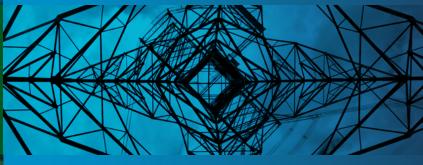


Eletrobras Chesf 2022 Annual Report







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2022 ANNUAL REPORT



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WELCOME GRI 2-3

Welcome to the 2022 Eletrobras Chesf Annual Report. The report provides information about Chesf's activities, key results, achievements and targets in the year. As in the previous year, this report has been developed in accordance with internationally recognized best practices in corporate sustainability reporting and in line with the Eletrobras Group Sustainability Framework, covering economic, environmental, social and governance (EESG) aspects across four key pillars: Governance, Prosperity, People and Planet.

If you have any questions or feedback about this report, please write to sustentabilidade@chesf.com.br.

We hope you find this report useful and informative.







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FOREWORD GRI 2-3

This report describes our results of operations in the period from January 1 to December 31, 2022, the same reporting period as our financial statements. This publication has been developed in accordance with the Global Reporting Initiative (GRI) Standards and best practices in corporate and sustainability reporting, including:

- the GRI Standards
- the IFRS Foundation's Integrated Reporting Framework
- sector standards Sustainability Accounting Standards Board (SASB)
- the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- the Sustainable Development Goals (SDGs)
- the World Economic Forum's Stakeholder Capitalism Metrics
- the Ten Principles of the United Nations (UN) Global Compact
- the Brazilian Power Sector Accounting Manual, by the National Power Sector Agency (ANEEL)—as it includes all ANEEL-required information and disclosures, this report is equivalent to an "Annual Sustainability Report for Electric Utilities"
- the Integrated Reporting Guide, Brazilian Audit Court (TCU)

This report is signposted with icons referencing the different frameworks used in compiling disclosures, namely:

- the Eletrobras Group's 11 core material Fletrobras Chesf
- GRI disclosures
- the nine Sustainable Development Goals (SDGs) supported by the Eletrobras Group





value creation







capitals, which describe the stores of value











the skills and competencies of

people in the organization

the buildings, equipment and in-

frastructure used by the business

relationships within and outside the organization



Intellectual capital: knowledge created

Natural capital:

Financial capital:

financial resources

Human capital:

Manufactured capital:

natural resources used

- topics and five relevant topics specific to









• the Integrated Reporting Framework

that form the basis of an organization's











Assurance GRI 2-5

The non-financial information in this report has been assured by an independent third-party under the oversight of the Executive Board and the Board of Directors in accordance with international assurance standards. The current report has been subject to independent limited assurance by PwC.

View the "Basis of Preparation for the Eletrobras Group Annual Report", which provides details on the concepts, assumptions and procedures drawn from the GRI Framework in developing our report.

Eletrobras publishes its reports annually and the latest, for 2021, was published in April 2022.





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MESSAGE FROM MANAGEMENT GRI 2-22

We have entered a new era at Eletrobras Chesf. In 2022, we began a process of organizational change that will set the company on a new course. In June, we completed the capitalization of Eletrobras, which diluted the Federal Government's direct and indirect stakes in the organization's ownership structure, privatizing it and transforming it into a corporation, i.e. a company with no fixed owner.

The change is a milestone in the 75-year history of the company, which started life as the first publicly owned electricity company in Brazil. Privatization revolutionizes the way in which Eletrobras Chesf is governed, with a positive impact on our investment capacity and, above all, on the creation of synergies and business opportunities to drive the sustainable growth of Eletrobras Group subsidiaries.

It is a genuine transformation of the company's organizational culture and management. A new era, in which all minds are focused on efficiency, meritocracy and on generating sustainable results that ensure the long-term success of our business, based on a new kind of relationship with our stakeholders, always governed by ethics, integrity and transparency, and in compliance with the standards and legal framework of where we operate.

Privatization revolutionizes the way in which Eletrobras Chesf is governed, with a positive impact on our investment capacity and on the creation of synergies and business opportunities to drive the sustainable growth of Eletrobras Group subsidiaries.

We planned and implemented the necessary short-term actions to align our processes and standards, and mapped the strategic challenges for the new Eletrobras Chesf, taking into account energy market trends, in the light of the current organizational environment.

We really have entered a new era, in which the relationship with our suppliers and employees is no longer guided by the rules applicable to state-owned companies, such as those governing tendering or competitive recruitment procedures. That means improved speed and efficiency for a series of business initiatives, renewal and digitization of our generation and transmission assets—all encompassed in a new expansion plan that also covers the Generation Facilities Modernization Program, launched in 2021.

We have also renewed our strategic milestones, taking a long-term view and focusing on being

an important part of the Eletrobras Group, aligned and synergistic, and aiming to play an even more prominent role as one of the major players in the global sustainable energy market. At Eletrobras Chesf, we will go on generating from the renewable sources with low greenhouse gas emissions that are characteristic of our portfolio—wind, solar and hydro—as well as investing in innovative solutions like green hydrogen, hybrid power plants and energy storage technologies.

With privatization, all these diverse energy assets will gradually become available for trading on the free energy market. The concession agreements for our hydroelectric power plants, signed after capitalization, have a term of 30 years and provide for a transition out of the quota system at a rate of 20% per year, beginning on January 1, 2023.





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Without the professionalism, technical competence and commitment of every single employee it would not have been possible to deliver those results.





With this transition, we are entering a new phase in our relationship with the market, requiring us to expand and diversify our customer base, as well as increase our interaction with customers. These changes require improvements to the company's business and pricing model.

In an environment of fierce competition, we have gone on investing in research and development, and expanding our relationship with the Brazilian innovation ecosystem. We intensified our initiatives with startups and technology centers, to find modern solutions in line with the times, where business operations must necessarily be dynamic, adaptive and sustainable, always geared to combating climate change and promoting environmental preservation.

At Eletrobras Chesf, we are ready for that. This new era for the company began at a time when our reservoirs were, happily, full. We saw an increase in our generation availability levels, and obtained very positive financial and operational results.

We would like to express our thanks to all our employees, without whose professionalism, technical competence and commitment it would not have been possible to deliver those results.

Over the following pages, we look in detail at the key results and projects carried out in 2022, and consider their environmental, social and corporate governance aspects and impacts. We present that information as signatories of the UN Global Compact and

as a company committed to its ten principles concerning human rights, labor, environment and anti-corruption. This offers a picture of our performance for the year and how we are preparing, with renewed energy, to build the Eletrobras Chesf of the future.

We hope you find this report informative and inspiring.

Fábio Lopes Alves
CEO, Eletrobras Chesf

Elvira Baracuhy Cavalcanti Presta

Chairman of the Board of Directors



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CAPITALIZATION

In 2022, a milestone year as we celebrated our 60th anniversary, we completed a momentous capitalization process that has transformed the way our company is managed. This involved the issuance of over 800 million new shares in the market, diluting the Federal Government's stake in Eletrobras from 61.69% to 36.99%.

On June 14, we held a ceremony at the São Paulo stock exchange, B3, symbolizing the commencement of a new era for Eletrobras. The capitalization, implemented through a public offering of shares, raised R\$ 33.69 billion in funds, attracting investors from around the world. It also included 370,000 Brazilian workers as shareholders by investing a total of R\$ 6 billion from the Workers' Severance Indemnity Fund (FGTS).

The capitalization process has resulted in the privatization of Eletrobras, with the Federal Government ceasing to own a majority stake in the company. In addition, the company has been converted into a corporation, a type of legal entity without a single owner. On June 17, new generation concession agreements were concluded with the federal government, encompassing 22 hydroelectric power plants, meeting all the conditions precedent for the privatization process.

Hydroelectric dams under new concession agreements

HYDROELECTRIC DAMS OWNED BY ELETROBRAS FURNAS:

- Mascarenhas de Moraes
- Furnas
- Luis Carlos Barreto (Estreito)
- Porto Colômbia
- Marimbondo
- Funil
- Corumbá I.
- Itumbiara

HYDROELECTRIC DAMS OWNED BY ELETROBRAS ELETRONORTE:

- Tucuruí
- Coaracy Nunes
- Curuá-Una

HYDROELECTRIC DAMS OWNED BY ELETROBRAS CHESF:

- Apolônio Sales (Moxotó)
- Sobradinho
- Funil
- Pedra
- Paulo Afonso I
- Paulo Afonso II
- Paulo Afonso III
- Paulo Afonso IV
- Luiz Gonzaga (Itaparica)
- Boa Esperança (Castelo Branco)
- Xingó

The new concession agreements for our hydroelectric power plants have a term of 30 years and provide for a phased transition out of the quota system at a rate of 20% per year, beginning on January 1, 2023. As part of the transition, Eletrobras will make payments into the Federal Government's Energy Development Account (CDE) totaling R\$ 32 billion, beginning on signing the new concession agreements. As of April 30, 2023, the residual balance is R\$ 30.9 billion. In addition, a lump-sum bonus payment of

R\$ 26.6 billion was made in July 2022 as consideration for the concession grants.

As a result, Eletrobras will be able to trade its generated electricity on the free market from 2024. As exceptions, the Tucuruí, Curuá-Una, and Mascarenhas hydroelectric dams were already operating outside the quota system. Additionally, Sobradinho and Itumbiara, owing to their subsidized agreements with large consumers, are prohibited by law from selling power output under these agreements in the free market.





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The Capitalization Journey

Our capitalization journey officially began on February 23, 2021, when the Federal Government submitted Provisional Measure (MP) 1031 to Congress. This piece of legislation authorized the Brazilian Development Bank (BNDES) to initiate studies toward structuring the capitalization process. After passing through the House and Senate, the president signed the bill into Law no. 14,182/2021 on July 13.

On October 19 the privatization model developed based on the BNDES studies was approved by the Federal Government's Investment Partnership Program Board (CPPI). On February 15, 2022, the TCU (Federal Audit Court) approved the calculations for the

concession bonus that Eletrobras would pay under its new concession agreements.

The terms of reference for the capitalization process were approved in an Extraordinary General Meeting on February 22 (click here to read the notice to the market issued after the meeting). The TCU approved the proposed model in a subsequent plenary meeting held on May 18th. On the 27th, a Market Notice and Preliminary Prospectus for the Public Offering were published following their submission to the Brazilian Securities Commission (CVM).

On June 14, the newly issued Eletrobras shares were officially listed for trading on B3. This

diluted the Federal Government's equity interest in the company, which was then reorganized as a corporation without majority ownership. On the 17th, new concession agreements were signed with the Federal Government (see their terms and conditions here).

ENBPar

With the privatization of Eletrobras, certain government projects and initiatives will be operated by the Empresa Brasileira de Participações em Energia Nuclear e Binacional S.A. (ENBPar), which began operation on January 4, 2022, under the purview of the Ministry of Mining & Energy (MME). ENBPar will incrementally take over operations that cannot be privatized, including Itaipu Binacional and the Almirante Álvaro Alberto Nuclear Power Plants in Angra dos Reis, as well as programs such Luz para Todos ("Light for All"), Mais Luz para a Amazônia ("More Light for the Amazon"), contracts within the Alternative Source Incentive Program (PROINFA), and initiatives within the National Energy Conservation Program (PROCEL).







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Commitment to Brazil

Law no. 14,182/2021 and the new generation concession agreements we signed with the Federal Government after the capitalization process include commitments to sustainable initiatives in different regions of Brazil. In the coming years, the company will allocate R\$ 8.7 billion for developing and delivering projects in the North, Northeast, and Southeast of Brazil. These projects include:

- Rehabilitation of water courses in the São Francisco and Parnaíba river basins, either directly by Eletrobras or through Eletrobras Chesf or units of the Brazilian Army;
- Structural cost reduction initiatives for power generation in the Amazon and for navigation on the Madeira and Tocantins rivers, implemented either directly by Eletrobras or through Eletronorte; and
- Rehabilitation of watercourses in watersheds within the area of influence of Furnas hydroelectric dams, either directly by Eletrobras or through Furnas.

Transformation Office

In the last quarter of 2022, Eletrobras launched a transformation office staffed by employees from different departments who have been tasked with developing, assessing, directing and monitoring implementation of key initiatives to accelerate governance changes in our, now privatized, company. Of the 60 proposed projects, 40 are expected to be completed within 2023.

TRANSITION WG

A Transition Working Group (WG) formed of professionals from different areas was set up at Eletrobras Chesf to evaluate, in conjunction with the parent company, the most appropriate solutions for transforming the subsidiary's structure and strategy, to get the most out of privatization and the new method of selling energy, outside the market of quotas.



Sidebars show postcapitalization changes

The Transformation Office has launched several projects that are currently in progress, with some already showing early results. Throughout this report, we will provide concise and objective information, in sidebars like this one, regarding the practical changes brought about by the capitalization process in each department were changes have already been implemented.

We set up a Working Group (WG) to evaluate, in conjunction with the parent company, the most appropriate solutions for transforming the subsidiary's structure and strategy.





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CAPITALIZATION



The journey begins

In 2021, a provisional measure authorizing the Brazilian Development Bank (BNDES) to initiate studies for the capitalization process was submitted to Congress and signed into law. After the capitalization modeling studies were completed by BNDES and approved by the Federal Audit Court (TCU), Eletrobras deliberated on the next steps in a General Stockholders' Meeting

The capitalization process

The terms of reference for the capitalization process, including the issuance of new shares, were approved in a General Stockholders' Meeting in 2022, with the company publishing a Market Notice and Preliminary Prospectus for the Public Offering following their submission to the Brazilian Securities Commission (CVM)



Eletrobras becomes one of the largest corporations in Brazil

The government acquired no new shares in Eletrobras' Public Offering, resulting in its equity interest in the company being reduced from 61.69% to 36.99%. As a consequence, the company transitioned from a state-owned enterprise to a corporation, with no single majority controlling entity.

Following the capitalization process, Eletrobras signed new concession agreements with the federal government for its 22 hydroelectric power plants, meeting all the conditions precedent for the privatization process. The agreed-upon conditions provide for a phased transition out of the quota system, a landmark shift to electricity sales on the open market

ENBPar

Following the privatization, some government assets and programs will be operated by ENBPar. Under the supervision of the Ministry of Mining and Energy, ENBPar will incrementally take over activities that cannot be privatized, such as Itaipu Binacional and the Angra dos Reis nuclear power plants. It will also oversee initiatives like the Luz para Todos ("Light for All") and Mais Luz para a Amazônia ("More Light for the Amazon") programs, PROINFA contracts, and PROCEL initiatives

Corporate management

Now organized as a corporation, Eletrobras has launched a comprehensive organizational redesign including a management framework that centralizes strategic and institutional functions at the holding company while decentralizing operations functions among its subsidiaries (Eletrobras Eletronorte, Eletrobras Chesf, Eletrobras Furnas, Eletrobras CGT Eletrosul and Eletrobras Eletropar)





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MATERIAL TOPICS GRI 2-14, 3-1, 3-2, 3-3



Our list of material topics, which informs the contents of this report, was compiled in 2021. The list was revisited for this report to ensure it covers the most salient issues for our business. All topics from the materiality matrix compiled in 2021 were reassessed on social and environmental impact, in accordance with internationally recognized best practices.

As part of the materiality review, we:

- prepared a long list of material topics used by the Eletrobras Group, major peers and industry leaders;
- assessed the long-list topics on relevance by consulting different sources (rating agencies MSCI and Sustainalytics; Sustainability Accounting Standards Board (SASB) industry standards; S&P Yearbook; and the Dow Jones Sustainability Indices (DJSI);
- scored and ranked selected topics;
- performed an online survey of 64 internal experts (from the Board of Directors' Strategy, Governance & Sustainability Committee. the Sustainability Management Executive Committee, and ESG-related departments, including HR, Occupational Safety and Financial) and external experts (from the energy, sustainability, manufacturing, corporate and academic sectors):

- weighted the scores resulting from the expert surveys and framework reviews and entered them in the materiality matrix;
- ranked the topics by relevance on the y axis (frameworks) and by significance on the x axis (experts), yielding the list opposite.

In addition to the list of 11 material topics, there are five relevant topics that are strategic for the Group but may not apply to all companies. Throughout the materiality review, the only newly added relevant topic was Service quality and safety, which was considered important by the consulted specialists. In addition, two relevant topics that were specific to Eletronuclear were excluded from 2021 to 2022, as this company no longer forms part of the Eletrobras Group since our capitalization in 2022.

As part of a post-privatization process to enhance governance and revise our strategic plan, we will conduct a comprehensive review of our materiality matrix next year, maintaining our practice of engaging all stakeholders in consultations

MATERIAL TOPICS

- Ethics, integrity and compliance
- Community engagement
- Worker Health, Safety and Well-Being
- Climate change
- Biodiversity and ecosystem services
- Energy transition and energy efficiency
- Attracting, developing and retaining employees
- Water and effluent management
- Human rights
- Risk and emergency management
- Innovation and technology

RELEVANT TOPICS*

- Waste management
- Service quality and safety
- Customer relationships
- · Supply chain management
- Government relations and advocacy

^{*} Eletrobras Chesf considers all five relevant topics in this report.





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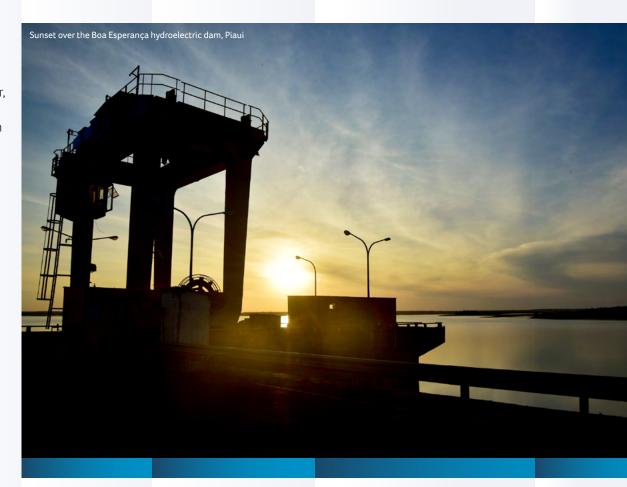
Building Our Materiality Matrix in 2021 GRI2-14

We surveyed a total of 1,074 people, including internal and external stakeholders, to build our materiality matrix in 2021. We interviewed executives and experts, and ran an online survey that provided inputs from shareholders, investors, board members, executives, customers, workers and their families, governments, partners, sponsorees, suppliers, and representatives from civil society.

Following internal validation, 11 material topics were selected to report on, manage and monitor, and 6 relevant topics were selected as being reportable depending on their relevance to each Group company. This narrowed the number of material topics down from 16 in 2020.

The Eletrobras Group materiality matrix is approved by the Strategy, Governance & Sustainability Committee and the Board of Directors.

In 2021, 11 material topics and six relevant topics were selected for each Group company. For this report, Eletrobras Chesf considered five relevant topics.







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Eletrobras Group MATERIALITY ASSESSMENT

Materiality review

Eletrobras completed a materiality review in 2022 to ensure that the most important issues for the business were included in the tracking, management, and reporting of disclosures in the 2022 Annual Report, for both the holding company and subsidiaries.

All topics from the materiality matrix compiled in 2021 were reassessed on social and environmental impact, in accordance with internationally recognized best practices. The same material topics were maintained, with some being renamed.

Relevant topics

In addition to the list of 11 material topics, there are five relevant topics that are strategic for the Group but may not apply to all companies.

	Material Topics 2022	2021
	Ethics, integrity and compliance	Governance, integrity and ethics
	Community engagement	Communities
(+)	Worker health, safety and well-being	Health, safety and well-being
	Climate change	Climate change
	Biodiversity and ecosystem services	Biodiversity and ecosystem services
	Energy transition and energy efficiency	Energy transition
	Attracting, developing and retaining employees	People management and development
%	Water and effluent management	Water
	Human rights	Human rights
	Risk and emergency management	Risk management
	Innovation and technology	Technology and innovation
	Relevant Topics 2022	Relevant Topics 2021
	Waste management	Waste
	Service quality and safety	Not listed
	Customer relationships	Customers
	Supply chain management	Suppliers
	Government relations and advocacy	Regulatory environment
	Specific to Eletronuclear and not included in the list	Nuclear safety
	Specific to Eletronuclear and not included in the list	Radioactive waste



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TOPIC BOUNDARIES

Social and Intellectual Financial Natural Human relationship Manufactured











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	Material Topics GRI 3-1, 3-2	Why the topic is material	Where it occurs	SDG*	Capital	Linkage to other frameworks	Stakeholders**
Prosperity	Innovation and technology	Research and development activity aimed at providing reliable electricity and promoting sustainable development; deployment of new technologies to transform business processes and improve the security, integrity, reliability and protection of digital information; and initiatives to make the supply chain and electricity consumption more efficient, creating positive environmental impacts.	Within and outside the organization	7 8 9 9		TCU DJSI SASB ISE Global Compact	Workforce Leadership team Customers Suppliers Government Investors Society Opinion makers





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	Material Topics GRI 3-1, 3-2	Why the topic is material	Where it occurs	SDG*	Capital	Linkage to other frameworks	Stakeholders**
People	Community engagement	Engagement with local communities—persons or groups of persons living and/or working in any areas that are impacted by an organization's operations.	Outside the organization	7 10 11 16		TCU DJSI ISE	CommunitiesOpinion makersLeadership team
	Human rights	Respect for and promotion of human rights, and implementing mechanisms to identify, prevent, monitor and mitigate actual or potential human rights impacts.	Within and outside the organization	4 8 9 10 16		TCU DJSI ISE Global Compact	WorkforceSuppliersCommunitiesGovernmentSocietyOpinion makers
	Attracting, developing and retaining employees	Activities related to people management, careers, development and termination.	Within the organization	3 4 8 9 10 12		TCU DJSI ISE Global Compact	EmployeesInvestorsOpinion makersLeadership teamWorkforce
	Worker health, safety and well- being	Creating a safe and healthy environment for all employees.	Within and outside the organization	7	Ö	TCU SASB ISE	WorkforceLeadership teamCommunitiesSuppliersCustomersOpinion makers





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	Material Topics GRI 3-1, 3-2	Why the topic is material	Where it occurs	SDG*	Capital	Linkage to other frameworks	Stakeholders**
Planet	Water and effluent management	Managing water-related impacts.	Within and outside the organization	6 12 13		TCU SASB DJSI ISE	 Communities Shareholders Customers Opinion makers Leadership team Workforce Suppliers Government Society
	Biodiversity and ecosystem services	Biodiversity conservation and preservation.	Within and outside the organization	14	(P)	TCU SASB DJSI ISE	CommunitiesSocietyOpinion makers
	Climate change	Greenhouse gas mitigation and climate change adaptation.	Within and outside the organization	3 7 11 12 13 15		TCU SASB TCFD ISE	 Investors Communities Suppliers Customers Leadership team Opinion makers Workforce Government Society
	Energy transition and energy efficiency	The role of the power sector in a low carbon economy. Using clean and renewable energy sources, and decarbonizing the energy mix.	Within and outside the organization	7 9		TCU SASB TCFD Global Compact	 Investors Shareholders Leadership team Customers Opinion makers Suppliers Government Society





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	Material Topics GRI 3-1, 3-2	Why the topic is material	Where it occurs	SDG*	Capital	Linkage to other frameworks	Stakeholders**
Governance	Ethics, integrity and compliance	The system by which the company is managed, monitored and incentivized, involving relationships between senior management, law enforcement and control agencies, and other stakeholders; embedding social and environmental aspects in decision-making, anti-corruption policies and procedures, and ethics management, based on the organization's principles, standards and norms of behavior.	Within the organization	12 16	Not related to an IR capital, but to governance, which spans across and underpins all value creation activities.	TCU Pró-Ética ISE DJSI	Workforce Investors/ shareholders/market analysts Communities Media Customers Opinion makers Leadership team Suppliers Government Society
	Risk and emergency management	Having an architecture in place at the company to effectively manage risks, helping to prevent events from materializing that could adversely impact strategic objectives.	Within and outside the organization	12 16		TCU SASB TCFD DJSI ISE	Workforce Leadership team Investors/ shareholders/market analysts Communities Society The media/opinion makers Partners/sponsors/ suppliers Governments/ congress/regulators Customers

^{*}SDG 17 cuts across all other SDGs.

^{***}Stakeholders that are affected by and/or prioritized the topic in the materiality assessment (we included a "leadership team" stakeholder category, which may include members of the Executive Board, the Board of Directors and the Oversight Board).





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Our stakeholders

GRI 2-29

Our premise is to promote stakeholder dialogue and engagement. Engagement actions are planned and carried out in line with the particularities of each stakeholder, as set out in the table on our website.

Our key stakeholders are:

- society
- customers
- suppliers
- our workforce
- our communities
- the media
- government
- investors, shareholders, and market analysts

Our main stakeholder groups are outlined in our Strategic Plan, which draws inputs from our Value Creation Model and the Eletrobras Code of Conduct. Our approach to engaging with these stakeholders is guided by the Eletrobras Group Stakeholder Communications and Engagement Policy, approved in October 2020 by the Board of Directors. This policy is supplemented by the Eletrobras Spokesperson Policy, developed in 2018 and most recently updated in November 2020.

The purpose of stakeholder engagement is to foster integrated and participatory

communication between Eletrobras companies and their stakeholders in a coordinated and synergistic manner, based on the guidelines in our Strategic Plan and Code of Conduct and in line with legal and regulatory requirements. This enhances dialogue, accessibility, and meaningful engagement with all stakeholder groups, helping us to create and strengthen bonds of trust, build accountability, sharer our values, and champion ethical principles and practices to drive sustainable development in all our relationships.

Eletrobras Chesf works to put in place action plans, procedures and activities that will support Group companies in the process of managing engagement and communication with their stakeholders. They also establish feedback mechanisms, offering communication

channels to promote information exchange and measure the level of satisfaction of customers of Eletrobras Group companies, as well as ensuring they have access to effective communication channels, in response to the organization's stimulus, to be protagonists in their relations with Eletrobras companies.

Among other guidelines, teams also work to identify engagement risks, seeking to mitigate them and assessing the potential impacts on stakeholders, for instance when planning new initiatives, thus ensuring that the lessons learned are incorporated in the activities of Group companies, avoiding the repetition of mistakes in relationship management and performing effective crisis management where necessary.







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2022 AT A GLANCE



Net income:

Economic

R\$ 1.7 billion

Expansion of 10 substations:

+ 52.82 km of TLs

Record operational availability:

+ 2,400 MVA

transformer capacity

99.97% for TLs and transformers

R\$ 1.6 bn

transmission auctions

for renewal and expansion of company infrastructure

Fulfillment of the final conditions precedent of the concession

agreements, allowing the company to participate once again in energy





Environmental

98.7%

of installed capacity certified by Instituto Totum for issuance of I-RECs

In 2022, after a 12-year hiatus, with the flood season came the resurgence of the Paulo Afonso waterfall, a series of falls that can reach a height of 80 meters in the tourist area of lakes and canyons on the São Francisco River, enabling tourist visits to be resumed.

Voluntary Reforestation Program, in line with SDG 15 and Eletrobras Group strategies



Social

Highest ever average hours of training per employee:

62.40

We put

R\$ 2.4 million

into funds for Children and Adolescents (R\$ 1.2 m) and Older People (R\$ 1.2 mn)

In 2022, there were no cases of violations of indigenous people's rights, including employees and communities impacted by the company's operations



Our New Code of Conduct broadens our perspective on ethics and integrity, and touches on ESG aspects in each topic.

Improvement in the overall Corporate Sustainability Index (ISE B3) rating:

against 75.69 in 2021







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RELATED RELEVANT TOPIC

> Government relations and advocacy

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Corporate governance is the set of values, standards and policies by which an organization is governed. Its primary objective is to build organizational structures and strategies that will create long-term value for stakeholders and the planet. Fostering transparency and integrity is key to delivering strong financial, economic, social and environmental performance. The **Eletrobras Group employs internationally** recognized governance practices that ensure our results are constantly monitored and we maintain our license to operate.

ABOUT ELETROBRAS

CHESF GRI2-1, 2-2

Companhia Hidro Elétrica do São Francisco (Eletrobras Chesf) is a publicly traded company, majority-owned by Centrais Elétricas Brasileiras S.A. (Eletrobras). Its main activities are concerned with electricity generation, transmission and trading. Headquartered in Recife (PE), Eletrobras Chesf was Brazil's very first public electricity company, and today it has 2,694 permanent employees, all covered by collective bargaining agreements. GRI 2-30

The company was established by Decree-Law no. 8,031 on October 3, 1945, and constituted at the first Annual General Meeting on March 15, 1948. It was privatized (read more on page 10) on June 14, 2022, in accordance with Law no. 14,182 of 2021. It is a publicly traded joint stock corporation, governed by Law no. 6,404 of December 15, 1976, majority-owned by Eletrobras and with its

operations oriented by its Bylaws, a set of rules agreed at meetings by its partners, which guide and govern the running of the company and its legal relationships. Furthermore, it operates in strict accordance with current legislation and with regulations issued by Aneel, the Brazilian energy sector regulator.

Eletrobras Chesfis a publicly traded company, majority-owned by Eletrobras.

WHAT'S CHANGING GRI 2-4

Reformulated Bylaws, Policies and Standards

As of 2022, following the capitalization and consequent privatization process, the Eletrobras Group no longer operates under the regulations of the Government-Owned Corporations Act (Law no. 13,303/16) and Decree no. 8,945/16. The Eletrobras Bylaws, available here, have since been revised to reflect this change.



About Eletrobras Chesf GRI 2-1, 2-2

2022 ANNUAL REPORT



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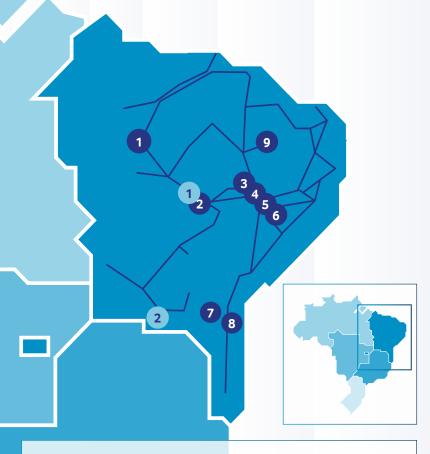
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CORPORATE HYDROPOWER PLANTS

- 1 Boa Esperaça
- 4 Apolônio Sales
- 7 Pedra

- 2 Sobradinho
- Paulo Afonso I, II, III, IV
- 8 Funil

- 3 Luiz Gonzaga
- 6 Xingó

9 Curemas

CORPORATE WIND FARMS

- 1 Casa Nova II, III, A
- Pindaí Cluster (11 wind farms)
- TRANSMISSION LINES

ELETROBRAS CHESF OPERATES

12 CORPORATE HYDROELECTRIC PLANTS:

8 on the São Francisco River

2 on the Contas River (BA)

1 on the Parnaíba River (PI)

1 on the Piancó and Aguia rivers (PI)

10,262.33 MW

generation capacity

14 WIND FARMS:

198.1 MW

generation capacity

TOTAL INSTALLED CAPACITY:

10,460.43 MW corporate

2,642.94 MW

equivalent owned via Special Purpose Entities (SPEs)

TOTAL LENGTH OF TRANSMISSION LINES (TL) ACROSS ALL VOLTAGE LEVELS:

21,999.32 km (corporate) and

1,810.78 km

equivalent (SPEs)

TOTAL OPERATIONAL
TRANSFORMATION CAPACITY:

79,193.67 MVA (corporate)

138

power substations* and

12

step-up substations

* Includes directly owned substations (120) and substations of other transmission companies in which Chesf has assets (18).

OPERATIONAL TRANSFORMER CAPACITY – SPEs:

4,083.7 MVA

equivalent





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Generation and transmission assets EU1

Power plants*	River	Installed capacity (MW)
Hydroelectric plants		10,262.33
Sobradinho	São Francisco	1,050.30
Luiz Gonzaga (Itaparica)	São Francisco	1,479.60
Apolônio Sales (Moxotó)	São Francisco	400.00
Paulo Afonso I	São Francisco	180.00
Paulo Afonso II	São Francisco	443.00
Paulo Afonso III	São Francisco	794.20
Paulo Afonso IV	São Francisco	2,462.40
Xingó	São Francisco	3,162.00
Funil	Contas	30.00
Pedra	Contas	20.01
Boa Esperaça	Parnaíba	237.30
Curemas	Piancó	3.52
Wind Farms		198.1
Casa Nova III	_	32.90
Casa Nova III	_	28.20
Casa Nova A	_	27.00
Acauã	_	6.00
Angical 2	_	10.00
Arapapá	_	4.00
Carcará	_	10.00
Corrupião 3	_	10.00
Coqueirinho 2	_	16.00
Caititú 2	_	10.00
Caititú 3	_	10.00
Papagaio	_	10.00
Teiú 2	_	8.00
Tamanduá Mirim 2	_	16.00
Total		10,460.43

^{*} Includes corporate assets.

NET ELECTRICITY OUTPUT IN 2022 EU2

Total net electricity output*

40,079,144.00 MWh

Generation output from hydroelectric sources*

39,609,877.84 MWh

Generation output from wind sources*

469,266.16 MWh

Eletrobras Chesf's net electricity output is compiled from data collected from electronic meters every five minutes. The data is compiled every hour and sent to the Electric Power Trading Chamber (CCEE), where it is audited and returned to the company.

ANNUAL GROWTH RATE

2020/2019 2021/2020 2022/2021

72% -26.31% 52.05%

In 2019 and 2020, generation presented high growth as a result of positive hydrological conditions. The period 2020 to 2021 saw a reduction due to water shortages. In 2022, the reservoirs once again saw favorable rainfall levels and energy generation grew against the previous year.

^{*} Includes corporate assets.





