



Eletrobras

SUPPLY LOGISTICS POLICY OF ELETROBRAS COMPANIES

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Supply Logistics Policy of Eletrobras Companies

Area responsible for issuing

Directorate of Corporate Management and Sustainability / Superintendence of Asset and Supply Management

Target audience

Employees, managers and board members of Eletrobras companies.

Approval

Resolution 382/2022, of 08/08/2022, of the Executive Board of Eletrobras.
Deliberation 130/2022, of 09/01/2022, of the Board of Directors of Eletrobras.

Repository

The policies of Eletrobras companies can be found on the *website*:
<https://eletrobras.com/en/Paginas/Bylaws-Policies-and-Manuals.aspx>

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Maximum review period: 5 years

Edit history

Editing	Approval	Main changes
4	RES-382/2022, of 08/08/2022 and DEL-130/2022, of 09/01/2022.	Adaptation to the company's new contracting model, after capitalization. Removal of references to old legislation in the previous version.
3	RES-890/2019 from 12/17/2019 and DEL-004/2020, of 01/30/2020.	Adaptation to the Bidding and Contracts Regulation, applied since April 2018, and to the corporate restructuring that took place in July 2019, which included the operationalization of the CSC.
2	RES-416/2017, dated 06/12/2017.	Consolidation of the adherence of Eletrobras companies' contracts to the new legislation concerning business integrity and sustainability; compliance with Dimension 3 of the Eletrobras 5 Dimensions Program; and alignment of national and international sustainability practices in the supply chain of Eletrobras companies.
1	2010	It does not apply.

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1 Objective

Establish principles, guidelines and responsibilities related to the logistics of supplies of goods, materials and services in Eletrobras companies, aiming at corporate sustainability, the preservation of corporate integrity and efficiency in the acquisition, administration of goods and services and logistics of materials.

2 References

- 2.1 USForeign Corrupt Practices Act (FCPA).
- 2.2 Federal Law No. 12.846/2013, of August 1, 2013 (Brazilian Anti-Corruption Law) - Provides for the administrative and civil liability of legal entities for the practice of acts against the public administration, national or foreign, and makes other provisions.
- 2.3 Eletrobras Companies' Code of Ethical Conduct and Integrity.
- 2.4 Sustainability Policy of Eletrobras Companies.
- 2.5 Environmental Policy of Eletrobras Companies.
- 2.6 Social Responsibility Policy of Eletrobras Companies.
- 2.7 Eletrobras Companies' Anti-Corruption Policy.
- 2.8 Conflict of Interest Management Policy of Eletrobras Companies.

3 Principles

- 3.1 Pursuit of business sustainability, contributing to sustainable development.
- 3.2 Preservation of corporate integrity.
- 3.3 Increased efficiency and competitiveness of Eletrobras companies.
- 3.4 Strengthening the purchasing power of Eletrobras companies.
- 3.5 Reducing risks and costs in procurement, logistics and administration of goods, materials and services.
- 3.6 Continuous improvement of the supply logistics processes of Eletrobras companies, prioritizing standardization.

4 Guidelines

4.1 General

4.1.1 In order to meet the demand for goods and services in an integrated, effective and transparent manner, the supply logistics planning of Eletrobras companies must be considered:

- a) carry out the Annual Procurement Planning (PAA) in each of the respective companies, with the approval of their Executive Boards, which, consolidated in the Eletrobras supply area, result in the Eletrobras Companies Joint Procurement Plan (PCCEE);

