A photograph of a coastal wind farm. Several white wind turbines are visible, their blades blurred by motion, standing on a sandy beach. In the background, there is a power substation with metal structures and some buildings under a clear blue sky.

CPFL ENERGIA

ESG Practices

October, 2020



1. OVERVIEW

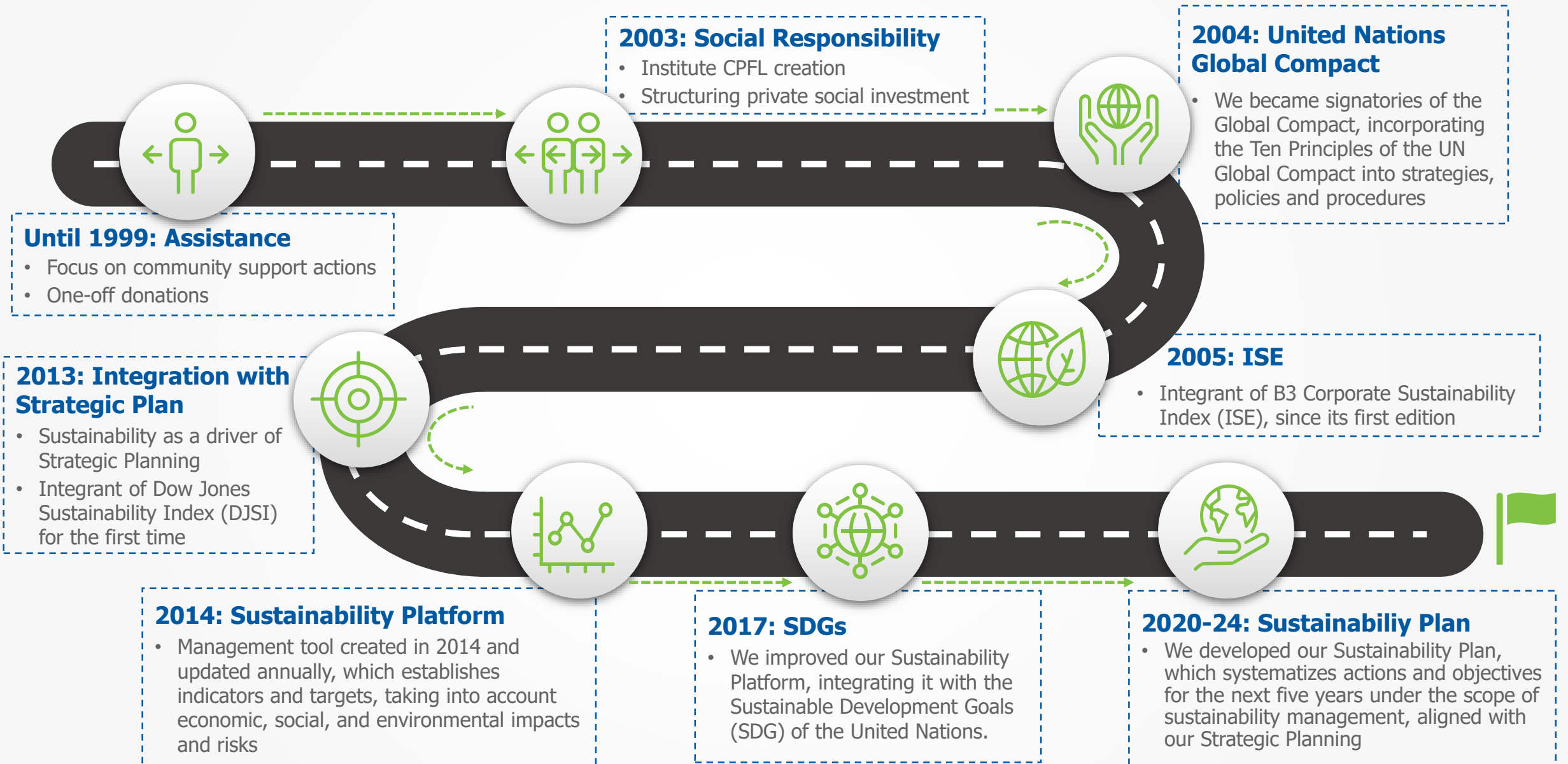
SUSTAINABILITY IN OUR COMPANY

We believe CPFL performance is based on 5 pillars



SUSTAINABILITY JOURNEY

Our Sustainability Journey comprises the main milestones:



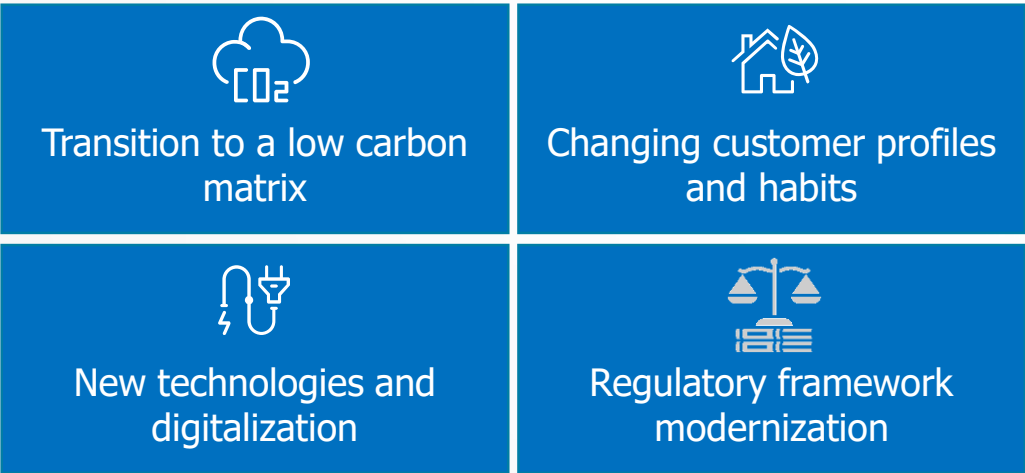
SUSTAINABILITY IN OUR STRATEGY

SUSTAINABLE VALUE CREATION exploring the TRIPLE BOTTOM LINE



+

MEGATRENDS IN THE POWER SECTOR



For the 1st time, we have a Sustainability Plan combined to the Strategic Plan
Because HOW we deliver our strategic goals and targets is as important as delivering them

HOW WE DEVELOPED OUR SUSTAINABILITY PLAN



In 2019, the Board of Directors asked the Board of Executive Officers to define the **SUSTAINABILITY PLAN**, which guides business development and investments in a way that is **aligned** with our **values** and with **global trends to promote sustainable development**.



Trends and externalities of the power sector

18 themes in four categories:

- Operations
- Consumption
- Community and Environment
- Management



Benchmarking and references

14 companies evaluated:

- Multinational with leadership and recognition by their sustainable practices
- Sectors: power, consumer goods, financial, pharma, food & beverage



Internal performance diagnostics

CPFL Current performance

- Interviews with Executives and Managers
- Analysis internal practices in contrast with the benchmarking



