



ANNUAL REPORT

2019



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① INTRODUCTION



ABOUT THIS PUBLICATION

GRI 102-49, 102-50

This is the 19th consecutive edition of our Annual Report, published to present our strategy, performance and commitment to sustainable development to all our stakeholders, including all Eletrobras companies. The report presents our performance between January 1 and December 31, 2019.

The disclosures* in this publication represent the companies in the generation and transmission segment, which make up 100% of our turnover. The numbers of the financial statements of December 31, 2019 still registered an influence from the distribution business, considering that the transfers of shares of the remaining companies were carried out on March 18, 2019

(*Eletrobras Distribuição Alagoas*) and April 10, 2019 (*Eletrobras Distribuição Amazonas*). However, due to the sale itself being completed in 2018, this business will not be covered in this publication.

For the purpose of calculating indicators, whenever necessary and to preserve comparability, we will make disclaimers about what is and is not included.

Responsibilities and approval | GRI 102-32

The Board of Directors, supported by the Strategy, Governance and Sustainability Committee, recognizes the responsibility to ensure the integrity of this report. A dedicated team of technicians from our companies worked on the preparation of the publication and the body, in its review, believes that it provides a balanced and appropriate presentation of matters that have, or could have, a material effect on our ability to create value.

We approach the various themes following the coherence of the Eletrobras Value Creation Model (see page 27), starting from the external context in which we operate, going through our corporate profile and our activities, as well as our strategy, corporate governance and management of risks and opportunities - which permeate and guide our business -, and culminating in our performance, treated by capital (financial, manufactured, intellectual, social and relationship, natural and human).

Our various stakeholders are invited to review this report and provide feedback on our performance and its disclosure on the value generation process.

José Guimarães Monforte

Chairman of the Strategy, Governance and Sustainability Committee
Chairman of the Board of Directors of Eletrobras

* The term "disclosures" is used in the English version of this Report, substituting the term "indicators" in its Portuguese version, to better represent the GRI Materiality Disclosures Service requisites.

Reporting practices

Our report is prepared based on the best global corporate sustainability management and reporting practices:

- Global Reporting Initiative (GRI) – Standards 2016*, with the exception of the Water material theme disclosures, which already follow the review published at the end of 2018 (this report has been prepared in accordance with the GRI Standards: Core option); GRI 102-54
- Principles of the United Nations (UN) Global Compact;
- Sustainable Development Goals (SDGs);
- Integrated Reporting (IR) Framework; and
- Management Report of the Union Court of Auditors (TCU).

Useful reading tools

In addition to the linear fluency of this publication, at the end of the report you will find two reading possibilities, guided by:

GRI Content Index (page 169)

Index that describes each GRI disclosure**, indicating the reasons for omission, when applicable, additional information and listing the page on which it is reported.

Learn more about on the [GRI website](#).

SDG Map (page 182)

Map that indicates the SDGs related to the themes addressed throughout the report and with contents that support reaching the SDGs, the relationship being established through the indication of the pages.

Learn more about the SDGs on the [United Nations Brazil website](#).

* The term “version” used in the Portuguese version of this Report, was excluded in its English version, to better represent the GRI Materiality Disclosures Service requisites.

** The term “disclosure” is used in the English version of this Report, substituting the term “indicator” in its Portuguese version, to better represent the GRI Materiality Disclosures Service requisites.

Reliability of the information

GRI 102-56

The information published in this report was assured by an independent third party, as directed by the Executive Board and the Board of Directors and in accordance with international verification parameters. Find out more in the PwC Limited Assurance Report, on [page 185](#).

Stakeholder groups and topics of interest

GRI 102-40, 102-42

Our stakeholders are part of the main inputs in the value generation chain of Eletrobras companies, being a fundamental part in defining the Materiality Matrix.

Our stakeholders

- Work force/family members
- investors/shareholders/market analysts
- communities
- society
- press/opinion leaders
- partners/sponsored/suppliers
- governments/parliamentarians/regulatory bodies
- customers/consumers/distributors

The process of identifying and selecting our stakeholders for engagement is developed in alignment with our business strategy and the Code of Ethics and Integrity of Eletrobras companies. We also consider our commitment to sustainable development, favoring dialogue and involvement according to the Eletrobras Companies' Communication and Engagement Policy with Stakeholders - whose third version was approved in May 2019 by the Eletrobras Board of Directors - and the Policy of Eletrobras Companies Spokespersons, established in November 2018.

Materiality

For the 2019 Annual Report, we used the materiality process described below in order to map the topics with the greatest potential for impact and value creation according to our business strategy and according to the perception of impact obtained from stakeholders.

Definition of materiality

GRI 102-21, 102-46

Stage 1 – Assessment of stakeholder perception:

consultation on the opinion and perception of the stakeholders' impact through an online survey made available on all the websites of our companies and sent by mailing to the main suppliers and investors, in addition to the press. In-depth interviews were also conducted with several relevant interlocutors: Ministry of Economy (Sest), Ministry of Mines and Energy, Brazilian Business Council for Sustainable Development (CEBDS), Global Compact, Dow Jones Sustainability Index (DJSI), business partners, suppliers, NGOs, academia, among others. The use of two different formats of listening and analysis enables the transversal understanding of the issues that impact the sustainability of the companies' businesses.

Stage 2 – Prioritization and definition of the previous materiality matrix: materiality workshop, held with the participation of all the sustainability coordinators of the Eletrobras companies and with the representatives of the Executive Committee for Sustainability Management. Those present had the task of building the Materiality Matrix of the Eletrobras companies, considering the themes with potential to impact stakeholders and the perception of the same themes according to the strategy of the Eletrobras companies, using online research and interviews as a basis.

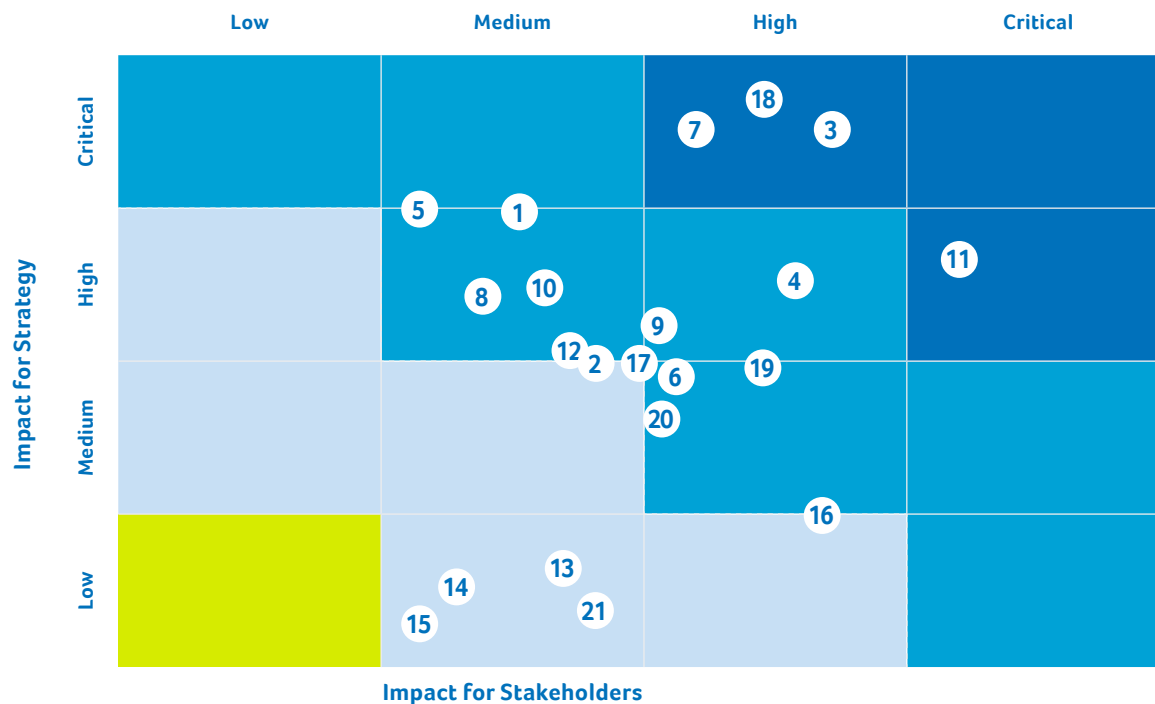
Subsequently, a process of calibrating non-prioritized themes was carried out in order to adjust possible distortions in the previous analysis, which was done by balancing the results of the online survey, interviews, RepRisk (media analysis tool and degree of exposure to reputational risk) and materiality benchmarking of other market players, which represent the external scenario. After the calibration process, the highly relevant topics (considered to be of high or critical impact) have been prioritized, thus generating the matrix with 12 themes.

Stage 3 – Validation with the Leadership: in line with the methodology of the Global Reporting Initiative (GRI) and the International Integrated Report Council (IIRC), the Materiality Matrix of the Eletrobras companies was submitted for validation by the Board of Directors of the holding and all subsidiaries. In addition to the themes previously proposed at the workshop, the Board of Directors decided to include the Corporate Governance aspect as material for Eletrobras companies totaling the 13 themes presented below.

1.006 people answered the online survey
 Assessment of the degree of impact of 23 themes

Eletrobras 2020 materiality matrix

GRI 102-47



Below follow the list of material themes, highlighted in blue.



13 Material Themes

- ① Research and Development + Innovation
- ② Relationship with suppliers
- ③ Water
- ④ Social and environmental aspects in decision-making
- ⑤ Cybersecurity and digital transformation
- ⑥ Human rights
- ⑦ Risk and crisis management
- ⑧ People management and development
- ⑨ Climate changes
- ⑩ Energy transition
- ⑪ Corruption and ethics management
- ⑫ Corporate governance
- ⑬ Relationship with communities
- ⑭ Biodiversity
- ⑮ Waste
- ⑯ Legal and regulatory compliance
- ⑰ Energy supply
- ⑱ Financial result
- ⑲ Energy efficiency
- ⑳ Health, safety and well-being
- ㉑ Communication and transparency

Material themes and their limits

The table below is the result of the materiality determination process reported on [page 7](#). The limits determine where or in which audiences the impacts occur, and capital is based on the concept proposed by the framework of the IIRC (International Integrated Reporting Council) for the grouping of the different types of input or resources used by Eletrobras companies to generate value.

COMPANIES














































-  All Eletrobras companies
-  All Eletrobras companies, except Eletropar

STAKEHOLDERS

-  Customers
-  Employees
-  Communities
-  Suppliers
-  Government
-  Investors
-  Society
-  All

CAPITALS



| Material Theme ¹ GRI 102-44 | Companies | Stakeholders | Specific GRI disclosures | Capitals | SDG |
|---|---|---|--|---|---|
| Research and Development + Innovation |  |      | EU8 |  |    |
| Water |  |    | 303-1 a 303-5 |  |     |
| Socio-environmental aspects in decision-making ² |  |      | 102-29 e 102-31 | Not associated with capital, but to the corporate governance of the company, which permeates and guides the value creation activities |      |
| Digital transformation |  |    | There are no specific disclosures for this topic |   |  |
| Cybersecurity |  |  | 418-1 |   |     |

























| Material Theme ¹ GRI 102-44 | Companies | Stakeholders | Specific GRI disclosures | Capitals | SDG |
|---|-----------|--------------|---|---|-----|
| Risk and crisis management ² | | 8 | 102-15, 102-30, EU21 | | |
| People development management | | 2 6 | 401-1, 404-1 a 404-3 e EU14 | | |
| Human rights | | 2 3 4 5 7 | 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-2 e 412-3 | | |
| Climate changes | | 1 3 4 5 6 7 | 201-2, 305-1 a 305-5, 305-7 | | |
| Energy transition | | 5 6 7 | EU10 | | |
| Corruption and ethics management ² | | 8 | 102-17, 102-25, 205-1 a 205-3 e 415-1 | | |
| Corporate governance ² | | 8 | 102-19, 102-20 e 102-21 a 102-39 | Not associated with capital, but to the corporate governance of the company, which permeates and guides the value creation activities | |
| Energy supply | | 1 5 6 7 | EU6, EU11, EU12 e EU30 | One of the activities through which the company transforms inputs into values | |
| Financial result | | 2 4 5 6 | 201-1 | | |

Notes: 1. For each material topic, it is mandatory, according to the methodology of the Global Reporting Initiative, to report the disclosures of management form 103-1, 103-2 and 103-3.

2. Themes for which standard-general disclosures have been added (which must be reported in the composition of the profile, corporate governance and organizational strategy) are not mandatory for GRI reports under the "Essential" option. The objective is to present comprehensive information on Eletrobras' performance on these topics that are not covered by specific disclosures.

Other GRI Disclosures*

We also chose to report disclosures associated with topics that were not mentioned in the process of determining materiality to maintain the history and comparability between cycles.

| Theme | Specific GRI disclosures | Capitals | SDG |
|---|----------------------------|---|---|
|  PURCHASING PRACTICES | 204-1 |  FINANCIAL  MANUFACTURED  SOCIAL AND RELATIONSHIP CAPITAL |  8 DECENT WORK AND ECONOMIC GROWTH  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
|  BIODIVERSITY | 304-2 e 304-3 |  NATURAL |  14 LIFE BELOW WATER  15 LIFE ON LAND |
|  EMPLOYMENT | 401-2 e 401-3 |  HUMAN |  3 GOOD HEALTH AND WELL-BEING  5 GENDER EQUALITY  8 DECENT WORK AND ECONOMIC GROWTH |
|  OCCUPATIONAL HEALTH AND SAFETY | 403-1, 403-3 e 403-4, EU16 |  HUMAN |  3 GOOD HEALTH AND WELL-BEING  8 DECENT WORK AND ECONOMIC GROWTH |
|  COMMUNITIES | 413-1 e 413-2, EU20, EU22 |  SOCIAL AND RELATIONSHIP CAPITAL |  1 NO POVERTY  2 ZERO HUNGER |

* The term "disclosures" is used in the English version of this Report, substituting the term "indicators" in its Portuguese version, to better represent the GRI Materiality Disclosures Service requisites.

HIGHLIGHTS

Corporate governance, integrity and human rights

For the third consecutive time, we reached the maximum score at IG-Sest Level 1 (excellence level), in all dimensions, in the 4th Certification Cycle of the Governance Indicator of the State Companies Coordination and Governance Secretariat (SEST). In addition to the holding company, the certification included the subsidiaries Eletrobras Chesf, Eletrosul, CGTEE, Amazonas GT, Furnas, Eletronuclear and Eletronorte, which also reached IG-Sest Level 1.

85%
of trained governance body members and

25%
of business partners¹ reported on anti-corruption practices.

118,936 hours
of training in human rights policies and procedures

3,827
employees trained.

73%
of Special Purpose Entities with participation by Eletrobras companies responded to the Human Rights due diligence survey.



Financial capital

- ↳ Eletrobras' share capital totaled **R\$ 31.3 BILLION – 1,352,634,100 SHARES.**
- ↳ The Net Operating Income jumped from **R\$ 25,772 MILLION** in 2018 to **R\$ 27,726 MILLION** in 2019.
- ↳ Consolidated net income of **R\$ 10,744 MILLION** – return of **15%** in relation to Net Equity.
- ↳ Recurrent Ebtida grew **5.3%**, jumping from **R\$ 12,540 MILLION** in 2018 to **R\$ 13,210 MILLION** in 2019.

Manufactured capital



- ↳ We exceeded the mark of **50 THOUSAND MW** of installed capacity, equivalent to **30%** of the country's installed capacity.
 - ↳ Inauguration of the Belo Monte and Sinop hydroelectric plants, with an installed capacity of **11,233.1 MW** and **401.88 MW** – **BELO MONTE** is the largest **100%** brazilian plant in installed capacity.
 - ↳ Net energy generation of **185,025 GWH** in 2019, compared to **183,245 GWH** in 2018.
 - ↳ Entry into operation of wind farms **ACAUÃ, ANGICAL 2, ARARAPÁ AND TEIU 2, PINDAÍ I WIND COMPLEX; COQUEIRINHO 2 AND PAPAGAIO, OF THE PINDAÍ II WIND COMPLEX; AND TAMANDUÁ MIRIM 2, OF THE PINDAÍ III WIND COMPLEX.**
 - ↳ **71,153.60** kilometers of transmission lines.
 - ↳ **99.4%** transmission availability.
- PROCEL RESULTS:**
- ↳ **21.6 MILLION MWH** of energy saved in 2019.
 - ↳ **1.6 MILLION** tons of CO₂ equivalent of avoided GHG emissions.
 - ↳ **8.1 THOUSAND MW** of demand reduction at the edge.

1. Business partners in Special Purpose Entities (SPEs).



Intellectual capital

- ➔ **RS 319.4 MILLION** invested in Research & Development + Innovation.
- ➔ We concluded, with the Bolivian National Electricity Company (Ende) and the Inter-American Development Bank (IDB), an international tender for contracting the **ELECTRIC INTERCONNECTION STUDY BETWEEN BOLIVIA AND BRAZIL**.
- ➔ **RS 51 MILLION** invested in innovations for sustainability.

Social and relationship capital



- ➔ **HOLDING OF THE 8TH EDITION OF THE ELETROBRAS COMPANIES SPONSORSHIP PROGRAM FOR ELECTRIC SECTOR EVENTS**, with a selection of **24 TITULAR PROJECTS** and **9 ALTERNATE PROJECTS**.
- ➔ Realization by Eletrobras holding, Furnas and Eletronorte the **7TH EDITION OF THE CULTURAL PROGRAM OF ELETROBRAS COMPANIES**, in which **22 TITULAR PROJECTS** and **8 ALTERNATES WERE SELECTED** for sponsorship, and the 1st edition of the **ELETROBRAS COMPANIES SPORTS SPONSORSHIP PROGRAM**, in which **8 TITULAR PROJECTS** and **3 ALTERNATES WERE SELECTED**.
- ➔ 1st edition of the Eletrobras Companies' Social Projects Notice, in which **12 TITULAR PROJECTS** and **5 ALTERNATES WERE SELECTED**.



Natural capital

- ↳ Updates to **SUSTAINABILITY AND ENVIRONMENTAL POLICIES**.
- ↳ Reduction of water consumption in administrative activities from **4,087.30 THOUSAND** cubic meters in 2018 to **3,448.26 THOUSAND** cubic meters in 2019.
- ↳ Total emissions of **5,897,384 tCO₂e**.
- ↳ Donation of **76.5 THOUSAND** seedlings for planting on the banks of rivers and streams in the São Francisco River basin.
- ↳ Donation of **1.6 MILLION** seeds of **88 DIFFERENT SPECIES**.
- ↳ **96% OF ELETROBRAS' ENERGY MATRIX** comes from clean sources².



Human capital

- ↳ **14,369** employees.
- ↳ **2,765** women and **11,604** men.
- ↳ **22%** of women in leadership positions.
- ↳ **23%** of the leadership is made up of black, brown, yellow and indigenous people.
- ↳ **2.67%** of employees are people with disabilities.

Worker in the construction of the Santo Antônio hydroelectric plant. Eletrobras Furnas / José Lins Collection.

2. It considers hydro, wind, solar and nuclear sources.

MESSAGE FROM THE MANAGEMENT

GRI 102-14

When we look back, we will remember 2019 as a year of iconic milestones that reaffirmed Eletrobras' position as the largest electricity company in Brazil and Latin America. With the activation of the 18th and last turbine, we inaugurated the monumental Belo Monte hydroelectric plant, in Pará. Largest 100% Brazilian plant in installed capacity, with 11,233 MW of power, Belo Monte transforms the strength of the Xingu River into renewable energy for around 60 million Brazilians. The commitment to clean energy, which represents 96% of the Eletrobras System matrix, also inspired us to implement a landmark of innovation and sustainability: the floating solar plant in the Sobradinho hydroelectric reservoir, in Bahia.

The waters of the Teles Pires River, in Mato Grosso, started to generate energy in the two turbines of the Sinop hydroelectric plant, with a total capacity of 401.88 MW of power. With the objective of completing the works of the Angra 3 nuclear power plant, in the state of Rio de Janeiro, this venture was included in the Investment Partnership Program of the Presidency of the Republic, in addition to market sounding being carried out by Eletrobras for identification of potential partners. Also noteworthy is the entry into commercial operation of seven wind farms, in addition to ten other wind

farms under implementation, with a total capacity of 190 MW. These and other investments led Eletrobras to surpass another historic mark in 2019: more than 50 thousand MW of installed power, accounting for 30% of the country's generation. And, with 45% of the transmission lines (voltage equal to or above 230 kV), it remains the leader in this market segment.

The divestments were also important for the company's recovery strategy. With the privatization of the distributors, Eletrobras returned to its traditional core business: power generation and transmission. In addition to the sale of minority interests in special purpose companies, these measures contributed to the recovery of confidence in Eletrobras, with a direct impact on the company's market value, which rose from R\$ 33 billion in 2018 to over R\$ 51 billion in 2019. Market recognition has been sustained, even in a different period due to the new coronavirus pandemic - the company's updated market value was R\$ 45.5 billion on May 30, 2020.

Management and corporate governance practices were also intensively developed and improved in 2019. Throughout the year, in 27 work meetings, the Board of Directors (CA) actively participated in monitoring the strategic projects and goals of



Wilson Ferreira Junior, president of Eletrobras. Eletrobras holding / Cláudio Ribeiro collection.

the Business and Management Master Plan (PDNG 2019-2023), as well as drafted and approved the guidelines for the next strategic planning cycle. It was also the year of consolidation of Eletrobras' Statutory Audit and Risk Committee (CAE), which advises the Board in monitoring the PDNG, examining fundraising and discipline in capital allocation, with analysis of the effectiveness of internal controls, audit and compliance issues.

It is also worth mentioning the resizing of the staff, with an estimated annual savings of R\$ 746 million as of 2020, considering the two voluntary termination plans; the start of the Zero



José Guimarães Monforte, chairman of the Eletrobras Board of Directors. Eletrobras holding / Cláudio Ribeiro collection.

Base Budget (OBZ) project, which reinforces the culture of cost management and transparency; the reduction in leverage from 3.1 to 1.6 times; investments in the automation of our substations; implementation of the ERP system (Enterprise Resource Planning) in all Eletrobras Companies; and the consolidation of the Shared Services Center (CSC).

The recognition of the market and the government certified the company's good performance, guaranteeing the same level of certification as 2018, but advancing in the B3 State Governance Highlight Program from 50 to 56 points, just four levels below the maximum score. Eletrobras is leaner, integrated, efficient and sustainable. The

challenges, however, are still many, especially for the achievement of one of Eletrobras' main objectives: to recover the company's investment capacity and, thus, expand the possibility of operating with continued success in a highly competitive environment.

In 2020 we achieved another important milestone. In the first days of January, the shareholders approved the unification of the operations of the subsidiaries Eletrobras Eletrosul and CGTEE, creating Eletrobras CGT Eletrosul. The new company will deepen the synergy of operations in Southern Brazil, providing greater efficiency, process improvement and optimization of results.

As a signatory of the Global Compact, in 2019, Eletrobras supported and continuously monitored initiatives related to the Sustainable Development Goals (SDGs) prioritized by the company, which make up the 2030 Agenda.

Throughout this year, in parallel with the work for Eletrobras' constant evolution, we will monitor the progress of the company's capitalization bill presented to the National Congress in 2019 by our controlling shareholder, the Union. The sale of Eletrobras Amazonas GT to Eletrobras Eletronorte was also approved, optimizing the governance of subsidiaries and the capital structure of the Eletrobras System.

In addition, Eletrobras has been monitoring, since January 2020, the evolution and possible impacts caused by the Covid-19 pandemic, caused by a new coronavirus, following the recommendations of the Ministry of Health, the government of the State of Rio de Janeiro and the governments of the States and the cities in which their subsidiaries are located. The company has taken steps to efficiently monitor the progress of the coronavirus, preserve its workforce and prevent the spread of the disease, including through the creation of a Crisis Committee, which aims to coordinate all actions related to the pandemic.

We thank our shareholders, employees and other partners for their trust, recognition and synergy in building a successful company.

Wilson Ferreira Junior
President of Eletrobras

José Guimarães Monforte
Chairman of the Board of Directors

COVID-19 PANDEMIC

Eletrobras and its companies have been monitoring, since January 2020, the evolution and possible impacts caused by the coronavirus pandemic, Covid-19, and following the recommendations of the Ministry of Health and the governments of the states and cities where its operations are located. Eletrobras companies prioritized the preservation of their employees and collaborators, avoiding the spread of the disease, and maintaining the generation and transmission of electric energy in the country. To coordinate and monitor all actions related to the pandemic, on March 17, 2020, the Eletrobras Companies Crisis Monitoring and Management Committee was created, formed by the holding's Executive Board, the Presidents of its controlled companies and the Chief Executive Officer of Cepel.



Due to the need to preserve its essential activities, the company, as far as possible, took several actions:

- ➔ **ANTICIPATED VACATIONS;**
- ➔ **APPROVED HOURS BANK COMPENSATION;**
- ➔ **AUTHORIZED TELEWORKING;**
- ➔ **RESTRICTED NATIONAL TRAVEL;**
- ➔ **LIMITED THE NUMBER OF PEOPLE AT IN-PERSON MEETINGS;**
- ➔ **SUSPENDED TRAVEL AND PLACED EMPLOYEES WHO HAD SYMPTOMS IN QUARANTINE; AND**
- ➔ **ALSO ASKED THEIR SERVICE PROVIDERS TO EQUALLY OBSERVE ALL THE GUIDELINES OF THE MINISTRY OF HEALTH.**

With regard to the operation, the company has been adopting all measures to maintain normality, given the strategic sector in which it operates, and, mainly, for being the largest Brazilian electric power company, with more than 50 thousand MW of power installed, accounting for 30% of the country's generation and 45% of transmission lines with voltage equal to or above 230kV. Among the measures, a contingency action plan was created with the objective of mapping, monitoring and guiding employees on the actions required in generation and transmission operations.

The financial impacts of the pandemic, which will affect nations and various sectors worldwide, may also affect the results of Eletrobras companies, mainly due to the possible stagnation of the Gross Domestic Product (GDP) and the consequent reduction in the consumption of electricity in the industrial and commercial sectors. Notwithstanding the creation of the COVID account, regulated by Aneel through normative Resolution 885, there is a risk of an increase in the incidence of default with distribution companies and in bilateral

contracts in the free contracting environment, with a potential increase in requests for renegotiation of contracts. However, it is worth noting the high degree of uncertainty regarding the possible reduction in electricity consumption in the country, as well as its duration.

News from European countries indicate a reduction in the flattening stage of the Covid-19 pandemic, as in some Asian countries. In Brazil, where increased social distance is still a reality, around 70% of the qualified workforce of Eletrobras companies has started to work in telework. Our employees have expended efforts to maintain corporate activities, support for the permanence of the operation of generation and transmission assets and for the functioning of our management and governance structures, maintaining the necessary resources so that our managers continue to make decisions in favor of the sustainability of our companies.

The company has already started the testing of part of its workforce and has strengthened preventive measures to prevent the spread

and contamination by coronavirus. In parallel, under the guidance of the Crisis Committee, it works on the elaboration of a protocol for the gradual resumption of face-to-face work in all its units, safeguarding the health and safety of its workforce, with socio-environmental responsibility, transparency and prudence, preparing everyone for the new normal ahead.

In addition, aware of its important social role, the company negotiated alternative measures with its supply chain in order to preserve jobs and maintain the health and safety of outsourced employees. It also established corporate guidelines for donations and support to surrounding communities and society in general.

In this very unusual moment for all, Eletrobras has demonstrated high resilience, a high degree of commitment and a clear purpose for all its managers and employees to generate and transmit the energy that Brazil needs to fight the pandemic, preserve lives and maintain economic activities.

INDUSTRY CONTEXT

Macroeconomic indicators

Brazilian Gross Domestic Product (GDP) grew 1.1% compared to 2018 - a weak performance that demonstrates the slow recovery of the economy, associated, in part, with low household consumption. Inflation, as measured by the IPCA variation, reached 4.31% per year, against 3.75% in 2018. This level is above the floor established by the National Monetary Council (CMN) under the inflation targeting regime - 4.25% per year. According to IBGE, the IPCA was pressured in 2019, mainly by the increase in meat and fuel prices, followed by health plans.

Sectoral indicators

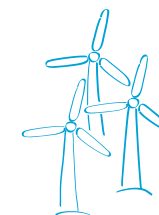
According to the Energy Research Company (EPE), the consumption of the electricity sector reached 482,084 GWh by December, an increase of 2.1% compared to 2018. Climate and billing cycle caused consumption by the residential and commercial classes to grow 1.2% and 3.8%, respectively, while industrial consumption decreased 1.3%. All regions recorded high consumption in 2019, the Northeast being the most significant - 3.0%.

Regulatory outlook

The Electricity Sector Modernization Working Group, instituted by MME Ordinance No. 187/2019, generated discussions on a series of changes, such as separation of ballast and energy, opening of the market and improvement of the Energy Reallocation Mechanism (MRE). In this context, Public Consultations were opened, including MME No. 82/2019, which dealt with the revision of the reference values for the levels of availability of the plants (TEIF and IP).

Aneel launched Public Hearing No. 03/2019 to review normative resolution in order to enable the calculation of the amount of generation indemnities associated with concessions, whether extended or not, based on Law No. 12.783/2013 and Decree No. 7.850/2012. The agency also opened Public Consultation No. 026/2019, this time to review the methodology for calculating capital remuneration, applicable to transmission and to quota and nuclear generations.

Still in 2019, Aneel Subsidy Taking No. 06/2019 was opened, on ancillary service provision, a subject that receives special attention due to the forecast of increased penetration of intermittent renewable sources in the Brazilian electricity sector.



Climate and billing cycle caused consumption by the residential and commercial classes to grow 1.2% and 3.8%, respectively, while industrial consumption decreased 1.3%. All regions recorded high consumption in 2019, the Northeast being the most significant - 3.0%.

In the transmission segment, Ratifying Resolution No. 2565/2019 established the Allowed Annual Revenues (RAPs) to the concessionaires of electricity transmission for the 2019-2020 cycle (from July 1, 2019 to June 30, 2020). On December 31, the Eletrobras companies' RAP was of the order of R\$ 11,493 million, representing an increase of approximately 6.76% in relation to 2018. The Variable Portion (PV) discounts, the portion to be deducted from the transmitter's revenue due to the inadequate provision of the public transmission service, remained relatively stable - 2.16% and 2.28% respectively in 2018 and 2019.

Auction No. 002/2019 did not present the changes in the methodology for calculating the Weighted Average Cost of Capital (WACC) provided for in the Tariff Regulation Procedure (Proret). However, the real cost of third-party capital, a factor that makes up one of the parameters of the Regulatory Capital Remuneration Rate, was reduced from 6.94% to 6.61% per year.

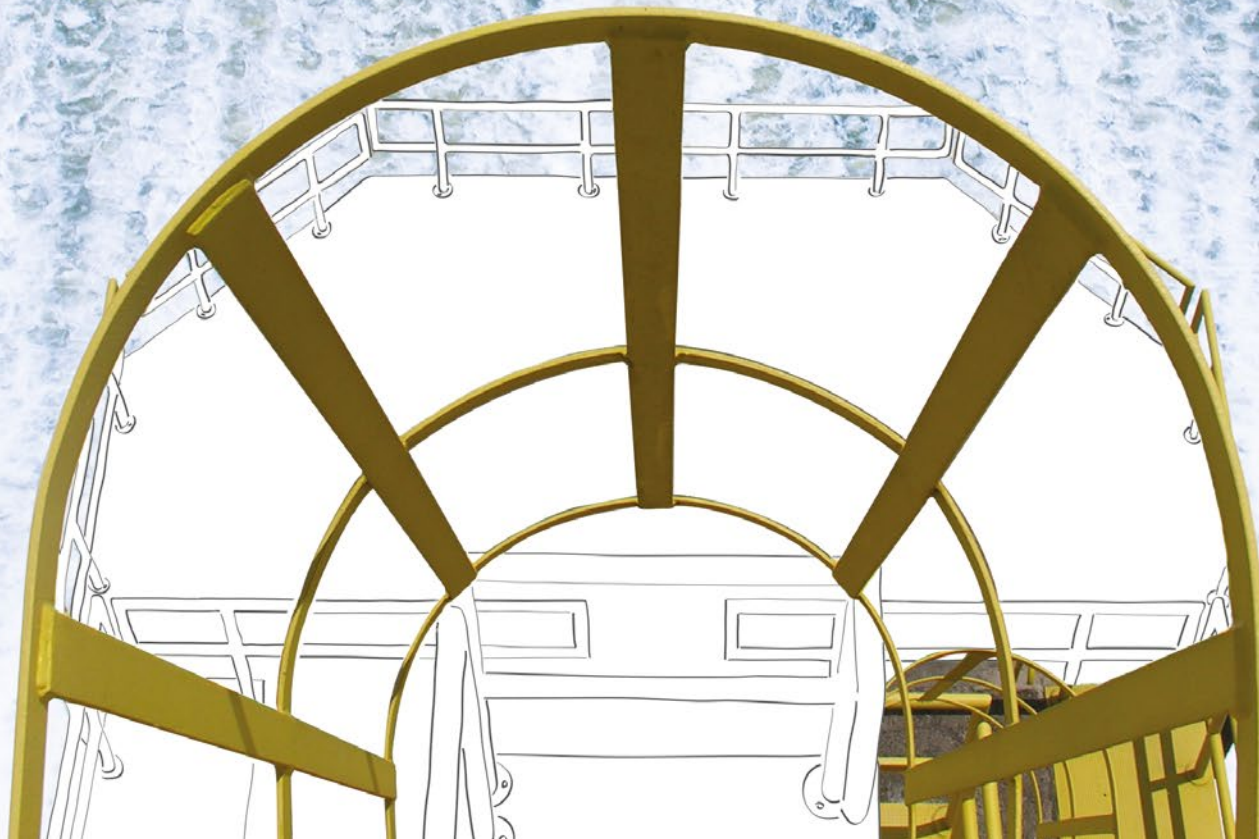
In order to improve transmission regulations, Aneel published normative resolutions and opened public hearings and consultations. The main changes were: approval of procedures, parameters and criteria for the imposition of penalties on agents in the electricity sector; establishment of the provisions related to the quality of the public electricity transmission service associated with the availability and the operative capacity of

Converter Transmission (FT) and converter of High Voltage Direct Current Transmission Installations (CCAT) functions; and improvement of the proposal to revise the requirements for the operation regime of the transmission and electricity generation facilities established in the Grid Procedures.

There was also a revocation of a normative resolution dealing with the separation of operating and holding activities from electricity transmission companies, which ended with a controversial point, which compromised the competitiveness of auctions and impacted the corporate restructuring processes of the companies. Subsidies were also taken for the preparation of Aneel's Regulatory Agenda 2020/2021. Eletrobras contributed with topics for the review and creation of regulatory treatment rules for the remuneration of transmission equipment with an exhausted useful life; improvement of regulations associated with reinforcements and improvements; and definition of indemnity rules for assets not depreciated or amortized at the end or termination of the concession contract.

We also participated in the consultation to assess the need to improve regulatory controls related to the regulatory useful life of transmission equipment, with currently depreciated assets failing to return to the concessionaire, who receives only an amount equivalent to operating and maintenance expenses.

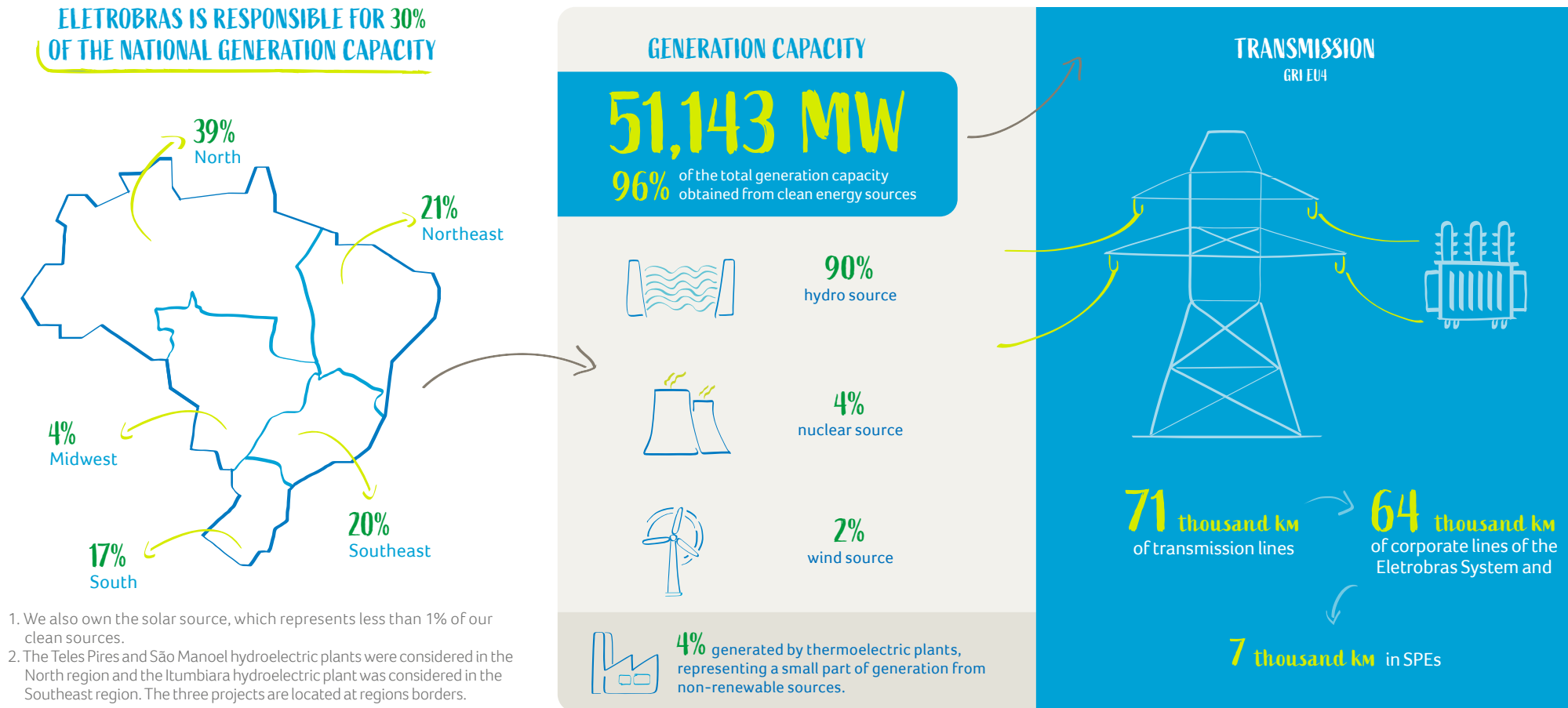
② CORPORATE PROFILE



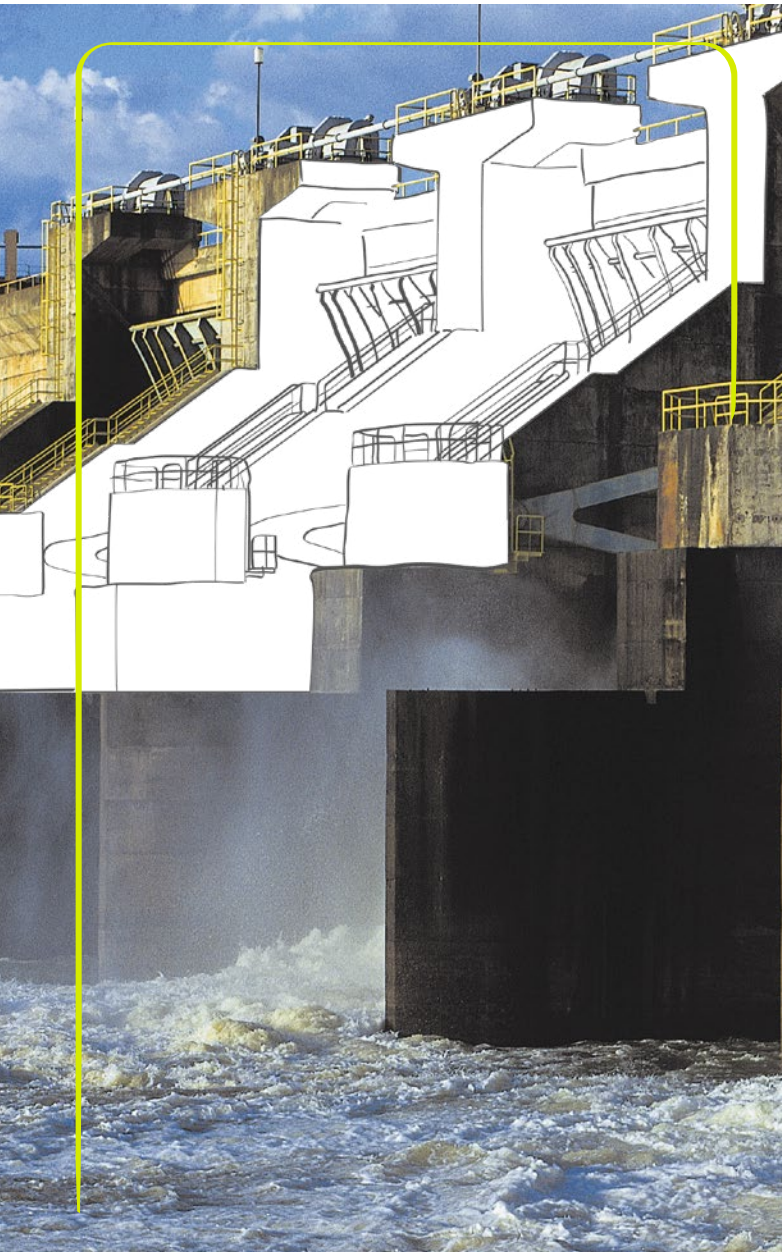
ELETROBRAS

GRI 102-2, 102-4, 102-6, 102-7, EU1

Since its foundation in 1962, Centrais Elétricas Brasileiras S/A - Eletrobras - has been composing and transforming the Brazilian energy matrix, contributing to the construction of the current scenario in our country. On December 31, 2019, Brazil reached an installed capacity of 172 GW, of which 51 GW come from Eletrobras, equivalent to 30%. Of this total, 60.9% is comprised of projects wholly owned by the Eletrobras system, 23.6% of projects carried out through Special Purpose Entities (SPEs) and 15.5% of projects on shared ownership, including half of the capacity of Itaipu Binacional (7,000 MW).



1. We also own the solar source, which represents less than 1% of our clean sources.
 2. The Teles Pires and São Manoel hydroelectric plants were considered in the North region and the Itumbiara hydroelectric plant was considered in the Southeast region. The three projects are located at regions borders.



Eletrobras abroad

GRI 102-4

In 2019, we acted primarily on regional integration and renewable energy generation projects in the Latin American continent. We also seek to strengthen relations with local agents and with multilateral development agencies for the development of our international projects.

Regarding the energy potential on the border between Brazil and Bolivia, the progress of the Binational Hydroelectric Inventory Study in part of the Madeira River Basin by the company WorleyParsons Engenharia Ltda. The study was jointly contracted by Eletrobras, the Bolivian National Electricity Company (Ende) and the Banco de Desarrollo de América Latina (CAF), with completion scheduled for the first half of 2020.

Also, in relation to Bolivia, the start of studies for the Brazil-Bolivia electrical interconnection, carried out by Eletrobras in partnership with the Inter-American Development Bank (IDB) and Ende, which is expected to end in the second half of 2020, is noteworthy.

We also maintained our strategic partnership with the Uruguayan state-owned Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE), aimed at promoting the generation of energy from renewable sources, exemplified

in the joint development and operation at the Artilleros Wind Farm (65 MW).

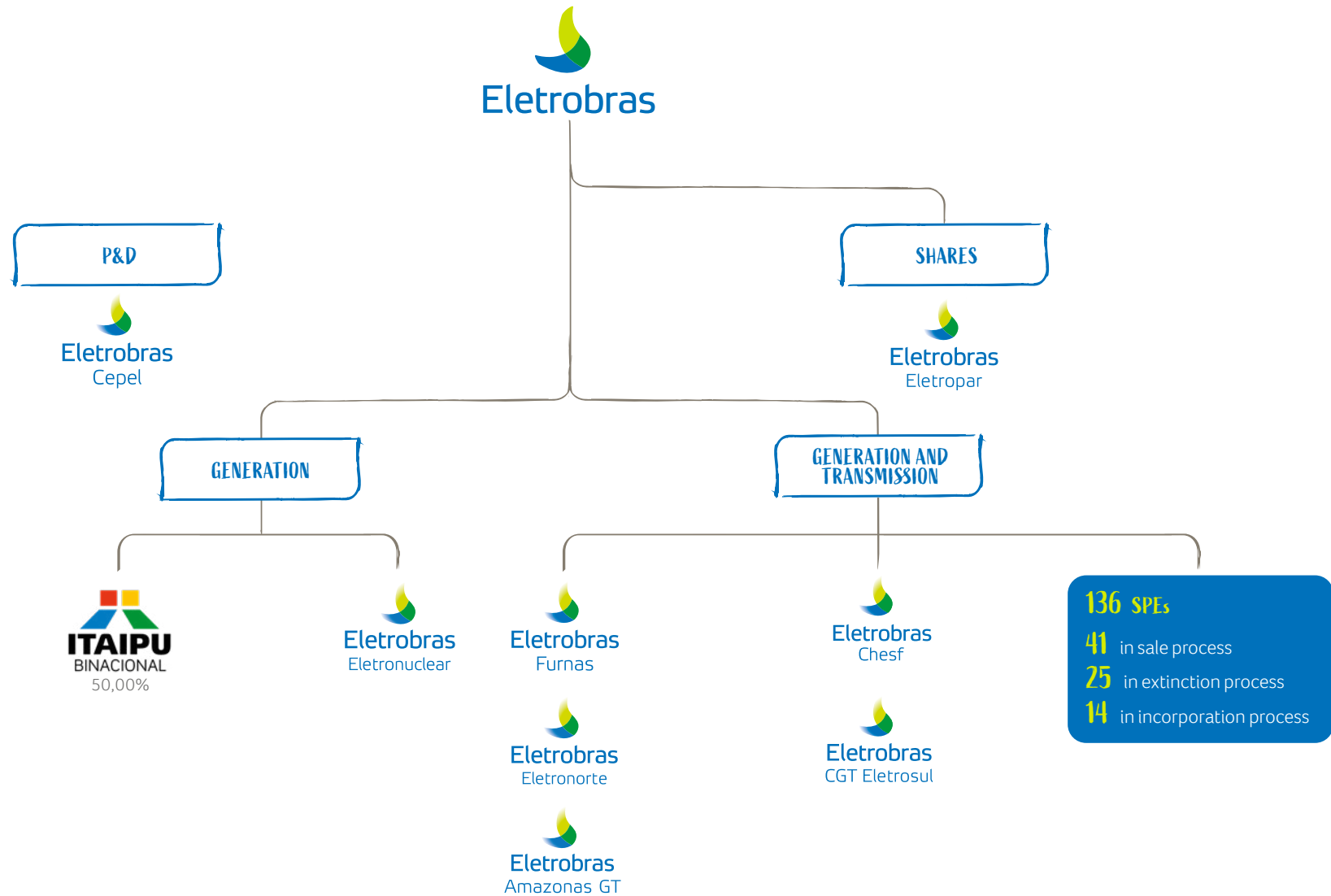
Within the scope of the promotion of regional electrical integration, the studies related to the viability of the Arco Norte Project stand out again, a transmission system of approximately 1.9 thousand kilometers in length that aims at transferring the energy to be generated by new generation projects, between Brazil, Guyana, Suriname and French Guiana. As a result of the presentation of the results of these studies to the main authorities linked to the electric sector of these countries, in 2018 individual (bilateral) analysis of electrical integration began in order to move forward with the global project.

The other recommended actions, such as, for example, the hydroelectric inventory studies in Guyana and Suriname, depend on the holding of a meeting at the ministerial level, also identified as “High Level Meeting,” scheduled for 2020.

The international sale of electric energy remains the focus of our operations abroad. Currently, we act as one of the trading agents responsible for importing energy from the Uruguayan state-owned UTE (*Administración Nacional de Usinas y Trasmisiones Eléctricas*).

Porto Colombia hydroelectric plant. Eletrobras Furnas Collection.

Corporate structure of Eletrobras companies



Note: the number of SPEs considers direct and indirect stakes and disregards SPEs that participate in more than one Eletrobras company, differently from the quantities considered in the tables of each company. In this total, two SPEs abroad are included. Of the 136 national and international SPEs, 40 are in the process of divestment; one SPE in the process of sale from Auction no. 01/2018 and 39 SPEs in a competitive process of sale during 2019.



Shareholding composition

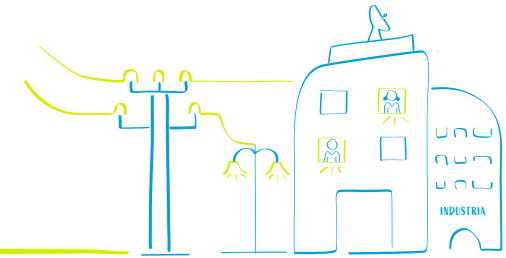
| Shareholders | Ordinary | % | Preferential "A" | % | Preferential "B" | % | Total | % |
|------------------------------------|----------------------|---------------|------------------|---------------|--------------------|---------------|----------------------|---------------|
| Controlling shareholder | | | | | | | | |
| Federal Union | 554,394,671 | 51.00 | 0 | 0 | 411 | 0.00 | 554,395,082 | 40.99 |
| BNDESpar | 141,757,951 | 13.04 | 0 | 0 | 18,691,102 | 7.04 | 160,449,053 | 11.86 |
| BNDES | 74,545,264 | 6.86 | 0 | 0 | 18,262,671 | 6.88 | 92,807,935 | 6.86 |
| FND | 45,621,589 | 4.20 | 0 | 0 | 0 | - | 45,621,589 | 3.37 |
| FGHAB | 1,000,000 | 0.09 | 0 | 0 | 0 | - | 1,000,000 | 0.07 |
| Others | 269,730,822 | 24.81 | 146,920 | 100.00 | 228,482,699 | 86.08 | 498,360,441 | 36.84 |
| Non-controlling shareholder | | | | | | | | |
| Cust. CLBC | | | | | | | | |
| Resident | 134,974,434 | 12.42 | 82,828 | 56.38 | 103,728,559 | 39.08 | 238,785,821 | 17.65 |
| Non-Resident | 107,546,666 | 9.89 | 1 | 0.00 | 101,991,247 | 38.42 | 209,537,914 | 15.49 |
| ADR Program | 27,121,748 | 2.49 | 0 | - | 8,030,814 | 3.03 | 35,152,562 | 2.60 |
| Furthermore | | | | | | | | |
| Resident | 87,728 | 0.01 | 64,064 | 43.60 | 10,340,613 | 3.90 | 10,492,405 | 0.78 |
| Non-Resident | 246 | 0.00 | 27 | 0.02 | 213 | 0.00 | 486 | 0.00 |
| Total | 1,087,050,297 | 100.00 | 146,920 | 100.00 | 265,436,883 | 100.00 | 1,352,634,100 | 100.00 |

Nota: Shareholding composition on December 31, 2019.

