

# Code of Ethics and Conduct

2016



Eletrobras



## Foreword from the President

The Code of Ethics and Conduct is the main document guiding the actions of the Eletrobras companies, stating and furthering their commitments to their stakeholders. The Code of Ethics and Conduct will be more robust the more it reflects the evolution and the transformation of the companies, as well as any new requirements imposed on them by society.

Determined to act based on the four pillars of governance – transparency, fairness, accountability and corporate responsibility – Eletrobras has been evolving in order to face the challenges of the times ahead. The largest holding company in the energy sector in Latin America is aiming higher, it also wants to be the best company in the sector.

If externally new legislation on the subject is driving the review of our Code of Ethics and Conduct, internally we created a new compliance area within the Board of Directors in 2016. This new area focuses on risk management, internal controls and corporate integrity.

Accordingly, this document reflects not only the changes mentioned above, but also the renewal of our commitments to the Brazilian society and our awareness of our responsibility to evolve. Since we serve millions of people in all regions of Brazil on a daily basis and thousands of them are also our employees, shareholders, suppliers and partners, we will evolve constantly in order to grow alongside them.

At the launch of this new Code of Ethics and Conduct, we take great pride in stating that it does not end with this version. We begin now to re-write its future editions with the commitments we reaffirm each day through all of our actions.

**Wilson Ferreira Junior**  
Chief Executive Officer



## Presentation

Updating this Code of Ethics and Conduct of the Eletrobras companies means to renew and to reinforce the importance of ethics in our decisions and daily business practices. It further means understanding that the ethical concepts that guide our activities evolve permanently, requiring us to make constant adjustments.

Since the launch of our first Code of Ethics in 2010, not only did the legislation change but so did attitudes. Today, integrity is one of the guiding principles across all our companies and it permeates our daily decisions.

This code contains ethical principles and commitments that address our relationships with partners, such as communities, suppliers, service providers, partners, customers, the press, control bodies and the government, amongst others.

The base of this code is the same as that in 2010 when we unified the codes of ethics of each Eletrobras company, following a comparison of each company's code of ethics in collaboration with our employees.

This updated Code of Ethics and Conduct, that we present hereby, was drafted with the collaboration of representatives of the ethics committees of all our companies and reflects all that and even more: our ongoing commitment to the evolution of our principals of ethics and integrity, always guiding our actions.

Having “ethics and transparency” and “appreciation and commitment of people” as some of our values, we believe that ethics and integrity play an important part in day to day decisions, in the work of each of our employees and business partners and in small actions which as a whole are the foundation of the culture of a large Brazilian company.

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# Ethical Principles

## I. Human Dignity and Respect to People

Valuing life and affirming citizenship, respecting the physical and moral integrity of all people, their individual differences and the diversity of social groups in an equal, equitable and fair manner.

## II. Integrity

Acting honestly and with integrity in fulfilling its commitments, ensuring that speech and actions are fully coherent, rejecting any type of fraud and corruption by maintaining an active stand in situations which are not in compliance with the ethical principles adopted by the Eletrobras companies.

## III. Sustainability

Being environmentally and socially responsible, balancing the responsibility towards the economy and the culture, respecting the right to have a full life for present and future generations.

## IV. Transparency

Ensuring visibility of the criteria, which guide the decision making process and actions taken by the Eletrobras companies by communicating in a clear, accurate, agile and accessible manner, taking into account the limits to the right of confidentiality regarding strategic or privileged information of the Eletrobras companies.

## V. Impartiality

Ensuring that the corporate interests of the Eletrobras companies prevail above personal interests, conducting decision making with objectivity and impartiality in actions and in the use of resources of the Eletrobras companies.

## VI. Legality

Complying with Brazilian laws and with the legislation of countries in which the Eletrobras companies operate, as well as with internal norms which regulate the activities of each company, in accordance with Brazilian constitutional principles and international treaties to which Brazil is a party.

## VII. Professionalism

Performing in a professional manner, with integrity, responsibility and care, based on social values, loyalty and mutual respect, pursuing operational excellence and the continuing development of the Eletrobras companies.

# Conduct Commitments

## 1. Commitments of Eletrobras Companies Related to Corporate Governance

**1.1.** Making corporate decisions based on the principles of ethics, transparency, integrity, loyalty, impartiality, legality and efficiency, and using their economic-financial resources responsibly in order to achieve higher levels of competitiveness, excellence and profitability, taking into account the legitimate interests of all stakeholders and their sustainability-related commitment.

