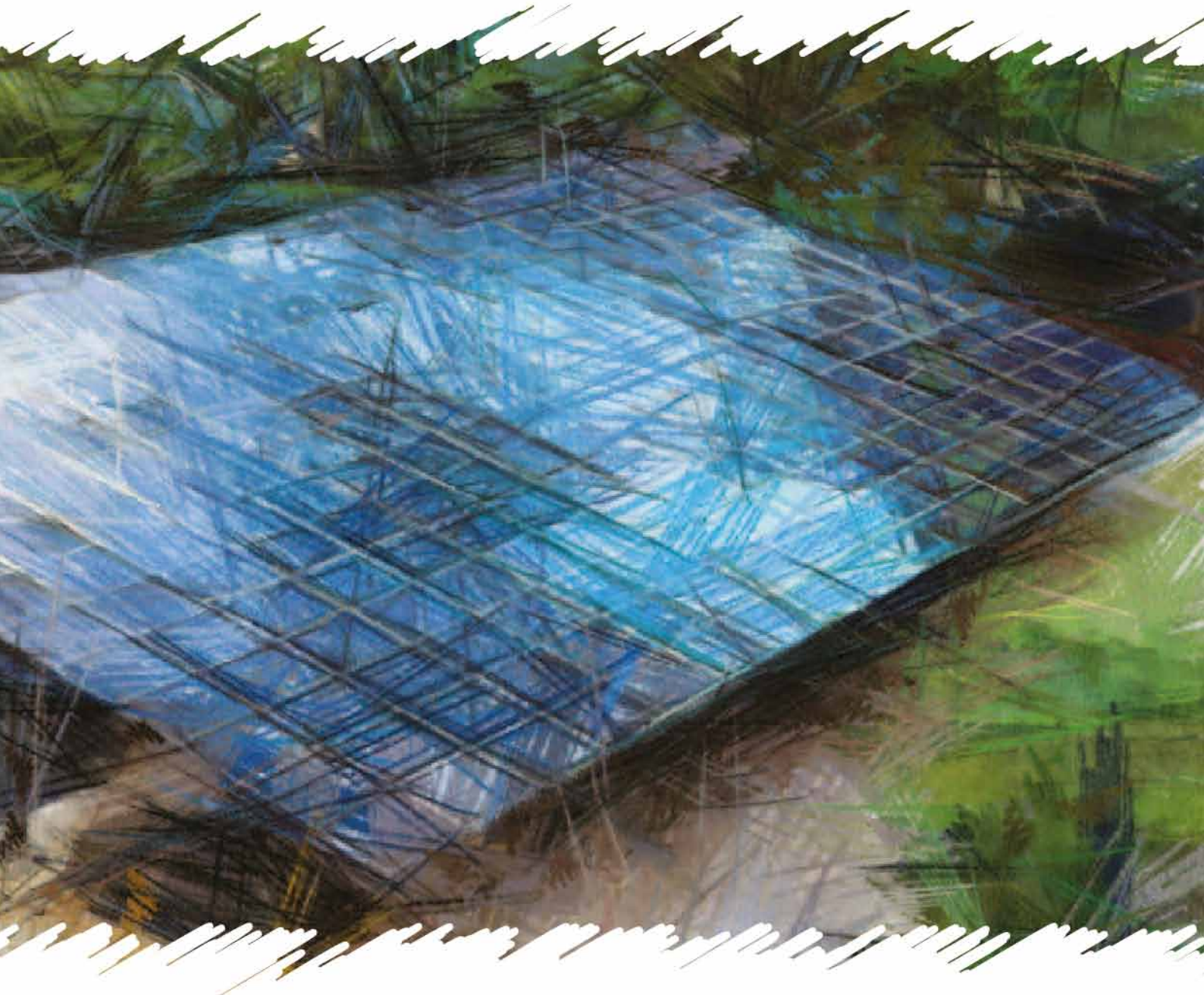
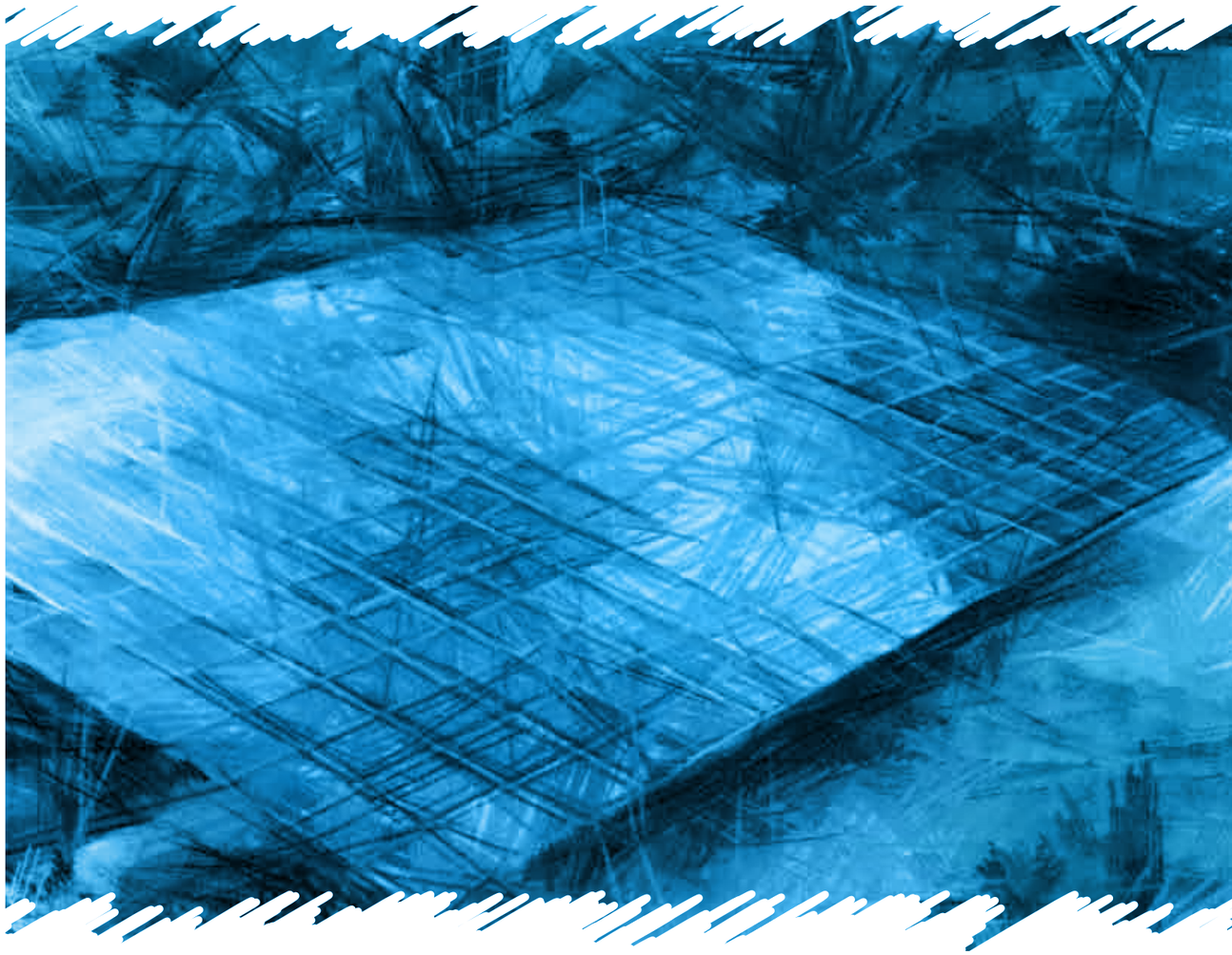
Eletrobras

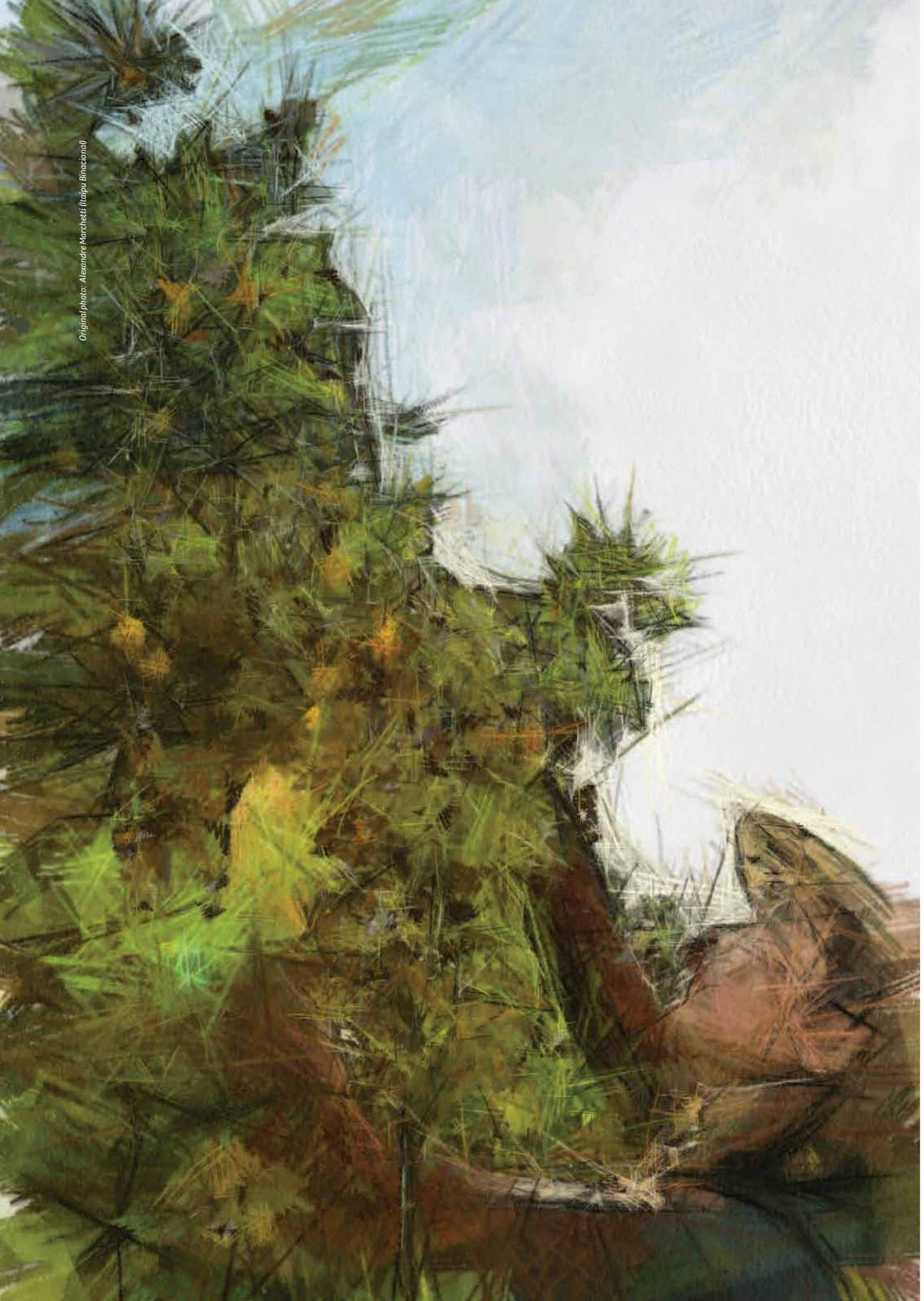


Annual and Sustainability Report 2014

Eletrobras



2014
Annual and Sustainability Report



Original photo: Alexandre Marchetti (Itaipu Binacional)

Foreword

Energy for innovation and efficiency

Do more with less. Create competitiveness in processes and leverage growth with efficiency and innovation. As the largest company in the Latin American electric utilities sector, we believe that sustainability actions - not only in matters pertaining to the environment, but also in terms of generating value for all our stakeholders - leverage our businesses.

This is how the company has been operating throughout its history and, especially in 2014, year in which it enhanced its corporate practices, guided by ethics, transparency, and social and environmental responsibility.

Thus, more than simply presenting the results of the work developed by our companies over the year, this report aims to assist in establishing an action plan for future projects and actions that involve sustainability governance, assessing material aspects for the perpetuity of the business from the standpoint of both company and society.

Enjoy your reading!

Eletrobras

Global scenario and Eletrobras's innovative model

The energy market headed toward a transformation caused by the pursuit of cleaner alternatives and by the diversification in generation methods. According to a study conducted by **RobecoSAM**, a Swiss consulting company, for its sustainability yearbook 2015, companies in this industry should integrate the use of renewable energies into their supply matrix and expand their business vision for energy management. Currently, the need is centered around the development of innovative business models that can generate new sources of growth, suited to the new political and economic environment.

The pursuit of new sustainable solutions based on technological advances has been transforming the electric utilities sector. The energy generation matrix should become increasingly diversified and the generation distributed should be expanded and strengthened. To this end, Eletrobras takes pride in its advantage of being a company that focuses on clean generation and in being in line with the Ten-Year Energy Expansion Plan (**PDE**), of the Ministry of Mines and Energy (MME), which presents key guidelines for the actions and decisions required for the expansion of power supply.

According to the 2023 **PDE**, solar power should have an installed capacity of 3,500 MW in Brazil by 2023. The first auction for solar power generation took place in October 2014, when 31 projects were sold, totaling 889.66 MW, representing 202.3 MW of guaranteed power output. Therefore, it is only natural that, when we analyze 2030 through the lenses of our Strategic Plan, solar power will have become a vital part of the portfolio of the Eletrobras companies. *(GRI 1.2)*

2014 Highlights

Belo Monte Transmission Line
Eletrobras Furnas and Eletrobras Eletronorte win the auction for the transmission line of the Belo Monte plant.

Renewal of Concessions
The Eletrobras companies seek additional compensation from ANEEL for generation and transmission assets whose concessions were renewed - R$ 9,410 million in 2014, with R$ 995 million already recognized by the regulatory agency.

Regulatory Department
In line with the company's strategic guidelines, the new department was created to provide general and unified guidance to the Eletrobras companies on regulatory matters.

Increase in generation, transmission and distribution
Eletrobras contributes, directly or indirectly, to the addition of 2884 MW to the installed capacity of the Brazilian electric matrix, 4903.5 km of line to the transmission systems and records an increase of 138,000 customers in its distribution operations.

Megawatt Solar
At Eletrobras Eletrosul, the Megawatt Solar power plant started operating, with installed capacity of 1.0 MW.

International Expansion
The first wind turbines of the Artilleros Wind Farm, in Uruguay, start operating, with installed capacity of 65 MW.

Compliance Program
Implementation of the Compliance Program in the Eletrobras companies, pursuant to the Brazilian and North American anti-corruption laws.

Acquisition of Celg-D
Eletrobras acquires 50.93% of the common shares of Celg Distribuição S.A. (Celg-D).

Generation Auction
Eletrobras Furnas expands its generation capacity by acquiring the concession for the Três Irmãos hydropower plant, with installed capacity of 808 MW.

Original photo: Jorge Coelho (Eletrobras)

Castor seeds

Summary

Hydroelectric power plant under construction.
Original photo: José Dias (Eletrobras Furnas)

Message from the President

A new way to advance

Innovating, contrary to what it may sound like, does not always involve reinventing the wheel or blazing new trails. It requires, primarily, a change to the way we advance. It is seeing for the first time things we come across every day, but without noticing them. Although it seems simple, in truth, it is not, since we trivialize observation, as once wrote Otto Lara Resende, a writer from Minas Gerais.

Nothing is more detrimental to the innovative spirit than conforming to the norm. One should exercise their capacity to detach themselves to see how a given process that has been conducted on a daily basis for years can be different, more dynamic, modern, and cost-effective. It is looking at all instances of life and realizing that the world changes and that we change with it. Changes can be hard, when we do not follow the pace, or absolutely productive if we are in sync.

Despite not having been able to fully revert the negative financial results posted in the previous periods, Eletrobras has been adapting to these new times, reducing costs, investing in improvements, and facing challenges with focus and determination. The year 2014 also posed a new challenge: an unprecedented water crisis which, in addition to affecting water supply to millions of Brazilians, adversely

impacted generation of power by our hydroelectric power plants.

Over the past year, R$11.4 billion was invested, shared between generation (R$ 6.3 billion), transmission (R$ 4.0 billion), distribution (R$ 728 million), and other areas (R$ 370 million), representing approximately 78% of the total budget of R$ 14.7 billion. Of the investments made up to December, R$ 6.3 billion was invested in corporate projects, for which Eletrobras is fully responsible, and R$ 5.1 billion referred to the proportionate ownership interest in Special Purpose Entities (**SPE**). Together with its partners, 2,884 MW in generation and 4,904 km of transmission lines were added to the interconnected system.

The Eletrobras distribution companies obtained approximately 138,000 new customers. Furthermore, over the year, the process of acquiring a controlling interest in Celg-D, a distribution company located in the state of Goiás, was conducted and its last step was completed in early 2015. The utility company is responsible for serving 237 municipalities – over 98.7% of the territory of the state of Goiás – that serves 2.61 million consumer units and covers a concession area of 336,871 km².

At the end of 2014, Eletrobras was developing approximately 21,611 MW of installed capacity in generation and 10,907 km of transmission lines, including the participation of its partners. Among the generation projects under construction, this year, the new generating units of the Santo Antônio and Jirau hydroelectric power plants, the Batalha hydroelectric power plant, and the Rei dos Ventos 1, Rei dos Ventos 3, and Miassaba 3 wind farms entered into operation. In the transmission segment, we highlight the completion of the work developed in the transmission system of the hydroelectric power plants located on the Madeira River.

Another achievement was the launch of the Compliance Program of the Eletrobras companies, pursuant to the Brazilian anti-corruption law (Law 12,846/2013) and to supplement the amendments to the U.S. Foreign Corrupt Practices Act (FCPA), reinforcing the internal and external controls of the company. In this sense, our **stakeholders** can rest assured about the transparency of Eletrobras's processes. Everybody wins.

The year 2014 was very fruitful for Eletrobras in terms of recognition. For the third consecutive time, the company has featured in the Dow Jones Sustainability Emerging Markets Index, an index composed of 86 companies, of which only 17 are Brazilian and three operate in the electric utilities sector, selected among those adopting best practices in sustainable development. Moreover, for the eighth consecutive year, Eletrobras has featured in the São Paulo Stock Exchange's (BM&F BOVESPA) Corporate Sustainability Index (ISE).

We believe that sustainable development is one of the key elements for the perpetuity of our business and that is why, in 2014, we completed the 2015-2030 Strategic Plan of the Eletrobras companies and sustainability was included as one of our values. The sustainable operation of the Eletrobras companies, which is inextricably linked to our strategy, reinforces our commitment to the **Global Compact**, to which we have been signatories since 2006.

One of the dimensions of our businesses in which innovation, or the "new way to advance," can be best perceived is energy efficiency. Innovation, in summary, is a new way to execute ordinary processes in a more economical and efficient manner. It is in Eletrobras's DNA. After all, we are so committed to generating, transmitting, and distributing power that we know how much human and financial effort is required so that each and every one of us can enjoy this important and scarce asset.

The recognition gained, the obstacles faced, and the management tools we have been implementing lead us to believe that this new way of advancing we propose is the only course we can take to prepare Eletrobras for the challenge of becoming, by 2030, one of the largest clean energy companies in the world. A trail we will blaze with hard work and transparency, hand in hand with our employees, suppliers, clients, shareholders, and communities affected by our businesses.

JOSÉ DA COSTA CARVALHO NETO
CEO of Eletrobras

(GRI 1.1, GRI 1.2, GRI 2.9, GRI 3.10)

Environmental monitoring
Original photo: Eletrobras Eletronuclear

Message from the Chairman of the Board of Directors

The year of 2014 was characterized by challenges that have been overcome, once again, due to the vision of future that has always been part of our history. Therefore, Eletrobras has transformed challenges into new business opportunities, maximizing the return for both the company and for its shareholders.

According to the sustainable ideals, Eletrobras continues to invest heavily in new business generation projects, transmission and distribution of clean and renewable energy, guided by principles such as reliability, safety and quality, providing significant gains to Brazil.

One example is the expansion of the Company's operating range, now participating in international operations and contributing to the electro-energy integration in Latin America. In the same direction is expected for next year the conclusion of its first international projects both in Uruguay: the Artilleros wind farm (65 MW) and the transmission line that will interconnect the Brazilian and Uruguayan electrical systems.

In addition, Eletrobras is responsible for most of the generation and transmission of electricity in the country, whether with projects in operation or under construction, contributing to supply the entire Brazilian population.

The achievements prove the seriousness of the development of strategies established for all the Company's segments, enabling to perform new investments. That these achievements were based on the continuous pursuit of excellence, always fulfilling the role of providing the best for society.

Finally, I highlight that the 53-year history of Eletrobras are the conviction that the Company will be strengthened, increasingly, enhancing its management capacity and leadership in the electricity market, and always seeking to be reference in its sector.

MÁRCIO PEREIRA ZIMMERMANN
Chairman of the Board of Directors of Eletrobras

(GRI 1.1, GRI 1.2, GRI 2.9)

Wind farm.
Original photo: Jorge Coelho (Eletrobras)

About the Report

Pursuant to its commitment to transparency, once again Eletrobras publishes its new Annual and Sustainability Report, in accordance with the **Global Reporting Initiative (GRI)** guidelines, version 3.1. Here you can find all highlights of 2014, the company's economic, social, and environmental data, covering the principles of the **Global Compact** and the social accounting model of the **Brazilian Institute of Social and Economic Analyses (Ibase)**. *(GRI 3.2, GRI 3.6, GRI 4.12)*

The information contained in this report, which is published annually, covers all 16 Eletrobras companies, except for Celg Distribuição (Celg-D), whose acquisition process was completed in January 2015. However, it is worth mentioning that Celg-D's financial data pertaining to the last quarter of 2014 was consolidated in Eletrobras's Financial Statements. For the data in this report to be comparable and compatible with the Financial Statements and with the Administration Report, these numbers were maintained. For all other indicators, Eletrobras chose not to include in this report the figures concerning Celg-D and has been working to consolidate them into the existing base in the coming cycle. *(GRI 2.9, GRI 3.3, GRI 3.6, GRI 3.7, GRI 3.8, GRI 3.10, GRI 3.11)*

With application level B+[1] , all data and information in this report was **assured** by KPMG Brasil and relate to the operations of the Eletrobras companies in Brazil, from January 1st to December 31st, 2014. *(GRI 2.5, GRI 3.1, GRI 3.5, GRI 3.6, GRI 3.13)*

In order to develop a report with information that is consistent and in line with the expectations of **stakeholders**, Eletrobras took into account the analysis of materials, consultations, and interviews with the company's primary **stakeholders**. Eletrobras expects all its **stakeholders** (listed below) to use the Annual and Sustainability Report as a source of information about the companies. *(GRI 3.5, GRI 4.15)*

Communication with these audiences is critical for the preparation of the report and contributes to creating touch points, stimulating the exchange of experiences, providing business information, and disseminating the company's values, conducts, and procedures regarding the various **stakeholders** involved and their expectations.

1 **GRI's** application level B requires the reporting of all corporate profile indicators, of at least 20 performance indicators - including at least one from each category (environmental, human rights, society, product responsibility, labor practices, and economic indicators), and of the management approach of each of these categories. *(GRI 3.5)*

Eletrobras's Stakeholders

- Employees/ Family members
- Investors/ Shareholders/ Market analysts
- Communities
- Society
- Press/ Opinion leaders
- Partners/ Sponsored Parties/ Suppliers
- Government/ Legislators/ Regulatory Agencies
- Clients/ Consumers of Distribution Companies

(GRI 3.5, GRI 4.14)

The stakeholder engagement process is in line with the business strategy of the company, which values and seeks to enhance practices to maintain a good relationship with internal and external audiences, duly governed by documents such as the Code of Ethics, the Compliance Handbook, and the policies of the Eletrobras companies. In order to identify the perception of **stakeholder** groups that are relevant for its operations, the company uses tools such as the data collected through its Climate Survey, Ombudsman channels, the Eletrobras Portal, and interactive channels, such as Twitter and Facebook. *(GRI 4.14, GRI 4.15)*

To learn more about Eletrobras's policies, visit www.eletrobras.com > Sustainability > Corporate Governance > Management Tools and Policies

Integration and alignment

In 2014, the Integrated Communication Policy of the Eletrobras Companies was reviewed to become the Policy on Communication and Engagement with **Stakeholders** of the Eletrobras Companies. Representatives from the communications departments of all companies gathered in workshops to update the policy and add engagement guidelines in line with the best practices in the market. *(GRI 4.15, GRI 4.16)*

Itaipu Binacional.
Original photo: Caio Coronel (Itaipu Binacional)

Materiality Process

The determination of the material aspects represents a continuous evolution for the reporting process of the company. It contributes to identify the demands of **stakeholders** in a transparent and more efficient manner. Furthermore, this prioritization process helps determine the relevance of various topics that will influence the strategic decisions and initiatives of the organization.

For the 2014 reporting cycle, the study involved the analysis of various sources, such as the Ombudsman's Office, the Investor Communications Channels, the Suppliers Meeting, the Climate Survey, the demands of the press, the meetings with APIMEC (Association of Capital Market Analysts and Investment Professionals), the **RepRisk** tool (used for the identification of social and environmental risks), and the assessment of the best practices in the market.

One of the key points in this process was the workshop held with sustainability experts from all companies. This meeting aimed to analyze the content established and resulted in the prioritization of the most relevant topics for the Eletrobras companies in this reporting cycle.*(GRI 3.5, GRI 4.16)*

Based on the analyses described, 17 topics were selected, seven of which were considered material and ten, potentially material. All topics were reviewed and approved by the Sustainability Committee and are listed in order of importance:

Material Aspects

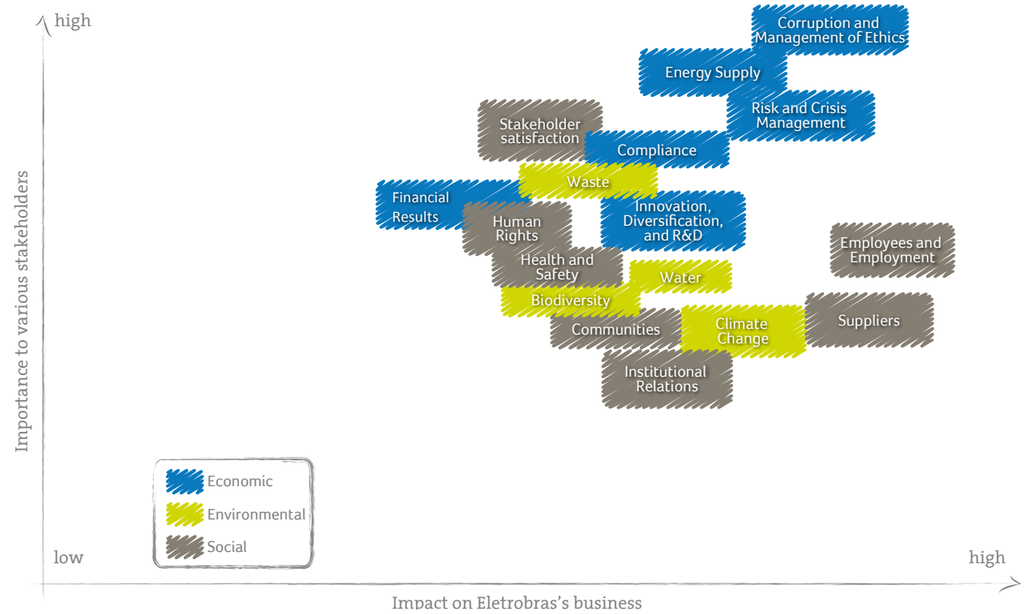
- Corruption and Ethics Management
- Energy Supply
- Employees and Employment
- Risk and Crisis Management
- Compliance
- R&D+I (Research, Development, and Innovation) and Diversification
- Water

Potentially Material Aspects

- Stakeholder satisfaction
- Climate Change
- Health and Safety
- Biodiversity
- Communities
- Waste
- Human Rights
- Institutional Relations
- Financial Results
- Suppliers

[GRI 3.5, GRI 4.16, GRI 4.17]

Eletrobras Materiality Matrix

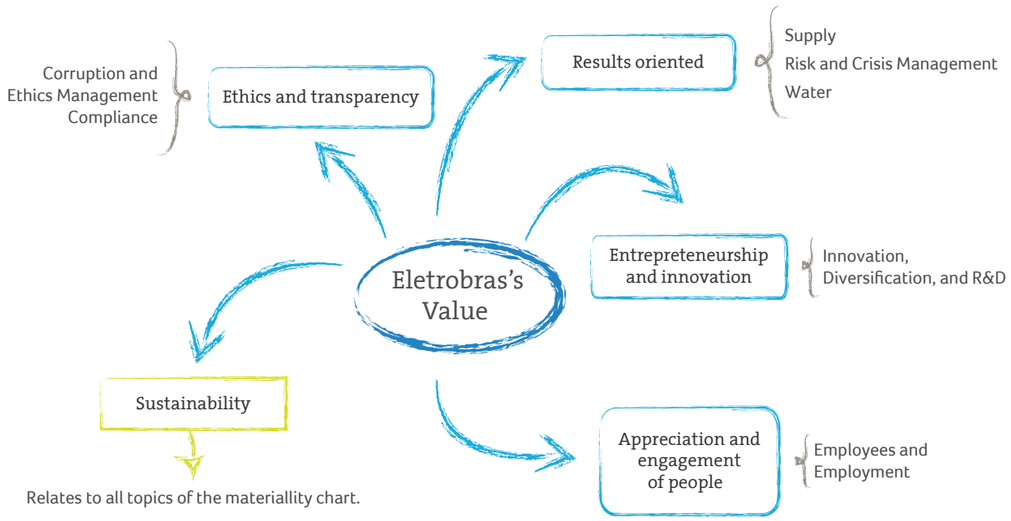


(GRI 3.5)

Prioritization this year shifted the focus to topics pertaining to economic and social aspects. Based on this materiality study, Eletrobras identified the main aspects of 2014, which will be addressed in greater detail throughout this report.

Material Aspects and Eletrobras's Values

The material aspects identified in the materiality study relate to Eletrobras's Values (learn more in Profile). The Integrated Strategic Plan of the Eletrobras companies establishes the Vision, Mission, Values, and strategic positioning of the company. The topics prioritized in 2014 relate to the values of the company and to the current political and economic scenario in the country. *(GRI 3.5, GRI 4.16, GRI 4.17)*



(GRI 4.8, GRI 4.16)

Results oriented

Aiming to expand and improve the GTD&C[2] businesses in a competitive and profitable manner, this value permeates the culture and practices of the organization, demanding a heightened capacity to develop, implement, and monitor indicators and effectiveness goals. In this sense, the topics pertaining to supply, water, and risk and crisis management relate to 'Results Oriented' because of their relevance for the perpetuity of the business. Moreover, these three topics gain prominence because of the current scenario in Brazil, in which energy and water are critical matters that are extensively debated in the political, social, and environmental spheres.

[2] Generation, Transmission, Distribution, and Trading

Entrepreneurship and innovation

Anticipate and seize opportunities, take risks, and implement transformations. The approach centered around change and continuous improvement provides Eletrobras with increased availability to generate new ideas and knowledge. Through research and development, the company can gain prominence, adding value and perpetuity to the business.

Ethics and transparency

Integrity and respect are values that permeate the businesses of the Eletrobras companies. Ethics and anti-corruption practices are increasingly more prominent in companies as large as Eletrobras, especially quasi-public corporations and publicly traded companies. Management of risk and compliance with legal requirements have always been a part of Eletrobras's business strategy, and **stakeholders** indicated this topic as one of the key items for the report.

Appreciation and engagement of people

Commitment and appreciation are essential to create an environment that is conducive to personal and professional growth. These principles steer Eletrobras's management with respect to people management practices and should be constantly monitored by the company.

Sustainability

This concept is directly associated with the company's initiatives in the economic, social, and environmental dimensions and influences the profitability and maintenance of the business. By integrating this value into its strategy, Eletrobras demonstrates that it is ready to reaffirm its commitment to all **stakeholders** and to the various practices associated with sustainable development, such as energy efficiency.

Original photo: Alexandre Marchetti (Itaipu Binacional)

Commitments and Goals

Commitments and Goals

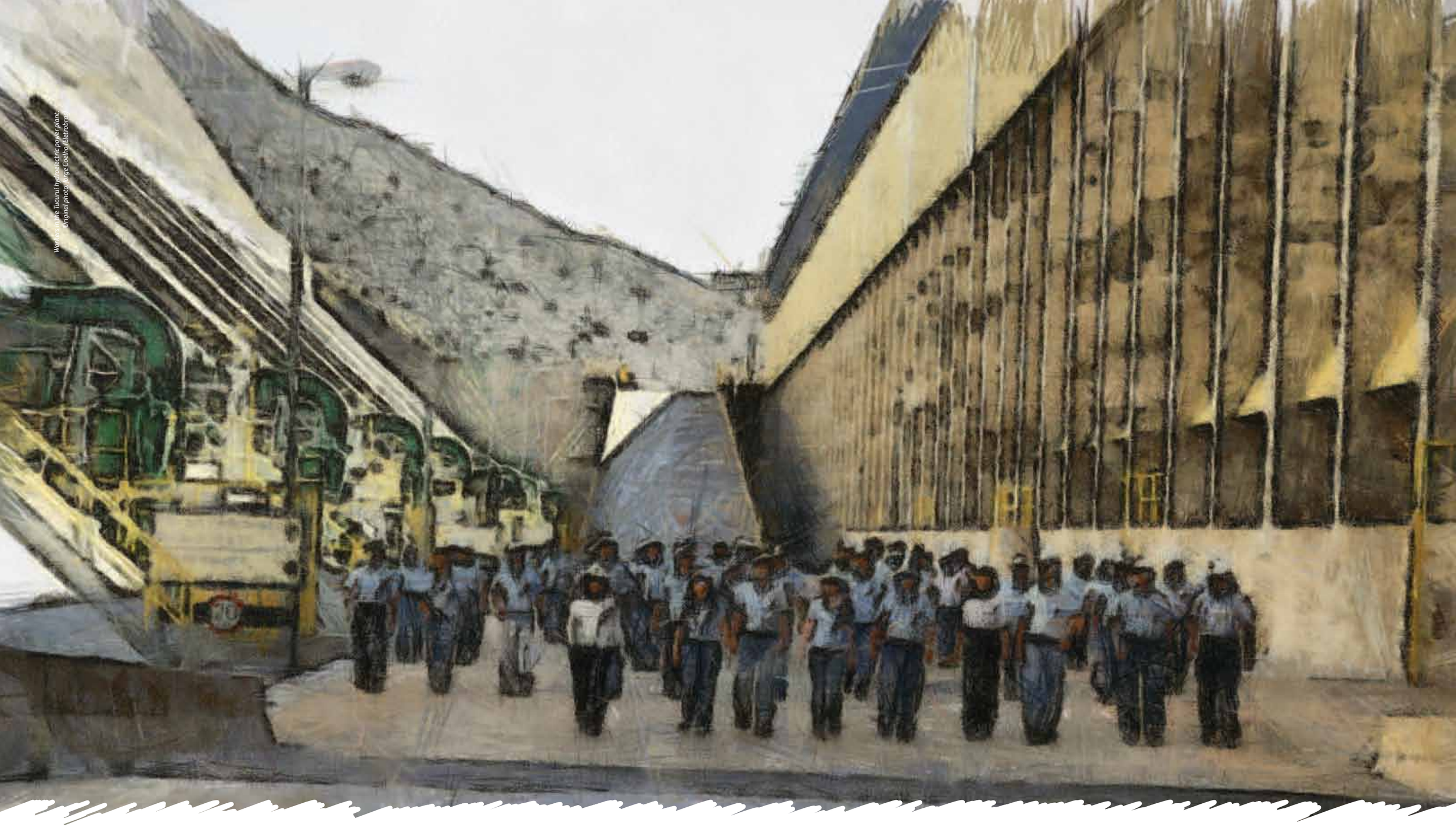
(GRI 1.1, GRI 1.2)

GOAL / COMMITMENT	PERFORMANCE	JUSTIFICATION
BUSINESS		
For 2013, expenditures planned for investment and expansion programs were approximately R$13.7 billion. In 2014, this goal was partially attained, since Eletrobras did not change its investment plan, achieving 83.5% of the investments planned in the budget.	Partially attained	In 2014, R$ 11.4 billion was invested, shared between generation (R$ 6.3 billion), transmission (R$ 4.0 billion), distribution (R$ 728 million), and the other areas (R$ 370 million), representing approximately 78% of the total budget of R$ 14.7 billion.
Beginning of the commercial operation of the transmission line to interconnect Brazil and Uruguay (390 km) and of the associated substation.	Partially attained	The work continued in 2014 and the transmission line entered into operation in April 2015.
Implementation of the Artilleros Wind Farm (65 MW), in the state of Colonia, Uruguay.	Attained	The wind farm is under construction and the first eight wind turbines entered into operation in December 2014, with installed capacity of 16.8 MW.
Completion and presentation, to the Board of Directors, of the study that analyzed the business model for distribution and the proposed alternatives for the current scenario	Attained	The study conducted by the bank responsible was completed and submitted to the Board of Directors.
Reduction of losses, through energy gains from the completion of the projects initiated in the second half of 2013, and the implementation of a set of actions to reduce energy losses, through the development of the Projeto Energia + (Energy + Project)	Attained	In 2014, Eletrobras's distribution companies reduced their global losses, with a consolidated reduction of 0.87%, when compared with December 2013, from 30.68% to 29.81%.
GOVERNANCE		
Structure the governance and management practices of the Eletrobras companies over its **SPE**, consolidated in the **SPE** Handbook.	Attained	The **SPE**´s Handbook was prepared in 2014.
SOCIAL		
Continuity of the Voluntary Separation Incentive Plan (PID) scheduled for 2014 in the Eletrobras companies and implementation of this process in Eletrobras Eletronuclear, which should be completed in 2015.	Attained	PID continued in 2014 and another 557 employees were dismissed. The total number of employees dismissed in the Eletrobras companies since the implementation of the Plan has reached 4,778 volunteers. In 2015, PID will continue in Eletrobras Eletronuclear.
Preparation of the 2nd Corporate Action Plan, to improve the Organizational Climate, based on the results of the 3rd Unified Organizational Climate Survey, conducted in 2013.	Attained	The Corporate Action Plan was prepared to improve the Organizational Climate, with the participation of the employees of Eletrobras **holding**.
Employee reviews, to assess competencies and team goals, and the preparation of the Individual Development Plan, as part of the 2nd Unified Cycle of the Performance Management System (SGD).	Partially Attained	Eletrobras Cepel, Eletrobras **holding**, CGTEE, Eletronorte, and Eletrosul completed the employee reviews, which is ongoing in the other companies.
Use of part of the resources invested in scholarships for Programa Ciência Sem Fronteira (Science Without Borders Program) for the Eletrobras System.	Attained	Part of the resources was used in the Eletrobras System.

Future Goals and Commitments

(GRI 1.1, GRI 1.2)

COMMITMENT/GOAL	DEADLINE
BUSINESS	
Implementation of 3,180 km of Transmission Lines and an addition of 9,140 MVA in power to the National Interconnected System. Of this total, 15% of the Lines and 54% of the power will be operated by the Eletrobras companies, and the rest, through partnerships in **SPE**.	By the end of 2015.
Develop a portfolio of projects related to sale of energy efficiency services.	By 2016
Implement a portfolio of contracted Generation projects, equivalent to 22.6 GW.	By 2019
Implement a portfolio of contracted Transmission projects, equivalent to 12,667 km of transmission lines.	By 2019
Prospect business opportunities concerning Generation – New Businesses: Gas, Biomass, Solar.	By 2019
ECONOMIC	
Invest R$ 26 billion in renewable energy generation projects.	By 2019
Obtain the remaining amount for compensation in GT assets arising from renewal of concessions, pursuant to Law 12,783/13.	By 2019
SOCIAL	
Implement the inter- and intra-Eletrobras mobility plan.	December 2016
Implement the unified pay-for-performance model (Profit Sharing) of the Eletrobras companies.	By 2016
ENVIRONMENTAL	
Develop study to assess the impact of climate change on the businesses of the Eletrobras companies.	By 2016
Progressively reduce the use of fossil fuels in on-road mobile sources.	By 2019
Reduce mobile sources by 6.6% (Scope 1) and power consumption by 3.6% (Scope 2).	By 2015



Work on the Tucuruí hydroelectric power plant.
Original photo: Jorge Coelho/Eletrobras

Corporate Profile

About us

Centrais Elétricas Brasileiras S.A. (Eletrobras) is a mixed capital traded corporation, established in 1962; currently, it is the largest publicly traded company in the Latin American electric utilities sector. Eletrobras operates in the generation, transmission, distribution, and trading segments, through 16 companies: Eletrobras **holding**, CGTEE, Chesf, Eletronorte, Eletronuclear, Eletrosul, Furnas, Amazonas Energia, Distribuição Acre, Distribuição Alagoas, Distribuição Piauí, Distribuição Rondônia, Distribuição Roraima, and half the capital of Itaipu Binacional. In addition, the **holding** controls the Electric Energy Research Center (Eletrobras Cepel) and Eletrobras Participações S.A. (Eletrobras Eletropar). In January 2015, the process for the acquisition of controlling interest in Celg-D was completed. *(GRI 2.1, GRI 2.2, GRI 2.3, GRI 2.6, GRI 2.7, GRI 2.8, GRI 2.9)*

Parent company of generation, transmission, and distribution companies and with one of the cleanest energy generation matrices in the world, Eletrobras is headquartered in Brasília and its main office is located in Rio de Janeiro. Its majority shareholder is the Federal Government (54.46% of common shares) and its shares are traded in the stock markets of São Paulo (BM&FBOVESPA), Madrid, and New York. *(GRI 2.2, GRI 2.3, GRI 2.4, GRI 2.5, GRI 2.6, GRI 2.7)*

With a total installed capacity for generation of 44,156 MW, Eletrobras is the largest power generation company in Brazil and has a share of 33% of the total installed capacity in the country. Approximately 91% of this installed capacity comes from sources with low GHG emissions, which makes Eletrobras one of the largest clean and renewable energy generation companies in the world and largely responsible for the Brazilian energy matrix being considered the second cleanest and most renewable in the world. *(GRI 2.2, GRI 2.5, GRI 2.7, GRI EU1)*

Eletrobras has a nationwide network of transmission lines that is approximately 60,502 km in length and equivalent to 48% of the total national basic network[3] , in high and extra-high voltage. *(GRI 2.2, GRI 2.7, GRI EU4)*

In the distribution segment, considering the assets of Celg-D, Eletrobras covers an area that corresponds to 31% of the Brazilian territory, distributing power to over 6.6 million consumers, through a distribution network that extends to over 464,000 km.

Eletrobras constantly strives to find alternative energy sources and create new business models, such as its engagement in Special Purpose Entities (**SPE**) and in international operations (Law 11,651/2008)[4]. *(GRI 2.2, GRI 2.3, GRI 2.6, GRI 2.7, GRI 2.8, GRI EU4)*

International strengthening

The year 2014 marked the strengthening of Eletrobras's international operations. One of the highlights is the advance of its partnership with Uruguayan state-owned company Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE), through Rouar S.A., an **SPE**. In January 2014, construction work began at the Artilleros (65.1 MW) wind farm, in Tarariras, state of Colonia, approximately 170 km from Montevidéu. In December 2014, a total of 16.8 MW, of the 65 MW planned for the Artilleros Wind Farm, entered into operation. By the first half of 2015, work should be completed and its 31 wind turbines should be fully operational. *(GRI 1.2, GRI 2.7, GRI 2.5)*

Additionally, the Board of Directors approved, at the end of 2014, the allocation of US$ 100 million, for two years, to begin construction of the Tumarín hydroelectric power plant (HPP), in Nicaragua. This project has an installed capacity of 253 MW and will generate an average of 1,184 GWh/year, which should account for 21% of the power demand in Nicaragua in 2019, when the work is expected to be completed. It will also replace part of the oil-based thermal power generation, which prevails in the country, contributing to a cleaner and renewable energy matrix. *(GRI 1.2, GRI 2.7, GRI 2.5)*

3 The basic network comprises only voltages between 230 and 750 kV.
4 According to the website: http://www2.camara.leg.br/documentos-e-pesquisa/publicacoes/estnottec/medidasprovisorias/2008-17576.pdf

Eletrobras in numbers

44,156 MW
of installed capacity

175 GWh
of power generated in 2014

47 hydroelectric power plants, of which:
- 15 wholly-owned power plants
- 19 wholly-owned power plants, operated under O&M system
- 4 jointly-owned power plants
- 8 power plants based on SPE
- 1 power plant under O&M system

2 nuclear power plants

1 solar power plant

126 thermal power plants, of which:
- 125 wholly-owned power plants
- 1 power plant based on SPE

14 wind farms, of which:
- 3 wholly-owned power plants
- 11 power plants based on SPE

60,502 km
of transmission lines in the basic network[5]

464,685 km
of distribution lines

138,000 new clients

(GRI 2.8)

Learn more about the Eletrobras companies at www.eletrobras.com

5 The basic network comprises only voltages between 230 and 750 kV.

Organizational Structure

(GRI 2.3, GRI 2.8)

Eletrobras

Eletrobras Cepel (100,00%)

Generation and Transmission

Eletrobras Eletronorte (99,47%)

	SPEs
G	7
T	11
Σ	**18**

Eletrobras Chesf (99,58%)

	SPEs
G	44
T	08
Σ	52

Eletrobras Furnas (99,56%)

	SPEs
G	56
T	21
Σ	77

Eletrobras Eletrosul (99,88%)

	SPEs
G	10
T	08
Σ	18

Generation

Eletrobras Eletronuclear (99,91%)

Eletrobras CGTEE (99,99%)

Binational Generation

ITAIPU BINACIONAL (50,00%)

Eletrobras	
Business Segment	SPEs*
Generation	110
Transmission	44
Total	154

* The number of SPEs was adjusted, since there are Special Purpose Entities that participate in more than one Eletrobras company.