Proposed action in each of the strategic pillars

CPFL possible ambitions

- Workshop with VPs and Directors



- Action plans to address the possible ambitions



Sustainability Strategic Plan 2020-24



3 PILLARS



15 COMMITMENTS



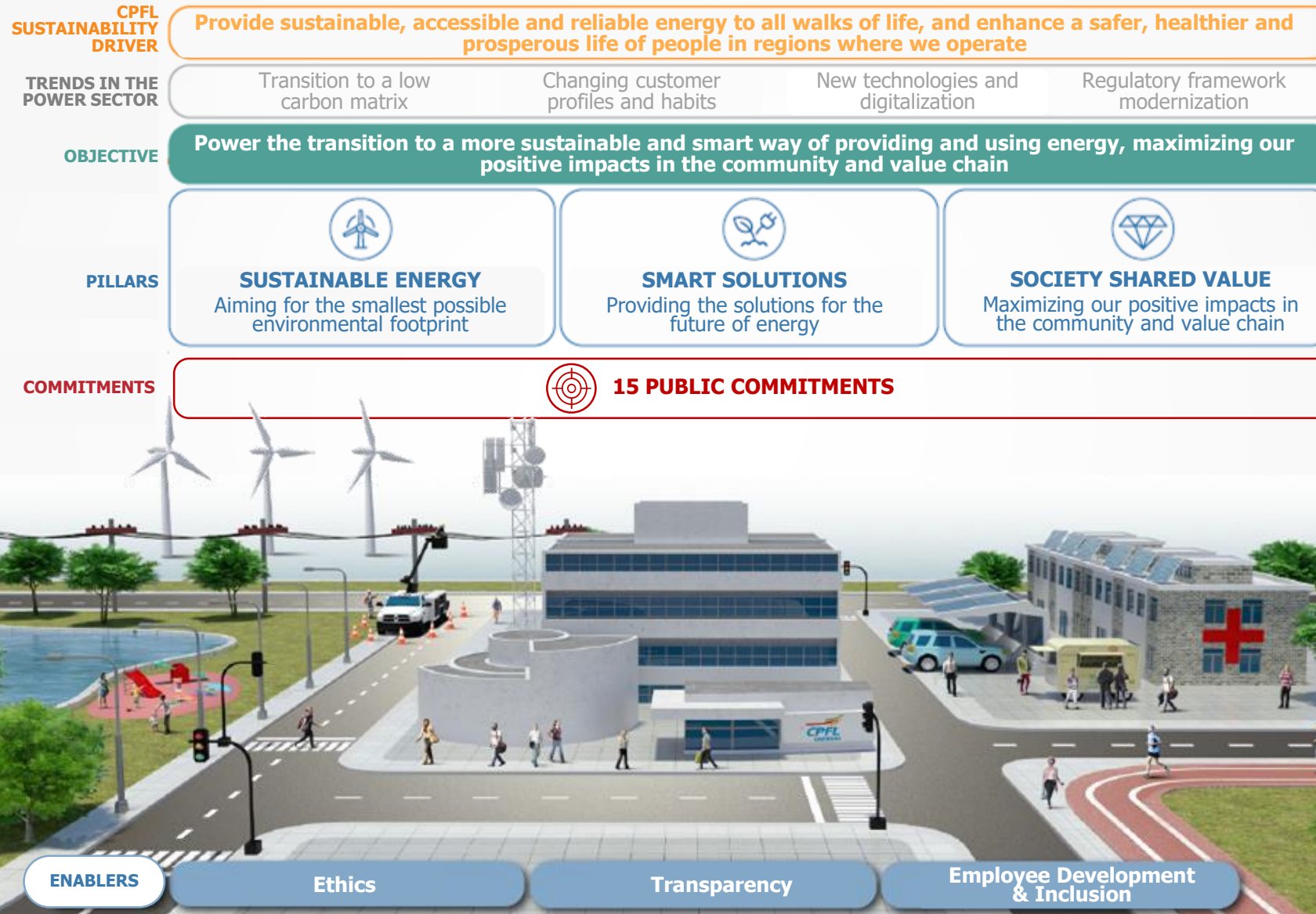
ENABLERS



OUR SUSTAINABILITY STRATEGY

In 2019, we approved the 2020-2024 Sustainability Plan, which is in line with Strategic Planning to enhance the positive impacts of our businesses. The Plan is organized into three pillars, for which we have defined 15 commitments

SUSTAINABILITY PLAN



More than **R\$1.8 billion** destined to sustainability actions. Approximately R\$ 1 billion already considered in our CAPEX and complementary resources from ANEEL's regulated budget (EE and R&D), in addition to incentive resources from Instituto CPFL



OUR 15 PUBLIC COMMITMENTS

In order to develop and undertake the 15 public commitments in our Sustainability Plan, we evaluated the connection of our businesses to the SDGs including environmental, social, economic and governance actions

SUSTAINABILITY PLAN



SUSTAINABLE ENERGY

- 1 Keep at least **95% from renewable sources** in our generation portfolio until 2024
- 2 **Reduce in 10%** our carbon intensity indicator until 2024
- 3 Publish CPFL **adaptation actions** to climate change
- 4 Refurbish at least **40,000 equipment** (transformers, voltage regulators, reclosers, etc.) until 2024
- 5 Ensure the destination of **100% of the main grid components** to recycling or to reverse supply chain until 2024



SMART SOLUTIONS

- 6 Reach **100% of Group A** clients with telemetering until 2020
- 7 Invest **R\$ 350 million** in distribution network automation until 2024
- 8 Achieve **90% of attendance** by digital channels until 2024
- 9 Invest **R\$ 45 million** in the development of electrical mobility technology until 2024
- 10 Offer to our clients **low carbon solutions** for their energy transition



SOCIETY SHARED VALUE

- 11 Invest **R\$ 150 million** in Energy Efficiency actions in Public Hospitals between 2020 and 2022
- 12 Invest **R\$ 200 million** in Energy Efficiency actions toward low income communities until 2024
- 13 Maximize our positive impact in the communities, investing at least **R\$ 60 million** in social projects until 2024
- 14 Continuously seek to **improve health and safety indicators**, intensifying our actions towards employees, community and suppliers
- 15 Integrate sustainability aspects in the monitoring process **for 100% of CPFL critical suppliers** until 2024