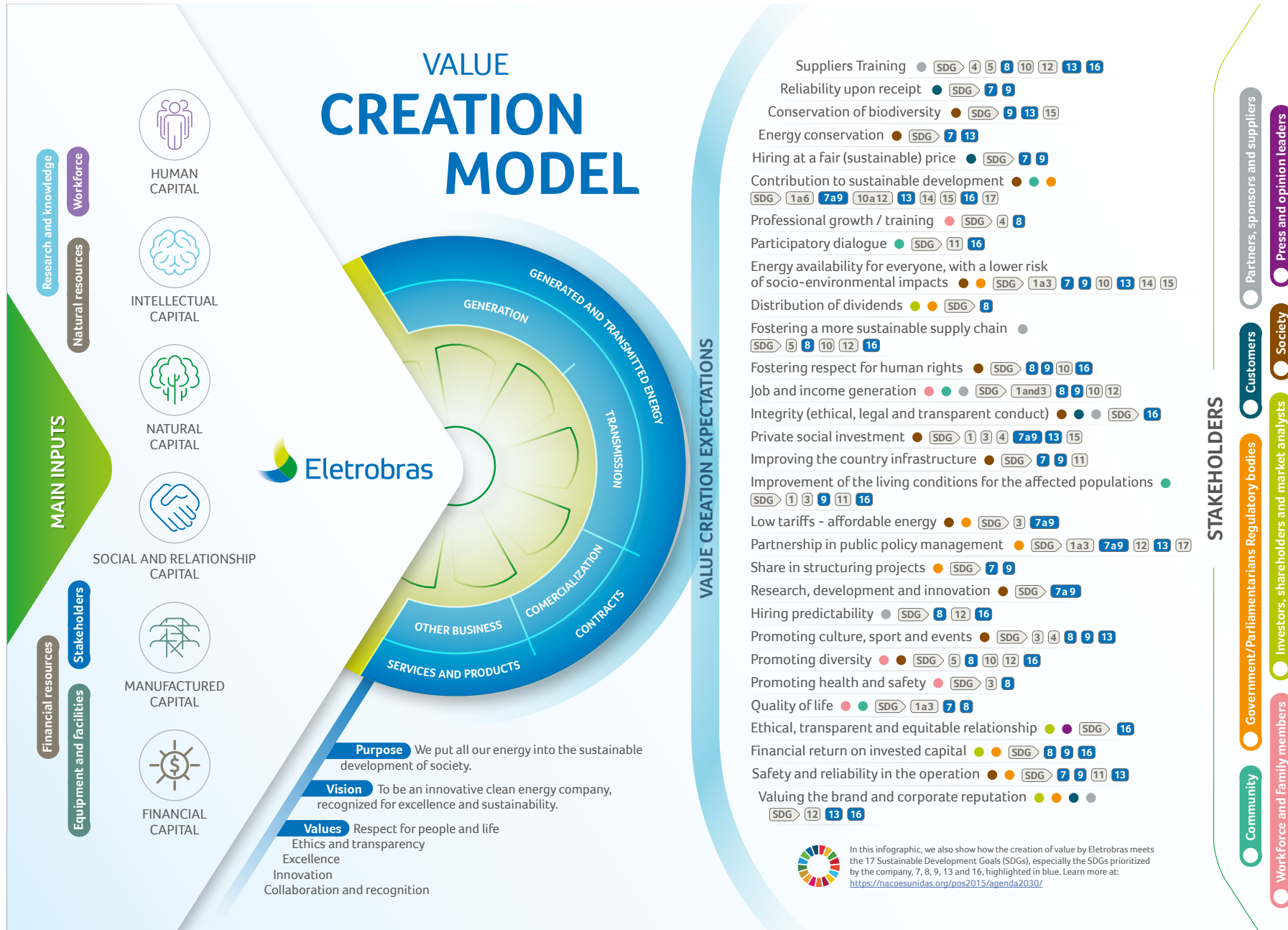
HOW WE CREATE VALUE

By providing electricity - an essential resource for the functioning of all productive sectors, people's relations and socioeconomic development - Eletrobras creates value for society. However, we seek to go further and echo the return we get from our activities for all stakeholders and for society as a whole. And we do this by identifying the resources, assets and capital that interact with our business and understanding the impacts - positive and negative - of the transformation of this group into electric energy, seeking to promote responsible and sustainable management, which deals with these impacts in order to prevent, enhance or minimize them, generating value at the final end.

This is the basis of the model presented below, a summary of how our activities interact with the external environment (sector, political and macroeconomic context) to provide consistent returns to stakeholders and society. The way this report was organized is consistent with this representation, bringing greater connectivity between different parts of the business and financial and non-financial (intangible) results, showing in a clear and transparent way how our activity transforms resources, assets and capital into value.



By providing electricity - an essential resource for the functioning of all productive sectors, people's relations and socioeconomic development - Eletrobras creates value for society.

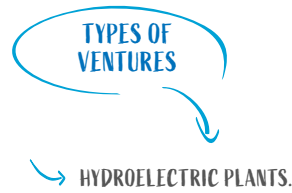
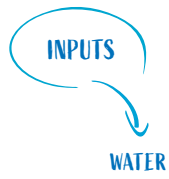


In this infographic, we also show how the creation of value by Eletrobras meets the 17 Sustainable Development Goals (SDGs), especially the SDGs prioritized by the company, 7, 8, 9, 13 and 16, highlighted in blue. Learn more at: <https://nacoesunidas.org/pos2015/agenda2030/>

Our impacts



NATURAL CAPITAL



| | | |
|---------------------|---|--|
| | | <ul style="list-style-type: none"> ○ Change in water quality; ○ Macrophyte proliferation; ○ Multiple uses of the reservoir; ○ Alteration of ecosystems/habitat; and ○ Decreased diversity of flora and fauna. |
| SOIL - (OCCUPATION) | <ul style="list-style-type: none"> → HYDROELECTRIC PLANTS; → WIND PLANTS; AND → THERMOELECTRIC PLANTS. | <ul style="list-style-type: none"> ○ Loss of vegetation cover; ○ Forest Fragmentation; ○ Erosive processes; and ○ Sedimentation. |
| NATURAL GAS | <ul style="list-style-type: none"> → THERMOELECTRIC PLANTS. | <ul style="list-style-type: none"> ○ GHG emissions (climate change). |
| MINERAL COAL | <ul style="list-style-type: none"> → THERMOELECTRIC PLANTS. | <ul style="list-style-type: none"> ○ GHG emissions (climate change); and ○ Change in air quality. |
| WIND | <ul style="list-style-type: none"> → WIND PLANTS. | <ul style="list-style-type: none"> ○ Interference on migratory routes and collision with birds; and ○ Reduction of migratory bird populations. |





SOCIAL AND RELATIONSHIP CAPITAL

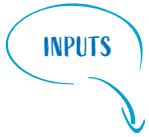
| | |
|---|---|
| <p>INPUTS</p> | <p>IMPACTS</p> |
| <p>SPONSORSHIPS, SOCIAL NETWORKS AND ADVERTISING CAMPAIGNS</p> | <ul style="list-style-type: none"> ○ Conflict reduction; and ○ Organization Image. |
| <p>SOCIAL COMMUNICATION, CODE OF ETHICS AND INTEGRITY, CORPORATE POLICIES AND VOLUNTEERING</p> | <ul style="list-style-type: none"> ○ Improving business reputation; ○ Improvement in institutional relations; ○ Improvement in organizational culture; ○ Business alignment; ○ Business Integrity; ○ Positive brand perception; and ○ Reduction of lawsuits. |
| <p>RELATIONSHIP PROCESSES AND CHANNELS WITH DIFFERENT STAKEHOLDERS AND OMBUDSMAN</p> | <ul style="list-style-type: none"> ○ Transparency; and ○ Access to information. |
| <p>SOCIAL AND ENVIRONMENTAL PROGRAMS</p> | <p>Greater contribution to public policies; Conflict reduction; Impact mitigation; and Social transformation.</p> |

| | |
|---------------------------------------|---|
| <p>INPUTS</p> | <p>IMPACTS</p> |
| <p>CORPORATE REPORTS</p> | <p>Transparency; Communication; and Accountability.</p> |
| <p>INSTITUTIONAL RELATIONS</p> | <ul style="list-style-type: none"> ○ Increase in market value; and ○ Credibility. |
| <p>REPUTATION RESEARCH</p> | <ul style="list-style-type: none"> ○ Brand value. |





FINANCIAL CAPITAL



EQUITY - CASH REVENUE

EQUITY - CAPITALIZATION REVENUE

THIRD PARTIES - LOANS / FINANCING

RETURN ON INVESTMENT

SHARES AND DEBENTURES



○ Investment capacity.

○ Liquidity.

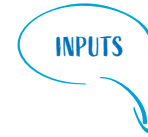
○ Market expansion.

○ Projects feasibility.

○ Direct impact on other capitals.



HUMAN CAPITAL



OWN EMPLOYEES

CONTRACTED COMPANIES

TRAINING, CAPACITY BUILDING AND MOTIVATIONAL PROCESSES, PROGRAMS AND PROCEDURES

KNOWLEDGE MANAGEMENT



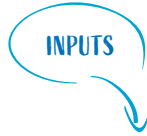
○ Job and income generation.

○ Intellectual Capital Development.





INTELLECTUAL CAPITAL



P&D + I

- Patent registrations;
- Sustainability and profitability;
- Increased efficiency of the production process; and
- Technological innovation.

CYBERSECURITY

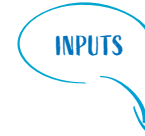
- Business Integrity; and
- Security of company and customer data.

PATENTS, INTELLECTUAL PROPERTY; COPYRIGHT

- Guarantee of the invention monopoly;
- Protection against undue exploitation;
- Improvement and new products and services; and
- Preserving an organization's intelligence.



MANUFACTURED CAPITAL



GENERATION = HYDROELECTRIC PLANTS, THERMOELECTRIC PLANTS, WIND GENERATORS, PHOTOVOLTAIC GENERATORS

- Revenue generation;
- Job creation; and
- Power availability.

TRANSMISSION LINES AND SUBSTATIONS

BUILDINGS AND ADMINISTRATIVE FACILITIES AND IT STRUCTURE

- Technological know-how; and
- Generation of administrative waste.



ACKNOWLEDGMENTS

Carbon Clean 200

We were listed among the 200 companies in the world with shares on the stock exchange that stand out with income obtained from low carbon products and services. Eletrobras is one of the nine national companies to be included in the ranking.

100 Most Influential in Power

President Wilson Ferreira Junior was nominated in the Energy Efficiency category by Grupo Mídia.

Institutional Investor

We stand out in the 28th position in the general ranking and in the 4th position in the scope of companies in the electric energy sector, considering the highest net profits, net margins, profits from the activity, Ebitda and net assets of the country by Revista Valor 1000.

Women on Board (WOB) seal

Eletrobras Furnas, Eletronorte, Eletrosul and CGTEE were recognized by UN Women for the participation of two or more women on their boards, prioritizing the treatment of gender diversity in their businesses and encouraging their partners to join the same movement.

2019 WEPs Brazil Award - Companies Empowering Women

Eletrobras Eletrosul was awarded in the Large Companies - Silver category by UN Women and the Global Compact as a promoter of the culture of gender equality and women's empowerment in the country.

Best Companies in Brazil 2019

We got the 3rd Place in the Energy in Financial Performance segment; 4th Place in Vision of the Future; 7th Place in Open Capitan and 8th Place in the General Ranking of the Época Negócios 360º Yearbook, of Revista Época Negócios.

CSC Highlight Award 2019

We were awarded 1st place in the CSC Highlight category, by the Brazilian Association of Shared Services (ABSC).

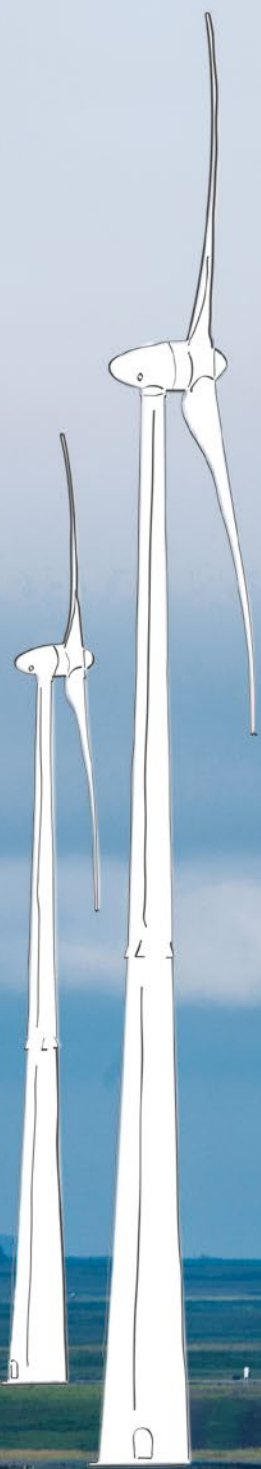
Most Admired Professional

Lucia Casasanta, director of Governance, Risk and Compliance at the holding company was elected among the 20 most admired Compliance executives in the country by the Yearbook Compliance On Top 2019. Prepared by Vittore Partners and dLEC-Legal, Ethics, Compliance.

CR Reporting Awards

Eletrobras Annual Report 2018 is among the ten best integrated reports, competing for the award in the Best Integrated Report category.

③ STRATEGY AND VISION FOR THE FUTURE



STRATEGIC PLANNING

GRI 102-26, 102-31

We developed our strategic planning to identify trends, risks and uncertainties related to our business. The studies that support the estimates and guide our planning consider current expectations and refer to future events, in addition to financial and non-financial trends for a 15-year timeframe.

To prepare this plan, several scenarios were evaluated, the attractiveness of businesses in the energy market, the potential existing in Eletrobras companies and the aspirations of our shareholders.

The deployment of the Strategic Plan occurs through the Business and Management Master Plan (PDNG), a short/medium term plan with a five-year horizon that defines the projects to be developed by our companies, aiming at achieving our strategic objectives.

Below, we present the main advances of the Business and Management Master Plan (PDNG) 2019-2023.

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Transmission tower maintenance. Eletrobras Furnas Collection / Daniela Monteiro.



PDNG 2019-2023

GRI 102-31, 102-34

As a result of the Strategic Plan, the PDNG 2019-2023 was prepared based on the analysis of different scenarios and a deep diagnosis of the business context to define priorities for the five-year period. The five strategic guidelines selected to compose this PDNG highlighted our purpose and ambition: Profitable Growth, Sustainable Performance, Governance Improvement and Compliance, Operational Excellence and Valuing People. The unfolding of the strategy converges and consolidates itself to reach the main goals described in Challenge 23 - Sustainable Excellence.

Below we present the goals outlined for 2019 and the results achieved in 2018 for each guideline.

In 2019, the PDNG 2019-2023 fulfilled its strategic ambition and achieved significant results.

Challenge 23: Sustainable excellence

PROFITABLE GROWTH

To grow in a sustainable way guaranteeing the company's profitability and value.

| | Result | | Goal |
|--|--------|-------|-------|
| | 2018 | 2019 | 2019 |
| Generation Expansion (MW) ¹ | 1,667 | 2,097 | 2,037 |
| Transmission Expansion (KM) ² | 189 | 524 | 1,266 |

Strategic Objectives

- ↳ Increase profitability in the electricity business; and
- ↳ Expand the Generation & Transmission business in a sustainable way.

Main Achievements

- ↳ Accumulated revenue in the ACL until Dec/2019 of: R\$ 6.70 billion; and
- ↳ The Angra 3 Thermonuclear Unit became part of the Investment Partnership Program in July/2019.

SUSTAINABLE PERFORMANCE

To be recognized as a socially, environmentally and financially responsible G&T company.

| | Result | | Goal |
|--------------------------|--------|------|-------|
| | 2018 | 2019 | 2019 |
| Net Debt/Adjusted Ebitda | 3.1 | 1.6 | < 3.0 |

Strategic Objectives

- ↳ Optimize the level of indebtedness reaching international standards.

Main Achievements

- ↳ Capital increase of R\$ 3.6 billion, reflecting cash reinforcement;
- ↳ Bond issue by the holding company;
- ↳ Issuance of debentures by subsidiaries;
- ↳ Competitive Disposal Procedure No. 01/2019 published for the following SPEs:
 - ↳ Santa Vitória do Palmar holding S.A.;
 - ↳ Eólica Hermenegildo I S.A, Eólica, Hermenegildo II S.A., Eólica Hermenegildo III S.A. e Eólica Chuí IX S.A.;
 - ↳ Chapada do Piauí I holding S.A.;
 - ↳ Chapada do Piauí II holding S.A.;
 - ↳ Eólica Mangue Seco 2 Geradora e Comercializadora de Energia S.A.; and
 - ↳ Manaus Transmissora de Energia S.A.

Notes:

1. Considers aggregate power in 2019.

2. Considers the aggregation in 2019 for corporate lines and Special Purpose Entities (SPEs) of all tension levels. The net aggregation/disaggregation, resulting from the aggregation of 422.5 corporate km and the sale of 617.19 km of SPEs, was -194.69 km.



OPERATIONAL EXCELLENCE

Pursue operational excellence throughout the value chain.

| | Result | | Goal |
|------------------------------------|--------|------|------|
| | 2018 | 2019 | 2019 |
| Regulatory PMSO ¹ /PMSO | 1.32 | 1.24 | 1.25 |

Strategic Objectives

- Adjust the operating and corporate costs structure of Eletrobras companies.

Main Achievements

- Estimated savings of R\$ 746 million/year with 1,845 adhesions to the Consensual Dismissal Plan (PDC), with an estimated cost of R\$ 681 million; and
- Estimated savings of R\$ 280 million/year with the terminations of 1,041 outsourced workers from Furnas through the PDC, at an estimated cost of R\$ 321 million.
- Implementation of the Shared Services Center (CSC);
- Action plans defined for the 1st phase of Zero-Base Budget (OBZ);
- Incorporation of Eletrobras CGTEE and Eletrosul in January 2020; and
- Transfer of Amazonas Geração e Transmissão to Eletronorte in January 2020.

IMPROVING CORPORATE GOVERNANCE AND INTEGRITY

Strengthen internal controls and corporate governance, ensuring business integrity.

| | Result | | Goal |
|---|--------|------|------|
| | 2018 | 2019 | 2019 |
| Reduction of material weaknesses ² | 2 | 4 | 0 |

Strategic Objectives

- Improve internal controls and risk management by promoting transparency and reliability.
- Strengthen Eletrobras business integrity.

Main Achievements

- Consolidation of the Statutory Audit Committee;
- Management continuity after change of government;
- Approval of the new risk management policy and risk map by all boards of the holding and controlled companies;
- Creation of the denunciation investigation unit;
- Elaboration of the Regulations of the Integrity Program - Compliance; and
- Elaboration of the Conflict of Interest Management Policy.

VALUING PEOPLE

Develop and strengthen technical and technological skills, valuing employees and fostering a culture of results.

| | Result | | Goal |
|---|--------|------|------|
| | 2018 | 2019 | 2019 |
| Accident Frequency Rate with remoteness (its own employees) | 2.86 | 2.35 | 1.33 |

Strategic Objectives

- Foster a culture of high performance, knowledge management and promote recognition; and
- Promote safety and well-being for employees.

Main Achievements

- Implementation of the standardization of work safety criteria;
- Creation of the Management and Sustainability Department; and
- Renegotiation of the Collective Labor Agreement (ACT).

Notes:

1. People, Materials, Services and Other expenses.

2. This indicator refers to the number of material weaknesses related to internal controls included in Form 20-F of the Securities and Exchange Commission.








PDNG 2020-2024








GRI 102-26, 102-31

Focused on developing our business and continuing the effort made in recent years to improve our performance, we approved the Business and Management Master Plan for the period from 2020 to 2024 (PDNG 2020-2024). As a result of a continuous updating process that was based on the PDNG 2019-2023, the new PDNG presents some changes that are in line with the constant changes in the business scenarios and the challenges to be overcome.








Materiality PDNG 2020-2024




| National and international trends | Performance indicators | Added value | Impact on business | Associated SDGs |
|---|---|--|---|---|
| Guideline VALUE AND INVESTMENT: Increase value creation and expand the company's investment capacity | | | | |
| <ul style="list-style-type: none"> Expansion of the low-carbon economy; Changes in consumption patterns and greater customer role; Expansion and increase in the complexity of the electricity transmission system; and Transformations in the Electricity Sector, requiring adjustments to the Sector Model. | <ul style="list-style-type: none"> Net debt / EBITDA; Percentage of investments made; and Variation in share price with other sector players. | <ul style="list-style-type: none"> Increase in operating revenue; Contribution to sustainable development; Financial return on invested capital; and Brand enhancement and corporate reputation. | Risks <ul style="list-style-type: none"> Shareholder divestment. Costs <ul style="list-style-type: none"> Higher funding costs. |    |
| Guideline CULTURE AND PEOPLE: Develop a culture of high performance and excellence in people management, with meritocracy | | | | |
| <ul style="list-style-type: none"> Knowledge and innovation as engines of the economy; Need for greater professional qualification of the staff; and Accident prevention culture, promoting safe and protected environments for employees. | <ul style="list-style-type: none"> Accident frequency rate (internal and outsourced employees); Accident severity rate; Absenteeism rate; Employee satisfaction; Percentage of women in management positions; Number of women on boards; and Investment in training / number of Employees. | <ul style="list-style-type: none"> Brand enhancement and corporate reputation; Employment and income generation; Health and safety promotion; Quality of life; Promotion of respect for human rights; and Professional growth and capacity building. | Risks <ul style="list-style-type: none"> Low productivity; and Talent flight. Costs <ul style="list-style-type: none"> Occupational leave; Labor claims; and High investments in training and low return on educational actions. |   |



| National and international trends | Performance indicators | Added value | Impact on business | Associated SDGs |
|--|---|--|--|---|
| <p>Guideline GOVERNANCE: Achieve excellence in Governance, Risk Management and Internal Controls (GRC). Seek operational excellence throughout the value chain.</p> | | | | |
| <ul style="list-style-type: none"> ○ Demand for greater transparency; ○ Implementation of more effective controls that inspire confidence in the market; ○ Preventive risk management; and ○ No tolerance for corrupt practices. | <ul style="list-style-type: none"> ○ Number of reported material weaknesses; ○ Global score on IG-Sest; and ○ Percentage of suppliers and employees trained to fight corruption. | <ul style="list-style-type: none"> ○ Financial return on invested capital; ○ Enhancement of the brand and corporate reputation; ○ Integrity (ethical, legal, and transparent conduct); and ○ Ethical, transparent and isonomic relationship. | <p>Risks</p> <ul style="list-style-type: none"> ○ Reputational; and ○ Shareholders divestment. <p>Costs</p> <ul style="list-style-type: none"> ○ Loss of company value; ○ Higher funding costs; and ○ Fines and penalties for the company and its managers. |   |
| <p>Guideline MANAGEMENT: Focus the company's management on generating value and increasing competitiveness</p> | | | | |
| <ul style="list-style-type: none"> ○ Extensive digitalization of the economy and society (including IoT); ○ Knowledge and innovation as drivers of the economy; and ○ Transformations in the Electricity Sector, requiring adjustments to the Sector Model. | <ul style="list-style-type: none"> ○ Operating Result / Number of employees. | <ul style="list-style-type: none"> ○ Distribution of Dividends; ○ Fostering a more sustainable supply chain; ○ Financial return on invested capital; and ○ Valuing the brand and reputation business. | <p>Risks</p> <ul style="list-style-type: none"> ○ Low efficiency (slow reaction). <p>Costs</p> <ul style="list-style-type: none"> ○ Increase in operating costs. |    |
| <p>Guideline INNOVATION AND DIGITAL TRANSFORMATION: Taking a leading role in innovation and promoting the digital transformation of business and management processes</p> | | | | |
| <ul style="list-style-type: none"> ○ Extensive digitalization of the economy and society (including IoT); ○ Knowledge and innovation as drivers of the economy; and ○ Acceleration of technological changes. | <ul style="list-style-type: none"> ○ Investment in R&D/ROL. | <ul style="list-style-type: none"> ○ Increase in operating revenue; ○ Increase in Reputational value; ○ Financial return on invested capital; ○ Distribution of Dividends; ○ Hiring predictability; and ○ Increase in research and innovation and technological development. | <p>Risks</p> <ul style="list-style-type: none"> ○ Reduced competitiveness. <p>Costs</p> <ul style="list-style-type: none"> ○ Increased costs in light of more modern technologies for sustainable performance. |   |



| National and international trends | Performance indicators | Added value | Impact on business | Associated SDGs |
|---|---|---|---|---|
| Guideline G&T EFFICIENCY: Creating value by increasing the efficiency of G&T assets | | | | |
| <ul style="list-style-type: none"> ○ Transformations in the Electricity Sector, requiring adjustments to the Sector Model; ○ Acceleration of technological changes; ○ Reduction in the cost of critical inputs; and ○ Systemic gains in energy efficiency. | <ul style="list-style-type: none"> ○ Regulatory PMSO/PMSO; ○ Relative generation availability; ○ Operational availability of transmission lines; and ○ Transformers operational availability. | <ul style="list-style-type: none"> ○ Financial return on invested capital; ○ Dividend Distribution; ○ Security and reliability in operation (Energy Security); ○ Reliability upon receipt; ○ Contribution towards a sustainable development; ○ Financial return on invested capital; ○ Energy conservation; ○ Valuing the business brand and reputation; and ○ Security and reliability in operations (energy security). | <p>Risks</p> <ul style="list-style-type: none"> ○ No reduction in emissions with consequences for sustainable development. <p>Costs</p> <ul style="list-style-type: none"> ○ Higher operating costs. |     |
| Guideline G&T EXPANSION: Consolidate leadership in G&T, focusing on clean energy | | | | |
| <ul style="list-style-type: none"> ○ Expansion of the low-carbon economy; ○ Expansion of demand for electricity; ○ Diversification of the Brazilian electricity matrix; ○ Expansion and increase in the complexity of the electricity transmission system; and ○ Reduction in the cost of critical inputs. | <ul style="list-style-type: none"> ○ Expansion of the Generation (MW); ○ Expansion of the Transmission (KM and MVA); and ○ Percentage of clean energy in the matrix. | <ul style="list-style-type: none"> ○ Improvement of living conditions for the affected populations; ○ Participatory Dialogue; ○ Participation in structuring projects; ○ Fostering a more sustainable supply chain; ○ Increase in operating revenue; ○ Contribution to a sustainable development; ○ Financial return on invested capital; ○ Availability of energy for everyone, with less risk of social and environmental impacts; ○ Affordable energy; ○ Energy conservation; ○ Partnership in public policy management; ○ Safety and reliability in the operation (energy security); ○ Improvement of the country's infrastructure; and ○ Employment and income generation. | <p>Risks</p> <ul style="list-style-type: none"> ○ Questioning of stakeholders; ○ Changes in biodiversity; ○ Changes in the way of life of the communities in the areas where they live; ○ Displacement of populations in areas where they live; and ○ Shareholder divestment. |    |

| National and international trends | Performance indicators | Added value | Impact on business | Associated SDGs |
|---|--|---|---|--|
| Guideline COMERCIALIZATION: Achieve leadership in marketing, with attractive margins and efficiency in risk management | | | | |
| <ul style="list-style-type: none"> ○ Demand for high performance; and ○ Changes in consumption patterns and greater customer role. | <ul style="list-style-type: none"> ○ Global Marketing Index. | <ul style="list-style-type: none"> ○ Reliability upon receipt ○ Increased attractiveness for shareholders; ○ Increase in the company's value; ○ Financial return on invested capital; and ○ Brand enhancement and corporate reputation. | <p>Risks</p> <ul style="list-style-type: none"> ○ Shareholder divestment. <p>Revenue</p> <ul style="list-style-type: none"> ○ Reduced Revenue. |  |
| Guideline NEW BUSINESS: Investing in new business, focusing on energy, participating in the consolidation of the sector (M&A) | | | | |
| <ul style="list-style-type: none"> ○ Market demand for renewable and clean energy in the energy matrix; ○ Demand for greater energy efficiency; ○ Attention to the risks of climate change and changes in the planet's biodiversity; and ○ Demand for innovation and development of new technologies. | <ul style="list-style-type: none"> ○ Revenue from new business / Total revenue. | <ul style="list-style-type: none"> ○ Distribution of dividends; ○ Fostering a more sustainable supply chain; ○ Reliability upon receipt; Increase in operating revenue; ○ Contribution to sustainable development; ○ Financial return on invested capital; ○ Availability of energy for everyone, with less risk of social and environmental impacts; ○ Affordable energy; ○ Energy conservation; ○ Brand enhancement and corporate reputation; ○ Improvement of the country's infrastructure; and ○ Employment and income generation. | <p>Risks</p> <ul style="list-style-type: none"> ○ Failure to capture new business opportunities and expand the company's portfolio. <p>Revenue</p> <ul style="list-style-type: none"> ○ No increase in revenue. |   |





PURPOSE

We put all our energy into the sustainable development of society



VISION

To be an innovative clean energy company, recognized for excellence and sustainability



VALUES

Respect for people and life
Ethics and transparency
Excellence
Innovation
Collaboration and recognition

Below, we present the new corporate identity that will guide Eletrobras in facing these challenges and the strategic guidelines that will support the conduct of Challenge 24.

The PDNG 2020-2024 is structured around nine strategic guidelines that demonstrate the breadth of our objectives and the ambition to continue improving.

Strategic guidelines of the PDNG 2020-2024

Dimension: business performance

- | | | |
|----------|-----------------------------|---|
| 1 | VALUE AND INVESTMENT | Increase value creation and expand the company's investment capacity. |
|----------|-----------------------------|---|

Dimension: governance, management and critical capabilities

- | | | |
|----------|--|---|
| 2 | CULTURE AND PEOPLE | Develop a high-performance culture and excellence in people management, with meritocracy. |
| 3 | GOVERNANCE | Achieve excellence in Governance, Risk Management and Internal Controls (GRC). |
| 4 | MANAGEMENT | Focus the company's management on creating value and increasing competitiveness. |
| 5 | DIGITAL INNOVATION AND TRANSFORMATION | Have a leading role in innovation and to promote the digital transformation of business and management processes. |

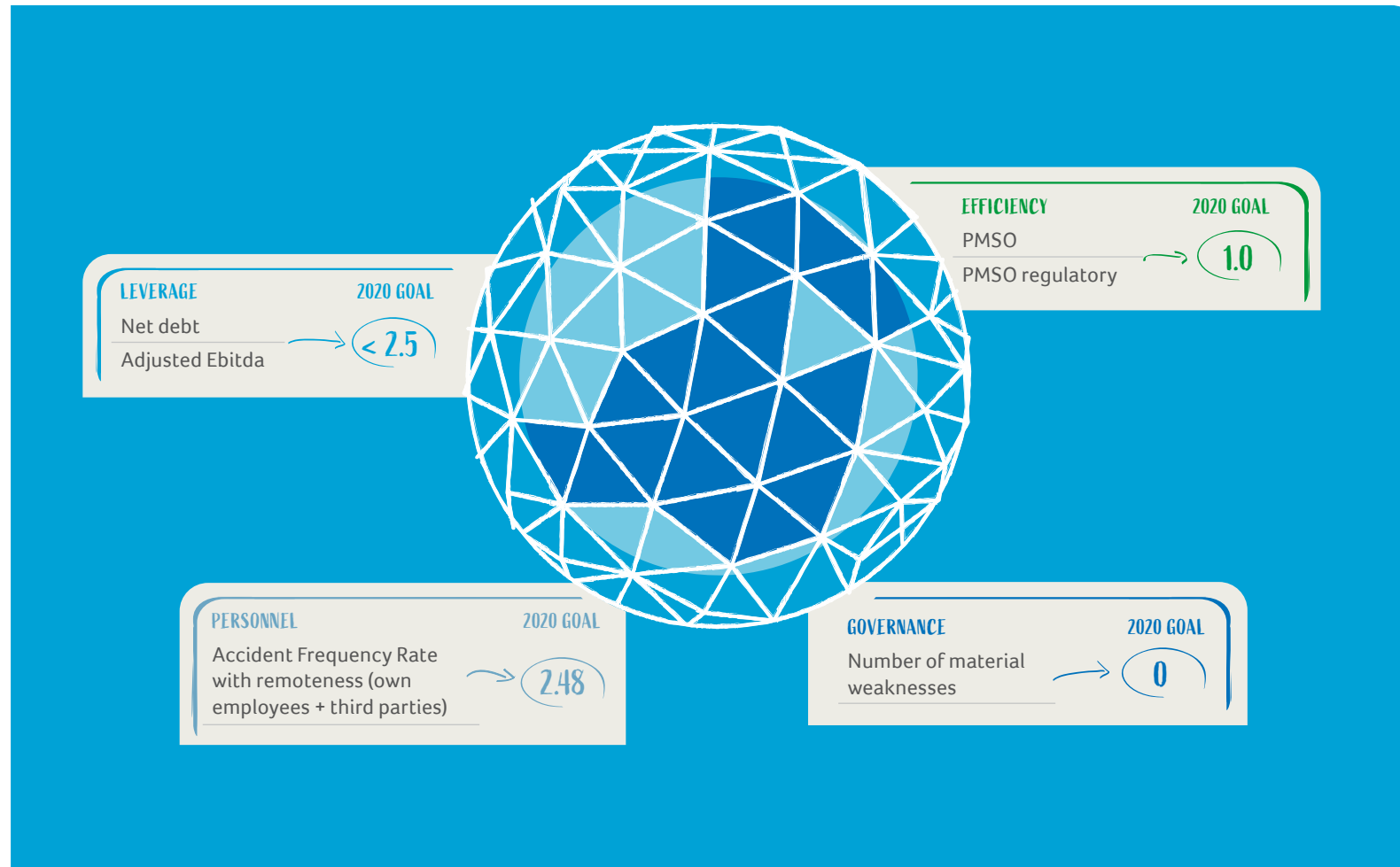
Dimension: businesses

- | | | |
|----------|---------------------------|--|
| 6 | G&T EFFICIENCY | Create value by increasing the efficiency of G&T assets. |
| 7 | G&T EXPANSION | Consolidate leadership in G&T, focusing on clean energy. |
| 8 | COMERCIALIZATION | Achieve leadership in marketing, with a high margin and efficiency in risk management. |
| 9 | NEW BUSINESSES | Invest in new businesses, focused on energy, participating in the consolidation of the sector (M&A). |



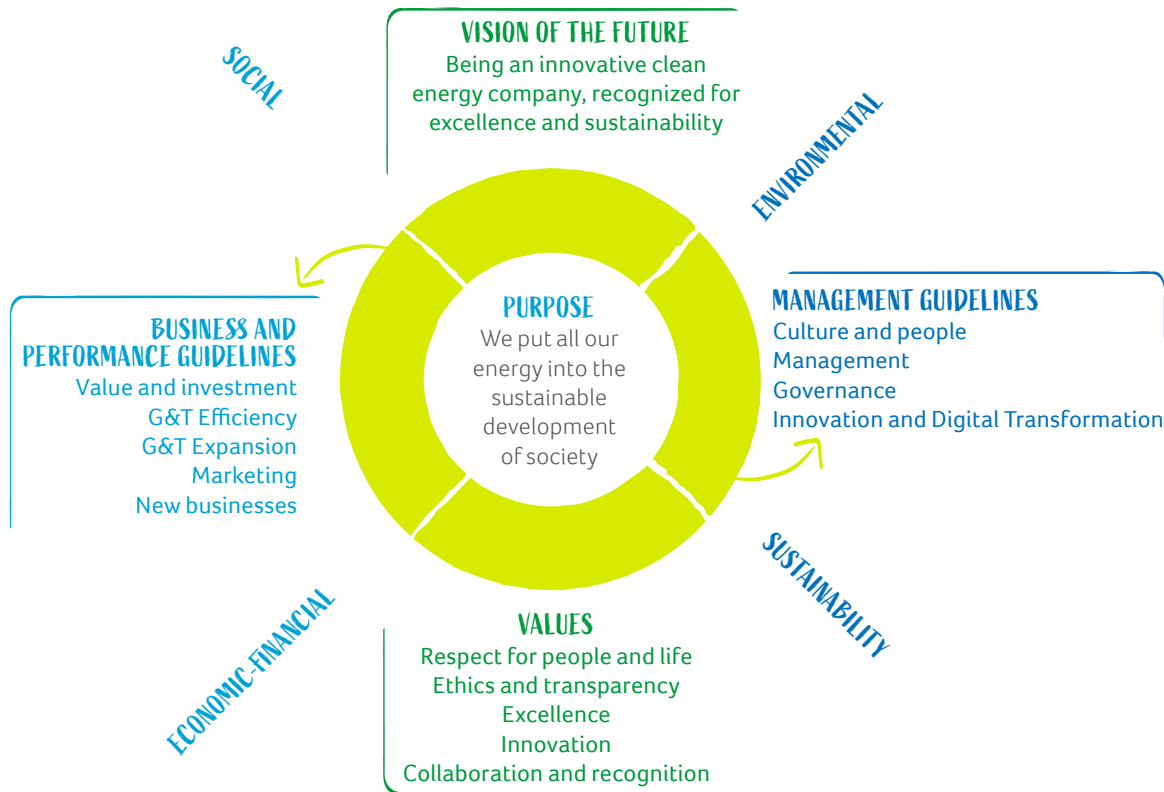
As in previous years, the Strategic Guidelines are linked to a set of indicators with even more challenging goals, which aim to improve our overall performance.

Challenge 24: Sustainable excellence (PDNG 2020-2024 indicators)



The focus on the best results guided by the best sustainability practices is our way of doing business. PDNG 2020-2024 includes the Sustainability 4.0 Program, with several projects linked to the following dimensions: social, environmental, governance and financial, which raise the bar for strategic management of the theme.

PDNG 2020-2024-Sustainability 4.0



SUSTAINABILITY is our way of doing business, which runs through and encompasses the entire Eletrobras Strategy.

SUSTAINABILITY 4.0 PROGRAM

Indicators:

- ↳ Market assessments;
- ↳ Accident Frequency Rate;
- ↳ Benefits of Investments in P&D+I;
- ↳ Due Diligence of Suppliers;
- ↳ Reputation Index;
- ↳ Compliance with the 2030 Agenda;
- ↳ Reduction of GHG Emissions;
- ↳ Certification of energy from clean sources; and
- ↳ Energy saved by energy efficiency actions.

PRIORITY SDGS BY ELETROBRAS



2030 Agenda: Priority SDGs

With regard to our social and environmental activities, we will continue to prioritize actions and projects that contribute to the 2030 Agenda, launched by the UN, and the Sustainable Development Goals (SDGs). The priority SDGs for Eletrobras are:



Performance monitoring

We systematically monitor compliance with our strategies through performance indicators and tactical-operational goals, according to the project management methodology used by high-performance companies. We follow the good practices of the Project Management Body of Knowledge (PMBOK), recommended by the Project Management Institute (PMI).

We have a Corporate Project Management Office (EGP) that monitors, analyzes and reports to senior management the progress of the relevant initiatives and programs of the Eletrobras companies - including those related to the PDNG and the annual variable remuneration of officers -, which allows the identification of possible adjustments and corrective actions, or even the revision of plans. Partial results are available quarterly on our [portal](#).

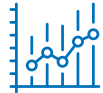









We encourage the engagement of the workforce, managers and administrators in achieving our strategic objectives through meritocratic management instruments. The Business Performance Goals Contract is the main one, signed by Eletrobras companies since 2010. The document is aligned with the business and management plans, and contains trend and results indicators in the financial, operational, socio-environmental and management, integrity and people dimensions. The performance of the companies demonstrates the degree of convergence with the Eletrobras holding strategy and impacts on the annual variable remuneration of the managers and on the participation in the profits and results of the workforce, including managers. The results also subsidize the performance evaluation of all professionals, including the board members.

Performance and SDG

Some of the performance indicators refer to the commitment to the Sustainable Development Goals of the 2030 Agenda prioritized by Eletrobras. They are addressed throughout the report and, in a consolidated manner, in Annex I - Contribution to the SDGs.



Among the indicators reflected in the Managers Annual Variable Remuneration Program, there is the SDG Alignment Index (IAO), which is the result of the weighted attendance of a set of strategic indicators present in the 2030 Agenda and shows the degree of adherence of the Eletrobras companies' results to their commitment.

| Strategic Scorecard Dimensions | Strategic Guidelines | Variable remuneration of officers | Variable remuneration of employees and managers | Associated SDG |
|---|--|-----------------------------------|---|---|
|  ECONOMIC-FINANCIAL | <ul style="list-style-type: none"> ○ Value and Investment; ○ Commercialization; and ○ New Business. | 64% | 50% |  |
|  OPERATIONAL | <ul style="list-style-type: none"> ○ G&T Efficiency; and ○ Innovation and Digital Transformation. | 0% | 30% |  |
|  ENVIRONMENTAL | <ul style="list-style-type: none"> ○ G&T expansion; and ○ New Business. | 3% | 8% |  |
|  SOCIAL | <ul style="list-style-type: none"> ○ Culture and People; and ○ Innovation and Digital Transformation. | 5% | 5% |  |
|  GOVERNANCE, MANAGEMENT AND OTHERS | <ul style="list-style-type: none"> ○ Governance; ○ Management; and ○ Innovation and Digital Transformation. | 28% | 7% |  |

Note: As an additional aspect of governance and compliance, the variable remuneration of officers and managers is subject to a potential deflator of up to 10% in case of non-timely compliance with recommendations from the internal audit and control bodies.



Investments

Eletrobras' investments totaled R\$ 3.3 billion, which corresponds to 58.3% of the 2019 budget. Of this total, R\$ 2.5 billion relate to corporate expenses and R\$ 840 million to partnerships. The distribution of resources is shown in the table below. In comparison with 2018, there was an increase of 34.2% in total corporate investment in the generation segment, in contrast to a decrease of 33.7% in the transmission segment. In partnership investments, there was a decrease in relation to 2018 in the total applied in generation and an increase in transmission.

The 2019 achievements follow the legal limit established by the Global Expenditure Plan and Ordinance M.E no. 563/2019 and Law no. 13.808/2019. The allocation of resources is described throughout the report, especially in the Research & Development + Innovation sections ([page 116](#)) and Manufactured capital ([page 103](#)).

Investments made

(in R\$ million)

| Investment (Corporate + Partnerships) | Budgeted 2019 | % 2019 | Performed 2019 | Performed 2018 | Performed 2017 |
|---|---------------|------------|----------------|----------------|----------------|
| Generation | 2,827 | 72% | 2,049 | 2,214 | 2,512 |
| Corporate Deployment | 977 | 72% | 703 | 593 | 759 |
| Corporate Expansion | 272 | 70% | 190 | 84 | 3 |
| Maintenance | 925 | 53% | 487 | 351 | 208 |
| SPEs Expansion | 654 | 102% | 669 | 1,186 | 1,542 |
| Transmission | 2,516 | 42% | 1,068 | 1,430 | 1,668 |
| Corporate Deployment | 12 | 24% | 3 | 18 | 44 |
| Expansion and Reinforcements and Improvements | 1,399 | 49% | 691 | 1,042 | 729 |
| Maintenance | 735 | 28% | 203 | 293 | 273 |
| SPEs Expansion | 369 | 46% | 171 | 77 | 622 |
| Distribution | - | - | - | 756 | 865 |
| Corporate Expansion | - | - | - | 331 | 467 |
| Corporate Maintenance | - | - | - | 203 | 199 |
| LPT (Dist) Corporate | - | - | - | 222 | 199 |
| Others¹ | 362 | 58% | 211 | 200 | 168 |
| Total | 5,705 | 58% | 3,328 | 4,600 | 5,213 |

Note: 1. Others: Research, Infrastructure, Environmental Quality.

MANAGEMENT

SAP system implantation

SDG 9

In the beginning of 2020, the last phase of ProERP, the ERP SAP Implementation Program in a Single Instance, was concluded, with Eletronorte going into production. In the same period, the acquisition of Eletrobras Eletrosul by CGTEE was reflected in the ERP.

With the implementation of ProERP, we obtained an estimated annual savings of R\$ 76 million - less than what was realized in 2018, when the savings made with software licensing, which is non-recurring, were considered. In addition to the financial benefit, the system provides a unique view of the business, generating gains such as:

- for the operationalization of the CSC (Shared Services Center);
- greater agility in making business decisions through access to reliable information, in real time;
- improvement of control in the physical and financial monitoring of projects;
- ensuring the transparency and traceability of corporate information;
- mitigation of problems and material weaknesses found in SOX audits;
- access to information, consolidation and comparison of results of Eletrobras companies in a timely and reliable manner;
- process improvements and greater efficiency; and
- gains in operation and maintenance with the implantation of WCM and adherence to the regulation with adherence to Aneel standards, manuals and regulations.

With the implementation of ProERP, we obtained an estimated annual savings of R\$ 76 million - less than what was realized in 2018, when the savings made with software licensing, which is non-recurring.

Throughout 2019, the following modules were implemented in SAP:

- EH&S (Environment, Health & Safety) module, enabling better risk and information management, with the integration of occupational health and safety processes in Eletrobras companies; and
- Process Control (PC) and Risk Management (RM) modules, from the SAP-Governance, Risk and Compliance (GRC) suite, with the objective of improving the risk management and controls associated with Eletrobras companies.

Still for 2020, the implementation of solutions for fiscal management, audit management and to support decision-making by senior management are planned, in addition to robotization and artificial intelligence solutions, such as a new digital workforce, providing better processes through automation and more efficient use of human resources.

Shared Services Center (CSC)

GRI 102-10

With the implementation of the CSC, we centralized the transactional and support activities for our companies in finance, accounting, human resources, supplies, information technology, legal, logistics and infrastructure, and general services processes. Our main objectives with the new structure are to provide greater capacity for optimization in the use and allocation of internal resources and for the coordination of policies and good practices within the entire Eletrobras System; standardize the support processes of all controlled companies, improving control over internal compliance levels; and to increase the transparency and visibility of operations, due to the availability of data on business evolution and operational performance.

The completion of the CSC implementation took place in 2019, when savings of R\$ 374.5 million have already been verified.



Supplier management

GRI 102-9 | SDG 8

Eletrobras companies maintain a partnership relationship with their suppliers, from selection to the development of their activities, maintaining a constant and transparent dialogue and sharing the company's values and ethical principles. Our main suppliers are in the areas of technology, information technology, telecommunications, engineering, industry, transportation, resale, electrical energy equipment, consulting in various areas and cleaning and security services. The size of the contracted companies is mixed – from micro to large multinationals – and are spread across Brazil and abroad.

In the hiring we promote and in the work processes of the supply chain, we seek the adoption of measures that contribute to the achievement of the Sustainable Development Goals (SDGs) of the 2030 Agenda of the United Nations.

The [Eletrobras Companies Supply Logistics Policy](#) guides the processes related to the logistics of supplies of goSDG, materials and services in Eletrobras companies, aiming at corporate sustainability, the preservation of corporate integrity and efficiency in the acquisition, administration of goSDG and services and in materials logistics.

The company's expectations regarding its suppliers are expressed in the [Supplier Conduct Guide](#). Contractual obligations determine that the due diligence of a supplier exposed to the risk of fraud and corruption is responsible for knowing and complying with the principles and standards of the Guide, as well as the guidelines of the [Eletrobras Companies Integrity Program](#).

The selection of suppliers is carried out in accordance with the [Regulations for Bids and Contracts of the Eletrobras Companies](#), the [Supply Logistics Policy](#) and the [Supplier Conduct Guide](#), that guide business by internationally recognized management practices.

| | |
|--|----------------------|
| Number of suppliers contracted through bidding, dismissal and direct contracting in 2019 | 3,987 |
| Total amount contracted through bidding, dismissal, direct contracting and additives in 2019 | R\$ 7,483,901,220.77 |
| Estimated number of company suppliers | 11,472 |
| Percentage of new contracts | 34.75% |

Note: the number of suppliers contracted in 2019 portrays the new contracts through bidding, dismissal and direct contracting in all companies, with the exception of Eletrobras Eletronuclear and Itaipu, which also consider small contracts (without dismissal). The same occurs for the total contracted amount. Itaipu's contracts refer to those entered into in Brazil and Paraguay.



Monitoring

SDG 8, SDG 16

The supplier is monitored throughout the relationship with Eletrobras in several aspects, among which we highlight:

- legal compliance;
- economic and financial evaluation;
- technical qualification;
- compliance with established technical specifications;
- internal monitoring (contractual management and inspection); and
- due diligence for critical suppliers (sustainability, human rights and integrity).

The applicable measures in case of identified non-conformity are contained in the contractual instrument, the draft of which is published on the company's website, to which the supplier has access before signing the contract, in a timely manner to enable the analysis, negotiation and proposal elaboration. Therefore, by signing the contract the supplier agrees to the terms established.

Suppliers of inputs or services essential to the company's core activity, which directly impact the final quality of our services, the environment, the health and safety of employees and human rights; those who have access to confidential information; exclusive suppliers or who deal with high financial volume with the company; and those identified as high risk to the company's integrity are considered critical.

The process of identifying critical suppliers is carried out through analysis based on the criteria established above. All contracted suppliers are included in a tool called the criticality matrix, which automatically generates a classification (high, medium and low criticality), according to the score obtained with the sum of the criteria.

At the end of 2019, this group totaled 1,734 companies, among which 405 completed integrity due diligence forms (23% of critical suppliers)³, in which it is determined whether the company or any member of its management has ever been accused, investigated, prosecuted or convicted of fraud or corruption in the last ten years. GRI 205-1

We highlight two important milestones in the relationship with our suppliers in 2019. We held the first [National Meeting of Suppliers of Eletrobras Companies](#), when the [the Supplier Catalog](#), was launched, in which we present those who maintain a commercial relationship with the company. This material will be updated periodically and, every year, it will bring news and great opportunities for dissemination of our business partners and the work we are developing together - adhesion by suppliers is voluntary.

3. During 2019, Eletrobras CGTEE asked all of its suppliers to complete the due diligence form at the time of bidding.



Eletrobras holding relates with suppliers through the [website](#), [Ombudsman](#), [Complaints Channel](#) and periodic meetings, held to align strategic information regarding hiring and for the purpose of constant engagement.

GRI 407-1, 408-1, 409-1



Supplier dialogue and engagement

GRI 102-43

We hold annual meetings with suppliers to maintain and strengthen the engagement of this audience. The entire management and relationship cycle is done with the support of the Strategic Supply Logistics Committee of Eletrobras Companies (Celse), which analyzes and disseminates good practices for sustainable bidding; establishes guidelines, rules and procedures for hiring processes in line with current legislation; and manages the Supply Logistics Policy for Eletrobras Companies. Our PDNG provides formal goals for the relationship with suppliers.



Belo Monte hydroelectric plant. Norte Energia Collection / Betto Silva.



Information technology management

SDG 9

Digital transformation

GRI 103-1, 103-2, 103-3

The digital transformation begins to be a reality - important projects that aim to change the organizational culture, focusing on digital, are bringing to the company a vision of innovation, automation and efficiency. At Eletrobras, digital transformation is not limited to technology, but to a new way of looking at yourself - multidisciplinary -, allowing you to identify opportunities for improvement through discussions that value team interaction with agile methodologies, prioritizing process simplification and automation, discussing new ways to learn and accomplish. We understand that this is the path that will lead us to a transformation that will impact the company's business.

To achieve what is intended, the Eletrobras Digital Program was launched, a way of structuring, with methodology, the debate and the convergence of ideas between all Eletrobras companies. Among the objectives of the program, we highlight the following:

- ↳ **FORMALIZE** the digital transformation at PDNG 2020-2024 as a guideline of the Dimension of Governance, Management and Critical Capabilities;
- ↳ **THINK** of Digital as a vision of a culture of transformation;
- ↳ **STIMULATE** diversity and discussion, aimed at enhancing the identification of problems and innovative solutions;
- ↳ **PRIORITIZE** demands that contribute to efficiency and financial return; and
- ↳ **REALIZE, MEASURE AND CAPTURE** results with short-term actions, without losing focus on business transformation.

At Eletrobras, digital transformation is not limited to technology, but to a new way of looking at yourself - multidisciplinary -, allowing you to identify opportunities for improvement through discussions that value team interaction with agile methodologies, prioritizing process simplification and automation, discussing new ways to learn and accomplish.



GRI 103-1, 103-2, 103-3

The Eletrobras Digital Program was designed to gradually adapt and expand, and currently comprises four projects:

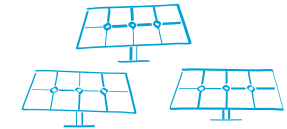
- **Eletrobots** – Robotization and hyperautomation to increase productivity, transparency, traceability and quality of life: aims to improve the control and progress of the workflow, replace manual activities with automated ones and monitor application in real time;
- **Data Science Eletrobras** – Intelligent, agile and reliable information: aims to improve the data culture in companies, integrating technologies and forming analytical capacities;
- **Digital Presence** – Remote work with productivity: aims to achieve greater productivity and ensure, under any circumstances, in a transparent manner, the performance of corporate activities and functions anywhere and on any device, with a high degree of satisfaction; and
- **Business transformation** – Accelerating digital business initiatives: intends to enable the emergence of new digital businesses in Eletrobras companies, with the possibility of new sources of revenue.

R\$ 9.33 MILLION
HAVE ALREADY BEEN INVESTED
IN NEW TECHNOLOGIES

The transformation is being accelerated through the implementation of a Single and Integrated Business Management System, the SAP ERP, implemented in all Eletrobras companies, in addition to tools such as BMC Remedy, for customer relationship management, and Clarity PPM, a management system for projects, programs and portfolios.

The transformation progresses towards generation and transmission, through new systems such as SOMA (System Oriented to the Monitoring of Assets), developed by the Eletrobras Research Center (Cepel), WCM and AIS. These three systems integrated with SAP ERP automate important maintenance, operation and asset management processes.

In addition, the various demands for information technology in companies are being met with the joint purchase of integrated solutions - from energy commercialization, legal management, corporate mobility (mobile applications) and management of digital and electronic signature of documents in automated flow.



The transformation progresses towards generation and transmission, through new systems such as SOMA (System Oriented to the Monitoring of Assets), developed by the Eletrobras Research Center (Cepel), WCM and AIS.



