ENGIE Brasil Energia S.A.

Report on the Brazilian Corporate Governance Code

July 2022

1.1.1

The company's equity stock must be made up entirely of common shares.

Yes | No | Partially | Not Applicable

1.2.1

Shareholders agreements must not bind the exercise of the voting rights of a manager or a member of the oversight and control bodies.

Yes | No | Partially | **Not Applicable**

1.3.1

The executive board must use the general meeting to communicate the steering of the company's business, in connectiowith which management must publish a manual intended to facilitate and stimulate attendance at general meetings.

Yes | No | Partially | Not Applicable

1.3.2

As Minutes must enable a full understanding of the discussions had at the meeting, even if drawn as a summary of events, and must identify the votes cast by the shareholders

Yes | No | Partially | Not Applicable

1.4.1

The Board of Directors must critically analyze the advantages and disadvantages of defensive measures and the characteristics thereof, in particular of triggers and price parameters where applicable, explaining any such.

Yes | No | Partially | **Not Applicable**

1.4.2

No clauses shall be used that prevent their removal from the Statutes, the so-called 'Immutable clauses'.

Yes | No | Partially | **Not Applicable**

1.4.3

Should the Statutes require holding a public acquisition offer ("oferta pública de aquisição de ações" – OPA), whenever a shareholder or group of shareholders directly or indirectly attains a relevant share of the voting stock, the rules governing the setting of the price of the offering must not impose premiums significantly in excess of the shares' economic or market value.

Yes | No | Partially | **Not Applicable**

1.5.1 The company's statutes must provide that:

(i) transactions amounting to a direct or indirect transfer of control must be accompanied by a public acquisition offer (OPA) open to all shareholders at the same price and under the same conditions obtained by the selling shareholder;

(ii) management must speak on the terms and conditions of corporate reorganizations, capital increases and other transactions leading to a control change, and verify that they ensure fair and equitable treatment to the Company's shareholders.

Yes | No | Partially | Not Applicable

1.6.1

The Statutes must require Board of Directors to provide an opinion on any OPA whose subject is shares or securities that can be converted into or exchanged for the company's equity shares, such an opinion to contain, among other relevant information, Management's opinion on the acceptance of the OPA and the economic value of the company.

Yes | No | Partially | Not Applicable

1.7.1

The company must draft and disclose a profits apportioning policy to be defined by the Board of Directors. Among other aspects, such a policy must provide for the periodical payment of dividends and for the definition of the respective amount (percentage of adjusted net earnings and of free cash flow, among others).

Yes | No | Partially | Not Applicable

1.8.1

The Statutes must clearly and accurately identify, in a specifically intended chapter, the public interest that justifies creating a mixed economy society.

Yes | No | Partially | **Not Applicable**

1.8.2

The Board of Directors must monitor the company's activities and establish internal policies, mechanisms and controls to determine the costs of service to public interest and compensation to the company or other shareholders and investors by the controlling shareholder.

Yes | No | Partially | **Not Applicable**

2.1.1 The Board of Directors must, at no loss to other legal and statutory duties and other practices as provided in the Code:

(i) define business strategies, in the light of the impacts of the company's activities on society and the environment, aiming at the company's long-term viability and the creation of long-term value;

(ii) periodically evaluate the company's risk exposure and the effectiveness of its risk management systems, internal controls and integrity/compliance system, and approve a risk-management policy compatible with its business strategies;

(iii) define the company's ethical values and principles and uphold maintenance of the issuer's transparency in its relationships with all stakeholders;

(iv) annually review the corporate governance system with the purpose of improvement.

Yes | No | Partially | Not Applicable

Item (i) - As provided in Clause 5 of the Board of Directors' Internal Bylaws, a public-access document, the body is responsible for "determining the Company's objectives and values, deciding on its strategic business objectives". According to this, strategy-setting aims to create long-term value, including, to this end, the analysis of sustainability-related aspects and impacts on the economic, social and environmental spheres. In this sense, it is worth emphasizing that annual goals and business objectives (multi-annual), the Company's main strategic planning instruments, undergo annual Board approval.

