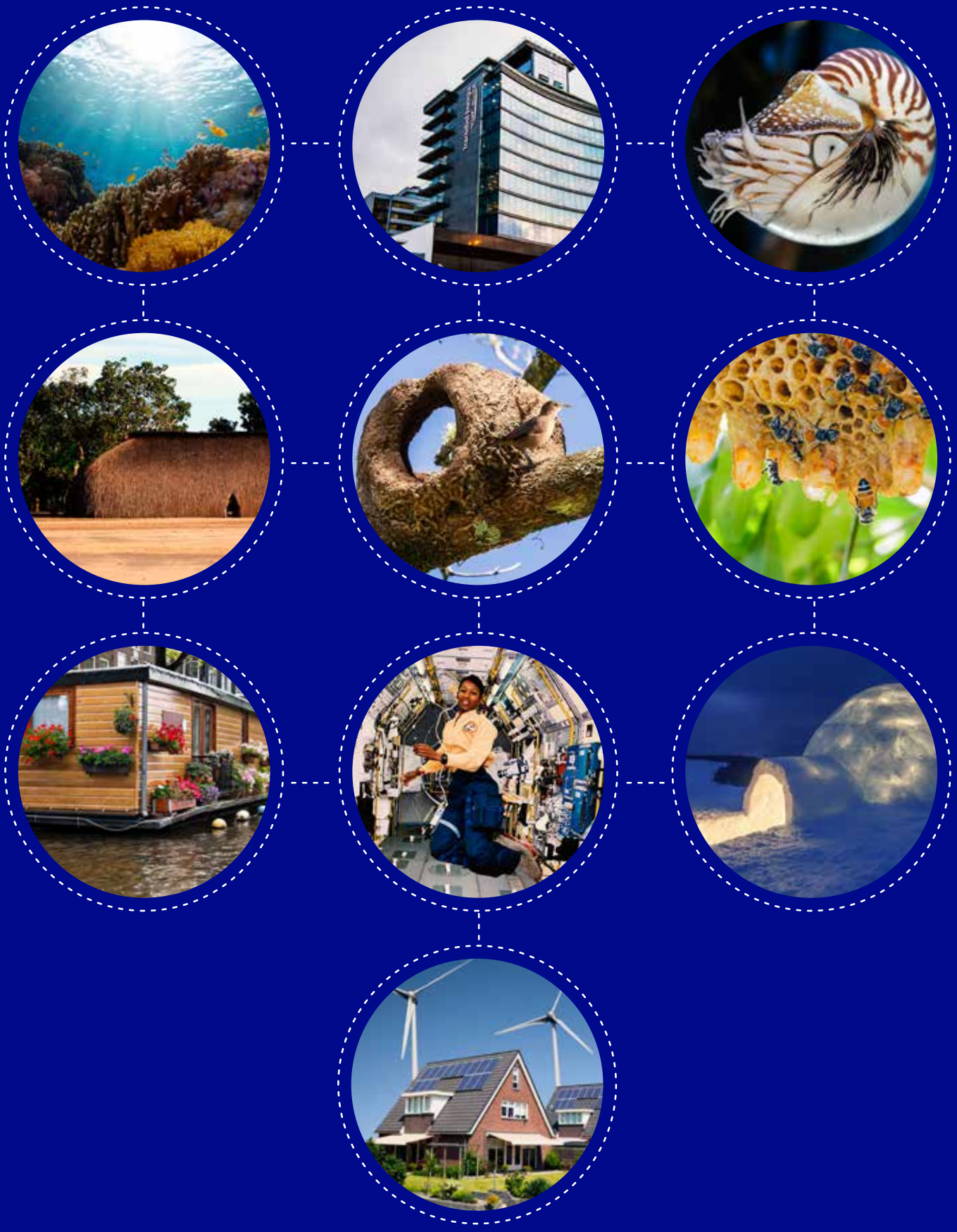
SUSTAINABILITY REPORT 2014

BRAZIL, OUR HOME

Tractebel Energia

GDF SUEZ





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BRAZIL, OUR HOME

The place where we live is the most special of all. There, we look for shelter, we make plans, we have relationships, we grow.

Tractebel Energia's home is Brazil. In a challenging year such as 2014, we got back onto the growth path. It was the year we returned to auctions and sold new energy for delivery starting in 2019. The power plants that will supply this will be built starting in 2015 and, still in 2014, the largest solar power plant in Brazil and two new wind power plants started to operate, while we started the works for yet another wind power farm and the expansion of a biomass plant.

Since 1998, the year we started operating in Brazil, Tractebel Energia's generation capacity has grown 89%, reaching 7,027 MW by the end of 2014, equivalent approximately to 6% of total output in Brazil. Coupled with consistent, robust results, this expansion is the fruit of planning, competence and responsibility. We continue to be the largest private generation company in Brazil.

This Sustainability Report provides an account of Tractebel Energia's operations in 2014, focused on the most relevant aspects according to our stakeholders and our Management, in addition to a brief history of our Company and our plans, in the country we chose and where we were welcomed to put down roots, create value, and grow.

Brazil is our home. Our report includes illustrations of different types of homes found in nature and human life.

Come and give us the pleasure of your company, knowing a bit more about ours.



• G4-56[1]

MISSION

Generating energy for life.

VISION

In a sustainable way, to be the best energy company in Brazil.

VALUES

Professionalism, sense of partnership, teamwork, creation of value, respect for the environment, ethics.

1 Indicator identification standard of the G4 version of the Global Reporting Initiative (GRI).

2014 HIGHLIGHTS



Net income of R$1.4 billion.

The largest market capitalization among electric industry companies: R$22.1 billion.

Tenth consecutive year in BM&FBovespa's Corporate Sustainability Index (ISE).

Maintenance of the international scale BBB and national scale AAA ratings.

Company-owned installed capacity of 7,027.2 MW, of which 84% is from renewable sources.

Sale of 386.9 average MW in the new energy auction.

Start of the commercial operations of the largest photovoltaic plant in Brazil and two new wind farms.

Start of the construction of the Santa Mônica Wind Farm in Ceará.

Upgrading of the Passo Fundo, RS, Salto Santiago, PR, and Ponte de Pedra, MS Hydroelectric Power Plants.



Inauguration of the fourth Cultural Center, in Quedas do Iguaçu, PR.

Approximately 200,000 visitors in the first year of operations of the Tractebel Environmental Park.

Outstanding entity in the Most Ethical Companies in Brazil Ranking, from the Brazilian Institute of Business Ethics.

Transparency Award from the National Association of Executives in Finance, Administration and Accounting (Anefac) for the fifth time.

Satisfaction index of 74% in a climate survey responded by 76% of our employees.

Favorability index of 95% in a survey conducted with customers.

Brasil Ambiental Award from the American Chamber of Commerce of Rio de Janeiro in two categories: Social and Environmental Responsibility and Atmospheric Emissions.

Best investor relations program in Latin America, according to the Institutional Investor magazine (sell side).



MAIN INDICATORS • G4-9

Indicators	Unit of Measure	2014	2013	2012	2014/2013 Change	2014/2012 Change
Operating						
Plants in operation[1]	No.	27	24	22	12.5%	22.7%
Total operated installed capacity	MW	8,748	8,685	8,630	0.7%	1.4%
Total Company-owned installed capacity	MW	7,027	6,905	6,909	1.8%	1.7%
Company-owned installed capacity from renewable sources	MW	5,908	5,780	5,724	2.2%	3.2%
Percentage of Company-owned installed capacity from renewable sources	%	84.1%	83.7%	82.9%	0.4 p.p.	1.2 p.p.
Uptime of generation facilities, less scheduled stoppages	%	96.5	97.4	96.9	-0.9 p.p.	-0.4 p.p.
Uptime of generation facilities, including scheduled stoppages	%	86.8	92.3	90.9	-5.5 p.p.	-4.1 p.p.
Power sales	GWh	37,072	35,445	34,559	4.6%	7.3%
Power sales	Average MW	4,232	4,046	3,934	4.6%	7.6%
Contracted energy per type of customer						
Distributors	%	48	53	55	-5 p.p.	-7 p.p.
Trading companies	%	5	9	11	-4 p.p.	-6 p.p.
Free customers	%	47	38	34	9 p.p.	13 p.p.
Economic and Financial						
Total assets	R$ million	13,620.5	12,637.6	12,310.9*	7.8%	10.6%
Shareholders' equity	R$ million	5,654.9	5,364.6	5,502.3*	5.4%	2.8%
Net sales revenue	R$ million	6,472.5	5,568.7	4,912.5	16.2%	31.8%
Gross profit	R$ million	2,497.7	2,657.0	2,781.6	-6.0%	-10.2%
Earnings from services (EBIT)[2]	R$ million	2,302.9	2,387.2	2,539.3*	-3.5%	-9.3%
Operating income	R$ million	1,956.6	2,001.7	2,086.3*	-2.3%	-6.2%
Net income	R$ million	1,383.1	1,436.7	1,490.9*	-3.7%	-7.2%
EBITDA[3]	R$ million	2,895.1	3,042.6	3,100.5*	-4.9%	-6.6%
Total debt (loans, financing and debentures)	R$ million	3,988.5	3,495.4	3,534.5	14.1%	12.8%
Cash and cash equivalents and restricted deposits	R$ million	1,750.7	1,346.1	1,283.2	30.1%	36.4%
Net debt	R$ million	2,237.8	2,149.3	2,251.3	4.1%	-0.6%
ROCE[4]	%	22.3	23.1	24.7	-3.5%	-9.7%
Gross debt/EBITDA	R$ million	1.4	1.1	1.1	27.3%	27.3%
Net debt/EBITDA	R$ million	0.8	0.7	0.7	14.3%	14.3%
Debt-to-equity ratio	%	58.5	57.6	55.3	1.6%	5.8%
Operating margin	%	30.2	35.9	42.5	-15.9%	-28.9%
Net margin	%	21.4	25.8	30.3	-17.1%	-29.4%



Indicators	Unit of Measure	2014	2013	2012	2014/2013 Change	2014/2012 Change
Shares						
Net earnings per share	R$	2.1189	2.2011	2.2840	-3.7%	-7.2%
Average price per share – ON[3]	R$	32.97	33.11	28.77	-0.4%	14.6%
Dividends per share	R$	1.1876	2.2584	2.3691	-47.4%	-49.9%
Environmental						
Ratio of licensed plants in operation to total plants under Company's responsibility	%	100.0	100.0	100.0	0.0%	0.0%
Donation and plantation of seedlings (sum of donated plants)	No.	301,435	257,110	311,038	17.2%	-3.1%
Power plant visitors	No.	91,490	100,686	93,600	-9.1%	-2.3%
Energy intensity (energy consumed by Tractebel Energia per GJ generated)	GJ	0.48	0.49	0.47	-2.0%	2.1%
Water consumption	millions of m^3	845.0	902.3	890.1	-6.4%	-5.1%
CO_2 emissions – fossil-fuel fired plants	t/MWh	0.970	1.031	1.087	-5.9%	-10.8%
CO_2 emissions of generation facilities (total)	t/MWh	0.131	0.143	0.148	-8.4%	-11.5%
Human Resources						
Number of employees (at December 31)	No.	1,134	1,125	1,082		
Investment in training and professional development	R$ million	5.0	6.4	4.0	-21.9%	25.0%
Total training hours	hours	75,386	59,663	78,916	24.7%	-5.7%
Number of on-the-job and in-transit accidents	No.	13	10**	2	30.0%	550.0%
Frequency rate (FR), excluding outsourced workers[6]	%	1.450	0.980	0.000	▲	▲
Severity rate (SR), excluding outsourced workers[7]	%	0.062	0.000	0.000	▲	▲
Frequency rate (FR), including outsourced workers[6]	%	2.870	0.950	1.280	▲	▲
Severity rate (SR), including outsourced workers[7]	%	0.023	0.006	0.000	▲	▲
Investments in social responsibility programs						
Investments without tax incentives[8]	R$'000	4,143	2,807	2,323	47.6%	78.4%
Investments with tax incentives (Childhood and Adolescence Fund, Cultural Incentive Act, Incentive to Sports Act, etc.)	R$'000	13,773	12,156	12,040	13.3%	14.4%

* Adjusted due to change in accounting policy (see consideration in the Financial Statements). ** Beginning 2013, includes on-the-job and in-transit accidents with and without leave of absence, differently from prior years when only accidents with leave of absence were taken into consideration. **1** In 2014, the Alegrete (RS) Thermoelectric Power Plant was no longer part of Tractebel Energia's generation facilities. **2** EBIT = operating income + financial income. **3** EBITDA = net income + income tax and social contribution + financial expenses, net + depreciation and amortization + provision for impairment. **4** ROCE (return on capital employed) = earnings from services/non-current assets. **5** Simple average of closing prices, adjusted for dividends. **6** FR: number of work-related accidents per million of risk exposure hours. **7** FR: number of days lost on work-related accidents per million of risk exposure hours. **8** Does not include the social investment in Estreito.



MESSAGE FROM MANAGEMENT

• G4-1

In 2014, a year marked by a severe drought, Tractebel Energia maintained its consistent results trend. Its net income was R$1.4 billion, basically the same as in 2013, but still 3.7% lower, despite the considerable increase in costs incurred to replace electric energy that was not able to generate.

The diversity of its energy sources, coupled with a coordinated planning and supply control, contract portfolio, and plant maintenance management, allowed the Company to face better the challenges arising from lower rainfall, and confirms the resilience pointed out by the market as one of its main differentiating features. The successful efforts in tax, regulatory and legal areas also contributed in terms of non-recurring gains, without which the net income would have been 17.7% lower than in 2013.

In January 2014 Tractebel Energia shares became once again part of the Ibovespa, the main index of the Brazilian stock market. In December, as has happened since 2012, we closed the year with the highest market capitalization in the Brazilian electric energy sector: R$22.1 billion.

As proof of soundness and credibility, the Company ratings remained at BBB in the international scale and AAA in the domestic scale, and the sustainable development-focused management has kept part of the BM&FBovespa's Corporate Sustainability Index (ISE) for the tenth consecutive year, which has been included in the index since it was created in 2005 – a feat shared with only ten other companies.

The largest private sector energy generator in Brazil, Tractebel Energia is a subsidiary of GDF SUEZ, the world's largest independent producer of electric energy, which, through its president, Gérard Mestrallet, declared in 2014 its intention of reaching the same leadership position in Latin America within three years. Aligned with this goal, despite the low industrial performance scenario currently experienced in Brazil, the Company has confirmed the growth strategy, which is consistent with the country's energy needs. At the new electricity auction held on November 28, for supply starting in 2019, the Company sold 386.9 average MW. This supply will be made possible with the expansion of the biomass-fired Ferrari Thermoelectric Power Plant, in São Paulo, corresponding to 9.8 average MW, and the construction of two new plants: the Campo Largo Wind



Farm in Bahia, with an output of average 82.6 MW, and the Pampa Sul Thermal Power Plant, in Rio Grande do Sul, with an output of average 294.5 MW.

The construction of a new coal-fired plant represents an opportunity to contribute to the expansion of Brazil's strategic reserve in low rainfall periods, such as the one that has been experiencing since the end of 2012. Note that the Brazilian power matrix depends mostly on renewable sources and Tractebel Energia's power generation complex follows this feature. As at December 31, 2014, 84.1% of its own installed capacity of 7,027.2 MW, refers to renewable sources, especially hydroelectric plants, which total 5,629.8 MW, plus 278.4 MW from wind and biomass.

Actions planned for the coming years, such as the scaled shutdown of fossil fuel generation units which have been operating for a long time, and proceeding with the expansion of our generation facilities, especially using renewable sources, indicate that the future share of renewable sources in energy generation matrix will be even higher compared to nonrenewable sources.

With the same intention in mind, in 2014 was initiated not only the Ferrari expansion works but also the construction of the Santa Mônica Wind Farm in Ceará, which will have an installed capacity of 97.2 MW. In 2014 also started commercial operations in the Fleixeiras I and Mundaú wind farms, which have installed capacity of 30 MW each. These wind farms are part of the Trairi Wind Farm Complex, also in Ceará - which with these additional 60 MW now has a total installed capacity of 115.4 MW integrated into the National Interconnected System (SIN).

The diversity of Company's power sources, coupled with a coordinated planning and supply control, contract portfolio, and plant maintenance management, allowed Tractebel Energia to face better the challenges arising from a shortage of rainfall

• **G4-1**

The largest solar power plant in Brazil also started commercial operations in 2014. The successful result of a research and development project led by the Brazilian Electricity Regulatory Agency (Aneel) and developed by Tractebel Energia in association with other companies and the Federal University of Santa Catarina, the Cidade Azul solar photovoltaic power plant has peak capacity of 3 MW and is the first solar power plant connected to the SIN.

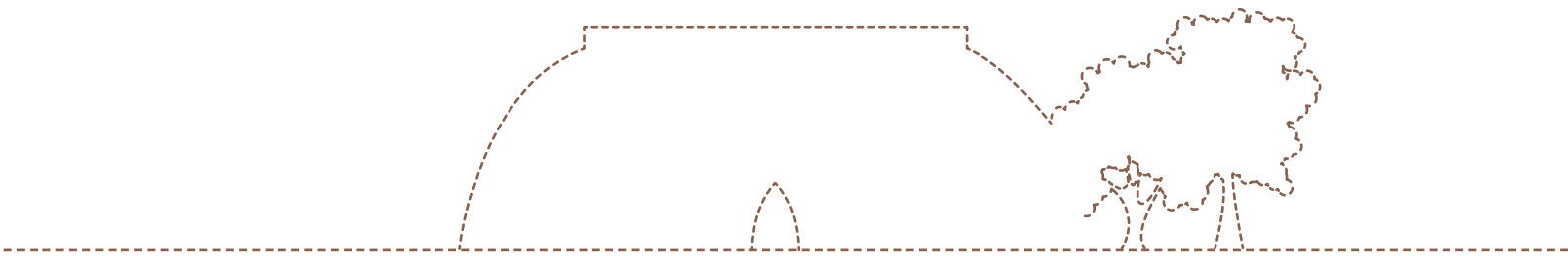
As regards the plants in operation, new investments were made to upgrade and increase the efficiency of the Passo Fundo, Rio Grande do Sul, Salto Santiago, Paraná, and Ponte de Pedra, Mato Grosso do Sul hydroelectric power plants. The continuous improvement of generating facilities contributes to high availability levels; in 2014 this index was 96.5%, not considering scheduled shutdowns, which was especially significant considering the additional demand from thermal plants.

The Company remains attentive to the communities neighboring our projects. In April 2014, in Quedas do Iguaçu, PR, it was opened the fourth Cultural Center sponsored by Tractebel Energia. Like its counterparts, this center is independently managed by a local association with a proven track record in managing cultural projects. Furthermore, in October was celebrated the first year of operation of the Tractebel Environmental Park, in Capivari de Baixo, SC, which has already welcomed 100,000 visitors.

As in previous years, the Company obtained important acknowledgments. From those who build its history, an organizational climate survey responded to by 76% of its employees reported a 74% satisfaction index, and 82% of the respondents stated they were proud to work at Tractebel Energia. The customer survey reported a 94.8% favorability index. The environmental management received from Chamber of Commerce of Rio de Janeiro Brasil Ambiental Award in two categories: Social and Environmental Responsibility and Atmospheric Emissions.

In terms of corporate stance, the Brazilian Institute of Business Ethics has distinguished as an outstanding entity in the Most Ethical Companies in Brazil Ranking; the financial statements received for the fifth time the Transparency Award from the National Association of Finance, Management and Accounting Executives (Anefac); and fund managers interviewed by the Institutional Investor magazine considered Tractebel Energia's investor relationship program the best in Latin America.

Many challenges await the electricity industry in 2015, especially finding ways to compensate for the water shortage. Increased regulatory clarity and stability could help improve the industry's management and security. In 2014, a promising sign from the Federal Government in this regard was the establishment of more realistic ceiling prices in the auctions conducted, which ended up attracting more investors with the actual capacity to honor the commitments assumed.



• G4-1

The Company and its parent company GDF SUEZ belief in Brazil's potential. As part of future expansion, two new projects have strengthened wind power's importance for and share in generating facilities as a whole. In addition to Campo Largo, which at the end of 2018 should reach installed capacity of 326.7 MW and an additional potential of approximately 300 MW, the Company has acquired the Santo Agostinho Complex, in Rio Grande do Norte, with potential of 600 MW. The business plan also includes evaluating new solar power projects, both to be interconnected with the SIN and for distributed generation.

Another major share of the Company´s growth planned for the coming years should be driven by the transfer of GDF SUEZ's 40% stake in the Jirau Hydroelectric Power Plant, in Rondônia. Of the project's 3,750 MW installed capacity, 1,500 MW will be added to Tractebel Energia's capacity, which means the share of renewable sources will be even greater. Part of the UN's Clean Development Mechanism, Jirau closed 2014 with 22 of its 50 generation units in operation, each with 75 MW of power. The transfer of this asset could start in 2015 and should be completed in 2016, in a process to be conducted with the necessary transparency, especially by involving the Special Independent Committee for Related Party Transactions.

New opportunities to expand the country's power supply could arise as a result of the legal and regulatory easing of private sector participation rules for industries such as natural gas and nuclear power, in which GDF SUEZ has a proven track record.