**1.2.** Operating their business in an independent manner in order to strengthen their economic-financial position by adopting transparent policies and guidelines for investments, dividend distribution and balance sheets, safeguarding their assets and institutional image.

**1.3.** Basing their relationship with stakeholders on proactive communication that is accurate, proper, transparent and timely, making all information promptly available to the market in order to avoid and minimize rumors and speculations.

**1.4.** Acting and demanding from stakeholders to act in an impersonal, ethical and responsible manner when using strategic information, complying with professional confidentiality standards in order to safeguard investors' and other stakeholders' rights.

**1.5.** Adopting transparent and equitable criteria to select covenants, terms or sponsorship contracts with individual and/or legal entities for the promotion of cultural activities, sports, social, educational, and technological innovation, which strengthen the Eletrobras brand in accordance with applicable legislation.

**1.6.** Performing in line with public interests and policies, respecting the reasons for the establishment of the Eletrobras companies, not allowing any interference or favoring partisan or private interests, both related to corporate decisions and the holding of positions within the company's structure, including avoiding nepotism.

**1.7.** Acting in order to avoid conflicts of interest, understanding situations that could generate conflicts between public/corporate and private interests, that may compromise the interests of the Eletrobras companies or inappropriately influence the performance of the tasks carried out by the Eletrobras companies.

**1.8.** Refusing to form partnerships with companies that use child labor or forced labor and reporting such companies.

**1.9.** Promoting Eletrobras companies' integration, according to the best technical criteria, seeking to develop a corporate culture with equanimity and without discrepancies.

**1.10.** Rejecting and reporting any attempts or suspicions of corruption, bribery, kickbacks, improper benefits or privileges, donations or payments, receipt of gifts, and influence, in accordance with the Corporate Integrity Program and the policies of the Eletrobras companies.

**1.11.** Not supporting or contributing, on behalf of the Eletrobras companies, to representatives of elective office, political parties or political campaigns of candidates for elective office.

**1.12.** Establishing independent channels for receiving, processing and managing all types of complaints.

**1.13.** Disseminating the ethical principles and the commitment to conduct established in this Code of Ethics and Conduct, in the Corporate Integrity Program and in the policies of the Eletrobras companies.

## **2. Commitment of Eletrobras Companies to Their Stakeholders: Directors, Board Members, Employees, Third-Party Staff, Service Providers, Trainees and Young Apprentices.**

### **2.1. Commitment of Eletrobras Companies to Their Employees / Workforce.**

**2.1.1.** Treating their employees / workforce with cordiality and respect.

**2.1.2.** Rejecting unlawful ethical, criminal or civil practices, as well as dealing with any allegations of breaches of the principles and commitments of this Code of Ethics and Conduct, of the Corporate Integrity Program and policies of the Eletrobras companies.

**2.1.3.** Promoting higher quality of life for their workforce by providing well-being, health, hygiene and safety at the workplace.

**2.1.4.** Respecting and valuing social, cultural and individual diversity, treating all individuals equally, without social, cultural or ethnic prejudice or bias related to their gender, age, religion, political opinion, sexual orientation, physical, psychological and mental condition, or any other kind of discrimination.

**2.1.5.** Encouraging the free expression of ideas and rejecting threats, blackmailing, humiliation, intimidation, disqualifications or any form or manner of harassment in working relationships.

**2.1.6.** Ensuring that the workforce has access to all relevant information related to its jobs.

**2.1.7.** Rejecting child labor, abuse of children and adolescents and sexual exploitation in their own activities or in the activities of any stakeholders of the Eletrobras companies or in their production chain, as well as forced labor or work performed under degrading conditions. Also rejecting any kind of physical, sexual, moral or psychological harassment, reporting any breaches.

**2.1.8.** Making available to the entire workforce effective, safe and reliable communications channels to receive information, suggestions, consultations, criticism and denouncements, preserving the effectiveness in the receipt, management and treatment, confidentiality, no retaliation for whistleblowers, and the timeliness of responses to complaints.

**2.1.9.** Promoting institutional warranties to protect the confidentiality of the workforce involved in reports in order to protect their rights and ensure that unbiased decisions will be made.

