Eletrobras
Annual Report 2020

EXECUTIVE SUMMARY

Eletrobras

The Eletrobras Group at a Glance

WORKFORCE:
13,803 employees
a workforce reduction of 4%

GENERATION:
50,648 MW
of installed capacity and **195,183 GWh** generated in the year, up **5.5%** on 2019, with **108 plants** in operation

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

RESULTS OF OPERATIONS:

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%

Eletrobras Group's materiality exercise for the 2020 AR

- **Reviewed the Materiality Matrix of 2019;**
- **Approved the 13 current topics and added 3 additional topics in 2020:**
  - Health, Safety & Well-being
  - Supplier Relations and
  - Community Relations.

16 material topics selected:

1. Research and development + Innovation
2. Water
3. Financial Results
4. Anti-corruption and Ethics Management
5. Energy Transition
6. People Management and Development
7. Climate Change
8. Corporate Governance
9. Health, Safety and Well-being
10. Risk and Crisis Management
11. Cybersecurity and Digital Transformation
12. Human Rights
13. Power Supply
14. Supplier Relations
15. Community Relations
16. Embedding social and environmental issues in decision-making

THE ELETROBRAS 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

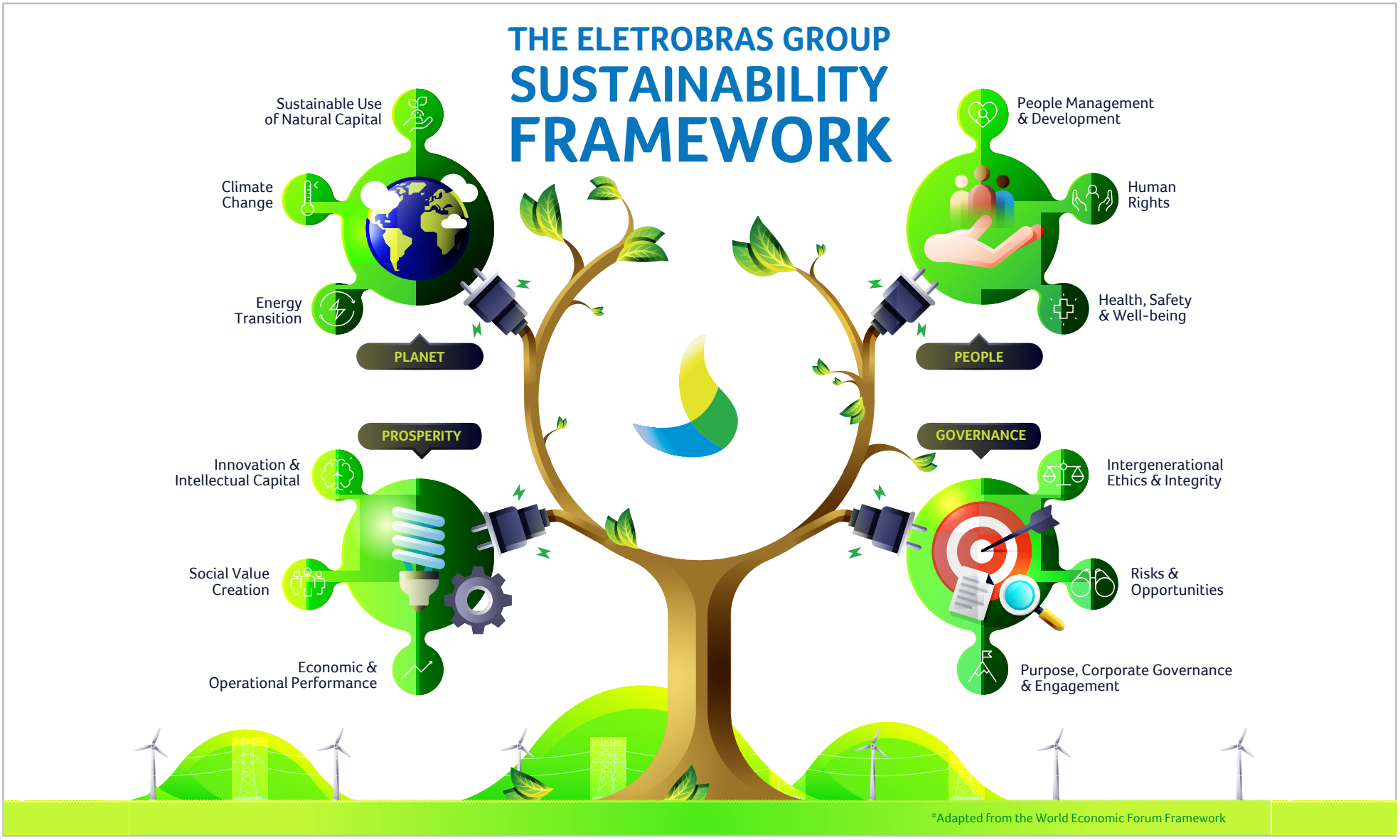
Indigenous communities

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

***Quilombola* communities**

- 200 grocery kits

As of: 12/31/2020



A report integrated with our EESG Journey and the Eletrobras Sustainability Framework

- The Eletrobras Group Annual Report 2020 has been structured in line with our EESG Journey and Sustainability Framework, which we developed in December 2020 using the World Economic Forum's (WEF) proposed core metrics and disclosures (published 9/22/2020);
- The 16 material topics have been divided into the following 4 pillars: Governance, Planet, People and Prosperity;
- We reported 129 GRI disclosures.

Sustainability embedded in Business Strategy

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

