



Eletrobras

Supply Logistics Policy

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1. Objective

To improve efficiency and competitiveness of the Eletrobras companies by integrating goods and services supply logistics in order to strengthen their purchasing power and to reduce acquisition and management costs of goods and services.

Furthermore, the Eletrobras companies are aware of the significance of sustainable development to foster improved quality of life for future generations, which they have incorporated into their global strategy and acknowledged that the ethical, social and environmental responsibility extends to the relationship with the entire supply chain. The Supply Logistics Policy maintains that vision by guiding it in future actions.

Hence, the following basic guidelines have been determined:

- Eletrobras global supply planning, developing practices aligned to the companies' economic-financial and institutional context.
- Foster negotiations between companies that are conducive to the good balance between offer and demand of goods and services, thus avoiding high costs that ensue from undue competitiveness between companies.
- Exchange data and management experience in the supply area, thus avoiding redundant efforts to solve common problems.
- Foster competence building and technological development for the Eletrobras companies.
- Foster the qualification of professionals that work for the supply logistics area.

- Foster supply chain commitment in corporate citizenship and socioenvironmental actions by sharing the same commitment amongst the Eletrobras companies.

2. Values

- Ethics
- Corporate and socioenvironmental responsibility throughout business relationships
- Commitment and respect for the human being
- Value and motivate work teams
- Transparency
- Competence building creativity and technological innovation
- Administrative efficiency and effectiveness
- Legal compliance

3. Guidelines

Supply Logistics for the Eletrobras companies should meet the good and services demand in a planned, integrated, efficient and transparent way. It will be governed by the following guidelines:

- Joint acquisition of strategic and/or relevant goods and services by the Eletrobras companies.

- Internalized guidelines, processes and premises set forth under this policy by all Eletrobras companies, including the premises in detail in the Supply Logistics Manual.
- Integration of the Eletrobras companies to align them with the business strategies, in relation to processes set forth of this policy.
- Continuous improvement of work processes of the supply chain, via implementation of rational methods and of the Quality Management System.
- Simplify goods and services acquisition procedures in order to reduce the time and cost of acquisition and to achieve the requisite improvement of the corresponding processes.
- Adopt mechanisms that foster the exchange and management of supply chain information.
- Implement this policy in compliance with guidelines set forth under the Brazilian Industrial Policy, guiding the state purchasing power to carry out the goals chartered by the federal government.
- Process management via indicators that enable results to be compared.
- Policy management will address the following aspects:
 - Policy management will be carried out by the Supply Logistics Strategic Committee of the Eletrobras System (Celse), where all the Eletrobras companies will have a representative and will be coordinated by the holding;

- The development of the Supply Logistics Policy will be carried out in accordance with action plans for their implementation and will address each function of the supply chain, as defined within the scope of this Committee;
- Celse will take into consideration the specificities of each company in order to ensure the actual enforcement of this policy, by providing adequate organizational support, in order to enable the company's supply chain to operate in accordance with a competence standard that is compatible with the responsibility of the Eletrobras companies in the local scenario.

4. Processes

Supply Logistics of the Eletrobras companies will be rendered operational by the following processes:

- Logistics Planning
- Supplier Management
- Goods and Services Acquisition
- Contract Management
- Quality Management
- Material Management

Premises set forth under the aforementioned processes are described under Appendix I and should be detailed in the Supply Logistics Manual in order to establish operational procedures that will be adopted by the companies.

5. Responsibilities

Board of Executive Officers of Eletrobras – to approve the Supply Logistics Policy and ensure its implementation.

Board of Technology of Eletrobras – to give support to the coordination of this policy and assess/approve any amendment to Appendix I, as presented by Celse.

Board of Executive Officers of the Eletrobras companies – to ensure the implementation of this policy in each company.

Supply Logistics Strategic Committee of the Eletrobras System (Celse) – propose and monitor procedures that address this policy after it has been implemented, and, when deemed necessary, to submit proposals to align with the premises set forth under Appendix I.

Supply Area of the Eletrobras companies – to enable the operation of activities ensuing from this policy.

Corporate Projects Department (DTC) – to function as implementation manager of this policy.

6. Glossary

Material Management

Function responsible for the physical management of company materials, as well as providing fiscal and accounting information.

Contract Administration

Function responsible for managing, monitoring and measuring supply contracts for goods and services.

Goods and Services Acquisition

Function responsible for procuring in the local or foreign market materials and services required by the company within the timeframe and in conformity to specification, at the lowest cost and in accordance with legislation in effect.

