Eletrobras

SUSTAINABILITY POLICY OF ELETROBRAS COMPANIES

Version 2.0
11/28/2019

Sustainability Policy of Eletrobras Companies

Issued by

Management and Sustainability Department

Target Audience

All employees, managers, leaders and directors of Eletrobras Companies.

Approval

Resolution no. 234/2019, of November 28, 2019, by Eletrobras' Board of Directors.

Archive

All policies of Eletrobras Companies can be found at:
https://eletrobras.com/pt/Paginas/Estatuto-Politicas-e-Manuais.aspx

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Deadline for review: 5 years

Record of Editions

Version	Approval	Main changes
2	11/28/2019	Broadening of scope, with the inclusion of item "References" and revision of the content of items "Purpose", "Guidelines", "Responsibilities", "Definition of Terms", and "General
1	09/29/2010	Not applicable.

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Introduction

We, from Eletrobras companies, are committed to effectively contribute through our business to the sustainable development of the areas and communities where we operate and to invest in research and the use of new environmentally and socially responsible technologies.

We occupy a leading position in the world production of clean and renewable energy and conduct our business based on internationally recognized management practices, in order to enhance the positive environmental and social impacts and reduce the negative impacts that result from our activities.

We aim for economic-financial, social, and environmental balance in our operations, without compromising the quality of life of future generations, creating value for all our stakeholders.

We seek to adopt the best corporate governance practices and we reaffirm through the Code of Ethical Conduct and Integrity of Eletrobras Companies our ethical commitment to staff, shareholders, customers, suppliers, business partners, society, and governments. Besides, we outline all these commitments in our strategic planning and its developments.

1 Purpose

Set out guidelines to be applied by Eletrobras companies regarding the promotion of corporate sustainability, ensuring the continuity of business, and contributing to sustainable development.

2 References

- Strategic Planning of Eletrobras Companies.
- 2030 Agenda – Sustainable Development Goals (SDGs) of the United Nations Development Program (UNDP).
- United Nations Global Compact.
- United Nations Guiding Principles on Business and Human Rights.
- Code of Ethical Conduct and Integrity of Eletrobras Companies.
- The guidelines on publicly-held companies from the Brazilian Institute of Corporate Governance (IBGC).
- *Global Reporting Initiative* (GRI).
- The International Integrated Reporting Framework from the International Integrated Reporting Council (IIRC).
- Corporate policies of Eletrobras Companies.
- Articles of Incorporation of Eletrobras Companies.
- Business commitments made.

3 Guidelines

Eletrobras companies must adopt the guidelines listed below as a reference for business management and the formulation of specific policies:

3.1 Promoting sustainable development

Act as agents of sustainable development, particularly in locations where their facilities are located or which have been impacted by their businesses.

3.2 Clean and Renewable Energy

Prioritize the production of clean and renewable energy.

3.3 Rational Use of Resources

Promote the rational use of natural and material resources necessary for processes, systems and operations.

3.4 Energy efficiency

Act as agents who foster energy efficiency, seeking a more rational use of natural resources and promoting the development and use of technologies, processes, and systems to that end.

3.5 Research, Development and Innovation

Promote research, scientific development, and innovation, as well as the assessment of the impacts of a new project/product or significant changes to existing ones, considering life cycles and aiming at improving economic, social and environmental performance, thus generating value for all stakeholders.

3.6 Commitment to Ethics and Corporate Integrity

Establish internal and external relations based on ethics and integrity to ensure that the members of its governance bodies, staff, representatives, and third parties observe the requirements of the applicable Anti-Corruption Laws and that the standards of legality and transparency are respected while driving business.

3.7 Respect for Human Rights

Respect the Human Rights set out in national and international laws, treaties, and conventions, promoting its principles and establishing practices, and not condoning any violation in its scope of action.

3.8 Creation of Value

Generate value in its operations by carrying out business competitively, efficiently, and effectively, bringing economic-financial, social, and environmental benefits to all stakeholders and minimizing negative impacts.

3.9 Dialog and Engagement

Establish service, dialogue, and engagement channels that are broad, transparent, permanent, and structured with stakeholders, while respecting equity, diversity, and cultures in the regions where the companies operate as well as accounting for their actions to society.

3.10 Corporate Governance

Establish management mechanisms that strengthen business practices and aim at transparency, equity, accountability, and corporate responsibility.

3.11 Life Quality of Staff

Promote the personal and professional development of the staff, as well as a safe work environment that includes and values equity, accessibility, and diversity.

3.12 Responsible Procurement and Partnerships

Incorporate socio-environmental and corporate integrity requirements when hiring goods and services, encouraging and monitoring the inclusion of these requirements at all levels of the supply chain and in business partnerships.

3.13 Sustainability Management

Improve management systems, including with performance indicators and targets, to promote and ensure the continuous improvement of business processes, contributing to decision making and business continuity, besides generating value for all stakeholders.