We close this message sharing the joy for our achievements with those without whom none of this would be possible. Our sincere appreciation to the employees, customers, shareholders, service providers, suppliers, and partners of Tractebel Energia, and all those governmental and nongovernmental organizations with which we interact and share efforts to build a power sector increasingly more suited to the needs of Brazil.

MAURÍCIO STOLLE BÄHR
Chairman of the Board of Directors

MANOEL ARLINDO ZARONI TORRES
Chief Executive Officer



ABOUT THE SUSTAINABILITY REPORT

In order to represent all our stakeholders in our performance and the performance of our subsidiaries from January 1 to December 31, 2014, we publish this annual Sustainability Report, where we also express our corporate governance principles and our three-dimension management: economical, social and environmental. Our purpose is to provide an account of the main events and challenges faced during the period, in addition to serving as a tool for a dialog between Tractebel Energia and its stakeholders. • **G4-28 | G4-30**

This report was developed by a multidisciplinary team, consisting of representatives from different areas, including the Sustainability Committee, to ensure the disclosure of the most significant issues for Tractebel Energia. In addition, this report was validated by our Executive Committee. We also consulted our stakeholders, using quizzes and in live events held in 2013 and 2014, coupled with interviews conducted at the beginning of 2015. The consultation proposed the discussion of sustainability-related matters, which allowed the interviewees to freely suggest the discussed matter. This process resulted in the selection of 11 relevant topics, presented below. • **G4-18 | G4-24 | G4-48**

The contents of this report are aligned with the Global Reporting Initiative (GRI), version G4, guidelines, Comprehensive[2] option contemplating sector indicators. Furthermore, as part of the gradual adoption of the Integrated Reporting standard, of the International Integrated Reporting Council (IIRC), in this report we apply some of IIRC recommendations, especially those related to the short-, medium- and long-term value generation, and the presentation of the business model. This document was externally verified. • **G4-48**

2 The same option adopted by Tractebel Energia in its 2013 Sustainability Report.



Thus, as in the previous issues – the last of which was published in April 2013 –, this publication includes the contents of the Management Report of Tractebel Energia, which complies with statutory requirements. In order to verify the information consistency, as recommended by the IIRC, the structures of both reports were adjusted to the extent possible. Similarly, we disclose updated social and environmental indicators in our quarterly releases of economic and financial results on our website. Our executives were involved in the communication information reporting processes, such as the disclosure of this Sustainability Report, intranet communication, and dissemination of social and environmental programs in our internal bulletin. • **G4-29 | G4-32 | G4-33**

The consolidated financial performance of Tractebel Energia and our direct and indirect subsidiaries are available in the financial statements, at http://www.tractebelenergia.com.br/wps/portal/internet/investidores/informacoes-financeiras/demonstracoes-financeiras. • **G4-17**

For clarification or more information about the contents of this Sustainability Report, please contact our Investor Relations Department, via the e-mail ri@tractebelenergia.com.br or by telephone +55 48 3221-7221. • **G4-31**

MATERIALITY PROCESS[3]

• **G4-18 | G4-19**

The materiality process conducted by Tractebel Energia underwent the three steps proposed by the GRI G4 guidelines – identification, prioritization, and validation –, and complies with the four principles recommended by the GRI: sustainability context, stakeholder inclusiveness, materiality[4] and completeness.

The analysis and definition process developed to prepare the materiality matrix took into consideration Tractebel Energia's documentation, sector studies, media surveys, and GRI documentation, as well as the analysis of the previous materiality processes of Tractebel Energia and GDF SUEZ and interviews with our executives, chief executive officer, and chairman of the board.

The GRI G4 materiality definition process recommends assessing the organization's economic, environmental and social impacts and potential of the sustainability issue influencing decision-making. The lines of analysis used for this report were as follows:

Potential of an issue influencing the assessments and decisions of stakeholders

Macro issue	Compilation	GRI Sector Supplements and Sustainability Topics for Sectors	Sector	Survey
Source	Results of 2013 survey	Specific documents	Survey of sector reports	Media survey conducted by Media Group
Weight (%)	**40%**	**20%**	**20%**	**20%**

3 Identification of the most material aspects to be reported, from our and our stakeholders' standpoint.

4 Materiality.



• **G4-18 | G4-19**

Organization's economic, environmental and social impacts

Macro issue	Compilation	Interviewees' perception	Sector
Source	Results of 2013 survey	Interviews with executives	Survey of sector reports
Weight (%)	**30%**	**50%**	**20%**

Based on the results obtained, we started to validate the issues based on new interviews, conducted in 2015, with external stakeholders with a vast knowledge of the business: customers, environmental specialists, and government and sector entities. During the process, some aspects were suggested, reinforcing the importance the Company awards to community-related issues such as biodiversity (• **G4-EN11**) and emissions (• **G4-EN21**). • **G4-27**

After the external and internal validation process, we have defined the following material issues and GRI G4 aspects to be reported by Tractebel Energia:

• **G4-18 | G4-19**

Material issues		Aspects	Indicators
1	Economic performance: economic value generated and distributed, and scenario impacts on the business	Economic performance	G4-EC1
6	Sector context (regulatory and pricing environment, power auctions, and hydrology)	Economic performance	G4-EC2
			G4-EC4
7	Generation capacity, operation uptime, innovation, research and development, and search for energy generation alternatives	Portfolio	EU1
			EU2
			EU8
		Availability and reliability	EU10
		System efficiency	EU11
		Access	EU30
			EU23
8	Customer portfolio management	Product and service labeling	G4-PR5
9	Generation capacity increase (investments, licensing and prospects)	Investments	G4-HR1
		Assessment of human rights related impacts	G4-HR9
12	Water and effluent management	Water	G4-EN8
			G4-EN9
			G4-EN10
		Wastewater and waste	G4-EN22
			G4-EN26
13	Energy use and energy efficiency	Energy	G4-EN3
			G4-EN4
			G4-EN5
			G4-EN6
			G4-EN7
14	CO_2 emissions and low-emission alternatives	Emissions	G4-EN15
			G4-EN16
			G4-EN17
			G4-EN18
			G4-EN19
		Products and services	G4-EN27
16	Employment and labor relations	Employment	G4-LA1
			G4-LA2
			G4-LA3
			EU15
		Labor relations	G4-LA4
		Non-discrimination	G4-HR3
		Freedom of association	G4-HR4
18	Occupational health and safety (own and outsourced employees)	Occupational health and safety	G4-LA5
			G4-LA6
			G4-LA7
			G4LA8

• **G4-18 | G4-19**

Temas materiais		Aspectos	Indicador
21	Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	Environmental grievance mechanisms	G4-EN34
		Labor practices grievance mechanisms	G4-LA16
		Rights of traditional indigenous peoples	G4-HR8
		Human rights grievance mechanisms	G4-HR12
		Local communities	G4-SO1
			G4-SO2
		Local communities (sector)	EU22, EU19
		Grievance mechanisms for impacts on society	G4-SO11
		Biodiversity	G4-EN11
		Emissions	G4-EN21

This materiality analysis process evidenced new management and operation issues. The only issue that was not indicated as material for this reporting cycle was 'training and education'. Even so, the issue was kept due to its importance for Tractebel Energia. • **G4-23**

MATERIALITY LIMIT

• **G4-20 | G4-21**

According to GRI G4 guidelines, the reporting organization should assess the location of the impacts of each aspect considered in the materiality process by identifying its limits, i.e. if the impact is within or outside the organization.

This analysis is used to guide the indicator monitoring process of Tractebel Energia by observing, in the case of the internal analysis, which activity should be developd to focus on the issues and, in the external analysis, to which point could/should our management go.

Within the organization

As the impacts are not always organization-wide, and since each business has different processes and services, the Company was divided as follows, for the analysis from an internal standpoint:

- Tractebel Energia (all operations);
- Hydroelectric power plants;
- Thermoelectric power plants;
- Supplementary sources (biomass, wind power, solar, and small hydroelectric power plant); and
- Tractebel Comercializadora de Energia.

Outside the organization

The material and priority aspects were also analyzed from an external standpoint and divided into two categories of impacts:

- Direct – Significant or real (measurable) impact and/or influence outside the organization.
- Indirect – Significant or real (measurable) impact and/or influence caused by an agent of the organization's value chain.

In the process, only the aspects outside the organization classified as direct were presented.

The detailed limit of the impacts is shown in the GRI Index.



Institutional Profile

• G4-8 | G4-9

Tractebel Energia is Brazil's largest private sector electricity generation company. Since 1998, when it started operating in Brazil, it has been engaged in the construction and operation of power plants, including through hydroelectric power concessions obtained in auctions conducted by the Federal Government, permits to operate thermal power plants, small hydroelectric power plants, and wind farms, and registrations to build solar power plants. • **G4-6**

Based on these specifications we operate in the regulated market, consisting of power distributors, and the deregulated market, consisting of deregulated consumers (mostly manufacturing companies), which is subdivided into two groups: conventional energy (for companies with demand in excess of 3.0 MW) and energy with tax incentives (for companies with demand in excess of 0.5 MW that purchase energy from alternative renewable sources, such as biomass, wind power, and small hydroelectric power plants, or SHPPs).

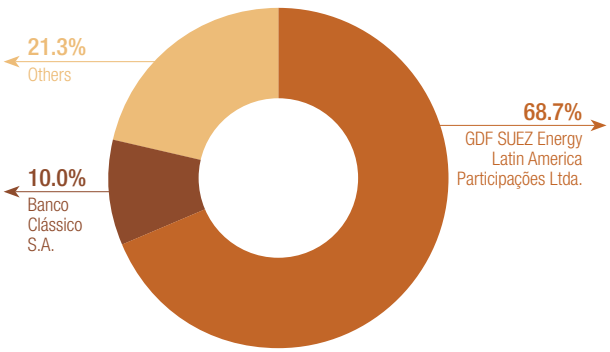
The Company has capital of R$2,445.8 million, represented by 652,742,192 common shares, traded regularly under ticker symbol TBLE3 on BM&FBovespa's Novo Mercado. Tractebel Energia also trades Level 1 American Depositary Receipts (ADRs) on the US over-the-counter market, under ticker symbol TBLEY, at a ratio of one ADR for each common share.

Shareholding control of the Company is held by GDF SUEZ Energy Latin America Participações Ltda. (GSELA), which accounts for 68.71% of Tractebel Energia's capital. GSELA is controlled indirectly by GDF SUEZ, the world's largest independent energy producer, with installed capacity of 115.3 GW, which operates in the entire electricity and natural gas energy value chain. • **G4-5**

Tractebel Energia operates in the regulated market, consisting of power distributors, and the deregulated market, consisting of free consumers

Shareholding control

(as at December 31, 2014)



CORPORATE STRUCTURE

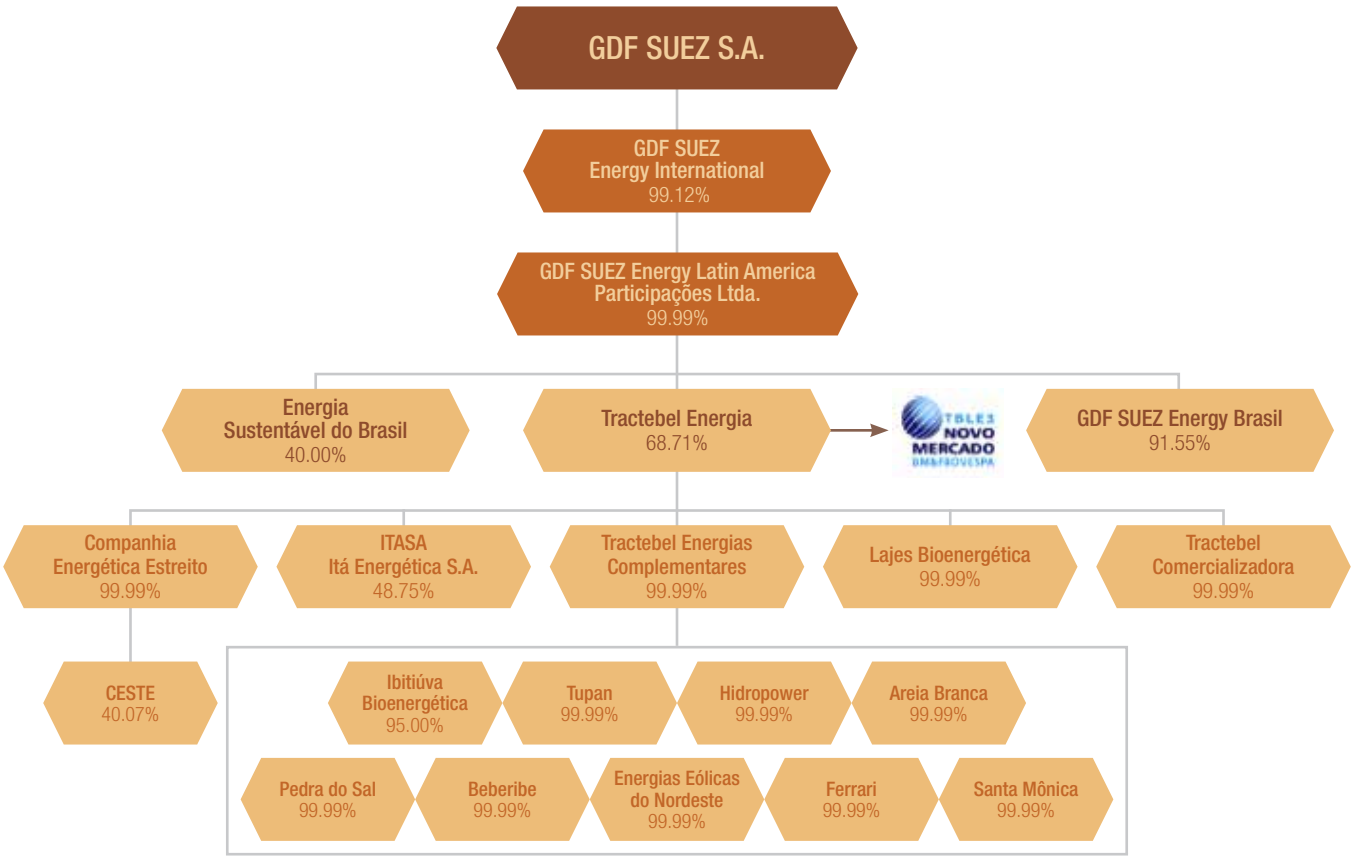
Tractebel Energia is the controlling shareholder of Companhia Energética Estreito, Lages Bioenergética Ltda., Tractebel Energias Complementares Participações Ltda., Usina Termelétrica Pampa Sul S.A. and Tractebel Energia Comercializadora Ltda. The latter is responsible for intermediating and managing purchases, sales, imports and exports of electric energy in the deregulated market. • **G4-3 | G4-7**

The Company also holds the following stakes in consortiums, concessionaires of generating plants: (i) 19.28% in the Machadinho Consortium, which is responsible for operating the Machadinho Hydroelectric Power Plant; (ii) 40.07% in the Estreito Energia Consortium (Ceste), which is responsible for operating the Estreito Hydroelectric Power Plant; and (iii) 72.90% in the Andrade Consortium, which is responsible for operating the Ibitiúva Bioenergética Thermal Power Plant, by means of the indirect subsidiary Ibitiúva Bioenergética S.A., where Tractebel Energias Complementares Participações Ltda. holds 95.00% of the capital.

Tractebel Energia also holds a 48.75% stake in and shared control of Itá Energética S.A. (Itasa). Itasa, in turn, holds a 60.5% stake in the Itá Consortium, which holds the concession for the Itá Hydroelectric Power Plant and in which Tractebel Energia has a direct stake of 39.5%. Adding together its stakes in Itasa and in the Consortium, the Company owns 68.99% of the Itá Hydroelectric Power Plant. Shared control of Itasa is governed by a shareholders' agreement, and decisions of common interest of the Itá Consortium are taken by a management committee, comprising four members, two of which are representatives of Tractebel Energia.

Simplified organization chart

(as at December 31, 2014)



GENERATION FACILITIES

At the end of 2014, Tractebel Energia has an installed capacity of 7,027.2 MW, equivalent to 5.7% of the total installed capacity in Brazil.

Its generation facilities comprise 27 power plants, including nine large and medium-sized hydroelectric plants, five thermoelectric plants, and 13 complementary plants: three small hydroelectric power plants (SHPPs), six wind farms, three biomass and one solar photovoltaic. The Company operates all of these plants and fully controls 23 of them. In the remaining four—Itá, Machadinho, Estreito and Ibitiúva Bioenergética—it has a stake as a consortium member. The installed capacity operated by Tractebel Energia at the 27 plants is 8,747.9 MW.

To exploit the generation facilities, the Company holds concessions and authorizations granted by the regulatory body, the details of which are shown below.

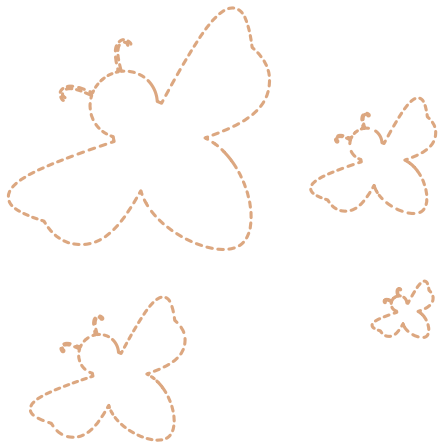
Generation facilities and installed capacity of assets in respect of which concessions and authorizations have been granted to Tractebel Energia

(as at December 31, 2014) • **EU1**

Plants	Location	Expiration of concession/ authorization	Own installed capacity (MW)
Hydroelectric power plants			
Salto Santiago	Rio Iguaçu (PR)	9/27/2028	1,420.0
Itá[1]	Rio Uruguai (SC and RS)	10/16/2030	1,126.9
Salto Osório	Rio Iguaçu (PR)	9/27/2028	1,078.0
Cana Brava	Rio Tocantins (GO)	8/26/2033	450.0
Estreito[1]	Rio Tocantins (TO and MA)	11/26/2037	435.6
Machadinho[1]	Rio Uruguai (SC and RS)	7/14/2032	403.9
São Salvador	Rio Tocantins (TO)	4/22/2037	243.2
Passo Fundo	Rio Passo Fundo (RS)	9/27/2028	226.0
Ponte de Pedra	Rio Correntes (MT)	9/30/2034	176.1
Total from hydroelectric sources			**5,559.7**

Comtinues...

1 The plants owned by consortiums have the following total installed capacities: Itá, 1,450.0 MW; Estreito, 1,087.0 MW; Machadinho, 1,140.0 MW; and Ibitiúva, 33.0 MW. Therefore, the installed capacity operated by Tractebel Energia at the 27 plants is 8,747.9 MW.



Tractebel Energia's generation complex comprise 27 power plants, including nine large and medium-sized hydroelectric plants, five thermoelectric plants, and 13 complementary plants

Tractebel Energia reached a new record of instantaneous generation in 2014: 8,031.6 MW, equivalent to 93.2% of total installed capacity operated

Generation facilities and installed capacity of assets in respect of which concessions and authorizations have been granted to Tractebel Energia – Continuation

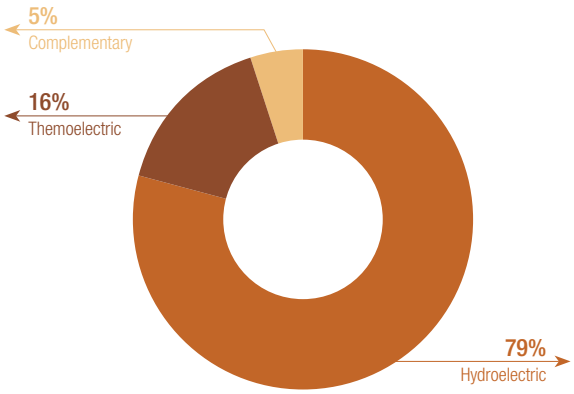
(as at December 31, 2014) • **EU1**

Plants	Location	Expiration of concession/ authorization	Own installed capacity (MW)
Thermoelectric power plants			
Jorge Lacerda Termoelectric Complex[2]	Capivari de Baixo (SC)	9/27/2028	857.0
William Arjona	Campo Grande (MS)	4/28/2029	190.0
Charqueadas	Charqueadas (RS)	9/27/2028	72.0
Alegrete[3]	Alegrete (RS)	-	-
Total from thermoelectric sources			**1,119.0**
Complementary power plants (biomass, wind and SHPPs)			
Complexo Eólico Trairi[4]	Trairi (CE)	9/28/2041	115.4
Ferrari	Pirassununga	6/27/2042	65.5
Lages	Lages (SC)	10/29/2032	28.0
Rondonópolis	Ribeirão Ponte de Pedra (MT)	12/18/2032	26.6
Beberibe	Beberibe (CE)	8/3/2033	25.6
José Gelazio da Rocha	Ribeirão Ponte de Pedra (MT)	12/18/2032	23.7
Ibitiúva Bioenergética[1]	Pitangueiras (SP)	4/4/2030	22.9
Areia Branca	Rio Manhuaçu (MG)	5/2/2030	19.8
Pedra do Sal	Parnaíba (PI)	10/1/2032	18.0
Cidade Azul	Tubarão (SC)	not applicable[5]	3.0
Total from complementary sources			**348.5**
Total			**7,027.2**

2 Thermoelectric complex comprising three plants.
3 The Alegrete Thermoelectric Power Plant (UTAL) is a fuel oil-fired thermoelectric plant that went into service in 1968. Since the plant is no longer cost-effective, Tractebel Energia made a request to the Brazilian Electricity Regulatory Agency (Aneel) in 2013 to issue a definitive revocation of its operation authorization and its return to the Federal Government.
4 Consisting of four wind farms.
5 For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.