ENABLERS

Ethics

Transparency

Employee Development & Inclusion

SDG CONTRIBUTIONS





2. CORPORATE GOVERNANCE

OUR STRENGTH

We have high-standard Corporate Governance

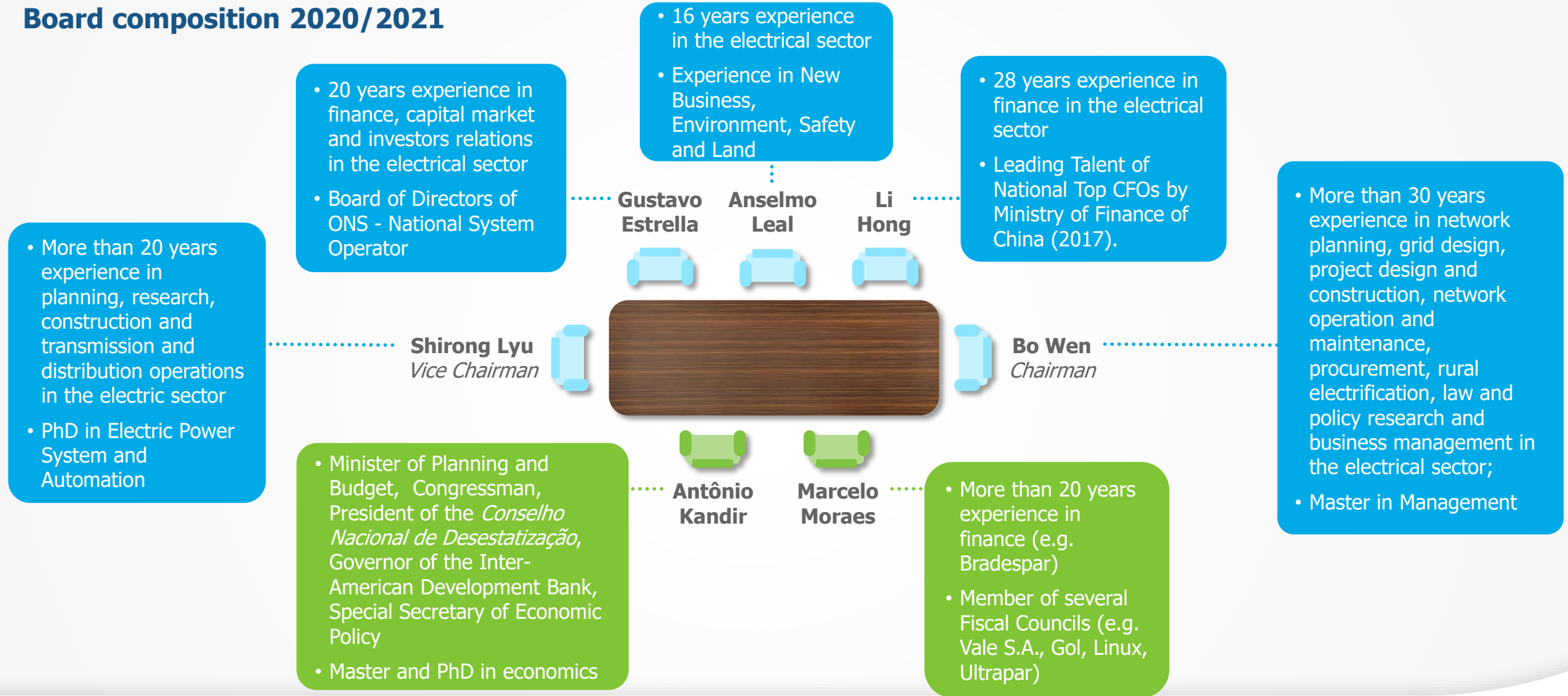


Number of members

* 3 effectives and 3 alternates

We have a strong and experienced Board of Directors

Board composition 2020/2021



Members nominated by the controlling shareholder



Independent members

We keep strengthening our corporate governance

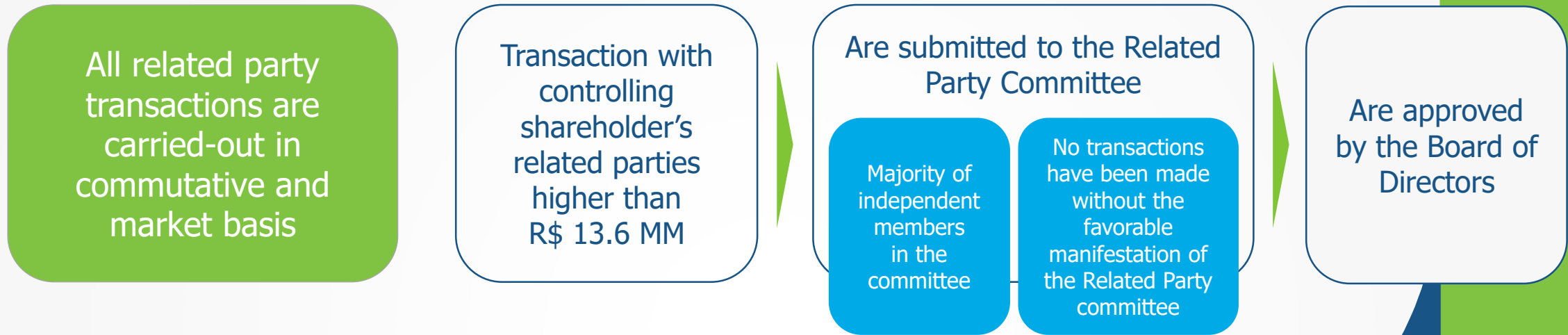
2016

- 1 professional Board Member
- No professional member in the Related Party committee
- No professional member in the Fiscal Council
- Some governance rules and several responsibilities of the Board of Directors were still informal and only determined in internal documents.
- Executive Board's responsibilities mostly listed in internal documents.

2020

- ✓ 2 professional Board Members
- ✓ 2 professional members in the Related Party Committee
- ✓ 1 professional member in Fiscal Council
- ✓ Inclusion of governance rules and several responsibilities of the Board of Directors in the Bylaws and Corporate Governance Guidelines
- ✓ Inclusion of main Executive Board's responsibilities in the Company's Bylaws + Establishment of Executive Board's internal regulation.
- ✓ Anticipated compliance (in the Bylaws) with the new Novo Mercado Regulation
- ✓ Dividend Policy

How we deal with Related Parties



What the future holds for CPFL – 2021/2022

- ✓ Audit Committee
- ✓ Executive Officers, Board of Directors and Fiscal Council compensation Policy
- ✓ Board of Directors and Executive Officers Nomination Policy
- ✓ Related Party Policy



3. SUSTAINABILITY PLAN 2020-24

OUR SUSTAINABILITY STRATEGY

3.1. Enablers

THE DEVELOPMENT OF OUR BUSINESSES ARE BASED ON THREE KEY FACILITATORS:



Ethics

Transparency

Employee Development & Inclusion



ETHICS AND INTEGRITY



ETHICS CHANNEL

Anyone can notify us of behaviors or situations that are in conflict with the law or with our values. These alerts are treated in accordance with the Integrity Program



MONTHLY INTEGRITY CONVERSATION (CMI)

Reinforces topics related to the Integrity Program for all company employees.

INTEGRITY PROGRAM

- Ensures adequate mechanisms to promote **ethical conduct** in line with our principles
- Composed by 4 pillars:

GUIDELINES

in line with our Code of Ethical Conduct and Anti-Corruption Policy

COMMUNICATION and TRAINING COURSES

ASSESSMENT

Due Diligence, investigation of complaints and risk assessment

MONITORING

of indicators, self-assessment, mapping of integrity risks

In 2019:

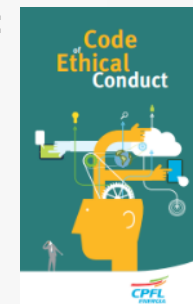
439 Due Diligence reviews conducted

+ 10,000 employees trained in anti-corruption guidelines

100% of operations are covered by periodic assessments to identify risks related to corruption

Our Integrity Program obtained the **Pró-Ética program seal**, developed by Brazil's Federal Comptroller General

Access:



Sustainability Plan linkage:

Enablers:
Ethics and Transparency



In 2019:

More than **13,000** employees

Strengthening actions to promote **people's inclusion** and development in the workplace is one of our priorities

CPFL Energia was recognized in the "**150 Best Companies to Work For**" ranking as the leader in the energy sector



INCLUSION

OUR DIVERSITY PROGRAM



People with disabilities

visual
physical
hearing
intellectual



Gender

gender equality
women empower
LGBTQI+



Culture

nationalities
race
refugees
generations



Sustainability Plan linkage:
Enablers:
Employee Development & Inclusion

CPFL UNIVERSITY conducts employee development practices

In 2019:

+ 10 years of experience

R\$ 18.7 million invested in professional development

+ 717,000 hours of training

+ 80 leadership training

+ 1,000 classes in Regulatory Standards technical training



Sustainability Plan linkage:

Enablers:

Employee Development & Inclusion

CPFL UNIVERSITY SCHOOLS



School of Operational Excellence

focused on serving the business areas responsible for the electric system's operation



School of Excellence in Service

focused on meeting the demands of training sessions aimed at customer relationship channels and social media



Leadership School

formed by programs and training sessions for developing leadership, managers and executives of CPFL Energia



School of Business and Innovation

training that supports the development of our business, focusing on reaching strategic levers

PROFESSIONAL EDUCATION FOR THE COMMUNITY

In 2019, **816** people trained in three lines:



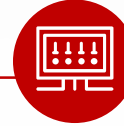
Electricians School

- **46** class group
- **+ 19,000** hours of training
- **765** people trained
- **70%** of hiring



Operators School

- **Pioneering** initiative in Brazil launched in 2019
- **+ 590** hours of training
- **24** people trained



Designers School

- Trains technicians to create and analyze electrical distribution network projects
- **+ 370** hours of training
- **27** people trained



Electro technical Technician School

- **Pioneering** initiative in Brazil launched in 2020
- Training for **People with Disabilities**
- **1,200** hours of training



Sustainability Plan linkage:

Enablers:
Employee Development & Inclusion



Escola de Eletricistas

Na teoria,
um curso.
Na prática,
seu futuro.

A CPFL Paulista, em parceria com a ELO Energia, oferece um curso gratuito em Bauru*. É o melhor: com a Escola de Eletricistas, você se capacita e ainda faz parte do banco de vagas do Grupo para futuras oportunidades! Aproveite essa iniciativa e coloque em prática todo o seu potencial.

Inscrições: 31/08 a 28/09

Requisitos: Homens ou mulheres, mínimo 19 anos, ensino fundamental completo e Carteira Nacional de Habilitação definitiva (categoria B)
Onde: <https://www.cpfl.com.br/sites/trabalhe-conosco/escola-eletricistas>

Testes: Os locais para os testes serão informados via e-mail aos selecionados após avaliação e aprovação das inscrições.

