

Messages from the CEOs



MESSAGE FROM THE CEO OF AES BRASIL G4-1

The energy sector is undergoing transformation and, in the coming years, it should become radically different from the model defined more than one century ago. The new model will be shaped by new sources and new energy generation and storage technologies, in addition to more empowered and connected consumers who will also generate and offer energy. We believe we will continue to be relevant and competitive if we innovate in the way we serve our main customers and contribute to building a new industry model, with minimal environmental impact and greater benefits to society.

Aware of this context and in line with AES global guidelines, we revised our Sustainable Strategic Planning, containing long-term objectives and goals to be achieved by 2021. The new vision of AES in Brazil is to be recognized by our customers and shareholders as the preferred partner for safe, innovative, reliable and affordable energy solutions.

For the companies in the group, the year 2016 was highlighted by major investments and restructuring in our companies in order to increase customer satisfaction and create value for all our stakeholders.

At AES Eletropaulo, we are focused on quality supply of safe energy to one of the country's most economically important regions. In 2016, our investments totaled BRL 791.5 million – most of this total was geared toward the company's Quality Recovery Plan. In customer relations, we are challenged to keep improving and offer timely service in a more agile and digital way. We are also dedicated to restructuring the company's governance in order to enable better results for our operation.

Through AES Tietê, we are dedicated to developing new products by applying innovative technologies and prioritizing clean and renewable sources of energy – such as wind and solar. The year 2016 was highlighted by the expansion of our portfolio and the first distributed generation projects, battery-based energy storage, and other sustainable solutions that place our customers at the center of the planning of our activities. For the next few years, we will grow by expanding our installed capacity and marketing customized solutions.

In addition to responding to our customers' energy demands, we created AES Ergos, a company with a comprehensive portfolio of products and services for corporate and government customers, mainly in energy efficiency.

At AES Uruguaiana, we worked to make it a bi-national generating plant. We entered into an agreement to resume supply of gas, which enables the return of the trading operation and the exporting of energy to Argentina.

Innovation is one of the levers that will drive us to reach our strategic goals, and for this reason, last year we launched the AES Innovation platform. Through this platform, we can participate in the creation of a new business model for the electricity sector, developing solutions together with universities, research centers, and partner companies.

I would also like to highlight the AES Institute, created to strengthen sustainable development initiatives in the communities where we operate, based on social innovation and income generation. Operating as a network, we drive the positive transformation of society.

I would like to thank all the employees at AES Brasil companies who were involved in the various projects we conducted in 2016. We have major challenges on all fronts, from generation to distribution, but we are prepared to be leaders and main players in the transformation of the electricity sector, by expanding and becoming increasingly more efficient in our business.

Julian Nebreda
CEO of AES Brasil

MESSAGE FROM THE CEO OF AES ELETROPAULO G4-1

At AES Eletropaulo, we assume the responsibility and commitment to providing quality service and ensuring the satisfaction of our customers. By 2016, we exceeded the 7 million-customer mark: families, industries, schools, hospitals, public buildings, and companies that constantly depend on our energy.

We are committed to recovering company value by improving quality indicators and customer service. In 2016 alone, we invested BRL 791.5 million in customer services, in the expansion of the energy distribution system, in operational reliability, in recovery of nontechnical losses, in information technology, and in other initiatives that will yield greater efficiency and streamline our operations. With this, we seek to improve quality in energy distribution, reducing the number of outages, and ensuring that energy is restored as fast as possible.

Compared with 2015, we have already achieved a 33% reduction in the SAIDI (System Average Interruption Duration Index), an indicator that measures the outage time in a 12-month period. This reduction was possible thanks to the hiring of new teams and the investments we are making to modernize and automate the distribution network. Our objective is to obtain increasingly better indicators.

In 2016, we also operated with greater focus on customers, by improving our relationship channels and management systems. Our intent is to progressively become more agile so that the main demands of our customers can be addressed using digital tools. We are committed to increasing levels of satisfaction with the quality perceived by customers, and to this end, our investments to enhance services are essential.

The safety of our employees, contractors, and the population continues to be a top priority. We reinforced our safety programs with operating teams and developed several campaigns promoting safety among the communities where we operate, calling their attention to risks associated with accidental contact with the power grid.

Even in an adverse economic scenario, with the increase in unemployment and market downturn, which reflect the decline in the domestic economic activity, we managed to maintain the global loss index practically unaltered. We carried out 45,600 regularizations in low-income communities, benefiting over 180,000 people with safe and reliable electricity and contributing to the recovery of 127 GWh of energy billed by the company.

I would also like to highlight the important external recognition we achieved in 2016: AES Eletropaulo was included in the ISE portfolio, the Corporate Sustainability Index, for the 12th consecutive year; we ranked among the 150 Best Companies to Work For, and featured in Guia Exame de Sustentabilidade (Exame magazine's Sustainability Guide) as the best company in the energy sector. These are the results of our best practices in management and relations with various stakeholders based on our values, which we commit to putting into practice daily.

By 2017, we will move forward in our initiatives aimed toward recovering value, driven by innovation, risk reduction, and operational efficiency, ensuring customer satisfaction as our main goal.

Charles Lenzi
CEO of AES Eletropaulo