

Introduction to the Governance and Sustainability System

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The Governance and Sustainability System

NEOENERGIA's Governance and Sustainability System gathers the standards and principles governing the organization, operation and relationships of the Group. It is established to ensure the compliance with the bylaws that bind its shareholders and, in particular, the business purpose and social interest of NEOENERGIA.

Neoenergia's Purpose is based on continuing to build, every day in a collaborative way, a healthier and more accessible electric energy model, which will contribute to the Sustainable Development Goals (SDGs) approved by the United Nations, especially those related to: access to electricity; the provision of affordable energy; the fight against climate change; the promotion of innovation; the development of education, the protection of biodiversity; the development of professional relationships based on diversity, inclusion and a sense of belonging; equal opportunities and non-discrimination in the personnel management; the empowerment of women and less favored groups of people; and the respect and protection of human rights, in its area of operation.

The corporate values include sustainable energy, the integrating force and the driving force.

This internal system, initially configured as a Corporate Governance System, has revolutionized the forefront of international best practices related to ESG criteria (*Environmental, Social and Governance*), becoming the Governance and Sustainability System.

The Governance and Sustainability System is also composed of a specific block on corporate governance that incorporates best practices and positions Neoenergia as a reference in its area of operation,

The Governance and Sustainability System was set up in accordance with the Shareholders' Agreement and current legislation, taking inspiration from the purpose of continuing to build, every day, in a collaborative way, a healthier and more accessible electricity model. In addition, it is based on the Bylaws, which, as approved by the General Shareholders' Meeting, gathers and endorses all the key elements of the Governance and Sustainability System, and attributes to the Board of Directors its development, without prejudice to other powers.

The Governance and Sustainability System, in line with the Group's sustainable development strategy, transcends the traditional focus on corporate governance and revolves around three pillars: (i) environmental performance and the fight against climate change, through environmental policies; (ii) social commitment, which is manifested in social policies; and (iii) corporate governance standards and policies.

As a normative instrument, policies are characterized by their role of making ideas and values come true in methods, standards and performance criteria, rationalizing management decisions in different fields and issues.

The Governance and Sustainability System is subject to a constant review process for the ongoing incorporation of best practices.

The corporate and governance structure.

The NEOENERGIA group's corporate and governance structure, as well as its Business Model, are based on a decentralized structure. NEOENERGIA, as a holding company, which brings together certain stakes in other companies that develop the business in the energy sector, is responsible for the strategy, supervision and control of the group as a whole, leaving the management of each company in the group to its respective governance bodies.

Thus, one of NEOENERGIA's main functions is to assume the functions of organization and strategic coordination, in relation to the companies in its group, as well as to centralize the provision of common services to operating companies, always in accordance with the provisions of its Shareholders' Agreement and applicable law.

A proactive compliance function

The Company is permanently committed to the leadership in the application of the most demanding practices in matters of ethical and normative Compliance.

In particular, the Group is committed to continuous vigilance and sanctioning fraudulent acts and conduct, implementing and developing effective communication and awareness mechanisms for all professionals and developing a business culture, based on ethics and honesty, for which it has effective and updated policies and programs for the prevention of crimes and against fraud, which reach all levels of the organization.

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