Employee health and safety	Community engagement	Operational efficiency and reliability
OPIC:	Risk management	Ethics and integrity	Ethics and integrity	Customer security	Customer security	Customer satisfaction	Energy efficiency
TIZED T	Climate change	Customer security	Employee health and safety	Responsible sourcing	Operational efficiency and reliability	Biodiversity	Ethics and integrity
PRIORI'	Water	Diversity and equal opportunity	Respecting human rights	Ethics and integrity	Customer satisfaction	Operational efficiency and reliability	Risk management
5	Job creation	Customer satisfaction	Operational efficiency and reliability	Innovation and technology	Risk management	Ethics and integrity	Innovation and technology





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2020 KEY EVENTS AWARDS AND RECOGNITION MISSION, VISION AND VALUES

ENERGISA



ENERGISA

With a 116-year history, Energisa Group was founded in Cataguases (Minas Gerais state) in 1905, and is now the largest private Brazilian company in the energy distribution sector. Present in all regions of the country, we operate in the sectors energy distribution, transmission and trading, services, distributed generation and energy generation studies. It is responsible for creating some 20 thousand direct and indirect job and supplying energy to more than 20 million people. JGRI 102-1, 102-2, 102-6, 102-7J

By way of 11 DisCos – located in the states of Minas Gerais, Sergipe, Paraíba, Rio de Janeiro, Mato Grosso, Mato Grosso do Sul, Tocantins, São Paulo, Paraná, Acre and Rondônia –, we serve 8.1 million customers in a concession area embracing 862 municipalities and 2,034 thousand square kilometers, equal to 24% of Brazil's landmass.

We operate in transmission via the assets acquired at auctions in 2017, 2018 and the end of 2020. Energisa Goiás Transmissora I and Energisa Pará Transmissora I started operating in the year and Energisa Pará Transmissora II and Energisa Tocantins Transmissora are under construction. The assets amount to a total of approximately 1,761 kilometers of transmission lines and 6,883.1 MVS of transformation capacity.

The activities also include the trading of energy and the provision of services related to the construction, operation and maintenance of electric assets, amongst other activities. By way of Alsol Energias Renováveis, it operates in the market with a mix of energy solutions that go beyond distributed generation: it harnesses multiple renewable sources (such as biodiesel and biogas), storage, monitoring and electric mobility. These activities make Alsol an Energy 4.0 company, which is an innovative concept for generating clean distributed energy and which provides access to multiple energy services with the intensive use of data and advanced technologies. [GRI 102-2, 102-6]



In 2020, the Group sold and transported

36,454.5 GWh

of energy, earning net operating revenue excluding construction revenue of

R\$ 18 billion

Cash generation (Adjusted EBITDA) amounted to

R\$ 4.3 billion and net income,

R\$ 1.6 billion [GRI 102-7]

Energisa has been a listed company since 1907. In 2016 it entered Level 2 Governance of B3 (Brasil, Bolsa, Balcão), which lists its shares ENGI3 (common shares), ENGI4 (preferred shares) and ENGI11 (UNITs: consisting of one common share and four preferred shares).

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|GRI 102-4, 102-6, 102-7|





FINANCIAL

R\$ 18 billion in net revenue

R\$ 4.3 billion of adjusted EBITDA



SOCIAL

R\$ 21.4 million in external social investment

Accession to the UN's **Global Compact**

> PEOPLE 14,672 direct employees

5,176 third-party employees

838,374 hours of training

ANNUAL SUSTAINABILITY REPORT 2020



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BUSINESS PERFORMANCE

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8.1 million clients

862 municipalities served

20.1 million people served

2,034 thousand km²

of concession area, 24% of Brazil's land area Alsol

- Energisa DisCos
- Energisa Soluções
- Energisa Comercializadora
- Multi Energisa
- Energisa Serviços Aéreos de Aeroinspeção S/A
- Central de Serviços Energisa (CSE)
- --- Energisa Transmissão

ENVIRONMENTAL

R\$ 311.3 million

of environmental investment

Accession to the platform **Climate Action**

693.3 thousand km

of distribution grids and lines

1,761 km of transmission lines (891 km in operation and 860 km under construction)

30,252.1 GWh of energy sold to captive clients of the DisCos

average 630 MW

of energy sold by Energisa Comercializadora







AWARDS AND RECOGNITION

Energisa Group

- Aneel Quality Ranking: economic distribution group with the highest ranking, with nine DisCos ranked the best in Brazil in the Aneel service quality ranking, which evaluated the electricity supply continuity performance in 2020. For companies with over 400 thousand consumer units, ESS came third, EMT and ETO fifth, EMG seventh, EMS eighth, EPB 11th and ESE 12th. For concession operators with up to 400 thousand consumers, EBO came second and ENF eighth.
- Valor 1000: Energisa was ranked 39th amongst public and private companies, an improvement of six places on the previous year, in the ranking compiled by Valor Econômico, which recognizes the thousand biggest companies operating in Brazil with total accumulated sales of R\$ 4.3 trillion. It was also classified as the fourth largest company based in Minas Gerais and the 34th in the south-east region, and the 15th private company and largest private Brazilian company in the energy sector.
- Valor 2020 Innovation Awards: Energisa Group came third in the awards, for the energy sector division. In the year, 150 companies were assessed and divided into groups in different sectors according to their investments in innovation, best practices, new products and solutions, strategies and other indicators.
- 100 Open Corps Ranking: Energisa Group was recognized by the ranking, which assesses the engagement of companies in Brazil's innovation ecosystem.
- Human Being Award: the Company was recognized in the 19th edition of the awards, bestowed by the Brazilian Human Resources Association

(ABRH-MG), which has a special category for people management initiatives tackling the pandemic crisis. The recognition was for the initiative Acceleration of HR 5.0 practices in Transactional HR Activities: How the Pandemic broke Paradigms for Digitizing and Humanizing the Personnel Department.

Energisa Sul-Sudeste

- published in July 2020.
- **Energisa Minas Gerais**
- supply, which rose by 9% on the previous year.
- 2020.

Energisa Nova Friburgo

Energisa Mato Grosso do Sul Best Workplaces in the GPTW Institute's ranking.



• Abradee Awards – Special Edition 2020: Energisa Sul-Sudeste improved most indicators, and improved its Perceived Quality Satisfaction Rate (ISQP) by 5.2% on 2019. The best improvement came in the perception of electric bill clarity, which rose by 8.5% on the previous year.

• Aneel Ombudsman's Office Award: second place in the category medium-sized distribution companies, in the award's third edition,

• Great Place to Work (GPTW): Energisa Minas Gerais was recognized as one of the Best Workplaces in Brazil by the GPTW Institute.

• Abradee Awards – Special Edition 2020: the distribution company approved across the board, with its ISQP rising to 84.6, led by energy

• Aneel Ombudsman's Office Award: third place in the category mediumsized distribution companies, in the award's third edition, published in July

• Great Place to Work (GPTW): Energisa Nova Friburgo was recognized as one of the Best Workplaces in the GPTW Institute's ranking.

• Great Place to Work (GPTW): the company was recognized as one of the

• Abradee Awards – Special Edition 2020: Energisa Mato Grosso do Sul was recognized for improving all indicators in the residential consumer satisfaction survey, especially the increase of 12.9 percentage points in the ISQP in relation to 2019. The best performance came in electric bills, rising by 19.7%, and for maintaining field activities, the energy supply and customer services.

Energisa Sergipe

• Abradee Awards – Special Edition 2020: Energisa Sergipe improved two indicators, electric bill and the distribution company's image, faring well in field activity continuity, which is crucial to delivering an essential service, in 2020.

Energisa Paraíba

• Abradee Awards – Special Edition 2020: Energisa Paraíba saw an improvement in the Perceived Quality Satisfaction Index (ISQP) from 77.3 to 83.3, with 26 out of 29 indicators improving.

Energisa Borborema

• Abradee Awards – Special Edition 2020: Energisa Borborema managed to improve all 29 indicators evaluated, pushing its overall ISQP index up from 78.2 to 86.7.

Energisa Tocantins

• Great Place to Work (GPTW): ranked amongst the 150 Best Workplaces in Brazil (up to 52nd place, compared with 65th last year) and fifth in the North region, in the GPTW Institute and *Época* magazine's ranking.

Alsol Energias Renováveis

• **Rushlight Awards** – Alsol also prevailed in the categories "Electric Mobility" and "Clean Energy", in the 2020-2021 edition, awarded in London. The recognition was for the rental business model for 100% electric minibuses powered solely by solar energy. The award sponsors and promotes innovations, initiatives and clean technology implementation projects.



MISSION, VISION **AND VALUES**

GRI 102-16

COMMITMENT

To the present-day and the future.

We act as responsible citizens, striving to generate wealth and prioritizing respect for our staff, investors, suppliers and clients. First and foremost, we are part of the community and have a commitment to future generations. It is imperative that we conduct ourselves ethically and value honesty above all else.

CLIENTS

Simplify the lives of our clients.

We always treat our clients with dedication and respect in an effort to build an attentive and enduring relationship with them. We place ourselves in our customers' shoes to deliver efficient and lasting solutions that make life easier and add value for users.

MISSION

Energisa Group exists to transform energy into comfort, development and new sustainable possibilities, offering innovative energy solutions to its clients, aggregating value for its shareholders and offering opportunities to its employees.

VISION

Energisa will remain one of the best and most respected power companies in Brazil, engaged in the distribution, transmission, generation and trading and services segments, renowned for the quality of its client-facing services, operational efficiency and shareholder returns.

VALUES

PERSONNEL

Our energy comes from people.

We are part of a winning team that enables us to achieve, learn and win together. Opportunities here are essentially based on individual merit and engagement. We value transparency, teamwork and open and interactive communication. If you think the same way, you are one of us, and we would very much like you to be happy here with us.



RESULTS

Overcoming challenges to achieve results.

We seek to achieve extraordinary results that generate value for our customers and shareholders. We seek to beat our targets in order to ensure that Energisa stands among the best in its sector in terms of efficiency and customer service.

SAFETY

First.

Our greatest asset is life itself. As such, we place health and safety above all else in our processes and attitudes. Ours is a disciplined mindset. We invest in preventative measures and promote constant awareness amongst all our personnel to reduce risks.

INNOVATION

To make the difference.

We encourage creativity that generates value, be it in the production of something completely new, or in possible improvements to an existing product. Observing, questioning and experimenting responsibly are part of the proactive mentality that sets us apart.









In its response to the novel coronavirus epidemic in 2020, Energisa spared no efforts to protect the health and safety of its employees, customers and suppliers, while guaranteeing the maintenance of the energy supply to more than 20.1 million people served in Brazil.

In response to the global pandemic declared by the World Health Organization (WHO), in March the Company activated its Central Crisis Committee to continually monitor possible impacts and the effectiveness of the Company's response, whilst monitoring all determinations issued by the respective authorities. See below Energisa Group's core initiatives in response to the pandemic:

EMPLOYEES

- A 24/7 telemedicine channel was launched, and multiple leaflets containing instructions were published.
- Occupational physicians and Nursing Technicians are available to care for and advise patients and refer them for testing, based on the protocols.
- Adopting a self-assessment site for every employee to answer and submit before joining the company.
- Adopting a tracing app (MPI) for people who have come into contact with people who have tested positive for Covid-19.
- 70% alcohol hand sanitizer gel and face masks were issued to all Group employees.
- Installation of 70%-ethanol hand sanitizer stations in all the Group's premises.

- shifts to avoid large gatherings.
- workplace, and scheduling the use of canteens.
- training plans.
- necessary.
- supplementary salary paid by the Company.
- received pay cuts of 25% for three months.
- 13 editions took place in the year.
- understand employees' problems and provide support.



• 2,000 employees in administrative positions were assigned to work from home, and 80% of field crews were kept on active duty but on alternating

• Introducing strict safety protocols, doubling down on cleanliness in the

• Work-site project teams were separated into "bubbles" and regularly tested, safety modifications were made to living quarters and transportation vehicles; and COVID-19 prevention was incorporated in

• Suspending international and national travel, except when absolutely

• Under Executive Order 936/2020, employment contracts were temporarily suspended and working hours and wages were reduced; non-missioncritical functions were downsized to 28% of their workforce on a temporary basis, with employees retaining employment and receiving a

• The Group's key executives and members of the Board of Directors

• Papo Aberto was created, a direct channel of communications between the vice-chairman and officers with more than one thousand field leaders to clear up queries, understand specific requirements and support teams.

• Employees in leadership positions attended webinars on dealing with uncertainty, managing remote teams, and empathy so they could better

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people were hired online via video interviews, with 100% of candidates receiving personalized feedback in the selection process.

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Return plan

A work group spearheaded by the Innovation team put together a return to work plan after the severest lockdown period for certain administrative activities. In conjunction with the safety department, we considered all health and safety protocols and determined a 4/10 work shift for administrative staff. Employees carrying out activities directly related to providing customer services, operating the electric grid, building and maintaining grids and plants - who are therefore engaged in critical and essential work - did not have their daily routines changed.

Contactless technologies were introduced, such as daily check-ins through apps and automatic tools to open office doors. There was also a plan for communicating clarifications to employees, and an analysis method for the gradual resumption of activities.



Thinking about the Future of Work, Energisa Group prepared, researched and created a Smart Work model compatible with employee expectations, creating a collaborative and friendly atmosphere

guaranteeing performance excellence, even at a distance. It's all about being Here&There!

The pandemic has rendered the working world unrecognizable. The challenges ahead are still unclear, but the Group has demonstrated a capacity for transformation and adaptation. Working from anywhere means you can completely re-manage your time. It means letting go of traditional working routines and the stress associated with commuting, allowing work to take place from anyplace and not just from inside offices.

CUSTOMERS

- 45 services are provided through digital channels (*chatbot*, WhatsApp, Energisa ON app and our website). In 2020 they accounted for 75.5% of services provided, growth of 14 percentage points on the previous year (for further information see Customers/ Service)
- Expediting digitization in branches, implementing digital service kiosks to avoid lines and large gatherings.
- The financing volume through digital channels rose from 10% to 36%.
- Providing easier financing terms for overdue bills in up to 12 installments, including through digital channels (Site, Energisa ON app, kiosk and Gisa), and by credit card. We financed roughly 150 thousand bills, thanks to our softly softly approach combining engagement with empathy.
- Action plan to ramp up the onboarding of customers registering for the Social Rate benefit, a program created by the federal government to provide discounts of up to 65% in energy bills, rising to as much as 100% for consumption of up to 220 kWh.
- The Net Promoter Score (NPS) produced meaningful rises in customer services in 2020. Gisa's NPS rose from 29 to 51 and the call center's from 32 to 40. This means customers were more satisfied with their services.



150 thousand customers

registered for the Social Rate in 2020.

More than

70 renegotiations

and lengthening of the portfolio for Comercializadora's customers.

45 services

via digital channels.





17



SUPPLIERS

- Survey to map the risks of suppliers in light of the pandemic and the preparation of joint plans, especially focusing on financial matters in order to nurture responsible engagement in the supply chain.
- Retaining active suppliers through 60 contractual revisions, cancellations and postponements of deliveries with a view to supporting suppliers, reporting to the Crisis Committee.
- Reallocation to other activities of teams whose activities were interrupted by Resolution 885/2020.
- Remote auditing.

SOCIETY |GRI 203-1|

Given the impacts of Covid-19 pandemic and the needs of a nationwide mobilization initiative including **initiatives** in the 11 states with investments of approximately

R\$ 8 million in 2020. Detailed *here*, the main initiatives were:

- Donation of 6,700 N95 masks to hospitals in the Company's concession areas, distribution of 500 face shields to hospitals in the concession areas of Energisa Minas Gerais and Energisa Nova Friburgo (RJ), and donation of 65 thousand face masks to the State Health Department of Mato Grosso do Sul for onward distribution primarily to indigenous communities, and 7.3 thousand face masks to the SOS Tocantins project.
- Donation of funds and creation of partnerships to acquire 40 mechanical ventilators in the states of Sergipe, Minas, Mato Grosso, Tocantins and Paraíba.
- Donating 11 portable aspirators for the Children's Hospital in Acre.
- Repair, calibration and transportation of 276 mechanical ventilators in partnership with Senai, in Mato Grosso and Mato Grosso do Sul.
- Funding for the works on Hospital Metropolitano and Santa Casa da Misericórdia, in Cuiabá (MT).









society, the Company created the Energia do Bem movement,

- Donation of mechanical ventilators to the State Department of Health of Tocantins.
- 100 thousand vacancies opened in partnership with CNI and Senai for places on distance education courses for crosscutting technical skills and industry 4.0, such as Environmental Education, Entrepreneurism and Artificial Intelligence.
- Partnership with the United Nations Educational, Scientific and Cultural Organization (Unesco) to distribute 100 tonnes of groceries to 3,300 families.
- 10,879 food hampers donated in 11 states.
- Spreading of public utility information about the pandemic by sound cars in municipalities with low Human Development Indexes (HDI).

The Group launched a voluntary crowd funding campaign to raise funds for elderly care facilities. Energisa matched employee donations dollar to dollar. A total of R\$ 125 thousand was raised and used to purchase cleaning, hygiene and food items for 37 institutions across the concession area.

This also included a coordinated initiative by Instituto Acende Brasil to raise emergency funds to support Fiocruz in producing COVID-19 test kits. The program "United against COVID-19" received R\$ 476.8 million to bolster and expand institutional actions fighting the pandemic, consisting of financial funds of R\$ 426.2 million and donated materials and services of R\$ 50.6 million.

Energisa also support the 2020 Stimulus movement, donating R\$ 1.9 million toward providing fast, subsidized loans to small businesses in the state of Minas Gerais. This aimed to provide easy access to working capital to navigate through the crisis.

As a result of its actions under its commitment to society. Energisa Group is ranked 68th in Forbes' Brazilian ranking, which listed the 100 most altruistic companies during the pandemic.





SAFEGUARDING OUR CASH

- 11% decrease in personnel, materials, outsourced services and other expenses (PMSO) compared with 2019.
- Around 80% of the loans due in 2020 have been renegotiated and lengthened.
- Postponing the Group's global investment of R\$ 557 million in nonessential projects.
- Entry into the COVID account, as per Decree 10.350/2020, to guarantee the financial liquidity of the energy distribution companies. These transactions were worth R\$ 1.4 billion to Energisa Group, and were settled on July 31, 2020. (See details below, in Regulatory measures).
- Intensification of collection campaigns, especially for corporate clients, using SMS, WhatsApp and collection bots, to alleviate delinquency.

The pandemic significantly worsened a number of risks already comprising Energisa's risk matrix, especially business continuity, information security, delinquency, energy losses, legal/regulatory compliance and others. In harmony with the Crisis Committee and Management, the risk and internal control practice continually monitors the core risks and addresses the most sensitive and critical cases.

In Distribution, the nine integrated operating centers played a crucial role in assuring the fluidity of processes and optimizing field team deployment, especially in 2020. To maintain the necessary distancing, the centers were split into two or three rooms during the period, depending on the company's size, with strict controls over access. The works in progress did not suffer any material impacts either. The start-up dates scheduled in the concession agreements for the two transmission lines being built in Pará state and the one line in Tocantins state have not been compromised.

REGULATORY MEASURES

In light of Covid-19, Aneel introduced a raft of measures to mitigate impacts for both energy consumers and sector companies.

At the start of the pandemic in Brazil in March 2020, Normative Resolutions 878/2020 and 886/2020 were introduced, which prohibited the disconnection of delinquent residential consumers until July 2020. During this purpose we also suspended in-branch services, the maintenance of the collection structure and individual compensations for energy outages, amongst other measures.

In order to minimize the pandemic's financial impacts on the distribution companies' cash, including lower consumption and higher delinquency - and to soften the effects of consumer rate adjustments, the government approved the creation of the Covid Account (Decree 10.350/2020).

The Covid Account guaranteed the release of a loan to sector companies of R\$ 16.1 billion, offered by banks led by the Brazilian Development Bank (BNDES), to be repaid over 60 months. On July 03, 2020 Energisa's distribution companies applied for the provision of R\$1.4 billion, of which R\$ 5.5 million entail deferrals and financing of the A Group's contracted demand; R\$ 121.1 million for advancing the financial sector asset for Parcel B and R\$ 1.2 billion for the comprehensive coverage of other items to guarantee our financial health.



The electricity distribution companies also secured injunctions from the court to pay ICMS on the cash basis during the pandemic period, which means they can pay the tax when they receive amounts owed by delinquent clients. Energisa Sul-Sudeste and Energisa Paraíba obtained favorable decisions in this regard.

Between July and August 2020, after the most critical period had passed, Aneel approved the amendments to Normative Resolution 878/2020 and released the return of services, including in-branch services and delinquency disconnections. However, the prohibition was upheld until December 2020 on disconnections of consumer units with people depending on electrical equipment essential to keeping them alive; for low-income consumers, and consumers who had stopped receiving printed bills without their consent.

Following the suspension of rate tiers (green, yellow and red) to stop electric bills from rising, at the end of the year Aneel announced the resumption of the mechanism, especially due to the unfavorable hydrological situation witnessed in the last quarter of 2020. The level 2 red tier was introduced in December, which adds an extra rate of R\$ 6.243 for every 100 kWh consumed in the month.



STRATEGY

STRATEGIC PLANNING SUSTAINABILITY CAPITAL EXPENDITURE AND FUTURE VISION

3



STRATEGIC PLANNING

[GRI 103-2, 103-3_201, 102-15]

Discussions were initiated in 2020 to review and launch Energisa's new strategic cycle in 2021. The objectives to be defined as a guide for the short- and mid-terms are grounded in the distribution business and the opportunities and trends in the electric sector given the political, economic, regulatory and technological outlook for the next ten years.

Sustainable thinking and initiatives always inform this strategy, but for the first time in 2021 the topic will be addressed as a structured part of our business direction, based around the ESG concept (Environmental, Social and Governance). Workshops bring together representatives from all departments in order to help the consumables business units outline their strategic goals.

For distribution companies, the priorities involve moving forward with investment in expanding the grid and furthering universal access, such as the electrification project in Pantanal and the Mais Luz program for the Amazon. This includes groundbreaking solutions to guarantee uninterrupted energy supply to areas that are not easily accessible and did not have conventional distribution grids.

The intensive use of artificial intelligence in this field will help produce predictive management models, building on existing systems to optimize and maintain our more than 600,000 km of medium-voltage grids and to monitor the health of the asset and useful life of large-substation power transformers. By using data, we can obtain the interruption prognosis early and manage inspections more precisely and surgically.

Another material topic of our strategy for the years ahead is maintaining customers at the heart of our decisions to continually enhance their experience with Energisa. In order to prioritize progress in broader digitization projects rather than investing in digital channels, the aim is to engage consumers so that they use these tools to facilitate their experience.

Ecosystem

Viewing the customer as a core part of the Group's decisions is directly aligned with the future of the energy sector's ecosystem, which has been undergoing deep transformations on both the supply and demand side, with the distribution business being the main "point of contact" between the multiple agent/customers that are forming.

In this reality, the services platform concept represents a new business model for distribution concession operators. This type of platform is based on a digitally activated energy supply model organized around an open infrastructure principle, such as the Internet, where energy sources can be readily accessed by people regardless of where they live and who owns them.



For Energisa Group, this platform model makes it possible to develop activities that can be attached to the energy ecosystem, due to the diverse assets characteristic of distribution companies. For example, new businesses can explore services related to historic data about the behavior of a broad customer base (including location and economic patterns), which can be monetized by using big data and data analysis. Other services related to the assets of the group's distribution companies is the exploration of contact channels, which currently have a network of physical stores in the main cities and towns, call center structures and an online presence.

The Group lastly has a sizable collection and invoicing capacity, which can enable it to provide financial services. Voltz represents Energisa's first experience in this type of service, which started life by allowing class B, C and D customers to pay their energy bills, then discovering that most of these customers are poorly served and/or unbanked, which is to be expected as 30% of Brazil's occupied population does not have a bank account (*see more about Voltz in the section below*).



ENERGISA'S 4DS

In tandem with the main trends in the electric sector, Energisa defined four priority operating dimensions, to orchestrate a platform and energy services ecosystem:



Digitization:

intensifying the digitization of processes and tools to assure service quality and reliability, as well as in customer service channels.

Decarbonization:

Prioritizing energy from renewable sources, such as photovoltaic generation, Alsol's specialty, and projects to include islanded systems currently running on diesel generators.

Diversification:

in the use and storage of energy sources and allocation of capital to increasingly improve the balance between business lines, investing in areas complementing distribution, such as transmission, distributed generation and new businesses.



Decentralization:

proactive engagement to keep up with the new habits and wishes of customers in electricity production and consumption, expanding the free energy market and new business models, whilst valuing grid services essential to the sustainability and reliability of these services.

Strategic thinking

To support strategic planning, the Company is adopting strategic thinking, a methodology that comprises a continuous vision of the strategy that entails much more than a formal monitoring process. With ramifications expected for 2021, thematic and periodical discussions will be held with continuous quarterly cycles to guarantee a strategic view of all innovation actions, projects and initiatives.



To structure management processes, Energisa Group harnesses tools and methodologies, such as the Guidelines Management (GPD), Daily Routine Management (GRD), Balanced Scorecard (BSC), ISO standards and Project Management Body of Knowledge (PMBOK), amongst others.



VOLTZ FOR FINANCIAL DIGITAL INCLUSION

In light of disruptive trends in the sector and under the Diversification and Digitization pillar, Voltz was unveiled in 2020, a fintech created internally to provide services to more than 20 million people served by Energisa.

In line with the concept of an energy ecosystem platform, Voltz is emerging as a new vertical. It was created to enable the financial digital inclusion of its customers, many of whom are still unbanked or poorly served by main street banks. The aim is to provide a series of straightforward payment, financial education, credit and insurance services through an application.

The plans include services for other corporate clients, in addition to small and middle-market companies.

SUSTAINABILITY

|GRI 103-2, 103-3|

Aware of its social responsibility in the communities it operates in, Energisa has a sustainable development strategy aligned with its business model, which seeks to create value for all stakeholders.

We accordingly set up our Sustainability Practice in early 2020 to contribute a strategic approach to the topic and meet the demands of our core stakeholders, such as fulfilling the UN's 2030 Agenda targets and creating new business opportunities focusing on material topics.

Governance was also introduced for sustainability management, on three fronts: strategic sustainability committee, tactical committee and an operating committee at each distribution company. This management model aims to join forces to embed ESG (environmental, social and governance) issues into Energisa Group's strategy, policies, processes and practices. It therefore takes into account existing decision-making limits, and the organization's ambitions around the trajectory and leadership in this agenda.

Commitments |GRI 102-12|

As part of its sustainability strategy, in 2020 Energisa joined the Global Compact's Brazil Network, a United Nations (UN) initiative that provides guidance on promoting sustainability and corporate citizenship programs. The Global Compact calls on businesses to align their strategies and operations around ten universal principles in the areas of Human Rights, Decent Work, the Environment and Anti-Bribery. As a signatory, Energisa has committed to supporting the Sustainable Development Goals (SDGs) as part of the Agenda 2030.