Previsão das aulas: de 03/11/2020 a 09/02/2021

*Os candidatos precisam residir em Bauru, Marília, Botucatu ou Lençóis Paulista.

3.2 PILLAR 1 – SUSTAINABLE ENERGY

AIMING FOR THE SMALLEST POSSIBLE ENVIRONMENTAL FOOTPRINT

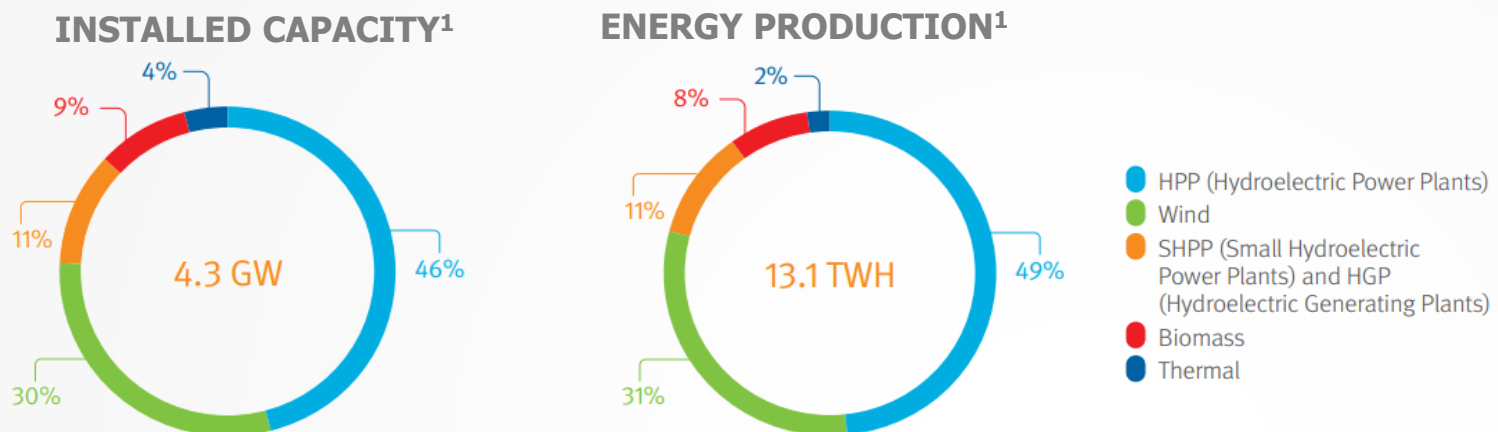


1. Keep at least **95% from renewable sources** in our generation portfolio until 2024
2. **Reduce in 10%** our carbon intensity indicator until 2024
3. Publish CPFL **adaptation actions** to climate change
4. Refurbish at least **40,000 equipment** (transformers, voltage regulators, reclosers, etc.) until 2024
5. Ensure the destination of **100% of the main grid components** to recycling or to reverse supply chain until 2024

GENERATION PROJECTS



LEADERSHIP IN RENEWABLE ENERGY IN BRAZIL



12.9 TWh of renewable energy generation in 2019, enough to supply electricity to **6.7 MM families/year²**

31.4 TWh renewable energy generated (from 2017 to 2019)

+ 60% of renewable energy generated (from 2017 to 2019) due to the incorporation of CPFL Renováveis

More than **10 Million ton CO₂e avoided** compared to the average factor of the power grid (from 2017 to 2019)

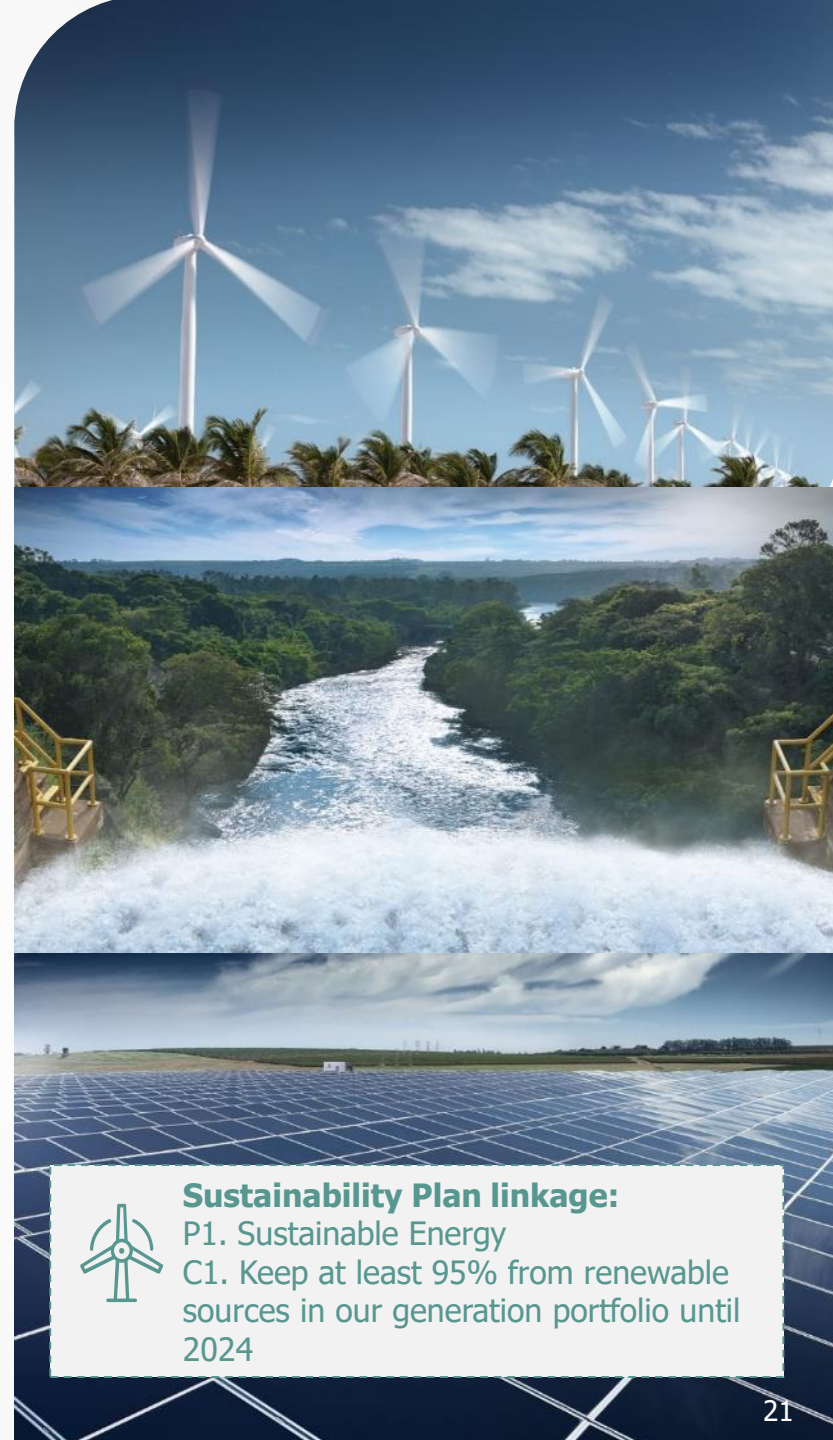
Equivalent to the planting of **more than 62 million trees³**

Equivalent to more than **160x** the CO₂ emission of the **CPFL fleet** from 2017 to 2019

1) Includes CPFL Geração and CPFL Renováveis projects in proportion to stakes held by CPFL Energia. Solar sources represent less than 1% of total installed capacity and energy production

2) It considers an average consumption of 161 kWh/month per house in 2019 (source: PDE 2029)

3) It considers that a tree captures ~163kg of CO₂ during an average life of 20 years



Sustainability Plan linkage:

P1. Sustainable Energy

C1. Keep at least 95% from renewable sources in our generation portfolio until 2024

GHG INVENTORY

Our inventory follows the methodology proposed by the **Brazilian GHG Protocol Program** and is published in the **Public Emissions Registry**, stamped with the **Gold Seal**, as a result of being submitted to third party verification.

