

2013

Annual and
Sustainability Report

AP
ELETROBRAS

Iguaçu Falls, Foz do Iguaçu, Paraná.

Eletrobras
Annual and Sustainability
Report 2013

AR
Eletrobras
2013

Present in your daily life

FOREWORD

Fulfilling its commitment to transparency and to the best practices in corporate management, Eletrobras once again publishes its Annual and Sustainability Report (Eletrobras ASR 2013), pursuant to the [Global Reporting Initiative \(GRI\)](#) guidelines.

On the following pages, you will have access to relevant information that covers all operations, practices, and stakeholder relationships and to data pertaining to our economic, social, and environmental performance, according to the ten principles of the [Global Compact](#) and to the model for [Social Accounting of the Brazilian Institute of Social and Economic Analyses \(IBASE\)](#) for 2013. There are no specific limitations pertaining to the scope or boundary of this report.

(GRI 4.12, GRI 3.7)

The 2013 Annual and Sustainability Report of the Eletrobras companies results from the collaborative work of hundreds of people and reflects a process of continuous improvement and a strengthening of sustainability practices. It also demonstrates how transparency and accountability to society are important in maintaining the trust of stakeholders. Thus, all comments, reviews, and suggestions are valuable and should be sent to sustentabilidade@eletrobras.com.

(GRI 3.4)

According to the GRI indicators version 3.1, this publication meets application level B+. In this report, we also present the methods used to manage the material sustainability aspects and their performance through indicators identified as material for the organization, its stakeholders, and the electric utilities sector. On page 176, you will find the table containing the responses to GRI profile indicators, performance and electric utilities sector indicators.

(GRI 3.12)

Have you ever thought about a world without the advantages of electricity? Today, that is almost impossible. On a daily basis, Eletrobras generates and transmits energy to almost half of Brazil and distributes energy directly to 3.8 million customers. Hence, since it works with one of the cleanest matrices in the world, Eletrobras is ready to generate energy for a new age!

The data provided in the Eletrobras ASR 2013 was assured by the auditing company KPMG Brasil, as shown in the letter of [assurance](#) published on page 185, and consolidates the operations of Eletrobras in Brazil for the period of January 1 to December 31, 2013, replacing the same report published in July 2013.

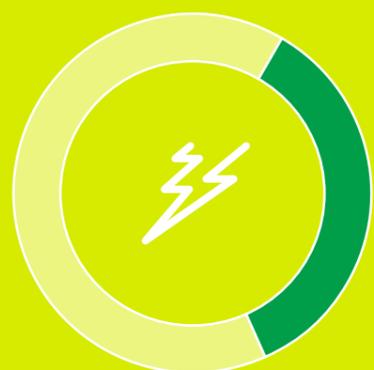
(GRI 3.1, GRI 3.2, GRI 3.3, GRI 3.6, GRI 3.8, GRI 3.13)

All data reported in the printed version of this report are also available for download and viewing at: www.eletrobras.com/elb/data/Pages/LUMIS79AE3C27PTBRIE.htm.

Eletrobras website > [Sustentabilidade > Relatórios de Sustentabilidade](#) (> Sustainability > Sustainability Reports)

Enjoy your reading!

Eletrobras 2013



34%

Responsible for 34% of power generation in Brazil.



89%

Of the company's power generation, 89% comes from clean sources, with low greenhouse-gas emissions.



50%

Eletrobras owns 50% of the transmission lines in the country.



3,8 million

Eletrobras's distribution companies serve over 3.8 million customers.



R\$60,8 billion

Planned investments of R\$60.8 billion between 2014 and 2018.

Record investment of **R\$11.2 billion**.

659 MW of installed capacity were added to the energy matrix.

1,898 km of new transmission lines.

An additional **152,000** customers.

3,748 products have received the Eletrobras Procel Seal, which informs consumers about energy efficient appliances.

The Eletrobras Procel program contributed to savings of over **9,744 million** megawatts-hours – which is equivalent to the annual consumption of approximately **five million** households.

Procel also contributed to preventing the emission of **935,000** tCO₂eq, which corresponds to the annual emissions of **321,000** vehicles.

The Luz Para Todos (Light for All) program achieved **98%** of the goal set for 2013. A total of **87,300** new connections were installed, benefitting over **15 million** people in the Brazilian rural area.

Energy for a new age

MESSAGE

The sun rises every day, for everyone. It represents new cycles, new journeys, and great changes and a reshaping of models, plans, and actions. The winds of change blew strongly in 2013 for Eletrobras, marking the beginning of a decisive process which, with the energy of our employees, takes into account the perpetuity of our assets, products, and services, which are critical for the progress of the country.

The implementation of the Business and Management Master Plan (PDNG) 2013-2017 has put into practice a strategic realignment, supported by three basic pillars: operational efficiency, sustained expansion, and a new governance and

management model. In the coming years, we will continue to move forward at an even faster pace toward competitiveness, integration, efficiency, and sustainability, systematically reaffirming our commitment to the principles of the [Global Compact](#), to which we have been signatories since 2006.

The Plan brings changes to Eletrobras and, at the same time, the opportunity for a new cycle. To meet these objectives, in 2013 we “tightened our belt,” adopting even more rigorous control of our spending and curtailing our budget for materials, services, and other expenditures. We implemented the employee Voluntary Resignation Incentive Program (PID), which was very successful, with the participation of 4,448 individuals, a number that could reach 5,000 in 2014 and which will deliver R\$1.3 billion/year in savings, with return on investment in two years.

In our 2013 balance sheet, which already reflects the full effects of Law 12,783, we posted a significant loss of R\$6.3 billion, mainly resulting from nonrecurring factors such as expenditures for PID, legal contingencies, and the recording of impairments, which allows us to project promising perspectives concerning the recovery of results.

Despite having tightened its belt, Eletrobras did not alter its expansion program, making investments of R\$11.2 billion, a record in the history of the company. Our goal is to invest R\$60.8 billion between 2014 and 2018, of which R\$34.4 billion is in projects already underway and R\$26.4 billion is for new projects.

In 2013, Eletrobras added 659 MW of installed capacity to its energy matrix. Some examples are the Santo Antonio, Jirau, and Simplicio hydroelectric power plants and the Chuí, Livramento, Casa Nova, Pedra Branca, and Sete Gameleiras wind farms. Moreover, Eletrobras, whether independently or in partnerships, built over 1,898 km of transmission lines,

notably the first stage of the transmission system of the power plants located on the Madeira River. The Eletrobras distribution companies obtained an additional 152,000 new customers, as well as a reduction in commercial losses and consumer default.

Eletrobras has started its effective operational activities abroad, becoming a partner of the Administración Nacional de Usinas y Transmisiones Eléctricas (UTE), through the acquisition of 50% of the shares of the Uruguayan company Rouar S/A, responsible for deploying the Artilleros wind farms (65 MW), located in the department of Colonia, Uruguay, that will start its operations in 2014.

The company worked proactively in obtaining the remaining value of the compensation of the generation and transmission assets that had concession extended under Law No. 12.783/2013, which values are being discussed with Aneel. Furthermore, it has begun the restructuring the Business Model and Management, which is being developed with support of the consultant Roland Berger and should be completed in the first half of 2014.

As you can see, we seek a new sun. To this end, we will always preserve our most valuable asset: a solid corporate culture, which brings together extremely qualified teams that have a public spirit and are useful to customers and communities, always maintaining the conviction that people are the origin, essence, and meaning of everything Eletrobras undertakes.

In 2014, a new reality will dawn on the Eletrobras companies. And the sun of this new age will inspire us to do more than fulfill our mission, but to also captivate clients, investors, suppliers, employees and all those who, along with us, follow the path to building a better future for Brazilians and for the world.

JOSÉ DA COSTA CARVALHO NETO

CEO of Eletrobras

(GRI 1.1, GRI 2.9)

In 2013, Eletrobras added 659 MW of installed capacity to its energy matrix.



Reliable and secure power generation

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

The year 2013 was marked by the federal government's effort to reduce the cost of energy for consumers in Brazil, in a structural manner, through the promulgation of Law No. 12.783 of January 11, 2013, which allowed for the extension of the concession term for the generation and transmission of electricity for Eletrobras.

In this new scenario, Eletrobras had to adapt to the new conditions created by the new legal framework; in other words, the concessions for the generation and transmission of electricity, covered by article 19 and § 5 of article 17 of Law No. 9,074, of July 7, 1995, were included in the activities regulated by the National

Electricity Agency (Agência Nacional de Energia Elétrica - ANEEL), thereby bearing tariffs that include, among other things, the regulatory costs for operation, maintenance, and administration. Consequently, it became imperative for Eletrobras to restructure itself by repositioning its role as a holding as well as strengthening its autonomy.

I would like to point out that, despite the restructuring, Eletrobras continues to invest heavily in new projects in the areas of power generation and transmission through participation in specific purpose partnerships. In the area of power generation, Eletrobras is participating in the implementation of 26,800 MW of energy, most notably through the hydroelectric plants of Belo Monte, Santo Antônio, and Jirau. In the area of transmission, Eletrobras is responsible for 57,290 km of transmission lines of the National Interconnected System (SIN), with a highlight being the Tucuruí-Manaus transmission line.

Additionally, there are expanding investments in wind farms, thereby retaining the share of renewable energy sources in our energy matrix, in addition to the construction of the Angra 3 nuclear power plant, which will add 1,405 MW to the Brazilian Energy System.

Through these investments, Eletrobras reestablishes its commitment to generate, transmit, and distribute clean and renewable energy, guided by its principles of reliability, safety, and quality, thereby providing important gains for the country.

Consequently, the company's 51-year history represents the trust and confidence that, once again, the company will manage to turn challenges into new business opportunities, thereby maximizing the return to both society and shareholders.

This certainty is based on the dedication and capacity to work of its employees, who share company values. This translates into behavior with integrity, the continuous search for excellence, and consistently performing its role to provide the best for society. Thus, Eletrobras will improve its capacity to respond to these new scenarios and challenges.

Finally, I wish to highlight that given the new conditions set forth by Law No. 12,783 of 2013, only the most efficient companies will persist. In this sense, I'm certain that Eletrobras will become increasingly stronger, reinforcing its management and leadership capacity within the electric energy sector.

MÁRCIO PEREIRA ZIMMERMANN
Chairman of the Board of Directors of Eletrobras
(GRI 1.2)

Eletrobras reaffirms its commitment to generate, to transmit and to distribute clean and renewable energy.

COMMITMENTS (GRI 1.2)

Evolution of our commitments for 2013

| GOAL/COMMITMENT | PERFORMANCE | COMMENTS |
|---|--------------------|---|
| GOVERNANCE | | |
| Contract on Corporate Performance Goals (CMDE): To establish the new goals for the 2013-2017 cycle, pursuant to the new rules established by Law 12,783 (pertaining to the Provisory Measure MP 579). | ATTAINED | The new goals for CMDE for the 2013-2017 cycle and the respective indicator dashboard were established and approved by the Board of Directors and Board of Executive Officers. The indicator dashboard was expanded and now has 13 indicators for the generation and transmission companies, 16 for its distribution companies, and 12 for the Eletrobras holding. The results of the CDME indicators were monitored throughout the year. |
| ECONOMIC | | |
| For 2013, expenditures planned for investment and expansion programs are approximately R\$13.7 billion. | PARTIALLY ATTAINED | Eletrobras has not changed its investment plan, making 83.5% of the investments planned in the budget, totaling the record amount of R\$13.4 billion for 2013. |
| SOCIAL | | |
| Voluntary Resignation Incentive Program | ATTAINED | Of a total of 9,903 eligible employees, 4,448 participated. In 2013, there were 4,221 resignations through PID, and others dismissals are expected to occur in 2014. At Eletrobras Eletronuclear, this process will begin in 2014 and is expected to be completed in 2015. |
| 3rd Climate Survey in the Eletrobras companies. | ATTAINED | Eletrobras conducted its 3rd Unified Organizational Climate Survey in 2013, with the participation of 14,550 employees. Based on the results of this survey, we are planning for the preparation of the 2nd Corporate Action Plan to improve the organizational climate, in 2014. |
| In 2012, we concluded the 1st Unified Cycle of the Performance Management System (SGD), which supported the development of the careers of 87.72% of the employees of the Eletrobras companies who are members of the program. | ATTAINED | The 2nd Unified Cycle of the Performance Management System (SGD), supporting career development and in line with the strategic objectives of the companies was initiated. Employee evaluations, to assess competencies and team goals, and the preparation of the Individual Development Plan (PDI) of each employee are scheduled for the beginning of 2014. The results obtained through the SGD will support meritocracy, and high performers may be promoted either horizontally (merit) or vertically (change in level of complexity). |

| GOAL/COMMITMENT | PERFORMANCE | COMMENTS |
|--|--------------------|--|
| BUSINESS | | |
| Implementation of over 13,730 km of transmission lines, which represents an additional 13,885 MVA in transformation capacity. | PARTIALLY ATTAINED | In 2013, a total of 3,552 km of transmission lines entered into operation with the participation of Eletrobras. Of this total, 1,595 kilometers refer to the proportional share of Eletrobras companies in the SPE and 303 km, to its own performance, totaling 1,898 kilometers of new lines built by Eletrobras, itself or through partnerships. We highlight the completion of the first phase of the Madeira power plants, in direct current, and the Lechuga Substation, which is responsible for connecting Manaus to the Integrated System (SIN) through the Tucuruí Transmission Line. Over 19.2 km of transmission lines will be incorporated into the SIN by 2018. |
| Interconnection of the Stand-alone Systems of Manaus-AM and Macapá-AP to the SIN, to incorporate them into the power generation complex of the Eletrobras companies, according to the Monthly Operation Program (PMO) developed by the ONS (National System Operator). | PARTIALLY ATTAINED | The Belo Monte power plant will be the only project to be expanded by the Eletrobras companies after 2016; its main powerhouse will enter into operation between 2016 and 2019. Of Eletrobras's installed capacity expected to become operational after 2013, a total of 11,975 MW (a capacity proportional to its ownership interest) are provided by power plants under construction. |
| Commencement of the construction work for the transmission line to interconnect Brazil and Uruguay (390 km) and the associated substation (SE), in partnership. | NOT ATTAINED | After the public hearing held in August 2011, an incompatibility in the layout of the transmission lines was detected, which caused Substation Candiota to be relocated, the layout of the lines to be changed, and the development to be rescheduled, with commercial operations expected to start in the first half of 2014. |
| ENVIRONMENTAL | | |
| Formal approval of the Environmental Policy | ATTAINED | In May 2013, the new version of the Environmental Policy was approved (page 107, in Environmental Performance - Energy for continued growth). |

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Ponte dos Ingleses, Fortaleza, Ceará.



CORPORATE PROFILE

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Building the future

Eletrobras is a quasi-public and publicly traded corporation and the holding company of energy generation, transmission, and distribution companies. The federal government is its majority shareholder, with 54.46% of the common shares; currently, the company is the major agent in the generation and transmission of energy in Brazil, playing a major role in the distribution and trading of this commodity.

Learn more about the companies on the Eletrobras website: www.eletrobras.com

Created in 1962, Centrais Elétricas Brasileiras S.A. (Eletrobras) is a large enterprise, which holds one of the cleanest energy matrices in the world. Every day, the company generates and transmits energy to almost half of Brazil and distributes energy directly to 3.8 million customers. The Eletrobras companies¹ operate and manage 180 power plants, including 45 hydroelectric plants, 125 thermoelectric plants, eight wind farms, and two nuclear power plants. These power plants account for 34% (42,987 MW) of the nation's total generation, of which 89% comes from low greenhouse-gas emitting sources. Eletrobras is also responsible for 50% of the transmission lines in Brazil (57,300 km of transmission lines that are part of the National Interconnected System - SIN), and it is the only company on the planet with national coverage in high and extra-high voltage.

With its headquarters in Brasília and its main office in Rio de Janeiro, Eletrobras also conducts research and provides

services pertaining to energy efficiency, the advocacy of corporate sustainability, the pursuit of alternative energy sources, and the creation of new businesses. Hence, it has partnerships with Special Purpose Entities (SPE) and, since 2008, it has been authorized to operate abroad (Law 11,651).

Presently, Eletrobras develops activities that value the Latin-American energy interconnection in countries such as Uruguay (TL 500 kV), from Candiota-RS to San Carlos, in the Department of Maldonado, totaling 500 km, of which 60 km are located in Brazilian territory, Argentina (Garabi-Panamby Binational Complex – 2,100 MW), and Nicaragua (Tumarín Hydroelectric Plant – 253 MW).

SUSTAINABLE FOCUS

At the Eletrobras companies, sustainability concepts and practices are incorporated into the organizational management and are supported by their vision, mission, and values, in addition to the management and governance instruments and the Code of Ethics of the Eletrobras companies.

Mission

To operate in energy markets in an integrated, profitable, and sustainable manner.

Vision

To become the largest global clean energy corporate system by 2020, with profitability in line with the major companies in the electric utilities sector.

Values

Results-oriented
Entrepreneurship and innovation
Appreciation of and commitment to people
Ethics and transparency

Eletrobras's corporate policies, strategies, and challenges

View the policies and learn more about the Eletrobras corporate drivers, attributes, and challenges in the Eletrobras System Strategic Plan 2010-2020 of the Eletrobras companies at www.eletrobras.com > *Página principal* > *Sustentabilidade* > *Governança Corporativa* > *Instrumentos de Gestão e Políticas* (> Home > Sustainability > Corporate Governance > Management Tools and Policies).

ENERGY IN NUMBERS

42,987 MW of installed capacity
186,000 GWh of energy generated in own plants
45 hydroelectric plants
125 thermoelectric plants
2 nuclear plants
8 wind farms
57,300 km of transmission lines
248,400 km of distribution lines
23,969 employees on its permanent staff

1. Generation and transmission: Eletrobras Chesf, Furnas, Eletrosul, Eletronorte, CGTEE, and Eletronuclear. Distribution: Eletrobras Amazonas Energia, Distribuição Acre, Distribuição Roraima, Distribuição Rondônia, Distribuição Piauí, and Distribuição Alagoas. Eletrobras Amazonas Energia is a generation and distribution company; thus, it is considered in both business lines.

Shareholding structure

Eletrobras shares are traded in three stock markets: the São Paulo Stock Exchange – BM&FBOVESPA (ELET3 and ELET6), in which it is listed as Corporate Governance Level 1; the Madrid Stock Exchange (XELTO and XELTB), through the LATIBEX Program; and the New York Stock Exchange – NYSE (EBR and EBR-B), in which it trades Level 2 American Depositary Receipts (ADRs).

The business practices of the company are in line with the trends indicated by the Dow Jones Sustainability Indexes (DJSI) and by the Corporate Sustainability Index of the São Paulo Stock Exchange (ISE BM&FBOVESPA), the portfolios in which the company participates, among others market and sustainability benchmarks.

2. **Free float** is the percentage of shares that are freely negotiated in the market.

On December 31, 2013, Eletrobras closed the period with 29,376 shareholders, of which 97% (28,494) reside in Brazil and 3% (882) in 31 countries. The capital stock totaled R\$31,305 billion, represented by 1,352,634,100 shares, of which 1,087,050,297 was in common shares (ON) and 265,583,803 was in preferred shares (OP).

In 2013, no changes were made to Eletrobras's capital stock structure. The Federal Government, whether directly or indirectly, owns 67% of the company's capital stock and the free float² totals 32.8%. At the close of the year, the company's market cap reached R\$9,020 billion.

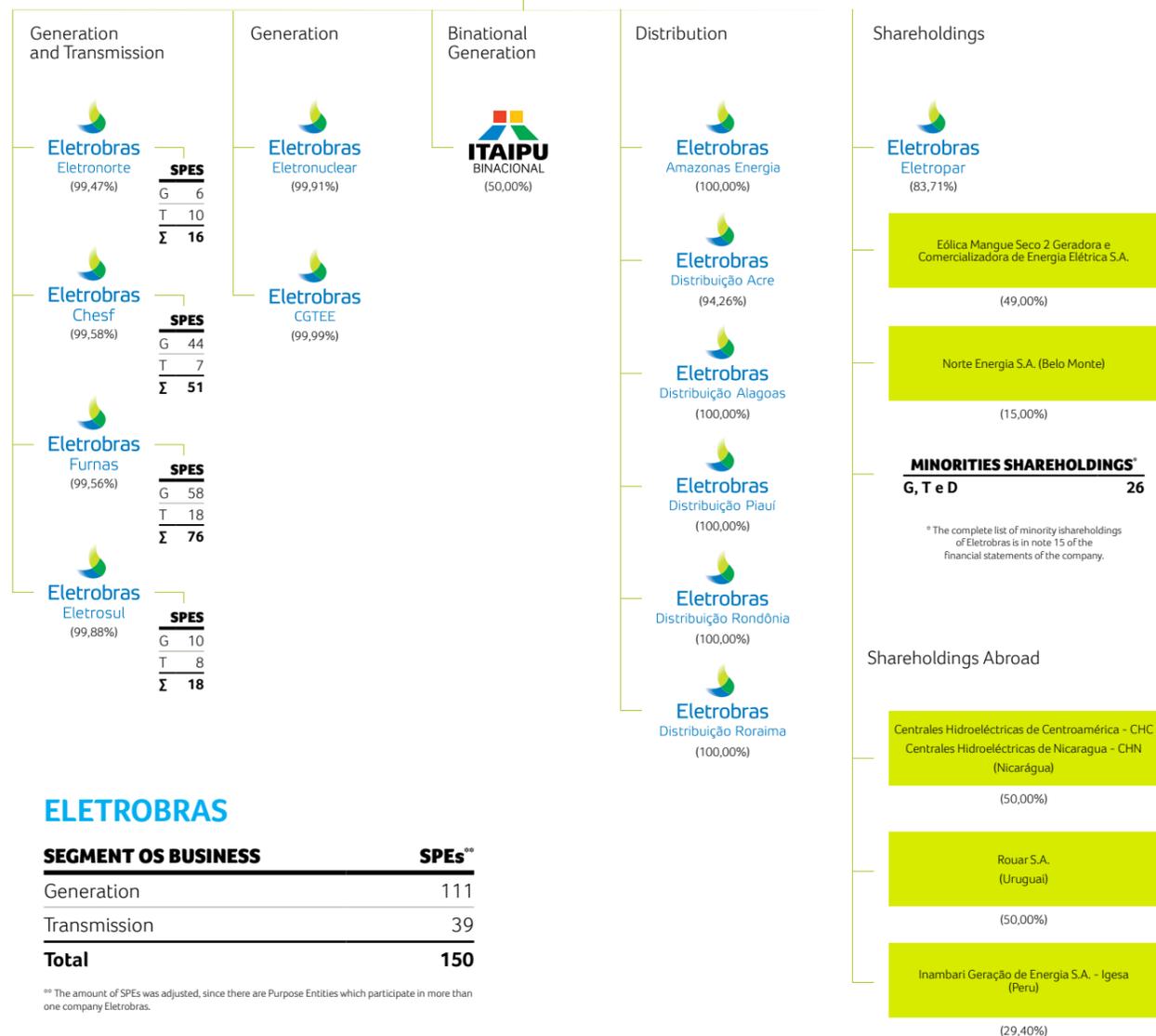
Investor relations

Pursuant to its policy governing the provision of information to the market and to the rules of Corporate Governance Level 1, established by BM&FBOVESPA, Eletrobras holds semiannual meetings of the Association of Capital Market Analysts and Investment Professionals (APIMECS) in each of the regional offices of RJ, SP, MG, DF, South, and Northeast, totaling 14 annual meetings. Given its regular participation in the APIMECS meetings for 18 consecutive years in RJ and SP; for 11 years in the Northeast and DF, and for ten years in Minas Gerais and in the South of Brazil, Eletrobras has received attendance certifications in all the aforementioned locations.

The Finance and the Investor Relations Departments also hold semiannual meetings in Europe and in the United States, through road shows, which aim to present the company to foreign investors. Annually, the company also holds Eletrobras Day in New York and the LATIBEX Forum in Madrid. Finally, Eletrobras often takes part in the dozens of events and seminars organized by international banks, in Brazil and abroad, with the presence of the main analysts and investors from the Equity and Debt areas.

To learn more, shareholders and investors can call (55 21) 2514-6333, e-mail invest@eletrobras.com, or contact the Fale com RI (Talk to IR) at the Eletrobras Investor Relations website www.eletrobras.com.br/elb/ri.

Organizational structure



ELETROBRAS

| SEGMENT OS BUSINESS | SPES** |
|---------------------|------------|
| Generation | 111 |
| Transmission | 39 |
| Total | 150 |

** The amount of SPES was adjusted, since there are Purpose Entities which participate in more than one company Eletrobras.

Commitments

In addition to codes and policies, the actions implemented by Eletrobras are conducted pursuant to a number of commitments disseminated among employees and stakeholders, such as the adoption of codes and participation in volunteer programs.

Since 2005, the Eletrobras companies have been in line with the Millennium Development Goals, and since 2006, they have committed to the [Global Compact](#), in addition to the commitment to the Universal Declaration of Human Rights of the United Nations (UN). The companies have also proceeded with other previously established commitments, such as the UN Women's Empowerment Principles (subscribed to in 2010) and the 5th Edition of the Pro-Gender and Race Equality Program (subscribed to in 2013). Additionally, Eletrobras is a signatory to the Corporate Commitment for the Protection of Children and Adolescents against Sexual Exploitation, and the National Pact to Eradicate Forced Labor, in Brazil.

A number of Eletrobras companies are signatories to individual commitments, such as Empresa Amiga da Criança, the [GHG Protocol](#), the Programa Na Mão Certa, the U.S.-Brazil Joint Action Plan to Eliminate Racial and Ethnic Discrimination and Promote Equality, Tri-National Plan to Prevent Violence - Regional Strategy to Fight the Trafficking of Children and Adolescents [PAIR-Mercosur], and the Letter of Intent with the Ministry of Social Development and Fight Against Hunger. Learn more at www.eletrobras.com > Home > Sustainability > Social Responsibility > Business Citizenship

Participations and representations

The Eletrobras companies also took part in the discussion of major themes and in the development of policies, since it is a member of a number of entities that are directly or indirectly related to the business.

Agência Internacional de Energia Atômica (AIEA)
Associação Brasileira das Companhias Abertas (Abrasca)
Associação Brasileira das Empresas Geradoras de Energia Elétrica (Abrage)
Associação Brasileira da Indústria Elétrica e Eletrônica (Abinee)
Associação Brasileira das Instituições de Pesquisa Tecnológica (Abipti)
Associação Brasileira de Energia Nuclear (ABEN)
Associação Brasileira dos Geradores Térmicos (Abraget)
Câmara de Comercialização de Energia Elétrica (CCEE)
Câmara de Comércio Americana (Amcham)
Centro para Inovação e Competitividade (CIC)
Comissão de Integração Elétrica Regional (Bracier)
Comissão de Integração Energética Regional (CIER)
Comissão de Proteção ao Programa Nuclear Brasileiro (Copron)
Comitê Brasileiro de Barragens (CBDB)
Comitê Brasileiro de Eletricidade (ABNT/Cobe)
Comitê Brasileiro do Conselho Mundial de Energia (CME)
Comitê Brasileiro do Pacto Global (CBPG)
Comitê de Entidades no Combate à Fome e pela Vida (COEP)
Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica (Cigre)
Comitê Permanente para Questões de Gênero do MME e Empresas Vinculadas
Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBDS)
Conselho Mundial da Água (CMA)
Fórum Nacional de Ética das Empresas Estatais
Fórum de Meio Ambiente do Setor Elétrico Brasileiro (FMASE)
Fundação Nacional da Qualidade (FNQ)
Instituto Ethos de Empresas e Responsabilidade Social
Instituto Nacional de Investidores (INI)
Instituto Nacional de Pesquisa e Desenvolvimento de Empresas Inovadoras (Anpei)
Instituto para o Desenvolvimento de Energias Alternativas da América Latina (Ideal)
International Energy Agency (IEA)
International Hydropower Association (IHA)
Operador Nacional do Sistema (ONS)
Organização das Nações Unidas para o Desenvolvimento Industrial (Onudi)
Rede Latino-Americana e do Caribe para Eficiência Energética
Section of the Latin American Nuclear Society (LAS)
Sustainable Energy for All
World Association of Nuclear Operators (WANO)
World Nuclear Association (WNA)

(GRI 4.13, GRI S05)

ELETROBRAS AND THE ISO 50000 SERIES OF STANDARDS

Eletrobras is part of the ABNT study committee for the preparation of the ISO 50000 series of standards - Energy Management System - and it also collaborates in the preparation of five new

ISO 50.002
energy audits

ISO 50.003 requirements for auditing bodies and certification of energy management systems

ISO 50.004 guidance for the implementation, maintenance, and improvement of an energy management system

ISO 50.006 baseline and energy performance indicators

ISO 50.015 measurement and verification of energy performance of organizations.

In addition to being part of the national delegation in international plenary sessions, representatives of Eletrobras coordinate the work group responsible for the preparation of the implementation guide and the standard governing the audits and auditors of the energy management system. In 2013, there were seven national meetings with the purpose of analyzing and providing input for the text of the five standards being prepared.

(GRI 4.13)

Pão de Açúcar, Rio de Janeiro, Rio de Janeiro.



ABOUT THE REPORT

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ESTABLISHING
MATERIALITY_27

More energy for a new age

One of the most important points in the preparation of a sustainability report is the assessment of stakeholders and the development of the materiality matrix, a methodology that helps in the organization of the topics and aspects that are key for conducting the business from the standpoint of the company and of stakeholders.

For Eletrobras, the relationship with eight categories of audiences is a priority (see table). This rating contributes to assessing relationships and to guiding the efforts of each Eletrobras company, according to the individual needs of these stakeholders. This direct contact with these stakeholders is critical for Eletrobras's management strategy.

(GRI 4.15)

PRIORITY STAKEHOLDERS FOR ELETROBRAS

- Employees/Family members
- Investors/Shareholders/Market analysts
- Communities
- Society
- Press/Opinion makers
- Partners/Sponsors/Suppliers
- Government/Legislators/Regulatory agencies
- Clients/Consumers/Distribution companies

(GRI 4.14)

The content of the Integrated Communication Plan of the Eletrobras companies is in line with our business strategies and guides everything from the establishment of key messages to its identified audiences through the preparation of action plans. In 2013, the Integrated Communication Policy of the Eletrobras companies was revised and updated.

(GRI 4.15)

The stakeholder engagement process in the Eletrobras companies is in full compliance with the business strategy of the Eletrobras holding. The topic is addressed in the 2010-2020 Strategic Plan of the Eletrobras System, which establishes the parameters of sustainable action focused on the appreciation of employees; support for community-based education and professional training projects; the creation of employment opportunities and income, health, social inclusion and local development; and service to the populations and locations in the vicinity of the Eletrobras operations.

Learn more about the 2010-2020 Strategic Plan of the Eletrobras System at: www.eletrabras.com > Home > Sustainability > Corporate Governance > Management Tools and Policies.

INTERNAL ENGAGEMENT CHANNELS

The creation of a close and transparent relationship with the internal audience is an action of great importance for the Eletrobras strategy.

Fale com o Presidente: a direct channel between senior management and employees that receives suggestions, inquiries, and criticism related to any subject.

Organizational Climate Survey: a strategic management tool that identifies and analyzes the extent of employee satisfaction and motivation and is conducted every two years. In 2013, the third round of surveys was conducted, which enabled the implementation of actions that aim to contribute to the growth and development of individuals and, especially, to increase productivity and quality. Almost 15,000 employees of the companies were engaged in this round.

Meeting with Managers: Eletrobras holds weekly meetings to stimulate direct communication between senior managers and managers. In the meetings held in 2013, Eletrobras's operational and financial results were discussed.

Visit www.eletrabras.com and discover which communication channels are being developed and which are already used by Eletrobras on a daily basis in the relationship with each stakeholder.

The materiality helps to provide transparency and better meet the needs of the stakeholders.

Establishing materiality

Materiality helps provide transparency and better serve the needs of stakeholders. It represents a constant evolution in the development of company reporting. In 2013, a total of 230 individuals took part in the process to develop the materiality; they were involved in activities ranging from presentations about concepts and the context of sustainability in the global and national market to a reflection on the electric utilities sector and the role played by Eletrobras.

Two panel discussions were held: one with the participation of the suppliers of various products and services and another with the CEO and executive officers of the Eletrobras holding and managers of all Eletrobras companies, responsible for the

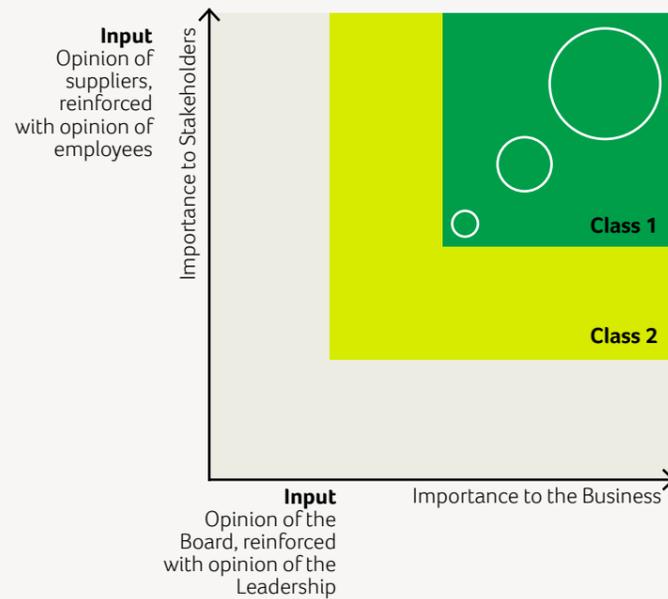
following segments: environmental, social responsibility, risks, governance, energy efficiency, investor relations, suppliers, conduct and ombudsman, customers, and others. The group of managers of Eletrobras took part in a survey conducted for the identification of priority topics for the companies as a whole and, pursuant to the corporate strategy, related to Corporate Governance, Ethics, Generation, Climate Change, Energy Transmission and Distribution, Stakeholder Engagement, Public Policies, Environmental Management, and Biodiversity. After that, a joint discussion about the results of this survey was conducted with the process leaders of all companies, aiming to prioritize the topics pertaining to the activities of the company and of the electric utilities sector.

(GRI 3.5, GRI 4.16)

The opinions of these four groups established a Materiality Map, composed of axes that consider the relevance for the business (axis X) and the relevance for stakeholders (axis Y), which enabled the perceptions about each topic to be rated as “very high,” “high,” “average,” and “low”. After the consolidation and ranking of priority topics for each axis, two groups of topics were prioritized:

Class 1: material topics for both the business and stakeholders.

Class 2: material topics for business or for stakeholders.



MOST RELEVANT TOPICS, ACCORDING TO THE PERCEPTION OF THE STAKEHOLDERS SURVEYED (GRI 4.17)

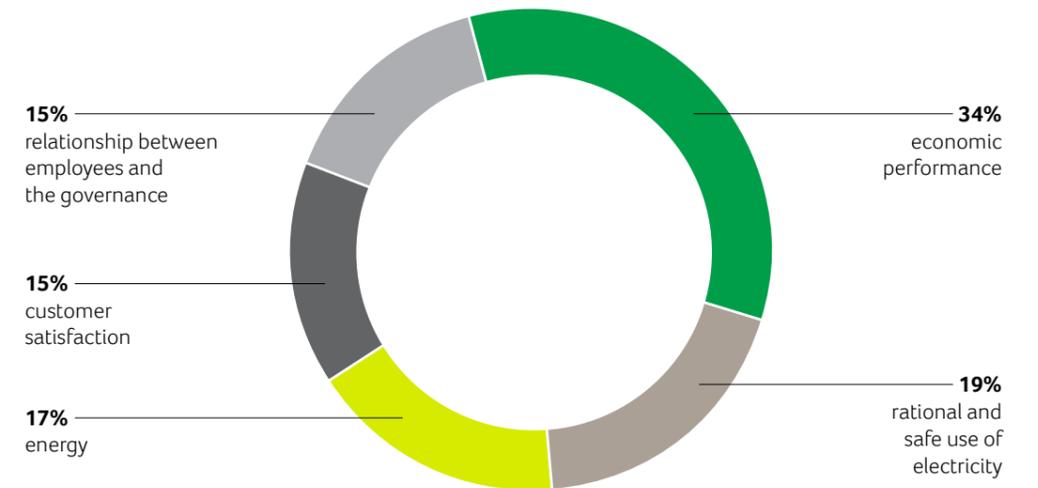
- CLASS 1**
Materials topics with level of importance (standard deviation):
- Internal and external communication strategy with a focus on sustainability
 - Sustainability in business strategies
 - Transparency

- Material topics that are extremely important to business and stakeholders:**
- Response/positioning for emergencies and calamities
 - Compliance with legislation (consumer/client)
 - Customer satisfaction
 - Planning and response to emergencies and calamities
 - Risk and crisis management
 - Training and education (multifunctional qualification)
 - Reliability and availability

- Extremely important materials topics to one of the drivers (stakeholders or business) provided they are important to both:**
- Risks and opportunities in climate change
 - Code of conduct and anti-corruption policies
 - Engagement processes with stakeholders
 - Legal compliance
 - Nuclear waste

- CLASS 2: Extremely important topics to stakeholders OR to business**
- Impact of the Law 12,783 (about concessions for generation, transmission and distribution of electricity, on the reduction of regulatory charges on the low tariff)
 - Social programs and projects in the surrounding community
 - Rational and safe use of electricity
 - Relationship strategies and methods of dialogue with local communities
 - Relationship with indigenous communities and quilombolas
 - Population displacement
 - Management of impacts on local communities
 - Demand-side management
 - Environmental Policies and management system
 - Responsibility over the use of natural resources
 - Local pollution (thermoelectric power plants)
 - Compliance with laws
 - Program of employees attraction, retention and career planning
 - Stikes and Union relation
 - Diversity, iguality and opportunities
 - Expansion, Diversification and business competiviness
 - Tariff Composition
 - Volume and water consumption
 - Consumption management
 - Law 8,666 - Developments towards sustainability
 - Human Rights Policy and measures taken in case of violations of this rights (discrimination, slavor and children labor)
 - Emission Reduction Program

RESULTS OF STAKEHOLDER'S SURVEY

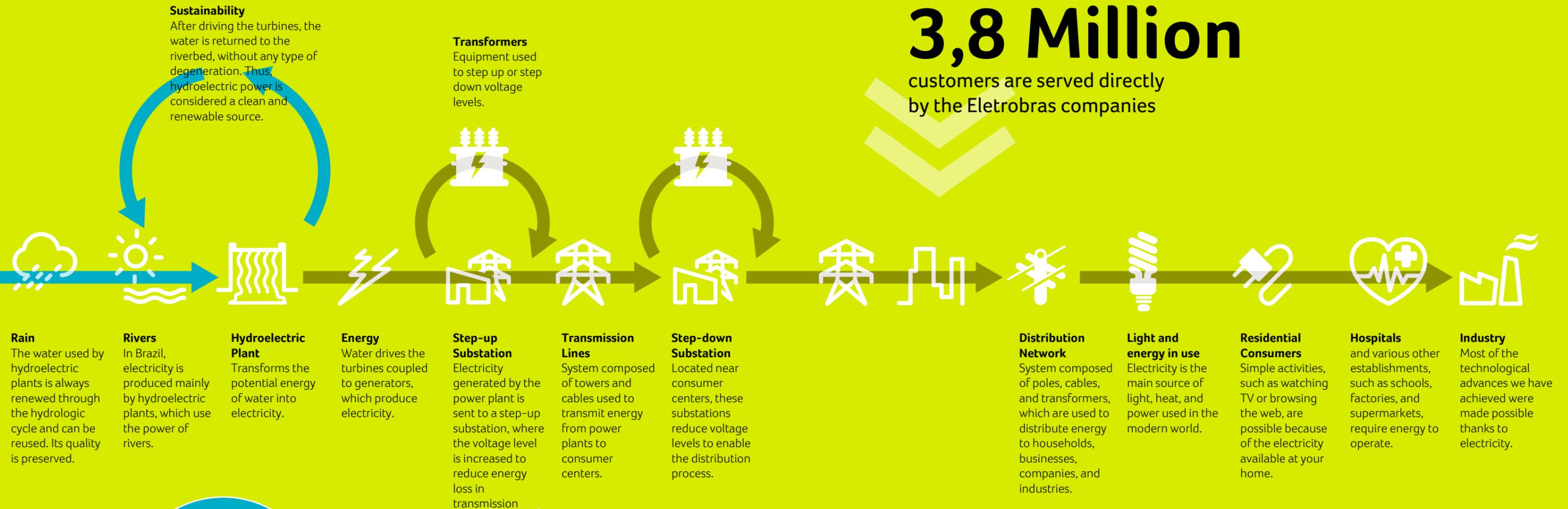


CONTINUOUS IMPROVEMENT

Together with the assessment conducted in 2013, the results of the 2012 Stakeholders Survey continue to be developed. At the time, the survey showed that “economic performance” was the most relevant topic to 32% of employees and 34% of the remaining audiences. With the same relevance, Eletrobras is continuing actions aimed at improving and / or implementation of the themes identified by the Panel of Experts, also conducted in 2012, such as impacts on communities; eco-efficiency; Relationship with employees; Fostering public policies; Renewable Energy and Health and Safety.

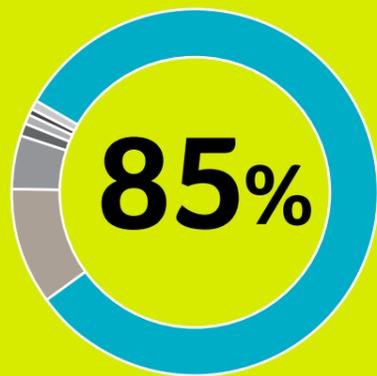
Where our energy comes to where it goes

(GRI 2.2)



3,8 Million

customers are served directly by the Eletrobras companies



85% of Eletrobras's energy is generated by hydroelectric plants.

36,3 GW

is Eletrobras's installed capacity from hydropower

Eletrobras is the main company responsible for the Brazilian energy matrix being considered the second cleanest and most renewable in the world.

Nossa Senhora Aparecida's Metropolitan Cathedral, Brasília, DF.

GOVERNANCE AND MANAGEMENT

SUSTAINABILITY IN OUR
BUSINESS STRATEGIES_34

IMPROVING MANAGEMENT
FOR BUSINESS SUSTAINABILITY_35

SELECTION OF LEADERS_40

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CONFLICT OF INTEREST_44

RISK MANAGEMENT_46

Sustainability in our business strategies

Provisional Measure 579 of September 11, 2012, converted into Law 12,783 of January 11, 2013, had a profound impact on the operational strategy of the Eletrobras System due to the adjustments put into practice by the Federal Government concerning the dynamics of the operation, maintenance, and expansion of the Brazilian electric utilities sector. The Eletrobras System's management planning process was geared toward addressing the new conditions through which the expiring concessions were extended, considering that a series of assumptions adopted in terms of cash generation, financing, funding, and expansion strategies were affected by the provisions set forth in the aforementioned Provisional Measure.

An immediate positioning was required for strategic realignment with this new reality. Eletrobras sought to define short- and medium-term guidelines, which resulted in the preparation of the 2013-2017 Business and Management Master Plan of the Eletrobras System (PDNG), which was approved by the Board of Directors of Eletrobras on March 27, 2013 and communicated to the market on the following day.