It also joined the Global Compact's Brazil Network's Climate Action Platform, which supports SDG 7 (reliable, sustainable and modern access to energy for all) and SDG 13 (climate action) through activities and projects around climate mitigation and adaptation.

In December 2020 the Group initiated its journey in the SDG Ambition program, which challenges and helps companies that have joined the UN Global Compact to set ambitious targets to embed Sustainable Development Goals into their business strategies.

By making this commitment, the Group is seeking sustainable growth to create value for its shareholders, investors, employees, customers, suppliers and society.

Sustainability is integrated into our business with the following strategic goals:



Alignment with external demands, bolstering reputation and legitimacy: sustainability initiatives planned with the Group's business areas to align our operations and growth plans, establishing an agenda that unifies external and internal guidelines. **2** Alignment with business priorities, contributing to the creation of sustainable value: aligning the sustainability agenda with strategic business priorities, and assuring greater synergy of the energy agenda (digitization, decarbonization and decentralization) and climate change agenda with the Group's various departments.

3 Bolstering social, cultural and environmental initiatives in communities, nurturing development in our geographies: developing social, cultural and environmental initiatives conducive with Energisa's DNA and managing Fundação Cultural Ormeo Junqueira Botelho so as to empower it to drive local development processes.













MACRO SUSTAINABILITY DRIVERS

















Prioritize projects and initiatives that can set up partner networks, with midand long-term planning. The density of local production chains and initiatives coupled with government policies for new areas of expertise, will be factors to be observed for awarding support.

- Biodiversity protection programs
- Sustainable resource use
- Appropriate waste disposal
- Reducing the emissions of our fleet and substations

1 ERRADICAÇÃO DA POBREZA













Social and community impact

The convergence with other Energisa initiatives through internal programs or by partnering with government authorities and civil society institutions in concession areas with a positive impact will also inform analyses for decision-making.

- Promoting health and safety
- Energy efficiency in communities
- Education and job training for young people from low-income communities
- Initiatives to value diversity
- Financial and digital inclusion of customers







1

9 INDÚSTRIA, INOVAÇÃO E INFRAESTRUTURA

10 REDUÇÃO DAS DESIGUALDADES

1 CIDADESE SUSTENTĂVEIS



Energisa's history is intertwined with Brazil's interior, where it grew roots and made important legacies. Its current concession area reinforces the importance of concentrating support in regions where its presence is a driver for the economy, job and income creation and development.

- Creating employment and income opportunities outside major towns and cities
- Rising consumption, with a smaller environmental footprint
- Distributing energy with quality and efficiency





12 CONSUMO E PRODUÇÃO RESPONSÁVEIS 0000 17 PARCERIASE MEIOS DE IMPLEMENTAÇÃO



Investing in new technologies, renewable sources, research and science. Developing business that drives the economy (innovation, creativity, social impacts) in harmony with the company's purpose.

New economies

- Investing in innovation, technology and renewable energy sources
- Partnerships for developing technologies and fostering clean energy
- Creating solutions and businesses that meet future demands





STAKEHOLDER ENGAGEMENT

As a commitment to creating long-term value for its stakeholders, Energisa seeks to meet the expectations of its various stakeholders and bolster relations in its business chain. To achieve this, it fosters the opening and engagement of stakeholders through dialog across all Company levels.

One of the key developments in 2020 was the consulting of various stakeholders - investors, employees, suppliers, the government, trade associations and customers - to identify the topics of leading importance to our business. The process resulted in Energisa Group's Materiality Matrix, which present the issues of greatest impact and influence to the Company and its sector (see the chapter About this report).

Priority stakeholders are defined according to each group's influence on business decisions and the impact that Energisa exerts over each of them. |GRI 102-42|

In this perspective, Energisa's sustainability practice creates an explicit link to the business model and strategy with sustainable development challenges, such as climate change, diminishing social inequality, the loss of biodiversity and other present-day issues. On this journey, the socio-environmental agenda is no longer accessory to the business but now a differentiation factor and competitive advantage for the Group.

(Further information see Society).

CREATING VALUE FOR STAKEHOLDERS



DISTR 36,8 **693**. 8.1 r



TRAN **R\$2** 1,76 6,88

ALSOL



CREATING FINANCIAL VALUE R\$ 29.7 billion in gross revenue **R\$ 1.6 billion** on net income R\$ 13.2 billion of added value distributed



RIBUTION	Future growth and value creat
642.5 GWh of distributed energy	
3 thousand km of lines	SHAREHOLDERS
million customers	R\$ 500.8 million in dividend
	R\$ 2.7 billion in total invest
42.3 million of Annual Permitted Revenue (RAP)	R\$ 22.8 million invested in
51 km of lines in operation and under construction	
3.1 MVA in transformation capacity	HUMAN CAPITAL
	R\$ 1.8 billion in direct comp

SALES AND SERVICES

630 MW sold on average

Management services and energy solutions

30.66 GWh generated 750 customers served in 2020

tion:

- ds
- ment
- Research & Development
- pensation and benefits
- **R\$ 7.5 million** invested in professional training and development



SUPPLIERS

R\$ 15.9 billion in consumables and services contracted

2,693 partners with active contracts

GOVERNMENT AND COMMUNITIES

- **R\$ 9.1 billion** in Taxes and Contributions
- **R\$ 332.8 million** in internal social and environmental investment
- **R\$ 62.5 million** invested in energy efficiency



ENGAGEMENT INITIATIVES |GRI 102-40, 102-43|

Stakeholder group	Engagement type	Frequency
Clients	In-person service branches; self-service kiosks; Call Center; WhatsApp/Gisa; website; Energisa ON app; Social Media (Facebook, LinkedIn, Instagram, Twitter and YouTube); Consumer Council in each distribution company, periodically attended by representatives from each consumption class; Customer Satisfaction Surveys; daily contact with Procon to address customer complaints	Daily
Staff	Employee survey; collective agreements and ongoing training; meetings; webinars	Annual surveys and regular training
Suppliers	Performance assessments; Development Program; award ceremony; vendor platform; meetings with vendors	Variable
Civil society	Industrial federations and trade associations in the states: Specific meetings when there are specific issues involving the electric sector	Variable
Communities	Community meetings for development projects; energy efficiency initiatives; social and cultural initiatives of the Ormeo Junqueira Botelho Foundation	Permanent
Media	Press releases and press notes; interviews with Company spokespeople; relationship meetings; virtual pressroom and engagement events	Daily
Shareholders and investors	Road Shows; Energisa Day; video conferences and telephone conferences; contact by e-mail	Variable
Financial market	Participation in national and international conferences and meetings held by financial institutions; video conferences and telephone conferences; contact by e-mail	On average there are 8 national and 4 international conferences a year
Regulatory agencies	Periodical consultations and meetings either directly or through sector agents	Permanent

Nb: Further information about initiatives with customers, employees and suppliers can be seen in the respective chapters of this report.



Associations |GRI 102-13|

To help strengthen the electric sector, Energisa participates in sector organizations and associations, including: Brazilian Association of Electricity Distributors (Abradee); National Electric System Operator (ONS) and the technical forums of Instituto para o Desenvolvimento e Pesquisa da Transmissão de Energia (IDTE). By way of Alsol, it is a member of the Brazilian Association of Distributed Generation (ABGD), serving on the Technical Board, and the Brazilian Association of Innovative Electric Vehicle Owners. Distribution companies are members of state industry federations and trade associations.























CAPITAL EXPENDITURE AND FUTURE VISION

|GRI 103-2, 103-3_201|

Because of the pandemic and in order to protect the Company's cash, in 2020 the investment plan was reviewed and the amount allocated in the period totaled R\$ 2.7 billion, a decrease of 14.5% (R\$ 458 million) on the previous period, when R\$ 3.2 billion was invested. If we only consider the distribution companies, the amount was R\$ 2.3 billion, a decrease of 15.6%.

The largest vessel was made by Energisa Rondônia (R\$ 633.9 million), mainly to interconnect identity systems by erecting 274.6 kilometers of high-voltage lines, which made it possible to end the contracting of energy from three power plants (for further information see the section Environment). Interconnecting the islanded systems in the cities of Assis Brasil and Manoel Urbano also concentrated funds in Acre (total investment of R\$ 167.8 million) with the construction of substations, 202 kilometers of high-voltage lines and feeders.

In Energisa Mato Grosso (R\$ 466.3 million), the priority was to connect 2,069 customers in the Light for All Program and 1,806 rural low-voltage customers through a grid extension, thereby completing and energizing new distribution lines and transformers and supply quality improvement projects and loss combating.

Ponta Porã.

In 2020 Alsol invested in six new photovoltaic plants in the state of Minas Gerais, connected to the distribution grid in Cemig's concession area. R\$ 80 million was allocated to projects adding 26 MWp to the company's portfolio. Alsol has invested roughly R\$ 100 million since it was acquired by Energisa in May 2019. Up to R\$ 200 million will be allocated in 2021 to 15 new photovoltaic plants and technology and storage projects and energy services for customers.

In the years ahead the Group is planning to invest in grids, to assure the quality and reliability in the provision of energy to customers, as well as in projects, new services and businesses, emphasizing digitization, decarbonization, decentralization and portfolio diversification (for further information see the section *Strategy*).

INVESTMENT (R\$ million)





INVESTMENTS BY COMPANY (R\$ million)

Energisa Minas Gerais _____ 77.8 _____ 74.9 _____ 100.7 Energisa Nova Friburgo _ 8.1 - 10.7 **– 17.6** Energisa Paraíba _____ 156.4 _____ 192.5 _____ 197.8 Energisa Borborema _ 19.5 _ 18.8 **– 16.7** Energisa Sergipe _____ 82.0 _____ 89.4 _____ 88.2 Energisa Mato Grosso - 700.3 ____ 743.3 466.3 Energisa Mato Grosso do Sul _ 252.6 _ 238.3 _ 225.5 Energisa Tocantins _____ 291.2 _____ 351.7 _____ 173.7 Energisa Sul-Sudeste _____ 139.0 _____ 159.1 _____ 201.3 Energisa Acre _ 8.4 _____ 212.3 _____ 167.8 Energisa Rondônia ____ 45.2 622.0 633.9 Energisa EPA I _____ 79.7 _____ 152 **——** 78.0 Energisa EPA II _ 2.9 _____ 73.6 _____ 137.1 Energisa EGO Is _____ 90.5 _____ 124.1 **— 33.8 — 2018** Energisa ETT 0.0 _ 15.9 ____ 33.3 _____ 2019 Energisa Soluções _ 12.1 _ 11.4 _____ 2020 - 10.9 Other _ 15.1 _____ 77.1 _____ 126.6

The focus in Mato Grosso do Sul state (R\$ 225.5 million) was investing in substations, in order to improve the quality of the energy supply and operational flexibility, including a new transformer and capacitor banks in

> The ERO and EAC data reflects the period after acquisition by Energisa (10/30/2018 and 12/6/2018 respectively).





TRANSMISSION AND DISTRIBUTION LINES |GRI EU4|

	Eneraisa								tribution				
	Consolidated	EMG	ENF	EPB	EBO	ESE	EMT	SEM	ΕΤΟ	ESS	EAC	ERO	Transmission
Transmission lines (> 132 kV)	4,699	644	0	0	0	0	0	0	2,294	0	0	0	1,761
Overhead	4,699	644	0	0	0	0	0	0	2,294	0	0	0	1,761
Underground	0	0	0	0	0	0	0	0	0	0	0	0	0
Transmission line (69 kV + 132 kV) (subtransmission)	17,927	518	18	2,324	45	1,343	6,789	3,889	521	545	646	1,289	0
Overhead	17,927	518	18	2,324	45	1,343	6,789	3,889	521	545	646	1,289	0
Underground	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution lines (< 69 kV)	672,446	28,181	2,087	76,323	5,845	27,070	200,895	99,857	98,615	32,369	22,456	78,748	0
Overhead	666,845	28,181	2,087	76,309	5,843	21,560	200,895	99,857	98,615	32,294	22,456	78,748	0
Underground	5,601	0	0	14	2	5,510	0	0	0	75	0	0	0

Rethinking the Future

The events in 2020 compelled us to adapt quickly, with companies worldwide having to take complex decisions. After demonstrating its resilience in light of the challenges and guaranteeing the resumption of activities with the end of regulatory measures for the period, Energisa saw the year out with a proposal: to rethink the future.

In a situation where the only certainty is change, rethinking the future means you have to keep an eye on the habits of customers and society, which are constantly changing. It is choosing to explore new models that reflect these changes, in detriment to sticking with traditional ways of doing business.

Supplying accessible and reliable electricity is also one of the Sustainable Development Goals (SDG 7), and is Energisa's priority focus for investments, in addition to the experience of its customers by providing digital service channels and understanding their requirements.

The Company believes in the energy transition and sustainability as core values for meeting the current and future demands of society and the planet. Since it took over operations in Rondônia and Acre, Energisa has been helping Brazil meet its sustainable development targets, especially by stopping using thermal power plants, which helps reduce greenhouse gas emissions (GHG). In 2020 alone, this measure yielded savings of R\$ 140.9 million in diesel fuel (42,818,282 liters, at R\$ 3.29 a liter), and consequently a decrease of 73 thousand tonnes of carbon equivalent (tCO₂) emitted into the atmosphere, a volume similar to the emissions of 60.2 thousand vehicles.

Rethinking the future also means taking energy, an essential asset, to the remotest parts of Brazil, such as the **Vila Restauração community**, in Acre state, 490 kilometers from the state capital, Rio Branco, which can only be reached by canoe most of the year (further information about this project can be seen in *Customers/Universal access*.





Energisa is today the main energy distribution company in the Amazon, with a presence in four of the nine states comprising Amazônia Legal (Mato Grosso, Tocantins, Acre and Rondônia). It is investing to guarantee a sustainable development agenda, based on the supply of clean energy and growing investments in research and state-of-the-art technologies.

The sustainable model adopted by the Group for the Amazon encourages bioeconomics and forest restoration initiatives, in addition to betting on the energy transition to a matrix of renewable sources. This integrated agenda, which should be shared between various social players, is an assurance that the Amazon will remain Brazil's environmental crown jewel and a global asset for international partners.









CORPORATE GOVERNANCE

4

GOVERNANCE MODEL ETHICS AND INTEGRITY RISK MANAGEMENT



GOVERNANCE MODEL

Energisa's governance model is based on transparency and equal access to information for stakeholders. The Board of Directors has issued a set of policies on governance practices, including policies on Controls and Disclosure, Related Party Transactions, Allocation of Income, Donations & Sponsorship, and Management Appointments and Compensation, all available to the public *here*..

In addition to its Investor Relations site, which is periodically updated, and the sending of monthly newsletters to registered investors and shareholders, Energisa publishes annual information on its implementation of the 54 practices listed in the Brazilian Corporate Governance Code, and the reasons any of those practices have not been implemented by the Company.

Because of the pandemic, in 2020 Energisa Day was held using a fully virtual format, and was attended by 239 people. During the event, the Company discussed the steps that had been taken in its pandemic response, its commitment to quality of service, its ongoing digital transformation initiatives, and its future vision. Five public earnings calls were also held in the year.

SHARE OWNERSHIP





CV – Voting Capital | CT – Total Capital

¹Shareholding held directly and indirectly through investment vehicles.

² Energisa indirectly owns 95.9% of Rede Energia by way of holding companies.





In 2020, businessman Ronaldo Cezar Coelho reduced his direct and indirect equity interest in Energisa from 20.61% to 19.82%, by way of Samambaia Master Fundo de Investimentos. The Brazilian Securities Commission (CVM) also instructed Energisa to make a public share acquisition offering (OPA) for a 0.43% increase in the share capital of Rede Energia, one of its subsidiaries.

Governance framework |GRI 102-18|

Energisa's governance framework consists of the Board of Directors, Fiscal Council and Executive Board.

Board of Directors (BoD)

The Board of Directors is the ultimate decision-making authority, tasked with determining strategy, the values and direction of our business, promoting the Company's corporate interests, appointing members to the Executive Board and guaranteeing its efficiency, with a view to the longevity and long-term value creation. Ordinary and extraordinary meetings with executive leaders are used to discuss scenarios and strategic actions in respect of various business matters. [GRI 102-26]

Two of the seven serving members elected by the Annual Meeting in 2020 represent noncontrolling shareholders and four are independent. These members serve a renewable term of two years. The only executive is the chief executive officer, who is also the vice-chairman of the Board, while the chairman of the board does not hold an executive role at Energisa. **GRI 102-19, 102-23**

We made progress in gender equity in the most senior governance body in 2020, following the election of the first female board member. At the end of the year, the Board was comprised of 85.7% men and 14.3% women, all aged over 50. **[GRI 405-1]**

The selection and appointment seek candidates with experience and expertise in the business sectors the Company operates and/or in their respective fields, including economic, social and environmental considerations, guaranteeing there are no conflicts of interest or discrimination on the grounds of gender, ethnic origin, age or physical disability. Shareholders may request candidates to the Board of Directors be included in the absentee ballot form, subject to share percentages, documents and the time frames established by the legislation. [GRI 102-24]

Advisory committees to the BoD |GRI 102-22|

Committees help Energisa senior management take decisions. The Advisory Committees to the Board of Directors are formed to analyze the matters within its expertise in greater debt, issuing recommendations to be documented in meeting minutes.

- management, especially cash and debt risks.



• Audit and Risk – Monitors and advises the BoD of financial and accounting reports of all of its subsidiaries, internal controls, risk management and the work carried out by internal auditors. The Board has three members, including an alternate, all of whom are independent, non-executives and boast proven experience in corporate accounting.

• Financial Risk Management Its duties include assessing operations, processes and procedures and proposing improvements to measure and mitigate business risks such as debt limits, foreign-currency hedges, counterpart risk limits and dividend policy. Consists of the Chief Financial Officer and Investor Relations Officer, the Corporate Controllership and Finances Officer and an external consultant specializing in risk

• **Disclosure** - In addition to managing the Company's disclosure policy, it records access to inside information, and by discussing and recommending the disclosure or nondisclosure of potentially material operations and events. It currently consists of members from the investor relations (two), legal (one) and financial (one) departments.

- Compensation and Succession This committee manages issues related to the compensation and succession guidelines and policies for the executives of Energisa S.A. and its subsidiaries. It consists currently of three Board of Directors' members, including an independent member, a specialist and two non-executives.
- Ethics It strives to cultivate a wholesome, healthy and harmonious workplace by promoting values that underpin Energisa's business. Its duties include implementing, disseminating, training, revising and updating the Code of Ethics and Conduct and Reporting Channel, in addition to carrying out investigations and proposing corrective measures regarding violations. It is directly related to the Board of Directors, and enjoys autonomy and independence. It currently consists of eight members, all of whom are Energisa professionals.

Fiscal Council

Energisa's Bylaws require a non-permanent Fiscal Council, elected solely at the request of our shareholders at a General Meeting. The Council is comprised of at least three and at most five members and an equal number of alternate members. The Fiscal Council was convened at the Annual General Meeting held April 30, 2019, and consists of five serving members and five alternate members, all with terms through to the next Annual General Meeting.

Executive Board

The Executive Board is responsible for implementing the Company's strategy and the directions proposed by the Board of Directors. Its members are elected by BoD meetings for a renewable term of one year. The results of officer assessments are discussed and analyzed by the Compensation Committee and presented to the Board of Directors. It currently consists of the following members elected in 2020, including: Chief Executive Officer,



Chief Financial and Investor Relations Officer, Supplies and Logistics Officer, People Management Officer and Regulatory Affairs and Strategy Officer. Five of its members are men and one is a woman. [GRI 102-20]

Management Compensation | GRI 102-35, 102-36|

The requisites for determining the compensation of the Board of Directors, Executive Board and Committees are formally established in the Management Appointments and Compensation Policy, available to the public *here*.

Under the policy, the overall compensation of the members of the Company's Board of Directors and Executive Board are established by the General Meeting, where the BoD shall use the recommendations of its Compensation and Succession Committee to establish the fees of its members and the Executive Board's members. The compensation of the members of the Fiscal Council, when convened, is set by the General Meeting that elects them, subject to the minimum amounts established by Brazilian Corporation Law.

Conflicts of Interest | GRI 102-25|

The Policy for Related-Party Transactions addresses conflicts of interest, and the Bylaws state that any dispute or controversy shall be resolved by arbitration. In the event of a conflict of interest typified by Brazilian Corporation Law, the member involved shall abstain from voting. Approved by the Board of Directors in 2019, this policy is available *here*. Under the policy, if a given shareholder's interests conflict with the Company's interests, the party shall inform this fact promptly, declaring that they are impeded from participating in discussions and resolutions about the matter. The policy states that members of the General Meeting board shall take receipt of and process any conflicts of interest presented by any stakeholders, including requests to annul votes cast in such conflicts, even if this occurs subsequent to the meetings.

Item 16.3 of the Reference Form allows the taking of measures to address the conflicts of interest in related-party transactions. Available <u>here</u>



The resumes of all board members, committee members and executive board members can be viewed on the company's website, on our Investor Relations page, in Corporate Governance.



ETHICS AND INTEGRITY

|GRI 103-2, 103-3_206_307_410_412_415_419, GRI 102-16|

Ethics and integrity are values that permeate everything we do at Energisa, from our business conduct to how we interact with stakeholders. The behaviors expected at the Company are expressed in the Energisa Code of Ethics and Conduct, which applies to all employees, suppliers and third parties, and is available to the public here.

In addition to setting out core ethical principles, the Code outlines rules of conduct, unaccepted behaviors, and guidance on managing conflicts of interest and interacting with stakeholders - customers, suppliers, competitors, shareholders and communities - and the environment.

All employees receive a hardcopy of the Code at the time they are hired, as do suppliers and third parties during onboarding. Periodic training is also provided on the matter through the Strategic Management trial of the Educational platform. With three remote learning modules (EAD) for the Code of Ethics and Conduct, the training addresses general guidelines, the duties of the Ethics Committee and information about the Company's Compliance Hotline, amongst other topics.

In 2020, 28,637 hours of content was dedicated to the theme of ethics during training, equal to 3.4% of total training time.

By way of Papo Aberto, issues were addressed in 2020 regarding ethics, anti-discrimination, human rights and the work of the Ethics Committee in respect of employees. Monthly communication pointers will be given from 2021 onwards about ethics as part of the leadership development trail.

Anti-corruption practices GRI 103-2, 103-3_205

An Integrity Program conforming to the Brazilian Anti-Bribery Act (Law no. 12.842/2013) was developed in 2020 and should be approved by the Board of Directors in 2021. The initiative will reflect Energisa's core values, and will cover structure and planning; risk management and controls; policies, processes and systems; audit; integrity and compliance; and monitoring and reporting.

Also in 2020, the Company worked to disseminate anti-corruption practices through training provided to employees and enhanced internal and external communications. In the year, all of our board of directors members, employees and suppliers were notified about the Code of Ethics and Conduct and policies and procedures, while 79.5% of employees underwent specific training. Anti-corruption matters are managed by the Ethics Committee, with support from the Risk & Internal Audit function. The effectiveness of anti-corruption procedures is measured based on concerns raised via Energisa's Reporting Channel and the extent to which those concerns are substantiated. [GRI 205-2]

The new version of the Code currently being approved by the Board of Directors will be launched in 2021, which will include the Company's Anti-corruption Policy and the Integrity Program. The Code is available here.



ANTI-CORRUPTION TRAINING |GRI 205-2|

			Informed		Trainea				
	Total number	Number	%	Number	%				
Board of Directors members	31	31	100.0%	0	0.0%				
Workforce by category									
Officers	14	14	100.0%	4	28.6%				
Managers	527	527	100.0%	118	22.4%				
Administrative	4,439	4,439	100.0%	3,506	79.0%				
Operational	9,677	9,677	100.0%	8,018	82.9%				
Workforce by region									
Southeast	3,417	3,417	100.0%	1,600	46.8%				
Northeast	3,743	3,743	100.0%	2,186	58.4%				
North	3,228	3,228	100.0%	2,136	66.2%				
Midwest	4,213	4,213	100.0%	2,628	62.4%				
South	56	56	100.0%	32	57.1%				







Reporting hotline

Criticisms, suggestions, complaints and allegations of violations of the Code of Ethics and Conduct can be sent by e-mail (denuncia@energisa.com.br), telephone ((83) 2106-7689), the company's site, in person or by letter. The channel was expanded to WhatsApp in 2020 and the plan was structured for using the smart chatbot from 2021. There were also improvements to the reporting rate, engaging leaders in the field to use the reporting tunnel in the case of nonconformities.

The Reporting Channel receives and sends to the Ethics Committee allegations of acts contravening the existing legislation in Brazil or the company's internal regulations committed by someone for their own benefit or to the detriment of the company or stakeholders. Investigations into allegations are overseen by the Ethics Committee, and can be handled by the Risk Management practice, the Business Unit (BU) the Support Unit (SU) and/ or an outsourced firm. [GRI 102-17]

The demands are analyzed by the Ethics Committee, an independent body appointed by the Board of Directors. Its duties include ensuring that any consultations and whistleblowing are always handled in confidence and in the appropriate forum and adopting disciplinary measures according to seriousness The Committee is also charged with enforcing and enhancing Energisa Group's Code of Ethics and Conduct, amongst other duties, to guarantee an atmosphere of integrity, ethics and fairness. Any cases involving Committee members are handled directly by the Board of Directors.

SOCIOECONOMIC COMPLIANCE (R\$) |GRI 419-1|

	2020
Assessment/tax notices (R\$)	44,914,258.13
Regulatory fines (R\$) ¹	7.354407.31

¹ Amounts denoting continuity indicators, complaints (DER e FER), call center, Auditing the Responsibility of the Distribution Company and Low-income Residential Subclass.

RISK MANAGEMENT

|GRI 103-2, 103-3, 102-15, 102-30|

The Company's Risk Management Policy and Financial Market Risk Management Policy were revised in 2020 to enhance guidance on mitigating, remediating and monitoring risks, and on assessing and optimizing internal controls to minimize negative aspects and maximize positive ones.

In line with the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (Coso), our risk management process involves detecting and measuring risks and weaknesses in internal controls; reviewing and developing appropriate policies; and addressing, monitoring and controlling identified risks. The audits embrace the organizational processes deemed critical and are based on standard ISO 31000 – Risk-Based Auditing (ABR).

The map is consolidated into a periodically reviewed risk matrix, which considers the vulnerability of the processes related to operational, regulatory, security, repute, and environmental risk, amongst others, and the potential financial losses the company is subject to in the event these risks materialize. In order to reduce the vulnerability of internal processes and consequently mitigate critical business risks, every year head office spurs continuous improvement by implementing recommendations and initiatives to enhance internal processes and compliance, contracts, controls, people and systems. Leaders are also involved in the risk management cycle and internal audits.