Distribution Companies

Eletrobras Amazonas Energia (100,00%)

Eletrobras Distribuição Acre (96,71%)

Eletrobras Distribuição Alagoas (100,00%)

Eletrobras Distribuição Piauí (100,00%)

Eletrobras Distribuição Rondônia (100,00%)

Eletrobras Distribuição Roraima (100,00%)

CELG DISTRIBUIÇÃO (50,93%)

Shareholdings

Eletrobras Eletropar (83,71%)

- Mangue Seco 2 Wind Farm (49,00%)
- Belo Monte (15,00%)
- **Minority Shareholdings***

G, T e D	26

Shareholdings Abroad

- Centrales Hidroeléctricas de Nicaragua - CHN (50,00%)
- Rouar S.A. (50,00%)
- Inambari Geração de Energia S.A. - IGESA (29,40%)

Investor Relations

Pursuant to its ethics and transparency value, Eletrobras holds semi-annual meetings at the regional offices (Rio de Janeiro, São Paulo, Minas Gerais, Distrito Federal, Porto Alegre, Florianópolis, and Fortaleza) of the Association of Capital Market Analysts and Investment Professionals (APIMEC), totaling 14 meetings a year.

Furthermore, the Finance and the Investor Relations boards hold semi-annual roadshows, in Europe and the United States, to introduce the company to foreign investors. The Eletrobras Day is held annually in New York and, in Madrid, the Latibex Forum. The company also takes part in a number of events and seminars organized by international banks, in Brazil and abroad, with the presence of the most prominent analysts and investors, from the equity and debt areas. *(GRI 4,16)*

Our Financial Statements can be downloaded from the company's website, at: www.eletrobras.com/elb/ri/demonstracoesfinanceiras

Shareholding structure

With practices that comply with the Dow Jones Sustainability Indexes (DJSI) and with the Corporate Sustainability Index of the São Paulo Stock Exchange (BM&FBOVESPA), Eletrobras's shares are traded in three stock markets: the São Paulo Stock Exchange (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 American Depositary Receipts (ADRs).

On December 31st, 2014, the company registered 31,477 shareholders, 97% of whom reside in Brazil and 3%, in 31 countries, and its capital stock amounted to R$ 31,305 million. In this period, no changes were made to the structure of Eletrobras's capital stock and, at the year-end closing, the company's market cap was R$ 8,479 million. *(GRI 2.8, GRI 2.9)*

Contact channels for investors
Telephone: 55 (21)2514-6333 - E-mail: invest@eletrobras.com
Fale com RI (Talk to IR): www.eletrobras.com.br/elb/ri

Participations and Representations

Eletrobras takes part in the most important voluntary initiatives, recognized in Brazil and abroad. *(GRI 4.12)*

- **Global Compact** (2006).
- Women's Empowerment Principles (2010).
- Statement of Corporate Commitment for the Protection of Children and Adolescents Against Sexual Exploitation (2010).
- 5th Edition of the Pro-Gender and Race Equality Program (2013).
- Statement of Commitment on Climate Change (2012)
- Mão Certa Program - Instituto Childhood Brasil (2010)
- Brazilian Greenhouse Gas Protocol Program - **GHG Protocol** (2008)
- Public Administration's Environmental Agenda (2012)
- Emissions Trading System of the Empresas pelo Clima Platform (SCE EPC) - Center for Sustainability Studies of the Business Administration School of São Paulo, of the Getulio Vargas Foundation (GVces), in partnership with the Rio de Janeiro Green Exchange – BVRio (2014)
- Tri-national Plan Against Violence - Regional Strategy Against Trafficking of Children and Adolescents – Mercosur (2010)
- Responsible Corporate Education Principles (PRME) (2011)
- Certificate of Compliance with Transparent Management[6] (2014)
- Treaty on Environmental Education for Sustainable Societies and Global Responsibility (2003).

[GRI 4.12]

Eletrobras **holding** and Itaipu Binacional signed, along with Banco do Brasil and Caixa Econômica Federal, a term sheet pertaining to the guidelines for the corporate conduct of multinational enterprises, recommended by the Organization for Economic Cooperation and Development (OECD) in 2014. According to this term sheet, Eletrobras and the other signatory companies commit to:

a) Complying with the responsible corporate conduct principles recommended by the guidelines in all their activities;
b) Supporting the dissemination of these guidelines, whenever possible;
c) Collaborating and communicating with the National Point of Contact (PCN) in relation to eventual claims of non-compliance with the guidelines pertaining to their activities.

6 Portuguese non-governmental organization that fights corruption and fosters transparency in organizations.

The relationship with the Federal Government and the discussion of and involvement in public policies are supported by the Bylaws of the company, which highlight the cooperation in the development of the Brazilian energy policy; the promotion of and support to relevant research in the electric utilities sector; the development of technical regulation and standardization programs in the electric utilities sector, of rural electrification, and of consumer advising activities; the commitment to training technical personnel required for the Brazilian electric utilities sector; the technical collaboration with companies and agencies associated with the Ministry of Mines and Energy; and the participation in programs to stimulate alternative energy generation sources.

Eletrobras works closely with the Brazilian Electricity Regulatory Agency (**ANEEL**) in the discussion of sector-specific regulation. In 2014, in addition to the actions related to the compensations due for the renewal of concessions, pursuant to Law 12,783/2013, the company had an outstanding participation in a number of public hearings. One highlight was the Public Hearing 054/2014, in which the minimum and maximum limits for the Difference Settlement Price was discussed. *(GRI SO5)*

The companies also support important initiatives of the Federal Government and manage programs and industry funds that serve various areas of the electric utilities sector. These programs seek to provide universal access to electricity, to energy efficiency, to sustainable development, and to the consolidation and expansion of science and technology in the country, namely the National Energy Conservation Program (PROCEL), the National Program for Universal Access to and Use of Electricity (**Luz para Todos**), and the Alternative Energy Source Incentive Program (PROINFA), and the Science Without Borders Program. *(GRI SO5)*

The Eletrobras companies also take part in the discussion of important topics, since they are members of a number of entities, among which:

- International Atomic Energy Agency (IAEA)
- Associação Brasileira das Companhias Abertas (ABRASCA)
- Associação Brasileira de Concessionárias de Energia Elétrica (ABCE)
- Associação Brasileira de Carvão Mineral (ABCM)
- Associação Brasileira de Distribuidores de Energia Elétrica (**ABRADEE**)
- Associação Brasileira das Empresas Geradoras de Energia Elétrica (ABRAGE)
- Associação Brasileira da Infraestrutura e Indústria de Base (ABDIB)
- Associação Brasileira das Grandes Empresas de Transmissão de Energia Elétrica (ABRATE)

- 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)
- American Chamber of Commerce (Amcham)
- Centro Internacional de Energias Renováveis-Biogás (CIBiogás-ER)
- Centro para Inovação e Competitividade (CIC)
- Comitê da Bacia Hidrográfica do São Francisco (CBHSF)
- 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)
- Brazilian **Global Compact** Committee (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
- Conseil International des Grands Réseaux Électriques (CIGRÉ)
- Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBDS)
- Conselho Mundial da Água (CMA)
- Fórum Nacional da Gestão de Ética das Empresas Estatais
- Fórum de Meio Ambiente do Setor Elétrico Brasileiro (FMASE)
- National Quality Foundation (FNQ)
- Global Sustainable Electricity Partnership (GSEP)
- 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 Electric Research Exchange (IERE)
- National Institute of Metrology, Quality and Technology (INMETRO)
- International Energy Agency (IEA)
- International Hydropower Association (IHA)
- Electric System National Operator (ONS)
- United Nations Industrial Development Organization (UNIDO)
- Latin America and the Caribbean Network for Energy Efficiency (Red - LAC-EE)
- Section of the Latin American Nuclear Society (LAS)
- Sustainable Energy for All
- World Association of Nuclear Operators (WANO)
- World Energy Council (WEC)
- World Nuclear Association (WNA)
- World Water Council (WWC) - Brazilian Section

(GRI 4.13)

Eletrobras is also involved in discussions in the National Congress. In 2014, it took part in hearings about the construction of the Angra III Nuclear Power Plant and the assessment of the impacts of Provisional Measures 597/2012[7] and MP 605/2013[8] , which amend the objectives of the Energy Development Account (CDE).

Awards and recognition

In 2014, Eletrobras reinforced its reputation as a sustainable company, prominent among the leading players in the electric utilities sector. The company's positioning and initiatives, in line with its commitment to social interests, best management practices, governance, and sustainable development, resulted in its recognition by society and national and international institutions. The following can be highlighted:

- **Dow Jones Sustainability Emerging Markets Index:** listed for the third consecutive year. The company is a benchmark, achieving a perfect score of 100, in the following segments: Antitrust Policy, Codes of Conduct, Compliance, Corruption and Bribery, Risk and Crisis Management, and Results, Measurement Systems, and Water-Related Risks.
- **Corporate Sustainability Index (ISE) of the São Paulo Stock Exchange (BM&FBOVESPA):** Eletrobras has featured in this index for the eighth consecutive year.
- **Most sustainable companies in the global electric utilities sector:** listed among the most sustainable companies in the electric utilities sector by The Sustainability Yearbook, published by RobecoSAM.
- **PROCEL recognized:** Eletrobras received a recognition award for the 30 years of PROCEL – National Energy Conservation Program, during the World Summit of Regions for Climate, held in October, in Paris. This event is organized by R20, one of Eletrobras's partners in projects involving renewable energies and LED-based public lighting.
- **Valuable brand:** Eletrobras is, for the second consecutive year, the only company in the electric utilities sector to feature among the "50 Most Valuable Brands in Brazil," published by consulting company BrandAnalytics, in partnership with the "IstoÉ Dinheiro" magazine.
- **Most Reputable Brands:** a champion in the electric utilities sector, Eletrobras climbed 50 positions, ranking 64th among the "100 Most Reputable Brands in Brazil," of the "Época Negócios" magazine. This magazine highlights brands that advanced the most in the 2014 ranking, among which Eletrobras, which consolidated its position based on criterion such as the assessment of social and environmental commitments, in which it ranked 21st among these 100 companies.
- **ANEEL Customer Satisfaction Index (IASC) Award:** this award recognizes the distribution companies with the best scores in the survey conducted by the Brazilian Electricity Regulatory Agency (**ANEEL**). Eletrobras Amazonas Energia won the category "best Distribution Company in the Northern Region in 2014." Eletrobras Distribuição Acre was also recognized through this award, in the category **ANEEL** Customer Satisfaction Index.
- **2014 Green Seal:** Eletrobras Distribuição Acre, Distribuição Rondônia, and CGTEE won the Responsible Social and Environmental Management Award, granted by the Instituto Chico Mendes. This is the most prestigious national award in the environmental segment.
- **Citizen Company Certification:** Eletrobras Distribuição Acre, Distribuição Alagoas, and Eletronuclear received the Citizen Company award; created by the Regional Accounting Council of the State of Rio de Janeiro (CRCRJ), in 2002, the project aims to increase the quality of the accounting, social, and environmental information published in the annual reports of organizations of all sizes, segments, and regions of Brazil.
- **ABAP (Brazilian Association of Advertising Agencies) Sustainability Award:** Eletrobras Eletronuclear received this award for the best Institutional Communication project, with the campaign "Rota da energia nuclear" (Nuclear energy route).
- **Best of the Isto É Dinheiro magazine:** the magazine published the ranking listing the 1,000 largest companies in Brazil and Eletrobras ranked 23rd. In addition, the ranking features Eletrobras Eletrosul in 5th place among the best companies in the Brazilian electric utilities sector and in 3rd place in terms of human resources and corporate governance.
- **2014 ABERJE Award:** Eletrobras Furnas received the award from the Brazilian Association for Business Communication for its Furnas Educa program (best relationship with society - Southeast region).
- **Ozires Silva Award:** Itaipu Binacional was awarded in the Environmental Entrepreneurship in Education category (for medium- and large-sized companies) for its program "*Água: conhecimento para gestão*" (Water: knowledge for management), a partnership between the National Water Agency (ANA) and the Itaipu Technological Park Foundation (FPTI),
- **Large Groups by the Valor journal:** Eletrobras ranked 24th among the 200 largest business groups in the country, according to the index of the Valor Grandes Grupos Magazine, of the Valor Econômico journal.
- **Largest company in the electric utilities sector:** Eletrobras was the company with the highest revenue in 2013, totaling R$ 23.8 billion, compared with R$ 14.6 billion recorded by the company that ranked second. This information is in the Valor 1000 yearbook, which analyzes the largest Brazilian companies in each industry.

The full list of awards and recognitions received by the Eletrobras companies can be found at: www.eletrobras.com/premiosereconhecimentos. *(GRI 2.10)*

7 Provides for the taxation (or exemption) of the company's Profit Sharing Program (PLR).
8 Eenables the use of resources from the Energy Development Account (CDE) to subsidize discounts to the electric bills of industries and residential consumers.

Native seedlings in Marimbondo power plant. Original photo: Paulo Martins (Eletrobras Furnas)

Management and Governance

Prepared for New Challenges

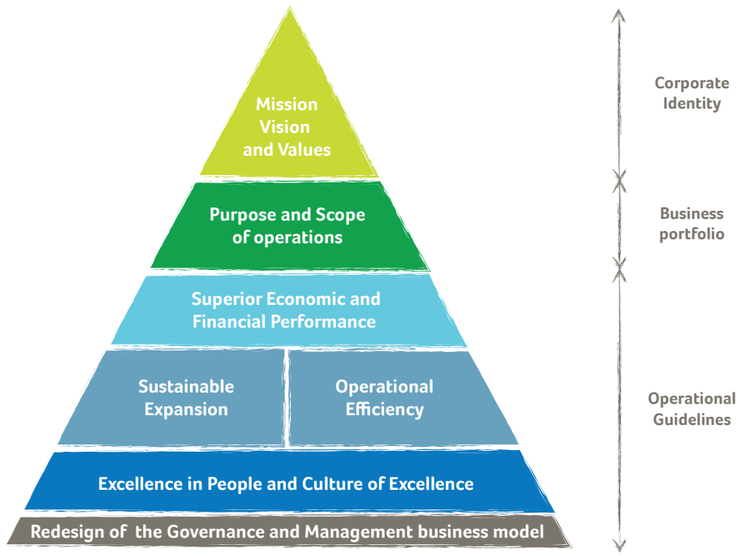
The Eletrobras companies are more focused on continuous improvement, streamlining their quest to build an increasingly more efficient company, to fulfill the demand of contracts affected by Provisional Measure 579/2012, converted into Law 12,783/2013 and the option to extend concessions for another 30 years.

To this end, the Business and Management Master Plan (PDNG) was launched in 2012 for the 2013-2017 period, published in 2013, reflecting Eletrobras's prompt positioning in light of the new business environment in effect in the electric utilities sector, by focusing on the increased reduction of its costs in relation to its revenues, on the restructuring of its corporate processes, and on the optimization of efforts among its companies.

Similarly to its predecessor, the 2014-2018 PDNG, published in 2014, put a strategic realignment into practice, based on pillars centered around operational efficiency, sustainable expansion, and a new governance and management model, which should enable the company to resume the pace of the planning and management process of the Eletrobras companies and the development of the Business and Management Plans (PNGs) of each of them for the same five-year period.

The 2014-2018 PDNG estimates investments of approximately R$ 60.8 billion, a growth of 16.03% in relation to the 2013-2017 period. Of this total, approximately R$ 44.8 billion (73.68%) is planned for the expansion of the power plant and transmission line network, and R$ 5.0 billion (8.22%), for the expansion of energy distribution. In order to modernize and maintain the generation, transmission, and distribution assets, R$ 9.3 billion will be invested, 80.64% of which refers to generation and transmission. *(GRI 1.2)*

The preparation of the 2015-2030 Strategic Plan (PE) of the Eletrobras companies was also completed in 2014, based on the review of the previous version, which referred to the 2010-2020 period. During the preparation of this plan, a number of scenarios, the attractiveness of the businesses in the energy market, the potentials found in the Eletrobras companies, and the aspirations of our shareholders were assessed. Furthermore, projections were prepared to support the decisions regarding the business portfolio, the revision of the business identity (mission, vision, values) and the establishment of guidelines, objectives, and strategies for the 2015-2030 period. Moreover, this plan signals parameters for the preparation of a PDNG for the 2015-2019 period, in which the goals and projects required for reaching the objectives described in this strategic plan will be established. The main components of this plan are represented in the figure: *(GRI 1.2, GRI 4.8)*



Mission, Vision, and Values *(GRI 4.8)*

Mission

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

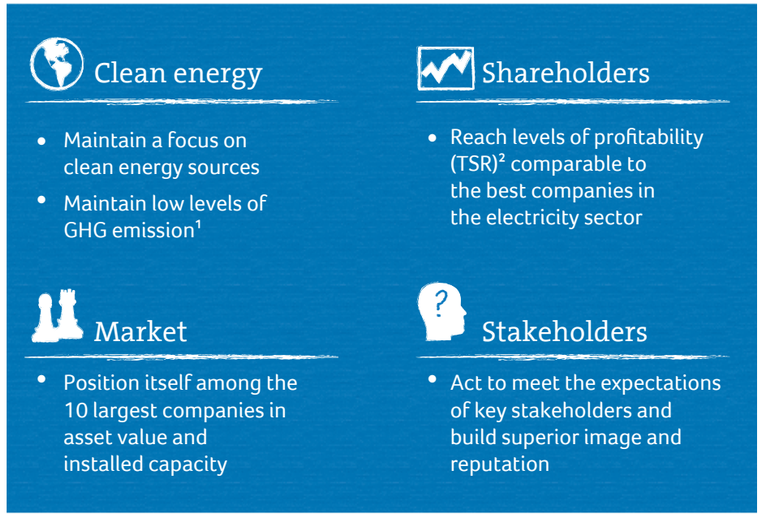
Vision

To be among the three largest global clean energy companies and among the 10 largest global energy companies, with profitability comparable with that of the best companies in the sector, and recognized by all its **stakeholders**.

Values

- Results oriented
- Ethics and transparency
- Entrepreneurship and innovation
- Appreciation and engagement of people
- Sustainability

Attributes of the Vision:



1) Greenhouse Gases;
2) Total Shareholder Return: (final share price + dividends)/initial share price

The main drivers established for the company's business portfolio are described below:

Generation and Transmission

These are the main businesses, in which the company will operate, primarily through **SPE**, building new assets; maintaining its commitments to social and environmental responsibility in the projects in which it is involved, and operating and maintaining its assets. In addition to construction, the expansion in G and T considers the acquisition of assets. Focus on generation of clean energy is maintained (through water, nuclear, wind, and solar sources) and on gas-fired thermal power generation. Regarding the solar photovoltaic source, the company is attentive to the current governmental incentives to lower the cost of this type of generation, both in the centralized and distributed modes, and will also consider participating in the upcoming auctions for the contracting of energy from this type of source. Concerning new generation technologies, such as the harnessing of ocean currents and tides, these technologies will undergo research and development and be included in the company's portfolio of experiments.

Internationalization of Generation and Transmission

The company will operate more incisively in the generation and transmission businesses outside the country, always with higher return rates than those obtained in Brazil, focusing on South and Central America, and even on some regions of the African continent.

Distribution

Currently, the company has been studying its repositioning in this segment.

Services

Work to structure the services business, emphasizing the operation and maintenance of hydroelectric power plants and transmission assets. This segment also includes the provision of energy efficiency and telecommunications services.

Guidelines for Operation: Description

In order to fulfill its Mission and implement its Vision for the Future, from 2015 to 2030, Eletrobras's operation will be steered by 5 Strategic Guidelines: *(GRI 1.2)*

- *Superior Economic and Financial Performance*
  Enhancement of the technical, economic, and financial management of projects and adjustment of the financial structure to the new business management model of the Eletrobras companies.
- *Sustainable Expansion*
  Maintain the leadership position of the Eletrobras companies

in the Brazilian electric utilities sector and achieve a more significant presence abroad; in addition, develop a portfolio of experiments to support its competitiveness.

- *Operational Efficiency*
  Development of plans to revitalize and increase the efficiency of assets, to meet the regulatory parameters and adopt best practices.
- *Excellence in People and Culture of Excellence*
  Enhancement of the People Management model of the Eletrobras companies.
- *Realignment of the Business Model, Governance, and Management*
  Changes against the new regulatory framework of the Brazilian electric utilities sector. They include topics such as revision of corporate logic, reinforcement of bylaws, adaptation of the organizational structure of the Eletrobras companies, realignment of processes and systems, and sustainable management of financial resources.

The cascading of this Plan will occur with the annual publication of the Business and Management Master Plan (PDNG) by Eletrobras **holding**, covering a five-year period - starting with the 2015-2019 cycle; it will also establish basic guidelines for the Business and Management Plan (PNG) of all Eletrobras companies, which will ground the basic parameters of the Goals and Corporate Performance Agreement (CMDE) to be executed between Eletrobras **holding** and each of the Eletrobras companies. Over the next years, the company will continue to advance toward competitiveness, integration, efficiency, and sustainability.

Corporate Performance

Eletrobras maintains contracts that set corporate performance goals for its subsidiaries. The CMDE, in effect since 2010, covering five-year cycles and reviewed annually is in line with the Strategic Plan and with the PDNG and establishes goals for the economic, financial, operational, social, and environmental dimensions of each of the Eletrobras companies and of Eletrobras **holding**, through an Indicator Dashboard.

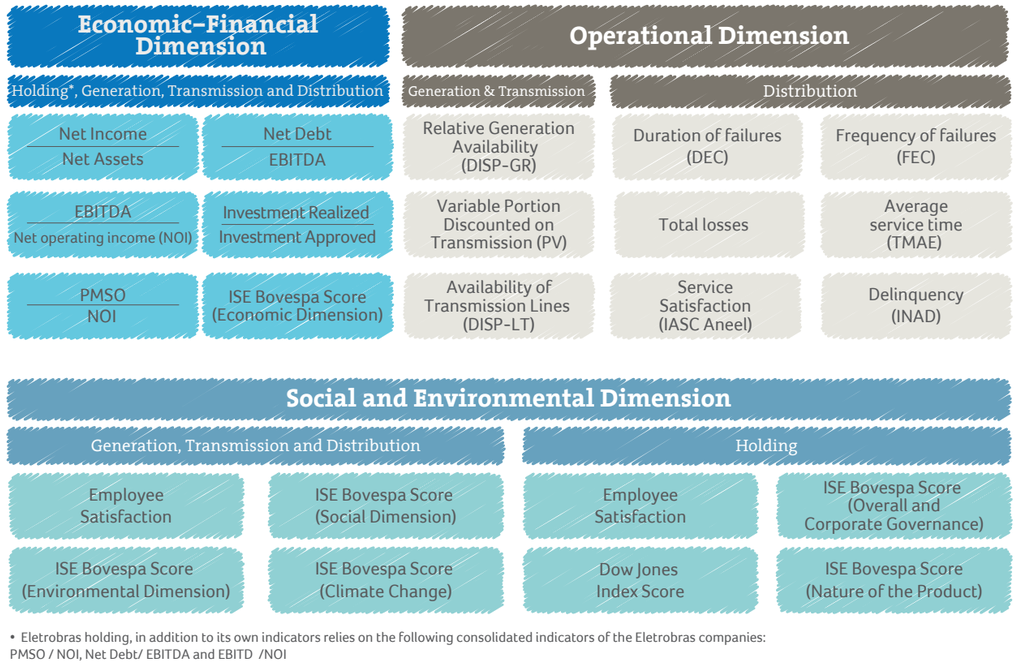
Indicator Dashboard of the CMDE

The goals and corresponding indicators are defined at Eletrobras **holding** by the Board of Executive Officers and assessed by the Board of Directors, pursuant to the relevance of the results and strategic objectives to be met in the five-year period and the assumptions established for each company.

The results are measured monthly against the goals established for each company and are published in monthly reports that are assessed by the Boards and Committees of each company. For each indicator, the level of deviation of the results obtained compared with the goal established is shown in the Indicator Dashboard. At the end of each year, the weighted index of each goal is determined for each company, demonstrating the level of global compliance with the goal established for the period in question.

In addition to monitoring the results obtained, Eletrobras **holding** monitors the initiatives and projects set out in the Business Plan of the Eletrobras companies, tracking the progress of the activities defined in the schedule and the dependencies that signal risks to the success of the project.

This context covers all projects, corporate or in partnerships through **SPE**, ongoing in the Eletrobras companies relating to the expansion of generation, transmission, and distribution. Because of their nature and relevance, the Average Delay and the Internal Rate of Return (IRR) of these projects are monitored and presented to the Board of Executive Officers and to the Board of Directors in monthly reports.

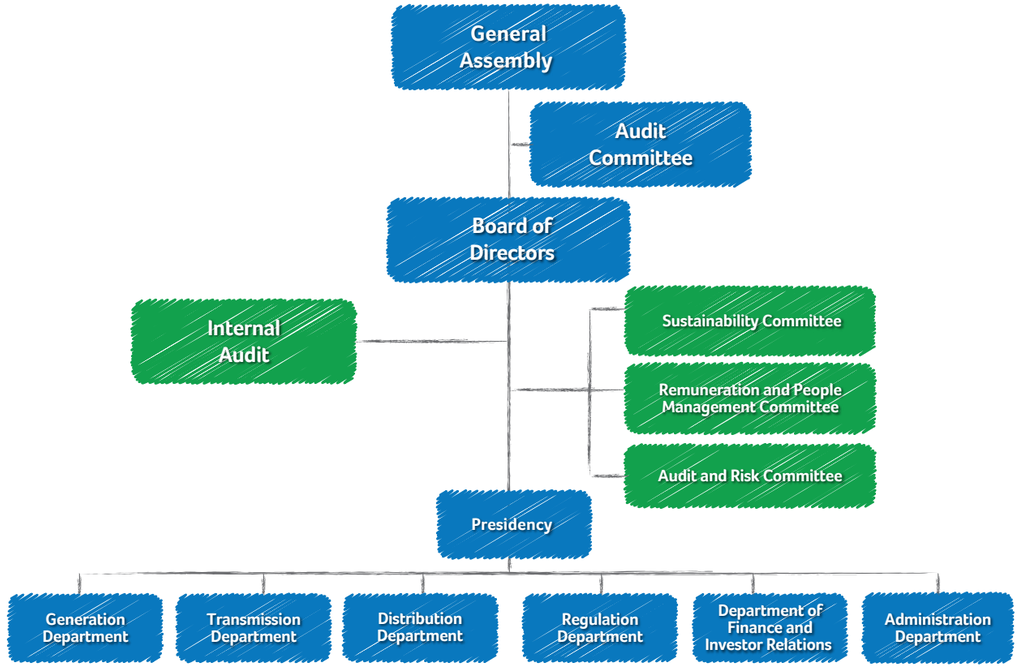


• Eletrobras holding, in addition to its own indicators relies on the following consolidated indicators of the Eletrobras companies: PMSO / NOI, Net Debt/ EBITDA and EBITD /NOI

Corporate Governance

Eletrobras's corporate governance model includes the Annual General Meeting, the Board of Directors, the Fiscal Council, and the Board of Executive Officers, which are committed to transparency and the perpetuity of the company, in a sustainable manner.

All requirements and positions are set out in the company's Bylaws and respective Internal Regulations; they comply with the laws in effect and there is no discrimination on the basis of gender or other diversity aspects. *(GRI 4.1, GRI 4.7)*



(GRI 4.1)

Eletrobras provides the management tools and policies that support governance in its companies; they can be found at: http://www.eletrobras.com > Sustainability > Corporate Governance > Management Tools and Policies

The Sustainability, Audit and Risk, and Compensation and People Management Committees are associated with the Board of Directors. Established to provide thorough support to the Board of Directors in specific matters, each committee has three board members. The CEO of Eletrobras should not be a member of the Audit and Risk, or the Compensation and People Management Committees, to avoid potential conflicts of interest; however, the CEO is part of the Sustainability Committee. *(GRI 4.1)*

Internal Audit: associated with the Board of Directors of Eletrobras, the committee assesses the appropriateness, efficiency, and effectiveness of the internal control systems, compliance with laws and internal and external normative acts, and the fulfillment of plans, goals, objectives, and policies established by the company.

Sustainability Committee: formed by three members, this committee develops and coordinates integrated actions that involve all Eletrobras companies to provide consistent advances in management and implementation of corporate sustainability, having as its main attributions the monitoring of sustainability initiatives of the Eletrobras companies; monitoring and evaluating the results of the implementation of internationally renowned sustainable management tools in the Eletrobras companies; monitoring of the preparation of the Annual and Sustainability Report; analyzing the involvement of the Eletrobras companies in the process to complete the questionnaires for ISE BOVESPA and the Dow Jones Sustainability Indexes (DJSI) and any others in which the company decides to participate; and analyzing the actions implemented to make the internal audience of the Eletrobras companies aware of the relevance of corporate sustainability.*(GRI 4.9)*

Audit and Risk Committee formed by three members, its chair is an independent member and a representative of the minority shareholders and one of its members is elected by employees (no executive members are involved in this committee). This committee thoroughly analyzes accounting practices, risks, internal controls, and independent audits, among other related matters.

Compensation and People Management Committee: advises the Board in decisions pertaining to policies on remuneration, people management, and development of the competencies of the Eletrobras professionals. This committee has one independent member. Board members who have an employment relationship or executive officers cannot participate in the Compensation and People Management Committee, as there is no participation of an executive member.

Annual Shareholder's Meeting: the Annual General Meeting (AGO) is held within the first four months following the end of the fiscal period, and approved in 2014:

- The financial statements for 2013
- The allocation of the profit recorded in the 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, Fiscal Council, and Board of Executive Officers.

Extraordinarily, the General Meeting is convened as provided by law and whenever deemed appropriate by the Board of Directors. In 2014, one Extraordinary General Meeting was convened to approve the acquisition of the controlling interest of Celg Distribuição S.A. *(GRI 2.9)*

Board of Directors: formed by 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 employees. In 2014, of the eight positions filled, one is considered independent, pursuant to the criteria established by BM&FBOVESPA and by the Brazilian Institute of Corporate Governance (IBGC), and one is an executive. They serve one-year terms and are eligible for re-election. The Board of Directors holds ordinary meetings monthly and convenes extraordinary meetings whenever necessary. In 2014, a total of 28 meetings were held. The positions of chair of the Board of Directors and of CEO of the company are not held by the same person. *(GRI 4.1, GRI 4.2, GRI 4.3, GRI 4.4)*

Composition of the Board of Directors in 2014

- Márcio Pereira Zimmermann (chairman)
- Jailson José Medeiros Alves (employee representative)
- João Antônio Lian (representative of minority shareholders)
- José Antônio Corrêa Coimbra
- José da Costa Carvalho Neto
- Lindemberg de Lima Bezerra
- Maurício Muniz Barretto de Carvalho
- Wagner Bittencourt de Oliveira

Fiscal Council: formed by up to 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 Securities and Exchange Commission (SEC). They serve one-year terms and are eligible for re-election. The Fiscal Council holds ordinary meetings monthly and convenes extraordinary meetings whenever necessary. In 2014, a total of 13 meetings were held.

Composition of the Fiscal Council in 2014 (full members)

- Jarbas Raimundo de Aldano Matos (president)
- Bruno Nunes Sad (financial specialist)

- Manuel Jeremias Leite Caldas
- Ricardo de Paula Monteiro
- Robert Juenemann

Board of Executive Officers: formed by seven members, including the president, who is elected by the Board of Directors. They serve terms of up to three years and are eligible for re-election. The Board of Executive Officers meets weekly and, 59 meetings were held in 2014.

Composition of the Board of Executive Officers in 2014

- CEO: José da Costa Carvalho Neto
- Chief Generation Officer: Valter Luiz Cardeal de Souza
- Chief Transmission Officer: José Antônio Muniz Lopes
- Chief Distribution Officer: Marcos Aurélio Madureira da Silva
- Chief Regulatory Officer: Josias Matos de Araujo
- Chief Financial and Investor Relations Officer: Armando Casado de Araújo
- Chief Administrative Officer: Alexandre Aniz

With joint participation of trade unions, since 2012 Eletrobras has annually organized and conducted direct elections to choose the employee representative before the Board of Directors.

The election is governed by Laws 6,404/76 and 12,353/10, by Ordinance 026/2011, of the Ministry of Planning, Budget, and Management (MPOG), by the clause of the National Collective Bargaining Agreement in effect, and by the Bylaws of Centrais Elétricas Brasileiras S.A and all documents thereto.

All active employees of the company are eligible, with the exception of those under final and unappealable conviction for cases of embezzlement, crimes against welfare, counterfeiting and misrepresentation, and moreover, do not have against themselves, albeit temporarily, any impediment to hold public office or public jobs, as well as persons requested and contracted in the company to hold positions of free appointment and dismissal.

The electronic voting system used is an IT tool that provides traceability and reliability, assured by a number of proprietary mechanisms that are closely monitored throughout the election process.

The company ensures the right to vote, which is secret, to all its active employees and the system is run through its intranet and the Internet, via cloud.

The board member representing employees is elected for a one-year term, starting on the date they take office, pursuant to the Bylaws of the company and they have the same duties as all other board members; however, they cannot take part in any labor-related discussions and/or decisions, since it would constitute a conflict of interest. *(GRI 4.4)*

The board member representing employees in the Board of Directors proactively maintains constant contact with employees through e-mails, meetings, and presentations. In October 2014, they were responsible for organizing the seminar "*Eletrobras e Setor Elétrico: Conjuntura Atual e Propostas para o Futuro*" (Eletrobras and Electric Sector: Current Outlook and Proposals for the Future." *(GRI 4.4)*

Assessment

Eletrobras's board members and officers undergo an annual performance review process, to ensure they perform their roles in compliance with the strategy of the company, contributing to the diversity of experiences and knowledge. Eletrobras **holding** standardized this methodology and disseminated these guidelines, for their enforcement across all Eletrobras companies. Officers and board members conduct their self-evaluation and assess their respective boards. Board members also review the Board of Executive Officers as a body. *(GRI 4.10)*

Evolution

Eletrobras continuously develops tools to strengthen governance, reinforcing its credibility before the market and its sustainability. The following can be highlighted for 2014: update of the Guidebook for Board Members Representing Eletrobras Companies, establishment of policies, such as the policies on Regulation and Transactions with **Stakeholders**, training course on Governance for Board Members of Special Purpose Entities (**SPE**), and the approval of the structure of the **SPE** Handbook, which resulted from the project created to define governance and management practices for Eletrobras's **SPE**, guided by the Business and Management Master Plan, which is based on the Strategic Planning.

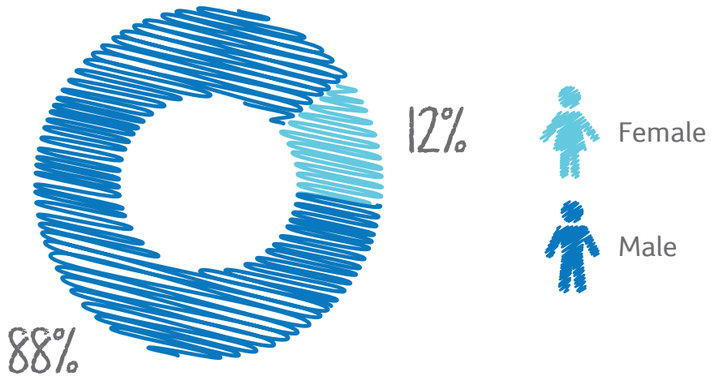
Profile, by age group, of the members of the governance bodies* of the Eletrobras companies *(GRI 4.1, GRI LA13)*

	2014	%	2013	%	2012	%
Members under 30	0	0%	1	1%	0	0%
Members between 30-50	54	34%	49	32%	47	31%
Members over 50	106	66%	105	68%	104	69%
Total	160	100%	155	100%	151	100%

* Board of Directors, Fiscal Council, and Board of Executive Officers.

(GRI 4.1)

Eletrobras companies: Gender distribution of the members of the governance bodies *(GRI LA13)*



Board members and Fiscal Council members have a fixed remuneration, with no variable component, and corresponds to 10% of the average monthly pay received by officers, except for the amounts pertaining to direct and indirect benefits offered to officers, pursuant to Law 9,292/1996.

Members of the Board of Executive Officers receive fixed remuneration and an additional pay-for-performance amount, associated with profit sharing.

Board members do not receive any additional pay for their participation in Committees that advise the Board of Directors.

Remuneration of the Boards and of the Board of Executive Officers is disclosed, in a consolidated manner, in the annual Management Report and in the Reference Form, submitted to the Securities and Exchange Commission of Brazil (CVM). In addition to the Administration Report, the remuneration of the Board of Directors and of the Fiscal Council is broken down in the Corporate Management Report, which provides accountability to the Office of the Comptroller General (CGU), which submits it to the Federal Court of Accounts (TCU).

Total remuneration of the governance bodies (R$) *(GRI 4.5)*

Body	2014	2013*	2012
Board of Executive Officers	6,478,832.31	6,240,558.65	5,657,570.87
Board of Directors	514,241.12	519,968.38	498,655.87
Fiscal Council	366,314.12	338,990.88	294,453.81

* Amounts based on the Proposal of the Administration.

Eletrobras values the qualifications of its governance agents and annually analyzes the possibility of scheduling training courses for members of the Board of Directors of its companies. In 2014, Eletrobras offered a training course on Corporate Governance, focusing on **SPE**, to board members and other professionals, totaling 156 participants. *(GRI 4.7)*

New Regulatory Department

After publication of Law 12,783/2013, the Brazilian electric utilities sector has been undergoing an important stabilization process and its companies are adapting to this new regulation. In this scenario, units that handle regulatory matters acquired a strategic role for the companies, which had been set out in the 2013/2017 PDNG which provided for the creation of a corporate unit to address regulatory the matters that affected all businesses of the company.

Alert to this new situation and abiding by the recommendation of the Board of Directors (CAE) and of its Board of Executive Officers (DE), Eletrobras created, in 2014, the Regulatory Department (DR). One of the DR's primary missions is to provide general and unified guidelines for the Eletrobras companies, observing the specific characteristics of each business and geographic region, enabling pro-active work with the developers of sector-specific public policies, with the Grantor, with **ANEEL**, and with industry-specific regulatory and inspection agencies.

The actions arising from these corporate guidelines aim to minimize penalties and fines that affect the company's cash flow; to leverage additional income from the revision of compensations of renewed concessions; to enable income from enhancements and reinforcements implemented in the company's transmission and generation departments; to mitigate the regulatory and institutional risk faced by the Eletrobras companies, among others.

In addition to upholding the interests of the Eletrobras companies before the Brazilian Electricity Regulatory Agency (**ANEEL**), the DR is responsible for strengthening and expanding the relationship with trade associations and sector-specific governmental and private institutions, seeking to improve the engagement with these essential **stakeholders**.

In 2014, among other actions, the company directed its efforts toward obtaining additional amounts for the compensations for power generation and transmission assets whose concession was extended, pursuant to Law 12,783/2013, and toward the preparation of the Regulatory Policy of the Eletrobras companies.

The constant interaction between the Eletrobras companies and the regulatory agency and other players in the electric utilities sector, such as the aforementioned trade associations, facilitated the consideration of various additional claims concerning the ordinary compensations, some of which have been accepted by the regulatory agency, as shown in the chart below, for assets associated with power generation and transmission.

For Eletrobras Eletrosul, **ANEEL** has already approved a revenue of R$ 995 million for transmission when, initially, the amount recorded was R$ 514 million. That is, this positive and well-planned interaction enabled an additional revenue of R$ 481 million.

Eletrobras Companies	Recorded Amount (in R$ million)			Requested Amount (in R$ million)			Approved [5] Amount (in R$ million)		
	Generation [4]	Transmission	Total	Generation	Transmission	Total	Generation	Transmission	Total
Eletronorte	-	1,733	1,733	(1)	3,547	3,547	(3)	(2)	-
Chesf	488	1,476	1,964	4,802	5,627	10,429	(3)	(2)	-
Furnas	996	4,530	5,526	(1)	(1)	-	(3)	(2)	-
Eletrosul	-	514	514	-	1,061	1,061	-	995	995
Total	**1,484**	**8,253**	**9,737**	**4,802**	**10,235**	**15,037**	**-**	**995**	**-**

(1) Expert opinions being prepared.
(2) Deadline of 150 days starting from the date on which the appraisal report is delivered - Normative Resolution (ReN.) 589/2013, issued by **ANEEL**.
(3) Normative Resolution (ReN.) 596/2013, issued by **ANEEL**, did not establish a deadline for the approval of the expert appraisals received from the companies.
(4) Thermal power generation assets were not covered by Normative Resolution 596/2013, issued by **ANEEL**; thus, they are not included in the table above. In total, they represent R$ 680 million in Furnas; R$ 186 million in Eletrobras Eletronorte, and R$ 357 million in Eletrobras CGTEE.
(5) The amounts approved will be posted in the Company's Income Statement after the final definition of values and terms

Communication mechanisms

Eletrobras seeks to provide an increasing number of mechanisms that contribute to strengthening its relationship with external and internal audiences. The Ombudsman's Office is one of the most important and relies on various channels to receive and forward suggestions, claims, reports, compliments, and requests for the improvement of internal processes, and provide transparency in Eletrobras's initiatives.

In order to facilitate and encourage participation of shareholders in the meetings convened by the company and to present contributions to understand the matters proposed, the company also makes available, on its website, the Eletrobras Shareholders' Meeting Participation Handbook. Shareholders can find detailed information about the matters discussed in these meetings through a link provided in this guidebook.

Eletrobras's website offers "*Fale com o RI*" (Talk to IR), which is another communication channel through which shareholders can reach the Investor Relations department, in addition to e-mail or over-the-phone contact, in case of questions, recommendations, or other relevant requests. *(GRI 4.4)*

Ombudsman's Office: This office can be reached through the numbers (21) 2514-4526/5895, through regular mail sent to Av. Presidente Vargas, 409/17° andar - Centro - Rio de Janeiro/RJ - CEP: 20071-003, through personal contact, at the same address, or through the e-mail ouvidoria@eletrobras.com. Eletrobras website also provides a form to contact the Ombudsman's Office, found at www.eletrobras.com/ouvidoria. In 2014, the Ombudsman's Offices of the Eletrobras companies received 18,526 contacts, 18,033 (97%) of which were resolved and 465 (3%) were being processed on December 31st, 2014.

Gender Channel: Created in consonance with the Federal Government's Pro-Gender Equity Program, the gender channel is dedicated exclusively to the internal audience and is available on the intranet. This tool receives contacts (suggestions, comments, or grievances) related to gender, **discrimination**, and harassment issues.

Reporting Channel: Created to address requirements of the Sarbanes-Oxley Act (SOX), exclusively to receive reports about potential accounting and/or financial irregularities or frauds in the Eletrobras companies and about potential cases of corruption in Brazil and abroad, with strong emphasis on anonymous reports (websites of all Eletrobras companies or at www.eletrobras.com/canaldenuncia).

Talk to the CEO: This tool places employees and the CEO of the company in direct contact; the e-mail address falecomopresidente@eletrobras.com is an additional channel, exclusively dedicated to the internal audience and replies to e-mails are monitored by Eletrobras's Ombudsman's Office.

Suggestions Boxes: Aimed to serve contractors providing services at the facilities of Eletrobras **holding** (Rio de Janeiro and Brasília). Physical boxes are placed in strategic locations of great circulation of these professionals to receive all types of contacts; they are collected and handled by the Ombudsman's Office, according to their subjects, and they aim to protect, encourage, and engage these employees in the identification of problems in the relationship and internal processes.

Citizen Information Service: Monitored by the Ombudsman's Office to address requests and inquiries that fall under the Access to Public Information Act. In relation to management of the demands concerning Law 12,527 (Access to Public Information), Eletrobras's Citizen Information System – SIC received 126 requests for information, all fully addressed.

Internal anti-corruption procedures

All fraud and corruption reports are submitted to the ombudsman's offices of the Eletrobras companies. Eletrobras has created an exclusive channel - the Reporting Channel - available on the websites of all companies of the system and accessible only by Eletrobras **holding**, to receive reports. The Ombudsman's Office is responsible for escalating and monitoring reports and the content of the report and the identity of the whistleblower area kept confidential, pursuant to internal norms. Quarterly, the Ombudsman's Office provides Eletrobras's Fiscal Council with a report on the claims received in the period, information on their follow-up, and subsequent outcomes. The replies are also sent to the whistleblowers within 30 days.