**2.1.10.** Providing institutional guarantees for employees who work in all stages of management and handling of the complaints in order to preserve the institutional independence and neutrality of decisions.

**2.1.11.** Valuing intellectual products and acknowledging the merits related to work developed by employees, regardless of their hierarchical position, taking into account their proposals for improvement.

**2.1.12.** Adopting predetermined criteria in a transparent and objective way for the assessment of the workforce, taking into account the merit of their technical performance and ethical behavior, ensuring their right to know the criteria and the assessment results.

**2.1.13.** Providing for their employees the appropriate conditions in which they can improve their skills, offering opportunities for promotion and guaranteeing equal opportunities.

**2.1.14.** Guaranteeing free association with trade unions and the right to collective bargaining, acknowledging unions, class associations and entities which represent employees as their legitimate representatives, with which there is a continuous respectful and constructive dialogue, giving priority to collective bargaining as the preferred form of solving labor conflicts.

**2.1.15.** Providing a safe and healthy workplace environment for trainees, apprentices and service providers, for as long as they are working at the company's facilities.

## **2.2. Commitment of Employees / Workforce to Eletrobras Companies**

**2.2.1.** Knowing and committing to comply with the Code of Ethics and Conduct, the Corporate Integrity Program, and the rules and policies of the Eletrobras companies.

**2.2.2.** Performing activities with professionalism, aiming to continuously update and self-improve, as well as contributing to the companies' efficiency and operational excellence.



**2.2.3.** Not performing illegal acts, of civil or criminal nature, nor aiding or abetting an act that might constitute prejudice, discrimination, threat, blackmail, perjury, verbal violence, physical or gestural, humiliation and/or embarrassment of any kind, coercion, moral harassment, political, religious and sexual discrimination, or any other act that contradicts the principles and commitments under this Code of Ethics and Conduct, the Corporate Integrity Program, and the Eletrobras companies' policies, as well as reporting such acts immediately through the appropriate channels.

**2.2.4.** Preserving the integrity of documents, records, registers and information systems of the Eletrobras companies, in all media used by the company, both physical and electronic.

**2.2.5.** Not disclosing or making use of the company's internal, strategic and/or confidential information for personal gain or for the benefits of third-parties.

**2.2.6.** Not speaking on behalf of the company unless authorized or qualified to do, respecting the areas in charge of communication and press relations and capital market release, not disclosing untruthful, misleading or confidential information.

**2.2.7.** Not adopting improper behavior which might hinder the good performance of any professional activity in order to respect the work environment, contributing to the integration among employees and the development of teamwork.

**2.2.8.** Treating all the employees with respect and cordiality in accordance with the principles of this Code of Ethics and Conduct.

**2.2.9.** Not performing illegal or harmful acts that might affect the image of the Eletrobras companies, nor the honor or image of their employees in any type of media, including social media.

**2.2.10.** Valuing personal appearance that is adequate for the type of activity carried out, the work environment, the target audience and the local community with which they interact.

**2.2.11.** Respecting hierarchy in exercising their activities in a diligent, honest, loyal and fair manner, without waiving the possibility of reporting improper behavior of any co-workers, regardless of their hierarchical position.

**2.2.12.** Respecting intellectual property and acknowledging the work developed by their peers, regardless of their hierarchical position.

**2.2.13.** Conducting prior consultation, by their own means, to obtain prior authorization from their superior officers to publish or exhibit outside the company studies, research, expert opinions and other work of their authorship or participation that includes company-related knowledge.

**2.2.14.** Ensuring the physical and moral integrity of all individuals and the safety of any property at all times, including while on strike.

**2.2.15.** Informing immediately any competent areas, through appropriate available channels, about any acts and facts that are against public interest or against the company's interest, requesting a solution.

**2.2.16.** Communicating through the proper channel any actual or apparent conflict of interests arising between the Eletrobras companies and their professional, personal or third-party activities, as stated in the Corporate Integrity Program and the Eletrobras companies' policies.

**2.2.17.** Using tools, machines, equipment and other material and immaterial resources of any Eletrobras companies in a proper, rational and sustainable manner exclusively for work-related purposes, avoiding and combating any form of misuse and waste.

**2.2.18.** Not using work hours, position and administrative influence for their own benefit or to obtain favors for themselves or third-parties.