Breakdown of generation facilities

(as at December 31, 2014)



Total production reached 48,942 GWh (5,587 average MW), our new annual generation record, noting that:

- On November 12 we also broke the instantaneous generation record: 8,031.6 MW, equivalent to 93.2% of total capacity operated by Tractebel Energia.
- In compliance with the National Electric System Operator (ONS), we obtained the highest historical annual output of the thermoelectric plants: 753.2 average MW, 4.8% above the previous record, reached in 2013.
- We also reached the highest historical annual output of the complementary plants: 164 average MW, 76.6% above the output for 2013.
- New annual output records of the Estreito Hydroelectric Power Plant, the Lages Cogeneration Unit, and the William Arjona Thermoelectric Power Plant. • **EU6**



Business Model

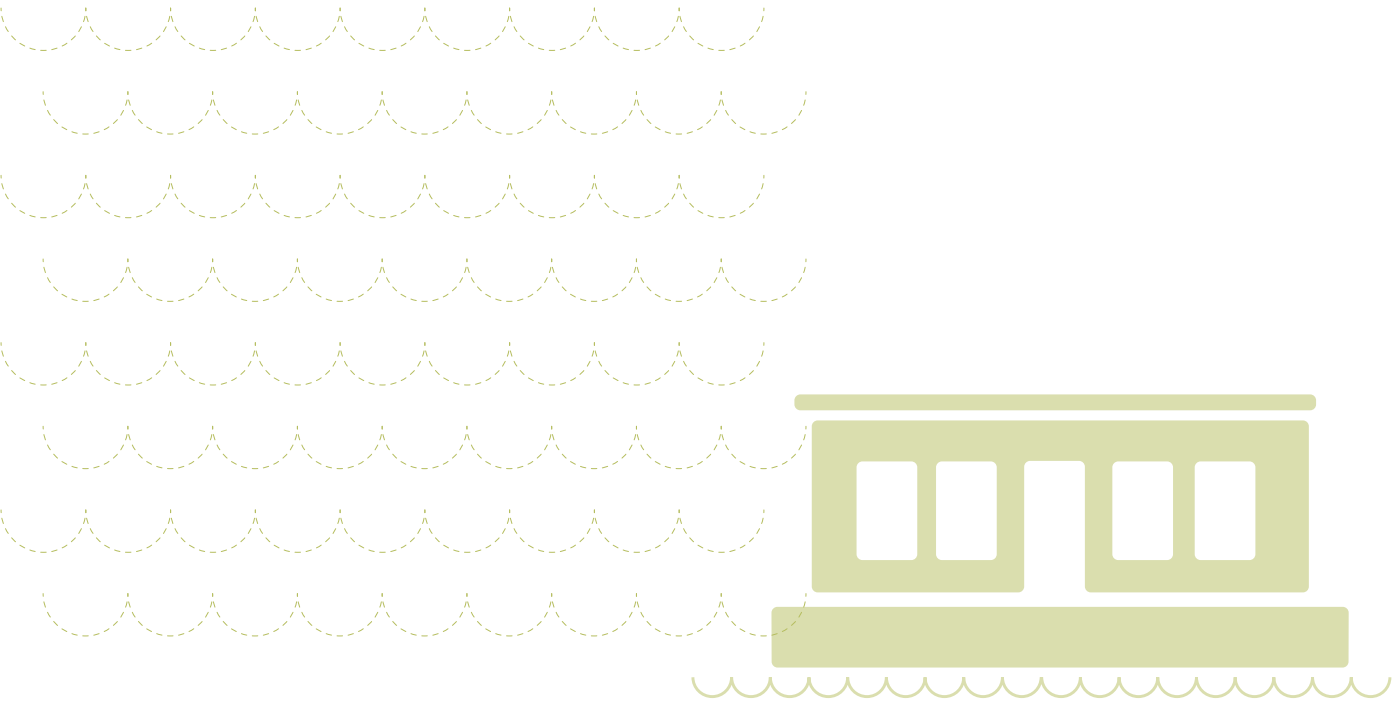
• G4-4

Tractebel Energia is a subsidiary of French-Belgian group GDF SUEZ, the world's largest independent energy producer. GDF SUEZ operates throughout the entire energy value chain, in exploration and production, transportation, distribution and trading of electricity and natural gas.

Founded in 1998, the Company operates in the construction and operation of electricity generation units, and we are also active in energy trading. Our installed capacity has increased by 89% since we started our operations. At the end of 2014, we operated 27 plants, in twelve states, in all five Brazilian regions.

Guided by a consistent and sustainable expansion, Tractebel Energia operates aligned to best practices of corporate governance, being led by managers with extensive knowledge of the electricity sector.

Founded in 1998, the Company operates in the construction and operation of electricity generation units, Tractebel Energia is also an active player in energy trading. At the end of 2014, the Company was operating 27 plants, in twelve states, in all five Brazilian regions

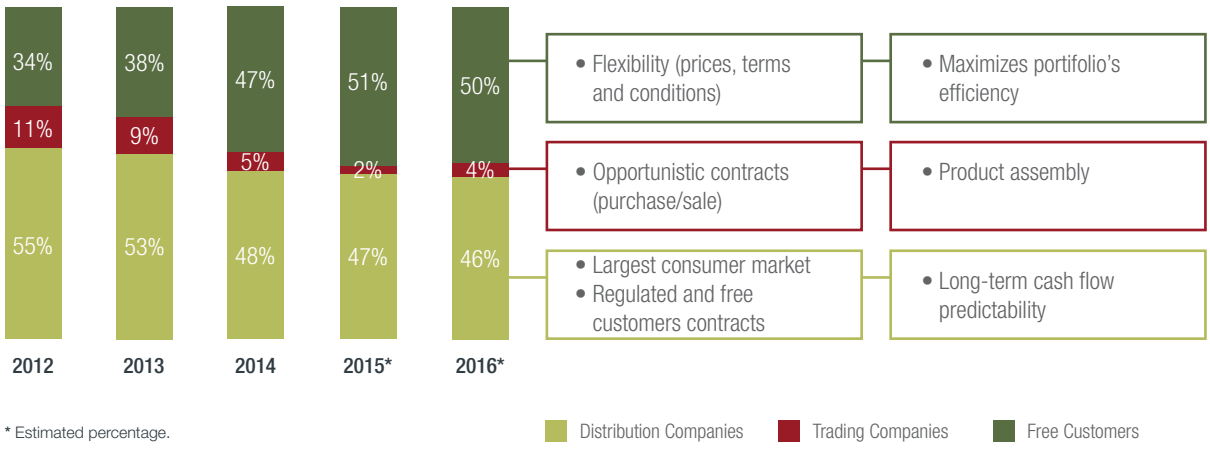


STRATEGY

Our strategy is to grow sustainably, with financial discipline, and maintain an efficient portfolio, based on diversification per type of industry, customer, and market (regulated and free customers), as shown in the graph below.

Contracted energy per type of customer and adopted strategic approach

(as at December 31, 2014)



In 2014, the total net output of electricity of the plants operated by Tractebel Energia reached 47,773 GWh (5,454 average MW), a 7.9% increase compared to 2013, a new annual record, since it exceeds the prior year's 44,257 GWh (5,052 average MW). Of the total generated, hydroelectric power plants accounted for 40,489 GWh (4,622 average MW), up 7.1%; thermoelectric power plants accounted for 6,000 GWh (685 average MW), up 5.8%; and complementary plants accounted for 1,284 GWh (147 average MW), up 67.2%. • **EU2**

Expansion • G4-13

In order to retain our position as the largest private sector generator in Brazil, we aim for continuous, consistent, and sustainable growth. Either directly or through our parent company, we are always attentive to expansion opportunities in the different Brazilian regions, provided that such opportunities satisfy our economic feasibility requirements and are consistent with the concept of sustainable development. Therefore, we have been diversifying our energy matrix and the regional markets where we operate. In line with the domestic energy matrix, we prioritize renewable sources when expanding our generation facilities, although this does not mean that other sources are not taken into consideration in our expansion analyses, provided that they prove to be necessary for the country's energy security.

The construction of large hydroelectric power plants, which represents a major share of the expansion, has been based on a model that provides for the transfer of share control from our parent company to Tractebel Energia only after the main intrinsic construction risks are mitigated. Since 2010, when we enhanced this model's transparency, the transfer of share control is reviewed by the Special Independent Committee

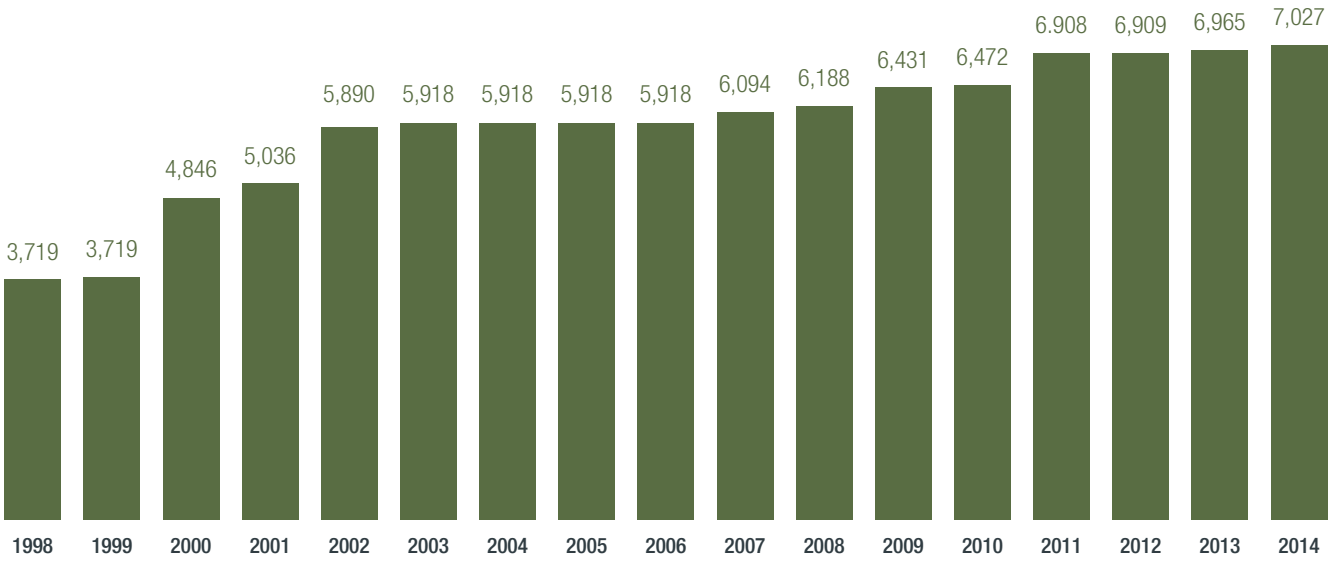
• G4-13

for Related Party Transactions, consisting mostly of board members not appointed by the parent company. • G4-41

Our installed capacity grew 62.5 MW in 2014. Total expansion for the year was 128.5 MW, through the merger of the generation facilities of the Ferrari Hydroelectric Power Plant, located in São Paulo, with 65.5 MW capacity, and the startup of the wind farms Fleixeiras I and Mundaú, in Ceará – each with 30.0 MW capacity and part of the Trairi Wind Farm Complex – and the Cidade Azul Solar Photovoltaic Plant, with 3.0 MW peak capacity, in Santa Catarina. On the other hand, we filed a request with the Brazilian Electricity Regulatory Agency (Aneel) in 2013 for the definitive revocation of the operation authorization and the return to the Federal Government of the Alegrete Thermoelectric Power Plant with a capacity of 66.0 MW, which is no longer cost effective.

Evolution of own installed capacity in operation

(in MW)



The construction works in the Santa Mônica Wind Farm Complex, in Ceará, with 97.2 MW of power, proceeded as normal to allow its startup in 2016. The power generated in Santa Mônica will be sold in the free market market. Also in 2014, we started the expansion of the Ferrari Thermoelectric Power Plant from 65.5 to 80.5 MW, to be completed in 2015.

Another milestone in 2014 was our successful participation in the new energy auction for delivery beginning 2019, conducted in November, when we sold 386.9 average MW. This volume will be made possible by the mentioned expansion of the Ferrari thermal plant and the construction of the Campo Largo Wind Farm Complex, in Bahia, with 178.2 MW capacity in its first stage, and the coal-fired Pampa Sul Thermoelectric Power Plant, in Rio Grande do Sul, with 340.0 MW capacity.

We will maintain the predominance of renewable sources in our generation facilities in the coming years, basically through two actions. The first will be the transfer of GDF SUEZ's equity interest in the Jirau Hydroelectric Power Plant – which will add another 1,500.0 MW in the next years to Company-owned renewable sources. The transfer of the Jirau HPP will involve the Special Independent Committee for Related Party Transactions. The second will be the scheduled, staggered shutdown of generation facilities with a long usage time in thermoelectric power plants in operation.

We also remain attentive to growth opportunities, both through mergers and construction of new projects.

Projects under Construction

(as at December 31, 2014)

Power Plants	Type	Location	Installed Capacity (MW)		Concession/ Authorization – original term expiration date
			Total	Tractebel Energia's/ Group's Share	
Jirau*	Hydroelectric	Rio Madeira (RO)	3,750.0	1,500.0	Aug-43
UTE Pampa Sul – phase I	Thermoelectric	Candiota (RS)	340.0	340.0	mar-50
Campo Largo Wind Farm Complex – phase I	Wind Farm	Umburanas and Sento Sé (BA)	326.7	326.7	to be defined
Santa Monica Wind Farm Complex	Wind Farm	Trairi (CE)	97.2	97.2	jan/45
Ferrari (retrofit)	Biomass	Pirassununga (SP)	15.0	15.0	jun/42
Total			**4,528.9**	**2,278.9**	

* It is envisaged that GDF SUEZ's stake in the project will be transferred to Tractebel Energia.

Projects under Development

(as at December 31, 2014)

Power Plants	Type	Location	Installed Capacity (MW)	
			Total	Tractebel Energia's/ Group's Share
Santo Agostinho Wind Farm Complex	Wind Farm	Lajes and Pedro Avelino (RN)	600.0	600.0
Norte Catarinense TPP*	Thermoelectric	Garuva (SC)	600.0	600.0
Pampa Sul TPP* – Phase II	Thermoelectric	Candiota (RS)	340.0	340.0
Campo Largo Wind Farm Complex – Phase II	Wind Farm	Umburanas and Sento Sé (BA)	300.0	300.0
Total			**1,840.0**	**1,840.0**

* Thermoelectric Power Plant.

CORPORATE GOVERNANCE

Our governance is based on the principles of ethics and transparency, and we endeavor to adopt the best market practices that effectively create value and management differentials.

Our Information Disclosure and Share Trading Policy, available on our website, complies with the rules of the financial market regulator's rules. We are also focused on the consistency of our information and, beginning with this report, we now incorporate the guidelines of the Integrated Reporting framework, especially as regards the strategy to create value in the short, medium and long term.

The internal control system is based on the Sarbanes–Oxley Act (SOX). This system is continually improved and subject to annual testing and certification by management, and subsequent review by external auditors hired specifically for this purpose. The internal audit unit is dedicated to assess how financial and nonfinancial processes are conducted and the manuals and standards that are the pillars of Tractebel Energia's management are applied.

These practices and differentials include:

Novo Mercado | Tractebel Energia is part of Novo Mercado, the segment of BM&FBovespa with the highest level of governance practices, which surpass the requirements of Brazilian legislation.

Corporate Sustainability Index (ISE) | In 2014, Tractebel Energia was one of 11 companies to have been part of the ISE for the tenth consecutive year, i.e., since the index was created. The new ISE portfolio, which will be effective until January 2016, gathers 51 stocks from 40 companies, representing 19 industries. At the closing date, November 24, 2014, these stocks totaled R$1.2 trillion in market value, equivalent to 49.9% of the total capitalization of the companies listed on BM&FBovespa.

Continuous improvement | we take into consideration recommendations such as those from the Brazilian Corporate Governance Institute (IBGC), the ISE, the ISO 26000 Guide, and the Global Reporting Initiative (GRI) in our assessments of our corporate governance continuous improvement. Since 2007 Tractebel Energia has published sustainability reports aligned with the GRI guidelines, and starting in 2013 we began to adopt the G4 version, comprehensive option. This cycle incorporates gradually the International Integrated Reporting Council (IIRC) guidelines into our communication process.

Shareholder rights | • G4-41

We pay special attention to equally protect the interests of all our shareholders efforts, who are ensured the following rights:

- right to vote in annual or extraordinary shareholders' meetings;
- right to make recommendations to the Board of Directors using a specific channel in our website's Investors Portal;
- right to receive dividends and to participate in the distribution of profits or other distributions;
- right to oversee our management in the event of circumstances provided for by Brazilian Corporate Law; and
- right to receive no less than 100% of the price paid per common share of the control block, in accordance with Novo Mercado regulation, in the event of a public offering of shares as a result of sale of control (tag-along of 100%).

• **G4-41**

Arbitration | Our Bylaws prescribe that any dispute between our shareholders, especially disputes related to the capital market or corporate law, shall be settled in the Market Arbitration Chamber – an independent and confidential body linked to BM&FBovespa.

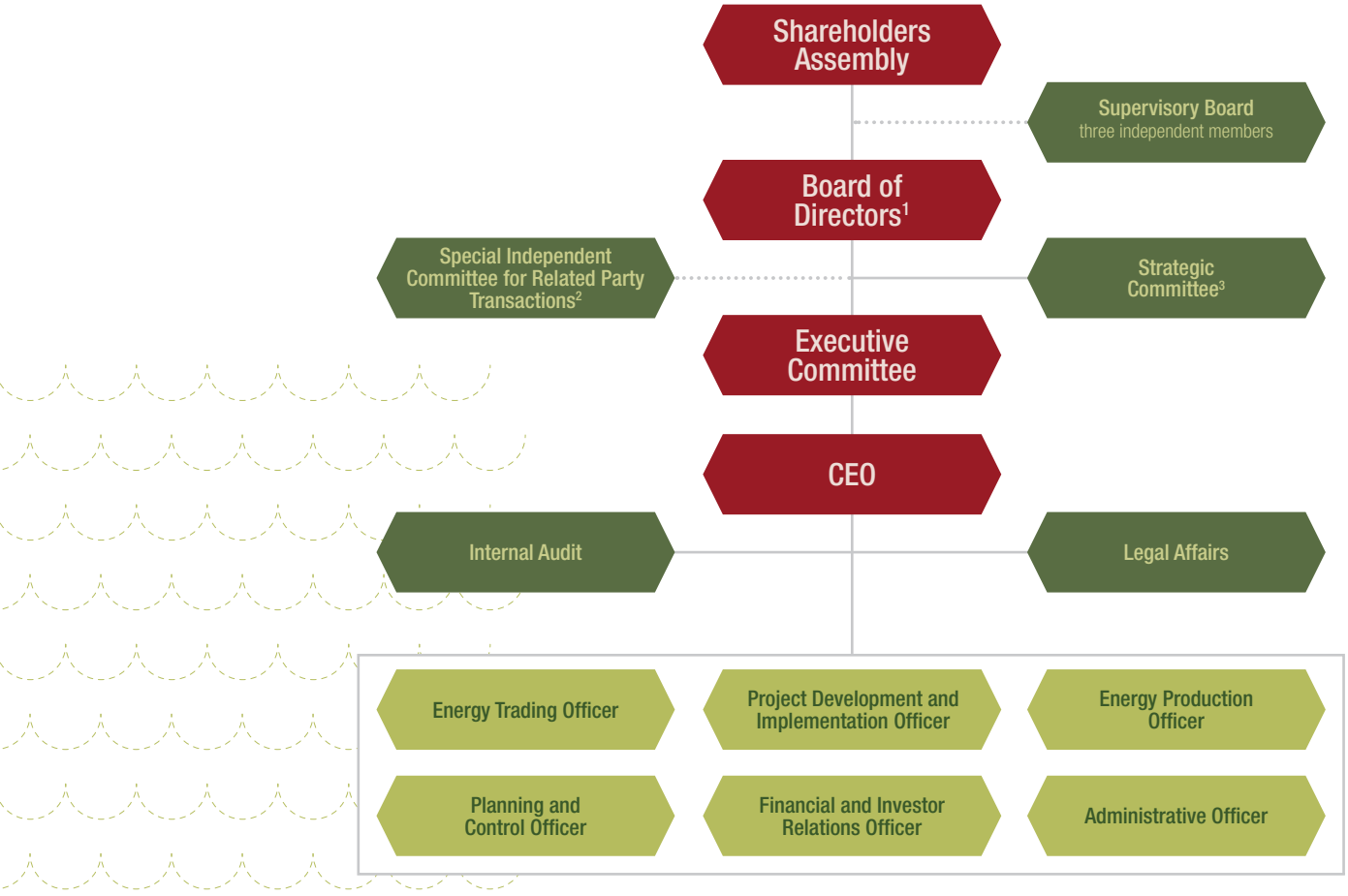
Permanent Supervisory Board | Beginning in 2013, our Supervisory Board became a permanent body, which allows enhancing controls over the disclosed results.