In-line communications

Since it is a publicly traded organization controlled by the Brazilian government, the communication actions of the company abide by the guidelines set out in the Code of Ethics of the Eletrobras companies and by the Stakeholder Communications and Engagement, Sponsorship, Sustainability, Environmental, and Social Responsibility policies of the Eletrobras companies. The company complies with the standards set forth in the applicable laws; therefore, its advertising activities are assessed and approved by the Brazilian Department of Social Communication (Secom) and follow the guidelines of the Advertising Agencies Association of Brazil and of the Brazilian Advertising Self-Regulation Council (**Conar**).*(GRI PR6)*

Exchange of knowledge and experiences

Since 2009, Eletrobras is part of the Global Sustainable Electricity Partnership (GSEP), in which major companies in the electric utilities sector also take part in order to exchange experiences and develop projects related to sustainable supply of energy. Eletrobras is the only Latin American company in the group and has been ahead of the rotating presidency since June 2014. Over its one-year term, the topic that will guide the exchange of experiences and information between the companies will be **stakeholder** engagement. To this end, all companies filled out a form, with the objective of building an overview of the relationship with priority audiences such as suppliers, clients, employees, shareholders, regulatory bodies, and communities. *(GRI 4.16)*

Jorge Coelho (Eletrobras)

GSEP group in Itaipu

OPEN COMMUNICATION

In 2014, Eletrobras and its partner Emprendimientos Energéticos Binacionales S.A. (EBISA), mapped the **stakeholders** of the Binational Garabi and Panambi Projects, two hydroelectric power plants under study on the Uruguay River, on the border between Argentina and the state of Rio Grande do Sul. This mapping was conducted on both sides of the border by Consórcio Energético do Rio Uruguai, a group of six companies from both countries, hired to execute the engineering and environmental studies and the social communication plan.

The Social Communication Plan for Garabi and Panambi has four offices, two on each side, and itinerant customer service centers that support the work in the region. In 2014, the highlights were the work related to the socio and economic registry of the population affected and to the real estate registry.

In 2014, a total of 162 meetings were held on the Brazilian side, involving approximately 4,100 participants. There were 1,150 inquiries at the permanent and itinerant offices on the Brazilian side and the toll-free number received 160 inquiries about the projects.

For social and economic registry, 24 institutional meetings were held, with approximately 530 participants - including representatives of the governments of the municipalities affected by the Hydroelectric Developments (AHEs), working groups, social institutions, and trade unions - to inform about and answer questions concerning the activities involved in the registration of the population affected. In the rural area of the municipalities affected by Garabi, 51 informational meetings were held, with the participation of approximately 1,000 people. As required by Inter-ministerial Ordinance 340/12, information about the meetings and the launch of the activities were published in newspapers and folders and broadcast in radio and TV stations. As a new channel to inform the society, the website www.garabipanambi.com was launched in 2014. *(GRI 4.16, GRI SO1)*

Ethics Management

The Eletrobras companies have various institutional and regulatory tools to guide, identify, remedy, handle, and, in case of transgressions, act upon topic associated with Ethics, establishing guidelines and standards that steer and formalize the actions and commitments related to the institutional conduct of the companies and of its employees and the interactions with their suppliers, business partners, clients, and all other **stakeholders**.

The Code of Ethics formalizes the principles of professional conduct in the workplace and in business relationships, covering corporate governance, transparency, lawfulness, corruption, traffic of influence, competition, among others; it is based on market practices and complies with the Federal Constitution and the laws in effect.

It sets forth, among others, the conduct commitments that ground the corporate decisions on ethics; that invest in an operation in line with public policies and demonstrate the independence of the company and reinforce the need to protect its institutional assets and image; that reject all forms and attempts of corruption and traffic of influence; that address conflicts of interest appropriately and establish rules forbidding the offering or receiving of gifts, privileges, or benefits; that enforces respect for freedom of competition, rejecting anti-competitive, trust, and/or harmful practices.

Learn more about the Code of Ethics of the Eletrobras companies at www.eletrobras.com> Sustainability > Corporate Governance > Management Tools and Policies

All employees, contractors, interns, and young apprentices receive the "Code of Ethics of the Eletrobras companies" on their first contact with the company. The company also provides accessible versions of the Code to everyone: in Braille format, for the visually impaired, in audiobook format, and in storybook format, using easy and educational language.

Anti-corruption Practices

In mid-2014, Eletrobras's Board of Directors approved the Implementation Plan of the Compliance Program of the Eletrobras companies, as required by the Brazilian Anti-corruption Act, Law 12,846/2013, in effect since January 29, 2014, and by the United States laws and regulations applicable to the companies listed on the NYSE, such as the Foreign Corrupt Practices Act (FCPA)[9].

As provided in the policies of the Eletrobras companies, all employees, company representatives, and partners should fully abide by all applicable anti-corruption laws and regulations, whether in Brazil or abroad, such as Law 12,846/2013, known as the "Brazilian Anti-corruption Act." In order to materialize the commitment to its dissemination across the Eletrobras companies, Eletrobras's Board of Executive Officers approved, in December 2014, the "Anti-corruption Policy Compliance Handbook," as required by the "Brazilian Anti-corruption Act" and the "Foreign Corrupt Practices Act."

As another step of the program, the Compliance Managers and Assistants were appointed in all companies and, jointly, form the Compliance Management Committee, a group of individuals who work toward the dissemination of and compliance with Anti-corruption Laws in the Eletrobras companies. In each company, as the demand for investigation of reports arises, an Executive Investigation Committee will be created, which will be responsible for investigating cases of claims or violation of this program. The implementation of the Compliance Program mitigates reputational and financial risks for Eletrobras. *(GRI SO2, GRI SO3)*

9 American federal law that aims at preventing payment, offer, or promise to pay money or anything of value to candidates for political offices, foreign political parties, government officials, and authorities to secure undue advantage, to obtain or retain businesses, or any other type of special treatment in commercial transactions. This law also requires companies to keep their books and records to reflect, accurately and fairly, all their transactions and to maintain a system of internal accounting controls to prevent the concealment of bribery.

In 2014, ten cases of corruption were recorded and analyzed by the internal anti-corruption controls in place in the Eletrobras companies. Of this total, six were considered founded. Three cases were reported in Eletrobras Amazonas Energia (in two of them, the two employees involved were suspended, and in the third case there was no penalty, since the individual who perpetrated the action was not identified). Two other cases were reported in Eletrobras Chesf, and in one of them the employee was terminated for cause and in the other, the individual was suspended for 15 days.

The latter case, registered in Eletrobras Eletronorte, refers to a service provider. The report was sent to the company contracted to evaluate the necessary corrective actions. The other four cases recorded and considered unfounded followed the same procedures as for potential cases of corruption, in all companies, including establishing internal committees to investigate the facts. *(GRI SO4)*

In all cases deemed founded and unfounded, no lawsuit was filed against Eletrobras or its employees with regard to corruption practices.

Cases of corruption recorded *(GRI SO4)*

	2014*	2013	2012**
Founded	6	3	5
Unfounded	4	9	6
Total	10	12	20

* In 2014, data does not cover the following companies: Eletrobras Distribuição Alagoas, Distribuição Rondônia and Distribuição Roraima.
** There is no information about the nine remaining cases and that were in progress in 2012

Employee Guidebook

In order to promote the Anti-corruption Program of the Eletrobras companies, an integrated communications plan was created for the 16 companies, with the preparation of the Employee Guidebook, which is an excerpt of the Compliance Handbook, developed in plain language to present the application, roles and responsibilities, penalties, and the communications and reporting channel. In order to engage leaders in the implementation of the program, this Guidebook was first sent by the compliance manager to the managers of the Eletrobras companies. This e-mail requested the support of leaders, to motivate their teams to become familiar with the principles of the Guide. Approximately 90% of the business units with greater exposure to risks associated with corruption are expected to be trained in 2015. *(GRI SO2)*

Percentage of employees trained on the organization's anti-corruption policies and procedures* *(GRI SO3)*

	Trained	Total	%
Managers	101	1,191	8.5%
Non-managers	217	11,616	1.9%

* The total includes employees of the companies to which the indicator applies.
Data does not include the following companies: Amazonas Energia, Distribuição Roraima, Cepel, Chesf, and Furnas.

Conflict of Interest

Eletrobras's Bylaws provide for situations involving conflict of interest, in which board members must abstain from debating and 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 referring to the deliberations for up to 30 days.

In order to avoid potential conflicts and the use of confidential and strategic information, the CEO and the officers cannot hold any executive or consulting positions in privately held companies, utilities companies, or private law firms associated with the electric utilities sector, except in subsidiaries, affiliates, Special Purpose Entities (**SPE**), and utility companies controlled by the states in which Eletrobras holds ownership interest, where they may hold positions in their boards of directors and fiscal councils, pursuant to the provisions of Law 9,292/1996, which provides on remuneration. *(GRI 4.6)*

Board members are responsible for monitoring and managing potential conflicts of interest involving officers, board members, and shareholders in order to avoid misuse of the assets of the organization and, above all, any abuse in transactions with **stakeholders**.

The board member elected by employees does not take part in debates and deliberations about subjects involving union relations, remuneration, 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 12,353/2010.

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

In addition, Law 12,813/2013 sets out a list of information that public officials are required to send to the Public Ethics Committee; this provision is also applicable to officers on leave of absence or away from their duties.

In order to receive formal inquiries from employees with respect to situations that may involve potential conflicts of interest, pursuant to Law 12,813/2013, the Office of the Comptroller General (CGU) has structured an electronic inquiry system, called Electronic System to Prevent Conflicts of Interest (SeCI), to be used by the entire public administration; it has been implemented in Eletrobras and can be accessed by employees via intranet or at: http://www.cgu.gov.br/assuntos/etica-e-integridade/conflito-de-interesses/seci-sistema-eletronico-de-prevencao-de-conflito-de-interesses/seci-sistema-eletronico-de-prevencao-de-conflito-de-interesses. *(GRI 4.6)*

Risk Management

The main goal of the Integrated Risk Management in the Eletrobras companies is the reduction of the materialization of events that could have a negative impact on its strategic objectives, seeking to safeguard and create value and provide transparent information to the market and shareholders.

At the Eletrobras companies, the risk management process is governed by a single policy and coordinated by Eletrobras **holding**, ensuring a systemic view of the results and its standardization across all companies of the group. This process is conducted by the risk and internal control management departments and by the risk committees of each of the Eletrobras companies and the general guidelines are set out by the Risk Committee of the Eletrobras **holding**. The main duties of this commission are:

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

Based on the **COSO ERM** and ISO 31000, the integrated risk management model used by the Eletrobras companies identifies and consolidates, in a matrix, the strategic, operational, financial, and compliance risks to which the companies are exposed, for subsequent analysis, treatment, and monitoring through specific proprietary processes. The environmental risks identified form a specific category, which is a component of the operational pillar of the aforementioned matrix.

The financial results comply with Brazilian and international accounting principles, pursuant to the Sarbanes-Oxley Act (SOx). Pursuant to this law, Form 20-F is disclosed annually and sent to SEC, with the information deemed most relevant about business management, the results of our operations, and financial position.

Our internal controls are certified by the officers (CEO and CFO) and by independent auditors, with a transparent approach to eventual shortcomings and their remediation plans. *(GRI 4.9)*

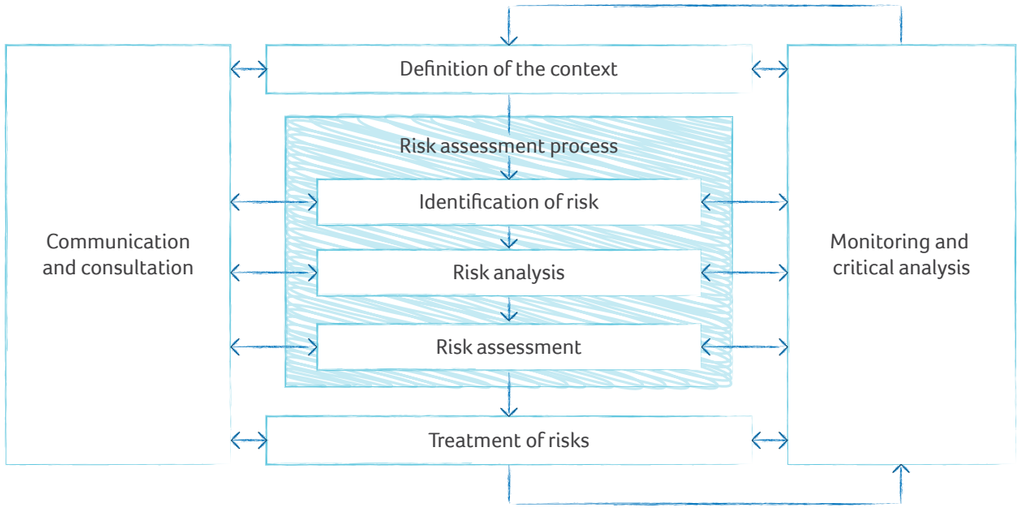
Monitoring of prioritized risks, through qualitative or quantitative modeling, is continuous, as well as the actions to disseminate the risk vision among the employees involved in the process.*(GRI 4.11)*

Step-by-step Guide to Risk Management

The risk management methodology at Eletrobras is divided into five phases. The following are phases in the risk assessment and management process:

- **Characterization and identification of risks:** the risks to which the company is exposed are identified and described, including their factors, causes, and impacts, and those with responsibility over the risk.
- **Risk analysis and assessment:** qualitative and quantitative analyses are conducted to define the impact and vulnerability attributes to be used in the prioritization of the risks to be addressed. It also includes the listing and evaluation of the existing controls in order to establish residual risks and prepare recommendations for the treatment of the risks assessed.
- **Treatment:** it involves the choice to avoid, mitigate (through the preparation and implementation of action plans and internal controls), share (through insurance), or accept the risk. The Senior Management of the company is responsible for this decision.
- **Monitoring and critical analysis:** monitoring, through indicators, of the performance and efficiency of the actions defined to mitigate the risk.
- **Communication and queries:** permeates the process in order to facilitate the collection of data and the reporting of results of the entire process.

Macro-steps of Risk Management in the Eletrobras companies



In 2014, the work to define a methodology for the quantitative analysis of the risks inherent to the processes of the Eletrobras companies proceeded, with the ongoing development of a pilot project that aims at the quantitative assessment of the risks pertaining to the cash flow of Eletrobras **holding**. This initiative allows for the creation of a new approach that regularly considers the various financial risks to which the company may be exposed during the forecasting of its cash flow.

It is also possible to confirm the commitment of the company's senior management to the risk and internal control activities through the support provided by the Audit and Risk Committee to these activities. The main duties of this committee, which is one of the three committees advising Eletrobras's Board of Directors, is to analyze and monitor issues associated with internal control, audits, and risk management.

In addition, the following activities were conducted: revision and approval of the Risk Management Policy of the Eletrobras companies and its Risk Matrix; definition and approval of the corporate risks (although some risks are not prioritized in the other companies, they should be reported to Eletrobras **holding** because of their relevance and of the corporate interest they represent); formalization of the internal process for risk management to report to senior management; and approval of the risk management work plan for 2015.

New structure

With the implementation of the new organizational structure of Eletrobras's Distribution companies, in 2014, the Corporate Risks, Insurance, and SOX departments were created; they are integrated to the presidency and to the Local Corporate Risks, Insurance, and Internal Control Committee. In order to create a base of internal regulations for each of these companies, they have subscribed to the Risk Management Policy of the Eletrobras companies, which is in effect in the generation, transmission, and Eletrobras **holding**. The core objectives, processes, and responsibilities of the group in relation to the risks to which the group is exposed are defined in this report. Based on mapping of risks, which was prepared with the support of external consultants, the Distribution companies prioritized three risks in the matrix: outsourcing, delinquency, and asset management. These three risks were analyzed and addressed as a way to train employees on how to conduct these activities.

Precautionary Principle

The risk matrix of the Eletrobras companies has one category that is dedicated exclusively to social and environmental risks. In 2014, the descriptions, factors, and impacts of the events pertaining to this topic were reviewed to properly represent the social and environmental risks to which they are exposed. Based on this analysis, some of these risks were prioritized for treatment and their current status is reported in quarterly and annual reports. This analysis and review process originated recommendations and action plans that will be sent to and should be executed by the relevant departments. Some of the social and environmental risks included in the risk matrix of the Eletrobras companies are climate change, natural disasters, social mobilizations, environmental accidents, biodiversity and physical environment, environmental licensing, and greenhouse gas emissions.

Environmental controls

At Eletrobras Amazonas Energia, the action plans for environmental control risks involve the implementation of an environmental management system in all units of the company. In order to cope with this risk, the environmental controls were mapped and data on atmospheric emissions and waste and **wastewater** management was collected in order to register the entire chain of this waste and maintain records about volume and disposal. The company also prepared a checklist of assessment criteria and procedures that should precede the bidding processes and hiring and monitoring of suppliers, aiming to check compliance with the sustainability requirements set out in the policies and norms of the company, a process that confirms the company's concern with its supply chain.

Environmental Handbook on Solid Waste

The Eletrobras's Distribution companies have an Environmental Handbook on Solid Waste and an Environmental Handbook on Hazardous Waste with the purpose of establishing the technical environmental assumptions, which are critical in managing solid and hazardous waste in its units. This information is vital to managers in order to prevent eventual environmental impacts arising from the company's core activity. *(GRI EN26)*

Clean Development Mechanism (CDM)

The Santo Antônio Hydroelectric Power Plant was designed to achieve optimal development with low social and environmental impact and is currently one of the large Brazilian power plants in commercial operation that generates carbon credits for the global market. Using the water resources of the Madeira River to generate power with low GHG emissions, with an annual reduction estimated at 4,015,196 tCO_2e[10] , in 2014, an additional 15 turbines entered into operation, increasing the energy generation capacity to 2,300 megawatts (MW). *(GRI EC2, GRI EN18)*

The reduced (run-of-the-river) reservoir adopted at Santo Antônio plant ensured that the environmental impacts on the area were substantially minimized. The decision for this model reinforces and is part of the commitment made by the plant to preserve the Permanent Preservation Area (APP) of 39,000 hectares that borders its reservoir.

Once completed, in 2016, Santo Antônio will operate 50 turbines, generating 3,568 megawatts of power, sufficient to supply over 45 million people.

Increased safety in the storage of spent nuclear fuel

Aiming to prevent potential disruptions in the production of energy caused by the shortage of storage capacity for spent nuclear fuel, Eletrobras Eletronuclear is conducting a licensing process for the implementation of an Additional Spent Nuclear Fuel Storage Unit. To this end, a risk assessment was developed, focusing on the shortage of storage capacity, considering the current status of the project in relation to the risk factors and mitigation controls, which will ground the decisions that will be made to reduce any eventual project vulnerabilities. The company applies the Precautionary Principle, using the risk matrix developed in conjunction with the Eletrobras companies, in which the vulnerabilities were identified, considering the best practices in the market for management of corporate risks. In order to develop the risk matrix, the operational departments provided data for the identification of the operational risks of the power plants. *(GRI 4.11, GRI EU6, GRI EU21)*

10 CO_2 (carbon dioxide) equivalent is a standard unit of measure used to compare the emissions of a number of greenhouse gases, based on their global warming potential, according to Decision 17/COP-8. CO_2 results from the multiplication of the number of tons of GHG emitted by its global warming potential (namely, CO_2 = 1, CH4 = 21, N2O = 310, HFC-125 = 2.800, HFC- 134a = 1.300, HFC-143a = 3.800, HFC-152a = 140, CF4 = 6.500, C_2F6 = 9.200, SF6 = 23.900).

Hydrological risk

For Eletrobras, it is mandatory to ensure the availability of energy supply in a hydrological risk scenario, since its energy matrix is mostly water-based. Therefore, the assessment of some aspects and conditions pertaining to the Brazilian electric system is essential. In this method of generation, nuclear power is a low carbon-emitting option and Eletrobras Eletronuclear has studies and action plans in place for extreme weather events such as sea level rise, torrential rain, tornadoes, and reduced water availability to feed and cool the reactors.

Specifically concerning the National Interconnected System (SIN), it is important to point out that the Electric System National Operator (ONS) and the National Water Agency (ANA) collaborate to the use of the water of power plant reservoirs, as provided in Law 9,984/2000. The ONS is responsible for defining the operation to be adopted in the reservoirs. The hydroelectric power plants of the SIN are connected by a network of power transmission lines that spans most of the country. Due to this connection and to the hydrological and climate diversity between the drainage basins in the country, the generation of hydroelectric power in areas where water is abundant supplements the generation of locations with water shortage.

One of the hydrological risks is the reduced streamflow available for power generation caused by long dry seasons, which can bring adverse impacts to the financial operations of the Eletrobras companies. The GSF, Generation Scaling Factor, is a factor used to adjust the guaranteed power output and represents the ratio between the total power produced by the hydroelectric plants of the SIN that integrate the Energy Reallocation Mechanism (MRE) and their guaranteed power outputs. This represents, on average, the amount of energy committed to energy generation contracts. With insufficient rain in the system, the GSF equals to less than 1 and the hydroelectric generators that contracted their guaranteed power outputs will have to incur additional costs to acquire energy in the spot market in order to fulfill their obligations. Against the current backdrop, the Brazilian electric system is experiencing the effects of the years in which generation fell below its guaranteed power output. The country is going through a period of severe rainfall deficiency, which has a direct effect on the hydroelectric power generation. However, pursuant to Law 12,783/2013, only power generation companies whose concessions have not been renewed under its terms and remain in effect are exposed to hydrological risk, considering that those whose concessions have been renewed are no longer exposed to this risk, since they are only responsible, as provided by the aforementioned law, for the operation and maintenance of the power plants under their concession. Concerning the cost of the power generated, it is interesting to note that the constraints arising from the environmental licensing process of the hydroelectric projects in the past decades have altered the energy matrix, requiring the use of more costly energy generation sources.

In relation to the causes of the current low water availability and the measures to be taken to mitigate the subsequent reduced power generation capacity, structural, methodological, environmental, and climate issues are being discussed, such as:

- the need for expansion of the regulation volume of the National Interconnected System;
- the adoption of structural measures to protect springs and sources, such as reforestation and riparian woodland preservation in basins, capable of stimulating the production of water;
- the assessment of the operational restrictions practiced in the reservoirs (multiple and environmental use of water), which affect energy production parameters in relation to plan (such as: water levels, regulation volumes);
- the need for reviewing the parameters of the projects to assess the current energy generation capacity, such as the useful storage capacity of the reservoirs;
- the assessment of the critical period: the continued monitoring of the streamflows in the coming years, to assess whether the adverse precipitation indices will characterize a dry period that exceeds the critical period of the Brazilian electric system (represented by the period between June 1949 to December 1956). The streamflows of this period are used to ground the size of the projects and to define the generation capacity of a power plant.

It is necessary to continue monitoring weather phenomena and the hydrometric study of basins to conduct conclusive assessments and studies about the aforementioned issues. Accordingly, it is interesting to note that the Brazilian electric utilities sector has established solid conceptual and methodological grounds throughout its history, represented by its unique technical expertise, projects, and the largest network of hydrometric monitoring data in the country. Furthermore, the current regulatory model in effect in the Brazilian electric utilities sector is supported by agencies, such as ANA and **ANEEL**, that have set out very strict requirements for the studies and information provided by companies. Eletrobras works to provide the information required by ANA and **ANEEL**, such as Joint Resolution No. 3, of 2010, which establishes revision of the parameters for the hydrometric and meteorological monitoring of reservoirs and more stringent procedures than those of the previous norm. This regulation also governs the operation of hydroelectric projects. It can be noted

that many times restrictions associated with environmental issues and multiple uses are applied, which alter the energy parameters of a hydroelectric operation, which adopts, by definition of the ONS and ANA, streamflows or levels of water different than those defined in the project, thereby affecting its capacity to generate energy. Conversely, as a measure to mitigate the current scenario in which reservoir volumes have dropped because of the low streamflow levels in recent years, the ONS, ANA, generation agents, and users of specific drainage basins have been collaborating, as basin committees, to add flexibility to the outflow to be allocated **downstream** in regulation reservoirs in order to maintain their volumes. This type of action has occurred in basins such as the São Francisco basin, one of the basins with important reservoirs of the electric utilities sector and of Eletrobras, and which was affected by the consecutive years of low precipitation indices.

The aforementioned topics underscore the water-related risks faced by power generation companies in terms of water availability, structural matters, and regulatory issues, which became even more relevant in 2014, since they are more evident in prolonged dry spells. Eletrobras and its companies are aware of the potential adverse impacts on their activities arising from risks related to water use; thus, they seek to minimize their risk exposure through studies, through the implementation of specific projects, and through coordination with regulatory and governmental agencies. Another option to reduce the exposure of the system to hydrological risk would be additional investments in alternative sources of energy, such as wind, solar, and nuclear, the latter being known as a low carbon-emitting option. *(GRI 1.2, GRI EC2)*

Social Risk

The Eletrobras companies continuously seek to map all risks to which they may be exposed concerning their activities. Some of these risks are social in nature and are identified, primarily, when energy generation, transmission, and distribution projects are implemented.

For both corporate projects and those conducted through partnerships, a business plan is defined including, among other information, a qualitative risk matrix that contains the social risks involving the said project. They are assessed according to their strategic aspect and to their potential operational, financial, and reputational risks.

The main risk events, causative factors, and impacts are identified for each project. Based on this information, action plans are defined for the mitigation of the said risk. When their impact affects the cash flow of the project, the amounts are provisioned to ensure that the social and environmental criterion is incorporated into the financial feasibility analysis of the business in question.

Concerning international projects, in addition to the environmental laws in effect in the country where the company has decided to invest, Eletrobras applies its corporate environmental and social policies, which were prepared pursuant to strict Brazilian laws and which define guidelines and instructions for addressing these topics.

Example of mitigation actions implemented in Eletrobras's projects:

Diálogo Tapajós

- **Communications and Social Interaction Plan in the area of the São Luiz do Tapajós and Jatobá AHEs (Diálogo Tapajós Project):** based on the mapping of the main social agents working in the area of the project, a specialist team interacts with the **stakeholders**, to listen and provide information about the project and its progress, in meetings during which the population can obtain clarifications about the project. Any inquiries and concerns are submitted to the Tapajós Study Group and contribute to the proposition of measures to prevent, mitigate, or compensate negative impacts and leverage the positive ones. There are also public service professionals on duty in the local offices of Itaituba and Jacareacanga, who provide information and materials on the project. From the launch of the work, in July 2012, to February 2015, there were 585 interactions with local, regional, and national social agents, involving 10,790 participations. The main concerns raised refer to the potential impacts generated by the power plants, to the environmental projects and programs associated with their implementation, to the engineering projects, to the Social and Economic Registry, and to the EIS/EIA information. Furthermore, 945 on-site customer service interactions were registered. Requests for information and materials about the projects, access to documents, and financial support for various purposes are among the topics covered.

Currently, the actions and associated costs regarding the creation and reinforcement of the local infrastructure, when not directly associated with the compensation and mitigation of environmental impacts arising from the implementation of a sector-specific project are being defined according to a regional sustainable development plan, whose purpose is to gather public policies and initiatives of civil society to leverage sustainable development and improve quality of life. In addition to public budgets, these plans are also funded by resources provided by the developer of the project.

The same action was adopted throughout the study and construction phases of the Belo Monte AHE. Eletrobras also supported the preparation of the regional development plan (PDRS – Xingu) and, after the auction, the company allocated resources for the implementation of the actions set out in the Plan. *(GRI 1.2, GRI EC8)*

Measures to prevent and reduce damages

Eletrobras initiated an awareness action to map near miss cases related to company. The guidelines and instructions were set forth by the Working Group (WG) - Workplace Safety in the Eletrobras companies and focused on the activity of the workplace safety teams and of the Internal Accident Prevention Committees (CIPAs). Each business unit has its own contingency plan, which specifically approaches their social concerns, environmental impacts, natural disasters, IT-related matters, strikes, image-related crisis, and fire hazards that could affect the internal and external audiences, considering the communities and the zones of influence. *(GRI EU21)*

The Emergency Action Plans of the Eletrobras companies are supported by management groups responsible for preparing and updating the action plans for specific contingencies, for coordinating test simulations, and training procedures for these plans.

For all employees and contractors to comply with the guidelines of these plans, the Eletrobras companies invest in capacity-building activities and training courses. These actions are conducted through annual drills involving the employees affected in a given emergency situation, lectures, and plans posted on the intranet, which are accessible to all employees. For contractors, integration lectures on safety are offered when the provision of services starts. *(GRI EU21)*

The plans are regularly tested through drills. These events test the theoretical and practical knowledge of the members of emergency brigades and of all employees of risk areas in general. In order to ensure safety of field workers, all maintenance work conducted in hazardous areas mandatorily requires the preparation of a Preliminary Risk Assessment (APR), a document that identifies potential occupational hazards and their prevention and mitigation actions. *(GRI EU21)*

In case of accidents in the operating units, emergency brigades work as first responders and contact the public authorities, if necessary (fire department, environmental agencies, etc). Weekly, during the training and NR10 refresher courses[11], the accidents and near miss cases registered and the control measures to prevent new accidents are presented.

Pursuant to the universal rules for this type of activity, workers must wear PPE[12] and CPE[13]. Environmental Risk Prevention Plans (PPRA) are also prepared; they work jointly with safety programs concerning electrical installations, transport, movement, storage and handling of materials, and use of machinery and equipment, explosives, and flammable liquids. All these activities comply with the requirements of the Ministry of Labor and Employment (MTE), of agencies such as the Fire Department and Civil Defense, and of environmental agencies.

It is important to point out the Emergency Response Plan in Transmission Lines, which ensures continuity of services in cases of accidents involving transmission towers. This plan is implemented after analysis of the location where the failure occurred: topography, access conditions, number of damaged towers, and other factors that can be used as input to quantify human resources and material required to respond in the least possible amount of time. Generally, emergencies involving these types of lines occur in inhospitable places, with heavy workloads and greater risks than those of regular maintenance activities. The contingency plans for transmission lines establish guidelines for the repair of the transmission lines affected and define the safety procedures of the team, including information on the nearest hospitals where they can be taken in case of accident. *(GRI EU21)*

The most common types of near miss cases in the operation of transmission lines relate to electric shocks, accidental falls of people or suspended materials, and failure in process equipment that could affect the health of employees, such as explosions and spills of toxic products. The most frequent causes are non-compliance with

11 Regulatory Standard issued by the Ministry of Labor and Employment of Brazil, which aims to ensure safety and health of employees who interact with electrical installations and services.
12 Personal Protective Equipment.
13 Collective Protective Equipment.

safety procedures, failure, or defects in equipment and systems. Lessons learned include reinforcement of the need to follow safety and operational procedures and to improve the quality of safety inspections of equipment to prevent failures before they occur, among others. Various awareness campaigns are conducted to draw attention to the dangers involving live equipment, such as:

- Alerts on the risk posed by sky lanterns to transmission lines, power plants, and substations;
- Clarification on activities that should not be conducted within the right of ways of transmission lines;
- Signage in the areas of the reservoir where fishing is prohibited. These activities are conducted with the consent of or in partnership with public authorities.

(GRI EU21, GRI EU25)

In case of blackouts, restoration of services follows an order of load priority (those who should receive energy first), of reenergizing the lines of transmission and distribution, by sector, and of synchronization of power plants. Generally, power plants do not shut down; instead, they are simply disconnected and operate without generating power (as if they were an idling car). As soon as the transmission lines are available (reenergized), the plants resume power generation. The rationale behind the restoration and the load priorities are governed by a complex set of operating rules established at various levels, from the operation of the interconnected system at macro-level to the local operation of each power plant, substation, and energy distribution company. *(GRI EU21)*

For the Distribution companies, in addition to the norm on accidents and near miss cases, the Project Valorização da Vida (Appreciation of Life) was created, with actions to prevent work accidents involving employees and contractors and accidents involving the population. This document is pending the approval of the Board of Executive Officers of Eletrobras **holding**. Among the actions set out by the Information Security and Communications Committee (COSIC), the creation of a fire and emergency brigade is under study, to serve the internal facilities of the company. *(GRI EU25)*

The generation companies prepare, specifically on water resource management, the Annual Flood Prevention Plan, which is approved by ANA and **ANEEL** and reviewed and updated annually. The companies that operate hydroelectric power plants have handbooks on the Control of Floods in the Drainage Basins where they operate their main reservoirs. These handbooks contain instructions about the operation during flood events and the steps required when they occur.

Specifically for nuclear power plants, the Almirante Álvaro Alberto Nuclear Center (CNAAA) has an integrated emergency plan that was prepared by a number of defense organizations, such as the Civil

Defense, the Police Force, and the Fire Department. This plan is tested periodically, through drills overseen by the **National Committee on Nuclear Energy** (CNEN) and by international organizations, such as the International Atomic Energy Agency (IAEA), which ensure the suitability of the plan, whose goal is to safeguard the neighboring population and its employees. In order to maintain the External Emergency Plan (PEE) under appropriate deployment conditions, the Partial Emergency Drills are conducted on even-numbered years, when all actions reviewed in the Plan are put into practice, including the drill to evacuate the population in the vicinity of the Nuclear Plant. *(GRI EU21)*

Integrated Emergency Plan

The Almirante Álvaro Alberto Nuclear Center (CNAAA) has two operating nuclear power plants (Angra I and Angra II) and a third that is under construction (Angra III). As in any other nuclear power plant, the potential risk, although extremely small, of a severe accident involving leakage of radioactive materials exists. Therefore, Eletrobras Eletronuclear has an Integrated Emergency Plan (PEI), which, among other measures, provides for the evacuation of the local population to a safe location. Moreover, the Eletrobras Eletronuclear Health Care Foundation (FEAM) offered, to the National Force of the Unified Health System (SUS), a training course on the actions to be taken by the health department to care for victims of radioactive accidents. The objective is to prepare the medical professionals of the social emergency response agencies for major events held in Brazil, including the Olympic Games. Approximately 40 professionals – among physicians, nurses, and biochemists from 15 states across Brazil - attended the training course. *(GRI EU21, GRI EU25)*

PREPARED TO ENTER THE PLAYING FIELD

With World Cup matches occurring in the city of Manaus (AM), Eletrobras Amazonas prepared a Contingency Plan to ensure the continuity, reliability, and safety of the energy supplied to all events and accredited establishments. In order to maintain the full operability of the distribution system, some measures were taken, such as the operational reinforcement and the reinforcement of the emergency maintenance teams, with a total of 72 groups distributed across strategic points of the city. On match days, this number increased to 102 teams, formed of own and contractor electricians. The load transfer, previously performed manually, was automated, as requested by the Ministry of Mines and Energy, Eletrobras, and CEPEL. If any disruptions in the Distribution System were to affect the priority loads covered in the Plan, especially for the Amazônia Arena and the Ponta Negra Park, the Integrated Operation Center (COI) were instructed to immediately deploy the employees on standby. *(GRI EU21)*

GUARANTEED SUPPLY

In order to automate the control of the electrical installations of its substations, lines, and distribution networks and to improve the quality of the services provided to its customers, Eletrobras Distribuição Rondônia invested R$ 600,000 in the implementation of the Integrated Operation Center (COI), which now has, in a single location, the professionals and services of the Distribution Operation Center of all regions of the state, of the Distribution Operation Departments, and of the Distribution and Maintenance Services. COI is fully computerized to enable system operators to control, remotely, the electrical installations of substations, lines, and distribution networks, maintaining the cost-effectiveness, safety, and efficiency required to ensure the continued supply of the energy distributed. *(GRI EU21)*

Health and safety of users

In 2014, the total number of individuals involved in accidents related to Eletrobras's assets was 7914, 22 of which resulted in fatalities[15]. These events include traffic accidents and electric shock caused while diverting energy and making illegal connections. In turn, most fatalities are caused by the contact with the power grid.

The number of lawsuits associated with health and safety decreased substantially, from 26 in 2013, to 11 in 2014. Eight of which remain pending and three were resolved[16]. *(GRI EU25)*

14 This data does not consider the following companies: Eletrobras **holding** and Eletropar
15 For 2014, data does not consider the following companies: Eletrobras **holding** and Eletropar.
16 For 2014, data does not consider the following companies: Eletrobras Distribuição Alagoas and Distribuição Rondônia.

Original photo: Luiz Castello Branco
(Eletrobras Distribuição Alagoas)

Business Performance

Operation overview

The Brazilian electric system is formed by the National Interconnected System (SIN) and various stand-alone systems, distributed mostly across the North Region. SIN is composed of the South, Southeast/Midwest, North, and Northeast subsystems and supplies approximately 99% of the Brazilian energy market. In 2014, an increase in this percentage was registered because of the interconnection of Manaus, which represented the largest share in the energy load. Of the 249 Stand-alone Systems (SI), 137 are served by the Eletrobras companies. *(GRI 2.8)*

The Brazilian electric utilities sector is well structured in terms of rules and attributions, both in operating the existing park and in planning the expansion of energy supply, in which each agent or agency has a well defined role, each representing the needs of all sectors of society.

The coordination and control of the operations of SIN's power generation and transmission facilities are responsibility of the Electric System National Operator (ONS), which is inspected and regulated by the Brazilian Electricity Regulatory Agency (**ANEEL**). Thus, ONS, as the operator of the interconnected System, determines which power plants will start operating and the amount of generation to be dispatched.

The Federal Government is responsible, whether directly or via concession, for authorizing or issuing permits to third parties for the operation of energy services and facilities and for the hydropower developments. The Federal Government is also responsible for defining granting criteria and for registering, monitoring, and inspecting the concession of rights for research and development of water resources, in addition to legislating over water resources and electric power.

The entry of new generation and transmission projects occurs through energy auctions and the subsequent granting of concessions. Before the bidding process, each project has to undergo various steps, which are very well defined by the rules of the industry.

The agents willing to undertake a new generation project should, initially, register with the regulatory agency (**ANEEL**) for the development of studies that must be prepared pursuant to rules and methodologies that include all social, environmental, anthropological, and cultural aspects.

Throughout the development of the studies, the agents interact with various agencies, whose attributions are defined according to their area of expertise, such as the regulatory agency (Brazilian Electricity Regulatory Agency - **ANEEL**), the environmental agencies (Brazilian Institute for the Environment and Renewable Natural Resources and state environmental agencies - **IBAMA**), the agency that manages the Conservation Units (Chico Mendes Institute for Biodiversity Conservation- ICMBIO), the agency responsible for the shared and integrated management of water resources and for the regulation of access to water (National Water Agency - ANA), the federal agency responsible for establishing and implementing the policy pertaining to indigenous peoples (National Indian Foundation - Funai), among others.

The developers of the studies for the new projects implement communication processes to inform local communities and representatives of civil society about issues concerning the projects and social and environmental actions and seek to identify the expectations and needs of stakeholder groups. The Environmental Impact Studies (EIS) are presented to local society through public hearings held by the environmental agencies, in the locations where the projects will be implemented.

The Energy Research Company (EPE), associated with the Ministry of Mines and Energy (MME), is responsible for preparing studies and surveys concerning the Brazilian energy planning, considering that they should be technically, economically, and socially feasible and environmentally sustainable. These studies are merely indicative and are conducted without the direct involvement of agents. The EPE analyzes the Inventory Studies, Feasibility Studies, and Basic Projects approved by **ANEEL** to identify potential candidates to enter the project portfolio to plan energy supply, which will support the development of a bidding program for power plants and transmission line for the coming years.

The companies that develop the projects can enter them in new energy auctions. However, regardless of having prepared the studies, these companies will compete against others in the auctions and may or may not be the winners. If they do not win the auctions, the companies that developed the studies will be reimbursed for their investments in the preparation of the studies. Companies interested in developing new projects can enter the auctions individually or as a consortium.

Eletrobras's role, as auction winner, is to implement, operate, and maintain the facilities during the term of the concession.

Considering the current transformations of the Eletrobras System, in which a new brand is being created, with increased focus on the strategic plan and on the challenges and opportunities provided by the sustainable growth scenario chosen by Eletrobras, the Energy Study Group of the Eletrobras System conducts studies for the expansion of energy supply according to the vision of the Eletrobras System, aiming to seize new business opportunities and support marketing studies prepared by Eletrobras **holding** and the other companies of the Eletrobras System.

The Eletrobras System holds the concession/authorization to build generation projects, whether individually or in partnership, whose generating units will enter into operation in 2015, totaling approximately 22,570 MW of installed capacity. Of this total, approximately 12,200 MW refer to Eletrobras's share in these projects; approximately 2,340 MW relate to direct concession projects; and 9,860 MW correspond to its interest in projects developed in partnership. Of this total, 95% corresponds to clean energy sources, 69% of which refers to hydroelectric power plants, 12%, to nuclear sources, and 14%, to wind farms.

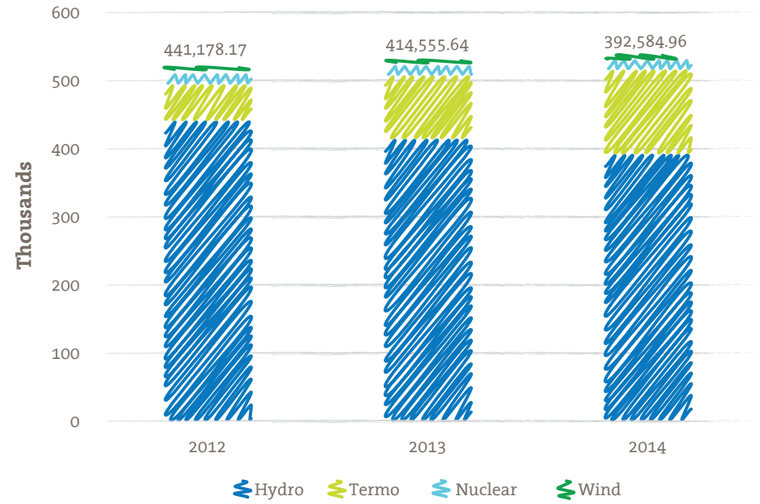
In addition to the power plants granted/authorized, the Eletrobras System develops studies for projects of wholly or jointly owned hydroelectric power plants that amount to 23,470 MW of installed capacity. Of this total, approximately 11,930 MW refer to recommended projects that are included in the supply expansion of the 2023 Ten-Year Energy Expansion Plan (**PDE** 2023), prepared by the EPE/MME, which totals 81% of the capacity of all indicative hydroelectric power plants included in the Plan.

Eletrobras aims to be among the three largest global clean energy companies by 2030. Among the hydropower projects, the highlights are Belo Monte, Santo Antônio, Jirau, and Teles Pires power plants and the projects under study for the hydroelectric power plants located in the Tapajós River basin: São Luiz do Tapajós and Jatobá, Jamanxim, Cachoeira dos Patos, and Cachoeira do Caí. *(GRI EU19)*

Industry Overview

The country experienced an unprecedented water crisis in 2014, further exacerbating the low levels of the reservoirs that had persisted since 2013. The expected precipitation did not occur and the situation worsened, especially in the Northeast, Southeast, and Midwest of the country. Consequently, thermal power plants were used on a regular basis and led the Difference Settlement Price (PLD) to high levels 2014.

Power Generation by Source (GWh) Brazil



In this same period, the growth rate in the residential consumer category was 5.7%, less than the growth recorded in 2013 (6.1%). This growth can be attributed to greater access of population to household appliances - washing machines, refrigerators, and stoves - and the intensification in the use of air conditioners, which was demonstrated by the steep rise in energy consumption between January and February, especially in the South and Southeast. Regionally, the highlight was the strong growth in the South region (8.2%). In turn, the rate recorded in the North (+14%) can be explained by the measures taken to recover losses and improve the quality of services in Pará. The growth registered in the Midwest (+8.2%) and in the Northeast (+6%) can be attributed to factors such as income and employment.

The trade and service segment presented the most considerable improvement in the year (+7.3%), with expansion in all regions. The intense heat wave was responsible, especially in the first quarter, for the growth rates reported, between 8% and 16%, when compared with the same period in 2013.

Industrial energy consumption in the network decreased by 3.6% in 2014, totaling 178,000 GWh. The downturn registered in the production of the metallurgical, automotive, and chemical industries

affected energy consumption in this segment. Energy consumption in various other industrial sectors (food, textile, rubber and plastics, and pulp and paper) also reflected the macroeconomic situation and decline in production.

Consumption of energy in the network – Brasil (GWh)

Total/Class	2014	2013	Variation 2014 x 2013
Industrial	178,055	184,685	- 3.6%
Residential	132,049	124,896	5.7%
Commercial	89,819	83,704	7.3%
Others	73,472	69,838	5.2%
Brazil	473,395	463,123	2.2%

Planned capacity against projected demand for electricity in the long term

The current institutional model assigns the main roles in the expansion of the electric system to the agents, responsible for the timely investments required for the implementation of new projects.

The ten-year plan prepared by the EPE seeks to provide guidelines to and support the upcoming auctions for the purchase of energy from new generation projects, in addition to steering the technical, economic, social, and environmental feasibility studies of new generation plants.

Planning the expansion of the energy supply, pursuant to the availability of new power plant projects, will guide the new energy auctions, based on the projects necessary to meet the requirements of the market.

Companies interested in developing new projects can enter the auctions individually or as a consortium. However, although taking part in the studies conducted for new projects, in an auction, it is not possible to anticipate which companies will be the winners and will obtain the concessions for such projects. It is also important to consider that the auctions indicate that new developments that should enter into operation in five years and a long-term planning considers a period of at least 15 years.

The evolution of the installed capacity of the power plants of the Eletrobras companies and members of SIN, including those for which the grant/authorization was issued or is being processed, whether wholly or jointly owned, can be compared with the evolution of the planned installed capacity described in the 2023 Ten-Year Energy Expansion Plan (**PDE** 2023), prepared by the EPE/MME.

