



INVESTOR DAY 2022

ENERGIA PARA TRANSFORMAR O FUTURO

Sejam
bem-vindos



INVESTOR DAY 2022

AGENDA DO EVENTO



09h00 - 11h00 | 1ª Sessão – Estratégia

- State Grid - Corporate Strategy, ESG and Innovation; Support to CPFL Energia and Financials

Apresentador: Yuehui Pan

- Estratégia da CPFL Energia alinhada às perspectivas para o setor elétrico

Debatedores: Luiz Barroso e Gustavo Estrella

Moderador: Carlos Cyrino

- Tendências no mercado livre e cenários de contratação de energia

Debatedores: Luiz Barroso, Gustavo Estrella, Karin Luchesi e Ricardo Motoyama

Moderador: Carlos Cyrino

- 1ª Sessão de Q&A

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11h00 - 12h00 | 2ª Sessão - Nossos Negócios

- Distribuição: Excelência, inovação e foco no cliente

Debatedores: Luis Henrique Ferreira Pinto e Rafael Lazzaretti

Moderador: Carlos Cyrino

- 1 ano da aquisição da CPFL Transmissão

Apresentador: André Luiz Gomes da Silva

- A atuação da CPFL Soluções na oferta de soluções de infraestrutura elétrica

Debatedores: Eduardo dos Santos Soares e Flavio Souza

Moderador: Carlos Cyrino

- 2ª Sessão de Q&A

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12h00 - 13h00 | 3ª Sessão - Sustentabilidade nos Negócios

- Sustentabilidade e economia de baixo carbono

Debatedores: Luiz Barroso, Renato Povia e Rodolfo Nardez Sirol

Moderador: Carlos Cyrino

- Avanços no tema de Diversidade & Inclusão

Apresentador: Rodrigo Ronzella

- 3ª Sessão de Q&A
- Encerramento

State Grid

Corporate Strategy, ESG and Innovation

Mr. Yuehui Pan



The world's largest public utility

State Grid Corporation of China (State Grid) operates the power grids with the **highest voltage, the largest size, the longest record of safe operation, and the fastest development of clean energy** in the world.



Rank 3rd amongst
Fortune 500 in
2022



88% of Chinese
national territory
supplying power to
over
1.1 billion
population



Rank 1st among the
top 50 global public
utility brands for five
consecutive years



China's national
sovereign level ratings
from the three major
international credit
ratings organizations
for 7 consecutive years



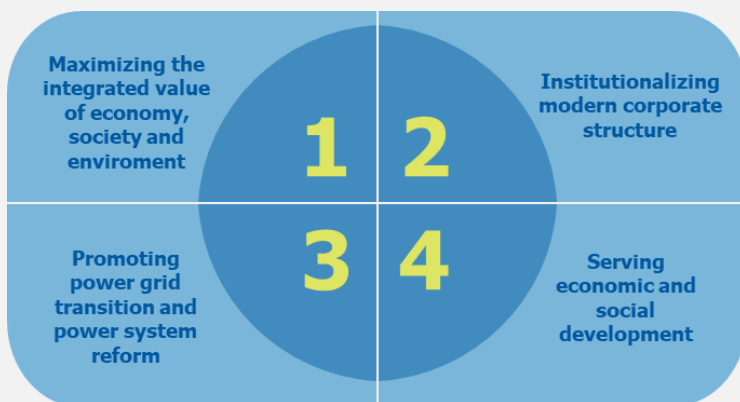
About **US\$ 11**
billion invested in
Brazilian electricity
sector since 2010



