



Annual Sustainability Report 2022

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ABOUT THIS REPORT

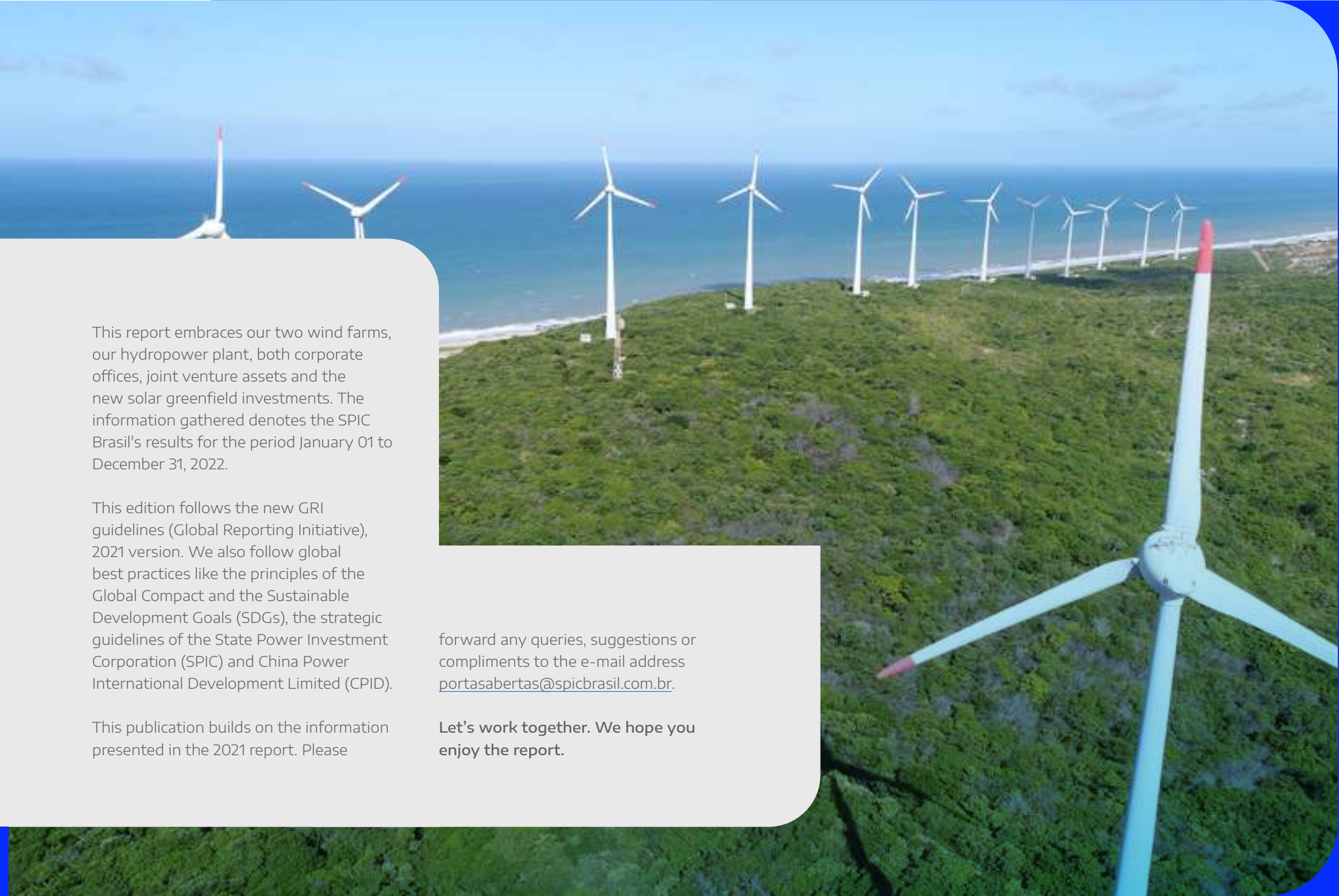
GRI 2-2, 2-3, 2-4

SPIC Brasil is publishing its Annual Sustainability Report for the fifth time. This report follows global sustainability reporting and management benchmarks. It presents our growth, commitments and results achieved and provides an overview of 2022.

In a year in which we shored up the company's new purpose, we chose to structure this report into four chapters that address our organizational profile and the guiding principles of our business strategies:

- **SPIC Brasil** presents an overview of the company, addressing its new positioning, ESG strategy and material topics, plus leading events in the year.
- **Our energy comes from multiple sources**, governance, ethics and integrity practices, and the introduction of the new procurement process and strategies to bolster our culture of innovation.
- **Vision-driven progress**, which reports on our assets and new acquisitions against the macroeconomic backdrop of 2022 and the financial and operational performance of our operations.
- **Safety is the foundation of care**, showcasing the values that underpin our relationships with stakeholders, including policies and actions aimed at employees and surrounding communities.





This report embraces our two wind farms, our hydropower plant, both corporate offices, joint venture assets and the new solar greenfield investments. The information gathered denotes the SPIC Brasil's results for the period January 01 to December 31, 2022.

This edition follows the new GRI guidelines (Global Reporting Initiative), 2021 version. We also follow global best practices like the principles of the Global Compact and the Sustainable Development Goals (SDGs), the strategic guidelines of the State Power Investment Corporation (SPIC) and China Power International Development Limited (CPID).

This publication builds on the information presented in the 2021 report. Please

forward any queries, suggestions or compliments to the e-mail address portasabertas@spicbrasil.com.br.

Let's work together. We hope you enjoy the report.

MESSAGE FROM THE CEO GRI 2-22



We aspire to become one of the country's largest private energy generators, harnessing renewable sources to drive the energy transition.



2022 saw SPIC Brasil substantially grow its business. Our Annual Report presents this growth and reaffirms our commitment to transparency and sustainability by showcasing our consolidated key results of our daily operations that strive to elevate energy generation in Brazil.

We launched a new, more innovative and vibrant positioning, aimed at consolidating SPIC's spearheading of the Brazilian energy sector's transition for the market and our priority stakeholders.

This energy we are pursuing is reflected in the series of strategies underpinned by ESG and human rights principles and in the robust organizational structure our company enjoys. In 2022 we reviewed and implemented new corporate procedures and ramped up the hiring of specialists to fuel our growth. We made strides in digitization, automation and

the implementation of technologies to ensure the agility and safety needed for process excellence.

We aspire to become one of Brazil's largest private energy generators, harnessing renewable sources to drive the energy transition. This is the vision we will follow to spur business growth. 2022 saw us enter solar energy generation in Brazil by acquiring a 70% interest in two greenfield projects in the country's Northeast.

Portfolio diversification is also catalyzed by the innovative culture that emanates from our offices and operations and reverberates in new Research and Development initiatives. In collaboration with the Brazilian Power Sector Research Center (Cepel), progress has been made in the project to use green hydrogen in energy generation plants, with lower costs and environmental impacts.

All these advances stem from deliberate planning and actions, implemented responsibly and prioritizing the health and safety of people and the ecosystems in our geographies. In 2022 we managed to set a new record for no lost-time injuries, a feat that shows that SPIC Brasil's safety culture is coming along nicely.

We also want to ensure the development of the communities where we operate. That's why we continually invest in refining our strategies, steering them ever more to boost income generation and entrepreneurship and to ameliorate social vulnerabilities in these regions.

In light of these achievements, I would like to express my sincere gratitude to our team members, who are directly responsible for the promising future we are building for our company and for creating a safer, more connected and sustainable future for everyone.

Power, for us, means evolving together.

We hope you enjoy the report.

Adriana Waltrick

CEO of SPIC Brasil



Our advances stem from deliberate planning and actions, implemented responsibly and prioritizing the health and safety of people and the ecosystems in our geographies.





About SPIC Brasil

About us
New brand positioning
Mission, vision and values
ESG Strategy
The Year at a glance

ABOUT US GRI 2-1, 2-6

We are a global energy generation company, standing out as one of the top five energy generating groups in the world. We are also engaged in related projects. In Brazil, we invest in the development of innovative and safe solutions, with a focus on renewable sources, always guided by our commitment to people, communities and the environment.

Our story in Brazil sparked to life in 2016 when we acquired two wind farms in Mataraca (Paraíba) from Pacific Hydro - Complexo Eólico Vale dos Ventos and Parque Eólico Millennium. In 2018, we fired up the São Simão Hydropower Plant, straddling the border between Minas Gerais and Goiás states, having successfully bid for the concession authorization at auction 01/2017 held by the Brazilian power sector regulator (Aneel). Since then we have been operating under the name SPIC Brasil.

We own 33% of the natural gas plants Gás Natural Açú (GNA) I and II, both located at the port Porto do Açú (Rio de Janeiro). We also signed an agreement to invest in the expansion of GNA III and GNA IV. The ventures will jointly generate 3 GW of power, forming the largest thermal hub in Latin America.

In 2022, we took another significant step towards a low-carbon operation: we acquired a majority stake of 70% in two solar ventures from Canadian Solar. These greenfield projects will be installed in the northeastern Brazilian cities of Jaguaretama (Ceará) and Brasileira (Piauí). Scheduled for completion by the end of 2023, they will have the capacity to generate 738 MW of power.

We strive to maintain consistent growth plans, aiming to expand our power assets to efficiently provide energy nationwide. We invest in innovation and clean generation solutions to ensure a diversified mix that facilitates the energy transition process in Brazil. Our power assets already have 3,106 MW of installed capacity, accounting for 0.94% of Brazil's generation capacity.

We harness the strength of our people to roll out our strategy. We currently have a total of 258 staff stationed in São Paulo (São Paulo), Natal (Rio Grande do Norte), São Simão (Goiás), Mataraca (Paraíba), Brasileira (Piauí) and Jaguaretama (Ceará). Our professionals pull together to build an electric company guided by ethics, respect and integrity in all its relationships.



In Brazil, we are investing in innovative and safe solutions, primarily from renewable sources.

COMPANIES INCLUDED IN OUR SUSTAINABILITY REPORT GRI 2-2

SPIC Brasil Energia Participações S.A. holds interests in the following companies: 99.99% of Pacific Hydro Energia do Brasil Ltda., 100% of SPIC Brasil Comercializadora de Energia Ltda., 100% of SPIC Brasil Térmicas e Participações S.A. and 51% of HPP São Simão Energia S.A.

Alongside our partners Prumo Logística, BP and Siemens, we hold a 33% interest in the thermal power plants GNA I, which started operations in September 2021 and GNA II, still under construction.

Pacific Hydro Energia do Brasil Ltda. holds a full 100% interest in Millennium Central Geradora Eólica S.A., 100% in Vale dos Ventos Geradora Eólica S.A., and 70% in the under-construction ventures Marangatú Holding S.A. and Panati Holding S.A.

This report consolidates information and data covering all these companies.



SPIC

State Power Investment Corporation Limited (SPIC) was founded in 2015, resulting from the merger of China Power Investment Corporation and State Nuclear Power Technology Corporation. It is now one of the top five energy companies in China and the world's largest solar power generator, with a headcount in excess of 130,000. It operates in 46 countries, boasting over 203 GW of installed capacity with 62.5% stemming from renewable sources. In 2022, it ranked 260th in the annual Global 500 ranking compiled by Fortune magazine, which includes the highest grossing companies in the world.



SPIC is one of the top five energy companies in China and the world's leading solar power generator.

Our power assets EU1

HPP SÃO SIMÃO

Located between São Simão (Goiás) and Santa Vitória (Minas Gerais).
1,710 MW of installed capacity¹.
Enough energy to power 6 million homes each year.

GÁS NATURAL AÇU (GNA) I

Located in São João da Barra (Rio de Janeiro).
1,338 MW of power².
Enough energy to power 6 million homes each year.

GÁS NATURAL AÇU (GNA) II

Located in São João da Barra (Rio de Janeiro).
1,673 MW of power².
Enough energy to power 8 million homes each year.



MARANGATU SOLAR VENTURE

Located in Brasileira (Piauí).
446 MW of power³.
Enough energy to power 550,000 homes each year.

PANATI-SITIÁ SOLAR VENTURE

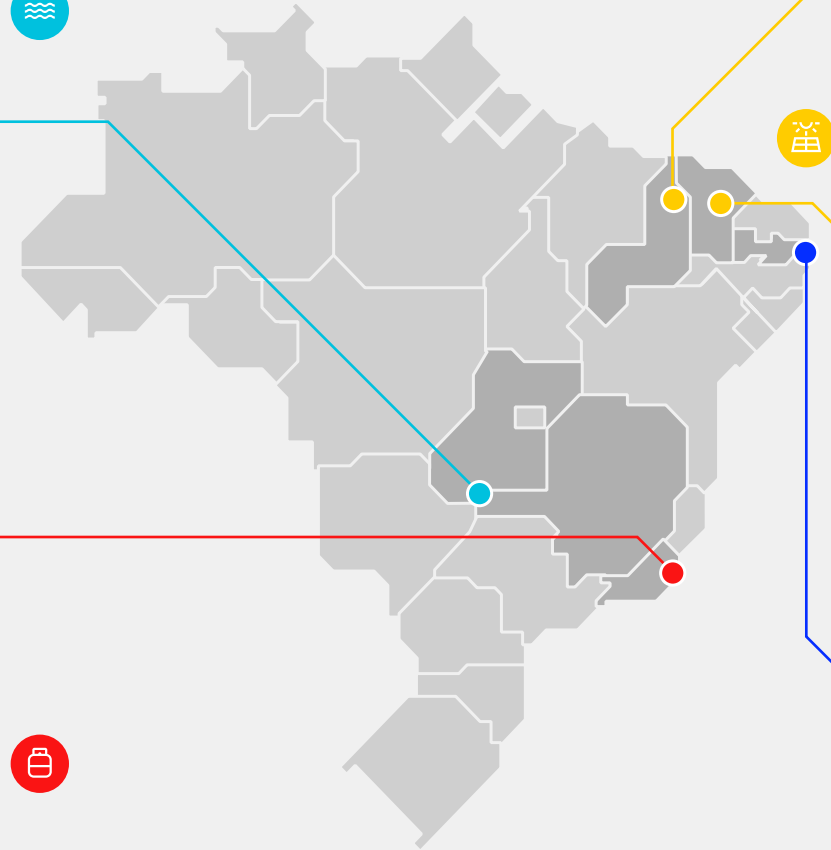
Located in Jaguaretama (Ceará).
292 MW of power³.
Enough energy to power 350,000 homes each year.

COMPLEXO EÓLICO VALE DOS VENTOS

Located in Mataraca (Paraíba).
48 MW of installed capacity.
Enough energy to power 90,000 homes each year.

PARQUE EÓLICO MILLENNIUM

Located in Mataraca (Paraíba).
10.2 MW of installed capacity.
Enough energy to power 23,000 homes each year.



¹ Installed capacity of 100% of the asset. The company has a 51% interest.
² Installed capacity of 100% of the asset. The company has a 33% interest.
³ Installed capacity at 100% of assets at start-up. The company has a 70% interest.

NEW BRAND POSITIONING

In 2022 we unveiled SPIC Brasil's new brand positioning. In order to unleash Brazil's energy potential, we changed our tone of voice, created a visual identity with more vibrant colors and produced a brand manual with the main branding guidelines, which aim to convey the image of a global, mature company spearheading the transformation of Brazil's energy sector.



To put this into action, we are cementing three fundamental principles:

- 1 **Our energy comes from multiple sources:** we believe in a diverse environment, with people of different backgrounds, ethnicities and ages that drive the creativity and wealth necessary to pursue our goals.
- 2 **Vision-driven progress:** we aspire to become one of the biggest players in the market, fueled by sustainable growth and the creation of value and secure energy that benefits people, our communities and the planet.
- 3 **Safety is the foundation of care:** we make every effort so that our relationships form genuine bonds and are always underpinned by care and respect for our stakeholders and communities, while also positively contributing to a safer approach to the energy sector in Brazil.

Several efforts were rolled out over the year to catalyze this initiative. The material was firstly shared with our employees, an asset considered strategic for strengthening and spreading this new positioning.

An advertising campaign was also created for the general public, which included printed ads, radio spots and podcast mentions. This initiative impacted nearly 20 million people.

Moreover, we structured our digital channels, allowing us to achieve various results as early as 2022. The following projects are also noteworthy:

- Launching SPIC Brasil's new-look website and releasing landing pages about the new brand, the Emergency Response Plan and the 2021 Sustainability Report, making it a showcase for the market. These changes pushed up website traffic by over 300% last year.
- Producing unique content for social networks, which fueled the growth of our follower base. We experienced a 23% surge in LinkedIn followers and 58% on Instagram.
- Digital investments to boost the reach of the SPIC Brasil brand on platforms like Google, LinkedIn, Facebook, Instagram Ads and YouTube, which amped up our engagement by 23.5% in 2022.



Our launch campaign impacted nearly 20 million people.



OUR ENERGY COMES FROM MULTIPLE SOURCES

Sum of sources, knowledge, perspectives, people, and cultures. We believe that the plurality of ideas, cultures, and origins is fundamental to bringing a new perspective on energy.

And being among the 1,000 largest companies in Brazil is a source of immense pride for us. In addition, this year SPIC was also ranked as the 260th largest company in the world, according to the Fortune Global 500 list.

These market plaudits are earned by those who turn challenge into potential.

This is the energy we generate. This is the energy that drives us forward, together.

Read more in: <https://www.spicbrasil.com.br/en/>

SPICBRASIL

SPICBRASIL

SPICBRASIL

Media relations

In 2022 we worked to increase our coverage on topics relevant to the energy sector.

To achieve this, we strengthened our relationship with specialized journalists from the country's leading newspapers such as Estadão, Folha de São Paulo and Valor Econômico. In the latter, we featured

in a cover story with our CEO Adriana Waltrick to announce SPIC Brasil's first foray into solar energy.

We leapt from 506 publications in 2021 to 647 articles in 2022, with an estimated spontaneous average value of nearly R\$ 20 million.



REPUTATION MANAGEMENT

To bring clarity and raise awareness among employees around looking after and managing relationships with stakeholders, we restructured the Crisis Management Manual, which explains how best to proceed in potential reputational crisis situations. In 2022, we reviewed this publication's contents, updating it with the company's new acquisitions, like GNA. Moreover, we conducted a digital crisis simulation for our CEO and Executive Board, using the Firebell methodology. The goal was to train them and prepare them to respond in a hypothetical reputational crisis situation.

At the end of the year, we also provided our employees with Reputational Crisis Management training and continuously monitored our brand in the digital environment, to anticipate any potential crisis that could arise.

MISSION, VISION AND VALUES



Mission

To be the best private energy group in Brazil



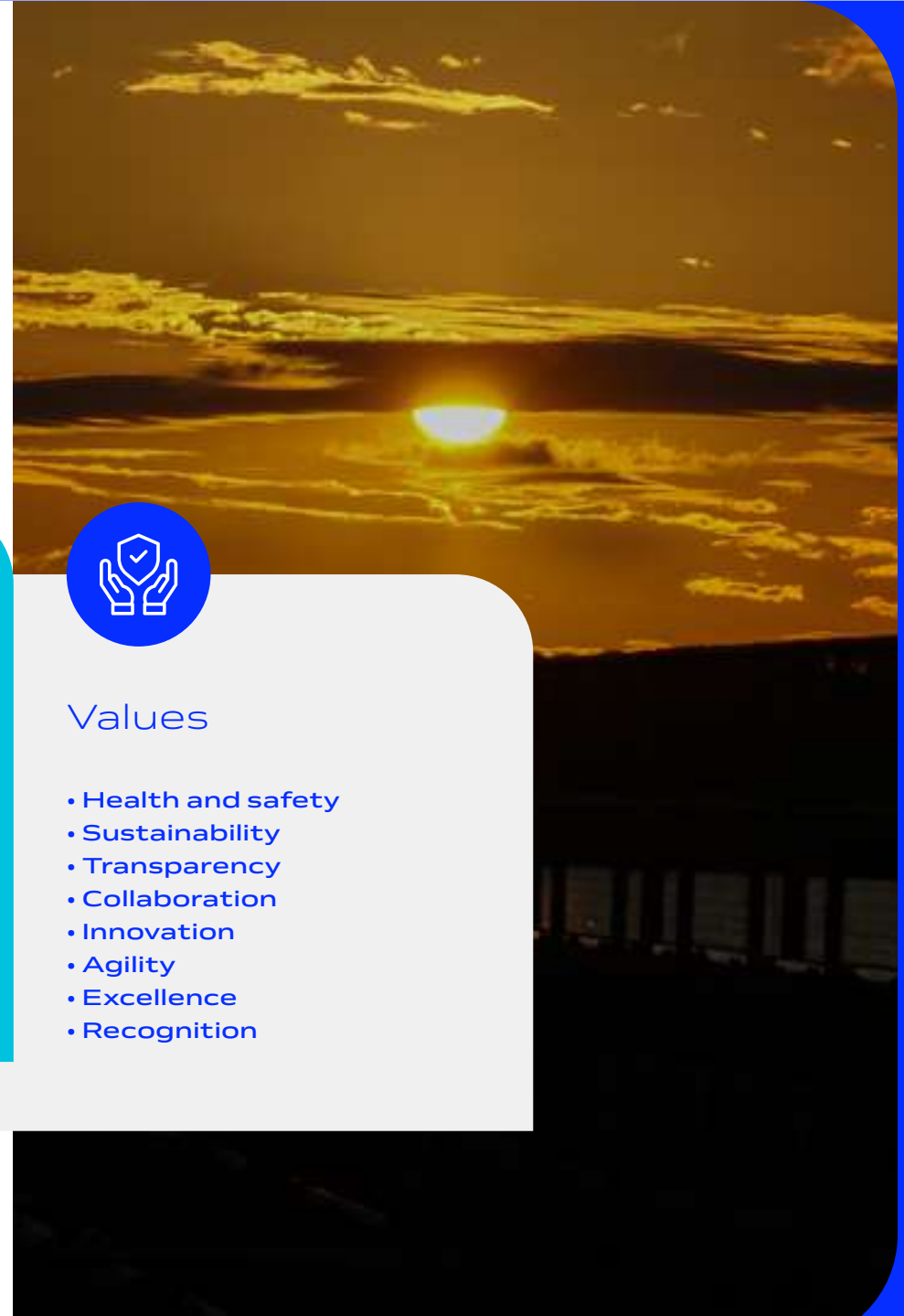
Vision

To be one of the largest energy generators in Brazil, fostering innovation, sustainability and efficiency

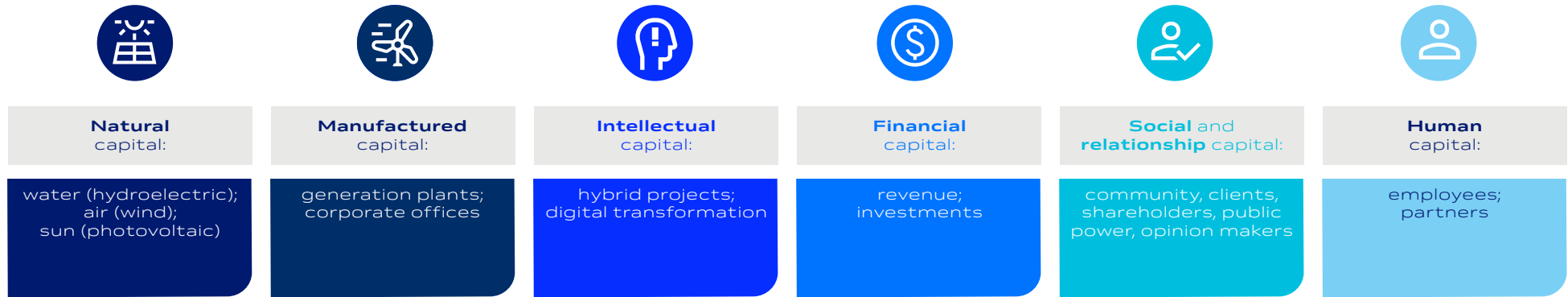


Values

- Health and safety
- Sustainability
- Transparency
- Collaboration
- Innovation
- Agility
- Excellence
- Recognition

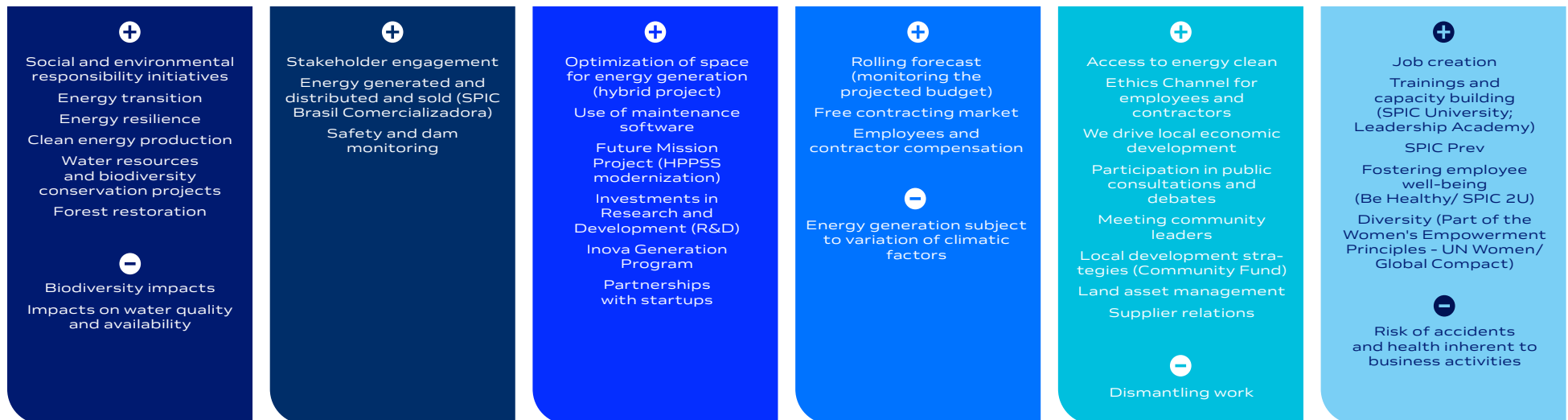


BUSINESS MODEL



Products: Generation, distribution and sale of energy

IMPACTS



ESG STRATEGY

GRI 2-23, 2-24, 3-1, 3-2, 3-3

SPIC Brasil's Sustainability Policy outlines the guiding practices of our ESG strategy and defines the agents responsible for its implementation and monitoring of planned actions. The policy also regulates the company's Sustainability Committee, an integrated body chaired by members of senior management, corporate Health, Safety, Environment and Quality and other strategic business areas.