*G&T: Generation & Transmission

Eletrobras Group Highlights in 2020

Governance

- 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;
- For the 5th consecutive year , we linked senior management's variable compensation to a set of ESG targets, including targets on climate change, energy efficiency, health and safety, R&D, supplier due diligence, and gender equity
- We completed a corporate reorganization of subsidiaries Eletrosul and CGTEE, creating a new company, Companhia de Geração e Transmissão de Energia Elétrica do Sul do Brasil (CGT Eletrosul).

People

- We continued to implement a Cultural Transformation program that aims to build a high-performance, meritocratic corporate environment across Eletrobras Group companies.
- We implemented an Occupational Health & Safety Program across the Eletrobras Group, with support from DuPont, as part of an effort to implement an Occupational Health & Safety System Group-wide;
- Group Private Social Investment was a total of R$ 886.1 million, including volunteering initiatives in support of the communities where we operate, donations for the pandemic response and other social initiatives.

Planet

- We committed to offset 100% of our holding company's greenhouse gas (GHG) emissions from 2021;
- Eletrobras received a Second Party Opinion (SPO) to issue green bonds to finance wind and solar farm projects.
- SDG 15 – Life on Land was prioritized by Group companies and biodiversity indicators and targets were set in our PDNG. These targets aim to enhance efforts to preserve and restore biodiversity in the regions where we operate

Prosperity

- We optimized the number of SPEs held by Eletrobras, generating proceeds of approximately R$ 900 million;
- We invested more than R$ 472 million in Technology & Innovation across more than 100 research projects in areas such as: operation, supervisory, control and protection of electric power systems, and alternative energy sources.
- We paid dividends of R$ 2.6 billion in 2020 and interim dividends of R$ 2.3 billion in January 2021.

