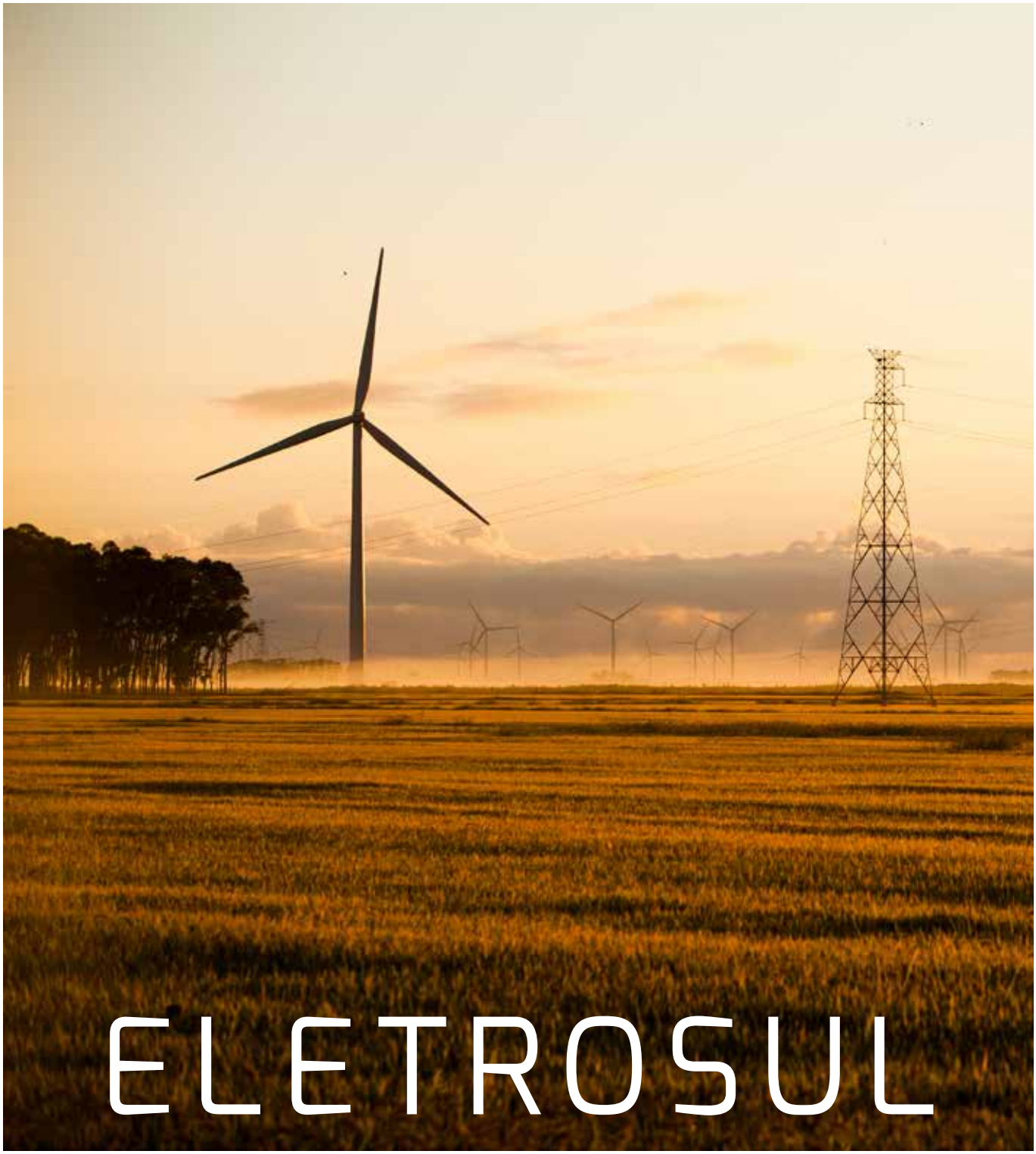
Eletrobras
Eletrosul



ELETROSUL

SUSTAINABILITY REPORT 2016

EXECUTIVE BOARD

Márcio Pereira Zimmermann
CEO

Tomé Aumary Gregório
CFO

Gilberto Odilon Eggers
Administrative Director

Rogério Bonini Ruiz
Operating Director

Jorge Andriguetto Júnior
Engineering Director

ADMINISTRATIVE BOARD

Wilson Ferreira Junior – **Chairman**

Armando Casado de Araujo

Celso Knijnik

Ricardo Moura de Araujo Faria

Márcio Pereira Zimmermann

Dayson Roberto Waldschmidt

SUPERVISORY BOARD

Sônia Regina Jung – **President**

Ernesto Carneiro Preciado

Engels Augusto Muniz

SUMMARY

1 MESSAGE FROM THE BOARD (G4-1)

The year 2016 was marked with great news for Eletrobras Eletrosul and for Brazil: the launch of the Jirau Hydroelectric power plant in Rondônia, considered the fourth largest hydroelectric potential in operation in the country and in which the company has a participation of 20%. Jirau HPP is the largest renewable energy project registered with the United Nations (UN), with a low environmental impact technology and 34 socio-environmental programs underway.

Throughout the year, we had other reasons to celebrate such as credit recognition of R$2 billion from Rede Básica Sistema Existente - RBSE, which had positively impacted the economic results for the year. We also obtained very positive rates in the operational aspect, attested to the result of the research conducted with our clients, which the satisfaction level was 94.7%. (G4-DMA30)

The hardships due to the national economic crisis, reflected in different productive sectors of the Country, impacting on the Brazilian Electric Sector. Thus, there was a need for the company to adapt to this new context. Likewise, measures were adopted towards optimizing resources, reducing costs and reformulating investments, which led to the preparation and approval of a Business and Management Plan (PNG) for the period from 2017 to 2021.

Even though aiming at the necessary adjustment for reducing investments in all areas, the company did not fail to look ahead. The Superior Administration and the staff focused real effort on Eletrobras Eletrosul to carry on, and continue honoring all the commitments agreed. Likewise, the concern with the communities which the company renders operation has not been neglected, and the socio-environmental projects continued.

Dedication, competence and sense of responsibility is what moves Eletrobras Eletrosul forward, as a corporation, to endure and overcome all the difficulties may arise. Therefore, we have pursued to be an increasingly strong, sustainable and strategic company which is essential for social and economic development, not only in the communities where it is present, but also in Brazil.

ELETROBRAS ELETROSUL IS PART OF HPP JIRAU, THE LARGEST RENEWABLE ENERGY PROJECT REGISTERED AT THE UN.

ELETROSUL HEADQUARTERS

by Herminio Nunes

DOING ALL THE CALCULATIONS

REPORT OF ECONOMIC PERFORMANCE –R$ MILLION	2015	2016
Gross operational income	1.798	3.387
Net operational income	1.610	3.189
Ebitda	-338	2.154
Company's assets	4.353	5.539
Net profit	-765	1.109

DRIVING FORCE (G4-8, G4-9, G4-10)

NUMBER OF DIRECT AND INDIRECT EMPLOYEES	MEN	WOMEN	TOTAL
Permanent workers	1.118	226	1.344
Contract staff	257	139	396
Assigned employees according to Decree no 4.050/2001	19	5	24
Amnestied employees according to Law no 8.878/94	259	81	340
Total	**1.645**	**448**	**2.093**

Percentage of men is **83%** compared to **17%** of women in relation to the total number of the permanent workers.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (G4-EC01)

REVENUE	2.874.761.997,68
Salaries	401.387.030,27
Benefits	49.362.809,53
Dividends	45.741.321,09
Funders	563.781.328,73
Government	754.832.046,18
Retained economic value	1.059.627.461,88

TRANSMISSION LINES LENGTH AND THE OVERHEAD AND UNDERGROUND DISTRIBUTION BROKEN DOWN BY VOLTAGE AND REGULATORY REGIME (G4-EU4)

LINES LENGTH (KM)	2016	
	Aerial	Underground
Medium-voltage (up to 88kv)	171,21	0
High voltage (above 88Kv and below 345kv)	7.333,17	5
Extra High-voltage (from 245 kv up to 800kv)	3.583,90	0
Total transmission	**11.088,28**	**5**

Note: Lines of basic network have been take into account, Demais Instalações de Transmissão(DIT),and Connection with HydroPower Plants owned by Eletrosul.

SUSTAINABILITY IN PRACTICE

At Eletrobras Eletrosul, sustainability is not all just talk. The company's concern with ethical and responsible actions is not just noticed in the awards and highlights received, but in the daily routine of the company. It is present in our generation complex, composed exclusively of renewable sources, in researches and prospection for future projects, in the socio-environmental programs developed in the communities where we render operation, in actions to appreciation of our staff - and even when we think of a new building in our facilities.

Nevertheless, those actions never became an ordinary procedure, since we are constantly working to create and improve mechanisms in order to ensure the highest ethical standards and best practices in business management. In 2016, the company came across a range of new challenges, and in order to overcome them we sought the best solutions, without neglecting the standards and practices which are the whole corporation's source of pride.

To meet this concern, actions and projects are highlighted in this report pages, divided into three lines: Transparency and Ethics, Management Efficiency and Sustainable Expansion. More than a report, this document features an invitation to anyone who wants to go deeper into those practices, placing Eletrobras Eletrosul in a leading position in the national electric power sector.

2016 HIGHLIGHTS AND MAJOR RESULTS

Launch of Jirau HPP

On December 16, Jirau Hydroelectric Power Plant (3,750 MW) was launched, located in the State of Rondônia. An important structuring project which supplies enough energy to meet more than 40 million Brazilians' need. Eletrobras Eletrosul and Eletrobras Chesf, both with a participation of 20%, and the companies Engie (40%) and Mitsui (20%) comprises the Energia Sustentável do Brasil (ESBR), responsible for the project.

Historical Mark in Generation

Eletrobras Eletrosul achieved a historical mark of 2.1 (GW) of installed generation capacity with an entry into service of the Jirau Hydro Power Plant, considered the fourth largest in Brazil. The company's energy matrix is 100% clean from water, wind and solar sources.

Social counterpart in MS

Inaugurated on December 13, the building of the first Emergency Care Unit in Água Clara (MS), as a social counterpart of Eletrobras Eletrosul for implementing the São Domingos Hydropower Plant. The company was in charge of the physical facilities of the Unit (UPA) which it shall be managed by the municipal government and address urgent and emergency cases.

10-year Gender and Race Committee

In December,Eletrosul's Gender and Race Committee completed ten years of operation. The Committee's goal is to contribute to the policies implementation in order to promote equal opportunities in the scope of labour relations. It is responsible for the coordination of the Pro-Gender and Race Equity Program, having been an award-winning company in the five past editions by 2016.

Donation of carbon credits

The shareholder companies of Energia Sustentável do Brasil (ESBR), concessionaire of the Jirau Hydroelectric Plant - Engie, Mitsui, Eletrosul and Chesf - donated 70,000 carbon credits for the Secretary of State for the Environment in Rio de Janeiro. The donation contributed to the Greenhouse Gas Emission Offset Greenhouse Project of the Olympic and Paralympic Games Rio 2016 - Program Clean Games. **G4-EU5**

C40 Cities Awards 2016

The Urban Agriculture Program of Curitiba municipal government (PR) won the 2014 C40 Cities Awards in the category "Sustainable Cities". The initiative, sponsored by Eletrobras Eletrosul in 17 community gardens, competed with 160 projects from 75 cities,and it was acknowledged for its contribution to reducing greenhouse gases emissions.

Social Responsibility Certificate

Eletrobras Eletrosul received a Certificate of Social Responsibility by the State of Santa Catarina during a special session in the Legislative Assembly. The recognition is an initiative of ALESC, which honors organizations whose socio-environmental responsibility is their management policies.

Recognition by the UN

The Program for Assistance to Disabled People (PAPD) received the Global Recognition in "Good Practices for Disabled Workers", in the protagonism and accessibility categories, during the awards at the headquarters of the United Nations in New York.

by Israel Boschetti

Entrepreneur Award

The Entrepreneur Award, in its 18th edition was sponsored by Correio Lageano and Paschoal Baggio Institute, honored Eletrobras Eletrosul for the initiatives which enhance the social and economic development of the region called Serrana in the State of Santa Catarina.

Exame “Melhores e Maiores”- Magazine

Eletrobras Eletrosul,headquartered in Santa Catarina, had been listed among 19 companies in the ranking of the 100 Largest in the Southern Region, according to an evaluation in the edition (Best and Biggest) of Exame Magazine, it holds the 56th position. It brings Eletrobras Eletrosul as the most outstanding company which ranked 75th compared to 2014.

500 Largest South Magazine Tomorrow

In 2016 ranking of the magazine Amanhã, Eletrobras Eletrosul took the 20th place among the 500 largest companies in the Southern region.Among the corporations of Santa Catarina, now Eletrobras Eletrosul holds the 7th position. For the classification of companies the topics assessed are revenue, profit and assets.

“Onda Verde”Trophy

Eletrobras Eletrosul won the “Green Wave” Trophy, for Environmental Management, the efficiency of project headquarters, located in Florianópolis (SC). The ceremony honored the winners of the 23rd Ecology Expression Award, considered the largest environmental award of southern Brazil, with recognition of the Ministry of Environment.

Energy Efficiency Label

The Regional Centre for Maintenance and Support Operation Eletrosul in Sant'Ana do Livramento (RS) won the PBE Build Label with level A of Energy Efficiency, issued by Inmetro. With the recognition, the company counts ten energy efficiency labels for buildings, distributed in five buildings.

"ONDA VERDE" TROPHY

by Israel Boschetti

2 ELETROBRAS ELETROSUL

PUBLIC AND SUSTAINABLE COMPANY

The fact of being a federal public company, Eletrobras Eletrosul is strictly committed to the national policies. However, it is more noticeable when its actions and projects consider the close connection between the company and the communities where it renders operation. In order to honor all the commitments made with the society and the Country, Eletrobras Eletrosul needs to be a strong and sustainable company, with structured management upon lines of ethics and transparency, management efficiency and sustainable expansion. By all means, this makes us follow the right path and places us in a singular position in the National Power Sector.

ABOUT US

Eletrosul Centrais Elétricas S.A, was established on December 23, 1968 and authorized to operate as per Decree No.64.395 of the 23 april,1969, it is a joint stock company privately held, controlled by subsidiary of Centrais Elétricas Brasileiras S/A (Eletrobras) and under the Ministry of Mines and Energy (MME),Eletrobras Eletrosul is a public service concessionaire of transmission and independent producer of electricity generation - sponsors studies and projects, builds and operates transmission facilities and electric power generation grids, funds research and development, promotes the use of alternative energy sources, maintenance, operation, provides telecommunication services and renders other acts of trade resulting from such activities. Headquartered in Florianópolis,Santa Catarina, it clusters operations in the three Southern states,as well as Mato Grosso do Sul, Mato Grosso, Pará and Rondônia, through its own Projects and Partnership of Specific Purposes (SPEs). **(G4-3, G4-4, G4-5, G4-6, G4-7, G4-8)**

The company has 24 own operations, seven of which are generation and 17 of transmission, with a total of permanent 1,344 employees, 24 assigned in accordance with Decree No.4.050 / 2001 and 340 employees under amnesty pursuant to Law No.8.878 / 94, currently assigned to Entities of the Federal Public Administration.

The shareholding composition is as follows: Eletrobras (the only controlling shareholder company), which holds 99,8782% of the common share; Usiminas, which holds with 0,0566%; CEEE holds with 0,0484%; Copel, with 0,0139%; Celesc, with 0,0015%; CSN, with 0,0012%; and other shareholders, hold with 0,0003%.

The commitment to be sustainable is in Eletrosul DNA.

ELETROBRAS COMPANIES STRATEGIC PLAN 2015-2030

MISSION

To perform an acting role on energy market in an integrated, cost-effective and sustainable manner.

VISION

Being among the three largest global enterprise system of clean energy and among the ten largest companies in the world, with profitability comparable to the best companies in the electricity sector as well as acknowledged by its target audience.

VALUES

- Focus on Outcome
- Entrepreneurship and innovation
- Appreciation and people commitment
- Ethics and transparency
- Sustainability

TARGET AUDIENCE

- Shareholders
- Employees
- Clients
- Government and Society
- Suppliers

ELETROBRAS ELETROSUL STRATEGIC POSITIONING STATEMENT

"ELETROBRAS ELETROSUL 2030: A SUSTAINABLE COMPANY AS WELL AS COMPETITIVE COMPANY, PROVIDING A STANDARD OF EXCELLENCE IN GENERATION AND TRANSMISSION OF ENERGY."

The company Positioning Declaration reaffirm its commitment with sustainability and excellence.

3 ABOUT THE REPORT

This report features the Eletrobras Eletrosul's performance in economic,social and environmental proportions, between January 1st and December 31st of 2016.The previous report was based on the fiscal year of 2015.**(G4-29, G4-30).**

The report renders the proposed guidelines as per the Global Reporting Initiative (GRI) and, for the second year, it presents the G4 version in the "Comprehensive" option, comprising all the compulsory indicators, yet this report highlights the main issues and the greatest impact within the perspective of the company and its stakeholders. This report has not been subject to the external verification. **(G4-32, G4-33)**

Any further comments or clarifications on the document, Eletrobras Eletrosul makes available the following contacts: at the address sustentabilidade@eletrosul.gov.br and the telephone 55(48) 3231-7690. **(G4-31)**

3.1 - DEFINITION PROCESS OF MATERIALITY

METHODOLOGY

- Uprising of the most relevant topics mentioned by the stakeholders in the communication channels of Eletrobras Companies (Ombudsman, media, unions, clients and social networks, among others).
- Creation of the Materiality Survey with the most relevant topics indicated by stakeholders of Eletrobras Companies.
- Creation of the Matrix.
- Materiality Survey application to Eletrosul stakeholders.
- Frequency evaluation and identification of the degree of importance given by the stakeholders.
- Internal definition of the priority issues for the company, by means of the Materiality Workshop of Eletrobras Companies.

3.2 - REPORT BOUNDARY

The results related to the year 2016 of Eletrobras Eletrosul are presented in this report, including the public service energy transmission concessionaire and independent power producer in the states where it has its owned projects. Since the partnerships have their own developments, they will be only included in item "Business", held apart from the reports of each indicator.

The entities comprised in the 2016 financial report of Eletrobras Eletrosul forms the "Financial Statement" document referring to the fiscal year ended in 2016, available on Eletrosul website, on the dedicated area to investors (www.eletrosul.gov.br).

The current report highlights issues considered material, since, according to GRI guidelines, the impact of each topic considered material in or outside the organization should be taken notice. **(G4-17, G4-18, G4-28)**

3.3 - ORGANIZATIONAL BOUNDARIES

In order to obtain the internal materiality approach, a workshop was held with Eletrobras employees, specialists in each theme inserted in the sustainability report, and also with sustainability coordinators of the companies comprising Eletrobras. This work was undergone by an external consultancy through a group work, by listing the material themes for the organization. **(G4-32)**

Externally, the company deemed the support questioning with main stakeholders, those relating directly or indirectly to Eletrosul. **(G4-24, G4-25, G4-26)**

GET TO KNOW OUR MAIN STAKEHOLDERS	
Clients	Energy transport, Operation and / or maintenance; Telecommunication and energy trading.
Staff	Permanent staff and service providers.
Communities	Surrounding communities affected by the company enterprises.
Suppliers / Partners / Sponse red	Supplying group of the company operations, partner with specific purpose and sponsored by the company.
Government / Parliamentarians / Regulatory Bodies	Authorities responsible to audit the company's performance.
Press / Opinion Makers	Entities which comprise the press / opinion makers reporting issues related to the company.
Investors / Shareholders / Market Analysts	Individuals or legal entities that invest in the company.
Society	Entities and individuals which interact with the company. This group includes Universities, NGOs and other public institutions.

3.4 - REFORMULATIONS AND CHANGES

There have been no significant overhauls or changes in relation to the covered periods by earlier documents regarding the scope and aspect boundaries. **(G4-22, G4-23)**

3.5 - MATERIALITY

Just like in 2015, Eletrobras Eletrosul held a public consultation with the main stakeholders in 2016 in order to strengthen its relationship with these groups and thereby to enhance its sustainability strategy. It is important to emphasize that the company promotes a regular dialogue with its stakeholders through meetings, technical visits, events and participation in electrical sector study groups, public hearings, satisfaction surveys, materiality research and internal and external communication channels. These channels were used to verify which issues should be inserted in the Materiality Survey.

OPEN HOUSE PROGRAM

by Herminio Nunes

This survey aimed to evaluate the perception upon the impact of sustainability themes towards the following audiences:

STAKEHOLDERS	SURVEY ANSWERED
Clients / Consumers	11
Staff	181
Communities	2
Suppliers / Partners /Sponsered	37
Government / Parlamentarians / Regulatory Bodies	4
Press/ Opinion Makers	3
Investors / Shareholders / Market Analysts	2
Not defined	2
Society	9
Total	**251**

3.5.1 - MATERIALITY MATRIX

A methodology used to analyze and consolidate the results of the Materiality Research took into account the frequency the topic was valuated in each group, with the following answer options: none, low, medium, high or very high impact.

Regarding the Sustainability Report of Eletrobras Eletrosul,even though classified as "comprehensive", themes considered materials according to the Materiality Matrix were highlighted.

The Materiality Workshop enabled the development of the Materiality Matrix, involving employees who directly deal with sustainability issues in Eletrobras Companies.In line with this view and by means of teamwork, it was possible to improve the role of Eletrobras Companies due to the impacts, risks and opportunities in compliance with the sector where it renders operation. **(G4-22, G4-25, G4-26)**

The twenty one priority topics based on sustainability listed below, were part of this report:(G4-19, G4-20, G4-21)

TOPICS	RELEVANT THEMES FOR THE STAKEHOLDERS	RELEVANT THEMES FOR THE COMPANY
Water	✓	
Biodiversity		✓
Clients		
Communities		✓
Legal compliance	✓	
Corruption and management of Ethics		✓
Human Rights		✓
Energy Efficiency	✓	
Employees and Employment		
Suppliers		
Energy supply	✓	
Risk and Crisis management	✓	✓
Corporate Governance		
Innovation, Diversification and P&D		
Climate change	✓	✓
Environmental policy	✓	
Institutional relations	✓	
Waste		✓
Financial results	✓	
Stakeholder satisfaction		✓
Health and Safety	✓	

Y Line

Result based on the applied research to the main stakeholders of Eletrobras Eletrosul.

X Line

Results based on the event held on December 2, 2016, in which material topics were raised by the company's vision.

MATERIALITY MATRIX (G4-19, G4-27)

LEVEL OF IMPORTANCE

HIGH IMPORTANCE	VERY HIGH IMPORTANCE
Power Suplly	Risk Management and Crisis
Energy Efficiency	Climate Change
Environmental Policy	Legal Conformity
Health and Safety	Financial Results
Water	
Institutional Relations	

LOW IMPORTANCE	AVERAGE IMPORTANCE
Suppliers	Corruption and Ethics Management
Innovation, Diversification and P&D	Communities
Employees and Job	lved StakeHolders Satisfaction
Corporate Management	InvoBiodiversity
Clients	Wastes
	Human Rights

RELEVANT LEVEL TO THE COMPANY

COLOR KEY:

Economy Society Environment

In order to hold relationship with its stakeholders, Eletrobras Eletrosul is committed to an ongoing integration, based on trust and respect for the values of each public. To promote interaction and develop improvement actions and engagement, the company renders several channels, as shown below:

VISITS TO MEGAWATT SOLAR

by Herminio Nunes

STAKEHOLDERS (G4-24)	MAIN COMMUNICATION CHANNELS	PURPOSE FOR THE COMMITMENT (G4-26)	MAIN CONCERNS AND COMMITMENT (G4-26, G4-27)
All	Ombudsman channels.	Take note of all stakeholders' suggestions, claims and criticisms.	
	Eletrobras Eletrosul 's Management and Sustainability Report, Materiality Survey, website, Facebook and Twitter, among others.	Communicate stakeholders about sustainability actions (economic, social and environmental) and other types of interaction with the society.	Dissemination of relevant information about Eletrobras Eletrosul to the stakeholders and research on relevant topics toward sustainability.
Shareholders	Deliberation of the meeting of the Board of Directors (ACD) and meeting minutes.	Inform plans, strategies, targets and outcomes.	Render strategic information to shareholders about the company to assist decision-making.
	Strategic Plan.		
Regulating Agency (Aneel/ONS)	Meetings and Technical Reports.	Inform plans, strategies and results over institutional, technical and environmental issues and economic and social performance.	Alignment of the company with goals outlined by regulating agencies and control of technical activities.
	Eletrobras Eletrosul Reports to Aneel.		
	Communication (telephone,mail etc).		
Lenders (Banks)	Technical meetings	Inform economic,financial and social situation regarding corporate issues	Award of financing
	Communication (telephone, mail etc)		
Supervisory entities (TCU, CGU)	Financial Statements	Inform plans, strategies and results as well as follow the Supervisory Entities guidelines.	Approval of the financial statement and account report by the Supervisory entities.
	Technical meetings		
	Communication (telephone, mail etc)		
Clients	Technical meetings	Outward inward information regarding technical issues and client satisfaction	Strengthening relationship between clients and company and enhancement of some services/activities identified as client priority.
	Technical Report		
	Satisfaction Survey		
	Communication (telephone, mail etc)		

STAKEHOLDERS (G4-24)	MAIN COMMUNICATION CHANNELS	PURPOSE FOR THE COMMITMENT (G4-26)	MAIN CONCERNS AND COMMITMENT (G4-26, G4-27)
Partners (SPEs)	Technical meetings Reports Communication (telephone, mail etc)	Inform and receive information about plans,strategies and outcomes.	Monitoring partner's activities and economic and financial situation.
Suppliers	Technical meetings Direct Communication Channel with the supplier (CAF)	Answer questions and strengthen relationship between company and suppliers	Ease of communication between suppliers and company and quick decision making.
Society	Campaigns addressing sustainability issues Journals and Magazines Events/Company programs open to the society (Open House,Efficient House,etc...)	Fulfill requests,receive suggestions and complaints and inform the society.	Integrating Society to the company. Provide relevant information regarding Health,environment etc.
Internal Public	Seminars and Meetings Organizational climate survey Newsletter(Get to Know Special,Corporate TV,Bulletin boards,corporate email bulletin)	Inform employees about plans, strategies, outcomes and other institutional and energy sector information.	Provision of strategic information to the internal public and implementing an action plan to tackle the weak points in the Organizational Climate Survey.
Unions	Meetings with labor relations sector	Negotiate collective agreements and other labour issues.	Strengthening the collective bargaining.