Cybersecurity

GRI 103-1, 103-2, 103-3 | [SDG 7](#), [SDG 13](#)

Among the risks monitored by Eletrobras is that of information security. We act to mitigate and avoid events that compromise the availability, integrity, confidentiality and authenticity of corporate data and information, or that cause damage, loss of information, financial loss, service outages, improper dissemination or damage to reputation, among others.

To this end, we have adopted the Eletrobras Companies Information Security Policy and the Eletrobras Companies Integrated IT Demand Management Regulation. In addition to these two regulations, a plan of 32 activities was developed that seeks to improve the corporate environment and increase maturity in the management of Information Security, reducing the probability of materializing the monitored risks and/or reducing their impacts.

The planning of information security actions and the management of related risks are guided by the NIST Cybersecurity Framework, developed by the National Institute of Standards and Technology in partnership with the private sector. This methodology proposes business drivers to guide information security activities, considering the risks related to the theme as part of the corporate risk management process.

Resources are allocated according to the prioritization of actions, established by the Information Security Plan. The training and qualifications are provided by the Corporate University of the Eletrobras Companies (Unise), based on the definitions of the “Business Support - GRC Corporate Governance Risks and Compliance” pillar, defined in the Corporate Education Plan.



System Operations Center. Eletrobras CGT Eletrosul Collection.



GRI 103-1, 103-2, 103-3

In accordance with the plan for 2019, the following initiatives were carried out:

- development and formalization of an adequate Information Security structure, including the clear definition of roles and responsibilities;
- development of vulnerability management policies and procedures, including remediation;
- development, implementation and exercise of incident response plan (IR);
- development of a sensitive information classification program and the adoption of appropriate tools;
- inclusion of the information security theme in the corporate risk assessment;
- development of the information security strategy.

The Statutory Audit and Risk Committee and Eletrobras' Board of Directors receive a report on information security on a quarterly basis. Management is continuously improved

according to the demands received from this body, among which stand out, in 2019:

- preparation of the governance design of the information security process, including a photograph of the areas involved and their respective duties and responsibilities;
- preparation of a minimum contingency plan before 2022 for cyber-attacks/disasters in the administrative and business areas;
- preparation of an executive summary of the IT contingency plans currently adopted in the administrative and business areas;
- insertion of the pilot project implementation schedule before the subsidiaries, the stipulated targets and the addresses given to the identified deficiencies; and
- inclusion of the number of cyber-attacks suffered and defended in a given period, in order to assess the robustness and/or possible failures of the defense systems, showing: the most relevant occurrences; the impacts and losses potentially arising if the attacks were successful; and the main conclusions, with a critical evaluation of the results achieved.

In order to establish guidelines for the treatment of personal data, with the objective of protecting the privacy of consumers, employees, partners and promoting the management and protection of personal data in the conventional or technology environment of Eletrobras companies, we have drawn up the Protection Policy for Personal Data and Privacy. This is one of the steps already accomplished that are foreseen in the project to adapt Eletrobras companies to the General Data Protection Law (LGPD), a project that has four activity packages: mapping, evaluation and adjustments in the processing of personal data; legal adjustments in regulations; compliance with the rights of data holders; and learning and awareness. The methodology for mapping and inventorying personal data, training requirements and a bank of contractual clauses with third parties have already been completed, among other activities provided for in the project.



Costs management

As a mixed-capital company, we follow the accounting rules applicable to Brazilian corporations, established by Law No. 6.404/76 and subsequent amendments, as well as the Accounting Pronouncements and other guidelines approved by competent bodies. As a participant in the electricity sector, we also observe the standards issued by the National Electric Energy Agency (Aneel).

With regard to these standards, we have developed internal controls, which are determined by means of accounting records, as well as by means of accounting accounts defined by the Electric Sector Accounting Manual, established by Aneel. The records are made for the main purpose of complying with the regulatory body and the accounting standards but are also used for management purposes.

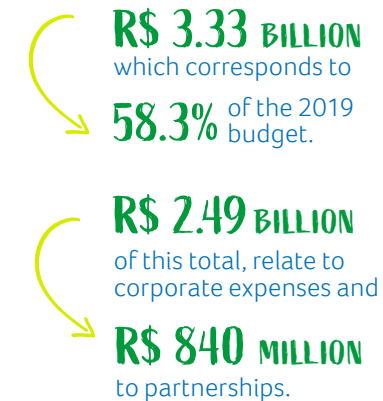
The calculation of program costs is detailed in our [Annual Letter of Public Policies and Corporate Governance](#). The result is presented in the Financial Statements (DFs), in an Explanatory Note, with the segregation of information by business segment. To learn more about cost management in the company, consult our [DFs](#) and our [Annual Accounts Process](#).

In 2019, we started the project to implement the Zero-Base Budget, which reinforces the culture of cost management and transparency. It is a budgeting methodology that aims to reduce costs, allocate resources based on strategic objectives and allow meticulous assessment of expenditures. Throughout the year, we defined the budget preparation and control processes based on the OBZ methodology customized for the context of the Eletrobras companies, and we also mapped a series of cost optimization initiatives whose action plans will be executed over the next two years. At the beginning of 2020, the 2021 costing budget was prepared, already using the OBZ methodology, which provided the elaboration of an optimized budget, very adherent to the companies' needs and objectives.

Budget management

The methodology for calculating the legal budget is established by the Secretariat for Coordination and Governance of State Companies of the Ministry of Planning, Development and Management, and differs in some respects from the rules of Corporate Accounting.

IN 2019, INVESTMENTS BY THE ELETROBRAS SYSTEM TOTALED



The 2019 achievements are in accordance with the legal limit established by the Global Expenditure Plan, Ordinance M.E No. 563/2019 and Law No. 13.808/2019.



Risk, crisis and opportunity management

GRI 102-11, 102-15, 102-29, 102-30, 102-31, 103-1, 103-2, 103-3 | SDG 1, SDG 2, SDG 3, [SDG 7](#), [SDG 9](#), [SDG 13](#), SDG 14, SDG 15

Our risk management process is integrated – coordinated by the holding company's Risk Committee with the support of risk management and the committees present in all subsidiaries –, and its main objective is to reduce the materialization of events that may negatively impact, in a relevant and permanent way, our strategic objectives. This process is governed by a [unique corporate policy](#), which calls for the incorporation of the risk vision into strategic decision-making, in accordance with applicable regulations and best market practices.

The model adopted is based on the ISO 31000 standard and the COSO 2013 and COSO ERM frameworks (of the Committee of Sponsoring Organizations of the Treadway Commission), and part of the identification and consolidation in matrix of the strategic, operational, financial and compliance risks to which our companies are exposed for further evaluation, treatment and monitoring, in addition to communicating to all interested parties in a clear and objective manner. It is also guided by Decree 8.945/2016 and Laws 13.303/2016, 12.846/2013 and Sarbanes-Oxley.

The risk management process is linked to the Board of Directors through the performance of the Statutory Audit and Risk Committee, composed of members of the board itself and reporting directly to the body. Through this committee, the board periodically deliberates on strategic issues in the risk management process, such as the company's risk appetite, its tolerance ranges, the role of the Executive Board in risk management and corporate policy.

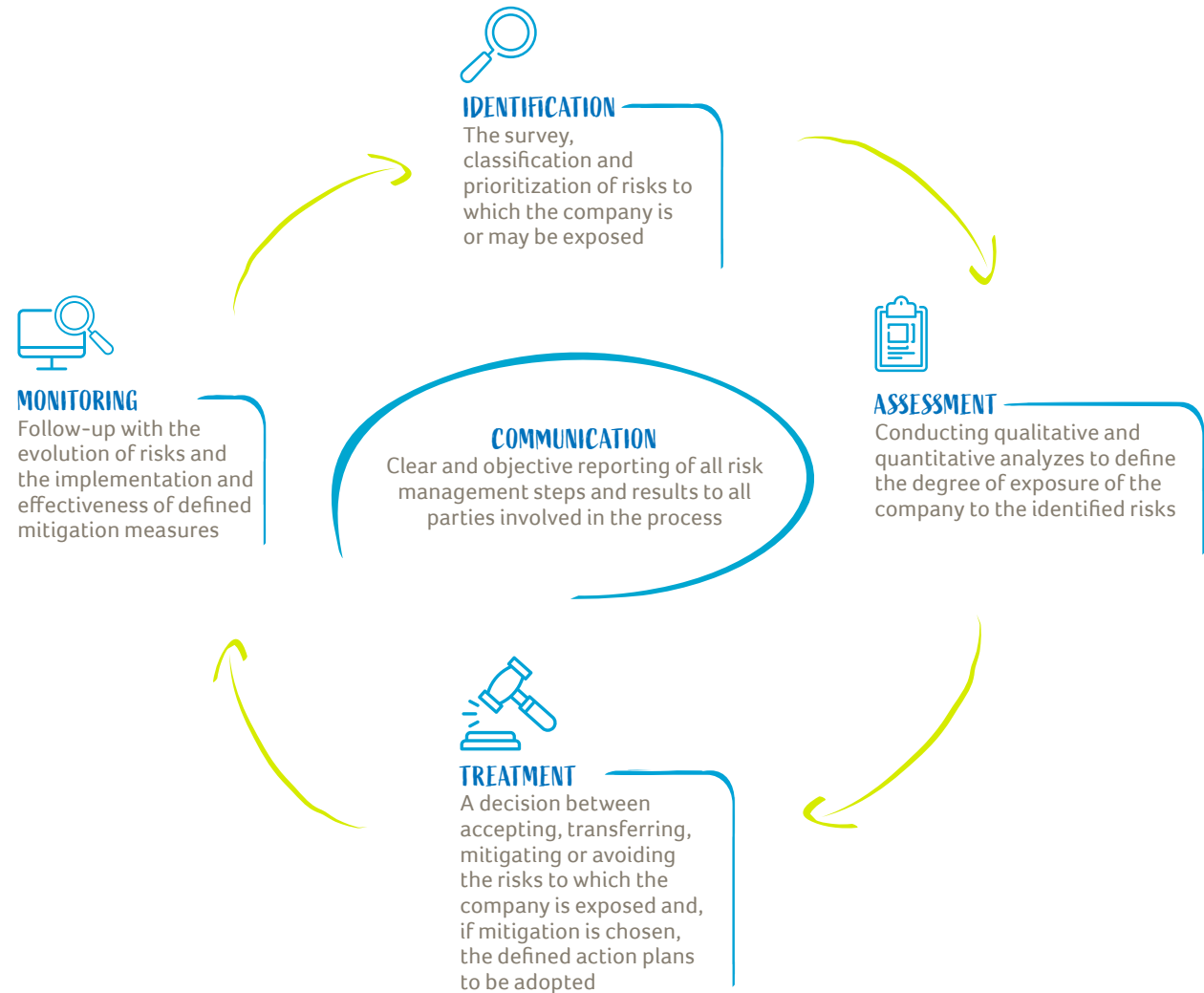
The Executive Board, in turn, assesses the assertiveness of the risk management system and promotes the necessary improvements, sponsors the implementation of risk management in companies; allocates the necessary resources to the process and defines the appropriate infrastructure for risk management activities. In addition, it approves specific rules, defines the proprietary areas of each risk and places itself against the risks, considering the results of the analysis reported by the Risk Managements and the appetite limits approved by the Board of Directors. The risks considered most relevant by the company and their respective impacts are published in documents such as Form 20-F, from the Security and Exchange Commission, and the Reference Form, from the Securities and Exchange Commission.



In 2020, our risk matrix should be reviewed in order to better reflect the PDNG 2020-2024 and we hope to finalize the implementation and operationalize the automated SAP Risk Management system.

Risk management model

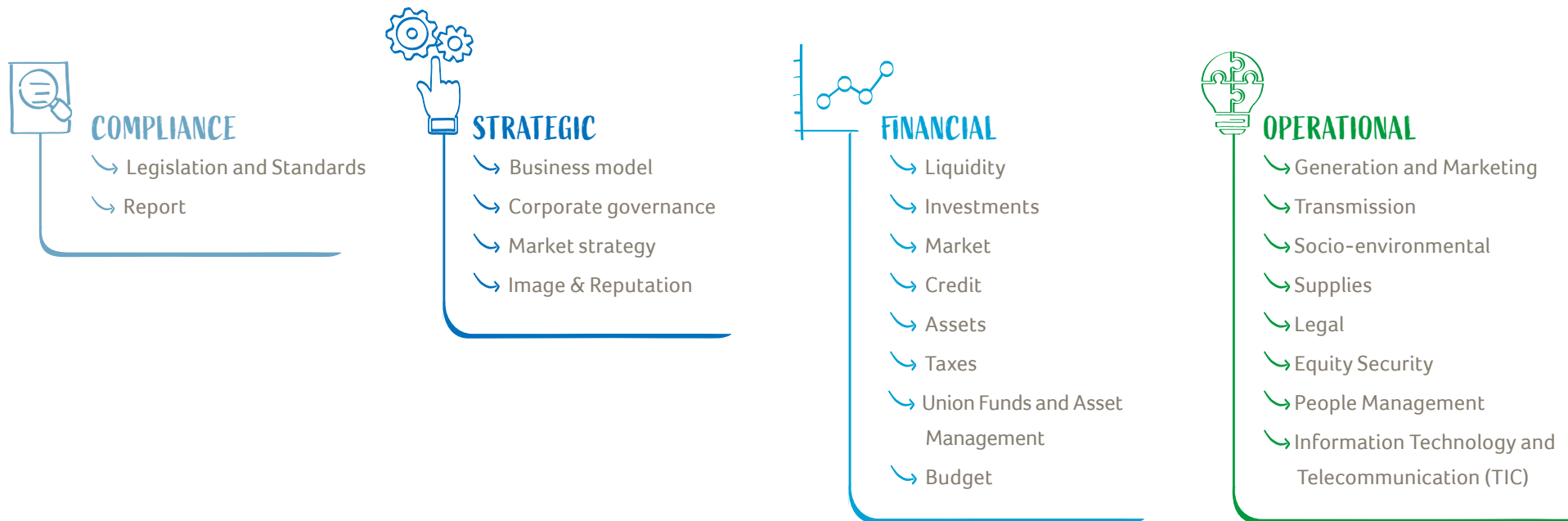
GRI 103-2, 103-3



Main risks

GRI 103-2, 103-3, 102-15, 102-29, 102-31

After identifying the risks, the prioritization process takes place, whereby senior management defines which risks are most relevant to the company in the current analysis cycle. To support its decision, senior management takes into account the risk appetite, the results of previous risk analysis and specific data related to the company's activities. Some of the risks considered to be the most relevant for Eletrobras are shown below.



Compliance

GRI 103-2, 103-3

In order to provide greater robustness and maturity to the processes related to the integrity issues of the companies in its system, Eletrobras implemented, in 2016, and continues to improve, its Eletrobras 5 Dimensions program, currently the Integrity Program (Compliance). This is Eletrobras' main initiative for dealing with issues of integrity and compliance with laws such as Sarbanes-Oxley, Foreign Corrupt Practices Act and LACBRA and with the rules and guidelines of bodies such as Security Exchange Commission, Securities and Exchange Commission, Brazilian Institute of Corporate Governance and Organization for Economic Cooperation and Development.

The Integrity Program (Compliance) covers all Eletrobras companies and its main activities include the development of the management environment, the periodic analysis of risks, the structuring and implementation of policies and procedures, the communication and training of employees and others involved in the process; and the monitoring of the program, remedial measures and application of penalties. As actions for improvement, the consequences policy of the Eletrobras companies and an independent and external reporting channel were launched, and the Code of Ethical Conduct and Integrity was updated. Sensitive points of improvement were also adjusted, including the structuring of policies and documents for obtaining a healthy environment, conducting background checks on representatives (background check of directors and board members) of Eletrobras companies, conducting due diligence for suppliers, sponsorships, covenants, social projects and donations, and the structuring of the due diligence monitoring process with critical suppliers.

In addition, the inclusion of integrity analysis rules in the company's divestment process and the approval and disclosure of the Corporate Consequence Policy, in which sanctions for deviations in conduct and proven activities that are in disagreement with integrity practices, are highlights of the company, in addition to the Anti-Corruption Policy and the Conflict of Interest Management Policy of Eletrobras Companies, the latter approved in 2019. In addition, new training was recently conducted for all Eletrobras System employees on the subject.

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Socio-environmental management of projects

GRI 103-2, 103-3

The risk assessment of socioenvironmental management of projects in Eletrobras companies, including the pre-operational and operational stages of generation and transmission projects, aims to verify the Eletrobras System's exposure to socioenvironmental risk and the degree of effectiveness of the mitigation actions implemented by their companies.

In this sense, we have a corporate environment policy to guide our actions with respect to environmental and social issues related to dealing with local and indigenous communities. The document contains guidelines for relocating local communities and addressing issues involving indigenous communities, fauna and flora. In addition, we always seek to assess the viability of the projects in which we invest, whether of generation or transmission, using the best available information and methodologies, including socio-environmental aspects as a decision-making criterion.

Still on mitigation measures and considering the relationship of the companies in the system with the surroundings of their ventures, we carry out studies of the watershed inventory, feasibility studies and environmental impact studies, seeking to conceive locational alternatives and project arrangements in order to propose, whenever possible, the reduction of physical displacement and socioeconomic impacts on the population.

Under the aspect of relationships with local and indigenous communities, measures that contribute to the mitigation of this risk are listed in the procedure manuals for field activities and service to the public.

Climate changes

GRI 103-2, 103-3, 201-2

Climate change is the product of several natural factors. However, they have been intensified by anthropic action that is increasingly invasive to the environment. In this regard, Eletrobras companies understand that it is important to guarantee the performance of control activities, such as:

- ensure that issues related to climate change are dealt with in company activities;
- ensure that companies are aware of their vulnerabilities related to climate change;
- ensure that a set of measures is implemented to guarantee the adaptation of the electricity generation and transmission systems to the effects of climate change;
- check if there are service providers or suppliers located in areas susceptible to the effects of the risk of climate change and/or that act in disagreement with the legislation and regulations in force on the subject;
- ensure that there is knowledge of the socio-economic effects of climate change; and
- verify whether, on the part of companies, the development of the National Policy on Climate Change or other policies and regulations related to the theme are monitored, such as the carbon credit market.

In this sense, some actions are already being implemented by the Eletrobras System companies, such as:

- constant discussions about climate change, generating proposals for more in-depth studies on the topic;
- creation of Task Force 1 (FT1) on Adaptation to Climate Change, responsible for preparing a report with diagnoses about risks and opportunities, identifying the internal environment, analyzing the climate, prioritizing risks and proposing adaptation measures; and
- conducting research in order to identify opportunities for applying “Ecosystem Based Adaptation” measures to Eletrobras companies.



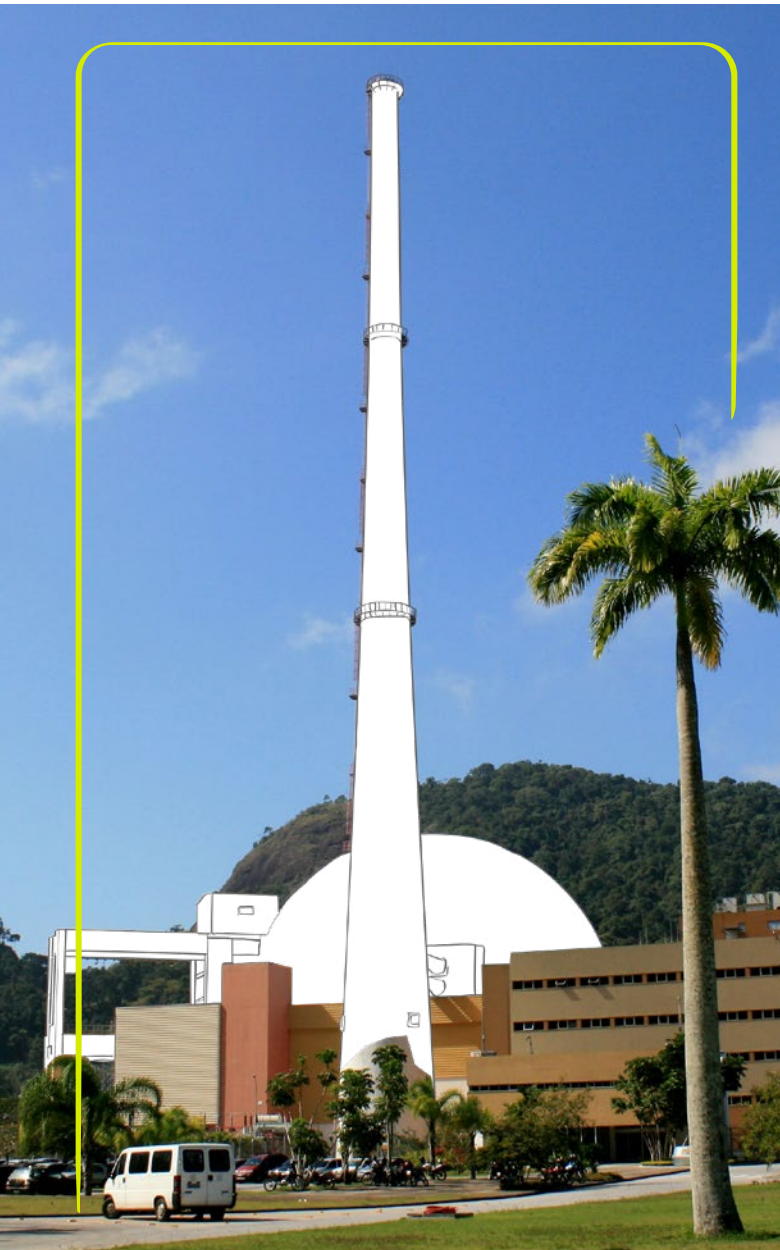
Panorama of the spillway springboard of the Itaipu hydroelectric plant. Itaipu Binacional / Caio Coronel collection.

Human Rights

GRI 103-2, 103-3

The analysis of human rights risk in Eletrobras companies seeks to map their exposure to events, situations or practices that may lead to the violation of these rights, directly or indirectly. Accordingly, there are initiatives in place and targets foreseen within our companies to inhibit practices that may lead to these violations. Among the initiatives already implemented, we can mention:

- ↳ the inclusion of human rights indicators/targets, such as training 100% of employees and level 1 suppliers (critical suppliers) in human rights practices by 2021; conducting due diligence on human rights of 100% of tier 1 suppliers by 2021; and obtaining a percentage of women in management positions at least equal to the total percentage of women in Eletrobras companies;
- ↳ the adoption of human rights commitment clauses and penalty of contract termination if suppliers are in disagreement with values and commitments related to human rights, preached by Eletrobras;
- ↳ the adoption of a Supplier Conduct Guide;
- ↳ the inclusion of thematic human rights guidelines in the Eletrobras Companies Social Responsibility Policy;
- ↳ formalization and training in the Code of Ethical Conduct and Integrity;
- ↳ the elaboration of the Procedure Manual for Field Activities and Public Service, developed within the scope of the Communication and Social Interaction Plans of the projects;
- ↳ the adoption of appropriate language in communication materials on the socio-environmental impacts of the projects to be used in the interaction with the affected communities, particularly the traditional and indigenous populations; and
- ↳ the constitution of a Human Rights Working Group formed by representatives of the Eletrobras Companies' Social Responsibility areas for the discussion and preparation of the Eletrobras Companies' Human Rights Action Plan, aiming to internalize and multiply these practices in companies and their relationship chains.



Angra 2 thermonuclear plant 2. Eletrobras Eletronuclear collection.

Nuclear generation

GRI 103-2, 103-3

As an operator of nuclear generation plants, Eletrobras Eletronuclear is the company in our system responsible for the treatment and monitoring of risks related to this type of power generation. For this reason, the company is even subject to strict liability, according to Brazilian law, for damages in the event of accidents caused by the operation of Angra 1 and 2 plants. Internationally, the Vienna Convention also establishes that operators of this type are responsible for damages related to a nuclear accident. Thus, the Angra 1 and 2 plants operate under the supervision of the National Nuclear Energy Commission and are subject to periodic inspections by international agencies, such as the International Atomic Energy Agency and the World Association of Nuclear Operators.

Eletrobras Eletronuclear invests approximately R\$ 100 million per year both in modernization and in the incorporation of the latest safety requirements for its plants. As an example,

the Multi-annual Plan for studies and projects carried out in response to the accident in Fukushima, Japan, can be mentioned. In this context, following the guidelines of the international nuclear industry, the company carried out a wide and recent reassessment of the risk associated with events resulting from extreme environmental conditions. In addition, in line with the international nuclear industry, Eletrobras Eletronuclear verified the conditions of response of Brazilian plants to Fukushima, Fukushima-type accidents, which are not predictable and which greatly exceed the limits of the plant's project base, following robustness verification procedures adopted by the European Union called "stress tests." As a result of this process, Eletrobras Eletronuclear has been implementing several complementary security measures. The company always seeks to comply with all preventive and safety actions to completely avoid any chance of accidents or contamination.

Hydroelectric generation

GRI 103-2, 103-3

The main source of power generation used by Eletrobras is water and there are several risks associated with this type of generation. Currently, for the company as a whole, the most important risk related to hydroelectric activity is hydrological, which consists of maintaining a systemic production level below the physical guarantee of the plants that make up the regulated energy market (MRE). This risk may materialize mainly due to the water scarcity factor. Thus, we seek to guard against its materialization through two mechanisms. The first consists of the renegotiation of the hydrological risk which, introduced by Law 13.203/15, allows the hydrological risk borne by the hydroelectric generation agents participating in the MRE to be renegotiated by the generators against consideration (risk premium). The second, on the other hand, resides in the realization of “Energy Hedge” - in the remaining amounts of energy that are not supported by the renegotiation, the controlled companies reserve an amount of energy for hedge purposes (establish “clearances” in the availability of energy for sale in cases of very severe droughts, that is, they are not fully contracted in all their availability). In practice, companies stop selling this amount of energy, causing the risk of exposure to the Short-Term Market (MCP) as a result of the GSF to be reduced.

Dam safety

GRI 103-2, 103-3

The management and monitoring of dam safety risk in the Eletrobras system is carried out locally in our controlled companies, at the level of technical and management excellence. Eletrobras holding establishes governance and management over this process, ensuring the adequate flow of information and the resources necessary for its execution. In

addition to always aiming for compliance with current regulations, keeping the dams that make up our assets at a high level of reliability and safety, we are constantly evolving, providing our human resources with participation in the various national and international forums and committees that address the theme.



Furnas hydroelectric plant. Eletrobras Furnas Collection.

The dams and civil structures that make up our assets undergo Periodic Safety Reviews (RPS), observing the current legislation. In addition, as a direct demand of our Board of Directors, the mandatory requirement for these reviews to be carried out by independent external appraisal agents is being incorporated into the internal regulations of the Eletrobras companies.

Since 2017, the entire dam safety macroprocess, considering governance, formal and structured communication with society and the flow of information on this risk, has been updated and revised. As a fundamental initiative, Eletrobras companies, through the creation of the Subcommittee on Dams and Civil Structures (SBEC), established a permanent forum for dialogue, technical updating and exchange of experiences. One of the main products of this initiative was the joint construction of the Eletrobras Dam Safety Policy, already approved internally at all levels of governance.

Likewise, we are currently focusing on internal structuring for the effective implementation of Emergency Action Plans (PAEs) with the communities and municipalities covered by their projects.

Power transmission

GRI 103-2, 103-3

The substations and power transmission lines of the Eletrobras companies operate in several regions and climates in Brazil. They make up 45% of the entire transmission system of the National Interconnected System (SIN), for lines with a voltage equal to or above 230 kV. Currently, for the company as a whole, the most important risk of this operation is related to the unavailability of transmission lines and/or power substations. In accordance with the regulatory indicators of the unavailability of these assets, we may incur direct penalties on our financial income. There are two most relevant risk factors to be considered for the unavailability of assets: extreme weather events and natural accidents with different causes (such as lightning strikes, extreme winds, out of control fires, among others); and the long useful life of assets in operation, which are less resilient to changes in operating conditions, especially when considering operating conditions not initially foreseen in the electrical planning of the system, such as momentary overloads, compliance with electrical contingencies, drastic variations in electrical variables and other operating conditions that may exceed their limits.

In order for these factors to be mitigated, we constantly invest in maintaining and monitoring the operating conditions of our lines. Currently,

most of the substations undergo processes of modernization of the monitoring and data communication infrastructure, providing operational automation and centralized monitoring of the parameters, adding a systemic and unified view of the assets in operation.

In addition, through regulatory action, we contributed to Public Consultation 006/2019 - Aneel, which deals with this topic, and participated in the “Working Group - Useful Life,” created within the scope of the Transmission Committee of the Brazilian Association of Base Industries (Abdib) and which is in negotiations with Aneel and the National Electric System’s System Operator to define an additional portion of transmission revenue, due to the greater risk involved in the operation of these assets, in addition to other important points.

In order to mitigate the impacts of adverse climatic effects and natural accidents on its assets, we have maintained our own operational teams, with a high level of technical training, as well as full availability of means to replace priority equipment for the operation, always mobilized for immediate assistance to contingencies, aiming at strengthening the operational excellence culture.



Transmission operation and maintenance risk

GRI 103-2, 103-3

The management of the transmission assets of the Eletrobras System is done locally, in the same way as with generation assets. This management is carried out with a high degree of excellence, in order to always guarantee the availability and reliability of the systems; and to meet the norms and regulations foreseen for the sector.

In the 2020-2024 PDNG cycle, Eletrobras companies plan to invest in improvement projects and reinforcements in their transmission systems that jointly meet the demands for optimizing the flow of energy in the National Interconnected System, also allowing greater flexibility for the National Operator of the System, adding, in general, reliability to the system and a high level of security and operational stability to the existing assets.

The analysis of the risk of operation and maintenance of transmission networks considers, among other factors, the consequences of possible climatological events on the transmission activities of Eletrobras companies. In this regard, the possibility of events such as gales, fires, cyclones, storms, floods and lightning strikes around our lines is evaluated.

Based on this assessment and in order to reduce the impacts of these events on their transmission assets, Eletrobras companies have defined emergency measures and plans. Among the mitigation actions provided for are the definition and implementation of the Emergency Action Plan on Transmission Lines (PAE LT) and the procedure for action in case of fires. The PAE LT was developed in a way to guarantee the rapid response of emergencies in case of fall of towers or rupture of conductive cables. The actions are standardized and were established based on good maintenance practices, improved over the years by the technical staff of the Eletrobras companies.

The PAE is approved by the Operations Directorates of Eletrobras companies and periodically updated with the experiences of its use. The procedures are aimed at minimizing the recovery time of transmission lines in the event of a fall in structures, observing standards established by Aneel Normative Resolution 729/2016, resulting, in most cases, in total exemption from the Variable Parcel (PV) and the restoration of lines. In the case of fires in the vicinity of the transmission networks, especially those known to be intentional, companies notify the person in charge of the property and send a communication to Previfogo (Ibama), reporting what happened (disconnection and cause) for the applicable legal measures. As a means of proving mitigating actions, in the case of fire shutdowns, companies follow up and monthly report to Aneel on the performance of inspections and cleaning services on the lanes through the Geospatial Management of Transmission (GGT) system.



Regulatory changes in the electricity sector

GRI 103-2, 103-3

There are several agents and government agencies that can promote regulatory changes with possible risks for Eletrobras companies. Among the main ones, directly linked to the electricity sector, are the Ministry of Mines and Energy (MME), Aneel, the Electric Energy Trading Chamber (CCEE) and the National System Operator (ONS), among others. Even regulatory changes coming from other agencies, ministries or entities of the federal power not directly linked to the electricity sector, such as, for example, the National Water Agency (ANA) and the Legislative Branch, can impact Eletrobras.

Even considering Aneel's regulatory agenda, regulatory changes are difficult to predict, and may have a serious impact on the financial condition and results of operations by Eletrobras and its subsidiaries, such as Law 12.783/2013.

Currently, the main risk related to the regulatory environment is the expected changes and impacts, which are still difficult to measure, to be provided by the evolution of Public Consultation 33/2017, whose objective is to improve the legal framework of the Brazilian

Electric Sector (SEB). In October 2019, the MME presented the Report of the Electric Sector Modernization Working Group, composed of members of the main agents responsible for planning on this sector: Aneel, CCEE, ONS and Energy Research Company (EPE, linked to MME). The proposals for modernization of SEB considered in the report are guided by the basic guideline of bringing electricity to consumers in a competitive way, ensuring the sustainability of the expansion, promoting the opening of the market and the efficiency in the allocation of costs and risks. Thus, considering the regulatory, legal and operational aspects, we can consider that the changes forecast for the coming years will be very impacting for the electricity sector in general. Specifically, for Eletrobras companies, it is worth considering that the energy generation, transmission and commercialization businesses will be impacted, that is, the entire value generation chain of the company.

To mitigate these risks, we have our own teams specialized in sectoral regulation. Through monitoring actions, participation in public hearings and consultations and specialized

Even considering Aneel's regulatory agenda, regulatory changes are difficult to predict, and may have a serious impact on the financial condition and results of operations by Eletrobras and its subsidiaries.

technical forums, in addition to sectoral associations, matters are deeply discussed by all Eletrobras companies that, in a coordinated manner, presenting their contributions to events of regulatory changes. The main marker of the company's regulatory planning is, currently, Aneel's Regulatory Agenda, for the 2020-2021 biennium.



COMMITMENT TO SUSTAINABILITY

SDG 7, SDG 8, SDG 9, SDG 13, SDG 16

Our Sustainability Management System is based on five main elements: the Eletrobras Companies Sustainability Policy, the Executive Committee for Sustainability Management of Eletrobras Companies, the Corporate Sustainability Management Indicators System (IGS System), the Value Creation Model and Integrated Reporting.

SUSTAINABILITY POLICY

The Eletrobras Companies Sustainability Policy establishes the guidelines that guide the actions of Eletrobras companies regarding the promotion of sustainable development, seeking to balance business opportunities with social, economic-financial and environmental responsibility. It was updated in 2019, after a large contribution from the Executive Committee on Sustainability Management, aiming to follow the evolution of issues related to sustainable development, value generation, ESG (Environmental, Social and Governance - ESG) themes, in addition to improvements in integrity and corporate governance guidelines.

EXECUTIVE COMMITTEE FOR SUSTAINABILITY MANAGEMENT

The Executive Committee for Sustainability Management of Eletrobras Companies, aims to promote and disseminate sustainability actions within the System, manage the Value Creation Model, as well as promote integrated management of the economic, social and environmental dimensions in order to internalize, disseminate and give transparency to the process of implementing the 2030 Agenda for sustainable development, subscribed by Brazil and supported by Eletrobras. The commission is led by the holding company and has sustainability coordinators from all Eletrobras companies, in addition to being responsible for reporting and indicators on 30 topics related to the sustainability of our business.

SUSTAINABILITY MANAGEMENT INDICATORS SYSTEM

The Corporate Sustainability Management Indicator System (IGS System), developed by Cepel, is part of the portfolio of institutional projects for Research & Development + Innovation by Eletrobras companies and has been widely used to manage indicators on topics related to the sustainability of our business, as well as a collection tool for information from our corporate reports.



VALUE CREATION MODEL

More broadly, the sustainability theme permeates the various processes inherent to the business of Eletrobras companies, and an integrated action from their areas is essential, in a coordinated manner, fostering best practices and business continuity, as well as enhancing value generation to all its stakeholders. In this sense, the Value Creation Model was updated in 2019, when 30 expectations of value generation were identified, as shown on [page 27](#).

INTEGRATED REPORTING

The Integrated Report, as a complement to the GRI methodology, has been helping companies to value and better communicate their value creation process to their stakeholders. Since 2018, the holding company has presented its report in a “full integrated” format. The main purpose of an integrated report is to explain to providers of financial capital how an organization generates value over time. The evolution of integrated reporting at Eletrobras promotes a more cohesive and efficient communication of corporate reports, the connectivity of tangible and intangible information on capitals (financial, manufactured, intellectual, human, social, relationship and natural), resulting in the adoption of the model in this report. Eletrobras' Annual Report 2018 is among the ten best integrated reports and competes for the CR Reportings Awards'20 in the Best Integrated Report category.

In 2019, we entered the portfolio of B3's Corporate Sustainability Index (ISE) again, composing it for the 12th time. Since 2005, ISE groups publicly traded companies with the best commitments and practices in the areas of corporate governance, economic-financial, social, environmental and climate change. Composing the portfolio is a reflection of the consistency and solidity of our commitment to results for Brazilian society and the implementation of the best national and international corporate sustainability practices.

In addition to the integration between its controlled companies, Eletrobras is in constant interaction with other companies in the market, in direct relationships or through its participation in forums such as the Brazil Network of the Global Compact, being a member of its Guiding Council, of the Brazilian Business Council for Sustainable Development, CEBDS, and has strengthened relations with the World Business Council for Sustainable Development, the WBCSD, where the sharing of experiences has led to the improvement of business processes, collaborating for sustainable development.

We potentiate our contribution to sustainability beyond business and we support priority causes for the country. We have been signatories to the Global Compact since 2006 and, in 2017, we integrated our strategy with the UN Sustainable Development Goals (SDGs). This alignment demonstrates our commitment to sustainable development and strengthens ties with civil society and governments, working to promote and implement public policies.



Greater incorporation of sustainability into management

GRI 103-1, 103-2, 103-3

Sustainability is our way of doing business. One of the significant advances in 2019 was to further insert sustainability practices into the company's day-to-day business. Indicators and guidelines related to the theme and its dimensions have been included in the latest reviews of management documents in a prominent way. We updated the Communication and Social, Environmental, Sustainability and Anti-Corruption Policies and updated our Value Creation Model.

In addition, once again, we materialize our commitment to sustainable development by associating variable remuneration, not only for administrators, but also for managers and employees, with the achievement of sustainability goals. In this way, its materialization becomes palpable and daily, forming an integrated part of the management processes.

Other stakeholders to whom we have given special attention are shareholders, who are increasingly concerned with sustainability. As we trade shares on the stock exchange, we receive several questions, which we have placed on the agenda in management decisions. The perceptions of this and other strategic audiences are also considered for the preparation of this report, as can be seen on [page 7](#). We have also continuously quantified our negative and positive impacts on our stakeholders within our value creation model, which guides us towards preventing, mitigating or dealing with these events.

The goal for 2020 is to maintain this culture of sustainability and identify opportunities for evolution in this direction. We must increase the engagement of the internal public through notices, videos, communications, among other communication tools, always relating our actions to the Sustainable Development Goals.

As a result of the analysis of trends and best market practices with regard to corporate sustainability, we developed the Sustainability 4.0 Program, which is part of the Business and Management Master Plan for the period from 2020 to 2024 (PDNG 2020-2024).

The program is motivated by the Eletrobras Companies Materiality Matrix, the PDNG 2020-2024, the Sustainability Policy, the commitment to the 2030 Agenda and the Sustainable Development Goals (SDGs), the main sustainability indexes and the main Environmental, Social and Governance (ASG) themes. It consists of several projects that aim to promote excellence in terms of sustainability in the Eletrobras companies' businesses and the generation of value for all stakeholders, involving topics such as management and people development; health, safety and well-being; synergy with industry 4.0; human rights; supplier management; transparency and dialogue with stakeholders; corporate governance; socio-environmental factors in risk management; energy transition; climate changes; water; biodiversity; waste management; energy efficiency; certification of energy from clean sources; and sustainable management of financial capital.



Monitoring of the PDNG targets by priority SDGs

GRI 103-3

In 2019, we defined 16 indicators and respective targets for the five SDGs prioritized by Eletrobras. The regular monitoring and analysis of the companies' performance allows the elaboration of action plans, identifying positive and negative impacts, and promoting and sustaining the creation of value for the interested parties. In addition, as the indicators and targets are also linked to the 2019-2023 Business and Management Master Plan - Challenge 23 and to the variable remuneration of administrators and employees ([learn more on pages 84 and 85](#)), they make the implementation of the 2030 Agenda consistent. Reporting on this process is a strategic tool to support decision-making processes and encourage organizational development, reinforcing the commitment to sustainability and the SDGs.

We present our 2019 results on the following pages. On [page 190](#), we published Annex I: Contribution to the SDGs, which show our efforts and vision for the future to achieve, by 2030, our commitments related to the theme.

Voluntary commitments

GRI 102-12

We voluntarily endorse national and international initiatives that debate social, environmental, economic and human rights issues in business, in order to expand our potential to contribute to sustainable development. We also participate strategically in organizations focused on promoting sustainability on different topics relevant to the business.

In 2019, we joined the Brazilian Business Commitment to Biodiversity, launched by the Brazilian Business Council for Sustainable Development (CEBDS) with nine goals to be achieved by 2030 related to biodiversity and ecosystem services, in line with national and global strategic plans for biodiversity. We are also signatories to the Water Resources Commitment, also from CEBDS.

Supported commitments and initiatives

GRI 102-12

- Declaration of Commitment to Combat Sexual Exploitation against Children and Adolescents;
 - Principles of Women's Empowerment;
 - Sustainable Development Goals (SDGs);
 - Brazilian Business Commitment for Water Security of the Brazilian Business Council for Sustainable Development (CEBDS);
 - Business and Indigenous Peoples Dialogue;
 - Carbon Disclosure Program (CDP);
 - Open Letter - Private Sector supports Carbon Pricing Brazil;
 - Positioning on CEBDS carbon pricing mechanisms;
 - Business Open Letter for Human Rights, created under the former Ministry of Human Rights, in force since 2018; and
 - Brazilian Business Commitment to Biodiversity of CEBDS.
- Pro-Gender and Race Equity Program, since 2005;
 - UN Global Compact;



Organizations we participate | GRI 102-13

Corporate sustainability

- Brazilian Business Council for Sustainable Development (CEBDS) - we have a seat on a governance body and participate in the Thematic Chambers of Water, Energy and Climate Change, Biodiversity and Biotechnology and Social Impact, in which we are co-leaders;
- Brazilian Global Compact Committee (CBPG) - we work in thematic groups, such as Energy and Climate;
- Global Reporting Initiative (GRI Community); and
- Ethos Institute of Business and Social Responsibility.

Business management

- Brazilian Institute of Corporate Governance (IBGC); and
- National Forum on Ethics Management in State-owned Companies.

Environment

- Brazilian Electric Sector Environment Forum (FMASE) - we have a seat on a governance body and participate in projects/commissions.

Climate changes

- Brazilian Forum on Climate Change (FBMC); and
- Companies for the Climate (EPC).

Water

- National Water Resources Council (CNRH); and
- World Water Council (WWC).

Social

- Intrasectoral Articulation Center of the Companies and Indigenous Peoples Dialogue Initiative - we participate in projects/commissions; and
- Human Rights Working Group of the UN Global Compact Brazilian Committee - we participate in projects/commissions.

Sectoral development

- Electric Energy Trading Chamber (CCEE);
- Brazilian Association of Thermoelectric Generators (Abraget);
- Brazilian Cier Committee (Regional Energy Integration Commission - Bracier);
- Brazilian Committee on Dams (CBDB);
- Brazilian Association of Electricity Generating Companies (Abrage);
- Brazilian Association of Large Electricity Transmission Companies (Abrate);
- Brazilian Wind Energy Association (ABE Eólica);
- Brazilian Nuclear Energy Association (ABEN);
- World Nuclear Operations Association (WANO); and
- World Nuclear Association.

④ CORPORATE GOVERNANCE AND ETHICS



CORPORATE GOVERNANCE

GRI 103-1, 103-2, 103-3 | SDG 16

Our governance practices are guided by the principles of ethics, transparency, equity, accountability and corporate responsibility. As a publicly traded company with shares traded in Brazil, the United States and Spain, we follow the requirements of the Brazilian Securities and Exchange Commission (CVM) and B3 (Brasil, Bolsa, Balcão), the Securities and Exchange Commission (SEC) and the New York Stock Exchange (Nyse), and Latibex, the Madrid Stock Exchange.

Our commitment to the best management practices is expressed in our listing on Level 1 of Corporate Governance at B3, as well as in the certification in the Outstanding Program in State Governance of that same exchange and the achievement of the level of excellence in the IG- Sest (Certification of Federal State Companies) indicator, of the Secretariat of Coordination and Governance of State Companies (Sest), linked to the Ministry of Economy. And we are also annually evaluated by independent auditors during the Sarbanes-Oxley certification (law that establishes governance rules related to disclosure and issuance of financial reports) and, every two years, we have our integrity program audited by the Federal Comptroller General (CGU). Our internal control environment (main management, support and operational processes) is also periodically evaluated by our internal audit teams, who also verify the implementation and operation of governance, risk and compliance functions.

2019 was marked by the integration of these functions at Eletrobras. The Executive Board promoted a restructuring in which the area responsible for the development of corporate governance practices was incorporated by the Compliance Board, which already dealt with risks, internal controls, information security and anti-corruption compliance (corporate integrity). We also created the Regulatory Compliance area, which started to add value to the strategy of updating, planning and disseminating these documents, and to mitigating the risks of non-compliance.

The Executive Board promoted a restructuring in which the area responsible for the development of corporate governance practices was incorporated by the Compliance Board, which already dealt with risks, internal controls, information security and anti-corruption compliance (corporate integrity).

Corporate governance highlights

GRI 103-2, 103-3

- ↳ Members of the holding's Executive Board who participate in the Boards of Directors of all controlled companies;
- ↳ Existence of a single Code of Ethical Conduct and Integrity adopted by all Eletrobras companies;
- ↳ Board of Directors comprised by 55% independent members;
- ↳ Different communication channels for receiving complaints and/or denunciations;
- ↳ Certification of internal controls by administrators (CEO and CFO) and independent auditors, with a transparent approach to any deficiencies and their remediation plans;
- ↳ Administrators and Fiscal Council members subject to the assessment of the requirements and prohibitions provided for in Law No. 13.303/2016 and Decree No. 8.945/2016;
- ↳ Existence of support committees for the Board of Directors - Statutory Audit and Risk Committee; Strategy, Governance and Sustainability Committee; and Management, People and Eligibility Committee;
- ↳ Independent annual assessment of the members of the Board of Directors, the Executive Board and the Board;
- ↳ Annual Report produced in accordance with the Global Reporting Initiative (GRI) Standards*, and in compliance with the framework of the International Integrated Reporting Council (IIRC);
- ↳ Listing in B3's Corporate Sustainability Index (ISE) portfolio; and
- ↳ Certification at Level 1 (level of excellence) of the Governance Indicator - IG-Sest, developed by Sest, of the Ministry of Economy, with the objective of assessing compliance with the legislation and guidelines established by the Interministerial Committee on Corporate Governance and Management of Union Equity Holdings (CGPAR), in the search for the implementation of the best market practices.

* The term "guidelines" used in the Portuguese version of this Report, was excluded in its English version, to better represent the GRI Materiality Disclosures Service requisites.

Policies and instruments

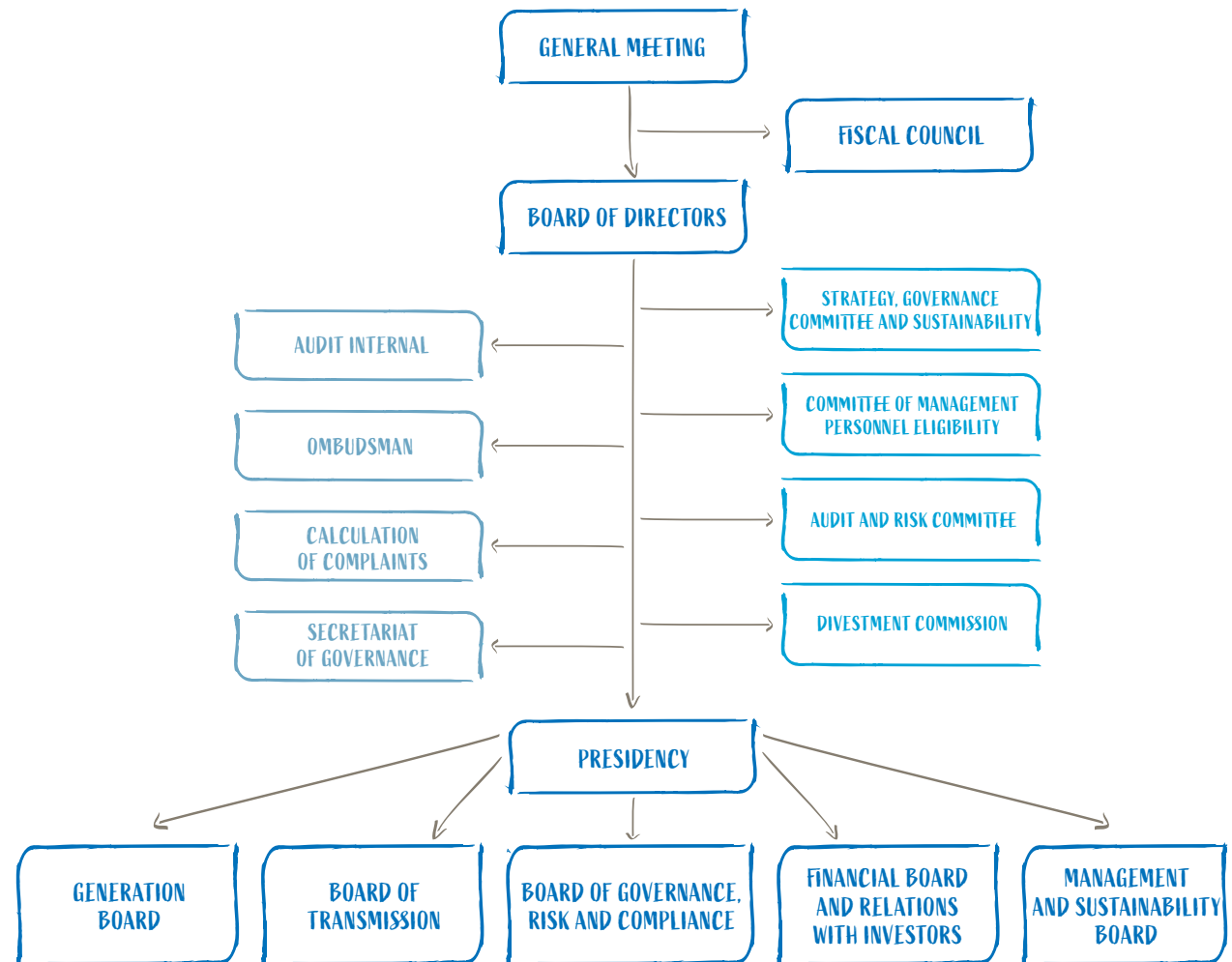
GRI 103-2

We have an institutional structure of management policies and instruments that is continuously updated, establishing standards, values and behaviors to be observed for good business governance. The documents are available in the [Corporate Governance](#) section of the Eletrobras website. The main ones are listed below:

- ↳ Bylaws;
- ↳ Manuals, guides and regulations;
- ↳ Guidelines, codes and policies to guide conduct and commitment on different aspects and relationships involving strategic themes, such as the promotion of ethics, compliance, integrity, risk management and sustainability;
- ↳ Specific policies on topics relevant to the operation of the business (e.g.: systems, people management, project management, etc.); and
- ↳ Internal rules and regulations of the governance bodies.

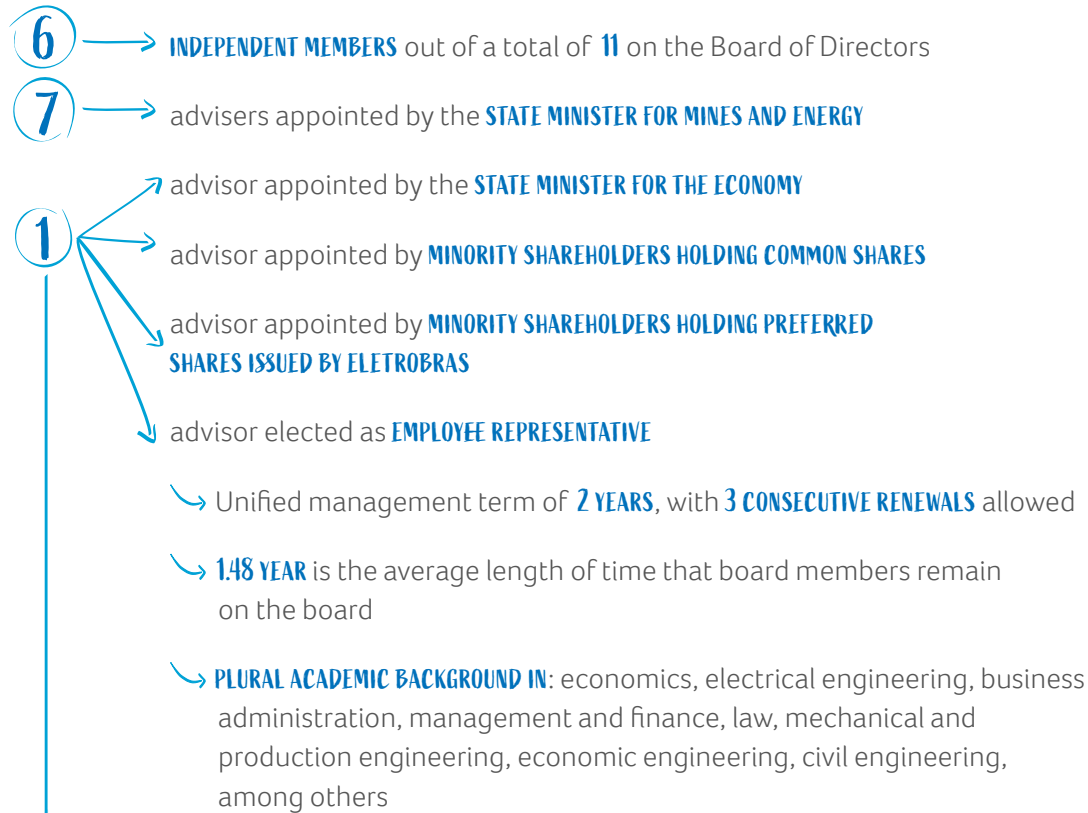
Management Structure

GRI 102-18, 102-22



Board of Directors Profile

GRI 102-22



General Shareholders' Meetings

GRI 102-22

The Ordinary General Meeting (AGO) is held annually until April, while Extraordinary General Meetings (AGEs) are held whenever the Board of Directors deems it convenient or in situations provided for by law. The objective is to promote decision-making by shareholders with the right to vote on strategy and general business orientation. The understanding of the matters proposed at the General Meetings is supported by the "Manual for Participation in Eletrobras Shareholders' Meetings," available on our website.