Building a world-leading energy internet company with Chinese characteristics

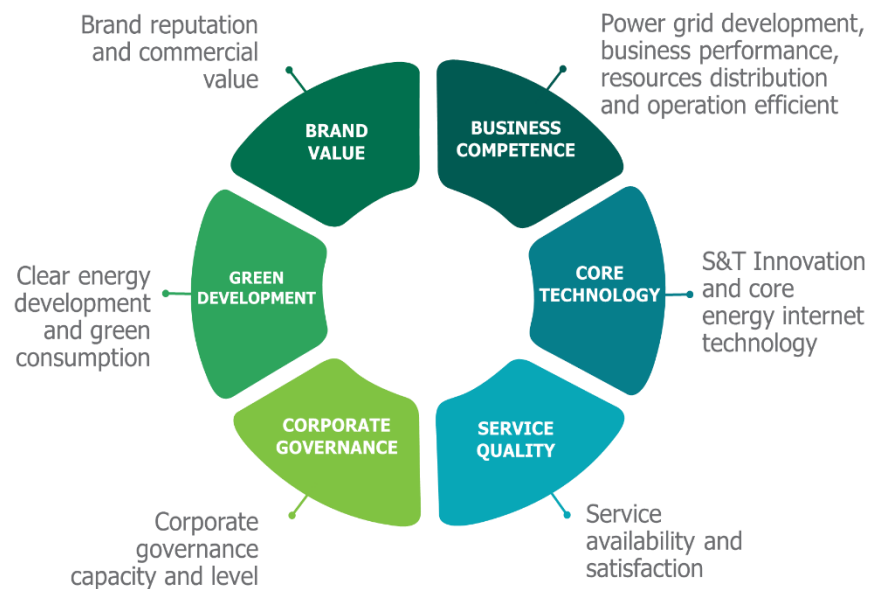
1. Chinese Characteristics

Combine State Grid's unique strengths with international best practice, we will step on a path of reform and development suited to China's national conditions.



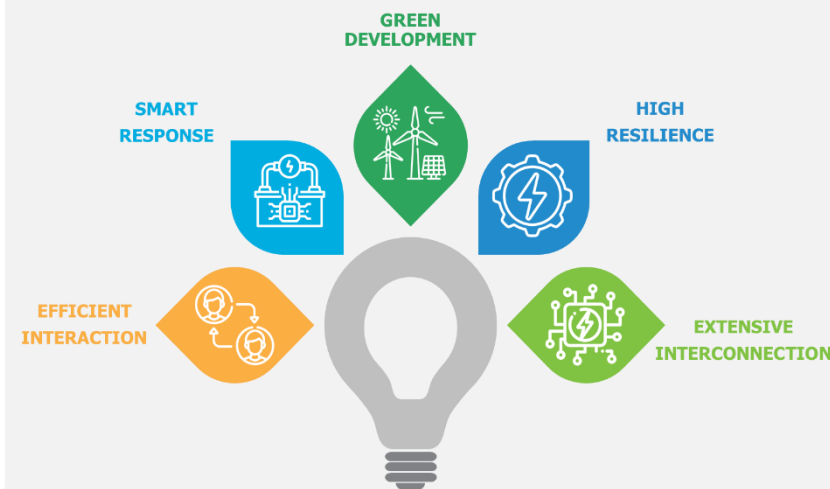
2. World-Leading

Strive to lead in **business competence, core technology, service quality, corporate governance, green development and brand value**, etc.



3. Energy Internet

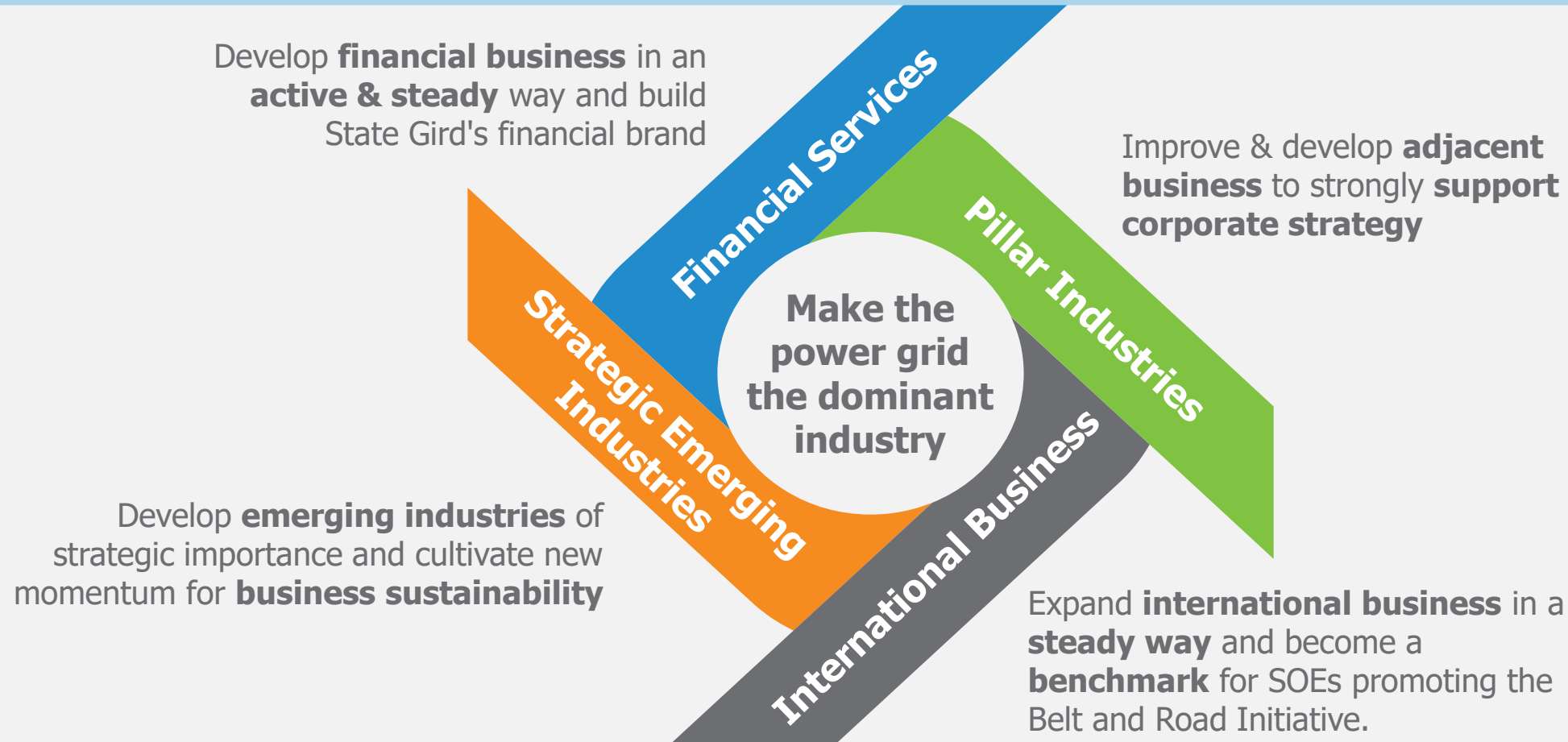
Will be a **smart energy system** that is **based on strong and smart grid**, centers on electricity, **converges advanced information & communication technologies with energy technologies**, and supports low-carbon transition, efficient utilization and flexible integration, featuring green footprint, high resilience, extensive interconnection, efficient interaction and smart response.