The Sustainability Committee is charged with managing our sustainability strategy and monitoring the action plans that the company should implement by 2030, aligned around the UN Agenda for that year. In 2022, management metrics were devised in a cross-cutting and seamless way. The company's entire ESG strategy and related initiatives are shared on our Intranet with our internal stakeholders and updated in our Annual Report, available on our institutional website.

In 2022, the group met to discuss topics such as strategic ESG planning, compliance, carbon credits, and diversity and inclusion.



The Sustainability Committee monitors the action plans implemented in the company, aligned with the UN's 2030 Agenda.

Our ESG strategy is based on the following principles:

- Ethical stance and transparency underpinned by fair practices and providing timely, accessible information suitable to the specific requirements of multiple groups and stakeholders.
- Upholding human rights through actions aimed at nurturing diversity, combating child and forced labor and preventing the sexual exploitation of minors.
- Striving for prevention and adopting initiatives to combat potential social and environmental impacts.
- Cultivating a culture of health and safety with a focus on preventing accidents, incidents and occupational illness, along with implementing technologies and processes that minimize risks and encourage continuous improvement in our operations.

These principles align with our mission, vision and values and other internal policies and standards. They should underscore relationships with all stakeholders including shareholders, controlling shareholders, customers, consumers, employees, suppliers, sector entities, government, public entities and the tertiary sector.

Through this strategy, we manage, integrate and monitor our own ESG practices and those of our production chain, reaffirming our commitment to becoming a sustainability giant with a positive impact on the country.

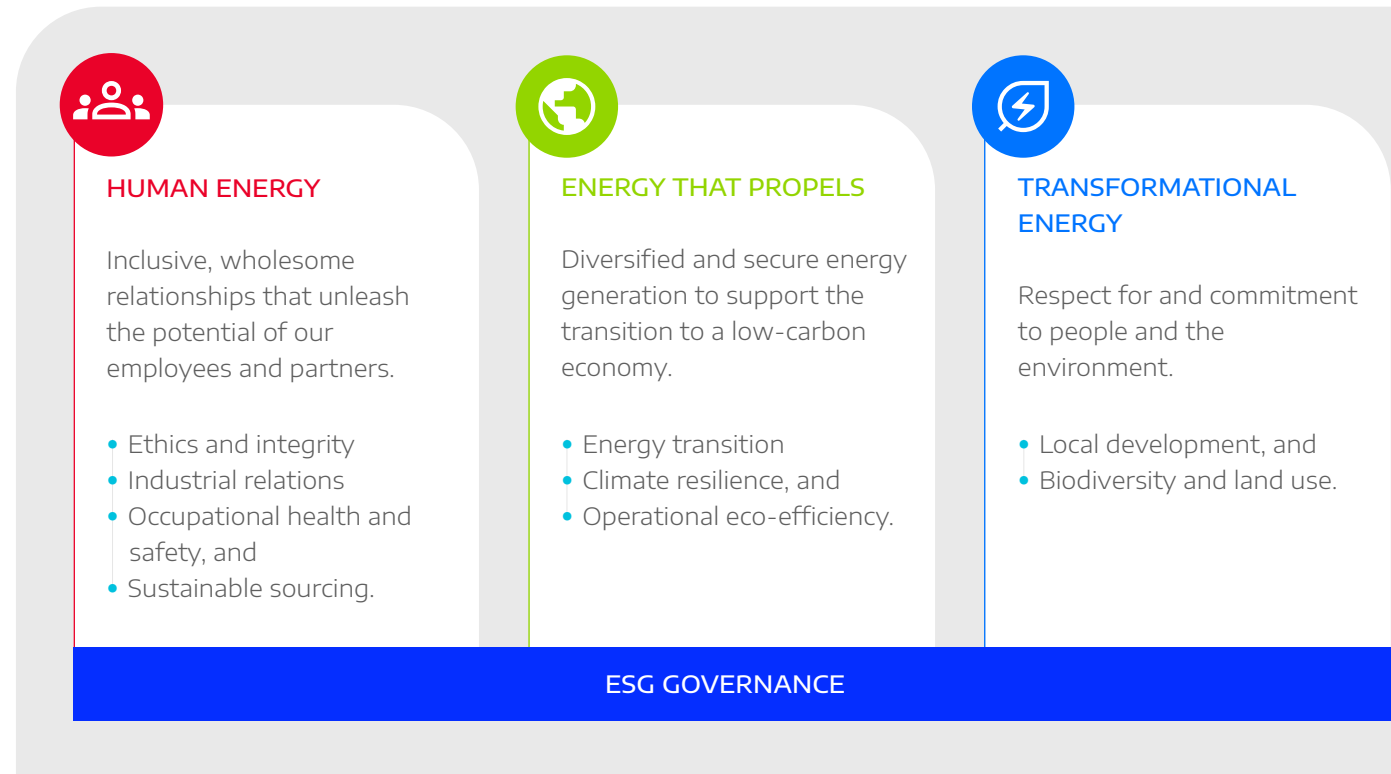
Material topics GRI 3-1, 3-2, 3-3

Driven by the motto 'human energy that propels transformation', we structured our aforementioned ESG strategy into three pillars that also informed the construction of our materiality matrix.

We presently have ten material topics considered essential by our stakeholders for SPIC Brasil's performance, identified by a study that diagnosed the main risks, opportunities, impacted areas and the company's level of organizational and strategic maturity to deal with the topics. To this end we conducted benchmarks and enlisted the support of a consultancy firm to roll out a sustainability strategy based on the guidelines of the Sustainability Accounting Standards Board (SASB), MSCI, Dow Jones Sustainability Indices (DJSI), The Organisation for Economic Co-operation and Development (OECD) and The Sustainable Development Goals. Under the guidance of the Sustainability Committee, working groups actively contributed to and delivered action plans for the rest of the company.

Organized by pillars, the topics are as follows:

Our ESG strategy features ten material topics, spread across three strategic pillars.



ESG Governance supports and informs the company's actions and priorities in all other material topics, as shown above.

Global Compact and SDGs GRI 2-23, 2-24, 3-2

Our strategizing follows the principles of the Global Compact and the Sustainable Development Goals, both of which are United Nations' initiatives. Since 2021, our CEO Adriana Waltrick has been the spokesperson for SDG 16, an initiative that advocates for peace, justice and strong institutions. We sponsor the Global Compact Network Brazil and are members of the Brazil Network Steering Board (Corb), that supports its Board of Directors.

We are members of Instituto Ethos, a key partner in building an inclusive and up-to-date sustainability and human rights agenda. We are part of key energy sector forums like the International Hydropower Association (IHA) and Instituto Acende Brasil, also engaging with regulatory agencies, helping form a proactive agenda for the sector.



Moreover, today we comprise four movements established through the Global Pact, reinforcing the guiding principles set out in our Sustainability Policy and [Code of Conduct and Ethics](#):

- 100% Transparency Movement:** the first initiative to promote corporate transparency in Brazil, it aims to empower and strengthen companies in adopting mechanisms to combat corruption and maintain integrity, with the goal of being 100% transparent by 2030;
 - Elas Lideram Movement:** a partnership with UN Women that aims to promote gender equality through training, development and empowerment initiatives, supporting companies in their commitment to have 50% of women in senior leadership positions by 2030. We are also signatories of the Women's Empowerment Principles (WEPs), reaffirming our commitment to practices and spaces that recognize and actualize equality between men and women in the workforce and in society.
 - Living Wage Movement:** In partnership with UN Women, we are striving to ensure 100% living wages for direct or indirect employees by 2030, and are also pushing for the development of goals and incentives within the supply chain.
 - Mind in Focus Movement:** an initiative we signed up to in 2022, which encourages the discussion of mental health within companies with a view to forming a plan of concrete, preventive and ongoing actions that help create a healthier workplace. The idea is that the movement will reach 1,000 companies and impact 10 million workers by 2030.
- We are gearing up to join the **NetZero Movement** in 2023, another initiative of the Global Compact related to SDG 13, which includes global climate change actions.

We comprise four UN Global Compact movements.



THE YEAR AT A GLANCE



We unveiled our new brand positioning.



We acquired a 70% interest in two greenfield solar projects, in partnership with Canadian Solar, to be installed in the cities of Jaguaretama (Ceará) and Brasileira (Piauí);



We have signed a financing agreement with the Brazilian Development Bank (BNDES) for the construction of GNA II;



We achieved gold certification for our 1st greenhouse gas inventory (scopes 1 and 2);



We initiated our Diversity, Inclusion and Equity Program;



We installed SAP Ariba, a new platform for managing our procurement processes;



We carried out safety drills under our Emergency Response Plan in the communities surrounding the São Simão Hydropower Plant;



We received Great Place to Work (GPTW) certification for the second times in as many years and were recognized as one of the 50 best companies to work for in the 2022 Industry category – Medium-sized companies;



We stole the show in the first analysis conducted by S&P Global Ratings for the holding company SPIC Brasil Energia Participações S.A, rated at the highest level as 'brAAA';



We started a hydrogen and green ammonia project in partnership with the Brazilian Power Sector Research Center (Cepel),



We maintained ISO certifications in all the company's business units;



We innovated our relationship with communities through the Solidarity Economy Fair in Mataraca (Paraíba);



We held the first São Simão (Goiás) Street Race, branching out the benefits of our quality of life program - Be Healthy - to the communities;



We launched the Ideation Program, an initiative that encourages our employees to suggest improvements for the company.



We hit the five-year mark operating as SPIC Brasil.



Our energy comes from **multiple sources**

Corporate governance
Ethics and integrity
Sustainable procurement
Asset management
Innovation strategy

CORPORATE GOVERNANCE

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-16, 3-3

We are structured upon a culture of good corporate governance practices, in line with the SPIC guidelines and adhering to the best business management practices. This way of operating supports a robust strategic plan and ensures we move forward and expand our business in a coordinated and sustainable manner, guided by ESG criteria in setting annual goals.

SPIC Group's governance structure, primarily regarding HPP São Simão and SPIC Brasil companies, is composed of the General

Shareholders Meeting, the Board of Directors, and the Statutory and Executive Board. The SPIC Brasil Board meets on demand for collective decision-making, and the HPP São Simão Board meets monthly. [GRI 2-14](#) The other companies in the Group do not have a Board of Directors or Committee structure.

The Board of Directors (BoD) is our highest governance body. Board members are appointed by the Shareholders in accordance with the Bylaws and Brazilian Corporation Law (Art. 140). The BoD's role is to define business strategies, ethical principles, and company values and to assess the risks and effectiveness of governance systems, risk management and compliance impacts. The Chairman of the Board of Directors does not hold an executive position at another group company in Brazil.

The BoD is also tasked with electing the members of its three advisory committees, who are company directors and executives. The Committees are:

- **Budget and KPI Committee - SPIC Brasil**, charged with monitoring the budget proposal, presenting results for the year, indicators and cash flow;
- **Human Resources Committee - HPP São Simão**, works on defining, implementing and proposing improvements for the employee compensation model;
- **Risk Management Committee - HPP São Simão**, establishes and monitors principles and guidelines related to the company's internal risks and controls (see more in Risk Management, page 38).



All relevant issues requiring direct BoD intervention are formally sent for resolution at a meeting, including the approval of the Sustainability Report, following the best governance practices of the Brazilian Institute of Corporate Governance (IBGC) and guidelines of the Organization for Economic Cooperation and Development (OECD). The topics are forwarded with an executive summary on the subject, along with recommendations from the Executive Board, under the auspices and guidance of the BoD.

Every month, the BoD also monitors reports on financial, operational and ESG indicators and is informed about all company events, including those considered critical - such as incidents, accidents or absences. The Board has the right to request specific information, make recommendations and demand actions to implement best ESG practices. All reports undergo a due diligence process by the company's Internal Audit team.



The Board of Directors (BoD) is highest governance body of SPIC Brasil.





We strive to keep SPIC Brasil's corporate governance strategy increasingly aligned with market practices and international benchmarks.

The Executive Board is comprised of 15 members appointed by the BoD and is responsible for running the company's business, through Delegation of Authority. Its duties, responsibilities and rights are governed by law. Statutory officers are vested with powers to represent SPIC Brasil, whether by signing contracts or issuing powers of attorney.

Having secured the new solar ventures, we now control 22 new companies, two of which are holding companies (with functional Boards) and 20 are Special Purpose Entities (SPEs) - whose corporate and governance decisions we are responsible for. This required us to create specific decision-making methods for these companies to align them with SPIC Brasil's existing governance standards.

To support the new investments, in 2022 we implemented procedures that helped us differentiate the decision-making process for the company, the investees, subsidiaries and non-

subsidiaries. In addition, we created internal standards to organize BoD meetings, establishing clear principles, deadlines and approval flows for decision-making processes.

We also reviewed governance processes and procedures to align ourselves closer with international OECD principles. This endeavor involved reviewing materials and resulted in a plan to implement new activities for continuous improvement. It will help maintain SPIC Brasil's corporate governance strategy increasingly aligned with market practices and international benchmarks.

This year we plan to commence roundtable discussions and training sessions for our team on corporate governance. The goal is to approximate people with the topic, make them understand its importance and instill a sense of responsibility in everyone who contributes to building our workplace on a daily basis.

Governance structure in 2022



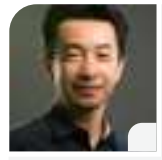
Adriana Waltrick
President



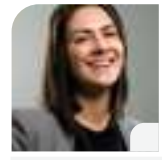
Yiyong Lu
Vice president and director



Jianguo Qian
CFO



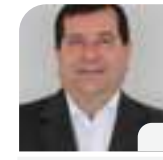
Odair Oregoshi
Chief Risk and Compliance Officer



Sueli Hudson
Human Resources Director



Marcela Pacola
Director of Business Development



Ricardo Siufi
Supply Director



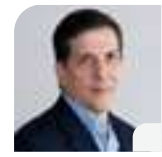
Carlos Longo
Director of Energy Regulation and Trading



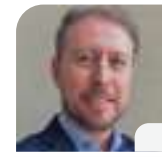
Wanderley Fernandes
Legal Director



Andre Pereira
Chief Operating Officer



Paulo Dutra
CFO



Marcos Adam
IT Director



Roberto Monteiro
Communication Director



Leandro Alves
Director of Renewable Operations



Wagner Ferreira
Director of Thermal Operations



Valeria Lopes
Director of Tax and Accounting

-  SPIC Brasil
-  PHB
-  HPPSS
-  Expatriates

Departmental structuring

In 2022 we strengthened our brand and our values internally, to build integrated and partner relationships among our employees and drive the creation of innovative solutions in the workplace. The initiative also helped our people deepen their understanding of ESG criteria, considered crucial for ensuring business sustainability.

Our admin department has also been restructured to serve the entire company with more agility and efficiency –

transforming into a corporate area. To support the new solar ventures, we expanded our operational and administrative technical team and invested in new monitoring and management tools to enhance asset performance, maximize our generation and minimize costs.

The same year we embarked upon a document management process, with the aim of organizing corporate procedures on a single platform, making them reference

guides for all SPIC assets - new or otherwise. Effectively available in 2023, the tool lets departments continuously monitor and track management indicators, in a single location.

For 2023, the processes of building and implementing new energy generation projects will throw down challenges in venture procurement and management, in addition to the completion of licensing phases to initiate works in earnest and dedication to meet deadlines and costs.



We ramped up our operational and administrative technical team and invested in new monitoring and management tools.

New business model

Having emerged from the worst of the Covid-19 pandemic, in January 2022 we officially implemented a new hybrid work format. This format is flexible, with three days at the office and two remote. Since the onset our operations have always been 100% in-person, always adopting strict sanitary criteria and protocols that ensure continuous occupations safety.

The hybrid model was only made possible by adopting a set of protective measures. In addition to having key support teams that ensure we have the means to structure the new model, we have carried out a series of implementations to offer full working conditions to our employees, including those working remotely.

We acquired more robust and secure equipment and implemented a series of policies and applications to protect the data on remote computers. In 2023 we are aiming to renew 100% of our employees' equipment.

We also exchange systems and virtual devices to allow secure and uninterrupted connections. This means that staff can securely perform their tasks from any location as if they were there in person. We also encrypted hard drives to ensure greater data security.

Lastly, at the end of 2022 we launched new virtual applications so that employees can access the SPIC Brasil workplace from any terminal or equipment. Certain operational areas - more directly impacted due to the location of our assets - have already adopted the tool. We hope to expand this access throughout 2023.



In 2022, we formalized the hybrid work model at SPIC Brasil.

The shift to a hybrid work model was a two-factor process: improved quality of life for employees and their families, and increased operational productivity, as evidenced by the excellent performance of our assets in 2022.





Digital transformation

To seek more agility, security, integration and partnerships among areas, we dedicate ourselves to process digitization and automation, incorporating new technologies and tools that can bring more efficiency to daily routines, without sacrificing the collaboration and expertise of people.

After restructuring Information Technology, three pillars of action were defined:

- Infrastructure and Information Security
- Architecture, Systems, Business and BI; and
- Governance.

In a more comprehensive way, governance is now running initiatives that are more synergistic with our business and that are integrated with other departments. In 2022, the IT Board implemented systems that will allow for productivity gains, management and control, and will help improve our results. Milestones include:

- Creation of a new site for submitting IT demands, implemented to help organize and allow more transparency in tracking projects throughout the year;
- **Implementation of SAP Ariba, a new platform for managing the purchasing process, carried out in partnership with Procurements** (*see more in Modernization of the purchasing process, page 40*);
- Expanded access to the Siga platform, an Integrated Administrative Management System implemented in 2021 for receiving administrative demands, made available across the entire company in 2022;
- Budget control planning within SAP, with the aim of improving budget management by the finance department. The project got underway with the structuring of a number of procedures in 2022, and should be fully in place in 2023 for the planning of the 2024 budget;
- Enhancements of the HR Connection tool, aimed at implementing data, indicators and reports, bringing more management possibilities to leaders and ensuring operational efficiency (*see more in Recruitment and Selection, page 88*).



We implemented new technologies to bring more efficiency to daily operations.

Cybersecurity

In 2022, we incorporated cyber security into our IT division. This change decisively contributed to the discussions and implementations carried out by the Data Privacy Committee. Various procedures and policies that inform the work of this department and our company were reviewed, many of which focused on the Brazilian General Data Protection Act (LGPD) and information security. We also address vulnerabilities, ensuring a higher degree of security for our operations. This required the putting into practice of several simulation and invasion tests, which help us shield our applications.

To achieve cybersecurity effectiveness, we understand that raising the awareness of our workers is crucial. That's why in 2022 we began producing and disseminating internal training content and trails related to the topic, and we intend to step this up a level over the course of 2023.



We reviewed information security procedures and policies and addressed vulnerabilities to improve our operations.

DATA PRIVACY COMMITTEE



In 2022 the LGPD Act remained unchanged. However, SPIC Brasil's Data Privacy Committee shall continuously monitor the law with the National Data Protection Authority, which submits an agenda of topics for regulation every two years.

The Committee meets periodically to report on SPIC Group's Privacy Program and to update relevant market practices and monitor the sector agenda in Brazil. In 2022, we enlisted a consultancy firm to assess the program's maturity and we began making the suggested recommendations, based on an improvement plan for 2023.

The project will be overseen by the company's Internal Audit.

ETHICS & INTEGRITY

GRI 2-23, 3-3

Ethics and integrity are top priorities in driving our business strategy. Our actions nurture a healthy and trustworthy workplace for our direct employees and contractors, suppliers and local communities.

This commitment emanates from our leaders and permeates the daily work of all our employees. Our CEO, Adriana Waltrick, regularly reinforces our principles and commitments to ethics and integrity by engaging in initiatives that impact SPIC Brasil and raise the awareness of the market and society in general.

As signatories to the Global Compact and members of the Brazil Network Steering Board, we have committed to the challenge of combating corruption and fostering integrity and transparency. We achieve this by actively participating in working groups, such as Anti-Corruption, and help organize discussions to combat illicit acts. We are also signatories of the 100% Transparency Movement, which bolsters our drive to adopt practices and mechanisms to become more effective, responsible and transparent at all levels ([find out more in Global Compact and SDGs, pg. 18](#)).



Ethics and integrity are top priorities in implementing SPIC Brasil's business strategy.



We are also party to the Business Pact for Integrity and against Corruption, a voluntary commitment made via Ethos Institute, which aims to unite companies around promoting a more honest and ethical market.

Our CEO has to green light all initiatives and commitments apply to our operations, contractors and suppliers. Risk and Compliance assesses corruption and fraud risks by mapping processes and implementing mitigating actions. It also addresses internal controls and thereby supports other teams in the execution and monitoring of new projects. In 2022 no cases of corruption were documented. [GRI 2-12. 205-1](#)

In 2022 we also took strides in maturing the due diligence process conducted on our business partners, by establishing a Partner Due Diligence Policy ([see more in Strengthening the production chain, page 36](#)) which came into effect in August, with clearly defined criteria for analyses that must be carried out according to the degree of exposure to risk in the relationship with the counterparty. [GRI 2-24](#)



We have committed to the challenge of combating corruption and fostering integrity and transparency practices.

Integrity Program GRI 2-16, 2-25, 2-26, 205-1

Our Integrity Program has been in place since 2019. This initiative informs and steers our conduct on ethical issues and compliance, helping foster a culture of integrity and a healthy work environment internally and for our business partners.

We also have an Ethics and Integrity Committee that conducts the quarterly monitoring of the Program's work and looks into potential violations of the company's related documents and guidelines, including concerns reported through our Ethics Channel ([find out more in Ethics and compliance hotline](#)).

pg. 37). In these cases, the Committee may recommend disciplinary measures in accordance with the Consequences, Disciplinary Measures and Sanctions Policy.