It became imperative to resume the planning and management pace of the Eletrobras System, focusing on the development of the business plan for each Eletrobras company, involving a comprehensive process of negotiations with the Eletrobras holding. This served as input for three actions:

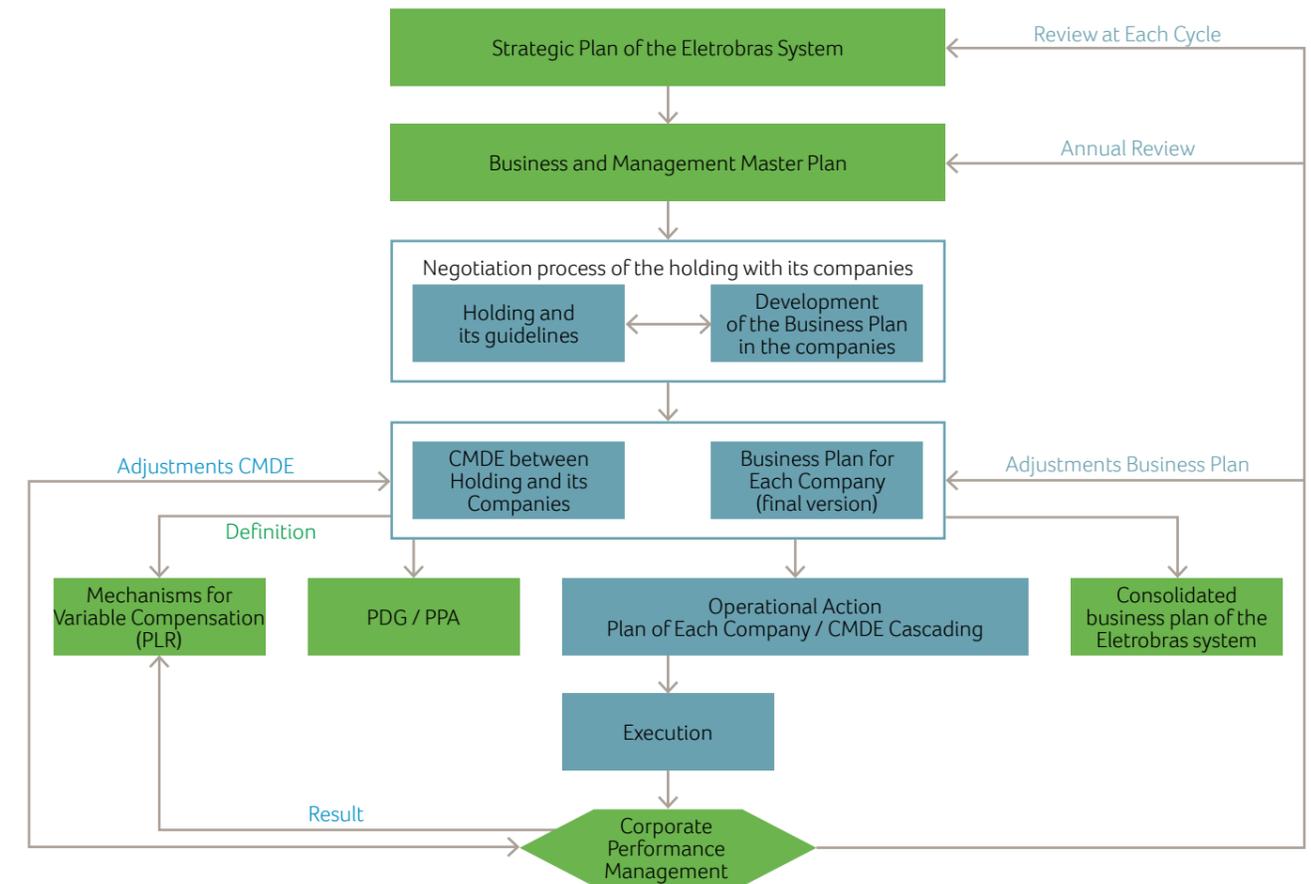
1. The preparation of an operational action plan for the projects and initiatives included in the business plan;
2. Contract on the business goals between the company and the Eletrobras holding in the Goals and Corporate Performance Contract (CMDE) platform;
3. The preparation of the Consolidated Business Plan of the Eletrobras System.

The PDNG 2014-2018, approved in March 2014 by the Board of Directors, governs the process of resuming this pace, considering a diagnosis of the organization's current status, which includes the main results of the PDNG 2013-2017 and, for this five-year period, the strategic positioning with the goals established, the economic and financial projections, and the portfolio with the main projects that must be implemented in order to achieve the expected results.

Eletrobras's expansion strategy continues to prioritize in its portfolio of energy generation and transmission assets those projects deemed essential and that are strictly in line with the National Energy Plan (currently, PNE 2030) and its developments in the Decennial Energy Plans (currently, PDE 2022), the Ministry of Mines and Energy's most important instruments in planning for the industry sector.

(GRI 1.2)

PLANNING AND MANAGEMENT PROCESS OF THE ELETROBRAS SYSTEM

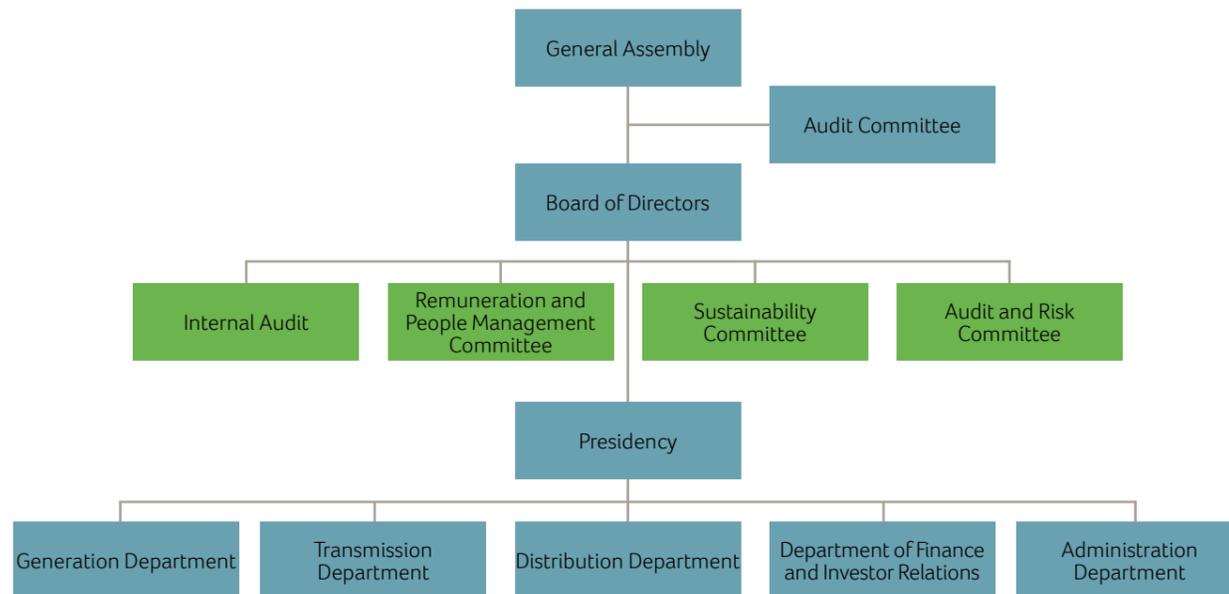


Improving management for business sustainability

Guided by ethics and transparency, Eletrobras's governance values the fair treatment of all stakeholders, accountability, and corporate responsibility, which includes safeguarding the longevity and sustainability of the company according to the social and environmental aspects of its operations. New transparency standards for the disclosure of information are continuously implemented, which implies a commitment to considering the interests of its stakeholders in the decisions made by the company management. The transparency level

adopted specifically strengthens the permanent dialogue with communities and organizations of the society, thereby facilitating analysis by investors.

Pursuant to this line of operation, Eletrobras has been modernizing its management tools; for example, the adoption of practices to assess its Board of Executive Officers and its Board of Directors and other mechanisms that contribute to developing a direct dialogue with shareholders. For Eletrobras, corporate governance is one of the pillars of sustainability.



MANAGEMENT AND GOVERNANCE INSTRUMENTS

- Bylaws
- CAE's Internal Regulations
- CF's Internal Regulations
- Internal Regulations of the Committees
- Code on Eletrobras's Corporate Governance Practices
- Code of Ethics
- Antitrust Guidelines
- Guide on the Disclosure and Use of Relevant Information and Policy on the Trading of Securities Issued by Eletrobras
- Strategic Plan of the Eletrobras Companies
- Policies of the Eletrobras Companies
- Guidelines for Board Members

In 2013, the company continued to implement several actions, such as the standardization of the Bylaws of the distribution companies, the approval of the Guide for the Participation in Shareholders' Meetings, the preparation of Guidelines for Board Members, the implementation of the Information Management System for Eletrobras's senior management, and the Course for Board Members representatives of employees on the boards of all the companies of the system.

Eletrobras's corporate governance model is provided below; roles and responsibilities are defined in its Bylaws: **(GRI 4.1)**

Eletrobras's Board of Directors is responsible for defining corporate strategies. The Internal Audit, the Sustainability Committee, the Audit and Risks Committee, and the Remuneration and People Management Committee report directly to the CAE.

The Board of Executive Officers is responsible for managing Eletrobras's businesses, according to the strategic guidelines established by the CAE.

The Internal Audit is responsible for checking the appropriateness, efficiency, and effectiveness of the internal control systems; compliance with laws and internal and external normative rulings; and compliance with plans, goals, objectives, and policies established by the company.

ANNUAL GENERAL MEETING

Shareholders' Meetings The Ordinary Shareholders' Meetings (AGO) is held within the first four months following the end of the fiscal year; in 2013, it approved:

- The financial statements for the 2012 fiscal year.
- The destination of the results of the fiscal period and the remuneration of shareholders.
- The election of the members of the Board of Directors and Fiscal Council.
- The remuneration of the members of the Board of Directors, Audit Committee, and Board of Executive Officers.

Extraordinarily, the Shareholders' Meetings convenes in those cases foreseen by law and whenever deemed appropriate by the Board of Directors.

BOARD OF DIRECTORS

Up to ten members, seven of whom are appointed by the majority shareholder; one by minority shareholders holding common shares; one by minority shareholders holding preferred shares, and one representing the employees.

Of the nine positions filled, two are independent members and one is an executive member.

(GRI 4.3)

- One-year term, with a possibility for reelection.
- Shareholders' Meetings are held on a monthly basis and extraordinary meetings are convened whenever necessary.

In 2013, 18 meetings were held.

FISCAL COUNCIL

Five members and their respective alternates, three of whom are appointed by the majority shareholder; one by minority shareholders holding common shares; and one by minority shareholders holding preferred shares. These members include one financial specialist, pursuant to the requirements of the SEC.

- One-year term, with a possibility for reelection.
- Shareholders' Meetings are held on a monthly basis and extraordinary meetings are convened whenever necessary.

In 2013, 13 meetings were held.

BOARD OF EXECUTIVE OFFICERS

Six members, including the CEO, who are elected by the Board of Directors.

- Terms of up to three years, with a possibility for reelection.
- Weekly meeting.

In 2013, 50 meetings were held.

All roles and requirements are set forth in the company's Bylaws and Internal Regulations; they comply with the laws in effect and there is no **discrimination** on the basis of gender or other aspects of diversity.

(GRI LA13)

Annually, board members and executive officers of Eletrobras undergo a performance assessment process, pursuant to the methodology established in the Performance Assessment Manual of the Board of Directors (CAE) and the Board of Executive Officers (DE), to ensure they perform their roles in compliance with the strategy of the company, contributing to the diversity of experiences and knowledge. The Eletrobras **holding** standardized this methodology and disseminated these guidelines for their application in all Eletrobras companies. Executive officers and board members conduct their self-evaluation and assess their respective areas. Board members also evaluate the Board of Executive Officers as a body.

(GRI 4.10)

COMMITTEES

The committees that support the Board of Directors were created to aid in specific matters. The CEO of Eletrobras participates only in the Sustainability Committee, since he is involved in the management of the company and should not be associated with the Audit and Risks Committee and with the Compensation and People Management Committee, to avoid conflicts of interest.

Among the committees that report to the CAE, the Sustainability Committee is responsible for management and it is involved in the implementation of internationally recognized sustainability processes and tools and in the monitoring and in the assessment of results.

(GRI 4.9)

SUSTAINABILITY COMMITTEE

Composed of three members, this committee develops and coordinates integrated actions in all Eletrobras companies in order to allow for consistent progress in the management and implementation of corporate sustainability in the monitoring of indicators for the preparation of tools that foster sustainable development.

AUDIT AND RISKS COMMITTEE

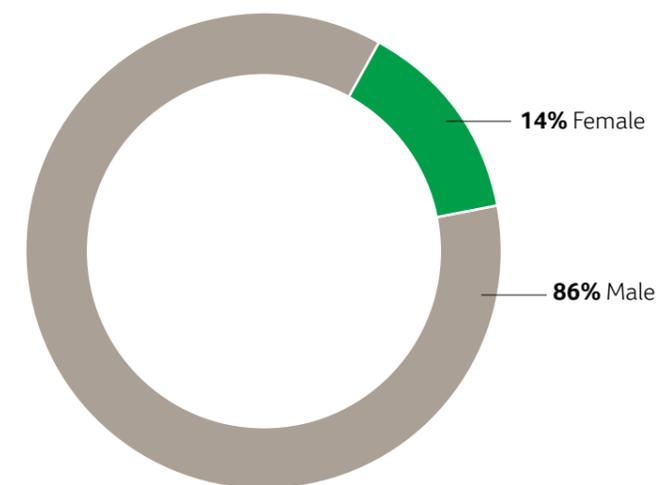
This committee analyzes topics pertaining to accounting practices, risks and internal controls, independent auditing, processes, and pending issues with regulatory agencies (Office of the Comptroller General and Federal Court of Accounts). The president is an independent member and a representative of minority shareholders. The committee is composed of three members, one of whom is a representative of the employees.

COMPENSATION AND PEOPLE MANAGEMENT COMMITTEE

This committee advises the Board of Directors on decisions pertaining to policies on compensation, people management, and the development of the competencies of the Eletrobras professionals. It is composed of three members, one of whom is independent. There is no involvement of executive members or board members employed by the company.

DIVERSITY OF THE GROUPS RESPONSIBLE FOR GOVERNANCE OF THE ELETROBRAS COMPANIES

(GRI LA13)



DIVERSITY WITHIN THE GROUPS RESPONSIBLE FOR THE GOVERNANCE OF THE ELETROBRAS COMPANIES

(GRI LA13)

| | 2013 | 2012 | 2011 |
|--------------------|------------|------------|------------|
| Under 30 years old | 1 | 0 | 0 |
| 30-50 years old | 49 | 47 | 41 |
| Over 50 years old | 105 | 104 | 96 |
| Total | 155 | 151 | 137 |

The groups responsible for the governance of the Eletrobras companies are the Board of Directors, the Fiscal Council, and the Board of Executive Officers.

Selection of leaders

BOARD MEMBERS AND EXECUTIVE OFFICERS

Eletrobras is managed by the Board of Directors and by the Board of Executive Officers. These positions are exclusively held by Brazilian citizens. The executive officers must reside in Brazil.

Board members are elected in the Shareholders' Meetings and executive officers are appointed by the Board of Directors. The minutes of the election of the board members and executive officers of the company should contain the qualifications of each member elected and their term of office. Whenever the law imposes requirements for a given administrative position at Eletrobras, individuals may only be elected and take office upon the provision of the supporting documents.

The requirements for the selection of the members of the highest corporate governance body at Eletrobras involve knowledge of the electric utilities sector, of public administration, and of financial and capital markets, as well as moral integrity. The ineligibility criteria set forth in the laws in effect and in the Bylaws must also be observed.

3. Law 9,292 of July 12, 1996 provides on the remuneration of Board members and Fiscal Council members of government-owned companies and mixed capital corporation, as well as of other entities directly or indirectly controlled by the Federal Government.

Eletrobras values the qualifications of its governance agents and annually analyses the viability of scheduling training courses for the members of the Board of Directors of its companies. In 2013, Eletrobras provided training for the board members elected by employees.

(GRI 4.7)

COMPENSATION

Remuneration of board members and executive officers aligns the interests of administrators and shareholders, since it is based on parameters such as the responsibility required by the position, expertise, competency, and professional reputation, as well as the market practices in effect in similarly sized companies.

Compensation of board members and fiscal council members is fixed and corresponds to 10% of the average monthly compensation received by executive officers, less the amounts pertaining to direct and indirect benefits offered to executive officers (Law 9,292³); they do not receive any performance-related pay. Executive officers receive a fixed compensation amount and a variable portion, which is associated with profit sharing in the company.

(GRI 4.5)

Board members do not receive any additional compensation for their participation in advisory committees and/or commissions providing support to the Board. Compensation of the Board of Directors, Fiscal Council and of the Board of Executive Officers is disclosed, in a consolidated manner, in the annual Administration Report and in item 13.2 of the Reference Form, submitted to the Securities and Exchange Commission of Brazil (CVM). In addition to the Administration Report, the compensation of the Board of Directors and of the Fiscal Council is broken down individually in the Management and Accountability Report, submitted to the Federal Court of Accounts (TCU).

TOTAL COMPENSATION OF MEMBERS OF ELETROBRAS'S GOVERNANCE BODIES

(R\$)

| BODY | 2013* | 2012 | 2011 |
|-----------------------------|--------------|--------------|--------------|
| Board of Directors | 532,822.86 | 498,655.87 | 303,960.11 |
| Fiscal Council | 333,014.29 | 294,453.81 | 196,316.80 |
| Board of Executive Officers | 6,149,902.65 | 5,657,570.87 | 5,810,641.16 |

Amounts based on the CVM Reference Form 2013.

Mechanisms for participation

In order to facilitate and promote shareholder participation in meetings convened by the company and to present contributions to the understanding of the matters proposed, the company also provides on its website the Eletrobras Guide for Participation in Shareholders' Meetings. Through a link in this guide, shareholders can find detailed information about the matters discussed in these meetings.

Since 2012, one of the members of the Board of Directors has been a representative of the workers, chosen among active employees through direct vote in an election organized by the company, together with the trade unions that represent these employees. Employees do not take part in Board meetings when their deliberations constitute a conflict of interest (Law 12,353⁴). Representatives elected held periodic meetings with employees in 2013, maintaining a communication channel by e-mail.

(GRI 4.4)

4. Law 12,353 of December 28, 2010 provides on the participation of employees on the Boards of Directors of government-owned companies and mixed capital corporation, their companies, subsidiaries, and other companies in which the federal government, whether directly or indirectly, owns the majority of the capital stock with voting rights.

To learn more about Eletrobras's corporate governance policies and practices, visit: Eletrobras website > *Página principal* > *Sustentabilidade* > *Governança Corporativa* > *Instrumentos de Gestão e Políticas* (> Home > Sustainability > Corporate Governance > Management Tools and Policies). To view the qualifications of the members of the highest governance body of the companies, visit the www.eletrobras.com > About Us > Boards and Councils

Code of Ethics

The Eletrobras companies have a unified Code of Ethics that guides their internal relationship and interaction with the other segments of society. To ensure compliance with the concepts described in the Code of Ethics of the company and of the Public Ethics Committee, Eletrobras has put in place a management system that is coordinated by the Ethics Committees formally established in each of its companies.

(GRI 4.8)

Among the principles that underpin these relationships, Eletrobras prioritizes the dignity of and respect for people, lawfulness, sustainability, professionalism, transparency, impartiality, and integrity.

All employees, service providers, interns, and young apprentices receive the Code of Ethics of the Eletrobras companies upon their first contact with the company.

The company also makes accessible versions of the Code available to everyone: in Braille format for the visually impaired; in audiobook format; and in comic-book format, using accessible and educational language.

Responsible communication

As provided in the guidelines described in the Sustainability Policy, in the Integrated Communication Policy, in the Environmental Policy, and in the Code of Ethics of the Eletrobras Companies, among other regulations that govern the commitment made by the companies to transparency and to the improvement of best practices in their relationship with stakeholders, the Eletrobras companies provide several communication and dialogue channels to address any type of subject.

The main channels are the Ombudsman Office, the *Fale Conosco* channel (Talk to Us), and contact by phone and Internet (page 162). Therefore, not only in communication, but also in the relationship with stakeholders, Eletrobras fosters dialogue as early as the planning phase of projects and establishes processes to provide information and clarification to the public about electricity, energy efficiency, and the environmental actions involving the activities of the Eletrobras companies.

EXTERNAL RELATIONSHIP CHANNELS

The relationship channels with the external audience are monitored of the respective areas.

The Ombudsman Office: Eletrobras seeks to offer mechanisms that contribute to the strengthening of its relationship with external and internal audiences. The Ombudsman Office is an important channel for this communication; it works in partnership with the Ombudsman Offices of other companies in the electric utilities sector, pursuing transparency in negotiation processes. In 2013, the Ombudsman Office of the Eletrobras holding received 2,551 reports, of which 2,431 (96%) were resolved and 109 (4%) were ongoing as of December 2013.

Serviço de Informação ao Cidadão (Citizen Information Service - SIC)

monitored by the Ombudsman Office, it handles the requests and inquiries falling under the Access to Public Information Act. In managing the requirements of Law 12.527⁵, 661 inquiries were received through the SIC. Of a total of 160 inquiries addressed in 2013, 11 requesting parties filed appeals.

Advertising is evaluated and approved by the Department for Social Communication of the Presidency (SECOM), which analyzes each media plan and the content of all campaigns, based on the general interest. Marketing or advertising communications comply with the relevant laws, pursuant to the provisions established by SECOM and by the Brazilian Advertising Self-Regulation Council (Conar).

(GRI PR6)

VOLUNTARY COMMUNICATION PRACTICES

The Eletrobras companies adopt voluntary communication practices, such as with Itaipu Binacional which gives preference for recycled or low-impact materials in projects for trade fair booths (flooring made of recycled tires, OSB walls made with highly sustainable plastic lumber, and furniture made of recyclable cardboard) and for the hiring of services with the *Forest Stewardship Council* (FSC) certification for the printing of newsletters and books.

5. Law 12,527/2011 establishes terms and procedures for the disclosure of public information and the procedures for information requests; additionally, it offers citizens a uniform access standard to facilitate finding and gathering information and to become, in the eyes of these citizens, a benchmark in public transparency.



Eletrobras on the Internet

Eletrobras is also on Facebook, YouTube, and Twitter, and it strongly desires to engage and interact with its various external stakeholders. In 2013, a total of 246 posts were published on Facebook on subjects such as power generation, social responsibility, and energy efficiency, which are among the subjects that were liked and shared the most by the approximately 43,000 fans of the profile. On Twitter, Eletrobras's profile ended the year with 221 tweets and over 16,000 followers. The Eletrobras channel on YouTube ended the year with a total of over 98,600 views.

Conflict of interest



7. Please see note 4.

Eletrobras's Bylaws provide for situations involving conflicts of interest, in which board members must abstain from the discussion and from voting when such conflict is identified. These abstentions are registered in the minutes of the respective meetings, and board members have guaranteed access to the minutes and documents related to the deliberations in up to 30 days.

In order to avoid possible conflicts of interest and the use of confidential and strategic information, the CEO and executive officers cannot hold any executive, managing, or consulting positions in privately held companies, electric utilities companies, or private law firms that are associated in any way with the electric utilities sector, other than the subsidiaries, affiliates, Special Purpose Entities (SPE), or concessionaires controlled by the states in which Eletrobras holds ownership interest. In these cases, these professionals may hold positions in the Boards of Directors and Fiscal Council, pursuant to the provisions of Law 9.292⁶ concerning compensation.

6. Please see note 3.

The board member elected by employees does not take part in discussions and deliberations about subjects involving union relations, compensation, benefits, and advantages, including matters pertaining to complementary pension funds and assistance; these cases

constitute conflicts of interest, provided for in paragraph 3, of Law 12.353⁷, of December 28, 2010.

Executive officers must present a Confidential Information Statement (DCI) to the Public Ethics Committee, listing the assets owned by the executive officers and the CEO; disclosing situations or ownership interests that may constitute a conflict of interest; and describing the measures taken by the executive officers and the CEO to mitigate such situations.

In order to receive formal inquiries from other employees with respect to situations that may involve conflicts of interest, pursuant to Law 12,813, Eletrobras has structured an inquiry system that integrates the actions of the people management area and the Ethics Committee of the company; this system can be accessed at: conflitodeinteresses@eletrobras.com

(GRI 4.6)

ANTI-CORRUPTION PRACTICES

Published in August 2013, Law 12,846 holds companies accountable and punishes them for incidents of corruption against national or foreign public authorities. This law applies to corporations and companies, regardless of the organization or corporate ownership model adopted.

According to this new law, companies involved in fraud will be subject to civil and administrative procedures upon evidence of the wrongful act. Penalties can be applied in the administrative or legal sphere, such as fines, forfeiture of assets, suspension of activities, and incarceration (in the case of criminal conviction).

Since Eletrobras shares are traded in the New York Stock Exchange (NYSE), the company is subject to the American laws and regulations applicable to companies whose shares are listed in the aforementioned stock exchange.

In this sense, in addition to Law 12,846/2013, we highlight the need to comply with the U.S. Foreign Corrupt Practices Act (FCPA) of 1977 and with its subsequent amendments. This law prohibits companies from offering, promising, making, or authorizing payments or benefits of any kind or value to government agents, whether directly or indirectly, with the purpose of influencing or compensating such agents. The FCPA also requires that companies maintain their accounting books and records properly, as well as have an internal accounting control system that records their payment activities accurately. Any violations to the FCPA may lead to civil and criminal penalties.

Eletrobras has and adopts institutional tools to report incidents of corruption: the Canal Denúncia (Reporting Channel), which is specific to tax-related concerns and the Ombudsman channel, which collects and handles concerns of any nature. These reports can be made by e-mail, letter, phone, or in person.

In 2013, there were 12 incidents of corruption recorded, of which only 3 were substantiated. They resulted in the suspension of three employees and in the termination for cause of another.

INCIDENTS OF CORRUPTION

(GRI SO4)

| | 2013 | 2012 | 2011 |
|--|------|------|------|
| Total number of incidents of corruption recorded | 12 | 20 | 9 |
| Substantiated | 3 | 5 | 9 |
| Unsubstantiated | 9 | 6 | 0 |

In 2012, the remaining incidents were pending and there is no additional information.

The Eletrobras companies address the risk of unethical behavior and corruption in their risk matrix. With the creation of Law 12,843/2013, the Board of Executive Officers approved a resolution for the implementation of a program that adapts the practices in place at the Eletrobras companies for anti-corruption laws, which is ongoing.

(GRI SO2)

Risk management

The Eletrobras companies consider Integrated Risk Management to be an important tool for the improvement of its efficiency, through strategic and accurate data to support the administration's decision-making process in matters concerning the preservation and creation of value and the provision of transparent information to the market and to its shareholders.

At Eletrobras, the risk management process is coordinated by the Eletrobras [holding](#) to ensure a systemic view of results and its standardization across all companies.

The activities at the companies are governed by a single Risk Management Policy, and they are conducted by the Risk and Internal Control Management Department and by the Risk Committees of each of them. General guidance is provided by the Risk Committee of the Eletrobras [holding](#), which has the following main responsibilities:

1. Monitoring and validation of the risk analyses results;
2. Prioritization of risks with higher impact and vulnerability;
3. Guidance and integration of the operation of the other Eletrobras companies.

8. This law establishes the creation of reliable audit and security mechanisms at the companies listed in the Stock Exchanges of the U.S., including rules for the creation of the committees responsible for overseeing activities and operations, in order to reduce the risks to the businesses, to avoid fraud, or to ensure the means to identify their occurrence, enabling transparency to corporate management.

In addition to this committee, the Audit and Risks Committee is one of the three committees that advise Eletrobras's Board of Directors. Based on the information presented by the Risk and Internal Control Management Department, by the internal audit area, and by the independent auditors, this committee recommends mitigative actions to the Board of Directors and to the Board of Executive Officers. The implementation of this committee reinforces the commitment of the administration to the monitoring of its main risks and to the integrity of its internal control environment.

Eletrobras identifies and consolidates all possible threats to its strategic objectives into a single risk matrix. This matrix covers strategic, operational, financial, and compliance risks, which are subdivided into categories, one of which is specifically dedicated to risks related to environmental and social issues. The prioritized risks are continuously monitored, whether by qualitative or quantitative modeling, which is also applied to acculturation actions in the group.

To ensure the effectiveness of the risk management process, to comply with the requirements of the Sarbanes-Oxley Act⁸ and to maintain the rating of its American Depositary Receipts (ADRs) in the New York Stock Exchange, Eletrobras also seeks the constant improvement of its internal control environment, reducing its material deficiencies and showing its engagement with best management practices.

PRECAUTIONARY PRINCIPLE

Eletrobras is exposed to a number of risks that are directly related to the performance of its core business activities (energy generation, transmission, and distribution).

By applying the precautionary principle, the company seeks to avoid irreversible damages and costly contingency, remediation, and/or compensation measures. This is illustrated by the actions taken by some of its companies, to prevent possible environmental and/or social accidents. Given the relevance of the impacts on assets and on the operating and financial results of the companies, a number of practical examples of the application of this principle can be mentioned.

Eletrobras Eletronuclear has not detected any evidence of deterioration; however, to avoid costly inspections of and emergency repairs to the Angra 1 reactor, the company has decided to replace one of its safety components, thereby elevating the long-term reliability level of the power plant and extending its lifecycle. The procedure for the replacement of this component occurred during a programmed shutdown of the plant that lasted 61 days. The total investment, which includes the acquisition, installation, and storage of the old component, was US\$27 million.

The company also invested in the preparation of a contingency plan for the event, which is ongoing, with actions planned until the end of 2016, aiming to avoid disasters similar to the one in Fukushima. The studies conducted were submitted for assessment, validation, and monitoring by the National Nuclear Energy Commission (CNEN).

Another example of how the precautionary principle was applied occurred at Itaipu Binacional. The power plant, which is stabilized and whose sole irreversible environmental risk is the compromising of the physical security of its dam, devoted special attention to the security procedures concerning the dam in 2013.

(GRI 4.11)

PREVENTIVE MEASURES

After the accident at the Fukushima plant in Japan, Eletrobras Eletronuclear's Board of Executive Officers immediately established a Fukushima Response Committee, which prepared a preliminary action plan with studies, assessments, and projects to incorporate the lessons learned from the accident into the Brazilian nuclear power plant. This plan was submitted to CNEN and served as basis for preventive activities that are already in place at Eletronuclear.

The actions planned in this plan include the stages of reassessment of threats and risks associated with the possibility of occurrence of natural disasters in the area of the plant, in addition to making improvements in the structures, systems and equipment which compose it, aiming at increasing the project's safety margins against the possibility of occurrence of extreme events. To improve the infrastructure of the plant for the management of emergency situations is also part of the stages of the planned actions, which have together an estimated development cost of R\$300 million, to be achieved by 2018. About this amount, R\$30 million were already carried out.

(GRI EN30)

Pajuçara Beach, Maceió, Alagoas.



BUSINESS PERFORMANCE

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ELETROBRAS CEPEL **70**

Power to generate, transmit, and distribute energy

Present across the country and serving consumers and clients with various profiles and needs, the Eletrobras companies have been increasingly involved in the supply of energy in Brazil. All of its 16 companies (7 energy generation companies, 6 distribution companies, 1 research center, 1 venture capital corporation, and the [holding](#)) operate in an integrated manner, with policies and guidelines prepared by the Superior Council of the Eletrobras System (CONSISE).

(GRI 2.8)

The market where the Eletrobras companies operate is increasing its demand for energy on a daily basis. Hence, the entry of new generation and transmission projects occurs through energy bids, with subsequent granting of concessions. Before the bidding, each project should undergo various phases, which are very well defined by the rules of the industry.

(GRI EU6)

Its positioning and the single strategic planning for all Eletrobras' companies strengthen integration and the pursuit to become, by 2020, the largest global clean energy corporate system.

Currently, the Eletrobras companies have been granted the concession to develop energy generation projects (whether individually or in partnerships) that may enter operations starting in 2014, totaling approximately 25,540 MW of installed capacity. Of this total, approximately 13,376 MW refer to Eletrobras' share in these projects; approximately 2,895 MW relate to projects with direct concessions; and 10,481 MW correspond to ownership interest in projects through Special Purpose Entities (SPE).

INCREASINGLY CLEANER

By 2019, a full 96% of the energy provided by the projects in which Eletrobras is involved will come from **clean sources**.

Generation

EXPANSION

Eletrobras continues to be the largest clean energy generation company in the country. The company invested approximately R\$6.5 billion in 2013. In this period, the company had – individually or through [SPE](#) – projects under construction or ready to begin construction, which should be incorporated into the Brazilian energy matrix by 2019.

The company continued to play a major role in energy bids and was awarded the concessions of the Sinop power plant (400 MW), with the participation of Eletrobras Chesf and Eletronorte, in a bid that occurred on 08/29/13 and of the São Manoel power plant (700 MW), with the participation of Eletrobras Furnas, on 12/13/13.

In addition to the power plants that have already been granted and authorized, Eletrobras develops studies on projects for hydroelectric power plants that amount to approximately 20,350 MW of

Generation in Eletrobras companies

installed capacity for power generation. Of this total, approximately 11,400 MW are indicative projects that are included in the expansion of the supply of the Decennial Energy Expansion Plan 2022 (PDE 2022), prepared by the Ministry of Mines and Energy (MME), which amount to 58% of the capacity of all hydroelectric plants included in the Plan. Among these projects, we highlight the Belo Monte, Santo Antônio, Jirau, Teles Pires, Sinop, and São Manoel power plants and the projects under study for the hydroelectric power plants located on the Tapajós River basin: São Luiz do Tapajós and Jatobá, Jamanxim, Cachoeira dos Patos, and Cachoeira do Cai.

In the bids for wind farms, the company also played an important part: on 11/18/13, Eletrobras Chesf and Eletrosul negotiated 62.5% (550.5 MW, in 27 wind farms) of all energy offered. Investment in these wind farms will total R\$2.2 billion and energy generation will commence in 2016.

An additional R\$2.2 billion will be added to these investments, to be allocated by Eletrobras Furnas and private partners to four wind farm complexes with a total capacity of 570 MW, located in the states of Rio Grande do Norte, Ceará, and Bahia. In the same bid, held on December 13, Eletrobras Chesf defined the expansion of three wind farm complexes in which it already holds ownership interest and sold 51.3 MW in Sento Sé, 24 MW in Pindaí, and 52 MW in Casa Nova.

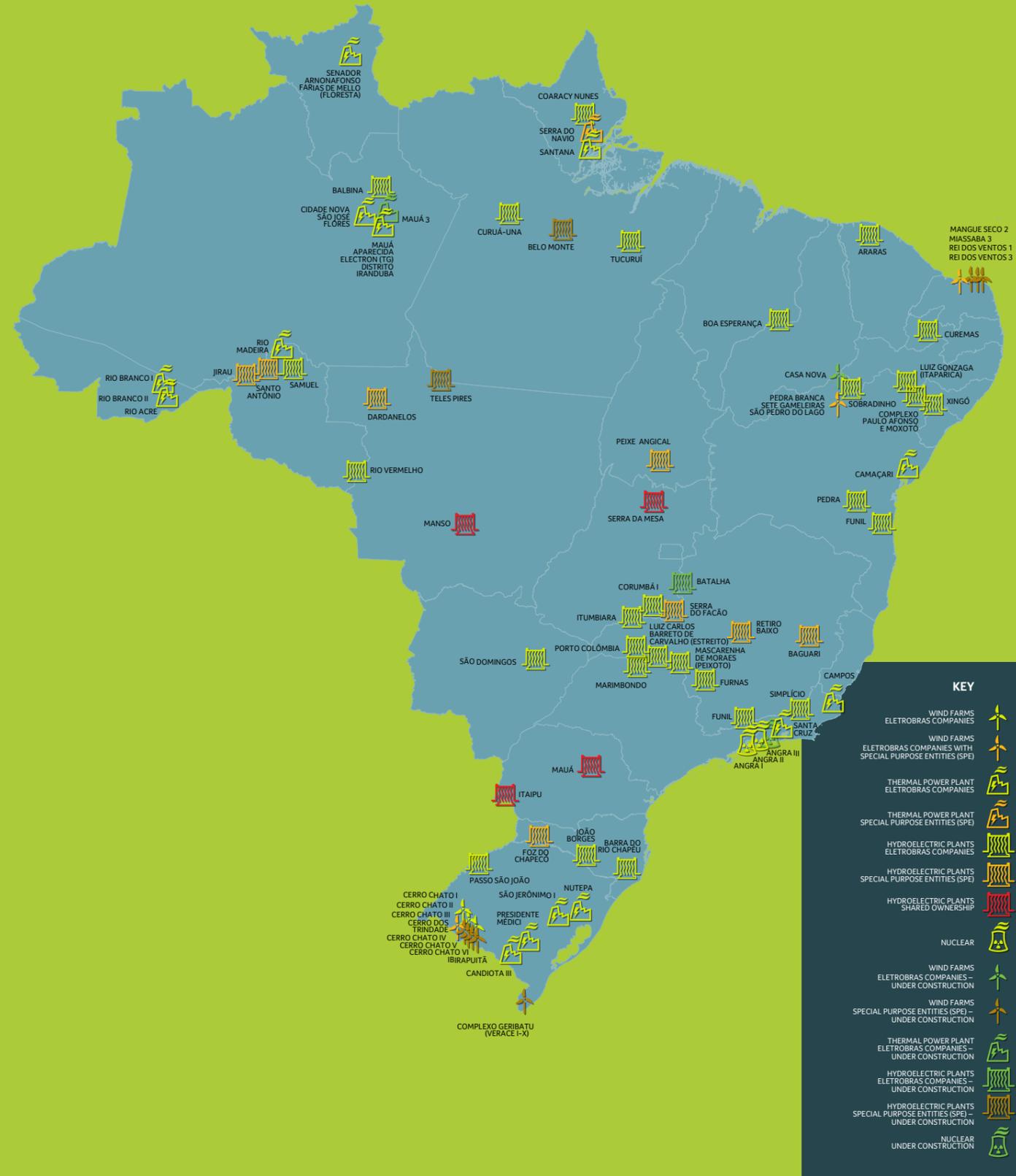
NEW PROJECTS

In partnership with another eight companies (Eletrobras Eletronorte, EDF, GDF SUEZ, Neoenergia, Camargo Corrêa, Endesa Brasil, Copel, and Cemig), Eletrobras coordinates the Tapajós Study Group, which currently conducts technical and economic feasibility and environmental studies on the hydroelectric potential of São Luiz do Tapajós and Jatobá, in the western region of the state of Pará.

Learn more on the Tapajós Blog:
<http://www.usinasdotapajos.com.br/>

Another important study that is being conducted involves Eletrobras and Argentine government-owned energy company EBISA, located on the border between the northwest region of the state of Rio Grande do Sul and the provinces of *Corrientes and Misiones*, in Argentina. This study involves the hydroelectric potential of Garabi and Panambi. The engineering and environmental studies and the Social Communication Plan began in 2013 and should take approximately two years to be concluded.

Learn more about UnE Garabi-Panambi at the Eletrobras Website > *Nosso Negócio* > *Geração* > *UnE Garabi-Panambi* (>Our Business> Generation > UnE Garabi-Panambi)



INSTALLED CAPACITY

(in MW), broken down by primary source of energy and by regulatory system

| Source | Installed capacity in: | | | Increase in 2013 over 2012 | |
|--------------------------------------|------------------------|---------------|---------------|----------------------------|-------------|
| | 2013 | 2012 | 2011 | MW | % |
| Hydroelectric | 36,280 | 35,668 | 35,001 | 612 | 1.7% |
| Thermal (oil, coal, and natural gas) | 4,567 | 4,567 | 4,535 | 0 | 0% |
| Nuclear | 1,990 | 1,990 | 1,990 | 0 | 0% |
| Wind and Solar | 150 | 103 | 94 | 47 | 45.6% |
| Total | 42,987 | 42,328 | 41,620 | 659 | 1.5% |

INSTALLED CAPACITY

The capacity of the Eletrobras system reached almost 43,000 MW of installed capacity in 2013, which represents 34% of the 126,384 MW installed in Brazil, an increase of 1.55% over 2012, which then had 42,328 MW.

(GRI 2.8)

In 2013, the Eletrobras companies, whether through direct engagement or through SPE, added 659 MW of installed capacity to its energy matrix. Some of the power plants developed in partnership, such as the Santo Antonio hydroelectric plant, have seven turbines in operation, totaling 1,128 MW. We also highlight the beginning of operations at the first 75 MW generating unit at the Jirau hydroelectric plant and at the Simplicio and Batalha power plants, which are wholly owned by Eletrobras Furnas.

(GRI EU1)

Of the total installed capacity of the Eletrobras companies, 46% is provided by projects that are wholly owned by the Eletrobras companies, 32% comes from concessions renewed pursuant to Law 12,783/2013, 3% derives from projects developed in partnership with third-parties through SPE and 19% relates to projects with shared ownership, such as Itaipu Binacional, in which Eletrobras owns half (7,000 MW) of the installed capacity.

The growth in installed capacity represented an increase from 89.2% in 2012 to 89.4% in 2013 in the share of clean sources in Eletrobras's matrix. The company also has the concession/authorization to develop new projects amounting to approximately 13,376 MW, obtained

through authorizations, bidding processes, and auctions. Of this total, approximately 9,457 MW correspond to hydroelectric power plants, 1,930 MW are associated with wind farms, and 1,405 MW represent nuclear sources. Projects are expected to be operational by 2019, when the share of clean sources in Eletrobras's matrix should reach 91%.

(GRI 2.8, GRI EU6)

Eletrobras is the company mainly responsible for the fact that the Brazilian energy matrix is considered to be the second cleanest and most renewable in the world. In 2013, of the total installed capacity based on this type of energy source in Brazil, approximately 43% belongs to Eletrobras.

(GRI EU1)

EXPANSION

For the next five years, Eletrobras foresees an investment of R\$31.9 billion in generation, from its own resources and from partnerships, and an additional R\$3.5 billion in the maintenance of its current assets.

Considering the installed capacity of the power plants in the Eletrobras Systems interconnected with the National Interconnected System (SIN), including the power plants that already hold concession/authorization or that are pending grants, whether directly or in partnerships, and comparing it with the evolution of the planned installed capacity, provided in the Decennial Energy Expansion Plan 2022 –(PDE 2022) and prepared by the Ministry of Mines and Energy (MME), we have the following scenario:

(GRI EU10)

EVOLUTION OF THE INSTALLED CAPACITY IN THE SIN CAPACITY OF THE ELETROBRAS SYSTEM X TOTAL PLANNED CAPACITY (PDE 2022)

| SOURCE | 2013 | | | 2018 | | | 2022 | | |
|---------------|----------------------|---------------------------|--------------|----------------------|---------------------------|--------------|----------------------|---------------------------|--------------|
| | Brazil - SIN (MW) | Eletrobras System (MW) | Share (%) | Brazil - SIN (MW) | Eletrobras System (MW) | Share (%) | Brazil - SIN (MW) | Eletrobras System (MW) | Share (%) |
| Hydroelectric | 94,026 | 36,201 | 39 | 112,895 | 45,351 | 40 | 125,918 | 45,655 | 36 |
| Oil | 4,938 | 2,017 | 41 | 4,534 | 1,123 | 25 | 4,534 | 1,123 | 25 |
| Coal | 3,205 | 816 | 25 | 3,205 | 670 | 21 | 3,205 | 670 | 21 |
| Natural gas | 11,218 | 1,019 | 9 | 13,065 | 1,609 | 12 | 14,065 | 1,609 | 11 |
| Nuclear | 2,007 | 1,990 | 100 | 3,412 | 3,395 | 100 | 3,412 | 3,395 | 100 |
| Wind | 3,898 | 150 | 4 | 13,063 | 2,076 | 16 | 17,463 | 2,076 | 12 |
| Other | 10,160 | 0 | 0 | 11,106 | 1 | 0 | 14,456 | 1 | 0 |
| TOTAL | 129,452 | 42,193 | 33 | 161,280 | 54,225 | 34 | 183,053 | 54,531 | 30 |

OPERATION AND MAINTENANCE

In 2013, the Eletrobras companies were responsible for the generation of 186,092 GWh, a decrease of 10.3% from 2012.

Among the sources used for energy generation, there has been an increase in the use of natural gas and the beginning of the operation of wind farms.