EVOLUTION OF THE INSTALLED CAPACITY IN THE NATIONAL INTERCONNECTED SYSTEM
Capacity of the Eletrobras System x Total Planned Capacity (2023 PDE) *(GRI EU10)*

SOURCE	2014			2019			2023		
	Brazil - SIN*	Eletrobras System	Share	Brazil - SIN	Eletrobras System	Share	Brazil - SIN	Eletrobras System	Share
		(MW)	(%)	(MW)	(MW)	(%)	(MW)	(MW)	(%)
Hydro	89,109	37,757	42	108,313	46,120	43	119,497	46,120	39
Natural Gas	12,574	831	7	13,016	1,767	14	20,016	1,767	9
Wind	4,888	258	5	18,439	2,064	11	22,439	2,064	9
Oil	7,899	2,156	27	4,440	465	10	4,440	465	10
Coal	3,593	816	23	3,210	670	21	3,210	670	21
Nuclear	1,990	1,990	100	3,395	3,395	100	3,395	3,395	100
Other	12,554	348	3	14,540	1	0	18,170	1	0
TOTAL	**132,607**	**44,156**	**33**	**165,353**	**54,482**	**33**	**191,167**	**54,482**	**28**

* For 2014, the category "Brazil – SIN" considers the numbers posted only for the National Interconnected System, that is, the Stand-alone Systems are not considered.
- Data from 2019 and 2023 does not consider self-production, which, for energy studies, is represented as energy load reduction.
- The evolution of the installed capacity in Brazil, of the National Interconnected System (SIN), was provided by the 2023 Ten-Year Energy Expansion Plan (**PDE** 2023), of the Energy Research Company (EPE).
- Including the Brazilian half of Itaipu Binacional (7,000 MW).
- For jointly owned plants, the installed capacity considered was proportional to the ownership interest held by the parties.
- It was considered that, after the interconnection of the Stand-alone Systems with SIN, a portion of the generating network will be incorporated into SIN and another portion will be decommissioned, pursuant to the 2014 Monthly Operation Program (PMO) prepared by the Electric System National Operator (ONS).
- Decommissioning was considered for CGTEE's thermal power plants whose concession will not be renewed (Presidente Médici phase A, Nutepa, and São Jerônimo).
- Item "Other" comprises process gas, biomass, and solar power. Eletrobras's share refers only to the solar power plant called MegaWatt Solar, with 0.93 MW (or approximately 1 MW) of installed capacity.
- It can be noted that all projects in which Eletrobras holds ownership interest will enter into operation by 2019; therefore, the number for 2019 and 2023 remain the same.

Considering the installed capacity of the generation plants of the Eletrobras companies that are part of SIN and those that are part of stand-alone systems, the total installed capacity of the Eletrobras companies reached 44,156 MW in 2014.

The planned reduction in the amount of oil between 2014 and 2019 shown in the table is due to the decommissioning of a portion of the Eletrobras Amazonas Energia's generation park and only considers the park that will remain operational after the interconnection between Manaus and SIN, pursuant to the Monthly Operation Program (PMO).

The planned reduction in the amount of coal will also be due to the decommissioning of the Presidente Médici phase A and São Jerônimo thermal power plants, of Eletrobras CGTEE. The increase in the installed capacity of gas is due to the expected deployment of the Mauá 3 Thermal Power Plant (TPP), wholly-owned by Eletrobras Amazonas Energia.

Concerning the hydroelectric park, the growth of the installed capacity planned for the coming years can be primarily explained by the beginning of operations of the last turbines of the Santo Antônio and Jirau Hydroelectric Power Plants, which are operational, and of the Generating Units of the Teles Pires, Belo Monte, São Manoel, and Sinop Hydroelectric Power Plants.

In turn, the installed capacity of Eletrobras's wind farms grew, mainly because of its ownership interest in various parks, whether as a minority or majority shareholder in **SPE**, through its subsidiaries, or as full owner of the complex.

Generation

In 2014, Eletrobras reached an installed capacity of 44,156 MW in generation projects in Brazil, which represents 33% of the total 132,607 MW installed nationwide.

Eletrobras companies added a total of 1,169 MW to the Brazilian installed capacity. Considering the total installed capacity of the **SPE**, the amount added to the national capacity, with the participation of Eletrobras, totals 2,884 MW. In 2014, a reduction of 417 MW in the thermal source was noted, caused by the shutdown of the commercial operation of the oil-fired generating units, pursuant to **ANEEL**'s decision, and by the inclusion of steam generating units, to close the combined cycle of the Santa Cruz TPP, as shown in the table.

Eletrobras's Installed Capacity (MW) *(GRI EU1)*

Sources	2014	2013	Increase - Eletrobras's share (MW)(1)
Clean Sources	40,006	38,420	1,586
Wind + Solar	259	150	109
Hydro	37,757	36,280	1,477
Batalha HPP	53	-	53
Três Irmãos HPP (2)	403	-	403
Jirau HPP	600	30	570
Santo Antônio HPP	892	440	452
Nuclear	1,990	1,990	-
Thermal	4,150	4,567	-417
Santarém TPP	15	-	15
Santa Cruz TPP	500	932	-432
Total	**44,156**	**42,987**	**1,169**

(1) Considers a proportionate ownership that reflects the capital invested by the Eletrobras companies.
(2) The concession for the operation and maintenance of the Três Irmãos HPP, pursuant to Law 12,783/2013, granted through Auction 002/2014 – **ANEEL**, held on March 28, 2014, to **SPE** Tijoá Participações e Investimentos S.A, in which Eletrobras Furnas holds 49.9% of the controlling ownership, was not considered as additional installed capacity for the System.

Of the company's total installed capacity, 75% corresponds to projects that are wholly owned by the Eletrobras companies, 7% refers to the proportionate ownership of the Eletrobras companies in projects developed through **SPE**, and 18% relates to jointly owned projects, including half of Itaipu Binacional's capacity (7,000 MW), that is, 16% of the total, and ownership interest in consortiums.

It should be noted that the concessions of 19 power plants wholly owned by the Eletrobras companies, representing 33% of the 44,156 MW, were renewed, pursuant to Law 12,783/2013; therefore, Eletrobras companies became responsible for the operation and maintenance of these assets for another 30 years. Eletrobras Furnas, through the Novo Oriente consortium (in which it holds 49,9% of shares), won the auction for the concession of the Três Irmãos hydroelectric power plant, in São Paulo. The project, located on the Tietê River, has been operating since 1993, with 807.5 MW of installed capacity, sufficient to supply three million people per year.

Approximately 91% of the company's total installed capacity in Brazil comes from low sources with low GHG emissions, such as solar, nuclear, wind, and hydro.

In 2014, of the total hydropower capacity installed nationwide, approximately 42% belongs to Eletrobras. In addition to the acquisition of the concession for the operation and maintenance of the Três Irmãos HPP, the following projects entered into operation: Batalha HPP, the wind farms Rei dos Ventos 1, Rei dos Ventos 3, Miassaba 3, Cerro Chato IV, Cerro Chato V, and Cerro Chato VI, the Megawatt Solar Plant, and Santarém TPP, and the beginning of operations of new generators in the Santo Antônio and Jirau HPPs and the last generating unit of the Cerro dos Trindade Wind Farm.

Another fact that is noteworthy, given its environmental relevance, was the decrease of 600 MW capacity from thermal power plants resulting from the decommissioning of oil-fired units in the Santa Cruz TPP, whose operation was commercially suspended through **ANEEL** notice No. 3,263/2012.

In terms of natural gas, there was an increase of approximately 150 MW, caused by the inclusion of steam units, to close the combined cycle[17] of the Santa Cruz TPP.

17 Combined cycle is the process through which the burning of fuel in a thermal power plant supplies mechanical energy to the power generator and the resulting gases produce steam to turn another turbine connected to a generator.

Eletrobras's wholly owned, jointly owned, or **SPE**-based generation projects *(GRI 2.7)*

LEGENDA

- Thermal Power Plant
- SPE´s Thermal Plant
- Hydroelectric Power Plant
- SPE's Hydroelectric Power Plant
- Shared Hydroelectric Power Plant
- Wind Farm
- SPE´s Wind Farm
- Nuclear Power Plant
- Solar Power Plant

- CENTRO OESTE
- NORDESTE
- NORTE
- SUDESTE
- SUL

*The chart does not show the power plants in the stand-alone systems located upstate in the state of Amazonas, which total 103 plants.
•*Hydroelectric Power Plants under O&M system: Funil, Pedra, Araras, Complexo Paulo Afonso e Moxotó, Luiz Gonzaga, Boa Esperança, Xingó, Corumbá I, Furnas, Marimbondo, Porto Colômbia, Luis Carlos Barreto, Coaracy Nunes, and Três Irmãos (**SPE**).

MEGAWATT SOLAR PLANT

Herminio Nunes (Eletrobras Eletrosul)

In 2014, the Eletrobras companies took a leap forward in the generation of solar energy with the inauguration of Eletrobras Eletrosul's Megawatt Solar Plant. The project transformed the headquarters of the company, in Florianópolis (SC), into a photovoltaic generation complex – the largest in Latin America integrated into a building. The power plant has over 4,000 photovoltaic panels, totaling an area of 8,300 m².

With installed capacity of 1 megawatt-peak (MWp), the Megawatt Solar Plant can produce approximately 1.2 GWh annually, sufficient to supply 540 households. With a total investment of R$ 11 million, it had the support of the German development bank KfW, which funded the project, and of the German Cooperation for Sustainable Development, through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

Federal University of the State of Santa Catarina (UFSC) and the Institute for the Development of Alternative Energies in Latin America (IDEAL) were involved in the inception and implementation of the plant. *(GRI EU1)*

This project has already generated approximately R$ 414,000 in income through trading of energy in the Spot Market (MCP) and through energy trade agreements in the Free Contracting Market (ACL).

ARTILLEROS WIND FARM

In 2014, another highlight was the result of the association between Eletrobras and *Administración Nacional de Usinas y Trasmisiones Eléctricas* (UTE) - the beginning of operation of the Artilleros Wind Farm (65 MW), property of **SPE** ROUAR S.A, located in the state of Colonia, Uruguay. This wind farm is under construction and its first eight wind turbines started operating in December 2014, with 16.8 MW of installed capacity, becoming Eletrobras's first international project in operation.

Credit: Roberto Stuckert Filho (Presidency of the Republic)

Wind farm inauguration

Whether wholly owned or involving **SPE**, Eletrobras has contracted generation projects (under construction or yet to begin), that should add, by 2019, approximately 22.6 GW to the Brazilian matrix, most of which from **clean and renewable energy** sources.

Of the total 22.6 GW, the company is responsible for 12.2 GW, of which 2.3 GW correspond to wholly owned projects and 9.9 GW, to its prorated interest in SPE. These investments should take the company's installed capacity from 44.2 GW, in December 2014, to 56.4 GW, by 2019. *(GRI 2.8, GRI EU6)*

Installed capacity

In 2014, Eletrobras companies, either through direct engagement and **SPE**, added 1,169 MW of installed capacity to its energy matrix. *(GRI 2.8, GRI EU1)*

Installed capacity (in MW), broken down by primary energy source and by regulatory system *(GRI EU1)*[18]

	Installed capacity (MW)						Increase in relation to 2013	
Fonte	2014*	%	2013	%	2012	%	MW	%
Source	37,757	85.5%	36,280	84.4%	35,668	84.3%	1,477	4.1%
Hydro	1,990	4.5%	1,990	4.6%	1,990	4.7%	0	0.0%
Nuclear	2,156	4.9%	2,732	6.4%	2,732	6.5%	-575	-21.1%
Oil	831	1.9%	673	1.6%	673	1.6%	158	23.5%
Natural Gas	816	1.8%	816	1.9%	816	1.9%	0	0.0%
Coal	347	0.8%	347	0.8%	347	0.8%	0	0.0%
Biofuel	259	0.6%	150	0.3%	103	0.2%	109	72.6%
Wind	1	0.0%	0	0.0%	0	0.0%	1	N/A
Solar	**44,156**	**100%**	**42,987**	**100%**	**42,328**	**100.0%**	**1,169**	**0.8**

* In 2014: Including the Brazilian half of Itaipu Binacional (7,000 MW). Recorded as a Jointly Owned Project. Including the power plants under O&M system. The numbers presented consider an installed capacity prorated to the ownership interest.
N/Ap: Not Applicable.

The Eletrobras companies generated approximately 175,000 GWh of energy in 2014. Among the most commonly used sources, with the highest increase rates between 2013 and 2014, are natural gas and wind. It is also important to point out the additional 311 GWh generated by wind sources and 0.5 GWh, by solar sources.

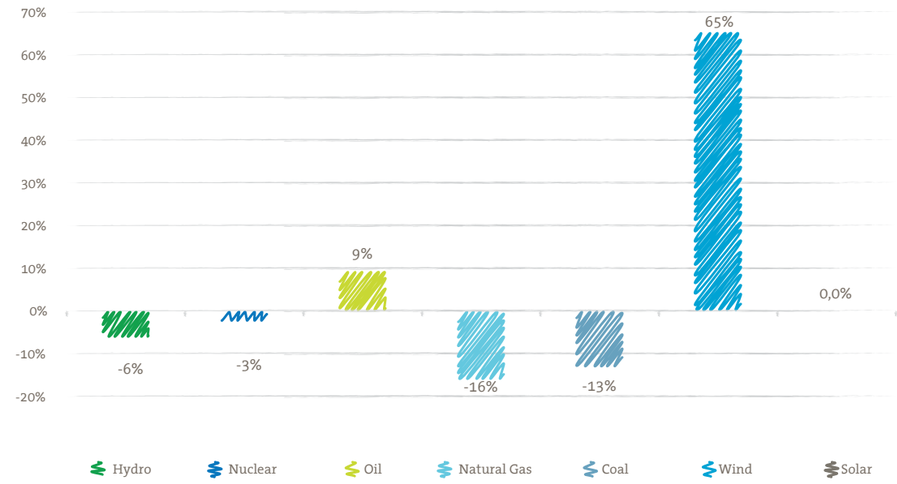
18 Installed Capacity: Maximum continuous output for which the facilities were designed. Indicated in the specifications provided by the manufacturer and on nameplates posted on the components of the system.

Net energy output (GWh), broken down by primary energy source, and by regulatory system* *(GRI - EU2)*[19]

Primary source	2014	% of the total	2013	% of the total	2012	% of the total
Hydro	148,072	84.0%	157,958	84.8%	180,773	87.2%
Nuclear	15,433	8.8%	15,829	8.5%	16,007	8.8%
Oil	6,039	3.4%	5,524	3.0%	7,159	3.5%
Natural Gas	2,910	1.7%	3,468	1.9%	473	0.2%
Coal	2,463	1.4%	2,836	1.5%	2,677	1.3%
Wind	788	0.4%	477	0.3%	333	0
Solar*	0.5	0.0%	N/Av	N/Av	N/Av	N/Av
Total net energy generated by source	**175,706**	**100%**	**186,093**	**100%**	**207,422**	**100%**

* In 2014, solar energy began to be produced. Therefore, data is not available for 2012 and 2013.
For 2014: Considering the generation of power plants wholly and jointly owned by Eletrobras, prorated to the ownership interest of the Eletrobras companies; includes 50% of the generation of the Itaipu HPP, 48.45% of the generation of the Serra da Mesa HPP, and 70% of the generation of the Manso HPP.
Considering the generation of power plants in which the Eletrobras Companies participate as SPE, prorated to the ownership interest.
Oil-fired power generation includes the thermal output of 1,514,948 MWh, of the Mauá TPP, supplied by Amazonas Energia, not itemized by oil and gas.
N/Av: Not Available

Annual variation (%) of net energy output broken down by primary energy source *(GRI EU2)*



19 Generation of power based on the transformation of other types of energy from primary sources, renewable or otherwise, measured in the plant output of the generators of a plant, over a given period of time.

The availability factor is the average time a power plant remains available for the generation of energy. The Eletrobras wind-based, oil-fired, hydroelectric, and nuclear power plants presented an availability factor of over 88%. *(GRI EU30)*

Average plant availability factor, broken down by energy source and by regulatory system* *(GRI EU30)*

	2014	2013	2012
Wind	92.9%	99.0%	N/Ap
Oil	92.1%	86.9%	99.8%
Hydro	89.8%	92.0%	92.3%
Uranium	88.8%	84.1%	94.4%
Natural Gas	72.0%	81.2%	66.1%
Coal	60.1%	46.2%	43.7%

* Eletrobras Amazonas Energia did not report its availability factor.
Furnas did not report the availability of its **SPE**.
Eletrosul did not report the availability of the Cerro Chato I, II, and III wind farms.
Determination of the availability factor considered the installed capacity of the Camaçari TPP as gas-fired power generation.
N/Ap: Not Applicable.

The Eletrobras thermal generation companies operate using the following fuels: natural gas, uranium, oil, and coal. An efficient power plant burns less fuel and emits less carbon dioxide per unit of power generated. In 2014, the average efficiency of the Eletrobras thermal plants was 33.4%.

Average generation efficiency of thermal plants, broken down by energy source and by regulatory system *(GRI EU11)*

	2014*	2013	2012**
Gás natural	37.5%	31.9%	31.0%
Urânio	35.4%	35.5%	35.0%
Óleo	30.9%	40.3%	38.0%
Carvão	29.6%	33.4%	26.0%

* In 2014, data considers the thermal efficiency of the power plants wholly owned by the Eletrobras companies and of the Serra do Navio TPP (**SPE**).
**In 2012, data considers the following companies: Eletrobras CGTEE, Eletrobras Chesf, Eletrobras Eletronorte, and Eletrobras Furnas.

In recent years, an increase in the average efficiency of the power plants powered by natural gas can be observed. In 2013 and 2014, there was a growth of 5.6%. Among the thermal plants with the lowest average efficiency are the oil- and coal-fired power plants. The average global efficiency of the Eletrobras thermal plants in 2014 was 35.4%. In 2013, this average was 35.3%, therefore, there was an increase of 0.13%. *(GRI EU11)*

Transmission

In 2014, a total of 4,903.5 km of transmission lines (TL), in which Eletrobras holds ownership interest, entered into operation. Of this total, 2,132.8 km refer to the proportionate ownership of the Eletrobras companies in **SPE**, and 1,054.4 km, to wholly owned companies. *(GRI EU4)*

Eletrobras Companies	Extension of the transmission lines in 2014 (km) > = 230 kV (d)	Growth - Transmission Lines in 2014 (km) > = 230 kV				
		Wholly owned (a)	Eletrobras participation in SPE – (b)	Total (a+b)	SPE – Full Extension (c)	Leveraged by Eletrobras (a+c)
Eletrobras Chesf	20,003.9	330.9	44.1	375.0	90	420.9
Eletrobras Furnas	18,364.2	161.0	126.4	287.4	258	419.0
Eletrobras Eletronorte	11,012.6	549.1	-	549.1	-	549.1
Eletrobras Eletrosul	10,743.1	-	798.5	798.5	1,126	1,126.0
Eletrobras Amazonas Energia	378.3	13.4	-	13.4	-	13.4
Eletrobras Eletronorte/ Eletrosul	-	-	1,163.8	1,163.8	2,375	2,375.0
Total	**60,502.1**	**1,054.4**	**2,132.8**	**3,187.2**	**3,849**	**4,903.5**

(b) Refers to the prorated interest in the capital invested by the Eletrobras companies.
(c) Refers to the total extension of the transmission lines of the project.

Regarding the substations of the Eletrobras companies, the transformation capacity posted a growth of 4,241 MVA, of which 2,110 MVA are wholly owned by the company or have been renewed, pursuant to Law 12,783/2013, and 2,130 MVA prorated to capital invested in **SPE**.

Eletrobras Companies	SS No.	Growth - Substations in 2014 (MVA) > = 230kV				
		Wholly Owned Transformation Capacity (MVA) (a)	Eletrobras Participation SPE –(b)	Total (MVA) (a+b)	SPE – Total (MVA) (c)	Leveraged by Eletrobras (a+c)
Eletrobras Chesf	06	1,010	882	1,892	1,800	2,810
Eletrobras Eletrosul	04	-	661	661	1,213	1,213
Eletrobras Furnas	03	900	588	1,488	1,200	2,100
Eletrobras Eletronorte	01	200	-	200	-	200
Total	**14**	**2,110**	**2,131**	**4,241**	**4,213**	**6,323**

(b) Refers to the prorated interest in the capital invested by the Eletrobras companies in the project.
(c) Refers to the total extension of the transmission lines of the project.

Location of the transmission projects wholly owned by the company or developed in partnership through **SPE** *(GRI 2.7)*

LEGENDA

	EXISTING	IN THE FUTURE
ELETROBRAS SYSTEM TRANSMISSION LINE (TL)	—	- - -
TL´S ELETROBRAS SYSTEM IN PARTNERSHIP	—	- - -
OTHER COMPANIES´S TL	—	- - -

(1) PARANÁ RIVER COMPLEX
(2) PARANAPANEMA RIVER COMPLEX
(3) GRANDE RIVER COMPLEX
(4) PARANAÍBA RIVER COMPLEX
(5) PAULO AFONSO COMPLEX
(n) NUMBER OF CIRCUIT

Eletrobras

Highlights for 2014 are the completion of the ± 600 kV TL Porto Velho Collector Substation - Araraquara II - C2, of the **SPE** - Norte Brasil Transmissora, extending for 2,375 km, and the completion of the projects of **SPE** - Transmissora Sul Brasileira de Energia, extending for 798 km.

In June 2014, the concession agreement for the transmission system of the Belo Monte Hydroelectric Complex (CHE) was entered into with **SPE** - Belo Monte Transmissora de Energia. Eletrobras participates in this **SPE** via its subsidiaries - Eletrobras Furnas (24.5%) and Eletrobras Eletronorte (24.5%), and in partnership with the Chinese company State Grid Brasil Holding (51%).

The power produced by the Belo Monte Hydroelectric Complex will be delivered to SIN through an extra high voltage transmission system (EHV) of ± 800 kV DC, which is the first of this kind in the country. The circuit is formed by two 500 kV AC stations converting to ± 800 kV DC. The first will have a conversion capacity of 4,000 MW and will be built in the Xingu substation (500 kV), located 17 km from the power plant, which connects to the Manaus-Tucuruí interconnection. The second will have a conversion capacity of 3,850 MW and will be built in the area adjacent to the Estreito substation, in Minas Gerais. The Xingu-Estreito transmission line (± 800 kV) will connect the two stations and will extend for 2,092 km, crossing the states of Pará, Tocantins, Goiás, and Minas Gerais.

Eletrobras Eletrosul was also successful in an important auction, with projects that will leverage an expansion of 1,124.6 km (a total of 53%) in 525 kV transmission lines, of 731 km (a total of 10%) in 230 kV lines, and of 20% in the installed capacity of the substations of the transmission system of the state of Rio Grande do Sul. This will enable delivery of energy of future wind farms in Rio Grande do Sul, where Eletrosul is the main investor, with the implementation of the Cerro Chato and Campos Neutrais parks, and will ensure the quality and reliability of energy supply in the state.

Through the Paraíso consortium, a partnership between Elecnor and Copel, Eletrobras Eletrosul successfully acquired the work comprising one substation and two transmission lines, totaling 265 km and 300 MVA of transformation capacity; located in Mato Grosso do Sul, they will contribute to improving supply of the local distribution company and enable delivery of the production of small hydroelectric plants (SHEPs) located in the Northeast of the state.

For 2015, a major highlight will be the completion of the work for the 500 kV Brazil-Uruguay interconnection. It is expected that, by the end of the first half of 2015, this project will be ready to supply energy to both countries.

Eletrobras **holding** and Eletrosul are responsible for the construction work on the Brazilian side, represented by the expansion of the Presidente Médici substation, the connection to SIN, and a new

Eletrobras

Candiota step-up substation (230 kV/525 kV). The 230 kV line, with 3 km in extension, which will deliver energy from the Presidente Médici substations to Candiota, and the 500 kV line, extending for 57 km, which connects Candiota to the city of Aceguá, on the border with Uruguay, have been completed. Once the construction work is completed, the asset will be operated by Eletrosul and will have a transmission capacity of 500 MW. The investment in this project totals R$ 128 million.

By 2019, approximately 12,600 km of transmission lines should be incorporated into the National Interconnected System (SIN), whether through wholly owned projects or through **SPE**.

Reliability and availability in transmission

According to the Brazilian regulatory framework, the characteristics of a project for a transmission system are defined during the expansion planning phase, in which the best technical alternative is selected, based on technical and economic feasibility studies that consider the lowest overall cost (investment costs and losses) for the electric system.

In 2014, the availability rate of the transmission lines of the Eletrobras System was 99.62%[20].

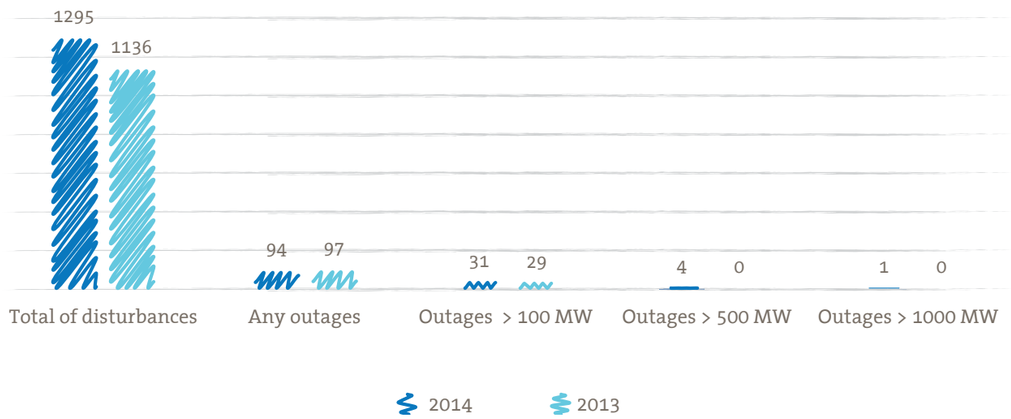
Availability Rate of Transmission Lines (%)

Eletrobras Companies	2014	2013
Eletrobras Eletronorte	99.93	99.88
Eletrobras Chesf	99.88	99.92
Eletrobras Furnas	99.10	99.60
Eletrobras Eletrosul	99.59	99.87
Eletrobras Amazonas Energia	N/Av	99.60
Total	**99.62**	**99.81**

N/Av: Not Available

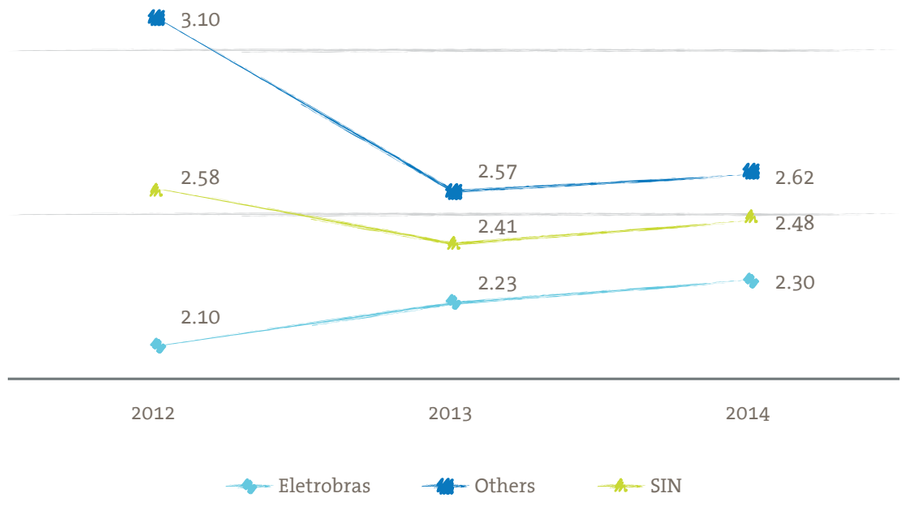
20 This indicator represents the percentage of hours per year in which lines remain available for the Brazilian Electric System.

Number of Disturbances and Power Cuts in Eletrobras companies



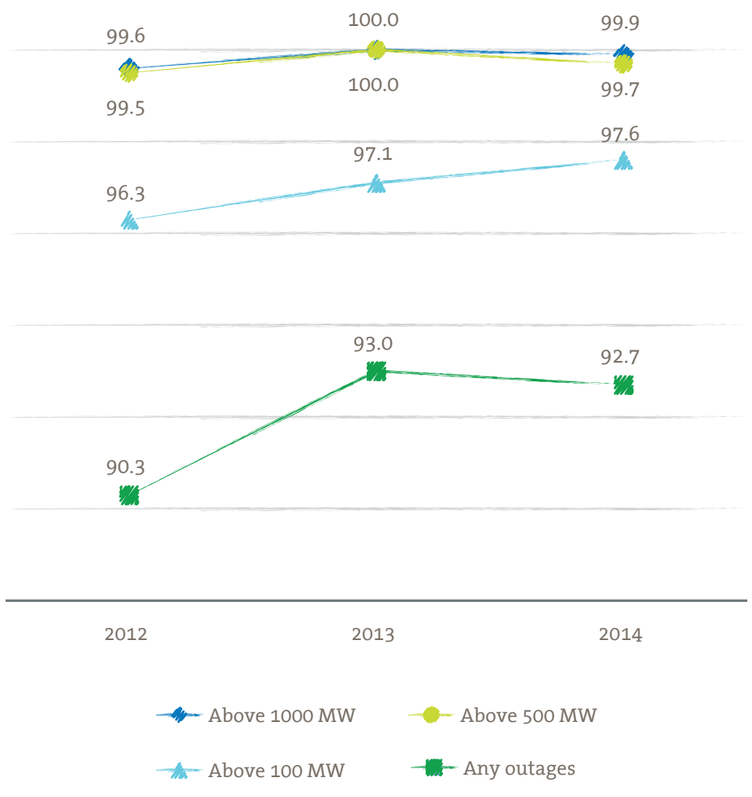
As shown in the chart, although the total number of disturbances grew from 1,136 in 2013 to 1,294 in 2014, the total number of disturbances involving outages dropped from 97 in 2013 to 94 in 2014. In turn, there was an increase in the total number of power cuts greater than 100 MW.

Number of disturbances per 100 km of transmission network



The soundness indicator aims to assess the basic network capacity to accommodate contingencies without interrupting supply of energy to consumers. The chart below shows the performance of the Eletrobras companies for the years in question, for disturbances caused by their transmission lines.

Soundness Indicator (%)



Loss in energy transmission

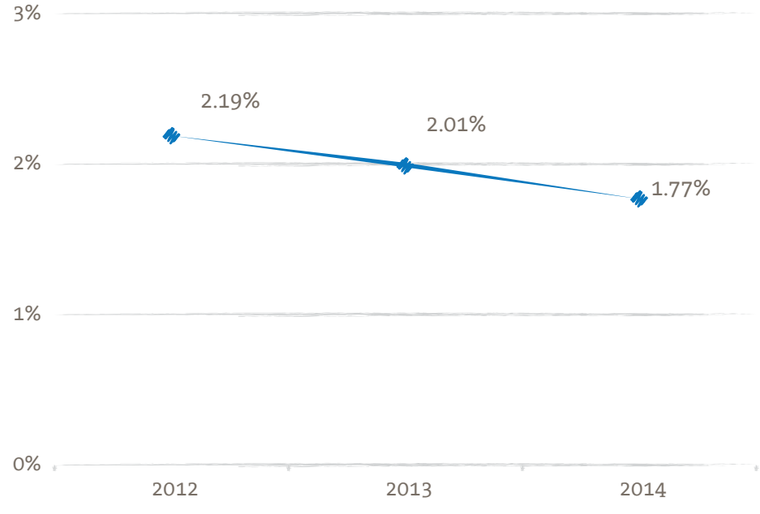
Loss in transmission is considered in the planning phase of the expansion, when the costs are calculated and the alternative is selected. Generally, the alternative selected is the one with the lowest loss rates, since loss in transmission is optimized in this phase of the study.

The concession of a development project is obtained through a bidding process, and the transmission company owner of the development is responsible for its implementation, pursuant to the studies conducted; the project cannot be modified and there is no control over the loss rate of the transmission system.

The amount loss is directly associated with the current flow that travels through the transmission equipment, with specifications of the equipment, and with the amount of equipment of the company. Energy loss depends on the type of system planned by the Ministry of Mines and Energy, supported by the Energy Research Company, and by the operation of the system by the ONS.

Technical transmission losses are calculated based on the difference between the sum of energy generated and imported and the sum of loads and energy exported. Since 2010, Eletrobras has been using a unified methodology to estimate energy losses in its companies' transmission network, based on electrical calculations using cases of power-flow. Technical losses in transmission were 1.8% in 2014 and have been decreasing since 2011. Between 2013 and 2014, Eletrobras managed to reduce its losses by 11.9% and, considering the period between 2011 and 2014, by 26.0%.

Technical Losses on Transmission (%) *(GRI EU12)*



Distribution

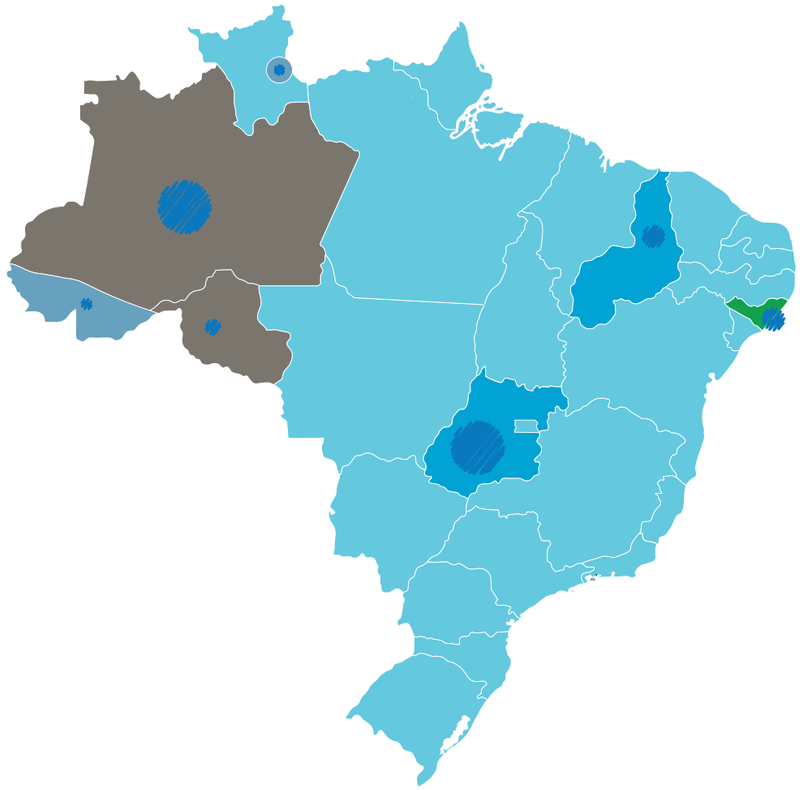
Eletrobras's energy distribution companies, including Celg-D, acquired in 2015 and consolidated for accounting purposes since September 2014, operate in two states of the Northeast region, in four states of the North region, and in the state of Goiás, benefitting over 6.6 million consumers, which is equivalent to approximately 8.5% of the total number of consumers in Brazil. Using a low-, medium-, and high-voltage distribution network, extending for 464,685 km and a total number of 590 substations, spanning across 700 municipalities. *(GRI 2.7, GRI 2.8, GRI EU4, GRI EU6)*

Eletrobras's distribution companies, located in the states of Amazonas, Acre, Alagoas, Piauí, and Rondônia and in the city of Boa Vista (RR), invested R$ 860 million in 2014, period in which four new substations were built, and over 9,500 km of networks were installed. The distribution companies obtained an additional 138,000 new customers, totaling 3,942.005 customers in total. *(GRI 2.7, GRI 2.8, GRI EU4, GRI EU6)*

The evolution of the PMSO/NOI (Personnel, Material, Service, and Others over the Net Operating Income) indicator dropped from 41.6% in 2013 to 27.5%, which indicates a significant advance in the operational improvement and in management of the companies.

The main highlights of the period was the work conducted to interconnect the Manaus System to SIN, which is nearing completion; the awards **ANEEL** Customer Satisfaction Index (IASC), received by Eletrobras Distribuição Acre and Eletrobras Amazonas Energia as recognition by consumers of the improvement in performance of the distribution companies; the completion of the sub-transmission systems for the North of Piauí; and the various national and international bidding processes, through the Project Energy +, which will allocate, in 2015, investments of over R$ 500 million in equipment, services, construction work, and high-tech advanced metering solution, supported by loans obtained from the International Bank for Reconstruction and Development. *(GRI 2.10)*

Location of Eletrobras's distribution projects *(GRI 2.7)*



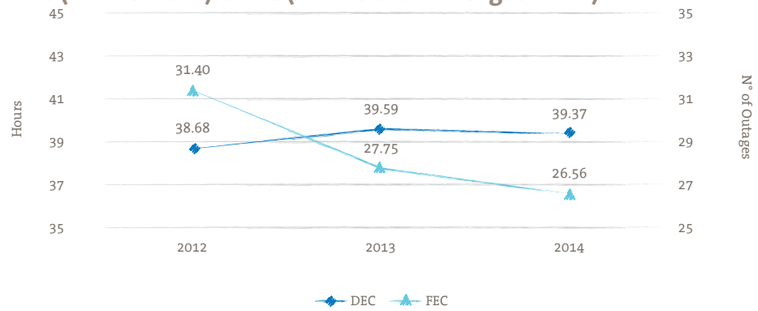
Quality of the Distribution Service

The quality of service provided to customers is measured by the Equivalent Outage Duration per Consumer Unit (**DEC**) and by the Equivalent Outage Frequency per Consumer Unit (**FEC**).

The **DEC** and **FEC** indices represent, respectively, the Equivalent Outage Duration per Consumer Unit and the Equivalent Outage Frequency per Consumer Unit. **DEC** represents the total number of hours during which a consumer unit experienced power outage. **FEC** represents the frequency of disruptions to power supply.

In the 2014 period, the Eletrobras Distribution companies, together, had a reduction in the continuity index **DEC** of 0.2 hours when compared with the previous year, going from 39.6 to 39.4 hours. In relation to the **FEC** indicator, there was a consolidated decrease of 1.2 interruptions in the same period, going from 27.7 in 2013 to 26.5 in 2014[21]. *(GRI EU28, GRI EU29)*

DEC (Hours/Year) e **FEC** (Number of Outages/Year)



In 2015, it is expected that the quality of the services provided will improve because of the beginning of the sub-projects of the Energia + Project and of the continuing pruning actions, clearance and preventive maintenance of the right of way, and the completion of the construction work plans for the distribution networks of the Eletrobras companies.

Loss in energy distribution

Loss in energy distribution[22] , expressed in MWh, is defined as the difference between the energy injected in the network of the distribution company and the total energy sold and delivered. Losses can be either technical, in other words, losses in distribution inherent to the transportation process, voltage transformation, and metering of energy in the utility company's network, called regulatory losses,

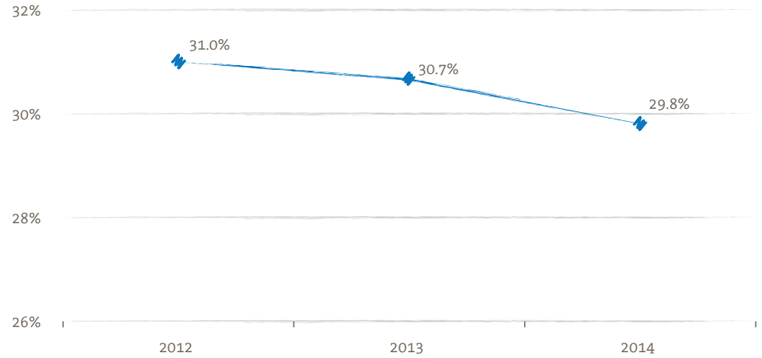
21 Due to an update to Eletrobras Amazonas Energia's **DEC** and **FEC** indicators, authorized by **ANEEL** through Official Memorandum 0006/2015-SRD/**ANEEL**, of February 2, 2015, the consolidated number of the Eletrobras Distribution companies has been modified and has been adjusted for the 2014 Annual and Sustainability Report *(GRI 3.9)*.

22 Technical and non-technical loss rates in energy distribution are the sum of losses divided by the amount of energy injected in the distribution network, both measured in megawatt-hour. The result is multiplied by 100 to be expressed as a percentage. *(GRI 3.9)*.

or non-technical, that is, all other losses associated with distribution of electricity, such as energy thefts, metering errors, billing errors, and unmetered consumer units. (GRI EU12)

Technical losses in energy distribution totaled 9.7% and non-technical losses, 20.1%, representing an overall loss of 29.8%. Overall losses in distribution of the Eletrobras companies have been steadily decreasing since 2009. Between 2013 and 2014, Eletrobras managed to reduce its losses by 2.8% and, in aggregate between 2009 and 2014, by 20.9%, which represents a substantial reduction in this rate. *(GRI EU12)*

Overall losses on Distribution (%) - Technical and Non-Technical Losses *(GRI EU12)*



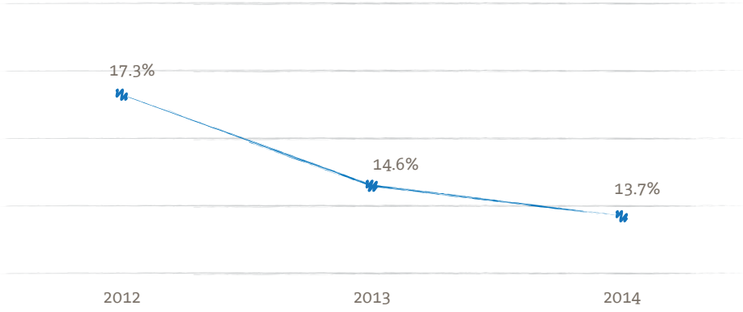
The reduction in the overall losses in energy distribution results from the inspection and regularization actions, replacement of obsolete meters, and regularization of illegal connections, obtained through the Energia + Project. The objective of this project is to adopt measures to fight theft, misuse, and fraud in electricity. A highlight is SubProject 3, which consists in the replacement of obsolete meters, and, in 2014, a total of 84,807 MWh between energy recovered and energy added was recovered by the companies, corresponding to a recovery in revenue of approximately R$ 28.8 million.

Delinquency

The main indicator that measures delinquency in the Eletrobras Distribution companies, the Delinquency Index (INAD), is obtained by dividing the Active Delinquency by the Annualized Revenues, as shown in the chart.

The different consumer categories showed a sharp improvement in non-delinquency as a result of a more effective collection process, through operational actions, such as disconnection of consumer units for lack of payment, installment plan to settle outstanding debts, legal actions, and other penalties.

Consolidated Delinquency of the Eletrobras Distribution Companies - INAD



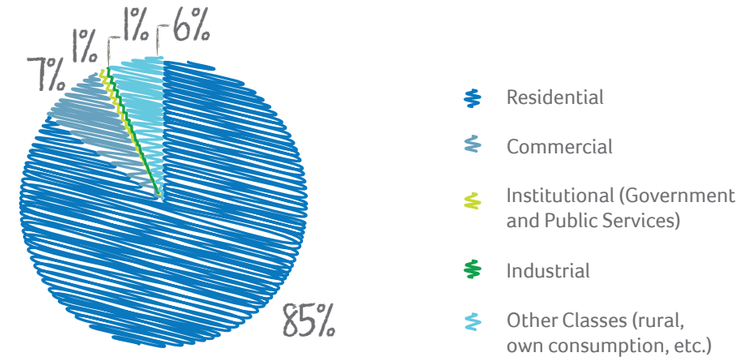
Consumer Units

The Eletrobras companies have been constantly increasing the scope of their operation across Brazil. This is confirmed by the increase in the number of consumer units by more than 138,000 between 2013 and 2014. The residential category is the most relevant in this increase, with over 123,000 additional consumer units. In 2014, there was a substantial increase in the total number of consumer units in the institutional category, with approximately 15,000 additional units compared with 2013. *(GRI EU3)*

Number of residential, industrial, institutional, and commercial consumer units *(GRI EU3)*

	2014	2013	2012
Residential	3,361,759	3,238,238	3,103,062
Commercial	282,146	274,052	266,020
Institutional (government and public services)	50,883	35,782	48,184
Industrial	12,183	12,444	12,903
Other categories (rural, private consumption, etc.)	235,034	243,449	223,440
Total	**3,942,005**	**3,803,965**	**3,653,609**

Number of residential, commercial, institutional, and industrial customer accounts *(GRI EU3)*



Demand side management

By identifying areas and populations[23] not served within the rural and urban regions of its concession area, Eletrobras can measure how its distribution services cover the population of the country where it operates.

For 2014, the percentage of the population not served by the Eletrobras distribution companies dropped by approximately 5,500 households, which shows that the company is increasingly concerned about taking its services to the population. There was a significant change in the number of households not served in urban areas, in which Eletrobras has been increasing its investments over the years.

Percentage of the population not served in areas regulated distribution and services* *(GRI EU26)*

	2014	2013
Total population in the service area	4,016,093	3,959,893
Urban population not served within the company's concession area (in number of units)	69,297	72,012
Rural population not served within the company's concession area with regulated distribution (in number of units)	4,792	5,105
Percentage of the population not served, based on the ratio between the total population and the population not served	1.84%	1.95%

*The estimate of indicator EU26 is based on data from the National Household Sample Survey (PNAD) on the number of households with electricity, considering that certain categories have 100% (industrial, public lighting, etc.) and based on internal data provided by the Eletrobras Distribution companies.
Regulated distribution areas contain networks, proprietary/operated by licensed operators, which carry electricity to customers and over which the operator has the concession or monopoly.

23 Population living in areas where energy infrastructure is not available.

Research, development, and innovation

The pursuit of new ways of doing business and becoming increasingly more efficient in power generation, transmission, and distribution has always been the driving force of the Eletrobras companies. The commitment to explore ideas to tap into new markets and reinforce its presence in those where the companies already is part of the pursuit of sustainability in its operations and of improved results for the company.

All of the Eletrobras companies make annual investments in internal research and development and publish call for submissions of proposals and projects for their scientific research and technological development programs. Since 2009, they have complied with the guidelines of the corporate Research, Development, and Innovation Policy (P&D+I) and addressed this topic as a short-, medium-, and long-term corporate strategy. Thus, they strive to reach - and achieve - results that add competitive advantage and are critical elements to combine sustainable business growth with social and environmental responsibility.