Board of Directors Representative in the Sustainability Committee | since 2012, one of the Sustainability Committee's members is the employees' representative in the Board of Directors.

Management

Management Organization Chart

(as at December 31, 2014) • **G4-34**



1 Made up of nine members: chairman, vice chairman and seven directors, four of whom are from the controlling shareholder, two of whom are representatives of minority shareholders, and one is an employees' representative
2 Nonpermanent and predominantly consisting of members not appointed by the parent company.
3 Consisting of board members and parent company representatives.

Management personnel selection and appointment • G4-40

The Annual Shareholders' Meeting elects our directors based on personal and professional development, and potential contribution to our management.

Committees • G4-34

In addition to the bodies depicted in the organization chart above, there are eight other committees, reporting to the Executive Committees consisting of multidisciplinary teams that provide support for planning and decision-making related to each committee's expertise: Energy, Ethics, Risk Management, Tax Management, Innovation, Industrial Control System Security, Sustainability and Finance Committees.

Composition • G4-38

Board of Directors

Our Bylaws and the Board of Directors Internal Charter, available on our website, establish the roles of our directors and executive officers, and the power delegation rules. The Internal Charter seeks to ensure the effective contribution of our directors, as well as to establish principles, practices, accountabilities, and ethical and integrity standards to be observed by the Board members.

The main roles of this body include:

- setting our mission, vision, values, policies and goals;
- deciding on our strategic business goals and ensuring that the organizational structures and procedures required to achieve them are created;
- providing clarifications to our shareholders; and
- electing and dismissing our officers and defining their roles, as well as overseeing these executives' management.

Eight committees aligned to the Executive Board and composed by multidisciplinary teams support Tractebel Energia's planning and decision-making

Under our Bylaws, the Board of Directors must consist of no less than five and no more than nine members and an equal number of alternates, all elected at a shareholders' meeting (AGA), for two-year terms, with possible reelection. In 2014, the Board had 18 members, being 9 permanent members and 9 alternate members. One of the members shall be appointed chairman and another member vice chairman of the Board. Furthermore, one of the members and his or her alternate must represent our employees and be elected through a direct vote by the employees and approved at a shareholders' meeting. At least 20% of the board members must be independent, as required by the Novo Mercado Regulation. The Chairman of the Board does not hold any executive position in the Company. Currently, the directors conduct self-assessment, registered in the public minutes. • G4-39 | G4-44

One of the ways to strengthen sustainability actions at the Board of Directors was to appoint one director to the Sustainability Committee. In addition to this type of involvement, the chairman of the Board is also involved in the definition of the Sustainability and Management Report topics. Additionally, decision making on new ventures includes social and environment concerns and not only economic and financial issues. • G4-43

In 2014, 43 critical concerns were reported to the Board of Directors, divided as follows: • G4-50

- **Economic/tax nature:** 12;
- **Administrative nature:** 14;
- **Investments:** 10; and
- **Regulatory or market-related:** 7.

Composition of the Board of Directors

(as at December 31, 2014) • **G4-LA12**

Members	Alternates
Maurício Stolle Bähr Chairman	Patrick Charles Clement Obyn
Philip Julien De Cnudde Vice Chairman	Pierre Victor Marie Nicolas Devillers
Antonio Alberto Gouvêa Vieira Representative of minority shareholders	Luiz Leonardo Cantidiano Varnieri Ribeiro Representative of minority shareholders
Dirk Achiel Marc Beeuwsaert	Gil de Methodio Maranhão Neto
Guy Marie Numa Joseph Ghislain Richelle	Luiz Eduardo Simões Viana
José Pais Rangel Representative of minority shareholders	José João Abdalla Filho Representative of minority shareholders
Manoel Arlindo Zaroni Torres	André de Aquino Fontenelle Canguçu
Roberto Henrique Tejada Vencato Representative of employees	Luiz Antônio Barbosa Representative of employees
Willem Frans Alfons Van Twembeke	José Carlos Cauduro Minuzzo

Supervisory Board

The role of Tractebel Energia's Supervisory Board, which became a permanent body in 2013, is to analyze our financial statements, supervise the actions of the Executive Committee, review the risk management and internal control systems and, if additional services are engaged from the firm that audits our financial statements, the proposals to be submitted to the Board of Directors.

The Supervisory Board has three to five members and an equal number of alternates, elected at an annual shareholders' meeting for one-year terms, with possible reelection.

Composition of the Supervisory Board

(as at December 31, 2014) • **G4-LA12**

Members	Alternates
Manoel Eduardo Lima Lopes	Ailton Pinto Siqueira
Carlos Guerreiro Pinto	Manuel Eduardo Bouzan de Almeida
Paulo de Resende Salgado	Flávio Marques Lisboa Campos

Executive Committee

Under our Bylaws, the chief executive officer is responsible for conducting the Executive Committee's meetings and coordinating and steering the activities of the other officers, assigning them any special role, and ensuring the enforcement of the Board of Directors' and Executive Committee's decisions.

The CEO and the other officers are appointed by the Board of Directors and elected by the Shareholders' Meeting. The Executive Committee operates as a collective body, with a matrix approach to issues, within the specific assigned roles. Thus, economic issues are the responsibility of the Finance and Investor Relations Officer; environmental issues are the responsibility of the Production Officer; and social responsibility issues are the responsibility of the Administrative Officer. All these officers report directly to our CEO. • **G4-35 | G4-36 | G4-42**

Composition of the Executive Committee

(as at December 31, 2014) • **G4-LA12**

Name	Position
Manoel Arlindo Zaroni Torres	Chief Executive Officer
José Carlos Cauduro Minuzzo	Energy Production Officer
Luciano Flávio Andriani	Administrative Officer
Marco Antônio Amaral Sureck	Energy Sales Officer
José Luiz Jansson Laydner	Projects Development and Implementation Officer
Eduardo Antonio Gori Sattamini	Financial and Investor Relations Officer
Edson Luiz da Silva	Planning and Control Officer

Directors' and officers' compensation

• **G4-51 | G4-52**

The Board of Directors', Executive Committee's and Supervisory Board's compensation policy takes into consideration the knowledge required, the complexity of the roles, and the expected results.

The members of the Board of Directors receive annual compensation of 13 variable installments, based on financial indicators, goals and operating results, including sustainability-related aspects. The chairman of the board's compensation is higher than the compensation of the other directors, and the director elected by the employees receives a bonus based on the profit sharing set for the employees.

The Executive Committee's compensation consists of a fixed portion and a variable portion, in the form of a bonus. Benefits such as health care, life insurance, and pension plan are part of their fringe benefits.

In 2014, the total compensation of the Board of Directors was R$5.8 million, of which 19.5% was variable compensation. The Executive Committee's compensation totaled R$14.5 million, of which 44.6% was variable compensation.

The members of the Supervisory Board receive fixed compensation in the form of management fees, which is set at the Shareholders' Meeting, which is also responsible for electing these members. The amount paid to each member cannot be lower than 10% of the average monthly compensation set for the executive officers. In 2014 total compensation paid to the Supervisory Board was R$415,800.

Tractebel Energia's indirect parent company is GDF SUEZ, the world's largest independent energy producer, with installed capacity of 115.3 GW and which considers Latin America, in particular Brazil, one of its investment priorities

COMPETITIVE ADVANTAGES

Readiness and management

Our management consists of experienced executives, committed to the best corporate governance practices. Our employees are prepared to couple technical know-how with a strategic, managerial vision of the business.

Synergy and tradition

The indirect parent company of Tractebel Energia is GDF SUEZ, the world's largest independent energy producer, with installed capacity of 115.3 GW. It considers Latin America, in particular Brazil, one of its investment priorities. GDF SUEZ has a vast experience in operating in other countries, where it operates taking into account technical, operating, regulatory and social and environmental aspects that foster process gains.

Focus on energy generation and trading

Because we do not operate in energy distribution and transmission, we maximize our human capital potential by focusing on prospection, assessment and development of new generation business opportunities, thus avoiding possible interest overlaps.

Because we operate in 12 states and in all five Brazilian regions, and because we have a diversified energy matrix, we are able to mitigate the effects of climate changes to better serve our energy sale commitments and help the country in terms of reaching its energy security.

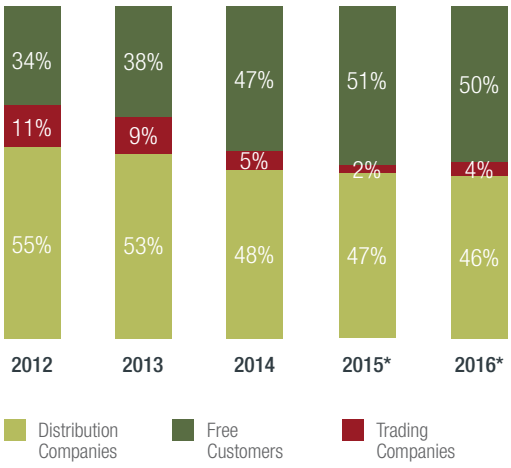
We direct part of our generation from renewable sources, with higher margins, to free customers that demand this type of energy.

The graphs below show the customer portfolio and diversification per industry.

Strong cash generation with

Breakdown of customer portfolio

(as at December 31, 2014)



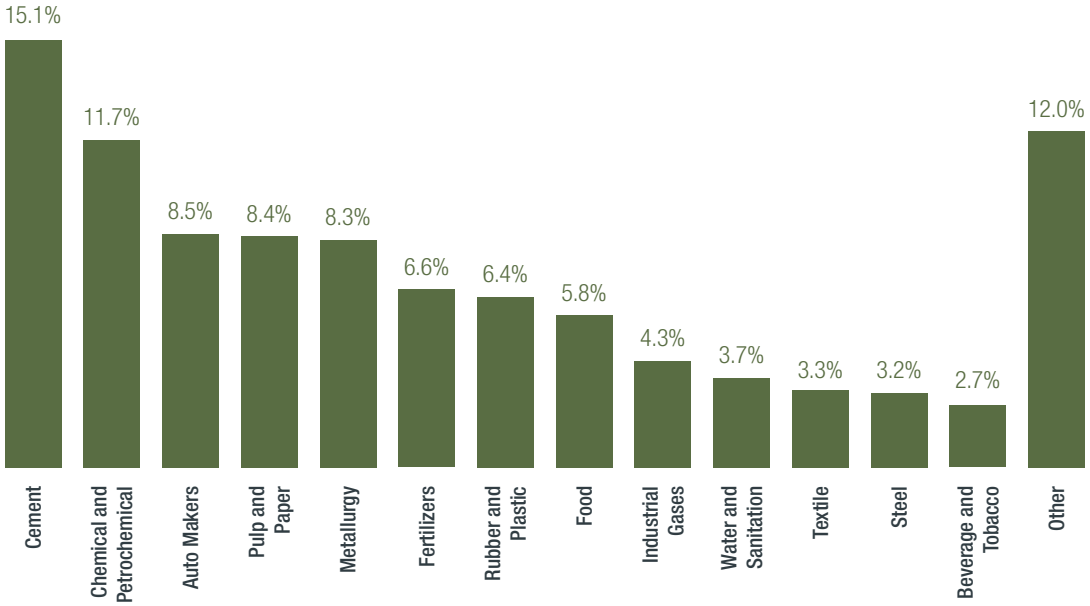
* Estimated percentage.

Strong cash generation with economic and financial soundness

Our financial discipline, customer portfolio and energy matrix diversification, coupled with our economic and financial soundness constitute a strong differential offered to energy market customers. In December 2014 Standard & Poor's confirmed our corporate credit ratings of brAAA/brA-1 in the Brazil National Scale, with stable prospects.

Diversification per industry

(as at December 31, 2014)



Source: Internal study based on IBGE's classification.

Attractiveness for the capital market

Since joining BM&FBovespa's Novo Mercado, in 2005, Tractebel Energia has been posting a good performance, with appreciation above the Ibovespa. In addition to the competitive advantages, the following differentials contribute to our success in the capital market:

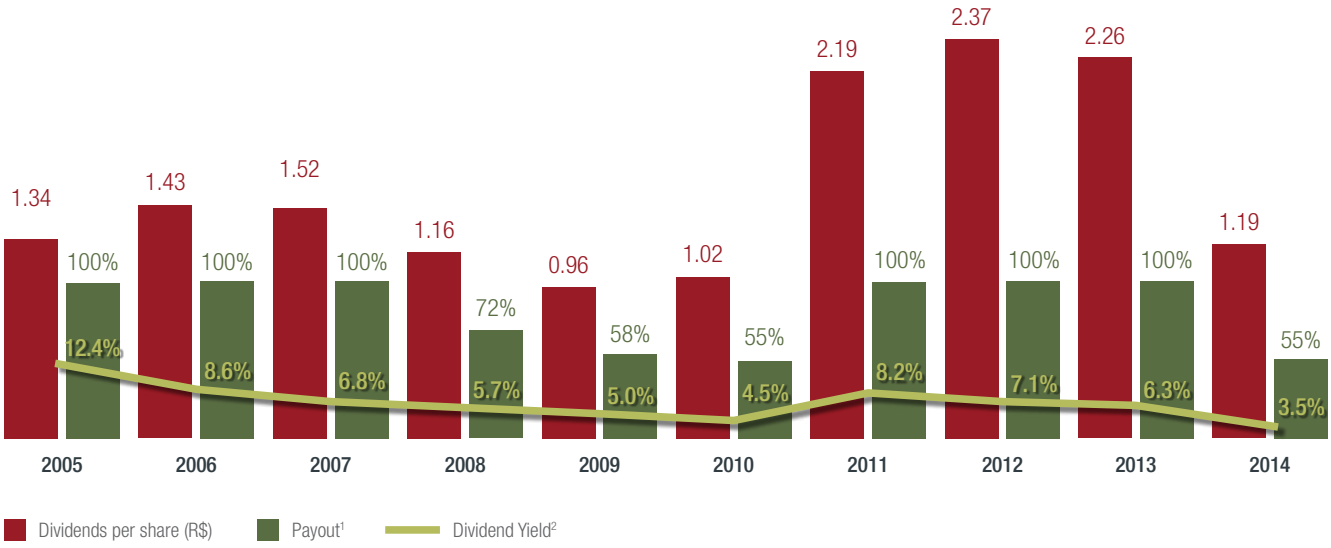
- we operate in a strategic industry, with a defensive profile in times of crisis;
- funding with attractive terms, excellent risk rating: the ratings obtained in 2013 were maintained in 2014;
- stable financial performance, with strong cash generation, high average EBITDA margin, consistent net income, low foreign exchange exposure, and active financial management;
- industry leader, as the largest private sector energy generator in Brazil;
- highest market capitalization among electricity industry companies: R$22.1 billion at the end of 2014;
- clear sales strategy, with appropriate contracting level for the coming years, and contracts indexed to inflation;
- good cash flow predictability;
- diversified energy matrix, consisting of small, medium-size and large hydroelectric, thermoelectric, wind, photovoltaic and biomass power plants; and
- rational dividend and interest on capital payout.

The definition of the payout to be distributed depends on macroeconomic conditions, our financial position and investment prospects. Our management's commitment is to pay out at least 55% of adjusted net income, which is higher than the 30% provided for by our Bylaws and the 25% provided for by the Corporate Law.

In 2014, total payout will be R$775.2 million, equivalent to R$1.1875973571 per share or 55% of the distributable adjusted net income.

The annual payout defined since Tractebel Energia carried out the secondary share offer – which led to our listing in the BM&FBovespa Novo Mercado (in 2005) – is shown below.

Payout evolution: 2005 – 2014



1 Considers adjusted net income for the year.
2 Based on the closing price weighted by volume of the common shares in the period.

INTANGIBLE ASSETS

In addition to those disclosed in our financial statements, our intangible assets include: human capital; research; development and innovation; and image.

Human capital

In a competitive, high technology, highly regulated industry, which supplies an essential good to society, the development of a company's staff is key. Thus, Tractebel Energia continuously invests in training, which allows the Company to attract and retain the best talents. In 2014, we allocated to 75,386 hours to training, development and formal qualification, or an average of 66.5 hours per employee.

To ensure the qualification of our human capital, we also have the following programs: • **EU14**

- New Leaders Program;
- Leader Training Program;
- Middle-Management Program;
- Management Development Program;
- Corporate Education Program: Personnel Development, Leadership Development, Technical Development and Business-Related Matters Development;
- Formal Education Program;
- Language Program;
- Performance Management Program; and
- Coaching Plan.

Research, development and innovation

As our parent company, at Tractebel Energia we are committed to stimulate the creativity of our employees with a focus on innovating our operations. For this purpose, we maintain the program Inove, which rewards innovative ideas and projects in five categories: Operation and Maintenance, Research and Development, Sales and Business, Social and Environmental and Management. All employees can participate, except organizational units' managers and members of the Innovation Committee. In the last cycle, 60 projects were enrolled and seven were rewarded.

Another important tool to strengthen an innovative culture is Tractebel Energia's R&D program, following the guidelines of Law No. 9991/2010, which prescribed that electricity companies must allocate one percent of their annual net income to R&D, distributed as follows:

- R&D projects: 40%;
- National Fund for Scientific and Technological Development (FNDCT): 40%; and
- Ministry of Mines and Energy (MME), to fund The Energy Research Bureau (EPE): 20%.

The goals of any R&D project must be submitted to the Brazilian Electricity Regulatory Agency (Aneel). The main goals of our R&D program are: training, technologic development, knowledge dissemination; minimizing environmental impacts and biodiversity research; and renewable energy research.

Appendix 4 contains the 2014 R&D projects.

Image

Tractebel Energia's corporate image is built and strengthened by its representatives attitudes and practices. The core values to achieve this are value sharing, operating efficiency, transparency and dialogue. Permanent communication channels with the stakeholders, surveys and consultations allow to identify and assess the expectations related to operations and how Tractebel Energia's image is perceived.

VALUE CREATION

The creation of shareholders and society value strengthens our commitment to sustainable development and integrates our corporate values. Our key aspects for value creation include financial, manufactured, intellectual, human, social and relationship and natural capital, as illustrated in the table below – together with the Integrated Reporting principles.

Capital					
Financial	**Manufactured**	**Intellectual**	**Human**	**Social and relationship**	**Natural**
• Assets • Return on investment	• Plants • Facilities • Technologies	• Research, Development and Innovation (R,D&I)	• Qualification and training • Health and safety • Promoting ethics and integrity	• Taxes • Corporate social responsibility programs: environmental improvement, cultural promotion, and social inclusion • Education for Sustainability Program	• Permanent Preservation Areas (APP) • Environmental Protection Areas (APA) • Environmental parks • Botanical gardens • Tree nurseries

Corporate Risk Management

• G4-2 | G4-14 | G4-45 | G4-46



Mae Jemison in Space – Nasa

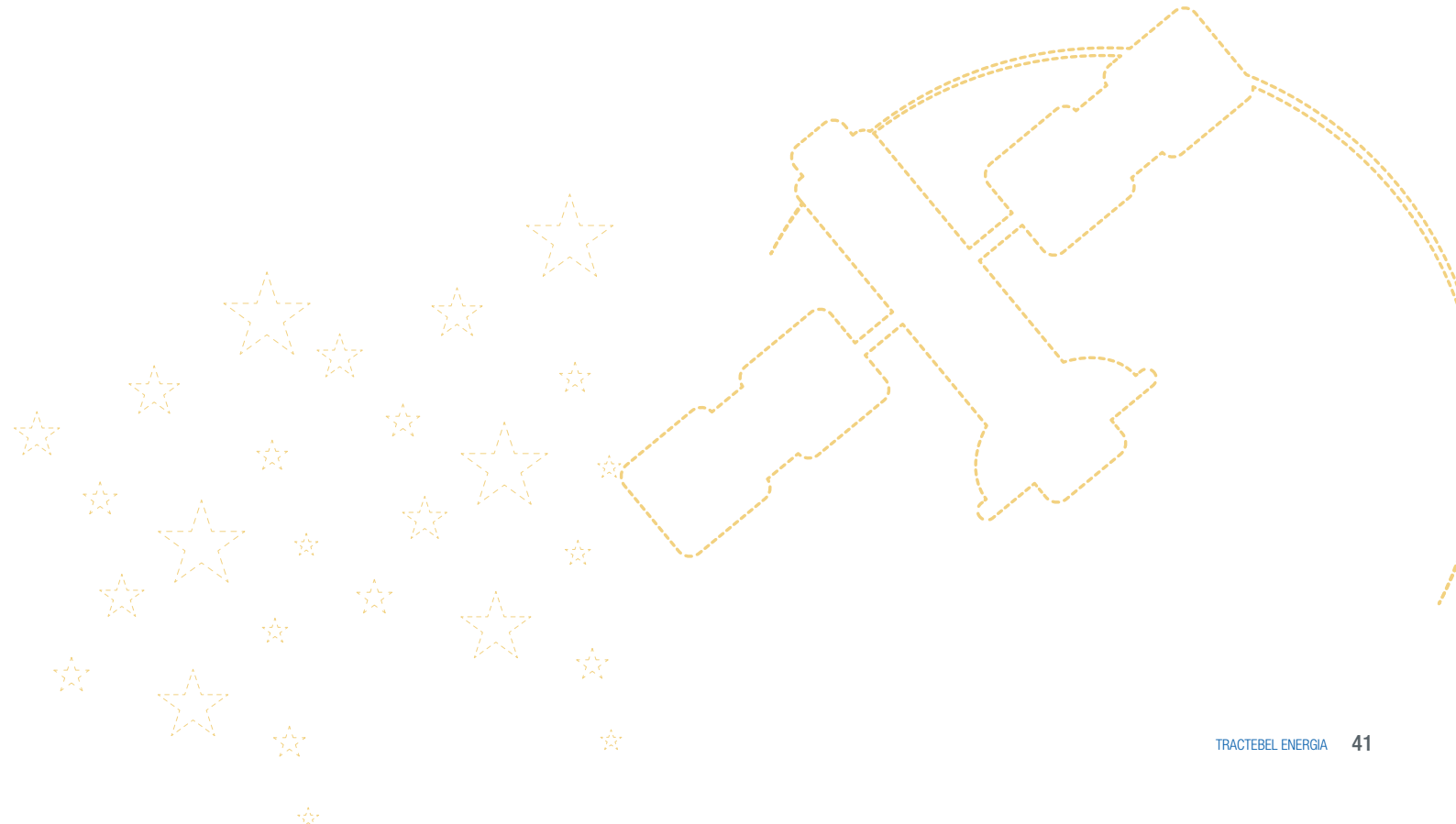
• **G4-14 | G4-45 | G4-46**

The corporate risk and opportunity analysis consists of a company-wide systematic process, part of all our activities, which involves employees, managers and officers, including our CEO, in addition to our Risk Management Committee. The role of this Committee is to analyze risks and opportunities by proposing goals and guidelines for the management of this.

