

ENGIE BRASIL ENERGIA S.A.

MANAGEMENT PROPOSAL FOR THE GENERAL MEETING OF APRIL 26, 2023

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PROPOSAL FROM THE BOARD OF DIRECTORS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON APRIL 26, 2023, PORSUANT TO RESOLUTION 81 OF THE BRAZILIAN SECURITIES AND EXCHANGE COMISSION (CVM), OF MARCH 29, 2022 (RCVM 81/22), AND ITS SUBSEQUENT AMENDMENTS

Pursuant to article 10 of the RCVM 81/22, the Company must supply the following documents and information at least 1 (one) month prior to the date of the Annual General Meeting (AGM):

- **Management Report and Financial Statements (artiche 10, sections I and II, of RCVM 81/22)**

The Complete Annual Financial Statements, including the Management Report, were filed with the CVM and B3 on February 16, 2023 and published in the newspaper Notícias do Dia, online version. Additionally, on March 24, 2023, a summarized printed version was published in the Notícias do Dia, pursuant to CVM Guidance CVM 39/21 and amendments in Article 289, I and II, Law 6.404 of December 15, 1976, introduced by Law 13.818, of April 24, 2019, effective from January 1, 2022 on March 28, 2022. These documents are also available in the following websites: the Company's (www.engie.com.br/investors/financial-information/), CVM's (www.cvm.gov.br) and B3's (www.b3.com.br).

- **Management comments on the Company's financial position in accordance with item 2 of the Reference Form (article 10, section III, of RCVM 81/22)**

Information concerning the comment of the directors on the Company's financial situation is available in Attachment I of this document.

- **Report (opinion) by the Independent Auditors (article 10, section IV, of RCVM 81/22)**

The Report (opinion) by the Independent Auditors is contemplated in the Company's Annual Complete Accounting Statements.

- **Fiscal Council Report, including dissenting votes, if any (article 10, section V, of RCVM 81/22)**

The Fiscal Council Report is contemplated in the Company's Annual Financial Statements, noting that there were no dissenting votes.

- **Standard Financial Statements Form - DFP (article 10, section I, sole paragraph, of RCVM 81/22)**

The Standard Financial Statements form (DFP) was published by the Company on February 16, 2023, on the same date of the submission of the Management Report and the Complete Annual Financial Statements. This document can be accessed from the websites of the Company (www.engie.com.br/investors/financial-information/), CVM (www.cvm.gov.br) and B3 (www.b3.com.br).

- **Proposed allocation of net profit for the year containing at least the information indicated in Attachment A of RCVM 81/22 (article 10, section II, sole paragraph, of RCVM 81/22)**

Information relating to Attachment A of RCVM 81/22 is available in Attachment II of this document.

- **Statement by the Audit Committee, if any (article 10, section III, sole paragraph, of RCVM 81/22)**

The Opinion of the Audit Committee is included in the Company's Complete Annual Account Statements.

Whenever the General Meeting is convened to elect the members of Management or Fiscal Council, the Company shall provide (article 11 of RCVM 81/22):

- **At least the information shown in items 7.3 to 7.6 of the Reference Form with respect to the candidates nominated or supported by the management or by the controlling shareholders (article 11, section I, of RCVM 81/22)**

The aforementioned data is shown in Attachment IV of this document. This Meeting shall elect members of the Fiscal Council, information on which can be found under items 7.3 to 7.6 and item 7.8.

The Company's Corporate Bylaws in Article 30 provide that the Fiscal Council shall not be permanent functional, being installed only at the request of the shareholders in accordance with the legislation. When installed, the Fiscal Council shall be comprised of up to 3 (three) effective members and an equal number of alternates, with a 1 (one) year term of office. For the General Meeting that shall decide the installation of the Fiscal Council, it shall be incumbent to set the respective remuneration in compliance with the legal minimum amount.

Consequently, at this Meeting, a decision shall be taken as to the installation or otherwise of this Council and, if installed, it shall have as its members nominated by the Management, those shown in Attachment IV of this document.

Whenever a General Shareholders' Meeting is convened to set the compensation of the members of the management, the Company shall provide at least the following documents and information (article 13 of RCVM 81/22):

- **Information concerning the compensation of directors based on item 8 of said Reference Form (article 13, sections I and II, of RCVM 81/22)**

This information is presented in attachment V hereto.

- **Information concerning proposed employee profit sharing in fiscal year 2022**

The proposal can be found in attachment VI hereto.

- **Remote voting list, to which Article 31 (article 10, section VI of RCVM 81/22) refers and should the events pursuant to Article 26 (article 11, section III, of RCVM 81/22) arise**

Pursuant to RCVM 81/22 and its subsequent amendments, the Company is to adopt the remote voting system as from fiscal year 2017.

The Company published the remote voting list on March 24, 2023, on the same date of the submission of the Management Proposal. This document can be accessed through the websites of the Company (www.engie.com.br/investors/shareholders-and-board-meetings/remote-voting), the CVM (www.cvm.gov.br) and B3 (www.b3.com.br).

ATTACHMENT I – MANAGEMENT'S COMMENTS

Article 10°, section III, of RCVM 81/22 – Management's comments on the Company's financial position, in accordance with item 2 of the reference form

2.1 General financial and equity conditions

The financial information provided in items 2.1 to 2.11 of the present Management Proposal reflects the Company's financial statements for the fiscal years ending December 31, 2022 and 2021, prepared pursuant to the International Financial Reporting Standards (IFRS) and Brazilian accounting practices.

a. General financial and equity conditions

Based on the liquidity and debt indicators exposed below, Management understands that the Company's financial and equity conditions are appropriate to the execution of its capital and investment expansion plans, as well as to meet its liquidity requirements and meet its short- and long-term obligations.

(i) Consolidated information on the fiscal year ending December 31, 2022

The year 2022 was marked by the conflict between Ukraine and Russia and with it came the effects of sanctions against Russia. The principal impact being the increase the prices of oil, natural gas, grains, and other commodities with the sudden reduction in the supply and the spike in prices on the international market. The impact on the economy going forward can be substantial depending on the level and extent of the conflict which could mean a reduction in the prospects for economic growth. The Company has no agreements with any of the parties involved in the conflict and for this reason reports no impacts arising from this conflagration. In addition, given no worsening in the situation, the Company expects it to have no significant impact on results which might compromise operational capacity and the ability to implement its projects.

During 2022, the Company made new investments, these being the main:

- Acquisition of 100% of the shares of Solairedirect Holding Brasil S.A. ("Solairedirect"), owner of the Paracatu and Floresta Photovoltaic Complexes, and ENGIE Solar Brasil Energia e Consultoria Ltda. ("ENGIE Solar"), both belonging to the ENGIE Group. The Board of Directors of ENGIE Brasil Energia set up a Special Independent Committee for Related-Party Transactions (CPR) to evaluate the acquisition. The CPR also hired the following independent consultants to aid in the process: (i) legal due diligence and support in negotiating the purchase and sale agreement; (ii) accounting, financial, tax and labor due diligence; (iii) technical due diligence; and (iv) consulting services for issuing fairness opinion on the valuation and value generation of assets. The Floresta Photovoltaic Complex, located in Areia Branca, Rio Grande do Norte, has an installed capacity of 86 MW and has contracted, for 20 years, ending 10.31.2038, 25.1 MW average at R$ 421,58/MWh (base December 2022), adjusted by the IPCA, and started commercial operations in December 2017. The Paracatu Photovoltaic Complex, located in Paracatu, Minas Gerais, has an installed capacity of 132 MW, with an agreement to sell 34.0 MW average for 20 years, ending 10.31.2038, at R$ 429.07/MWh (base December 2022), adjusted by the IPCA index, and began commercial operations in February 2019.
- Acquisition of rights for developing the Serra do Assuruá Project with PEC Energia S.A. ("PEC") by ENGIE Brasil Energias Complementares Participações Ltda. ("ECP"), a direct subsidiary of the Company. Moreover, the Company signed an agreement with Vestas do Brasil Energia Eólica Ltda. for the supply of up to 188 wind turbines, thus starting the implementation of Serra do Assuruá, which is expected to start commercial operations in the 2nd half of 2024.
- Winning bid for the block 7 at Aneel's transmission auction No. 01/2022, in a consortium with its wholly-owned subsidiary ENGIE Transmissão de Energia II ("ETP II"), to expand an additional substation in the Novo Estado project and a sectioning stretch of a distribution line, denominated Gavião Real Transmissora de Energia Ltda. ("Gavião Real"). The maximum investment set by Aneel is R$ 110 million with a discount of 59.9% and a contracted RAP of R$ 6 million. The concession term will be 30 years as from the date of signature of the concession agreement on September 30, 2022. Start on construction and the forecasted entry into commercial operations are set for May 2023 and February 2024, respectively.

Again in 2022, after the conditions precedent were fulfilled, the equity interest held by the Company in the subsidiaries ENGIE Geração Solar Distribuída S.A. ("EGSD") and Norte Catarinense Ltda. ("Norte Catarinense") was sold for R$ 14 million, each.

Aditionaly, in line with the Company's decarbonization strategy, on 09.15.2022, the Company and ENGIE Brasil Energia Comercializadora Ltda. ("EBC") signed an sale and purchase agreement (SPA) with the buyers Grafito Fundo de Investimento em Participações Multiestratégia ("Grafito") and Perfin Space X Fundo de Investimento em Participações em Infraestrutura ("Space X"). With the sale, the Company will receive in cash up to R$ 450 million expected in 2023, and the assumption of debt of Pampa Sul will be consummated by the buyers in the amount of around R$ 1.8 billion. The buyers will also obtain full release of the corporate guarantee provided by ENGIE for said debt. The execution of the SPA by the Company was approved at the Board of Directors Meeting held on 09.15.2022.

Since the sale value, net of costs, is lower than the book value of the subsidiary's net assets, a provision for the impairment of assets of R$ 191 million was booked under investments in the consolidated in 2022. However, with the execution of the SPA for sale of the Plant, in 09.30.2022, the Company reversed the impairment recognized, in the amount of R$ 27 million.

In 2022, the adjusted Ebitda was R$ 6,941 million, a decrease of 3.8% in relation to 2021, the adjusted Ebitda margin increasing by 0.8 p.p. from 57.5% in 2021 to 58.3% in 2022. Net income recorded an increase of 70.3%, totaling R$ 2,665 million in 2022, largely due to the positive effect of non-recurring transactions, in particular the reduction in impairment between the two years under analysis and the impact of inflationary deceleration, reflected in monetary restatement of concessions payable, debt and other financial expenses. Further in relation to the effects of inflation, we would point out that the indexation of energy sales agreements contributed to the elevation of 11.5% in the average energy sales price, net of charges, this tending to neutralize the effects of inflation over the medium term. Worthy of note is that average sale price was impacted positively by the acquisition of the Floresta and Paracatu photovoltaic complexes both with energy contracted at higher prices than the average for the remainder of the Company's portfolio. Excluding non-recurring effects net of taxes, the adjusted net income for 2022 would be R$ 2,764 million, a growth of 16.7% on the adjusted net income for 2021.

Reconciliation of adjusted Ebitda:

In R$ million	**2022**	**2021**
Net income	2,665	1,565
(+) Income tax and social contribution	621	255
(+) Net financial result	2,515	3,079
(+) Depreciation and amortization	989	1,042
Ebitda	**6,790**	**5,941**
Non-recurrent effects		
(+) *Impairment, net*	67	1,076
(+) Disposal of subsidiary	84	200
Adjusted Ebitda	**6,941**	**7,217**

The following factors below sustain the Company's equity and financial conditions:

- Risk Classification (*rating*) – Fitch Ratings assigned a Long Term National Rating to ENGIE Brasil Energia of 'AAA(bra)' with a stable outlook and on the global scale, 'BB(bra)', also with a stable outlook, this reflecting the limit imposed by the sovereign rating, albeit the Company's rating still one notch higher than the latter. The ratings relate directly to the ability to raise attractive credit lines, thus enhancing competitiveness in the development of new projects.
- As a result of its decarbonization strategy in 2022, the Company reported 95.9% of proprietary capacity from renewable sources, the result of the disposal of fossil-based assets and the addition of renewable sources in the generation portfolio. The conclusion of the sale of Pampa Sul Thermoelectric Plant, expected in the first half of 2023 and the sole nonrenewable fired plant left in the current generator park, will mean the Company reaching 100% of energy from renewable sources.

- Installed capacity – on December 31, 2022, the Company had an installed capacity of 8,453.3 MW and operated a generator park of 10,174.0 MW, made up of 76 plants: 11 hydropower plants, one conventional thermoelectric plant, 50 wind farms, three biomass-fired plants, nine photovoltaic plants and two small hydropower plants. Of these generator parks, 72 are wholly-owned by the Company and four (the hydropower plants of Itá, Machadinho and Estreito, and the Ibitiúva Bioenergética biomass cogeneration plant) are commercially operated through partnerships with other companies.
- New Investments: (i) acquisition of the Floresta and Paracatu photovoltaic plants, with an installed capacity of 132 MW and 86 MW, respectively, (ii) acquisition of the rights to the development of the Serra do Assuruá Project with the expectation of implementing of up to 188 wind turbines; and (iii) as a result of the successful bid for lot 7 in transmission auction 01/2022, with a contracted RAP of R$ 6 million.
- In the area of infrastructure, the Gralha Azul and Novo Estado transmission systems received fresh authorizations from the grid operator - ONS for partial commercial operations of their transmission lines. Gralha Azul and Novo Estado reached 94% and 49% of the monthly RAP in December 2022 and of the assets in commercial operation on December 31, 2022, respectively. Entry into full commercial operations of Gralha Azul and Novo Estado occurred on February 19 and 27, 2023, respectively.

(ii) Consolidated information on the fiscal year ending December 31, 2021

The year 2021 was characterized by the effects of the continuing Covid-19 pandemic and the hydrological crisis in Brazil, confirming the importance of the Company's business diversification strategy and the expansion of other renewables sources, more especially wind and solar. During the year, the Company delivered growth in transmission and wind generation, made further progress in decarbonization as well as mitigating the impact on sales volume during a year when the hydroelectric energy deficit was about 27%.

In 2021, the Company undertook investments aligned to its diversification strategy, most notably being in projects involving the Novo Estado and Gralha Azul Transmission Systems, the Campo Largo II and Santo Agostinho – Phase I wind complexes, the modernization of the Salto Osório Hydropower Plant, as well as the acquisition of a stake in the Assú Sol Photovoltaic Complex. Again, in line with the Company's decarbonization strategy, the Company sold the Diamante Geração de Energia Ltda. ("Diamante") subsidiary, responsible for the ownership of the entire Jorge Lacerda Thermoelectric Complex. An impairment was constituted for the Usina Termelétrica Pampa Sul S.A. subsidiary. In addition to the factors above, the effects of laws 14,052/2020 and 14,182/2021 in 2021 allowed the claw-back and booking of costs relative to the renegotiation of hydrological risk worth R$ 1,591 million.

In this context, adjusted Ebitda reached R$ 7,217 million, an increase of 12.3% in relation to the preceding year while the adjusted Ebitda margin reported an increase of 4.7 p.p., from 52.8% in 2020 to 57.6% in 2021, despite the challenging hydrological scenario. On the other hand, net income recorded a reduction of 44.0%, totaling, in 2021, R$ 1,565 million, largely due to the asset impairment value and the impact of accelerated inflation, which impacted monetary restatement of concessions payable, loans and other financial expenses. With respect to the effects of inflation, we would point out that the indexation of energy sales contracts increased the average price of energy sales by 4.9%, net of charges. The tendency therefore will be for inflationary effects on results over the medium term to be neutralized. Excluding the non-recurring effects net of taxes, adjusted net income in 2021 would have been R$ 2,369 million, a decrease of 11.8% in adjusted net income for 2020.

b. Capital structure

The Company manages its capital in such a manner as to maximize investor returns by optimizing the balance of debt and equity, pursing a capital structure and keeping indebtedness and debt coverage ratios capable of providing a return on investors' capital.

The Company's business features high operational cash generation, due mainly to its high margins arising from the electric energy generation activity's capital-intensive nature and the strict control that the Company's Management exerts over costs and expenses.

The main components of the Company's capital structure as follows:

In R$ million	12.31.2022	12.31.2021
Gross debt[1]	18,150	20,587
(-) Cash and cash equivalent and restricted deposits	2,465	5,975
Net debt	15,685	14,612
Long-term debt[2] (% of gross debt)	90.4%	83.0%
Equity	8,440	7,933
Leverage[3]	65.0%	64.8%
Capital structure composition:		
- Own capital (Net worth / Total liabilities)	22.2%	20.8%
- Third parties' capital (current and non-current liabilities / total liabilities)	77.8%	79.2%

(1) Includes loans and financings, debentures and promissory notes (current and non-current) – net of hedging effects.
(2) Gross non-current debt includes loans and financings, debentures and promissory notes, all non-current – net of hedging effects.
(3) Net debt / (Net debt + Equity).

On December 31, 2022, the total consolidated gross debt – represented largely by loans, financing, debentures and redeemable preferred shares, net of the effects of hedge operations, totaled R$ 18,150 million — a reduction of 11.8% (R$ 2,437 million) compared to the position on December 31, 2021. The average duration of the debt at the end of 2022 was 7.6 years.

The variation in the Company's debt is related largely to the combination of the following factors during 2022: (i) R$ 1,789 million transfer of financing and debentures of subsidiaries reclassified as to Non-Current Assets Held for Sale; (ii) R$ 789 million in drawdowns from the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) and on-lending banks for construction of the projects: Santo Agostinho Wind Complex and the Gralha Azul and Novo Estado transmission systems; (iii) R$ 794 million for the acquisition of the Floresta and Paracatu subsidiaries; (iv) generation of R$ 2,325 million in charges incurred for payment and monetary restatement; and (v) R$ 4,556 million in amortizations of loans, financing and debentures.

c. Payment capacity relative to financial obligations

Give the Company's debt profile and liquidity position, Management believes that, assuming regular market conditions, it will be fully able to honor existing current and long-term liabilities and to continue expanding investments.

Management further understands that, under regular market conditions, solid cash generation affords the Company comfortable margin honoring all of its existing long-term liabilities.

The table next lists the main debt-repayment capacity indicators used by the Company.

In R$ million	12.31.2022	12.31.2021
Adjusted Ebitda	6,941	7,217
Financial expense	2,373	2,310
Financial result	2,515	3,079
Gross debt	18,150	20,587
Net debt	15,685	14,612
Net debt / Adjusted Ebitda	2.3	2.0
Gross debt / Adjusted Ebitda	2.6	2.9
Adjusted Ebitda / Financial expense	2.9	3.1
Operational cash flow	3,338	1,971

Over the past two fiscal years, the Company has honored its obligations to third parties such as suppliers, dividends, debts and grants payable, among others.

The Company's net debt as of December 31, 2022, was R$ 15,685 million and corresponds to 2.3 times the adjusted Ebitda due to nonrecurring effects in 2022 of R$ 6,941 million. In addition, the Company reported a positive operating cash flow of R$ 3,337 million in 2022. Based on the results disclosed and in the Company's business plan, the Executive Officers have reinforced payment capacity in relation to the financial commitments assumed.

Fitch Ratings assigns a Long Term National Rating to ENGIE Brasil Energia of 'AAA(bra)' with a stable outlook and on the global scale, 'BB(bra)', also with a stable outlook and one notch above sovereign rating. The ratings feed through directly to the ability to raise attractive credit lines, thus enhancing competitiveness in the development of new projects.

d. Sources of financing for working capital and investment in non-current assets

The Company uses lines of credit from top-ranking financial institutions to cover any short- and medium-term cash needs.

As concerns the Company's investment projects, in addition to using some of its cash generation, the main source of financing is the Brazilian Development Bank (BNDES), either directly or through Banks that lend-on BNDES lines. In addition to the BNDES, the Company also uses other development banks such as Banco da Amazônia (BASA) and Banco do Nordeste (BNB). These institutions normally offer interest rates and terms of payment compatible with the return on energy generation projects.

If the investment project is not eligible for BNDES financing or due to financing-cost issues, the Company may use other sources of incentivized funding such as the Constitutional Financing Fund for the Northeast (FNE), the Constitutional Financing for the Center-West (FCO), the capital markets through the issuance of promissory notes and/or debentures or other sources of funding, in order to maintain an adequate capital structure and liquidity. The Company constantly evaluates operations financing alternatives.

In 2021, the Company used as its main source of financing, BNDES resources and currency loans, the exchange variation of which protected by swap operations and resources raised through the issue of debentures. In 2022, ENGIE Brasil Energia used resources from the BNDES and BASA as its principal source of financing.

e. Sources of financing for working capital and for investments in non-current assets to be used to cover liquidity shortfalls

Notwithstanding the fact that Management does not foresee any liquidity deficiency, the Company holds standby credit lines (working capital, long-term financing and bank guarantees) from first class financial institutions.

In the event that it should need to draw on financing for working capital, the Company intends to use credit lines available in the market from first class credit institutions. In the case of financing of non-current assets, the Company intends as a priority to use long-term financing resources directly from the BNDES or its Lend-On Banks.

In addition, because of the high rating assigned by ratings agency Fitch Ratings, the Company has ready access to the capital markets should it need to obtain additional funding.

f. Indebtedness levels and debt characteristics, further describing:

The principal information on debt taken from Financial Institutions is described as follows:

(i) material loans and financing agreements

Main Debt Conditions

		Payment conditions		In R$ million	
Companies / Banks	**Interest**	**Matur.**	**Principal and interest**	**12.31.2022**	**12.31.2021**
Controlling Shareholder:					
Domestic currency:					
BNDES Lend-on (Banks) [(a)]	3.68% p.a.	11.2024	Monthly	-	2
NIB	IPCA + 3.55% p.a.	10.2022	Principal: Monthly Interest: Quarterly	-	33
Foreign currency (US Dollars):					
BNP Paribas IV	2.7300% p.a. with *swap* to CDI + 1.33% p.a.	04.2023	Principal: 04.2023 Interest: Semi-annual	522	566
BNP Paribas III	2.5400% p.a. with swap to CDI + 1.70% p.a.	03.2024	Principal: 03.2024 Interest: Semi-annual	635	719
MUFG V	1.8914% p.a. up to 10.2021 and 2.0057% p.a. up to 10.2025 Both with swap to CDI + 1.32% p.a.	10.2025	Principal: 50% at 10.2024 and 50% at 10.2025 Interest: Semi-annual	439	501
Scotiabank IV	2.002% p.a. with swap to CDI + 1.35% p.a.	07.2026	Principal: 07.2026 Interest: Semi-annual	479	567
HSBC	7.3706% p.a. with swap to 3.3900% p.a.	05.2022	Principal: 05.2022 Interest: Semi-annual	-	524
Scotiabank III	3.3600% p.a. with NDF in dollars at a fixed rate of R$ 5.8580	05.2022	Principal: 05.2022 Interest: Semi-annual	-	560
BNP Paribas II	3.95476% p.a. with NDF in dollar at a fixed rate of R$ 5.8550	05.2022	Principal: 05.2022 Interest: Semi-annual	-	280
Scotiabank I	3.3710% p.a. with NDF in dollars at a fixed rate of R$ 5.8358 (05.2022) and R$ 6.1535 (11.2022)	11.2022	Principal: 11.2022 Interest: Semi-annual	-	1,122

		Payment conditions		In R$ million	
Companies / Banks	**Interest**	**Matur.**	**Principal and interest**	**12.31.2022**	**12.31.2021**
Controlled Entities:					
Domestic Currency:					
Ferrari					
BNDES Expansion	TJLP + 1.76% p.a.[b]	07.2032	Monthly	45	50
Assú V					
Banco do Nordeste do Brasil	IPCA + 1.7624% p.a.	07.2038	Principal: Monthly from 08.2023 Interest: Quarterly up to 07.2023 and then monthly	88	90
Banco do Nordeste do Brasil	12 months average IPCA + 4.4108% p.a.	08.2039	Principal: Monthly from 09.2024 Interest: Quarterly up to 08.2024 and then monthly	9	-
Campo Largo Wind Complex					
BNDES	TJLP + 2.52% p.a. [b]	06.2035	Monthly	395	423
BNDES	TJLP + 1.82% p.a. [b]	06.2035	Monthly	460	493
Pampa Sul					
BNDES	TJLP + 3.09% p.a. [b]	01.2036	Monthly	761	785
Umburanas Wind Complex					
BNDES	IPCA + 3.91% p.a.	12.2038	Monthly	1,275	1,275
Gralha Azul					
BNDES	IPCA + 3.83% p.a.	03.2044	Monthly from 10.2023	1,817	1,569
Campo Largo II Wind Complex					
BNDES	IPCA + 4.23% p.a.	12.2039	Monthly	1,386	1,382
Novo Estado					
BNDES	IPCA + 4.,67% p.a.	05.2044	Monthly	2,155	1,924
BASA	IPCA + 1.4452% p.a.	08.2044	Monthly	799	734
Santo Agostinho					
BNDES	IPCA + 6.16% p.a.	11.2045	Monthly	630	-
Floresta e Paracatu					
BNDES	TJLP + 2.15% p.a.	10.2036	Monthly	261	-
BNDES	IPCA + 4.98% p.a.	10.2038	Monthly	517	-

[a] The banks are the following ones: Itaú Unibanco, Itaú BBA, Bradesco, Santander and Votorantim.
[b] The amount corresponding to the TJLP installment that exceeds 6% p.a. is incorporated into the principal amount.