In 2014, the investments in R&D dropped by 61%, going from R$ 504.9 million in 2013 to R$196.1 million. Although data is less comprehensive, this decline is due to the end of some projects and to the Global Expenditure Plan. Regardless of the current scenario, Eletrobras continues to pursue innovative solutions for the continuous improvement of its processes and for the delivery of reduced costs and operational efficiency. *(GRI EU8)*

Investments in research and development (in R$ million) *(GRI EU8)*

Types of project	2014*	2013**	2012***
Transmission and distribution technologies	114.1	369.2	126.0
Advanced generation and technologies	34.5	43.0	35.1
Renewable energy technologies	23.3	45.5	11.1
Energy efficiency	14.8	21.6	19.3
Innovative services related to sustainability	8.0	23.9	20.7
Distributed energy	1.4	1.8	2.0
Total	**196.1**	**504.9**	**214.2**

* In 2014, data does not consider the following companies Eletrobras Distribuição Rondônia and Eletronuclear.
**In 2013, data considers all Eletrobras Companies
***In 2012, data does not consider the following companies: Eletrobras Distribuição Acre, Distribuição Piauí, and Eletronuclear.

Eletrobras Eletronorte

At Eletrobras Eletronorte, the ideas selected for investment in Research and Development are determined through a technique called innovation funnel. Once captured internally and externally, ideas and projects go through this funnel, in an activity that assesses the project in terms of corporate strategy, technique by process engineering, originality, definition of the best source of funding according to the technical characteristics, customization of the proposal, technical and financial management of the execution, applicability of the products, and feasibility of implementation in the company.

Eletrobras Chesf

In January 2014, the company launched Call for Submissions 01/2014 – "*Da ideia ao mercado: desenvolvimento e implantação de método inovador que garanta um processo sistemático econtínuo de geração de valor no desenvolvimento de projetos de P&D+I para a Chesf*" (From the idea to the market: development and implementation of an innovative method to ensure a systematic and continuous value creation process in the development of P&D+I projects for Chesf"). This project was created after it was found that, despite the Research, Development, and Innovation efforts made in the electric utilities sector, the impact of their results on the production chain remained low, whether for the specific characteristics of the innovation management process, for prices that affect their absorption by the market, or for the need to involve a number of players in the process.

- Advanced generation and technologies

Eletrobras Furnas completed the implementation of an off-shore wave energy converter

- Energy efficiency

At Eletrobras Eletronorte, hydrokinetic turbines[24] were installed to develop the remaining potential of hydroelectric power plants.

- Renewable energy technologies

Eletrobras Chesf developed the project for the photovoltaic plant of the Petrolina (PE) solar platform.

- Distribution technologies

Eletrobras Amazonas Energia developed a shielded set for connecting electrical conductors that allows for the connection of multiple customers through the same bar. In addition to enabling disconnection without requiring the disconnection of the busbar, it protects the connections, preventing energy frauds and bypasses.*(GRI EU8)*

24 These in-stream turbines are developed to generate energy without requiring dams or penstocks.

Distributed energy

Distributed Energy (GD) is a reality in many countries and can be leveraged through Smart Grids, considering its easy operation and control, enabled by the automation of the energy distribution network. Through "Parintins Project - Distributed energy with renewable energy sources and smart grids," approved by **ANEEL** with research and development resources from the distribution companies, Eletrobras is developing a benchmark model, grounded on the use of integrated technology and methodology applications, based on the smart grid concept. The assistance is in distributed generation, one of the pillars of the project, which comprises 40 photovoltaic systems, each with 3 kWp, installed on roofs, totaling 120 kWp; their performance will be measured by a remote monitoring system, using the interface with the smart grid in Parintins (AM).

Eletrobras Cepel

In its more than 40 years of history, the Electric Energy Research Center (Cepel) has constantly sought innovative solutions in the areas of generation, transmission, trading, and end-use of energy.

The work conducted by the Center significantly contributes to reducing financial and environmental costs, optimizing natural resources, diversifying the energy matrix, increasing reliability in energy supply, tariff reasonableness, and national energy safety. The Center also develops lines of research in computational methods to support expansion planning activities and the operation of interconnected generation and transmission systems, considering the environment and the use of new renewable sources.

Currently, the Center is involved in a number of initiatives to meet the future needs of the Brazilian electric utilities sector and is implementing the Ultra-High Voltage Lab (Lab UAT), which will conduct experimental testing and research on new technologies and configurations of transmission lines, which will play a critical role in the pursuit of solutions for transmitting the energy generated in remote plants to the main consumer centers. Following the global trend to modernize power distribution, the Center is also installing a lab for experimental research and assessment of smart grid solutions. *(GRI EU8)*

Eletrobras

Hydroelectric power plant and greenhouse gas emissions

The country has now a new and strong argument to defend water resources: in addition to generating clean and renewable energy, power plant reservoirs can often help reduce greenhouse gases (GHG) in the atmosphere.

This and other findings are presented in the book "Emissões de Gases de Efeito Estufa em Reservatórios de Centrais Elétricas" (Greenhouse Gases Emissions in Reservoirs of Electric PowerPlants) published in July 2014, which consolidates the results of the Carbon Balance in Reservoirs (BALCAR) studies, a Research and Development project presented by Eletrobras Eletronorte, in partnership with Chesf and Furnas - in response to Call for Submissions 009/2008, published by **ANEEL** in 2009, whose field activities were conducted between 2011 and the end of 2013.

In this project, eight hydroelectric power plants in operation and the areas of the future reservoirs of an additional three power plants were researched, in various Brazilian biomes. The results show that Funil (Minas Gerais) and Xingó (between Alagoas and Sergipe) registered negative gas emission rates, that is, their reservoirs absorb GHG from the atmosphere.

Eletrobras Cepel was the technical coordinator of this study, which was conducted by ten Brazilian research institutes: Coppe/UFRJ, the National Institute for Space Research, the Federal University of Juiz de Fora, University of São Paulo, the Federal University of Pará, the International Institute of Ecology and Environmental Management, the Federal University of Paraná, the Federal Rural University of Amazônia, the Fluminense Federal University, and the Federal University of Rio Grande do Norte, which involved 108 researchers, 49 of whom held Doctorate degrees and 31, Master's degrees.

The BALCAR Project innovated by using the net gas emissions concept. Most research in the area is based only in gross emissions, that is, on measurement of the current emissions in reservoirs. Net emissions are measured in reservoirs by subtracting the emissions (or removals) that existed before the reservoirs were built, on the ground and rivers, from the emissions measured in various areas within the current reservoirs. The result is the volume of emissions (or removals) actively caused by hydroelectric power plants. *(GRI 1.2, GRI EC2)*

Eletrobras Cepel

Energy Efficiency

Eletrobras energy efficiency department was structured around two major lines: energy efficiency as a public policy and energy efficiency as a corporate and business vision.

The line that deals with energy efficiency focused on public policies refers to PROCEL – National Program for the Conservation of Electricity, a program of the Federal Government that aims to foster efficient energy use in Brazil, in which Eletrobras acts as an Executive Department (PROCEL will be covered in the Government and Public Policies item, in the Social Performance section).

In the corporate line, Eletrobras coordinates the Integrated Eletrobras Energy Efficiency Committee (CIEESE), whose purpose is to find technology solutions for the Eletrobras companies, technical cooperation, and excellence in corporate energy efficiency. Through CIEESE, Eletrobras **holding** monitored the goals for reduction in energy consumption in 15 companies. In 2014, there were five meetings of the Internal Energy Conservation Committee (CICE) of Eletrobras **holding** with highlights to the event held for the World Energy Efficiency Day and the World Water Day. In 2014, also through CIEESE, Eletrobras **holding** proceeded with the work to implement ISO 50001 in the Eletrobras companies. *(GRI EU7, GRI EU8)*

In the new businesses area, the following activities were developed:

- the 2014-2018 Business Plan for Energy Efficiency and the launch of the procedures for starting partnerships for the establishment of Special Purpose Entities (**SPE**). Two energy conservation companies (ESCO) were interested in the partnership. Visits to potential clients were conducted and Nondisclosure Agreements, documents required to begin the work, were drafted.
- Procedures were continued to create a partnership pursuant to the agreement with the Regions of Climate Change Actions (R20); creation of an **SPE** for projects concerning energy efficiency in public lighting.
- Prospection of clients or partners for energy efficiency services.
- Two ISO 50001 training courses and one technical consulting in an energy-intensive industry in Pará.
- Development of a Call for Submissions for partnerships in energy efficiency projects.

Latin American and the Caribbean Network for Energy Efficiency (Red -LAC-EE)

Red-LAC-EE is a public-private environment that fosters and facilitates permanent integration between Latin American and Caribbean countries in issues concerning Energy Efficiency. In 2014, the Executive Committee of the Network held nine virtual meetings and its website received 25,000 page views, an increase of 30% over the previous year. The network, which has a web-based discussion group with 552 members, promoted approximately 50 events (courses, seminars, conferences, etc.) of 12 countries. In 2014, two seminars on ISO 50001 were held in Itaipu Binacional, in Foz do Iguaçu (PR) and in Asunción, in Paraguay, with the participation of the Paraguayan National Energy Efficiency Council, held by video-conference and shared with the 27 countries in the Network. Eletrobras is a diamond sponsor of the Network and has been playing a key role in this initiative since it was launched, as a member of its Executive Committee. *(GRI 4.13, GRI EU7)*

Agente Eletrobras (Eletrobras´s Agent)

Among the energy efficiency projects with communities, a highlight is the Agente Eletrobras project of the distribution companies (called "Eletrobras in the Community" in Eletrobras Distribuição Acre and "Efficient Community" in Eletrobras Distribuição Rondônia). Basically, this project involves technical visits to low-income communities to replace light bulbs and old refrigerators with new and more efficient ones (PROCEL Seal), regularization of consumer units, and initiative to raise awareness in the use of energy.

In 2014, the aforementioned projects totaled:

- Replacement of light bulbs: 124,193 (up by 175.8% over 2013).
- Replacement of refrigerators: 15,626 (up by 151.3% over 2013).
- 12,452 visits/regularizations/lectures (up by 9.3% over 2013).

In 2014, these actions resulted in a drop in energy consumption by over 28 GWh, which, proportionally, would supply approximately 57,000 households for one year[25]. *(GRI EN6)*

Gilvan Monteiro - Eletrobras Distribuição Piauí

Energy saved in the community* *(GRI EN6)*

	2014	2013
GJ	101,423.6	6,827.3
MWh	28,173.2	1,896.5

*This indicator applies only to Eletrobras Distribution Companies. In 2014, data does not consider Eletrobras Distribuição Alagoas.
In 2013 data does not consider the following companies: Eletrobras Distribuição Acre, Distribuição Piauí and Distribuição Rondônia

25 Based on the average energy consumption of 167 kWh/month, in 2014, for a household in Brazil. Thus, the average annual consumption was 2,004 kWh per household X 28,173.2 MWh = 56,459 households could be supplied for a year. Source: Resenha Mensal do Mercado de Energia Elétrica, year VIII, No. 88, January, 2015, EPE. *(GRI 3.9).*

Solar Efficient House

In operation since 1997 and located at Cepel's facilities, Casa Solar Eficiente (Solar Efficient Home) is a space to showcase and multiply solar technologies (thermal and photovoltaic) and energy saving techniques. This project is part of the residential segment of the Center for the Application of Efficient Technologies (CATE) and of the Sérgio Brito Reference Center of Solar and Wind Energy (CRESESB). The house is self-sufficient, generating energy for heating and pumping of water, using photovoltaic panels. In 2013, a total of 1,447 kWh were generated and consumed. Courses on solar technology are offered on-site and there were 1,177 visits in 2014, mostly students, but also teachers, professionals, and the public at large. *(GRI EU7)*

Pedro Ferreira (Eletrobras Cepel)

Furnas Educate Project

Teresa Tinoco Rossoni (Eletrobras Furnas)

From January 2013 to December 2014, Eletrobras Furnas developed this project that has visited approximately 400 public schools and social institutions neighboring hydroelectric power plants and substations in São Paulo, Minas Gerais, Goiás, Paraná, and Distrito Federal. Approximately 200,000 children and adolescents were served in the period. The Furnas Educate Project has the following three objectives: to establish and strengthen the relationship with the communities surrounding the projects of the company and raise awareness of the population of the dangers involving crop burning practices under towers and transmission lines; to explain the benefits of conscientious energy consumption and the importance of preserving the environment; and obtain recognition as a socially responsible company that is committed to the environment. *(GRI EU7)*

Conservation and efficiency

The Integrated Energy Efficiency Committee of the Eletrobras System (CIEESE) was responsible for preparing the new Energy Efficiency policy, published in December 2012, and its purpose is to find technological solutions and foster technical cooperation across the Eletrobras System.

Throughout 2014, the Committee focused on the project portfolio of each company, on monitoring of efficiency indicators and energy consumption goals, on the actions of the Internal Energy Conservation Committee (CICE), and on the use of LED technology and the ISO 50001 standard. In 2014, Itaipu Binacional and Eletrobras Eletronorte advanced in the implementation of ISO 50001, through CIEESE.

The implementation of the Internal Energy Conservation Committees (CICEs) is also an important milestone in the energy management culture of the Eletrobras System. These committees are responsible for preparing and implementing energy efficiency action plans in each company.

Because of its various energy conservation actions, the Eletrobras companies saved, in 2014, 12.7 GWh, which would proportionally supply 25,000 households for one year[26]. *(GRI EN5)*

Energy saved* *(GRI EN5)*

		2014	2013
Conversion and retrofitting of equipment	GJ	31,759.9	81,914.1
	MWh	8,822.2	22,753.9
Changes in employee behavior	GJ	14,113.7	24,591.6
	MWh	3,920.5	7,698.2
Total	**GJ**	**45,873.6**	**105,505.5**
	MWh	**12,742.7**	**29,584.9**

Note: No energy was saved due to process redesigning.
*In 2014, data does not consider the following companies: Distribuição Rondônia, Distribuição Roraima, Distribuição Piauí, Eletronuclear, Eletrosul, and Furnas.
In 2013, data does not consider the following companies: Eletrobras Distribuição Acre, Distribuição Alagoas, Distribuição Piauí, Distribuição Roraima, CGTEE, and Eletronuclear

In October 2014, Eletrobras Distribuição Acre relaunched the conscientious consumption campaign, considering the improvements in the company's electrical installations. As part of the campaign, advertising materials were prepared and posted to all light switches, computers, and mousepads in the companies. The purpose of this initiative is to remind employees about changing their habits to reduce consumption. *(GRI EN5)*

26 Based on the average energy consumption of 167 kWh/month, in 2014, for a household in Brazil. Thus, the average annual consumption was 2,004 kWh per household X 12,742.7 MWh = 25,536 households could be supplied for a year. Source: Resenha Mensal do Mercado de Energia Elétrica, year VIII, No. 88, January, 2015, EPE. *(GRI 3.9)*.

Eletrobras Distribuição Alagoas promotes the Conscientious Consumption project to raise awareness of the internal audience about the rational consumption of energy, non-potable water, disposable cups, and reams of paper. Despite not reducing the annual energy consumption compared with 2013, the company intends to maintain the campaign and reinforce the importance of changing the habits of its internal audience.

Eletrobras Amazonas Energia's Conscientious Consumption project publishes a monthly comparison containing the consumption of all units of the company, to clarify and raise awareness of employees about the importance of the efficient use of energy, seeking to minimize the environmental and financial impacts caused by irrational consumption. The company undertakes to reduce, between 2013 and 2015, its own annual energy consumption by 10% in relation to 2012. In 2014, there was a reduction of 10.4% in energy consumption compared with 2013. Regarding the use of fossil fuels on mobile souces (directly controlled by the company), the previous goal established a reduction between 1% and 3%, between 2013 and 2015; however, between 2013 and 2014, it had reached 10.4%. *(GRI EN5)*

The teams of the Tucuruí HPP of Eletrobras Eletronorte were trained in the first phases for the implementation of ISO 50001. Through the corporate management of electric energy consumption and billing, a reduction of 3.5% in energy consumption was obtained at Eletrobras Eletronorte, compared with 2013, which amounts to 284,676.8 kWh, considering 50 consumer units of a total of 106. The optimization of energy use in the facilities of the Technology Center resulted in a reduction of 12.7% in consumption, which is equivalent to 167,718.0 kWh, for 2014. The most energy-intensive equipment and peak hours were determined. With this data in hand, a routine of procedures was created for the use and monitoring of the equipment. *(GRI EN5)*

The teams at Itaipu Binacional were also trained in ISO 50001, when the first activities were launched, such as the definition of boundaries, scope, and energy planning. A total of 4,074.7 GJ (1,131.9 MWh) was saved as a result of the replacement of the lighting used in the access roads to the power plant (on the Brazilian and Paraguayan sides) with more efficient options and of the retrofitting and reform of the electrical installations of Itaipu Binacional buildings in Foz do Iguaçu and Curitiba. *(GRI EN5)*

In 2014, the actions of the Eletrobras Eletronuclear's energy efficiency program were maintained in its headquarters, in Rio de Janeiro (RJ), and in Angra dos Reis (RJ). They include awareness campaigns for employees, consumption surveys in villages, purchase and installation of meters in the administration buildings of the Almirante Álvaro Alberto Nuclear Center (CNAAA), replacement of 40 W with 32W fluorescent tubes in the

administration buildings of the residential villages, installation of LED light bulbs and calculation of the difference in consumption of the building, installation of motion sensors in some of the facilities, both at CNAAA and in the villages, and implementation of the Consumption Database (SMF). *(GRI EN5)*

Eletrobras Chesf continues to invest in Energy Efficiency Enhancement Projects (PMEEs) and annually reaps the energy rewards of its actions. By 2014, a total of 1,150 projects were registered, 100 of which were implemented with investments in excess of R$ 9 million, which is equivalent to an average cost under R$ 55.00/MWh. *(GRI EN5)*

In 2014, Eletrobras CGTEE recorded a reduction of 1.93% over the baseline year of 2012 in the total internal energy consumption of its industrial units (thermal power plants). In 2014, the internal energy consumption of the industrial area was 350,703 MWh and the total gross energy generation was 2,462,938 MWh, resulting in 14.24% of total internal consumption. In December 2014, CGTEE entered into negotiations with CEPEL to obtain an energy diagnosis for the units in operation at the Candiota Thermal Power Complex. In 2014, savings from the decrease in the company's energy consumption totaled 6,914.18 MWh (1.93%), which is equivalent to 24,871.25 GJ. *(GRI EN5)*

Indirect energy saved

One of the actions that lead to indirect energy savings is the reduction of air travel and the use of video conferencing to reduce travel at Eletrobras **holding**, Eletronorte, Eletronuclear, Eletrosul, Itaipu Binacional, CGTEE, Distribuição Alagoas, Distribuição Rondônia, and Cepel. In 2014, these measures generated savings of 19,388.7 GJ compared with 2013. *(GRI EN7)*

In 2014 alone, the use of video conferencing increased by 30% at Eletrobras Eletronorte, reducing the indirect energy that would be used in traveling. *(GRI EN7, GRI EN18)*

As an alternative to reduce consumption of fossil fuel, Itaipu Binacional, Eletrobras Eletronuclear, and Furnas use electric vehicles. Itaipu Binacional, Eletrobras Furnas, Cepel, and Eletrobras holding have been replacing gasoline- and diesel-powered vehicles with flex-fuel models. Eletrobras Distribuição Rondônia and Distribuição Roraima rationalize their fleet of vehicles, avoiding consecutive trips to the same location. *(GRI EN7, GRI EN18)*

Fish Culture Station Sobradinho.
Original photo: Eletrobras Chesf

Economic and Financial Performance

In 2014, Eletrobras posted a net loss of R$ 3,031 million, compared with losses of R$ 6,187 million in 2013. This result continues to reflect the new generation and transmission tariffs on the assets whose concessions were renewed pursuant to Law 12,783/2013 and was decisively influenced by a number of positive and negative points: *(GRI 2.8)*

Positive

- Increase of 50.9% in revenue from the generation segment.
- Reduction of 16.8% in personnel costs (15.7% when Celg-D's personnel costs are included, which are considered only for 2014).
- Reversal of provisions in interest-bearing contracts, totaling R$ 1,800 million and pertaining, mainly, to the contracts for Jirau (R$ 712 million) and Itaparica (R$ 863 million).
- Reversal of provision for the financial assets, amounting to R$ 792 million and referring to investments in projects whose concessions were renewed and reversal of expenses relating to these investments, totaling R$ 408 million.
- Positive effect related to the Conta de Compensação de Variação de Valores de Itens da "Parcela A" – CVA (Variation Compensation Account of Items of "Portion A" – CVA), in the amount of R$ 740 million.
- Reversal of provision for losses in investment, amounting to R$ 314 million (referring, primarily, to the ownership interest in Centrais Elétricas Matogrossenses (CEMAT).

Negative

- Energy bought to be resold, totaling R$ 9,913 million, which represented an increase of 79.7% (if Celg-D were to be included, this figure would total R$ 10,425 million and the variation, 89.0%).
- Provision of contingencies, totaling R$ 3,656 million (caused essentially by the provision of R$ 2,235 million pertaining to compulsory loans).
- Reduction in tax credit, amounting to a net total of R$ 1,701 million.
- Negative net result of the ownership interest, totaling R$ 1,217 million, reflecting the negative results of the ownership interest in **SPE**, especially in **SPE** Madeira Energia S.A.

Operating Income

Revenues from generation grew by 23.3%, going from R$ 17,240 million in 2013 to R$ 21,256 million in 2014. This rise was influenced essentially by the sale of energy in the spot market (CCEE), which went from R$ 2,396 million in 2013 to R$ 3,818 million in 2014. The transfer from Itaipu Binacional went from a net revenue of R$ 68 million in 2013 to a net expense of R$98 million in 2014, mainly due to the monetary restatement calculated based on the American Commercial Price and Industrial Goods indexes. The revenue from construction fell by 67.4%, going from R$ 737 million in 2013 to R$ 240 million in 2014, which was recorded at its equivalent value as construction cost. *(GRI 2.8, GRI EC1)*

In Transmission, the revenues grew by 4.4%, going from R$ 4,505 million in 2013 to R$ 4,702 million in 2014, mainly influenced by the beginning of the operations of new projects and by the effect of the consolidation. In 2014, revenue from construction was R$ 1,786 million, which represents a decline of 0.6% over 2013 and was recorded at its equivalent value as construction cost.

In the Distribution segment, the figures rose by 52.0%, going from R$ 5,433 million in 2013 to R$ 8,222 million in 2014, influenced by the growth in revenue from supply. Supply of energy increased by 67.2%, going from R$ 4,419 million in 2013, to R$ 7,349 million in 2014. The total energy sold went from 16.1 TWh in 2013 to 17.1 TWh in 2014 (not including the energy sold by Celg-D). The revenue from construction was recorded at its equivalent value as construction cost, presenting a fall of 13.8%, going from R$ 1,014 million in 2013 to R$ 873 million in 2014.

Results

Net operating income remained stable when compared with the previous year, presenting a slight drop of 0.9%. Considering the higher price paid for the energy purchased for resale, which went from R$ 2,875 million in 2013, to R$ 3,007 million in 2014, the Gross Result dropped and totaled R$ 191 million. *(GRI 2.8)*

In relation to operating expenses, there was a significant decline of 19.7% in the operating provisions, which went from R$ 4,912 million in 2013, to R$ 3,944 million in 2014. Among the main items, the following can be highlighted:

- Provision for contingencies, amounting to R$ 3,390 million, pertaining to compulsory loans.
- The unsecured liabilities in subsidiaries went from R$ 2,742 million in 2013, to R$ 832 million in 2014, a variation of 71%.
- Reversal in the amount of R$ 411 million, pertaining to the investments made by the company in CEMAT and EMAE. Consequently, Eletrobras's Operating Result before the Financial Result went from a loss of R$ 6,204 million in 2013, to a loss of 5,182 million in 2014, an improvement of approximately 16%.

In 2014, the Financial Result had a positive effect in the result of the holding company of approximately R$ 2,436 million, compared with R$ 2,118 in 2013. Basically, this variation was caused by the variation of the US Dollar and by the increase in the revenue with interest, commissions and fees, and income from financial investments.

The recognition of the results recorded by the companies in which investments were made had a negative impact on the result reported by the company, R$ 43 million in 2014, arising from the assessment of the shareholding investments. This amount represented a variation of 94.5% in relation to the negative amount of R$ 788 million recorded in 2013, especially because of the result of the Equity Accounting of the subsidiaries:

VALUE ADDED STATEMENT *(GRI 2.8, GRI EC1)*

	HOLDING		CONSOLIDATED	
	2014	2013	2014	2013
1 - REVENUE (EXPENSES)				
Sale of goods, products, and services	2,907,125	2,970,726	35,626,308	28,186,399
2 - INPUTS ACQUIRED FROM THIRD PARTIES				
Materials, services, and others	(458,623)	(488,074)	(9,580,553)	(10,454,785)
Industry-specific taxes			(1,005,014)	(870,490)
Energy purchased for resale	(3,007,183)	(2,875,951)	(10,424,699)	(5,515,206)
Fuel for the generation of energy	-	-	(1,479,633)	(1,492,368)
Operating provisions/reversals	(3,943,609)	(4,912,114)	(1,861,707)	(3,258,205)
Subtotal	(7,409,415)	(8,276,139)	24.351.606)	(21,591,054)
3 - GROSS ADDED VALUE				
	(4,502,290)	(5,305,413)	11,274,702	6,595,345
4 – WITHHOLDINGS				
Depreciation, amortization, and depletion	(6,271)	(6,547)	(1,777,296)	(1,512,330)
5 - NET ADDED VALUE PRODUCED BY THE ENTITY				
	(4,508,561)	(5,311,960)	9,497,406	5,083,015
6 - ADDED VALUE RECEIVED IN TRANSFER				
Ownership interest	(49,267)	(787,881)	(1,216,840)	177,768
Financial revenues	4,125,664	3,799,447	5,205,754	3,712,311
Subtotal	4,076,397	3,011,566	3,988,914	3,890,079
7 - TOTAL ADDED VALUE FOR DISTRIBUTION				
	(432,164)	(2,300,394)	13,486,320	8,973,094
DISTRIBUTION OF ADDED VALUE				
PERSONNEL				
Personnel, charges, and fees	349,395	444,239	5,353,573	6,404,531
Retirement and pension plan	34,423	38,188	255,747	245,623
Subtotal	383,818	482,427	5,609,320	6,650,154
TAXES				
Taxes, fees, and contributions	327,240	1,443,609	6,076,958	4,846,943
Subtotal	327,240	1,443,609	6,076,958	4,846,943
THIRD PARTIES				
Financial charges and rent	1,689,613	1,681,679	4,511,129	3,335,626
Donations and contributions	198,220	278,839	251,415	332,031
Subtotal	1,887,833	1,960,518	4,762,544	3,667,657
SHAREHOLDERS				
Dividends and interest on net equity	-	433,962	-	433,962
Participation of non-controlling shareholders	-	-	68,553	(4,712)
Retained earnings or losses for the period	(3,031,055)	(6,620,910)	(3,031,055)	(6,620,910)
Subtotal	(3,031,055)	(6,186,948)	(2,962,502)	(6,191,660)
TOTAL	**(432,164)**	**(2,300,394)**	**13,486,320**	**8,973,094**

Expansion and investments

Throughout 2014, Eletrobras invested R$ 11.4 billion, exceeding the milestone of R$ 11.2 billion in 2013, which corresponds to 78% of the investments budgeted for the year. Highlights are the generation segment, with total investments of R$ 6.3 billion, representing approximately 55% of the total invested in 2014.

Pertaining to corporate investments, highlights are those concerning the implementation of the Angra III Nuclear Power Plant - R$ 1.8 billion. Referring to investments in partnerships, through **SPE**, the highlights are the investments in the implementation of the Jirau HPP (R$ 0.6 billion), the Belo Monte HPP (R$ 0.7 billion), the Santo Antônio HPP (R$ 1.1 billion), and the Teles Pires HPP (R$ 0.4 billion). *(GRI 1.2)*

Nature of Investments	Invested (in R$ million)				
	Budgeted 2014	Investment made in 2014	2014	2013	2012
Generation	7,896	80%	6,278	6,435	5,263
Corporate Expansion	3,078	71%	2,183	2,767	1,771
Expansion of **SPE**	4,154	89%	3,701	3,241	2,980
Maintenance	664	59%	394	427	512
Transmission	5,096	79%	4,026	3,446	2,985
Corporate Expansion	2,771	76%	2,111	2,229	1,639
Expansion of **SPE**	1,642	88%	1,437	745	945
Maintenance	683	70%	478	472	401
Distribution	974	75%	728	928	1056
Corporate Expansion	749	77%	577	723	837
Maintenance	225	67%	151	205	219
Other (Research, Infrastructure, and Environmental Quality)	722	51%	370	402	546
Total	**14,688**	**78%**	**11,402**	**11,211**	**9,850**

The investment of approximately R$ 257 million, made by Celg-D in 2014, was not considered in the table.

For 2015, the investment budget approved totals R$ 14.2 billion, as approved by Decree 8,383, of December 29, 2014. The allocation of the resources to each business segment must be ratified through presidential decree.

Compliance

As a quasi-public corporation, Eletrobras seeks maximum compliance with corporate governance, pursuant to the strict legality and transparency of its acts. Eletrobras has and enforces its Code of Ethics and all departments of the company undergo internal audits, which examine the appropriateness and compliance of its internal procedures and of the agreements entered into with suppliers and clients.

In 2014, no legal actions for anti-competitive behavior, trust practices, and monopoly were filed against the company[27]. *(GRI SO7)*

In 2014, Eletrobras Eletronorte received one non-monetary sanction due to an injunction filed against ANEEL in order to overturn an administrative act that prohibited the company from taking part in a Transmission Auction. There are tax-related administrative proceedings[28] that refer to the compensation of credit unduly paid; however, no sanction or fines have been issued[29]. *(GRI SO8)*

In the same period, Eletrobras received only one significant fine for non-compliance with laws and regulations concerning the provision and use of products and services. This fine was received and paid by Eletrobras Chesf and refers to a lawsuit for non-compliance with supply of energy, occurred in 2011. The total was R$ 36,780,437.87[30].[31] *(GRI PR9)*

The Eletrobras companies have a comprehensive information security policy, which aims to safeguard the information under their custody or information which is generated, acquired, processed, transmitted, stored, and discarded by any asset, from various types of threats, ensuring the continuity, integrity, reliability, and availability of the information inherent to its activities. In 2014, no substantiated complaints regarding breaches of privacy and losses of customer data were registered. *(GRI PR8)*

In 2014, the Eletrobras companies were not involved in any legal cases concerning significant environmental fines. *(GRI EN28)*

27 Data does not consider Eletrobras Distribuição Alagoas. The indicator does not apply to Eletrobras Eletronuclear, Eletropar and Itaipu Binacional.
28 Eletrobras understands significant fines as those whose value is greater than 1% of the Net Operating Income (NOI) of each company.
29 Data does not consider the following companies: Eletrobras Amazonas Energia, Distribuição Acre, Distribuição Alagoas, Cepel, Furnas, and Itaipu Binacional
30 Eletrobras understands significant fines as those whose value is greater than 1% of the Net Operating Income (NOI) of each company.
31 Data does not consider the following companies: EletrobrasAmazonas Energia, Cepel, Distribuição Alagoas, and Itaipu Binacional

Waimiri-Atroari Program.
Original photo: Jorge Coelho / Eletrobras

Social performance

GLOBALCOMPACT

LABOUR

PRINCIPLE 3 *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

PRINCIPLE 4 *the elimination of all forms of forced and compulsory labour;*

PRINCIPLE 5 *the effective abolition of child labour; and*

PRINCIPLE 6 *the elimination of discrimination in respect of employment and occupation.*

Fostering dialogue and best practices

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

All of Eletrobras's 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.

Profile and number of professionals

The relationships that the Eletrobras companies maintain with people are at the core of all issues pertaining to sustainable development. Their 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.

By the end of 2014, the total number of permanent employees of the Eletrobras companies was 23,592 people, a reduction of 2% over 2013, an influence of the Voluntary Separation Incentive Plan (PID). Since the beginning of this process, 4,778 employees have been terminated according to the Plan; one of the actions established by the company in its Business and Management Master Plan (2013-2017 PDNG). The other terminations are expected to occur in 2015. At Eletrobras Eletronuclear, this process should be completed in 2015.

Permanent employees and contractor workforce (MOC), by company and gender* *(GRI LA1)*

2014	Permanent employees	Female	4,457	18.9%
		Male	19,135	81.1%
		Total	23,592	100%
	MOC	Female	785	21.2%
		Male	2,926	78.8%
		Total	3,711	100%
2013	Permanent employees	Female	4,559	19.0%
		Male	19,410	81.0%
		Total	23,969	100%
	MOC	Female	862	18.8%
		Male	3,714	81.2%
		Total	7,654	100%

* In 2013, the calculation of the percentage by gender for the "MOC" category does not consider the following companies: Eletrobras Distribuição Acre, Distribuição Alagoas and Distribuição Piauí. In 2014, data considers all Eletrobras companies

The companies in numbers

- **81%** of the permanent staff is male and **12%** female
- **20.3%** of employees are located in the North, **29.9%,** in the Northeast, **7.6%**, in the Midwest, **27.7%**, in the Southeast, and **14.4%**, in the South.
- **87.2 %** of the professionals work full-time; **12.6%** work six-hour shifts, and **0.3%**, four-hour shifts.

(GRI 2.8, GRI LA1)

Breakdown by employee category[32]

- In managerial positions **1.7%** are female and **7.0%** are male
- In positions requiring higher education **8.3%** are female and **22.5%** are male
- In positions not requiring higher education **9.4%** are female and **51.1%** are male

Breakdown by age group

- **6.0%** of employees in the permanent staff are under 30 years of age: **1.3%** are female and **4.7%** are male
- **54.0%** are 30-50 years of age: **10.9%** are female and **43.1%** are male
- **40%** are over 50 years of age: **7.2%** are female and **32.8%** are male

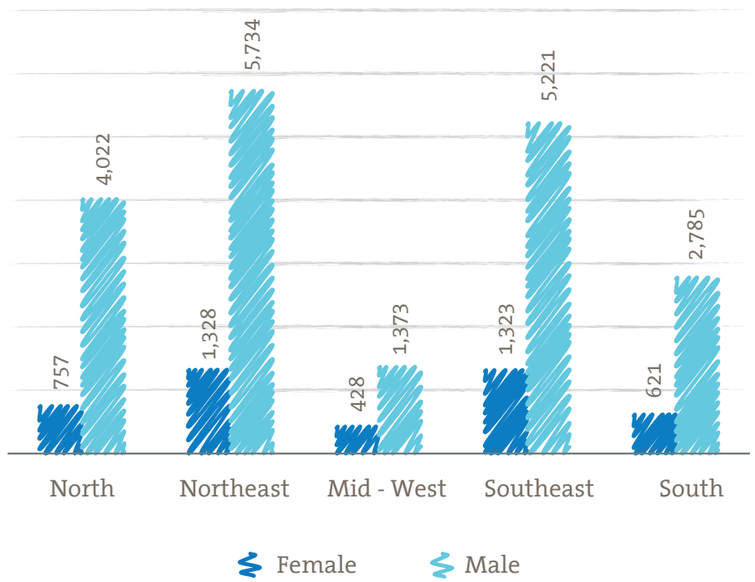
Breakdown by minorities

- **322** people with disabilities: **75** are female and **247** are male
- **7,784** are over 50 years of age: **1,395** are female and **6,389** are male
- **6,728** are black, pardo, Indigenous, or yellow: **1,090** are female and **5,638** are male

(GRI LA13)

32 Data of items "Breakdown by employee category," "Breakdown by age group" and "Breakdown by minorities" does not consider the following companies: Eletrobras Amazonas Energia, Distribuição Alagoas, Distribuição Rondônia, and Distribuição Roraima.

Total workforce by region and gender *(GRI LA1)*



Permanent employees, by company, gender, and employment period *(GRI LA1)*

	Full time			Part time					Total permanent employees
	8 hours			6 hours		4 hours			
	Female	Male	Total	Female	Male	Female	Male	Total (6 and 4 hours)	
Eletrobras Companies	4,162	16,404	20,566	263	2,702	31	30	3,026	23,592

* Data considers all Eletrobras companies.

Employee turnover rate[33]

In 2014, of a total of 16,305 employees, there were 653 terminations and 453 new hires. Consequently, the rate of new hires was 2.8% (an increase over the previous year), whereas the turnover rate was 4.0%, with a decline in all age groups and regions, considering that the Voluntary Separation Incentive Plan (PID) peaked in 2013.

33 The turnover rate is calculated by dividing the number of employees who leave the organization by the number of people who remain in the company.

Total number and rates of new hires and employee turnover, by gender* *(GRI LA2)*

	Total number of new hires	Rate of new hires	Total number of employees who left the company	Employee turnover rate
Female	74	2.2%	146	4.4%
Male	379	2.9%	507	3.9%
Total	**453**	**2.8%**	**653**	**4.0%**

* Data does not consider the following companies: Eletrobras Amazonas Energia, Distribuição Alagoas, Distribuição Rondônia, Distribuição Roraima, Cepel, and Furnas.

Total number and rates of new employee hires and employee turnover, by age group* *(GRI LA2)*

	Employees who left the company			New hires			Employee turnover rate			Rate of new hires		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
18-25	8	17	30	84	104	80	3.7%	5.4%	6.3%	38.7%	32.9%	16.8%
26-30	34	59	94	123	104	170	3.1%	4.3%	4.4%	11.3%	7.5%	8.0%
31-40	47	62	84	118	110	211	1.0%	1.5%	1.4%	2.5%	2.6%	3.4%
41-50	19	97	37	35	28	58	0.6%	2.7%	0.6%	1.0%	0.8%	0.9%
51-60	300	1,567	471	48	18	56	5.6%	33.5%	4.9%	0.9%	0.4%	0.6%
> 60	245	949	198	45	7	34	15.8%	89.4%	8.5%	2.9%	0.7%	1.5%
Total	**653**	**2,751**	**914**	**453**	**371**	**609**	**4.0%**	**18.0%**	**3.4%**	**2.8%**	**2.4%**	**2.3%**

* In 2014, data does not consider the following companies: Eletrobras Amazonas Energia, Distribuição Alagoas, Distribuição Rondônia, Distribuição Roraima, Cepel, and Furnas.
In 2013, data does not consider the following companies: Eletrobras CGTEE, Eletropar, Eletronorte, Eletrosul, and Furnas.
In 2012, data does not consider the following companies: Eletrobras Distribuição Acre and Distribuição Alagoas.

Total number and rates of new hires and employee turnover, by region* *(GRI LA2)*

	Number of employees			Employees who left the company			New hires			Employee turnover rate			Rate of new hires		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
North	263	3,437	5,165	15	330	76	7	8	189	5.7%	9.6%	1.5%	2.7%	0.2%	4%
Northeast	5,845	6,652	7,575	89	1,950	80	225	223	61	1.5%	29.3%	1.1%	3.8%	3.4%	0.8%
Midwest	3,355	N/R	2,337	43	N/Av	76	4	N/Av	6	1.3%	N/R	3.0%	0,1%	N/R	0.3%
Southeast	3,234	3,773	8,034	381	397	511	83	47	235	11.8%	10.5%	6.0%	2.6%	1.2%	3%
South	3,608	1,438	3,741	125	74	171	134	93	118	3.5%	5.1%	5.0%	3.7%	6.5%	3%
Total	**16,305**	**15,300**	**26,852**	**653**	**2,751**	**914**	**453**	**371**	**420**	**4.0%**	**18.0%**	**3.0%**	**2.8%**	**2.4%**	**2.0%**

* **In 2014, data does not consider the following companies: Eletrobras Amazonas Energia, Distribuição Alagoas, Distribuição Rondônia, Distribuição Roraima, Cepel, and Furnas
In 2013, data does not consider the following companies: Eletrobras CGTEE, Eletropar, Eletronorte, Eletrosul, Furnas and Itaipu Binacional.
In 2012, data does not consider the following companies: Eletrobras Distribuição Acre and Distribuição Alagoas.
N/R: Not reported.

Health and safety of employees and contractors

The working conditions and the well-being of employees are part of the Sustainability Policy of the Eletrobras companies and are enforced through the Corporate Occupational Health and Safety Policy. According to corporate guidelines, the companies manage data, identify opportunities for improvement, and implement formal procedures, in compliance with legal requirements, seeking to continuously improve management and reduce accidents.

- The Eletrobras companies require training and proof of training from for security contractors.
- Distribution Companies and Cepel: CIPA training courses (NR5), working in confined spaces (NR33), electricity (NR10), working at heights (NR35).
- Eletrobras **holding** provides standardized safety equipment at the company to all employees who are exposed, in any way, to occupational hazards.
- Health and workplace safety training courses are set forth in the Annual Corporate Education Plan and are offered in order to comply with legal requirements.
- The Acre, Alagoas, Piauí, and Rondônia Distribution companies offer training courses in Standard Operating Procedures (POPs).

(GRI EU16)

Emergency Situation Response Plan (PASE)

The purpose of PASE is to enhance current procedures and e establish a first-response standard for emergencies and an action plan for training and qualification of employees to provide first aid at Eletrobras Eletrosul. To this end, studies and work are being developed to establish rescue protocols and instructions for emergency situations. *(GRI EU16, GRI EU21)*

National Program for Occupational Accident Prevention

In 2013, Eletrobras Eletrosul subscribed to the National Program for Occupational Accident Prevention, with the Regional Labor Court of Santa Catarina (TRT-SC). The Trabalho Seguro Program (Safe Workplace), coordinated nationwide by the Higher Council of Labor Justice, is centered around the development of permanent actions that focus on occupational health, accident prevention, and the strengthening of the National Occupational Safety and Health Plan (PNSST). *(GRI EU16)*

Training of fire brigade members

Eletrobras Furnas has specific facilities for training courses on various areas, including a Training Center for Emergency Prevention to train fire brigade members, in the São José da Barra Hydroelectric Power Plant (MG), which serves employees and direct contractors, external organizations, and fire department corporations, schools, etc. *(GRI EU16, GRI EU21)*

EMPLOYEE REPRESENTATION IN HEALTH AND SAFETY COMMITTEES[34]

100% of the employees of the Eletrobras companies are represented by formal health and safety committees: in all, there are 143 Internal Accident Prevention Committees (CIPAs) and 43 formal health and safety committees (based on Regulatory Standard - NR-10). *(GRI LA6)*

Occupational health and safety topics are set forth in the Collective Bargaining Agreement executed between the Eletrobras companies and the Labor Union. Its items are negotiated and, if necessary, amended every year, ensuring the protection of worker rights in terms of health, quality of life, and workplace safety. Among the topics covered are compliance with NR-9 and NR-10, structuring of the Specialized Occupational Health and Safety Engineering Service (SESMT), distribution of Personal Protective Equipment (PPE) and Collective Protective Equipment (CPE), the Health Protection and Recovery Plan (PPRS), the Occupational Disease Investigation Policy, and the Program for the Medical Control of Occupational Health (PCMSO). *(GRI LA9)*

Prevention

Eletrobras continuously invests in education, training, counseling, prevention, and risk-control programs for its employees, family members, and communities, especially when the occupational activities involve high occurrence or high risk of specific occupational diseases. The following are among the main initiatives:

- SIPAT (Internal Occupational Accident Prevention Week)
- Health Promotion and Disease Prevention Courses
- Chemical Addiction Prevention and Treatment (smoking, alcohol, and other drugs)
- Financial Literacy Program
- Emergency Situation Response Plan (PASE)
- Environmental Risk Prevention Program (PPRA) and Technical Opinion on Environmental Working Conditions (LTCAT)
- Terceira de Primeira Program (First-Class Contractors - 3D1), which develops actions that ensure the respect and protection to the right to health and safety of contractors and service providers
- Alcohol and Other Addictions Prevention and Treatment Program (PRAD)
- Program to Support People with Disabilities (PAPD)
- Program to Monitor Employees on Leave
- Traveler's Program (managed by the Health and Quality of Life Division)
- Vaccination campaigns

(GRI LA8)

34 In 2014, data does not consider Eletrobras Distribuição Roraima.

Injuries and occupational diseases

In 2014, the Eletrobras companies reported 190 injuries (with and without lost days), a slight increase over 2013, when 160 incidents were registered. However, and since the scope of the report is more comprehensive, there was a decline in the injury rate: from 0.97 in 2013 to 0.40 in 2014. In this period, eight cases of occupational diseases and no fatalities were registered. In turn, the total number of lost days dropped by approximately 19%[35] over 2013.*(GRI LA7)*

Professional development

The Eletrobras companies have three specific processes to assess the knowledge required for its workforce: mapping of the critical knowledge required by the strategic objectives of the company, Performance Management System, which identifies the needs and future competency requirements (knowledge, skills, and attitude), and determination of training needs. This survey builds on this input to develop the Annual Corporate Education Plan (PAEC).

Some companies work in partnership with SENAI, which offers specific courses, such as NR-10 - Basic, NR-10 Supplementary, NR-10 Integrated Refresher Course, Forklift Operator Training, Crane Operator Training, and Auto-Crane Operator Training.