Development overall layout “One Body and Four Wings”

“**One body**” refers to the power grid business as the dominant industry, adhere to SGCC’s grid business and facilitate its upgrade to energy internet.

“**Four wings**” includes financial services, international business, pillar industries, and strategic emerging industries.



International business

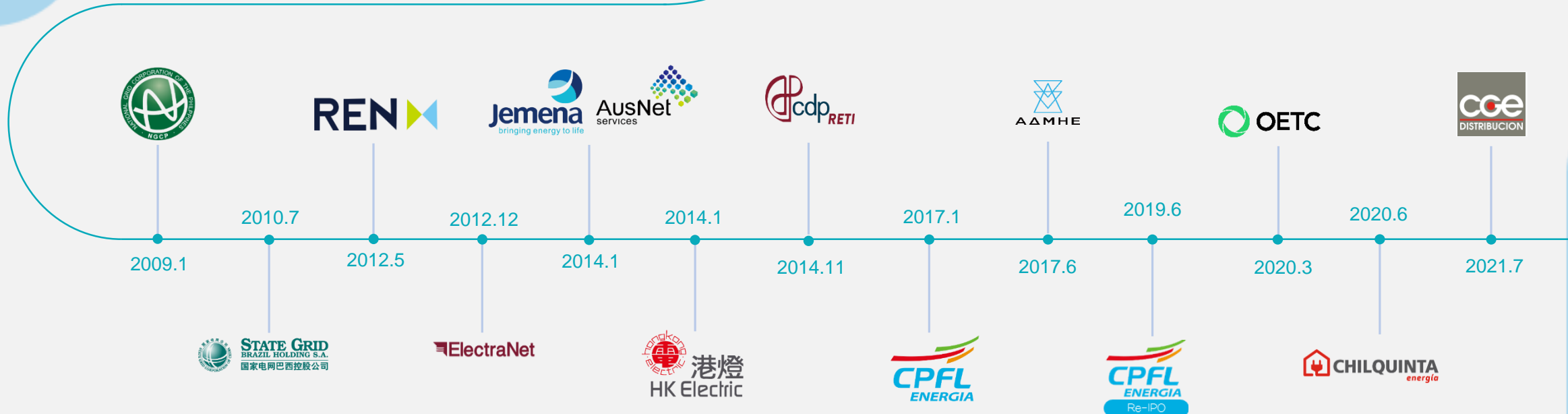
Core Business

International business take full advantage of State Grid strengths in **creditworthiness, technology, management, and brand value** to enhance market competitiveness, risk control, and brand influence.

State Grid International Development Co., Ltd. (SGID), founded in June 2008, is a wholly-owned subsidiary of SGCC, responsible for overseas electric energy asset investment and operation.

Overseas investment*

- 4 Continents, 9 countries and regions
- 13 Electric and Energy assets
- US\$ 47.7 billion of total assets
- US\$ 2.4 billion of total profits
- 21,613 overseas employees



Acquisitions

*Source: base 2021.