Every year, we conduct anonymous surveys on our local and expatriate employees, aiming to get feedback on the work of the Integrity Program, identify areas for improvement, identify topics for training and capacity building, define directions for future actions, and ascertain the level of trust in our ethics channels. In July 2022, a total of 93 employees participated in the survey.

In case of queries related to ethical and appropriate conduct, employees can contact the Risk and Compliance team via email at integridade@spicbrasil.com.br or through the direct contacts available on the intranet. Concerns received through the Ethics Channel are handled according to the degree of risk and/or urgency.

GRI 2-16



The Integrity Program guides and directs our conduct in matters of ethics and compliance.



Employees and contractor training [GRI 2-24, 2-25, 205-1, 205-2](#)

Our approach aims to encourage and positively influence the adoption of good conduct practices by each direct employee, contractor and others involved in our supply chain.

Needless to say, involving senior management in the process of disseminating our integrity culture is crucial.

In order to standardize the knowledge of the company's ethical conduct and values, we harness e-learning for the main topics of the Integrity Program and the [Code of Conduct and Ethics](#) when onboarding new employees, so that they are familiar with how we deal with the subject and can put the Program's guidelines into practice in their daily routines.

Every year we also administer Integrity Training for all company employees, which is carried out in three groups (two for Brazilians and one for expatriates). In 2022, this training took place virtually and provided instructions on our Partner Due Diligence Policy and recommendations for using social media, in addition to integrity conduct guidelines. Streamed on YouTube, the training had 174 employees participating live.

Employees who have received communications and training on anti-corruption, broken down by employee category [GRI 205-2](#)

Categories	Employees	2022	
		Informed	Trained
Board of Directors	number	3	3
	%	100	100
Executive Board	number	13	13
	%	100	100
Management	number	42	30
	%	100	71.43
Technicians/supervisors	number	80	25
	%	100	31.25
Administrative	number	116	74
	%	100	63.79
Apprentices	number	4	1
	%	100	25
Interns	number	8	0
	%	100	0
Contractors	number	14	1
	%	100	7.14

*Data not previously reported by category.



Every year all company employees undergo Integrity Training.

Governance body members that have received communications and training on anti-corruption, broken down by region [GRI 205-2](#)

Region	Governance body members	2020		2021		2022	
		Informed	Trained	Informed	Trained	Informed	Trained
São Paulo	number	10	10	12	11	12	132
	%	100	100	100	91.67	100	100
Natal	number	1	1	1	1	1	1
	%	100	100	100	100	100	100
São Simão (Goiás)/ Santa Vitória (Minas Gerais)	number	1	1	1	1	0	0
	%	100	100	100	100	0	0
Mataraca/ Paraíba	number	0	0	0	0	0	0
	%	0	0	0	0	0	0

Employees who have received communications and training on anti-corruption, broken down by region [GRI 205-2](#)

Region	Employees	2020		2021		2022	
		Informed	Trained	Informed	Trained	Informed	Trained
São Paulo	number	198	8	215	186	129	106
	%	100	4.04	100	86.51	100	82.17
Natal	number	15	0	19	16	25	7
	%	100	0	100	84.21	100	28
São Simão (Goiás)/ Santa Vitória (Minas Gerais)	number	0	0	0	0	97	30
	%	0	0	0	0	100	30.93
Mataraca/ Paraíba	number	0	0	0	0	3	3
	%	0	0	0	0	100	100

INTEGRITY PILLS

[GRI 2-23, 2-24, 2-25, 205-1](#)

Since 2020 we have been ushering in a culture of integrity on a monthly basis by sending corporate emails, handing out leaflets and displaying posters in operational units and presenting the content of Integrity Pills on the videowall at headquarters. In 2022 we started to provide kiosks at operational units as another channel to disseminate this content to our employees.

Our Integrity Pills address various topics need to cultivate a healthy and honest workplace, always in a educational way. These include identifying and preventing moral and sexual harassment, conflicts of interest, appropriate behavior during election periods and guidance on dealing with the offering of gifts, hospitality and entertainment, among other topics.

To fortify the dissemination of an integrity culture in our supply chain, we began sharing this content with third parties in November. [GRI 205-2](#)

Integrity Week

Integrity Week took place from December 05 to 09, 2022 and involved employees from all our business units. During this time we addressed a series of priority topics such as moral harassment, practices for building a more honest and healthy workplace and conflicts of interest. The event came to a conclusion with a lecture by professor Mario Sergio Cortella.



INTEGRITY AMBASSADORS [GRI 2-25](#)



In 2022, we restructured the bimonthly training meetings of our integrity ambassadors, company volunteers who and handpicked to assist the dissemination of an integrity culture among colleagues, contractors and other agents. All in all, we have 14 ambassadors and this year we allocated 10 hours of training to those participating in this initiative.

With the group, we have the opportunity to assess feedback from our employees regarding their level of trust in our Ethics Channel and discuss continuous improvement actions for the Integrity Program.



Fortifying the production chain [GRI 2-23, 2-24, 205-2](#)

The integration of contractors operating in our units - HPP São Simão and wind farms - is marked by the presentation of an educational video that discusses the main commitments and conduct requirements of SPIC Brasil, in addition to the most relevant topics of the Integrity Program. In 2022, 557 employees received such training.

Also this year we held our 1st Integrity Workshop for Third Parties. Covering topics related to integrity and health and safety, the training was supported by our integrity ambassadors and involved a total of 20 companies.

We have also implemented a new Partner Due Diligence Policy, coordinated by Risk and Compliance. This policy aims to prevent the company from dealing with businesses that have a tarnished background or have engaged in unethical conduct, which could pose potential reputational risks to our brand. The document is governed by the [Code of Conduct](#) and [Ethics for Third Parties](#), and by Brazilian laws, with emphasis on the Anti-Corruption Law, LGPD, labor laws, protection against child and/or slave labor, and other regulations.

Guided by these principles and during the analysis carried out using a specialized third-party diligence tool provided by KPMG, we evaluated issues such as checking registration on lists of work similar to slave and/or child labor. In 2022, these points were not raised in the Hazards and Risks matrix as a significant/existing risk for our operations. [GRI 408-1, 409-1](#)

571 diligences were carried out during the year, of which 338 were analyzed and classified as high risk. For this implementation, we administered training to our employees and leaders. By 2025, our goal is to reach to have 70% of the supplier and contractor chain assessed. By 2030, we aim to achieve 100%. [GRI 3-3](#)

In 2023, we plan to develop advance ESG-based supplier evaluation and, as a form of incentive, reward partners with the best reputation.



The new Partner Due Diligence Policy aims to prevent the company from dealing with businesses that have a tarnished background or have engaged in unethical conduct.

Ethics and compliance channel GRI 2-16, 2-24, 2-25, 2-26

Our operations are guided by high ethical standards and to ensure compliance, we also have an independent and confidential whistleblowing channel for reporting misconduct, which is made available to SPIC Brasil's internal and external stakeholders.

We have responsibly structured our Ethics Channel as secure and anonymous, serving as a gateway for reporting any ethical issues or irregularities. This includes situations of discrimination, moral and sexual harassment, fraud, bribery,

corruption, among other violations of Brazilian law, our [Code of Conduct and Ethics](#), or other company regulations.

The tool is managed by an independent firm - KPMG - which ensures reports remain confidential and whistleblowers anonymous, thereby guaranteeing that the investigation process takes place in an impartial, confidential and secretive manner. This protect employees and third parties and prevents retaliation. Besides this, we monitor the quality of service

in the channel and identify areas for improvement through reports issued by the supplier.

To speak to our Ethics Channel, we continuously provide and publicize the contacts internally and on our institutional site, which can be accessed through the [website](#), email spicbrasil@linhaetica.com.br, calling 0800 713 0109 (available from Monday to Friday, from 8 am to 8 pm) or PO Box 79518.

In 2022, we received 11 reports - including from our direct employees and contractors - with complaints related to moral harassment, third-party conduct, misconduct, retaliations/reprisals, fraud, complaints and theft; and all were duly analyzed, addressed and finalized. [GRI 2-16](#)



We have an independent and confidential Ethics Channel for reporting any misconduct.



Risk management

Our risk management approach is guided by the best corporate practices in the market, using international benchmarks and models, such as Coso 2017. This lets us define impact and probabilities scales that assist us in prioritizing issues to be addressed with senior management, in assessing degrees of exposure to potential risks detected throughout the processes, and in creating action plans to mitigate them.

The process plan and controls is reviewed by Internal Audit, responsible for ensuring the seamless operation of the company

based on defined policies and according to criteria of criticality and risks. This plan is pre-approved by Management and Audit of SPIC in China, and the findings are presented quarterly. [GRI 2-12](#)

Today, we have two instances that address risk management, monitor the execution and effectiveness of plans, and ensure the topic is addressed efficiently for our company's various assets: [GRI 2-12](#)

- **SPIC Brasil Risk and Audit Commission:** works on identifying corporate risks as a whole, especially those related to new projects acquired by the company;
- **HPP São Simão Risk Management Committee:** this is responsible for managing and monitoring impacts at the plant, tracking the implementation of activities and aligning guidelines with the Board of Directors and Executive Board, in accordance with the Corporate Risk Management Policy. [GRI 2-9](#)



Our approach is guided by the best corporate practices in the market, using international benchmarks and models,



SUSTAINABLE PROCUREMENT GRI 3-3

In 2022, we launched the Agiliza Project in order to modernize and innovate our procurements process in line with best market practices. This implementation ensures full process management, assists expense control, offers more transparency to our internal and external stakeholders, and enables the creation of an increasingly qualified and sustainable supply chain.

To bring this change about, which led to the launch of a new platform - SAP Ariba, we carried out a series of reviews on the policies and procedures that regulate our procurement processes, taking into account our ESG strategy for developing closer and more wholesome relationships with suppliers and communities. We also

conduct workshops and internal training for the teams involved, for a better understanding of the functionalities and benefits brought by modernization.

As part of the project, we proposed a review to our shareholder to streamline and integrate our Procurement Policies - which are still different for HPP São Simão and for our other assets. In 2022, we suggested a number of simplifications to HPP's policy, maintaining compliance rules and following the best practices adopted by the market in Brazil, Europe and the United States. If the changes are approved, the adaptations will be implemented in 2023 and the procedures unified into a more robust and comprehensive policy.



We modernized and innovated our procurement process with the launch of SAP Ariba.



Modernizing our procurement process

Implementing SAP Ariba is the technological milestone of the Agiliza Project. The platform is a global benchmark in business solutions and a market leader in Brazil. It replaced SPIC Brasil's former procurement tool - Nimbi - at the end of 2022. With this change, our bidding processes are now integrated in one platform, affording us greater fluidity in procurements, monitoring, and rigorous screening of suppliers and a managerial vision of the supply chain.

To streamline processes, we implemented a list of priority categories by supplier market, based on a mapping carried out internally. We inserted service codes linked to each of these categories into the system to make organization and searches easier at the time of procurement. Certain catalogs were also uploaded onto the platform, and the assimilation of the details of all these changes was supported by training aimed at employees.

SAP Ariba was fully structured and implemented in 2022 and will begin to be used in 2023. During the process, some areas for improvement have already been identified and will be addressed next year.



The new platform integrates our bidding processes into a single location.



Supplier relations GRI 2-23,2-24

The implementations carried out in 2022 to modernize our procurement process aim to strengthen relationships and create more solid and enduring partnerships with our suppliers, helping develop a robust supply chain aligned with the company's values.

All the requirements that inform the way SPIC Brasil does business are described in our [Code of Conduct and Ethics for Third Parties](#). The document details the conduct in terms of integrity, human rights, legal and socio-environmental expected of

our business partners and clarifies the wider reaching, not just company-specific, repercussions of non-compliance.

In all contracts signed with third parties, we have an anti-corruption and anti-bribery clause, which aims to ensure compliance and encourage the adoption of integrity programs by this group.

Advancements in Supplier Reputational Assessment ([see more in Fortifying the production chain, page 36](#)) and

their incorporation into SAP Ariba provide us with greater clarity and integration of results. They also give us the opportunity to define more accurate strategies for improving the production chain in line with environmental, social and corporate governance criteria.

Once the platform is fully operational for the market, our plans include forging a closer and stronger relationship with suppliers, especially those operating in our sectors, to create development plans that aid their business growth and stimulate local economies.

We have approximately 550 regular suppliers, with 15% being located in the region of HPP São Simão, 12% in the regions surrounding our wind farms, 46% in the state of São Paulo, and 27% in other states of Brazil. Of this total, 90% of the procurements entail services, whilst the majority of purchases are in the areas of modernization, O&M and engineering.



We aim to strengthen relationships and create more solid and enduring partnerships with our suppliers.





We encourage open and transparent dialog so that all conflicts are properly directed, evaluated and resolved.

ANTI-CORRUPTION POLICIES GRI 2-15, 2-23

In addition to the [Code of Conduct and Ethics](#) for employees and the [Code of Conduct and Ethics for Third Parties](#), SPIC Brasil's fight against corruption is governed by internal policies such as: The Anti-corruption and Anti-bribery Policy; Consequences, Disciplinary Measures and Sanctions Policy; Corporate Investigation Policy; Policy for Gifts, Presents, Entertainment and Hospitality; Partner Due Diligence Policy and the Policy of Conflict of Interests and Related Parties.

The Conflict of Interest and Related Parties Policy establishes concepts, guidelines and responsibilities to be adopted by shareholders, managers and employees of the company and its subsidiaries. This is to ensure that situations posing a potential risk of conflicts, such as related-party transactions, are conducted on an arm's-length basis conducive with the interests and

reputation of SPIC Brasil. All decisions should be made by those involved based on objective and fair criteria, without leveraging their positions for personal gain to the detriment of the company. We encourage open and transparent dialog so that all conflicts - actual or potential - are properly directed, evaluated and resolved.

Shareholders or company executives who may be involved in conflicts should abstain from discussions and voting on the subject, by signing a Declaration of Abstention from Resolutions, established by the Policy in question.

Our commitments are shared internally through various communications and are posted on our institutional site on the pages [About us](#) and [Compliance](#).

PROPERTY MANAGEMENT GRI

304-2

As the company responsible for operating and maintaining HPP São Simão since 2018, we fulfill a Social-Property Management Program. This program is one of the conditions stipulated by Ibama in Operating License no. 569/2006, which authorizes the project to operate.

Through it we pledge to safeguard the integrity of the reservoir and its banks, respecting the limit of what is called the expropriation quota, which is 402 meters. In practice, we carry out ongoing awareness work to guide the population regarding the uses and occupations of the reservoir perimeters and water surface. [GRI 303-1](#)

Recreation and leisure activities and using water for productive purposes - such as fish farming, irrigation and livestock watering - can be carried out, provided that the conditions for regulation and maintenance of people's safety and environmental preservation are respected. [GRI 303-1](#)

In 2022, we continued to guide the communities using the areas bordering the reservoir, prioritizing the use for fish farming in net tanks, which has grown in recent years.

We also continue distributing our [Land Management](#) guide during the inspection and survey activities at the reservoir. The guide, which uses plain and simple language to make it easier to understand, walks you through the step-by-step process to regularize uses and occupations.

To improve our communications, we release bulletins in the area surrounding the power plant, on radio, television and local newspapers, and posts on



our social media, to clarify the legal and environmental issues related to the occupation process.

Furthermore, the new SPIC Brasil website features a dedicated page with all land management guidelines, which includes questions and answers about the

Environmental Regularization process and procedures for Respecting Boundaries, including the possibility of virtually applying for these processes.

You can refer any queries to the email address portasabertas@spicbrasil.com.br or call 0800 200 0204.



In 2022, we continued to guide the communities bordering the reservoir of HPP São Simão.



REGULARIZATION EU22

We maintained practices related to the inspection and monitoring of reservoir and bank occupations in 2022. We continued the process of notifying and removing squatters and for those we could not contact, we prepared all the necessary documentation for filing judicial repossession lawsuits.

The repossession activities under court agreements with the occupants resumed in June, and the other repossessions carried out through warrants issued by the Courts were restarted in November, following a suspension due to the Covid-19 pandemic. In total we carried out 15 repossessions - five voluntary and ten by enforcement of court orders.

Due to this break in activities, we are anticipating a high volume of land regularization claims for 2023.

INNOVATION STRATEGY

Innovation is a strategic pillar of growth for SPIC Brasil. Merging the R&D, Innovation and Strategy departments in 2021 enabled us to focus our efforts in 2022 on the development of our Strategic Innovation Plan in line with the innovative vision of our company which defined our ultimate goal: “Maximizing entrepreneurial thinking in our business, evolving current processes and promoting Brazil-China trade to propel the energy transition towards a low-carbon economy, ensuring enduring value and sustainability for our shareholders and stakeholders”.

Based on this principle, we carry out in-depth diagnostics, conduct research with staff and interview the company's key leaders. We form a short-, medium- and long-term action plan, connected to the three enabling pillars of our innovation strategy.

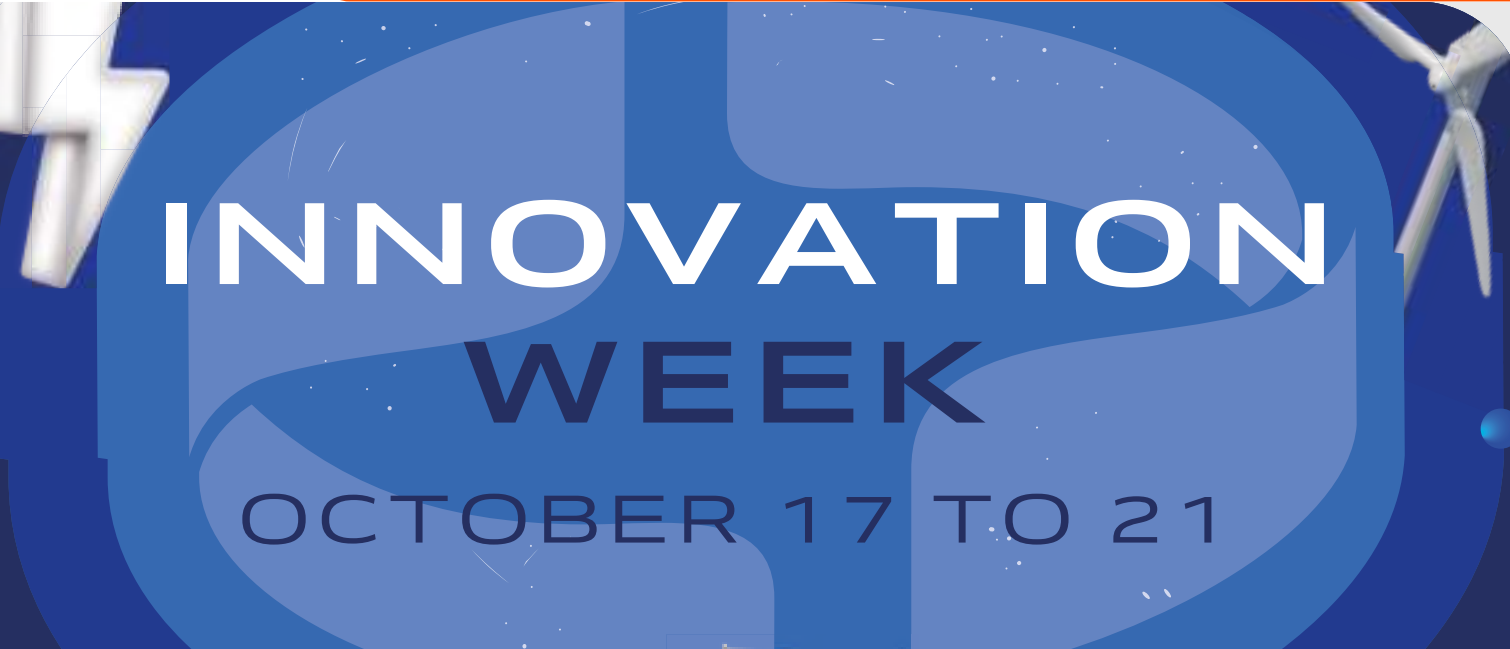
- **Culture of innovation:** drives the innovative and creative behavior of our employees and fosters the innovative culture as a value for the company;
- **Digital transformation:** expedites the application of technologies to solve pain points and enable the implementation of improvements to our business;
- **ESG:** fosters innovation as a competitive advantage in line with the company's sustainability strategy.

We actively and constantly listen to our employees so as to make proposals that can improve our results. In 2022, we identified and evaluated various innovative proposals for implementation in the company, we increased the team in charge of this strategy and mapped out new funding opportunities for innovation to cement the concept and our strategic journey.



Innovation is a strategic pillar of growth for SPIC Brasil.





A culture of innovation

In 2022, we implemented the Ideation Program, a 100% digital idea submission platform, to foster a culture of collaborative innovation within the company and enable employees to be the driving force behind transformation and improved results in our business.

The idea is that everyone - including apprentices and interns - can help solve our important challenges and pain points, receive constructive feedback throughout the process, and be recognized for the practical results derived from their contributions.

In total, the program received 29 ideas, of which ten were submitted for analysis and validation by the impacted areas and then forwarded for implementation.



We encourage our employees to spearhead the transformation.

Innovation Week

Under the motto 'You at the heart of transformation', we held the second edition of Innovation Week, an initiative that aims to nurture an innovative culture as a strategic pillar of our company and urge employees to participate in this daily construction.

The event offered a diverse program of lectures with renowned experts on topics such as digital transformation, the use of innovation as a tool for social transformation and deconstructing green hydrogen - one of the priority projects of the year.

We also had presentations from company leaders and technicians about innovations in our wind farms and the R&D projects carried out at HPP São Simão; we awarded the Innovation Generation Trophy in recognition of the employees responsible for the innovative initiatives implemented in the company; and we introduced our new Culture and Innovation Ambassadors ([see more in Cultural transformation, page 88](#)).

Investments in R&D projects EU8

To put our innovation strategy into practice, we prioritized two main pillars of the Innovation Structure: incremental and transformational improvements.

Incremental improvements entailed the enhancement of our existing capabilities for increased productivity and operational efficiency. The advancements implemented in 2022 stem from the Innovation Generation Program, an initiative that since 2021 has allowed us to identify the main opportunities for improvements operations, maintenance and engineering. From a public call for R&D, we have selected projects from startups, research centers, universities, and companies focused on the deployment of new technologies at HPP São Simão.

With this, we made progress through three projects selected after our evaluation process:

We made progress through three projects selected by the Innovation Generation Program.



- 1

Virtual Environments: use of a virtual reality platform, with field equipment from a hydropower plant integrated with a virtual operation simulator for team training and recycling.

 - **Key accomplishments in 2022:** Virtual environment modeling of the Hydropower Plant (HPP); embedding augmented reality and integration into the model; publication of the paper at the XVII Edao - Meeting for Debates on Operational Matters.
 - Partnership with the firm AQS Tecnologia.
 - Investment in 2022: R\$ 1 million.

- 2

Big Data and Artificial Intelligence: application of AI in the analysis of multiple variables to optimize the power plant's preventive maintenance.

 - **Key achievements in 2022:** development of a historical data dashboard and implementation of a routine for online data extraction.
 - Partnership with the startup Solution IPD.
 - Investment in 2022: R\$ 400,000.

- 3

Remote collaboration: a solution for assisted remote operation of equipment for monitoring the modernization work on the hydropower plant in real time, through a smartphone or augmented reality equipment, such as smart glasses.

 - **Milestones in 2022:** development of an augmented reality and videoconferencing platform.
 - Partnership with the startup Sense+.
 - Investment in 2022: R\$ 1 million.