(GRI 2.8, GRI EU2)

NET ENERGY PRODUCTION

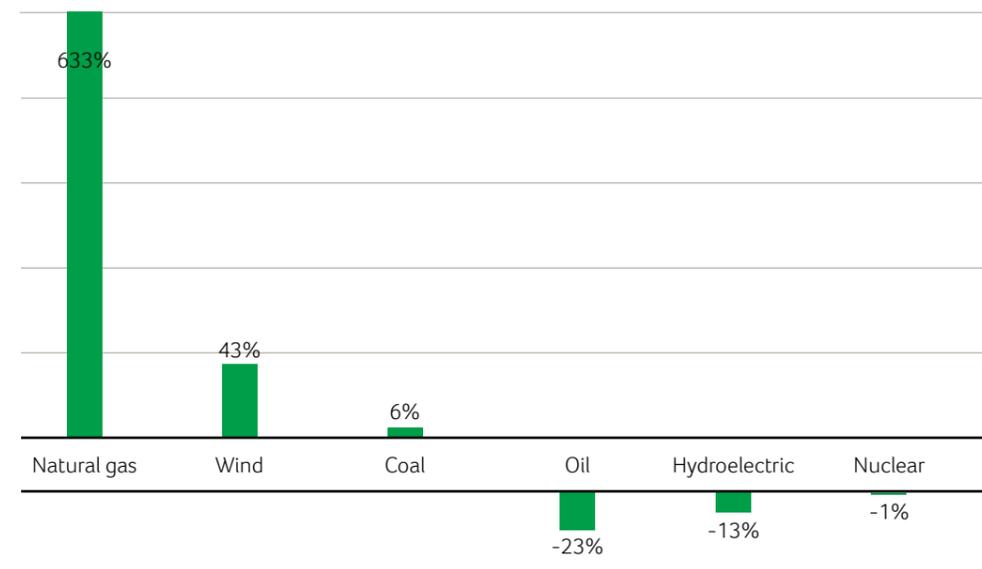
(GWh), broken down by primary source of energy

(GRI EU2)

| PRIMARY ENERGY SOURCE | 2013 | % of the total | 2012 | % of the total | 2011 | % of the total |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Hydroelectric | 157,958 | 84.9% | 180,773 | 87.2% | 175,304 | 87.8% |
| Oil | 5,524 | 3.0% | 7,159 | 3.5% | 8,135 | 4.1% |
| Coal | 2,836 | 1.5% | 2,677 | 1.3% | 1,620 | 0.8% |
| Natural gas | 3,468 | 1.9% | 473 | 0.2% | 192 | 0.1% |
| Nuclear | 15,829 | 8.5% | 16,007 | 7.7% | 14,351 | 7.2% |
| Wind | 477 | 0.3% | 333 | 0.2% | 0 | 0.0% |
| Total | 186,092 | 100% | 207,422 | 100% | 199,602 | 100% |

VARIATION IN THE SHARE OF THE PRIMARY SOURCE OF ENERGY IN THE NET ANNUAL ENERGY PRODUCTION

GRI EU2



Low rainfall in late 2012 and early 2013 decreased the possibility of generating hydroelectric energy, significantly increasing generation of energy through primary thermal sources (natural gas, coal, and nuclear), which are required to maintain safe levels of energy.

Although the net hydroelectric energy production had been affected by low rainfall from late 2012 to late 2013, the availability factor⁹ of wholly owned gas- and coal-fired power plants increased in 2013.

⁹ The availability factor is the average time a power plant remains available to generate energy.

AVAILABILITY FACTOR OF WHOLLY OWNED POWER PLANTS, JOINTLY OWNED POWER PLANTS, AND ITAIPU BINACIONAL

in %

(GRI EU30)

| PRIMARY SOURCE OF ENERGY | 2013 | 2012 |
|--------------------------|-------|------|
| Hydroelectric | 91.95 | 92.3 |
| Oil | 86.89 | 99.8 |
| Coal | 46.18 | 43.7 |
| Natural gas | 81.22 | 66.1 |
| Uranium | 84.09 | 94.4 |
| Wind* | 99.03 | N/Ap |

* Concerning wind power generation, only SPE power plants operated in 2012. N/Ap = Not applicable.

AVAILABILITY FACTOR IN SPECIAL PURPOSE ENTITIES (SPE)

in %

(GRI EU30)

| PRIMARY SOURCE OF ENERGY | 2013 | 2012 |
|--------------------------|------|------|
| Hydroelectric | 93.7 | 92.7 |
| Oil* | 99.6 | N/Ap |
| Wind | 95.5 | 97.7 |

* In 2012, there were no SPE operations for this primary source (oil). N/Ap = Not applicable

AVERAGE AVAILABILITY FACTOR OF THE POWER PLANT

broken down by source of energy and by regulatory system

(GRI EU30)

| PRIMARY SOURCE OF ENERGY | 2013 | 2012 | 2011 |
|--------------------------|-------|-------|-------|
| Hydroelectric | 92.1% | 92.3% | 91.9% |
| Oil | 87.0% | 99.8% | 82.4% |
| Coal | 46.2% | 43.7% | 38.0% |
| Natural gas | 81.2% | 66.1% | 73.1% |
| Uranium | 84.1% | 94.4% | 96.3% |
| Wind | 97.0% | 97.7% | N/Ap |

Amounts obtained based on the weighted average of the availability factors of wholly owned and SPE power plants, considering the installed capacity. N/Ap: Not applicable, considering that there was no wind power generation in 2011.

EFFICIENCY IN GENERATION

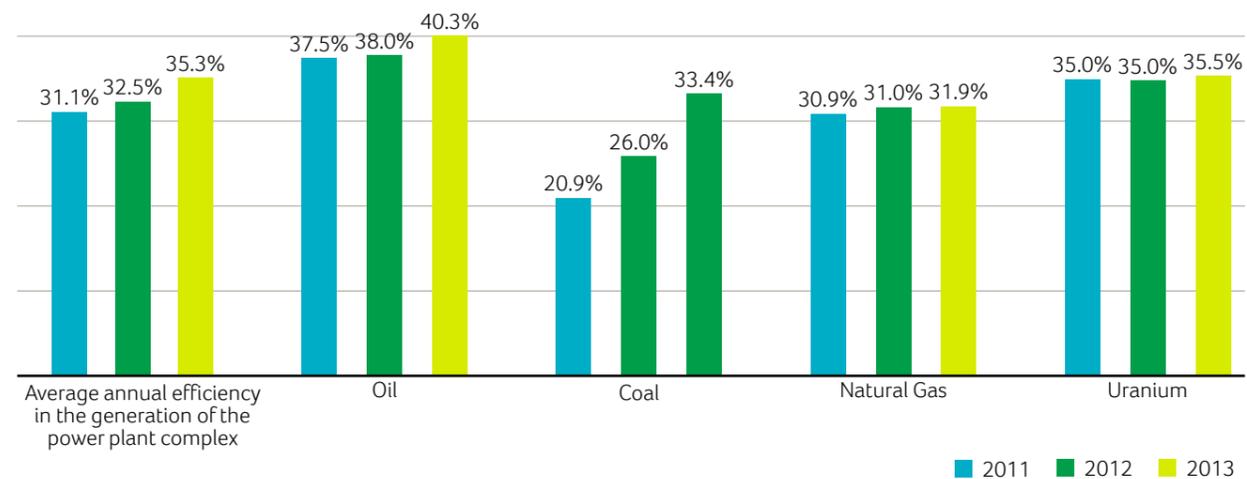
In 2013, the average efficiency of the power plant complex of the Eletrobras companies was 35.3% (compared with 32.5% registered for the previous year). This represents an increase of 8.5% in the period. This increase demonstrates that the power plants generated energy more efficiently and with fewer shutdowns for emergency or planned maintenance.

(EU11)

AVERAGE EFFICIENCY IN THE GENERATION OF THERMOELECTRIC POWER PLANTS

BROKEN DOWN BY SOURCE OF ENERGY AND BY REGULATORY SYSTEM

(GRI EU11)



VARIATION IN THE AVERAGE EFFICIENCY IN THE GENERATION OF THERMOELECTRIC POWER PLANTS

BROKEN DOWN BY SOURCE OF ENERGY AND BY REGULATORY SYSTEM 2012/2013

(GRI EU11)

| | |
|--|-------|
| Variation in the average annual efficiency in the generation of the power plant complex, broken down by source of energy (%) | 8.5% |
| Oil | 6.1% |
| Coal | 28.5% |
| Natural Gas | 2.9% |
| Uranium | 1.4% |

BELO MONTE WILL ADD AN AVERAGE 4,500 MEGAWATTS OF CLEAN ENERGY TO THE BRAZILIAN ENERGY MATRIX

The project, located on the Xingu River in the state of Pará, will have an installed capacity of 11,233 megawatts, and it is expected that its first unit will enter into operation in 2015. The implementation of the Belo Monte Hydroelectric Power Plant will add an average 4,500 megawatts of energy to the Brazilian power grid, which is enough to supply energy for 40% of households across the country.

The project is the backbone of the national policy for the expansion of energy generation and it is essential for the economic growth of Brazil. The project was conceived based on a sustainable development vision, without falling into the false dilemma between progress and conservation. After all, it is possible to combine both objectives, which are equally important for society at large.

Belo Monte is a more economical alternative for energy generation when compared with other sources of energy, offering limited environmental impacts. The same amount of energy, obtained from other sources such as wind, solar, and thermo-electric plants, would cost twice as much annually.

The project for the hydroelectric development of Belo Monte was reviewed in depth to restrict any impacts on the environment and on the population of the area. The pondage was reduced by 60% in relation to the initial project; that is, there will be no reservoir and it will be a run-of-the-river power plant. For comparison purposes, while the national average of flooded area is 0.49 km² per MW installed, at the Belo Monte power plant this ratio is only 0.04 km² per MW installed. Of the 516 km² of its pondage, approximately 228 km² (44%) correspond to the original riverbed. The project will not flood indigenous territories, which will remain untouched by the dam, construction sites, access roads, and other engineering structures required for the construction of the Belo Monte Power Plant. The development of other power plants upstream of Belo Monte was discontinued, since they would affect Indigenous territories; this decision was formally made by the National Council for Energy Policy¹⁰. No Indigenous communities will be resettled by the project, which reaffirms the commitment of the project to reducing impacts on the surrounding area.

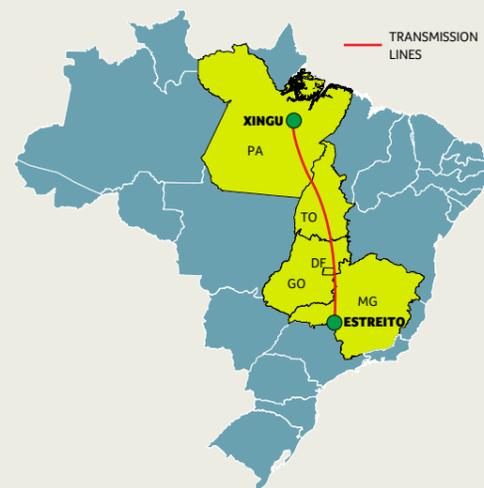
Moreover, the Environmental Impact Assessment of Belo Monte foresees the implementation of Conservation Units in two areas located on the right bank of the Xingu River, which enables the formation of a continuous block of forest. With an approximate area of 1.6 million hectares, located close to Indigenous territories, the protected area is almost three times the size of the Federal District.

The Belo Monte Hydroelectric Power Plant will be provided with fish ladders, along with Itaipu and the power plants to be built in the Madeira, Santo Antônio, and Jirau rivers. Pondage will not interfere with the spawning season, thus preserving the balance of the aquatic ecosystem in the Xingu River. State-of-the-art fishway systems will be used, pursuant to agreements with environmental agencies.



Foto: Regina Santos/Norte Energia

10. RESOLUTION 6, ISSUED BY THE CNPE ON JULY 3, 2008, establishes that the hydroelectric potential to be explored is located on the Xingu River, between the urban area of the municipality of Altamira and the mouth of the river. Such decision shall be operationalized in National Energy Planning Studies, coordinated and approved by the MME.p



ELETOBRAS AND CHINESE PARTNERS WILL CONNECT BELO MONTE TO THE SOUTHEAST

The IE Belo Monte consortium, composed of Eletrobras Furnas and Eletronorte (both holding 24.5% interest) and State Grid Brazil Holding S.A. (51%), won the auction of the project that will drain the energy produced by the Belo Monte Hydroelectric Power Plant, in Pará, to the Southeast Region.

The group presented an annual remuneration proposal of R\$434,647,038, which is 38% below the cap established by the government (approximately R\$600 million).

The project, which will establish a transmission line with 2,100 km in length, foresees the implementation of 28 transformers, 25,000 km of cables, and 4,500 towers, and the capacity to transmit 4,000 MW of energy by connecting the Xingu-PA and Estreito-MG substations, crossing the states of Pará (where the Belo Monte power plant is being constructed), Tocantins, Goiás, and Minas Gerais. This is one of the most important efforts in the electric sector and will require an investment of approximately R\$5 billion. State Grid is a Chinese state-owned company, which has been in Brazil since 2010, when it acquired seven national energy transmission companies.

Transmission

EXPANSION

Whether individually or through SPE, Eletrobras has projects that are either contracted, under construction, or ready to begin construction, which will add another 19,200 km to the National Interconnected System (SIN) by 2019.

In 2013, a total of 3,552 km of transmission lines (TL) entered into operation with the participation of Eletrobras. Of this total, 1,595 km refer to the proportionate share of Eletrobras companies in SPE and 303 km, to its own performance, totaling 1,898 kilometers of new lines built by Eletrobras, itself or through partnerships. We highlight the entry into operation of the SPE - Electrical Interconnection of Madeira – with 2,375 km long, which will drain the energy produced in the plants of the Madeira River in direct current. Furthermore, we had the beginning of the operation of the Lechuga substation, which is responsible for connecting Manaus to the SIN through the Tucuruí Transmission Line.

Considering Eletrobras's performance in the auctions, the amount of work in transmission lines should increase significantly. In 2013, the Eletrobras companies were awarded six lots in transmission auctions, totaling 1,979 km of TL and 2,446 MVA in substations.

Between 2014 and 2018, investments, whether independently or in partnerships, are expected to reach R\$16.9 billion, of which R\$12.9 billion will be geared toward expansion and R\$4 billion toward maintenance.

Transmission in Eletrobras companies



OPERATION AND MAINTENANCE

The Eletrobras companies are responsible for 57,290 km of transmission lines, which operate between 230 and 750 kV. Of this total, 53,706 km are owned by four transmission companies – Eletrobras Chesf, Eletronorte, Eletrosul, and Furnas – and 3,584 km were obtained through auctions, whether in partnerships with other companies or through [SPE](#).

(GRI 2.8, GRI EU4)

In 2013, the Eletrobras companies presented 99.8% of availability in their transmission lines, compared with 99.5% in the previous period. This indicator represents the percentage of hours within the year in which the lines remained available to the transmission system.

LOSSES IN ENERGY TRANSMISSION

The Brazilian regulatory framework does not define a specific methodology for the calculation of losses in transmission. Therefore, in 2010, Eletrobras defined a unified methodology to monitor losses. This methodology is based on electric calculations and uses power-flow simulations.

(GRI EU6)

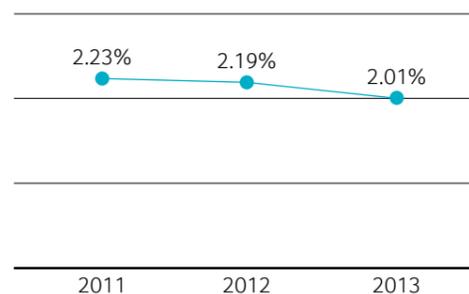
Calculation of transmission losses of an energy company considers the difference between the sum of generation, imports, exports, and consumption in the points of delivery to distributors and local consumers.

Technical losses in transmission are being reduced year after year. From 2012 to 2013, Eletrobras was able to reduce losses in its transmission system by 8.2%.

(GRI EU12)

TECHNICAL LOSS ON TRANSMISSION (%)

GRI EU12



Distribution

EXPANSION

The Eletrobras distribution companies, operating in two states in the Northeast and four in the North, currently serve over 3.8 million customers¹¹. These companies have invested approximately R\$900 million in the industry in the states of Amazonas, Acre, Alagoas, Piauí, and Rondônia and in the city of Boa Vista-RR. In 2013, seven new substations were built and 21,937 km were installed, totaling 248,375 km of networks.

(GRI 2.8, EU4, GRI EU6)

LENGTH OF LINES/ DISTRIBUTION NETWORK

(GRI EU4)

| | Km |
|----------------------------------|----------------|
| Eletrobras Amazonas Energia | 44,381 |
| Eletrobras Distribuição Acre | 17,733 |
| Eletrobras Distribuição Alagoas | 40,761 |
| Eletrobras Distribuição Piauí | 86,273 |
| Eletrobras Distribuição Rondônia | 55,760 |
| Eletrobras Distribuição Roraima | 3,467 |
| Total | 248,375 |

NEW CUSTOMERS

The company registered approximately 150,000 new customers, bringing the total to over 3.8 million. The largest increase relates to the number of new customers of Eletrobras Amazonas Energia, which grew by 6.6%.

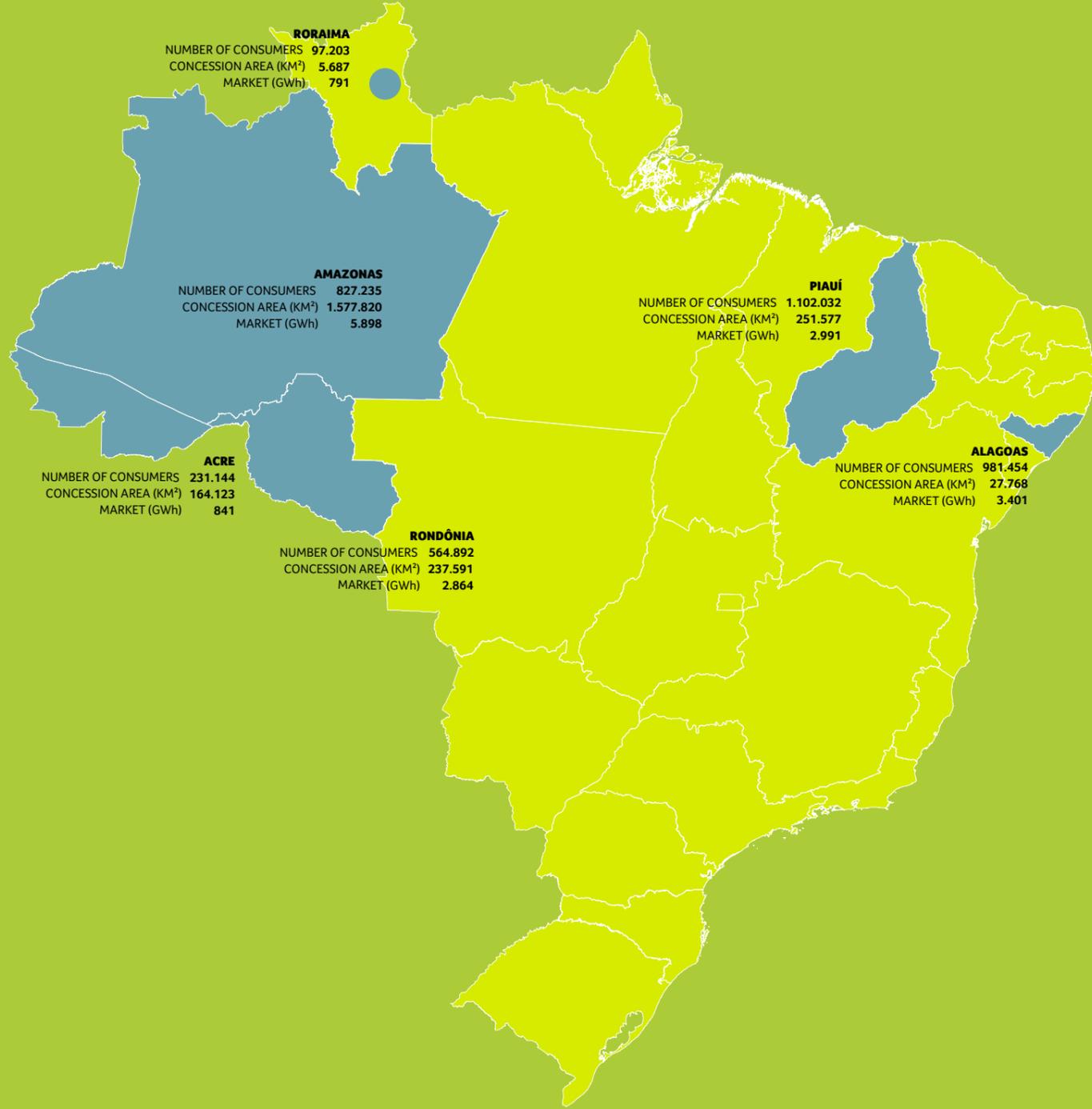
For the 2014-2018 period, the company expects to invest R\$8.5 billion: R\$5 billion in expansion, R\$1.7 billion in maintenance, and R\$1.8 billion in infrastructure.

OPERATION AND MAINTENANCE

The quality of the service provided to new and existing customers is gauged by two indices: Equivalent Power Outage Duration per Customer Account ([DEC](#)) and Equivalent Power Outage Frequency per Customer Account ([FEC](#)). The [DEC](#) refers to the number of hours that a power outage lasted for a given customer account. The average duration of power outages ranged from 38 to 40 hours between 2012 and 2013.

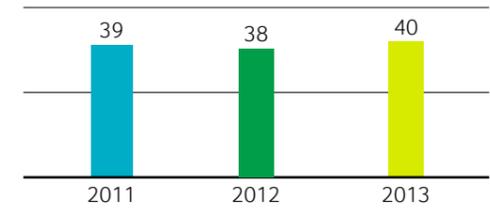
¹¹ For Eletrobras, a customer is each customer account registered with the company, and consumers are all those who consume energy in each customer account. In a household, for example, there is only one customer, but there may be various consumers.

Distribution in Eletrobras companies



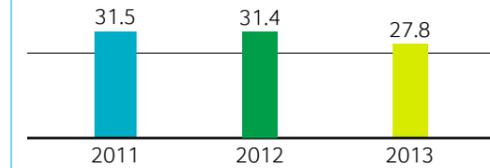
AVERAGE DURATION OF POWER OUTAGES

in hours
(GRI EU29) ¹²



FREQUENCY OF POWER OUTAGES

(GRI EU28) ¹³



In turn, the **FEC**, which determines the frequency of power outages in one year, dropped from 31.4 to 27.8 outages, particularly due to the performance achieved by the following distribution companies: Eletrobras Amazonas Energia, Distribuição Alagoas, and Distribuição Roraima, which exceeded the goals established for this year. There was a drop of 11.5% in this rate between 2012 and 2013 in the Eletrobras companies.

Among the various actions taken by the company to improve quality indices (**DEC** and **FEC**), we highlight:

- The improvement of preventive maintenance services.
- The expansion in the medium voltage / low voltage transformation capacity .
- The construction of new substations, which reduced problems related to overload, such as in the state of Amazonas, where two new substations were delivered, and in the case of the Parnaíba II, Polo Industrial, and Caraúbas (Piauí) substations, which reinforce the distribution of energy to coastal municipalities of the state and to the industrial district of Teresina.

12. The DEC is calculated based on the weighted average of the Eletrobras companies (duration of power outage, in hours, over number of consumers).

13. The FEC is calculated based on the weighed average of the Eletrobras companies (number of outages, over number of consumers).

In 2013, we also hired consulting services from a bank to analyze the business model adopted for distribution by Eletrobras and to propose alternatives, due to the drop in revenues in the current scenario. This study should be concluded and presented to the Board of Directors in 2014.

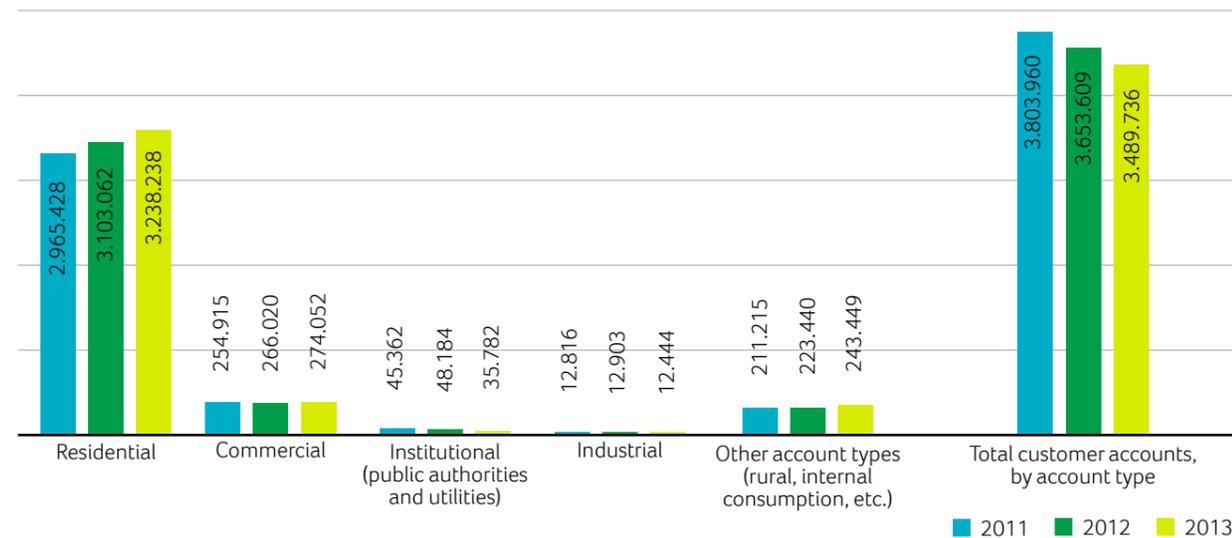
The budget forecast for the distribution sector totals R\$1.8 billion, exclusively from the company's own resources, and another R\$280 million for the maintenance of assets. These new investments demonstrate the commitment made by Eletrobras to increasing reliability and availability of the services provided to consumers.

(GRI EU6)

Eletrobras's total number of residential, industrial, institutional, and commercial customer accounts registered 3,803,960 connections. Since 2011, the number of customer accounts connected to the networks of the Eletrobras companies has been increasing.

NUMBER OF RESIDENTIAL, INDUSTRIAL, INSTITUTIONAL, AND COMMERCIAL CUSTOMER ACCOUNTS

(GRI EU3)



Since 2008, the company has been developing and implementing an in-depth method to monitor the reduction of losses in distribution. This monitoring allowed for an increased number of inspections, the regularization of illegal connections, the execution of planned improvements, and a reduction in the percentage in distribution losses.

(GRI EU6)

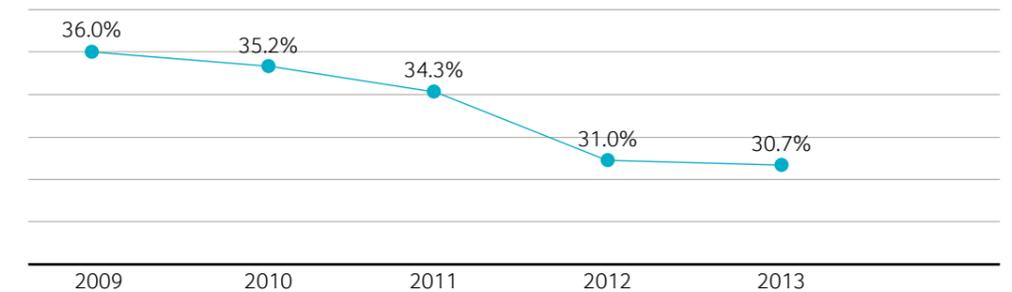
Consequently, losses in distribution are defined as the difference between the energy injected into the grid of the distribution company and the total energy sold and delivered; they are composed of **technical losses** and **non-technical losses**.

(GRI EU12)

Since the implementation of these programs, which include actions to fight losses in energy, the global distribution loss rate has decreased by 17,5% since 2009.

OVERALL LOSS ON DISTRIBUTION (%) TECHNICAL AND NON-TECHNICAL LOSS

(GRI EU12)



For 2014, a reduction in losses is expected through energy gains due to the completion of projects initiated in the second half of 2013. This advance will be possible due to the continuation of the inspection and regularization services already hired and to the beginning of operations in important projects of the electric system, especially in the states of Amazonas and Piauí. Moreover, a set of actions will be implemented for the reduction of energy losses with the development of **Projeto Energia +**.

Demand management

The Brazilian regulatory framework establishes the characteristics of projects that involve the construction of transmission systems in the expansion planning phase. The best alternative that offers the lowest overall cost (costs with investments and losses) is chosen through technical and economic feasibility studies.

Upon assurance of availability and reliability of the system, the concession of the project is done through a bidding process, and the transmission company that owns the concession is responsible for implementing the project, pursuant to the studies conducted.

(GRI EU6)

TOTAL AND PERCENTAGE OF THE POPULATION NOT SERVED IN AREAS WITH REGULATED DISTRIBUTION AND SERVICE ¹⁴

(GRI EU26)

| | 2013 |
|---|-------------|
| Total population that should be served | 3,959,893 |
| Urban population not served in the company's concession areas (in number of units) | 72,012 |
| Rural population not served in the company's concession areas (in number of units) | 5,105 |
| Percentage of the population not served based on the ratio between total population and population not served | 1.95% |

14. Regulated distribution areas: regulated distribution areas contain networks that are owned/ explored by licensed operators that supply energy to customers and over which operators hold concession or monopoly.

DEFAULT

The default rate decreased throughout the year, dropping from 17.3% in January to 14.6% in December, due to the systematic prevention of commercial losses undertaken by all Eletrobras distribution companies. Improvement in this indicator is also in line with the behavior of Brazilian consumers, who sought to settle their outstanding debts over this period.

Research, development, and innovation

Innovative thinking and the pursuit of new solutions are constantly present in the operations of the Eletrobras companies. In 2013 alone, over R\$504.8 million was invested in research, development, and innovation, which represented an increase of 136% over 2012.

Pursuant to Law 9,991/2000, the Eletrobras companies are required to invest in research and development and publish annual calls for proposals and projects to implement its scientific research and technological development programs.

Since 2009, Eletrobras has followed the guidelines established by the corporate Research, Development, and Innovation Policy (P&D+I) and addressing the topic as a short-, medium-, and long-term corporate strategy. All this is in line and integrated with the strategic plan and the business plans to obtain results that can support growth and competitiveness and that can serve as key elements to align the sustainable growth of the business with social and environmental responsibility.

INVESTMENTS IN RESEARCH AND DEVELOPMENT

in R\$ millions

(GRI EU8)

| TYPES OF PROJECT | 2013 | 2012 | 2011 |
|---|--------------|--------------|--------------|
| Transmission and distribution technologies | 369.2 | 126.0 | 105.7 |
| Renewable energy technologies | 45.5 | 11.1 | 11.4 |
| Advanced generation and technologies | 43.0 | 35.1 | 26.9 |
| Innovative services related to sustainability | 23.9 | 20.7 | 19.0 |
| Energy efficiency | 21.6 | 19.3 | 15.0 |
| Distributed energy | 1.8 | 2.0 | 2.1 |
| Total | 504.8 | 214.2 | 180.0 |

In 2012, data does not include Eletrobras Distribuição Acre, Distribuição Piauí, and Eletronuclear.

Eletrobras Cepel

Eletrobras Cepel (Center for Electric Energy Research) was created in 1974 through an initiative by Eletrobras holding and the companies Eletrobras Chesf, Eletronorte, Eletrosul, and Furnas. Since then, Eletrobras Cepel has contributed to fostering the sustainable development of the Eletrobras companies and to the development and maintenance of a state-of-the-art scientific infrastructure and to advanced research in equipment and electric systems.

Today, Cepel is engaged in the development of a laboratory for experimental research related to the smart grids concept and participates in a project for the use of this concept in the city of Parintins (AM) and in the creation of a benchmark model to be applied in the Eletrobras distribution companies.



foto: Fernando Dart/Eletrobras Cepel

The Center also has departments that are dedicated to the research and application of renewable energy technologies (wind, photovoltaic solar generation, and solar-thermal generation), energy efficiency, and distributed generation (fuel cells and hydrogen power). In addition, the Center conducts studies on hybrid systems for energy generation from renewable sources and the use of energy potential from municipal solid waste, biogas, metallurgy, and materials, such as the assessment of the structural integrity of thermoelectric power plants and corrosion; superconductivity of ceramics with new formulas to obtain block varistors; the characterization and development of materials for fuel cells; and nanotechnology, in unique facilities in the Southern Hemisphere.

All research projects and the development of new technologies are conducted in close cooperation with universities and other research centers and companies in Brazil and abroad. Eletrobras Cepel also provides technological support to important programs and projects developed by the Federal Government, such as Luz Para Todos (National Program for Universal Access to and Use of Electricity); the Alternative Energy Source Incentive Program (PROINFA), the National Program for the Conservation of Electricity (PROCEL); and the National Program for Efficient Public Lighting (ReLuz); it also takes part in the preparation of the National Energy Plan and of the Decennial Energy Expansion Plans.

SOLUTIONS IN THE SERVICE OF SUSTAINABILITY

The Eletrobras companies are involved in cutting-edge studies and in the development of solutions for energy efficiency. Some of these are the following:

DISTRIBUTED ENERGY

Eletrobras Distribuição Alagoas has been developing a project involving the modeling of errors in electronic reactive power meters and the assessment of losses due to effects of harmonic distortions and unbalances.

+ INNOVATIVE SERVICES RELATED TO SUSTAINABILITY

This partnership between the Federal University of Rio Grande (FURG) and the Foundation for the Support of the University of Rio Grande (FAURG) studies the operation of the unit for biofixation of carbon dioxide by microalgae, installed at the Presidente Médici Thermoelectric Power Plant at Eletrobras CGTEE.

ADVANCED TECHNOLOGIES

At Eletrobras Cepel, a robot helps in the inspection of power transmission cables.

+ ENERGY EFFICIENCY

A partnership between Eletrobras holding and the Federal University of Mato Grosso do Sul (UFMS/FAPEC) assisted in the development of computer applications to increase the efficiency of the sanitation systems of public buildings and in the training of sanitation industry professionals for the control of water supply systems.

RENEWABLE ENERGY

This strategic project is an initiative of Eletrobras Chesf; it is called “Central Fotovoltaica da Plataforma Solar de Petrolina” (Photovoltaic Center of the Solar Platform of Petrolina), and its main objective is the development of methodologies for the integration of photovoltaic power plants into the Brazilian electric system: installation, commissioning, performance assessment, and technical and economic analysis.

TRANSMISSION AND DISTRIBUTION TECHNOLOGIES

Development of technologies for Ultra-High-Voltage (UHV) transmission lines, in partnership with Eletrobras Cepel, Eletronorte, and Furnas. One of its objectives is the construction and development of the first ultra-high voltage laboratory in Latin America, enabling research on ultra-high voltage (over 1,000 kV in alternating current and 800 kV in direct current).



foto: Milton Maurente/
Eletrobras Cepel

Central Public Market, Porto Alegre, Rio Grande do Sul.

ECONOMIC AND FINANCIAL PERFORMANCE

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On the path to new achievements

The results posted by Eletrobras in 2013 reflected the new energy generation and transmission tariffs for the assets that had their concessions renewed, pursuant to Law 12,783/13, and were influenced by variables such as the impairment that totaled R\$2,462 million, expenditures of R\$1,726 million in the Voluntary Resignation Incentive Program (PID), and a provision for contingencies in the amount of R\$1,399 million.

The Eletrobras companies effectively took part in the public hearings and discussions about the regulation pertaining to the concession contracts for energy generation and transmission that were extended and their respective compensations. As a result, there was a reduction in operating revenue in the three business segments in which the company operates: generation, transmission, and distribution.

THE IMPACT OF LAW 12.783

In the generation segment, revenue from the renewed assets now comes from the tariffs charged for the operation and maintenance (O&M) of power plants, as established by the Brazilian Electricity Regulatory Agency (ANEEL), a result of the shift from price to tariff, as defined by the regulatory agency. The tariff will be calculated based on operation and maintenance costs, with an additional rate of 10%. In other words, revenue from the energy sold by the renewed projects no longer belongs to the Eletrobras companies.

Regarding the transmission segment, a similar reduction occurred in the tariffs received by the Eletrobras companies, where ANEEL will put into practice a tariff readjustment analogous to the one adopted for the generation segment.

Revenue from generation dropped by 8.7%, from R\$18,883 million in 2012 to R\$17,240 million in 2013. This variation was influenced by a reduction of 10.6% in revenue from the sale of energy, dropping from R\$18,381 million in 2012 to R\$16,435 million in 2013 as a result of Law 12,783/2013.

The short-term energy, especially concerning the operations in the Electric Power Commercialization Chamber (CCEE), related to Eletrobras Chesf, Eletronorte, and Furnas, had a positive influence on these results, growing from R\$1,640 million in 2012 to R\$2,396 million in 2013. Regarding the volume of energy sold, the Eletrobras companies presented a slight decrease in 2013, when 258 TWh were sold, in comparison with the 261 TWh sold in 2012.

Revenues from transmission decreased by 38.8%, from R\$7,358 million in 2012 to R\$4,505 million in 2013, influenced by the restatement account of the transmission return rates, which went from R\$2,852 million in 2012 to R\$552 million in 2013, as a result of Law 12,783/2013. Revenue from O&M went from R\$2,545 million in 2012 to R\$2,156 million in 2013. Revenue from construction has an equivalent value and is recorded as construction cost.

(GRI 2.8)

Since these assets had not been fully depreciated or amortized when the concession was renewed, the Eletrobras companies were entitled to compensation. On 12/31/2013, the company had a credit balance of R\$5,496,178,000, of which R\$3,476,494,000 was recorded as current assets and R\$2,019,684,000 as non-current assets.

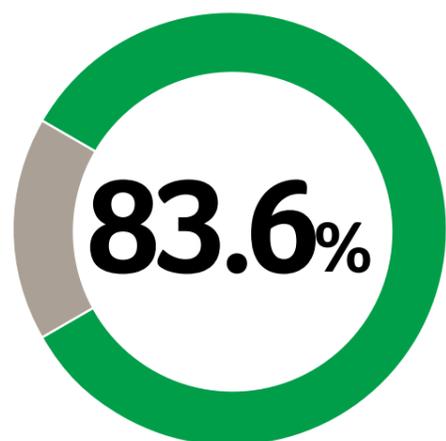
For the generation segment, complementary information related to the investments which are not depreciated or amortized, improvements, and modernizations, which require additional compensation, is being submitted to the regulatory agency. In the case of transmission, Eletrobras is responsible for informing ANEEL about the value of investments in assets acquired before the year 2000 (Existing Basic Network - RBSE), not depreciated or amortized, required for the calculation of complementary compensation.

Results

Learn more about the main variables that affected the economic and financial performance of Eletrobras in 2013 and the main results recorded:

- Impairment in the amount of R\$2,462 million.
- Provision for contingencies in the amount of R\$1,399 million.
- Reversal of provisions for onerous contracts in the amount of R\$1,925 million.
- Provision for the loss of financial assets in the amount of R\$792 million.
- Personnel, materials, and services (PMS): growth of 20.5% in 2013 over 2012, especially in relation to the personnel account, which increased by 30.1% due to the PID (the company expects to achieve savings of R\$1.1 billion per year, with return on investment in two years). The materials account dropped by 2.2% and the services account grew by 1.9%.
- Increased spending with energy purchased for resale, which totaled R\$5,515 million in 2013 (an increase of 13.4% compared with 2012).
- Increased spending with fuel for power generation, which represented net expenditures that totaled R\$1,492 million in 2013 (an increase of 115.1% over 2012).
- Itaipu transfer: R\$68 million, 86.5% below 2012.
- Net income on exchange variation: R\$539 million, an increase of 17.0% over 2012.
- Write-off of tax credit in the amount of R\$1,367 million in 2013.

(GRI 2.8)



In 2013, Eletrobras registered the record amount of R\$11.2 billion in its investment program. It corresponds to 83.6% of the budget forecast for the year.

CONSOLIDATED EBITDA

In R\$ millions

| EBITDA | 2013 | 2012 | % |
|---|---------------|---------------|-------------|
| Earnings for the period | -6,291 | -6,926 | -9% |
| + Provision for income tax and social security contribution | 1,367 | -491 | -378% |
| + Financial result | -266 | -1,684 | -84% |
| + Amortization and depreciation | 1,501 | 1,689 | -11% |
| = EBITDA | -3,690 | -7,412 | -50% |

| 2013 ADJUSTED EBITDA | In R\$ millions |
|--------------------------|-----------------|
| = EBITDA | -3,690 |
| + Atypical events | 3,767 |
| = ADJUSTED EBITDA | 77 |

NET PROFIT

In 2013, Eletrobras posted a net loss of R\$6.287 billion. This result reflects the new generation and transmission tariffs of the assets whose concessions were renewed, pursuant to Law 12,783/13.

ANALYSIS OF CONSOLIDATED RESULTS

In R\$ millions

| | 2013 | 2012 |
|--|---------------|---------------|
| Net operating income (a) | 23,836 | 28,014 |
| Personnel, materials, and services | -9,245 | -7,671 |
| Energy purchased for resale | -5,515 | -4,863 |
| Usage of the grid | -1,561 | -1,587 |
| Construction | -3,548 | -3,306 |
| Fuel for power generation | -1,492 | -694 |
| Remuneration and reimbursement | -406 | -668 |
| Depreciation and amortization | -1,501 | -1,689 |
| | 568 | 7,537 |
| Ownership interest | 178 | 612 |
| Operating provisions | -3,258 | -4,971 |
| Voluntary Resignation Incentive Program | -257 | 0 |
| Other results | -2,422 | -2,193 |
| | -5,191 | 985 |
| Income from interest and financial investments | 1,703 | 2,738 |
| Monetary restatement | 455 | 721 |
| Exchange variation | 539 | 461 |
| Debt burden | -2,031 | -1,684 |
| Debt burden from shareholders' resources | -190 | -502 |
| Other financial results | -209 | -49 |
| | -4,925 | 2,669 |
| Effects of Law 12,783 | 0 | -10,085 |
| Income tax and social security contribution | -1,367 | 491 |
| Net profit for the period | -6,291 | -6,926 |
| Participation of non-controlling shareholders | -5 | -47 |
| Consolidated net profit | -6,287 | -6,879 |

Operating revenues from the power generation and transmission segments for 2012 and 2013.

G & T OPERATIONAL REVENUES

In R\$ millions

| CONSOLIDATED | 2013 | 2012 |
|--|---------------|---------------|
| A) GENERATION | | |
| Supply | 8,066.67 | 13,080.82 |
| Delivery | 3,774.40 | 3,659.98 |
| CCEE | 2,395.73 | 1,640.24 |
| Revenue from operation and maintenance - renewed lines | 2,198.24 | - |
| Revenue from power plant construction | 736.85 | - |
| Adjustment of rate of return - generation | - | - |
| Transfer Itaipu | 67.96 | 502.07 |
| B) TRANSMISSION | | |
| Rates of return - transmission | 552 | 2,852 |
| Revenue from operation and maintenance | 2,156 | 2,545 |
| Revenue from construction | 1,797 | 1,960 |
| Gross revenue from G&T | 21,745 | 26,240 |

Value-Added Statement¹⁵

15. DVA = Value-Added Statement Accounting report that provides a summarized account of the amounts that correspond to the wealth created by the company in a given period and its respective distribution to stakeholders.