4 SUSTAINABILITY PLATFORM

4.1 - MAJOR LINES TOWARDS MANAGEMENT

The environment related-issue such as climate change as well as the use of renewable energy sources are part of our daily lives not just because they are on the news,but because they directly affect us. This applies not just to individuals, but also to the corporations. Regarding companies whose activities interfere directly in the environment such as energy, this concern should steer all the activities, reason why "Sustainable Expansion" is one of the axes responsible for the Eletrobras Eletrosul management. For this reason, the generating plant of the company is entirely constituted by renewable sources, and future endeavors` researches and prospections follow the same line.Yet,when we talk about sustainability, we are not just referring to the environment. Eletrobras Eletrosul is fully concerned with the communities where it renders operation, minimizing and compensating the impacts eventually considered negative as well as enhancing the positive impacts of its operation.

For a company, sustainability also relies on a consistent cost-effective use of financial resources. For that matter, within the "Efficiency in Management" line , Eletrobras Eletrosul enhances and expands its actions in order to honor the commitments undertaken with its audience and the Country.

If it is difficult to appoint the most important guidelines concerning management, it is easy to say that "Transparency and Ethics" permeates all others - as well as the remaining actions carried out by Eletrosul. In order to ensure that the operations are transparent and ethical, the mechanisms are continually improved, in a joint effort along with the other companies of Eletrobras Eletrosul. The company pursues this direction, not just for the sake of development and strengthening structures (such as ombudsman and compliance areas), but also aims at corporate governance practices, the fight against corruption strongly disseminated among functional body and an ongoing dialogue with its stakeholders.

CONJUNTO CIDADE CANÇÃO COMMUNITY GARDEN

Maia

5 TRANSPARENCY AND ETHICS

5.1 GOVERNANCE

Throughout 2016, the company sponsored trainings and disseminated information about policies, ethical and behavioral patterns in compliance with the Code of Ethics and Conduct of Eletrobras Companies, the Compliance Program and corporate management rules, the conduct norms in labor relations, the disciplinary verification and also the conflicts of interest management. These actions were addressed to 266 employees and members of the company's governance body. Documents with regard to transparency and ethics are formally submitted to the employees, business partners and members of the governance body. Since 2015 the company has relied on a Corporate Compliance Advisory whose mission is, among other activities, to promote the spread and compliance of ethical precepts and business integrity in addition to the adoption of behavioral standards. The Code of Ethics, one of the major documents referring to transparency and ethics, is also available in English on the company's website). (G4-56)

Transparency and Ethical actuation permeate the company actions

5.2 STRUCTURE (G4-34, G4-35, G4-38, G4-39, G4-40)

Eletrobras Eletrosul carries out its duties set forth by Law no.6.404 /76, under the terms of brazilian law, featuring its Superior Administration - constituted by the Shareholders General Assembly, Board of Directors and Executive Board, as well as the Fiscal Council. A brief overview upon the company's corporate governance bodies is described below:

Shareholders General Assembly: convened and installed in accordance with the applicable law and Bylaws of Eletrosul. It is entitled to decide on all issues of the company business and to take measures which deems necessary for its defense and development.

Administrative Board: : the company's highest governance body has functions provided by law and by the Company's Bylaws.Authority is delegated to the Executive Board for business management, including topics related to economic, environmental and social performance. It focus on direct strategic , guiding and monitoring the results of the main programs and approved projects. The Board of Directors is composed of up to six members, elected by the General Assembly. The President of the Board of Directors is not a member of the Executive Board.

Supervisory Board: collegiate responsible for monitoring the actions of the management of Eletrobras Eletrosul and to verify the proper compliance with legal and statutory duties, rights and onus.

Internal Audit: responsible for advising the company's high administration upon verification of the acts, procedures and business processes, from the standpoint of legality, morality, economy, ethics and transparency.

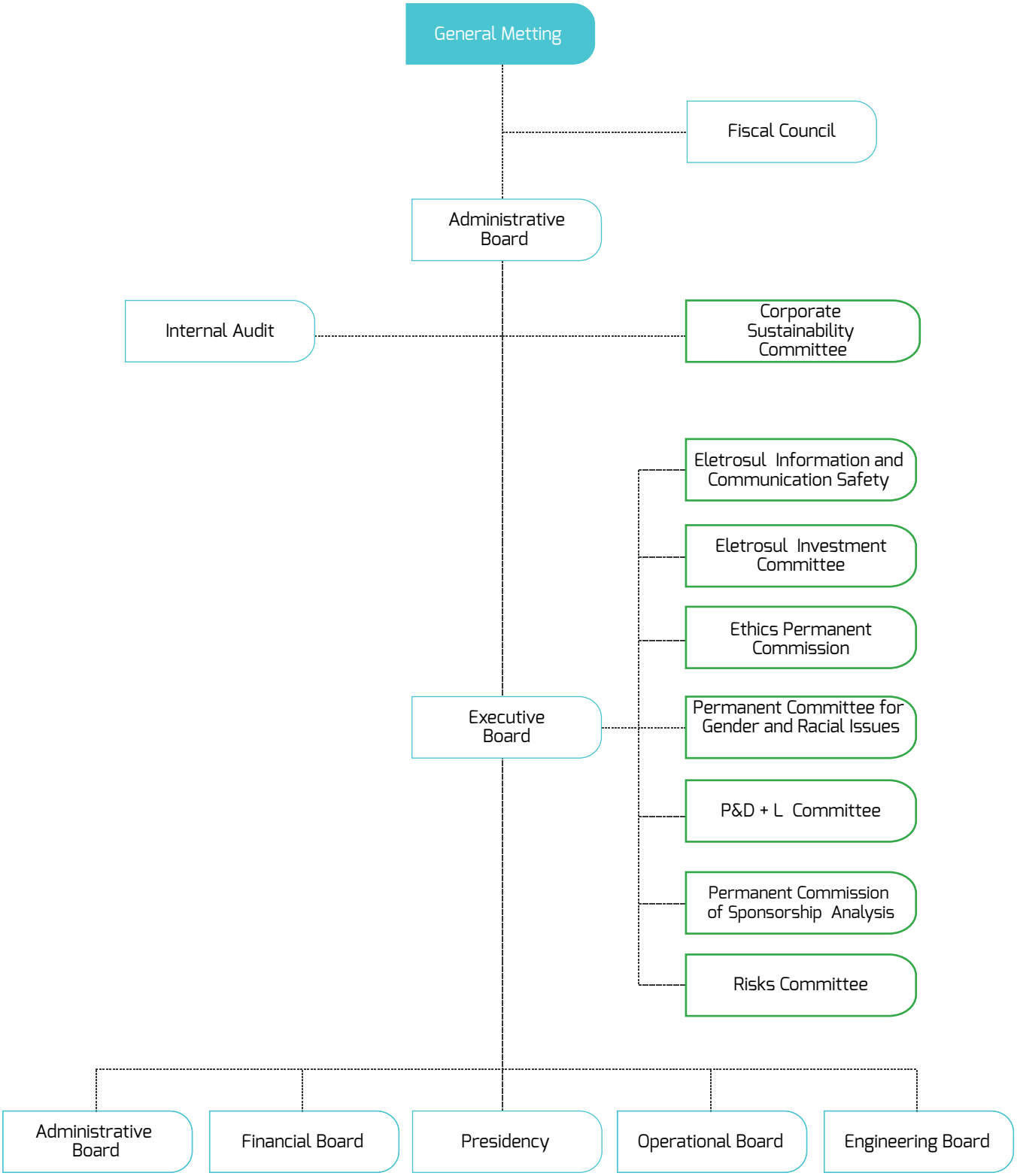
Board of Executive (Presidency and Directors): responsible bodies on duties towards planning, coordination and controlling the specific sectorial activities of expertise as defined by the law of corporations, the Bylaws/Articles of incorporation and in the Organization Manual of the company.

TRANSPARENCY

Getty Images

In order to contribute to the decision-making process of superior administration, the company has established a committee firmly bound to the Board of Directors and five committees and two commissions bound to the Board of Executive :

CORPORATE GOVERNANCE STRUCTURE



From the Administrative Board
(G4-38, G4-40)

Members are elected by the General Shareholder's Meeting with one-year term, reelection being permitted (except for the representative elected by the employees, whose one-year term allows only one reelection). All members nominated to serve on the Board must be Brazilian, with unblemished reputation and moral standing, in order to comply with legal requirements under the legislation.

Out of the six seats of the collegiate, one is appointed by the Ministry of Planning, Budget and Management. Another seat is occupied by an employee of the Eletrosul board, chosen by its peers through a specific electoral process. One of the positions is held by Eletrosul's CEO, who is the Board of Directors Member, but can not hold the President's position (as provided in the Bylaws).The remaining three seats are nominated by Eletrobras: a representative of the Ministry of Mines and Energy, the Financial and Investor Relations Officer of the holding company, and Eletrobras' president (currently the President of the Board of Directors). All indications are made after submission to the governance and Compliance areas of the holding company and, respecting the criteria established by law.
As of July 2016, Eletrobras Eletrosul's Board of Directors had three members considered independent by means of lack of connection to the energy segment. Its composition was comprised by the majority male (5 members) and a female member. Seeing the change in its composition since July 29, 2016, the Council has had only one member considered an independent director and started to be composed of six male members.

The current Board of Directors membership does not count with members from underrepresented social groups.

Until the end of 2016, Eletrobras Eletrosul's Board of Directors membership was comprised of two employees from the permanent staff, one being the Chief Executive Officer and the other, the employee's representative. In addition, Eletrobras collegiate body brings together two professionals - the President of Eletrobras, a professional with wide and recognized experience in the Brazilian electric sector, and also the Eletrobras' Financial and Investor Relations Officer, a professional with experience in the economic and financial area, chiefly in Electric power companies. All other members of the Board are the representative of the Ministry of Planning, Development and Management (MPDG) and a permanent staff member of the Ministry of Mines and Energy (MME).

From the Sustainability Committee
(G4-36)

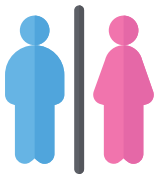
Established in 2007 and bound to the Board of Directors, the Corporate Sustainability Committee of Eletrobras Eletrosul (CSEE) is responsible for coordinating the development of corporate policies and guidelines which address the analysis and the implementation of sustainable management tools internationally recognized, as well as the follow-up and assessment outcomes pertaining to sustainability.

The Company's Chief Executive Officer has the role to perform the general coordination of the committee, and the Executive Board is responsible for guiding the process of creation and operating the CSEE. In addition, the CSEE is currently consisted out of an executive secretary (the manager of the Business Management Advisory), the Chief of Staff, the assistants and the managers of the board of Directors. All members of the Corporate Sustainability Committee are part of Eletrosul staff. Since it has members whose positions appointed in the Committee structure, the CSEE is not entitled to determine its members' mandate. Currently, the Committee has two female members and nine male members, and two members are from underrepresented social groups.

5.3- DIVERSITY GOVERNANCE (G4-LA12)

Number of employess who integrate the governance body:

GENDER



13 Male

1 Female

AGE GROUP

01 Under 30 years old

04 30 - 50 years-old

09 Over 50 years old

MINORITY GROUPS

0 Black,Mixed race and Indigenous

0 Disabled people

60% of the Executive Board members were hired in the local community.
(G4-EC6)

5.4 - REMUNERATION OF DIRECTORS, OFFICERS AND EXECUTIVES

As established in the Minutes of Ordinary General Meeting (AGO) , the remuneration of directors is fixed at an average of 10% of the company's directors fees, established in the same AGO. Regarding the positions of Hierarchical Level I Managers, directly linked to the directors, the remuneration is made up of base salary, performance bonus, annual bonus and, in some cases, hazard bonus. The Performance Management System (SGD) of Eletrobras Companies is adapted for the Board of Directors and the Executive Board's evaluation with criteria to evaluate the performance of these managers based on competencies and results.(G4-51)

5.5 - MECHANISMS ADOPTED BY THE ORGANIZATION IN ORDER TO REQUEST INFORMATION AND REPORT CONCERNS ABOUT UNETHICAL BEHAVIOR (G4-DMA14, G4-DMA-22, G4-DMA-28, G4-DMA-32, G4-DMA-42, G4-57, G4-58, G4-SO11)

Ombudsman

The Eletrobras Eletrosul General Ombudsmen is made of a personal and interactive relationship channel with internal and external targets and it operates with process, analysis and denouncements, complaints, compliments, suggestions and information requests about the company's performance. These demands must be provided as soon as possible, always observing the principles of legality, impersonality, morality, publicity and efficiency, adding to a continuous improvement of internal processes and transparency.

OVGE also acts in accordance with the Ombudsman's Office guidelines, fulfills the Sarbanes-Oxley law requirements and it is pledged to the sustainability policy and good corporate governance practices.

Professional in charge - Luiz Alberto de Cerqueira Cintra Filho

Ethics Permanent Commission

Its purpose is to disseminate knowledge and clarify doubts about ethical conduct among employees, managers and employees. The Permanent Ethics Committee is responsible for verifying, its own initiative or as the result of an allegation, fact or conduct likely in disagreement with ethical rules, and recommend, monitor and evaluate the development of actions seeking dissemination, training and practice upon the subject.
Professional in charge - Jeferson Nunes

Corporate Compliance Advisory

The Eletrobras Eletrosul's Corporate Compliance Area (ASC) holds the mission to render an adequate internal control environment, in line with internal and external regulatory guidelines, in order to mitigate risks. In the organizational structure, the ASC is in charge of guiding senior management towards the Compliance Program, coordinating the required activities under Law No12.846 / 2013 - Brazilian Anti-Corruption Law (LACBRA) and the Foreign Corrupt Practices Act (FCPA), in addition to managing the actions concerned with the Compliance Program established within Eletrobras Companies scope.
Professional in charge - Luiz Arthur Duarte Nunes

Complaints and Reports mechanisms

There are no other company's mechanisms for obtaining information related to complaints and reports. Eletrobras Eletrosul's audience is able to request information, provide opinion and complain through following internal channels, which operate 24 hours a day: Ombudsman (0800, letter, internet, intranet, e-mail, telephone and personal contact at the General Ombudsman office, located on the second floor of the company's headquarters), Permanent Ethics Committee (e-mail and application "Queries and Complaints to the Ethics Committee") and the Complaints Channel (link available on Eletrosul's website, which addresses the Complaint to Eletrobras). Through the intranet (Lotus Notes program),all employees are informed about internal and external mechanisms in which they can express their concerns, make complaints and request corporate information.

The denunciations can still be sent to external channels of denunciations such as those available by Eletrobras, CGU and TCU.

With regard to the suppliers, there are specific contractual terms which deem the supplier's claims as well as commitments to respecting and complying with the Eletrobras Companies' Code of Ethics and Conduct. Suppliers are provided with the link to the Eletrobras Eletrosul website whose the Code is made available.

A TOTAL OF **741** REQUESTS WERE RECEIVED DURING THE REPORTING PERIOD OF WHICH

100% WERE ANSWERED

It reflects the fact that the Code of Ethics and Conduct guarantees non-retaliation to the demonstrators, and requests for guidelines are treated confidentially when required by the demonstrator.

As for the received requests, complaints, suggestions, denunciations, information, compliments and different demands were included. Eletrobras Eletrosul's General Ombudsman (OVGE) also receives demonstrations regarding environmental issues. They are sent to the responsible bodies and answered within the same time limit as the other manifestations.

Regarding denunciation and complaints pertaining clients' privacy, the Ombudsman's Office did not register any manifestations in 2016. **(G4-PR8)**

As for issues of unethical or illegal behavior and issues related to integrity, 57 demonstrations were received.

Nine denunciations and/or complaints referring impacts on society were registered in the company, and the main demonstrations were related to the Company's towers or transmission lines.

The company does not have a system that allows it to receive evaluations from demonstrators. On a monthly basis, OVGE forwards the Presidency, the Board of Directors and the Fiscal Council a report upon the complaints received during the period.

In view of training for the decentralized areas, were presented information upon compliance and possible ways of denunciation and complaints. During the period covered by the report, six newsletters were forwarded through the Lotus Notes application (internal electronic mail) addressing the channels for receiving complaints and the premises of freedom and also regarding demonstrations - reasserting the non-retaliation to those who complain as well as reassuring the independence and reliability of the reporting channels.

5.6 - RISKS (G4-2, G4-14, G4-41)

O processo de gestão de riscos na The risk management process in the company takes place by means of preparation of the Risk Matrix with a survey and description of all the critical risks whose the company is exposed, followed by the prioritization of these risks. An Action Plan by a risk event is drawn as monitored and reviewed annually.

In 2016,the Eletrobras Eletrosul's Superior administration approved the revision of the Risk Matrix, with the prioritization of 21 risk events. The management area of each risk should analyze, treat and monitor these risks. Building on the result of the vulnerability analysis X the impact of risks, the Corporate Risk Management rule was approved with the determination of risk propensity ("appetite").

In its Strategic Plan 2015-2030, Eletrobras Companies used the SWOT matrix in order to map the interactions between opportunities and threats from the external environment versus the strengths and weaknesses existing in the internal environment. Therefore, the instrument allowed to generate recommendations to action (offensive and defensive) for Eletrobras Companies, in identifying possible vulnerabilities. Eletrobras Eletrosul's Business and Management Plan is based on the premises of the Eletrobras' Business and Management Master Plan 2017-202,and hence on the Strategic Plan of Eletrobras Companies 2015-2030, which deals with the risks and business opportunities for the company.

The efficient risk management is one of the Eletrosul's major factors.

5.7 - PERFORMANCE OF THE HIGHEST GOVERNANCE BODY IN RISK MANAGEMENT AND COMPLIANCE PROCESSES (G4-45, G4-46, G4-47)

The role played by the highest governance body in the risk management and internal controls processes is defined in Management Standard. It indicates that the corporation should:

A) take note of the Risk Matrix and the prioritized risks;

B) approve the degree of "appetite" and risk tolerance.

The commitment of the highest degree of governance in implementing the Eletrobras Compliance Program is to maintain the highest professional and ethical standards in the conduct of its businesses and to steer its activities without the illegal influence of bribery, in addition to raise awareness of its employees about corruption. Once the Compliance Program has been approved by Eletrosul's Board of Directors,

the highest governance body will be committed to complying with and enforcing the guidelines set forth in this program.

Mapping the prioritized risks and SOx Certification are held on an annual basis and the work results are reported annually to the highest degree of governance.

With regard to the precautionary principle which assumes a guarantee against potential risks cannot yet be identified,according to the current knowledge, Eletrobras Eletrosul applies corporate governance practices based on these principles:

- Due Diligence of company representatives;
- Opinion concerning compliance for hiring with exemption from public bidding;
- Due Diligence of members appointed for the Board of Directors and SPEs auditor;
- Due Diligence of SPEs partners.

5.8 OPPORTUNITIES (G4-2)

In 2016,Eletrobras Eletrosul promoted, in conjunction with Furnas, the third public call notice for the selection of investors interested in the corporate participation of the projects concerning Auction No.004/2014 of ANEEL Lot A, individually or in a group of investors, to which a firm offer of business was presented. Hence, it is scheduled for 2017 to formalize a commitment term between Eletrobras Eletrosul and the proposer, with Eletrobras' intervention and approval whose principles and basic conditions for this important and strategic business will be stated.

Regarding energy sales revenue this year, the average sales price of long-term contracts in the Free Contracting Environment (ACL) was higher than the average purchase price. One notices that, compared to the results achieved by means of auctions between 2014 and 2015, a deficit of R$ 123.2 million was avoided between January and November 2016, if conventional energy were fully sold in the market for short-term.

5.9 - CONFORMITY (G4-DMA25, G4-DMA26)

In order to minimize the impact of potential threats, in operational ,financial, strategic and accordance with all activity areas, the company maintains a committee which monitors the integrated risk management and also applies precautionary principle. It aims at reinforcing its compliance actions and complying with the law strictly, and also the company developed a set of actions to identify, correct and prevent fraud through the Anticorruption Program of Eletrobras Companies. Thereby, it seeks to ensure compliance with the laws, both through the company's superior administration as its employees and partnerships, according to Decree No.8.420/2015, which regulates Brazilian Anti-Corruption Law n.12.846/2013.

With regard to achieve compliance with an environmental area, the company acts in accordance with the Environmental Policy of Eletrobras Companies, which it was revised in 2015 and new premises were included in order to agree to the current legislation and help company become more sustainable.

For the purpose of guiding the organization's practices, activities and processes, Eletrobras Eletrosul holds specific management manuals and norms for each relevant activity, as well as a Code of Conduct.

5.10 - FIGHTING CORRUPTION (G4-DMA24, G4-50)

To assess the risk of corruption Eletrobras Eletrosul:

1. Mapping of compliance risk (implementation of internal controls, development of monitoring and implementation of action plans);

2. Conformity opinion for the appointment of directors, counselors and other representatives;

3. *Due Diligence* for the appointment of partners, directors and SPEs advisers, for sponsorship, donations and advertising contracts and for hiring with exemption from public bidding modality;

The company assures that donations and sponsorships for other organizations are not used as a disguised way of bribery. This is achieved through mechanisms such as:

1. Due diligence of sponsorships and donations;

2. Approval of amounts allocated for sponsorships and donations by the Board of Executive Officers.

The fighting corruption communications are evenly forwarded to all Eletrosul's staff with the purpose of disseminating ethical culture in the company, whether advisers, directors, managers, employees, interns, representatives, hired or outsourced. The trainings are

aimed at the public exposed to the risk of fraud and corruption. Tailored for directors and advisors, managers and for representatives,hired and employees who carry out activities at an inherent risk of Anti-Corruption Laws. According to the guidance of Anti-Corruption Program (Compliance) of Eletrobras companies, the training base for all target audiences is annual.

For the collective action activities to fight corruption succeed, the company adopts the following strategies:

1. The guidelines compilation in order to combat fraud and corruption, within a manual to be disclosed and submitted to all employees which must be followed by all spheres of administration;

2. Development and implementation of an internal control system throughout the company, focused on the prevention and detection of fraud and corruption;

3.Establishment of guidelines towards the area responsible for coordinating the Compliance Program;

4. The parameters settings and the concept of "conflict of interest", through a management standard;

5. Implementation of conformity assessment system for Eletrobras Eletrosul's representatives, directors and advisors and the companies in which it holds a stake.

The collective action to combat corruption in which the company participates are the following:

1. Submission of a personal copy of the Code of Ethics and Conduct of the Eletrobras Companies for effective employees, hired, interns, young apprentices and required;

2. Submission of a personal copy of the Code of Ethics and Conduct of Eletrobras Companies to directors and members of the Fiscal and Administration councils;

3. Inclusion of a clause in suppliers of goods and services contracts whose contracting party undertakes to know and comply with, as appropriate, the Code of Ethics and Conduct of Eletrosul Eletrobras;

4. Inclusion of a Compliance clause in the suppliers of goods and services contracts whose contracting party undertakes to know and comply with, as appropriate, with the Eletrobras Companies' Manual of the Anticorruption Program (Compliance) and the penalties provided by Anticorruption Laws, when alleging noncompliance;

5. Anti-corruption training.

TOTAL NUMBER OF OPERATIONS SUBMITTED TO CORRUPTION RISK ASSESSMENTS (COMPLETED OR IN PROGRESS) BY THE COMPANY'S COMPLIANCE AREAS	57
TOTAL NUMBER OF ELIGIBLE OPERATIONS FOR CORRUPTION RISK ASSESSMENTS	65
PERCENTAGE OF OPERATIONS SUBMITTED TO RISK ASSESSMENTS REGARDING CORRUPTION (COMPLETED OR IN PROGRESS)	87,69%

The percentage of 87,69 refers exclusively to operations which had elements to be evaluated from anti-corruption policies perspective (G4-SO3)

100% of the governance body members were reported about the anticorruption policies and procedures adopted by the organization.

85% of employees were reported about the anticorruption policies and procedures adopted by the organization, by means of accessing the Notice Board ,responsible of the Anti-Corruption Policies disclosure adopted by the company. (G4-SO4)

5.11 - RESPONSIBLE COMPANY (G4-15)

In 2016, Eletrobras Eletrosul began negotiations with the United Nations Development Program (UNDP), a subsidiary body of the United Nations (UN), to reaffirm its commitment to the development actions of common interest through the Sustainable Development (ODS), replacing the Millennium Development Goals (MDGs).