In 2019, an AGO and two AGEs were held - the 174th and the 175th. The first dealt with the new term for the transfer of control of the distributor Amazonas D and other measures. The second, on the other hand, approved the authorization for Eletrobras' capital increase by private subscription. In both editions, the company, although there is no legal obligation, allowed remote voting, which provided relevant quorums, of 76.53% and 59.94%, respectively.

Board of Directors and Advisory Committees

GRI 102-22

The Board of Directors (CA) is Eletrobras' main governance body, charged with strategic direction and the fulfillment of the company's purpose, vision and values. The body actively participates in the preparation of the strategic planning and the Business and Management Master Plan (PDNG) and has the task of protecting and valuing the company, optimizing the long-term return on investment and seeking balance between the wishes of the various stakeholders.

In 2019, the Board was comprised by 11 members. The directors act in accordance with the company's Bylaws and meet the requirements required by Laws No. 6.404/1976 and No. 13.303/2016, by Decree No. 8.945/2016 and all legal and applicable criteria by regulatory bodies. The nomination for participation in the body follows the Eletrobras Companies Nominations Policy. The exception is the employee representative member, elected in accordance with Law No. 12.353/2010 and Ordinance No. 026/2011 of the Ministry of Planning, Budget and Management for a two-year term, starting on the date of the AGO, since the term of all members is unified. Up to three renewals are permitted by law and by statutory provision. In 2019, there were no changes in the minimum requirements for election.

The Board of Directors met 27 times during the year, in accordance with the powers provided for in the company's Bylaws and the Internal Regulations. The main subjects discussed were:

- capital increase for capitalization of Advances for Future Capital Increase (AFAC) in the holding;
- issuance of bonds by the holding;
- debenture issue of subsidiaries;
- divestment process in shareholdings of Special Purpose Entities;
- merger of Eletrobras Eletrosul by Eletrobras CGTEE;
- follow-up and monitoring of supplementary pension plans and health care plans, with support from the Audit and Statutory Risk Committee (CAE);
- convening of the Extraordinary General Meeting and subsidy to approve the sale of the Amazonas D distributor;
- approval of the Shared Services Center (CSC) sharing contract;
- filing of Form 20-F with the Securities and Exchange Commission;
- approval of an improvement program for advisors and officers of Eletrobras companies;
- review/approval of Eletrobras' governance documents; and
- review of the Internal Regulations of the CAE and election of an independent member.

| Members of the Board of Directors in 2019 GRI 102-22 | Mandate¹ | Participation in meetings (%) | Election |
|--|----------------------------|--------------------------------------|---|
| José Guimarães Monforte | April 2019 to April 2021 | 81 | Elected by the Union Independent member |
| Wilson Ferreira Jr. | April 2019 to April 2021 | 93 | Elected by the Union |
| Vicente Falconi Campos | April 2019 to April 2021 | 81 | Elected by the Union / Independent Member |
| Mauro Gentile Rodrigues da Cunha | April 2019 to April 2021 | 96 | Elected by the Union / Independent Member |
| Ruy Flaks Schneider | April 2019 to April 2021 | 100 | Elected by the Union / Independent Member |
| Bruno Eustáquio Ferreira Castro de Carvalho | April 2019 to April 2021 | 94 | Elected by the Union |
| Ricardo Brandão Silva | April 2019 to April 2021 | 100 | Elected by the Union |
| Marcelo de Siqueira Freitas | April 2019 to April 2021 | 100 | Elected by the Union |
| Daniel Alves Ferreira | April 2019 to April 2021 | 94 | Elected by ordinary minority shareholders/ Independent member |
| Felipe Villela Dias | April 2019 to April 2021 | 94 | Elected by preferred minority shareholders/ Independent member |
| Luiz Eduardo dos Santos Monteiro | April 2019 to April 2021 | 100 | Elected by employees of the holding company |

Notes:

1. The term of office will be extended until the effective investiture of the new members, according to article 26 of the Eletrobras Bylaws.
2. Elvira Baracuhy Cavalcanti Presta submitted a letter of resignation on March 12, 2019, when she took over the Finance Department. José Pais Rangel submitted a letter of resignation on May 28, 2019.
3. Independence criterion of the members of the Council according to criteria of the American law.

Executive Board

GRI 102-22

The Executive Board is responsible for the general direction of Eletrobras, acting based on the guidelines established by the Board of Directors (CA). Its six members of 2019, including the CEO, were elected by the Board. The term of office is unified and does not exceed two years, with a maximum of three consecutive renewals allowed.

The Board has the support of commissions and working groups created on demand for technical deepening of management issues. The body meets weekly. In 2019, 57 meetings were held.

Fiscal Council

GRI 102-22

The Fiscal Council represents shareholders with a supervisory and monitoring role of the administrators' actions. Its role is to verify compliance with the legal and statutory duties of these executives. In 2019, it was comprised by four members and their respective alternates, with terms not exceeding two years, with two consecutive renewals permitted.

The Fiscal Council meets ordinarily every month and extraordinarily whenever necessary. In total, 14 meetings were held in 2019.

Advisory committees

The Board of Directors has three committees to advise on analysis, monitoring and recommendation on specific issues in each area: Strategy, Governance and Sustainability Committee; Audit and Risk Committee; and the Management, People and Eligibility Committee, the last two of which are provided for in Eletrobras' Bylaws. Each committee has three vacancies for board members, with their duties laid down in their own internal regulations. See the main topics addressed by these bodies in 2019 in the table below.

There is also the Divestment and Capitalization Operation Follow-up Committee, created in 2017 and currently comprised by four directors who are responsible for monitoring Eletrobras' internal activities related to its divestment program and monitoring the activities related to the holding's capitalization operation.

In 2019, the committees discussed the following topics, among which we highlight:

- participation in the Strategic Planning Process;
- monitoring the preparation of the Business and Management Master Plan (PDNG), focusing on indicators, goals and strategic initiatives;
- monitoring of themes related to Corporate Sustainability and the 2030 Agenda;
- monitoring of initiatives to improve the company's corporate governance and sustainability, including a strategy for participation in the indexes: Dow Jones Sustainability Index (DJSI), Corporate Sustainability Index (ISE), IG-Sest governance index (IG-Sest), Ibovespa Index (B3);
- assistance in preparing the apply or explain form by the Securities and Exchange Commission;
- monitoring of major investments in works/projects in progress;
- support in strategic and governance guidelines and monitoring the preparation of the project portfolio;
- support to the Board of Directors in the performance evaluation process of Eletrobras' management bodies; and
- Risk management, internal controls, audit, integrity, among others ([for more details go to the CAE Report](#)).

Leadership selection

GRI 102-24

Law 13.303 (State-Owned Companies Law) and its regulation (Decree 8.945) brought new requirements for the selection and qualification of candidates for positions of administrator and fiscal councilor for state-owned companies, which is why we have improved our compliance and referral competency analysis processes, in addition to promoting initiatives for the development of approved executives. In this activity, we also comply with the company's bylaws and other normative documents of the company.

All nominations for the positions of directors and officers are analyzed by the areas of integrity and governance through consultation of the database of sanctions applied by the Public Ethics Committee, the websites of regulatory agents and the ombudsman offices of the Eletrobras companies. It is also deliberated by the Management, People and Eligibility Committee, which also promotes and monitors the adoption of good corporate governance practices regarding remuneration and succession for the entire Eletrobras system, as well as monitors the effectiveness of its processes, proposing updates and improvements when needed.

The appointment of the members of the Board of Directors Support Committees is defined after the Annual General Meeting. The improvements recently implemented in the process of appointing managers and directors culminated in the Policy for the Appointment of Representatives in Subsidiaries, Affiliates, Foundations and Associations of Eletrobras companies.

Leadership development

GRI 102-27

We execute the Improvement Program for Eletrobras Directors and Officers in a consistent and continuous manner. The initiative involves cycles of lectures, annual congresses, classroom and online courses. In 2019, 4 events of this type were held, totaling 252 participations and 1,008 hours/class.

Eletrobras' Board of Directors participated in several lectures on "Risks, Internal Controls and Integrity" - also transmitted to the bodies of the subsidiaries -, "Regulatory Law in the Electric Sector"; "Energy Commercialization"; and "Fiduciary Duties of Loyalty and Diligence in the Treatment of Relevant Corporate Information

and the Responsibility of Managers" - with emphasis on the Policy for Disclosure and Use of Relevant Information and Securities Trading at Eletrobras Companies. In July, the advisers also made two technical visits, one to the Angra 2 plant and the other to Cepel.

In person, we promoted four workshops, based in Brasília, Rio de Janeiro, Recife and Florianópolis, with the themes "Roles and Responsibilities of Directors and Administrators," "Human Rights," "Corporate Governance" and "SPE Management."

For 2020, we plan to incorporate themes suggested from the results of the performance reviews.

4. Securities and Exchange Commission (CVM), Federal Audit Court (TCU), Superior Electoral Court (TSE) and State Audit Court (TCE).

Evaluation

GRI 102-28

Annually, the members of the Board of Directors, the Fiscal Councils and the Executive Boards undergo an individual and collective performance assessment that follows a unique methodology in all Eletrobras companies. The results are scored and consolidated in a report, for later feedback meeting.

Since 2018, this assessment has been carried out independently by an external consultancy, which has also led to the inclusion of the holding company's Board of Directors' committees and our representatives on the deliberative board of Cepel and SPEs in which Eletrobras or its subsidiaries have a majority stake.

The assessment procedures were maintained for the 2019 financial year, including structured interviews, self-assessments and personalized assessments for the chairmen of the boards of directors and chief executive officers. Three criteria are considered: competencies, results and attributions of the body.



Hydroelectric complex Paulo Afonso. Eletrobras Chesf/ Severino Silva Collection.

Leadership remuneration

GRI 102-35, 102-36, GRI 102-38, 102-39⁸

According to the law, the salaries of the members of the Fiscal and Administration councils in public companies and federal mixed capital companies cannot exceed 10% of the average monthly remuneration of the directors. Board members do not receive additional remuneration for participation in advisory committees and/or commissions, except for the members of the Audit Committee, who may receive differentiated remuneration depending on the workload.

The composition of the annual remuneration of the Executive Board is approved at the General Shareholders' Meeting, following the vote of the Attorney General of the National Treasury (PGFN), which is guided by the instructions of the State Government's Coordination and Governance Secretariat (Sest). The fixed fees for Eletrobras' president in 2019 were R\$ 688,530.83 (including the amount received as a member of the Board of Directors) and for each of the other directors it was R\$ 598,350.84.

That same year, the proportion between the increase in the total remuneration⁵ of the employee with the highest remuneration and the average increase in the total remuneration of employees⁶ was 0.55. The ratio between the annual remuneration of the employee with the highest remuneration and the average of the total annual remuneration of employees was 3.40.⁷

5. For the calculation of remuneration, permanent wage types, annual fee and function bonuses were considered.

6. The calculation of the average total annual remuneration considers employees who have received at least seven months (more than 50% of the year) of remuneration in 2019, as a way of minimizing the effect of possible exceptions in the evaluation of the indicator.

7. The proportion of the increase and the remuneration ratio were calculated using the employee with the highest annual remuneration in 2019, without considering statutory positions (directors and presidents). There was a change in the format of the report in relation to 2018, using the average of the employees' remuneration as the denominator of the calculations and not the median. 102-48 (this tag was included in the English version of this Report, to better represent the GRI Materiality Disclosures Service requisites).

8. The calculations for indicators 102-38 and 102-39 refer to the employees of the holding company.

Summary of the annual amounts paid to the Eletrobras governance bodies

| Remuneration (R\$) | 2019 | 2018 | 2017 |
|------------------------------------|--------------|--------------|--------------|
| Board of Directors | 597,351.44 | 588,596.49 | 661,975.71 |
| Fiscal Council | 358,410.82 | 382,649.66 | 393,229.11 |
| Executive Board | 5,707,520.05 | 6,948,244.60 | 8,323,204.63 |
| Statutory Audit and Risk Committee | 1,694,564.52 | 901,556.04 | - |

Note: the amounts presented are of total remuneration to the holding company's governance bodies.

The Annual Variable Remuneration Program (RVA) can add up to 2.5 fees and is structured based on goals for indicators agreed between the Board of Directors and the Executive Board of each of the Eletrobras companies. The program is structured based on goals for results indicators linked to the Business and Management Master Plan (PDNG) and the Business Performance Goals Contract (CMDE), in addition to the Leaders Assessment indicators, Sest Compliance Indicator and Indicator linked to business units (Project Performance Index), based on meeting deadlines.

One of the indicators of the Variable Remuneration Program (RVA), the Strategic Alignment Index - IAE (CMDE), establishes a firm correlation between the referred Program and the CMDE, which is periodically agreed between the holding company and its subsidiaries to establish indicators and targets linked to the Strategic Planning and Business Plans of Eletrobras companies. Through this indicator, the overall performance of CMDE directly interferes in the calculation of the Variable Remuneration of the Officers. Among the contract indicators reflected in the RVA of the Eletrobras Directors, we highlight the indicator Price / Asset Value per share, which measures the relationship between the price of Eletrobras' shares and its asset value, in comparison with companies of the Electricity Index of B3 (IEE)), thus establishing a comparison of the performance of Eletrobras' shares with companies in the market.

The payment of the RVA is made in five years - 50% in the first year, 20% in the second year and 10% in the last three years -, the payments from the second to the fifth years being conditioned to the maintenance of the result (net profit). This rule that links the payment of deferred installments to the maintenance of the result, in addition to reinforcing the commitment to corporate sustainability, is configured as a type of clawback, since, under certain conditions, it gives the company the right to revoke part or the total remaining installments of the variable remuneration.

The RVA Program also has a clause to define that in the event of a possible dismissal for improper conduct, the exonerated director will not be entitled to any portion of the variable remuneration.

Indicators of the RVA Program and Correlation with PDNG 2020-2024

| Category | Strategic Guideline of PDNG 2020-2024 | Indicator |
|---|---|---|
| Corporate (entire company) | <ul style="list-style-type: none"> ○ Value and Investment; ○ Commercialization; and ○ New businesses. | Strategic Alignment Index – IAE (CMDE) |
| | | % of PDNG investment made |
| | | Net Income / Net Worth |
| | <ul style="list-style-type: none"> ○ G&T Efficiency; and ○ Innovation and Digital Transformation. | Personnel, Material, Services and Other Accounts (PMSO)/ Regulatory PMSO |
| | | <ul style="list-style-type: none"> ○ G&T Expansion; and ○ New Business. |
| Collegiate | <ul style="list-style-type: none"> ○ Governance; and ○ Management. | Evaluation of the Collegiate Board by the Board of Directors |
| | | Sest Compliance Indicator (compliance with regulatory deadlines) |
| Business unit ¹ (specific for each Board) | <ul style="list-style-type: none"> ○ Value and Investment; ○ Commercialization; ○ G&T Efficiency; ○ Culture and People; ○ Management; and ○ Governance. | Project Success Index by Board |

1. Each of the boards is responsible for one of the strategic projects of the PDNG 2020-2024 and monitors its execution. The goal is reached when the project is carried out on schedule, meeting the strategic goals.

BUSINESS ETHICS AND INTEGRITY

Values

GRI 102-16 | SDG 16

- ↳ Ethics and transparency;
- ↳ Focus on results;
- ↳ Valuing and commitment of people;
- ↳ Entrepreneurship and innovation; and
- ↳ Sustainability.

Commitment to business integrity

GRI 103-1, 103-2, 103-3, 102-16 | SDG 16

The improvement of corporate governance and integrity is one of the guidelines of our strategic planning, which highlights the importance of the topic for the company. We are committed to ethics and the fight against corruption and fraud, in order to mitigate risks and correct nonconformities, thus guaranteeing the sustainability of Eletrobras companies and the confidence of our shareholders and society.

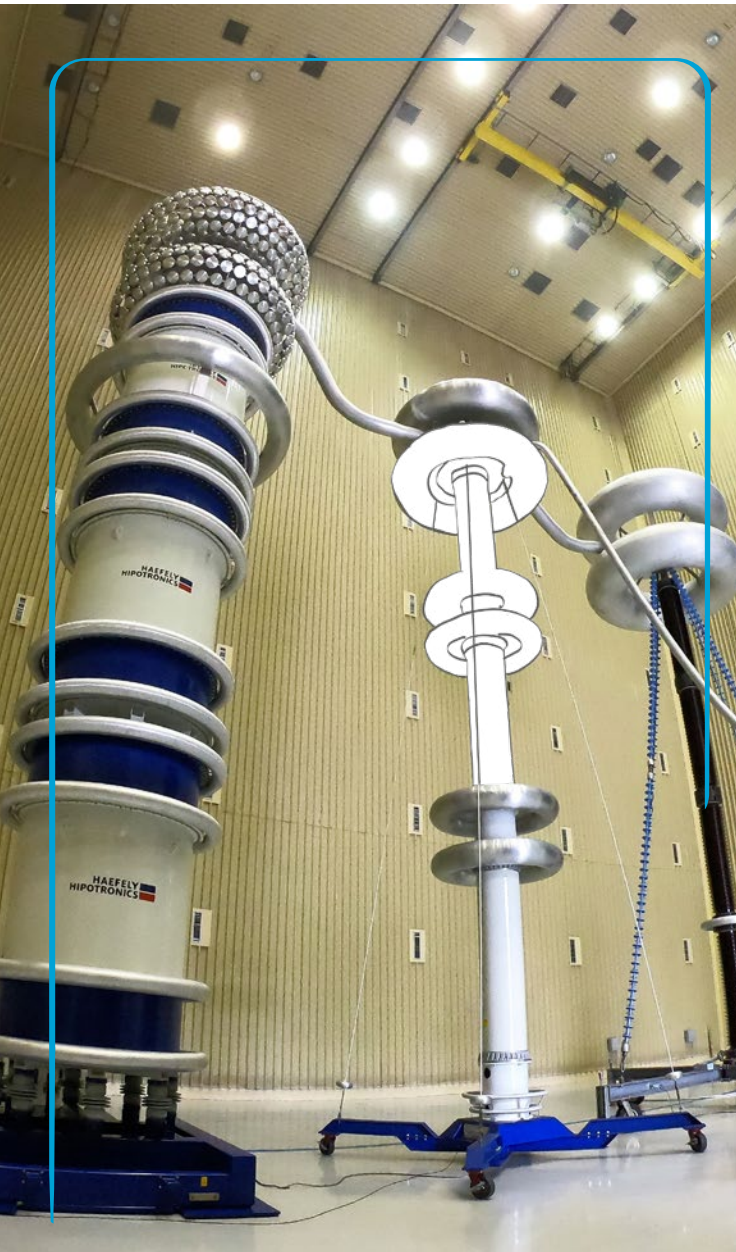
Annually, the Eletrobras Companies Ethics Committees participate in the National Forum for Ethics Management in State-owned Companies, which promotes study groups, the achievement of certifications and seals and holds a seminar, open to all employees of the participating companies, renowned academics, government officials and the general public.

In addition, for the past four years, we have been working continuously to intensify and advance our management of business ethics and integrity, through the Compliance Department, responsible for the Eletrobras Companies Integrity Program and a solid structure of institutional and regulatory instruments.



We are committed to ethics and the fight against corruption and fraud, in order to mitigate risks and correct nonconformities, thus guaranteeing the sustainability of Eletrobras companies and the confidence of our shareholders and society.

These instruments establish principles, guidelines, standards and commitments of conduct for companies and their employees in their relations with our stakeholders, in addition to identifying, remedying and treating cases of transgression. The main ones are [Code of Ethical Conduct and Integrity](#), the [Anti-Corruption Policy of Eletrobras Companies](#) and the [Eletrobras Companies Conflicts of Interest Management Policy](#). Annually, the Internal Audit verifies the adherence and compliance with the Integrity Program.



High voltage laboratory. Cepel collection.

Conflict of interests

GRI 103-2, 102-25

It is the duty of the board of directors to monitor and manage potential conflicts of interest of executives, Board members and shareholders, in order to avoid misuse of the organization's assets and, especially, abuses in transactions between related parties. According to Eletrobras' Bylaws, it is forbidden for the administrator to deliberate on matters that conflict with his interests or concerning third parties under his influence, pursuant to art. 156 of Law 6.404. In this case, the executive must record the divergence in the minutes and exempt himself from the discussion. Eletrobras also addresses the issue in its Eletrobras Companies Conflicts of Interest Management Policy, in line with the Bylaws and applicable legislation.

In order to avoid possible conflicts and the use of confidential and strategic information, the president and the directors cannot exercise management, administration or consultancy functions in private economy companies, utilities or private law offices connected in any way to the electricity sector. The exception is for subsidiaries, controlled companies, special purpose companies and concessionary companies under the control of the States in which Eletrobras has a shareholding, in which they may hold positions on the Board of Directors and Fiscal Council.

The advisor elected by the employees does not participate in discussions and deliberations on matters involving union relations, remuneration, benefits and advantages, including supplementary pension and assistance matters. The directors and presidents must submit the Confidential Information Statement (DCI) to the Public Ethics Committee, in which their assets are listed, inform of shareholdings that may constitute a conflict of interest and describe the measures taken in relation to these shares.

To receive formal inquiries from employees regarding conflicts of interest, we have the email conflitodeinteresses@eletrobras.com. In addition, the Federal Comptroller General (CGU) has its own electronic system, which can be used by the entire public administration, including Eletrobras - the [Electronic System for the Prevention of Conflict of Interest \(SeCI\)](#).

For the transactions, we follow the Eletrobras Companies Related Party Transactions Policy, whose guidelines protect the interests of the company and its shareholders and regulate the transfer of the information necessary to comply with the applicable capital market legislation, in Brazil and abroad.

Integrity program

GRI 103-1, 103-2, 103-3, 102-16 | SDG 16

With the Eletrobras Companies' Integrity (Compliance) Program - Eletrobras 5 Dimensions we develop continuous actions to comply with the laws and regulations established for our activities, as well as to improve the process of preventing, detecting and treating nonconformities.

In 2019, a series of improvements were made to the integrity verification processes:

- supplier assessment: automation of the application of the due diligence form; improvement of the background check tool; improvements in integrity opinions, including analysis of the statuses of any existing lawsuits of the evaluated persons and analysis in relation to possible conflicts of interest, as well as the inclusion of additional statements of the evaluated persons;
- evaluation of sponsorships, donations, agreements and social actions: conducting an integrity analysis of the participants in the Electricity Sector Sponsorship Programs, Cultural Sponsorship, Sports Sponsorship and Social Projects Notice;

- evaluation of governance members (directors and board members): improvement of the background check tool; and greater coverage of the opinion issued by the integrity area, including also the analysis of compliance with the requirements for the designation of Law 13.303/16; and
- integrity assessment in divestment processes: carrying out, during the process of qualifying bidders, verification of the final beneficiary and the existence of fraud and corruption processes; and, at the time of the Firm Economic Proposal, of complete evaluation with the application of the due diligence form and the background check.

Regarding the assessment of the risk of fraud and corruption, we work on two fronts: in the treatment of the risks prioritized in each Eletrobras company through recommendations for mitigation actions and monitoring of execution; and in the review of the methodology for prioritizing and treating the risk of fraud and corruption, adjusting and grouping the risk factors into 11 main factors, and relating them to the macroprocesses/processes of the Eletrobras

companies in which they can materialize. Based on this leveling, the macroprocesses to be prioritized for the treatment of these risk factors were defined.

We launched, to communicate and train the internal public - including senior management - the Eletrobras Companies Online Ethics and Integrity Culture Course, mandatory for all, in which the anti-corruption legislation is treated, as well as the guidelines and procedures of the Integrity (Compliance) Program related to the theme.

In the week of December 9th - the International Day to Combat Corruption -, we held the 2019 edition of the "Eletrobras Week of Integrity and Ethical Culture," which had something new in relation to previous events: the Compliance Game, a game in a team developed for Eletrobras, with puzzles and riddles on the theme. In the same period, the Eletrobras companies' suppliers were sensitized, reinforcing the concepts and guidelines of the Integrity Program and specifying the rules applicable to this audience.

GRI 103-2, 103-3

The Integrity Program is managed by the Eletrobras Integrity Department, subordinate to the Compliance Department, which coordinates the Compliance Directive Commission (CDC), a group formed by representatives of the integrity areas of Eletrobras companies that works to disseminate the initiative and compliance with policies and other corporate regulations regarding ethics and integrity. Quarterly, the area reports activities to the Audit and Risks Committee of the Eletrobras companies, informing the actions carried out, in progress and planned, receiving strategic guidelines and recommendations in return.

Anti-corruption communication and training | GRI 205-2

| | Corporate governance bodies | Management level employees | Employees in positions with higher education | Employees in positions without higher education | Business partners (SPE partners) |
|---|-----------------------------|----------------------------|--|---|----------------------------------|
| Total (members / employees / business partners) | 126 | 1,247 | 4,897 | 8,225 | 79 |
| Total to which the anti-corruption policies and procedures adopted by Eletrobras were communicated | 118 | 1,238 | 4,723 | 7,870 | 20 |
| Percentage to which the anti-corruption policies and procedures adopted by Eletrobras were communicated | 94% | 99% | 96% | 96% | 25% |
| Total of those who received anti-corruption training | 107 | 1,035 | 3,841 | 6,334 | |
| Percentage of those who received anti-corruption training | 85% | 83% | 78% | 77% | |

Notes:

1. Only members of the corporate governance bodies and employees are submitted to anti-corruption training by Eletrobras.
2. The results of the Eletrobras Companies Online Course on Integrity and Ethical Culture were consolidated by January 31, 2020.

Fighting corruption

GRI 205-3

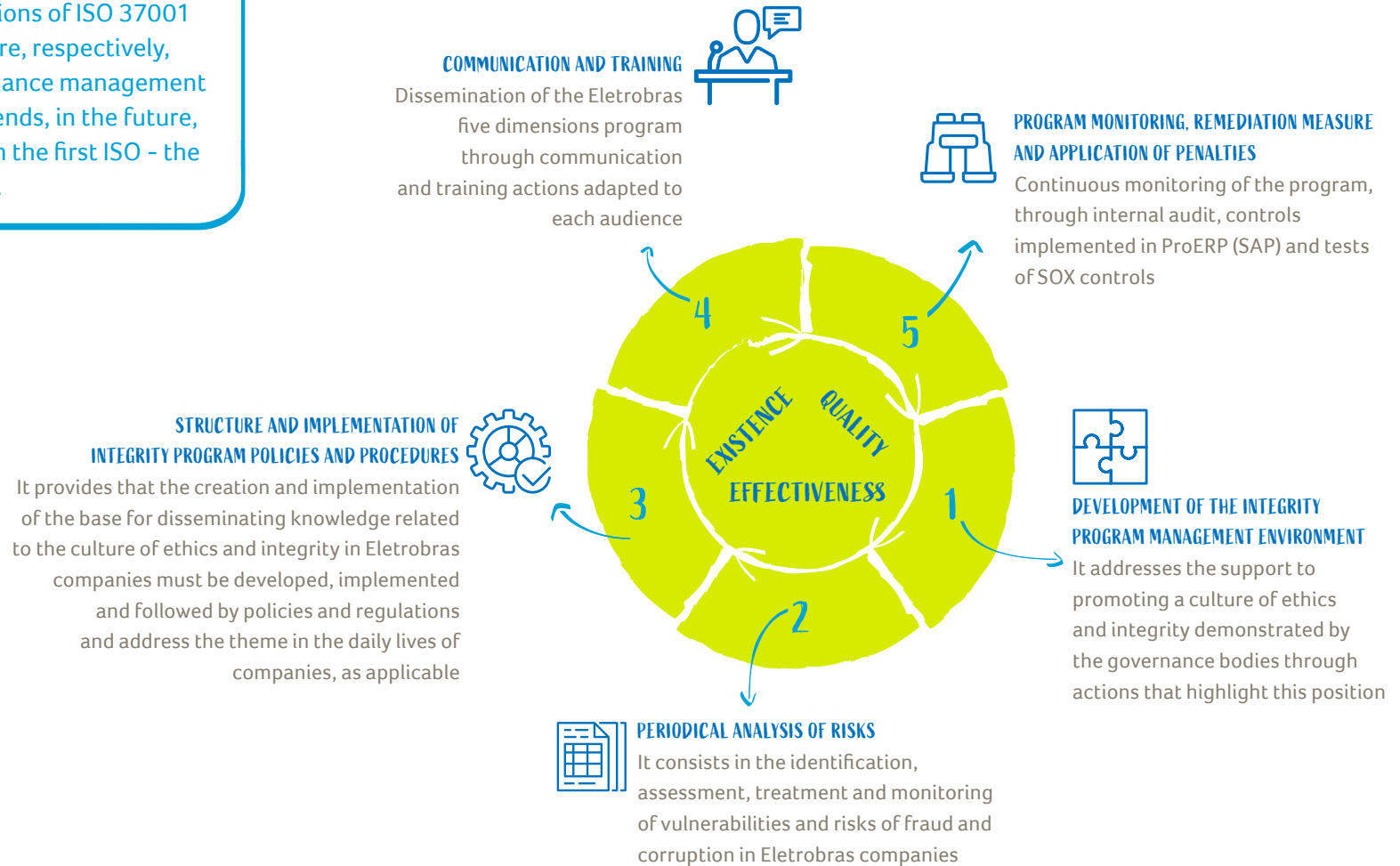
In 2019, a case of corruption was identified in the Eletrobras System, in Furnas, related to fraudulent contracting and contractual management, in disagreement with current legislation and the company's internal regulations. The executives involved are no longer part of the company's staff and are the target of Administrative Improbity Process No. 0177495-33.2017.8.19.0001, in which Furnas is working alongside the Public Prosecutor to investigate facts and responsibilities.

Compliance ISOs

Eletrobras' integrity program also includes, in its format, the provisions of ISO 37001 and ISO 19600, which are, respectively, anti-bribery and compliance management systems. Eletrobras intends, in the future, to obtain certification in the first ISO - the 19600 is not certifiable.

The five dimensions Eletrobras' Integrity Program

GRI 103-2, 103-3



Click for more information about the Eletrobras Companies Integrity Program 

Reporting channel and integrity management

GRI 102-17, 102-21, 102-33, 102-34, 103-2, 103-3 | SDG 16

Channel that can be used by anyone to report violations or suspected violations of our Code of Ethical Conduct and Integrity, our Integrity Program and anti-corruption laws. We ensure the anonymity and confidentiality of complaints, in addition to non-retaliation against the complainant. The channel is available in Portuguese, English and Spanish, every day, 24 hours a day and the complainant can follow the progress of his report through an individual protocol and password, which gives transparency to the process and guarantees the attendance and verification of all contacts received. There is also the e-mail eticaevoce@eletrobras.com, which receives inquiries about the mechanisms of ethics and other pertinent information from Eletrobras. Additionally, all Eletrobras companies have ombudsmen.

The integrity management and complaint handling and investigation process is guided by internal standardization documents, procedures and unified bodies. The Consequences Policy establishes corporate commitments to fight corruption, anti-competitive practices, conflicts of interest and other infractions, and guides the application of consequences to actions and conduct in disagreement with the Code of Ethical Conduct and Integrity of Eletrobras Companies, with the Eletrobras Integrity Program and with internal and legal rules. The Fiscal Council and the Statutory Audit Committee receive information on complaints and other types of statements that may generate risks or opportunities for process improvement on a monthly basis.

In 2019, this process was improved with the approval of a single regulation for Eletrobras companies, as well as the creation of a specific area for coordinating the investigation of complaints and violations, subordinated to Internal Audit. After structuring the process, in 2020, the area became linked to the Eletrobras Board of Directors.



Demonstrations received by Eletrobras companies | GRI 102-34

| | 2018 | 2019 |
|--------------------------|---------------|--------------|
| Compliments | 55 | 59 |
| Suggestions | 100 | 181 |
| Reports | 504 | 408 |
| Requests | 2,045 | 1,735 |
| Complaints | 7,723 | 2,159 |
| Total¹ | 10,427 | 4,542 |

Notes:

1. The significant variation in the number of statements and reports is due to the fact that in 2019 Eletrobras no longer had the distribution business, therefore, the statements and complaints of the distributors are no longer accounted for.
2. The values in the table refer to the contents received by the Ombudsman Systems and the Reporting Channel.
3. The amounts do not include the total number of complaints related to Itaipu, which has its own Ombudsman system.

⁹ The total number of complaint protocols resolved in 2019 was 282, including the 91 complaints received and resolved that same year.

⑤ CAPITAL PERFORMANCE



FINANCIAL CAPITAL

GRI 103-1, 103-2, 103-3 | SDG 7, SDG 9

The Board of Directors' main guideline for financial management is to reduce net debt. In other words, our action in this regard aims to lengthen the debt and reduce costs. The specific indicator to determine our success is the recurring Net Debt/Ebitda, which in 2019 was 1.6. More information on our performance in 2019 can be found on [page 94](#).

In terms of processes, we are reviewing and improving the accounting closing, as we still have material weakness in this activity. In 2019, we changed the format, making regular monitoring with all the accounting teams of Eletrobras companies, whose integration was facilitated by the SAP system, which benefits data consolidation. We are still in the process of training and improving the use of the system, but we know that its full functioning and full standardization of information will bring even more benefits to financial management.

Another indicator that Eletrobras has been improving is the minimum cash. Currently, this management follows some informal rules, which we are transforming into a policy, for which we aim to achieve formal approval.

In 2020, we expect to continue to have a leverage level under control and further reduce costs with the zero-base budget. Our plan is to save R\$ 300 billion. We will also work to ensure that there is no short-term pressure on the debt. We must finalize the debenture issue of Eletrobras Eletronorte and Eletrobras Amazonas GT - the first is incorporating the second -, which, with this move, will be able to pay the debts with Eletrobras. We will continue to improve controls, accounting closing and greater and better use of SAP, among other relevant projects.

Along this path, we consider it essential to maintain a close and healthy relationship with stakeholders, which we count on to comply with our strategy. We must increase our participation or promotion of events for this audience, especially due to the possibility of privatization, which, if approved, should occur within the best possible bases.

To give an idea of the reflection of its management efforts and the relevance that Eletrobras has been acquiring for the market, our company was worth, at the height of the crisis, approximately R\$ 9 billion. In 2019, this amount

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reached more than R\$ 50 billion (excluding market fluctuations). We credit this achievement for the credibility that the company has been seeking in terms of financial and corporate governance and compliance

Financial results

GRI 102-7, 103-3 | [SDG 9](#), [SDG 16](#)

In 2019, we presented a consolidated net profit of R\$ 10,744 million, 20% lower than the R\$ 13,348 million obtained in 2018. The 2019 profit is comprised of Net Income from continuing operations - R\$ 7,459 million - and Net Income - R\$ 3,285 million, regarding discontinued operations (distribution), highlighting the privatization of distributor Amazonas Energia, which is no longer consolidated by Eletrobras.

Net Operating Revenue went from R\$ 25,772 million in 2018 to R\$ 27,726 million in 2019, with emphasis on the entry into operation of the UTE Mauá 3 of Eletrobras Amazonas GT and the receipt of Generation Asset Management (GAG) Improvement, regarding generation concessions renewed by Law 12.783/2013. Ebtida International Financial Reporting Standards (IFRS), in the amount of R\$ 19,007 million in 2018, dropped to R\$ 10,257 million in 2019, impacted by the reversal of impairment and the

onerous contract of Angra 3 in the amount of R\$ 7,243 million against a provision, for the same work, of R\$ 462 million in the year. Recurrent Ebtida grew 5.3%: R\$ 12,540 million in 2018 and R\$ 13,210 million in 2019, and the recurring Net Debt/Ebitda indicator was 1.6, demonstrating the success of the company's deleveraging measures.

As a result of new analysis on comparative balances, we decided to perform reclassifications in our income statements, cash flow and added value, as provided for in CPC 23 - Accounting Policies, Changes in Estimates and Error Correction, to provide reliable and more relevant information.

For more details on Eletrobras' economic and financial performance, see the accountability reports.

Operating income

GRI 102-7

GROSS OPERATING REVENUE TOTALED

R\$ 33.69 BILLION
in 2019

9% more than the **R\$ 30.88** billion recorded in 2018.

GENERATION OPERATING REVENUE INCREASED

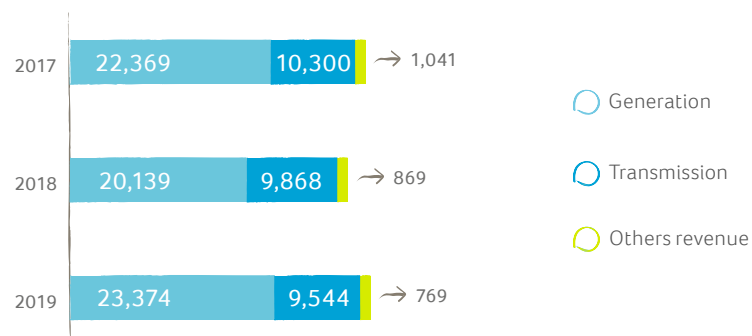
16% compared to 2018, totaling

R\$ 23.37 BILLION
in 2019

Transmission¹ Operating Revenue and Other revenues decreased by 3% and 12%, respectively, compared to the previous year, totaling R\$ 9,544 million and R\$ 769 million.

Gross revenue by business

In R\$ million



Note: 1. 2018 Transmission Operating Revenue was revised during the audit process of financial and accounting data for the 2019 cycle. In the 2018 Annual Report, the data reported was: R\$ 9,071 million. GRI 102-48

Operating costs and expenses

Total operating costs, considering energy purchased for resale, charges for use of the electricity grid, purchase of fuel for electricity generation and construction costs, totaled R\$ 6.78 billion in 2019, 22.4% more than in 2018.

Mainly the following increased:

- costs with energy purchased for resale - 38.7% -, due to the incorporation of energy purchase contracts from independent producers by Eletrobras Amazonas GT (+ R\$ 571 million) and price adjustment as defined in the contracts and an increase in the amount contracted for R\$ 158 million in Furnas; and
- the costs of purchasing fuel for power generation due to the assumption of the gas contract entered into with Petrobras by Eletrobras Amazonas GT (+ R\$ 983 million), as a result of the deverticalisation and privatization of *Amazonas Distribuidora*.

With respect to Personnel, Materials, Services and Other expenses (PMSO), the variations shown in the following table were mainly due to:

- **Personnel:** the increase is mainly due to the costs with the Consensual Dismissal Plan (PDC), which reflects partial effects due to the termination dates and temporary obligations with the health plan. PDC expenses (indemnity and health plan) were R\$ 681 million in 2019 and R\$ 379 million in 2018. In addition, the reversals of the Profit Sharing (PLR) provision of 2018 were R\$ 154 million higher than the reversals of PLR in 2019.
- **Material:** sum of R\$ 22 million in expenses by Eletrobras CGTEE due to increased consumption of lime and other materials due to problems with material in 2019.
- **Services:** increase of R\$ 32 million in expenses of the parent company with contracting services related to the issuance of debt securities and consultancies related to the SAP ERP project and increase of R\$ 23 million in expenses of Eletrobras Amazonas GT with maintenance of the Mauá 3 thermoelectric plant. These amounts were offset by the R\$ 37 million reduction in Eletrobras Furnas' service expenses due to the decrease in outsourced services, the partial effects of which occurred only in the last quarter of 2019, in addition to the R\$ 44 million reduction in Eletrobras Eletronuclear resulting from one stop less of the Plant.

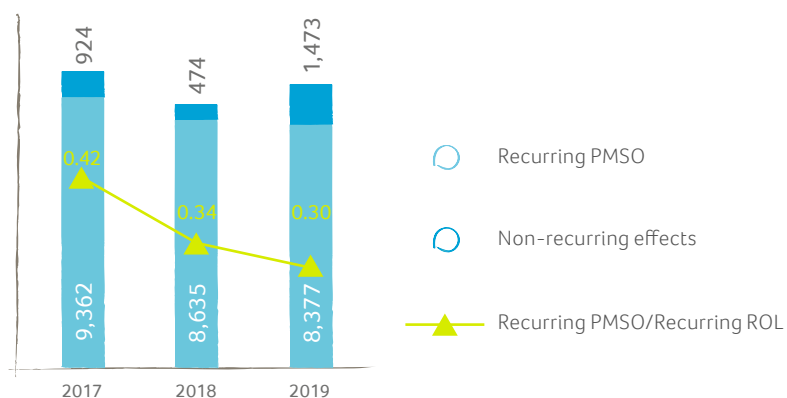
Personnel, Materials, Services and Other Expenses (In R\$ million)

| | 2019 | 2018 | % |
|-------------------|---------------|---------------|------------|
| Personnel | -5,828 | -5,385 | 8.2 |
| Materials | -280 | -262 | 6.9 |
| Services | -2,171 | -2,157 | 0.6 |
| Other Expenses | -1,572 | -1,304 | 20.6 |
| Total PMSO | -9,850 | -9,108 | 8.1 |

Note: Other Expenses include donations and contributions, and others.

Management PMSO and PMSO/ROL

In R\$ million



Partner participation

Our ownership interest was 17.6% lower compared to 2018 due to the reduction in the results of affiliated companies in 2019, with emphasis on CTEEP due to adjustment in RBSE, according to Eletrobras accounting practices (-R\$ 808 million). This reduction was partially offset by the increase in the equivalence of ESBR (+ R\$ 430 million) and SPE Madeira (+ R\$ 341 million).

Shareholdings (in R\$ million)



Financial result

Our Net Financial Result went from a Net Expense of R\$ 1.37 billion in 2018 to a Net Expense of R\$ 2.08 billion in 2019. This variation is mainly due to:

- **Financial Income:** adjustment to fair value, with an expense record of R\$ 921 million in 2018 and a net income of R\$ 368 million in 2019, with a positive increase of 140%, resulting from the remuneration at fair value of the RBSE asset, considering the update of the “Ke” remuneration installment as of July 2017 by the WACC regulating the transmission and IPCA until the measurement date; change of the discount rate close to the National Treasury Notes Series B (NTN-B) from 4.6% in December 2018 to a rate close to the regulatory remuneration of 6.4%; and beginning of receipt, in June 2021, by the term of Ordinance 120, until June 2025. These amounts were partially offset by the 67% drop in interest income, commissions and fees due mainly to the accounting of the agreement with Eletropaulo in the amount of R\$ 1.06 billion in 2018; and active exchange rate variations of R\$ 2.66 billion in 2019 compared to R\$ 4.15 billion in 2018. This variation was partially offset by the passive exchange variation, resulting in a positive net exchange variation of R\$ 249.00 million.
- **Financial Expenses:** passive exchange rate variations were recorded in 2018 and 2019, respectively of R\$ 4.36 billion and R\$ 2.63 billion, which was offset by the active exchange rate variation. In addition, these variations were partially offset by debt charges, which increased by R\$ 567 million, mainly due to charges for new debentures issued by the holding company and the disqualification of the Angra 3 Nuclear Power Plant to capitalize interest due to the non-resumption of this work at the subsidiary Eletrobras Eletronuclear.

Income tax and social contribution

Our provision for Income Tax (IR) and Social Contribution on Net Income went from an expense of R\$ 2.48 billion in 2018 to R\$ 1.09 billion in 2019.

Statement of Income for the Year (DRE)

| DRE (in R\$ million) | 2019 | 2018 | Variation |
|---|---------------|---------------|-------------|
| Generation Revenue | 23,374 | 20,139 | 16% |
| Transmission Revenue | 9,544 | 9,868 | -3% |
| Other Revenue | 769 | 869 | -12% |
| Gross Revenue | 33,687 | 30,876 | 9% |
| Revenue Deductions | -5,961 | -5,104 | 17% |
| Net Operating Revenue | 27,726 | 25,772 | 8% |
| Operating Costs | -6,778 | -5,537 | 22% |
| Personnel, Material, Services and Others (PMSO) | -9,850 | -9,108 | 8% |
| Depreciation and Amortization | -1,807 | -1,702 | 6% |
| Operating Provisions | -2,006 | 6,495 | -131% |
| Operating Income before Financial Income | 7,284 | 15,920 | -54% |
| Shareholdings | 1,141 | 1,385 | -18% |
| Other Revenues and Expenses | 25 | 0 | - |
| Financial Result | -2,081 | -1,375 | 51% |
| Income before Income Tax and Social Contribution | 6,369 | 15,931 | -60% |
| Income tax and Social Contribution | 1,090 | -2,484 | -144% |
| Net Income from Continuing Operations | 7,459 | 13,447 | -45% |
| Net Profit (Loss) from Taxes on Discontinued Operations | 3,285 | -99 | 3,411% |
| Net income for the year | 10,744 | 13,348 | -20% |

Ebitda

In 2019, we recorded an Ebitda of R\$ 10.26 billion, 46% less than the adjusted Ebitda of 2018, of R\$ 19.01 billion. Recurrent Ebitda grew 5.3%, jumping from R\$ 12,540 million in 2018 to R\$ 13,210 million in 2019.

Consolidated Indebtedness

The variation in the 2019 debt compared to 2018 was positively impacted by the Eletrobras debentures in the amount of R\$ 5.00 billion, the proceeds of which were used to settle the bonds maturing in 2019 and partial amortization of distributors' debts assumed with Petrobras.

Gross and net debt in 2019

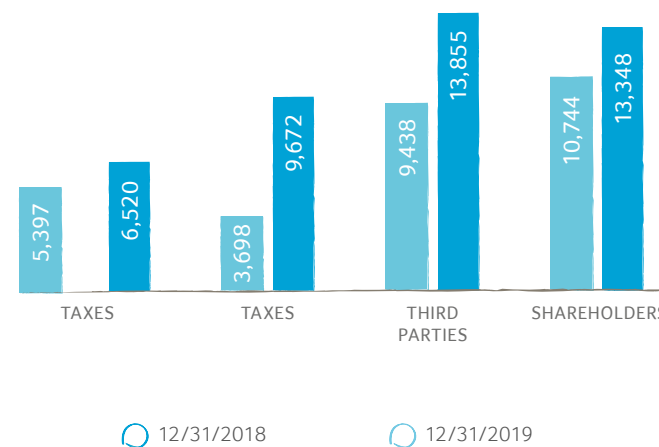
(in R\$ billion)

12/31/2019

| | |
|---|--------------|
| Gross Debt | 47.90 |
| (-) RGR onlending to CCEE ^{1,2} | 1.10 |
| Recurring Gross Debt | 46.80 |
| (-) (Cash and Cash Equivalents + Marketable Securities) | 10.76 |
| (-) Financing Receivable | 14.28 |
| (+) RGR receivable RGR onlending to CCEE | 1.10 |
| (-) Net balance of Eletrobras Itaipu's financial assets | 1.82 |
| Net Debt | 21.04 |

Added Value Distribution | GRI 201-1 | SDG 8

In R\$ million



1. Global Reversion Reserve Account (RGR) and Electric Energy Trading Chamber (CCEE).
2. Proforma, debt and receivables related to financing granted with RGR resources, due by companies outside the Eletrobras System, were excluded, since Eletrobras is only a debt manager.

Capital market

GRI 102-10

Eletrobras trades common and preferred shares in B3 S.A. - Brasil, Bolsa, Balcão under the code “ELET3” and common shares and class “B” and class “A” preferred shares, under the tickers “ELET6” and “ELET5,” respectively. At the New York Stock Exchange (NYSE), shares are traded through the ADR Level II Program, under the tickers “EBR” and “EBR-B”. On the Madrid Stock Exchange (Latibex), trading is carried out by the Latibex Program under the tickers “XELTO” and “XELTB”.

In 2019, the company’s shares positively reflected the result of the PDNG 2019-2023 with the privatization of distribution companies, the divestment in SPEs and affiliates and the prospect of democratizing Eletrobras’ capital.

Level 1 Program B3 S.A. - Brasil, bolsa, balcão (elet3 e elet6)

| Price and volume | (R\$) ELET3 B3 (ON Shares) | (R\$) ELET6 B3 (ON Shares) | (pts.) IBOV B3 (Index) | (pts.) IEE B3 (Index) |
|---|-------------------------------|-------------------------------|---------------------------|--------------------------|
| Closing quote on 12/31/2019 | 37.80 | 38.24 | 115645 | 76627 |
| Maximum in 2019 | 46.83 | 47.27 | 117203 | 76627 |
| Average in 2019 | 36.67 | 38.17 | 100660 | 62557 |
| Minimum in 2019 | 29.00 | 32.14 | 89993 | 50699 |
| Variation in 2019 | 61.4% | 47.0% | 30.2% | 51.1% |
| Average daily trading volume in 2019 (million shares) | 4.1 | 2.5 | - | - |
| Average daily trading volume in 2019 (million) | 151.3 | 93.8 | - | - |
| Market value on 12/31/2019 | R\$ 51,246 million | | | |

On December 31, 2019, Eletrobras' share capital totaled R \$ 31,305 million, represented by 1,352,634,100 shares, of which 1,087,050,297 are common shares and 265,436,883 are preferred shares. In relation to 2018, there was no material change in the composition of the company's share capital, including: increase, split, reverse split, bonus or reduction in share capital.

In November 2019, the capital increase was approved by the 175th Extraordinary General Meeting (AGE), with the issuance of new class "B" common and preferred shares, in the minimum amount of R\$ 4,054,016,419.37, subscribed and paid up by controlling shareholder (Federal Union) through the capitalization of credits held against the company arising from Advances for Future Capital Increase (AFAC). The 177th AGE, held in February 2020, approved the capital increase, in the total amount of R\$ 7,751,940,082.78, with the issuance of 201,792,299 new common shares and 14,504,511 new class "B" preferred shares. Accordingly, as of February 2020, Eletrobras' share capital is R\$ 39,057,271,546.52, divided into 1,288,842,596 common shares, 146,920 class "A" preferred shares and 279,941,394 class "B" preferred shares.



Spillway of the Itaipu Hydroelectric Plant. Itaipu Binacional / Caio Coronel collection.

MANUFACTURED CAPITAL

SDG 9

Operation and power supply

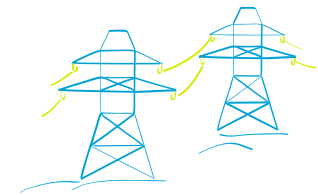
GRI 102-2, 103-1, 103-2, 103-3 | SDG 3, SDG 7, SDG 8, SDG 11, SDG 12, SDG 16

In 2019, we surpassed the mark of 50 thousand MW of installed capacity in generation projects, which represents 30% of the 172,259 MW installed in Brazil. This milestone reinforces the contribution of Eletrobras companies so that Brazil has one of the most renewable energy sources with the lowest emission of greenhouse gases in the world.

Installed capacity continues to rise with each acquisition or start-up. A recent example is the Belo Monte hydroelectric plant, a project that has a 50% stake in Eletrobras, which was inaugurated on November 27, 2019 in a ceremony held in Vitória do Xingu (PA), marked by the start of the 18th generating unit of the plant's main powerhouse, and had the participation of the president of Eletrobras, Wilson Ferreira Junior, and president Jair Bolsonaro.

Our operations take place within standards of excellence of availability, guaranteeing an efficient and constant supply of energy. The generation facilities are designed for self-restoration, that is, they must be able to move from a complete stop condition to an operational condition, regardless of an external source in the supply of their auxiliary services. Additionally, in the event of a failure in self-recovery, the plant has at least a second - or even third - independent source, which varies according to the strategic importance of the plant for the restoration of the National Interconnected System (SIN).