MAIN ADVANCES IN INNOVATIVE SUSTAINABILITY SERVICES [EUB](#)

Golden mussel: continuing our work to combat this mollusk to prevent its proliferation in Brazil's drainage basins and the resulting clogging of HPP São Simão's pipelines, we have now validated the genetic modification method that blocks this species' reproduction and have achieved the expected results. For the next phase, we will structure a more comprehensive action plan that also considers possible environmental impacts. **Investment in 2022:** R\$ 1.1 million. [GRI 304-2](#)

Gas monitoring: we have performed the projected goals for the project, which combines fiber optic communication tools for gas analysis in transformers, and the solution of monitoring multiple transformers from a single analytical device. We filed two patent applications in this process. The progress in developing the solution is now being evaluated with the involvement of a manufacturer for implementing a pilot batch. **Investment in 2022:** R\$ 1.2 million.

In 2023 we will carry out the second public tender of the Innovation Generation Program focused on four main challenges:

- Development of methods and techniques for forest development in reforested areas;
- Document management for maintenance activity planning;
- Integrated and real-time management of isolation and lockout conditions for programming and carrying out activities in an industrial environment;
- Operational analysis through virtual immersion.

Including the management of the program and the incremental improvements, we made a total investment of R\$ 5.6 million in 2022.



In 2023, we will carry out the second public tender for open innovation of the Innovation Generation Program, always focused on the development of new technologies to enhance operational efficiency at HPP São Simão.

Smart energy [GRI 3-3, EU8](#)

Transformational improvements encompass studies and the development of new business models, productive capabilities and technologies that can drive our energy transition process.

We have two main projects underway that foster research and advancements in smart energy:

- Research in green hydrogen and ammonia:** we have partnered with the Brazilian Power Sector Research Center (Cepel) to develop a conceptual project for an integrated plant fueled by green hydrogen (H2V) and green ammonia. The goal is to identify more viable ways to produce H2V, a zero carbon and 100% sustainable fuel obtained through the electrolysis process, which uses water to produce green ammonia, a sustainable product with several applications being studied. In 2022, we defined the multipurpose plant model and completed the detailed plans of the subsystems. R\$ 400,000 was invested in the project. For 2023 we aim to incorporate the expertise gained in structuring a base of goals and indicators for the next research cycle.

- Green hydrogen pilot plant at HPP São Simão:** development is ongoing of a green hydrogen manufacturing plant powered by a photovoltaic solar power plant, on land and floating, to be installed at HPP São Simão. The progress of the initiative is directly related to research with Cepel. In 2022, we secured the license to roll out the pilot project from Ibama and the National Water Agency (ANA). We also carried out the technical feasibility study, defined the basic plans and analyzed the investment conditions. R\$ 300,000 was invested in the project.

Including the transformational improvements, we invested a total of R\$ 700,000 in 2022.

In total, we invested around R\$ 6.3 million in research, development and innovation projects and reinforced our overarching goal of fostering and supporting renewable energy initiatives and fueling a low-carbon economy.



In 2022 we invested roughly R\$ 6.3 million in research, development and innovation projects.





Vision-driven progress

2022 Outlook

Energy transition

Spic Brasil Comercializadora

Financial and
operating performance

Environmental performance

2022 OUTLOOK

In 2022 we made strides in energy development in Brazil. We bring this new purpose to life through initiatives that align with our ESG strategy, featuring expansion in solar, hydro and thermal projects. These new steps reaffirm our goal to become one of the top three private energy generators in Brazil by 2025, driving the energy transition and decarbonization process. [GRI 3-3](#)

The favorable rainfall was key in us exceeding our estimated goals in energy generation and availability. Regardless of future changes by Aneel in the regulation of ancillary service compensation to stimulate the supply of this activity by generators, we filed a request in January for HPP São Simão to become a provider of full black starting, reactive load support and secondary timekeeping control services. In addition to improving the operational safety of the Brazilian electric system, this activity increases the use of the existing plant infrastructure,

with the possibility of compensation for the company.

As the modernization of HPP São Simão progresses, we also seek to expand its commercial possibilities, including the possibility of bidding at capacity auctions - electric sector regulations permitting.

Auxiliary services are crucial to ensure the safe operation of the electric system in the face of increasing participation of intermittent renewable sources in the Brazilian matrix.

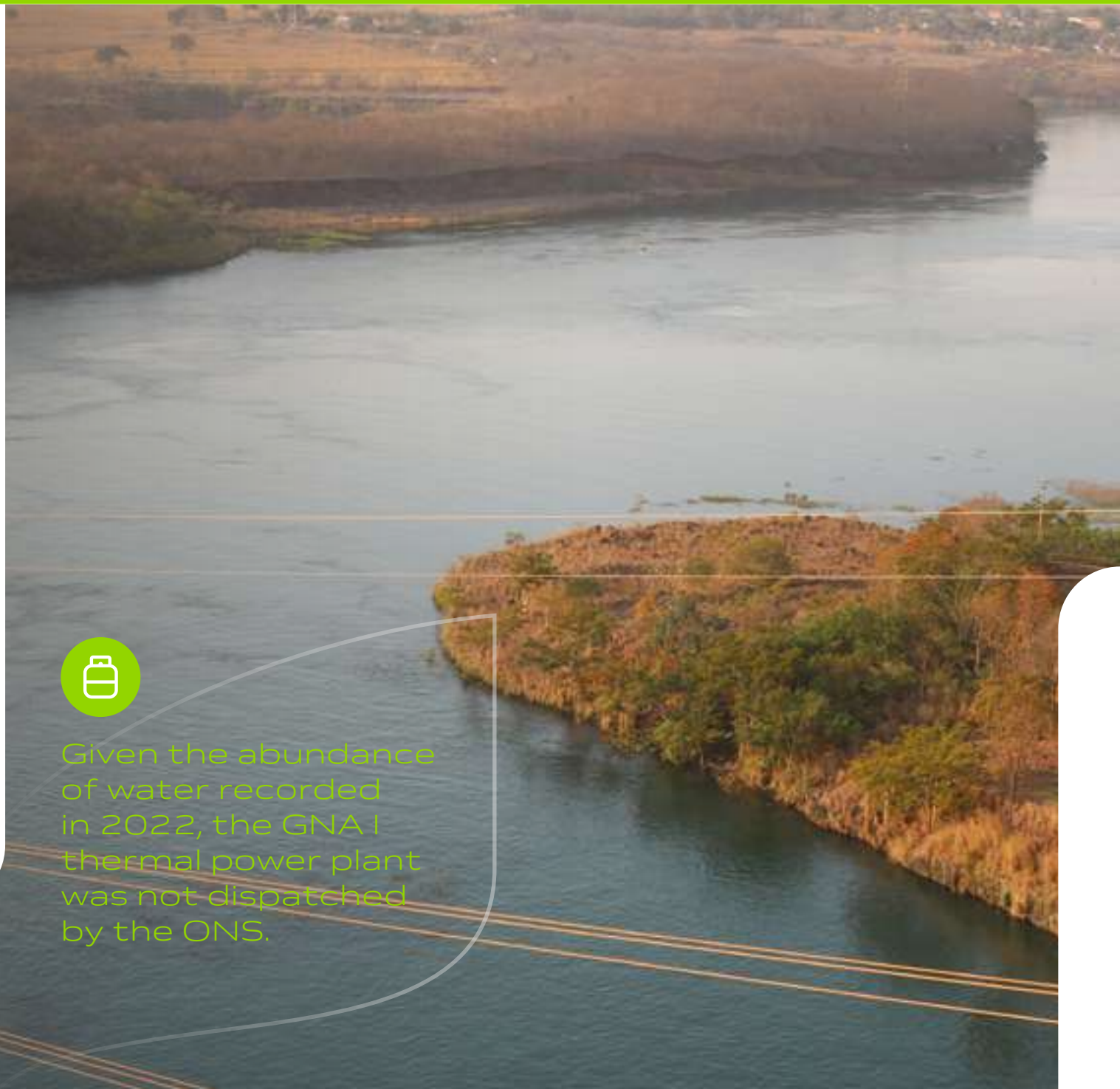


Given the recovery of reservoir levels due to the abundant water recorded this year, the GNA I thermopower plant was not dispatched by the National Grid Operator (ONS), the agency responsible for controlling energy generation and transmission in Brazil. Regardless of the situation, the power plant remained available for the electric system, securely assuring the energy supply whatever the circumstances.

In the years ahead we will continue evaluating opportunities and pursuing new investment possibilities in clean energy sources to form a diversified electric matrix resilient to climate changes and external variations.



Given the abundance of water recorded in 2022, the GNA I thermal power plant was not dispatched by the ONS.



ENERGY TRANSITION GRI 3-3

We operate under the commitment to promote the decarbonization of the economy and to drive the energy transition in Brazil. For this, our growth is structured around four pillars that translate into business assets and investments in research for a greener future:

- **Hydro power** keeps our HPP São Simão in full operation and modernization, aiming to expand its capacity;

- **Renewable energies - solar and wind:** we continue to expand our greenfield investments, solidified with the recent acquisition of two solar venture in NE Brazil;
- **Thermal energy:** represented by investments in GNA I and the construction of GNA II - which will double our gas generation - and expansion plans for GNA III and IV, which will yield an additional 3 GW of energy; and
- **Innovative research in smart energy:** structured under the partnership with Cepel, this research aims to develop future hybrid plants capable of producing green hydrogen and ammonia, smart energy storage solutions. By 2025, we aim to develop new research on multiple possible applications ([see more in Smart Energy, page 49](#)). [EUB](#)



We pledge to drive decarbonization of the economy and the energy transition in Brazil.



New solar assets

2022 marked our entry into solar energy generation in Brazil. We acquired a majority interest of 70% in two greenfield solar projects from Canadian Solar – Marangatu, located in the city of Brasileira (Piauí), with a capacity of 446 MW, and Panati-Sitiá, to be installed in Jaguaratama (Ceará), with an estimated capacity of 292 MW. Upwards of R\$ 2 billion will be invested in building the plants, which are expected to start operations in 2024.

Today, SPIC is the world's largest solar energy generator. In Brazil, the investment in solar projects is a groundbreaking move for the company. The new ventures will add approximately 3% to the installed capacity in Brazil, providing power to more than 900,000 families.

In 2022 we structured our technical team to support the new venture, closed contracts with suppliers, service providers and construction firms, met technical, regulatory, environmental and economic

requirements and cleared nearly 2,200 hectares of land to kick off the construction work in 2023. For this period, we estimate nearly 4,000 job opportunities (direct and indirect) will be created.

Our commitment to personal safety and well-being underpins every step of the process, from planning to execution. We also commenced diagnostics and information gathering in the respective cities in 2022 to prepare our communication planning and community actions, which will be implemented next year.



Our new solar investments will add about 3% to the installed capacity in Brazil.



Water assets and modernization EU2

We operate the São Simão Hydropower Plant, located on the Paranaíba river, straddling the border between the municipalities of São Simão (Goiás) and Santa Vitória (Minas Gerais). The power plant has an installed capacity of 1,710 MW, enough to power 6 million families.

We follow a concession agreement for the Hydropower Plant (HPP) that establishes 70% of its assured capacity for energy distributors and the remaining 30% is traded on the free energy market (ACL), directly impacting the hydropower plant's revenue generation (*see more in SPIC Brasil Comercializadora, page 62*).

In 2022 rainfall levels improved after the drought that beset the country in 2021. Despite the ongoing impacts still recorded and in compliance with the reservoir recovery policy set by ONS, we recorded a 31.55% increase in generation compared to the previous year and achieved an availability rate of 93.12%, over and above the value established in the Aneel concession agreement of 92.29%. Gross generation in 2022 was 8.125 GTWh.

We continued with the general and annual preventive maintenance of all generating units and carried out the power plant restoration drill - the black start test - which takes place once a year and aims to evaluate and test the system's restoration capacity in the event of potential failures or interruptions in the electricity supply.

The expectation for 2023 is that gross energy production will hover around 8.00 TWh and the availability index will reach 93.09%.



In 2022, we managed a 31.55% increase in generation compared to the previous year and achieved an availability rate of 93.12%.



HPP SÃO SIMÃO

Inaugurated in 1978

1,710 MW
of installed capacity

6 turbines
of 258 MW each

8.070 TWh*
generation goal for 2023 EU2

*This figure does not include one of the generation units, which will be out of operation during the second half of 2023 for a complete overhaul of the unit.

Advancements in modernization

Created in 2019 with the goal of modernizing the plant, the 'Future Mission' project continued in 2022. To support progress and ensure management efficiency, we restructured the Board responsible for monitoring actions, including a new Contractual Management department that alongside the Engineering and Execution team will share responsibilities and guide the processes.

Among the steps already completed through the initiative are:

- Completed installation of two new step-up transformers and their respective fire protection systems. Four out of the power plant's six transformers have therefore already been modernized. The remaining two will be installed by 2025. This stage brought more security to one of the most critical components that caused undesirable unplanned interventions in the plant;
- New hydraulic units installed at the water intake and spillway, in addition to modernizing existing hydraulic units, boosting the system's reliability;
- Modernizing three radial floodgates of the spillway, including the starting

- system, which now allows us to operate and monitor the floodgates remotely from the control room, something that used to be done locally;
- Modernization completed of the spillway's stop logs.



The shutdown of the first generator unit at HPP São Simão is scheduled for July 2023.

MODERNIZATION OF SIX GENERATING UNITS



In 2022, we structured all the necessary plans to modernize the six generating units of the plant, including detailing activities, implementing projects, commencing the purchase and manufacturing of equipment and mobilizing the companies that will carry out the disassembly and assembly work of the first unit to be modernized, whose shutdown is scheduled for July 2023. We also initiated the renovation of the stop logs and manufacturing of the stator, completing the infrastructure needed by the team that will lead the new phase, including the construction site, water treatment facility and electric power network. Additionally, we set up a new gate for the entry of trucks and equipment.

The project will be carried out by the HPP São Simão Modernization JV, formed by GE Renewable Energy and Powerchina Brasil. This process is forecast to be completed in 2029. Until then, we will continue other improvement actions that will support operational continuity until the end of the process.



By upgrading our equipment we afford greater safety and reliability for our operations, higher generation availability and a lower chance of failures and unplanned shutdowns. No lost-time injuries have been recorded since the start of the project.

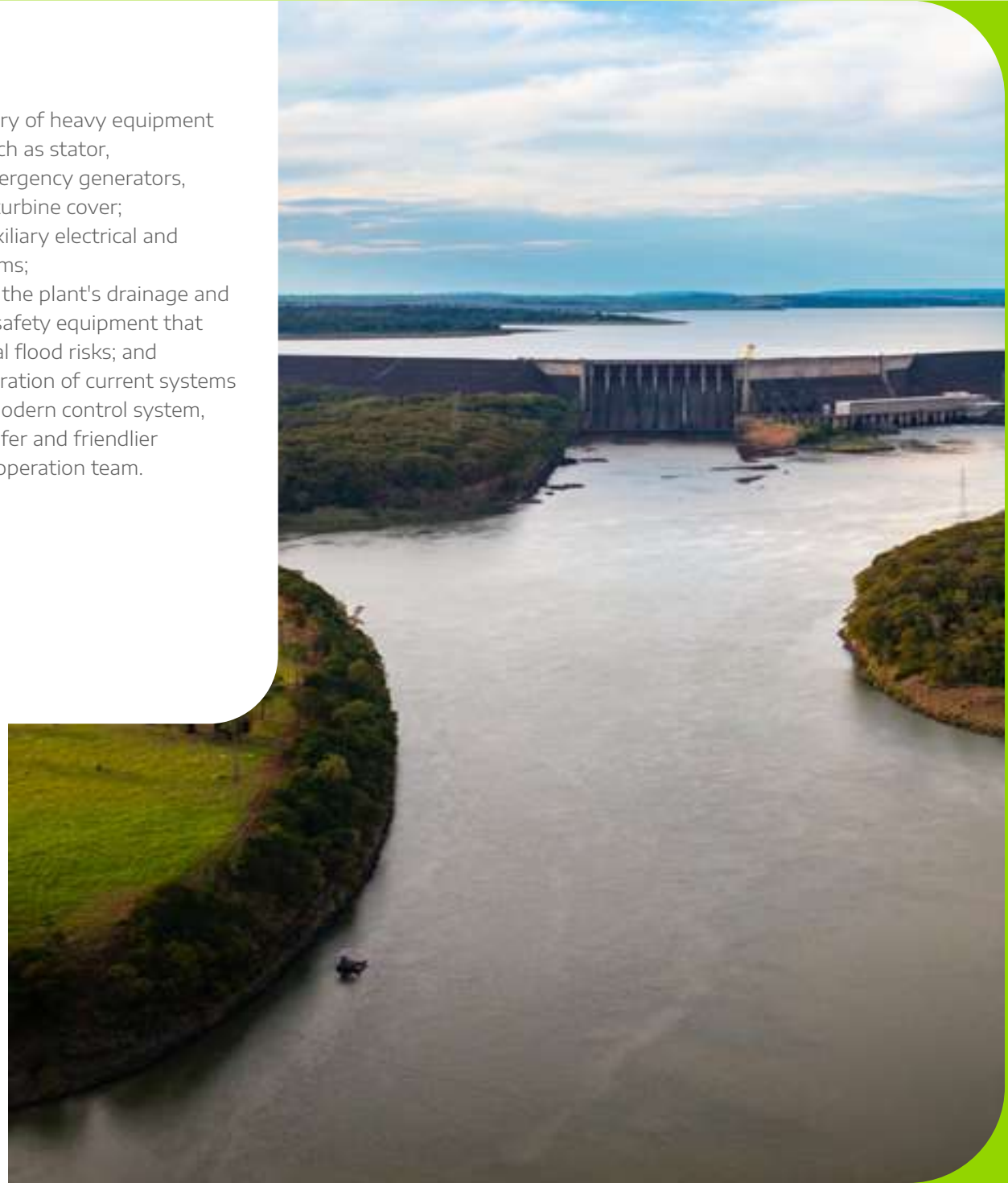
The modernization of HPP São Simão also yield benefits for local communities. Over the next six years of the project, the demand for labor and services will rise dramatically.

In 2023, we will ramp up activities to ensure the first machine's modernization goes ahead, which will include:

- supply and delivery of heavy equipment and materials, such as stator, transformers, emergency generators, switch gear and turbine cover;
- completion of auxiliary electrical and mechanical systems;
- modernization of the plant's drainage and sewage system, safety equipment that prevents potential flood risks; and
- digital shift, integration of current systems into a new and modern control system, which brings a safer and friendlier interface for the operation team.



No lost-time injuries have been recorded since the start of the modernization project.



Dam Safety Plan EU21

To fulfill our number one priority commitment of ensuring people's safety, we maintain an Emergency Response Plan (ERP) for HPP São Simão in response to the Dam Safety Plan (DSP) mandated by the Brazilian Dam Safety Policy (PNSB) and by Normative Resolution no. 696 issued December 15, 2015 by Aneel, which details all the actions to be carried out in emergency situations that could harm people, property and the environment. The self-rescue zone occupies an area of 10 kilometers located immediately below the dam.

To ensure residents know how to respond a real emergency and can reach safe areas known as muster points, we conduct studies and define evacuation routes in partnership with public agencies, such as Civil Defense. We continuously disseminate safety information to the communities.

Having emerged from the worst of the Covid-19 pandemic, during which in-person training was not permitted, we conducted safety drills in September 2022. These were designed to instruct the communities of Chaveslândia (Minas Gerais), São Simão (Goiás), and rural landowners on what to do in potential emergency situations. The initiative, which included Q&A sessions, simulated the activation of systems and warning sirens to train the population to move safely to the marked locations.

Throughout this planning, we mapped and trained community leaders, engaged with local departments and governments, and provided the population with clear and educational content to prevent the emergence of fake news and alerts during execution. We also built an external disclosure plan using sound

cars, posters, radio spots and interviews with local media, in addition to keeping all information updated on an exclusive [landing page](#) on our website.

The drills took place smoothly and involved some 1,000 people, including locals and HPP São Simão employees.



INDIVIDUAL ALERT APP

The app was created in 2022 with the goal of becoming the main source of information for communities during safety drills or in real cases of evacuation. The APP sends out alert messages and makes calls, and shows evacuation routes and muster points.

Wind assets EU2

We operate in the wind sector with two farms located in the city of Mataraca (Paraíba): the 48-MW Complexo Eólico Vale dos Ventos and the 10.2-MW Millennium Wind Park, totaling 58.2 MW of installed capacity.

Millennium, which came online in 2007, was our first renewable energy asset in Brazil, acquired in 2016. In 2022, Aneel Resolution 13.079/2022 extended the authorizing resolution's validity for the farm to 11/28/2037. This extension was only possible because, in addition to the farm's implementation following the schedule presented by the regulatory agency, the asset has never incurred any penalty by the organization.

Acquired the same year as Millennium, Vale dos Ventos has been generating energy since 2009 and is now our largest operating wind asset. The two farms jointly supply energy to more than 100,000 households annually.

Our wind energy performance was less satisfactory than 2021, with overall production contracting 8.6%. Despite the seamless operation of machinery and better-than-expected uptime, the lower incidence of winds caused the generation to fall short of our expectations, reaching an index of 85.97%. We reached 114,807 GWh, enough to power some 97,000 homes. We also expect lower generation in 2023. That's why we've shaved 10% off our projections for 2022.



In 2022 our windfarms produced 114,807 GWh, enough to power some 97,000 homes.



Continuous improvement

We invest in the internal development of monitoring and management tools to expand and enhance our view of windfarm performance. This included new mechanisms and procedures that assist in detecting and preventing operational failures. In addition, we fine-tuned control cameras, updated our drone's operating license, made improvements to substation ventilation systems to reduce overheating risks and installed new battery systems.

For 2023, we are working on structuring new procedures, improving equipment, refining data analysis and implementing new systems that can automate and expand the farms integration capacity to a single control center.



122.303 GWh
total generation target
for 2023 EU2

PARQUE EÓLICO MILLENNIUM

Inaugurated in 2007

13
turbines

10.2 MW
of installed capacity

25.704 GWh
generation target for 2023 EU2

COMPLEXO EÓLICO VALE DOS VENTOS

Inaugurated in 2009

60
turbines

48 MW
of installed capacity

96.599 GWh
generation target for 2023 EU2

Natural gas assets

We hold a 33% interest in the Natural Gas thermal power plants Açu I and II, both located in Porto do Açu (Rio de Janeiro), in partnership with Prumo Logística, BP and Siemens Energy.

The first power plant, GNA I, boasts a capacity of 1,338 MW and kicked off its commercial operation in September 2021. In 2022, we focused on the preservation and conservation of equipment and maintaining the plant's availability to supply energy to the system. However, there was no need for operation due to the favorable rainfall or no adverse situations in the transmission system.

The same year GNA II received its first funding injection from BNDES for its construction. The project will add another 1,673 MW of capacity to our generation facilities, equivalent to 10% of the total gas generation capacity available in the National Interconnected Grid (SIN). It can power 8 million homes all by itself.

Throughout the venture's construction it is expected to create approximately 10,000 new jobs. The construction remains on schedule and already involves more than 1,700 employees, with no record of any lost-time injuries since.