In 2009,Eletrobras Eletrosul joined the National Movement for Citizenship and Solidarity "We Can Santa Catarina". Engagement is a way to make the company take part in creation, assessment, implementation or monitoring the local public policies.

Since 2010, Eletrobras Eletrosul has taken part in the "Santa Catarina Forum for the End of Violence and Sexual Exploitation of children and teens",with the purpose of contributing to the eradication of violence and sexual exploitation of children and adolescents - ensured using campaigns and lectures engaging employees and service providers. Annually, the company takes part in campaigns for the National Day for the Combat of Abuse and Sexual Exploitation of Children (May 18) and the National Fight Campaign against Sexual Abuse and Exploitation of Children and Teens,(September 24), jointly with the Santa Catarina Forum preparing promotional materials such as posters, stickers spread throughout the company fleet and also other internal media, as well as promoting lectures on the subject.

Since 2006 the company has held a Standing Committee on Gender and Race Issues. Actions pertaining gender issues are included in the Women's Empowerment Principles, established by the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Pact (UN).

THE COMPANY STOOD OUT THE SOCIAL RESPONSIBILITY ACTIONS, AS SHOWN BELOW:

Awarded with "Certificado de Responsabilidade Social de Santa Catarina" during a special session in the Legislative Assembly. Recognition is the ALESC's initiative ,which honors organizations with social and environmental responsibility assured in their management policies;

The Disability Assistance Program received the Global Recognition "Boas Práticas para Trabalhadores com Deficiência", in protagonism and accessibility categories, during awards at the headquarters of the United Nations (UN)in New York.

It has been recognized with the Pro- Gender and Race Equality Seal in the five past editions up to 2015, in 2016 Eletrobras Eletrosul signed a new commitment to take part in this important program in its sixth edition. The seal is the organization's attribute of distinction and honor as an engaged entity in gender equity into employment. It is granted to the companies participating in the Pro- Gender and Race Equality Gender Program that truly act in accordance with the guidelines established by the program.

5.12 - PRACTICES AND MECHANISMS

5.12.1 - PERFORMANCE MONITORING (G4-37, G4-49)

The stakeholders have access to the Board of Directors through channels such as the Ombudsman's Office which renders reports on the demands and also presents them to the senior management as well as the deliberations and minutes of Board meetings. The relationship with the company is established through meetings and technical reports, Management Report, Customer Satisfaction Survey, Management Report, Sustainability Report, website, Facebook and Twitter.

The communication with the highest degree of corporate governance upon critical risk management, internal controls and compliance takes place in the responsible areas by means of results presentation, held in the company's regular meetings.

5.12.2 - EVALUATIONS OF THE MANAGERS (G4-44)

Intended to meet the determinations of the Interministerial Committee of Corporate Governance and Administration of Corporate Shareholdings of the Union (CGPAR) and of the holding company, as well as comply with the provisions of its Bylaws, Eletrobras Eletrosul annually submit the Board of Executive Officers and the Board administration's the performance evaluation. The evaluation is focused on sustainability issues, through self-assessments and collegiate bodies evaluations. After the application, a consolidation of the results is carried out and an improvement plan is elaborated, if necessary. Thus, the process is aligned with good corporate governance practices, as well as Eletrobras Companies' standards of the Performance Management System.

The evaluation is not independent and, in the last cycle, the president of the Board of Directors received the CA and DE Performance Evaluation Report, a confidential document which presents the main measures by the Superior Administration, in order to improve the follow-up and management processes of the economic, social and environmental risks, as well as the 2015-2030 Strategic Plan and business goals.

In order to the management continue its improvement ,the company's superior administration is also submitted to the evaluation process of annual performance.

MONITORING

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5.12.3 - COMMUNICATION (G4-DMA31, G4-PR7)

The availability of communication channels and transparency towards information dissemination are the key factor for Eletrobras Eletrosul. Therefore, the company seeks the constant improvement of the communication mechanisms supported by its stakeholders. In addition to the financial statements, Sustainability and Management reports are annually issued.

In the media, performed by the area assigned to this purpose, the company complies with the normative instruments, laws and decrees regulated by the federal government's Social Communication department, (Secom) and adopts the Integrated Communication Policy and the Sponsorship Policy of Empresas Eletrobras. In addition, its advertising is in accordance with the recommendations of the National Advertising of Self-regulation Council (Conar).

5.12.4 - STRATEGIC PLANNING (G4-42)

In November 2014, the Board of Directors of Eletrobras approved the Strategic Plan updating for Eletrobras Companies 2015-2030 and consolidated the Planning and Management process of the system. In this update, projections were made in order to support the decisions on the scope of the business portfolio, the review of Business Identity (Mission, Vision and Values) and the establishment of guidelines, objectives and strategies for the proposed period.

As from the Strategic Plan, Eletrobras annually prepares its Business and Management Master Plan (PDNG) for a period of five years. In 2016, the holding company began the annual review process of the PDNG for the 2017-2021 horizon, as well as the corresponding Business and Management Plans (PNG) of the Eletrobras Companies.

In the case of Eletrosul, PNG 2017-2021 was approved in December 2016, contemplating the main strategies of Eletrobras Eletrosul for the expansion, operation and maintenance of its business, as well as the management aspects necessary to reach the objectives and targets proposed for the Period, in line with Eletrobras' PDNG 2017-2021. In connection with its PNG, Eletrobras Eletrosul monitors business performance through the indicators and goals of the Corporate Performance Goals Contract (CMDE).

In addition to the Eletrobrás Business Identity, Eletrosul has defined its Strategic Positioning Statement: "Eletrosul 2030: a sustainable and competitive company, a standard of excellence in the generation and transmission of electric power." This is a public statement of the value it adds to the Eletrobras Companies Vision and its stakeholders, in line with the Strategic Plan for Eletrobras Companies 2015-2030.

PLANNING

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The Company Management and Business Plan of the period 2017-2021 includes operating and economic/financial measures which will contribute to the Eletrobras Eletrosul consolidation as a sustainable company in all its aspects.

In the capacity of the highest governance body, the Board of Directors of Eletrobras Eletrosul plays a significant role with respect to in fixing the general business orientation, in the superior control of the approved programs and in verifying the results achieved.The Board of Directors also approves the accession of Eletrobras Eletrosul to the Strategic Plan of Eletrobras Companies, ratifying the corporate commitment to the Mission, Vision and Values of Eletrobras Companies, as well as the PNG and CMDE approval for the five-year horizon.

6 MANAGEMENT EFFICIENCY (G4-DMA01, G4-EC1)

Ensuring economic performance is essential in order to comply with the company's objectives and sustainability. In the long run, the ability to generate value is indispensable for the business continuity , as well as to render investments.

The Management of Economic Performance at Eletrobras Eletrosul is carried out on different fronts. The economic outcome is determined by the Accounting and submitted as Financial Statements. The management and monitoring of investments are furnished by the Eletrosul Investment Committee. As for the future scenarios, which include potential positive and negative impacts and will support the company's decision-making process, are evaluated through cash flow projections (presented to all governance) and the Business and Management Plan (established annually and monitored monthly).

The company has a range of aligned policies with sustainable economic performance. These include the Antitrust, Environmental, Personnel Management, Sustainability, Social Responsibility, Social Investment, Information Technology, Supply Logistics, P&D and Innovation and Risk Management policies. Additionally, the objectives and targets are outlined in the "Corporate Performance Goals Contract", signed with Eletrobras Holding and broken down in internal goals by the Performance Management System. The association of this Goal Agreement with the Performance Management System determines if the wider goals will be achieved to the lowest hierarchical level, towards actions detailing, intermediate and final targets, relevant resources and individual and team responsibilities.

6.1 - BUSINESS MANAGEMENT AND SUSTAINABILITY (G4-9, G4-13)

There are specific roles in the company, as executive- level, responsible for strategic sustainability issues (economic, environmental and social). In the year 2016, there were no significant changes referring to the corporate structure, size or composition.

THE COMPANY ADOPTS POLICIES IN LINE WITH SUSTAINABLE, SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE

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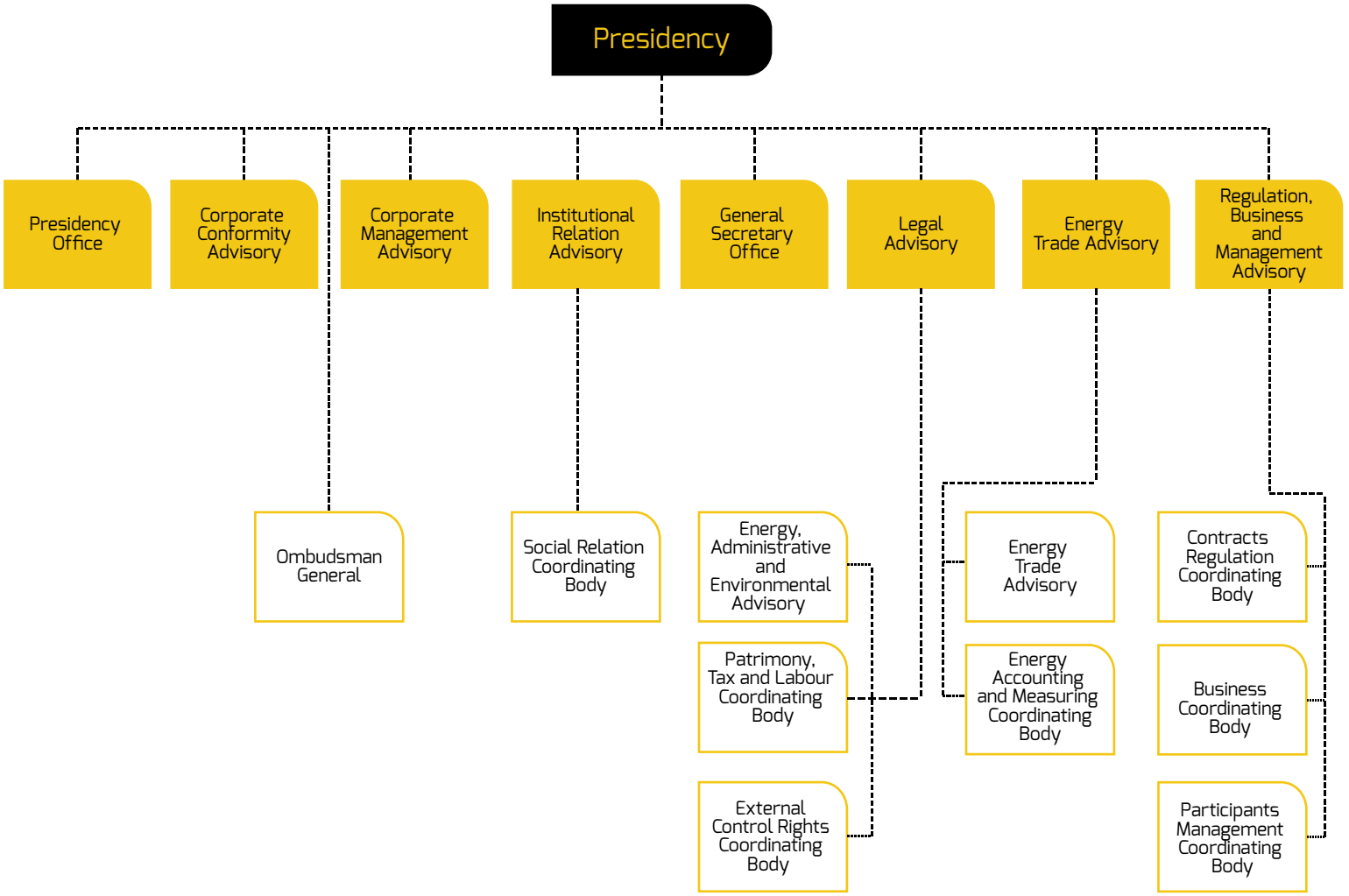
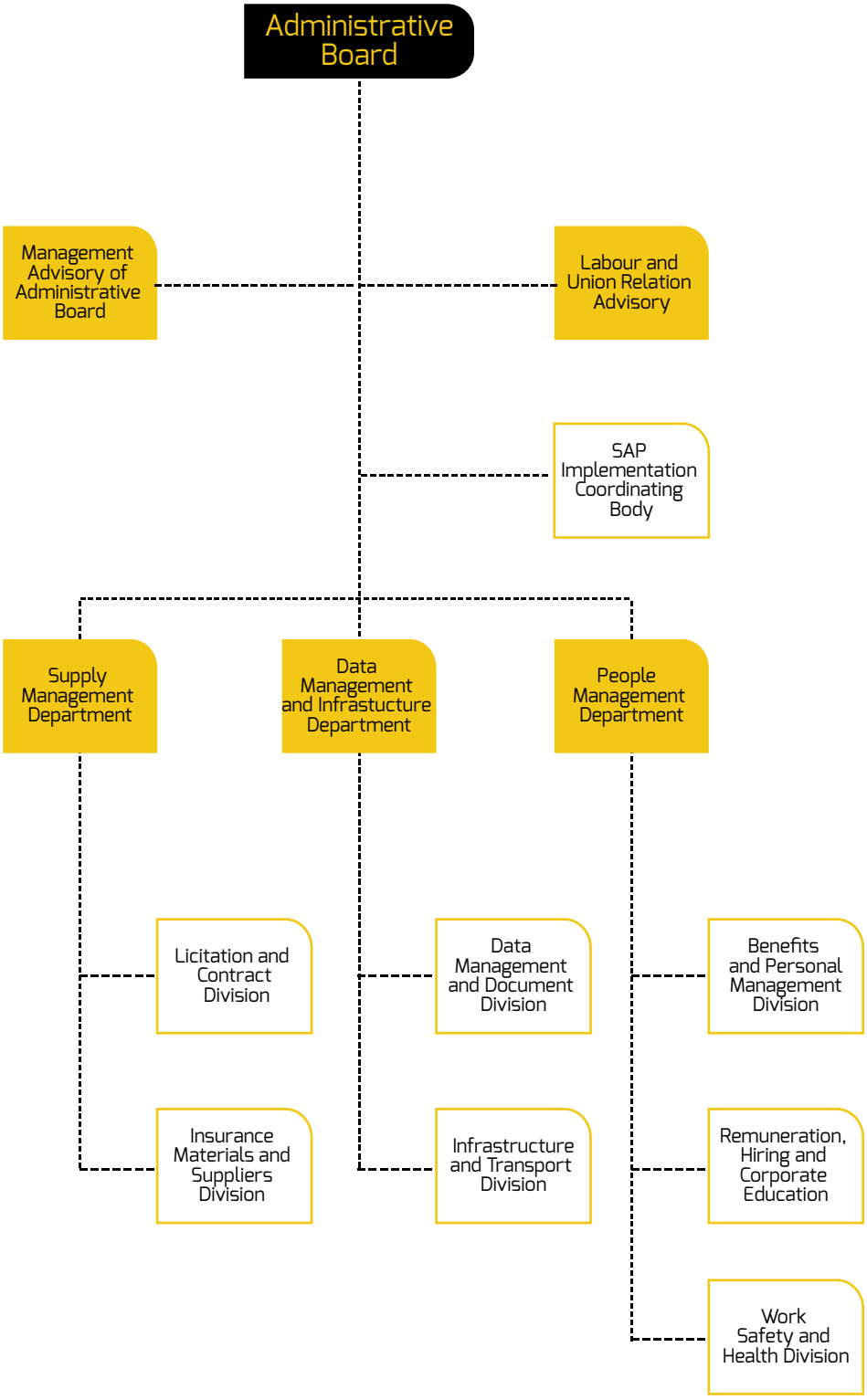
ORGANOGRAMA

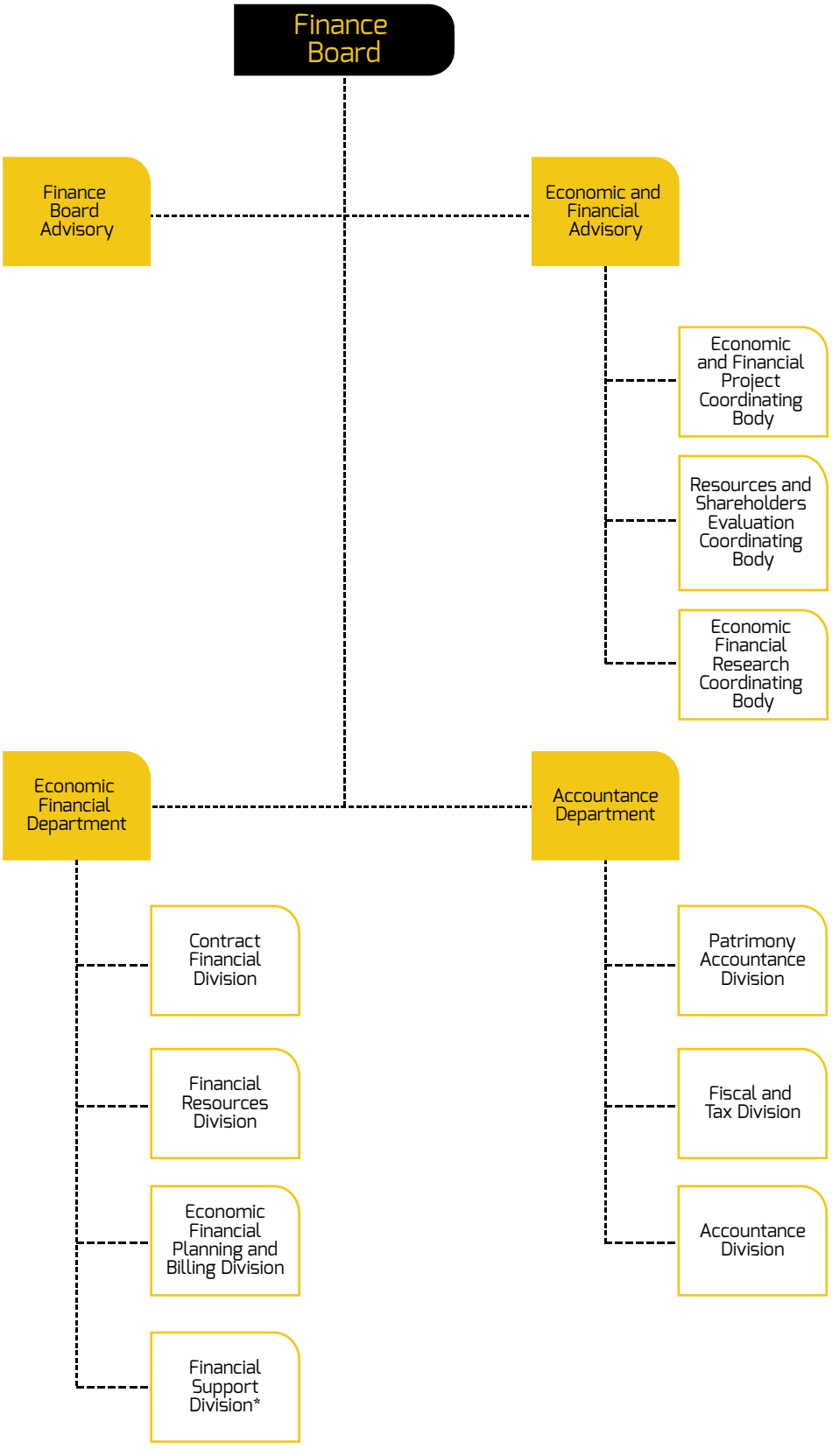
PRESIDENCY



ADMINISTRATIVE BOARD

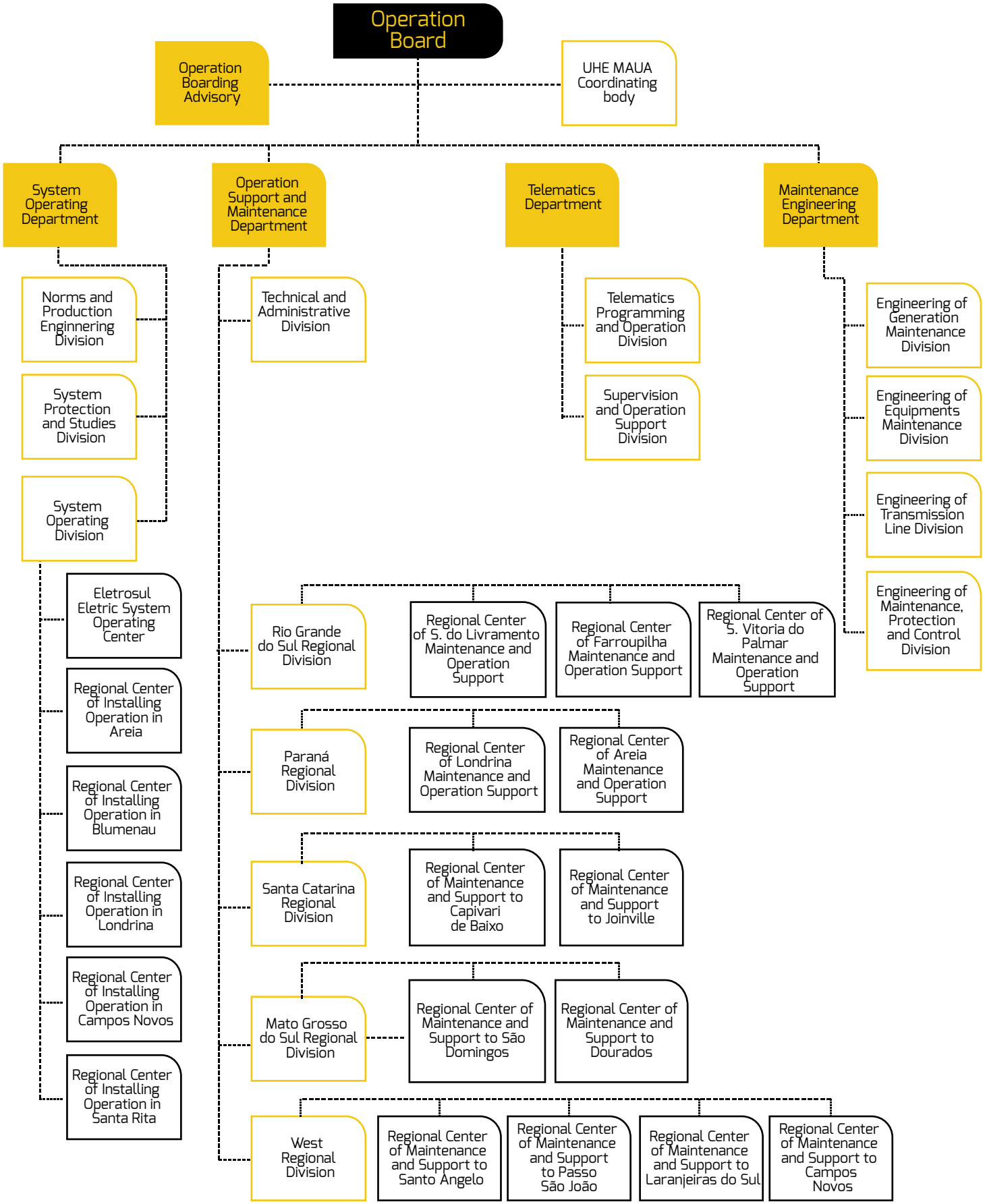


FINANCE BOARD

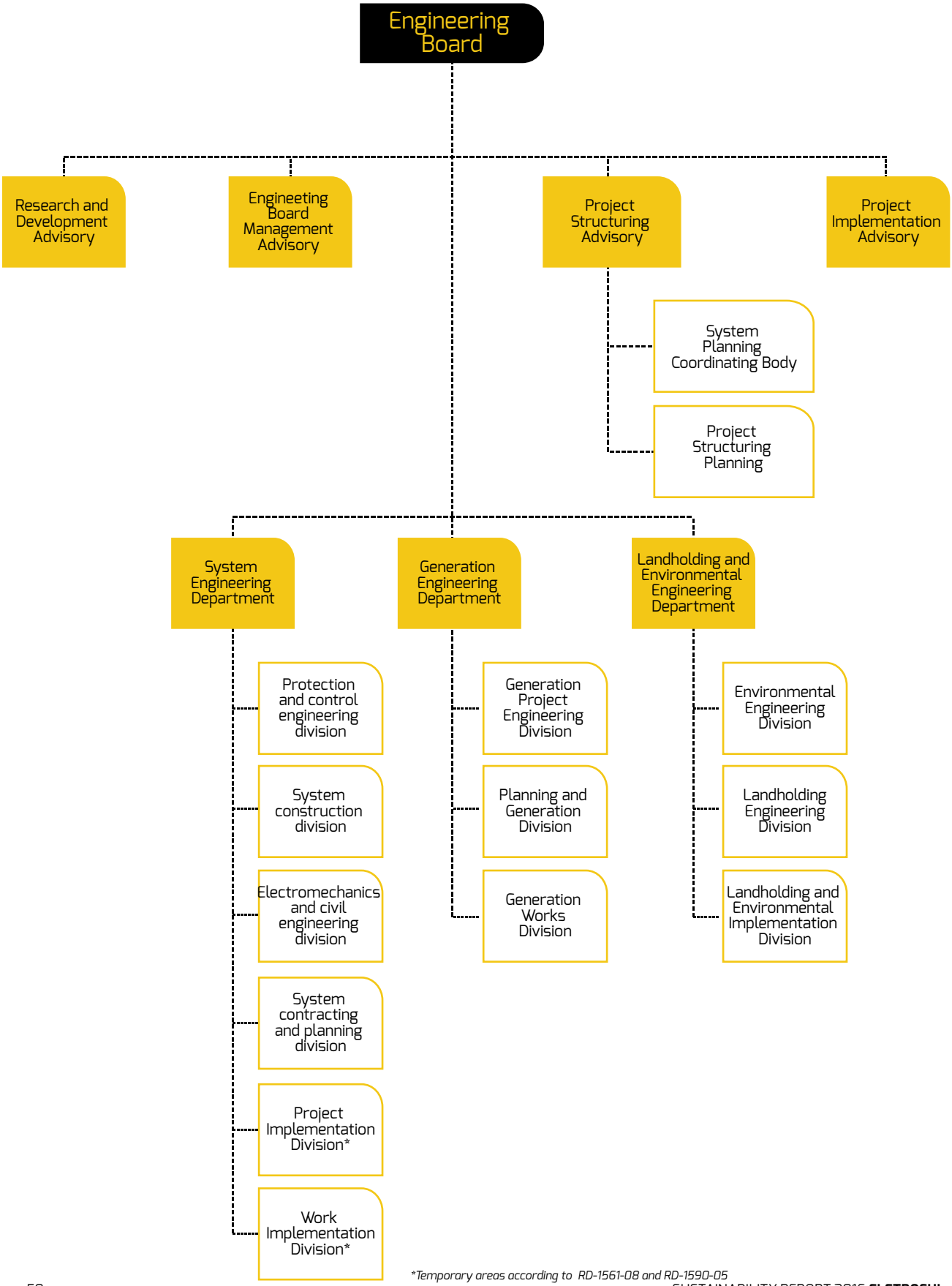


**Temporary areas according to RD-1561-08 and RD-1590-05*

OPERATION BOARD



ENGINEERING BOARD



*Temporary areas according to RD-1561-08 and RD-1590-05

6.1.1 - GENERATION AND TRANSMISSION (G4-EU1, G4-EU6, G4-EU30)

The generation projects in commercial operations sum the amount of eleven own plants, one of them in a consortium and nine in partnership through Special Purpose Companies (SPEs), as shown below:

POWER PLANT	INSTALLED POWER (MW)
HYDROELECTRIC	**552,30**
UHE Passo São João	77,0
UHE Governador Jayme Canet Júnior (Consórcio Cruzeiro do Sul)	363,1
UHE São Domingos	48,0
PCH Barra do Rio Chapéu	15,2
PCH João Borges	19,0
WIND FARM	**138**
Eólica Cerro Chato I	30,0
Eólica Cerro Chato II	30,0
Eólica Cerro Chato III	30,0
Eólica Capão do Inglês	10,0
Eólica Coxilha Seca	30,0
Eólica Galpões	8,0
SOLAR POWER	**0,9**
Megawatt Solar	0,9

POWER PLANT	TOTAL INSTALLED POWER (MW)	PROPERTY (%)	INSTALLED POWER (MW) PROPORTIONAL 1.624,3
SPE'S	**6.231,8**	-	**1.624,3**
UHE Jirau	3.750,0	20,0	750,0
UHE Teles Pires	1.819,8	24,7	449,9
Santa Vitória do Palmar Holding	258,0	49,0	126,4
Livramento Holding	79,2	59,0	46,7
Chuí Holding	144,0	49,0	70,6
Eólica Hermenegildo I	57,3	100,0	57,3
Eólica Hermenegildo II	57,3	100,0	57,3
Eólica Hermenegildo III	48,3	100,0	48,3
Eólica Chuí IX	17,9	100,0	17,9

The company is committed to the society and the Federal Government in order to guarantee energy production and transmission efficiently and safely. Thus, priority ground is given to research into new sources of electricity generation and new technologies in generation and transmission areas. **(GRI EU8)**

The Eletrobras Eletrosul plants are centrally controlled by the Operation Center Generation (COG), which is part of the Eletrosul System Operation Center (COSE). They support real-time operation, pre and post team operation, telecommunications, real-time engineering and protection, as well as teams which act as support to the power plants operation.