Technological innovation

State Grid has accelerated the development of advanced power transmission technologies, made a number of world-leading original achievements with independent intellectual property rights in such fields as UHV, large power grid operation control, and new DC transmission, and completed a series of world-class innovative projects.

State Grid ranks first among international peers in terms of the cumulative participation in the formulation of international standards and the number of international patents.



91

National Awards for
Science and Technology¹



97,548

Patents

Rank 1st among the
central enterprises



84

International
standards established



2,327

National and industrial
standards established
and revised

(1) Social Responsibility Report 2020, p84.



Power Grid - UHV

Refers to AC transmission of 1,000 kV and above and DC transmission of ± 800 kV and above

- Transmits power by **large capacities** over **long distances** with small line losses
- **31 UHV projects** cover **41,000 km** and capacity of over **450 GVA (GW)** (4.5亿千伏安 (千瓦))
- **Over 2,100 TWh** (2.1万亿千瓦时) of power have been transmitted by the UHV lines



Power Grid - Smart Grid and Distribution networks

The best open smart charging service platform in China

Installed more than **498 million smart meters**

Power Distribution Networks

Built and operated 4.273 million km of 6-20 kV distribution lines

The world's largest EV battery charge service network

1.5 million charging piles integrated in the grid **10.68 million** registered users

Installed capacity reached 740 GW

The installed capacity of renewable energy integrated into the grid reached **740 GW** (ranking first in the world)

World leader in Smart Grid

- Comprehensive research and practice in power generation, transmission, transformation, distribution, usage, dispatching and information communication
- Major breakthroughs in theoretical innovation, standard development, key technology, major equipment and project construction
- Become a global leader in smart grid development with remarkable achievements

*Social Responsibility Report 2021.



State Grid development strategy and SDGs



**SUSTAINABLE
DEVELOPMENT GOALS**

Responsibility stems from mission and starts with strategy. Based on the strategic goal and the strategic positioning, State Grid mainly contributes to seven Sustainable Development Goals (SDGs)

SDGs

/ The safeguard of national economy

- **Goal 1:** End poverty in all its forms everywhere
- **Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



/ The energy revolution practitioner

- **Goal 12:** Ensure sustainable consumption and production patterns
- **Goal 13:** Take urgent action to combat climate change and its impacts
- **Goal 15:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

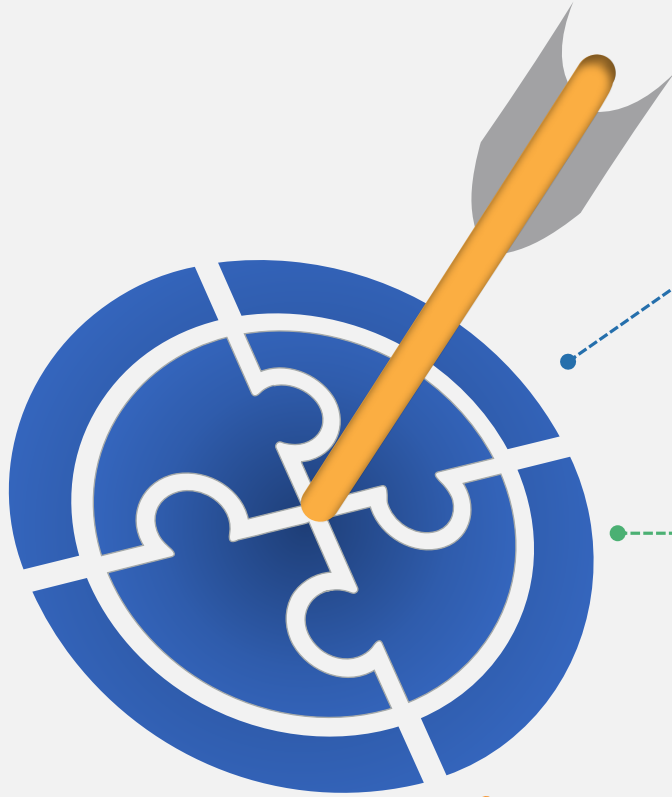


/ The facilitator of a better life

- **Goal 3:** Ensure healthy lives and promote well-being for all at all ages
- **Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all



ESG Dual-carbon goals



State Grid is the **first** Chinese company to **issue and implement the action plan for China's carbon peaking and neutrality goals**, striving to be the facilitator, pioneer, and leader of the energy reform.

It has built the **world's largest "new energy cloud"** platform and smart Internet of Vehicles platform.

The **installed capacities of wind power, solar power, and hydropower in State Grid's operating area all rank first in the world**, and the utilization rate of new energy remains above 97%.