Item (ii) - The Company's Risks and Opportunities Management Policy, approved by the Board of Directors in 2016, drives strategic analysis of such aspects – a practice that involves employees, managers and officers, in addition to the Risk Management Committee. Exposure assessment takes place by means of the Business Risks Matrix, which undergoes annual Board review in an analysis that comprehends identifying and categorizing risks as to their likelihood of occurrence and significance in terms of financial, strategic and operational impact. In addition, the Company embraces a strict internal controls program – audited by an independent third party – which addresses tens of processes in addition to analysis of the overall control environment, based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) methodology. This analysis, as well as the program's results, is submitted to the Board of Directors for a review of its effectiveness and alignment with management policies and guidelines, in particular the Code of Ethics, the Conflict of Interests Prevention Policy, and the Anti-Corruption and Bribery Policy.

Item (iii) - It is the Board's duty to establish the Company's mission, vision and values, as well as to assess the effectiveness of management mechanisms adopted to align practice with such vectors – to include policies and guidelines such as the Code of Ethics and the Stakeholders Engagement Policy, which provide for a transparent relationship with all stakeholders.

Item (iv) - The review is formally made through the analysis and approval of this Report. Informally, improvement of the governance system is under constant evaluation by Management, as necessary to mitigate risks, capture opportunities for management improvements and meet regulatory requirements.

2.2.1 The Statutes must provide that:

(i) the Board of Directors be made up of a majority of external members, with a minimum of one-third independent members;

(ii) the Board of Directors must evaluate and disclose, annually, who the independent members are, and indicate and justify any circumstances that may compromise their independence.

Yes | **No** | Partially | Not Applicable

In relation to item (i), in accordance with the Novo Mercado regulation of B3, the Company maintains at least 20% of independent directors, which it considers appropriate, considering the existence of a majority controlling shareholder. There is no mention of external and internal members in the Statute, even though currently 100% of the members are external.

Regarding item (ii), in the Management's assessment, the independence criteria analyzed in the members election at the Shareholders' Meeting are adequate and valid in the exercise of their mandate.

2.2.2 The Board of Directors must approve an appointment policy establishing:

(i) the appointment process for members of the Board of Directors, including an indication of participation of other corporate bodies in said process; and

(ii) that the Board of Directors must be composed in the light of the members' time available to carry out their duties and the diversity of knowledge bases, experience, behaviors, cultural aspects, age range and gender.

Yes | No | Partially | Not Applicable

The Appointment Policy, and other related documents (notably the Bylaws and Rules of Procedure of the Board of Directors) stipulate, in summary, that the Board of Directors should be composed of a minimum of 5 and a maximum of 9 effective members and an equal number of alternates, with term of office of two years, reelection being permitted. Criteria such as complementarity of competences, time available for the exercise of the function and diversity are also contemplated.
https://www.engie.com.br/en/investors/corporate-governance/bylaws-codes-and-polices/

2.3.1

The CEO must not accumulate the position of Chairman of the Board of Directors.

Yes | No | Partially | Not Applicable

2.4.1

The company must implement an annual performance evaluation process for the Board of Directors and its committees, such as collegiate bodies, for the Chairman of the Board of Directors, for individual members of the Board, and for the Secretary of Governance, if presente.

Yes | No | Partially | Not Applicable

The Company has a performance evaluation process of the Board of Directors, with annual periodicity, guided by a Senior Management Performance Evaluation Policy. Until 2019, the evaluations took place only in a collegial manner. As of 2020, it started to occur also at an individualized level. In 2022, it took place at the 228th Meeting of the Board of Directors (https://www.engie.com.br/uploads/2022/02/Ata-228a-RCA-14-02-2022-ENG.pdf). The criteria are technical and behavioral, and also consider the quality and level of examination of the subjects under discussion.

2.5.1

The Board of Directors must approve and keep up-to-date a CEO succession plan, development of which must be coordinated by the Chairman of the Board of Directors.

Yes | **No** | Partially | Not Applicable

The succession plan for the Company's CEO is developed and kept up-to-date by the indirect controlling shareholder, ENGIE S.A., with the participation of the Chairman of the Board of Directors – but is not formally approved by the other members of the Board. Management understands that this conduct embraces the Company's organizational culture and reality, even as it ensures mitigation of the risks associated with the succession process.