CENTRAIS ELÉTRICAS BRASILEIRAS S.A. - ELETROBRAS

VALUE-ADDED STATEMENT

FOR THE PERIODS ENDING ON DECEMBER 31, 2013 AND 2012

(in R\$ thousands)

(GRI EC1)

| | HOLDING | | CONSOLIDATED | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2013 | 2012 | 2013 | 2012 |
| | | | | Resubmitted |
| 1 - REVENUE (EXPENSES) | | | | |
| Sale of goods, products, and services | 2,970,726 | 2,868,389 | 28,186,399 | 33,648,066 |
| | 2,970,726 | 2,868,389 | 28,186,399 | 33,648,066 |
| 2 - INPUT ACQUIRED FROM THIRD PARTIES | | | | |
| Materials, services, and others | (488,074) | (761,923) | (10,455,551) | (20,010,401) |
| Industry-specific taxes | - | - | (870,490) | (1,723,889) |
| Energy purchased for resale | (2,875,951) | (2,406,812) | (5,515,206) | (4,863,288) |
| Fuel for the generation of energy | - | - | (1,492,368) | (693,751) |
| Operating provisions | (5,011,829) | (764,387) | (3,258,205) | (4,971,221) |
| | (8,375,854) | (3,933,122) | (21,591,820) | (32,262,550) |
| 3 - GROSS ADDED VALUE | (5,405,128) | (1,064,733) | 6,594,579 | 1,385,516 |
| 4 - WITHHOLDINGS | | | | |
| Depreciation, amortization, and depletion | (6,547) | (6,279) | (1,500,540) | (1,688,961) |
| 5 - NET ADDED VALUE PRODUCED BY THE ENTITY | (5,411,675) | (1,071,012) | 5,094,039 | (303,445) |
| 6 - ADDED VALUE RECEIVED IN TRANSFER | | | | |
| Ownership interest | (787,881) | (7,531,378) | 177,768 | 612,202 |
| Financial revenues | 3,799,447 | 4,829,062 | 3,712,311 | 4,658,821 |
| | 3,011,566 | (2,702,316) | 3,890,079 | 5,271,023 |
| 7 - TOTAL ADDED VALUE FOR DISTRIBUTION | (2,400,109) | (3,773,328) | 8,984,118 | 4,967,578 |
| DISTRIBUTION OF ADDED VALUE | | | | |
| PERSONNEL | | | | |
| . Personnel, charges, and fees | 444,239 | 326,533 | 6,404,531 | 4,825,974 |
| . Retirement and pension plan | 38,188 | 28,292 | 245,623 | 294,669 |
| | 482,427 | 354,825 | 6,650,154 | 5,120,643 |
| TAXES | | | | |
| . Taxes, fees, and contributions | 1,443,609 | 792,862 | 4,846,943 | 3,419,239 |
| | 1,443,609 | 792,862 | 4,846,943 | 3,419,239 |
| THIRD PARTIES | | | | |
| . Financial charges and rent | 1,681,679 | 1,667,947 | 3,446,365 | 2,974,346 |
| . Donations and contributions | 278,839 | 289,954 | 332,031 | 379,002 |
| | 1,960,518 | 1,957,901 | 3,778,396 | 3,353,348 |
| SHAREHOLDERS | | | | |
| . Dividends and interest on net equity | 433,962 | 433,962 | 433,962 | 433,962 |
| . Participation of non-controlling shareholders | - | - | (4,712) | (46,736) |
| . Retained earnings or losses for the year | (6,720,625) | (7,312,878) | (6,720,625) | (7,312,878) |
| | (6,286,663) | (6,878,916) | (6,291,375) | (6,925,652) |
| | (2,400,109) | (3,773,328) | 8,984,118 | 4,967,578 |

Economic subsidies

GOVERNMENT SUBSIDIES

Government subsidies are not recognized until it is reasonably certain that the company will comply with the conditions established and that the subsidies will be received. These subsidies are recorded systematically in the results for the periods in which the company recognizes, as expenses, the corresponding costs that these subsidies should offset. Government subsidies to be received as compensation for incurred expenses, with the purpose of offering immediate financial support to the company with no corresponding future costs, are recorded in the results that correspond to the period in which they were received and appropriated as profits reserve; therefore, not intended for distribution of dividends.

ENERGY DEVELOPMENT ACCOUNT (CDE)

In 2013, the Eletrobras companies received a total of R\$838.5 million. The total released for the distribution companies was R\$177.4 million, of which R\$14.7 million went to Eletrobras Distribuição Acre, R\$11 million to Eletrobras Distribuição Alagoas, R\$74.2 million to Amazonas Energia, R\$75.8 million to Eletrobras Distribuição Piauí, and R\$1.7 million to Eletrobras Distribuição Roraima. Concerning energy generation and transmission companies, R\$661.1 million was earmarked for CGTEE.

FUEL CONSUMPTION ACCOUNT (CCC)

In 2013, the Eletrobras companies received a total benefit of R\$4.006 billion, of which R\$2.972 billion went to Eletrobras Amazonas Energia, R\$0.130 billion to Eletrobras Distribuição Acre, R\$0.436 billion to Eletrobras Distribuição Rondônia, R\$0.09 billion to Eletrobras Distribuição Roraima, and R\$0.378 billion to Eletrobras Eletronorte.

Indirect economic impacts

TAX INCENTIVES

Provisional Measure 2,199-14, of August 24, 2001, amended by Law 11,196 of November 21, 2005, allows companies located in the regions where the Northeast Development Superintendence (Superintendência do Desenvolvimento do Nordeste) (SUDENE) and the Amazon Development Agency (SUDAM) operate and that have projects in the infrastructure industry to reduce the amount of the corporate income tax payable to be used in investments in installation, expansion, modernization, or diversification projects.

The tax incentive for the reduction of income tax and non-refundable additional taxes determined are recorded in the results for the year, as a reduction in income tax. The portion of profit arising from these tax incentives must be recorded in the profit reserve account called Tax Incentive Reserve¹⁶. In this fiscal period, there was a reduction of R\$99,938 thousand in income tax for Eletrobras Eletronorte.

¹⁶. Pursuant to Article 195-A of Law 6,404/1976, it may only be used to increase the capital stock or to absorb losses.

¹⁷. For the purposes of this report, "significant fines" are those equal to or greater than 1% of the ROL of the company in question.

ANTI-COMPETITIVE BEHAVIOR

As a quasi-public corporation, Eletrobras seeks maximum compliance with corporate governance, pursuant to the strict legality and transparency of its acts. No legal actions for unfair competition, anti-competitive behavior, anti-trust, or monopoly practices have been filed to the company in 2013. There was one pending lawsuit from 2011, however, it resulted in the exclusion of the company from the lawsuit.

(GRI S07)

COMPLIANCE

In 2013, the Eletrobras companies were assessed a significant fine¹⁷ in the amount of R\$43.5 million. Eletrobras Furnas recorded this fine, which is part of the Tax Debt Refinancing Program launched by the Federal Government through Law 12,865/2013.

(GRI S08)

The activities developed by the Eletrobras companies cause indirect economic impacts for the sustainable development of the regions where they operate. These are additional consequences of the financial activity and of the flow of resources between Eletrobras and its stakeholders.

Eletrobras has been seeking to implement initiatives for the economic development of areas with high incidence of poverty and for the improvement of social and environmental conditions, and for the increase of household income through projects pertaining to the reduction of energy consumption.

The company also contributes to regional development, whether directly, through the implementation of projects and services, or indirectly, through the significant increase in tax collection, due to the execution of these actions based on the Service Tax (ISS) paid to these municipalities. These actions increase the municipal tax incidence, and, depending on the total value of the projects, these actions can be enhanced, leveraging the local economy and social development, since the collection of such taxes can be returned in the form of education, health, and sanitation, among others.

(GRI 1.2, GRI EC8, GRI EC9)

JOB GENERATION

The social and environmental activities conducted by Eletrobras Eletronuclear comply with the ISO 26000 standard, which deals with social responsibility, and with the ISO 17025 standard, which deals with suppliers for the nuclear industry. It is estimated that the Angra power plants are responsible for the generation of three to four indirect jobs for each direct job created. Hence, the presence of Central Nuclear in the area boosts commercial and service activities, which were once incipient.

The construction of the Angra 3 Nuclear Power Plant is creating new jobs in the Costa Verde area, on the coast of the state of Rio de Janeiro. The construction company in charge of the construction work already has a workforce of 2,139 employees to work in the construction of the plant, according to the survey conducted in December 2013.

Eletrobras Furnas quantifies the number of jobs created in connection with its generation and transmission projects. The creation of jobs associated with the General Transmission Venture Plan (PGET) achieved, in 2013, a total of 3,392 direct jobs and 2,984 indirect jobs. The corporate projects by Furnas (100% ownership interest) created 2,862 jobs. The SPE created 29,669 jobs in the same period.

COLLECTION OF TAXES REVERSED INTO SERVICES

Aware of the direct and indirect changes caused in the areas surrounding the Tucuruí Hydroelectric Plant, Eletrobras Eletronorte, through the Regional Insertion Program (PIRJUS), has been implementing actions that contribute to the improvement of the quality of life of the population, to the provision of municipal public services, to the municipal infrastructure, and to education, health, and family farming. These municipalities received, between 2011 and 2013, an amount equivalent to R\$400,000, which refers only to the Service Tax (ISS), charged on the construction of eight schools in the region.

Itaipu Binacional pays royalties for the use of the hydroelectric potential of the Paraná River. Calculations are based on energy generation, pursuant to Attachment "C" of the Itaipu Treaty. These amounts are transferred to the National Brazilian Treasury and to the Ministry of Finance of Paraguay. The National Treasury distributes these royalties to municipalities, states, and the Federal Government, based on the calculation by [Aneel](#).

Pursuant to the laws in effect, the share of each party is considered, and the portion for Brazil was distributed as follows:

- US\$25.9 million to the Federal Government, to be divided among the Ministry of the Environment, the Ministry of Mines and Energy, and the National Fund for Scientific and Technological Development;
- The two states directly affected by the construction of the power plant, Paraná and Mato Grosso do Sul, received US\$100.6 million, of which US\$98.3 million went to the government of the state of Paraná;
- US\$99 million was received by the municipalities that were directly affected by the reservoir. Santa Helena received the largest benefit, with US\$24.9 million;
- US\$33.4 million was paid to the states and municipalities affected by the reservoirs [upstream](#) from the Itaipu Power Plant and those that contribute to the increase in the energy it produces.

After the needs or priorities of the region are identified, the Eletrobras companies direct their social investments to social, environmental, educational, and cultural actions that enable local development. These actions are developed to foster positive impacts on the quality of life of people, social inclusion, and the conservation of the environment; they are conducted through partnerships with suppliers, partners, government agencies, and NGOs.

(GRI EC8, GRI EC9)

AMONG THE MAIN INITIATIVES, WE HIGHLIGHT THE FOLLOWING:

Community Centers of Production

(CCP): while operating the Luz para Todos Program, Eletrobras noticed that the investments made in the power lines that serve the inland regions of the country could be more efficient if they offered additional conditions so that rural residents could add value to their production through processing activities that run on electricity. Therefore, the Community Centers of Production (CCPs) were created; consisting of small collective agro-industries where producers, whether in associations or cooperatives, share the electric equipment that processes the production of their properties, generating income and work. Implemented in partnerships that may include rural development agencies, energy distribution companies, local governments, and other entities, the CCPs enable the production of processed goods that comply with health regulations, which allows their trading without restrictions and in accordance with the quality standards required by the market.

Eletrobras supports the implementation of the CCPs as a social responsibility action, fostering the productive use of energy and the commencement of a virtuous cycle of growth for small producers. These initiatives enable effective improvement in the social and

economic conditions of the farmers benefited, which, in turn, stimulates the development of the rural energy market. Therefore, electricity becomes an important vector for development, becoming a production input capable of generating income and growth in Brazilian rural areas.

Sobradinho Reservoir Program: actions aimed at agricultural and livestock producers and fishermen living in the surroundings of the Sobradinho Dam (BA), with fields for technological learning and training in the areas of cultivation; handling of the caatinga; cattle, sheep, and goat breeding activities; milk production; fishing; and [meliponine culture \(stingless bees\)](#), among others.

Trilha Jovem Project: maintained by Polo Iguassu, with the support of Itaipu, the Fundação Parque Tecnológico Itaipu (FPTI), Cataratas do Iguaçu S.A., and another 18 institutions. The project trains young adults in tourism and service, lodging, and food and beverage.

Center for Integral Assistance for Adolescents - Centro de Atenção Integral ao Adolescente (CAIA): in partnership with Itaipu, it develops activities for underprivileged youths from the Porto Meira district. Currently, 500 youths take part in activities involving education and professional training, in addition to receiving social and educational support.

Community Entrepreneurship Centers - Centros de Empreendedorismo

Comunitário: support for communities for the development of employment and income generation projects. In 2013, a Patchwork Center was developed in partnership with Dudalina, in Santa Vitória do Palmar (RS), where the women of the local community received equipment and raw materials to start production.

Community Gardens Program - Programa Hortas Comunitárias:

developed in the states of Paraná, Santa Catarina, and Mato Grosso do Sul, it aims to offer income alternatives to the communities located in the vicinity of the transmission lines and to enable the appropriate use and conservation of rights of way, avoiding illegal occupations.

Training program in social technologies for the production of healthy food and alternative energies:

project conducted in partnership with the National Association of People Affected by Dams (ANAB), with the purpose of building the capacity of 300 individuals affected by dams in four areas of Brazil. The project will be executed for two years.

Work and Income Creation Project – Training of Electricians:

in 2013, this project trained more than 20 electricians in a community in the state Acre. Those who completed the course expect to find opportunities in the job market and to consequently increase their income.

Fostering Citizenship Project - Projeto Semeando a Cidadania:

conducted in partnership with the City Government of Candiota-RS, the project aims to provide training to 200 youths and adults in the urban areas of the municipality of Candiota-RS. It offers 11 technical courses, such as industrial mechanics, welding, and general electricity, among others, which aim to prepare these individuals for the job market, enabling income generation, social inclusion, and improved quality of life, in addition to local and regional development.

Project Entrepreneurship for Banana Producers and Entrepreneurship for Pineapple Producers:

in partnership with SEBRAE, the Cooperative of Rural Producers of Taquara, Abunã, Pau Darco, and Penha (COOPERTAP) and the Agro-sustainable Cooperative of União Bandeirantes (UNICOOOP) benefitted from the installation of step-down substations and of a 45-kVA three-phase transformer, which allowed for the installation of a refrigerated chamber to preserve their banana production.

Telecenter: implementation of one telecenter in União Bandeirantes (in partnership with SEBRAE). This project has not been concluded and is expected to continue in 2014, depending on one Internet access point. A total of R\$161,000 was generated in income and 80 members and families were served directly.

Endogenous regional development of the Alto Camaquã River basin:

initiated in November 2011, the project fosters regional development in Alto Camaquã (RS) through the acknowledgement and appreciation of local businesses. It serves men and women involved in family farming and benefits 20,000 people, directly and indirectly.

DONATIONS

Municipal Fund for the Rights of Children and Adolescents in Belo Horizonte (FMDCA/BH):

the donation of R\$100,000.00 to the Associação Mineira de Reabilitação (AMR).

Fundação de Saúde Itaipuapy:

in 2013, Itaipu continued to transfer the financial resources it has been donating to Fundação de Saúde Itaipuapy (in Foz do Iguaçu-PR) since 2002 and entered into a new Term Sheet, which will ensure the granting of the resources for the 2014-2017 period. The foundation benefits a population of approximately 450,000, in addition to Brazilians living in Paraguay, who seek services in Foz do Iguaçu.

Municipality of Hulha Negra-RS:

the donation of R\$187,000.00 for the purchase of an ambulance for the municipality.

Eletronuclear Agreements:

20 transfers, referring to 17 agreements. All actions developed by Eletrobras Eletronuclear with local communities refer to the Almirante Álvaro Alberto Nuclear Center, which is composed of two power plants that are operating and one that is under construction.

Agreement for the construction of the Ponta Grossa and Vila Oratória Health Centers and renovation of the Trindade Health Center.

Term Sheet executed between Eletrobras Eletronuclear and the municipality of Paraty-RJ.

(GRI SO1, GRI EC8, GRI EC9)

Learn more about these actions on the Eletrobras website.



SOCIAL PERFORMANCE

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18. This number refers to professionals who work at the Eletrobras companies, Article 37 of the Federal Constitution, rehired and requested by the company.

19. Contractor workforce (MOC)

20. Does not include service providers in construction works at the projects.

PROFILE OF THE WORKFORCE

At the end of 2013, the Eletrobras companies had a team of 23,969 employees¹⁸ in their permanent staff (55%), 7,654 contractors under indefinite-term employment contract¹⁹ (17%), and 12,212 service providers engaged in non-core activities²⁰ (28%), totaling 43,835 workers in line with the mission and the corporate drivers.

(GRI LA1, GRI 2.8)

Fostering dialogue and best practices

One of the greatest challenges that the companies have been facing is the need to reinvent themselves and to grow and develop in a sustainable way, for its business, the society, and the environment. Consequently, today the term “sustainability” has become much broader implying longevity, changes in corporate culture, resiliency and the ability to excel, and the capability to transform itself in order to survive and evolve together with all stakeholders.

The relationships that the Eletrobras companies maintain with people are at the core of all issues pertaining to sustainable development. Eletrobras’s main asset is its workforce, which is largely responsible for generating the

results and the success that the company maintains with our customers, suppliers, partners, and other stakeholders. Expertise, quality of life, and productivity are greatly stimulated in our relationship with employees.

All Eletrobras’ plans and practices are developed based on three pillars: social, environmental, and economic. Therefore, the company seeks to develop business models built on the constant and close relationship with stakeholders, fostering dialogue with society, meeting all legal requirements, controlling production phases, and reducing the use of inputs and technologies that damage the environment.

Employees

The Eletrobras companies promote continuous actions that are based on business strategy, on management, and relationships, in line with the People Management Policy. This policy disseminates guidelines that focus on solutions that create appropriate conditions for the development, appreciation, and retention of talents.

Today, the Performance Management System (SGD), the Career and Remuneration Plan, the Corporate University of the Eletrobras Companies (UNISE), the Unified Organizational Climate Survey, the Occupational Health and Safety Policy, and the standardization of people management and of the People Management Information System are some of the solutions that ensure integration and unified management of the companies.

(GRI 3.9)

DIVERSITY

Respect for diversity and equal opportunity are stimulated at Eletrobras. The companies are engaged in initiatives such as voluntary subscription to the Pro-Gender and Race Equality Program and to the Women’s Empowerment Principles and in support to campaigns for the eradication of any type of [discrimination](#) in society.

In 2013, a drop of 64.3% was registered in the total number of discrimination incidents compared with the previous year. Of the ten incidents registered, one resulted in the suspension of the employee considered responsible and the other nine involved other measures, pursuant to the internal regulations of the Ethics Committee.

(GRI HR4)

Considering the employees in the permanent staff, 81% are male and 19% female. In relation to workdays, 96.3% are full-time employees, 3.6% work six-hour shifts, and 0.1% work four-hour shifts in the Eletrobras companies.

PERMANENT EMPLOYEES, BY COMPANY, GENDER, AND EMPLOYMENT TYPE

(GRI LA1)

| | Full time | | | | | | Part time | | Total permanent employees |
|------------|-----------|--------|--------|--------|------|--------|-----------|-----------------------|---------------------------|
| | 8h | | | 6h | | 4h | | Total - 6 and 4 hours | |
| | Female | Male | Total | Female | Male | Female | Male | | |
| Eletrobras | 4,429 | 18,658 | 23,087 | 120 | 740 | 8 | 14 | 882 | 23,969 |
| Companies | | | | | | | | | |

PERMANENT EMPLOYEES AND CONTRACTORS (MOC), BY COMPANY AND GENDER

(GRI LA1)

| | | Eletrobras Amazonas Energia | Eletrobras Cepel | Eletrobras CGTEE | Eletrobras Chesf | Eletrobras Distribuição Acre | Eletrobras Distribuição Alagoas | Eletrobras Distribuição Piauí | Eletrobras Distribuição Rondônia | Eletrobras Distribuição Roraima | Eletrobras Eletronorte | Eletrobras Eletronuclear | Eletrobras Eletrosul | Eletrobras Eletropar | Eletrobras Furnas | Eletrobras holding | Itaipu Binacional | Total - Empresas Eletrobras | % by gender |
|---------------------|--------------|-----------------------------|------------------|------------------|------------------|------------------------------|---------------------------------|-------------------------------|----------------------------------|---------------------------------|------------------------|--------------------------|----------------------|----------------------|-------------------|--------------------|-------------------|-----------------------------|-------------|
| Permanent employees | Female | 326 | 76 | 119 | 909 | 55 | 146 | 232 | 150 | 73 | 582 | 472 | 236 | 2 | 544 | 359 | 278 | 4,559 | 19% |
| | Male | 1,818 | 248 | 487 | 3,500 | 218 | 912 | 945 | 608 | 188 | 2,494 | 2,070 | 1,107 | 2 | 2,978 | 685 | 1,150 | 19,410 | 81% |
| | Total | 2,144 | 324 | 606 | 4,409 | 273 | 1,058 | 1,177 | 758 | 261 | 3,076 | 2,542 | 1,343 | 4 | 3,522 | 1,044 | 1,428 | 23,969 | 100% |
| MOC | Female | 85 | 4 | 0 | 0 | N/R | N/R | N/R | 67 | 22 | 237 | 0 | 0 | 0 | 447 | 0 | 0 | 862 | 19% |
| | Male | 1,655 | 1 | 0 | 0 | N/R | N/R | N/R | 810 | 194 | 162 | 0 | 0 | 0 | 892 | 0 | 0 | 3,714 | 81% |
| | Total | 1,740 | 5 | 0 | 0 | 458 | 991 | 1,629 | 877 | 216 | 399 | 0 | 0 | 0 | 1,339 | 0 | 0 | 7,654 | 100% |

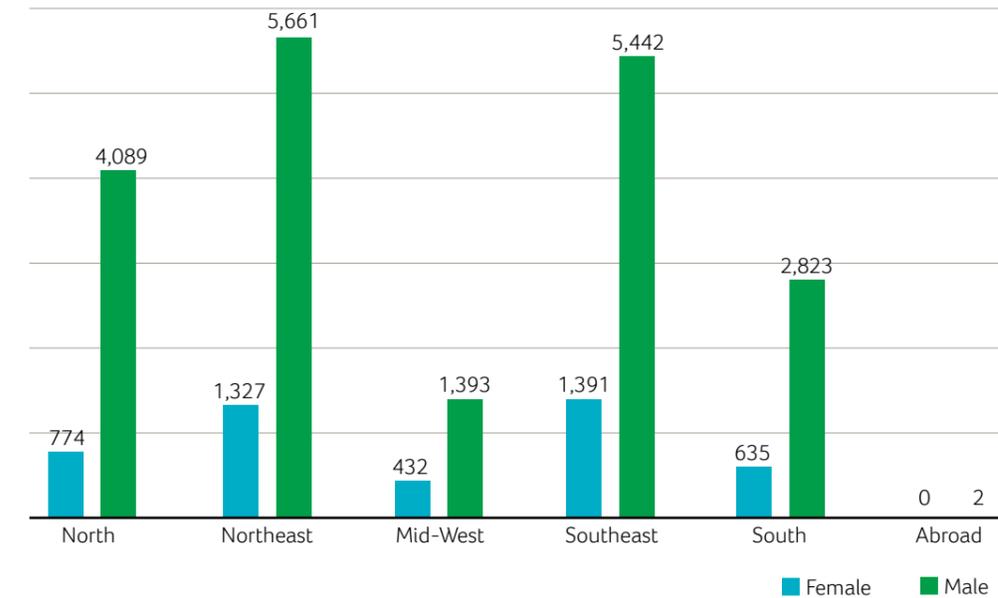
In 2013, the percentage by gender for "MOC" category did not include data from the following companies: Eletrobras Distribuição Acre, Alagoas and Distribuição Piauí. N/Av = Not available.

The Eletrobras companies have 3,458 (14.4%) employees on the permanent staff in the South region, 6,833 (28.5%) in the Southeast region, 4,863 (20.3%) in the North region, 6,988 (29.2%) in the Northeast region, 1,825 (7.6%) in the Midwest, and 2 (0.01%) abroad.

(GRI 2.8)

NUMBER OF EMPLOYEES BY REGION AND GENDER

(GRI LA1)



At Eletrobras, employees are hired through civil service exams and the company cannot have any type of bias during the selection process regarding gender, race, age group, place of birth, or place of residence of candidates.

PID AND RETIREMENT

To adjust the size of its staff, in July 2013 the Eletrobras companies launched their Voluntary Resignation Incentive Program (PID) with the participation of 4,448 employees from a total of 9,903 eligible individuals. In this period, there were 4,221 resignations, and the remaining resignations should happen in 2014. The PID is one of the actions implemented by Eletrobras in the Business and Management Master Plan (PDNG 2013-2017). At Eletrobras Eletronuclear, this process will be launched in 2014 and is expected to be concluded in 2015. Due to the PID, the number of employees eligible for retirement has decreased.

21. In 2013, data does not include Eletrobras Distribuição Piauí. In 2013, we considered the total number of employees per company, in each employee category (managerial position requiring or not requiring higher education).

PERCENTAGE OF EMPLOYEES ELIGIBLE FOR RETIREMENT WITHIN THE NEXT 10 AND 5 YEARS, BY REGION

(GRI EU15)

| | Within the next 10 years | Within the next 5 years |
|--------------|--------------------------|-------------------------|
| North | 8.2 | 15.3 |
| Northeast | 10.7 | 40.7 |
| Midwest | 20.8 | 39.2 |
| Southeast | 26.0 | 30.7 |
| South | 28.0 | 26.1 |
| Total | 18.5 | 29.6 |

In 2013, the percentage of employees in managerial positions eligible for retirement within the next ten years was 23.9%. At the same time, 17.9% of employees in positions requiring higher education and 18.1% of employees in positions that do not require higher education were eligible for retirement within the next ten years.

These percentages are higher for employees eligible for retirement in the next five years. In managerial positions, 37.1% are eligible for retirement within the next five years. For positions requiring higher education, 26.2% are eligible, and 30.2% of those employees holding positions that do not require higher education are eligible for retirement within the next five years.²¹

(GRI EU15)

Due to the PID, there was a significant increase in the number of terminations this year. As a consequence of this benefit, granted in 2013 and expected to end in 2015, the employee turnover rate spiked from 3.4% in 2012 to 18% in 2013. However, hiring rates remained approximately at the same levels. The increased employee turnover rate was more concentrated in the 41-50, 51-60, and over 60 age brackets.

(GRI LA2)

TOTAL NUMBER AND RATES OF NEW HIRES AND EMPLOYEE TURNOVER BY REGION

(GRI LA2)

| | Number of employees | | Employees who left the company | | New hires | | Turnover rate | | Hiring rate | |
|--------------|---------------------|---------------|--------------------------------|------------|------------|------------|---------------|-------------|-------------|-------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| North | 3,437 | 5,165 | 330 | 76 | 8 | 189 | 9.6% | 1.5% | 0.2% | 4% |
| Northeast | 6,652 | 7,575 | 1,950 | 80 | 223 | 61 | 29.3% | 1.1% | 3.4% | 0.8% |
| Midwest | N/Av | 2,337 | N/Av | 76 | N/Av | 6 | N/Av | 3.0% | N/Av | 0.3% |
| Southeast | 3,773 | 8,034 | 397 | 511 | 47 | 235 | 10.5% | 6.0% | 1.2% | 3% |
| South | 1,438 | 3,741 | 74 | 171 | 93 | 118 | 5.1% | 5.0% | 6.5% | 3% |
| Total | 15,300 | 26,852 | 2,751 | 914 | 371 | 420 | 18.0% | 3.0% | 2.4% | 2.0% |

For 2013, data does not include information on Eletrobras CGTEE, Eletropar, Eletronorte, Eletrosul, Furnas, and Itaipu Binacional. For 2012, data does not include information on Eletrobras Distribuição Acre and Distribuição Alagoas. N/Av = Not available.

TOTAL NUMBER AND RATES OF NEW HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, IN 2013

(GRI LA2)

| | Employees who left the company | | | New hires | | | Turnover rate | | | Hiring rate | | |
|-----------------|--------------------------------|------------|--------------|------------|------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| 18-25 years old | 17 | 30 | 37 | 104 | 80 | 247 | 5.4% | 6.3% | 5.0% | 32.9% | 16.8% | 33.5% |
| 26-30 years old | 59 | 94 | 107 | 104 | 170 | 411 | 4.3% | 4.4% | 4.4% | 7.5% | 8.0% | 17.0% |
| 31-40 years old | 62 | 84 | 92 | 110 | 211 | 404 | 1.5% | 1.4% | 1.6% | 2.6% | 3.4% | 7.1% |
| 41-50 years old | 97 | 37 | 34 | 28 | 58 | 132 | 2.7% | 0.6% | 0.5% | 0.8% | 0.9% | 2.0% |
| 51-60 years old | 1,567 | 471 | 592 | 18 | 56 | 43 | 33.5% | 4.9% | 6.3% | 0.4% | 0.6% | 0.5% |
| > 60 years old | 949 | 198 | 244 | 7 | 34 | 19 | 89.4% | 8.5% | 13.8% | 0.7% | 1.5% | 1.1% |
| Total | 2,751 | 914 | 1,106 | 371 | 609 | 1,256 | 18.0% | 3.4% | 4.1% | 2.4% | 2.3% | 4.7% |

In 2013, data does not include the following companies: Eletrobras CGTEE, Eletropar, Eletronorte, Eletrosul, and Furnas. In 2012, data does not include the following companies: Eletrobras Distribuição Acre and Distribuição Alagoas. In 2011, data does not include the following companies: Eletrobras Distribuição Rondônia and holding.

OPPORTUNITIES

At Eletrobras, employees are hired through civil service exams, a process that provides impartiality, pursuant to the Federal Constitution of 1988, and the company cannot have any type of bias during the selection process regarding gender, race, age group, place of birth, or place of residence of candidates.

The company gears at least 5% of job openings to people with disabilities, as provided for by Brazilian law. Although this legal percentage is ensured in its civil service exams, Eletrobras still does not meet this minimum percentage. In 2013, a total 377 employees with disabilities were working at the Eletrobras companies.

(GRI LA13)

PERMANENT EMPLOYEE

BY FUNCTIONAL CATEGORY

(GRI LA13)

| | Gender | 2013 | | 2012 | | 2011 | |
|--|--------|---------------|-------|---------------|-------|---------------|-------|
| | | Number | % | Number | % | Number | % |
| Managerial positions | Female | 356 | 1.5% | 364 | 1.3% | 387 | 1.4% |
| | Male | 1,427 | 6.0% | 1,526 | 5.6% | 1,656 | 5.8% |
| Positions requiring higher education | Female | 1,812 | 7.6% | 2,008 | 7.4% | 2,109 | 7.4% |
| | Male | 4,839 | 20.2% | 5,601 | 20.6% | 5,861 | 20.5% |
| Positions not requiring higher education | Female | 2,391 | 10.0% | 2,860 | 10.5% | 2,913 | 10.2% |
| | Male | 13,144 | 54.8% | 14,781 | 54.5% | 15,618 | 54.7% |
| Total | | 23,969 | | 27,140 | | 28,544 | |

PERMANENT EMPLOYEE

BY MINORITIES GROUP

(GRI LA13)

| | Gender | Number | % | Total |
|--|--------|--------|-------|-------|
| Over than 50 years old | Female | 1,536 | 6.7% | 37.3% |
| | Male | 7,011 | 30.6% | |
| Indigenous blacks, browns and yellows | Female | 1,469 | 6.4% | 38.0% |
| | Male | 7,239 | 31.6% | |

The data do not include information about Eletrobras Distribuição Alagoas. For the calculation, the total number of employee used was 22,911.

PERMANENT EMPLOYEE

BY AGE GROUP

(GRI LA13)

| | Gender | Number | % |
|------------------------------------|--------|---------------|-------------|
| Less than 30 years old | Female | 412 | 1.7% |
| | Male | 1,554 | 6.5% |
| Between 30 and 50 years old | Female | 2,597 | 10.8% |
| | Male | 10,568 | 44.1% |
| Over 50 years old | Female | 1,545 | 6.4% |
| | Male | 7,293 | 30.4% |
| Total | | 23,969 | 100% |

TRAINING AND DEVELOPMENT

At the Eletrobras companies, corporate education is provided by the Eletrobras Companies University (UNISE) and by the 15 corporate education units, which correspond to each company, including the Eletrobras holding. In 2013, proceeding with the development of the core competencies of the Eletrobras companies, UNISE implemented 32 educational actions, totaling 83,534 hours of training. Among the actions executed, these are highlighted: the completion of the Leadership Program (aimed at the entire managerial staff) and the consolidation of the International Financial Reporting Standards Program (IFRS), aimed at technicians, managers, and administrators involved with international accounting standards.

Additionally, each corporate education unit offered a number of educational actions to provide training and to build capacities, seeking the continuous development of its workforce. Hence, in 2013 Eletrobras provided approximately 1 million hours of training, with an average of 42.1 hours for women and 41.8 for men. Employees in managerial positions received an average of 74.2 hours of training. For positions requiring and not requiring higher education, employees received an average of 49.3 and 35 hours of training, respectively.

(GRI LA10)

AVERAGE HOURS OF TRAINING

BY EMPLOYEE CATEGORY AND BY GENDER

(GRI LA10)

| | Gender | Average | |
|--|--------|---------------------------|---------------------|
| | | by gender and by position | Average by position |
| Managerial positions | Female | 77.1 | 74.2 |
| | Male | 73.4 | |
| Positions requiring higher education | Female | 48.9 | 49.3 |
| | Male | 49.5 | |
| Positions not requiring higher education | Female | 31.7 | 35.0 |
| | Male | 35.6 | |

OCCUPATIONAL HEALTH AND SAFETY

Work conditions and the well-being of employees are included in the Sustainability Policy of the Eletrobras companies and are enforced through the Corporate Occupational Health and Safety Policy. According to the corporate guidelines, the Eletrobras companies manage data, identify opportunities for improvement, and implement formal health and safety procedures, in compliance with legal requirements and seeking to continuously improve management and to reduce accidents. Health and workplace safety training is set forth in the Annual Corporate Education Plan and is offered in order to comply with legal requirements, such as the Regulatory Standards.

For security contractors, Eletrobras requires proof of training and the use of personal protective equipment (PPE).

(GRI EU16)

Health and safety topics covered by formal agreements with unions are governed by the Collective Bargaining Agreement (ACT) executed between the Eletrobras companies and the Labor Union. The items in this agreement are negotiated and, if necessary, amended on a yearly basis to ensure protection of worker rights in terms of health, quality of life, and workplace safety.

(GRI LA9)

EMPLOYEE REPRESENTATION IN HEALTH AND SAFETY COMMITTEES

100% of the employees of the Eletrobras companies are represented by formal health and safety committees: in total, there are 142 Internal Accident Prevention Committees (CIPAs) and 35 formal health and safety committees (Regulatory Standard - NR-10).

(GRI LA6)



foto: Jorge Coelho/Arquivo Eletrobras

In 2013²², the Eletrobras companies reported 160 injuries (minor injuries, with and without lost time); 131 of these accidents involved men and 29 involved women. The rate calculated²³ for women is 0.90; for men, 0.98; and for the Eletrobras companies in general, 0.97.

In 2013, we also registered the death of seven male employees. These fatalities occurred at Eletrobras Amazonas Energia (one), Eletrobras Chesf (two), Eletrobras Distribuição Acre (one), Eletrobras Distribuição Piauí (one), and Eletrobras Furnas (two).

(GRI LA7)

22. In 2013, data does not include the following companies: Eletrobras Distribuição Acre, Distribuição Roraima, Distribuição Piauí, Eletropar, Eletronuclear, and Furnas.

23. To calculate the injury rate, the number of injuries is divided by the number of hours worked, multiplied by 200,000.

TOTAL NUMBER AND RATE OF INJURIES BY GENDER AND BY REGION

(GRI LA7)

| REGION | GENDER | Total by gender | Rate by gender (%) | Total by region | Rate by region (%) |
|-----------|--------|-----------------|--------------------|-----------------|--------------------|
| North | Female | 1 | 0,2 | 5 | 0,2 |
| | Male | 4 | 0,2 | | |
| Northeast | Female | 17 | 1,6 | 84 | 1,5 |
| | Male | 67 | 1,5 | | |
| Midwest | Female | 3 | 0,5 | 13 | 0,4 |
| | Male | 10 | 0,4 | | |
| Southeast | Female | 5 | 1,1 | 10 | 0,7 |
| | Male | 5 | 0,5 | | |
| South | Female | 3 | 0,5 | 48 | 1,4 |
| | Male | 45 | 1,6 | | |
| Total | Female | 29 | 0,90 | 160 | 0,97 |
| | Male | 131 | 0,98 | | |

In 2013, data does not include the following companies: Eletrobras Distribuição Acre, Distribuição Roraima, Distribuição Piauí, Eletropar, Eletronuclear, and Furnas.

TOTAL NUMBER AND RATE OF OCCUPATIONAL DISEASES BY GENDER AND BY REGION, IN 2013

(GRI LA7)

| REGION | GENDER | Total by gender | Rate by gender (%) | Total by region | Rate by region (%) |
|-----------|--------|-----------------|--------------------|-----------------|--------------------|
| North | Female | 1 | 0.21 | 1 | 0.03 |
| | Male | 0 | 0 | | |
| Northeast | Female | 2 | 0.18 | 4 | 0.07 |
| | Male | 2 | 0.04 | | |
| Midwest | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | | |
| Southeast | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | | |
| South | Female | 1 | 0.15 | 1 | 0.03 |
| | Male | 0 | 0 | | |
| Total | Female | 4 | 0.12 | 6 | 0.04 |
| | Male | 2 | 0.02 | | |

In 2013, data does not include the following companies: Eletrobras Distribuição Acre, Distribuição Roraima, Distribuição Piauí, Eletropar, Eletronuclear, and Furnas.

PREVENTION, SAFETY, AND HEALTH

Eletrobras invests in educational, training, counseling, prevention, and risk-control programs and provides assistance to employees, their families, or community members concerning serious diseases. Learn more about some of these initiatives:

(GRI LA8)

- Participation in the National Program for Occupational Accident Prevention.
- Activities involving massage therapy, choir, amateur theater, gym membership reimbursement, and workplace exercises.
- Energy and Movement (training for road running), Eletrobras Choir, and health-related preventive and educational campaigns.
- Periodic medical examinations for all employees.
- Lectures on preventive healthcare, quality of life, smoking, and alcoholism.
- Participation in Pink October (breast cancer prevention campaign).
- Implementation of Blue November (campaign against prostate cancer).
- Annual survey for the Quality of Life and Workplace Stress Index (IQVE).
- Caretaker Program, which assists employees or their dependents requiring temporary caretaking.
- Retirement Preparation Program.
- Environmental Risk Prevention Program (PPRA).
- Program for respiratory protection against coal dust, ashes, and gases to prevent pneumoconiosis.
- Quality of Life Program, with GPR, choir, and hikes.
- Smoking Cessation Program, which remains available to provide assistance to employees who wish to quit smoking, offering medical and psychological support and medications.
- Well-being Hotline Program, which offers on-site and phone assistance to employees and their family members in psychosocial, financial, and legal areas, through a contractor.
- Traveler's Program, which advises employees travelling on business about endemic diseases in the regions of destination.
- Healthy Eletrobras Program, which provides advice, prevention, treatment, and education on health and quality of life.
- Psycho-pedagogical Program, which provides support to employee dependants with physical and/or mental disabilities.
- REVIVER Program, which promotes hikes; provides advice on the prevention and treatment of drug addiction, on physical fitness, on financial literacy, and on workplace exercise; and offers cancer and diabetes support programs. Programs for the prevention of occupational diseases, such as workplace exercise and massage therapy.
- Nutrition education, assistance for smoking cessation.
- Reimbursement of expenses for medication for chronic diseases for employees and their dependents.
- Rapid diagnostic tests for sexually transmitted diseases.
- Annual flu, diphtheria, tetanus, hepatitis, and H1N1 vaccination.

MATERNITY AND PATERNITY LEAVE

In 2013, a total of 669 male and female employees took parental leave. In addition to granting this right to 100% of its workforce, the Eletrobras companies offer an additional 60-day leave to women, which exceeds the period established by law.

(GRI LA15)

EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE

(GRI LA15)

| | 2013 | | 2012 | | 2011 | |
|--------|--------|------|--------|------|--------|------|
| | Number | % | Number | % | Number | % |
| Female | 173 | 84% | 150 | 81% | 151 | 80% |
| Male | 464 | 100% | 430 | 100% | 486 | 100% |

This calculation does not include 38 female employees who took maternity leave in 2013 and will not return to work until 2014.

EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE ENDED AND WERE STILL EMPLOYED TWELVE MONTHS AFTER RETURNING TO WORK

(GRI LA15)

| | 2013 | | 2012 | | 2011 | |
|--------|--------|-----|--------|------|--------|-----|
| | Number | % | Number | % | Number | % |
| Female | 210 | 84% | 150 | 100% | 149 | 99% |
| Male | 441 | 95% | 429 | 100% | 438 | 90% |

This calculation does not include 38 female employees who took maternity leave in 2013 and will not return to work until 2014. Additionally, it does not include seven employees who returned from their leaves taken in 2012.

EMPLOYEES ENTITLED TO PARENTAL LEAVE

(GRI LA15)

| | 2013 | 2012 | 2011 |
|--------------|------------|------------|------------|
| | Female | 205 | 188 |
| Male | 464 | 435 | 672 |
| Total | 669 | 623 | 887 |

In 2012, data does not include Eletrobras Distribuição Piauí.

EMPLOYEES WHO TOOK PARENTAL LEAVE

(GRI LA15)

| | 2013 | 2012 | 2011 |
|--------------|------------|------------|------------|
| | Female | 205 | 186 |
| Male | 464 | 430 | 486 |
| Total | 669 | 616 | 675 |

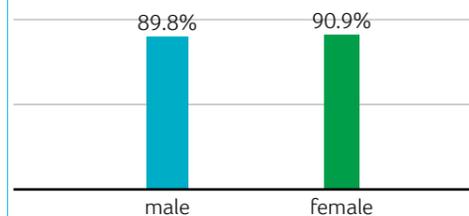
In 2012, data does not include Eletrobras Distribuição Piauí.

Professional development

Effective since 2010, the Career and Remuneration Plan of the Eletrobras companies (PCR) unifies the guidelines and policies on positions, careers, and remuneration. In 2013, a total of 90% of permanent employees received performance reviews.

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEW, BY GENDER

GRI LA12

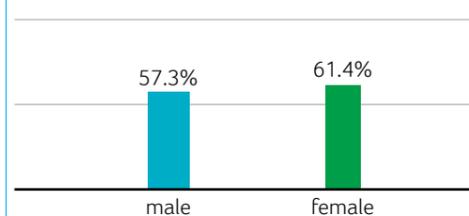


Additionally, 13,921 employees (58.1%) received career development reviews.

(GRI LA12)

NUMBER OF EMPLOYEES WHO RECEIVED CAREER DEVELOPMENT REVIEW, BY GENDER

GRI LA12



ORGANIZATIONAL CLIMATE SURVEY

Eletrobras conducted its 3rd Unified Organizational Climate Survey in 2013, which was answered by 14,550 employees. The results of this survey will support the preparation of the 2nd Corporate Action Plan, to improve the organizational climate, in 2014.

TRAINING OF SPECIALIZED LABOR

At the Eletrobras companies, training of skilled workers is supported by three solutions: mapping of critical knowledge required by the strategic objectives of the Eletrobras System; identification of specific knowledge required for the achievement of the objectives of each company, which are mapped by the respective corporate education unit and included in the Annual Corporate Education Plan (PEC); and the Performance Management System (SGD) which, through the Individual Development Plan (PDI), identifies the competency deficits in employees.

In 2013, UNISE also conducted various educational actions for the Eletrobras System: the Online Extension Course on the Practices and Challenges

of Energy Generation; Dialogues 2013 - Implementing Organizational Changes; Strategy Formulation; the Forum on the Environment of the Electric Utilities Sector; Executive MBA in Leadership and Management of State-owned Companies; MBA in Economics and Energy Management, Metrology, and Measurement Techniques for High-voltage Testing; and the Environmental Policy Workshop of the Eletrobras companies.

In order to attract and retain employees, the company offers graduate courses in a number of areas and at renowned institutions, language courses, and visits to events where best practices are shared.

(GRI EU14)

Most of the Eletrobras companies offer grants for undergraduate courses, with variable reimbursement of up to 90% of tuition.

