

# Statutory Auditor Contracting and Relations Policy

Updated July 15, 2021

The Audit Committee (the “Committee”) of NEOENERGIA S.A. (“**Company**”) approves this *Policy for Contracting and Relationship with the Independent Auditor* (“**Policy**”).

## **Purpose**

The purpose of this Policy is to ensure that the role of Independent Auditor of the Company and its subsidiaries with its dependent companies lies with an independent company that gathers the technical expertise required to perform its work on an effective and responsible basis and in compliance with the provisions of the applicable rules.

Particularly, it regulates the selection, appointment, re-election and, in any case, the separation of the Independent Auditor, as well as the conditions defined for the relationship with such Auditor.

## **1.Scope**

This Policy applies to the Company.

Within the limits established by law, it is applicable to the companies that consolidate the Neoenergia Group ("Group") and to investees over which the Company has management influence. In both cases, the principles that shall govern the selection, appointment and, if applicable, the re-election and separation of the Auditors, as well as the framework of relationships with them, shall be in compliance with the provisions of item 5 of this Policy.

For investees to which this Policy is not applicable, the Company shall promote, through its representatives on the management bodies of such companies, the alignment of their own policies with those of the Company.

## **2. Selection and appointment proposal**

### **2.1. Selection Procedure**

The Audit Committee shall establish the minimum requirements to be met by those entities that apply for the role of the Company's Independent Auditor, as well as the most appropriate selection and contracting procedure, which must be impartial, transparent, efficient and non-discriminatory and include a request for quotation for the different entities to ensure compliance with the previous requirements.

For these purposes, the Audit Committee shall approve a list of conditions for all applicants invited to the process, which shall allow them to understand the Company's activities and the characteristics and scope of the services required. The list shall contain a preliminary calendar of the process.

To protect the integrity of the selection process and the confidential information provided by the Company to the applicant companies, a corresponding confidentiality agreement shall be signed with each of them.

The bid terms and conditions shall include transparent and non-discriminatory selection criteria, which the Company shall apply objectively in evaluating the bids submitted. Such criteria shall provide for the Auditor's independence, sufficiency and adequacy of their experience, solvency and operational capacity, as well as strict compliance with any other requirement or demand established at any time by the applicable law. The Audit Committee shall establish a weighting for each of the selection criteria defined in the list of conditions, which will not be part of it.

The Audit Committee may rely on the collaboration of any department or area of the Company or of the Neoenergia Group's companies. In this sense, the department or area indicated by the Committee in the list of conditions shall include the conclusions of the selection process in a report that will be ratified by the Committee.

Applicant companies shall submit their bids to the Audit Committee and/or the departments and areas indicated by this Committee at one or more meetings convened for this purpose, at which time the Committee may formulate the questions and requests to clarifications that may be necessary.

In the selection process, the Audit Committee shall ensure, among other things, the strict compliance with the law applicable to the selection and contracting of Independent Auditors and, particularly, the equal treatment of the applicant companies.

The Audit Committee may include in the list of conditions the possibility of, at any time, declaring the request for quotation closed due to the absence of applicant companies or withdrawal of the process by the Committee.

Communications with applicant companies shall in any event be led by the Audit Committee and/or by the departments and areas designated by this Committee. Applicant companies should refrain from requesting additional information through channels other than those established in the list of conditions by the Audit Committee. Furthermore, no company of the Group shall respond to any question or request for information that is not channeled through the Audit Committee.

The Audit Committee shall not submit a proposal to the Board of Directors for appointment of an audit firm as the Company's Independent Auditor if it has evidence that such firm is affected by any circumstance of lack of independence, prohibition or disqualification pursuant to the legal provisions governing the audit of accounts. Particularly, the foregoing shall apply if the fees due from the provision of audit services and services other than audit that the Company and any other Neoenergia Group's entity expect to pay the Auditor or audit firm or a member of its network during each of the last three consecutive financial years represent more than fifteen per cent of the total annual income of the Auditor or audit firm and of said network.

The request for quotation may include the selection of the Auditor of other Group's companies, provided that this procedure is not precluded by the applicable law.

## 2.2 - Appointment Proposal

Once the bids submitted have been assessed pursuant to the selection criteria set forth in the bid terms and conditions, the Audit Committee, based on the report issued by the corresponding department or area, shall submit to the Board of Directors a report recommending two applicants to serve as the Independent Auditor of the Company and the companies consolidated into the Group, indicating the preference for one of them and providing sufficient grounds therefor. This recommendation shall be free from any third-party influence.

The Audit Committee's report shall necessarily include two aspects:

- i) the express statement that its recommendation is free from any third-party influence; and
- ii) the statement that no contractual provision has been imposed upon it whereby the election is restricted to certain categories or lists of auditors, pursuant to the terms of applicable law.

Based on the report, the Board of Directors shall decide on the appointment of one of the two applicants selected by the Audit Committee, explaining the reasons if the preference expressed by the Committee is not followed.

Once the appointment proposal has been approved, the Board of Directors shall determine that all necessary steps are taken to enter into the corresponding service agreement.

### **3. Appointment, re-election, separation and removal.**

The Board of Directors is responsible for the appointment, reelection or separation of the Auditor who will examine the Company's individual annual accounts and the consolidated accounts with the companies comprising the Neoenergia Group.