Additional information on the more relevant loan and financing agreements of the Company and its controlled entities

Balances as of December 31, 2022 and 2021 of the loans listed below can be found in the table provided with foregoing item f(i).

On-lending from the BNDES contracted through its On-lending Banks – Itaú Unibanco, Bradesco, Santander and Votorantim was used for the construction of the São Salvador Hydropower Plant.

Financing secured by controlled entities that have been consolidated into the Company are under the Project Finance mode. To this end, Special Purpose Entities (SPEs) were formed to implement the respective projects.

- Foreign currency-denominated loans

In 2021, the Company took foreign currency-denominated loan from Scotiabank. The funds were raised with the main purpose of financing the construction and modernization of the Company's electricity generating complex and manage its cash flow to ensure continued implementation of its business plan.

The Company has swap operations contracts with Brazilian subsidiaries of the same financial institutions from which it contracted loans in dollars, in order to protect future payment flows of principal and interest against exchange rate fluctuation. These operations were designated as hedge instruments, converting the loans in dollars to Reais and the fixed for a floating rate (CDI).

Maturity of the principal and amortization of interest of the loans and hedges will occur exactly on the same dates. Important to point out that the Company's Derivatives and Investment Policy establishes that the use of fixed financial derivative instruments is restricted to protecting risks (hedge) and should maintain a close correlation to the profile of debt, volumes and terms.

The main conditions of the loans, swaps operations and NDF taken were as follows:

	Amount		Loans, long swap position and NDF	Short swap position and NDF	
Banks	US$ million	R$ million	Δ US$ + interest (p.a.)	Condition	Maturity
BNP Paribas IV	100	518	2.73%	CDI + 1.33% p.a.	04.2023
BNP Paribas III	125	632	2.54%	CDI + 1.70% p.a.	03.2024
MUFG V	95	500	1.8914% p.a. up to 10.2021 and 2.0057% p.a. up to 10.2025	CDI + 1.32% p.a.	10.2025
Scotiabank IV	102	530	2.002% p.a.	CDI + 1.35% p.a.	07.2026
HSBC	135	534	7.3706%	3.398% p.a.	05.2022
Scotiabank III	100	596	3.3600%	Fixed rate in dollars of R$ 5.8580	05.2022
BNP Paribas II	50	298	3.5476%	Fixed rate in dollars of R$ 5.8551	05.2022
Scotiabank I	200	1,272	3.371%	Fixed rate in dollars of R$ 5.8358 (05.2022) and R$ 6.1535 (11.2022)	11.2022

Loan and financing guarantee

The Company maintains a guarantee for the loan and financing agreements described next. The Company provides no guarantees in connection with the other loans.

BNDES, BNDES onlending banks and BASA

- Financing of Wind Projects: (a) chattel mortgage of rights arising from the permit; (b) chattel mortgage of credit rights; (c) lien of all the shares representing the capital stock of the controlled companies; (d) pledge of property and equipment pertaining to the projects; (e) reserve account in an amount equivalent to three months' debt service; (f) reserve account in an amount equivalent to three months' operation and maintenance expenses under the contract; e (g) corporate guarantee of ENGIE Brasil Energia or ECP.

- Financing of transmission operations: (a) assignment of the emerging rights of the concession; (b) chattel mortgage of credit rights; (c) lien of all the shares representing the capital stock of the controlled companies; (d) reserve account in an amount equivalent to three months' debt service; e (e) corporate guarantee of ENGIE Brasil Energia or bank guarantee.

Banco do Nordeste do Brasil (BNB)

- Financing of photovoltaic operations: (a) corporate guarantee of ECP or bank guarantee; e (b) reserve account in an amount equal to a minimum of 4.09% of the project's balance owed.

(ii) other long-term relations with financial institutions

a) Debentures

Represented by the debentures issued by the Company and by controlled entities Jaguara, Miranda and Pampa Sul. On December 31, 2022 and 2021, the Company had the following outstanding issues:

				Payment Conditions		In R$ million	
	Quantity	Compensation	Guarantee	Interest / Monetary Restatement	Principal	12.31.2022	12.31.2021
Controlling Shareholder:							
5th Issue – Single Series	165,000	IPCA + 6.3000% p.a.	No guarantee	Annually in December	3 Annual installments from 12.2022	176	250
6th Issue - Serie 1	246,600	IPCA + 6.2621% p.a.	No guarantee	Annually in July	3 Annual installments from 07.2021	116	218
6th Issue - Serie 2	353,400	IPCA + 6.2515% p.a.	No guarantee	Annually in July	3 Annual installments from 07.2024	496	468
7th Issue - Serie 1	515,353	IPCA + 5.6579% p.a.	No guarantee	Annually in July	2 Annual installments from 07.2024	670	632
7th Issue - Serie 2	231,257	IPCA + 5.9033% p.a.	No guarantee	Annually in July	3 Annual installments from 07.2026	300	283
9th Issue – Serie 1	576,095	IPCA + 3.7000% p.a.	No guarantee	Annually in July	2 Annual installments from 07.2025	720	679
9th Issue – Serie 2	539,678	IPCA + 3.9000% p.a.	No guarantee	Annually in July	3 Annual installments from 07.2027	674	636
9th Issue – Serie 3	378,827	IPCA + 3.6000% p.a.	No guarantee	Semi-annually in July and January	2 Annual installments from 07.2025	473	446
9th Issue – Serie 4	105,400	IPCA + 3.7000% p.a.	No guarantee	Semi-annually in July and January	3 Annual installments from 07.2027	131	124
10th Issue – Single Series	400,000	IPCA + 5.7158% p.a.	No guarantee	Annually in September	24 Annual installments from 09.2023	427	400
Controlled Entities:							
Jaguara							
1st Issue - Serie 1	483,000	107% p.a. on Δ DI rate with *swap* to IPCA + 4.47% p.a.	Real guarantee	Semi-annually in June and December	9 semi-annual installments from 06.2019	53	159
1st Issue - Serie 2	634,000	IPCA + 6.4962% p.a.	Real guarantee	Semi-annually in June and December	15 semi-annual installments from 06.2020	718	716
Miranda							
1st Issue - Série 1	299,000	107% p.a. on Δ DI rate with swap to IPCA + 4.47% p.a.	Real guarantee	Semi-annually in June and December	9 semi-annual installments from 06.2019	33	99
1st Issue - Série 2	386,000	IPCA + 6.4962% p.a.	Real guarantee	Semi-annually in June and December	15 semi-annual installments from 06.2020	460	451
Pampa Sul							
1st Issue - Serie 1	102,000	IPCA + 6.25% p.a.	Real guarantee	Semi-annually in April and October	14 semi-annual installments from 10.2021	114	114
1st Issue - Serie 2	238,000	IPCA + 7.50% p.a.	Real guarantee	Semi-annually in April and October	17 semi-annual installments from 10.2028	289	273
2nd Issue - Serie 1	150,000	IPCA + 4.50% p.a.	Real guarantee	Semi-annually in April and October	14 semi-annual installments from 10.2021	158	157
2nd Issue - Serie 2	432,000	IPCA + 5.75% p.a.	Real guarantee	Semi-annually in April and October	17 semi-annual installments from 10.2028	466	434

Additional information on debentures

- Fifth debenture issue - Single series

In December 2014, the Company issued 165,000 simple debentures, non-convertible, single series of the unsecured type, with a nominal value of R$ 1 thousand making the total amount of R$ 165 million on the date of issue. These debentures are adjusted by the IPCA and yield interest corresponding to 6.3% p.a., calculated on the Restated Unit Face Value. Payment of this compensation is annual, the first disbursement taking place on December 15, 2015. The principal will be repaid in three annual installments on 12.15.2022, 12.15.2023 and 12.15.2024. The public debentures offering was liquidated on 12.23.2014 and the proceeds were used to modernize the Salto Santiago and Passo Fundo Hydroelectric Power Plant.

- Sixth debenture issue - Series 1 and 2

In July 2016, the Company issued 600,000 simple, non-convertible, unsecured debentures in two series with a nominal value of R$ 1 thousand, amounting to a total of R$ 600 million, or R$ 586 million, net of funding costs. The debentures are restated at the IPCA and carry an interest rate corresponding to 6.2621% p.a. and 6.2515% p.a. for Series 1 and 2, respectively, payable on the Restated Nominal Unit Value. Remuneration is paid annually and payments of principal take place in three annual installments, the first in July 2021 and the remainder in July 2023 and 2024 for Series 1 and 2, respectively. The funds raised have been allocated for the installation of the Pampa Sul Thermal Power Plant.

- Seventh debenture issue - Series 1 and 2

In July 2018, the Company issued 746,610 simple, non-convertible, unsecured debentures in two series pursuant to CVM Instruction 400/2003, with a nominal value of R$ 1 thousand, for a total amount of R$ 747 million (R$ 728 million, net of fundraising costs). These debentures are restated at the IPCA and yield interest at 5.6579% p.a. and 5.9033% p.a. for Series 1 and 2, respectively, payable on the Restated Nominal Unit Value. Payment is made annually, and the principal of Series 1 will be repaid in 2 annual installments due on 07.15.2024 and 07.15.2025, and the principal of Series 2 will be repaid in 3 annual installments due on 07.15.2026, 07.15.2027 and 07.15.2028. The offering was liquidated on 07.25.2018 and the proceeds were allocated to installation of the Campo Largo Wind Complex and the refinancing of a portion of the Jaguara and Miranda promissory notes.

- Ninth debentures issue – Series 1, 2, 3 and 4

On Jul 15, 2019 the Company issued 1,600,000 simple, non-convertible, unsecured debentures (9th issue) for public distribution, pursuant to CVM Instruction 400, of Dec.29.2003, with a nominal value of R$ 1 thousand, for a total R$ 1,600 million (R$ 1,578 million, net of fundraising costs). Payment of remuneration began in July 2021 and will take place on an annual basis for Series 1 and 2 and semi-annually for Series 3 and 4. Amortization for Series 1 and 3 will take place in 2 installments in July 2025 and 2026 and for Series 2 and 4 in 3 annual installments in July 2026 and 2027. Financial settlement took place on Aug.07.2019 and the funds raised were allocated to implementing Assú V PVP, Umburanas, Jaguara and Miranda HPP.

- Tenth debenture issue – Single series

In October 2021, the Company issued 400,000 simple debentures (10th issue), non-convertible, of the unsecured type, in a single series, pursuant to CVM Instruction 476/2009, with a nominal unit value of R$ 1 thousand, amounting to a total of R$ 400 million (R$ 385 million net of funding costs). These debentures are restated at the IPCA and yield interest corresponding to 5.7158% p.a., on the Restated Unit Nominal Value. Payment of this remuneration is annual, beginning September 2022. Principal will be amortized in 24 annual installments beginning 2023, ending September 2046. The settlement of the public offering of the debentures took place on October 18, 2021 and the resources raised were allocated to the Campo Largo II Wind Complex and the Gralha Azul Transmission System.

- First debenture issue - Series 1 and 2 – Jaguara and Miranda

In June 2018, directly controlled entities Jaguara and Miranda issued 1,117,000 and 685,000 debentures, respectively, in two series, restricted effort, in the nominal value of R$ 1 thousand, for a total of R$ 1,117 million and R$ 685 million, respectively. These debentures yield 107% of the CDI rate and IPCA + 6.4962% p.a. for Series 1 and 2, respectively. Payments are made twice annually. Repayment of the principal of Series 1 will take place in 9 twice annually installments from 06.2019, and repayment of Series 2 will take place in 15 twice annually installments from 06.2020. The funds raised have been allocated to early repayment of a portion of the amount raised by means of promissory notes.

To fully hedge future principal and interest payment flows against changes in the DI rate, swaps were entered into with Banco Itaú BBA on 12.19.2018 at the IPCA rate + 4.47% p.a.

Because of the financial instrument's characteristics, the Company applied fair-value hedge accounting rules for the purposes of their booking. Therefore, the hedged debentures and the hedge instrument (swap) itself are measure at fair value, protecting the Company from the financial effects of CDI changes on the debentures.

- Second debenture issue – Series 1 and 2 – Pampa Sul

In November 2020, the directly controlled entity Pampa Sul issued 582,000 non-convertible debentures in two series, pursuant to CVM Instruction 400/2003 with a nominal value of R$ 1 thousand, making a total of R$ 582 million (R$ 511 million, net of funding costs). These debentures are remunerated at IPCA + 4.50% p.a. and IPCA + 5.75% p.a. for Series 1 and 2, respectively. Payment of remuneration will be semi-annual as from 10.2021. Amortization of principal relative to Series 1 will be made in 14 semi-annual installments as from October 2021 and Series 2 in 17 semiannual annual installments as from October 2028. The debentures were issued for optimizing the capital structure of Pampa Sul.

- First debenture issue – Series 1 and 2 – Pampa Sul

In September 2020, the directly controlled Pampa Sul issued 340,000 non-convertible debentures, in two series, pursuant to CVM Instruction 476/2009 with a nominal value of R$ 1 thousand, making a total of R$ 340 million (R$ 338, net of funding costs). These debentures are remunerated at IPCA + 6.25% p.a. and IPCA + 7.50% p.a. for Series 1 and 2, respectively. Payment of remuneration will be semi-annual as from 10.2021. The amortization of the principal relative to Series 1 will be made in 14 semi-annual installments as from 10.2021 and Series 2 in 17 semiannual installments as from 10.2028. The debentures were issued for optimizing the capital structure of Pampa Sul.

In 2020, the Company acquired all 340,000 debentures issued by Pampa Sul and during the course of 2021, the Company traded them on the secondary market. The amount involved in the negotiation totaled R$ 411 million, of this amount, R$ 379 million relates to the value of the principal and interest and R$ 32 million (R$ 31 million, net of PIS and Cofins) to gain on the sale of the debentures.

b) Redeemable preferred shares

The Company's Board of Directors, at a meeting on August 21, 2020, approved the issue of redeemable preferred shares of the indirectly controlled entity Novo Estado Participações ("NEP"), all book entry, with no par value, without voting rights, with the right of receiving fixed dividends in the total amount of R$ 500 million (R$ 477 million, net of issuance costs). The issue took place on September 1, 2020. The shares give the right to participate in dividends declared and distributed by NEP on a priority and cumulative basis. As from the six months immediately following the entry into operations of the Transmission System, dividends will be allocated on a six-monthly basis, NEP not being obliged to distribute dividends prior to this event.

The number of redeemable preferred shares totals 95,446,379, subdivided into 12 classes, with different redemption terms, the redemption term of the last class being on October 31,2034. The issue and redemption per share are shown below:

	Value of issue per share	Capitalized value per share	Capital reserve value per share
Novo Estado Participações S.A.	5.2385	2.6192	2.6192

For corporate purposes, in the indirect controlled entity NEP, the total value of the issue was allocated partly as paid-in capital stock in the amount of R$ 250 million and part as capital reserve, in the amount of R$ 250 million. For booking effects in accordance with accounting practices adopted in Brazil, this transaction was considered a financial instrument and therefore the total amount of the issue was registered as a non-current liability. There are no differentiated rights between preferred and common shares other than the priority of receiving payment of any earnings and distributions by NEP.

(iii) debt subordination degree

The debt subordination degree is as follows: (i) financing with collateral; (ii) unsecured loans and (iii) unsecured debt issues.

The debts with collateral guarantees are deemed to be all those that require collateral, comprising bank warrants, pledges and other forms of collateral.

Unsecured debts are those with no guarantee, or with guarantor, to include warrants and pledges, among other forms of guarantor security.

Furthermore, in the event of court-assisted composition with creditors, the Company will abide by the contents of Law No. 11,101/05, as amended, to determine the order of preferred payment of all creditors.

(iv) any constraints on the issuer, especially in relation to debt limits and the engagement of new debt, distribution of dividends, sale of assets, issue of new securities and the sale of corporate control, as well as the Company's record of compliance with such constraints

a) Loans and financing

On December 31, 2022, the Company was subject to the following covenants – financial ratios and limits – pursuant to its loan and financing contracts:

Debt	Covenants
Controlling Shareholder:	
HSBC, Scotiabank, MUFG and BNP Paribas	(i) Ebitda / financial expenses ≥ 2.0 (ii) Gross debt /Ebitda ≤ 4.5
BNDES Expansion Ferrari (Obligation of co-signor)	Net debt /Ebitda ≤ 3.5
Controlled Entities:	
BNDES, BNB and BASA	Debt service coverage ratio[1] ≥ 1.1 or ≥ 1.2 or ≥1.25 or ≥ 1.3, depending on the entity

(1) Debt service coverage ratio: Cash generation from activities / Debt service.

Financing contracts with BNDES are formalized by entry into financing agreements through the opening of a line of credit, subject to the provisions applicable to BNDES agreements.

Under these provisions, in addition to the financial covenants described in the table presented above, obligors may not, without the prior authorization of BNDES: (i) give preference to other credits; (ii) amortize shares; (iii) issue debentures; (iv) issue beneficiary parties; (v) take on new debt, except as explicitly provided in the BNDES agreements; (vi) sell or encumber fixed assets; and (vii) distribute dividends higher than the mandatory minimum in certain controlled companies.

Furthermore, BNDES may declare early maturity of the agreement and demand immediate repayment in the event of default on obligations before it accepted by the beneficiary of the credit, its subsidiaries, intervening parties, or a member entity of the Conglomerate to which the company belongs. Another early-maturity case occurs in the event of changes to effective direct or indirect control of the beneficiary of the credit without the bank's prior consent. In addition, other events affecting the project's operating capacity, or the guarantees provided to the bank are ordinarily regarded as early-maturity cases.

Moreover, more comprehensive items such as unappeasable sentencing in a case involving child labor, slave labor or crimes against the environment also imply early maturity of financial instruments of this type.

The Company and its subsidiaries are compliant with the covenants as provided in its loan and financing agreements. The commitments are verified on an annual basis as established in these agreements.

b) Debentures

	Debt	Covenants
Controlling Shareholder	5th, 6th, 7th and 9th issues	(i) Consolidated: Ebitda/financial expenses ≥ 2.0 (ii) Consolidated: Gross debt/Ebitda ≤ 4.5
Jaguara and Miranda	1st issue	Debt service coverage ratio ≥ 1.10
Pampa Sul	2nd issue	Debt service coverage ratio ≥ 1.10[1]

(1) Greater or equal to a ratio of 1.1 for the purposes of early maturity and greater or equal to a ratio of 1.2 for the purposes of distribution of any resources to shareholders, except statutory minimum dividends.

In addition to the financial commitments described in the table, as per the debentures indenture, the Company must not allow any of the following to occur, under penalty of early maturity. The list contemplates the most restrictive items for the Company's outstanding debentures issues: (i) more than 2 working day's late payment of monies as provided in the debentures indenture; (ii) noncompliance with a non-monetary obligation standing for over 10 business days, or, in the event of notice given by the Fiduciary Agent, after 5 business days from such notice as provided in the debenture deed; (iii) non-payment of any obligations which, individually or together, are equal to or greater than R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th and 9th issues, R$ 250 million for the 10th and R$ 50 million for controlled entities; (iv) early maturity of any debts whose individual or joint amount exceeds R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th and 9th issues, R$ 250 million for the 10th and R$ 50 million for controlled entities; (v) protest of the securities of the Company or any of its controlled entities in an individual or joint amount in excess of R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th and 9th issues, R$ 250 million for the 10th and R$ 50 million for controlled entities, that the Company fails to clear within 5 business days from receipt of the protest notice; (vi) liquidation, dissolution, termination or any manner of corporate reorganization of the Company's controlled entities and the Company itself, except where the succeeding entity or entities are also under the direct or indirect control of a member company of the Company's conglomerate and the assets remain within the Company's conglomerate, and, furthermore, this does not imply a downgrade of the Company's risk rating below AA, local scale, according to Standard & Poor´s or Fitch, or a similar rating according to Moody's; (vii) in- or out-of court voluntary or involuntary bankruptcy, or any similar proceeding characterizing the insolvency of the Company or its controlled entities; (viii) application for or declaration of bankruptcy of the Company or its controlled entities, except where such a filing is challenged and proof is provided of the timely required court deposit, where applicable; (ix) spin-off, merger, or any manner of corporate reorganization of the Company, except where: (ix.i) the change has been approved at a General Debenture Holders' Meeting; (ix.ii) the right of early redemption is assured to debenture holders who fail to agree with the reorganization; or (ix.iii) the successor entity is directly or indirectly controlled by a member company of the Company's conglomerate and its assets remain within the Company's conglomerate and, concomitantly, this does not ensue downgrade of the Company's risk rating below AA, local scale, according to Standard & Poor's or Fitch, or a similar rating from Moody's; (x) change in direct or indirect share control of the Company, except were such a change does not lead to a downgrading of the Company's risk ratings; (xi) divestment, inoperativeness or prolonged stoppage or any other form of disposal, on the part of the Company, of fixed assets representing, individually or collectively, 25% of the Company's electric energy generation capacity in a way that provenly affects the Company's economic and financial capacity; (xii) intervention or loss of a concession/permit representing more than 25% of the installed capacity in such a manner that provenly affects the Company's economic and financial capacity in connection with issues of the controlling company, and loss of the Concession Contract, except where, within a period of fifteen (15) working days from gaining awareness of any such facts, the Issuer provides evidence of a finding in favor of the cancellation reversal, suspension, recall, takeover, expiration or extinction or secures judiciary relief ensuring service continuity and as long as such an injunction is not revoked for its controlled entities; (xiii) corporate-type change of the Company; (xiv) reduction of the Company's equity capital, except if approved by the General Debenture Holders' Meeting; (xv) payment of dividends, interest on equity capital or any other form of profits payout as prescribed in the Bylaws, except for payment of the minimum mandatory dividends pursuant to the Corporations Law, if the Company is in default on any financial obligation in connection with the debentures; (xvi) assignment, pledge of assignment, or any manner of transfer to third parties of the rights and obligations arising from the debentures issued, in the absence of the debenture holders' prior consent; (xvii) non-renewal, cancellation, recall or suspension of the permits, concessions, grants, or licenses needed for execution of the Company's operations implying the interruption or suspension of 25% of the Company's electricity generating capacity and causing significant effects in connection with the Company's ability to honor the obligations stemming from the debentures indenture; (xviii) failure to comply with any court or administrative finding or court sentence that cannot be appealed or unappealable arbitration finding, in an individual or global amount equal to or greater then R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th and 9th issues, R$ 250 million for the 10th and R$ 50 million for controlled entities; (xix) failure to maintain a corporate risk rating of at least AA, local scale, from Standard & Poor's or Fitch, or a similar rating from Moody's; and (xx) failure to use the proceeds from the debentures issue as provided in the respective debenture indenture.

