

We are AES Brasil



WE ARE AES BRASIL

We are part of the lives of millions of Brazilians, providing sustainable, safe and affordable energy solutions for all. We specialize in different types of business: generation, distribution, marketing and integrated solutions. We have four companies, in which more than 8.3 thousand employees work, and the AES Institute, which directs our private social investments.

Globally, we are part of the AES Corporation, a group of businesses operating in 17 countries in the Americas, Europe, and Asia, listed at the New York Stock Exchange and with a wide portfolio in energy distribution and generation from thermal or renewable sources, and energy storage. Learn more about **AES worldwide**.

AES sells distributor in the South region

In 2016, the AES Brasil group announced the sale of energy distributor AES Sul to CPFL Energia for an amount of approximately BRL 1.7 billion. The company operates in 118 municipalities in the central region of Rio Grande do Sul and is responsible for 30% of the energy consumed in the state.

The negotiation of the distributor did not interfere in the planning for other AES Brasil's companies. This decision is aligned with the group's objectives of strengthening its presence in the country, focusing on innovation, growth and customer satisfaction.

Our objectives are to improve the quality of services and customer satisfaction of AES Eletropaulo, to promote AES Tietê's business expansion and generation capacity, to resume AES Uruguaiana's operation and to bring innovative solutions to the market by AES Ergos.

OUR NUMBERS

- **8,369** employees
- **7 million** consumer units
- **42.8 thousand GWh** of energy distributed
- **3,297.9 MW** of installed capacity
- **9 hydroelectric** plants
- **3 small hydroelectric plants (SHEPs)**
- **1 natural gas** thermoelectric plant

SAFETY FIRST

The safety of our employees, services providers, and the community is our priority when we develop our activities. In our Sustainable Strategic Planning, we set performance goals regarding this topic that are monitored periodically by the Board of Officers.

Managing our safety indicators is in line with the OSHA standard defined by the US Occupational Health and Safety Agency. Thus, we guarantee alignment with AES Corp.'s guidelines, and we can compare our performance with that of other companies in the group.

Our Company Safety Program is focused on strengthening the safety culture, is based on AES Corp.'s global guidelines, on the requirements of our Occupational Health and Safety Management System, certified pursuant to international standard OHSAS 18001, and on the Sustainability Policy of AES Brasil. The sustainability reports from **AES Tietê** and **AES Eletropaulo** present the initiatives developed by each of the companies to ensure the safety of employees and people. Access and learn more.

CORPORATE GOVERNANCE

We believe that adopting best practices in corporate governance is essential for the strategic and efficient management of the business, and therefore, the basis for creating value in the company. To this end, AES Brasil continually works to improve its governance practices, based on the guidelines and recommendations in the IBGC (Brazilian Corporate Governance Institute) Code of Best Practices in Governance. In recent years, we have made corporate and organizational restructurings with the goal of leveraging growth with energy solutions, innovation and new technology.

On December 30, 2016, the corporate restructuring of AES Eletropaulo was completed through the execution of a new shareholders agreement between AES Brasil and BNDES, aiming to promote greater agility in the decision-making process at corporate level, in addition to improving liquidity in investments and future cash flow generation for AES Eletropaulo until the end of the term of the concession.

AES Tietê concluded its corporate reorganization at the end of the year 2015, whose objective was to increase the liquidity of the shares, to strengthen the ability to expand in energy generation – by means of diversification of renewable sources (solar and wind

power) – and to minimize risk of water shortage. The goal was also to have an appropriate structure to expand the number of long-term contracts with the company’s customers, ensuring the predictability of revenue generation for its business.

Ethics and Compliance

Directors, executives and other employees conduct business according to corporate values (learn about them on page 10), as described in **AES’s Values Guide**, the code of conduct that covers all AES companies, globally.

We seek to operate in strict compliance with the Brazilian and industry legislation applicable to our businesses and, in many cases, internally adopt even stricter standards, in line with international standards and best market practices. We have a specific policy and training focused on fighting corruption, aligned with references such as the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and Law No. 12,846/2013 (Clean Company Act). The actions to be taken if corruption cases are identified are described in AES’s Values Guide and may lead to termination of the parties involved and of contracts with third parties.

To ensure the dissemination of values and ethics in relationships with all stakeholders, we have in place AES Brasil’s Ethics and Compliance Program, composed of three pillars:

- **Education and training:** covers training and other initiatives, reaching employees at all hierarchical levels, in order to address issues related to aspects such as compliance and anticorruption practices.
- **Contractual compliance:** investigation and due diligence policies and practices of evaluating the business carried out with partners, contractors, and suppliers, in order to identify and mitigate reputational and compliance risks.
- **AES Helpline:** channel for receiving questions, inquiries, and reports of cases that do not conform to our values. Available in Portuguese and in six other languages, the helpline may be accessed by telephone or on the Internet, and is available 24X7. In addition to the AES Helpline, AES Eletropaulo has an Ombudsman’s Office, which mainly deals with customer issues and complaints.

During the integration period, the Ethics and Compliance Program is presented to new employees, who also receive information about the AES Helpline. Every two years, professionals renew their

knowledge of AES’s Values Guide through online or classroom training.

Each year, AES Brasil holds World Ethics Day, an awareness event for leaders that promotes activities and discussions about the values of AES Brasil. Every six months, through the Multipliers of Ethics initiative, company leaders address ethical dilemmas and reinforce corporate values with their teams. In addition, aspects about conduct and channels for accessing the AES Helpline are addressed periodically through internal media outlets.

The Ethics and Compliance Program is evaluated every five years by an AES Corp. committee, through interviews and meetings with employees from the various departments. Every two years, a survey is conducted to evaluate the perception of our professionals regarding the Program and to guide actions toward improving our processes. None of these processes were carried out last year.