

Eletrobras

Annual Report 2020



Eletrobras

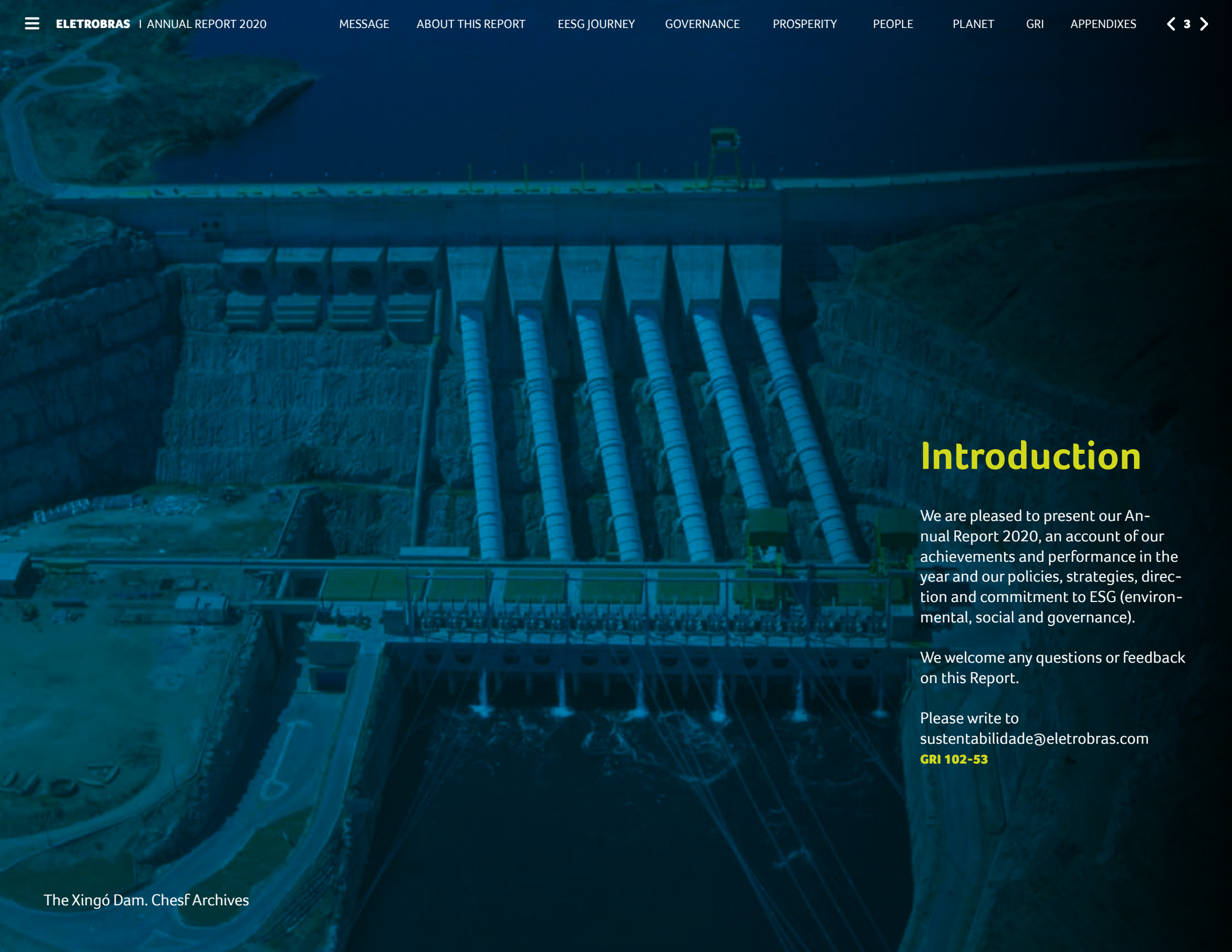




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ELETROBRAS ANNUAL REPORT 2020



Introduction

We are pleased to present our Annual Report 2020, an account of our achievements and performance in the year and our policies, strategies, direction and commitment to ESG (environmental, social and governance).

We welcome any questions or feedback on this Report.

Please write to sustentabilidade@eletrobras.com

GRI 102-53

Message from Management

GRI 102-14

In such an aberrant year as 2020, the important role of reliable electricity in the response to the coronavirus pandemic increased stakeholders' awareness of how essential Eletrobras's services are.

We faced the biggest operational challenge in our history. At the onset of the crisis, we immediately made the unprecedented decision to assign 75% of our employees to work from home, while the rest of our workforce continued to work at our plants, substations and operation centers across Brazil under stringent health and safety protocols.

The successful transition was made possible by an extensive restructuring process in recent years across the Eletrobras Group, in which we modernized our governance structure, invested in operations automation, and implemented a single-instance SAP ERP system at all Eletrobras Group companies. The pandemic tested our resilience, and these measures proved successful. Through them, we were able to remotely operate 399 facilities – including plants, substations and operation centers – from 183 main and backup sites.

The safety protocols we implemented aimed to maintain the reliability and availability of our generation and transmission assets at or higher than pre-pandemic levels. We also supported society at such a critical time by delivering the best we have to offer: the energy that Brazil needs to function and develop. At the height of the pandemic, we supplied as much as 40%* of Brazil's generation capacity.

As our operations crews continued to work on the front lines to ensure a continued, reliable supply of electricity, Eletrobras Group's executive directors set up a Crisis Committee that met on a daily basis to assess developments, establish safety protocols, and take the measures necessary to guarantee operational continuity. This Committee has also monitored employee health and provided support to their families.

As we navigated the severe crisis in 2020, Eletrobras made important progress across different business fronts. We launched a Cultural Transformation program – one of the most important programs in our recent history – to build a corporate culture based on creativity, collaboration, innovation and sustainability, and a meritocratic, high performance work environment in which employees' talents and accomplishments are recognized and rewarded. Following a baseline survey to determine the current state of Group companies' organizational culture, based on the perspectives and suggestions of employees, we will lay the groundwork over the next few months for a major transformation to build the Eletrobras Brazilians want: a modern, dynamic and meritocratic organization.

*Referring to the period from 3/10/2020 to 8/25/2020, during which Eletrobras accounted for 40% of the generation capacity of the National Grid at peak.

In 2020 we made continued progress in our investments optimization. We completed the sale of SPEs Mangue Seco 2, Centroeste, MTE, Santa Vitória do Palmar and Complexo Campos Neutrais. Several SPEs were sold, wound up and merged in 2020, reducing the number of SPEs we have a stake in from 136 to 94. We also approved the acquisition of minority interests in and the merger of 12 other SPEs into subsidiaries Furnas (Transenergia Goiás) and Chesf (11 projects within the Pindaí I, II and III wind farm clusters), further reducing the number of SPEs we hold to 82 in early 2021.

We completed a project to achieve compliance with Brazil's new General Data Protection Act (LGPD) at Group companies

In addition, we completed the merger of two subsidiaries in the South: Eletrosul and CGTEE. The project was launched in 2017 and incorporated into Eletrobras's Business and Management Master Plan (PDNG), with a focus on achieving corporate synergies across regional subsidiaries. The company resulting from the merger, CGT Eletrosul, is a fully integrated operation focused on Brazil's south, benefiting from greater operational efficiency, process improvement and optimized performance.

Restructuring also progressed on the organizational front, with changes aiming to integrate the holding company's and subsidiaries' organizational structures. Internally, we completed a project to achieve compliance with Brazil's newly introduced General Data Protection Act (LGPD) at Group companies, and published a new version of the Eletrobras Code of Ethical Code and Integrity, which we then disseminated through extensive employee communications and training.

In the Transmission segment, the year was marked by Eletrobras's participation in energy auctions for the first time in six years. The holding company led the participation of three subsidiaries in the auctions, with stringent financial discipline. A particularly significant milestone in



Elvira Presta. Eletrobras Archives



Ruy Schneider. Eletrobras Archives

the year was the successful completion of the rate-setting reviews for transmission concessions extended under Law no. 12 783/2013. The rate-setting review results were incorporated into the Permitted Annual Revenue (RAP) for the 2020-2021 rate-setting cycle, adjusted and remunerated by the real Cost of Equity (Ke) for the transmission segment as established by the Brazilian power sector regulator, ANEEL. Under MME Ordinance 120/2016, the current cycle's rate-setting review also included the portion of Ke remuneration not incorporated from



We would like to express our solidarity with the families of Brazilians who have lost their lives, and honor the memory of the colleagues we have lost to the pandemic

the date of concession extension to the tariff review. This portion had been excluded by ANEEL from the tariffs in 2017 under injunctions that were repealed in 2020.

In the Generation segment, we resumed construction of the Angra III nuclear power plant, with a budget allocation of R\$ 3.5 billion for a Critical Path Acceleration Plan under which the works will be completed by 2026. Provisional Measure 988, which has passed both the House and the Senate, outlines the pricing conditions for a new 40-year electricity reserve contract that will ensure the sustainability of the project as well as rate affordability.

A restructuring of our electricity trading business model will deliver further improvements over the coming years. In innovation, we became a

founding member of the Center for the Fourth Industrial Revolution (C4IR) Brazil, a public-private partnership among the World Economic Forum, the Brazilian Federal Government, the São Paulo State Government and industry. C4IR is the first center of its kind in Brazil and will be focused on artificial intelligence, machine learning, the Internet of Things, urban transformation and data policy. The goal of the center is to promote the adoption of innovative technologies through scalable public policies that can help to make Brazil's companies and the broader economy more competitive, productive and sustainable.

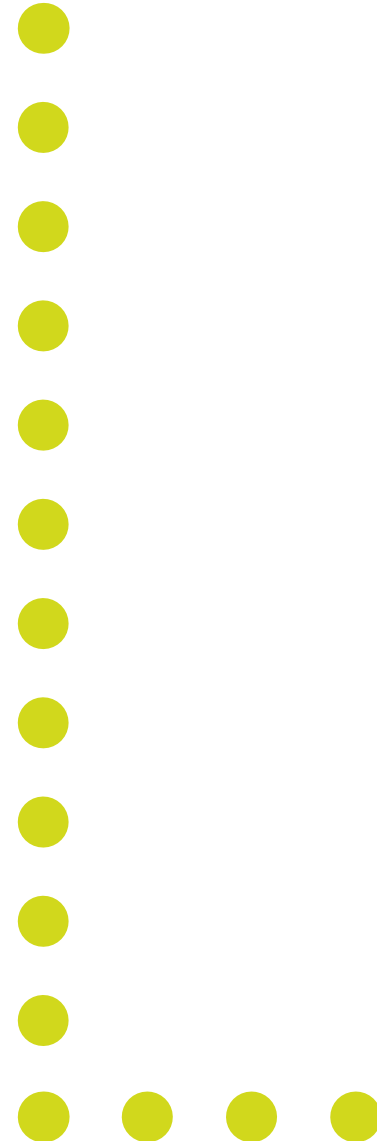
Eletrobras is proud of the initiatives we have pursued as a signatory of the Global Compact and the recognition they have earned from the market, including an upgraded score in the Carbon Disclosure Project (A-) and Dow Jones Sustainability Index, and a Second Party Opinion to issue green bonds, all of which attest to our commitment to sustainable development. Another highlight of the year was the launch of our EESG Journey, a dedicated section on the Eletrobras website featuring consolidated indicators on environmental, social and governance performance. The new space will increase visibility around these issues and underline the importance we attach to them in our business strategy. 2020 was an unprecedented year for society – and with all our

efforts and important achievements in the year, we felt compelled to do even more. Eletrobras Companies contributed R\$ 23.7 million as part of the COVID-19 response to hospitals in the National Healthcare System (SUS) across Brazil, in partnership with the Brazilian Development Bank's (BNDES) "Saving Lives" program. We organized campaigns to donate equipment and PPE, grocery packs, personal hygiene kits, COVID-19 tests and masks to socially vulnerable families and communities surrounding our operations. The campaigns were informed by a survey that mapped out our strategic assets and the stakeholders they interact with. In 2021, we donated 100 large, 1.000 m³ oxygen cylinders to Manaus.

We would like to thank all our employees for the dedication, determination and competence that have made Eletrobras the company it is today. We would also like to express our solidarity with the families of Brazilians who have lost their lives, and honor the memory of the colleagues we have lost to the pandemic. And lastly, we wish to extend our thanks to our shareholders, partners and other stakeholders for your trust and recognition of the efforts and achievements described in this report.

Elvira Baracuhy Cavalcanti Presta
CEO (interim)

Ruy Flaks Schneider
Chairman of the Board of Directors



2020 at a glance



Amid the COVID-19 pandemic, Eletrobras Companies donated approximately R\$ 24 million to support the emergency response (page 10).



From 2018 to 2020, we generated more than R\$ 30 billion in net income



Eletrobras recorded a ratio of Net Debt to EBITDA of 1.5 times



We posted a return on equity of 8.7%



We paid dividends of R\$ 2.6 billion in the year and R\$ 2.3 billion in January 2021 (interim dividends)



In 2020, we launched a corporate nominations management system to more efficiently assess the profiles of candidates to our more than 500 Board of Directors and Executive Board Positions across Group companies (page 28).



We optimized the number of Special-Purpose Entities (SPEs) held by Eletrobras, generating proceeds of approximately R\$ 900 million* (page 67).

* Including approximately R\$ 896 million in connection with a competitive procedure in 2019 – of which the first and second installments were paid in 2020 – and approximately R\$ 43 million in connection with an auction in 2018, of which the second installment was paid in 2020.



Eletrobras received a **Second Party Opinion (SPO)** in 2020 to issue green bonds to finance wind and solar farm projects. The SPO was issued by **Vigeo Eiris** following an assessment on ESG aspects. We ranked **1st** place in the electric power and gas sector in emerging markets.



We completed a corporate reorganization that created **Companhia de Geração e Transmissão de Energia Elétrica do Sul do Brasil (CGT Eletrosul)**, a public generation and transmission company resulting from a merger of two Eletrobras subsidiaries in the South: Eletrosul and CGTEE. ([page 70](#))



We launched our **EESG Journey**, providing an overview of our Economic, Environmental, Social and Governance performance. We implemented a structure of four pillars – Prosperity, Planet, People and Governance – broken down into 12 key drivers, based on a framework launched by the World Economic Forum in September 2020.



We committed to offset **100%** of our holding company's Greenhouse Gas (GHG) emissions from 2021



For the fifth consecutive year, we linked executive directors variable compensation to a set of ESG targets, including targets on climate change, energy efficiency, health and safety, research and development, supplier due diligence, and gender equity.



We invested more than **R\$ 472 million in Technology and Innovation**, including more than 100 research projects in areas such as: Operation, supervisory, control and protection of electric power systems, and alternative energy sources.

2020 Overview

The novel coronavirus pandemic set the tone for 2020 and directly affected the positive and negative impacts on the businesses, processes and operations of Eletrobras Group companies.

Structural preparations made in advance ensured we were able to respond promptly as soon as the pandemic reached Brazil. We immediately set up a crisis committee with CEOs of all Group companies and all executive officers of the holding company. Alongside the crisis committee, we created three monitoring and action groups for: operations, electricity trading and management infrastructure. These groups helped to accelerate important integration processes, develop operation protocols and implement strategies for protecting our employees, maintaining our management infrastructure, and engaging in corporate social responsibility initiatives. Eletrobras made approximately R\$ 24 million in donations in support of health and prevention initiatives as part of the COVID-19 response.

We demonstrated strong resilience in maintaining our generation and transmission operations across Brazil throughout the global pandemic crisis. Approximately 75% of our employees were assigned to work from home within a short space of time, while successfully maintaining all operation, governance and management systems fully operational. We made shared purchases to supply all Group companies with the hand sanitizers and personal protective equipment needed to maintain our operations. Eletrobras partnered with other Brazilian companies to import COVID-19 test kits for our direct and third-party employees. Meanwhile, we implemented protocols to protect the health and safety of the employees working on-site. At year-end, more than half our substations were being remotely operated and supervised. We continued to fulfill our commitment to generating, transmitting and selling the electricity that Brazil needs.

In the macroeconomic environment, interest rates dipped steeply to a historical low, while the Brazilian real weakened sharply in the year. Eletrobras was not significantly affected, as most of the Group's debt is denominated in local currency. In January 2020 we renegotiated our foreign-denominated debt to reduce interest rates and lengthen maturities. The Special Purpose Entities (SPEs) in which we have an interest were benefited by a temporary, six-month suspension of interest collection by the Brazilian Development Bank (BNDES), positively affecting Group companies' cash flows.

Inflation remained within the target under our plan, although accelerating at the end of the year. Our performance in the period was also positively affected by a Ministry of Mining and Energy program, called *Conta-Covid*, that aimed to dilute rate adjustments for consumers while providing relief for distributors in the

Brazilian power sector. The initiative provided loans to fund distributors' payments to generation companies for contract power. Another factor that positively affected our financial performance in the year was the rate-setting review by ANEEL. (Read more in Financial performance, on [page 70](#))

In closing, we would be remiss not to mention and honor the memory of the 15 employees we lost to COVID-19.

THE ELETOBRAS GROUP'S PANDEMIC RESPONSE



EMPLOYEES, CONTRACTORS AND THEIR FAMILIES

Up to **75%** of employees working from home

399 facilities monitored by our Crisis Committee

76,820 COVID-19 tests administered

90.8% of employees tested

230 Monitoring Bulletins

-  **PSYCHOSOCIAL COUNSELING**
-  **ONLINE WORKOUTS**
-  **ONLINE TRAINING**
-  **JOBS PRESERVED**

 **OPERATION**
Implemented health protocols and administered rapid tests

 **Former employees***
Online instructions on Health & Retirement Plans


 **Suppliers**
Flexible contracts and prevention protocols

*Terminated in 2019

 **1,820** INFECTED WITH COVID-19

 **15** DEATHS FROM COVID-19

DONATIONS

 **Around R\$ 24 million***
IN TOTAL DONATIONS
Purchased supplies and PPE for health professionals at 109 National Healthcare System hospitals in 102 municipalities, through the "Salvando Vidas" (Saving Lives) campaign in partnership with BNDES

 **Indigenous communities**

-  2,519 grocery kits
-  1,200 bottles of mineral water
-  2,000 masks
-  internet access

 **Quilombola communities**

-  200 grocery kits

RESILIENCE

-  **Business continuity**
Sustained operations and electricity supply
-  **Coming through stronger**
Technology adoption and governance enhancements
-  **Higher productivity**
Leadership united; employees and families safe

About this report

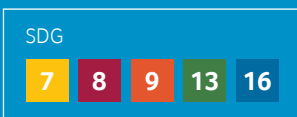
GRI 102-49, 102-50

The information in this report is for the period from January 1 to December 31, 2020, describing the economic, social, environmental and governance aspects that are most material to the sustainability of our business.

For ease of reading and comprehension, the following are signposted by icons throughout this Report:

- **material topics**
- **GRI disclosures**
- **(Integrated Reporting) capitals***
- **SDGs****

**Sustainable Development Goals



*The capitals proposed by the International Integrated Reporting Council (IIRC) are the set of resources and capabilities through which an organization creates value. The six capitals are:



Natural capital
natural resources



Financial capital
financial resources



Manufactured capital
the buildings, equipment
an infrastructure used
by the business



Human capital
the skills and competencies
of people in the organization



Social and relationship capital
relationships within
and outside the company



Intellectual capital
knowledge created

Responsibilities and approval GRI 102-32

The Board of Directors, with support from the Strategy, Governance & Sustainability Committee, is responsible for ensuring the integrity of this report. A dedicated team of specialists from our Group companies developed the report and the Board, following a review of the report, found that it provides a fair and balanced representation of matters that have or could have a material effect on our ability to create value.

The topics in the report are structured around the Eletrobras Value Creation Model (see [page 34](#)) beginning with the context surrounding our operations, then continuing through our business profile and operations, and our strategy, corporate governance structure and approach to managing risks and opportunities – which span across and underpin our different businesses – and ending with our performance across each capital (financial, manufactured, intellectual, social and relationship, natural, and human).

We invite our stakeholders to review our report and provide feedback on our performance and on the disclosures describing our approach to value creation.

Ruy Flaks Schneider

Chairman of the Board of Directors

Integrated methodology

In 2020, we worked to increase transparency around our report and its focus on issues that matter most to our business and stakeholders. We emphasized the most material impacts and ESG topics, but without neglecting to connect them to the “E” for economic. That is why in many of our documents and on our website we instead use the term EESG.

The goal in adopting the EESG model is to incorporate international and industry best practices and standards on sustainability reporting, including the following:

- This report has been prepared in accordance with the GRI Standards – Core option **GRI 102-54**
- the integrated reporting framework of the International Integrated Reporting Council (IIRC)
- industry-specific material disclosures published by the Sustainability Accounting Standards Board (SASB)
- the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), newly adopted in 2020
- the Sustainable Development Goals (SDGs)
- the United Nations (UN) Global Compact principles

Other sources of guidance used in developing the 2020 Eletrobras Annual Report include the “Annual and Sustainability Reporting Guidelines for Electric Utilities”, published by the Brazilian power sector regulator, ANEEL, and “Annual reports: a guide on integrated reporting”, published by the Federal Audit Court (TCU). Through the report, we are holding ourselves accountable both to the appropriate authorities and to society.

Our stakeholders

GRI 102-42

Our stakeholders are at the core of Eletrobras Group’s value creation model and play an important role in the development of our Materiality Matrix. Eletrobras’s stakeholders include:

- employees/their families
- investors/shareholders/market analysts
- communities
- society
- the media/opinion makers
- partners/sponsors/suppliers
- governments/congress/regulators
- customers

Eletrobras Group’s approach to identifying and selecting the stakeholders we engage with is guided by our Strategic Plan and aligned with our Value Creation Model, the Eletrobras Group Code of Business Conduct and Ethics, and other Group policies.

Under the Eletrobras Group Stakeholder Communications and Engagement Policy, stakeholder selection is guided by our

strategic plan and Group commitment to sustainable development, and should support sound communications and engagement with stakeholders. This policy, which in its third edition incorporated requirements on accessibility, was approved in May 2019 by the Board of Directors, and is supplemented by the Eletrobras Group Spokesperson Policy, which was introduced in 2018 and updated in November 2020.

The Eletrobras Group Integrated Communications Committee held eight meetings in 2020 as part of



An operator at the Angra nuclear power plant. Eletronuclear Archives

our efforts to improve stakeholder engagement and integrate communications across Eletrobras Group companies. The committee was established in 2018, bringing together the heads of Communications at all Group companies. **GRI 102-44**

The topics deemed most material by media stakeholders in 2020 were related to institutional, financial and people management matters.

Reputation survey

Within our commitment to actively listening to and engaging with stakeholders, we conducted the 2020 Eletrobras Reputation Survey as a corporate initiative under our Business and Management Master Plan (PDNG) 2020-2024, in line with the future vision articulated in the plan. The survey methodology included both the emotional and rational aspects of reputation.

Amid the COVID-19 pandemic, we reformulated the survey questionnaire to include a set of questions specifically about the pandemic, eliciting respondents' views about Eletrobras's coronavirus response.

The survey measured Eletrobras Group's reputation among four stakeholder groups: society, communities, opinion makers and internal stakeholders. When conducting the survey in the field, the required sample size for each stakeholder group was fully met. The response rate among employees was 27% – consistent with the standard rates for internal surveys (25%-30% response rate).

Preliminary results show that emotional perceptions are stronger the closer the stakeholder group is to the company; our contribution to the country's development and to the quality of power supply is recognized across the board; and interactions with Eletrobras are perceived as creating a positive impact on touch points.

In the next step in the project, in 2021, workshops will be held with strategic functions to build action plans in order to improve engagement with each stakeholder group by addressing gaps and opportunities for improvement identified in the survey.

| Sample design | Approach | Method | Eletrobras |
|----------------------------|-----------|--------|-------------------|
| Planned/Actual | Online | Quanti | 618/600 |
| Neighboring communities | Telephone | Quanti | 750/750 |
| Eletrobras Group employees | Online | Quanti | 3,853/Best-effort |
| Opinion makers | Telephone | Quali | 40/40 |

Eletrobras Archives



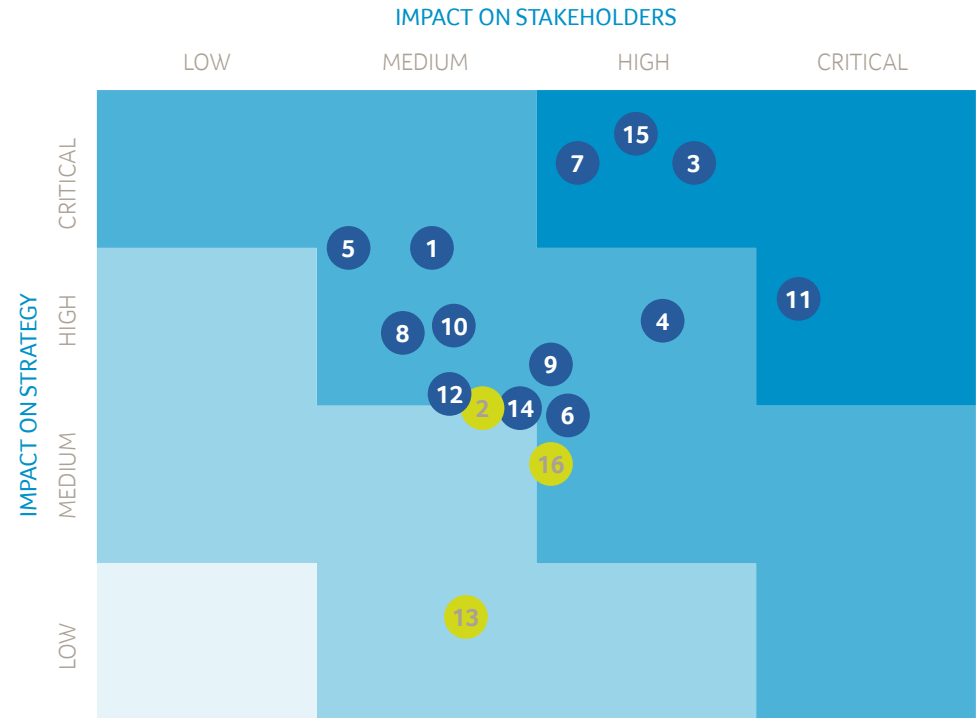
DEFINING MATERIALITY

GRI 102-46, 102-1, 102-4

The contents of our annual report were informed by a materiality assessment led by the holding company with the participation of all Eletrobras Group companies. The materiality exercise comprised the following steps: stakeholder survey and interviews; materiality workshop; calibration of the topics not prioritized in the workshop; and assessment of the topics deemed most material by stakeholders for alignment with business strategy. In this step, the list was narrowed to 12 topics that were then submitted to the Board of Directors of the holding company for review. Board members chose to include one additional topic: corporate governance. The materiality exercise was completed in 2019. **GRI 102-21**

In 2020, due to the COVID-19 pandemic, the Board of Directors of the holding company decided to supplement the 13 material topics with an additional three common topics spanning all subsidiaries: health, safety and well-being; supplier relations; and community relations. The new materiality matrix, which was developed in accordance with the *Global Reporting Initiative* (GRI) Standards – Core option and the International Integrated Reporting Framework, was resubmitted to all Board members for final validation.

ELETOBRAS GROUP MATERIALITY MATRIX 2020 **GRI 102-47**



SDG

16

Material topics

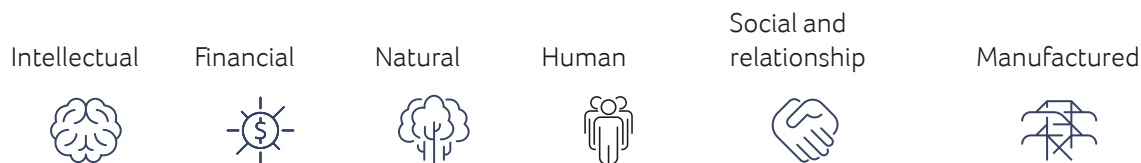
- 1. Research and development + Innovation
- 2. **Supplier relations***
- 3. Water
- 4. Embedding social and environmental issues in decision-making
- 5. Cybersecurity and digital transformation
- 6. Human rights
- 7. Risk and crisis management
- 8. People management and development
- 9. Climate change
- 10. Energy transition
- 11. Anti-corruption and ethics management
- 12. Corporate governance
- 13. **Community relations***
- 14. Power supply
- 15. Financial results
- 16. **Health, safety and well-being***

*Topics included in 2020

MATERIAL TOPIC BOUNDARIES GRI 102-46, 103-1

The boundaries of the topics in the materiality matrix denote where the impacts from our operations occur, what stakeholders are affected, and what capitals in our value creation model they relate to, based on the International Integrated Reporting Framework. The chart below describes the stages in the materiality assessment.

CAPITALS



| Material topic GRI 102-44, 102-46 | Where it occurs | SDG | Capitals | Linkage to other frameworks | Stakeholders |
|---|-------------------------------------|---|---|-----------------------------|---|
| Research & Development + Innovation | Within the organization | 7 8 9 | | TCU | Customers, Suppliers, Government, Investors and Society |
| Supplier relations | Within and outside the organization | 8 10 16 | | TCU DJSI** ISE*** | Suppliers |
| Water* | Outside the organization | 6 12 13 14 | | SASB DJSI ISE | Communities, Government, Society |
| Embedding social and environmental issues in decision-making | Within and outside the organization | 7 8 9 13 16 | Not related to an IR capital, but to governance, which spans across and underpins all value creation activities | TCU SASB DJSI ISE | Consumers, Suppliers, Government, Investors and Society |
| Cybersecurity | Within and outside the organization | 7 8 9 11 13 | | DJSI SASB ISE | All |
| Digital transformation | Within the organization | 9 | | TCU | Employees, Suppliers |
| Human Rights | Within and outside the organization | 8 9 10 16 | | TCU DJSI ISE | Employees, Communities, Suppliers, Government, Society |

* This topic is not material to Eletropar
 **Dow Jones Sustainability Index
 ***ISE – Corporate Sustainability Index (B3)



| | | | | | |
|---------------------------------------|-------------------------------------|--|---|--|--|
| Risk and crisis management | Within the organization | | | TCU DJSI ISE | All |
| People management and development | Within the organization | | | DJSI ISE | Employees, Investors |
| Climate change* | Outside the organization | | | TCU SASB TCFD | Customers, Communities, Suppliers, Government, Investors and Society |
| Energy transition* | Within the organization | | | TCU SASB TCFC | Government, Investors, Society |
| Anti-corruption and ethics management | Within the organization | | | TCU ProEtica DJSI ISE Global Compact | All |
| Corporate governance | Within the organization | | Not related to an IR capital, but to governance, which spans across and underpins all value creation activities | TCU ProEtica ISE DJSI | All |
| Community relations | Outside the organization | | | TCU DJSI ISE | Communities |
| Power supply* | Outside the organization | | One of the activities through which we convert inputs into value | TCU SASB | Customers, Government, Investors, Society |
| Financial results | Within the organization | | | TCU ISE DJSI | Employees, Suppliers, Government, Investors |
| Health, safety and well-being | Within and outside the organization | | | SASB ISE | Employees, Communities, Suppliers |

*This topic is not material for Eletropar

Assurance GRI 102-56

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



The Tucuruí Dam. Photo: Rony Ramos

Our EESG journey

In 2020, the World Economic Forum (WEF), in a collaboration with the Big Four auditors, launched a proposed framework for corporate reporting with a major emphasis on EESG (economic, environmental, social and governance) aspects. The framework organizes disclosures into four integrated pillars: Principles of governance, Planet, People and Prosperity.

Each pillar comprises a set of metrics and disclosures. The WEF framework draws from existing standards and disclosures, such as the Global Reporting Initiative (GRI) and International Integrated Reporting Framework.

In 2020, we used the WEF framework as a basis for developing our own sustainability framework and expanding our reporting on performance across the four framework pillars. The Eletrobras Group used the framework to develop its 2020 Annual Report. On the following pages, the disclosures on our results, achievements, initiatives and targets are organized around the four pillars of the framework.

THE ELETRORBRAS GROUP SUSTAINABILITY FRAMEWORK



MATERIAL TOPICS

ANTI-CORRUPTION AND ETHICS MANAGEMENT
RISK AND CRISIS MANAGEMENT
CORPORATE GOVERNANCE



Governance

A floating solar farm at Sobradinho. Chesf Archives



GOVERNANCE GRI 103-3

Governance evolves as the organization defines and embeds its purpose at the core of its business. Governance is foundational to achieving long-term value, by aligning and driving financial, environmental and societal performance, as well as by ensuring accountability and building legitimacy with stakeholders.

Eletrobras Group's Senior management has increased efforts in recent years to enhance our corporate governance practices across management, internal controls and compliance.

As a company with a country-wide presence and operations, we respect and value the inherent diversity in each of our subsidiaries. We have

also undertaken a profound transformation not only of our culture but also of our identity, which will also be reflected in our governance structure. We are one Eletrobras and we need to strengthen our identity and integrate and connect our operations, processes and people together.

To this end, in 2020 we reformulated our policies, developed new standards, unified processes and created opportunities for shared decision-making. These initiatives, coupled with remote working and virtual communications due to the pandemic, have helped to take us several steps further in our integration.

At year-end we conducted a major review of our Bylaws to adjust them to the standard bylaws for federal government-owned companies and the corporate governance practices outlined in Organization for Economic Co-operation and Development (OECD) guidelines.

Our policies and standards on corporate governance, which we consistently keep up to date, are available on our website, including our Annual Charter of Public Policies and Corporate Governance.

GRI 103-2



The Mauá thermal power plant. Amazonas GT Archives.

ABOUT ELETOBRAS

SDG

7 9

Eletrobras (Centrais Elétricas Brasileiras S/A) is the leading generation and transmission company in Latin America. Accounting for 29% of installed generation capacity in Brazil, we have helped to make Brazil’s energy mix one of the cleanest in the world—97% of our installed capacity derives from low-carbon energy sources.* In transmission, we operate 76,000 kilometers of transmission lines across corporate assets and Special Purpose Entities (SPEs), including 70,000 kilometers of Backbone (*Rede Basica*) transmission lines (voltage ≥ 230 kV), corresponding to 43.54% of the National Grid. **GRI 102-1, 102-2**

We are a publicly traded company majority-owned by the Brazilian Federal Government. We have a country-wide presence and support 13,803 direct jobs. Eletrobras was created by Law no. 3 890-A on June 11, 1962. **GRI 102-5**

*Including hydro, wind, solar and nuclear.

SDG

7 16

ELETOBRAS COMPANIES IN BRAZIL **GRI 102-4, 102-6**

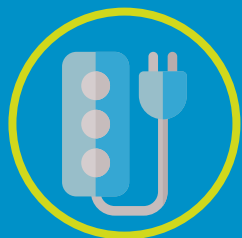


- 1 Eletronorte
- 2 Chesf
- 3 Amazonas GT
- 4 Furnas
- 5 CGT Eletrosul
- 6 Itaipu Binacional
- 7 Cepel
- 8 Eletronuclear
- 9 Eletropar

SDG

7

GRI 102-7, EU 1, EU 2, EU 4



50,648 MW
In installed capacity in 2020

61.2% of assets wholly owned

23.1% owned via Special Purpose Entities (SPEs)

15.7% co-owned, including half of the installed capacity of Itaipu Binacional (7,000 MW)

Note: Includes Eletronorte's Senador Arnon Afonso Farias de Mello thermal power plant (85.99 MW), currently free-leased to Roraima Energia S.A., the successor of Boa Vista Energia S.A.

Includes Furnas's Roberto Silveira (Campos) thermal power plant (25 MW), which has been taken out of commercial operation under ANEEL Resolution 708/2019.



195,183 GWh generated
5.5% > 2019

108 power plants in operation

29% of Brazil's capacity

39.6% North

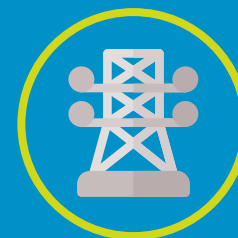
21.3% Northeast

20.2% Southeast

16.1% South

2.9% Midwest

Note: The Teles Pires and São Manoel hydropower plants are deemed to be in the North region and the Itumbiara hydropower plant is deemed to be in the Southeast. These three dams are located on the border between regions.



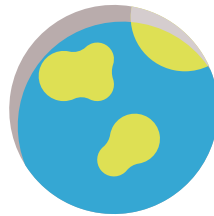
~97% clean generation sources
91.3% hydro
3.9% nuclear
1.4% wind
~1% solar

Only 3.3% of generation output comes from thermal power plants (coal, diesel oil and natural gas, representing a relatively small share of non-renewable sources in our installed capacity.)

Transmission

76,128 km of transmission lines
66,431 km of directly owned transmission lines and **9,698 km** owned via Special Purpose Entities (SPEs)

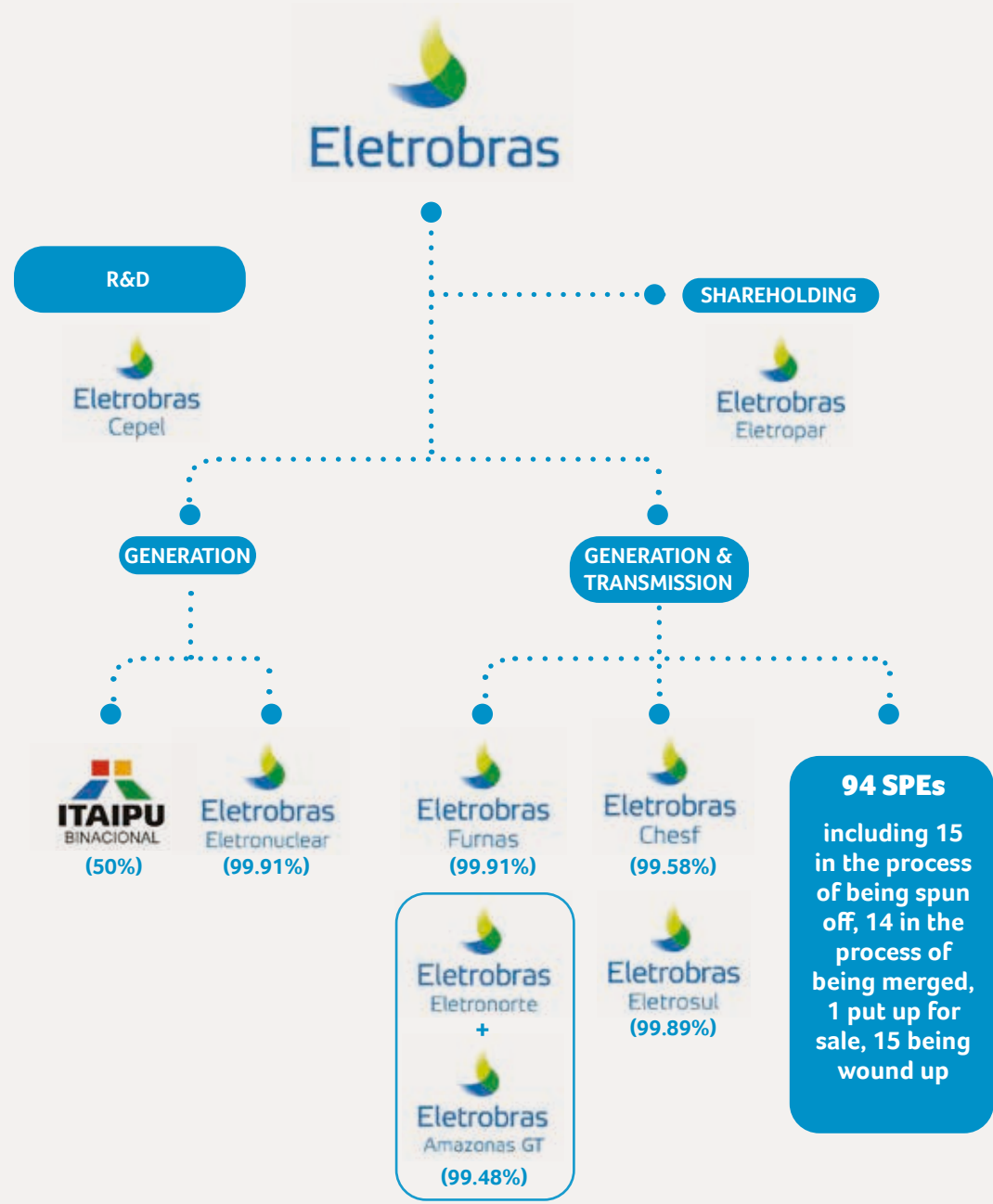
PRESENCE IN BRAZIL AND LATIN AMERICA



Founded in Rio de Janeiro in 1962, Eletrobras majority owns six subsidiaries and is the lead sponsor of the Brazilian Power Sector Research Center (CEPEL). We also own, on behalf of the Brazilian government, 50% of Itaipu Binacional.

At December 2020, we had 4.7 GW an installed generation capacity outside Brazil. In the transmission segment, we operate a total of 1,500 kilometers of transmission lines connecting countries such as Argentina, Uruguay and Venezuela. We have also continued to progress on studies toward the development of the Arco Norte Project, a 1,900 kilometer transmission system traversing Brazil, Guyana, Suriname and French Guiana.