- b) carry out joint procurement of goods, materials and services, where such a decision results in competitive advantage and cost savings;
- c) promote the integration of Eletrobras companies, with regard to the processes related to this policy, through working groups, exchanges and management of supply chain information, so that they become aligned with business strategies;
- d) continuously improve the work processes of supply logistics;
- e) simplify procedures for the procurement of goods and services in order to reduce procurement costs and associated times by making the necessary improvements to the corresponding processes;
- f) comply with the legislation, regulations and standards applicable to the procurement of goods, services and works.
- g) act in a transparent and honest manner in relation to any and all processes or procedures involving contracting, whether domestic or foreign, repudiating all forms of fraud and corruption and maintaining an active stance in the face of situations that are not in accordance with the ethical principles assumed or with the terms of Brazilian and North American anti-corruption laws;
- h) select and contract suppliers and service providers based on legal, technical, quality, cost and punctuality criteria, requiring, in contractual relations, commitments to ethics, corporate integrity and sustainability in the economic, social and environmental pillars;
- i) refuse unfair competition practices, child labor, abuse and sexual exploitation of children and adolescents, forced labor or in degrading conditions, as well as any form of physical, sexual, moral or psychological violence and other practices contrary to the principles of the Eletrobras Companies Code of Ethical Conduct and Integrity, the Eletrobras Companies Integrity Program(*Compliance*) and the policies of Eletrobras companies, including in the production chain of its suppliers, and report offenders;
- j) not to participate in any type of negotiation that may result in personal advantages or benefits or for third parties, which characterize a real or apparent conflict of interest for employees involved from any of the parties, in accordance with the provisions of the Eletrobras Companies Integrity Program(*Compliance*) and the policies of Eletrobras companies;
- k) promote, to internal audiences and suppliers:
 - the concepts and practices of sustainable procurement on a regular and consistent basis in the corporate environment;
 - raising awareness and encouraging the implementation of good sustainable practices;
 - compliance with sustainability requirements, encouraging and monitoring the insertion of these good practices at all levels of the supply chain;
 - the implementation of integrity mechanisms for suppliers and the integrity assessment for critical suppliers;
 - awareness-raising and capacity-building of those involved in their responsibilities for sustainable development;
 - fostering cooperative relationships; and
 - the dissemination of the Code of Ethical Conduct and Integrity of Eletrobras Companies, the Anti-Corruption Policy of Eletrobras Companies, the Conflict of Interest Management Policy of Eletrobras Companies and the other guidelines established in the *Compliance* Program of Eletrobras Companies;

- l) promote the dissemination, by Eletrobras companies, of the principles and guidelines established in this policy.

4.2 Sustainable development

4.2.1 In the contracts promoted by Eletrobras companies, the environmental, social, economic and governance aspects must be observed.

4.2.2 Suppliers of Eletrobras companies are required to allow *due diligence* and other measures aimed at monitoring contractors on sustainability aspects.

4.2.3 In the contracting promoted by Eletrobras companies and in the work processes of the supply chain, the adoption of measures that contribute to the achievement of the Sustainable Development Goals (SDGs) of the United Nations Development Program (UNDP) should be sought.

4.2.4 Environmental dimension

4.2.4.1 The contracts promoted by Eletrobras companies must seek to reduce, throughout the life cycle (extraction of raw materials, manufacture/preparation, use and disposal) of the material or service:

- a) waste generation;
- b) greenhouse gas emissions;
- c) energy consumption, in its various modes;
- d) water consumption;
- e) use of products potentially toxic to the environment.

4.2.5 Social dimension

4.2.5.1 The contracts promoted by Eletrobras companies must seek, throughout the material manufacturing or service supply chain:

- a) Respect for human rights - respect human rights throughout the supply chain.
- b) Occupational health and safety - no accidents at work and/or occupational diseases.
- c) Worker well-being - worker-friendly working environment and conditions.
- d) Gender and racial equity and diversity - promoting gender and racial equity and respect for diversity.
- e) Inclusion of micro and small enterprises - participation of small or micro enterprises.
- f) Local development - participation of local companies and job creation.

4.2.6 Economic dimension

4.2.6.1 Contracts promoted by Eletrobras companies must comply:

- a) Energy production and transmission - impact on the availability of energy supply in the material manufacturing or service delivery chain.

- b) Efficiency of the purchasing process - optimization of the purchasing process, purchase of recurring items, consideration of the total cost of ownership, including Economic Lot Purchasing.
- c) Image or reputation risk - impact on the image or reputation of Eletrobras companies in the material manufacturing or service supply chain.
- d) Regional supply - regional supply capacity.

4.3 Corporate integrity

4.3.1 In the contracts promoted by Eletrobras companies, the guidelines established in the Eletrobras Companies Integrity Program(*Compliance*) must be observed, both for suppliers and Eletrobras companies.

4.3.1.1 To suppliers of Eletrobras companies:

- a) is prohibited:
 - offer, promise, authorize or make payment in cash or benefit in any form or value, directly or indirectly, to any person, for the purpose of influencing him/her to perform any act or decision in favor of Eletrobras companies or any other party;
 - inducing any person to perform or fail to perform any act for the purpose of obtaining or contracting business, referring business to any person or securing an undue advantage for Eletrobras companies or any other party;
 - defrauding contracts with Eletrobras companies;
 - fraudulently or irregularly creating a legal entity to conclude the contract;
 - fraudulently obtaining undue advantage or benefit from contract modifications or extensions;
 - manipulate or defraud the economic and financial balance of the contract;
 - hinder the investigation or inspection activities of public bodies, entities or agents, or intervene in their activities, including within the scope of regulatory agencies and national financial system inspection bodies.
- b) it is mandatory to allow the performance of an integrity risk assessment provided for in the CONTRACTOR's integrity program(*compliance*), and additional clarifications may be requested for the supervision of contractors by Eletrobras in order to ensure compliance with the Eletrobras Companies Integrity Program(*Compliance*).

