

We are AES Eletropaulo



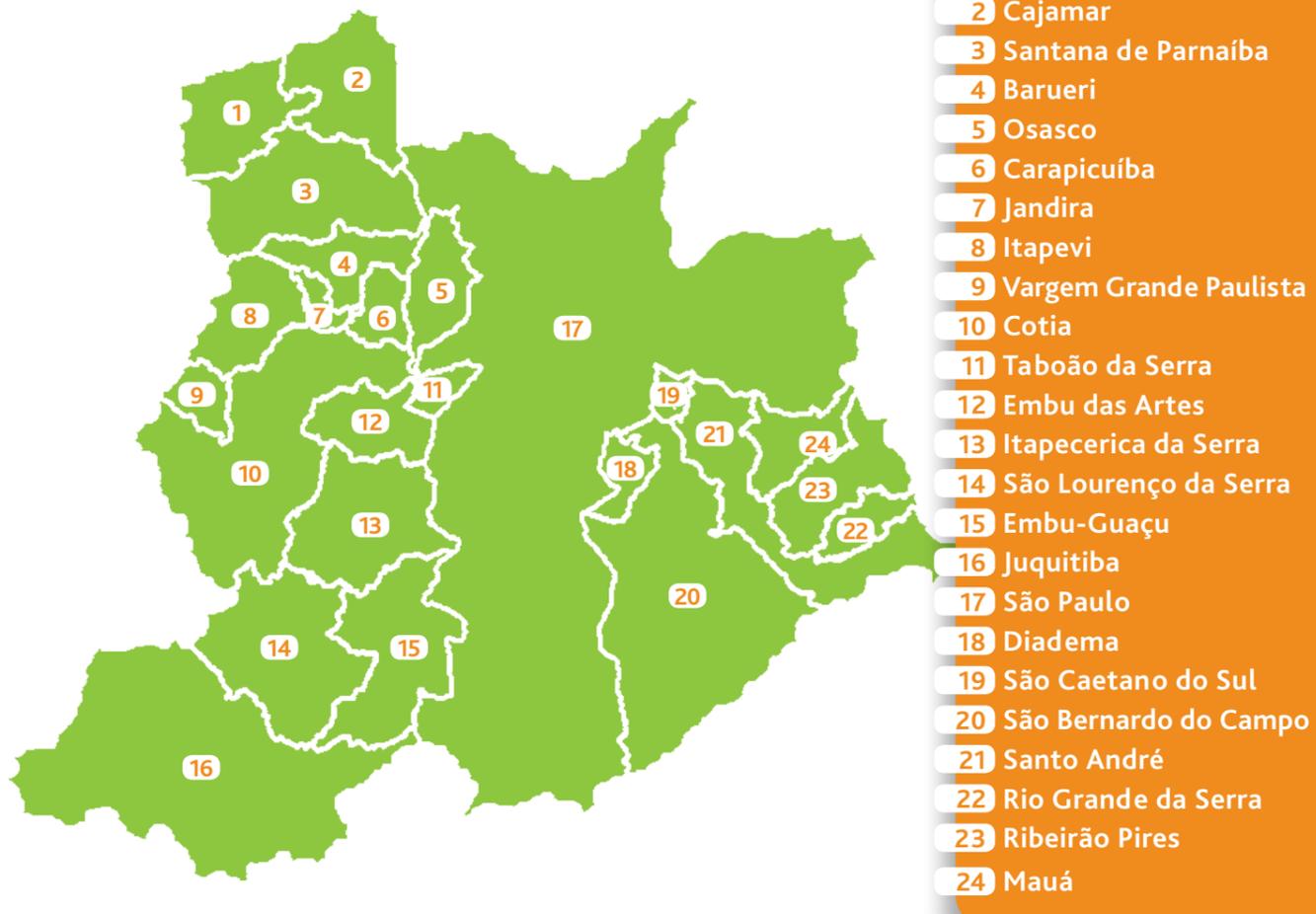
WE ARE AES ELETROPAULO

G4-3

We are the company that distributes the largest amount of energy in the country¹, driving the routine of the city of São Paulo and 23 other municipalities. We are part of the lives of approximately 20 million people. There are over 1,500 consumer units per square kilometer – the highest density among all Brazilian distributors. **G4-4**

Municipalities served

G4-6 | G4-8



G4-EU3

CONSUMER UNITS PER CLASS (BILLED IN 2016)*



*Includes free market customers, excludes own consumption.

Every day of the year, we work to guarantee our customers' satisfaction with the services we provide. Therefore, we invest in innovation, network improvement, improving our processes, and agility of our service channels.

We are part of one of the leading energy industry groups in the country. In addition to AES Eletropaulo, AES Brazil is composed of AES Uruguaiana and AES Tietê (generation), and AES Ergos (services).

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 ELETROPAULO IN NUMBERS*

G4-9 | G4-EU1 | G4-EU4

- **7,280** employees
- **4,526 km²** service territory
- **24** municipalities served
- Approximately **20 million** people served
- **14,372 MVA** of installed capacity
- **152** substations
- **1.8 thousand km** of subtransmission network
- **2.2 thousand km** of underground distribution network
- **39.6 thousand km** of overhead distribution network
- **34%** of the energy supplied in the state of São Paulo¹
- **BRL 20,510.3 million** in gross operating revenue
- **BRL 791.5 million** in investments

* In 2016.

¹Source: ABRADÉE – Brazilian Association of Electricity Distributors

CORPORATE GOVERNANCE

G4-34²

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 Eletropaulo 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. Our shares are listed on Level 2 of BM&FBOVESPA, one of the segments that groups companies with high governance standards. **G4-7**

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 (learn more [here](#)). **G4-13**

Internally, AES Eletropaulo is managed by a Board of Directors and a Board of Officers. The Board of

Directors is responsible for planning and handling the strategic issues of the company. Currently, the Board of Directors is formed by eighteen members, ten of which are effective members and eight are alternates. The current term for board members will end on the date of the Shareholders General Meeting, which will examine the management accounts of the Company for the fiscal year ending on December 31, 2017. AES Eletropaulo also has in place an Fiscal Council composed of five members.

The Board of Officers is formed by five members, including the CEO. Members of the Board of Officers perform their duties pursuant to the company's corporate purpose, conducting business and operations in strict compliance with the provisions of its Bylaws, with the decisions of the Shareholders General Meeting, and the Board of Directors – all directors initiated their three-year terms in 2016. Organizational changes were implemented aiming to promote growth through solutions in energy, innovation, and new technologies. The CEO elected for AES Eletropaulo, Charles Lenzi, reports directly to

Julian Nebreda, the new CEO of AES Brasil, which is the controlling company and part of The AES Corporation.

To learn more about the members of the Board of Directors and the Board of Officers and their professional experience, visit our **Investor Relations website**.

²In its governance structure, AES Eletropaulo has in place a Sustainability Committee, a non-statutory body responsible for ensuring management and accountability associated with sustainability. In 2016, the company discussed improvements in its internal regiment and in the structure of the community in order to align its operations with the new Sustainable Strategic Planning.

Ethics and Compliance

G4-DMA | G4-57 | G4-58

Directors, executives and other employees conduct business according to corporate values (learn about them on page 12), as described in **AES's Values Guide**, the code of conduct that covers all AES companies, globally. **G4-56**

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.

In 2016, we recorded an increase in the number of claims received via the AES Helpline. The higher number of complaints is a consequence of the improvement in training and campaigns carried out during the year, which reinforced the use of the channel. Regarding questions, the reduced number is related to our employees' better understanding of how to act in accordance with our policies and values.

Statements about AES Eletropaulo received by AES Helpline