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Transmission lines and operational substation capacity in 2022 EU4

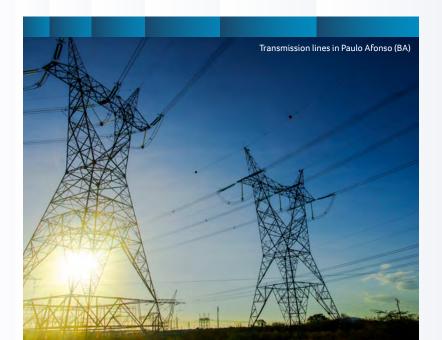
Transmission lines in operation, all voltage levels – corporate	21,999.32
Length of transmission lines (km) – SPE ³	1,810.78
Operational substation capacity (MVA) – corporate ²	79,193.67
Operational substation capacity (MVA) – SPE ¹	4,083.70
Transmission lines coming online or offline, all voltage levels (km)	185.97
Net change in transformer capacity (MVA)	400.00
Approved Permitted Annual Revenue (RAP) for transmission assets in operation by the company (R\$)	4,120,464,405.20

- 1. The figure includes transmission substations and step-up substations.
- 2. The total transmission MVA was calculated on the basis established by Eletrobras, by considering the company's entire transformation capacity, excluding auxiliary services. An additional 12,617.16 MVA for step-up transformers was taken into account.
- 3. Due to sectioning points made in the two lines of the original contract with SPE STN, Eletrobras Chesf gained an additional 46 km of transmission lines.
- * MVA figures for the step-up substations of the Vamcruz and NESA wind clusters are at the stage of alignment and standardization by SPEs, and will be adjusted from the first quarter of 2023.

Corporate transmission lines under construction in 2022 EU4

In 2022, Eletrobras Chesf extended by 52.82 km transmission lines (TLs) associated with the company's own assets. That total already has authorization issued or a concession agreement signed but not concluded on ANEEL's Transmission Management System (SIGET).

Throughout the year, the company did not participate in any transmission auctions.



Sectioning of the 230 kV Olindina – Catu C1 TL at the Alagoinhas II substation Sectioning of the 500 kV Angelim II – Recife II TL at the Suape II substation Sectioning of the 500 kV Luiz Gonzaga – Milagres C1 TL at the Milagres II substation Sectioning of the 500 kV Sobradinho – Luiz Gonzaga C2 TL at the Juazeiro III substation 0.64 km





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Substation expansions in 2022

In 2022, Eletrobras Chesf expanded ten of its own substations, thereby increasing the company's transformation capacity. All these substations have authorization issued or a concession agreement signed but not concluded on the ANEEL SIGET system.

Special Purpose Entities

GRI 2-2, EU4

Eletrobras Chesf also invests in electricity generation and transmission through a number of partnerships, known as Special Purpose Entities (SPEs), in which it is a minority shareholder.

SPEs in which the company had a share on 12/31/2022:

- STN Sistema de Transmissão Nordeste S.A.
- Energética Águas da Pedra S.A.
- Interligação Elétrica do Madeira S.A.
- Energia Sustentável do Brasil S.A.
- Norte Energia S.A.
- Interligação Elétrica Garanhuns S.A.
- Complexo Eólico Vamcruz
- Companhia Energética Sinop S.A.

Milagres substation – Installation of fourth 230/69 kV transformer	100 MVA
Bongi substation – Installation of fifth transformer and replacement of three transformers	500 MVA
Fortaleza substation – Installation of fifth 230/69 kV transformer	100 MVA
São João do Piauí substation – Installation of third 500/230 kV autotransformer	300 MVA
Messias substation – third 500/230-13.8 kV autotransformer bank	600 MVA
Poções II substation – Installation of third 230/138 kV transformer	100 MVA
Morro do Chapéu II substation – Installation of second 230/69 kV transformer	150 MVA
Aquiraz II substation – Installation of fourth three-phase transformer and second grounding transformer	150 MVA
São João do Piauí substation – Installation of second 500/230 kV autotransformer	300 MVA
lcó substation – Installation of third 230/69 kV transformer	100 MVA
Transformation capacity associated with these assets	2,400 MVA







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Ownership Structure GRI 2-1

ELETROBRAS CHESF'S CAPITAL STOCK

Total amount R\$ 9.754 billion

Represented by 55,904,895 registered shares (54,151,081 ordinary shares and 1,753,814 preferred shares, all with no par value):

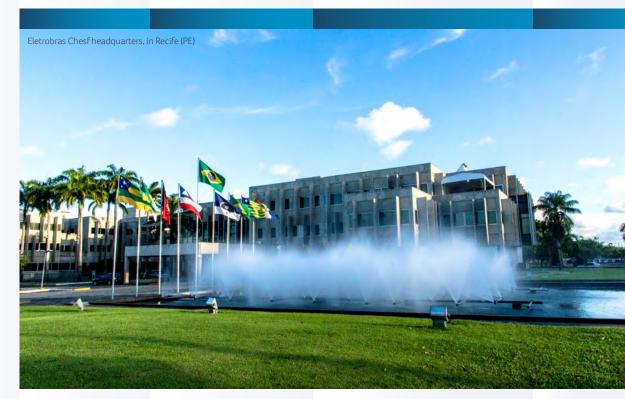
- 99.578% held by Eletrobras;
- 0.347% held by the Federal Government/ Ministry of Economic Affairs; and
- 0.075% held by other shareholders.

As a publicly traded company, Eletrobras Chesf is subject to the rules of the Brazilian Securities Commission (CVM). Its stakeholder engagement model is based on the disclosure of information transparently, in compliance with legal and ethical principles, and in line with the rules governing energy-sector companies.

Governance structure GRI 2-9, 2-23

Eletrobras Chesf's corporate governance structure is set out in our <u>Bylaws</u> and in the charters of our governance bodies. It is comprised of the General Meeting, the Board of Directors, the Executive Board and the Oversight Board, and bases its actions on the principles of equality, accountability, transparency and corporate social responsibility.

Based on the Bylaws, the Annual General Meeting attributes roles and responsibilities to the Board of Directors, Executive Board, subordinate officers and Oversight Board. The Board of Directors delegates powers to the Executive Board and to each director, by means of decisions recorded in the meeting minutes. The Executive Board, in turn, delegates authority to managers and employees, by means of decisions recorded in the meeting minutes and internal rules.







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GRI 2-9, 2-10, 2-12, 2-13

GENERAL STOCKHOLDERS' MEETING

The General Stockholders' Meeting is our highest governance body. Its primary duties are to:

- analyze and approve or reject the management's financial statements;
- decide how the year's net profits should be spent and how dividends should be distributed;
- appoint and dismiss members of the Board of Directors and Oversight Board, and set their overall and specific remuneration levels;
- decide on the sale, in full or in part, of the company's share capital, the public trading or any change to its share capital, or the sale of securities, whether as treasury shares, through the sale of any debentures it holds or any companies in which it has shares, or the issuance of convertible debentures;
- decide any split-up, merger, amalgamation, winding-up or liquidation operations, and any exchanges of shares or other securities;
- decide any amendments to the Bylaws;
- decide whether or not to authorize the company to file civil liability proceedings against the directors for any losses caused to its assets;
- decide on the appointment and dismissal, at any time, of liquidators, and assess their accounts;
- deliberate on the valuation of assets a shareholder wishes to put up to pay in share capital; and

 decide any other matters tabled by the Board of Directors or Oversight Board.

BOARD OF DIRECTORS

The Board of Directors and the Executive Board are the bodies responsible for managing the company. They play a fundamental role in conducting the corporate strategy, always strictly in line with the roles and responsibilities laid down by law and in accordance with Eletrobras Group policies. The appointment of their representatives is governed by the Eletrobras Group Board of Directors and Executive Board Nominations Policy.

The BoD is the company's supreme governance body. It determines the general direction of Eletrobras Chesf's business operations, has overall control of its approved programs, and verifies the results obtained. It is composed of five members, who are elected at the General Meeting for a renewable term of two years. They include one director appointed as an employee representative (no other stakeholder group is represented on the Boards and Committees).

It is the BoD's responsibility to appoint and dismiss the company's executive officers, with the parent company's approval, and to supervise the executive body's performance. The BoD reports directly to the Internal Auditors.

Periodically, the BoD verifies and monitors the key processes having a direct impact on the company's business, like integrity, risk management, whistleblowing, and operational and financial indicators. Based on the results of that monitoring, scenario modeling and possible impacts on the company's business performance, it determines adjustments and

changes of course. The BoD receives reports from the company's different departments, as well as from the Whistleblower Investigation Department, and may direct actions to review the processes involved.

Matters submitted for deliberation by the Board of Directors are done so, as a rule, by the company's executive officers in charge of the matters in their respective departments.

In 2022, the BoD met on a monthly basis. Under an amendment of the Bylaws, due to the capitalization of the Eletrobras Group companies, from 2023 the Board will meet ordinarily once every three months and, extraordinarily, whenever necessary. At these meetings, following a predefined agenda, reports will be presented by the company's different departments, on business activities, approved programs, impacts and results. Presentations will also be given by the CEO on the period's highlights, and by the other executive officers on activities related to fulfilling the Business & Management Plan. GRI 2-13

Following capitalization, the composition of the BoD changed to four men and one women, as follows:

- one independent member;
- one employee representative; and
- three representatives of the parent company.

WHAT'S CHANGING GRI 2-4

Changes in the Board of Directors

With capitalization, the composition of Eletrobras Chesf's Board of Directors changed to five members, including one employee representative. Previously, it had seven members.





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EXECUTIVE BOARD

The Executive Board is the company's representative and management body. It is responsible for ensuring the smooth functioning of the company, in accordance with the strategy set out by the General Meeting and Board of Directors.

It is composed of a CEO and up to five executive officers, with a required minimum of three members, who are appointed by the Board of Directors. They perform their roles on a full-time basis, and serve a renewable term of two years.

Together, the Board of Directors and Executive Board are responsible for drawing up the company's Strategic Map, which sets out its mission, vision and strategic objectives. These focus on the efficiency, expansion and long-term success of our generation and transmission operations, the diversification of our revenues, and on drawing up our Business and Management Plan, which establishes targets and initiatives for implementing the corporate strategy, and periodically monitors them. In 2022, the company followed the guidelines set out in the 2020-2035 Strategic Map and the 2022-2026 Business & Management Plan.

The Executive Board has autonomy to appoint employees to perform and manage processes and activities to ensure the smooth functioning of the company. Periodically, reports are submitted to it by the company's different departments, for the purposes of monitoring, impact assessment and changes of strategy.

ADVISORY COMMITTEES GRI 2-9

The Board of Directors may be assisted by Eletrobras advisory committees, under the terms and within the limits set by the parent company.

The Board of Directors and the Executive Board validate the materiality set out for all Eletrobras Group companies, and approve the Annual Report. GRI 2-14

It is currently assisted by the Statutory Audit & Risk Committee and the Management, People & Eligibility Committee, both instituted by Eletrobras.

The Management, People & Eligibility Committee issues recommendations concerning risks and strategies adopted by Eletrobras Group companies in the areas of people management and eligibility of members of the Board of Directors and Oversight Board. Meanwhile, the Statutory Audit & Risk Committee, whose remit includes Eletrobras subsidiaries, is responsible for verification, supervision and recommendations concerning internal auditing, financial reporting and independent auditing, as well as risk appetite, internal controls and financial management, in accordance with its charter.

Members are nominated to each committee during each year's Annual General Meeting. The roles of members and composition rules are outlined in each committee's charter.

OVERSIGHT BOARD

The Oversight Board is responsible for overseeing management actions, and has its own Charter governing how it functions. It is composed of three permanent members and their respective alternates, who are elected by the General Meeting. All are domiciled in the country, whether or not they are shareholders, and serve renewable one-year terms. Under an amendment of the Bylaws due to capitalization, it changed from being a permanent to a non-permanent body.

In 2022, the Oversight Board met on a monthly basis. As from the 2023 Annual General Meeting, it will meet ordinarily once every three months and, extraordinarily, whenever convened by its chair. All meetings will be recorded in minutes, signed by all the members present.

Oversight Board to have new formation



Under Eletrobras Chesf's new Bylaws, the Oversight Board changes from being permanent to non-permanent. The composition and setting-up of the body, with three members and their respective alternates, appointed at the 2023 Annual General Meeting, from nominations by shareholders.

Previously, members of the Oversight Board were nominated by the ministries of Economic Affairs, and Mines and Energy, and by the parent company.





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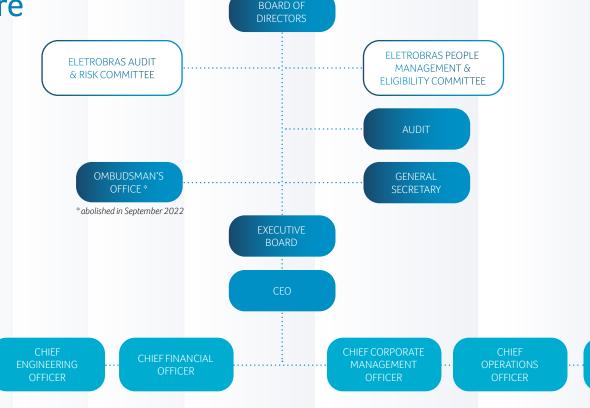
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Eletrobras Chesf's management structure



GENERAL MEETING

A leaner organizational structure

Following the privatization of the Eletrobras Group, an organizational redesign launched of the parent company and each of its subsidiaries. The primary goal is to create a greater sense of unity in the design of our organizational structure and corporate strategy.

WHAT'S CHANGING GRI 2-4

The new structure was implemented in December 2022, with corporate functions centralized in the parent company and operational functions—including operation and maintenance, trading and financial functions—devolved to each subsidiary.





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The performance assessment process aims to improve senior management and strengthen best practice in corporate governance.

PERFORMANCE ASSESSMENT GRI 2-18

The members of the Board of Directors and Oversight Board undergo an annual performance assessment carried out by an independent consulting firm hired by Eletrobras, which follows guidelines laid down by the company. The process, involving online interviews and a questionnaire, comprises a series of assessments of the competencies of the body, measurement of the results obtained and what they are attributed to, feedback meetings, and the delivery of a final report at the end of the process, with notes on opportunities for improvement and action plan recommendations.

Performance assessment aims to improve senior management and strengthen best practice in corporate governance, taking into account strategic aspects, risk management and the company's internal controls.

GUIDELINES AND NOMINATIONS FOR BOARDS GRI 2-10

The Eletrobras Group Board of Directors and Executive Board Nominations Policy sets out the guidelines for nominations to the Board of Directors and Executive Board of Eletrobras and its subsidiaries.

There is a requirement of diversity—of gender, age, ethnicity and cultural background—for the purpose of achieving complementarity of experiences, skills and expertise, to enable greater quality and confidence in decision—making. In addition, nominees must fulfill the following criteria:

- impeccable reputation;
- demonstrable knowledge compatible with the role;
- academic qualifications compatible with the role; and
- professional experience in at least one of the following:
- ten years in the company's area of activity or in an area connected to the senior management role for which they are nominated;
- four years as an executive officer, director, member of the audit committee or senior management role of a company of a similar size or purpose as the company, "senior management role" meaning a role in the two highest non-statutory hierarchical levels of the company;

- four years as a senior lecturer or researcher, in the company's area of activity; or
- four years as an independent professional on activities related to the company's area of activity.

Nominees' academic qualifications must include a graduate or postgraduate degree recognized or accredited by the Brazilian Ministry of Education, preferably in one of the following subjects:

- Management or Public Administration;
- Actuarial Science;
- Economics;
- International Trade, Accountancy or Auditing;
- Law;
- Engineering;
- · Statistics; or
- a subject related to the area of activity for which they are nominated.

In addition to the mandatory requirements, nominees for the role of CEO must have at least five years' professional experience in an activity or role directly related to the key theme of the post and be no more than 75 years old at the time of nomination.

Eletrobras Chesf's Bylaws also determine that members of the Executive Board may not hold seats on the Board of Directors. **GRI 2-11**





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Leadership Training and Development GRI 2-17, 2-19, 2-20

Members of Eletrobras Chesf's Board of Directors and Oversight Board regularly take part in specific training courses on company and capital markets law, information dissemination, internal monitoring, integrity and ethics, Code of Conduct, Law no. 12,846/2013, and a variety of topics relating to the company's activities.

As well as talks and webinars hosted by the Eletrobras Group Corporate University (UNISE) and the company's Governance department, presentations relating to the company's business are frequently given by departmental managers at board meetings.

MANAGEMENT REMUNERATION GRI 2-19

At the 74th Annual General Meeting (2022 AGM) of Eletrobras Chesf shareholders, it was decided, based on Law no. 9,292/96, that the monthly remuneration of members of the company's Board of Directors and Oversight

Board should be set at 10% of the average monthly salary received by the Executive Board (not including any other items) for the period April 2022 to March 2023.

In the case of the Executive Board, the set amount is the same for all members, except the CEO, whose remuneration is 5% higher. Eletrobras Chesf's executive officers are also entitled to the payment of private retirement plan contributions. In this case, the plans are offered by banks or financial institutions (with special rules and conditions for early redemption). In the event of termination, each executive officer receives the amounts outstanding for the period in which they were in post.

Executives also receive remuneration based on performance indicators or company targets, which is known as Variable Compensation (VC). Established in accordance with Group guidelines and measured by means of targets set by

Eletrobras Chesf itself, Variable Compensation rewards results-based management and is an important instrument to incentivize employee productivity and senior management's commitment to good organizational performance coupled with economic, environmental and social development.

Exclusive to the company's executives, the VC program is based on three groups of indicators, addressing financial matters; public policy (including environmental and social aspects, such as employee accident rates, suppliers that have undergone ESG due diligence, greenhouse gas emission intensity per MWh, etc.) and governance; and compliance and transparency.

In 2022, ESG training courses were linked to governance and ethics.

GRI 2-17

Annual amounts paid to Eletrobras Chesf's governance bodies

Remuneration (R\$)	2020	2021	2022
Board of Directors	330,894.00	306,383.33	282,175.64
Oversight Board	166,212.96	165,447.01	165,173.76
Executive Board	3,692,609.02	4,520,332.60	5,722,672.14

^{*} There is no clawback policy.





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Mission, Vision and Values

GRI 2-23



MISSION

To operate sustainably and with excellence in the electricity sector, generating value for society.



VISION

To lead the way in innovative, sustainable electricity solutions of high value for society.

2022 saw a period of intense change for Eletrobras and its subsidiaries. With privatization and the process of transforming the company into a corporation (read more on page 7), we made a series of adjustments to our business strategies and working processes.

For example, a wide-reaching review was carried out of the key document that guides the honest, ethical and transparent conduct of Group companies. Drawn up by a multidisciplinary in-house team, the new version of the Code of Conduct (read more on page 40) broadened the approach to the theme, bringing an ESG perspective to the document, in line with our sustainability principles—people, planet, governance and prosperity—and the commitments of our sustainable development agenda, expressed in the nine SDGs of the Global Compact that we have prioritized in our

business strategy, based on the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

The current version of the Code of Conduct was approved by Eletrobras Executive Board Resolution no. 538 of November 14, 2022, ratified by Eletrobras Chesf through Executive Board Decision no. 01.05.2023 of January 2, 2023, and by Eletrobras Board of Directors Decision no. 169 of December 1, 2022, ratified by Eletrobras Chesf's Board of Directors through Board of Directors Decision no. 633.02 of January 18, 2023. Similarly, all company policies are approved by the company's most senior bodies—the Executive Board and Board of Directors—and ratified in each subsidiary by their respective Boards of Directors. GRI 2-23

OUR CORPORATE IDENTITY

Mindful of the challenges it faces, and their potential, Eletrobras Chesf renews its essence, guided by a commitment to society's sustainable development, ethics, and respect for people and life. An innovative clean-energy company, recognized for our excellence and sustainability, we operate to high levels of performance, aiming to create value for investors and other stakeholders.



Our organizational values:

- respect for people and life
- excellence
- ethics and transparency
- innovation
- collaboration and recognition

Our ethical principles:

- human dignity and respect for people
- professionalism
- compliance
- integrity
- transparency
- sustainability



Membership of Trade Associations

GRI 2-28



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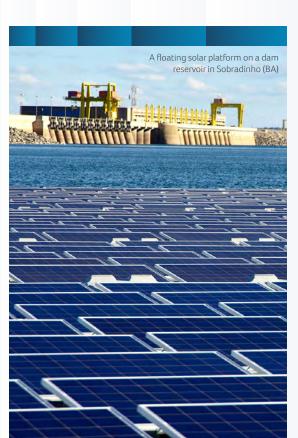
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Eletrobras Chesf maintains its commitment also to foster sustainable development through investments and partnerships with associations, foundations, forums and similar entities, promoting actions centered on respect for nature and improving the quality of life in society. Based on these principles, the company contributes directly to the activities of the following organizations:



- Brazilian Wind Power Association (ABEEÓLICA)
- Brazilian Association for Photovoltaic Solar Power (ABSOLAR)
- Brazilian Association of Large Electric Power Transmission Companies (ABRATE)
- Brazilian Association of Large Electric Power Generation Companies (ABRAGE)
- Brazilian Association of Power Sector Accountants (ABRACONE)
- Utilities Telecom and Technology Council América Latina (UTCAL)
- Brazilian Risk Management Association (ABGR)
- Brazilian Downstream Association (ABO)
- The American Chamber of Commerce (Amcham)
- Brazilian CIER (Regional Electricity Integration Commission) Committee (BRACIER)
- Brazilian Dam Committee (CBDB)
- São Francisco Watershed Committee (CBHSF)

- Brazilian National Council on Large Electric Systems (CIGRE)
- Public Ethics Commission, Office of the Executive Secretary for Public Ethics of the Brazilian Presidency (until June 2022)
- National Council on Water Resources (CNRH)
- National Forum for Ethics Management in State-Owned Companies, maintained by means of a Technical and Financial Cooperation Agreement, currently signed by 20 participating companies (until June 2022)
- Fundação COGE
- Business Leaders Group (Lide)
- Brazilian Association for Business Communications (ABERJE)
- Instituto Acende Brasil
- Memória da Eletricidade





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Recognition

In 2022, Eletrobras Chesf received the following awards, recognitions and certifications:

- Certification from Childhood Brasil, through the Na Mão Certa program, for its actions to combat the sexual abuse and exploitation of children and teenagers on Brazil's highways.
- The Eletrobras Group was named to the Bloomberg Gender-Equality Index 2022, a list of 418 companies from 45 countries and regions that are committed to transparency in genderdata reporting.
- Eletrobras Chesf once again received the Ethnic and Racial Diversity Label, in 2022, awarded by Salvador City Council, for its commitment to combating racism in the workplace.
- The company's two biggest power plants, Xingó (SE/AL) and Paulo Afonso IV (BA), had their ISO 45001:2018 certification revalidated, while the Boa Esperança plant (PI) received the certification for its Occupational Health and Safety Management System.
- Eletrobras Chesf obtained ISO 55001:2014 certification from the Vanzolini Foundation, for implementing and maintaining its Electricity Generation and Transmission Asset Management System.
- Eletrobras Chesf's operations maintained ISO 9001:2015 certification for all its processes and facilities.



Voluntary Commitments

Based on strategic policy and planning instruments, we make external voluntary commitments, always in line with the company's ESG pillars. In 2022 Eletrobras Chesf supported the following initiatives:

- Global Compact
- Gender & Racial Equity Program
- UN Women's Empowerment Principles
- Pledge on Addressing Sexual Violence against Children and Adolescents
- Eletrobras Pledge on Climate Change
- Open Letter Private Sector Support for Carbon Pricing in Brazil, developed by IEC

- SDGs
- Open letter Business for Human Rights
- Brazilian Business Pledge on Water Security
- Brazilian BusinessPledge on Biodiversity
- Na Mão Certa Program, Childhood Brasil
- Global Compact 100%
 Transparency Movement
- Business Pact for integrity and combating corruption (Instituto Ethos)



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ETHICS, INTEGRITY AND COMPLIANCE GRI3-3



At Eletrobras we believe that acting with ethics and integrity is an imperative for business development and the long-term success of the company. We are committed to respecting laws and human rights, and combating corruption at all times. Consistent with this, we have selected Ethics, integrity and compliance as a material topic for the Group, and the performance of our initiatives in this area is tracked strategically and reported transparently.

Eletrobras' strategic guidelines on integrity align with SDG 16 (Peace, Justice, and Strong Institutions). This includes a commitment to substantially reduce tax evasion, corruption and bribery in all of its forms, and to build effective, accountable and inclusive institutions at all levels.

In 2022, 100% of the additional actions recommended by the Internal Audit of the Integrity Program were carried out.

Integrity (Compliance) Program GRI 3-3

Eletrobras Chesf works in conjunction with the Eletrobras Group Integrity (Compliance) Program. The program aims to build a culture of corporate integrity within the Group by advancing a management approach focused on preventing and mitigating the impacts from misconduct, noncompliance or unlawful acts in business processes such as procurement, sponsorship, donations, collaborations, and selecting partners and appointing board members for SPEs.

The program guides the conduct of all Eletrobras Chesf employees, so that it is governed by the principles of ethics, integrity and transparency, and aligned with the values disseminated by the parent company.

Periodically, program actions undergo internal and external audits and monitoring as part of SOx certification (derived from the US Sarbanes-Oxley Act, to improve corporate governance and record-keeping in order to ensure compliance). This involves the mapping of

inputs and improvement opportunities aimed at continuous improvement. In 2022, 100% of the additional actions recommended by the Internal Audit were carried out.

One of the key challenges identified to enhance the level of maturity of the program was the effective implementation of automated monitoring tools for the real-time detection of fraud and corruption. In response to this need, in 2022 investments were made to improve monitoring, through the implementation of indicator management tools, in order to systematize information verification and ensure the efficacy of analysis mechanisms, as well as enabling monitoring for continuous development.





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The Five Dimensions of the Eletrobras Group Integrity Program

Program monitoring, remediation action and

Ongoing program monitoring,

whistleblowing reports, tracking

indicators, conducting internal

audits, and implementing and

which includes managing

testing SOX controls.

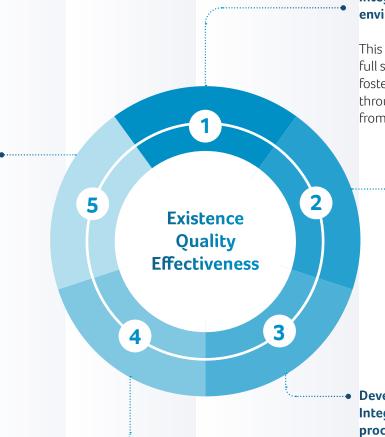
penalties

Communication and training •

Disseminating the 5 Dimensions Program through communications

and training activities suited for

each audience.



Integrity Program management environment

This dimension concerns the need for full support from governance bodies in fostering a culture of ethics and integrity, through initiatives demonstrating tone from the top.

Periodic risk assessment

Identifying, assessing, addressing and monitoring vulnerabilities and risk factors for fraud and corruption within the Eletrobras Group.

Developing and implementing Integrity Program policies and procedures

Creating and implementing a framework for building a culture of ethics and integrity at Eletrobras Group companies; this includes development, implementation and adherence to applicable policies and other standards on integrity in day-to-day activities.





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MONITORING, COMMUNICATION AND ANTI-CORRUPTION TRAINING **GRI 2-23, 3-3, 205-1, 205-2**

In 2022, Eletrobras Chesf's senior management began the quarterly monitoring of a new indicator on the theme of integrity, covered by the Group's Business & Management Master Plan (PDNG), concerned with the fulfillment of action plans for monitoring critical suppliers from the perspective of integrity.

We also monitor supplier due diligence upon onboarding and during the course of the contract, including assessments on critical integrity aspects. Suppliers matching the criteria established in our Integrity Due Diligence Policy are asked to complete a questionnaire by which their integrity risk is rated as low, medium, high or very high.

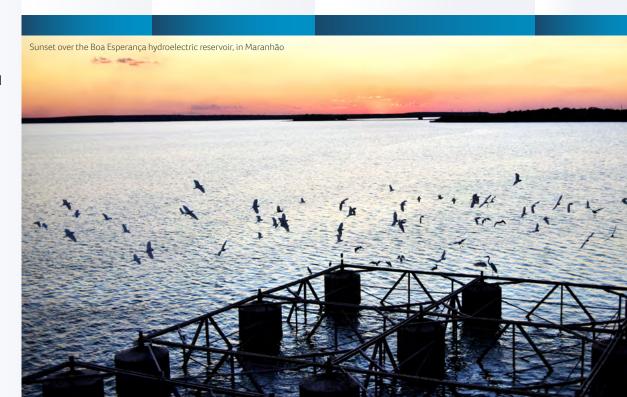
The questionnaire is used determine:

- whether the company or any members of its management have been accused of, investigated for, proceeded against or indicted for fraud or corruption in the last ten years
- whether any member of senior management, or any of their family members, is a relative up to the third degree of a government official
- whether the supplier has an effective integrity program, code of ethics and whistleblowing channel
- the level of maturity in relationships with third parties

After reviewing the questionnaire responses, where a supplier is rated as posing a high or very high risk, we perform enhanced due diligence using an automated background check tool to double check the information in the questionnaire. Integrity reports are then issued establishing action plans to train and audit the relevant suppliers.

All 124 suppliers considered critical from an integrity perspective underwent the due diligence procedure in 2022. Five were classified as having high integrity risk and two as very high.

We also use a software-based system to track other anti-corruption program performance indicators, such as the number of employees trained on anti-corruption policies and procedures. In 2022, the annual distance-learning Integrity & Ethics course was offered to all Eletrobras Group employees, with the participation of 2,553 employees of Eletrobras Chesf. Members of the company's senior management, governance bodies and business partners are also catered for, by a specific annual training action: the Corporate Governance Development Program.







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In 2022, in view of company restructuring, that senior management training was on the theme of "Compliance challenges for Eletrobras", and addressed the importance of having suitable processes in place regarding integrity, in particular those concerning relations with government officials and conflicts of interest.

Other training initiatives for the year included:

 a distance-learning course on contract integrity, for all contract managers;

- Integrity and Ethical Culture Week, December 6 to 9, an annual online event organized and hosted by Eletrobras and streamed simultaneously to all subsidiaries. It included a talk by philosopher Mario Sergio Cortella titled "Ethics, people, company and society";
- distribution of guides to raise awareness about integrity, aimed at different target groups, like suppliers, sponsorees and SPE partners; and
- talks on the theme of ethics and integrity delivered to various Eletrobras Chesf departments.

In 2022, the Corporate Governance Development Program was on the theme of "Compliance challenges for Eletrobras".

Employees who have received communications and training on anticorruption, broken down by employee category

Categories	Employees	2020		2021		2022	
		Informed	Trained	Informed	Trained	Informed	Trained
Senior management*	number	14	14	15	15	14	12
	%	100	100	100	100	100	85.71
Middle	number	218	209	256	237	253	253
Management	%	100	95.87	100	92.58	100	100
I let resit level	number	918	918	875	816	821	802
University level	%	100	100	100	93.26	100	97.69
Non-university level	number	2,026	1,985	1,953	1,786	1,620	1,498
	%	100	97.98	100	91.45	100	92.47
SPEs	number	0	0	8	0	8	0
	%	0	0	100	0	100	0

^{*}Governance bodies include the Board of Directors, the Executive Board and the Oversight Board.

^{**} Management positions include all those in formal leadership roles in the company.

^{***} Employees are broken down by level of education at the time of hire and not their current education level.





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Policies and procedures

All actions carried out by the in-house departments responsible for ensuring the fulfillment of the Integrity Program follow the policies and procedures drawn up by the Compliance Steering Committee (CDC), formed of representatives of Group company integrity departments.

Over the years, a range of corporate policies have been put in place to consolidate the integrity of Eletrobras Group companies, including the Conflict of Interest Management, Consequences and Anti-Corruption policies and the Code of Conduct. These policies are detailed in a series of corporate procedures, like the Integrity (Compliance) Program, the Integrity Due Diligence Policy and the Rules on Managing and Addressing Reports and Violations.



Managing Conflicts of Interest GRI 2-15

The Eletrobras Group Conflict of Interest
Management Policy establishes guidelines
for all members of the governance bodies,
employees, representatives and third parties, aimed at preventing, identifying and
reporting conflicts of interest, and to direct
them on how to proceed in such cases.

It is the company's responsibility to provide the necessary clarifications on the issue and make communication channels available to answer queries; adopt preventive measures to combat similar situations in the relationships between its directors or employees and suppliers or subcontractors; identify and manage any conflicts that may arise in relations with partners; and adopt guidelines for representatives of the senior management of partner companies, to pre-

vent any situations that might compromise the company's sustainability.

All the company's processes are properly assessed to ensure the prior mapping of possible conflicts and indicate what preventive actions should be adopted. In recruitment procedures, reports on integrity and possible risks are issued, together with mitigation measures. Similarly, a detailed assessment is made of possible conflicts prior to the appointment of members of the governance bodies.

Where there is found to be a conflict of interest between members of the Board of Directors, this fact is recorded in the minutes and the member concerned does not take part in the discussion and voting. To

mitigate this type of situation, the company periodically holds training sessions to address and discuss the issue with the group in question.

To date, we unaware of any such situations, for example: cross participation on the Board of Governors; cross shareholdings with suppliers and other stakeholders; or the presence of controlling shareholders. Related-party transactions are submitted to the Executive Board on a quarterly basis, and the company's Financial Statements contain a box showing related-party transactions.

At the time of the AGM, the Financial Statements, containing the box showing related-party transactions, are published on the company's website and by the CVM. **GRI 2-15**





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Code of Conduct GRI 2-24

The commitments outlined in Eletrobras' Code of Conduct are translated into corporate policies developed and implemented by the relevant functions. Senior management approves these policies, and the relevant departments are responsible for implementation and enforcement.

In this way, we have incorporated the principles set out in our Integrity (Compliance) Program and Code of Conduct into each of our pillars of activity:

• **People**: related principles have been incorporated into our People Management strategy, including processes such as workforce planning, talent development, career advancement, compensation and benefits, occupational health and safety, and health insurance and supplementary pension schemes. They have also been incorporated into our Social Responsibility policy, including a commitment to upholding and promoting human rights through our actions, decisions, and practices.