According to the increasing demands of the market and focusing on the creation of value for the company and its employees, the personnel development department invested, in 2014, R$ 8,143,915.40 in education and training. *(GRI EU14)*

Corporate University of the Eletrobras System - UNISE

Given the wide geographic coverage of the Eletrobras companies and seeking to optimize resources, in 2014, UNISE launched a service center strategy, making its educational actions available in the centers in Florianópolis, Brasília, Rio de Janeiro, Recife, and Manaus. Based on the needs identified, a number of training programs were conducted, such as Auditor Training, Corporate Governance for Board Members and SPE, Private Social Investment Course, MBA in Management and Leadership, MBA in Business Management in the Electric Utilities Sector, APG Amana-Key Program, Energy Regulation Course, Metrology, Lab Management System, Training Program on International Financial Reporting Standards (IFRS).

It is important to note that Eletrobras's Personnel Development and Training Plan, which serves as support and guideline for the development and preparation of educational actions, includes a specific topic, the "Appreciation of Diversity and Promotion of Gender Equality." Therefore, it has been defined that UNISE and the corporate education units should:

- Foster the appreciation of diversity and gender equality through educational programs.
- Provide solutions to ensure accessibility of educational actions to people with disabilities.
- Use inclusive and gender-neutral visual and written language in all educational programs and actions.

(GRI EU14)

SCIENCE WITHOUT BORDERS

The Science Without Borders Program, initiated in 2012, establishes the use of up to 101,000 four-year scholarships to foster interchange and maintain contact with competitive educational systems, in terms of technology and innovation. This program results from the collaboration between the Ministry of Science, Technology, and Innovation (MCTI) and the Ministry of Education (MEC), through their respective development agencies – National Council for Scientific and Technological Development (CNPq) and Coordination for the Improvement of Higher Education Personnel (CAPES) - and MEC's Higher Education and Technology Education Departments.

Eletrobras supported the Program through a Private Agreement, entered into with CAPES and CNPq, with a total investment of R$ 150,721,545.52. *(GRI EU14)*

Remuneration and Benefits

Eletrobras's salary policy considers the salary matrix of each position, defined in the Career and Remuneration Plan (PCR). If any change arises from collective bargaining, the, matrix is adjusted, pursuant to the rates defined and approved in the Collective Bargaining Agreement.

In the company, entry-level salaries, for men and women, comply with the admission salary table and gender pay gaps occur as employees advance their careers, whether through horizontal or vertical promotions. *(GRI LA14)*

In 2014, entry-level salary, for men and women, was R$ 1,196.70, an increase of 8% over the previous year. Eletrobras's salary policy considers gender equity and no salary is based on the Brazilian minimum wage rules. *(GRI EC5)*

35 Data considers all Eletrobras companies.

Ratios of entry level wage compared with minimum wage* *(GRI EC5)*

	2014		2013		2012	
	Female	Male	Female	Male	Female	Male
Ratios of standard entry-level wage compared with local minimum wage (%)	165.3%		163.3%		165.9%	

*Eletrobras considers the national minimum wage as being the local minimum wage. The values refer to December 31 of each year-cycle of its Annual and Sustainability Report.
In 2014, data does not consider Eletrobras Distribuição Roraima.

Average and ratio of basic salary, by gender and employee category* *(GRI LA14)*

	Managerial positions			Positions requiring higher education			Positions not requiring higher education**		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Female (R$)	14,436	12,982	11,922	8,034	7,249	7,248	3,974	3,974	4,407
Male (R$)	15,377	14,140	13,135	9,133	8,374	8,243	3,913	3,913	4,627
Ratio[36]	93.9%	92.0%	91.0%	88.0%	87.0%	88.0%	101.5%	101.5%	95.0%

*In 2014, data does not consider Eletrobras Distribuição Alagoas and Distribuição Roraima.
**In 2013, data referring to positions that do not require higher education does not consider Eletrobras Eletropar.
In 2012, data does not consider Eletrobras Distribuição Rondônia.

The Eletrobras companies offer a number of benefits[37] to all permanent employees[38], regardless of their being under a part- or full-time employment agreement[39]:

- Health insurance
- Dental insurance
- Daycare assistance
- Funeral assistance
- Assistance for child with special needs
- Coverage for disability/invalidity
- Agreements with gyms
- Retirement funds
- Maternity leave
- Paternity leave
- Pay for performance
- Group life insurance
- Food vouchers
- Meal vouchers
- Public transportation voucher
- Assistance for high, middle, and undergraduate school
- Graduate education in various areas
- Master's degree, doctorate, and specialization programs,
- Foreign language courses

36 The ratio is calculated by dividing women's salary by men's salary.
37 Interns receive benefits such as meal vouchers, public transportation vouchers, and personal accident insurance.
38 At the Eletrobras ', in order to engage in bidding processes, contractors must offer meal vouchers, public transportation vouchers, and health insurance to their employees.
39 Data includes all Eletrobras companies.

- Participation in events to share best practices
- Training programs.

(GRI LA3)

Parental leave

Of the 480 employees, including men and women, who had the right to and took parental leaves in 2014, a total of 455 returned to work and 25 (24 women and 1 man) will return to work in 2015.

Employees returning to work after parental leave *(GRI LA15)*

	2014**	%	2013*	%	2012	%
Female	129	84.30%	173	84%	150	81%
Male	326	99.70%	464	100%	430	100%

* This calculation does not consider 38 female employees who took maternity leave in 2013 and would only return to work in 2014.
In 2014, data does not consider the following companies: Eletrobras Distribuição Rondônia, Distribuição Roraima, CGTEE, Eletronorte, and Eletronuclear.

Freedom of association and collective bargaining agreement

All employees have the right to freedom of association. Therefore, the 2013/2015 Collective Bargaining Agreement of the Eletrobras companies establishes that the trade unions commit to holding meetings to monitor the agreements. These meetings are held quarterly, or whenever requested by either party, and act as a communication channel that is constantly open. All employees of the Eletrobras companies are covered by collective bargaining agreements[40]. *(GRI LA4)*

Training and development

In 2014, the Eletrobras companies recorded an average of 53.24 hours of training, an increase of 27% over the previous year. *(GRI LA10)*

40 Data includes all Eletrobras companies.

Average number of training hours by employee category and gender* *(GRI LA10)*

	Gender	2014		2013	
		Average by gender and position	Average by position	Average by gender and position	Average by position
Managerial positions	Female	68.6	61.4	77.1	74.2
	Male	59.3		73.4	
Positions requiring higher education	Female	52.7	52.9	48.9	49.3
	Male	52.9		49.5	
Positions not requiring higher education	Female	45.4	51.5	31.7	35.0
	Male	52.7		35.6	

* Data considers all Eletrobras companies.

Average number of training hours by gender * *(GRI LA10)*

	2014	2013
Female	52.0	42.1
Male	53.6	41.9

* Data considers all Eletrobras companies.

Performance assessment

The Performance Management System (SGD) is an integrated and continuous model, based on the assessment of professional competencies and of goals aligned with the strategy of the company. To this effect and given its annual nature, the assessment process is an opportunity to contribute directly to leverage corporate results and enable employees to develop/advance their careers and, consequently, organizational growth. In 2014, the performance reviews and the Individual Development Plans referring to the 2nd Cycle of the Performance Management System (SGD) were completed in February and March, respectively, and, in May, the 3rd cycle was initiated. In the reporting period, the goal for employees to undergo performance assessments and career advancement ranged between 90% and 95%. A total of 96.5% was reached; 96.6% among males and 96.4% among females[41]. For 2015, the goal to reach 90% and 95% will be maintained. *(GRI LA12)*

41 Data does not include the following companies: Eletrobras Amazonas Energia, Chesf, Distribuição Acre, Distribuição Alagoas, Distribuição Piauí, Distribuição Rondônia, Distribuição Roraima, Eletronuclear, Eletropar, Furnas, and Itaipu Binacional.

ORGANIZATIONAL CLIMATE MANAGEMENT

The 2nd Corporate Action Plan, referring to the 3rd Organizational Climate Survey, conducted in 2013, was prepared in 2014 with the engagement of employees and managers, involving various organizational units of the company. The plan was presented to the Board of Executive Officers at the end of 2014 and is pending approval for the beginning of 2015.

Clients

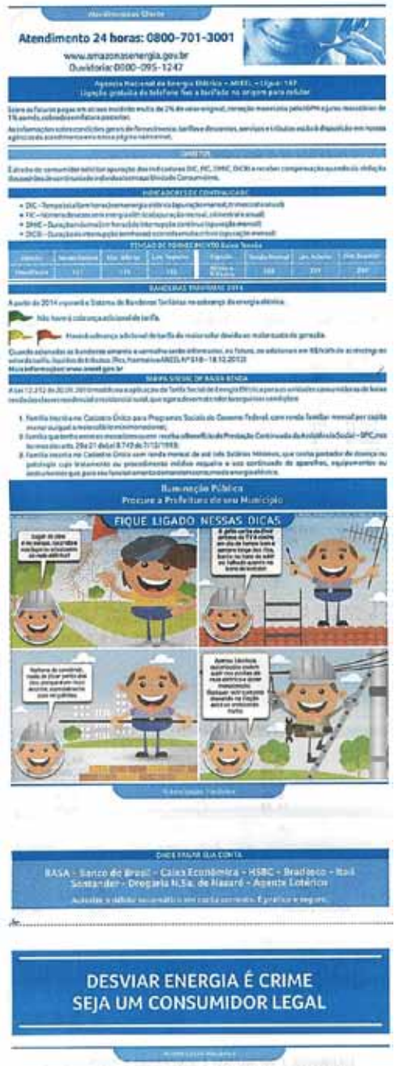
The Eletrobras companies seek to enhance and implement improvements in relationship management with clients of the Generation, Transmission, and Distribution companies, aiming to better cater to the needs and expectations of these audiences. Hence, in 2014, a unified customer satisfaction survey model was implemented, enabling the exchange of experiences in relationship management and strengthening the constant search for improvement of the services provided by each company. The Distribution companies focused on transparency, accessibility, and improvement in the use of electricity bills as a tool to foster citizenship.

Product responsibility

The Eletrobras companies are known for the transparency and accessibility to information about their services. Therefore, in a standardized electricity bill model, the distribution companies provide their clients with a detailed account of their consumption, including tariffs based on tiered rates, scheduled meter readings (current, previous, and next), taxes, charges, voltage level, type of connection, meter, indicators of the quality of supply - such as **DEC** (Equivalent Outage Duration per Consumer Unit) and **FEC** (Equivalent Outage Frequency per Consumer Unit), contact points, among others.

The Eletrobras companies continue to evolve in the enhancement of the electricity bill model, which, based on a new graphic layout, provides on the backside information and images that clarify how energy can be used safely by the population. Important supplementary information is added to 100% of the bills sent out to clients. The companies disseminate information on the risks related

to electricity, on energy theft and its legal consequences, low-income social tariff, regulatory information, customer rights about the calculation of indicators, concerning the duration and frequency of power outages, in addition to information about the possibility of paying electricity bills using direct debit, payment locations, and time-of-use pricing, in addition to details on overdue amounts and bill payment options.



Users can also use other channels to obtain information about energy, including the customer service centers of the distribution companies and company websites. The companies use their websites to provide clients with an electronic branch that offers a number of services, such as: printing and request duplicate copy, look up overdue amounts, information pertaining to the appropriate use of service, information on the rights and responsibilities of fighting frauds, incentive for timely payment, rational use of energy - fight against wastefulness and safety in using the service. *(GRI EU24)*

Eletrobras also seeks, through educational and citizenship awareness projects, to strengthen its relationship with low-income communities in order to disseminate information about the appropriate use of energy, the risks and hazards of the power grid, and the rights and responsibilities of consumers. *(GRI PR3)*

Project *Eletrobras Amazonas Energia* and *Terra Nova* District: we're connected!

The project brings the company closer to the residents of the Terra Nova district, with the introduction of the topic "energy losses" and their impacts. In addition to showcasing the ongoing actions to fight losses, it seizes the opportunities that these actions offers, such as lectures on Social Tariff and informational videos on energy saving tips, theatrical performances, demonstration of the energy consumption simulator, distribution of folders on safety of power grids and energy efficiency. The main objective is to minimize losses and strengthen the relationship with the community. There are 2,500 beneficiaries (students from six public schools and residents of the Terra Nova district) and the investment totals R$ 16,000 (amount referring to the social actions).

Furthermore, the companies make available primers containing safety tips, written in plain language, about safety in power grids, commercial services, and tips on the efficient use of energy. In order to facilitate access, the distribution companies provide an accessibility portal with Chat Offline to people with hearing or speech disabilities, in compliance with the international accessibility standards set out by the Web Accessibility Initiative (WAI). *(GRI EU24)*

Luz do Saber (Light of Knowledge Project)

The Light of Knowledge Educational Project seeks to turn education professionals, principals, teachers, and counselors of public elementary, middle, and high schools into multipliers, in order to develop behaviors that help prevent waste and promote the safe use of electricity, in addition to clarifying the rights and responsibilities of students and their families.

The Light of Knowledge Project visits public schools across the cities of Barra de Santo Antônio, Barra de São Miguel, Coqueiro Seco, Delmiro Gouveia, Maceió, Marechal Deodoro, Paripueira, Rio Largo, São Miguel dos Campos, Satuba, and Santa Luzia do Norte (AL). By December 2014, the results were:

- Approximately 27,000 students served
- 784 educators trained in the PROCEL methodology in schools
- Engagement of 122 schools
- Investment of R$ 1,235,000
- Duration of 24 months
- Approximately 1,300 teachers and 206 schools benefitted

(GRI EU24)

Social inclusion in Eletrobras Distribuição Rondônia

Eletrobras Distribuição Rondônia also made available on its website (www.eletrobrasrondonia.com) videos on the conscientious use of energy in Brazilian Sign Language – LIBRAS, and has developed specific materials for the hearing impaired, enabling other audiences to learn a little more about this language. This action is part of the steps toward social inclusion, incorporated by the company, which seeks to adapt audio-visual materials to leverage changes in attitude in the lives of people. Using this material, the company was present in the I Bilingual Cultural Exhibition, organized by the Hearing Impaired Community of Porto Velho, in Rondônia. *(GRI EU 24)*

Residential disconnections

In order to improve the power disconnection rate, the Eletrobras distribution companies contacted customers to investigate the causes of their debts and attempt settlement.

The table shows a comparison between the number of consumer units and the time it takes for reconnection, in the period between disconnection and payment of overdue bills.

Total number of consumer units X Length of time between disconnection and reconnection *(GRI EU27)*

	2014	2013	2012	2011
Under 48 hours	131,274	115,808	86,414	113,264
Between 48 hours and one week	41,812	47,529	35,337	36,120
Between one week and one month	57,712	77,218	49,529	57,544
Between one month and one year	57,712	237,458	151,660	293,264
More than one year	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Total	**288,510**	**478,013**	**322,940**	**500,192**

The Eletrobras companies also consolidated the information concerning the length of time for reconnection after payment of the installment plan negotiated for the debt.

Total number of consumer units X Length of time between payment of installment plan and reconnection *(GRI EU27)*

	2014	2013	2012	2011
Under 24 hours	8,063	19,324	18,008	36,557
Between 24 and 48 hours	5,045	5,281	2,905	2,179
Between 49 and 72 hours	1,880	1,496	913	1,967
More than 7 days	1,707	4,029	2,257	9,114
Total	**16,695**	**30,130**	**24,083**	**49,817**

Since 2011, Eletrobras has been substantially decreasing the length of time for reconnection caused by default, demonstrating the importance of making its service available to consumers. *(GRI EU27)*

Customer satisfaction

In the first half of 2014, Eletrobras CGTEE, Chesf, Eletronorte, Eletronuclear, Eletrosul, and Furnas conducted Eletrobras's 1st Integrated Satisfaction Survey. The study covered clients of the generation business (free and potentially free consumers, trading and distribution companies) and clients in the transmission business (users of the connected transmission services: distribution companies, free and potentially free consumers, generation and import companies). This survey will be conducted biennially. The survey methodology assessed the following dimensions: customer service, commercial, management of energy trading agreements, metering for billing, management of transmission and image agreements. *(GRI PR5)*

Customer Satisfaction Survey - Generation and Transmission *(GRI PR5)*

Client/Business	Satisfaction (%)
Trading/Generation Companies	84.00%
Free and Potentially Free Consumers/Generation	92.10%
Distribution/Generation Companies	82.23%
Users of Transmission Service– Connected/Transmission	86.95%
Overall Satisfaction	**86.32%**

Satisfaction survey of the Distribution companies

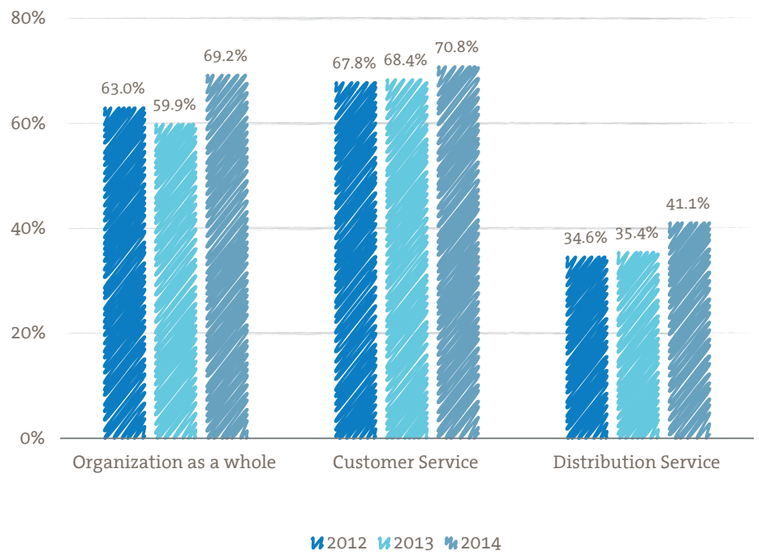
The six distribution companies of Eletrobras measure the satisfaction of their customers and consumers through a survey conducted by **ANEEL**, based on the **ANEEL** Customer Satisfaction Index (IASC), and through a survey conducted by the Brazilian Association of Electricity Distributors (**ABRADEE**), based on the Perceived Quality Satisfaction Index (ISQP). This survey, among its main objectives, included the need to understand the level of satisfaction of residential consumers with the quality of the product and with the services provided by distribution companies; the generation of comparative performance rates between the companies; and the offer of incentives and work tools to distribution companies.

In 2014, the Eletrobras distribution companies improved their rates in the three main topics, which resulted from efforts that aimed to enhance the service provided to customers at large.

Results of satisfaction survey - Distribution (%) *(GRI PR5)*

	2014	2013	2012
The organization as a whole	69.2	59.9	63.0
Customer Service	70.8	68.4	67.8
Distribution Services	41.4	35.4	34.6

Customer Satisfaction (%) - Distribution *(GRI PR5)*



Eletrobras Amazonas Energia received the 2014 **ANEEL** Customer Satisfaction Index Award in the North Region category, with a score of 62.59%, whereas Eletrobras Distribuição Acre received the 2014 IASC Award for the utility company with the largest growth over the previous year. The company grew by 41.05%.

Suppliers

Eletrobras seeks to nurture a close relationship with its suppliers, monitoring the development of their activities and maintaining constant dialogue and transparent relationships, based on ethical principles and regular updates on the procedures used in hiring and contract management.

Suppliers and service providers of the Eletrobras companies enter into agreements that contain clauses governing the employment of minors under 18 at night shifts, unsafe, or unhealthy activities; minors under 16 in any activity whatsoever[42]; or of any individuals in degrading or compulsory labor in their production chain. When suppliers register or enter bidding processes, they should attach to the documents a formal commitment not to engage in such practices.

In 2014, a total of 132 cases of operations and **significant suppliers** identified as being at risk of occurrence of child labor were found, representing an increase of 450% in the number of cases, mainly due to the expansion of the scope of the report[43]. *(GRI HR6)*

All suppliers must also mandatorily present a statement concerning non-engagement in forced, compulsory, or degrading work, as a formal commitment undertaken with Eletrobras. Currently, 100% of the agreements comply with the Code of Ethics of the Eletrobras companies.

In 2014, Eletrobras identified 134 **significant suppliers** as having risk for incidents of forced or compulsory labor[44]. Non-compliance with contract clauses entails the application of the appropriate sanctions established in the contract, including suspension of the right to engage in bidding processes with Eletrobras, the possibility of administrative proceedings, and the filing of a formal complaint with the Public Prosecutor's Office. *(GRI HR7)*

42 Except for apprentices, for minors 14 and older.

43 The reporting scope of this indicator is more comprehensive this year, since, in 2013, Eletrobras Amazonas Energia, Cepel, CGTEE, and Distribuição Piauí did not report this indicator. In 2014, only Eletrobras Distribuição Alagoas is not included in the report. The number of cases grew because the training offered by the Ministry of Planning, Working Groups, and alignment meetings provided a better understanding of the concept.

44 Data includes all Eletrobras companies, except for Eletrobras Distribuição Alagoas.

BEST PRACTICES

Eletrobras Eletronorte held, in October 2014, the Seminar on the Promotion of Decent Work and on the Eradication of Forced Labor, with the support of the International Labor Organization (ILO), in partnership with Caixa Econômica Federal, included in the project of the National Plan for the Eradication of Forced Labor, to which it is a signatory. At the end of the Seminar, representatives of the suppliers invited made a symbolic pledge to the National Pact.

Eletrobras Distribuição Acre held the 1st Supplier Summit, aiming to strengthen its relationship with the supply chain and disseminate best practices in sustainable management. The event offered presentations on sustainable development concepts, the legal grounds for sustainable purchases, best practices in sustainability developed by the Eletrobras companies, and the expansion of contractual clauses.

Eletrobras Eletronorte

Seminar on the Promotion of Decent Work and on the Eradication of Forced Labor

Strategic Procurement Logistics Committee (CELSE)

All actions of the Eletrobras companies oriented to the supply chain comply with the guidelines established by the Strategic Procurement Logistics Committee (CELSE), which is responsible for managing the of the Eletrobras companies. Among its objectives, CELSE seeks to foster the increased efficiency and competitiveness of the Eletrobras companies and, among its duties, the company aims to engage suppliers in corporate citizenship and social and environmental responsibility actions.

CELSE conducts its activities integrating all Eletrobras companies through working groups (WG), with the participation of representatives of their procurement departments.

The WG Sustainable Procurement, one of CELSE's subgroups, is structuring a tool and methodology to monitor suppliers in the sustainable aspects that will be adopted by all Eletrobras companies to monitor their key suppliers.

The relationship with suppliers is duly covered in the Anti-corruption Program of the Eletrobras companies, which aims at identifying, correcting, and preventing fraud and corruption, in addition to the inclusion of contractual clauses that prohibit such practices, subjecting them to the penalties provided for in the contracts when for cases of proven irregularities.

Sustainable purchases

The Ministry of Planning, Budget, and Management offered an exclusive training course on sustainable public purchases to approximately 40 employees of the procurement departments of the Eletrobras companies. The main focus of the training course was to encourage participants to perform their activities committed with the implementation of sustainability criteria and requirements.

Forums - Sustainable purchases

In addition to internal engagement toward sustainability, Eletrobras has been participating in a number of forums that promote sustainable management in all means of production, among which the participation of Eletrobras in the working group of the Brazilian Association of Technical Standards (ABNT) stands out in terms of the preparation of an ISO to standardize sustainable purchases, aiming at structuring and establishing a methodology to apply best practices in corporate purchases and foster a significant change in supplier relationship management.

Purchase policies and processes[45]

Pursuant to Law 8,666/1993, which sets out standards for bidding processes and contracts, Eletrobras cannot adopt a policy, in bidding processes, to favor the hiring of local suppliers. However, Eletrobras takes into account locations and costs of hiring in its direct purchases, thereby favoring local suppliers[46].

In 2014, direct purchases[47] amounted to R$ 31 million. Of this total, 68% (R$ 21 million) was spent with local suppliers. In turn, indirect purchases, those exceeding R$ 16,000, thus, requiring bidding processes, ended the year with a total of approximately R$ 3 billion, of which R$ 1 billion, or 34%, was with local suppliers.

Direct purchases from local suppliers in 2014 (in R$ thousands)*
(GRI EC6)

Total direct purchases	31,256.5
Total direct purchases from local suppliers	21,247.3
Percentage of direct purchases from local suppliers	68.0%

* In 2014, data does not consider information on the following companies: Eletrobras Distribuição Alagoas, Distribuição Rondônia, Distribuição Roraima, Eletronuclear, Eletrosul, and Furn

45 Data does not include information on the following companies: Eletrobras Distribuição Alagoas, Distribuição Rondônia, Distribuição Roraima, Eletronuclear, Eletrosul, and Furnas.
46 Local suppliers are those whose place of business is located in the same geographic region as the procurement unit of the Eletrobras companies.
47 Direct purchases are those valued at R$ 16,000 or less. For Itaipu Binacional, the amount of direct purchases is up to US$ 100,000.

Freedom of association and collective bargaining

As a signatory to the **Global Compact**, Eletrobras supports the principles established therein, including freedom of association. This commitment is reflected in its Code of Ethics, valid for all suppliers and attached to contracts. In 2014, a total of 77 operations and **significant suppliers** were identified as being at risk of having their rights to exercise freedom of association and collective bargaining violated[48].

Pursuant to the laws in effect, Eletrobras is not allowed to intervene in negotiations between contractors and their employees, regardless of their presence at the company's facilities; however, all applicable measures are taken to ensure compliance with agreements and covenants. *(GRI HR5)*

Engagement with communities

The operations of the Eletrobras Companies - hydroelectric and thermal power plants, and transmission and distribution systems - can produce a greater or lesser degree of social impact, depending on the characteristics of the region where they are implemented.

The concern for impacts – whether positive or negative – generated by its operation is constantly present in the projects developed by Eletrobras. In the feasibility assessments, the companies prepare Environmental Impact Studies (EIS), whose scopes are defined by the licensing environmental agencies. The analysis of the social and environmental impacts of the project is conducted through the identification, estimation of the magnitude, and interpretation of the importance of potential relevant impacts, breaking down effects as positive and negative, beneficial and adverse, direct and indirect, immediate, medium-, and long-term, temporary and permanent, their degree of reversibility, their cumulative and synergetic properties, and the allocation of social burdens and benefits. *(GRI 1.2, GRI EC8, GRI EC9, GRI SO1)*

The interaction and decisions concerning the surrounding communities, since they involve complex situations and multiple interests, are taken based on dialogues in various formats, especially

48 Data on indicator HR5 includes all Eletrobras companies, except for Eletrobras Distribuição Rondônia.

through the involvement of the individuals affected, in public hearings, meetings, and other summits, in which agreements are drafted to define how the Eletrobras companies will develop the initiatives, whether voluntarily or compulsorily, depending on the terms of the licensing processes. *(GRI SO1)*

Preliminary identification of impacts and communities affected

The identification of the social groups affected occurs at the beginning of the planning phase of the operations. As planning stages proceed, specific studies are conducted to investigate the expectations of the population, its way of life, its economic base, and how it is organized. Issues such as the increase of the migrant population, impacts on infrastructure, and 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 to minimize negative impacts and leverage positive ones. *(GRI EC8)*

One of the main impacts arising from the construction and implementation phases is the expectation for new jobs, which significantly increases inflow of migrants to the region. This substantial availability of workers overloads local infrastructure, especially in terms of health, education, and basic sanitation. Furthermore, the construction of projects increases road traffic, changes daily social interactions, and raises pollution and noise levels. In turn, the potential impacts arising from the operation of generation projects involve increased water consumption, risk of leakage, soil contamination, risks of accident, and potential greenhouse gas emissions. *(GRI EC8, GRI EC9, GRI SO9)*

The implementation of a project advances as the phases of the environmental licensing process are authorized. In order to obtain an Operating License for a project and its renovations, the activities of the social and environmental programs must be ongoing.

Positive and negative impacts and mitigation and compensation actions

The social and environmental programs of the projects are proposed to meet legal requirements and regulations, seeking their continuous enhancement and aiming at complying not only with legal recommendations, but also with social negotiations. For projects that pre-date the institutionalization of environmental licensing, specific procedures agreed upon with the licensing environmental agencies will be adopted (corrective licensing). Eletrobras is up-to-date with environmental laws and regulatory frameworks through a working group of the Environment Subcommittee of the Eletrobras companies. *(GRI SO10)*

Through its experiences, Eletrobras ratifies the need for clarification meetings and for the development of communication channels with the various social groups affected, as early as the initial planning phases. Both in the EIS and in the preparation of environmental programs in the Base Project phase, communities are invited and encouraged to take part in discussion forums about the project and its impacts and to voice their expectations. Information on the studies under Eletrobras's responsibility are made available on its websites and questions can be sent in through "*Contact Us*".

The social impacts arising from projects of the electric utilities sector relate to changes in housing, employment, and local environmental conditions, especially for the surrounding population. Throughout the lifecycle of the project, programs are developed to mitigate the impacts it caused and, generally, to improve the living conditions of the population. *(GRI 1.2)*

Development actions for agricultural producers and fishermen in the vicinity of the Sobradinho dam (BA)

The purpose of Eletrobras Chesf's project is to train fishermen and their children, so that they can improve their quality of life and increase their income. Training courses are held on Processing of Fish, Care and Maintenance of Outboard Motors and Diesel Marine Engines and Initiation to Computer Science. The project is conducted in the Lower São Francisco River, **downstream** of the Xingó HPP, serving 2,000 people, with an investment of R$ 800,000 in 2014. *(GRI EC9)*

Regional Insertion Plans

Eletrobras Eletronorte's Regional Insertion Plans, called PIRTUC and PIRJUS[49], stimulate the regional development of the municipalities located within the area of influence of the Tucuruí HPP through the execution of work in the various pillars of the Sustainable Development Plan of the region, such as education, health, basic sanitation, urbanization of municipal headquarters, infrastructure, public management, and institutional strengthening, generation of job opportunities and income, sports and leisure, and economic development. The volume of resources that had been invested in PIRTUC by 2014 was approximately R$ 184 million, of which R$ 4,764,317.00 in 2014 alone. For PIRJUS, by 2014, R$ 40 million had been invested, of which R$ 5,721,769.00 were invested in 2014 alone. The IPIRÁ project is an example in the compensation of impacts to fishermen: it was born out of one of the requests of the fishermen directly affected by the construction work of the navigation locks of the Tucuruí HPP. Currently, two cooperatives (COOPAT and COOPAB) farm fish in tanks. In 2014, a total of 38,500 kg of fish was produced, which yielded approximately R$ 160,000 to the cooperative. *(GRI EC8, GRI EC9)*

49 PIRTUC: Regional Insertion Plan of the municipalities upstream of the Tucuruí HPP and PIRJUS: Regional Insertion Plan **downstream** of the Tucuruí HPP.

Community Production Centers

Among the Income and Employment Generation projects conducted by Eletrobras holding, the Community Production Centers stand out; they are small agricultural industries that promote the productive use of energy in production processes, which add value to family-based production. In 2014, for example, an agreement was entered into with Cooperativa Leiteira Transamazônica (Coopetra) for the implementation of three centers to process milk production in Rurópolis (PA), in the Tapajós River basin. The project benefitted 210 people and approximately R$ 143,000 was invested. By the end of 2014, a total of 23 Community Production Centers had been implemented. *(GRI EC9)*

Jorge Coelho (Eletrobras)

Community Production Center Santo Antônio do Rio Preto

Projeto Linha Verde (Green Line Project)

The purpose of the project is to foster training, awareness, employment, and income in the communities of the municipalities of Peritoró, Matões do Norte, and Miranda do Norte (MA), through sustainable management and production of vegetables, using mandala gardens. The project benefits 150 people and the investment made by Eletrobras Eletronorte totals R$ 117,560.00. *(GRI EC9)*

Eletrobras CGTEE

Projeto Quintais

Projeto Quintais (Backyards Project)

Focusing on food health and safety, the Backyards project has been developed since 2004 through the partnership between Eletrobras CGTEE, the Brazilian Agricultural Research Corporation (EMBRAPA), and the Goiás Research Foundation (FAPEG). The project seeks to contribute to the social, economic, and environmental sustainability of socially vulnerable audiences, especially family farmers, settlers benefited by land reform, Indigenous communities, quilombo inhabitants, and students of rural and urban schools. The project addresses the following issues: cultural (recovery of the habit of having orchards in one's backyard), ethnical (involving blacks, whites, and Indigenous people), environmental (conservation of

native fruit species and wild animals), food (supply of fruit and their products to beneficiaries throughout the year), economic (surplus production is transformed into concentrated juice, jam, sweets, or sold fresh, generating income), and medicinal (fruit, their parts, and the parts of plants can be used to prevent or fight diseases). Each backyard has five plants, of at least 18 species of fruit, selected based on their nutritional characteristics, medicinal properties, and adaptability to local soil and to the temperate climate of the region. Between 2013 and 2014, a total of 274 backyards were implemented, totaling 24,660 seedlings, that is, 1,370 seedlings of each species. In 2014, the total invested in this project was R$ 400,000. *(GRI EC9)*

Community Entrepreneurship Centers

Employment and income generation projects for women, through the development of patchwork products and conducted through a number of partnerships in the municipalities where Eletrobras Eletrosul operates. In 2014, the cities benefited were Santa Vitória do Palmar, Santana do Livramento, Candiota, and Nova Santa Rita (RS) and Lages, São José do Cerrito, and Campo Belo do Sul (SC). In 2014, a total of 74 entrepreneurs benefited and the total investment reached R$ 172,000.*(GRI EC9)*

Eletrobras Chesf

Environmental educommunication actions contribute to reduce company costs

The purpose of the actions promoted by Eletrobras Chesf is to raise awareness of the communities surrounding the project concerning the sustainable use of natural resources and the consequences of vandalism to transmission lines and field burning practices under right-of-way. In 2014, the Sugarcane Field Burning Control actions included three transmission lines: the 230 kV Rio Largo II/Arapiraca III Transmission Line, the 230 kV Arapiraca III/Penedo Transmission Line, and the 230 kV Rio Largo/Braskem Transmission Line. Regarding the campaigns to protect insulators, actions were conducted in the following lines: the 230 kV Banabuiu/Fortaleza Transmission Line, the 230 kV Milagres/Banabuiu Transmission Line, the 230 kV Angelim/Tacaimbó Transmission Line, and the 230 kV Tacaimbó/Campina Grande Transmission Line. The campaigns to protect insulators reduced the total number of temporary and permanent failures in the transmission system, increasing its availability, and reducing variable installment amounts caused by unavailability, avoiding R$ 835,000 in monetary sanctions. *(GRI 1.2, GRI EC9, GRI EU21)*

Hortas Comunitárias Program (Community Vegetable Gardens)

Developed in the states of Paraná, Santa Catarina, Rio Grande do Sul, and Mato Grosso do Sul by Eletrobras Eletrosul, the program offers income alternatives to the communities located in the vicinity of the transmission lines and enables the appropriate use and protection of right-of-ways, preventing illegal occupations. The integration between

community, public authorities, and the private sector has been the foundation for the success of its actions. Currently, there are 39 active community vegetable gardens in the states of Santa Catarina, Paraná, Rio Grande do Sul, and Mato Grosso do Sul, with a cultivation area of approximately 300,000 m². The beneficiaries, totaling 1,110 families, in addition to receiving guidance and support for the activity, are trained in various topics related to agriculture. The total invested in 2014 was R$ 59,906.87. *(GRI EC9)*

Cultivando Água Boa Program (Cultivating Good Water)

Since the 1980s, Itaipu Binacional had been conducting infrastructure work with actions that were limited to the 16 municipalities located on the margins of its reservoir. However, in 2003, when a new and more comprehensive mission was defined, the company initiated the Cultivando Água Boa Program, expanding its actions to 29 municipalities of part 3 of the Paraná River basin, with increased focus on sustainable regional development. Its actions reach over 1 million people. Cultivando Água Boa (CAB), Itaipu Binacional's social and environmental program, also has sub-programs, whose actions are centered around various audiences, such as farmers, Indigenous communities, youths, fishermen, waste pickers, quilombo inhabitants, etc. Demand for infrastructure work and services begins in these sub-programs, through their management committees, and the needs of the communities involved are pre-assessed.

In 2014, to celebrate the 11th anniversary of the Cultivando Água Boa program and the 40th anniversary of the company, the Encontros e Caminhos (Reunions and Paths) project was launched, with micro-expeditions in the 29 municipalities of the Paraná Basin 3 (BP3). The activity reinforced the community's engagement in environmental protection, with a 53-day program and an audience of almost 80,000 people. Over 400 activities were conducted, such as cultural presentations to raise awareness of the audience in relation to pressing need for environmental protection, camping outdoors, Water Pacts, collection of electronic waste, and talks with pioneers, in addition to technical visits to the actions the program develops in the municipalities of BP3.

- On September 25, 2014, representatives of 13 Ibero-American nations gathered to learn more about the actions of CAB. This meeting was a step forward into turning CAB into a program of the Ibero-American General Secretariat (SEGIB), geared toward the exchange of best social and environmental practices. Currently, it is being replicated in five countries: Guatemala, the Dominican Republic, Uruguay, Argentina, and Paraguay.
- Through an agreement with BNDES, approximately R$ 400,000 were allocated to a community of family beekeepers in Paraná, enabling the improvement of the production process and increased income. Other agreements were entered into with three additional cities for the development of Sanitation Plans, covering the productive inclusion of waste pickers. *(GRI EC8, GRI EC9, GRI EN14, GRI EN26)*

Alexandre Marchetti (Itaipu Binacional)

Learn more about the *Cultivando Água Boa* Project at:
http://www.cultivandoaguaboa.com.br/o-programa/sobre-o-programa

Tornar a Esperança Visível Project (Make Hope Visible)

The purpose of the project is to socially recover and integrate inpatients of Fazenda da Esperança, in Roraima, through the construction of a bakery, in which drug addicts and alcoholics will be trained, so that, once their treatment is complete, they can be integrated or re-integrated in the job market. This action is conducted in partnership with the State Department of Labor and Social Services. Currently, the project benefits 108 people and the investment made by Eletrobras Eletronorte totals R$161,960.26. *(GRI EC9)*

Social Project *Caminhos* (Paths)

The purpose of the Eletrobras Furnas's Caminhos Project is to promote sports as a tool to develop the education and inclusion of adolescents in the job market. Currently, the project benefits 200 children, adolescents, and youths between 7 and 17 years of age, living in the Cidade Nova I and II districts. Through an integration with the company Cáritas and with the community of these districts, an awareness work is being developed, based on discipline and mutual respect, and the feelings of unity, responsibility, and environmental protection are being reinforced. Moreover, this project integrates youths into the job market through the Apprenticeship Program of the Ministry of Labor and Employment. The total invested in 2014 was R$ 201,426.00. *(GRI EC9)*

Fabiana Pecanha (Eletrobras Furnas)

Engagement with Indigenous communities

Pursuant to its commitment to the dialogue with communities, in recent years, Eletrobras has been engaged in the development of feasibility studies for major hydroelectric projects, which have a direct effect on Indigenous communities, and the company has been reinforcing and building its relationship with the National Indian Foundation (FUNAI) and with the Indigenous communities.

This implies, in practical terms, in a set of actions, such as meetings

about the projects and the development of compensation programs that go beyond the requirements of the licensing process. An example are the programs for the compensation of impacts arising from the hydroelectric power plants in operation with the Waimiri-Atroari and Parakanã groups. In activity for over two decades, they are nationally and internationally recognized for the cultural and nutritional recovery and stability. *(GRI 4.16)*

DIÁLOGO TAPAJÓS (TAPAJÓS DIALOGUE)

In order to build a transparent relationship with the communities that could be affected by future hydroelectric power plants, a project for social communication and interaction, called Tapajós Dialogue, was developed. Based on studies, the project fosters communication with populations – including Indigenous communities – and entities of the region, focusing on the continuous exchange of information between the responsible parties and society. Its main responsibilities are:

- Contribute, so that people and institutions can make well-grounded decisions about their activities in the present and in the near future, considering the possibility that hydroelectric developments may be built in the region.
- Create conditions for information to reach those responsible for the studies. The actions are centered around the development of relationships and the establishment of an efficient communication channel between the companies and their external audience, especially the communities affected.

Diálogo Tapajós

In 2014, the Tapajós Dialogue team, responsible for the social communication of the projects of the São Luiz do Tapajós and Jatobá hydroelectric power plants, held the first workshop to translate the videos about the project into the Munduruku language, conducted by leaders and teachers of this ethnic origin. The methodology used in the translation of the videos was developed with the participants, ensuring the quality of the contents translated. The translation process, in addition to enabling the transmission of basic information to Indigenous peoples, with the distribution of 100 DVDs containing the video spoken in Munduruku, originated an interaction that increased mutual understanding and the exchange of information. *(GRI 4.16)*

Since September 2012, a number of communication actions and interactions have been conducted in connection with the studies concerning the São Luiz do Tapajós hydroelectric development (PA). Starting in 2013, these actions also include the stakeholders related to the Jatobá hydroelectric development. In 2014, approximately 250 interactions with the stakeholders were conducted, with the engagement of 4,311 people. In addition, 472 people were assisted in the offices of the project. In 2014, seven primers were prepared for the two projects and approximately 20,200 units were distributed. *(GRI 4.16, GRI SO1)*

Work plan for the Study of Indigenous Issues of the São Luiz do Tapajós hydroelectric development.

Seeking to introduce the Work Plan for the Study of Indigenous Issues of the São Luiz do Tapajós hydroelectric development, Eletrobras held a meeting with the Munduruku Indigenous peoples, in the Praia do Mangue Indigenous Territory, in Itaituba (PA), in April 2014. In September of the same year, Eletrobras also participated in the meeting held by the Secretariat-General of the Presidency of the Republic to discuss the Plan of Hearings with Indians.

Kayapó

In 2014, the company proceeded with the management of the cooperation agreement entered into with Instituto Kabu, Norte Energia, and FUNAI, for the implementation of a project to support the independence of the Kayapó Indigenous communities who live on the west side of the Xingu River (PA), a region directly impacted by the Belo Monte HPP and strategic for the development of Eletrobras's businesses. The project, established in 2013, is managed by Eletrobras, has a three-year term, and total budget of R$ 4.5 million. With a planned allocation of R$ 1.5 million for the years 2015 and 2016, respectively, the project benefits 1,500 people, from nine Indigenous communities in the region. Through the project and the field visits to villages involved, in order to monitor the progress on site, and to directly interact with the population, Eletrobras enhanced its relationship with the Indigenous Kayapó people inhabiting the Middle Xingu River basin.

For the Kayapó do Leste, the same process was adopted in the preparation of a project that would cover the tribes on this side of the river. Therefore, a Participatory Planning Workshop was organized in the city of Tucumã (PA), with the participation of 90 leaders, of the local FUNAI, and of an Eletrobras team, during which project contents and form were discussed and validated, with an additional budget forecast of R$ 4.5 million in three years.

This project management approach qualifies the relationship with the communities affected by the direct or indirect impacts of Eletrobras's activities, producing strategic results for the completion of its projects, whether through the "social license to operate," mitigating, therefore, the risks of the project, whether to support the strengthening of communities that protect natural resources that are critical for the hydroelectric developments of the companies, such as the Kayapó, whose traditional way of living adds to the conservation of drainage basins that will feed the company's hydroelectric developments in the region of the Xingu River. Thus, this management approach developed in the project with the Kayapó Indigenous communities makes Eletrobras even more qualified to undertake future projects that may be located near Indigenous territories. For 2015, the goal is to implement the project to support Indigenous peoples on the east side of the Xingu River. *(GRI 4.16)*

Displacement of the population

Since the beginning of the planning process, the Eletrobras companies have been examining their projects focusing on minimizing displacement, seeking alternative locations to prevent any interference in communities. Whenever this impact cannot be avoided, decisions pertaining to compensation and minimization are made based on dialogues with the local population and their representatives. Partnerships are established according to the reality of the community affected. Generally, city governments, community representatives, social movements, NGOs, and universities are involved. On the other hand, issues involving land-reform settlements, Indigenous populations, and quilombo inhabitants are negotiated through their legal representatives, that is: INCRA, FUNAI, and Fundação Palmares.

In the areas of the reservoirs of hydroelectric power plants, in which displacement of populations is more frequent, since 2010, Brazil has relied on specific regulations that govern the identification, qualification, and public registration of the population affected. The Social and Economic Registration, conducted during the studies that predate the auction for the concession of developments, reinforces the commitment to the rights of the individuals affected and assesses the possibility of allowing residents to remain or use a remaining area of the reservoir.

In other situations, such as for thermal plants or wind farms, physical and economic displacement is minimal and companies identify the population affected, pursuant to the instructions of environmental agencies. For transmission and distribution lines, alternative project layouts are assessed, to avoid displacement of people. If this change is not feasible, the right-of-way is registered for restricted use, upon payment of respective compensation and, when necessary, eminent domain is made through the acquisition of the property.

If any involuntary moves and consensual physical and economic displacements are necessary, resettlements and compensations

are conducted based on the laws in effect, on technical assessment standards issued by ABNT, and on the programs and environmental constraints approved by the respective environmental agencies. The assessment of the social and psychological impacts on the individuals and communities affected occurs through the survey and monitoring of the resettled population and the results are sent to the environmental agency responsible for the licensing process. *(GRI 1.2, GRI EU20)*

In 2014, a total of 451 individuals were economically resettled. Displacements occurred because of the implementation of four transmission lines and the construction of Eletrobras's Batalha HPP. In the same period, in addition to the people displaced, others were compensated, although not displaced, namely: 147 individuals in connection with Eletrobras Eletrosul, due to the opening of access ways, the restriction of the use of the right-of-way, and the acquisition of a portion of the properties; and 51 people in connection with Eletrobras **holding**, in the Brazil-Uruguay Interconnection, totaling 676 people. The total amount of the compensations reached R$ 14 million. In turn, Eletrobras Amazonas Energia acquired 75 properties, which cost R$ 2,969,027.3, to build five transmission lines and one substation. *(GRI EU22)*

Number of people displaced* *(GRI EU22)*

	2014		2013	
	Physical Displacement	Economic Displacement	Physical Displacement	Economic Displacement
Expansion of Plants	0	0	0	0
New Transmission Lines	0	451	16	325
New Plants	0	27	12	0
Total number of people displaced	0	478	28	325
Total number of people displaced		478		353
Total number of people compensated		676		1,238
Monetary value paid in the compensation of the people displaced (in R$ thousands)		13,993,960.5		13,814,994.5

*Data does not consider:
In 2014: Eletrobras CGTEE, Distribuição Acre, Distribuição Rondônia, Distribuição Roraima, Distribuição Piauí, Distribuição Alagoas, Chesf, Eletronuclear, and Eletronorte.
In 2013: Eletrobras CGTEE, Distribuição Acre, Distribuição Rondônia, Distribuição Roraima, Distribuição Piauí, Distribuição Alagoas, Chesf, and Eletronuclear.