We point out that the People Development and Training Plan of the Eletrobras companies, which serves as support and a guideline for the development and preparation of the educational actions offered at the Eletrobras companies, addresses the "Appreciation of Diversity and Promotion of Gender Equality." Accordingly, UNISE and the corporate education units adopt the following guidelines:

- To foster the appreciation of diversity and gender equality through educational programs;
- To provide solutions to ensure the accessibility of educational actions to people with disabilities;
- To use inclusive and gender-neutral visual and written language in all educational programs and actions.

The distribution companies offer distance-learning courses through the corporate TV channel: technology that combines video lectures and the Internet, with a monthly schedule of self-development, corporate management, and public management courses.

CIÊNCIA SEM FRONTEIRAS – SCIENCE WITHOUT BORDERS

The Science Without Borders program establishes the use of four-year scholarships to foster exchange programs and to maintain contact with competitive educational systems concerning technology and innovation. This program is a joint effort of the Ministry of Science, Technology, and Innovation (MCTI) and the Ministry of Education (MEC), through their respective supporting institutions – CNPq and CAPES – and the Department of Higher Education and the Department of Professional and Technological Education of MEC.

In order to support the Science Without Borders Program, Eletrobras will finance 2,500 scholarships for "sandwich" undergraduate courses, graduate courses, and research. Of this total, 2,200 are aimed at the general public – college students, science and technology institutions, and young and renowned scientists – and 300 are aimed at a specific audience – professionals of the Eletrobras companies – but also at employees working for entities involved in the direct or indirect federal administration, in connection with the electric utilities sector. These scholarships are selected based on topics of interest for the energy sector: generation, transmission, distribution, trading, planning and operation, equipment technology and management, facilities, energy efficiency, the environment, and materials technology. The table below breaks down the types of scholarships:

TYPE OF SCHOLARSHIP - SCIENCE WITHOUT BORDERS

| | Scholarships general public | Scholarships specific audiences | Total |
|---------------------------------|-----------------------------|---------------------------------|--------------|
| "Sandwich" undergraduate course | 1,660 | 0 | 1,660 |
| "Sandwich" graduate course | 340 | 260 | 600 |
| Post-doctoral research abroad | 120 | 40 | 160 |
| Special visiting researcher | 30 | 0 | 30 |
| Attraction of young talents | 50 | 0 | 50 |
| Total | 2,200 | 300 | 2,500 |

Currently, approximately R\$68 million has been invested, or almost 45% of the total agreed for donation, which has benefitted 1,120 recipients from various regions of the country. By the end of the program, which is planned for late 2015, Eletrobras will have invested approximately R\$150 million, considering the scholarships selected through Capes and CNPq. For 2014, it is expected that part of these scholarships will be used by the Eletrobras System.

(GRI EU14)

REMUNERATION AND BENEFITS

At Eletrobras, salaries are based on a matrix for each position and comply with the Career and Remuneration Plan (PCR). If any changes arise from collective bargaining, such matrices are adjusted, pursuant to rates defined and approved in the Collective Bargaining Agreement (ACT). Eletrobras's Salary Policy is based on gender equality.

At Eletrobras, no salary is based on the National Minimum Wage rules.

(GRI EC5, GRI LA14)

24. For the purposes of this report, important operating units are the headquarters of each company.

25. The ratio is calculated based on the average base salary of females divided by the average base salary of male.

RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED WITH LOCAL MINIMUM WAGE AT IMPORTANT OPERATING UNITS

(GRI EC5) ²⁴

| | 2013 | | 2012 | | 2011* | |
|--|--------|--------|--------|--------|--------|--------|
| | Female | Male | Female | Male | Female | Male |
| Ratios of standard entry-level wage compared with local minimum wage (%) | | 163.3% | | 165.9% | | 180.3% |

Eletrobras considers the national minimum wage as being the local minimum wage. This data refers to 12/31 of each cycle in their ASR.

*There was a mistake in the ASR Eletrobras 2011 and the standard entry-level wage, broken down by gender, was published with a discrepancy of R\$0.06 (R\$982.42 instead of R\$ 982.48). For this report, we considered the real value – R\$982.48, for women and men alike.

AVERAGE AND RATIO OF BASIC SALARY, BY GENDER AND EMPLOYEE CATEGORY

in R\$

(GRI LA14)

| | Managerial positions | | | Positions requiring higher education | | | Positions not requiring higher education | | |
|---------------------|----------------------|--------|--------|--------------------------------------|-------|-------|--|-------|-------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Female | 12,982 | 11,922 | 9,976 | 7,249 | 7,248 | 6,303 | 4,037 | 4,407 | 3,169 |
| Male | 14,140 | 13,135 | 12,514 | 8,374 | 8,243 | 8,834 | 3,881 | 4,627 | 3,033 |
| Ratio ²⁵ | 92% | 91% | 80% | 87% | 88% | 72% | 104% | 95% | 104% |

In 2013, data referring to positions that do not require higher education do not include Eletrobras Eletropar.

In 2012, data does not include Eletrobras Distribuição Rondônia.

26. Interns receive meal vouchers, public transportation vouchers, and personal accident insurance.

The Eletrobras companies offer a number of benefits to all employees²⁶ and there is no differentiation between full time or part time employees (six hours). The values of these benefits are defined in National Collective Bargaining Agreements or in specific norms and include:

(GRI LA3)

- Additional pay for length of service
- Health insurance
- Dental insurance
- Day care assistance
- Funeral assistance
- Eyeglass assistance
- Assistance for child with special needs
- Disability/invalidity coverage
- Agreements with gyms
- Retirement funds
- Maternity leave
- Paternity leave
- Reimbursement of expenses for undergraduate courses
- Reimbursement for preschool education
- Pay for performance
- Group life insurance
- Food vouchers
- Meal vouchers
- Transportation voucher

INNOVATION SYSTEM

According to the various relationship management procedures, the internal audience is stimulated by managers through campaigns and incentive actions to use the



Innovation System in order to pursue innovative solutions, in line with the corporate strategy, for cost reduction, increased revenue, new business development, process improvement, and energy efficiency. In 2013, a total of 309 ideas were registered, of which 7 were implemented. These proposals are analyzed and classified according to their possible outcome and strategic interests. A Managing Committee, composed of representatives from all departments, and an Innovative Idea Assessment Committee are responsible for evaluating, classifying, prioritizing, and implementing the ideas registered by employees in the database and for the governance of this system.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Freedom of association is established in the applicable legislation in the country and guaranteed through the Collective Bargaining Agreement. All the 23,969 employees (100%) of Eletrobras companies are represented by collective bargaining agreements. Eletrobras companies still have the Office of Labor Relations and Union, which seeks to guarantee the rights of all employees.

In 2013, the Eletrobras companies entered into a national collective bargaining agreement with the representatives of the employees, which will be valid for two years, from 2013 to 2015.

(GRI LA4)

In 2013, were identified 30 significant suppliers in which the right to exercise freedom of association and collective bargaining may be at significant risk. Eletrobras, pursuant to the laws in effect, is not allowed to intervene in the negotiations between these suppliers (contractors) and their employees, regardless of their presence at the company's facilities. However, the company may require compliance with the terms set forth in the agreements and conventions executed.

(GRI HR5)

Hence, hiring processes determine that collective bargaining agreements and conventions must be observed to ensure that the rights acquired through these bargaining agreements be preserved in the hiring processes at Eletrobras. These rights are investigated during the hiring process, upon registration of suppliers, and suppliers can be subject to disaccreditation if such rights are not considered in their commercial proposal.

Customers

Eletrobras serves all types of individual and institutional profiles: from transmission and distribution companies – which purchase the energy generated at power plants and transmitted by the power lines of the Eletrobras companies – to direct customers, who consume the energy provided by the companies that operate in the distribution segment.

We have approximately 3.8 million residential and commercial customers, which represent a vital audience for the Eletrobras companies. Thus, our relationship with them is governed by the principles set forth in the Code of Ethics of the Eletrobras companies and in mechanisms that identify the needs and expectations of this segment, as well as the protection and privacy of registration data and of information obtained in connection with the commercial relationship.

In order to handle potential barriers related to language, culture, lack of education, and special needs, which could limit access to customer service and to the safe use of energy, the Eletrobras distributors have the following channels to serve consumers:

- Physical service branches
- Virtual service branches – websites
- Helpline, with an exclusive channel for the hearing impaired

APPROPRIATE USE OF ENERGY

The websites of the Eletrobras companies provide various services, such as the download of duplicate bills and tips on the appropriate use of energy. The companies have an accessible portal, which enables the navigation of individuals with hearing and visual impairment and complies with the international principles defined by the Web Accessibility Initiative (WAI).

(GRI EU24)



The companies use electric bills to disseminate information on the risks related to electricity, regulatory information, customer rights, duration and frequency of power outages, payment options and locations, pricing tiers, unpaid balances, and other information that allows the various consumer profiles to have appropriate access to energy services.

(GRI PR3)

PRODUCT RESPONSIBILITY

Distribution companies use a single electric bill model, and customers receive a detailed account of their consumption, including prices based on tiered rates, scheduled meter readings (current, previous, and next), taxes, charges, voltage level, type of connection, meter, quality of delivery indicators (such as the DEC and the FEC), customer service channels, and others.

Eletrobras seeks to innovate and to offer differentiated public utility services. Therefore, the company provides important additional information, such as advertising campaigns related to the rational and safe use of energy, social tariff for electric energy (Tarifa Social de Energia Elétrica - TSEE), customer service hotlines, consumer rights, clear safety tips, and other citizenship awareness campaigns in 100% of the bills issued to customers.

(GRI PR3)

BEYOND THE BILL

Users have other channels to obtain information about energy, products, services, and customer service provided by Eletrobras. They include the service branches of the distribution companies and their websites, which provide information about energy network safety; accident response procedures; guidance for reporting billing issues, damaged equipment, and customer service; and guidance on issues related to energy delivery.

EDUCATION

Through the implementation of educational projects, Eletrobras also seeks to strengthen its relationship with communities in order to provide knowledge about the appropriate and safe use of energy and consumer rights and duties.

(GRI EU24)

GUIDANCE AGAINST WASTE

Raising awareness of new generations concerning the need to prevent energy waste and to preserve natural resources is one of the goals of Eletrobras Distribuição Alagoas. The Luz do Saber (Light of Knowledge) project uses a truck that visits public schools to provide guidance to students, teachers, and the surrounding community about the safe use of electricity and about energy efficiency in a very informal manner, using 3D videos, stage lighting, soundboards, and many energy experiments.

The project also trains teachers on how to approach “electricity and eco-efficiency” in the classroom and provides services related to duplicate bills, change of account holder, negotiations, and enrollment in the Social Tariff Program, which offers discounts of up to 65% to consumers on their electric bills, among other services. In 2013, Luz do Saber benefitted approximately 11,837 students, 338 teachers, and 43 public schools, in three municipalities.



Foto: Arquivo Eletrobras Distribuição Alagoas

CUSTOMER SATISFACTION

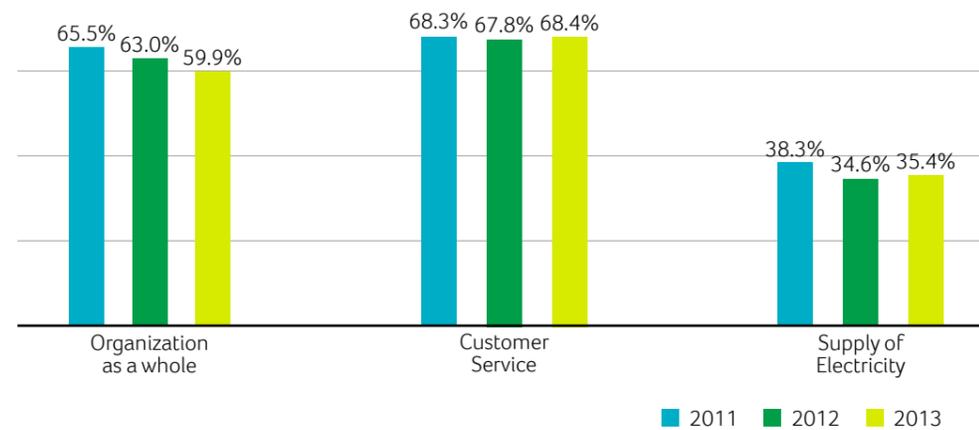
The six distribution companies owned by Eletrobras gauge the satisfaction of their customers and consumers through surveys conducted by ANEEL – the ANEEL Customer Satisfaction Index (IASC), and by the Brazilian Association of Electricity Distributors (ABRADEE) – the Perceived Quality Satisfaction Index (ISQP).

In 2013²⁷, the distribution companies of Eletrobras registered a slight improvement in rates in relation to satisfaction with customer service and service delivery. The satisfaction of the organization as a whole fell by four percentage points.

27. In 2013, the results have been recorded in a considered manner, considering the levels of satisfaction with the number of customers of each company, which resulted in a more representative percentage of corporate reality.

CUSTOMER SATISFACTION (%) - DISTRIBUTION

GRI PR5



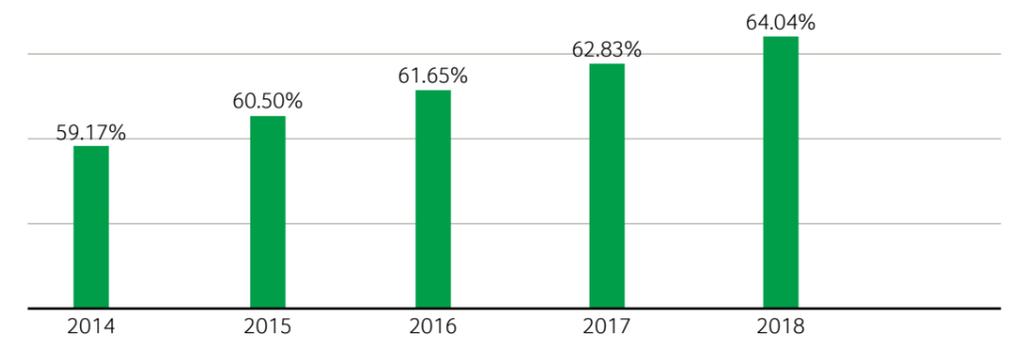
Customers are sensitive to variations in the quality of services and demonstrate less satisfaction when this quality decreases. These cases can lead consumers to become more critical in their assessments, thereby affecting the results of the survey in all scores, and not simply those that specifically assess the quality of the service. In 2013, for example, delivery of

Eletrobras Distribuição Acre was affected by the interconnection work, which caused frequent and lengthy power outages, which were necessary to implement the future improvement of the network.

The Eletrobras distribution companies have agreed upon goals that aim to increase the level of customer satisfaction. Until 2018 the expected goal is 64.04%.

IASC ANEEL (%)

Goals PDNG 2014 - 2018

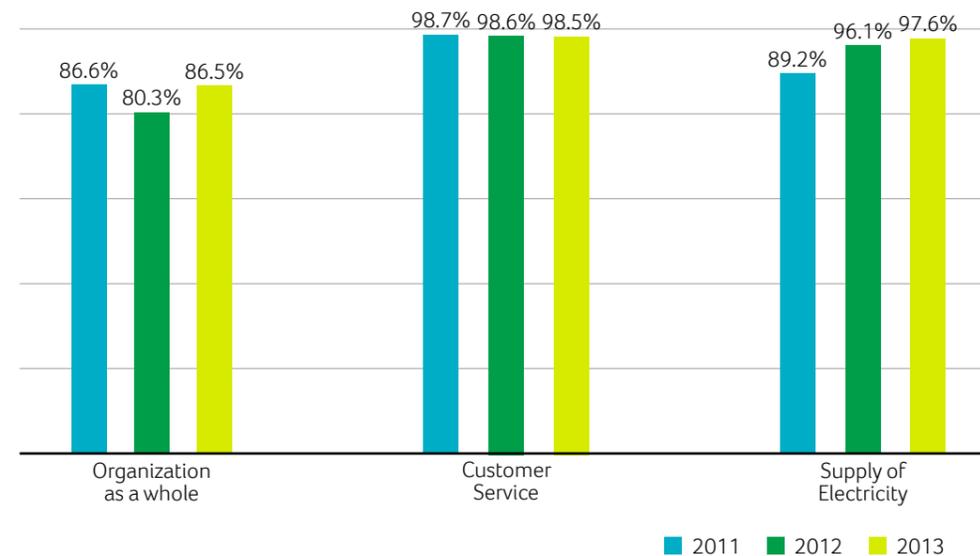


In the transmission segment, Eletrobras Chesf, Eletronorte and Eletrosul companies promote monitoring customer satisfaction by applying satisfaction survey. Also, hold regular meetings with clients, technical visits, technical exchanges and provide channels of communication and expression (letter, email, phone, web portal and social networking).

The satisfaction index with the Eletrobras companies and the quality of electricity supply improved compared to 2012, reaching respectively 86.5% and 97.6%. The level of satisfaction with the service of the companies remained stable. The satisfaction surveys for transmission performed by the Eletrobras companies take into account the energy trading (buying and selling) and products and services.

CUSTOMER SATISFACTION (%) - TRANSMISSION

GRI PR5



Consolidated data for Eletrobras CGTEE, Eletrobras Chesf, Eletrobras Eletronorte, and Eletrobras Furnas.

Eletrobras Cepel also conducts customer satisfaction surveys to evaluate the services provided by test and calibration laboratories and by the Certification Activity (CERT). In 2013, the level of customer satisfaction reached 92% for the services provided by laboratories and 86% for the services provided by the Certification Activity. The average was 89%, a slight increase over the previous year, which was 88%.

(GRI PR5)

Eletrobras CGTEE, Eletronuclear, Furnas, and Itaipu Binacional do not conduct surveys; however, in 2013 they created a joint work group with Eletrobras Chesf, Eletronorte, and Eletrosul to implement a unified survey to assess the generation and transmission businesses that can demonstrate the consolidated level of satisfaction of the customers of the Eletrobras companies.

Suppliers

The Eletrobras companies do business with an extensive network of suppliers, with which they maintain contracts considering the ethical, social, and environmental aspects established in the Code of Ethics of the Eletrobras companies.

Contracts with significant suppliers and their management ensure the existence of legal requirements, including provisions that enforce compliance with labor, safety, hygiene, and health regulations at work and environmental protection. Thus, sustainability risks are mitigated and if a breach of any of the clauses is established, suppliers will be subject to the penalties set forth in the contract.

With the purpose of maintaining a good relationship with suppliers, whenever possible the companies hold meetings with contractors and any other areas involved in the process to fulfill the obligations agreed upon and to solve any problems arising during the term of the contract.

Eletrobras also monitors the fulfillment of contractual obligations imposed on its suppliers (including any social and labor obligations to the employees allocated to Eletrobras) through specific documents that must be presented throughout the term of the contract, as set forth in such instrument. This practice minimizes the possibility of Eletrobras being affected by poor work practices of suppliers, by actions that are illegal or contrary to its policies, or by damages caused to people, facilities, or the environment in connection with the services provided by suppliers.

All actions are grounded on principles of human and environmental rights, which recommend sustainability parameters in the production of goods or provision of services; in addition, they forbid the direct or indirect engagement of young workers under 18 years old on night shifts and hazardous or unhealthy work and of young workers under 16 years old in any type of activity, except as young apprentices when they are over 14 years old.

The Code of Ethics also forbids the engagement of employees working under degrading or forced labor and any discrimination on the basis of religion, race, skin color, gender, political affiliation, social class, or national origin; moreover, it seeks to safeguard the good physical and mental conditions of the employees who provide services to the Eletrobras companies. In the case of non-compliance with human rights clauses or with the terms set forth in these contracts, the supplier is granted a period to present its defense and, if applicable, to make the necessary adjustments. If these actions are not taken, the Eletrobras companies have the right to take appropriate measures, such as fines or the termination of the agreement. In the case of repeated infringement, the contract will be terminated unilaterally.

The Eletrobras companies disseminate their Code of Ethics to ensure that suppliers and contractors comply with the guidelines set forth therein and to enforce that all entities that do or wish to do business with Eletrobras are aware of the Code and act accordingly. Therefore, the values and principles that guide the actions of the company are extended to the entire production chain.

Eletrobras has developed a new definition of **critical supplier** (or **significant supplier**), based on a study conducted by the Sustainability Committee, in conjunction with the Procurement area, considering not only the needs associated with the economic aspects, but also those associated with the social and environmental aspects.

FORCED OR CHILD LABOR

We recorded 27 incidents involving significant operations and suppliers identified as having material risk for incidents of child and forced labor. However, there were no incidents involving operations identified as having risk of young workers exposed to hazardous work.

Aiming to reinforce the intrinsic nature of ethical issues related to human rights and contractors, Eletrobras **holding** holds annual meetings with its suppliers. In 2013, the company conducted a lecture on “Ethics: the Core Element in Hiring Processes.”

Eletrobras Eletronorte conducted, in São Luis (MA), the Seminar for the Eradication of Forced Labor with the companies in the region joining the National Pact for the Eradication of Forced Labor. Eletrobras Eletronorte also supported, in Maranhão, a workshop for the Mandala Project, which takes practical measures pertaining to forced labor and is aimed at the low-income population.

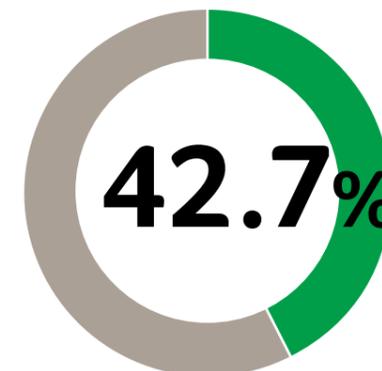
(GRI HR6, GRI HR7)

PROCUREMENT PROCESSES

Pursuant to the laws in force governing public procurement and hiring processes, namely Law 8,666/93, which instituted the norms for bidding processes and agreements, Eletrobras is not authorized to establish a policy to favor local suppliers, considering that it is not possible to define preferences in the hiring of suppliers based on their place of business or domicile.

In direct procurement processes, the Eletrobras companies take into account geographic location and cost of hiring. This type of selection favors local suppliers²⁸. In 2013, direct purchases totaled R\$154.5 million. Of this total, R\$65.9 million (or 42.7%) was invested in purchases from local suppliers. In 2013, the Eletrobras companies spent a total of approximately R\$5 billion on procurement.

(GRI EC6)



Percentage of direct purchases from local suppliers²⁹

²⁸. Local suppliers are defined as those whose place of business is located in the same geographic region as the procurement unit of the Eletrobras companies.

²⁹. Data does not include information from the following companies: Eletrobras Eletronuclear, Eletrosul, and Itaipu Binacional.

POWER TO THE LOCALS

In their procurement practices, Eletrobras distribution companies apply Law 123/2006, giving a margin of preference to small enterprises, and Decree 7,174/2010, giving margins of preference in hiring for Information Technology (goods and services based on national technology and produced pursuant to the Basic Production Process).

In its procurement processes, Eletrobras Distribuição Alagoas favors the geographic location of suppliers, which can expedite hiring and reduce costs. Hence, the companies with the best cost-benefit ratio are selected. These practices favor local suppliers.

SECURITY PRACTICES

All security personnel undergo a training process and take refresher courses every two years; in addition, they are assessed and the procedures of their job positions are adapted accordingly. Training and assessment cover human rights, environmental, and sustainability concepts. These procedures are established in Ordinance 3233/12, which provides on the regulations associated with private security activities and which entered into force in March 2013. In its contracts, Eletrobras provides for the periodic training of these individuals by contractors and requires proof of this training from their management.

(GRI HR8)

30. The quantitative information contained in the table of indicator HR8 refers only to directly employed security personnel.

NUMBER AND PERCENTAGE OF SECURITY PERSONNEL TRAINED IN THE ORGANIZATION'S POLICIES OR PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS

(GRI HR8)³⁰

| | 2013 | 2012 |
|--|------|------|
| Number of security personnel directly employed by the reporting organization | 224 | 239 |
| Number of security personnel who have received formal training in the organization's policies or specific procedures associated with human rights issues and their application on security | 142 | 111 |
| Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations | 63% | 46% |

In 2013, data includes all Eletrobras companies, except Eletropar.

In 2012, data includes the following companies: Eletrobras Chesf, Furnas, and Itaipu Binacional.

In 2011, this indicator was not reported.

TRAINING OF SECURITY PERSONNEL

The security personnel directly employed by Itaipu Binacional receive refresher courses and annual lectures on human rights. From 2012 to 2013, the level of attendance at the specific lectures on human rights provided to direct security personnel increased from 65.6% to 71%. The company also organized a course geared toward security agents on defensive techniques and progressive use of force. Outsourced security personnel also take mandatory refresher courses for their positions and are instructed during the onboarding seminar, which is mandatory for all service providers.

(GRI HR8)

Community

Eletrobras is a company that fosters sustainable development in Brazil, whether through investments in culture, education, health, children's rights, employment and income generation, the environment, professional qualification, and first job opportunity and citizenship, or through actions that seek to reduce social and environmental impacts in the licensing processes.

All projects undertaken by Eletrobras result from various studies that identify the compensation, mitigation, or remediation actions established in the environmental licensing processes (Environmental Impact Assessments, Preliminary License, Basic Environmental

Project, Installation License, and Operating License) and from in-depth contact with local social groups that benefit from social responsibility programs and integrated improvement actions related to housing, sanitation infrastructure, and urban mobility.

Social and environmental impacts caused by projects implemented by Eletrobras relate to the generation of expectations and to changes in housing, employment, and local environmental conditions, especially for the population in the vicinity, organized civil society, and municipal authorities. For projects such as hydroelectric plants, we conduct an Environmental Impact Study (EIS) and an

Environmental Impact Assessment (EIA); they provide a diagnosis of the current situation of the local community and its infrastructure, income, literacy, and health conditions; it also surveys the social and environmental perception of the projects.

Analysis of the social and environmental impacts of the project is done through the identification, estimation of intensity, and interpretation of the importance of these impacts, determining positive and negative, direct and indirect, short-, medium-, and long-term, and temporary and permanent aspects, as well as their level of reversibility, cumulative and synergetic properties, and the distribution of the social burdens and benefits.

During the implementation of projects, we conduct social communication actions, which include the establishment of local offices, the dissemination of communication materials, and meetings with various groups to foster social interaction. We also conduct opinion surveys in the areas of the projects to identify, among other aspects, the expectations of the population.

(GRI SO1, GRI SO9, GRI SO10, GRI 4.16)

During the establishment of the project, we develop a number of programs that seek to benefit the community, reduce eventual damages, and improve the quality of life of the population. These programs are conducted independently by Eletrobras or in conjunction with city governments and municipal departments, public agencies and entities, trade associations, and official credit institutions, pursuant to the laws and regulations in effect.

During the development of the feasibility studies of projects whose construction/operation could affect Indigenous communities, Eletrobras conducts a study on the Indigenous Population, which is an integral part of the Environmental Impact Study required by the environmental agency. The studies are conducted pursuant to the terms of reference issued by the National Indian Foundation (FUNAI), which is responsible for assessing and approving the studies. As a result, a set of compensation programs is presented as part of the environmental licensing of the projects. The development of compensation programs, however, is not restricted to the requirements of the environmental licensing process.

(GRI HR9)

SOCIAL, ECONOMIC, AND SUSTAINABLE DEVELOPMENT

The actions developed by Itaipu Binacional in the Guarani Tekoha Ocoy community, located in the municipality of São Miguel do Iguazu (PR) and in the Tekoha Añetete and Itamarã communities, located in Diamante D'Oeste (PR), benefit 280 Indigenous families in an area of 2,217 hectares and foster the social, economic, and sustainable development of their way of life by improving infrastructure, increasing agricultural and livestock production, strengthening cultural diversity, stimulating partnerships, and offering nutritional safety.

In 2013, a total of 106,239 kg of cassava and 57,440.60 kg of corn were produced and sold, and 1,404 food staple baskets were distributed at Ocoy. The Añetete and Itamarã communities were served by the Food Purchase Program (PAA) and Itaipu Binacional transported the food donated by SESC (PR) and the PNAE. In total, Añetete received 11,792.50 kg of food and Itamarã received 7,125 kg.

Learn more at: <http://www.itaipu.gov.br/meioambiente/comunidades-indigenas>

At Eletronorte, the programs to compensate the Waimiri-Atroari and Parakanã groups for the impacts from the operation of the hydroelectric plants have been in place for over two decades and are nationally and internationally renowned for the restoration of lifestyle in these communities and the cultural and nutritional stability.



foto: Jorge Coelho/Arquivo Eletrobras

Learn more at:
<http://www.eln.gov.br/opencms/opencms/pilares/meioAmbiente/programasIndigenas/>

SUPPORT AND ASSISTANCE FOR THE KAYAPÓ COMMUNITIES

In 2012/2013, Eletrobras supported two projects that aimed to strengthen the production infrastructure and autonomy of Kayapó Indigenous communities in southern Pará, which were carried out with resources by Instituto Kabu (Kabu Institute) and the Associação Floresta Protegida (Protected Forest Association). These entities represent approximately 30 Kayapó villages located on the west and east banks of the Xingu River, with an estimated population of 6,000 Indians. In 2013, a specialized consulting company was hired for the preparation of a long-term project involving the Kayapó communities on the west bank of the Xingu River. Thus, in September 2013, Eletrobras, the Kabu Institute (Instituto Kabu), and the National Indian Foundation (FUNAI), supported by the SPE Norte Energia S/A, which is the concessionaire responsible for the AHE Belo Monte (in which the companies of the Eletrobras System have 49.98% interest) coordinated the Project for Support and Assistance related to institutional reinforcement, sustainable income generation activities, protection and surveillance, security and environmental management, and cultural programs. It was designed to strengthen nine Kayapó communities on the west bank of the Xingu River, with the assistance of FUNAI, in Novo Progresso (PA), for a period of three years with an annual budget of R\$1.5 million, managed by Eletrobras. A similar long-term project is presently being negotiated and elaborated with the Kayapó from the east bank of the Xingu river, their representants, Funai, Norte Energia S/A and a specialized consulting company.



Foto: Doto Takak-ire/Instituto Kabu

PRESENCE IN THE COMMUNITIES

The projects – hydroelectric and thermo-electric plants and transmission and distribution systems – developed by Eletrobras can produce a greater or lesser degree of social impact, depending on the characteristics of the region where they are implemented.

The identification of the social groups affected starts at the beginning of the planning process and, as the project advances, specific studies are conducted in order to understand the expectations of the population, their way of life, their basic economic activities, and their organization. Issues such as the increase of the migrant population, the impacts on infrastructure, and the changes in land use, landscape, social structures, and local culture, among others, are included in the scope of the surveys to be conducted for the environmental studies; they aim to propose measures for the mitigation of negative impacts and for leveraging positive ones. **(GRI EC8, GRI EC9, GRI SO9, GRI SO10)**

During the operation, there may be impacts on territorial organization; changes in the social, economic, and cultural organization; and interference in the organization of commercial and industrial activities, such as the increased consumption of water, potential spills, soil contamination, and higher risk of accidents (electric shocks, fires, and others).

(GRI 1.2, GRI SO9)

The number of people involved in accidents involving company assets and the number of fatalities increased over 2012. This increase occurred because the data provided in this report has broader coverage. In 2013, the data was reported by 12 companies, compared with 06 in the previous year.

³¹ The data disposed in this table do not consider the employees of Eletrobras companies.

NUMBER OF INJURIES AND FATALITIES OF USERS INVOLVING COMPANY ASSETS (GRI EU25)³¹

| | 2013 | 2012 | 2011 |
|---|------|------|------|
| Number of individuals involved in accidents | 96 | 48 | 124 |
| Number of fatalities | 30 | 19 | 1 |

In 2013, data does not include Eletrobras holding, Furnas, Itaipu, and Eletropar. In 2012, data included the following companies: Eletrobras Distribuição Acre, Distribuição Rondônia, Distribuição Roraima, Amazonas Energia, Eletronorte, Eletrosul, and Eletrobras holding.

NUMBER OF LEGAL ACTIONS, PENDING AND RESOLVED, RELATED TO THE HEALTH AND SAFETY OF THE USERS OF THE SERVICES (GRI EU25)

| | 2013 | 2012 | 2011 |
|---|------|------|------|
| Pending legal actions related to health and safety | 20 | 21 | 29 |
| Resolved legal actions related to health and safety | 6 | 2 | 2 |

In 2013, data does not include the Eletrobras companies, Eletrobras holding, Furnas, Itaipu, and Eletropar. In 2012, data included the following companies: Eletrobras Distribuição Acre, Distribuição Rondônia, Distribuição Roraima, Amazonas Energia, Eletronorte, Eletrosul, and holding.

Measures to prevent and reduce damage

Eletrobras has several contingency measures, contingency plans, and recovery plans in all its companies. Each company – whether in generation or in transmission and distribution – is responsible for assessing all potential scenarios concerning emergency situations and for proposing training and solutions to reduce damage.

(GRI SO10, GRI EU21)

Eletrobras Eletronuclear

To reduce potential damage, Eletrobras Eletronuclear has implemented the Eletrobras Eletronuclear Foundation for Medical Assistance (FEAM), which manages the Praia Brava Hospital and five other medical centers (the Radio-epidemiology Information Center, the Mambucaba Medical Center, the Mambucaba Park Medical Center, the Itaorna Outpatient Clinic, and the Ionizing Radiation Medical Center), which are responsible for serving employees and the community. In 2013, the FEAM performed 2,127 surgeries, 3,295 hospitalizations, 190,639 laboratory tests, and 42,073 radiology tests, and provided 15,503 non-emergency services and 65,911 emergency services.

At Eletrobras Eletronuclear, it is mandatory to report near-miss accidents, which are investigated and examined by national and international agencies. The security system provides for the immediate mobilization of hundreds of professionals in the three government levels and in less than one hour in the case of radioactive accidents. This plan is tested periodically through drills in the presence of the National Nuclear Energy Commission (CNEN) and of international organizations, such as the International Atomic Energy Agency (AIEA).

Eletrobras CGTEE

Eletrobras CGTEE has implemented contingency plans that address natural disasters, environmental impacts, fires, strikes, and image crises that involve the internal and external audiences and consider communities, areas of influence, safety and rescue agencies, fire departments, and civil defense, as well as actions related to fire fighting, specifically the fire brigade. The community, authorities, and industrial customers are part of the external audience included in the

contingency plans. Emergency plans are monitored and assessed in relation to their effectiveness and are periodically reviewed by the Internal Control and Risk Management Committee, along with representatives of the departments.

In 2011, Eletrobras CGTEE signed a 'Conduct Adjustment Agreement' (TAC, in Portuguese) with the Brazilian Environmental Agency (Ibama), the Ministry of Environment, the Ministry of Mines and Energy and the Federal Attorney's Office, making a series of commitments aimed at the environmental suitability of one of its main production units, Phase B of the coal-fired Presidente Médici thermal power plant. Eletrobras holding has a supervisor role in this agreement.

Amended in 2013, the TAC aims at the environmental adequacy of Phase B, which the main objective is the implementation, until December, 2016, of a desulphurization system and abatement of particulate material to adjust the concentration of sulphur dioxide (SO₂) to the pattern advocated in its operation license. It will enable a reduction of 79% in emissions of SO₂. The investment is estimated in R\$218,149,000.00.

Due to the mentioned investment, CGTEE, from 2017 on, will generate an annual revenue around R\$300 million.

Eletrobras Chesf

At substations, Eletrobras Chesf has the Fire Safety Plan (PSCI), which encompasses the procedures to be adopted in case of fire, in addition to the Emergency Response Plan, which addresses assistance to victims (at power plants, the contingency manual also focuses on the Evacuation Plan – PAA). Drills are conducted annually at the power plants with the participation of the local fire department. Moreover, Chesf has Contingency Plans for the power plants which establish the actions to be taken in case of floods, fires, and invasions (social issues) in its facilities. Water Resource Management prepares an Annual Flood Prevention Plan, which is approved by the ANA and the ANEEL and reviewed and updated on an annual basis. The company also has manuals for the control of floods in the basins where it operates its main reservoirs.

Throughout 2013, the projects under construction adopted actions for communication and environmental education in the communities and for health and safety for construction workers.

Itaipu Binacional

Itaipu Binacional has a group that manages the Emergency Action Plans, which is responsible for preparing and updating action plans for the contingencies identified and for coordinating drills and training procedures for these plans. The community is engaged in the plans that concern them, such as flood control, which involves the Civil Defense and the Port Authority, etc.

Eletrobras Eletronorte

A UHE Balbina possui sistema para The Balbina Hydroelectric Plant has a system for restoring energy production through emergency generators in case of power outages. This type of installation is foreseen in the National Operator of the Electric System's standards and procedures for the network, which conducts annual practical restoration tests, pursuant to the regulations of each company. If there is a risk of incidents, communities are informed according to their area of occurrence (flood area) at least 20 days prior to the date of the expected opening of the spillway. The main contingency measure in the community is the opening of floodgates, which is conducted according to the climate influence and to operational dispatch, with various means of communication to inform residents about the water level while floodgates are open. Authorities are notified about this plan and the possibility of the opening of floodgates and about the measures taken to inform the community. At the end of each event, all situations and the steps taken to prevent its recurrence are assessed, with the participation of the entire group involved.

Eletrobras Eletrosul

With the purpose of providing emergency service to remedy equipment failures, each Eletrobras Eletrosul facility has its own Contingency Plan, in addition to an app on Serv Notes Eletrosul, which publishes the Reports and Contingency Plans of its facilities. Concerning power generation, all operation and maintenance activities performed by Eletrosul are governed by internal regulations.

Eletrobras Furnas

Prevention and mitigation measures are systematically planned and conducted in all generation and transmission projects under the responsibility of Eletrobras Furnas. The implementation of Social Communication Programs (PCS) and of Environmental Education Programs (PEA) in the areas enables the maintenance of continuous communication channels with society and the assessment of impacts.

Eletrobras Furnas is implementing Emergency Response Plans at its operating units in order to define responsibilities and effective procedures to be conducted in emergency situations or to minimize harm to people, the environment, and assets. Each operating unit has its own Fire Brigade, which works as first responder in case of accidents and contacts public authorities, if necessary (fire departments, environmental agencies, etc.). These brigades are periodically trained and their members are volunteer company employees.

The Response Plan for Emergencies Involving Transmission Lines defines the nearest hospitals where victims should be taken. Every incident registered at the

company's operating units generates an Incident Notification Bulletin (BAO) that describes, analyzes, and communicates the event to the other units.

In the case of any incident at substations or power plants, there are operation teams permanently on call that can provide first aid and perform repairs in the shortest time possible. For incidents occurring outside its facilities, the company has a service plan to be implemented after the area is analyzed. Eletrobras Furnas has been developing various awareness actions to inform the public about hazards involving electrical appliances, to provide clarification about activities that should not be developed in the rights of way of the transmission lines, and to indicate the areas of the reservoir where fishing is prohibited. Since the transmission system is constantly expanding, the Contingency Plans are constantly evolving.

Agreements with local city governments enable the expansion of health and education services, the improvement of sanitation systems, the provision of water and energy, and the increase of public security. Social and environmental education lectures inform Furnas employees and outsourced construction workers about methods to minimize impacts on the way of life of the communities. Specific programs conduct archeological surveys in the areas where there is direct intervention of the projects and foster the appreciation and rescue of local culture.

Eletrobras Distribuição Alagoas

For major incidents involving high-voltage systems, substations and lines, there are maneuver plans, with which the operations area is familiar, to restore power through grid and equipment automation. The community is informed through communication channels and industrial customers through the Operations Center. For all other customers who may contact the company, the call center is prepared to communicate the expected reestablishment of power.

Eletrobras Distribuição Acre

Eletrobras Distribuição Acre has a contingency plan in place for the floods on the Acre River, which is the most significant risk in the concession area. When power outages are caused by floods, the company is supported by law enforcement agencies to enable service continuity. The flooded areas are analyzed and, supported by this analysis, actions to restore services are carried out based on the inspection of the entire network of cables, meters, insulators, etc.

Resettlement

The studies conducted in the initial planning and implementation phases of projects may uncover conflicts and issues, such as the need to resettle populations. These issues may cause the layout of the project to be reviewed.

The “Relationship with Society” principle, contained in the Eletrobras Environmental Policy, determines that dialogue with the various social agents should occur from the very beginning of project planning, identifying expectations and needs. It also establishes that communication processes should be implemented using language that is appropriate for the audience to which it is intended and that there should be continuous communication and clarification of issues pertaining to energy and to social and environmental actions. Among the studies most commonly conducted, we highlight the Social and Economic Registry, which identifies and qualifies the population affected by the projects.

(GRI EU24)

The Environment Committee of the Eletrobras companies (see item Environmental Management System) has active work groups, whose members are representatives of all companies and seek to share experiences, hold discussions, and advance in the update of the guidelines pertaining to the resettlement of the populations affected, to Indigenous issues, and to environmental communication and education.

The Social Communication Plan establishes actions that include the implementation of local offices, enabling access to data and exchange of information with communities to occur before the public hearings provided for by law. In order to provide information about the projects, local communication channels are used, such as newspapers and radio stations, as well as meetings with the community and company websites. The Environmental Impact Assessment is made available to the general public in easily accessible locations, such as municipal libraries and city halls. Eletrobras answers questions about its projects through the *Fale Conosco* (Contact us) channel, among others.

(GRI EU19)

Generally, the population living in the areas of the reservoirs of hydroelectric plants are relocated more frequently, and Eletrobras provides all the support required, from the registration of the properties located along the river where the dam will be built to the social and economic documentation of the populations affected. The amounts paid for compensation for lands, crops, buildings, and others are based on surveys that study values and asking prices in the area of the project.

Wind farms do not require populations to be resettled, since wind turbines and the other infrastructure associated with the operation of the project can be installed while individuals remain at their locations.

(GRI EU20)

In 2013, a total of 353 individuals were resettled, 325 economically and 28 physically. This resettlement occurred due to the implementation of five transmission lines and new power plants. In the same period, Eletrobras Eletrosul, Furnas, and [holding](#) compensated 770 people and Eletrobras Eletronorte compensated 468³². All of the cases were in connection with the use of rights of way.

(GRI EU22)

Projects and programs

More than merely a utility service provider, the Eletrobras companies recognize that they are also responsible for improving the standard of living in the communities where their projects are located. This commitment is formalized in the Eletrobras’s Social Responsibility Guidelines. The company develops and supports a number of social and cultural projects and actions, including donations and public health campaigns. In 2013, the Eletrobras companies donated a total of R\$136,360,961.73 in products, services, and in kind.

(GRI SO1)

Learn more about some of the social and cultural projects and programs developed by the Eletrobras companies:

Rede Proteger

Itaipu Binacional and 40 other social entities located in Foz do Iguaçu are the Brazilian counterparts of *Rede Proteger* (Protect Network), which promotes and protects the rights of children and adolescents, especially in terms of abuse and sexual exploitation. Ciudad del Este (Paraguay) and Puerto Iguazú (Argentina) also participate.

³². Eletrobras Eletronorte registered only compensation paid to 117 properties in this period. For calculation purposes, we considered an average of four individuals per property.z

Government and public policies

Trinational Campaign to Prevent the Exploitation of Children and Adolescents

This initiative brings together Itaipu Binacional, municipal departments of social services and tourism, *Rede Proteger*, and representatives of the governments of Ciudad del Este (Paraguay) and of Puerto Iguazú (Argentina). TV show host Xuxa Meneghel was selected by the tri-national work group to be the face of the campaign, and she will allow her image rights to be used in the production of advertising materials such as billboards, bus doors, videos, and others. It also includes training courses for tourism professionals. The action will be conducted on a permanent basis in the three cities.

Citizenship Promotion Campaign – Power up

Eletrobras Distribuição Acre provided services to the community, replacing light bulbs, offering tips on safety and efficient energy consumption, enrolling customers in the Social Tariff program performing rapid blood tests and blood pressure tests, and monitoring for the *Bolsa Família* (Family Allowance) Program.

Rádio Se Liga Aí program

In 2013, Eletrobras Distribuição Rondônia ran an advertising campaign called *Se Liga Aí*, composed of 26 one-minute spots about various topics on the main radio stations in the state, offering information on the safe and efficient use of electricity.