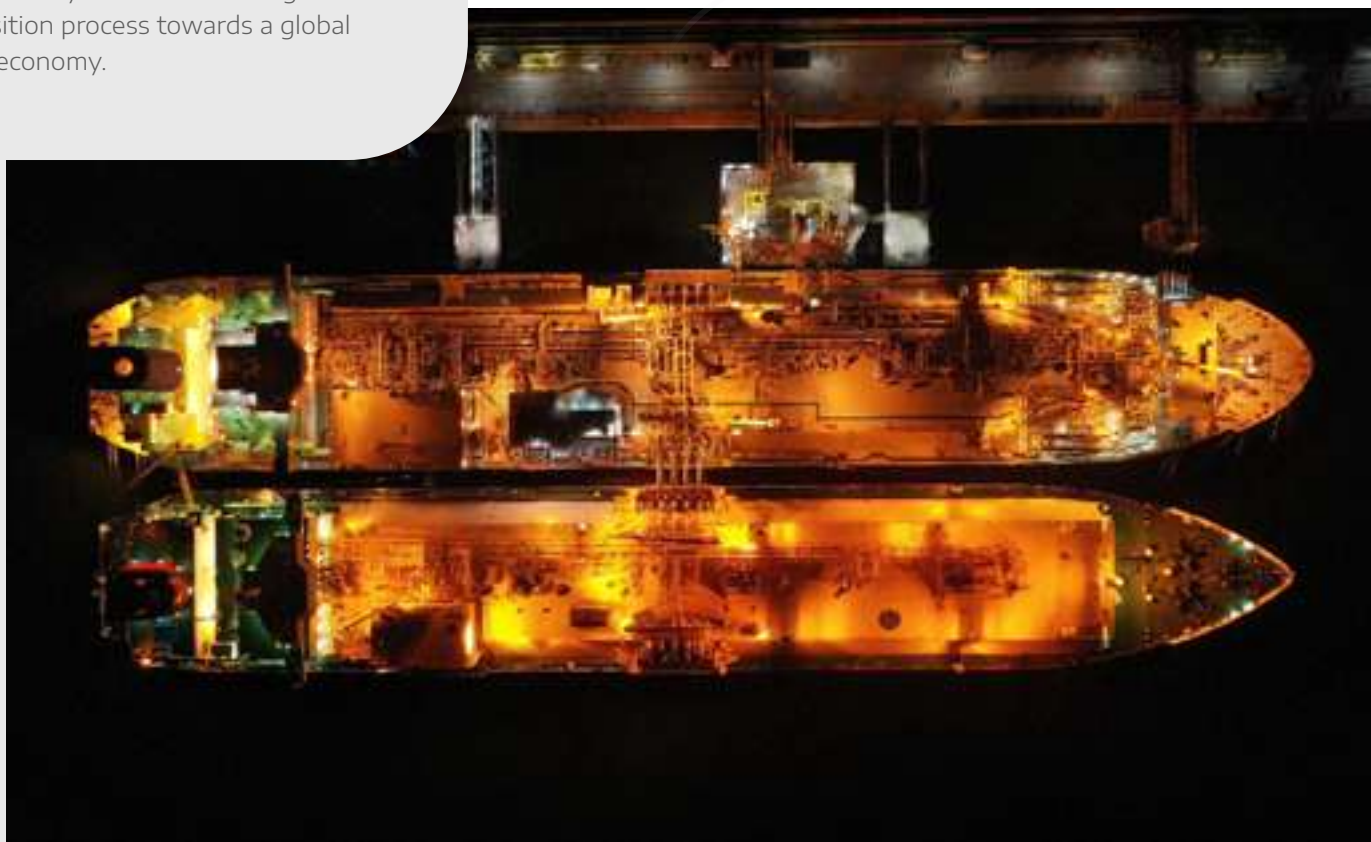
GNA I and II jointly add about 3 GW to our domestic installed capacity and they enable us to power 14 million households in Brazil.

We have already signed a participation agreement with partners, in the GNA III and IV expansion projects, which will add a further 3 GW of gas power to our armory.

Thermal investments complement and shore up our commitment to building a diverse energy mix, ensuring us greater generation stability as we move along the energy transition process towards a global low-carbon economy.



The construction of GNA II will add an additional 1,673 MW of power to our generation facilities.



SPIC BRASIL COMERCIALIZADORA

Established in 2021, SPIC Brasil Comercializadora drives the expansion goals of our power plant. In 2022, we expanded and structured the area, reviewed and changed processes, and customized our systems to absorb the company's new projects. For 2023, we anticipate the same growth trend for the team directly involved in selling the energy we produce.

Following the integration of our energy management system into the Electric Power Trading Chamber (CCEE) systems and the creation of a unique and diversified portfolio, we are able to offer the market tailored products that meet the needs of our partners and customers.

Throughout the year, we ran marketing initiatives to strengthen SPIC Brasil in the consumer market, aligned with the company's rebranding. We participate in and support sector events such as

the National Summit of Power Sector Participants (Enase), Full Energy Forum and the Annual Meeting of the Free Market to boost our recognition among other companies and major players. This also facilitated our connecting with energy management consultancies and end consumers.

SPIC Brasil
Comercializadora
was expanded
and restructured
to absorb the
company's new
investments.



FINANCIAL AND OPERATING PERFORMANCE

We ended 2022 with positive results. Amid rising interest rates and soaring inflation, fueled by the troubling conflict in Ukraine, we were impacted by rising equipment prices and administrative costs, at a time of company expansion and construction of new projects. Despite this unfavorable situation, we posted net revenue of R\$ 1.95 billion and recorded an approximate net profit of R\$ 214 million, higher than the previous year.

Our flagship asset, HPP São Simão, performed well and maintained sound financial results, boosted by the refinancing of its debentures. The excellent operational performance was also noticed in the review of the Annual Generation Revenue (RAG) Cycle 2022-2023, with a positive added value. This was the first cycle in which the plants from Auction No. 01/2017 had the Unavailability (Ajl) or Assessed Performance Adjustment factored into their revenues.

In 2022, the plant's risk rating assigned by S&P Global Ratings was reaffirmed as brAAA/Stable. The agency also renewed the triple A rating of the 1st and 2nd senior unsecured debenture issuances under the operation.



We posted net revenue of R\$ 1.95 bn in 2022.

Operational and economic-financial indicators

HPP São Simão	(R\$ MILLION)	
	2022	2021
Net operating revenue	1,868	1,992
EBITDA	1,481	1,667
Operating expenses and costs	-397	-331
Net income for the year	607	716

Wind Farms	(R\$ MILLION)	
	2022	2021
Net operating revenue	79	69
EBITDA	56	45
Operating expenses and costs	-34	-32
Net income for the year	33	20

SPIC Brasil	(R\$ MILLION)	
	2022	2021
Net operating revenue	1,947	2,061
EBITDA	1,314	1,558
Operating expenses and costs	-430	-372
Net income for the year	214	212

For the first time we also highlight the analysis conducted by said rating agency for the holding company SPIC Brasil Energia Participações S.A., rated at the highest level as 'brAAA', placing it at the top of the Brazil National Scale. This achievement certifies our ability to honor financial commitments, reinforcing the transparent and ethical relationship we have established with investors and the market.

On December 27, GNA II received the first disbursement from the National Bank for Economic and Social Development (BNDES) amounting to R\$ 2.4 million for financing the works, with commercial operation forecast for January 2025. The amount is part of the total amount under loan signed with BNDES in 2021.



SPIC Brasil Energia Participações S.A was rated by S&P Global Ratings at the highest level as 'brAAA'.

Operational highlights ^{EU2}

Complexo Eólico Vale dos Ventos

48 MW of installed capacity **90.271 GWh** generated in 2022 **98.74%** availability in 2022

Parque Eólico Millennium

10.2 MW of installed capacity **24.536 GWh** generated in 2022 **98.38%** availability in 2022

HPP São Simão

8.125 TWh generated in 2022 **93.12%** availability in 2022

GNA I

1,338 MV annual generation capacity

Trading

2,541,980 MWh total energy traded in the Free Contracting Market (ACL) **6,758,081 MWh** total energy traded in the Regulated Market (ACR)

9,210,061 MWh total energy sold in 2022

ENVIRONMENTAL PERFORMANCE GRI 303-1, 304-2, 304-3

In 2022, we directed efforts to the process of renewing the Ibama operating license for HPP São Simão. With the support of a consultancy firm, we recovered the power plant's history and consolidated it into reports, also proposing new mitigating measures for implementation in our socio-environmental programs such as environmental education actions, water quality monitoring, fish fauna conservation and reforestation.

The first and most substantial part of the material was filed in the first quarter of 2022, and the second, pertaining to the conservation initiatives of the fishing community residing in the reservoir impact areas, was delivered in August. Both were completed more than 120 days before the license's expiration date required by law. Due to this early completion, Ibama issued a preliminary technical opinion in

2022, indicating approved points and what would need to be reviewed, an endeavor we continued throughout the year.

The forecast for obtaining the new license is 2023. Until the final opinion is issued,

the Hydropower Plant's current operating license remains valid, through which we continue to execute our planning for the conservation of local ecosystems.



Climate resilience GRI 3-3, 413-2

Preventive action and combating climate change is part of our business. We are focused on generating clean, renewable and diversified energy, capable of providing the energy needed to power homes in Brazil, even during the lengthy droughts caused by the instability of the country's water resources.

We closely monitor the energy matrix and structure a plan based on precise and constant risk and impact monitoring,

ensuring the maintenance of our generating capacity in the face of adverse periods.

Aligned with ESG values, we also maintain our pursuit for greenhouse gas (GHG) emissions neutrality and have implemented a series of programs that contribute to the preservation of natural resources and biodiversity conservation on the planet. By 2030, we aim to have a climate change adaptation plan at SPIC Brasil.



We closely monitor the energy matrix and structure a plan ensuring the maintenance of our generating capacity in the face of adverse periods.

Eco-efficiency GRI 3-3, 413-2

As part of our commitment to acting with social and environmental responsibility, we continuously invest in the generation of clean and safe energy, focusing on renewable solutions. We also work on various initiatives to ensure the environmental preservation and respect for the communities in our geographies.

Besides striving for a low-carbon economy, our strategy includes excellence in the environmental management of our

assets, unnecessary resources and cost reduction, the promotion of conscientious water and energy use in our operational and administrative activities and waste management actions.

To control emissions we use an integrated Management System that allows the systematic gathering, storage and control of data, and the review and adjustments of operational procedures when necessary.

Greenhouse Gas Inventory GRI 3-3

In 2022, we continued the process of surveying GHG emissions and conducted our first inventory for scopes 1 and 2. We underwent an audit by the Brazilian Technical Standards Association (ABNT), submitted the report to the GHG Protocol (a tool for identifying and calculating emissions), and obtained gold certification for our inventory.

In the next two years we intend to grow our emissions inventory to include scope 3. Additionally, by 2025 we will focus on developing a GHG mitigation plan aiming at zero emissions.



Water, energy and materials consumption

Water [GRI 303-1, 303-2, 303-5](#)

The water used for energy generation at HPP São Simão has been authorized by the Brazilian Water Agency and is not consumed in this activity. We have integrated the Paranaíba River Basin Committee to contribute to the discussion on water conservation and quality maintenance.

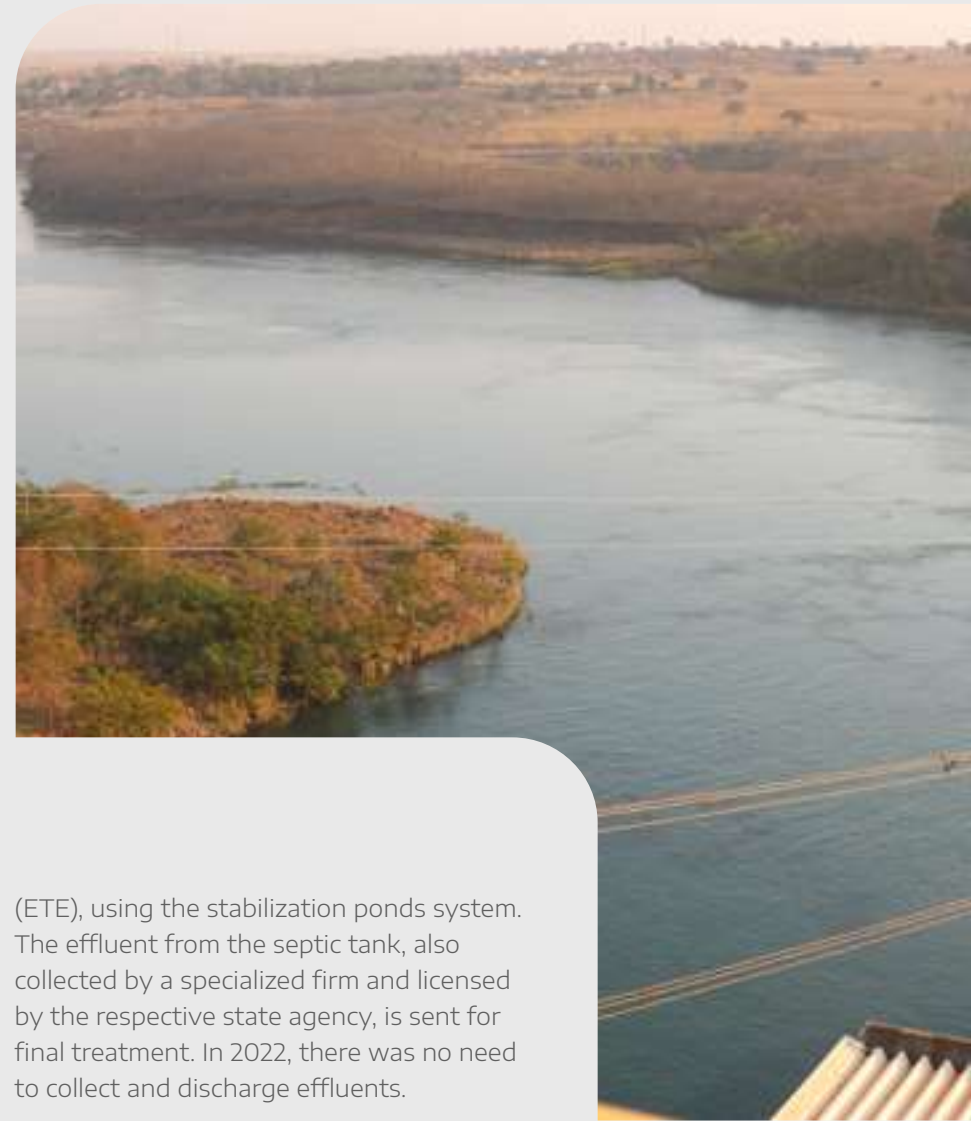
For administrative and industrial area maintenance activities, we extract water from three wells in Minas Gerais and Goiás, also authorized by the competent state agencies.

The São Simão HPP also has a Water Treatment Station (ETA), for instances where an increase in the plant's water supply is necessary, and a Wastewater Treatment Station (ETE). The treated effluents are monitored monthly according to metrics defined by Conama Resolution No. 430/2011, and released into the Paranaíba River. We also have biodigesters and septic tanks. The septic tank's effluent, classified as

Class II, is treated and handled by specialized companies.

Wind operations do not use water in energy production. The water used, drawn from two deep cased wells - one for each location - in the Guaju River Basin, is exclusively for human consumption and maintenance activities. The impact is not therefore considered significant.

In the Complexo Eólico Vale dos Ventos, the collection is authorized by the Executive Water Management Agency (Aesa). There is an exemption from authorization for Parque Eólico Millennium. All the effluents are treated in accordance with technical specifications and conditions contained in the authorizations for the use of water. The final disposal is performed by a specialist company, which performs biological treatment at a Wastewater Treatment Plant



(ETE), using the stabilization ponds system. The effluent from the septic tank, also collected by a specialized firm and licensed by the respective state agency, is sent for final treatment. In 2022, there was no need to collect and discharge effluents.

The monitoring of consumption from the deep cased wells follows the same pattern for all three ventures and is carried out by

reading the water meters of each well. The results are recorded in an environmental measuring and monitoring spreadsheet. The water obtained in the wells is chlorinated, and we analyze the potability indicators monthly in accordance with the standards established in Ordinance GM/MS no. 888 of May 04, 2021. In 2022, the total accumulated by the three wells at HPP São Simão was 9,909.8 m³, and by the two wind farms' wells, 602.55 m³. The recorded water consumption was 10.5 ml: 9.91 at the HPP, 0.58 at Vale dos Ventos and 0.01 at Millennium.

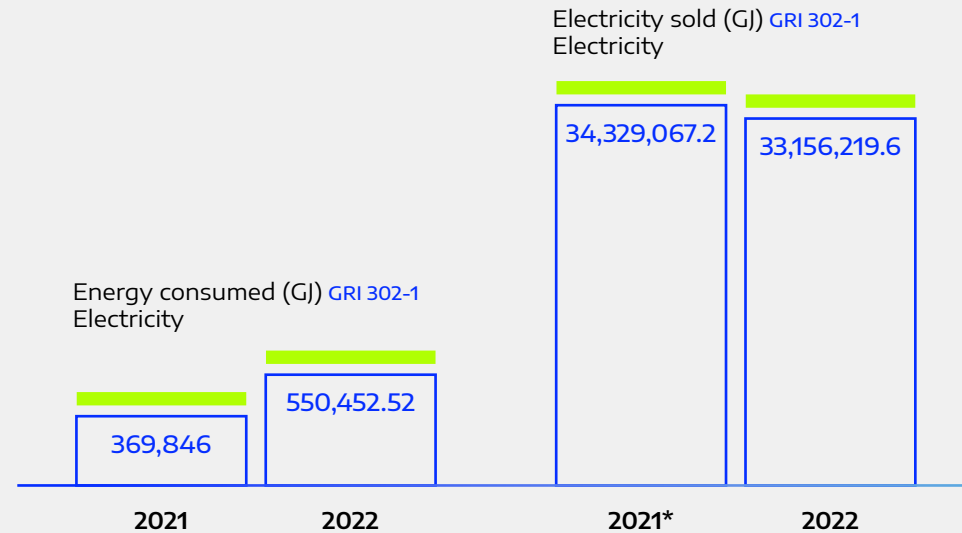
Energy [GRI 302-1, 302-3](#)

The energy intensity within and outside the organization was not significant in 2022, since we are energy generators and use a very small percentage of the amount generated to perform our activities.

Fuel consumption – nonrenewable (Gj) GRI 302-1		
	2021*	2022
Petroleum (fuel)	812.4	1,094.03
Total	812.4	1,094.03

*The data for 2021 has been updated to better align with reporting standards.

Fuel consumption – renewable (Gj) GRI 302-1		
	2021	2022
Wind Power	248, 50	-
Ethanol	-	62.84
Total	248, 50	62.84



*The data for 2021 has been updated to better align with reporting standards.

Total energy consumed (Gj) GRI 302-1		
	2021*	2022
Nonrenewable fuels	812.4	1,094.03
Renewable fuels	248.50	62.84
Power consumed	369,846	550,452.52
Power sold	34,329,067.2	33,156,219.6
Total	-33,958,160.3	-32,604,610.21

*The data for 2021 has been updated to better align with reporting standards.

The information regarding the consumption of energy, fuels and water in Operations - HPPSS Vale dos Ventos and Millennium is compiled in a form that is updated monthly - FOP.033. Data conversion performed at <https://www.converter-units.info/>. We took into account the consumption related exclusively to operations; we did not count corporate and outsourced offices.

Waste management [GRI 306-1, 306-2](#)

In general, the waste resulting from our energy-generating activity comes from the maintenance of equipment and generating systems, offices and administrative activities.

Our asset operation is guided by a Waste Management Plan (PGR), which determines the guidelines for proper handling, packaging, storage and final disposal suitable for each type of waste generated. All contractors involved in this process are licensed for this activity. The PGR also includes the guidelines set by ISO 14001, in which our assets HPP São Simão, Complexo Eólico Vale dos Ventos and Parque Eólico Millenium are certified.

At HPP São Simão, waste is separated and classified. Recyclable materials are sent to a cooperative in Santa Vitória (Minas Gerais), where organic and non-reusable waste is also sent, deposited in a licensed landfill. Sludge from the ETE, septic tanks and biodigesters, and hazardous waste resulting from maintenance are collected by specialized firms and directed to treatment and proper disposal.

In 2022, we recorded significant generation of construction waste resulting from the demobilization of structures around the reservoir of the plant due to the resumption of repossession suits. We also carried out the handling of waste from the operation and modernization of HPP São Simão, generated by the replacement of large equipment and structures. In total, about 121,300 tons of scrap metal were sent for reuse. The collection, transportation and recycling processes of scrap and insulating oil resulting from the modernization project are audited by Ernst & Young to verify the final destination. The insulating oil was sent for co-processing due to the type of treatment offered by the contractor for the service.



Our asset operation follows the Waste Management Plan (PGR).

In the wind farms, waste is separated and classified, and is monitored through the Waste Monitoring Spreadsheet. The waste is managed by a specialized company, responsible for the proper treatment of each type of waste, as determined by the Waste Management Plan (PGR).

At all of SPIC Brasil's ventures, we regularly carry out training, discussions and environmental education initiatives with our internal and contractor teams to reinforce guidelines and promote the adoption of best practices for our business.

121,300 tons
of scrap metal sent for reuse

Waste generated [GRI 306-3](#)

Total waste generated by composition (t)		
	2021	2022
Class I - hazardous	71.603	149.13
Class I - empty rigid packaging	88.00	-
Class I - fluorescent lamps (unit)	481.00	492.00
Class II - civil construction	-	245.47
Class II - recyclables (paper, cardboard, glass, metal, plastic)	228.709	131.88
Class II - wood	214.165	22.24
Class II - non-recyclables (organic, not segregated)	25.18	14.3
Class II - effluent	-	10.12
Total	539.657	571.90

* The total value for 2021 was adjusted for better methodological adherence, as light bulbs and empty rigid packaging are calculated per unit (and not per ton). [GRI-2-4](#)

Waste diverted from disposal [GRI 306-4](#)

Total waste diverted from disposal, by composition, in metric tons (t) ¹		
	2021	2022
Composition	Quantity diverted from disposal (t)	Quantity diverted from disposal (t)
Wood	214.17	22.06
Lube oil	14	3.2
Recyclable materials	5.12	7.95
Scrap metal	222	121.37
Rigid packaging (units)	88	0
Construction waste	-	233.50
Total²	455.29	388.08

¹ The information described pertains to HPPSS, as in Vale dos Ventos and Millennium all materials are directed to final disposal through a specialized company.

² The total value for 2021 was adjusted for better methodological adherence, as rigid packaging is calculated per unit (and not per ton). [GRI 2-4](#)

Waste diverted from disposal [GRI 306-4](#)

Total waste diverted from disposal, by recovery operation (t) ¹		
	2021	2022
Nonhazardous waste		
	Offsite	Offsite
Recycling	227.12	129.32
Reutilization	214.17	255.56
Total	441.29	384.88
Hazardous waste		
Recycling	88	0
Re-refining	14	3.3
Total	14	3.3
Total waste diverted from disposal	455.29²	388.18

¹ The information described pertains to HPPSS, as in Vale dos Ventos and Millennium all materials are directed to final disposal through a specialized company.

² The total value for 2021 was adjusted for better methodological adherence, as materials considered in "Recycling" (hazardous waste) is calculated in units and not in tons. [GRI 2-4](#)

Waste directed to disposal [GRI 306-5](#)

Total waste DIRECTED to disposal, by composition, in metric tons (t)		
	2021	2022
Composition	Quantity directed to disposal (t)	Quantity directed to disposal (t)
Fluorescent bulbs (unit)	481	492
Other contaminants	18.79	2.44
Contaminated materials (swabs, cloths, PPE)	6.466	9.7
Insulating oil	28	132
Electronic waste (cell phones, computers, electronic products and their components)	1.547	1.85
Outflow		10.1
Non-recyclable materials	25.18	14.38
Recyclable materials		2.56
Construction waste	0.27	11.95
Total	80.253¹	184.98

¹ The total value for 2021 was adjusted for better methodological adherence, as bulbs are calculated per unit (and not per ton). [GRI 2-4](#)

Waste directed to disposal [GRI 306-5](#)

Total waste directed to disposal, by operation, in metric tons (t)

	2021		2022	
	Offsite	Total	Offsite	Total
Nonhazardous waste				
Landfill	12.99	12.99	13.10	13.10
Sorting and transfer	1.022	1.022	10.10	10.10
Pits	9.03	9.03	1.28	1.28
Total	23.04	23.04	24.48	24.48
Hazardous waste				
Landfilling	23.12	23.12	13.35	13.35
Sorting and transfer	26.48	26.48	1.1	1.1
Screening and overflow (unit)	321	321	492	492
Decontamination (unit)	160	160	0	0
Co-processing	1.759	1.759	133.38	133.38
Recycling			0.1	0.1
Incineration			1.09	1.09
Total	51.36	51.36	149.02	149.02
Total waste directed to disposal	74.40	74.40*	173.50	173.50

*The total value for 2021 was adjusted for better methodological adherence, as screening and overflow and decontamination are calculated per unit (and not per ton). [GRI 2-4](#)

BIODIVERSITY AND LAND USE

GRI 3-3, 304-3, 413-1

Our commitment to clean energy generation is in line with our responsibility for biodiversity conservation. Our operations are guided by a risk matrix and impact mitigation, following the guidelines of Brazilian environmental agencies responsible for licensing our projects, and are monitored monthly and revised as needed.