The Company is in full compliance with the financial covenants and restrictions.

g. Contracted financing limits and percentage usage

In April 2022, R$ 79 million was drawn with respect to the financing of the indirect Gralha Azul controllers with the BNDES, the financial agreement dated 2020. In 2020, an amount of R$ 602 million was drawn and in 2021, R$ 800 million, which with the drawdown in 2022, the Company totaled drawings of R$ 1,481 million or the full amount. The resources were allocated to the financing of the construction of the transmission system.

In April 2020, the indirectly controlled companies that make up the Campo Largo II Wind Complex, contracted financing with the BNDES for R$ 1,243 million. In 2020 R$ 862 million was drawn and in 2021 R$ 369 million, totaling R$ 1,231 million - 99.0%. The resources were allocated to financing the construction of wind farms of the Campo Largo II Wind Complex.

In June 2020, the indirectly controlled company Novo Estado contracted financing from the BNDES in the amount of R$ 1,710 million. In 2020 R$ 755 million, in 2021 R$ 910 million and R$ 45 million in 2022, that is, the total percentage was drown in 2022. Additionally, in August 2020, the indirectly controlled entity Novo Estado contracted financing from Banco da Amazônia S.A. (BASA) for R$ 800 million. In 2022 the amount of R$ 70 million was drawn, in addition to the drawdown in 2021 in the amount of R$ 730 million, representing the total contracted amount. The resources were allocated to the financing of the construction of the transmission system.

In November 2021, through its indirectly controlled subsidiaries comprising the Santo Agostinho Wind Complex - Phase I, financing was agreed with the BNDES worth a total of R$ 1,473 million. In 2022, the amount of R$ 606 million was drawn – 41.1%. The resources are to be allocated to financing the construction of the wind farms making up the complex.

In December 2022, the Company contracted financing worth a total of R$ 1,500 million from the BNDES. The term for the total drawdown of resources is August 2025 and will be allocated to financing the construction of the Assuruá Project. The first drawdown is scheduled to occur in March 2023 with a tranche of R$ 500 million.

h. Material changes in financial statements and cash flow items

h.1) Comparative analysis between the results for the fiscal years ending December 31, 2022 and 2021 prepared pursuant to the IFRS and the CPC:

In R$ million	2022	% of revenue	2021	% of revenue	2022 versus 2021 (%)
NET OPERATING REVENUES	**11,907**	**100.0**	**12,541**	**100.0**	**(5.1)**
OPERATIONAL COSTS	**(6,317)**	**(53.1)**	**(6,629)**	**(52.9)**	**(4.7)**
GROSS PROFIT	**5,590**	**46.9**	**5,912**	**47.1**	**(5.4)**
Operating revenues (expenses)					
Sales expenses	(27)	(0.2)	(29)	(0.2)	(6.9)
General and administrative expenses	(339)	(2.8)	(301)	(2.4)	12.6
Impairment	(67)	(0.6)	(1,076)	(8.6)	(93.8)
Divestment of a subsidiary	(84)	(0.7)	(200)	(1.6)	-
Other operating revenues (expenses), net	1	-	(9)	(0.1)	(111.1)
	(516)	**(4.3)**	**(1,615)**	**(12.9)**	**(68.0)**
Equity income result					
Equity income	727	6.1	602	4.8	**20.8**
EARNINGS BEFORE FINANCIAL RESULTS AND TAXES	**5,801**	**48.7**	**4,899**	**39.1**	**18.4**
Financial results					
Financial revenues	585	4.9	281	2.2	108.2
Financial expenses	(2,373)	(19.9)	(2,310)	(18.4)	2.7
Concessions payable (Use of Public Asset)	(727)	(6.1)	(1,050)	(8.4)	(30.8)
	(2,515)	**(21.1)**	**(3,079)**	**(24.6)**	**(18.3)**
EARNINGS BEFORE TAXES	**3,286**	**27.6**	**1,820**	**14.5**	**80.5**
Income tax and social contribution	(621)	(5.2)	(255)	(2.0)	143.5
NET EARNINGS	**2,665**	**22.4**	**1,565**	**12.5**	**70.3**
EARNINGS PER SHARE – BASIC AND DILUTED - IN REAIS	**3.26**		**1.92**		

Net operating revenue

Net operating revenue decreased from BRL 12,541 million in 2021 to BRL 11,907 million in 2022, a reduction of BRL 634 million (5.1%). This variation was mainly a reflection of the following factors:

(i) increase in generation and sale of energy from the portfolio of BRL 951 million (11.1%) due largely to the following positive effects: (i.i) BRL 1,187 million in revenue with energy sales contracts in the regulated and free environments, the result of the combined variations in the amount of energy sold and net average selling price; e (i.ii) BRL 37 million in revenue from indemnifications. These positive effects were attenuated by decreases of: (i.iii) R$ BRL 214 million from transactions in the short-term market, principally across the Electric Energy Trade Board (CCEE), more details of which can be found in "Details of Short Term Operations"; e (i.iv) BRL 71 million in the remuneration of financial concession assets, corresponding to the payment of the Jaguara and Miranda hydropower plants concessions grant with respect to energy channeled to the Regulated Contracting Environment (ACR), due to lower inflation between the periods under analysis. In addition, occurred (ii) a decline of BRL 1,133 million (40.0%) in the transmission segment and (iii) a reduction of BRL 428 million (38.5%) in the trading segment arising principally from reductions of revenue from executed operations.

Generation and sales of energy from the portfolio

- Net average selling price

Average energy selling price, net of charges on revenue and trading operations, reached BRL 222.85/MWh in 2022, 11.5% higher than the average of BRL 199.79/MWh reported for calendar year 2021.

Price increases were largely driven by restated monetary correction on existing contracts, reduction of reimbursements in accordance with agreements in the regulated contracting environment and by the acquisition of the Floresta and Paracatu photovoltaic complexes, these with contracted prices higher than the remainder of the Company's portfolio. The positive effects were partially attenuated by the reduction in prices of operations executed in the short-term market, principally those with trading companies, in the light of the significant drop in the Differences Settlement Price (PLD) when compared to the preceding periods, a reflection of improved hydrological conditions experienced in 2022.

- Sales volume

Energy sales volume sold under agreements, net of trading operations in 2022 was 37.932 GWh (4,330 average MW), against 36,365 GWh (4,151 average MW) reported for 2021, an increase of 1,567 GWh (179 average MW) or 4.3%.

Increased energy sales volume, both on a quarterly and annual basis, was driven substantially by the greater availability of energy due to a more favorable hydrological situation during 2022 relative to the preceding year, together with an additional contribution from the Floresta and Paracatu photovoltaic plants post-acquisition. Worthy of note is that the sale of the Diamante Geração de Energia Ltda subsidiary ("Diamante" or "Corporation"), on October 18, 2021, did not translate into a significant variation in energy sales volume due to an energy purchase agreement signed between the Company and the Corporation in parallel.

Operational Costs

In 2022, operational costs were BRL 6,317 million, BRL 312 million (4.7%) lower than costs recorded for 2021 of BRL 6,629 million. This variation is a reflection of the following factors: (i) an increase of BRL 1,586 million (54.3%) in energy generation and sale from the portfolio segment; (ii) a decrease of BRL 1,424 million (55.5%) in the costs of the transmission segment; (iii) a reduction of BRL 426 million (38.9%) in the operational costs of energy trading; and (iv) a decrease of BRL 48 million (94.1%) in sale and installation costs of solar panels.

Of the variation in item (i), particular mention should be made of the recovery of past costs arising from the renegotiation of hydrological risk covered by laws 14.052/2020 and 14.182/2021, for which an amount of BRL 1,591 million was booked in 2021.

The above variations resulted essentially from the behavior of the main components below:

In R$ million	Costs per segment in 2022				
	Generation	Transmission	Trading	Solar panels	Consolidated
Energy purchases	1,700	-	666	-	2,366
Construction costs	-	1,120	-	-	1,120
Depreciation and amortization	953	-	-	-	953
Charges for the use of the electric network and connection	625	-	-	-	625
Materials and third-party services	417	17	-	-	434
Personnel	236	-	-	-	236
Royalties	154	-	-	-	154
Fuels for generation	115	-	-	-	115
Insurance	90	1	-	-	91
Transactions in the short-term energy market	167	-	-	-	167
Unrealized losses on trading operations	-	-	3	-	3
Other operating costs, net	48	2	-	3	53
Operational costs	**4,505**	**1,140**	**669**	**3**	**6,317**

In R$ million	Costs per segment in 2021				
	Generation	Transmission	Trading	Solar panels	Consolidated
Energy purchases	1,005	-	1,087	-	2,092
Construction costs	-	2,564	-	-	2,564
Depreciation and amortization	1,012	-	-	-	1,012
Charges for the use of the electric network and connection	606	-	-	-	606
Materials and third-party services	396	-	-	12	408
Personnel	302	-	-	4	306
Royalties	95	-	-	-	95
Fuels for generation	335	-	-	-	335
Insurance	74	-	-	-	74
Transactions in the short-term energy market	628	-	1	-	629
Unrealized losses on trading operations	-	-	7	-	7
Renegotiation of hydrological risk	(1,591)	-	-	-	(1,591)
Other operating costs, net	57	-	-	35	92
Operational costs	**2,919**	**2,564**	**1,095**	**51**	**6,629**

In R$ million	Costs per segment - 2022 versus 2021				
	Generation	Transmission	Trading	Solar panels	Consolidated
Energy purchases	695	-	(421)	-	274
Construction costs	-	(1,444)	-	-	(1,444)
Depreciation and amortization	(59)	-	-	-	(59)
Charges for the use of the electric network and connection	19	-	-	-	19
Materials and third-party services	21	17	-	(12)	26
Personnel	(66)	-	-	(4)	(70)
Royalties	59	-	-	-	59
Fuels for generation	(220)	-	-	-	(220)
Insurance	16	1	-	-	17
Transactions in the short-term energy market	(461)	-	(1)	-	(462)
Unrealized losses on trading operations	-	-	(4)	-	(4)
Renegotiation of hydrological risk	1,591	-	-	-	1,591
Other operating costs, net	(9)	2	-	(32)	(39)
Operational costs	**1,586**	**(1,424)**	**(426)**	**(48)**	**(312)**

Generation and Sale of Energy from the Portfolio

- **Energy purchases:** on an annual comparative basis, there was an increase of BRL 695 million (69.2%) in these operations, largely on the back of the following events: (i) BRL 703 million — a growth of 3,706 GWh (423 average MW) in energy purchase volume; and (ii) BRL 8 million — a decrease of 0.9% in the net average energy purchasing price. The increase in purchasing volume is largely a reflection of the disposal of the Diamante subsidiary with which an energy purchase contract was concluded with the plant's new owners as part of the disposal agreement.

- **Depreciation and amortization:** reductions of BRL 59 million (5.6%) between the years under review were largely driven by the disposal of the Diamante subsidiary but also the cessation of depreciation of Pampa Sul TPP assets. In addition, the result for depreciation and amortization was inversely impacted by the startup of operations at the Campo Largo II Wind Complex during the course of 2021 and by the acquisition of the Floresta and Paracatu photovoltaic complexes.

- **Personal:** Comparing 2022 and 2021, there was a 66 million (21.9%) reduction, mostly a reflection of the disposal of the Diamante subsidiary, albeit this effect partially attenuated by the extraordinary bonus and annual readjustment in employee remuneration.

- **Financial compensation for the use of water resources (royalties):** an increase of BRL 59 million (62.1%) due basically to increased generation by the hydropower plants during the calendar year 2022 as well as the annual readjustment in royalties.

- **Transactions in the short-term energy market:** the costs with these transactions were lower by BRL 461 million (73.4%) when comparing 2021 x 2022. Further explanations on these operations and with respect to the variation can be found in the "Details of short-term operations" section.

- **Fuels for generation:** decrease of BRL 220 million (65.7%) on an annual comparative basis, due to the disposal of the Diamante subsidiary in October 2021, translating into a reduction of BRL 203 million for the year. Additionally, the decline in fuel consumption also reflects the following: (i) a reduction of BRL 24 million in consumption at Pampa Sul TPP due to maintenance stoppages at the plant during the course of the year; and (ii) an increase of BRL 7 million in consumption at UCLA (Lages Cogeneration Plant).

- **Materials and third-party services:** an increase of BRL 21 million (5.3%) when the calendar years are compared. The key drivers derive from: (i) growth in maintenance costs and improvements relating to the GAG of the Jaguara and Miranda hydro power plants; (ii) increases in O&M costs following entry into operations of the Campo Largo II Wind Complex over the course of 2021; and (iii) an increase in the transportation of materials and equipment involving Pampa Sul TPP.

- **Insurance:** an increase of BRL 16 million (21.6%) on an annual comparative basis, substantially, the result of an increase in expenditures with deductibles.

- **Renegotiation of hydrological risk:** the Company booked BRL 1,591 million for the year 2021, complementary to the value already registered in the accounts for hydrological risk renegotiation.

Operational Result from the Energy Transmission Segment

The Company has primary responsibility for the construction and installation of infrastructure pertaining to the Gralha Azul, Novo Estado and Gavião Real transmission systems and is exposed to the risks and benefits of these constructions. Consequently, based on prevailing accounting practices, the Company books revenue over the course of the implementation of the transmission infrastructure for an amount corresponding to the construction costs plus a gross residual margin to cover the construction management. Expenditures incurred in construction are recognized in the cost of the transmission infrastructure. The Annual Allowed Revenue (RAP) is received once the transmission system goes into commercial operations. Thus, only resources generated from the operational activity are received from then onwards. Up to the end of 2022, the Brazilian Electricity Grid Operator (ONS) had granted authorizations to the Gralha Azul and Novo Estado transmission systems for partial operations, now reflected in 94% and 49% respectively of their assets being in commercial operation.

The gross result of the energy transmission segment was BRL 563 million in 2022, BRL 291 million (107.0%) higher than the result for 2021 of BRL 272 million.

Variations stem mainly from the booking of negative results in 2021 for a larger amount when compared to 2022, the result of the increase in that year of investments for the implementation of transmission systems, but partially attenuated by the increase in transmission infrastructure remuneration revenues in the light of an increase in the balance of these assets compared with the calendar year 2021.

RAP received in 2022, net of PIS and Cofins, was BRL 355 million, BRL 33 million in the form of revenue from services rendered and BRL 322 million in amortization of the asset, booked to the Company's assets. Additionally, other operating costs, selling, general and administrative expenses and other net operating revenues in the accumulated annual result were, respectively, BRL 20 million, BRL 13 million and BRL 22 million.

Operational Result of the Energy Trading Segment

The Company operates in the physical energy trading market to generate results through price differences, within preestablished limits of risk. Energy trading operations are transacted in an active market and for accounting purposes, are defined as financial instruments according to their fair value. This is principally due to the fact that there is no commitment to match purchase and sale operations, flexibility being permitted to manage the contracts and obtain results through price variations in the market.

On an annual comparative basis, the gross result reported a decrease of BRL 2 million (11.1%), from BRL 18 million in 2021 to BRL 16 million in 2022, largely due to the negative impact of BRL 23 million mark-to-market. This effect was partially reduced by the positive impact of BRL 21 million in executed purchase and sale transactions and the balance of energy settled across the CCEE.

Details of short-term Operations

Short-term operations are classified as energy purchase or sale operations, the principal objective being the management of the Company's exposure on the CCEE. Consequently, the price of these operations is characterized by linkage to the Differences Settlement Price (PLD). This item also includes the transactions conducted across the CCEE, given their volatile and seasonal characteristics and therefore short-term nature, results originating from accounting movement across the CCEE. Additionally, positive, and negative exposure is settled at the PLD, similar to the short-term operations already described.

In relation to the transactions conducted across the CCEE, the various monthly credit or debit entries to the account of an CCEE agent are summarized in a single billing (receivable or payable). This therefore requires an entry to either an income or an expense item. In this context, it is worth pointing out that due to adjustments in the Company's portfolio management strategy, changes have been taking place in the profile of the mentioned billings. Such alternation complicates the direct comparison of the elements comprising each billing for the periods being analyzed - the reason for including this specific topic. Hence, it is possible to analyze the oscillations of the principal elements involved in spite of allocation being either to a revenue or expense account according to the credit or debit nature of the billing to which they are linked.

Generically, these elements are revenue or expense items arising, for example, from (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the Generation Scaling Factor (GSF), triggered when generation of plants, part of the MRE, is smaller or greater (Secondary Energy) than the allocated energy; (iii) the so-called "submarket risk"; (iv) dispatch driven by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants' order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) and settled at the PLD.

For the calendar year 2022, the net result, fruit of short-term transactions, was a positive BRL 185 million, an increase of BRL 220 million compared to the negative BRL 35 million in 2021, a BRL 247 million increase in the result for transactions in the energy generation and sale from the portfolio segment and a BRL 27 million reduction in the result of energy trading transactions.

These variations were mainly the result of the following factors: (i) positive impact of the higher MRE Adjustment Factor (GSF) registered in 2022 in the light of the greater volume of energy produced in the MRE, attenuated by the reduced PLD during the year 2022 compared with 2021 and resulting in a positive variation between the periods under analysis; (ii) reduced financial impact of short-term operations in 2022, when compared with 2021, for the same reasons already mentioned in (i); (iii) decrease in the result for thermal generation, due to the sale of the Diamante subsidiary; and (iv) the positive effect of the MRE due to greater hydropower generation.

In December 2021, Aneel established maximum and minimum limits for the PLD for 2022 at BRL 646.58/MWh and BRL 55.70/MWh, respectively. The following table shows average PLD values for the submarkets in which the Company operates, per MWh.

Average PLD in BRL/MWh	2022	2021	Chg. (%)
South	58.99	280.37	(79.0%)
Southeast/Center-West	58.99	279.61	(78.9%)
Northeast	58.51	269.58	(78.3%)

Operational Revenues (Expenses)

- **Provision for reduction in recoverable value (*impairment*):** On an annual comparison basis 2021 x 2022, impairment, net of reversals, fell BRL 1,009 million (93.8%), from BRL 1,076 million in 2021 to BRL 67 million in 2022. The variation is explained by the following non-recurring effects in 2021: (i) booking of impairment due to the firm intention of disposing the Pampa Sul TPP and ENGIE Geração Solar Distribuída (EGSD) subsidiaries, the preliminary evaluation of sale value of which was less than book value; partially attenuated by the (ii) reversing of impairment of the Diamante subsidiary, effected in the light of the sale on October 18, 2021 and (iii) an impairment of Diamante, due to the evolution of its sale process. In 2022, the Company complemented the impairment of Pampa Sul TPP in the amount of BRL 125 million and reversed BRL 118 million referring to EGSD, following its sale on February 21, 2022.
- **Disposal of a subsidiary:** Pursuant to the Company's decarbonization strategy, the operation for the sale of the Diamante subsidiary was concluded on October 18, 2021. As of the foregoing date, the corporation ceased to be controlled by the Company and was also deconsolidated. The result from the disposal of the asset, net of selling costs, was a negative BRL 200 million. On February 21 and September 1, 2022, the operations for the sale of stakes held by the Company in the EGSD and Norte Catarinense, respectively, were concluded. On the above dates, the corporations ceased to be controlled by the Company and were deconsolidated. The result from the disposal of EGSD, net of sales costs (BRL 94 million), and reversal of the impairment (BRL 118 million), was positive at BRL 24 million. The result from the divestment of the stake in Norte Catarinense, net of selling costs, was a positive BRL 10 million.

- **Other net operational revenues (expenses):** In 2022, an additional BRL 20 million was booked to the transmission segment with respect to the positive adjustment in the acquisition price of Novo Estado Transmission System. This adjustment was made in the light of a 12-month period for measuring the combination of businesses and booked to the Company's results. In 2022, in addition to the mentioned effect of the transmission segment, a negative BRL 22 million was booked to the generation segment, largely relating to the writing down of Pampa Sul TPP assets with respect to maintenance work undertaken during the year.

Equity Income – Gas Transportation

TAG is a jointly controlled entity of ENGIE Brasil Energia and for this reason not consolidated in the Company's account statements, its effects being recognized by the equity income method, the Company holds a 32.5% direct stake on TAG.

The equity income result for TAG for 2022 and 2021 is made up of the following items:

	2022		2021	
Income statement – in R$ million	100%	Company's share	100%	Company's share
Net operational revenue	8,426	2,738	7,071	2,298
Costs of services provided	(2,722)	(885)	(2,471)	(803)
Gross income	**5,704**	**1,853**	**4,600**	**1,495**
General and administrative expenses	(192)	(62)	(169)	(55)
Income before financial result and taxes	**5,512**	**1,791**	**4,431**	**1,440**
Financial result	(2,102)	(683)	(1,620)	(526)
Income before taxes	**3,410**	**1,108**	**2,811**	**914**
Income tax and social contribution	(1,172)	(381)	(959)	(312)
TAG' s net income	**2,238**	**727**	**1,852**	**602**

The reconciliation of TAG' s net profit with Ebitda is shown in the following table:

	2022		2021	
Ebitda – in R$ million	**100%**	**Company's share**	**100%**	**Company's share**
Income before financial result and taxes	**5,512**	**1,791**	**4,431**	**1,440**
Depreciation and amortization	672	218	669	217
Amortization of *mais valia*	914	297	916	298
Ebitda	**7,098**	**2,306**	**6,016**	**1,955**
Ebitda margin	**84.2%**		**85.1%**	

Between the calendar years under comparison, the equity income result increased by BRL 125 million (20.8%) from BRL 602 million to BRL 727 million, respectively.

The variation was a consequence of the combination of the following effects: (i) a BRL 351 million growth in Ebitda due mainly to the adjustment in transportation tariffs, and the termination of the O&M (Operations & Maintenance) contract with Transpetro, in June 2022, Esom assuming the same O&M responsibilities. These factors were partially attenuated by the foreign exchange translation effect on one of the TAG's transportation agreements; (ii) an increase in net financial expenses of BRL 157 million, largely the result of the year-on-year increase in CDI rates; and (iii) an increase of BRL 69 million in Income Tax and Social Contribution charges, basically due to higher pre-tax profits.

Balance Sheet

TAG's principal asset and liability groups as of December 31, 2022, and December 31, 2021, were as follows:

Balance Sheet	**12.31.2022**	**12.31.2021**
ASSETS		
Current assets	**2,828**	**2,079**
Cash and cash equivalents	688	439
Accounts receivables from clients	1,513	1,439
Derivative financial instruments - hedge	284	-
Other current assets	343	201
Non-current assets	**30,585**	**31,154**
Restricted deposits	217	-
Derivative financial instruments - hedge	284	-
Other non-current assets	624	660
Property, plant, and equipment	26,706	27,742
Intangible	2,754	2,752
Total	**33,413**	**33,233**
LIABILITIE AND SHAREHOLDERS' EQUITY		
Current liabilities	**4,341**	**3,707**
Debt instruments	3,974	3,377
Derivative financial instruments - hedge	-	11
Other current liabilities	367	319
Non-current liabilities	**20,356**	**22,778**
Debt instruments	15,584	19,632
Derivative financial instruments - hedge	-	412
Deferred income taxes and social contribution	3,908	2,075
Other non-current liabilities	864	659
Shareholders' equity	**8,716**	**6,748**
Total	**33,413**	**33,233**

Financial result

- **Financial income:** financial revenues rose by BRL 304 million (108.2%) from BRL 281 million in 2021 to BRL 585 million in 2022, mainly by virtue of increased income from financial investments of BRL 313 million. Growth was largely driven by the increase in CDI rates between years analyzed.