ELETOBRAS GROUP OWNERSHIP STRUCTURE



SHARE OWNERSHIP

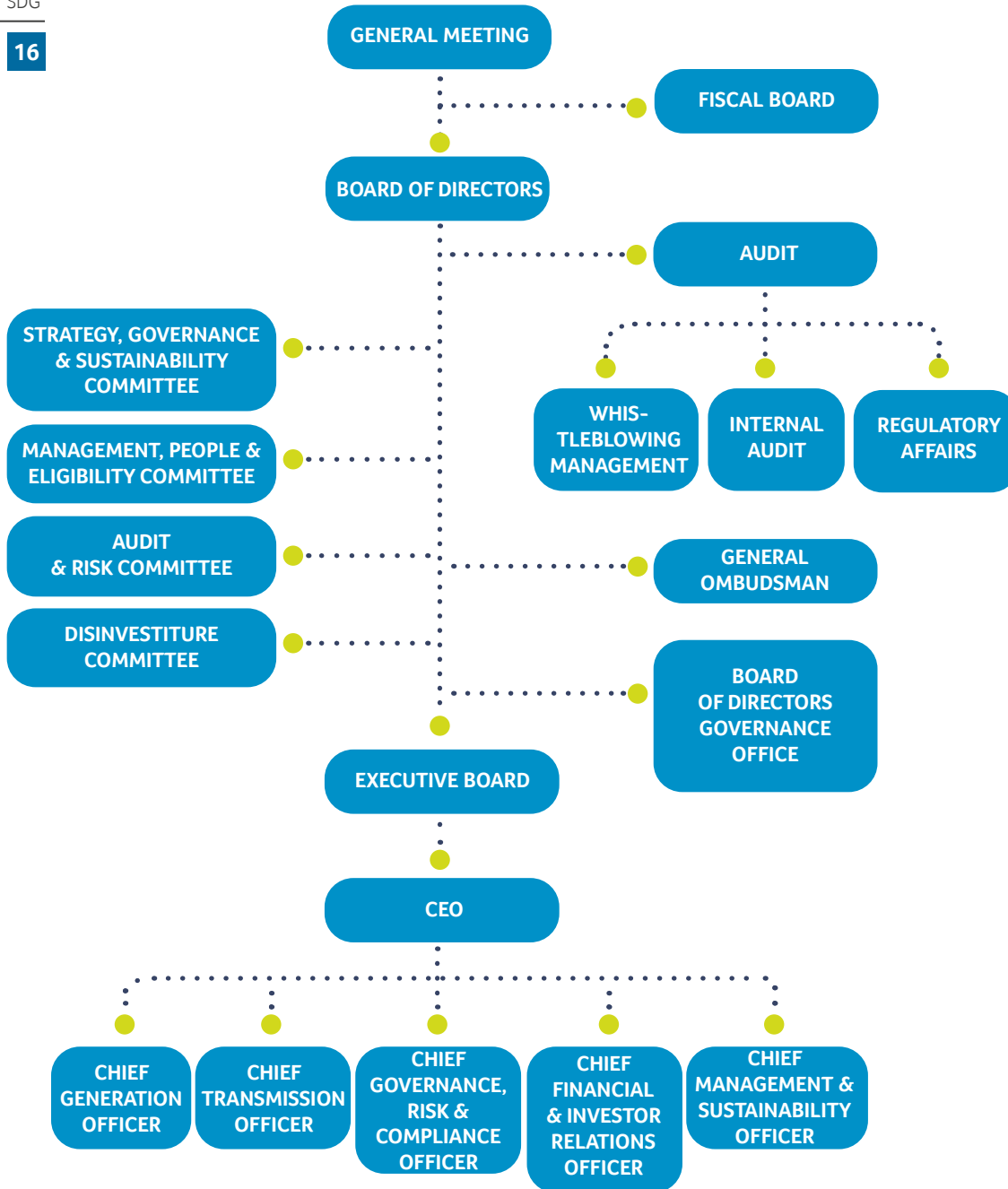
| Shareholders | Common | % | Preferred. "A" | % | Preferred. "B" | % | Total | % |
|------------------------------------|----------------------|------------|----------------|------------|--------------------|------------|----------------------|------------|
| Controlling Shareholder | | | | | | | | |
| Federal Government | 667,888,884 | 51.82 | 0 | 0 | 494 | 0.00 | 667,889,378 | 42.57 |
| BNDESpar | 141,757,951 | 11.00 | 0 | 0 | 18,691,102 | 6.68 | 160,449,053 | 10.23 |
| BNDES | 74,545,264 | 5.78 | 0 | 0 | 18,262,671 | 6.52 | 92,807,935 | 5.92 |
| FND | 45,621,589 | 3.54 | 0 | 0 | 0 | - | 45,621,589 | 2.91 |
| FGHAB | 1,000,000 | 0.08 | 0 | 0 | 0 | - | 1,000,000 | 0.06 |
| Other | 358,028,908 | 27.78 | 146,920 | 100.00 | 242,987,127 | 86.80 | 601,162,955 | 38.31 |
| Non-controlling Shareholder | | | | | | | | |
| Cust. CLBC | | | | | | | | |
| Resident | 221,568,126 | 17.19 | 82,812 | 56.37 | 133,714,017 | 47.77 | 355,364,955 | 22.65 |
| Non-Resident | 97,712,776 | 7.58 | 1 | 0.00 | 92,262,005 | 32.96 | 189,974,782 | 12.11 |
| ADR Program | 38,663,271 | 3.00 | 0 | - | 5,235,367 | 1.87 | 43,898,638 | 2.80 |
| Other | | | | | | | | |
| Resident | 84,489 | 0.01 | 21,629 | 14.72 | 9,666,577 | 100.00 | 9,772,695 | 0.62 |
| Non-Resident | 246 | 0.00 | 27 | 0.02 | 213 | 0.00 | 486 | 0.00 |
| Total | 1,288,842,596 | 100 | 146,920 | 100 | 279,941,394 | 100 | 1,568,930,910 | 100 |

MANAGEMENT STRUCTURE

GRI 102-18

SDG

16



Independent Assessment of Governance Bodies

GRI 102-28

SDG

16

Since 2013, we have annually assessed the individual and collective performance of the Board of Directors and Executive Board and, more recently, the Fiscal Board.

The assessment methodology has been standardized across all Eletrobras Group companies.

The results are compiled into a report and respondents participate in a feedback meeting. Since 2018, performance assessments have been conducted independently by external consultants at all Eletrobras Group companies.

The assessment flow was maintained in 2020, including structured interviews, self assessments and personalized assessments for chairpersons and CEOs.

The assessment criteria cover three pillars: skills, results, and roles and responsibilities. The results are compiled into a report and presented in a feedback meeting. Drawing on the assessment, recommendations are made on actions to address identified opportunities for improvement.

Board of Directors Makeup

GRI 102-22

SDG

16

4

independent members out of a total of **10** members of the Board of Directors*

7

members appointed by the **Minister of Mining & Energy**

1

members appointed by the **Minister of the Economy**

1

member appointed by **minority shareholders holding preferred stock in Eletrobras**

1

member appointed **as a representative of employees**

* This is the Board composition as of 2020, reflecting the resignation of board member José Guimarães Monforte as of December 2020.

- **A unified term of 2 YEARS, renewable for an additional 3 CONSECUTIVE TERMS**
- **1.97-year average length of service of Board members**
- **DIVERSIFIED ACADEMIC BACKGROUNDS IN: economics, electrical engineering, business administration, management and finance, law, mechanical and production engineering, economics engineering, civil engineering, and other fields**
- **The chairman of the Board of Directors is appointed by members of the General Meeting.**



Selecting senior leadership and assessing performance

GRI 102-24

Since 2016, we have taken steps to improve our approach to selecting board members and executive officers. Candidates for these positions are required to meet certain prerequisites outlined in our Bylaws and applicable regulations, as well as other criteria and legal standards. The selection process includes searches on sanctions databases by our ethics committees, searches on the databases of our internal Ombudsman departments, and assessments by the People, Eligibility, Succession and Remuneration Committee, in accordance with Decree no. 8945/16. Consolidated information from the integrity function's assessment is submitted for approval to the Executive Board and, where applicable, the Board of Directors, depending on the workflow outlined in the Nomination Rules.

We implemented a corporate nominations management system to assess the profiles of candidates to our more than 500 management positions



In 2020, we implemented a corporate nominations management system to more efficiently assess the profiles of candidates to our more than 500 Board of Directors and Executive Board positions across Group companies. The system assists in managing compliance with the criteria above. In the year, approximately 350 nominations were assessed against eligibility and credibility criteria. **GRI 103-2, 205-1, EU14**

Initiatives to improve the director and officer nominations process informed the development of the Eletrobras Group Board of Directors and Executive Board Nominations Policy.

SDG

16

Management Training

GRI 102-27

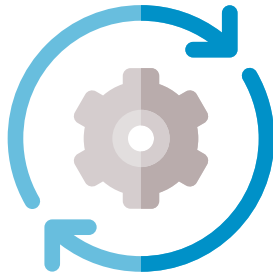
SDG

16

In 2017 Eletrobras launched a development program for directors and officers, called *Diálogos Executivos*, that provides annual training to support the consistent, continuous development of Board of Directors, Audit Board and Executive Board members. Due to the COVID-19 pandemic, all training was conducted remotely via videoconferencing.

In 2020, the Board of Directors received training on the following topics:

- Innovation Trends in the Power Sector – the new consumer
- Digital Levers for Electricity Trading
- Digital Transformation in the Power Sector
- Cyber Security (Cyber Risks) and Data Protection
- Climate Change and Its Effects on the Power Sector
- New Corporate Governance Trends
- Organizational Culture



Training. CEPEL Archives

Roles and responsibilities of executive directors

GRI 102-18, 102-19

SDG

16

The roles and responsibilities of the Board of Directors and Executive Board are outlined in Eletrobras’s Bylaws and internal rules, and are in accordance with applicable law.

The **Board of Directors** has the following three advisory committees, all composed of members of the Board, who conduct in-depth assessments on strategic matters across the economic, environmental and social dimensions:

Statutory Audit & Risk Committee: advises and provides recommendations to the Board on matters such as the internal audit, financial reporting and independent audit; oversight and risk appetite; internal controls; and risk management and financial management, increasing the effectiveness and quality of Board decisions on these matters.

Strategy, Governance & Sustainability Committee: advises and issues recommendations to the Board on business strategy, sustainability policies and governance practices, increasing the effectiveness and quality of Board decisions on these matters.

People, Eligibility, Succession & Remuneration Committee: advises and issues recommendations to the Board on risks and strategies relating to people management and the eligibility and remuneration of members of the Board of Directors and Audit Board.



The Angra nuclear power plant. Eletronuclear Archives

The **Executive Board** is composed of the CEO and up to 06 (six) officers appointed by the Board of Directors, serving a unified term of 2 (two) years, renewable for a maximum of 3 (consecutive terms). The Executive Board may establish working groups as needed to conduct in-depth assessments on management-related matters, and has internal rules on delegating powers and limits of authority to authorize expenditure and sign contracts and other documents.

The **Audit Board** consists of 5 (five) members and an equal number of alternates who are elected in the General Meeting for a term of 2 years, renewable for a maximum of 2 (two) consecutive terms. Members of the Audit Board, acting individually or collectively, exercise oversight of Management’s performance of its duties under applicable law and our bylaws.

Remuneration policies for the Board of Directors, Audit Board and committees

GRI 102-35, 102-36

SDG

16

Our remuneration policies for the Board of Directors and Audit Board establish a fixed salary equal to 10% of the average monthly remuneration received by members of the Executive Board (CEO and executive officers).

The Executive Board’s annual variable remuneration is linked to a set of targets



Executive Board members receive fixed monthly remuneration plus Annual Variable Remuneration (RVA) depending on the extent to which annually agreed targets are met. Targets are set across three tiers: Corporate; Executive Board (which measures Executive Board alignment with the guidelines established by the Board of Directors and requirements outlined by the Office for Coordination and Governance of State-Owned Enterprises (SEST); and Business Units.

The holding company has a share-based variable remuneration program in which cash payments are calculated based on the number of reference shares held by executives.

Variable remuneration is subject to a five-year clawback, with payments in the second to fifth year contingent on sustained financial performance (net

income). These clawback rules increases executive’s commitment to sustaining performance by entitling Eletrobras to partially or fully recover the remaining installments of variable remuneration. The Program also establishes that any executives terminated for misconduct lose their entitlement to any variable remuneration whatsoever.

Senior executives, and specifically company managers, are entitled to profit sharing linked to their performance on three groups of indicators: Consolidated Financial and Operational Performance, which includes business indicators

derived from Business & Management Plans (PNGs), such as: “Dow Jones Index”, “Generation Asset Availability”, “Transmission Asset Availability”, “Global ISE” and “Operating Revenue / no. of employees”. Other employees are also eligible to the program.

Managers are subject to a 15% profit-sharing deflation factor where they fail to implement improvements identified by the internal audit.



REMUNERATION EARNED BY BOD AND AUDIT BOARD MEMBERS FROM 2018 TO 2020

| Remuneration | 2020 | 2019 | 2018 |
|--------------------------------------|--------------|--------------|--------------|
| Board of Directors | 582,336.02 | 597,351.44 | 588,596.49 |
| Fiscal Board | 327,690.95 | 358,410.82 | 382,649.66 |
| Executive Board | 6,310,871.99 | 5,707,520.05 | 6,948,244.60 |
| Statutory Audit & Risk Committee (1) | 2,177,886.47 | 1,694,564.52 | 901,556.04 |

(1) The BoD composition changed from 04 members in 2019 to 05 members in 2020.

Note: Three members elected to receive remuneration for their participation in the committee.



THE ELETROBRAS IDENTITY

We are guided by a commitment to the sustainable development of society, to ethics, and to respecting people and life, in line with our Sustainability Policy.

Purpose

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

Vision

To be an innovative, clean energy company, recognized for excellence and sustainability.

Values

GRI 102-16

- Respect for people and life
- Ethics and transparency
- Excellence
- Innovation
- Collaboration and recognition

SDG

16

Sustainability Management System

The Eletrobras Group Sustainability Management System is structured into five pillars.

Eletrobras Group Sustainability Policy

Our Sustainability Policy guides our initiatives to promote sustainable business and sustainable development. The Policy, which was revised in 2019, completed its 10th year in 2020.

Executive Sustainability Management Committee

This Committee brings together the heads of sustainability at Group companies, under the oversight of the holding company. The Executive Sustainability Management Committee is responsible for disseminating sustainability initiatives and coordinating the three other pillars in the Management System: Corporate Sustainability Disclosures System, Value Creation Model, and Integrated Reporting.

Value Creation Model

Our Value Creation Model, which was reformulated in 2019, shows how sustainability is embedded in business processes across the Eletrobras Group. This model, coupled with integrated action Group-wide, has helped to drive best practices and the sustainability of the business, and ultimately greater value creation for stakeholders. Our Value Creation Model establishes 30 value creation expectations to be achieved through our business model. See the diagram on [page 34](#) for details.

Corporate Sustainability Disclosures System (IGS System)

Developed in partnership with CEPEL, the IGS system is a strategic tool for managing sustainability disclosures. In 2019 a new version was launched that also incorporates legacy versions of the system, and new users were onboarded. Alongside the Environmental department—the first to use the system—the Sustainability, Business Performance, R&D, Investor Relations and Infrastructure & Logistics departments now also use the system, which has a total of 970 users.

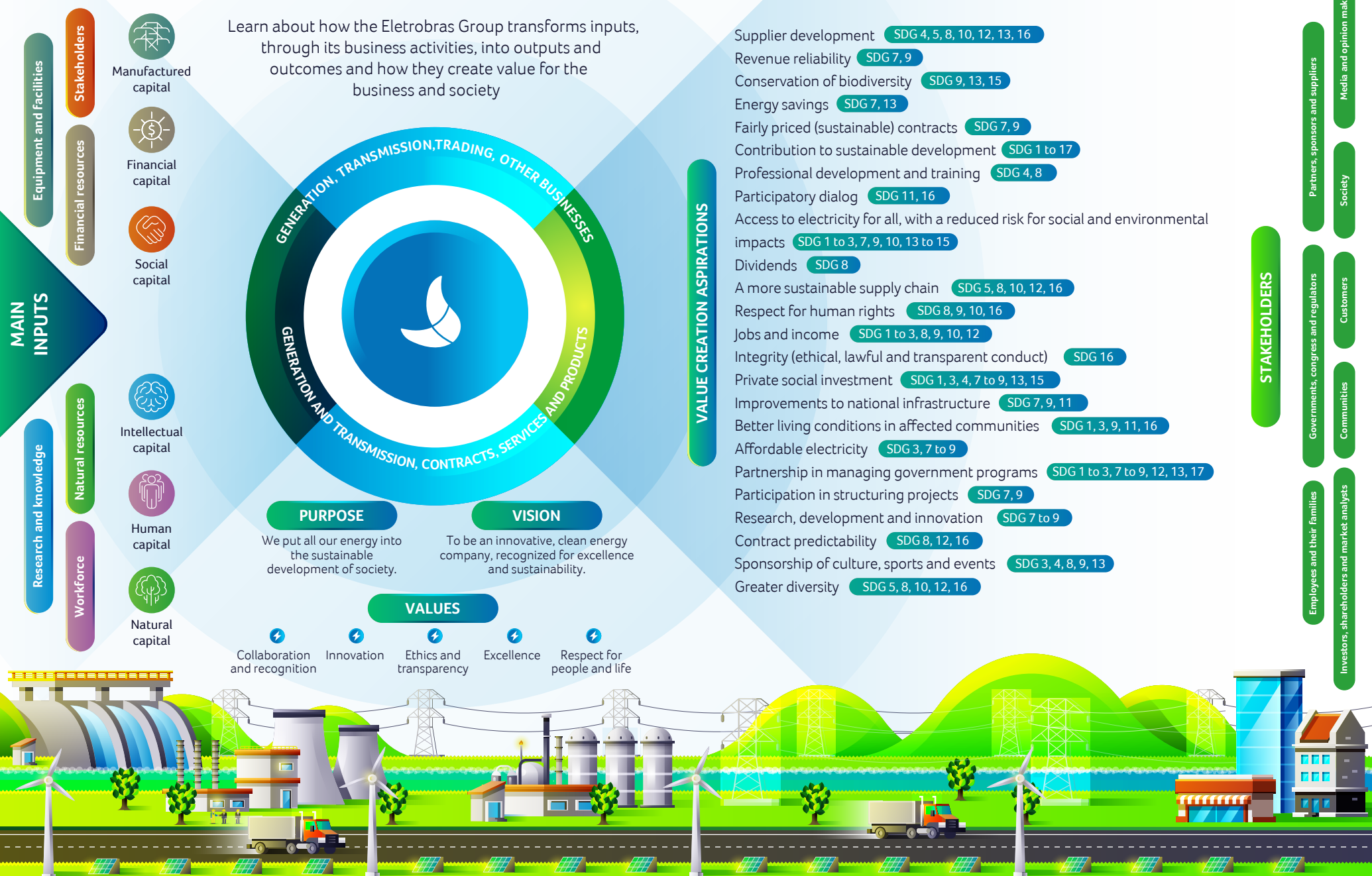


Integrated Reporting

Integrated Reporting is an approach that organizations use to coherently communicate their value creation performance to stakeholders, in accordance with guidelines issued by the International Integrated Reporting Council (IIRC). Eletrobras has used this approach in developing annual reports since 2018, supplementing the GRI Standards. This report therefore provides information on both tangible and intangible aspects across the financial, manufactured, intellectual, human, social and relationship, and natural capital.

VALUE CREATION MODEL








Learn about how the Eletrobras Group transforms inputs, through its business activities, into outputs and outcomes and how they create value for the business and society



Our impacts

The chart opposite maps out the positive and negative impacts that our assets produce from inputs

NATURAL CAPITAL

| INPUTS | ASSET | IMPACTS |
|-----------------|--|--|
| Water | Hydropower dams |  NEGATIVE Changes in water quality; proliferation of macrophytes, changes in ecosystems/ habitats; involuntary displacement; loss of flora and fauna; multiple uses of reservoirs |
| Soil (land use) | Hydropower dams, thermal power plants and wind farms |  NEGATIVE Loss of vegetation cover; forest fragmentation; erosion; siltation |
| Natural gas | Thermal power plants |  NEGATIVE GHG missions (climate change) |
| Coal | Thermal power plants |  NEGATIVE GHG Emissions (climate change); Changes in air quality |
| Wind | Wind farms |  NEGATIVE Changes in bird-migration patterns and collisions; reduced populations of migratory birds; visual and sound pollution |
| Uranium | Nuclear power plants |  POSITIVE Production of clean electricity; reduced plant footprints and local impacts  NEGATIVE Radioactive waste requiring storage |

SOCIAL AND RELATIONSHIP CAPITAL

| INPUTS | IMPACTS |
|--|---|
| Sponsorship, social media and advertising campaigns | POSITIVE Preservation of cultural heritage; knowledge creation and dissemination, reputation building |
| Social communications, Code of Ethics & Integrity, corporate policies and volunteering | POSITIVE Reputation building; improved institutional relations; strengthened organizational culture; corporate alignment and integrity; positive brand perception; fewer lawsuits; contributions to policymaking; engagement and communications channels with different stakeholders, and Ombudsman interaction |
| | POSITIVE Transparency; access to information |
| Social and environmental programs | POSITIVE Greater contributions to policymaking; reduced conflicts; impact mitigation; social transformation |
| Corporate reporting | POSITIVE Transparency, communications and accountability |
| Institutional relations | POSITIVE Growth in market value; Credibility |
| Reputation survey | POSITIVE Brand value |

FINANCIAL CAPITAL

| INPUTS | IMPACTS |
|-----------------------------------|--|
| Equity - Cash Earnings | POSITIVE Investment capacity |
| Equity - Equity Earnings | POSITIVE Liquidity |
| Third parties - Loans / Financing | POSITIVE NEGATIVE Market expansion Changes in foreign exchange and interest rates |
| Return on investment | POSITIVE Project feasibility |
| Shares and Debentures | NEGATIVE Direct impact on other capitals |





HUMAN CAPITAL

| INPUTS | IMPACTS |
|---|---|
| Direct Employees | POSITIVE Jobs and income |
| Training, Capacity Building and Motivational Programs, Processes and Procedures | POSITIVE Intellectual Capital Development |
| Knowledge Management | POSITIVE Retaining and transmitting knowledge over time |

INTELLECTUAL CAPITAL

| INPUTS | IMPACTS |
|--|--|
| Research & Development + Innovation |  POSITIVE Technological innovation; support for academic research and scientific development |
| Cybersecurity |  POSITIVE Business integrity; protection of corporate, employee and customer data |
| Patents, Intellectual Property and Copyright |  POSITIVE Monopoly on inventions; protection against unauthorized use; new and improved products and services; more efficient production processes; a sustainable organization; competitive advantage; preservation of intellectual capital |

MANUFACTURED CAPITAL

| INPUTS | IMPACTS |
|--|--|
| Generation - Hydropower Plants, Nuclear Power Stations, Thermal Power Stations, Wind and Solar Farms |  POSITIVE Revenue; jobs; and power supply |
| Transmission Lines and Substations |  NEGATIVE Involuntary displacement; visual and sound pollution |
| Buildings, Facilities and Infrastructure |  POSITIVE Technological know-how  NEGATIVE Office waste |

EMBEDDING SUSTAINABILITY IN GOVERNANCE

Drawing on our Strategic Plan, which articulates our long-term vision (2020-2035), Eletrobras’s Business & Management Master Plan (PDNG) outlines trends, guidance, indicators, and value and impact levers over the next 5 years (2021-2025) and maps them to the Sustainable Development Goals (SDGs) set by the United Nations (UN) 2030 Agenda, to which Eletrobras has voluntarily subscribed (read more on [page 41](#)). The 9 SDGs supported by initiatives within the PDNG are linked to business-related projects or our commitments to society. [Learn more in this video.](#)



Protected areas at Itaipu. Photo: Alexandre Marchetti.

Our Sustainability 4.0 Program is an integral part of the PDNG

Integral to the PDNG is our Sustainability 4.0 Program, a set of 12 projects related to the four economic, environmental, social and governance (EESG) dimensions. The Program is the result from a benchmarking assessment of trends and industry best practices related to corporate sustainability. The Sustainability 4.0 Program was informed by the Eletrobras Group

Materiality Matrix, the PDNG, our Sustainability Policy, our commitment to the 2030 Agenda and the Sustainable Development Goals (SDGs), and good practices derived from sustainability indexes and interaction with stakeholders. The Program was launched in 2019 and fully integrated into the PDNG in 2020.

Progress is monitored on a quarterly basis by the Strategy, Governance & Sustainability Committee, which reports directly to the Board of Directors.

In 2020, we also launched our EESG Journey, a new and approved approach to organizing, managing and reporting corporate sustainability information. EESG Journey provides an integrated view of our Economic, Environmental, Social and Governance performance and can be accessed on [our website.](#)



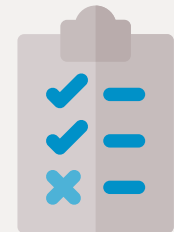
SUSTAINABILITY 4.0 PROGRAM - PDNG 2020-2024

| Projects | Strategic Guidance (PDNG 2020-2024) | Priority SDGs (PDNG 2020-2024) |
|---|--|--------------------------------|
| Leveraging Human Capital | Culture & People | 8 9 |
| Synergies with Industry 4.0 | Innovation and Digital Transformation | 7 8 9 16 |
| Stakeholder Engagement in the Value Chain to Raise Awareness about Human Rights | Governance | 7 8 9 16 |
| Sustainable Sourcing | Management | 8 13 16 |
| Commitment to Stakeholder Engagement and Transparency | Governance | 13 16 |
| Sustainable Business/2030 Agenda | Value and Investment | 7 8 9 13 16 |
| Improving Corporate Governance Practices | Governance | 16 |
| Enhancing Assessments of Social and Environmental Factors in Risk Management | Governance | 7 9 13 16 |
| Energy Transition | G&T* Efficiency G&T Expansion | 7 9 13 |
| GHG Emissions Offsets and Environmental Protection | G&T Efficiency G&T Expansion | 7 8 9 13 |
| Certified Renewable Source Electricity | New Business | 7 9 13 |
| Sustainable Management of Financial Capital | Value and Investment G&T Efficiency Management | 8 9 16 |



* G&T - Generation and Transmission

Our projects and programs draw guidance from our Sustainability Policy, as well as from our [Environmental, Social Responsibility, Supplier Management and other](#) policies.



Sustainability 4.0 Program Highlights in 2020

- ✔ Mapped out more than 70 stakeholder engagement channels and developed a new workflow for managing stakeholder information.
- ✔ Defined a High-Performance Work System model and Employee Lifecycle
- ✔ Supplier due diligence, screening, monitoring and development features implemented in SAP
- ✔ Launched EESG Journey, a system based on the WEF sustainability framework, comprising four pillars and 12 topics
- ✔ Launched an R&D+I portfolio and aligned innovation initiatives across companies
- ✔ Implemented a Small Business Development Program in collaboration with SEBRAE
- ✔ Developed and approved a Crisis Management and Communications Policy
- ✔ Updated and ratified our commitment to the 2030 Agenda within the PDNG 2021-2025
- ✔ Identified social and environmental risk factors across the project lifecycle
- ✔ Defined indicators and variables for assessing ecosystem services from **carbon sequestration**
- ✔ Developed the documentation for a **Call for Social and Environmental Projects**
- ✔ Authorized purchases of **I-RECs*** from subsidiaries to **offset the scope 2 GHG emissions** of the holding company
- ✔ Implemented a range of initiatives to optimize our **debt structure** by strengthening cash flows, discharging guarantees, and reducing debt service costs
- ✔ Coordinated the group implementing a waste management plan at the holding company, preparing the first draft of the plan for internal review
- ✔ Set a GHG offsets target to achieve zero net emissions, and established lines of action
- ✔ A total of 94 SPEs at year-end 2020, with this number expected to be reduced further to 49 SPEs by year-end 2021
- ✔ Achieved gains from initiatives within our **Zero-Based Budgeting project**: met **106.8%** of the 2020 target for the holding company

* International Renewable Emission Certificate

2030 AGENDA AND SDGs

In our approach to advancing sustainable business, we prioritize initiatives and projects that support the UN’s 2030 Agenda and the Sustainable Development Goals (SDGs). The SDGs Eletrobras has prioritized and on which we review our performance in this report are:



SDGs newly prioritized in 2020

Based on the results of a survey of 224 respondents — including corporate sustainability experts at all Eletrobras Group companies — the Executive Board and the Board of Directors approved an additional 4 priority SDGs in the Strategic Plan 2020-2035, for a total of 9 prioritized SDGs.



[Click here](#) learn more about Eletrobras’s commitment to the SDGs.

Monitoring performance

Our Corporate Project Management Office monitors, reviews and reports to executive directors on the progress of relevant initiatives and programs at Eletrobras Group companies—including initiatives under the PDNG and initiatives affecting annual variable remuneration for executive directors. This allows us to identify any required adjustments and corrective action, or reformulate plans. Interim information is provided on a quarterly basis on [our portal](#).

We encourage our workforce and management to support our strategic objectives through management by competencies instruments, especially Business Performance Goals Contracts (CMDE), which Eletrobras Group companies have been required to sign since 2010. These contracts are aligned with business and management master plans, and contain indicators and metrics describing trends and results across the financial, operational, social, environmental, people, integrity and management dimensions. Group companies’ performance on these metrics demonstrates the extent to which they are supporting the holding company’s strategy, and affects the annual variable remuneration paid to executive directors and the profit-sharing bonuses paid to our workforce, including management. These metrics also inform the performance assessments of all employees, including members of the Board of Directors.

Performance and the SDGs

Some performance indicators relate to the Sustainable Development Goals within the 2030 Agenda that Eletrobras has prioritized. These are covered throughout this report and, on a consolidated basis, on [page 167](#).

Among the indicators affecting the Annual Variable Remuneration of executive directors is the SDG Alignment Index (IAO), which measures weighted average performance on a set of strategic indicators within the 2030 Agenda, denoting the extent to which Eletrobras Group companies’ performance is aligned with their commitments.



IAO composition for 2021-2025

Energy Savings in Corporate Buildings



Lost-time injury frequency rate, direct and third-party employees



R&D+I Investment / Regulatory NOR



Due diligence on suppliers exposed to fraud and corruption risks



Weighted ratio of basic salary and remuneration of women to men, at multiple levels



Critical suppliers that have undergone EESG due diligence



SCORECARD TABLE

| Sustainability Pillar | Strategic Guidelines | Variable remuneration for executive directors | Variable remuneration for employees and managers | Related SDGs |
|-----------------------|--|---|--|--------------|
| Prosperity | <p>G&T Expansion Achieve leadership in G&T, with a focus on clean energy.</p> <p>G&T Efficiency Create value through more efficient G&T assets</p> <p>Trading Achieve leadership in electricity trading, with attractive margins and efficient risk management</p> <p>New Business Invest in new businesses, especially in energy, participating in the current consolidation in the industry (M&A)*</p> <p>Value and Investment Enhance value creation and strengthen our capacity for investment</p> <p>Management Focus management on value creation and increasing competitiveness</p> | 52% | 69% | |
| Planet | <p>Innovation & Digital Transformation Achieve leadership in innovation and advance a digital transformation of business and management processes</p> | 3% | 6% | |
| People | <p>Culture & People Develop a meritocratic culture of high performance and excellence in people management</p> | 5% | 7% | |
| Governance | <p>Governance Achieve excellence in Governance, Risk Management and Internal Controls (GRC)</p> | 40% | 18% | |

Note: As part of our approach to governance and compliance, senior and middle managers' variable remuneration is subject to a deflation factor of up to 10% in the event that they fail to comply with recommendations from the internal audit and regulatory authorities.

* Mergers and Acquisitions

Eletrobras has been named to several sustainability indexes GRI 103-2, 205-1

B3 Corporate Sustainability Index (ISE B3) – In 2020 we were named to the B3 ISE index portfolio for the 13th time. Valid for the period from January 4 to December 30, 2021.

Carbon Disclosure Project (CDP) – Our A- score denotes leadership in industry best practices in the areas of water stewardship and climate change.

IG Sest – In 2019, for the third time we received the top score on Governance for government-owned companies.

ICO₂ – Carbon Efficient Index portfolio.

RECOGNITION

In 2020, Eletrobras:

- Won an award in the “Best Internal Financial Department: Infrastructure & Energy” category in the **Finance & Law Summit and Awards (FLSA)**, organized by Leaders League Brazil.
- Ranked 31st for gross revenue (two positions higher than the previous year) in **Valor Grandes Grupos**, a list of Brazil’s 200 largest conglomerates based on financial statements for 2019, and in 8th for net income. In the services segment, Eletrobras ranked 1st for net income, 2nd for equity and 7th among the top 20.
- Climbed positions in a 2019 special edition of business magazine Exame listing the 3,000 largest companies in Brazil by net sales. Itaipu Binacional ranked 39th; Eletrobras Furnas 75th; Eletronorte 124th; Chesf 146th; Eletronuclear 259th; Amazonas GT 307th; and CGT Eletrosul 388th.
- Came 3rd in the Energy, Mining and Sanitation category of the **Virtuous Company Ethical Culture Ranking 2020**. In the overall ranking of Brazilian companies, Eletrobras Eletronuclear ranked 4th, Itaipu Binacional 9th; Eletrobras holding 14th; and Eletrobras Furnas 30th.
- **Vigeo Eiris** – We ranked 1st in 2020 out of a total of 53 companies in the Electric and Gas Utilities segment in emerging markets, and 40th out of the total universe of 4,893 green bond issuers. Vigeo Eiris also assessed Eletrobras Group companies’ commitment to SDGs 7 and 13 within the 2030 Agenda.



• Ranked 27th in **Valor 1000**, a list of Brazil’s largest companies; 4th among electric utilities; 3rd for net income and equity; 4th for operating income; and 7th for EBITDA. The awards are organized by Brazilian newspaper *Valor* in collaboration with Serasa Experian and Fundação Getulio Vargas’s (FGV) Center for Finance Research.



• Was listed in the **Época Negócios 360°** list (published by business magazine *Época* in collaboration with Fundação Dom Cabral), ranking 3rd in the energy sector; 4th among publicly traded companies; 9th in the Southeast; and 12th in the overall ranking.



• Took 35th place in **As Melhores da Dinheiro 2020**, a list of the 1,000 largest companies in Brazil published by business magazine *Istoé Dinheiro*.



• Ranked 41st among **Brand Finance’s Top 50** most valuable brands in Brazil.



• Obtained renewable energy certification against the **International REC Standard** from Instituto Totum, for Eletrobras Furnas’s Itumbiara (GO) hydropower plant and Fortim (CE) wind farm complex.



• Was listed in third place in the **Analyst Days** category on *Institutional Investor’s 2020* Latin America Executive Team.

• Ranked seventh among the top publicly traded companies in Brazil in the **Forbes Global 2020** list.

• Was listed on the 2020 **Latin America Executive Team**. Wilson Ferreira Junior was listed second in the top CEO list in the “Electric & Other Utilities” category. Elvira Cavalcanti Presta ranked third in the Chief Financial Officer list, while Paula Prado came third in the Investor Relations Professional list.

• Was recognized as one of the top 100 companies in the 2020 **Corporate Reputation Monitor (MERC)** list, climbing 14 places from 94th in 2019, and ranking 1st among electric utilities.

The Sustainability Yearbook 2021

We received a Bronze award in The Sustainability Yearbook 2021, an annual publication listing the world’s most sustainable companies. The yearbook is published by Standard&Poor’s using the same methodology as used to select companies for the Dow Jones Sustainability Indices (DJSI) 2020. More than 7,000 global companies in different industries were assessed, and 630 were selected for the yearbook based on their scores on economic, environmental, social and governance metrics.

INTEGRITY PROGRAM

GRI 103-2, 103-3, 205-1, 205-2, 205-3

SDG

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The Eletrobras 5 Dimensions Integrity (Compliance) Program, created in 2016, comprises a set of ongoing initiatives to ensure compliance with the laws and regulations applicable to our industry and improve the procedures in place at Eletrobras Group companies for preventing, detecting and addressing misconduct. The program conforms to the Brazilian Anti-Bribery Act, and is aligned with the strategic guideline calling for improvement of corporate governance and integrity under the PDNG.

Eletrobras 5 Dimensions is a unified and standardized program spanning all Eletrobras Group companies. The program was implemented and is managed by integrity/compliance managers at Group companies, under the oversight of Eletrobras's Chief Governance, Risk & Compliance Officer. The name of the program is a reference to the five dimensions involved in creating a business management environment focused on compliance: periodic risk assessment; development and implementation of policies and procedures; internal communications and training; continuous program monitoring; and remediation action and penalties.

Within this philosophy, we have implemented a range of integrity mechanisms in order to detect, prevent and address fraud and corruption risks, including mechanisms to: identify the risks to which Eletrobras Group companies are exposed and take appropriate measures to address them; directly assess the integrity of third parties, such as suppliers, business partners, sponsors, donees and members of corporate governance bodies at companies in which Eletrobras holds equity interests; and provide communications and training to specific audiences, including external audiences such as suppliers and partners.

For suppliers and business partners, we assess integrity both during onboarding—by reviewing their profile and background information—and on an ongoing basis to identify any suppliers which could represent an integrity risk for the Company.

At year-end 2020, of the 462 suppliers onboarded by Eletrobras Group companies and deemed critical for integrity purposes, 460 (99.57%) had completed integrity due diligence forms to determine whether they or any members of their management have been accused of, investigated for, proceeded against or indicted for fraud or corruption in the last 10 years, whether and the extent to which they engage in dealings with government officials, whether they have an Integrity Program in place and the level of program maturity, and the nature of their relationships with third parties. **GRI 205-1**

The Integrity Program is monitored by tracking indicators of the effectiveness of integrity mechanisms, including: the number of employees who have been trained on ethics and integrity policies and procedures; the number of suppliers deemed critical for integrity purposes that have undergone due diligence and received training on the policies and practices adopted by Eletrobras Group companies; the number of business partners address by awareness raising initiatives; and the number of whistleblowing reports received.

Our Integrity Program spans all Eletrobras Group companies

In 2020 we approved a policy outlining guidelines on Program monitoring, including a system for collecting, reviewing and storing the information needed to assess and manage Program effectiveness.

The process for handling and addressing whistleblowing reports was also improved in 2020, and a dedicated function has been in place since 2019 to address reports on violations and concerns, reporting directly to the Eletrobras Board of Directors. **GRI 103-2**

We resumed construction of Angra III

In 2020 Eletrobras Eletronuclear resumed construction of its Angra III nuclear power plant on the coast of Rio de Janeiro state, which had been on hold since 2015. To ensure integrity in this public-interest project, a compliance oversight committee has been set up and independent consultants have been engaged to monitor procurement, budgeting and construction work, in order to provide the Board of Directors with the information needed about the project to ensure it is compliant with Eletrobras’s policies on integrity, ethics and anti-corruption. The internal committee is composed of two independent members of the Board of Directors of Eletronuclear and the Chief Governance, Risk & Compliance Officer of the holding company.

Management and employees also received communications and training during the year to improve their understanding of integrity and ethics issues. This included an online course on the Eletrobras Group’s Culture of Ethics and Integrity, and an innovative, fully online “Integrity and Ethics Week” event held concurrently at all Group companies, featuring lectures delivered by guest speakers with extensive experience in ethics, integrity and governance, and lectures given by specialists from Group companies on ethics and integrity matters addressed in our policies and standards, such as fraud and corruption

risks; conflict of interest; ethics and diversity; ethical conduct online and on social media; and workplace harassment.

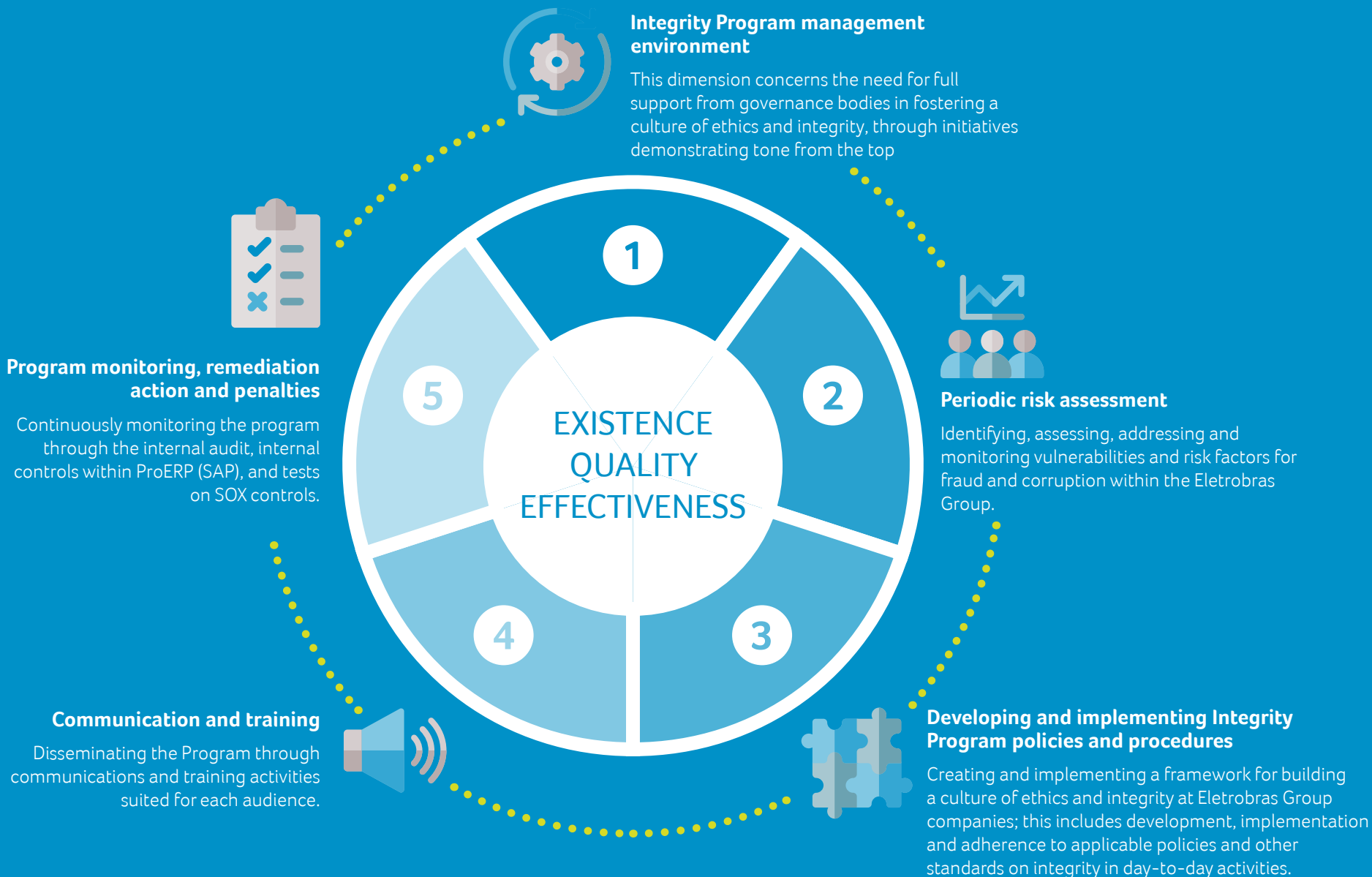
Our key integrity programs and initiatives are reported on quarterly to the Audit & Risk Committees of Eletrobras Group companies, which report to the Board of Directors.



The Angra II nuclear power plant. Eletronuclear Archives.

THE FIVE DIMENSIONS OF OUR INTEGRITY PROGRAM

GRI 103-2, 103-3



*SOX - Lei Sarbanes-Oxley

In 2020:

- We launched Eletrobras 5 Dimensions, a six-episode web series that uses a lighthearted approach to present the guidelines in our Integrity Program. **GRI 103-2, 205-2**
- We developed a methodology and established criteria for classifying internal documents based on the level of confidentiality or required access restrictions.
- This standardized the approach to classifying information across Eletrobras Group companies.
- The new system is designed to ensure that each document is treated with the required level of confidentiality.
- It also sought to adapt the company to comply with the Brazilian General Data Protection Act (LGPD).
- We implemented an internal controls management system in 2020.
- [Our Code of Conduct, Ethics & Integrity](#) was revised on its 10th anniversary. We also launched a mobile app so employees can quickly reference the code on the go. **GRI 103-2, 205-2**

Our integrity policies

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GRI 102-16, 103-2

- 1 Eletrobras Group Code of Ethical Conduct & Integrity
- 2 Eletrobras Group Anti-Corruption Policy
- 3 Eletrobras Group Conflict of Interest Policy
- 4 Integrity Program Rules
- 5 Integrity Monitoring Rules
- 6 Eletrobras Group Consequences Policy
- 7 Rules on Managing and Addressing Reports and Violations

ANTI-CORRUPTION COMMUNICATIONS AND TRAINING

GRI 205-2

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| | Corporate governance bodies | Middle-management employees | Employees in university-level positions | Employees in non-university level positions | SPEs |
|--|-----------------------------|-----------------------------|---|---|--------|
| Total (members/employees/business partners) | 142 | 1,090 | 4,192 | 7,245 | 54 |
| Total informed about Eletrobras’s anti-corruption policies and procedures | 142 | 1,085 | 4,187 | 7,230 | 53 |
| Percentage informed about Eletrobras’s anti-corruption policies and procedures | 100% | 99.54% | 99.88% | 99.79% | 98.15% |
| Total that received anti-corruption training | 125 | 1,074 | 3,937 | 6,794 | - |
| Percentage that received anti-corruption training | 88.03% | 98.53% | 93.92% | 93.78% | - |
| Itaipu – Total (members/employees)* | 13 | 120 | 500 | 656 | - |
| Itaipu – Percentage informed about anti-corruption policies and procedures | 100% | 100% | 100% | 100% | - |

*Data for Itaipu have been presented separately as the company is subject to dual legislation as a bi-national corporation, and has its own anti-corruption policies and procedures. Only members of governance bodies and employees undergo anti-corruption training. The figures for the holding company and Amazonas GT relate to an Integrity & Culture of Ethics Course launched in December 2019, and were consolidated up to December 2020.