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Identification

The process of identifying and managing economic, social and environmental impacts is coordinated by the Audit and Risk Committee under the Board of Directors, and implemented by the Corporate Risk Management function under the Vice President for Finance. The Board of Directors also assesses impacts from the Company's operations on communities and the environment as part of its annual review and approval of Energisa's Business Plan. [GRI 102-29]

The efficiency of processes is measured monthly and recommendations and actions are proposed by the risk department - involving internal processes, compliance, contracts, controls, personnel and systems - to reduce process vulnerability and mitigate risk. This process and the Company's risk management maturity reduces process vulnerability. [GRI 102-30]

The Sustainability Committee and Board of Directors monitor the main social environmental issues and the Company's business. However, there is no predetermined frequency for this monitoring in the Board. [GRI 102-31]

In 2020, we completed the implementation of a systemic tool for risk management, which will make the process more agile, reliable and assertive. The Company also bolstered its risk management team, bringing experienced and competent professionals in, who are tasked with ongoing enhancement and development initiatives.

This mapping, which includes not only external analyses but also sourcing information from multiple business departments, ascertained 80 governance, strategic, compliance, reporting and operational risks. The factors are described in the *2020 Reference Form*.



Nb: Energisa has an Incoming Cases Committee (CPE), to quarterly analyze reports on new legal cases; investigate problems found; propose improvements and corrections and mitigate/neutralize future risks. This consists of bringing together all departments to identify the root causes of these legal cases and seek to block them or at least mitigate their impact. **[GRI 103-2_419]**

INNOVATION AND TECHNOLOGY

5

DIGITIZATION INNOVATION LEVERS RESEARCH & DEVELOPMENT (R&D)





DIGITIZATION

Innovation is imperative for achieving strategic goals, and ensuring business sustainability. This is why Energisa invests in technological solutions and strives to accompany trends that can create value for its business, in addition to nurturing an internal culture of innovation.

Aware of the changes ushered in by disruptive technologies and in order to leverage opportunities and make improvements that improve the uptime of services and customer services, Energisa has a Trends Radar to detect technological trends that could impact the Company and its sector.

The organizational culture values data-driven initiatives and digital transformation projects taking shape at all the Group's subsidiaries. In 2020, we grouped together the activities of experimenting and incubating solutions based on artificial intelligence and intensive use of data in Energisa Data Labs, based in Rio de Janeiro. New products and applications are being created and tested in the laboratory to be introduced as commercial solutions for use by the Group's company and for sale.

Predictive algorithms for monitoring assets, such as IoT-equipped sensors, make it possible to foresee possible failures in major power transformers, thereby avoiding catastrophic failures, guaranteeing the service remains online and increasing customer satisfaction. There are countless other solutions being used in areas of protecting revenue, managing inspection and maintenance of distribution grids and other areas, in which Energisa is harnessing its extensive expertise to develop smart tools to operate the electric grid. The trend shows that the data culture will increasingly spread and be managed through advanced data analytics, indicating scenarios for decision taking in all company departments, from engineering to legal.

The company's digitization process embraces multiple fronts, such as administrative issues, ranging from new forms of services to new business opportunities. An example of digitizing internal processes can be found in the Human Resources Department, in the form of people analytics tools and the use of artificial intelligence, which amongst other things facilitate assertive recruitment in line with the specific requirements and values of Energisa.

As regards new forms of service and businesses, in relation to the energy distribution sector, with changes in the sector caused by market opening and modernization, the distribution companies' role can serve as a platform and orchestrator of a services ecosystem, which goes beyond energy sales, and is only possible thanks to an in-depth digitization process of the company.

The Group's digitization plan was built upon three pillars, comprising the customer's journey, the employee's journey and operational efficiency. This consists of strategic digital initiatives that intensively leverage digital technology, reviewing operating processes, disseminating the lean-agile mindset, fostering a culture of experimentation, a tolerance of error and empowerment of project teams organized into squads in order to improve operational efficiency, enhance the employee and customer experience, and develop new products, services or business models.

Advancement of digital services for customers was propelled during the endemic. An example of this was the 14 percentage point increase in contacts through these channels, accounting for 75.5% of the total (*for further information see Customers/Services*).



Key initiatives

Energisa has been a leader in the introduction of technological innovations in the sector for many years. In 2020, it sought to intensify experimentation initiatives, with projects presenting results and allowing the correction of route more quickly, such as the venture building model for startups. Key initiatives in the year included:

Project prioritization tool: an intelligent algorithm, that analyzes different business variables to develop an optimal project pipeline sequence and distribution to contractors, helping the management of materials and milestone schedules.

3D Power System: a web platform and mobile app providing a library of equipment and Group standards for field electricians and designers. It has a 3-D format, to support training using augmented reality.

Asset Maintenance Optimization System (SOMA 4.0): using advanced analytics (predictive analysis), it optimizes asset maintenance by increasing accuracy in failure prediction. It also includes a work order scheduling module to optimize crew allocation.

Smart IPEO Analytics: to support contact-center callbacks and reduce the number of nuisance trips, an intelligent algorithm provides a list of Work Orders (WO) that are most likely to result in such an incident. The rating model uses supervised machine learning to identify patterns leading to nuisance visits, ensuring more effective connection operations.

Remote support for field crews: platform that enables remote communications and provides an up-to-date library of standards and maintenance records to facilitate remote support for customers or the technical team. User-friendly and intuitive, it helps optimize maintenance and remote technical support.




INNOVATION AND TECHNOLOGY

INNOVATION LEVERS

An advanced analytics and artificial intelligence center, Energisa Digital Labs was launched in 2020. Through the initiative, data engineers develop projects related to digital transformation, intensive data usage to facilitate decision-making and provide smart digital solutions, which take the future of the energy market into account. It also includes partnerships with startups and companies of various sizes that contribute new solutions to the electric sector.

On the open innovation front, Energisa intensified its use of hubs that facilitate the prospecting and procurement of innovative technological solutions created by start-ups. 16 challenges were set in 2020 involving multiple themes in innovation ecosystems (Inovabra, Acate and digital port), in addition to prospecting to combat Covid-19 (Gear). The Company evaluated more than 40 pitches from start-ups and as a result of this interaction procured a further ten projects.

To guarantee greater synergy, we will set up a department focused on channels and partnerships to bolster the connection to this innovation ecosystem and assure the proactive management with partners for technological development and new products for the market, focusing primarily on the electric sector's 4Ds: Digitization, Decarbonization, Decentralization and Diversification. It also entails a plan for attracting and training talent with expertise in artificial intelligence and digitization, who can contribute new capabilities and solutions to the Group's activities.

The aim is to offer ever more seamless solutions for customers, such as distributed generation, combined with digitization of energy efficiency and processes (*for further information see the sections Strategy and Customers*).

Information security

All these movements and progress towards a progressively connected world, however, increase the need for investment in cybersecurity, to protect assets and data. This is one of Energisa's priority investments, to expand partnerships and develop new information security projects in order to reduce risks and protect our servers, computers, mobile devices and systems against breaches and malicious attacks.

To protect against increasingly sophisticated attacks, we invested in a redundant site in order to increase the availability of our systems by using a public and private hybrid cloud model. A cybersecurity plan is also underway, and involves actions ranging from hiring security specialists to promoting redundancy in its services, software architectures and other systems.

In line with the Brazilian General Data Protection Act (LGPD), special projects were also developed focused on the Company's cybersecurity. These initiatives include systems access security, implementation of DLP (data loss protection), monitoring, encryption and anonymization of data and the Energisa Mais Segura project.

Despite the investments and initiatives, in 2020 Energisa and companies from multiple sectors suffered a cyber attack, which momentarily affected their customer service systems. The company moved swiftly to thwart the unauthorized access attempt, with no information being leaked or lost. We emphasize that the Company's records only maintain essential information for providing energy supplies to its customer base.



The security measures introduced way before the 2020 attack fully protected the supervision and control systems in the electric system, through the network and equipment kept separate from the corporate network. Having experienced this attack, the company is adopting additional cyber security measures in all levels.

RESEARCH & **DEVELOPMENT (R&D)**

INVESTMENTS IN R&D BY TOPIC – 2020

GRI former-EU8

Through its R&D program, Energisa invests in projects that result in new products or operational and process improvements, both internally and for the market, which can improve the quality and uptime of customer services,

In 2020 we invested



with most of the funds (37.2%) allocated to electric system shielding, control and supervision projects.

R&D INVESTMENT (R\$ million)¹



¹Includes project management costs









KEY PROJECTS

Vila Restauração: initiated in 2020 by Energisa Acre and Alsol, this consists of installing a microgrid comprising a photovoltaic solar plant and energy storage using batteries and backup generation fueled by biodiesel in the Vila Restauração community, in Alto Juruá, Acre (see the initiative in Customers/ Universal access).

F-Loco: focuses on promoting a more agile service, with a reduced outage duration and lower grid repair costs. To do this it uses a low-cost sensor and tools to quickly detect the closest location to the distribution grid failure.



Vera: – Vegetation Recognition Action consists of a platform that uses imagery (captured by common cameras and satellite) to recognize and manage the vegetation in electricity distribution and transmission lines. In addition to handling various types of images depicting different climates and geographies, this makes it possible to identify tree species and monitor the growth of vegetation in and around our grids. It also informs preventive trimming plans and the measurement and supervision of tree-trimming and clearing work.

Single-phase reclosers: a new lighter cheaper single-phase recloser model integrated with IoT technologies to enable greater automation of single-phase grids. The project includes the development/integration of multiple components, from electronic devices to software and applications to operate the equipment agilely and securely.

Energy Efficiency with Ufac: a project comprising Aneel Public Tender 001/2016, to benefit higher education institutions across Brazil. Of a mixed nature (PEE + R&D), the main goal was to disseminate the culture of energy efficiency within the academic environment of the Federal University of Acre (Ufac) by studying the consumption patterns, monitoring the internal electric grid, and surveying potential for technological development, innovation and generation. (For further information about the project see Energy Efficiency.)

Lugar ao Sol: in partnership with Banco Inter, we created the photovoltaic generation cooperative Lugar ao Sol, a product for clients of the 100% digital bank in Minas Gerais state. By using the application clients throughout the state can join the cooperative, located in Uberlândia, and access solar energy provided to their homes at a more competitive cost and without the need to install photovoltaic panels.



MoovAlsol will receive investment of



R\$ 30 million in the next two years, to expand the network of mobile charging stations to charge electric vehicles



AWARD-WINNING ELECTRIC MOBILITY

Electric mobility is a new business development front at Energisa and has the support of a research and development project carried out by Alsol in partnership with storage services, MoovAlsol provides goods the Federal University of Paraíba (UFPB). The MoovAlsol initiative will receive investment of R\$ 30 million in the next two years, to expand the network of mobile charging stations to charge electric vehicles. The MoovAlsol project is a groundbreaking electric mobility project in Brazil in which electric vehicles are powered solely by solar energy.

The first charging station went online in April 2020, in Uberlândia (MG), a city which boasts the greatest distributed solar generation capacity in Brazil, where Alsol created more than 60% of the city's installed capacity, with others to be installed in the company's other solar plants. MoovAlsol is developing a mobile charging station in a truck equipped with batteries that can store up to 200 KWh of energy. It will circulate around parts of the city with the greatest demand from electric vehicles or can be used temporarily in shopping mall parking lots. At

the end of 2020, four fixed charging stations had been installed in Alsol's photovoltaic solar plants in Minas Gerais state (three in Uberlândia and one in Iraí de Minas).

In addition to mobile chargers and energy transportation services using fully solarpowered electric vehicles. This electric van service received an award in London at the 14th edition of the Rushlight Awards, which recognizes innovative initiatives using technology, generating meaningful impacts on the market. Alsol also prevailed in the two categories: Rushlight Clean Energy Award and Rushlight Powered Transport Award.

In addition to Alsol's project, Energisa Minas Gerais acquired an electric car that will provide the fleet sector with material information for comparison against the total cost of ownership of conventional vehicles used by the company. And Energisa Nova Friburgo unveiled its first public charging station for electric vehicles.

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ECONOMIC AND FINANCIA PERFORMANCE

6

MARKET CONTEXT OPERATING PERFORMANCE FINANCIAL PERFORMANCE



MARKET CONTEXT

The COVID-19 pandemic dominated 2020, with the most severe sanitary crisis in 100 years causing a global economic slowdown. In Brazil, Gross Domestic Product (GDP) contracted by 4.1%, ending a three-year period of steady, albeit subdued, growth. Agriculture was the only industry to record growth, of 2%, while manufacturing shrank by 3.5% and services by 4.5%. Per-capita GDP dropped by a record 4.8%, according to the Brazilian Institute for Geography and Statistics (IBGE).

The basic interest rate (SELIC) fell from 4.5% to 2.0% per annum, and the official inflation rate (IPCA) increased from 4.13% in 2019 to 4.52% in 2020. Unemployment rose to a record 14.6% in the period, from 11.2% in 2019, according to IBGE.

Against this background, the electric power sector saw consumption decline by 1.6% compared to 2019, under pressure from the commercial (-10.5%) and industrial (-1.1%) segments. In the residential segment, shelter-in-place measures and a larger number of people working from home led to a 4.1% increase in consumption in the 12-month period. By geography, Brazil's North and Midwest recorded consumption growth of respectively 4.8% and 1.2% in 2020. The largest contraction was in the Southeast (-2.8%), followed by the Northeast (-2.4%) and South (-1.2%).

Rainfall levels were lower than expected in 2020, which impacted the recovery of reservoir capacity and, consequently, the Difference Settlement Price (PLD), which rose from R\$ 227.30/MWh in December 2019 to R\$ 267.49/MWh in the Southeast submarket at the end of 2020.

Regulatory situation

Although most of the regulatory disputes in the year have involved pandemic measures (see the chapter Covid-19), progress has also been made in matters related to the impact on the future of the electric sector.

The key events in 2020 include the approval of Draft Law (PL) 3.975/2019 addressing the renegotiation of the hydrological risk, calculated by the GSF (*Generation Scaling Factor*), by the Federal Senate. The measure repairs the debts posed by the hydrological risk - due to the energy deficit generated under the contracted volumes, especially due to the drought in recent years - by power plants. Aneel states that the renegotiation should contribute to the liquidity of the electricity Spot Market (MCP), and the restoration of legal certainty in the sector.

Aneel also approved the X Factor methodological revision, a mechanism which makes it possible to share with consumers the productivity gains obtained by distribution companies over the course of the rate cycle. Depending on the concession contract under scrutiny, the methodology should consider the recent history of the electricity distribution companies' productivity gains and cyclical market changes in the annual rate adjustments.

As regards the market opening following the approval of the Draft Senate Law (PLS) nº 232/2016, by the Federal Senate, the proposal was sent to the Chamber of Deputies under the new denomination PL 414/21. The PL provides multiple measures regarding the sector's modernization, especially the gradual reduction of the barriers on consumers migrating to the free market, known as energy bill portability.



Another matter that gained momentum in the year was bringing forward the termination of contracts for diesel-fueled thermal power plants, which have a high generation cost, in order to alleviate rate pressures for consumers in Rondônia. In December, Aneel ratified the agreement for the early termination of the supply contract of the power plant Termo Norte II in January 2021 instead of August 2023. The negotiation with Termo Norte Energia involved paying approximately R\$ 941 million to the generation company, paid for by the Energy Development Account (CDE).

The hourly PLD came into force in early 2021, which will involve the daily calculation of the Difference Settlement Price (PLD), valid for the 24 hours the following day. It also provides for continuation of discussions about the proposal to review the rules applicable to microgrids and distributed mini-generation (in Normative Resolution 482/2012), to enhance the credit offsetting system.



ECONOMIC AND FINANCIAL PERFORMANCE

OPERATING PERFORMANCE

DISTRIBUTION

Despite the challenging conditions in 2020, Energisa continued striving to deliver quality energy to its customers.

The Company closed the year with



consumer units, 2.9% more than in 2019.

55 thousand customers were gained in the residential segment (+1.1%), totaling 5,082,418, of which 1,500,509 (22.4%) are low-income customers qualifying for the Social Rate (for further information see Access to energy).

Service quality and reliability and agility and respect for customers are Energisa's priorities. Our captive consumers comprise residential and rural consumers and small businesses in general; medium- and high-voltage customers (manufacturing facilities and other large ventures) and government authorities (municipal governments and state and federal agencies), to which we allocate initiatives to improve the grid and service channels, in order to optimize their journey with the Company. Free customers are also served, who do not purchase energy from the distribution companies, but use the grid infrastructure to receive energy acquired in the market.

CUSTOMERS BY DISTRIBUTION COMPANY

Company
Energisa Minas Gerais
Energisa Nova Friburgo
Energisa Sergipe
Energisa Borborema
Energisa Paraíba
Energisa Mato Grosso
Energisa Mato Grosso do Sul
Energisa Tocantins
Energisa Sul-Sudeste
Energisa Rondônia
Energisa Acre
Total Energisa



						Free market	
2018	2019	2020	Change (%)	2018	2019	2020	Change (%)
455,359	460,051	469,456	2.0%	54	62	72	16.1%
108,287	109,467	111,365	1.7%	9	9	12	33.3%
776,347	788,265	805,820	2.2%	52	67	95	41.8%
212,744	219,527	224,663	2.3%	14	15	28	86.7%
1,424,082	1,438,639	1,482,688	3.1%	51	66	98	48.5%
1,403,355	1,458,048	1,506,604	3.3%	210	236	327	38.6%
1,018,108	1,039,233	1,065,484	2.5%	162	193	238	23.3%
586,458	599,584	618,062	3.1%	34	44	84	90.9%
784,064	799,811	819,256	2.4%	152	181	244	34.8%
641,995	645,131	670,538	3.9%	37	42	60	42.9%
263,729	264,436	278,575	5.3%	19	21	34	61.9%
7,674,528	7,822,192	8,052,511	2.9%	794	936	1,292	38.0%

1,500,509 (22.4% of residential customers) are registered for the Social Rate, as low-income consumers.





CUSTOMERS BY SECTOR |GRI EU3|

In 2020, the total customers amounted to

8,053,803

(8,052,511 captive and 1,292 free), growth of 2.9% on the previous year, including 81.74% residential customers.

NUMBER OF CUSTOMERS (thousands)¹



¹ Captive and free sales. Includes active customers with no supply.

Sector	Energisa consolidated	EMG	ENF	EPB	EBO	ESE	EMT	EMS	ΕΤΟ	ESS	EAC	ERC
Residential	6,582,927	353,886	98,541	1,226,196	191,990	728,259	1,176,286	876,883	515,919	697,446	225,720	491,80
Industrial	42,167	3,289	718	3,928	536	963	18,334	7,194	1,493	3,968	268	1,47
Commercial	536,370	35,045	10,274	95,715	15,417	45,190	96,737	76,609	33,165	61,982	22,173	44,06
Rural	797,431	71,990	1,271	137,836	15,078	23,371	200,264	88,554	57,964	46,905	26,506	127,69
Government	71,849	4,096	393	17,027	1,474	5,544	12,435	8,469	7,437	6,874	3,360	4,74
Public lighting	8,112	277	13	680	72	917	803	3,154	939	664	287	30
Public service	8,887	731	135	1,006	78	1,449	1,432	1,399	909	1,237	208	30
Company consumption	1,768	142	20	300	18	127	313	222	236	180	53	15
Captive sales	8,052,511	496,456	11,365	1,482,688	224,663	805,820	1,506,604	1,065,484	618,062	819,256	278,575	670,53
Free clients	1,292	72	12	98	28	95	327	238	84	244	34	6
Total	8,053,803	469,456	111,365	1,482,786	224,691	805,915	1,506,931	1,065,722	618,146	819,500	278,609	670,598



¹Government, public lighting, public service



ELECTRICITY SALES

Despite the impacts observed as a result of the Covid-19 pandemic, the resilience of the Group's concession areas led to total annual sales growth of 0.9%, compared with the decrease of 1.6% in domestic consumption.

Consolidated captive and free electricity consumption was

36,454.5 GWh compared with 36,118.7 GWh in the previous year.

The sectors that drove the positive result in 2020 were the residential (+7.1% and 936.4 GWh) and rural sectors (+9.4% and 329.4 GWh), boosted by warm dry weather, especially in the last four-month period, and a booming agribusiness sector.















The main contractions were experienced by the commercial (-8.1%), government (-19.3%) and public lighting (-2.0%) sectors, which diminished across all distribution companies. Industrial consumption contracted by 0.2% (-11.7 GWh).

6 of the Group's 11 distribution companies enjoyed higher consumption, especially Energisa Mato Grosso (+3.7%) and Energisa Rondônia (+3.8%), mainly due to the agribusiness sector in the respective regions. The consumption decreases were influenced by the industrial sector, with the greatest impact on Energisa Sergipe (-6.0%), Nova Friburgo (- 2.3%) and Sul-Sudeste (-1.3%).

ENERGY CONSUMPTION GROWTH (GWh)¹

ENERGY CONSUMPTION BY SECTOR¹



ENERGY SOLD BY DISTRIBUTION COMPANY (GWh) CAPTIVE SALES + TUSD (BILLED)

Company Energisa Minas Gerais Energisa Nova Friburgo Energisa Sergipe Energisa Borborema Energisa Paraíba Energisa Mato Grosso do Sul Energisa Mato Grosso do Sul Energisa Sul-Sudeste Energisa Rondônia Energisa Acre **Total Energisa**



¹ Billed Captive Sales + TUSD.

* Government, public sector, public lighting.



2018	2019	2020	Change 20/19 (%)
1,501.2	1,525.3	1,518.9	- 0.4
323.3	328.3	320.7	- 2.3
3,093.6	3,009.9	2,830.5	- 6.0
651.3	663.9	670.1	+ 0.9
4,294.8	4,410.7	4,390.1	- 0.5
8,721.2	9,311.1	9,651.9	+ 3.7
5,348.0	5,686.8	5,768.1	+ 1.4
2,317.4	2,418.1	2,453.2	+ 1.5
4,245.5	4,445.5	4,387.6	- 1.3
3,144.4	3,238.4	3,360.9	+ 3.8
1,035.9	1,080.8	1,102.6	+ 2.0
34,676.7	36,118.7	36,454.5	+ 0.9

SALES BY CONSUMER SECTOR (GWh)

Company	2018	2019	2020	Change 20/19 (%)
Residential	12,466.0	13,267.5	14,203.9	+ 7.7
Industrial	7,260.1	7,310.6	7,298.9	- 0.2
Captive	2,547.8	2,409.6	2,208.3	- 8.4
Free	4,712.3	4,900.9	5,090.5	+ 3.9
Commercial	6,880.1	7,201.8	6,620.4	- 8.1
Captive	6,164.3	6,381.7	5,750.8	- 9.9
Free	715.8	820.1	869.6	+ 6.0
Rural	3,356.4	3,504.8	3,834.2	+ 9.4
Captive	3,292.0	3,423.4	3,727.0	+ 8.9
Free	64.4	81.4	107.2	+ 31.7
Other sectors	4,714.1	4,834.1	4,497.1	- 7.(
Captive	4,651.7	4,762.9	4,362.1	- 8.4
Free	62.4	71.3	135.0	+ 89.5
Energy sales to consumers (Billed Captive Sales)	29,121.8	30,245.0	30,252.1	+ 0.0
Energy associated with free consumers (TUSD)	5,554.9	5,873.8	6,202.4	+ 5.6
Billed Captive Sales + TUSD	34,676.7	36,118.7	36,454.5	+ 0.9
Unbilled consumption	69.1	106.2	28.0	- 73.8
Billed Captive Sales + Unbilled TUSD	34,745.8	36,224.9	36,482.5	+ 0.7







ENERGY LOSSES | GRI EU12|

Energisa Group's total energy losses amounted to 6,012.0 GWh in 2020, equal to injected energy of 13.74%, compared with 5,756.9 GWh and 13.48% at the end of 2019. Our results reflect the effects of Covid-19, especially the suspension on issuing irregular invoices and significantly reduced actions combating losses from the second quarter onwards, in line with the restrictions established in Aneel Normative Resolution 878 along with state and municipal decrees (*find out more about the resolutions in the sectionCovid-19*)

Another meaningful impact effect deriving from the restrictions was the material drop in energy billed, especially to commercial consumers, public services and industries connected to the low- and medium-voltage supply, in addition to free consumers. This reduction did not trigger commercial losses. This is an effect known as a "base impact", i.e., a reduction to the denominator in the equation used to calculate losses, resulting in the percentage indicator rising.

After the restrictions imposed by the pandemic, Energisa proceeded with loss combating activities, planned in accordance with the requirements of each concession area, especially Energisa Acre and Energisa Rondônia, which has the highest commercial losses. The measures include ramping up shielding measures and reregistering public lighting, in addition to inspections to find illegal connections. Collection measures were also intensified for delinquent customers, using electronic means such as SMS and WhatsApp messages.

ENERGY LOSSES - PAST 12 M

Company
Energisa Minas Gerais
Energisa Nova Friburgo
Energisa Sergipe
Energisa Borborema
Energisa Paraíba
Energisa Mato Grosso
Energisa Mato Grosso do Sul
Energisa Tocantins
Energisa Sul-Sudeste
Energisa Rondônia
Energisa Acre
Energisa - consolidated

ENERGY LOSSES |GRI EU12|



— Total losses



IONTHS	(%)
--------	-----

	Tech	nical losses		Non-tech	nical losses		Aneel Limit		
2018	2019	2020	2018	2019	2020	2018	2019	2020	2020
10.22	10.51	9.43	-0.09	-0.16	0.21	10.12	10.35	9.64	9.64
4.61	4.77	5.10	-0.66	-0.86	-1.02	3.94	3.9	4.07	5.84
7.11	7.49	8.00	2.53	2.68	2.52	9.63	10.17	10.53	10.55
6.65	5.72	5.56	-0.79	0.66	0.78	5.85	6.37	6.36	7.44
9.35	8.85	8.84	3.29	4.35	4.71	12.64	13.19	13.53	12.76
9.42	9.64	9.44	4.65	3.93	4.80	14.07	13.58	14.28	13.64
9.11	9.41	10.34	3.57	2.88	2.77	12.68	12.29	13.11	12.97
11.46	11.47	10.94	1.79	1.15	1.50	13.26	12.61	12.45	13.91
6.17	6.24	6.15	0.22	-0.05	0.32	6.39	6.19	6.47	6.73
11.17	12.00	12.63	16.47	15.87	14.04	27.63	27.87	26.68	22.05
9.85	9.89	10.03	9.75	8.81	8.20	19.60	18.70	18.23	19.85
9.07	9.25	8.97	4.51	4.23	4.35	13.57	13.48	13.74	13.14

Regulatory losses





SUPPLY QUALITY

|GRI former-EU6|

Energisa has prioritized investments in service quality and reliability, with measures ranging from automation, construction and expansion of new feeders, substations and high-voltage lines, which improve the assertiveness of maintenance and clearing work, including the application of new tools and team training. Aneel acknowledged this effort in 2020, by including nine distribution companies amongst the best in Brazil in the supply continuity ranking (for further information see Awards).