The maintenance of excellence in services (whereby Eletrobras Eletrosul is acknowledged in the market) permeates all processes. The disconnections which are necessary in the generation system under the operational responsibility of the company are subject to detailed evaluations, by means of a regular analysis performance of the equipment, the protection system and the operation procedures. The Company counts on equipment and accessories stock in order to overcome possible unavailability of the generating units.

Regarding the operational management of its hydro power plants and wind farms, Eletrobras Eletrosul features the following performance in terms of availability:

AVAILABILITY OF GENERATION (%)			
ENERGY SOURCE	2014	2015	2016
*Hydro Power Plant	89,88%	90,21%	90,78%
Wind Farm	98,33%	98,13%	98,77%

** Note: The availability was calculated for the last 60 months and included the participation of Eletrobras Eletrosul in UHGJC.*

In the same way it holds excellent results in the availability of generation, Eletrobras Eletrosul maintains regularity, continuity and security as well as in the service provision of the electric power transmission.

Concerning the asset management belonging to the Basic Grid, Eletrobras Eletrosul presents the following performance in regard with availability:

TRANSMISSION FUNCTIONS GROUP (%)	2014	2015	2016
* Transmission Lines	99,84	99,96	99,95
* Capacitors Bank	99,98	99,77	99,79
* Reactors	99,88	99,94	99,85
* Transformers	99,92	99,98	99,92

** Indicator obtained considering only the shutdowns penalized with Variable Portion*

Improvements and reinforcements come with technological advances for the transmission facilities maintenance, at all times compliant to the concession agreement for the public service of energy transmission and the ONS Grid Procedures. (ONS).

PERCENTAGE OF TRANSMISSION LOSS IN RELATION TO THE TOTAL AMOUNT OF ENERGY (G4-EU12)			
ENERGY LOSS (%)	2014	2015	2016
Techniques	1,81%	1,43%	1,42%

The operations and maintenance activities of Eletrobras Eletrosul are undertaken based on internal standards and the technical standards which regulate those activities. Contingency plans and records are drawn up to render the support needed. The contingency plans to define actions to be executed in order to restore, in the shortest possible time, using own resources and /or third parties, the function Reactor, Transformer, Capacitor Bank and Transmission Lines, whose loss may have been caused by equipment failure.

The company ensures to update its Emergency Response Plans and Records Contingency Plans (PPC) for each facility, on the Records Contingency Plans application. These documents are not public, but are available (in print and electronic means) in each of the units, at a visible and accessible place.

Yet, the Contingency Plans for transmission are 100% implemented. There are still no corporate standards for environmental liabilities, however the treaties had been already begun.

The Facilities Report meets the specific rules which renders on basic guidelines for implementing control measures and preventive systems to ensure safety and health of workers who directly or indirectly interact in electrical facilities and electricity services in its various uses and applications and in any work done nearby.

Yet, Eletrobras Eletrosul relies on the Emergency Situation Assistance Program which is in charge of the abandonment routes in case of incidents and guides on what steps to be taken in emergency situations, minimizing consequences and material injuries. These are protocolary rules of actions for the common knowledge of all employees. The company provides employees with an application for internal Communication of Accidents and Incidents,enabling to enter information upon incidents as well as monitor existing communications. **(G4-EU21)**

6.1.2 - BUSINESS MODEL (G4-EU2)

In the current model of the Brazilian electricity sector, the Regulated Environment and Freedom (RTAs and FTAs) holds trade relations. With the actual return to generation in 2010, the company began to act more strongly in the RTAs, commercializing the energy produced by its ventures.

ENERGY NET PRODUCTION (GWH)			
ENERGY SOURCES	2014	2015	2016
Hydroelectric	1.877,29	2.387,17	2.142,42
Wind	303,46	285,16	462,09
Solar	0,51	0,28	0,74

The variation of electric energy production is due to the number of power plants expansion and the variability inherent to hydroelectric and wind power production, which depend on non-controllable factors such as outflows and winds.

From the measured values forwarded to the Electric Energy Trading Chamber (CCEE), the generation and consumption totals of each agent are calculated for the use towards the accounting process in the market short- term of commercialized energy , as accounting data subject of independent auditing. After the auditors' approval, the accounting results (including data of power plant generation) are disclosed to CCEE agents through available reports in the Chamber Information Disclosure (DRI) system.

6.1.3 - TRANSMISSION CAPACITY (G4-EU10)

Considering all the concession contracts, Eletrobras Eletrosul's own transmission system consists of 44 substations and a frequency converter, with a total transformation capacity of 25.850.80 MVA, in addition to 10.991,37 kilometers of transmission lines. The company summarizes involvement with more than 55 substations owned by other companies, in which it gathers partnerships, equipment and / or bays installed, or provides maintenance and / or operation services.

ELETROBRAS ELETROSUL`S OWN TRANSMISSION SYSTEM	
Substations + Frequency Converter	45
Transformation Capacity (MVA)	25.850,80
Network Extension (Kilometers)	10.991,37

6.1.4 - SUPPLY CHAIN (G4-DMA04, G4-DMA11, G4-DMA13, G4-DMA16, G4-DMA17, G4 DMA18, G4-DMA21, G4 DMA27, G4 DMA41, G4-12, G4-13, G4-EC9, G4-EN32, G4-EN33, G4-HR5, G4-HR6, G4-HR10, G4-HR11, G4-HR12, G4-LA14, G4-SO9, G4-SO10)

Eletrobras Eletrosul is a mixed-economy company under contracting system by bidding, whose supply chain is subject to the legal aspects which regulate the takeover bid. Referring to these aspects, the Supply Management department performs the Supplier's record registration through documents analyses which prove excellence of service provision and declaration concerning the the Minor and Degrading labour (in accordance with the provisions of item XXXIII in article 7 of the Federal Constitution). There is no supplier chain management among the company's various hiring areas of and a process to measure the relevance of significant changes in the supply chain has not been developed yet.

The criteria adopted for suppliers selection include legal, tax-based, labor, economic and technical requirements, in accordance with Laws No 8666/93,No10.520/02 and other related legislation. They determine the guarantee parity in processes of services and products contracting towards state-owned companies - and thus Eletrobras Eletrosul can not establish criteria which favor local suppliers.

The procedures adopted for acquisition also comply with the employment applying to the public sector. Internal regulations define criteria for qualification and suppliers selection, while the company is not allowed to establish criteria to select suppliers considering the labor or human rights practices which render benefits to certain bidders. Also, in compliance with current legislation, a contract term is established regarding the non-use of the minor and degrading labor, forced or analogous to the slave. The company also includes specific clauses upon safety and occupational health in its contracts, in addition to requiring the recognition of the safety and occupational health manual.

Endeavour is not performed to identify actual or potential impacts in order to mitigate or remedy negative impacts or to increase positive impacts. There is also no formal management to check the negative significant, actual and potential impacts of the supply chain in the partnership. Since the company does not perform direct hiring of security guards,and therefore does not run training in policies or procedures regarding aspects of Human Rights (which is to be carried out by the supplier companies).

The Eletrobras Eletrosul supply chain gathers service providers and manufacturers of electromechanical equipment and electrical materials, telecommunications and IT, contractors, consulting, security, cleaning and conservation companies. Its configuration may range depending on the market and the ongoing developments (plants, substations, maintenance of transmission lines and others).

Amount allocated to the pension plan by the company in 2016 (Regular Contribution - Sponsor)	**180**
Amount allocated to the pension plan by employees in 2016 (Regular Contribution - Employees)	**R$12.024.065,01**

THE COMPANY HOLDS **22** CONTRACTS WITH SIGNIFICANT INVESTMENTS - **100%** OF THEM INCLUDE CLAUSES REGARDING HUMAN RIGHTS. (G4-HR1)

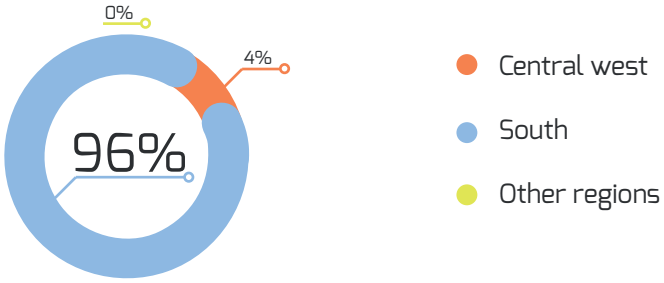
6.1.5 - PERSONNEL AND KNOWLEDGE MANAGEMENT

Not only the power of water, the strength of wind and the solar rays that are the key drivers of Eletrobras Eletrosul growth.The solidity and outstanding position obtained by the company in the national electric sector is also due to the competence, commitment and dedication of its functional body with those who have commitments that go well beyond what is established by the employment contracts. Therefore, the company fosters staff training, production and dissemination of knowledge, granting of attractive overall remuneration, as well as the adoption of best market practices towards people management.

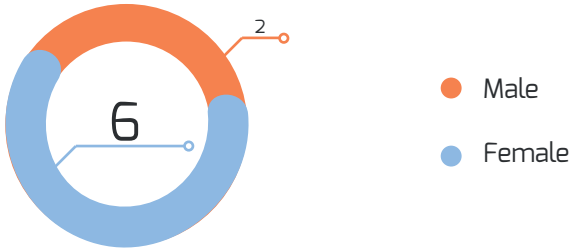
CORPORATION PORTRAIT ACCORDING TO COMPANY STAFF

(G4-10, G4-LA1, G4-LA12)

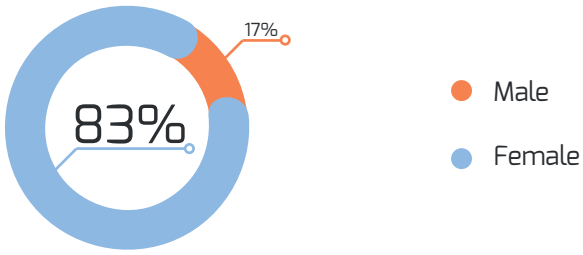
PERCENT OF EMPLOYEES **CLASSIFIED BY BRAZILIAN REGION**



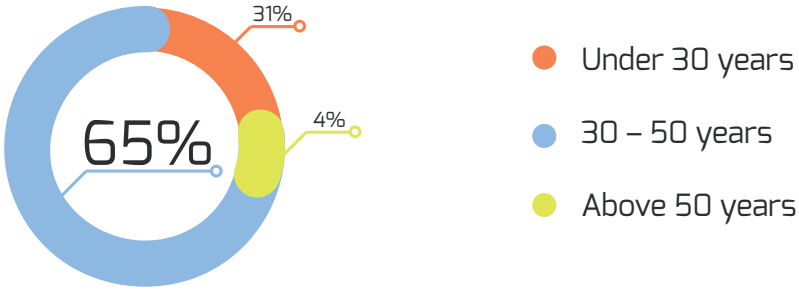
NUMBER OF **EMPLOYEES WHO LEFT EMPLOYMENT BY GENDER**



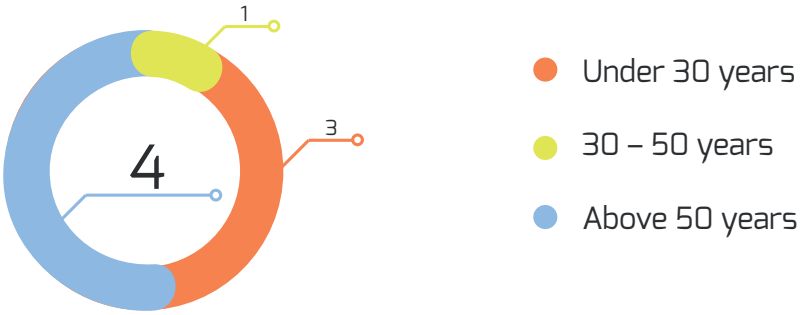
PERCENT OF RATED **EMPLOYEES BY GENDER**



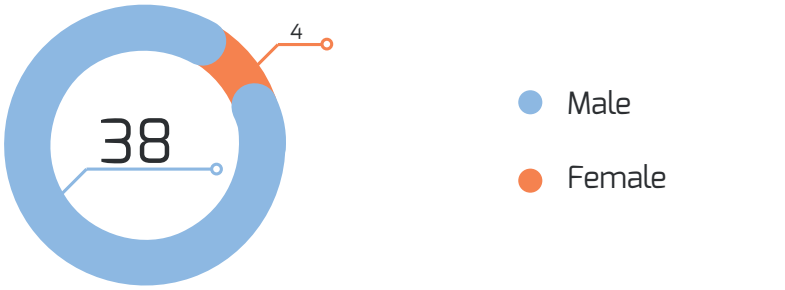
PERCENT OF CLASSIFIED EMPLOYEES BY **AGE CATEGORY**



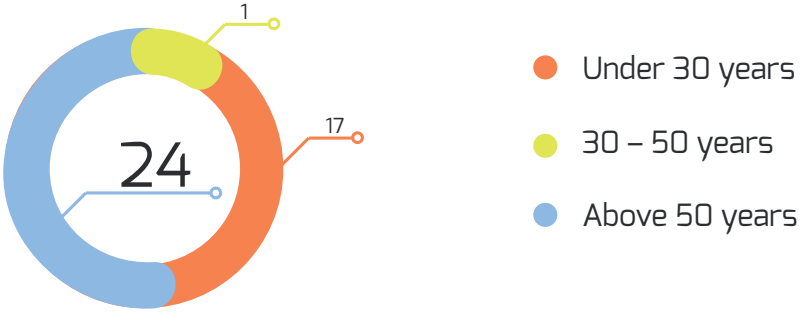
NUMBER OF EMPLOYEES WHO LEFT **EMPLOYMENT BY AGE CATEGORY**



NUMBER OF NEW **ADMISSIONS BY GENDER**



NUMBER OF NEW ADMISSIONS BY **AGE CATEGORY**



6.1.5.1 - BENEFITS (G4-LA2)

As much as the quality and maintenance of equipment, employee's well-being and quality of life are directly related to the company's performance. Consequently, apart from the competitive remuneration, the company offers benefits such as day-care assistance, baby-sitting, education allowance, food and funeral assistance; self-development incentive; vouchers transportation, extended maternity license. Employees can benefit from the Eletrosul Foundation of Social Security (ELOS) as well as the group life insurance.

In 2016, Eletrobras Eletrosul invested R$ 87.49 million in benefits for its direct and dependent employees. In fact, the company does not differentiate between the benefits offered to employees with different working hours, hierarchical level or position.

6.1.5.2 - MATERNITY LICENSE (G4-LA3, G4-LA15)

Valuable to note, the employees of Eletrobras Eletrosul are entitled to extended maternity license with full payroll remuneration and this year, 21 enjoyed this license. In 2016,55 professionals were benefited from the 5-day paternity leave. As of 2017, employees will be entitled to an extended license, with an additional 15 days of full-time paternity leave.

With regard to the extended maternity rights, the Collective Agreement (ACT) determines the extension is guaranteed as long as the employee submits an application to the area of Human Resources Management by the end of the first month after birth, being granted immediately after License to fruition. During the extension period of maternity, the employee will be entitled to full payroll remuneration.

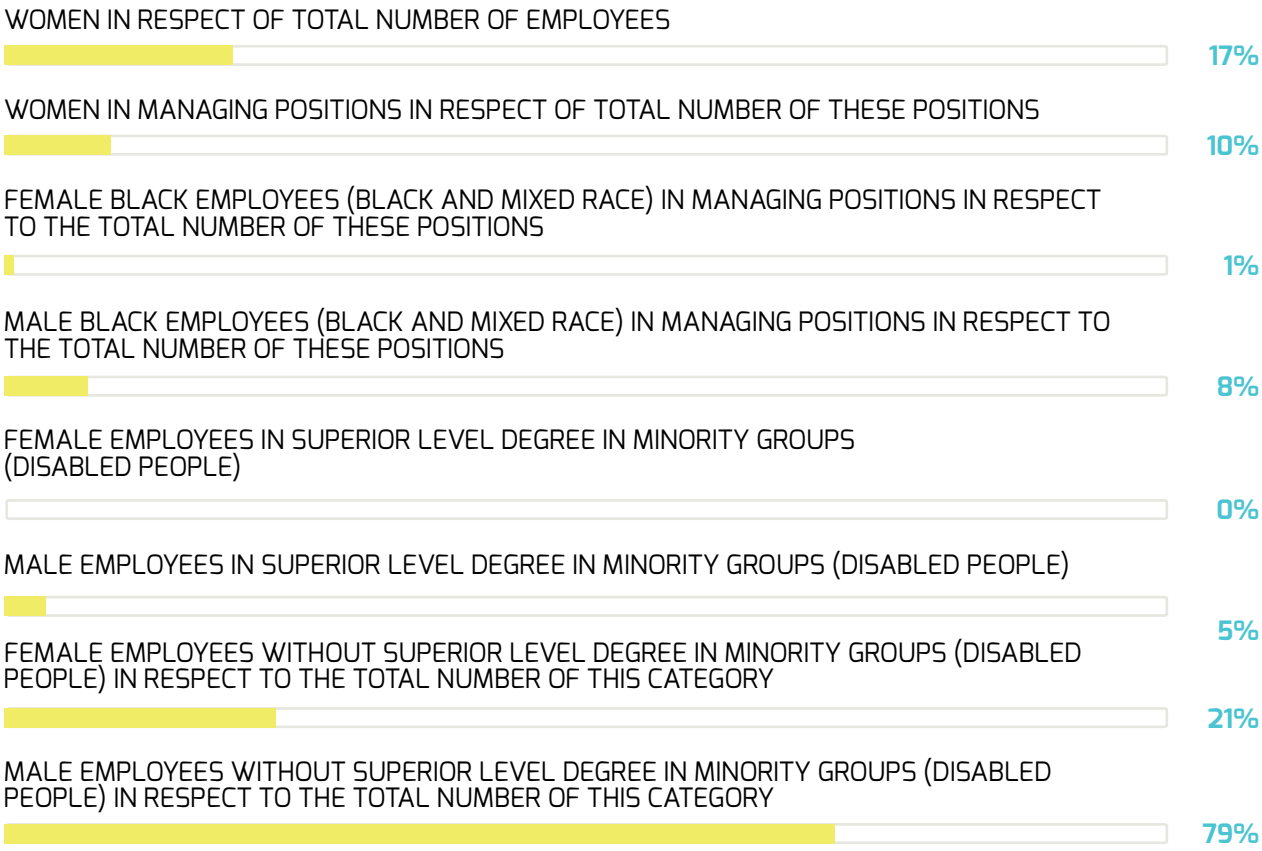
NUMBER OF FEMALE EMPLOYEES WHO DID NOT RETURN TO WORK AFTER MATERNITY LEAVE IN THE REFERENCE YEAR **1**

NUMBER OF MALE EMPLOYEES WHO DID NOT RETURN TO WORK AFTER PATERNITY LEAVE IN THE REFERENCE YEAR **0**

6.1.5.3- HEALTH PLAN (G4-LA2)

In respect to health insurance plan the company offers to its employees a complete medical, hospital and dental coverage extending to their dependents. Upon using the health care services of the authorized networks (whose company undertakes 80% of the expenses) ,the employee is also entitled to choose other professionals of their choice. In this case, appointments and treatments are reimbursed, ranging in percentage from the employee's base salary to their number of dependents according to its the criteria.

DIVERSITY IN THE WORKFORCE (G4-LA12)



The ratio between the average remuneration and the highest paid individual is 4,56. (G4-54) The ratio of the percentage increase in average pay is 0,95 of the increase in the highest paid individual. (G4-55)

6.1.5.4 - CAREER PLAN AND REMUNERATION (G4-DMA02, G4-DMA05, G4-DMA09, G4-DMA10, G4-52, G4-LA1, G4-LA11, G4-LA12, G4-LA13)

Eletrobras Eletrosul's salary policy takes the salary matrix of each position into account (defined in the Career and Compensation Plan - PCR), the set out in the collective agreements and the distribution of variable portion (in the form of Profit Sharing - PLR , agreed upon the unions). In order to determine the value of the employees' remuneration of Eletrobras Eletrosul, the posts and salaries team develops studies and technical analysis, trusting occasionally in specialized external consulting. The stakeholders' views upon remuneration are not required.

With a view to accessing to Eletrobras Eletrosul's current staff, a public tender takes place and its Career and Compensation Plan is based on meritocracy, career development, promotions and salary increases without any kind of distinction.

Regularly employees undergo performance and career development reviews - by 2016, 557 employees with superior level degree and 787 employees without superior level degree received this feedback.

3,67 TIMES

IT WAS THE RELATION BETWEEN THE LOWEST SALARY ADOPTED BY COMPANY (R$ 3.096,11) AND THE LOCAL MINIMUM SALARY (R$1.158,00) IN 2016.

Market Presence

Range of lower salary proportion detailed by gender compared to local minimum salary in important operational units. (G4-EC5)

LOCAL MINIMUM SALARY

R$ 1.158,00

LOWEST SALARY OF COMPANY / MALE

R$ 3.096,11

LOWEST SALARY OF COMPANY / FEMALE

R$ 3.236,11

6.1.5.5 - LEARNING, EMPLOYABILITY AND RETIREMENT (G4-DMA08, G4-LA10, G4-EU14)

6.1.5.5.1 - TRAINING AND EDUCATION

The educational programs and actions for employee training and development are based on the Corporate Education policies of Eletrobras Companies. The diagnosis of training and development needs follows the company's strategic guideline and the competency model for people management. Onto demands definition, the Strategic Plan (PE), the Career and Compensation Plan (PCR), the Performance Management System (SGD), the Team Development Plan (PDEquipe) and the Individual Development Plan (PDI) are considered.

Eletrobras Eletrosul holds educational actions with focus on new employees as well as the continuing education. The corporate education, jointly with other areas, also establishes an annual training plan aiming at courses of lawful and/or mandatory origin.