ETHICS

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We work continuously to build closer engagement with our internal and external stakeholders. Employees, business partners and other stakeholders can seek guidance in our Code of Ethical Conduct & Integrity and in our integrity rules and policies. The contact details of our communications channels can be found on our webpage, are provided during training sessions, and included in awareness-raising materials. **GRI 102-33**

Listening to stakeholders

The General Obudsman’s Office was placed under the Eletrobras Board of Directors in 2017. The Obudsman’s Office has since reported to the Board of Directors on a quarterly basis, and this is scheduled to continue in 2021 in accordance with the Board’s agenda.

The General Obudsman’s Office provides multiple channels for receiving reports on concerns, including via the Eletrobras Group website, by email, by telephone, by letter, and by other methods.

In 2017 we implemented the Eletrobras Whistleblowing Hotline, an external, central hotline for all Group companies. The new hotline replaced the Ombudsman as the channel for receiving whistleblowing reports.

The General Obudsman’s Office is open to both internal and external stakeholders, and reports can be made on an identified basis, confidentially or anonymously. In all three situations, the whistleblower’s identity is kept anonymous.

The Whistleblower Report Handling macro-process is managed by the Integrity System Committee (ISC), which is responsible for applying any applicable disciplinary action and remediating internal controls and processes after investigating a case.

Each case goes through a workflow that includes receipt of the report (case recording and preliminary review), investigation (if applicable), disciplinary action (if applicable) and remediation of controls and/or processes. The last step is providing feedback to the whistleblower. For each report, an assessment is made not only of the reported violation but also on opportunities for process improvements and any required disciplinary action.

GRI 205-1

An independent firm is responsible for handling reports on violations of our standards or other misconduct. This firm receives and documents the reports received via the Whistleblowing Channel, and submits them to the General Ombudsman’s Office. The General Ombudsman Office classifies reports by level of priority and by subject, and submits them to the Executive CSI Office. Following receipt, the Executive CSI Office submits the reports to the Eletrobras Group Report Investigation Lead, who opens and investigates the case appropriately. In 2020, a total of 542 cases were handled and closed as part of this process. For every substantiated report, the risk map is revisited in order to take action to prevent recurrence.

During the year, the Obudsman’s Office handled 100 new cases relating to the holding company, including requests for documentation and general information, of which 98 were resolved. **GRI 102-17**

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Whistleblowing Hotline

GRI 102-17

Handles reports on misconduct, made anonymously or otherwise. Managed by an independent third-party firm. <https://canaldedenuncias.com.br/eletrobras/>



General Obudsman’s Office

For general requests, including requests for information about the Eletrobras Group Integrity Program and Code of Ethics & Conduct. This channel is also used to submit suggestions, complaints or compliments. ouvidoria@eletrobras.com

Eletrobras Ethics Committee

For queries relating to the Code of Ethical Conduct & Integrity. eticaevoice@eletrobras.com

Eletrobras Integrity Department

For queries relating to the Integrity (compliance) Program and related policies and practices. cgi@eletrobras.com

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Critical concerns GRI 102-34

Critical concerns include violations of our Integrity Program (Eletrobras 5 Dimensions) and the Eletrobras Group Code of Business Conduct and Ethics.

The 4% reduction in the total number of concerns reported in 2020 was due to the COVID-19 pandemic and remote working, which prevented the ombudsman offices from receiving in-person visits and from touring our operations.

Of the 3,955 cases handled in 2020 (except whistleblowing reports), 96% had been resolved as of 12/31/2020.

A total of 522 reports were handled by the Whistleblowing Hotline, including 378 valid reports and 144 reports not within the scope of the hotline.

Of the 378 valid reports received by the Whistleblowing Hotline in 2020, 202 had been resolved and 176 were being addressed at year-end.

Conflict of interests GRI 102-25

The members of the Board of Directors are responsible for monitoring and managing any conflicts of interests involving executives, other members of the Board or shareholders, in order to prevent misappropriation of assets or misconduct in related-party transactions.

This topic is also addressed in the Eletrobras Group Conflict of Interest Policy. This Policy outlines guidelines for the members of governance bodies, employees, representatives and contractors of Eletrobras Group companies on preventing, identifying and reporting situations that could create a conflict of interests. It also provides guidance on what to do in the event of a conflict of interests to ensure our actions are guided by the principles of ethics, integrity and transparency and aligned with our values.

Before assuming executive directors positions, appointees undergo an assessment on integrity, including, among other aspects, whether there are any existing or potential conflict of interest. This information is submitted to the Management, People & Eligibility Committee, which is responsible for conducting due diligence on appointments to executive directors positions at both Eletrobras Group companies and other companies in which the Group has an equity interest, majority or otherwise.

In 2020, we ran a campaign to raise employee awareness about conflicts of interest, our updated procedures, and the Brazilian Office of the Comptroller General's (CGU) Conflict of Interest Prevention System (SeCi). Our workforce also received a guide with practical examples of situations that can create a conflict of interests.

As a preventive measure, in 2020 all employees and members of executive directors were asked to complete a due diligence questionnaire to enhance our ability to identify and address potential conflicts of interest. The goal is to map out sensitive areas in the personal and business relationships of employees and members of executive directors, allowing the Governance, Risk & Compliance Department to act preventively by providing guidance and mitigating issues.

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RISK MANAGEMENT

GRI 102-15, 102-29, 102-30, 103-2

Eletrobras Group’s Integrated Risk Management System aims to prevent events from materializing which could adversely affect our strategic objectives and our ability to generate and preserve value, and to provide transparent information to the market and shareholders.

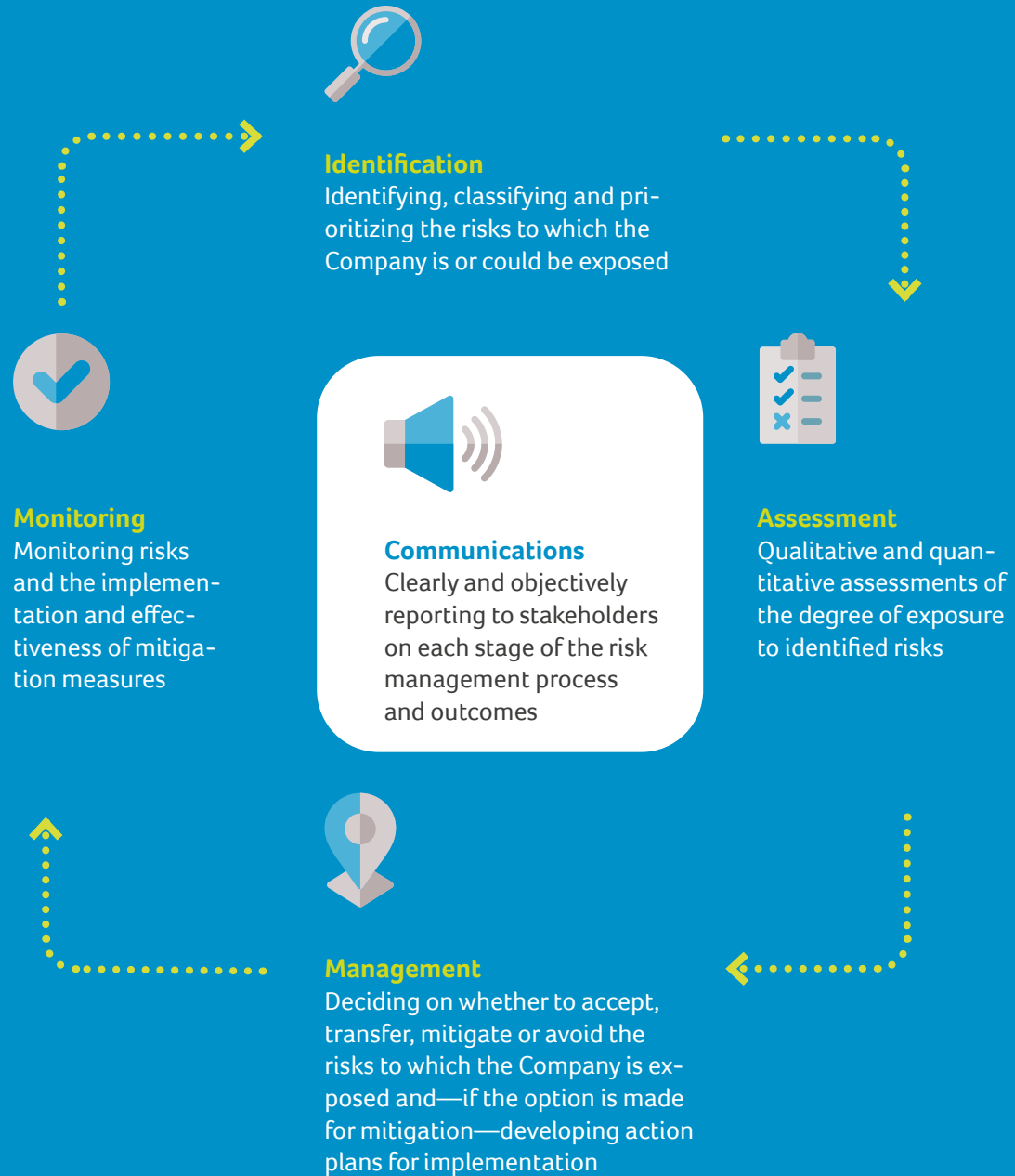
The risk management process at Eletrobras Group is based on our unified Corporate Risk Management Policy, whose most recent edition was approved by the Board of Directors in September 2019.

Risk management is centrally coordinated by the holding company, which helps to provide an integrated view of and standardize the process across Group companies. The overall process is managed by the risk management and internal controls functions and risk committees at each Eletrobras Group company, under the oversight of the holding company’s Risk Committee. Risk management information is reported to the Executive Board and Board of Directors via the Statutory Audit & Risk Committee (CAE).

Within our risk management model, we identify and compile a matrix of all business, operational, financial and compliance risks to which Group companies are exposed, and then address and monitor those risks under action plans developed by the relevant risk owners.

RISK MANAGEMENT MODEL

GRI 103-2, 103-3



In our risk management process, we continuously monitor the business environment to address our own concerns as well as those of investors and the broader market. The risks recognized as being most material within Eletrobras Group companies are prioritized and addressed by implementing action plans prepared based on technical recommendations developed by the Corporate Risk Management and Internal Controls functions in collaboration with business managers, taking account of the level of exposure validated by Management.

To further improve our approach to managing identified risks, in 2020 we implemented SAP GRC RM to automate the risk assessment process. Also in the year, Eletrobras approved our risk appetite levels and the strategic KRIs to be tracked under the PDNG 2021-2025.

Risk Appetite Statement

Value creation is an imperative for the Eletrobras Group. Building industry leadership through Generation & Transmission investments focused on clean energy is at the core of our approach to sustainable expansion.

We reject decisions which could undermine our profitability, financial discipline, corporate social and environmental sustainability, ethics and compliance standards, operational safety, or the health and safety of our direct or outsourced employees.

We recognize the importance of innovating and investing in other segments in order to build a diversified portfolio of businesses and services that are synergistic and aligned with our strategy.

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The Angra II reactor building. Eletronuclear Archives

Risk Mapping

GRI 103-2, 103-3, 102-15, 102-29, 102-31

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At Eletrobras Group companies, risks are identified and mapped in a Corporate Risk Matrix with the participation of business managers at different organizational levels at the Group companies.

See our Risk Matrix on the following page

BUSINESSES

Generation

New Generation Businesses

Generation Works

Generation Asset Operation & Maintenance (O&M)

Generation Industry Regulations

Dam Safety

Concession extensions

Nuclear safety

Nuclear fuel

Storage of spent fuel

Transmission

New Transmission businesses

Transmission Works

Transmission Asset Operation & Maintenance (O&M)

Transmission Industry Regulations

Electricity market

Electricity trading

Climate change

Partnerships

SPE management

Management & Innovation

R&D + I management

Information security

FINANCIAL

Liquidity

Cash flow

Credit

Counterparties

Indebtedness/ Leverage

Taxes

Tax management

Market

Market risk

Budget

Budget Management

Assets

Regulatory asset pricing

OPERATIONAL

Social & Environmental

Project social and environmental management

Human rights

ICT

Availability and performance of ICT systems

Legal

Litigation management

People

People Management

Occupational Health & Safety

Pension funds

Procurement

Supply chain management

Security

Property security

COMPLIANCE

Laws and regulations

Fraud and corruption

Adherence to rules

Reporting

Financial Statements

Material risks

GRI 103-2, 103-3

Some of the risks in Eletrobras Group's Corporate Risk Matrix are recognized as being especially critical. Our approach to addressing these risks is described below:

Compliance

The second dimension of the Eletrobras Group Integrity Program, which aligns with our Corporate Risk Matrix, establishes a process for periodically assessing fraud and corruption risks involving integrity and ethics issues. We have worked to prevent, address and remediate these risks by: developing and keeping up to date a set of integrity standards; administering training and awareness raising activities for direct and outsourced employees; and structuring a macro-process for addressing whistleblowing reports and violations—including investigation, remediation and disciplinary action—which feeds back into the risk assessment process and supports assessments of program effectiveness.

Project Social and Environmental Management

Social and environmental risk assessments are conducted during both the pre-operational and the operational phase of G&T projects at Eletrobras Group companies in order to assess exposure to social and environmental risks and the effectiveness of mitigation actions that have been implemented.

Eletrobras has a corporate Environmental Policy that provides guidance on addressing environmental and social matters, including guidelines on dealing with local communities and traditional peoples, such as indigenous communities.

Eletrobras Group companies conduct watershed inventories, feasibility studies and environmental impact assessments to inform the development of siting and project design options that can minimize social and economic impacts and the displacement of communities, as well as impacts on biodiversity.



Training. CEPEL Archives



Climate Change

Climate change is the product of a variety of natural factors. However, it has been intensified in recent years by increasingly invasive human activity. The Eletrobras Group recognizes the importance of control activities such as: i) taking climate change considerations into account in siting, designing and/or redesigning generation and transmission projects; and ii) ensuring the efficient management of and implementing initiatives to offset GHG emissions

As part of our approach to addressing climate change, we conduct:

- Carbon footprint assessments
- Carbon pricing studies
- Climate change vulnerability assessments
- Scenario assessments incorporating climate change
- Climate change adaptation studies

Human Rights

Eletrobras Group conducts human rights risk assessments to identify exposure to events, situations or practices which could lead to the commission of human rights violations directly or indirectly by Group companies. A number of steps have been implemented to address these risks, including the following:

- Establishing human rights indicators/targets, such as training 100% of employees and Tier 1 suppliers on Human Rights practices by 2021; **GRI 410-1**
- Conducting human rights due diligence on 100% of critical Tier 1 suppliers by 2022 and all SPEs by 2021;
- Incorporating human rights provisions in supplier contracts and a termination penalty in the event that suppliers fail to adhere to Eletrobras's values and commitments on human rights;
- Using appropriate language in communications materials about the social and environmental impacts of our projects when interacting with affected communities, especially traditional and indigenous peoples;

- Creating a Human Rights Sub-committee of representatives from the Corporate Social Responsibility functions of Eletrobras Group companies to discuss, develop and implement stakeholder engagement programs in the supply chain and raise awareness about human rights, working to disseminate these practices across Group companies and their value chains, as part of the Sustainability 4.0 Program within the PDNG.

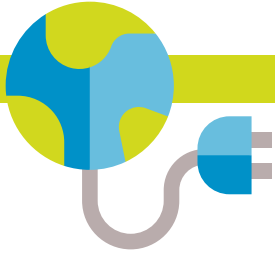
Nuclear Power

As an operator of nuclear power plants, Eletronuclear is responsible for monitoring and addressing risks related to nuclear power. Eletronuclear has an annual budget earmarked for modernizing and implementing the most recent safety requirements at its plants. The company recently conducted an extensive reassessment of the risk associated with environmental issues and, in response, has made minor adjustments to protection barriers. In addition, Eletronuclear has assessed its emergency preparedness following the stress test procedures adopted by the European Union for nuclear plants under construction or in operation in Europe. As a result, Eletronuclear has implemented several additional safety measures.

100% of our suppliers will undergo human rights due diligence by 2022



The Angra II nuclear power plant. Eletronuclear Archives



Hydropower

Eletrobras’s generation assets are primarily hydroelectric plants, and hydropower involves several related risks. For the company as a whole, the most important risk related to hydropower is hydrological risk, or the risk that the electricity generated by hydroelectric assets operating within the regulated market could fall below their guaranteed capacity. This risk is more likely to materialize in the event of a drought. We work to prevent this risk from materializing by renegotiating hydrological risk and through “electricity hedges”.

GRI 303-1

Dam Safety

Dam Safety is managed and monitored locally by our subsidiaries to a high level of technical and management excellence. Dams and their appurtenant structures undergo Periodic Safety Reviews (RPS) in accordance with applicable laws and regulations. In addition, as a requirement established by the Board of Directors, Periodic Safety Reviews of our assets are also being conducted by independent external appraisers.

Transmission

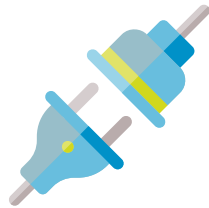
Eletrobras Group companies operate substations and transmission lines across diverse geographies with varying climates. For the Group as a whole, the most significant risk in transmission operations is related to transmission line and/or substation outages.

To mitigate these factors, Eletrobras invests continuously in transmission line maintenance and condition monitoring. Many substations are currently undergoing upgrades of their monitoring and communications infrastructure to automate and centralize parameter monitoring and provide a systemic and integrated view of assets in operation.

In addition, in order to mitigate the adverse impacts from natural disasters on our assets, Eletrobras Group companies have emergency response teams who are highly trained and capable of promptly replacing priority operational equipment. These teams are immediately mobilized in the event of an emergency, supporting our culture of operational excellence.



The Belo Monte Dam. Photo: Roney Santana

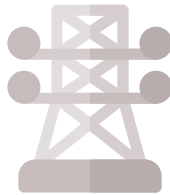


O&M Risk in Generation:

The primary risk related to operation and maintenance is the risk of an outage due to operational failure. To mitigate outage risks, Eletrobras has processes in place for monitoring asset operation and maintenance at subsidiaries.

Efforts to improve the availability and efficiency of our assets include regular upgrades of generation assets, digitization and automation of management processes, and investments in training specialists.

O&M plans establish targets and activity schedules for Eletrobras Group companies to ensure availability levels conform to regulatory requirements and corporate targets.

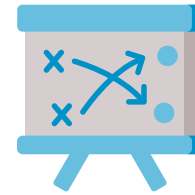


O&M Risk in Transmission

At Eletrobras, transmission assets are managed at a local level as with generation assets. The goal in managing transmission assets is to ensure high levels of system availability and reliability, and compliance with industry regulations and standards.

Our approach to managing operation and maintenance risks for transmission systems takes account of, among other factors, the impacts of weather events on the transmission operations of Group companies. Assessments are conducted on the likelihood of occurrence of windstorms, fires, cyclones, thunderstorms, floods and lightning in the area surrounding our transmission lines.

Based on these assessments, Eletrobras Group companies implement measures and emergency response plans to mitigate the impacts from these events on our transmission assets.



Regulatory Changes in the Electric Power Sector

Regulatory changes introduced by different government bodies could create risks for Eletrobras Group companies.

Currently the primary regulatory risk relates to potential changes and unforeseeable impacts from Public Consultation no. 33/2017, which aims to improve the legal framework for the electric power sector in Brazil.

Eletrobras has teams specializing in industry regulation to address these risks. Through monitoring and participation in public hearings, consultations, specialized forums and industry associations, these matters are discussed in depth by all Eletrobras Group companies, which advocate for and influence regulatory policy in a coordinated manner. The primary source of reference in planning regulatory efforts is the ANEEL Regulatory Agenda for 2021-2022



Organizations of which we are members GRI 102-13

Business management

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- Brazilian Institute for Corporate Governance (IBGC)
- National Quality Foundation (FNQ)
- National Forum on Ethical Management of Government Owned Companies

Industry development

9 16

- Electric Power Trading Chamber (CCEE)
- Brazilian Association of Thermal Power Generation Companies (ABRAGET)
- Brazilian CIER (Regional Electricity Integration Commission) Committee (BRACIER)
- Brazilian Dam Committee (CBDB)
- Brazilian Association of Large Electric Power Generation Companies (ABRAGE)
- Brazilian Association of Large Electric Power Transmission Companies (ABRATE)
- Brazilian Wind Power Association (ABE Eólica)
- Brazilian Nuclear Power Association (ABEN)
- World Association of Nuclear Operators (WANO)
- World Nuclear Association

Business sustainability

7 8 9 13 16

- Brazilian Business Council for Sustainable Development (CEBDS) – we have a seat on the Council’s governance body and co-lead working groups on Water, Energy and Climate Change, Biodiversity and Biotechnology, and Social Impact
- Brazilian Global Compact Committee (CBPG) – We actively participate in action platforms such as the Sustainable Development Goals (SDGs), Climate Change, Human Rights and Communications and Engagement
- *Global Reporting Initiative (GRI Community)*
- Ethos Institute for Business and Social Responsibility
- *Carbon Disclosure Project Benchmark Club (CDP)*

Environment

7 13

- Environmental Forum for the Brazilian Electric Power Sector (FMASE) – we have a seat on the forum’s governance body and participate in subject-matter committees/projects
- Environmental Committee of the Brazilian Association of Electric Power Companies (ABCE)

Climate change

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- Brazilian Forum on Climate Change (FBMC)
- Business for Climate (EPC)

Water

7 13

- National Council on Water Resources (CNRH)
- World Water Council (WWC).

Social

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- Instituto Ethos Working Group on Human Rights
- Global Compact Working Group on Human Rights

Our voluntary commitments

GRI 102-12

We have subscribed to national and international initiatives addressing issues related to business sustainability.

As part of our voluntary commitments, we have incorporated strategic guidelines on improving governance and business integrity in the PDNG 2020-2024, in line with the goal under our Strategic Plan 2020-2035 to achieve excellence in Governance, Risk Management and Internal Controls (GRC) and uphold standards of corporate governance and business integrity that are consistent with international benchmarks. **GRI 103-2**

SDG

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Social

- Sustainable Development Goals (SDGs): nine SDGs are prioritized in our Business & Management Master Plan (PDNG)
- Business for Human Rights, an open letter published by the Brazilian Ministry of Human Rights
- The Ten Principles of the UN Global Compact*
- Corporate Commitment to Addressing Sexual Violence against Children and Adolescents
- *Na Mão Certa*, a program launched by the World Childhood Foundation to combat roadside sexual violence against children and adolescents
- CEO Guide to Human Rights – World Business Council for Sustainable Development (WBCSD)
- Women’s Empowerment Principles (WEPs)

The Tenth Principle of the Global Compact states that: “Businesses should work against corruption in all its forms, including extortion and bribery.”

Environmental

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- Brazilian Business Commitment to Biodiversity, launched by the Brazilian Business Council for Sustainable Development (CEBDS)
- Brazilian Business Commitment to Water Security, launched by the Brazilian Business Council for Sustainable Development (CEBDS)
- Business Dialog with Indigenous Peoples Initiative
- Open Letter – Private Sector Support for Carbon Pricing in Brazil, a position paper on carbon pricing mechanisms
- We are supporters of the Task Force on Climate-related Financial Disclosures (TCFD)
- In 2020 we became an “Early Supporter” of Business for Nature’s Call to Action to reverse nature loss by 2030. Initiatives like these are aligned with our goal to be an active agent for conservation of biodiversity and ecosystem services.

STRATEGIC PLANNING

GRI 102-26, 102-31

Strategic planning is an exercise that identifies trends, risks and uncertainties related to our business. The estimates and assumptions informing our strategic planning reflect our expectations about current and future events and financial and non-financial trends over a horizon of 15 years.

In 2020—an unprecedented year that posed numerous challenges to countries around the world—we developed and unveiled our Strategic Plan 2020-2035 which, in addition to defining a new corporate identi-

ty (Purpose, Vision and Values, page xx), establishes a set of guidelines and objectives aimed at our growth and modernization in line with emerging trends in the power sector.

The Strategic Plan is subdivided into Business & Management Master Plans (PDNG) with a short/medium-term horizon of five years. The PNDGs outline the specific projects and initiatives to be implementation by Eletrobras Group companies to achieve our strategic goals, targets and related SDGs.

PDNG 2021-2015

GRI 102-31, 102-34

PDNG 2021-2025 is the first sub-plan under our Strategic Plan 2020-2035. Drawing on analysis and guidance in the Strategic Plan, PDNG 2021-2025 is focused on further developing our businesses and building on our efforts in recent years to improve performance.

SDG



PDNG 2021-2025 STRATEGIC TOPICS

| Local and global trends | Guidelines | Performance indicators | VALUE expectations | Impacts | Related SDGs |
|--|--|--|---|---|--------------|
| <ul style="list-style-type: none"> • Widespread digitization of the economy and society • Knowledge and innovation as economic drivers • Changes in consumer patterns and empowered customers • Climate change and shifts in rainfall patterns • Expansion of the low carbon economy • Growing demand for electricity • An expanding and increasingly complex electric power grid • Shifts in the power sector requiring new business models | <p>VALUE AND INVESTMENT</p> <p>Enhance value creation and strengthen our capacity for investment</p> | <p>MARKET VALUE</p> <p>Enterprise Value / EBITDA</p> | <ul style="list-style-type: none"> • Dividends • Contribution to sustainable development • Return on invested capital • A stronger brand and reputation | <p>Risks</p> <ul style="list-style-type: none"> • Shareholder divestments <p>Costs</p> <ul style="list-style-type: none"> • Higher debt service costs | <p>8 9</p> |

PDNG 2021-2025 STRATEGIC TOPICS

| Local and global trends | Guidelines | Performance indicators | VALUE expectations | Impacts | SDG members |
|---|---|--|--|---|-------------|
| <ul style="list-style-type: none"> • Knowledge and innovation as economic drivers • Widespread digitization of the economy and society • Shifts in the power sector requiring new business models • Fast-paced technological change | <p>CULTURE & PEOPLE</p> <p>Develop a meritocratic culture of high performance and excellence in people management</p> | <p>SAFETY</p> <p>Injury Frequency Rate (Direct and Third-Party Employees)</p> <p>PEOPLE</p> <p>Hours of training / no. of employees</p> <p>PEOPLE</p> <p>Employee Satisfaction Rate (Survey to be carried out in 2021 and target set for 2022)</p> | <ul style="list-style-type: none"> • A stronger brand and reputation • Jobs and income • Health and safety • Quality of life • Respect for human rights • Professional development and training • Greater diversity | <p>Risks</p> <ul style="list-style-type: none"> • Low productivity • Talent flight <p>Costs</p> <ul style="list-style-type: none"> • Injury and sick leave • Labor claims • High investment but low returns on training and education initiatives | |
| <ul style="list-style-type: none"> • Shifts in the power sector requiring new business models • Calls for greater transparency • Implementation of more effective controls that inspire market confidence • Preventive risk management • A zero-tolerance approach to corruption | <p>GOVERNANCE</p> <p>Achieve excellence in Governance. Risk management and internal controls (GRC)</p> | <p>GOVERNANCE</p> <p>ELB's listing tier on B3</p> | <ul style="list-style-type: none"> • Returns on invested capital • A stronger brand and reputation • Integrity (ethical, lawful and transparent conduct) | <p>Risks</p> <ul style="list-style-type: none"> • Reputational • Shareholder divestments <p>Costs</p> <ul style="list-style-type: none"> • Loss of company value • Higher debt service costs • Fines and penalties for Eletrobras and our management | |

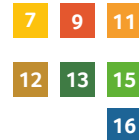
PDNG 2021-2025 STRATEGIC TOPICS

| Local and global trends | Guidelines | Performance indicators | VALUE expectations | Impacts | SDG members |
|--|--|---|---|--|-------------|
| <ul style="list-style-type: none"> • Widespread digitization of the economy and society • Knowledge and innovation as economic drivers • Changes in consumer patterns and empowered customers • Growing demand for electricity • Shifts in the power sector requiring new business models | <p>MANAGEMENT</p> <p>Focus management on value creation and increasing competitiveness</p> | <p>PRODUCTIVITY</p> <p>Results of Operations / employee</p> | <ul style="list-style-type: none"> • Return on invested capital • A stronger brand and reputation • Dividends • Greater diversity • Respect for human rights • Private Social Investment • Sponsorship of culture, sport and events • Supplier capacity building • Procurement predictability • A more sustainable supply chain | <p>Risks</p> <ul style="list-style-type: none"> • Low efficiency (slow to respond) <p>Costs</p> <ul style="list-style-type: none"> • Higher operating costs | |
| <ul style="list-style-type: none"> • Widespread digitization of the economy and society • Knowledge and innovation as economic drivers • Changes in consumer patterns and empowered customers • Fast-paced technological change | <p>INNOVATION & DIGITAL TRANSFORMATION</p> <p>Achieve leadership in innovation and advance a digital transformation of business and management processes</p> | <p>INNOVATION</p> <p>R&D+I Investment / NOR</p> | <ul style="list-style-type: none"> • Return on invested capital • A stronger brand and reputation <p>Research, Development & Innovation</p> <ul style="list-style-type: none"> • Dividends • Energy Savings • Conservation of Biodiversity | <p>Risks</p> <ul style="list-style-type: none"> • Reduced competitiveness <p>Costs</p> <ul style="list-style-type: none"> • Higher costs with the state-of-the-art technologies needed for sustainable operations. | |

PDNG 2021-2025 STRATEGIC TOPICS

| Local and global trends | Guidelines | Performance indicators | VALUE expectations | Impacts | SDG members |
|---|---|---|--|--|---------------|
| <ul style="list-style-type: none"> • Growing demand for electricity • Systemic improvements in energy efficiency • Shifts in the power sector requiring new business models • Fast-paced technological change • Lower costs on critical inputs | <p>G&T EFFICIENCY</p> <p>Create value through more efficient G&T assets</p> | <p>EFFICIENCY: PMSO/Reg. PMSO</p> <p>GENERATION-ASSET AVAILABILITY: GRAVAILAB</p> <p>TRANSMISSION-ASSET AVAILABILITY: TLAVAILAB</p> | <ul style="list-style-type: none"> • Contribution to sustainable development • Returns on invested capital • Energy savings • A stronger brand and reputation • Operational safety and reliability (energy security) • Affordable electricity <p>Revenue reliability</p> | <p>Risks</p> <ul style="list-style-type: none"> • Failure to reduce emissions through sustainable development <p>Costs</p> <ul style="list-style-type: none"> • Higher operating costs | <p>7 9 12</p> |

PDNG 2021-2025 STRATEGIC TOPICS

| Local and global trends | Guidelines | Performance indicators | VALUE expectations | Impacts | SDG members |
|---|---|---|--|--|---|
| <ul style="list-style-type: none"> • Expansion of the low carbon economy • Growing demand for electricity • An expanding and increasingly complex electric power grid • Diversification of Brazil's energy mix • Expansion of distributed generation • Lower costs on critical inputs | <p>G&T EXPANSION</p> <p>Achieve leadership in G&T, with a focus on clean energy</p> | <p>GENERATION EXPANSION</p> <p>Installed G Capacity (MW)</p> <p>TRANSMISSION EXPANSION</p> <p>Installed T Capacity (KM)</p> | <ul style="list-style-type: none"> • Contribution to sustainable development • Return on invested capital • Access to electricity for all, with a reduced risk for social and environmental impacts • Affordable electricity • Energy savings • Partnership in managing government programs • Operational safety and reliability (energy security) • Improvements to national infrastructure • Jobs and income • Respect for human rights • Conservation of Biodiversity • Better living conditions in affected communities • Participatory dialog • Participation in structuring projects • Integrity (ethical, lawful and transparent conduct) • A more sustainable supply chain | <p>Risks</p> <ul style="list-style-type: none"> • Stakeholder scrutiny • Impacts on biodiversity • Impacts on livelihoods in surrounding communities • Displacement of residents in surrounding communities • Shareholder divestments |  |

PDNG 2021-2025 STRATEGIC TOPICS

| Local and global trends | Guidelines | Performance indicators | VALUE expectations | Impacts | SDG members |
|--|---|---|--|---|---------------|
| <ul style="list-style-type: none"> • Changes in consumer patterns and empowered customers • Growing demand for electricity • Shifts in the power sector requiring new business models • Demand for high performance | <p>TRADING</p> <p>Achieve leadership in electricity trading, with attractive margins and efficient risk management</p> | <p>MARGIN</p> <p>Margin over benchmark price in the loss-of-entitlement (<i>descotização</i>) process</p> | <ul style="list-style-type: none"> • Return on invested capital • A stronger brand and reputation • Dividends • Revenue reliability • Fairly priced (sustainable) contracts | <p>Risks</p> <ul style="list-style-type: none"> • Shareholder divestments <p>Revenue</p> <ul style="list-style-type: none"> • Reduced Operating Revenue | <p>9</p> |
| <ul style="list-style-type: none"> • Market demand for a renewable, clean energy mix; • Demand for increased energy efficiency. • Greater attention to the risk of climate change and impacts on biodiversity. • Demand for innovation and development of new technologies | <p>NEW BUSINESS</p> <p>Invest in new businesses, especially in energy, participating in the current consolidation in the industry (M&A)</p> | <p>REVENUE</p> <p>New-Business Revenue / NOR</p> | <ul style="list-style-type: none"> • Contribution to sustainable development • Return on invested capital • Access to electricity for all, with a reduced risk for social and environmental impacts; • Affordable electricity; and • Energy savings • A stronger brand and reputation • Improvements to national infrastructure • Jobs and income • Dividends | <p>Risks</p> <ul style="list-style-type: none"> • Failure to capture new business and portfolio expansion opportunities <p>Revenue</p> <ul style="list-style-type: none"> • Failure to increase Operating Revenue | <p>8 9 13</p> |

The strategic guidelines and strategic objectives in SP 2020-2035 have been translated into a set of strategic initiatives outlined in PDNG 2021-2025, as well as targets for the first year of the current cycle. [Link PDNG 2021-2025.](#)

PDNG 2020-2024

PDNG 2020-2024, the most recent sub-plan under our Strategic Plan 2015-2030, outlines strategic guidelines that translate our purpose and ambition: Leverage, Governance, People and Efficiency. This strategic sub-plan converges toward and supports the key goals in Challenge 24 – Sustainable Excellence.

Sustainable business To be recognized as a socially, environmentally and financially responsible G&T company

| | Results | | Target |
|--|---------|------|--------|
| | 2019 | 2020 | 2020 |
| Net debt/Adjusted EBITDA (EBITDA w/o existing Backbone systems) | 2.20 | 2.80 | <2.50 |
| Net debt/Adjusted EBITDA (EBITDA with existing Backbone systems) | 1.60 | 1.45 | <2.50 |

Strategic objective

- Optimize indebtedness to international standards.

Initiative

- Optimization of Ownership Interests

Key achievements

- SPEs sold (Centroeste, MTE and Mangue Seco 2, Campos Neutrais Complex (Hermenegildo I, II and III, and Chuí IX) and Santa Vitória do Palmar (18 SPEs)

- Eight SPEs wound up (Energia Olímpica, Carnaúba I, II, III, V, Cervantes I and II, and Punaú I)

- Mergers of SPE TDG*, TSBE**, the Famosa III wind farm cluster (comprising 5 SPEs) and the Acaraú wind farm cluster (comprising 2 SPEs).

* SPE TDG - Sociedade de Propósito Específico Transmissora Delmiro Gouveia

** TSBE - Transmissora Sul Brasileira de Energia

Challenge 24: Sustainable excellence

In a year that defied all expectations, we made remarkable progress under PDNG 2020-2024.

Operating efficiency

Achieve operating excellence across the value chain

| | Results | | Target |
|------------------------------------|---------|------|--------|
| | 2019 | 2020 | 2020 |
| PMSO ₁ /Regulatory PMSO | 1.24 | 1.09 | 1.00 |

1. People, materials, services and other expenses.

Strategic objective

- Adjust the operating and corporate cost structures at Eletrobras Group companies.

Initiative

Angra III Project

Key achievements

- Approval by the Investment Partnership Program Board (CPPI) of the BNDES report recommending the business model to be adopted for completion of the project

- Eletronuclear completed a capital increase of R\$ 1,886 million through a conversion of AFAC* credits of R\$ 850 million and financing credits of R\$ 1,036 million, both belonging to Eletrobras

- AFAC of R\$ 1,052 million and R\$ 2,447 million awarded to Eletronuclear for 2020 and 2021, respectively

*AFAC - Advance for Future Capital Increase

Valuing people
Develop and strengthen technical and technology skills, valuing employees and fostering a high performance culture.

| | Results | Target |
|--|---------|--------|
| | 2020** | 2020 |
| Lost-time injury frequency rate (direct and outsourced employees)* | 1.14 | 2.48 |

* As per the PDNG, in 2020 Itaipu and CEPEL were excluded from the injury rate calculations.
** Only direct employees were included and this prevented a comparison from being made with the target, as it also included outsourced employees.

Strategic goals

- Promote a high-performance culture, knowledge management and recognition
- Improve employee safety and well-being

Key achievement

A consulting firm completed a methodological framework and assessment of the organizational culture at Eletrobras and our subsidiaries

Initiative

Implementation of a high-performance culture

Enhance governance and corporate integrity
Strengthen internal controls and corporate governance, ensuring corporate integrity.

| | Results | Target |
|----------------------------|---------|--------|
| | 2019* | 2020 |
| No. of material weaknesses | 4 | N/D |

* Refers to the number of material weaknesses related to internal controls reported in Eletrobras's 2019 Form 20-F to the Securities and Exchange Commission.

Strategic goals

- Improve internal controls and risk management, increasing transparency and reliability
- Strengthen corporate integrity

Initiative (2)

Occupational Health & Safety Program

Key achievement

Engaged consultants specializing in occupational health and safety management

Initiative (1)

Qualitative and Quantitative Staffing Definitions—Phase 2

Key achievement

Designed an organizational restructuring of the holding company and subsidiaries to be implemented in 2021

Initiative (3)

Implementation of Zero-Based Budgeting

Key Achievement

Completed initiatives in October 2020 that will deliver savings of R\$ 216.9 million across Eletrobras Group companies





The Peixe Angical Dam. Furnas Archives.

Prosperity

CAPITALS



TOPICS:

- CYBERSECURITY AND DIGITAL TRANSFORMATION
- ELECTRICITY SUPPLY
- RESEARCH AND DEVELOPMENT + INNOVATION
- SUPPLIER RELATIONS
- FINANCIAL PERFORMANCE
- ENERGY TRANSITION



PROSPERITY

Prosperity describes the ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature. The United Nations describes prosperity in terms of equitable economic growth, built upon decent employment, sustainable livelihoods, rising real incomes, social protection and access to financial services for all people. It also emphasizes the importance of innovation and transforming business models to create shared value.

FINANCIAL PERFORMANCE

GRI 103-2, 103-3, EU22

The Board of Directors' primary goal in financial management is reducing net debt. Our approach to this end has been to lengthen debt maturities and reduce overall debt service costs. The metric we use to measure success in reducing indebtedness is the ratio of Net Debt to recurring EBITDA, which in 2020 was 1.5.

As part of these efforts, we successfully completed, among other transactions, an international notes offering that rolled over debt maturing in October 2021 to 2025, at lower interest rates.

Other transactions helped to strengthen our cash flows, which was providential amid the pandemic and the challenging economic climate in the year. We completed the conversion of an Advance for Future Capital Increase (AFAC) made by the Federal Government in 2016. The Special Purpose Entities (SPEs) in which we have an interest were also benefited by a temporary, six-month suspension of interest collection by the Brazilian Development Bank (BNDES), positively affecting Group companies' cash flows.

In early January 2020, we completed a corporate reorganization that created Companhia de Geração e Transmissão de Energia Elétrica do Sul do Brasil (CGT Eletrosul), a public generation and transmission company resulting from a merger of two Eletrobras subsidiaries in the South: Eletrosul and CGTEE. The merger process was initiated in 2017 under our Business & Management Master Plan (PDNG). The goal in the merger was to expand and integrate operations, and deliver consistent operational synergies and efficiency improvements, as well as strong financial activation.

We completed a reorganization that created CGT Eletrosul

We also continued the debenture issue program for Eletrobras Eletronorte and Amazonas GT in connection with the merger of the latter into the former.



Optimizing our SPE portfolio

GRI 102-10

Consistent with the guidelines under PDNG 2020-2024, the Eletrobras Group has undertaken several initiatives to improve the efficiency of our generation and transmission assets. These initiatives have included efforts to optimize the number of Special Purpose Entities (SPEs) in which Eletrobras holds equity interests. On September 27, 2018 we sold a total of 26 SPEs in Auction 01/2018, including 16 generation SPEs and 10 transmission SPEs. The auction generated proceeds of R\$ 1.3 billion for Eletrobras. On July 30, 2019, Eletrobras completed Competitive Disposal Procedure No. 01/2019 for the disposal of 39 SPEs. Of these, 24 SPEs were sold throughout 2020, including 23 generation SPEs and 1 transmission SPE, yielding proceeds of approximately R\$ 900 million for the Company.

In addition to the disposals described above, in 2020, as part of our SPE Optimization program, we completed the sale of a final SPE in Auction 01/2018, we merged nine SPEs and we wound up another 8, for a total of 42 transactions in the year. As a result, the number of SPEs held by Eletrobras Group companies was reduced from 136 at December 2019 to 94 at December 2020—92 in Brazil and 2 in other countries.

SDG

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Results

GRI 102-7, 103-3

We reported consolidated net income of R\$ 6,387 million in 2020, down from R\$ 11,133 million in 2019¹. It is important to note that the Net Income reported in 2019 included Net Income from continuing operations of R\$ 7,848 million and net income of R\$ 3,285 from discontinued operations (distribution), including the now-privatized Amazonas Energia, which is no longer consolidated in Eletrobras. Had only net income from continuing operations been taken into account, the decrease would have been slightly smaller at R\$ 1,461 million, primarily reflecting provisions and unscheduled shutdowns of power plants. Cumulative net income over the last three years amounted to more than R\$ 30 billion. Return on equity (ROE) was 8.7%.

Despite the COVID-19 pandemic in 2020, the Eletrobras Group ended the year with consolidated cash on hand of R\$ 14.3 billion.

Net Operating Revenue was R\$ 29,080 in 2020, a decrease of 2% compared to 29,714 in 2019¹, partially offset by Net Operating Revenue gains in transmission reflecting the Periodic Rate-Setting Review in July 2020.

The gains in transmission, in turn, were partially offset by losses in generation due to the operating inflexibility of the Candiota III plant, negative variable revenue of respectively R\$ 205 million and R\$ 267 million as a result of the extended shutdowns of Angra I and Angra II, and the termination of existing electricity contracts on the Regulated Market by Furnas and Eletronorte (319 aMW and 362 aMW, respectively), although generation revenue from plants under the physical guarantee quota scheme created by Law no. 12 783/2013 increased by R\$ 433 million, reflecting the annual rate adjustment.