Investments were also made to integrate the distribution companies Energisa Acre and Energisa Rondônia, reinforcing customer services, interconnecting islanded systems, insourcing services and intensifying operational improvements. 13 of Energisa Rondônia's 25 systems were already interconnected in 2020, serving 63 thousand customers. Five of Energisa Acre's nine systems will be integrated by 2025.

All of Energisa Rondônia's management systems were migrated to improve the quality and productivity of field operations and administrative processes. Migration at Energisa Acre is scheduled for 2021. The two distribution companies also invested to improve grid reliability. Acre expanded the automation of reclosers and reinforced the telecommunications grid. In Rondônia they installed voltage selection, shielding and regulation devices, in addition to replacing impaired equipment approaching the end of its useful life.

Despite the tangible changes in service quality since Energisa took over the concession, owing to the history of poor services, lack of investment and management changes in Rondônia, local politicians opened proceedings to investigate alleged irregularities committed by the company in 2019. Energisa has reiterated that it operates transparently and will provide all clarifications necessary to society and its representatives. The Company complies with federal regulations for providing electricity services to the letter.



All of the Group's distribution companies take preventive measures entailing the replacement of equipment and allocation of investments necessary to guarantee the capacity limit of assets and service quality for our customers. Works were carried out in 2020 to improve and expand the supply, such as new substations and transformers. New operational bases were built in Tocantins. And new generating sets automatically guarantee the energy supply in the event of any incident in electric grids in areas that are not easily accessible.

Inspection and maintenance

Visual and thermographic preventive inspections are carried out in mediumand high-voltage distribution grids (terrestrial, aerial, by helicopter and vehicle Power Scan) to identify nonconformities, which will inform maintenance work



and specific tree trimming plans. For substations, in addition to periodical visual and thermographic inspections of their installation, preventive and predictive inspections are carried out on equipment to guarantee it is functioning correctly, based on the procedures and methodologies recommended by the manufacturers. The distribution companies also carry out preventive maintenance based on the proprietary methodology SOMA (Asset Maintenance Optimization System), corrective maintenance on demand and the replacement of depreciated and obsolete assets.

Communications methods are used for scheduled stoppages, such as radio, printed letters, email and for one-off cases with a greater impact sound cars circulate the municipality to inform the population.





Planning

Every year a plan is put together for the entire distribution system in order to manage demand. This involves measurements in transformers, feeders and substations in order to calculate the demand in the circuits for the next ten years, in line with growing market rates. We compile the intervention calendar by observing the security and improvement proposals, with a view to Energisa's operational performance, product and service quality and complying with the company's budget and regulatory limits.

The planning involves energy demand projections and the history of supply interruptions. Demand is simulated and the distribution system is analyzed to see how it will behave over the next ten years, based on evaluated load, voltage levels and continuity in all assets.

Energisa carries out works to meet the requirements and wishes of communities about energy supply availability or required corrections (such as voltage level and load, amongst others), which can include formal consultations of community representatives. This aims to guarantee the best quality energy and consequently customer satisfaction in concession areas. Public authorities are always involved (environmental agencies, municipal governments, Incra, Funai, etc.) in the planning and licensing processes for installing and operating new ventures. [GRI former-EU19]

QUALITY INDICATORS

As a result, in 2020 most of the distribution companies outperformed the regulatory target for outage durations and frequencies (DEC and FEC), all falling within the regulatory limit for FEC. The exceptions for the DEC were Energisa Rondônia (8.24 above the limit) and Energisa Nova Friburgo (+ 0.6). Nonetheless, Energisa Rondônia continued its trajectory of strong improvement, achieving a reduction of 12.9 hours (-2%) in the DEC in relation to 2019, and 6.22 times (- 26.6%) in the FEC.

POWER OUTAGES |GRI EU28, EI

Company
energisa Minas Gerais
energisa Nova Friburgo
nergisa Paraíba
nergisa Borborema
energisa Sergipe
energisa Mato Grosso
nergisa Mato Grosso do Sul
energisa Tocantins
nergisa Sul-Sudeste
energisa Acre
nergisa Rondônia

The highlights of the year include Energisa Mato Grosso, which achieved its lowest ever values for both the Equivalent Outage Duration (DEC), of 17.48 hours, and the Equivalent Outage Frequency (FEC), of 7.77 times. Energisa Mato Grosso do Sul achieved its lowest DEC (17.48 hours) during the period under Energisa's control and the lowest FEC in the historic series (4.31 times). Energisa Acre recorded its lowest DEC since being acquired by Energisa in 2018, and the best FEC in the historic series (16.68 times).



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Dui	Equivalent Ou	tage Duratio	Equivalent Outage Frequency (FEC)- time					
Ar Li	2019 2020	Aneel Limit	Gap to the limit	2018	2019	2020	Aneel Limit	Gap to the limit
11	8.85 10.79	11.25	-0.46	5.33	4.47	7.12	8.28	-1.16
Q	6.64 10.56	9.96	+ 0.6	3.9	4.18	5.81	8.33	-2.52
15	13.7 14.11	15.97	-1.86	5.62	5.28	5.57	9.5	-3.93
12	4.19 3.68	12.83	-9.15	2.63	3.15	2.29	8.86	-6.57
12	10.63 10.57	12.05	-1.48	6.33	4.81	4.99	8.11	-3.12
27	19.85 17.48	21.47	-3.99	9.15	8.20	7.77	17.05	-9.28
-	10.81 10	11.5	-1.5	4.73	4.55	4.31	8.16	-3.85
23	21.55 18	23.55	-5.55	9.37	7.9	7.9	15.67	-7.77
_	5.76 4.94	7.57	-2.63	4.6	4.4	4.29	7.25	-2.96
43	37.76 30.49	43.98	-13.49	31.12	23.80	16.68	35.06	-18.38
27	48.57 35.69	27.45	+ 8.24	16.69	23.40	17.18	18.85	-1.67



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TRANSMISSION

In transmission, Energisa holds assets resulting from the acquisition of two lots at Transmission Auction 5/2016, held in April 2017; and a lot at Transmission Auction 002/2018 and a lot at Transmission Auction 004/2018. The four lots jointly possess an Annual Permitted Revenue (RAP) of R\$ 179.3 million. In December 2020, the company successfully bid for a lot of assets in Amazonas, with an RAP of R\$ 63 million.

With investments of R\$ 254.4 million, the Energisa Goiás I line went operational in March 2020, 17 months earlier than planned. In November it was the turn of the Energisa Pará I (EPA I) line, an investment of R\$ 318 million which came into operation 16 months early. Investment of R\$ 1,012 million has been earmarked for the other lots. Also in 2020, two lines of Energisa Tocantins Transmissora were awarded their construction licenses and began the respective works. [GRI 102-10]

The smooth implementation of the projects, especially amidst the disruption in 2020, is thanks to the thorough planning that precedes the works. Matters are analyzed ranging from logistics to preliminary agreements with engineering, construction and assembly firms, in addition to pre-contracting for environmental licenses and bringing in teams early.

TRANSMISSION PROJECTS

Company	Auction date	State	Length (Km)	Environmental license issuance	Operational start-up (Aneel)	Physical progress (in Dec/20)	Estimated early delivery	Investment (R\$ million)	Proposed RAF 20-21 cycle (R\$ million)
Energisa Goiás Transmissora I (EGO I)	Apr/17	GO	136	9/13/2018	Mar/20	100%	17 months	254.4	42.3
Energisa Pará Transmissora I (EPA I) ²	Apr/17	PA	296	10/02/2018	Nov/20	100%	16 months	340.2	53.3
Energisa Pará Transmissora II (EPA II)	Jun/18	PA	139	5/06/2019	Mar/23	73%	12 months	396.7	36.9
Energisa Tocantins Transmissora (ETT) ²	Dec/18	BA/TO	772	10/19/2020 (2 lines)	Mar/24	12%	14 months	627.4	66.3
Energisa Amazonas Transmissoras (EAM) ³	Dec/20	AM	418	-	Mar/26	-	12/18 months	888.2	63.0
Total			1,761					2,500.9	261.9

¹Investment data and annual permitted revenue (RAP) restated as of December/2020. Physical progress data restated for February/2021.

² The early start-up of EPA II and ETT is subject to change depending on how long the impacts of the Covid-19 pandemic last.

³ Energisa Amazonas Transmissora's total investment does not include optimizations and is based on amounts estimated by Aneel for the auction in December 2020.



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ECONOMIC AND FINANCIAL PERFORMANCE

DISTRIBUTED GENERATION

In 2020 Alsol invested in and started up six new proprietary photovoltaic plants with a total capacity of 26 MWp in the state of Minas Gerais, connected to the distribution grid in Cemig's concession area. The plants supply clean renewable energy to legal entities (small and medium-size companies) and individuals (low-voltage) on the basis of solar quota leasing.

Approximately R\$ 80 million was invested for these ventures – Jardim II, Capim III, Granja I, Santa Rosa, Iraí de Minas and Piumí – in 2020 with an annual energy generation capacity of 39,650 MWh. These solar plants were online for an average 92.3% of the time. [GRI 102-10, EU30]

Locations are chosen based on a strategic vision, which embraces the entire distributed generation ecosystem, i.e., strategic generation areas near consumption centers, to mitigate technical losses and systemic benefits for all grid users.

Alsol has the structure to serve small companies and low-voltage customers,

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2012 FOUNDATION



in line with Energisa's decentralization drive. Its pillars include providing energy storage, digitization and transportation electrification solutions. In digitization, for example, the subsidiary has created a proprietary generation asset monitoring system, which works in real times and informs decision-making.

In partnership with Aliança Energia, in 2020 Alsol proceeded to implement the energy source hybridization project, by installing solar panels in a wind farm in Ceará state. Another project after these works consists of monitoring floating photovoltaic panels, for use in hydroelectric power plants. In conjunction with Cemig, the hybridization now includes mixing three energy sources photovoltaic generation, 100% organic biodiesel and batteries.

The electric mobility venture MoovAlsol also showcases the company's work, combining photovoltaic energy charging stations and transportation services using 100% electric vehicles. *(This project is detailed in R&D/Electric Mobility)*.

INSTALLED CAPACITY (MW)¹ |GRI EU1|

Energy source	2019	20
Solar	7.81	40
Biomass	0.26	0.

NET ENERGY OUTPUT¹ (GWh) |GRI EU2|

Energy source	2019	202
Solar	12.625	30.
Biomass	0	

¹Alsol operates in the regulated market.









TRADING

In 2020, Energisa Comercializadora sold an average 630 MW, an increase of 17.1% on the previous year.

The result is due to the greater portfolio turnover, with the assertive seizure of market opportunities in order to mitigate consumption decreases triggered by the situation.

By way of its Intelligence department, information is analyzed about climate, reservoir levels and market movements that help project scenarios and seize opportunities. In 2020, this information was available to internal and external clients via a dashboard, with daily online updates, which helped project consumption, risk management and energy purchase and sale opportunities.

In the period, Comercializadora also began providing online consumption measurements. This enables customers to monitor their energy consumption in real-time. Contracts were also digitized and virtual meetings took place, which permitted efficiency gains in customer relations.

Another new product offered as part of our one stop shop concept was seamless products and services. Thanks to the expertise of Comercializadora and Alsol, customers have access to multiple packages ranging from distributed generation to purchasing Green-Seal-certified energy and fleet electrification, for example.

SOLUTIONS

In line with the commitment to service provision excellence and customer satisfaction, Energisa Soluções (Esol) achieved historic energy generation at the Mucuri SHP, owned by the client Suzano. The plant has an installed capacity of 19 MW and is located in Rio Mucuri, between the municipalities of Pavão and Carlos Chagas, in Minas Gerais.

The venture generated 3,582.77 MWh in July alone, an absolute record at the plant. Prior to this achievement, the highest generation volume produced was 3,486.58 MWh, in July 2014. To work on the location, Energisa Soluções has a team that works on-site in addition to support from the Transmission Operation Center (COT), with remote control of the SHP.

Esol's electric dashboard assembly line in Cataguases (MG) entered into new contracts to supply dashboards and protection and automation systems to a number of the Group's distribution companies and various external clients. The solutions will be applied to systems ranging from the 230kv National Grid to 34kv subsystems.

An energy efficiency project began in 2020, harnessing new technology at a client in Rio de Janeiro. The project embraces the industrial plant's electricity diagnosis, using smart sensors that enable the monitoring and guaranteeing of a predictive analysis with excellent performance in electric motors and other equipment. It is used to extract and send data to a cloud, facilitating preventive actions and mitigating production shutdown risks.

In 2020, Energisa Comercializadora sold roughly

630 MW

on average, an increase of 17.1% compared with the previous year.







GREEN SEAL

In 2020 Comercializadora received the Green Energy Seal issued by the Brazilian Sugarcane Industry Association (Única), as part of the Bioelectricity Certification Program. This is a recognition for free-market energy traders and consumers purchasing bioelectricity generated from sugarcane biomass, a clean and renewable energy source.



FINANCIAL PERFORMANCE

Operating revenue

Net operating revenue excluding construction revenue was

R\$ 17,974.9 million

an increase of 6.2% (R\$ 1,051.7 million) on the figure for 2019.

NET OPERATING REVENUE (R\$ million)¹



¹ Not including construction revenue.

NET REVENUE BY SEGMENT (R\$ MILLION)

Segment/company	2018	2019	2020	Change (%)
Electricity distribution	14,947.3	18,328.6	18,861.5	+ 2.9
Energisa Minas Gerais	689.4	730.9	810.4	+ 10.9
Energisa Nova Friburgo	154.5	171.0	183.9	+ 7.5
Energisa Sergipe	1,292.4	1,408.2	1,403.5	- 0.3
Energisa Borborema	264.0	283.5	282.5	- 0.4
Energisa Paraíba	1,972.3	2,143.8	2,256.7	+ 5.3
Energisa Mato Grosso	4,373.4	4,933.0	5,095.9	+ 3.3
Energisa Mato Grosso do Sul	2,543.1	2,819.6	2,922.1	+ 3.6
Energisa Tocantins	1,531.1	1,696.3	1,453.0	- 14.3
Energisa Sul-Sudeste	1,624.6	1,749.6	1,824.7	+ 4.3
Energisa Rondônia	444.9	1,666.9	1,930.8	+ 15.8
Energisa Acre	57.6	726.0	698.1	- 3.8
Electricity service trading	1,487.8	2,009.3	1,974.0	- 1.8
Energisa Comercializadora (Ecom)	935.8	819.8	944.4	+ 15.2
Energisa Soluções (Consolidated Esol)	164.1	226.8	218.3	- 3.8
Energisa S.A. (ESA)	167.7	212.1	218.5	+ 3.0
Multi Energisa	32.5	39.4	43.2	+ 9.7
Energisa Transmissora Goiás I (EGO I)	94.6	255.7	91.0	- 64.4
Energisa Transmissora Pará I (EPA I)	85.3	273.6	192.1	- 29.8
Energisa Transmissora Pará II (EPA II)	2.9	88.6	175.8	+ 98.4
Energisa Tocantins Transmissora (ETT)		23.8	47.3	+ 98.2
Others ¹	4.9	69.3	43.4	- 37.3
Total	16,435.1	20,337.8	20,835.5	+ 2.4
Intercompany eliminations	-	(434.7)	(505.3)	+ 16.2
Energisa - consolidated	15,787.6	19,903.1	20,330.2	+ 2.1
Construction revenue	1,513.0	2,979.9	2,355.3	- 21.0
Energisa consolidated, without construction revenue	14,274.6	16,923.2	17,974.9	+ 6.2

¹ Energisa Planejamento e Corretagem de Seguros Ltda., Energisa Serviços Aéreos de Aeroinspeção S/A and Alsol.



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Rate reviews and adjustments

Aneel ratified the fifth periodical rate review of Energisa Tocantins, effective from July 04, 2020, and Energisa Borborema's, effective from February 04, 2021. The other distribution companies had their fourth cycles ratified between 2016 and 2018, except Energisa Rondônia and Energisa Acre acquired in August 2018, which are still waiting for this review. The next reviews take place between 2021 and 2023.

Tocantins' rate review represented an increase of 129.9% of the Net Regulatory Remuneration Base (BRRL), which rose from R\$ 596.2 million to R\$ 1,370.5 million. For Borborema this was 36.5%, from R\$ 117.7 million to R\$ 160.7 million.

RATE ADJUSTMENTS (%)

	Effect on consumers (%)					
Company	Low- voltage	High- and medium- voltage	Average	Effective from		
Energisa Minas Gerais	+ 6.56	+ 5.81	+ 6.41	07/01/2020		
Energisa Nova Friburgo	+ 2.11	+ 3.68	+ 2.39	07/01/2020		
Energisa Sergipe	+ 1.05	+ 1.51	+ 1.20	07/01/2020		
Energisa Borborema ¹	- 1.63	- 2.17	- 1.78	02/04/2020		
Energisa Paraíba	+ 3.61	+ 6.60	+ 4.28	08/28/2020		
Energisa Mato Grosso	+ 2.40	+ 2.65	+ 2.47	07/01/2020		
Energisa Mato Grosso do Sul	+ 6.89	+ 6.93	+ 6.90	07/01/2020		
Energisa Tocantins ¹	+ 8.54	+ 1.79	+ 7.17	07/04/2020		
Energisa Sul-Sudeste	+ 4.03	+ 6.90	+ 4.87	07/12/2020		
Energisa Rondônia	- 9.85	- 16.12	- 11.29	12/13/2020		
Energisa Acre	+ 2.86	+3.42	+ 2.95	12/13/2020		

Collection fee

Energisa Group's consolidated collection rate in 2020 was 96.61%, down 0.30 percentage points on the end of 2019, mainly influenced by the Covid-19 pandemic and measures introduced under Aneel Resolution 878/2020. This restriction on disconnecting energy supplies had an effect of approximately 0.25 p.p. on the collection rate in the year.

In light of this situation, the Company intensified its collection campaigns, offering easy payment terms, also via credit card, which helped mitigate the impacts on the indicator. In addition to SMS and WhatsApp, bots were tested for the purpose of automatic tele-collections.

COLLECTION RATE (%) – 12 MONTHS

Company
Energisa Minas Gerais
Energisa Nova Friburgo
Energisa Sergipe
Energisa Borborema
Energisa Paraíba
Energisa Mato Grosso
Energisa Mato Grosso do Sul
Energisa Tocantins
Energisa Sul-Sudeste
Energisa Rondônia
Energisa Acre
Energisa Consolidated

¹ 5th Cycle rate review



2018	2019	2020	Change (p.p.)
98.77	98.75	98.41	- 0.34
98.83	98.56	97.70	- 0.87
98.30	98.17	97.96	- 0.21
98.57	98.94	98.46	- 0.49
97.24	97.48	97.10	- 0.39
96.27	96.26	95.88	- 0.40
97.32	97.11	97.08	- 0.03
97.53	97.73	97.39	- 0.35
99.05	99.09	98.97	- 0.12
91.30	93.41	93.03	- 0.40
90.03	93.43	93.86	+ 0.46
96.67	96.91	96.61	-0.30





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	Energisa Consolidated	EMG	ENF	EPB	EBO	ESE	EMT	EMS	ΕΤΟ	ESS	EAC	ERO
Time between energy disconnection and payment regularization												
Less than 48 hours	258,609	14,211	738	33,724	13,815	40,663	51,873	13,815	54,734	17,147	15,618	2,271
48 hours to 1 Week	118,923	6,799	524	20,273	6,266	15,090	24,153	6,266	24,722	9,348	4,681	801
1 week to 1 month	59,318	3,435	242	10,941	3,692	7,628	11,602	3,692	12,153	5,498	245	190
1 month to 1 year	48,763	2,887	233	6,918	2,481	6,014	10,573	2,481	11,087	6,025	64	-
Over one year	0	0	0	0	0	0	0	0	0	0	0	0
Time taken to reconnect after	payment											
Less than 24 hours	266,692	14,996	821	29,745	13,819	43,158	53,075	13,819	60,687	25,293	9,538	1,741
Between 24 hours and 1 week	218,711	12,336	915	42,040	12,429	26,211	45,104	12,429	41,992	12,720	11,014	1,521
More than 1 week	211	0	1	71	6	26	22	6	17	5	56	1

NUMBER OF RESIDENTIAL DISCONNECTED FOR NON-PAYMENT AND RECONNECTED [GRI EU27]

Nb: In 2020 Draft Law 950/20, introduced because of the Covid-19 pandemic, distribution companies were forbidden from disconnecting the energy supply of delinquent customers between March 24 and July 31. This deadline was extended until December 31 for social rate customers.

Operating costs and expenses

Consolidated operating costs and expenses excluding construction costs, amounted to R\$ 15,518.5 million in the year, 3.8% more than in 2019. Non-manageable costs and expenses grew by 3.4% (more than R\$ 374.2 million), especially due to the 28.3% increase in electricity transportation costs. Manageable costs and expenses (PMSO) contracted by 11% (less than R\$ 318.8 million). In 2020 the Company rolled out a highly-successful cost-cutting plan which offset the increase in provisions and lower sales.

The Adjusted EBITDA in 2020 was

Net income was





EBITDA and net Income

EBITDA (earnings before interest, taxes, depreciation and amortization) in 2020 was R\$ 3,931 million, 12.3% above than 2019. The EBITDA margin changed from 17.6% to 19.3%. The adjusted EBITDA increased from R\$ 3,839.9 million in 2019 to R\$ 4,312 million in 2020, also an increase of 12.3%. Net income amounted to R\$ 1,607.5 million, 204.9% (R\$ 1,080.3 million) more than in 2019 (R\$ 527.2 million).

ADJUSTED EBITDA AND MARGIN



NET INCOME (R\$ million)



R\$ 4,312 million

12.3% more than 2019.

R\$ 1,607.5 million







Debt |GRI 102-7|

The consolidated net debt at the end of 2020, less sector credits, amounted to R\$ 13,574.3 million compared with R\$ 13,677.6 million in December 2019. The ratio between net debt and consolidated adjusted EBITDA fell from 3.6 in December 2019 to 3.1.

In order to protect its financial health during the pandemic, the Company raised funds and lengthened debts. To bolster the Group's working capital, it expanded cash equivalents, allocating a consolidated position of R\$ 6,898.6 million.

The average debt tenor rose to 6.9 years at the end of 2020 (against 4.8 years in 2019) and the average cost was 5.18% (272.6% of the CDI rate) against 6.36% (144.55% of the CDI rate) in 2019.

LEVERAGE

Dec-19	
Mar-20	
Jun-20	
Sep-20	
Dec-20	
	— Net debt —

RATINGS

Branch	Domestic Rating/ Outlook	Global Rating/ Outlook	Date
Standard & Poor's	brAAA (stable)	BB- (stable)	Dec/2020
Moody's	Aa2.br (stable)	Ba2 (stable)	Sep/2020
Fitch Ratings	AAA (bra) (negative)	BB+ (negative)	Jul/2020

SCHEDULE FOR AMORTIZATION OF BANK DEBT AND ISSUANCE (D f : U)

(R\$ n	nillions)
Dec/2	0
2021	
2022	
2023	
2024	2,0
2025	1,327.7
2026	991.6



The Company's financial results are detailed in its Financial Statements, published on the Investor Relations website.

ANNUAL SUSTAINABILITY REPORT 2020

energisa



DISTRIBUTION OF ADDED VALUE

The total added value to be distributed in 2020 was R\$ 13.2 billion, virtually unchanged on 2020 (plus 0.4%). It denotes the wealth generated by the Company during the year and how was distributed between the multiple sectors involved in the process. By way of federal, state and municipal taxes and intrasector obligations, the government took 68.5% of the proceeds. Employees received 9.3%, in the form of salaries and benefits; third-party capital remuneration (interest in rental) accounted for 10.7%; interest on equity for 11.5%, with 3.8% for dividends paid to shareholders.







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STATEMENT OF ADDED VALUE |GRI 201-1|

	2018	2019	2020
Revenue	24,719,739	29,259,486	29,551,788
Sales of Goods, Products and Services	22,079,574	26,315,451	27,657,506
Other Revenue	1,288,500	179,900	131,665
Revenue relating to Construction of Proprietary Assets	1,506,401	2,976,627	2,143,007
Allowance/Reversal of Allowance for Doubtful Accounts	-154,736	-212,492	-380,390
Inputs purchased from third parties	12,771,206	15,869,496	15,864,914
Cost of Goods and Services Sold	10,128,705	11,941,028	12,383,244
Material, Energy, Outsourced Services and Other	868,975	1,086,168	1,028,959
Other operating costs	1,773,526	2,842,300	2,452,711
Gross Added Value	11,948,533	13,389,990	13,686,874
Depreciation, Amortization and Depletion	-949,710	-1,157,868	- 1,228,702
Net Added Value Produced	10,998,823	12,232,122	12,458,172
Transferred Added Value	573,887	966,930	788,174
Financial Revenue	573,887	966,930	788,174
Total Added Value to be Distributed	11,572,710	13,199,052	13,246,346
Distribution of Added Value	11,572,710	13,199,052	13,246,346
Personnel	1,070,450	1,346,083	1,229,381
Direct Remuneration	779,386	949,576	862,219
Benefits	234,206	279,652	297,469
FGTS	56,858	116,855	69,693
Taxes, Duties and Contributions	7,820,881	9,029,821	9,072,601
Federal	3,801,683	2,097,341	2,171,131
State	3,999,625	5,023,856	5,201,319
Municipal	19,573	26,256	26,000
Intra-sector Obligations	-	1,882,368	1,674,151
Interest expenses	1,501,707	2,295,989	1,425,367
Interest	1,478,882	2,278,707	1,411,972
Rent	22,825	17,282	13,395
Interest earnings	1,122,250	527,159	1,518,997
Dividends	387,200	148,048	485,382
Additional dividends proposed	-	41,298	10,756
Legal reserve	57,422	22,769	73,447
Retained earnings	703,812	243,258	899,360
Earnings and discontinued operations	0	0	-88,477
Minority interests in profits	31,238	71,786	138,529
Other	57,422	0	0



Capital market

Traded on B3, the Energisa shares with the greatest liquidity ENGI11 – Units (consisting of 1 common share and 4 preferred shares) gained -1.0%, and closed 2020 quoted at R\$ 52.36. Over the same period, the main stock exchange index, Ibovespa, gained 1.68%, while the Electricity Index (IEE) index gained 8.1%.

The average daily trading volume in the year was



an increase of 31.2% on 2019 (R\$ 62.4 million).