ESG Clean energy

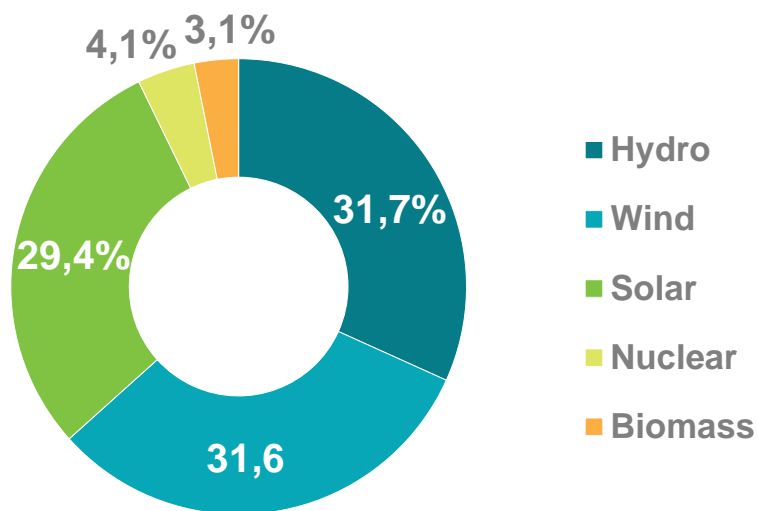
By the end of 2020, the total installed capacity of clean energy in State Grid's service areas reached **740 GW**:

- **75%** of China's total installed capacity of green power
- **43%** of China's national total

Power generated from clean energy reached **1.800 TWh**, accounting for **31.2%** of total power generation.

State Grid **leads** the world **in clean energy grid integration**.

Installed Capacity Breakdown:



State Grid – CPFL: full support in all means

The operation of CPFL is supported by State Grid and the subsidiary, which is mainly evidenced by:

1

Long term investment strategy

State Grid, through SGID, has invested in operations in 9 different countries and regions, following a long-term strategy, without having sold any of these acquired participations. CPFL is the largest international investment of State Grid.

2

Operational support

State Grid collaborates operationally with CPFL, sharing its technology and skills. Provide credit rating, insurance and other business support.

3

Financial support

State Grid provides financial support to CPFL through a variety of means: supportive dividend policy; abundant financial resources; shareholder loan and bond issuance support, financing cross-default clauses

Strategic link



Corporate strategy based on the same principles

SGCC's strategy, comprising focus on innovation, shared development and transition to a low carbon economy, gives the guidelines for CPFL's 5 pillars: operational efficiency, corporate governance, sustainability, financial discipline and synergistic growth.



Organizational culture reinforced

Launch the Corporate Culture Inclusion Program, establish and improve the standardized management system, foster a culture of innovation, and improve the management efficiency.



Win-win strategic relation with minority shareholders

Adhere to shared development and achieve win-win cooperation. Sharing return with investors, technology and management experience, fulfill corporate social responsibility, and create economic, social and environmental value for all stakeholders.

Operational support

1 Technical Support

- State Grid as a strategic partner for technological development
- Give full play to technical advantages, accelerate the application of leading technologies, promote the development of CPFL, and build core competitiveness. Like Smart meters and other projects.