SCOPE 1:

Direct emissions that belong to or are controlled by the company. Eg: our fleet and the combustion processes for the generation of energy by biomass and thermal

SCOPE 2:

Indirect emissions related to the purchase of electricity and technical losses from transmission and distribution energy

Sustainability Plan linkage:

P1. Sustainable Energy
C2. Achieve a **10% reduction** in our carbon intensity by 2024

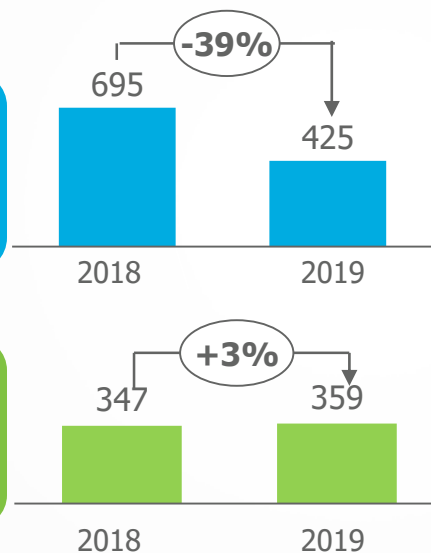


MITIGATION ACTIONS

WE HAVE BEEN STUDYING THE GHG INVENTORY TO DEVELOP MECHANISMS TO **MITIGATE OUR EMISSIONS**



GHG emissions (thousands tCO₂e)



INITIATIVES TO REDUCE GHG EMISSIONS

Investments in renewable energy



SHPP Cherobim and Gameleiras Wind Complex
Pipeline of 3GW in renewables to be developed

Fleet (E1 reduction emissions):



Use of biofuels

Use of electric vehicles

Energy consumption (E2 reduction emissions):



Use of more efficient equipment

Operation (E1 and E2 reduction emissions):



Efficiency & Quality

Digital and Customized Client Relationship

Smart Grid & Digital Grid

Land Use Change / Vegetation suppression (E1 reduction emissions):



Use of technologies to have the best network layout, avoiding vegetation suppression

Stationary combustion (E1 reduction emissions):



R&D for electronic fuel injection and engine retrofit

ADAPTATION ACTIONS

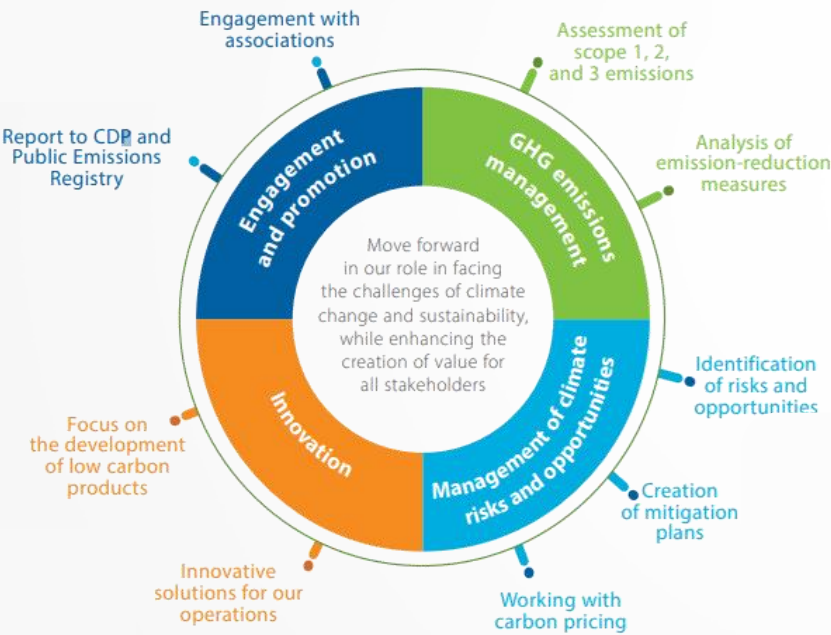


We have structured a model to deal with climate change that establishes four fronts of action.



We have invested in **adaptation** actions that minimize our exposure to risks and ensure a better level of readiness to deal with climate change effects.

ACTION FRONTS:



ADAPTATION PROJECTS EXAMPLES:



- **Weather Translator System (WeTS):** system with artificial intelligence to establish 24-hour and 72-hour scenarios for our concession area, helping with the planning and allocation of teams in case of climate change events, such as storms
- **Pluvi.ON:** a startup that participated in the CPFL Inova and uses low-cost weather stations to provide detailed information to field operations



Ongoing R&D projects

- **Finite Elements:** real-time monitoring system for dams using the finite element method, based on data from a fully automated station
- **Slope Monitoring:** use of specialized and autonomous drones to monitor the integrity of dam structures and schedule safety and maintenance interventions
- **Tunnel Inspection:** develop an autonomous underwater vehicle to inspect the structure of adduction channels



Sustainability Plan linkage:

- P1. Sustainable Energy
- C3. Publish CPFL **adaptation actions** to climate change

REVERSE CHAIN AND RECYCLING

The waste disposal is critical to guarantee our businesses' sustainable performance

We have addressed these issues in our **Sustainability Plan commitments**

Sustainability Plan linkage:

P1. Sustainable Energy



C4. Refurbish at least **40,000 equipment** (transformers, voltage regulators, reclosers) until 2024



C5. Ensure the destination of **100% of the main grid components** to recycling or to reverse supply chain until 2024

Based on the principle of the **circular economy**, we have structured a more efficient solution to treat the waste by DisCos located in the state of São Paulo – a **Equipment Refurbisher**



RESULTS:



~ 800 units/month of power transformers refurbished



~ 5,400 tons/year of aluminum, copper and iron scrap and more than 220,000 units of crosspieces, posts, 15KV equipment and transformers sent to the reserve chain¹



200 direct jobs at CPFL Serviços for the equipment refurbish and reverse chain



More than 50 suppliers trained and approved for joint action

CIRCULAR ECONOMY



Equipment Refurbisher in São José do Rio Pardo (SP)



Revenues of R\$ 60 MM/year through equipment refurbish and reverse chain



In 2019, CPFL Serviços was certified according to ISO 14001 (environmental management) and ISO 9001 (quality management) standards

¹Considers only the materials from the Discos in São Paulo State

3.2 PILLAR 2 – SMART SOLUTIONS

PROVIDING THE SOLUTIONS FOR THE FUTURE OF ENERGY



- 6. Reach **100% of Group A** clients with telemetering until 2020
- 7. Invest **R\$ 350 million** in distribution network automation until 2024
- 8. Achieve **90% of attendance** by digital channels until 2024
- 9. Invest **R\$ 45 million** in the development of electrical mobility technology until 2024
- 10. Offer to our clients **low carbon solutions** for their energy transition



GROUP A: ROLL-OUT OF THE SMART METERING AT RGE SUL

- Standardization of telemetering processes for RGE Sul, following the standard already implemented in other concession areas since 2016
- Telemetering ensures improved billing quality and revenue protection