O Mundo da Luz Multimedia kit

The efficient and safe use of energy and its impacts on lives, society, the environment, and citizenship are the topics of this kit, which has been developed in several schools and events in the community since 2007. The digital material includes educational soap operas that depict the daily activities of a family and the role of electricity in the lives of these characters; it also includes children's games, Electropedia, and comic books. Eletrobras Distribuidora Rondônia introduced this kit to over 15,000 people in a number of actions and fairs, events, and public buildings. The kit was also distributed to the individuals who visited Eletrobras's booth at the international Rio+20 Conference.

Regional Development Program

Since its creation, Eletrobras Furnas has already implemented 14 Integration Center projects in various communities, such as *quilombolas*, rural settlements, and dumps in the states of Rio de Janeiro, Espírito Santo, Minas Gerais, Mato Grosso, and Goiás. Moreover, ten projects were funded, 14 participatory social diagnoses were developed, and ten community development action plans were consolidated. Finally, seven community forums were created to function as privileged spaces for the discussion and planning of the actions to be implemented in the region. In total, over 29,000 people benefit from the actions developed by this program.

In 2005 and 2006 were drawn up the plans of action of Quilombola Communities Retiro and Araçatiba,

respectively, and extended and revised in 2011. In 2014 new versions are being developed in order to submit proposals for the next three years.

The purpose is to benefit approximately 270 households, equivalent to 1080 people. The planned investment for the period was R\$80,000 per year, per community, totaling R\$ 480,000.

In the reviewed and expanded action plan have been identified in Araçatiba five demands focusing on health, education, infrastructure, youth, culture, local identity and community organization community, generating 29 initiatives. Retreat in four focused demands on health, infrastructure, generation of employment and income, community empowerment, identity and culture, generated 27 initiatives.

(GRI SO1)

Eletrosul Open House Program

Developed by Eletrobras Eletrosul, this project develops an educational program aimed at children between 10 and 11 years old and is conducted on the company's premises, with the purpose of informing and discussing social, economic, ecologic, and energy saving aspects, approaching the benefits and risks of electricity. In 2013, a total of 204 schools and 11,838 children participated in the program in the states of Santa Catarina, Paraná, Mato Grosso do Sul, and Rio Grande do Sul.

One of the principles of Eletrobras is to operate in line with government authorities and branches, as a public utility, to support public policies that foster economic development and social well-being.

(GRI SO5)

The Eletrobras companies support important initiatives of the Federal Government and manage programs and sector funds that serve various areas of the electric utilities sector. These programs seek to provide universal access to electricity and to energy efficiency and to foster the sustainable development of the country, namely the National Program for the Conservation of Electricity (PROCEL), the National Program for Universal Access to and Use of Electricity (*Luz para Todos*), and the Alternative Energy Source Incentive Program (PROINFA), among others.

(GRI EC8, GRI EC9, GRI EU7, GRI EU23)

National Program for the Conservation of Electricity (PROCEL)

The PROCEL fosters the efficient use of energy and the prevention of its waste. Coordinated by the Ministry of Mines and Energy, Eletrobras offers technical and financial support to these actions. Since its implementation in 1985, the results obtained have enabled the postponement of investments in the electric utilities sector, a decrease in the emissions of carbon dioxide equivalent, and incentives for the technological development of energy-efficient equipment.

(GRI EC9, GRI EU7)

foto: Jorge Coelho/Arquivo Eletrobras



Learn more about the PROCEL at:
www.eletobras.com/procel
www.procelinfo.com.br

In 2013, Eletrobras PROCEL contributed to saving over 9.744 million megawatts-hour (MWh), which represents R\$1,052.23 million and which is equivalent to the annual consumption of approximately five million households. Additionally, it prevented the emission of 935,000 tCO₂eq, which corresponds to the annual emissions of 321,000 vehicles. PROCEL was shortlisted in the Green Project Awards Brazil in the Mobilization Initiative and Product or Service categories.

The National Program for the Conservation of Electricity (PROCEL) operates in various fronts:

- Municipal Energy Management Program (PROCEL GEM)
- Program for Energy Efficiency in Public Lighting and Traffic Lights (PROCEL Reluz)
- Program for Energy Efficiency in Environmental Sanitation (PROCEL Sanear)
- Program for Energy Efficiency in Buildings (PROCEL Edifica)
- Program for Energy Efficiency in Public Buildings (PROCEL EPP)
- Program for Energy Efficiency in Industries (PROCEL Indústria)
- PROCEL Education
- National Center for Energy Efficiency Information (PROCEL Info)
- PROCEL Eletrobras Seal
- Eletrobras PROCEL Solar Network

- The PROCEL Eletrobras Seal informs consumers about the most energy efficient equipment. In 2013, the seal was awarded to 36 models of equipment, including 187 manufacturers, and 3,748 products.
- In 2013, PROCEL Reluz replaced 62,000 inefficient points of public lighting in six municipalities, which enabled energy savings and a reduction in demand of 23,654.04 MWh and 5,400 kW, respectively.
- The PROCEL Edifica offers technical support to the National Building Labeling Program, conducted in partnership with INMETRO; in 2013, it awarded 987 National Energy Conservation Labels, of which 24 were given to buildings. Furthermore, it launched the free software called Domus Eletrobras, with innovative aspects that enable the hygro-thermal-energy simulation of commercial, service, and public buildings.

ORGANIZATION OF THE 8TH INTERNATIONAL CONFERENCE ON ENERGY EFFICIENCY IN MOTOR DRIVEN SYSTEMS – EEMODS

The EEMODS is the largest international conference on energy efficiency in electric motor systems and in motor driven systems. This event brings together the foremost global experts on the subject, in connection with manufacturers, associations, academia, industries, research centers, governments, and public-policy entities. The conference addresses technical, economic, market, environmental, governmental, and regulatory issues.



foto: Pedro Ferreira/Eletrobras Cepel

The 8th Conference, held in October 2013 in Rio de Janeiro, was organized by Eletrobras and by the Electric Energy Research Center (Cepel) and received the technical and scientific support of the European Commission DG Joint Research Centre. The event lasted three days, hosted 242 participants, and held 24 technical sessions, two plenary sessions, three special sessions, and two concurrent events.

Luz Para Todos

The National Program for Universal Access To and Use Of Electricity – *Luz Para Todos* (LPT – Light for All), institutionalized in 2003, aims to provide, by 2014, electricity to the Brazilian rural population who still does not have access to this utility. LPT offers solutions for the use of energy as a tool for the social and economic development of low-income communities, contributing to reducing poverty and increasing family income, in addition to helping retain families in rural areas by improving the quality of life.

(GRI EU23, GRI EC9)

Access to electricity facilitates the integration of health, education, water supply, and sanitation services and acts as a driver of the social programs of the Federal Government. The program also provides for the free installation of up to three ceiling light boxes (one per room), two power outlets, conduits, light bulbs, and other materials necessary.

The initiatives of this program are prioritized to serve the communities assisted by the Citizenship Territory Program or the Brazil Without Extreme Poverty Plan; rural settlements; Indigenous settlements and *quilombolas*; communities located within extractive reserves; communities located within the area of influence of energy generation or transmission developments, for which the company is not responsible; schools; health centers; and community water wells.

The resources required are provided by the Federal Government through the Energy Development Account (CDE), the Global Reversal Reserve (RGR), or Caixa Econômica Federal; by the state governments involved; and by the Enabling Agents (concessionaires, licensed distribution companies, and rural electrification cooperatives).

In various cases, the provision of service is subject to the execution of projects that require specific conditions, since the locations to be served are far from existing energy distribution lines, are geographically isolated, and are generally in areas with low population density. Preliminary estimates predict a demand for approximately 250,000 procedures under these conditions.

Thus, to complement the Work Programs that predominantly use traditional distribution networks, the so-called Special Projects were created in 2009 focusing on sustainably providing service to geographically isolated populations and prioritizing the use of renewable energy sources.

The investments forecast for the implementation of the [National Program for Universal Access To and Use Of Electricity](#), by the end of 2013, totaled R\$21.9 billion, of which R\$15.8 billion (72%) refers to sector-specific resources managed by Eletrobras (CDE) and RGR).

In 2013, a total of 87,300 new customer accounts were connected to the grid, totaling 3.1 million connections since 2004 and corresponding to the benefit of 15 million people in the Brazilian rural area. Considering the commitments made between the Enabling Agents, Eletrobras, and the state governments, 98% of the goal established for the end of 2013 was achieved.

Considering only the commitments made between the Enabling Agents and Eletrobras, 10,542 projects of the [National Program for Universal Access To and Use Of Electricity](#) were registered in the Project Management System, totaling 490,368 projects since 2004. This total has resulted in 2.6 million new connections, which correspond to 90% of the connections contracted between the Enabling Agents and Eletrobras, as well as in the following:

- The connection of customer accounts to the grid in the rural area, in 5,427 municipalities in Brazil
- The construction of 671,904 km of high- and low-voltage networks
- The implementation of 6.97 million poles
- The installation of 1,001,893 transformers
- The installation of 2,108 photovoltaic systems

Eletrobras has entered into 18 contracts related to Special Projects with the Enabling Agents, using resources from the CDE, in the amount of R\$7.61 million, and aiming at serving 377 customer accounts via decentralized energy generation, using renewable energy sources and the construction of small sections of distribution lines (mini-grids). Of this total, at the end of 2013, the connection of 328 customer accounts to the grid was attested by physical inspections.

Since 2004, a total of R\$12.6 billion (funded by CDE and RGR) was released, from a total contracted amount of R\$15.8 billion; that is, 80% of the total resources contracted.

The Ministry of Mines and Energy estimates that the [National Program for Universal Access To and Use Of Electricity](#) will generate over 460,000 direct and indirect jobs.

SECTOR-SPECIFIC RESOURCES, BY REGION, BY DECEMBER 31, 2013

(in R\$ millions)

| REGION | Contracted | | | Released | | |
|-----------|------------|---------|----------|----------|---------|----------|
| | CDE* | RGR** | CDE+RGR | CDE | RGR | CDE+RGR |
| North | 3,793.3 | 318.3 | 4,111.6 | 2,748.2 | 284.3 | 3,032.5 |
| Northeast | 6,501.7 | 942.2 | 7,443.9 | 5,201.2 | 837.4 | 6,038.6 |
| Midwest | 788.4 | 589.8 | 1,378.1 | 690.8 | 527.0 | 1,217.8 |
| Southeast | 858.1 | 1,174.5 | 2,032.6 | 728.3 | 943.0 | 1,671.3 |
| South | 340.6 | 511.9 | 852.5 | 268.5 | 387.3 | 655.8 |
| Brazil | 12,282.1 | 3,536.7 | 15,818.8 | 9,637.0 | 2,978.9 | 12,615.9 |

*Energy Development Account

**Global Reversal Reserve

Number of connections

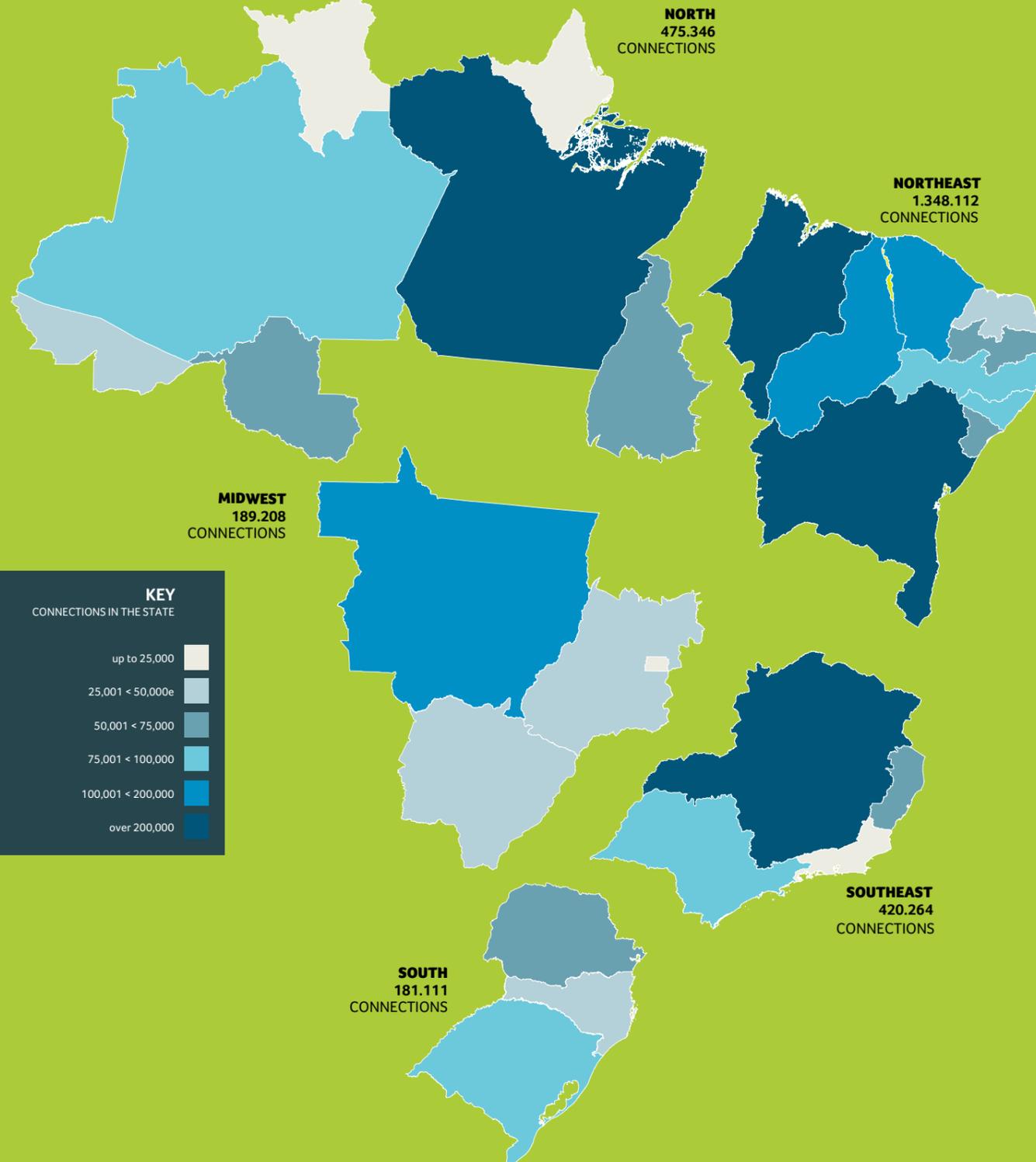
as of December 31, 2013

Eletrobras Agreements

Registry LPT System + Special Projects Inspected

BRAZIL

2.614.041 CONNECTIONS



INTERNATIONAL TECHNICAL COOPERATION AGREEMENT TO ASSIST REMOTE REGIONS

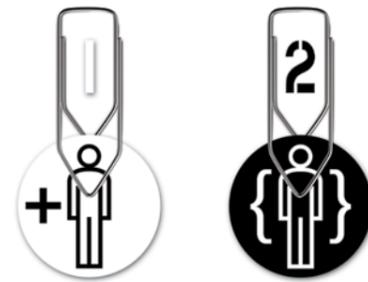
In order to support distribution companies in the provision of services to remote areas with systems that use renewable energy sources and to foster the social inclusion of the rural population of Brazil, Eletrobras maintains a technical cooperation project with the Inter-American Institute for Cooperation on Agriculture (IICA). Through this cooperation project, computer tools are developed to manage rural electrification projects, training is offered at the concessionaires, and studies about management models of energy provision contracts are conducted, thus joining efforts to develop and integrate actions to plan, develop, and evaluate projects for decentralized energy generation systems for universal access to electricity.

(GRI EU23)



foto: Jorge Coelho/Arquivo Eletrobras

Human Rights



The Eletrobras companies address human rights topics in the studies conducted for the implementation of new developments and take measures to prevent their violation in the locations where they operate.

All companies raise awareness among their employees and other stakeholders through campaigns and events. In order to reinforce these issues, employees of the Eletrobras companies receive formal

training in the organization's policies and procedures on the topic, whether at UNISE or through various lectures. In these companies, 15.9% of the employees were trained in human rights policies and procedures, totaling 27,614 hours.

At Eletrobras Chesf, in 2013, the number of training hours on human rights grew by 300%, training 2,071 employees, an increase of 191.7% in relation to 2012.

(GRI HR3)

TOTAL NUMBER OF HOURS OF EMPLOYEE TRAINING ON POLICIES AND PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED

(GRI HR3)

| | 2013 | 2012 |
|--|---------|--------|
| Number of employees who have received formal training in the organization's policies and procedures on human rights issues | 3,820 | 1,372 |
| Total number of hours of employee training on policies and procedures concerning aspects of human rights | 109,442 | 27,614 |
| Percentage of employees trained in human rights | 15.9% | 11.0% |

In 2013, data includes all companies, except Eletropar.

In 2012, data includes Eletrobras Distribuição Acre, Chesf, Eletronorte, Eletrobras holding, and Itaipu Binacional.

This indicator was not reported in 2011.

CLAUSES

In 2013, all contracts (100%) included human rights clauses. However, Eletrobras still does not have a formal mechanism for monitoring these contract clauses.

(GRI HR1)

CUTTING-EDGE SUPPLIER HIRING METHOD

Eletrobras understands that all suppliers involved in labor-intensive contracts are critical in relation to sustainability factors, considering that they are at significant risk for incidents of child, forced, or forced labor and for incidents of other human rights or labor violations. Hence, of the 127 significant suppliers of Eletrobras holding, 100% included human rights clauses in their contracts.

(GRI HR2)

REMEDIATION

In 2013, a total of 126 grievances related to human rights and discrimination were filed, of which 116 were resolved, and 10 were pending. Of these grievances, 59 (46.8%) were filed by external stakeholders. Of the 116 grievances resolved, only

14 were upheld, of which 12 related to discrimination and 2 to human rights.

(GRI HR11)

ENVIRONMENTAL PERFORMANCE

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Serra da Mesa Lake, Uruaçu, Goiás.

Energy for continued growth

To responsibly generate, transmit, and distribute energy, causing minimum interference on the environment and on the surrounding areas where it operates: this is Eletrobras's environmental strategy. It implies an organic interaction with the multiple aspects of its businesses and with the method with which it interacts with the environment and puts into practice sustainable development.

Environmental issues are present in all the company's corporate policies, whether Environmental, Sustainability, Energy Efficiency, Water Resources, Risk or Research Management, or Development and Innovation, in addition to being part of the Code of Ethics of the Eletrobras companies.

In order to leverage synergy between corporate sustainability practices and the management, business, and relationship strategy, Eletrobras's Environmental Policy is enforced in all companies in order to reduce the possibility of risks, taking into account the legislation and the corporate decision-making process.

All the aforementioned corporate policies can be viewed and downloaded at www.eletrobras.com/elb/data/Pages/LUMISD76CB1BBPTBRIE.htm

Environmental Management System

Eletrobras's Environmental Management System enables the monitoring of environmental actions in all companies of the system and is based on three core elements: the Environmental Policy, the Environment Committee, and the System of Indicators for Corporate Sustainability Management (IGS System).

(GRI 3.9)

ENVIRONMENTAL POLICY

Eletrobras's Environmental Policy addresses diversity in its business segments – generation, transmission, and distribution – and in its generation sources – water, nuclear, thermal, and wind power. In May 2013, the new version of this policy was approved and its major innovation was the incorporation of five guidelines, which seek to provide the operational dimension required for the companies' daily environmental management practices.

These guidelines refer to biodiversity, to environmental communication, to environmental education, to the social, environmental, and asset management of reservoirs, and to climate change; the latter derives from the Statement of Commitment approved in 2012, which aims to meet strategic corporate objectives.

ENVIRONMENT COMMITTEE (SCMA)

The technical and institutional body that discusses practices and defines common guidelines for addressing the social and environmental issues of the Eletrobras companies, the SCMA is a joint committee composed of the managers of the environmental areas of the companies. It convenes at least three times a year. It also includes 11 work groups and three temporary committees, which are composed of experts from the technical teams of the companies.

SYSTEM OF INDICATORS FOR CORPORATE SUSTAINABILITY MANAGEMENT (IGS SYSTEM)

Since 2010, this important strategic management tool has been monitoring environmental sustainability indicators based on the analysis of variables collected from various areas of the Eletrobras companies. Currently, the system is being expanded to cover the social, economic, and financial dimensions as well. In the environmental dimension, the IGS System monitors topics such as water, energy, waste, biodiversity, voluntary actions, and legal compliance in 173 performance indicators³³.

³³. All these indicators have coverage of more than 75% of net operating revenues, with the exception of waste that have coverage between 50 and 60%. However, for nuclear waste, the coverage is 100%. The coverage of these indicators is reported publicly on the Eletrobras site, available at: <http://www.eletrobras.com/elb/data/Pages/LUMISA3F7EFOEPTBRIE.htm>

Energy

Eletrobras is committed to the maintenance of the environment and to the sustainability of the business; therefore, it develops conservation and efficiency improvement actions and projects, whether internally or in the communities where it operates.

DIRECT ENERGY CONSUMPTION

Consumption of direct renewable energy (ethanol and biodiesel) and non-renewable energy (gasoline, natural gas, liquefied petroleum gas, diesel fuel, etc.) occurs through the use of equipment and machinery, the operation of thermoelectric power plants, the use of the fleet of vehicles, and other operations. This consumption is monitored by the [IGS System](#), which allows for the identification of variations and the establishment of actions to control them.

In 2013, direct energy consumption totaled approximately 250 million gigajoules (GJ), an increase compared with the previous year (217.6 million GJ) due to the increased use of thermoelectric power plants by the National Operator of the Electric System (ONS).

Regarding consumption of uranium, Eletrobras Eletronuclear registered a drop of 8.3% in 2013, particularly due to a scheduled shutdown to replace the lid of the reactor at Angra 1, which caused a longer shutdown at the plant.

Consumption of gasoline decreased by 42.2%. This reduction was caused by the initiatives implemented by Eletrobras to comply with the guidelines established for decreasing greenhouse gas emissions (GEE) **(GRI EN3)**

INDIRECT ENERGY CONSUMPTION

Indirect energy refers to energy consumed through intermediate sources; that is, energy consumed as electricity. In 2013, a total of 2.2 million MWh of energy (7.9 million GJ) were consumed in the administrative and production processes of the Eletrobras companies.

Consumption of energy in administrative activities increased in 2013 because of the improved data coverage, which now considers two new variables: stand-alone systems and self-generation. Moreover, the total energy consumed in the reporting period rose by approximately 24% due to the inclusion of the electricity consumed at the substations of Eletrobras Amazonas Energia, Chesf, Eletronorte, and Eletrosul, which was not reported in previous years. **(GRI EN4)**

34. Unlike previous years, in 2013, data from EN3 were calculated based on the Greenhouse Gases Inventory.

FUEL CONSUMPTION

in GJ

(GRI EN3) ³⁴

| TYPE OF FUEL | Administrative activities | | | Thermoelectric generation | | | |
|---------------|----------------------------|------------------|------------------|---------------------------|----------------------|----------------------|--------------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | |
| Renewable | Biodiesel | 12,632.1 | N/Av | N/Av | 1,939,776.7 | N/Av | N/Av |
| | Ethanol added to gasoline* | 14,712.6 | N/Av | N/Av | N/Av | N/Av | N/Av |
| | Automotive Ethanol** | 27,478.2 | 28,369.4 | 26,568.7 | N/Av | N/Av | N/Av |
| Non-renewable | Natural gas | 305.4 | 481.9 | 126.0 | 58,761,920.0 | 12,536,482.2 | 1,796,037.8 |
| | Coal | N/Av | N/Av | N/Av | 35,499,283.1 | 33,824,311.9 | 26,083,998.3 |
| | Gasoline | 69,673.3 | 120,648.8 | 28,743.4 | N/Av | N/Av | N/Av |
| | Aviation gasoline | 1.9 | N/Av | N/Av | N/Av | N/Av | N/Av |
| | LPG | 5,491.3 | 5,526.4 | 878.8 | 314.6 | N/Av | N/Av |
| | CNG | 21.4 | 300.2 | 242.9 | N/Av | N/Av | N/Av |
| | Two-stroke oil | 134.9 | 355.9 | 18.0 | N/Av | N/Av | N/Av |
| | Fuel oil | N/Av | N/Av | N/Av | 8,532,257.6 | 12,696,182.7 | 1,242,762.0 |
| | Diesel oil | 239,803.9 | 354,754.3 | 128,718.0 | 38,193,016.3 | 41,575,866.6 | 8,250,547.7 |
| | Aviation kerosene | 7,059.9 | 4,927.0 | 7,100.0 | N/Av | N/Av | N/Av |
| Uranium*** | N/Av | N/Av | N/Av | 106,807,516.3 | 116,468,740.9 | 111,922,556.9 | |
| Total | 377,315.0 | 515,364.0 | 192,395.7 | 249,734,084.7 | 217,101,584.3 | 149,295,902.7 | |

* Ethanol added to gasoline - anhydrous ethyl alcohol

** Automotive ethanol - hydrous ethyl alcohol (used directly in vehicles running on ethanol or flex-fuel)

*** Source: [IGS System](#)

N/Av: not applicable

N/Av: data not available

35. Unlike previous years, in 2013, data were calculated based on the Greenhouse Gases Inventory. Moreover, the "Substations" category was added to the scope of electricity consumption.

ENERGY CONSUMPTION

(GRI EN4) ³⁵

| | Administrative activities | | | Hydroelectric generation* | | | Thermoelectric generation | | | Substations | | | Total | | |
|-----|---------------------------|-----------|-----------|---------------------------|-------------|-----------|---------------------------|-------------|-------------|-------------|------|------|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| MWh | 672,355.6 | 151,110.7 | 105,423.0 | 257,039.0 | 279,444.6 | 162,373.0 | 1,210,476.6 | 1,351,748.3 | 924,139.2 | 61,770.3 | N/Av | N/Av | 2,201,641.5 | 1,782,303.5 | 1,191,935.3 |
| GJ | 2,420,480.2 | 543,998.4 | 379,522.9 | 925,340.4 | 1,017,144.2 | 584,542.8 | 4,357,715.7 | 4,488,621.4 | 3,326,901.2 | 222,373.2 | N/Av | N/Av | 7,925,909.5 | 6,049,764.0 | 4,290,967.0 |

Contrary to previous years, in 2013 data was calculated based on the Greenhouse Gas Inventory.

*In 2013, data does not include Eletrobras Eletrosul.

N/Av = Not available.

Energy efficiency

The Integrated Energy Efficiency Committee of the Eletrobras System (CIEESE) is coordinated by the Eletrobras [holding](#) and formed by representatives of the companies, who hold periodic meetings for the improvement of processes and the preparation and monitoring of action plans, pursuant to the competencies developed by each company.

The CIEESE was responsible for preparing the new energy efficiency policy, published in December 2012. In 2013, CIEESE discussed with companies their respective projects, the actions of the Internal Energy Conservation Committees (CICEs), in addition to energy efficiency indicators, and the implementation of the ISO 50001 standard in the Eletrobras companies.

At Eletrobras [holding](#), the CICE implemented a number of actions to reduce energy consumption, such as the planning for the energizing and de-energizing of loads, the standardization of the purchase of energy-efficient equipment, the implementation of programs to raise awareness of employees and contractors, and the creation of a space for CICE on the intranet. By the end of 2013, there was a reduction of 6.77% in the consumption of energy in relation to 2012, which is equivalent to an energy savings of 414,007 kWh and exceeds the goal of 5%.

(GRI EN5)

The CIEESE, in conjunction with the reduction goals established, stimulated companies to develop specific actions and projects to decrease energy consumption. Itaipu Binacional, for example, upgraded its refrigeration equipment, installed thermal insulation in buildings, and replaced the light bulbs in the offices of the power plant with more cost-effective ones. Eletrobras Furnas also [retrofitted](#) its HVAC and lighting systems.

In the distribution segment, we highlight the Conscious Consumption Project, which provides information about the importance of the rational use of energy to employees. The campaign stimulates employees to turn off equipment and lights during their breaks and when they are away from their workstations.

(GRI EN5)

ENERGY EFFICIENCY IN THE LIGHTING OF THE TIJUCO PRETO SUBSTATION

The studies conducted for the optimization of the lighting at the yard of the Tijuco Preto substation, at Eletrobras Furnas, through the use of a light flow control system reduced energy consumption and light flow by 28% and 32%, respectively, enabling annual savings in energy consumption and maintenance, increasing the life cycle of bulbs. The reduced light flow does not interfere with the regular activities and it is not perceptible to operators.

The study is highly replicable, considering that the Eletrobras companies have 257 substations in their transmission system. Its implementation in this complex would enable a reduction of 20,261.9 MWh in annual energy consumption. This study, however, does not consider the substations of the distribution system or the step-up substations of power plants.

(GRI EN5)

Eletrobras also strives to reduce its indirect energy consumption. Hence, it invests in mobility solutions, such as the use of videoconferencing to decrease the need for business trips. Furthermore, the Eletrobras companies have implemented various initiatives, such as Eletrobras Distribuição Rondônia and Eletrobras Eletrosul, which improved logistics in their administrative headquarters.

(GRI EN7)

ENERGY SAVED

| (GRI EN5) | MWh | GJ |
|--|-----------------|------------------|
| Conversion and retrofitting of equipment | 22,753.9 | 81,914.1 |
| Changes in employee habits | 7,698.2 | 27,713.6 |
| Total | 30,452.1 | 109,627.7 |

In 2013, data does not include the following companies: Eletrobras CGTEE, Distribuição Acre, Distribuição Alagoas, Distribuição Piauí and Eletronuclear / In 2013, no energy was saved due to process redesign.

EFFICIENT CONSUMPTION AT ELETROBRAS ELETROSUL

The unit of the Maintenance Sector of Campos Novos (SC) was projected to comply with energy efficiency and rational water consumption concepts, among others. It is estimated that it will reduce its energy consumption by 50% in relation to traditional construction methods.

The building was awarded the National Energy Conservation Seal (ENCE), with the highest energy efficiency rating, according to the Inspecting Organization for Energy Efficiency in Buildings, of the CERTI Foundation. Among its differentials, we highlight the use of split inverter air conditioners, efficient lighting based on tubular lamps, natural light and rainwater harvesting, solar water heaters, and the treatment of wastewater through a wetland septic system. The consumption measurements conducted between November 2012 and August 2013 resulted in an average monthly consumption of 1,136 kWh/month. Hence, we expect energy savings on the order of 13.6 MWh/year.



foto: Hermínio Nunes/Eletrobras Eletrosul

Among the initiatives for the provision of efficient products and services, we highlight the projects of the Eletrobras Agent. In 2013, these projects enabled:

- 168,660 visits of the Eletrobras Agent ³⁶
- The replacement of 207,621 bulbs
- The replacement of 18,179 refrigerators

Energy savings achieved by these projects represented approximately 27,000 MWh/year.

(GRI EC8, GRI EN6, GRI EU7)

We also highlight the educational projects developed by Eletrobras Distribuição Alagoas, Distribuição Piauí, and Distribuição Rondônia. They are developed pursuant to the "PROCEL in Schools" methodology and their main objective is the training of teachers and students in the safe and efficient use of energy. In 2013, the projects visited 272 schools and raised awareness for 113,197 students.

³⁶ The project is called "Eletrobras Agent" at Eletrobras Amazonas Energia, Distribuição Alagoas, Distribuição Piauí, and Distribuição Roraima. At Eletrobras Distribuição Acre, it is called "Eletrobras in the Community" and at Distribuição Rondônia, "Efficient Community."

Water and wastewaters

Total water consumption of the Eletrobras companies is broken down into administrative use (consumption of employees in company facilities) and production use (such as the cooling of equipment used in thermoelectric plants), both of which are measured by the IGS System. Their total volume, in 2013, was 13,902,072.2 m³; that is, approximately 4.4 million m³ and 9.5 million m³, respectively.

(GRI EN8)

WATER WITHDRAWAL FOR ADMINISTRATIVE USE

by source, in m³

(GRI EN8)

| | 2013 | 2012 | 2011 |
|-------------------------------|--------------------|-------------------------|--------------------|
| Surface water ^{**} | 3,621,391.5 | 4,166,361.7 | N/Av |
| Groundwater ^{**} | 199,109.3 | 129,779.1 ³⁷ | N/Av |
| Supply network ^{***} | 581,610.1 | 517,274.3 ³⁸ | 1,000,738.2 |
| Total | 4,402,110.9 | 4,813,415.1 | 1,000,738.2 |

^{**}In 2012, data includes Eletrobras Distribuição Rondônia, Eletronorte, Furnas, and Itaipu Binacional.

^{**}In 2013, data includes Eletrobras Amazonas Energia, Eletronorte, Eletrosul, Furnas, and Itaipu Binacional.

^{***}In 2012, data includes Eletrobras Distribuição Piauí, Eletronorte, Eletrobras Furnas, and Itaipu Binacional.

^{***}In 2013, data includes Eletrobras Amazonas Energia, Eletronorte, Eletrosul, Furnas and Itaipu Binacional.

^{***}In 2012, data does not include Eletrobras Amazonas Energia and Distribuição Roraima.

^{***}In 2013, data includes all companies.

N/Av: data not available.

³⁷ Data for groundwater in 2012 was reviewed and updated from 743,939.12 m³ to 129,779.12 m³.

³⁸ Data for the supply network in 2012 was reviewed and updated from 932,814.32 m³ to 517,274.32 m³.

WATER WITHDRAWAL FOR THERMOELECTRIC PRODUCTION

by source, in m³

(GRI EN8)

| | 2013 | 2012 | 2011 |
|-------------------------------|--------------------|--------------------|--------------------|
| Surface water ^{**} | 9,495,785.2 | 9,048,822.0 | 978,372.0 |
| Groundwater ^{**} | 4,176.0 | N/Av | N/Av |
| Supply network ^{***} | 0.0 | 2,293.0 | 57,901.1 |
| Total | 9,499,961.2 | 9,051,115.0 | 1,036,273.1 |

^{**}In 2012, data includes Eletrobras CGTEE, Eletronorte, Eletronuclear, and Furnas.

^{**}In 2013, data includes Eletrobras Amazonas Energia, CGTEE, Eletronorte, Eletronuclear, and Furnas.

^{**}In 2013, data includes Eletrobras Eletronorte.

^{***}In 2012, data includes Eletrobras Eletronorte.

N/Av: data not available.

WATER CONSUMPTION

The Eletrobras companies achieved savings of approximately 2% of the total volume of water withdrawn. This drop occurred mainly in administrative processes, due to recycling, conscious consumption campaigns for employees, and the periodic maintenance of distribution networks to avoid leakages.

Water used by hydroelectric power plants in the generation of electricity is excluded from the consumption because it is returned to the bodies of water from which it is withdrawn; thus, it is not included in this value. Likewise, seawater used by Eletrobras Eletronuclear (approximately 3,186 million m³) to cool the secondary system of the Angra 1 and

2 nuclear power plants is not consumed; that is, it is fully returned to the sea at Saco Piraquara de Fora, with a slight rise in its temperature, which is constantly monitored to comply with the standards established by law and to avoid any impact on the aquatic wildlife.

(GRI EN8)

The Eletrobras companies are members of basin councils and committees, reaffirming their commitment to water resource management.

PARTICIPATION IN BASIN COUNCILS AND COMMITTEES

(GRI 4.13)

| COMPANY | PARTICIPATION |
|--------------------------|--|
| Eletrobras CGTEE | Member of the Jacuí River Basins Committee. |
| Eletrobras Eletronorte | Has one representative in the State Water Resource Council, in Amapá. Full member of the Committee of the Watershed of the Ilha Grande Bay: CBH-BIG in the "Users" segment and member of the Collegiate Board Full member of the State Water Resource Council of Rio de Janeiro: CERHI-RJ, in the "Users" segment |
| Eletrobras Eletronuclear | Full member of the Technical Chamber for the Integration of Management of Watersheds, Estuarine Systems, and Coastal Zone: CTCOST – of the National Water Resource Council – CNRH, representing the segment of Concessionaires and Companies Authorized to Generate Electricity Participates in the Thematic Chamber of Water: CTÁgua - of the Brazilian Business Council for Sustainable Development - CEDBS |
| Eletrobras Furnas | Representatives in the Basin Committees of the Guandu, Grande, Paranaíba, Paraíba do Sul, Ceivap, Entorno Furnas, Médio Grande, Baixo Grande, Alto Paranaíba, and Preto/Paraibuna rivers. |
| Itaipu Binacional | The company participates in Micro-basin Management Committees, in 29 municipalities in the region, in connection with the Good Water Cultivation program. |

REUSE

In 2013, approximately 530,000 m³ of water³⁹ were reused, most from rainwater harvesting, which represented 3.8% of the total volume of water used by the Eletrobras companies. Of this total, 92.6% was used in administrative processes, such as the washing of vehicles, irrigation, and the cleaning of administrative spaces, sidewalks, parts, and machinery.

(GRI EN10)

WASTEWATER

Wastewater generated by the production process is treated pursuant to the quality standards required by law before being discharged into bodies of water. According to the information registered into the IGS System by the companies, in 2013 this programmed discharge totaled approximately 5.7 million m³. Of this total, 41.4% was derived from the production process of the Eletrobras companies⁴⁰.

Discharge from administrative processes⁴¹ totaled 3,493,264.97 m³, of which 100% was treated.

(GRI EN21)

³⁹. This value includes Eletrobras Eletronorte, Eletronuclear, Eletrosul, Furnas, and Itaipu Binacional.

⁴⁰. Note that the water discharged by Eletrobras is not used by another organization.

⁴¹. The volume of discharge from administrative processes was calculated based on the NBR 7229 standard, which considers that 80% of the water for human consumption is discharged.

TOTAL WATER DISCHARGE IN THE PRODUCTION PROCESS

BY DESTINATION, IN 2013

(GRI EN21)

| DESTINATION | Volume in m ³ |
|--------------|--------------------------|
| Rivers | 2,211,257 |
| Sea | 257,756 |
| Lakes | 2,500 |
| Total | 2,471,513 |

In 2013, data includes Eletrobras CGTEE, Eletronorte, Eletronuclear, and Furnas.

TOTAL WATER DISCHARGE IN THE PRODUCTION PROCESS

BY QUALITY, IN 2013

(GRI EN21)

| TREATMENT | Volume in m ³ |
|------------------------------------|--------------------------|
| Treated wastewater | 2,269,085 |
| Wastewater not requiring treatment | 202,428 |
| Uncategorized wastewater | 0 |
| Total | 2,471,513 |

In 2013, data includes Eletrobras CGTEE, Eletronorte, Eletronuclear, and Furnas.

Biodiversity

In 2013, Eletrobras's Environmental Policy incorporated specific biodiversity guidelines. The IGS System has been continuously expanding the indicators and variables aimed at biodiversity management. In 2013, a specific module for managing protected areas was implemented with the support of the Eletrobras companies.

(GRI EN14)

NATUREZA DOCE PROJECT

The *stingless bee* project is a voluntary initiative implemented by Eletrobras Furnas to compensate the operation of eleven transmission lines that cross the Pedra Branca State Park (PEPB), a protected area of 12,500 hectares, which is considered the largest urban forest in the world. Support provided by the company enabled the conservation of bees native to the Atlantic Rainforest, a key species for the protection of the local ecosystem.

(GRI EN14)

CARE AND NEW LIFE

Eletrobras Amazonas Energia maintained birds, mammals, reptiles, and fish in especially adapted enclosures for their recovery. When they are at the perfect weight and health condition, they are released back into the areas where they live and reproduce. In 2013, a total of 108 birds and 67 mammals were reintegrated into their natural habitats. In addition, approximately 24,000 turtle hatchlings were released into the Uatumã River, *upstream* of the Balbina dam, in the Uatumã Sustainable Development Reservation (AM).

(GRI EN14)



foto: Jorge Coelho/Arquivo Eletrobras

BIODIVERSITY MANAGEMENT

The most significant impacts on biodiversity during the implementation and operation of the developments are the loss of diversity in flora and wildlife, loss of plant coverage and of natural habitats, and alterations in ecosystems. For each impact, we identify the respective mitigation, control, or compensation measures that enable the use of the best techniques in environmental control and monitoring, pursuant to the environmental laws in effect and to the principles and guidelines of the Eletrobras Environmental Policy.

(GRI 1.2, GRI EN12)

In all its projects, the Eletrobras companies identify and monitor the impacts of the activities on biodiversity according to magnitude, relevance, extent, and reversibility. The studies are conducted with the purpose of examining the areas intended for the projects, of identifying potential damage from the installation and operation of the developments, and of proposing mitigation and compensation actions.

Bodies of water and vegetation in the areas of the developments are monitored in order to determine their environmental quality and the recovery of the affected areas.

(GRI EN14)

The studies use as reference the state and national lists of endangered species, such as the Brazilian Red Book of Endangered Wildlife and the Brazilian Red List of Endangered Plant Species, made available by the Ministry of the Environment, the international list issued by the International Union for Conservation of Nature (IUCN), and the Convention on International Trade in Endangered Species of Wild Fauna (CITES). Endangered species identified are included in specific programs.

Below, we describe some of the potential impacts on biodiversity, broken down by activity and type of project, the actions/programs, and the respective actions proposed and implemented by the Eletrobras companies.

ENVIRONMENTAL IMPACTS PER PROJECT

(GRI EN12)

| Possible direct impacts | Possible indirect impacts | Activity | Type of project | Examples of actions/programs | Examples of actions/programs developed by the Eletrobras companies | |
|--|---|---------------|-------------------------------------|--|--|--|
| Changes in water quality | Impact on wildlife and flora | Generation | Hydroelectric power plants | Limnological and water quality monitoring Program | Limnological and water quality monitoring Program – Eletrobras Furnas | |
| | | | Thermonuclear power plants | | Seawater temperature monitoring program – Eletrobras Eletronuclear | |
| Loss of plant coverage | Fragmentation and edge effects | Generation | Hydroelectric power plants | Programs for the recovery of degraded areas | Reforestation program – Itaipu Binacional | |
| | | | Wind farms | | Program for the recovery of degraded areas – Eletrobras Eletronorte | |
| | Impact on wildlife | Trans-mission | Transmission and distribution lines | | Production of seedlings for reforestation actions – Eletrobras Furnas | |
| | | | | | | |
| Changes to habitats | Changes in wildlife and flora communities | Generation | Hydroelectric power plants | Support for protected areas and environmental compensation | Marine wildlife and flora monitoring program – Eletrobras Eletronuclear | |
| | | | Trans-mission | Thermoelectric power plants | Biodiversity conservation program | Wildlife study program – Eletrobras Furnas |
| | | | | Transmission lines | Wildlife and flora monitoring program | Biodiversity corridor – Itaipu Binacional |
| Impact on wildlife and flora | Changes in ecologic processes | Generation | Hydroelectric power plants | Programs for the recovery of degraded areas | Maintenance of biological reserves and refuges – Itaipu Binacional | |
| | | | Trans-mission | Thermoelectric power plants | Biodiversity conservation program | Nosso Patrimônio Biodiversity Program – Itaipu Binacional |
| | | | | Wind farms | Wildlife and flora monitoring program | Chelonians of Uatumã Program – Eletrobras Amazonas Energia |
| | | | | Transmission lines | | Germplasm Bank Revitalization Program – Eletrobras Eletronorte |
| Impact on the migration routes of aquatic wildlife | Reduced populations | Generation | Hydroelectric power plants | Fishway mechanisms | Program for monitoring ichthyofauna and professional fishing – Eletrobras Furnas | |
| | | | | Ichthyofauna monitoring program | Fishing and ichthyofauna program of the Tucuruí Hydroelectric Power Plant – Eletrobras Eletronorte | |
| Interference in migration routes and collisions with birds | Reduced genetic biodiversity | Generation | Wind farms | Installation of signaling equipment to prevent collisions | Elevation of towers to prevent this impact – Eletrobras Chesf | |
| | | | Trans-mission | | | Transmission and distribution lines |
| | | Distribution | | | | |

In 2013, Eletrobras joined efforts with Eletrobras Cepel in the preparation of the Protected Area Module of the IGS System to create an environment in which the Eletrobras companies can organize information about the actions and resources related to impacts or voluntary actions in environmental protection areas.