2 Management Support and Experience Exchange

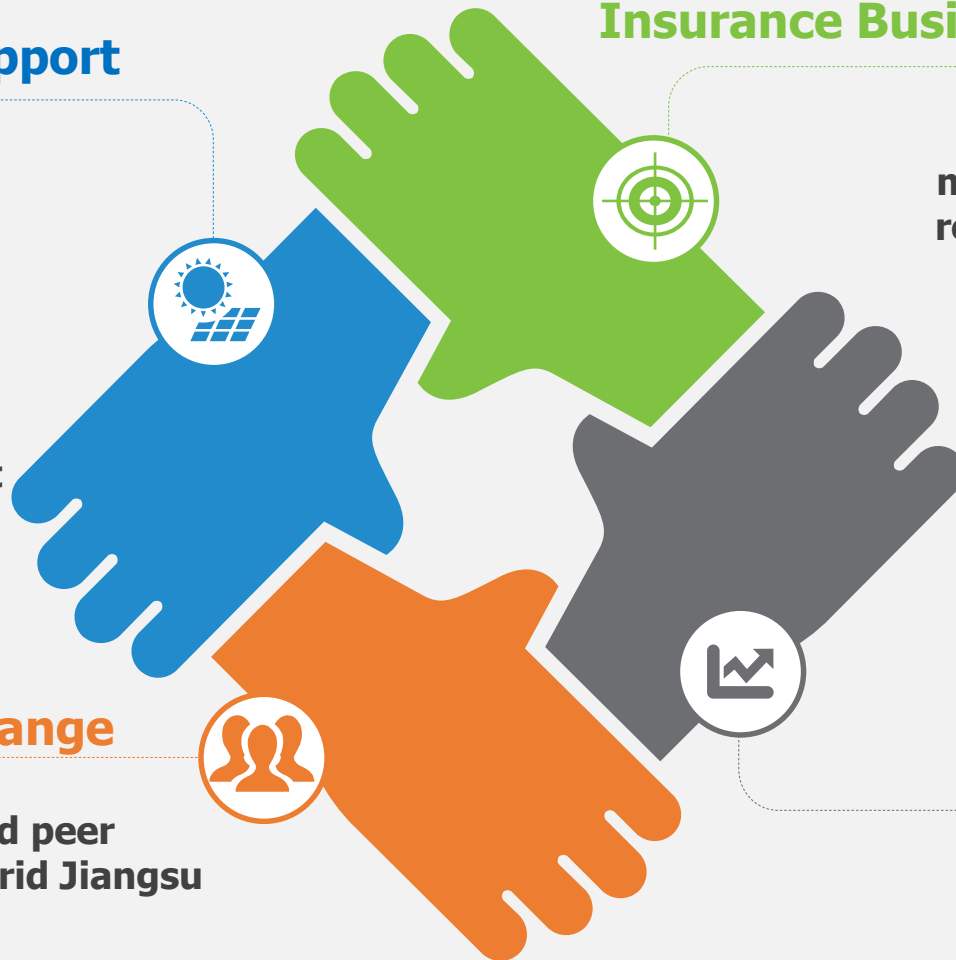
- Carry out business exchanges and peer benchmarking work with State Grid Jiangsu Company and other units;
- Conducted many exchanges with the State Grid Electric Power Research Institute and other units on topics such as improving power grid operation and energy trading.

Insurance Business Support 4

In the face of the unfavorable insurance market, in order to support the insurance renewal work of CPFL's subordinate wind farms, State Grid Yingda Insurance Brokerage Co., Ltd. actively coordinated with Chinese insurers to participate in reinsurance

Supported by the creditworthiness of SGCC, Fitch has upgraded CPFL's rating (domestic long-term rating from AA to AAA), and the global rating given by Moody's is Ba1, which exceeds the national sovereign rating of Brazil.

Credit Rating Improvement 3



Financial Support

Supportive dividend distribution policy

- Adhere to the balance between income and business development;
- Implement a supportive dividend policy on the premise of maintaining a sound financial leverage.

Abundant financial resource

- Good relationship with the international banks;
- Good credit rating provides strong fundraising support.

Maintain stable financial structure, indicators and support CPFL's financing resource

- State Grid's financial support, such as 2.4 billion reais shareholder loans, bond subscriptions, etc., will strongly support the development of CPFL and ease the financial pressure.

Direct financial support

- Cross-Default clause strongly supports CPFL's financing structure.

- SGID is legally bound to CPFL by a Cross-Default clause in the current bond of the group's subsidiary in Europe, in Bndes loan, and will also include such clause in some upcoming financing structure.

Cross-Default clause





Financial framework to support CPFL's businesses



How we assure the returns to shareholders



Outstanding Cost Control and Effective Budget Management

Culture of constant cost reduction and value creation



Strategic Integrated Financial Planning

Group view on cash flow and debt management



Discipline and Result-focused Business Development

Focus on results and business plan implementation



Digitalization and Fintech

E-Channel expansion, synergy utilization and keep developing new profit contribution