2.6.1

The company must have in place an integration program for new members of the Board of Directors. Such a program must be structured in advance, so that said members are introduced to the company's key people and facilities, and so that essential topics to understanding the company's business are addressed.

Yes | No | Partially | Not Applicable

From the last review of the Internal Regulations of the Board of Directors, which took place in early 2021, it was established that the Chairman of the Board of Directors is responsible for "organizing, together with the CEO, when electing a new member of the Board, a program of integration and training for the new Director, which allows him to get in touch with the activities and obtain information about the organization".

2.7.1

Compensation of the members of the Board of Directors must be proportional to their duties, responsibilities and allotment of time. There must be no compensation based on attendance at meetings, and the variable compensation of the members of the Board, if any, must not be tied in with short-term results.

Yes | No | **Partially** | Not Applicable

Different fixed compensation is set for the Chairman of the Board of Directors and for the members representing the Company's employees because of the complexity of their duties and additional activities performed for the Company and its direct controlling company, ENGIE Brasil Participações. All other members receive the same fixed compensation, and the only distinction is between full members and alternates. Management believes that this conduct is in line with best corporate governance practices, since distinction criteria are justifiable and transparent.
As recommended by the Code, compensation of the members of the Board of Directors is not based on attendance at meetings. The variable compensation of the Chairman of the Board of Directors and of the members representing the employees is based on short- and long-term indicators.

As concerns the Chairman of the Board of Directors, short-term indicators are previously established financial and non-financial objectives. As concerns those representing the employees, it is an average of the amounts paid as Profit and/or Results Sharing, as well as of the Managerial Bonus paid to employees in the previous fiscal year.
The long-term indicators for the Chairman of the Board of Directors are TSR – Total Shareholder Return and EPS – Earnings per Share, which are used as a reference for a deferred stock bonus.
The Company understands that the percentage of the compensation usually paid in connection with short-term results is appropriate to the corporate challenges and commitments established, so that in no way privileges short-term results over the long-term viability of the business.

2.8.1 The Board of Directors must be subject to Bylaws standardizing its responsibilities, duties and operating rules, including:

(i) the duties of the Chairman of the Board of Directors;
(ii) the rules for replacing the Chairman of the Board when absent or when the position becomes vacant;
(iii) measures applicable under situations of conflict of interests; and
(iv) definition of a sufficient advance period for receipt of materials to be discussed at meetings, addressing the subject matters with appropriate depth.

Yes | No | Partially | Not Applicable

2.9.1

The Board of Directors must define an annual calendar with the dates of regular meetings, which must be no less than six and no more than twelve per year, and extraordinary meetings are to be convened as needed. Said calendar must provide an annual themes agenda covering the relevant topics and dates of discussion.

Yes | No | Partially | Not Applicable

2.9.2

Board meetings must regularly provide for exclusive external member sessions without the presence of executives and any other guests, to align the external members and for the discussion of potentially embarrassing topics.

Yes | **No** | Partially | Not Applicable

Currently, these meetings are not covered the Internal Rules of the Administration Committee, and is not a practice in the Company.

2.9.3

The minutes of the meetings of the Board must be clearly drafted and keep a record of deliberations made, people present, dissenting votes and abstaining votes.

Yes | No | Partially | Not Applicable

Yes, the Council's Rules of Procedure provide for such mechanisms.

3.1.1 The executive board must, at no loss to its legal and statutory duties and other practices as provided in the Code:

(i) carry out the risk-management policy and, whenever needed, propose to the Board potential needs to review this policy because of changes in the risks to which the company is exposed;
(ii) implement and maintain effective mechanisms, processes and programs to monitor and disclose the company's financial and operational performance and the impacts of its activities on society and the environment.

Yes | No | Partially | Not Applicable

3.1.2

The executive board must have bylaws of its own establishing its structure, form of operation, and roles and responsibilities

Yes | No | Partially | Not Applicable

3.2.1

There must be no reserved officer or manager positions to be filled by direct appointment by the shareholders.

Yes | No | Partially | Not Applicable

3.3.1

The CEO must be evaluated annually according to a formal process conducted by the Board of Directors, based on the verified attainment of financial and non-financial performance goals as established for the company by the Board of Directors.