- **Planet**: related principles have been incorporated in our environmental guidelines and processes, including specific guidelines on climate change, biodiversity conservation, environmental communication and education, engagement with indigenous communities, resettlement of communities displaced by generation projects, and socio-environmental management of reservoirs.
- Governance: related principles have been incorporated into integrity standards, practices and procedures implemented as part of our Integrity (Compliance) Program in order to prevent, detect and remediate misconduct, unlawful acts of fraud and corruption or conflicts of interest, guided by Anti-Corruption and Conflict of Interest Management policies. Eletrobras maintains a zero-tolerance approach to corruption, actively combats fraud, safeguards information, and works to prevent conflicts of interest.
- **Prosperity**: incorporated into our <u>Research</u>, <u>Development & Innovation</u>, <u>Energy Trading</u> and <u>Sustainability</u> policies.

Our New Code of Conduct broadens our perspective on ethics and integrity, and touches on ESG aspects in each topic.

WHAT'S CHANGING GRI 2-4

New Code of Conduct

Following the capitalization process, we reviewed and updated our Code of Conduct. The revised code, published in December, reflects the recent changes in our corporate structure and reaffirms our commitment to ethics and transparency. It also establishes standards of conduct for employees both within the company and in their dealings with stakeholders.

The new code was developed by a multi-stakeholder team, and uses plain language to clearly articulate expected and prohibited behaviors in each area. It also elaborates further on the subject of ethics and integrity, and touches on ESG aspects in each topic. Behavioral commitments are classified into the four pillars that define the Eletrobras Group's sustainability framework—people, planet, governance and prosperity—around which the information in this report is also organized.





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To encourage the internalization of these commitments, Eletrobras offers a series of training courses to employees. This training has been incorporated in our "Sustainability Pathway," a corporate education program designed to develop responsible social and environmental skills and mindsets in our employees, creating an internal ESG culture and connecting each of our businesses to global sustainable development priorities. GRI 2-24

As part of the Pathway program, online training is available to all Eletrobras Group employees, on themes such as: human rights, workplace and sexual harassment, risk factor, diversity and inclusion, climate change, integrity and ethics, and the General Data Protection Law.

Senior management takes part in specific training on these topics. In 2022, two courses were given: "Human rights and companies:

All people working with or for Eletrobras Chesf companies are required to read and understand our Code of Conduct.

challenges and opportunities for the energy industry in the light of ESG criteria" and "Compliance challenges for Eletrobras". GRI 2-17

Each new employee to arrive at Eletrobras Chesf receive a copy of the <u>Code of Conduct</u>. All people working with or for Eletrobras Group companies are required to read and understand our Code of Conduct.

Employees, including members of senior management, are required to sign their acceptance of and commit to abide by the

Code in their activities within the company, and to act in compliance with our Integrity (Compliance) Program.

Cases or suspected cases of fraud or corruption, ethical misconduct, or violation of the Code of Conduct, Integrity (Compliance) Program, internal rules or legislation can be reported via the Whistleblowing Hotline, an independent, external platform.





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Anti-corruption GRI

205-1



We use Fraud Risk Assessments (FRA) to map out fraud and corruption risks within the business. Those risks considered most critical by top management are then addressed and managed through integrity procedures.

Fraud and corruption risk factors are periodically revisited, updated and perfected to reflect recent developments, strategic decisions, changes in the regulatory environment and any violations that could expose Eletrobras to added fraud and corruption risks. This informs continuous improvements to our Integrity (Compliance) Program.

Eletrobras currently coordinates the UN Global Compact Network Brazil Anti-Corruption Platform. In 2022 Eletrobras Chesf joined the 100% Transparency Movement, led by the Global Compact Network Brazil, which champions institutional and public commitments around transparency, creating a virtuous cycle of self-assessments and outreach across the value chain.

We are members of Instituto Ethos and the Business Pact for Integrity and against Corruption, which aims to unite companies around building a more ethical and responsible market and eradicating bribery and corruption.

In 2022, Eletrobras Chesf began the application process to the Office of the Federal Comptroller

General (CGU) to obtain the *Pró-Ética* mark, which encourages the voluntary adoption of integrity measures by publicly recognizing an organization's commitment to implementing robust measures to prevent, detect and mitigate corruption and fraud.

In 2022, there were no confirmed cases of corruption and no records of judicial proceedings for corruption filed against the organization or any of its employees. GRI 205-3

Compliance with Laws and Regulations GRI 2-27

In 2022, we mapped four cases of noncompliance with laws and regulations, totaling R\$ 6,666,802.07. Eletrobas Chesf considers occurrences greater than US\$ 10,000.00 to be significant. For all the infractions, which we detail below, Eletrobras Chesf has presented a defense, and for this reason the amounts have not yet been paid:

- infraction of R\$ 200,000 for noncompliance with environmental requirements at the Pedra Hydroelectric Power Plant in the municipality of Jequié (BA);
- infraction of R\$ 200,000 for the disposal of mineral oil from current transformers at the Camaçari II substation in the municipality of Dias D'Ávila (BA);
- infraction of R\$ 2.505 million for pollution caused by a spill of insulating mineral oil at the Camaçari II substation in the municipality of Dias D'Ávila (BA); and
- fine of R\$ 3,761,802.07 for failing to observe Network Procedures approved by the National Electric Energy Agency (Aneel).

In 2022, no non-monetary sanctions were applied to Eletrobras Chesf.





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Communication Channels GRI 2-16, 2-26

The Eletrobras Group has a common, independent Whistleblowing Hotline. Through it, anyone can report violations or suspected violations of the company's Code of Conduct, Integrity Program (Compliance), internal policies and legislation. All reports are kept anonymous and confidential, and whistleblowers are protected from retaliation.

The company manages and handles any complaints and infractions through the Complaints and Infractions Investigation Department. **GRI 403-2**

Contact Methods

The Eletrobras Group Whistleblowing Hotline can be reached 24/7:

- online at https://www.eletrobras.com/canaldedenuncias;
- by telephone at **0800 721 9885**.

Internally, the Channel is also available via the intranet. **GRI 403-2**

The parent company manages the Channel and is responsible for handling complaints and violations. At the end of an investigation, for cases that are deemed valid or partially valid, the application of consequences may be indicated that may include administrative or disciplinary measures, or remedial actions. Quarterly reports are published with the consolidation of results from this work.

Registrations received by the Eletrobras Whistleblower Channel are forwarded to the verification areas of each subsidiary. In 2022, 62 valid manifestations related to Eletrobras Chesf were registered, including normal flow, high hierarchy and conflicted. During the year, 56 complaints were concluded.

The main concerns are communicated to the company's Board of Directors with the inclusion of the theme on the agenda of the body's meetings. However, the number of concerns reported to the Board throughout the year is not controlled.

In terms of corporate risks, the company's risk matrix reflects the main concerns regarding risks that may impact the company's strategy (read more on page 48).

CONTACT US ELETROBRAS CHESF

Eletrobras Chesf has various channels to communicate with its stakeholders on the subjects highlighted below:

- Burns
- Environment
- Institutional communication/media
- Electricity trading
- Transmission contracts
- Supplier Call Center
- Ethics Committee*
- Eletrobras Chesf sponsorship
- Research & Development
- Occupational Health & Safety

The respective contacts regarding each of these subjects are available on <u>our Contact Us page</u>. There, any requests, complaints, suggestions and compliments can be made.

^oUntil September 2022, Eletrobras Chesf also had an Ethics Committee, whose main attributions were the dissemination of ethical values and principles by carrying out communication and training actions, in addition to answering queries on aspects of ethics as well as investigating any complaints received.

The extinction of the Committee in 2022 was due to the capitalization of Eletrobras, since its operation was linked to a federal decree applicable to public bodies and state-owned companies. Its activities were redirected to the organizational units that were already structured to incorporate these functions: the Corporate Integrity area and Complaint Investigation area.

Before ending its activities, the Ethics Committee conducted actions in 2022 that sought to develop themes related to ethics, integrity, the prevention of moral and sexual harassment, gender and race, human rights, conflict mediation and transformative listening.





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OMBUDSMAN GRI 2-25

The Ombudsman is responsible for receiving, examining and forwarding complaints, requests, compliments, suggestions regarding procedures and actions by Eletrobras Chesf. It acts by dialoging with the various stakeholders so that the manifestations lead to a continuous improvement of the services provided by the company.

This access is conducted via an <u>electronic form</u>, e-mail, telephone, in-person assistance or letter. In all forms of contact, the content of the message is handled with impartiality and in a discrete manner. All manifestations are registered in the Ombudsman System (SOU).

In 2022, 417 manifestations were received in the Ombudsman System, of which 196 were requests, 194 complaints, 17 suggestions and 10 compliments.

IN 2022,



62 valid registrations

were collected by the Whistleblower Channel and

56 complaints
were concluded.



Messages received through our communication channels are analyzed to identify patterns, deviations, and opportunities to improve stakeholder engagement. **GRI 2-25**





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Risk and Emergency Management GRI 2-12, 3-3

Eletrobras takes an active and preventive approach to risk and emergency management, ensuring we operate safely and deliver positive results while protecting the health and integrity of our employees and stakeholders.

The process of managing and building Eletrobras Chesf's risk matrix follows the guidelines set by the parent company and consolidated in the Risk Management Policy for Eletrobras Companies, approved by the Board of Directors and based on the best market practices.

Eletrobras Group's Integrated Risk Management System aims to prevent events from materializing which could adversely affect our strategic objectives and our ability to generate and preserve value, and to provide transparent information to the market and society. To that end, the COSO 2013, COSO ERM and ISO 31000 frameworks are used as the main methodological bases for treating the company's risks.

Eletrobras Chesf has a formally established Risk Committee and a Risk Management area. In addition, the company participates in the Eletrobras Companies Risk Operational Committee, which meets monthly to guide the identification, evaluation, treatment, monitoring and communication processes for risks inherent to the organization's activities. Additionally, the risk management process is supervised by the Audit and Statutory Risks Committee (CAE),



headquartered at the parent company with a scope of action across all Eletrobras companies.

The risk management process begins with the identification stage, in which senior management defines the main risk events to which the company is exposed and which may impact its strategy, considering the internal and external contexts of the business environment. The product of this identification phase is the corporate risk matrix, which presents risk events in a language common to all the business areas, represented in pillars, categories and risk

events, along with a description of their scope. In the evaluation stage, existing controls and mitigating actions are analyzed to define how to treat each of the risks, which consists of avoiding, mitigating, sharing or accepting them.

The corporate risk management process at Eletrobras Chesf is periodically evaluated by the Internal Audit area, which issues recommendations in its reports.



Risk Management Model GRI 2-25

Monitoring

Monitoring risks and

the implementation

and effectiveness of

mitigation measures

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Identification

Identifying, classifying and prioritizing the risks to which the company is or could be exposed



COMMUNICATION

Clearly and objectively reporting to stakeholders on each stage of the risk management process and outcomes

Assessment

Qualitative and quantitative assessments of the degree of exposure to identified risks



Management

Deciding on whether to accept, transfer, mitigate or avoid the risks to which the company is exposed and—if the option is made for mitigation—developing action plans for implementation





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Risk matrix

GRI 2-12, 3-3

The Eletrobras Chesf risk matrix effective in 2022 was the version approved in November 2021, consisting of four pillars: Business, Financial, Operational and Compliance. All 25 risk events mapped in the matrix effective in 2022 were monitored during the year and reported to senior management based on the defined schedule.

The main corporate risks are reported quarterly to the Board of Directors, as defined in the

annual work program. Additionally, the Board approves the Risk Management Policy and its revisions, which contain the principles and quidelines for the risk management process.

Based on these quarterly reports conducted by the risk management area, the Board assesses whether the process is adequate in accordance with the previously-approved guidelines and may issue specific guidance and guidelines to improve the effectiveness of the process.

REVISION: NOVEMBER 2021 BUSINESS Electricity Market New G&T Businesses Generation **Transmission** Governance A poorly competitive Failure to meet generation Failure to meet transmission Hydrological risk and diversified G&T Information security weaknesses construction schedules construction schedules expansion pipeline Generation industry Transmission industry Counterparty risk **Partnerships** Cyber attacks regulations regulations Unavailability of Unavailability of Climate Change SPE results of operations generation assets transmission assets Dam Safety **FINANCIAL OPERATIONAL COMPLIANCE**

Liquidity **Human Capital Ethics & Integrity** Social & Environmental Legal Employee training Cash flow Social and Environmental Risks Fraud in third-party contracts High-value lawsuits and reskilling Human rights violations Occupational health and Laws and regulations **Assets General Meeting** by suppliers safety weaknesses An actuarial mismatch Noncompliance Regulatory asset pricing Security breaches with the BR GDPR in our pension fund

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In January 2023, we approved a new version of the corporate risk matrix, based on the model approved by the parent company in December 2022, which covers three pillars: Business, ESG and Financial. It comprises 31 risk events, 29 of which are corporate and applicable to Eletrobras Chesf and another two that were inserted locally by a decision from our directorate.



New risk matrix

Regulatory asset pricing

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BUSINESS ESG Environment Social/Human **Business Model** Governance Competitiveness A competitive Human Capital Conflicts of interest and Diversification in transmission expansion Climate change (adaptation) Information Security Management Generation Expansion pipeline Fraud in the contracting Occupational **Electricity Market** Climate change (mitigation) Financial statements and management Health & Safety of contracts Project Social Market/Quantity (in Resilience of Critical Counterparty Human rights and Environmental Fraud in energy trading (in energy trading) violations by SPEs Suppliers energy trading) Management Human rights violations Crisis Management and Regulation Loss of biodiversity Dam Safety by suppliers Business Continuity Industry regulations Pension Funds Security **Assets and Participations** DE&I (Diversity, Equity and Inclusion) (under construction or in operation) NESA management **FINANCIAL** ESBR management Liquidity Credit **Taxes**

Cash flow

Evolution of Contingent

Liabilities

Indebtedness

Tax management





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Emergency Action Plan and Contingency Plan GRI 2-23, 413-1, EU21



All of Eletrobras Chesf's hydroelectric plants meet the sector's regulatory criteria and the relevant environmental licenses for their operation. Our projects have Facility Contingency Plans (PCI) for the main emergency situations applicable to the operational, environmental, health and safety, physical and digital security areas, with emergency actions duly tested and communicated to both the company's employees and the surrounding communities.

We have an internal standard for the Management of Facility Contingency Plans that establishes principles, guidelines and responsibilities to regulate the elaboration, implementation and management of PCI.

Each type of plan has responses to its specific risks, containing general guidelines regarding the main steps for taking actions aimed at business recovery when a serious contingency occurs.

Eletrobras Chesf also has an internal standard for the Management of Emergency Action Plans (PAEs) at the Plants, which establishes principles, guidelines and responsibilities for the implementation and management of PAEs in all the company's corporate hydroelectric projects. In this context, the company performs emergency drills involving the participation of employees, concessions and outsourced teams.

The PAEs establish Eletrobras Chesf's actions in the case of emergency situations that may threaten the physical integrity of its dams and associated structures or that generate risks to the inhabitants of the region, providing data so that municipal civil defenses can prepare their Contingency and Civil Defense Plans (Plancon).

The objective of the PAEs is to mitigate the effects of an eventual rupture of the structures, protecting lives, the environment and the communities located downstream from the dams – safeguarding lives and places, damage to the company's image and financial losses.

All of our PAEs are disclosed internally, including training for collaborators in emergency situations involving dams. In addition, they are sent to city halls and civil defenses of the municipalities involved in an emergency situation at the dams where we operate and are available on an online sharing platform.

In 2022, the Contingency Plan for the municipality of Jatobá (PE) was drawn up. Eletrobras Chesf provided support with presentations on the subject in two workshops held by the Civil Defense of Bahia. We also provided support for the first table simulation conducted by the municipality of Piranhas (AL) and for the development and dissemination of a series of animated videos on dam safety.

In compliance with the Dam Safety Law, we also made investments to improve instrumentation for auscultation, signaling and adequate conservation of the civil structures of the plants and dams.

The precautionary principle is applied in the preparation of PAEs for all the dams of the company's hydroelectric plants and in the construction of containment basins around the power transformers of the plants and substations.

GRI 3-2



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SUSTAINABILITY MANAGEMENT GRI 2-23, 2-25

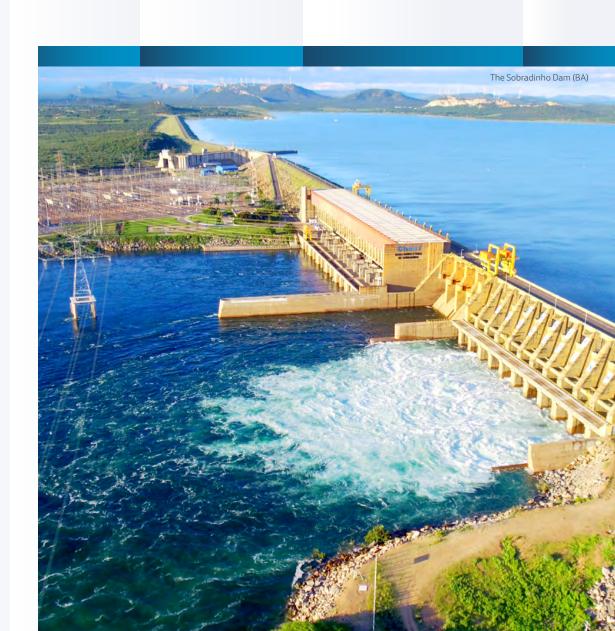


Eletrobras Group companies develop annual reports in accordance with a sustainability reporting framework promoted by the World Economic Forum.

The framework, developed in collaboration with the world's four largest accounting firms, recognizes the interrelationship that exists between economic, environmental, social and governance (EESG) aspects and accordingly organizes sustainability reports around four integrated pillars: Governance, Prosperity, People and Planet.

These integrated pillars are translated into a common set of metrics and disclosures designed to standardize ESG reporting and frameworks such as the GRI Standards and the Integrated Reporting Framework.

The reports of the Eletrobras companies are organized into four integrated pillars: Governance, Prosperity, People and Planet.





Eletrobras Chesf

2022 **ANNUAL REPORT**



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The Eletrobras group approach to SUSTAINABILITY MANAGEMENT

World Economic Forum reporting framework





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These pillars are translated into a common a set of metrics and disclosures designed to standardize ESG reporting and frameworks such as the GRI Standards and the Integrated Reporting Framework

Five sustainability pillars

ESG at the Core of Our Strategy

The Eletrobras Group has embraced the ESG pillars as the starting point and foundation for cross-cutting projects and initiatives Group-wide

The organizational changes following our privatization have further embedded ESG topics at the heart of our strategy



Code of Conduct



Risk Matrix

New Organization Manual



In addition, in 2022 we introduced new content in our Leadership Training Program's Sustainability Pathway to train managers on ESG topics

Eletrobras Group Sustainability Policy:

guides and supports our initiatives to promote business continuity and sustainable development

Executive Sustainability Management Committee:

advances sustainability initiatives and provides leadership around other Management System pillars: the IGS System, the Value Creation Model, and Integrated Reporting

Integrated Reporting:

provides information on both tangible and intangible aspects across the financial. manufactured, intellectual, human, social and relationship. and natural capitals. Since 2021, we have published separate reports responding to the SASB Standards and the TCFD recommendations

Value Creation Model:

uses a 360-degree approach to demonstrate how sustainability is embedded in our projects. This model, coupled with integrated action Group-wide, helps to drive best practices and the sustainability of the husiness

IGS System: a disclosures management tool comprising metrics for aspects such as water, energy, waste, biodiversity, volunteering initiatives, and compliance

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VALUE CREATION MODEL

Learn about how the Eletrobras Group transforms

inputs, through its business activities, into

outputs and outcomes and how they create

value for the business and society.

Manufactured capital

Stakeholde

Equipment and facilities

Main inputs

Research and knowledge



Financial capital



Social and relationship Capital

Intellectual









PURPOSE

CENTRANSMISSION, TRADING, OTHERS

We put all our energy into the sustainable development of society.

Supplier development

Revenue reliability

Conservation of biodiversity

Energy savings

Fairly priced (sustainable) contracts

Contribution to sustainable development

Professional development and training

Participatory dialog

Access to electricity for all, with a reduced risk for social and environmental impacts

Dividends

A more sustainable supply chain

Respect for human rights

lobs and income

Integrity (ethical, lawful and transparent conduct)

Private social investment

Improvements to national infrastructure

Better living conditions in affected communities

Affordable electricity

Partnership in managing government programs

Participation in structuring projects

Research, development and innovation

Procurement predictability

Sponsorship of culture, sports and events

Greater diversity

Health and safety

Quality of life

Ethical, transparent and equitable relationships

Returns on invested capital

Operational safety and reliability

A stronger brand and reputation

Stakeholders

Investors, shareholders and market analysts

Value creation aspirations





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EESG Journey

The EESG Journey of the Eletrobras companies presents a structured and integrated view of economic, environmental, social and governance (EESG) results, as defined by the World Economic Forum. We have adopted a framework based on four pillars—Prosperity, Planet, People, and Governance—that are further divided into 12 topics, each with associated disclosures.

In building our EESG Journey, we drew guidance from the framework developed by the World Economic Forum in September 2020, proposed as a global blueprint for increasing comparability and consistency in corporate sustainability reporting.

Designed as a sustainability polyhedron, with each face representing a reporting framework, our EESG Journey has now been expanded. In addition to our Sustainability Framework, disclosures are now reported from the following: GRI, SASB, TCFD, Integrated Reporting, Global Compact, 2030 Agenda/SDGs.

Access the sustainable polyhedron of our EESG Journey <u>here</u>.



Eletrobras Chesf Business Sustainability Committee

Made up of representatives from all Eletrobras Chesf departments, the committee meets monthly and is coordinated by the company's CEO. It acts to advise the company's governance and management in relation to sustainability, as well as to encourage and create mechanisms to achieve its objectives.

The outstanding actions in 2022 were:

- monitoring actions to develop and implement the Energy Management System in Corporate Buildings through the Internal Commission for Energy Conservation;
- quarterly monitoring at meetings of the Sustainability Committee of the 2022 Sustainability Projects and the Strategic Indicators for the PNG 2030 Agenda;

- monitoring of the Complementary Indicators for the 2030 Agenda, also conducted quarterly in the meetings of the Sustainability Committee. In 2022, Eletrobras Chesf began this broader monitoring, aimed at a better monitoring of indicators;
- presentations of DL Corporate Sustainability;
- Selective Collection Project;
- Electric Vehicle Project;
- social projects (2021 Tender); and
- ESG training schedule.





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2030 Agenda and SDG GRI 2-24

Eletrobras Chesf prioritizes initiatives and projects that support the 2030 Agenda and SDGs. This initiative reflects the commitments established by the company in its Code of Conduct. As such, in the 2020-2035 Strategic Plan for the Eletrobras companies and in the 2022-2026 Business and Management Plan (PNG), we defined nine SDGs as priorities and whose performance is reported in this report. They are:

















In the <u>Appendix</u> of this report, we present an index of all reports made on projects that have a direct correlation with the prioritized SDGs.

Indicators and targets linked to the SDGs

Disclosure	2022 Target	2022 Actual	2023 Target	SDG
Energy savings in corporate buildings through energy efficiency initiatives	7.62	9.07	8.80	7
Share of clean energy sources	100%	100%	100% (*)	7
Injury frequency rate – direct employees	2.19	2.67	2.08 (*)	8
Percentage of Net Operating Revenue (NOR) applied to R&D+I	1.2%	1.59%	1.6%	
Automation rate to optimize workflows	3,000	5,419	3,000 (*)	9
Management positions held by women	>21%	22.5%	>21%	10
Weighted ratio of basic salary and remuneration of women to men, at multiple levels	0.96	0.88	0.97	10
Diversity in management positions and succession processes	53	54.15	53	10
People benefited by social projects (*)	80%	62.36%*	80%	10
Scope 1 and 2 emissions without transmission losses	9,222.35	10,603.36	NA	11 and 13
Suppliers that have undergone ESG due diligence	100%	100%	100% (*)	12
Total GHG emissions to Net Operating Revenue (NOR)	0.185	0.011	0.178	13
Employees trained on Integrity (Compliance) Program policies and procedures	98%	94.77%	98%	16
Due diligence on suppliers exposed to fraud and corruption risks	100%	100%	100%	16
Employees trained on human rights	75%	89.17%	1% over the previ- ous year	16
SDG Alignment (IAO)	1	1.89	1	7, 8, 9, 10, and 16
GHG emissions intensity	1	0.265	1	13
B3 ISE Global score (%)	76.45	79.40	77.21	

^{* 2022/2026} PNG Targets The other targets are from the 2021-2025 PNG.





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Participation in sustainability indexes GRI 3-3

In the latest edition of the Corporate Sustainability Index (ISE) of B3, the Brazilian stock exchange, Eletrobras' companies showed an improvement in their global performance, with an index of 78.82, compared to 65.04 in December 2021. In the qualitative evaluation, 100% of the company's responses were accepted without reservations.

In 2022, Eletrobras Chesf posted a positive performance across all dimensions evaluated in the portfolio, with a final result of 79.40, higher than the result of the previous year, which was 75.69. The highlight was Human Capital, with the highest score increase, as a result of investments in more modern policies and practices in this area, notably the Leverage Human Capital and Prevenir+ strategic projects.

These were Eletrobras Chesf's scores in each dimension:

- Human Capital: 84.21
- Corporate Governance: 86.48
- Business Model & Innovation 85.87
- Social Capital: 75.45
- Environment: 72.99
- Total: 79.40

In 2022, Eletrobras Chesf stood out in the Human Capital dimension of B3's ISE, with the highest score increase, as a result of investment in more modern policies and practices in the area.





STRATEGIC PLANNING 6812-12



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Eletrobras Chesf formulates its strategic planning based on the declaration of its corporate identity (mission, vision and values) and operationalizes it through the development and monitoring of initiatives and projects that enable and leverage its strategic objectives. To guide its operations, the company builds plans with different time horizons – long, medium and short term –, always aligned with the parent company's definitions.

The guiding instrument of the company's long-term planning, common to all Eletrobras companies, is the parent company's 2020–2035 Strategic Plan, which establishes guidelines for business development and for maintaining the mission and achieving the projected vision (access the document here). Based on this, the Eletrobras Chesf Strategic Plan is prepared, with a ten-year time horizon.

For the medium and short term, we prepare a Business and Management Plan (PNG), a specific set of projects to be developed over a five-year horizon with annual reviews, and which is created from Business and Management Master Plan of the parent company.

Based on these plans, Eletrobras establishes a Business Performance Goals Contract (CMDE) together with its subsidiaries, in which key economic-financial, operational, management, governance and socio-environmental aspects are monitored. These instruments are institutionalized after approval by a meeting of the Executive Board and deliberation by the Board of Directors.

As such, the company's planning is composed of:

- Eletrobras Chesf Strategic Map;
- PNG
- CMDE
- Annual Variable Compensation Program (RVA) approved by the Executive Board and the company's Board of Directors, and periodically monitored by these bodies and the Audit Committee.

In 2022, Eletrobras Chesf's business planning was monitored monthly through meetings of the Executive Board and Board of Directors, with the objective of evaluating the business performance of the PNG. Weekly meetings were also held with the Executive Board to monitor strategic indicators, as well as quarterly meetings of the Strategic Evaluation Meeting (RAE) to monitor business performance in relation to the company's Strategic Plan.

WHAT'S CHANGING GRI 2-4

Strategic Plan to be Revamped

Following the privatization, we initiated a complete overhaul of our corporate strategy to align it with the new chapter we have embarked on as a company. Under this scenario, the parent company is developing a new Strategic Plan, which includes transversal ESG aspects.

With the new definitions of the Strategic Plan, plans for the subsidiaries will be deployed using the best market practices as assumptions.

Eletrobras Chesf's longterm planning is guided by the parent company's 2020-2035 Strategic Plan.





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Strategic Roadmap

In 2022, Eletrobras Chesf updated its Strategic Roadmap, with a time horizon of ten years. Constructed based on the Eletrobras Strategic Plan and its PDNG, the document was prepared according to a Balanced Scorecard (BSC) methodology, a comprehensive planning model that considers financial, customer and market

perspectives, internal processes and learning and the company's growth.

The Eletrobras Chesf Strategic Roadmap brings together the company's organizational identity and strategic objectives, made possible through projects, initiatives and indicators for achieving

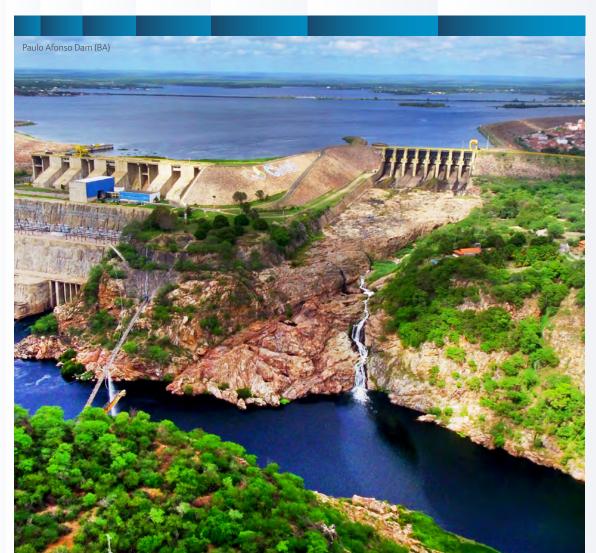
the results. The review process went through an initial version conducted with the Project Planning and Management Committee (nonstatutory), which has representatives from all departments. Subsequently, the proposal was refined and consolidated with the support of an external consulting firm specialized in the subject.

In this work, the following guidelines were considered:

- business sustainability
- efficiency and governance
- generation & transmission expansion
- revenue diversification

All these themes are aligned with the capitalization scenario and consequent privatization of the company and the changes resulting from this process.

The Eletrobras Chesf
Strategic Roadmap brings
together the company's
organizational identity and
strategic objectives, made
possible through projects,
initiatives and indicators
for achieving the results.





STRATEGIC ROADMAP – OVERVIEW

MISSION: OPERATE IN THE ENERGY SECTOR WITH EXCELLENCE AND IN A SUSTAINABLE MANNER, GENERATING VALUE FOR SOCIETY

VISION: BECOME A REFERENCE IN SUSTAINABLE AND INNOVATIVE ENERGY SOLUTIONS WITH HIGH VALUE FOR SOCIETY



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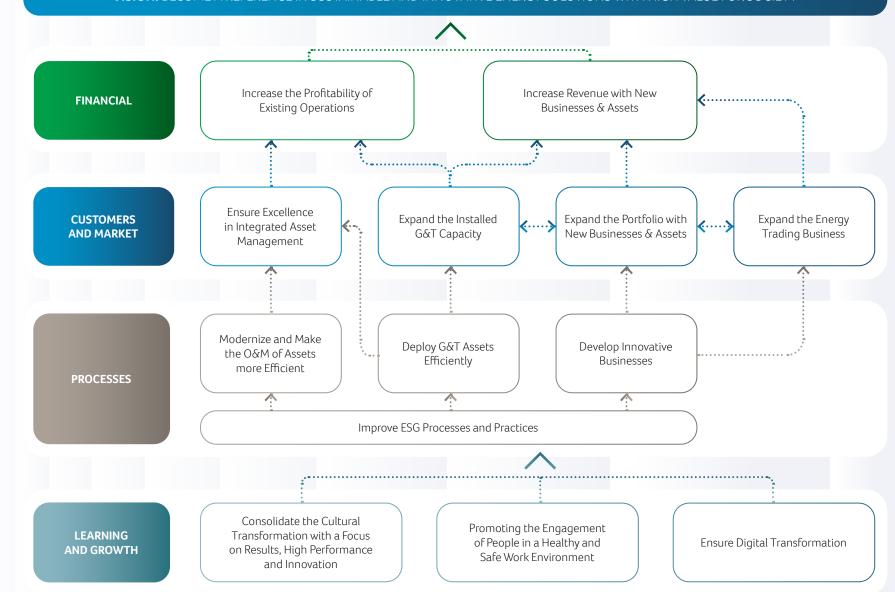
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Strategic post-CAPITALIZATION challenges

Preparing the company for a new era

Transition WG

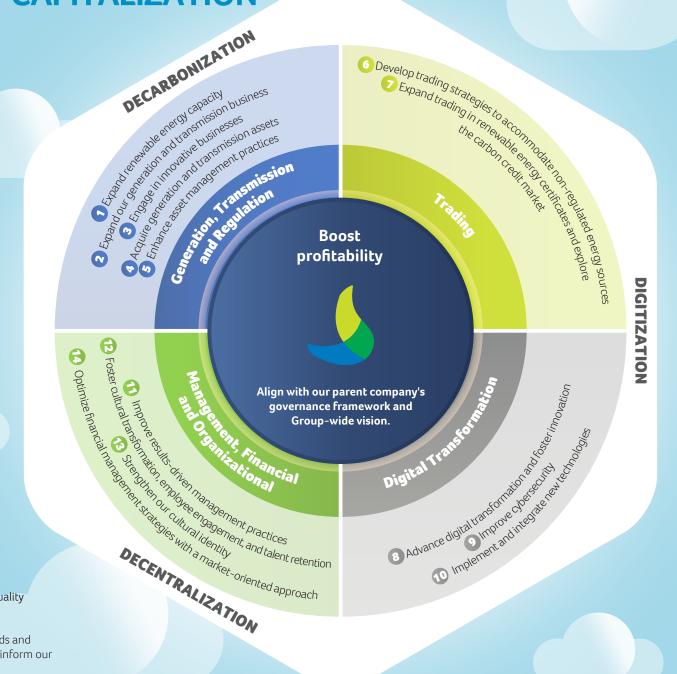
Eletrobras Chesf has established a Transition Working Group (WG) to proactively position the company for sustainable growth in an increasingly competitive market following the capitalization process. This multi-stakeholder WG has identified and proposed optimal solutions to drive necessary changes in the company's processes, organizational structure, and strategy. The objective is to maximize post-privatization results by adopting a new business model that operates outside the quota system

Strategic challenges

The WG developed a transition plan revolving around four pillars:

- Governance, risk management, sustainability and financial performance (ESG)
- · New investments and trading
- · Improving process and cost efficiency
- Establishing and meeting service and quality requirements

Eletrobras Chesf has explored market trends and identified 14 strategic challenges that will inform our transformation efforts





GOVERNMENT RELATIONS AND ADVOCACY

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Since 2021, Eletrobras Chesf has had a Regulation and Trading department responsible for the company's regulatory compliance. Given that it operates in a market highly regulated by the government, such as electricity, the company participates in public debates with the government and civil society, aiming to contribute to the creation of the most appropriate standards to generate value for all the players involved and to the citizens of the country, in a broad fashion.