Main Goal:
**Maximize
collective
returns**

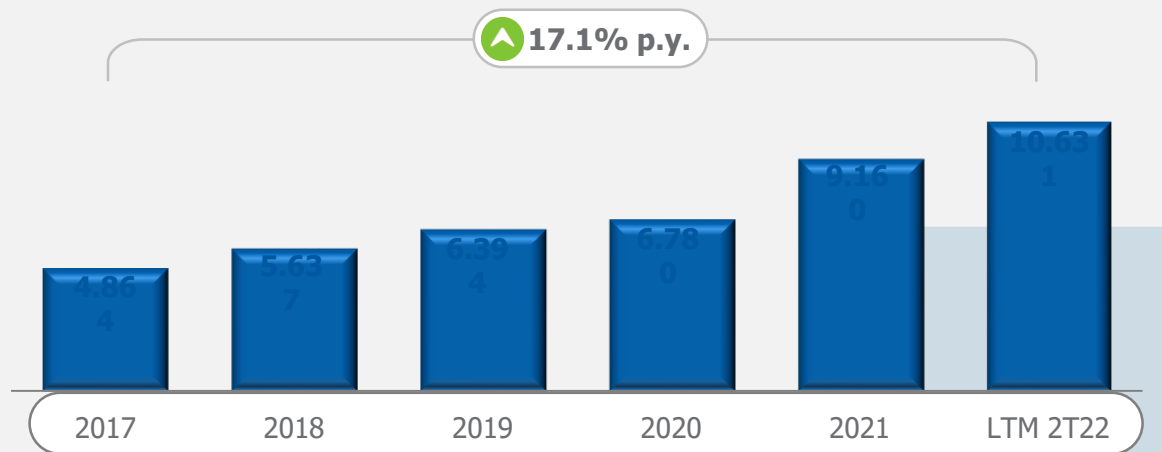


Financial performance

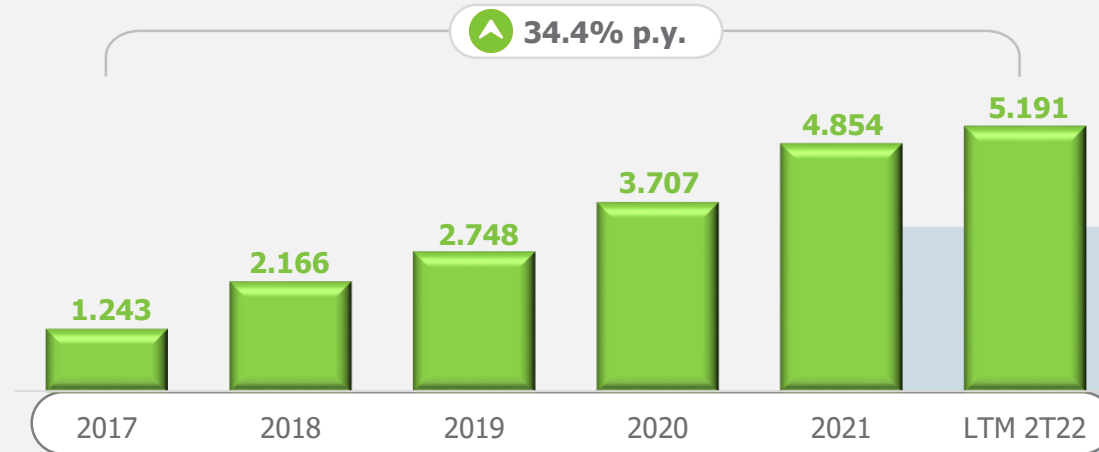
+56.3%

Total Shareholder
Return (TSR)²

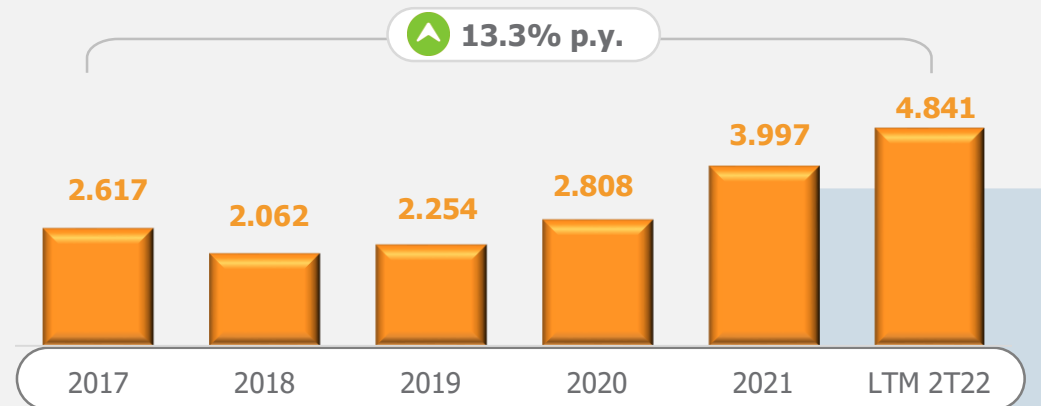
EBITDA¹ | Consolidated



Net Income¹



CAPEX¹



(1) In thousands of R\$. (2) From the Re-IPO (June/19) to 10/05/22 (R\$ 34.25).