International Financial Reporting Standards (IFRS) EBTIDA declined slightly from R\$ 11,474¹ million in 2019 to R\$ 10,487 million in 2020. Recurring EBITDA fell in tandem from R\$ 14,268 in 2019 to R\$ 13,978 million in 2020. For further details about Eletrobras's financial performance, read our [financial reports](#).

Note 1 – Operating revenue for 2019 has been restated.

GRI 102-48

SDG



Operating revenue

GRI 102-7

SDG

7 8 16

GROSS REVENUE, TOTAL AND BY BUSINESS (IN R\$ MILLION)

| Year | Total | Generation | Transmission | Other revenue |
|------|--------|------------|---------------------|---------------|
| 2018 | 30,876 | 20,139 | 9,868 | 869 |
| 2019 | 35,675 | 23,374 | 11,533 ¹ | 769 |
| 2020 | 35,228 | 22,270 | 12,248 | 711 |

• Base Payment is the monthly (1/12) fraction of the annual revenue of a transmission asset
 Note 1 – Operating revenue in Transmission has been restated. **GRI 102-48**

Operating costs and expenses

Operating costs and expenses were R\$ 26,372 million in 2020, an increase of 25% over 2019. This includes electricity purchased for resale, grid usage charges, fuel purchased for power generation, construction costs and PMSO (Personnel, Materials, Services and Other) expenses.

Grid usage charges increased by 10% (from R\$ 2,265 million in 2019 to R\$ 2,500 million in 2020), primarily as a result of a shift from Transmission System Usage Charges prevailing from January to June 2019 under ANEEL Authorizing Resolution 2,409 (6/26/2018) to the rates prevailing from January to June 2020 under ANEEL Authorizing Resolution 2,562 (6/25/2019).

The cost of electricity purchased for resale increased in the year primarily as a result of new short-term contracts concluded to reduce negative exposure in the Electric Power Trading Chamber (CCEE), due to the higher prevailing contractual prices on products, and price adjustments under existing purchase agreements.

PMSO and Provision figures are detailed below



PERSONNEL, MATERIALS, SERVICES AND OTHER EXPENSES (R\$ MILLION)

| | 2019 | 2020 | Change (%) |
|----------------|---------|--------|------------|
| Personnel | - 5,828 | -4,743 | -19% |
| Materials | -280 | -274 | -2% |
| Services | -2,171 | -1,963 | -10% |
| Other expenses | -1,572 | -2,197 | 40% |
| Total PMSO | -9,850 | -9,176 | -6.8% |

Finance revenue (expense)

Finance Revenue (Expense) in 2020 was an expense of R\$ 159 million, down from finance revenue of R\$ 423 million in 2019.



Cost and budget management

In 2019 we initiated a zero-based budgeting (ZBB) program that will strengthen our culture of cost management and transparency. This is a budgeting methodology that aims to optimize costs by allocating budget based on strategic objectives and allowing expenses to be carefully monitored. In 2020 we updated our budget development and management processes based on this methodology. We also implemented a number of initiatives to reduce operating expenses. Our budgeting cycle in 2021 (to develop the budget for 2022) will be the second using the ZBB methodology.

The ultimate goal of the ZBB program is to implement a culture of efficient and responsible use of Company funds, consistent with the requirements and goals of the Eletrobras Group.

Capital expenditure in 2020 across the Eletrobras Group was a total of R\$ 3.12 billion, or 59.1% of the budget for 2020, including R\$ 3.01 billion in corporate investments and R\$ 114 million in partnership investments.

Equity income in affiliates

Equity income in Companhia de Transmissão de Energia Elétrica Paulista (CTEEP) rose to approximately R\$1,100 million as an effect of the Periodic Rate-setting Review (RTP) in 2020.

2019
R\$ 1,041 million



2020
R\$ 1,671 million

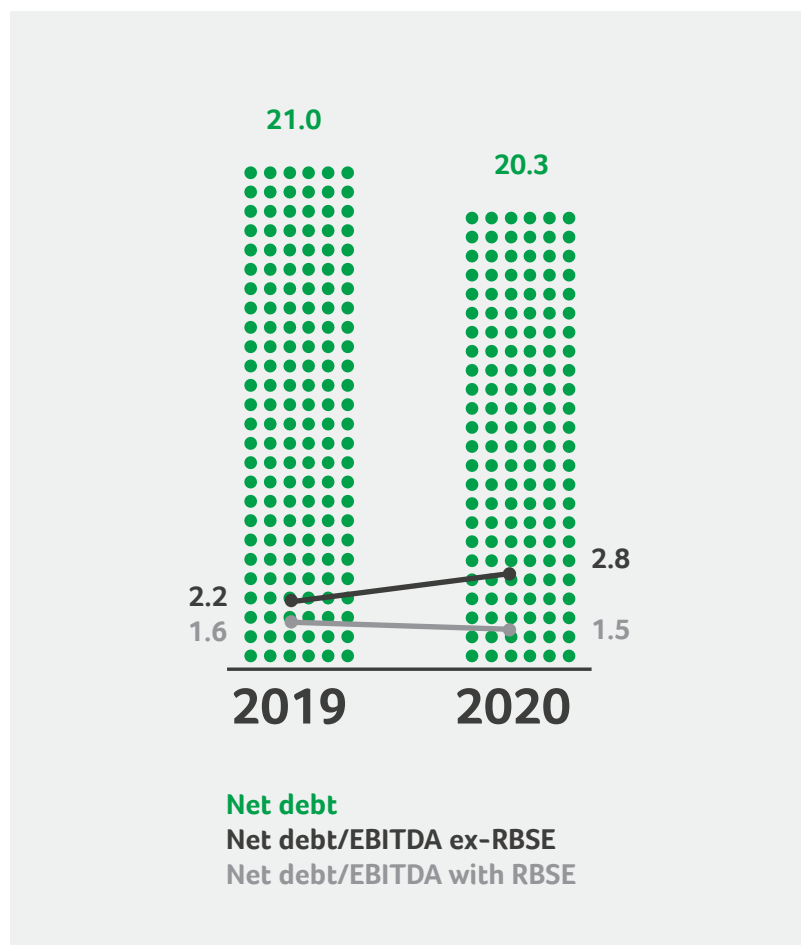
Up
60%



Financial discipline



NET DEBT/EBITDA



STATEMENT OF INCOME
(R\$ MILLION)

| DRE | 2019 ¹ | 2020 |
|---|-------------------|---------------|
| Generation Revenue | 23,374 | 22,270 |
| Transmission Revenue | 11,533* | 12,248 |
| Other Revenues | 769 | 711 |
| Gross Revenue | 35,675* | 35,228 |
| Deductions from Revenue | -5,961 | -6,148 |
| Net Operating Revenue | 29,714 | 29,081 |
| Electricity for resale, grid usage, fuel and construction | -7,450 | -7,959 |
| Personnel, Materials, Services and Other | -9,850 | -9,176 |
| Depreciation and Amortization | -1,807 | -1,863 |
| Operational Provisions | -2,006 | -7,374 |
| | 8,601 | 2,709 |
| Effect of Periodic Rate-Setting Review | 0 | 4,228 |
| Equity interests | 1,041 | 1,671 |
| Other Revenue (Expenses) | 25 | 16 |
| | 9,667 | 8,624 |
| Financial Income/Loss | -2,449 | -1,672 |
| Net income before tax | 7,218 | 6,953 |
| Income Tax and Social Contribution | 631 | -565 |
| Net Income for the Year | 7,848 | 6,387 |
| Income (Loss) Net of Taxes from Discontinued Operations | 3,285 | 0 |
| NET INCOME FOR THE PERIOD | 11,133 | 6,387 |

¹ Some information for 2019 has been restated. **GRI 102-48**

Distribution of added value (R\$ million)

GRI 201-1

| | 2019 | 2020 |
|---------------|--------|-------|
| Personnel | 5,397 | 4,743 |
| Taxes | 4,158 | 4,880 |
| Third parties | 9,438 | 5,098 |
| Shareholders | 11,133 | 6,387 |

SDG

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

SDG

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Recognizing the importance of taxes for the country as a source of government revenue, for fiscal policy, and for macro-economic stability, it is a practice at Eletrobras to ensure taxes are paid on a timely basis

We strategically influence our value chain take a similar approach and pay taxes ethically and transparently, recognizing the importance of timely paid taxes for government programs.

In 2020, Eletrobras Group companies generated approximately R\$ 4.9 billion in Federal, state and municipal taxes through value creation. By complying with tax legislation, we demonstrate respect for our stakeholders, and by promoting good tax practices we are supporting efforts against tax evasion. Eletrobras Group's Chief Financial & Investor Relations Officer is responsible for developing tax strategies and policies, and integrating them into our culture.

Capital market GRI 102-10

Eletrobras has common and preferred shares traded on the Brazilian stock exchange (B3) under the ticker symbol “ELET3”, and class “B” and “A” common and preferred shares under the ticker symbols “ELET6” and “ELET5”, respectively. On the New York Stock Exchange (NYSE), our shares are traded through a Level II ADR program under the ticker symbols “EBR” and “EBR-B”. On the Madrid Stock Exchange (Latibex), our stocks are traded via the Latibex Program under the ticker symbols “XELTO” and “XELTB”.

In 2020 our stock performance on B3 positively reflected the successful execution of PDNG 2020-2024, including the disposal of SPEs, our debt restructuring measures, and cost reduction initiatives, such as voluntary severance plans. This was offset, however, by the effects from the COVID-19 pandemic and the turbulent political and economic environment in Brazil and globally, which affected the capital market as a whole.

Unprecedentedly, circuit breakers were triggered on 6 (six) occasions in March 2020, halting trading on B3. Our stock value also fluctuated in response to developments surrounding a bill to privatize Eletrobras (Bill no. 5 877/1209, “PB”), which was submitted by the President of Brazil to the National Congress on November 05, 2019 and has yet to be passed into law. On February 23, 2021 Executive Order no. 1031, which also concerns our privatization, authorized the initial modeling of the transaction by the Brazilian Development Bank (BNDES) and introduced certain amendments into the PB.

To learn more, [visit the Eletrobras website.](#)

Our shareholder base expanded significantly in the year from approximately 51,000 in 2019 to 139,800 in 2020.

SDG

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Green bonds

Eletrobras received a Second Party Opinion (SPO) in 2020 to issue green bonds to finance wind and solar farm projects. The SPO was issued by Vigeo Eiris following an assessment on environmental, social and governance aspects. We ranked 1st place in the electric power and gas sector in emerging markets, and 40th out of the total universe of companies assessed by the organization.

OPERATING PERFORMANCE

GRI 102-2, 103-2, 103-3, EU1

SDG

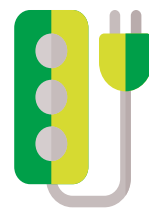
7 9

We ended 2020 with an installed generation capacity of 50,648.20 MW, or 29% of Brazil’s total installed capacity of 174,412.68 MW. This makes Eletrobras Group a key contributor to one of the most renewable, low-greenhouse gas (GHG) energy mixes in the world.

Our assets are operated to high standards of excellence and availability, ensuring an efficient, reliable supply of electricity. Some of our generation facilities have black start capabilities, meaning they are able to recover from a shutdown without an external source of supply to their auxiliaries. If black starting fails, these plants have at least a second—and often a third—redundant source of supply depending on the plant’s strategic importance for restoring power on the National Grid.

Following an outage in which consumer loads are disconnected, their reconnection is managed by the National Grid Operator (ONS). The ONS establishes priority patterns in restoring power (ONS Grid Procedures, Submodule 5.13).

We operate 29% of Brazil’s installed generation capacity



97% of our installed capacity derives from low-greenhouse gas energy sources

Generation

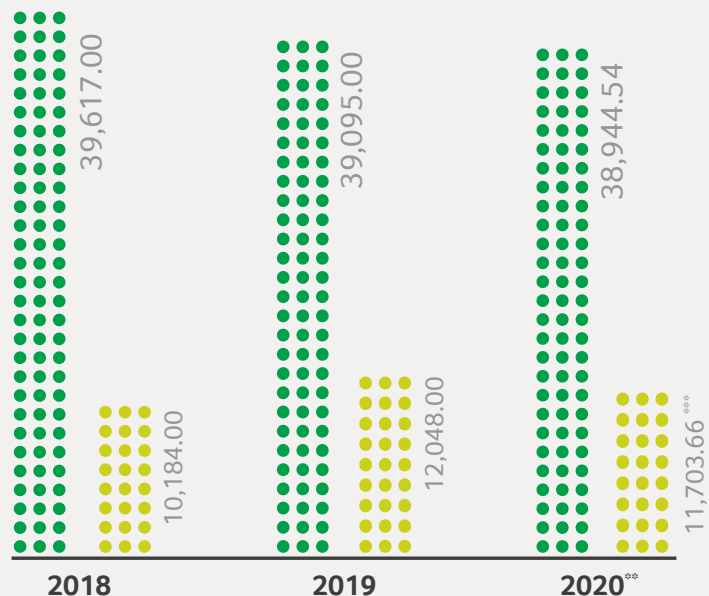
In generation, we operate in the Regulated Market (including the quota system), the Free Market and the Spot Market. Out of Eletrobras’s total generation assets, 61.2% are wholly owned, 23.1% are owned via Special Purpose Entities (SPEs), and 15.7% are co-owned, including half of the installed capacity of Itaipu Binacional (7,000 MW).

Approximately 97% of our installed capacity derives from low-greenhouse gas (GHG*) energy sources. At 12/31/2020, out of Brazil’s total low-GHG installed capacity, 53% or 70.2 GW was owned by Eletrobras.

In 2020 an additional 277 MW in installed capacity was brought online, including 40 MW from the Caititu 2 and 3, Carcará and Corrupião 3 wind farms within the Pindaí I wind farm cluster; 123 MW from the Fortim wind farm cluster; 24 MW from the Casa Nova A wind farm; and approximately 90 MW from Eletrobras Eletronorte’s Santana, Santana II and Santa Rita thermal power plants. This was offset by the decommissioning of Amazonas GT’s Mauá Block III and IV thermal power plants, with an installed capacity of 260 MW.

* Includes hydro, wind, solar and nuclear.

CHANGES IN INSTALLED CAPACITY (IN MW) GRI EU1



Corporate* SPEs

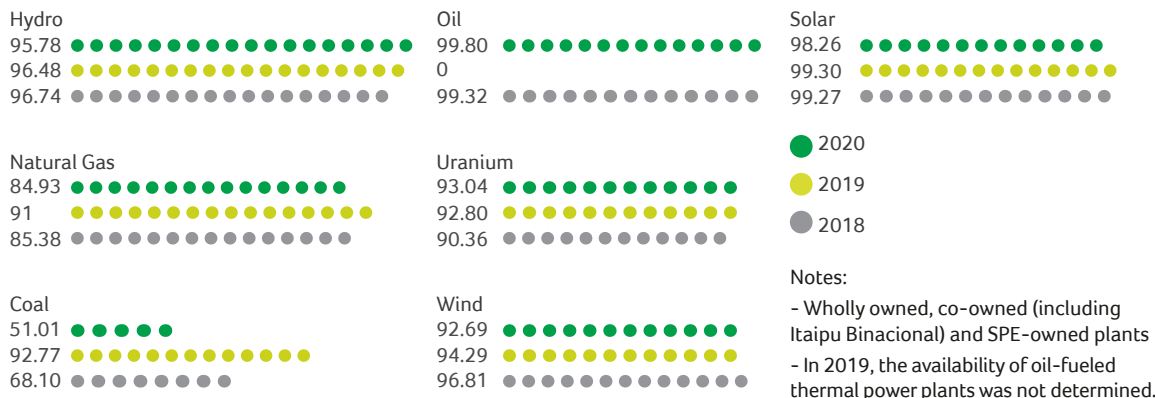
Note: * Including Itaipu (7,000 MW belonging to Eletrobras)

**Includes Eletronorte's Senador Arnon Afonso Farias de Mello thermal power plant (85.99 MW), currently free-leased to Roraima Energia S.A, the successor of Boa Vista Energia S.A.

* Includes FURNAS's Roberto Silveira (Campos) thermal power plant (25 MW), which has been taken out of commercial operation under ANEEL Resolution 708/2019.

***Our disposal of SPEs has reduced the installed capacity owned by Eletrobras Group Companies by 507 MW.

AVERAGE AVAILABILITY FACTOR BY ENERGY SOURCE (%) GRI EU30



Notes:

- Wholly owned, co-owned (including Itaipu Binacional) and SPE-owned plants
- In 2019, the availability of oil-fueled thermal power plants was not determined.

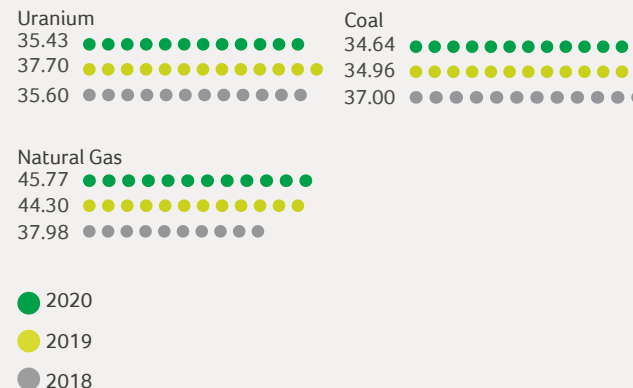
Net generation (in GWh)* GRI EU2

| Net generation by source | 2018 | 2019 | 2020 |
|--------------------------|----------------|----------------|----------------|
| Solar | 1 | 1 | 1 |
| Wind | 3,874 | 3,402 | 3,404 |
| Hydro | 154,193 | 156,739 | 172,074 |
| Natural gas | 5,516 | 6,585 | 5,726 |
| Uranium | 15,675 | 16,127 | 12,866 |
| Coal | 1,490 | 1,668 | 1,100 |
| Oil | 2,497 | 503 | 12 |
| Total | 183,246 | 185,025 | 195,183 |

* Wholly owned, co-owned (including Itaipu Binacional) and SPE-owned plants.

Total generated electricity includes generation by plants that were operational throughout the year but at year-end were no longer owned by Eletrobras and no longer included in our installed capacity.

ANNUAL AVERAGE THERMAL GENERATION EFFICIENCY BY SOURCE (%) GRI EU11



*Based on the average efficiency of Eletrobras-owned plants. The 2020 report, and the two previous reports, exclude oil-fueled plants from the availability figures.

ARGER Program Eletrobras's

ARGER Program Eletrobras's Autonomous and Resilient Generation Assets (ARGER) Program is a strategic initiative under PDNG 2021-2025 that aligns with our strategic goal to create value for the business by increasing the efficiency of generation and transmission assets. By modernizing our assets, we are working to minimize outage risks in our generation operations and building resilience into the system. We are also pursuing initiatives to develop a culture of excellence in asset management.

Transmission

GRI 102-2, 102-6, 103-2, 103-3

We ended 2020 with a total of 76,128.54 kilometers (km) of transmission lines^{**}, including 9,127.41* corporate km not renewed; 57,303.17 corporate km under Operation & Maintenance agreements, renewed pursuant to Law No. 12 783/13; and 9,697.96 km corresponding to our stakes in projects developed by the Eletrobras Group via SPEs. The Permitted Annual Revenue (RAP) of our corporate transmission system was R\$ 13,404 million, with this transmission system comprising 66,431 km of corporate transmission lines.

Including only transmission systems with a voltage level equal to or greater than 230 kV—i.e. only ±800, 750, ±600, 525/500, 345 and 230 kV transmission lines—Eletrobras operates

a total 70,091.89 km, or 43.54% of transmission lines in Brazil at these voltage levels.

In the year, 396.46 km of new corporate transmission lines were under construction. Permitted Annual Revenue (RAP) for all 79 large-scale projects (24 transmission line and 55 substation projects) in progress in the year was R\$ 290.63 million.

The transmission business contributed R\$ 819 million in added Group Net Revenue through Permitted Annual Revenue from new Backbone assets (RBNl) and the effects from the 2018-2023 Periodic Rate-setting Review in July 2020, which applied retroactively to 2018.



A substation at the Itaipu Dam. Photo by Caio Coronel

Operational availability, a manageable technical variable, is calculated based on the number of outages of transmission lines operated by the Eletrobras Group, including both outages caused by failures and faults and outages for preventative and corrective maintenance. This indicator is used to measure the O&M performance of our assets.

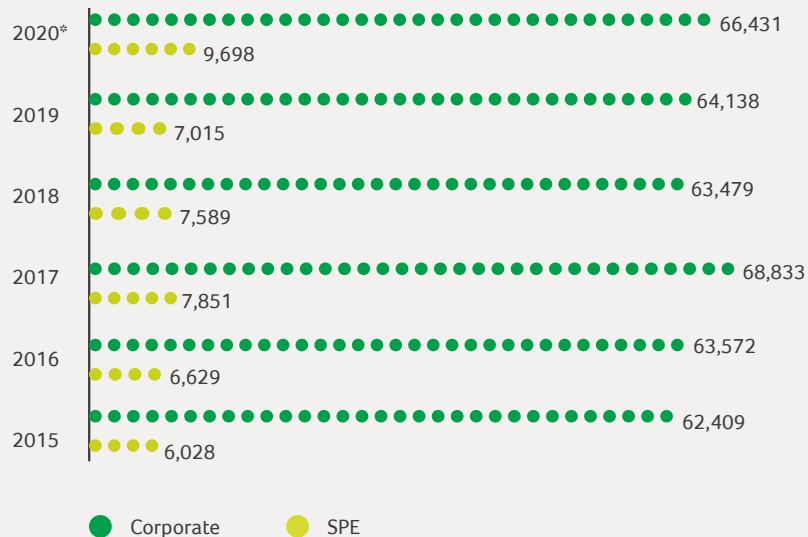
*Note: The 9,127.41 km of corporate transmission lines include assets not affected by Law no. 12 783/2013, including transmission lines for which remuneration is linked to the exclusive use of a given generator or connections to large consumers.

** Since 4Q20, the length of direct-current transmission lines has been accounted for by center rather than by section, for consistency with the method of accounting used by the Brazilian Ministry of Mining and Energy.

SDG



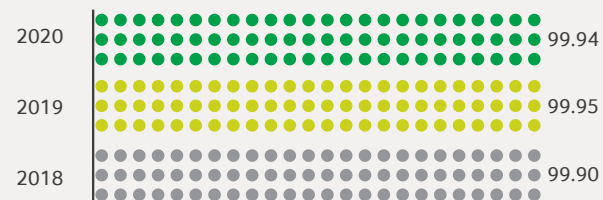
TRANSMISSION LINE EXPANSION BY TYPE OF PROJECT EU4 (KM)



The accounting criteria adopted in 4Q20 for direct-current transmission lines, which are now computed by center, correspond to an additional 4,979.51 km of transmission lines, including 1,612 km of directly owned and 3,367.51 km of SPE-owned (equity-accounted) transmission lines.

In 2020, 396.46 km of new corporate transmission lines were under construction

OPERATIONAL AVAILABILITY RATE IN TRANSMISSION^{1,2} EU6 (%)



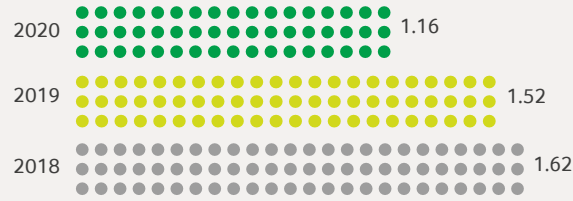
Operational availability, a manageable technical variable, is calculated based on the number of outages of transmission lines operated by the Eletrobras Group, including both outages caused by failures and faults and outages for preventative and corrective maintenance. This indicator is used to measure the O&M performance of our assets.

reported Operational Availability rather than Overall Availability. The figures for 2018 and 2019 have accordingly been adjusted to refer to Operational Availability. **GRI 102-48**

Note 2: This indicator is inclusive of all Backbone transmission lines (voltage >= 230 kV) but excludes transmission lines owned by Special Purpose Entities.

Note 1: To unify our reported figures, in 2020 we

TRANSMISSION LOSSES EU12 (%)



Note: The reported figures are for corporate transmission lines eligible to RAP and that were in operation at the end of the reporting period. The figures reported in the Annual Report 2019 were on the same basis and not limited to corporate backbone assets as indicated in the relevant footnote.

Planned capacity GRI 103-2, 103-3

Eletrobras will add approximately 1,979 MW in installed capacity from 2020 to 2030 through projects already under contract. These include Angra III, Santa Cruz, the remainder of the Casa Nova IA wind farm, and the expansion of the Curuá-Una thermal power plant, the Cachoeira Branca small hydropower plant, and natural gas-fueled independent power projects (IPPs) in Manaus.

In 2030, if our concessions are not renewed for the Tucuruí hydropower plant (in 2024), the Samuel hydro-power plant (2029) and Campos thermal power plant (in 2027), the installed capacity of Eletrobras Group companies will be reduced by a total of 8,777 MW*.

Our only nuclear project is the Angra III plant, which will add 1,405 MW in installed capacity in 2026.

*Not including approximately 1,979 MW in added capacity from projects already under contract.



Ultra-high voltage Lab. Cepel Archives.

Changes in installed capacity within the National Grid

Eletrorbras System Capacity vs Total Planned Capacity (Ten-Year Expansion Plan (PDE) 2030)

| Source | 2020 | | | 2025 | | | 2030 | | |
|--------------|------------------------|--------------------|------------------|------------------------|--------------------|------------------|------------------------|--------------------|------------------|
| | Brazil - National Grid | Eletrorbras System | Equity Interests | Brazil - National Grid | Eletrorbras System | Equity Interests | Brazil - National Grid | Eletrorbras System | Equity Interests |
| | (MW) | (MW) | (%) | (MW) | (MW) | (%) | (MW) | (MW) | (%) |
| Coal | 3,017 | 350 | 12 | 3,017 | 350 | 12 | 695 | 350 | 50 |
| Oil | 4,429 | 199 | 4 | 1,417 | 199 | 14 | 288 | 199 | 69 |
| Nuclear | 1,990 | 1,990 | 100 | 1,990 | 1,990 | 100 | 3,395 | 3,395 | 100 |
| Natural gas | 14,326 | 1,146 | 8 | 12,686 | 1,704 | 13 | 22,005 | 1,679 | 8 |
| Hydro | 108,508 | 46,258 | 43 | 109,450 | 37,737 | 34 | 115,282 | 37,520 | 33 |
| Wind | 15,870 | 704 | 4 | 20,356 | 707 | 3 | 32,230 | 707 | 2 |
| Biomass | 13,939 | - | - | 14,606 | - | - | 15,066 | - | - |
| Solar | 3,110 | 1 | 0 | 4,779 | 1 | 0 | 8,436 | 1 | 0 |
| Total | 165,189 | 50,648 | 31 | 168,301 | 42,688 | 25 | 197,397 | 43,851 | 22 |

Notes:

The installed capacity of the National Grid as reported in our Annual Report in 2019 was based on the Ministry of Mining and Energy's National Grid Monitoring Bulletin in December 2019 and the figures for 2020 in this year's Annual Report were based on the PDE 2020-2030.

Eletrorbras's percent share of total National Grid capacity considered the baseline in PDE 2030.

The hydropower figures include Brazil's half of Itaipu Binacional (7,000 MW).

For joint ventures, the reported installed capacity is proportional to Eletrorbras's stake in the joint venture.

We assume the concessions for some thermal power plants will be extended as anticipated by our subsidiaries. For the Natural Gas figures, the Campos thermal power plant concession is not assumed to be renewed in 2027.

For the Hydro source figures, we assume the concessions will be renewed for hydropower assets (Balbina, Itumbiara and Mascarenhas de Moraes) and nuclear assets (extension of the useful life of Angra I) expiring up to 2030. Includes the commissioning of the Cachoeira Branca small hydropower plant in 2021 and the expansion of the Curuá-Una hydro power plant in 2022.

The concessions for the Tucuruí and Samuel hydro power plants are assumed not to be renewed in respectively 2024 and 2029.

The Wind source figures include wind farms owned by Special-Purpose Entities that have been included in Competitive Disposal Procedures. The entry of the remaining 3 MW of the Casa Nova IA plant in 2021 was considered for wind power.

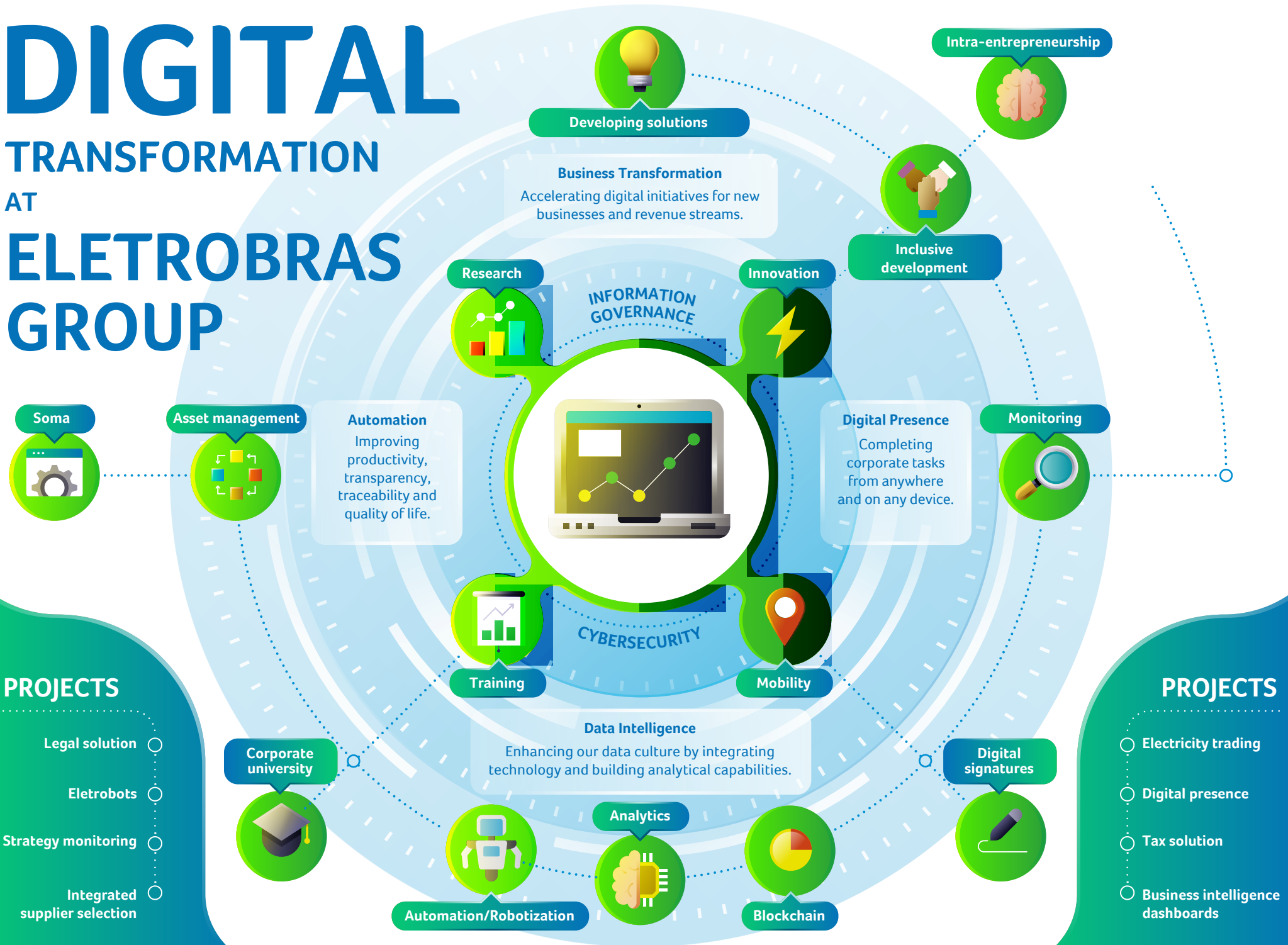
Biomass assets in the National Grid from 2020 to 2030 include both biogas and biomass assets in the Ten-Year Expansion Plan 2030 (PDE 2030).

Oil includes fuel oil and diesel oil.

The Eletrorbras Digitization Program

Achieving leadership in innovation and advancing the digital transformation of our business and management processes is among the strategic levers under our Business and Management Master Plan (PDNG). To this end, the Eletrorbras Group has recently launched the Eletrorbras Digitization Program. More than just investing in technology, digital transformation is about shaping new ways of doing business. Learn more about our digital transformation on the following pages.

DIGITAL TRANSFORMATION AT ELETRONBRAS GROUP



PROJECTS

- Legal solution
- Eletrobrats
- Strategy monitoring
- Integrated supplier selection

PROJECTS

- Electricity trading
- Digital presence
- Tax solution
- Business intelligence dashboards

Cybersecurity GRI 103-2, 103-3

In 2020, one of the risks that was top of mind at Eletrobras was Information Security. Our goal in these efforts was to mitigate and preventive events which could compromise the availability, integrity, confidentiality and authenticity of our corporate data and information, or which could cause damages, information and financial losses, disruption of services, unlawful disclosure, reputational damage, or other harm.

As part of these efforts, we implemented the Eletrobras Group Information Security Policy and related policies. Alongside the above policies, the Eletrobras Group plans and prioritizes its efforts using the NIST Cybersecurity Framework, developed by the National Institute of Standards and Technology in partnership with the private sector. This framework focuses on using business drivers to guide cybersecurity activities and considering cybersecurity risks as part of an organization's risk management processes.

Training on the subject is provided by the Eletrobras Group Corporate University (UNISE) within the "Business Support—Corporate Risk Governance (GRC) and Compliance" pillar of our Corporate Education Plan.

Cyber incident at Eletrobras Eletronuclear

In February 2021, as reported to the market, certain administrative systems at Eletrobras Eletronuclear were targeted by a ransomware attack. The incident had no impact on the security or operation of our Angra I or Angra II plants, which have operating systems that are isolated from the administrative network for security reasons. Eletronuclear contained and eliminated the effects from the attack, and restored all systems to normal operation under its contingency plan. It is important to note that no ransom was paid and, in addition to reporting the incident to the market, we also notified the appropriate government authorities, including the Government Cyber Incident Response Center (CTIR.Gov) and the Brazilian Nuclear Program Protection System (SIPRON).

R&D AND INNOVATION

GRI 103-2, 103-3, EU8

Eletrobras Group companies have departments devoted to managing Research, Development & Innovation (R&D+I) and related activities. These departments engage in research, development and innovation activities and develop new projects/products or major changes to existing ones in order to enhance our economic, social and environmental performance and value creation for stakeholders. Investments can be made either as part of a project pipeline or as a regulatory requirement to promote technological development for the benefit of society, including the following:

- Eletrobras Group’s portfolio of R&D+I projects in collaboration with external firms and universities.
- CEPEL’s portfolio of institutional projects for Eletrobras Group companies.
- Contributions to the National Scientific and Technological Development Fund (FNDCT), which funds scientific development projects in Brazil.
- Contributions to the Ministry of Mining & Energy to fund studies and research as part of the planning of the National Grid and future hydroelectric developments.

Our R&D+I projects aim to enhance the operational efficiency of our assets or processes, or build technological capabilities for new businesses.

The Eletrobras Group Technology Policy Committee (CPT) plays an important role as an internal innovation network, integrating and optimizing resources, lines of research and the extent of impact from solutions. In 2020 the Committee led several significant initiatives.

In addition to structural R&D+I projects, Eletrobras Group companies have carried out joint corporate innovation initiatives, such as organizing the Eletrobras Group Innovation Awards to recognize internal employee initiatives, and the 1st Eletrobras Innovation Olympics, which will accelerate a culture of innovation within the Company to generate value-creating ideas.



High-Voltage Laboratory. CEPEL Archives

1st Eletrobras Innovation Olympics

Our 1st Eletrobras Innovation Olympics, held under the theme “Sustainability—2030 Agenda”, brought together around 160 employees directly and more than 2,000 employees indirectly. The goal of the Olympics is to set up teams and train employees to identify innovation opportunities through intra-entrepreneurship and open innovation. During the competition, ideas were accelerated into project proposals which were then evaluated by a technical panel and an employee panel in an open event.

The winning team, Green Hydrogen, built a 3D prototype of a hydrogen processing plant to unravel the complexity and demonstrate the minimum footprint and equipment needed to build a facility of this scale. The hydrogen produced at Eletronuclear’s plants, which is currently discarded, will now be processed using a palladium membrane.

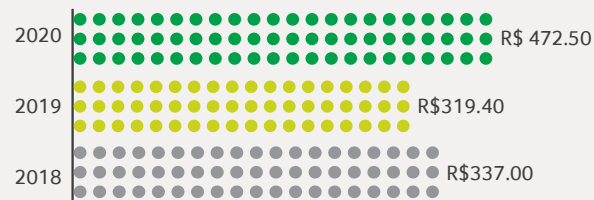
The winning projects are then developed by the winning teams using Lean methodology and in collaboration with startups. The Olympics are an offshoot of

the Furnas Innovation Program, which to date is estimated to have generated more than R\$ 5 million in benefits for the Company.

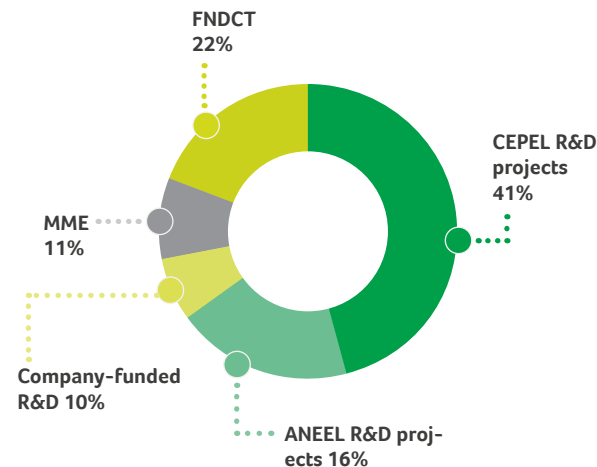
In 2020 Eletrobras became a founding member of the Center for the Fourth Industrial Revolution (C4IR) Brazil, an Industry 4.0 initiative launched on the campus of the Technological Research Institute (IPT). The center is a public-private partnership among the World Economic Forum, the Brazilian Federal Government, the São Paulo State Government, and industry. C4IR is the first center of its kind in Brazil and will be focused on artificial intelligence, machine learning, the Internet of Things, urban transformation and data policy. The goal of the Center is to promote the adoption of innovative technologies through scalable public policies that can help to make Brazil’s companies and the broader economy more competitive, productive and sustainable

Eletrobras Group companies invested R\$ 472.5 million in Research, Technology & Innovation in 2020, a 48% increase on 2019.

R&D+I INVESTMENT (R\$ MILLION)

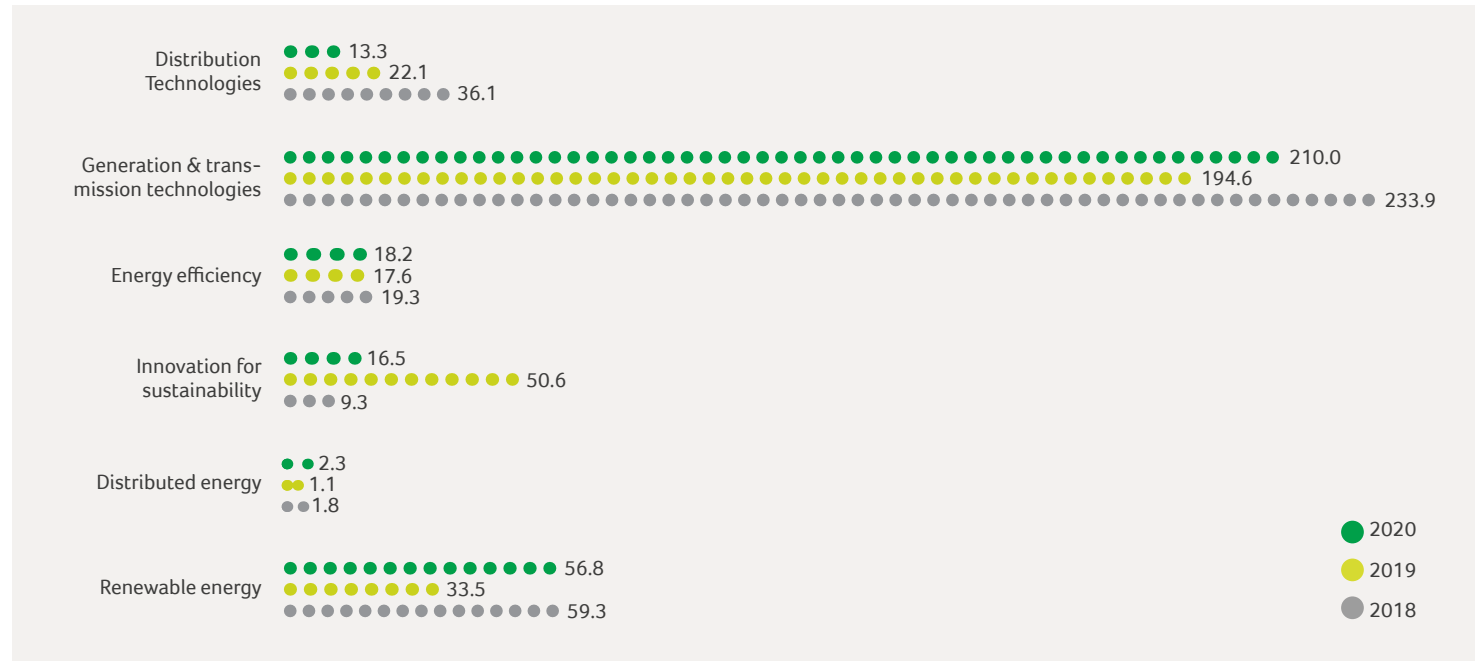


Eletrobras Group’s R&D+I investments create benefits and support research and development across a variety of areas. The graph below shows the ratio of funding allocated to the Ministry of Mining & Energy (MME), the National Scientific and Technological Development Fund (FNDCT), projects developed within the Brazilian Electricity Regulatory Agency’s (ANEEL) R&D Program, the Brazilian Power Sector Research Center (CEPEL), and projects developed with Company funds, i.e. projects for which funding is not mandatory under Law no. 9991 (July 24, 2000).



The graph on the right shows the research subjects of R&D+I projects in 2020, using the same classification as in our previous report.