A range of internal courses for technical qualification is held by the company , taught by employee educators and aimed at the activities-end of the company (engineering, transmission and electric power generation, maintenance system operation).External qualified suppliers are hired in cases of specific needs.

As the employee joins the company, technical knowledge starts up and continues throughout its working life, according to the needs of cargo or function performed. For the heads of sectors, managers and directors, There is a leadership development program for the assistant managers, managers and directors, reviewed annually, with the aim of developing each function or assignment skills. Upon being diagnosed with the need to improve knowledge and skills in postgraduate enrollment, the company fully covers its costs.

Corporate education action are preferably aimed to the internal public (including from interns to councilors).Occasionally outsourced employees can take part of lectures and workshops concerning general issues. This type of benefit is an important element to the company's talent retention.

The company offers self-development by means of partial allowance of courses aimed to their employees training in elementary, high school, technical education and graduation levels. In addition the employee can attend a language course of their choice, being part of the expenditures covered.

The company's Gender and Race Committee, herewith the Personnel Management Department, hold debates and training events on these topics with the aim of promoting inclusion. All the actions focus on the employee educators or qualified suppliers.

Qualification and professional improvement are encouraged and available to the employees during all their work lives in the company.

TRAINING AND EDUCATION

EMPLOYEES TRAINING BY GENDER, FUNCTIONAL CATEGORY AND WORKLOAD [G4-LA9]

Functional Category	Total Workload	Male	Female
Management Functions	18.071	15.890	2.181
Higher Level Positions	28.811	21.557	7.254
Average Level Positions	37.116	35.047	2.069
Total	**83.998**	**72.494**	**11.504**

Functional Category	Avarage workload	Male	Female
Management Functions	167,32	165,52	181,75
Higher Level Positions	60,65	62,84	54,95
Average Level Positions	49,48	52,23	26,18
Total	**63,01**	**65,31**	**51,58**

6.1.5.5.2 - INTERNSHIP PROGRAM

The Internship Program provides students with a social, professional and cultural learning environment in compliance with the basic context of their profession.The activities are outlined aiming at the skills development concerning each course and relationships. Mid-year assessment reports are drawn up and filled by the intern and supervisor.

6.1.5.5.3 - SUPPLEMENTARY BENEFITS (G4-EC3)

Eletrobras Eletrosul aims to offer the employees the possibility for an enrollment in a supplementary pension fund of the Social Security and Eletrosul Foundation of Social Security (ELOS), a private non-profitable legal entity with administrative and financial autonomy, of which is the founding body and sponsor. At present, there are two types of pension plans sponsored by Eletrobras Eletrosul, one in the defined benefit (BD ELOS / Eletrosul) which is closed to new members since 2009, and the other of defined contributions (DC Eletrosul), currently, participation in the current pension plan is not mandatory and is an option for those employees who are not yet full participants but are interested in the benefit.

Upon the defined benefit plan (BD-ELOS Plan/ Eletrosul), the retirement base amount is the average real salary of the last 36 months of employee activity in relation to the amount for retirement benefit from the Official Social Security. The contribution amount calculated on the Real Contribution Salary (SRC) is determined in accordance with the provisions of the plan regulations and limited up to three times maximum monthly contribution for Social Security, and this limit applies exclusively to employees hired after April 7th, 1980.

In the year 2016, the regular contributions amounts addressed to the BD-ELOS / Eletrosul Plan, referring to the active participants (generated in the employees' payroll and passed on to the ELOS Foundation) totaled R$7.028.259,81 (Company's share) and R$ 7.028.259,81 (employee's share).

The participants are entitled to the following benefits:

- Supplementary retirement by time of contribution / Service;
- Supplementary Retirement by Age;
- Supplementary Retirement Disability;
- Supplementation of special retirement;
- Supplementary Pension;
- Supplementation of assistance-Solitude;
- Funeral Assistance by recipient and Death;
- Annual allowance.

As regards in the defined contribution plan (DC - Eletrosul Plan), created in 2010, the recipient receive a supplementary social security payment based on the individual account balance of the participant, made up of the contributions from the participant and sponsor, corrected by the profitability of the investment of these funds in the financial market over the years, discounted their Plan costs.

The regular contribution is equally on behalf of the employee and the company, except of those employees over 65 years of age under the CD Plan, for those, there is no contribution from the company (as established in the plan regulation). The contribution amount is calculated based on the SRC, plus the percentages set forth in the plan regulation,in order to be part of the Mathematical provision for benefits to be Granted.

In 2016, the amounts of the regular contributions to the CD Plan - Eletrosul , referring to the active participants (generated in the employees' payroll and passed on to the ELOS Foundation) totaled R$19.815.304,14 (company share) and R$19.895.761,25 (employee part).The difference deals with employees over 65 who have no parity contribution from the company.

The benefits offered by the DC Plan are as follows:

- Retirement benefit;
- Lump Sum Payment Disability Benefit;
- Lump Sum Payment Death Benefit;
- Aid Solitude Benefit.

The duties estimate of the supplementary social security sponsored by Eletrobras Eletrosul are actuarially determined, calculate on annual basis in accordance with the actuarial assumptions defined for the fiscal year, observing the established criteria by law concerning this topic.

The calculation assumes the interest rates which remunerate the cost of assets and the liability.Every December, the obligations of the benefit plans for the following year are estimated. In such context, the estimated obligations for the year of 2016 were calculated in December 2015.

In December 2016, 31,48% of the total active employees participating in the plans were linked to the BD Plan and 68,52% to the Plano CD.

AMOUNT ALLOCATED TO THE PENSION PLAN BY THE COMPANY IN 2016 (REGULAR CONTRIBUTION - SPONSOR)

R$ 26.843.563,95

AMOUNT ALLOCATED TO THE PENSION PLAN BY EMPLOYEES IN 2016 (REGULAR CONTRIBUTION - EMPLOYEES)

R$ 26.924.021,06

PLANNING FOR RETIREMENT (G4-EU15)

EMPLOYEES PER FUNCTIONAL CATEGORY WHO WILL RETIRE IN THE NEXT FIVE YEARS (%)	
Management	25,00%
Superior Degree Level	15,79%
Without Superior Degree Level	27,47%

For this calculation, the following aspects were considered:

- Mass of Employees = own staff (effective staff, excluding directors, required, young apprentices and amnestied employees by Law No 8.878/94);
- Retirement for Men = Service Time + Contribution equal to or greater than 95 years;
- Retirement for Women = Service Time + Contribution equal to or greater than 85 years.

The company has the Retirement Guideline Program (POPA) which provides employees orientation when they are close to retirement age about personal finances, health, quality of life and entrepreneurship. In 2016, there was no POPA event.

PHOTO ONE OF EXHIBITION "BEYOND THE LIMITS: A BOND OF LOVE" CARRIED OUT BY THE PROGRAM FOR ASSISTANCE TO DISABLED PEOPLE

by Evaldo José da Silva Filho

6.1.5.5.4 - GOVERNANCE LESSONS (G4-43)

Eletrobras Eletrosul is part of the "Eletrobras Companies",there are a total of 15 companies coordinated by a holding company which establishes unified policies and practices. At the end of 2016, Eletrobras announced the strengthening of its Corporate Governance System as one of the strategic pillars for companies, as also set out in its 2017-2021 Business and Management Master Plan. It includes the implementation of unified practices and provides for a training program on behalf of corporate governance members, coordinated by Eletrobras System Corporate University (Unise).

6.1.5.5.5 - HUMAN RIGHTS IN FOCUS (G4-DMA20, G4-HR2, G4-HR9)

HUMAN RIGHTS IN FOCUS	
Activities	**Participants**
Number of training hours on human rights	409
Number of employees trained in human rights	70
Percentage of employees trained in human rights	5,25%
Percentage of operations subject to human rights analysis	100%

6.1.5.5.6 - SECURITY GUARDS TRAINING (G4-HR7)

Eletrobras Eletrosul has 216 outsourced security guards, who have been trained by contracted companies - reason they have not been trained about human rights at Eletrosul.

6.1.5.5.7 - PROGRESS IN LABOR RELATIONS (G4-DMA06, G4-DMA15, G4-11, G4-HR4, G4-LA4)

In accordance with the laws, Eletrobras Eletrosul respects the free trade union and category association in order to make Collective Labor Agreement which covers all employees. In 2016, 100% of the employees were covered by collective bargaining agreements. The collective labor agreement does not specify a minimum period for notification related to operational changes upon employees or representative entities.

The current Collective Labor Agreement signed between Eletrobras Eletrosul and the unions whose employees are represented, assures participation of trade union entities during the studies and implementation in which technological innovation processes have an impact on work routines.

A committee formed of employee representatives has been constituted, with the purpose of guaranteeing their employability, health and safety.

Eletrobras Eletrosul has no recognition for the operations and suppliers which may be violating the freedom of association and collective bargaining.

In 2016, 11 occurrences of complaints related to labor practices were registered and processed through a formal mechanism, of which 100% were settled. **(G4-DMA12, G4-LA16)**

6.1.6 - STAKEHOLDERS COMMITMENT (G4-DMA30, G4-24, G4-25, G4-26, G4-27)

Transparency in communication between a company and its different audiences is essential in any business. Aware of this, Eletrobras Eletrosul maintains several channels of communication, of which it is used to have continuous contact and strengthen the relationship with its stakeholders. In order to keep them informed about management plans and strategies, economic and financial results; clear out doubts upon technical, institutional, social and environmental issues; identify client satisfaction; expedite registrations; strengthen relationships with suppliers and deal with labor issues.

The company website is an important communication tool with several stakeholders. By accessing it, general information about the company is available as well as its business and sustainability actions, among others.

Economic and financial information can be found on the website, and also quarterly and sustainability reports. Shareholders are informed on the Board of Directors Resolutions (ACD) by means of meeting minutes.

In order to keep in line with the objectives set by regulatory agencies and render account to inspection agencies, Eletrobras Eletrosul holds technical meetings and reach contact by telephone and in writing. Financial statements and Annual and Sustainability reports are also submitted.

To reach clients, technical meetings, reports and satisfaction surveys are held. As for the suppliers, the main channel of communication used is, the Direct Supplier Communication Channel (SAF), not to mention the technical meetings. The exchange of information with partner companies in Special Purpose Companies (SPEs) is held by means of technical meetings and reports, with the aim of discussing plans, strategies and performance.

Communication with employees is performed through different internal tools, such as corporate e-mail (whereby bulletin boards, e-mail marketing and other information is forwarded), seminars, Newsletter Special Get To Know, Corporate TV and Ombudsman. With regard to labor negotiations, when necessary, the Labor Relations Agency (ART) holds meetings with the unions providing their own means of communication with employees.

In order to communicate with society, media is used as communication means (newspapers, television, radio, etc.), reports, internet (website and social networks such as Facebook, Twitter and Youtube), Ombudsman, events and programs addressed to external audience, such as the Open House and the Efficient House.

In cases of its project deployment or expansion, special attention is drawn to communities, those impacted directly or indirectly ,the company then seeks to minimize and compensate for the negative impacts rendering the endeavors, as well as to enhance the positive impacts. **(G4-EU19, G4EU20)**

In this regard, close contact should also be maintained with environmental agencies and licensing authorities such as the Brazilian Environmental and Renewable Natural Resources Institute (Ibama), the National Department of Mineral Production (DNPM) and Historical and Arts Heritage Institute (IPHAN) and Indian National Foundation (Funai).

The company seeks the ongoing interaction improvement with its Stakeholders.

6.1.6.1 - STAKEHOLDERS PARTICIPATION IN DECISION-MAKING PROCESSES RELATED TO ENERGY PLANNING FOR INFRASTRUCTURE DEVELOPMENT (G4-EU19)

In the scope of electric power transmission planning, the economic-technical feasibility studies are carried out by the Energy Research Company (EPE), jointly with the distribution and transmission companies operating in the region under study. It is the first time the transmitter has been consulted about the expansion plan.

Even though each company can develop its studies and project portfolios in planning for electric power generation, there is no coordinated planning efforts between EPE and companies. The effective matrix definition takes place after the auctions for new energy acquisition. Thus, companies can comment on the expansion plan only when the Ministry of Mines and Energy (MME) launches the Public Consultation to the 10-year Energy Plan.

6.1.6.2 - RANGE OF POLICY DECISIONS IN WHICH THE ORGANIZATION HAS ACTIVE ENGAGEMENT

Eletrobras Eletrosul serves mainly on the Public Consultations or Hearings provided by MME or ANEEL.

Authorities involved in the process:

- Federal Government,mainly the Ministry of Mines and Energy (MME),Energy Research Company (EPE),Ministry of Environment (MMA), IBAMA, ICMBio, Ministry of Culture (MinC), through IPHAN and Fundação Palmares(Palmares Foundation), and Ministry of Justice, by FUNAI;

- State governments, mainly Departments of Justice and socioenvironmental licensing management bodies;

- Other consenting bodies in licensing processes, such as municipalities and foundations responsible for the environmental management of protected areas;

- Brazilian National Agency of Electrical Energy(ANEEL), National Water Agency (ANA), National System Operator (ONS) and Electric Energy Trading Chamber (CCEE);

State and Federal Public Prosecutor's Office Civil Society Organizations engaged:

- Association of Energy Service Companies such as ABRATE, ABRAGE, ABRADEE, ABRACE, ABRACEL, ABRAPCH, ABEEólica, ABSolar, UNICA, ABRAGET, APINE;

- Technical Associations in the electricity sector, as CIGRÉ and BRACIER;

- Social movements such as the Brazilian Movement of Dam Affected People - MAB), the Movement of Landless Rural Workers (MST) and, to a lesser extent, unions;

- Environmental protection agencies, such as Greenpeace;

- Technical institutes in the electric power sector, such as Acende Brasil.

6.1.6.3 - PARTICIPATION PROCESSES, BY STAKEHOLDERS, IN ENERGY PLANNING AND INFRASTRUCTURE DEVELOPMENT

In electric power transmission, planning involves MME, EPE and ONS. Internally, the expansion planning processes are coordinated by the Engineering Department (DE) and the operations planning, by the Operations Department (DO). Participation takes place through meetings held by external agents and contributions in the documents issued by them - such as the Consolidation of Works (MME), the technical-economical feasibility studies (EPE) and the Expansion and Reinforcement Plan (ONS). Since the operation planning

affects the system expansion, there is a joint participation of the subordinated areas to the DE and DO in the PAR / ONS development.

In preparatory stages for construction projects bidding, MME may request the information and studies development (reports R2, R3, R4 and R5) for further availability to ANEEL. These works are coordinated in DE, by the Engineering and Structuring of Enterprises (AEE) and executed by the technical areas (especially the Engineering of the System Departments - DES and Environmental and Land-Based Engineering - DEA). In the case of granting by authorization, ANEEL requests technical information in the PRORET standard, which are also coordinated by the AEE and developed by DES and DEA.

In electric energy generation, the process basically involves DE structures. The activities of monitoring sector planning (including the 10-Year Plan) and the coordination of the company's project portfolio are AEE responsibility. It is up to the technical departments of this board to analyze the feasibility of the project, the possible registration of the projects in energy auctions or in ANEEL, the executive planning and the licensing.

How information is registered:

- MME - Consolidation of Basic Network document and DIT and 10-Year Energy Plan;
- EPE - Technical-economical feasibility studies of Alternatives (Report R1) and other studies and specific technical notes;
- ONS - Expansion and Reinforcement Plan;
- Pre-auction documents - Reports R2, R3, R4 and R5 (land-based costs available to MME;
- Pre-authorization documents - Information booklet in PRORET standard available to ANEEL;
- Anemometric data record - restricted server access;
- Projects registration in generation auction - documents submitted to EPE for license, in accordance with public notice;
- Registration for the granting of generation projects - documents submitted to ANEEL, in accordance with regulations, for issuing the Grant Registration Statement.

How data / information is audited or verified:

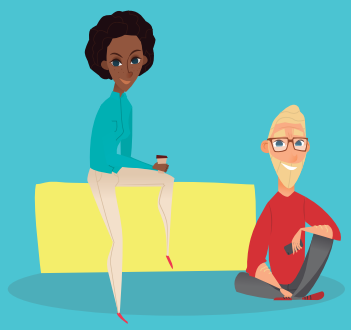
- The issued documents by MME are submitted to the Public Consultation;
- The PAR / ONS is made available to all agents;
- The EPE studies are carried out jointly with other companies;

- The pre-auction documents are approved by the MME / EPE and submitted to the Public Hearing jointly with the public notice;

- The pre-authorization documents are audited internally by the Corporate Engineering and Structuring Advisory and after being analyzed by ANEEL, a Technical Note ,which can also be commented on, is drafted;

- The registration information for auctions or grants are audited internally by the AEE and then by the EPE or ANEEL;

- An automatic validation routine of anemometric data is being developed.



THE ORGANIZATIONAL CLIMATE SURVEY IS HELD BIENNIALLY - AS HELD IN 2015, IT WAS NOT IMPLEMENTED IN 2016. HOWEVER, THE 2015/2016.

ACTION PLAN WAS FURTHER IMPLEMENTED.

(G4-53)

6.1.7 - OCCUPATIONAL SAFETY (G4-DMA07)

Safety Eletrosul Plan, Occupational Health and Social Monitoring (PEOPLE) clusters prevention activities through safety, health and psychosocial supervision and monitoring. For contracted companies and service providers, Eletrobras Eletrosul requires that monthly accident rates (frequency and severity rates) be informed - in order to ensure safety in business chain.

Number of injuries in own employees - 12 (11 men and one woman). In 2016, two cases of occupational diseases occurred in men. 335 workdays were lost due to accident or occupational disease.

Out of 787 service providers of Eletrosul, 18 had injuries in 2016. 75 days of work were lost due to accident or occupational disease.

(G4-LA6)

TRAINING

by Herminio Nunes

6.1.8 - OUTSOURCED TRAINING (G4-EU16, G4-EU18)

With respect to the year 2015, we had a decrease of 29,34% in the number of outsourced workers in 2016, which increased to 396. The necessary training for outsourced employees is disclosed in public notice, prior to employment. These trainings are the service provider responsibility and also the information about them is submitted to Eletrosul on a monthly basis.

Security integrations for third parties may occur in Eletrobras Eletrosul units or in the living area of the construction site of the contracted company. In the case of third-party services which are carried out within risk areas of Eletrosul, the occupational safety sector sponsors a safety integration before activities begin.

The data related to outsourced contracts are stored on an application in people management area and rendered periodically to the control agency.

6.1.9 - EPIS

The personal protective equipment provision (EPIs) for outsourced employees is the contractor's' responsibilities. Prior to the service begin, the contractor is requested, the employees' EPI form of those who will carry out the activity, among other work safety documents.

Personal protective equipment is provided for the effective employees according to the risk-taking of the function they will perform. In order to request safety equipment ,the company provide for the employees a computerized system. In addition, first aid and rescue equipment is available for all the field staff.

6.1.10 - COLLECTIVE AGREEMENT X HEALTH AND SAFETY CLAUSES (G4-LA5, G4-LA8)

The collective agreement addresses five topics concerning health and safety. They ensure bonus for hazardous to employees working on alternating shifts, health risk premium, maintenance of the occupational Health and Safety committee, sick pay as an additional compensation for on-leave employees due to social security benefit and additional health risk for who work in risk areas. In addition to the ACT, the Eletrobras Companies signed a National Commitment term with the trade union entities who render support to the occupational rehabilitation in case of health problem.

Eletrobras Eletrosul is a signatory to the specific agreements with local unions, which have two safety and health clauses: social assistance to all employees and specific safety conditions for hazardous areas. They assure enough qualified staff to carry out maintenance and operation services under electric risk, and also provide suited protective equipment.

In 2016, 13 CIPAS were renewed. The representatives of the CIPAS (appointed and elected) do not have, in the majority, leadership or management positions. Where there is a risk area, the employees' representatives are nominated, those who are accredited in these areas.

13 CIPAS

THE COMPANY'S CIPAS
HAVE A TOTAL OF

84 EMPLOYEES

% WORKFORCE/REPRESENTATION IN COMMITTEES = **6,25%**

STATES	HOW MANY
Mato Grosso do Sul	1
Paraná	4
Santa Catarina	6
Rio Grande do Sul	2

6.2 - SOCIETY AND ENVIRONMENT

Community Development (G4-DMA03, G4-DMA23, G4-EC7, G4-EC8)

The implementation or expansion of electric power generation and transmission ventures can cause socioeconomic and environmental impacts - which must be mitigated and compensated, when negative, and enhanced, if positive. The impacts change according to the characteristics of the site and the work in progress, so that the actions to compensate must adjust to each case.

It is noted that the goods of market and service provision hold a positive direct impact due to the population growth and the increasing job offers mainly as a result of the considerable increase number of potential consumers. This growth also spawns negative impacts, such as vehicle traffic increase and demands for health care. The company seeks to compensate for these impacts

with the construction and improvements of roads and bridges access, investments in hospital equipment, ambulances, school transportation, equipment for environmental inspection, among others.

With regard to the tax revenue of municipalities, there is a transient increase in public revenues due to companies establishment, equipment purchase and materials for construction as well as the service provisions such as food and transportation for workers. This increase, even temporary, contributes to the infrastructure improvement in the affected municipalities.

Among the positive impacts is also the financial set -off for the Use of Water Resources for Electric Power Generation, percentage which concessionaires and authorized companies pay to municipalities for the use of water resources. With the start-up of the projects, the municipalities where the powerhouses are located exhibit an increase of ICMS collection (tax revenue) for the electric power generation from the plants.

Eletrobras Eletrosul fosters Environmental Impact Studies and Environmental Impact Reports (EIA/Rima) or Simplified Environmental Reports (RAS) when it comes to small enterprises and performs all necessary environmental measures in order to mitigate impacts such as suppression of vegetation, increase in traffic flow of machines, vehicles and equipment (which can cause fauna injuries), flood and alteration of flora and fauna. It is the company practice to sponsor actions aiming to recover degraded areas, forest restoration and monitoring, waste management and erosion process control. Programs such as Social Communication are also evolved as well as the Socio Environmental Rescue of the Landscape,Tourism Development Support, Population Remediation and Reorganization of Remaining Areas, Basic Infrastructure Restoration, Negotiation and Land Purchase and Conservation and Use of the Surroundings and Reservoir, among others.

Regarding the properties affected by the deployment (which are mostly exploited for economic purposes) have their surroundings modified, which brings consequences to the family income. In the case of wind farms, where the land is not purchased by Eletrosul,minimal loss in the productive area is noted resulting from the wind turbines installation and associated structures, in return, an increase in the owner's income due to the land rental. In regard with the hydroelectric plants, activities in the properties are not feasible, eventually Eletrobras Eletrosul has to aquire the area.

Decisions related to the implementation of projects involve complex and multiple interest issues - therefore, they are based on dialogues with the community, through public hearings and meetings. At these meetings, agreements are set up with the guidelines to mitigate socio-environmental impacts in the region. In cases of relocating the residents, offices are also set up to provide assistance and query handling.

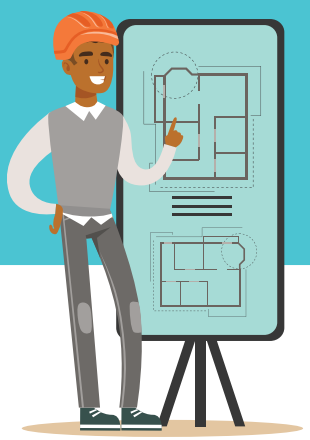
In the social field, the projects developed pursue Eletrosul's Integrated Sustainable Development Program and Social Investment Policy, with focus on projects for employment and income-generation such as community entrepreneurship. In this context , there a projects such as the implementation of community gardens under transmission lines and the Community Entrepreneurship Centers (CECs),which triggers local development in the communities. The Open House Program is forwarded to Elementary School students whose information is held during the presentations upon the adequate use of electric energy and the environmental conservation.

In this context, the actions developed by Eletrobras Eletrosul in order to mitigate the impacts have made the company boost the local economy in the regions where it operates. There is a significant improvement in the population quality of life,due to the land valorization, the incentive to regional tourism, the economic growth and the expansion of infrastructure and public services.

The company's socio environmental programs seek to overcome possible negative impacts of its operations and maximize the positives.

THE COMPANY MADE SIGNIFICANT INVESTMENTS GEARED TOWARDS TO INFRASTRUCTURE IN THE AMOUNT OF

R$ 300.000,00



INVESTMENT RELATING TO THE COMMITMENT AND COMMUNITY DEVELOPMENT (G4-SO1)	
Education	R$ 1.374.982
Labour and Income	R$ 612.477
Environment	R$ 207.246
Culture	R$ 290.418
Sport and Leisure	R$ 70.000
Assets Donation and Services	R$ 141.450
Cultural Sponsorships	R$ 81.101

6.2.1 - APPROACH TOWARDS MANAGEMENT OF DISPLACEMENT IMPACTS (G4-EU20,G4-EU22, G4-SO1)

For the implementation of a new venture, it is necessary to make available land areas belonging to third parties, in order to enable the work execution. The entrepreneur is responsible for all procedures related to social and property matters which will result in compensation, at fair negotiation, in accordance with legislation. Therefore, it is considered essential that criteria and guidelines be established to standardize the purchasing procedures which will be presented to the owners with the purpose to know in advance the corresponding conditions of compensations (the minimum prices for expropriation, a form of expropriation and other conditions.