For SIN substations, auxiliary services are designed for operational continuity in the event of simple occurrences in the transmission lines. Additionally, in the event of a failure in the supply of auxiliary services, the substation has, at least, a second independent power supply, which also varies according to the relevance to the SIN.



Additionally, in the event of a failure in the supply of auxiliary services, the substation has, at least, a second independent power supply, which also varies according to the relevance to the SIN.

After an event in which there is disconnection of loads from consumers, the reclosing is controlled by the National Electric System Operator (ONS). ONS determines a specific standard for restoring energy as a priority (ONS Network 10.22).

Generation

GRI 102-2, 102-6, 102-10, 103-2, 103-3

We operate in generation in the Regulated Contracting Environments (including the quota regime) and Free Contracting, as well as in the Short-Term Market. Of Eletrobras' total projects, 60.9% are wholly owned, 23.6% carried out through Special Purpose Entities (SPEs) and 15.5% in shared ownership, including half of Itaipu Binacional's capacity (7,000 MW).

Approximately 96% of Eletrobras' installed capacity comes from sources with low greenhouse gas (GHG) emissions. As of December 31, 2019, Eletrobras' total installed capacity in projects of this type was 49,273 MW.

In 2019, the start-up of six generating units at the Belo Monte Hydroelectric Power Plant (HPP) - which became the largest 100% Brazilian hydro plant - and two generating units at HPP Sinop stand out. The Acauã, Angical 2, Ararapá and Teiú 2 wind farms in the Pindaí I Wind Complex; Coqueirinho 2 and Papagaio, from the Pindaí II Wind Complex; and Tamanduá Mirim 2, from the Pindaí III Wind Complex have also started to operate.

On the other hand, Eletronorte's Santana and Serra do Navio Thermoelectric Plants; Flores and Iranduba, from Eletrobras Amazonas GT were deactivated; and 405.90 MW for the sale of the thermal plants of Distribuidora Amazonas Energia, which had their privatization completed in 2019, were disregarded.

One of the measures foreseen in the PDNG 2019-2023 to reduce financial leverage was to reduce the number of Special Purpose Entities (SPEs) with Eletrobras' participation. In September 2018, we sold 26 SPEs - 16

of which from generation and 10 from transmission - of the 71 put up for sale at auction. R\$ 1.3 billion was collected. Thirty-nine of the remaining SPEs are being traded in a Competitive Procedure started on July 30, 2019. Eletrobras companies ended the year with a partnership in 136 SPEs, 134 in Brazil and 2 abroad. The divestment process in SPEs reduced the installed capacity by 230 MW in the Eletrobras System companies in 2019.

Evolution of installed capacity | GRI EU1

(In MW)



Note: corporate value includes ventures with shared ownership.



Sento Sé Wind Complex. Eletrobras Chesf / Severino Silva Collection.

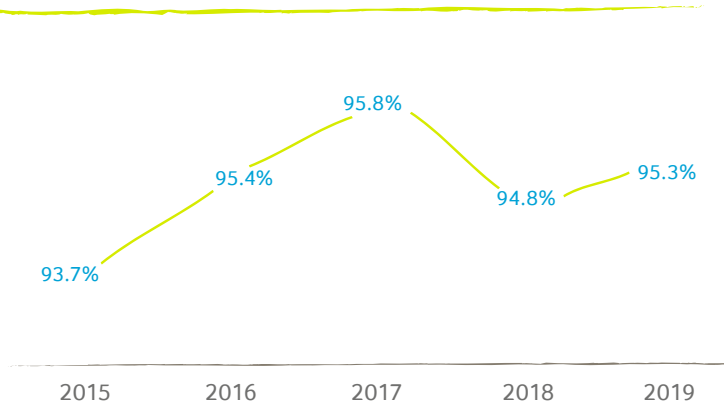
Net generation in their own plants and shared ownership, *Itaipu Binacional* and special purpose companies (in GWh) | GRI EU2

| Net generation by source | 2017 | 2018 | 2019 |
|--------------------------|----------------|----------------|----------------|
| Solar | 1 | 1 | 1 |
| Wind | 3,594 | 3,874 | 3,402 |
| Hydro | 155,129 | 154,193 | 156,739 |
| Natural gas | 3,674 | 5,516 | 6,585 |
| Uranium | 15,741 | 15,675 | 16,127 |
| Coal | 1,589 | 1,490 | 1,668 |
| Oil | 2,419 | 2,497 | 503 |
| Total | 182,147 | 183,245 | 185,025 |

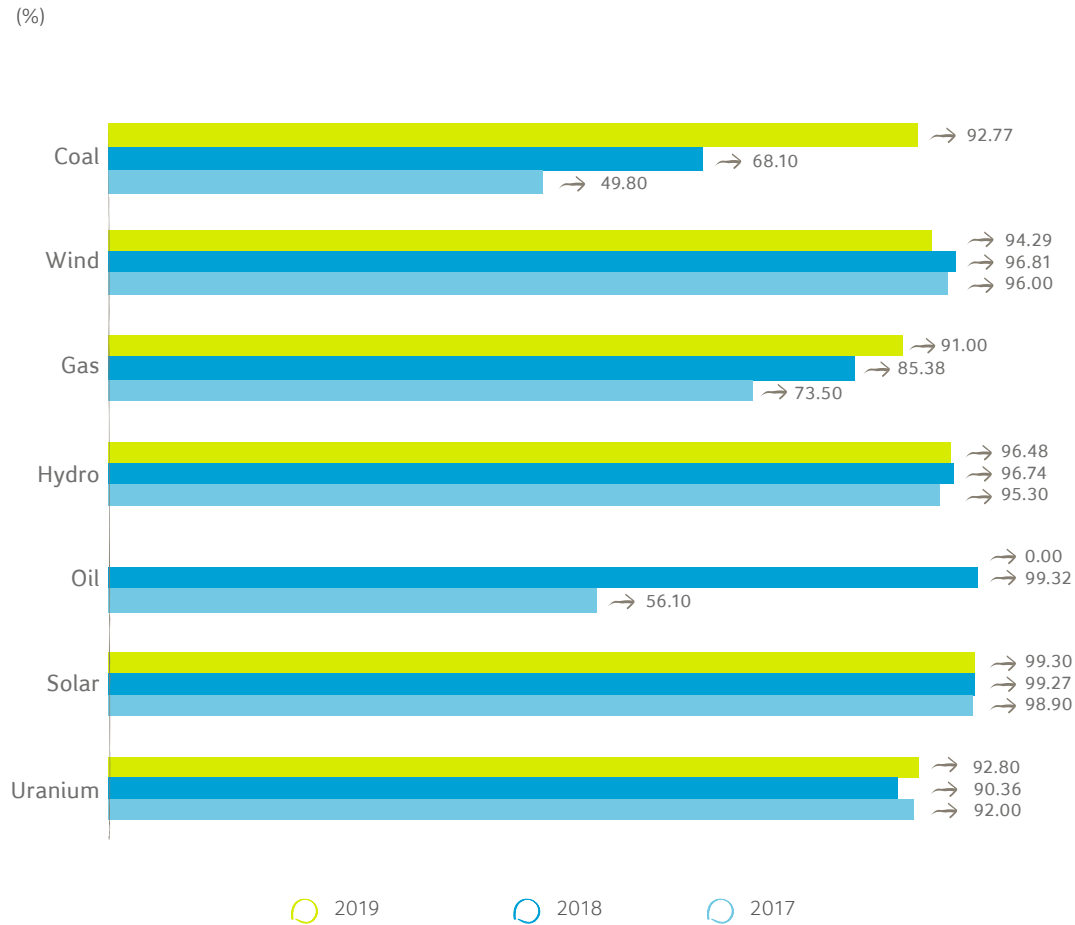
Note:

1. The total energy generated in 2019 includes the projects that they generated over the period, but that at the end of the year were no longer owned by Eletrobras and did not have their installed capacity considered.
2. From a review of the 2018 calculations, an adjustment was identified in the total hydro source value. GRI 102-48

Evolution of net energy generated by renewable sources and of low GHG emission | GRI EU2

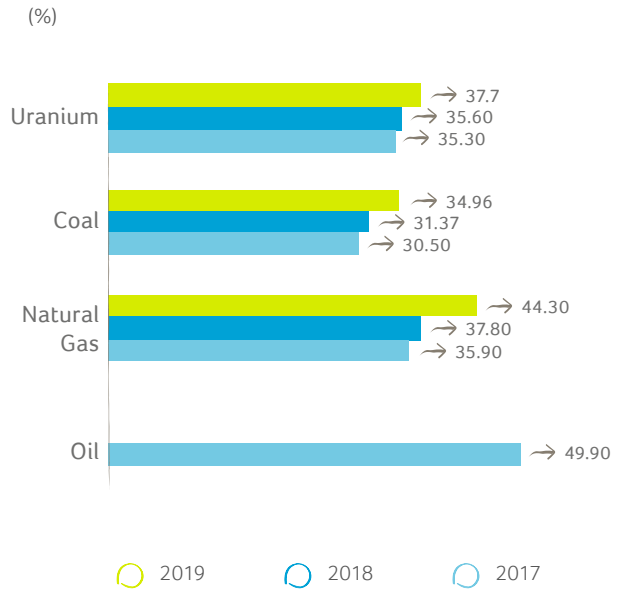


Average availability factor by energy source | GRI EU30



Note: availability values include Corporate plants (corporate renovated, non-renovated and shared ownership) and Special Purpose Entities (SPEs). The 2019 report does not include the availability of oil sources.

Annual average efficiency of generation by thermal power plants by source | GRI EU11



Notes:

1. It only considers the average efficiency of Corporate plants, not considering Special Purpose Entities (SPEs). The 2019 report, as well as the 2018 report, does not include the efficiency* of oil sources.
 2. The value reported in 2018 for the Coal source was 37%, after an internal review the value was updated. GRI 102-48
- * The term "efficiency" is used in the English version of this Report, substituting the term "availability" in its Portuguese version.

Transmission

GRI 102-2, 102-6, 103-2, 103-3, EU4

As of December 31, 2019, the transmission lines network of Eletrobras companies reached a total of 71,153.60 kilometers, of which 8,318.35 kilometers were not renovated¹⁰; 55,819.83 corporate kilometers under Operation & Maintenance Regime, renewed by Law No. 12.783/13; and 7,015.42 kilometers corresponding to the proportion of

their shareholdings in projects carried out by Eletrobras companies through Special Purpose Entities. Considering only lines with a voltage level equal to or greater than 230 kV, that is, voltages of ± 800 , 750, ± 600 , 525/500, 345 and 230 kV, Eletrobras is responsible for 64,893.64 kilometers, which represents 45.25%¹¹ of the total transmission lines in Brazil at these voltages.

In 2019, we prepared methodologies for entering into new investment and risk contracts associated with transmission undertakings to avoid assuming those with a high probability of low profitability.

In the scope of the operation and maintenance of our system, we work together with the Brazilian Association of Infrastructure and Basic Industries (ABDIB) and the Brazilian Association of Electricity Transmission Companies (Abrate) for the approval of Aneel Normative Resolution no. 853/2019, which will allow, starting in 2020, for a reduction in the Variable Portion of the Eletrobras DC facilities. The expectation is to obtain annual savings of R\$ 15 million.



Exchange of transmission towers. Eletrobras CGT Eletrosul Collection.

10. The 8,318.35 corporate kilometers include assets that were not affected by Law 12,783 of 2013, including transmission lines for which remuneration is associated with the exclusive use of a generator or connection for large consumers. In relation to 2018, there was a reclassification of part of the O&M regime lines to not renewed.
11. Eletrobras considers the stretch of each bipole when calculating the mileage of the direct current lines, both for the Eletrobras lines and for the total of Brazil lines.

GRI 103-2, 103-3

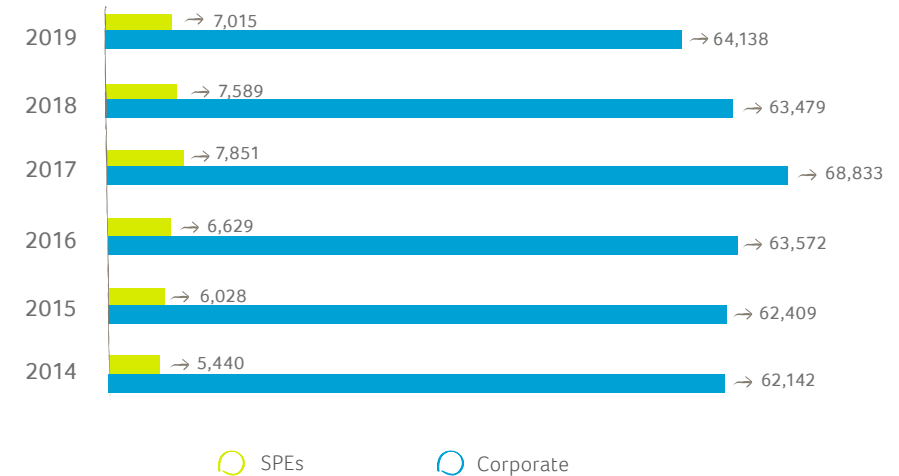
We also improved and expanded several transmission projects through our subsidiaries, which influenced the improvement of most of Eletrobras' operating indicators and the maintenance of a downward trend in the Variable Portion. To maintain it, our companies work in two areas: resource management and technology, in which the distribution of resources along transmission lines in optimized regional structures, the strategic management of maintenance through the most modern techniques, many of which are already integrated with SAP, and the use of the most modern maintenance techniques. We constantly invest in studies of new transmission technologies conducted by Cepel ([learn more on page 116](#)).

Also, in conjunction with our companies, we developed the Work Clearance Management tool, of the Plant Maintenance module from SAP, in which the entire operation and maintenance of Eletrobras will be managed in a single instance. The first to adopt it was *Eletrobras Chesf* and in 2020 we will extend it to the other subsidiaries.

Still in 2019, we actively participated in the discussions related to the Periodic Tariff Review of energy transmission, avoiding the substantial loss of revenue at the end of five years, estimated at R\$ 492.87 million, only regarding operating costs, with expectation gains also in the asset base and its rate of return. In 2020, we aim to drive the full implementation of a regulatory policy focused on tariff improvement and more efficient costs.

Expanded transmission lines by type of venture | GRI EU4

(Km)

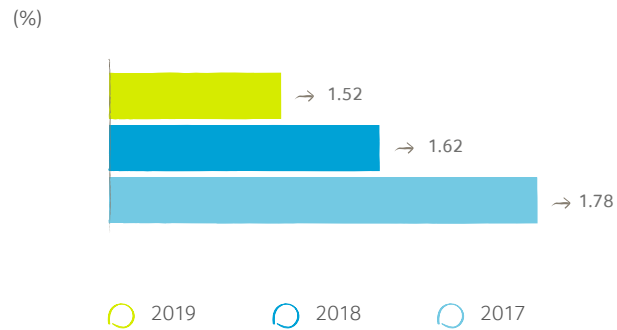


Transmission availability index (%) | GRI EU6



Note: the report of the indicator considers the transmission lines of the basic network (voltage >= 230 kV) and does not include the lines that are Special Purpose Entities (SPE).

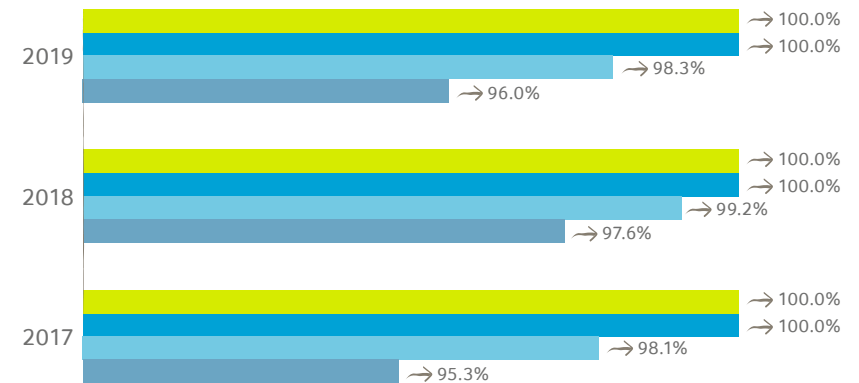
Technical transmission losses | GRI EU12



Note: the report of the indicator considers the transmission lines of the basic network (voltage >= 230 kV) and does not include the lines that are Special Purpose Entities (SPE).

Eletrobras System Robustness Index

Index that assesses the capacity of the basic network to support contingencies without interrupting the supply of electricity to consumers, considering only the disturbances originating in the transmission network of the Eletrobras companies. Our system has been improving its performance in recent years, having registered a lower number of disturbances that caused a load cut in 2019.



○ Charge cut > 1000 MW
 ○ Charge cut > 500 MW
 ○ Charge cut > 100 MW
 ○ Any charge cut

Planned capacity

GRI 103-2, 103-3, EU10

The current institutional model assigns the main roles in the expansion of the electric energy system to the agents, responsible for the investments with the necessary advance for the implementation of the new ventures, guided by the Ten-Year Energy Expansion Plan (PDE), prepared by the Energy Research Company (EPE), linked to the Ministry of Mines and Energy. The last plan - PDE 2029 -, launched in 2020, it has the function, among others, of indicating the need to increase the installed capacity each year, which must be met by the market with, for example, future purchase auctions of new generation ventures. The PDE indicates expansion scenarios of the generation of energy and installed power for the various sources, which is used by the agents for their strategic and expansion planning, prospecting and elaboration of enterprise studies. Companies interested in exploring new ventures can enter the auctions separately or in consortia.

Due to Eletrobras' recent economic and financial recovery period, until December 2019, our

companies' Business Plans did not consider investments in new generation projects, defining the conclusion of the contracted projects as the focus. For the next five years, the PDNG 2020-2024 presents two strategic guidelines associated with new generation businesses: consolidating the leadership in Generation & Transmission, focused on clean energy; and invest in new businesses, focused on energy, participating in the consolidation of the sector.

The increase in Eletrobras' installed capacity in the period from 2019 to 2029 will be about 1,369 MW (including Angra 3), considering the implementation of corporate and partnership projects, already contracted, of which Eletrobras holds a concession or authorization, proportionally to its equity interest, and ventures that will cease to operate.

By 2029, a reduction in the installed capacity of the Eletrobras companies of 236 MW of the thermal park in the oil source is expected with the deactivation of the Thermoelectric

Plants (UTES) Mauá Blocos III and IV, Campos and Senador Arnon Afonso Farias de Mello. However, 150 MW of UTE Santa Cruz should start operating in 2021.

In relation to wind farms, the Corrupião III, Carcará, Caititu 2 and 3 parks of the Pindaí I Complex, EOL Casa nova A and the Fortim Complex - the latter consisting of five parks - will start operating, which will increase the installed capacity of this source by 190 MW in 2020. In this calculation, wind farms participating in the process of disposal in participations in SPEs in progress were considered: lot 1 (Santa Vitória do Palmar), lot 2 (Wind Farms Hermenegildo I, II, III and Chuí IX), lot 3 (Wind Farm Chapada do Piauí I), lot 4 (Wind Farm Chapada do Piauí II) and lot 5 (Wind Farm Mangue Seco 2), which represent an installed capacity of 692 MW.

The only venture on the nuclear source will be the Angra 3 plant, which will add 1,405 MW to the installed capacity of Eletrobras companies in 2026.

Evolution of installed capacity in the National Interconnected System Eletrobras System Capacity x Total Planned Capacity (Ten-Year Energy Expansion Plan 2029)

| Source | 2019 | | | 2024 | | | 2029 | | |
|---------------|-------------------|-----------------------|-------------|-------------------|-----------------------|-------------|-------------------|-----------------------|-------------|
| | Brasil - SIN (MW) | Syst. Eletrobras (MW) | Shares (%) | Brasil - SIN (MW) | Syst. Eletrobras (MW) | Shares (%) | Brasil - SIN (MW) | Syst. Eletrobras (MW) | Shares (%) |
| Coal | 3,597.0 | 350.0 | 9.7 | 3,017.0 | 350.0 | 11.6 | 2,083.0 | 350.0 | 16.8 |
| Oil | 8,999.0 | 259.1 | 2.9 | 3,052.0 | 23.1 | 0.8 | 391.0 | 23.1 | 5.9 |
| Nuclear | 1,990.0 | 1,990.0 | 100.0 | 1,990.0 | 1,990.0 | 100.0 | 3,395.0 | 3,395.0 | 100.0 |
| Natural gas | 13,393.0 | 1,261.1 | 9.4 | 21,234.0 | 1,301.1 | 6.1 | 36,190.0 | 1,271.1 | 3.5 |
| Hydroelectric | 109,155.0 | 46,258.7 | 42.4 | 117,635.0 | 46,258.7 | 39.3 | 121,657.0 | 46,258.7 | 38.0 |
| Wind | 15,388.0 | 1,023.6 | 6.7 | 24,532.0 | 1,213.6 | 4.9 | 39,561.0 | 1,213.6 | 3.1 |
| Biomass | 14,996.0 | - | - | 22,471.0 | - | - | 25,535.0 | - | - |
| Solar | 4,444.0 | 0.9 | 0.0 | 9,831.0 | 0.9 | 0.0 | 20,444.0 | 0.9 | 0.0 |
| Others | 297.0 | - | - | 7,147.0 | - | - | 8,726.0 | - | - |
| TOTAL | 172,259.0 | 51,143.4 | 29.7 | 210,909.0 | 51,137.4 | 24.2 | 257,982.0 | 52,512.4 | 20.4 |

- Notes:
1. The evolution of installed capacity in Brazil within the National Interconnected System (SIN) was taken from PDE 2029. For the year 2019, the Monthly Monitoring Bulletin of the Brazilian Electric System (December 2019), from the Ministry of Mines and Energy was used.
 2. Includes the Brazilian half of Itaipu Binacional (7,000 MW).
 3. For plants in partnership, the installed capacity was considered proportional to the shareholding.
 4. The deactivation of some thermal plants was considered, as provided by the Eletrobras companies.
 5. Renewal of hydro and nuclear generation assets was considered with the concession expiring in 2029.
 6. The wind farms of the competitive disposal procedure in Eletrobras' Special Purpose Entities were considered.
 7. The Biomass source for the SIN in 2024 and 2029 includes the sum of the Biogas and Biomass PDE.
 8. The source Others for SIN includes, for 2019, the values of the Monthly Monitoring Bulletin of the Brazilian Electric System (December 2019), of the categories "Others" and "Thermal GD." For the horizons of 2024 and 2029 of the SIN, this source includes information from the PDE 2029 for non-renewable Self-production.
 9. Includes Fuel Oil and Diesel Oil (for the table's Oil source).

Sectoral programs

GRI 103-2, 103-3

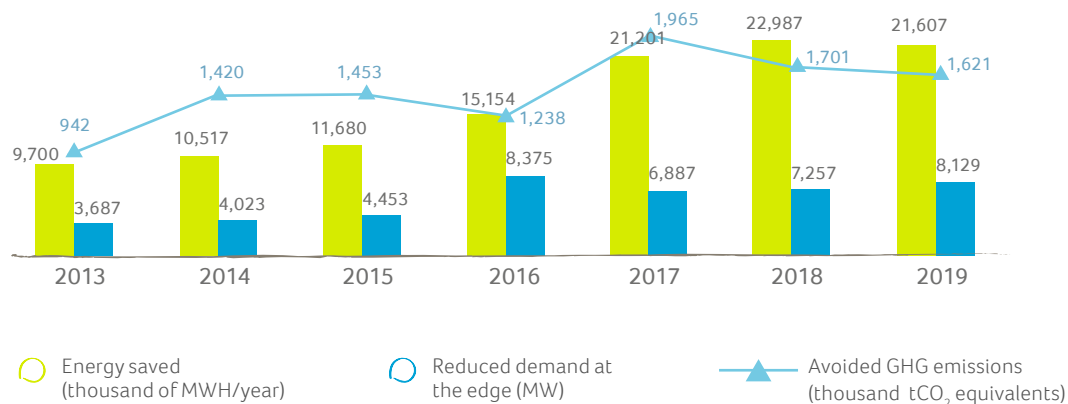
We support important initiatives by the federal government to promote the sustainable development of society and the sector, through universal access to electricity, the encouragement of energy efficiency and the expansion of science and technology in the country. Below are the main programs developed by the government in 2019, Eletrobras' contribution and the results achieved.

National Electricity Conservation Program (Procel)

Program coordinated by the Ministry of Mines and Energy and carried out by Eletrobras, aimed at nationally promoting the efficient use of electric energy and combating waste. It involves education (Procel Education), information dissemination (Procel Info), and energy efficiency actions in the building, environmental sanitation, municipal energy management, public and industrial lighting and energy efficiency support segments through transparency for the consumer (Procel Seal). The benefits of the program are measured by saving electricity and, consequently, avoided greenhouse gas emissions.

We have been running Procel since 1985, having produced, in 2019, an estimated savings of 21.6 million MWh - equivalent to 4.48% of the electricity consumption in the year -, avoiding the emission of 1.6 million tCO₂ equivalents. One of the highlights of the year was the international conference "Pathways to Energy Efficiency in the Brazilian Air Conditioner Market," promoted by Eletrobras through Procel and in conjunction with the Instituto Clima e Sociedade (iCS), on March 25th. The event, held at the Eletrobras headquarters in Rio de Janeiro, received representatives from the Ministry of Mines and Energy and the Energy Research Company (EPE) and speakers from the United States and India, as well as manufacturers, class entities and associations.

Since 2016, the financial resources invested in Procel are provided for by Law 13.280/2016, which released Eletrobras from these investments.



Procel Education

Making information and educational resources available to the country's formal education system to encourage citizens to develop skills, competences and attitudes for the efficient use of energy.

Through Procel in Schools, it develops and makes available the methodologies "Energia que Transforma" (Transforming Energy) and "A Natureza da Paisagem" (The Nature of the Landscape), to encourage and facilitate the approach, by basic education teachers, of the themes of energy efficiency and sustainable development. Since its launch in 2012, it has benefited more than 3 thousand teachers and 60 thousand students in the country.

In 2019, "Energia que Transforma" (Transforming Energy) was updated, including the production of new materials adapted to digital technology, developed with the advantage of offering multiplatform content, expanding the reach and engagement of different audiences, especially young people.

For undergraduate and graduate students and professionals in the energy sector, Eletrobras and Procel have invested in the formation of a network of laboratories and research centers to design and disseminate advanced educational tools in energy efficiency and to develop and monitor energy optimization studies.

Procel Info

The Brazilian Energy Efficiency Information Center (Procel Info) gathers, generates and disseminates relevant information, national and international, on the efficient use of electricity, through the Procel Info portal, developed by Eletrobras in 2006. In 2019, the address registered 54,772 registered users, of which 460 were new, representing an increase of 0.85% in relation to the previous year. 688 calls were made to the public and the portal registered 1,539,614 accesses, an average of 128,301 accesses/month.

Thus, in order to continue to provide relevant and accurate information, between July 2018 and April 2019, the Possession and Habits of Using Electric Equipment in the Residential Class Survey was carried out, for which 166 municipalities were selected and visited in order to collect various data such as average light bulbs per household; if they have air conditioners, of what type and with what thermal capacity; if they have TVs and with what type of screen; if they have a cell phone and how long the device stays plugged in to charge the battery etc. The research is an important management tool, as its results contribute to guide, plan and direct, in a coherent way, the electric sector and public policies for building efficiency, promoting a reduction in consumption and sustainability for the national electric system.

Complete information about the search results
can be accessed on the website.



Procel Seal

Informs the consumer about the energy consumption profile of equipment and appliances, promotes the development and technological improvement of manufacturers and supports the training of laboratories and research centers. Manufacturers are encouraged to adapt their products to electricity consumption rates, according to the Energy Efficiency Law 10.295/2001, and receive subsidies for the preparation of technical standards for energy efficiency. Cepel has an important role in this project, which it has supported since the beginning, in 1993, through its researchers and laboratories.

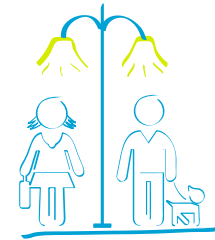
Procel Reluz

The National Program for Efficient Public Lighting (*Procel Reluz*) promotes actions and projects in the public segment and was instituted in 2000 by Eletrobras, with the support of the Ministry of Mines and Energy. Until 2012, the Program was implemented by electric energy concessionaires with the participation of city halls and state governments.

As of 2016, within the scope of Law 13.280/2016, a new phase of Procel Reluz begins, with the main changes being the selection of projects, which began to occur through Public Calls for Projects, exclusively in those 100% with LED technology; and the exchange of responsibility for implementation, which became the responsibility of the municipal public administration.

In 2019, Procel promoted partnerships with municipal administrations from all regions of the country, which resulted in a set of modernization and efficiency actions for public lighting systems in these cities. Over 14 thousand public lighting points were made efficient and, in the process, thousands of lighting fixtures with traditional technology were replaced by lighting fixtures with LED technology. At the end of the interventions, approximately 7.4 million kWh/year were saved and the demand for installed load was reduced by 54%.

Still in 2019, a new public call for projects was made to start another wave of efficiency, which twice exceeds the previous efficiency. The forecast is to make efficient with LED technology about 30 thousand public lighting points in municipalities in all regions of the country. The works are expected to start in the first half of 2020.



Over 14 thousand public lighting points were made efficient and, in the process, thousands of lighting fixtures with traditional technology were replaced by lighting fixtures with LED technology.

Programa Luz Para Todos (LPT)

It aims to provide free access to electricity to the portion of the rural population that still does not have access to this public service through extensions of electricity distribution networks, the implementation of generation systems with renewable energy sources in remote areas and making free calls and installation in homes with up to three light points, one per room, two plugs, conductors, lamps and other necessary materials.

The LPT, which was postponed until December 2022, is a vector for social and economic development in low-income communities, contributing to the reduction of poverty and the increase in family income, in addition to facilitating integration into health, education, water supply and sanitation services, as well as social programs of the federal government.

The financial resources applied come from the government itself, as a subsidy, through the Energy Development Account (CDE) and, as a financing, through the Global Reversion Reserve (RGR) or *Caixa Econômica Federal*, in addition to resources of the state governments involved and the executing agents themselves.



Floating solar panels in the Sobradinho reservoir (BA). Chesf Collection.

Eletrobras manages contracts with federal resources and monitors the execution of the set of rural electrification works associated with them.

Incentive Program for Alternative Sources of Electric Energy (PROINFA)

Created in 2002 with the objective of increasing the share of alternative renewable sources in the Brazilian energy matrix, adding to the SIN projects based on wind, small hydroelectric plants (PCHs) and biomass. The Ministry of Mines and Energy defined the total installed capacity to be contracted and assessed the impact of costs on final consumers. Eletrobras contracted and selected the projects for the purchase and sale of energy. The transaction ended on December 31, 2011.

The program, in addition to contributing to the diversification of the country's energy matrix, generated about 150 thousand direct and indirect jobs throughout Brazil, providing industrial advancement and internalization of cutting-edge technology, and reduction of greenhouse gas emissions, and exposure to risks related to energy generation activities, such as hydrological risk.

INTELLECTUAL CAPITAL

P&D e Innovation

GRI 103-1, 103-2, 103-3, EU8 | [SDG 7](#), [SDG 9](#), [SDG 17](#)

The Electric Energy Research Center (Cepel), of which Eletrobras is the main sponsor, is the largest technological research and development center in the Latin American electric sector. Through Cepel, we invest in the development of new technology projects and act in accordance with the Research & Development and Innovation Policy of Eletrobras Companies to:

- create favorable conditions for the optimization of investments, minimizing redundancies and waste, disseminating and sharing results and maximizing performance;
- systematize planning, execution, accountability and internalize the results of P&D+I projects, seeking to reach the final stages of the innovation process; and
- maximize the performance of Cepel in the activities of Technology and P&D+I and in the dissemination of results.

The P&D+I strategy is always in line with the Strategic Plan of the Eletrobras Companies. We

must foster mechanisms for recognizing and valuing employees who contribute to the results of the projects.

Action planning meets the guidelines established by the majority shareholder through policies and plans, the specific legislation in force in the sector and the P&D+I needs of Eletrobras companies, ensuring that efforts are kept in line with the objectives and interests of those involved. In 2019, we restructured the Rules of Procedure of the Technology Policy Commission (CPT), creating the P&D+I Management Group, a forum with representatives of all Eletrobras companies that has, among others, the function of internally identifying problems and propose actions and activities to mitigate or solve them.

Linked to the CPT are the Technical Groups (GTs), responsible for raising our investment needs in P&D+I. These GTs are divided into Generation and Commercialization, Transmission, Energy Efficiency, Laboratory and Innovation and have representatives from all Eletrobras companies, which allows for the sharing of information,

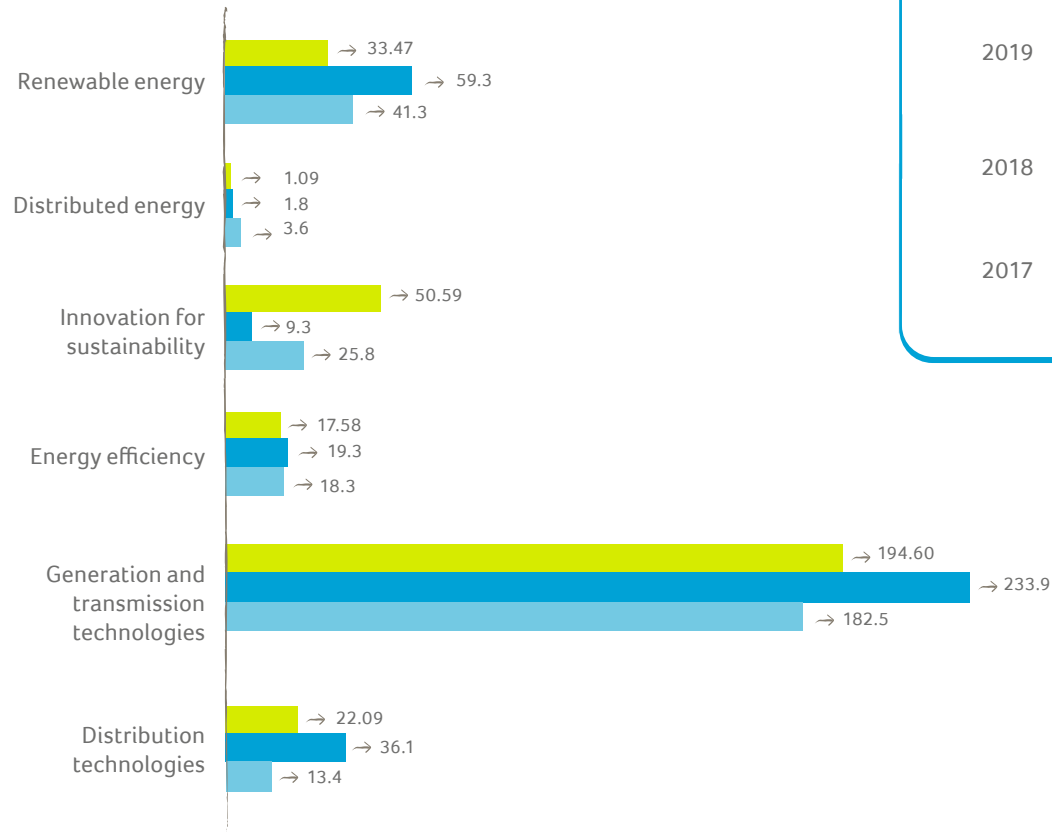
the formation of partnerships and synergy in the proposition and development of projects. In September of that year, Eletrobras created the Technological Development and Innovation Advisory, linked to the Transmission Directorate, to support and put the CPT into full operation.

Law No. 9.991, of July 24, 2000, obliges the concessionaires of generation and public energy transmission services to annually apply 1% of the Net Operating Revenue in research. This amount is a minimum investment target for Eletrobras. Due to the accumulation of resources earmarked for P&D+I in previous years, some of our companies have an accumulated liability balance, which generated a commitment to carry out actions to reduce this amount until its complete extinction.

For 2020, we are preparing a procedure for the operation of the CPT and subsequent monitoring of its execution, which will give rise to relevant management and technical reports and mechanisms to assess the effectiveness of P&D+I management.

Total investment in R&D + I by category

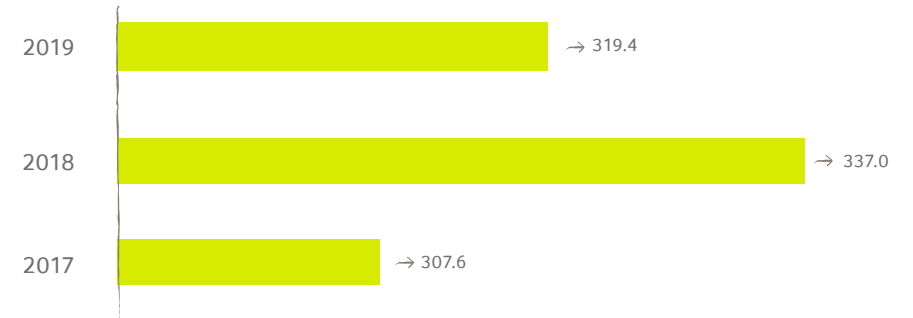
(R\$ million)



2019 2018 2017

Total investment in R&D + I

(R\$ million)



2019 Highlights

International study tender completed

The date of March 15, 2019 highlighted the construction of our intellectual capital, as Eletrobras, the National Electricity Company of Bolivia (Ende) and the Inter-American Development Bank (IDB) concluded an international bid coordinated by the IDB to contract the Study of Electric Interconnection between Bolivia and Brazil. On that date, the presidents of Ende, Joaquín Rodríguez Gutiérrez, and Eletrobras, Wilson Ferreira Junior, met at our facilities in São Paulo, when they concluded the signing of the contract with the winning consortium and the IDB.

The winner was the consortium formed by the companies Sigla Consultora en Energía da Argentina, Comillas Universidad Pontificia de Madrid and MRC Consultants and Transaction Advisers. It will conduct a planning study and basic technical studies of the electrical interconnection alternatives between Bolivia and Brazil, based on the quantification of global and individual economic benefits.

The electrical integration between Brazil and Bolivia brings important economic, social and environmental benefits, such as the reduction of generation costs due to the complementarity that exists in each country, contributing to the diversification of energy matrices, greater security of supply, the reduction of hydrological risks and greater environmental sustainability.

Acre Energy Excellence Center (CEEAC)

Center in the final phase of construction next to the Campus of the Federal University of Acre (UFAC), with partial opening scheduled for mid 2020. It focuses on research and services through the formation of networks of associated researchers nationally and internationally. It has a structure of laboratories in the coworking/service incubator format and will also work on innovation and entrepreneurship. The basic infrastructure has a state-of-the-art communication system, accommodation, seminar rooms, among other facilities.

The research axes will be distributed generation and micro-networks, sustainable development, and energy efficiency by generation through biomass and solar energy.

Energy transition

GRI 103-1, 103-2, 103-3 | SDG 1, SDG 2, SDG 3, [SDG 7](#), SDG 11, SDG 12, [SDG 13](#), SDG 14, SDG 15

Motivated mainly by curbing global warming, the energy transition consists in the decarbonization of the energy matrix through the substitution of sources from fossil fuels for clean energy. The national matrix has a relevant share of renewable sources, however, there are opportunities for transition, especially in relation to the energy consumed by transport, since the main Brazilian mode is still the road.

In terms of the electric matrix, formed by the set of sources available only for the generation of electric energy, the Brazilian one is even more renewable than the energy source, with an 82%¹² share of sources of this type. The portion of the electrical matrix to be decarbonized, therefore, is not so relevant today.

However, it is worth mentioning that the Decennial Energy Plan 2029 (PDE), issued by the Energy Research Company (EPE), linked to the Ministry of Mines and Energy (MME), provides that from 2020 the Brazilian electricity matrix will increase the carbon participation through the entry into operation of thermoelectric plants based on natural gas by encouraging public policies formulated by the MME, such as, for example, the New Gas Market Program,

launched in July 2019, and the modernization of existing plants for extended life. There will also be a reduction in the entry into operation of new hydroelectric plants, which will be replaced to meet the growing demand for energy by thermoelectric plants, mainly natural gas, mainly due to the operational flexibility and modulation of this type of plant.

Wind and photovoltaic sources are increasing their participation in the electrical matrix, but they depend on climatological and meteorological phenomena and have less predictability compared to hydraulics and thermoelectric sources. According to PDE 2029, wind, photovoltaic and biomass plants and small hydroelectric plants will represent 33% of the generation capacity in a ten-year horizon, while the representation of hydro will drop to 49%. In this context, EPE signals that there will be no energy transition to cleaner sources in the next ten years.

Eletrobras has a methodology for prospecting and studies of the various sources of generation available, aiming to diversify its operation. We prioritize the development of renewable sources, but we also consider opportunities for

gas thermal generation. We use a selection and prioritization tool that helps in choosing projects from different sources, in line with strategic orientation and business opportunities. For projects based on carbon emitting sources, we seek to optimize existing ones and accompany the development and improvement of methods for monitoring and reduction, which allows us to choose projects that are more energy efficient and with the lowest possible emission.

We developed projects with unconventional and innovative sources, such as the floating photovoltaic plant in the lake of the Sobradinho Hydroelectric Plant (BA) and the hydrogen project in Itaipu, in addition to investments in Cepel in research applied to the topic. In 2019, the creation of the Eletrobras Generation Expansion Planning Committee (Copeg) was formalized, for coordinated action with companies on generation issues, and a working group on unconventional sources was established. More information on the topic and its developments at Eletrobras can be obtained in the P&D+I and Manufactured Capital sections of this report ([pages 116 and 103 respectively](#)) and in the reports of the companies in our system.

¹².Source [Energy Research Company \(EPE\)](#)

SOCIAL AND RELATIONSHIP CAPITAL

Customer satisfaction

Satisfaction survey

GRI 102-43

Since 2014, we have conducted a unified biennial survey on the level of customer satisfaction, with a commercial focus on generation and transmission. We use the Customer Window methodology, that allows us to measure the degree of customer satisfaction with the commercialization of the generation, transmission and research, development and innovation businesses, based on perceptions about the value attributes and the degree of importance given by the customer.

The last edition was held in 2018, with the participation of the Eletrobras CGTEE, Chesf, Eletronorte, Eletronuclear, Eletrosul, Furnas, Amazonas GT and Cepel companies - the latter two novelties of the edition.

Check the results on page 142 of the
2018 Annual Report



Employee communication and engagement

GRI 102-43

In 2019, our internal communication prioritized strategic themes. 34 campaigns were developed, much of it integrated with the other Eletrobras companies, under the coordination of the holding company. There was an increase in the production of special newsletters to address topics of interest to employees, which reached a total of 105.

The campaign to publicize the two editions of the Consensual Dismissal Plan (PDC) provided a specific section on the subject on the intranet with detailed content, updated periodically. A new series of videos was produced, called “Tira-Dúvidas” (Clear Doubts), responsible for the largest audience of the year among all the videos produced, with 2,622 hits.

The Zero-Base Budget (OBZ) project was disseminated, implementing this organizational budget methodology, simultaneously at the holding company and Eletrobras companies, through banners and specific content, in addition to videos for corporate TV, marketing emails and internal reports.

There were two campaigns related to operational activities: the one on Dam Safety and the one on reaching the 50,000 MW mark in our generation park, with banners for intranets and websites, content for internal reports and posts on social networks.

The actions of the Integrity (Compliance) Program were disclosed, among other formats, in two videos: one from the “Minute of Leadership” series, with the Eletrobras Compliance director, on the Week of Integrity and Ethical Culture, and another on the activities carried out in that period. Posts were also published on the companies’ social networks about the event and the International Day to Combat Corruption.

The Communication teams of the Eletrobras companies participated in meetings in September and December to exchange experiences and knowledge, to discuss the strategic pillars of the Communication and Engagement Policy of the Eletrobras Companies, in addition to planning actions for 2020.

A new internal communication vehicle was also launched: Connection, monthly electronic report to leaderships of the holding. The delivery of the newsletter was extended to the Board of Directors at the request of this body.

The Executive Board met in person with leaders and employees in two presentations of results for managers, with live transmission to all employees, on August 14 and November 13. In addition, the Eletrobras 2019 Annual Meeting was held on December 18, for employees based in Rio de Janeiro. 214 people were present, who attended the presentation by the lecturer and professor of creativity Murilo Gun, with the theme “Innovation and Imagination in Problem Solving.” In the opinion of 68% of respondents to the post-event satisfaction survey, the initiative was considered “good” and, for 49%, it contributed to personal or professional development.



*Leaders of the holding in a meeting on building a high performance culture.
Eletrobras holding collection / Cláudio Ribeiro.*

Press

GRI 102-43, 102-44

In 2019, 254 press requests were received - 69% of them were answered. The most requested topics (29%) were related to the presidency/institutional, with emphasis on the privatization of Eletrobras. Then came the demands on energy generation (19%, with emphasis on the Itaipu agreement) and financial issues (18%).

From May to December 2019, there were approximately 6 thousand insertions in the press, an average of 763 per month, considering articles published on or with quotes to the company.

24 press releases were sent, including 18 releases and 6 agenda notices, the latter ones calls for the three press conferences granted by President Wilson Ferreira Junior throughout the year, to comment on the financial results of the quarters.

Shareholders and investors

GRI 102-21, 102-33, 102-43

Eletrobras' president, Wilson Ferreira Junior, carried out, in 2019, engagement actions with investors, shareholders and capital market analysts. According to the calendar released on March 20, we provide information on our main results on the Road Show in several North American cities, between April 15 and 19. The executive also participated in conference calls and meetings at the Association of Capital Market Investment Analysts and Professionals (Apimec) in São Paulo and Rio de Janeiro. In late August, the president received market analysts at the company's head office in Rio de Janeiro for breakfast, when the company's capitalization process, compulsory loans and the resumption of construction of Angra 3 were discussed.

Every six months, we present the company's results to our shareholders at meetings held at the headquarters of the Association of Capital Market Investment Analysts and Professionals (Apimec) in São Paulo, Rio de Janeiro, Brasília and Belo Horizonte. We also produce communications to the market, as required, and quarterly conference calls with their agents.

The Eletrobras website has the “*Fale com o RI*” (Talk to IR), a channel through which shareholders can express doubts, recommendations or other requests relevant to the Investor Relations area. This contact can also be made by email or phone.

Our website also includes the Manual for Participation in Eletrobras Shareholders' Meetings, in which we present information for the understanding of the proposed matters, in order to encourage participation in these events.

In 2017, we created the Ombudsman System for the Securities Market - IR Ombudsman. In compliance with Instruction No. 529/2012 of the Brazilian Securities and Exchange Commission (CVM), through the system we receive, register, analyze, instruct and respond to queries, suggestions, complaints, criticisms, compliments and complaints about activities related to the stock market.

Most of the company's profiles (Instagram, Twitter, LinkedIn and YouTube) had an increase in the number of publications and followers/views compared to 2018. In January 2020, Eletrobras debuted its podcast schedule.

Sponsorships

GRI 102-43

In 2019, we held the eighth edition of the Eletrobras Companies Sponsorship Program for Electric Sector Events, launched in April 2019, with results released at the end of June. We selected 24 titular projects and 9 alternate projects.

In the same year, Eletrobras holding, Furnas and Eletronorte launched, in August, the seventh edition of the Eletrobras Companies Cultural Program, which included performing arts and intangible cultural heritage. We selected 22 titular projects and 8 alternates.

In October, we launched the first edition of the Eletrobras Companies' Sports Sponsorship Program, inspired by the renewable energy of waters, the main input of the company's business. Eight titular projects and three alternates were selected.

Society

GRI 102-43

Since 2018, we have been strategically repositioning ourselves on social media to increase our visibility and interactivity with society. Most of the company's profiles (Instagram, Twitter, LinkedIn and YouTube) had an increase in the number of publications and followers/views compared to 2018. In January 2020, Eletrobras debuted its podcast schedule. The first season, "Eletrobras 2030," addresses topics related to sustainability.

Community engagement

GRI 102-21, 102-43, 413-1, 413-2 | SDG 1, SDG 2, SDG 11, [SDG 16](#)

Our operations can have a greater or lesser impact depending on the size and the region where they will be installed, which is why community engagement is essential from the stage of studies for a new venture, to the operation itself, in order to propose actions that minimize or offset impacts on affected communities.

Local communities can be impacted mainly by the need to move, by changes in the environment surrounding the operations and by interference in the dynamics of traditional and indigenous peoples. We also seek to build and operate our projects in order to make them a vector of economic and social development in the regions where they are installed.

We continually renew our commitments expressed in the Environmental Master Plan and in the Interaction Processes document between the Brazilian Electric Sector and Society, launched in the early 1990s. Our Environmental Policy has specific guidelines for dealing with the relocation of affected populations and host communities, education and environmental communication.

Our guideline is to promote ethical and transparent dialogue that supports a qualified engagement and relationship with the communities, recognizing their culture, forms of social organization and the representatives indicated by them.

We work through the elaboration of participative socio-economic diagnoses, the implementation of communication and social interaction and environmental education programs, promoting the construction and strengthening of community forums and articulations with public and private agents. The results of the programs developed within the scope of environmental licensing are presented to the population.

In addition, we operate in line with the Global Compact, to which we are signatory, and guided by our Sustainability, Environmental, Social Responsibility and Communication and Engagement with Stakeholders policies.

The Eletrobras Companies' Social Responsibility Policy was recently updated in 2018. This document is based on the Sustainable Development Goals (SDGs), which also guide the prioritization of projects to be supported by the company, always with a view to overcoming inequalities and the sustainable development of the communities with which Eletrobras relates.

Commitments in the relationship with the community



Open and permanent dialogue



Promotion of improved quality of life



Respect for the values and interests of each community



Safety and protection of populations in emergencies



Awareness about the safe, efficient and responsible use of energy



Recognition and respect for the culture and form of social organization of all impacted communities, including traditional indigenous communities

International engagement

GRI 102-43, 413-1

In 2018, Eletrobras, the Bolivian state-owned *Empresa Nacional de Electricidad (Ende)* and *Corporación Andina de Fomento (CAF)* began studies on the hydroelectric inventory in the binational stretch of the Madeira River and its main tributaries, located in Bolivian and Brazilian territories. A base office was installed in the city of Guajará-Mirim (Rondônia) for the implementation of the Social Communication Plan (PCS) - the first carried out at this stage of the studies - and as support to carry out technical studies in the field.

By 2019, computing the communication and social interaction actions in Brazil and Bolivia, where inventory studies are carried out, 830 folders were distributed, and 65 urns were installed in various cities to receive manifestations from the local population. From the beginning of the communication actions until the end of 2019, 600 manifestations were registered via telephone, WhatsApp, e-mail, website and ballot boxes, covering both territories.

Management of impacts on communities

Indigenous communities and traditional peoples

GRI 102-43, 103-1, 103-2, 103-3, 413-1

We seek to avoid direct impacts on indigenous communities and traditional peoples, corroborating the changes brought about by the 1988 Constitution. If there is any interference, we apply good relationship practices, seeking to promote respectful coexistence, recognizing traditions, culture and customs.

The presence of traditional populations in the areas of installation of enterprises is verified since the studies of hydroelectric inventory of hydrographic basins. It is during the conduct of environmental impact studies, part of the environmental licensing process, however, that such surveys are deepened. Based on the identification and assessment of impacts, actions are defined and detailed, organized in programs, to mitigate and compensate for the negative impacts and optimize the positive impacts of the implementation of a given enterprise, which, in the case of indigenous peoples, must consider the recommendations of Funai in the preparation of the Studies on the Indigenous Component and the Basic Environmental Project for the Indigenous Component - PBA - CI. Communication and social interaction actions use accessible language and are usually carried out in the form of participatory workshops and are monitored by the National Indigenous Foundation (Funai).

The enterprises that have been in operation since before the 1988 Constitution, in turn, are obliged, in the renewal of their operating licenses, to carry out Studies on the Indigenous Component (ECI), under the coordination of Funai, and to adopt measures related to possible impacts.

The indigenous issue is monitored by the Eletrobras Companies Environment Committee, through a permanent working group created in 2019, based on the Commission that has existed since 2012. The Commission prepared the guidelines for relations with these peoples, approved by the Environment Committee in 2018 and by the Board of Directors in 2019, and included in version 4.0 of the [Environmental Policy](#).

For formal handling of complaints, we have the Contact Us Environment and, in the case of relationships with indigenous communities, there is necessarily a formal and direct communication channel linked to the projects.