4.3.1.2 Responsibilities of Eletrobras companies:

4.3.1.2.1 Eletrobras companies must periodically carry out appropriate due diligence for hiring and supervising suppliers, applying the appropriate assessments to the size and specificities of the legal entity, according to the rules established in specific regulations on hiring Eletrobras companies.

4.3.1.2.2 The integrity assessment checks positive or negative public records of contractors, as well as information about their partners, managers and other administrators.

4.3.1.2.3 All contracts entered into with Eletrobras companies must contain clauses that require the third party's commitment to the policies, standards and *Compliance* Program of Eletrobras Companies, such as:

- a) commitment to the ethical standards provided for in the policies of Eletrobras Companies and the application of its Integrity Program, especially in relation to the prohibition of fraud and corruption practices;
- b) termination of the contract in cases where a violation of the Eletrobras Companies Integrity Program is found;
- c) contract termination if the contractor commits harmful acts provided for in national or foreign legislation;
- d) compensation in cases of breach of contract.

4.3.1.2.4 In addition to the inclusion of the clauses mentioned in sub-item 4.6.1.2.3, it should be periodically verified that the third party is acting in accordance with the agreement in the contract, that it does not adopt behaviors contrary to the values established in the Eletrobras Companies Integrity Program (*Compliance*) and that it does not incur in illegalities.

4.4 Material logistics

4.4.1 In order to promote efficiency and effectiveness in material logistics for Eletrobras companies' electricity generation and transmission activities, as well as for administrative activities, Eletrobras companies must:

- a) plan and provide for the availability of material in Eletrobras companies, in time, cost and technical conditions adequate to maintain the reliability of the electrical system - within the required standards - and the continuity of its operational and administrative activities;
- b) optimize the stock of Eletrobras companies through its control, inventory, reconciliation, permanent sanitation and the standardization of the material register, in compliance with the relevant legislation, technical requirements and specific normative acts;
- c) carry out the disposal of material, maximizing the results of the process, complying with the relevant legislation, technical requirements and commitments of socio-environmental responsibility assumed; and
- d) ensure that logistics processes are managed and monitored using performance indicators.

5 Responsibilities

5.1 Strategic Committee for Supply Logistics of Eletrobras Companies (CELSE) - propose and monitor procedures that comply with this policy and, if necessary, present proposals to adapt the guidelines presented; act through working groups with representatives appointed by the companies.

5.2 Eletrobras supplies and material logistics area - act as manager in the implementation of this policy.

5.3 Eletrobras procurement area - coordinate joint procurement.

5.4 Supply and material logistics areas of Eletrobras companies - operationalize the activities related to the logistics of supplies of goods, materials and services in accordance with the guidelines established in this policy.

5.5 Eletrobras Board of Directors - approve this policy.

5.6 Boards of Directors of Eletrobras companies - ratify this policy.

5.7 Eletrobras' Board of Executive Officers - approve this policy and forward it for approval by Eletrobras' Board of Directors, as well as ensure its implementation, ensuring compliance with the established guidelines in all its decisions.

5.8 Executive Boards of Eletrobras companies - ratify the terms of this policy and forward it for ratification by the company's Board of Directors, as well as ensure its implementation, ensuring compliance with its guidelines in all its decisions.

6 General Provisions

6.1 The supply logistics of Eletrobras companies must meet the demand for goods and services in a sustainable, planned, integrated, effective, ethical and transparent manner and must be guided by the commitments and guidelines related to the logistics processes presented in this policy and in other related documents.

6.2 The management of this policy will be carried out through the Strategic Supply Logistics Committee of Eletrobras Companies (CELSE), with representation from all Eletrobras companies and the Shared Services Center (CSC), under the coordination of the *holding company*.

6.3 This policy will be implemented by:

- a) action plans for their implementation, which should address each function of the supply chain, as defined within CELSE;
- b) specific normative documents, always aligned with the principles and guidelines established here.

6.4 The guidelines of the Brazilian and North American anti-corruption laws, which provide for the administrative and civil liability of legal entities for the practice of acts against the public administration, national or foreign, as well as the guidelines of the Eletrobras Companies Integrity Program(*Compliance*), must be considered.

6.5 Eletrobras companies must adapt their normative documents and the controls that are necessary in line with the provisions of this policy, within a maximum period of 180 days, from the approval by the Eletrobras Board of Directors.

6.6 Replaces edition 3.0 of policy POL-05, approved by DEL-004/2020, of 01/30/2020, and adopts the new codification of POL-SUPPLIES, according to the appendix of codification of normative documents of the norm Corporate Standardization System - NO-DCGC-01, edition 1.0, approved by RES-553/2021, of 08/30/2021.