- **Financial expenses:** financial expenses rose from BRL 2,310 million in 2021 to BRL 2,373 million in 2022, or BRL 63 million (2.7%), the result of the combination of mainly the following effects: (i) a BRL 20 million increase on debt

between the two years under the spotlight, of which: (i.i) an increase of BRL 350 million in interest as a result mainly of the issue of debentures and the contracting of loans and financing over the 2021 and 2022 period; (i.ii) a reduction of BRL 330 million in monetary restatement, a reflection of inflation.

- **Concession expenses payable (Use of a Public Asset):** concessions expenses payable were down by BRL 323 million, or 30.8%, from BRL 1,050 million in 2021 to BRL 727 million in 2022, resulting from: (i) a reduction of BRL 414 million in monetary restatement due to the change of inflation index of the Cana Brava Hydropower Plant agreement as from October 2021 to the IPCA in place of the IGP-M, as well as due to the deceleration of the IPCA; and (ii) BRL 91 million increase in the present value of concessions payable.

Income Tax and Social Contribution

Annual income tax and social contribution increased by BRL 366 million (143.5%) from BRL 255 million in 2021 to BRL 621 million in 2022. The variation was largely motivated by the increase in profit before Income Tax and Social Contribution between the periods under review. Disregarding non-recurring effects, income tax and social contribution expenses increased by BRL 54 million (7.4%).

h.2) Analysis of the cash flows relative to the fiscal year ending December 31, 2022:

In R$ million	2022
Cash flow from operating activities	
Income before income taxes	3,285
Reconciliation on net income with cash from operations:	
Equity interest income	(727)
Depreciation and amortization	990
Provision for impairment of assets, net	66
Interest and monetary variation	2,219
Concessions payable expenses (Use of Public Asset)	727
Sale of subsidiary	85
Remuneration of concession financial asset	(485)
Remuneration of contract asset	(755)
Unrealized losses (gains) from trading operations, net	2
Transmission infrastructure construction revenue	(914)
Losses due to inefficiency in construction	217
Other	16
Profit before adjusted taxes	**4,726**
(Increase) decrease in assets	
Trade accounts receivable	(47)
Income tax and social contribution credit	26
Restricted and judicial deposits	60
Concession financial asset	328
Contract asset	323
Other assets	(16)
(Decrease) increase in liabilities	
Trade accounts payable	(128)
Tax and regulatory obligations	18
Labor obligations	(9)
Retirement benefits obligations	(42)
Other liabilities	(347)
Cash from operations	**4,892**
Payment of interest on debts, net of hedge	(1,066)
Payment of income tax and social contribution	(488)
Net cash from operating activities	**3,338**

To be continued on the next page

In R$ million	Continued 2022
Investing activities	
Dividends received from subsidiaries and joint ventures	504
Acquisition of subsidiaries	(660)
Cash and cash equivalents of subsidiary acquired	200
Investment in property, plant and equipment and intangible assets	(1,529)
Sale of subsidiaries	25
Payment of obligations linked to acquisition of assets	(50)
Amount received for sale of subsidiary, net of costs of sale	75
Cash and cash equivalents of subsidiary in process of sale	(62)
Concessions payable (Use of Public Asset)	(290)
Other	2
Net cash from investing activities	**(1,785)**
Financing activities	
New debt instruments	789
Payment of debt instruments, net of hedge	(3,490)
Payment of dividends and interest on equity	(2,286)
Deposits linked to debt service	514
Net cash from financing activities	**(4,473)**
Decrease in cash and cash equivalents	**(2,920)**
Reconciliation of cash and cash equivalents	
Opening balance	5,156
Closing balance	2,236
Decrease in cash and cash equivalents	**(2,920)**

The Company's balance of cash and cash equivalents was R$ 2,236 million and R$ 5,156 million as of December 31, 2022, and of December 31, 2021, respectively. Consequently, this is reflected in a reduction in cash and cash equivalents in the amount of R$ 2,920 million between the aforesaid years. This variation is a result of operational, investments and financing activities, greater details as to the movement of the principal variations being as follows:

Net cash from operating activities

In 2022, generation of cash from operating activities was R$ 3,338 million. This amount was a reflection principally of the combination of the following factors: (i) pre-tax profit adjusted for transactions without a cash effect of R$ 4,726 million; (ii) R$ 328 million received in the form of Annual Generation Revenue (RAG) of the concession financial asset; (iii) R$ 323 million in contract asset variation, of which R$ 322 million of construction RAP (Annual Allowed Revenue); (iv) R$ 347 million in reduction of other liabilities of which, R$ 304 million relates to the indemnifications to distributors of the direct subsidiary Pampa Sul; (v) payment of interest on debt, net of hedge in the amount of R$ 1.066 million; and (vi) payment of income tax and social contribution of R$ 488 million.

Net cash from investing activities

In 2022, the Company consumed R$ 1,785 million in cash in its investment activities, the principal items being: (i) the application of R$ 1.529 million in fixed and intangible assets; (ii) R$ 660 million invested in the acquisition of subsidiaries, of this amount, R$ 656 million relates to the Floresta and Paracatu photovoltaic complexes and R$ 4 million to Maracanã Geração de Energia e Participações S.A.; and (iii) R$ 290 million with respect to amortizations of concessions (Use of a Public Asset). The negative effects were partially attenuated by the following positive effects: (i) receipt of R$ 504 million in dividends from the jointly held subsidiary, TAG; and (ii) an increase of R$ 200 million in cash and cash equivalents with the acquisition of the Floresta and Paracatu photovoltaic complexes.

Net cash from financing activities

Net cash from financing activities consumed R$ 4,473 million, the key activities being the payment of debt instruments, net of hedge, worth R$ 3.490 million, and R$ 2,286 million in payment of dividends and interest on shareholders' equity payouts. These items were attenuated by: (i) the raising of R$ 789 million in debt instruments, net of the costs in the raising of debt, were: (i.i) R$ 588 million of the indirect subsidiaries comprising the Santo Agostinho Wind Complex; (i.ii) R$ 115 million of the indirectly controlled subsidiary Novo Estado Transmissora de Energia S.A.; and (i.iii) R$ 77 million of the indirectly controlled subsidiary, Gralha Azul Transmissão de Energia S.A.; and (ii) a positive variation of R$ 514 million of deposits linked to debt servicing, motivated largely by the redemption of investments linked to debt servicing settled during the course of 2022.

2.2 Directors' comments on:

a. The Company's operational results, in particular:

(i) description of any material components of revenues

The Company's net operating revenue breaks down as follows:

	2022		2021	
In R$ million	**Value**	**%**	**Value**	**%**
Electric energy distribution companies	4,181	35.0	3,481	27.9
Free consumers	3,412	28.7	3,143	25.1
Electric energy traders	859	7.2	641	5.1
Remuneration on concession financial assets	485	4.1	556	4.4
Transactions in the short-term market	351	2.9	565	4.5
Revenue from services provided	138	1.2	129	1.0
Indemnities	43	0.4	6	-
Other revenues	43	0.4	40	0.3
Generation and sale of electric energy from the portfolio	**9,512**	**79.9**	**8,561**	**68.3**
Transmission infrastructure installation revenue	915	7.7	2,155	17.2
Remuneration of concession assets	755	6.3	681	5.4
Revenue from services provided	33	0.3	-	-
Transmission	**1,703**	**14.3**	**2,836**	**22.6**
Energy trading operations	683	5.7	1,056	8.5
Transactions in the short-term energy trading market	1	-	29	0.2
Unrealized gains on trading operations	1	-	28	0.2
Energy trading	**685**	**5.7**	**1,113**	**8.9**
Solar panels	**7**	**0.1**	**31**	**0.2**
	11,907	**100.0**	**12,541**	**100.0**

Comparative analysis of material variations in the components of net operating revenues between the fiscal years ending on December 31, 2022 and December 31, 2021

Net operating revenue decreased from BRL 12,541 million in 2021 to BRL 11,907 million in 2022, a reduction of BRL 634 million (5.1%). This variation was mainly a reflection of the following factors:

Generation and sales of energy from the portfolio

Revenue from Sale of Electric Energy

- ***Electric energy distribution companies***

In 2022, revenues were BRL 4,181 million, an increase of BRL 700 million (20.1%) compared with 2021, when revenues were BRL 3,481 million. This growth was the result of the following items: (i) BRL 619 million – an increase of 17.8% in net average selling price; and (ii) BRL 81 million – an increase of 307 GWh (36 average MW) in sales volume.

Increases in net average selling prices were driven largely by the following factors: (i) reduction in reimbursements permitted under contracts in the regulated trading environment; (ii) monetary restatement of selling prices in comparative periods; and (iii) the acquisition of the Floresta and Paracatu photovoltaic plants, energy sales prices of which are above those for the remainder of the Company's portfolio.

Growth in sales volumes between compared periods is mainly a consequence of the acquisition of the Floresta and Paracatu assets.

- ***Free consumers***

In 2022, revenue rose to BRL 3,412 million, BRL 269 million (8.6%) higher than BRL 3,143 million reported for 2021. This increase is due to a 9.3% rise in net average selling price (+ BRL 292 million), partially offset by the reduction of 128 GWh (15 average MW) in energy sales volume (-BRL 23 million).

The growth in net average selling price in this segment, was driven mainly by monetary restatement of existing agreements and by the greater share of incentivized energy agreements in the portfolio. Conversely, the variation in energy sales volume, is largely due the expiry of energy supply contracts and the reduced availability of energy for sale to these consumers.

- ***Trading companies***

In the calendar year of 2022, revenues were BRL 859 million, BRL 218 million (34.0%) higher than the revenue reported for 2021, which was BRL 641 million, the result of an increase of 1,388 GWh (158 average MW) in energy sales volume (+ BRL 232 million), partially attenuated by the reduction of 2.2% in net average sales price (- BRL 14 million).

Volume growth between periods is mainly a reflection of new agreements added to the Company's portfolio. The reduction in prices was basically due to the decline in short-term market prices linked to the Differences Settlement Price (PLD), this substantially lower than recorded for comparative periods, in turn a reflection of improved hydrology during 2022, albeit offset to a small degree by monetary restatement of existing agreements.

- ***Transactions in the Short-term Energy Market***

In the calendar year 2022, and relative to the preceding year, there was a decrease of BRL 214 million (37.9%) in transactions from short-term operations, from BRL 565 million in 2021 to BRL 351 million in 2022. Further explanations on these operations and the variation may be found in "Details of short-term operations" in item 2.1 of this Management Proposal.

- ***Remuneration of Concession Financial Assets***

Concession financial assets represent the present value of future cash flows of the percentage of energy destined for the Regulated Contracting Environment (ACR) from the Jaguara and Miranda hydropower plants, equivalent to 70% of the physical guarantee of these plants. The assets are remunerated at the internal rate of return and the variation in the Consumer Price Index - Comprehensive (IPCA).

The remuneration of concession financial assets rose from BRL 556 million in 2021 to BRL 485 million in 2022, a reduction of BRL 71 million (12.8%). The variation was motivated, substantially, by the reduction of the IPCA between the periods in comparison.

- ***Revenue from Services Rendered - Generation Assets Management (GAG)***

Again, in the case of the Jaguara and Miranda hydropower plants, for energy sales in the Regulated Contracting Environment (ACR), also as part of the Annual Generation Revenue (RAG), the companies receive payment with respect to Generation Assets' Management (GAG) for covering the costs of plant Operations and Maintenance (O&M), as well as expenditures for improvements and investments during the concession period.

On an annual comparative basis, there was an increase of BRL 9 million (7.0%) from BRL 129 million in 2021 to BRL 138 million in 2022. All increases mainly reflect monetary restatement.

- ***Indemnifications***

A comparison on a calendar year basis shows supplier indemnifications rising from BRL 6 million in 2021 to BRL 43 million in 2022, or an increase of BRL 37 million. The amounts involved relate mainly to contractual fines for plant downtime at the Campo Largo I and Trairi wind complexes.

Energy Trading and Transmission

Transmission: decline of BRL 1,133 million (40.0%) in the transmission segment.

Trading: reduction of BRL 428 million (38.5%) arising principally from reductions of revenue from executed operations.

Further details on results about energy trading and transmission segments are commented in item 2.1.h of this Management Proposal.

(ii) factors materially affecting operational results

The factors that materially affected the Company's operating results in the fiscal years ending on December 31, 2022 and 2021, are listed next. Additional information on these has been provided in items 2.1.h and 2.2.a.(i).

The year 2022 – (i) an increase of the combination of variation in the amount of energy sold and the net average selling price; (ii) reduced booking of impairment between periods; (iii) reduction in expenses with concessions payable due to the slowdown in correction rates; (iv) an increase in the gross result from the transmission segment; (v) a reduction in the costs of proprietary fuels; (vi) a positive increase in the results of executed transactions in the short-term market; (vii) improved result from a corporate participation in a jointly controlled subsidiary – TAG; and (viii) reduction in the negative result from the sale of subsidiaries. The positive impacts were partially attenuated by the following negative effects: (i) negative impact from the renegotiation of hydrological risk compared with the positive effect recorded for 2021, without an effect in 2022; (ii) an increase in energy purchase volume; and (iii) a reduction in the revenue from concession financial assets.

The year 2021 – (i) recuperation of energy costs with the renegotiation of hydrological risk in 2021; (ii) reduction in power purchasing volumes; (iii) an increase in financial concession assets; and (iv) an improved result from the stake in the jointly controlled subsidiary – TAG. These effects were offset by the following negatives: (i) an increase in interest and monetary restatement due to higher outstanding debt and an increase in restatement and interest rates; (ii) booking of asset impairment for the Pampa Sul and EGSD subsidiaries; (iii) booking of losses from an increase in CAPEX and the postponement of entry into commercial operations of Gralha Azul and Novo Estado; (iv) an increase in the negative result of transactions executed in the short-term market; (v) the result from the divestment of the Diamante subsidiary; (vi) increase in proprietary fuel costs and charges for use of the network; (vii) increase in third party material and services costs; and (viii) a reduction in the combination of the variations in energy sales volume and net average selling price.

b. Changes in revenues due to modifications in prices, exchange rates, inflation, changes in volumes and introduction of new products and services

The Company's sales revenues are supported by agreements with price adjustment clauses indexed, for the most part, to the IPCA and the IGP-M. The Company's revenues are not exposed to exchange rates in a manner that significantly affects income and were not materially affected by the introduction of new products and services.

In energy trading operation, the Company operates as a means to derive income from electric energy price changes, within the risk and counterparty limits previously set by the Company's Management.

The main changes in the Company's revenues due to price modification and volume change are explained in item 2.2.a (i) above.

c. Impact of inflation, changes in prices of main inputs and products, foreign exchange and interest rates on the operating result and financial result, when relevant

c.1) inflation and price changes in the cost of electricity sold

Energy purchased for portfolio-management purposes: such transactions are usually conducted by means of medium- and long-term contracts with prices restated at IPCA and IGP-M. The average negative impacts of price restatements at the applicable inflation indices were BRL 25 million and R$ 14 million for the fiscal years 2022 and 2021, respectively.

Fuel for electric energy production: the coal that Pampa Sul burns is subject to annual price adjustments according to the IPCA inflation index, as are energy sale contracts, providing a natural long-term hedge.

Charges for the use of the electricity network and connection: these are calculated by multiplying the amount of network usage in kW by the rate established annually by Aneel, based on the prorating of the total observed and expected costs of connection and transmission for the entire system, and on inflation indices for readjusting transmission and existing connection agreements - IPCA and IGP-M. The effect of the change in these inflation indicators on the Company's cost was R$ 51 million and R$ 39 million in fiscal years of 2022 e 2021, respectively.

Financial compensation for the use of water resources (royalties): The amount corresponds to 7.0% of the quantity of electricity produced, adjusted by an Annual Reference Tariff (TAR) defined by Aneel, based on the acquisition cost of energy by the distributor and subject to review every 4 years.

In fiscal year 2022, TAR recorded a variation of 10.2%, with negative impact in the Company's result of approximately R$ 21 million. In fiscal year 2021, TAR recorded a reduction of 4.5%, reflecting positively in the Company's result by approximately R$ 9 million.

c.2) Impacts of exchange, inflation and interest rates on the Company´s financial result

Currency exposure

Currency exposure information is provided in item 2.1 "f" (i) of this Management Proposal. The Company currently has no foreign currency-denominated financial obligations whose exchange rate variation is not entirely hedged.

Exposure to floating interest rates and indices

In 2022 and 2021, the Company was exposed to floating interest rates and indices associated with changes in the TJLP, DI, IPCA and IGP-M.

The impacts of interest and monetary restatement on the Company's financial result in fiscal years 2022 and 2021 were as follows:

In R$ million	2022	2021
Loans and financing	987	1.072
Debentures	769	925
Preferred shares redeemable	74	29
Hedge against loans at fair value	372	157
Total of interest and monetary restatement	**2,202**	**2,183**
Total concession payable expenses (Use of Public Asset)	**727**	**1,050**

2.3 Management comments on:

a. Changes in accounting practices which have resulted in significant effects on the information set forth in fields 2.1 and 2.2

2022

The Company's accounting practices underwent no significant changes in the fiscal year ending December 31, 2022.

2021

The Company's accounting practices underwent no significant changes in the fiscal year ending December 31, 2021.

b. Qualifications and emphases in the auditors' opinion

There were no modified opinions or emphasis in the report of the Company's independent auditors relative to the financial statements of fiscal years ending December 31, 2022, and 2021.

2.4 Management's comments on the material effects that the events below make, have caused or are expected to cause on the Company's financial statements and results

a. Introduction or disposal of an operational segment

Following compliance with the conditions precedent, on February 21, 2022, ENGIE Brasil Energia concluded the sale of its corporate stake in the ENGIE Geração Solar Distribuída ("EGSD") subsidiary. As of this date, the latter company ceased to be subsidiary of the ENGIE Brasil Energia and was also no longer consolidated. The sale of a 100% shareholding stake in ESGD was R$ 14 million, comprising two tranches: (i) R$ 3 million – received on the closing of the operation; (ii) R$ 9 million – received in December 2022; and (iii) up to a ceiling of R$ 2 million – related to remaining assets and liabilities, to be received by EGSD and transferred to the Company on future dates; and an adjustment in price on the closing date, net of estimated provisions for technical assistance under ENGIE's responsibility.

The impairment constituted in previous years was reversed with the booking of sales revenue and investment. The reversed impairment was R$ 118 million. These effects jointly with the booking of sales revenue (R$ 14 million), resulted in a gain of R$ 24 million booked to the result.

The Company's operational segments reflect its management, organizational structure, and results tracking, and are summarized as follows:

- **Generation:** this is the Company's main business, comprehending the portfolio energy generation and sale activities.
- **Transmission:** the Company is the main party responsible for construction and installation of the infrastructure associated with the transmission concession for the Gralha Azul, Novo Estado and Gavião Real Transmission Systems and is exposed to the risks and benefits of the construction works. The operational activity of this segment was partially started, considering that constructions works were not fully completed.
- **Trading***:* the purpose of this segment is to profit from energy price variations within predetermined risk levels. The activities of this segment are conducted through controlled entities ENGIE Trading e EBC.
- **Solar panels:** development, wholesale and retail sales, and operation and maintenance of solar generators and panels carried out by controlled entity EGSD, subsidiary that was sold in February 21, 2022, as of that date, the Company no longer operated in the solar panel segment.
- **Gas transportation:** the Company has also been active in the gas markets through jointly-controlled entity TAG.

2022

The Company's key operating segments are those of the electric energy generation and sale from the portfolio ("Generation"), electric energy transmission ("Transmission") and electric energy trading ("Trading"). These segments account for 79.9%, 14.3% and 5.7%, respectively, of the Company's net consolidated operational revenues in 2022.

The gas transportation segment of the jointly controlled TAG is booked to the results for the fiscal year as "Equity Income Result" and represents 27.3% of the Company's net income.

In 2022, the Company entered no new segments and there was a sale of an operating segment, through the sale of EGSD.

2021

The Company's key operating segments are those of the electric energy generation and sale from the portfolio ("Generation"), electric energy transmission ("Transmission") and electric energy trading ("Trading"). These segments account for 68.3%, 22.6% and 8.9%, respectively, of the Company's net consolidated operational revenues in 2021.

The gas transportation segment of the jointly controlled TAG is booked to the results for the fiscal year as "Equity Income Result" and represents 38,5% of the Company's net income.

In 2021, the Company entered no new segments and no operational segment was sold.

b. Constitution, acquisition or disposal of a corporate stake

2022

Acquisition of Paracatu and Floresta Photovoltaic Power Plants

In March 2022, the Company acquired 100% of the shares of Solairedirect Holding Brasil S.A. ("Solairedirect"), owner of the Paracatu and Floresta Photovoltaic Complexes, and ENGIE Solar Brasil Energia e Consultoria Ltda. ("ENGIE Solar"), both belonging to the ENGIE Group. The Board of Directors of ENGIE Brasil Energia set up a Special Independent CPR to evaluate the acquisition. The CPR also hired the following independent consultants to aid in the process: (i) legal due diligence and support in negotiating the purchase and sale agreement; (ii) accounting, financial, tax and labor due diligence; (iii) technical due diligence; and (iv) consulting services for issuing fairness opinion on the valuation and value generation of assets.

After the conclusion of due diligence, asset valuations and negotiations of the terms and conditions of the transaction with support from specialized consultants hired by it, the CPR submitted a report with its recommendation to the Board of Directors, which approved the acquisition of the companies at a meeting held on 02.14.2022. The transaction was concluded after the conditions precedent established in the contract were met, on 03.16.2022, for R$ 656 million.

The Floresta Photovoltaic Complex, located in Areia Branca, Rio Grande do Norte, has an installed capacity of 86 MW and has contracted, for 20 years, ending 10.31.2038, 25.1 MW average at R$ 421,58/MWh (base December 2022), adjusted by the IPCA, and started commercial operations in December 2017.

In turn, the Paracatu Photovoltaic Complex, located in Paracatu, Minas Gerais, has an installed capacity of 132 MW, with an agreement to sell 34.0 MW average for 20 years, ending 10.31.2038, at R$ 429.07/MWh (base December 2022), adjusted by the IPCA index, and began commercial operations in February 2019.

Acquisition of the Serra do Assuruá Wind Power Complex ("Serra do Assuruá")

On 06.21.2022, after the fulfillment of conditions precedent set forth in the asset purchase agreement and other covenants, the company concluded the acquisition of rights for developing the Serra do Assuruá Project with PEC Energia S.A. ("PEC") by ENGIE Brasil Energias Complementares Participações Ltda. ("ECP"), a direct subsidiary of the Company. We emphasize that this acquisition is an acquisition of projects.

Moreover, on 09.30.2022, the Company announced to the market that it entered into an agreement with Vestas do Brasil Energia Eólica Ltda. for the supply of up to 188 wind turbines, thus starting the implementation of Serra do Assuruá, which is expected to start commercial operations in the 2nd half of 2024.

In addition, on 12.22.2022, the Company informed the market of the execution of financing agreement with BNDES for the construction of Serra do Assuruá in the amount of R$ 1.5 billion with amortization period of 252 months, with the first instalment maturing in December 2025.

Disposal of subsidiary Norte Catarinense Ltda (“Norte Catarinense”)

On September 01, 2022, the sale of the corporate stake in the subsidiary, Norte Catarinense was concluded. As of this date, the corporation ceased to be controlled by the Company and is no longer consolidated. The result from the sale of the asset, net of sale costs, was a positive R$ 10 million.

Subsidiary in the process of divestment

In line with the Company's decarbonization strategy, on 09.15.2022, the Company and ENGIE Brasil Energia Comercializadora Ltda. ("EBC") signed a Share Purchase Agreement (SPA) with the buyers Grafito Fundo de Investimento em Participações Multiestratégia ("Grafito") and Perfin Space X Fundo de Investimento em Participações em Infraestrutura ("Space X"). The SPA rules the acquisition, by the buyers, of all the shares held by the sellers in Usina Termelétrica Pampa Sul S.A. ("Pampa Sul"), which holds all the assets and rights of the Pampa Sul Thermal Power Plant ("Pampa Sul TPP" or "Plant").