MARKET VALUE (R\$ million)

2020		19,002.1
2019		19,426.7
2018	13,464.0	



CLIENTS

CUSTOMER SERVICE ACCESS TO ENERGY SAFE ENERGY USE



CUSTOMER SERVICE

The use of digital service channels was ramped up in 2020, especially Gisa, a virtual assistant running on WhatsApp. The chatbot uses artificial intelligence to address queries and provide solutions to customers. Energisa Acre and Energisa Rondônia did not have Gisa, but the channel was introduced in the period to guarantee full customer service during the social distancing period.

Digitization also exists in the traditional branches, by way of self-service kiosks that allow you to request services without having to wait in line with people around you. The most used options available are energy re-connections, second copy of bills and bill payments. A model branch pilot was adopted at Energisa Nova Friburgo, where the associate directs the customer towards self service.

Sent by email, digital accounts accounted for 4.1% of total sales in 2020. Since 2019, energy bills are offered whereby customers can pay them in any branch and banking correspondent or online.

People with visual impairment can receive their bills in Braille and there is a specific 0800 telephone line for customers with hearing impairment. All in-person service branches have special accessibility features. [GRI EU24]

Customer service is also provided by a single call center company, Multi Energisa Serviços S.A., on-site service (branches, trucks); website (virtual customer service office); the Energisa ON mobile app (for questions, information, news, new solutions, etc.), printed materials (electricity invoices, leaflets), social media (Facebo (WhatsApp and online chat).

In the year digital channels accounted for 75.5% of services, compared with 61.1% in 2019. The trend of migrating to digital channels has been taking place since 2012, when the Energisa ON application was launched.

Due to customer service improvements, our NPS - an internal customer satisfaction indicator - improved. Gisa grew from an NPS of 29 at the start of the year to 41, and the call center from 31 to 36.

SERVICE CHANNELS (DECEMBER 2020)





leaflets), social media (Facebook, Twitter and YouTube) and ChatBot service



At the end of the year digital channels accounted for

75.5% of calls,

compared with 61.1% in 2019.



CUSTOMER SATISFACTION

		19	SQP (Abradee)			lasc (Ane
Company	2018	2019	2020	2018	2019	2
Energisa Minas Gerais	86.70	80.70	84.6	70.52	73.90	
Energisa Nova Friburgo	82.00	84.70	82.1	70.14	72.13	
Energisa Sergipe	80.88	78.60	77.8	70.12	65.94	
Energisa Borborema	82.00	78.20	86.7	73.12	70.36	
Energisa Paraíba	81.20	77.30	83.3	67.81	65.14	
Energisa Mato Grosso	75.60	71.30	71.5	63.90	61.42	
Energisa Mato Grosso do Sul	78.50	67.20	75.9	66.83	63.04	
Energisa Tocantins	76.00	76.70	75.3	62.98	64.96	
Energisa Sul-Sudeste	86.00	80.70	84.9	70.72	74.94	
Energisa Rondônia	58.10	63.40	70.1	62.48	43.84	
Energisa Acre	51.70	54.60	63.2	55.26	46.41	

¹ The lasc result should be disclosed in April 2021.

CUSTOMER SATISFACTION | GRI 102-43|

The consumer management processes of all distribution companies are ISO 9001 certified (Quality Management System), and complaints are handled in accordance with 10002 (Customer Satisfaction and Complaints Handling Guidelines).

Customer satisfaction is measured by the Perceived Quality Satisfaction Index (ISQP) and the Aneel Consumer Satisfaction Index (Iasc), which are compiled annually. The first index evaluates five areas - supply, information and communications, light bill, assistance and image. lasc, in turn, consists of a five-category questionnaire — perceived quality, trust, loyalty, value and satisfaction. The survey for 2020 had not been completed by the time this report was finalized.

In the latest edition of the ISQP survey for residential and urban consumers in 2020, Energisa Group scored 77.5% compared with the national average of 74.9%. The distribution companies Energisa Minas Gerais, Energisa Sergipe and Energisa Nova Friburgo were recognized respectively as the first, third and fifth best distribution companies in the country by the ISQP, according to medium- and high-voltage consumers.



eel)1 2020 ND ND ND ND ND ND ND ND ND ND



In the latest edition of the ISQP survey for residential and urban consumers in 2020, Energisa Group scored

77.5%, compared with the national average of 74.9%.

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ACCESS TO ENERGY

GRI 103-2, 103-3

Energisa believes that energy is an essential asset for people's lives and access to it should be addressed by initiatives and investments, especially given Brazil's continental proportions. The Company's commitment therefore goes beyond entering programs to provide electricity to low-income populations, extending to taking access to the remotest parts of the country.

SOCIAL RATE |GRI FORMER-EU23, 203-1|

Energisa maintains the Social Electricity Rate, a program with a government incentive that awards discounts to energy bills ranging from 10% to 65% for low-income customers. Because of the pandemic situation, in 2020 the discounts were as high as 100% for consumption of up to 220 kWh.

Consumers registered for the low-income Social Rate accounted for

22.8% of Energisa's residential units in 2020, comprising a total of

1,500,509 customers

Campaigns were reinforced in the period to register consumers entitled to this benefit. Energisa Mato Grosso do Sul, for example, ran an initiative to include in the program indigenous people and maroon populations in the municipality of Nioaque.

NUMBER OF LOW-INCOME CUSTOMERS

Energisa Minas Gerais
Energisa Nova Friburgo
Energisa Sergipe
Energisa Borborema
Energisa Paraíba
Energisa Mato Grosso
Energisa Mato Grosso do Sul
Energisa Tocantins
Energisa Sul-Sudeste
Energisa Rondônia
Energisa Acre
Fotal

LOW INCOME CUSTOMERS (thousand)

2020	
2019	
2018	
2010	



2018	2019	2020
56,886	66,148	77,587
6,051	6,365	7,914
202,715	212,975	226,098
39,030	47,301	54,390
346,543	383,673	419,519
129,745	148,043	170,002
121,487	143,933	165,905
123,312	133,992	147,019
72,142	79,115	90,439
41,521	64,076	77,745
31,655	54,970	63,891
1,171,087	1,340,591	1,500,509



POPULATION NOT SERVED [GRI EU26]

	Consolidated	EAC	ERO	ЕМТ
Total population in concession area (no. of people) ¹	20,166,049	894,470	1,796,460	3,526,220
Rural population ²	3,186,236	245,385	496,542	634,720
Total population not served (no. of people) ³	147,403	85,097	54,901	7,405
% of rural population	4.63%	34.7%	11.0%	1.2%
% of total population	0.73%	9.5%	3.06%	0.2%

¹Estimated population 2020 – IBGE.

² Includes percentage of rural population in the three states (27.4% in Acre, 27.6% in Rondônia and 18.0% in Mato Grosso) and the Brazilian average of 15.28% in the Energisa total (PNAD IBGE 2015).

³ The population not served is exclusively rural. Urban areas have 100% universal access. Includes the number of consumer units to be connected, multiplied by the Brazilian average of 3.07 people per family (IBGE).

UNIVERSAL ACCESS |GRI FORMER-EU23|

Energisa's distribution companies carry out universal electricity access programs that aim to guarantee complete access to the service for populations outside urban centers. At the end of 2020, 147,403 people were not connected to electricity grids in the states of Acre, Mato Grosso and Rondônia), equal to 0.73% of the population of 20.1 million living in the Group's concession areas. [GRI EU26]





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CLIENTS



VILA RESTAURAÇÃO PROJECT

People living in Vila Restauração, in the Acre countryside, have access to electricity for just four hours a day. In partnership with Alsol, Energisa Acre intends to change this situation by 2021: it initiated a Research & Development (R&D) project to take clean uninterrupted energy to the Riverside community.

Previously supplied by a diesel generator, which was financially and environmentally untenable, Vila Restauração is located within the Alto Juruá Extractivist Reserve, located 70 kilometers from the center of Marechal Thaumaturgo. It can take up to eight hours to travel between the locations in small vessels. The Acre state capital, Rio Branco, lies 636 kilometers from the municipality, a journey taken by highway.

The initiative consists of a photovoltaic solar plant that will generate renewable energy and store it in batteries and backup generation fueled by biodiesel, to maintain the power supply in the absence of sunlight. The program will guarantee an uninterrupted supply to roughly 193 consumer units, directly benefiting around 750 inhabitants. In 2020, the project received investment of R\$ 10.9 million.

More power for the Amazon |GRI 203-1|

The universal access initiatives include the More Light for the Amazon Program, set up by the federal government in 2020 take electricity generated by clean renewable sources to the population located in the remote regions of the states comprising Amazônia Legal.

By way of an arrangement with the Ministry of Mining & Energy, Energisa Acre is responsible for making 1,368 connections in two years, with 323 in 2021 and 1,045 in 2022.

The covered areas are not easily accessible and far from conventional distribution grids. Because of this, the distribution company will provide a photovoltaic solar generation solution in the region in order to further the integration, improve living standards and reduce social and economic vulnerability in these communities, most of which are indigenous riverside populations.

The first stage of the project began in 2020 and entailed evaluating satellite images with geo-referencing, in addition to registering, carrying out a socioeconomic diagnosis and modeling photovoltaic energy solutions, in partnership with specialist suppliers.

As a part of the project we contacted Fundação Nacional do Índio (Funai) to ascertain the number of families and villages that should be served and to establish guidelines for technical teams to work in communities, based on the equipment design, transportation and installation stages. Information was provided about the sanitation protocols to be followed, the use of local labor, the accommodation and meals for teams and mapping sustainability initiatives in the villages, focusing on social issues and developing productive activities.



Light for All |GRI 203-1, 203-2|

With rates subsidized by the federal government, the Light for All Program aims to provide universal energy access in remote areas, providing benefits that make it possible to increase employment and income, expand agricultural production, living standards and safety, helping maintain populations in rural areas.

In 2020, the distribution companies Energisa Mato Grosso, Energisa Acre and Energisa Rondônia carried out initiatives under the program, with R\$ 73.5 million invested, comprising R\$ 22.6 million of the distribution companies' own funds and R\$ 50.9 million from the Federal Government. The other distribution companies concluded universal access in previous years.

In Rondônia, the program has provided electricity access to more than 2.4 thousand consumer units, under an overall investment of R\$ 22.5 million.

Energisa Acre made more than 3,200 connections in an investment of R\$ 45 million in multiple municipalities in the state and initiatives to serve consumers through the program will continue to be rolled out in 2021.



ILUMINA PANTANAL

As a part of Light for All, Energisa Mato Grosso do Sul is set to complete its rural universal access plan by 2021 in the Southern Pantanal region of Mato Grosso state. By way of the program called Acende Pantanal, 2,167 consumer units will be served by installing individual photovoltaic generation systems, a clean and renewable source of energy.

In 2020, 18 calls were handled by the conventional grid. In 2021, at least 1,359 consumer units will be served by individual energy generation systems (SIGFI), and this technology is expected to be used in at least 2,090 units in the municipalities of Aquidauana, Corumbá, Coxim, Ladário, Miranda, Porto Murtinho and Rio Verde by 2022.

SAFE ENERGY USE

|GRI 103-2, 103-3_416, 416-1, <u>former-</u>EU24|

To guarantee the public's safety, Energisa's distribution companies adopted the procedures recommended by Fundação Coge and Abradee to mitigate risk and monitor accident frequency and severity rates resulting from any negligent use of electricity and unauthorized integration in grids. There is an accident indicator control, with investigations into occurrences and definition of an action plan to address root causes.

Procedures are continually assessed and technology used to ensure the quality and efficiency of the service provided. The aim is to eliminate risks, such as breaching of cables, scheduled power outages and accidents involved in the operation. Hazardous grids are removed to minimize the dangers facing people.

Preventive actions also consist of providing guidance to the population about safe energy usage. It involves television and radio campaigns, pamphlets, social networks (Facebook and Twitter), adverts on buses, and information in energy bills, to inform the public about the risks posed by electricity grids, such as kites, illegal connections, works in the vicinity of electric wires and fires. Campaigns provided additional information about risks in 2020 in rainy periods, instructing the public not to interfere in the grid in the event of issues and to instead report the matter to the electric utility.

Informative leaflets also delivered, alongside safety blitzes and workshops with telecommunications companies, talks at churches and community centers and social work in the form of theater, to promote interaction with the community. Another initiative is raising awareness at companies that engage in risky activities, such as civil construction, sugarcane production plants and points of sale. When risky situations are detected, a warning notification is issued containing guidance. If the location poses an imminent risk to safety, the client is instructed to immediately halt the works and regularize them; if this does not occur, a police report is made.

Despite campaigns raising awareness about electricity grid risks and the mitigating measures adopted by distribution companies, in the year the number of accidents involving the public rose by 16.3% in relation to 2020 (57 versus 49) and deaths by 16.2%, which totaled 43 in the 11 distribution companies' concession area (37 in 2019).

ACCIDENTS INVOLVING THE POPULATION¹ [GRI EU25] SDG 16

Total number of nonfatal injuries
Total number of fatal injuries invo
Cases resolved in the year
Cases pending
Legal proceedings resulting from consumers – Overall Legal Proceedings

electric grids or road traffic accidents.



	2018	2019	2020
involving consumers	43	49	57
olving consumers	38	37	43
	NA	NA	43
	NA	NA	255
n accidents involving edings¹	366	450	581

¹ Denote cases in progress in December each year, regardless of the year they originated. Includes cases caused by accidents resulting in injury and death as a result of contact with company assets, such as













PERSONNEL

EMPLOYMENT DIVERSITY TRAINING AND DEVELOPMENT HEALTH AND SAFETY





|GRI 103-2, 103-3_401|

Human capital management plays a crucial role in business longevity. Energisa seeks to attract, retain and train professionals who share their values and contribute to achieving their goals and service quality. A People and Management Vice Presidency hosts the Human & Organizational Development (DHO) practices.

In 2020, the Group had 19,991 employees, consisting of 14,672 direct employees and 5,176 partners hired from third parties and 143 interns, all fundamental to our activities. In the period, 98% of recruiting took place via a 100% digital process and 2,353 people were hired. In the last five years the Group has created 4,377 direct and indirect jobs, an increase of 28.1%.

An app was launched in July 2020 to measure organizational climate on a weekly basis: the Pulses analytics platform. The aim is to engage employees through weekly questions, in addition to open feedbacks questions. Employees can also submit ideas in a confidential suggestions box which is available at the end of each pulse. Average participation was 82% and the issues are answered by managers. The data was monitored by the CEO and senior leadership, and helped to gage the workplace climate during the crisis triggered by the pandemic.



TOTAL EMPLOYEES |GRI 102-8|

____ Direct employees ____ Third-party staff ____ Interns



			Employees	Inter			
	Men	Women	Total	Men	Women	Total	
Southeast	2,580	847	3,427	36	43	79	
Northeast	2832	915	3,747	8	5	13	
North	2,832	397	3,229	22	15	37	
Midwest	3,615	598	4213	5	9	14	
South	49	7	56	0	0	0	
Total	11,908	2,764	14,672	71	72	143	

WORKERS BY REGION |GRI 102-8|

EMPLOYEES BY GENDER, AGE, CONTRACT AND

EMPLOYMENT TYPE – 2020 |GRI 102-8|

	Men	Women
Type of employment	11,908	2,764
Full-time (full working day)1	11,900	2,731
Part-time	8	33
Contract type	11,908	2,764
Indefinite (open-ended)	11,907	2,762
Temporary (determined period of time)	1	2
Age group	11,908	2,764
Up to 30	3,607	1313
31 to 50	7,682	1,360
Over 50	619	91
Employee category	11,908	2,764
Officers	11	3
Managers	412	115
Administrative	2,108	2,331
Operational	9,377	315

¹ Full working day: 8 hours a day with breaks and 6 consecutive hours a day.

GREAT PLACE TO WORK

In 2020 three of Energisa Group's distribution companies were recognized as being the best companies to work for by the Great Place to Work (GPTW) ranking, compiled by Instituto GPTW. Energisa Tocantins was ranked 52nd nationally and recognized as the fifth best in the North region of Brazil. Energisa Minas Gerais was ranked 15th amongst mediumsized companies in Minas Gerais state and Energisa Mato Grosso do Sul was ranked one of the best of 145 organizations in the Midwest.





EMPLOYMENT

Energisa preferably sources talent from within its existing talent pool, providing career prospects for our employees. By way of the Succession Program created in 2014, 61% of the 204 vacancies opened in 2020 were filled by internal hiring.

Our Intern Program attracts new talent, and aims to produce professionals with global expertise, a systemic vision and critical potential to contribute to the Company's sustainable growth and change. The program lasts nine months, offers a development path to fast-track careers, job rotation, mentorship with managers, project development and presentation to the company's senior leadership, in addition to career prospects after the period ends.

Applications are submitted via a platform, consisting of a dedicated careers page where candidates can check their results and track their progress through the selection process. In 2020, the entire selection process was online and boasted upwards of 15 thousand applicants, of whom eight were hired as interns, including five women. Since 2010 Energisa has hired a total of 143 interns, with 86 remaining at the Group at the end of 2020, occupying engineering, analyst or management positions.

It has also run an outplacement process since 2014, which structures the professional bases to help dismissed employees develop organizational discipline to approach the labor market so they can be reinserted as soon as possible, with minimal impacts.

The Code of Ethics and Conduct informs recruitment and selection processes, in addition to the procurement of suppliers, forbidding child, forced and slave labor. In 2020 no incidents of this nature were recorded. [GRI 408-1, 409-1]

				New hires			<i>Turnover</i> ¹		
	7	otal number		Rate (%)	Total number		Rate (%)		
	Men	Women	Men	Women	Men	Women	Men	Women	
Age group	1,848	512	15.5%	18.5%	3,592	1,053	15.1%	19.0%	
Up to 30	932	351	25.9%	26.7%	1,459	650	20.2%	24.8%	
31 to 50	895	155	11.7%	11.4%	1,959	372	12.8%	13.7%	
Over 50	21	6	3.4%	6.6%	174	31	14.2%	17.0%	
Region	1,848	512	15.5%	18.5%	3,592	1,053	15.1%	19.0%	
Southeast	287	85	11.2%	10.0%	607	149	14.3%	19.0%	
Northeast	276	239	9.8%	26.1%	514	504	9.1%	27.5%	
North	903	89	31.9%	22.4%	1,428	171	25.2%	21.5%	
Midwest	380	97	10.5%	16.2%	1,035	227	11.8%	8.8%	
South	2	2	4.1%	28.6%	8	2	8.2%	14.3%	
¹ Turnover: employees leaving the organiza	tion voluntarily or a re	esult of dismissal, r	retirement or death	n at work.					





NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER |GRI 401-1|

By way of our Succession Program created in 2014, 61% of the 204 vacancies opened in 2020 were filled by internal hiring.



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Negotiation |GRI 103-2, 103-3_407|

Internal policy recognizes and legitimizes unions and guarantees full freedom of trade union membership in accordance with Brazilian legislation. In 2020 the theme of freedom of association was addressed during a leadership training lasting an average of eight hours and attended by roughly 600 employees. [GRI 407-1]

The Labor and Trade Union Relations Department, operating under the Personnel Board, is tasked with handling the company's dealings with trade unions and strategically managing collective bargaining procedures with trade unions accounting for 100% of Energisa's employees. The area was reorganized in 2020 to adapt to the latest market practices and improve the trade union management process, with collective agreements embracing 99.9% of our direct employees. [GRI 102-41]

	Total number	Retirement	in next 5 years	Retirement in next 10 years		
Employee category	of employees in the position	Number	% of total in the position	Number	% of total in the position	
Officers	14	2	14.3%	4	28.6%	
Managers	527	14	2.7%	32	6.1%	
Administrative	4,439	62	1.4%	161	3.6%	
Operational	9677	42	0.4%	189	2.0%	

EMPLOYEES ELIGIBLE TO RETIRE |GRI EU15|







DIVERSITY

[GRI 103-2, 103-3_405_406]

Energisa is proud to be a company of many accents that respects differences, embraces good ideas and values people's experiences across the four corners of Brazil. With this spirit, all vacancies are published and promoted to bring diverse talent into our organization, regardless of race, religion, disability, gender, nationality, disabilities, sexual orientation, age or any other trait.

At year-end, our Group had 2,764 female employees, representing 18.8% of the total workforce. 25.4% of leadership positions were held by women and there was 4.7% growth in operational positions held by women compared with 2019. Black and brown people accounted for 51.8% of our workforce, and 3.4% had disabilities. [GRI 405-1]

In 2020 a work group was created that brought together various human resources practices to manage the implementation of the Company's diversity program. The task consisted of benchmarking with leading firms and compiling a diversity picture, with support for establishing our position regarding the matter.

These groups actively listen to employees and discusses improvements to value diversity in terms of gender, ethics and people with disabilities (PwDs). The tool people analytics was used to cross-reference personal data to map critical points and opportunities, for which specific work streams can be developed from 2021.

We have partnerships with organizations such as the National Foundation for People with Disabilities (FUNAD) and the Integrated Support Center for People with Disabilities to announce vacancies and identify possible applicants with PwDs. We also carry out campaigns to attract women to operating departments, especially electricians, a role traditionally dominated by men.

In 2020 we identified four cases of discrimination in the Group's companies (two on grounds of race, one on gender and one on sexual orientation). Three cases were resolved and a reparation plan is being adopted for one case, which reinforces the terms of our Code of Ethics and Conduct as a fundamental ethical principle of Energisa: Treatment without prejudice and discrimination of any nature be it race, gender, sexual orientation, religion, regional origin, disability, social class, age or appearance, respecting plurality and diversity. [GRI 406-1]

Employees

Officers Managers

Administrat

Operational

Employees

Officers

Managers

Administrat

Operational

EMPLOYEES BY AGE |GRI 405-1|







DIVERSITY INDICATORS |GRI 405-1|

	By gender By age range (years)					y age range (years)				
	Men	Women	Up to 30	31 to 50	More than 50	Yellow	White	Black	Indigenous	Not reported
by posit	tion (number))		·,						
	11	3	0	10	4	0	12	2	0	C
	412	115	39	438	50	2	397	123	0	5
ve	2,107	2,331	2,030	2,181	227	62	2,473	1,874	3	27
	9,325	314	2,821	6,395	423	82	3,883	5,669	11	47
by posit	tion (percent)	1								
	78.6%	21.4%	0.0%	71.4%	28.6%	0.0%	85.7%	14.3%	0.0%	0.0%
	78.2%	21.8%	7.4%	83.1%	9.5%	0.4%	75.3%	23.3%	0.0%	0.9%
ve	47.5%	52.5%	45.7%	49.1%	5.1%	1.4%	55.7%	42.2%	0.1%	0.6%
	96.7%	3.3%	29.3%	66.3%	4.4%	0.8%	40.1%	58.5%	0.1%	0.5%

¹ Percentages related to gender and position.

• 61.7% 30 TO 50 YEARS OLD **33.5%** UP TO 30 **4.8%** OVER 50

EMPLOYEES BY GENDER



EMPLOYEES BY ETHNIC ORIGIN

|GRI 405-1|













TRAINING AND DEVELOPMENT

|GRI 103-2, 103-3_404, 404-2, former-EU14|

Energisa operates under a Management by Competencies model that informs employee development actions at all levels of the organization, from field crews to leaders and future leaders. In an investment of R\$ 7.5 million, 838,374 hours of training were provided in 2020, with an average of 52.52 hours per employee.

In the year and because of the pandemic, the Company's *online* learning platform, *Educativa*, played an important role. The platform offers courses that help to create a self-development mindset through education and training covering all Group businesses. In 2020 the Self-Development Program launched 50 new courses, including courses on systems development, data science (data analytics) and customer experience, promoting the requalification of employees and building their skills. This training involved 5.2 thousand participants and lasted for more than 65 thousand hours.

Career paths were repositioned for digital systems in order to serve all businesses, including senior professionals, administrative staff and technical staff, to reinforce the skills needed for this new situation.

The focus was given on issues such as business and future skills development and maintaining emotional stability. In addition to the online courses available in Educativa, five webinars were held. A partnership was made with the platform Impacta to encourage the learning of new skills and new career prospects. Important training for the pandemic was prioritized for leaders, such as: managing remote teams, learning with exponential organizations, innovation to create possible futures, health and wellness, management in times of uncertainty and other topics.

Our Organizational Development Department this tasked with training, which has a Specialist Training Operations Center (CoE) that coordinates policy and develops the strategic training plan for employees. Training effectiveness is ascertained by quantitative questionnaires regarding the teaching model offered and depth of the content. The challenge is to motivate employees to invest in their own development by using the learning and training tools provided.

In addition to activities for internal stakeholders, the department is also responsible for training initiatives impacting the community in general, such as the School of Energy, which trains electricians and technicians for the electric sector, the Energy Generation Program, which provides professional qualification in energy sector for young people from Acre and Rondônia (*this initiative is detailed in Company*). Our Operator Training Center in Cataguases (MG) recycles, trains and produces new operators for Energisa Group's Integrated Operations Center. In 2020, however, the programs were temporarily suspended, as a result of Covid-19.

Focus

Around 48% of training time focused on field personnel, including operating centers. 749 groups were put together in the year, providing a total of 361,425 training hours. It included videoconferencing content and distance learning courses on electrical safety. Training is also provided on operational



procedures, helping to develop our teams' hard and soft skills, by using simulations, virtual rooms and laboratories. Professionals are trained in spreading the technical training, in addition to Regulatory Standards.

Managers attend our Leadership Academy, an accelerated training program, and the Succession Program prepares leaders for key positions. Employees in other positions receive training based on Individual Development Plans prepared during annual Skill Performance Assessments. This is an ongoing process with a four-stage approach: Self-assessment, Assessment by Peers and Subordinates and Consensus/Feedback Meetings to validate the Individual Development Plan suggested in the Self-assessment.

TRAINING TIME |GRI 404-1|

	No. of		Total hours	Average hours		
Employee category	employees in the position	Men	Women	Men	Women	
Officers	14	82	36	9.11	18	
Managers	527	2,914	882	23.31	24.5	
Administrative	4,439	67,971	53,687	30.97	25.06	
Operational	9,677	621,980	90,822	67.63	45.28	
Total	14,657	692,947	145,427	60.13	32.11	
Grand total	14,657	838,374		52.52		



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During the performance assessment cycle, calibration meetings take place where leaders validate the mapping conducted on senior or management personnel, supported by facts and data rather than opinion. The main methodology is 9box, which cross-references performance and potential to inform the company's succession plan. 89.9% of our employees underwent performance analyses in the year. [GRI 404-3]

Programs

Fast-tracking careers: this is intended for coordinators and managers. It was introduced in 2019 and has been participated in by 92 people so far. The aim is to coach leadership and management skills, in order to fast-track the preparation of successors identified for strategic positions; to foster an organizational culture of succession training; to motivate, engage and cultivate talent; and prepare Energisa Group's succession pool for future acquisitions.

Leadership Path: aims to develop strategic skills for full exercising of leadership careers, emphasizing issues such as engagement, culture, climate, personnel management and results. Initiated in 2014, it had more than 9 thousand development participations in 2020.