Quality Management

Function responsible for coordinating activities conducive to rational work methods for the supply chain, creating criteria based on NBR ISO 9000 standards for suppliers and to assess the technical performance of suppliers.

Supplier Management

Function responsible for evaluating the market by using criteria that address the commercial competence and evaluation of suppliers in order to strengthen and further the company's relationship with suppliers.

Material

Generic designation of equipment, components, accessories, instruments, tools, spare parts, raw materials, finished products, materials and supplies in general, used in every company activity, regardless of their condition, demand, cost, acquisition source or consumption purpose.

Logistics Planning

Function responsible for setting forth guidelines, acquisition schedules and supplying of goods and services, and for coordination of standards, budgets and controls required for the execution of all activities in the supply chain.

Supply Logistics System

Set of interlinked activities responsible for meeting the demand by the company materials and services.

Sustainable Development

Development that can meet the demand of the present generation without impairing the capacity for meeting the demand of future generations.

Socioenvironmental Corporate Responsibility

Corporate management based on goals and commitment that transcend the survival of the company's business, which is expanded to include the role of an agent co-responsible for the social, political and economic development, respecting the environment.

Appendix I – Processes and premises

Supply Logistics of the Eletrobras companies will be rendered operational by the following processes and premises within:

Logistics Planning

- Plan and schedule the joint acquisition (PPAQ) of strategic and/or relevant goods and services for the Eletrobras companies.
- Creation of specific procedures for supply functions.
- Creation of the Logistics Plan that defines management strategies for suppliers, acquisition, contract and material management.
- Planning and acquisition schedule consolidating, within a certain time period, the global demand of each company.
- Foster/further the understanding between the companies' areas of engineering to standardize specification for materials and equipment used to generate, transmit and distribute energy.
- Encourage assessment, jointly with the companies' legal area to foster the uniform interpretation and understanding of norms and laws in effect and suggest solutions for current legal obstacles.
- Adopt an IT system that can collect, in standardized and integrated manner, information related to the supply chain of the Eletrobras companies.
- Participate in work groups to guide them in establishing standards and indicators.
- Monitor quality indicators for the supply chain.

Supplier Management

- Manage a Unified Supplier Register for the Eletrobras companies.
- Unified methodology to provide competence and penalize suppliers for the Eletrobras companies.
- Unified methodology to assess the commercial performance of suppliers for the Eletrobras companies, including the relationship and integration with socioenvironmental responsibility and technical performance, the latter of which is to be carried out within the scope of Quality Management.

Goods and Services Acquisition

To render operational the acquisition of goods and services, taking into account the following:

- Scale acquisition aspects as provided for under the PPAQ.
- Compliance with requirements under NBR ISO 9001 standard for suppliers of critical goods and services.
- Rational and simplified purchasing, hiring and management of supply processes, as provided for under legislation in effect.
- Adoption of the Acquisition Portal, that will give more visibility and transparency to the acquisition processes of the Eletrobras companies, providing for:
 - the joint acquisition of strategic goods and services;
 - the monitoring of purchasing processes;

- the carrying out of diagnostics by the Eletrobras companies;
 - the establishment of strategies to optimize the acquisition function for goods and services;
 - the access for external agents, especially the suppliers, to a reliable and centralized information system related to acquisitions made by the Eletrobras companies.
- Adopt a Price Database for goods and services with relationship and integration with the Eletrobras System of Material Classification.
 - Adopt socioenvironmental responsibility principles in the ensuing edicts and contracts.

Contract Administration

- Set forth uniform norms and procedures to manage supply and contracts, also taking into account socioenvironmental responsibility aspects.

Quality Management

- Adopt procedures set forth under the “Project NBR 19000” program.
- Adopt uniform and systematic technical performance assessment of suppliers of goods and services that is considered strategic for all the Eletrobras companies.
- Standardized inspection methodologies for suppliers, shared

information and mutual acknowledgement of assessments performed by the companies.

- Rational supply chain work methods via the Quality Management System to foster their continuous improvement.
- Survey of supply chain quality indicators.

Material Management

- Integrated and strategic management of warehouse inventories.
- Adopt the standardized material classification of the Eletrobras companies (Seclam).
- Link current material classifications of the companies with Seclam.
- Foster material and equipment swap between companies.
- Adopt unified procedures for warehousing, moving, alienation and disposal of materials.



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