

SUSTAINABILITY POLICY

OCTOBER, 2022

1. INTRODUCTION

The advantage of combining third-party resource management experience with technical and operational knowledge - characteristics of our investors and co-managers Franklin Templeton Alternatives and Servtec Energia -, added to the formation of a highly qualified team, were the foundations that made it possible for GDSUN to position itself and the exponential growth of our operating portfolio in a short period of time.

In addition to said attributes - which give us an important competitive advantage -, GDSUN reaps the benefits of another relevant characteristic, inherent to the industry where it operates: our main element - the sun - is a renewable, inexhaustible and abundant source of energy, with low environmental and social impact.

This characteristic alone puts the company in a very favorable position in the face of the challenge of effectively contributing to achieving the domestic and global goals of the Paris Agreement and the UN Sustainable Development Goals (SDGs).

We carry out our development, construction, generation and supply in solar energy plants by using the best practices combined with cutting-edge technology and always aiming at causing the least possible impact on the environment and people.

Thus, we are contributing directly - through our business - to mitigating the impacts of climate change. And that is commendable and we are proud of it.

However, for us at GDSUN, this is not enough. We need to expand our contribution to the Brazilian matrix diversification, the decarbonization process and the energy market decentralization. This does not cover all of our principles, values and commitments. The energy future and the life quality on Earth require responsible, conscious and sustainable operation and management solutions throughout the production process and throughout the value chain.

With the publication of this GDSUN Sustainability Policy, we are taking another step in the journey that aims at consolidating and improving the sustainable management and operation of our businesses.

We know the challenges. We are a new company, with a deliberately optimized structure that constantly pursues effective and efficient business management. But it is our understanding that this model is not to conflict with commitments to sustainable management. As much as for profitability and return to shareholders, we have to be careful with the territories where we are and will be, and with the organizations and communities with which we relate. Every day we are faced with the search for innovative creative solutions in the technological, environmental and social fields that the rich regional and cultural diversity imposes on us, because we are in 17 Brazilian states and dozens of Brazilian cities.

Our limits as a company are clear to us, with a new business model and operating in a market that only recently - with the approval of the industry's Legal Framework - has an environment of greater legal certainty and regulatory stability.

We have our feet on the ground and we know that, as a company, we cannot embrace everything, much less alone. That's a collective effort. Accordingly, we deem the involvement and engagement of our shareholders, employees, customers, strategic partners, suppliers, service providers and communities with which we relate something vital.

We do not aim to be the leading company in the Distributed Generation of solar energy market in Brazil at any price and at any cost. We aim to reach that level by including sustainability in our creative model of management and operation.

And we invite you to join us on this journey!

2. PURPOSES

This GDSUN Sustainability Policy aims to set the guidelines for the company's operations to be managed taking into account the highest standards of sustainability in business management, integrating economic, social, environmental and governance aspects, both in strategic management and corporate performance. This Policy expresses and reiterates our commitment to generate and share value with and for society and the environment and - simultaneously - for shareholders, employees, customers, strategic partners, suppliers, service providers and communities with which we relate.

3. APPLICABILITY

This Sustainability Policy applies to the entire GDSUN value chain, with special emphasis on our shareholders, employees, customers, strategic partners, suppliers, service providers and communities with which we relate.

4. SCOPE

This Policy covers all activities directly or indirectly carried out by GDSUN in its management and operations facilities and solar power plants, whether those in operation today or those where we will operate in the future.

5. THE POLICY

This Sustainability Policy and the commitments we set forth herein will guide our decision-making process. These are guidelines aimed at mitigating potential negative impacts and amplifying the positive impacts on the company's three pillars of sustainable operations - environmental, social and governance.

5.1 Concepts and acronyms

Social actions - this covers the several practices and concepts that address the private sector's performance in the social area, including: Private Social Investment, donations, sponsorship and contributions, made with the companies' own funds or with funds from tax incentive laws.