(GRI EN13)

42. FIFA standard soccer field dimensions (L x W): 120m

PROTECTION AND MONITORING

The Eletrobras companies maintain environmental control, monitoring, and recovery programs that aim to mitigate the impacts related to the implementation and operation of its projects. In 2013 alone, the company recovered an area of 1,160.22 km², the equivalent of approximately 108 soccer fields⁴², and voluntarily planted 204,148 tree seedlings of various species. Furthermore, the company also voluntarily recovered approximately 5,000 km² of degraded areas.

In the same period, ten new wildlife monitoring programs submitted to environmental agencies by the Eletrobras companies were approved, totaling 12 developments with programs in place. Furthermore, special techniques to protect biodiversity were implemented in 2,986.59 km of transmission and distribution lines, such as the elevation of transmission towers to cause less impact on the vegetation and the installation of signaling equipment to guide migratory birds.

(GRI EN13)

In 2013, the Eletrobras companies had a total of 55 Voluntary Programs for the Protection of Biodiversity. As of this year, Eletrobras supported 162 protected areas, which total approximately 190,108 km², among conservation units, Indigenous territories, and archaeological sites. Additionally, R\$10 million was invested in these protected areas in the same period. The company allocated R\$1.7 million to voluntary actions, including riparian reforestation and environmental education projects.

ZERO IMPACT

Eletrobras Eletronuclear maintains a special team of biologists, physicists, and chemists that conducts permanent monitoring and environmental audit programs. The company collects samples of seawater, rainwater, surface water, beach sand, algae, fish, milk, pasture, and air, which are then compared with the data obtained before the Angra 1 and Angra 2 power plants started operating. These studies allow for comparison to assess whether the operation of the units has been producing any significant impact on the environment.

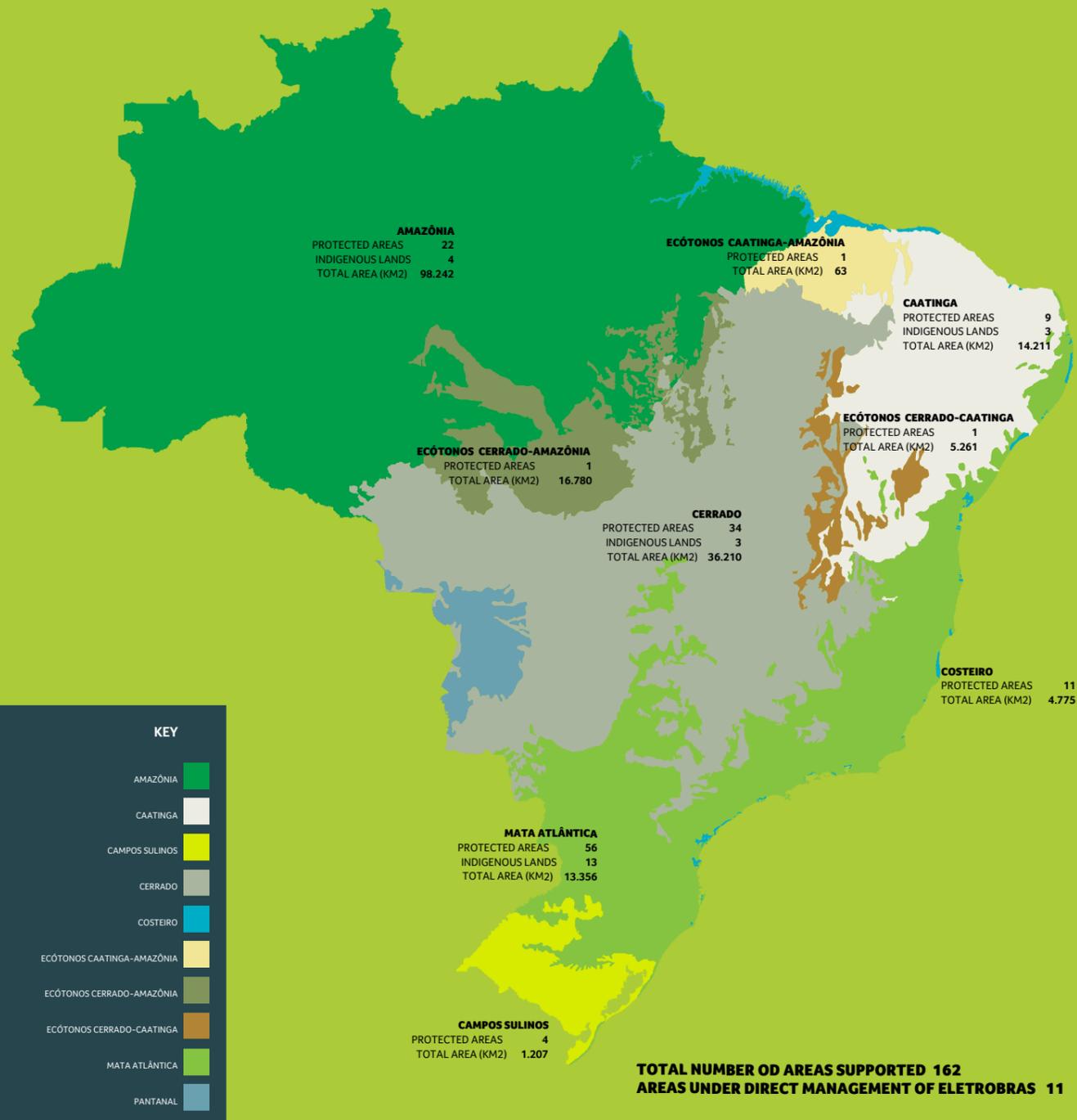


foto: Divulgação Eletrobras Eletronuclear

The results obtained are disclosed in monthly, biannual, and annual reports. These reports are sent to the inspection and licensing agencies (INEA, IBAMA, and CNEN), which analyze whether the values meet the regulatory criteria. The results do not indicate significant impacts on the environment and, in over 25 years of operation, the power plants have not posed any threat or contributed to the extinction of any animal or plant species.

(GRI EN14)

Biome



A CORRIDOR CHANGING THE LANDSCAPE

The Private Natural Heritage Reserve (RPPN) of Santa Maria is a 242-hectare area located in Santa Terezinha de Itaipu (PR) that integrates the Biodiversity Corridor, a project that seeks to connect natural, governmental, and private areas isolated through deforestation in border areas shared by Brazil, Paraguay, and Argentina.

In order to address this problem, Itaipu Binacional, in partnership with public and private institutions, has been creating biodiversity corridors that enable the free circulation of animals and the dispersion of the genetic material of plants and animals. This project has already built a green connection between the buffer strip of the reservoir of Itaipu Binacional and the National Iguazu Park in the municipalities of Santa Terezinha de Itaipu and São Miguel do Iguazu.

Commitment to the consolidation of the Santa Maria Biodiversity Corridor, which corresponds to approximately 80 ha of forest in the municipalities of Santa Terezinha de Itaipu and São Miguel do Iguazu, is the main goal of the project, which is part of a broader effort: the creation of the Tri-national Atlantic Forest Biodiversity Corridor of Alto Paraná, launched in 2003.

Learn more at: www.itaipu.gov.br/meioambiente/corredor-de-biodiversidade

Climate change

In order to face the challenges posed by climate change, the Eletrobras companies seek to develop actions that demonstrate their commitment to the improvement of the tools used in the management of greenhouse gas emissions (GHG). To this end, they prepare their annual Corporate GHG Emission Inventory with the participation of 15 companies, which has been assured by external independent auditors since 2012.

(GRI 3.9)

Eletrobras has been developing risk analyses aimed at the future carbon market, and it has entered partnerships with research institutes to foster studies and to investigate the understanding about its vulnerability to climate change.

Eletrobras's Statement of Commitment on Climate Change, approved by the company's senior management, reinforces the incorporation of the topic into the segments in which the company operates. To reaffirm this commitment, the Board of Executive Officers has committed to the pursuit of a unified strategy that will enable all companies to adopt practices that can either reduce or compensate for

greenhouse gas emissions (GHG), such as the prioritization of renewable energy sources in the company's project portfolio and the promotion of studies to identify and understand risks and opportunities in the Brazilian electric utilities sector.

In 2013, Eletrobras holding conducted a case study about the impacts on revenue of the Candiota III Thermoelectric Plant (Eletrobras CGTEE) of the possible regulation of taxation on GHG emissions in Brazil. This study indicated that if applied, it could represent an increase of approximately 10% in expenses and operating costs of this coal-fired power plant. The Eletrobras companies intend to include this type of study in the processes related to their strategic planning, seeking to incorporate regulatory risks into the decision-making process. Another initiative that aims to adapt Eletrobras to any regulatory change related to climate change is its participation in government forums, such as the Brazilian Forum on Climate Change, which seeks to assist the government in the incorporation of climate change issues into the various stages of public policies.

(GRI EC2)

Emissions

Since 2009, Eletrobras has prepared its annual Greenhouse Gas Emission Inventory, in accordance with the methodology of the Intergovernmental

Panel on Climate Change (IPCC) and the [GHG Protocol](#). The result is the recording of emissions by source, which is a strategic corporate tool for GHG management.

GREENHOUSE GASES EMISSIONS

tCO₂e

(GRI EN16, GRI EN17)

GHG INVENTORY

| | Scope 1 | | | | | | | | | | Scope 2 | | | Scope 3 | | | | SUBTOTAL BY COMPANY | |
|------------------------------------|----------------------------|------------|-------|---------------------|-----------|---------|-----------|-------------|--------------------------------|--------------------|---------------------------|----------------------|----------------------|------------------------|--------------------------------------|---------------------------------------|------------|---------------------|---------------------------|
| | Fixed | | | Mobile | | | Fugitivas | | | | Consumption of Electricit | Loss in Distribution | Loss in Transmission | Transportation of Fuel | Independent Energy Producers (PIE's) | Transportation of Non-Energy Products | Air Travel | | Employee Transportation |
| | Own Thermo-electric Plants | Generators | Other | Highways | Waterways | Airways | SF6 | Refrigerant | Waste-water Treatment Stations | Fire Extinguishers | | | | | | | | | |
| Eletrobras Amazonas Energia | 4,006,629.0 | N/Av | N/Av | 1,163.3 | N/Av | N/Av | 0.0 | 14.3 | N/Av | 16.4 | 5.4 | 333,929.1 | N/Av | N/Av | 1,406,130.3 | N/Av | 680.2 | N/Av | 5,748,568.0 |
| Eletrobras Cepel | N/Av | 1.8 | 35.5 | 39.7 | N/Av | N/Av | N/Av | 0.0 | N/Av | 1.9 | 628.3 | N/Av | N/Av | N/Av | N/Av | N/Av | 205.8 | 537.1 | 1,450.0 |
| Eletrobras CGTEE | 3,486,316.2 | N/Av | 0.5 | 269.8 | N/Av | N/Av | N/Av | 6.9 | 552.1 | 1.6 | 26,592.3 | N/Av | N/Av | N/Av | N/Av | 5,481.1 | 91.1 | 613.1 | 3,519,924.6 |
| Eletrobras Chesf | 816,110.0 | 66.0 | 20.1 | 4,099.3 | N/Av | 417.2 | 0.0 | N/Av | N/Av | 15.5 | 746.5 | N/Av | 194,070.9 | N/Av | N/Av | N/Av | 1,839.6 | N/Av | 1,017,385.1 |
| Eletrobras Distribuição Acre | N/Av | N/Av | 0.7 | 261.3 | N/Av | N/Av | 456.0 | N/Av | N/Av | 0.2 | 101.9 | 25,787.3 | N/Av | N/Av | 127,975.4 | N/Av | 219.3 | N/Av | 154,802.3 |
| Eletrobras Distribuição Alagoas | N/Av | 0.7 | N/Av | 1,709.8 | N/Av | N/Av | N/Av | N/Av | N/Av | 0.5 | 359.8 | 116,143.2 | N/Av | N/Av | N/Av | N/Av | 177.0 | N/Av | 118,390.9 |
| Eletrobras Distribuição Piauí | N/Av | 4.1 | N/Av | 1,759.6 | N/Av | N/Av | 1,837.7 | N/Av | N/Av | 2.6 | 386.9 | 122,661.4 | N/Av | N/Av | N/Av | N/Av | 142.0 | N/Av | 126,794.3 |
| Eletrobras Distribuição Rondônia | N/Av | 6.0 | 23.4 | 1,141.2 | N/Av | N/Av | 0.0 | N/Av | N/Av | 1.6 | 348.8 | 86,890.2 | N/Av | N/Av | 197,890.3 | N/Av | 342.3 | N/Av | 286,643.8 |
| Eletrobras Distribuição Roraima | N/Av | N/Av | 0.9 | 250.4 | N/Av | N/Av | N/Av | N/Av | N/Av | 0.1 | N/Av | 10,510.4 | N/Av | N/Av | 72,455.4 | N/Av | N/Av | N/Av | 83,217.2 |
| Eletrobras holding | N/Av | N/Av | N/Av | 11.4 | N/Av | N/Av | N/Av | N/Av | N/Av | 0.6 | 551.2 | N/Av | N/Av | N/Av | N/Av | N/Av | 1,723.5 | N/Av | 2,286.7 |
| Eletrobras Eletronorte | 446,717.5 | 97.4 | 88.1 | 2,543.8 | 111.4 | 12.2 | 0.0 | 58.5 | 8,456.2 | 17.8 | 661.6 | N/Av | 125,278.8 | N/Av | 631.9 | 13.9 | 2,152.3 | 292.3 | 587,133.6 |
| Eletrobras Eletronuclear | N/Av | 2,406.3 | 7.7 | 1,075.2 | 14.6 | N/Av | N/Av | 94.6 | 157.2 | 7.9 | 2,616.9 | N/Av | N/Av | 17.0 | N/Av | 545.4 | 443.5 | 2,264.0 | 9,650.4 |
| Eletrobras Eletrosul | N/Av | 63.2 | 9.4 | 1,435.3 | N/Av | 80.1 | 15,956.4 | 0.0 | N/Av | 2.9 | 641.7 | N/Av | 177,552.7 | N/Av | N/Av | 1.0 | 864.5 | 332.5 | 196,939.6 |
| Eletrobras Furnas | 1,439,570.3 | 78.7 | 70.0 | 4,138.0 | 7.4 | N/Av | 13,356.7 | 2,688.7 | 91.8 | 0.4 | 3,284.6 | N/Av | 541,828.1 | N/Av | N/Av | N/Av | 2,180.8 | 31.0 | 2,007,326.5 |
| Eletrobras Itaipu Binacional | N/Av | 37.6 | 233.9 | 473.2 | 5.8 | N/Av | 6,840.0 | 145.9 | N/Av | 8.8 | 201.4 | N/Av | N/Av | N/Av | N/Av | 27.3 | 818.5 | 966.6 | 9,759.0 |
| Subtotal Sources | 10,195,342.9 | 2,761.8 | 490.2 | 20,371.3 | 139.2 | 509.4 | 38,446.7 | 3,009.0 | 9,257.3 | 78.7 | 37,127.3 | 695,921.5 | 1,038,730.6 | 17.0 | 1,805,083.3 | 6,068.8 | 11,880.5 | 5,036.5 | TOTAL |
| Subtotal - Type of sources | 10,198,594.9 | | | 21,020.0 | | | | 50,791.8 | | | 37,127.3 | 695,921.5 | 1,038,730.6 | 17.0 | 1,805,083.3 | 6,068.8 | 11,880.5 | 5,036.5 | (tCO₂e) |
| Subtotal Scopes | | | | 10,270,406.6 | | | | | | | 1,771,779.4 | | | | 1,828,086.1 | | | | 13,870,272.1 |

Emissions from thermoelectric generation from Independent Producers of Energy (PIEs) whose energy is acquired by the concessionaires Eletrobras Amazonas Energia, Eletronorte, Distribuição Rondônia, Distribuição Acre and Distribuição Roraima and resold to end consumers, are quantified in Scope 3 and therefore separated from emissions relating to the Eletrobras companies' own thermoelectric plants.

Two new scopes were included in 2013: Fuel transportation and transportation of non-energy products.

N/Av: Not applicable.

N/Av: Data is not available.

In 2013, emissions amounted to 13.8 million tCO₂e and were calculated with the inclusion of refrigerants and emissions from wastewater treatment plants (ETEs), considering 15 of the Eletrobras companies: Amazonas Energia, Cepel, CGTEE, Chesf, Distribuição Acre, Distribuição Alagoas, Distribuição Piauí, Distribuição Rondônia, Distribuição Roraima, Eletronorte, Eletronuclear, Eletrosul, Furnas, [holding](#), and Itaipu Binacional.

GHG INVENTORY

tCO₂e

(GRI EN16, GRI EN17)

| | 2013 | 2012 | 2011 |
|--------------|---------------------|---------------------|--------------------|
| Scope 1 | 10,270,406.6 | 8,169,468.0 | 5,772,344.1 |
| Scope 2 | 1,771,779.4 | 1,654,495.0 | 575,080.0 |
| Scope 3 | 1,828,086.1 | 1,948,184.0 | 3,020,151.0 |
| Total | 13,870,272.1 | 11,772,147.0 | 9,367,575.1 |

In addition to the results observed in the previous table, the indirect emissions (scope 3) regarding the consumption of electricity by end consumers (residential, industrial and commercial) based on the emission factor of Brazilian grid⁴³, were 1,544,846.69 tons of CO₂ for 16,092,153 MWh sold by Eletrobras utilities.

The intensity of the scope 1 emissions (direct emissions) of Eletrobras in 2013 base year was 0.055 tCO₂e/MWh that is considered low compared to other organizations in the electric sector and with an equivalent size in the world. This is due to the majority share of low-intensity sources of GHG emissions in the generation matrix of Eletrobras, reaching 94% of its total net generation.

GOALS FOR REDUCING THE GHG EMISSIONS

As one of the commitments assumed by Eletrobras to face climate change⁴⁴, goals for the reduction of greenhouse gas emissions were adopted in 2013. A joint effort of the Eletrobras companies resulted in the establishment of these goals, which seek to reduce consumption of fossil fuels in their vehicle fleets (scope 1) and of energy (scope 2) in 2015, based on the baseline consumption of these resources in 2012. Each Eletrobras company has defined its own goals, considering its peculiarities and potential for reducing consumption.

This year, the performance of the goals proposed is being evaluated for the first time, with the purpose of ratifying or redirecting the actions underway so they can be achieved by 2015.

In relation to Scope 1, fuel consumed by the vehicle fleet declined by 9.96% compared with the previous year, resulting in a drop of 8.31% in greenhouse gas emissions.

VARIATION IN GHG EMISSIONS FROM FOSSIL FUELS

| SCOPE 1 | Consumption of fossil fuels by vehicles in 2012 (l) | Consumption of fossil fuels by vehicles in 2013 (l) | Variation in the consumption of fossil fuels by vehicles between 2012 and 2013 | Emissions in 2012 (tCO ₂ e) | Emissions in 2013 (tCO ₂ e) | Variation % in GHG emissions from fossil fuels between 2012 and 2013 |
|----------------------|---|---|--|--|--|--|
| Eletrobras Companies | 5,246,139 | 4,723,556 | -9.96% | 13,729 | 12,589 | - 8.31% |

To reduce these emissions, the following can be highlighted: the gradual replacement of gasoline or diesel vehicles by flex-fuel vehicles, the increase in the use of electric vehicles, and a reduction in driving to the same location in different vehicles.

Regarding electricity, the Eletrobras companies managed to reduce consumption by 4% compared with 2012. Since Brazil had an increased production of thermoelectric energy in 2013, strongly affecting the emission factor of the National Interconnected System (46%) provided by the MCTI, the greenhouse gas emissions that correspond to energy consumption increased by 41% in the same period.

(GRI EN18)

VARIATION IN GHG EMISSIONS FROM ELECTRICITY

| SCOPE 2 | Energy consumption in 2012 (kWh) | Energy consumption in 2013 (kWh) | Variation in energy consumption between 2012 and 2013 | Emissions in 2012 (tCO ₂ e) | Emissions in 2013 (tCO ₂ e) | Variation % in GHG emissions from fossil fuels between 2012 and 2013 |
|----------------------|----------------------------------|----------------------------------|---|--|--|--|
| Eletrobras Companies | 79,550,303 | 76,016,655 | - 4.0% | 5,181 | 7,330 | 41.5% |

43. Annual average emission factor of Brazilian electrical sector (tCO₂/MWh): YEAR 2012: 0.0653; YEAR 2013: 0.0960 (source: Ministry of Science, Technology and Innovation - MCTI)

44. A Visit the Eletrobras Statement of Commitment on Climate Change <http://www.eletobras.com/ELB/main.asp?View={564CE0B4-00B6-45E1-BBA3-9F34FF0A5F71}&BrowserType=IE&LanguageID=pt-br>

Among the initiatives to reduce scope 2 greenhouse gas emissions, we can highlight the **retrofitting** of HVAC and lighting systems, the development of conscious consumption programs to motivate employees to reduce consumption of electricity and other resources; the establishment of specific operating hours for lighting and air conditioners, and the adjustment of metering and billing systems through the installation of individual consumption meters.

(GRI EN18)

To reduce scope 1 greenhouse gas emissions, we can highlight the gradual replacement of gasoline or diesel vehicles by flex-fuel vehicles, the increase in the use of electric vehicles, and a reduction in driving to the same location in different vehicles. Moreover, the Eletrobras companies have invested in actions to avoid the release of SF6 (sulfur hexafluoride) into the atmosphere. The initiatives contributed to a significant reduction in these emissions, with a drop from 277,819 tCO2 in 2012 to 38,447 tCO2 in 2013, which represented a reduction of 86%.

(GRI EN18)

MONTREAL PROTOCOL

Given the fact that chlorine-based refrigerants harm the ozone layer and that Brazil is a signatory to the Montreal Protocol, two units of Eletrobras Furnas, namely the Marimbondo Hydroelectric Plant and Campinas Substation (SE), have started replacing the R-22 refrigerant, the main substance used by the company, with chlorine-free refrigerants such as R-410, among others.

(GRI EN26)

Eletrobras Amazonas Energia has replaced the fuel oil used in the operation of four thermoelectric power plants located in the state with natural gas. Eletrobras Furnas has also replaced the fuel used in thermoelectric power plants. The two power plants that the company operates have already replaced fuel oil and are currently powered by natural gas. These initiatives will represent a significant reduction in the emission of pollutants and greenhouse gases.

(GRI EN18, GRI EN26)

GOLD SEAL WINNER

As a signatory to the Brazil GHG Protocol Program, Eletrobras Furnas was awarded the Gold Seal, in 2013, for its 2012 GHG Emissions Inventory. This shows the progress in the measurements conducted, considering as since 2009, the company received the Bronze Seal.

NO_x AND SO_x EMISSIONS

The NO_x (nitrogen oxides) and SO_x (sulfur oxides) emissions from the activities conducted by the Eletrobras companies are primarily related to the energy generation processes of thermoelectric plants and to the consumption of fuels by mobile sources, as shown below:

NO_x AND SO_x EMISSIONS

in tons

(GRI EN20)

| COMPANY | NO _x emissions | | | NO _x emissions | | |
|-------------------------------|---------------------------|---------------|---------------|---------------------------|---------------|---------------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Eletrobras Distribuição Acre* | N/Ap | N/Ap | 0.9 | N/Ap | N/Ap | 0.4 |
| Eletrobras Amazonas Energia | 9,145 | 8,892 | 6,103 | 17,959 | 20,396 | 13,527 |
| Eletrobras CGTEE | 11,318 | 10,767 | 9,886 | 29,852 | 28,371 | 62,248 |
| Eletrobras Chesf | 1,459 | 9 | 16 | 1,130 | 3 | 1 |
| Eletrobras Eletronorte | 1,134 | 1,635 | 1,592 | 2,899 | 4,178 | 666 |
| Eletrobras Furnas | 2,282 | 522 | 225 | 10 | 88 | 39 |
| Total | 25,338 | 21,825 | 17,822 | 51,850 | 53,036 | 76,481 |

* Eletrobras Distribuição Acre has not had any source of thermoelectric generation of its own since 2012.
N/Ap: Not Applicable

The volume of SO_x emissions from Eletronorte has declined due to the decreased consumption of fuel oil and diesel in the company operations. At Eletrobras Chesf, the increased emission of NO_x and SO_x occurred due to the growth in the use of natural gas and diesel. In turn, the increase in NO_x emissions recorded at Eletrobras Furnas can be explained by the greater consumption of natural gas as a result of the larger energy production from this source.

Waste

At the Eletrobras companies, treatment of solid waste complies with the laws in effect. Hazardous waste is collected, sorted, and stored at its source according to its main characteristic (oily waste and solvent-contaminated waste, etc.) and then shipped to companies that specialize in its transportation, treatment, and disposal.

The waste sorting program (Programa da Coleta Seletiva Solidária), underway at the Eletrobras companies, establishes agreements with waste picker cooperatives and associations, fostering the creation of employment opportunities and income for these workers and reducing the disposal of solid waste in landfills and dumps. In 2013, Eletrobras companies sent 25,575.57 tons of recyclable materials to cooperatives. In the same period, the Eletrobras companies generated 1,292,252 tons of waste, which represents a slight difference in relation to 2012.

TOTAL WEIGHT OF WASTE BY TYPE

in tons

(GRI EN22)

| TYPE OF WASTE | Total | |
|---------------------------------|------------------|------------------|
| | 2013 | 2012 |
| Hazardous waste, class I | 15,599 | 10,769 |
| Non-hazardous waste, class II-A | 1,275,327 | 1,317,234 |
| Non-hazardous waste, class II-B | 1,279 | 2,640 |
| Biomedical waste | 47 | 113 |
| Total | 1,292,252 | 1,330,756 |

TOTAL WEIGHT OF WASTE, BY DISPOSAL METHOD

in tons

(GRI EN22)

| DISPOSAL METHOD | Total | |
|----------------------------|------------------|------------------|
| | 2013 | 2012 |
| On-site storage | 6,598 | 784,778 |
| Industrial landfill | 696,461 | 4,067 |
| Municipal waste collection | 6,130 | 2,126 |
| Composting | 1,891 | 123,687 |
| Co-processing | 543 | 492 |
| Incineration | 2,964 | 118 |
| Recycling | 1,649 | 1,970 |
| Reuse | 593,290 | 477,036 |
| Total | 1,309,526 | 1,394,274 |

45. National Health Surveillance Agency.

46. Classifies solid waste according to its health hazard, considering potential risks to the environment and public health for their appropriate management.

47. Chlorinated aromatic compounds, whose family is composed of approximately 709 different compounds.

48. This standard describes the types of PCBs used in transformers and capacitors, their characteristics and risks and establishes guidelines for their handling, packing, labeling, storage, transportation, procedures for equipment in operation, and final disposal.

In relation to storage and final disposal of biomedical waste, all Eletrobras companies comply with the Anvisa standards ⁴⁵.

At Eletrobras Eletronuclear, 122 m³ of low- and medium-level radioactive waste were generated. The disposal method of these types of waste was selected pursuant to the ABNT NBR 10004:2004 standard ⁴⁶. The company has eight pieces of equipment that use PCB at the Angra 1 plant. The procurement agreement for the purchase of new transformers to replace them is in effect, and this equipment should be delivered by July 2014. Replacement and disposal should occur during the scheduled shutdown of the Angra 1 plant in 2015. The company expects to replace all transformers by 2016. At Eletrobras Furnas, only the Santa Cruz Thermoelectric Plant and the Angra substation operate equipment that uses PCB⁴⁷. The company prepares an inventory and monitors these substances and expects to eliminate them completely by 2016.

In 2013, Eletrobras Chesf discarded 99.3 tons of PCB. The equipment and waste contaminated with this oil were stored on-site and then incinerated, pursuant to NBR 8371/2005⁴⁸.

(GRI EN22)

UNDERGROUND STORAGE

In December 2013, Eletrobras Cepel launched the implementation of its Underground Storage System for Solid Waste in its units. This system is objective evidence of the continuous improvement of the waste management process, since it enables storage in a safe, segregated, and clean manner, improving collection and final disposal of company waste.



photo: Pedro Ferreira/Eletrobras Cepel

HAZARDOUS WASTE TRANSPORTATION

Hazardous waste is transported by specialized companies, which must provide proof of compliance with all legal requirements involving this type of activity, such as Hazardous Waste Manifests and Certificates of Disposal. In 2013, the Eletrobras companies did not transport (import or export) hazardous waste internationally.

(GRI EN24)

TOTAL WEIGHT OF HAZARDOUS WASTE TRANSPORTED

in tons

(GRI EN24)

| CATEGORIES | 2013 | 2012 |
|-----------------------------------|----------|---------|
| Transported from the organization | 12,040.7 | 1,333.7 |
| Transported to the organization | 0 | 462.25 |
| Treated waste | 193.9 | 162.3 |

In 2013, data includes the following companies: Eletrobras CGTEE, Chesf, Distribuição Rondônia, Eletronorte, Eletronuclear, Eletrosul, and Furnas. The increase in this period was caused mainly by the entry of Eletrobras Eletrosul data in the IGS System.

In 2012, data includes the following companies: Eletrobras CGTEE, Chesf, Eletronuclear, and Furnas.

Spills

The Eletrobras companies have local contingency plans and conduct drills that enable the companies to prevent accidents related to spills and other types of incidents that could lead to evacuation of their facilities. Furthermore, the companies built tanking dikes and use materials such as sawdust, absorbent mats, and containment berms. The companies also conduct environmental audits to inspect the effectiveness of the containment methods used in the prevention of this type of accident.

Risk management processes and preventive management assist in the identification of threats and enable reduced environmental impacts, ensuring the provision of appropriate care and preparation to avoid leakages and spills. However, if an accident does occur, processes are immediately reviewed and errors are assimilated to avoid their recurrence.

In 2013, four spills were identified with a total volume of 16.28 m³, a decrease of 47% in relation to 2012.
(GRI EN23)

SPILLS IN 2013

(GRI EN23)

| Segment | Volume (m ³) | Type of Substance | Impacts | Actions taken |
|--------------|--------------------------|---------------------------|---|--|
| Distribution | 1.00 | Dielectric insulating oil | Part of the soil was contaminated with oil | The contaminated soil was mechanically scraped off, the waste was disposed of, and the area was recovered. |
| | 13.35 | | There was no significant spillage to the soil, since the oil was contained by the berm surrounding the equipment. | Part of the oil was burned during the fire. The remaining volume leaked into the containment basin. Subsequently, the oil was collected from the separation boxes and sent for appropriate final disposal. |
| Transmission | 0.93 | Mineral insulating oil | There was no significant spill to the soil, since the oil was contained by the gravel. | Leakage was contained by the gravel, with no contamination of the soil. The contaminated gravel was properly disposed of and replaced. |
| | 1.00 | | The contamination affected only a small section of a road near the transformer. There was no significant impact to the environment. | Oil Gator was applied to absorb the oil at two different points: for the initial absorption of most of the oil and then to complete its full absorption. Subsequently, the waste was removed. In addition, containment berms were installed at the end of this road to avoid soil contamination in the case of rain. |

Environmental Investments and spendings

The Eletrobras companies invested approximately R\$506 million in environmental actions, an increase of 156% in relation to 2012, of which R\$181 million was allocated to environmental management.

49. Spending of R\$86 million in the treatment of atmospheric emissions refers to the purchase of lime for the desulfurization of the flue gas generated in the combustion of coal. This growth results from the increased use of thermoelectric power plants, which causes a higher consumption of lime to maintain emissions standards.

In 2013, Eletrobras invested over R\$506 million in environmental investments. The Eletrobras Eletronuclear alone invested about R\$173.6 million mostly in environmental management (R\$102.3 million) and remediation of contaminated sites (R\$59 million). Moreover, Eletrobras allocated more than R\$35 million towards biodiversity preservation, more than R\$7 million in the recovery of degraded areas and more than R\$45 million in research and development. The companies also engage in the development of clean technologies, in energy efficiency programs, in environmental compensation, and in the preparation of inventories and plans for environmental control for permitting purposes.

ENVIRONMENTAL INVESTMENTS

in R\$

(GRI EN30)

| PREVENTION AND ENVIRONMENTAL MANAGEMENT COSTS | 2013 | 2012 | 2011 |
|---|--------------------------------|--------------------------|--------------------------|
| Environmental management (environmental consulting) | R\$ 7,947,112.8 | R\$ 61,855,119.9 | R\$ 34,937,619.1 |
| Environmental management (internal staff and costs related to the environmental area) | R\$ 181,727,535.1 | R\$ 48,617,429.6 | R\$ 3,538,868.1 |
| Research and development | R\$ 45,656,838.9 | R\$ 13,126,556.2 | R\$ 1,372,339.0 |
| Biodiversity preservation | R\$ 35,773,513.6 | R\$ 18,444,488.8 | R\$ 13,061,726.6 |
| Subtotal | R\$ 271,105,000.4 | R\$ 142,043,594.6 | R\$ 52,910,552.8 |
| Mitigation/compensation costs | | | |
| Waste collection, treatment, and disposal | R\$ 2,320,418.6 | R\$ 1,532,319.6 | R\$ 10,125,319.6 |
| Restoration of degraded areas and protection of areas | R\$ 7,081,495.0 | R\$ 13,005,656.5 | R\$ 2,712,166.6 |
| Remediation of contaminated areas | R\$ 59,024,000.0 | R\$ 754,357.6 | R\$ 747,928.3 |
| Wastewater treatment | R\$ 4,750,562.1 | R\$ 684,481.4 | R\$ 821,080.6 |
| Treatment of atmospheric emissions | R\$ 86,741,456.0 ⁴⁹ | R\$ 27,295,782.9 | R\$ 30,770,052.0 |
| Subtotal | R\$ 159,917,931.7 | R\$ 43,272,598.0 | R\$ 45,176,547.0 |
| Other | R\$ 74,958,541.7 | R\$ 12,040,150.7 | R\$ 18,525,634.9 |
| Grand total | R\$ 505,981,473.8 | R\$ 197,356,343.3 | R\$ 116,612,734.6 |

In 2013, data does not include the following companies: Eletrobras Distribuição Acre, and Distribuição Alagoas.

Field "Other" considers expenditures for the recovery of archaeological, historic, cultural, and scenic heritage and for commitments made through Conduct Adjustment Agreements, among others.

Projects and programs

The Eletrobras companies propose to their stakeholders investments in environmental actions and practices through programs intended for the environmental education of communities, the preservation of biodiversity, and monitoring of environmental conditions. Each company develops its own actions, which are guided by the Eletrobras Environmental Policy.

Program to Reduce Pre-Harvest Slash-and-Burn:

eunderway in the states where Eletrobras Chesf operates (Bahia, Sergipe, Alagoas, Pernambuco, Paraíba, Rio Grande do Norte, Ceará, and Piauí) to reduce the risks and impacts of fires in fragmented forests, especially near transmission lines, contributing to a decrease in the number of line shutdowns and informing the community about best practices in soil management.

Eletrobras Eletrosul also has actions to reduce slash-and-burn. Since 1995, the company has been developing this preventive/educational campaign, which seeks to inform rural landowners located near transmission lines and substations, and the population at large, about the risks of this practice in the areas surrounding these places. As in previous years, in 2013 this campaign was composed of a 60-second ad jingle, broadcast on AM radio stations, especially in the countryside, and shown

on billboards, posters, brochures, caps, and bags to be used in grocery stores. This material was distributed to rural landowners, trade unions, city governments, and other entities involved with the target audience.

(GRI EN26)

Environmental Education Program of Itaipu:

seen as a benchmark in the training of environmental educators), it has already organized over 90 learning communities. In 2013, this initiative continued to provide training to leaders for the social and environmental management of municipalities, to provide courses to community communicators, and to empower teachers through eco-pedagogical projects.

Native Tree Project: the project was launched by Eletrobras CGTEE in 2012 and continued in 2013, aiming at the reforestation of degraded areas on the drainage basins of the Jaguarão River and Arroio Candiota-RS. 400 hectares were planted, with the participation of the families of the farmers who live in the settlements created from land reform.

Quintais Project (Backyard): since 2004, Eletrobras CGTEE has been implementing technologies for the establishment of organic orchards in rural and urban areas of the state of Rio Grande do Sul,

contributing to nutrition, quality of life, and income generation. Each backyard has five plants of at least 12 species of fruit selected based on their nutritional characteristics, medicinal properties, and adaptability to local soil and to the temperate climate of the region. By 2013, the company implemented a total of 1,353 backyards in 135 municipalities, amounting to 236,775 trees planted.

Environmental Monitoring Network: it involves the monitoring of air and rain quality and of the meteorological conditions in the area of influence of the power plants in Candiota-RS.

Environmental Bio-monitoring Program: formed by the Programs for Monitoring Aquatic Environments (surface water, sediments, [phytoplankton](#), [zooplankton](#), [benthic macrofauna](#) and [ichthyofauna](#)) and Terrestrial Environments (flora, [avifauna](#), [herpetofauna](#), air quality bio-indicators, and livestock raising activities), implemented by Eletrobras CGTEE. It aims to assess impacts and to propose mitigation actions.

Environmental Education Program of AHE Simplício (Single Head): program implemented by Eletrobras Furnas, which offered educational workshops to 40 people in Além Paraíba.

Environmental Education Programs (PEA) for Transmission Lines: in 2013, the Eletrobras Furnas programs served 314 people in the community in three projects. The company also offered Environmental Education Programs for Workers (PEAT) in four other projects, which trained 1,481 employees.

Environmental Communication

Programs: included the participation of approximately 20,000 people from the communities located in the areas of influence of the Eletrobras Furnas. The audience received information through lectures, plays, and direct contact as part of the impact mitigation activities provided in the environmental licensing of the following projects: TL Anta-Simplicio-Rocha Leão, TL Batalha-Paracatu, TL Bom Despacho 3-Ouro Preto 2, TL Itapeti-Nordeste, Substation Zona Oeste, AHE Simplício, and the Hydroelectric Plants Batalha, Funil, and Marimbondo.

Environmental Education Primers:

in 2013, Eletrobras Furnas prepared and distributed 500 primers to the Departments of Education of the municipalities of Serra da Moeda, area of influence of the Bom Despacho 3-Ouro Preto 2 transmission line containing information about the location, historical occupation, geology and speleology, biomes, plants and wildlife, hydrography, conservation units and heritage listing, archaeology, and cultural and environmental preservation in Serra da Moeda. Another action was the voluntary contributions to Arcas das Letras Project, in partnership with the Ministry of Agrarian Development.

Cultivando Água Boa Program:

Cultivando Água Boa (Cultivating Good Water) Program develops cultural, research and development, natural resource, local economy, social inclusion, and energy efficiency actions. This program, of Itaipu Binacional, is

participatory in all its stages, from planning to the performance and assessment of the activities. Among the various results and social, economic, and/or environmental impacts of the project, we highlight: the enhanced standard of living of waste pickers, the sustainability of Indigenous communities, the emancipation of resettlers, the social inclusion of low-income youths, the creation of job and income opportunities in small rural properties, environmental management georeferencing by rural property and micro-basin, raising of the awareness of 200,000 inhabitants in relation to issues pertaining to water, care ethics, adaptation of environmental liabilities, and regional sustainable development, and the creation of a broad network of partnerships to foster sustainable development through the signing of 29 water pact charters with over 1,247 partners involving 29 legally established municipal management committees and ten action managers.

(GRI EN26)



Foto: Acervo Eletrobras Chesf/IEH

AWARDED ENVIRONMENTAL EDUCATION

Launched in 2008 at the Paulo Afonso Complex, the Social and Environmental Action Plan (PAS) was awarded by [IBAMA](#) for the excellence of its operation, which is considered a reference in the sector. The technical team of [IBAMA](#)'s social and economic area considered the PAS as a model plan for environmental education for hydroelectric developments. The program has five lines of action: social and environmental education and communication; environmental education and health, conservation of natural resources and recovery of degraded areas, institutional strengthening and education, and art, culture, and the environment.

Monumento às Bandeiras, São Paulo, São Paulo.



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AWARDS AND RECOGNITION

Eletrobras fosters actions and relationships based on social interests, best practices in management and governance, sustainable development, and inclusion. This approach was recognized by society, partners, competitors, and the media through awards. Among the awards received in 2013, we highlight:

(GRI 2.10)

Dow Jones Sustainability Emerging

Markets Index: the company was featured in the new sustainability index created for emerging markets, with data that refers to its performance in 2012. In the second half of the year, Eletrobras was once again featured in the index, this time for its performance in 2013, with an improvement of 10% in its general score.

ISE-BM&FBOVESPA: in 2013, for the seventh consecutive year, Eletrobras was listed in ISE-BM&FBOVESPA's portfolio, the Corporate Sustainability Index of the São Paulo Stock Exchange (ISE), which analyzes the companies listed based on their economic efficiency, environmental balance, social justice, and corporate governance.

2013 List of Top Companies by Dinheiro Magazine (Performance of State-owned Companies): ranked 12th among the top 1,000 companies in Brazil and 4th in the Performance of State-owned Companies category.

Valor 1.000: 9th largest company in the country in 2012 and largest company in the electric utilities sector.

Gender and Race Equality Seal

(4th edition): awarded by the Brazilian President's Office for Policies for Women. Of the 57 companies that received this seal, 11 are part of the Eletrobras companies.

"Best Communication with Journalists"

Award: for the third consecutive year, in the Electricity category, organized by the *Negócios da Comunicação* magazine

2013 Aberje Award: the business case "50 Years of Eletrobras" won the regional phase, in the Responsibility to History and Corporate Memory category.

2013 Human Being Award: the business case "Unification of Policies and Career and Remuneration Policies and Practices in the Eletrobras Companies" was the winner in the State-owned Company category.

Eletrobras Distribuição Piauí, Distribuição Rondônia, and Amazonas Energia: the companies ranked 1st, 2nd, and 3rd, respectively, for the ABRACONEE award, offered by the Brazilian Association of Accountants in the electric utilities sector, for the best practices in the disclosure of balance sheet information.

Eletrobras Eletronorte: the company received, for the fourth time, the Most Innovative Company award, a partnership between *Época Negócios* magazine and international accounting company AT Kearney.

Eletrobras Eletronuclear: the company received, for the eighth consecutive year, the national "Empresa Cidadã" certificate, awarded for the quality of its Social Accounting, in 2012.

Eletrobras Furnas: for the fourth time, the company received the Transparency Trophy, offered by the National Association of Executives in Finance, Administration and Accounting (ANEFAC), recognizing the quality of the information provided in its financial statements.

Itaipu Binacional: featured, for the fourth time, among the 30 companies with the best social and environmental practices in the country, selected by the benchmarking ranking.

Complementary GRI Content

ECONOMIC AND FINANCIAL

Ratio of senior management (CEOs and executive officers) hired from the local community (Brazilian geographic region) in significant operating units.

(GRI EC7)

NUMBER OF MEMBERS OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY

(GRI EC7)

| | 2013 | 2012 | 2011 |
|---|-------|-------|-------|
| Total number of employees in senior management positions | 54 | 59 | 44 |
| Total number of employees in senior management positions hired from local communities | 21 | 28 | 20 |
| Percentage of members in senior management positions hired from the local community | 38,9% | 47,5% | 45,5% |

In 2013, data does not include Eletrobras Eletronuclear and Eletropar.