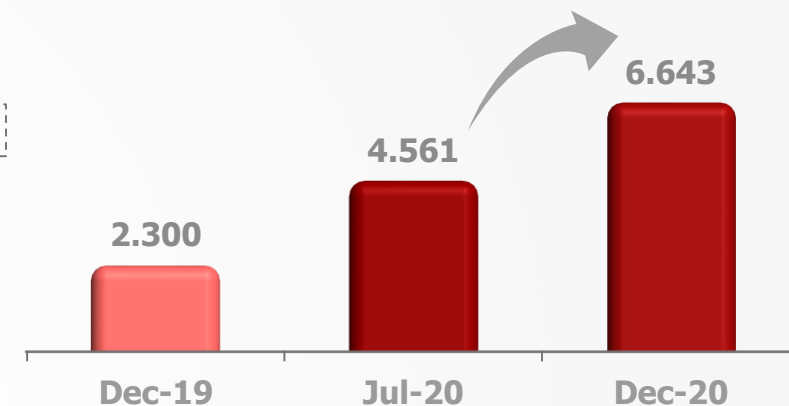
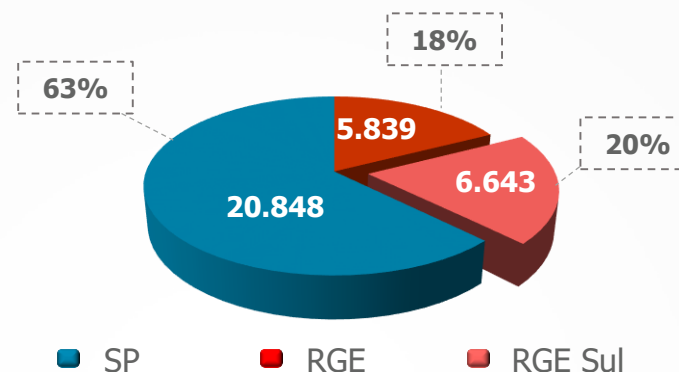
Sustainability Plan linkage:

P2: Smart Solutions
C6. Reach **100% of Group A** clients with telemetering until 2020

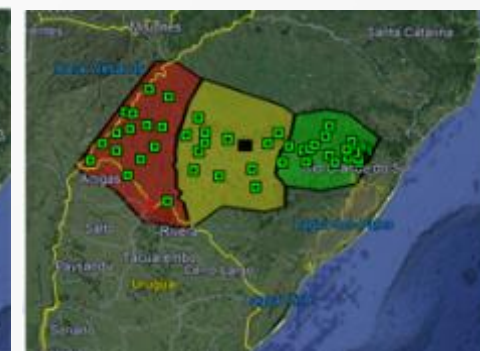


TELEMETERING

Meters – Replacement Progress



RGE Sul Concession Area



2-year project:
2019 -2020



Capex: **R\$ 32.2 MM**



6,643 meters



55 AP's and **1,428** Relays



Reduced team dispatch, better service quality and more safety for employees



NETWORK AUTOMATION



ADMS PROJECT





Goal: Replace current Operation Systems in order to enable the growth of intelligent and remote-controlled devices

Deadline: Feb-2023

Capex: R\$ 47 MM

Headcount: 15 employees working full-time and 56+ part-time

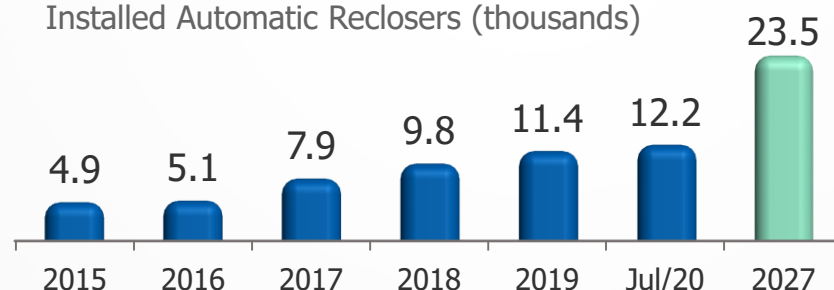
MAIN IMPROVEMENTS:

-  Higher digitization and automation of electrical system
-  Platform that integrates many Operation Systems
-  High availability and level of redundancy of the system
-  Electrical asset optimization functions (self healing, fault location, network reconfiguration to reduce losses, peak load reduction, etc.)






AUTOMATIC RECLOSERS

Installed Automatic Reclosers (thousands)



EXPECTED RESULTS

-  Reduction of interruption time for clients
-  Reduction of displacement of field teams
-  Increase of operational efficiency

Reduced team dispatch, better service quality and more safety for employees



Sustainability Plan linkage:

P2: Smart Solutions
C7: Invest **R\$ 350 million** in distribution network automation until 2024

DIGITAL CHANNELS



CPFL has focused on digitalizing customer service by offering new alternatives via website and apps, installing totems in branches, video service, among others, generating benefits for customers and the company

HIGHLIGHTS RESULTS:



More than **13.1 MM attendances** by digital channels in the 1S20



3.1 MM digital bills in Jun/20, increase of **44%** in relation to 2019



1,400 ton CO₂e avoided with the bills print



Equivalent to the planting of **8,568 trees¹**



Sustainability Plan linkage:

P2: Smart Solutions

C8. Achieve **90% of attendance by digital channels** until 2024



CPFL SITE, APP AND WHATSAPP AND NEW PAYMENT TYPES



- **81 services available** on digital channels
- **WhatsApp channel** was implemented on Jun15th
- **"Conta Fácil"**: presents simplified graphics and information so customers can have a better understanding of their energy consumption.
- **Payment from home, by credit card, picpay and with corona voucher**

1) It considers that a tree captures ~163kg of CO₂ during an average life of 20 years

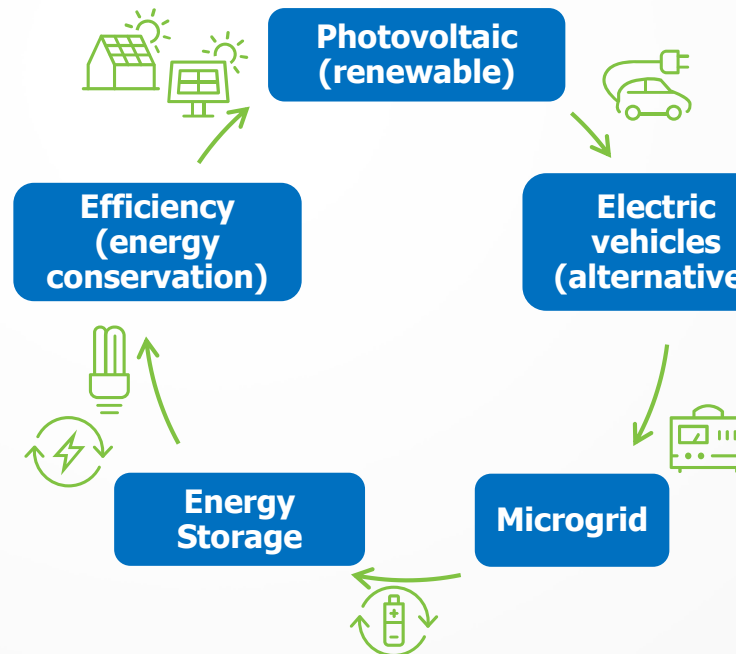


LIVING LAB



- **Real platform** to build bridges to a future of **renewable energy** and **less carbon intensity** in the production
- The community will benefit from an innovation ecosystem focused on **environmental preservation, sustainable electricity generation and consumption**, and the development of **smart cities**

TECHNOLOGIES STUDIED



ELETRIC BUS

- Real use of public transportation on a university campus
- Environmental data (pollution level, noise levels, trepidation, etc.)
- Rapid charge studies and integration with PV generation and storage systems

Sustainability Plan linkage:

P2. Smart Solutions



C9. Invest **R\$ 45 million** in the development of electrical mobility technology until 2024



EMOTIVE PROGRAM

An R&D initiative has evaluated possible business models for battery recharging and customer service, which included:

- **25** electric charge stations installations
- **14** electric cars circulation
- **+ 300,000 km** travelled
- **+ 4,000 recharge** events

Sustainability Plan linkage:

P2. Smart Solutions



C9. Invest **R\$ 45 million** in the development of electrical mobility technology until 2024



ELECTRICAL MOBILITY

NEW PROJECTS IN DEVELOPMENT:

Electrify 100% our operational fleet in Indaiatuba

- Use of 19 vehicles, including passenger, utility and truck models in Indaiatuba city



for more information



Electric Mobility Services Platform

- Create a real laboratory consisting up to **92 electric vehicles** and **57 charging** stations, distributed between Campinas and Caxias do Sul



Develop a new charging station concept

- Installation of charging stations with batteries and solar generation
- Modal focused on usability, low impact on the network and sustainability