Diversity, inclusion and equity - this encompasses specific policies and practices to ensure a safe, inclusive and prejudice-free work environment, as well as to offer opportunities for access and growth in a professional career to minorities (of conquered rights and representativeness), meaning women, black people, indigenous peoples, disabled persons, LGBTQI+, among others. It is worth highlighting the meaning of equity, which many take only as a synonym for equality. Equity is the willingness to impartially recognize everyone's rights, which means recognizing that everyone needs attention, but not necessarily equal treatment or the same priority emphasis.

ESG - recently added to sustainability management, the English acronym standing for Environmental, Social and Governance adds Governance as an aspect of analysis in the evaluation of a company's management and performance to the three pillars of sustainability - Environmental, Social and Economic.

Distributed Generation - means an electric power generation modality characterized by the proximity of generators to final consumers. It is a decentralized generation strategy that uses small generators and opposes the traditional model of energy generation represented by hydroelectric and thermoelectric plants. In Brazil, the figure of Distributed Generation was created in 2004 and had its structure modified and regulated in 2022 by Law 14,300, known as the industry's Legal Framework. In Brazil, distributed microgenerators are any system that has a power of less than 75 kW (kilowatts). While systems above 75 kW are considered mini-generators, and have additional requirements for connection to the electrical system, but can connect to medium voltage networks. The limit of Distributed Generation in Brazil are generators (or mini-plants) of 5 mW (megawatts).

Legal Framework for Distributed Micro- and Mini-Generation - Law 14,300/22 governs the generation modalities, the Electric Power Compensation System and the Social Renewable Energy Program. The industry's Legal Framework seeks to ensure that the changes introduced are put into practice gradually, thus enforcing the vested right under the law. The Legal Framework offers greater legal certainty and regulatory stability and seeks to include the renewable energy industry in the national energy policy strategy.

Climate change shall mean long-term changes in temperature and climate patterns. Such changes can be natural or due to human activities. Burning fossil fuels generates greenhouse gas (GHG) emissions that act like a big blanket around the Earth, trapping the sun's heat and increasing temperatures. The main human activities that cause global warming and consequently climate change include the burning of fossil fuels (derived from petroleum, mineral coal and natural gas) for energy generation, industrial activities and transport.

Sustainable Development Goals (SDG) - in 2015, the UN proposed to its member countries a new sustainable development agenda for the next 15 years, the 2030 Agenda, comprising 17 SDGs, which aim to ensure human rights, to end poverty, to fight inequality and injustice, to achieve gender equality and empower women and girls, to take action on climate change, as well as to address other of the greatest challenges of our times.

Global Pact is an initiative proposed by the UN to encourage companies to adopt corporate social responsibility and sustainability policies. Such Pact intends to encourage a dialogue between the UN, companies, unions, non-governmental organizations and other partners, for the development of a more inclusive and sustainable global market.

Relations with Communities - policies and practices for engagement and relationship with communities surrounding the plants, facilities or direct and indirect operations of a company, focusing on good relations, local development and social investment in territories and communities.

Health and Safety - the obligation of companies to foster safe working conditions was reaffirmed in the 1944 Declaration of Philadelphia and again in the 2008 Declaration on Social Justice for a Fair Globalization. Such concept is translated as a system of rights, responsibilities and duties, with the principle of prevention being an essential element. The topic also involves policies, procedures and practices to ensure the safety of operations, customers and surrounding communities.

Sustainability - for the purpose of this policy, the term is based on the concept of Triple Bottom Line, formulated by the British sociologist and consultant John Elkington, and encompasses the commitment of corporate management to sustainable development and the company's performance in three pillars: environmental, social and economic-financial. This concept presupposes that an organization or business must be financially viable, socially fair and environmentally responsible.

5.2 Environmental (E)

Product life cycle and disposal - to encourage adoption by the industry and to encourage circularity and reverse logistics of products used in the operations, and to ensure the correct disposal of materials, solid waste and liquid effluents generated in all stages of the operation.

Impacts on the environment and biodiversity - to mitigate the risks of environmental impacts and biodiversity through the use and constant monitoring of best practices and the most advanced technological resources throughout GSUND's process - from development and construction to maintenance, generation and supply of solar energy, which includes the adoption of environmental compensation measures to mitigate the impacts of necessary vegetation suppression, such as adherence to the REDD+ Projects, donation of seedlings to cities and restoration of areas around the projects.