In the case of hydroelectric plants, whose displacement of the local population occurs more frequently, the feasibility of the remaining area is analyzed as well as the possibility of the landowner to continue to reside and / or use the site, will delineate the need for relocation . Thus, if necessary, Eletrobras Eletrosul monitors this process to ensure a harmonious relationship with the owners, of way to prevent embargoes and damage to the good progress of the works.

The community takes part directly of the process through a committee whose procedures are discussed and defined. Each work has its own particularity and the partnerships are established according to circumstances of the affected community. These partnerships, when firmed, aim to meet the demands identified during the process. Resettlement is exclusive to the expropriations resulting from the hydroelectric plants deployment and may be individual or collective-owned land.

Since the installation of aero generators and associated infrastructure is compatible with the domain of the property, in the case of wind generation displacements are sporadically.

Also, occasional relocations due to transmission line projects take place - they occur when lines cross urban areas. In general, in the rural areas the easement range corresponds to a small area in relation to the property, not directly reaching the houses. In case it makes the property unfeasible, Eletrobras Eletrosul indemnifies the families.

In substation projects, a small number of properties are purchased. Compared to other developments, there is greater flexibility in choosing the location, so that the owners' resettlement takes place in lesser proportions.

For the implementation of its projects, Eletrobras Eletrosul conducts administrative proceedings with the National Electric Energy Agency (ANEEL), seeking a Public Utility Declaration (DUP). This document enables the expropriation proceedings and establishment of administrative easement.

In 2016, only small enterprises were implemented, such as sectioning of transmission lines and expansion of substations. In the sectioning, environmental studies were carried out to evaluate impacts and, in the enlargements (because they are already in existing ventures), environmental licensing is carried out based on the activities description to be performed and the equipment to be installed.

2014

IT WAS PAID
R$ 3.662.450,22
OF COMPENSATION,
160 PEOPLE INVOLVED;

2015

IT WAS PAID
R$ 4.831.143,92
OF COMPENSATION,
200 PEOPLE INVOLVED;

2016

IT WAS PAID
R$ 1.771.756,98
OF COMPENSATION,
62 PEOPLE INVOLVED.

6.2.1.2 - COMPENSATIONS (G4-EU22)

In 2016 there were no physical or economic resettlements resulting from the company's activities.

6.2.2 - INDIGENOUS PEOPLES VIOLATIONS (G4-DMA19, G4-HR8)

The company did not report cases of violation of indigenous people's rights with regard to its staff. Referring to the indigenous communities, the company was called to carry out the regularization of the Indigenous Component of the environmental licensing in three ventures located in Santa Catarina:

1) Transmission Line Jorge Lacerda - Florianópolis: the section of the line which follows through the municipality of Palhoça intersects two Lands. The monitoring of FUNAI Environmental Licensing began in 2010 and involved a range of negotiations among Eletrosul, IBAMA, FUNAI,Public Federal Ministry and Federal Justice, which culminated in the referral of FUNAI to IBAMA on 08/11/2016, of the Term of Reference for conducting the diagnosis of impact evaluation, having as object of study the Indigenous Lands Massiambu and Morro dos Cavalos, intercepted by the LT tracing. This diagnosis evaluate the impacts to propose measures and/or programs to control, monitor, mitigate and/or compensate for interference to the two Indigenous Lands and the Guarani group that it inhabits. Eletrobras Eletrosul is contracting the environmental consulting company which will prepare the study.

2) Biguaçu - Desterro Transmission Line: Environmental Licensing began in 2005, under the responsibility of IBAMA, for which environmental studies were carried out that subsidized the issuance of the Previous, Installation and Operation Licenses. Regarding the Indigenous Component, Eletrobras Eletrosul received from FUNAI, in 2005, the Term of Reference for the elaboration of complementary studies to the EIA / Rima of the enterprise, directed to the diagnosis of the Indigenous Lands MBiguaçu and Morro dos Cavalos and the communities Indigenous Cambirela and Massiambu, located in the area of influence of the enterprise. During this period, the Indigenous Lands of Morro dos Cavalos and Massiambu had no defined limits. However, the indigenous communities involved presented obstacles in the detail stage of the Basic Environmental Plan and the lack of agreement led to the suspension of the negotiations between communities and Eletrosul. In 2016, the company resumed discussions with FUNAI and has been working on the re-presentation of a proposal for an Environmental Basic Plan for indigenous communities.

3) Transmission Line Campos Novos - Biguaçu - Blumenau: belonged to the company SC - Energia and was incorporated by Eletrosul in 2010. Responsibilities were assigned to the project, including the pending referent for the Indigenous Component, on which there were contacts with FATMA, FUNAI And Public Federal Ministry.

The regularization of the Indigenous Component led the Public Federal Ministry of Santa Catarina (MPFSC) to institute a Public Civil Action in 2014 against Eletrosul, FUNAI and FATMA, which had repercussions on a range of meetings on the Study of the Indigenous Component. Thus, a specific Reference Term for the process was issued by FUNAI, resulting in divergence between MPFSC and FUNAI regarding Indigenous Lands that will understand the scope of the Study. At the end of 2016, Eletrobras Eletrosul maintained contacts with FUNAI in order to obtain clarification regarding the Indigenous Lands that should be contemplated in the Study of the Indigenous Component (ECI). At the end of 2016, a meeting was held at FUNAI (DF) on the referrals that involve the consolidation of the Reference Term for the ECI. The company awaits the manifestation of those involved to continue the process of hiring the Study.

In 2016, Eletrobras Eletrosul did not develop programs/projects in traditional communities and indigenous people.

6.2.3 - ENVIRONMENTAL EDUCATION AND COMMUNICATION

In the projects implemented in 2016, the Environmental Education Program , jointly with the Social Communication was carried out, aimed at raising awareness among different audiences towards environmental and social issues. Actions were developed aimed at the workers, the school community and the owners affected by the projects. Targeted actions had been developed in regard to the workers, the school community and the owners who were affected by the ventures. Concerning the workers, the meetings and distribution of information material took place at the beginning of the construction and discussions centered on issues such as safety, the relationship with the community, waste management, biodiversity preservation and water resources protection.

Concerning the school community, lectures and workshops were held. As for homeowners, home visits were made in order to talk about the works, to become acquainted with their expectations and also to deliver information material. Eletrosul makes available a toll-free number 0800 on all the information materials, in order to optimize communication between the company and its audience.

6.2.4 - ENVIRONMENTAL LICENSING

In 2016, the company continued to work on the environmental licensing of the 44 ventures of Transmission Auction No.004/2014 Lot A, a set of works to be implemented in Rio Grande do Sul. Public hearings were held to disseminate the results of the impact assessment socio-environmental and studies were made available in municipalities and bodies responsible for environmental licensing. The public hearings were held by a group of enterprises Lot A and also counted for listening to the community, fostering debate and exchanging information.

The constant concern towards resident communities in potential areas of project deployment has led Eletrobras Eletrosul to pursue a socio- environmental policy even more effective and more comprehensive. The company seeks to minimize all impacts caused before, during and after rendering such endeavor, using as reference studies carried out since the prospecting phase. Preliminary studies, such as the EIA / Rima, are considered for designing engineering projects and for developing social and environmental mitigation and compensation programs. All actions are evaluated and recorded in periodic reports and meets targets which vary according to the project.

6.2.5 - MANAGEMENT OF SOCIO-ENVIRONMENTAL IMPACTS (G4-EN27, G4- EN34, G4-SO2)

Eletrobras Eletrosul provides a standard which deals with corporate environmental management. In addition, it seeks to comply with the social and environmental legal precepts, as well as the licenses and opinions issued by environmental agencies.

The survey of the aspect and socio-environmental impacts involved in each project is conducted during the development of environmental studies, which are submitted to the competent bodies to support the licensing of the projects. The obligation of taking socio-environmental actions is directly linked to the validity of the environmental license and/or the non-issuance of the subsequent license. In this process, stakeholders such as city halls, affected communities, non-governmental organizations (NGOs), National Historical and Artistic Heritage Institute (IPHAN), National Indian Foundation (FUNAI), National Department of Mineral Production (DNPM), Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), among others.

The significant negative impacts generated by deployment and operation vary according to the endeavor, but they may be, among others:

- Restriction to land use and occupation;
- Local landscape alteration;
- Generating expectation in people;
- Mandatory displacement of families;

- Damage, restriction, resettlement, depreciation of third-party properties;
- Noise generation;
- Impact on landscape scenery and visual pollution;
- Interference / infeasibility of productive areas and upgrading;
- Interference in indigenous communities, quilombolas and others;
- Interference in the quality of life, privacy and daily life of the concerned population;
- Pressure on local economy, essential services, urban facilities and local infrastructure;
- Risk of the increase of occurrence in diseases spread.

It should be noted that in 2016, the negative impacts generated by the endeavors projects were mitigated, according to constant information towards the monitoring and environmental management actions of Eletrosul.

The affected properties by the deployment projects are mostly, exploited for economic purposes. From the start of works, there will have changes in these properties , which will influence the family income - impact which may be considered positive or negative, depending on the situation. In the case of hydro power plants, the local real estate market undergoes temporary alterations, since there is the need to purchase private land on a large scale within a short period of time, raising values, increasing the pressure of competition and the market heating.

Local infrastructure also renders impact due to related interferences to bridges and highways. This impact may be considered positive, since the community enjoys the facilities improvements related to their locomotion, provided by the company. However, it also may be considered negative due to the increase in road traffic of vehicles in the municipality and surroundings due to the mobilization of equipment and workers displacement.

Nine complaints were submitted related to environmental impacts.

6.2.6 - COSTS AND INVESTMENTS IN ENVIRONMENTAL PROTECTION

Environmental investment

(G4-DMA40) The environmental investments made by Eletrosul are not in general, on volunteer basis, but are resulting from legal and institutional obligations. The basic premise underlying environmental management is the individualized analysis of each process - that is, the demand for bodies and agencies is assessed and challenged when technically necessary. Based on that analysis, parameters pertinent to management are considered, such as goals, responsibilities, budget resources

and other variables- which highlights the multidisciplinary nature of the environmental issue.
It should be noted that engineering projects, with which Eletrobras Eletrosul operates, have specificities and when under deployment phase, might be adjusted. The characteristic features are weighed and handled as needed.

COSTS AND ENVIRONMENTAL PROTECTION INVESTMENTS (G4-EN31)

ITEM	VALOR (R$)
Equipments, maintenance, materials, operational services and staff coasts	14.219.195,23
Education and environmental training	18.364,91
Environmental mamagement outside services	2.845.257,91
Extra expenses with cleaner technologies Adoption (ex: additional cost beyond standard technologies)	1.401.579,59

6.2.7 - BIODIVERSITY (G4-EN12, G4-EN13, G4-EN27, G4-EU13)

For endeavor transmissions (lines, substations, branches and sectioning), negative environmental impacts are considered significant only at the implementation phase. They are mitigated by the development and execution of studies and specific environmental programs for the enterprise, fauna, flora, population and region in which it is located.
The execution is accompanied, in the company, by specialist field in environmental actions in deployment works.

The impacts of generation projects are also mitigated by the development and execution of specific environmental studies and programs for the project, fauna, flora, population and region, with a broader range in the areas of direct and indirect influence and counting on participation and community manifestation (Meetings and public hearings).

BIODIVERSITY

by Viviane Nunes

The major environmental risks are:

In substations:

- Degradation of neighboring hydrous bodies;
- Soil degradation;
- Suppression of vegetation unduly;
- Fire of materials.

In transmission lines:

- Degradation of neighboring hydrous bodies;
- Suppression of vegetation unduly.

In wind and water generation ventures:

- Effluent leaching in soil;
- Effluent leakage in the neighboring hydrous body;
- Transportation of dangerous goods;
- Accidents associated with chemicals or flammable.

In accordance with its commitment to protect the environment and sustainability, Eletrobras Eletrosul adopts a range of procedures to mitigate and compensate for the impacts caused to biodiversity. One is to monitor the fauna and carry out a survey identify the local species, rescuing and chasing away fauna in order to save species. In parallel, a survey of species of the flora and the transposition of some plants is applied to maintain the genetic variability and for posterior forest restoration. The data collected during these steps is stored for future monitoring programs.

As a form of compensation on account of plant suppression, Eletrobras Eletrosul also fosters replacement and forest recovery programs, mainly in Permanent Preservation Areas (APPs) in the regions of its projects. The recovery is mainly done by means of techniques known as "nucleadoras" which include the transposition of soil cores, seeds and seedlings from affected areas to other areas allocated to be restored.

Wildlife monitoring campaigns are carried out prior to the implementation of the project, which allows:

- The survey of identifying species in the area prior to intervention;
- The rescue of flora prior to suppression of vegetation and forest restoration aiming at maintaining the genetic variability of populations and;
- The rescue and chasing of fauna due to safeguard species.

Monitoring programs are also planned for the period after completion of the works, in order to obtain a more detailed comparison of the biodiversity of the project area. The size of APP areas associated with the areas of each corporate hydroelectric project of Eletrobras Eletrosul is verified, as follows:

HYDROELECTRIC POWER STATION \ SMALL HIDROELETRIC PLANT	APP (ha)
Barra do Rio Chapéu Small Hydroelectric Plant	26,94
João Borges Small Hydroelectric Plant	262,55
Passo São João Hydroelectric Power Station	1.769,36
São Domingos Hydroelectric Power Station	730,37

Regarding degraded sites by the necessary activities on account of implementation of projects, recovery actions are taken, such as removal and storage of the organic soil layer, topographic reconstitution, soil restitution and vegetation covering and herbaceous, shrubby and tree species overlaying. The success of restoration measures is evaluated and monitored by specialized technicians.

As an example of preservation, in 2016, vegetation cutting was avoided at the Ivinhema - Porto Primavera LT section for the Nova Andradina Substation in 13.833.25 m² area. In the same year, the reforestation actions associated with the sectioning of the 138 kV Palhoça - Imbituba LT for the Palhoça Pinheira Substation were also carried out, with the planting of 400 seedlings in Serra do Tabuleiro State Park ,a the Conservation Unit. The ecological succession method was conducted, using the selection of native species capable of rehabilitating, enriching and developing the target environment of forest recomposition. The Park suffers from the invasion of exotic species introduced as man-made environment for timber harvesting or reducing dunes motions.The most cited species as invading vegetation is Pinus spp. Casuarina spp. The area used for deployment of the forest restoration set forth some individuals of this exotic species and the first activity after the siege was the application of control techniques to remove the species found - however, some of the material was used to improve the nucleation techniques.

In 2016,with the purpose of continuing the Forestry Restoration Project of the PCH João Borges, the company planted 10,619 seedlings and accomplished upkeep actions, such as ant control, fertilization and crowning for all the seedlings planted.

6.2.8 - BIODIVERSITY OF RESTORED HABITATS (G4-DMA36, G4-EU13)

In 2016, only small-sized works were carried out, resulting in the need for small areas recovery (0.0128 km²). The information gathering of biodiversity associated with the projects implemented in 2016 was forwarded through environmental studies and will continue in operational phase. Considering the small size of the works, there was no comparison made between the difference of the original habitat and the restored one. Likewise, there was no environmental offset as a result of deployed projects in 2016.

MAIN SPECIES PRESERVED:

FLORA: Sparattosperma leucanthum; Trichilia hirta; Trichilia pallens; Citronella gongonha; Myrsine balansae; Ilex dumosa; Cecropia glaziovii; Cedrela fissilis. (Environment Technical Report - The Sectioning of the Porto Primavera LT Licensing - Ivinhema for the Nova Andradina Substation).

FAUNA: Myrmecophaga tridactyla; Sapajus cay; Tapirus terrestris. (Report of the Degraded Areas Recovery Program - Sectioning of the Porto Primavera LT - Ivinhema for the Nova Andradina Substation).

TYPE OF ECOSYSTEM: Semi Deciduous seasonal rainforest - Areas with great human impact.

SPECIES INCLUDED IN THE IUCN RED LIST AND ALSO IN PRESERVING NATIONAL LISTS WITH HABITATS LOCATED IN AFFECTED AREAS BY THE COMPANY'S OPERATIONS (G4-EN14)	
LEVEL OF EXTINCTION RISK	NUMBER OF SPECIES
Critically Endangered (CR)	12
Endangered (EN)	38
Vulnerable (VU)	56
Near Threatened (NT)	12
Little Concern (LC)	287

Considering Dourado as an endangered species in Rio Grande do Sul, we can include the fish transfer system in The Hydroelectric Plant Passo São João as an action developed by the company towards the conservation / protection of endangered species.

Eletrobras Eletrosul has its own operating unit in the protected area surroundings: the Desterro Substation, located nearby Marinha do Pirajubaé Extractive Reserve (RESEX), located in the South of Santa Catarina Island, in Florianópolis (SC). (G4-EN11)

6.2.9 - TRANSPORTATION (G4-DMA39, G4-EN30)

Concerned with the emission of greenhouse gases (including those generated by the transportation of its employees), Eletrobras Eletrosul included in its Business and Management Plan a target for its reduction. From the knowledge of the consumption profile, actions are established to reduce the use of fossil fuels in the vehicle fleet.

The main impacts regarding transportation are the emission of air pollutants, tire discarding and engine oil. In order to reduce the emission of pollutants, in some locations, buses are available, so the employees are able to commute from their homes to work. In order to reduce emissions during air travel on duty, the company makes use of communication systems such as videoconferencing or online training programs. Proper disposal of tires and engine oil is done by outsourced suppliers whose the reverse logistics system is implanted.

All information upon fuel consumption of the fleet of vehicles, air travel, transport of employees and products and other goods are stored in a proper environmental management system. Information is monitored, generating corporate inventories.

6.2.10 - WATER (DMA35, G4-EN8, G4-EN9, G4-EN10)

Information on water consumption (from surface and ground sources, public utilities and rainwater) is consolidated, analyzed and monitored with the objective of proposing actions to improve environmental performance, supporting the management of water consumption in the various areas of company.

With regard to goal setting, in the 2017-2021 Business and Management Plan it was included an environmental reduction of 0.2% per year in water consumption from concessionaires. The actions to be implemented will be discussed with the areas and the monitoring will be done through the environmental system. All the new projects are built in accordance with sustainability criteria that permitting the reduction of water and energy consumption.

The major portion of water used by Eletrobras Eletrosul is for the energy production (non-consumptive use) and does not undergo a significant change in its volume or quality during the process. On average, the company captures 68,477.17 m³ / year or 187.6 m³ / day, a volume well below the 19,000 m³ / day established as withdrawals which significantly has the effect on water sources by Resolution No. 1,175 (16/09 / 2013) of the National Water Agency (ANA). It should be noted that Eletrobras Eletrosul does not have any project operating in the eleven Brazilian wetlands included in the list of Ramsar Convention. Eletrobras Eletrosul reuses rainwater (called "gray water"), for non-potable purposes in four decentralized areas: Regional Maintenance Division of the West (DROE), Regional Maintenance and Support to the Campos Novos Operation(CRCNO), Maintenance Sector of Sant'Ana do Livramento (SMLIV) and Visitor Center of Cerro Chato Wind Power Station. We still do not have records of the last two areas consumption, whose catchment processes were recently implemented. Thus, the rainwater total consumption accounted for in 2016 was 348 m³.

At DROE, the rainwater consumption was 280 m³ - enough to irrigate the entire area planted of a community vegetable-garden with about 8 thousand m² for 20 days. As for the catchment, a 45 thousand liters tank and a five thousand liters reservoir were built for the rainwater storage. At CRCNO, the rainwater consumption was 68 m³, used for flushing toilets and watering the gardens. For the capturing, a tower was built with the capacity to store 10 thousand liters of non-potable water, 8.25 meters high and 1.91 meters in diameter. According to the energy efficiency principle, the tower gathers a solar heating system and a rainwater harvesting system into a single element. The structure also contains water tanks supplied by a public concessionaire.

The drinking water use for these two units was 342.40 m³. In the period, the rainwater consumption represented a savings or 50% utilization of the total need of water for the units.

TOTAL OF REMOVAL OF WATER BY SOURCE (ADMINISTRATIVE ACTIVITIES) - M³ CUBIC METER - M³ (G4-EN8)	
Concessionaire	22.683
Underground sources	45.402
Hydrous bodies	177
Rainwater directly collected and stores by the organization	348

With regard to the processes for granting water use, Eletrobras Eletrosul has four hydroelectric endeavors in operation. The Passo São João Hydroelectric Power Plant has granted permission to capture 333 m³ of water from the Ijuí River. The Barra do Rio Chapéu Plant has granted authorization for the capture of 2,586 m³ of Rio Braço do Norte (LO-FATMA-694). The João Borges Hydro Power plant captures water from the Caveiras River, but it does not have a definite concession term, and the São Domingos HPP awaits the manifestation of the competent authority of the government (IMASUL) for water allocation.

The company participates in the Ijuí River Basin Committee, jointly with environmental agencies such as FEPAM, Environmental Police and SEMA, due to the Passo São João HPP implementation.

Several actions aim at the rational and appropriate water consumption in the company units.

6.2.11 - EMISSIONS (G4-DMA37, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21)

In line with the Eletrobras Companies Environmental Policy and the Declaration of Commitment upon Climate Change, which emphasize in their principles and guidelines the importance of using indicators to measure environmental management outcomes, the company collects information on energy consumption in all its forms, by means of application called "Sustainability Management Indicators for Eletrobras Companies - IGS".

The data collected is subsequently analyzed and monitored towards the calculation of greenhouse gas emissions,

which is published in the Greenhouse Gas Emissions Inventory of Eletrobras Companies, currently in its 9th edition. The gases accounted in the Inventory are CO2, CH4, N2O, SF6 and refrigeration gases (HFCs and CFCs).

The company's total emissions in 2016 were 130.396 tCO2e, considering the sum referring the scopes 1, 2 and 3 emissions. The reduction ratio in relation to the previous year's figure was 34,36%.

In scope 1, which corresponds to direct GHG emissions, 3841tCO2e was accounted. The calculation includes the emissions related to diesel oil consumption in generating sets, LPG in fixed sources, gasoline and diesel in their own fleet and rented vehicles, gasoline in watercrafts, sanitary sewers, SF6 emissions in transmission equipment as well as the emission of refrigerating gases in air conditioners.

TOTAL OF SCOPE EMISSIONS 1 (T CO2e)	
Fixed	54
Movable	1.388
Others	2.399

In Scope 2, which corresponds to the indirect GHG emissions from the energy acquisition, 125.938 tCO2e was accounted for. The calculation includes the emissions related to electric energy consumption acquired through concessionaires operating in the SIN and the losses in the transmission system.

TOTAL OF SCOPE EMISSIONS 2 (T CO2e)	
Electricity consumption	220
Trasnmission losses	125.718

In Scope 3, which corresponds to other indirect GHG emissions, were accounted for: 617tCO2e. The calculation includes emissions related to air travel on duty, employee transport ,non-energy products transport and aviation kerosene in chartered aircraft.

TOTAL OF SCOPE EMISSIONS 3 (T CO2e)	
Non-energy products transportation	37
Air travel	338
Collaborators Transportation	242

The methodology of the GHG Emissions Inventory of Eletrobras Companies follows the IPCC methodology (2006) and the GHG Protocol guidelines, the corporate standard for the accounting and also the greenhouse gas emissions reports, launched in 1998 and revised in 2004.Internationally recognized, It is currently the most widely used tool for companies and governments to understand, quantify and manage their emissions. As an organizational limit, the company adopts the operational control approach and accounts for 100% of the emissions in units it renders control.

Since the company's emissions profile is known, it is possible to set up strategies, plans and targets for the reduction and management of greenhouse gas emissions. Thus, Eletrobras Eletrosul defined targets concerning the reduction of fossil fuel consumption in the company's vehicles fleet and its own electric energy consumption, in addition to a specific emission reduction target, in the company's Business and Management Plan(2017-2021). The actions to be implemented to achieve the goals will be discussed internally and its follow-up will be monitored via IGS.

A range of inferences can be made from the emissions accounted for the GHG Inventory, such as the reduction and energy intensity calculations, as shown below:

REDUCTIONS OBTAINED IN RELATION TO THE PREVIOUS YEAR BY SCOPE (T CO2e)	
Scope 1	7.813
Scope 2	60.135
Scope 3	285

EMISSIONS INTENSITY BASED ON ROL (T CO2e/R$)	
Scope 1	$0,0012 * 10^{-3}$
Scope 2	$0,041 * 10^{-3}$
Scope 1 + Scope 2	$0,042 * 10^{-3}$

Note: ROL R$ 3.107.716 (mil)

EMISSIONS INTENSITY BASED ON ENERGY GENERATION (T CO2e/MWH)	
Scope 1	0,0018
Scope 2	0,0587
Scope 1 + Scope 2	0, 061

Note: Net Total Generation (MWh) = 2.142,42 GWh = 2.142.420 MWh

The company also accounts for emissions from ozone-depleting chemicals (ODS),controlled by the Montreal Protocol, and used in some of the air conditioners. In 2016, 13Kg of R22 gas and 3Kg of 141b gas were purchased for maintenance, totaling 0.0055 t CFC-11e in ODS emissions.

Even though there are no formal goals, the expectation is there will volumes reduction by replacing old appliances to Split Inverter models, which use the 410a gas, and these equipment have energy savings of around 40%, thus reducing the GHG emissions.