In this context, Eletrobras Chesf, under the coordination of the parent company, partook in 100% of the social participation processes (subsidies, hearings and public consultations) established by Aneel in 2022.

In addition, that year, the Agency approved the result of the rate-setting review for the Permitted Annual Revenue (RAP) of ten transmission contracts operated by the company, the object of a bidding process, which generated a result of R\$ 228 million on its 2022 balance sheet.

The company was recognized by Aneel in the rate-setting review of ten contracts tendered for energy transmission, impacting the company's revenue by R\$ 224 million.

Boa Esperança HPP Reservoir (PI)



WHAT'S CHANGING GRI 2-4

Organizational structure will be reformulated in 2023

With the privatization, Eletrobras companies began a process of reformulating their organizational structures, with the gradual implementation of matrix management for corporate themes to be led by the parent company. In this scenario, strategic questions – such as regulatory issues and institutional issues, including government relations – will be treated in a centralized manner. For this reason, Eletrobras Chesf's Executive Board will undergo changes as of 2023.





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RELATED MATERIAL TOPICS

> Innovation and technology







RELATED RELEVANT TOPIC

- > Service quality and safety
- > Supply chain management
- > Customer relations







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We believe that prosperity is achieved through the continuous pursuit of economic development combined with quality of life and environmental preservation. Prosperity means ensuring that economic growth serves as a driving force for shared progress, built upon decent employment, sustainable livelihoods, rising real incomes, and social protection. To deliver on these principles, we work to ensure that our operations create stakeholder value across the board. This includes investing in research, development and innovation to create clean and affordable solutions, building sustainable infrastructure, and transparently managing our relationships with suppliers.

ECONOMIC PERFORMANCE

GRI 2-6, 3-3, 201-1, 207-1, 207-2, 207-3



Eletrobras Chesf presented a positive economic performance in 2022, with most of its indicators and targets obtaining values above expectations. With these results, the company consolidates a movement of stabilization and economic-financial balance that began in 2016, with constant value generation for its stakeholders.

The stronger results presented by Eletrobras Chesf are the result of a broad reorganization of its cost and expense structure and the active pursuit, together with Aneel, for the recognition of revenue based on a positive operating performance.

In 2022, the company obtained an increase in Annual Generation Revenue (RAG) of more than R\$ 68.5 million, with the tariff adjustment made official by Aneel through Resolution 3.068/2022. With this, the agency recognized the rights of Eletrobras Chesf due to the excellent operational performance of its plants in the Complexo de Paulo Afonso (BA), Boa Esperança (PI), Luiz Gonzaga (PE) and Xingó (SE).

Indemnity rights were also recognized for Eletrobras Chesf's transmission services in the context of the Basic Network of the Existing System (RBSE), which increased its Permitted Annual Revenue (RAP). This calculation incorporated R\$ 812.8 million to the company's result for the year.

In 2022, the company obtained revenue of approximately R\$ 45 million from new telecommunications operations, an area in which it has advanced in the development of new businesses, beginning to offer services to operators in the sector, to electric power companies and internet providers.

With these results, Eletrobras Chesf ended 2022 with net operating revenue of R\$7.87 billion, a 3.35% reduction compared to the previous period, net income of R\$1.7 billion and allocation of dividends and interest on equity of R\$ 1.39 billion.

Eletrobras Chesf's economic and financial performance resulted in the maintenance of the company's AA credit rating, issued by the risk rating agency Fitch. This means the company has a high investment grade, in line with the parent company's risk rating.

From the point of view of investments, Eletrobras Chesf continued with the actions to renewal its generating park and transmission lines. In all, R\$1.6 billion was used to modernize the company's assets, digitalizing them and expanding its operational capacity.





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Highlights

PROFIT



DIVIDENDS AND INTEREST ON EQUITY



R\$
1.39 billion

NET OPERATING REVENUE



Direct Economic Value Generated

GRI 201-1

Eletrobras Chesf generated economic value of R\$ 5.58 billion in 2022, compared with R\$ 8.8 in 2021. The company added value to the following segments of society: wages, charges and employee benefits (24%); taxes, fees and contributions to federal, state and municipal governments (29.4%); third parties (16%); and profit to shareholders (30.6%).

Taxes GRI 207-1, 207-2, 207-3



Timely payment of taxes is an integral part of Eletrobras' business practices. We understand the important role that the taxes we pay to municipal, state and the federal government plays in maintaining macroeconomic stability in the country and, consequently, improving the provision of quality public services to citizens.

We comply with applicable tax legislation and have processes in place to ensure the timely fulfillment of our tax and tax filing obligations. We also influence our value chain to take a similar approach, ethically and transparently.

Our Tax Committee, comprised of tax department managers, discusses tax initiatives and submits them for approval by the Executive Board. The tax amounts we pay are reported in the Financial Statements and are publicly available. There is no formalized tax strategy, which is addressed within the scope of Strategic Planning. Considered to be confidential information, this is not public data.

Our Chief Financial Officer is responsible for ensuring our tax approach is integrated within the organization, while the Tax Planning Department is responsible for establishing applicable practices. In designing these practices, we consider the tax-related risks outlined in our risk matrix, and monitor them continuously against our risk matrix.

We also engage external auditors to independently verify tax compliance and report their findings in their report on the financial statements.

We interact with tax authorities strictly within the bounds established by Brazilian tax legislation and in line with the principles outlined in Eletrobras' Code of Conduct. We also actively participate in industry forums that discuss developments that could impact our operations, working with trade associations to agree on our inputs into public discussions on these topics. Our Investor Relations department actively engages with key external stakeholders to gather insights and information that can improve our approach to disclosing tax information.

We provide a Whistleblower Channel (for more information, refer to page 43) for reporting any unlawful practices, including tax-related matters.





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Statement of Added Value (R\$)

Direct economic value generated	5,584,958,000
Economic value distributed – total wages paid to employees	1,017,753,000
Economic value distributed – total benefits made available to employees	327,302,000
Economic value distributed – total dividends paid to shareholders	1,707,427,000
Interest payments to financial institutions, including interest on all forms of debt and loans (not just long-term debt)	878,576,000
Taxes paid to the government	1,641,665,000
Community investment	12,235,000



Investments and the Annual Budget Law (LOA)

With the capitalization, the controlled companies of the Eletrobras group, including Eletrobras Chesf, became companies with private control, ceasing to be stateowned companies controlled by the federal government. From January to June, as a stateowned company, we followed the Costing Budget defined in the Global Expenditures Program (PDG) approved by Presidential Decree no. 10,892 of December 2021, as well as the Investment Budget totaling R\$ 2,244,838,077 defined by the Annual Budget Law (LOA) approved by Law no. 14,303 of January 2022, with subsequent amendments.

Traded energy

Energy sales in 2022 totaled 49,853 GWh, distributed among 26 states in Brazil plus the Federal District. Of this amount, 44,699 GWh (89.66%) was sold under the quota system and 5,154 GWh (10.34%) allocated to the Free Contracting Environment (free industrial consumers, industrial consumers served under Law no. 13,182 dated November 3, 2015, and traders) and Regulated Contracting Environment (distributors), obtaining gross revenue of R\$3.9 billion. **GRI 302-1**





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OPERATING PERFORMANCE

GRI 2-6, 3-3, EU2, EU4, EU6, EU12 and EU30

Eletrobras Chesf ended 2022 with positive operating results, reaching historic records. This performance resulted from the execution of maintenance plans, initiatives to reconcile interventions, modernization and improvements implemented, reevaluation of processes, incorporation of new technologies and compliance with regulatory requirements, providing more profitability for the company and greater reliability and operational safety to the electrical system.

During the year, the operating performance of Eletrobras Chesf's generation and transmission assets was above the targets established by Aneel and the parent company.

We continued with actions to implement improvements through an efficient Multi-Year Modernization Plan that covers energy generation and transmission assets, with the aim of replacing equipment at the end of their useful lives, thereby generating and transmitting energy on a regular basis and with safety.

The main initiatives in this regard for our transmission assets are: the replacement of substation equipment; revitalization of transmission lines; procurement of technical reserves; modernization of control, protection and automation systems; modernization of the telesupervision of substations and telecommunications networks; implementation of civil improvements to substations; adequacy of teleassistance facilities; and the replacement of substation equipment.

In 2022, more than 2,300 asset improvements were conducted, including:

- 571 lightning rods
- 458 instrument transformers
- 225 disconnect switches
- 8 reactors
- 95 circuit breakers
- 27 bushings
- 13 radiators
- the execution of improvements in protection, automation and telecommunications systems.

In 2022 the company generated 40,079 GWh*, 52% more than in 2021. This result was influenced by the favorable hydrological condition that occurred during the humid period of 2021/2022, making it possible to refill the Sobradinho (BA), Itaparica (BA) and Boa Esperança (PI) reservoirs. To control the levels, there was even spillage at all the plants of the São Francisco cascade and at the Boa Esperança plant.

Another highlight of 2022 was the continuous operation in the normal operating range (above 60% of its useful volume) of the Sobradinho reservoir, the main reservoir in the Northeast, throughout the entire dry period. On December 31, measured storage was 69.63%. The average affluence to Sobradinho HPP during the 2021/2022 humid period was 213% above the average for the same interval in 2020/2021.

* Considers corporate ventures.



40,079 GWh generated in 2022.

99.97%

achieved in Transmission Line Operational Availability **EU6**





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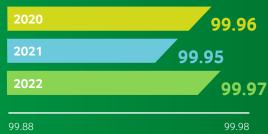
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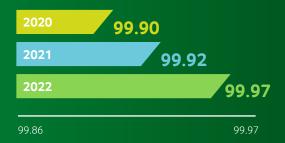
Average Generation Availability¹



Transmission Line Operational Availability²



Average Transformer Availability



System Robustness Rating



Variable Component – PV



In these charts, the higher the figure the better, except that for the Variable Component chart the reverse applies.

The Transmission Line Operational Availability indicator presented the best result in the company's history, above the target of 99.91%, reflecting excellent performance in the service provided and reaching an availability rate of 99.97%.

The Transformer Operational Availability indicator also presented the company's best historical result, above the target of 99.89%, reaching an availability rate of 99.97%. These indicators represent the probability that equipment is in operation or ready to perform its function.

The result for the Variable Portion (PV) indicator was 1.03% in 2022, also the best in the company's history. The system robustness indicator stood at 96.55%, the best result of the last five years.

The operational availability for generation was above the target of 1, maintaining the availability rate at 1.09.

All the data calculated and presented by Eletrobras Chesf are audited by the ONS, in the case of hydroelectric plants. For wind farms, the data is collected through the company's own system, Scada.

Average plant availability factor by energy source (%)* EU30

Primary electricity source	2020	2021	2022
Hydro	91.95%	91.99%	93.37%
Wind	99.08%	98.39%	96.80%

^{*} Considers own ventures (which may include corporate and shared properties) and SPEs.

Average plant availability and outage by source * - 2022 EU30

	Hydro	Wind
Number of hours of planned outage (hours)	17,204.04	417.42
Number of hours of forced outage (hours)	9,672.91	2,829.60
Average availability in generation (%)	95.49%	99.18%

^{*} Considers own ventures (which may include corporate and shared properties).

Differs from disclosure EU30.

² Values correspond to EU6.

^{*} The historical data for 2020 and 2021 considers the new methodology used from 2022 onwards.





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SERVICE QUALITY AND SAFETY

Eletrobras Chesf continuously invests in its assets to keep them in full operation. To this end, it develops extensive programs to modernize equipment and plants and works to achieve technical and operational excellence, complying with the latest safety and quality standards and certifications.

Important achievements were obtained by the company in 2022. In October, an external audit conducted by Fundação Vanzolini recommended the company for ISO 55001 certification, without observing any noncompliance in relation to asset management, the subject to which the certification refers. The assessment took into account the company's entire portfolio of substations, transmission lines and hydro, wind and solar generation parks, including automation, protection and telecommunications systems.

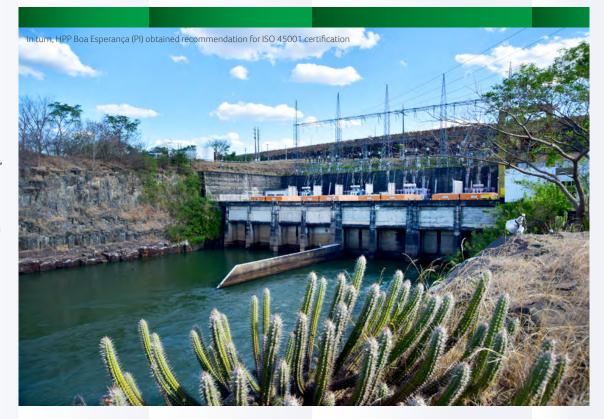
Another achievement in 2022 was the recommendation to obtain ISO 45001 certification for the Boa Esperança (PI) hydroelectric plant, after verification by an external audit. This process became possible after implementation of the Occupational Health and Safety Management System (OHSMS), which began in 2020 (learn more on page 94).

The certification obtained was conducted by the Prevenir+ project – responsible for the implementation and maintenance of ISO 45001

at Eletrobras Chesf – through the OHSMS, at the company's 11 hydroelectric plants. HPPs Paulo Afonso IV (BA) and Xingó (SE) already have certification and were re-certified in 2022.

In addition, in 2022 the company maintained its ISO 9001 certification, which deals with quality management.

To maintain our technical and operational excellence, we have adapted to the most current safety and quality standards and certifications.







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Infrastructure investments and new assets

In 2022, Eletrobras Chesf invested R\$ 348 million in the Generation Facilities Modernization Program. The company also conducted work on substations and transmission lines, bringing greater reliability to the National Grid. The highlights of this action were:

- R\$ 55 million for the installation and startup of the fourth bank of 500kV/230kV high-voltage transformers at the Teresina II substation, in the capital of Piauí;
- R\$ 4.3 million to upgrade the Catu/Camaçari IV transmission line, between the Catu and Camaçari substations, in Bahia;
- R\$ 95 million for the installation and startup of a 133 km transmission line (with a voltage of 230 kV) connecting the Paraíso and Açu II substations. This is the last obligation from of granting of the concession agreement, which allows Eletrobras Chesf, from this compliance, to participate in new transmission auctions;

- R\$ 3 million for the installation and startup of the new 69 kV Lagoa Nova do Seridó entry line at the Lagoa Nova II substation, in Rio Grande do Norte;
- R\$ 16.4 million for the installation, startup and delivery for commercial operation of the new third three-phase 230/69kV 100 MVA power transformer at the Angelim (PE) substation;
- R\$ 12 million for the replacement of three reactors (one at 500 kV, 50 Mvar and two at 500 kV 3x50 Mvar) at the substation of the Luiz Gonzaga Power Plant (PE); and
- R\$ 24.8 million for energizing the fourth three-phase transformer, stepping down from 230 kV to 69 kV, with a power of 100 MVA, at the Campina Grande II substation (PB).

TEN-YEAR EXPANSION PLAN AND GENERATION FACILITIES MODERNIZATION PROGRAM

In 2022, Eletrobras Chesf developed a 10-Year Expansion Plan that considers new investments in both the generation and transmission areas.

For transmission lines, the proposal is to invest R\$ 18 billion to expand its operating capacity. For generation, R\$ 28 billion will be invested to expand the supply of energy by 30%. In both cases, the investments are expected to be made over ten years.

A portion of these efforts are part of the Generation Facilities Modernization Program, launched in 2021.

In 2022, works continued at the Paulo Afonso IV (BA) and Sobradinho (BA) plants. The program will also modernize the Luiz Gonzaga (PE) and Xingó (SE) HPPs. The investments will be used to replace analog equipment with digital equipment, an effort that will ensure the generating structures another 25 years of high-performance operation.





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Our generation capacity expansion pipeline currently comprises 32 projects across multiple sources at different stages, totaling 4.8 GW of installed capacity. **Total pipeline investment is approximately R\$ 28 billion, with estimated annual revenue of R\$ 3.5 billion.**



Chesf's transmission expansion pipeline includes the acquisition of assets under construction or operation, authorizations for expansions, upgrades, improvements, and participation in transmission auctions. **Transmission investments are estimated at R\$ 18 billion, with an expected annual revenue of R\$ 1.8 billion.**



We have ongoing upgrade projects at the Sobradinho and Paulo Afonso IV dams, and as part of our pumped storage upgrade program spanning the Luiz Gonzaga, Apolônio Sales, Xingó and Paulo Afonso I, II, III and IV hydroelectric plants.





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INNOVATION AND TECHNOLOGY

GRI 3-3, EU8



Research, Development & Innovation and Technology. At Eletrobras we recognize that continuous and consistent investment in each of these areas is crucial for the success of our operations. For the company, digital transformation as a result of efforts in these fields boosts its gains in efficiency, productivity, security and business sustainability.

The direct, tangible outcomes from our investments in innovation and technology include developing highly efficient and lowemission products and services, creating systems and processes that drive crossfunctional integration and help build a high-performance corporate environment, and safety enhancements in our operations.

At Eletrobras Chesf, research, development and innovation (R&D+I) takes place along two lines: corporate innovation and open innovation.

Corporate innovation is managed based on an analysis of the needs of the various business areas of the company, in line with its Strategic IT Objectives, the company's Strategic Map and the parent company's PDNG. The objective is to offer the best technological resources in order to increase assertiveness in decision–making processes and optimize financial resources. To search for new ideas, the company adopts internal brainstorming sessions, technology roadmapping, awards and the sharing of

knowledge between different business units or departments of the company, in addition to researching new technologies and market analyses and experiences with customers to identify their needs.

In terms of open innovation, there are all the R&D+I projects standardized by Aneel and aligned with the planning of the Brazilian electricity sector conceived by the Energy Research Company (EPE). Eletrobras Chesf's minimum investment in this area is based on Law no. 9,991/2000, which establishes the percentage of 1% of the company's net operating revenue (NOR) to be distributed as follows: 0.2% for the Ministry of Mines and Energy, 0.4% for the National Scientific and Technological Development Fund (FNDCT) and 0.4% for research, development and innovation projects.

In 2022, we invested R\$ 103.9 million in the Research, Development and Innovation Program.

Main R&D+I projects

Eletrobras Chesf's Research, Development and Innovation Department is responsible for two centers:

- The Development and Innovation Center (CDI): virtual, it is responsible for implementing the innovation ecosystem in the company; and
- The Petrolina (PE) Solar Energy Reference Center: designed to be one of the largest open-air research laboratories in Brazil.

Within the scope of the Research, Development and Innovation Program (R&D+I) and to achieve its results, Eletrobras Chesf invested R\$ 103.9 million in 2022, including the regulatory contribution to the National Scientific and Technological Development Fund (FNDCT), the Ministry of Mines and Energy (MME) and the Energy Development Account (CDE), in addition to in-house research projects and initiatives conducted by the Electric Energy Research Center (Cepel).





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As part of its portfolio of projects with the National Electric Energy Agency (Aneel), Eletrobras Chesf invested R\$ 26.54 million in 12 initiatives on the following themes: alternative sources of energy generation; planning and operation of electric power systems and new materials and components. Below are the main advances in 2022.

- Lago de Boa Esperança Floating Photovoltaic Plant: development of a project for the implementation of a floating photovoltaic plant with an installed capacity of 1.5 MWp, providing opportunities for the application of studies conducted in the floating plant installed in the reservoir of HPP Sobradinho.
- Optimization of Renewable Energy Systems with High Performance Storage: development of mathematical modeling with the objective of implementing a tool for optimizing the choice of sites with potential for the installation of hybrid plants.

- Intelligent Hybrid Plant: development of a project to integrate wind and solar energy sources and energy storage through batteries. The initial studies and technical specification of the plant have been delivered.
- Energy storage based on batteries SE Messias (AL): development of a project involving the hybridization of storage technologies using lithium-ion and lead-carbon batteries.
- **Saturated Reactor**: project development and construction of prototype equipment with the application of new materials in order to create a saturated reactor for reactive compensation.
- Development and Innovation Center: arising from a strategic project, it represents an innovative milestone for the company, providing for the implementation of an innovation ecosystem and generating two lines of actions: Corporate Innovation and Open Innovation. These actions contributed to an improvement in processes and results, such as a Training

- Program for Innovation Agents, the Eletrobras Chesf Innovation Award and Inova Program, aimed at integrating the various actions of the ecosystem.
- Innovation Hub: the project was initiated and its first call was made, with four projects approved, aimed at meeting the demands of internal areas and generating results for the company.
- Innovative Energy: Eletrobras Chesf's first open innovation program, involving around 120 startups that responded to the challenge of proposing solutions in five areas of the company: Asset Management; Generation Projects; Transmission Projects; People Management; and Procurement and Accounts Payable. As a result, the best projects were contracted for each of the five problems presented. The innovative solutions will be developed over the course of 2023.



We invested

R\$ 26.54 million in 12 projects with Aneel.

Employees involved in R&D+I activities in 2022	
Contracted employees (CLT) of the company with exclusive dedication to R&D+I activities	8
Contracted employees (CLT) of the company with partial dedication to R&D+I activities	100
Outsourced workers, scholarship holders and company interns dedicated to R&D+I activities	1
Employees who attended training on innovation	50
Percentage of employees who attended training on innovation	1.86%





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INNOVATION & TECHNOLOGY





Innovation Hub

Capturing synergies with energy startups to address pain points



Developing agile, scalable solutions through collaborations with universities, science and technology institutes, startups, and companies, aiming to achieve exceptional productivity and excellence in knowledge-intensive processes



Eletrobras Innovation Awards

Harnessing ideas from employees and rewarding them for innovative solutions implemented within the company.

14 available categories

Training innovation champions

Expanding our innovation ecosystem by training employees to become internal catalysts and agents of innovation, adding value to the company's processes









Alternative sources R\$ 18,151,870.00



New materials and components **R\$ 6,484,120.00**



Safety **R\$ 1,278,400.00**



Power system operation **R\$ 628,370.00**





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THE ELETROBRAS TECHNOLOGY AND INNOVATION PLAN GRI 2-25

A framework for our research efforts around sustainable development and new opportunities





Brazilian Power Sector Research Center (CEPEL)



Our parent company, Eletrobras Chesf, Eletrobras CGT Eletrosul, Eletrobras Eletronorte and Eletrobras Furnas are the lead sponsors of CEPEL, Brazil's leading center for technological innovation for the power sector and a research and development powerhouse. Our membership of CEPEL provides valuable and strategic capabilities to develop both current and immediate solutions as well as long-term research.





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Digital Transformation

GRI 203-3, 3-3

Eletrobras Chesf has a specific Digital Transformation department that drives technological changes in the company, providing greater data analysis capacity and speed for internal processes.

In 2022, several technologies were added and consolidated to Eletrobras Chesf's routines, such as Business Intelligence, Robotic Process Automation (RPA) and Artificial Intelligence (AI). In addition, three new mobile applications were implemented (e-Move, e-Compras, SGLT – Construction of TLs) and the scope of action of the chatbot Elena was expanded, which enables self-attendance for suppliers and company employees.

The e-Move application is a mobility solution for employees to use service vehicles. e-Compras is Eletrobras Chesf's procurement and contracting application, developed to serve the company's suppliers. SGLT, on the other hand, is for monitoring the company's transmission line works.

Another important initiative in 2022, valid for all Eletrobras companies, was the beginning of the initiative to migrate the infrastructure and services of the corporate IT network to Google Cloud in order to improve security, agility, flexibility and scalability, in addition to optimizing costs and providing a quick and agile modernization of the organization's computing environment.



Process robotization



The Robotic Process Automation (RPA) project aims to develop robotic solutions for automating repetitive activities and processes, increasing execution speed and reliability. The idea is to allow employees to allocate more time to more complex work.

In 2022, we exceeded our goals and developed 17 new robots, compared to the 16 planned, which freed up 5,419 man-hours per year – compared to the planned 3,000 man-hours –, allowing employees and service providers to perform more complex activities.



17 new robots developed

with

5,419 man-hours

freed up per year





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DIGITAL **TRANSFORMATION**

ELETROBRAS GROUP

Intra-entrepreneurship **Developing solutions Business Transformation** Accelerating digital initiatives for new businesses and revenue streams.

Innovation

INFORMATION GOVERNANCE



Inclusive development

Soma

Asset management



Corporate

university

Automation

Research

Training

Improving productivity. transparency, traceability and quality of life.



Digital Presence

Completing corporate tasks from anywhere and on any device.



PROJECTS

O Google

Electricity

trading

presence

dashboards

O Business intelligence

O Digital

PROJECTS

Legal solution (

Eletrobots ()

Strategy (monitoring

Integrated O supplier selection



CYBERSECURITY

Enhancing our data culture by integrating technology and building analytical capabilities.





Mobility

Digital signatures







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Cybersecurity

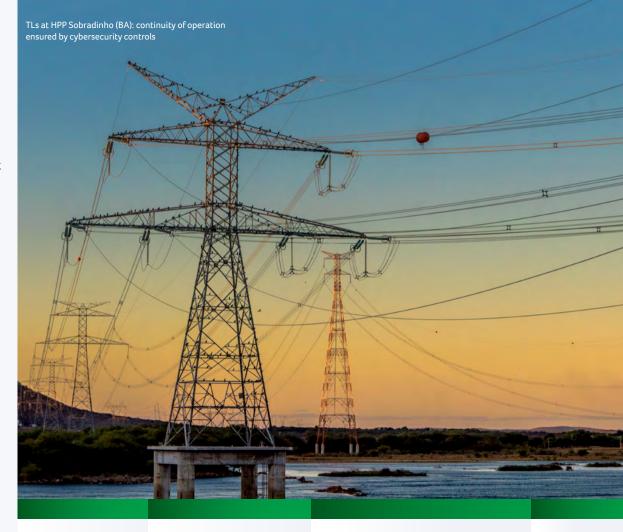
GRI 3-3, 418-1

Cybersecurity is treated with great importance at Eletrobras Chesf, since the company operates a service considered essential for society. Ensuring the availability, integrity and confidentiality of our information and systems is crucial for operational continuity.

In a scenario of accelerated digitalization of the electricity sector, Eletrobras companies have included information security in their risk matrix. In fact, Eletrobras Chesf has had an Information Security department since 2021. Specifically, cybersecurity is handled by two areas in the company: one that takes care of the corporate IT network and another that manages the operational industrial network (OT).

In 2022, Eletrobras Chesf developed important initiatives in the cybersecurity area:

- implementation of the Eletrobras Cybersecurity Operation and Monitoring Center (SOC), which includes tools for monitoring information from Eletrobras companies throughout the internet, deep web and dark web that may pose a risk to the company's IT environment or compromise the organization's brand;
- implementation of a vulnerability management process that includes a tool to scan computers and servers connected to the company's network, in order to identify vulnerabilities that can be exploited by intruders and compromise the company's computing environment;



- implementation of a security log correlation solution that associates information generated by various security assets in order to identify threats and suspicious actions within the company's corporate network; and
- implementation of policies, regulations, processes and technological devices in the OT area to fully comply with the first phase of the operational routine for "Minimum cybersecurity controls for the Cybernetic Regulated Environment"

Given the importance of the subject, we have had an Information Security department since 2021.



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SUPPLY CHAIN MANAGEMENT GRI 2-23,

2-25, 2-6, 2-25, 3-3, 204-1, 407-1



We seek to build partnership-based relationships with suppliers that uphold high standards of ethics, integrity, transparency and sustainability. Our goal is to build enduring relationships with suppliers by implementing related corporate guidelines, including the Eletrobras Group Procurement Logistics Policy, last updated in 2022.

The parent company and all subsidiaries also have a Conduct Guide for Suppliers of the Eletrobras Companies, in which we provide guidelines and rules of conduct. Also updated in 2022, the document prohibits the use of slave, forced or involuntary labor by prisoners in all production stages, the sexual exploitation of children and adolescents in their processes and/or production chains and the guaranteeing of dignified conditions for workers, including subcontracted companies, taking into account aspects such as the workplace, transportation, accommodation, food, hygiene and other related matters, as well as prohibiting discrimination on the grounds of color and race, marital status, physical and cognitive condition, age, religion. sex, social class and other characteristics.

The Code prohibits all forms of threats, coercion, and physical, verbal, or psychological violence, making it clear that both moral and sexual harassment are strictly forbidden. Additionally, it provides information on the company's

In our commercial relationships, clauses of commitment to the Eletrobras Code of Conduct and observance of our public commitments are inserted.

procurement practices and includes the contact details of the Whistleblowing Hotline.

All contracts include clauses requiring suppliers to abide by the Eletrobras Code of Conduct uphold our public commitments, and articulate our expectation that suppliers conduct business in an ethical, integral, transparent and responsible manner. In addition, we ensure freedom of association and collective bargaining in all our operations (Eletrobras Chesf only operates in Brazil). **GRI 407-1**

To establish connections based on these values, steps are taken prior to and during the relationship with suppliers, service providers and other business partners. In this sense, we conduct constant monitoring of the following aspects:

- legal compliance
- economic-financial evaluations
- technical qualification
- compliance with established technical specifications
- management and supervision (internal monitoring) of the administrative and technical aspects of contractual execution
- ESG due diligence for suppliers (environment, human rights and integrity)





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Stand-out Initiatives in 2022





In 2022, Eletrobras Chesf launched the Supply 360 and Sustainable Supplier Management projects, a local deployment of the Sustainable Supplier Management Project at Eletrobras. These are initiatives that intend to leverage gains in supplier management, especially in identifying, monitoring and remediating risks in the supply chain, in addition to expanding sustainability policies and establishing selection criteria aligned with the PNG and ESG practices.

In 2022, Eletrobras Chesf expanded the number of services provided by the Supplier Registration Center of the Northeast Shared Services Center (CSC), which concentrates assistance and guidance activities for both effective and potential commercial partners, executing the creation and modification of registration data on all suppliers for Eletrobras companies.

In addition, in 2022 a new platform was implemented to conduct the third-party evaluation process. The tool optimizes the collection of public data and makes the analyses of potential partners more complete, taking into account fraud and corruption, financial, fiscal, environmental, labor, criminal and reputational risks.

Within the scope of the Sustainable Supplier Management project, the monitoring processes – notably the criticality matrix and the ESG due diligence – were modeled and action plans for identified improvements were established and are currently in progress. In addition, an

internal communication action covered the dissemination of these processes, their relevance and the importance of the participation of all employees in these initiatives.

In 2023, we intend to advance further with third-party risk management guidelines, especially regarding occupational health and safety, adapting contracts and internal processes in order to contribute to achieving the goal of zero accidents with third parties.

Our integrity, human rights and social responsibility themes are presented to suppliers on the company's website. Access.

WHAT'S CHANGING GRI 2-4

Procurement methods have changed

Eletrobras' privatization has significantly impacted our procurement processes. With privatization, the corporation is no longer required to adhere to legislation that governs the procurement processes of state-owned companies, especially Law no. 8,666/1993 and Law no. 13,303/2016, which deal with public administration bidding processes and contracts.

This means that Eletrobras companies have begun contracting based on their own rules and criteria, complying with Brazilian legislation and best practices on a global level.

Since the capitalization process, we have procured goods and services exclusively from vendors registered on the <u>Supplier</u> <u>Space Portal</u>. A new procurement regulation is being prepared, with implementation expected for the beginning of 2023.

Suppliers can get answers to questions on our frequently asked questions page (available here). In addition, there is the possibility of contact via email at caf@chesf.com.br and at the telephones (81) 3229-3298, (81) 3229-2537 and (81) 3229-3162.





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Contracted suppliers GRI 204-1

Contracted suppliers	259
Total value contracted through bidding	R\$ 1.4 billion
Estimated number of suppliers	1,474

Our main suppliers are in areas such as technology, information systems, telecommunications, engineering, manufacturing, transportation, reselling, power system equipment, consulting, and janitorial and security services.

Proportion of spending on locally-based suppliers GRI 204-1

	2020	2021	2022
Supplier spend (R\$)	1,527,608,491.64	3,084,166,521.54	1,500,023,532.30
Spend on local suppliers (R\$)	593,581,584.17	775,263,129.01	759,492,202.97
Percentage of budget spent on local suppliers (%)	38.86	25.14	50.63%

^{*} We consider local suppliers to be those located in the Northeast region of Brazil, where Eletrobras Chesf is located.



Supplier Space Portal

Our Supplier Space Portal, an integrated multiservice platform, including a dedicated channel for suppliers, has become increasingly important in enabling us to implement changes in our procurement procedures since discontinuing public procurement processes. The portal serves as a one-stop hub for information and supplier registration. On the portal, suppliers can log on to view their registration details and registration certificate, request certificates of technical capabilities, complete ESG due diligence, and access other contract management features, including payment processing.

The Supplier Space is integrated with the company's management system.

^{**} Suppliers linked to Eletrobras Chesf's CNPJ are considered.





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CUSTOMER RELATIONSHIPS GRIZ-29, 2-6

Eletrobras Chesf has two types of customers and beneficiaries by business segment:

1. TRADING

- Free consumers: electricity consumers with the right to freely negotiate the purchase and sale of energy, based on their migration to the free market. Free consumers can choose their energy supplier, as well as the supply conditions.
- Distributors: companies responsible for the delivery and distribution of energy to final consumers.
- Traders: entities responsible for supplying electricity to consumers.

2. TRANSMISSION

- Generators (self-producers, PIE and ICG): individuals or companies or companies in a consortium that receive a concession or authorization to produce electricity for their exclusive use and may, upon authorization from Aneel, sell their excess energy.
- Transmitters: concession-holders or equivalent agents delegated by the Regulatory Authority to provide public electric energy transmission services.

- Distributors: companies responsible for the delivery and distribution of energy to final consumers.
- Consumers: public or private individuals or companies, legally represented, that request the supply of energy or use of the electrical system.