In 2019, Eletrobras Eletronorte performed the Simplified Environmental Study of the Indigenous Component (EAS-CI) of the 500 kV Tucuruí-Marabá-Imperatriz-Presidente Dutra Transmission Lines (C1 and C2), which intercept the Krikati Indigenous lands (Krikati ethnic group), Cana Brava (Guajajara ethnic group) and Mãe Maria (Gavião Parkatêgê ethnic group). The project was requested by Funai and recommended by Ibama as one of the conditions for the renewal of the Transmission Lines Operation License. The preparation of the Basic Environmental Project for the Indigenous Component (PBA - CI) was initiated, which detailed the initiatives to be implemented. Actions and communication and social interaction are carried out in the form of participatory workshops, covering one or more villages. The workshops are conducted by the Funai representative. Actions were taken to present the work proposal and to assess the results of the studies.

In 2019, the holding company continued its participation in projects with Kayapó indigenous communities in the middle Xingu, in southern Pará. Composed of 4,500 indigenous people and 40 villages, the group is indirectly impacted by the Belo Monte hydroelectric plant. The projects were developed in partnership with the National Indigenous Foundation (Funai), Norte Energia - which provides financial resources - and the Kayapó representative institutions (Kabu Institute, for the Western Kayapó, and the Protected Forest Association - AFP, for the Eastern Kayapó) to better meet the demands of indigenous communities.

The Kayapó Mekrãgnoti Program - started in April 2019 - will receive total investments of R\$ 11.3 million by 2023. We are responsible for monitoring, supervising and managing the relationship with the communities. With the program, Kayapó indigenous people and the Kabu Institute carried out, among other activities, 34 expeditions of inspection and surveillance of indigenous lands - Indigenous Lands (TIs) Baú and Mekrãgnoti, by boat, land and air. The main objective is to identify and combat mining outbreaks, overfishing and all types of illegal intrusion. The findings were



Chief Kaiapó. Eletrobras holding / Jorge Coelho collection.

recorded in six monitoring reports, shared with Eletrobras and government agencies, including Funai. In the past, reports like these have subsidized operations of the National Force and Ibama, which apprehended intruders at the head of illegal IT activities.

The Eastern Kayapó Autonomy Support Plan ended in April 2019. The rest of the year was dedicated to the analysis of accountability. The indigenous people are calling for the celebration of a new project, which, like the Western Kayapó/Kabu Institute, would be the third to be carried out with their communities. The issue is being addressed between Eletrobras' senior management and Norte Energia's.

The main results of these experiences are the institutional strengthening of the entities that represent the Kayapó and execute the projects; inspection and protection of indigenous lands; fostering sustainable economic activities; and the cultural appreciation of ethnicity. In addition, in the middle of the "Arco do Desmatamento" (Deforestation Arc), in the south of Pará, these communities have preserved the natural resources of the Xingu River basin, of strategic interest to Eletrobras, as it is the river that feeds the Belo Monte HPP.

Eletrobras companies did not register any cases of violations to the rights of indigenous peoples in 2019. GRI 411-1

Belo Monte HPP receives socio-environmental monitoring mission

Between May 18 and 22, 2020, the Belo Monte HPP was inspected by the 29th Independent Socio-Environmental Monitoring mission, under the Equator Principles, conducted by independent consultants on demand from the financial agents *Caixa Econômica Federal* and *BTG Pactual*, signatories of these principles.

Due to the pandemic of the new coronavirus, all meetings with the auditors were held, in an unprecedented way, by videoconferences. In all, there were 32 meetings, with 108 participants.

Global fund portfolio exit

On May 16, 2020, Eletrobras received news of the company's exclusion from the list of the Norwegian Government Pension Fund Global portfolio. The main justification was an alleged violation of human rights by the Belo Monte hydroelectric plant project, which Norte Energia S.A (SPE Belo Monte) is responsible for, in which we participate with 49.98%, in partnership with other state and private companies.

The company clarifies that, on the occasion of the installation and start-up of the Belo Monte HPP, socio-environmental actions were taken by Norte Energia S.A. in order to mitigate and offset the potential negative impacts in the region of the enterprise, following the environmental licensing process.

In this sense, we understand that the conclusions presented in the Norwegian Government Pension Fund Global document reflect partial positions of stakeholders involved in the process; does not analyze the reality existing in the region before the implementation of the project; as well as it does not expose the measures effectively adopted by the entrepreneur in the outline of the complexities involved with the different audiences.

Thus, Eletrobras and Norte Energia refute the idea that the enterprise contributed or was responsible for human rights violations. We believe that the investments in the region were planned to repair or minimize the impacts caused, aiming at the same or better conditions than they had before the installation of the project. One of the indicators on such investment is that, between the years 2010 and 2015, according to the Socioeconomic Monitoring Program carried out by Norte Energia since the beginning of the implementation of the Belo Monte HPP, there was a reduction from 25% to 5% in the percentage of residents living below the poverty line in Altamira.

Another point to be considered is the complexity of the Brazilian environmental licensing process and the level of requirements applied to HPP Belo Monte, which reflected in a milestone for the environmental licensing process in the country, considering the size of the requirements presented according to the region's reality and the technical and financial efforts undertaken. This configuration resulted in the granting of Environmental Licenses to the enterprise, even though these have implied specific conditions.

Eletrobras and Norte Energia understand that understanding this context sheds light on the complexity of the interactions that were developed during the construction of the project and the challenges overcome in the execution of the projects. That said, they consider that it cannot be argued that there was a lack of implementation of compensation and mitigation measures to reduce the risk of the enterprise. It is also important to emphasize that, in line with the issues considered by the Ethics Council, Norte Energia has guided its actions observing the guiding principles for human rights in its different approaches, with interactions, responses and actions in view of the different recommendations received throughout the implementation and operation of the Belo Monte HPP.

It is also important to note that the implementation of the Belo Monte HPP has resulted in significant efforts to establish dialogue with communities – non-indigenous and indigenous – in the area affected by the project, as well as with other stakeholders. This process started in the Environmental Studies phase,

culminating, on the occasion of the prior environmental licensing of the enterprise, with the holding of Public Hearings (APs), resulting subsequently in the issuance of the Prior License by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama) on February 1, 2010*.

Subsequently, the continuity of the dialogue process was one of the factors that also guaranteed Belo Monte HPP with its Installation License, granted to Norte Energia by Ibama in 2011, thus enabling the construction of the plant to begin; and, in the same way, the conquest, in November 2015, of the Operation License for the enterprise, which enabled the beginning of commercial energy generation. It is also pointed out that, taken as a whole, the socio-environmental commitments entered into by the entrepreneur in the Middle Xingu region meet various measures for the prevention, mitigation and compensation of socio-environmental impacts of a negative nature, as well as leveraging other impacts of a positive nature.

Thus, the general context of the enterprise, briefly exposed here, demonstrates Norte Energia's effort for development and transparency in the socio-environmental actions carried out, which are monitored by the intervening government agencies, as well as the concern in meeting the national and international guidelines and recommendations throughout the complex process that involves the implementation of the Belo Monte HPP.

Finally, we emphasize that Norte Energia sought to take steps to resolve the requests and requirements pointed out by the National Indigenous Foundation (Funai).

The implementation of the Belo Monte HPP has resulted in significant efforts to establish dialogue with communities – non-indigenous and indigenous - in the area affected by the project, as well as with other stakeholders.

More information can be obtained in the
Eletrobras 2018 Annual Report (page 158)



* The date "2020" was used in the Portuguese version of this report, and it was changed to "2010" in the English version.

Displacement of populations and changes in social dynamics

GRI EU20, EU22

Guidelines for the relocation of populations affected by our projects have been part of our Environmental Policy since 2016. They establish, for example, that Eletrobras companies must monitor the evolution of the socioeconomic conditions of the relocated population and host communities, with quantitative and qualitative assessments, at least, for the period established by the environmental licenses.

We also fulfill legal commitments and obligations during the environmental licensing process, such as Federal Decree 7.342/10 and Interministerial Ordinance 340/12, which deal with the socioeconomic registration of the population affected by dams. In order to understand our socio-environmental impacts, we carried out studies and Socioeconomic registration.

Based on the understanding of our impacts, we created the Basic Environmental Plan, specific to each project and approved by the environmental agency. During its execution, relationship channels are structured, including permanent forums for interaction with the affected communities. We install toll-free services (0800) and maintain fixed and mobile offices to serve the population. As a rule, there are “complaints books” with procedures for responding. Eletrobras companies also have channels such as the Ombudsman and Contact Us, which are presented to the population.

The Environmental Policy guidelines direct that the socio-cultural and family ties of the affected populations be considered when proposing alternatives for relocation and that Eletrobras companies provide social assistance to vulnerable people, especially the elderly and those with special needs that are directly affected by the enterprise. The teams usually have social workers, professionals trained to observe, highlight and forward solutions to cases involving especially psychological impacts on the most vulnerable people and social groups. Sociologists and anthropologists, based on participatory diagnoses, identify impacts classified as intangible and seek to propose collective redress actions. In 2019, Eletrobras did not move or relocate people.

Community safety

GRI EU21

Our Emergency Assistance Plans establish responsibilities, measures and effective actions to be taken during contingency situations. Each project has a specific plan, constantly updated, covering social and environmental aspects for cases of natural disasters, spills, fires, problems with information technology, strikes, image crisis, among others.

Emergency brigades and employees working in areas considered at risk are trained to know how to act, if necessary. As an example, we can mention the case of Eletrobras Eletronuclear, where the simulations are carried out periodically (annual simulations) and certified by competent bodies.

Investments in communities

SDG 8

In 2019, Eletrobras companies allocated R\$ 423.2 million to voluntary initiatives on behalf of the communities with which they relate, supporting actions, donations and projects of a social character, infrastructure, cultural, sports, environment, territorial development, promotion of citizenship, education, rights of children and adolescents, generation of work and income, health and food security and volunteering.

Volunteer Program

GRI 413-1

Linked to the Eletrobras Companies Integrated Communication Committee, the Eletrobras Companies Volunteer Subcommittee was created in 2018, aiming at the alignment and structuring of corporate volunteering programs, for an efficient and shared management.

The Eletrobras Volunteer Program allows employees and their families to participate in inclusive and collaborative social actions with vulnerable audiences, in partnership with social assistance institutions. Our volunteers dedicated 598 hours to 59 actions and 6 campaigns,

benefiting 3,597 people. In addition to the hours used to carry out the actions effectively, 80 hours were spent in planning and alignment meetings with the benefited institutions. The company invested R\$ 51.6 thousand to support the activities.

Discover the volunteer programs of Eletrobras companies on their portals:

- [Furnas](#) ↗
- [Itaipu](#) ↗
- [Eletrobras Chesf](#) ↗



Fish farming station. Eletrobras Chesf.

Social initiatives

GRI 413-1

Social Projects

In 2019, the Public Notice for Social Projects of Eletrobras Companies was opened in order to generate value for social and relationship capital, allowing for broad national participation. The announcement was in line with the Sustainable Development Goals (SDGs) of the 2030 Agenda of the United Nations (UN), in particular SDG 8 - Decent Work and Economic Growth and its respective goals. Its structuring axis was complementary education - qualification for professional training -, with the aim of improving and developing skills for insertion and meeting the demands of the labor market, thus seeking to contribute to the reduction of social inequalities and improve the quality of life of vulnerable groups.

146 projects were received, which were evaluated according to the criteria of relevance, feasibility, sustainability, qualification of the entity, cost per beneficiary, location in the coexistence area of companies and Human Development Index (HDI) and classified after delivery of all required documents in the notice. Of these, Eletrobras companies selected 17 projects, of which 12 are titular and five alternates. The announcement was launched for the allocation of up to R\$ 1.52 million and shares were selected in the total amount of R\$ 1.2 million, to be supported by the holding company and Eletrobras Amazonas GT, Eletronorte, Eletrosul and Furnas.

Sports and cultural projects

Also in 2019, in parallel to the Social Projects Notice, the Sports Sponsorship Program was initiated, which aims to encourage projects of a sports nature that propose the development of base athletes to train the future Olympic generation in Brazil, considering exclusively the Canoeing, Artistic Swimming, Swimming, Water Polo, Rowing, Diving, Surfing and Sailing segments. Of the 49 projects received, Eletrobras and its subsidiaries Eletrobras Furnas and Eletronorte selected 11, of which 8 were titular and 3 alternates. The notice will invest the amount of R\$ 1.72 million in water and nautical sports projects.

The Eletrobras Companies Cultural Program was also resumed, with the aim of promoting support for culture by sponsoring creative proposals, which encourage new perspectives on the various artistic areas and value cultural wealth in the most diverse regions of Brazil. Of the 1,762 projects received, Eletrobras companies selected 22, 8 of which were for adult theater production, 4 for juvenile theater production, 4 for theater performances, 4 for theater festivals and 2 for intangible heritage, adding up to an investment of up to R\$ 6.35 million through the holding company and Eletrobras Furnas and Eletronorte.

NATURAL CAPITAL

Environmental management system

GRI 413-2

Rational and responsible environmental management is essential to the sustainability of our operation and to our value generation model, since our businesses depend directly on natural resources. We have an Environmental Management System based on three main elements: the Environmental Policy of Eletrobras Companies, the Environment Committee of Eletrobras Companies and the Corporate Sustainability Management Indicators System (IGS System) - Environmental Module. A fourth element is being developed: the Environmental

Licensing Monitoring System (SAL), a computerized tool to monitor the environmental licenses and conditions of the Eletrobras companies' generation projects, in addition to the environmental infraction notices.

When planning our projects, we develop studies to identify and assess environmental and social impacts, which are submitted to environmental organs responsible for environmental licensing. These studies may point to the need for changes in the project in order to reduce its impacts. For

each impact identified in the environmental impact studies, mitigation and compensation actions are proposed, which can be developed before, during and after the implementation of the projects, as indicated by the basic environmental plan. During project operation, monitoring can indicate the need for new actions and investments in technology and operational processes to reduce impacts. All actions are developed in accordance with current Brazilian legislation and analyzed and monitored by the bodies involved in the environmental licensing process.



Garden at the Passo São João hydroelectric plant. Eletrobras CGT Eletrosul Collection.

THREE MAIN ELEMENTS OF THE ENVIRONMENTAL MANAGEMENT SYSTEM



ENVIRONMENTAL POLICY

It guides the treatment of socio-environmental issues associated with our projects. The document is in version 4.0, approved by the Executive Board in March 2019. With a clearer and more concise wording, the new edition brings the theme of compliance and incorporates the guidelines for relations with indigenous peoples. The review followed Eletrobras' new internal rules, ISO 14001 and the alignment with the precepts of the Global Compact, in order to encourage sustainable development and highlight the preventive approach.

Companies must incorporate the principles and guidelines of the Environmental Policy and apply them in the operations, development and offer of new services, products and projects, in the selection of suppliers, service providers and contractors, in logistics activities and in the management of waste, effluents and atmospheric emissions. The document must also be recognized by business partners and applied in due diligence, mergers and acquisitions.



ENVIRONMENT COMMITTEE

Composed by the managers of the environmental areas of Eletrobras companies and, at the technical level, it has specialists organized in 13 thematic working groups and 1 temporary committee to propose guidelines for the relationship with indigenous peoples.

CERTIFICATES



In 2019, Eletrobras companies maintained ISO 14001 certifications in the following operations: Tucuruí Hydroelectric Plant (UHE) and Eletrobras Eletronorte UHE Coaracy Nunes. Eletrobras Chesf is ISO 14001 certified for Paulo Afonso's substation maintenance service.

INVESTMENTS



R\$ 237.1 MILLION in socio-environmental investments in 2019.



IGS SYSTEM

Monitoring system of **232** environmental performance indicators and **360 VARIABLES** with over **700 USERS**, subjected to internal and external checks.

EXTERNAL AUDITS



At Eletrobras Furnas thermoelectric plants, located in the State of Rio de Janeiro, external audits must be carried out to comply with State Law no. 1.898/91 and Guideline 056 R.3. The latter regulates the performance of environmental audits and was approved by Conema Resolution No. 21, of May 7, 2010.

Visit our website for
more information



Best Practices Project

Since 2011, the Best Practices Project brings together initiatives developed by Eletrobras companies that stand out in the treatment of socio-environmental issues and generate benefits for the regions where the projects are implemented. The initiatives can be aimed at mitigating and/or offsetting impacts, or even be voluntary, as long as they reflect the company's growing commitment to sustainability.

Water

GRI 103-1, 103-2, 103-3, 303-1, 303-2 | SDG 6, SDG 12, SDG 14, SDG 15

The use of water by Eletrobras companies is divided into two forms: use by power plants to generate energy and administrative use. The water used in the hydroelectric plants is returned to the water bodies with a quality similar to their collection. However, those that operate using the volume of the reservoir change the amount of water downstream of the dam, respecting the minimum flow restrictions in times of low inflows and maximum flow, carrying out flood control in order to protect the valley downstream from natural flooding. They can also operate in such a way as to increase the availability of flows in periods of natural drought. It is observed that, after some period, the balance of water volume that passes through the dam adjusts, with the compensation of the highest and lowest flows, given that the reservoir has maximum and minimum physical limits. Run-of-the-river hydroelectric plants, in turn, do not store water and do not change the flow produced by nature at any time.

The hydroelectric plants of the Eletrobras companies are located in all Brazilian regions, with emphasis on the basins of the São Francisco, Tocantins, Paraná, Paraíba do Sul and Grande rivers, where the operations with the largest installed capacity are located. It is also worth mentioning the Xingu River basin, where our companies hold 49.98% of the Belo Monte HPP. Only two assets are located in an area of water stress incurring hydrological risks: PCH Curemas (Eletrobras Chesf) and the Batalha hydroelectric plant (Eletrobras Furnas), which represent less than 0.1% of Eletrobras' installed potential. PHC Pedra, by Eletrobras Chesf, is also located in an area of water stress, however, it was not considered, according to the terms of Law 12.783/13.

In thermoelectric plants, water is captured from surface sources for cooling and steam generation and returned to the original water body, where the legal standards of temperature and quality must be observed, minimizing the impact on ecosystems and habitats. In nuclear power plants, sea water is used to cool the secondary system and is returned to the sea, with a small increase in temperature.



Tocantins River. Eletrobras Eletronorte Collection.

GRI 103-2, 103-3

In administrative activities, water is mostly supplied by the supply network. Water abstractions for the operations and administrative uses of Eletrobras companies requires grants, issued by the competent bodies.

The [Water Resources Policy](#) of Eletrobras companies establishes the basis for the sustainable and rational use of water in the company's business, based on the provisions of Law 9.433/97 and the following concepts: water is a public domain asset, a limited natural resource, endowed with economic value and essential for the generation of electric energy in Eletrobras companies.

In the design phase, we elaborate projections of the consumptive use of water for the concession period (regulated in 35 years) based on the guidelines and scenarios of the National Water Resources Plan (PNRH). The result is assessed by the National Water Agency (ANA), which considers the future demand for the use of water in the basin to issue the grant. The data are considered when dimensioning the energy to be generated by the company.

In parallel, we worked together with the National Electric System Operator (ONS) to plan the operation of the interconnected system,

defining, under normal conditions, the outflow to be maintained in the reservoirs in each region of Brazil. The objective is to optimize the use of water for energy generation.

In order to monitor our impacts, we maintain the Water Resources Working Group (GTRH-EE), with representatives from all Eletrobras companies, which meet frequently and whenever necessary, to monitor the topic. Eletrobras companies have a hydrometric network that records water levels upstream and downstream, and affluent flows to their reservoirs, among other parameters. Annually, the situation of the average monthly flows of water stress indicators, the quality and temperature of the water returned to water bodies is evaluated. To monitor water use, the IGS Management System (Corporate Sustainability Indicator System) is used, which consolidates data from all our units. Locally, our companies' operating areas use their own management systems, such as Sage (Energy Management System) and ISDARH (Decision Support Instrument for Water Resources). Both IGS and Sage were developed by Cepel. ISDARH, on the other hand, was developed within the scope of Eletrobras Chesf. We send the data obtained to ANA and Ibama during the concession period, as a legal obligation and to receive feedback on our performance.

GRI 103-2, 103-3

Monitoring is in accordance with the ANA/Aneel Joint Resolution No. 03/2010. Measurements of liquid and solid discharges are carried out at the hydrometric stations and maintenance of these stations associated with our hydroelectric plants, as well as the maintenance of this equipment. A revision of the Quota x Area x Volume curves of the reservoirs that are part of the National Interconnected System (SIN) is also underway. Sections raised upstream from the reservoirs are monitored to check for changes in the riverbed and its useful volume by sediment transport.

Water as a resource is also the subject of Eletrobras' Board of Directors through the Strategy, Governance and Sustainability Committee, which follows the indicators relevant to the 2030 Agenda (see pages 190 to 203). In addition, at the end of 2019 the Generation Expansion Planning Committee (Copeg) was established, which also included in its scope the activities of the Water Resources Policy of Eletrobras Companies and the Water Resources Working Group, having as one of its objectives the integrated management of the Eletrobras Companies' Project Portfolio, considering any source of generation, including hydroelectric generation. Copeg will act in conjunction with other business committees on the water theme, among others.

For complaints about water management, Eletrobras offers the Environment Contact Us channel. In addition, during the development of new projects, Eletrobras companies establish channels with different audiences to clarify doubts and solve problems.

Eletrobras has a goal of reducing administrative water consumption of 0.30% per year, accumulating a rate of 1.5% by 2022. Check the performance against this goal on [page 190](#).

Financial compensation and royalties

Eletrobras companies pay financial compensation and royalties (in the case of Itaipu Binacional) for using water resources to generate energy in their plants. The National Electric Energy Agency (Aneel) manages the collection and distribution of these resources among the beneficiaries: states, municipalities and agencies of the Union's direct administration. The values are calculated based on the energy generation of each year. In 2019, Eletrobras companies paid the amount of R\$ 423.37 million in financial compensation and approximately R\$ 1.2 billion in royalties (Itaipu), which together represent approximately 55% of the amount paid in Brazil.¹³

13. Source: Aneel (April 13, 2020).

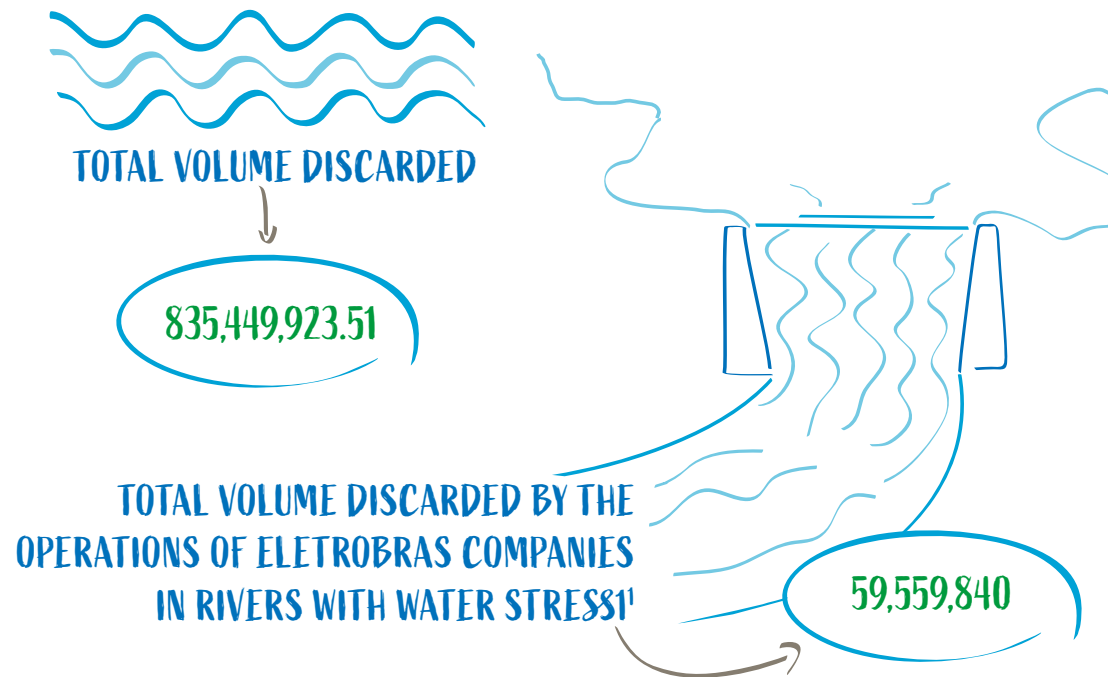
Water use by source | GRI 303-3 (thousands of m³)

| | 2017 | 2018 | 2019 |
|--|---------------------|---------------------|-----------------------|
| Administrative activities | 3,835.20 | 4,087.30 | 3,448.26 |
| Surface | 3,150.00 | 3,146.80 | 2,809.23 |
| Groundwater | 205.80 | 459.40 | 219.86 |
| Rainwater | - | - | 0.56 |
| Supply network | 479.40 | 481.10 | 418.62 |
| Thermoelectric generation | 3,384,706.90 | 3,301,929.80 | 3,798,140.35 |
| Surface | 8,604.80 | 10,620.50 | 14,560.21 |
| Supply network | 0.10 | 0.20 | 0.14 |
| Seawater | 3,376,102.00 | 3,291,309.10 | 3,783,580.00 |
| Hydroelectric generation | | | |
| Surface | | | 831,648,754.08 |
| Total water used in 2019 | | | 835,450,342.69 |
| Total water consumed in 2019 (thousands of m ³) GRI 303-5 | | 419.18 | |

Note:

1. Each Eletrobras company has its own methods of measuring data, which may also vary according to the plants and other facilities. All of them observe the environmental laws and regulations when withdrawing and disposing of water and monitoring it.
2. The volume of water used from rainwater catchment does not cover all of the company's operations.
3. The protocols currently in force at Eletrobras companies assume that water consumed includes the water taken from the supply network and rainwater for use in administrative activities, even though it is possible that part of the surface water has been consumed by the companies.
4. The water used in the Eletrobras Furnas fish breeding stations is counted as surface water, therefore it is not included in the total water consumed.

Water discharge in 2019 | GRI 303-4 (in m³)



Note:

1. Water stress situation (critical or very critical situation) according to the methodology proposed by the National Water Agency (ANA).

Commitments and initiatives

GRI 103-2

Considering the relevance of the resource for our business, we participate in several initiatives aimed at the development of water management in the National Water Resources Management System (Singreh), such as the National Water Agency (ANA), the Hydrographic Basin Committees (CBH), the State Water Resources Councils (CERH) and the National Water Resources Council (CNRH). In addition, we participate in forums, work groups and important events related to the topic.

Eletrobras companies also participate voluntarily in the Brazilian Business Commitment for Water Security, launched by the Brazilian Business Council for Sustainable Development (CEBDS) in 2018, during the 8th World Water Forum. The commitment, signed by 20 large Brazilian business groups, aims to develop solutions for better management of water resources, with goals to be achieved by 2025.

Climate changes

GRI 103-1, 103-2, 103-3 | SDG 1, SDG 2, SDG 3, [SDG 7](#), [SDG 9](#), SDG 11, SDG 12, [SDG 13](#), SDG 14, SDG 15

Sustainable Development Goal 13 (Action Against Global Climate Change) was identified by Eletrobras as one of the most relevant for the company. Climate change interferes with rainfall patterns, water availability, wind incidence and causes an increase in extreme events that may impact the operations of Eletrobras companies. For this reason, we manage our greenhouse gas (GHG) emissions with a focus on mitigation and actively contribute to the transition of the Brazilian energy matrix to an increasingly clean and low carbon model.

Our Environmental Policy has specific guidelines for the management of climate change, which were revised in 2019. In addition, the Declaration of Commitment on Climate Change, which can be accessed on the [Climate Strategy page](#), reinforces our commitment to the topic. Our actions are also aligned with the international agreements to which Brazil is a signatory, such as the Paris Agreement (COP 21/ 2015). Eletrobras' Business and

Management Master Plan (PDNG) has targets for reducing greenhouse gas emission related to the variable remuneration of managers. Our companies measure emissions and constantly monitor their plants, observing the standards defined by current legislation. Our emissions inventory follows the methodology of the Intergovernmental Panel on Climate Change (IPCC) and the guidelines of the Greenhouse Gas Protocol (GHG Protocol), a methodology adopted worldwide for this type of activity. The monitoring results are analyzed by environmental agencies responsible for licensing the projects.

The Management and Sustainability Department and the Environment area of the Eletrobras Generation Department are responsible for managing the theme of climate change, with the support of professionals from the environmental areas of Eletrobras companies, external consultants and agreements with universities and research centers.



Mauá thermal power plant 3. Eletrobras Amazonas GT Collection.

GRI 103-1, 103-2, 103-3

The effectiveness of our management is evaluated annually by sustainability indexes, as part of the Corporate Sustainability Index (ISE) portfolio and participant in the Dow Jones Sustainability Index (DJSI) and for our reporting in the Carbon Disclosure Project (CDP). In 2019, we identified the need to expand the number of categories measured in scope 3, which is being discussed in the Environment Committee's Climate Strategy Working Group. Questions and clarifications are directed to our Contact Us Environment.

Currently, the following projects related to the theme are being developed:

- adaptation to climate change, the objective of which is to diagnose risks and opportunities related to climate change in Eletrobras companies;
- estimation of Greenhouse Gas Emissions and Removals due to activities that cause Land Use Change;
- development of the Carbon Balance in Reservoirs (Balcar) by Cepel with the objective of producing references in quantitative assessment of Greenhouse Gas Emissions in hydroelectric reservoirs;
- development, also by Cepel, of Mudclima, to address three dimensions related to climate change: research for the use of climatological information in the construction of scenarios of affluent flows to the reservoirs; strategies and actions for socio-environmental adaptation to climate change, one based on ecosystems and the other on communities; and development of adaptation strategies and actions aimed at the business of electric energy companies;

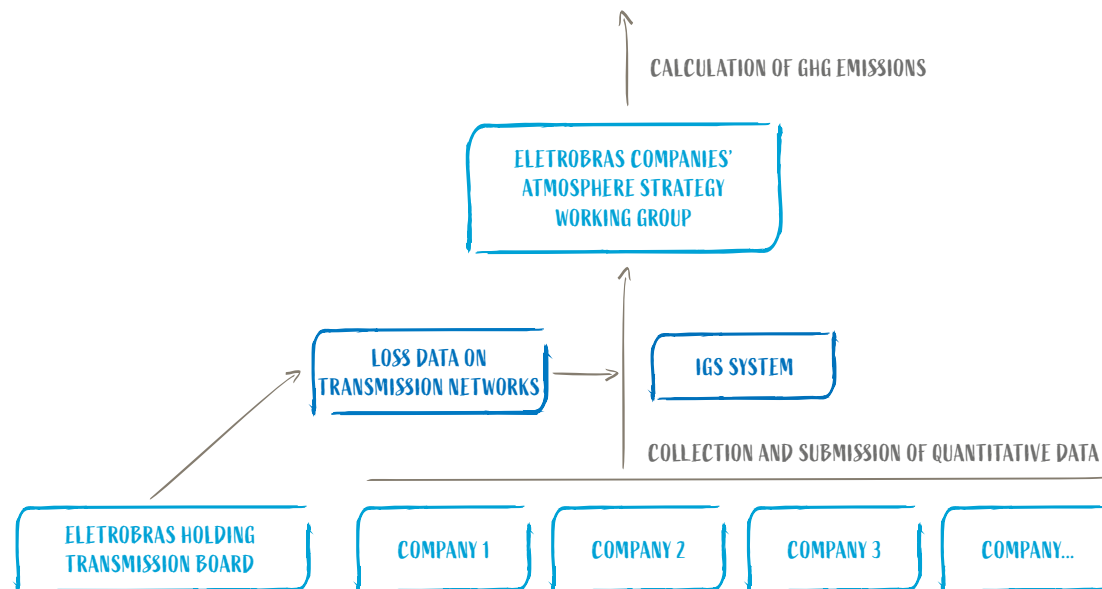
- studies by the Climate Strategy Working Group on adaptation to climate change and quantification of CO₂ emissions and withdrawals due to land use activities. In 2019, the Climate Change Adaptation Task Force, in partnership with the GT on Aquatic Resources and Biodiversity, prepared a questionnaire to assess the perception of the impacts of climate change on biodiversity. The results will contribute to the study of adaptation to climate change based on ecosystems; and
- development of a pilot study for transmission systems under the project "Improvement of climate services for investments in infrastructure (CSI)," in a partnership between the German Cooperation Agency (GIZ) and CGT Eletrosul. The study aimed to cross technical data from two transmission lines of CGT Eletrosul with climatic variables that impact structures, creating a "risk matrix" for projects based on current and future climate data.

We carry out the Inventory of Effect Gases annually. The process of preparing the Inventory of Eletrobras companies can be seen in the figure in the next page.

Eletrobras Companies' GHG Inventory

GRI 103-2

| EMISSION FACTORS | SCOPE 1 | SCOPE 2 | SCOPE 3 | METHODOLOGY |
|---|---|--|---|---|
| Electricity (MCTI) Energy content of fuels: BEN (2015) IPCC (2006) MMA (2011) | <ul style="list-style-type: none"> ○ Direct emissions from fixed sources (UTES); ○ Mobile sources; ○ Leaking emissions (SF₆ refrigeration); ○ Sanitary effluents; and ○ Other fixed sources: LPG, natural gas, diesel of generating groups and auxiliary. | <ul style="list-style-type: none"> ○ Emissions by quantity of energy acquired from network; and ○ Transmission losses. | <ul style="list-style-type: none"> ○ Independent energy producers (PIEs); ○ Air trips; ○ Transport of non-energy products; ○ Fuels transport; and ○ Employees transport. | GHG Protocol; IPCC (2006); and Operating control approach |
| Gases: CO ₂ CH ₄ N ₂ O SF ₆ PFC HFC | | | | |



In 2019, the total emission of Eletrobras companies was 5,897,384 tCO₂ equivalent. As expected, emissions accounted for in scope 1 (88.6% of the total), followed by scope 2 (11.2% of the total) and scope 3 (0.2% of the total).

Considering the emissions accounted for in each scope, in 2019 there was a reduction of 2.7% in emissions compared to 2018. For scope 1, the reduction was 2.3% of emissions, while for scope 2 and 3 it was 1.6% and 74.6%, respectively. The significant reduction in scope 3 emissions is related to the non-acquisition of energy from Independent Energy Producers (PIE), which had been the most representative source of this scope in previous years.

SO_x and MP₁₀ emissions decreased by around 5% and 53%, respectively, compared to 2018. NO_x emissions increased by 88% over the previous year.

GHG emissions of Eletrobras companies in 2018 and 2019 | GRI 103-3, 305-1, 305-2, 305-3 (tCO₂e)

| Scope | 2018 | 2019 | Variation 2018-2019 | Variation 2018-2019 % |
|--------------|------------------|------------------|---------------------|-----------------------|
| Scope 1 | 5,350,290 | 5,227,207 | - 123,083 | -2.3 |
| Scope 2 | 670,337 | 659,298 | - 11,039 | -1.6 |
| Scope 3 | 42,813 | 10,879 | - 31,934 | -74.6 |
| Total | 6,063,440 | 5,897,384 | - 166,056 | -2.7 |

Atmospheric emissions in 2018 and 2019 | GRI 103-3, 305-7 (tCO₂e)

| Emissões | 2018 | 2019 |
|--|----------|-----------|
| NO _x | 4,644.5 | 8,769.10 |
| SO _x | 11,344.1 | 10,816.70 |
| Particulate material (MP ₁₀) | 907.7 | 425.22 |

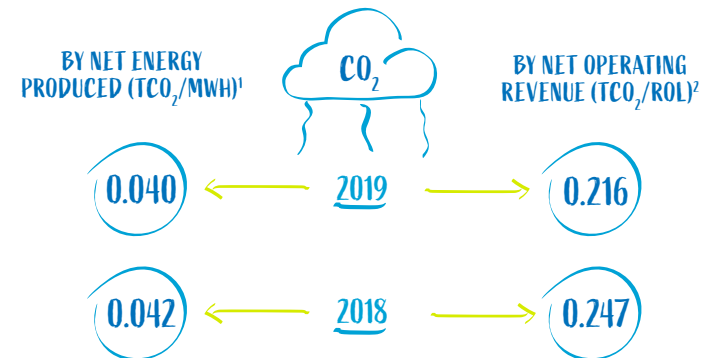
Notes:

1. The sources of atmospheric emissions are stationary, resulting from the combustion process and energy generation by thermoelectric plants.
2. The measurements of atmospheric emissions meet the applicable laws and regulations and follow the methodologies of the Brazilian Association of Technical Standards and the company of Environmental Sanitation Technology.

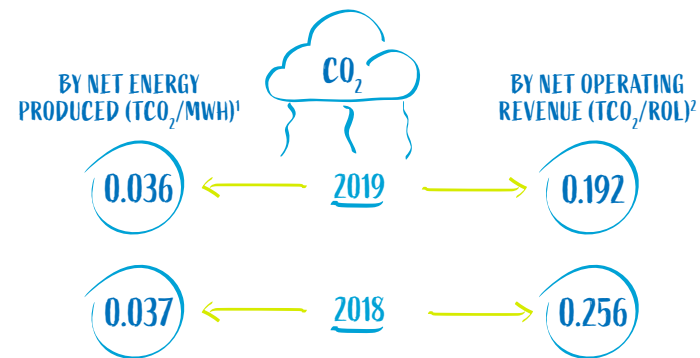
Eletrobras CGTEE uses the average emission rates for the twelve months of the year to calculate NO_x, SO_x and MP₁₀ emissions and the company went through a factory shutdown between the months of December 2018 and March 2019.

The intensity of the emission calculated in relation to the net generation of energy (MWh) and also to the net operating revenue (ROL in R\$) allows for a uniform comparison between all of our generation and transmission companies, regardless of their size and specificities. The intensity of emissions from energy generated and Net Operating Revenue decreased compared to 2018.

Emission intensity | GRI 103-3, 305-4 (scopes 1, 2 and 3)



Emission intensity | GRI 103-3, 305-4 (scopes 1 e 2 without loss)



Nota:

1. It does not consider the energy generated by SPEs and by the Amazonas D projects.
2. For the calculation of the intensity of emissions, Net Operating Revenue was used without considering the SPEs.

In 2019, Eletrobras companies consumed 23,704,805 MWh, a reduction of 2% in relation to the previous year. Of this total, 22,004,056 MWh (93%) corresponded to direct energy consumption and 1,700,748.63 MWh (7%) of indirect energy, with 1,429,743 MWh of self-consumption coming from generation.

| GRI 103-3, 305-5 | 2018 | | | 2019 | | |
|---------------------------------|------------|-------------------|---------|-------------------|-----------|---------|
| | Scope 1 | Scope 2 | Scope 3 | Scope 1 | Scope 2 | Scope 3 |
| Energy consumption (MWh) | | | | | | |
| Consumption of renewable fuels | 180,304 | - | 10,911 | 40,546 | - | 2,396 |
| Consumption of fossil fuels | 22,239,360 | - | 138,788 | 21,963,510 | - | 21,002 |
| Electricity consumption | - | 1,622,850 | - | - | 1,677,351 | - |
| Total | | 24,192,213 | | 23,704,805 | | |

For more information and detailed data on the gases considered, emission factors, base year, methodologies and assumptions, access the GHG Emissions Inventory on our [website](#), published annually according to the IPCC methodology (2006) and Greenhouse Gas guidelines Protocol (GHG Protocol - WRI, 2004).

The Eletrobras System's Integrated Energy Efficiency Committee (Cieese) is made up of representatives of companies focused on promoting business energy efficiency through the development of technological solutions for all subsidiaries, technical cooperation and excellence.

Committees and initiatives

GRI 103-2

To monitor and address issues related to climate change that influence business, we have two committees dedicated to energy efficiency and climate strategy, which have been working on monitoring, preparing studies and proposing actions on the topic. The Eletrobras System's Integrated Energy Efficiency Committee (Cieese) is made up of representatives of companies focused on promoting business energy efficiency through the development of technological solutions for all subsidiaries, technical cooperation and excellence. The Climate Strategy Working Group, also comprised by representatives of companies and an integral part of the Environment Committee (SCMA), works on developing strategies and proposing goals to reduce GHG emissions, and has task forces that are developing works on adapting to climate change and quantifying CO₂ emissions and withdrawals due to land use activities.

We are also connected to advances in studies and external initiatives on the subject. Since 2013, we have adopted an internal carbon price in our intensive businesses on CO₂ emissions to assess the financial impact of a possible tax - which highlights us in the Carbon Disclosure Project (CDP) - and, since 2017, we adhere to the "Positioning on Carbon Pricing Mechanisms Program" launched by the Climate Business Initiative. In addition, we signed the "Private Sector Letter of Support to Pricing" of the Climate Business Initiative with support from the World Bank's Carbon Pricing Leadership Coalition (CPLC).

Biodiversity

GRI 304-2, 304-3 | SDG 14, SDG 15

The most relevant impacts on biodiversity occur during the implementation and operation of the undertakings and, therefore, for the planning of projects, studies consider the identification of species and the mapping of habitats, with special attention to rare, endemic and threatened species. For each identified impact, actions are proposed to avoid, reduce, mitigate, repair and/or compensate for these impacts, preventing risks, in accordance with the principles and guidelines of Eletrobras' Environmental Policy.

We consider biodiversity from the planning to the operation of our projects, through the mapping and assessment of the most relevant impacts, as well as mitigation and compensation actions. The following is a summary of the main direct, indirect impacts and actions developed by Eletrobras companies.

| Direct impact | Indirect impact | Action |
|---|---|---|
| Change in water quality | Macrophyte Proliferation | Water Quality Monitoring Program |
| Loss of vegetation cover | Forest fragmentation | Degraded Areas Recovery Program |
| Modification of ecosystems/habitats | Decreased diversity of flora and fauna | Support for the creation or maintenance of Conservation Units |
| Interference with fauna and flora | Change in communities | Reforestation, Rescue and Fauna Monitoring Programs |
| Interference in ichthyofauna migratory routes | Isolation of populations | Fish transposition mechanism |
| Interference on migratory routes and collision with birds | Reduction of migratory bird populations | Installation of signaling equipment to prevent collision |

Among the actions to protect biodiversity, we can highlight the collection and production of seeds and seedlings for reforestation. Between 2018 and 2019, voluntary seed production registered a significant increase, as did voluntary planting of seedlings. Eletrobras Chesf maintains the Xingó Forest Nursery, having reached the production of 93.5 thousand seedlings of native Caatinga species in 2019. The subsidiary donated 76.5 thousand seedlings to various institutions for planting on the banks of rivers and streams in the São Francisco River basin.

Eletrobras Eletronorte has, since 1984, a Forest Germplasm Bank at the Tucuruí Hydroelectric Plant, which underwent revitalization and expansion in the early 2000s. In the bank, species of flora from the lower Tocantins region are maintained and monitored, and seeds are collected for the production of seedlings used in revegetation, landscaping and recovery of deforested and degraded areas. In 2019, 1.6 million seeds of 88 different species were donated.

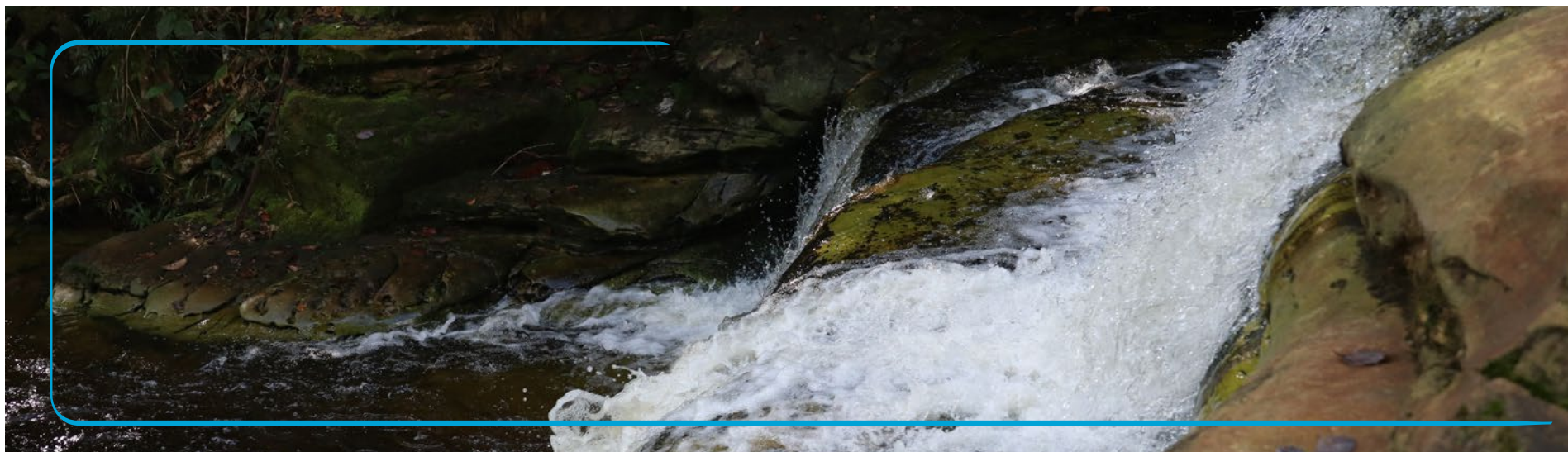
Commitments and initiatives

Since 2012, our Environmental Policy has specific guidelines for biodiversity, aiming to improve management and include the topic in the decision-making processes of Eletrobras companies. Based on compliance with public policies and international agreements to which Brazil is a signatory, Eletrobras companies seek to maintain a systematic and continuous process of improvement in management practices, with the help of the IGS system, a tool that allows for the monitoring of the environmental performance of companies on the theme of biodiversity.

Continuous monitoring highlighted the need to develop studies and research and innovation projects aimed at conservation. Thus, Eletrobras defined as a goal “To develop, between 2019 and 2023, annually, a new study/research project that contributes to the conservation of biodiversity and ecosystem services.”

The Aquatic Resources and Biodiversity Working Group, of the Eletrobras Environment Committee, is developing the “Study on exposure to risks related to biodiversity and ecosystem services and strategies for the management and improvement of the

performance of Eletrobras companies” with the objective of identifying impacts, priority resources and dependencies, as well as assessing risks and opportunities related to biodiversity and ecosystem services for Eletrobras. Based on the identification of water as a priority resource and of greater dependence for our operations, the GT carried out, in 2019, the valuation of the “Water Provision,” through which we quantified the magnitude of the dependence and the impact of this ecosystem service on the operation of Eletrobras companies. This work was presented at the National Seminar on Electric



Rip tides in Balbina. Eletrobras Eletronorte Collection.

Energy Production and Transmission -2019, having been awarded the third place in the “Environmental Performance Group.”

We also participate in external forums to address issues related to biodiversity, among which we highlight the participation in the Thematic Chamber on Biodiversity and Biotechnology (CTBio), of the Brazilian Business Council for Sustainable Development (CEBDS).

In 2019, we joined the Brazilian Business Commitment to Biodiversity. The document, released by the Brazilian Business Council for Sustainable Development (CEBDS), defines nine goals to be met by 2030 and aims to emphasize the importance of biodiversity and ecosystem services for companies, based on the premise of an action aligned with plans national and global biodiversity strategic plans. The Aquatic Resources and Biodiversity working group actively participated in the drafting of the commitment, which is in line with the Biodiversity Guidelines of the Environmental Policy of Eletrobras companies.

Eletrobras assumed eight of the commitment’s nine goals:

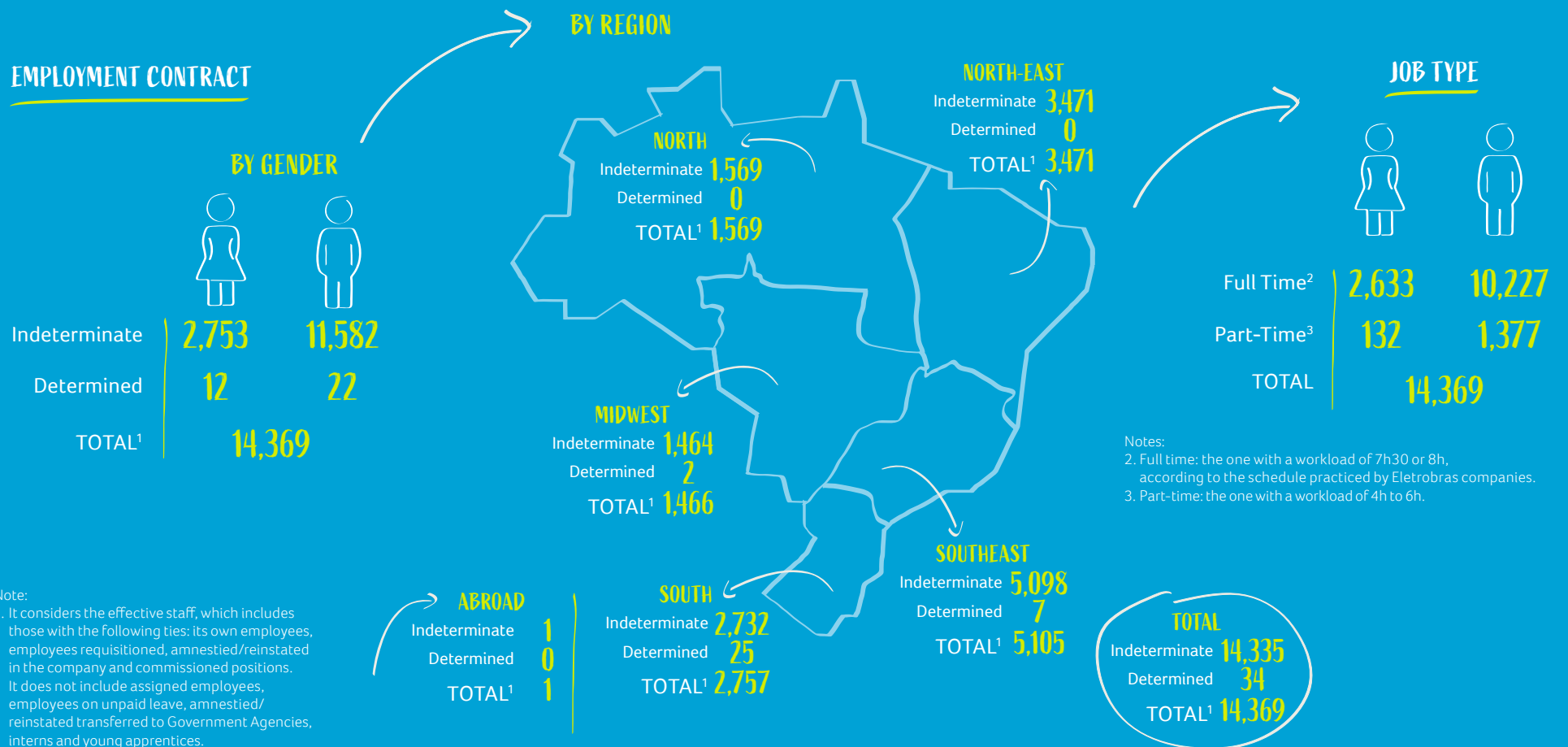
1. Insert the biodiversity theme in the company’s business strategy;
2. Promote and strengthen best practices that favor the rational use of biodiversity resources;
3. Develop and encourage studies, research, technology and innovation projects that contribute to the conservation of biodiversity and ecosystem services;
4. Know the biological diversity of the company’s areas of activity and, whenever possible, monitor and measure impacts and dependencies;
5. Make the information collected publicly available, in order to collaborate with the management of the region’s biodiversity and provide transparency to that information with society;
6. Disseminate knowledge related to biodiversity and ecosystem services within the scope of its activities and value chain;
7. Enhance conservation and recovery actions in the regions where the company operates, seeking a positive net impact on biodiversity; and
8. Engage communities located in the company’s operating regions in order to strengthen their involvement with the conservation of biodiversity and maintenance of ecosystem services.

In addition, the PDNG 2020-2024 is comprised by the Climate Change Mitigation and Environmental Protection Project, which has actions to offset climate change and protect biodiversity and ecosystem services in its scope.

HUMAN CAPITAL



Employee profile, turnover and retention

GRI 102-7, 102-8 | SDG 5, SDG 8, SDG 10



EMPLOYEE DIVERSITY

GRI 405-1



| | BY GENDER | | BY AGE GROUP | | | BY MINORITY GROUPS | |
|--------------------------|---|---|--------------------|--------------------|--------------------|---|-----------------|
| |  |  | Up to 30 years old | 30 to 50 years old | Above 50 years old | Africa-Americans, brown, yellow and indigenous people | Disabled People |
| Governance body members | 15.08% | 84.92% | 0.00% | 30.95% | 69.05% | 0.00% | 0.00% |
| Leaderships ¹ | 21.65% | 78.35% | 0.00% | 70.65% | 29.27% | 23.10% | 0.88% |
| Employees ² | 19.01% | 80.99% | 2.10% | 59.43% | 38.47% | 36.76% | 2.67% |

Notes:

1. It considers employees in managerial positions of the effective staff (employees, requisitioned, amnestied/reinstated, commissioned positions, assistants and advisors) on the base date of 12/31/2019. It does not include the President and the Directors, Locality Leaders, Coordinators/Supervisors or other positions outside the formal structure of the company. For Eletrobras Eletronuclear, 86 supervisors and 5 coordinators were considered as managerial positions.
2. It considers the effective staff, which includes those with the following ties: its own employees, employees requisitioned, amnestied/reinstated in the Company and commissioned positions. It does not include assigned employees, employees on unpaid leave, those amnestied/reinstated transferred to Government Agencies, interns and young apprentices.