Climate change and energy efficiency - to contribute, as a clean energy production company, to the diversification of the Brazilian energy matrix and the transition to a sustainable, low-carbon economy, enhancing the achievement of decarbonization goals undertaken globally by Brazil and providing economic gains for companies and consumers that adhere to the Distributed Generation model.

Proper and rational use of water - to use and encourage the use of control and management mechanisms for the rational and efficient use of water in the operation, especially in the maintenance and cleaning of photovoltaic modules (solar panels).

5.3 Social (S) Aspects

Development of the value chain - to engage, foster development, monitor and evaluate the supply chain, introducing management requirements for sustainability issues with the aim of ensuring that suppliers adopt policies and practices that eliminate risks and foster sustainable socio-environmental development, notably the strengthening of the local economy of the territories, in line with the principles of this Sustainability Policy.

Local development and relations with communities - to contribute to improving the life quality and sustainable development of the territories where we operate, through honest and transparent dialogue and genuine and horizontal dialogue with the communities surrounding our solar power plants and/or enterprises to be developed.

Professional development - to foster human and professional development through the qualification of people and teams (team building), aiming at greater productivity and greater employee satisfaction.

Human Rights - to respect, prevent and mitigate violations of human rights, notably through practices and mechanisms aligned with the UN Guiding Principles on Business and Human Rights and, notably, through practices and mechanisms to foster diversity and social inclusion; the fight against child, slave or slave-like labor; the sexual exploitation of children and adolescents and the exploitation of prostitution; any type of discrimination on the basis of race, creed, color, gender, religion, or union membership.

Diversity, inclusion and equity - to set, foster and disseminate policies and practices that value diversity, inclusion and equity in the work environment and that favor a good organizational climate, with special emphasis on professionals from social minorities (in terms of conquered rights and representativeness).

Occupational Health and Safety - to ensure physical and psychological integrity of employees (direct and third parties), acting in accordance with the laws and standards of occupational health and safety, and contributing to the prevention of injuries and illnesses, through awareness and identification, monitoring and control of hazards and risks in our processes, equipment and work environments.

Transparency and dialogue - to foster continuous improvements in management through structured dialogue, active listening and clear and transparent communication with stakeholders, including in crisis and/or conflict situations.

5.4 Economic aspects and Governance (G)

Economic-financial management - to value excellence in the company's economic and financial management in order to ensure results in the short, medium and long term and the generation of value for shareholders, considering that the environmental and social impacts are as relevant as the operating and financial results.

Corporate Governance and Anti-Corruption Policy - to adopt the best corporate governance practices as a reference to ensure transparency and conformity of decisions, promotion of fair competition and actions to prevent and fight different forms of corruption, oriented by the guidelines and rules of the Anti-Corruption Policy and the Code of Conduct, which are applicable to all GDSUN stakeholders, whether public or private.

Operations safety and integrity - to constantly improve policies and practices to ensure the safety of operations and prevent accidents and incidents and ensure safe environments for everyone involved in all stages of the GDSUN operating process (development, construction, maintenance, generation and supply of solar energy).

6. REFERENCE DOCUMENTS

- Global Reporting Initiative (GRI)
- Solar Sustainability - Best Practices Benchmark (SolarPower Europe)
- Sustainability Accounting Standards Board (SASB)
- GDSun Code of Conduct
- GDSun Anti-Corruption Policy
- GDSun official website

7. MAIN ROLES AND RESPONSIBILITIES

Responsibility and compliance - it is incumbent upon all professionals who maintain ties with GDSUN (directors, president, vice-presidents, officers and employees - both direct and third parties) to ensure, comply with and enforce compliance with the principles and guidelines set forth in this Sustainability Policy, in all activities and operations of the company.

Monitoring and updating - it is incumbent upon the Board of Executive Officers to monitor adherence to and compliance with this Policy, standing responsible for its periodic updating and, through the establishment of processes, procedures and/or rules, encourage its implementation, acting directly for such purpose or in partnership with other GDSUN management and operation areas.

Appraisal and Approval by the Board of Directors - this Policy must be approved and reviewed every 12 months by the Board of Directors and controlling shareholders.