"Second Life": reutilization of used electric-vehicle batteries

- Development of a methodology to recombine used battery cells to form new ones, which can be applied in different scenarios



SOLUTIONS FOR THE FREE MARKET

MORE ECONOMY

MORE SUSTAINABILITY

MORE ENERGY RELIABILITY

MORE PREDICTABILITY



Energy Management

Complete consultancy so that customers can better manage their energy, with greater savings and predictability in their bills



Free Energy Market

Freedom to choose the energy supplier and negotiate prices, quantities, energy sources and commercial conditions



Distributed Generation

Self-production of energy from renewable sources



Energy Efficiency

Solutions to improve energy productivity and reduce costs and environmental impacts



Energy Services and Infrastructure

Diagnose, provide solutions, and execute electrical installation projects: construction, operation, maintenance, and retrofit



Sustainability Plan linkage:

P2. Smart Solutions

C10. Offer to our clients **low carbon solutions** for their energy transition



CADEG PROJECT: SOLAR PROJECT IN PUBLIC MARKETS AND SELF-PRODUCTION







Solar power generation:

- Investment: R\$ 8 MM
- Installed capacity: 1.7 MWp
- Customer savings: R\$ 1.8 MM/year

LOW CARBON SOLUTIONS

Our operating model creates opportunities for the sale of **carbon credits** and **renewable energy seals**



MARKET	PRODUCT	DESCRIPTION	APPLICABILITY	OUR PORTFOLIO
 CARBON OFFSETS	CDM	<ul style="list-style-type: none"> Clean Development Mechanisms (CDM): Regulated Market/UNFCCC <ul style="list-style-type: none"> - Product: 1 CER = 1 ton of CO₂ avoided 	<ul style="list-style-type: none"> Meet greenhouse gases (GHG) reduction targets Offset scope 1, 2 and 3 emissions from GHG inventory 	 14 projects registered in the CDM ¹ and VCS ² , with the potential to generate more than 1.5 million carbon credits/year
	VCS	<ul style="list-style-type: none"> Verified Carbon Standard (VCS): Voluntary Market <ul style="list-style-type: none"> - Product: 1 VCU = 1 ton of CO₂ avoided 		
 CLEAN ENERGY CERTIFICATES	I-REC	<ul style="list-style-type: none"> 1 iREC = 1 MWh of energy generated from renewable sources 	<ul style="list-style-type: none"> Certification of renewable energy consumption Compatible with international carbon accounting standards Offset emissions from scope 2 from GHG inventory 	 3 projects registered at I-REC which generate approximately 430,000 RECs/year and a potential of 5 to 7 MM RECs/year considering the whole portfolio

1) Clean Development Mechanism (regulated market from UN); 2) Verified Carbon Standards (voluntary market)



Sustainability Plan linkage:

P2. Smart Solutions

C10. Offer to our clients **low carbon solutions** for their energy transition

3.3 PILLAR 3 - SOCIETY SHARED VALUE

MAXIMIZING OUR POSITIVE IMPACTS IN THE COMMUNITY AND VALUE CHAIN



11. Invest **R\$ 150 million** in Energy Efficiency actions in Public Hospitals between 2020 and 2022
12. Invest **R\$ 200 million** in Energy Efficiency actions toward low income communities until 2024
13. Maximize our positive impact in the communities, investing at least **R\$ 60 million** in social projects until 2024
14. Continuously seek to **improve health and safety indicators**, intensifying our actions towards employees, community and suppliers
15. Integrate sustainability aspects in the monitoring process **for 100% of CPFL critical suppliers** until 2024

ENERGY EFFICIENCY PROGRAM



CPFL NOS HOSPITAIS PROGRAM

Largest energy efficiency program in hospitals in Brazil

R\$ 150 MM to be invested

Benefit around 200 hospitals

R\$ 18 million/ year is the save expectation, by reducing their energy bill

Savings from energy bills could provide treatment to more than **1.5 million people** in the long run (20 years)¹⁾

In 2019, the community donated **R\$ 3.7 MM** through energy bills, benefitting **94 hospitals** in RS



- **Energy efficiency initiatives and private social investment** integration to drive improvements in the service provided by public health institutions
- Installation of **solar panels** and more **energy-efficient LED lights**
- Instituto CPFL promotes **humanization** and improve conditions for services, research projects, equipment purchases, and facility repairs
- **Donation** by the community through energy bills to the hospitals



Sustainability Plan linkage:

P3: Society Shared Value

C11. Invest **R\$ 150 million** in Energy Efficiency actions in Public Hospitals between 2020 and 2022

¹⁾ Considering the average attendance cost by SUS in SP and RS states in 2019 (R\$240/attendance)

ENERGY EFFICIENCY PROGRAM



LOW INCOME HIGHLIGHTS:



115,306 low-income families benefited



8,319 regularizations in the entry standards of low-income households



450,828 light bulbs replaced



6,832 heat exchangers installed



12,180 solar heaters installed



1,856 ton CO₂e avoided



ENERGY EFFICIENCY PROGRAM 2019:

- **R\$ 72.4 MM** invested
- **558,285** lamps replaced
- **40,000 MWh** saved
- **2,825 tCO₂e** avoided



Sustainability Plan linkage:

P3: Society Shared Value

C12. Invest **R\$ 200 million** in Energy Efficiency actions toward low income communities until 2024



INSTITUTO CPFL

2019 HIGHLIGHTS PROGRAMS

SOCIAL TRANSFORMATION

20 Municipal Councils for the Rights of Children and Adolescents and the Elderly and 6 public hospitals received support, impacting 195,000 people

CPFL CIRCUIT

233 activities were carried out in 101 municipalities, reaching more than 79,000 people through sports and Cultural activities

CAFÉ FILOSÓFICO CPFL

33 programs, with 5,300 spectators in our studios and 830,000 people watching the live transmissions on social networks

SPORTS

240 athletes supported through the Vanderlei Cordeiro de Lima Institute (IVCL/Orcampi)

CULTURE

3 free artistic exhibits in Campinas and Botucatu (SP), and cinema and music programming in Campinas, with a total audience of more than 31,000 people

VOLUNTEER PROGRAM

1,300 employees engaged

CHINESE CULTURE MONTH

18,500 people reached with the special programming of the event's 3rd edition

In 2019:

121 cities, in **9** states

320,000 people reached

391 activities carried out

R\$ 39.4 million invested



Sustainability Plan linkage:

P3: Society Shared Value

C13. Maximize our positive impact in the communities, investing at least R\$ 60 million in social projects until 2024

HEALTHY AND SAFETY

The safety of our employees, outsourced parties, and the population whenever they interact with the power grid is an absolute priority for our company



SAFETY: A NON-NEGOTIABLE VALUE

COMMITTEES

- Health and Safety Committee (CSS)
- Operational Safety Committee (COS)
- Internal Accident Prevention Commissions (CIPAs)

VIDA 100% ("100% LIFE") PROJECT

objective of **zero accidents** through everyone's proactivity, to be **100% in favor of life**, as well as working towards the continuous improvement of processes and integration between areas

GUARDIÃO DA VIDA ("GUARDIAN OF LIFE") PROGRAM

- Information and **awareness campaigns** aimed at the general population, with the objective of preventing accidents involving the electricity grid in all **687 municipalities** in our concession area
- **Turn every person into a Guardian of Life**
- **R\$ 3.5 million** invested in 2019
- www.guardiaodavida.com.br

Sustainability Plan linkage:

P3: Society Shared Value

C14. Continuously seek to **improve health and safety indicators**, intensifying our actions towards employees, community and suppliers

In 2019:

+ **100 units** without lost time accidents for more than 10 years

+ **14,600** safety inspections among employees and 3rd parties

+ **20,200** SIPAT participants

630 audits in third parties



HEALTHY AND SAFETY

The safety of our employees, outsourced parties, and the population whenever they interact with the power grid is an absolute priority for our company



Program that covers a series of steps we take to raise employee awareness and ensure that **safety procedures** are followed in all operations, with the goal of **minimizing the risk of accidents** and making our **work environment healthier** and more productive