Yes | No | Partially | Not Applicable

The evaluation of the CEO, and of all senior management, is based on the Senior Management Performance Evaluation Policy, and meets the criteria described in the Code.

3.3.2

The results of the evaluations of other officers, including CEO proposals for goals to be agreed and the permanence, promotion or termination of executives from the respective positions, must be presented, analyzed, discussed and approved at a meeting of the Board of Directors.

Yes | **No** | Partially | Not Applicable

The evaluation of the other Officers (excluding the CEO) is not dealt with by the Board of Directors. These are centered on the Chief Executive Officer, in line with the Company's Performance Evaluation and Compensation Policies.

3.4.1

The Executive Board's compensation must be set based on a compensation policy approved by the Board of Directors by means of a formal and transparent process that takes account of the costs and risks involved.

Yes | No | Partially | Not Applicable

The Remuneration Policy was approved in 2018, and meets the requirements of the Code.
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3.4.2

The executive board's compensation must be tied in with results, with medium- and long-term goals clearly and objectively related with the creation of long-term economic value for the company.

Yes | No | Partially | Not Applicable

The variable remuneration of the members of the Board of Executive Officers is linked to objective performance indicators that enable the generation of value for the Company. The annual indicators are related to financial and non-financial objectives established annually in the Company's strategic planning. The long-term are TSR - Total Shareholder Return and EPS - Earnings per Share, used to pay deferred share-based bonus of the Company.

3.4.3

The incentives structure must be aligned with the risk limits set by the Board of Directors and prevent a single person to control the decision-making process and the respective oversight. No-one must deliberate on their own compensation.

Yes | No | Partially | Not Applicable

The definition of the objectives is linked to the risk limits defined by the Board of Directors and the decision-making process takes place in the ENGIE controlling group. Therefore, there is no deliberation of the matter by the Company's Management.

4.1.1 The statutory audit committee must:

(i) include among its duties that of advising the Board of Directors in monitoring and controlling the quality of financial statements, internal controls, risk management and compliance;
(ii) be made up of a majority of independent members, and under the coordination of an independent member;
(iii) include at least one independent member with proven cumulative experience in accounting and corporate matters, internal controls, finance, and auditing; and
(iv) have a budget of its own for the retainer of consultants on accounting, legal or other matters when an outside expert opinion is required.

Yes | No | Partially | Not Applicable

The Audit Committee, established in 2020 and composed of three members, one of whom is also a member of the Board of Directors, fully covers the points highlighted by the Code.

4.2.1

The fiscal council must have specific bylaws describing its structure, mode of operation, working program, roles and responsibilities, at no loss to the individual actions of its members.

Yes | No | Partially | Not Applicable

4.2.2

The minutes of the meetings of the fiscal council must abide by the same disclosure rules as those of the Board of Directors.

Yes | No | Partially | Not Applicable

4.3.1

The company must establish a policy for the retainer of non-audit services from their independent auditors, such a policy to be approved by the Board of Directors and forbidding the retainer of non-audit services that may compromise the auditors' independence. The company must not retain as an independent auditor anyone who has provided internal audit services for the company less than three years in the past.

Yes | No | Partially | Not Applicable

4.3.2

The independent audit team must report to the Board of Directors through the audit committee, if one is in place. The audit committee must monitor the effectiveness of the independent auditors' work, as well as their independence. It must also evaluate and discuss the independent auditor's annual working plan and submit it to the appreciation of the Board of Directors.

Yes | No | Partially | Not Applicable

4.4.1

The company must have an internal audit area reporting directly to the Board of Directors.

Yes | No | Partially | Not Applicable

Internal Audit is an area endowed with autonomy and independence, which, in 2021, started to have its direct link to the Board of Directors, with the supervision of the Audit Committee.

4.4.2

If the activity s outsourced, internal audit services must not be provided by the same firm that audits the financial statements. The company must not retain as internal auditors anyone who has provided independent audit services to the company less than three years in the past.