Eletrobras Eletrosul's electricity generation process occurs from clean and renewable energies (hydroelectric, wind and solar), we do not have thermoelectric generation by fossil fuels, whose combustion process releases sulfur and nitrogen oxides (SOx and NOx) and particulate matter.
(G4-EN21)

The GHG emissions avoided by the injection of clean energy in the network due to the operation of the PCH João Borges and Barra do Rio Chapéu power stations are featured in the following table:

PCH JOÃO BORGES, PERIOD: MAY/ 2013 TO DECEMBER/2016	
YEAR	**NOT CERTIFIED EMMISSIONS REDUCTION**
2013	17.525,93
2014	27.752,79
2015	27.127,18
2016	27.109,64
Total (tCO2e)	**99.515,54**

PCH BARRA DO RIO CHAPÉU, PERIOD: DEC/2012 TO DEC/2016	
YEAR	**(NOT CERTIFIED EMMISSIONS REDUCTION)**
2012	637,89
2013	22.997,29
2014	26.481,12
2015	40.025,72
2016	29.345,91
Total (tCO2e)	**119.487,92**

Currently, Eletrobras Eletrosul does not have permission to issue CO2 equivalents for carbon credits from its own projects. However, regarding the Santa Vitória do Palmar (258 MW) and Chuí (144 MW) wind farms operating under SPE, a project was registered at the UN under the numbering and title of "Project 8012: Grid Connected Electricity Generation from Renewable Source: Wind Farm Complex Santa Vitória do Palmar and Chuí ". The Way Carbon consulting firm estimated emissions reductions based on project data (640.706 tCO2e) and then based on operational data. Emissions avoided based on operational data were accounted for 471.202 tCO2e for the year 2015 and 646.322 tCO2e for 2016. **(G4-EU5)**

In order to contribute to the transition to a low-carbon economy, Eletrobras Eletrosul, has been seeking out new business opportunities over the last few years, prioritizing the renewable energy sources participation. The company also sponsors P&D projects focused on new technologies, being major alternatives for the environment preservation, in addition to taking part of a project to Adapting to Climate Change, coordinated by the Electric Energy Research Center (Cepel), with the purpose of being aware of the vulnerabilities of the electric sector and suggest measures to adapt the transmission and generation systems of Eletrobras Companies. These initiatives are in line with the premises of the Environmental Policy of Eletrobras Companies and the Declaration on Climate Change. **(G4-EU2)**

In parallel, the Climate Strategy Working Group, linked to the the Environment Subcommittee of Eletrobras Companies, which Eletrobras Eletrosul participates in, monitoring the development of the National Policy on Climate Change, as well as the regulations associated to the issue. **(G4-EU2)**

6.2.12 - ENERGY (G4-DMA34)

The organization's environmental footprinting has been shaped partly by its choice of energy sources. Changes in balancing these sources may indicate the organization's efforts to minimize the environmental impacts.

For that matter, information on energy consumption, in all its forms, is consolidated, reviewed and monitored with the aim of proposing actions to a better environmental performance, supporting the energy consumption management in different areas of the company. The information related to these indicators is used for the calculation of emissions and subsequent elaboration of the Greenhouse Gas Emissions Inventory.

Based on the company's profile on energy consumption it was possible to set up an environmental goal to reduce its own energy consumption by 0,2% per year.

The following table shows the total energy consumption within the organization: (G4-EN3)

Total energy consumption in organization	**142.072,03 GJ**
Electricity consumption	**66.268,69 GJ**
Total fuels consumption resulting from renewable sources.	**44,36 GJ**
Total fuels consumption resulting from non-renewable source	**77.758,98 GJ**

The total energy consumption out of organization, as shown below: (G4-EN4)

Total energy consumption out organization	**4.025,63 GJ**
Fuel consumption with no-energy products transportation	**206,38 GJ**
Total consumption with employees transportation	**3.819,24 GJ**

The energy consumption "out of company" takes place in all activities associated with backwards and forwards operations of the organization. This consumption quantification is the basis for the calculation of indirect greenhouse gases emissions (Scope 3).

The organization's capacity to use energy efficiently may be revealed by reductions in energy consumption forward a direct effect on the organization's environmental footprinting as well as its operating costs.

It is important to note that efforts to optimize electricity consumption (a reduction of 5,65%) had an impact on the total energy consumption within the organization. (G4-EN6)

	ELECTRICITY CONSUMPTION (GJ)	REDUCTION (%)	ENERGY CONSUMPTION IN THE ORGANIZATION (GJ)	REDUCTION (%)
2015	70.232,15	5,65	143.308,38	0,87
2016	66.268,69		142.072,03	

Note: Total energy consumption take account of the sum of renewable, non-renewable energy and electricity.

Similarly, the optimization in fuels consumption related to the transport of employees (residence/work route) in the decentralized areas had an impact on the total energy consumption out of the organization. (G4-EN7)

	FUEL CONSUMPTION WITH EMPLOYEES TRANSPORTATION (GJ)	REDUCTION (%)	ENERGY CONSUMPTION OUT OF ORGANIZATION (GJ)	REDUCTION (%)
2015	4.134,88	7,64	4.166,12	3,37
2016	3.819,24		4.025,63	

Note: Used fuels in transportation are gasoline and diesel.

	ENERGY CONSUMPTION IN THE ORGANIZATION (GJ)	REDUCTION (%)	ENERGY CONSUMPTION OUT OF ORGANIZATION (GJ)	REDUCTION (%)
2015	143.308,38	0,87	4.166,12	3,37
2016	142.072,03		4.025,63	

These reductions make the products and services offered by the company more efficient.

The company uses two metrics to calculate the efficiency related to energy consumption: Total Net Generation and Net Operating Revenue.

ENERGY INTENSITY (G4-EN05)	
Energy Intensity Rate based on generated energy (GJ/MWh)	0,066
Energy Intensity Rate based on ROL (GJ/R$)	$0,046 \times 10^{-3}$

6.2.13 - WASTE (G4-DMA38)

Information on generation and destination of waste, in all its forms (recycling, reuse, composting, among others) are consolidated, reviewed and monitored with the aim of proposing actions to a better environmental performance, supporting waste management. The assumptions underlying the waste management methods are described in an internal standard, which is being revised to suit the Solid Waste National Policy.

Also in accordance with current legislation, Eletrobras Eletrosul hired specialized consulting to prepare a Waste Management Plan for its headquarters, aiming to guide all measures to be implemented for the appropriate waste management. The drawn up Plan will serve as a pilot project for the later application in all decentralized areas With regards to liquid waste, at the end of 2016 a set of indicators were inserted in the environmental management application aiming to assist with the monitoring of sanitary sewers.

6.2.13.1 - TOTAL VOLUME OF PLANNED AND UNPLANNED WATER DISCHARGES BY DESTINATION (G4-EN22)

As the company does not have direct measurement for data collection upon sanitary sewers, it shall be calculated on the basis of the water consumption or the average number of people attending the facilities. The Values Estimation Tool was used for the Sanitary Sewers Variables (FEVES) developed by Cepel, to ensure that all estimates used the same methodology, assumptions and basic parameters, thus ensuring homogeneity standard in the reported data.

TOTAL DISPOSED VOLUME BY DESTINATION CONSIDERED THE FOLLOWING VARIABLES (M^3)	
Sanitary emissions volume disposed is sewage system	8.936,09
Sanitary efluents volume treated in septic tank	27.390,01
Sanitary efluents volume treated in filter tank	57.572,55

The Biochemical Oxygen Demand - BOD average at the exit of the septic tank treatment system was 8302.5 mg/l and the BOD average at the exit of the treatment system of the filter tank was 315 mg/l.

6.2.13.2 - DISPOSAL METHOD (EN23)

Waste disposal methods are described in the Business Management Manual, which orient the areas upon the most appropriate procedures for the disposal of generated waste. Currently, the solid waste management procedure is being revised to suit the National Solid Waste Policy. However, a document with the types of waste generated by the company, the classification according to NBR10.004/2004 and a suitable destination has already been prepared and sent to the areas.

This document serves as reference for contracting companies specialized in transportation, treatment and final disposal of waste, which they necessarily must have all the documentation required by the legislation and qualification for the treatment and final disposal of waste generated. In each case, suppliers are requested the Certificate of Destination with information about the process, place and date of destination, weight and type of waste destined, as well as the form of disposal that serves as legal guarantee to Eletrobras Eletrosul.

The recyclable solid waste is destined to the associations of collectors, in compliance with Federal Decree No.5940/2006. This form of destination, in addition to significantly contributing to the volume reduction of waste sent to the landfill area, also contributes to society by means of job creation.

AWARENESS RAISING

PGRS Presentation Lecture for Headquarters Employees by *Israel Boschetti*

TYPE (ABNT NBR 10.004/2004)	DISPOSAL	ADMINISTRATIVE ACTIVITIES (T)	HYDROELECTRICT GENERATION (T)	TRANSMISSION (T)
II	Industrial Landfill	64	0	0
	Stored on site	0	26,46	54,36
	Disposal	117,44	0	0
	Composting	9,50	0,60	0,72
	Municipal Collection	91	4,62	70,81
	Recycling	10,55	0,13	521,89
	Reuse	0	2,79	0,93
	Total of waste Type II	**292,49**	**34,60**	**648,71**
I	Disposal	44,58	-	0
	Incineration	0	0	0
	Stored on site	0	0,61	141,20
	Industrial Landfill	0	5	2,50
	Co-processing	0	1,13	1,28
	Total of waste Type I	**44,58**	**6,74**	**144,98**
	Total of waste per activity	**337,07**	**41,34**	**793,69**
	Total of waste at Eletrosul		**1.172,10**	

6.2.14 - RISK OF ENVIRONMENTAL ACCIDENTS (G4-EN24)

Eletrobras Eletrosul hasn't registered any significant oil leakage occurrence during the reporting period. Three liters of diesel oil leakage into the substation courtyard, but considering the immediate remediation of the contaminated material, it is understood that there was no significant impact on this occurrence.

UHE SÃO DOMINGOS

by Vianne Nunes

6.2.15 - MATERIALS (G4-DMA33, G4-EN1, G4-EN2)

Whereas a relevant positive impact on materials is how Eletrosul allocate the percentage use of recycled materials (such as SF6 gas and insulating mineral oil). As a result, the company contributes towards reducing the demand for raw materials and conserving the global resource base. In the administrative process, recycled paper is used.

As a negative impact, it turns out that the company does not use renewable materials (those are quickly replaced by ecological cycles or on-farm processes) for those and other bound resources are not threatened and remain available for the next generations. In its activities, Eletrobras Eletrosul uses the following non-renewable materials: benzene, toluene, acetone, activated bauxite, insulating mineral oil and SF6 gas.

The company does not have an environmental management system formalized and certified by ISO. However, the Environmental Policy of Eletrobras Companies, whose adhesion of Eletrobras Eletrosul was approved by the superior Administration, takes into account the commitment with the public policies and international agreements of which Brazil is a signatory.

In compliance with the premises of the Stockholm Convention for the disposal of polychlorinated biphenyls (PCBs) until 2025, the company replaced ascarel (a type of PCB) with insulating mineral oil in all its equipment. Meanwhile, the oil was possibly contaminated by remnants of the chemical compound in some equipment, which are monitored annually. The results of this monitoring are presented in the PCB Inventory.

USED MATERIALS, BROKEN DOWN BY WEIGHT OR VOLUME (G4-EN01)	
Weight of non-renewable materials used in the company's major products and services production (kg)	1.627
Total volume of non-renewable materials used in the company's major products and services production. (l)	1.810

USED MATERIALS FROM RECYCLING (G4-EN02)	
Total weight of recycled inputs used in the company's major products and services manufacture. (Kg)	3.554,66
Total volume of recycled inputs used in the company's major products and services manufacture.(L)	16.700

PERCENTAGE OF RECYCLED INPUTS USED IN THE COMPANY'S MAIN PRODUCTS AND SERVICES PRODUCTION	
In the maintenance were consumed 101,57kg of SF6 gas and regenerated 57,2 kg	56,32%
Recycled oil	100,00%

RELATION BETWEEN THE RECYCLED PAPER CONSUMPTION COMPARED TO THE WHITE PAPER CONSUMPTION	
1,444 reams of recycled A4 paper versus 3,193 reams of A4 white paper	31,14%
23 reams of recycled A3 paper versus 108 reams of white A3 paper	17,56%

6.2.16 - CLEAN ENERGY (G4-EN21)

Regarding the information upon the generation complex of Eletrobras Eletrosul is composed entirely of renewable sources appears in various items of this Report. Its recurrence is concerning the methodology that must be followed, as well as the company pride for the clean matrix with which it works.

Once the company resumed its investments in power generation, it led its studies and investments to hydroelectric sources (whether they were hydroelectric plants or small hydroelectric plants).
It didn't take long before the wind and solar sources integrated the matrix and that sustainability-oriented thinking was incorporated throughout the organization in a wide variety of proceedings. This line of action has been linked to the image of Eletrosul, rendering the recognition assigned by the market and society.

7 SUSTAINABLE EXPANSION

7.1 RESPONSIBLE GROWTH

During 2016 most Brazilian companies had to undergo for adjustments as well as Brazil itself. In the electric sector was not different, where Eletrobras Eletrosul had brought forward a serious and high-flying work, seeking to optimize resources, reduce costs and reformulate investments rendering a new Business and Management Plan for the period from 2017 to 2021. This Plan is accompanied by economic, financial, operational and management measures, which aims at strengthening Eletrosul as a sustainable company in the three pillars referring to this issue, thereby being Economic, Social and Environmental.

In 2016, the company had very important achievements, such as the launch of the Jirau Hydroelectric Power Plant, considered the fourth largest hydroelectric plant operating in the country, which it holds a 20% equity stakes in. It also received the recognition of credits arising from the Basic Network Existing System (RBSE), approximately R$2 billion which had positively affected the year's earning. At an operating level, very positive figures were obtained in 2016, attested by the survey carried out with clients, in which the satisfaction level reached 94,7%. Eletrobras Eletrosul also reached the historic record of 2.1 gigawatts (GW) of installed capacity for generation. **(G4-PR5)**

In regard to the year of 2016 ,Eletrosul didn't achieve the greatest expansion compared to previous years.However, the company has had many victories celebrating with the responsibility and awareness as the present (and the future) demands. After all, Eletrobras Eletrosul must preserve strong and sustainable in order to remain committed to a front position in the electric sector and in society.

Eletrosul counts ten labels PBE Edifica, it is a conformance seal which shows compliance with performance requirements related to energy efficiency, issued by Inmetro (National Institute of Industrial Metrology Standardization and Quality) distributed in five buildings including the company headquarters. The new facilities are built in accordance with the sustainability criteria, adding energy efficiency solutions, energy conservation and use of rainwater applicable to the architecture.

WIND FARM COMPLEX CAMPOS NEUTRAIS

by Leonid Streleliav

7.2 - GENERATION

In the generation segment, the company develops activities for the implementation of hydro assets and alternative sources. The current portfolio of electricity generation projects (own and partnerships) totaling 2,100.3 MW of power in commercial operation (considering only Eletrosul's percentage). The investments made in these projects accounted for more than R$ 6 billion.

7.3 - TRANSMISSION

The Owned Transmission System of Eletrobras Eletrosul, in consideration of all concession agreements, it consists of 44 substations and a frequency converter (located on the border between Brazil and Argentina), with a total processing capacity of 25.817.80 MVA, plus 11.140.36 km of transmission line.

7.4 - REINFORCEMENTS AND IMPROVEMENTS IN THE TRANSMISSION SYSTEM (G4-EU5)

In regard to the R$4.79 million investment made into reinforcements and improvements into the transmission assets of Eletrobras Eletrosul in the southern region and the state of Mato Grosso do Sul met the needs upon ANEEL's Authorization Resolutions No. 5484/15 and No.5.861/16, and the Plan of Facilities Upgrade (PMI) and other endeavor at exclusive interest to the Company in 2016. The utilization of these resources is focused on making changes and amendments required in the facilities of Eletrobras Eletrosul in order to remove restrictions on the transmission system and to improve the reliability and flexibility of its operation and maintenance.

Improvements and reinforcements render focus on the increase transmission capacity and reliability of the National Interconnected System (SIN), providing higher availability, reliability and flexibility to the transmission system of Eletrobras Eletrosul. Valuable to note, it keeps also the regularity, continuity and safety of the public service energy transmission, assisting also in the recovery processes of the system in case of malfunction.

The shareholders of Energia Sustentável do Brasil (ESBR), responsible for the Jirau Hydroelectric Plant (Engie, Mitsui, Eletrobras Eletrosul and Eletrobras Chesf), donated 70,000 carbon credits to the Rio de Janeiro State Environment Department. The donation contributed to the Greenhouse Gas Emissions Compensation Project of the Olympic and Paralympic Games - Rio 2016 (Clean Games Program).

7.5 - INVESTMENTS IN P&D (G4-EU8)

Development and technological innovation are permanently fostered by policies, strategies and guidelines linked to the business of the Eletrobras Companies. Therefore, researches on new power generation sources are priority, as well as new technologies in generation and transmission areas which meet the needs in quality client services for the market and society.

In line with the Strategic Plan of the Eletrobras Companies, the themes defined by ANEEL and the Holding guidelines, Eletrobras Eletrosul complies with the Corporate Research, Development, and Innovation Policy. In accord with the guidelines of this Policy, Eletrobras Companies hold meetings to evaluate actions and proposals for new research projects, as well as verifying the cooperation possibility among them.

Eletrobras Eletrosul sponsors programs of the National Program for the Preservation of Electricity (PROCEL in Portuguese) such as ReLuz, Edifica (Public Buildings) and Education. Among the actions taken in order to make its facilities efficient, Eletrobras Eletrosul takes part of the program of National Energy Conservation Label for Commercial Buildings,starts up from the project to the construction is completed.

No patent was registered in the reporting period.

AMOUNT INVESTED IN TRANSMISSION TECHNOLOGY	**R$ 1.670.067,00**
AMOUNT INVESTED IN RENEWABLE ENERGY TECHNOLOGY	**R$ 2.331.367,00**

MEGAWATT SOLAR

by Herminio Nunes

According to Law No.9.991/2000, the company should have invested P&D + I a value of R$ 5.685.173,00.

Relationship between the amount promoted by the mentioned law and the amount effectively invested: 104%

7.7 - LOOKING TO THE FUTURE

Eletrobras Eletrosul also puts its effort in research and development projects which undergo ANEEL evaluation in order to be maintained and managed with the resources resulting from the Law 9.991/2000. In 2016, with the aim of developing new forms of clean energy from elements such as solar light, urban and rural waste, the company participated in the following projects and studies:

- Development of a microbial fuel cell for distributed electric energy generation;
- Development of the process of obtaining silicon metal grade solar and qualification in solar cells;
- Biodigestion technology for agricultural waste processing, adequate to the Brazilian rural context.

The project to develop industrial processes for manufacturing passivated solar cells with aluminum paste aims to improve the photovoltaic systems performance by means of a new construction system. Looking at the energy matrix and new business possibilities, the company works in technical and trade arrangements in order to have share in the Brazilian energy matrix of photovoltaic solar generation and power generation from biogas deriving from waste and liquid effluents.

7.8 - CLIMATE CHANGE (G4-EC2)

As noted above, the company aims at the participation of renewable energy sources in its corporate portfolio, develops P&D projects focused on new technologies and participates in the project of adaptation to climate change coordinated by Cepel, since its business is liable to climate changes.

In addition, a number of steps regarding vegetation removal activities have already been developed. For instance, the development of ecological corridors to preserve the existing ecosystems on site and to prevent the fragmentation of forest remnants.All suppression actions are succeeded by forest restoration, primarily with native plant species and with subsequent monitoring for a minimum period of two years. These initiatives engage important alternatives for the environment preservation and the reduction in greenhouse gases emissions.

8 APPENDIX

Eletrobras Eletrosul features its 2016 Sustainability Report, evaluated and formally approved by the Executive Board and the Administrative Board (highest governance body of the company). (G4-48)

Eletrobras Eletrosul does not provide frequency indicators, average duration and electric power outage due to its restricted activities to generation and transmission. (G4-EU28 G4-EU29)

SPECIFIC PURPOSE PARTNERSHIP (SPES) (G4-17)

SPE	CNPJ	ELETROSUL SHARE
Chui Holding S/A	14.738.255/0001-60	49,00%
Eólica Chuí IX	19.661.005/0001-93	99,99%
Costa Oeste Transmissora de Energia S/A	14.507.191/0001-97	49,00%
ESBR Participações S/A	10.338.314/0001-52	20,00%
Empresa Transmissora do Alto Uruguai S/A	05.063.249/0001-60	27,42%
Fronteira Oeste Transmissora de Energia S/A	19.438.891/0001-90	51,00%
Eólica Hermenegildo I	19.661.000/0001-60	99,99%
Eólica Hermenegildo II	19.660.985/0001-00	99,99%
Eólica Hermenegildo III	19.660.995/0001-45	99,99%
Livramento Holding	14.610.209/0001-81	59,00%
Marumbi Transmissora de Energia S/A	14.820.785/0001-53	20,00%
Paraíso Transmissora de Energia S/A	21.868.254/0001-04	100,00%
Santa Vitória do Palmar Holding S/A	12.094.666/0001-35	49,00%
Teles Pires Participações S/A	13.212.219/0001-04	24,72%
Transmissora Sul Brasileira de Energia S/A	14.820.905/0001-12	80,00%
Transmissora Sul Litorânea de Energia S/A	16.383.969/0001-29	51,00%
Uirapuru Transmissora de Energia S/A	07.003.112/0001-45	75,00%

8.1 - PARTICIPATIVE ACTION (G4-16)

ENTITIES WITH A STRATEGIC ROLE IN WHICH ELETROBRAS ELETROSUL TOOK PART IN 2016:

- Brazilian Association of Electric Power Generating Companies (Abrage)
- Brazilian Association of Large Electricity Transmission Company (Abrate)
- Brazilian Committee of the Commission for Regional Energy Integration (Bracier)
- Electricity Memorial Center in Brazil
- Center for Energy Research (Cepel)
- National Committee Brazilian Production and Transmission of Electricity (Cigré-Brazil)
- Foundation Committee of Corporate Management (Khoja Foundation)
- UTC Latin American Association (UTCAL) - (Utilities Telecom Council Latin America)
- Brazilian Association of Risk Management (ABGR)
- National Union of Self-Management Health Care Institutions (Unidas/ Nacional)
- Brazilian Association of Energy Concessionaries (ABCE)
- Brazilian Wind Power Energy Association (ABEEólica)
- Brazilian Association of Maintenance (Abraman)
- Brazilian Human Resource Association (ABRH)
- Commercial and Industrial Association of Florianópolis (ACIF)
- Associação dos Produtores de Energia Elétrica de Santa Catarina (APESC) (in Portuguese)
- Association of Electric Power Producers of Santa Catarina
- Electric Power Trade Chamber (CCEE)
- World Energy Council - Brazilian Committee (World Energy Council)
- Fórum Nacional de Gestão da Ética nas Empresas Estatais (in Portuguese)
- National Forum on Ethics Management in State - Owned Enterprises
- National Electric System Operator (ONS)

8.2 - ENTERPRISES / AREA OF INFLUENCE (G4-EN14, G4-EN11)

AMOUNT OF SPECIES IN IUCN* RED LIST FOUND IN AREAS OF INFLUENCE OF ELETROBRAS ELETROSUL EXISTING ENTERPRISES	
EXTINCTION RISK LEVEL	**NUMBER OF SPECIES**
Critical Endangered (CR)	12
Endangered (EN)	38
Vulnerable (VU)	56
Near Threatened (NT)	12
Little Concern (LC)	287

** Acronym in English to International Union for Nature Conservation*

ENERGY GENERATION PROJECTS	ENERGY GENERATION PROJECTS PRIORITY AREA CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
UHE Passo São João	Corredor Turvo-Ijuí	Ma035	Atlantic Rainforest	High	25,22
UE Cerro Chato I	Guarai	Pp026	Pampas	Extremely High	10,28
UE Cerro Chato II					11,15
UE Cerro Chato III					15,01
UE Coxilha Seca					9,91
UE Galpões					3,6
UE Capão do Inglês					4,71

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Água Clara - UH São Domingos	Rio Verde (MS)	Ce054	Cerrado	Very High	0,17
Anastácio - Dourados	Anastácio - Nioaque	Ce051		Extremely High	2,56
Anastácio - Dourados	Corredor Serra do Maracaju	Ce041			0,98
Anastácio - Dourados	Santa Maria - Brilhante	Ce035			3,36
Araquarí Hyosung - Joinville GM	Baia de Babitonga e Itapoá	MaZc097	Atlantic Rainforest		0,07