COVID ACTIONS



IMMEDIATE ESTABLISHMENT OF CRISIS MEETING KEY DECISIONS

- **Safety:** Postponement of cases confirmation in CPFL Group with limited virus transmission within CPFL facilities
- **Communication:** Coordination of information flow
- **Business:** Daily monitoring and action about main KPIs and design stress scenarios



Active participation in the design of mitigation measures with power sector entities (i.e. ANEEL)



Successful transference of ~ 4k employees to home-office



With crisis restrictions teams were quickly relocated to either new activities or vacation/paid leave



Closure of banks and CPFL stores accelerated the transition to digital payments

DONATIONS



R\$ 5 MM donated to 20 hospitals across the concession area of our four distributors. With that amount, tests for Covid-19, masks and cleaning materials were purchased



R\$ 1 MM donated to "Saving Lives" Program of BNDES (National Bank for Economic and Social Development)



State Grid also donated **120,000 masks** to support the fight against coronavirus, in which 60 thousand were destined to the state government of São Paulo and another 60 thousand were sent to Campinas



Sustainability Plan linkage:

P3: Society Shared Value
C14. Continuously seek to improve **health and safety indicators**, intensifying our actions towards employees, community and suppliers

SUPPLIER MANAGEMENT



SUPPLY BASE MANAGEMENT (SBM)

- Tool to monitor companies' operational performance
- Evaluation grade to develop improvement plans and also supports future selection and hiring processes.



VALUE NETWORK

- Network to exchange best practices and to discuss issues such as quality, safety, **sustainability**, future scenarios, and new businesses.
- Training program about GHG inventories and SDGs



PILOT PROJECT TO INTEGRATE SUSTAINABILITY INTO SBM

- Aims to promote the adoption of sustainability criteria in the process of purchasing materials and contracting services **(+60 critical suppliers already monitored)**



Sustainability Management:
sustainability policy, SDGs integration



Eco-efficiency:
materials disposal of waste, water and energy management



Climate Change:
GHG emissions and climate risks mapping for the operation



Shared value and protagonism: social projects for the community, volunteering, inclusion and diversity



Sustainability Plan linkage:

P3: Society Shared Value
C15. Integrate **sustainability aspects** in the monitoring process for 100% of CPFL critical suppliers until 2024



CPFL MAIS VALOR ("MORE VALUE") PRIZE

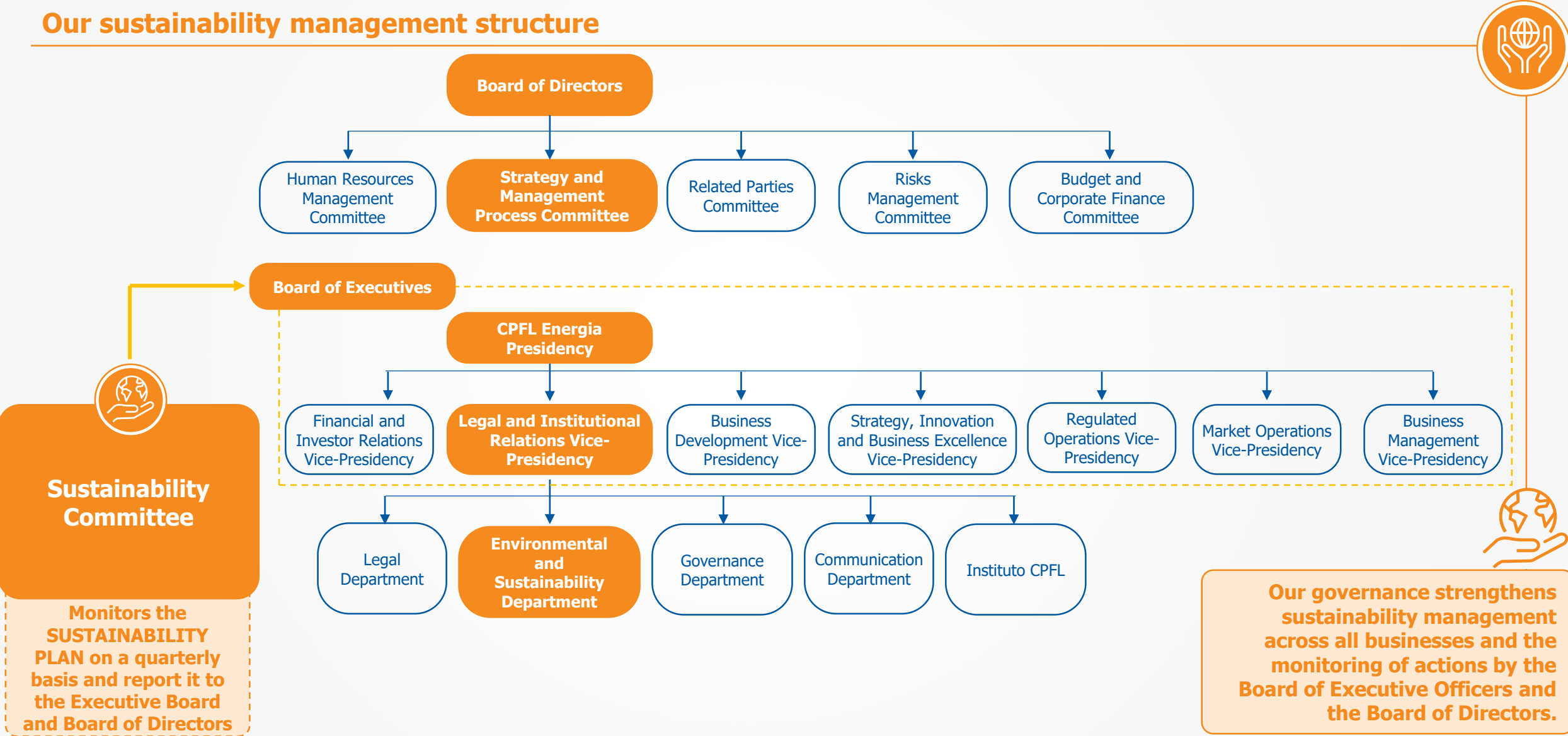
This initiative publicly **recognizes suppliers** who have stood out for their performance in our supply chain and stimulates innovation in solutions.

The award-winning companies are selected by an internal committee that evaluates criteria such as job security, excellence in service, quality, deadlines, sustainability, and social responsibility

SUSTAINABILITY GOVERNANCE

The sustainability governance at CPFL Energia facilitates the integration of our objectives with the business strategy and society's global challenges in this area

Our sustainability management structure



STOCK MARKET RECOGNITIONS

Our main market recognitions:

RATINGS



MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA

LAST UPDATE: July 28, 2020

- In 2020, for the first time, CPFL Energia was assessed by Morgan Stanley with an A rating
- MSCI ESG Ratings aim to measure a company's resilience to long-term ESG risks
- Highlights:
 - environmental and community impact assessment for new projects
 - conservation programs along the edges of the reservoirs

B3 INDEX



ISEB3

- Component of ISE Index (B3), since its first edition (2005 – 2018)¹
- In 2020, CPFL is participating again in the process, to re-compose the index portfolio



ÍNDICE CARBONO EFICIENTE – ICO₂

- Component of ICO₂ (2016 – 2018)¹
- In 2020, CPFL is participating again in the process, to re-compose the index portfolio

VOLUNTARY INITIATIVES

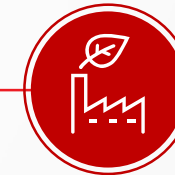


- Global environmental disclosure system, supporting companies to measure and manage their risks and opportunities on climate change, water security and deforestation
- CPFL grades: above global averages
 - Climate change: B (global average: C)
 - Water: B (global average: B-)



ICDPR - 70

- Brazilian Index that seeks to establish a relationship between disclosure of environmental information and the financial performance of local companies.
- CPFL is in the Index, since its creation (2019/2020)



TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- Developed consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders
- CPFL is signatory of the initiative since 2018

¹ Due to the small free float, we did not participate in the selection processes for 2019 and 2020, but we are resuming our participation for the 2021 portfolio.

Q&A