The results of this process are registered in the Corporate Risk and Opportunity Matrix, a document that steers how we conduct business. The analysis of corporate risks consists of identifying and classifying such risks as to the likelihood of occurrence, materiality in terms of financial and image impact, and degree of control.

The Matrix Assessment is conducted at least once a year, taking into account the short-, medium- and long-term corporate risks. Based on this assessment, we develop action plans for each risk and identify possible associated opportunities. • **G4-47**

The analysis of corporate risks of Tractebel Energia consists of identifying and classifying such risks as to the likelihood of occurrence, materiality in terms of financial and image impact and degree of control



• G4-14

Accordingly, the risk analysis goes beyond complying with the controlling shareholder's or market requirements, and makes up an efficient strategic planning tool. Several corporate objectives, followed up over time, originate from the action plans resulting from this analysis. After being approved by the Executive Committee, these objectives generate targets for the managerial staff to tie their variable compensation to the achievement of such targets. The identified risks and opportunities are characterized by possible changes as compared to Medium-term Financial Planning (PMT). Negative changes compared to the PMT translate into risks and positive changes translate into opportunities.

The main risks assessed are:

Market risk | the supply and demand of electric energy can behave differently over time, with an impact on the energy volumes and prices.

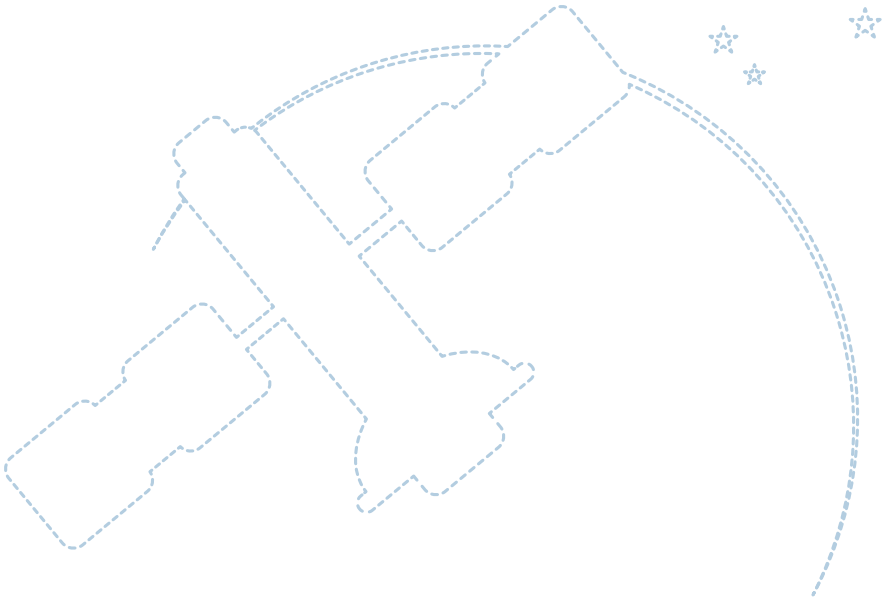
Regulatory risk | adverse evolution of electricity industry regulation.

Tax risk | adverse evolution of tax laws and tax authorities' actions.

Economic factors risk | change in the economic variables, such as interest, foreign exchange, commodity prices, economic growth and inflation, with an impact on the Company's business.

Breach of contract risk | non-compliance with the energy purchase and sale contracts that we have entered into and the selling rules of the Electric Energy Trading Chamber (CCEE).

Social and environmental risk of the plants in operation | adverse evolution of environmental regulation and actions from organized social movements regarding the plants in operation.



Tractebel Energia addresses 11 themes as the key risks to be assessed, including the market risk

• **G4-14**

New project development and building risk | occurrence of events during the development and building of projects that generate delays to the construction calendar or additional plant building or operation costs.

Energy unavailability risk | the output of Company-owned plants and purchased energy being insufficient to cover the guaranteed output.

Human resources risks | unavailability of labor due to failure to hire and train personnel on a time basis to meet our expansion and replace former employees; cost increases due to competition for human resources due to economic growth; and work-related accidents.

Information technology risk| unavailability or deficient security of information technology resources could have an adverse impact on our operations and image.

Risk of large accident | major accidents and disasters due to natural or human causes, involving project building, plant operation, and Company management.

As for climate change, we have identified opportunities for the development of new projects for our activities. Thus, we are investing in conventional and unconventional renewable sources and, in order to build up a strategic reserve for situations of unexpected shortage of rainfall that also includes non-renewable sources. • **G4-EC2**

The risk analysis goes beyond complying with the controlling shareholder's or market requirements, and makes up an efficient strategic planning tool

Economic Management



MACROECONOMIC AND SECTORIAL SCENARIO

Macroeconomic scenario

During 2014, the economic indicators pointed to a downturn of Brazil's economy. The Gross Domestic Product (GDP) growth was 0.1%, 2.6 percentage points below the GDP growth in 2013. According to the Ministry of Development, Industry and Foreign Trade (MDIC), the trade balance closed with a US$3.9 billion deficit. The yearend US dollar exchange rate was R$2.662, a 13.0% appreciation compared to the R$2.358 at the end of the previous year, and the Broad National Consumer Price Index (IPCA) for the year was 6.4% higher than in 2013.

The most recurring estimate for 2015 is that this scenario will continue, with a reduction of household consumption and industrial activity, a GDP close to zero growth, and the IPCA above the inflation target ceiling set by the Federal Government. A more restrictive monetary policy is expected, with an increase of the country's policy interest rate.

Sectorial scenario – electricity consumption

According to the report released by The Energy Research Bureau (EPE), domestic electricity consumption in 2014 was 2.2% higher than in 2013, reaching 473,400 GWh. Household consumption increased 5.7%, totaling 132,000 GWh in 65.9 million households, or 27.9% of consumed electricity.

In the commerce and services segment, consumption expanded 7.3%, posting the year's largest growth. This rise is due, but not limited, to the high summer temperatures and the expansion of leasable areas in shopping malls and hotel chains.

Industrial consumption dropped 3.6% compared to 2013, totaling 178,000 GWh. This reflects the decrease in production of the electricity-intensive sectors, which extended to other industries throughout the year such as the chemical, metal, and automotive industries.

The Southern region posted significant growth: 5.6%. In the Northern region, the increase was 7.2%, while the Central-West and the Northeast posted growth rates of 5.3% and 1.1%, respectively. In turn, the Southeast posted timid growth in 2014 of 0.4%.

Electricity sector sustainability • EU10

The energy crisis of 2014 was mainly caused by a drought that started at the end of 2012 and lasted until December. According to experts, rationing and other contingency measures avoided in 2014 could happen in 2015.

Household consumption increased 5.7%, totaling 132,000 GWh in 65.9 million households, or 27.9% of consumed electricity

• **EU10**

One of the industry's challenges is, therefore, grow to meet the demand with quality and, especially, on a sustainable basis. This prospect has resulted in some practical measures, such as the Authorities' attempt to diversify energy generation sources during the 2014 auctions.

As for the hydroelectric potential, Brazil is currently fifth in the world, with 12% of the planet's surface water and appropriate conditions to exploit this potential. This information was obtained on Portal Brasil, the Federal Government's webpage, which estimates this hydroelectric potential at approximately 260 GW, of which 40% are in the Amazon River Watershed – as a comparison, the Paraná River Watershed accounts for 23%, the Tocantins River Watershed for 11%, and the São Francisco River Watershed for 10%. Only 63% of the hydroelectric potential in the country has undergone an evaluation and inventory-taking process. The hydroelectric potential of the Northern Region, in particular, has yet to be explored.

Hydropower also makes up a significant portion of the world's generation from renewable sources: 16% of all the electricity generated on the planet.

Our expansion strategy is aligned with Brazil's current energy requirements, as we both contribute to ensure supply safety, by building a new coal-fired power plant, and to diversify generation sources, by maintaining predominance of renewable sources. We and our parent company GDF SUEZ are preparing the transfer of the Jirau Hydroelectric Power Plant to Tractebel Energia in the coming years and simultaneously are attentive to opportunities for the acquisition or construction of new projects, distributed generation prospects, and possible energy-related infrastructure projects.

TRACTEBEL ENERGIA PERFORMANCE

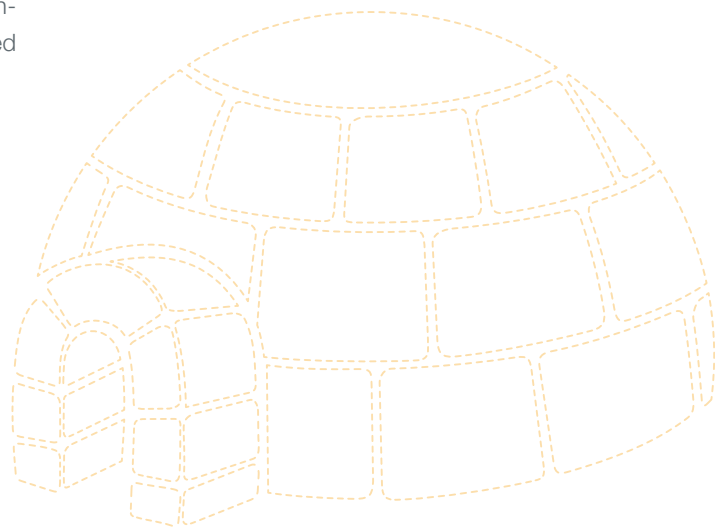
Operating performance

Uptime

In 2014, the annual uptime achieved by the plants operated by Tractebel Energia was 96.5%, disregarding scheduled stoppages – broken down into 98.7% for hydroelectric plants, 83.3% for thermoelectric plants, and 95% for complementary sources. Including scheduled stoppages, overall uptime was 86.8%, broken down into 88.9% for hydroelectric plants, 71.9% for thermoelectric plants, and 89.3% for complementary sources. • **EU30**

Production

In the 12-month period, total electric energy output reached 48,941 GWh (5,586 average MW), an increase of 7.9% in relation to 2013. Of the total generated, the hydro plants were responsible for 40,912 GWh (4,670 average MW), a 7.0% increase; thermoelectric plants for 6,598 GWh (753 average MW), an increase of 4.8%; and the complementary plants for 1,432 GWh (163 average MW), an increase of 76.5% also related to 2013. The increase in the complementary-fired plants was due to the startup in operations of Fleixeiras I and Mundaú wind farms, the Ferrari TPP and the Cidade Azul Solar Plant in 2014.



It is worth noting that the increase in hydroelectric generation does not necessarily result in an improvement or deterioration in the Company's economic and financial performance. In the same way, the reduction in this type of generation does not of itself imply deterioration in economic-financial performance. This is due to the use of the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric generation among all the Mechanism's participants. The increase in the Company's thermal generation mitigates exposure to the spot Price for Settlement of Differences (PLD), the opposite also being true, all other variables remaining unchanged.

Clients

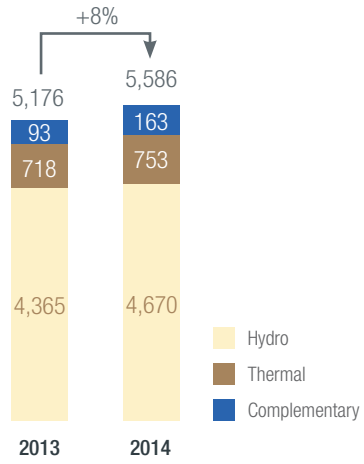
In 2014, free consumers represented 44.0% of physical sales and 40.6% of net revenue from contracted sales, increases of 2.6 p.p. for both indicators compared with 2013.

SALES STRATEGY

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of offsetting the risk of exposure to spot prices (Price for Settlement of Differences – PLD) for that particular year. Electric energy sales are made during windows of opportunity which open when the market shows a greater buying propensity. However, Tractebel Energia is considering leaving a larger volume of its commercial capacity uncontracted in the short-term market to attenuate the impact of some negative factors prevailing in the current scenario. These include the changes in spot price calculation methodology considerably increasing it and the greater volatility of this price, combined with the systemic deficit in hydroelectric generation in recent quarters and the outlook that this situation will persist.

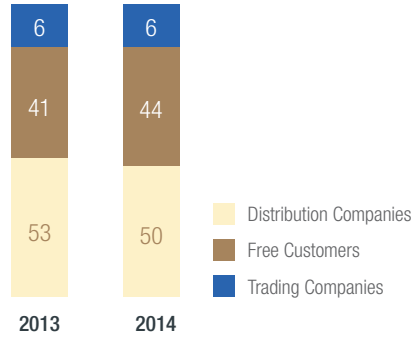
Generation

(Average MW)



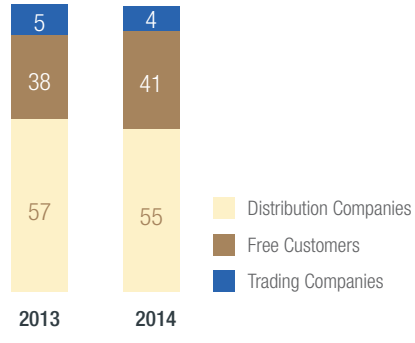
Breakdown of Customers by Physical Sales

(%)



Breakdown of Customers in Contracted Sales Comprising Net Revenues from Sales

(%)

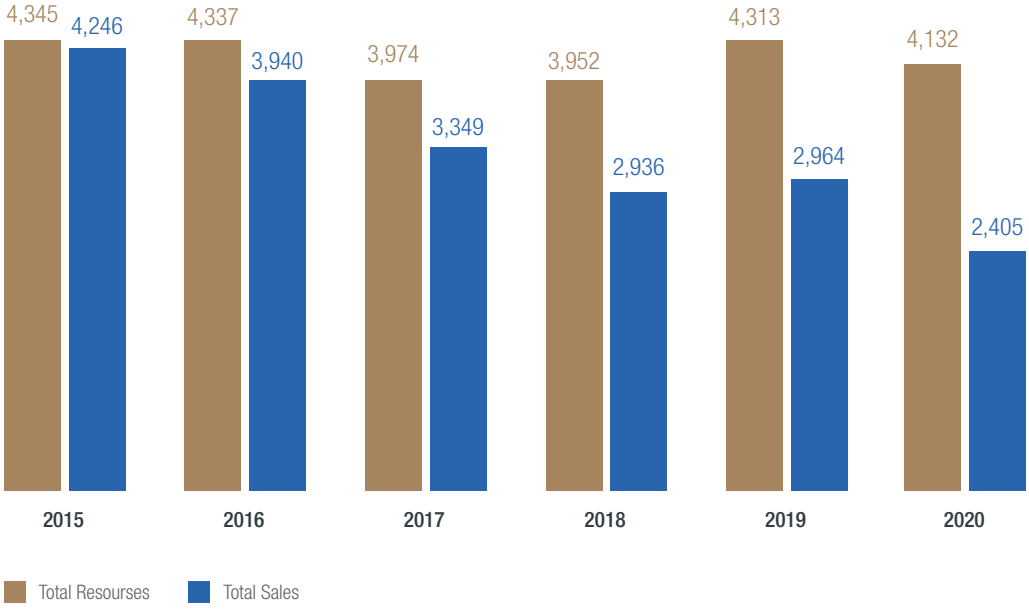


Energy balance

According to data on our own commercial capacity and purchase contracts in effect as at December 31, 2014, Tractebel Energia's energy balance is as follows:

Energy balance

(avg MW)



Total electric energy output reached 48,941 GWh, corresponding to 5,586 average MW, up 7.9% compared to 2013

Economic and financial performance • G4-EC1

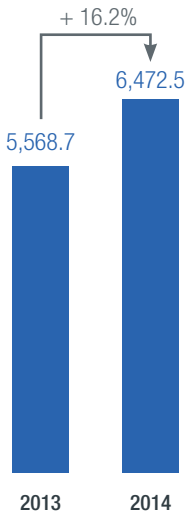
Financial indicators and information

	2014	2013	2012	Change 2014/2013
Financial information (R$ million)				
Total assets	13,620.5	12,637.6	12,310.9[5]	7.8%
Shareholders' equity	5,654.9	5,364.6	5,502.3[5]	5.4%
Net sales revenue	6,472.5	5,568.7	4,912.5	16.2%
Gross profit	2,497.7	2,657.0	2,781.6	-6.0%
Earnings from services (EBIT)[1]	2,302.9	2,387.2	2,539.3[5]	-3.5%
Operating income	1,956.6	2,001.7	2,086.3[5]	-2.3%
Net income	1,383.1	1,436.7	1,490.9[5]	-3.7%
EBITDA[2]	2,895.1	3,042.6	3,100.5[5]	-4.8%
Financial indicators (R$ million)				
Total debt (borrowings and debentures)	3,988.5	3,495.4	3,534.5	14.1%
Cash and cash and equivalents and restricted deposits	1,750.7	1,346.1	1,283.2	30.1%
Net debt	2,237.8	2,149.3	2,251.3	4.1%
ROCE[3] (%)	22.3	23.1	24.7[5]	-0.8 p.p.
Gross debt/EBITDA	1.4	1.1	1.1	0.3 p.p.
Net debt/EBITDA	0.8	0.7	0.7	
Debt-to-equity ratio (%)	58.5	57.6	55.3[5]	0.9 p.p.
Operating margin (%)	30.2	35.9	42.5[5]	-5.7 p.p.
Net margin (%)	21.4	25.8	30.3[5]	-4.4 p.p.
Shares				
Net earnings per share (R$)	2.1189	2.2011	2.2840[5]	-3.7%
Average share price[4] – common (R$)	32.97	33.11	28.77	-0.4%
Dividends per share (R$)	1.1876	2.2584	2.3691	-47.4%

1 EBIT = operating income + financial income.
2 EBITDA = net income + income tax and social contribution + financial expenses, net + depreciation and amortization + provision for impairment.
3 ROCE (return on capital employed) = earnings from services/non-current assets.
4 Simple average of closing prices, adjusted for dividends.
5 Adjusted due to change in accounting policy.

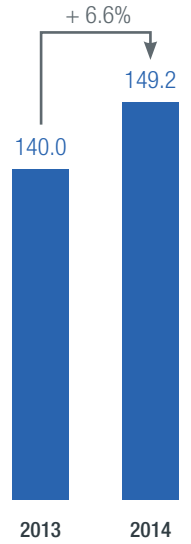
Net revenue from sales

(R$ million)



Net average selling price*

(R$/MWh)



* Net of taxes and exports

Net revenue from sales

a) Net revenue from sales

Full year-on-year comparison shows an increase in net revenue from sales of R$903.8 million, or 16.2%, rising from R$5,568.7 million in 2013 to R$6,472.5 million in 2014. This rise is essentially due to the following combination of factors:

(i) R$351.4 million – increase in net average sales price;
(ii) R$218.4 million – increase in average volume of energy sold;
(iii) R$176.8 million – increase in revenue from transactions conducted in the spot market, including in the Electric Energy Trading Chamber (CCEE);
(iv) R$159.9 million – rearrangement of the revenue that the Company did not receive in the CCEE due to the temporary downtime of generation caused by accidents in the Jorge Lacerda Thermoelectric Complex; and
(v) R$6.1 million – decrease in revenue from sale of carbon credits.

b) Net average selling price

The average selling price of energy for 2014, net of income tax was R$149.20/MWh, 6.6% greater than the case in 2013, when the price was R$139.97/MWh. The price increase was largely the result of the monetary restatement of existing contracts.

c) Sales volume

The amount of energy sold in 2014 was 37,072 GWh (4,232 average MW), against 35,445 GWh (4,046 average MW) in 2013, a growth of 1,627 GWh (186 average MW), or 4.6%.