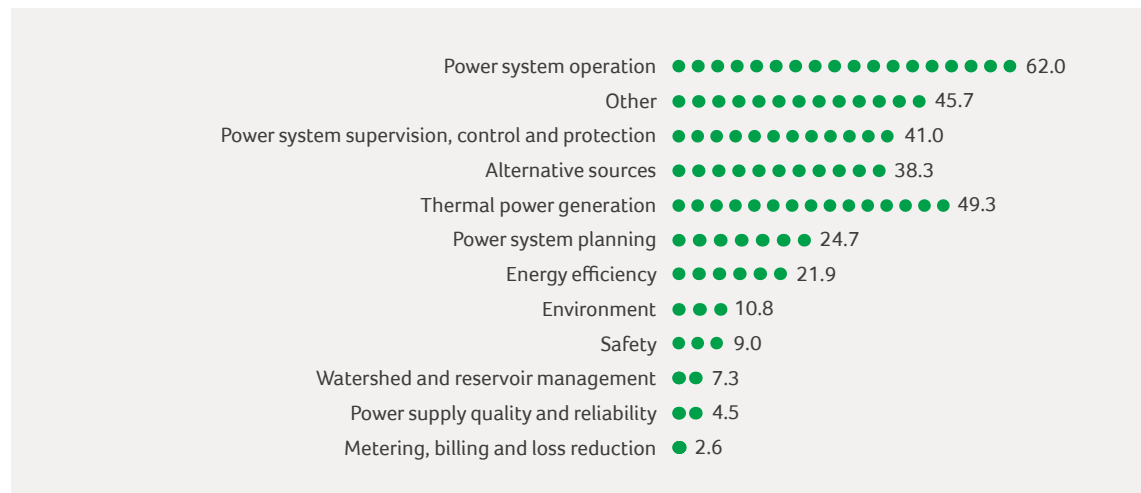
INVESTMENT BY CATEGORY (R\$ MILLION)



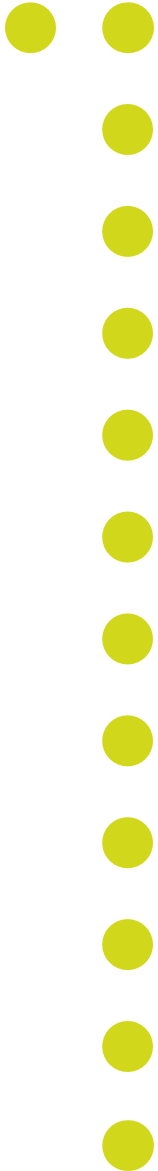
Note: Not including Ministry of Mining and Energy (MME) and FNDCT investments.

In 2020 we adopted the same classification for R&D+I projects as used by ANEEL, which allows investments to be better segmented.

INVESTMENTS BY ANEEL CATEGORY (2020) (R\$ MILLION)



Note: Not including Ministry of Mining and Energy (MME) and FNDCT investments.





eAmazonia

In 2020 we made further progress in setting up our research center in the Amazon. Originally called the Acre Power Sector Center of Excellence (CEAC), the center has now been renamed eAmazonia. Located in the city of Rio Branco (AC), on the campus of the Federal University of Acre (UFAC), the center will provide a research platform in the Amazon with global links to

develop sustainable solutions and innovative technology for generating and using electricity, supporting social, economic and environmental development.

eAmazonia will build a network of research collaborations with multiple institutions and researchers around the world, with a focus on sustainable development in the Amazon. Construction of the facility is due to be completed in 2021, including the structure and laboratory equipment.

The center will initially be used for R&D in energy efficiency, and has plans to implement a Center of Excellence for Public Lighting in the Amazon (NEIPA) through a collaboration between PROCEL and Eletrobras, as well as capturing other opportunities for innovation.

Brazilian Power Sector Research Center (CEPEL)

Founded 46 years ago, the Brazilian Power Sector Research Center (CEPEL) has advanced infrastructure for applied research on power systems and equipment. It designs and supplies technological solutions across generation, transmission, distribution and trading in Brazil. CEPEL contributes substantially to Brazil's technological self-sufficiency, and has made a name in the local and international market for power sector innovation. Its product portfolio and specialist teams make it the largest center of its kind in South America.

CEPEL serves as a hub for the Eletrobras Group's research programs and projects, and provides consulting and advice in assessing research outcomes, knowledge management and applications.

It also collaborates with Eletrobras Group companies, industry, and local and global, public and private education and research institutes to develop R&D+I projects and provide technological and specialized laboratory services.

In addition, it provides technical support to important government initiatives, including programs for universal access to electricity, energy efficiency and sustainable development in Brazil, as well as participating in international forums such as the International Energy Agency's (IEA) International Low-Carbon Energy Technology Platform and Technology Roadmap - Hydropower. It is also a member of the Brazilian-led Initiative on Sustainable Hydropower as part of the Clean Energy Ministerial (CEM), and the United Nations Sustainable Energy for All initiative.

CEPEL has a highly qualified staff, including a multidisciplinary team of researchers and technicians. It has 34 laboratories equipped to perform experimental research and standardized and special tests, some of which are the only laboratories of their kind in Latin America.

CEPEL had 70 ongoing projects in 2020, in an investment of R\$ 192 million, 46% of the Eletrobras Group's total R&D investment. This closely approximates the R\$ 195 million we invested in 2019—even in such a testing year, we sustained our innovation efforts given CEPEL's importance in driving innovation across Brazil's power sector.

Energy transition GRI 103-2, 103-3

With a primary goal of containing global warming, the energy transition is ushering in structural changes in global energy mixes toward a low-carbon economy. This involves migrating from fossil fuel-based models to alternatives with a greater share of clean and renewable energy.

Projects developed via CEPEL

Unlike most countries in the world, Brazil’s electricity and energy mix has historically been highly weighted in renewable energy. According to the PDE 2030, 48% of the country’s energy mix and 85% of the electricity mix are renewable sources. With the electricity mix expected to reach 88% renewables by the end of the decade, Brazil’s will remain one of the cleanest electricity mixes in the world over the coming years.

But the country’s electric city mix has also been diversifying, reducing the share of hydropower and increasing the share of wind, solar, natural gas and other sources to a lesser percentage, according to data in the PDE 2030. These sources are also expanding in the energy mixes of other countries around the world, as part of a global energy transition.

Eletrobras’s Strategic Plan 2020–2035 calls for the expansion of clean generation, and the diversification of energy sources. In considering potential generation projects at Group companies, we take these considerations into account in order to develop a diversified generation portfolio in the free and the regulated markets, and actively engage in and support the modernization of the power sector.

In assessing new generation business opportunities, Eletrobras uses methodologies that take technical, social, environmental and economic criteria into account.

For projects based on fossil fuels, we work to optimize our existing projects and implement newly developed and improved emissions monitoring and reduction technologies, helping to make our facilities as energy-efficient and low in emissions as possible.

Through CEPEL, we have also implemented a wide range of initiatives and projects to improve energy efficiency, as the global energy transition is not only about generating and consuming low-carbon energy, but also about optimizing consumption of goods and services.

For more information about our generation expansion program, see the section “Planned Capacity” [\(page 78\)](#). **EU10**

SDG

7



A structure at the Ultra-High Voltage Laboratory. CEPEL Archives

Industry Programs

We support important Federal Government initiatives to promote sustainable development throughout society and in our industry, by universalizing access to electricity, improving energy efficiency, and expanding science and technology capabilities in Brazil.

National Energy Conservation Program (PROCEL)

SDG

7

PROCEL is a Federal Government program that aims to improve energy efficiency, reduce waste and increase cost efficiency in industry. The program comprises a set of sectoral initiatives throughout Brazil in the areas of education, knowledge dissemination, buildings and facilities, environmental sanitation, municipal energy management, public lighting, and industry.

PROCEL is funded by contributions of 0.1% of the net operating income of Electric utility companies pursuant to Law no. 13 280/2016, and Eletrobras

is responsible for managing and using Program funds. In 2020, approximately R\$ 42.3 million was invested within the program.

The table below shows key program indicators in 2020, including energy savings of approximately 22 million megawatt-hours (MWh) and 1.36 million tCO₂ equivalent in avoided emissions.

The benefits from the program include both electricity savings as well as deferred demand for capacity expansion, creating benefits for society.

PROCEL Indicators

| Indicator / Year | 2018 | 2019 | 2020 |
|---|--------|--------|--------|
| Energy savings (million MWh/year) | 22,990 | 21,600 | 22,023 |
| GHG emissions avoided (1,000 tCO ₂ equivalent) | 1,701 | 1,600 | 1,359 |
| Peak shaving (MW) | 7,257 | 8,129 | 7,262 |



PROCEL Education

On PROCEL’s education front, in 2020 we launched a 10-episode animated series, called “Collective Awareness”, about energy efficiency in different areas and new technologies and sustainable ways to generate electricity. The series was produced in partnership with Canal Futura.



PROCEL Mark

Created in 1993, and one of the Program’s most popular initiatives, the PROCEL Energy Savings Mark helps consumers to identify energy-efficient and environmentally friendly products.



PROCEL Reluz

In 2020 we also carried out several public lighting projects as part of the PROCEL Reluz program, which will install a total of 30,000 streetlights in around 77 municipalities.



PROCEL Edifica

One of the PROCEL Program’s highest-impact initiatives in the buildings and facilities segment is its Operational Energy Performance (DEO) and User Comfort program for facilities and building management companies.

Learn more about PROCEL initiatives on [our website](#).



PROCEL Industry

In 2020 we launched an [Alliance Program](#) website featuring databases with key indicators and other information about the program methodology and the process for onboarding new companies. Another initiative completed in 2020 was the tropicalization of the US Department of Energy’s (DoE) [MEASUR](#) software system. One of the most widely used platforms in industrial energy efficiency projects globally, MEASUR provides a suite of tools for analyzing energy consumption across different systems and equipment. [Learn more about this initiative on our website.](#)

Other initiatives

With support from the Brazilian Energy Research Corporation (EPE) and the Ministry of Mining and Energy (MME), since 2019 the PROCEL Program has been working to develop a Ten-year Energy Efficiency Plan (PDEF), a set of policies to reduce energy consumption in key sectors in Brazil. The project addresses the need for detailed options to meet electricity- and fuel-related targets for 2030, based on the macro-economic and energy efficiency assumptions outlined in the most recent Ten-Year Expansion Plan (PDE 2029). It also addresses the need for a tool for managing and defining the proportional contribution to be made by each energy efficiency program to Brazil’s commitments to the Sustainable Development Goals (SDGs) and Nationally Determined Contributions (NDCs).

In 2020, the PROCEL Program launched an energy efficiency innovation contest called “PROCEL Lab”. The goal of the contest is to support and catalyze opportunities for innovation projects at startups and micro and small businesses—selected through calls for proposals—that can then lead to new businesses and innovative products and solutions for the benefit of society, with an emphasis on energy efficiency.



Lighting Laboratory. CEPEL Archives

9

SDG



Light for All Program EU23

The National Program for Universalization of Access and Use of Electricity, or “Light for All Program” (*Programa Luz para Todos—LPT*), created in 2003, aims to provide electricity supply to all unserved rural communities by 2022.

The LPT Program is supervised by the Ministry of Mining & Energy (MME) and executed by Eletrobras, which manages execution contracts and monitors rural electrification works within the Program.

In addition to bringing electrical power to rural and remote areas, the Program provides solutions for using electricity as a driver of social and economic development in low-income communities, supporting poverty reduction and better living standards. Access to electricity also supports access to healthcare, education, water supply and sanitation, and other federal government programs and services. These initiatives improve quality of life for smallholders and help to avoid rural flight.

Program funding is provided by the Federal Government through grants disbursed from the Energy Development Account (CDE) and by Execution Agents (electric utilities and rural electrification cooperatives) out of their own or borrowed funds.

More Light for the Amazon EU23

EU23

SDG

7

In 2020, Eletrobras was tasked with executing the National Program for Universalization of Access and Use of Electricity in the Brazilian Amazon, or More Light for the Amazon (*Mais Luz para a Amazônia, MLA*). The MLA program was created for people residing in remote areas who, for economic and environmental reasons, cannot be served by extending conventional power lines. Program beneficiaries include families in areas without access to electricity or who generate electricity using nonrenewable sources.

The program’s services will be carried out through electricity generation from clean and renewable sources and aim to develop communities, mostly riverside, indigenous, and quilombolas. Access to electricity can reduce social and economic vulnerabilities and enhance civic engagement, well-being and dignified living for these communities. Like the LPT Program, MLA will provide solutions for using electricity as a driver of social and economic development in low-income communities, contributing to poverty reduction and higher household incomes. MLA will benefit approximately 82,000 families in remote areas of Brazil’s portion of the Amazon.

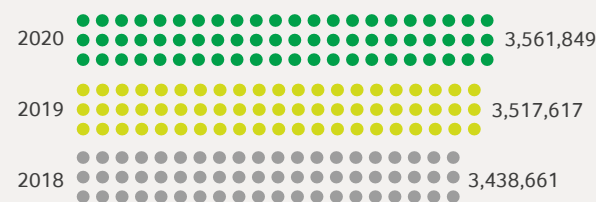
Program funding is sourced from electric power sector players, the Energy Development Account (CDE), an industry fund managed by the Electric Power Trading Chamber (CCEE), and other sources managed by the MME jointly with other government agencies.

SDG

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More than bringing electrical power to rural and remote areas, the Light for All Program acts as a driver of social development

HOMES SERVED (TOTAL TO DATE) BY THE LIGHT FOR ALL PROGRAM



Source: Ministry of Mining and Energy (January 2021).



Alternative Source Incentive Program (PROINFA)

The Alternative Source Incentive Program (PROINFA) was created in 2002 to expand the share of renewable sources in Brazil’s energy mix by incorporating new wind, small hydro and biomass projects into the National Grid.

Eletrobras has played a central role within the program by concluding 20-year offtake agreements with projects developed within PROINFA. The Program has fulfilled its goal of diversifying Brazil’s energy mix by increasing the share of wind, small hydro and biomass projects.

In 2020, the Program generated 9.1 million MWh at a cost of R\$ 3.32 billion, for a total of approximately 106.8 million MWh generated from February 2006 to year-end 2020. The total number of projects added to the National Grid was unchanged compared to 2019.



The Casa Nova Wind Farm Cluster. Chesf Archives.

Government Assets under Management (BUSA)

Under article 2 of Decree-Law no. 1383/74 (December 26, 1974), assets expropriated and taken over with funds from the Global Reversion Reserve (RGR) Account have been integrated together and placed under the management of Eletrobras. These assets are referred to as Government Assets under Management (BUSA in the Portuguese acronym).

We manage 1,994 Federal Government assets linked to electric utility concessions that are registered in the Management Information System for Government Assets under Management.

On May 1, 2017, sectoral funds previously managed by Eletrobras, including the RGR Account, were placed under the management of the Electric Power Trading Chamber (CCEE) under Law no. 13 360/2016, without any legal provisions establishing a requirement to compensate Eletrobras for the continued management of those assets.

From May 2017 to June 2020, the holding company spent R\$ 9.69 million on the management of BUSA assets, as shown in the table below.

Executive Order no. 998/2020, which was later converted into Law no. 14 120 (March 1, 2021), established that administrative, financial and tax expenses incurred by Eletrobras on the registration, maintenance and management of BUSA assets and facilities as from May 1, 2017 are to be compensated for with funds from the RGR Account, as shall be regulated by ANEEL.

It also expanded the possibility of disposing of assets no longer fit for utility service without this depending on Eletrobras exercising its powers to sell those assets.

SUPPLIER MANAGEMENT

GRI

102-9

Eletrobras Group companies work to build a relationship of partnership with their suppliers, from onboarding and on throughout the contract. We value ethics, integrity, transparency and sustainability, and select suppliers who demonstrate these attributes.

Our main suppliers are in areas such as technology, information systems, telecommunications, engineering, manufacturing, transportation, reselling, power system equipment, consulting, and janitorial and security services. In our procurement and supply-chain processes, we implement initiatives to support the Sustainable Development Goals (SDGs) within the United Nations' (UN) 2030 Agenda, and ensure adherence to the guidelines in our Sustainability Policy. To this end, it is essential that our suppliers understand and are engaged around our [corporate guidelines](#) supporting the SDGs, and understand the commit-

ments we have voluntarily undertaken to initiatives aligned with sustainable development, human rights and social and environmental responsibility.

Our suppliers vary in scale—from micro businesses to large multinationals in Brazil and around the world—but all are subject to the same Procurement Logistics Policy, which contains requirements on the procurement of goods, materials and services in a way that ensures business sustainability, corporate integrity and efficiency in the procurement, management and logistics of goods, services and materials.



Monitoring

Suppliers are monitored throughout their business relationship with Eletrobras on different aspects, including: compliance, economic/financial assessment; technical capabilities; compliance with specifications; internal monitoring (contract management and oversight); and due diligence on critical suppliers (Environment, Human Rights and Integrity).

Critical suppliers are defined as suppliers of materials or services that are essential for Eletrobras's core activities and directly impact the final quality of our services, the environment, the health and safety of our employees, and human rights; suppliers that have access to confidential information; exclusive suppliers or suppliers with large transaction volumes; and suppliers identified as posing a significant risk to the Company's integrity.

Critical suppliers are identified in an assessment against the criteria described above. All onboarded suppliers are input into a materiality matrix that automatically generates a risk rating (high, medium and low criticality) based on their aggregate score on the assessment criteria.

Amid the global pandemic, the Eletrobras Group National Supplier Meeting, an event traditionally held in person, had to be re-planned as a remote event in 2020. Turning adversity into opportunity, we held a series of four webinars with more than 1,200 attendees, addressing topics such as: sustainability, human rights, environment, corporate integrity, occupational safety, quality audits, laws and regulations, and business opportunities. [Click here](#) for full coverage of the event

SDG



SDG



Procurement practices GRI 103-2, 103-3

Eletrobras Group companies use an Annual Procurement Planning (PAA) tool to formalize and integrate demand forecasting for the following fiscal year, providing a detailed and consolidated view of aspects such as quantities, prices, requesting departments, expensing periods and when the item will be needed, among other information needed for procurement planning. Forecasts are prepared annually of procurement demand in the following fiscal year.



2,086

Number of suppliers engaged via competitive procedures, under exemption (above R\$ 50,000.00) and via direct contracting in 2020

GRI 102-9

8,626

Estimated number of suppliers

In 2020 there were no significant changes to the structure of our supply chain GRI 102-10

Local sourcing and micro and small businesses

We recognize the importance of stimulating local economies and sustainable regional development in the geographies where the Eletrobras Group operates. Accordingly, nearly half of Eletrobras Group purchases are made from local suppliers. All suppliers are required to follow the unified guidelines in our Procurement Logistics Policy.

To further increase local sourcing, we observe legal requirements on engaging micro and small businesses in our procurement processes (Complementary Law no. 123/2006). In 2020 the holding company launched a pilot project in partnership with the Brazilian Micro and Small Business Support Service (SEBRAE) that identified and provided capacity building to local suppliers. We plan to roll out the project at other Group companies in 2021. [Learn more](#)



R\$ 5,587,120,953.37

Total purchases (including all types of purchases and contracts signed) in 2020



R\$2,519,380,324.40

Total purchases (all types) from local suppliers in 2020



45.09%

Percentage of purchases from local suppliers GRI 204-1

SDG

8

[Visit](#) our Suppliers page to learn more about our procurement practices.

CREATING SOCIAL VALUE

At the Eletrobras Group we recognize that our business generates impacts on society, and work to ensure that positive effects outweigh or help to mitigate negative ones. We invest in a range of initiatives in surrounding communities and encourage and support volunteering among our employees.

The Eletrobras Group Volunteering Program GRI 413-1

In 2020, our Corporate University’s (UNISE) Corporate Social Responsibility School administered an online course to train volunteering managers on program management, present new approaches to volunteering during and after the pandemic, and align on planning for programs and initiatives conducted jointly by Group companies.

When the pandemic broke out, our volunteers were concerned about the welfare of communities supported by partner organizations, especially in communities surrounding Group companies’ headquarters. Our volunteering programs helped to mediate between these social needs and employees’ eagerness to help even while sheltering in place.

In March, we organized initiatives to collect a variety of personal care and cleaning materials, groceries, clothing, footwear and school materials for donation to children served by partner organizations, as well as cash donations to purchase grocery kits.

On December 5, Eletrobras Group companies marked International Volunteering Day by reviving an old tradition that has brought people together over the centuries: storytelling. To work around the pandemic restrictions, our volunteers recorded their stories on video. The tales were intended for a child audience and were shared with the Programs’ partner charities. [Learn more here.](#)

Key indicators for Eletrobras Group’s volunteering programs

R\$100,966.50
in mobilization

R\$27,623.25
in volunteering support

R\$51,651.42
in paid volunteering hours during employees’ working hours

187 hours
dedicated to after-hours volunteering

2527 people benefited by volunteering initiatives



Learn more about Eletrobras Group companies’ volunteering programs on the following websites:

[Eletrobras](#)

[Chesf](#)

[Eletronorte](#)

[Furnas](#)

[Itaipu](#)

Sponsorship

In 2020, due to the COVID-19 pandemic, the Eletrobras Group established a policy under which all budget funding earmarked for donations, sponsorship and social programs was allocated to the pandemic response. During the sheltering in place period, the Eletrobras Group Sponsorship Subcommittee postponed to 2021 the sponsorships awarded as part of the 2019 Calls for Cultural Project Proposals, while maintaining any online sponsorship offsets, such as project preview podcasts with sponsor acknowledgments.

Before the new policy was announced, four directly selected sponsorships had already been approved by the holding company.

| Contract | Project | Sponsoree | Sponsorship amount (R\$) |
|----------|--|---|--------------------------|
| 001/2020 | Álvaro Alberto—A Man Ahead of His Times | Madai Produções Eireli—EPP | 300,000.00 |
| 002/2020 | Harp Festival 2020 | Carpex Empreendimentos e Promoções Ltda | 200,000.00 |
| 003/2020 | The Grota Culture Space—25 years developing talents, | Reciclarte | 200,000.00 |
| 004/2020 | Annual Program of Activities and Season 2020—Brazilian Symphonic Orchestra | Fundação Orquestra Sinfônica Brasileira—FOSB. | 300,000.00 |

Support for projects selected within the 2019 Call for Social Project Proposals

In 2020, the Eletrobras Group continued to execute the projects selected within the 2019 Call for Project Proposals, which was organized around the United Nations 2030 Agenda and specifically SDG 8 – Decent Work and Economic Growth, and SDG 4 – Quality education.

SDG

8

Our donations in 2020 were directed to the pandemic response

Two projects supported by the holding company that equip youth for the job market—*Nutrindo o Saber*, in Natal, Rio Grande do Norte, which supports the social and professional development of youth and adults, and the Teixeira de Freitas Luthier School (Neojiba Program), in Bahia—received funding of respectively R\$ 124,511.88 and R\$ 105,598.20.

CGT Eletrosul supported 3 projects: an APAE project to purchase rehabilitation equipment for people with cerebral palsy, autism, Down syndrome, attention-deficit/hyperactivity disorder (ADHD) and motor impairment, in



Curiúva, Paraná, which received R\$ 15,310.00 in funding; an interactive intervention room at APAE as an option for cognitive and psychomotor development, in Palma Sola, Santa Catarina, which received funding of R\$ 40,090.00; and a project for diversified stimulation of cognitive, social, affective, emotional and psychomotor development for children with disabilities at APAE, in the city of Mangueirinha, which received funding of R\$ 21,206.50 to purchase equipment to enhance activities at the organization.

Also as part of the projects selected in the Call for Proposals, Furnas supported a project to teach the Internet of Things to secondary education students in São Paulo, in a collaboration with the University of São Paulo's (USP) Laboratory of Integrated Technology Systems (LSI-TEC), which received funding of R\$ 69,710.00 in 2020. In addition, Furnas continued its "Sewing Hope" project in partnership with the Passos Youth Training Center (CAPP) in Passos, Minas Gerais, with funding of R\$ 4,844.10.

These projects equip youth with the skills needed in the job market, helping to reduce inequalities and improve quality of life for socially vulnerable communities.

Due to the pandemic, some of these projects will only be completed in 2021.

In an initiative outside the scope of the Call for Proposals, Eletronuclear identified an opportunity to support the local economy by ordering more than 10,000 face masks from a cooperative and three clothing makers in districts near its nuclear plants. These were then distributed to employees working on-site.

Also in 2020, the Eletrobras Group's Sponsorship and Call for Proposals subcommittees prepared calls for projects in four areas—Culture, Power

Sector, Sponsorship and Social—that will be published in 2021. This year's edition of the Call for Social Project Proposals has incorporated environmental topics in its scope and has been renamed the Call for Social and Environmental Project Proposals. SDGs 10, 13 and 15 have been prioritized and criteria have been developed that align with reducing social inequalities and preserving biodiversity.

Eletrobras Group companies undertook a wide range of initiatives in 2020 to help tackle the coronavirus pandemic. For more about these initiatives, see [page 10](#).

Also in the year, the Eletrobras Group donated R\$ 886.1 million to volunteering initiatives in support of surrounding communities, including donations for the pandemic response and projects in the areas of social welfare, culture, sports, local development, civic engagement, education, children's rights, elderly rights, employment and livelihoods, health and food security, donations and volunteering.

In 2020 the Eletrobras Group developed four calls for proposals that will be published in 2021



MATERIAL TOPICS

- EMBEDDING SOCIAL AND ENVIRONMENTAL ISSUES IN DECISION-MAKING
- HUMAN RIGHTS
- PEOPLE MANAGEMENT AND DEVELOPMENT
- COMMUNITY RELATIONS
- HEALTH, SAFETY AND WELL-BEING

IR CAPITALS



People



OUR EMPLOYEES

PEOPLE

People are crucial for every organization: they represent employees, customers, suppliers, distributors, retailers and neighbors. Organizations are expected to be committed to respecting health and safety, human rights, and promoting equality and diversity.

In 2020, employee collaboration across the Eletrobras Group became especially crucial in keeping our operations running amid the COVID-19 pandemic. At peak, around 75% of our employees were assigned to work from home throughout the country. Online team collaboration, without the need for commuting or travel for meetings, incidentally helped to accelerate a transformation that had been ongoing in recent years to establish a unified culture across Group companies.

Even with employees working remotely, we continued our training program, our Voluntary Severance and Workforce Reorganization Program, the development of our Succession Policy, and the reformulation of our Career & Remuneration Plan (PCR).

Eletrobras engaged consultants to help perfect the PCR and refine our Job Hierarchy. In December 2020 a newly proposed methodology was submitted to the Office for Management and Governance of Government-Owned Com-

panies (SEST) and we plan to implement the final version throughout 2021. Adjustments have been made for increased alignment with our Strategic Plan 20-35 and to reformulate skills and competencies requirements, corporate areas of activity, access permissions, and job titles. The new format is consistent with industry best practices, and expands opportunities for careers and employee engagement.

New employees are hired through competitive procedures, as required by Brazil's Constitution, to meet new staffing needs. The most recent competitive procedure was organized in 2010, and the most recent new hires were in 2011.

GRI 103-2, 401-1, EU14

Employee turnover has remained at low levels. In 2020, our turnover rate was 4.32% and our hiring rate was 0.5%.

GRI 401-1

In 2020, work began on the development of a Succession Plan to select candidates for management positions out of our internal pool of talents. Under the plan, potential candidates will be identified and interviewed by a specially designated committee. This is a new approach that has been implemented as part of governance enhancements introduced at Eletrobras under Law no. 13 303/2016.



A wind farm in Ceará. Photo: Jorge Coelho

Workforce profile GRI 102-7, 102-8

SDG

7
8
9

BY REGION

1,399

NORTH
1,234 (MEN)
165 (WOMEN)

3,416

NORTHEAST
2,813 (MEN)
603 (WOMEN)

1,289

MIDWEST
987 (MEN)
302 (WOMEN)

2,673

SOUTH
2,220 (MEN)
453 (WOMEN)

5,025

SOUTHEAST
3,935 (MEN)
1,090 (WOMEN)

1

OUTSIDE BRAZIL
1 MALE EMPLOYEE

BY GENDER AND CONTRACT TYPE

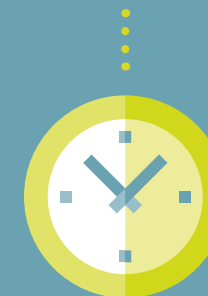


| | |
|-----------------|-----------------|
| MEN | WOMEN |
| 11,184 | 2,610 |
| INDEFINITE TERM | INDEFINITE TERM |
| 6 | 3 |
| DEFINITE TERM | DEFINITE TERM |

13,803

TOTAL

BY EMPLOYMENT TYPE



| | |
|------------------|------------------|
| FULL TIME | PART TIME |
| 9,723 | 1,467 |
| MEN | MEN |
| 2,472 | 141 |
| WOMEN | WOMEN |

12,195

TOTAL

1,608

TOTAL

These are consolidated indicators for all Eletrobras Group companies. For Itaipu, only direct employees working in Brazil are included. This applies to all workforce-related disclosures in this Annual Report.

* The figures include all active employees in the following categories: direct employees, requisitioned employees, rehired employees and political appointees. The figures exclude seconded employees, employees on unpaid leave, rehired employees seconded to other agencies, interns and young apprentices.

TURNOVER GRI 401-1

SDG

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| Gender | 2019 | | 2020 | |
|--------|---------------|--------------------|---------------|--------------------|
| | Turnover rate | Total terminations | Turnover rate | Total terminations |
| Men | 9.44% | 1,120 | 3.97% | 449 |
| Women | 11.39% | 323 | 5.65% | 168 |
| | New hire rate | Total new hires | New hire rate | Total new hires |
| | Men | 0.93% | 110 | 0.46% |
| Women | 1.23% | 35 | 0.67% | 20 |

Note: The turnover rate was calculated using the following standard Group-wide formula: (employees terminated [by gender or region or age group] / number of employees [by gender or region or age group]) x 100.

TURNOVER BY REGION GRI 401-1

| 2020 | North | Northeast | Midwest | Southeast | South |
|--------------------|--------|-----------|---------|-----------|-------|
| Total new hires | 0 | 8 | 2 | 27 | 35 |
| New hire rate | 0 | 0.23% | 0.14% | 0.53% | 1.23% |
| Total terminations | 155 | 67 | 186 | 115 | 94 |
| Turnover rate | 10.68% | 1.93% | 13.15% | 2.25% | 3.31% |
| 2019 | North | Northeast | Midwest | Southeast | South |
| Total new hires | 1 | 1 | 25 | 84 | 34 |
| New hire rate | 0.06% | 0.03% | 0.156% | 1.62% | 1.23% |
| Total terminations | 91 | 668 | 124 | 399 | 161 |
| Turnover rate | 5.62% | 18.93% | 7.75% | 7.69% | 5.82% |

TURNOVER BY AGE GROUP **GRI 401-1**

| 2020 | Under 30 | 31 - 50 | Over 50 |
|--------------------|----------|---------|---------|
| Total new hires | 18 | 45 | 9 |
| New hire rate | 7.93% | 0.53% | 0.16% |
| Total terminations | 4 | 50 | 563 |
| Turnover rate | 1.76% | 0.59% | 10.04% |
| 2019 | Under 30 | 31 - 50 | Over 50 |
| Total new hires | 10 | 82 | 53 |
| New hire rate | 3.61% | 0.94% | 0.93% |
| Total terminations | 8 | 131 | 1304 |
| Turnover rate | 2.89% | 1.51% | 22.80% |

SDG

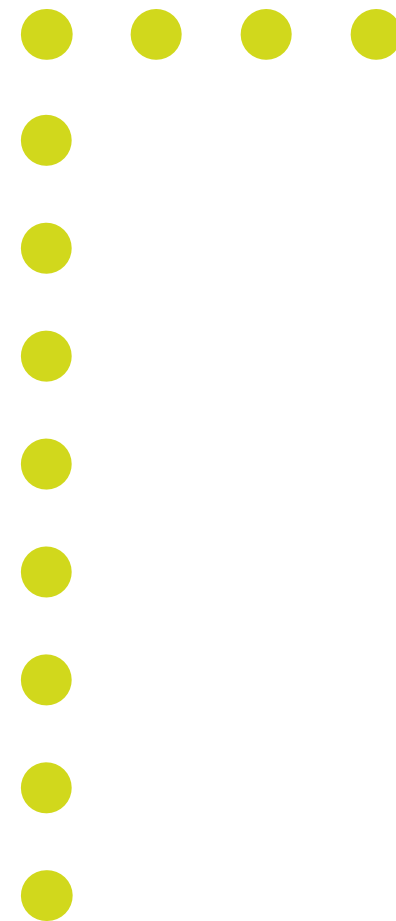
8 16

RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE **GRI 401-3**

| | |
|--|------|
| Return to work rate ¹ - women | 100% |
| Return to work rate ¹ - men | 100% |
| Retention rate ² - women | 94% |
| Retention rate ² - men | 92% |

Note 1: Calculated using the following formula: (total employees who returned to work after parental leave ended / total employees who should have returned to work after parental leave ended) x 100.

Note 2: Calculated using the following formula: (total employees retained 12 months after returning to work from parental leave / total employees who returned to work from parental leave in years prior to the reporting period) x 100.



SDG

8 16

GRI 405-1

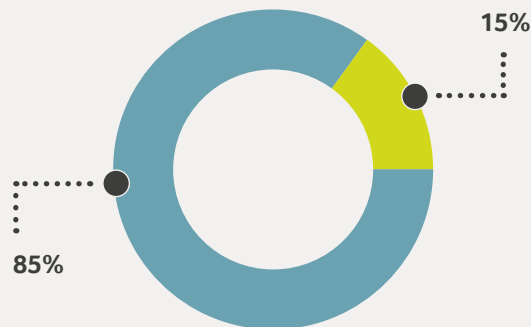
The goal under our PDNG of reaching more than 21% women in management positions was already met in 2020. In 2020, 36% of management positions were held by women, exceeding the overall percentage of women employees at Eletrobras Group companies (19,01%).

The PDNG also addresses the ratio of basic salary and remuneration of women to men for each employee category (Operational Unit), setting a target of reaching salary equity by 2025.

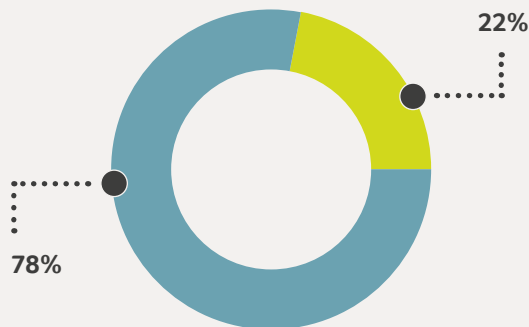
DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

| | By age group % | | | By minority group % | |
|------------------------------|----------------|---------|---------|-------------------------------------|--------------------------|
| | Under 30 | 31 - 50 | Over 50 | Black, brown, yellow and indigenous | People with disabilities |
| Members of governance bodies | 0% | 36% | 64% | 0% | 0% |
| Management | 0% | 74% | 26% | 22% | 1% |
| Employees | 2% | 60% | 38% | 36% | 2% |

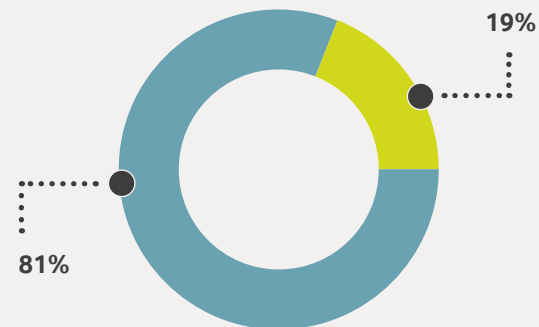
MEMBERS OF GOVERNANCE BODIES, BY GENDER (%)



EMPLOYEES, BY GENDER (%) MANAGEMENT (LEADERSHIP)



TOTAL WORKFORCE



■ MEN ■ WOMEN

WORKFORCE GRI 103-2, 103-3, 401-1



At Eletrobras, workforce aspects such as new hires, turnover and terminations are periodically reported to and monitored by executive directors.

Our workforce management practices are guided by our strategic plan, our goal to achieve excellence in people management and build a culture of excellence, and the following strategic guidelines:

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

The Eletrobras Group People Management Policy, which was revised in 2018, is intended to “guide and standardize people management practices at Eletrobras Group companies with the goal of building a culture that pro-

vides safe and adequate conditions for employee development, productivity, recognition and retention, contributing to achieve business results.” For further information, visit the Eletrobras [website](#).

In 2020 Eletrobras developed a High Performance Work System and Employee Lifecycle as part of our Human Capital Enhancement Project, within the Sustainability Program 4.0. The project aims to develop a human capital strategy focused on high performance, careers, employee engagement and quality of life, and that leverages our workforce as a driver of value creation for the organization.

Cultural Transformation

In a fast-changing business environment, Eletrobras has long recognized the need to constantly adapt and implement more integrated processes to achieve business excellence, even before the coronavirus pandemic caused such dramatic changes to companies’ business routines. A Cultural Transformation program has been ongoing for several years to build a high-performance, meritocratic corporate environment across Eletrobras Group companies. A consulting firm was engaged to provide its expertise and assist Eletrobras in program delivery, which comprises three major stages, in each of which the involvement of each employee has been crucial:

1. Methodological framework and baseline assessment of the organizational culture
2. Cultural Transformation modeling
3. Awareness raising and implementation of the Cultural Transformation plan

The two first phases were completed by December 2020, and the third and last phase was initiated with a kickoff event in January 2021, attended by executives from all Eletrobras Group companies.

DIALOG AND ENGAGEMENT GRI 102-43, 102-44

SDG

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In 2020, our employee communications focused on a number of strategic topics in several wide-reaching initiatives and campaigns. A total of 39 major campaigns were organized, including 22 extending to all Eletrobras Group companies and 17 directed to holding-company employees.

We extensively used our corporate TV and intranet site for employee communications activities. Also in the year, we launched an internal channel and two communications products for employees, both in a digital format: a corporate WhatsApp group for managers; “*Se Liga*”, an audio message service for employees; and Executive Communications Reporting, for the Board of Directors.



In 2020 we launched a new communications channel for employees

Organizational Climate Survey

The 6th edition of the Eletrobras Group Organizational Climate Survey, which we have organized every two years since 2009, was conducted in December 2020. The survey had a 42.18% response rate and gave employees the opportunity to express their views anonymously about topics such as benefits, careers and remuneration, recognition, corporate education, interpersonal relationships, leadership, ethics and integrity, sustainability and human rights, working conditions, and occupational health and safety.

The consolidated Favorability Rating (IF) across Eletrobras Group companies was 77.96%, compared to 74.18% in the previous survey, in 2018. The 2020 IF exceeded the target in our Business Performance Goals Contract (CMDE).

With the inputs from the survey, proposed improvements will be recommended for implementation at all Group companies. Beginning in 2022, the Organizational Climate Survey will be conducted by a third-party firm, as established in our strategic plan.

TRAINING AND DEVELOPMENT

GRI 103-2, 103-3

SDG

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Our training activities aim to provide employees with a comprehensive understanding of their roles and how they support the Group’s objectives and business sustainability. The Eletrobras Group Corporate University’s (UNISE) Corporate Education Program (PEC) serves as a basis in managing employee training activities. Each Group company is designated as a Corporate Education Unit, and is responsible for developing the specific skills and competencies needed for its business based on guidance provided by UNISE. UNISE and Group companies work together to provide adequate and effective educational activities to employees that are consistent with the company’s needs. These activities can either be outsourced to external suppliers or administered by employees as part of the Employee Educator Program.

Each Group company is designated as a Corporate Education Unit, and is responsible for developing the specific skills needed for its business

The PEC was developed based on a Group survey by our education teams using a methodology involving interviews with managers and internal experts. The PEC covers training on core, managerial and general skills needed for the challenges outlined in the Eletrobras Group Strategic Plan 2020-2035, the current Business & Management Master Plan (PDNG), and individual Group companies’ business plans.

SDG

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In 2020 we implemented phase two of the Eletrobras Group’s unified training management system, including the classroom-based and online components. The system supports operational process automation, online course hosting, knowledge management and reliable tracking of performance indicators.

UNISE also uses an online platform hosting short web series courses. Real-world situations are addressed using a Problem Based Learning (PBL) approach that develops critical thinking, enhances problem-solving skills, empowers employees, and helps them to learn and apply their knowledge in new situations.

In 2020 we also approved the Eletrobras Group Corporate Education Policy and Corporate Education Rules. The Rules further detail the guidelines in the Policy, establishing unified requirements, workflows and roles and responsibilities. Visit the Eletrobras [website](#) to learn more about our Policy.

During the pandemic, webinars and leadership summits were organized to discuss and share ideas on more productive approaches to leadership, including the following topics: Effective Communications & Resilience, Leading Remote Teams, Productivity, Emotional Self-Control and Working from Home, Leading for Sustainable Results, Women in Leadership, the Role of Leadership in the New Normal, and Personal Financial Planning.

We also organized group discussions for managers and employees to promote behavioral changes, encourage positive mindsets, and integrate different areas of knowledge, helping to build confidence and balance. These discussions covered topics such as emotions during crises, healthy nutrition, and interpersonal relationships.

Internship and Young Apprentice Programs

Interns at Eletrobras Group companies are mentored by an experienced employee with the same educational background, who is responsible for coaching and supervising them in their activities. This illustrates the importance we attach to the program. In addition to daily supervised activities, interns participate in educational activities that supplement their training.

UNISE offers training programs that develop skills in a wide range of areas, including: Market Strategy, Operational Excellence, Management, Leadership, and Corporate Social Responsibility GRI 404-2

EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS, BY EMPLOYEE CATEGORY (%) GRI 404-3

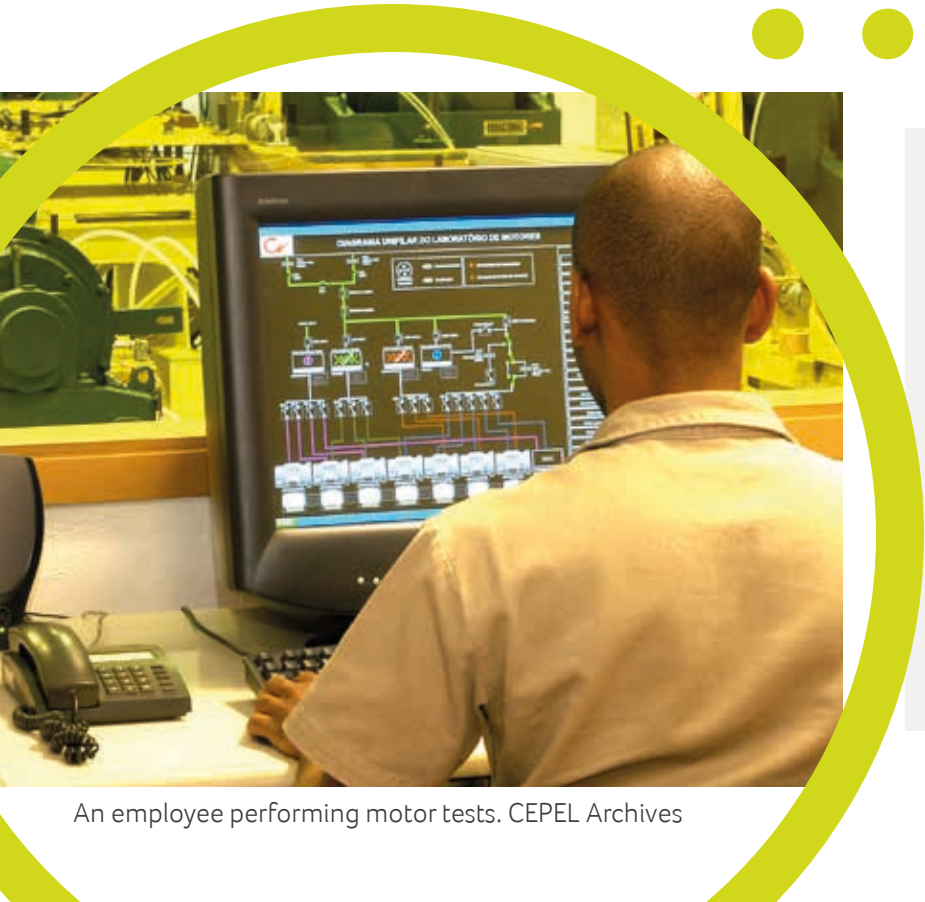
| | 2020 | | |
|----------------------|------|-------|-------|
| | Men | Women | Total |
| Management | 79 | 80 | 80 |
| University level | 76 | 75 | 76 |
| Non-university level | 72 | 72 | 72 |
| Total | 74 | 74 | 74 |

SDG

8

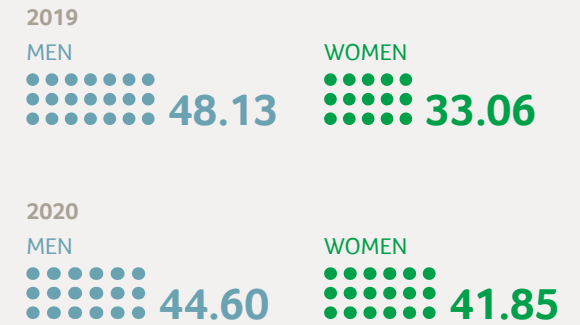
Our Young Apprentice Program, a partnership with the National Industrial Training Service (SENAI), helps to prepare youth to enter the job market and improve their employability. The program was launched in 2019 with theoretical training provided by SENAI. In 2020, students were allocated to different departments at the company

according to their individual profiles and interests. Eletrobras Group companies hosted approximately 950 interns and young apprentices in 2020.