Accelerated Development: Coaching and Mentoring: For leaders and former-interns, this provides guidance and drives the development of employees, encouraging them to own their learning process and thus maximize their potential, nurture skills and enhance their performance. The program has been in place since 2017, and by the end of 2020 more than 50 employees had participated as mentees or coachees. To meet the program's requirements, more than 15 officers and vice presidents were trained to be mentors.

PNS, DCA, DCT Trails: Educativa has exclusive trails for professionals with higher education qualifications (PNS) and administrative staff and technical staff (DCA and DCT), through which technical and interpersonal skills can be nurtured remotely, in person or through webinars. Five lives took place in 2020 on more than 4.5 thousand participants.

Internship: the program underwent an overhaul, focusing on training interns in technical and personal skills and where possible allocating young people to administrative sectors thus producing successors for graduate positions. At the end of 2020, 143 interns were working at group companies.

Employee category	No. of employees in the position			No. of employees formally assessed			% of employees formally ass		
	Men	Women	Total	Men	Women	Total	Men	Women	
Officers	11	3	14	11	3	14	100.0%	100.0%	1(
Managers	412	115	527	360	91	451	87.4%	79.1%	8
Administrative	2,108	2,331	4,439	1,737	1,994	3,731	82.4%	85.5%	8
Operational	9,362	315	9,677	8,685	302	8,987	92.8%	95.9%	9
Total	11,893	2,764	14,657	10,793	2,390	13,183	90.75%	86.47%	89

PERFORMANCE ASSESSMENT |GRI 404-3|





sessed Total 00.0% 85.6% 84.1% 92.9% .94% PERSONNEL

HEALTH & SAFETY

[GRI 103-2, 103-3_403, former-EU16]

Safety is an uncompromising commitment at Energisa. The Company directs efforts to preventing injuries, improving safety indicators and fostering a culture based on safe behavior.

A safety Normative Directive covering all of the Group's employees, both direct employees and third-party staff, establishes a standard for applying the Consequences Policy, provides guidance, identifies safe or risky behavior and determines guidelines for applying the Golden Rules. This set of six practices and procedures should be followed to the letter by employees (see below), who can refuse to carry out any task that contravenes these rules. Although there is no formal health and safety management system, we do monitor indicators and manage training and toolbox talks, consisting of employee discussions on safety before each work shift. |GRI 403-1, 403-8|

Employees are periodically consulted by way of the Safety Pulse, a tool that carries out short surveys on occupational health and safety issues, introduced after consulting Dupont in 2018. Elected representatives of our Internal Commission for Accident Prevention (CIPA) also participate. There is an Executive OHS Committee - comprised of five CEOs and five technical officers of the distribution companies, the Personnel Management Officer and the Occupational Health and Safety Division - which meets monthly to analyze and enhance management components, programs and tools and to articulate the strategic demands made by the Committees of each Group company. The OHS subcommittees operate in the departments. [GRI 403-4]



Safety is an uncompromising commitment at Energisa. The Company directs efforts to preventing *injuries, improving safety* indicators and fostering a culture based on safe behavior.



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Safe Operations

Energisa's safety initiative under its cultural pillar is Operar Seguro, which focuses on recognizing risks and identifying behavioral barriers and opportunities for operational improvements to safety. Leadership workshops and employee seminars are held to address safety, and an Executive Health & Safety Committee ensures that strategic health and safety issues are addressed by directors and managers. 24 initiatives have been conducted since 2018 with the support of consultants, spearheaded by Champions and The Risk Factor in 2020.

Training | GRI 403-5|

There are 1,028 courses in the educational path for health and safety training, including regulatory standards, always in plain and simple language. Once the training is complete, the participant and their direct superior should complete an efficiency assessment form for the training. All employees and third-party contractors must undergo training. [GRI EU18]

In 2020 emphasized a driving safety course was administered, with information about driving safety and the Group's new fleet telemetry system, driver responsibilities, and details about the Company's equipment and fleet specifications. These courses were delivered on a distance-learning platform and included information about an app for measuring improvement in driving behavior, among other topics.

To put safe conduct into practice, a virtual reality program was continued to provide initial electrician training on how to mitigate work-related risks. Using the tool designed by the Rio de Janeiro Industry Federation (FIRJAN), professionals can see how an energy substation works and the path the electricity travels until it reaches the distribution grids, so that they can work even more safely.

Accidents

However, despite our safety procedures, two direct employees died during the period as a result of not complying with the DITAIS procedure: Switch Off, Impede, Test, Earth, Insulate - and five other deaths involving third-party personnel: electrical discharge (2), homicide (2) and drowning after a vehicle accident. [GRI 403-9]

	Direct employees		Third party	
	Men	Women	Men	Women
Number of fatalities as a result of work-related injuries	2	0	5	0
Rate of fatalities as a result of work-related injuries	0.06983		0.17228	
Number of high-consequence work-related injuries (excluding fatalities)	2	0	3	0
Rate of high-consequence work-related injuries (excluding fatalities)	0.06983		0.10337	
Number of recordable work-related injuries (including fatalities)	78	0	100	3
Rate of recordable work-related injuries (including fatalities)	2.72349		3.44566	
Number of hours worked	28,639,760		29,022,000	

WORK-RELATED INJURIES [GRI 403-9]



Identifying hazards and risk assessment are supported by position standardization processes and assessments carried out by safety engineers working at all units based on the Regulatory Standards and guidelines of electrical discharge ISO 45001 (Occupational Health & Safety Management) and ISO 31000 (Risk Management). The hazards and risks are classified and accidents and incidents are recorded in the Routine Management program (Gerrot), in addition to the action plans and conclusions from lessons learned. [GRI 403-2]

Accidents resulting in injuries or serious incidents are always investigated, and need to be assessed due to their potential. All accidents are investigated based on the cause and effect diagram/5 Whys methodology, which can identify the root cause of the incident and then build an action plan to prevent it from re-occurring Action plans are specific for each type of accident and monitored by routine meetings at units. Regional leaders are trained to mitigate operational risks based on a risk management and internal facilitator vision to replicate perception training. [GRI 403-7]

No deaths resulted from professional illnesses, mainly consisting of musculoskeletal disorders due to poor posture and RSI. These issues, along with stress and depression, were identified during the preparation of the Environmental Risk Prevention Plan (PPRA) and the Medical Occupational Healthcare Control Program (PCMSO), and periodic health checkups. Risk is mitigated by mandatory training and a workplace ergonomics campaign. Viva Energia program, workplace exercise sessions, Health week and events as part of Internal Accident Prevention Week (Sipat). [GRI 403-10]

The frequency of accidents involving direct employees has been plummeting since 2017, falling 69% by 2020, despite our acquisition of new companies and increasing our workforce by 16.7% in this period.





























GOLDEN RULES



No. 1

In de-energized services, comply with the steps Switch Off, Impede, Test, Earth, Insulate (DITAIS).



No. 2

To only carry out operating activities when duly trained, apt, authorized and in full physical and psychological conditions.



No. 3

Conduct the vehicle without Company and others' lives, in strict performance with all of Energisa Group's telemetry system.



No. 4

Mandatory use of personal and collective protective equipment (PPE/CPE) in a perfect state of repair and valid to control electric risks and risks of falling.



Carry out a Preliminary Risk Analysis (APR) before starting the task.

No. 6

Communicate/Formalize any occupational accident/incident with or without lost-time.





Right of Refusal: Employees are entitled to refuse to carry out any task that contravenes a Golden Rule.





LOST-TIME INJURIES INVOLVING SERVICE PROVIDERS









ANNUAL









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Quality of life |GRI 403-3, 403-6|

To promote the health, quality of life and wellness of employees, the Viva Energia program proposes new habits and customs for employees and helps develop a cheerful and safe workplace, encompassing all dimensions of people: health, body and mind. It embraces the pillars Occupational Health, Care and Quality of Life. All employees can participate in the activities regardless of their sector or region.

The service is provided by multidisciplinary team consisting of a nutritionist, physical instructor and physiotherapist, in conjunction with an occupational physician. Employees undergo periodical checks for the risks to which they are exposed. All information is subject to medical patient confidentiality, filed in individual records, only accessed by the health-care team and controlled by each unit's coordinating physician.

The Occupational Health pillar includes health campaigns and monitoring periodical examinations, in addition to workplace exercise sessions and support from the multidisciplinary team. In the Care pillar, employees with chronic diseases or cancer receive special benefits. Lastly, the Quality of Life pillar involves promoting activities at fitness centers throughout Brazil to

encourage employees to engage in activities —such as weight training and swimming—that can improve health and well-being. (Gympass providing access to a network of 21,000 partner fitness centers and more than 800 different fitness activities such as weight-training, swimming, functional training and Pilates), and emotional health, nutrition and financial health apps.

Annual campaigns are conducted to promote health and prevention, such as Pink October. In 2020, Energisa Paraíba applied special lighting in one of its main units, in order to support the cause and remind customers and employees about the importance of preventive health checks. Monthly campaigns target water consumption and kidney diseases, nutrition and obesity.

Energisa Mato Grosso adopted the Healthy Company Program offered by its local health insurer (Unimed Cuiabá) which consists of various fronts handling health promotion and disease prevention. Programs include Healthy Eating and Overcoming Challenges, which aim to encourage healthy eating and weight loss; Inspirar (anti-smoking); Sob Controle (systemic arterial hypertension); and Mente Saudável (mental health), amongst others.

To promote the health, quality of life and wellness of employees, the Viva Energia program proposes new habits and customs for employees and helps develop a cheerful and safe workplace



CHRONIC ILLNESS PROGRAM

In 2020, Energisa implemented the Chronic Illness Program, which provides guidance to employees and their dependents about health topics and encourages them to live more healthily. In partnership with health plan operators, the employees registered for the program are exempt from co-pays for medical appointments and procedures.

The program works as active telemonitoring, in which the participant receives monthly calls and advice tailored to their health issue - obesity, cardiovascular, diabetes or respiratory diseases. There is also a 24/7 telephone service and periodical SMS messages containing advice, in addition to reinforcing the uninterrupted treatment with a leading physician.
SOCIETY

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ENERGY EFFICIENCY SOCIAL PROGRAMS IMPACT MANAGEMENT



ENERGY EFFICIENCY

|GRI 103-2, 103-3, former-EU7|

Energisa Group's distribution companies invested R\$ 62.5 million in 2020 in the Energy Efficiency Program (PEE), benefiting 73,351 consumer units. 39,857 MWh/year of energy was saved - enough energy to power roughly 22.1 thousand homes for 12 months consuming an average of 150 KWh/ month. The initiatives are also extended to health care providers and public lighting.

The reduction of 51% in investments and 29.7% in consumer units benefited compared to the previous year reflects the COVID-19 pandemic and the need for social distancing to prevent virus transmission.

The PEE is implemented in accordance with Aneel legislation, and its results are determined according to the procedures of Aneel's energy efficiency program (PROPEE) and the international performance measurement & verification protocol (PIMVP).

Energisa Group's distribution companies invested



in 2020 in the Energy Efficiency Program (PEE), benefiting

73,351 consumer units

INVESTMENTS IN ENERGY EFFICIENCY (R\$ THOUSAND)¹

2018 46, 1	46,168		
2019		114,057	
2020	62,471		
¹ Includes project management costs 2018 data revised <mark> GRI 102-48 </mark>			

UNITS SERVED (Number)

2020 _	73,351
2019 _	104,268
2010 -	
2018	

ENERGY SAVED (MWh/year) |GRI 302-5|

2020	
2020	
2019	
2010	
LUIU	
2018	



Our Energy

The Group's main energy efficiency project, Our Energy, is implemented by all distribution companies and promotes the efficient use of electricity in low-income communities by way of educational initiatives geared towards raising awareness to combat waste and change habits, encouraging conscientious consumption. Obsolete refrigerators and bulbs are accordingly replaced with other more efficient items and educational awareness raising campaigns geared towards consensus energy consumption and combating waste.

Talks, theater shows and dynamic activities are carried out at the 13 Efficient Mobile Units (UMEs) – Our Energy Truck –, a type of laboratory, with stateof-the-art devices that show how to use electricity effectively and safely. The UMEs offer digital and technological experiments so young people can find out about the risks and rewards of energy. The initiatives target the public and private school goers with a fun and digital extracurricular learning experience.

In 2020 the program recorded 53,712 workshop attendances and replaced 348,436 lamps and refrigerators.

OUR ENERGY

	2020
Number of pieces of efficient equipment donated	348,436
Fridges	2,716
Lamps	345,720
Number of units benefited by energy efficiency projects	73,155
Number of participants attending efficiency workshops and talks	53,712

318,468

_____ 56,275

_____ 49,147

_____ 39,857







Energy in Focus

Energy in focus comprises energy efficiency projects benefiting government agencies, including street lighting, and health-care institutions. The distribution companies' leading initiatives in 2020 included:

Energisa Minas Gerais: replacement of 824 lighting points with LED units in the municipalities of Miradouro, Dona Euzébia, Ervália, Piraúba, and investment in the project at Hospital Santa Isabel, entailing the replacement of 408 bulbs, installation of 48 LED reflectors in the external area, in addition to the acclimatization system for infirmaries, operating theaters and intensive care units. This is expected to make savings of 189.55 MWh/year for the hospital. The institutions Apae Leopoldina; São Vicente de Paulo nursing home, in Simonésia; and Lar Nossa Senhora das Mercês nursing home had their light fittings, freezers, refrigerators, air conditioning units replaced and a photovoltaic generator installed with a generation capacity of 7.33 MW, which will save them 11.72 MWh/year.

Energisa Paraíba: the key initiatives were projects carried out in partnership with the Sumé, Picuí, Rio Tinto, Guarabira, Remígio, Belém and Sapé municipal governments to swap 1,603 thousand bulbs for LED bulbs, which should save the state 1,786.43 MWh/year. Approximately 5.2 thousand street lights were replaced in 22 municipalities. 146 bulbs and 61 air-conditioning units were replaced at Hospital SAS (Campina Grande), in addition to a solar heating system being installed for bathwater, saving some R\$ 100 thousand a year in energy consumption

Energisa Borborema: a public lighting project in the municipality of Queimadas (PB), which consisted of replacing 200 lights with LED lights, in an estimated saving of 95.39 MWh/year.

Energisa Sergipe: completion of energy efficiency initiatives in public streets of Pirambu, Nossa Senhora do Socorro and Barra dos Coqueiros, with 570 lights being replaced, which will provide savings in excess of R\$ 250 thousand. More than 5.4 thousand old bulbs were also swapped for LED



bulbs in the municipality of Aracaju. 210 bulbs were replaced and a 60 kWp photovoltaic system installed at a Sergipe state institute that promotes and provides health care for civil servants, which should result in energy savings of 143.86 MWh/year, or R\$ 37,540.51. The Sergipe Court of Appeal had 950 bulbs replaced and two photovoltaic systems installed, with a capacity of 15 kWp and 30 kWp respectively.

Energisa Mato Grosso: partnership with the municipal governments of Nova Lacerda, Diamantino, Campo Verde, Nova Mutum and Jauru to replace 2,531 streetlights with LED lights, which should result in a saving of 1,796.35 MWh/year. A project at the Mato Grosso State Legislative Assembly entailed the replacement of 7,408 bulbs in an estimated saving of 412.67 MWh/year.

Energisa Mato Grosso do Sul: partnership with the municipal governments of Antonio João, Chapadão do Sul, Porto Murtinho, Bonito, Camapuã, Nova Alvorada do Sul, Fátima do Sul, Glória de Dourados and Rio Negro, which



Replacement of 200 lights with LED lights, in an estimated saving of 95.39 MWh/year in Queimadas (PB)

also entailed replacing 973 conventional bulbs with LED technology. The problem also included replacing public street lights at the Federal University of Mato Grosso do Sul and Parque dos Poderes, in Campo Grande, in addition to energy efficiency projects at Fundação de Serviços de Saúde e na Associação da Feira Central, Cultural e Turística, in Campo Grande, in addition to Hospital Municipal São Sebastião de Tacuru and Escola Estadual Manoel da Costa Lima de Bataguassu, amongst many many others, which should result in savings of 3,512.38 MWh/year.

Energisa Tocantins: completion of energy efficiency works at Hospital do Amor, in Palmas. The project entailed installation of 1,039 LED bulbs and a solar power plant with 175 panels, with a generating capacity of 63 kWp, that provides savings of 150.21 MWh/year. Improvements were also completed at Hospital Maternidade Dona Regina, with 355 bulbs being replaced and 23 new air conditioning units being installed, as well as a photovoltaic generation plant with a capacity of 60.84 kWp (saving of 219.79 MWh/year).



866 bulbs and nine air conditioning units were replaced at the Public Security Office, which should lead to savings of 87.5 MWh/year. In partnership with the municipal governments of Palmas and Colina do Tocantins, 665 lights were swapped for LED lights. The 2nd Environmental Military Police Squad of Jardim and the Campo Grande Town Hall also had lighting fixtures and refrigeration equipment replaced.

Energisa Sul-Sudeste: projects were carried out in partnership with the municipal governments of Borá, Osvaldo Cruz, Tarumã, Pedrinhas Paulista, Cambuí and Santo Grande to swap 897 bulbs with LED bulbs, which should create savings of 896.73 MWh/year, enough to power 371 homes with average monthly consumption of 200kw. Another initiative was the replacement of streetlights at the Cedeteg campus of Universidade Unicentro, which entailed the replacement of 5,463 bulbs, and which should result in savings of 324.64 MWh/year.

Energisa Acre: completion of energy efficiency works at Educandário Santa Margarida, in Rio Branco, entailing the installation of 10 air conditioning units, 5 refrigerators/freezers, the replacement of 98 bulbs and installation of a photovoltaic solar energy generating unit. The projected savings are R\$ 34.8 thousand/year for an investment of R\$ 180 thousand. Streets and squares in the municipalities of Mâncio Lima, Senador Guiomard, Epitaciolândia and Brasileia also benefited, creating savings of R\$ 650 thousand in municipal government energy bills. 5,620 bulbs were replaced at Fundação Hospital Estadual do Acre and Hospital da Mulher e da Criança do Juruá, and an 81.84kWp photovoltaic generation facility installed. 14,255 bulbs were replaced at Universidade Federal (Ufac) for more efficient bulbs by way of a project that included installation of 496 photovoltaic panels that can produce 181.04 kWp of energy. To date this is the largest photovoltaic facility installed in a government institution in the state of Acre.

Energisa Rondônia: on-line training was provided to the technical and administrative team of the municipal government of Itapuã do Oeste, one of the sites receiving a public lighting project, with 370 lights installed in the main avenues of the city which should make savings of R\$ 124 thousand Reais a year for the municipality. Online training was also provided to technical and administrative teams of Hospital Santa Marcelina and five municipalities in Rondônia. The hospital received solar panels and had 568 bulbs and 13 air-conditioning units replaced. The cities of Alto Paraíso, Alvorada do Oeste, Nova Brasilândia, Machadinho do Oeste and Mirante da Serra had 4,103 streetlights installed.



496 photovoltaic

solar panels that can generate

181.04 kWp

of energy have been installed at Universidade Federal (Ufac). To date this is the largest photovoltaic facility installed in a government institution in the state of Acre.



ENERGY EFFICIENCY AND INNOVATION

A R&D/PEE project was concluded in 2020 at the Federal University of Acre (Ufac), in conjunction with the Acre Energy Excellence Center (CEEAC). 53 meters were installed to monitor real-time energy consumption of Ufac and three solarimetric stations to estimate the potential photovoltaic energy generation in three regions of the state.

An energy efficiency automation system prototype of the university was also installed, along with awareness raising campaigns for the academic staff. The project also included replacing more than 14 thousand old bulbs with LED units. This could reduce the university's energy consumption by 13.3% a month.

SOCIAL PROGRAMS

|GRI 103-2, 103-3_203_413|

As part of its sustainability strategy, Energisa invests in social, cultural and environmental initiatives in local communities as a way of supporting the development of the regions where it operates. It sponsors social and cultural projects and initiatives that have a clear identity and cultural relevance; further social inclusion; and prioritize training, coaching and circulation initiatives for local social and cultural development. Each distribution company locally promotes initiatives with social impact.

In 2020 the Group allocated R\$ 21.4 million to external social initiatives in the fields of education, culture, sport, combating hunger and food security, amongst others. Tax incentive funds amounted to R\$ 8.4 million in 76 cultural, social and sporting projects in Energisa's geographies. Founded in 1987 the Ormeo Junqueira Botelho Cultural Foundation (FCOJB) is doing its part, promoting projects across our geographies through cultural venues with a rich and diversified program: Energisa Museum, Humberto Mauro Cultural Center and Memorial, Ivan Müller Botelho Amphitheater, in Cataguases (MG); Lya Maria Muller Botelho Reading Place, in Leopoldina (MG); Energisa Cultural Workshop, in Nova Friburgo (RJ); and the Energisa Cultural Workshop, in João Pessoa (PB).

Alsol also ran a number of important social development initiatives. By way of the Alsolcial program, the company harnesses public-private partnerships and international cooperation to promote employment, training and income generation, donating basic food hampers to employees, with a focus on economic and social development. In 2020 the company reached an agreement with the owner of leased land in Iraí de Minas to build a new solar farm to also install photovoltaic systems to serve the Municipal Children's Education Center and Associação de Pais e Amigos dos Excepcionais (Apae), in Iraí, as part of the Alsolcial project. Due to the pandemic, the inauguration occurred in a brief ceremony with the local authorities, attended by Governor Romeu Zema.



SOCIAL INVESTMENT DISTRIBUTION

EXTERNAL SOCIAL INVEST







CULTURE

R\$ 6,309,197 invested **24** project embraced



R\$ 1,193,800 invested **48** project embraced



SPORTS

R\$ 920,300 invested **4** project embraced

19,378	
21.426	24,626
	19,378 21,426

INVESTMENT OF

R\$ 8,423,297

of tax-deducted funds in 76 projects





TAX-DEDUCTED INVESTMENTS IN SOCIAL PROJECTS

ON-LINE 2020 SCHEDULE

Incentive	2018	2019	2020	Digital project	Purpose	Results	
Culture	10,086	12,480	6,309	A Escrita da Luz	A photography competition to encourage pre-adolescents (11	The competition involved 3 categories:	
Federal Law (Rouanet, Audiovisual)	3,108	3,751	2,134		to 15) and young people (16 to 25) to try their luck, submitting	Category 1: Under the Light of my Eyes – Pictures taken of everyday situations of	
State Law Incentivizing Culture – MG	6,227	7,848	3,483		visions and impressions of everyday situations based on their	Category 2: The Look from Inside to Outside - Pictures focusing	
State Law Incentivizing Culture – RJ	0	174	0		experiences at home with their families and belongings.	on windows or doors from inside people's homes or apartments,	
State Law Incentivizing Culture – SP	751	706	692			from a perspective of everyday situations observed by people in isolation, and perceptions from the outside world.	
Sports	4,964	2,158	920			Category 3: Our Daily Light – pictures of family surroundings, rooms	
Federal Sports Incentive Act	776	1,386	597			everyday ordinary scenes from the participant's vision, in the perspective	
PB State law (Gol de Placa)	3,561	0	0			of light, and how light enters these rooms, be it natural or electric light.	
State Law - RJ	0	345	0			9 people participated in the competition which had 230 on-line visits.	
State Law - SP	627	427	323				
Social	3,081	3,535	1,194	Nova Friburgo Cultural	Exhibition of visual collective works of art in the gallery of the Nova Friburgo Cultural Workshop	1st Collective virtual exhibition of Energisa's Cultural Workshop. Artists: Fernando Braune, Mário Moreira, Rose Aguiar, Sônia Guaraldi.	
National Dental Care Program (Pronon) ¹	776	0	0	Workshop's Virtual Gallery	Workshop's Virtual Gallery		From November 04 to December 04, 2020. Total views in the virtual platform: 1,110 views
National Health Care Program for Persons with Disabilities (Pronas/PCD) ²	776	555	0			2 st Collective virtual exhibition of Energisa's Cultural Workshop. Artists: César Marçal, Maria Amélia Curvello, Mário Valdanini, Raimundo Peres,	
Infancy and Adolescence Fund (FIA)	753	1,205	597			Regina Lo Bianco. From December 05, 2020 to January 05, 2021	
Elderly Fund	776	1,326	597			Total views in the virtual platform:	
Donation to Oscip	0	450	0			520 views in 2020	
Total	18,131	18,139	8,423	Creative people,	Production of documentary videos that depict the cultural and social	8 videos lasting 15 minutes each	
¹ No funding in 2019 and 2020, because there were no eligible projects in Energisa's geographies. ¹ No funding in 2020, because there were no eligible projects in Energisa's geographies. Due to the Covid-19 pandemic and in compliance with municipal decrees, FOJB-managed cultural venues had to close their doors during the year. Programs were therefore migrated				inspiring ideas	initiatives created and developed by people in Leopoldina without any official sponsorship. These video testimonies portray projects addressing folklore, literature, cinema, music, comic books, theater and heritage preservation. All of these projects were created and delivered by people who despite having no structured projects to obtain sponsorship from incentive laws and without aiming to make a personal profit, invested their time (the oldest project has existed for 36 years and the newest for 7 years) talent, perseverance and "believing	2,547 views in 2020	

to digital platforms, with three cultural initiatives

ANNUAL SUSTAINABILITY REPORT 2020









3.3 thousand families

received basic food hampers donated in partnership with Unesco

Donation of

SOCIETY



to the project "2020 Stimulus"





Distributing basic hampers

CULTURE IS GOOD ENERGY, **ESSENTIAL FOR LIFE**

Since the height of the health crisis, which is affecting the world and Brazilian society, Energisa Group has been spearheading the Energia do Bem movement since March 2020, which involves a network of cooperation with many other companies and institutions around a series of initiatives that prevent, assist and fight Covid-19 in Brazil.





Digital platform www.estimulo2020

Multiple fronts were mobilized in the states the company operates in, which enabled actions ranging from the purchase of equipment for intensive care units and works in regional hospitals; the distribution of personal protective equipment (PPE) to health-care professionals; the pooling of funds to finance the production of Covid-19 rapid tests by Fundação Oswaldo Cruz (Fiocruz); an online crowdfunding campaign for 31 institutions helping the elderly, and the distribution of food hampers in partnership with Unesco, to 3.3 thousand families in socially vulnerable situations.

Another initiative was the donation of R\$ 1.9 million to the project "2020 Stimulus" intended for small businesses affected by the pandemic, credit and professional training through the digital platform www.estimulo2020.org.

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The crowdfunding campaign distributed more than

R\$ 50 thousand

in emergency support to 40 musicians and groups selected in the creative initiative



Energia do Bem organized a special cultural front. From the very onset of the pandemic, Energisa Group has understood that on the one hand the cultural sector was one of the first segments to shut down in-person activities, causing immediate impacts on the lives of professionals, whilst understanding that it was exactly this sector which through its films, music, books and art in general immediately created a virtual platform to minimize the effects of unprecedented social isolation, providing some modicum of comfort and entertainment for people around the world.