ROTATIVIDADE

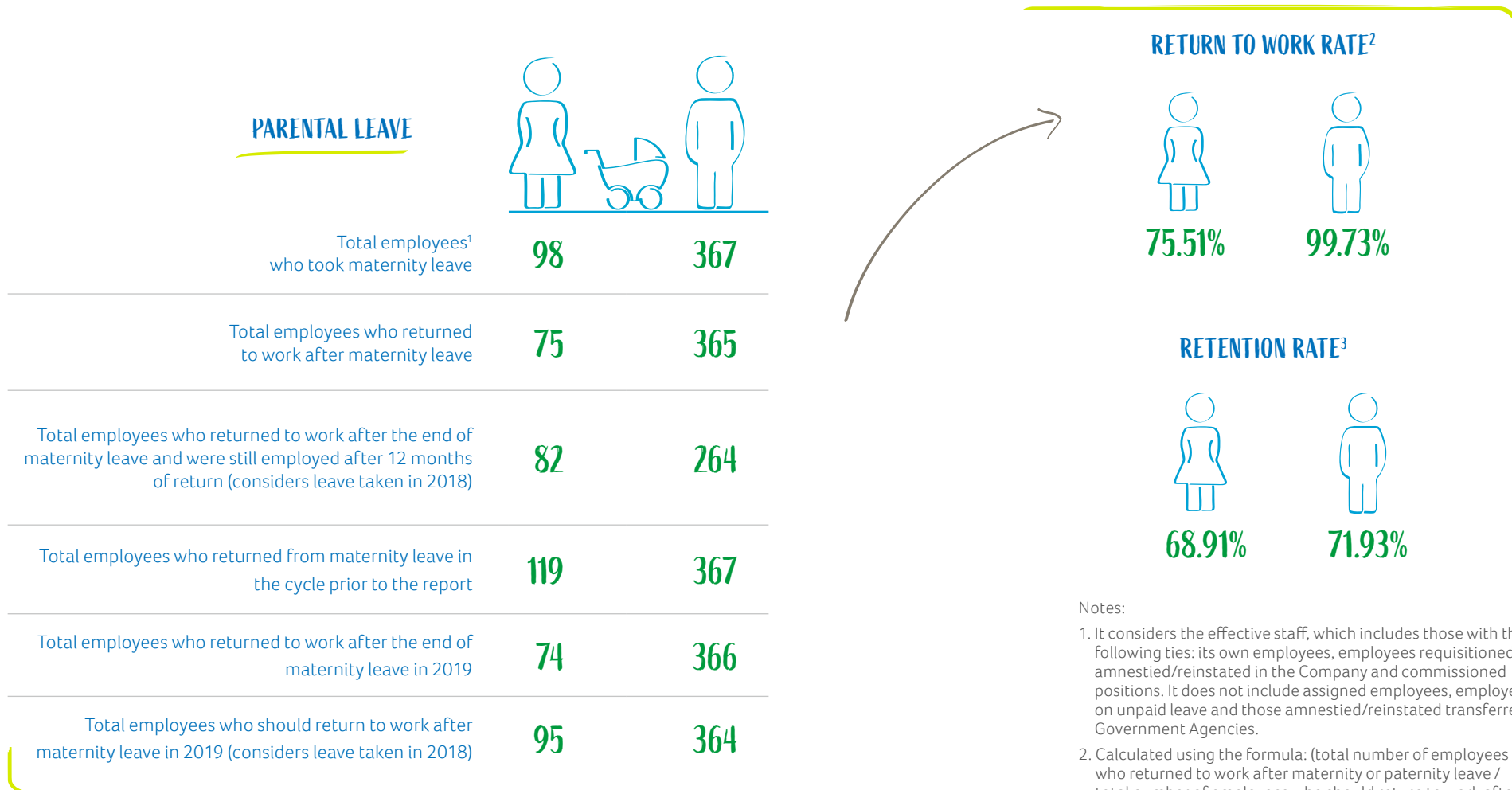
GRI 401-1

| | BY GENDER | | BY REGION | | | | | BY AGE GROUP | | |
|----------------------|--|--|-----------|-----------|---------|-----------|-------|--------------------|--------------------|--------------------|
| |  |  | North | Northeast | Midwest | Southeast | South | Up to 30 years old | 30 to 50 years old | Above 50 years old |
| Total admissions | 35 | 110 | 1 | 1 | 25 | 84 | 34 | 10 | 82 | 53 |
| Admission fee | 1.23% | 0.93% | 0.06% | 0.03% | 1.56% | 1.62% | 1.23% | 3.61% | 0.94% | 0.93% |
| Total disconnections | 323 | 1120 | 91 | 668 | 124 | 399 | 161 | 8 | 131 | 1304 |
| Turnover rate | 11.39% | 9.44% | 5.62% | 18.93% | 7.75% | 7.69% | 5.82% | 2.89% | 1.51% | 22.80% |

Note: The turnover rate was calculated according to the following formula, standard for Eletrobras companies: (terminated employees [by gender or region or age group] / number of employees [by gender or region or age group]) x 100.

Maternity leave, return and permanence in employment in 2019

GRI 401-3



Notes:

1. It considers the effective staff, which includes those with the following ties: its own employees, employees requisitioned, amnestied/reinstated in the Company and commissioned positions. It does not include assigned employees, employees on unpaid leave and those amnestied/reinstated transferred to Government Agencies.
2. Calculated using the formula: (total number of employees who returned to work after maternity or paternity leave / total number of employees who should return to work after maternity or paternity leave) x 100.
3. Calculated using the formula: (total number of employees retained 12 months after returning to work after maternity or paternity leave / total number of employees who returned from maternity or paternity leave in the year prior to that covered by the report) x 100.

Internship and learning

GRI EU14

The Eletrobras Internship Program aims to prepare interns for the job market, promoting their personal and professional development by complementing teaching and learning in terms of practical training, technical, cultural, scientific and human relationship improvement. The trainees are students of medium-technical and higher level. In addition to learning with the manager, supervisor and employees of the area, the interns have at their disposal the entire physical and digital collection, technical publications and periodicals of the Eletrobras Library, which enhances their training.

We also executed Eletrobras' Young Apprentice Program, which trains young people for their first job through training in the Administrative Assistant course. The 2019 class carried out the entire theoretical training at Senai facilities. The practical stage will take place at Eletrobras's premises in 2020, where they will be allocated in several areas according to the profile analyzed and the interest shown.

Diversity

SDG 5

As a mixed-capital company, we hired our employees through public tenders, as required by the Federal Constitution, and, therefore, we do not interfere in the diversity profile of the workforce. However, we reinforce that we do not tolerate prejudices of any kind and that we integrate everyone in the same way, regardless of gender/sex identity, color/race, ethnicity, age, sexual orientation, social origin, physical or mental capacity.

We seek to promote an organizational culture of equity and equal opportunities for all, a commitment that is expressed in our Code of Ethical Conduct and Integrity and Social Responsibility Policy. To maintain it, we have implemented actions to promote diversity through the Gender and Race Committees of Eletrobras Companies and since 2004, we have served on the Gender, Race and Diversity Committee of the Ministry of Mines and Energy and Related Entities (Cogemmed), coordinating and representing the participation of sector entities.



Technicians discuss the project. Itaipu Binacional Collection.

People and professional development management

GRI 103-1, 103-2, 103-3, EU14 | SDG 1, SDG 2, SDG 3, SDG 4, [SDG 8](#), [SDG 9](#), SDG 12

As it is a mixed economy company, submitted to the Ministry of Mines and Energy, Eletrobras' own staff is defined by the Federal Government. Thus, we need to comply with the parameters officially established for the management of the staff. Our way of managing has the main objective to meet the strategic planning guidelines, following a premise of excellence in people and organizational culture through the following strategies:

- ↳ promotion and continuous performance evaluation, guiding career development, focusing on results and skills;
- ↳ development and implementation of employee development models, networks and programs and knowledge management; and
- ↳ development of stimulating management methods capable of motivating and engaging people.

The bases for this action are in the People Management Policy of Eletrobras Companies, whose objective is to “guide the standardization of practices and, thus, strengthen a culture based on safe and adequate conditions for the development, productivity, recognition and retention of people, contributing to achieve business results.” The document was last reviewed in 2018 and approved by Eletrobras' Executive Board and Board of Directors.

GRI 103-1, 103-2, 103-3

The document contains principles and guidelines that are unfolded into business strategy. It is foreseen in its text to attract, develop, recognize and retain talents; lead and manage with a focus on corporate sustainability; promote safety and well-being for employees in the company's internal and external environments; promote sustainable labor relations; respect diversity, promoting equity, equal opportunities and inclusion; preserve ethics and corporate integrity; and integrate and standardize people management practices.

There are four main guidelines: people management planning; career, compensation and benefits; people development; occupational safety, health and quality of life; and a health and supplementary pension plan.

The formation of policies and the planning, execution and monitoring of actions, as well as the coordination of their adoption by the different Eletrobras companies is a function of the People Management Superintendence. Employees have a direct channel with the area - institutional electronic address. The following channels are also available to address specific topics:

- **Proj-Cipa:** e-mail to contact the Internal Commission for the Prevention of Accidents at Work (Cipa);
- **Proj-Occupational Health:** mailbox of the responsibility of the technical occupational health team (doctors and nurses at work) intended to service Eletrobras employees about demands and general information about health and quality of life in the work environment, including occupational medical exams, general guidelines and questions about occupational health and health programs;
- **Proj-Ergonomics:** e-mail to contact the Eletrobras Ergonomics Committee, which establishes parameters that allow the adaptation of working conditions to the psychophysiological characteristics of workers, in order to provide maximum comfort, safety and efficient performance; and
- **Proj-Conflict of Interest:** e-mail for consultations and requests for authorization to exercise private activity that may constitute a conflict of interest.

Consensual Dismissal Plan 2019

GRI 404-2

Started in October and extended until November, the Consensual Dismissal Plan (PDC) resulted in the termination of 1,726 people in 2019. The strategic initiative was linked to the “Operational Excellence” pillar of the Business and Management Master Plan (PDNG 2019-2023). The Eletrobras Corporate Education area promoted lectures for this audience, to help with career transition and to deal with the new reality. Topics such as family economics, financial education, personal branding, and health and well-being were addressed. A farewell event was also held for employees who joined the plan. A support program was also offered by *Eletros-Saúde*, linked to the Eletros Social Security Foundation.

In 2019, the result of the Organizational Climate Survey applied at the end of 2018 in the nine Eletrobras companies was released. The survey had a significant number of respondents (8,535 employees), with 83 statements that allowed us to outline the sensitivity in the 14 factors and 4 dimensions presented in the following figure.

Dimensions and Factors of the 2018 Organizational Climate Survey

GRI 103-3



THE GENERAL FAVORABILITY INDEX WAS **74.18%**

The most favorable factors were related to the benefit portfolio and interpersonal relationships. The factors that demanded the most attention were corporate education and recognition practices. Based on the data mapped in the Climate Survey, several actions were outlined such as the review of the Performance Management System, the process of hiring consultants to update the Career and Compensation Plan (PCR) and the review of the Corporate Education Plan, among other focused actions.

That same year, the People Management Commission (CGP) was created, which deals with pertinent matters that require the involvement of the boards.

Corporate education management

GRI 103-1, 103-2, 103-3

Corporate education plays an important role in increasing the competitiveness and profitability of Eletrobras companies, as well as in expanding their business in Brazil and abroad. We must invest in the development of strategic competencies for the business, in the preparation and development of our leadership, in the adoption of modern management systems or models, and in the development of a cultural identity, based on the dissemination of organizational values and principles. Such claims demand a continuing education from our professionals.

We promote corporate education actions based on two pillars: the University of Eletrobras Companies (Unise) and the associated Corporate Education Units, corresponding to each of the companies. These activities follow the Corporate Education Plan (PEC), elaborated from surveys carried out by corporate education teams in the respective companies, interaction with managers and internal specialists; in addition to the analysis of the necessary training to face the challenges provided for in the Business and Management Master Plan (PDNG) and its consequences for the entire Eletrobras system. In 2019, 499 educational initiatives were carried out by Unise, including those provided for in the PEC and seminars sponsored by Eletrobras.

Corporate Education should be guided by the following guidelines:

- integrated, cooperative and aligned performance of Eletrobras companies;
- conception, Structuring and Evaluation of Educational Programs/Actions;
- alignment with the Personnel Management Policy of Eletrobras companies;
- development of employee skills;
- development of organizational culture;
- leadership development and training;
- valuing the educating employee;
- alignment with the performance management model;
- interface and partnership with corporate libraries;
- internal and external partnerships;
- integration of Corporate Education with Research, Development and Innovation;
- continuous improvement of the Educational Model;
- valuing diversity and promoting equity; and
- compliance with legal requirements related to the training of members of the Executive Board, Board of Directors and Fiscal Council.

GRI 103-1, 103-2, 103-3

Among the educational actions of greatest strategic relevance carried out in 2019, the courses for advisors and directors stand out; the Human Rights Workshop; the Integrity and Ethical Culture course; the update in NR-10; the energy commercialization course, basic and practical training in project management using the Clarity tool; contract management training with Clarity PPM; the lecture “Your brand, your power: the responsibility of being who you are”; and training to implement the OBZ Project - Zero Base Budget (see page 56).

In 2019, we invested substantially in educational actions capable of adding value to the company in the most diverse fields of knowledge. Regarding technical issues in the sector, we highlight specific training for transmission and generation (focused on sources such as solar, wind, nuclear and biogas) and participation in the main sectoral seminars. We also carry out various educational actions in the areas of corporate finance, accounting, law, health management, structured operations, mergers and acquisitions, risks, tenders, governance, process management, information technology, auditing, project management, human resources, compliance, bidding and governance, among others.

We also promote training aimed at training professionals in private pension plans in the various Eletrobras companies, events on best management practices for Shared Services Center (CSC), leadership lecture for all company managers, training for the implementation of the Zero Base

Budget (OBZ) Project, in addition to innovative actions by educating employees, such as the Integrated GRC course and the use of the Clarity PPM Tool.

At the end of each activity, the Corporate Education area receives the Reaction Assessment, in which, in addition to questions in an alternative format, there is a field for recording suggestions, criticisms and complaints. The team also receives statements made via the Ombudsman and provides assistance by phone or e-mail. In 2019, the need for improvements in educational processes was verified, and a module was implemented in SAP that allows the integrated management of these processes in all Eletrobras companies.

Hours of training | GRI 404-1

| | 2018 | 2019 |
|---|--------|--------|
| Total training hours (in thousands) | 763.90 | 547.51 |
| Average training hours for managerial positions | 65.40 | 156.33 |
| Average training hours for positions with higher education | 45.50 | 48.53 |
| Average training hours for positions without higher education | 43.70 | 29.82 |
| Average training hours for men | 49.60 | 48.13 |
| Average training hours for women | 44.70 | 33.06 |

Note: It only considers its own employees.

Career development

GRI 103-3

The Career and Compensation Plan (PCR) of the Eletrobras companies was created in 2010 to unify the guidelines and policies for positions, career, remuneration and performance, aligning the policies and practices of people management with the strategic business drivers to improve organizational performance, based on competences and focus on results. The purpose is to guarantee equity and equal treatment regardless of sex, race, color, religion, disability, marital status, sexual orientation, family status, age or any other condition.

In 2019, the call for bids for specialized consultants was launched to assist Eletrobras in updating and perfecting the PCR, the Positions Plan, the preparation of job descriptions, and other activities. Eletrobras companies also worked together to review the methodology and skills of the Performance Management System. These key people management products will be finalized in 2020.




The Performance Management System integrates with the PCR and presents a clear interface with the company's planning. The tool makes it possible to carry out automated planning, monitoring, evaluation (goals and competences), development and comparison of the achieved and planned

performance. In this context, we highlight the performance evaluation interface with the Corporate Education Plan, Talent and Opportunity Bank, Succession Plan, Knowledge Management and career planning. In 2019, the system began its reformulation with the application scheduled for the 2020 cycle, contributing to the management of employees of Eletrobras companies and channeling efforts in the pursuit of profitability, sustainability, competitiveness and value generation objectives.

The company's own employees who received performance evaluation in 2019 by professional

GRI 404-3

BY CATEGORY AND GENDER

| |  |  |  |
|---|---|--|---|
| Employees in management positions | 75% | 73% | 73% |
| Employees in positions with higher education | 74% | 79% | 78% |
| Employees in positions without higher education | 72% | 67% | 68% |

Leadership development

GRI EU14

In 2019, a lecture on the role of leadership; courses on agile methodologies; and training on governance, compliance and risks were offered for leadership development. This audience also participated in congresses and technical seminars and courses were also offered on internal controls, ProERP (SAP) and human rights, among others.

Compensation and benefits

GRI 103-2, 103-3

Our compensation policy follows the same guidelines as the Career and Compensation Plan (PCR) and the practice of variable compensation for employees follows the Profit or Results Sharing Program (PLR).

As shown in the table below, the criteria in Groups 1, 2 and 3 for PLR are structured based on goals for strategic indicators of the Business and Management Master Plan (PDNG), agreed between Eletrobras and its subsidiaries in the Business Performance Target Contracts (CMDE).

The payment of the PLR is subject to the achievement of adjusted net income of the holding company (consolidated) in the fiscal year of 2020, which will be calculated based on the indicator present in the CMDE 2020-2024, as well as the distribution of mandatory dividends and compliance with Resolution CCE no. 10.

In addition, managers of the organizational units of Eletrobras companies in pending status on the base date of December 31, 2020, with the Internal Audit are subject to the application of a PLR discount deflator, as specified in the PLR Term, whose decision of application will take place within the Boards of Directors of Eletrobras Companies.

GRI 103-2, 103-3

| Group | Strategic Guideline of the PDNG 2020-2024 | Indicator |
|--|---|--|
| Group 1 – Economic and financial goal (consolidated) | Financial discipline | Net Profit / Net Worth – Consolidated |
| | | Adjusted EBITDA |
| Group 2 – Economic and financial goals (by company) | Operational excellence | Personnel, Materials, Ser-vices and Other Expenses (PMSO) /Regulatory PMSO |
| | | |
| Group 3 – Operational goals (by company) | Sustainable performance | Overall score on the Dow Jones Sustainability Index |
| | | Global performance on the B3 Corporate Sustainability Index |
| | Operational excellence | Operating result/number of employees |
| | | Global Indicator (Genera-tion + Commercialization) |
| | | Relative Generation Avail-ability (DISPGR) |
| | Operational Availability of Transmission Lines (DISP.OLT) | |

Benefits | GRI 401-2

In addition to fixed and variable remuneration, as well as benefits and advantages determined by law and/or by virtue of a Collective Bargaining Agreement, we spontaneously add to our package other conveniences, including:

- transportation vouchers;
- education aid;
- funeral assistance;
- meal and food allowances;
- extended maternity and paternity leave;
- medical assistance/health insurance and dental assistance;
- group life insurance;
- supplementary pension plan and pension fund;
- daycare/preschool assistance;
- psychopedagogical assistance to employees and/or dependents with special needs;
- additional by service time;
- pharmacy aid;
- disease aid;
- follow-up license;
- language courses; and
- caregiver program to reimburse caregiver expenses for employees or their dependents.

Occupational health and safety

GRI 403-1, 403-3, 403-4, EU16 | SDG 3, [SDG 8](#)

Among the various activities carried out at Eletrobras companies, risks of specific occupational diseases were identified, which can be caused, in the plants, by exposure to noise and high temperatures and, in the field activities in transmission lines, by the overload of the upper limbs.

To mitigate negative impacts and promote the management of occupational health and safety at work, we operate with a focus on anticipating, recognizing, evaluating and controlling occupational risks in the workplace and promoting the health of employees, based on current legislation and with the technical, legal and ethical precepts recommended by official bodies and competent scientific entities.

The actions developed are in line with the guidelines of the People Management Policy, which determines the continuous maintenance of good working conditions and well-being of employees, in accordance with the Eletrobras Companies Sustainability Policy. Our companies also have specific contingency plans and the risks are mitigated by the use of collective and individual protection equipment. These actions follow the rules and regulations of the Special Secretariat for Social Security and Labor of the Ministry of Economy, the Fire Department, Civil Defense and environmental entities.

During the Internal Week for the Prevention of Accidents at Work (Sipat) we offer our employees training in firefighting, first aid, domestic risks, risk perception, sexually transmitted infections (STIs/ HIV/AIDS), among others. In addition, educational videos and reports of a preventive nature and constant construction of a safe and healthy environment are broadcast.

The actions developed are in line with the guidelines of the People Management Policy, which determines the continuous maintenance of good working conditions and well-being of employees, in accordance with the Eletrobras Companies Sustainability Policy.

Employees who carry out field inspections, an activity that involves a high-voltage electrical system, often installed in remote and difficult to access areas, are required to undergo mandatory training, since they are subject to a different degree of risk. The practice is in accordance with internal rules and the regulatory rules of the Labor Inspection Secretariat (SIT).

Outsourced employees participate in theoretical and/or practical training at Eletrobras facilities or at the contracted company's facilities. Among the legal training, there is the work on electricity and the training of volunteer fire fighters.

Personal protective equipment (PPE) must comply with Regulatory Standard 6 and have an Approval Certificate from the Special Secretariat for Social Security and Labor of the Ministry of Economy and Inmetro, not only for its own employees, but also for outsourced employees, according to contractual clauses. Employees are also provided with sunscreen, repellents, life jackets, hats, satellite phones and clothing appropriate for the field environment.

Indicators in 2019



In 2019, we reached a frequency rate of 2.35¹⁴ accidents with remoteness per million man-hours of risk exposure for employees at Eletrobras companies, 18% lower than the rate recorded in 2018 (2.86), but still above the target for 2019 to reduce the frequency rate to 1.33 for employees.

In 2020, aiming to improve safety at work, through the dissemination of a preventive culture to all professionals who work at Eletrobras companies, we will pursue the 2.48 target of accident frequency rate with remoteness, including employees and service providers.

14. The frequency rate does not include the company Itaipu.

Human rights

GRI 103-1, 103-2, 103-3 | SDG 5, SDG 8, SDG 9, SDG 10, SDG 16

Human rights management involves the preservation of the rights of indigenous and traditional peoples, diversity and equal opportunities, the right to freedom of association and collective bargaining, non-discrimination and the fight against forced or slave-like labor and child labor. One of the main objectives, regardless of the specific subject, is to check the level of knowledge of our employees and partners in order to promote corporate and supply chain awareness, avoiding possible violations. In addition, we also seek to highlight the positive effects that the measures taken generate for the company, its workforce and its relationship chain.

In the 2019 cycle, due to demands from senior management and questions made to us, the risk in Human Rights was prioritized for treatment - with the possibility of a new prioritization for the 2020 cycle. In addition, a project (IGS AS.1) to identify and monitor impacts and develop Human Rights practices for all stakeholders was included in our Business and Management Master Plan (PDNG 2019-2023), comprising the following indicators and goals:

One of the main objectives, regardless of the specific subject, is to check the level of knowledge of our employees and partners in order to promote corporate and supply chain awareness, avoiding possible violations



Substation workers. Amazonas GT Collection.

GRI 103-1, 103-2, 103-3

- train 100% of critical human rights employees and suppliers by 2021. Part of this goal is the inclusion, in the Organizational Climate survey carried out in 2018, of a set of questions to raise the perception of our employees on the topic;
- encourage 100% of critical suppliers to adopt human rights practices and to value and promote diversity;
- assess human rights risks (due diligence) in 100% of critical suppliers by 2021 and 100% of SPEs by 2022 (see pages 204 and 205);
- address 100% of human rights violations reports by 2020, and the Audit and Statutory Risks Committee (CAE) demanded the submission of a proposal to review the flow of human rights complaints. Compliance with the demand was the responsibility of the Governance, Risks and Compliance Department (DC), with the support of the Communication Superintendence, the Ombudsman-General, the Department for the Management and Investigation of Complaints (Caid) and other relevant areas. The work started in 2019 and will be completed in 2020;
- obtain a percentage of women in management positions at least equal to the percentage of women in companies, a goal that has been achieved since its institution in 2018. We note that, as we are a mixed-capital company, our employees are hired through public tenders, with 20% of the vacancies offered being reserved for black candidates and people with disabilities, in compliance with current legislation; and
- continue the Human Rights due diligence process with Special Purpose Entities (SPEs) with the participation of the Company. The initial stage of this work, an online self-completed questionnaire sent to all SPEs, had 73% of respondents and allowed us to identify points of improvement in the practices and commitments of these partners. Thus, we are positioned to plan and carry out communication, engagement and awareness actions with this audience, aiming to also foster respect for Human Rights in these links in our chain.

Our indicators are regularly monitored at the PDNG management meetings and by the Eletrobras Project Management Office (EGP), with the results reported in the company's corporate indexes and reports.

The guiding principles and guidelines for human rights management can be found in the [Social Responsibility Policy of Eletrobras Companies](#), the [Environmental Policy](#), the [Code of Ethical Conduct and Integrity](#), the [Supply Logistics Policy for Eletrobras Companies](#), the [Eletrobras Companies Sustainability Policy](#) and the [Eletrobras Suppliers Conduct Guide](#).

In order to establish our commitment in this regard, in 2019 we renewed our adhesion to the Global Compact at the Participant (paying) level, which allows us to integrate working groups, such as human rights, among others. We also renewed our membership to the Ethos Institute (paying) in the Essential category, enabling us to participate in activities promoted by the organization. It is worth remembering that, since 2010, we are signatories to the Women's Empowerment Principles (WEPs) and we adhere to the Declaration of Corporate Commitment in Confronting Sexual Violence against Children and Adolescents and that, in 2018, we signed the

GRI 103-1, 103-2, 103-3

[Open Business Charter for Human Rights](#) of the then Ministry of Human Rights. In addition, since 2004, we have served on the Gender, Race and Diversity Committee of the Ministry of Mines and Energy and Related Entities (Cogemnev).

The Human Rights Working Group, with representatives from the areas of Social Responsibility and other strategic areas of Eletrobras companies, aims to implement the actions provided for in the strategic project, the purpose of which is to develop human rights practices in all stakeholders provided for in the PDNG-2019-2023. In addition, it is also up to the holding company to coordinate the Gender, Race and Diversity Committee, whose function is to promote gender equality in Eletrobras companies and comply with the Federal Government's Gender Equality Program.

Regarding the reception of issues related to discrimination, responsibility is shared between the Ombudsman-General and the Ethics

Committee, which also handles this type of case. Human Rights issues related to security practices are dealt with in partnership with Infrastructure and Services (DSCI), which coordinates the management of the contract and the relationship with the supply of outsourced labor for security. In 2019, the Reporting Channel received a record of discrimination case, referring to Eletrosul, which is being evaluated by the responsible bodies. GRI 406-1¹⁵

Several investments were made related to human rights practices throughout the year:

- ↳ **R\$ 50 THOUSAND** to promote the Meeting with Suppliers, which included lectures by professors from the Human Rights and Companies Group of *Fundação Getúlio Vargas*, for **102** participants;
- ↳ **R\$ 28 THOUSAND** in support of the 27th Bonecas Negras Community Production Center (CCP), in Armação dos Búzios (RJ), for the purchase of electrical machinery and supplies for the empowerment of remaining quilombo women, who make black dolls as a source of income. We also support and participate in the organization of the [Rio 2019 Culture + Diversity Forum](#) and invite our suppliers to participate as well. The forum brought together corporations and entities to discuss a more inclusive labor market for women, African Americans, LGBTIs, people with disabilities and the elderly. At the event, we distributed black dolls produced by CCP to panelists and participants; and
- ↳ **R\$ 34 THOUSAND** in sponsorship of the 9th Mulheres em Destaque Forum, promoted by CKZ *Diversidade* with support from UN Women and the He For She movement. The forum seeks to present ways to promote effective transformations within the scope of gender diversity and equity in corporations.

15. The registered complaints can present more than one type of illegal or unethical conduct, but their classification is given by the most serious, from the point of view of the penalty. Therefore, it is possible that alleged cases of discrimination - thus understood by the complainants - have been reported in the midst of other complaints and are not specifically covered in the reporting of this indicator. The structure of the Channel allows the protocols to be classified with only a single type of incident, however, all reported conduct goes through its due verification process, without prejudice to the treatment of all aspects of the report.

GRI 103-1, 103-2, 103-3

In 2019, we promoted Human Rights workshops at our subsidiaries Eletrobras Chesf, Eletronorte, Eletrosul and Itaipu. We count on the participation of employees of the gender committees and of the areas that dialogue with the theme and we use as basis the publication “[Promotion of Respect for Diversity in Companies: Tools Notebook](#),” produced by Eletrobras in partnership with the NGOs Conexão G and Instituto Promundo.

That same year, our president participated in the CEO Roundtable on Human Rights, organized by the Global Compact Brazil Network. A month later, Eletrobras hosted the Meeting “Respect for Human Rights in State-owned Companies,” promoted by the Global Compact Brazil Network, by the Center for Human and Business Rights of Fundação Getulio Vargas and Instituto Ethos. In June 2019, our president was a signatory to the [CEO’s Guide on Human Rights](#), published by the Business Council for Sustainable Development (Cebds).

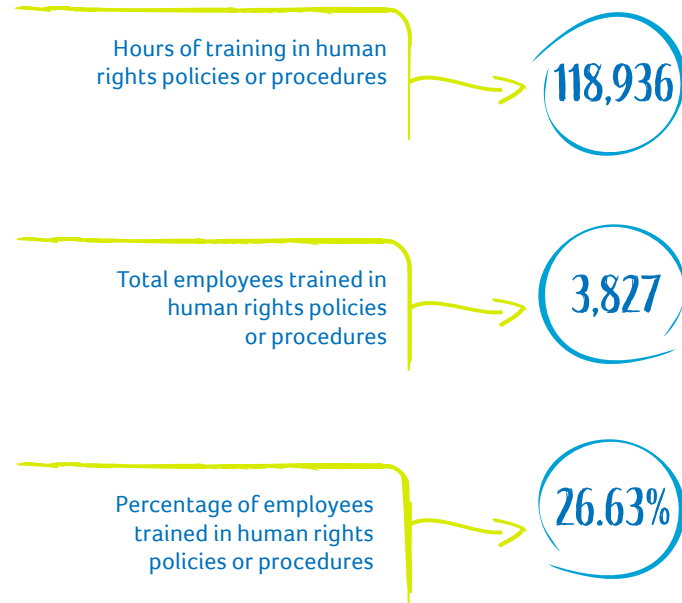
Human rights indicators

Base salary and remuneration of men and women | GRI 405-2

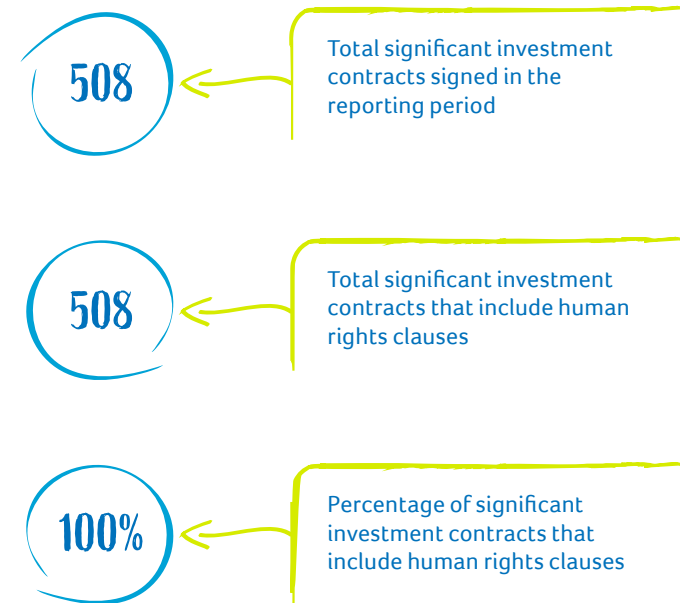
| Professional category | Base salary amount | Remuneration value | Ratio between base salary for women and men | Ratio between remuneration for women and men |
|---|--------------------|--------------------|---|--|
| Management level - women | 14,258.60 | 26,733.70 | 0.89 | 0.90 |
| Management level - men | 16,038.60 | 29,837.60 | | |
| Position with higher education - women | 11,986.50 | 14,719.00 | 0.96 | 0.95 |
| Position with higher education - men | 12,548.80 | 15,520.10 | | |
| Position without higher education - women | 7,729.36 | 10,876.40 | 1.01 | 1.05 |
| Position without higher education - men | 7,684.64 | 10,356.80 | | |

GRI 103-3

Training employees in human rights policies and procedures | GRI 412-2



Investment contracts that have human rights clauses | GRI 412-3



Note: these trainings may include courses exclusively dedicated to the topic of Human Rights or a Human Rights module within a more comprehensive training program. As a result, it is worth mentioning that Eletrobras Chesf and Furnas accounted for mandatory training in occupational health and safety, such as NR10 courses, as they have modules focused on Human Rights.

⑥ GRI CONTENT INDEX



GRI CONTENT INDEX

GRI 102-55



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the English version of the report*.

| Disclosure | | Observations | Report page | Omission |
|--|---|--|--------------|----------|
| GRI 101: FOUNDATION 2016** | | | | |
| GRI 102: GENERAL DISCLOSURES 2016 | | | | |
| ORGANIZATIONAL PROFILE | | | | |
| GRI 102-1 | Organization name | | Cover | |
| GRI 102-2 | Activities, brands, products and services | | 22, 103, 107 | |
| GRI 102-3 | Location of organization's headquarters | Headquarters in Brasília (DF): SCN Quadra 06, Torre "A" – Bloco "A" – 6º andar – Shopping ID Escritório Central Headquarters in Rio de Janeiro (RJ): Rua da Quitanda, 196 - Centro | | |
| GRI 102-4 | Location of organization's operations | | 22, 23 | |
| GRI 102-5 | Nature of ownership and legal form of the organization | Publicly traded company controlled by the Federal Government. | | |
| GRI 102-6 | Markets served | | 22, 104, 107 | |
| GRI 102-7 | Scale of the organization | | 22, 94, 150 | |
| GRI 102-8 | Information about employees (its own and third parties) | | 150 | |
| GRI 102-9 | Supply chain | | 49 | |
| GRI 102-10 | Main changes regarding size, structure or shareholding | | 48, 101, 104 | |
| GRI 102-11 | Precautionary principle | | 57 | |
| GRI 102-12 | External initiatives | | 72 | |
| GRI 102-13 | Membership affiliations | | 73 | |

* This text was included in the English version of this Report, to better represent the GRI Materiality Disclosures Service requisites.

** The year 2016 was included in the English version of this Report, to better represent the GRI Materiality Disclosures Service requisites.



| Disclosure | | Observations | Report page | Omission |
|-----------------------------|--|---|-----------------|----------|
| STRATEGY | | | | |
| GRI 102-14 | Message from the CEO | | 15 | |
| GRI 102-15 | Description of the main impacts, risks and opportunities | | 57, 59 | |
| ETHICS AND INTEGRITY | | | | |
| GRI 102-16 | Values, principles, standards and rules of conduct | Members of governance bodies, employees and business partners receive training on Eletrobras' values, principles, standards and rules of conduct. The documents on these operating premises must be read and signed regularly by all these stakeholders, whether they already have a relationship with the Company or are starting it. The Compliance Directorate and the Ethics Committee are the executive level bodies that deal with values, principles, standards and rules of conduct. These documents are available in different languages for both these audiences and other stakeholders. | 86, 88 | |
| GRI 102-17 | Counseling mechanisms and ethics concerns | Employees, business partners and stakeholders are informed about the Reporting Channel by the Code of Ethics and Integrity, on the internet and intranet pages, during the annual event of the Week of Integrity and Ethical Culture, and during the online training offered by the company. | 91 | |
| GOVERNANCE | | | | |
| GRI 102-18 | Governance structure | | 77* | |
| GRI 102-19 | Delegation of authority | The duties and powers of the Board of Directors and the Executive Board of Eletrobras are defined in the Bylaws and in the respective internal regulations, in line with the duties provided for by law. Eletrobras' Board of Directors has three advisory committees: Audit and Risks Committee, Management, People and Eligibility Committee and Strategy, Governance and Sustainability Committee, all formed by board members, aiming at deepening studies on strategic issues that address economic, environmental and social aspects. The Executive Board is supported by committees and work groups created on demand for technical deepening of management issues. In addition, Eletrobras has internal rules that deal with the delegation of powers to authorize expenses and sign acts and contracts, establishing limits and delegating powers. | | |
| GRI 102-20 | Executive level responsibility for economic, environmental and social issues | Eletrobras has executive-level positions and functions to address economic, environmental and social issues and these report to the Board of Directors, which is the highest corporate governance body of the Company. | | |
| GRI 102-21 | Consultation of stakeholders on economic, environmental and social issues | As determined by the Access to Information Law (Law No. 12.527 of 05/16/2012), Eletrobras maintains on its website the section "Access to Information," with data related to the company's management for consultations and requests from public agencies and the society in general. | 7, 91, 122, 124 | |

* This page reference was included in the English version of this Report to better represent the GRI Materiality Disclosures Service requisites. The page reference for the 102-19 disclosure was excluded for the same reason.

| Disclosure | | Observations | Report page | Omission |
|------------|--|--|--------------------|----------|
| GRI 102-22 | Composition of the highest governance body and its committees | Among the 11 members of the Board of Directors, three are also members of the Strategy, Governance and Sustainability Committee; three are members of the Management, People and Eligibility Committee and four are members of the Statutory Audit and Risk Committee. One of them (Wilson Ferreira Junior) is also president of Eletrobras. | 77, 78, 79, 80, 81 | |
| GRI 102-23 | President of the highest governance body | The Chairman of the Board of Directors is not an executive officer. | | |
| GRI 102-24 | Appointment and selection for the highest governance body | | 82 | |
| GRI 102-25 | Conflicts of interest | | 87 | |
| GRI 102-26 | Role of the highest governance body in defining purpose, values and strategy | The Board of Directors is directly involved in the development of the Company's Strategic Planning and its developments and is also responsible for its approval. The Council also monitors its implementation. | 34, 35, 37 | |
| GRI 102-27 | Knowledge and development of the highest governance body | | 82 | |
| GRI 102-28 | Performance assessment of the highest governance body | | 83 | |
| GRI 102-29 | Identification and management of economic, environmental and social impacts | | 57, 59 | |
| GRI 102-30 | Effectiveness of risk management processes | | 57 | |
| GRI 102-31 | Assessment of economic, environmental and social issues | | 34, 35, 37, 57, 59 | |
| GRI 102-32 | Role of the highest governance body in preparing sustainability reports | | 4 | |
| GRI 102-33 | Communication of critical concerns | | 91, 122 | |
| GRI 102-34 | Nature and total number of critical concerns | | 91 | |
| GRI 102-35 | Remuneration policies | The payment in deferred installments is considered a clawback, since the payment is suspended or reduced in the event of a reduction in net profit of more than 20% in relation to the previous year. | 84 | |
| GRI 102-36 | Process for determining remuneration | There is no participation of compensation consultants in determining the compensation of Eletrobras' senior management. | 84 | |

| Disclosure | | Observations | Report page | Omission |
|--------------------------------|---|---|-------------------------|----------|
| GRI 102-37 | Stakeholder involvement in compensation processes | The remuneration of the Board of Directors and Fiscal Council, as well as of the Executive Board, after definition of SEST, is approved at the General Shareholders' Meeting, observing the conditions established in the current legislation regarding the remuneration applied to the Boards (Law 9.292, of July 12, 1996). The amounts are disclosed in an aggregated form in the Management Report published annually, in item 13.2 of the Reference Form, made available to the Brazilian Securities and Exchange Commission (CVM) and in the Corporate Management Report of accountability to the Federal Comptroller General (CGU), which forwards it to the Federal Audit Court (TCU). | | |
| GRI 102-38 | Proportion between total annual remuneration | | 84 | |
| GRI 102-39 | Percentage increase in total annual remuneration | | 84 | |
| STAKEHOLDERS ENGAGEMENT | | | | |
| GRI 102-40 | List of stakeholder groups engaged by the organization | | 6 | |
| GRI 102-41 | Collective bargaining agreements | 100% of Eletrobras employees are covered by collective bargaining agreements | | |
| GRI 102-42 | Basis for identification and selection of stakeholders to engage with | | 6 | |
| GRI 102-43 | Approach adopted for stakeholder engagement | | 120, 122, 123, 124, 125 | |
| GRI 102-44 | Main topics and concerns raised with stakeholders | | 9, 10, 122 | |
| REPORTING PRACTICES | | | | |
| GRI 102-45 | Entities included in the consolidated financial statements | Amazonas GT; Cepel; Chesf; CGTEE; Eletronorte; Eletronuclear; Furnas; Itaipu; holding and Eletropar | | |
| GRI 102-46 | Definition of the report content and limits of each material theme | | 7 | |
| GRI 102-47 | List of material topics | | 8 | |
| GRI 102-48 | Reformulations of information | The adjustments made to the data from the previous publication are signaled with the marking of this disclosure* throughout this publication. | 84, 95, 105, 106 | |

* The term "disclosure" is used in the English version of this Report, substituting the term "indicator" in its Portuguese version, to better represent the GRI Materiality Disclosures Service requisites.

| Disclosure | | Observations | Report page | Omission |
|------------|---|---|-------------|----------|
| GRI 102-49 | Reporting changes | <p>The 2019 Materiality Matrix has 13 themes, compared to 10 themes in the 2018 matrix. Some of these themes remained, but changed their nomenclature or were expanded and/or segregated. The following are the topics that have changed. In the first column are those from the 2018 matrix and, in the second, those from 2019:</p> <p>Employee retention and development - People management and development Climate change and renewable sources - Climate change / Energy transition Ethical culture - Corruption and ethics management Governance and risk - Corporate governance / Risk and crisis management</p> <p>The following are not part of the 2019 Materiality Matrix: Relationship with suppliers; Biodiversity; Relationship with communities and Health and safety.</p> | 4 | |
| GRI 102-50 | Period covered by the report | | 4 | |
| GRI 102-51 | Previous report data | The previous report was published in 2019, referring to 2018. | | |
| GRI 102-52 | Reporting cycle | Annual | | |
| GRI 102-53 | Contact details regarding the report | | 213 e 214 | |
| GRI 102-54 | "Agreement" option chosen by the organization | This report has been prepared in accordance with the GRI Standards: Core option. | 5 | |
| GRI 102-55 | GRI Standards content summary | | 167 | |
| GRI 102-56 | External verification | | 6 | |

| Disclosure | Observations | Report page | Omission | |
|--|---|--|--------------------|--|
| MATERIAL THEMES | | | | |
| MANAGEMENT APPROACH (DISCLOSURES 103-1, 103-2 AND 103-3 APPLY TO ALL MATERIAL TOPICS AND THEIR RESPECTIVE SPECIFIC DISCLOSURES) | | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | | | | |
| GRI 103-1 | Explanation of material topics and their limits | Research and Development + Innovation | 116 | |
| | | Water | 135 | |
| | | Socio-environmental aspects in decision-making | 71 | |
| | | Digital transformation | 52, 53 | |
| | | Cybersecurity | 54, 55 | |
| | | Risk and crisis management | 57 | |
| | | People development management | 154, 155, 157, 158 | |
| | | Human rights | 164, 165, 166, 167 | |
| | | Climate changes | 140, 141 | |
| | | Energy transition | 119 | |
| | | Corruption and ethics management | 86, 88 | |
| | | Corporate governance | 75 | |
| | | Energy supply | 103 | |
| Financial result | 93 | | | |
| GRI 103-2 | Management approach and its components | Research and Development + Innovation | 116 | |
| | | Water | 135, 136, 137, 139 | |
| | | Socio-environmental aspects in decision-making | 71 | |
| | | Digital transformation | 52, 53 | |
| | | Cybersecurity | 54, 55 | |

| Disclosure | | Observations | Report page | Omission |
|------------------|--|--|--|----------|
| GRI 103-2 | Management approach and its components | Risk and crisis management | 57, 58, 59, 60, 61, 63, 64, 65, 66, 67, 68 | |
| | | People development management | 154, 155, 157, 158, 160, 161 | |
| | | Human rights | 164, 165, 166, 167 | |
| | | Climate changes | 140, 141, 142, 146 | |
| | | Energy transition | 119 | |
| | | Corruption and ethics management | 86, 87, 89, 90, 91 | |
| | | Corporate governance | 75, 76, 77 | |
| | | Energy supply | 103, 104, 107, 108, 110, 112 | |
| GRI 103-3 | Assessment of the management approach | Financial result | 93 | |
| | | Research and Development + Innovation | 116 | |
| | | Water | 135, 136, 137 | |
| | | Socio-environmental aspects in decision-making | 71, 72 | |
| | | Digital transformation | 52, 53 | |
| | | Cybersecurity | 54, 55 | |
| | | Risk and crisis management | 57, 58, 59, 60, 61, 63, 64, 65, 66, 67, 68 | |
| | | People development management | 154, 155, 156, 157, 158, 159, 160, 161 | |
| | | Human rights | 164, 165, 166, 167, 168 | |
| | | Climate changes | 140, 141, 143, 144, 145 | |
| | | Energy transition | 119 | |
| | | Corruption and ethics management | 86, 88, 89, 90, 91 | |
| | | Corporate governance | 75, 76 | |
| Energy supply | 103, 104, 107, 108, 110, 112 | | | |
| Financial result | 93, 94 | | | |

| Disclosure | | Observations | Report page | Omission |
|---|---|--|-------------|----------|
| ECONOMIC TOPICS | | | | |
| GRI 201: ECONOMIC PERFORMANCE 2016 | | | | |
| GRI 201-1 | Direct economic value generated and distributed | For detailed information, see our Financial Statements at the link: https://eletrobras.com/en/ri/DemonstracoesFinanceiras/Administration%20Report%202019.pdf | 100 | |
| GRI 201-2 | Financial implications and risks due to climate change | | 61 | |
| GRI 205: ANTI-CORRUPTION 2016 | | | | |
| GRI 205-1 | Operations assessed for risks related to corruption | | 50 | |
| GRI 205-2 | Communication and training on anti-corruption policies and procedures | | 89 | |
| GRI 205-3 | Confirmed cases of corruption and measures taken | | 89 | |
| ENVIRONMENTAL TOPICS | | | | |
| GRI 303: WATER AND EFFLUENTS 2018 | | | | |
| GRI 303-1 | Interactions with water as a shared resource | | 135 | |
| GRI 303-2 | Management of water discharge impacts | | 135 | |
| GRI 303-3 | Water withdrawal | For 2019, Itaipu Binacional reported the demand from the Plant office and the Itaipu Technological Site as abstraction of surface water. Surface water intake from the Bela Vista Biological Refuge (RBV) and industrial activities, not included, correspond to 271,088 m3. | 138 | |
| GRI 303-4 | Water disposal | | 139 | |
| GRI 303-5 | Water consumption | | 138 | |
| GRI 305: EMISSIONS 2016 | | | | |
| GRI 305-1 | Direct Greenhouse Gas (GHG) emissions - SCOPE 1 | | 143 | |
| GRI 305-2 | Indirect Greenhouse Gas (GHG) emissions - SCOPE 2 | | 143 | |
| GRI 305-3 | Other indirect Greenhouse Gas (GHG) emissions - SCOPE 3 | | 143 | |
| GRI 305-4 | Intensity of Greenhouse Gas (GHG) emissions | | 144 | |
| GRI 305-5 | Reduction of Greenhouse Gas (GHG) emissions | | 145 | |
| GRI 305-7 | NO _x , SO _x and other significant atmospheric emissions | | 143 | |

| Disclosure | | Observations | Report page | Omission |
|---|--|--|-------------|----------|
| SOCIAL TOPICS | | | | |
| GRI 401: EMPLOYMENT 2016 | | | | |
| GRI 401-1 | New employee hires and turnover by age group, gender and region | | 151 | |
| GRI 404: TRAINING AND EDUCATION 2016 | | | | |
| GRI 404-1 | Average number of training hours, by functional category and gender | | 158 | |
| GRI 404-2 | Competency management and lifelong learning programs | | 156 | |
| GRI 404-3 | Percentage of employees receiving performance and career development reviews | | 159 | |
| GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016 | | | | |
| GRI 405-1 | Diversity and equal opportunities | | 151 | |
| GRI 405-2 | Mathematical ratio of salary and remuneration between women and men, broken down by functional category and relevant operational units | | 167 | |
| GRI 406: NON-DISCRIMINATION 2016 | | | | |
| GRI 406-1 | Discrimination incidents and corrective actions taken | | 166 | |
| GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016 | | | | |
| GRI 407-1 | Freedom of association and collective bargaining | | 51 | |
| GRI 408: CHILD LABOR 2016 | | | | |
| GRI 408-1 | Operations and suppliers at significant risk of incidents related to child labor | | 51 | |
| GRI 409: FORCED OR COMPULSORY LABOR 2016 | | | | |
| GRI 409-1 | Operations and suppliers at significant risk of incidents related to forced or compulsory labor | | 51 | |
| GRI 410: SECURITY PRACTICES 2016 | | | | |
| GRI 410-1 | Security personnel trained in human rights policies or procedures | Of Eletrobras's 1,972 security guards, 1,730 are outsourced and 242 are part of the staff. In 2019, 42% of the total security guards were trained in human rights policies or procedures, including 821 outsourced employees and 8 from the staff. | | |
| GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016 | | | | |
| GRI 411-1 | Incidents of violations involving the rights of indigenous peoples | | 127 | |

| Disclosure | | Observations | Report page | Omission |
|--|--|--|-------------------|----------|
| GRI 412: HUMAN RIGHTS ASSESSMENT 2016 | | | | |
| GRI 412-2 | Training employees in human rights policies and procedures | | 168 | |
| GRI 412-3 | Significant investments and contracts that include human rights clauses or that have undergone human rights assessments | | 168 | |
| GRI 415: PUBLIC POLICY 2016 | | | | |
| GRI 415-1 | Political contributions | In compliance with the legislation, Eletrobras companies do not support or contribute to political parties or political campaigns of candidates for elective positions. This guideline is ratified in the Eletrobras Companies Code of Ethics and Conduct. | | |
| GRI 418: CUSTOMER PRIVACY 2016 | | | | |
| GRI 418-1 | Proven complaints regarding breaches of privacy and loss of customer data | There are no records of substantiated complaints regarding breaches of customer privacy in 2019. This disclosure* does not apply to Eletrobras CGTEE and Eletronuclear, which do not have direct contact with customers. | | |
| SECTOR SUPPLEMENT | | | | |
| ORGANIZATIONAL PROFILE | | | | |
| EU1 | Installed capacity, broken down by primary energy source and regulatory system | | 22, 104 | |
| EU2 | Net energy production, broken down by primary energy source and regulatory system | | 105 | |
| EU4 | Length of overhead and underground transmission and distribution lines, broken down by regulatory system | | 22, 107, 108, 109 | |
| AVAILABILITY AND RELIABILITY | | | | |
| EU6 | Electricity availability and reliability | | 109 | |
| RESEARCH AND DEVELOPMENT | | | | |
| EU8 | Activities and expenses related to research and development aiming at the reliability of electricity supply and the promotion of sustainable development | | 116 | |
| AVAILABILITY AND RELIABILITY | | | | |
| EU10 | Planned capacity against projected long-term energy demand, broken down by energy source and regulatory regime | | 110 | |

* The term "disclosure" is used in the English version of this Report, substituting the term "indicator" in its Portuguese version, to better represent the GRI Materiality Disclosures Service requisites.

| Disclosure | | Observations | Report page | Omission |
|---|---|--------------|---------------|----------|
| SYSTEM EFFICIENCY | | | | |
| EU11 | Average generation efficiency of thermoelectric plants, broken down by energy source and regulatory system | | 106 | |
| EU12 | Losses in energy transmission and distribution as a percentage of total energy | | 109 | |
| EMPLOYMENT | | | | |
| EU14 | Availability of skilled labor | | 153, 154, 160 | |
| DISASTER / EMERGENCY PLANNING AND RESPONSE | | | | |
| EU21 | Contingency planning, disaster/emergency management plan and training programs, and recovery/restoration plans | | 130 | |
| ACCESS | | | | |
| EU30 | Average plant availability factor, broken down by energy source and regulatory system | | 106 | |
| Extra GRI disclosures - associated with topics that were not mentioned in the process of determining materiality, but that Eletrobras decided to report to maintain the history and comparability between cycles | | | | |
| ECONOMIC TOPICS | | | | |
| GRI 204: PROCUREMENT PRACTICES 2016 | | | | |
| GRI 204-1 | Proportion of expenses with local suppliers in operating units | | 49 | |
| ENVIRONMENTAL TOPICS | | | | |
| GRI 304: BIODIVERSITY 2016 | | | | |
| GRI 304-2 | Description of the significant impacts on biodiversity of activities, products and services in protected areas and areas of high biodiversity value outside protected areas | | 147 | |
| GRI 304-3 | Protected or restored habitats | | 147 | |
| SOCIAL TOPICS | | | | |
| GRI 401: EMPLOYMENT 2016 | | | | |
| GRI 401-2 | Benefits not offered to temporary or part-time employees | | 161 | |
| GRI 401-3 | Return to work and retention after parental leave | | 152 | |

| Disclosure | | Observations | Report page | Omission |
|---|--|--------------|--------------------|----------|
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016 | | | | |
| GRI 403-1 | Percentage of the workforce represented in formal health and safety committees, comprised by employees from different hierarchical levels, who help to monitor and guide occupational health and safety programs | | 162 | |
| GRI 403-3 | Employees with high incidence or high risk of illnesses related to their occupation | | 162 | |
| GRI 403-4 | Health and safety topics covered by formal agreements with unions | | 162 | |
| GRI 413: LOCAL COMMUNITIES 2016* | | | | |
| GRI 413-1 | Percentage of operations with local community engagement, impact assessment and local development programs | | 124, 125, 131, 132 | |
| GRI 413-2 | Operations with actual and potential negative impacts on local communities (location and what actual and potential impacts) | | 124, 133 | |
| SECTOR SUPPLEMENT | | | | |
| EMPLOYMENT | | | | |
| EU16 | Health and safety policies and standards for employees and subcontractors/outsourced employees | | 162 | |
| LOCAL COMMUNITIES | | | | |
| EU20 | (DMA) Management of processes for displacement and relocation of communities | | 130 | |
| EU22 | Number of people physically or economically displaced and compensation offered, broken down by type of project | | 130 | |

* This title was included in the English version of this Report to better represent the GRI Materiality Disclosures Service requisites.