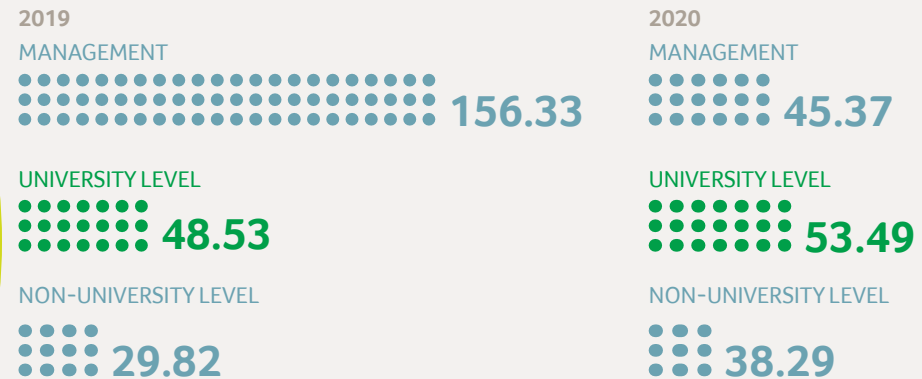


An employee performing motor tests. CEPEL Archives

AVERAGE HOURS OF TRAINING PER EMPLOYEE BY GENDER **GRI 404-1**



AVERAGE HOURS OF EMPLOYEE BY POSITION **GRI 404-1**



HEALTH & SAFETY EU16, GRI 403-7, 403-8

Health & Safety is a priority for Eletrobras. In 2020, we engaged a prestigious and experienced consulting firm to support us in implementing a comprehensive program to improve our current practices.

In the first phase of the Occupational Health & Safety Program, we conducted a survey to elicit the views of Group employees about our safety culture, followed by a series of activities including interviews with the senior leadership team and on-site visits to benchmark administrative and operational units at all Group companies. The goal in this phase was to assess occupational safety practices and review documentation to inform a baseline assessment of both the management and leadership aspects and the processes and routines involved in Occupational Health & Safety management at Group companies. As a deliverable from this phase, Group companies' safety culture scores were plotted on the DSS Bradley Curve™, a proprietary tool developed by DuPont Sustainable Solutions to benchmark the safety culture transformation journey. Both the baseline assessment and the self-assessment survey on Safety Culture placed our Group Companies at the Dependent stage. The challenge now is to progress to the Interdependent stage, when Group companies will have instilled a preventive safety culture among all teams and managers.

To this end, the next step will be to implement a management system within our occupational safety governance structure. This will include providing training to Health & Safety Department personnel and managers and employees at operations, maintenance and engineering departments, emphasizing the role that managers play in engaging their teams around an accident prevention culture and safe operations. The Program will also address the effective management of critical risks and implementation of preventive tools. GRI 103-2

We invest heavily in preventing occupational illnesses and protecting the health of our employees

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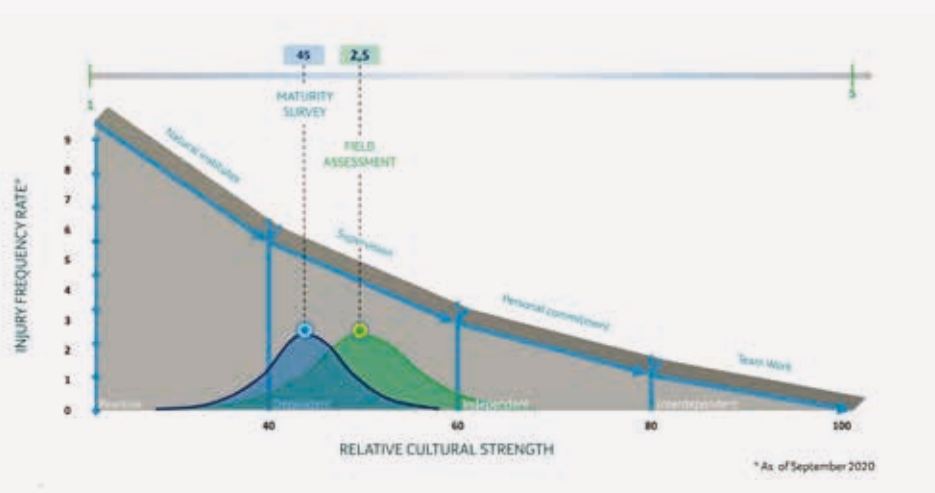
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In 2020 the internal audit identified the need for improvements in occupational safety processes. These have since been implemented by the Occupational Safety department, and are being followed up on by the Audit team. GRI 403-2

Although the level of exposure to risk varies depending on the activity, Eletrobras Group companies invest heavily across the board in preventing occupational illnesses and protecting the health of employees through regular medical checkups.

The Eletrobras Group has guidelines in place on ensuring employee health, safety and well-being through Occupational Health Surveillance Programs (PCMCO) and other health and wellness programs. We are also supported by Internal Accident Prevention Committees (CIPAs), which regularly organize Internal Occupational Accident Prevention Weeks (SIPAT) and other initiatives to raise employee awareness about health and safety, such as training on fire fighting, first aid, household hazards, risk awareness and sexually transmitted diseases. We also publish informational and educational videos and notices via internal communications channels, addressing prevention and maintenance of a safe and healthy work environment.

DSS BRADLEY CURVE™ – ELETROBRAS GROUP COMPANIES



Field crews are provided with mandatory training as required by Brazilian Regulatory Standards depending on the level of exposure to risk. In 2020 there were no employee fatalities as a result of occupational injuries at Eletrobras Group companies.

Our contracts with suppliers contain provisions requiring them to comply with Brazilian Regulatory Standard NR6.

Employee health and the workplace environment are closely monitored by our Specialized Occupational Health and Safety Service (SESMT) against applicable regulatory requirements. For suppliers and contractors, contract managers are formally designated to monitor these aspects against contractual requirements previously established by the SESMT.

Concerns relating to occupational health and safety can be raised via the “Contact Us” page on the [Eletrobras website](#), by selecting the health and safety service channel. **GRI 403-1**

Occupational Health & Safety management is assessed through regular internal audits, organizational climate survey questions on occupational health and safety, and related key performance indicators. In 2020, Eletrobras Group companies were also supported by a specialized consulting firm in conducting a safety culture survey that also addressed related management aspects.

Employees discuss occupational health and safety during Employee General Meetings, events organized by Health & Safety departments, and during SIPATs and CIPAs.

In addition, occupational health and safety is addressed in 15 sections and 52 articles of our National Collective Bargaining Agreement, accounting for 28.85% of the provisions in the agreement. **GRI 403-4, 403-5**

Health insurance GRI 403-6

Employees and dependents are eligible to health and dental insurance with copayment but no monthly premiums. Beneficiaries pay a portion of monthly expenses on tests and doctor’s visits. Employees can also receive reimbursements where they choose non-network healthcare providers. Ambulance service is also available 24/7.

In 2020, with support from actuarial and legal consultants, the percentage of expenses paid by the sponsor/participants under the plan were adjusted;

Occupational health services GRI 403-3

A working group of representatives from the Occupational Safety departments at Group companies is responsible for developing and monitoring occupational safety procedures, especially those affecting the targets set in the PDNG, such as reducing occupational injury and illness absenteeism rates.

the rules on inclusion of dependents were amended; and benefits were standardized across Group companies, in compliance with Resolution 23 of the Joint Ministry Commission on Corporate Governance and Management of Federal Government Equity Interests.



SUPPORT DURING THE COVID-19 PANDEMIC

GRI 103-2, 403-1, 403-3, 403-4, 403-5, 404-2

To support employees in coping and ensure their well-being during the pandemic, the Eletrobras Group created a psychosocial support network of psychologists and social workers at Group companies to provide online counseling and advice, and referral to an expert where necessary. Employee discussion groups facilitated by experts were organized to discuss topics such as anxiety, depression, organizing a home office, substance abuse and healthy nutrition during the pandemic.

Eletrobras Group companies created unified SARS-CoV-2 prevention protocols developed by professionals from the Occupational Health & Safety departments with advice from a specialist physician. The topics addressed included COVID-19 grading and travel during the pandemic. We also created a digital check-in tool designed to help prevent virus spread at the workplace.

Rapid tests were administered to monitor employee health, especially for employees who continued to work on-site, to map the epidemiological profile of the workforce and inform monitoring by the health departments at the Group companies. A total of 76,820 COVID-19 tests were administered to direct and third-party employees.

Employees terminated in 2019 were interviewed and offered a channel for questions and advice on matters such as health insurance and retirement plans.

Within our Energy & Health Program, we launched health and wellness activities for employees and their families to increase integration through our online platforms and encourage employees to continue to engage in wellness activities even when working from home, at a time when sheltering in place became necessary, just as taking care of their health became all the more essential.

To prevent transmission of the COVID-19 virus, we purchased partitions and personal protective equipment for employees, implemented temperature screening at entrances, installed alcohol gel dispensers and disinfectant mats, placed social distancing signage and markings in all elevators, rooms and corridors, and implemented enhanced, regular cleaning procedures.

Learn more about the Eletrobras Group's pandemic response on [our website](#).

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WORK-RELATED INJURIES AND ILL HEALTH - MONTHLY AVERAGE (EMPLOYEES) GRI 403-10, 403-9*

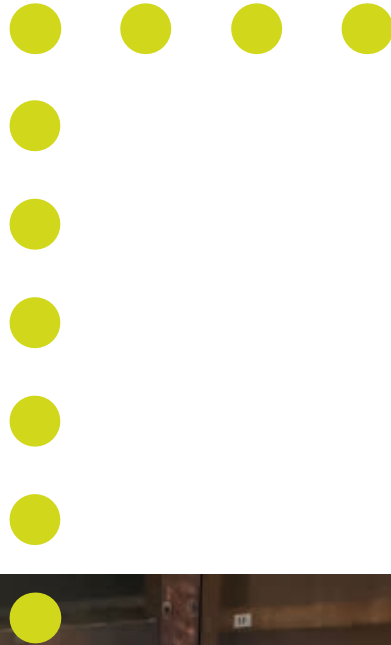
| | 2020** |
|---|--------|
| Lost Time Injury Frequency Rate (TFA)- (injuries/MHW) | 1.14 |
| Frequency Rate (TF)- (injuries/MHW) | 2.47 |
| Severity Rate (TG) – (injuries/MHW) | 13.78 |

* As per the PDNG, in 2020 Itaipu and CEPEL were excluded from these calculations.

** There are no employees whose work or workplace involves occupational activities with a high incidence or high risk of diseases related to their occupation.

Note¹: This indicator is calculated based on the following assumption: in accordance with the Consolidated Labor Regulations, employees are defined as persons whose employment at the relevant company is registered in their employment records, including the following categories: employees based at the company, seconded or on paid or unpaid leave; rehired employees based at the company or on secondment, direct employees on paid or unpaid leave or in elected positions and apprentices. The following categories are not included: employees on secondment from other companies, interns and the CEO and executive officers. GRI 102-48

Note²: The lost-time injury frequency rate (TFA), frequency rate (TF) and severity rate (TG) use the following calculation for hours worked: the sum of monthly average hours worked x 167 x 12 (with 12/31/2020 as the cutoff date). GRI 102-48



DIVERSITY AND EQUAL OPPORTUNITY GRI

103-2, 103-3

In line with our commitment to diversity, we strive to create an organizational culture that provides equal opportunity regardless of gender, sex, color, race, ethnicity, age, sexual orientation, social background, or physical or mental disabilities, as expressed in our Code of Ethical Conduct & Integrity and Corporate Social Responsibility Policy.

We implement initiatives to promote diversity among our stakeholders through Gender, Race and Diversity Committees at Group companies, and since 2004 we have actively participated on the Gender, Race and Diversity Committee of the Ministry of Mining & Energy and Subordinate Agencies (COGEMMEV).

In 2010 we became a signatory of the Women’s Empowerment Principles (WEPs), which include principles on diversity and equity.

Gender, Race and Diversity Committee activities are guided by recommendations issued by COGEMMEV on reducing inequalities and protecting rights, with a focus on needed changes in people management approaches and the organizational culture.

We have subscribed to a number of initiatives—including the UN Global Compact, Women’s Empowerment Principles and Sustainable Development Goals—because we recognize that Eletrobras Group companies’ social commitments to stakeholders are integral to achieving business sustainability and development.

As part of these commitments, we work to expand corporate social responsibility practices and create new workplace approaches that foster change, in both the organizational culture and in people management practices, toward equal opportunity and equity between men and women and for people of different ethnicities, both in our own workforce and in the broader supply chain.



A researcher at CEPEL. CEPEL Archives

These initiatives are accompanied by communications actions to prevent discrimination and address any friction between employees of different profiles. We also seek to highlight the positive effects that diversity and providing equal opportunity have on the company, our workforce and the value chain.

Diversity in executive directors positions

Eletrobras is working to promote diversity across the governance and management structure. Our Audit Board currently has two female members: Patricia Valente Stierli and Thaís Márcia Matano. The Board of Directors has one female member: Lucia Casasanta.

The Executive Board has two female members: Elvira Presta and Camila Gualda. The ratio of women in management positions (36%) exceeds the ratio of women in the broader workforce at Group companies (19.01%) **GRI 405-1**

Under the Eletrobras Group Board of Directors and Executive Board Nominations Policy, members of governance bodies are nominated for their corporate experience, academic background and other criteria, while also taking gender, age and ethnic diversity into account. **GRI 405-1**

Eletrobras works to promote diversity across the governance and management structure



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RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN **GRI 405-2**

| | | Basic Salary | Remuneration | Ratio of basic salary of women to men | Ratio of remuneration of women to men |
|-----------------------------|-------|---------------|---------------|---------------------------------------|---------------------------------------|
| Middle management | Women | R\$ 15,939.24 | R\$23,952.76 | 0.97 | 0.95 |
| | Men | R\$ 15,493.83 | R\$25,111.70 | | |
| University level | Women | R\$10,658.96 | R\$13,708.47 | 0.92 | 0.87 |
| | Men | R\$ 11,599.61 | R\$ 15,771.51 | | |
| Non-university level | Women | R\$6,084.52 | R\$ 8,219.84 | 0.97 | 0.90 |
| | Men | R\$6,283.65 | R\$ 9,100.41 | | |

ENGAGEMENT WITH OTHER STAKEHOLDERS

GRI 102-43, 102-44, 103-2, 103-3

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We value our relationship with our different stakeholders and take their interests into account in developing our materiality matrix and strategic plan

Society

The [Eletrobras website](#) recorded 1,695,201 visits in 2020, a decrease of 18% compared to 2019, and a total of 1,432,081 unique page views. The most visited pages in the year were: home, extranet and investor relations.

Investors, shareholders and market analysts

The Eletrobras website has an exclusive “Investor Relations” section in which we publish information and documents for financial-market agents (company notices, calls for meetings, meeting minutes, reports, earnings releases, and other materials). We also have a regularly updated channel for receiving suggestions, complaints, compliments and requests relating to the securities market. This section also contains our investor relations contact details (email address and telephone number), a newsletter sign-up link, and a Frequently Asked Questions page. Our investor relations web page can be accessed [here](#).

Customers and consumers

In 2020 we conducted our 4th Integrated Group Customer Satisfaction Survey, for the two-year period 2019/2020. The survey has been carried out every two years since 2014 to measure the quality of service delivered by Eletrobras Group generation and transmission companies, and identify opportunities for improvement. With a focus on commercial aspects, the survey polled customers ranging from trading companies, through free consumers and potential

free consumers, to transmission system (grid-connected) users. Respondents included customers of Eletrobras Amazonas GT, CGT Eletrosul, Chesf, Eletro-norte, Eletronuclear and Furnas. The consolidated results from the survey were released in December. Eletrobras performed well in the survey, with an overall satisfaction rating of 88.83%, higher than both our target of 87.98% and the overall rating of 85.31% in our previous two-year survey.

Media

In 2020, a total of 3,498 news articles were published about Eletrobras, of which 63% were positive and 37% were negative. This figure includes only high-impact news articles identified in media analyses by Eletrobras’s press office, and does not exhaustively account for our overall media coverage. Of these articles, 1,487 were about the capitalization of the company, with 61% taking an editorial position in favor of and 39% against it.

Communities

In a collaboration with Bolivian state-owned power utility Empresa Nacional de Electricidad (ENDE), Eletrobras is carrying out studies to inventory hydroelectric potential in the Madeira River basin, along the Brazilian and Bolivian border. Due to the novel coronavirus pandemic, shelter-in-place orders were issued in Brazil and Bolivia during the year. As part of the impacts on the project’s Social Communications and Engagement Program, we were no longer able to collect suggestions and complaints from our “*Fale Conosco*” drop boxes; activities involving direct interaction with communities, which had begun in March 2020, were suspended; and the Inventory Information Center in Guajará-Mirim was closed to the public. Questions were received by email, telephone and WhatsApp. The most frequently asked questions were about the purpose of the hydroelectric potential assessment. The communications team clarified that the inventory assessments are intended to identify sites suited for building hydroelectric dams based on technical, economic, social and environmental criteria, and that no decision has yet been made on the siting of future dams. Questions from the public are still being answered via virtual channels. Click [here](#) to learn more.

HUMAN RIGHTS

GRI 103-2

Eletrobras has implemented a project, called “Engaging Stakeholders in the Value Chain to Raise Awareness about Human Rights”, that aims to provide training, raise awareness and conduct assessments on human rights risks in our relations with stakeholders, especially employees, suppliers and business partners, and the communities where we operate.

The project is structured into 9 sub-projects and specific targets. Among these is a target to train 100% of our employees and Tier 1 suppliers on human rights by 2021. By including these targets in our strategy, we can identify potential impacts on human rights, and take responsibility in monitoring them.

The project, implemented as part of our Reputation & Engagement Program, is integral to Eletrobras’s Sustainability Program 4.0. The project’s scope and guiding principles are based on the United Nations’ (UN) Framework on Business and Human Rights.

We have set a target to train 100% of our employees and suppliers on human rights by 2021 **GRI 410-1, 412-2**

We also conducted our Organizational Climate Survey in the year, which included questions to elicit employees’ views about human rights within the company.

Our suppliers, joint ventures and special purpose entities (SPEs) in which we have equity interests answer due diligence questionnaires to gauge their positions on eradicating discrimination, gender and racial equity, combating workplace and sexual harassment, eradicating forced and slave labor, eradicating child labor, collective bargaining rights, employee Occupational Health & Safety, and labor practices.

These human rights topics are included among the principles/commitments in the Eletrobras Supplier Code of Conduct. In addition to due diligence, suppliers are continuously monitored by contract managers throughout their relationship with Eletrobras. Any violation of these ethical principles can result in disciplinary and educational action, as well as administrative and/or legal action where the violation involves a breach of contract and/or of applicable laws and regulations.

In the year, a total of 534* suppliers were identified as being at significant risk for incidents of forced or compulsory labor.

GRI 408-1, 409-1

* Building contractors and outsourced labor providers are considered to be at the highest risk for child, forced or compulsory labor. **GRI 102-48**



An employee in the control room at Angra. Eletronuclear Archives

EMPLOYEES TRAINED ON HUMAN RIGHTS* GRI 412-2

| | 2020 |
|--|--------|
| Total hours of training on human rights policies or procedures | 340 |
| Total employees trained on human rights policies or procedures | 3,262 |
| Percentage of employees trained on human rights policies or procedures | 24.93% |

*Eletrobras Eletropar has not reported this disclosure.

SECURITY PERSONNEL WHO RECEIVED TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES GRI 410-1

| | 2020 |
|--|--------|
| Total security personnel employed by the Company | 242 |
| Total outsourced security personnel | 1,499 |
| Number of directly employed security personnel trained on human rights policies or procedures | 24 |
| Total security personnel (directly employed and outsourced) | 1,741 |
| Number of outsourced security personnel trained on human rights policies or procedures | 729 |
| Percentage of directly employed and outsourced security personnel trained on human rights policies or procedures | 43.25% |

AGREEMENTS AND CONTRACTS INCLUDING HUMAN RIGHTS CLAUSES* GRI

412-3

| | |
|---|------|
| Total significant investment contracts concluded in the period | 77 |
| Total significant investment contracts that included human rights clauses | 77 |
| Percentage of significant investment contracts that included human rights clauses | 100% |

*Itaipu does not report this disclosure.

After being awarded contracts, suppliers are regularly monitored throughout the term of the contract



Our Whistleblowing Hotline is a one-stop channel for all types of concerns

Non-discrimination GRI 103-2, 103-3

Our Whistleblowing Hotline is a one-stop channel where stakeholders can report all types of concerns. However, any report classified as “Discrimination” is treated as a potential human rights concern and is automatically assigned maximum priority.

Freedom of association and collective bargaining GRI 103-2, 103-3, 407-1

Building contractors and outsourced labor providers — such as cleaning and security services companies — are considered to be at the highest risk for child, forced or compulsory labor.

When screening suppliers, we assess whether their proposals are consistent with any collective bargaining agreements for the relevant employment category.

If an applicable collective bargaining agreement exists and is not observed, the supplier is rejected. After being awarded contracts, suppliers are regularly monitored throughout the term of the contract. Throughout our relationship with suppliers and Special Purpose Entities (SPEs), we administer questionnaires to gage their positions on eradicating discrimination, gender and racial equity, combating workplace

and sexual harassment, eradicating forced and slave labor, eradicating child labor, collective bargaining rights, occupational health & safety, and labor practices, which are among the principles/commitments in the Eletrobras Supplier Conduct Guidelines.

These questionnaires are the starting point for due diligence and initiatives to help suppliers implement measures to manage risks and prevent adverse impacts and violations. They also provide a baseline for subsequent monitoring and mitigation of inadequate practices, and for reporting and communications on how negative consequences will

be addressed. Suppliers are continuously monitored by contract managers throughout their relationship with Eletrobras.

In addressing negative impacts, we apply penalties for violations in an administrative process that can result in suspension of the right to bid for contracts with Eletrobras. Throughout the contract, we work to mitigate risks through relationship and contract management processes.

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CHILD LABOR GRI 103-2, 103-3, 408-1, 409-1

Throughout our relationship with suppliers, we administer human rights due diligence questionnaires to gauge their commitment to eradicating discrimination, gender and racial equity, combating workplace and sexual harassment, eradicating forced and slave labor, eradicating child labor, collective bargaining rights, occupational health & safety, and labor practices. These are among the principles/commitments outlined in the Eletrobras Supplier Code of Conduct.

In addition to due diligence, suppliers are continuously monitored by contract managers throughout their relationship with Eletrobras. Any violation of these ethical principles can result in disciplinary and educational action, as well as administrative and/or legal action where the violation involves a breach of contract and/or of applicable laws and regulations.

In 2010, we subscribed to the Corporate Commitment to Addressing Sexual Violence against Children and Adolescents. In November 2018, we signed the Open Letter “Business for Human Rights”.

In 2020, we joined the *Na Mão Certa* program, launched by the World Childhood Foundation, as a silver sponsor. Our sponsorship includes both the holding company and other Eletrobras Group companies. The program works to engage companies in combating sexual exploitation of children and adolescents, which has been recognized by the UN as one of the worst forms of child labor. We have developed an action plan for implementation in 2021, with specific targets for each stakeholder group, including suppliers.

Operations and suppliers at significant risk for incidents of child labor GRI 408-1

Building contractors and outsourced labor providers are considered to be at the highest risk for child, forced or compulsory labor. GRI 102-48. In addition to contractual clauses establishing penalties for violations, any instances of child or forced labor can be formally reported to the Public Prosecution Service. Invitations to tender require prospective suppliers to observe collective bargaining agreements and ensure the rights established therein are observed in their hiring practices.

In 2020, 534 suppliers onboarded by Eletrobras Group companies were registered as being at significant risk for incidents of child labor.

We joined the *Na Mão Certa* program, which engages companies in combating sexual exploitation of children and adolescents





Kayapó Project. Photo by Claudio Ribeiro

AFFECTED COMMUNITIES

GRI 103-2, 103-3, 413-1, 413-2

Building and operating generation and transmission systems can have varying social impacts depending on the nature of the projects and the regions where they are developed. From early planning and throughout operation, we address social and environmental issues in accordance with applicable laws and regulations, our own corporate policies and guidelines, and taking account of specific local conditions, such as social structures, culture and the relationship between communities and nature.

Impacts are identified and described in environmental impact assessments conducted for each project. Social and environmental impacts are addressed through social and environmental programs required under our projects' environmental licenses. (See the table on [page 120](#)).

Specifically in relation to environmental impacts on local communities, the Eletrobras Group Environmental Policy (see the link here) and the Eletrobras Group Corporate Social Responsibility Policy (see the link here) contain guidelines on relocating communities affected by hydropower projects. Eletrobras Group companies provide channels for communications with stakeholders, which can be either project-specific or general communications channels, such as Ombudsman's Offices. **EU20**

In 2020, our Working Group for Affected Communities, under the Environmental Committee, organized a virtual round table with experts to discuss the issue as it relates to the power sector, including concepts such as social acceptance and case studies on communications, engagement and our social license.

Our policy on relocating communities affected by hydropower projects requires that information about the projects, their impacts, compensation measures, assessment criteria, compensation methods and the rights of affected communities is permanently and transparently available, in plain language, via project-specific channels. Eletrobras Group companies are required to engage broadly with affected stakeholders based on the principles of dialog, social participation, transparency, and representation—formal and informal—at all decision-making levels by persons named by communities.

Affected communities must be treated impartially, taking account of their individual situation, informal relationships and land ownership and land use. Eletrobras Group companies are required to provide fair compensation that allows affected communities to restore their previous way of life with a level of quality equal to or better than they enjoyed before the project. If the parties are unable to reach an agreement, there are legal provisions under which a judge can appoint an expert to appraise the property.

MANAGING IMPACTS GRI 413-1

KEY

- A** Communications and social engagement
- B** Environmental education
- C** Restoration of livelihoods
- D** Rehabilitation of disturbed land
- E** Institutional coordination
- F** Urban rehabilitation
- G** Public health
- H** Professional training
- I** Development of livelihood activities
- J** Public management support
- K** Restoration of touristic and recreational activities
- L** Social support
- M** Support for affected communities

| Type of activity/ project* | Examples of impacts ** | Examples of mitigation/compensation measures |
|--|--|--|
| Hydro, thermal, wind and solar plants and transmission systems | High expectations among local and regional communities and emerging/ increased social tensions | A |
| | Restrictions on land use Restrictions on the use of rights-of-way and adjacent land | A, B, C, D |
| | Increased migration flows | A, B, E, F, G |
| | Economic stimulus | A, E, H, I |
| | Higher municipal tax revenues | A, E, I, J |
| | Direct job opportunities during construction | A, E, H |
| | Increased technical and scientific knowledge about the region | A, B |

* Where the impact is most likely to occur, but will not necessarily occur in every case. Regardless of the project stage.

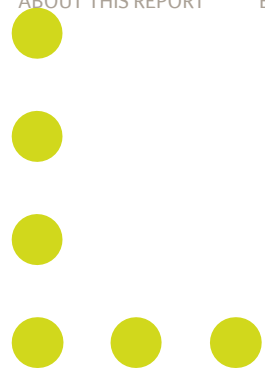
** The magnitude and scale of the impact depend on the size of the project and the region where it is developed.

| Type of activity/ project* | Examples of impacts ** | Examples of mitigation/compensation measures |
|--|--|--|
| Hydro, wind and solar plants and transmission systems | Adverse effects on touristic potential (degradation of scenic beauty) | A, K |
| | Adverse effects on scenic, paleontological, archaeological and cave sites | A, B Paleontological and archaeological research, monitoring and salvaging, and protection of scenic and cave sites. |
| | Impacts on traditional, indigenous and/or other ethnic communities | A Support for affected communities as outlined in Indigenous Component Studies and Basic Plans for Indigenous Components |
| Hydro and wind | Impacts on ways of life and social and cultural relationships | A, B, L, M Property valuation |
| | Increased real estate speculation | A, F |
| Hydropower dams | Compulsory relocation of urban and rural communities | A, M, C, L |
| | Loss of livelihoods (farming, non-timber forest products, mining, fishing) | A, M, C Capacity building for fishing communities, support for aquaculture projects |
| | Disruption/loss of transportation routes and communications systems | A Road improvements and repairs |

* Where the impact is most likely to occur, but will not necessarily occur in every case. Regardless of the project stage.

** The magnitude and scale of the impact depend on the size of the project and the region where it is developed.





We identify impacts from our projects on the communities where we operate and implement measures to mitigate and/or offset those impacts

| Type of activity/ project* | Examples of impacts ** | Examples of mitigation/compensation measures |
|-------------------------------|--|--|
| Thermal power plants | Adverse effects on air quality from particulate and dust emissions, etc. | A Air quality monitoring, installation of equipment to reduce these emissions |
| Wind farms | Shadow flicker | Avoid developing wind farms near populated areas |
| Solar farms | Flash blindness | Avoid developing solar farms near populated areas |
| Transmission Lines | Presence of maintenance crews on rights-of-way | A, B Specific initiatives addressed to indigenous communities |
| | Noise from transmission lines | A |
| | Increased vulnerability | A Territorial protection, strengthening of indigenous organizations (in the case of indigenous reserves), support for livelihood activities, awareness raising about the environment and indigenous peoples, environmental education |

* Where the impact is most likely to occur, but will not necessarily occur in every case. Regardless of the project stage.

** The magnitude and scale of the impact depend on the size of the project and the region where it is developed.

Eletrobras Group companies conduct participatory social assessments to inform communications plans, engagement with local communities, environmental education programs, and other engagement activities. Communities are informed about grievance mechanisms for addressing concerns about the company’s activities.

Community safety GRI EU21

Our Emergency Response Plans outline roles, responsibilities and measures to effectively respond to an emergency. Each project has its own Emergency Response Plan, addressing social and environmental aspects in the event of natural disasters, spills, fires, security breaches, strikes, reputational crises, and other events.

Emergency responder teams and employees working in high-risk areas are trained on how to respond in the event of an emergency. At Eletrobras Eletro-nuclear, for example, annual drills are conducted under the oversight of the appropriate authorities.

OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT GRI 413-1

| | |
|--|--------|
| Number of operations with local community engagement, impact assessments, development and other programs | 440 |
| Percentage of operations with engagement programs (%) | 65.48% |

Note: The number of operations in this disclosure refers to those listed by the National Grid Operator (ONS) as strategic assets, as well as other operations that are monitored by Group companies pursuant to technical standard. **GRI 102-48**

- In computing the percentage of operations with engagement programs, CHESF was deemed to have engagement programs in all its operations in the form of a range of initiatives, such as the dissemination of communications channels (e.g. environmental and fire reporting hotlines).



Communities are informed about grievance mechanisms for addressing concerns about the company’s activities



RIGHTS OF INDIGENOUS PEOPLES GRI 103-2

Eletrobras Group’s Corporate Social Responsibility, Environmental and Sustainability policies contain guidelines on preserving and safeguarding the rights of indigenous peoples.

Group companies monitor impacts on indigenous communities through assessments during the environmental licensing processes, including periodic visits, studies and technical reports.

Our approach to managing the rights of indigenous and traditional peoples aims to ensure that our compensation and mitigation programs are compliant and the measures we take are effective.

In May 2020, we became aware that Eletrobras had been excluded from the Norwegian Government Pension Fund Global portfolio over alleged human rights violations caused by the Belo Monte hydropower project developed by Norte Energia S.A (SPE Belo Monte), a joint venture of which we hold a 49.98% stake along with other government-owned and private companies.

During the construction and early operation of the Belo Monte dam, Norte Energia S.A. implemented social and environmental initiatives to mitigate and offset potential negative impacts from

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the project in the region, as part of the environmental licensing process.

Eletrobras and Norte Energia therefore reject the notion that the project may have contributed to or been responsible for human rights violations. We believe that our investments in the region were planned and implemented in such a way as to adequately remediate or mitigate impacts, especially given the rigor of Brazil’s environmental licensing process and the stringent requirements imposed on the Belo Monte project, which became a major milestone in the history of environmental licensing in the country, due to both the scale of the measures required in the region and the technical and financial resources employed in implementing them. Construction of the Belo Monte dam also involved significant efforts to establish dialog with communities—both indigenous and non-indigenous—in the area affected by the project. [Learn more.](#)

Kayapó Project GRI 413-1

Eletrobras has developed projects in Kayapó communities along the Middle Xingu River, in southern Pará. These projects have been implemented in partnership with the National Foundation for Indigenous Peoples (FUNAI), Norte Energia, and organizations representing the Kayapó, as a commitment undertaken as part of the licensing

process for the Belo Monte Dam. The goals of these projects are to strengthen indigenous associations, monitor and protect the indigenous lands involved, support sustainable economic activities, and preserve the culture of the Kayapó.

The project is funded by Norte Energia, with Eletrobras monitoring and managing relations with communities, in an area of the Xingu River basin that is strategic for the business. Due to the pandemic, in 2020 many activities within the project were suspended, and efforts were refocused on initiatives to prevent COVID-19 transmission by helping communities to shelter in place within their villages.

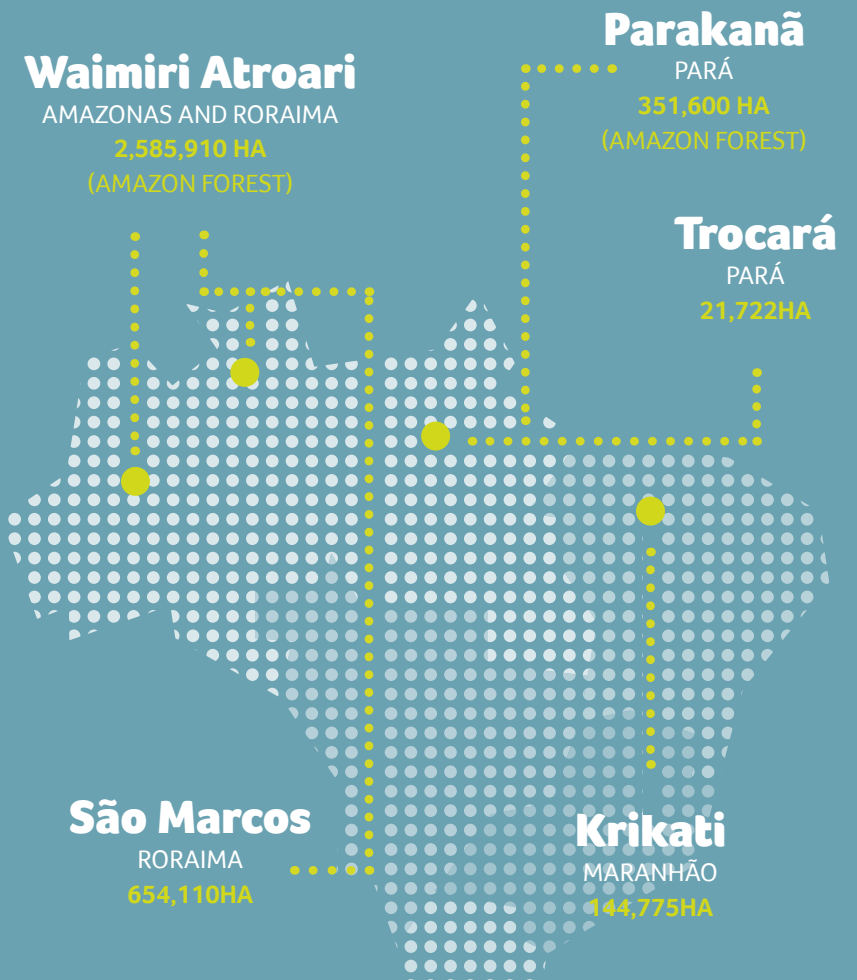
The pandemic and our initiatives in indigenous communities

Amid the COVID-19 pandemic, distribution of supplies was our primary relief initiative in indigenous communities in 2020. Learn more on [page 10](#) (COVID-19 chart).

The pandemic required us to postpone several initiatives as part of the environmental licensing process, due to restrictions on travel and shelter-in-place orders. However, we expanded our institutional collaborations, especially with FUNAI, to support communities and our corporate social responsibility initiatives.

Environmental protection in partnership with FUNAI

Eletrobrasil also supports environmental protection in areas impacted by our projects. These efforts are implemented in partnership with the National Foundation for Indigenous Peoples (FUNAI). The indigenous peoples supported by Eletrobrasil include:





IR CAPITALS



MATERIAL TOPICS

- WATER
- EMBEDDING SOCIAL AND ENVIRONMENTAL ISSUES IN DECISION-MAKING
- CLIMATE CHANGE
- ENERGY TRANSITION



Planet



A bird at FURNAS. Photo: Alexandre Sampaio

PLANET

Business impacts on the environment can result in significant societal harm, and the response to these impacts by customers, regulators and other stakeholders can create material business risks and opportunities. It is therefore critical to understand the environmental impacts associated with upstream and downstream activities to know whether environmental impacts present a threat to long term value creation, and design actions to prevent or mitigate each of those impacts.

ENVIRONMENTAL MANAGEMENT SYSTEM GRI413-1

Sound, responsible environmental management is essential to the sustainability of our operations and our value creation model, as our business is directly reliant on natural resources. Eletrobras has an Environmental Management System structured into three core pillars: the Eletrobras Group Environmental Policy, the Eletrobras Group Environmental Committee and our Corporate Sustainability Disclosures System (IGS System).

In developing our projects, we carry out assessments to identify and assess environmental and social impacts, which are then submitted to environmental licensing authorities for review. These assessments may indicate the need for changes in the project design to mitigate impacts. For each impact identified in an environmental impact assessment, the resulting basic environmental plan outlines mitigation and offset measures to be taken before, during and after development of the project. During operation, monitoring activities may indicate the need for further action and investments in technology and operational processes to mitigate impacts. In 2020, we invested a total of R\$ 886.2 million in social and environmental initiatives.

These initiatives are implemented in compliance with applicable Brazilian laws and regulations, and are assessed and monitored by environmental licensing authorities.

In 2020 the Eletrobras Group retained ISO 14.001 certification for the following operations: Eletrobras Eletronorte's Tucuruí and Coaracy Nunes hydropower plants, and maintenance operations at Eletrobras Chesf's Paulo Afonso substations.

At Eletrobras Furnas's thermal power stations in Rio de Janeiro, independent audits will be conducted for compliance with State Law no. 1898/91 and Directive 056 R.3 on environmental audits (approved by Resolution no. 21, May 7, 2010).

[Learn more about our Environmental Management System here.](#)

SDG

8

WATER GRI 103-2, 103-3, 303-1

The Eletrobras Group relies on water for both its operational (hydropower and thermal power plants) and administrative activities, and therefore water shortages are one of the primary risks to our business.

The water flowing through our hydropower plants is not consumed and is returned in its entirety to the downstream water body with the same level of quality as at the intake. The Eletrobras Group operates hydroelectric plants in all regions of Brazil, largely in the São Francisco, Tocantins, Paraná, Paraíba do Sul and Grande river basins, where most of our installed capacity is located. Hydropower accounts for approximately 90% of the Eletrobras Group’s total installed generation capacity.

The water used at thermal power plants is sourced from surface water bodies and treated for use in cleaning, cooling, human consumption and steam generation. The water used at thermal power stations may be consumed depending on the plant’s generation process. The water that is not consumed is returned to the source water body at a level of quality that complies with applicable environmental standards. Thermal generation represents 4% of the Eletrobras Group’s total installed generation capacity.

Water withdrawals in our operations are monitored in terms of quality and quantity, and the resulting data is submitted to the appropriate authorities.

In relation to water quality, our operations have environmental licenses and, under those licenses and whenever required by environmental authorities, reports are issued on water quality monitoring results. Technical inspections are carried out in our operations to assess raw and potable water systems, including treatment, use and impoundment. Inspections are performed periodically and whenever the production process is modified, based on applicable regulations. Laboratory tests evaluate the quality of the water supplied to and the effluents discharged from our operations.



Cultivando Água Boa Program. Itaipu Archives



Experimental Hydraulics Laboratory. Furnas Archives

Our target is to reduce water usage by 0.3% per year

Water withdrawal quantities are established in the relevant withdrawal permits, generally issued by the Brazilian Water Agency (ANA), specifying withdrawal limits, required controls and the need for a monitoring plan throughout the term of the permit. If the project owner fails to comply with these requirements, the permit is canceled and no further water withdrawals are permitted. Our operations have permits for water withdrawal.

For administrative activities, water for consumption is largely supplied by local water utilities. Water for consumption that is not sourced from local utilities may be withdrawn from surface or groundwater bodies, and treated at a water treatment plant or via a simplified treatment method, such as chlorination. Following use and appropriate treatment, wastewater is discharged to recipient bodies or infiltrated into the soil.

Alongside qualitative and quantitative water monitoring activities, Eletrobras Group companies engage stakeholders in awareness-raising, education and compliance surveillance activities.

Water consumption in administrative activities is monitored against indicators aligned with the 2030 Agenda, and is reported to the Eletrobras Board of Directors via the Strategy, Governance & Sustainability Committee.

The indicator we use to track water performance indicates the extent to which we are meeting our commitment to reduce utility water consumption in administrative activities. PDNG 2018-2022 establishes targets for reducing administrative consumption of utility water (m³) only, as most water withdrawals are used in hydropower generation and are fully returned to the downstream water bodies. The plan sets an annual reduction target of 0.30%, and an aggregate target of 1.5 % by 2022. Initiatives to support these targets are implemented collaboratively across different departments, especially the Facilities (responsible for building maintenance) and Sustainability departments.

A Group-wide Water Stewardship Policy provides guidelines on the sustainable use of water resources. [Read our Policy here.](#)

Water resource studies for hydropower projects

At the design stage of hydropower projects, Eletrobras Group companies conduct studies to estimate water consumption and water availability at the project site over the concession period (35 years).

These studies take account of the guidelines in the National Water Resource Plan (PNRH), which outlines water-use scenarios for river basins in Brazil and provides guidance on state and river-basin management plans. Eletrobras Group companies work with the National Grid Operator (ONS) in planning the operation of the National Grid. This includes establishing a “risk-averse curve”, which defines the minimum volume of impounded water to be maintained in reservoirs throughout Brazil.

Environmental Impact Assessments for projects developed by Eletrobras Group companies establish the minimum discharge rates required to sustain ecosystems, species and ecological processes downstream of the relevant dam. For thermal power plants, the quality and temperature of the water returned to the water body are ensured to cause minimal impact on ecosystems and habitat.