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Areia - Bateias	São Mateus	Ma111	Atlantic Rainforest	▲	0,37
Areia - Bateias	Rio Iratim	Ma106		▲	0,37
Areia - Bateias	APA da Escarpa Devoniana	Ma640		◭	1,41
Areia - Bateias	Corredor Rio das Almas	Ma125		◭	0,32
Areia - Bateias	APA da Serra da Esperança	Ma604		◭	1,33
Areia - Campos Novos	Campos de Água Doce	Ma082		▲	1,61
Areia - Campos Novos	entorno do Refúgio de Palmas	Ma094		▲	1,16
Areia - Campos Novos	RVS Campos de Palmas	Ma582		▲	0,55
Areia - Curitiba	São Mateus	Ma111		▲	2,04
Areia - Curitiba	Rio Iratim	Ma106		▲	0,35
Areia - Curitiba	APA da Escarpa Devoniana	Ma640		◭	0,44
Areia - Curitiba	Várzea do Rio Iguaçú	Ma118		◭	0,1
Areia - Curitiba	APA da Serra da Esperança	Ma604		△	1,19
Areia - Ivaiporã	Turvo	Ma136		◭	0,09
Areia - Ivaiporã	Cavernosa	Ma130		◭	0,33
Areia - Ivaiporã	Rio Pinhão	Ma117		◭	0,3
Areia - Ivaiporã	Rio Iratim	Ma106		▲	0,38
Areia - Ponta Grossa Norte	Rio Pinhão	Ma117		◭	0,79
Areia - Ponta Grossa Norte	Rio Iratim	Ma106		▲	0,31
Areia - Ponta Grossa Norte	FLONA Irati	Ma622		▲	0,09
Areia - Ponta Grossa Norte	REBIO das Araucárias	Ma627		▲	0,18
Areia - Ponta Grossa Norte	APA da Serra da Esperança	Ma604		◭	1,15
Areia - Ponta Grossa Norte	Várzeas do Tibagi-Ibituvão	Ma132		▲	0,63
Areia - Salto Osório 1	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,16
Areia - Salto Osório 1	TI Mangueirinha	Ma593		▲	0,22
Areia - Salto Osório 1	Rio Iratim	Ma106		▲	1,59
Areia - Salto Osório 2	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,17
Areia - Salto Osório 2	TI Mangueirinha	Ma593		▲	0,23

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Areia - Salto Osório 2	TI Mangueirinha	Ma593	Atlantic Rainforest	▲	0,23
Areia - Salto Osório 2	Rio Iratim	Ma106		▲	1,59
Areia - São Mateus do Sul	São Mateus	Ma111		▲	0,51
Areia - São Mateus do Sul	Rio Iratim	Ma106		▲	0,3
Areia - São Mateus do Sul	APA da Serra da Esperança	Ma604		◭	0,92
Assis - Londrina	Narandiba- Paranapanema	Ma258		◭	0,56
Atlântida2 - Gravataí3	Região da APA Osório/Caraá	Pp058	Pampas	▲	0,25
Atlântida2 - Gravataí3	Remanescentes de Floresta Estacional	Pp059		△	0,05
Atlântida2 - Gravataí3	APA do Banhado Grande	Pp101		△	1,88
Atlântida2 - Gravataí3	Remanescentes de Floresta Estacional	Pp059		△	0,02
Atlântida2 - Gravataí3	Áreas úmidas aonorte de Tramandaí	PpZc057		◭	1,11
Atlântida2 - Osório2	Remanescentes de Floresta Estacional	Pp059		△	0
Atlântida2 - Osório2	Remanescentes de Floresta Estacional	Pp059		△	0,02
Atlântida2 - Osório2	Áreas úmidas aonorte de Tramandaí	PpZc057		◭	1,11
Biguaçu - Blumenau 1	Serra das Bateias	Ma064	Atlantic Rainforest	◭	0,18
Biguaçu - Blumenau 1	Doutor Pedrinho - Jaraguá	Ma085		◭	0,06
Biguaçu - Blumenau 1	Nascentes do Rio Luiz Alves	Ma079		▲	1,29
Biguaçu - Blumenau 1	Vales do Rio Tijucas - Biguaçu	Ma046		◭	1,46
Biguaçu - Blumenau 1	Vale do Rio Camburiú	MaZc060		◭	1,13
Biguaçu - Blumenau 2	Serra das Bateias	Ma064		◭	1,3
Biguaçu - Blumenau 2	Doutor Pedrinho - Jaraguá	Ma085		◭	0,44
Biguaçu - Blumenau 2	Nascentes do Rio Luiz Alves	Ma079		▲	0,49
Biguaçu - Blumenau 2	Vales do Rio Tijucas - Biguaçu	Ma046		◭	2,11
Biguaçu - Blumenau 2	PN da Serra do Itajaí	Ma570		▲	0,05
Biguaçu - Blumenau 2	Vale do Rio Camburiú	MaZc060		◭	0,18
Biguaçu - Blumenau 2	Vales do Rio Tijucas - Biguaçu	Ma046		◭	1,2
Biguaçu - Campos Novos	Serra do Pitoco	Ma044		△	0,37
Biguaçu - Campos Novos	Alfredo Wagner	Ma039		△	1,42

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Biguaçu - Campos Novos	Vales do Rio Tijucas - Biguaçu	Ma046	Atlantic Rainforest	◭	2,62
Biguaçu - Campos Novos	Entorno do Parque Estadual Rio Canoas	Ma042		◭	0,12
Biguaçu - Desterro	PE da Serra do Tabuleiro	MaZc551		▲	0,3
Biguaçu - Desterro	Corredor PAREST Serra do Tabuleiro	MaZc038		△	0,28
Biguaçu - Desterro	Maciço Cristalino Sull da Ilha de SC	MaZc037		▲	0,41
Biguaçu - Desterro	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,14
Biguaçu - Desterro	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,69
Biguaçu - Florianópolis 1	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,28
Biguaçu - Itajaí Fazenda	Vale do Rio Camburiú	MaZc060		◭	0,22
Biguaçu - Itajaí Fazenda	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,4
Biguaçu - Itajaí Fazenda	Vale do Rio Camburiú	MaZc060		◭	0,56
Biguaçu - Jorge Lacerda B	Anitápolis	Ma034		◭	1,68
Biguaçu - Jorge Lacerda B	PE da Serra do Tabuleiro	MaZc551		▲	0,35
Biguaçu - Jorge Lacerda B	Anitápolis II	Ma036		◭	0,3
Biguaçu - Jorge Lacerda B	Alfredo Wagner	Ma039		△	0,56
Biguaçu - Jorge Lacerda B	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,78
Biguaçu - Jorge Lacerda B	Vales do Rio Tijucas - Biguaçu	Ma046		◭	1,2
Biguaçu - Palhoça	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,09
Biguaçu - Palhoça	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,69
Biguaçu - Tijucas	Vales do Rio Tijucas - Biguaçu	Ma046		◭	0,4
Blumenau - Curitiba	Serra Dona Francisca	Ma100		▲	0,59
Blumenau - Curitiba	Várzea do Rio Iguaçú	Ma118		◭	0,1
Blumenau - Curitiba	Doutor Pedrinho - Jaraguá	Ma085		◭	3,3
Blumenau - Curitiba	Nascentes do Rio Luiz Alves	Ma079		▲	0,02
Blumenau - Curitiba	Corredor Rio Negro/Rio da Várzea	Ma103		△	0,31
Blumenau - Gaspar	Serra das Bateias	Ma064		◭	0,25
Blumenau - Gaspar	Doutor Pedrinho - Jaraguá	Ma085		◭	0,46
Blumenau - Ilhota	Serra das Bateias	Ma064		◭	0,25

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Blumenau - Ilhota	Doutor Pedrinho - Jaraguá	Ma085	Atlantic Rainforest	◭	0,46
Blumenau - Ilhota	Serra das Bateias	Ma064		◭	0,02
Blumenau - Itajaí 1	Doutor Pedrinho - Jaraguá	Ma085		◭	0,06
Blumenau - Itajaí 1	Nascentes do Rio Luiz Alves	Ma079		▲	0,98
Blumenau - Itajaí 2	Doutor Pedrinho - Jaraguá	Ma085		◭	0,06
Blumenau - Itajaí 2	Nascentes do Rio Luiz Alves	Ma079		▲	0,98
Blumenau - Joinville	Serra Dona Francisca	Ma100		▲	0,18
Blumenau - Joinville	Sudoeste de Joiville	Ma095		—	0,22
Blumenau - Joinville	Doutor Pedrinho - Jaraguá	Ma085		◭	0,17
Blumenau - Joinville	Nascentes do Rio Luiz Alves	Ma079		▲	1,02
Blumenau - Joinville Norte	Serra Dona Francisca	Ma100		▲	0,26
Blumenau - Joinville Norte	Sudoeste de Joiville	Ma095		—	0,21
Blumenau - Joinville Norte	Doutor Pedrinho - Jaraguá	Ma085		◭	0,17
Blumenau - Joinville Norte	Nascentes do Rio Luiz Alves	Ma079		▲	1,01
Blumenau - Palhoça	Serra das Bateias	Ma064		◭	1,3
Blumenau - Palhoça	Doutor Pedrinho - Jaraguá	Ma085		◭	0,44
Blumenau - Palhoça	Nascentes do Rio Luiz Alves	Ma079		▲	0,49
Blumenau - Palhoça	Vales do Rio Tijucas - Biguaçu	Ma046		◭	4,19
Blumenau - Palhoça	PN da Serra do Itajaí	Ma570		▲	0,05
Blumenau - Palhoça	Vale do Rio Camburiú	MaZc060		◭	0,18
Camboriú Morro do Boi - Tijucas	Vale do Rio Camburiú	MaZc060		◭	0,56
Campo Mourão - Apucarana	Vila Rica do Espírito Santo	Ma186		◭	0,64
Campo Mourão - Apucarana	Nascente do Pirapó	Ma199		△	0,11
Campo Mourão - Apucarana	Rio Keller	Ma194		△	0,12
Campo Mourão - Salto Osório 1	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,19
Campo Mourão - Salto Osório 2	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,19
Campos Novos - Machadinho 1	Corredor do Rio Uruguai (Leste)	Ma048		△	0,67
Campos Novos - Nova Santa Rita	Vale do Caí	Ma013		◭	0,84

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Campos Novos - Nova Santa Rita	Corredor do Rio Uruguai (Leste)	Ma048	Atlantic Rainforest	△	0,76
Campos Novos - Nova Santa Rita	Vale dos Sinos	Ma007		△	0,5
Campos Novos - Nova Santa Rita	Muçum	Ma019		◭	0,87
Canoinhas - São Mateus do Sul	São Mateus	Ma111		▲	0,69
Cascavel Oeste - Guaíra	Entorno da margem esq. do reservatório de Itaipiu	Ma139		◭	0,03
Caxias - Campos Novos	Vale do Caí	Ma013		◭	0,38
Caxias - Campos Novos	Corredor do Rio Uruguai (Leste)	Ma048		△	0,77
Caxias - Campos Novos	Muçum	Ma019		◭	0,51
Caxias - Campos Novos	Vale do Caí	Ma013		◭	0,02
Caxias - Caxias5	Vale do Caí	Ma013		◭	0,31
Caxias - Gravataí	Vale do Caí	Ma013		◭	1,35
Caxias - Gravataí	Contrafontes do Ferrabraz	Ma003		◭	0,08
Caxias - Gravataí	Vale do Caí	Ma013		◭	0,02
Caxias - Itá	Vale do Caí	Ma013		◭	0,48
Caxias - Itá	Corredor do Rio Uruguai (Leste)	Ma048		△	0,24
Caxias - Itá	Muçum	Ma019		◭	1,71
Caxias - Itá	Rio Telha	Ma031		◭	0,32
Cerro Chato - Livramento2	Quaraí	Pp026	Pampas	▲	0,15
Cerro Chato - Livramento2	APA do Ibirapuitã	Pp096		◭	0,48
Cerro Chato - Livramento2	Upamaroti	Pp031		◭	0,61
Conversora Uruguaiana - Passo de Los Libres	Uruguaiana	Pp060		▲	0,02
Curitiba - Bateias	APA do Rio Passauna	Ma613	Atlantic Rainforest	△	0,45
Curitiba - Bateias	APA do Rio Verde	Ma611		△	0,8
Curitiba - Joinville	Serra Dona Francisca	Ma100		▲	0,64
Curitiba - Joinville	Várzea do Rio Iguaçú	Ma118		◭	0,06
Curitiba - Joinville	APA de Guaratuba	MaZc595		▲	1,71
Curitiba - Joinville	Baia de Babitonga e Itapoá	MaZc097		▲	0,3
Curitiba - Joinville Norte	Serra Dona Francisca	Ma100		▲	0,57

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Curitiba - Joinville Norte	Várzea do Rio Iguaçú	Ma118	Atlantic Rainforest	◭	0,06
Curitiba - Joinville Norte	APA de Guaratuba	MaZc595		▲	1,72
Curitiba - Joinville Norte	Baia de Babitonga e Itapoá	MaZc097		▲	0,3
Curitiba - Joinville Norte	Serra Dona Francisca	Ma100		▲	0,05
Curitiba - São Mateus do Sul	São Mateus	Ma111		▲	1,06
Curitiba - São Mateus do Sul	APA da Escarpa Devoniana	Ma640		◭	0,34
Curitiba - São Mateus do Sul	Várzea do Rio Iguaçú	Ma118		◭	0,08
Dourados - Guaíra	TI Porto Lindo	Ma681		—	0,19
Dourados - Guaíra	Rio Naracaí (MS)	Ma207		◭	0,89
Dourados - Guaíra	APA Ilhas e Várzeas do Rio Paraná	Ma739		▲	0,14
Dourados - Guaíra	Entorno da margem esq. do reservatório de Itaipiu	Ma139		◭	0,33
Dourados - Guaíra	APA Ilhas e Várzeas do Rio Paraná	Ma739		▲	0,07
Eldorado - Guaíra	Entorno da margem esq. do reservatório de Itaipiu	Ma139		◭	0,2
Eldorado - Guaíra	APA Ilhas e Várzeas do Rio Paraná	Ma739		▲	0,04
Farroupilha - Monte Claro 1	Muçum	Ma019		◭	0,31
Farroupilha - Monte Claro 2	Muçum	Ma019		◭	0,3
Farroupilha - Monte Claro 2	Muçum	Ma019		◭	0,01
Forquilhinhas - Siderópolis	Escarpas da Serra Geral	Ma018		▲	0,2
Garibaldi1 - Monte Claro	Muçum	Ma019		◭	0,55
Ilhota - Gaspar	Serra das Bateias	Ma064		◭	0,02
Itá - Machadinho	Fragmentos Concórdia	Ma056		△	0,42
Itá - Machadinho	PE Fritz Plaumann	Ma567		▲	0,02
Itá - Machadinho	Corredor do Rio Uruguai (Leste)	Ma048		△	0,72
Itajaí - Camboriú Morro do Boi	Vale do Rio Camburiú	MaZc060		▲	0,13
Itajaí - Camboriú Morro do Boi	Vale do Rio Camburiú	MaZc060		▲	0,22
Itajaí - Itajaí Fazenda	Vale do Rio Camburiú	MaZc060		▲	0,13
Ivaiporã - Londrina 1	Corredor Mata do Godoy - Rio Tibagi	Ma204		▲	0,03
Ivaiporã - Londrina 2	Corredor Mata do Godoy - Rio Tibagi	Ma204		▲	0,03

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Ivaiporã - Cascavel Oeste	Rio Cantu	Ma150	Atlantic Rainforest	▲	0,25
Ivaiporã - Salto Santiago 1	Represa Osório Santiago	Ma124		◭	1,19
Ivaiporã - Salto Santiago 2	Represa Osório Santiago	Ma124		◭	0,89
Ivinhema - Porto Primavera	Ribeirão Laranjalzinho/Piravevê (MS)	Ma285		◭	0,22
Ivinhema - Porto Primavera	APA Ilhas e Várzeas do Rio Paraná	Ma739		▲	2,05
Joinville - Joinville GM	Sudoeste de Joiville	Ma095		—	0,11
Joinville - Joinville Norte	Serra Dona Francisca	Ma100		▲	0,08
Joinville - Joinville Norte	Serra Dona Francisca	Ma100		▲	0,05
Joinville - Joinville Santa Catarina	Sudoeste de Joiville	Ma095		—	0,11
Joinville - Vega do Sul 1	Sudoeste de Joiville	Ma095		—	0,45
Joinville - Vega do Sul 1	Baia de Babitonga e Itapoá	MaZc097		▲	1,46
Joinville Santa Catarina - Piçarras	Baia de Babitonga e Itapoá	MaZc097		▲	0,07
Jorge Lacerda A - Imbituba	Mirim	MaZc029		◭	0,1
Jorge Lacerda A - Imbituba	Passarim	MaZc032		△	0,08
Jorge Lacerda A - Imbituba	Ecótono do Cabo de Sta Marta	MaZc025		▲	0,05
Jorge Lacerda A - Imbituba	Mirim	MaZc029		◭	0,06
Jorge Lacerda A - Imbituba	Ecótono do Cabo de Sta Marta	MaZc025		▲	0,1
Jorge Lacerda A - Palhoça	PE da Serra do Tabuleiro	MaZc551		▲	0,32
Jorge Lacerda A - Palhoça	Corredor PAREST Serra do Tabuleiro	MaZc038		△	0,1
Jorge Lacerda A - Palhoça	Passarim	MaZc032		△	0,53
Jorge Lacerda A - Palhoça	TI Morro dos Cavalos	Ma554		△	0,13
Jorge Lacerda A - Palhoça	Ecótono do Cabo de Sta Marta	MaZc025		▲	0,32
Jorge Lacerda A - Palhoça	Mirim	MaZc029		◭	0,1
Jorge Lacerda A - Palhoça	Passarim	MaZc032		△	0,08
Jorge Lacerda A - Palhoça	Ecótono do Cabo de Sta Marta	MaZc025		▲	0,05
Jorge Lacerda B - Palhoça	Anitápolis	Ma034		◭	1,69
Jorge Lacerda B - Palhoça	PE da Serra do Tabuleiro	MaZc551		▲	0,36
Jorge Lacerda B - Palhoça	Anitápolis II	Ma036		◭	0,3

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Jorge Lacerda B - Palhoça	Alfredo Wagner	Ma039	Atlantic Rainforest	△	0,56
Jorge Lacerda B - Palhoça	Vales do Rio Tijucas - Biguaçu	Ma046		◭	1,49
Jorge Lacerda B - Siderópolis 1	Escarpas da Serra Geral	Ma018		▲	1,08
Jorge Lacerda B - Siderópolis 2	Escarpas da Serra Geral	Ma018		▲	1,06
Jupiá - Mimoso 2	Rio Verde (MS)	Ce054	Cerrado	◭	0,71
Jupiá - Mimoso 2	Várzeas do Rio Paraná	Ma359	Atlantic Rainforest	▲	0,19
Jupiá - Mimoso 3 e 4	Rio Verde (MS)	Ce054	Cerrado	◭	0,71
Jupiá - Mimoso 3 e 4	Várzeas do Rio Paraná	Ma359	Atlantic Rainforest	▲	0,2
Lajeado Grande - Caxias5	Campos de São Francisco	Ma015		◭	0,36
Lajeado Grande - Caxias5	Nascente do Antas	Ma020		◭	0,53
Lajeado Grande - Forquilhinha	Campos de São Francisco	Ma015		◭	0,56
Lajeado Grande - Forquilhinha	Nascente do Antas	Ma020		◭	2,48
Lajeado Grande - Forquilhinha	Escarpas da Serra Geral	Ma018		▲	1,34
Livramento2 - Conversora Rivera	Upamaroti	Pp031	Pampas	◭	0,08
Londrina - Apucarana	Corredor Mata do Godoy - Rio Tibagi	Ma204	Atlantic Rainforest	◭	0,04
Londrina - Assis 1	Narandiba- Paranapanema	Ma258		◭	0,98
Londrina - Assis 1	Corredor Mata do Godoy - Rio Tibagi	Ma204		◭	0,04
Londrina - Londrina Copel	Corredor Mata do Godoy - Rio Tibagi	Ma204		◭	0,04
Londrina - Maringá	Corredor Mata do Godoy - Rio Tibagi	Ma204		◭	0,04
Monte Claro - Nova Prata2	Muçum	Ma019		◭	0,19
Monte Claro - Nova Prata2	Muçum	Ma019		◭	0,01
Monte Claro - Passo Fundo	Muçum	Ma019		◭	0,19
Nova Santa Rita - Itá	Westfalia	Ma010		△	1,02
Nova Santa Rita - Itá	Corredor do Rio Uruguai (Leste)	Ma048		△	0,21
Nova Santa Rita - Itá	Brochier e Maratá	Ma004		△	0,83
Nova Santa Rita - Itá	Muçum	Ma019		◭	1,82
Palhoça - Imbituba	PE da Serra do Tabuleiro	MaZc551		▲	0,32
Palhoça - Imbituba	Corredor PAREST Serra do Tabuleiro	MaZc038		△	0,1
Palhoça - Imbituba	Passarim	MaZc032		△	0,53

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Palhoça - Imbituba	TI Morro dos Cavalos	Ma554	Atlantic Rainforest	△	0,13
Palhoça - Imbituba	Ecótono do Cabo de Sta Marta	MaZc025		▲	0,32
Palhoça - Imbituba	Mirim	MaZc029		◭	0,06
Palhoça - Imbituba	Ecótono do Cabo de Sta Marta	MaZc025		▲	0,1
Passo Fundo - Xanxerê 1	TI Toldo Chimbangue II	Ma573		△	0,02
Passo Fundo - Xanxerê 1	TI Aldeia Kondá	Ma568		△	0,3
Passo Fundo - Xanxerê 2	TI Toldo Chimbangue II	Ma573		△	0,02
Passo Fundo - Xanxerê 2	TI Aldeia Kondá	Ma568		△	0,3
Presidente Médici - Santa Cruz1	Palmas	Pp019	Pampas	▲	2,51
Presidente Médici - Santa Cruz1	Campos de Candiota e Hulha Negra	Pp014		▲	1,1
Presidente Médici - Santa Cruz1	Arroio dos Lanceiros	Pp035		◭	0,28
Presidente Médici - Santa Cruz1	Campos do Pantano Grande	Pp045		◭	1,33
Presidente Médici - Santa Cruz1	Guaritas	Pp025		▲	3,55
Presidente Médici - Santa Cruz1	Encruzilhada	Pp032		◭	1,13
Salto Osório - Pato Branco	Corredor Rio Iguaçu - Rio das Cobras	Ma127	Atlantic Rainforest	▲	0,15
Salto Osório - Salto Santiago	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,15
Salto Osório - Salto Santiago	Represa Osório Santiago	Ma124		◭	0,03
Salto Osório - UH Salto Osório 1 e 2	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,02
Salto Osório - UH Salto Osório 3 e 4	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,02
Salto Osório - UH Salto Osório 5 e 6	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,02
Salto Osório - Xanxerê	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,15
Salto Osório - Xanxerê	Corredor Chapecó	Ma080		◭	0,53
Salto Osório - Xanxerê	TI Xapecó	Ma580		◭	0,45
Salto Santiago - Itá	Corredor Rio Iguaçu - Rio das Cobras	Ma127		▲	0,18
Salto Santiago - Itá	Represa Osório Santiago	Ma124		◭	0,09
Salto Santiago - Itá	Corredor Chapecó	Ma080		◭	0,19
Salto Santiago - Itá	Corredor do Rio Uruguai (Leste)	Ma048		△	0,48
Salto Santiago - Segredo	TI Mangueirinha	Ma593		▲	0,27

▲ Extremely High ◭ Very High △ High — Insufficiently Known

TRANSMISSION LINES	PRIORITY AREAS FOR CONSERVATION	AREA CODE	BIOME	IMPORTANCE	AFFECTED AREA KM²
Salto Santiago - Segredo	Represa Osório Santiago	Ma124	Atlantic Rainforest	◭	0,11
Salto Santiago - Segredo	Corredor Mangueirinha - Rio Jordão	Ma114		▲	0,41
Salto Santiago - Segredo	Foz do Rio Jordão	Ma121		▲	0,31
Salto Santiago - UH Salto Santiago 1	Represa Osório Santiago	Ma124		◭	0,04
Salto Santiago - UH Salto Santiago 2	Represa Osório Santiago	Ma124		◭	0,04
Salto Santiago - UH Salto Santiago 3	Represa Osório Santiago	Ma124		◭	0,05
UH Itá - Itá 1	Corredor do Rio Uruguai (Leste)	Ma048		△	0,14
UH Itá - Itá 2	Corredor do Rio Uruguai (Leste)	Ma048		△	0,14
Xanxerê - Pato Branco	Corredor Chapecó	Ma080		◭	0,53
Xanxerê - Pato Branco	TI Xapecó	Ma580		◭	0,46
TOTAL					146,65

▲ Extremely High ◭ Very High △ High — Insufficiently Known

8.3 - INDEX

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G4-5	▲	12
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▲ Complete ◭ Not Applicable △ Not significant fine applications

DESCRIPTIVE INDICATORS	STATUS	PAGE
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▲ Complete ◭ Not Applicable △ Not significant fine applications

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▲ Complete ◭ Not Applicable △ Not significant fine applications

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▲ Complete ◭ Not Applicable △ Not significant fine applications

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** Not significant fine application.*

**There was occurrence of diseases regarding to transmission line activites company perform actions to minimize such impacts.*

▲ Complete ◭ Not Applicable △ Not significant fine applications

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**There was no register of discrimination regarding to human rights.*

▲ Complete ◭ Not Applicable △ Not significant fine applications

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** Company didn't register fraus or corruption report involving employees or suppliers.*

**The year of 2016 ended without lawsuits record, pending or finalised, involving the company, regarding to unfair competition, antitrust law violation and monopoly regulation.*

** Not significant fine application.*

▲ Complete ◭ Not Applicable △ Not significant fine applications

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G4-EU10	▲	55
G4-EU11	◭	
G4-EU12	▲	
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** Not significant fine application*

** In 2016 Company was not activated in any case regarding clients accident with death.*

▲ Complete ◭ Not Applicable △ Not significant fine applications

DESCRIPTIVE INDICATORS	STATUS	PAGE
G4-EU23	◭	
G4-EU24	◭	
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G4-EU29	▲	112
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** In 2016 Company was not activated in any case regarding clients accident with death.*

▲ Complete ◭ Not Applicable △ Not significant fine applications

+OFFICE HOUR

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MINAS E ENERGIA

BRASIL
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