The Pampa Sul TPP, located in Candiota, Rio Grande do Sul, uses charcoal as the source of energy. The Plant, with installed capacity of 345.0 MW and gross physical guarantee of 323.5 MWa, sold 294.5 MWa under a 25-year agreement at the 20th New Energy Auction (A-5/2014) and started commercial operations on 06.28.2019.

With the sale, the Company will receive in cash up to R$ 450 million expected in 2023, and the assumption of debt of Pampa Sul will be consummated by the buyers in the amount of around R$ 1.8 billion. The buyers will also obtain full release of the corporate guarantee provided by ENGIE for said debt. The execution of the SPA by the Company was approved at the Board of Directors Meeting held on 09.15.2022.

Since the sale value, net of costs, is lower than the book value of the subsidiary's net assets, a provision for the impairment of assets of R$ 191 million was booked under investments in the consolidated in 2022, with R$ 168 million under the parent company. However, with the execution of the SPA for sale of the Plant, in 09.30.2022, the Company reversed the impairment recognized, in the amount of R$ 43 million.

2021

The basic information on the constitution, key changes, acquisition, incorporation and disposal of corporate stakes of the Company are as follows:

Disposal of the Diamante Geração de Energia Ltda ("Diamante") subsidiary

The disposal of the Jorge Lacerda Thermoelectric Complex ("CTJL") was examined in the light of the Company's decarbonization strategy. The asset is controlled by Diamante Geração de Energia Ltda. ("Diamante"), the installed capacity and physical guarantee being 857.0 MW and 649.9 av. MW, respectively.

Subsequently, on August 30, 2021, a quota purchase agreement ("QPA") was signed between the Company and ENGIE Brasil Energia Comercializadora Ltda. ("EBC"), a subsidiary of the Company, as sellers; Fram Capital Energy II Fundo de Investimento em Participações Multiestratégia ("FRAM") and Diamante, as consenting intervening parties; and Diamante Holding Participações Ltda. ("Diamante Holding"), a subsidiary of FRAM, as purchaser. The QPA regulates the acquisition by Diamante Holding of the full corporate participation of the Company and EBC in the Diamante subsidiary.

On October 18, 2021, following the fulfillment of the conditions precedent, the disposal of the corporate stake held by the Company and EBC in Diamante was concluded. On this date, the corporation ceased to be controlled by the Company, also ceasing to be consolidated. The acquisition price of 100% of the shareholding stake in Diamante was R$ 321 million, R$ 210 million being paid on the closing of the operation and R$ 111 million pending receipt given that this amount is earmarked to the completion of certain conditions precedent in the QPA. The result of the sale of the subsidiary was a loss of R$ 200 million and is shown in the income statement under the item "Sale of a subsidiary".

Acquisition of the Assú Sol Photovoltaic Complex project

On September 28, 2021, a share purchase agreement was signed between the Company’ s subsidiary, ENGIE Brasil Energias Complementares Participações Ltda. ("ECP"), as purchaser, and Infinito Energy Investimentos e Participações S.A. and Atlântica Solar Power Ltda., as sellers, the purpose of the agreement being the acquisition of the Assú Sol Photovoltaic Complex project through the purchase of all the shares of Assu Sol Geração de Energia SPE S.A. ("Assu Sol'), located in the municipality Assú, state of Rio Grande do Norte. On December 21, 2021, the acquisition was concluded, following the completion of all conditions precedent.

With a total installed capacity estimated at up to 750 MW, the project will be developed in the same region where, since 2017, the Company has been operating the Assú V Photovoltaic Plant. The total value of the operation is R$ 44 million (baseline month of December 2021). Payment will be forthcoming in accordance with the completion of the various stages related to the schedule for the project's development. Up to the date of these Account Statements, R$ 8 million had been disbursed.

c. Unusual events or operations

2022

The main unusual events which impacted the Company's result in fiscal year 2022 were as follows: (i) booking of R$ 67 million of impairment, being: (i.i) complement to the impairment of Pampa Sul TPP for R$ 164 million; and (i.ii) booking of R$ 21 million relative to the increase in the costs in the supply of raw material; and, partially offset by (i.iii) the reversal of R$ 118 million with respect to EGSD, the sale of which took place on February 21, 2022.

2021

Unusual events impacting the Company's result in fiscal year 2021 were as follows: (i) R$ 1,591 million from the renegotiation of hydrological risk; (ii) R$ 1,076 million of asset impairment, of which: (ii.i) R$ 1,080 million and R$ 78 million corresponding to impairment of the investments held in the Pampa Sul and EGSD subsidiaries, respectively, given the outlook for sale of these companies; and (ii.ii) R$ 58 million and R$ 22 million relative to the reversal of impairment of the Jorge Lacerda Thermoelectric Complex and the Lages Thermoelectric Plant, respectively; and (iii) R$ 200 million of losses on the divestment of the Diamante subsidiary.

2.5 Non-accounting measurements

a. Inform the value of the non-accounting measurements

EBITDA, adjusted EBITDA and adjusted EBITDA Margin

The non-accounting measurements usually shown by the Company in its financial reports are EBITDA (net profit before income tax and social contribution, net financial expenses and depreciation and amortization), adjusted EBITDA (EBITDA excluding the effects of non-recurring operations) and adjusted EBITDA margin (ratio obtained through the division of adjusted EBITDA and net operating revenues).

EBITDA, adjusted EBITDA and adjusted EBITDA margin registered by the Company, adhere to the guidance established in CVM Resolution 156 (RCVM 156) and Circular Letter CVM/SNC/SEP 01/2023 of June 26, 2022, and February 13, 2022, respectively, which now govern the disclosure of these non-accounting indicators. EBITDA and the adjusted EBITDA are not measures of financial performance according to international accounting standards or accounting practices adopted in Brazil. Neither should they be considered in isolation or as alternatives to net profit as measures of operational performance, or alternatives to operating cash flows or as measures of liquidity. EBITDA, adjusted EBITDA and adjusted EBITDA margin do not have a standard meaning and are not necessarily comparable with similar items provided by other companies.

	Fiscal year ended on	
In R$ million	**12.31.2022**	**12.31.2021**
EBITDA	6,790	5,941
Adjusted EBITDA	6,941	7,217
Adjusted EBITDA Margin (%)	58.3	57.5

Gross and net debt and degree of leverage

The Company's gross debt is a non-accounting measurement calculated according to market practice, being possible to reconcile gross debt with the Company's account statements and is made up of the balance of debt instruments (loans and financing, debentures and redeemable preferred shares – current and non-current), net of the effects of hedge.

The Company's net debt is a non-accounting measurement calculated in line with market practices, being possible to reconcile net debt with the Company's account statements and is made up of the balance of the debt instruments (loans and financing, debentures and preferred redeemable shares – current and non-current), net of the effects of hedge ("gross debt"), discounted from cash and cash equivalents and deposits linked to debt servicing.

The degree of leverage is also a non-accounting measurement and is found by the formula: net debt / (net debt + shareholders' equity).

Gross debt, net debt and degree of leverage are not measurements of financial performance according to the international accounting standards or accounting practices adopted in Brazil, neither should they be considered in isolation. Gross and net debt and degree of leverage do not have a significant standard and are not comparable with similar items provided by other companies.

The Company reports the following non-accounting measurements with respect to gross and net debt and degree of leverage.

	Fiscal year ended on	
In R$ million	**12.31.2022**	**12.31.2021**
Gross debt	18,150	20,587
Net debt	15,685	14,612
Equity	8,440	7,933
Leverage (%)	65.0	64.8

b. Reconcile the disclosed values and the values of the audited financial statements

EBITDA, adjusted EBITDA and adjusted EBITDA Margin

Reconciliation between net income, EBITDA and adjusted EBITDA:

	Fiscal year ended on	
In R$ million	**12.31.2022**	**12.31.2021**
Net income	2,665	1,565
(+) Income Tax and social contribution	621	255
(+) Financial result, net	2,515	3,079
(+) Depreciation and Amortization	989	1,042
EBITDA	**6,790**	**5,941**
(+) Impairment	67	1,076
(+) Disposal of a subsidiary	84	200
Adjusted EBITDA	**6,941**	**7,217**
Net operating revenue	11,907	12,541
Adjusted EBITDA margin (%)	**58.3**	**57.5**

Gross and net debt and degree of leverage

Reconciliation of gross and net debt and degree of leverage:

	Fiscal year ended on	
In R$ million	**12.31.2022**	**12.31.2021**
Loans and financing, net of hedging effects	**12,098**	**13,486**
Current	1,053	2,902
Non-current	11,045	10,584
Debentures, net of hedging effects	**5,468**	**6,591**
Current	587	590
Non-current	4,881	6,001
Redeemable preferred shares	**584**	**510**
Current	107	-
Non-current	477	510
Gross debt	**18,150**	**20,587**
(-) Cash and cash equivalent and restricted deposits linked to debt service	2,465	5,975
Net debt	**15,685**	**14,612**
Equity	**8,440**	**7,933**
Leverage (%)	**65.0**	**64.8**

c. Explain the reason why it is understood that this measurement is more appropriate for the correct understanding of the Company's financial condition and the result from operations

EBITDA, adjusted EBITDA and adjusted EBITDA Margin

EBITDA, adjusted EBITDA and adjusted EBITDA Margin are financial indicators used to assess the Company's result without the influence of its capital structure, tax effects of income tax and social contribution and other accounting impacts such as depreciation and amortization and the non-recurring operations which have no direct reflection on the Company's cash flow.

Since financial expenses and revenues, income tax and social contribution, depreciation and amortization and non-recurring operations are not considered in its calculation, the Company believes that the adjusted EBITDA is the most appropriate indicator for the purposes of analysis, given that it functions as a general measure of performance approximating closely to cash generation from its economic activity. Consequently, adjusted EBITDA works as an important tool for periodically comparing operational performance as well as serving as the basis for certain decisions of an administrative nature. Adjusted EBITDA makes for a better understanding not only of the financial performance, as well as the capacity to comply with obligations, raise resources for capital expenditures and for working capital. EBITDA, adjusted EBITDA and adjusted EBITDA margin, however, present limitations which hinder its use as a measure of profitability since it fails to consider certain costs arising from the businesses which could considerably affect profits, such as financial expenses, taxes, depreciation, capital expenses and other related charges. The adjusted EBITDA margin is calculated through the division of adjusted EBITDA and net operating revenue.

The Company believes that the adjusted EBITDA margin is an appropriate measurement for understanding its financial condition since it measures the operational profitability of the Company.

Gross and net debt and degree of leverage

The Company understands that gross and net debt and the degree of leverage are appropriate measures for understanding its financial condition since they measure the level of financial leverage, a prime element for execution of the growth strategy of the Company's businesses.

2.6 Subsequent events to the last Financial Statements

a. Proposed additional dividends

At a meeting held on 2.16.2023, the Company's Board of Directors submitted to ASM the proposal for payment of additional dividends on adjusted income from the fiscal year ended 12.31.2022, in the amount of R$ 1,455,160, or R$ 1.7834407362 per share. The proposal shall be ratified by the ASM, which will also set the dividend payment terms.

b. Revision of concession period of Estreito Hydroelectric Power Plant ("Estreito HPP")

In 2016, due to the recognition of immunity events at the Estreito HPP that delayed the start of commercial operations, the Company requested an extension of the concession period. On 01.31.2023, pursuant to Law 13,360/2016 and concession agreement 094/2002, and through Technical Note 877/2022–SCG/SFG/Aneel, the Board of Aneel unanimously approved extending the concession period for Estreito HPP by 852 days.

c. Supreme Court decision on "*res judicata*" on tax issue

On 02.08.2023, the Plenary Session of the Supreme Court finalized the judgment on Themes 881 and 885, unanimously deciding that a final decision, the so-called "*res judicata*", on taxes levied on a continuous basis, automatically loses the effects of final and unappealable decisions if there is a decision to the contrary on concentrated control of constitutionality or under the general repercussion regime. The Company evaluated the reflex effects of this decision and did not identify any lawsuits impacted by said decision of the Supreme Court, as there are no court decisions resulting in the elimination of its taxes, which were subsequently overturned by the Supreme Court, in an action on concentrated control or under the general repercussion regime. Moreover, the Company understands that the decision does not apply directly or has any effect on ENGIE Brasil Energia or its subsidiaries for the baseline date of 12.31.2022 and continues to monitor the developments on the matter.

2.7 Directors' comments on the allocation of corporate results

a. Rules on retained earnings

Profits are retained for the execution of investments as established in the Company's capital budget. In addition to the reserves required under the corporate legislation, the Company has other reserves regulated by Corporate Bylaw.

Amounts of the Retained Earnings:

- **Legal reserves**: in 2022, no profit was allocated since the ceiling of 20% of the capital stock had already been reached pursuant to Article 193 of Law 6.404/76.
- **Fiscal Incentives reserve**: in the amount of R$ 8,953,525.53 – 0.3% of the net income for the fiscal year.

b. Rules on retained earnings

Pursuant to the provision in Article 31, Paragraph 1 of the Company's Corporate Bylaws, in each fiscal year, the distribution of a dividend of no less than 30% of net profits, adjusted according to the law, shall be obligatory, the allocation of the full result for the fiscal year to be submitted for a decision by the annual general meeting.

Additionally, pursuant to the same article, Paragraph 2 of the said document, the Company may raise trial balances at any time upon the decision of the Board of Directors, to distribute interim dividends based on these balances conditional on the total of the dividends paid in each semester of the fiscal year not exceeding the amount of the capital reserves set forth in law.

Also on the basis of a decision by the Board of Directors, as authorized by Article 31, Paragraph 5 of the Corporate Bylaws, the Company may pay interest on shareholders' capital.

As a practice, the Company distributes dividends equivalent to 55% of the adjusted net income for the fiscal year with such distribution being executed semi-annually. Distribution of a value lower than 55% of the adjusted net profit may be made when required by legal provision or by the financial conditions of the Company, since there is no formal policy implemented on the part of the Company for the mandatory distribution of the said percentage.

c. Periodicity of dividend distribution

As described in item "b" above, dividends are distributed on a semi-annual basis as long as profit is reported in the period in question, the Corporate Bylaws permitting the distribution of interim dividends upon a decision by the Board of Directors based on interim balance sheets raised during the fiscal year.

Additionally, the Board of Directors may declare interim dividends for account of retained earnings or existing profit reserves in the last annual balance sheet.

d. Restrictions on the distribution of dividends

There are no restrictions on the distribution of dividends imposed by the legislation, regulations, contracts or any judicial, administrative or arbitrational decisions, except restrictions pursuant to events of early maturity of debentures of the 5th, 6th, 7th, 9th and 10th issues which restrict these payments should the Company be in default in relation to the payment of any monetary obligation relative to the debentures, with the exception of the obligatory minimum enshrined in Article 202 of the Corporate Law.

e. Policy for allocation of results

As established in the provision in Article 31, Paragraph 1 of the Company's Corporate Bylaws, in each fiscal year it is mandatory to distribute a dividend of no less than 30% of net profit, adjusted according to the law, the allocation of the full result for the fiscal year to be submitted for a decision by the annual general meeting. In addition, the Company's practice is that the distribution of dividends should be for an amount equivalent of 55% of the net adjusted profit for the fiscal year and that payouts should be on a semi-annual basis. Distribution may be made in amounts less than 55% of the net income for the fiscal year adjusted when required by legal provision or in the light of the Company's financial conditions since there is no formal policy implemented by the Company requiring the distribution of this percentage.

The Corporate Bylaws of the Company are available for Consultation on the website of the CVM (www.cvm.gov.br) and the Company (https://www.engie.com.br/investidores/).

2.8 Management description of material items not evident from the Company's financial statements

a. Assets and liabilities held by the Company, either directly or indirectly, not appearing in its balance sheet (off-balance sheet items)

b. Other items not shown in the financial statements

Company's Management states that no material assets and liabilities exist not reflected in the Company's accounting statements in the fiscal years ending December 31, 2022 and 2021.

2.9 Management's comments on each of the items not evident from the financial statements as listed in item 2.8

a. How these items change or may change revenues, expenses, operating income, financial expenses or other items in the Company's financial statements;

b. Nature and purpose of the operation

c. Nature and amount of the obligation assumed and rights generated in favor of the Company as a result of the operation

Company's Management states that there are no significant assets and liabilities not reflected in the Company's financial statements for the fiscal years ending December 31, 2022 and 2021.

2.10 Key elements of the Company's business plan:

a. Investmentos

(i) quantitative and qualitative description of investments in progress and expected investments

At the end of 2022, we were able to report progress in the development and the delivery of the basic project of the work after the decision was taken on the principal characteristics of the equipment of the **Gavião Real Transmission System** project.

In relation to the investments related to expansion in generation at the end of 2022, particular mention should be made of the following: (i) **Santo Agostinho Wind Complex – Phase I**: general progress of the work reached 32.5% completion. This phase will require investments of the order of R$ 2.3 billion and create a thousand direct jobs in the region. The plant's viability is guaranteed thanks to the sale of energy to clients in the free market. The entry into gradual commercial operations of the generator units is forecast for the end of the first quarter of 2023; (ii) **Serra do Assuruá Wind Complex**: access opinion issued and grid connection agreement signed, regulatory authorization issued by Aneel, surface use rights' agreements signed and wind data prepared. The estimated investment is approximately R$ 6 billion with the creation of approximately 3,000 direct and indirect jobs in the region with gradual entry into commercial operations forecast as from the second half of 2024; and (iii) **Assú Sol Photovoltaic Complex:** the project was acquired in December 2021 at an advanced stage of development with a Preliminary License and land use agreements signed. The estimated investment is approximately R$ 3.3 billion and the complete entry into operations of the project is expected by the second half of 2025.

The investments made in 2022 and scheduled for 2023 a 2025 as of December 31, 2022, are as follows:

Financing (Amounts in R$ million)	Actual 2022	Projected 2023	Projected 2024	Projected 2025
- Third-parties capital	814	6,409	2,140	124
- Own capital[1]	2,336	(1,186)	4,206	210
	3,150	**5,223**	**6,346**	**334**

(1) The negative amount of own capital forecast for 2023 relates to the amount of debt raised to be invested over the following years.

In 2022, the Company invested R$ 3,150 million, as follows (i) R$ 861 million was invested to acquire ownership interest, of which: (i.i) R$ 656 million in the Floresta and Paracatu Photovoltaic Complexes; (i.ii) R$ 182 million in the Serra do Assuruá Wind Power Plant; e (i.iii) R$ 23 milhões no Conjunto Fotovoltaico Assú Sol; (ii) R$ 2,057 million was invested in the construction of new projects, of which: (ii.i) R$ 718 million in Novo Estado Transmission System; (ii.ii) R$ 694 million in Santo Agostinho Wind Power Complex – Phase 1; (ii.iii) R$ 516 million in Serra do Assuruá Wind Power Complex; e (ii.iv) R$ 129 million in Gralha Azul Transmission System; e (iii) BRL 232 million were allocated to maintenance and revitalization projects for the generating complex – of these, R$ 46 million were allocated exclusively to the modernization of the Salto Osório Hydroelectric Power Plant.

The above figures do not take into account capitalization of interest on financing during the projects' construction phase.

The principal projects and investments scheduled for the coming years include development of the Gavião Real Transmission System, Assú Sol Photovoltaic Complex and Serra do Assuruá and Santo Agostinho – Phase I wind complexes, as well as the modernization of the Salto Osório Hydroelectric Power Plant.

(ii) investment funding sources

The industry's projects, as carried out by the Company's controlled entities, generally have access to financing in the range of 50%-70% of total investment. The remainder is covered with own funds, which usually come from capital injections from controlling company ENGIE Brasil Energia. The controlling company raises funds by means of bank loans or capital market issues that are usually allocated to such injections.

(iii) material divestments in progress and expected divestments

Pampa Sul Thermoelectric Plant

The SPA regulating the sale of all the assets and rights of the Pampa Sul Thermoelectric Power Plant was signed as part of the Company's commitment to the decarbonization of its portfolio. Pampa Sul is the sole coal fired plant still remaining in ENGIE Brasil Energia's portfolio, the Shares Acquisition Agreement being signed with the purchasers Grafito Fundo de Investimento em Participações Multiestratégia ("Grafito") and Perfin Space X Fundo de Investimento em Participações em Infraestrutura ("Space X"). For more information, please see Item 2.4 – b of this Management Proposal.

b. Previously disclosed acquisition of plants, equipment, patents or other assets, which may materially affect the Company's production capacity

In March 2022, the Company acquired 100% of the shares of Solairedirect Holding Brasil S.A. ("Solairedirect"), the owner of Floresta and Paracatu photovoltaic complexes, through ENGIE Solar Brasil Energia e Consultoria Ltda. ("ENGIE Solar"), both the latter two companies pertaining to the ENGIE Group.

On June 21, 2022, following compliance with the conditions precedent included in the asset sales agreement and other covenants, the development rights of the Serra do Assuruá Project were acquired by ENGIE Brasil Energias Complementares Participações Ltda. ("ECP"), the Company's direct subsidiary, from PEC Energia S.A. ("PEC")

For greater information on the acquisitions, see Item 2.4 – b of this Management Proposal.

c. New products and services

(i) description of ongoing research already disclosed

Not applicable.

(ii) total amounts spent by the issuer in research to develop new products or services

Not applicable.

(iii) projects under development already disclosed

Not applicable.

(iv) total amounts spent by the issuer in the development of new products or services

Not applicable.

Innovation

For ENGIE Brasil Energia, innovation represents a critical competitive factor, driving the search for solutions for the challenges inherent to the businesses and to the sustainable development of society. In 2022, the Company updated its strategy on the theme, focusing on the application and development of technology with the focus on the operational performance of the assets as well as the continuous improvement in socio-environmental performance and government.

Internally, the management of innovation is conducted on two fronts:

- Innovation Forum: responsible for the strategic planning of innovation including the definition of the investment priorities in strategic Research, Development, and Innovation projects (RD&I);
- Tactical Nucleus: has the function of approving investments in incremental innovation and monitoring the innovation contexts, including new technologies, market information, potential clients, and regulatory updates.

One of the most important mechanisms for the practice of innovation in the Company is Aneel's Research and Development Program (R&D), executed through partnerships with companies, universities, and research institutions, fostering the open innovation model. The program adheres to the dictates of Law 9.991/2000, whereby 1% of annual net operating revenue must be allocated by companies in the electric energy sector to RD&I activities.

In 2022, we allocated more than BRL 62.6 million to the program as follows:

- R$ 24.7 million to the National Technological and Scientific Development Fund (FNDCT);

- R$ 12.3 million to the Ministry of Mines and Energy for supporting EPE costs;

- R$ 7.4 million to the Energy Development Account (CDE) for supporting tariff modicity;

- R$ 18.2 million to be injected into projects by ENGIE Brasil Energia.

The project portfolio in 2022 totaled 14 projects, with investments that amounted to BRL 111.7 million excluding costs relating to the management of the programs.

In 2022, we had:

- 6 new research institutions as partners;
- 4 new startup partners; and
- Projects under development in 7 Brazilian states.

Among the projects underway, of particular note are:

- Valorization of hydropower plant services and commercial propositions: this R&D project endeavors to quantify the volume of services rendered by the hydropower plants operated by the Company, valorizing them adequately. Among the aspects researched are safety, stability, and quality of electric power supply.

- Oil leakage barrier: reinforcing the commitment to innovation with sustainability and the elimination of the environmental impact of our processes, in 2022, we developed a sustainable protection barrier reinforcing the safety system of our hydropower plants against oil leakage.