The Eletrobras Group allocates financial, human and technological resources for qualitative and quantitative water monitoring programs to ensure the availability and quality of water resources for hydropower generation and other uses.

During the environmental impact assessment phase preceding project development, we implement communications plans that establish communications channels with different stakeholders to answer questions and provide clarification. In the impact assessments preceding hydropower projects, water stewardship is one of the key concerns.

Each Group company also has a dedicated communications channel for water-related matters. The holding company has a dedicated channel for Environment-related concerns, including water-related matters. This channel is accessible via the [Contact Us](#) form.



The Manso Dam. Furnas Archives

In 2020 the Eletrobras Group worked with ANA, river basin committees, state water resource boards and the National Council on Water Resources (CNRH) to maintain a hydrographic network that records upstream and downstream water levels, intake flow rates, and other parameters. Water quality in our reservoirs is monitored on physical, chemical and biological parameters specified in environmental licenses.



Belo Monte Hydrograph

During the feasibility studies as part of the environmental licensing process for the Belo Monte Dam, a Consensus Hydrograph was established to reconcile the operation of the future hydropower plant with the use of water resources in Volta Grande do Xingu, in the reduced flow reach (RFR) downstream of the main dam. The relevant water resource and environmental licensing authorities approved the Consensus Hydrograph and published the related regulatory documents. The Brazilian Water Agency (ANA) issued a Water Availability Reserve Declaration (DRDH), and the federal environmental agency, IBAMA, issued a preliminary license for the Belo Monte Dam. Based on these documents and the established Consensus Hydrograph, the Brazilian Energy Research Corporation (EPE) calculated the plant’s guaranteed capacity for the purpose of participation in a power auction.

However, this remained a subject of discussion in different sectors of society, including the company itself. In December 2019, IBAMA issued an opinion recommending that, beginning in 2020, a Provisional Hydrograph differing from the Consensus Hydrograph be used until further information and studies are submitted to and assessed by IBAMA.

Norte Energia (NESA) has held technical discussions with the environmental authority to provide clarifications at the administrative level. In these discussions, the company has emphasized that any changes to the provisions of the concession agreement and environmental license would be contrary to the principles of legal security and would impugn the legitimacy of future administrative acts, as well as resulting in a significant loss of power supply to the National Grid.

On 2/8/2021, NESA and IBAMA signed an Environmental Commitment (TCA) under which NESA agreed to implement additional offset and mitigation measures in relation to the RFR and the Consensus Hydrograph. These mitigation measures will involve

an approximate cost of R\$ 158 million. IBAMA will maintain the Consensus Hydrograph to January 31, 2022, until the supplementary studies requested from the project owner (to be delivered no later than 12/5/2021) have been reviewed.

We highlight that, because the decision applied only to 2020 and because of the reduced demand due to the pandemic, there have been no financial impacts or generation losses for NESA at this time.

Learn more:

[NESA](#)
[IBAMA](#)

[Learn more about NESA’s social and environmental initiatives.](#)



Water withdrawal, consumption and discharge

GRI 303-2, 303-3, 303-4, 303-5

Water for administrative operations in urban areas is largely sourced from water utilities. Where our offices occupy an entire building, water consumption data is entered in the IGS System based on water utility invoices. Where a building is shared with other companies, water consumption is estimated.

The quality of the water supplied to our operations must be compliant with National Counsel for the Environment (CONAMA) Resolutions 357/05, 396/08 and 430/2011, which contain water classification and environmental requirements for withdrawals from surface and groundwater, as well as rules and requirements for discharging wastewater.

Our procedures to ensure compliance at our facilities may include observations made by water resource users (self-monitoring) in accordance with the relevant regulatory frameworks (CONAMA Resolution 357), environmental license conditions and permit requirements. Both the frequency of monitoring and the parameters monitored are established by the relevant authorities.

The total volume of water discharged by our subsidiaries' operations into rivers experiencing critical or very critical water stress was 3,152,891.52 thousand m³ in 2020, as measured using the methodology established by ANA.



The Santo Antônio Dam. Photo: José Lins

Total water withdrawal by source (1,000 m³) **GRI 303-3**

| | 2018 | 2019 | 2020 |
|---|--------------|--------------|----------------|
| Administrative activities | 4,087.30 | 3,448.26 | 1,428.64 |
| Surface water | 4,087.30 | 3,448.26 | 865.58 |
| Groundwater | 459.40 | 219.86 | 227.99 |
| Rainwater | - | 0.56 | 0.36 |
| Utility water | 481.10 | 418.62 | 334.70 |
| Thermal power generation | 3,301,929.80 | 3,798,140.35 | 3,363,072.38 |
| Surface water | 10,620.50 | 14,560.21 | 72,914.10 |
| Utility water | 0.2 | 0.14 | - |
| Seawater | 3,291,309.10 | 3,783,580.00 | 3,290,158.28 |
| Wind farms | | | 0.02 |
| Surface water | | | - |
| Groundwater | | | 0.02 |
| Hydropower | | | 921,501,969.97 |
| Surface water | | | 921,501,969.97 |
| Total water withdrawal in 2020 | | | 924,866,471.01 |
| Total water discharge in 2020 GRI 303-4 | | | 924,865,907.96 |
| Total water consumed in 2020* GRI 303-5 | | | 563.05 |

Amazonas GT - GRI 303-3, 303-5: The reported groundwater withdrawals for administrative activities are for the period from June to December 2020.

Itaipu - GRI 303-3: The surface water withdrawals reported by Itaipu Binacional in 2020 were for the Dam offices and the Itaipu Technological Park. Surface water withdrawals for the Bela Vista Biological Reserve (RBV) and industrial activities, which are not included, amounted to 257,388 m³.

Eletronorte - GRI 303-3, 303-4, 303-5: Data on administrative consumption has been omitted. Up to 2019, monitoring was done on-site at our different operations. However, in 2020, with more than 80% of employees working from home due to the pandemic, on-site monitoring could not be maintained during every month of the year. With the pandemic continuing into 2021, we are currently assessing alternative monitoring approaches suited to the current context.

Chesf - GRI 303-3: Groundwater withdrawal data are not being reported as water meters were defective at some facilities and missing at others, especially in shallow wells. These meters are currently being repaired or installed and consumption will be reported from March 2022.

Chesf - GRI 303-5: Utility water consumption at Chesf substations in 2020 was calculated based on a per-capita average of 50 liters per day, the standard consumption rate assumed in sizing and designing plumbing systems. The employee headcount at each substation was determined and this headcount was multiplied by 50 l of water per day, and by 365 days per year to arrive at a total consumption of 10,439 m³ of water in 2020.

Furnas - GRI 303-3: 1) The reported groundwater withdrawals for administrative activities are exclusive of data for the Serra da Mesa and Gurupi divisions, as these operations have no meters. 2) The volume of surface withdrawal referring to administrative activities does not include the withdrawal of water for fish farming activities, which corresponds to 2 million m³.

GRI 303-4: The total volume of discharged water was calculated based on the values of the turbinated water flow through hydropower dams and surface water (excluding fish farming activities, when applicable) for use in administrative activities.

GRI 303-5: Consumed water is, for applicable protocols in Eletrobras companies, utility water and rainwater consumed by administrative activities, although it is possible that part of the surface water has been consumed by companies. In 2020, groundwater was considered as consumed water when used in administrative activities.

* Eletrobras (through its subsidiaries) monitors water withdrawal and discharge for hydroelectric power generation (non-consumptive) in areas with water stress. Eletrobras Group companies consume no water in areas with water stress.

Water usage by Eletrobras Group companies GRI 303-3

| Type of withdrawal | Total m ³ |
|--|----------------------|
| Annual volume of turbined water flow through hydropower dams | 921,501,969.97 |
| Total annual volume of turbined water flow through hydropower dams located on rivers experiencing (critical or very critical) water stress based on the Brazilian Water Agency (ANA) methodology | 3,152,891.52 |



The Tucuruí Dam. Photo: Rony Ramos

CLIMATE CHANGE GRI 103-2

SDG

13

Climate change is a priority topic and one of our strategic drivers, as it can directly affect the sustainability of our business.

Ensuring that GHG emissions management programs are in place, identifying and assessing the vulnerability of the business to climate change, prioritizing renewable energy projects, and advancing research are some of the ways the Eletrobras Group is working to address climate change.

By pursuing a corporate strategy that takes climate change into account, we are supporting the global effort to contain global temperature rise and transition to a low-carbon economy.

The Eletrobras Group Environmental Policy outlines specific guidelines on climate change for Group companies.

Greenhouse Gas (GHG) emissions are intrinsically linked to climate change, and are therefore annually measured and reported by Group companies. The Eletrobras Group Greenhouse Gas Emissions Inventory follows the methodology recommended by the Intergovernmental Panel on Climate Change (IPCC, 2006) and the guidelines of the Greenhouse Gas Protocol (GHG Protocol - WRI, 2004), the most widely used approach to quantifying and communicating GHG emissions.

We operate guided by air emissions requirements contained in applicable regulations and our environmental licenses, and monitor air emissions at our plants. Monitoring results are reviewed by the environmental authorities that license the relevant projects.

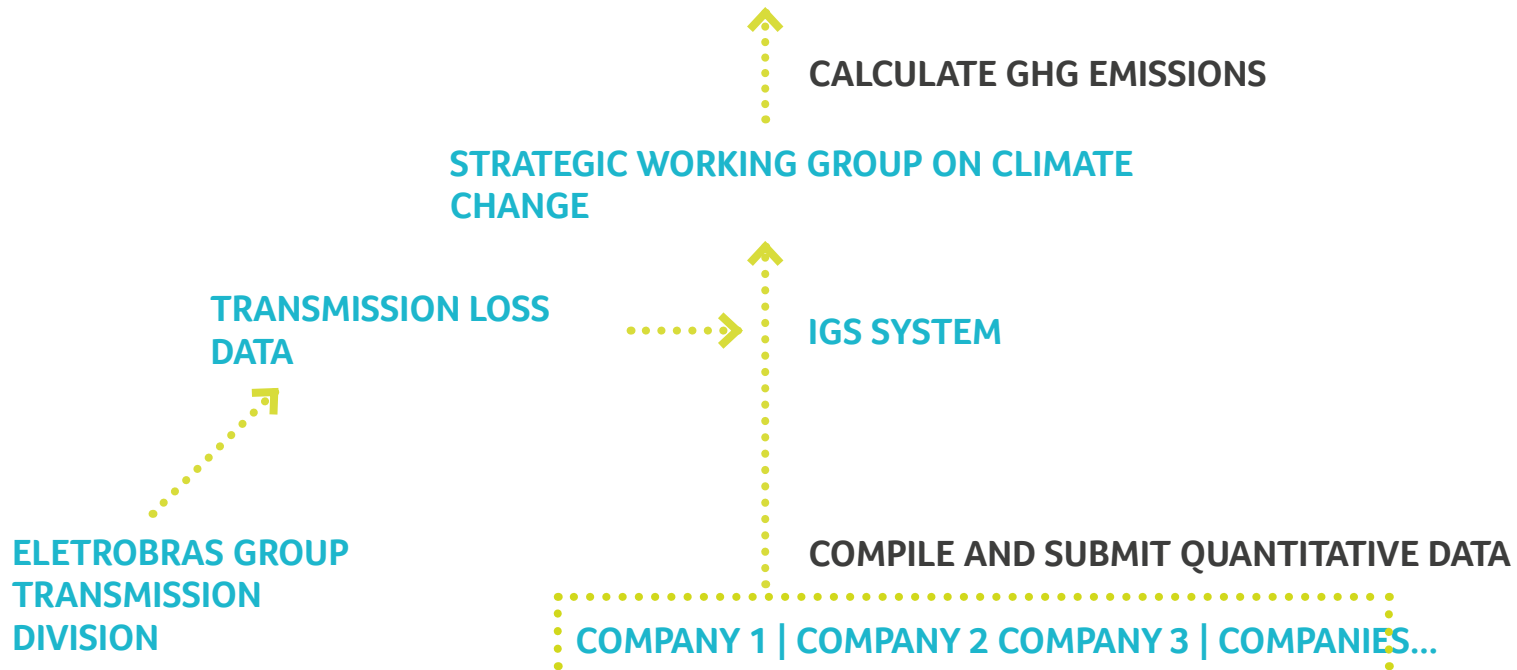
The Strategic Working Group on Climate under the Eletrobras Group Environmental Committee (CMA) is responsible for developing our Greenhouse Gas Emissions Inventories, coordinating assessments, and recommending strategies to address climate change issues at Group companies.



The Cerro Chato Wind Farm. Photo: Hermínio Nunes

GRI 103-2

| EMISSION FACTORS | SCOPE 1 | SCOPE 2 | SCOPE 3 | METHODOLOGY |
|--|--|---|--|---|
| <ul style="list-style-type: none"> • Electricity (MCTI) • Energy content in fuels: BEN (2015) IPCC (2006) MMA (2011) | <ul style="list-style-type: none"> • Direct point-source emissions (thermal power stations) • Mobile-source emissions • Fugitive emissions (SF6 refrigerants) • Wastewater; and • Other point sources: LPG, natural gas and diesel fuel used by generator sets and auxiliary boilers. | <ul style="list-style-type: none"> • Emissions per unit of purchased electricity • Transmission losses. | <ul style="list-style-type: none"> • Independent power producers (IPPs) • Air travel • Transportation of non-energy products • Transportation of fuels • Employee commuting | <ul style="list-style-type: none"> • GHG Protocol • IPCC (2006) • Operational control approach |
| <p>Gases: CO₂, CH₄, N₂O, SF₆, PFC, HFC</p> | | | | |



We are committed to increasingly minimizing negative impacts and advancing the transition to a new development model based on a low-carbon economy. Supporting Sustainable Development Goal (SDG) 13 – *Climate Action* of the UN 2030 Agenda has been prioritized by senior management and is addressed in the PDNG through a set of climate change indicators and targets, including reducing emissions, electricity consumption and use of fossil fuels.

The holding company has set a target of zeroing net GHG emissions from 2021

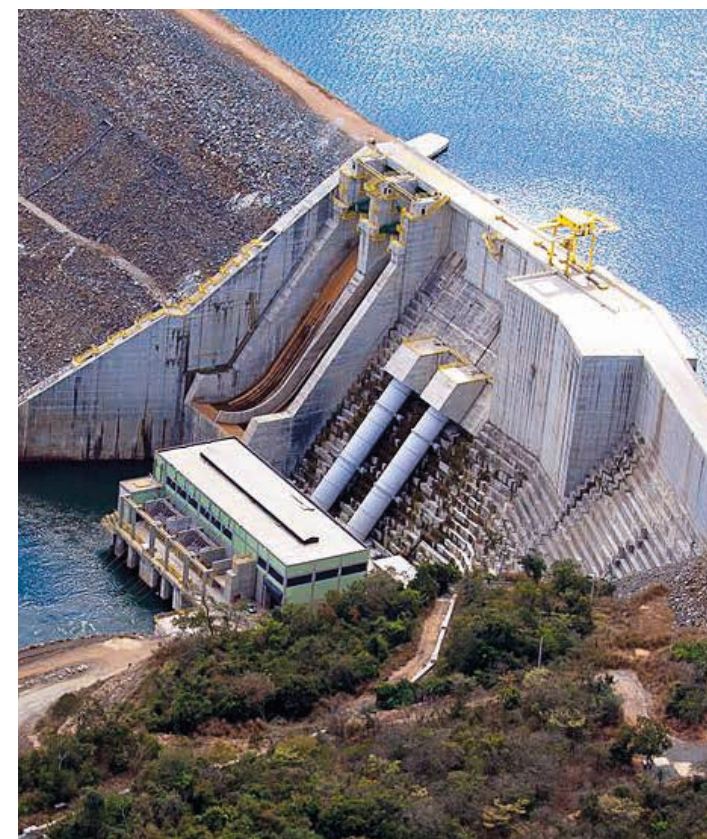
Of the 12 projects within the Sustainability Program 4.0, a component of the PDNG, two are related to climate change management within the Group: Energy Transition, and GHG Emissions Offsets and Environmental Protection.

In 2020, Eletrobras Group's total greenhouse gas emissions amounted to 6,046,209.75 tCO₂ equivalent.

As expected, the bulk of emissions are scope 1 (68.87% of the total), followed by scope 3 (22.8% of the total) and scope 2 (8.32% of the total). Across the three scopes, emissions in 2020 increased by 2.52% compared to 2019. The increase is primarily explained by electricity purchased from Independent Power Producers (IPPs) by Amazonas GT and Eletronorte, resulting in significantly higher scope 3 emissions (emissions increased more than 120 times).

SO_x and MP10 emissions fell by approximately 9.5% and 19.5%, respectively, from 2019. NO_x emissions declined by 15.5% from the previous year.

In 2020 Eletrobras Group companies consumed 25,366,328 MWh, an increase of 7% compared to the previous year. Of this total, 17,753,022 MWh (70%) was direct consumption (Scope 1) and 7,613,306 MWh (30%) was indirect consumption (Scope 2 + Scope 3), of which 549,744.33 MWh is self-generated consumption.



Serra do Fação Dam. Furnas Archives.

EMISSIONS (tCO₂e)
GRI 305-1, 305-2, 305-3, 305-5

| Scope | 2018 | 2019 | 2020 | Change 2019 x 2020 |
|---------|-----------|-----------|-----------|--------------------|
| Scope 1 | 5,350,290 | 5,227,207 | 4,164,151 | -20% |
| Scope 2 | 670,337 | 659,298 | 503.305 | -24% |
| Scope 3 | 42,813 | 10,879 | 1,378,753 | 12,574% |
| Total | 6,063,440 | 5,897,384 | 6,046,210 | 3% |

NITROGEN OXIDES (NO_x), SULFUR OXIDES (SO_x), AND OTHER SIGNIFICANT AIR EMISSIONS
GRI 305-7, 102-48

| Scope | 2019 | 2020 |
|----------------------------------|----------|----------|
| NO _x (t/year) | 8769.10 | 7,410.97 |
| SO _x (t/year) | 10816.70 | 9,787.93 |
| Particulate Matter (PM) (t/year) | 425.22 | 341.52 |

ELECTRICITY CONSUMPTION (MWH) IN 2019 AND 2020

| Energy consumption (MWh) | 2019 | | | 2020 | | |
|---|------------|-----------|------------|------------|---------|------------|
| | Scope 1 | Scope 2 | Scope 3 | Scope 1 | Scope 2 | Scope 3 |
| Renewable fuel consumption | 40,546 | - | 2,395 | 11,111 | - | 5,396 |
| Fossil fuel consumption | 21,963,510 | - | 21,003 | 17,741,911 | - | 6,803,294 |
| Electricity consumption - Purchased from the grid | - | 247,608 | - | - | 254,872 | - |
| Electricity consumption - Self-generated | - | 1,429,743 | - | - | 549,744 | - |
| Total | | | 23,704,805 | | | 25,366,328 |

GHG EMISSIONS INTENSITY
GRI 305-4

| Scope 1, 2 and 3 | 2019 | 2020 |
|---|--------|-------|
| Per unit of net electricity produced (tCO ₂ e / MWh) | 0.040 | 0.038 |
| Per unit of net operating revenue (tCO ₂ e/NOR) | 0.198* | 0.211 |
| Scope 1 and 2 ex-losses | 2019 | 2020 |
| Per unit of net electricity produced (tCO ₂ e / MWh)** | 0.036 | 0.027 |
| Per unit of net operating revenue (tCO ₂ e/NOR) | 0.176 | 0.145 |

 Notes: Reported greenhouse gas emissions include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃.

 *GHG emissions intensity per unit of net operating revenue was recalculated as net operating revenue in 2019 was restated in the Consolidated Financial Statements for fiscal year 2020. **GRI 102-48**

** Emissions intensity per unit of net electricity produced is exclusive of electricity generated by SPEs.

The information in the “Electricity Consumption” table published on 5/27/2021 was restated on 6/8/2021. Originally reported figures were expressed in tCO₂e and had to be restated in MWh as indicated in the table header.

For further information and detailed data about the gases reported, emission factors, the reporting year, and methodologies and assumptions, see the Eletrobras Group’s [GHG Emissions Inventory](#) on our website, which is published annually in accordance with the IPCC (2006) methodology and the guidelines outlined in the *Greenhouse Gas Protocol* (GHG Protocol -WRI, 2004).

BIODIVERSITY

GRI 103-2, 304-2, 304-3, EU 13

SDG

15

The Eletrobras Group strives to minimize impact on biodiversity in the planning, implementation and operation of our assets. Managing and minimizing impacts on biodiversity is a priority in our business strategy and a requirement in our projects—from planning to operation. Strengthening initiatives to preserve and restore biodiversity and ecosystem services in the regions where we operate is also part of our strategy in this area.

Our approach to managing biodiversity is guided by the Eletrobras Group Environmental Policy and recommendations made by the Working Group on Water Resources and Biodiversity, under the Eletrobras Environmental Committee, which is also responsible for coordinating and conducting related studies for Group companies.

We also participate in external forums on issues related to biodiversity, including the Thematic Chamber on Biodiversity and Biotechnology (CTBio) and the Brazilian Business Council for Sustainable Development (CEBDS).

Managing and minimizing impacts on biodiversity are a priority



An amphibian at Furnas. Photo: Alexandre Sampaio



Managing Impacts

GRI 304-2

Our most significant impacts on biodiversity occur during the development and operation of our projects, and we therefore conduct impact assessments at the planning stage to identify species and map out their habitats, with a particular focus on rare, endemic and threatened species.

Initiatives are then proposed to reduce, mitigate, remediate and/or offset identified impacts in order to prevent risks, in accordance with the principles and guidelines established in the Eletrobras Environmental Policy. We take biodiversity into consideration from the initial planning through the operation of our projects, by identifying and assessing the most significant impacts and then implementing action to mitigate and offset those impacts. A summary of our most significant direct and indirect impacts and actions taken to address them is provided below.



| Type of activity/ project | Direct impacts | Indirect impacts | Initiatives/programs |
|--|--|--|---|
| Hydropower dams | Conversion of river ecosystems from lotic to lentic. | Changes in water quality, habitats loss, proliferation of macrophytes, loss of species and/or alterations in aquatic communities | Water quality monitoring program; aquatic fauna monitoring program; aquatic fauna management program. |
| Hydropower dams, solar farms, transmission lines, wind farms | Loss of vegetation cover | Changes in water quality, habitats loss, proliferation of macrophytes, loss of species and/or alterations in aquatic communities | Disturbed land rehabilitation program; fauna and flora management programs; germplasm banks |
| Hydropower dams, solar farms, transmission lines, wind farms | Changes in ecosystems/habitats | Loss of flora and fauna diversity | Support in creating and/or maintaining protected areas; fauna and flora monitoring programs; fauna and flora management |
| Hydropower dams | Impacts on fish migration | Isolation of populations; loss of and/or changes in fish species. | Fish monitoring; fishways; fish fauna management |
| Transmission lines, wind farms | Impacts on bird migration patterns and collisions | Reduction of migratory bird populations | Siting wind farms away from migration routes; installing signaling equipment to prevent collisions |

Initiatives GRI 304-2, 304-4



In 2020, Sustainable Development Goal (SDG) 15 – *Life on Land* was prioritized by Group companies and biodiversity indicators and targets were set in our Business & Management Master Plan.

These targets aim to enhance efforts to preserve and restore biodiversity in the regions where we operate.

| Indicator | Target | Timeframe | Baseline |
|--|--|--------------------|----------|
| Total area protected and/or reforested by the company | Zero loss of vegetated and/or forested area caused by subsidiaries' activities | Annual for 5 years | 2021 |
| Species in the IUCN Red List and national conservation lists included in programs to preserve threatened species | Inclusion of new threatened species in conservation programs | Annual for 5 years | 2021 |
| Investment in projects supporting biodiversity management | A 1% annual increase from the baseline % | Annual for 5 years | 2021 |
| Biomass carbon stocks (t) | A 5% annual increase from the previous year | Annual for 5 years | 2021 |

Key biodiversity conservation initiatives in 2020 GRI 304-3

Eletrobras Chesf



- Mata do Junco Wildlife Refuge Reforestation Project: A 10.35 ha area that has been rehabilitated with 20,000 seedlings of native Atlantic Forest species, in the Mata do Junco Wildlife Refuge in Capela, Sergipe, Northeastern Brazil.

- Protected Area Rehabilitation Management Program: 14.4 hectares along the Socorro /Penedo 230 kV Transmission Line are being rehabilitated with a forecast of planting 12,000 seedlings of native Atlantic Forest species. Approximately 55% of the reforestation has been completed.

- Aiuaba Ecological Station, Ceará: work is continuing on the reforestation of 61.6 hectares of disturbed land, with more than 56,000 seedlings.

- In 2020, in a partnership with IBAMA and CODEVASF, some 15,000 fry and juveniles of streaked prochilod, a species native to the São Francisco River, were released in Campinhos Lake, in the municipality of Amparo do São Francisco, Sergipe, Northeastern Brazil. This repopulation initiative is being conducted during the close season in the São Francisco River Basin.

Eletrobras Eletronorte

- Ducke Reserve (AM) – Set within the Adolpho Ducke Protected Area, the 10,072-hectare (ha) Ducke Reserve is used for research by the INPA and other local and international institutions.

- Samuel Ecological Station — A 72,000 ha protected area created to protect biodiversity and species that are representative of natural ecosystems in the Jamari River Basin. The Company supports efforts to prevent illegal logging in the area.

- Tucuuruí Protected Area Mosaic: Eletronorte is a member of the mosaic’s management committee, supplies funding to implement protected areas, and provides support in surveillance, revegetation, environmental education and management activities.

- Tucuuruí Protected Area - This protected area is supported by funding from offsets and environmental programs developed by Eletronorte in the area of influence of the Tucuuruí Dam. Wildlife Preservation Zones (ZPVS) – Wildlife release areas Itura 3 and 4 are protected areas owned by Eletronorte that are used for preservation of terrestrial and aquatic biodiversity and for scientific research.

- Forest Germplasm Program — Created in 1984, Eletronorte operates a Forest Germplasm Bank at the Tucuuruí Dam site, where flora species from the Lower Tocantins River area are cultivated and monitored, and seeds are collected to produce seedlings for use in revegetation and rehabilitation of disturbed lands. In 2020 the germplasm bank donated a total of 535,571 seeds, enough to reforest 80 ha of disturbed land, and 16,562 seedlings, equivalent to 10 ha of reforested land.

Eletrabras Furnas

In 2020, a project was undertaken to rehabilitate the União Biological Reserve (REBIO) along the Anta - Simplício - Rocha 138 kV Transmission Line in Rio de Janeiro, where a germplasm bank has been established. A total area of 0,35 km² has been reforested with native Atlantic Forest species.

Eletrabras Eletronuclear

- **Porã Trail** - Created in 2003, the Porã Trail stretches 2.5 km along the BR-101 (Rio-Santos) Highway, in the municipality of Angra dos Reis (RJ), in a 440-hectare protected area managed by Eletronuclear within the Atlantic Forest biome. The area has been designated as a natural heritage site used for environmental education, recreation and research.

- **Restinga de Mambucaba Park** - A 6,400 m² park located in Vila Residencial de Mambucaba, in the municipality of Paraty, Rio de Janeiro. A restinga rehabilitation project was completed in 2014; some 30,000 seedlings of native restinga species were planted in the process. The Park is being used for environmental education, recreation and research.

- **Cecremef Grove** - Located in Vila Residencial de Mambucaba, in the municipality of Paraty, Rio de Janeiro, the 16,244 m² grove was opened to the public in 2010 following the rehabilitation of a protected area along the Mambucaba river, where 2,100 seedlings of native Atlantic Forest tree species were planted.

- **Serra da Bocaina National Park (PNSB) Disturbed Land Rehabilitation Program (PRAD)** - Launched in 2020, this program will rehabilitate 62 hectares of disturbed land within the Serra da Bocaina National Park, located in the municipalities of São José do Barreiro - SP (55 hectares) and Paraty - RJ (7 hectares).

Itaipu

- Biological refuges for research and reproduction activities. In 2020 there were 359 captive-bred animals of 63 species living in the refuges (20 mammal, 36 bird, 6 reptile and 1 amphibian species). Another 41 animals of 9 species were born on the refuges.
- Protected areas - Rehabilitation and environmental preservation of the company's protected areas, with 1,051 ha of forests maintained and 65,507 seedlings planted (28.81ha).
- Management of biodiversity corridors - Itaipu supplied 30,000 seedlings to be planted at the Ivinhema State Park, replacing seedlings planted as part of the Trinational Biodiversity Corridor project that were destroyed in a forest fire.
- Ichthyofauna – To monitor fish populations in the Piracema Canal, Itaipu has used DNA fingerprinting to collect samples and develop databases. The company plans to use this technology in the future for non-invasive monitoring. Itaipu has also purchased tools to monitor migratory fish, which will provide new insight into the ecology of fish resources in this area. The company is also collecting data in the reservoir and in the Ilha Grande National Park to inform the preservation of areas used as spawning grounds by sensitive species, such as the river tiger (*Salminus brasiliensis*) and piracanjuba (*Brycon orbignyanus*).



Galleries within the dam: Itaipu Archives



GRI Content Index



The Tucuruí Dam. Eletronorte Archives

GRI CONTENT INDEX



For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with the appropriate sections in the body of the report. The service was applied to the Portuguese version of the report.

General disclosures

GRI 101: Foundation 2016

GRI 102: General Disclosures 2016

Organizational profile

| Disclosure | Page/URL | Omission | Sustainable Development Goals |
|---|--|----------|-------------------------------|
| 102-1 Name of the organization | 23 | None | |
| 102-2 Activities, brands, products, and services | 23 | None | |
| 102-3 Location of headquarters | SCN Q 4 BL B - And-2 sl-203 Asa Norte, Brasilia – DF, Brazil | None | |
| 102-4 Location of operations | 24 | None | |
| 102-5 Ownership and legal form | 24 | None | |
| 102-6 Markets served | 24, 100 | None | |
| 102-7 Scale of the organization | 88, 89 | None | |
| 102-8 Information on employees and other workers | 129, 131 | None | 8, 10 |
| 102-9 Supply chain | 121, 123 | None | |
| 102-10 Significant changes to the organization and its supply chain | 87, 95, 123 | None | |
| 102-11 Precautionary principle or approach | Used by subsidiaries, but not directly by the holding company. | None | |
| 102-12 External initiatives | 71 | None | |
| 102-13 Membership of associations | 69 | None | |

**Strategy**

| Disclosure | Page/URL | Omission | Sustainable Development Goals |
|--|----------|----------|-------------------------------|
| 102-14 Statement from senior decision-maker | 4 | None | |
| 102-15 Key impacts, risks, and opportunities | 61, 63 | None | |

Ethics and integrity

| | | | |
|---|--------|------|----|
| 102-16 Values, principles, standards, and norms of behavior | 36, 55 | None | 16 |
| 102-17 Mechanisms for advice and concerns about ethics | 58 | None | 16 |

Governance

| | | | |
|--|---|---|-------|
| 102-18 Governance structure | 29 | None | |
| 102-19 Delegating authority | 32 | None | |
| 102-20 Executive-level responsibility for economic, environmental, and social topics | The organization has appointed an executive-level position with responsibility for economic, environmental and social topics, reporting directly to the highest governance body | None | |
| 102-21 Consulting stakeholders on economic, environmental, and social topics | 16 | None | 16 |
| 102-22 Composition of the highest governance body and its committees | 30 | None | 5, 16 |
| 102-23 Chair of the highest governance body | | Not applicable, as the chair of the highest governance body is not an executive officer | 16 |
| 102-24 Nominating and selecting the highest governance body | 31 | None | 5, 16 |

| | | | |
|--|---|------|----|
| 102-25 Conflicts of interests | 60 | None | 16 |
| 102-26 Role of highest governance body in setting purpose, values, and strategy | 73 | None | |
| 102-27 Collective knowledge of highest governance body | 32 | None | |
| 102-28 Evaluating the highest governance body's performance | 29 | None | |
| 102-29 Identifying and managing economic, environmental, and social impacts | 61, 63 | None | 16 |
| 102-30 Effectiveness of risk management processes | 61 | None | |
| 102-31 Review of economic, environmental, and social topics | 63, 74 | None | |
| 102-32 Highest governance body's role in sustainability reporting | 12 | None | |
| 102-33 Communicating critical concerns | 57 | None | |
| 102-34 Nature and total number of critical concerns | 59, 74 | None | |
| 102-35 Remuneration policies | 34 | None | |
| 102-36 Process for determining remuneration | 34 | None | |
| 102-37 Stakeholders' involvement in remuneration | The remuneration of the Board of Directors and Audit Board is set by SEST and approved in a General Stockholders' Meeting, in accordance with applicable regulatory requirements on Board remuneration (Law no. 9.292, July 12, 1996). Remuneration amounts are disclosed in aggregate in annual Management Reports, in section 13.2 of the Reference Form filed with the Brazilian Securities Commission (CVM), and in the Business Management Report to the Office of the Federal Comptroller General (CGU), which is submitted to the Federal Audit Court (TCU). | | 16 |

| | | | |
|--|---|------|--|
| 102-38 Annual total compensation ratio | 3.30 | None | |
| 102-39 Percentage increase in annual total compensation ratio | <p>0.62</p> <p>1. The remuneration calculation includes permanent salaries, annual bonuses and position bonuses.</p> <p>2. The average total annual remuneration calculation includes employees who received at least seven months (more than 50% of the year) of annual remuneration in 2020, as a way to minimize the effects from exceptions on the interpretation of this disclosure.</p> <p>3. The percentage increase and the compensation ratio were calculated by comparing the employee with the highest annual remuneration in 2020, other than employees in statutory positions (officers and CEOs), to that same employee's remuneration in 2019.</p> <p>4. Disclosures 102-38 and 102-39 are for holding company employees only.</p> | None | |

Stakeholder engagement

| | | | |
|--|--|------|---|
| 102-40 List of stakeholder groups | 14 | None | |
| 102-41 Collective bargaining agreements | All employees are covered by collective bargaining agreements. | None | 8 |
| 102-42 Identifying and selecting stakeholders | 14 | None | |
| 102-43 Approach to stakeholder engagement | 131, 138 | None | |
| 102-44 Key topics and concerns raised | 14, 138, 151 | None | |

**Reporting practices**

| | | | |
|--|---|------|--|
| 102-45 Entities included in the consolidated financial statements | All companies: Amazonas GT; Cepel; Chesf; CGT Eletrosul; Eletronorte; Eletronuclear; Furnas; Itaipu; holding company; Eletropar | None | |
| 102-46 Defining report content and topic Boundaries | 16, 18 | None | |
| 102-47 List of material topics | 16 | None | |
| 102-48 Restatements of information | Restatements of information and assumptions in the previous report are flagged throughout the report by a reference to this disclosure. | None | |
| 102-49 Changes in reporting | Due to the COVID-19 pandemic, three new material topics were added to the previous year's topics: health and safety, supplier relations, and community relations. | None | |
| 102-50 Reporting period | 1/1/2020 to 12/31/2020 | None | |
| 102-51 Date of most recent report | The most recent report was published in 2020, for fiscal year 2019 (ended 12/31/2019) | None | |
| 102-52 Reporting cycle | Annual | None | |
| 102-53 Contact point for questions regarding the report | 4,184 | None | |
| 102-54 Claims of reporting in accordance with the GRI Standards | This report has been prepared in accordance with the GRI Standards—Core option. | None | |
| 102-55 GRI content index | 184 | None | |
| 102-56 External assurance | 193 | None | |

Material topics

GRI 103: Management Approach 2016

| Disclosures | Description | Topics | Page |
|------------------------|--|--|----------------|
| GRI 103-1 | Explanation of the material topic and its Boundary | | 55, 86, 97 |
| GRI 103-2 | The management approach and its components | Water | 166 |
| | | Anti-corruption | 51, 53, 54, 55 |
| | | Embedding social and environmental issues in decision-making | 49 |
| | | Human rights assessment | 153 |
| | | Cybersecurity | 105 |
| | | Local communities | 158 |
| | | Business and financial performance | 86 |
| | | Rights of indigenous and traditional peoples | 162 |
| | | Diversity and equal opportunity | 148 |
| | | Emissions | 169 |
| | | Energy | 100, 103 |
| | | Risk and crisis management | 61, 63, 72 |
| | | Corporate governance | 22 |
| | | Non-discrimination | 154 |
| | | Research and development + innovation | 106 |
| | | Procurement practices | 122 |
| | | Safety practices | 143 |
| | | Forced or compulsory labor | 103 |
| Child labor | 156 | | |
| Digital transformation | 109 | | |
| Energy transition | 118 | | |
| Training and education | 139 | | |

GRI 103-3

Evaluation of the management approach

| | |
|--|----------------|
| Water | 166 |
| Anti-corruption | 51, 53, 54, 55 |
| Embedding social and environmental issues in decision-making | 49 |
| Human rights assessment | 153 |
| Cybersecurity | 105 |
| Local communities | 158 |
| Business and financial performance | 86 |
| Rights of indigenous and traditional peoples | 162 |
| Diversity and equal opportunity | 148 |
| Emissions | 169 |
| Energy | 100, 103 |
| Risk and crisis management | 61, 63, 72 |
| Corporate governance | 22 |
| Non-discrimination | 154 |
| Research and development + innovation | 106 |
| Procurement practices | 122 |
| Safety practices | 143 |
| Forced or compulsory labor | 103 |
| Child labor | 156 |
| Digital transformation | 109 |
| Energy transition | 113 |
| Training and education | 139 |

**ECONOMIC DISCLOSURES****GRI 201: Economic performance 2016**

| Disclosure | Page/URL | Omission | Sustainable Development Goals |
|--|--|----------|-------------------------------|
| 201-1 Direct economic value generated and distributed | 86, 94, - For detailed information, read our Financial Statements here . | None | 8, 9 |
| 201-2 Financial implications and other risks and opportunities due to climate change | 64 | None | 13 |

GRI 204: Procurement practices 2016

| | | | |
|---|-----|------|---|
| 204-1 Proportion of spending on local suppliers | 124 | None | 8 |
|---|-----|------|---|

GRI 205: Anti-corruption 2016

| | | | |
|--|---|------|----|
| 205-1 Operations assessed for risks related to corruption | 31, 49, 51.52, 58 | None | 16 |
| 205-2 Communication and training about anti-corruption policies and procedures | 51, 55, 56 | None | 16 |
| 205-3 Confirmed incidents of corruption and actions taken | No confirmed cases of corruption were registered in 2020. | None | 16 |

GRI 207: Tax 2019

| | | | |
|--|----|------|-----------|
| 207-1 Approach to tax | 95 | None | 1, 10, 17 |
| 207-2 Tax governance, control and risk management | 95 | None | 1, 10, 17 |
| 207-3 Stakeholder engagement and management of concerns related to tax | 95 | None | 1, 10, 17 |
| 207-4 Country-by-country reporting | 95 | None | 1, 10, 17 |

Environmental disclosures

GRI 303: Water and Effluents 2018

| Disclosure | Page/URL | Omission | Sustainable Development Goals |
|--|---------------|----------|-------------------------------|
| 303-1 Interactions with water as a shared resource | 166 | None | 6, 12 |
| 303-2 Management of water discharge-related impacts | 170 | None | 6 |
| 303-3 Water withdrawal* | 166, 170, 171 | None | 6, 8, 12 |
| 303-4 Water discharge* | 170 | None | 6 |
| 303-5 Water consumption* | 170, 172 | None | 6 |

GRI 304: Biodiversity 2016

| | | | |
|---|----------|------|-----------|
| 304-2 Significant impacts of activities, products, and services on biodiversity | 178, 180 | None | 6, 14, 15 |
| 304-3 Habitats protected or restored | 178, 181 | None | 6, 14, 15 |
| 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | 177, 180 | None | 6, 14, 15 |

* The reported data is exclusive of information for Eletropar and Cepel.

**GRI 305: Emissions 2016**

| | | | |
|--|--|------|-------------------|
| 305-1 Direct (Scope 1) GHG emissions | 174 Eletrobras Emissions Inventory | None | 3, 12, 13, 14, 15 |
| 305-2 Energy indirect (Scope 2) GHG emissions | 174 Eletrobras Emissions Inventory | None | 3, 12, 13, 14, 15 |
| 305-3 Other indirect (Scope 3) GHG emissions | 174 Eletrobras Emissions Inventory | None | 3, 12, 13, 14, 15 |
| 305-4 GHG emissions intensity | 175 Eletrobras Emissions Inventory | None | 13, 14, 15 |
| 305-5 Reduction of GHG emissions (SASB) | 176 Eletrobras Emissions Inventory | None | 13, 14, 15 |
| 305-6 Emissions of ozone-depleting substances (SDG) | 177 Eletrobras Emissions Inventory | None | 3, 12 |
| 305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions | 175 Eletrobras Emissions Inventory | None | 3, 12, 14, 15 |

GRI 306: Effluents and waste 2016

| | | | |
|--|---|------|----------|
| 306-2 Waste by type and disposal method | The holding company complies with applicable legislation concerning disposal methods for waste materials generated at its facilities. | None | 3, 6, 12 |
|--|---|------|----------|



Social disclosures

GRI 401: Employment 2016

| Disclosure | Page/URL | Omission | Sustainable Development Goals |
|--|--|----------|-------------------------------|
| 401-1 New employee hires and employee turnover | 129, 131, 132, 133, 137, 139 | None | 5, 8, 10 |
| 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | <p>The company provides employees, either on a voluntary basis or under collective bargaining agreements, the following benefits:</p> <p>Transportation tickets or shuttle service; burial insurance; maternal leave; health and dental insurance; group life insurance; variable remuneration; meal allowance; food allowance; retirement plans; education assistance; education allowance; daycare allowance; vacation bonus; length of service bonus; gym discounts; pharmacy allowance; leave for employees who have suffered domestic violence; caregiver leave; leave upon the death of stepparents; extended maternal leave; extended paternal leave; foreign language courses; reimbursement for glasses frames/lenses; grants for hearing aids.</p> | None | 3, 5, 8 |
| 401-3 Parental leave | 135 | None | 5, 8 |

GRI 403: Occupational health and safety 2018

| | | | |
|--|---|------|-------|
| 403-1 Occupational health and safety management system | 142, 144 | None | 8 |
| 403-2 Hazard identification, risk assessment, and incident investigation | 140 | None | 3, 8 |
| 403-3 Occupational health services | 141, 142 | None | 3, 8 |
| 403-4 Worker participation, consultation, and communication on occupational health and safety | 142 | None | 8, 16 |
| 403-5 Worker training on occupational health and safety | 141, 142 | None | 8 |
| 403-6 Promotion of worker health | Workers' access to medical and healthcare services: Self-managed health and dental insurance for employees and dependents. Funding method: Employee copayment of expenses, but without monthly premiums payable by beneficiaries. Employees can be reimbursed for expenses at non-network healthcare providers. Ambulance service is also available 24/7. Health promotion services and programs offered to workers to address major non-work-related health risks: A calendar of health promotion, wellness and prevention campaigns, including Group-wide initiatives through the Energy & Health Program (Appendix - Energia e Saúde.pdf): White January; Healthy Summer/Carnival; coronavirus prevention protocols; World Health Day; World No Tobacco Day; nutrition and exercise; online mindfulness program; Golden August; Yellow September; Pink October; Blue November. Flu campaign in 2020. | None | 3 |
| 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 138 | None | 8 |
| 403-8 Workers covered by an occupational health and safety management system | 138 | None | 8 |

| | | | |
|---------------------------------|-----|--|----------|
| 403-9 Work-related injuries* | 142 | Information about third-party workers has not been included as, due to the size of the company and its supply chain, the third-party database is currently being adjusted in order to disclose accurate data in the following report | 3, 8, 16 |
| 403-10 Work-related ill health* | 142 | None | 3, 8, 16 |

GRI 404: Training and education 2016

| | | | |
|--|----------|------|-------------|
| 404-1 Average hours of training per year per employee | 138 | None | 4, 5, 8, 10 |
| 404-2 Programs for upgrading employee skills and transition assistance programs | 137, 142 | None | 8 |
| 404-3 Percentage of employees receiving regular performance and career development reviews | 137 | None | 5, 8, 10 |

GRI 405: Diversity and equal opportunity 2016

| | | | |
|--|---------------|------|----------|
| 405-1 Diversity of governance bodies and employees | 130, 145, 146 | None | 5, 8 |
| 405-2 Ratio of basic salary and remuneration of women to men | 149 | None | 5, 8, 10 |

* The reported data is exclusive of information for Eletropar, Cepel and Itaipu.