**2.2.19.** Not maintain direct hierarchical subordination with a spouse or family relation, in a straight line, collaterally or by affinity, up to third degree.

**2.2.20.** Not exercising, directly or indirectly, any activity that, due to its nature, is incompatible with the duties of the position or job, considering the activity developed in each area or related matter.

**2.2.21.** Not practicing any act to benefit a legal entity of which the manager is the employee, his or her spouse, partner or family member, in a straight line, collaterally or by affinity, up to the third degree, by which acts could be benefited or have influence in the management activities.

**2.2.22.** Refraining from exercising any professional activities, even informally, as attorney-in-fact, consultant, advisor or intermediary of private interests in the bodies or entities of direct or indirect public administration of any of the branches of the government, at the Federal, state or municipal level.

**2.2.23.** Not engaging in any kind of political or religious propaganda, nor in commercial publicity within or outside the workplace, taking advantage of the status of being an employee of any company in the Eletrobras group.

**2.2.24.** Not offering nor accepting gifts, privilege, payments, loans, donations, services or any other manner of benefit for their own or third-parties' benefit, incompatible with the limits and conditions established in the Corporate Integrity Program, as well as in the rules and policies of the Eletrobras companies and current legislation.

**2.2.25.** Refusing and reporting to the competent areas, through the proper channels, any kind or attempt of corruption, bribery, kickback, fraud or exchange of favors.

**2.2.26.** Carrying out management responsibilities with transparency and equality, guiding and motivating fellow employees in order to establish a healthy and harmonious work environment, to ensure performance and productivity excellence and compliance with the Code of Ethics and Conduct, the Corporate Integrity Program and with the rules and policies of the Eletrobras companies.

## **2.3. Commitment of Eletrobras Companies to Private Pension Entities:**

**2.3.1.** Ensuring financial and actuarial balance, as well as transparency, when managing private pension plans under its sponsorship, in order to comply with social security obligations to its participants, assisted members and beneficiaries.

**2.3.2.** Ensuring the transparent performance of the sponsor companies' representatives in the fiscal and decision-making boards of private pension plans sponsored by the Eletrobras companies.

**2.3.3.** Encouraging employees to take part in matters related to the complementary private pension plans sponsored by the Eletrobras companies.

## **3. Commitments of Eletrobras Companies and their Employees to Suppliers, Services Providers, other Partners and Clients**

**3.1.** Selecting and hiring suppliers and service providers according to legal, technical, quality, cost and punctuality criteria, demanding in all contractual relationships commitments to ethics, corporate integrity and social, economic and environmental sustainability.

**3.2.** Rejecting practices of unfair competition, the use of child labor, sexual harassment and exploitation of children and adolescents, forced labor or degrading work conditions, as well as any kind of physical, sexual, moral or psychological violence and other practices in violation this Code of Ethics and Conduct, as well as the rules and policies and Conduct Corporate instructions of the Eletrobras companies, including in the production chain of their suppliers, reporting any violations.

**3.3.** Not taking part in negotiations that might result in personal or third party advantages or benefits that could be construed as actual or apparent conflicts of interests for the employees involved from either party, in accordance with the provisions of the Corporate Integrity Program and the policies of the Eletrobras companies.

**3.4.** Not doing any favor nor providing any remunerated service for suppliers or service providers with whom they have a relationship on account of their professional activities, in accordance with the provisions of the Corporate Integrity Program and the policies of the Eletrobras companies.

**3.5.** Treating with respect and cordiality all employees of suppliers and service providers, in accordance with the principles of this Code of Ethics and Conduct, as well as the Eletrobras companies' stakeholders.

**3.6.** Discouraging contractual provisions that violate or minimize the dignity, quality of life or the social well-being of third party employees.

**3.7.** Offering high quality products and services to ensure the full satisfaction of their clients and consumers in order to maintain a long-standing relationship with transparent and ongoing dialogue.

**3.8.** Establishing and maintaining a good relationship and communication with clients, suppliers, service providers and other partners according to the ethical principles under this Code of Ethics and Conduct, as well as the Corporate Integrity Program and the Eletrobras companies' policies, treating all of them equally and avoiding any type of privilege, discrimination, corruption and fraud.