Before the expiration of the appointment of the Company's Independent Auditor, the Audit Committee shall analyze its possible re-election or, if applicable, the beginning of the selection and hiring of a new Auditor, in compliance with the provisions herein.

For this purpose, the Audit Committee will take into account the results of the annual assessment of independence and the quality of the work performed by the Company's Independent Auditor, as well as the temporary and quantitative limitations established in the applicable law.

Based on the foregoing, the Audit Committee shall submit to the Board of Directors the proposal for re-election of the Company's Independent Auditor.

In case of approval of the proposed re-election, the Board of Directors shall determine that all necessary steps are taken to enter into the corresponding service provision agreement.

The Audit Committee may only propose the removal of the Independent Auditor to the Board of Directors if so allowed by the regulations, upon the submission of a prior report justifying the reasons.

### **4. Relationship with the Independent Auditor**

The Board of Directors shall maintain an objective, professional and continuous relationship with the Company's Independent Auditor, and will at all times respect the independence thereof. This relationship shall usually flow through the Audit Committee.

The Board of Directors shall meet at least once a year with the Auditor to receive information on the work performed and on the evolution of the Company's accounting and risk situation.

The Audit Committee shall annually carry out a formal assessment of the quality of the work performed by the Independent Auditor during the year and on the level of coordination among the different audit firms of Neoenergia Group entities, if there is more than one. To this end, it shall receive regular information on the audit plan and its execution.

By its side, the Independent Auditor shall submit to the Audit Committee, as a result of its work, an annual report with its recommendations.

The Independent Auditor may carry out limited audits or reviews of the interim accounts published at intervals of less than one year, as provided for in the applicable law.

## 5. Independence

The Company's Governance and Sustainability System ensures the establishment of the required relations between the Audit Committee and the Independent Auditor so that the former receives from the latter specific information regarding matters that might entail threats to the independence thereof.

The Audit Committee shall endeavor to ensure that the Company's Independent Auditor is independent and that this is made clear in the relations between them. Thus, it must authorize, prior to formalization thereof, any agreement it intends to execute with the Auditor or with any member of its group for the provision of services other than auditing to the Company or any of its Group's companies, in order to enable an individual and global analysis of the threats to independence that may arise from these agreements. Thus, the Audit Committee shall maintain a continuous communication and coordination with the audit committees of other Neoenergia Group's companies, if any.

The Company's Audit Committee shall also be immediately informed of any contracting of services, either corporate audit or non-audit, from firms performing independent audits at the Group's companies, with a level of detail sufficient to allow it to make a global and effective analysis of the repercussions that the contracting of these services may have on independence from an individual and collective point of view.

The provision of services by the Auditor or audit firm or any member of its service network other than audits, must be previously authorized by:

- a) Committee, in all cases, both for the services they provide to the Company and to any other company in the Group;
- b) Audit committee of the Company's subsidiaries, in the event that services are provided to it or any of its branches without an audit committee in operation;
- c) Audit committee of the branch company to which the services are provided, when in operation.

In all cases, the corresponding audit committee shall indicate the effect of said hiring on the Auditor's independence.

The Committee shall maintain a continuous communication and coordination with the audit committees of the other companies, which shall inform the Committee regarding authorizations granted by them and, if applicable, by the audit committees of the branches in which the company's auditor or any member of its network provide services.

The Audit Committee shall receive annually from the Company's Independent Auditor a representation of independence from the Company or entities directly or indirectly connected thereto, as well as detailed and individualized information on the additional services (other than corporate audit), of any kind, provided to such entities by said Statutory Auditor or by persons or entities connected thereto, pursuant to the legislation governing the audit of accounts.

On an annual basis and prior to the issuance of the independent audit report, the Audit Committee shall issue a report expressing an opinion on the independence of the Auditor. This report shall contain an assessment of the potential impact of each and all the additional services other than the legal audit referred to in the previous paragraph on the Auditor's independence, considered individually and as a whole.

Furthermore, the Audit Committee shall monitor the internal procedures for assuring quality and safeguarding independence implemented by the Company's Independent Auditor.

The audit firms carrying out audits of accounts at companies of Neoenergia Group shall submit to the Audit Committee, on an annual basis, through the audit committees or the bodies at each company holding the powers thereof, information regarding the profiles and the track record of the persons that comprise the audit teams working for the Company and the Group, with specific mention of the changes in the composition of such teams compared to the immediately preceding fiscal year.

The Audit Committee shall also receive information on the hiring by any of the Group's companies of professionals coming from any of the Group's audit firms.

## 6. Transparency

The Board of Directors shall publicly disclose the fees paid by the Company to the various audit firms working for the Group, both in consideration for the audit of accounts and for services other than the audit of accounts, specifying the fees paid to the Independent Auditor and those paid to any company of the group to which the Auditor belongs or to any other company to which the Auditor is related under a relationship of joint ownership, management or control.

The Audit Committee's report of activities, which shall be submitted to the approval of the Board of Directors and shall subsequently be available to shareholders and investors, shall report on the relevant aspects of the Independent Auditor's activity in the year.

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This Policy was initially approved by the Board of Directors on July 19, 2018 and last updated at the Board of Directors' Meeting held on July 15, 2021.