Yes | No | Partially | **Not Applicable**

4.5.1

The company must adopt a risk-management policy approved by the Board of Directors and including the definition of the risks against which it seeks protection, the instruments used to this end, the organizational risk-management structure, an assessment of the adequacy of the operational structure and internal controls in verifying their effectiveness, in addition to setting guidelines for the establishment of acceptable limits for the company's exposure to such risks.

Yes | No | Partially | Not Applicable

Risk-management and internal controls related matters are fully complied with as per the Code. There is centralized management and annual reporting to the Board of Directors. There is also a formal Risk Management Policy that has been approved by the Board.

4.5.2

The Board of Directors must make sure that the executive board has mechanisms and internal controls in place to identify, evaluate and control risks so as to keep them at levels compatible with the limits set, including a compliance program intended to ensure alignment with the law, regulations and external and internal standards.

Yes | No | Partially | Not Applicable

Risk-management and internal controls related matters are fully complied with as per the Code. There is centralized management and annual reporting to the Board of Directors. There is also a formal Risk Management Policy that has been approved by the Board.

4.5.3

The executive board must, at least annually, evaluate the effectiveness of the risk management and internal controls systems, as well as that of the compliance program, and report to the Board of Directors in connection with this evaluation.

Yes | No | Partially | Not Applicable

Risk-management and internal controls related matters are fully complied with as per the Code. There is centralized management and annual reporting to the Board of Directors. There is also a formal Risk Management Policy that has been approved by the Board.

5.1.1

The company must have in place an independent and autonomous conduct committee reporting directly to the Board of Directors, and responsible for implementing, disseminating, training, reviewing and updating the code of conduct and the whistleblowing channel, as well as conducting investigations and proposing corrective steps in connection with breaches of the code of conduct.

Yes | No | Partially | Not Applicable

The Company has a Code of Ethics approved by the Board of Directors, and there is a formally established Ethics Committee (Conduct Committee), linked directly to the Board of Directors since 2022, and supervised by the Audit Committee. The Ethics Committee is the body responsible for disseminating and

training ethical precepts, and for conducting activities related to the whistleblower channel – https://www.canalintegro.com.br/engiebrasil/. The channel is external, open to anyone, guaranteeing the confidentiality of information and the anonymity of those who do not wish to identify themselves.

5.1.2 The code of conduct, to be developed by the executive board with support from the conduct committee and approved by the Board of Directors, must:

(i) govern the company's internal and external relationships, expressing the expected commitment of the company, its directors, officers, shareholders, employees, suppliers and stakeholders to the adoption of appropriate conduct standards;

(ii) manage conflicts of interest and provide for the abstention of a member of the Board of Directors, of the audit committee or of the conduct committee, if any, that, as the case may be, is in a situation of conflict;

(iii) clearly define the scope and reach of actions intended to investigate situations deemed to have occurred with the use of privileged information (such as the use of privileged information for commercial purposes or to obtain advantages while trading securities);

(iv) provide that ethical principles shall be the basis for the negotiation of contracts, agreements, proposed amendments to the Statutes, as well as to company-wide policies, and establish a maximum value for goods or services from third parties that managers and employees may accept free of charge or under favored conditions.

Yes | No | Partially | Not Applicable

5.1.3

The whistleblowing channel must be independent, autonomous and impartial, operating under guidelines defined by the executive board and approved by the Board of Directors. It must operate in an independent and impartial manner and guarantee the anonymity of its users, in addition to promoting the required investigations and measures in a timely manner. This service may be entrusted to a third party with proven capabilities.

Yes | No | Partially | Not Applicable

The structure of the Ethics Committee involves managers from different areas of the Company - Audit, Legal Counsel and Human Resources -, as well as the Administrative Officer. It is the responsibility of this group to disclose, apply and monitor adherence to the ethics guidelines established by the Company, aiming at the prevention of ethical risk and the promotion of good practices. According to the Code of Ethics and the Policy to Combat Corruption and Bribery, the Ethics Committee treats the complaints, which can be sent by email (comitedeetica.brenergia@engie.com), by dedicated website (https://www.canalintegro.com.br/engiebrasil/) or phone 0800 580 2586, anonymously and with guaranteed confidentiality, if so desired by the whistleblower.