Comments on variation in net revenue from sales, by client class

a) Distributors

Revenue from sales to distribution companies in 2014 reached R$3,044.0 million, an increase of 7.8% compared with fiscal year 2013, which reported R$2,824.2 million in revenue from sales to distributors. This increase is explained by the association of the following variations: (i) R$216.1 million – growth of 7.6% in the average net selling price; and (ii) R$3.7 million – a slight increase of 0.1% in energy volume sold.

b) Trading Companies

Revenue from sales to trading companies was R$239.2 million, 4.4% lower than revenue reported in 2013 of R$250.1 million. The reduction is the result of the following aspects: (i) R$7.6 million – reduction of 3.1%, or 65 GWh (7 average MW) in the amount of energy sold; and (ii) R$3.3 million – decrease of 1.3% in the net average selling price.

c) Free consumers

In 2014, revenue from sales to free consumers reached R$2,247.9 million, 19.1% up from the R$1,887.0 million recorded for 2013. This expansion

is related to the following: (i) R$222.3 million – growth of 1,669 GWh (191 average MW), or 11.4%, in the volume of energy sales; and (ii) R$138.6 million – growth of 6.9% in the net average selling price.

d) Transactions in the short term market, including those conducted through the CCEE

Year-on-year there was an R$336.7 million growth in the revenue from spot market transactions, including those conducted through the CCEE, from R$566.4 million in 2013 to R$903.1 million in 2014. The amount recorded for the past twelve months of 2014 include the recognition of the recomposition of revenue shortfall due to the reduction in the long position on the CCEE, on grounds of temporary interruption of generation, motivated by insurance claims incurred in Jorge Lacerda Thermoelectric Complex's generator units, in the amount of R$159.9 million. A more detailed explanation as to these operations and variations is to be found in the item below "Details of short-term operations including transactions conducted on the CCEE".

Costs of electric energy and services

In 2014, costs of energy sold and services provided reached R$3,974.8 million, 36.5%, or up R$1,063.1 million from R$2,911.7 million in 2013. This growth is essentially due to:

- Electric energy purchased for resale: increase of R$500.5 million in 2014 compared to 2013, reflecting mainly (i) pricing adjustments of existing contracts; and (ii) the increase of medium- and long-term power purchasing agreements of 2,897 GWh (331 average MW) in 2014.
- Transactions in the short term market, including those conducted through the CCEE: year-on-year costs grew R$401.6 million. Such changes includes R$83.3 million recognized as cost recovery due to the increase of our exposure to the CCEE as a result of the temporary shutdown of Jorge Lacerda Thermoelectric Complex, previously mentioned. Greater details are described in the specific item below.
- Fuels for electric energy production: year-on-year increase of R$134.1 million, reflecting principally the increase in natural gas consumption at the William Arjona Thermoelectric Power Plant in the light of the greater deployment of this facility.
- Charges for the use of and connection to the electricity grid: year-on-year increase of R$25.1 million largely reflecting the annual readjustment in transmission tariffs as well as the entry into commercial operation of the Trairi Wind Farm Complex and the acquisition of Ferrari Termoelétrica S.A.
- Materials and third party services: year-on-year growth of R$20.7 million due principally to greater demand for operating and maintenance services particularly at the Jorge Lacerda Thermoelectric Complex, the São Salvador Hydro Power Plant and Ferrari Thermal Power Plant.Financial compensation for use of water resources (royalties): year-on-year increase of R$22.4 million, basically due to the increase in generation at the Company's hydroelectric units.

In 2014, revenue from sales to free consumers reached R$2,247.9 million, up 19.1% compared to the R$1,887.0 million sold in 2013

- Financial compensation for the use of water resources (royalties): increase of R$22.4 million when comparing the full years 2014 and 2013, due to the increase in generation from the Company's hydroelectric plants.
- Personnel: year-on-year increase of R$16.1 million largely due to the annual wage bargaining agreement on salaries and benefits for employees.
- Depreciation and amortization: year-on-year increase of R$9.7 million mainly due to the start of the Wind Farm Complex operations and the acquisition of Ferrari Termoelétrica S.A.
- Reversal of operating provisions, net: year-on-year positive impact on net income of R$13.8 million mainly due to: (i) R$92.3 million – reversal of the civil provision for collecting an additional amount on the Tariff for the Use of the Transmission System (TUST) from Ponte de Pedra Hydroelectric Power Plant (UHPP), due to a ruling in favor of the Company which reduced the risk of loss from the outcome of the legal action; (ii) R$89.3 million – civil provisioning due to a judicial dispute with a supplier in the light of a disagreement over the implementation of the current legislation establishing the price of raw materials used by the Company; and (iii) R$15.7 million – reversal of a provision on a social security service (INSS) collection as a result of the Company's adherence to the amnesty on tax liabilities under the so-called "REFIS da Copa" program.
- Other: year-on-year positive impact of R$55.4 million basically reflecting the reversal, in the second quarter of 2014, of expired liabilities related to energy purchased and transmission charges totaling R$54.8 million.

Details on transactions in the spot market, including those conducted through the CCEE

Short-term operations are classified as energy purchase or sale operations not exceeding six months and having the optimization of Tractebel Energia's exposure to the CCEE as their prime objective. Consequently, the price of these operations is characterized by the linkage with Price for Settlement of Differences (PLD) or spot price. This item also includes the transactions conducted through the CCEE, given the volatile and seasonal nature – and, therefore, short-term transactions – of the results originated from accounting in CCEE. Additionally, the long and short positions are settled at the spot price, thus, similar to the short-term operations described above.

As to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of an agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expenses account. In this context, it is worth pointing out that due to adaptations to the Company's portfolio management strategy, changes have been taking place in the billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing in the two years – the reason for including this specific topic, allowing to analyze the oscillations of the principal elements involved in spite of allocation being either to income or expenses according to the credit or debit nature of the billing to which they relate.

Generically speaking, these elements are income or expense items arising for example from:

(i) the application of the Energy Reallocation Mechanism (MRE);
(ii) the Assured Energy Adjustment Factor which occurs when the generation from the plants which are part of the MRE, in relation to allocated energy, is greater (Secondary Energy) or less (Generation Scaling Factor – GSF);
(iii) the so-called "sub-market risk";
(iv) dispatch triggered by the Risk Aversion Curve (CAR);
(v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and
(vi) naturally, exposure (a short or long position in the monthly accounting) which will be settled at the spot price.

For full-year 2014, the net result of transactions in the spot market, including those conducted through the CCEE, was negative R$136.2 million, compared to the negative result of R$71.3 million obtained in 2013, i.e., there was a year-on-year decrease of R$64.9 million. By deducting the recognition of the National Energy Policy Council (CNPE 03) provision in 2013 and its reversal in 2014, the year-on-year negative result of transactions in the spot market, including those conducted through the CCEE, would increase by R$173.9 million.

This decrease is largely due to a combination of the following elements:

(i) growth of the negative net impact resulting from applying the GSF;
(ii) increase in the long position on the CCEE reflecting the Company's strategy for monthly allotments of energy;
(iii) increase in thermoelectric exposure due to the stoppage of generation for maintenance to the generator unit at the Jorge Lacerda Thermoelectric Plant;
(iv) decrease in spot market energy purchases;
(v) increase of the positive result in the MRE;
(vi) reversal of provision for contingent costs related to the impacts related to generation companies' sharing of System Service Charges (ESS), established by Resolution CNPE 03, since the risk of an unfavorable outcome in the lawsuit challenging the collection of these amounts; and
(vii) recovery of the negative effects in the CCEE arising from generation downtimes due to accidents in generation units, previously mentioned, and thus the negative effects reported in items (i) and (iii) above were offset by the other elements.

It is worth pointing out that the year-on-year significant increases in the average PLD, reported below, notably contributed to the positive effects on results arising from the increased long position on the CCEE and negatively, in the form of costs relative to the application of the GSF and to thermoelectric exposure. Year-on-year, the PLD for the South and Southeast/Central-West submarkets increased 161.7%, from R$258.19/MWh in 2013 to R$675.81/MWh in 2014.

Provision for reduction in impairment value

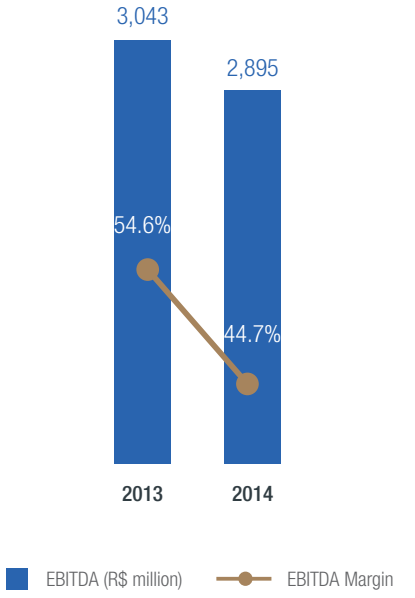
In 2013, the Company recognized a provision for a reduction of impairment value on assets, especially those of the Charqueadas Thermoelectric Power Plant, of R$72.8 million. The impairment value of Charqueadas assets was constituted due to the probable effects resulting from the rules imposed by Aneel reducing the reimbursement for coal consumption as from January 2016. Based on internal assessments, these rules would result in an impairment loss on assets and not permit a return on the additional investments needed to meet the Regulator's new efficiency parameters at the plant.

EBITDA AND EBITDA MARGIN

In full-year 2014, EBITDA posted a reduction of R$147.5 million, or 4.8%, from R$3,042.6 million in 2013 to R$2,895.1 million in 2014. The EBITDA margin in 2014 was 44.7%, representing a decline of 9.9 p.p. compared with 2013. This decline can be largely attributed to a combination of the following factors:

(i) R$569.8 million increase in net revenue from contracted energy sales;
(ii) R$417.1 million negative effect of transactions in the spot market, including those across the CCEE;
(iii) recognition in 2014 of the recovery of the negative effects on the CCEE due to the aforementioned stoppages at the Company's generator units in the amount of R$243.2 million;
(iv) reversal in 2014 of the provision recognized in 2013 for impacts of CNPE Resolution 03, amounting to R$54.5 million, resulting in positive variation of R$109.0 million;
(v) growth of R$500.5 million in energy purchases for resale;
(vi) growth of R$134.1 million in fuel consumption;
(vii) constitution in 2014 of a provision of R$89.3 million in the light of a judicial dispute with a supplier following a disagreement on the price of fuel consumption;
(viii) reversal in 2014 of provisions with respect to: (viii.i) collection of an additional amount on the Tariff for Use of the Transmission System from Ponte de Pedra Hydroelectric Power Plant of R$92.3 million; and (viii.ii) prescribed liabilities of R$54.8 million; and
(ix) an increase of R$75.6 million of the remaing operating costs and expenses. Excluding the non-recurring effects mentioned in items (iv), (viii.i) and (viii.ii), EBITDA would have reached R$2,693.5 million and R$3,097.1 million, for the years 2014 and 2013, respectively, a reduction of R$403.6 million, or 13.0%, between the compared fiscal years.

EBITDA[1] (R$ million) and EBITDA Margin



1 EBITDA represents: net income + income tax and social contribution + financial expenses, net + depreciation and amortization + impairment.

Reconciliation of net income with EBITDA

(in millions of R$)

	2014	2013	Change (%)
Net income	1,383.1	1,436.7	-3.7
(+) Income tax and social contribution	573.5	565.0	1.5
(+) Financial expenses, net	346.3	385.5	-10.2
(+) Depreciation and amortization	592.1	582.5	1.7
(+) Provision for impairment	0.0	72.8	-100.0
EBITDA	**2,895.0**	**3,042.5**	**-4.8**

Finance results

a) Financial income

Year-on-year financial income increased R$23.7 million, from R$182.7 million in 2013 to R$206.4 million in 2014. This variation is explained essentially by the following factors:

(i) reversal of R$61.4 million in 2014, corresponding to interest and monetary restatement on prescribed liabilities mentioned under the item "Cost of Electric Energy Sales and Services – Others";
(ii) increase of R$25.4 million in revenue on financial investments;
(iii) reduction of R$18.0 million in gains as a result of favorable rulings on law suits;
(iv) recognition of a gain of R$49.1 million in 2013 resulting from the early settlement at market value of debt with the Federal Treasury Department (STN); and
(v) an increase of R$2.0 million in monetary restatement of court escrow deposits.

b) Financial expenses

Financial expenses dropped from R$568.2 million in 2013 to R$552.7 million in 2014, a difference of R$15.5 million. This was the result of a combination of the following variations:

(i) a reduction of R$42.4 million in expenses with the translation effect on currency denominated debt;
(ii) an increase of R$7.9 million on interest and monetary restatement on concessions payable;
(iii) an increase of R$7.3 million in net interest on actuarial liabilities;
(iv) growth of R$6.8 million in interest and monetary restatement on debt; and
(v) an increase of R$4.9 million in financial charges on other Company debts.

Financial revenues increased R$23.7 million, from R$182.7 million to R$206.4 million

Net Income

(R$ million)



Evolution of Net Debt

(R$ million)



Income Tax and Social Contribution on Net Income

Income tax and social contribution expenses increased from R$565.0 million in 2013 to R$573.5 million in 2014, an R$8.5 million growth. This variation also reflects the result above all of the combination between the reduction in pre-tax profit and the lower value credit value of interest on shareholders' equity. The effective tax rates on profits for 2014 and 2013 were 29.3% and 28.2%, respectively.

Net income

Net income decreased from R$1,436.7 million in 2013 to R$1,383.1 million in 2014, a reduction of R$53.6 million, or 3.7%. This variation stems essentially from the following factors already explained above, net of income tax and social contribution:

(i) reduction of R$97.4 million in EBITDA;
(ii) decline of R$37.1 million in net recurring financial expenses and reduction of non-recurring financial gains between 2013 and 2014 of R$11.2 million, resulting in a variation of R$25.9 million in the financial result;
(iii) an increase of R$6.4 million in depreciation and amortization;
(iv) recognition of R$48.0 million in impairment value in fiscal year 2013; and
(v) a decrease of R$23.7 million in the permanent deductions on the basis of calculation on income tax and social contribution, in particular in the interest on the shareholders' equity.

Disregarding annual nonrecurring effects, net of tax, positively impacting EBITDA for 2014 in the total amount of R$133.1 million and negatively in 2013 for R$36.0 million, registered impairment value in 2013 of R$48.0 million and the positive nonrecurring effects on the financial result, namely; (I) financial charges of R$40.5 million on reversal of prescribed liabilities in 2014; (ii) gain in 2013 of R$32.4 million in the early settlement of debt; and (iii) a gain in 2013 of R$19.3 million in a lawsuit with no right of appeal, net income in 2014 and 2013 would have been R$1,209.5 million and R$1,469.0 million, respectively, a year-on-year reduction of 17.7% or R$259.5 million.

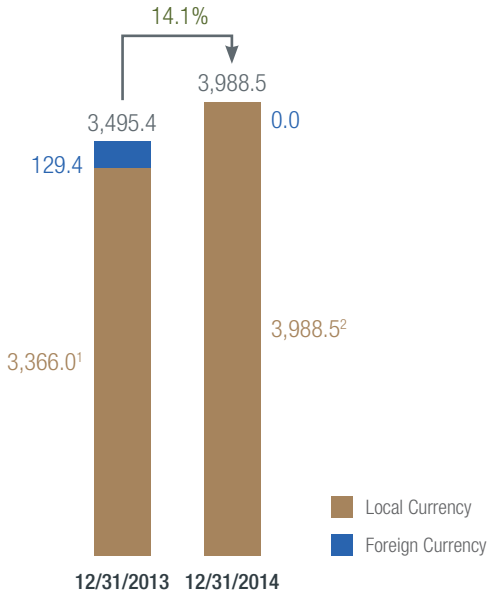
Debt

As at December 31, 2014, the Company's net debt (total debt less cash and cash equivalents) was R$2,237.8 million, a 4.1% increase compared to the debt recognized at the end of 2013. Beginning in the third quarter of 2014, the restricted deposits aimed at guaranteeing the payment of the debt services started to be deducted by our gross debt for net debt calculation purposes. In order to maintain consistency of procedures between the periods analyzed, net debt as of December 31, 2013 was adjusted from R$2,271.2 million to R$2,149.3 million.

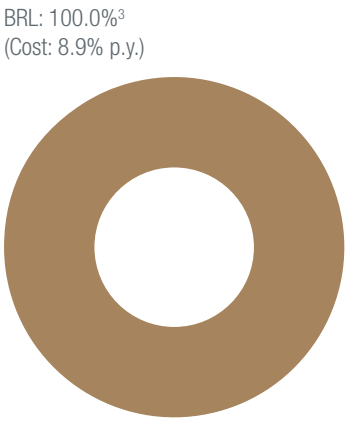
Total consolidated gross debt, represented largely by loans, financing and debentures, net of hedge operations, totaled R$3,988.5 million at the end of 2014, an increase of 14.1% compared to the position of December 31, 2013. Out of total debt at the end of the period, 28.7% was denominated in foreign currency (9.7% at the end of 2013). However, taking into account the swap operations, the Company recorded no currency exposure at the end of 2014

Composition of Total Debt

(R$ million)



Cost of Debt



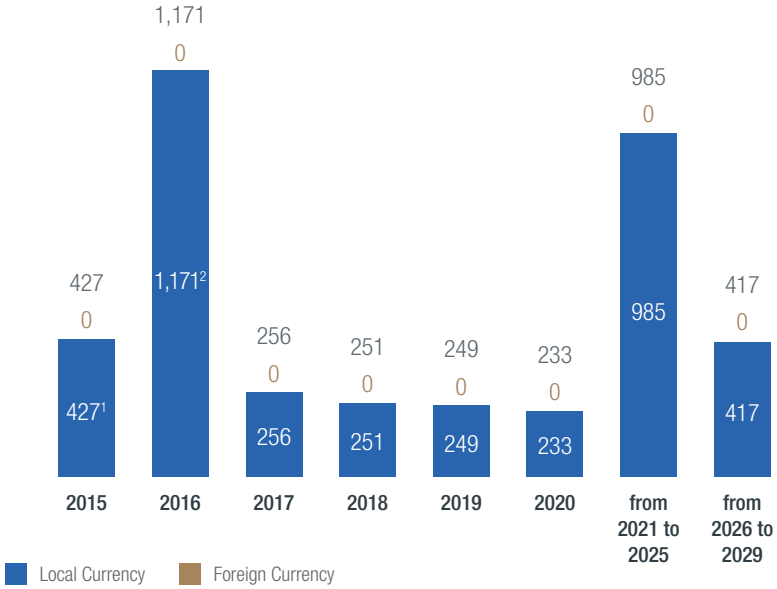
1 Includes debt of US$ 90.0 million, with full swap to CDI.
2 Includes debt of US$ 370.3 million, with full swap to CDI.
3 Includes debt of US$ 460.3 million, with full swap to CDI.

The increase in Company debt is largely related to a combination of the following factors occurring between 2013 and 2014:

(i) drawdown from the BNDES and its financial agents of the total amount of R$130.7 million in support of investment driven to the modernization of the Salto Santiago and Passo Fundo HPP;
(ii) absorption of the financing contract with the BNDES and on lending banks due to the acquisition of the Ferrari Termoelétrica S.A. for R$44.5 million;
(iii) contracting of loans in foreign banks for US$ 370.3 million (equivalent to R$927.2 million), subject to swap operations to protect the entirety of future cash flows against US dollar appreciation;
(iv) issue in December 2014 of simple non-convertible debentures for R$162.4 million;
(v) the generation of R$265.3 million in incurred charges payable including monetary restatement and currency translation effects;
(vi) amortization of debentures of R$184.6 million; and
(vii) R$852.3 million in amortization of loans and financing.

Maturity Term Loans

(R$ million)



1 Includes debt of US$ 90.0 million, with full swap to CDI.
2 Includes debt of US$ 370.3 million, with full swap to CDI.

Cost of capital

The usual formation of the capital invested by Tractebel Energia in expanding its business is one third equity – for this, we retain part of the earnings generated, when necessary – and two thirds debt. In respect of the debt portion, we have obtained financing by means of sector-specific lines of credit, preferentially from the BNDES, with below-market interest rates. A majority of these resources are linked to the TJLP rate (61.9% of total debt in local currency as at December 31, 2014). The remainder of the resources are from other loans with variable rates in the market. In the year ended December 31, 2014, our total cost of debt was 8.85%, fully denominated in local currency. The cost of equity is presumably greater than the cost of debt and, in the Company's case, takes into account the risk-free rate, the Brazil risk rate and the market risk premium, as well as the unlevered beta, which varies according to the market, the historical series for the share price and stock market liquidity.

Considering the requirement of an adequate rate of return, the Company seeks to satisfactorily remunerate investments made with equity.

Investments in 2014

Expansion and refurbishment of generation facilities

In 2014 we carried out the expansion and refurbishment of our generation facilities. The construction of the Trairi, Campo Largo and Santa Mônica wind farm complexes and the expansion of the Ferrari Thermoelectric Plant demanded investments totaling R$343.0 million. We also invested R$228.4 million in maintenance and refurbishment projects. Thus, in 2014 these investments totaled R$571.4 million.

During the year, Tractebel Energia's investments in environmental management totaled R$17.0 million, while operating expenses totaled R$32.1 million

Research and Development (R&D)

We invested R$40.5 million in our R&D program: R$16.2 million in projects, and we transferred the same amount to the National Fund for Scientific and Technological Development, and R$8.1 million to the Ministry of Mines and Energy. The total investment in more than 25 projects in progress – some in association with other entities – amounts to approximately R$142 million. • **EU8**

Environmental management

Our investment totaled R$17.0 million, while operating expenses totaled R$32.1 million. • **G4-EN31**

Professional development

Our training and development plan covers our short-, medium- and long-term strategies. In 2014, R$5.2 million was invested in training, courses and lectures aimed at developing, updating and qualifying our employees, with a recorded average of 66.5 training hours per employee and a total of 75,386 hours, of which 46,564 was in technical courses, 13,162 was in Occupational Health and Safety (OHS), 6,016 was in languages, and 9,644 was in areas such as behavior, leadership, and communication.