However, the adoption of these practices goes beyond merely complying with effective legislation. We see conservation as a cornerstone of our responsible business growth, always guided by sustainability. In 2022, our activities focused on environmental and heritage education and awareness, encouraging community actions that ensure benefits and a safer future for everyone.



We see conservation as a cornerstone of our responsible business growth, always guided by sustainability.

Preserved areas and habitats GRI 304-1, 304-2, EU13

HPP São Simão

- Location: **19-00"55'S 50-29"48,4"W**
- Legal reserve: **21.6 ha**
- Environmental easement: **8.6 ha**
- Permanent Conservation Area (APP): **39 km²**

Operating for over 40 years, HPP São Simão has mapped impacts and established mitigation actions. As holders of the operating concession for the plant, we run conditioning programs needed for the conservation of biomes impacted by the project, carrying out various actions aimed at conserving the environment and benefiting the communities in its area of influence.

We have developed structured actions and programs to restore forests on the reservoir's banks, monitor water quality to maintain ecological balance, carry out awareness-raising and conservation activities for species residing in our asset habitats, and maintain active practices in environmental communication and education.

In the area surrounding the plant, local fauna species such as giant anteaters, tapirs and maned wolves are often spotted. With the goal of sharing information obtained from completed land fauna monitoring with society, HPP São Simão will disclose in 2023 on free research platforms data on the species observed between 2009 and 2016.

In addition to continued control of the golden mussel (*see more in R&D project Investments, page 47*), in 2022 we received approval from Ibama to begin a study focused on the species *Cypseloides senex* (taperuçu-velho), a bird also identified in the region. The survey, starting in 2023, will seek to understand how this species uses the plant structures.



We run conditioning programs needed for the conservation of biomes impacted by the project

Complexo Eólico Vale dos Ventos

- Location:
Latitude 6° 34' 36,6" Longitude 34° 58' 25,3"
- Leased Area: 562.461 ha
- Operational Area: 327.681 ha

Parque Eólico Millennium

- Location:
Latitude 6° 29' 37" Longitude: 34° 58' 18"
- Leased Area: 125 ha
- Operational Area: 42.689 ha



The environmental protection area of the wind farms forms part of the leased areas and borders part of the projects - there exist APPs, environmental easements and vegetation containing protected native species. In the region, we maintain a Wildlife Monitoring Program to identify and track species interactions with our projects. In 2022, we recorded

over 100 species on site, including five endangered species. We also included two species with some degree of threat on the International Union for Conservation of Nature Red List: *Penelope superciliaris* (rusty-margined guan) and *Herpsilochmus pectoralis* (pectoral antwren).

Compensated biodiversity EU13

317 km²
total area

Main conserved/protected species:

2 species
of bioindicator birds

7 game species
including 4 bird and 3 mammal species

11 endemic species
1 amphibian, 7 birds and 3 mammals

5 endangered species
including 3 bird and 2 mammal species

Environmental Education

We believe that environmental conservation actions should primarily contribute to raising people's awareness, transforming them into ambassadors who advocate for the defense and preservation of our environmental ecosystem. In 2022, we devoted ourselves to reformulating the Environmental Education Program (PEA), seeking to improve its practices in the areas surrounding HPP São Simão.

The goal will be to promote, in addition to supporting community engagement events, the development of social and environmental projects that directly impact the most vulnerable communities. With this reformulation, our next focus will be working with the fishing community, fish farmers and other reservoir users. In the same year, we began a diagnostic phase with this group to understand their activities in-depth and outline the topics we need to address to contribute to practice and sensitize the most significant number of people. The plan is for the project to be implemented in 2023.

Moreover, we continually engage our employees and contractors to discuss topics related to the execution of their activities. The main goal is to promote conscientious practices related to topics such as waste generation and environmental impact mitigation.



ENVIRONMENT DAY

In 2022, we celebrated World Environment Day and the HPP's 44th anniversary with a special event in São Simão (Goiás). Under the topic "Action that adds up - A morning for the environment," we prepared a day of talks and workshops on the shores of Lago Azul Beach, marking the city's first significant event focusing on environmental education. Around 500 people participated.

In addition to addressing ecosystem rehabilitation, the event included composting and painting workshops, planting and distributing seedlings, and leisure and recreation activities for children and families. We also distributed 300 booklets with information about fauna and flora, biodiversity, water and property management (*see more in Property Management, page 43*).



We continuously establish dialogs with employees to promote the adoption of conscientious conservation practices.

Communication campaigns

GRI 303-1, 304-1, 413-1

For the second consecutive year, we carried out the Fire Prevention Campaign in the regions covered by HPP São Simão and Mataraca (Paraíba), where our wind farms operate. The release presented information on how to combat forest fires, and was published in various local media outlets. In total, we invested about R\$ 53,000 in production and broadcasting in both locations.

We also carried out the Piracema 21/22 Campaign, with educational actions to alert fishermen to the fish breeding period, including printed communications and electronic and digital channels. In

November 2022, we began the new 22/23 cycle, continuing into the next year. We also work on awareness against fishing downstream of the dam, broadcasting interviews on radio and digital pieces.

Additionally, we launched the Reforestation Campaign to help communities understand the importance of this recovery activity for environmental sustainability more clearly.

Along with these actions, we distributed booklets on environmental topics impacting our operating regions, such as fauna and flora and biodiversity and water. For the students of Barra do Camaratuba and Uruba schools in Mataraca (Paraíba), we also delivered materials with

information about the local fauna and a memory game that reinforces, in a playful way, the importance of preserving historical and natural heritage. This initiative is part of our sociocultural planning according to the guidelines of the Brazilian Historic and Artistic Heritage Institute (IPHAN), as Complexo Eólico Vale dos Ventos is built on an archaeological site. [GRI 2-25](#)



In 2022, we carried out the Fire Prevention Campaign for the second consecutive year.

Water monitoring

GRI 303-1

We work with conscientious water use in our operations and administrative activities. To reinforce our commitment to conserving this natural resource, we maintain regular assessments of the waters of the HPP São Simão reservoir, the Paranaíba river, and influential sections in its tributaries, through the Limnological Monitoring Program and Water Quality Assessment. With this effort, we have a more accurate diagnosis of water conditions and can identify pollution sources and map aquatic communities living in the reservoir.

Every quarter, we collect samples from 16 locations, including the reservoir, tributaries and downstream areas to evaluate physical-chemical and bacteriological parameters. We consolidate the data and compare the results to the limits established in Conama Resolution No. 357/2005.

In 2022, we received preliminary approval from Ibama for our proposed adjustments to the program. Since then, we have adopted new improvement measures, such as sediment analysis and adjustments to the water quality sampling grid.

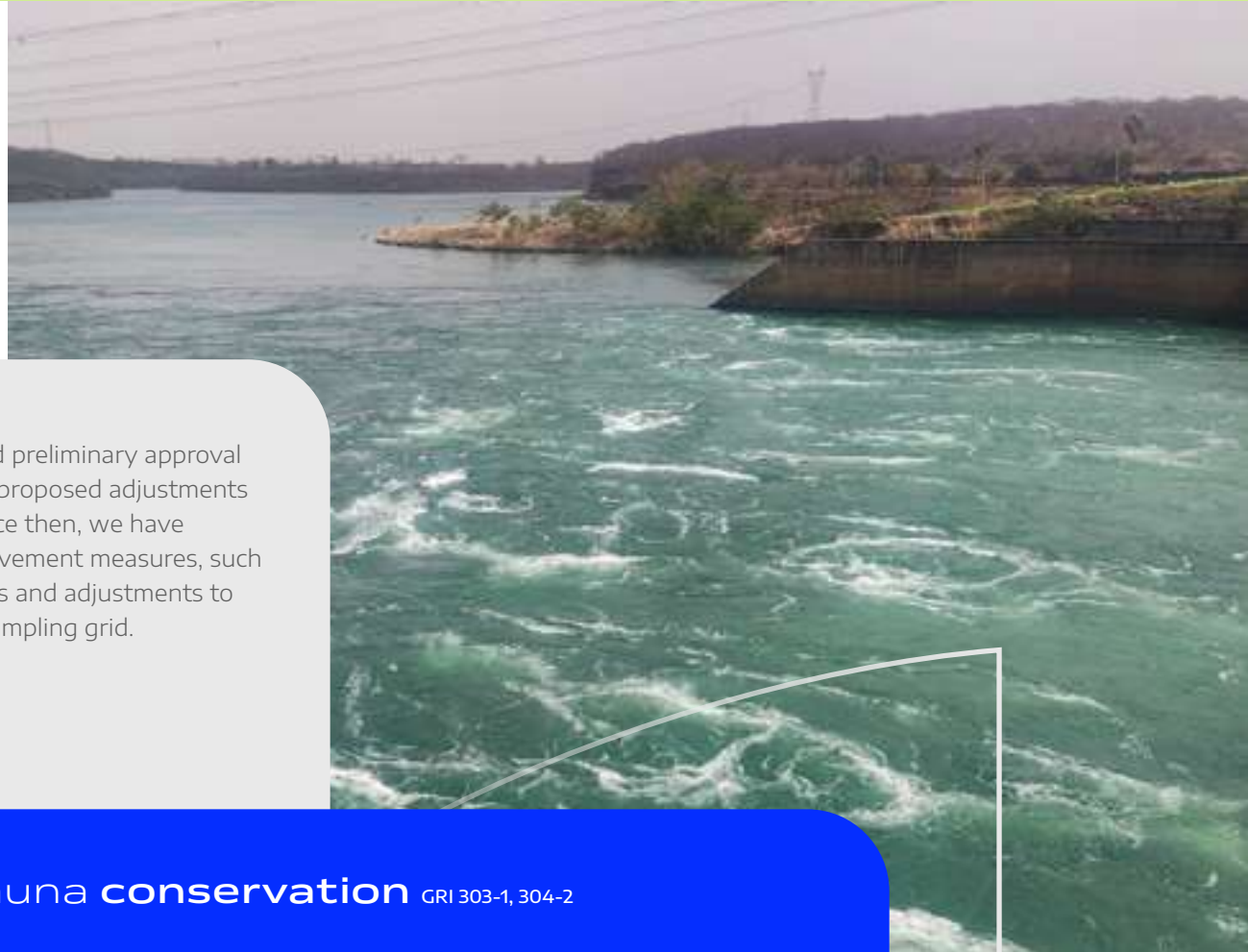
Fish fauna conservation

GRI 303-1, 304-2

The reservoir area of HPP São Simão benefits from our investment in fish community conservation through studies and activities carried out by the Fish Conservation Program.

Periodically, we carry out protective actions to salvage fish during maneuvers

and machine shutdowns to prevent any impact on the fish population, and we constantly monitor schools of fish to understand their characteristics, species diversity and feeding and reproduction habits.



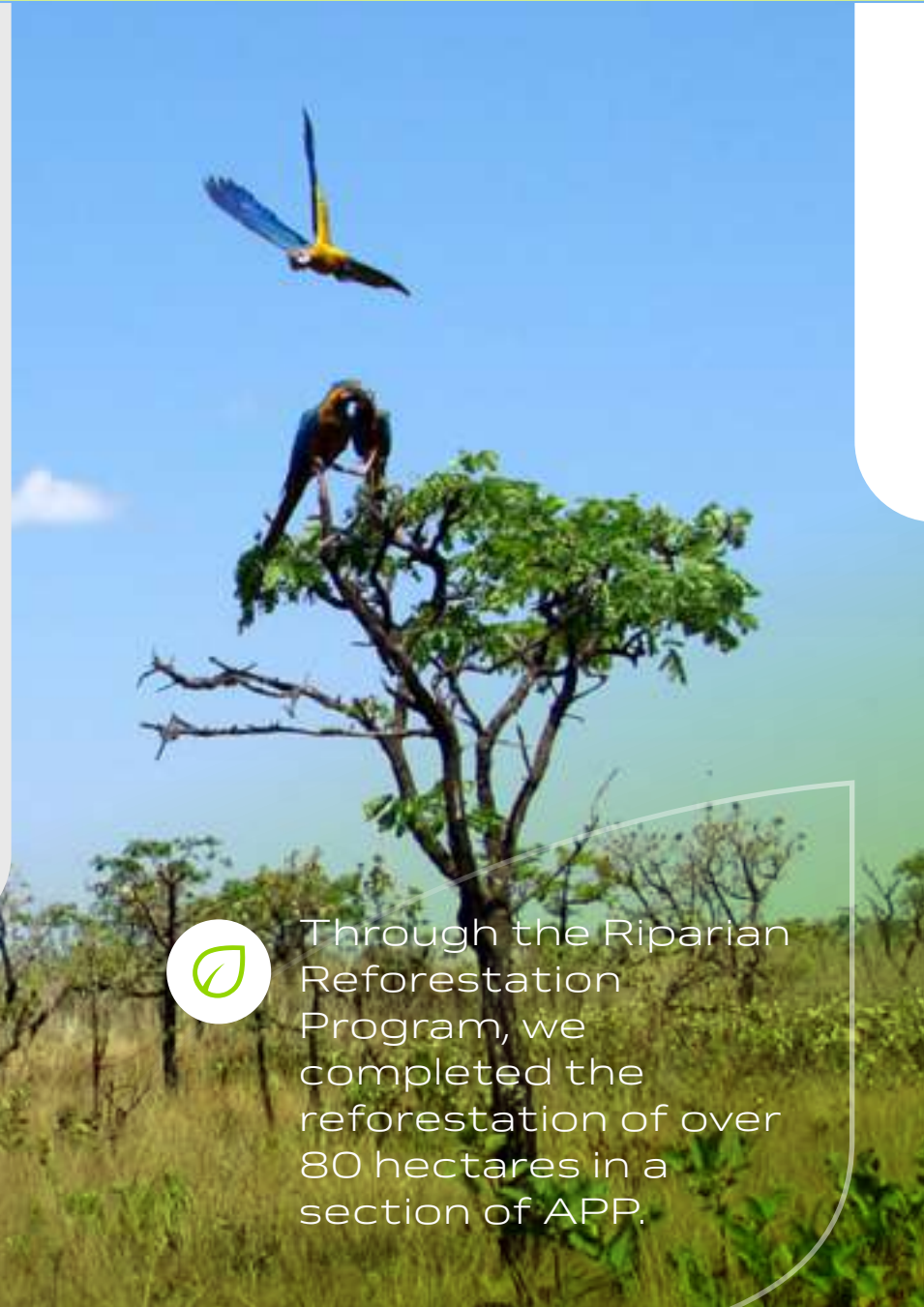
Reforestation GRI 304-3

We maintain our commitment to vegetation restoration along the banks of the HPP São Simão reservoir, prioritizing APPs.

In 2022, through the Riparian Reforestation Program, we completed the reforestation of over 80 hectares in a section of APP in Gouvelândia (Goiás), corresponding to two cycles of action – 2020/2021 and 2021/2022. Over a two-year period, the action involves fencing the area, planting native seedlings and maintenance. In total, we have accounted for approximately 415 hectares of APPs with implemented reforestation and are in the process of evaluating the results for later presentation to Ibama. The contracting of activities to recover a new section of APP for the 2022/2023 cycle has already begun.

For the new reforestation proposals that we submitted to Ibama, we have mapped the areas we want to recover and suggested the implementation of other regeneration techniques adapted to each area, not restricted to conventional seedling planting, to achieve better results. The idea is that the program goes beyond restoring 40 hectares annually but studies each territory considering its particularities to apply specific methods, which can vary with practices like densification, seed use or just fencing the area.

By the end of the plant's concession, we estimate approximately 1,040 new hectares for the implementation of recovery measures. In the case of wind farms, there are no areas planned for restoration.



Through the Riparian Reforestation Program, we completed the reforestation of over 80 hectares in a section of APP.



Safety is the foundation of care

- Value relations
- New industrial relations
- Health and safety
- Local development

VALUE RELATIONS GRI 2-28

To meet our goal of becoming one of the top three energy generators in Brazil by 2025 and establish ourselves as a key player in decarbonizing the economy, we constantly invest in new research and technologies. We operate with excellence, supported by principles of integrity, diversity, ethics, transparency and socio-environmental development - fundamental assets to achieve the growth we desire for our organization, our communities and the planet.

In this direction, we maintain partnerships and integral relationships with priority stakeholders with the aim of strengthening our strategies and contributing to better results and more prosperous operations.

In 2022, we forged relationships with institutions, associations, regulatory bodies and companies in the energy sector. These include:

- Brazilian Association of Electric Power Companies (ABCE)
- Brazilian Association for Business Communications (ABERJE)
- Brazilian Association for Institutional and Government Relations (Abrig);
- Brazilian Wholesale Electricity Association (Abraceel)
- Brazilian Association of Independent Power Producers (Apine)
- Brazilian Center for International Relations (Cebri)
- Instituto Acende Brasil.



Stakeholder engagement GRI 2-29

We establish sustainable relationships with our key stakeholders, identified from an annual survey of intended actions to be executed across various company departments. By understanding our priority stakeholders, we align the best strategies and maintain structured channels to disseminate exclusive information to each of them, always guided by transparency in our relationships.

Our main means and communication formats defined for each stakeholder group, according to relationship objectives, include:



We align the best strategies and maintain structured channels to disseminate exclusive information to each of our stakeholders.

- **Internal Stakeholders:** we disseminate the company's operating strategy, and guide and raise awareness on subjects that impact the workplace. This is done through internal campaigns, monthly live talks with leadership, disseminating information by managers, creating employee programs, events and awards, all strategically developed in bilingual fashion to promote cultural interaction with expatriates. We also conduct internal surveys to carry out our action plans.
- **Communities:** we forge relationships and strengthen the company's efforts through awareness campaigns on topics like ESG, culture and health. We perform campaigns, ongoing programs and training, and monitor results with annual reputation surveys.
- **Government and public agents:** we work closely to support actions that benefit the company, the communities and the country by participating in hearings, associations, forums and relevant discussions to enable initiatives in line with the company's strategies.
- **Suppliers and partners:** to operate with more extensive supply chains aligned with corporate best practices, we implement trustworthy competition processes, enhance our registration system, encourage and monitor service execution to ensure ESG policy compliance, and continually gather feedback.





- **Investors:** we aim to position the company and reaffirm its solidity and reliability through transparent disclosure of market-relevant publications like financial statements, annual sustainability reports, processes, policies and commitments, regularly updated on our website since SPIC Brasil's inception in the country.
- **ACL Customers (Free Market):** We invest in offering unique solutions to introduce, build relationships and maintain loyalty with the audience in the free energy trade market. This is done by our sales team and Executive Board through personalized relationship actions and participation in exclusive industry events and forums.

- **Sector Professionals:** we create employer branding strategies to position the company as a significant and appealing player in the sector. This engagement is driven by communication actions that include targeted publications on networks (owned or otherwise) and activation of both online and offline media.
- **Opinion Leaders/press:** we seek spontaneous and positive company exposure and visibility to our strategies, creating trust and partnership relations with these actors, and building a standout reputation for SPIC Brasil in public opinion. Assisted by the press office, we share strategic agendas and look for opportunities

with media for exclusive interviews with company spokespersons, aiming to participate in relevant discussions or have speaking opportunities in potential risk or crisis situations.

NEW INDUSTRIAL RELATIONS GRI 3-3

Our actions and work relationships are guided by the basic premise of ensuring maximum safety for people. Since the outbreak of the Covid-19 pandemic in 2020, we have treated the health and quality of life of our employees as a priority and extended care to their families, contractors

and our communities. This required adaptation to new professional dynamics and building new relationships.

With a more controlled scenario and fewer infections, we ensured the return to offices by complying with strict sanitary procedures, defined with the consulting of infectious disease specialist Caio Rosenthal. We also partnered with him for symptom tracking, consultations and maintenance of our internal stakeholders' well-being. We safely resumed events, celebrations and in-person interactions between

teams through testing protocols and encouragement for vaccination against the disease. A year marked by the repositioning and strengthening of SPIC Brasil's principles and values.

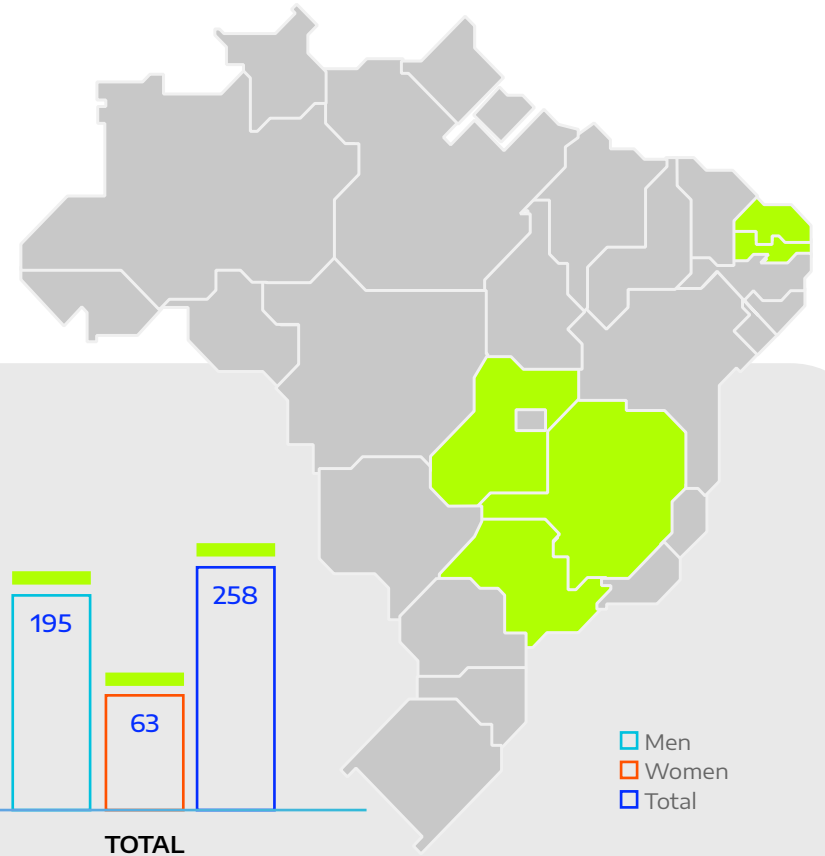
The learnings acquired during the pandemic have strengthened our preventive actions and were key in identifying areas of focus that we now treat with priority and care, such as the mental health of employees ([see more on Mental Health, page 108](#)).



We prioritize the health and quality of life of our employees and extend care to their families, third parties and our communities.

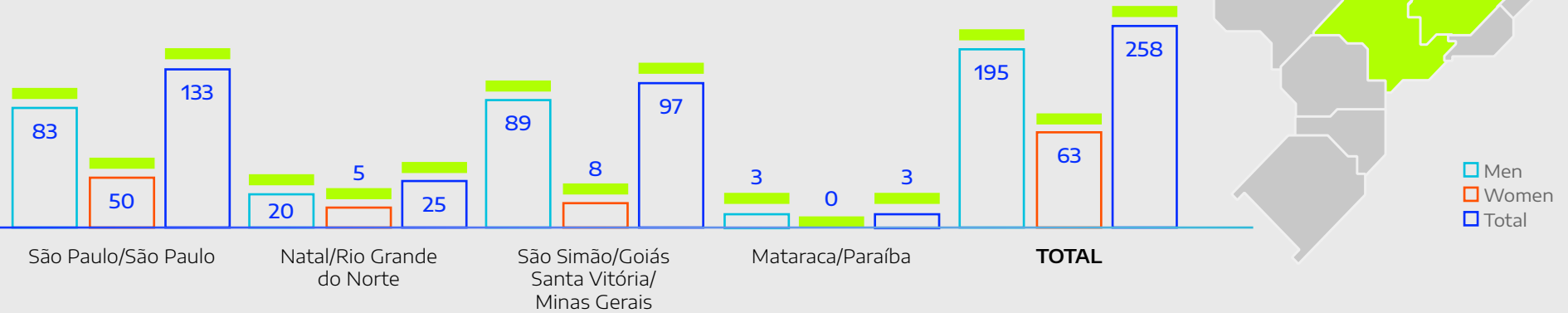
Our commitment to a healthier workplace is reflected in our results. In 2022, we again conducted the Climate Survey with the support of the global consultancy Great Place to Work (GPTW), and for the second consecutive year we were recognized with the “Best Companies to

Work For” seal. This award is given to companies that stand out in performance, innovative practices and a culture of trust. Furthermore, we also made the ranking of the 50 best companies to work for in the “Industry 2022 - medium-sized companies” category.