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

MAIN INPUTS

- Equipment and facilities
- Stakeholders
- Manufactured capital
- Financial resources
- Financial capital
- Social capital
- Research and knowledge
- Natural resources
- Intellectual capital
- Workforce
- Human capital
- Natural capital

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

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

VALUE CREATION ASPIRATIONS

- Supplier development SDG 4, 5, 8, 10, 12, 13, 16
- Revenue reliability SDG 7, 9
- Conservation of biodiversity SDG 9, 13, 15
- Energy savings SDG 7, 13
- Fairly priced (sustainable) contracts SDG 7, 9
- Contribution to sustainable development SDG 1 to 17
- Professional development and training SDG 4, 8
- Participatory dialog SDG 11, 16
- Access to electricity for all, with a reduced risk for social and environmental impacts SDG 1 to 3, 7, 9, 10, 13 to 15
- Dividends SDG 8
- A more sustainable supply chain SDG 5, 8, 10, 12, 16
- Respect for human rights SDG 8, 9, 10, 16
- Jobs and income SDG 1 to 3, 8, 9, 10, 12
- Integrity (ethical, lawful and transparent conduct) SDG 16
- Private social investment SDG 1, 3, 4, 7 to 9, 13, 15
- Improvements to national infrastructure SDG 7, 9, 11
- Better living conditions in affected communities SDG 1, 3, 9, 11, 16
- Affordable electricity SDG 3, 7 to 9
- Partnership in managing government programs SDG 1 to 3, 7 to 9, 12, 13, 17
- Participation in structuring projects SDG 7, 9
- Research, development and innovation SDG 7 to 9
- Contract predictability SDG 8, 12, 16
- Sponsorship of culture, sports and events SDG 3, 4, 8, 9, 13
- Greater diversity SDG 5, 8, 10, 12, 16

STAKEHOLDERS

- Partners, sponsors and suppliers
- Media and opinion makers
- Society
- Governments, congress and regulators
- Customers
- Communities
- Employees and their families
- Investors, shareholders and market analysts

Material risks

PEOPLE	PLANET	GOVERNANCE
Human Rights	Climate change	Compliance
Project social and environmental management		Regulatory developments in the power sector
PROSPERITY		
Hydropower Dam safety	Nuclear power O&M risk in Generation	Transmission O&M risk in Transmission

SUSTAINABILITY **4.0** Program

Eletrobras and the 2030 Agenda

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 reviewed our performance in this report are SDG 7, SDG 8, SDG 9, SDG 13 and SDG 16.

In 2020 we prioritized another four SDGs: SDG 10, SDG 11, SDG 12 and SDG 15.

2020 Annual Report Features

- Independently assured by PwC
- Reviewed by the GRI Materiality Disclosure Service
- Developed in accordance with the IIRC Framework and GRI Standards, and in alignment with the SASB, TCFD and other frameworks
- Provides information supplementing the Management Report, within the integrated reporting concept
- Communicates the Eletrobras Group's contribution to the 2030 Agenda
- Reports on impacts from Group operations on stakeholders
- Supervised by the Strategy, Governance & Sustainability Committee and approved by the Board of Directors
- Published in digital format in two languages.

* The information in the Executive Summary is presented in complete form in our Annual Report 2020, including footnotes and supplementary information, where necessary.

Our voluntary commitments:

Social

- "Carta Aberta Empresas pelos Direitos Humanos" (Business for 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)
- Business Dialog with Indigenous Peoples Initiative

Environmental

- Brazilian Business Commitment for 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)
- Open Letter: Private Sector supports carbon pricing in Brazil (CEBDS)
- 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

Credits

General Coordination
Eletrobras Chief Corporate Management & Sustainability Officer

Editorial Group
Eletrobras Communications & Investor Relations and Grupo Report

Disclosures & Report Assurance Group
Eletrobras Group Sustainability Committee

Data Management & Collection
IGS System - CEPEL

Writing, Editing, GRI Consulting and Design
grupo report - rpt.sustentabilidade

Translation into English
América Latina Traduções
Ivan van Rheenen

Contact us via our communications channels: *www.eletrobras.com*

Channel for communications relating to this Report, Sustainability and ESG:
sustentabilidade@eletrobras.com

Learn More

Download the full version of the 2020 Eletrobras Annual Report *here*

Eletrobras

MINISTÉRIO DE
MINAS E ENERGIA

PÁTRIA AMADA BRASIL
GOVERNO FEDERAL