Invention Patent

In June 2022, jointly with Power Optics, ENGIE Brasil Energia successfully registered a patent for the "Optical Current Transformer with Redundant Measurement and Hybrid Temperature Compensation Circuit". (TECO-MR). The equipment which has been developed increases the reliability of current transformers in energy substations also generating economic and metrology benefits as well as safety when compared to conventional analog models.

Innovation Hub

Since the processes of innovation are continuous and transversal, covering all areas of the Company, a virtual space was created dedicated to concentrating information relative to projects, actions, and activities of an innovative nature. As well as disclosing information on the theme in the internal context, the so-called Innovation Hub disseminates extra-Company news and promotes training executed through the RD&I ecosystems.

Innovative Culture

Internally, the Company invests in initiatives of intrapreneurship, with the highlight being Inove, a program which encourages innovative suggestions from employees for operational and processual improvements, including the use of new technologies and the development of projects related to ESG aspects. The culture of innovation was also strengthened through actions which extend to units of several regions of the country – including the training of 140 employees in technical aspects related to the theme.

Inove in numbers – 2022

- 69 employees directly involved

- 107 registered initiatives

- R$ 5.8 million in investments

- R$ 66.5 million of estimated return

Integration to the ecosystem

ENGIE Brasil Energia is part of Link Lab, a Associação Catarinense de Technologic (Acate) program which connects large and small companies, facilitating the timely contracting of services and solutions of the ecosystem startups throughout Brazil. The program permits the implementation of projects of short duration and low cost, developing Proof of Concept - POC - which, if validated, can develop into solutions for application in the businesses.

d. Opportunities included in the issuer's business plan related to ESG questions

ENGIE Brasil Energia acts in unison with the ENGIE Group's purpose: to accelerate the transition to a carbon neutral society through reduced consumption of energy and through more sustainable solutions. Shared with employees, shareholders, clients and other stakeholders, this purpose drives the Company's ESG agenda, seeking to reconcile economic development and the positive impact on people and the planet - see the commitments, initiatives, and results in this context below.

This principle is reflected in the Sustainable Management Policy, updated in 2022, in which ENGIE Brasil Energia proposes to seek a continuous improvement in its performance through an approach which considers the life cycle and circular economy; participation, consultation and engagement of interested parties; and compliance with the legislation and other voluntary commitments adopted.

The corporate guidelines related to sustainability support the transversal management of the theme divided into non-financial objectives of the ENGIE Group, to be achieved on a global scale by 2030. Adopted publicly in 2020, these objectives include aspects linked especially to the generation of renewable energy, the promotion of gender equity and the tackling of climate change, as described below:

- **Greenhouse Gas Emissions:** To reduce by at least 43 MtCO2e (metric tons of carbon dioxide equivalent) the total greenhouse gas emissions from the generation of the Group's electric energy - in 2019, this total was 80 MtCO2e (goal aligned to the Science Based Target - SBTi initiative).

- **Gender diversity:** Expand the participation of women in the Group's management to 50% - in 2019, the percentage was 24% of all leadership positions.

- **Renewable energy:** Increase to 58%, the participation of renewable sources in the energy production capacity mix worldwide - against 28% reported in 2019.

- **Supply chain:** By 2030, reach 100% of the responsible purchasing index (excluding energy purchases) that involve socioenvironmental assessments and including purchases; and by 2030, reach 100% of the preferred suppliers certified by Science Based Targets (SBTi) commitments.

- **Water:** Reduction of water consumption in industrial activities by 35% in 2030 – from 93Mm3 in 2019 to 60Mm3 in 2030.

To bolster its commitment to tackling climate change, in 2022, the Company signed the Action Declaration on Climate Policy Engagement, which outlines how industry leaders in the movement to decarbonize the economy will support ambitious action to close the say-do gap on countries' emission reductions by:

- Supporting climate action aligned with the Paris Agreement when engaging with policymakers;
- Working with their major industry/trade associations to advance alignment with the Paris Agreement;
- Monitoring and disclosing climate policy alignment for their companies and their major industry/trade associations.

The document was launched on November 8, during the 27th Conference of the Parties to the United Nations Convention on Climate Change (COP 27) held in Egypt. ENGIE was invited to sign the declaration by the Corporate Knights, being one of the components of the Corporate Knights' Global 100 Most Sustainable Companies 2021 - a ranking which encompasses the 100 most sustainable companies in the world.

2.11 Comment on other factors that have significantly affected operating performance and which have not been identified or commented in other item in this section

Tracking the progress of Gralha Azul ("Gralha Azul") and Novo Estado ("Novo Estado") Transmission Systems

In 2022, the Gralha Azul and Novo Estado Transmission Systems obtained fresh authorizations from the ONS for partial commercial operation of their transmission lines. Gralha Azul and Novo Estado reached, respectively, about 94% and 49% of the monthly RAP in 12.2022 and of the assets in commercial operation on 12.31.2022. Gralha Azul and Novo Estado are expected to start full commercial operations in March 2023 and April 2023, respectively.

Modernization and predictive maintenance of Hydropower Plants

Essential for ensuring operational efficiency, the modernization of hydropower plants constitutes an important investment axis for the Company. With this in mind, in 2022, projects for the modernization of the Salto Osório (PR), Jaguara (SP) and Miranda (MG) hydropower plants proceeded apace. In the first case, the project, considered heavy duty, was started in 2017 and includes the replacement of equipment and systems with updated technologies – which, besides the gain in efficiency, will result in an increase in physical guarantee (estimated at 13.9 average MW). In 2022, progress was made in the modernization of the second generator unit, at the end of December with the assembly of the new equipment practically concluded and commercial operations expected to begin in the first quarter of 2023. The expectation is that the project will be fully concluded by 2024.

The modernization of the Jaguara Hydropower Plant, in turn, advanced with the manufacture of the new generator of Unit 1, installation and start in operations being scheduled for the first half of 2023. In the case of the Miranda Plant, modernization focuses on control systems and instrumentation (including generator voltage and velocity regulators as well as the supervisory system). In 2022, the manufacture, acquisitions and in-factory testing of the new equipment took place, installation to occur over the course of 2023.

Another focus in the management of the assets is the increase in reliability and operational efficiency of the plants. With the aim of avoiding faults which avoid downtime, to ensure the security of the operations and reduce risks and costs, the Company makes use of predictive maintenance methods for the management of the health of the assets.

In addition to tried and tested techniques in industry such as the analysis of vibrations and thermography, since 2021 the Company is installing a system based on machine learning for increasing the detectability of anomalies which may occur in the generation assets.

The system of artificial intelligence evaluated a constant flow of data raised from thousands of sensors installed in the plants and detects in real time, symptoms that indicate the possibility of future faults, allowing preventive action to be taken before hand to avoid undesirable incidents with interruptions to generation.

With the help of this new technology, in 2022 faults in the generation assets were avoided, reducing the costs of maintenance and down time of assets. Installation of the technology will continue through 2023, increasing the coverage of the system for all the hydropower plants, covering the most critical systems of all the generator units.

Impacts of the war in Ukraine

After four months of crisis with the West, Russia decided to attack Ukraine on 02.24.2022, sparking the most serious military conflict in Europe since World War II.

This has drawn economic sanctions on Russia, such as: (i) sanctions on the financial services sector; (ii) restrictions against the energy sector; (iii) geographic restrictions; (iv) restrictions on doing business in Russia; (v) controls and exports; and (vi) similar restrictions against Belarus.

The main impact is the increase in the prices of oil, natural gas, grains and other commodities, since the sudden decline in the supply of these products has raised prices on the international market. Depending on the magnitude and duration of the war, the impact on the economy can be severe, which could reduce prospects for economic growth.

In 2022, the Company did not observe any impacts of the war at Ukraine on its individual and consolidated financial statements. The Company does not have contracts with any of the parties involved in the conflict. In addition, provided the war does not worsen, the Company does not estimate significant effects in its results that could compromise the operational capacity and implementation of its projects.

ATTACHMENT II – PROFIT ALLOCATION PROPOSAL

Article 10 of CVM Resolution 81/22 – Sole paragraph, section II – Proposed allocation of annual net profit containing at least the information indicated in Attachment A of CVM Resolution 81/22:

Allocation of annual net profit

1) Inform the fiscal year's net profit	R$ 2,663 million (controlling company)
2.a) Inform the global amount of dividends, including previously disclosed interim dividends and interest on shareholders' equity (IoSE)	R$ 2,706 million [1]
2.b) Inform the dividends per share, including previously disclosed interim dividends and IoSE	R$ 3.3162954344 per common share
3) Inform the percentage of annual net profit to be paid out	Equals to 100% of the adjusted net profit [2]
4) Inform the global amount and the amount per share of dividends paid out from previous years' profits	In fiscal year 2022, the Company paid out dividends for previous fiscal years, these being: - Intermediate dividends based on the retained earnings reserve for fiscal year 2020 in the amount of R$ 639 million, corresponding to R$ 0.7827524080 paid out on March 17, 2022. - Additional dividends for fiscal year 2021 in the amount of R$ 550 million, corresponding to R$ 0.6738313480 paid out on July 12, 2022.
5) Inform, ex-early dividends and interest on shareholders' equity already declared:	
a) The gross amount of dividends and IoSE, broken down by share type and class	R$ 1,455 million for ordinary shares, corresponding to R$ 1.7834407362 per share
b) Manner and term of payment of dividends and IoSE	To be submitted for approval by the Executive Board, as decided by the Board of Directors.
c) Any restatement of, or interest on, dividends and IoSE	Not applicable.

[1] The global amount of dividends, of R$ 2,706 million, includes the amounts of R$ 1,051 million and R$ 200 million related to interim dividends and interest on shareholders' equity, respectively, as per item 6 "a", and the amount of R$ 1,455 million, related to additional proposed dividends, as per item 5 "a". The global amount of dividends, therefore, equals 100% of distributable net profits.

[2] Adjusted Net Profit is the fiscal year's net profit minus Legal Reserves, Tax Incentives and Profits, adjusted at realized equity value adjustment (cost assigned to fixed assets as per the guidelines provided in CPC 27 and ICPC 10), unclaimed dividends and interest on shareholders' equity, booked in the "Accumulated Profits" account and effects net of hydrological risk renegotiation.

d) Announcement date of dividends and interest on shareholders' equity payout for the purposes of determining shareholders entitled to receive them	The date considered for identification of shareholders who will be entitled to additional dividends is 05/08/2023, the ex date being 05/09/2023.

6) Should there have been announced dividends or interest on shareholders' equity based on semi-annual balance sheets or those for shorter periods

a) Inform the amount of previously disclosed dividends and interest on shareholders' equity	R$ 1,051 million in interim dividends and R$ 200 million in interest on shareholders' equity.
b) Inform the date of the respective payments	Payout of interim dividends began on December 12, 2022 and payout of IoSE will be defined by Executive Board.

7) Provide a comparative table indicating the following amounts broken down by share type and class:

a) Annual net profit and for the 3 previous fiscal years	2022 = R$ 3.2638656730 per ordinary share 2021 = R$ 1.9164997904 per ordinary share 2020 = R$ 3.4281105638 per ordinary share 2019 = R$ 2.8310418867 per ordinary share
b) Dividend and interest on shareholders' equity paid out over the last 3 fiscal years	2022 = R$ 3.3162954344 per ordinary share 2021 = R$ 1.7149994166 per ordinary share 2020 = R$ 2.4717315830 per ordinary share 2019 = R$ 1.5288117415 per ordinary share

8) If profits are allocated to required reserves

a) Identify the amount allocated to the required reserve	In 2022, there was no amount allocated, as in 2021 the Legal Reserve reached the limit of 20% of the share capital.

b) Detail calculations of the required reserves	Equal to 5% of the fiscal year's net profit, limited to 20% of the share capital.
9) If the company has preferred shares entitled to minimum fixed dividends'	Not applicable.

10) Concerning mandatory dividends	
a) Describe calculations as prescribed in the Bylaws	The company's bylaws provide that distribution of a dividend of at least 30% (thirty percent) of the legally adjusted net profit is mandatory each year, and the allocation of the full result for the fiscal year must be submitted for resolution of the Annual General Meeting. - The Company shall prepare semi-annual balance sheets and the Board of Directors may, at its discretion, declare interim dividends based thereon. - The Company may prepare balance sheets and distribute interim dividends at shorter periods, provided that the total dividends paid out in each half of the fiscal year do not exceed the amount of capital reserves mentioned in Paragraph 1, Article 182 of Law 6,404 of December 15, 1976. - Board of Directors may announce interim dividends against the retained earnings or profit reserves accounts booked in the latest annual or semiannual balance sheet. - By resolution of the Board of Directors, the Company may credit or pay interest on shareholders' equity (IoSE) in accordance with the applicable legislation. The amounts paid or credited by the Company as IoSE may be considered for the purposes of mandatory dividends in accordance with the legislation. - Statute of limitations on claims on dividends shall run in three (03) years. Dividends not claimed in a timely manner shall revert to the Company.
b) Inform whether it is being paid in full	Yes
c) Inform any retained amounts	Not applicable.

11) In case of mandatory dividends have been retained due to the Company's financial situation	
a) Inform the amount retained	Not applicable.
b) Describe the Company's financial situation in detail, including aspects related to liquidity analysis, working capital and positive cash flows	Not applicable.

c) Justify retaining the dividends	Not applicable.
12) In the event of profits allocated to contingency reserves	
a) Identify the amount allocated to reserves	Not applicable.
b) Identify the loss deemed probable and its cause	Not applicable.
c) Explain why the loss has been deemed probable	Not applicable.
d) Justify constitution of the reserves	Not applicable.
13) In the event of profits allocated to unrealized profit reserves	
a) Inform the amount allocated to unrealized profit reserves	Not applicable.
b) Inform the nature of the unrealized profits originating the reserve	Not applicable.
14) In the event of profits allocated to statutory reserves	
a) the event of profits allocated to statutory reserves	Not applicable.
b) Identify the amount allocated to the reserves	Not applicable.
c) Describe calculation of the amount	Not applicable.
15) In the event of profits retained pursuant to capital budgets	
a) Identify the amount retained	Not applicable.
b) Provide a copy of the capital budget	Not applicable.
16) In the event of profits allocated to tax incentives reserves	
a) Inform the amount allocated to reserves	R$ 9 million
b) Explain the nature of the destination	The reserve is formed by allocation a portion of the fiscal year's profits equivalent to the tax benefit granted by the Amazon Development Agency (Sudam) and the Northeast Development Agency (Sudene). The benefit corresponds to a 75% reduction in income tax owed on profits

from activities of the Plants that have been granted the benefit - Ponte de Pedra and São Salvador HPP, based on Article 626 of Decree 9,580/2018, as shown below:

In R$ million	12.31.2022
Exploration income	**48**
Nominal income tax (15%)	7
Income tax surchange	5
Calculated income tax	**12**
Tax benefit (%)	75%
Tax benefit	**9**

ATTACHMENT IV – COMPOSITION OF THE FISCAL COUNCIL

Article 11 of CVM 81/22 Resolution – Section I – Whenever the General Meeting is convened to elect the members of Management or Fiscal Council, the Company shall provide the information indicated in item 7.3 to 7.6 of the Reference Form, with respect to the candidates nominated by the management or by the controlling shareholders.

7.3 In relation to each member of the issuer's fiscal council, indicate, in the form of a table, the name, date of birth, profession, CPF or passport number, elective position held, date of election, date of inauguration, term of office , whether elected by the controlling shareholder or not, whether he is an independent member, main professional experiences during the last 5 years, description of events that occurred in the last 5 years, such as criminal conviction, conviction in administrative proceedings and final and unappealable conviction in the judicial sphere or object of final administrative decision and if the fiscal councilor has been exercising consecutive terms, start date of the first of such terms:

FISCAL COUNCIL (appointed candidates)

Name	Date of birth	Management body	Election date	Independent member
CPF or Passaport	Profession	Elected position held	Tenure date	Nominated by the controlling shareholder
Other positions or functions		Number of terms of office	Term of office	Attendance at 2022 Fiscal Council meetings
Carlos Guerreiro Pinto	**06.17.1942**	**Fiscal Council**	**04.26.2023**	**No**
047.615.457-04	Business Administrator	43 - F.C. (Full member) – Nominated by the controlling shareholder	04.26.2023	Yes
-		13 (thirteen)	AGM 2024	100%
Waltamir Barreiros	**08.04.1953**	**Fiscal Council**	**04.26.2023**	**No**
242.690.507-72	Accounting	43 - President of F.C. (Full member) - Nominated by the controlling shareholder	04.26.2023	Yes
-		4 (four)	AGM 2024	100%
Manoel Eduardo Bouzan de Almeida	**04.03.1952**	**Fiscal Council**	**04.26.2023**	**No**
269.006.377-87	Accounting	46 - F.C. (Alternate member of Waltamir Barreiros) - Nominated by the controlling shareholder	04.26.2023	Yes
-		17 (seventeen)	AGM 2024	0%
Anderson Paiva Martins	**03.31.1979**	**Fiscal Council**	**04.26.2023**	**Yes**
077.424.247-70	Accounting	45 - F.C. (Full member) – Nominated by the minority shareholder	04.26.2023	No
-		3 (three)	AGM 2024	25%
Vespasiano Pinto Salerno	**01.25.1960**	**Fiscal Council**	**04.26.2023**	**No**
552.435.097-87	Accounting	46 - F.C. (Alternate member of Carlos Guerreiro Pinto) – Nominated by the controlling shareholder	04.26.2023	Yes

-		2 (two)	AGM 2024	100%
Jorge Miguel de Bessa Menezes	**01.24.1966**	**Fiscal Council**	**04.26.2023**	**Yes**
837.714.927-34	Accounting	48 - F.C. (Alternate member of Anderson Paiva Martins) – Nominated by the minority shareholder	04.26.2023	No
-		0 (zero)	AGM 2024	0%

Carlos Guerreiro Pinto - 047.615.457-04

Born on June 17, 1942, graduated in Business Administration from Sociedade Unificada de Ensino Superior Augusto Motta (SUAM), postgraduate degree in Business Administration from the Instituto de Pós-Graduação e Pesquisa em Administração of Universidade Federal de Rio de Janeiro (COPPEAD), having also concluded his Financial Management course at the Citibank N.A. Training Center. He was certified as a Business Development Partner by Fundação Dom Cabral. He was responsible for structuring the Open Market area of Banco Nacional, also holding the position of Director - Business Risk Area. Additionally, he was President of Sinal Corretora de Valores. He also worked as an Audit Director for the National Supplementary Health Agency (ANS), the private health insurance regulator, from March 2010 to November 2011, responsible for operators placed under the special audit regime. Currently is a Visiting Consultant at the Fundação Getulio Vargas, providing management advisory services to the State Environmental Agency (INEA) and Rio de Janeiro State Secretariat for the Environment (SEA).

The nominee is capable of issuing a statement to the effect that he has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) convicted (and where there is no further appeal) in the judiciary or administrative spheres, such that he has been suspended or barred from any professional or commercial activity.

Waltamir Barreiros - 242.690.507-72

Born on August 04, 1953, he has a degree in accounting and a post-graduate degree in Auditing from Universidade Federal de Santa Catarina (UFSC). Chairman of the Fiscal Council of Energia Sustentável do Brasil (ESBR) since May 2008, member and Property Director of the Academia Catarinense de Ciências Contábeis. Formerly employed at Eletrosul – company that in 1997 gave rise to Gerasul, today ENGIE Brasil Energia - from March 1975 to December 1997, holding various positions in the accounting/tax area and serving as Accounting Department Manager. Formerly Accounting Department Manager at ENGIE Brasil Energia S.A. from December 1997 to May 2005, and Tax Governance Department Manager from May 2005 to April 2014. Former professor of the Accounting Sciences Department at Universidade Federal de Santa Catarina (UFSC), 20 weekly hours regime, from August 1985 to February 2015. Former full member of the Administrative Tax Appeals Board (CARF), from September 2015 to August 2016 and member of the Chamber of Tax and Legislative Affairs of the Federation of Industries of the State of Santa Catarina (FIESC). Former full member of the Fiscal Council of Fundação Eletrosul de Previdência e Assistência Social (ELOS), of the Centro de Pesquisas de Energia Elétrica (CEPEL), and of the Brazilian Energy Concessionaires Association (ABCE).

The nominee is capable of issuing a statement to the effect that he has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) convicted (and where there is no further appeal) in the judiciary or administrative spheres, such that he has been suspended or barred from any professional or commercial activity.

Manoel Eduardo Bouzan de Almeida - 269.006.377-87

Born on April 03, 1952, he holds a Bachelor's degree in Accounting Sciences, having graduated in 1978 from the Faculdades Integradas Simonsen, Rio de Janeiro. He worked in the industrial sector from 1969 to June 1995 in various administrative functions, reaching the position of administration and accounting manager. In the second half of 1995, he was hired as accountant for the Serra da Mesa project by Serra Mesa S.A., occupying this position until June 1998, when he was transferred to the ENGIE Group, as the holding company's accountant, remaining in this position until his retirement at the end of June, 2011.

The nominee is capable of issuing a statement to the effect that he has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) un convicted (and where there is no further appeal) in the judiciary or administrative spheres, such that he has been suspended or barred from any professional or commercial activity.

Anderson Paiva Martins - 077.424.247-70

Born on March 31, 1979. He holds a Bachelor of Accounting Degree, graduated in 2016 from Faculdade Presbiteriana Mackenzie Rio, and a Bachelor of Business Administration Degree, graduated in 2013 from Centro Universitário da Cidade. Formerly an employee at Mega Models from 1999 to 2008, where he was Financial Planning Coordinator. An employee of Agency Model from 2008 to 2015, where he was Financial Assistant. Has since 2015 been an Accountant at Banco Clássico S.A.

The nominee is capable of issuing a statement to the effect that he has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) convicted (and where there is no further appeal) in the judiciary or administrative spheres, such that he has been suspended or barred from any professional or commercial activity.

Vespasiano Pinto Salerno - 552.435.097-87

Born on January 25, 1960. He has a degree in Accounting Sciences from Universidade Gama Filho, with a Post-graduate qualification in Trade Finance from the Fundação de Comércio Exterior. As a result of various professional extension courses at Ibmec, FGV, ESAD, FEBRABAN and KPMG (BNSA Training Center), he specialized in financial, operational and accounting evaluation, Analysis and Auditing of Credit Risks and valuation of companies in businesses which involve the raising of resources in various markets, for operational investments, capitalization or monetization or coverage of their cash.

The nominee is capable of issuing a statement to the effect that he has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) convicted (and where there is no further appeal) in the judiciary or administrative spheres, such that he has been suspended or barred from any professional or commercial activity.

Jorge Miguel de Bessa Menezes - 837.714.927-34

Born on January 24, 1966, he has a degree in Accounting Sciences, with an MBA (master's in business administration), in the area of Financial Control and Finance and Systems Analysis (PUCRJ). Studied English at ILAC International in Toronto (Canada). Worked at Retiro Baixo Energética S.A. (Cemig/Furnas) as Chief Executive Officer and at Walter Heuer Auditores Independentes he held the management position in the audit area. Currently he is internal auditor at Banco Clássico S.A.

The nominee is capable of issuing a statement to the effect that he has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) convicted (and where there is no further appeal) in the judiciary or administrative spheres, such that he has been suspended or barred from any professional or commercial activity.

7.4 To supply the information in item 7.3 in relation to the members of the statutory committees as well as the audit, risk, financial and compensation committees, even when these committees or structures are not statutory:

Not applicable, as the appointed members of the Fiscal Council do not belong to any committee in the Company.

7.5 To inform the existence of a conjugal, common law marriage or family relationship down to second degree between the manager of the issuer, managers of the issuer, managers of the direct or indirect subsidiaries, managers of the issuer or of its direct or indirect subsidiaries, direct or indirect controlling companies of the issuer, managers of the issuer and managers of the direct or indirect subsidiaries of the issuer

Justification for non-completion of the field:

None of the relationships described above exist between the nominated members of the Fiscal Council; between the members of the management and the Company and the members of management of direct or indirect subsidiaries, of the Company; between the managers of the Company or of its direct and indirect subsidiaries and direct and indirect controlling entities of the Company; and between managers of the Company and managers of the directly and indirectly controlling corporations of the Company.