The Energia do Bem movement therefore assumed the role of supporting cultural initiatives already sponsored by the Group which could not go ahead because of the pandemic.

The first was the launch of the channel www.poloaudiovisual.tv to hold the session Fique em Casa", with the free online broadcasting of 50 audiovisual productions, including short and long films, documentaries, TV series, all recorded in Brazil in the last ten years under the sponsorship of Energisa Group. The session was performed through a partnership between FCOJB and Energisa Group and the companies producing the films, the Audiovisual Hub in Zona da Mata, Minas Gerais, Instituto Fábrica do Futuro and Samba Tech.









The second initiative was the holding of the Fique em Cena Festival, which mobilized dozens of musicians in Brazil, primarily people living in Zona da Mata, Minas Gerais state, the region of Nova Friburgo (RJ) and Paraíba. An initiative realized through the creative call for the selection of cultural groups operating in FCOJB's Cultural Workshops, which made it possible for dozens of live musical shows to be broadcast online, in addition to dance and orchestra presentations, and a crowdfunding campaign that distributed more than R\$ 50 thousand of emergency support for the 40 musicians and groups selected in this creative call.

Energia do Bem spurred the realization of cultural projects already sponsored by Energisa Group: sessions and festivals for cinema, music, literature, theater, dance and visual arts etc., involving a total of 703 professionals from the cultural sector, including artists, technicians, producers, managers and creative entrepreneurs. They are currently working on a compliance effort, in line with safety protocols and controls still necessary in light of the ongoing health crisis.







ELECTRICITY GENERATION |GRI 203-1, 413-1|

The Energy Generation project is an initiative of Energisa Group to maximize and expand social inclusion through the work of socially vulnerable young people in the states of Acre and Rondônia. They develop life skills and provide professional qualification in the electric sector, thereby expanding the possibilities of employment.

The program offers fun learning applicable to the real world, using the Edulivre platform, with a hybrid learning method that encourages young people to learn through practice by way of challenges, games, mentorship and learning trails. the National Industrial Training Service (Senai) provides professional qualification through courses. This consists of classes with innovative educational methods and social technology, stressing skills such as planning, communications, financial education, citizenship and life skills.

Since the project's inception, roughly 5 thousand young people in Acre and Rondônia have been mobilized, with visits to 44 institutions. Some 3 thousand of them enrolled in the Edulivre Platform. In total, 263 young people passed the selection to proceed in the clubs and training trails. Of these, 259 were selected for professional training, and 217 have progressed to the following levels of the professional training courses. A total of 47 students completed the administrative assistant course, of whom 24 were disabled. A further 67 young people are studying electrician courses and 48 are young apprentices, all of whom Energisa will hire.

The Energisa Generation is conducted in partnership with the national Sesi, Senai in the benefiting states and endorsed by the United Nations Educational, Scientific and Cultural Organization (Unesco).

Supported initiatives

species from the Atlantic Forest.

Energisa Sergipe used Rouanet Law funds to sponsor Sociedade Filarmônica Nossa Senhora da Conceição (SFNSC), an organization that trains musicians and performs recitals at Instituto de Música Maestro João de Matos, and the Sergipe Youth Orchestra. In partnership with the municipal government of Aracaju, the distribution company also inaugurated the Poxim Ecologic park in the proximity of the company's head office and the banks of the Poxim River. Energisa built the venue and donated it to the municipality of Aracaju.

Energisa Tocantins made donations to the Child and Adolescent Fund, Fund for the Elderly, Pronon and Pronas, in addition to the Pátria Amada Mirim Program, which prepares public school children for the challenges of sustainability. It also collected donations from customers via energy bills, for Hospital do Amor, in Palmas.

Energisa Paraíba's key events involve delivering Christmas kits to institutions such as Lar da Criança, Hospital Napoleão Laureano, Lar da Providência and Donos do Amanhã; Graffiti in Substations project; Caravana da Visão; Family Budget Workshop; Donation in Energy Bills, project (IPESQ, Laureano and FAP), amongst others.

67 young people from the Energy Generation project are studying electrician courses and 48 are young apprentices, all of whom Energisa will hire.



BEM DA GENTE

The Bem da Gente project empowers new and existing community entrepreneurs by means of courses and guidelines on business practices, aiming at social and economic development based on self-sustained and inclusive businesses. It was created in 2012 to encourage initiatives that drive job and income creation for vulnerable communities in the municipality of João Pessoa (PB).

In addition to helping residents to grow personally and professionally, it increases community income by creating new jobs, identifies local productive arrangements and seeks to establish a monetary cycle within the community (production-consumption-production).

In 2015, the project was included in the report Inclusive Markets in Brazil: Challenges and Opportunities in the Business Ecosystem, produced by the United Nations Development Program (UNDP).

In 2020, a group consisting of entrepreneurs participating in all stages of the project, from management training and funding to the final phase of monitoring activities, made it possible to measure positive impact variables, such as changes in household income, the acquisition of consumer goods and generation of employment and income. The average monthly sales of the establishments rose by 44% more than those establishments that opted not to remain in the program.

The project also contributed to gender equality, as in the 2019-2021 cycle around 72% of enrollments, 74% of training and 60% of business plans prepared were related to female entrepreneurship. |GRI 413-1|



🔏 energisa



IMPACT MANAGEMENT

|GRI 103-2, 103-3, 203-2|

The installation of new medium- and high-impact ventures involves environmental authorities and intervening parties such as Funai, Iphan and Fundação Cultural Palmares. When it is necessary to adopt impact prevention and mitigation measures, programs are created with goals, targets, indicators and conditions and full performance thereof is demonstrated in reports submitted to these agencies.

The environmental studies ascertain information on traditional communities in the areas that could be directly or indirectly affected by works, such as indigenous, maroon, riverside and Pantanal populations. During this stage, land surveys are also carried out to identify, negotiate and compensate landowners whose land has transmission and distribution lines built on it. These projects seek to choose routes in areas outside buffer zones and reserves, to avoid impacts on communities.

In transmission companies, all programs are prepared based on evaluating potential impacts and issues for communities, with assessment metrics, targets and goals published in reports submitted to the environmental licensing authority, communities and other stakeholders.

Studies are also conducted on alternative locations, based on social issues, in the case of installing easements in rural areas with high economic value and agricultural potential. Public Utility Declaration processes are carried out with Aneel and the priority is to promote amicable negotiations with communities. Specialist firms also carry out surveys on land that could be affected by the works, that inform the submission of the project and agreements with landowners. The ventures developed in 2020 did not result in the displacement of people. But they did create jobs, such as the 2,652 positions opened by the works on new transmission lines. [GRI former-EU20, EU22]

Contingency planning |GRI former-EU21|

Energisa has contingency plans for emergency situations and public calamities, which consist of a public call for communication and the engagement of communities, authorities and customers. Scenarios are simulated involving the technical and support departments embracing: contingency; technical and behavioral skills of operators; partial or complete loss of the Operations Center; and evaluating the availability of resources of all departments involved.

Reviewed annually, the distribution companies' plans are submitted to municipal governments, civil defense departments and fire departments of multiple municipalities in the concession area, and suggestions are taken from participants to include in the plan's revision. Hospitals are also contacted about preventive maintenance of generators and their availability and responsibility.

The measures involve training about the plan with various departments of the companies and preparing extra service stations in the call center. It also includes the flow of communication for before, during and after events, with guidelines for addressing the press, customers and government agencies, amongst others.



Operations in times of contingency/emergency are subject to operational procedures, technical standards, working instructions and the Code of Ethics and Conduct, which are determined on a corporate basis according to best performance standards in the sector.



SUPPLIERS

0

SELECTING AND HIRING DEVELOPMENT AND ASSESSMENT



SUPPLIERS

|GRI 103-2, 103-3_204_308_410_412_414|

In line with our commitment to relate with all stakeholders ethically and responsibly, Energisa promotes development and values suppliers comprising its chain, consisting of 2,693 partners with active contracts. In 2020 we hired 139 service providers and 472 material suppliers. If we include energy purchase contracts, expenses on suppliers amounted to R\$ 15.9 billion. [GRI 102-9]

In the year, 100% of service companies and 98.5% of materials suppliers were based in the regions Energisa operates in, with 38.5% and 68.2% respectively in the Southeast region. 1.5% of material suppliers are located overseas. Domestic supplies accounted for 100% of service acquisitions and 97.8% of material acquisitions. [GRI 204-1]

The chain consists of service providers specializing in building, maintaining and operating electricity distribution grids, specialist consultants, general services and facilities, renowned for intensive use of labor. Material suppliers, including equipment and components, intensively use labor and technology in their production processes. There were no significant changes in the location or structure of our chain or relations with suppliers in 2020. [GRI 102-10]

100% of our 98 significant service agreements - meaning those with complexity, extreme business importance and directly related to customer requirements - contain specific human rights clauses. 100% of the 836 materials contracts signed in the year also contained such clauses. All security services are provided by specialist firms and 100% of workers contracted for this activity regularly undergo training in human rights procedures, in courses administered by outsourced firms when each firm joins the group. [GRI 412-3, 410-1]

To improve safety, transparency and standardization in contractor capacity building processes, service providers are required to conform to NDU 036 – Onboarding of Distribution Services Suppliers. In line with ANEEL Resolution 414/2010, the contractor standard contains guidelines on onboarding an accrediting contractors for commercial building, maintenance and technical services. It also provides guidance for Company's inspections and partners seeking qualification and capacity building for electrical installation work. There is an in-depth analysis of a series of documents related to compliance with labor, social security and trade union clauses, submitted monthly to Energisa's Controller's Department.

In 2020, we adopted a routine to permanently measure and monitor the risk level posed by Energisa Group's suppliers. The aim is to mitigate risks posed by outsourcing services and to assure greater security in contracting, terminating and managing these suppliers.

Materials manufacturers are required to comply with the Energisa Group Supplier Quality Management Manual, based on ISO 9001:2015. In addition to social and environmental guidelines, the manual - also available in English - contains anti-corruption provisions and extends the management system to sub-suppliers, labeling conventions, rules on recyclable materials, and guidance on advanced product quality planning. It also requires financial risk assessments to be performed by independent third parties rather than internally, in order to enhance process responsibility. This manual was reviewed in 2020 with the ratification flow updated, new materials classes added, the labeling convention changed, scorecard indicators changed, the inclusion of the possibility to certify supply laboratories by the Brazilian Technical Standards Association (ABNT) and definition of the flow of inspection for receipts by outsourced companies.



SELECTING AND HIRING







The Supply Options List (LOF) was also created, a process whereby suppliers are qualified to participate in tenders based on technical, commercial and performance criteria and their financial situation defined by the Purchasing department. In the case of services, LOF also uses official sites (such as the list of companies accused of slave labor) and Websupply when onboarding suppliers.

Due to enhancing the supplier onboarding and accreditation process, in 2020 the Company reduced the average procurement time by 55%, whilst following all the Group's criteria.

CONTRACT SUSTAINABILITY

Energisa's Procurements practice strives to bring in new small and large suppliers, in order to guarantee sustainability of both its supply chain and service delivery. In 2020 the Company also structured the "fair price" process, which has mechanisms to guarantee a responsible price for supplies and Energisa, in order to guarantee contractual equilibrium.

SUPPLIER ENVIRONMENTAL ASSESSMENT |GRI 308-1, 414-1|

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	Services	Materials ¹
number of new suppliers rganization considered ning or hiring	731	19
number of new suppliers vere screened using onmental and social criteria	139	15
ntage of new suppliers were screened using onmental and social criteria	19.02%	78.9%
onmental criteria rocurement	 Environmental certificates for the activities to be procured 	 Annual environmental impact assessments Emergency plan for chemical products spills Regularly monitoring pollutant emissions ISO 14001 and 45001 Certification Environmental programs including: waste disposal, recycling and/or proper disposal/ storage, pollutants, chemical substance management, reducing energy consumption
l criteria for procurement	 Compliance analysis Analysis of financial risk and capacity Compliance with labor legislation, including overtime, weekly day off, vacations etc. Not using child, forced or slave labor Non-discrimination on the grounds of race, color, gender, age, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, trade union affiliation or marital status. Freedom of unionization and collective bargaining 	

¹Includes the number of Potential Supply Risk Audits (ARPFs) conducted and approved in 2020. Most of our 472 material suppliers procured in 2020 had therefore already been ratified in previous periods.







DEVELOPMENT AND ASSESSMENT

In order to obtain qualified suppliers and drive local development, especially at Energisa Rondônia and Energisa Acre, which suffer from service provider shortages, in 2020 the Company created the Standard Contractor program in line with Energisa's quality standards.

The process consisted of mapping out Energisa's good practices and a diagnosis, with the support of consultants, to detect strengths and points of improvement for suppliers. The information was used as inputs for a partner development plan, which aligned practices, monitored indicators and made possible route corrections.

Oversight |GRI 103-2, 103-3_408_409|

In 2020, Energisa made improvements to contracts management involving standardization of specifications and terms and adopting competition processes unified by company geography. It subsequently began monitoring contract life, in order to mitigate risks.

As a part of this process, 18 supplier analysis indicators were stipulated, embracing issues related to financial health and health and safety reports, including field accidents.

Indicator performance is tracked quarterly, and any issues are addressed at meetings to determine plans of improvement with the companies. Given the pandemic situation which disrupted most companies worldwide, we hired a specialist consultancy to completely analyze companies with the highest financial risk, in order to help the suppliers get through the period (*for further information see Covid-19*).

A Potential Supply Risk Audit (ARPF) tracks supplier performance. These audits cover operational aspects such as quality of infrastructure, controls and laboratory infrastructure, and social and environmental performance including suppliers' social and environmental projects, practices and approach to managing impacts. In addition to on-site verifications, this audit involves sample interviews with contractor staff to guarantee their labor rights and dignified working conditions.

Risks are identified of child labor or exposure of young people to hazardous work, forced work and a lack of unionization freedom in suppliers providing specialist field services entailing the construction, maintenance and operation of electricity distribution grids in all of our geographies. All contracts include clauses prohibiting such situations, and no such cases were identified in the year. [GRI 407-1, 408-1, 409-1]

We also monitor the quality indicator for the supply of materials and equipment, including progress targets, which enables us to formally monitor non-conformity events to correct the route.



In the case of material suppliers, in order to guarantee performance of delivery deadlines, in 2020 the Company mapped out its historic performance, in order to identify delivery standards and held meetings with the leaders of more critical suppliers. As a result, the percentage of deliveries made on time rose from 30% to 70% in the year.

Performance analytics

Every quarter suppliers are given a score card containing information about their performance, primarily timely deliveries (Otif – On Time in Full) and kick-off meetings with checklists for signing long-term contracts.





Supplier performance is analyzed every six months in terms of financial health, quality management system, compliance with contractual conditions, product quality and compliance with health, safety and environmental standards.

Companies that do not meet the minimum service requirements are directed to the Escalation program, a development program for critical suppliers which enables the recovery of up to ten strategically chosen suppliers from jointly set up action plans. The program aims to develop the supplier over a period of 180 days, with the following results: Recovering performance and maintaining scope, Maintaining unsatisfactory performance and reducing scope or even de-accreditation.

In services, issues related to the late submission of supporting documents for labor and social security obligations required contractually led to improvement agreements with 20% of supplies. These adjustments consisted of systematizing records of nonconformities, allowing proper oversight of these issues and the adoption of immediate effective corrective actions by suppliers. [GRI 414-2]

In line with the management of risks mapped by Energisa, in 2020 we reviewed the Sinergisa program which harnesses the Management Excellence Model (MEG) to improve supplier management. Progress is measured and tracked every three years.

Certification

Supplier certification guarantees greater agility of processes, better prices, delivery time, safety and promotes continuous improvement. The process consists of a checklist to evaluate the entire production system of partners, from the procedures of suppliers applied to sub-suppliers, periodical assessments of financial risk, scoring system, ranking and other things.

For grades between 60% and 80% the certificate is valid for six months, and for grades above 80%, for 12 months. During this time, the supplier is exempt from further inspections, except for the most critical suppliers.

This assessment optimizes internal processes, costs and lead times, and assures product manufacturing risks have been analyzed and mitigated. In 2020, 26 suppliers received the certification, resulting in a total of 28 certified partners, accounting for 46.54% of total purchases Eligible for the Quality Assurance program.

PERFORMANCE OF MATERIALS SUPPLIERS

2020	22.14		18.36		42.18		16.90	0.84
2019	8.92	21.15		49.04			20.90	
2018	37.91			13.	.65	40.18		8.26

____ Excellent ____ Good ____ Regular ____ Not recommended ____ Poor



Awards

As a means of recognizing suppliers that most improve their management quality, distribution companies organized the Energisa Partner Awards. The recognition criteria is based on our Management Excellence Model (MEG 21), on aspects such as schedule performance, quality of service, and their health, safety and environment practices.

In 2020, the award was compromised by the Covid-19 pandemic, as all activities had been suspended. The Company took advantage of the situation to restructure the project, to make it more comprehensive and structured.

In the new set-up, the recognition was transferred to the Sinergisa Project, which develops service providers culminating in certification for suppliers achieving the maximum level of management maturity by the end of year three. The award will continue being given at the end of each year to the companies performing best in relations with the Group.









ENVIRONMENT

1

CLIMATE CHANGE BIODIVERSITY WATER WASTE



|GRI 103-2, 103-3_300|

Energisa Group's operations are guided by a Health, Safety and Environment Policy that provides responsibility guidelines that promote environmental conservation and rational and sustainable resource stewardship, with continual improvements in the quality of their processes, products and services. The Code of Ethics and Conduct lays down the commitment to avoid pollution and nurture the ongoing improvement of environmental performance across all activities. [GRI 102-11]

In 2020, R\$ 311.3 million was invested in environmental initiatives (8.5% more than the R\$ 286.6 million allocated to previous year), including R\$ 292.7 million in the company's operation and R\$ 18.6 million in external projects. Most of the funds (around 75% of the total) was allocated to islanded and shielded grids, while 15% was spent on tree-trimming and clearing work where the grids are installed.

All companies have an Environmental department tasked with managing and licensing ventures. They followed the corporate policy and a management system prepared based on ISO 14001, quality certification in which Energisa Sul-Sudeste is undergoing verification. In 2020 Energisa implemented a digital platform to monitor developments in environmental legislation (federal, state and municipal), and engaged consultants to assist in managing legal requirements.

ENVIRONMENTAL INVESTMENT (R\$ 000)

2018	177,441	
2019		286,826
2020		311,332

CLIMATE CHANGE

[GRI 103-2, 103-3_201]

The electric sector's priorities for the years ahead include decarbonization, i.e., leading the transition to a low-carbon economy. This is a way of combating climate change, which is one of the top five global risks identified by the World Economic Forum in 2020 and 2021. The electrification process could also result in opportunities, such as greater demand for energy consumption management services and electric mobility.

One of the aims of Energisa Group's Sustainability Agenda is none other than to usher in an efficient energy transition, fostering investments in energy efficiency projects, decommissioning thermal power plants in Acre and Rondônia (*for further information see Emissions*), prioritizing renewable energy sources and actions to reduce greenhouse gas emissions (GHG).

Climate Action

In 2020, the Company joined the Global Compact Network Brazil's Climate Action Platform, This initiative is based on SDG 7, which seeks to guarantee reliable, sustainable, modern and affordable access to energy for all and SDG 13, which is the initiative against climate change, by developing activities and projects geared towards climate mitigation, adaptation and finance.

Companies use a proprietary software program, NetClima, developed as part of a project to track climate change in concession areas, which analyses, monitors and predicts meteorological events (rainfall volume, wind speed), issuing daily reports and alerts on cell phones supporting the deployment of teams and operating activities. The application has versions for mobile



phones (IOS and Android) so that decisions can be taken more assertively, even by people outside the company. In partnership with Climatempo, wind and storms are also monitored in real-time. Possible causes of grid outages caused by climate events are also monitored.

Great modernization and digitization of grids, using new technologies and adopting automation or remotely operated equipment, helps drive down emissions released by the movement of field teams and energy losses in the grid.

A broad process is underway of evaluating impacts, risks and opportunities posed to our business by climate change. For example, this involves studies on alternatives to outline routes and replace traditional cables with shielded cables, in order to adapt the distribution grid to withstand severe climate change scenarios.

In 2021, the Group will publish its first GHG inventory in the Public Emissions Register.

Risks and opportunities

Warmer than average weather, intense lightning strikes and strong winds, in addition to heavier or lighter rainfall volumes, impact consumption and intensify the risk of physical damage to the energy distribution and transmission infrastructure. These are the reflections of climate change, with impacts on the performance of activities being assessed for risk and opportunity, but not yet effectively accounted for by the Company. [GRI 201-2]





RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE [GRI 201-2]

PHYSICAL	RISKS	ASSOCIATED IMPACTS
MATTERS	 Heavy rainfall, wind storms and lightning strikes Damage to energy transmission and distribution infrastructure, resulting in outages. 	 Loss of revenue due to energy outages and higher costs on restoring grids and reimbursing consumers in the event of damage to white and brown goods. Negative effect on repute and customer relations.
	 Shifts in seasonal patterns and geographical rainfall distribution ● Interference in the formation of clouds and lower solar radiation. 	 Reduced photovoltaic generation efficiency and capacity. Damage to solar panel structures.
	 Warmer temperatures Change in consumption profile (such as greater use of air conditioning). Greater risk of lightning striking transmission towers. 	 Overloading of distribution systems, which could affect the availability of the energy supply for consumers, impacting costs and revenue. New peak periods affecting peak demand management. Outages affecting transmission lines and supplies.
	Changes in periods of drought • Lower availability for hydraulic generation.	I Higher energy prices due to the need to use thermal plants to meet consumption demand. The higher generation cost result in higher rates and consumer delinquency risk.
	OPPORTUNITIES	ASSOCIATED IMPACTS
	 Digitization and smart networks Interactivity and real-time information. 	 Agility to manage the impact of severe events on energy grids. Higher revenue due to fewer energy disconnections. Lower operating/maintenance costs. Greater customer satisfaction.
	 Products and services Growing use of renewable sources. New efficient energy services (distributed generation, energy efficiency, energy storage, shielding systems, controlling and monitoring electric systems). 	 Diversifying sources of revenue. Availability of revenue for investment. Greater perception of value by stakeholders. Greater efficiency and productivity.
REGULATORY	RISKS	ASSOCIATED IMPACTS
MATTERS	National Energy Plan (PNE) In December 2020 the Ministry of Mining and Energy approved PNE 2050 which recognizes the unpredictability of the future and prospects for abundant resources in the long term. It projects two scenarios: a 3.3 fold increase in electricity demand or flatlining, with 10% growth over 30 years.	The two scenarios impact business, especially distribution and transmission. The first requires investments to handle the growing demand. The second limits the growth prospects for these activities.
	The Paris Agreement In 2016 as part of the Paris Agreement, Brazil undertook to reduce GHG emissions by 37% below 2005 levels by 2025, culminating in a 43% reduction by 2030. In 2020, however, a proposal by the Bolsonaro government to the Intended Nationally Determined Contribution permitted the emission of 400 million tonnes beyond the previously presented target, which was internationally considered a violation of the Agreement, as countries are not allowed to renege on commitments.	 Need to implement mitigation measures in the pursuit of energy generation opportunities from low-carbon renewable sources. Lower profitability from thermal energy generation, which does not affect Energisa's activities.
	Carbon tax Discussions are taking place around establishing a GHG emissions cap-and-trade market, although the scope of any such measure is not yet clear.	 Lower profitability from thermal energy generation, which does not affect Energisa's activities. Need to monitor carbon emissions, which Energisa will start doing in 2021.
	OPPORTUNITIES	ASSOCIATED IMPACTS
	 Decarbonization Regulatory changes to promote the decarbonization of Brazil's electricity matrix. 	O Driving the development of renewable energy and integrating it into the electric system through smart grids, storage capacity and technological innovation etc.
	Distributed generation ● Growth of distributed generation, cogeneration and energy storage with cross subsidization.	 New sources of and increase in unregulated revenue. Reduction in distribution company revenue. Impact of rate increase for nonproducing customers.
	 Energy efficiency Policies to incentivize energy efficiency projects, including public lighting management and public services. 	 More efficient use of energy by customers and lower risk of delinquency. Use of incentives to increase the energy efficiency of proprietary operations.



OTHERS

	RISKS	ASSOCIATED IMPACTS			
	Decrease in energy supplied by distribution companies • Lower consumption, due to economic slowdown and self production (photovoltaic panels in homes).	• Lower revenue in the captive energy market.			
	 Reputation The frequency of severe climate events requires constant monitoring and resilience of the electric system. 	Poor grid functioning could increase negative exposure and impair the company's reputation, impacting capital costs.			
	OPPORTUNITIES	ASSOCIATED IMPACTS			
	 Investor vision Investment funds are demanding companies introduce sustainable practices towards decarbonization of the economy. 	• Improvement in financing opportunities (such as green bonuses) and boosting our share price.			
	 Electrification New energy solutions in sectors typically related to fossil fuel usage, especially transportation (electric and/or hybrid vehicles) and heating. 	• New revenue streams.			

ENVIRONMENT

ENERGY |GRI 103-2, 103-3_302|

In 2020, energy consumption at the 11 distribution companies amounted to 1,971,218 GJ, 23.3% more than the previous year, for fuels only, with the largest volume represented by diesel (64.8% of the total). The higher consumption is due to the expansion of the companies' fleets, especially gasoline vehicles (24% increase) and ethanol vehicles (14.7% increase). The energy intensity was 0.26 GJ per client. [GRI 302-3]

ENERGY CONSUMPTION AND ENERGY INTENSITY GRI 302-3]



DIRECT ENERGY CONSUMPTION BY SOURCE [GRI 302-1]



Under the vision that the energy transaction will be at the heart of the electric sector's agenda, the Group has prioritized renewable energy sources. An example is the shutting down of diesel power plants in Acre and Rondônia and the use of sustainable technologies to generate energy in islanded communities (see more at the end of this page).

There are campaigns aimed at employees to lower consumption and educate them in conscientious usage, consisting of leaflets and internal disclosures (intranet, notices and signs erected by the company and screen savers). Obsolete equipment is also replaced by more modern and economic units. The vehicle fleets of Energisa Sul-Sudeste and Energisa Mato Grosso give preference to ethanol, as it is a renewable source and less polluting than fossil fuels.

New facilities are designed based on sustainable practices, including natural lighting and sunlight and wind, relative humidity of the air and rainfall and the use of solutions, such as film-covered plate glass, perforated metallic plates and sunshades, in addition to LED bulbs, which are more efficient and consume less energy. The walls and ceilings are largely painted in light colors to reflect the light.