O QUE MUDA GRI 2-4

New concession contracts will expand the customer portfolio

As of 2023, Eletrobras Chesf will be able to expand its customer portfolio, initiating a more proactive relationship with the free energy market. This is due to the new concession contracts signed by the company with Aneel, a direct result of the company's privatization (read more on page 7).

Stakeholders	Communication channels	Details	
	Trading Segment		
	Potentially free consumers: 11*	The relationship with customers is conducted through telephone	
	Free customers: 0	contacts, meetings, direct mail, emails	
	Energy distributors: 77	publications on the Eletrobras Chesf website, publications in newspapers	
Customers	Traders: 24	and magazines, events such as congresses and lectures, specialized websites for the electricity sector and energy sale auctions.	
	Transmission Segment		
	Generators (self-producers, PIE and ICG): 763	The relationship with customers is conducted through telephone	
	Transmission companies: 47	contacts, meetings, emails and direct	
	Distributors: 11	contacts with the customers' contract	
	Consumers: 25	managers.	

We ended the year with 11. However, until June, when one of the consumers ended their activities, we had 12





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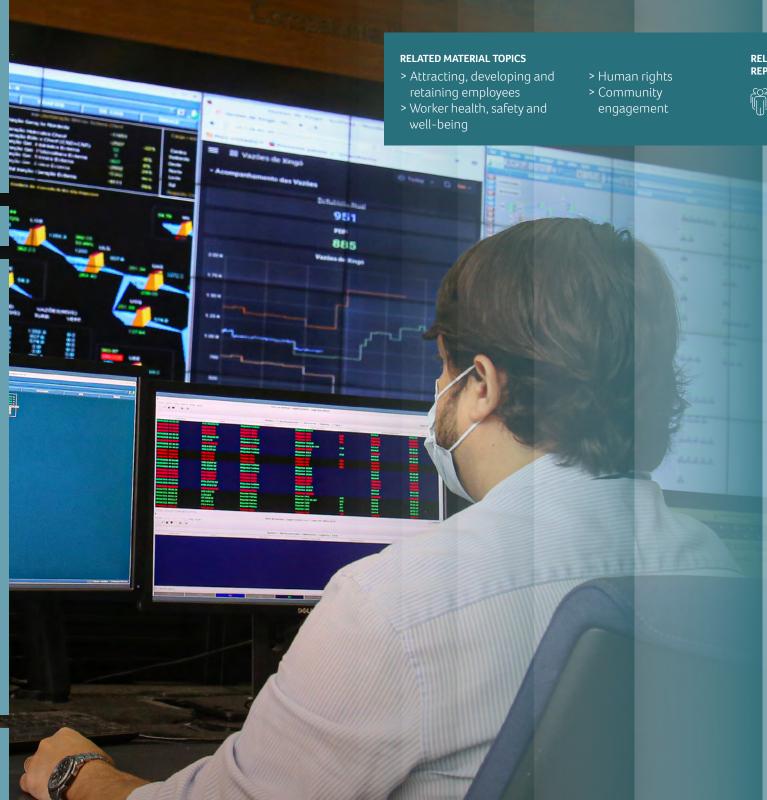
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RELATED INTEGRATED REPORTING CAPITALS









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An organization's most valuable asset is its people; they are the ones who execute, supervise, manage, and oversee its business processes, while also being the consumers of its products and services. We have a solid commitment to our employees, customers, suppliers, investors and surrounding communities and, therefore, it is essential to promote human rights, health, safety, equality and diversity.

OUR EMPLOYEES

GRI 2-29, 2-6, 2-7, 3-3, 401-1, 401-3, 404-1, 405-1, EU14





Eletrobras Chesf has 2,694 full-time employees, all in the Northeast region of Brazil. Currently, the company has a People Management Policy for Eletrobras Companies, which standardizes people management practices and strengthens a culture of development, productivity, recognition and retention of people, leadership focused on sustainability, promotion of safety and the well-being of professionals, respect for diversity, promotion of equality, equal opportunities and inclusion. The policy guidelines are people management planning; career, compensation and benefits; people development; workplace safety, health, and quality of life; supplemental health and pension plans.

Our workforce management practices are guided by our strategic plan and the following strategic guidelines:

- drive and continually assess performance, and use performance assessments to steer career development to achieve results and needed skills and competencies
- develop and implement employee development and knowledge management models, networks and programs
- develop management methods that can enhance employee engagement and motivation



People management will undergo a cultural transformation

The capitalization of Eletrobras will significantly change the company's people management, especially in terms of attracting and retaining talent based on skills, results and diversity. The hiring process, previously conducted only through public tenders, will now be executed in accordance with the strategic plans and operational needs defined by the company's top management.





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Voluntary Severance Program transformation

In October 2022 Fletrobras launched the first Voluntary Severance Program (VSP) for the new, post-privatization company. This VSP is available to employees who are retired by the social security system, or who are eligible for retirement by April 30, 2023 according to age and time of contribution to the National Institute for Social Security (INSS).

At Eletrobras Chesf, there are 968 employees eligible for the plan. The starting commitment of the VSP has been submitted to the Superior Labor Court in the 2022/2024 Collective Labor Agreement (CLA), and offers conditions that are better than those in the previous 2019 plan. In all, 912 people will leave the company. In exceptional cases, at the discretion of Eletrobras, employees may leave after this.

Within the VSP, the company offered all its employees lectures on the following themes: longevity; family and social relations; and diversified activities – leisure, culture, education, volunteering and work, and a life project. In addition, it provided psychosocial support through a network of psychologists and social workers from Eletrobras companies who actively listened to and referred people to other public or private services, when necessary.

Workshops focused on the well-being of employees were also offered, involving the themes of conscious eating, financial life and mental health.

Cultural

The cultural transformation at Fletrobras companies intensified in 2022, with the capitalization of the company. The mindset of a private organization focused on attracting and developing talent supported by a meritocratic work logic, became the central subject of our workshops and training.

PERFORMANCE MANAGEMENT SYSTEM

In 2022, Eletrobras Chesf made advances to its Performance Management System (PMS). aligning the goals of all areas of the company with those established by the parent company.

As part of the deployment of this initiative, team and individual performance goals were defined, connecting the results to be achieved with the PNG of Eletrobras Chesf and the PDNG of the parent company, reinforcing their strategic alignment.







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Workforce Profile GRI 405-1, EU14

Employees by age group

	2020	2021	2022
< 30	60	38	20
30 - 50	1,760	1,710	1,644
> 50	1,342	1,336	1,030
Total	3,162	3,084	2,694

Employees by employment contract and gender

Contract		2020			2021			2022	022	
type	Men	Women	Total	Men	Women	Total	Men	Women	Total	
Full time	2,104	522	2,626	2,046	507	2,553	1,775	426	2,201	
Part time	478	58	536	485	46	531	453	40	493	
Total	2,582	580	3,162	2,531	553	3,084	2,228	466	2,694	

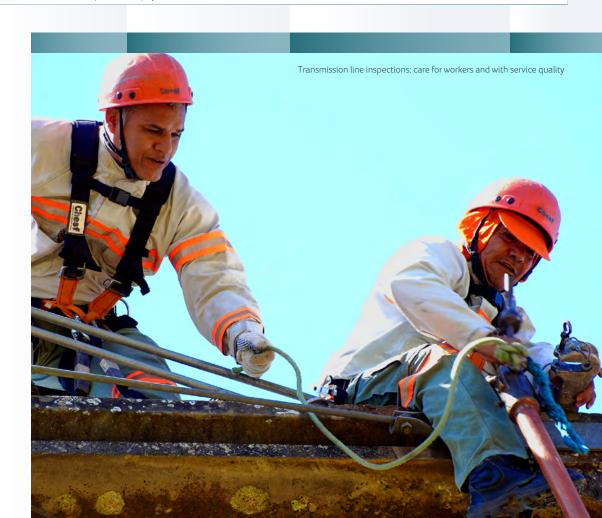
^{*}As established by our parent company, an employee working a minimum of 200 hours per month is deemed to be a full-time employee. An employee working less than 200 hours per month is deemed to be a part-time employee.

In 2022, we had a reduction of 12.65% in the number of effective personnel compared to the previous year. This decrease was mainly due to the VSP. The turnover rate for the year was 15.07%.

Regarding the turnover of personnel, there was a 50% reduction in the number of admissions in 2022 (3) compared to 2021 (6). As in 2021, these admissions were due to court decisions. There was an increase of approximately 413% in the number of dismissals in 2022 (410) compared to 2021 (80). All admissions and dismissals took place in the Northeast region, where Eletrobras Chesf's employees work, including those who left the company through the VSP – which justified the increase in professional dismissals.

All Eletrobras Chesf's employees work in the Northeast of Brazil. As such, all hiring and dismissals took place in this region.

Over the course of 2022, we had 20 interns and 72 young apprentices on our staff.







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New hires by age group GRI 401-1

	2020		20	21	2022		
	No.	Rate	No.	Rate	No.	Rate	
Under 30	0	0	0	0	0	0	
30 to 50	4	0.23	2	0.12	2	0.12	
Over 50	4	0.29	4	0.29	1	0.1	
Total	8		6		3	0.22	

Turnover by age group GRI 401-1

	2020		20	21	2022	
	No.	Rate	No.	Rate	No.	Rate
Under 30	0	0	1	2.63	0	0
30 to 50	9	0.51	9	0.52	20	1.2
Over 50	33	2.41	70	5.14	390	37.61
Total	42		80		410	

New hires by gender GRI 401-1

	2020		20	21	2022		
	No.	Rate	No.	Rate	No.	Rate	
Men	7	0.27	6	0.23	1	0.04	
Women	1	0.17	0	0	2	0.42	
Total	8		6		3	0.46	

Turnover by gender GRI 401-1

	2020		20	21	2022		
	No.	Rate	No.	Rate	No.	Rate	
Men	34	1.3	54	2.1	322	14.32	
Women	8	1.36	26	4.64	88	18.64	
Total	42		80		410		

^{*} Turnover rate: 15.07%

Workforce by employment type

		2020		2021		2022			
Employment type	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	2,104	522	2,626	2,046	507	2,553	1,775	426	2,201
Part time	478	58	536	485	46	531	453	40	493
Total	2,582	580	3,162	2,531	553	3,084	2,228	466	2,694

^{*} All Eletrobras Chesf's employees are located in the Northeast region.

BY GENDER: Men - 14.32/Women - 18.64

BY AGE GROUP: Under 20 years – 0/Between 20 and 50 years – 1.2/Over 50 – 37.01

BY REGION: North – O/Northeast – 15.07/Midwest – O/Southeast – O/South – O

^{**} In 2022, we had a reduction of approximately 13% in the number of effective personnel compared to the previous year. This reduction was mainly due to the Voluntary Severance Plan – VSP. Below are the results of the turnover rate by gender, age group and region, in 2022:



Employment Contracts GRI 2-7



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By gender



WOMEN

2,228 466

2,694

Employment type



FULL TIME

PART TIME

426

1,775

2,201

- 1. The total headcount includes the following: employees, requisitioned employees, rehired employees and political appointees. Not including seconded employees, those on unpaid leave, interns, and young apprentices. Following capitalization we have no more employees assigned to or requested from government bodies.
- 2. All Eletrobras Chesf employees have indefinite employment contracts. The reported data considers employees corresponding to the base on 12/31/2022.
- 3. As agreed with our parent company, employees on secondment are deemed to be employed under an indefinite contract, pursuant to Decree no. 9,144 (August 22, 2017).
- 4. As established by our parent company, an employee working a minimum of 200 hours per month is deemed to be a full-time employee. And below 200 hours per month, a part-time employee.
- 5. * All Eletrobras Chesf's employees are located in the Northeast region.





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Contractors

GRI 2-8

At the end of 2022, Eletrobras Chesf had 3,455 outsourced workers, with no significant variation in this number throughout the year. The companies from which the most recurrent professionals originate are those providing services of a continuous nature, facilities and construction, for the execution of works.

All outsourced workers have contractual relationships intermediated by the companies providing the services. The most common services are: works, cleaning and conservation, property security, administrative support, building maintenance, transportation and IT services.

The data on these workers are entered into and made available in the Third-Party Management System (SGT). Information and documentary evidence of the professionals' performance are uploaded into the system by the suppliers themselves and validated by an external audit company specialized in risk management with third parties.

Compensation

GRI 2-19, 2-20, 2-21

In 2022, the determination of remunerations for Eletrobras Chesf employees began with the definition of a base salary. Until June, before the privatization, employees would join the company through a public contest with an initial base salary (induction salary) already defined. Variations were based on the position held by the professional, as determined by the company's Career and Compensation Plan.

The initial remuneration for professionals with higher education includes a fixed component (such as premium for length of service and function bonus) and variable component (for dangerous work, night shift premium, hardship, among others).

Wage adjustments are also based on the evolution of each employee's career, which is monitored annually through performance evaluations and as determined by the company's Career and Remuneration Plan, in addition to negotiations resulting from Collective Labor Agreements mediated by unions.

There are no independent members or an independent compensation committee that oversees the process of determining employee compensation. The views of stakeholders, including shareholders, are not taken into account when defining compensation. There are no remuneration consultants involved in determining employee remuneration.



^{*}The 3,455 workers only refer to service providers. The data on interns and apprentices is on page 82.

^{**} The numbers were obtained from SAP reports: service providers and interns on 12/31/2022 and young apprentices on 12/28/2022





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Basic salary, by employee category (R\$) GRI 405-2

	2020		20	21	2022		
	Men	Women	Men	Women	Men	Women	
Management positions	21,354.95	21,347.93	22,494.32	21,331.63	27,474.55	26,783.15	
University level	11,389.76	10,328.12	12,062.16	11,022.63	14,761.19	13,528.15	
Non-university level	5,181.06	5,454.21	7,227.89	8,448.45	6,719.93	7,037.49	

Remuneration by employee category (R\$) GRI 405-2

	2020		20	21	2022		
	Men	Women	Men	Women	Men	Women	
Management positions	25,189.81	23,659.30	27,121.78	24,255.88	33,359.31	30,705.54	
University level	15,563.07	13,000.07	16,679.14	14,136.86	20,482.22	17,465.84	
Non-university level	8,113.79	8,104.57	10,828.09	11,374.03	10,785.32	10,325.00	

Ratio of basic salary and remuneration of women to men by employee category

	2020	2021	2022
Management positions	1	0.95	0.97
University level	0.91	0.91	0.92
Non-university level	1.05	1.17	1.05

Ratio of remuneration of women to men by employee category

	2020	2021	2022
Management positions	0.94	0.89	0.92
University level	0.84	0.85	0.85
Non-university level	1	1.05	0.96

^{*} Eletrobras Chesf and its own CNPJ are considered to be an operating unit.

^{**} Employees are broken down by level of education at the time of hire and not their current education level.

^{***} Management positions include all professionals in a formal leadership position within the company.





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Benefits GRI 401-2, 401-3

Eletrobras Chesf grants the following benefits to its employees:

- transportation (own or through a transportation voucher);
- funeral allowance;
- parental leave, with the possibility of extension;
- health and dental insurance
- collective life insurance
- retirement fund;
- variable compensation;
- meal allowance and food allowance;
- daycare allowance
- education-allowance:
- vacation bonus;
- additional compensation for time of employment;
- pharmacy assistance;
- leave for workers who are victims of domestic violence;
- sickness assistance;
- accompaniment leave, due to the death of a stepfather or stepmother; and
- foreign language courses.

The company offers an cash benefit for death or disability with a limit amount established in the Collective Labor Agreement. The company also offers reimbursement for assistive technologies, including hearing aids and breathing devices such as CPAP and BiPAP, with limit amounts determined through regulations.

Parental leave

		2020	2021	2022
5 1 1 1 1 1 1 1 1	men	56	50	51
Employees who took parental leave	women	10	22	11
Employees who returned to work during	men	59	51	51
the reporting period after parental leave ended	women	9	16	11
Employees that returned to work after	men	60	51	51
parental leave ended that were still employed 12 months after their return to work	women	12	24	11
	men	100	100	100
Return rate (%)	women	100	100	100
Retention rate (%)	men	98.36	100	100
	women	100	100	100

^{*}All employees are entitled to take parental leave.

^{*} There is no breakdown by operating unit. We consider the entire company as a single operating unit. GRI 401-2, 401-3



ATTRACTING, DEVELOPING AND RETAINING EMPLOYEES

GRI 3-3



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Eletrobras Chesf is guided by the <u>Personnel</u> <u>Management Policy of the Eletrobras companies</u>, as well as follows the strategic guidelines "Valuing and Commitment to People" and "Excellence in People and Culture of Excellence."

The company has a department responsible for the remuneration of employees and another for corporate education and management of knowledge, climate, culture and organizational changes.

Among its activities, two main projects stand out:

• project to strengthen the organizational culture, driven by the context of a modernization of the electricity sector and capitalization of the company's businesses, focusing on results. fostering an agile and innovative culture and developing people for high performance. To make this feasible and in line with the company's Strategic Roadmap, some priority measures were adopted, such as the modernization of the Performance Management System (PMS), which made the tool more user-friendly and allowed managers and teams to be more productive in managing the process; implementation of a methodology for defining individual and team goals based on the Strategic Planning, in the PDNG and 2030 Agenda; in addition to evaluating and prospecting new employee recognition practices; and

 project to leverage human capital, focusing on promoting diversity, developing leadership and the experience and engagement of employees. In addition to adhering to the company's strategic guidelines, this project incorporates the main sustainability requirements, including SDGs and ESG criteria, and is aimed at improving the company's indicators and human capital management.

In addition to these, the company also promotes Café Prosa, with lectures and meetings for the internal public; awarding of medals for Recognition for Length of Service to employees; and encourages employee participation in street races. Evaluations of the performance of these actions are conducted periodically through the monitoring of indicators.



Induction of new employees

The New Employee Reception, Integration and Allocation Program has a direct influence on employee retention, as it ensures greater adequacy between the profile of the vacancies offered and the professional and behavioral profiles of the new employee, generating greater satisfaction with their duties.





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Training and Development

GRI 404-2, 410-1, 412-2, EU14

Among its objectives, the corporate education of the Eletrobras companies aims to promote knowledge management, the development of employees' skills and valuing of intellectual capital, contributing to the company's strategy and strengthening its organizational and learning culture.

The Eletrobras Companies Corporate University (Unise) is comprised of six schools, and its fundamental role is to develop the overall competencies in the Career and Compensation Plan (PCR), those related to leadership, and those that are critical to enable the company's strategies.

Continuous investment in the training and development of its employees is a premise for Eletrobras Chesf, which through its Corporate Education Plan (PEC) offers educational opportunities and continuous learning to all employees through courses, lectures, workshops and seminars, in addition to the management of general and specific skills focused on their businesses. Moreover, Eletrobras Chesf continues to encourage online educational actions and partnerships with various institutions for free in-person initiatives.

In 2022, educational actions were conducted that trained employees and managers in skills considered a priority, whether technical, managerial or general. The focus of the company's learning initiatives is on results, high performance, innovation, digital transformation, health and safety at work. The main programs conducted during the year were:

- Leadership Development, focused on technical and behavioral aspects;
- Apprentice Integration, aimed at developing skills for work, based on training conducted and contracted by Eletrobras Chesf;
- Asset Management, consisting of educational actions that prepare employees on the subject, validated by an external audit and which culminated in ISO 55001 certification;
- Prevenir+ (Occupational Health and Safety Management System – ISO 45001), read more on page 94;
- Leveraging Human Capital, aimed at valuing inclusion and diversity actions in the work environment through lectures on the themes;
- Energy, Safety and Health, seeks to advance a culture of Occupational Health and Safety (OHS); and
- Cultural Requalification, aimed at educational actions with themes focused on results and innovation.

In addition to these programs, in 2022 we acquired and began long-term courses on subjects such as management and project management, ESG, dam safety, human rights, electricity sector regulations, computational modeling and industrial technology.

Eletrobras Chesf also offers its employees without higher education the Education Assistance – Higher Education benefit. Through this incentive, in 2022 five employees completed degrees in Environmental Management, Electrical Engineering, Technology in Industrial Automation, Systems Analysis and Development.

In 2022, the highest average number of training hours per employee in the history of Eletrobras Chesf was achieved: 62.40. In all, there were 192,454.52 hours of training, compared to 163,280.05 in 2021. Only within the topics of socioenvironmental responsibility, culture and values, more than 9,000 hours of training were conducted.

In 2022, a total of R\$ 5,046,584.08 was invested by the company in corporate education, an average investment per employee of R\$ 1,636.38, resulting in an hourly cost of R\$ 26.22.



62.40

was the average number of training hours per employee in 2022, the highest in the history of Eletrobras Chesf.





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Average hours of training per employee by gender GRI 404-1

	2020	2021	2022
Men	22.06	49.83	63.71
Women	19.73	56.54	56.39
Total	21.64	51.03	62.40

Average hours of training per employee by employee category GRI 404-1

	2020	2021	2022
Management positions	34.74	125.80	91.76
University level	27.05	52.38	62.83
Non-university level	17.69	40.63	72.63

^{*} The calculation considers the number of active employees in December of the previous year.

To maintain and leverage intellectual capital, Eletrobras Chesf also has a Knowledge Retention and Transfer Program. In 2022, we published the Normative Resolution on Knowledge Management and inaugurated the tool Electronic Processes for the Transfer of Knowledge, taking into account the departure of workers through the VSP. GRI 404-2

To speak with Eletrobras Chesf about people management, contact the company at this email address **gestaodepessoas3ochesf.com.br**.

Performance review GRI 404-3

	2022				
	Men	Women	Total		
Management positions	196	57	253		
University level	587	234	821		
Non-university level	1,445	175	1,620		
Total	2,228	466	2,694		



WORKER HEALTH, SAFETY AND WELL-BEING

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-6, 403-7, 403-8, EU16



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Eletrobras Chesf has a department and two regional divisions – in the North, covering the areas of Sobradinho (BA), Teresina (PI) and

Policy defined by Eletrobras.

Fortaleza (CE) and in the South, with Paulo Afonso (BA) and Salvador (BA) – responsible for managing aspects related to health, well-being and safety at work. These organs are linked to the Personnel Management Superintendence and follow the Occupational Health and Safety

The company strives to ensure compliance with all current legal requirements regarding health and safety at work, especially the Regulatory Norms (NRs) of the Ministry of Labor and Social Security.

In addition to the Occupational Health and Safety Policy, there are regulations that determine rules on the acquisition, use, storage and conservation of personal protective equipment (PPE) and collective protection equipment (CPE). The company provides its employees with all the PPEs and EPCs necessary for carrying out their work, free of charge. These items are not provided to contractors' employees. Nevertheless, Eletrobras Chesf requires the use of such equipment, and with the same quality as those used by the company's own employees.

These rules are valid for all employees, based on the functions and activities performed by them. All requirements made by the company in relation to health and safety at work are valid for all employees, as well as for the service providers.

As a reinforcement, Eletrobras Chesf holds safety integration meetings before beginning contracts with suppliers. The company also promotes periodic security inspections and audits in these contracts.







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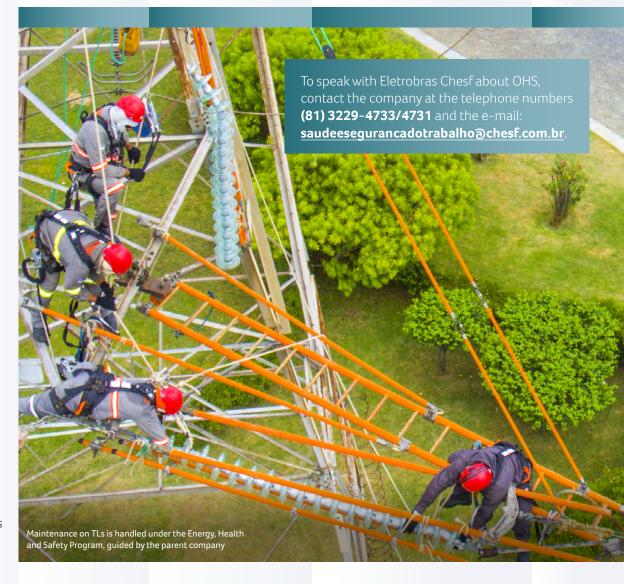
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To ensure proper management of the question, Eletrobras Chesf has implemented two main initiatives:

- The Prevenir+ project, which aims to implement Occupational Health and Safety Management Systems (OHSMS) at its 11 electricity generation plants with the objective of obtaining ISO 45001:2018 certification (read more on page 67), in addition to serving as a mechanism for monitoring Occupational Health and Safety (OHS) actions and to support the granting and maintenance of Fire Department Inspection Reports (AVCB):
- in 2022, the OHSMS was implemented at the Boa Esperança plant, in accordance with the ISO 45001:2018 standard;
- the OHS management systems at the Paulo Afonso IV and Xingó plants were recertified, also in compliance with the ISO 45001:2018 standard;
- as part of this process, physical adaptations were conducted at all Eletrobras Chesf's hydroelectric power plants, totaling an investment of approximately R\$ 13 million;
- the scope of these certifications encompasses the operating, mechanical, electrical and civil maintenance and support processes of the hydroelectric plants, covering all employees, outsourced workers and visitors who work in the areas of these plants;
- in 2023, the project will have its activities expanded to the transmission segment through the implementation of the OHSMS steps at previously selected substations; and



 the Energy, Health and Safety Program, which guides all Eletrobras companies and was developed in partnership with the DuPont consulting firm. This program aims to work on an OHS culture for all the companies' processes, covering all employees, outsourced workers and visitors who work in the companies' facilities. The management and evaluation of the OHS area are monitored using indicators such as the frequency and severity of accidents at work, absenteeism due to illness and the rate of occupational diseases, as well as the number of hours of training in OHS and employee engagement in related actions. **GRI 403-1**





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Evaluation of risks and hazards

GRI 403-2

Eletrobras Chesf's safety policy determines that no work can be performed without considering the health and safety of the professional and no hypothesis or justification can be used for noncompliance with the Occupational Health and Safety requirements. Moreover, regulatory instruments aim to ensure compliance with the technical and legal provisions relevant to the health and safety of employees.

Eletrobras Chesf has a hazard and risk matrix, a document used by workers to identify and evaluate dangerous events, whether routine or not, that occur during the company's activities. In addition, it ensures compliance with the technical and legal provisions pertaining to the health and safety of employees in accordance with the provisions of Chapter V, Title II of the Consolidated Labor/Occupational Safety and Medicine Laws and their Regulatory Norms (RNs), including the right of refusal defined in NR-10.

Additionally, Eletrobras Chesf, committed to promoting occupational health and safety at work for its employees and based on the principles of excellence, social responsibility and best practices in people management and sustainability, establishes Occupational Health and Safety (OHS) as a primordial, inseparable and excellence value in all its processes, activities and services. For this reason, in 2022 the parent company approved – and with

adherence by the Eletrobras companies – an OHS Policy that includes all its projects, assembly and construction activities, operations, existing processes and facilities, laboratory and field trials and tests, provision of external technical services, supervision of contracted works and services, visits and technical inspections within the scope of the Brazilian electricity and energy sector and other applicable activities and general services. This document establishes the principles and guidelines for the management of occupational health and safety at Eletrobras companies. This Policy adheres to ISO 45001:2018 – Occupational Health and Safety Management System.

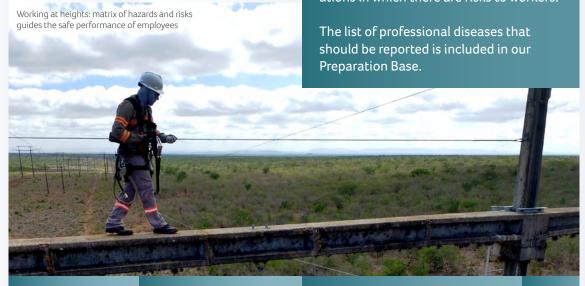
Workers can report risk situations directly to the company's Specialized Services in Occupational Safety and Medicine (SESMT), to representatives of the Internal Accident Prevention Commission (Cipa) and the MIRA application, implemented at the end of 2022 to replace what had been in operation previously, the CIN – Control of accidents and nonconformities. The privacy of employees is quaranteed.

Investigations into work-related incidents are conducted as follows: after identifying the incident, a multidisciplinary commission is formed, which conducts interviews, gathers the elements collected and analyzed and issues a fact analysis report with an action plan to prevent new cases. This procedure was developed by DSS+, a company of the DuPont group, which acts as a consultant to Eletrobras in improving its OHS culture.

Work-related ill health

At Eletrobras Chesf, there are no employees whose function and place of work are involved in occupational activities that have a high incidence or risk of specific diseases.

The company's Risk Management Program (RMP) describes all dangerous situations in which there are risks to workers.







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EMPLOYEE PARTICIPATION GRI 403-4

Eletrobras Chesf has decentralized Internal Accident Prevention Commissions (Cipas) in each of its regional offices and at its headquarters, fulfilling the terms of Regulatory Standard 05 (NR-05) of the Ministry of Labor and Social Security. The Cipas have joint constitutions, with the participation of representatives elected by the employees and those appointed by the employer, in equal numbers.

In the company, 100% of the employees are represented by Cipas. Due to decentralization, we have 20 Commissions. In them, employees participate in the entire process of preparing the hazard and risk matrices, identifying possible hazards and proposing mitigating measures. Cipa meetings take place monthly, as defined in Regulatory Standard 05, and there may be extraordinary meetings if necessary. The decision-making power and responsibilities of the members are also established by the NR.

The main attributions of the Cipas, as established in NR-05 are:

- to identify process and work environment risks, prepare a risk map and develop preventive actions to solve occupational health and safety problems in the company;
- to participate in the implementation and quality control of the necessary prevention measures, as well as evaluating priorities for action in the workplace;
- to conduct inspections and safety checks in the work environments and conditions on a periodic basis, identifying situations of risk to the safety and health of workers;
- to disseminate information related to occupational health and safety; and
- to collaborate in the development and implementation of the Occupational Health Medical Control Program (OHMCP) and Environmental Risk Prevention Program (ERPP), as well as other programs related to health and safety at work.

At Eletrobras Chesf, 100% of the employees are represented by Internal Accident Prevention Commissions.

The possible risks related to work at the company are:

- electrical
- height
- ergonomic
- psychosocial
- biological
- accidental

Worker participation in health and safety themes

	2020	2021	2022
Workforce represented by formal health and safety committees (%)	100	100	100
How many health and safety topics are covered in the national CLA (unit)		3	4
Total clauses in the national CLA (unit)		52	50
Health and safety clauses present in the national CLA (%)		5.77	16





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Communication and training in safety and health GRI 403-5, 403-9, EU16

Eletrobras Chesf offers its employees who need to conduct specific training related to work safety and occupational health, in-person, mixed and distance training, with a workload and approval criteria defined by current legislation. The training offered uses internal instructors as well as specialized companies, as long as they have the required qualifications, in compliance with Brazilian laws.

In specific situations, such as working at heights, the company requires its employees

to have more training than the NR-35 provides. Eletrobras Chesf requires that workers from contracted companies also receive the necessary training to conduct their activities. The company, however, does not offer training for these professionals.

In 2022, in-person and distance education actions were conducted in accordance with the necessary legal requirements, covering the themes highlighted below:

- Indivisible loads
- Operational Handling of Dangerous Products (OHDP)
- NRs 05, 06, 10, 11, 12, 13, 18, 23, 33 and 35
- Risk factor
- Behavioral observation
- Safe Practices Index
- Efficient and defensive driving







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Promoting Worker Health GRI 403-3, 403-6

Eletrobras Chesf facilitates workers' access to medical and health services not related to work, offering outpatient clinics at its facilities, in addition to the benefit of an employee health plan managed by the Chesf Foundation for Assistance and Social Security (Fachesf).

Employees with disabilities can purchase ortheses and artificial limbs and obtain special treatments via our Disability Support Program (DSP). In addition, the company offers reimbursement benefits for medications and eyeglasses.

Due to the Covid-19 pandemic, Fachesf began to provide care via telemedicine – a practice that remained in effect throughout 2022. Over the course of the year, the DSS Transform Check-in Saúde em Dia application continued to be the gateway for data that registers the presence or absence of symptoms associated with respiratory diseases. The goal is to track cases of contamination, thus preventing the spread of the virus and providing immediate treatment. The application also allows for better control of vaccinated employees.

The R&D project conducted jointly with the Keizo Asami Immunopathology Laboratory (LIKA) at the Federal University of Pernambuco (UFPE) was also continued, with the aim of increasing attention to workers' health and safety. In 2022, it focused especially on carrying out Covid-19 tests and collecting research

data at the Testing Center implemented by Eletrobras Chesf on a temporary basis.

We also have gyms and Health Promotion Centers at our administrative facilities in Recife (PE), Salvador (BA) and Sobradinho (BA), contributing to the fight against cardiovascular and musculoskeletal diseases, as well as sedentarism. We also offer labor gymnastics, which prevents musculoskeletal diseases.

In addition, Eletrobras Chesf has a psychosocial support network for employees. Through this, workers with mental and behavioral disorders are monitored, including alcoholism, chemical dependency and smoking.

Additionally, we promote health campaigns for the prevention of various diseases such as STIs, breast cancer (especially during Pink October), prostate cancer (Blue November) and mental health prevention. As a way of encouraging healthy eating, we organize a weekly Organic Market at our head office and in some regions.

An internal influenza vaccination campaign is conducted annually.

OCCUPATIONAL HEALTH SERVICES

Every year, Eletrobras Chesf conducts medical, nursing and psychological consultations with employees that make up Periodic Medical Examinations (PME). With the same frequency, the company monitors the PME achievement rate in addition to analyzing absenteeism rates due to illness, with the subsequent preparation of an Occupational Health Medical Control Program (OHMCP) report. Additionally, campaigns are conducted to encourage health self-management.

Our technical personnel, made up of professionals qualified to perform their duties, specializes in the following areas of activity: occupational medicine, occupational nursing, occupational psychology and social assistance.