GRI 406: Non-discrimination 2016

| | | | |
|---|--|------|------|
| 406-1 Incidents of discrimination and corrective actions taken | No incidents were reported at Eletrobras Group companies | None | 5, 8 |
|---|--|------|------|

GRI 407: Freedom of association and collective bargaining 2016

| | | | |
|---|--|------|---|
| 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | | None | 8 |
|---|--|------|---|

GRI 408: Child labor (2016)

| | | | |
|--|----------|------|-------|
| 408-1 Operations and suppliers at significant risk for incidents of child labor | 150, 153 | None | 8, 16 |
|--|----------|------|-------|

GRI 409: Forced or compulsory labor 2016

| | | | |
|---|----------|------|---|
| 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 150, 153 | None | 8 |
|---|----------|------|---|

GRI 410: Security practices 2016

| | | | |
|--|-----|------|----|
| 410-1 Security personnel trained in human rights policies or procedures | 151 | None | 16 |
|--|-----|------|----|

GRI 411: Rights of Indigenous Peoples 2016

| | | | |
|---|--|------|---|
| 411-1 Incidents of violations involving rights of indigenous peoples | From January 1 to December 31, 2020, no violations involving rights of indigenous peoples were registered via the whistleblowing channels of Eletrobras Group companies. | None | 2 |
|---|--|------|---|

GRI 412: Human Rights Assessment 2016

| | | | |
|---|-----|------|--|
| 412-2 Employee training on human rights policies or procedures | 151 | None | |
| 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 153 | None | |

GRI 413: Local communities 2016

| | | | |
|---|---------------|------|------|
| 413-1 Operations with local community engagement, impact assessments, and development programs | 162 | None | |
| 413-2 Operations with significant actual or potential negative impacts on local communities | 128, 158, 165 | None | 1, 2 |

GRI 415: Public Policy 2016

| | | | |
|--------------------------------------|---|------|--|
| 415-1 Political contributions | In compliance with Brazilian legislation, the Eletrobras Group does not make contributions to or otherwise support political parties, campaigns or candidates, nor are our employees permitted to do so on behalf of Eletrobras. This requirement is stipulated in our Code of Ethical Conduct & Integrity and the Eletrobras Group Anti-Corruption Policy. | None | |
|--------------------------------------|---|------|--|

GRI 418: Customer privacy 2016

| | | | |
|--|--|------|----|
| 418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data | There were no substantiated complaints regarding breaches of customer privacy in the year. | None | 16 |
|--|--|------|----|

Organizational profile

| | | | |
|---|--|--|-------|
| EU1 Installed capacity, broken down by primary energy source and by regulatory regime | 95, 96 | | 7 |
| EU2 Net energy output broken down by primary energy source and by regulatory regime | 96, 112 | | 7, 14 |
| EU4 Length of above and underground transmission and distribution lines by regulatory regime | Includes all transmission lines that were in operation at year-end (directly owned and SPE-owned), including transmission lines entitled to RAP or otherwise and ancillary lines (power lines connecting to power plants and power lines serving free consumers or connected to Other Transmission Infrastructure (DIT) by < 230kV systems) 23, 79, 80 | | |

Availability and reliability

| | | | |
|---|---|--|---|
| EU6 Management approach to ensure short and long-term electricity availability and reliability | Includes all directly-owned (corporate) backbone transmission lines entitled to RAP that were in operation throughout the reporting period, including sectioned segments. Not including ancillary power lines. 80 | | 7 |
|---|---|--|---|

Research & Development

| | | | |
|--|-----|--|----------|
| EU8 Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development | 105 | | 7, 9, 17 |
|--|-----|--|----------|

Availability and reliability

| | | | |
|--|-----|--|---|
| EU10 Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime | 101 | | 7 |
|--|-----|--|---|

System Efficiency

| | | | | |
|---|-----|--|--|------------------|
| EU11 Average generation efficiency of thermal plants by energy source and by regulatory regime | 78 | | | 7, 8, 12, 13, 14 |
| EU12 Transmission and distribution losses as a percentage of total energy | 101 | | | 7, 8, 12, 13, 14 |

Employment

| | | | | |
|--|---------|--|--|------|
| EU14 Programs and processes to ensure the availability of a skilled workforce | 31, 129 | | | 4, 8 |
| EU16 Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors | 140 | | | 8 |

Local communities

| | | | | |
|---|-----|--|--|----------|
| EU20 Approach to managing the impacts of displacement | 156 | | | 1, 2, 11 |
| EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans | 162 | | | 1, 11 |
| EU22 Number of people physically or economically displaced and compensation, broken down by type of project | 86 | | | 1, 2 |

Access

| | | | | |
|---|----|--|--|------|
| EU23 Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services. | 92 | | | |
| EU30 Average plant availability factor by energy source and by regulatory regime | 99 | | | 1, 7 |



Disclosures from other frameworks – SASB, TCU

SASB

| Disclosure | GRI equivalent | Page |
|---|------------------------|---------------|
| IF-EU-320a1: Total recordable injury rate (TRIR), fatality rate, and near miss frequency rate (NMFR) | GRI 403-9 | 142 |
| IF-EU-110a1: Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations, and percentage covered under emissions-reporting regulations | GRI 305-1 | 174 |
| IF-EU-110a2: Greenhouse gas (GHG) emissions associated with power deliveries | GRI 305-2 | 17 |
| IF-EU-110a3: Description of long-term and short-term strategy or plan to manage Scope 1 emissions, emission-reduction targets, and an analysis of performance against those targets | GRI 305-4 GRI 305-5 | 175, 176 |
| IF-EU-150a1: Amount of coal combustion residuals (CCR), percentage recycled | GRI 305-6 G4-EU11 | 100, 177 |
| IF-EU-120a1: Air emissions of the following pollutants: NO _x (excluding N ₂ O), SO _x , particulate matter (PM), Pb, and Hg; percentage of each in or near areas of dense population | GRI 305-7 | 175 |
| IF-EU-104a1: Total water withdrawn and total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | GRI 303-3 GRI 303-4 | 166, 170, 171 |
| IF-EU-140a3: Discussion of water management risks and description of strategies and practices to mitigate those risks | GRI 301-1 | 67 |
| IF-EU-550a1: Number of incidents of non-compliance with standards or regulations on physical and cyber security | GRI 103-2 | 106 |



TCU

| Disclosure | GRI equivalent | Page |
|------------------------------|--|---|
| Overview of the organization | GRI 102-2, GRI 102-5 GRI 102-7, GRI 102-8 GRI 102-14, GRI 102-15 GRI 102-16 | 22, 23, 85, 86, 126, 128, 4, 59, 60, 62, 35,54 |
| Risks | GRI 102-17 | 58 |
| Governance | GRI 102-18, GRI 102-20 GRI 102-22, GRI 102-23 GRI 102-25, GRI 102-26 GRI 102-30, GRI 102-35 GRI 102-36, GRI 102-37 GRI 102-38, GRI 102-39 | 29, 34, 60, 61, 73 |
| Financial Information | GRI 201-1, GRI 201-2 GRI 201-4, GRI 203-1 GRI 204-1, GRI 205-1 GRI 205-3, GRI 207-2 GRI 405-2 | 31, 49, 51, 52, 53, 58, 64, 86, 94, 95, 124, 149 |
| Results and performance | GRI 413-1 GRI 413-2 EU1, EU8 EU20 EU21 EU22 | 86, 95, 96, 106, 124, 125, 128, 156, 158, 159, 162, 163, 166 |

ASSURANCE REPORT

Independent auditor's limited assurance report on information related to sustainability included in the Annual Report for 2020

To the Board of Directors
and Stockholders

Centrais Elétricas Brasileiras S.A. -
Eletrobras

Rio de Janeiro - RJ

Introduction

We have been engaged by Centrais Elétricas Brasileiras S.A. – Eletrobras (“Eletrobras” or “Company”) to present our limited assurance report on the compilation of the information related to sustainability included in the Annual Report for 2020 of Eletrobras for the year ended December 31, 2020.

Responsibilities of the Company's management

The Company's management is responsible for the preparation and fair presentation of the information related to sustainability included in the Annual Report for 2020, in accordance with the Global Reporting Initiative (GRI-Standards), and for the internal controls it has determined as necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the information included in the Annual Report for 2020 based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, “Issuance of an Assurance Report related to Sustainability and Social Responsi-

bility”, issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, “Assurance Engagements Other than Audit and Review”, also issued by the CFC, which is equivalent to the international standard ISAE 3000, “Assurance engagements other than audits or reviews of historical financial information”, issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical and independence requirements, and other responsibilities, including in relation to the application of the Brazilian Standard on Quality Control (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures regarding the compliance with the applicable ethical requirements, professional standards and legal and regulatory requirements.

Moreover, the aforementioned standards require that the work be planned and performed to obtain limited assurance that the sustainability information included in the Annual Report for 2020, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and

ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that enables the issue of a limited assurance conclusion on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead the auditor to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the information related to sustainability included in the Annual Report for 2020, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

(a) planning the work, taking into consideration the relevance and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information related to sustainability included in the Company's Annual Report for 2020.

(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information of Eletrobras - Centrais Elétricas Brasileiras S.A., as well as the managers responsible for the preparation of the information of the following subsidiaries, whose information was consolidated in the Annual Report of Centrais Elétricas Brasileiras S.A. and its subsidiaries: of Companhia Hidro Elétrica do São Francisco - Chesf; of Furnas Centrais Elétricas S.A. - Furnas; of Eletrobras Termonuclear S.A. - Eletronuclear; of Companhia de Geração e Transmissão de Energia Elétrica do Sul do Brasil - Eletrobras CGT Eletrosul; of Centrais Elétricas do Norte do Brasil S.A. - Eletronorte; of Amazonas Geração e Transmissão de Energia S.A. - Amazonas GT and of Itaipu Binacional.

(c) Applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information related to sustainability included in the Annual Report for 2020.

(d) comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included tests to assess compliance with the guidelines and criteria of the Global Reporting Initiative (GRI-Standards) applied in the preparation of the information related to sustainability included in the Annual Report for 2020.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the information related to sustainability included in the Annual Report for 2020. Consequently, we are

not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the information related to sustainability included in the Annual Report for 2020. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not carry out any work on the data reported for prior years, nor future projections and goals.

The preparation and presentation of the sustainability indicators were performed pursuant to GRI-Standards criteria and, therefore, do not aim to provide assurance with regard to the compliance with social, economic, environmental, or engineering laws and regulations. However, the aforemen-

tioned standards establish the presentation and disclosure of possible cases of non-compliance with such regulations when sanctions or significant fines are applied. Our limited assurance report should be read and understood in this context, which is inherent to the criteria selected (GRI-Standards).

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information related to sustainability included in the Annual Report for 2020 of Centrais Elétricas Brasileiras S.A. - Eletrobras has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-Standards).

Rio de Janeiro, May 27, 2021

PricewaterhouseCoopers

Audidores Independentes
CRC 2SP000160/O-5

Eliane Kihara

Accountant CRC 1SP212496/O-5

Appendixes



The Itumbiara Dam. Furnas Archives

APPENDIX I – 2030 AGENDA DISCLOSURES

The following table describes our initiatives in support of the SDGs and their results. For further details, visit our [Commitment to the 2030 Agenda](#) website



Ensure access to affordable, reliable, sustainable and modern energy for all

SDG Target: 7.1 - By 2030, ensure universal access to affordable, reliable and modern energy services.

| Value Expectation | Related SDGs | Key results in 2020 |
|--|--|--|
| Access to electricity for all, with a reduced risk for social and environmental impacts | 1, 2, 3, 8, 9, 10, 13 | Eletrobras will be responsible for executing the “More Light for the Amazon” program, which will bring renewable electricity to rural families and their community centers. In 2020 a total of 44,232 new connections were made, for a total of 3.5 million connections as part of the “Light for All Program” since 2004. |
| Contribution to sustainable development | 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 | For the third consecutive year, we expanded the availability of our nuclear power plants and the efficiency of our natural gas power plants, and continued to reduce transmission losses. The Eletrobras Group showed strong resilience in keeping our generation and transmission assets fully operational across Brazil throughout the COVID-19 pandemic. At peak, 75% of Eletrobras’s workforce was assigned to work from home, a considerable technological challenge that required our operational, governance and management structures to be fully functional. Meanwhile, unified health and safety protocols were established for operations and administrative activities, and a robust recovery plan was developed. |
| Fairly priced (sustainable) contracts | 9, 11 | Eletrobras Group companies developed generation projects that added 277 MW in new installed capacity, and brought 26 new large-scale transmission projects online, adding 150 km of new transmission lines to the National Grid. |

SDG Target: 7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix

| Value Expectation | Related SDGs | Key results in 2020 |
|---|---------------------------|---|
| Access to electricity for all, with a reduced risk for social and environmental impacts | 9, 13 | <p>We invested R\$ 3,122 million in generation, transmission, infrastructure and environmental projects. Eletrobras has contributed to making Brazil's energy mix one of the cleanest in the world. We have a market share of 29% in the generation segment, at 50,648MW of installed capacity, and 43,54% in the transmission segment, with 70,091,89 km of transmission lines. In 2020 we produced a total output of 195,178 GWh (5.5% more than in 2019), of which 97% was clean energy.</p> <p>PROINFA projects generated 9.1 million MWh in the year, for a total of approximately 106.8 million MWh of clean, renewable electricity since 2006.</p> <p>We invested more than R\$ 472 million in Technology and Innovation (48% more than in 2019), including more than 100 research projects in areas such as: operation, supervisory control and protection of electric power systems, and alternative energy sources.</p> <p>As part of our new business development efforts, the Eletrobras Group completed feasibility studies for approximately 17.17 GW in new installed generation capacity, inventory studies representing 3.77 GW, and basic design for approximately 0.27 GW.</p> |
| Partnership in managing government programs | 1, 2, 3, 8, 9, 12, 13, 17 | |
| Research, Development & Innovation | 8, 9 | |

SDG Target: 7.3 - By 2030, double the global rate of improvement in energy efficiency

| Value Expectation | Related SDGs | Key results in 2020 |
|---|--------------|--|
| Energy savings | 9, 13 | <p>The PROCEL Program, of which Eletrobras is responsible for execution, generated energy savings of 22 million MWh, avoiding emissions of 1.36 million tCO2 equivalent. On the education front, the <i>PROCEL Educa</i> program launched a 10-episode animated series, called "Collective Awareness", in partnership with Canal Futura. The series addresses energy efficiency in different areas and new technologies and sustainable ways to generate electricity. On the public lighting front, the <i>PROCEL Reluz</i> program will retrofit approximately 30,000 streetlights with energy-efficient LED bulbs in municipalities across Brazil.</p> |
| Quality of life | | |
| Partnership in managing government programs | | |



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG Target: 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% of gross domestic product growth per annum in the least developed countries

| Value Expectation | Related SDGs | Key results in 2020 |
|---|--------------|---|
| Returns on Invested Capital | 9, 16 | <p>In August 2020, Eletrobras announced its Strategic Plan 2020-2035, with Sustainability as a guiding principle that permeates our strategy, our business processes and the way we do business. Our purpose is to put all our energy into the sustainable development of society.</p> <p>We reject decisions which could undermine our profitability, financial discipline, corporate social and environmental sustainability, ethics and compliance standards, operational safety, or the health and safety of our direct or third-party employees.</p> |
| Dividends | | |
| Contribution to sustainable development | 9, 16 | |

SDG Target: 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

| Value Expectation | Related SDGs | Key results in 2020 |
|---------------------------------------|----------------------|---|
| Procurement predictability | 9, 12, 16 | <p>We had a supplier base of approximately 8,626 companies in 2020, and placed orders worth a total of R\$ 5,587 million—45% from local suppliers. We have set a target of conducting ESG due diligence on at least 60% of all new suppliers in 2021, and 100% in 2022.</p> |
| A more sustainable supply chain | 5, 10, 12, 16 | |
| Professional development and training | 4, 5, 10, 12, 13, 16 | |

| | | |
|--|--|---|
| | | <p>To support greater procurement efficiency and predictability, in 2020 we developed and published an Annual Procurement Plan (PAA) as in previous years, with a forecast accuracy of 72%. This demonstrates the successful creation of a culture of procurement planning within the organization, and the effectiveness of our policies to raise awareness and engage employees around meeting suppliers' expectations for predictability, one of the principles of our Value Creation Model.</p> <p>We initiated a pilot project in partnership with SEBRAE to establish a Small Business Development Program.</p> |
|--|--|---|

SDG Target: 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the Ten-Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead

| Value Expectation | Related SDGs | Key results in 2020 |
|---|---------------------------|--|
| Partnership in managing government programs | 1, 2, 3, 7, 9, 12, 13, 17 | Reduce utility water consumption by 20% in our administrative operations from a 2019 baseline. |

SDG Target: 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

| Value Expectation | Related SDGs | Key results in 2020 |
|---------------------------------------|--------------|--|
| Jobs and Income | 1, 2, 9 | <p>Eletrobras Group companies, including CEPEL and Itaipu Binacional, support a total of 13,803 direct jobs across Brazil.</p> <p>Eletrobras strives to promote diversity across the governance and management structure. Our Audit Board currently has two female members: Patricia Valente Stierli and Thaís Márcia Matano. The Board of Directors has one female member: Lucia Casasanta, who chairs the Strategy, Governance & Sustainability Committee.</p> |
| Procurement predictability | 9, 12, 16 | <p>The Executive Board has two female members: Elvira Presta and Camila Gualda. The ratio of women in management positions (36%) exceeds the ratio of women in the broader workforce at Group companies (19.01%).</p> |
| Professional development and training | 1, 2, 4 | <p>For the fifth consecutive year, we linked executive directors' variable compensation to a set of EESG targets, including targets on climate change, energy efficiency, health and safety, research and development, supplier due diligence, and gender equity.</p> |
| Promoting Diversity | 1, 5, 10 | |

SDG Target: 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

| Value Expectation | Related SDGs | Key results in 2020 |
|---|-----------------------|---|
| Jobs and Income | | <p>The Teixeira de Freitas Luthier School (Neojiba Program) provides professional luthier training to young apprentices in the municipality of Teixeira de Freitas, Bahia, Northeastern Brazil, teaching children, teenagers and other youth how to repair and maintain musical instruments. The “<i>Nutrindo o Saber</i>” project provides civic and professional training in bakery and confectionary to 135 students aged 17 and over. Our Internship and Young Apprentice programs engage around 950 participants in supervised corporate activities that give them experience and improve their employability.</p> |
| Private Social Investment | 3; 4; 1; 7; 9; 13; 15 | |
| Sponsorship of culture, sports and events | 3; 4; 9; 13 | |

SDG Target: 8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms

| Value Expectation | Related SDGs | Key results in 2020 |
|--------------------------|----------------------|--|
| Respect for human rights | 9, 10; 16 | <p>For the fifth consecutive year, we linked executive directors’ variable compensation to a set of EESG targets, including targets on climate change, energy efficiency, health and safety, research and development, supplier due diligence, and gender equity. We have set a target of conducting ESG due diligence on at least 60% of all new suppliers in 2021, and 100% in 2022, delivering on our commitment to sustainable management and respecting human rights.</p> |
| Supplier development | 4; 5; 10; 12; 13; 16 | |
| Sustainable supply chain | 5; 10; 12; 16 | <p>Eletrobras Group companies provided 340 hours of training on human rights policies and procedures, attended by 3,262 employees (24,93%).</p> |

SDG Target: 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

| Value Expectation | Related SDGs | Key results in 2020 |
|--------------------------|----------------------|--|
| Quality of Life | 3 | <p>For the fifth consecutive year, we linked executive directors' variable compensation to a set of EESG targets, including targets on climate change, energy efficiency, health and safety, research and development, supplier due diligence, and gender equity.</p> |
| Health and safety | 3 | <p>We considerably reduced our injury rates in 2020 compared to 2019, largely due to the COVID-19 pandemic and the resulting reduction in on-site activities. Our lost-time injury frequency rate fell from 2.35 to 1.14 and the severity rate from 254 to 14 for direct employees. We recorded no fatalities from occupational injuries involving direct employees.</p> |
| Supplier development | 4, 5, 10, 12, 13, 16 | <p>During the pandemic in 2020, we administered 76,820 COVID-19 tests to direct and third-party employees, safeguarding people and our operations at Group companies.</p> |
| Sustainable supply chain | 5, 10, 12, 16 | <p>Through the "Saving Lives" campaign in partnership with BNDES, we donated R\$ 24 million toward purchasing supplies and PPE for front-line health professionals at 109 National Healthcare System hospitals in 102 municipalities across 24 states and the Federal District.</p> |

9 INDÚSTRIA, INOVAÇÃO E INFRAESTRUTURA



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG Target: 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

| Value Expectation | Related SDGs | Key results in 2020 |
|---|--|---|
| Conservation of Biodiversity | 13, 15 | <p>We have prioritized SDG 15 in our long-term strategic plan, and established a set of targets related to biodiversity conservation: inclusion of IUCN Red List species and national conservation list species in our biodiversity programs; higher investment in biodiversity management projects; and increasing biomass carbon stocks.</p> <p>Eletrobras has contributed to making Brazil's energy mix one of the cleanest in the world. We have a market share of 29% in the generation segment, at 50,648MW of installed capacity, and 43,54% in the transmission segment, with 70,091,89 km of transmission lines. In 2020 we produced a total output of 195,183 GWh, of which 97% was clean energy.</p> <p>In 2020, projects within the Alternative Source Incentive Program (PROINFA) generated 9.1 million MWh, for a total of approximately 106.8 million MWh of clean, renewable electricity generated from February 2006 to year-end 2020.</p> <p>We invested R\$ 3,122 million in generation, transmission, infrastructure and environmental projects. Eletrobras has contributed to making Brazil's energy mix one of the cleanest in the world. We have a market share of 29% in the generation segment, at 50,648MW of installed capacity, and 43,54% in the transmission segment, with 70,091.89 km of transmission lines. In 2020 we produced a total output of 195,183 GWh (5.5% more than in 2019), of which 97% was clean energy.</p> <p>Eletrobras Furnas certified two projects to trade in renewable energy certificates. The Fortim wind farm cluster (123 MW) in Ceará, and the Itumbiara Dam (2,082 MW) in Minas Gerais and the Serra da Mesa Dam in Goiás, were the first to become eligible to issue Renewable Energy Certificates (I-REC) under the International REC Standard, issued in Brazil by Instituto Totum. The plants were approved by the I-REC Standard Foundation, an international organization that provides a robust environmental attribute tracking standard for use around the world.</p> |
| Improvements to national infrastructure | 7, 11, 13 | |
| Access to electricity for all, with a reduced risk for social and environmental impacts | 7, 9, 13 | |
| Community relocation | 1, 3, 11 | |
| Participation in Structuring Projects | 7 | |
| Operational safety and reliability (Energy Security) | 7, 11 | |
| Contribution to sustainable development | 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17 | |
| Affordable electricity | | |
| Fairly priced (sustainable) contracts | 7 | |
| Returns on Invested Capital | 8, 16 | |
| Reliable revenues | 7, 13 | |

For the third consecutive year, we expanded the availability of our nuclear power plants and the efficiency of our natural gas power plants, and continued to reduce transmission losses.

As part of our new business development efforts, the Eletrobras Group completed feasibility studies for approximately 17.17 GW in new installed generation capacity, inventory studies representing 3.77 GW, and basic design for approximately 0.27 GW.

Eletrobras Group companies developed generation projects that added 277 MW in new installed capacity, and brought 26 new large-scale transmission projects online, adding 150 km of new transmission lines to the National Grid.

SDG Target: 9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

| Value Expectation | Related SDGs | Key results in 2020 |
|------------------------------|--------------|---|
| Conservation of Biodiversity | 13, 15 | <p>Eletrobras Group companies, including CEPEL and Itaipu Binacional, support a total of 13,803 direct jobs across Brazil.</p> <p>We had a supplier base of approximately 8,575 companies with active contracts in 2020, and placed orders worth a total of R\$ 5,587 million—45.09% from local suppliers. We have set a target of conducting ESG due diligence on at least 60% of all new suppliers in 2021, and 100% in 2022.</p> |
| Jobs and Income | 8, 10 | |
| Procurement Predictability | 8, 12, 16 | |
| Respect for human rights | 8, 9, 10, 16 | |

SDG Target: 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

| Value Expectation | Related SDGs | Key results in 2020 |
|---|---------------------------|---|
| Improvements to national infrastructure | 7, 11, 13 | <p>Reduce utility water consumption by 20% in our administrative operations from a 2019 baseline.</p> <p>The PROCEL Program, of which Eletrobras is responsible for execution, generated energy savings of 22,02 million MWh, avoiding emissions of 1.36 million tCO2 equivalent. On the education front, the <i>PROCEL Educa</i> program launched a 10-episode animated series, called “Collective Awareness”, in partnership with Canal Futura. The series addresses energy efficiency in different areas and new technologies and sustainable ways to generate electricity. On the public lighting front, the <i>PROCEL Reluz</i> program will retrofit approximately 30,000 streetlights with energy-efficient LED bulbs in municipalities across Brazil.</p> |
| Private Social Investment | 3, 4, 1, 7, 8, 13, 15 | |
| Partnership in Managing Government Programs | 1, 2, 3, 7, 8, 12, 13, 17 | |
| Access to electricity for all, with a reduced risk for social and environmental impacts | 7, 8, 13 | |
| Energy Savings | | |

SDG Target: 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million people and public and private research and development spending

| Value Expectation | Related SDGs | Key results in 2020 |
|------------------------------------|-----------------------|--|
| Research, Development & Innovation | 7, 8 | <p>We have prioritized SDG 15 in our long-term strategic plan, and established a set of targets related to biodiversity conservation: inclusion of IUCN Red List species and national conservation list species in our biodiversity programs; higher investment in biodiversity management projects; and increasing biomass carbon stocks.</p> <p>We launched the Center for the Fourth Industrial Revolution (C4IR) Brazil as a founding member. C4IR is the first center of its kind in Brazil and will be focused on artificial intelligence, machine learning, the Internet of Things, urban transformation and data policy.</p> <p>We invested more than R\$ 472 million in Research, Technology and Innovation (48% more than in 2019), including more than 100 research projects in areas such as: operation, supervisory control and protection of electric power systems, and alternative energy sources.</p> |
| Private Social Investment | 3, 4, 1, 7, 8, 13, 15 | |
| Conservation of Biodiversity | 13, 15 | |



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG Target: 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

| Value Expectation | Related SDGs | Key results in 2020 |
|--|---|---|
| Operational safety and reliability (Energy Security) | 7, 9 | We invested a total of R\$ 3,122 million in 2020, including R\$ 1,802 million in generation projects, R\$ 1,051 million in transmission projects, and R\$ 269 million in infrastructure and environmental projects. |
| Access to electricity for all, with a reduced risk for social and environmental impacts | 7, 9 | |
| Contribution to sustainable development | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17 | For the third consecutive year, we expanded the availability of our nuclear power plants and the efficiency of our natural gas power plants, and continued to reduce transmission losses. |
| A Stronger Brand and Reputation | 12, 16 | <p>Eletrobras Furnas ran a public-utility campaign on forest fire prevention. The campaign was aired in 42 municipalities in the states of Goiás, Tocantins and the Federal District, alerting viewers to the risks and potential impacts from forest fires, including major power outages.</p> <p>With support from Eletrobras Chesf, a task force led by the Bahia State Civil Defense Department developed a Contingency Plan for the municipality of Paulo Afonso (BA), addressing several risk and disaster scenarios.</p> |

SDG Target: 13.2 Integrate climate change measures into national policies, strategies and planning

| Value Expectation | Related SDGs | Key results in 2020 |
|---|--------------------------|---|
| Access to electricity for all, with a reduced risk for social and environmental impacts | 7, 9 | <p>Eletrobras has implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a recognized authority on climate-related financial disclosures.</p> <p>Risk appetite: we reject decisions which could undermine our profitability, financial discipline, corporate social and environmental sustainability, ethics and compliance standards, operational safety, or the health and safety of our direct or outsourced employees.</p> <p>Eletrobras has been named to the Brazilian stock exchange's (B3) 2021 Corporate Sustainability Index (ISE B3) and Carbon Efficient Index (ICO2 B3). We received an A- rating for our 2020 CDP questionnaire in the Climate Change and Water Security dimensions. The A- score denotes leadership in industry best practices in these areas.</p> |
| Partnership in Managing Government Programs | 1, 2, 3, 7, 8, 9, 12, 17 | |
| Energy savings | 7, 9 | |

SDG Target: 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

| Value Expectation | Related SDGs | Key results in 2020 |
|---|------------------------------|---|
| Private Social Investment | 4 | <p>Private Social Investment Policy: R\$ 886.1 million in initiatives supporting communities we interact with.</p> <p>We held a virtual edition of our National Supplier Meeting, with more than 300 suppliers attending webinars on subjects such as human rights, health and safety, integrity and sustainability.</p> <p>We reduced our scope 1 and 2 greenhouse gas emissions by 20.7% from 2019, and undertook a commitment to offset 100% of the holding company's GHG emissions in 2021.</p> |
| Sponsorship of culture, sports and events | 3, 4, 8, 9 | |
| Partnership in Managing Government Programs | 1, 2, 3, 7, 8, 9, 12, 13, 17 | |
| Supplier development | 4, 16 | |



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

SDG Target: 16.1 Significantly reduce all forms of violence and related death rates everywhere

| Value Expectation | Related SDGs | Key results in 2020 |
|--------------------------|---------------------|--|
| Respect for human rights | 8 | We joined Childhood Brazil's <i>Na Mão Certa</i> initiative, which works to combat sexual exploitation of children in Brazil. |
| Supplier development | 4, 5, 8, 10, 12, 13 | We held a virtual edition of our National Supplier Meeting, with more than 300 suppliers attending webinars on subjects such as human rights, health and safety, integrity and sustainability. |

SDG Target: 16.5 Substantially reduce corruption and bribery in all their forms

| Value Expectation | Related SDGs | Key results in 2020 |
|---|---------------------|---|
| Integrity (ethical, lawful and transparent conduct) | 4, 5, 8, 10, 12, 13 | 99.57% of our critical suppliers underwent assessments for corruption risk, and 98.15% of our commercial partners (SPEs) were informed about Eletrobras's anti-corruption policies and procedures. These initiatives are conducted within our Integrity Program. |
| Professional development and training | 4, 8 | |
| Supplier development | 4, 5, 8, 10, 12, 13 | We stated our risk appetite: we reject decisions which could undermine our profitability, financial discipline, corporate social and environmental sustainability, ethics and compliance standards, operational safety, or the health and safety of our direct or outsourced employees. |
| Sustainable supply chain | 4, 5, 8, 10, 12, 13 | We took steps to implement the Brazilian General Data Protection Act (LGPD) in our operations. |

SDG Target: 16.6 Develop effective, accountable and transparent institutions at all levels

| Value Expectation | Related SDGs | Key results in 2020 |
|---|--|--|
| Partnership in Managing Government Programs | 7, 9, 12 | Our shareholder base grew by approximately 174%, ending 2020 with a total of 139,800 shareholders. |
| Supplier development | 4, 5, 8, 10, 12, 13 | Eletrobras is among the top 100 companies with the strongest reputations in Brazil. We ranked 80 th in the 2020 Corporate Reputation Monitor (MERCOS) list, climbing 14 positions from 2019. |
| A Stronger Brand and Reputation | 4, 5, 8, 10, 12, 13 | Eletrobras Group performed well in customer assessments, with 88.83% overall satisfaction with our services, higher than our target satisfaction rating. |
| A more sustainable supply chain | 8, 9, 12 | We received a number of accolades from the market for sustainable practices. We were named to the B3 Corporate Sustainability Index (ISE B3) for our 13 th year. In a sustainability assessment in the year by S&P Global, which developed the Dow Jones Sustainability Index, we received the maximum score for 7 out of the 27 assessment criteria in the year. Our A- score for Water Security and Climate Change From the Carbon Disclosure Project (CDP) denotes leadership in these areas. In an assessment by Vigeo Eiris, we ranked 1 st out of a total of 53 companies in the Electric and Gas Utilities segment in emerging markets, and 40 th out of the total universe of 4,893 green bond issuers. Vigeo Eiris also assessed Eletrobras Group companies' commitment to SDGs 7 and 13 within the 2030 Agenda. We received a Bronze Class distinction in the Sustainability Yearbook 2021, an annual publication listing the world's most sustainable companies. The yearbook is published by Standard&Poor's, the developers of the Dow Jones Sustainability Indices. |
| Procurement predictability | 8, 9, 13 | We perfected our Annual Report to increase transparency and alignment with international sustainability reporting frameworks such as SASB and TCFD, in addition to the GRI Standards, the IIRC framework and 2030 Agenda. To improve the findability of our sustainability information, we launched EESG Journey, providing an integrated overview of our Economic, Environmental, Social and Governance performance. We implemented a structure of four pillars—Prosperity, Planet, People and Governance—broken down into 12 key drivers, based on a framework launched by the World Economic Forum in September 2020. |
| Returns on Invested Capital | A Stronger Brand and Reputation | |
| Private Social Investment | Ethical, transparent and equitable relationships | |

SDG Target: 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels

| Value Expectation | Related SDGs | Key results in 2020 |
|--|--|--|
| Contribution to sustainable development | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 17 | <p>In August 2020, Eletrobras announced its Strategic Plan 2020-2035, with Sustainability as a guiding principle that permeates our strategy, our business processes and the way we do business. Our purpose is to put all our energy into the sustainable development of society.</p> <p>Eletrobras has developed projects in 12 Kayapó communities along the Middle Xingu River, in southern Pará, benefiting around 1,500 people.</p> |
| Participatory dialog | 11 | |

SDG Target: 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements

| Value Expectation | Related SDGs | Key results in 2020 |
|---|------------------------------|--|
| Ethical, transparent and equitable relationships | 1, 2, 3, 7, 8, 9, 12, 13, 17 | <p>We launched EESG Journey, providing an integrated overview of our Economic, Environmental, Social and Governance (EESG) performance. We implemented a structure of four pillars—Prosperity, Planet, People and Governance—broken down into 12 key drivers, based on a framework launched by the World Economic Forum in September 2020.</p> |
| Partnership in managing government programs | | <p>Our Ombudsman’s Office received 3,955 reports on concerns in 2020, of which 96% were resolved in the year. A total of 644 requests for information were received. Average response time was 6.55 days, and only 9 cases were still pending at 12/31/2020.</p> |

APPENDIX II – TARGETS UNDER PDNG 2021-2025

| Indicator | Unit | Historical | | | Targets | | Status in 2020 | Targets for 2021 / Ongoing initiatives |
|--|---|------------|--------|---------|---------|----------------|--|---|
| | | 2018 | 2019 | 2020 | 2020 | 2021 | | |
| Relative Generation Availability (DISPGR) | Rate | 0,995 | 1,060 | 1,064 | 1,000 | 1,000 | Target met | Preventive action to meet the generation availability requirements established by the regulator. |
| Transmission Line Operational Availability (DISPOLT) | % | 99,90% | 99,95% | 99,94%* | 99,82% | 99,88% | Target met | Preventive maintenance to improve efficiency in the transmission business. The targets for transmission performance take account of the aging of our transmission assets, many of which exceed 30 years in service, which directly affects the frequency and duration of scheduled maintenance outages. |
| Global Indicator (Generation + Trading) | Rate | 1.04 | 1.01 | 0.99 | 1.00 | 1.00 | Target partially met***. | A project is underway to make electricity trading management more effective by improving transparency, integration and workflows across Group companies. |
| Employee Satisfaction** | Rate | 74.18 | 74.20 | 77.96 | 73.13 | 74.70 | Target met | Sustainability 4.0 Program and Human Capital Enhancement Project. |
| Lost-Time Injury Frequency Rate | No. of injuries per million hours of exposure to risk | NA | NA | 1.14 | 2.48 | Under revision | A comparison could not be made against the target for 2020 as it included third-party employees, whereas reported results for 2020 were for direct employees only. | Occupational Health & Safety Program, with initiatives to prevent occupational illnesses and injuries at Group companies, including employees and contractors. |

* To unify our reported figures, in 2020 we reported Operational Availability rather than Overall Availability. The figures for 2018 and 2019 have accordingly been adjusted to refer to Operational Availability.

** The most recent previous survey was in 2018, and its results are therefore reported for 2018 and 2019.

*** Where figures in 2020 are within 5% of the target for the year, the target is deemed to have been partially met.

| Indicator | Unit | Historical | | | Targets | | Status in 2020 | Targets for 2021 / Ongoing initiatives |
|--|--------|------------|--------|--------|---------|----------------|--|--|
| | | 2018 | 2019 | 2020 | 2020 | 2021 | | |
| GHG emissions from Eletrobras-owned thermal power plants per unit of net electricity generated (tCO2e/MWh) | % | 0.67 | 0.62 | 0.60 | 1.00 | NA | Target not met | Sustainability 4.0 Program and Energy Transition Project |
| GHG emissions from fossil fuel combustion by vehicle fleets | tCO2e | 12,141 | 11,374 | 8,835 | 11,340 | NA | Target met | Sustainability 4.0 Program and Energy Transition Project |
| Transformer Operational Availability (DISPOTR) | % | 99.66% | 99.77% | 99.68% | 99.34% | 99.69% | Target met | Preventive maintenance to improve efficiency in the transmission business. |
| Due diligence on suppliers exposed to fraud and corruption risks | % | 94.0% | 94.63% | 99,57% | 100% | 100% | Target partially met*. | Continued development of the Eletrobras Group Integrity Program |
| Employees trained on Integrity Program (Compliance) policies and procedures | % | 96.0% | 88.40% | 97.05% | 100% | 98% | Online training facilitated by Compliance teams was attended by 97.1% of employees Group-wide. | Continued development of the Eletrobras Group Integrity Program |
| Injury severity rate (direct employees) | Number | NA | NA | 13.78 | 213 | Under revision | A comparison could not be made against the target for 2020 as it used different calculation methods. | Occupational Health & Safety Program, with initiatives to prevent occupational illnesses and injuries at Group companies, including contractors. |
| Number of fatalities (direct employees) | Number | NA | NA | 0 | 0 | 0 | Target met | Occupational Health & Safety Program, with initiatives to prevent occupational illnesses and injuries at Group companies, including contractors. |
| Management positions held by women | % | 21.1% | 22.26% | 36% | 21.0% | 21.0% | Target met | Continue the Eletrobras Gender Equity Program. Maintain our commitment to gender equity, respect for human rights and UN Women's Empowerment Principles. |
| Reduce utility-supplied electricity consumption in administrative activities (MWh) | % | 3.4% | 6.61% | 49.95% | 0.2% | 0.2% | Target met, largely due to the COVID-19 pandemic and the resulting reduction in on-site activities. | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project. |
| Reduction of fossil fuel combustion by land-vehicle fleets (Gj) | % | 1.1% | 6.4% | 22.35 | 0.2% | 0.2% | Target met, largely due to the Covid-19 pandemic and the resulting reduction in on-site activities. | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project. |

*Where figures in 2020 are within 5% of the target for the year, the target is deemed to have been partially met.

| | | | | | | | | |
|--|--------------------|--------|--------|--------|---|---|---|---|
| Reduction of utility water consumption in administrative activities | % | -0.4% | 13% | 20% | 0.3% | 0.3% | Target met, largely due to the COVID-19 pandemic and the resulting reduction in on-site activities. | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project. |
| Tier 1 suppliers encouraged to adopt practices that promote diversity | % | 83.40% | 100% | 97.64% | 80% | NA | Target met | |
| Share of clean energy sources (solar, wind, hydro, nuclear) in our energy mix | % | 95.2% | 95.7% | 97% | 95% | >96% | Target met | Continued contribution to the expansion of Brazil's clean and/or renewable installed capacity. Adjustments to the G&T portfolio development process (PDNG20-24) |
| Expand the sources included in Scope 3 GHG emissions | Scope | 5 | 5 | 5 | Add 2 news sources to the GHG emissions inventory by 2023 | Add 2 news sources to the GHG emissions inventory by 2023 | In 2020 we maintained the same sources of greenhouse gas emissions within Scope 3. | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project; Energy Transition Project |
| Total NOx Emissions | (t/year) | 4,645 | 8769 | 7,411 | 24,821 | 24,821 | Target met | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project; Energy Transition Project |
| Total SOx Emissions | (t/year) | 11,344 | 10,817 | 9,788 | 27,127 | 27,127 | Target met | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project; Energy Transition Project |
| Total PM Emissions | (t/year) | 908 | 425 | 342 | 4,229 | 4,229 | Target met | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project; Energy Transition Project |
| Fugitive SF6 emissions | (tCO2e) | 32,576 | 34,941 | 45,320 | 157,371 | 157,371 | Target met | Sustainability Program 4.0; Climate Change Mitigation and Environmental Protection Project; Energy Transition Project |
| Energy Savings through PROCEL Initiatives | Billion kWh/year | NA | 21.6 | 22.0 | 27.7 | 23.8 | Target not met | Eletrobras has invested in initiatives within the PROCEL program to reduce waste and improve energy efficiency. By improving the energy efficiency of products and services, the program helps to postpone the need for capacity expansion and the resulting environmental impacts. This indicator therefore is a measure of our support for SDG 7, Target 7.3, and is the primary indicator used to measure the performance of Brazil's National Energy Conservation Program (PROCEL). |
| Hours of Training / Number of Employees | Hours | NA | ND | 44.08 | 50 | NA | Target not met | Sustainability Program 4.0; Human Capital Enhancement Project; Corporate University (UNISE) restructuring |
| GHG Emissions | tCO ₂ e | NA | 1,004 | 414.48 | NA | 0 | New indicator (created under PDNG 21-25) | Sustainability 4.0 Program / Energy Efficiency Project / PROCEL energy efficiency initiatives |
| Employees trained on human rights | % | NA | 26,63% | 24.93% | NA | 50% | New indicator (created under PDNG 21-25). | Sustainability Program 4.0; stakeholder engagement in the value chain to raise awareness about human rights |

Credits

Eletrobras – Centrais Elétricas Brasileiras S.A. provides several channels for communication with stakeholders.

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Website: www.eletrobras.com

Facebook: www.facebook.com/Eletrobras

YouTube: www.youtube.com/user/SistemaEletrobras

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If you have any questions about technical terms used in this report, please refer to the Eletrobras Power Sector Glossary at:

Eletrobras>Agência Eletrobras de Notícias>Comunicação Institucional

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This Annual Report has been prepared as a collaborative effort by teams across the Eletrobras Group.

We wish to thank all collaborators for their participation and dedication.

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