**3.9.** Preserving and treating as classified the registered data and the relevant information related to clients, suppliers, service providers and other partners, obtained from the business relationship.

**3.10.** Not recommending clients to service providers or suppliers, even at their request, maintaining a strictly professional communication, preserving the exemption needed for Eletrobras' workforce and for Eletrobras.

**3.11.** Not accepting nor giving gifts, bonuses or advantages, even in the form of preferential treatment given to or received from clients, suppliers, service providers and other partners associated with the businesses or interests of the Eletrobras companies in accordance with the provisions of the Corporate Integrity Program and the Eletrobras companies' policies.

## **4. Commitment of Eletrobras Companies to the Environment and Socioenvironmental Responsibility**

**4.1.** Operating in accordance with the principle of sustainability and being committed to social development, respecting local cultures, prioritizing the use of renewable natural resources and using economic resources in a responsible and efficient manner, in order to meet the needs of the present generation and to preserve the rights of future ones.

**4.2.** Ensuring that all employees develop a social-environmental awareness and contribute to the preservation of the environment both in the workplace and outside the company.

**4.3.** Operating in a manner that minimizes the social-environmental impacts from their operations in order to re-establish the environmental balance within the physical, biological, social and cultural aspects of the area in which they operate.

**4.4.** Using in a conscientious, rational, responsible and sustainable manner the indispensable natural resources necessary to develop business, respecting the biodiversity.

**4.5.** Carrying out actions on energy preservation, energy efficiency and fighting against any kind of waste, as well as developing social responsibility in the operational areas of the activities of the Eletrobras companies.

**4.6.** Embodying social-environmental criteria in the company's management processes and in its relationships with business partners and suppliers.

**4.7.** Promoting and participating in technological and industrial research & development projects, in which there must be active interaction with the academic and scientific community in order to foster sustainable development.

## **5. Commitment of Eletrobras Companies with the Communities Involved / Affected by their Businesses**

**5.1.** Taking into account all the social groups involved in all stages of any new project, starting at the planning stage, in order to identify their expectations and needs and aiming at minimizing the environmental, social and cultural impacts faced by those communities.

**5.2.** Maintaining permanent communication channels and dialogue with the communities and establishing a respectful relationship with local people and cultures.

**5.3.** Fostering the communities' sustainable development by participating in the creation and implementation of projects in partnership with local entities, taking into account their needs and expectations and respecting their diversity.

**5.4.** Promoting local and regional development where Eletrobras companies operate, helping to improve the quality of life of communities and preserving the environmental balance of the regions where their enterprises are located.

## 6. Commitment of Eletrobras Companies to Society, Government, State, Controlling and Regulatory Agencies

- 6.1. Sharing the ideals of respecting human rights and the principles of social justice and well-being.
- 6.2. Maintaining permanent communication channels and dialogue with all stakeholders in a transparent, respectful and constructive manner.
- 6.3. Cooperating with public authorities when they are carrying out their legal functions.
- 6.4. Providing services, which meet with public interests in a responsible and harmonious manner.
- 6.5. Encouraging their employees' involvement and commitment to joining discussions and to drafting proposals, including volunteer work, with the purpose of actually implementing and strengthening social projects via actions closely articulated with public and private agencies, both governmental and non-governmental.

## 7. Commitment to Parties Abroad of Eletrobras Companies in their International Affairs

- 7.1. Complying with international treaties, agreements and contracts entered into with countries, partners, clients or suppliers, ensuring a well-balanced and harmonious relationship in which the common interests of the country of incorporation of the Eletrobras companies and the countries in which those treaties, agreements and contracts are concluded are being respected.
- 7.2. Observing the legal systems in countries involved in partnerships, in compliance with Brazil's Federal Constitution, the principles of ethics under this Code of Ethics and Conduct, the Corporate Integrity Program and the Eletrobras companies' policies.
- 7.3. Respecting the sovereignty of the countries when using natural resources under condominium or under any other kind of partnership agreement, being aware of the relevant role they play in promoting economic and social development in those countries.

## 8. Commitment of Eletrobras Companies to Business Competition

**8.1.** Maintaining a civilized and independent relationship with competitors, seeking market information in a legal manner and disclosing it fairly through authorized channels.

**8.2.** Making business decisions taking into account the best interest of the Eletrobras companies, observing and defending the norms of free competition, in compliance with Brazilian legislation and with the laws of the countries in which they operate.