Private social investments

The Eletrobras companies acknowledge that they are responsible for maintaining a quality relationship with communities, allowing for ethical and transparent dialogue that leverages the development of projects to improve the quality of life of the population.

In this sense, a advance in community relationship management was the development of the Social Responsibility Policy of the Eletrobras companies. Resulting from a continuous development process in place in the Eletrobras companies, the new policy assists in the prioritization of the voluntary investments made by companies to assist social and cultural projects and any donations that contribute to the sustainable development of the community with which they interact. In addition, Eletrobras has been in line, since 2005, with the Millennium Development Goals (ODM), which are used as criteria for the selection of social projects that are supported by the company. In 2014, these investments totaled R$244,283,228.68[50].

National Association of People Affected by Dams (ANAB)

In 2014, the agreement executed between Eletrobras **holding** and ANAB in 2012 continued, aiming to contribute to the improvement of the quality of life of the populations affected by dams, through the use of social technology and access to public policies that favor the growth in the supply of healthy foods, alternative energy, and income. Approximately 300 people affected by dams were benefited.

Corporate volunteer work program

Herminio Nunes (Eletrobras Eletrosul)

At Eletrobras Eletrosul, employees are encouraged and have the opportunity to donate a fraction of their time, effort, and talent to a community cause. Associated with social entities in the states where the company operates, they can register for Eletrosul's Corporate Volunteer Work Program. The activities are conducted so as not to affect their professional activities and contribute to the transformation of the social reality of communities, such as the Leãozinho da Cidadania Project, which aims at informing, mobilizing, and raising awareness of employees about using their withheld income tax in social projects.

50 The values that refer to Itaipu Binacional were provided in dollars and converted into Brazilian real based on the exchange rate on December 31, 2014 (1 USD = R$ 2.62) *(GRI 3.9)*

Nilton Rolin (Itaipu Binacional)

***Jovens Atletas – Correndo para o Futuro* (Young Athletes - Running Toward the Future)**

Focusing on the 2016 Olympic Games, the adolescents of the Jovens Atletas – Correndo para o Futuro project, maintained by the city government of Foz do Iguaçu and by Itaipu Binacional's Child and Adolescent Protection Program (PPCA), received additional support toward the Olympic achievement. Five athletes of the project were selected by the Paraná Olympic Talent Program (TOP 2016), which is an initiative that offers financial support to the best athletes in the state. Until the end of 2014, they received a monthly aid of R$ 500. This amount will facilitate their training and increase household income. The company offers training gear, uniforms, and food supplements, and defrays travel and transportation costs; daily, it trains 70 adolescents, in 27 track and field sports.

To learn more about Eletrobras's policies, visit www.eletrobras.com > Sustainability > Corporate Governance > Management Tools and Policies

Government and Public Policies

The Eletrobras companies support important initiatives of the Federal Government, managing programs and social funds, some of which involving access to electricity and energy efficiency.

In this sense, Eletrobras operates in compliance with the public policies that stimulate the sustainable development of the country and of its population.

National Program for the Conservation of Electricity (PROCEL)

Initiative of the Brazilian government to foster efficient energy use and fight waste, Eletrobras is responsible, under the coordination of the Ministry of Mines and Energy, for conducting the activities of PROCEL, providing the technical and financial support required. Since its implementation, in 1985, the energy results obtained have enabled the postponement of investments in the electric utilities sector, a reduction in emissions of carbon dioxide equivalent (CO_2e), and the incentive to the technological development of energy-efficient equipment.

In 2014, Eletrobras PROCEL contributed to savings of over 10,500 GWh, which is equivalent to the annual consumption of approximately 5.25 million households. Additionally, the program avoided the emission of 1.4 million tCO_2eq, which corresponds to the annual emissions of 489,000 vehicles. The costs saved in the electric utilities sector through the results produced by PROCEL in 2014 amounted to R$ 1.17 billion. *(GRI EU7, GRI EC9)*

PROCEL is present across Brazil through sector-specific programs in connection with education, information dissemination, buildings, environmental sanitation, municipal energy management, public lighting, and industry. In 2014, the main achievements of these industry-specific programs are:

PROCEL Seal

The purpose of the PROCEL Energy Savings Seal is to be a simple and efficient tool that enables consumers to identify the most efficient equipment and appliances in the market and drive the technological development and enhancement of these items.

To this effect, the PROCEL Seal develops the capacity of labs and research centers, assists in the establishment of maximum energy consumption levels for equipment, pursuant to the Energy Efficiency Law (10,295/2001), and provides input to INMETRO in the preparation of technical standards for energy efficiency testing. The network of testing

labs that grant the PROCEL Seal is formed by over 20 labs located in research centers and universities, involving more than 280 professionals.

In 2014, microwave ovens and A-line and linear LED light bulbs began receiving the PROCEL Seal, expanding the sub-program's portfolio to 39 product categories. *(GRI EU7, GRI EC9)*

PROCEL Edifies

PROCEL Edifies stimulates the conservation and efficient use of natural resources (water, light, ventilation, etc.) in buildings, curbing waste and impacts on the environment and conducts its activities according to six pillars: human training, technology, dissemination, support to regulation, housing and energy efficiency, and the support, through agreements, protocols, and sponsorships with academic entities, to manufacturers and trade associations, and development agencies. In 2014, the following actions can be highlighted:

- Launch of the Procel Seal for Energy Savings in Buildings, an alternative to address the minimum energy efficiency requirements set forth by the Leadership in Energy and Environmental Design (LEED). In 2014, nine buildings and seven projects were certified;
- Technical support to the National Building Labeling Program (PBE Edifies), in partnership with INMETRO. In 2014, a total of 121 National Energy Conservation Labels (ENCE) were awarded to commercial, service, and public buildings and another 2,120 labels, to residential buildings.
- Preparation and launch of the activities of the project Applying UK Expertise to Develop a Smarter Grid in Brazil, funded by the British embassy, through the Prosperity Fund.

(GRI EU7, GRI EC9)

PROCEL Reluz

PROCEL Reluz works in the implementation of energy efficiency projects in public and traffic lighting systems, replacing obsolete equipment with more efficient ones. Furthermore, it builds the capacity of labs in Brazilian universities and research centers, focusing on the efficient use of public and traffic lighting systems. In 2014, approximately 33,000 public lighting points were implemented in three municipalities of the states of São Paulo, Piauí, and Goiás. In 2014, savings in electricity and reduced demand in peak hours amounted to 150,557 MWh and 34,338 kW, respectively. *(GRI EU7, GRI EC9)*

PROCEL Industry

PROCEL Industry develops activities that stimulate energy efficiency through partnerships with state industry federations, the National Confederation of Industry (CNI), universities, SEBRAE, and trade associations. The work developed with the industry federations help identify points with the most potential for energy savings in motor systems, train multipliers and industrial players in energy efficiency, prepare and implement economically feasible proposals in the energy diagnoses, and disclose the results. In universities, the actions are developed focusing on the implementation of labs to optimize motor systems with educational purposes (LAMOTRIZES), in addition to offering scholarships for the development of undergraduate and graduate studies on the topic.

In 2014, PROCEL Indústria assessed potential energy savings that totaled 1,200 MWh/year, through the energy diagnosis of the Barbacena unit of Hydro Alunorte, in partnership with Rhodia-Solvay.

In addition, the Program has been taking part in national meetings for the preparation of sub-standards pertaining to technical standard NBR ISO 50001 - Energy Management Systems, published in 2011. *(GRI EU7, GRI EC9)*

PROCEL Education

PROCEL Education has been developing actions in all levels of formal education in Brazil. Thanks to the partnership with energy distribution companies, through the Energy Efficiency Program (PEE), regulated by the Brazilian Electricity Regulatory Agency (**ANEEL**), and with public and private primary education institutions, through the methodologies "Energy that transforms" and "Nature of the landscape - Energy: resource of life", PROCEL Education has helped children and youths in primary education. According to **ANEEL**, the education projects launched in 2014, as part of PEE, benefited approximately 1,270 schools, 4,678 teachers, and 477,305 students, thanks to PROCEL at Schools.

The Program has also been contributing to professional training, in partnership with technical schools and higher education institutions. In 2014, through distance learning, two classes graduated from the ENERGE course, which is offered in partnership with the Federal University of Itajubá (UNIFEI) to 272 students from 91 higher education institutions across the country.

In 2014, the Energy Efficiency Innovation Center (InovEE) was launched in the São Paulo State University (UNESP) and operates in two strategic lines: education for energy efficiency and storage of energy. *(GRI EU7, GRI EC9)*

PROCEL Sanitize

PROCEL Sanitize operates, through strategic partnerships, in the following areas: promotion of energy-efficiency training actions aimed at professionals of the environmental sanitation industry; incentive to the development of projects that promote energy efficiency and prevent waste of water and energy in sanitation systems, and support to Applied Research, Development and Innovation – P&D+I actions, through the engagement of the LENHS Network – Laboratories of Energy and Hydraulic Efficiency in Sanitation – and of the revision and publication of technical literature on energy efficiency and the control of and decrease in water waste in sanitation and irrigation.

In 2014, seven technical publications were issued, through a Technical and Financial Cooperation Agreement executed between Eletrobras and the Federal University of Paraíba (UFPB), and 58 sanitation professionals were trained in hydropower diagnosis. Based on these diagnoses, conducted for three supply and sanitation companies (Itapira/SP, CAGEPA – João Pessoa/PB, and COSANPA – Belém/PA), potential energy savings of 1,557 MW/year, a decrease in peak demand of 500 kW/year, and a reduction in actual water losses of 2,118,000 m^3/year were identified. *(GRI EU7, GRI EC9)*

PROCEL GEM

PROCEL GEM operates through three main pillars: i) Training Course - Saving Energy in City Governments; ii) Training of Municipal Energy Savings Agents, through Municipal Energy Management Learning Communities; and iii) Preparation of PLAMGES (Municipal Energy Management Plans). PLAMGE is a tool that supports municipal public administration and enables the understanding, management, planning, and control of energy use through the optimization of consumption, identifying potential savings.

In 2014, two PLAMGES were completed in two municipalities of Pará, which, together represented potential energy savings of approximately 790 MWh/year. In addition, in 2014, the program was responsible for savings of R$ 3,129.89 in energy, through actions in city governments. *(GRI EU7, GRI EC9)*

PROCEL EPP

PROCEL Energy Efficiency in Public Buildings seeks to promote energy saving actions in federal, state, and municipal buildings and disseminate techniques and methodologies for the replication of projects in the following areas: lighting systems, HVAC systems, and other systems that promote energy savings and technology innovation in buildings and lab facilities.

In 2014, PROCEL EPP supported the publication and enforcement of Regulatory Instruction 02, of June 4, 2014, of the Ministry of Planning, Budget, and Management (MPOG), that sets out rules for the acquisition or rental of energy consuming machinery and devices by Federal governmental agencies, autonomous agencies, and foundations and the use of the National Energy Conservation Label (ENCE) in projects and respective new or **retrofitted** public Federal buildings. *(GRI EU7, GRI EC9)*

PROCEL Info

The Brazilian Energy Efficiency Information Center was created in 2006 to become a national reference in the dissemination of quality information on the efficient use of energy and of PROCEL products and actions. The contents made available on the Portal are presented in an organized and structured manner, with a dynamic database that is constantly updated.

The team of the Center also works in the production and analysis of research, studies, and tools of interest to the public. Users can submit their technical works to be posted on the Portal, and they are also encouraged to send suggestions and tips on content in order to enhance the Portal's database. In 2014, the PROCEL Info Portal received 591,000 page views, which corresponds to an average of 49,000 monthly hits, and 6,056 new users registered, totaling 33,955 since its creation. *(GRI EU7, GRI EC9)*

Energy Efficiency in Buildings

The energy efficiency topic brought big news in 2014. The World Cup, held in Brazil, was supported by the National Program for the Conservation of Electricity (PROCEL). The Arena das Dunas stadium, in Natal (RN), home to four World Cup matches, was the first stadium to be awarded the National Energy Conservation Seal called PBE Edifica. This certification is part of the partnership between INMETRO and Eletrobras, through the Brazilian Labeling Program (PBE), conducted by INMETRO to assess energy efficiency of buildings.

Eletrobras was responsible for the initial investments that structured this process in Brazil. The Arena das Dunas stadium achieved Overall Classification A and its efficiency levels were analyzed by specialists of LabCon and of the Federal University of Rio Grande do Norte, which is part of the Network of Energy Efficiency in Buildings (R3E). The audit was conducted by inspectors of Fundação CERTI (SC), which issued the seal. *(GRI EU7, GRI EC9)*

Jobson Galdino (Portal da Copa/ME - Foto Pública em 17/03/2014)

Arena das Dunas

PROCEL Building Seal

In the end of November 2014, Eletrobras launched the PROCEL Edificações Seal to indentify highly energy efficient buildings. Currently, buildings account for 48% of energy consumption nationwide. The seal was launched during the ceremony to celebrate the 20th anniversary of PROCEL Seal.

PROCEL was also recognized internationally. Eletrobras received the Recognition Award, for its 30 years conducting the program, at the World Summit of Regions for Climate, in Paris. The event was organized by the Regions of Climate Action (R20), an entity that works in partnership with Eletrobras in projects such as renewable energy and use of LED in public lighting. *(GRI 2.10, GRI EU7, GRI EC9)*

Luz para Todos Program

The purpose of the National Program for Universal Access to and Use of Electricity - **Luz Para Todos** (LPT - Light For All Program), established in 2003 is to take, by 2018, electricity to the Brazilian rural population who does not have access to this service.

Considered one of the largest social programs in the world by the United Nations (UN), it promotes universal access to electricity and is an example to be followed by other nations. The main objective of the Program is to provide service to geographically isolated populations, in a sustainable manner, prioritizing the use of renewable energy sources.

In addition to taking energy to the rural population, the Program offers solutions for its use as a driver of social and economic development in low-income communities, contributing to reducing poverty and increasing household income. Access to electricity enables integration with health, education, water supply, and sanitation services and with the social programs of the Federal Government. The program also provides for the free installation of up to three light boxes (one per room), two power outlets, conduits, light bulbs, and other materials required.

The LPT program helps retain families in rural areas, improving their quality of life. With access to electricity, families purchase home appliances and rural electric equipment, enabling them to increase their income, improve basic sanitation, health, and education, strengthening the social capital of these communities.

The initiatives of this program are prioritized to serve the communities assisted by the Citizenship Territory Program or by the Brazil Without Extreme Poverty Plan, in addition to rural settlements; Indigenous and quilombola communities; communities located within extractive reserves or within the areas of influence of energy generation or transmission projects for which the respective utility company is not responsible; schools; health centers; and community water wells.*(GRI EU23)*

Luz para Todos is coordinated by the Ministry of Mines and Energy and implemented by Eletrobras, which manages contracts and monitors the execution of the work for rural electrification.

Also in relation to the LPT program, in many 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. Preliminary estimates predict a large demand for 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, aiming to provide service to geographically isolated populations, in a sustainable manner, prioritizing the use of renewable energy sources.

Since the implementation of the ***Luz para Todos*** Program, in 2004, the Eletrobras distribution companies executed over 377,000 connections. The new connections made in 2014 generated the companies additional revenue of R$ 783,700.

Luz Para Todos: in numbers

- Investments planned for the implementation of the ***Luz Para Todos*** Program, by the end of 2014: **R$ 22.23 billion**, of which R$ **16.09 billion** (72%) refers to sector-specific resources managed by Eletrobras (Energy Development Account and Global Reversion Reserve).
- In 2014 alone, **R$ 0.63 billion** was released from CDE resources.
- Since 2004, a total of **R$ 13.24 billion** (funded by CDE and RGR) was released, from a total contracted amount of **R$ 16.09 billion**, that is, 82% of the total resources contracted.
- In 2014, a total of **90,568 connections** were made, adding to a total of **3,200,410** since 2004.
- Over **15.4 million** people have benefited in the Brazilian rural area since the launch of the program, in 2004.
- **95%** of the overall goal of **3,370,475 connections** was reached, considering the commitment made by the enabling agents to Eletrobras and to state governments.

In 2014, a total of **16,621** projects were registered in the Project Management System of the ***Luz Para Todos*** Program (LPT), totaling 506,989 projects since 2004 (considering only the commitments made between the enabling agents[51] and Eletrobras). This total has resulted in **2,690,303 new connections**, which corresponds to 91% of the total number of connections contracted between the enabling agents and Eletrobras, as well as:

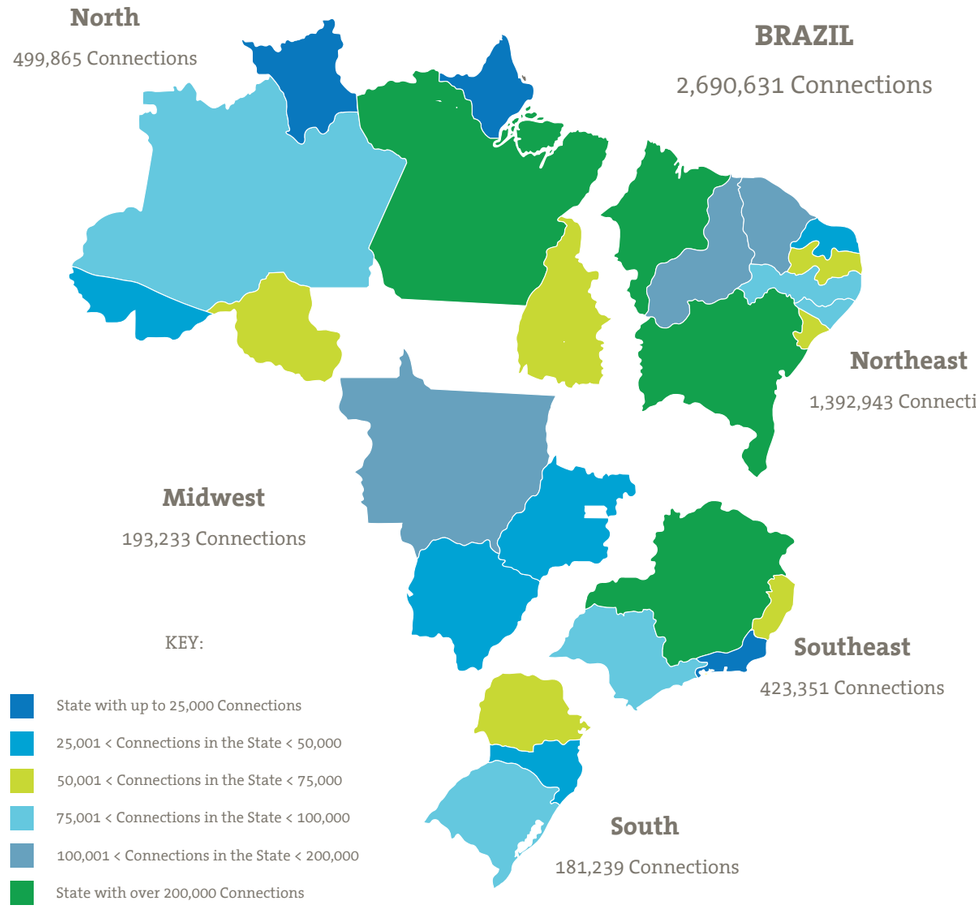
- Connection of consumer units in **5,431** municipalities in the Brazilian rural area.
- Construction of **690,034 km** of high- and low-voltage networks.
- Implementation of **7.17 million** poles.
- Installation of **1,025,883** transformers.
- Installation of **2,258** photovoltaic systems.

51 Utility companies, licensed distribution companies, and rural electrification cooperatives.

Number of connections as of December 31, 2014

Eletrobras Agreements

(Registry LPT System + Special Projects Inspected)



Indirect impacts of the LPT

The Ministry of Mines and Energy (MME) estimates that over 480,000 direct and indirect jobs were generated through the implementation of the program, considering the prioritization of local labor and purchase of domestic materials and equipment, manufactured in the areas surrounding the locations served. The benefits generated in the economy are noteworthy, with the increased demand for home appliances and rural electric equipment. *(GRI EC9, GRI EU23)*

International technical cooperation agreement to assist remote regions

In order to support distribution companies in the provision of services to remote areas with systems based on 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).

The technical cooperation project executed in 2009 between Eletrobras, IICA and the Ministry of Foreign Affairs seeks to develop actions and activities to manage alternative solutions for the access to and incentive of the efficient and productive use of electricity in the Brazilian rural area. In 2014, this collaboration, called Access to and Use of Energy as a Driver of Development in Brazilian Rural Communities, worked in the development of tools to manage rural electrification projects and conducted studies about the services agreement management model for energy supply and about the regulatory framework governing stand-alone systems and the provision of services to remote areas. The results were presented to **ANEEL** and MME with the purpose of developing solutions and integrating actions to plan, develop, and assess projects of decentralized generation systems for universal access to electricity.

Projects have been developed in the states of Pará and Amazonas, the latter developed in partnership with Eletrobras Amazonas Energia, to provide 12 communities (222 families) with decentralized and entirely photovoltaic generation systems. This support is provided from the conception of executive projects up to monitoring, assessment of operational data, and improvement of project management.

Looking for ways to foster the use of renewable energy sources in the provision of services to remote regions, as part of the Letter of Intent executed between Eletrobras and the Department of Agroforestry Extension and Family Production (SEAPROF) of the Government of the State of Acre, Eletrobras developed a project to implement a Community Production Center using a generation system with photovoltaic energy for poultry production, whose main objective is the pursuit of food safety for the Kaxinawa Indigenous community, in Tarauacá (AC). In 2014, this project was submitted

by Eletrobras Distribuição Acre for the assessment of the Energy Research Company (EPE), pursuant to the applicable laws, and was approved for the bidding process.

Alternative Energy Source Incentive Program (PROINFA)

PROINFA was established to leverage the diversification of the Brazilian energy matrix by increasing the share of projects based on wind, Small Hydroelectric Power Plants (PCH), and biomass sources. The right to purchase and trade energy contracted from PROINFA plants was ensured to Eletrobras for 20 years starting from the launch of the commercial operations of the projects.

By December 2014, a total of 131 new projects, shared among 60 PCHs (1,159.24 MW), 52 wind farms (1,282.52 MW), and 19 biomass-fired thermal power plants (533.34 MW), was added to the Brazilian energy matrix by PROINFA, amounting to an installed capacity of 2,975.10 MW.

From the launch of the first project, in 2006, to the end of 2014, PROINFA's contribution to the system in terms of energy generated totaled approximately 67 million MWh.

Human Rights

GLOBALCOMPACT

HUMAN RIGHTS

PRINCIPLE 1 *Businesses should support and respect the protection of internationally proclaimed human rights; and*

PRINCIPLE 2 *make sure that they are not complicit in human rights abuses.*

Eletrobras and its companies seek to ensure the respect for human rights in all aspects of their business. For the company, whether in the studies to implement new projects or in the measures taken with its suppliers, fulfillment of this commitment is part of its responsibility toward sustainable growth.

To disseminate this value among its employees, the Eletrobras companies offer training courses, lectures, and events[52].

Due to the change in the method to record the number of training hours on Human Rights policy the total number of hours dropped compared with 2013, amounting to 10,944 hours in 2014[53]. However, the total number of employees trained in human rights policies increased, amounting to 16.7% (3,644) of the workforce. *(GRI HR3)*

Employees of contractors (security guards)[54] receive mandatory training on Human Rights as part of their professional education, and refresher courses every two years. In its agreements, Eletrobras establishes the periodic training of this audience by contractors and

52 Data does not consider the following companies: Eletrobras Distribuição Piauí, Eletropar, and Furnas, which did not conduct any training courses on Human Rights in 2014.
53 Data does not consider Eletrobras Distribuição Rondônia, Chesf, and Eletronorte. The total number of hours is equivalent to the sum of class time of the educational events.
54 Most of the security guards working for Eletrobras are employed by contractors.

requires, in management, evidence to support such training and the assessment and adjustment to the procedures of their position. Among the 227 security guards employed directly, 96 received this training course (42.3%). *(GRI HR8)*

Hiring of suppliers

The agreements entered into between the Eletrobras companies and its suppliers and contractors include clauses on human rights that provide for sanctions such as the suspension of their right to take part in bidding processes with Eletrobras and the potential filing of formal complaints with the Public Prosecutor's Office.

Suppliers are monitored monthly in relation to the fulfillment of labor and social obligations concerning their employees and service providers allocated to the Eletrobras companies through documents required in contract that define the minimum performance expected in terms of human rights of their employees (fair payment, nutrition, health, limited overtime, etc). Incidents of non-compliance shall be punishable as set out in the agreement, in the penalty clauses. Complaints can be submitted to the Ombudsman's Office or escalated directly to the Ethics Committee.

In 2014, a total of 98.5%[55] of investment contracts[56] and 100% of contracts with **significant suppliers** include clauses on human rights or have been assessed on this topic. Eletrobras does not have a formal mechanism to monitor these clauses; however, in case of reports, the ethics committee can investigate and apply the pertinent sanctions.

At Eletrobras **holding**, all significant suppliers of outsourced labor are monitored on a monthly basis to check for compliance of their labor and social obligations concerning their employees. *(GRI HR1, GRI HR2)*

55 Data does not consider Eletrobras Amazonas Energia, Chesf, Distribuição Alagoas, Distribuição Piauí, and Distribuição Rondônia. This indicator does not apply to Eletropar.
56 Significant investment contracts: spending associated with the business purpose of the companies and which, upon expiration, will have its asset fully incorporated into the equity. They must be approved by the Board of Executive Officers and/or by the Board of Directors, depending on the amount involved.

Agreements with suppliers/contractors and business partners that include human rights clauses *(GRI HR2)*

	2014 *	2013 **	2012 ***
Total number of agreements with **significant suppliers**, contractors, and other business partners that include human rights clauses	5,002	3,015	1,048
Total number of agreements with contractors and **significant suppliers**	5,002	3,015	6,026
Percentage of agreements with contractors and **significant supplie**rs that include human rights clauses or assessment criteria	100%	100%	17.4%

* Data does not consider the following companies: Eletrobras Distribuição Acre, Distribuição Roraima, Eletrobras Cepel, Eletrobras CGTEE, Eletrobras Eletronorte, Eletrobras Eletronuclear, Eletrobras Eletrosul, Eletrobras Furnas, Eletrobras holding, and Itaipu Binacional.
** Data considers all companies, except Eletropar, since it is not applicable.
*** Data considers the following companies: Eletrobras Distribuição Acre, Distribuição Rondônia, Distribuição Roraima, Eletrobras Chesf, Eletrobras CGTEE, Eletrobras Eletronuclear, Eletrobras Eletrosul, and Eletrobras Furnas.

Compliance with human rights

In 2014, a total of 12 grievances were registered (Ten referring to 2014 and two, to 2013). Of this total, five were related to human rights and seven, to **discrimination**, three of which filed by external **stakeholders** and nine, by internal **stakeholders**. Among the 11 grievances resolved, only one was deemed founded and classified as related to **discrimination**[57]. *(GRI HR11)*

In 2014, a reduction of 85% was registered in the total number of cases of **discrimination** compared with the previous period. Only two incidents deemed founded were registered: one at Eletrobras Eletronorte, escalated to the Executive Department of the Gender and Diversity Committee, and the other at Eletrobras Furnas. The second incident involved an internal misunderstanding concerning access and use of one of the ladies' restrooms and has been resolved[58]. *(GRI HR4)*

57 For indicator HR11, data does not consider the following companies: Eletrobras Amazonas Energia, CGTEE, and Distribuição Alagoas.
58 For indicator HR4, data does not consider the following companies: Eletrobras CGTEE and Distribuição Roraima.

Monitoring program of deforestation and wildlife rescue - Jirau hydroelectric power plant (Energia Sustentável do Brasil)

Environmental Performance

GLOBALCOMPACT

ENVIRONMENT

PRINCIPLE 7 *Businesses should support a precautionary approach to environmental challenges;*

PRINCIPLE 8 *undertake initiatives to promote greater environmental responsibility; and*

PRINCIPLE 9 *encourage the development and diffusion of environmentally friendly technologies.*

Environmental Management System

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

Environmental Policy: steers the treatment of social and environmental issues associated with the energy projects of the Eletrobras companies through a document that reinforces the company's commitment to the respect for the environment and the sustainable development of the country. In May 2013, a new version of this policy was approved, incorporating five guidelines that refer to biodiversity, environmental communication, social, environmental, and equity management of reservoirs, environmental education, and climate change. In 2014, Eletrobras's Board of Executive Officers approved the decision that implements the Action Plan for the Disclosure and Incorporation of the Environmental Policy in the Eletrobras companies, reinforcing the previous actions developed by each company.

Environment Committee (SCMA): space for discussing practices and guidelines for the social and environmental issues of the companies. It is composed of managers of the environment department of the companies, who convene at least three times each year. Currently, SCMA has 11 working groups and three topic-specific committees.

System of Indicators for Corporate Sustainability Management (IGS System): the **IG System** has monitored the environmental indicators of all Eletrobras companies since 2010. As a strategic tool for the company, currently, the system has 181 indicators and 274 variables that involve topics such as water, energy, waste, biodiversity, volunteer actions, and compliance. In 2014, the **IGS System** had 565 users registered across the Eletrobras companies. Its expansion to the social, economic, financial, energy efficiency, and governance dimensions is being developed.

To view the complete text of the Environmental Policy of the Eletrobras companies, visit www.eletrobras.com> Sustainability > Environment

Water

The rational use of water resources is essential to maintain the provision of services to the energy market and develop the activities conducted by the Eletrobras companies.

The year 2014 was marked by an unprecedented water crisis which, in addition to affecting water supply, hindered the generation of power by our hydroelectric power plants. Therefore, Eletrobras must guide and implement best practices in water resource management, aiming at the maintenance of the business, the prevention of the effects arising from critical hydrological events, the multiple uses of water, and the decrease in the impacts on the population and the environment.

The water used by hydroelectric power plants to generate electricity is not considered consumption, since it is fully returned to the bodies of water from which it is abstracted, thus, it is not included in the total volume consumed. Likewise, the seawater used by Eletrobras Eletronuclear (approximately 3,199 million m³) to cool the secondary system of the Angra 1 and 2 nuclear power plants is fully returned to the sea at Saco Piraquara de Fora with a slight rise in temperature, which is constantly monitored to comply with the standards established by environmental laws and to prevent any impact on the aquatic wildlife.

In 2014, a total of 4,374,542.7 m³ of water were used for administrative purposes and 36,086,925.7 m³, for thermal power generation. *(GRI EN8)*

Total volume of water used for administrative purposes, by source, in m³ *(GRI EN8)*

	2014	2013	2012
Surface water*	3,609,999.7	3,621,391.5	4,166,361.7
Groundwater**	184,769.7	199,109.3	129,779.1
Supply network***	579,773.4	581,610.1	517,274.3
Total	**4,374,542.7**	**4,402,110.9**	**4,813,415.1**

Data does not consider the following companies:
*In 2014: Distribution companies, Eletrobras Chesf, Cepel, CGTEE, Amazonas Energia, Eletronuclear, Itaipu Binacional and Eletrobras **holding**. In 2013: Eletrobras Amazonas Energia, Eletronorte, Eletrosul, Furnas, and Itaipu Binacional.
** In 2014: Distribution companies, Eletrobras Chesf, Cepel, CGTEE, Amazonas Energia, Eletronuclear, and the Eletrobras **holding**. In 2013: Eletrobras Amazonas Energia, Eletronorte, Eletrosul, Furnas, and Itaipu Binacional.
*** In 2014: Eletrobras Distribuição Roraima.

Total volume of water used for thermal power generation, by source, in m³ *(GRI EN8)*

	2014	2013	2012
Surface water*	35,879,025.7	9,495,785.2	9,048,822.0
Groundwater**	207,900.0	4,176.0	N/Ap
Supply network***	0.0	0.0	2,293.0
Total	**36,086,925.7**	**9,499,961.2**	**9,051,115.0**

Note: This category of indicator is not applicable to Eletrobras's Distribution companies, Itaipu Binacional, Eletrobras Eletrosul, Cepel, and Eletrobras **holding**, since they do not generate power through thermal power plants.
In 2014, data does not consider the following companies:
* Eletrobras Chesf.
** Eletrobras Chesf, CGTEE, Amazonas Energia, Eletronorte, Furnas, and Eletronuclear.
*** Eletrobras Chesf, CGTEE, Amazonas Energia, Eletronorte, Furnas, and Eletronuclear.
N/Ap: Not Applicable.

In 2014, the total volume of water used by the thermal power plants increased as a result of the inclusion of data on Eletrobras Amazonas Energia in the **IGS System**, thus confirming the company's improved environmental management. The water is abstracted by the Mauá Thermal Complex and fully returned to the Negro River. Its quality is monitored and expert opinions are sent to the local environmental agency.

In 2014, Eletrobras Eletronuclear reduced its water consumption for thermal generation by approximately 60,000 m³ (7.8%) over 2013. This performance was achieved because of the participation in a technical training course on water losses in distribution pipelines, the acquisition of leak detection devices, repair of leakages found outside the Angra 1 Power Plant, and the replacement of seals and cooling of the bearing housing of the water pumps for circulation of seawater. *(GRI EN8)*

Reuse

In 2014, approximately 2,052,031.6 m³ of water were reused, representing 4.9% of the total volume of water used by the Eletrobras companies, an increase of 287.2% over 2013. Of this total, 77% was reused in the production process and 23%, in administrative processes and gardening activities and to wash vehicles, to clean areas, sidewalks, parts, and machinery. Rainwater harvesting accounts for most of the water reused. *(GRI EN10)*

Volume and percentage of water recycled *(GRI EN10)*

	2014	2013
Total volume of water recycled (m³)*	2,052,031.6	529,915.0
Percentage of water recycled**	4.9%	3.8%

*Data does not consider the following companies:
In 2014: Eletrobras distribution companies, Eletrobras Amazonas Energia, Chesf, Eletrobras **holding**, and Cepel.
In 2013: Eletrobras distribution companies, Eletrobras Amazonas Energia, Chesf, Eletrobras **holding**, Cepel, and CGTEE.
**In relation to the total volume consumed (EN8 indicator).

In 2014, it is worth mentioning the entry of data on Eletrobras CGTEE, which presented the largest volume of water reused in administrative processes in absolute terms, adding to a total of 1,541,131.8 m³. In turn, Eletrobras Eletrosul experienced an improvement of 545%, going from 114 m³ in 2013, to 735 m³ in 2014. Eletrobras Furnas's Ibiúna substation reuses water directly and indirectly through the treatment of **wastewater**. Direct reuse is intended for uses that require less demanding standards of water quality, such as washing vehicles and gardening. In turn, indirect reuse enables **wastewater** to be returned to the abstraction point to be used in the production process[59]. The total reused volume in 2014 was 36,192m³.

Rainwater Harvesting

Eletrobras Eletronorte harvests and stores rainwater at the Tucuruí HPP, used in cleaning, gardening, and maintenance of the Administration building, at the Vila de Tucuruí. Furthermore, part of the **wastewater** treated is reused to water gardens and fruit trees located in the vicinity of the Sewage Treatment Station. At the Samuel HPP, the rainwater harvested is used to clean the cafeteria and the yard, wash equipment parts, and water gardens and seedling nurseries. In 2014, the total volume was 764 m³. Itaipu Binacional recorded the highest volume of water reused in administrative processes, in absolute terms (462,696 m³). The rainwater harvested is used to wash cars and in gardening, and the water from the animal enclosures of the Biological Shelter is recirculated in a closed system and, once treated, is returned to the enclosures. *(GRI EN10)*

Stormwater management

Since 2012, Eletrobras Eletrosul has used stormwater in the units of the Regional West Division (DROE), and Regional Centre for Maintenance and Support of Campos Novos´s Operation (CRCNO). In 2014, DROE consumed 675 m³ of stormwater for external use and the irrigation of the community vegetable garden. At CRCNO, this use amounted to 60.42 m³, for restrooms, washing of sidewalks and floors, and watering of the garden, representing savings of almost 60% of the total water required for the building. Since October 2012, the CRCNO unit has relied on a sustainable tower that groups, into a single element, the solar water heating system and the rainwater harvesting system, with the capacity to store 10,000 liters, for non-potable purposes. This tower also contains the water tank provided by the public utility company. The system of the tower is autonomous and, in case of rainwater shortage, the non-potable water consumption points are supplied with water from the public supply system. *(GRI EN10, GRI EN26)*

59 **Wastewater** can be reused in the production of energy and/or in the cooling of equipment.

Wastewater

The **wastewater** generated by the production process is treated pursuant to the quality standards required by law before their discharge into water bodies. In 2014, Eletrobras totaled 7,644,228.1 m³, of which 54.2% comes from the production process of the companies in thermal plants and the rest, from administrative processes. Eletrobras's **wastewater** is not used by any other organization. *(GRI EN21, GRI EN26)*

Total water discharge planned in the production process (Thermal Power Plants)[60] *(GRI EN21)*

By quality and destination (m³)	2014*	2013
Rivers	3,916,714.1	2,211,257.0
Lakes	400.0	2,500.0
Sea	229,179.9	257,756.0
Total	**4,146,294.0**	**2,471,513.0**

*In 2014, data does not consider the following companies: Eletrobras Chesf and Amazonas Energia.

By treatment method (m³)	2014	2013
Wastewater not requiring treatment	153,720.0	202,428.0
Wastewater treated	3,992,574.0	2,269,085.0
Total	**4,146,294.0**	**2,471,513.0**

*In 2014, data does not consider the following companies: Eletrobras Chesf and Amazonas Energia

Total water discharge planned in the administrative processes[61] *(GRI EN21)*

	2014	2013
TOTAL	3,497,934.2	3,521,688.7

* In 2014, data does not consider Eletrobras Distribuição Roraima.

60 This indicator is not applicable to the Eletrobras distribution companies, Eletrobras Cepel, Eletrobras Eletrosul, Eletrobras holding, and Itaipu Binacional, since they do not have thermal power generation activities.
61 Calculation based on the NBR 7229/23 standard, which considers that 80% of the water intended for human consumption is discarded (EN8) (GRI 3.9).

Energy

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

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 thermal 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 for their control. In 2014, the Eletrobras companies recorded an approximate consumption of 62.0 billion GJ of direct energy, 99.5% of which is used for thermal power generation. *(GRI EN3)*

Fuel consumption, in GJ *(GRI EN3)*

Type of fuel		Administrative activities		Thermal generation	
		2014***	2013	2014	2013
Renewable	Automotive Ethanol	28,534.47	27,478.2	N/Av	N/Av
	Ethanol added to gasoline*	16,388.22	N/Av	N/Av	N/Av
	Biodiesel**	14,524.24	N/Av	2,848,552.67	N/Av
Non-renewable	Natural gas	374.07	305.4	38,346,209.32	58,761,920.0
	Coal	N/A	N/A	53,704,713.7	35,499,283.1
	Gasoline*	70,876,306.2	69,673.3	N/Ap	N/Ap
	Aviation gasoline	N/Ap	1,9	N/Ap	N/Ap
	LPG	580,915.3	5,491.3	98,262.9	314.6
	CNG	N/Ap	21.4	N/Ap	N/Ap
	Two-stroke oil	75,695.6	134.9	N/Ap	N/Ap
	Fuel oil	N/Ap	N/Ap	12,507,857,739.1	8,532,257.6
	Diesel**	249,008,017.0	239,803.9	49,019,001,834.6	38,193,016.3
	Aviation kerosene	7,097,738.2	7,059.9	N/Ap	N/Ap
Total		**327,698,493.4**	**377,315.0**	**61,621,857,312.25**	**249,734,084.7**

* In Brazil, in 2014, the percentage of ethanol added to gasoline was 25%.
** In Hydroelectric Generation (4,454.8 GJ), Transmission (2,337.3 GJ), and Distribution (728.5 GJ), diesel is used in generators. In Brazil, in 2014, the percentage of biodiesel added to diesel fuel ranged between 5 and 7%.
***In 2014, data considers all Eletrobras companies.
N/Ap: Not Applicable.
N/Av: Not Available

Indirect energy refers to the energy consumed through intermediate sources, that is, the energy consumed in the form of electricity. In 2014, a total of approximately 3.9 million MWh of energy (13.9 million GJ) was consumed in the administrative and production processes of the Eletrobras companies.*(GRI EN4)*

Power consumption* *(GRI EN4)*

	Administrative activities			Hydroelectric generation			Thermal generation			Substations			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
MWh	2,46,1,352.3	672,355.6	151,110.7	51,298.4	257,039.0	279,444.6	1,224,946.9	1,210,476.6	1,351,748.3	121,396.6	61,770.3	N/Av	3,858,994.1	2,201,641.5	1,782,303.5
GJ	8,860,868.2	2,420,480.2	543,998.4	184,674.1	925,340.4	1,017,144.2	4,409,808.7	4,357,715.7	4,488,621.4	437,027.9	222,373.2		13,892,378.9	7,925,909.5	6,049,764.0

* For the "Hydroelectric generation" category, in 2013, data does not consider Eletrobras Eletrosul. In 2014, data does considers only Itaipu Binacional.
For the "Administrative activities" category, in 2014, data does not consider the following companies: Eletrobras Amazonas Energia, Distribuição Alagoas, Distribuição Rondônia, and Distribuição Roraima.
For the "Substations" category, in 2014, data does not consider the following companies: Eletrobras CGTEE and Eletrobras Eletronuclear.
For the "Thermal generation" category, in 2014, data considers all Eletrobras companies that generate power from thermal sources.
N/Av: Not Available.

Climate Change

Eletrobras has the goal of contributing to the transition to a new development model based on a low-carbon economy. With this in mind, in 2012, Eletrobras's senior management signed a statement concerning climate change, in which the company makes commitments that steer the actions of Eletrobras and of its companies concerning issues on climate change. This includes, among these objectives, the implementation of actions to manage GHG emissions, prioritization of renewable energy projects, and encouragement of studies on climate change.

This commitment, which is ratified with the **stakeholders** of the company, has nine specific objectives:

1. To pursue a unified strategy for its companies to adopt practices that either minimize or compensate their greenhouse gas emissions (GHG).
2. To prioritize, in its portfolio of projects, the share of renewable energy sources.
3. To identify the main risks and opportunities arising from climate change for Eletrobras's business.
4. To ensure the implementation of actions to manage GHG emissions, maintaining a systematic and continuous process and the pursuit of best practices.
5. To ensure, to the external and internal audiences, access to information, especially through the annual publication of the "Greenhouse Gas Emissions Inventory of the Eletrobras Companies".
6. To foster studies on climate change in order to identify and understand its impacts on the Brazilian electric utilities sector and seek new technologies to minimize its effects.
7. To work close to the production chain, aiming at reducing greenhouse gas emitted by suppliers and clients.
8. To support and work in the regulation of matters concerning climate change at government and civil society level.
9. Interconnection of the SIN System.

In order to reach standards of excellence in its field of operation, in 2013, goals were established for the Reduction of Greenhouse Gas Emissions, to be achieved by 2015 (using 2012 as baseline). Defined by the companies, these goals are monitored through two indicators suggested by the Eletrobras **holding**, namely: the percentage of reduction in the use of fossil fuels in company vehicles (scope 1) and the percentage of reduction in the company's energy consumption (scope 2). The companies seek to reduce mobile source emissions by 6.6% (Scope 1) and emissions pertaining to energy consumption by 3.6% (Scope 2).

The definition of these goals to reduce GHG emissions consolidates the path to maturity followed by the Eletrobras companies regarding the treatment of climate change, confirming their effort to identify, treat, and monitor the associated risks. *(GRI EC2)*

SENSITIVITY ANALYSIS

In 2014, Eletrobras **holding** conducted a new sensitivity analysis on the financial impacts that the potential taxation of CO_2 emissions could have on the revenue of the Candiota III and Presidente Médici TPPs (of Eletrobras CGTEE) and of the Santa Cruz TPP (Eletrobras Furnas). This analysis yielded a technical note which showed that, if this regulation materializes, the costs and expenses of these plants should increase substantially. The company intends to include this type of study in the processes related to their strategic planning, seeking to incorporate regulatory risks into the decision-making process. *(GRI EC2)*

MITIGATION OF EMISSIONS AND INCOME GENERATION

Eletrobras Eletrosul replaced the electricity consumed in its headquarters with the energy generated by its João Borges Small Hydroelectric. In the past, this energy was provided by the National Interconnected System and was more expensive, since it included non-renewal sources in its generation mix. In addition to contributing to the reduction of greenhouse gas emissions, this initiative generated savings of R$ 13,000. The company also innovated by developing a solar-powered generation project in its headquarters, the first public building in Brazil to have an integrated photovoltaic generation complex. The Megawatt Solar Plant produced approximately 600 MWh, generating income of around R$ 400,000 through the sale of this energy in the Free Contracting Market. *(GRI 1.2, GRI EN7, GRI EN18, GRI EC2)*

Emissions

Since 2009, Eletrobras has prepared its annual Greenhouse Gas Emissions (GHG) Inventory, in accordance with the methodology of the Intergovernmental Panel on Climate Change (IPCC) and the **GHG Protocol**. The inventory includes all Eletrobras companies.[62]

With a total of approximately 13.9 million tCO_2e, in 2014, GHG emissions maintained practically the same level recorded in 2013, with an increase of 0.1%, considering Scopes 1, 2, and 3, and only 0.4% for Scopes 1 and 2.