3.14 Risk Management

Work to identify, evaluate, treat, monitor, and communicate the risks inherent to its activities, incorporating the risk vision in the strategic planning and decision making, following the applicable regulations and the best market practices.

4 Responsibilities

- **Eletrobras' Board of Directors** – approve this policy.
- **Directors of Eletrobras Companies** – ratify this policy.
- **Eletrobras' Executive Board** – approve this policy and send it for approval by the Eletrobras' Board of Directors, as well as ensure its implementation, making sure all decisions comply with the established guidelines.
- Eletrobras' Executive Boards – ratify the terms of this policy and send it for approval by the company's Board of Directors, as well as ensure its implementation, making sure all decisions comply with the established guidelines.
- **Strategy, Governance and Sustainability Committee** – advise the Board of Directors in establishing actions focused on corporate sustainability, and on monitoring the performance through indicators that make up our sustainability platform.

- **Executive Committee for Sustainability Management of Eletrobras Companies** – be a liaison between Eletrobras companies, manage the Value Creation Model, and propose action plans that enable the implementation of the guidelines established in this policy.

- **Organizational Units** – implement the action plans proposed by the Executive Committee for Sustainability Management of Eletrobras Companies.

5 Definition of Terms

5.1 Capital

Stocks of resources that all organizations depend on for their success. They serve as inputs for the business and increase, decrease, or change depending on the activities and products of the organization.

5.2 Staff

The group of people who form the companies' workforce (direct employees, service providers, interns, and other workers with a regime of dedication and relationship that is different from those mentioned).

5.3 Communities

Those communities which the company interacts and/or coexists with because of its business portfolio or the projects developed whose purpose is to improve the population's quality of life.

5.4 Creation of Value

A process that results in increases, decreases or changes in capital, caused by business activities and products of the organization.

5.5 Sustainable Development

The performance aiming to meet the needs of the present generation without detriment to satisfying the demands of future generations.

5.6 Energy efficiency

An activity that seeks to optimize the use of energy sources. In other words, it consists in using less energy to provide the same amount of energy value.

5.7 Clean Energy

One which, while producing it, does not issue or generate significant amounts of gases that contribute to global warming or waste that pollute the environments where energy production occurs.

5.8 Renewable Energy

Any form of solar, geophysical energy or energy from biological sources that is replenished by natural processes at a rate that is equal to or greater than the rate at which it is consumed. Solar, wind, geothermal, hydroelectric and biomass are common sources of renewable energy.

5.9 Innovation

The introduction of novelty or improvements in the production or social environment, which results in new products, processes, or services.

5.10 Value Creation Model

A management tool used to measure and communicate the value that a company generates through its activities, explaining the links between strategy, capital use, performance and the value created for all stakeholders in the short, medium and long term.

5.11 Research and Development (R&D)

Activities that promote technological change, growth in productivity and increased well-being.

5.12 Stakeholder

Any organization or individual that may be affected by the company's activities, whose actions may impact the company's ability to implement its strategies and achieve its objectives.

5.13 Representative

A professional acting on an official basis or on behalf of: (a) a national government, political division or jurisdiction of such government; (b) body, council, committee, court or agency, civil or military, of any of the entities mentioned in item (a), regardless of its constitution; (c) owned or controlled association, organization or company.

5.14 Risks

Negative effects of uncertainties on the company's objectives.

5.15 Corporate Sustainability

An integrated approach to business strategy that aims to ensure the continuity of business with social, economic-financial and environmental responsibility, by working in an ethical, righteous, transparent manner and creating shared value between companies and stakeholders.

5.16 Rational Use of Resources

Harnessing the energy potential in the environment with a commitment to adopt good socioenvironmental practices, aiming at economicity, the elimination of waste, and efficiency, in order to totally eliminate or minimize the need to recover the natural heritage used in favor of development.

6 General Provisions

6.1 This policy is in line with the other policies of Eletrobras companies.

6.2 Regarding Eletrobras companies' commitment to the gender equity policy of the Brazilian Federal Government, it should be made clear that any terms used in this policy, such as nouns and pronouns, used in the masculine form, refer to all genders.

6.3 Eletrobras companies must ensure that the guidelines set out in this policy are followed by the companies in which they hold relevant interest and also strive to ensure that these guidelines are observed in those in which they have minority shareholding.

6.4 It is recommended that each Eletrobras company develop this policy within the scope of the company's management, through a specific collegiate body, chaired by one of the directors.

6.5 To satisfy the specifics of each company, this policy can be developed into other specific normative documents, always in line with these guidelines.

6.6 This policy was approved by the Executive Board through Resolution no. 797/2019, of 11/18/2019, and by Eletrobras' Board of Directors through Resolution no. 234/2019, of 11/28/2019.