Ethics-related aspects – such as fighting corruption and respect for diversity and human rights – were part of our Induction Program for new employees. Additionally, these issues are addressed in events such as seminars, open to the general public. • **G4-HR2**

The training programs held in 2014 that included issues related to anticorruption policies and procedures included the ones listed in the table below. • **G4-SO4**

Training about Ethics • G4-LA9

Subject	No. of participants
Tractebel Energia Ethical Values	39 (new employees)
Ethical, operating and control aspects included in the Anti-Corruption Law	One (internal audit manager)
Small gifts and amenities	393 (managers and officers)
III Ethics, Sustainability and Energy Seminar	237 (employees and general public)
Lecture "The power of ethics in today's Brazil"	66 (employees)
Anti-Corruption Law	481 (employees, officers, and Directors)
Total	**1,217**

Average number of hours of training per year and per employee, divided per gender and position • G4-LA9

Hours of Training per Gender

	Men	Women	Total
Hours	66,596	8,790	75,386
Hours/employee	69.1	51.4	66.5

Hours of training per position • G4-LA9

Position	Total	Average
Management	18,870	153.4
Analysts, Engineers and Specialists	20,562	51.1
Operators, Maintenance Technicians and Administration	35,954	59.0

Corporate Social Responsibility (CSR)

The list below shows Tractebel Energia's investment in CSR through resources with and without tax incentives in 2014.

(i) R$4.1 million in investments not entitled to tax incentives;
(ii) R$1.8 million in investments through the Childhood and Adolescence Fund;
(iii) R$9.4 million in investments under the Cultural Incentive Act;
(iv) R$1.3 million in investments under the Incentive to Sports Act; and
(v) R$1.2 million in other investments entitled to tax incentives (health and other areas).

Additional dividends proposed

Our Board of Directors approved, at the meeting held on March 30, 2015, a proposal for additional dividends for the period January 1 to December 31, 2014, totaling R$172.1 million (R$0.2636276932 per share), which should be ratified at the Annual Shareholders' Meeting, where payment terms will be decided.

Thus, in 2014, total payout will be R$775.2 million, equivalent to R$1.1875973571 per share or 55% of the distributable adjusted net income.

Capital market and share performance

Since joining BM&FBovespa's Novo Mercado, Tractebel Energia has been part of the Special Corporate Governance Stock Index (IGC) and the Special Tag-Along Rights Stock Index (ITAG), which bring together those companies that offer their minority shareholders a greater than usual level of protection in the event of a sale of control. Its shares are also part of BM&FBovespa's Corporate Sustainability Index (ISE), attesting our commitment to corporate responsibility, and the Electric Utilities Index (IEE), which is a sector-specific index formed by the electric energy sector's most important publicly-traded companies. On January 6, 2014, our shares became part of BM&FBovespa's main index, the Ibovespa.

Performance of Bovespa and TBLE3 shares

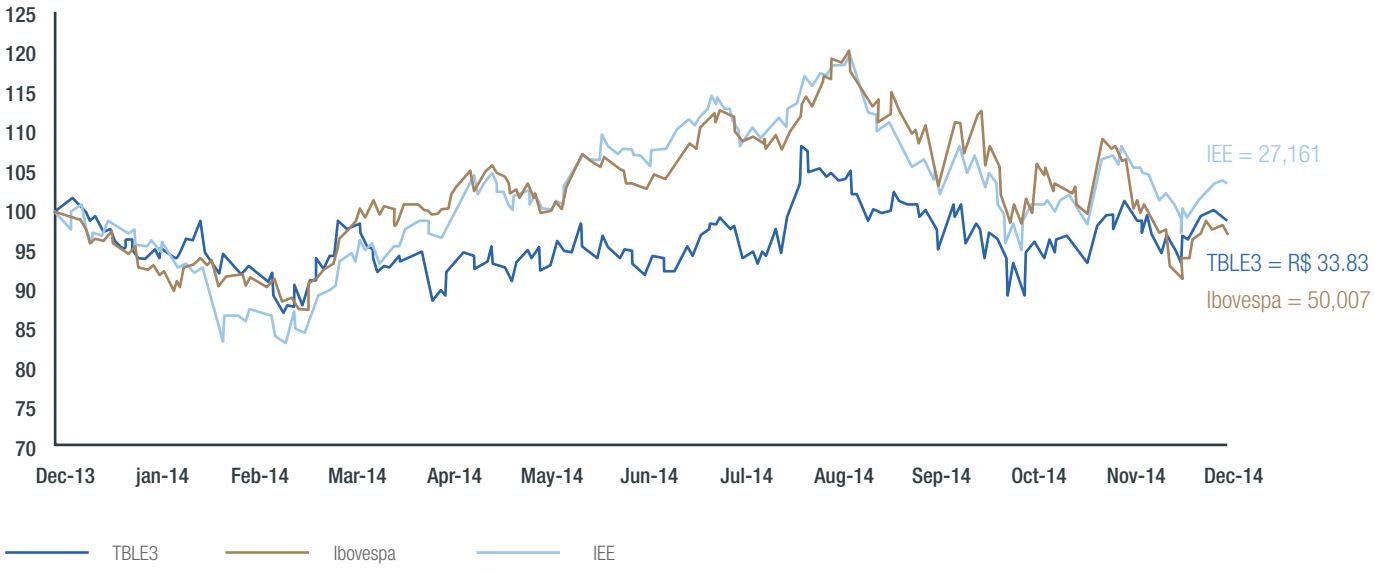
Tractebel Energia's shares depreciated 1.3% through the end of 2014, after a 15.5% gain in 2013. The IEE appreciated 3.5%, while the Ibovespa dropped 2.9% in the period. The TBLE3 quotation at December 31, 2014 was R$33.83/share, which sets our market capitalization at R$22.1 billion.

Over the year, TBLE3's average daily trading reached R$27.3 million, a 19.8% increase compared to 2013, possibly reflecting the fact that our shares were admitted to the Ibovespa index in early 2014.

By joining BM&FBovespa's Novo Mercado in 2005, Tractebel Energia became part of the Special Corporate Governance Stock Index (IGC) and the Special Tag-Along Rights Stock Index (ITAG)

TBLE3 vs. IBOVESPA vs. IEEX

((Base 100 – 12/31/2013))





Sustainable Operation Management

• G4-58

• G4-58

Tractebel Energia's Sustainable Management Policy covers Quality, Environment, Occupational Health and Safety (OHS), Social Responsibility, and, beginning in 2014, Energy Management. This policy is enforced in all 27 plants operated by the Company and can be accessed on its website.

Strengthening a culture of social and environmental responsibility coupled with economic development is a permanent concern of Tractebel Energia. This culture also includes the joint actions of the Sustainability Committee and our organizational units.

Another policy that strengthens this stance is the engagement of stakeholders. Launched in 2014 and available on our website, it ratifies the procedures on this matter that must be adopted by Tractebel Energia and our subsidiaries during the development, construction and operation stages of power plants under their responsibility.

We consider respect to be one of our key ethical principles. We are constantly attentive to guaranteeing human rights and sensitive situations that involve our activities, such as the relationship with, but not limited to, resettled populations and our plant's neighboring communities.

The conduct we expect from our employees, suppliers and partners is available in Tractebel Energia's Code of Ethics, made widely available to all stakeholders on our website. Each employee must make sure that he or she does not practice any discrimination, in words or deeds, particularly as regards age, gender, ethnic, social or cultural origins, political or union-related opinions, personal lifestyle choices, particularities or physical disabilities. Furthermore, the Ethics Committee has a communication channel so that anyone can contact it anonymously and confidentially. In 2014, no complaints were filed related to human rights violations. However, a labor lawsuit was filed for discrimination, which was analyzed internally and resulted in corrective actions. **• G4-56 | G4-57 | G4-HR3 | G4-HR12**

Tractebel Energia does not permit, in any circumstances, the exploitation of children, or forced or compulsory labor, and reserves the right not to contract the services of, or have a commercial relationship with, entities that adopt such practices. The Company is committed to informing the responsible authorities of any such cases of which it may become aware. Accordingly, all contracts that we enter into contain human rights protection clauses. **• G4-HR1 | G4-HR6**

Despite all our efforts, in 2014 we recorded 38 complaints related to labor practices, filed both by employees and outsourced workers, of which five were solved within the same year. Another 31 complaints, recorded in previous years, were resolved. **• G4-LA16**

Tractebel Energia's Sustainable Management Policy covers Quality, Environment, Occupational Health and Safety (OHS), Social Responsibility, and, since 2014, Energy Management

ENERGY AND ETHICS

In order to promote the discussion and the engagement around the theme sustainability, Tractebel Energia held, in 2014, the third edition of the Ethics, Sustainability and Energy Seminar, at Company's headquarters and in the Estreito Hydroelectric Power Plant. The event included lectures on ethics in work relations, climate change, sustainable development, diversity, tax incentive laws, and voluntary work. The lecturers were representatives of non-governmental organization companies and the government, as well as Tractebel Energia's employees. • **G4-57**

LEGAL COMPLIANCE

Legal compliance is a basic requirement for Tractebel Energia and, therefore, we constantly monitor the enactment of new laws, standards, and resolutions that govern our operations, including those related to social and environmental responsibility. We adopt preventive procedures to ensure that all our generation facilities have timely and effective environmental licenses and authorizations required by the related bodies. In order to comply with legal requirements and voluntary additional commitments assumed, we assess and adjust our operations and procedures whenever necessary.

In 2014, the operation licenses of the Machadinho Hydroelectric Power Plant, effective for ten years, and the Charqueadas Thermoelectric Power Plant, effective for four years, both in Rio Grande do Sul, were renewed.

CONTINUOUS IMPROVEMENT

Our Integrated Management System (SIG) is directly linked to our Sustainable Management Policy, covers our five dimensions, and is submitted to continuous improvement process, as in the case of our corporate governance.

CERTIFICATIONS

The SIG and another 15 plants have been re-certified in accordance with the requirements of NBR ISO 9001:2000 – Quality Management System, NBR ISO 14001:2004 – Environmental Management Systems, and OHSAS 18001 – Occupational Health and Safety Management System. The certification percentage, taking into consideration Tractebel Energia's installed capacity and the operated by the Company, is 95.0% and 83.8%, respectively.

In 2014, these certifications were ratified through maintenance audits conducted by Bureau Veritas (BV).

QUALITY MANAGEMENT

Guidelines

We believe that the reliability, availability and security of our generation facilities are key for quality management. We measure these indicators by means of an internal plant indicator, which is calculated taking into account the energy output capacity of the power plants and the number of hours of untimely and urgent downtime of the power plants. Another relevant indicator is the degree of satisfaction of the National Electric System Operator (ONS).

2014 indicators, goals and results

The table below shows the corporate goals set for the main operating indicators and the quality management results reached in 2014 in our plants' operations.

Indicator	Goal	Result
Plan uptime, including scheduled shutdowns	86.9%	86.8%
ONS degree of satisfaction	90.0%	93.4%

ENVIRONMENTAL MANAGEMENT

Guidelines

Balance – The rational use of natural resources and the mitigation of environmental impacts are the means we use to strike a balance between our activities and environmental preservation.

Environmental aspects and impacts – We identify the environmental aspects and impacts typical of our operations, which are then classified as to their materiality and probability of occurring. We also establish operating controls and management programs to mitigate the impacts that we consider negative. These controls and programs include the consumption of natural resources, the emission of Greenhouse Gases (GHG), waste disposal, and biodiversity management, among other indicators.

Biodiversity of bodies of water and habitats

• G4-EN11 | G4-EN12 | G4-EN13 | G4-EN26 | G4-EN27

Building a hydroelectric power plant changes the water environment from lotic (river) to lentic (reservoir). In this process, there is a change in the physicochemical characteristics of the water resource, which has a direct impact on water biodiversity, especially the fish fauna (fish species that live in a certain region). Basically, these impacts could result from the collision of fish with equipment in operation or by asphyxiation. In both cases fish can die if actions are not promptly taken.

At the plants operated by Tractebel Energia, actions are taken to mitigate these impacts, such as procedures that require gentler operating maneuvers and the rescue of fishes, if for some reason they remain inside the facilities.

We have been investing in R&D projects and monitoring fish fauna in the regions affected by our hydroelectric power plants (HPPs) and small hydroelectric power plants (SHPPs) to assess the consequences of these impacts over time. Furthermore, we periodically release fish fries in the reservoirs to repopulate them with native species. In 2014, we invested approximately R$382,000 in the repopulation project in River Iguaçu, in Paraná. As part of this project, we release throughout the year 43,800 fish fries, of which 23,000 were in the Salto Santiago HPP reservoir and 20,800 were in the Salto Osório Hydroelectric Power Plant reservoir.

Considering the installed capacity owned and operated by Tractebel Energia, the certification percentage is 95.0% and 83.8%, respectively

• G4-EN12 | G4-EN13 | G4-EN26

Another impact related to building a HPP is the loss of a habitat due to the flooding necessary to form a reservoir. During this process, part of the vegetation is eliminated and animal species are rescued and transferred to appropriate sites, consistent with the original environment. After the reservoir is formed, it is necessary to build a Permanent Preservation Area (APP) and recover the areas degraded by the works.

In 2014, a year when no Tractebel Energia HPP building project was underway, we decided to plant and donate 301,435 seedlings of tree species native to the regions neighboring the plants we operate – exceeding the set annual goal by 20%. **• G4-EN27**

We also take inventory of the species typical of the areas surrounding our reservoirs; however, we do not have yet a consolidated number of how many species are part of the national preservation listings. In 2014, we started to take, in two regions, an inventory of the species that are part of the International Union for Conservation of Nature Red List of Threatened Species, and identified the following statuses: **• G4-EN14**

a) Area of influence of the Salto Santiago and Salto Osório HPPs

- Vulnerable: six species, including two bird species and four plant species;
- Near threatened: 15 species, including 12 bird species, two mammal species and one plant species;
- Endangered: three species, including two plant species and one bird species;
- Critically endangered: one plant species;
- Least concern: 246 species, including three fish species, 41 mammal species, 184 bird species, 17 reptile species, and one plant species.

b) Area of influence of the Ponte de Pedra HPP and the Jose Gelazio and Rondonópolis SHPPss

- Vulnerable: four species;
- Near threatened: two species;
- Endangered: 0;
- Critically endangered: 0;
- Least concern: 104 species.

We also conduct water spring preservation projects, in association with governmental and non-governmental organizations. Up to 2014, 648 springs were preserved, to the benefit of 402 households in 51 communities in the areas neighboring the Salto Osório and Salto Santiago hydropower plants. Similar initiatives are being undertaken in other regions, such as in the Machadinho hydroelectric power plant and the Jorge Lacerda Thermoelectric Complex.

In addition to these programs, we support the implementation and maintenance of conservation units in the regions where we operate. For example, we support the Fritz Plaumann State Park, located in Concórdia (SC), and the Mata do Rio Uruguai Teixeira Soares Municipal Natural Park, in Marcelino Ramos (RS), both in the area of influence of the Itá HPP.

• G4-EN12 | G4-EN13 | G4-EN26

In 2014, Tractebel Energia planted and donated 301,435 seedlings of tree species native to the area of influence of Company's power plants, exceeding the set annual goal by 20%

Inaugurated in 2003, the Fritz Plaumann Park ensures the preservation of the Rio Uruguai Forest, a deciduous seasonal forest, part of the endangered Atlantic Forest biome. With 717.5 hectares, this park was implemented with the support of the Itá Consortium as environmental compensation required for the licensing of the power plant.

The inauguration of the Mata do Rio Uruguai Teixeira Soares Municipal Natural Park, located in Marcelino Ramos (RS) is scheduled for 2015. A visitor center, a sightseeing spot, and an elevated walkway have already been built in this 429-hectare park, totaling 2,141square meters of built-up area, in addition to six trails with different interpretative themes. The Teixeira Soares park will protect one of the most endangered ecosystems of the Atlantic Forest biome and has a primary forest core never touched by man, which serves as shelter for endangered native species of Rio Grande do Sul and Santa Catarina.

Below are the characteristics of the areas of influence of the hydropower plants operated by Tractebel Energia.

(a) South

Itá Hydroelectric Power Plant (HPP)

Location: between the Itá (SC) and Aratiba (RS) municipalities.
Reservoir area: 142 km^2.
Permanent Preservation Area (APP): 22.56 km^2.
Regional biodiversity: 27 mammal species, 94 bird species, 31 reptile species, 11 amphibian species, 40 fish species, and 60 plant species (trees).
Conservation units: Fritz Plaumann State Park (SC), with 7.41 km^2, Teixeira Soares Municipal Park (RS), with 4.61 km^2, and Severiano de Almeida Environmental Preservation Municipal Park (RS), with 0.15 km^2.

Machadinho HPP

Location: between the Piratuba (SC) and Maximiliano de Almeida (RS) municipalities.
Reservoir area: 79 km2.
Permanent Preservation Area (APP): 44.05 km^2.
Regional biodiversity: 52 mammal species, 192 bird species, 63 fish species, and at least two major reptile species, and 522 plant species.
Conservation unit: Espigão Alto Forest State Park (RS), with 13.33 km^2.

Passo Fundo HPP

Location: Entre Rios do Sul (RS) municipality.
Reservoir area: 151 km^2.
Permanent Preservation Area (APP): 4.11 km^2.
Regional biodiversity: 18 mammal species, 122 bird species, 14 reptile species, 10 amphibian species, 44 fish species, and 20 plant species.
Conservation units: Rondinha State Park, with 10 km^2 and the Sagrisa Municipal Reserve, with 4 km^2.

Salto Santiago HPP

Location: between the Rio Bonito do Iguaçu and Saudade do Iguaçu (PR) municipalities.
Reservoir area: 208 km^2.
Permanent Preservation Area (APP): The law in place at the time the plan was built did not require the acquisition of land to implement an APP.
Regional biodiversity and conservation units: 14 mammal species, 302 bird species, 14 amphibian species, 39 fish species.

• **G4-EN12 | G4-EN13 | G4-EN26**

Salto Osório HPP

Location: between the São Jorge d'Oeste and Quedas do Iguaçu (PR) municipalities.
Reservoir area: 55 km2.
Permanent Preservation Area (APP): The law in place at the time the plant was built did not require the acquisition of land to implement an APP.
Regional biodiversity and conservation units: 13 mammal species, 303 bird species, 9 amphibian species, 39 fish species.

(b) Southeast

Small Hydroelectric Power Plant (SHPP) Areia Branca

Location: Caratinga and Ipanema (MG).
Reservoir area: 1.36 km^2.
Permanent Preservation Area (APP): 112.71 hectares of the plant's reservoir.
Regional biodiversity index: 17 mammal species, 191 bird species, 6 reptile species, and 20 amphibian species.
Conservation units: there is no directly affected area.

(c) Mid-west

Cana Brava HPP

Location: Cavalcante (GO) municipality.
Reservoir area: 139 km^2.
Permanent Preservation Area (APP): 3.2 km^2.
Regional biodiversity: 92 mammal species, 304 bird species, 98 reptile species, 41 amphibian species, 77 reptile species.
Conservation units: land of the Avá-Canoeiro tribe.

Ponte de Pedra HPP

Location: between the Itiquira (MT) and Sonora (MS) municipalities.
Reservoir area: 14.5 km^2.
Permanent Preservation Area (APP): 7.8 km^2.
Regional biodiversity index: 80 mammal species, 249 bird species, 58 reptile species, 17 amphibian species, and nine invertebrate species.
Conservation units: the plant's reservoir is next to the Serra de Sonora State park, with approximately 79 km^2.

José Gelazio da Rocha SHPP

Location: Rondonópolis (MT).
Reservoir area: 0.27 km^2.
Permanent Preservation Area (APP): The law does not require the implantation of such an area around the reservoir.
Regional biodiversity: 80 mammal species, 249 bird species, 58 reptile species, and 17 amphibian species, and nine invertebrate species.
Conservation units: Dom Osório Stoffel State Park, with 64.22 km^2.

Rondonópolis SHPP

Location: Rondonópolis (MT).
Reservoir area: 0.024 km^2.
Permanent Preservation Area (APP): The law does not require the implantation of such an area around the reservoir.
Regional biodiversity index: 80 mammal species, 249 bird species, 58 reptile species, 17 amphibian species, and nine invertebrate species.
Conservation units: Dom Osório Stoffel State Park, with 64.22 km^2.

(d) North

São Salvador HPP

Location: Between the São Salvador do Tocantins and Paranã (TO) municipalities.
Reservoir area: 104 km^2.
Permanent Preservation Area (APP): 47.53 km^2.
Regional biodiversity index: 26 mammal species, 242 bird species, 38 reptile species, 29 amphibian species, and 209 fish species.
Conservation unit: São Salvador do Tocantins, Paranã and Palmeirópolis lake Environmental Protection Area, with 145.25 km^2.