7 SDG MAP



Volunteer

SDG MAP

The following map shows the location in the Annual Report of our main contributions for the achievement of the Sustainable Development Goals, considering the macro and sub-objectives, our activities and their respective value generation. The tags referring to the SDGs were placed next to the contents mentioned throughout the report and appear in a different color in the case of the prioritized objectives.

Priority SDGs for Eletrobras



Strategy and vision for the future, [page 33](#)
 Cybersecurity, [page 54](#)
 Risk, crisis and opportunity management, [page 57](#)
 Commitments to sustainability, [page 69](#)
 Financial capital, [page 93](#)
 Operation and power supply, [page 103](#)
 P&D and Innovation, [page 116](#)
 Energy transition, [page 119](#)
 Climate changes, [page 140](#)



Strategy and vision for the future, [page 33](#)
 Supplier Management/ Monitoring, [page 50](#)
 Commitment to sustainability, [page 69](#)
 Financial capital, [page 93](#)
 Added Value Distribution, [page 100](#)
 Operation and power supply, [page 103](#)
 Investments in communities, [page 131](#)
 Employee profile, turn over and retention, [page 150](#)
 People management and professional development, [page 154](#)
 Occupational health and safety, [page 162](#)
 Human rights, [page 164](#)



Strategy and vision for the future, [page 33](#)
 Information technology management, [page 52](#)
 Risk, crisis and opportunity management, [page 57](#)
 Commitments to sustainability, [page 69](#)
 Financial results, [page 94](#)
 Manufactured capital, [page 103](#)
 Intellectual capital, [page 116](#)
 Climate changes, [page 140](#)
 People management and professional development, [page 154](#)
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 Risk, crisis and opportunity management, [page 57](#)
 Commitment to sustainability, [page 69](#)
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Commitment to sustainability, [page 69](#)
 Corporate governance, [page 74](#)
 Values, [page 86](#)
 Commitment to business integrity, [page 86](#)
 Integrity Program, [page 88](#)
 Financial results, [page 94](#)
 Operation and power supply, [page 103](#)
 Community engagement, [page 124](#)
 Human rights, [page 164](#)

Other SDGs



Risk, crisis and opportunity management, [page 57](#)
 Energy transition, [page 119](#)
 Climate changes, [page 140](#)
 People management and professional development, [page 154](#)



Risk, crisis and opportunity management, [page 57](#)
 Energy transition, [page 119](#)
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Risk, crisis and opportunity management, [page 57](#)
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 People management and professional development, [page 154](#)
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People management and professional development, [page 154](#)



Employee profile, turn over and retention, [page 150](#)
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Water, [page 135](#)



Risk, crisis and opportunity management, [page 57](#)
 Employee profile, turn over and retention, [page 150](#)
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 Stakeholder groups and topics of interest, [page 6](#)
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Risk, crisis and opportunity management, [page 57](#)
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⑧ ASSURANCE



ASSURANCE

GRI 102-56

A free translation of the original in Portuguese.

Independent auditor's limited assurance report on sustainability information in the 2019 Annual Report

To the Board of Directors and Stockholders
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 present our limited assurance report on the compilation of the sustainability information in the 2019 Annual Report of Eletrobras for the year ended December 31, 2019.

Responsibilities of the Company's management

The Company's management is responsible for the preparation and fair presentation of the sustainability information in the 2019 Annual Report, in accordance with the criteria of the Global Reporting Initiative (GRI-STANDARDS) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the sustainability information in the 2019 Annual Report based on our limited assurance engagement carried out in accordance with Technical Communication CTO 01, “Issuance of an Assurance Report related to Sustainability and Social Responsibility”, issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, “Assurance Engagements

Other than Audit and Review”, also issued by the CFC, which is equivalent to the international standard ISAE 3000, “Assurance engagements other than audits or reviews of historical financial information”, issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical and independence requirements, and other responsibilities, including in relation to the Brazilian Standard on Quality Control (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures for ethical requirements, professional standards and legal and regulatory requirements.

In addition, those standards require that we plan and perform our engagement to obtain limited assurance that the sustainability information in the 2019 Sustainability Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the sustainability information, as well as applying analytical procedures to obtain evidence that enables us to issue a limited assurance conclusion on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead the auditor to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the sustainability information in the 2019 Annual Report, other engagement circumstances and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- (a) Planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems used to prepare the sustainability information in the 2019 Annual Report.
- (b) Understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information of Eletrobras - Centrais Elétricas Brasileiras S.A., as well as the managers responsible for the preparation of the information of the following subsidiaries, whose information was consolidated in the Annual Report of Centrais Elétricas Brasileiras S.A. and its subsidiaries:

Companhia Hidro Elétrica do São Francisco – Chesf; Furnas Centrais Elétricas S.A. – Furnas; Eletrobras Termonuclear S.A. – Eletronuclear; Companhia de Geração e Transmissão de Energia Elétrica do Sul do Brasil – Eletrobras CGT Eletrosul; Centrais Elétricas do Norte do Brasil S.A. – Eletronorte; Amazonas Geração e Transmissão de Energia S.A. – Amazonas GT and Itaipu Binacional;

- (c) Applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the 2019 Annual Report;
- (d) Comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included tests to assess compliance with the guidelines and criteria of the Global Reporting Initiative (GRI-Standards) applied in the preparation of the sustainability information in the 2019 Annual Report.

We believe that the evidence we obtained is 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 detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the sustainability information in the 2019 Annual Report. Consequently, we were unable to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, the objective of which is the issue of an opinion. Had we performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the sustainability information in the 2019 Annual Report. Therefore, we do not express an opinion on this information.

Non-financial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate this data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not carry out any work on data reported for prior periods, nor future projections and goals.

The preparation and presentation of the sustainability indicators were performed pursuant to the criteria of the GRI STANDARDS and, therefore, do not aim to provide assurance with the regard to the compliance with social, economic, environmental, or engineering laws and regulations. However, the aforementioned standards establish the presentation and disclosure of possible cases of non-compliance with such regulations when sanctions or significant fines are applied. Our limited assurance report should be read and understood in this context, which is inherent to the criteria selected (GRI-STANDARDS).

Conclusion

Based on the procedures performed, as described herein, no matter has come to our attention that causes us to believe that the sustainability information in the 2019 Annual Report of Centrais Elétricas Brasileiras S.A. – Eletrobras has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-STANDARDS).

Rio de Janeiro, July 14, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Eliane Kihara
Contadora CRC 1SP212496/O-5


ANNEXES




ANNEX I - CONTRIBUTION TO THE SDGS


Commitment towards the 2030 Agenda

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|---|--|---|---|---|--|
| <p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>Ensure access to reliable, sustainable, modern and affordable energy for all.</p> | <p>7.1 By 2030, ensure universal, reliable, modern and affordable access to energy services.</p> | Availability of energy for all, with less risk of socio-environmental impact | SDG 1, SDG 2, SDG 3, SDG 7; SDG 9; SDG 10; SDG 13; SDG 14; SDG 15 | Human and Social and Relationship; Natural; Manufactured. | Society; Government/ Parliamentarians Regulatory bodies. | R\$ 1,679 million paid to the Federal Government, states and municipalities for the use of soil and water resources. |
| | | Contribution to a sustainable development | SDG 1; SDG 2; SDG 3; SDG 4; SDG 5; SDG 6; SDG 7; SDG 8; SDG 9; SDG 10; SDG 11; SDG 12; SDG 13; SDG 14, SDG 15, SDG 16; SDG 17 | Social and Relationship, Financial; Intellectual; Human; Natural; Manufactured. | Society, Community; Government/ Parliamentarians Regulatory bodies. | No. of connections of Luz para Todos: 98,137 calls were made, accumulating more than 3.5 million calls made since 2004, which corresponds to 16.8 million people benefited in the Brazilian rural environment. |
| | | Safety and reliability in operation (Energy Security) | SDG 9; SDG 11 | Social and Relationship; Manufactured. | Society, Community; Government/ Parliamentarians Regulatory bodies. | Energy generated by Proinfa ventures: approximately 106.6 million MWh. In 2019, the program generated 8.9 million MWh at a cost of R\$ 4.05 billion. |
| | | Fair price contracting (sustainable) | SDG 1; SDG 8; SDG 9; SDG 10 | Financial, Social and Relationship. | Society; Government/ Parliamentarians Regulatory bodies; Customers. | Generation Availability: Eletrobras reached an installed capacity of 51,143 MW in generation projects, which represents 30% of the 172,259 MW installed in Brazil. |
| | | | | | | Transmission Line Availability: Eletrobras is responsible for 64,893.64 km, which stands for 45.25% of the total transmission lines in Brazil on voltage lines equal to or above 230 kV. |
| | | | | | | Transformers availability: Installation of approximately 1.78 million transformers |
| | | | | | | 6.2% reduction in transmission losses. |


| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|--|--|---|--|---|--|
| <p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>Ensure access to reliable, sustainable, modern and affordable energy for all.</p> | <p>7.2 By 2030, substantially increase the share of renewable energies in the global energy matrix.</p> | Availability of energy for all, with less risk of socio-environmental impact | SDG 1, SDG 2, SDG 3, SDG 7; SDG 9; SDG 10; SDG 13; SDG 14; SDG 15 | Human and Social and Relationship; Natural; Manufactured. | Society; Government/ Parliamentarians Regulatory bodies. | <p>Investment in R&D+I: In 2019, R\$ 237.9 million were invested in the development of Cepel projects in contracts for R&D projects, technological services, program licensing and testing.</p> <p>The commitment to clean energy is materialized through the 96% of the Eletrobras System matrix.</p> |
| | | Partnership in Public Policy Management | SDG 1; SDG 2; SDG 3; SDG 8; SDG 9; SDG 12; SDG 13; SDG 17 | Social and Relationship; Financial, Intellectual; Natural; Manufactured; Human. | Government/ Parliamentarians and Regulatory Bodies. | |
| | | Research, Development and Innovation | SDG 8; SDG 9 | Intellectual | Society. | |
| | <p>7.3 By 2030, double the overall rate of improvement in energy efficiency.</p> | Energy conservation Partnership in Public Policy Management | SDG 13 SDG 1; SDG 2; SDG 3; SDG 8; SDG 9; SDG 12; SDG 13; SDG 17 | Intellectual and Natural Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human. | Society; Government/ Parliamentarians and Regulatory Bodies. | Energy saved by Procel's actions: reduction of approximately 21.6 million megawatt-hours (MWh), avoiding an emission of equivalent 1.6 million tCO ₂ . |
| | <p>7.3a By 2030, strengthen international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies.</p> | Research, Development and Innovation | SDG 1; SDG 7; SDG 8; SDG 13 | Intellectual | Society. | Investment in Candiota: Candiota thermoelectric plant, where R\$ 216 million was released, corresponding to 72% of the total budgeted in the Business Plan for this plant. |
| | | Private Social Investment | SDG 1; SDG 4; SDG 13 | Social and Relationship | Society. | Investment in R&D + I in renewable sources: In 2019, R\$ 237.9 million were invested in the development of Cepel projects in contracts for R&D projects, technological services, program licensing and testing. |
| | | Partnership in Public Policy Management | SDG 1; SDG 2; SDG 3; SDG 8; SDG 9; SDG 12; SDG 13; SDG 17 | Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human. | Government/ Parliamentarians and Regulatory Bodies. | 8th edition of the Eletrobras Companies Sponsorship program to the Electric Sector Events, selecting 24 Official Projects and 9 Alternate Projects that contribute to cooperation and scientific and technological dissemination. |

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|---|--|--|--|---|---|
| <p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>Ensure access to reliable, sustainable, modern and affordable energy for all.</p> | <p>7.3b By 2030, expand infrastructure and modernize technology to provide modern and sustainable energy services to all in developing countries, particularly in the least developed countries, small island developing states and landlocked developing countries, according to their respective support programs.</p> | <p>Country's infrastructure improvement</p> | <p>SDG 17; SDG 9</p> | <p>Social and Relationship; Manufactured; Financial.</p> | <p>Society; Government/ Parliamentarians Regulatory bodies.</p> | <p>Generation Availability: Eletrobras reached an installed capacity of 51,143 MW in generation projects, which represents 30% of the 172,259 MW installed in Brazil.</p> <p>Transmission Line Availability: Eletrobras is responsible for 64,893.64 km, which stands for 45.25% of the total Brazilian transmission lines on voltage lines equal to or above 230 kV.</p> |
| | | <p>Share in Structuring Projects</p> | <p>SDG 9</p> | <p>Social and Relationship; Manufactured.</p> | <p>Government/ Parliamentarians Regulatory bodies.</p> | <p>Inventory Studies in Development; Eletrobras, in partnership with the Bolivian state company ENDE, has been developing, since 2018, actions by the Communication and Social Interaction Program (PCS), within the scope of the Binational Hydroelectric Inventory Studies of the Madeira River, on the border between Brazil and Bolivia, which will be completed in 2020.</p> |
| | | <p>Partnership in Public Policy Management</p> | <p>SDG 1; SDG 2; SDG 3; SDG 8; SDG 9; SDG 12; SDG 13; SDG 17</p> | <p>Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human.</p> | <p>Government/ Parliamentarians and Regulatory Bodies.</p> | <p>In December 2019, Eletrobras had an International Projects Portfolio composed of eight projects, maintaining 4.7 GW in generation projects and 1,500 km in transmission projects.</p> |

Commitment towards the 2030 Agenda


| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|---|---|---|--|--|--|---|
| 8 DECENT WORK AND ECONOMIC GROWTH  | 8.1 Sustain economic growth per capita, according to national circumstances and, in particular, at least an annual 7% GDP growth in least developed countries ² | Invested Capital Financial Return | SDG 9; SDG 16 | Financial | Investors, shareholders and market analysts; Government/ Parliamentarians and Regulatory Bodies. | Net Profit of R\$ 10.7 billion in 2019, with a 15% profitability on the Net Worth (NW). |
| | | Dividends Distribution | | Financial | Investors, shareholders and market analysts; Government/ Parliamentarians and Regulatory Bodies. | Increase of more than 50% in the Market Value from 2018 to 2019. R\$ 1,679 million paid to the Federal Government, states and municipalities for the use of soil and water resources. |
| Promote a sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | 8.4 to progressively improve, by 2030, the efficiency of global resources in consumption and production, and strive to decouple economic growth from environmental degradation, in accordance with the “Ten-Year Plan of Programs on Sustainable Production and Consumption”, with developed countries taking the lead. | Contribution to a sustainable development | SDG 1; SDG 2; SDG 3; SDG 4; SDG 5; SDG 6; SDG 7; SDG 8; SDG 9; SDG 10; SDG 11; SDG 12; SDG 13; SDG 14, SDG 15, SDG 16; SDG 17 | Social and Relationship, Financial; Intellectual. Human; Natural; Manufactured. | Society, Community; Government/ Parliamentarians Regulatory bodies. | Reduction of 48% in Net Debt / Managerial EBITDA. |
| | | Partnership in Public Policy Management | SDG 7; SDG 9 | Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human. | Government/ Parliamentarians and Regulatory Bodies. | 13% reduction of water consumption from the supply network for administrative activities in relation to 2018. 7% reduction in electricity consumption for use in administrative units compared to 2018. 6% reduction in the consumption of fossil fuels in the ground vehicle fleet compared to 2018. |

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|---|--------------------------------------|------------------------------------|---|------------------------------------|--|
| <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>Promote a sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> | <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and people with disabilities, and equal pay for work of equal value</p> | Employment and Income Generation | SDG 1; SDG 2; SDG 4; SDG 9; SDG 10 | Human; Social and Relationship. | Workforce and family; Communities. | 14,369 direct employees Reduction in compensation inequality. Higher remuneration is 3.4 times higher than the average remuneration of other employees. |
| | | Professional Growth / Training | SDG 1; SDG 2; SDG 4 | Human and Intellectual. | Workforce and family. | Number of training hours: Hours trained by participation -> 17.32. |
| | | Promoting Diversity | SDG 5; SDG 10; SDG 12 | Social and Relationship; Human; Manufactured. | Workforce and family; Society. | 100% of Level 1 suppliers encouraged to adopt practices that value and promote diversity: 16.6 improvement in 2019, compared to 2018. |
| | <p>8.6 By 2020, substantially reduce the proportion of young people without jobs, education or training.</p> | Private Social Investment | SDG 1; SDG 4; SDG 13 | Social and Relationship. | Society. | Sponsorship: Total investments passed on in 2019 R\$1,982,695.36 |
| | | Promoting culture, sports and events | SDG 3; SDG 4 | Social and Relationship. | Society. | 1 st Public Notice for Eletrobras Companies Social Projects, in which 12 Official Projects and 5 Alternate Projects were selected: capability projects for vocational training, insertion in the labor market, thus contributing to reduced social inequalities of groups in a vulnerable situation |

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|--|------------------------------------|--|---|---|---|
| <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>Promote a sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> | <p>8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and ensure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.</p> | Fostering respect for human rights | SDG 4; SDG 9; SDG 10; SDG 12; SDG 16 | Social and Relationship; Manufactured. | Society; Partners, Sponsored, Suppliers. | 100% of suppliers encouraged to adopt practices that value and promote diversity: 16.6 improvement in 2019, compared to 2018. |
| | | Supplier training | SDG 4; SDG 5; SDG 10; SDG 12; SDG 13; SDG 16 | Human; Social and Relationship; Manufactured. | Partners, Sponsored, Suppliers. | |
| | | Sustainable supply chain | SDG 5; SDG 8; SDG 10; SDG 12; SDG 16 | Human; Social and Relationship; Manufactured; Financial; Natural. | Partners, Sponsored, Suppliers. | |
| | <p>8.8 Protect labor rights and promote safe and secure work environments for all workers, including migrant workers, in particular migrant women, and people in precarious employment.</p> | Quality of life | SDG 3 | Human, Social and Relationship. | Workforce and family. | |
| | | Health and safety promotion | SDG 3 | Human. | Workforce and family; Partners, Sponsored, Suppliers. | |
| | | Supplier training | SDG 4; SDG 5; SDG 10; SDG 12; SDG 13; SDG 16 | Human; Social and Relationship; Manufactured. | Partners, Sponsored, Suppliers. | |
| | | Sustainable supply chain | SDG 5; SDG 8; SDG 10; SDG 12; SDG 16 | Human; Social and Relationship; Manufactured; Financial; Natural. | Partners, Sponsored, Suppliers. | |


Commitment towards the 2030 Agenda


| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|--|--|---|---|---|---|
| <p>9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE</p>  <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> | <p>9.1 Develop quality, reliable, sustainable and robust infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, with a focus on equitable and affordable access for all.</p> | Biodiversity Conservation | SDG 3; SDG 7; SDG 8; SDG 11; SDG 13; SDG 14; SDG 15, SDG 16 | Natural; Manufactured; Social and Relationship; Human. | Society, Community; Government/Parliamentarians; Regulatory bodies. | <p>Expanded Transmission: Line aggregation in 2019 was 335 km higher than aggregation in 2018.</p> <p>Percentage of structuring projects with Eletrobras share: The Company is present in the main structuring projects in the country, actively participating in the expansion of the Brazilian electrical system with a key role in the construction of the National Interconnected System, thus exercising the objectives of its creation.</p> <p>Total GHG/ROL Emissions: Improvement in 2019 of 12.5% compared to the year 2018.</p> <p>96% of clean sources in the Electric Matrix:</p> <p>6.2% reduction in transmission losses;</p> <p>Robustness: 1000MW Charge Cut (100%), 500MW Charge Cut (100%), 100MW Charge Cut (98.3%), any charge cut (96%).</p> |
| | | Country's infrastructure improvement | SDG 17; SDG 9 | Social and Relationship; Manufactured; Financial. | Society; Government/Parliamentarians; Regulatory bodies. | |
| | | Availability of energy for all, with less risk of socio-environmental impact | SDG 1, SDG 2, SDG 3, SDG 7; SDG 9; SDG 10; SDG 13; SDG 14; SDG 15 | Human and Social and Relationship; Natural; Manufactured. | Society; Government/Parliamentarians; Regulatory bodies. | |
| | | Reallocation of populations | SDG 1; SDG 3; SDG 9; SDG 11 | Social and Relationship. | Community. | |
| | | Share in Structuring Projects | SDG 7 | Social and Relationship; Manufactured. | Government/Parliamentarians; Regulatory bodies. | |
| | | Safety and reliability in operation (Energy Security) | SDG 7; SDG 11 | Social and Relationship; Manufactured. | Society, Community; Government/Parliamentarians; Regulatory bodies. | |
| | | Contribution to a sustainable development | SDG 1; SDG 2; SDG 3; SDG 4; SDG 5; SDG 6; SDG 7; SDG 8; SDG 9; SDG 10, SDG 11; SDG 12; SDG 13; SDG 14, SDG 15, SDG 16; SDG 17 | Social and Relationship; Financial; Intellectual; Human; Natural; Manufactured. | Society, Community; Government/Parliamentarians; Regulatory bodies. | |

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|--|--|---|---|--|--|
| <p>9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE</p>  <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> | <p>9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly increase industry's share in employment and gross domestic product, according to national circumstances, and double its share in the least developed countries .</p> | Biodiversity Conservation | SDG 13; SDG 14; SDG 15 | Natural. | Society. | R\$ 3 billion in acquisitions, 63% of which from local suppliers. |
| | | Employment and Income Generation | SDG 1; SDG 2; SDG 4; SDG 9; SDG 10 | Human; Social and Relationship. | Workforce and family; Communities. | |
| | | Hiring predictability | SDG 1, SDG 2, SDG 3, SDG 12; SDG 16 | Manufactured; Social and Relationship. | Partners, Sponsored Suppliers. | |
| | | Fostering respect for human rights | SDG 8; SDG 10; SDG 16 | Social and Relationship. | Society. | |
| | <p>9.4 By 2030, modernize infrastructure and rehabilitate industries to make them sustainable, with increased efficiency in the use of resources and greater adoption of clean and environmentally appropriate industrial technologies and processes; with all countries acting according to their respective capacities.</p> | Country's infrastructure improvement | SDG 7 | Natural; Manufactured. | Society. | 13% reduction in water consumption from the supply network for administrative activities, compared to 2018. |
| | | Private Social Investment | SDG 1; SDG 4; SDG 13 | Social and Relationship. | Society. | 7% reduction in electricity consumption for use in administrative units, compared to 2018. |
| | | Partnership in Public Policy Management | SDG 1; SDG 2; SDG 3; SDG 7; SDG 8; SDG 12; SDG 13; SDG 17 | Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human. | Government/ Parliamentarians and Regulatory Bodies. | 6% reduction in the consumption of fossil fuels in the land vehicle fleet, compared to 2018. |
| | | Availability of energy for all, with less risk of socio-environmental impact | SDG 1, SDG 2, SDG 3, SDG 7; SDG 9; SDG 10; SDG 13; SDG 14; SDG 15 | Human; Social and Relationship; Natural; Manufactured. | Society; Government/ Parliamentarians Regulatory bodies. | Emission reduction: reduction of approximately 21.6 million megawatt-hours (MWh) (Procel), avoiding an emission of 1.6 million tCO ₂ equivalents. |


| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|--|--|---|------------------------------------|---------------------------------|-----------------|---|
| <p>9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE</p>  <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> | <p>9.5 Strengthen scientific research, improve the technological capacities of industrial sectors in all countries, particularly in developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per million people and public and private expenditure in research and development.</p> | <p>Research, Development and Innovation</p> | <p>SDG 1; SDG 7; SDG 8; SDG 13</p> | <p>Intellectual.</p> | <p>Society.</p> | <p>Investments in R&D+I / ROL: In 2019, R\$ 237.9 million were invested in the development of Cepel projects in contracts for R&D projects, technological services, program licensing and testing/ROL: R\$ 27,725.519.</p> <p>8th edition of the Sponsorship Program for Eletrobras companies in the Electric Sector events, with a selection of 24 Official Projects and 9 Alternate Projects that contribute to the scientific and technological cooperation and disclosure.</p> |
| | | <p>Private Social Investment</p> | <p>SDG 1; SDG 4; SDG 13</p> | <p>Social and Relationship.</p> | <p>Society.</p> | |
| | | <p>Biodiversity Conservation</p> | <p>SDG 13; SDG 14; SDG 15</p> | <p>Natural.</p> | <p>Society.</p> | |


Commitment towards the 2030 Agenda


| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|---|--|--|---|---|--|---|
| <p>13 CLIMATE ACTION</p>  <p>Take urgent measures to combat climate change and its impacts</p> | <p>13.1 Reinforcing resilience and the ability to adapt to risks related to climate and natural disasters in all countries.</p> | Safety and reliability in operation (Energy Security) | SDG 7, SDG 9; SDG 11 | Financial, Natural; Human | Society; Government/Parliamentarians Regulatory bodies. | <p>12.5% reduction in the indicator entitled Total GHG/ROL Emissions;</p> <p>96% of clean sources in the Electrical Matrix;</p> <p>Maximum score on the Sest Governance Indicator. Level I of Excellence.</p> |
| | | Availability of energy for all, with less risk of socio-environmental impact | SDG 1, SDG 2, SDG 3, SDG 7; SDG 9; SDG 10; SDG 13; SDG 14; SDG 15 | Human and Social and Relationship; Natural; Manufactured | Society, Community; Government/Parliamentarians Regulatory bodies. | |
| | | Contribution to a sustainable development | SDG 1; SDG 2; SDG 3; SDG 4; SDG 5; SDG 6; SDG 7; SDG 8; SDG 9; SDG 10, SDG 11; SDG 12; SDG 13; SDG 14, SDG 15, SDG 16; SDG 17 | Social and Relationship; Financial; Intellectual; Human; Natural; Manufactured. | Investors, shareholders and market analysts; Government/Parliamentarians Regulatory bodies; Customers; Partners, Sponsored Suppliers. | |
| | | Brand Valuation and Reputation; | SDG 16 | Social and Relationship. | Investors, shareholders and market analysts; Government/Parliamentarians Regulatory bodies; Customers; Partners, Sponsored, Suppliers. | |

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|---|--|---|--|--|---|--|
| <p>13 CLIMATE ACTION</p>  <p>Take urgent measures to combat climate change and its impacts</p> | <p>13.2 Integrate climate change measures into national policies, strategies and plans.</p> | <p>Availability of energy for all, with less risk of socio-environmental impact</p> | <p>SDG 1, SDG 2, SDG 3, SDG 7; SDG 9; SDG 10; SDG 13; SDG 14; SDG 15</p> | <p>Human; Social and Relationship; Natural; Manufactured.</p> | <p>Society; Government/ Parliamentarians Regulatory bodies.</p> | <p>Reduction of 12.5% in the Total GHG/ROL Emissions indicator.</p> <p>96% of clean sources in the Electric Matrix: Improvement.</p> |
| | | <p>Partnership in Public Policy Management</p> | <p>SDG 1; SDG 2; SDG 3; SDG 7; SDG 8; SDG 9; SDG 12; SDG 17</p> | <p>Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human.</p> | <p>Government/ Parliamentarians and Regulatory Bodies.</p> | <p>Energy saved by Procel's actions: Procel's final energy saving result will only be available in April 2020, but the estimate, mainly through the Procel Seal, is a reduction of approximately 21.6 million megawatt-hours (MWh), avoiding an emission of 1.6 million tCO₂ equivalents.</p> |
| | | <p>Energy conservation</p> | <p>SDG 7; SDG 8; SDG 9; SDG 14; SDG 15</p> | <p>Natural; Manufactured.</p> | <p>Society; Government, Parliamentarians and Regulatory bodies.</p> | |
| | <p>13.3 Improve education, increase human and institutional awareness and capacity on global climate mitigation, adaptation, impact reduction, and early warning of climate change.</p> | <p>Private Social Investment</p> | <p>SDG 1; SDG 4; SDG 13</p> | <p>Social and Relationship.</p> | <p>Society.</p> | <p>Private Social Investment Value: R\$ 423.2 million in initiatives on behalf of the communities which they relate with.</p> |
| | | <p>Promoting culture, sports and events</p> | <p>SDG 3 and SDG 4; SDG 8, SDG 9; SDG 13</p> | <p>Social and Relationship.</p> | <p>Society.</p> | |
| | | <p>Partnership in Public Policy Management</p> | <p>SDG 1; SDG 2; SDG 3; SDG 7; SDG 8; SDG 9; SDG 12; SDG 17</p> | <p>Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human.</p> | <p>Government/ Parliamentarians and Regulatory Bodies.</p> | |
| | | <p>Supplier training</p> | <p>SDG 4; SDG 5; SDG 8; SDG 10; SDG 12; SDG 13</p> | <p>Human; Social and Relationship; Manufactured.</p> | <p>Partners, Sponsored, Suppliers.</p> | |

Commitment towards the 2030 Agenda

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 | |
|---|--|--|--|---|---|--|---|
| <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | <p>16.1 Significantly reduce all forms of violence and related mortality rates, everywhere.</p> | Fostering respect for human rights | SDG 8; SDG 9; SDG 10 | Social and Relationship. | Society | 100% of suppliers encouraged to adopt practices that value and promote diversity: 16.6 improvement in 2019, compared to 2018 | |
| | | Supplier training | SDG 4; SDG 5; SDG 8; SDG 10; SDG 12; SDG 13 | Human; Social and Relationship; Manufactured. | Partners Sponsored Suppliers | | |
| | <p>16.5 Substantially reduce corruption and bribery in all its forms.</p> | Ethical, transparent and equitable relationship | | | Social and Relationship. | Investors, shareholders and market analysts Press and Opinion Makers | Maximum score on the Sest Governance Indicator. Level I of Excellence |
| | | Integrity (ethical, legal and transparent conduct) | | | Human; Social and Relationship. | Society; Customers; Partners; Partners Sponsored Suppliers | |
| | | Professional Growth / Training | SDG 4, SDG 8 | Human; Social and Relationship. | Workforce and family | | |
| | | Supplier training | SDG 4; SDG 5; SDG 8; SDG 10; SDG 12; SDG 13 | Human; Social and Relationship; Manufactured. | Partners Sponsored Suppliers | | |
| | | Sustainable supply chain | SDG 5; SDG 8; SDG 10; SDG 12; SDG 16 | Human; Social and Relationship; Manufactured; Financial; Natural. | Partners Sponsored Suppliers | | |
| | <p>16.6 Develop effective, accountable and transparent institutions at all levels.</p> | Partnership in Public Policy Management | SDG 1; SDG 2; SDG 3; SDG 7; SDG 8; SDG 9; SDG 12; SDG 13; SDG 17 | Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human. | Government/ Parliamentarians and Regulatory Bodies | 63% from local suppliers; Eletrobras was listed for the 12th time on the Corporate Sustainability Index (ISE) of Brasil, Bolsa, Balcão - [B3]. It has also improved its performance in B3's State Governance Outstanding Program, from 50 to 56 points, just four below the maximum score. | |
| | | Supplier training | SDG 4; SDG 5; SDG 8; SDG 10; SDG 12; SDG 13 | Human; Social and Relationship; Manufactured. | Partners Sponsored Suppliers | | |
| | | Sustainable supply chain | SDG 5; SDG 8; SDG 10; SDG 12; SDG 16 | Human; Social and Relationship; Manufactured; Financial; Natural. | Partners Sponsored Suppliers | | |

| | SD Goal | Value creation | Related SDGs | Capital Impacted | Stakeholders | Main results 2019 |
|---|--|--|---|---|---|--|
| <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | <p>16.6 Develop effective, accountable and transparent institutions at all levels.</p> | Hiring predictability | SDG 4; SDG 9; SDG 10; SDG 12 | Social and Relationship; Manufactured. | Partners, Sponsored Suppliers. | <p>63% from local suppliers.</p> <p>Eletrobras was listed for the 12th time on the Corporate Sustainability Index (ISE) of Brasil, Bolsa, Balcão - [B3]. It has also improved its performance in B3's State Governance Outstanding Program, from 50 to 56 points, just four below the maximum score.</p> |
| | | Invested Capital Financial Return | SDG 8; SDG 9 | Financial. | Investors, shareholders and market analysts; Government / Parliamentarians and Regulatory Bodies. | |
| | | Brand Valuation and Reputation; | SDG 13 | Social and Relationship. | Investors, shareholders and market analysts; Government/ Parliamentarians Regulatory bodies; Customers; Partners, Sponsored, Suppliers. | |
| | | Integrity (ethical, legal and transparent conduct) | | Social and Relationship. | Investors, shareholders and market analysts; Parliamentarians and Regulatory Bodies; Customers; Partners, Sponsored, Suppliers. | |
| | <p>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.</p> | Contribution to a sustainable development | SDG 1; SDG 2; SDG 3; SDG 4; SDG 5; SDG 6; SDG 7; SDG 8; SDG 9; SDG 10, SDG 11; SDG 12; SDG 13; SDG 14, SDG 15, SDG 16; SDG 17 | Social and Relationship, Financial; Intellectual; Human; Natural; Manufactured. | Society, Community; Government/ Parliamentarians Regulatory bodies. | <p>22% of management positions held by women.</p> |
| | | Participatory dialogue | SDG 1; SDG 2; SDG 3; SDG 4; SDG 5; SDG 6; SDG 7; SDG 8; SDG 9; SDG 10, SDG 11; SDG 12; SDG 13; SDG 14, SDG 15, SDG 16; SDG 17 | Social and Relationship, Financial; Intellectual; Human and Natural. | Society, Community; Government/ Parliamentarians Regulatory bodies. | |

| <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | <p>SD Goal</p> | <p>Value creation</p> | <p>Related SDGs</p> | <p>Capital Impacted</p> | <p>Stakeholders</p> | <p>Main results 2019</p> |
|---|---|--|---|--|--|--|
| | <p>16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.</p> | <p>Ethical, transparent and equitable relationship</p> | | <p>Social and Relationship.</p> | <p>Investors, shareholders and market analysts Press and Opinion Makers.</p> | <p>Satisfaction Rate - Ombudsman: In 2019, there was a 56% drop in the number of complaints received by Eletrobras Companies, from 10,427 in 2018 to 4,542 in 2019.</p> |
| | | <p>Partnership in Public Policy Management</p> | <p>SDG 1; SDG 2; SDG 3; SDG 7; SDG 8; SDG 9; SDG 12; SDG 13; SDG 17</p> | <p>Social and Relationship; Financial; Intellectual; Natural; Manufactured; Human.</p> | <p>Government/ Parliamentarians and Regulatory Bodies.</p> | <p>In 2019, a total of 683 requests for information were received by the SIC (Citizen Information Service) and all were answered within the year.</p> <p>Among Eletrobras Companies, the Holding was the one that received the most requests through e-SIC, 205 in total with an average response time of 9.08 days.</p> |

ANNEX II – PDNG 2020-2024 GOALS

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|--|-------|---------|--------|--------|--------|--------|----------------------|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Relative Generation Availability - DISPGR | Index | 0.923 | 0.995 | 1.060 | 1.000 | 1.000 | Goal achieved | Preventive actions in order to meet the generation availability determined by the regulatory agency. |
| Operational Availability of Transmission Lines – DISPOLT | % | 99.92 | 99.90% | 99.95% | 99.82% | 99.82% | Goal achieved | Conducting preventive maintenance, seeking efficiency in the transmission business. The goals for transmission performance indicators consider the aging of transmission assets, which in many cases exceed 30 years of service, which directly affects the periodicity and duration of scheduled maintenance. |
| Global Indicator (Generation + Marketing) | Index | ND | 1.04 | 1.01 | 0.95 | 1.00 | Goal achieved. | Project under development, aiming to make the management of energy marketing more effective, by promoting transparency, integration and improvement of the work flow between Eletrobras companies. |
| Employee Satisfaction | Index | 71.10 | 74.18 | 74.18 | 72.76 | 73.10 | Goal achieved | Implementation of Sustainability 4.0 Programs and Human Capital Leverage Project. |

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|---|---|---------|--------|--------|--------|--------|---|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Accident Frequency Rate with remoteness | Number of accidents per million hours of exposure to risk | 2.22 | 2.86 | 2.35 | 1.33 | 2.48 | Goal not achieved. There is an increase in the number of records, related to greater awareness and; the increase in hours of exposure to risk, due to the increase in the number of facilities in the production system (plants, substations and transmission lines). | Occupational Health and Safety Program, with actions aimed at preventing occupational diseases and accidents at Eletrobras companies, considering employees and contractors. Until 2019, the goal of this indicator was only related to own employees. The 2020 goal includes employees and third parties. |
| Project Management Maturity Index | Index | ND | 2.33 | 2.89 | 2.49 | NA | Goal achieved. | |
| GHG emissions from own UTEs for net energy generated (tCO ₂ e/MWh) | % | 0.76 | 0.67 | 0.62 | 0.66 | 0.61 | We reduced GHG emissions from own UTEs by 8% for net energy generated (tCO ₂ e/MWh). | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| GHG emissions from own UTEs for net energy generated (tCO ₂ e/MWh) | % | 0.76 | 0.67 | 0.62 | 0.66 | 0.61 | We reduced GHG emissions from own UTEs by 8% for net energy generated (tCO ₂ e/MWh). | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| GHG emissions from the use of fossil fuels in the vehicle fleet | tCO ₂ e | 12,285 | 12,141 | 11,374 | 12,105 | 11,340 | We reduced our GHG emissions by 6.3% due to the use of fossil fuels in our vehicle fleet. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|---|-------|---------|--------|--------|--|--------|--|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Operational Availability of Transformers - DISPOTR | % | 99.68% | 99.66% | 99.77% | 99.40% | 99.40% | Goal achieved. | Conducting preventive maintenance, seeking efficiency in the transmission business. |
| Suppliers exposed to the risk of fraud and corruption aware of the Eletrobras companies' Compliance Program | % | ND | 90% | 80% | 80% | 100% | Goal achieved. | Consolidation of the Eletrobras companies integrity program. |
| Management positions held by women | % | 21.0% | 21.1% | 21.7% | 21.0% | 21.0% | Goal achieved. | Continue the Eletrobras Gender Equity Program. Maintain our commitment towards gender equity and respect for human rights, as well as the UN Women's Empowerment Principles. |
| Wage Difference (Remuneration) | times | ND | ND | 3.4 | Achieve the amount of up to 10x by 2020. | NA | Goal achieved. | |
| Reduction of electricity consumption for administrative activity from the public distribution network (MWh) | % | 5.9% | 3.4% | 7.0% | 0.2% | 0.2% | Goal achieved. The reduction in the number of employees and vacancy in real estate favored the achievement of the goal for this indicator. | Implementation of Sustainability 4.0 Programs and Climate Change Mitigation and Environmental Protection Project. |

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|---|------|---------|--------|-------|---|---|--|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Reduced consumption of fossil fuels in the ground vehicle fleet (Gj) | % | 5.1% | 1.1% | 6.4% | 0.2% | 0.2% | Goal achieved. Better fleet management and reduction in the number of vehicles helped to achieve the goal. | Implementation of Sustainability 4.0 Programs and Climate Change Mitigation and Environmental Protection Project. |
| The reduced consumption of water from the supply network in the administrative activity | % | 11.1% | -0.4% | 13.0% | 0.3% | 0.3% | Goal achieved. The reduced number of employees and vacancy in real estate helped achieve the goal. | Implementation of Sustainability 4.0 Programs and Climate Change Mitigation and Environmental Protection Project. |
| Level 1 suppliers encouraged to adopt practices that value and promote diversity | % | ND | 83.40% | 100% | 60% | 80% | Goal achieved. Online training and insertion of clauses in suppliers' contracts helped achieve the goal. | Implementation of Sustainability 4.0 Programs and Sustainable Supplier Management Project. |
| Level 2 Suppliers Evaluated on Sustainability Risk | % | ND | ND | 0% | 5% | 25% | Goal not achieved. | Implementation of Sustainability 4.0 Programs and Sustainable Supplier Management Project |
| Due Diligence in Human Rights of Critical Suppliers | % | ND | ND | 5.4 | Evaluate, by 2021, 100% of Critical Suppliers in Human Rights Risks | Evaluate, by 2021, 100% of Critical Suppliers in Human Rights Risks | We are on our way to attain our goal by 2021. The consolidated result for 2019 (5.4%) demonstrates the challenge we will face to achieve our commitment. | Implementation of Sustainability 4.0 Programs and Project Engagement of Stakeholders in the Value Chain to raise awareness on the subject of Human Rights. |

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|--|------|---------|-------|-------|---|---|--|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Due Diligence in Human Rights of joint ventures/SPEs | % | ND | ND | 73.2 | Evaluate, by 2022, 100% of Joint-Ventures in Human Rights Risks | Evaluate, by 2022, 100% of Joint-Ventures in Human Rights Risks | We are on our way to attain our goal by 2021. The consolidated result for 2019 (73.2%) demonstrates the challenge we will face to achieve our commitment. | Implementation of Sustainability 4.0 Programs and Project Engagement of Stakeholders in the Value Chain to raise awareness on the subject of Human Rights. |
| Level 1 Suppliers Trained in Human Rights% | % | ND | ND | 4.7 | Train, by 2021, 100% of Level 1 Suppliers in Human Rights | Train, by 2021, 100% of Level 1 Suppliers in Human Rights | We are on our way to attain our goal by 2021. The consolidated result for 2019 (4.7%) demonstrates the challenge we will face to achieve our commitment. | Implementation of Sustainability 4.0 Programs and Project Engagement of Stakeholders in the Value Chain to raise awareness on the subject of Human Rights. |
| Employees Trained in Diversity and Human Rights | % | ND | ND | 26.6 | Train, by 2021, 100% of Employees in Diversity and Human Rights | Train, by 2021, 100% of Employees in Diversity and Human Rights | We are on our way to attain our goal by 2021. The consolidated result for 2019 (26.63%) demonstrates the challenge we will face to achieve our commitment. | Implementation of Sustainability 4.0 Programs and Project Engagement of Stakeholders in the Value Chain to raise awareness on the subject of Human Rights. |
| Share of clean energy sources (solar, wind, hydraulic, nuclear) in the company's electrical matrix | % | 94.8% | 95.2% | 96.0% | 94.6% | 94.6% | Goal achieved. | Maintain the contribution to the expansion of the Brazilian electric system through clean and/or renewable sources. |
| Investment in R&D+I/ROL | % | 0.8% | 1.4% | 1.2% | 1.0% | 1.0% | Goal achieved. | Implementation of Sustainability 4.0 Programs and Project Synergy with Industry 4.0. |

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|---|---------------------------------|---------|--------|--------|---|---|--|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Total GHG/Rol Emissions | tCO ₂ e/(R\$ k) | 0.295 | 0.247 | 0.213 | 0.181 | 0.173 | The 0.216 tCO ₂ e/result (R\$ k) did not reach the goal of 0.181 tCO ₂ e/(R\$ k). Despite the reduction in GHG emissions, the consolidated amount of ROL was below expectations due to the accounting adjustments to transmission revenue. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| Scope 1 emissions | Thousands of tCO ₂ e | ND | 5,350 | 5,227 | 5,297 | 5,175 | Goal achieved. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| Adjusted Scope 2 GHG emissions | Thousands of tCO ₂ e | ND | 9.489* | 8.579* | 8.580* | 8.494* | Goal achieved. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| Expansion of the Scope 3 Sources of GHG Emissions | Category | 5 | 5 | 5 | Include 2 new sources in the GHG emissions inventory by the year 2023 | Include 2 new sources in the GHG emissions inventory by the year 2023 | We maintained, for 2019, the same scope of sources of greenhouse gas emissions from Scope 3. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| Total NO _x Emissions | (t/year) | 8,052 | 4,645 | 8,769 | 24,821 | 24,821 | Goal achieved. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| Total SO _x Emissions | (t/year) | 15,722 | 11,344 | 10,817 | 27,127 | 27,127 | Goal achieved. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| Total PM Emissions | (t/year) | 1,565 | 908 | 425 | 4,229 | 4,229 | Goal achieved. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |

* The numbers for this indicator have been adjusted in the English version of this report, with a corrected unit of measurement. In the Portuguese version, they were presented in TCO₂e.

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|--|---|---------|--------|--------|---|---------|--|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Fugitive SF ₆ emissions | (tCO ₂ e) | 18,494 | 32,576 | 34,941 | 157,371 | 157,371 | We increased our total SF ₆ emissions by 7.3%, yet we remain well below the reference value, considering the characteristics of our plants and the requirements of the current environmental legislation. | Implementation of Sustainability 4.0 Programs and Energy Transition Project. |
| Outsourced Accident Frequency Rate with remoteness | Number of accidents per million hours of exposure to risk | 3.54 | 2.32 | ND | Reduce the Accident Frequency Rate with remoteness of Outsourced workers in relation to the previous year | - | It started to be informed together with the accident frequency rate of own employees. | Occupational Health and Safety Program, with actions aimed at preventing occupational diseases and accidents at Eletrobras companies, considering employees and contractors. |

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|--------------------------------|----------------------|---------|------|------|------|------|---|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Energy Saved by Procel Actions | Billion kWh/ year | 21.2 | 23.0 | 21.6 | 25.7 | 27.7 | Goal not achieved. | Eletrobras has been investing in actions to combat waste and energy efficiency at Procel. The energy results obtained by the program's actions contribute to the efficiency of goods and services, also allowing the postponement of investments in the electricity sector, thus reducing environmental impacts. Thus, the indicator proves to be adequate for monitoring the contribution to the achievement of SDG 7, target 7.3, being the main indicator of performance evaluation for the National Electricity Conservation Program (Procel). |
| SDG Alignment Indicator | Index | ND | ND | ND | NA | 1.0 | New indicator, agreed upon from PDNG 20-24. | Implementation of Sustainability 4.0 Programs and Sustainable Action Project/2030 Agenda. |

Scorecard - main indicators

| Indicator Name | Unit | History | | | Goal | | Result analysis 2019 | 2020 Goals - Initiatives underway |
|--|------------------|---------|------|------|------|------|---|--|
| | | 2017 | 2018 | 2019 | 2019 | 2020 | | |
| Compliance with Audit Requests | % | ND | ND | ND | NA | 100% | New indicator, agreed upon from PDNG 20-24. | Indicator inserted in the variable compensation programs of managers and directors, in order to increase the engagement in meeting the requests of the internal audit, with the consequent improvement of processes. |
| Training Hours/Number of employees | hours | ND | ND | ND | NA | 50 | New indicator, agreed upon from PDNG 20-24. | Implementation of Sustainability 4.0 Programs and the Human Capital Leverage Project. |
| Energy Saved in Eletrobras Corporate Buildings | % kWh/year saved | ND | ND | ND | NA | 5.28 | New indicator, agreed upon from PDNG 20-24. | Implementation of Sustainability 4.0 Programs and the Energy Transition Project. |

CREDITS

GRI 102-53

Eletrobras – Centrais Elétricas Brasileiras S.A. offers several channels of contact with stakeholders.

Central Office

Rua da Quitanda, 196 – Centro
Rio de Janeiro/RJ – CEP: 20091-005
General phone number: (21) 2514-5151

Contact Us – Eletrobras Website > Contact Us

Website – www.eletrobras.com
Facebook – www.facebook.com/Eletrobras
YouTube – www.youtube.com/user/SistemaEletrobras
Twitter – @Eletrobras
Instagram – @eletrobrasoficial
LinkedIn – www.linkedin.com/company/eletrobras

Ombudsman

Rua da Quitanda, 196 – 4º andar
Centro - Rio de Janeiro/RJ – CEP: 20091-005
Phone number: (21) 2514-4526/5895
www.eletrobras.com/ouvidoria
ouvidoria@eletrobras.com

Responsible: Thatiana Martins dos Santos Silva
President of the ethics committee: Andrea Costa Amâncio Negrão

Reporting Channel

www.eletrobras.com/canaldedenuncias

Branches

Eletrobras maintains multinational offices:
Cone Sul (Montevideo - Uruguay)
Av. Luis Alberto de Herrera 1.248 Torre 2, oficina 311, CP – 11.300

Relationship with Investors (RI)

Phone number.: (21) 2514-6331 ou (21) 2514-6333
Fax: (21) 2514-5964
Website – www.eletrobras.com.br/elb/ri
Contact RI – invest@eletrobras.com
Ombudsman RI – ombudsman-ri@eletrobras.com

Branches

Eletrobras maintains multinational offices:
Cone Sul (Montevideo - Uruguay)
Av. Luis Alberto de Herrera 1.248 Torre 2, oficina 311, CP – 11.300

Depository Institution and Stock Portfolio Manager

Eletrobras
Banco Bradesco S.A.65
Shares and Custody Department
Phone number: (11) 3684-9441
Fax: (11) 3684-3811

If you have questions about technical terms presented throughout this publication, access the Eletrobras Electric Energy Dictionary, available at: Eletrobras>Eletrobras News Agency>Institutional Communication

Channel for communication about this publication: GRI 102-53

sustentabilidade@eletrobras.com

This Annual Report is the result of the efforts of the Eletrobras team. We thank everyone for their participation and commitment.

General-Coordination

Management and Sustainability Board

Editorial Core

Eletrobras Communication and Institutional Relations and Sustainable Vision

Nucleus of Sustainability Disclosures* and Report Assurance

Eletrobras Companies Executive Sustainability Committee

Data Collection and Management

IGS Report System

Coordination of GRI disclosures* collection, consulting, writing and translation

Visão Sustentável

Graphic design, diagramming, infographics and illustrations

Visão Sustentável

We would like to thank the professionals of Eletrobras companies who provided the necessary information for the preparation of the 2019 Annual Report and all interested parties who participated in our research on the relevant topics and substantially contributed to this work.

Chapters Opening Photos

Cover- Trampoline panorama of the spillway. Itaipu Binacional / Caio Coronel Collection; and Wind Complex. Eletrobras Chesf.

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Itumbiara hydroelectric plant. Eletrobras Furnas / A. C. Júnior Collection.

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Tucuruí hydroelectric plant. Eletrobras Eletronorte Collection.

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Cerro Chato Wind Plant. Eletrobras CGT Eletrosul / Hermínio Nunes Collection.

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Load dispatch room of the Itaipu hydroelectric plant. Itaipu Binacional / Alexandre Marchetti Collection.

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Fish farming station. Eletrobras Chesf.

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Group in playful activity, compliance game, during the Week of Ethical Culture at Eletrobras. Eletrobras holding / Cláudio Ribeiro collection

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Active volunteer. Eletrobras holding / Cláudio Ribeiro collection.

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Dam of the Itaipu hydroelectric plant. Itaipu Binacional / Alexandre Marchetti collection.

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Mauá thermal power plant 3. Eletrobras Amazonas GT / Alessandro Nunes collection

* The term “disclosures” is used in the English version of this Report, substituting the term “indicators” in its Portuguese version, to better represent the GRI Materiality Disclosures Service requisites.



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