Through Normative Instruction IN-GP.02.004 – which covers work accidents and assistance to injured employees –, concepts, criteria, procedures and competencies are established for registering, classifying, analyzing and investigating occurrences, as well as guidelines for medicalhospital assistance, transportation and other services or benefits necessary for persons injured at work, as established in the current Collective Labor Agreement and the company's Occupational Health and Safety Guidelines. GRI 403-2





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Occupational injuries GRI 403-9	2021	2022
	Employees	Employees
Number of employees – monthly average	3,295	3,175
HHTER (man/hour worked)	6,602,679	6,362,199
Absolute number of lost-time injuries (equal to or less than 15 lost days) – employees	18	10
Absolute number of lost-time injuries (more than 15 lost days) – employees	6	4
Absolute number of no-lost-time injuries – employees	6	4
Total number of occupational injuries – employees (including deaths)	30	21
Man-days lost – employees	599	1,055
Man-days deducted – employees	0	18,000
Total man-days lost – employees	599	19,055
Number of high-consequence work-related injuries (excluding fatalities)	_	2
Rate of high-consequence work-related injuries (excluding fatalities)	_	0.31
Number of recordable work-related injuries	_	21
Rate of recordable work-related injuries	_	3.3
Number of fatalities – employees	0	3
Rate of fatalities as a result of work-related injuries	_	0.47
Lost time injury frequency rate (Tfa) – employees	3.63	2.2
Frequency rate (tf) – (employees)	4.54	2.83
Severity Rate (TG) – employees	90.72	2,995

On June 5, 2022, there was an air accident with three fatal victims, employees of the company. Eletrobras Chesf decreed a four-day mourning period, symbolizing the feeling of grief, consternation and respect for the professionals who provided relevant services to the company at the time of the accident.

The company adopted all relevant measures with the competent official bodies, prioritizing assistance to the families of the victims and direct communication with the relatives of the victims; providing transportation to the

accident site, as well as psychosocial support for family members; support for funeral services; arrangements with the Technical-Scientific Institute of Expertise in Caicó (RN) to release the bodies; and transfer of the employees to their cities of origin.

The occurrence is still under investigation by the Center for Investigation and Prevention of Aeronautical Accidents (Cenipa), an agency of the Air Force Command responsible for investigating civil aviation aeronautical accidents and the Brazilian Air Force

According to applicable legislation, employees are those employed by the company CNPJ (corporate tax #) as per their employment agreement, as are registered in their Work Permit (Carteira de Trabalho), as per the Brazilian Consolidated Labor Law (CLT). The following employee categories are included: employees based at the company, seconded or on paid or unpaid leave; amnesty recipients, whether working at the company or seconded; young apprentices; and employees on paid or unpaid leave or in elected positions. The following categories are not included: employees on secondment from other companies, the CEO and other C-level executives, and interns.

The lost-time injury frequency rate (TFA), frequency rate (TF) and severity rate (TG) use the following calculation for hours worked: the sum of monthly average hours worked \times 167 \times 12 (with 12/31/2022 as the cutoff date).

There were three accidents in 2021 that did not impact this data numerically, but did impact the leave period in 2022: two employees together had a total of 142 days of leave in 2021 and 63 days in 2022. Additionally, there is an employee who remains on leave and whose injury generated 70 days lost in 2021 and 290 days lost in 2022, because according to NBR 14280, "if the injured person remains away from his activity for more than a year, only 360 days is calculated." Finally, there is a fourth employee on leave due to an injury that occurred in 2019, but was not computed in the accident statistics for 2022, based on the aforementioned NBR rule.

Eletrobras Chesf uses the following definition of high-consequence work-related injury as per GRI 403-9: a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

Basis for calculating the rate of high-consequence workplace accidents: [Number of high-consequence work-related injuries (excluding fatalities)/ Number of hours worked]*1000000

Basis for calculating the rate of fatalities as a result of work-related injuries (Number of fatalities as a result of work-related injuries/Number of hours worked)*1.000,000

Information about contractors has not been reported as the company is currently adjusting its database. No direct employees have been excluded from the calculation.

The main types of accidents at work were: falling from the same level (three occurrences), polytrauma (three fatal accidents) and impact with a moving object (two cases).

Occupational accident hazards are identified using tools such as PEX and APR, hazard and risk matrices and programs such as the PGR.

Hazards that have caused or contributed to high-consequence injuries during the reporting period: uneven or wet surfaces.

To minimize the risk of accidents, periodic safety training is conducted, especially those required by law, in addition to security inspections and audits, signage and the use of PPEs.

Main types of occupational injuries: Impact with a stationary object, finger pressed by an object and electric arc, each type of accident with four occurrences.

Number of hours worked: 5,917,645.

The accident data with own employees is compiled in an Excel spreadsheet and checked with the SAP system. In turn, the data on outsourced employees is listed on the Berkan portal, a company contracted to manage the portal where the documents for contracted companies are stored. We understand that accidents at work with serious consequences are those with more than 15 days of leave.

Together with DSS+, Eletrobras' "Energy, Occupational Health and Safety" program is working on various organizational measures with the aim of promoting a culture of health and safety among employees.





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HUMAN RIGHTS GRI 2-23, 2-24, 2-25, 3-3, 410-1



Eletrobras Chesf's Department of Public Relations, Social Responsibility and Sponsorship plans, proposes, executes and monitors actions related to human rights for its stakeholders, with an emphasis on employees, suppliers and communities in the company's areas of operation.

The company is a signatory to the UN Global Compact, Guiding Principles on Business and Human Rights and Women's Empowerment Principles, the Network to Combat Sexual Violence against Children and Adolescents in Pernambuco and Childhood Brazil's Na Mão Certa Program.

To guide the company's actions, Eletrobras Chesf also has a Code of Conduct, Business Sustainability and Social Responsibility policies and a Conduct Guide for Suppliers.

To monitor the training goals of its workforce in Human Rights and Diversity, Eletrobras Chesf maintains the strategic project Human Rights and Exercise of Citizenship in its PNG, with a specific performance indicator to monitor the theme.

Internally, broad awareness is promoted on the subject for employees through introduction courses to Human Rights, Diversity, Moral and Sexual Harassment, In addition, the PDNG 2022-2026 includes an indicator for training 100% of employees in human rights.

The company also operates projects in Human Rights across the Eletrobras Group and in the value chain through its Reputation and Engagement Program, broken down into eight subprojects:

- Human rights due diligence on our own operations
- Human rights due diligence on Tier 1 Suppliers
- Due Diligence on Human Rights in Special Purpose Companies (SPEs)
- Combating the Sexual Exploitation of Children and Adolescents
- Training of the Workforce in Human Rights
- Corporate Social Responsibility Management System Certification
- Increasing awareness of Eletrobras company directors regarding SPEs, subsidiaries and other participations



Eletrobras Chesf proposes, executes and monitors actions related to human rights for its stakeholders.





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The company also maintains a Human Rights Working Group (GT DH) that promotes internalization of the topic among its stakeholders.

In 2022, the company conducted various actions aimed at raising awareness regarding the subject of human rights, such as:

- Campaign for the National Day to Combat Slave Labor
- International Women's Day
- International Day for the Elimination of Racial Discrimination
- Campaign for the Allocation of Individual Income Tax to Funds for the Rights of Children, Adolescents and the Elderly
- International Day Against Homophobia
- National Day to Combat the Abuse and Sexual Exploitation of Children and Adolescents
- World Day Against Child Labor
- International LGBTQIA+ Pride Day
- August Lilac Campaign 16 years of the Maria da Penha Law
- Dial 180 publicity campaign, for denouncing crimes of violence against women
- International Day against Sexual Exploitation and the Trafficking of Women and Children
- Campaign for 16 Days of Activism to End Violence against Women

Funds for the Rights of Children, Adolescents and the Elderly

In 2022, through public selections, we supported programs and projects enrolled under the Funds for the Rights of Children, Adolescents and the Elderly. We contributed R\$1.2 million to each of the funds.

Ten projects were selected that will contribute to confronting any form of violence against and sexual exploitation of children and adolescents and three that will promote social inclusion and quality of life for elderly people in vulnerable situations.

The projects supported are guided by the guidelines of the Social Responsibility Policy of the Eletrobras Companies and by Human Rights, with prioritized projects contributing to confronting any form of violence and sexual exploitation of children and adolescents in Fortaleza (CE) and Pacajus (CE), Altinho (PE), Glória do Goitá (PE), Serra Talhada (PE), Paulista (PE) and Arcoverde (PE). Prioritized projects in the Fund for the Elderly included those that promote social inclusion and improvement of the quality of life of vulnerable elderly people in Fortaleza (CE) and Arcoverde (PE). GRI 413-1

Security personnel who received training in human rights policies or procedures GRI 410-1

	2020	2021	2022
Total security personnel employed by the Company	19	18	12
Total outsourced security personnel	0	148	704
Number of directly employed security personnel trained on human rights policies or procedures	18	10	10
Total security personnel (directly employed and outsourced)	19	166	716
Number of outsourced security personnel trained on human rights policies or procedures	0	148	704
Percentage of directly employed and outsourced security personnel trained on human rights policies or procedures (%)	94.74	85.18	99.72





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HUMAN RIGHTS at the Eletrobras Group

Stakeholder engagement and communication



of employees (7,630* people) trained on human rights as part of our corporate Sustainability Pathway training program



Produced corporate education modules on human rights in collaboration with Fundação Getulio Vargas and the Global Compact



Human rights initiatives regularly shared with **suppliers and SPEs**



Joined the Na Mão Certa program to combat sexual exploitation of children and adolescents





We launched an effort to update our data on employees. This information will inform initiatives such as our equity, diversity and inclusion program.

People management and organizational culture





The Gender, Race &
Diversity Committee fosters
equity and diversity in
people management

Present in the **Bloomberg Gender-Equality Index** and recognized in the 6th edition of the Federal Government's Gender & Racial Equity Program







Special Purpose Entities (SPEs)

- 1. Map out the Group's SPEs
- 2. Send human rights questionnaires
- 3. Identify any issues
- 4. Review information and engage with each SPE
- 5. Implement and monitor mitigation plans

Suppliers

- 1. Suppliers answer the questionnaire about their human rights commitments and practices
- 2. Review responses and engage with suppliers rated as critical
- 3. Implement and monitor mitigation plans for critical suppliers





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Diversity

GRI 3-3, 405-1, 406-1, EU14

The company also has a Gender, Race and Diversity Committee and an Accessibility Committee, made up of representatives from each department and from all the company's regional offices. Every two years, a Gender, Race and Diversity Plan is developed, reaffirming our commitment to practices focused on maintaining dignified conditions in the corporate environment, non-tolerance for child and/or slave labor, discrimination or prejudice against social, cultural, political, ethnic or national origin, gender identity, color/race, age, sexual, political or religious orientation, physical, psychological and mental condition or any form of violence.

These commitments are also expressed in the Social Responsibility Policy of the Eletrobras Companies.

The company identifies and monitors its impacts through the Eletrobras Chesf Gender and Race Equality Plan – 2020-2022 Edition. Actions to promote gender and race equality at Eletrobras Chesf are conducted at the headquarters and regional offices, with the participation and quidance of the aforementioned committee.

No incidents of discrimination were reported in 2022.

Individuals in management positions in the organization, by age group GRI 405-1

	2020	2021	2022
Under 30	0	0	0
30 to 50	185	220	211
Over 50	33	36	42
Total	218	256	253

 $^{^{\}circ}$ Management positions include all professionals in a formal leadership position within the company.

University-trained individuals within the organization's governance bodies, by age group GRI 405-1

	2020	2021	2022
Under 30	1	0	0
30 to 50	659	605	566
Over 50	258	270	255
Total	918	875	821

^{*} Employees are broken down by level of education at the time of hire and not their current education level.

^{**} Management positions include all professionals in a formal leadership position within the company.

GRI 405-1	G	Gender (%) Age group (%)			linority ups (%)		
	Women	Men	Under 30	30 - 50	Over 50	Black, Brown, Asian and indigenous	PwDs
Senior manage- ment (gover- nance bodies)	7.14	92.86	0.00	21.43	78.57	21.43	0.00
Employees	17.30	82.70	0.74	61.02	38.23	54.38	5.35
Employees / Management positions	22.53	77.47	0.00	83.40	16.60	40.32	3.16
Employees / University-level positions	28.50	71.50	0.00	68.94	31.06	38.86	6.46
Employees/ Non-university level positions	10.80	89.20	1.23	53.52	45.25	64.44	5.12

^{*} In this report, we display this table with percentage data, in compliance with the GRI Standard for the theme.

^{**}The company's governance structure comprises a Board of Directors, an Oversight Board and an Executive Board (CEO and officers).

^{****} For all items on the number of employees per minority group, self-declared records are considered.





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Combating child labor and work analogous to slavery

GRI 2-25, 3-3, 408-1, 409-1

Eletrobras Chesf is committed to combating child labor and work analogous to slavery throughout its production chain. For this, it has formal instruments that guide the company's actions, such as the Code of Conduct, Conduct Guide for Suppliers of Eletrobras Companies and the Supply Logistics Policy of Eletrobras Companies.

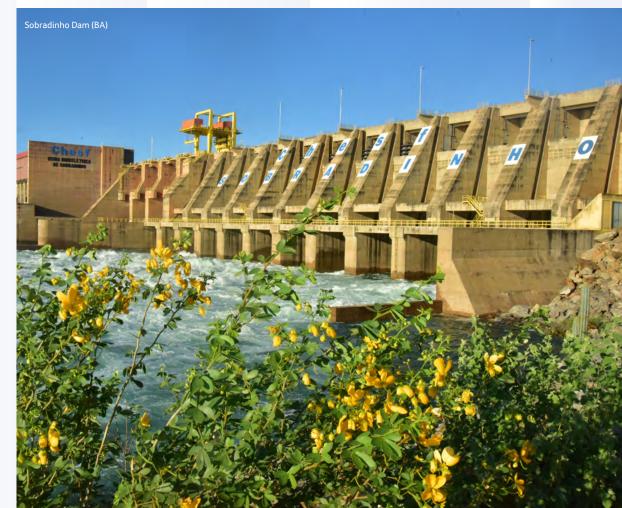
All contracts signed by the company have clauses that require compliance with these regulations by suppliers and third parties. In case of potential noncompliance, the Whistleblower Channel is available, with guaranteed anonymity (read more on page 43).

The company also adopts an ESG due diligence process for all suppliers, aiming to identify the environmental and human rights practices they have adopted, with the prerogative of requesting evidence, complementary documents and field audits to verify the information provided.

In partnership with the other Eletrobras subsidiaries, we are part of the group of companies that sponsor the Na Mão Certa Program, an initiative of the Childhood Brasil organization. With this, we publicly assume the commitment to inform and encourage all people who are part of the company to participate in actions to combat the sexual exploitation of children and adolescents on Brazilian highways.

In 2022, 208 suppliers were identified with a potential risk for cases of child and forced labor or work analogous to slavery. These are companies that present themselves as service

providers with outsourced labor, thus identified in the supplier criticality matrix. Eletrobras Chesf has no operations outside Brazil.





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COMMUNITY ENGAGEMENT GRI 3-3, 413-1, 413-2



The economic activities conducted by Eletrobras companies require the construction and operation of structures that can produce social impacts and which vary based on the type of project, its size and characteristics of the location where it will be implemented. For this reason, in addition to complying with environmental laws and the rules that regulate the installation of projects in the electricity sector, the company considers respect for the communities neighboring these initiatives to be a fundamental part of our work to generate real value for all our stakeholders.

Eletrobras Chesf has internal policies and rules that guide the execution of projects from the planning stage and throughout their operation, observing socioenvironmental questions and the specificities of the impacted local communities.

The relationship with communities by Eletrobras companies is guided by <u>Environmental</u>, <u>Social</u> <u>Responsibility</u>, <u>Communication and Engagement</u> and <u>Dam Safety</u> policies.

At Eletrobras Chesf, the Social Responsibility and Environment areas are responsible for working directly with the communities that neighbor the areas of operations.

Impact on local communities

GRI 413-2

In the electricity generation business at Eletrobras Chesf, the most significant potential negative impacts on local communities are associated with the operation of hydroelectric plants, more specifically their reservoirs. This is because changes in flow can affect populations that may be irregularly occupying the safety areas around the water body downstream of the projects.

Other potential impacts caused by the company that may arise from the implementation of projects, are: soil degradation, removal of vegetation, relocation of properties, movement of machinery, sound and particulate emissions, increased traffic of cars and people in the area.

These are common impacts at the time of implementing projects and Eletrobras Chesf works to ensure that, for the most part, they are mitigated through a series of programs and actions established through environmental licensing or at the company's own initiative, such as the recovery of degraded areas, a compensation program, control of traffic and particulate emissions, reforestation, education and social communication.

After the implementation phases, there are generally no new additional negative impacts on the surrounding communities. This is because the operation and maintenance of the company's equipment are conducted in the internal areas of the projects, in the case of power plants and substations. For transmission lines, periodic inspections are conducted without impacting the local communities.

In terms of the environmental licensing for the Frei Damião Wind Complex (PB) project, Eletrobras Chesf has advanced in the preparation of its Environmental Impact Study (EIA/RIMA), which is in the final stages of completion. In it, the populations neighboring the development have been identified and their socioenvironmental aspects evaluated.

All buildings in close proximity to the project's equipment have been registered and included in the analysis.

In turn, the environmental aspects and impacts related to the local communities have also been identified and evaluated in matrices based on a specific methodology, and for which





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impact mitigation controls were also identified, including an Environmental Education and Social Communication Program.

During the Environmental Study, measurements of the ambient noise associated with the local communities were also conducted, to be included in the proposal for the Noise Monitoring Program in order to minimize the impacts on neighboring populations.

In 2022, the company also completed its preparation of the environmental studies, including analyses of environmental aspects and impacts, for the Lapa Solar Photovoltaic Complex in Bom Jesus da Lapa (BA) and the heliothermal plant to be installed at the Reference Center for Solar Energy in Petrolina (PE). **GRI 413-1**

INVOLUNTARY DISPLACEMENT OF PEOPLE GRI 2-25, EU20, EU22

From prospecting for new business to carrying out environmental studies, it is part of Eletrobras Chesf's way of conducting business to identify and characterize the social, economic and cultural populations located within the area of direct and indirect influence of its developments.

With this research work, the company identifies, together with the population, potential needs for people to move due to the implementation and operation of its projects. If this movement is agreed upon between the parties, the company has the organizational and technical structure necessary to meet the relevant legal requirements of the action.

In these cases, in addition to identifying and registering the people and homes impacted by

its developments, the appropriate compensation will be negotiated within the environmental licensing process, in a participatory approach between the company and the community.

In 2022, nine families were displaced due to the implementation of a reinforcement to the LT 500kV Angelim II – Recife II Sectioning transmission line for SE Suape II. The total number of people affected, including those who could be positively affected, was 32 individuals.

Information on the physically or economically displaced people is contained in the dossiers of each of the plots compensated by Eletrobras Chesf. The data is archived in the company's Documentation Center. Cases of indemnity payments are audited on a sample basis by the company's Internal Audit department.

DIRECT COMMUNICATION WITH COMMUNITIES

When implementing new developments, whether transmission or operation, Eletrobras Chesf conducts social communication and environmental education programs within the environmental licensing process, aimed at the surrounding communities, both during the installation and operation phases.

The premise is to maintain a channel of communication and relationship between the company and the various groups impacted by its operation, such as the residents of communities close to the developments, public institutions and workers directly involved with the implementation works in the Directly Affected Areas (ADA), Areas of Direct Influence (AID) and Areas of Indirect Influence (AII).







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Social programs



The company has three programs aimed at social transformation, improving the quality of life in communities and preserving the environment:

- actions aimed at agricultural producers and students for the development of riparian vegetation around the São Francisco lakes in the states of Pernambuco, Sergipe, Alagoas and Bahia. The objective is to encourage the socioenvironmental sustainability of rural communities through research, development and transfer of technologies and training, seeking to generate income and preserve the environment;
- Conservation and Development Around Protected Areas in the Caatinga: Communities in the Buffer Zone of the Sete Passagens State Park (BA), which aims to promote the integration of an environmental protection area in the semi-arid region of Bahia for eight rural communities located in its surroundings. The objective of the action is to define an environmental plan through a Participatory Rural Diagnosis aimed at the conservation and management of local water resources; and
- Sowing Resilience in the Chapada
 Diamantina Territory (BA), which refers
 to the implementation of agroecological
 centers for environmental restoration with
 regenerative biological agriculture in 21 rural
 communities, eight of which are quilombos.





In 2022, Eletrobras Chesf presented the results of the last two programs mentioned, both developed in the state of Bahia, during the 1st Workshop of Selected Projects in the Eletrobras 2021 Socioenvironmental Project, a meeting promoted for the exchanging of experiences and creation of a network based on the identification of common interests among the contemplated initiatives. Together, the two programs help benefit hundreds of residents of rural communities, with actions aimed at the sustainable development of territories and improvement in quality of life, education and environmental preservation.

During execution of its social responsibility programs, the company monitors the implementation of proposed action plans on a quarterly basis, as well as tracking the number of people directly benefited.

Eletrobras Chesf also conducts a prior evaluation of potential positive and/or negative interferences on indigenous lands and communities before making decisions to implement any programs or developments in order to anticipate risks, opportunities and possible costs for the company.

The company communicates actions internally and externally related to its social responsibility programs on its social networks and other means of communication. In addition, the Lagos do São Francisco program has a digital dashboard managed by Eletrobras Chesf and with content support from the Brazilian Agricultural Research Corporation (Embrapa).





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INVESTMENTS IN LOCAL COMMUNITIES GRI 413-2

Private social investment

	2022
Number of direct beneficiaries of voluntary social programs and social outreach focused on employment and income	331
Number of direct beneficiaries of voluntary social programs and social outreach focused on employment and income	331
Number of direct beneficiaries of voluntary social programs and social outreach focused on the environment	688
Number of direct beneficiaries of voluntary social programs and social outreach focused on the environment	640
Total value of donation to the fund for childhood and adolescence	R\$ 1,200,000
Total value of donation to the elderly fund	R\$ 1,200,000
Total invested in volunteering	R\$ 3,774
Value of paid volunteering hours during employees' working hours	R\$ 46,871
Number of working hours dedicated volunteering	449
Number of beneficiaries in voluntary actions	923
Total value invested in incentivized sports sponsorship programs	R\$ 930,000
Number of direct beneficiaries in incentivized sports sponsorship programs	4,195
Total invested to sponsor incentivized cultural projects	R\$ 2,793,000
Number of direct beneficiaries in incentivized cultural sponsorship programs	174,416
Total value invested in sponsorship programs for events, congresses, symposiums, seminars and other actions of similar characteristics	R\$ 300,000
Number of people in sponsorship programs for events, congresses, symposiums, seminars and other actions of similar characteristics	3,558
Total general and administrative expenses	R\$ 715,142





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SPONSORSHIPS AND TENDERS

In 2022, the Eletrobras companies made available the 2022 Eletrobras Companies Cultural Program and 2022 Eletrobras Companies Socio-Sports Program, both governed by public selection tenders and guided by the Eletrobras Companies Sponsorship Policy.

The Cultural Program contributes to expanding the population's access to cultural goods and services, supports cultural productions and expression and strengthens the creative economy and development of the country through the sponsorship of programs approved by the Federal Culture Incentive Law or Rouanet Law (8,313/1991) in the following segments: performing arts, music, museums and memory and material and immaterial cultural heritage.

In 2022, Eletrobras Chesf was responsible for contributing R\$ 2.79 million to six cultural programs.

Investment in culture in 2022

Project	Author Val		
Performing arts			
Elba and Chico's word	BARHO Produções Ltda.	R\$ 169,000.00	
Mother Earth	Agapa Creation and Cultural Pro- duction	R\$ 800,000.00	
Music			
Musical Series and Workshops: Art, Nature & Sustainability	Studio Center	R\$ 698,000.00	
Ecoar Concerts – Teatro L'Occitane	Ecoar Association	R\$ 200,000.00	
Museums and memory			
Accessibility in museums: preservation of cultural heritage and dissemination of collections among people with disabilities	University Foundation for the Development of Extension and Research – Fundepes	R\$ 276,000.00	
Material and immaterial cultural h	eritage		
My World is Frevo	Kadosh Productions	R\$ 650,000.00	
Total		R\$ 2,793,000.00	

Sports Investment in 2022

Project	Author	Value
Unraveling Talents – E-sport	Talent Development Institute (IDT)	R\$ 230,000.00
Making the Impossible Become Possible - Year II	Paraíba Association of the Visually Impaired – Apadevi	R\$ 250,000.00
Chess at School – Year II	Camelense Chess Club	R\$ 200,000.00
Game of the Future Year II	love.fútbol	R\$ 250,000.00
Total	R\$ 930,000.00	

The 2022 Socio-Sports Program invests in sports and parasports programs that, in accordance with the Pelé Law (Law no. 9,615/1998) and the Sports Incentive Law (Law no. 11,438/2006), are able to raise funds from tax incentives and categorized as educational or performance sports events.

As such, it contributes to the effectiveness of sport as a tool for social transformation in the communities surrounding the power plants, substations and transmission lines of the Eletrobras companies. In 2022, Eletrobras Chesf invested R\$ 930,000 in four programs.





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Community Engagement GRI 2-29, 413-1

Eletrobras Chesf's community engagement actions target community leaders and all people in the communities impacted by the company's activities.

In 2022, 100% of the company's 479 operations had engagement programs and actions, impact evaluations and/or development programs aimed at local communities.

During the year, we continued with the Socioenvironmental Action Plan (SAP) at the Paulo Afonso I, II, III, IV and Apolônio Sales HPPs – Paulo Afonso Complex and Xingó HPP. The SAP was created to discipline and integrate actions on the environment within the scope of the company's relationship with the community.

Through it, a set of programs was implemented with the objective of encouraging young people to settle in their hometowns, offering training and developing working conditions capable of contributing to local development.

Participants in the initiative created programs exploring the tourism potential of the region. Examples are the Rural Tourism program in the Caatinga Biome: The Veredas da Caatinga Ecological Trail and the Eco no Ar program, both in the Lameirão settlement, located in Delmiro Gouveia (AL). They are aimed at developing practices to contemplate and expand knowledge of local archaeological and ecological expressions.

The activity makes it possible to unite young people in a collective work process, awakening the feeling of belonging while identifying and developing perspectives for work. By 2022, 83 local actors had participated in training activities promoted by the SAP, and 1,902 people have already visited the trails. Some young people from the community who were trained by the SAP and other partnership initiatives, act as guides.

The Eco no Ar Program (EAP): Integrating and Disseminating the EAP-SAP was created by young people from Lameirão with the aim of investigating and disseminating information about the work of the SAP and the use and conservation of natural resources and agroecology. By 2022, 145 people had already been interviewed, including teachers, farmers, fishermen, liberal professionals, local leaders and social actors who develop work related to the environmental theme.







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Volunteering GRI 413-1

In 2022, the Eletrobras Chesf Business Volunteer Center, in partnership with local NGOs, conducted corporate social responsibility initiatives aimed at encouraging, organizing, supporting and recognizing voluntary citizen participation actions by its employees in favor of the quality of life in the communities surrounding our works or offices.

One of the initiatives was in partnership with the NGO AmorForte. National Volunteer Day was celebrated (on August 28) with the offering of a diversified program for the community close to the company's headquarters in the Torrões district, in Recife (PE).

The activities included art and music presentations, crochet workshops, blood pressure measurements, relaxing massages and storytelling for children, in addition to the revitalization of a living space and ecological awareness activities with the collection of recyclable materials and planting of seedlings.

Another initiative in 2022 was a Donations Collection Campaign to help homeless people, service providers and charitable institutions affected by heavy rains in the metropolitan region of Recife (PE) and the states of Alagoas and Rio Grande do Norte, with the distribution of meals, mineral water, food baskets, clothes, cleaning and personal hygiene products.

In addition, to celebrate Children's Day, the company promoted an event for the communities neighboring its headquarters in Recife (PE), bringing together more than 350 children and their families with street games and the distribution of snacks.

An action also involved chess demonstrations

with the participation of students from the Chess at School program, an initiative sponsored by Eletrobras Chesf with students from public schools in the municipality of Ipojuca (PE).

The Eletrobras Chesf 2022 Christmas Solidarity campaign collected around 700 toys for children living in communities around the company's headquarters and facilities in Mauriti (CE) and Salvador (BA), in addition to gifts for the elderly at an institution close to the Sobradinho HPP (BA).

The company also maintains the Banho do Bem Campaign on a permanent basis, in partnership with the NGO Prosol, which involves the donation of personal hygiene items for homeless people in Recife (PE).

Additionally, in partnership with the NGO Chesfians Citizenship Committee of Recife – with which Eletrobras Chesf maintains a Partnership and Cooperation Agreement aimed at strengthening the organizational culture of volunteering and approximation with the

communities surrounding the company's facilities –, the company collected milk packaging for the production of thermal blankets that are distributed to the homeless population.

We also conducted a campaign for the victims of the fire on stilt houses in the Pina neighborhood in Recife (PE), which took place in May. A campaign was conducted with employees at the headquarters of Eletrobras Chesf and the funds collected were used to purchase hygiene and cleaning products and donated to those who lost their homes.

In 2022, the Embalagens Tetrapak campaign was begun internally in partnership with the Anjos da Noite and Garrafas PET e Fábrica de Vassouras Ecológicas NGOs, both located in Recife (PE). In addition to promoting employee awareness and minimizing damage to the environment, we provide economic incentives to entities that make blankets for homeless people using tetrapak packaging and manufacture brooms using PET packaging.







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Rights of indigenous and traditional peoples GRI 3-3, 411-1, 413-1







The Environmental Policy of the Eletrobras Companies has specific guidelines for their relationships with indigenous communities. We develop communication actions with this public, always taking into account ethnic and linguistic issues and seeking to establish permanent dialog with those who already have an interface with the programs, aiming to build relationships of mutual trust.

In 2022, we conducted a Study of the Indigenous Component (SIC) of the 500 kV Luiz Gonzaga-Milagres Transmission Line, the 230 kV Paulo Afonso-Milagres Circuits 1, 2 and 3 and Paulo Afonso-Bom Nome Circuits 1, 2 and 3. The SIC aims to meet conditions of Operating License 1.066/2012. Its coverage area encompasses the Pankararu and Entre Serras indigenous lands, located between the municipalities of Jatobá, Tacaratu and Petrolândia, all in Pernambuco state, and the Pankaiwká Indigenous Reserve in the municipality of Jatobá (PE).

The initial activities were conducted in November. They were aimed at getting to know the indigenous tribes and diagnose the positive and negative impacts on the physical, biotic and socioeconomic environments related to the company. This work is expected to be completed in April 2023.

For its most recent works, Eletrobras Chesf has adopted a policy of avoiding interference in

indigenous territories. This is the company's main way of managing the issue, conducted through territorial analyses based on the mappings available at the National Foundation for Indigenous Peoples (Funai). With this collected data, the company develops its projects to avoid overlapping with indigenous territories.

Nevertheless, the company operates some transmission lines that were installed and energized from the 1960s to the 1980s, when the legal framework for environmental licensing did not yet exist. These works needed to go through regularization processes and the company has sought to meet the requirements of environmental licenses.

In 2022, there were no incidents of violating the rights of indigenous peoples, including by employees and communities impacted by the company's operations.







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The climate emergency has underscored the critical importance of environmental protection in order to sustain life on Earth. Businesses' impacts on the environment can place both society's and organizations' survival in jeopardy. It is crucial that we understand the consequences of our operations and what we can do to mitigate, contain, and anticipate impacts with agility, ethics and efficiency.

ENVIRONMENTAL MANAGEMENT GRI3-3,413-1







Sound, responsible environmental management is essential to the continuity of our operations and our value creation model, as our business is directly reliant on natural resources. Recognizing this, we seek to reconcile our business activities with environmental protection at each stage of our projects, going beyond minimum legal requirements whenever possible.

Each department uses appropriate assessment methods to evaluate impacts from our operations. Our Bylaws require that we seek economic, financial, social and environmental balance in our actions and in pursuing business opportunities.

Eletrobras Chesf's environmental management practices are guided by the <u>Eletrobras Group</u> <u>Environmental Policy</u> and are factored into the planning for our projects and in our day-to-day operations. The Environmental Policy is designed to ensure compliance with applicable laws and regulations and the international conventions of which Brazil is a signatory.

Eletrobras Chesf also has an Environmental Management System in place that comprises three core components: Environmental Policy; the Eletrobras Environmental Committee, of which Eletrobras Chesf is a member; and the Corporate Sustainability Disclosures System (IGS System) – Environmental Dimension. In addition, we have a proprietary system, SISLIC, for managing environmental licenses and requirements.

In 2022 we obtained 23 permits and licenses for greenfield projects and developments. We also renewed 33 licenses to ensure our existing assets remain compliant.





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ENERGY TRANSITION AND ENERGY EFFICIENCY GRI 3-3, 413-1, EU10



In support of the <u>Eletrobras Group Energy</u> <u>Efficiency Policy</u>, we have worked to implement best practices in energy management and to ensure the electricity supplied to our office sites is produced from renewable sources.

One of our key initiatives as part of these efforts is a Solar Microgrid program, by which we aim to source 100% of the electricity consumed at our office sites from solar microgrids (SMGs) built in the states where we operate.

The following distributed generation projects have been developed so far as part the program:

At Eletrobras Chesf, strategically exploring new generation sources is a way to create value for the business.

- Petrolina SMG (a project in collaboration with the Solar Power Reference Center (CRESP)) – Petrolina (PE) – 2,500kW
- Santa Rita II SMG Santa Rita (PB) 50 kW
- Campina Grande II SMG Campina Grande (PB) – 50 kW
- São João do Piauí SMG São João do Piauí (PI)
 100 kW
- Messias II SMG Messias (AL) 700 kW
- Sobral III SMG Sobral (CE) 900 kW
- Natal III SMG Macaíba (RN) 500 kW

Alongside these projects, in 2022 we built a Battery Energy Storage System (BESS) at our Messias (AL) substation. This is an experimental 300 kW storage facility with a battery life of 12 hours for average auxiliaries loads. The battery storage solution is integrated with a 700 kW solar power array.

We periodically measure the performance of our Solar Microgrid program based on project progress reports, schedule performance, number of hours of training for plant personnel, and conformity to integration requirements. The program's project pipeline is nearing completion, and projects have come online in six states so far: Pernambuco, Paraíba, Piauí, Alagoas and Ceará. Once all projects are operational, an extensive internal campaign will be launched to showcase the benefits from solar microgrids.