5.2.1

The company's governance rules must assure clear segregation and definition of the duties, roles and responsibilities associated with the mandates of all governance actors. They must also define the decision-making authority of each level of jurisdiction to minimize potential focal points for conflicts of interests.

Yes | No | Partially | Not Applicable

The Statutes, the Bylaws of the Board of Directors and the Code of Ethics address conflicts of interests and segregation of duties in a rather clear and comprehensive manner. In addition, in February 2017, the Company's Board of Directors approved the Conflict of Interests Prevention Policy, which establishes guidelines to identify and avoid risky situations associated with the matter.

5.2.2

The company's governance rules must be made public and provide that an individual who is not independent as concerns a matter under discussion or deliberation at the company's management or oversight bodies must indicate, in a timely manner, their conflict of interests or private interest. Should they fail to do so, such rules must provide for another to indicate the conflict, should they become aware of it, and as soon as a conflict of interests is identified in connection with a given topic, the person in question must withdraw, including in physical terms, from such discussions and deliberations. The rules must clearly provide that such a temporary withdrawal be entered into minutes.

Yes | No | Partially | Not Applicable

The Statutes, the Bylaws of the Board of Directors and the Code of Ethics address conflicts of interests and segregation of duties in a rather clear and comprehensive manner. In addition, in February 2017, the Company's Board of Directors approved the Conflict of Interests Prevention Policy, which establishes guidelines to identify and avoid risky situations associated with the matter.

5.2.3

The company must have in place conflict of interest management mechanisms at votes submitted to the general meeting, as a means to receive and process claims of conflicts of interests, as well as to nullify votes cast under conflict of interest, even if after the ballot.

Yes | No | **Partially** | Not Applicable

The Company has mechanisms for administering conflicts of interest in the votes submitted to the general meeting, but not to cancel votes after the conclave.

5.3.1

The Bylaw must define what transactions with related parties require the approval of the Board of Directors, with the withdrawal of any members with interests in potential conflict.

Yes | No | Partially | Not Applicable

5.3.2 the Board of Directors must approve and implement a policy for transactions with related parties to include, among other rules:

(i) a provision that, before specific transactions or guidelines for the conduction of transactions are approved, the Board of Directors must request to the Executive Board market alternatives to the transaction with related parties at hand, adjusted by the risk factors involved;

(ii) a ban on forms of compensation for advisors, consultants or intermediaries that generate a conflict of interests with the company, its managers, its shareholders or shareholder classes;

(iii) a ban on loans to the controlling shareholder and managers;

(iv) cases of transactions with related parties that require independent expert opinions to be drafted with no involvement of any party to the deal in question, whether it may be, among others, a bank or a specialized consultancy firm, based on realistic assumptions and information backed by third parties;

(v) that corporate restructuring s involving related parties must guarantee equitable treatment to all shareholders.

Yes | No | Partially | Not Applicable

The Policy for Transactions with Related Parties was approved in 2021 by the Board of Directors, and meets the aforementioned requirements.

5.4.1

The company must adopt, pursuant to a decision of the Board of Directors, a policy for the trading of securities that, at no loss to compliance with the rules provided by CVM regulations, set forth controls to enable monitoring trades made, as well as identifying and punishing those responsible in the event of noncompliance with the policy.

Yes | No | Partially | Not Applicable

5.5.1

To ensure greater transparency in the use of the company's resources, a policy must be drawn to cover voluntary contributions, including those related with political activities, to be approved by the Board of Directors and enforced by the Executive Board and containing clear and objective principles and rules.

Yes | No | Partially | Not Applicable

The Company approved with the Board of Directors, in July 2022, the Company's Donations and Sponsorship Standard, which establishes procedures for the Company's voluntary contributions. Previously, such procedures already existed, but were not approved by the Board of Directors.
Donations related to political activities are prohibited, according to the Code of Ethics, a document also approved by the Board of Directors.

5.5.2

The policy must provide that the Board of Directors be the body responsible for approving all disbursements related with political activities.

Yes | No | Partially | Not Applicable

5.5.3

The policy governing voluntary contributions of State-controlled companies, or companies with repeated and relevant commercial ties with the State, must ban contributions or donations to political parties or individuals associated therewith, even if permitted in law.

Yes | No | Partially | **Not Applicable**