Cash and debt management

Cash

- ✓ Amount: **≈ R\$ 4 billion**
- ✓ Low risk investments
- ✓ Instruments: **credit bonds (CDB, LF) or government bonds**
- ✓ Exotic and/or levered structures **are not allowed**
- ✓ Use of derivatives **only for hedging purposes**

Debt

- ✓ Amount: **≈ R\$ 27 billion**
- ✓ Strategy:
 - Anticipated **funding of cash needs** looking for opportunities in the market with the **most favorable conditions**
 - **No FX exposure**
 - **Strong relationship** with 30+ banks (domestic and international)
 - **Active liability management** of portfolio

Ratings

S&P Global
Ratings

FitchRatings

MOODY'S

brAAA

AAA(bra)

AAA.br

1

Prefunding

Prefund short term cash needs: annual approval of the funding plan for the next year, based on daily cash flow management

2

Support to growth

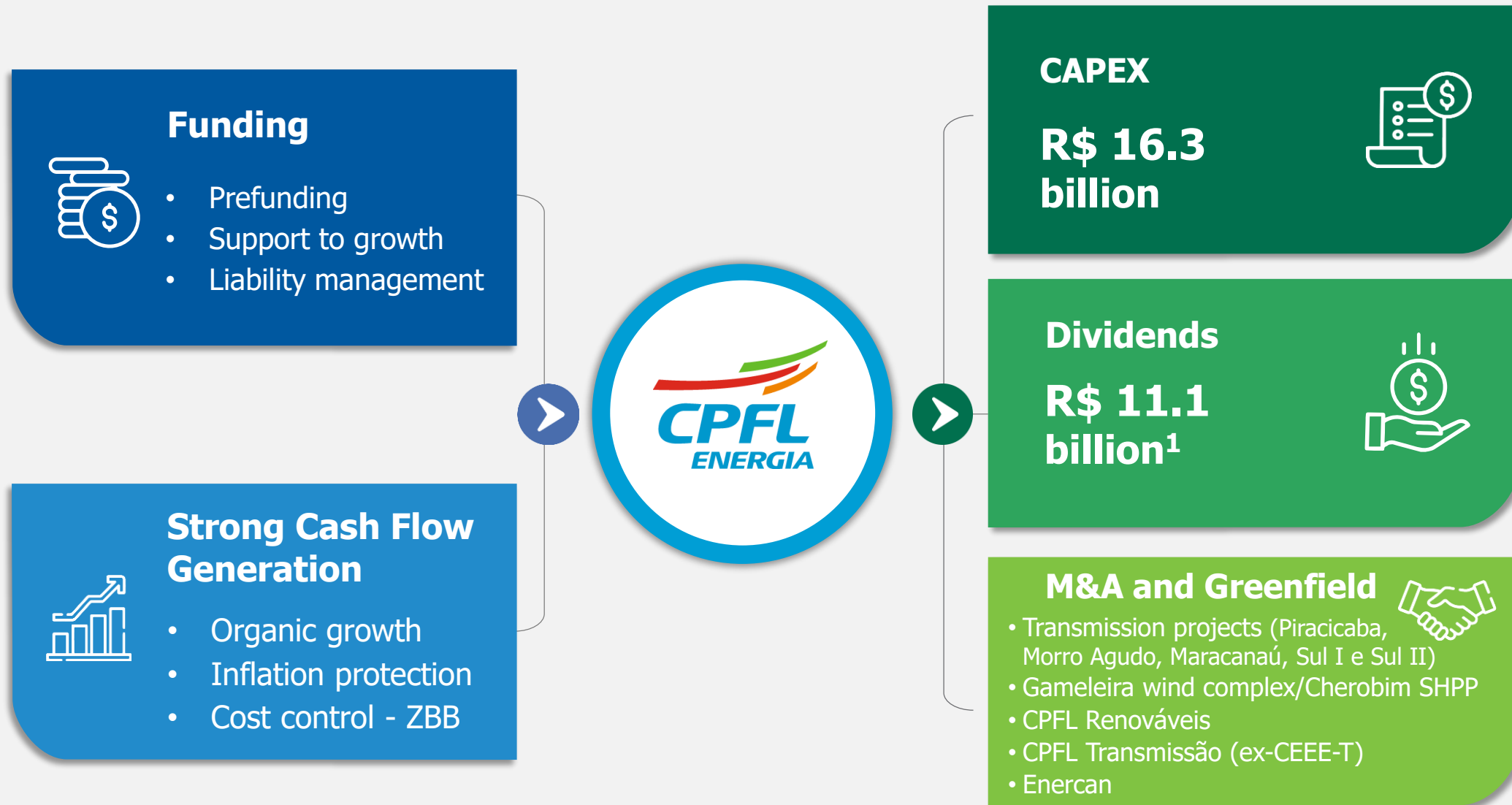
Long term finance for investments

3

Liability Management

Active liability management of portfolio: seeking to increase average term and reduce the costs of the debt portfolio

Capital allocation (2017-1H22)



(1) Including R\$ 1.9 billion of 2021 declared dividends to be paid until December 31st 2022.

你用电 我用心
Your Power Our Care

State Grid
Always by Your Side





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ENERGIA PARA TRANSFORMAR O FUTURO

Agradecemos
sua presença!