At Eletrobras Chesf, strategic exploration of new generation sources is a means to create value for our business. We are actively engaged in efforts to advance the energy transition, helping to build a clean energy mix in Brazil with predominantly low-emission sources. Our generation assets are currently 100% renewable, including wind and hydropower.





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New wind assets



In 2022 we commenced development of the 110 MW Frei Damião I Wind Cluster (PB) and resumed development of the 27 MW Casa Nova B Wind Farm (BA). For the Casa Nova B project, which is scheduled to begin in the first half of 2023 and expected to last approximately one year, we have an authorized budget of R\$ 110 million.

For Frei Damião I, the budget is currently pending internal approval and is estimated to be R\$ 455 million. In 2022 the cost of these projects were revised up to reflect rising costs of materials, logistics and equipment.

Both are clean, renewable, low-omission generation projects that will contribute to the development of surrounding communities and host municipalities.







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Energy consumption GRI 302-1

Fuel consumption from non-renewable sources (GJ)

	2022
Gasoline consumption by vehicle fleets	3,664.43
Gasoline consumption by vessels	49.32
Gasoline consumption by fixed sources in administrative activities	81.97
Diesel consumption by land vehicles	41,300.81
Diesel consumption by generator sets – hydroelectric plants	295.64
Diesel consumption by generator sets at substations – transmission	1,442.54
Diesel consumption by fixed sources in administered activities	1,309.2
Aviation fuel	1,717.76
2-stroke engine oil consumption by fixed sources in administrative activities	0.6
Diesel consumption by office generator sets	15.72
LPG consumption by fixed sources and administrative activities (kg of liquefied petroleum gas)	14.96
Total	44,156.10

Fuel combustion – renewable (GJ)

Consumption of ethanol (blended into gasoline) and biodiesel (blended into diesel)	15,137.4
Total	15,137.4





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Electricity Consumption (GJ)

	2022
Transformer-supplied power for substation auxiliaries – transmission	182,665.5876
Utility-supplied electricity for substation auxiliaries – transmission	10,117.9368
Utility-purchased electricity from the National Grid for office use	5,792.8716
Electricity sourced from microgrids for internal consumption – voluntary initiatives	15,354.59292
Total electricity consumed in the generation process – utility-purchased electricity	630.54
Total electricity consumed in the hydroelectric generation process – on-site-generated electricity	726,164.4816
Total	940,726.0105

Total energy consumption (GJ)

Fossil fuel consumption (generator sets, vehicle, vessel and aircraft fleets, and other fixed sources)	44,156.1
Renewable fuel consumption (consumption of ethanol (blended into gasoline) and biodiesel (blended into diesel)	15,137.4
Electricity consumption - utility (purchased electricity)	16,541.3
Electricity consumption – transformer removal	182,665.6
Electricity consumption - Self-generated	726,164.5
Electricity consumption – Electricity sourced from microgrids for internal consumption	15,354.6
Total	1,000,019.5

The data was compiled from Eletrobras' proprietary Sustainability Disclosures System (IGS), developed in collaboration with CEPEL to monitor, record, archive and standardize monthly environmental indicators at the corporate level. The standards, methodologies and assumptions used to obtain information are included in the procedures for each performance indicator available in the IGS System. Calculations are made using the Emisfera platform, which provides a suite of tools for calculating and analyzing emissions and supporting the development of greenhouse gas inventories for corporate and other purposes. Conversion factors, which are derived from the 2012 National Energy Balance, are integrated into the Emisfera platform.

Fuel consumption data is obtained from reports generated in Ticket Log, our vehicle fleet management contractor. Data is entered in the IGS system in liters (gasoline, diesel oil and jet fuel) and in kg (LPG). Calculations are performed on CEPEI's Emisfera platform, which uses GJ conversion factors taken from the National Energy Balance (BEN). As a mandatory requirement in Brazil, all gasoline contains a fraction of sugarcane ethanol, and all diesel contains a fraction of biodiesel. These fractions are required under National Energy Policy Board (CNPE) resolutions for biodiesel blending into diesel oil (CNPE Resolution 25, dated November 22, 2021) and National Petroleum Agency (ANP) resolutions on ethanol blending into gasoline (MAPA Resolution 75/2015).

For purchased electricity, electricity consumption data is compiled from utility invoices. Data on electricity tapped from transformers or supplied from on-site generators is obtained from meters. All electricity-related data is entered in the IGS system in MWh. Calculations are performed on CEPEI's Emisfera platform, which uses GJ conversion factors taken from the National Energy Balance (BEN).





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CLIMATE CHANGE GRI 3-3



At Eletrobras Chesf, we are committed to increasingly minimizing negative impacts and advancing the transition to a new development model based on a low-carbon economy.

As part of this commitment, we manage greenhouse gas (GHG) emissions, identify and assess exposure to climate change risks, invest in renewable energy projects, and sponsor energy transition research. Under the Eletrobras Group Environmental Policy, we have committed to expand our emissions

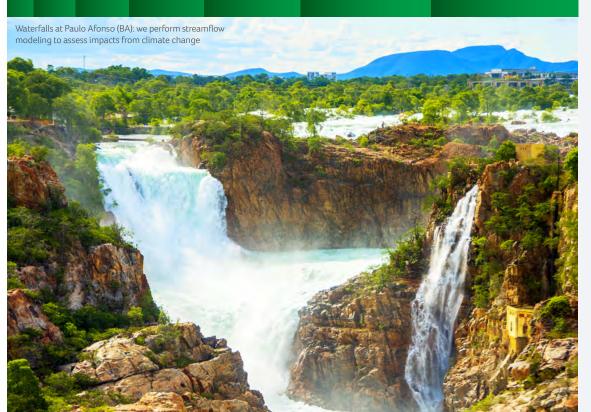
abatement, climate adaptation and climate mitigation efforts.

Eletrobras Chesf's GHG emissions strategy is based on a set of pillars that are expressed in our 2013 Commitment on Climate Change and that guide our practices and planning for the future.

Guided by this policy, we have undertaken research in collaboration with the Brazilian Power Sector Research Center (CEPEL). Among our most important research programs is

Mudclima, which is exploring three climate change-related research fronts:

- research on the use of climate data to inform reservoir inflow scenarios and assess the impacts from climate change on hydroelectric power plants in Brazil;
- climate adaptation strategies for ecosystems and communities; and
- developing climate adaptation strategies and initiatives for the power sector.



We have committed to expand our emissions abatement, climate adaptation and climate mitigation efforts.





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Key Initiatives

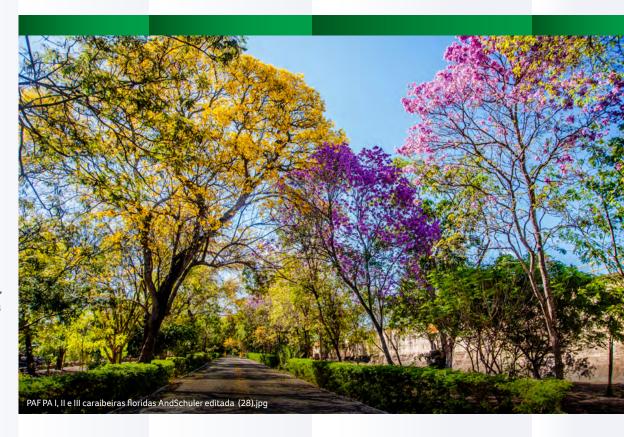
Our most significant climate change efforts in 2022 include our Solar Microgrid (learn more on page 123) and Net Zero programs, which are advancing initiatives to reduce, offset and

abate emissions in our operations, progressively

Other highlights from the year included:

decarbonize thing the business.

- certification of 98.7% of our generation assets, with all hydroelectric plants and the Casa Nova II and Casa Nova III wind farms eligible to issue Renewable Energy Certificates;
- 100% of Scope 2 emissions, transmission losses and electricity consumption offset by I-RE-Cs issued for our own power plants in 2021;
- more than six distributed generation projects as part of our Solar Microgrid program, which will add 2,300 kWca of generation capacity covering our electricity consumption in the states of Alagoas, Ceará, Paraíba, Piauí and Rio Grande do Norte (read more on page 123);
- development of our 2,500 kWc solar microgrid project in Petrolina (PE), as part of a research program to improve our power generation capabilities;



- research on distributed generation as part of Eletrobras Chesf's Solar Microgrid program, including lifecycle assessments; and
- energy savings initiatives at corporate offices to incrementally reduce electricity consumption from 2020 to 2024, mitigating associated emissions.





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I-RECs

Renewable Energy Certificates (RECs) are international certificates of proof that a certain amount of electricity has been produced from a renewable source. Each REC is proof that 1 MWh of renewable electricity has been generated and injected into the grid. I-REC Service is a global tracking system recognized by the Brazilian GHG Protocol Program for certifying greenhouse gas (GHG) emissions offsets and abatement.

The data used to calculate REC sales are official generation data produced by Instituto Totum and provided directly by the Electric Power Trading Chamber (CCEE), the Brazilian Wind Power Association (ABEEÓLICA), and the Brazilian Clean Energy Association (ABRAGEL).

Currently, 98.7% of our installed capacity is certified by Instituto Totum. In 2022 we traded 270,010 RECs on the market, with a balance remaining to trade up to May 2023, including to offset our own emissions.



98.7%

of our installed capacity has been certified by Instituto Totum to issue I-RECs In 2022 we completed the following investments in climate mitigation and resilience initiatives: **GRI 201-2**

• Solar Microgrid Program - R\$ 4,448,292.34

Opportunity: decarbonize the business (through increased consumption of renewable electricity).

R&D+I – Messias Substation Battery Storage system (HBESS) – R\$1,513,358.35

Opportunity: decarbonize the business (by deploying standalone solutions to provide power supply to substation auxiliaries, combining solar microgrids With smart battery systems).

 Network management and collection and transmission of hydrological data on streamflow and revenue levels, rainfall and net streamflow at metering stations, as well as weather information for drainage basins hosting hydroelectric plants – R\$ 2.535.619.30

Opportunity: mitigating physical risks associated with climate change.

Real-time monitoring of upstream (reservoir) and downstream conditions –
 R\$ 1,005,335.24

Opportunity: mitigating physical risks associated with climate change.

• I-REC purchases to offset Scope 2 emissions in 2021 – R\$ 457,850.38

Opportunity: enhance competitiveness and credibility through initiatives to neutralize GHG emissions.

 Certification of generation assets to issue RECs – R\$ 67,134.30

Opportunity: new revenue streams from selling RECs.

TOTAL: R\$ 10,027,589.91





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Risks and opportunities GRI 201-2

Global climate change, and regulatory developments in response, are constantly monitored to identify potential threats and opportunities for the business.

Eletrobras Chesf's operations are required to comply with the Brazilian National Policy on Climate Change. This policy governs the way we plan our investments in new projects, and is factored in our assessments of climate change risks.

In the short term, we believe our company's exposure to impacts from international and/or voluntary agreements on climate change will be limited. This is because Brazil's target GHG emissions reduction of 50% by 2030, agreed at the UN Climate Conference in 2021 (COP-26), will be achieved by expanding the share of renewable sources in the energy mix. Because Eletrobras Chesf's generation assets are virtually entirely renewable, the impact on our operations will be minimal.

In relation to physical risks, our company is liable to suffer impacts from climate change based on the latest report from the Intergovernmental Panel on Climate Change (IPCC), including changes in rainfall patterns in the regions where our hydropower assets are located.

Extreme weather events are among the risks considered in our climate change risk assessments, resulting in lower-than-expected energy production. This could prevent the company from meeting its contractual

obligations and lead to exposure to volatile Difference Settlement Pricing (PLD), causing financial losses and adverse results of operations, as well as higher electricity rates for customers.

In relation to these risks, we have the following practices in place to prevent losses:

- network management and collection and transmission of hydrological data
- 2. flood control procedures
- community notices about river and reservoir conditions
- **4.** real-time monitoring of upstream (reservoir) and downstream conditions
- storing and managing hydrological information collected by our monitoring network via our Water Resource Management System
- **6.** using hydrological models for integrated management of hydroelectric developments
- **7.** georeferenced surveys of the flood inundation area for different streamflow levels
- **8.** compliance with operational guidelines for reservoirs within the National Grid system
- monitoring river flow and level restrictions in the drainage basins hosting our hydroelectric plants

 external advocacy on water resource management

We also take account of potential reputational risks as a result of the company's position and action on climate change. To address this risk, we seek to be transparent in our relations with stakeholders and to provide clear and objective information, disclosures and communications.





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NET ZERO

Eletrobras Chesf's Energy transition efforts are governed by the Eletrobras Group Energy Efficiency Policy. We are operating on two complementary fronts to implement best practices in energy savings: our Solar Microgrid and Net Zero programs.



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Solar Microgrids

Chesf's Solar Microgrids program will offset the electricity consumed at our office and operational facilities through seven new distributed generation microgrids in six states, with a total installed capacity of 4,800 kW.

CE

TTTT

RN

PB

PE



Net Zero

Our Net Zero program aims to mitigate and offset the greenhouse gas (GHG) emissions from our operations. A review of our GHG inventory identified ways to offset our emissions or generate carbon credits. This initiative is capturing opportunities in the energy transition and energy efficiency, as well as projects focused on expanding water reuse and generating or acquiring carbon credits.



São João do Piauí Solar Microgrid (SMG), São João do Piauí (PI)

900 kW

Sobral III SMG, Sobral (CE)

500 kW

Natal III SMG, Macaíba (RN)

50 kW

Santa Rita II SMG, Santa Rita (PB)

50 kW

Campina Grande II SMG, Campina Grande (PB)

2.500 kW

Petrolina SMG – CRESP, Petrolina (PE)

700 kW

Messias II SMG, Messias (AL)

Learn about some of these initiatives below:



Replacement of emergency diesel generator sets with battery storage systems - **project under consideration**



Replacement of vehicle fleets with more efficient models, including electric vehicles – **project in progress (pilot)**



Replacement of plumbing fixtures with more water-efficient models – project in progress



Construction of more efficient wastewater treatment systems – **project in progress**



Implementation of a voluntary reforestation project for emission offsetting – project under consideration



Sourcing renewable electricity from the free market – project under consideration



Offsets using I-RECs - **project implemented**







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Emissions Inventory

GRI 305-1, 305-2, 305-3, 305-4

We monitor and report on our greenhouse gas (GHG) emissions through GHG Emissions Inventories. These inventories inform our efforts to reduce environmental impact; design strategies to further reduce emissions, and advance the transition to a new development model.

We calculate emissions in accordance with guidelines issued by our parent company based on the Brazilian National Policy on Climate Change, introduced by Law no. 12,187/2009 and regulated by Decree no. 7,390/2009.

Our emissions sources are continuously monitored via our Sustainability Disclosures System (IGS) and, after validation, the data are exported to a software suite used to calculate and track trends in GHG emissions. Since 2009, we have compiled annual information for publication in the Eletrobras Group Greenhouse Gas Emissions Inventory. Emissions are accounted for using the Intergovernmental Panel on Climate Change (IPCC) methodology and the quidelines given in the GHG Protocol.

We have set a goal to reduce our absolute greenhouse gas emissions (Scope 1 + Scope 2, not including transmission losses, in tCO_2) and relative emissions (GHG emissions intensity, and tCO_2 /NOR and tCO_2 /MWh generated). GHG emissions are measured across three different scopes, as shown below.

Emission scopes

Scope 1

Mobile-source emissions

Fugitive emissions (SF₆ refrigerants)

Blackwater

Other point sources: LPG, natural gas and diesel fuel used by generator sets and auxiliary boilers

Scope 2

Emissions per unit of purchased electricity

Transmission losses

Scope 3

Air travel

Effluents discharged into municipal sewage systems

Employee commuting

Our total emissions in 2022 were $89,304 \text{ tCO}_2$. As expected, the bulk of emissions are Scope 2 (86.9% of the total), followed by Scope 1 (11.7% of the total) and Scope 3 (1.4% of the total).

Scope 1 emissions also increased in the year, primarily reflecting the inclusions of refrigerant gas emissions. Until 2021, these emissions were not accounted for in our inventories as consumption data was not available. Scope 2 emissions decreased in the year, as a result of both energy efficiency initiatives (learn more on page 118) as well as the significantly lower grid emission factor.

For more information and detail data about the gases included in emission factors, the baseline year, methodologies and assumptions, refer to our <u>GHG emissions inventory</u> on the Eletrobras Chesf website.

GHG Emissions

Scope	2020	2021	2022
Scope 1	12,360	8,607	10,407
Scope 2	101,412	260,438	77,681
Scope 3	240	293	1,216
Total	114,012	269,337	89,304

*Total GHG emissions to Recurring Net Operating Revenue (NOR) (CO₂/R\$ thousand): 0.011

Total Emissions (tCO₂e): 88,751.08 NOR(R\$ thousand): : 7,870,267 GHG Emissions Intensity/MWh: 0.265

Scope 1 and Scope 2 emissions, excluding transmission losses (kgCO₂e):

10,003,300

Net Generation Output (MWh): 40,079,144.01

Gases included in disclosures: CO2, CH4, N2O, SF6, HFCs and PFCs.

*** Biogenic emissions are emissions from burning renewable (non-fossil) fuels not related to land use. This includes emissions produced by burning fuel ethanol, anhydrous ethanol (blended with gasoline) and biodiesel (blended with diesel).

Total Scope 1 biogenic emissions in 2022 = 1,053.41 tCO₂e **GRI 305-1**





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WASTE MANAGEMENT

At Eletrobras Chesf, waste management is planned in such a way as to ensure that waste is compliantly segregated at its source, stored, transported, recycled, processed and disposed of. Our goal in waste management is to protect human health and the environment in accordance with the principles of the Eletrobras Group Environmental Policy and the National Waste Management Policy.

Eletrobras Chesf produces waste materials classified as Class I and Class II-A waste B. Most Class I waste is disposed of by specialized contractors in compliance with applicable laws and regulations.

For Class II waste, generated at our offices, we engage contractors to collect and compliantly dispose of waste materials in municipal landfills, where they are weighed for invoicing purposes. Waste volume data is regularly requested from the contractor by our facilities management department.

In July 2022, 5,000 liters of mineral insulating oil spilled as a result of a transformer rupture at the Camaçari II Substation in Dias D'Ávila (BA). The oil spilled onto the floor surface and drained via the stormwater system into Sucuricanga Creek.

As a result of the spill, part of the vegetation and the soil along the banks of the creek were affected. We responded promptly to contain the spill and remediate the affected area. Eletrobras Chesf is taking all appropriate steps to ensure compliance

Nonhazardous waste disposal (t)

		2022			
Type of disposal	Generation	Administrative activities	Transmission		
Recycling	0.18	2,570.20	0.00		
Composting	0.00	55.80	0.00		
Landfilling	na	627.72	na		
Total	0.18	3,253.72	0.00		

Hazardous waste disposal (t)

	2022			
Type of disposal	Generation	Administrative activities	Transmission	
Industrial landfill	16.39	0.77	85.12	
Co-processing	0.00	1.04	0.00	
Reverse logistics	0.00	24.55	0.00	
Recycling	517.36	5.56	57.96	
Total	533.75	31.92	143.08	

with environmental best practices and the legal requirements of the relevant authorities.

We also received complaints from residents near the substation about the water from the creek being temporarily unfit for use.





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WATER AND EFFLUENT MANAGEMENT

GRI 2-25, 3-3, 303-1

Water is our primary environmental asset, in particular the São Francisco River, where most of our hydroelectric plants are located. We are committed to efficiently managing water resources and effluents, ensuring water is available in sufficient quantity and quality for its multiple applications.

Our parent company's <u>Water Resource Policy</u> guides our water stewardship practices, and is based on two core concepts: water is a shared, limited and precious resource; and water is an essential natural resource.

Eletrobras Chesf assesses and monitors water quality in the reservoirs and adjacent stretches of the rivers under our concession, including physical and chemical parameters such as temperature, pH, electrical conductivity, dissolved oxygen, turbidity, transparency, total alkalinity, total hardness, concentration of nitrate and nitrite, ammonia, total phosphorus, total phosphate, inorganic phosphorus, chlorides, chlorophyll, density of thermotolerant coliforms, concentration of pesticides, oil and grease. In addition, we monitor data on reservoir storage and streamflow.

Water quality testing is performed on a quarterly schedule. Monitoring frequency may increase to biweekly in drought conditions, or daily in the event of a severe drought.

We also work to raise awareness about the importance of water in communities surrounding

our facilities, through our Environmental Education and Social Communication programs.

We regularly review and update our Annual Flood Control Plan, related rules and guidelines, our inventory of hydroelectric plant restrictions, our flood control manuals, and information reporting systems for host river basins. Eletrobras Chesf regularly provides information to communities using plain and clear language and the best suited channels for each location.

In 2022, the São Francisco River experienced its highest streamflow in the last 13 years due to heavy rainfall, especially in the state of Minas Gerais. In response, Eletrobras Chesf implemented special flow control measures at each of its reservoirs. On January 12, the outflow rates from dams on the São Francisco river was increased. The Sobradinho (BA) and Xingó (SE) dams reached an outflow of 4,000 cubic meters per second (m³/s), or half of the maximum streamflow rate allowable for the river under flood control rules.

Eletrobras Chesf provided information on our portal, websites and radio spots to inform the public about our flood control measures. Information about changes in discharge rates is also provided via instant messaging. **GRI 303-1**

Changes in streamflow downstream from the Xingó Dam may also occur as a result of instructions given by the National Grid Eletrobras Chesf assesses and monitors water quality in the reservoirs and adjacent stretches of the rivers under our concession.

Operator (ONS) to optimize generation output in different regions of the country—the ONS is responsible for centrally planning, scheduling and dispatching generation facilities in Brazil. Eletrobras Chesf operates its reservoirs and dams in accordance with established rules, and shares information about these operations with other users, in accordance with legal and operational requirements. We also provide any required clarification to the Office of the Attorney General in Palmares (AL).





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In 2022, after a 12-year hiatus, with the flood season came the resurgence of the Paulo Afonso waterfall, a series of falls that can reach a height of 80 meters in the tourist area of lakes and canyons on the São Francisco River. This led to increased visitation to the Eletrobras Chesf Park, following sanitary protocols and with enhanced safety measures implemented in collaboration with the City Hall of Paulo Afonso. Since reopening on January 14, 2022, the Paulo Afonso Complex received 20,500 visitors, including employees, residents from the region and tourists. The lookout at Xingó received 19,431 visitors in the year.

In December, heavy rainfall led to abnormally high streamflow through the Contas River in southern Bahia, where Eletrobras Chesf's Pedra Dam is located.

Heavy rainfall, especially upstream from the dam, increased the reservoir level and required the dam to increase its outflow. This led to flooding in the municipality of Jequié (BA) and other municipalities downstream from the dam, with some residents sustaining property damage as well as experiencing distress and uncertainties.

As a result of the flooding, several lawsuits were filed to hold Eletrobras Chesf liable for the flooding and to pay damages. In its defense, Eletrobras Chesf argued that the flooding was a result of extreme weather events that, by their very nature, are inevitable and not within the company's control, given that the Pedra Dam is limited in its flood attenuation capacity.

The exceptional nature of this event can be measured by the volume of the flood, which was the most severe in the past 41 years. In



During the flood control operations, outflow from the Pedra Dam was gradually increased in a controlled manner, helping to mitigate impacts from the heavy rainfall on downstream towns. By utilizing the reservoir's impoundment capacity, the hourly inflow rates of up to 4,500 m³/s were attenuated, limiting the maximum hourly outflow to 2,400 m³/s.

As a result, our flood control operations helped to limit flooding in locations downstream from the reservoir, as well as slowing the progress of peak flows.

Under these adverse conditions, we operated the Pedra Dam in strict compliance with applicable rules and guidelines. We maintained regular communication with state and municipal authorities, including the Civil Defense Department, providing them with timely updates on the reservoir's condition and alerting them in advance of necessary emergency measures to control water levels. As a result, local authorities were able to take appropriate action to protect residents from imminent flooding.

The legal proceedings are at an early stage, preceding discovery.

In the event of an environmental emergency, stakeholders can contact Eletrobras Chesf via a toll-free number (0800 979 3090) or by email to meioambiente@chesf.com.br.







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Water impacts GRI 2-25, 303-1

Type of venture*	Examples of impacts **	Examples of mitigation/compensation measures		
	Changing in the hydrosedimentary dynamics	Hydro-sedimentological monitoring program		
	Changes in rainfall patterns/Reduced downstream streamflow	Hydro-sedimentological monitoring program		
	Changes in groundwater levels	Hydrogeological monitoring program/ Groundwater level and quality monitoring program		
Hydropower dams	Conversion of river ecosystems from lotic to lentic	Water quality monitoring program		
	Changes in surface water quality	Water quality monitoring program		
	Riverbank erosion downstream of the reservoir	Erosion monitoring / Restoration of riparian forest cover		
	Multiple reservoir uses	Environmental preservation and usage plan for artificial reservoirs (PACUERA)		
	Water consumption in the generation process	Water consumption and quality monitoring program		
Thermal power plants	Possibility of water contamination by waste/ oil spills	Water quality monitoring program/ Emergency Response Plan		
	Varying temperature, turbidity and pH in discharged water	Water Quality and Effluent Monitoring Plan		
Transmission lines and substations	Consumptive water use in the transmission process/ Consumptive water use in current conversion	Water consumption and quality monitoring program/Use of additives in cooling water to increase the number of cycles through the substation towers		
Floating solar plants (in reservoirs)	Oil spills (equipment collapse)	Contingency plans / Bunding		

Where the impact is most likely to occur, but will not necessarily occur in every case. Regardless of the project stage. The magnitude and scale of the impact depend on the size of the project and the region where it is developed.

No water is consumed in areas with water stress. **GRI 303-5**

Water storage generates no impacts. **GRI 303-5**





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River basins GRI 303-1

The water flowing through our hydropower plants is not consumed and is returned in its entirety to the downstream water body with the same level of quality as at the intake. Our reservoirs help to regulate downstream streamflow during drought and flood seasons, mitigating impacts.

All projects have secured or have applications pending for permits to use water resources for hydroelectric purposes.

We are active members of the São Francisco Watershed Committee (CBHSF). Eletrobras Chesf representatives participate in plenary meetings and other meetings of Subject-Matter Committees and the Middle and Lower São Francisco Sectoral Committees. We are also members of the Water Resource Working Group (WRWG) and the Alagoas State Water Resources Committee(CERH). We were also involved in the early planning of the Parnaíba River Basin Committee. As a member of the Eletrobras Group, Eletrobras Chesf is also a signatory of the Business Pledge for Biodiversity, launched by the Brazilian Business Council for Sustainable Development (CEBDS).







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Water Withdrawal, Consumption and Discharge GRI 303-2, 303-3, 303-4, 303-5

Water for office use is primarily supplied by local utilities.

The impact from effluent discharge varies depending on the quantity, quality and destination. Most of the effluents generated by Eletrobras Chesf are sewage from office facilities and turbined water from hydroelectric dams.

All sewage is sent to conventional treatment systems (septic tanks or municipal sewage systems) and have no impact on waterbodies. Our hydroelectric dams have no adverse impacts on river water, as all turbined water returns to the watercourse without any alteration of its properties, and therefore does not require treatment.

Eletrobras' Business & Management Master Plan (PDNG) has set a target to reduce utility water consumption in administrative activities by 0.3% year on year. In 2020, 2021 and 2022 we achieve reductions of 6.82%, 14.71% and 2.03%, respectively.

Some of our key water savings initiatives include:

- modernization of plumbing fixtures
- consumption monitoring by our IGS Environmental system
- reservoir water quality monitoring programs

- monitoring of aquatic ecosystems and fish stocks
- reforestation and rehabilitation of riparian vegetation
- fish nurseries producing fry to restock populations of different species in the River basin
- rainwater harvesting projects
- environmental education initiatives in surrounding communities about responsible water use and preventing pollution

In 2022 the total volume of turbined water flow through hydropower dams located on rivers experiencing critical or very critical water stress (based on the method outlined by the Brazilian Water Agency (ANA)) was 510,555,744.00 ML. All hydroelectric plants have or are in the process of securing permits to use water resources.

Chesf-owned hydroelectric plants all pay Financial Compensation for the Use of Water Resources pursuant to Law no. 7,990/1989. In 2022, Chesf paid R\$ 211,248,498.23 toward financial compensation.

The effluent (water discharge) volumes we report include total turbined water flowing through our hydroelectric dams, and 80% of the water used in administrative activities.

Water consumption is assumed to be 20% of the water used in administrative activities.

Law no. 9,433/97, which introduced the Brazilian National Water Resource Plan (PNRH), classifies waterbodies into different categories. Operations withdrawing water from and/or discharging water into a water body are subject to different requirements depending on the category.

Eletrobras Chesf is not subject to any industryspecific requirements for effluent discharge. We are compliant with the general requirements established in the applicable regulations.





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Total water withdrawal by source (ML) GRI 303-3

Administrative activities	598.22
Groundwater	22.17
Rainwater	448.48
Utility water	87.77
Where no meter is present (estimated consumption)	39.80
Hydropower	215,461,123.20
Surface (turbined water)	215,461,123.20
Total water withdrawals ¹	215,461,272.95
Total water discharged ² GRI 303-4	215,461,211.16
Total water consumed ³ GRI 303-5	21.99

Turbined water (hydroelectric plants in water-stressed areas) GRI 303-3, 303-4

510,555,744.00

Water consumption data is derived from direct measurements at our operational facilities that are compiled and submitted to the appropriate department, which consolidates the information and generates water use performance indicators and disclosures. In 2022 our total water consumption was 30.58 ML.

¹ Consumption estimates where no water meter is present are included in the total water withdrawal figures, but are not included in the calculations of water discharge and consumption.

² Total water discharge is the sum of effluents, used water, and unused water released to surface water, groundwater, seawater, or a third party, for which the organization has no further use, over the course of the reporting period.

³ Total water consumed is the sum of all water that has been withdrawn and incorporated into products, used in the production of crops or generated as waste, has evaporated, transpired, or been consumed by humans or livestock, or is polluted to the point of being unusable by other users, and is therefore not released back to surface water, groundwater, seawater, or a third party over the course of the reporting period.

^{*} No surface water is withdrawn for administrative activities.

^{**} No water is withdrawn in areas with water stress, other than non-consumptive withdrawals for hydroelectric generation.

^{****} There are no other types of water (total dissolved solids >1,000 mg/L) Only fresh water is discharged.

^{****} The reported water discharge into areas with water stress refers to the turbined water discharged by the Pedra Dam, which is located in an area with water stress as classified by the ANA.

^{*****} There were no changes in water storage volumes, and therefore there were no impacts.

^{********} Total rainwater harvested for use in office facilities is not included in the water withdrawal, discharge and consumption calculations.



BIODIVERSITY AND ECOSYSTEM SERVICES (RI3-3

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The Eletrobras Group is committed to preserving biodiversity and ecosystem services based on the principles of environmental equilibrium, conservation of species, especially threatened species, and advancing an environmentally-friendly business model.

The Eletrobras Group Environmental Policy governs our management approach, establishing guidelines on biodiversity and ecosystem services. Our Corporate Sustainability

Disclosures System (IGS System) is used to track and monitor performance indicators, and inform continuous improvement of our practices.

Alongside our parent company, Eletrobras Chesf has signed the Brazilian Business Pledge on Biodiversity, launched by the Brazilian Business Council for Sustainable Development (CEBDS), which establishes a set of nine targets to be achieved by 2030. We are also a member of the Working Group on Water Resources and

Biodiversity, under the Eletrobras Environmental Committee. In 2020, the working group launched a study to assess Group companies' exposure to biodiversity-related risks. It is also responsible for fostering discussion and recommending strategies to enhance performance through the incorporation of new management practices.







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Impacts on biodiversity

GRI 304-2, 304-3, EU13

Eletrobras Chesf has processes in place to monitor, control, assess and mitigate impacts on biodiversity during the planning, construction and operation of our facilities. We also take measures to preserve and minimize impacts from our operations on areas with high biodiversity value. This includes identifying threatened species and the degree of threat. We have identified one IUCN Red List species within areas affected by our operations: *Melocactus azureus*.

We assess the actual and potential impacts from our operations during the design and construction of our facilities, and implement appropriate mitigation action. Environmental inspections are another way we identify environmental impacts from our operations, to inform remediation action.

Grievance mechanisms play a crucial role in identifying the need for action to remediate impacts caused by our operations. Through these mechanisms, stakeholders can report any concerns and provide contact details for feedback **GRI 2-25**



GENERATION

In our generation operations, our most significant negative impacts on biodiversity are related to our hydroelectric dams, and especially the reservoirs, as the damming of watercourses can interfere with the ecological dynamics of fish populations and, consequently, their diversity.

Our wind farms, in turn, have not evidenced any significant impacts on biodiversity and monitoring as part of our environmental programs.

As a positive impact, our hydroelectric dams can regulate flow during drought seasons, with riverine communities benefiting from more predictable streamflow.

Both the positive and the negative impacts extend throughout the entire stretch of the São Francisco River downstream from Sobradinho (BA) to its mouth, during both drought and flood conditions. Impacts on rheophilic fish fauna may also occur during the operation of our hydroelectric dams, and are mitigated by monitoring aquatic ecosystems and by fish restocking.

TRANSMISSION

During the construction of transmission lines, there may be direct impacts on plant and wildlife populations along the right-of-way, tower sites, and access roads, reducing the number of individuals. This decrease, however, is insufficient to threaten biodiversity in the area.





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Operational transmission lines, due to the extent of their rights-of-way, impact both plant and wildlife, causing a reduction in the number of plant individuals and loss of habitat for wildlife. Examples of these impacts, occurring along the entire right-of-way, include erosion, air pollution during construction, encroachment into protected areas, and land-use restrictions.

Vegetation can regenerate within the right-of-way; however, vegetation growth is controlled to prevent adverse effects on system operation. Wildlife is typically only indirectly affected by vegetation removal since transmission lines will not block their movement. Birds can be directly affected by collisions with transmission line cables, and by nest removal during construction.