Employee Profile [GRI 2-7, 2-8](#)

Workforce by gender and region [GRI 2-7](#)



Employees by employment contract and gender [GRI 2-7](#)

Contract type	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	157	58	215	171	64	235	194	60	254
Temporary	8	4	12	11	8	19	1	3	4
Total	165	62	227	182	72	254	195	63	258

Total workforce by employment contract and region [GRI 2-7](#)

Region	2020			2021			2022		
	Definite term	Indefinite term	Total	Definite term	Indefinite term	Total	Definite term	Indefinite term	Total
São Paulo	10	111	121	14	119	133	4	129	133
Natal	0	12	12	2	16	18	0	25	25
São Simão (Goiás)/ Santa Vitória (Minas Gerais)	2	89	91	2	97	99	0	97	97
Mataraca/Paraíba	0	3	3	1	3	4	0	3	3
Total	12	215	227	19	235	254	0	254	258

Workforce by employment type* [GRI 2-7](#)

Type of employment	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	165	62	227	182	72	254	195	63	258
Total	165	62	227	182	72	254	195	63	258

* We have no employees contracted on a part-time basis.

Workers by category and gender* [GRI 2-8](#)

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Apprentices	1	1	2	3	1	4	1	3	4
Interns	-	-	-	-	-	-	3	5	8
Contractors	8	4	12	9	8	17	9	5	14
Total	9	5	14	12	9	21	13	13	26

*The number of interns was not reported until 2021.

Cultural transformation

In 2022, three years after SPIC Brasil embarked upon its cultural transformation journey and from the construction and dissemination of our mission, vision and values, we carried out a new stage of Cultural Assessment. The diagnosis aimed to understand the changes in employees' perception regarding the values experienced in the company. The analysis of the results will be shared in 2023.

Furthermore, our Human Resources and Strategy and Innovation departments have joined forces to structure the work of the Culture Ambassadors defined in 2021 - volunteers from different business areas who, until now, have been collaborating in a targeted way with the process of transforming our internal culture. Following the change, the new group of seven ambassadors, now called Culture & Innovation Ambassadors, also become part of the SPIC Brasil innovation ecosystem and work to instill the culture and innovative mindset we want to build.

Recruitment and selection

In 2022, our onboarding program, aimed at integrating new recruits, was redesigned to a 100% online format and integrated with HR Connection, making it easier to access all company information, such as culture, practices, benefits and training.

We have a Sustainability Policy that ensures the fulfillment of human rights and the health and safety of our employees, in addition to respecting the environment, and also details the guidelines for hiring contractors and/or service providers. [GRI 2-24](#)



IMPLEMENTATIONS IN HR CONNECTION

In 2022, we implemented new features to our people management tool, HR Connection. In addition to the onboarding process, we integrate information and alerts about point and bank hours, personnel movement flows, hires and terminations, and the training and development module. Moreover, managers can view exclusive data to assist in decision-making and managing their teams. For the start of 2023, new integrations of modules developed throughout the year are expected, such as successor mapping and full reports for leadership analysis of indicators.

Compensation and benefits policies GRI 2-19, 2-20

Our compensation policy is validated by the Board of Directors, which approves any changes to the document beforehand, such as setting more attractive salaries for strategic positions (VP and C-Level) and reviewing recognition and retention strategies.

The compensation package for senior executives includes a base salary as fixed compensation and a variable salary,

linked to the company's goals and their individual targets. Corporate goals carry greater weight in bonuses and are generally linked to financial and environmental impacts. In the last cycle, we included ESG goals.

Severance payments and retirement benefits follow standard rules applied to all employees.



In 2022, we indexed the company's goals to ESG principles.



Development programs

In 2022, we continued with the 360° Performance Assessment, a process implemented at SPIC Brasil in 2021 where employees have the opportunity to self-assess, and assess teams, peers or managers. The analysis is done not only by meeting individual goals, but based on behavior and alignment with the company's values and culture. Within this process, we carried out the first official cycle of mandatory feedback, the conclusion of which may be linked to the creation of individual development plans.

Based on the results of this process, we continued to recognize our employees through the Merit Cycle, which provides analysis and pay rises to those who excelled over the year. We also have a profit sharing (PLR) policy that awards bonuses for achieving pre-set goals.

Energy to collaborate

In 2022, we also ran our recognition program, Energy Working Together, with some changes. To reaffirm our value of collaboration, outstanding colleagues were made recommended jointly, among teams, who could only nominate a person from another department. Once the nominations were complete, we opened a vote for our internal stakeholders to choose the three most outstanding individuals.



Our 360° Performance Assessment sets individual goals aligned with the values and culture of SPIC Brasil.



Diversity and inclusion GRI 3-3, 405-1

In 2022, we launched the SPIC Brasil Diversity, Equity and Inclusion Program, with the mission of valuing our people and disseminating the culture of plurality in the company, in line with our principles and ESG.

The structuring of the program, in partnership with Impulso Beta, a change management consultancy in diversity, was thought out from a journey to map the reality of the company and build an action plan that seeks to continuously incubate new behaviors. In August, we kicked off the first stage of diagnosis through an online census applied to our internal stakeholders, to understand their profile and perceptions of the workplace. The survey was answered by 184 people, representing an 82% participation rate. We also carried out some interviews and focus groups with employees of different positions and locations, which were crucial for mapping priority issues.

We harness this feedback to outline the program's macro strategy and form the action plan with respective metrics for execution and monitoring starting from 2023.



We launched our Diversity, Equity and Inclusion Program, aiming to spread the culture of plurality at SPIC Brasil.

Employees from underrepresented groups, by employee category (%)* <small>GRI 405-1</small>			
	2020	2021	2022
	Black and Brown	Black and Brown	Black and Brown
Management	0	0	11.9
Administrative	1.80	1.83	25
Total	0.93	0.85	9.86

*The number of black and brown employees on the Board, Executive Board, Technical/Supervisory roles is zero.

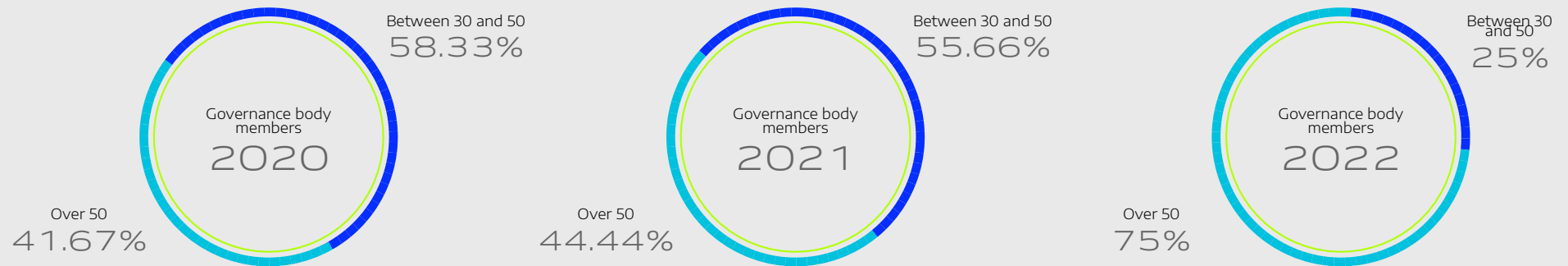
Employees from underrepresented groups, by employee category (%) <small>GRI 405-1</small>			
	2020	2021	2022
	Black and Brown	Black and Brown	Black and Brown
Apprentices	100	100	25
Interns	-	-	75
Contractors	0	0	45.45
Total	16.67	19.05	4.58

Diversity of governance bodies and employees [GRI 405-1](#)

Individuals within the organization's governance bodies, by gender (%)



Individuals within the organization's governance bodies, by age group (%)



There were no individuals under 30 years of age within the organization's governance bodies.

*There are no members in the governance group who qualify in the vulnerable or minority group.

Workforce by employee category and gender (%) GRI 405-1

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Board of Directors	85.71	14.29	83.33	16.67	75.00	25.00
Executive Board	57.14	42.86	77.78	22.22	76.92	23.08
Management	79.31	20.69	78.38	21.62	83.33	16.67
Technicians/supervisors	93.44	6.56	93.24	6.76	100	0
Administrative	60.36	39.64	55.96	44.04	12.5	87.5
Total	73.02	29.98	72.77	27.23	74.65	25.35

Workers by category and gender (%) GRI 405-1

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Apprentices	50	50	75	25	25	75
Interns	-	-	-	-	37.5	62.5
Contractors	70	30	52.94	47.05	54.55	45.45
Total	66.67	33.33	57.14	42.86	43.48	56.52

Employees by employee category and age group (%) GRI 405-1

	2020			2021			2022		
	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50
Board of Directors	0	42.86	57.14	0	33.33	66.67	0	25	75
Executive Board	0	71.46	28.57	0	55.56	44.44	0	38.46	61.54
Management	0	75.86	24.14	0	75.68	24.32	0	80.95	19.05
Technicians/supervisors	8.2	80.33	11.48	8.11	79.73	12.16	0	50	50
Administrative	11.71	80.18	8.11	12.84	77.98	9.17	0	87.5	12.5
Total	8.37	78.14	13.49	8.51	76.17	15.32	0	69.01	30.99

Workers by category and age group (%) GRI 405-1

	2020			2021			2022		
	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50
Apprentices	100	0	0	100	0	0	100	0	0
Interns	-	-	-	-	-	-	50	50	0
Contractors	10	90	0	11.76	64.71	23.53	72.73	78.18	18.18
Total	25	75	100	28.57	52.38	19.05	39.13	52.17	8.70



In partnership with Instituto PriG, we have opened new internship positions and provided the first professional experience to recent graduates.

Gender

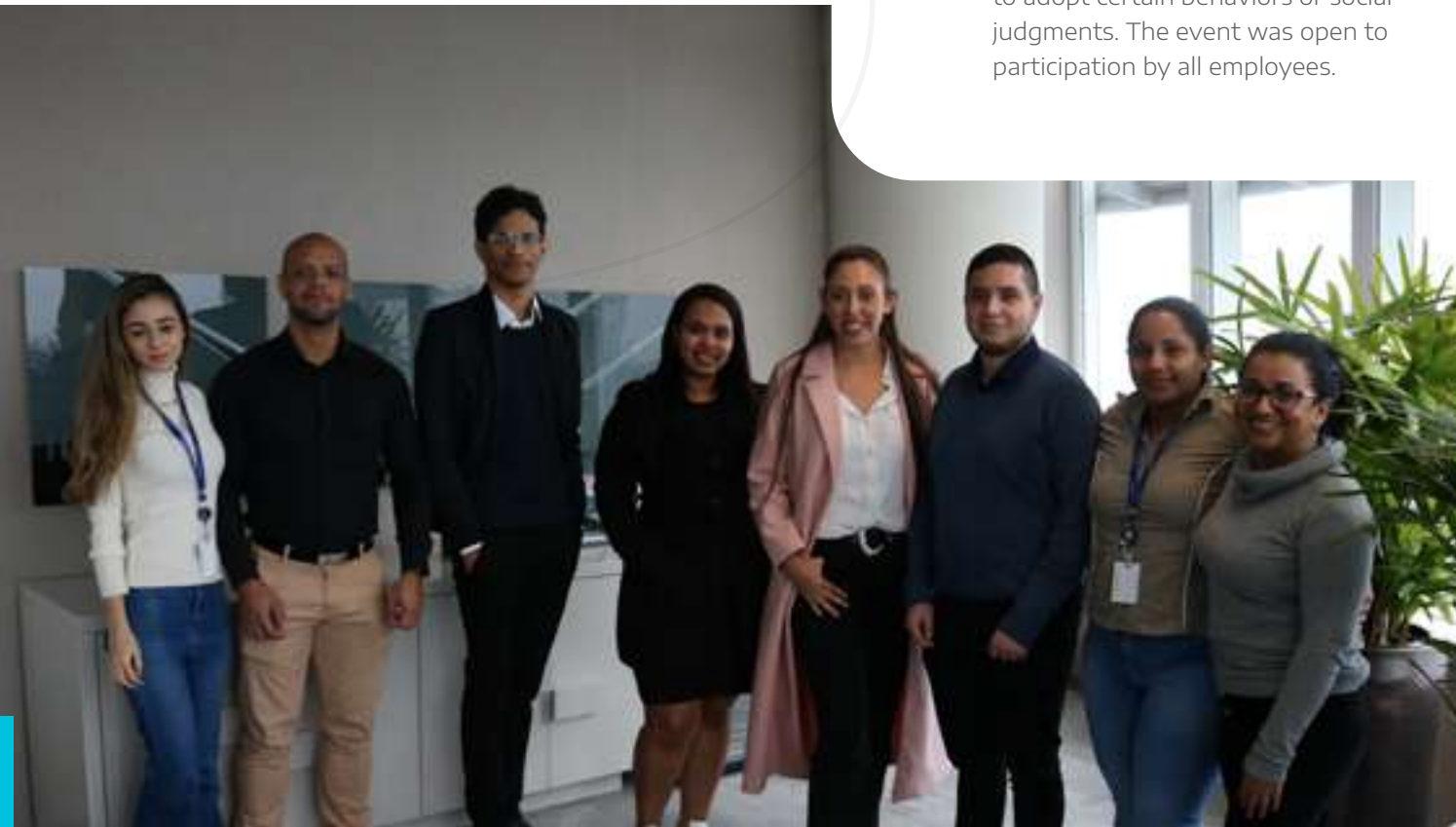
As part of the program's actions, we promote initiatives to spark new reflections in our internal stakeholders and foster a more inclusive and diverse environment. By 2030, we aim to achieve 31% of women in leadership positions within the company. [GRI 3-3](#)

In commemoration of Women's Month, in March 2022 we hosted a lecture on unconscious biases - internalized prejudices or stereotypes that lead us to adopt certain behaviors or social judgments. The event was open to participation by all employees.

Generations

The year 2022 also marked the first professional experience for recent graduates at SPIC Brasil. In partnership with the social startup Instituto Primeira Geração, we structured a pilot action that allowed the opening of internship positions for the first generation of graduates in their families who have no prior experience in the field yet. The initiative combines professional training with social development, allowing people to enter the job market and provide an opportunity for growth to new professionals who cannot rely on the financial support of their parents.

In addition to benefits such as health and dental plans, food and transportation vouchers and life insurance, the project also offers a scholarship for postgraduate studies to further professional development in the company and individual mentoring sessions with market executives. Eight interns were selected in 2022.



Qualification and training GRI 404-1

We constantly invest in actions to enhance the development of our employees. Through SPIC University, our corporate university, we continued with four training fronts:

- **Behavioral:** in 2022, we continued to conduct online and voluntary courses every two months
- **Technique:** we launched and executed the recommended training matrix for the employees of HPP São Simão, fulfilling the planned actions and schedule
- **Mandatory:** we conduct courses focused on health and safety, required to carry out the role, and
- **Knowledge sharing:** set to be implemented in 2023, it will provide an opportunity for employees to share knowledge from their own departments with their colleagues.



In 2022, we achieved average individual training of 57 hours. Every year, we also conduct surveys on department managers to identify team needs and develop exclusive actions. In addition, we provide scholarship and language programs to our employees, in accordance with the guidelines established in our Training and Development Policy.



In 2022, we achieved average individual training of 57 hours.

Leadership development [GRI 404-1](#)

In 2022, we launched the second class of the Leadership Academy, a partnership with Fundação Dom Cabral (FDC) with a strategic focus on people management, processes and resources, which included 15 managerial level leaders. The program lasted for six months and ended in November. [GRI 3-3](#)

We also carried out the second edition of the Mentorship Program, a training model aimed at deepening leadership skills

and conducting individual follow-up sessions. We wrapped up the first class in the first half with a high success rate and launched a new class in the second half for 15 managers.

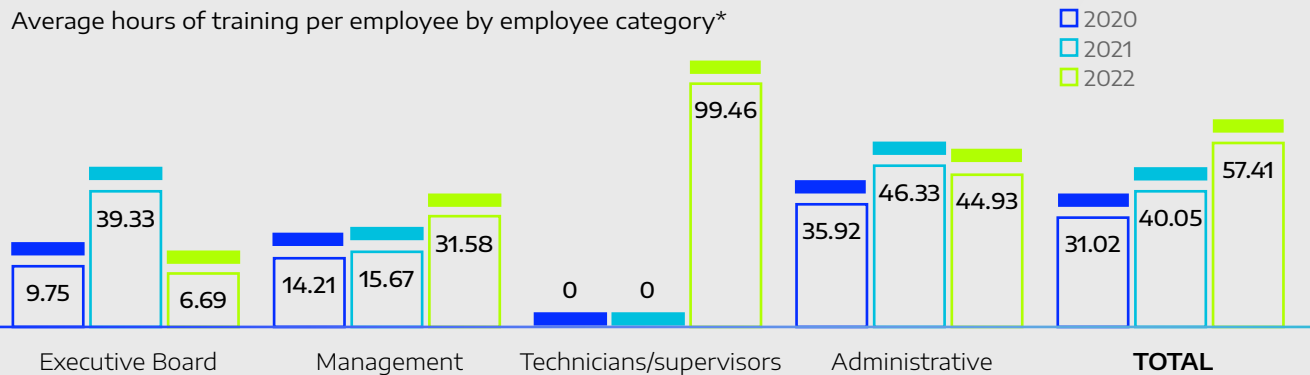
We also launched the Career Dialogs project, which includes workshops to guide leaders in addressing the topic with their teams, aiming to encourage them to take the lead in leveraging their growth in the company. In 2023, we will expand the project to new recruits.



15 managerial level leaders attended our second class of the Leadership Academy.

Average hours of training per year per employee [GRI 404-1](#)

Average hours of training per employee by employee category*



Average hours of training per employee by gender [GRI 404-1](#)

	2020	2021	2022
Men	30.7	38.56	65.34
Women	31.86	44.05	31.76
Total	31.02	40.05	57.41

*The average number of training hours for board members was zero in the last three years.

*The average number of training hours for workers such as apprentices and outsourced workers was zero in the last three years.

HEALTH AND SAFETY

GRI 3-3, 403-2, 403-3, 403-4

We prioritize care for people in all our activities. To sustain SPIC Brasil's growth, we work to fortify health and safety as intrinsic values in our culture.

We maintain the Occupational Health Medical Control Program (PCMSO) and the Risk Management Program (PGR), managed by an occupational physician. These programs include mapping of activities, detecting potential risks to which employees are exposed, implementing appropriate engineering controls and organizing hazard reports. We also have a health team - including doctors, nurses, and civilian firefighters - and an ambulance for national service. The professionals' activities are divided into three main lines of action:

- **Occupational health**, related to the prevention of work-related diseases and accidents;
- **Quality of life program**, which includes monitoring health indicators and promotes preventive health; and
- **Emergency plan**, related to the maintenance of necessary resources and skills for responding to adverse situations.

Cherishing health and safety is intrinsic to our culture.



We have an Internal Accident Prevention Committee (Cipa) that regularly discusses issues related to the risks and health and safety of our employees and a Fire Brigade. HPP São Simão also has a Cipa to represent workers, as does each service provider - all interacting with the SPIC Brasil team. The Committees' duties are established by Regulatory Standard No. 5 (NR-5) and are structured to detect and report risks, to propose improvements and interruptions needed to activities posing serious or imminent danger. Beyond existing regulatory requirements, there are no new occupational health and safety requirements established by union agreements.

We conduct regular meetings to discuss health and safety topics and we remain committed to extending this care and our strategies to the communities. We frequently disseminate important information such as actions to prevent and combat dengue and Covid-19 and practices to preserve the environment. [GRI 413-1](#)



We have an Internal Accident Prevention Committee (Cipa) that regularly discusses issues related to the risks and health and safety of our employees.



Safety culture GRI 403-2, 403-7, 403-9, 403-10

To ensure the safety of our employees, we keep an updated occupational Hazards and Risks matrix. All accidents are investigated, whereupon we focus on identifying the causes and establishing action plans to prevent recurrence. Our Management System also includes a schedule of internal and external audits, updated annually and whenever new review needs are mapped out.

For risk management, all activities - whether carried out by us or by contractors - are based on the guidelines of ISO 45001 and the legal requirements of NR-1. They are planned together with the Health and Safety team, according to the following steps:

- 1 **Characterization** of processes, workplace and activities performed
- 2 **Preliminary** hazard survey
- 3 **Assessing** identified risks, considering the existing controls and exposed workers
- 4 **Establishing** actions to eliminate hazards or reduce risks, considering the hierarchy of controls, and
- 5 **Implementing** actions and monitoring execution and performance.



We maintain an investigation process for identifying the causes of accidents and defining action plans to prevent their recurrence.



The implemented procedures aim to provide continuous improvement of processes and are frequently reinforced by senior leadership in critical analysis meetings on the topics.

In 2022, we hired DuPont DSS, an asset performance management consultancy, to support us in building an interdependent safety culture in our offices and hydro, wind and solar operations. Initially, diagnostics and perception research were conducted to understand our level of maturity in the subject. Following this, a series of trainings were implemented for the practices, including the dissemination of leadership concepts to technical staff.

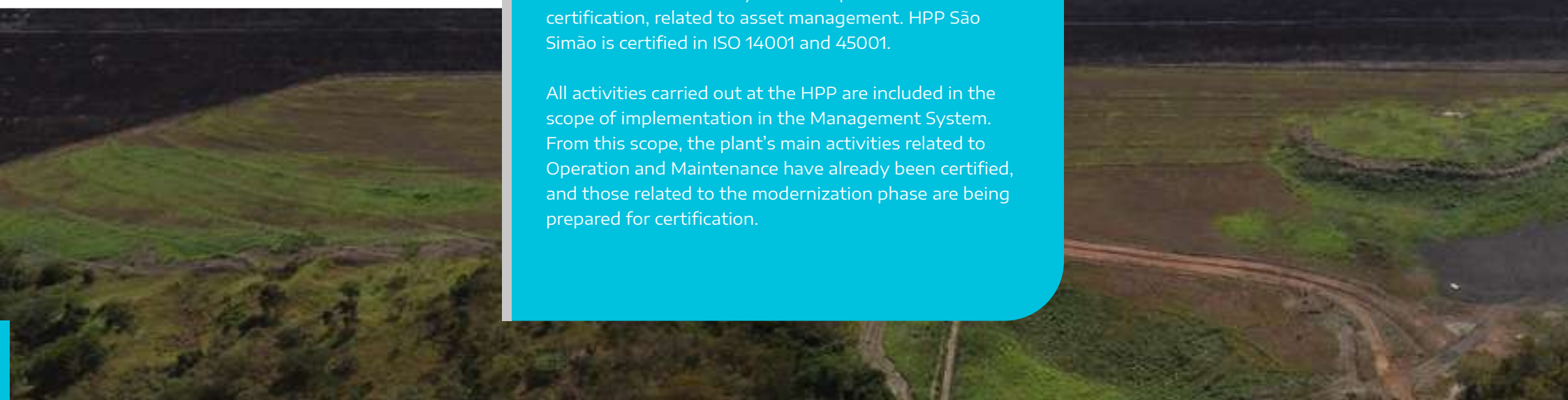
At the start of 2023, we will begin training to modernize HPP São Simão. The completion of the project, aimed at transforming our safety culture, is scheduled for 2024.