The reduction in emissions of scope 1 was mostly due to the reduced fuel consumption of the TPPs of Eletrobras Amazonas Energia, resulting from the shutdown of five Thermal Power Plants that were interconnected to other units located closer to the municipalities (Mocambo, Manacapuru, Itapeaçu, Cameta, and Atalaia do Norte, in the state of Amazonas), and from the replacement of four diesel-fired units with natural gas-fired units (Anamã, Anori, Caapiranga, and Codajás, also in the state of Amazonas), along with the shutdown of block 7 of the Mauá TPP, located in Manus, based on the energy demanded by SIN.

62 Except for Eletrobras Eletropar, which is located within the facilities of Eletrobras **holding**.

Greenhouse Gas Emissions (GHG), in tCO_2e *(GRI EN16, GRI EN17)*

	2014	2013	2012
Scope 1	9,358,352.2	10,270,406.6	8,169,468.0
Scope 2	2,632,734.0	1,771,779.4	1,654,495.0
Scope 3	1,897,528.3	1,828,086.1	1,948,184.0
Total	**13,888,614.5**	**13,870,272.1**	**11,772,147.0**

The intensity of emissions of the Eletrobras companies in the baseline year of 2014 was 0.0533 tCO_2e/MWh, considering Scope 1 (direct emissions), and 0.0682 tCO_2e/MWh, considering Scopes 1 and 2 (indirect emissions). This intensity is low, when compared with those of other similar-sized organizations of the electric utilities sector worldwide. This is due to the large share of non-carbon intensive sources in the generation matrix of the Eletrobras companies, which accounts for 91% of their own total net generation. (GRI EN16, GRI EN17)

To reduce greenhouse gas emissions in Scope 1, the following points can be highlighted: gradual replacement of gasoline or diesel vehicles with flex-fuel vehicles, increase in the use of electric vehicles, and optimization of land travel to a same location. Eletrobras Eletronorte has been investing in equipment that prevents leakage of SF6 to the atmosphere.

In 2013, Eletrobras Amazonas Energia built four gas-fired thermal power plants that are operating in the municipalities of Anamã, Anori, Caapiranga, and Codaja, in the state of Amazonas. The implementation of a new natural gas-fired plant (Mauá III) is underway in Manaus. The mini-photovoltaic plants, implemented in remote communities in the outlying cities in the state of Amazonas, are an alternative for clean energy generation, in which solar power is used as an energy source, replacing diesel-fired generators. (GRI EN18, GRI EN26)

In order to reduce greenhouse gas emissions in Scope 2, the following initiatives can be highlighted: **retrofitting** of HVAC and lighting systems; installation of solar heaters; establishment of specific operating hours for lighting and air conditioners; and conscientious consumption programs to motivate employees to reduce the consumption of electricity. The following initiatives are worth noting in Scope 3: control of the number of trips and use of videoconferencing, resulting in a reduction of 11.7% in these emissions, or 1,386.3 tCO_2e, over 2013. (GRI EN18)

Emissions of NOx (nitrogen oxides) and SOx (sulfur oxides) from the activities of the Eletrobras companies relate to the energy generation processes in thermal plants. In 2014, NOx emissions

totaled 23,510.4 tons, representing a decline of 7.2% over 2013. In turn, SOx emissions amounted to 52,364.8 tons, an increase of 1.0% over 2013. (GRI EN20)

Eletrobras Eletronorte constantly monitors the atmospheric emissions of the flues of the Santana TPP. In turn, Eletrobras CGTEE has a system for desulfurization and abatement of particulate matter that cuts, by up to 80%, the concentration of sulfur dioxide (SO_2) and of particulate matter in the atmosphere resulting from the burning of coal; the company also has an air quality monitoring network composed of five stations, distributed across the area of influence of its projects, which provides frequent reports about the concentration of pollutants to the local population through Environmental Bulletins. *(GRI EN20, GRI EN26)*

Biodiversity

Considering that environmental issues are directly associated with the nature of our businesses, management and minimization of environmental impacts represents a strategic guideline for the Eletrobras companies, and is incorporated into our projects from planning to operations. In this way, management of biodiversity in business of the companies is one of the concerns of Eletrobras, which has in its Environmental Policy, specific guidelines on the topic.

Focusing on continuous improvement of its management, the **IGS System** has specific biodiversity indicators, which are constantly expanded to support protected areas, activities to recover and restore habitats, seedling and seed planting, and wildlife monitoring programs, among others. Moreover, Eletrobras has a specific working group to address biodiversity issues relevant for the companies. Based on the "volunteer actions to protect biodiversity" (**IGS System**), the Eletrobras companies manage this topic, seeking to increase the number of initiatives to protect biodiversity. Eletrobras set 2019 as the year to verify the results of actions that have been developed by its companies.

Support to protected areas

Support to conservation units has proven to be an efficient measure to protect biodiversity. Parks, biological reserves, and ecological stations, among others, are home to various species, creating a protection network in the various biomes of the country. In 2014, a total of 66 protected areas received the support of the Eletrobras companies – 53 conservation units and archaeological sites, and 13 Indigenous territories – all located in the main Brazilian biomes (Cerrado, Atlantic Forest, Amazon, Caatinga, and Pampas). This represents a total of 74,938.1 km² and a total investment of R$ 80.1 million made by the Eletrobras companies.

Support to protected areas *(GRI EN13)*

	Cerrado	Atlantic Forest	Amazon	Caatinga	Pampas	Total
Protected Areas	18	29	4	1	1	53
Indigenous Territories	1	9	3	0	0	13
Total Protected Areas	19	38	7	1	1	66
Total Area (km²)	**15,607.6**	**10,448.2**	**48,255.8**	**622.9**	**3.5**	**74,938.1**

Eletrobras's operating units and the support to protected areas

The operating units of the Eletrobras companies are adjacent to and partially or completely inserted in environmentally protected areas. Some of these areas were created before the implementation of the projects, such as the Itaipu Binacional HPP and the Angra 1 plant, operated by Eletrobras Eletronuclear. The other units listed in the table below predate the protected areas, most of which were created and are maintained with the support of the Eletrobras companies. *(GRI EN11)*

The location of projects near protected areas often enables the support of the companies to these areas, as in the case of initiatives for the conservation of biodiversity, environmental education, research and tourism in the Iguaçu National Park promoted by Itaipu Binacional, and the initiative by Eletrobras Eletronuclear for demarcation and signage of the Serra da Bocaina National Park.*(GRI EN13)*

The initiatives to support protected areas are conducted by the Eletrobras companies, in partnership with various agencies, such as IBAMA, ICMBio, Ministry of the Environment, state governments and departments, city governments, Public Prosecutor's Office, Federal Police, highway concession companies, FUNAI, Indigenous associations, rural landowners, NGOs, educational and research institutions, and companies, among others. *(GRI EN13)*

Units fully or partially inserted in or adjacent to protected areas *(GRI EN11)*

Unit	Position of the unit in relation to the protected area	Type of operation	Size of the operating unit (km²)	Protected Area
Itaipu HPP*	ADJACENT	Hydroelectric Generation	1,350.00	Iguaçu National Park
				Ilha Grande National Park
				Cabeça de Cachorro State Park
				Private Reserve of the Santa Maria Natural Heritage
Angra 1*	ADJACENT	Nuclear Power Generation	1.40	Serra da Bocaina National Park
Angra 2				Tamoios Environmental Protection Area
Angra 3 (under construction)				Tamoios Ecologic Station
Tucuruí HPP	FULLY INSERTED	Hydroelectric Generation	3,008.14	Tucuruí Environmental Protection Area
Samuel HPP	PARTIALLY INSERTED	Hydroelectric Generation	585.00	Samuel Ecologic Station
Balbina HPP	FULLY INSERTED	Generation and stepping-up of energy	2,560.00	Uatamã Biological Reserve
Adrianópolis Unit	FULLY INSERTED	Testing of electrical equipment	0.30	Rio D'Ouro Environmental Protection Area
	PARTIALLY INSERTED			Tinguá Biological Reserve

* Itaipu HPP was built between 1975 and 1982 and is adjacent to the Iguaçu National Park, created in 1939. The construction of the Angra I unit was initiated in 1972, one year after the creation of the Serra da Bocaina National Park.

Impacts and preventive actions

One of the main impact management tools used by the Eletrobras companies are the Environmental Impact Studies, which are conducted to characterize the areas in which projects are being planned, identifying potential impacts from the implementation and operation of the projects, and proposing mitigation and compensation actions.

For each impact, the respective mitigation, control, or compensation measures are identified to 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. Once projects are implemented, the monitoring actions seek to ensure efficient impact management, suggesting the need for changes in the measures proposed.

The most relevant impacts upon biodiversity that could potentially occur during the implementation and operation of the projects are listed in the table below. Mitigation, control, or compensation measures are proposed for each impact, developed to ensure the best environmental management for the area affected.

Potential impacts, by activity, and mitigation measures *(GRI 1.2, GRI EN12, GRI EN14)*

Potential Direct Impacts	Potential Indirect Impacts	Activity	Type of Project	Examples of programs	Examples of practices
Changes to water quality	Proliferation of Macrophytes	Generation	Hydroelectric Power Plants	Water Quality Monitoring Programs	**Limnological** and water quality monitoring program (Furnas)
Loss of ground cover	**Forest Fragmentation**	Generation Transmission	Hydroelectric Power Plants Wind Farms Transmission and Distribution Lines	Reforestation Programs	Program to Recover Riparian Woods in the Lower São Franscisco River (Chesf)
Changes to ecosystems/ habitats	Decreased diversity of flora and wildlife	Generation Transmission	Hydroelectric power plants Thermoelectric power plants Transmission lines	Support to the creation or maintenance of Conservation Units	Biodiversity Corridor (Itaipu Binacional)
Impact on wildlife and flora	Changes to communities	Generation Transmission	Hydroelectric Power Plants Thermoelectric Power Plants Wind Farms Transmission Lines	Programs for Reforestation and Wildlife Rescue and Monitoring	Sea turtle monitoring project - PROMONTAR (Eletronuclear)
Impact on migration routes of aquatic wildlife	Isolation of populations	Generation	Hydroelectric Power Plants	Fishway mechanism	Piracema Canal (Itaipu Binacional)
Impact on migration routes and collision with birds	Reduced populations of migratory birds	Generation Transmission Distribution	Transmission and Distribution Lines Wind Farms	Installation of signaling equipment to prevent collision	Elevation of transmission towers

The species affected, the extent, duration, and reversibility of the impact are defined by several factors, which vary according to the area in which the project is implemented, type of project (generation, transmission, or distribution), biome, type of impact, among other aspects.

Our Heritage

Itaipu Binacional develops the program Biodiversidade - Nosso Patrimônio (Biodiversity - Our Heritage), which involves seven projects for preservation, conservation, and recovery of regional flora and wildlife, valuing biodiversity. The results obtained by the various actions that comprise the Biodiversity - Our Heritage project amount to over 100,000 hectares of reforestation, 44 million trees planted, and 10 refuges and reserves created, among others. The Biological Shelters, Piracema Canal, and Biodiversity Corridor, and conservation and recovery of protected areas are examples of successful initiatives.*(GRI EN14)*

Identification of endangered species

Identification of the endangered species found in the area of influence of the projects is made under the Environmental Impact Studies of the projects, as recommended by the environmental agencies.

In the studies, the endangered species are identified based on statewide and nationwide lists of endangered species, such as the Red Book of Endangered Species of the Brazilian Fauna and the National List of Endangered Species of the Brazilian Flora, issued by the Ministry of the Environment, the international list of the International Union for Conservation of Nature (IUCN), in addition to the Convention on International Trade in Endangered Species of Wild Fauna (CITES). *(GRI EN15)*

The endangered species identified are included in specific protection programs. The lists of endangered species and their conservation status are presented in the Environmental Impact Studies (EIS) prepared by the Eletrobras companies and can be found on the websites of the environmental agencies. The total number of affected species broken down by risk of extinction in the table blow refers to the Itaipu, Samuel, and Tucuruí HPPs (which represent 62.3% of the installed capacity of Eletrobras's HPPs).

Total number of endangered species *(GRI EN15)*

	Critically endangered	Endangered	Vulnerable	Near Threatened	Least Concern
Total number of species	4	20	26	7	0

The presence of endangered species within an area in which the projects will be implemented does not imply that they will be impacted by their operation. The species affected and the type of impact relate not only to the location, but also to the type of the project (generation, transmission, or distribution), among other factors. Whenever necessary, conservation measures are taken to prevent or mitigate impacts on these species. *(GRI EN15)*

Care for species

Itaipu Binacional conducts studies on the captive breeding of wild animals, focusing on the endangered and rare species found in the area of the project. Captive breeding of small felines is one of the initiatives that stands out. Researchers are being very successful in breeding critically endangered species, such as the oncilla (Leopardus tigrinus), the margay (Leopardus wiedii), and the ocelot (Leopardus pardalis), on the Brazilian side, and the bush dog (Speothos venaticus) and the marsh deer (Blastocerus dichotomus), on the Paraguayan side. (GRI EN15)

Eletrobras Amazonas Energia has the Aquatic Mammal Preservation and Research Center (CPPMA), which protects the Amazonian manatee. In this center, activities are conducted to monitor the growth, behavior, and rehabilitation of individuals of the species. Currently, 53 manatees are in captivity for clinical, biometric, and nutritional monitoring, 14 of which are in an experimental tank being adapted to be released. In order to minimize the continuous arrival of wild animals in the shelter, work was initiated to raise environmental awareness among the population in riverside communities of the Uatumã River, in Balbina, and in CPPMA's Visitors Center.*(GRI EN15)*

Alexandre Marchetti (Itaipu Binacional)

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 transportation, treatment, and disposal of this type of waste. In the storage and final disposal of biomedical waste, all Eletrobras companies comply with ANVISA standards. In 2014, the companies generated approximately 1,800,000 tons of waste. This volume is higher than in 2013, since a larger volume of ashes was generated by the coal-fired thermal power plants. Generally, part of these ashes is reused by the cement industry; however, in 2014, there was not sufficient demand for reuse.

At Eletrobras Eletronuclear, 71.46 m3 of low-level and intermediate-level radioactive waste was generated. The method of chose to dispose of these types of waste followed the ABNT NBR 10004:2004 standard. In relation to transformers that use insulating oil with Polychlorinated Biphenyl – PCB (Askarel), at Eletronuclear eight pieces of equipment still use this oil at the Angra 1 plant. Initially, the company expects to replace all transformers by 2016.

In 2014, Eletrobras Chesf discarded 130 tons of waste containing askarel. The equipment and waste contaminated with this oil were stored on site and then incinerated, pursuant to NBR 8371/2005. At Eletrobras Furnas, 17 tons of this waste were discarded in the same manner. Currently, the company uses mineral insulating oil, which does not contain persistent organic pollutants.

In 2014, the Eletrobras companies sent over 1,500 tons of recyclable materials to waste picker cooperatives and associations through their program (*Coleta Seletiva Solidária*), which fosters the creation of employment opportunities and income for these workers and reduces disposal of solid waste in landfills and dumps. *(GRI EN22, GRI EN26)*

Reciclanorte Program

Developed and coordinated by Eletrobras Eletronorte, the purpose of this program is to promote the social and productive inclusion of waste pickers living in the Legal Amazon, integrating actions that foster work and income, training, health, education, digital inclusion, food safety, credit, housing, and assistance programs. Reciclanorte enables social and productive inclusion of waste pickers; creates conditions that will benefit them, helps in the disposal of the industrial waste produced by the company and accumulated in the facilities of its regional companies; and raises awareness of the population. Eletrobras Eletronorte reaffirms its commitment, as a socially responsible company, by entering the Brazil Without Extreme Poverty Plan, which sets out the social inclusion of 280,000 waste pickers. Reciclanorte is a long-term program, with no pre-established duration, considering the complexity of the situation of waste pickers. *(GRI EC9, GRI EN26)*

***Coleta Seletiva Solidária* (Supportive Waste Sorting)**

Since 2008, Eletrobras Furnas has been developing the *Coleta Seletiva Solidária* Program, which is being implemented in all units of the company, including power plants, substations, and offices. This work is being conducted by the *Coleta Seletiva Solidária* Committee, which was restructured in 2012, expanding its activities and following the internal changes. Currently, 31 cooperatives are benefited, with a total of 2,850 waste pickers. In 2014, these cooperatives received over 215 tons of recyclable material, including paper, plastic, metal, and glass. *(GRI EN26)*

Waste reduction

As main examples of practices to reduce the volume of waste, Eletrobras Eletronuclear has modified the arrangement of the drainage lines, redirecting the condensation water, since it is a clean and uncontaminated drain; managed system drains and components in the controlled area of the Plant, during shutdowns for refueling, enabling the segregation and collection from clean drains and their recycling, resulting in a reduced production of liquid radioactive waste; and used the systems of Angra 2 to process and decontaminate the waste generated by Angra 1. In addition, the company replaced plastic materials with materials that can be washed and/or decontaminated; restricted the entry of materials to be used in the controlled area; conducted a work to raise awareness of employees about the generation of waste; and completed the program for management of the waste generated (Waste Management System).*(GRI EN26)*

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 require the evacuation of the workplace. Furthermore, the companies have 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.

In case of accidents, processes are immediately reviewed and errors are assimilated as lessons learned to avoid recurrence. In 2014, nine spills were identified, with a total volume of 15.1m³. *(GRI EN23)*

Generating revenue through the sale of waste

What was before considered waste for the environment becomes raw materials for other industries. Through the Energia + Project, sale of outdated energy meters by Eletrobras Distribuição Alagoas should generate revenue of approximately R$ 70,000. The sale of the first lot generated R$ 6,000 in 2014. Eletrobras Furnas also generated approximately R$ 1.5 million with the sale of ferrous scrap and other types of waste.

Environmental investments and expenditures

In 2014, the Eletrobras companies invested approximately R$ 296 million in environmental actions. Most of the investments – approximately R$ 180 million – relate to the conservation and/or recovery of degraded environments and to the maintenance of operational processes to improve environmental conditions.

Environmental investments and expenditures* *(GRI EN30)*

	2014	2013
Investments in and spending on the maintenance of operational processes to improve the environment	83,530	196,891
Investments in and spending on the preservation and/or recovery of degraded areas	97,132	75,642
Investments in and spending on environmental education for employees, contractors, self-employed professionals, and administrators of the entity	1,466	16,743
Investments in and spending on environmental education for the community	2,467	3,134
Investments in spending on other environmental projects	101,389	107,879
Environmental liabilities and contingencies	10,092	11,790
Total interaction with the environment	**296,076**	**412,079**

* In 2014, the classification of environmental investments and expenditures is based on data collected by the **IBASE** table. *(GRI 3.9, GRI 3.10, GRI 3.11)*

CCP Santo Antônio do Rio Preto.
Original photo: Jorge Coelho / Eletrobras

IBASE TABLE

	HOLDING COMPANY		CONSOLIDATED	
I. Human Resources				
a. Remuneration	**2014**	**2013**	**2014**	**2013**
Gross payroll (FPB)	214,077	163,781	4,230,476	5,196,963
- Employees	207,029	148,375	4,198,301	5,161,050
- Administrators	3,982	3,268	29,108	23,775
Ratio of highest to lowest remuneration:				
- Employees	13.09	13.49		
- Administrators	1.15	1.05		
b. Benefits Provided	**2014**	**2013**	**2014**	**2013**
Payroll Taxes	64,541	68,335	1,206,869	1,352,261
Food	15,570	16,817	342,359	314,417
Transportation	685	757	23,106	28,740
Private Pension Plan	34,423	38,188	295,409	304,737
Health	18,944	23,058	438,377	445,486
Occupational safety and health	4,310	5,482	28,769	34,436
Daycare or daycare assistance	2,385	2,349	87,782	79,793
Culture	0	0	2,540	963
Training and professional development	2,460	2,768	55,089	50,767
Others	0	0	545,476	467,228
Profit sharing plan	37,687	42,000	232,462	268,592
Total	181,005	199,754	3,258,239	3,347,420
c. Workforce Breakdown	2014	2013	2014	2013
Number of employees at the end of the fiscal period	990	988	24,089	22,498
Number of hires	20	13	455	342
Number of terminations	21	206	870	4,287
Number of interns at the end of the fiscal period	222	211	2,442	1,688
Number of employees with disabilities at the end of the fiscal period	9	5	407	321
Number of contractors at the end of the fiscal period	693	680	14,432	10,127
Number of employees, by gender:				
- Male	658	653	19,592	18,222
- Female	332	335	4,497	4,276
Number of employees, by age group:				
- Under 18 years old	0	0	111	0
- 18-35 years old	255	304	5,312	5,482
- 36-60 years old	655	617	16,835	15,469
- Over 60 years old	80	67	1,831	1,547
Number of employees, by education level:				
- Illiterate	0	0	0	1
- Elementary and middle school	48	42	1,950	2,221
- High school	136	139	5,114	4,662
- Technical school	0	0	6,340	5,629
- Undergraduate school	439	438	7,859	7,319
- Graduate school	367	369	2,826	2,666
Percentage of employees in managerial positions, by gender:				
- Male	0.75	0.76		
- Female	0.25	0.24		

d. Contingencies and labor liabilities	**2014**	**2013**	**2014**	**2013**
Number of labor lawsuits filed against the entity	702	137	12,582	6,121
Number of labor lawsuits upheld	3	2	1,857	932
Number of labor lawsuits dismissed	145	34	1,814	1,095
Total amount of indemnifications and fines paid, pursuant to court ruling	2,258,980	20,980	8,959,208	118,404
II. Interaction of the entity with the external environment				
2.1. Relationship with the Community	2014	2013	2014	2013
Total investments in:				
Education	20	1,204	8,691	41,404
Culture	8,942	15,514	24,521	32,901
Health and infrastructure	0	0	111,332	75,882
Sports and leisure	988	8,509	4,064	18,474
Food	0	0	891	2,506
Creation of job and income opportunities	143	0	3,934	34,384
Resettlement of families	0	0	0	0
Others	0	0	82,361	109,545
Total investments	10,094	25,227	235,793	315,096
Taxes (excluding payroll taxes)	0	30,988	7,556,422	2,853,593
Financial compensation for the use of water resources	0	0	386,824	405,809
Total - Relationship with the community	10,094	56,215	8,179,039	3,574,498
2.2. Interaction with suppliers	**2014**	**2013**	**2014**	**2013**

Social responsibility criteria used to select suppliersIn all call for bids, bidders present the following statements:
They DECLARE, under the penalty of law that:
1.1. As provided for in item V of article 27 of Law 8,666, of June 21, 1993, in addition to Law 9,854, of October 27, 1999, they do not employ minors under 18 in night shifts, unsafe, or unhealthy work, or minors under 16, except as apprentices, 14 or older;
1.2. They do not have, in their production chain, any employee performing degrading or forced labor, pursuant to items III and IV of article 1, and of item III of article 5, of the Constitution of the Federative Republic of Brazil, of October 5 1988.
1.3. They are not in any way restricted of any rights arising from any environmental administrative infraction, pursuant to article 72, paragraph 8, item V, of Law 9,605/98 – Environmental Crime Law.
2. Furthermore, they STATE their knowledge and commitment to respect, abide by, and enforce, as applicable, the Code of Ethics of the Eletrobras companies. Not allowing, primarily, the practice or maintenance of **any type of discrimination** that may restrict access in employment relations, or negative, in relation to gender, origin, race, skin color, physical condition, religion, marital status, age, family status, or pregnancy;
Upon submitting the proposal, bidders should also present proof of clearance with the Social Security (CND), with the Government Severance Indemnity Fund (CRF), and with the Labor Court (CNDT).
If bidders fail to present any of the aforementioned documents, their proposal is disqualified.Suppliers are inspected for their compliance with labor and social security regulations and are responsible for providing proof of good standing with the payroll and labor taxes established by law by providing certificates of clearance with tax and labor matters pertaining to Social Security, the Labor Court, and the Government Severance Indemnity Fund for Employees (FGTS), at the time of approval and adjudication and throughout the term of the agreement in question.Some companies have added social and environmental clauses to their contracts, aiming to share the commitment to the sustainable development of the country.

III. Interaction with the environment				
Investments in and spending on maintenance of operational processes to improve the environment	840	189	83,530	196,891
Investments in and spending on preservation and/or recovery of degraded areas	0	0	97,132	75,642
Investments in and spending on environmental education for employees, contractors, self-employed professionals, and administrators of the entity	3	0	1,466	16,743
Investments in and spending on environmental education for the community	0	0	2,467	3,134
Investments in spending on other environmental projects	0	885	101,389	107,879
Number of environmental, administrative, and legal proceedings filed against the entity	0	0	3	15
Value of fines and indemnifications related to environmental matters, determined by administrative and/or legal proceedings	0	0	565	10.995
Environmental liabilities and contingencies	0	0	10,092	11,790
Total Interaction with the Environment	843	1,074	296,641	423,074
IV. Other Information				
Net operating income (NOI)	2,815,950	2,840,238	30,244,854	23,835,644
Operating Income (OI)	-2,794,990	-4,873,827	-1,261,984	-4,824,982

Environmental education.
Original photo: Alexandre Marchetti (Iguaçu Binacional)

Content Index GRI 3.1

APPLICATION LEVEL MAY 2015 SERVICE
CENTRAIS ELÉTRICAS BRASILEIRAS S.A. - ELETROBRAS

Content Index GRI 3.1

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4.8	Statements of mission or values, codes of conduct, and internal principles relevant to economic, environmental, and social performance and the status of their implementation.	24, 47, 48	
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.	53, 67	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	56	
4.11	Explanation of whether and how the precautionary principle is addressed by the organization.	67, 71	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	18, 39	
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations.	41, 115	
4.14	List of stakeholder groups engaged by the organization.	19	
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.	19	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	19, 22 to 24, 61, 62, 157, 159	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to them.	23, 24	

ECONOMIC PERFORMANCE			
DMA	**Economic Performance**	121 to 127	
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.	123 to 125	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	71, 74, 113, 185, 186	
EC3	Coverage of the organization's defined benefit plan obligations.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
EC4	Significant financial assistance received from government.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
DMA	**Market presence**	137, 138, 149	
EC5	Range of ratios of standard entry-level wage, broken down by gender, compared to local minimum wage at significant locations of operation.	137, 138	
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	149	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-	Indicador considerado não material pelo estudo de materialidade desenvolvido pela Eletrobras.
DMA	**Indirect economic impacts**	76 150 to 156 163 to 172	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	76, 150 to 152, 155	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	150 to 156 163 to168 172, 195	

ENVIRONMENTAL PERFORMANCE			
DMA	**Materials**	-	These indicators were considered non-material in the materiality study conducted by Eletrobras.
EN1	Materials used by weight or volume		
EN2	Percentage of materials used that are recycled input materials.		
DMA	**Energy**	114 to 119 163 to168 183	
EN3	Direct energy consumption by primary energy source.	183	
EN4	Indirect energy consumption by primary source.	183/184	
EN5	Energy saved due to conservation and efficiency improvements.	117 to 119	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	115	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	119, 186	
DMA	**Water**	179 to 182	
EN8	Total water withdrawal by source.	179, 180, 182	
EN9	Water sources significantly affected by withdrawal of water	-	This indicator was considered non-material by the materiality study developed by Eletrobras.
EN10	Percentage and total volume of water recycled and reused.	180, 181	
DMA	**Biodiversity**	188 to 193	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	189, 190	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	191	

EN13	Habitats protected or restored.	189	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	155, 191, 192	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinctionrisk.	192, 193	
DMA	**Emissions, effluents, and waste**	71, 119, 182 186 to 188 194 to 196	
EN16	Total direct greenhouse gas emissions by weight.	187	
EN17	Relevant indirect greenhouse gas emissions by weight.	187	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	71, 119, 186, 187	
EN19	Emissions of ozone-depleting substances by weight	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
EN20	NOx, SOx, and other significant air emissions by type and weight.	188	
EN21	Total water discharge by quality and destination.	182	
EN22	Total weight of waste by type and disposal method.	194	
EN23	Total number and volume of significant spills.	196	
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.	-	Hazardous waste is transported by specialist 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 2014, the Eletrobras companies did not import hazardous waste. Eletrobras Furnas exported 17 tons of waste containing askarel for incineration.

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.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
DMA	**Products and Services**	70, 155, 181, 182, 187, 188, 194, 195	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
DMA	**Compliance**	45 to 49 62, 63 67 to 76	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	127	
DMA	**Transport**	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
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	**General**	197	
EN30	Total environmental protection expenditures and investments by type.	197	
SOCIAL PERFORMANCE - LABOR PRACTICES			
DMA	**Employment**	131 to 133 138, 139	
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	131, 132	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	133	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations in significant locations.	138, 139	

LA15	Return to work and retention rates after parental leave, by gender.	139	
DMA	**Labor relations**	139	
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	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
DMA	**Occupational health and safety**	135, 136	
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.	135	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	136	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	135	
LA9	Health and safety topics covered in formal agreements with trade unions.	135	
DMA	**Training and education**	139, 140	
LA10	Average hours of training per year per employee by gender and employee category.	139, 140	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	-	This indicator was not reported.
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	140	

DMA	**Diversity and equal opportunity**	56, 131, 137, 138	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	56, 131	
DMA	**Equal remuneration for women and men**	137, 138	
LA14	Ratio of basic salary and remuneration of women to men by employee category and by locations of significant operation.	137, 138	
SOCIAL PERFORMANCE - HUMAN RIGHTS			
DMA	**Investment and procurement practices**	173, 174	
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	174	
HR2	Percentage of significant contractors, suppliers, and other business partners that have undergone screening on human rights and actions taken.	174	
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.	173	
DMA	**Non-discrimination**	175	
HR4	Total number of incidents of discrimination and corrective actions taken.	175	
DMA	**Freedom of association and collective bargaining**	150	
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.	150	

DMA	**Child labor**	150	
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.	147	
DMA	**Forced or compulsory labor**	150	
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.	147	
DMA	**Security practices**	173	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	173	
DMA	**Indigenous rights**	156 to 159	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	Eletrobras companies did not register any incidents involving violation of rights of Indigenous peoples in 2014.
DMA	**Assessment**		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
DMA	**Reparação**	173 to 175	
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	175	
SOCIAL PERFORMANCE – SOCIETY			
DMA	**Local communities**	62, 150 to 157	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	62, 150, 151 to 157	
SO9	Operations with significant potential or actual negative impacts on local communities.	151	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	151	

DMA	**Corruption**	46 to 50 62, 63 67 to 76	
SO2	Percentage and total number of business units analyzed for risks related to corruption.	64, 65	In 2014, no business units were analyzed for risks related to corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	64, 65	The auditing firm collected the evidence for the information related to the indicator, but could not complete its the assurance. Eletrobras is adapting to enhancement requests in the form of consolidation of the evidence suggested by the audit firm.
SO4	Actions taken in response to incidents of corruption.	64, 65	
DMA	**Public policies**	39 to 41 114 to119	
SO5	Public policy positions and participation in public policy development and lobbying.	40	
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.
DMA	**Anti-competitive behavior**	127	
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	127	
DMA	**Compliance**	46 to 50 62, 63 67 to 76	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	127	

SOCIAL PERFORMANCE - PRODUCT RESPONSIBILITY			
DMA	**Customer Health and Safety**		
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.	-	These indicators were considered non-material in the materiality study conducted by Eletrobras.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.		
DMA	**Product and service labeling**		
PR3	Type of product and service information required by labeling procedures, and percentage of products and services subject to such requirements.	143	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	This indicator was considered non-material by the materiality study developed by Eletrobras.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	145, 146	
DMA	**Marketing communications**		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	61	
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**	127	
PR8	Total number of substantiated complaints regarding breaches of privacy and losses of customer data.	127	

DMA	**Compliance**	46 to 50 62, 63 67 to 76	
PR9	Monetary value of (significant) fines for noncompliance with laws and regulations concerning the provision and use of products and services.	127	
SECTOR-SPECIFIC – ELECTRIC UTILITIES			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	33, 90, 93, 94	
EU2	Net energy output broken down by primary energy source and by regulatory regime.	95	
EU3	Number of residential, industrial, institutional and commercial customer accounts.	108,109	
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	34, 97, 104	
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
DMA	**Availability and Reliability**	71, 93, 104	
EU6	Management approach to ensure short and long-term electricity availability and reliability.		
DMA	**Demand-side management**	114, 115 163 to 168	
EU7	Demand-side management programs including residential, commercial, institutional, and industrial programs.		
DMA	**Research and Development**	110 to 114	
EU8	Research and development activities and expenditures aimed at providing reliable electricity and promoting sustainable development.		
DMA	**Plant decommissioning**	-	This indicator was considered non-material, since the Eletrobras's nuclear power plants are fully operational.
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.	89	
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	96	
EU12	Transmission and distribution losses as a percentage of total energy.	103, 107	
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	-	This indicator was considered non-material in the materiality study conducted for this report.
DMA	**Employment**	136, 137	
EU14	Programs and processes to ensure the availability of a skilled workforce.		
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	134	
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	-	This indicator was considered non-material in the materiality study conducted by Eletrobras.
DMA	**Local Communities**	86, 160	
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	86	
EU20	Approach to managing the impacts of displacement.	160	
DMA	**Disaster / Emergency planning and response**	71 76 to 80	
EU21	Contingency planning measures, disaster/ emergency management plan and training programs, and recovery/restoration plans.	134, 154	

DMA	**Local Communities**	160	
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.		
DMA	**Access**	169, 172	
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.		
DMA	**Provision of information**	143	
EU24	Practices to address language, cultural, low literacy, and disability related barriers to accessing and safely using electricity and customer support services.		
DMA	**Customer health and safety**	78 to 80	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements, and pending legal cases of diseases.		
DMA	**Access**	96, 106, 109, 144, 145	
EU26	Percentage of population unserved in licensed distribution or service areas.	109	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	144, 145	
EU28	Power outage frequency.	106	
EU29	Average power outage duration.	106	
EU30	Fator de disponibilidade média por fonte de energia e regime regulatório.	96	

Original photo: Ruy Salaverry (Eletrobras)

Assurance Report

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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 2014 of Eletrobras, related to the year ended on December 31st, 2014.

Responsibilities of Eletrobras Management

The management of Eletrobras is responsible for preparing and adequately presenting the information in the 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014;

(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 2014 Annual and Sustainability Report;

(e) analysis of evidence supporting the quantitative and qualitative information disclosed in the 2014 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 2014.

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 2014 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 28th, 2015

KPMG Risk Advisory Services Ltda.
CRC SP-023233/O-4

Eduardo V. Cipullo
Accountant CRC 1SP135597/O-6

Original photo: Nilton Rolin (Itaipu Binacional)

Glossary, Contact us, Corporate Information

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 42 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.

Assurance (assured): action or effect of assuring, providing guarantee and security. A process that demonstrates the authenticity of data and information presented in a corporate report.

C

CNEN - Comissão Nacional de Energia Nuclear (National Nuclear Energy Commission): A federal autonomous agency created on October 10, 1956, under the Ministry of Science and Technology. As the highest body in planning, guidance, supervision and monitoring, the agency establishes rules and regulations on radiation protection and issues licenses, supervises, and controls nuclear activities in Brazil. In addition, the agency develops research in the use of nuclear techniques for the benefit of society.

CONAR - Conselho Nacional de Autorregulamentação Publicitária (National Self-Regulatory Advertising Council): is a civil society organization that establishes and enforces the regulations of the Brazilian Advertising Self-Regulation Code, approved in 1978 by the III Brazilian Advertizing Conference.

COSO ERM: corporate risks management metodology.

D

DEC - Duração Equivalente de Interrupção por Unidade Consumidora (Equivalent Outage Duration per Customer Account).

Discrimination: Unfair treatment given to people in relation to their peers, imposing excessive burdens or denying benefits, instead of treating them fairly, according to his/her professional training

and based on individual merit. Discrimination can also include humiliation, embarrassment, intimidation, coercion, verbal, physical or gestural violence, in addition to moral, political, religious, and sexual harassment, generically defined as a series of acts, comments or undesired actions or that are known to be undesired, by those who are targeted. In order to be characterized as moral harassment, the actions must repeatedly occur over a given period of time and must isolate the victim within his/her workspace.

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 it is said that the mouth of a river is its furthest downstream point of a river.

F

FEC - Frequência Equivalente de Interrupção por Unidade Consumidora: Equivalent Outage Frequency per Customer Account.

Forest Fragmentation: Natural vegetation areas disrupted by anthropogenic barriers (created through human action) or natural barriers, capable of significantly decreasing the flow of animals, pollen, or seeds.

G

GHG Protocol (Greenhouse Gases Protocol): metodology used to develop GHG inventories.

Global Compact: The Global Compact is 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): 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.

H

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, also known as Betinho (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.

IGS System: System of Indicators for Corporate Sustainability Management. A proprietary system to Eletrobras's.

L

Limnology (Limnological): it is the 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* (Light For All):** 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.

P

PDE (2023 Ten-Year Energy Expansion Plan): An expansion plan developed by the Ministry of Mines and Energy that prioritizes renewable energy sources in order to address the country's growing energy consumption, and which is intended to maintaining Brazil's commitment to driving its economic growth supported by a clean energy matrix.

R

Retrofitting (Retrofit): term especially used in engineering to describe the process of upgrading equipment that is outdated or that does not comply with specific standards.

RobecoSAM: International company headquartered in Zurich, Switzerland. Its specific focus is the analysis of investments in sustainability and considers economic, environmental and social criteria in its strategies.

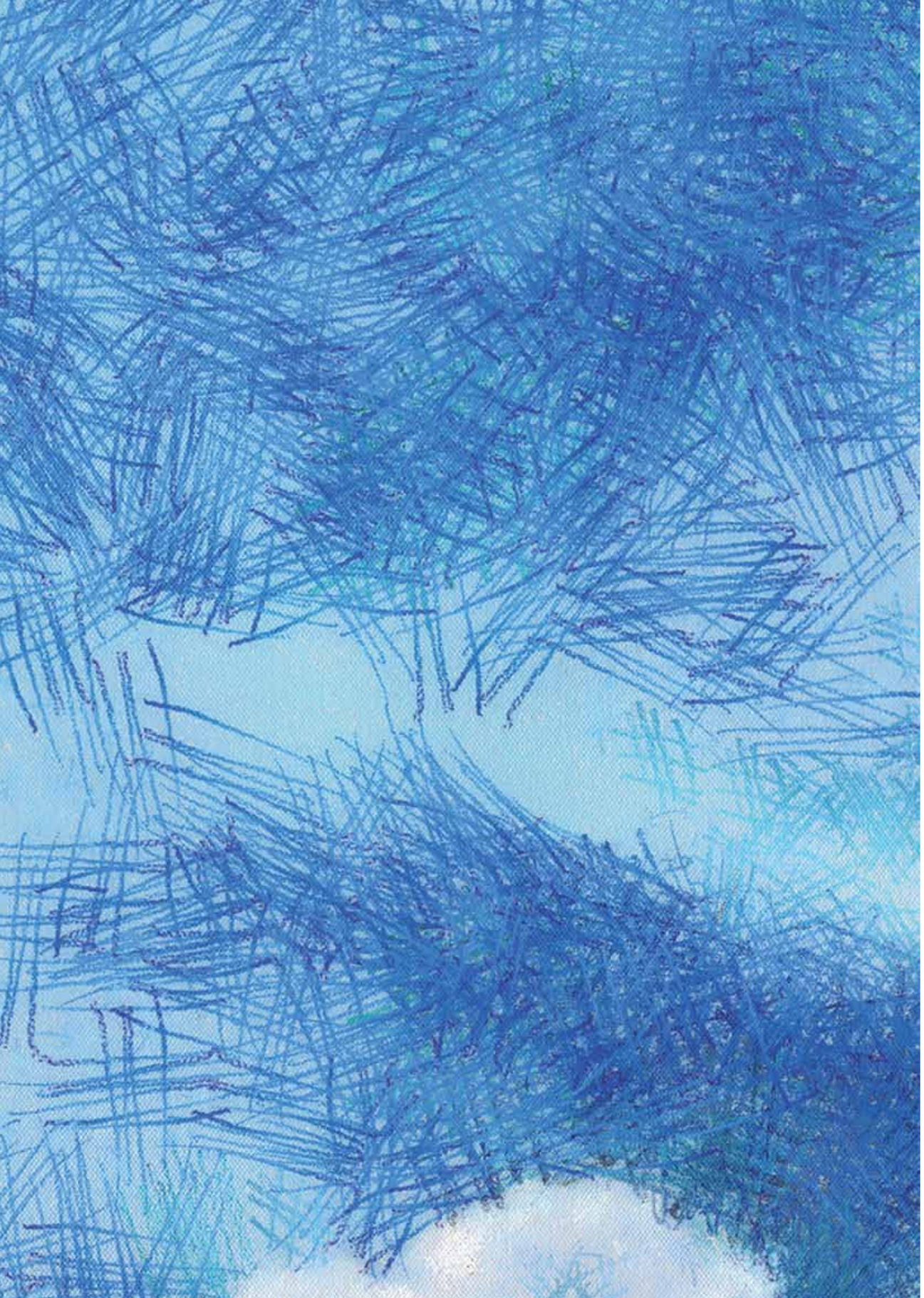
S

SPE (Special Purpose Entity): 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, SPE 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.

Significant suppliers: Those who provide inputs or services that are essential to the company's activities (Generation, Transmission, Distribution, and Research, in the case of Cepel), which cause a direct impact on the final quality of our services, as well as to the environment, health and safety of employees and whose activities may cause significant social risks; this definition includes all providers through labor-intensive agreements. Those who have access to confidential information of the organization as part of the company's essential and critical business processes are also considered critical suppliers. They are classified as Level 01, direct suppliers, and Level 02, indirect suppliers (subcontractors, manufacturers ,among others involved).

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.



Contact us

Eletrobras – Centrais Elétricas Brasileiras S.A. - offers many communication channels to its audiences.

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(GRI 2.4)

Contact Us – Eletrobras website > Contact Us
Website – http://www.eletrobras.com
Facebook – http://www.facebook.com/Eletrobras
YouTube – www.youtube.com/user/SistemaEletrobras
Twitter – @Eletrobras

Ombudsman's Office[63]

Av. Presidente Vargas, 409 – 15° andar - Centro
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Fax: +55 (21) 2514-6447
E-mail: ouvidoria@eletrobras.com

Reporting Hotline[64]

www.eletrobras.com/canaldenuncia/
denuncia@eletrobras.com

Branches

Eletrobras maintains multinational offices::

- **Central America and Caribbean (Panama City – Panama)**
  Edificio Torres de las Américas, piso 5, torre B, oficina 506 – Punta Pacífica
- **Southern Cone (Montevideo – Uruguay)**
  Av. Luis Alberto de Herrera 1.248
  Torre 2, oficina 311, CP – 11.300
- **Andina (Lima – Peru)**
  Calle Basadre 310 Oficina 601 B – San Isidro

Investor Relations (IR)

Phone: +55 (21) 2514-6331 or +55 (21) 2514-6333
Fax: +55 (21) 2514-5964
Website – www.eletrobras.com.br/elb/ri
Fale com o RI (Talk to IR) – invest@eletrobras.com

Custodian and Administrator of Eletrobras's Portfolio

Share and Custody Department
Phone: +55 (11) 3684-9441
Fax: +55 (11)3684-3811

Comments, suggestions, and information about this report

sustentabilidade@eletrobras.com

(GRI 3.4)

63 Customer service by letter, telephone, fax, e-mail or in person.
64 Channel to receive reports and information about possible irregularities or improprieties in the accounting records. Any person who identifies or suspects of the existence of irregularities at Eletrobras or at companies of the Eletrobras Group should communicate the fact directly to the company Ombudsman's Office.
65 Service in all branches of the bank..

Eletrobras

Corporate Information

Composition of the Board of Directors in 2014

- Márcio Pereira Zimmermann (chairman)
- Jailson José Medeiros Alves (employee representative)
- João Antônio Lian (representative of minority shareholders)
- José Antônio Corrêa Coimbra
- José da Costa Carvalho Neto
- Lindemberg de Lima Bezerra
- Maurício Muniz Barretto de Carvalho
- Wagner Bittencourt de Oliveira

Composition of the Fiscal Council in 2014 (full members)

- Jarbas Raimundo de Aldano Matos (president)
- Bruno Nunes Sad (financial specialist)
- Manuel Jeremias Leite Caldas
- Ricardo de Paula Monteiro
- Robert Juenemann

Composition of the Board of Executive Officers in 2014

- CEO: José da Costa Carvalho Neto
- Chief Generation Officer: Valter Luiz Cardeal de Souza
- Chief Transmission Officer: José Antônio Muniz Lopes
- Chief Distribution Officer: Marcos Aurélio Madureira da Silva
- Chief Regulatory Officer: Josias Matos de Araujo
- Chief Financial and Investor Relations Officer: Armando Casado de Araújo
- Chief Administrative Officer: Alexandre Aniz

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

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Keyassociados

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Platforms
This report can be downloaded at www.eletrobras.com

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Gotcha Idiomas!

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Eletrobras

Ministério de Minas e Energia

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