7.6 Subordination, retainer or control relations in the past 3 fiscal years between the Company's managers and: (i) an entity under the Company's direct or indirect control, or (ii) the Company's directly or indirectly controlling shareholder:

a. entity under the Company's direct or indirect control

Not applicable, as a proposal for the election of directors will not be submitted to the AGM.

b. Company's directly or indirectly controlling shareholder

Not applicable, as a proposal for the election of directors will not be submitted to the AGM.

7.8 Other information that the Company deems relevant

Further, should there be a request for the installation of the Fiscal Council, 2 (two) effective members and their respective alternates shall be proposed by the Controlling Shareholder, together with 1 (um) effective member of the Fiscal Council and their alternate to be nominated by the minority shareholders.

ATTACHMENT V – MANAGEMENT COMPENSATION

Management compensation information based on item 8 of the reference form

8.1 Description of the policy or practice of compensation of the Board of Directors, Statutory and Non-Statutory Executive Board, Fiscal Council, Statutory Committees, and Audit, Risk, Financial and Compensation Committees, addressing the following aspects:

a) objectives of the compensation policy or practice, informing whether the compensation policy has been formally approved, the relevant approving body, the date of approval and, where the issuer discloses the policy, world wide web sites where the document can be viewed

The Company abides by the Controlling Group's guidelines and compensation benchmarks obtained from compensation surveys conducted by specialized consultancy firms. On December 06, 2019, the Board of Directors approved the management Compensation Policy, which is available at the Company's website (www.engie.com.br/investors).

The compensation practice for members of the Board of Directors, Executive Management, Fiscal Council and Committees aims to attract and retain professionals and executives aligned with the Company's business guidelines, values and culture. The practice takes account of market analysis, the knowledge required to perform, the complexity of the activities involved, and the expected results based on business objectives.

In addition, Committee members who are also on the Company's payroll receive no compensation for their membership in committees, except (i) for the Leader of the Strategy Committee, who receives monthly additional compensation equal to that of the members of the Board of Directors, where he or she also has a seat, and (ii) the Special Independent Committee for Valuation of Transactions with Related Parties, whose members are compensated upon completion of the assignment for which the committee was formed.

b) practices and procedures embraced by the Board of Directors to set the individual compensation of the Board of Directors and Executive Board:

(i) governing bodies and committees of the issuer that play a role in the decision-making process, identifying the role played;

The aggregate annual amount of compensation is approved at the Meeting of the Board of Directors and the nomination of the members for each profile of manager is the responsibility of the Chairman of the Board of Directors.

(ii) criteria and methodology used to set individual compensation, indicating whether surveys are used to determine market practices and, if so, the benchmarking criteria and the scope of such studies;

Fixed compensation is benchmarked against the Brazilian median according to market surveys conducted annually with specialized consultancies to enable comparisons between the amounts paid to executives by companies of similar size and revenues, with greater weight assigned to those active in the Brazilian electricity industry, as well as internal consistency with the Controlling Group. The variable compensation aims to provide competitive compensation levels compared with the market, repay efforts building results, and the values generated by the Company by means of a bonus pegged to performance, and to motivate the fulfillment of business and strategic objectives, reflecting the Company's and its Controller's culture and values.

(iii) how often, and in what manner, does the board of directors evaluate the adequacy of the issuer's compensation policy.

Eventually, the Company reevaluates the Policy's alignment with identified needs and any changes or updates must have the approval of the Board of Directors and be disclosed in a timely manner to the Securities and Exchange Commission – CVM and B3.

c) compensation breakdown

(i) description of the elements of the compensation and their respective objectives

The composition of the total compensation of members of the Board of Directors, Executive Management, Fiscal Council and Statutory Audit Committee is proposed by controlling company, ENGIE Brasil Participações Ltda., according to criteria set at a global level, and breaks down into fixed compensation, bonus and long-term incentive. The maximum compensation of said Management bodies is approved annually by the Company's Annual General Meeting pursuant to the contents of Law 6,404/76.

The composition of the compensation is set as follows:

Board of Directors

The total compensation of the Board of Directors is made up of the following items, and the maximum aggregate amount thereof is approved by the Annual General Meeting:

- Fixed compensation: Paid in 13 monthly installments intended as direct compensation for services in line with market practices. In addition, the Leader of the Strategy Committee, who also has a seat in the Board of Directors, receives fixed compensation for his or her seat in the said committee;

- Variable compensation: The Chairman of the Board of Directors receives a variable amount based on the Company's results, in the light of financial and operating indicators. This compensation is directly tied in with collective and individual performance results and is intended to compensate the executive for results attained, in line with the Company's business guidelines, values and culture. Furthermore, pursuant to the Collective Employment Contract, full Directors, appointed by the employees may also receive variable annual compensation based on the average of the amounts paid to employees in the previous year, as Profit Sharing (PLR) and Managerial Bonus. As established in the Bylaws, the Company currently has one Director (and one alternate) elected by the employees; and

- Post-employment benefits: The Company sponsors a supplementary retirement plan in the Set Contribution format. The plan is managed by PREVIG and funding for the benefits comes from members' and the sponsor's contributions. The Company's contribution is the same as the employees' basic contribution, limited to a ceiling pursuant to the plan's regulations. The purpose of this form of compensation is to offer an attractive long-term incentive in line with market practices.

The Chairman of the Board of Directors' payment is made by the Company's controlling shareholder, ENGIE Brasil Participações Ltda., with which the Chairman of the Board has entered into an individual employment contract, and 40% of the amount, including charges, are reimbursed by the Company.

The individual compensation of the members of the Board of Directors shall not exceed that of the members of the Executive Board.

Executive Board

Compensation of the members of the Executive Board breaks down into fixed and variable portions and its maximum annual amount is approved by the Annual General Meeting.

- Fixed compensation: Paid in 13,33 monthly installments intended as direct compensation for services rendered. In addition, indirect compensation is provided as benefits offered by the Company, such as: health-recovery support, annual medical checkup, food vouchers, and life insurance. The purpose of the fixed compensation is to offer an attractive package in line with market practices;

- Variable compensation: The amount of the variable compensation, which breaks down into bonus and profit sharing, lies in the range of 40%-81% of annual fixed compensation, depending on the executive's position, challenges and established goals. Its purpose is to compensate executives for the Company's short- and medium-term results. Payment is made in the first half of the following year, after the fiscal year's accounts have been drawn, based on collective and individual performance evaluations;

- Post-employment benefits: The Company sponsors a supplementary retirement plan in the Set Contribution format. The plan is managed by PREVIG and funding for the benefits comes from members' and the sponsor's contributions. The Company's contribution is the same as the employees' basic contribution, limited to a ceiling pursuant to the plan's regulations. The purpose of this form of compensation is to offer an attractive long-term incentive in line with market practices; and

- Stock-based compensation: The Company' directly controlling entity ENGIE Brasil Participações Ltda., offers to the Executive Board a Long-Term Incentive Plan (ILP) pegged to the performance of Phantom Shares and corporate indicators after a 4-year period, as well as to Performance Shares and the Group's Share Options Policy. The purpose of this compensation mode is to offer long-term incentives in line with market practices.

Non-Statutory Executive Board

The Company does not have a Non-Statutory Executive Board installed.

Fiscal Council

The fees of the members of the Fiscal Council are a fixed compensation set and approved by the Annual General Meeting and paid in 13 monthly installments. Fees may not be less, for each active member, than 10% of the average monthly compensation of the Executive Board, excluding benefits and variable compensation. The purpose of this form of compensation is to address performance of the tasks that Fiscal Council membership requires.

Special Independent Committee for Valuation of Transactions with Related Parties

The Committee's compensation is set by the Board of Directors by project and shall not exceed one (01) additional monthly compensation of the members who already hold positions with the Company. Upon convening, the Board of Directors shall define the duration of the committee's engagement and compensation's payment.

No payments have been made as compensation for members of this Committee in the past 3 fiscal years.

Statutory Audit Committee

The Statutory Audit Committee's compensation is set by the Board of Directors, and all members shall receive fixed compensation to be paid in 13 equal installments over the duration of the fiscal year. Members of the Statutory Audit Committee who hold other positions in the Company's Board of Directors shall be paid cumulative fees as members of the Board of Directors and of the Statutory Audit Committee.

(ii) proportion of each component in the total compensation relative to the last 3 fiscal years.

The proportions of fixed compensation, variable compensation and benefits to total compensation are represented as follows:

Total compensation in the Fiscal Year as December 31, 2022					
	Board of Directors	**Executive Board**	**Fiscal Council**	**Statutory Audit Committee**	**Total**
Annual fixed compensation	71.5%	57.2%	100.0%	100.0%	63.4%
Salary	67.0%	50.9%	100.0%	100.0%	58.0%
Direct and indirect benefits	0.1%	6.3%	0.0%	0.0%	4.4%
Committees' seats	4.4%	0.0%	0.0%	0.0%	1.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Description of other fixed compensation	-	-	-	-	-
Variable compensation	24.5%	35.2%	0.0%	0.0%	30.4%
Bonus	23.8%	29.2%	0.0%	0.0%	26.0%
Profit sharing	0.7%	6.0%	0.0%	0.0%	4.4%
Attendance at meetings	0.0%	0.0%	0.0%	0.0%	0.0%
Committees	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Description of other variable compensation	-	-	-	-	-
Post-employment Benefits	1.2%	5.6%	0.0%	0.0%	4.2%
Stock-based	2.8%	2.0%	0.0%	0.0%	2.0%
Total compensation[1]	100.0%	100.0%	100.0%	100.0%	100.0%

Total compensation in the Fiscal Year as December 31, 2021					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee	Total
Annual fixed compensation	77.5%	52.6%	100.0%	100.0%	60.7%
Salary	72.9%	47.6%	100.0%	100.0%	56.0%
Direct and indirect benefits	0.3%	5.0%	0.0%	0.0%	3.8%
Committees' seats	4.3%	0.0%	0.0%	0.0%	0.9%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Description of other fixed compensation	-	-	-	-	-
Variable compensation	19.1%	28.7%	0.0%	0.0%	25.0%
Bonus	11.5%	12.7%	0.0%	0.0%	11.7%
Profit sharing	7.6%	16.0%	0.0%	0.0%	13.3%
Attendance at meetings	0.0%	0.0%	0.0%	0.0%	0.0%
Committees	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Description of other variable compensation	-	-	-	-	-
Post-employment Benefits	1.2%	4.9%	0.0%	0.0%	3.8%
Stock-based	2.2%	13.8%	0.0%	0.0%	10.5%
Total compensation[1]	100.0%	100.0%	100.0%	100.0%	100.0%

Total compensation in the Fiscal Year as December 31, 2020					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee	Total
Annual fixed compensation	75.3%	83.1%	100.0%	100.0%	81.5%
Salary	69.6%	74.5%	100.0%	100.0%	74.5%
Direct and indirect benefits	0.6%	8.6%	0.0%	0.0%	5.1%
Committees' seats	5.1%	0.0%	0.0%	0.0%	1.8%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Description of other fixed compensation	-	-	-	-	-
Variable compensation	16.0%	-3.0%	0.0%	0.0%	4.0%
Bonus	10.5%	-16.0%	0.0%	0.0%	-5.4%
Profit sharing	5.5%	12.9%	0.0%	0.0%	9.4%
Attendance at meetings	0.0%	0.0%	0.0%	0.0%	0.0%
Committees	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Description of other variable compensation	-	-	-	-	-
Post-employment Benefits	2.9%	6.1%	0.0%	0.0%	4.6%
Stock-based	5.8%	13.8%	0.0%	0.0%	10.0%
Total compensation[1]	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Pursuant to Circular Letter /Annual-2023-CVM/SEP, social charges owed by the employer shall not be within the scope of "direct and indirect benefits" and shall not be included in the global or individual compensation amounts in this item's compensation tables.

The 40% reimbursement from ENGIE Brasil Energia to its Controlling Shareholder includes amounts arising from share-based payments to the Chairman of the Board of Directors as CEO of Controlling Shareholder of ENGIE Brasil Participações.

(iii) calculation and restatement method for each element of compensation

The compensation paid to members of the Company's Board of Directors, Executive Board, Fiscal Council and Committees are proposed by the Controlling Entity, according to globally established criteria, and, subsequently approved by the General Shareholders' Meeting. The amount remains unchanged during the fiscal year, as it is set for each year according to the limits approved by the General Shareholders' Meeting for the period in question (January-December).

Compensation is defined according to the nature and duties of each position, based on market surveys held periodically by specialized consultancies.

iv) Leading performance indicators taken into consideration in the surveys, including, where appropriate, indicators connected to ESG issues

To comprise compensation, 3 key indicators of equal weighting are used, relative to ESG issues:

- Climate change;
- Occupational health and safety; and
- Gender diversity in the workforce

In the positioning of management's compensation in relation to the market, quantitative and qualitative indicators, degree of contribution to the results, general performance and experience are used.

Variable compensation is directly related to the results of corporate and individual performance, and considers:

- financial and operational indicators of the year: evolution of the Company's EBITDA, free cash generation, net result of the Company, operational expenses, solidarity with the results of the controlling company, ENGIE Brasil Participações Ltda., etc.;

- individual indicators: meeting targets, industrial and/or financial results; and

- four indicators are used to verify the results of proposed performance within the scope of the Long-Term Incentive Plan (ILP): ROCE (return on employed capital) of the ENGIE Group, TSR (total shareholder return), RNRPG (recurring net revenue), RSE (Corporate Social Responsibility).

(v) reasons that justify the compensation breakdown

The purpose of the Management Compensation Policy, approved by the Board of Directors on December 06, 2019, is to establish compensation guidelines for the members of the Company's Board of Directors, Fiscal Council, Executive Board and Committees. It is based on market practices and aims to attract and retain professionals and executives compatible with the Company's needs.

(vi) presence of members without compensation from the Company and the reason for this

The Company has no uncompensated members in its Board of Directors, Executive Board, Fiscal Council and in the Committees mentioned in item "8.1.a" hereof.

d) presence of compensation with support from subsidiaries or directly or indirectly controlled or controlling entities

No payments are made by subsidiaries for positions held in the Company's Management. The Controlling Conglomerate makes no payments to the Company's Executive Board or Board of Directors, except:

- Monthly fixed compensation, variable compensation, benefits and contributions under the individual employment contract with the Chairman of the Board of Directors, who accumulate corporate positions in the Company. These costs are partly reimbursed by the Company in proportion to the dedication of the executive to statutory activities; and

- Those mentioned in letter "e", Performance Shares Plan and ENGIE S.A. stock call options are of a corporate nature and intended to reinforce employee engagement.

e) presence of compensation or benefits tied in with the occurrence of a given corporate event, such as disposal of the Company's controlling stake

Not applicable to the Company.

8.2 Aggregate compensation of the Board of Directors, Executive Board and Fiscal Council, booked in the results of the last 3 fiscal years and estimated for the fiscal year under way:

Total projected compensation for the current fiscal year ending December 31, 2023 - Annual Amounts in R$					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Commettee	Total
Total number of members (“b”)	18	8	6	3	35
Number of remunerated members (“c”)	18	8	6	3	35
Annual fixed compensation	7,502,591.85	11,342,790.93	824,990.30	789,313.65	20,459,686.73
Salary	6,975,380.76	10,485,110.93	824,990.30	789,313.65	19,074,795.64
Direct and indirect benefits	107,210.00	857,680.00	-	-	964,890.00
Committee seats	420,001.09	-	-	-	420,001.09
Description of other variable compensation	-	-	-	-	-
Other	-	-	-	-	-
Variable compensation	1,608,493.48	9,898,167.07	30,000.00	15,000.00	11,551,660.55
Bonus	931,036.43	6,779,172.67	-	-	7,710,209.10
Profit sharing	582,457.05	2,864,441.05	-	-	3,446,898.10
Attendance at meetings	-	-	-	-	-
Commissions	-	-	-	-	-
Description of other variable compensation	-	-	-	-	-
Other[1]	95,000.00	254,553.35	30,000.00	15,000.00	394,553.35
Post-employment benefit	226,720.25	1,269,010.73	-	-	1,495,730.98
Share based	160,150.38	1,572,122.91	-	-	1,732,273.29
Total compensation	9,497,955.96	24,082,091.64	854,990.30	804,313.65	35,239,351.55

(1) Training, included in “Other”, refers to training planned for the year 2023.

The number of members per body (letter “b”) was established as per Circular Letter/Annual-2023- CVM/SEP. Given that fiscal year 2023 is the current fiscal year, the foregoing numbers gave been included based on the Company's projections as per Circular Letter CVM/SEP/No.01/2022.

Pursuant to Circular Letter/Annual-2023-CVM/SEP, social charges owed by the employer shall not be within the scope of “direct and indirect benefits” and shall not be included in the global or individual compensation amounts in this item’s compensation tables.

The 40% reimbursement from ENGIE Brasil Energia to its Controlling Shareholder includes amounts arising from share-based payments to the Chairman of the Board of Directors as CEO of Controlling Shareholder of ENGIE Brasil Participações.

In 2023, annual aggregate management compensation in the amount of up to R$ 43.28 million, of which R$ 8.04 million correspond to social charges payable by the employer, will be submitted to the approval of the Annual General Meeting (AGM).

Total compensation in fiscal year ending December 31, 2022 - Annual Amounts in R$					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Commettee	Total
Total number of members (“b”)	18.00	8	6	3	34.67
Number of remunerated members (“c”)	13.00	8	6.00	3	30.00
Annual fixed compensation	4,135,698.88	9,866,868.15	974,398.39	709,165.08	15,686,130.50
Salary	3,875,272.39	8,773,572.48	974,398.39	709,165.08	14,332,408.34
Direct and indirect benefits	4,285.75	1,093,295.67	-	-	1,097,581.42
Committee seats	256,140.74	-	-	-	256,140.74
Other	-	-	-	-	-
Description of other fixed compensation	-	-	-	-	-
Variable compensation	1,413,741.76	6,074,791.53	-	-	7,488,533.29
Bonus	1,375,226.40	5,034,694.16	-	-	6,409,920.56
Profit sharing	38,515.36	1,040,097.37	-	-	1,078,612.73
Attendance at meetings	-	-	-	-	-
Commissions	-	-	-	-	-
Other	-	-	-	-	-
Description of other variable compensation	-	-	-	-	-
Post-employment benefit	76,399.45	934,476.87	-	-	1,010,876.32
Share based	160,150.32	345,115.09	-	-	505,265.41
Total compensation	5,785,990.41	17,221,251.64	974,398.39	709,165.08	24,690,805.52

The number of members per body (letter “b”) was established as per Circular Letter/Annual-2023- CVM/SEP.

Pursuant to Circular Letter/Annual-2023- CVM/SEP, social charges owed by the employer shall not be within the scope of “direct and indirect benefits” and shall not be included in the global or individual compensation amounts in this item’s compensation tables.

The 40% reimbursement from ENGIE Brasil Energia to its Controlling Shareholder includes amounts arising from share-based payments to the Chairperson of the Board of Directors as CEO of Controlling Shareholder of ENGIE Brasil Participações.

Total compensation in fiscal year ending December 31, 2021 - Annual Amounts in R$					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Commettee	Total
Total number of members (“b”)	17.67	8	6.00	3	34.67
Number of remunerated members (“c”)	14.67	8	6.00	3	31.67
Annual fixed compensation	3,961,103.88	9,333,331.98	736,024.04	660,383.11	14,690,843.01
Salary	3,724,270.45	8,439,991.15	736,024.04	660,383.11	13,560,668.75
Direct and indirect benefits	16,029.00	893,340.83	-	-	909,369.83
Committee seats	220,804.43	-	-	-	220,804.43
Other	-	-	-	-	-
Description of other fixed compensation	-	-	-	-	-
Variable compensation	975,714.88	5,092,874.77	-	-	6,068,589.65
Bonus	588,835.59	2,255,922.23	-	-	2,844,757.82
Profit sharing	386,879.29	2,836,952.54	-	-	3,223,831.83
Attendance at meetings	-	-	-	-	-
Commissions	-	-	-	-	-
Other	-	-	-	-	-
Description of other variable compensation	-	-	-	-	-
Post-employment benefit	58,003.10	852,205.55	-	-	910,208.65
Share based	111,441.27	2,434,539.14	-	-	2,545,980.41
Total compensation	5,106,263.13	17,712,951.44	736,024.04	660,383.11	24,215,621.72

The number of members per body (letter "b") was established as per Circular Letter/Annual-2023- CVM/SEP.

Pursuant to Circular Letter/Annual-2023- CVM/SEP, social charges owed by the employer shall not be within the scope of "direct and indirect benefits" and shall not be included in the global or individual compensation amounts in this item's compensation tables.

The 40% reimbursement from ENGIE Brasil Energia to its Controlling Shareholder includes amounts arising from share-based payments to the Chairperson of the Board of Directors as CEO of Controlling Shareholder of ENGIE Brasil Participações.

Total Compensation for the Fiscal Year ending December 31, 2020 – Annual Amounts in Reais					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Commettee	Total
Total number of members ("b")	16.58	7	5.33	2	30.91
Number of remunerated members ("c")	14.42	7	5.33	2	28.75
Annual fixed compensation	4,122,247.48	7,234,778.13	635,924.55	421,441.07	12,414,391.23
Salary	3,813,779.19	6,489,805.04	635,924.55	421,441.07	11,360,949.85
Direct and indirect benefits	31,294.12	744,973.09	-	-	776,267.21
Committee seats	277,174.17	-	-	-	277,174.17
Other	-	-	-	-	-
Description of other fixed compensation	-	-	-	-	-
Variable compensation	875,193.70	(265,217.37)	-	-	609,976.33
Bonus	573,315.10	(1,390,983.81)	-	-	(817,668.71)
Profit sharing	301,878.60	1,125,766.44	-	-	1,427,645.04
Attendance at meetings	-	-	-	-	-
Commissions	-	-	-	-	-
Other	-	-	-	-	-
Description of other variable compensation	-	-	-	-	-
Post-employment benefit	160,575.05	534,483.66	-	-	695,058.71
Share based	319,266.00	1,201,736.12	-	-	1,521,002.12
Total compensation	5,477,282.23	8,705,780.54	635,924.55	421,441.07	15,240,428.39

The number of members per body (letter "b") was established as per Circular Letter/Annual-2023- CVM/SEP.

Pursuant to Circular Letter/Annual-2023- CVM/SEP, social charges owed by the employer shall not be within the scope of "direct and indirect benefits" and shall not be included in the global or individual compensation amounts in this item's compensation tables.

The 40% reimbursement from ENGIE Brasil Energia to its Controlling Shareholder includes amounts arising from share-based payments to the Chairperson of the Board of Directors as CEO of Controlling Shareholder of ENGIE Brasil Participações.

In FY 2020, R$ 7,142,451.20 were recognized as reversal of the accumulated provisions for previous years' Executive Board bonuses.

8.3 Variable compensation of the Board of Directors, Executive Board and Fiscal Council in the last 3 fiscal years and projected for the current fiscal year

Variable compensation projected for fiscal year 2023

(Amounts in R$)	Board of Directors	Executive Board
Total number of members	18	8
Number of remunerated members	2	8
Bonus		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	931,036.43	6,779,172.67
Amount assuming goal attainment as per the compensation plan	465,518.22	3,389,586.34
Profit sharing		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	582,457.05	2,864,441.05
Amount assuming goal attainment as per the compensation plan	582,457.05	2,864,441.05

As from fiscal year 2021, the only members of the Board of Directors to earn variable compensation are the Chairperson and the full member elected by the employees.