SOCIAL

In order to act collectively and interact strategically with the market, the Eletrobras companies support or take part in various trade associations and entities. The full list can be found at www.eletrobras.com.br

(GRI 4.12, GRI 4.13, GRI SO5)

PERCENTAGE OF EMPLOYEES ELIGIBLE FOR RETIREMENT WITHIN THE NEXT 10 AND 5 YEARS

BY REGION

(GRI EU15)*

| NORTH REGION | Within the next 10 years | | | Within the next 5 years | | |
|----------------------------------|--------------------------|------|------|-------------------------|------|------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Eletrobras Amazonas Energia | 0.6 | 12.9 | 16.9 | 0.3 | 8.2 | 6.0 |
| Eletrobras Distribuição Acre | 16.8 | 24.0 | 21.7 | 18.3 | 43.0 | 28.7 |
| Eletrobras Distribuição Piauí | N/R | N/R | 29.0 | N/R | N/R | 12.0 |
| Eletrobras Distribuição Rondônia | 13.5 | 23.4 | 0.0 | 5.1 | 6.1 | 0.0 |
| Eletrobras Distribuição Roraima | 20.3 | 18.1 | 2.2 | 15.3 | 8.0 | 0.0 |
| Eletrobras Eletronorte | 12.6 | 47.4 | 18.0 | 42.9 | 44.7 | 23.6 |
| Eletrobras Eletrosul | 17.4 | 1.0 | 0.2 | 43.5 | 0.7 | 0.1 |
| Eletrobras Furnas | 23.8 | 56.1 | 50.0 | 19.0 | 43.9 | 42.2 |

| NORTHEAST REGION | Within the next 10 years | | | Within the next 5 years | | |
|---------------------------------|--------------------------|------|------|-------------------------|------|------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Eletrobras Chesf | 13.6 | 13.0 | 45.5 | 50.1 | 58.0 | 31.4 |
| Eletrobras Distribuição Alagoas | 11.8 | 42.9 | 0.19 | 2.6 | 14.6 | 0.0 |
| Eletrobras Eletronorte | 9.2 | 7.6 | 24.9 | 59.5 | 13.1 | 33.2 |

| MIDWEST REGION | Within the next 10 years | | | Within the next 5 years | | |
|---------------------------|--------------------------|------|------|-------------------------|------|------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Eletrobras Eletronorte | 9.8 | 44.9 | 16.7 | 40.3 | 42.0 | 22.0 |
| Eletrobras Eletronuclear | 20.0 | 0.0 | 0.3 | 60.0 | 0.3 | 0.3 |
| Eletrobras Eletrosul | 16.0 | 2.0 | 1.2 | 26.0 | 1.0 | 0.5 |
| Eletrobras Furnas | 56.1 | 58.8 | 59.3 | 40.1 | 46.6 | 47.9 |
| Eletrobras <i>holding</i> | 8.8 | 0.0 | 0.0 | 2.9 | 0.0 | 1.4 |
| Itaipu Binacional | 66.7 | 33.3 | 25.0 | 0.0 | 0.0 | 25.0 |

| SOUTHEAST REGION | Within the next 10 years | | | Within the next 5 years | | |
|---------------------------|--------------------------|-------|-------|-------------------------|-------|-------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Eletrobras Cepel | 23.1 | 72.7 | 66.0 | 40.4 | 50.3 | 47.0 |
| Eletrobras Eletronorte | 11.4 | 0.1 | 60.0 | 25.7 | 0.1 | 0.0 |
| Eletrobras Eletronuclear | 7.8 | 100.0 | 99.8 | 34.8 | 99.7 | 99.7 |
| Eletrobras Furnas | 48.5 | 59.2 | 63.8 | 37.9 | 51.2 | 56.7 |
| Eletrobras <i>holding</i> | 23.4 | 26.1 | 9.3 | 15.3 | 21.7 | 28.8 |
| Itaipu Binacional | 100.0 | 0.0 | 100.0 | 100.0 | 100.0 | 100.0 |

| SOUTH REGION | Within the next 10 years | | | Within the next 5 years | | |
|----------------------|--------------------------|------|------|-------------------------|------|------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Eletrobras CGTEE | 12.9 | 45.2 | 45.2 | 33.7 | 11.6 | 10.2 |
| Eletrobras Eletrosul | 16.0 | 38.3 | 20.1 | 22.3 | 25.5 | 9.7 |
| Eletrobras Furnas | 64.6 | 70.2 | 72.9 | 60.1 | 66.0 | 68.1 |
| Itaipu Binacional | 41.0 | 43.3 | 44.0 | 22.5 | 22.9 | 21.9 |

RATIO OF BASIC SALARY BETWEEN MEN AND WOMEN

(GRI LA14)

| | 2013 | 2012 | 2011 |
|--|------|------|------|
| Managerial positions | 91% | 91% | 80% |
| Positions requiring higher education | 87% | 88% | 72% |
| Positions not requiring higher education | 104% | 95% | 104% |

ENVIRONMENTAL

TOTAL WEIGHT OF WASTE BY TYPE

in tons

(GRI EN22)

| TYPE OF WASTE | Administrative activities | | Hydroelectric generation | | Thermoelectric generation | | Transmission | | Total | |
|---------------------------------|---------------------------|--------------|--------------------------|--------------|---------------------------|------------------|--------------|--------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Hazardous waste, Class I | 105 | 129 | 8,788 | 1,832 | 6,663 | 8,700 | 44 | 108 | 15,599 | 10,769 |
| Non-hazardous waste, Class II-A | 5,280 | 4,863 | 214 | 143 | 1,269,423 | 1,310,945 | 411 | 1,283 | 1,275,327 | 1,317,234 |
| Non-hazardous waste, Class II-B | 1,139 | 968 | 36 | 555 | 58 | 54 | 47 | 1,063 | 1,279 | 2,640 |
| Healthcare waste | 47 | 113 | N/Ap | N/Ap | N/Ap | N/Ap | N/Ap | N/Ap | 47 | 113 |
| Total | 6,570 | 6,073 | 9,037 | 2,530 | 1,276,143 | 1,319,698 | 501 | 2,454 | 1,292,252 | 1,330,756 |

TOTAL WEIGHT OF WASTE, BY DISPOSAL METHOD

in tons

(GRI EN22)

| DISPOSAL METHOD | Administrative activities | | Hydroelectric generation | | Thermoelectric generation | | Transmission | | Distribution | |
|----------------------------|---------------------------|--------------|--------------------------|--------------|---------------------------|------------------|---------------|--------------|--------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Municipal waste collection | 5,572 | 1,119 | 106 | 26 | 284 | 966 | 168 | 15 | 0 | 0 |
| Industrial landfill | 1,389 | 2,221 | 693 | 54 | 675,508 | 505 | 18,871 | 1,287 | 0 | 0 |
| Composting | 1,808 | 1,824 | 46 | 48 | 22 | 16 | 15 | 2 | 0 | 121,797 |
| Incineration | 26 | 7 | 65 | 0 | 2,771 | 0 | 101 | 112 | 0 | 0 |
| On-site storage | 2,037 | 2,431 | 466 | 111 | 1,190 | 778,507 | 2,849 | 3,728 | 56 | 0 |
| Co-processing | 233 | 4 | 9 | 91 | 286 | 260 | 15 | 136 | 0 | 0 |
| Recycling | 863 | 600 | 253 | 269 | 364 | 930 | 170 | 171 | 0 | 0 |
| Reuse | 4 | 26 | 135 | 500 | 593,139 | 476,468 | 12 | 42 | 0 | 0 |
| Total | 11,932 | 8,231 | 1,772 | 1,100 | 1,273,563 | 1,257,652 | 22,202 | 5,495 | 56 | 121,797 |

SOCIAL ACCOUNTING (IBASE TABLE)

R\$ thousands

| | HOLDING | | CONSOLIDATED | |
|---|----------------|----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| I – HUMAN RESOURCES | | | | |
| 1.1 REMUNERATION | | | | |
| Gross payroll | 163,781 | 213,695 | 5,196,963 | 4,130,877 |
| Employees | 148,375 | 183,517 | 5,161,050 | 4,082,327 |
| Administrators | 3,268 | 4,161 | 23,775 | 22,533 |
| Ratio of highest to lowest remuneration | | | | |
| Employees | 13.49 | 16.65 | | |
| Administrators | 1.05 | 1.42 | | |
| 1.2 BENEFITS PROVIDED | | | | |
| Payroll taxes | 68,335 | 54,988 | 1,352,261 | 1,206,117 |
| Food | 16,817 | 16,099 | 314,417 | 302,255 |
| Transportation | 757 | 855 | 28,740 | 24,123 |
| Private pension plan | 38,188 | 28,292 | 304,737 | 222,617 |
| Health | 23,058 | 19,312 | 445,486 | 370,780 |
| Occupational health and safety | 5,482 | 5,342 | 34,436 | 36,112 |
| Daycare or daycare assistance | 2,349 | 2,396 | 79,793 | 60,744 |
| Culture | 0 | 0 | 963 | 426 |
| Training and professional development | 2,768 | 5,249 | 50,767 | 65,320 |
| Other | 0 | 0 | 467,228 | 415,476 |
| Profit sharing plan | 42,000 | 40,000 | 268,592 | 290,299 |
| TOTAL | 199,754 | 172,533 | 3,347,420 | 2,994,269 |
| 1.3 BREAKDOWN OF WORKFORCE | | | | |
| Number of employees at the end of the fiscal period | 988 | 1,182 | 22,498 | 26,493 |
| Number of hires | 13 | 4 | 342 | 598 |
| Number of terminations | 206 | 32 | 4,287 | 859 |
| Number of interns at the end of the fiscal period | 211 | 220 | 1,688 | 1,937 |
| Number of employees with disabilities at the end of the fiscal period | 5 | 10 | 321 | 364 |
| Number of contractors at the end of the fiscal period | 680 | 801 | 10,127 | 12,022 |
| Number of employees, by gender: | | | | |
| Male | 653 | 773 | 18,222 | 21,433 |
| Female | 335 | 409 | 4,276 | 5,060 |
| Number of employees, by age group: | | | | |
| Under 18 | 0 | 0 | 0 | 0 |
| 18-35 | 304 | 368 | 5,482 | 6,111 |
| 36-60 | 617 | 718 | 15,469 | 18,118 |
| Over 60 | 67 | 96 | 1,547 | 2,264 |
| Number of employees, by education level: | | | | |
| Illiterate | 0 | 0 | 1 | 1 |
| Elementary and middle school | 42 | 55 | 2,221 | 3,028 |
| High school | 139 | 189 | 4,662 | 4,912 |
| Technical school | 0 | 0 | 5,629 | 6,882 |
| Undergraduate school | 438 | 515 | 7,319 | 8,635 |
| Graduate school | 369 | 423 | 2,666 | 3,035 |
| Percentage of employees in managerial positions, by gender: | | | | |
| Male | 0.76 | 0.75 | | |
| Female | 0.24 | 0.25 | | |
| 1.4 CONTINGENCIES AND LABOR LIABILITIES | | | | |
| Number of labor lawsuits filed against the entity | 137 | 456 | 6,121 | 7,097 |
| Number of labor lawsuits upheld | 2 | 28 | 932 | 915 |
| Number of labor lawsuits dismissed | 34 | 32 | 1,095 | 408 |
| Total amount of indemnifications and fines paid, pursuant to court ruling | 20,980 | 1,974 | 118,404 | 80,675 |

SOCIAL ACCOUNTING (IBASE TABLE)

R\$ thousands

| | HOLDING | | CONSOLIDATED | |
|--|---------------|----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| II INTERACTION OF THE ENTITY WITH THE EXTERNAL ENVIRONMENT | | | | |
| 2.1 RELATIONSHIP WITH THE COMMUNITY | | | | |
| Total investments in: | | | | |
| Education | 1,204 | 1,460 | 41,404 | 16,344 |
| Culture | 15,514 | 57,110 | 32,901 | 87,902 |
| Health and infrastructure | 0 | 0 | 75,882 | 88,599 |
| Sports and leisure | 8,509 | 29,829 | 18,474 | 32,758 |
| Food | 0 | 0 | 2,506 | 3,663 |
| Creation of job and income opportunities | 0 | 2,417 | 34,384 | 19,891 |
| Resettlement of families | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 109,545 | 132,284 |
| Total investments | 25,227 | 90,816 | 315,096 | 381,441 |
| Taxes (excluding payroll taxes) | 30,988 | 214,405 | 2,853,593 | 2,691,677 |
| Financial compensation for the use of water resources | 0 | 0 | 405,809 | 667,923 |
| Total Relationship with the community | 56,215 | 305,221 | 3,574,499 | 3,741,041 |
| 2.2 INTERACTION WITH SUPPLIERS | | | | |
| Social responsibility criteria used to select suppliers | | | | |
| III INTERACTION WITH THE ENVIRONMENT | | | | |
| Investments in and spending on the maintenance of operational processes to improve the environment | 189 | 0 | 196,891 | 154,223 |
| Investments in and spending on the preservation and/or recovery of degraded areas | 0 | 0 | 75,642 | 87,783 |
| Investments in and spending on environmental education for employees, contractors, self-employed professionals, and administrators of the entity | 0 | 0 | 16,743 | 12,126 |
| Investments in and spending on environmental education for the community | 0 | 0 | 3,134 | 2,456 |
| Investments in and spending on other environmental projects | 885 | 0 | 107,879 | 95,575 |
| Number of environmental, administrative, and legal proceedings filed against the entity | 0 | 0 | 15 | 10 |
| Value of fines and indemnifications related to environmental matters, determined by administrative and/or legal proceedings | 0 | 0 | 10,995 | 2,000 |
| Environmental liabilities and contingencies | 0 | 0 | 11,790 | 3,500 |
| Total Interaction with the environment | 1,074 | 0 | 423,089 | 357,673 |
| IV OTHER INFORMATION | | | | |
| Net revenue | 2,658,088 | 2,719,441 | 24,995,825 | 30,328,161 |
| Operating income | -6,485,579 | -1,864,739 | -8,908,009 | -11,853,654 |

Note: Eventual discrepancies between the numbers presented in the IBASE Table and in the ASR may result from different calculation methods.

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| Indicator | Description | Pages / Online PDF | Notes |
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| 4.9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | 38 | |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | 38 | |
| 4.11 | Explanation of whether and how the precautionary principle is addressed by the organization. | 47 | |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | 02, 21 e 171 | |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations. | 22, 23, 146 e 171 | |
| 4.14 | List of stakeholder groups engaged by the organization. | 26 | |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. Organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage. | 26 | |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | 28 e 116 | |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to them. | 26 | |

| Indicator | Description | Pages / Online PDF | Notes |
|----------------------------------|---|--|--|
| ECONOMIC PERFORMANCE | | | |
| DMA | Economic Performance | 78, 153 | |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | 78 | |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | 153 | |
| EC3 | Coverage of the organization's defined benefit plan obligations. | — | Not Reported. |
| EC4 | Significant financial assistance received from government. | — | Not Reported. |
| DMA | Market presence | 103, 113 e 171 | |
| EC5 | Range of ratios of standard entry-level wage, broken down by gender, compared to local minimum wage at significant locations of operation. | 103 | |
| EC6 | Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. | 113 | |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation. | 171 | Eletrobras has consolidated data about the proportion of senior management that are from local communities, despite having no specific policy for hiring senior management in these communities, please check the information on page 137. |
| DMA | Indirect economic impacts | 81, 82, 85, 119, 127, 129 e 144 | |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | 81, 82, 85, 119, 127 e 144 | |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | 81, 82, 85, 119, 127 e 129 | |
| ENVIRONMENTAL PERFORMANCE | | | |
| DMA | Materials | — | |
| EN1 | Materials used by weight or volume. | — | Not reported. |
| EN2 | Percentage of materials used that are recycled input materials. | — | Not reported. |
| DMA | Energy | 106 a110 | |
| EN3 | Direct energy consumption by primary energy source. | 140 e 141 | |
| EN4 | Indirect energy consumption by primary source. | 140 e 141 | |
| EN5 | Energy saved due to conservation and efficiency improvements. | 142 e 143 | |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | 144 | |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | 143 | |
| DMA | Water | 110 a112 | |
| EN8 | Total water withdrawal by source. | 145 e 146 | |
| EN9 | Water sources significantly affected by withdrawal of water. | — | Not reported. |
| EN10 | Percentage and total volume of water recycled and reused. | 147 | |

| Indicator | Description | Pages / Online PDF | Notes |
|------------|---|-----------------------------|--|
| DMA | Biodiversity | 148 a 151 | |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | — | Not reported. |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | 149 e 150 | |
| EN13 | Habitats protected or restored. | 151 | |
| EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity. | 148, 149 e 151 | |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | — | Not reported. |
| DMA | Emissions, effluents, and waste | 147, 154 a 163 e 173 | |
| EN16 | Total direct greenhouse gas emissions by weight. | 154 a 156 | |
| EN17 | Relevant indirect greenhouse gas emissions by weight. | 154 a 156 | |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | 157 e 158 | |
| EN19 | Emissions of ozone-depleting substances by weight. | — | Not reported. |
| EN20 | NOx, SOx, and other significant air emissions by type and weight. | 159 | |
| EN21 | Total water discharge by quality and destination. | 147 | |
| EN22 | Total weight of waste by type and disposal method. | 160, 161 e 173 | |
| EN23 | Total number and volume of significant spills. | 163 | |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | 162 | |
| EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | - | In 2013, the Eletrobras companies did not identify any bodies of water significantly affected by water discharges. |
| DMA | Products and Services | 158, 165-167 | |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | 158, 165-167 | |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | — | Not reported. |
| DMA | Compliance | | |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. | — | In 2013, the Eletrobras companies did not register any legal actions that resulted in significant fines and non-monetary sanctions for noncompliance with environmental laws and regulations. Eletrobras Amazonas Energia is not included in this indicator, since the Net Operating Income had not been disclosed before the analysis of data for this report had been completed. |
| DMA | Transport | | Not reported. |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | — | |
| DMA | Overall | 47 e 164 | |
| EN30 | Total environmental protection expenditures and investments by type. | 47 e 164 | |

| Indicator | Description | Pages / Online PDF | Notes |
|---|---|-------------------------------------|---------------|
| SOCIAL PERFORMANCE - LABOR PRACTICES | | | |
| DMA | Employment | 88, 90, 91, 93, 99 e 104 | |
| LA1 | Total workforce by employment type, employment contract, and region, broken down by gender. | 88, 90, 91 | |
| LA2 | Total number and rate of new employee hires and employee turnover by age group, gender, and region. | 93 | |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations in significant locations. | 104 | |
| LA15 | Return to work and retention rates after parental leave, by gender. | 99 | |
| DMA | Labor relations | | |
| LA4 | Percentage of employees covered by collective bargaining agreements. | — | |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | — | Not reported. |
| DMA | Occupational health and safety | 96 a 98 | |
| LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs. | 96 | |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender. | 96 e 97 | |
| LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | 98 | |
| LA9 | Health and safety topics covered in formal agreements with trade unions. | 96 | |
| DMA | Training and education | 95 e 100 | |
| LA10 | Average hours of training per year per employee by gender and employee category. | 95 | |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | — | Not reported. |
| LA12 | Percentage of employees receiving regular performance and career development reviews, by gender. | 100 | |
| DMA | Diversity and equal opportunity | 36 a 39, 94 | |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | 36 a 39, 94 | |
| DMA | Equal remuneration for women and men | 103 e 172 | |
| LA14 | Ratio of basic salary and remuneration of women to men by employee category and by locations of significant operation. | 103 e 172 | |
| SOCIAL PERFORMANCE - HUMAN RIGHTS | | | |
| DMA | Investment and procurement practices | 134 e 135 | |
| HR1 | Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening. | 135 | |
| HR2 | Percentage of significant contractors, suppliers, and other business partners that have undergone screening on human rights and actions taken. | 135 | |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | 134 | |
| DMA | Non-discrimination | 89 | |
| HR4 | Total number of incidents of discrimination and corrective actions taken. | 89 | |

| Indicator | Description | Pages / Online PDF | Notes |
|-------------------------------------|--|--|--|
| DMA | Freedom of association and collective bargaining | 105 | |
| HR5 | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | 105 | |
| DMA | Child labor | 112 | |
| HR6 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective elimination of child labor. | 112 | |
| DMA | Forced or compulsory labor | 112 | |
| HR7 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor. | 112 | |
| DMA | Security practices | 114 e 115 | |
| HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | 114 e 115 | |
| DMA | Indigenous rights | 116 | |
| HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken | 116 | The Eletrobras companies did not register any incidents involving violation of rights of Indigenous peoples in 2013. |
| DMA | Assessment | 135 | |
| HR10 | Percentage and total number of operations that have been subject human rights reviews and/or impact assessment | — | Not reported. |
| DMA | Remediation | 135 | |
| HR11 | Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms. | 135 | |
| SOCIAL PERFORMANCE - SOCIETY | | | |
| DMA | Local communities | 85, 115, 116, 119, 120, 125-127 | |
| SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs. | 85, 115, 116, 119, 120, 125-127 | |
| SO9 | Operations with significant potential or actual negative impacts on local communities. | 115, 116 e 119 | |
| SO10 | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | 115, 116, 119 e 120 | |
| DMA | Corruption | 45 | |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | 45 | |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | — | Not Reported. |
| SO4 | Actions taken in response to incidents of corruption. | 45 | |
| DMA | Public policies | 22, 127, 171 | |
| SO5 | Public policy positions and participation in public policy development and lobbying. | 22, 127, 171 | |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | — | Pursuant to the law, the Eletrobras companies do not support or make contributions to political parties or political campaigns of candidates for elective offices. This guideline is ratified in the Code of Ethics of the Eletrobras companies. |

| Indicator | Description | Pages / Online PDF | Notes |
|--|--|-----------------------|--|
| DMA | Anti-competitive behavior | 80 | |
| SO7 | Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. | 80 | |
| DMA | Compliance | 80 | |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. | 80 | |
| SOCIAL PERFORMANCE - PRODUCT RESPONSIBILITY | | | |
| DMA | Customer health and safety | — | Not Reported. |
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | — | |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | — | |
| DMA | Product and service labeling | 106 a 108, 110 | |
| PR3 | Type of product and service information required by labeling procedures, and percentage of products and services subject to such requirements. | 106 e 107 | |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | — | Nor Reported. |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | 108 e 110 | |
| DMA | Marketing communications | 43 | |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | 43 | |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | — | No incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship were registered. |
| DMA | Customer privacy | 82 | |
| PR8 | Total number of substantiated complaints regarding breaches of privacy and losses of customer data. | — | The company did not record any complaints received or substantiated, complaints from regulatory agencies, or leakage, theft, or loss of customer data in 2013. |
| DMA | Compliance | — | |
| PR9 | Monetary value of (significant) fines for noncompliance with laws and regulations concerning the provision and use of products and services. | — | In 2013, the Eletrobras companies did not receive any significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. Eletrobras understands "significant fines" as those whose individual value is equal to or greater than 1% of the Net Operating Income (ROL). Eletrobras Amazonas Energia is not included in this indicator, since the Net Operating Income had not been disclosed before the analysis of data for this report had been completed. |

| Indicator | Description | Pages / Online PDF | Notes |
|---|---|------------------------------------|---|
| SECTOR-SPECIFIC - ELECTRIC UTILITIES | | | |
| EU1 | Installed capacity, broken down by primary energy source and by regulatory regime. | 16, 54 e 55 | |
| EU2 | Net energy output broken down by primary energy source and by regulatory regime. | 56 | |
| EU3 | Number of residential, industrial, institutional and commercial customer accounts. | 66 | There is no data available in relation to the item: "Consumer that are producers" and "Total number of accounts by connection point". |
| EU4 | Length of above and underground transmission and distribution lines by regulatory regime. | 62 e 63 | Eletrobras does not specify in its report the part of the lines that are underground and overhead, just only by category of voltage. |
| EU5 | Allocation of CO ₂ e emissions allowances or equivalent, broken down by carbon trading framework | — | The information is not available. |
| DMA | Availability and Reliability | 50, 54, 55, 62, 63, 66 a 68 | |
| EU6 | Management approach to ensure short and long-term electricity availability and reliability. | 50, 54, 55, 62, 63, 66 a 68 | |
| DMA | Demand-side management | 127, 143 e 144 | |
| EU7 | Demand-side management programs including residential, commercial, institutional and industrial programs. | 127, 143 e 144 | |
| DMA | System efficiency / Research and Development | 69 | |
| EU8 | Research and development activities and expenditures aimed at providing reliable electricity and promoting sustainable development. | 69 | |
| DMA | Plant Decommissioning | 55, 58, 62 e 67 | Not reported. |
| EU9 | Provisions for decommissioning of nuclear power sites | — | |
| EU10 | Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime. | 55 | |
| EU11 | Average generation efficiency of thermal plants by energy source and by regulatory regime. | 58 | |
| EU12 | Transmission and distribution losses as a percentage of total energy. | 62, 67 | |
| EU13 | Biodiversity of offset habitats compared to biodiversity of the affected areas | — | Not reported. |
| DMA | Employment | 92, 96, 101, 103 e 172 | |
| EU14 | Programs and processes to ensure the availability of a skilled workforce. | 101 e 103 | |
| EU15 | Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region. | 92 e 172 | |
| EU16 | Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors. | 96 | |
| EU17 | Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities | — | Not reported. |
| EU18 | Percentage of contractor and subcontractor employees that have undergone relevant health and safety training | — | Not reported. |

| Indicator | Description | Pages / Online PDF | Notes |
|------------|---|--|---------------|
| DMA | Local communities | 124 e 125 | |
| EU19 | Stakeholder participation in the decision making process related to energy planning and infrastructure development. | 124 | |
| EU20 | Approach to managing the impacts of displacement. | 125 | |
| DMA | Disaster / Emergency Planning and Response | 120 a 123, 125 | |
| EU21 | Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans. | 120 a 123 | |
| EU22 | Number of people physically or economically displaced and compensation, broken down by type of project. | 125 | |
| DMA | Access | 127 a 129 | |
| EU23 | Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services. | 127 a 129 | |
| DMA | Provision of Information | 57, 65, 68, 106, 107, 119 e 124 | |
| EU24 | Practices to address language, cultural, low literacy, and disability related barriers to accessing and safely using electricity and customer support services. | 106, 107 e 124 | |
| EU25 | Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements, and pending legal cases of diseases. | 119 | |
| EU26 | Percentage of population unserved in licensed distribution or service areas. | 68 | |
| EU27 | Number of residential disconnections for non payment, broken down by duration of disconnection and by regulatory regime | — | Not reported. |
| EU28 | Power outage frequency. | 65 | |
| EU29 | Average power outage duration. | 65 | |
| EU30 | Average plant availability factor by energy source and by regulatory regime. | 57 | |

LIMITED ASSURANCE REPORT AND STATEMENT GRI APPLICATION LEVEL CHECK (GRI 3.13)



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LIMITED ASSURANCE REPORT ISSUED BY INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Centrais Elétricas Brasileiras S.A - Eletrobras
Rio de Janeiro - RJ

Introduction

We have been engaged by Centrais Elétricas Brasileiras S.A - Eletrobras (“Eletrobras” or “Company”) to apply limited assurance procedures on the sustainability information disclosed in the Annual and Sustainability Report 2013 of Eletrobras, related to the year ended on December 31st, 2013.

Responsibilities of Eletrobras Management

The management of Eletrobras is responsible for preparing and adequately presenting the information in the 2013 Annual and Sustainability Report in accordance with the *Guidelines for Sustainability Reports of the Global Reporting Initiative - GRI (GRI-G3.1)* and the *“Electric Utilities Sector Supplement - RG Version 3.0/EUSS Final Version”*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information disclosed in the 2013 Annual and Sustainability Report based on the limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012 approved by the Federal Accounting Council and prepared in accordance with NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), issued by the Brazilian Federal Accounting Council - CFC, which is the equivalent to international standard ISAE 3000 issued by the International Federation of Accountants applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones and also that the engagement is conducted to provide limited assurance that the information in the 2013 Annual and Sustainability Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly in questions and interviews with the management of Eletrobras and other professionals of the Company involved in the preparation of the information disclosed in the 2013 Annual and Sustainability Report and applying analytical procedures to obtain evidence that allows us to make a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges of issues which lead them to believe that the information



disclosed in the Annual and Sustainability Report 2013 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the 2013 Annual and Sustainability Report, other engagement circumstances and considerations regarding areas and procedures associated with the material sustainability information disclosed and also where material misstatement could exist. The procedures consisted of:

- (a) planning: consideration of the material aspects of Eletrobras activities, relevance of the information disclosed, amount of quantitative and qualitative information and operational systems and internal controls that served as a basis for preparation of the information in the Annual and Sustainability Report 2013;
- (b) understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for information disclosure;
- (c) understanding of the reporting processes and management of material aspects and performance indicators;
- (d) application of analytical procedures on data and interviews on the qualitative information and their correlation with indicators disclosed in the 2013 Annual and Sustainability Report;
- (e) analysis of evidence supporting the quantitative and qualitative information disclosed in the 2013 Annual and Sustainability Report;
- (f) comparison of financial indicators with the financial statements and/or accounting records.
- (g) Evaluation of reasons for possible omissions of performance indicators associated with topics and aspects identified as material through the Company's materiality assessment;

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less extensive than those applied in a reasonable assurance engagement. Therefore, we cannot ensure we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual and Sustainability Report 2013.



Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate this data. Qualitative interpretations of the data's materiality and accuracy are subject to individual presumptions and judgments. Additionally, we did not examine data regarding prior periods to assess the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures carried out, described in this report, we have not identified any relevant information that leads us to believe that the information in Annual and Sustainability Report 2013 of Centrais Elétricas Brasileiras S.A - Eletrobras is not fairly stated in all material respects in accordance with the *Global Reporting Initiative Sustainability Reporting Guidelines (GRI-G3.1)*, and with the *“Electric Utilities Sector Supplement - RG Version 3.0/EUSS Final Version”*, as well as its source records and files.

São Paulo, May 9th, 2014



KPMG Risk Advisory Services Ltda.
CRC 2SP023233/O-4

Eduardo V. Cipullo
Contador CRC 1SP135597/O-6



Statement GRI Application Level Check

GRI hereby states that **Centrais Elétricas Brasileiras S.A. - Eletrobras** has presented its report “Annual and Sustainability Report 2013 of Eletrobras” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 6 June 2014

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative

The “+” has been added to this Application Level because Centrais Elétricas Brasileiras S.A. - Eletrobras has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 31 May 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



Glossary

A

ABRADEE Associação Brasileira de Distribuidores de Energia Elétrica (Brazilian Association of Electricity Distributors) – a non-profit civil entity dedicated to the development of the energy distribution industry in Brazil. The ABRADEE gathers 41 state-owned and privately owned electric utilities that operate across the country and which, together, are responsible for serving 98% of Brazilian consumers.

ANEEL Created in 1996 through Law 9,427, the *Agência Nacional de Energia Elétrica* (Brazilian Electricity Regulatory Agency) is an administratively and financially independent regulatory body that reports to the Ministry of Mines and Energy and that has the purpose of regulating and inspecting the production, transmission, and trading of electricity, pursuant to the policies and guidelines of the federal government.

ANVISA *Agência Nacional de Vigilância Sanitária* (National Health Surveillance Agency) is a regulatory body that reports to the Brazilian Ministry of Health. Legally established as an administratively and financially independent regulatory body, it inspects the health conditions of all products and services (whether national or imported) submitted to public health surveillance, such as medication, food, cosmetics, disinfectants, tobacco products, medical products, blood, blood products, and healthcare.

Assurance Action or effect of assuring, providing guarantee and security. A process that demonstrates the authenticity of data and information presented in a corporate report.

Avifauna Bird population of a given region.

B

Benthic macrofauna Aquatic species with sizes that are equal to or greater than 5 mm and may be visible to the naked eye that inhabit the sea floor and are in contact with the substrate and do not have full swimming capacity.

C

Chelonians Group represented by seawater and freshwater turtles and tortoises.

Clean Source Any energy source that does not release, throughout its production or consumption, any waste or contaminant gases that contribute to the greenhouse effect and global warming, such as solar, hydroelectric, wind, and tidal power. Energy sources that release very low volumes of these gases or waste are also considered clean energy sources.

CNEN *Comissão Nacional de Energia Nuclear* (National Nuclear Energy Commission). CNEN is a federal agency created in October 10, 1956 and under the Ministry of Science and technology. As a top planning agency, guidance, supervision and inspection, standards and regulations on radiation protection and licenses, it supervises and controls the nuclear activity in Brazil. Moreover, conducts research on the use of nuclear techniques for the benefit of society.

Commodity A word that is used to refer to goods, and sometimes services, for which there is a demand and which do not have a perceivable quality differential in the markets and among the various suppliers or brands.

CONAR *Conselho Nacional de Autorregulamentação Publicitária* (National Self-Regulatory Advertising Council) is a civil society organization and that establishes and enforces the regulations of the Brazilian Advertising Self-Regulation Code, approved in 1978 by the III Brazilian Advertising Conference.

Critical supplier (Significant)

The Eletrobras companies understand critical suppliers as those that provide inputs or services that are essential for the activities performed by the Eletrobras companies and that have a direct impact on the quality of the services, on the environment, and on the health and safety of employees and whose activities could cause significant social risks. This definition includes all suppliers that have signed labor-intensive service contracts. At Eletrobras holding, the identification of critical suppliers is associated with the product or service hired. Eletrobras understands that all suppliers involved in labor-intensive service contracts are critical in relation to sustainability factors, since they are at risk for incidents of child, forced, or forced labor and for incidents of other human rights or labor violations.

D

DEC *Duração Equivalente de Interrupção por Unidade Consumidora* (Equivalent Outage Duration per Customer Account).

Desulphurization Catalytic chemical process used to remove sulfur through the addition of hydrogen to improve by-products of petroleum and natural gas, such as gasoline, naphtha, kerosene, diesel, and fuel oils.

Discrimination The prejudicial treatment of individuals by their peers, who impose excessive tasks or deny them benefits instead of ensuring fair treatment, pursuant to their professional experience and individual merit. Discrimination also includes humiliation; embarrassment; bullying; coercion; verbal, non-verbal, or physical violence; and moral, political, religious, and sexual harassment. It is generally defined as a series of actions, comments, or undesirable actions that are known to be undesired by the person for whom they are intended. Specifically for the case of moral harassment, it implies occurrences repeated over time and that tend to isolate the subject of this harassment in the work environment.

Downstream it is a reference point on a river from an observer's point of view. It is the direction toward which the river runs. That is why we say that the mouth of a river is its furthest point downstream for a river (see Upstream).

E

EBITDA Earnings before interest, taxes, depreciation and amortization.

EIA (Environmental Impact Assessment)

A document that analyzes the environmental impact generated by the execution of any medium or large project.

F

FEC *Frequência Equivalente de Interrupção por Unidade Consumidora* (Equivalent Outage Frequency per Customer Account).

G

GHG (Greenhouse Gas) Protocol

Methodology used to conduct greenhouse gas inventories.

GRI (Global Reporting Initiative)

International non-governmental organization whose mission is the global development and dissemination of guidelines for the preparation of sustainability reports voluntarily adopted by companies across the globe.

Global Compact An initiative developed by the former secretary-general of the UN, Kofi Annan, with the purpose of mobilizing the international corporate community to adopt, in their business practices, fundamental and internationally accepted values in terms of human rights, labor relations, the environment, and anti-corruption procedures, which are expressed in 10 principles.

GRI (Global Reporting Initiative)

An international non-governmental organization whose mission is to develop and disseminate globally guidelines for the preparation of sustainability reports used voluntarily by companies worldwide.

H

Herpetofauna Reptiles and amphibians of a given region.

Holding Type of company created with the purpose of managing a group of companies (conglomerate). A holding company manages and is the majority shareholder or quota-holder of the companies in a given group. This type of company is often used by medium and large companies, and it normally either seeks to improve the capital structure or is used as part of a partnership with other companies or job markets.

I

IBAMA *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* (Brazilian Institute for the Environment and Renewable Natural Resources) - created through Law 7,735, of February 22, 1989, it is a federal administratively and financially independent regulatory body that reports to the Ministry of the Environment (MMA). It is the executive body responsible for enforcing the National Policy for the Environment (PNMA), established through Law 6,938, of August 31, 1981 that develops a number of activities for the preservation and conservation of the natural heritage, controlling and inspecting the use of natural resources (water, plants, wildlife, soil, etc). It is also responsible for granting environmental licenses to developments under its sphere of competence.

IBASE *Instituto Brasileiro de Análises Sociais e Econômicas* (Brazilian Institute of Social and Economic Analyses) - non-profit organization with no religious or political purposes created in 1981 by sociologist Herbert de Souza, (1935 – 1997) to strengthen democracy and active citizenship, according to principles of equality, freedom, citizen participation, diversity, and solidarity. The social accounting model organized by this entity was the first in Brazil and is used for the voluntary disclosure of the report.

Ichthyofauna Fish species of a given region.

IGS System System of Indicators for Corporate Sustainability Management. A proprietary system to Eletrobras's.

INEA *Instituto Nacional do Ambiente* (State Environment Institute) - it is an agency of the government of the state of Rio de Janeiro, which reports to the State Environment Department, created in 2008 with the purpose of protecting, conserving, and recovering the environment and fostering sustainable development.

L

Limnology Science that studies inland waters, regardless of their origin, verifying their dimensions and the concentration of minerals in relation to the flow of matter and energy and their biotic communities.

Luz Para Todos (National Program for Universal Access to and Use of Electricity) – Program by the Brazilian Federal Government intended to bring free electricity to rural populations, regardless of their financial resources.

M

MOC *Mão de Obra Contratada* (Contractor Workforce) This term is used by the Eletrobras companies to determine all professionals who were not hired through civil service exams.

N

Non-technical Loss Represents all other losses associated with the distribution of electricity, such as energy thefts, meter misreading, billing errors, unmetered connections, etc.

P

PCB Tradename for resulting oil derived from a mixture of petroleum hydrocarbons containing 124 Alocloro, a polychlorinated biphenyl (PCB). It is a persistent toxic substance whose use should be abolished under the Stockholm Convention, due to the damage it can cause to human life and the environment. The ascarel is used as an insulator in electrical equipment, especially transformers

Phytoplankton Set of floating microscopic aquatic organisms that realize photosynthesis and are dispersed in the water column.

Project Energia+ Created in order to improve the operational and financial performance and the corporate governance of the six distribution companies of Eletrobras (Eletrobras Amazonas Energia, , Distribuição Acre, Distribuição Alagoas Distribuição Piauí, Distribuição Rondônia, and Distribuição Roraima). The project provides for the implementation of a set of actions for the reduction of energy losses, the increase of collection rates, and the improvement of the quality of service provided to electricity consumers.

R

Retrofitting Term used, especially in engineering, to describe the process of upgrading equipment that is outdated or that does not comply with specific standards.

S

SPE (Special Purpose Entities) Corporate society whose activity is restricted and in some cases has a predetermined life span, normally used to isolate the financial risk of the activity performed. Traditionally, SPEs are used for major engineering projects, with or without the participation of the government, such as the construction of hydroelectric plants, transmission networks, or Public-private Partnership projects (PPPs), which are still new to Brazil.

Stingless bee It is beekeeping using a species of stingless bees.

T

TAC *Termo de Ajuste de Conduta* (Conduct Adjustment Agreement) – Document used by public authorities, especially by Public Prosecutor's Offices, to adjust conduct that is contrary to the law.

Technical loss Percentage of loss in distribution, inherent to transportation, the transformation of voltage, and the metering of energy at the grid of the electric utility company.

U

Upstream It is a reference point on a river from an observer's point of view. It is the side on which the river spring is located. That is why we say that the spring is the furthest upstream point of a given river. This reference point could be a city located on the bank of a river, a dam, a waterfall, a tributary, a bridge, etc. (see **Downstream**).

V

Varistors Resistors used in high, medium, and low voltages. Varistor ceramics are used in the components of surge protection devices, both in residential and industrial electronics, such as energy distribution and transmission lines.

W

Wastewater Liquid or gas streams of products of industries or urban domestic sewage that are released into the environment. It may be treated or untreated.

Z

Zooplankton The aquatic non-photosynthetic organisms (heterotrophs) that inhabit the water column with little mobility (generally, they are dragged by sea or river currents).

FALE CONOSCO (TALK TO US)

Eletrobras – Centrais Elétricas Brasileiras S.A. – offers various communication channels to its audiences.

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- **Facebook**
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- **YouTube**
www.youtube.com/user/SistemaEletrabras
- **Twitter** – @Eletrabras

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The survey about this report is available at the Eletrobras website.

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Andina (Lima – Peru)

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Custodian and Administrator of Eletrobras's Portfolio

Banco Bradesco S.A.⁵³

Share and Custody Department

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COMMENTS, SUGGESTIONS, AND INFORMATION ABOUT THIS REPORT

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(GRI 3.4)

^{50.} Contact by letter, phone, fax, e-mail, or in person

^{51.} Channel to receive reports and information about possible irregularities or inappropriateness in accounting records. Any person who identifies or suspects any irregularity in Eletrobras or in the Eletrobras companies should report the incident directly to the company's Ombudsman's Office.

^{52.} Customer service in all branches of the bank



CORPORATE INFORMATION

COMPOSITION OF THE BOARD OF DIRECTORS

Márcio Pereira Zimmermann
Beto Ferreira Martins Vasconcelos (until April)
João Antônio Lian
José Antonio Corrêa Coimbra
José da Costa Carvalho Neto
Lindemberg de Lima Bezerra
Marcelo Gasparino da Silva
Maurício Muniz Barretto de Carvalho
Thadeu Figueiredo Rocha
Wagner Bittencourt de Oliveira

COMPOSITION OF THE FISCAL COUNCIL

Danilo de Jesus Vieira Furtado
Charles Carvalho Guedes
Jarbas Raimundo de Aldano Matos
Manuel Jeremias Leite Caldas
Robert Juenemann

COMPOSITION OF THE BOARD OF EXECUTIVE OFFICERS

Chief Executive Officer (CEO)

José da Costa Carvalho Neto

Chief Generation Officer

Valter Luiz Cardeal de Souza

Chief Transmission Officer

José Antonio Muniz Lopes

Chief Distribution Officer

Marcos Aurélio Madureira da Silva
(until October)

Luís Hiroshi Sakamoto (Interim)

Chief Administration Officer

Miguel Colasuonno (until September)
Manoel Aguinaldo Guimarães (Interim)

Chief Financial and Investor Relations Officer

Armando Casado de Araujo



Ponte Estaiada Mestre João Isidoro França, Rio Poty, Teresina, Piauí.

CREDITS

This Annual and Sustainability Report is a result of the efforts of the Eletrobras team. We thank you all for your participation and commitment.

Editing and general coordination

Executive Sustainability Committee of the Eletrobras Companies

Executive coordination

Planning, Strategic Management, and Sustainability Superintendence
Press Office and Press Relations

Coordination and collection of GRI indicators and texts

Keyassociados

Graphic project, layout, and infographics

Tabaruba

Translation

Gotcha Idiomas!

Illustrations

Renato Luiz Campos Aroeira

Photo credit

Eletrobras's archive

Print run

150 in Portuguese

25 in English

25 in Spanish

Platforms

This report can be downloaded at www.eletrobras.com

ILLUSTRATIONS

Sun, n. We spin around it every day, hitching a ride on planet Earth. An object of veneration, it originated, in some languages, from the word “Sunday” – and what other weekday could it be?!

A sunny day has the look and feel of Brazil. It is present in our national anthem, with its “brilliant beams,” which are translated into freedom. It is also present in our postcards. The warm nature of Brazilians could very well have been inspired by the sun.

It is not only its color, energy, or light. Sunrise moves us in some way. It makes us think about the future. It reminds us that it is always time to renew ourselves, that every new dawn brings a new opportunity – to do things differently, to be better. When we watch the sun rise, we feel an uncontrollable will to be happy! More than that: we believe anything is possible.

It is because of how it makes people feel that it is represented here, in some of its endless and beautiful versions, according to Aroeira’s* interpretation. After all, everything we do is inspired by and dedicated to people. Every sunrise inspires us to do our job: to generate more light and energy, to make more and more people happy.

** Renato Luiz Campos Aroeira is a cartoonist, artist, illustrator, and musician. He started showing his drawings to the world at the age of 12, producing illustrations for textbooks. He has worked at the main news organizations in the country (Jornal de Minas, Diário da Tarde, Estado de Minas, Jornal o Sul, O Globo, Jornal do Brasil, Estado de São Paulo, Isto É, Veja, Carta Capital, Caros Amigos, Pasquim, Pasquim XXI); currently, he works as a cartoonist for Jornal O Dia, Jornal O Sul, and Brasil Econômico. He has designed covers and artwork for the main publishing houses in Brazil.*



Ponte Hercílio Luz, Florianópolis, Santa Catarina.