To mitigate these impacts, Eletrobras Chesf has processes in place to monitor, control, assess and mitigate impacts on biodiversity during the construction and operation of our facilities.

Additionally, power transformers, reactors, and circuit breakers at substations use large volumes of insulating oil, which serves for both electrical insulation and heat exchange. Accidental oil leaks or spills can have an impact on the biotic environment. To mitigate these impacts, we provide bunding beneath and around this equipment, directing the flow of oil and rainwater runoff to a separator sump that retains the oil while allowing the rainwater to drain.

Our transmission and generation operations also have a positive impact on the development of surrounding communities and areas, through our initiatives across stakeholder engagement, environmental education, and social communication.

Specifically in transmission operations, positive impacts include the construction of service roads, which improve mobility for surrounding duties, contributing to improved access to urban

centers, transportation of goods, trade, and other activities.

As part of our efforts to mitigate the impacts from our transmission operations, in 2022 we took a number of measures to contain and remediate environmental damage caused by accidental spillage of insulating mineral oil in the vicinity of the Camaçari II substation (Bahia).

GRI 2-25

The impacts from transmission line construction on plant and wildlife are permanent, as vegetation cannot fully recover, and the habitat for wildlife becomes restricted. However, we have processes in place to mitigate those impacts, including Forest Offset Programs, usually carried out in protected areas or private land outside the right-of-way. We also work to rehabilitate Riparian Protection Areas (APPs) by planting species that will not interfere with the operational functionality of the system. Impacts on the soil are also permanent; however, erosion control programs and the rehabilitation of disturbed land are some of the ways we mitigate these impacts.

Positive impacts on surrounding communities are also permanent, as are the impacts of forest offset programs in protected areas.







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Biodiversity Preservation Initiatives GRI 304-2, 304-3, 304-4

Some of our key biodiversity initiatives in 2022 included:

- monitoring aquatic ecosystems in the Boa Esperança Reservoir (PI) on the Parnaíba River; and in the Sobradinho (BA), Itaparica (PE/BA), Paulo Afonso (BA) and Xingó (AL/SE) reservoirs along the São Francisco River and, as well as in the river stretch downstream of Xingó Dam;
- the São Francisco River Monitoring Program, which during the drought season ran intensive campaigns and initiatives to address water quality, aquatic macrophytes, saltwater intrusion, and erosion processes, and to identify environmental changes. No alterations were detected during the year;
- protected area monitoring and rehabilitation along the 230 kV Socorro/Penedo (SE-AL)
 Transmission Line right-of-way. All 14.7 hectares designated for restoration were planted with native Atlantic Forest saplings. The program is now in the maintenance phase, with 848 individuals being replanted in 2022.
- The initiative was designed by experts from Eletrobras Chesf, and Progress Reports prepared by the contractor and approved by the company are submitted to IBAMA as part of the Environmental Control Report (RAC) for Environmental License No. 1371/2017. In 2022 there were no

- partnerships with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures;
- the Xingó Forest Nursery, which planted 97,782 seedlings of native Caatinga species and has conducted important research on the reproduction of Turk's cap cactus (*Melocactus azureus*), a protected species listed as endangered by the Chico Mendes Institute for Biodiversity Conservation's (ICMBio) National Cactus Conservation Program.
 - In addition, we donated 82,646 seedlings to various institutions for planting along riverbanks and streams in the São Francisco River basin.
- In 2022 we planted an additional 4,892 Melocactus azureus seedlings in the nursery and maintained 3,996 seedlings of this endangered species. It is worth noting that it takes an average of three years to obtain a 10 cm diameter Melocactus azureus seedling.
- voluntary planting of 47,062 seedlings in 40.26 hectares of protected areas surrounding the Xingó reservoir;

 protected area monitoring and rehabilitation along the 230 kV Socorro/Penedo (SE-AL) Transmission Line right-of-way. This project utilized native pioneer and climax species, preferably species common to Atlantic Forest formations in the region or that adapt well to the local climate, terrain, temperature, air humidity, radiation, soil type, wind, atmospheric composition, and rainfall patterns. Organic fertilization was applied to the seedling beds, hydrogel was used during dry periods, weeding was conducted to prevent competition, and sapling development was monitored.

The project was designed by experts from Eletrobras Chesf in compliance with Environmental License No. 1375/2017, overseen by IBAMA, and was a requirement under the terms of reference.

We also have programs in place to generate, collate and provide information on the biodiversity of the biomes in which we operate to strategic stakeholders.





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Direct impacts

Type of operation	Direct impacts	Duration	Reversibility	Indirect impacts	Species affected	Actions/programs to avoid, reduce and/or offset impacts
Hydroelectric plants	Conversion of river ecosystems from	r ecosys- reservoir area	Irreversible in reservoir area	Changes in water quality	Fish, water mammal, reptile, amphibious, benthic and planktonic organisms, and aquatic vegetation	Water quality monitoring program
	lotic to lentic			Loss of aquatic habitats		Monitoring and rehabilitation initiatives, and Environmental Offset Programs
				Macrophyte prolifer- ation		Water quality improvement, monitor- ing and removing macrophytes.
				Loss and/or substitu- tion of aquatic species		Programs to monitor and manage aquatic fauna, environmental com- pensation program
				Reduction of fish stocks		Reproduction and restocking activities
Hydroelectric, wind and solar power plants, and transmission lines	d solar clants, ervoir area the plant/reservoir area the plant/reservoi	tation cover the plant/res-	amphibious, and	Disturbed Land Rehabilitation Program, germplasm banks, forest rehabilitation in an area adjacent to the plant, and the Environmental Offset Program		
					Land mammal, bird, reptile, amphibious, and insect species	Monitoring and rehabilitation initiatives, and Environmental Offset Programs
					amphibious, and	Programs to monitor and manage flora and fauna, maintain germplasm banks, and Environmental Compen- sation Program
				Reduction of teresstrial wildlife populations	Land mammal, bird, reptile, amphibious, and insect species	Reproduction and restocking activities





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Type of opera- tion	Direct im- pacts	Duration	Reversibility	Indirect impacts	Species affected	Actions/programs to avoid, reduce and/or offset impacts
Hydroelectric, wind and solar power plants, and transmission lines	Changes in ecosystems/ habitats	Permanent in the plant/res- ervoir area	Irreversible in the plant/res- ervoir area	Loss of flora and fauna diversity	Plant, land mammal, bird, reptile, amphib- ious, insect, aquatic mammal, fish, ben- thic and planktonic species	Support for creating and/or main- taining protected areas, programs to monitor and handle flora and fauna, to preserve species threatened with extinction, maintain germplasm banks and environmental compensation
Hydroelectric plants	Impacts on fish migration	Permanent in dam area	Irreversible in dam area	• Isolation of fish populations	Fish species	Fish monitoring; fishways; fish fauna management
				Loss of and/or changes in fish species		Programs to monitor and handle fish species, reproduction and restocking activities
Transmission lines and wind farms	Interference with bird and bat popula- tions	Permanent in the area oc- cupied by the power lines/ tower	Irreversible in the area oc- cupied by the power lines/ tower	Death of birds and bats	Bird and bat species	Siting wind farms away from migration routes; installing signaling equipment to prevent collisions

For each identified impact, we determine mitigation, control and offset measures using best environmental control and monitoring practices.





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The positive impacts related to hydroelectric and transmission projects are enduring throughout the entire project lifecycle.

Both the negative and the positive impacts from generation and transmission projects are irreversible, but can be mitigated through programs such as reforestation, wildlife monitoring, rehabilitation of disturbed land and protected areas, environmental education, and social communication. These impacts do not significantly affect biodiversity, as the activities involved in the construction, operation, and maintenance of transmission lines are limited to clearing rights-of-way, tower sites, and service roads, which cover significant lengths but not a significant amount of area.

Eletrobras Chesf has a fish stock monitoring program and operates a fish nursery in Paulo Afonso, which supplies our efforts to restock various native species in the basin as a means of mitigating and offsetting the impacts of our hydroelectric dams.

In 2022 we implemented a range of biodiversity and water quality programs, including a program to monitor aquatic ecosystems in the Boa Esperança Reservoir (PI) on the Parnaíba River; and in the Sobradinho (BA), Itaparica (PE/BA), Paulo Afonso (BA) and Xingó (AL/ SE) reservoirs along the São Francisco River, as well as in the river stretch downstream of Xingó Dam. Bi-monthly campaigns were conducted during the year to monitor fish and golden mussel (Limnoperna fortunei) populations in the Itaparica, Complexo de Paulo Afonso, and Xingó reservoirs. Quarterly campaigns were carried out to assess water quality, and six monthly campaigns monitored aquatic macrophytes. In Xingó, monitoring of crustacean fauna and saline intrusion was also conducted on a monthly basis.

In 2022 we continued our São Francisco Streamflow Monitoring Program during the dry season, conducting regular sampling runs to assess water quality, aquatic macrophytes, saline intrusion, and erosion processes, and to identify any environmental changes due to reduced streamflow. No such changes were detected.

We also continued our initiatives to rehabilitate disturbed land surrounding the Xingó Reservoirs.

Monitoring and environmental rehabilitation work was ongoing throughout the year in protected areas traversed by the Jardim-Penedo 230 kV Transmission Line (C1). The program, initiated in March 2020 and scheduled to run until March 2024, has planted seedlings of native Atlantic Forest species across the 14.7 hectare area. In 2022 the program transitioned to the maintenance phase, replanting 848 Atlantic Forest seedlings in the year. **GRI 304-2**





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Voluntary reforestation



Beyond our mandatory and legally required reforestation programs, we have also launched our own Voluntary Reforestation Program. This initiative aligns with SDG 15 and with our parent company's sustainability strategies.

The program aims to expand the planting and coverage areas of mandatory reforestation programs, leveraging the existing infrastructure and budget to rehabilitate the biomes in which we operate. The main goals of the program are to:

- rehabilitate disturbed land with native seedlings, contributing to biodiversity conservation
- meet the criteria of ISE B3 Indicator 7 Global Commitment: Biodiversity & Ecosystem Services
- improve Eletrobras Chesf's ISE B3 scores
- improve our reputation with the public

Our Voluntary Reforestation Program is linked to Eletrobras' strategic sustainability initiatives and aligned with our goal of expanding voluntary investment.

In January 2022, Eletrobras Chesf initiated voluntary reforestation and planting in the Dunas do Natal State Park (RN), planting 2,738 native seedlings in an Atlantic Forest area covering 2.3 hectares. The program will span three years.

Eletrobras Chesf has a Voluntary Reforestation Program aligned with SDG 15 and Eletrobras Group strategies.







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LONG-STANDING STEWARDSHIP **OF BIODIVERSITY**

Our track record with biodiversity conservation begins in 1988 with our leadership of the Power Sector Environment Committee (COMASE)

2003

COMASE is renamed as the Eletrobras Group Environment Committee, its present designation

2012

Biodiversity indicators and variables are incorporated in the Environmental Dimension of the IGS System¹

2019

We join the Brazilian **Business Council for** Sustainable Development (CEBDS)2

2020

We sign up to the Business for Nature's Call to Action to reverse nature loss by 2030

Eletrobras participates in COP15 and joins the Action for Nature Platform, led by CEBDS, to implement the recommendations of the Taskforce on Nature-related Financial Disclosure (TNFD)

Our targets

Our goals focus on four pillars



Zero loss of vegetated and/or forested area caused by business activities



Include new threatened species in conservation programs



Expand biomass carbon stocks (t)



Increased investment in projects supporting biodiversity management













2012

Biodiversity quidelines are included in the Eletrobras Group **Environmental Policy**



2020

The company prioritizes Sustainable Development Goal 15 - Life on Land



2021

Targets to expand biodiversity conservation initiatives

SDG 15



2006

A working group is created to

address issues related to aquatic

resources and biodiversity



areas. Indian reservations



Protected areas managed by created to contribute to regional biodiversity conservation, scientific research and environmental



Public Calls for Social and Environmental Projects to support biodiversity conservation and value creation initiatives in the areas where we operate.







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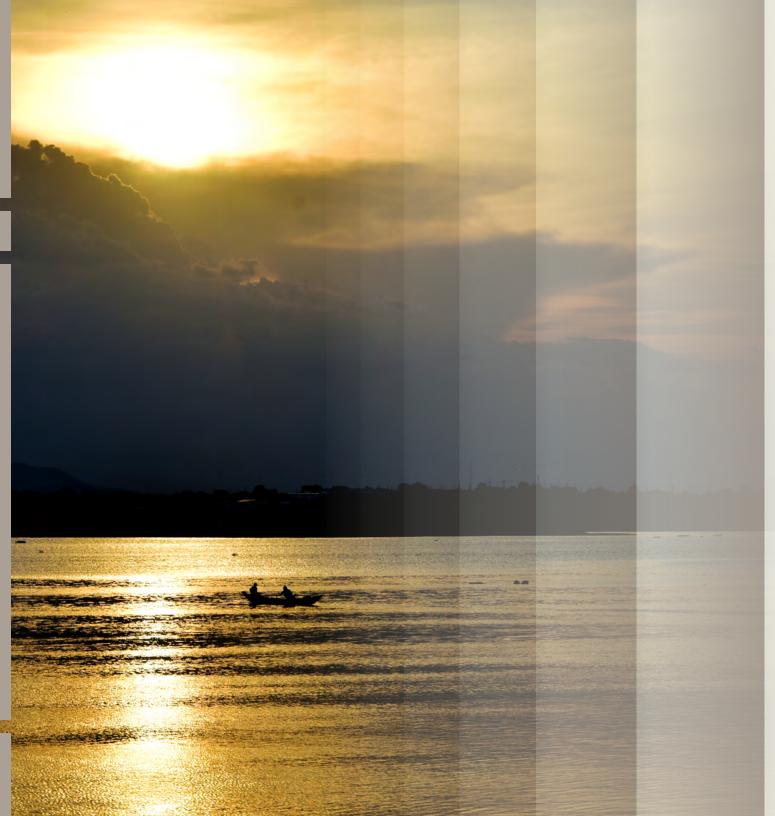
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GRI CONTENT INDEX

Statement of use	Eletrobras Chesf has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2022.
GRI used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Page/URL	Omission	SDG
GENERAL DISCLO	SURES			
GRI 2: General dis	sclosures 2021			
The organization	and its reporting practices			
GRI 2: General disclosures 2021	2-1 Organizational details	21, 22, 26		
	2-2 Entities included in the organization's sustainability reporting	21, 22, 25 The entities included in the company's sustainability reporting are the same as those in the financial statements. Eletrobras Chesf has certain minority interests in generation and transmission assets through Special-Purpose Entities (SPEs), meaning we are indirectly involved in the management of these entities. Our Annual Report discloses operating capacity figures for these SPEs, including installed capacity, transformer capacity and transmission line lengths.		
	2-3 Reporting period, frequency and contact point	3, 4, 159		
	2-4 Restatements of information	9, 21, 27, 28, 29, 40, 56, 60, 78, 80, 82 Any changes to the calculation methodology and to the boundaries of disclosures are detailed in the Basis of Preparation.		
GRI 2: General disclosures 2021	2-5 External assurance	4 Eletrobras has sought external assurance for its Annual Report in the last four years, under the oversight of the Executive Board and the Board of Directors; however, no formal policy on assurance has been established. Following our corporate reorganization, we believe this disclosure will be fully met within five years.		





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GRI Standards	Disclosure	Page/URL	Omission	SDG
Activities and wo	rkers			-
GRI 2: General disclosures 2021	2-6 Activities, value chain and other business relationships	62, 65, 77, 80, 82		
	2-7 Employees	82, 86 There are no temporary or non-guaranteed hours employees.		8, 10
	2-8 Workers who are not employees	87 There were no significant fluctuations in the number of contractors.		
Governance				
GRI 2: General disclosures 2021	2-9 Governance structure and composition	26, 27, 28	c. VIII. Information not available. The composition of the Board of Directors does not include the representatives of stakeholders. Following our corporate reorganization, we believe this disclosure will be fully met within five years.	5, 16
	2-10 Nomination and selection of the highest governance body	27, 30		5, 16
	2-11 Chair of the highest governance body	30		16
	2-12 Role of the highest governance body in overseeing the management of impacts	27, 45, 47, 56		16
	2-13 Delegation of responsibility for managing impacts	27		
	2-14 Role of the highest governance body in sustainability reporting	11, 12, 28		
	2-15 Conflicts of interests	39		16
GRI 2: General disclosures 2021	2-16 Communication of critical concerns	43		
	2-17 Collective knowledge of the highest governance body	31, 41		





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GRI Standards	Disclosure	Page/URL	Omission	SDG
GRI 2: General disclosures 2021	2-18 Evaluation of the performance of the highest governance body	30		
	2-19 Remuneration policies	31,87	a, b. Remuneration information is not available for the Board of Directors. Following our corporate reorganization, we believe this disclosure will be fully met within five years.	
	2-20 Process for determining remuneration	31, 87	a.1. Information is not available on whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration. Following our corporate reorganization, we believe this disclosure will be fully met within five years.	
	2-21 Annual total compensation ratio	In 2022 the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees was 5.20. The figure was 5.60 in 2021 and 5.75 in 2020. The annual total compensation percentage increase of the highest-paid individual was 0.77% in 2022. The median percentage increase in annual total compensation for all employees (excluding the best-payed individual) was 18.28%. The calculation was made as the sum of total remuneration for each employee per month (January to December 2022) and the reference indicator was calculated as the total highest remuneration divided by average total remuneration.		
Strategy, policies	and practices			
GRI 2: General disclosures 2021	2-22 Statement on sustainable development strategy	5		16
	2-23 Policy commitments	26, 32, 37, 49, 50, 77, 100, 102		16
	2-24 Embedding policy commitments	40, 41, 54, 100		
	2-25 Processes to remediate negative impacts	33, 34, 44, 46, 50, 73, 77, 100, 105, 106, 126, 128 No stakeholders were involved in improving grievance channels.		
	2-26 Mechanisms for seeking advice and raising concerns	43		





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GRI Standards	Disclosure	Page/URL	Omission	SDG
GRI 2: General disclosures 2021	2-27 Compliance with laws and regulations	42		
	2-28 Membership associations	33		
Stakeholder enga	gement			
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement	18, 80, 82, 110		
	2-30 Collective bargaining agreements	21		8

GRI Standards	Disclosure	Page/URL	Omission	SDG
MATERIAL TOPICS	5			
GRI 3: Material	3-1 Process to determine material topics	11, 14, 15, 16, 17		
Topics 2021	3-2 List of material topics	11, 14, 15, 16, 17, 49		
Ethics, integrity a	nd compliance			
GRI 3: Material Topics 2021	3-3 Management of material topics	35, 37, 45, 47		
	205-1 Operations assessed for risks related to corruption	37, 42		16
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	37		16
	205-3 Confirmed incidents of corruption and actions taken	42		16
GRI 207: Tax – Management Approach	207-1 Approach to tax	62, 63		1, 10, 17





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GRI Standards	Disclosure	Page/URL	Omission	SDG
GRI 207: Tax –	207-2 Tax governance, control and risk management	62, 63	a.IV. No process has been established for evaluating compliance with the tax governance and control framework. We plan to implement a structured process to enhance monitoring and transparency around our interactions with government officials within five years.	1, 10, 17
Management Approach	207-3 Stakeholder engagement and management concerns related to tax	62, 63		1, 10, 17
GRI 415: Public policy	415-1 Political contributions	We made no contributions to political parties or politicians in 2022. The Eletrobras Group does not make contributions to or otherwise support political parties, campaigns or candidates, nor are our employees permitted to do so on behalf of Eletrobras. This requirement is established in the Eletrobras Code of Conduct, our Anti-Corruption Policy, and in applicable Brazilian laws and regulations.		
Community enga	gement			
GRI 3: Material Topics 2021	3-3 Management of material topics	105, 112		
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	49, 101, 105, 106, 110, 111, 112, 114 , 115		
	413-2 Operations with significant actual or potential negative impacts on local communities	105, 107, 108		1, 2
Sector Supplement - Local communities	EU20 Approach to managing the impacts of displacement	106		1, 2, 11
	EU22 Number of people physically or economically displaced and compensation, broken down by type of project	106		1,2





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GRI Standards	Disclosure	Page/URL	Omission	SDG
Worker Health, Sa	fety and Well-Being			1
GRI 3: Material Topics 2021	3-3 Management of material topics	93		
GRI 403:	403-1 Occupational health and safety management system	93, 94		8
Occupational health and safety 2019	403-2 Hazard identification, risk assessment, and incident investigation	43, 93, 95, 98		3,8
	403-3 Occupational health services	93, 98		3,8
	403-4 Worker participation, consultation, and communication on occupational health and safety	93, 96		8, 16
GRI 403: Occupational health and safety	403-5 Worker training on occupational health and safety	97		8
2019	403-6 Promotion of worker health	93, 98		3
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	93		8
GRI 403: Occupational health and safety 2019	403-8 Workers covered by an occupational health and safety management system	93	a. We have obtained certification to ISO 45001 for our Occupational Health & Safety System (OHSS) at our headquarters and the Paulo Afonso IV, Xingó and Boa Esperança hydroelectric dams. The company has attempted to compile the number of direct employees and contractors working at the sites. The difficulty lies in the fact that the SAP employee database specifies where an employee is based. But due to the nature of our organizational structure, an employee physically based at our headquarters may be working at another regional site. This makes it very difficult to account for employees by site in a relatively short space of time. The same is true for contractors. Many often work at multiple sites, and cannot be readily attributed to a single site. For these reasons, we were unable to determine the number of direct employees and contractors by site.	8





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GRI Standards	Disclosure	Page/URL	Omission	SDG
GRI 403: Occupational health and safety 2019	403-9 Work-related injuries	97, 99 The Eletrobras Group definition of high consequence injuries and reportable injuries is given in the Basis of Preparation.	b, f. Information about contractors has not been reported as the company is currently adjusting its database.	3, 8, 16
Sector	EU14 Programs and processes to ensure the availability of a skilled workforce	82, 84, 91, 103		4, 8
supplement – Employment	EU16 Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	93, 97		8
Climate change				
GRI 3: Material Topics 2021	3-3 Management of material topics	119, 126		
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	120, 121, 122	a.l. Eletrobras has not yet implemented a specific methodology for calculating financial risks for physical impacts related to climate change.	13
	305-1 Direct (scope 1) GHG emissions	124		3, 12, 13, 14, 15
	305-2 Energy indirect (Scope 2) GHG emissions	124		3, 12, 13, 14, 15
	305-3 Other indirect (scope 3) GHG emissions	124		3, 12, 13, 14, 15
GRI 305:	305-4 GHG emissions intensity	124 We do not generate NOx, SOx and other significant air emissions.		13, 14, 15
Emissions 2016	305-5 Reduction of GHG emissions		No information is available on emissions reduction initiatives or outcomes achieved compared to the baseline.	13, 14, 15
	305-6 Emissions of ozonedepleting substances (ODS)	ODS emissions data are available in the Eletrobras Group greenhouse gas emissions inventory; follow the link available on page 124.		3, 12
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	We do not generate NOx, SOx and other significant air emissions.		3, 12, 14, 15





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Biodiversity and e	cosystem services			
GRI 3: Material Topics 2021	3-3 Management of material topics	132		
GRI 304: Diadiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	133, 135, 138		6, 14, 15
Biodiversity 2016	304-3 Habitats protected or restored	133, 135		6, 14, 15
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	135		6, 14, 15
Sector supplement – Biodiversity	EU13 Biodiversity of offset habitats compared to biodiversity of the affected areas	133 Eletrobras Chesf is developing a methodology to monitor the biodiversity of offset habitats compared to the biodiversity of affected areas. No deadline has been established for implementation.		6, 14, 15
Energy transition	and energy efficiency			
GRI 3: Material Topics 2021	3-3 Management of material topics	115		
CDI 202: Energy	302-1 Energy consumption within the organization	64, 117		7, 8, 12, 13
GRI 302: Energy 2016	302-2 Management of water discharge-related impacts		a, b, c. A Eletrobras Chesf has not yet established a methodology for monitoring consumption of Scope 3 fossil fuels (employee commuting and transportation of non-energy products), but plans to disclose these data beginning in 2023.	7, 8, 12, 13
Sector supplement Availability and Reliability	EU10 Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	115 In Brazil, electricity supply-and-demand planning is carried out by the Brazilian Energy Research Corporation (EPE) in accordance with applicable regulations. As large-scale generation and transmission companies, Eletrobras and its subsidiaries do not engage in demand planning by energy source.		7
Attracting, develo	pping and retaining employees	5		
GRI 3: Material Topics 2021	3-3 Management of material topics	90		





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GRI Standards	Disclosure	Page/URL	Omission	SDG
GRI 201: Economic performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Plan liabilities are met by the organization's general resources. No separate fund exists to pay the plan's pension liabilities. There is no participation in benefit plan liabilities. Our only responsibility is to pay a proportional part (as sponsor) in the event of an actuarial deficit in a given period. BD PLAN – Current deficit – R\$ 2,429,942,701.79 BS PLAN – Current deficit – R\$ 262,256,370.48 CD PLAN – Current deficit – R\$ 616,355,423.11 The percentage of salary contributed by employees is in accordance with applicable regulations. As the plan sponsor, Eletrobras Chesf has an obligation to participate. Participation by employees is optional.		
	401-1 New employee hires and employee turnover	82, 85		5, 8, 10
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	89		3, 5, 8
	401-3 Parental leave	82, 89		5,8
GRI 404: Training	404-1 Average hours of training per year per employee	82, 92		4, 5, 8, 10
and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	91, 92 Outplacement is planned for the next cycle of the Voluntary Severance Plan (PDV). The 2022 edition of the PDV did not include outplacement.		8
GRI 404: Training and education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	92		5, 8, 10





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GRI Standards	Disclosure	Page/URL	Omission	SDG
GRI 405: Diversity	405-1 Diversity of governance bodies and employees	82, 84, 103		5,8
and equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	88		5, 8, 10
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	103		5,8
Water and effluen	t management			
GRI 3: Material Topics 2021	3-3 Management of material topics	126		
	303-1 Interactions with water as a shared resource	126, 128, 129		6, 12
GRI 303: Water and effluents	303-2 Management of water discharge-related impacts	130		6
2018	303-3 Water withdrawal	130, 131		6, 8, 12
	303-4 Water discharge	130, 131		6
	303-5 Water consumption	128, 130, 131		6
Human rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	100, 103, 104		
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	77 In our supplier criticality matrix, contractors are deemed to be at greatest risk for violations of the right to freedom of association and collective bargaining.		8
	I .	1	1	





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GRI Standards	Disclosure	Page/URL	Omission	SDG		
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	104 In our supplier criticality matrix, contractors are at the greatest risk for incidents of child labor.	b.II. Segregating information by country or geographic area is irrelevant to Eletrobras Chesf, as our operations are all based in the Northeast of Brazil.	8, 16		
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	104	a.II. Segregating information by country or geographic area is irrelevant to Eletrobras Chesf, as our operations are all based in the Northeast of Brazil.	8		
GRI 410: Security practices 2016	410-1 Security personnel trained in human rights policies or procedures	91, 100, 101		16		
GRI 411: Rights of indigenous peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	112		2		
Risk and emergen	cy management					
GRI 3: Material Topics 2021	3-3 Management of material topics	45, 47				
Sector supplement – Communities	EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	49		1,11		
Innovation and te	Innovation and technology					
GRI 3: Material Topics 2021	3-3 Management of material topics	70, 74, 76				





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GRI Standards	Disclosure	Page/URL	Omission	SDG
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	Because of the nature of our business—electricity generation, transmission, and trading—Eletrobras operations contribute to social transformation through economic progress and the well-being of society. Positive aspects include the electricity we supply, which supports economic and social development, job creation, as well as education, healthcare, security and quality of life for our communities by boosting tax revenues for governments. Eletrobras Chesf also pays Financial Compensation for the Use of Hydro Resources (CFURH), a crucial source of revenue for the federal, state and municipal governments. Part of this revenue goes to the National Scientific and Technological Development Fund (FNDCT), which in turn funds the National Water Resource Program and science, technology and innovation programs. Negative aspects include changes in land utilization, effects on historical, cultural, and archaeological heritage, and pressure on the land with risks to biodiversity. These impacts are managed with the support of programs developed during the construction and operation phases of our projects, and include social communication and environmental Policy. Public meetings are organized with all stakeholders, including traditional populations living in the immediate surroundings. Furthermore, the company has a structured model for Private Social Investment (PSI) that is consistent with the Eletrobras Group Social Responsibility Policy.		1, 3, 8
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	76 No breaches of customer privacy were detected and/or reported.		16
Sector supplement Research & Development	EU8 Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	70		7, 9, 17
Supply chain man	agement (relevant topic)			
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	77, 79		8
Other non-mater	ial disclosures			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	62, 63		8, 9





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	EU1 Installed capacity, broken down by primary energy source and by regulatory regime	23		7
Organizational profile	EU2 Net energy output broken down by primary energy source and by regulatory regime	23, 65		7, 14
	EU4 Length of above and underground transmission and distribution lines by regulatory regime	24, 25, 65 This disclosure is based on (corporate and SPE) transmission lines that were in operation at the end of the reporting period, whether or not they were eligible to RAP, and supplementary grid transmission lines (transmission lines connecting power plants and serving free consumers, or connected to other < 230kV transmission systems).		
Availability and reliability	EU6 Management approach to ensure short and longterm electricity availability and reliability	65		
System efficiency	EU11 Average generation efficiency of thermal plants by energy source and by regulatory regime	Not applicable. Eletrobras Chesf currently does not have any thermal power generation assets.		7, 8, 12, 13, 14
	EU12 Transmission and distribution losses as a percentage of total energy	Consolidated technical losses in the backbone grid were 0.49%. The calculation method for disclosure EU12 was reformulated in 2022 as described in the Basis of Preparation. The reported figures are for corporate backbone transmission lines eligible to RAP and that were in operation at the end of the reporting period, including disconnected sections. Excludes supplementary grid transmission lines.		7, 8, 12, 13, 14
Access	EU30 Average plant availability factor by energy source and by regulatory regime	65, 66		1,7





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PWC ASSURANCE REPORT

(A free translation of the original in Portuguese)

Independent auditor's limited assurance report on non-financial information included in the Annual Report for 2022

To the Board of Directors and Stockholders Companhia Hidro Elétrica do São Francisco -Eletrobras Chesf Recife - PE

INTRODUCTION

We have been engaged by Companhia Hidro Elétrica do São Francisco - Eletrobras Chesf ("Company" or "Eletrobras Chesf") to present our limited assurance report on the non-financial information included in the 2022 Annual Report of Eletrobras Chesf for the year ended December 31, 2022.

Our limited assurance does not cover priorperiod information, or any other information disclosed together with the 2022 Annual Report, including any incorporated images, audio files or videos.

Responsibilities of the management of Companhia Hidro Elétrica do São Francisco -Eletrobras Chesf

The management of Eletrobras Chesf is responsible for:

- selecting or establishing adequate criteria for the preparation and presentation of the information included in the 2022 Annual Report;
- preparing the information in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-Standards) and with the basis of preparation developed by the Company; and
- designing, implementing and maintaining internal control over the significant information for the preparation of the information included in the 2022 Annual Report, which is free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the non-financial information included in the 2022 Annual Report, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01 - "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000. "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that the auditor complies with ethical requirements, independence requirements, and other

responsibilities of these standards, including those regarding the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on the compliance with ethical requirements, professional standards and relevant legal and regulatory requirements.

Moreover, the aforementioned standards require that the work be planned and performed to obtain limited assurance that the non-financial information included in the 2022 Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of Eletrobras Chesf involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information disclosed in the Annual Report taken as a whole might present material misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation, materiality, and presentation of the information included in the 2022 Annual Report, other circumstances of the engagement and our





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analysis of the activities and processes associated with the material information disclosed in the 2022 Annual Report in which material misstatements might exist. The procedures comprised:

- (a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the 2022 Annual Report;
- (b) understanding the calculation methodology and the procedures adopted for the compilation of information and indicators through interviews with the managers responsible for the collection and consolidation of Company's data;
- (c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the 2022 Annual Report;
- (d) when non-financial data relate to financial indicators, comparing these indicators with the audited financial statements; and
- (e) the limited assurance engagement also included the analysis of the compliance with the guidelines and criteria of the Global Reporting Initiative (GRI-Standards), and the provisions established in the basis of preparation developed by the Company.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement vary in nature and timing, and are less detailed than those applied in a reasonable assurance. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level that would be obtained in a reasonable assurance engagement. Had we performed a reasonable assurance engagement, we might have identified other matters and possible misstatements in the information included in the 2022 Annual Report. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the materiality, relevance, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior periods, nor future projections and goals, including the Company's performance 2030 Agenda goals presented in the Annual Report.

The contents included in the scope of this assurance engagement are presented in the basis of preparation of the 2022 Annual Report.

The preparation and presentation of non-financial information and indicators followed the definitions of the basis of preparation developed by the Company and the guidelines of the Global Reporting Initiative (GRI-Standards), therefore, the information included in the 2022 Annual Report does not aim to provide assurance with regard to the compliance with social, economic, environmental or engineering

laws and regulations. Those standards establish, however, the presentation and disclosure of any non-compliance with such regulations when significant sanctions or fines occur. Our assurance report should be read and understood in this context, inherent to the criteria selected and previously mentioned in this paragraph.

CONCLUSION

Based on the procedures performed, described herein, and on the evidence obtained, no matter has come to our attention that causes us to believe that the non-financial information included in the 2022 Annual Report of Companhia Hidro Elétrica do São Francisco - Eletrobras Chesf has not been compiled, in

- Eletrobras Chesf has not been compiled, in all material respects, in accordance with the criteria and guidelines established by the basis of preparation and the guidelines of the Global Reporting Initiative (GRI-Standards).

São Paulo, April 28, 2023

PricewaterhouseCoopers Auditores Independentes Ltda. CRC 2SP000160/O-5

Eliane Kihara
Contadora CRC 1SP212496/O-5



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Eletrobras Chesf welcomes feedback about this report by email to sustentabilidade@chesf.com.br.