Recognized in the last 3 fiscal years:

Variable compensation – Fiscal year ending December 31, 2022

(Amounts in R$)	Board of Directors	Executive Board
Total number of members	18	8
Number of remunerated members	2	8
Bonus		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	754,191.39	2,544,891.98
Amount assuming goal attainment as per the compensation plan	377,095.70	1,272,445.99
Profit sharing		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	469,758.75	2,557,334.35
Amount assuming goal attainment as per the compensation plan	469,758.75	2,557,334.35
Amount effectively recognized in the result	1,413,741.76	6,074,791.53

As from fiscal year 2021, the only members of the Board of Directors to earn variable compensation are the Chairperson and the full member elected by the employees.

Variable compensation – Fiscal year ending December 31, 2021

(Amounts in R$)	Board of Directors	Executive Board
Total number of members	17.67	8
Number of remunerated members	2	8
Bonus		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	815,035.22	3,027,198.28
Amount assuming goal attainment as per the compensation plan	407,517.61	1,513,599.14
Profit sharing		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	519,809.78	2,741,619.25
Amount assuming goal attainment as per the compensation plan	259,904.89	1,370,809.63
Amount effectively recognized in the result	975,714.88	5,092,874.77

As from fiscal year 2021, the only members of the Board of Directors to earn variable compensation are the Chairperson and the full member elected by the employees.

Variable compensation – Fiscal year ending December 31, 2020

(Amounts in R$)	Board of Directors	Executive Board
Total number of members	16.58	7
Number of remunerated members	3	7
Bonus		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	619,170.70	1,942,693.94
Amount assuming goal attainment as per the compensation plan	412,780.47	1,295,129.30
Profit sharing		
Minimum amount projected in the compensation plan	-	-
Maximum amount projected in the compensation plan	432,139.14	2,018,195.56
Amount assuming goal attainment as per the compensation plan	288,092.76	-
Amount effectively recognized in the result	875,193.70	(265,217.37)

The only members of the Board of Directors to earn variable compensation are the Chairperson and the full and alternate members elected by the employees.

8.4 Share based compensation plan of the Board of Directors and Statutory Executive Board in force in the last fiscal year and estimated for the current fiscal year:

The Company offers its managers a Long-Term Incentive Plan (ILP) sponsored by the directly controlling shareholder, ENGIE Brasil Participações Ltda. ("ENGIE Brasil Participações").

a) general terms and conditions

As described in items 8.1 and 8.8, the Company's directly controlling shareholder, ENGIE Brasil Participações, offers a Phantom Shares-based ILP to the Executive Board and certain members of the Board of Directors, in connection with medium- and long-term goals.

b) Approval date and responsible organ

The ILP is approved by the ENGIE Group's CEO, Catherine MacGregor, the last plan being approved in the middle of 2022.

c) maximum number of shares covered

There is no maximum number of shares covered. The maximum number of Phantom Shares to be distributed corresponds to the maximum individual amount as described in item "g", below, divided by the value of the shares.

d) maximum number of options granted

As described in item "e", below, the amount of the ILP (% of the annual salary converted into Phantom Shares) is limited to 130% of the Company's compensation range for the executive's position plus the ILP set for the position in question on the granting date. The annual base salary plus adjusted ILP must not exceed this limit.

e) stock purchase conditions

The ILP is intended for the executives of the Company and of the directly controlling shareholder, ENGIE Brasil Participações, who maintain management agreements and positions with the companies' Executive Boards. The controlling shareholder will annually determine executives eligible for the ILP.

f) acquisition- or strike-price setting criteria

The market value of the Phantom Shares is calculated as the simple average of the closing price of the EGIE3 stock in the three months preceding the grant date. Upon the plan's 3rd anniversary, the market value of the phantom shares (again, calculated as the average closing price of EGIE3 in the 3 months preceding the end of the period) will be the basis for the reward to be paid for goals achieved. The ending date shall be the 15th of March subsequent to the plan's 3rd anniversary, after the previous fiscal year's accounts have been drawn and finalized.

g) criteria for setting the timeframe for acquisition or exercising

The ILP established that the duration of the plan shall be 3 years according to the last revision undertaken in mid-2022 – see item 8.4 (b).

h) settlement

The plan involves a specific deferred bonus paid in cash 4 years after the granting date. Payment of the ILP to Statutory Officers shall be made by the Company, and payment to the Chairman of the Board of Directors shall be made by the directly controlling shareholder, ENGIE Brasil Participações, and reimbursed by the Company.

i) restrictions on share transfers

Given that the ILP provides for payment of a specific deferred bonus based on phantom shares, share transfers are not possible.

j) criteria and events that shall, upon occurring, cause the plan's suspension, amendment or extinction

It shall be the prerogative of the directly controlling shareholder, ENGIE Brasil Participações, to at any time, with or without advance notice, modify, change, correct, include or eliminate ILP conditions, as well as to cancel future grants, irrespective of justification.

k) effects of the manager's severance from the issuer's managing bodies on his or her rights under the share-based compensation plan

Executives who leave the Company before the end of the 3-year waiting period provided under the ILP shall be automatically waiving right to any payments under the plan. Exceptions may apply in the event of: severance from the Company to perform duties under other ENGIE Group companies, after retirement due to time in employment or illness, joining voluntary severance programs, termination without cause at the discretion of the Company, or due to death of the executive.

8.5 Share-based compensation of the Board of Directors and Statutory Board recognized in the result for the last 3 fiscal years and estimated for the current fiscal year

The Company's share-based compensation is booked in its ledgers as described in item "8.4" hereof. This is the Long-Term Incentive Plan ("ILP") that the Company's directly controlling shareholder, ENGIE Brasil Participações Ltda., offers to the Executive Board.

Members of the Board of Directors shall not be eligible for share awards under the Long-Term Incentive Plan (ILP) in the performance of their positions with the Company. They may potentially receive, as Board members, amounts arising from shares awarded during their terms as Executive Officers of the Company.

Share-based compensation projected for the current fiscal year (2023)

	Board of Directors	Executive Board
Total number of members	18	8
Number of compensated members[1]	1	4
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	160,150.38	1,572,122.91
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

(1) The number of members earning compensation corresponds to the number of incumbent and former Executive Officers who will receive payment in shares awarded while holding a position with the Company's Executive Board.

Share-based compensation - fiscal year ending December 31, 2022

	Board of Directors	Executive Board
Total number of members	18	8
Number of compensated members[1]	1	8
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	160,150.32	345,115.09
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

(1) The number of members earning compensation corresponds to the number of incumbent and former Executive Officers collecting payment in shares awarded while holding a position with the Company's Executive Board.

Share-based compensation - fiscal year ending December 31, 2021

	Board of Directors	Executive Board
Total number of members	17.67	8
Number of compensated members[1]	1	8
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	111,441.27	2,434,539.14
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

(1) The number of members earning compensation corresponds to the number of incumbent and former Executive Officers collecting payment in shares awarded while holding a position with the Company's Executive Board.

Share-based compensation - fiscal year ending December 31, 2020

	Board of Directors	Executive Board
Total number of members	16.58	7
Number of compensated members[1]	1	7
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	319,266.00	1,201,736.12
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

(1) The number of members earning compensation corresponds to the number of incumbent and former Executive Officers collecting payment in shares awarded while holding a position with the Company's Executive Board.

8.6 Related to each stock option grant executed in the last 3 fiscal years and forecasted for the current fiscal year, of the Board of Directors and the Executive Board

Awards scheduled for the fiscal year under way (2023)

	Executive Board
Total number of members	8
Number of compensated members	8
Award date	03.15.2023
Number of options awarded	71,260
Option exercise period	03.15.2026
Final option exercise deadline	03.15.2026
Restricted share-transfer period	Not applicable

Share-based compensation - fiscal year ending December 31, 2022

	Executive Board
Total number of members	8
Number of compensated members	8
Award date	03.15.2022
Number of options awarded	62,421
Option exercise period	03.15.2025
Final option exercise deadline	03.15.2025
Restricted share-transfer period	Not applicable
Option value on the awarding date (simple average of the closing price in the 3 months preceding the ward)	R$39.44
Multiplication of the number of shares granted at fair value of the options as of awarding date	2,461,884.24

Share-based compensation - fiscal year ending December 31, 2021

	Executive Board
Total number of members	8
Number of compensated members	8
Award date	03.15.2021
Number of options awarded	34,634
Option exercise period	03.15.2025
Final option exercise deadline	03.15.2025
Restricted share-transfer period	Not applicable
Option value on the awarding date (simple average of the closing price in the 3 months preceding the ward)	R$43.22
Multiplication of the number of shares granted at fair value of the options as of awarding date	1,496,881.48

Share-based compensation - fiscal year ending December 31, 2020

	Executive Board
Total number of members	7
Number of compensated members	7
Award date	03.15.2020
Number of options awarded	34,620
Option exercise period	03.15.2024
Final option exercise deadline	03.15.2024
Restricted share-transfer period	Not applicable
Option value on the awarding date (simple average of the closing price in the 3 months preceding the ward)	R$50.63
Multiplication of the number of shares granted at fair value of the options as of awarding date	1,752,810.60

8.7 Outstanding options of the Board of Directors and the Statutory Executive Board at the end of the last fiscal year

As of the date of this document, there are no outstanding options in the name of members of the Board of Directors and the Executive Board.

8.8 Options exercised relative to share-based compensation of the Board of Directors and the Executive Board in the last 3 fiscal years

No options or shares were granted relative to share-based compensation in the past 3 fiscal years.

8.9 Related to share-based compensation, according to shares to be delivered directly to the beneficiaries, recognized in the result for the last 3 fiscal years and forecasted for the current fiscal year

As of the date of presentation of this document, there were no shares earmarked for delivery directly to the beneficiaries of the Board of Directors and the Executive Board.

8.10 Shares delivered relative to share-based compensation of the Board of Directors and the Statutory Executive Board in the last three fiscal years and expected for the current fiscal year

No shares were granted relative to share-based compensation in the past 3 fiscal years.

8.11 Related to delivered shares with respect to shared based compensation of the Board of Directors and the Statutory Executive Board, executed in the last 3 fiscal years

As of the date of presentation of this document, there were no shares earmarked for delivery directly to the beneficiaries of the Board of Directors and the Executive Board.

8.12 Succinct description of the information required for understanding the data disclosed in items "8.5" to "8.11", such as explanation of the shares and options pricing method

The Long-Term Incentive Plan ("ILP") is proposed annually by the directly controlling shareholder, ENGIE Brasil

Participações Ltda., in the light of the following:

- Each beneficiary's individual amount will be set as a percentage of the executive's annual base salary.
- The amount of the "ILP" shall be deducted of the nominal amount, on the date of the award of the performance shares plan of ENGIE S.A., granted in the previous year.
- The resulting amount will be converted into a number of phantom shares based on the market value of the company's shares (EGIE3), providing the basis for the amount of the bonus to be paid for objectives attained by the date of the plan's maturity.

a) pricing model

Awarding of Phantom Shares considers the share's market value and is calculated as the simple average of the closing price of EGIE3 in the 3 months preceding the date of the award. The date of the award is that provided in the Performance Shares plan of the indirectly controlling shareholder, ENGIE S.A., and usually in December each year.

b) data and assumptions used in the pricing model, including the weighted average price of shares, strike price, expected volatility, option life, expected dividends, and risk-free interest rate

For as long as the plan is in force, the number of shares assigned to determine the amount of the incentive may increase proportionally based on the share price when the company pays its shareholders dividends and interest on shareholders' equity. The restatement is to be carried out by means of the calculation of the dividend yield of the closing price of EGIE3 on the relevant date.

The exact amount of the incentive will be calculated using the following formula: (% SB – average of the 3 last years VF PSP) / price of the EGIE3 share on the plan's starting date = X X Number of phantom shares (initial). For the final value of the shares consider: X Number of Phantom Shares x price of EGIE3 on the final date. And total payment will be the final value of the shares multiplied by the performance indicators. Where:

- % SB is a % of the basic annual salary according to the executive's wage matrix on the plan's starting date;
- VF PSP is the face value of the performance shares of ENGIE S.A. granted in the previous year, at the quoted price and EUR/BRL exchange rate on the granting date thereof.
- Price of EGIE3 as discussed in letter "a" of the present section.

c) method and assumptions used to incorporate the expected effects of early exercise

The Group's share based ILP does not provide for early exercise.

d) means of determining expected volatility

Not applicable to the Group's shares based ILP plan, as share volatility was not a factor in the calculations made to determine the amount of the bonus.

e) whether any other option features were included in its fair value measurement

The total payment under the ILP will be a percentage of the share value at the end of the cycle. This percentage will be determined by the results achieved in the plan's four performance indicators in the 3-year period of the plan: ROCE (return on employed capital) of the ENGIE Group - 30%, Total Shareholder Return (total return for the shareholder) – 25%, RNRPG (recurring net revenue) – 25% and RSE (Corporate Social Responsibility) – 20%.

At the end of the plan's 3 years, the market value of these shares (again calculated in the basis of the average closing price of EGIE3 in the 3 months prior to maturity date) will be based on the amount of the bonus to be paid for reaching the targets. The maturity date shall be on the March 15 following the 3rd year of the plan after the closing of the results for the preceding fiscal year.

8.13 Number of shares directly or indirectly held, in Brazil or abroad, and other convertible securities issued by the Company, its directly or indirectly controlling entities, controlled or jointly controlled entities, by members of the Board of Directors, of the Statutory Executive Board or of the Fiscal Council, grouped by corporate body, on the closing date of the latest fiscal year

On December 31, 2022, the Company had 815,927,740 common shares, all nominative and with no face value.

The table next shows the number of shares and other securities held by Directors and Officers of the Company:

Body	Number of shares held on December 31, 2022 Common Shares		
	Directly	Indirectly	Total
Board of Directors	43,855	-	43,855
Executive Board	7,250	-	7,250
Fiscal Council	4,983	-	4,983
Total	**56,088**	**-**	**56,088**

The shares held by these individuals correspond to 0.006874% of all shares issued.

Share price on December 31, 2022 was R$ 37.88 per share.

8.14 Pension plans in effect granted to the members of the Board of Directors and Statutory Executive Board

(Amounts in R$)	Board of Directors	Executive Board
Number of members	18	8
Number of compensated members	2	8
Plan name	CD Plan	CD Plan
Number of members of management qualified for retirement	1	1
Qualifying for early retirement	2	8
Restated amount of the accumulated contributions to the pension plan at the close of the last fiscal year, discounting the portion relating to contributions made directly by members of management	5,660,172.32	26,195,332.88
Total accumulated amount of the contributions made during the last fiscal year, discounting the portion relating to contributions made directly by members of management	49,501.80	809,237.21
Whether early redemption is possible, and under what conditions	Não Aplicável	Não Aplicável

Note: Normal Retirement age was changed to 60 and Early Retirement remains as from 48.

8.15 Maximum, minimum and average individual compensation of the members of the Board of Directors, Statutory Executive Board and Fiscal Council, in the last 3 fiscal years

	Board of Directors			Executive Board			Fiscal Council			Statutory Audit Committee		
(Amount in R$)	12.31.2022	12.31.2021	12.31.2020	12.31.2022	12.31.2021	12.31.2020	12.31.2022	12.31.2021	12.31.2020	12.31.2022	12.31.2021	12.31.2020
Number of members	18	17.67	17	8	8	7	6	6	5	3	3	2
Number of compensate members	13	14.67	14.42	8	8	7	6	6	5	3	3	2
Amount of the highest compensation	2,093,212.03	2,080,483.95	2,193,509.56	3,318,269.17	3,371,882.49	2,361,439.08	164,715.37	151,343.96	146,751.80	236,388.36	220,127.70	150,514.67
Amount of the lowest compensation	162,188.84	147,202.90	138,587.02	1,032,459.92	846,301.93	968,711.77	82,357.68	75,671.98	146,751.80	236,388.36	220,127.70	150,514.67
Average compensation	445,076.19	348,075.20	379,839.27	2,152,656.46	2,214,118.93	1,243,682.93	162,399.73	122,670.67	119,310.42	236,388.36	220,127.70	210,720.54

Pursuant to Circular Letter/Annual-2023-CVM/SEP, social charges owed by the employer shall not be within the scope of “direct and indirect benefits” and shall not be included in the global or individual compensation amounts in this item’s compensation tables.

The members of the Executive Board and the identified Boards with the highest and lowest compensation occupied their posts throughout the twelve months of the year.

The lower average compensation of Fiscal Council members in 2020 is due to the fact that alternates began to be paid midway through the fiscal year, when it was stipulated that alternates would be compensated at 50% of the monthly amount allocated to full members.

The Statutory Audit Committee’s highest and lowest compensation amounts reflect the sum total of 8 months’ payments in fiscal year since the creation of the body. The average compensation of the Statutory Audit Committee in 2020 at a higher amount than the highest compensation is due to the less than 12 months run in the fiscal year since the body’s creation.

8.16 Contractual arrangements, insurance policies or other instruments establishing compensation or indemnification mechanisms for members of management in the event of removal from the position or retirement and what the financial consequences thereof for the Company

The Company has no contractual arrangements, insurance policies or other instruments establishing compensation or indemnification mechanisms for members of management in the event of removal from the position or retirement.

8.17 Concerning the last 3 fiscal years and forecast for the current fiscal year, indicate the percentage of total compensation of each body as booked in the Company's results relating to members of the Board of Directors, the Statutory Executive Board or the Fiscal Council who are related parties to directly or indirectly controlling shareholders as defined by the accounting rules that address this matter

The compensation of the members of the Board of Directors who have labor contracts linked either directly or indirectly to the controllers of the Company corresponded to 44% (foreseen), 43%, 57% and 63%, of total compensation of the Board of Directors in 2023, 2022, 2021 and 2020 respectively. In the past 3 years, no members of the Fiscal Council were deemed related parties to the Company's controlling shareholders.

8.18 Amounts booked in the result of the Company as compensation of members of the Board of Directors, the Statutory Executive Board or Fiscal Council, grouped by body, for any reason other than the positions held, such as, for example, committee seats held and consulting or advisory services rendered, in relation to the last 3 fiscal years and forecast for the current fiscal year

No compensation was paid to members of the Board of Directors, the Executive Board or Fiscal Council for any reason other than the positions held in the past 3 fiscal years, as well as there is no expectation of payment for the current year.

8.19 Amounts recognized in the result of the controllers, either direct or indirect, of corporations under common control and of Company's subsidiaries, as compensation of members of the Board of Directors, of the Statutory Board or the Fiscal Council of the Company, grouped by collegiate body, specifying why these amounts were assigned to these individuals, in relation to the last 3 fiscal years and forecast for the current fiscal year

The Company's Controlling Conglomerate, ENGIE S.A., has a performance share grant program that may be awarded to senior executives and professionals under the conditions in force.

The table next shows the average awards of share of the Controlling Conglomerate to members of the Company's Board of Executives:

FY 2023 – Compensation to be Received as a Function of the Exercising of the Position in the Company					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee	Total
Directly and indirectly controlling shareholders	-	243,677.86	-	-	243,677.86
Controlled entities of the Company	-	-	-	-	-
Jointly controlled entities	-	-	-	-	-

FY 2022 – Compensation received for Positions Held with the Company					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee	Total
Directly and indirectly controlling shareholders	-	383,011.12	-	-	383,011.12
Controlled entities of the Company	-	-	-	-	-
Jointly controlled entities	-	-	-	-	-

FY 2021 – Compensation received for Positions Held with the Company					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee	Total
Directly and indirectly controlling shareholders	-	225,063.88	-	-	225,063.88
Controlled entities of the Company	-	-	-	-	-
Jointly controlled entities	-	-	-	-	-

FY 2020 – Compensation received for Positions Held with the Company					
	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee	Total
Directly and indirectly controlling shareholders	-	122,958.57	-	-	122,958.57
Controlled entities of the Company	-	-	-	-	-
Jointly controlled entities	-	-	-	-	-

8.20 Other information that the Company may deem relevant

Pursuant to Circular Letter/Annual-2023-CVM/SEP, social charges owed by the employer shall not be within the scope of "direct and indirect benefits" and shall not be included in the global or individual compensation amounts in this item's compensation tables.

The social charges segregated from this item's tables in fiscal years 2023, 2022, 2021 and 2020 were R$ 8,044,334.58 (foreseen), R$ 6,332,686.48, R$ 5,563,453.67 and R$ 3,242,642.25, respectively.

Annual average number of total members per body

FY 2022

Month	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee
January	18	8	6	3
February	18	8	6	3
March	18	8	6	3
April	18	8	6	3
May	18	8	6	3
June	18	8	6	3
July	18	8	6	3
August	18	8	6	3
September	18	8	6	3
October	18	8	6	3
November	18	8	6	3
December	18	8	6	3
Total	**216**	**96**	**72**	**36**
Annual average members	**18**	**8**	**6**	**3**

FY 2021

Month	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee
January	18	8	6	3
February	18	8	6	3
March	18	8	6	3
April	18	8	6	3
May	18	8	6	3
June	18	8	6	3
July	18	8	6	3
August	16	8	6	3
September	16	8	6	3
October	18	8	6	3
November	18	8	6	3
December	18	8	6	3
Total	**212**	**96**	**72**	**36**
Annual average members	**17.67**	**8**	**6**	**3**

FY 2020

Month	Board of Directors	Executive Board	Fiscal Council	Statutory Audit Committee
January	17	7	4	0
February	17	7	4	0
March	17	7	4	0
April	17	7	4	0
May	17	7	6	3
June	16	7	6	3
July	16	7	6	3
August	16	7	6	3
September	16	7	6	3
October	16	7	6	3
November	17	7	6	3
December	17	7	6	3
Total	**199**	**84**	**64**	**24**
Annual average members	**16.58**	**7**	**5.33**	**2**

ATTACHMENT VI – COMPENSATION AND PROFIT-SHARING POLICY

Information related to the proposal for the participation of the employees in the results for the fiscal year 2022

10.3 Description of the compensation policy for the Company's employees

a. salary and variable compensation policy

Compensation policy:

The Company's compensation policy is to maintain compensation in line with market practices, meeting the interests of the Company and its employees. Therefore, the company considers the following aspects:

- The amount paid to each employee for his or her work in the Company shall be consistent with the market value of such work according to the compensation strategy adopted by the Company;
- Compensation should reflect each employee's responsibilities, performance level and results achieved, both individually and as a member of a team.

Variable compensation system:

In addition to the fixed salary paid, the Company maintains a variable compensation system based on the attainment of business objectives and the percentage attainment of goals associated therewith. This is measured annually based on the Company's financial results and the evaluation of the performance of each of the Company's areas. As such, variable compensation is made up of:

- Profit- or Income-Sharing Program (PLR): extended to all of the Company's employees and contingent on business results as measured by the fiscal year's EBITDA, in addition to attainment of departmental goals. These criteria are negotiated with workers' unions and established in the Collective Bargaining Agreement (ACT). Payment of the PLR fosters competitive compensation compared with those typical of the Brazilian jobs market.
- Management Bonus Program: applicable to all employees with managerial duties. The program is pegged to attainment of business goals and is contingent on percentage attainment thereof.

The Management's proposal considers an amount of up to R$ 43.29 million in employee PLR for fiscal year 2022, to be distributed according to the criteria set forth in the Company's Compensation System and Collective Bargaining Agreements.

b. benefits policy

In order to attract, retain and motivate professionals who are in line with the values of the Company, it offers benefits that seek to balance market trends and the aspirations of the employees.

c. characteristics of share-based compensation plans for non-management employees

The Company does not have a share-based incentives program for non-management employees. However, without burden and not linked to the results, Company employees may participate in the program established by the Controlling Group - ENGIE, as mentioned in item 8.1.

d. ratio between:

(i) the highest individual compensation (considering the composition of the compensation with all the items described under item 8.2.d) recognized in the result of the issuer in the last fiscal year including the compensation of a statutory manager, if the case;

(ii) the median individual compensation of the employees of the issuer in Brazil, excluding the highest individual compensation as recognized in its result for the last fiscal year.