EMISSIONS [GRI 103-2, 103-3_305]

The effort to reduce greenhouse gas emissions primarily took place through fleet management, giving preference to biofuels, preferably ethanol. We use S500 diesel in our diesel vehicles, which has a low sulfur content and reduces black smoke and protects the engine from wear and tear and the formation of deposits. Liquid Automotive Reducing Agent (Arla 32) is used in heavy vehicles, which helps drive down diesel emissions.

The entire fleet logistics is monitored in real-time, with the use of telemetry, awareness campaigns to control and reduce speed and the installment of devices to monitor emissions. We also carry out periodical preventive services on all vehicles in line with the existing environmental legislation,



and there is a policy for renewing the fleet in all units, which involves monitoring and replacing the vehicles, when necessary.

In 2021, 14 Group professionals will undergo training to compile our GHC inventory provided by GVces, based on the Brazilian GHG Protocol Program methodology. Energisa will also have completed its entry into the Program, and in August 2021 will release its first consolidated inventory in the Public **Emissions Register.**

Energisa Sul-Sudeste has compiled GHG emissions inventories since 2019, using a calculation tool to record emissions of CO₂ equivalent in the Brazilian GHG Protocol Program platform. Direct emissions (stationary and mobile combustion - scope 1), energy acquisitions (scope 2) and indirect emissions (business trips and commuting - scope 3) are declared. The 2020 report shows emissions of 278,158 tCO₂, a decrease of 5.5% on the previous inventory.

Customer regularization, fraud inspections and other loss combating measures help reduce emissions into the atmosphere (for further information about loss management see Operational performance).

The decommissioning of four diesel generator sets in 2020 enabled Energisa Rondônia to reduce emissions by 65 thousand tonnes of greenhouse gases. Our goal for 2022 is to achieve more than 200 thousand tonnes. R\$ 1 million was invested in decommissioning thermal plants (UTEs), to remove tanks and drums of sludge and neutralize liabilities, in addition to R\$ 500 thousand in geological surveys at the UTEs. In Acre, the decommissioning of two thermal plants kept approximately 8 thousand tonnes of CO₂ in the ground. For both distribution companies, this measure is the equivalent of planting 521 thousand trees to neutralize the emissions volume.

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BIODIVERSITY

[GRI 103-2, 103-3_304]

With operations in virtually all of Brazil's biomes (the Amazon, Atlantic Forest, Cerrado, Caatinga and Pantanal), our main impact on biodiversity comes from the construction of high-voltage distribution lines and transmission lines. To obtain the required environmental licenses for these works, environmental baseline studies are carried out resulting in the production of a matrix of aspects and impacts. This is then used to propose environmental programs to prevent, mitigate and reverse these impacts. [GRI 304-2]

Environmental programs include wildlife monitoring and conservation; wildlife rescues and removals; vegetation clearance; reforestation and environmental education. All programs have goals, targets and indicators, and consolidated reports are prepared for submission and validation by the environmental licensing authorities in each state, which carry out inspections to substantiate the information submitted and ascertain the actual efficacy of the programs developed.

The company submits alternative locations to the environmental authorities for extensions of grids and lines that cross Permanent Preservation Areas (APPs). Compensations events take place to keep the impacts to a minimum, with plantation, recovery of springs and fencing off areas to promote natural rewilding.

To build high-voltage distribution lines and substations, a simplified environmental report (RAS) is prepared and, when necessary, preventive archeology studies are carried out, supervised by the National Archaeological Heritage Institute (IPHAN). These studies indicate the possibility of archaeological remains with an impact on cultural historic heritage.

COMPOST

A tree trimming project created in Adamantina (SP) using funds from the Energy Efficiency Program (PEE), aligns the need for sustainable agriculture, less urban waste and better energy outage frequency and duration indicators (FEC and DEC), in a sustainable proposal for the electricity grid to coexist alongside trees.

Tree trimmings are mixed with leftover food from schools and poultry litter which enriches organic compost, and partly resolves the problem of solid urban waste, as it provides a useful destination to organic waste, preventing it from accumulating in landfills. This composting process results in an efficient final product, proven by analyses of donated compost windrows, also enhancing the quality of the crops produced by this material. Another advantage is savings by reducing or even avoiding the use of industrialized chemical fertilizer.

The result expected in the first year were consolidated in 2020. There are sufficient tree trimmings to supply soil fertilization initiatives for rural properties, already benefiting 50 families registered in the Family Agriculture Program. The project entailed the acquisition and donation of equipment for the municipality to carry out the initiative.

their allotments.



TREE TRIMMINGS TRANSFORMED INTO

In 2021, tree trimmings produced by municipal government teams are also being sent to customers living in low-income districts, helping them cultivate on



PROJECT NUMBERS¹

2,160 tonnes

of compost produced (equal to 45 windrows, i.e., 1.87 windrows/month)

2,300 trees trimmed (equal to 95 trees/month)

59 families

benefited, after registering in the Family Agriculture Program

43,900 kWh/month

of energy savings

¹ Prediction



Stewardship

Wildlife is handled sustainably and projects avoid clearing land as much as possible. Any required clearing for construction is offset by reforestation in accordance with Brazilian environmental regulations. We train our technical in-house and outsourced staff to ensure the correct procedures are followed for trimming trees. The Company maintains an open ombudsman's channel and a Social Communication Program, which addresses the topic of biodiversity.

An example of this is the environmental study of the 138 kV Aripuanã-Colniza distribution lines, where Energisa Mato Grosso changed the route to reduce vegetation clearance by more than 10 hectares, which reduce the vegetation clearance by 16% in the Amazon to install the venture.

In grids where trees could be more affected by contact with the low-voltage cables, insulated cables are used. Shielded cables are also



used in medium-voltage power line sections near trees, avoiding the need for trimming and helping to maintain ecological balance. Drones are used for inspecting and monitoring erosion processes in the administrative areas and easements.

Energy distribution activities, which account for most of the Company's business, do not measure the increase or decrease in fauna and flora species, due to the low impact on ecosystems and natural habitats, according to waivers issued by state environmental agencies. [GRI EU13]

Energisa Sergipe recovered 14 thousand square meters of land in the vicinity of the company's head office in Aracaju, by way of the Degraded Land Recovery Plan (PRAD) approved by the Public Prosecutions Department and the state and municipal environmental agencies. Another initiative resulted from the completion of works on the Poxim Ecological Park, donated to the Municipal Government of Aracaju. The venue will be used for public visitations and environmental and ecotourism education activities. More than 5 thousand square meters of mangrove swamps were recovered, with 1,580 saplings being replanted. [GRI 304-3]

Energisa Paraíba sponsors the project Oito Verde, which conserves riparian forest in the Epitácio Pessoa weir, in the municipality of Boqueirão, with the plantation of Caatinga saplings, in addition to raising awareness of environmental conservation amongst adults and children.



SUPPORTING PANTANAL

In the worst moment of Pantanal's history, when 11 million animals died in the forest fires, Energisa Group participated in the initiative with other groups to preserve local biodiversity. R\$ 200 thousand was donated to acquire approximately 20 tonnes of food products and animal feed, in addition to fuel for Instituto Homem Pantaneiro, in Mato Grosso do Sul state, and the É O Bicho MT volunteer group, in Mato Grosso.

The team from Instituto Homem Pantaneiro follows the guidelines laid down by the Inter-institutional Forest Fire Combating Committee, which is made up of NGOs, institutes, universities and government agencies. The group É O Bicho MT' traveled through the municipalities of Poconé, Mimoso and Barão de Melgaço on a daily basis, handing out more than 18 tonnes of groceries.

Another initiative carried out by Energisa Mato Grosso do Sul in partnership with Fundação de Meio Ambiente de Corumbá, Embrapa Pantanal, and Projeto Arara Azul, was the rebuilding of a jabiru nest, an unprecedented initiative. After being completely consumed by the fires, the jabiru nest, located in an area alongside the BR-262 highway, was rebuilt next to the tree formally housing the nest.



WATER

|GRI 103-2, 103-3_303|

For efficient water use, the Group's companies use consumption control equipment, such as self-closing faucets. At our green buildings, such as the head office of Energisa Minas Gerais, washrooms and kitchens are fitted with highly efficient water-saving equipment, with timers on showers and taps. Rainwater and water returning from the air conditioning system is captured and reused to wash floors, clean windows and water gardens. These measures generate hydric efficiency of 23%.

In 2020 the Company's new building in Souza, Northeastern Brazil, received Green Building Certification for its use of energy- and water-saving solutions.

All companies run conscientious consumption campaigns through internal channels and talks at schools, on dates such as Water Day and Environment Week, and informative leaflets are handed out.

In 2020 our consumption was 155.3 thousand cubic meters, a decrease of 2.5% on 2019, mainly due to the fact fewer people were working from our premises, due to the fact that administrative staff began working from home. 89.4% of the total came from public supply systems.

WATER WITHDRAWAL BY SOURCE (m³) |GRI 303-1|



____ Public system ____ Underground ____ Surface

WASTE

[GRI 103-2, 103-3_306, 306-2]

All the Group's units, of the distribution, transmission and service companies (from customer service branches, administrative offices, warehouses, hubs and regional offices) buy and consume materials and products, such as electrical components, wires, cables, lubricating oils, industrial oils, bulbs, batteries etc., which produce a range of waste: hazardous/contaminated waste, municipal waste, organic waste and recyclable waste. The potential risks primarily involve soil and groundwater contamination due to leaking transformer oil.

To avoid or minimize this risk, our companies have water and oil segregation boxes and emergency kits for tackling any oil and chemical products spills at our units, in addition to regenerating insulating oil used in its equipment, reusing this material. In line with the determinations of Law 12.288/2006, which addresses the eradication of PCBs (askarel, a substance found in insulating oil used in electrical equipment) and its waste, a plan was put together to ensure the product is not found in the distribution companies' transformers, in order to completely eradicate the insulating oil by 2025.

Controlled disposal

The waste generated during operations undergoes procedures for handling, transportation and final disposal of products, being sent for adequate treatment - recycling, composting, co-processing or incineration production - according to the order of priority established in Brazil's National Solid Waste Policy. Energisa Soluções (Esol) also runs a Solid Waste Management program subject to the same procedures. The same situation applies to the Group's transmission companies, which are still building facilities, and follow a Solid Waste Environmental Management Program and Environmental Plan for Construction.



All hazardous waste (class I) is disposed of by specialist firms, licensed by environmental agencies. The companies maintain the selective collection and disposal of class II waste, and nonrecyclable and organic materials and waste is disposed of in landfills. Some of our waste, such as Transformers, is sold for scrap.

We carry out education campaigns based on the 3Rs (Reduce, Reuse and Recycle), with certain distribution companies using reverse logistics for materials. On this front, all materials acquired by the Group take into account the useful life and disposal controls, in addition to identifying origin and certification. To reduce our paper consumption, for example, customers are encouraged to use digital platforms, such as Energisa ON, and receive energy bills by email.

Several distribution companies partner waste cooperatives, which receive the materials for recycling. Energisa Sul-Sudeste also has arrangements with technical colleges, to which it donates organic waste consisting of urban tree trimmings. These trimmings are shredded and used in projects to recover grazing land, coffee plantations, scientific studies, allotment compost, etc. Energisa Tocantins entered an arrangement with Fundação de Meio Ambiente to transform this waste into compost used in the production of tree saplings for the city of Palmas.





GRI CONTENT INDEX

This report has been prepared in accordance with GRI Standards: Core Option |GRI 102-54|

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Portuguese version of the report.

|GRI 102-55|

				Global						Global
GRI Standards	Contents	Page number	Omission	Compact	SDG	GRI Standards	Contents	Page number	Omission	Compact
GRI 101: Foundation	2016					Strategy				
General disclosures						GRI 102: General	102-14 Statement from senior decision-maker	3	-	-
Profile						disclosures 2016				
GRI 102: General	102-1 Name of the organization	11	-	-	-	Ethics and integrity				
disclosures 2016	102-2 Activities, brands, products, and services	11	-	-	-	GRI 102: General	102-16 Values, principles, standards,	14, 33	-	10
	102-3 Location of headquarters	102	-	-	-	disclosures 2016	and norms of behavior			
GRI 102: General 1 disclosures 2016 1 1 1	102-4 Location of operations	12	-	-	_	Governance				
	102-5 Ownership and legal form	30	-	-	-	GRI 102: General	102-18 Governance structure	31	-	-
	102-6 Markets served	11, 12	-	-	-	disclosures 2016	102-19 Delegating authority	31	-	-
	102-7 Scale of the organization	11, 12, 54	-	-	-		102-20 Executive-level responsibility for	32	-	-
	102-8 Information on employees	63	There is no	6	8		economic, environmental, and social topics			
	and other workers		information about				102-22 Composition of the highest	31	-	-
			third-party workers				governance body and its committees			
			by gender and region.				102-23 Chairman of the highest	31	-	-
			This information				governance body			
			from 2022 and				102-24 Nominating and selecting	31	-	-
			reported in 2023.				the highest governance body			
	102-9 Supply chain	84	-	_	_		102-25 Conflicts of interests	32	-	-
	102-10 Significant changes to the	48, 49, 84	_	_	_	GRI 102: General	102-26 Role of highest governance body	31	-	-
	organization and its supply chain	-, -, -				disclosures 2016	in setting purpose, values, and strategy			
	102-11 Precautionary principle or approach	89	-	-	_		102-29 Identifying and managing economic,	34	-	-
	102-12 External initiatives	23	_	_	_		environmental, and social impacts			
	102-13 Membership of associations	26	_	_	_		102-30 Effectiveness of risk	34	-	-
							management processes			
							102-31 Review of economic,	34	-	-
							environmental, and social topics			
							102-32 Highest governance body's	5	-	-
Energy sector	EU1 Installed capacity	49	-	_	_		role in sustainability reporting			
	EU2 Net energy output	49	-	_	_		102-35 Remuneration policies	32	-	-
	EU3 Number of customer accounts per class	43	-	_	_		102-36 Process for determining remuneration	32		
	EU4 Length of transmission and distribution lines	28	-	-	_					











				Global
GRI Standards	Contents	Page number	Omission	Compact
Stakeholder engager	nent			
GRI 102: General	102-40 List of stakeholder groups	25	-	-
disclosures 2016	102-41 Collective bargaining agreements	65	-	3
	102-42 Identifying and selecting stakeholders	25	-	-
	102-43 Approach to stakeholder engagement	26, 58	-	-
Reporting practices				
GRI 102: General	102-45 Entities included in the	102	-	-
disclosures 2016	consolidated financial statements			
	102-46 Defining report content	5	-	-
	and topic Boundaries			
	102-47 List of material topics	7, 8	-	-
	102-48 Restatements of information	74	-	-
	102-49 Changes in reporting	This is	-	-
		Energisa first		
		GRI-compliant		
		report.		
	102-50 Reporting period	5	-	-
	102-51 Date of most recent report	5	-	-
GRI 102: General	102-52 Reporting cycle	5	-	-
disclosures 2016	102-53 Contact point for questions	5	-	-
	regarding the report			
	102-54 Claims of reporting in	95	-	-
	accordance with the GRI Standards			
	102-55 GRI content index	95	-	-
	102-56 External assurance	5	-	-
Material Topics				
GRI 200 Economic St	andard Series			
GRI Standards	Contents	Page no.	Omission	Global
Economic performan				compact
GRI 103.	103-1 Explanation of the material	8	_	_
Management	topic and its Boundary	0		
approach 2016	103-2 The management approach	21 27 80		_
	and its components	21,21,03	-	_
	103-3 Evaluation of the management approach	21 27 20		_
	105-5 Evaluation of the management approach	21, 21, 03	_	_

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GRI Standards	Contents	Page number	Omission	Global Compact	S
GRI 201: Economic	201-1 Direct economic value	55	-	-	2,
performance 2016	generated and distributed				8
	201-2 Financial implications and other risks and opportunities due to climate change	89, 90	The financial implications are being identified, and an estimate is forecast for 2021 to be reported in 2022.	_	
Indirect economic in	npacts				
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	7	-	-	
approach 2016	103-2 The management approach and its components	77	-	-	
GRI 103: Management approach 2016	103-3 Evaluation of the management approach	77	-	-	
GRI 203: Indirect economic	203-1 Infrastructure investments and services supported	18, 59, 70, 81	-	-	2, 9
impacts 2016	203-2 Significant indirect economic impacts	60, 82	-	-	1 3 1(
Procurement practic	ces				
GRI 103:	103-1 Explanation of the material	8	-	_	
Management	topic and its Boundary				
approach 2016	103-2 The management approach and its components	84	-	-	
	103-3 Evaluation of the management approach	84	-	-	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on locally-based suppliers	84	-	-	
Anti-corruption					
GRI 103:	103-1 Explanation of the material	8	-	-	
Management	topic and its Boundary				
approach 2016	103-2 The management approach and its components	33	-	-	
	103-3 Evaluation of the management approach	33	-	-	
GRI 205: Anti- corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	33	-	10	





				Global	
GRI Standards	Contents	Page number	Omission	Compact	SDG
Anti-competitive beh	navior				
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-	-
approach 2016	103-2 The management approach and its components	33	-	-	-
	103-3 Evaluation of the management approach	33	-	_	_
GRI 206: Anti-	206-1 Legal actions for anti-competitive	None	-	-	16
competitive behavior 2016	behavior, anti-trust, and monopoly practices	recorded.			
Energy sector					
Availability and reliability	Former-EU6 Management approach to ensure short and long-term electricity availability and reliability	7	_	_	-
Demand management	Former-EU7 Demand-side management	74	-	-	-
Research and development	Former-EU8 Research and development activity	38	-	-	-
System efficiency	EU12 Transmission and distribution	45	-	-	-
GRI 300 Environment	tal Standard Series				
Energy					
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-	-
approach 2016	103-2 The management approach and its components	89, 91	-	-	-
	103-3 Evaluation of the management approach	89, 91	-	-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	91	-	7, 8	7, 8, 12, 13
	302-3 Energy intensity	91	-	7	7, 8, 12, 13
Water]	
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-	_
approach 2016	103-2 The management approach and its components	89, 94	-	-	-
	103-3 Evaluation of the management approach	89, 94	-	-	-
GRI 303: Water 2016	303-1 Water withdrawal by source	94	-	7, 8	6



SDG	GRI Standards	Contents	Page number	Omission	Global Compact	
	Biodiversity					
-	GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-	
-	approach 2016	103-2 The management approach and its components	89, 92	-	-	
-		103-3 Evaluation of the management approach	89, 92	-	-	
16	GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	92	-	8	6
		304-3 Habitats protected or restored	92	-	8	6
-	Energy sector	EU13 Biodiversity of offset habitats compared to biodiversity of the affected areas	93	-	8	6
	Emissions					
	GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-	
_	approach 2016	103-2 The management approach and its components	89, 91	-	-	
-		103-3 Evaluation of the management approach	89, 91	-	-	
-	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	_	There is no consolidated emissions data. Energisa's first inventory will begin in 2021 and be reported in 2022.	7, 8	1
	Waste			I		
- 7, 8,	GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-	
12, 13 7, 8,	approach 2016	103-2 The management approach and its components	89, 94	-	-	
12, 13		103-3 Evaluation of the management approach	89, 94	-	-	
- - - 6	GRI 306: Waste 2016	306-2 Waste by type and disposal method	94	There is only volume data, without a break down by type and disposal method, which will be ascertained from 2022 and reported in 2023	8	



				Global
GRI Standards	Contents	Page number	Omission	Compact
Environmental comp	liance			
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-
approach 2016	103-2 The management approach and its components	33, 89	-	-
	103-3 Evaluation of the management approach	33, 89	-	-
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	Fine of R\$ 247.7 thousand at EMT for changing 2.5 km of the line route presented in the licensing process. The route was regularized at the environmental authority.		8
Supplier environmen	tal assessment			
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-
approach 2016	103-2 The management approachand its components103-3 Evaluation of the management approach	84	-	-
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	85	-	8
GRI 400 Social Stand	ard Series			
Employment				
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-
approach 2016	103-2 The management approach and its components	63	-	-
	103-3 Evaluation of the management approach	63	-	-



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GRI Standards	Contents	Page number	Omission	Global Compact
Energy sector – management approach	Former-EU14 Programs and processes to ensure the availability of a skilled workforce	67	_	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	64	_	6
Employment 2016 Energy sector	EU15 Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	65	_	_
	EU17 Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	-	There is no centralized control over these activities, which should be ascertained from 2022 and reported in 2023.	_
Occupational Health	and Safety			
Occupational Health GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	8	-	-
	103-2 The management approach and its components	69	-	-
	103-3 Evaluation of the management approach	69	-	-
	403-1 Occupational health and safety management system	69	-	-
	403-2 Hazard identification, risk assessment, and incident investigation	70	-	-
	403-3 Occupational health services	72	-	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	69	_	_
	403-5 Worker training on such as occupational injuries or health and safety	70	_	-
	403-6 Promotion of worker health	72	-	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70	_	_

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				Global						Global
GRI Standards	Contents	Page number	Omission	Compact	SDG	GRI Standards	Contents	Page number	Omission	Compact
Energy sector:	Former-EU16 Policies and requirements	69	-	-	-	Non-discrimination				
management	regarding health and safety of employees and					GRI 103:	103-1 Explanation of the material	8	-	-
approach	employees of contractors and subcontractors					Management	topic and its Boundary			
GRI 403:	403-8 Workers covered by an occupational	69	-	-	8	approach 2016	103-2 The management approach	66	-	-
Occupational	health and safety management system						and its components			
Health and	403-9 Work-related injuries	70	-	-	8		103-3 Evaluation of the management approach	66	-	-
Safety 2018	403-10 Work-related ill health	70	-	-	3, 8	GRI 406:	406-1 Incidents of discrimination	66	-	6
Energy sector	EU18 Percentage of contractor and	70	-	-	-	Non-discrimination	and corrective actions taken			
	subcontractor employees that have undergone					2016				
	relevant health and safety training					Freedom of associati	on and collective bargaining			
Training and education	on	1				GRI 103:	103-1 Explanation of the material	8	-	-
GRI 103:	103-1 Explanation of the material	8	-	-	-	Management	topic and its Boundary			
Management approach 2016	topic and its Boundary					approach 2016	103-2 The management approach	65	-	-
	103-2 The management approach	67	-	-	-		and its components			
	and its components						103-3 Evaluation of the management approach	65	-	-
	103-3 Evaluation of the management approach	67	-	-	-	GRI 407: Freedom	407-1 Operations and suppliers in which	65, 86	-	3
GRI 404: Training	404-1 Average hours of training	67	-	6	4, 5, 8	of association	the right to freedom of association and			
and education 2016	per year per employee					and collective	collective bargaining may be at risk			
	404-2 Programs for upgrading employee	67	-	-	8	bargaining 2016				
	skills and transition assistance programs					Child Labor				
	404-3 Percentage of employees receiving regular	68	-	6	5, 8	GRI 103:	103-1 Explanation of the material	8	-	-
	performance and career development reviews					Management	topic and its Boundary			
Diversity and equal o	pportunity					approach 2016	103-2 The management approach	86	-	-
GRI 103:	103-1 Explanation of the material	8	-	-	-		and its components			
Management	topic and its Boundary						103-3 Evaluation of the management approach	86	-	-
approach 2016	103-2 The management approach	66	-	-	-	GRI 408: Child	408-1 Operations and suppliers at	86		5
	and its components					labor 2016	significant risk for incidents of child labor			
	103-3 Evaluation of the management approach	66	-	-	-	Forced or compulsor	y labor			
GRI 405: Diversity	405-1 Diversity of governance	31,66	-	6	5, 8	GRI 103:	103-1 Explanation of the material	8	-	-
and equal	bodies and employees					Management	topic and its Boundary			
opportunity 2016						approach 2016	103-2 The management approach	86	-	-
							and its components			
							103-3 Evaluation of the management approach	86	-	-



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GRI Standards	Contents	Page number	Omission	Compact		
GRI 409: Forced	409-1 Operations and suppliers at significant	86	-	4		
or compulsory labor 2016	risk for incidents of forced or compulsory labor					
Security practices						
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	8 - - 33, 84 - - 33, 84 - - 84 - 1 84 - 1			
approach 2016	103-2 The management approach and its components	33, 84	-	-		
	103-3 Evaluation of the management approach	33, 84	-	-		
GRI 410: Security practices 2016	410-1 Security personnel trained in human rights policies or procedures	84	-	1		
Human rights assess	ment					
GRI 103: Management	103-1 Explanation of the material topic and its Boundary	8	-	-		
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	103-3 Evaluation of the management approach	33, 84	-	-		
GRI 412: Human rights assessment 2016	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	84	_	2		
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GRI 103: Management	103-1 Explanation of the material topic and its Boundary	7	-	-		
approach 2016	103-2 The management approach and its components	77	-	-		
	103-3 Evaluation of the management approach	77	-	-		

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GRI Standards	Contents	Page number	Omission	Compact	
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management	decision making process related to energy				
approach	planning and infrastructure development.				
	Former-EU20 Approach to managing	82	-	-	
	the impacts of displacement				
GRI 413: Local	413-1 Operations with local community	81	-	1	
communities 2016	engagement, impact assessments,				
	and development programs				
Energy sector	EU22 Number of people physically or	82	-	-	
	economically displaced and compensation,				
	broken down by type of project				
Disaster/emergency	planning and response				
Energy sector:	Former-EU21 Contingency planning	82	-	-	
management	measures, disaster/emergency				
approach	management plan and training programs,				
	and recovery/restoration plans.				
Supplier social asses	sment				
GRI 103:	103-1 Explanation of the material	8	-	-	
Management	topic and its Boundary				
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	and its components				
	103-3 Evaluation of the management approach	84	-	-	
GRI 414:	414-1 New suppliers that were	85		2	
Supplier social	screened using social criteria				
assessment 2016					
Public policy					
GRI 103:	103-1 Explanation of the material	7	-	-	
Management	topic and its Boundary				
approach 2016	103-2 The management approach	33	-	-	
	and its components				
	103-3 Evaluation of the management approach	33	-	-	





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GRI Standards	Contents	Page number	Omission	Compact
GRI 415: Public policy 2016	415-1 Political contributions	No contributions are made to politicians of political parties.	-	10
Customer health and	l safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	7	-	-
	103-2 The management approach and its components	61	-	-
	103-3 Evaluation of the management approach	61	-	-
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	61	-	-
Energy sector	EU25 Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	61	-	-
Social and economic	compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	7	-	-
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	103-3 Evaluation of the management approach	33, 34	-	-
GRI 419: Social and economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	34	-	-



GRI Standards	Contents	Page number	Omission	Global Compact
Access				· · · · ·
Energy sector: Management approach	Former EU23 Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	59	-	_
	Former EU24 Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support.	57, 61	-	_
Energy sector: Access	EU26 Percentage of population unserved in licensed distribution or service areas	59	-	-
	EU27 Number of residential disconnections for non-payment	53	-	-
	EU28 Power outage frequency	47	-	-
	EU29 Average power outage duration	47	-	-
	EU30 Average plant availability	49	-	_

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