## 9. Commitment of Eletrobras Companies to the Press and Other Communication Agencies

**9.1.** Maintaining a respectful, transparent and independent relationship, establishing communication channels to disclose information, according to the level of authorization and competence.

**9.2.** Stating and offering clear, reliable and relevant information to the public interest through authorized sources, and protecting confidential and strategic information to safeguard the businesses' legal and legitimate interests.

**9.3.** Maintaining an impersonal approach in their institutional publicity to ensure it will not result in any type of personal promotion.

# Complementary Provisions

## Scope

This Code of Ethics and Conduct encompasses all members of the Board of Directors, Supervisory Board, executive officers, board members, employees, third-party staff, service providers, trainees and young apprentices.

As a confirmation of the commitment of the Eletrobras companies to the principle of gender equity, we hereby clarify that the terms “stakeholders”, “employees”, “third-party staff” and others used in this document refer to both men and women.

Suppliers, service providers and representatives of the Eletrobras companies will have to agree to a clause in their contracts, treaties or agreements whereby they agree to respect, comply with and ensure the compliance with this Code of Ethics and Conduct, the Corporate Integrity Program and the Eletrobras companies’ policies.

## Terms, Evaluations and Revisions

This Code of Ethics has no expiration date. However, the Eletrobras companies undertake to submit its content and practices to regular evaluation and continuous revision at periods of time that shall be defined during its dissemination process.

## Access Channels for Reference, Clarification, Suggestions, Criticism and Denouncement

For reference purposes, this Code of Ethics and Conduct, the Corporate Integrity Program and Eletrobras companies’ policies can be accessed through the intranet or through the company’s electronic website.

In order to obtain clarifications or send suggestions, criticisms and complaints or to report unethical acts, anyone can contact the competent area for dealing with ethical issues, through proper institutional channels or through the ombudsman structure of the Eletrobras companies. Total secrecy and confidentiality will be ensured as well institutional protection against any retaliation against those who use these channels. Allegations of breaches of the principles or commitments of conduct established by this code will be reviewed by the appropriate committee.

## Specific Norms of Conduct for their Companies

Given that each of the Eletrobras companies has their own organizational peculiarities; they may create complementary and specific norms of conduct in conformity with the ethical principles and conduct commitments set forth under this Code of Ethics and Conduct.

## Disciplinary Measures

The breach of any ethical principles or conduct commitments set forth under this Code of Ethics and Conduct, which has been identified by the appropriate commission, may result in disciplinary measures with educational purposes, notwithstanding the adoption of administrative and/or judicial measures in the case of contractual and/or legal breaches.



# Glossary

## Code of Ethics and Conduct

A Code of Ethics and Conduct is an express agreement between people of the same institution or organization, which defines parameters for their proper conduct, so they can be universally validated and accepted, without loss of identity and regional characteristics.

## Ethical Principles

A principle is an idea that works as a starting point for an action. Here, in this Code of Ethics and Conduct, the Ethical Principles are our basic references and should inspire the ethical conduct that we expect for the Eletrobras companies. The ethical principles inspire and justify human conduct, so they attain universal validity. The five principles of Public Administration, established in its Art. 37 of the Brazilian Constitution (1988), included in the Ethical Principles of the Eletrobras companies are: Morality, Legality, Impartiality, Publicity/Transparency and Efficiency. Morality, here, encompasses the entire content of this Code. Efficiency is implicit under the principle of Professionalism.

## Conduct Commitments

The Conduct Commitments established in this Code of Ethics and Conduct are based on the Ethical Principles and are arising from them. They are the substantiation of the Ethical Principles by establishing standards of personal, professional and organizational conduct. These are classified into themes and cover the most critical scenarios in which ethical conduct is expected.

## Ethics

In this Code of Ethics and Conduct, the concept adopted for “Ethics” refers to the field of studies and reference on which our personal, professional and organizational conduct should be based on, in order to assure its universal acceptance.

## Moral

In this Code of Ethics, the concept adopted for “Morality” corresponds to the field of studies and references on which our personal, professional, institutional, organizational and national conducts should be based on, in which its validity is attributed exclusively to tradition, laws, habits and customs. That is the reason why such moral conduct cannot always be validated under the ethical point-of-view of universality.