MANAGEMENT SYSTEMS GRI 2-24, 403-1, 403-9



Our Management System, implemented across the company by corporate Health, Safety, Environment and Quality, meets the legal guidelines established by NR-1. In 2022, we maintained our ISO 9001 (quality), 14001 (environment), and 45001 (occupational health and safety) certifications for our offices in São Paulo (São Paulo) and Natal (Rio Grande do Norte) and our wind farms in NE Brazil. Last year we acquired ISO 55001 certification, related to asset management. HPP São Simão is certified in ISO 14001 and 45001.

All activities carried out at the HPP are included in the scope of implementation in the Management System. From this scope, the plant's main activities related to Operation and Maintenance have already been certified, and those related to the modernization phase are being prepared for certification.



Training and capacity building [GRI 403-5, EU16](#)

We have established a strict control of internal procedures to monitor the compliance with mandatory and legal training by our employees and contractors. This includes checking the necessary documentation so they can work safely in our projects.

We demand that training be conducted exclusively by certified companies, with

qualified managers and instructors. Every year, we renew the legal documents and training requirements for the PGR and PCMSO programs, plus the guidelines for use and delivery of individual (PPE) or collective (CPE) protective equipment to employees, contractors and visitors.

To understand the operational responsibilities and risks each employee is subject to, we have established a Responsibility Matrix that helps us define a more assertive training program. We

offer a series of recommended trainings to our people in defensive driving, emotional intelligence, risk factor (DuPont), CIPA, fire brigade, in addition to the mandatory issues in regulatory standards.

At HPP São Simão, all employees undergo onboarding training and training in specific topics, such as Electrical Safety (NR-10); Safety when using machinery and equipment (NR-12); Safety in confined spaces; Safety when working at height; and Formation of emergency brigade.



Employee health

GRI 3-3, 403-3, 403-6

Looking after people's health comes first. In addition to medical and dental insurance, our employees benefit from the *Be Healthy* program, a program that encourages the adoption of healthier eating, exercise and mental health practices.

For workers based in São Paulo (São Paulo) and Natal (Rio Grande do Norte), the program offers Gympass, a plan subsidized by SPIC Brasil for use of gyms and group classes of choice. Staff at HPP São Simão have access to the Brancalone Club and also benefits from the partnership with Industry Social Services (Sesi) in carrying out routine health checks. In 2022, these checks started to include bioimpedance monitoring - a benefit provided to assist in tracking the health indices of all employees. This aids professionals in decision-making and assessing the need for educational campaigns within the company.

All collected information is updated in a comprehensive register, properly identifying employees with health conditions such as obesity, diabetes, hypertension or other health-related issues. We provide these individuals with multidisciplinary support from doctors,



nurses and physical educators to assist in improving the identified indices. If there is a need for referral to specialists, the health team assists in identifying professionals from the accredited network. We also provide weekly yoga and meditation classes - in person or online, and the support of a nutritionist, who help them create personalized meal plans; and a psychologist, who provides support in mental health matters ([See more in Mental health, page 108](#)).

In all cases, we uphold doctor-patient confidentiality and implement a series of protocols to comply with LGPD guidelines. Data protection is ensured

by the security of the computer systems storing the data and by restricting access to authorized professionals only.



Our employees benefit from the *Be Healthy* program, which encourages the adoption of healthier lifestyle practices.

Quality of life comes first [GRI 3-3, 401-3](#)

In 2022, we launched three challenges to promote a healthier routine. The competitions involved running activities, weightlifting and meditation. Once the participation of the employees was confirmed, they were rewarded with t-shirts, yoga mats and sound boxes – incentives to encourage them to keep up the habit.

Throughout the year, we monitored the overall engagement of employees with the program and noted a 20% increase in participation compared to the previous year. Our goal for 2030 is to involve 65% of employees.

Parental leave [GRI 401-3](#)

		2020	2021	2022
Employees entitled to parental leave	men	165	182	194
	women	62	72	60
Employees who took parental leave	men	4	4	9
	women	2	2	3
Employees who returned to work during the reporting period after parental leave ended	men	0	4	4
	women	2	2	3
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	men	4	0	9
	women	2	0	2
Rate of return	men	1	1	1
	women	1	1	0.66
Retention rate	men	1	0	1
	women	1	0	0.66



SÃO SIMÃO FUN RUN



In November 2022, we held the 1st SPIC Brasil Fun Run in São Simão (Goiás), another initiative of the *Be Healthy* program. The free event was in partnership with Sesi and the city's Sports, Education and Culture, and Health and Urbanism departments. The aim of the action was to expand access to health and well-being practices for employees, their families and surrounding communities. Approximately 200 people participated in the action, which included groups from the cities of Quirinópolis and Itumbiara (Goiás).



In 2022, we recorded a 20% increase in participation in challenges for a healthier routine.

Workers covered by an occupational health and safety management system [GRI 403-8](#)

Numbers and percentages of workers		2021		2022	
		Employees	Other workers*	Employees	Other workers*
Total number of individuals	No.	244	244	95	294
Individuals covered by an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines	No.	244	244	95	294
	%	100	100	100	100
Individuals covered by such a system that has been internally audited.	No.	45	8	30	50
	%	18.44	3.28	31.58	17.01
Individuals covered by such a system that has been audited or certified by an external party.	No.	244	244	20	10
	%	100	100	21.05	3.4

*Workers who are not employees, but whose work and/or workplace is controlled by the organization.

*Audits were conducted based on ISO 45001 and ISO 14001 standards, occupational health and safety management system and environmental management system, respectively.

There were no worker exclusions, however the audits are sample-based, so a good portion of the workforce ends up not being audited.

Work-related accidents and occupational illnesses GRI 403-2, 403-4, 403-9

We work to foster a culture of safety in the company, starting with urging leaders to adopt safer practices for their teams. In a sustainable manner, we emphasize the importance of employee involvement with our safety management system. We present all procedures to them and ask for their contributions. We also reaffirm the right to refuse to carry out activities in cases of serious and imminent accident risks. We also carry out educational campaigns for incident prevention and related to dangers in the workplace.

Employees actively participate in identifying risks and control measures for their activities through Preliminary Risk Analysis (APR) and are encouraged to report any dangerous situations at our units anonymously or through the exclusive Stay Alert tool ([see more on the next page](#)). In addition, if the employee wishes to report any situation of disrespect with the established security policy, they can also anonymously contact the company's Ethics Channel ([see more in Ethics Channel and Compliance, page 37](#)).

Our safety management is supported by Corp 10, a corporate procedure for recording and handling accidents, near misses and non-compliances, which classifies events in terms of actual or potential damage. We primarily work to neutralize identified potential risks and, in a second phase, understand the causes and act to prevent their recurrence.

In May 2022, we surpassed our record of 727 days without lost-time injuries at HPP São Simão, including both our direct employees and contractors. To achieve this outcome, we combine our topmost safety guideline with risk analysis practices, access control of workers with minimum skills and work permits, continuous monitoring of activities, and immediate correction of deviations and failures. Until the last day of 2022, we completed 968 days without incidents of this nature. In addition, we recorded 19 near-miss work-related incidents.

We emphasize the importance of employee involvement in our safety management system.





STAY ALERT!
DID YOU IDENTIFY ANY RISK SITUATION?

STAY ALERT GRI 2-16, 403-2

To enhance our Safety Management System, we implemented the 'Stay Alert' tool in 2022. Through a QR Code, our team members can report risky situations and point out security flaws in our units. All points reported are evaluated by Health and Safety and duly addressed.

The availability of the tool significantly contributed to us achieving a record time without lost-time injuries, in addition to strengthening the company's safety culture. The project is continuously promoted in our operations.



	2020		2021		2022	
	Employees	Other workers ²	Employees	Other workers ²	Employees	Other workers ²
Work-related injuries ¹ <small>GRI 403-9</small>						
Number of hours worked	277,530	440,113	251,552	453,032	377,084	374,626
Number of fatalities as a result of work-related injuries	0	0	0	0	0	0
Rate of fatalities as a result of work-related injuries	0	0	0	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0
Number of recordable work-related injuries (including fatalities)	0	1	0	1	0	4
Rate of recordable work-related injuries (including fatalities)	0	2.27	0	2.21	0	10.68

¹The base for the number of hours worked is 1,000,000 hours.

²Workers who are not employees, but whose work and/or workplace is controlled by the organization.

Mental health



On January 01, 2022 the World Health Organization (WHO) officially classified work-related burnout, and mental and physical exhaustion an occupational disease. This means organizations have increased responsibility for caring for the mental health of their employees. This practice has been part of SPIC Brasil's health care program since 2020, when we realized the Covid-19 pandemic was on the rise and had to develop strategies to address this issue with greater care.

Since then we have implemented a mental health handbook and hired a dedicated professional to improve and support us in implementing actions for our employees.

GRI 403-6 This management has allowed us to better monitor indicators and focus on more effective initiatives. Throughout the year we disclosed and implemented practices on well-being and quality of life,

We offer our employees the Count On Us Program for support in crisis situations.

and organized discussions to demystify the theme, along with campaigns such as White January and Yellow September, which address mental health and suicide prevention respectively.

We also offer our employees a Count on Us Program to help them in crisis situations. This includes a 24x7 toll-free hotline where employees can receive guidance and be referred to a psychologist, with up to six sessions free of charge, entirely sponsored by the company.

Cases involving drug and alcohol abuse are identified, assessed, and suitably handled by our professionals.

In 2022 we reaffirmed our commitment to the topic by subscribing to the Mind in Focus Movement, a UN Global Compact initiative that encourages debate and actions to promote employee mental health inside companies ([see more under Global Compact and SDGs on page 18](#)).

LOCAL DEVELOPMENT

GRI 2-23, 3-3, 413-1, 413-2

We have initiatives that drive the development of the communities surrounding our assets, generating opportunities and disseminating knowledge to foster entrepreneurship and local economies.

Since 2014 we have voluntarily invested in a Community Fund whose strategy is approved by our CEO Adriana Waltrick, designed to promote health and wellness activities, as well as education and training, sports, recreation, travel, culture and the arts. This fund allows us to sponsor numerous initiatives in Mataraca, Paraíba, where many of our wind farms are located, as well as in the district of Barra de Comaratura in the same state. The fund has been available for the community around HPP São Simão since 2021, following a detailed study that revealed the main gaps and potential around the reservoir where social projects could be implemented, covering 13 towns. The first initiative implemented was what is called

“Productive Back Yards”, or *Quintais Produtivos* in Portuguese.

So far, these funds have enabled over 60 projects, impacting over 3,000 people living in the areas surrounding our facilities.

We believe that, by investing in upskilling the local workforce, on preserving ecosystems, and on income generation, we show our respect for vulnerable communities and act responsibly by enabling them access to structured human development activities.

In 2022 we retained the services of a consulting firm to help us assess the impact of our private investments in Mataraca, PB, and to value the social return for the communities using SROI (Social Return on Investments) methodology. This will also help us understand the way forward to



We already have 60 projects using the Community Fund, impacting over 3,000 people.

drive results. The total social impact of the SPIC Brasil Fund was R\$ 899,000, equivalent to a return of R\$ 1.78 per R\$ 1.00 invested.

This process included listing the activities performed since 2014, and interviews with the local population. It highlighted the Fund's main contributions for the population, such as valuing female entrepreneurship, key support from the company in matters related to health, especially during the more critical phases of the pandemic, and cultural and sports transformation projects.

As possible improvements we found the need to work on topics with greater focus, such as initiatives to fight ageism, favoring the more elderly segments of the population, and creating structured activities based on diagnoses, scenario assessments, setting short and long-term goals, and building an indicator grid aligned with the SDG, in addition to closer relationships with partner associations and the local population to strengthen the project.

As a result of this survey, and because of the continuing Covid-19 pandemic, we

postponed some of the social projects in the communities São Simão, GO and Mataraca, PB. The changes identified in this diagnosis will be implemented in the next project cycle, as of 2023. We hope that, with these new measures, by 2024 we will have data we can use to further enhance our agenda of local development activities.

To enable the communities themselves to submit suggestions, questions, or reports, we set up a toll-free number (0800 200 0204) and e-mail portasabertas@spicbrasil.com.br for this.



The main Community Fund contributions include valuing female entrepreneurship and support for health-related issues.

Local community engagement



Mãos que Criam
[Hands that Create]

This project brings together female artisans and cooks from the community of Barra de Camaratuba in Mataraca, PB. With the support of the Community Fund, we were able to develop initiatives to drive female entrepreneurship, strengthening their work and increasing their visibility.

This also helps recover regional traditions, such as a typical dance of NE Brazil known as vva. To incentivize this type of cultural conservation, we offer costumes and instruments, and help the group arrange presentations in other festivals in the state of Paraíba.



1ST COMMUNITY ECONOMY FAIR

In 2022 we organized the first Ecosol, a fair to foster the local economy of Barra de Camaratuba in Mataraca, PB. This allowed local entrepreneurs to display their wares, and helped create jobs and income for the community. The event also included presentations typical of the region, and leisure activities for families.





Beekeeping

In late 2021 we added stingless beekeeping in Uruba, a rural district of Mataraca, PB as a further development opportunity for the region. Throughout 2022 we strengthened this initiative by providing beekeeping equipment and materials, such as hives and protective gear for beekeepers. We also arranged training to enable adding new community members to this activity.

In 2023 we will resume this project and provide additional training, working with Heborá, a female enterprise that focuses on making items from materials produced by stingless bees, such as organic honey and beeswax cosmetics. The goal is to create an incubator so that, in future, the community will be able to continue and develop independently.

Productive backyards

Initially implemented in Mataraca, PB, in 2021 this project expanded to the communities around the São Simão HPP. The main goal is to train families and encourage them to plant vegetable gardens, contributing to the food security of low-income populations. In March 2022 we completed the first phase of the project, benefiting six families and two religious institutions in São Simão, Goiás.

Participants received plots to grow vegetables, greens and fruits, and composting units to make fertilizer. They were also trained in the techniques required, on agroecology, and healthy nutrition.

In 2023 we plan to run a second cycle of activities, expanding the project and benefiting new families by fostering new agricultural practices and organic vegetables.



Open Doors to the Community [GRI 2-25](#)

Open Doors is a program for the communities surrounding our operational facilities. It was created to increase proximity with the communities and the visibility of the work performed by HPP São Simão and the wind farms.

Created initially to meet the population's property management demands, it became

the gateway for new requests made to SPIC Brasil, either to answer questions, suggest Community Fund projects, or report the impact of our operation in their territories. These are suitable processed and forwarded to the areas in charge. This initiative includes guided tours of our facilities when we open our doors to community members and students so that they may learn about our operations. Discussions are held where they make contributions to outline future social and conservation activities.

In late 2022 we launched the Open Doors Newsletter for the communities around HPP São Simão, sharing environmental and social practices, and

the operational highlights of the hydro plant. This newsletter is also available on our [institutional website](#). This project includes activities to communicate our Environmental Education Program, one more requirement of our Ibama permit that we have already fulfilled (*see more under [Environmental Education on page 77](#)*).

We also provide dedicated channels for the communities to contact us, both a toll free number (0800 200 0204) and an *e-mail* portasabertas@spicbrasil.com.br. In 2022 we also evolved in this process and created satisfaction surveys to improve the quality of the services we provide, and check for opportunities for enhancement.



Open Doors was created to bring us closer to the communities surrounding our hydro and wind assets.



Tax-deductible projects

Island of Imagination

We are now in the fourth edition of Imagination Island, an initiative we have sponsored since 2019. It is approved by the Ministry of Tourism and the Federal Culture Incentive Law. The goal is to train children, young people, and teachers in São Simão, GO and the surrounding communities, engaging them in reading and audiovisual activities with courses, workshops and traveling workshops, which have already reached 12,500 young people. Other institutions involved are the Maker Institute, Aktuellmix, the Special Department of Culture, the Ministry of Tourism and the Federal Government.

In 2022 the project continued its video and story-telling courses, alongside advanced, 3D, and animation courses offered at the Island Space. In all, 130 children and adolescents took advantage of these courses, and another 180

children participated in the Island Play workshops. The fourth edition included dedicated monitoring for students interested in making their own movies, as well as workshops for those interested in animation. Over 320 public school teachers also participated and were trained in online workshops on audiovisual production.

In October the program offered the Lumina Workshop, an initiative to develop artisan skills and artisan output for adults aged 20 to 60. The focus was to help them become aware and encourage them to generate income by reusing waste. A total of 246 people participated.



Brincando na Praça
[Playing in the Square]

In 2022 we sponsored our first ever project based on the Federal Sports Incentive Law - Playing in the Square. This included a full day of sports, educational, leisure, and recreation activities for young people and adults in various towns impacted by HPP São Simão.

This event was free of charge and happened on weekends in September in August in the towns of: Santa Vitória, Capinópolis and Ipiacu in Minas Gerais; and São Simão, Paranaiguara, Quirinópolis, Gouvelândia, Inaciolândia, Bom Jesus de Goiás and Cachoeira Dourada in Goiás. Some 5,300 people participated. We will hold a second such event in 2023.



Playing in the Square, a pioneering project sponsored via the Federal Sports Incentive Law, enjoyed by some 5,300 people.



GRI CONTENT INDEX

Statement of use	SPIC Brasil has developed its report in accordance with the GRI Standards for the period from January 01 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organizational details	8			
	2-2 Entities included in the organization's sustainability reporting	3, 9			
		<p>SPIC Brasil - All entities consolidated in SPIC Brasil are entirely owned by it, except for HPP São Simão, in which its hold a noncontrolling interest (49% - non-controlling). The information is presented in the consolidated Statement of Financial Position under 'Non-controlling interests'. Pacific Hydro Brasil - Panati Holding has a noncontrolling interest of 30%, Marangatu Holding has a noncontrolling interest of 30%, and Energia Limpa has a noncontrolling interest of 10.10%. All other companies under Pacific Hydro Brasil are 100% owned by it. Panati Holding and Marangatu Holding do not have noncontrolling shareholders. Whenever operations such as mergers, acquisitions and disposals of entities occur, the information is disclosed in Notes to the Financial Statements and presented according to the guidelines of the Accounting Pronouncements Committee (CPC) and approved by an independent audit. Pacific Hydro Brasil - In 2022 Panati and Marangatu were acquired. This information will be disclosed in the Financial Statements of Pacific Hydro Brasil and SPIC Brasil in the Note Business Combination. Companies with an independent auditor's opinion and published Statement of Financial Position, whether in physical/electronic newspaper or in the Results Center (electronically only): SPIC Brasil, Panati Holding, Marangatu Holding. Company with independent auditor's opinion, but without Statement of Financial Position published in a newspaper or Results Center: Pacific Hydro Brasil.</p>			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-3 Reporting period, frequency and contact point	3			
	2-4 Restatements of information	3, 71, 72, 73	-		
	2-5 External assurance	Not carried out.			
	2-6 Activities, value chain and other business relationships	8			
	2-7 Employees	86, 87			
	2-8 Workers who are not employees	86, 87			
	2-9 Governance structure and composition	22, 38			
	2-10 Nomination and selection of the highest governance body	22			
	2-11 Chair of the highest governance body	22			
	2-12 Role of the highest governance body in overseeing the management of impacts	22, 31, 38			
	2-13 Delegation of responsibility for managing impacts	22			
	2-14 Highest governance body's role in sustainability reporting	22			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-15 Conflicts of interest	42			
	2-16 Communication of concerns	22, 32, 37, 107			
	2-17 Collective knowledge of the highest governance body			Not applicable.	There is no formal process defined.
	2-18 Evaluation of the performance of the highest governance body			Not applicable.	There is no formal selection and/or evaluation process.
	2-19 Remuneration policies	89			
	2-20 Process for determining remuneration	89			
	2-21 Annual total compensation ratio			Confidentiality restrictions	Strategic and confidential data of SPIC Brasil.
	2-22 Statement on sustainable development strategy	5			
	2-23 Policy commitments	16, 18, 30, 34, 36, 41, 42, 109			
	2-24 Embedding policy commitments	16, 18, 31, 33, 34, 36, 37, 41, 88, 101			
	2-25 Processes to remediate negative impacts	32, 33, 34, 35, 37, 78, 113			
	2-26 Mechanisms for seeking advice and raising concerns	32, 37			
	2-27 Compliance with laws and regulations	No fine or any other type of penalty for non-compliance was applied by the regulatory bodies.			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-28 Membership of associations	82			
	2-29 Approach to stakeholder engagement	83			
	2-30 Collective bargaining agreements	98% of the total workforce is covered by collective bargaining agreements - unchanged on 2021. Employees not covered are expatriate directors and officers.			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	16, 17	-		
	3-2 List of material topics	16, 17, 18			
Energy Transition					
GRI 3: Material Topics 2021	3-3 Management of material topics	51, 53			
Electric Utilities Sector Supplement – Organizational profile 2013	EU1 Installed capacity, broken down by primary energy source and by regulatory regime	55, 59			
Electric Utilities Sector Supplement – Organizational profile 2013	EU2 Net energy output broken down by primary energy source and by regulatory regime	55, 59, 60, 64			
Climate Resilience					
GRI 3: Material Topics 2021	3-3 Management of material topics	66			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	69			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 302: Energy 2016	302-3 Energy intensity	69			
GRI 302: Energy 2016	302-4 Reduction of energy consumption	We have made no significant reductions over the past three years.			
Biodiversity and Land Use.					
GRI 3: Material Topics 2021	3-3 Management of material topics	74			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	75, 78			
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	43, 48, 65, 75, 79			
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	65, 74, 80			
Electric Utilities Sector Supplement – Biodiversity 2013	EU13 Biodiversity of offset habitats compared to biodiversity of the affected areas	75			
Electric Utilities Supplement – Disaster/emergency planning and response 2013	EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	58			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Operating Eco-efficiency					
GRI 3: Material Topics 2021	3-3 Management of material topics	49, 67			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	43, 65, 68, 78, 79			
GRI 303: Water and Effluents 2018	303-2 Management of water discharge related impacts	68			
GRI 303: Water and Effluents 2018	303-5 Water consumption	68			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	70			
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	70			
GRI 306: Waste 2020	306-3 Waste generated	71			
GRI 306: Waste 2020	306-4 Waste diverted from disposal	71, 72			
GRI 306: Waste 2020	306-5 Waste directed to disposal	72, 73			
Electric Utilities Sector Supplement – Research and development 2013	EU8 Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	47, 48, 49, 53			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Occupational Health & Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	98, 103, 104			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	101			
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	101 98, 100, 106, 107			
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	98, 103			
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	98, 106			
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	102			
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	103, 108			
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	100			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	105			
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	100, 101, 106, 107			
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	We have received no reports of occupational/professional illnesses reported in the last five years.			
Electric Utilities Sector Supplement – Employment 2013	EU16 Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	102			
Energy Sector Supplement - Customer health and safety 2013	EU25 - Injuries and fatalities to the public involving company assets	In 2022, there were no accidents involving injuries and fatalities with our employees at our locations.			
Industrial Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	85, 91, 95, 97			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover			Information not available	SPIC Brasil is conducting a methodological review of its turnover rate, considering indicators of gender/location and age range.

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 401: Employment 2016	401-3 Parental leave	104			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	96, 97			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	91, 92, 93, 94			
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination reported on our Ethics Channel during the period covered by the report.			
Ethics and Integrity					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 36			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	There were no related cases.			
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	33, 34, 36			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	We had no cases of corruption reported on our Ethics Channel.			
Local Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	109			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	74, 78, 99, 109			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 413: Local Communities 2016	413-2 Operations with significant actual or potential negative impacts on local communities	66, 67, 109			
Sustainable Procurement					
GRI 3: Material Topics 2021	3-3 Management of material topics	39			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria			Information not available.	The procedure with all environmental rules - SPIC Corp 14 - is forwarded to the suppliers and is an integral part of the contract signed between the parties. Corp14 is not a scoring criteria, so we still do not have a process for evaluating/ranking companies based on environmental criteria. It is a standard that dictates the guidelines and rules to be followed by suppliers. Failure to comply with any of the rules could result in warnings, fines and even contract termination.

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	36			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	36			
ESG Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	22			
Energy Sector Supplement - Local communities 2013	EU22 Number of people physically or economically displaced and compensation, broken down by type of project	44			

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