Estreito HPP

Location: Between the Estreito (MA), Aguiarnópolis and Palmeiras do Tocantins (TO) municipalities.
Reservoir area: 555.0 km^2.
Permanent Preservation Area (APP): 125.0 km^2.
Regional biodiversity index: Two water mammal species, 164 bird species, 21 reptile species, 38 amphibian species, and 50 fish species.
Conservation units: the plant's reservoir is next to the à Fossil Trees Natural Monument Conservation Unit, with 356.3 km^2.

Indicators, goals and results

Indicators

Water

We take several actions to reduce the impact of operations regarding the use of water. The fuel tanks of our thermoelectric power plants have containment basins to avoid water pollution resulting from potential spills. The hydroelectric power plants are subject to stricter targets than those provided for by legislation to reduce concentration of oil and grease in effluents from drainage pools, to avoid water contamination. The Passo Fundo, Machadinho, Cana Brava and Itá hydroelectric power plants also have a system to separate water from oil in the discharge produced in power rooms, allowing for better control of effluents from drainage pools.

We also have contracts with service providers for environmental and social heritage oversight, and cooperation agreements with the Environmental Police to ensure the integrity of the reservoir areas of our hydroelectric power plants and the surrounding areas related to the Permanent Preservation Areas (APPs). We encouraged the use of these areas by communities by means of partnerships with government agencies and other organizations. • **G4-EN9**

Affected water sources **G4-EN9**

The main water sources affected by our operations are as follows: Jacuí River (Charqueadas Thermoelectric Power Plant, RS), Caveiras River (Lages Cogeneration Unit, SC), and Tubarão River (Jorge Lacerda Thermoelectric Complex, SC). The main impacts of the collection of water and discharge of effluents in these bodies of water are shown below, as well as the initiatives adopted to mitigate them.

We continually monitor water quality in the Tubarão and Capivari rivers and the wastewater effluents generated by the Jorge Lacerda Thermoelectric Complex. We also monitor the groundwater in the area of this project's coal yard. All complex effluents are diverted to ash basins for neutralization.

Both the Jorge Lacerda Thermoelectric Complex plants and the Charqueadas Thermoelectric Power Plant have closed wastewater effluents systems, which avoids the discharge of wastewater in rivers and allows water reclamation. However, their cooling systems require the discharge of the water back into the rivers. Thus, the impact caused is an increase in the returned water temperature – while there are controls to ensure the legal limit os 40ºC is not exceeded.

The Company takes several actions to reduce the impacts of operations: for example, the fuel tanks of the thermoelectric power plants have containment basins to avoid water pollution resulting from potential spills

• **G4-EN9**

At the Ibitiúva Bioenergética power plant and the Lages Cogeneration Unit, which do not have a closed system, the effluents undergo sedimentation and neutralization physicochemical treatment before being discharged into the river. The impact caused by these plant's operations consists of water consumption, increase of water temperature by the cooling system, and effluent discharge. A water demineralization station and periodic testing minimize the impact of these discharges. As for the temperature control of the water returned to the river, we conduct procedures similar to those used in the Charqueadas Thermoelectric Power Plant and the Jorge Lacerda Thermoelectric Complex.

The William Arjona Thermoelectric Power Plant does not collect water; therefore, it does not generate effluents in its operations.

Water consumption from water sources

The water collection is regulated and inspected by the oversight agencies for each region. In cases that represent a risk for the water source, collection is suspended.

Water withdrawal by source • G4-EN8

Type	2014 volume (in thou. m^3)	2013 volume (in thou. m^3)
Surface water (including wetlands, rivers, lakes and oceans)	845,048.5	902,349.2
Ground water	29.7	39.3
Rainwater (collected directly and stored)	1,622.4	1,380.0
Municipal water supplies or other water Utilities	6.4	6.5

Note – The criteria adopted to calculate and measure water comply with the requirements set by our parent company, GDF SUEZ. This information is annually audited by a third party.

Total water recycled and reused (in thou. m^3) • G4-EN10

	2014	2013
Reuse	1,247.8	891.2
Recycling	22,465.2	23,518.7
Rainwater collected	1,622.4	1,380.0

Volume of water recycled and reused compared to withdrawal (in %) • G4-EN10

	2014	2013
Reuse	0.1	0.1
Recycling	2.7	2.6
Rainwater collected	0.2	0.2

At the Charqueadas, Ferrari and Ibitiúva thermoelectric plants, part of the steam generated is supplied to local manufacturers, in a cogeneration process, a characteristic of water reuse by other organizations, which in 2014 totaled 6,233,495.0 m^3.

Effluent discharge

The water quality indicators of effluents discharged in bodies of water are periodically monitored based on physicochemical biochemical tests. Our intention is to avoid any type of pollution and/or contamination of the water source.

Our wastewater discharge is planned by the Company and in 2014 it totaled 834,310,123.0 m^3 with quality consistent with current legal standards. • **G4-EN22**

Fuel

We contribute to the country's energy security to the extent that we have generation capacity based on fossil fuel efficient technology. The Tractebel Energia Policy on Climate Change requires actions that lead to a decrease in the use of this type of fuel, including the preferential use of bifuel vehicles, contracting mass transit services in most of our plants, and holding teleconferences and videoconferences.

The table below shows the fossil fuel consumption in 2014 and 2013.

Fuel • G4-EN3

Type[1]	2014	2013
Coal	58,987,165.12 GJ	65,616,677.00 GJ
Diesel	158,458.38 GJ	168,331.00 GJ
Fuel oil	111,729.13 GJ	483,756.00 GJ
Natural gas	15,301,731.72 GJ	3,673,174.00 GJ
Wood biomass	2,374,328.34 GJ	2,338,373.00 GJ
Sugarcane biomass[2]	7,736,777.24 GJ	3,027,267.00 GJ
Grid electricity[3]	616,546.1 GJ	914,043.24 GJ
Total consumption	85,286,736.0 GJ	76,221,612.24 GJ

1 Standards, methodologies assumptions adopted: the criteria adopted to calculate and measure water comply with the requirements set by our parent company, GDF SUEZ. This information is annually audited by a third party. Our parent company adopts international standards, including the GRI guidelines.
2 In 2014, we included the Ferrari Thermoelectric Power Plant consumption, added to Tractebel Energia's facilities in the same year.
3 References (electricity): The Metering System for Billing (SMF) is responsible for recording the electricity generated and consumed by the plants, and we follow several standards to minimize equipment failure and avoid possible fraud. The technical criteria to which the SMF must be subject are provided by the ONS. The data treatment and data filing deadlines and rules are set by the Electric Energy Trading Chamber (CCEE).

Reduction of energy consumption • G4-EN6

In 2014, we recorded a 0.11% decrease in specific coal consumption compared to 2013. This decrease was made possible through improvements in the operation and maintenance processes, despite the high demand for thermoelectric generation due to the shortage of rainfall.

The energy consumption decrease (energetic basis coal) is shown in the table below. The largest decrease was between 2012 and 2013, mainly due to the fact that UTLC, the most efficient plant in the complex, had increased its output as a result of the general overhauling in 2012. We posted yet another year of specific consumption decrease in 2014, even without the budgeted investments, based exclusively on the O&M improvement actions, coupled with the energy industry pressures to ensure a high uptime. The adopted standards to calculate the decreases were: NBR ISO 50,001, which describes energy consumption and energy efficiency, and ASTM PTC 4-2008, for the calculation of coal efficiency and PCI.

Year	Coal consumption [t]	Net output [MWh]	PCI [kcal/kg]	PCI [kJ/kg]	Specific coal consumption [kJ/kWh]	Reduction
2014	3,292,797	4,506,770	3,851	16,096	11,760	0.11%
2013	3,671,283	5,156,550	3,956	16,536	11,773	3.86%
2012	3,032,552	4,123,279	3,983	16,650	12,246	

The standards adopted to calculate the decrease were: NBR ISO 50,001, which describes energy consumption and energy efficiency, and ASTM PTC 4-2008, for the calculation of coal efficiency and PCI. • **G4-EN5**

Energy intensity • G4-EN5

	2014	2013
a) Energy consumption within the organization (GJ)	85,286,736.03	79,260,178.00
b) Energy output (GJ)	176,191,271.92	163,300,000.00
Energy intensity (a/b)	**0.48**	**0.49**

Tractebel Energia Energy Efficiency Diagnosis Program for Industrial Customers

For customers interested in assessing the energy efficiency of their industrial facilities, we offer a specific diagnosis program, free of charge, that points out the possible improvements to increase their efficiency. This program is trailing a success path and has had as an indirect benefit of customer loyalty. • **G4-EN7**

In 2014 we completed four diagnoses of customer facilities and identified an average energy consumption decrease potential of 13%, corresponding to savings of R$9.5 million.

Atmospheric emissions

• G4-EN15 | EN16 | EN17 | EN20 | EN21

Consistent with our Climate Change Policy, we prioritize renewable sources and develop research and development (R&D) projects, in addition to other actions, to reduce our atmospheric emissions. Since 2010, we take an annual inventory of Greenhouse Gases (GHG), whose data is added to the Integrated Management System (SIG).

• **G4-EN20 | G4-EN21**

Our inventory covers all our plants, our headquarters, and the São Paulo (SP) office. The inventory is developed based on the concepts and guidelines set in the Brazilian GHG Protocol Program accounting and quantification specifications and in accordance with ISO 14064-1.

The emissions avoided by the power plants based on renewable sources exceed the emissions generated by the same power plants during their operations. The positive balance, while not certified, reflects, according to the applied methodology, these power plants' contribution to the reduction of GHG emissions.

In 2014, Tractebel Energia recorded a 0.11% decrease in specific coal consumption compared to 2013

The 2014 inventory is included in the report as Appendix 2. The table below reproduces the inventoried data related to the GRI indicators. • **G4-EN18 | G4-EN19**

GHG emissions (in tCO_2e)

Emission sources	Operating control	Equity interest
	2014	
Scope 1 • G4-EN15		
Stationary combustion	6,358,562.58	6,357,397.51
Mobile combustion	671.54	693.97
Processes	4,120.11	4,120.11
Fugitive emissions	26.14	1,170.04
Farming activities	4.63	11.21
Solid waste	0.37	0.37
Total Scope 1	6,363,385.37	6,363,393.22
Scope 2 • G4-EN16		
Purchase of grid electricity	18,711.25	19,670.31
Scope 3 • G4-EN17		
Activities related to fuel and energy not included in Scopes 1 and 2	1,642.86	1,642.86
Transportation and distribution (upstream)	18,679.86	18,800.61
Waste generated in operations	502.26	503.31
Business traveling	662.60	718.35
Commuting (house – work)	345.10	484.87
Transportation and distribution (downstream)	10,020.20	10,020.20
Total Scope 3	**31,852.87**	**32,170.20**
Total emissions	**6,413,949.50**	**6,415,233.72**
Biomass emissions (tCO_2)	**941,304.07**	**882,667.28**
Non-Kyoto gases (tCO_2e)	**279.39**	**325.59**

Our emissions of particulate material increased in 2014 due to the increase in the output of the William Arjona Thermoelectric Power Plant and the Lages Cogeneration Plant, and the addition of the Ferrari Thermoelectric Power Plant to our assets in this period. The power output of the William Arjona Thermoelectric Power Plant was 290 GWh in 2013 and 1,228 GWh in 2014, an all time generation record, to meet the Southeast's demand, due to the water crisis that continued throughout the year. The methodology used to analyze this unit's particular material emissions is being revised because the volumes obtained in the samples are much higher than usual volumes for gas-fires power plants.

SO_2 emissions decreased in 2014 due to the decrease in the output of the Jorge Lacerda Thermoelectric Complex that resulted in lower coal consumption, since coal is the fuel with the highest sulfur content.

The increase in NOx emissions is within expectations, i.e. was proportional to the increase of power generation by the thermoelectric plants.

Emissions – History – Thermoelectric plants* (t/MWh) • G4-EN21

	2014	2013	2012	2013x2014 Change
NOx**	0.00267	0.00271	0.00284	-1.50%
SO_2	0.01797	0.02000	0.0227	-11.30%
MP***	0.00062	0.00045	0.00044	37.78%
CO_2	0.98319	1.03070	1.08702	-4.61%

* Ratio between emissions from burning fossil fuels for electric energy generation at thermoelectric power plants and energy generated by these plants.
** Nitrogen oxide.
*** Particulate material.

Emissions – History – Tractebel Energia* (t/MWh)

	2014	2013	2012	2013x2014 Change
NOx**	0.00036	0.00038	0.00039	-5.56%
SO_2	0.00242	0.00278	0.00308	-14.88%
MP***	0.00008	0.00006	0.00006	25%
CO_2	0.13255	0.14330	0.14764	-7.50%

* Ratio between emissions from burning fossil fuels for electric energy generation at thermoelectric power plants and energy generated by these plants.
** Nitrogen oxide.
*** Particulate material.

Other emissions

	Unit	2014	2013	2012	2013x2014 Change
Mercury emissions (TPP Fuel)	Kg	140.0	142.1	129	-1.48%
Hydrochlorofluorocarbon (HCFC)	tCO_2eq	325.6	612.9	306.1	-46.88%
Hydrofluorocarbon (HFC)	tCO_2eq	0.01	40.8	-	-99.98%

Waste • G4-EN23 | EN25

The increase in waste generated in 2014, compared to 2013, is mainly due to the upgrading of the Salto Santiago, Passo Fundo and Ponte de Pedra hydroelectric power plants, which is a non-recurring factor that, specifically in 2014, had a direct impact on waste generation.

We require that the companies contracted for the final waste disposal comply with the relevant environmental legislation, especially Law 12,305, which introduced the National Solid Waste Policy.

Disposal of hazardous waste

	Reuse (t)	Recycling (t)	Composting (t)	Energy recovery (t)	Incineration (t)	Landfill (Class I and Class II landfills)
Hazardous	8.71	112.70	N/A	N/A	0.02	324.74
Non-hazardous	7.60	1,809,045.00	40.91	111.68	N/A	356.89

	Local storage	Co-processing	Recovery of degraded areas	Road paving	Coal extraction area
Hazardous	68.33	150.90	N/A	N/A	N/A
Non-hazardous	38.35	1.25	1,756.67	0.74	39,328.77

2014 goals and results

The goals set for 2014 related to environmental management, specifically for the plants certified under NBR ISO 14001, and the related results are disclosed in Appendix 3.

Investments • G4-EC7

The main investments made in 2014 are distributed as follows: • G4-EN31

Investment in waste disposal, emission treatment, and remediation costs

Invested amount	Description
R$628,813.30	Building the oil water separator tank of the Salto Santiago HPP to ensure compliance with the relevant legal standard.
R$2,388,357.59	Upgrading Plant A, Unit 1's Electrostatic Precipitator of the Jorge Lacerda Thermoelectric Complex.
R$6,667,235.30	Upgrading Plant A, Unit 2's Electrostatic Precipitator of the Jorge Lacerda Thermoelectric Complex.
R$1,341,007.03	Waterproofing of the auxiliary coal storage courtyard of the Jorge Lacerda Thermoelectric Complex to ensure compliance with the groundwater quality legal standards.

Investments in compensatory measure

Invested amount	Description
R$2,280,432.64	Implementing the Mata do Rio Uruguai Teixeira Soares Municipal Park Conservation Unit as part of the environmental compensation for the construction of the Itá Hydroelectric Power Plant.

SOCIAL MANAGEMENT

Human resources management

Tractebel Energia's human resources management is grounded in recognition and motivation, development, and health and wellbeing. An organizational climate survey responded to by 76% of our employees reported a 74% satisfaction index, and 82% of the respondents stated they were proud to work at Tractebel Energia.

In 2014 we hired 47 new employees and terminated the contracts of 43 employees, including 20 employees that opted for the Voluntary Dismissal Plan (PDV) and one employee transferred to another company owned by our parent company, GDF SUEZ. The training programs offered to our employees retiring by the National Social Security Institute (INSS) are the same training programs offered to the other employees, without differentiation or a specific program. At the end of 2014, our headcount, not including subsidiaries or associates, totaled 1,134 employees, of whom 43.2% had a college degree and 44.0% had technical school training. • **G4-LA1 | G4-LA10**

Hirings	2014
Less than 30 years old	**28**
Women	10
Men	18
From 30 to 50 years old	**19**
Women	6
Men	13
Total	**47**

	Dismissals	Employees	Turnover
Less than 30 years old	4	241	1.7%
From 30 to 50 years old	17	656	2.6%
Over 50 years old	22	237	9.3%
Total	43	1,134	3.8%

	Dismissals	Employees	Turnover
Women	11	171	6.4%
Men	32	963	3.3%
Total	43	1,134	3.8%

Profile of our headcount • G4-10

Gender	Number of employees
Women	171
Men	963
Total	**1,134**

Age group	Number of employees
Less than 30 years old	241
From 30 to 50 years old	656
Over 50 years old	237
Total	**1,134**

• **GRI G4-10**

Position	Number of employees	Men	Women
Midldle management	123	107	16
Analysts, engineers and specialists	402	319	83
Operators, Maintenance Technicians and Administration	609	537	72
Total	**1,134**	**963**	**171**

Handicapped staff

Gender	Position	Total
Women	Analysts, engineers and specialists	3
	Operators, maintenance technicians and administration	6
	Total	9
Men	Officers	1
	Analysts, engineers and specialists	4
	Operators, maintenance technicians and administration	15
	Total	20
Total		**29**

The Company guarantees its employees the right to freedom of association, and negotiates and signs collective bargaining agreements with unions representing its employees. These agreements relate to the annual salary adjustment, pension and benefits plans, health and safety, and other areas – such as safety and health, use of personal protection equipment, training and education of first responders and In-Company Accident Prevention Committee (CIPA) members – and include all employees. The agreement is signed with the employees' labor unions, reported to all employees, and in available on our Intranet. • **G4-11 | G4-LA4 | G4-LA8**

The Company guarantees its employees the right to freedom of association, and negotiates and signs collective bargaining agreements with unions that represent the employees. These agreements relate to the annual salary adjustment, pension and benefits plans

In 2014, 82 employees were retired under the Brazilian official pension scheme, and continued to hold their positions at Tractebel Energia

Our compensation policy is grounded on best market practices and is periodically revised based on salary surveys. Compensation involves a fixed portion and a variable portion, according to the achievement of targets and annual business results. In 2014, we distributed R$24.1 million to our employees as profit sharing related to the prior year. Equal treatment in compensation in respect of genders and ethnicities is also our policy, which rewards professional merit for each position and, as legally established, we do not require that our employees to self-declare their skin color, race, or ethnicity. The average female and male compensation ratio was 77.9%. • **G4-LA13**

Full-time employees are entitled to a benefit plan that is one of the most complete in the market: it includes meal vouchers; transportation vouchers; daycare allowances; extension of maternity leave to 180 days; supplementation of the official sick leave allowance; and group life insurance, in addition to a pension plan. Our contribution to the Sociedade de Previdência Complementar (Previg), a supplementary pension fund, matches each employee's contribution, i.e. 50% of the total contribution. The amount transferred by Tractebel Energia, corresponding to contributions, outstanding debt, and administrative expenses, totaled R$23.2 million in 2014. The number of employees and former employee enrolled in Previg reached 1,755 people. We are also a sponsor of a private pension plan, Eletrosul Pension and Social Assistance Foundation (ELOS), as some retired former employees are part of this plan. In 2014, we transferred R$31.0 million to ELOS, consisting of contributions, outstanding debt, and administrative expenses. • **G4-EC3 | G4-LA2**

In 2014, 82 employees retired under the official pension scheme but continued to hold their positions at Tractebel Energia. In 2013, we re-launched the Voluntary Dismissal Plan (PDV), which prioritizes employees already retired under the official pension scheme or at retiring age by 2016.

Occupational Health and Safety (OHS)

Occupational Health and Safety is one of the five dimensions of the Tractebel Energy Management Policy, which prioritizes our people's physical and psychological integrity, professionalism, training and competence. Hazards and risks arising from work processes, equipment and environments are identified and controlled. All stakeholders exposed to these risks and hazards receive specific guidance, including as regards the related prevention and control actions. Accordingly, all Tractebel Energia contracts with subcontractors and outsourced workers contain OHS clauses. • **EU16**

Our actions to promote the quality of life of our employees include promoting, maintaining and recovering the health and wellbeing of our employees. Ten programs have been developed based on an epidemiologic profile, extracted from the annual occupational health evaluations: incentive to physical activity, healthy eating, wellbeing, sports and collective games, obesity tackling, chronic disease management, treating addiction to alcohol and another drugs, anti-smoking, executives' checkup, and getting ready for retirement. In 2014 we developed special campaigns related to the fight against breast cancer – Pink September – and prostate cancer – Blue October.

We respect all OHS commitments assumed by GDF SUEZ in Europe and in Latin America. To strengthen this alignment, in 2014 we launched an internal work accidents prevention campaign that emphasizes the incident identification and recording. This program was extended to all power plants and our headquarters, including third parties and service providers.

In-company Accident Prevention Committee (CIPA)

We have 10 CIPAs at our administrative headquarters and plants with more than 20 employees, formed by employee and company representatives. In units with less than 20 employees, a person is appointed as responsible for the same duties of the committee. CIPA members and employees appointed to monitor safety standards total 89 employees. In addition, there are 34 people allocated to the OHS department including employees and service providers. In 2014, 100% of our employees and outsourced workers received OHS training. • **G4-LA5 | EU18**

We also conduct annually the Work-Related Accident Prevention Week (Sipat) aimed at building employee and third-party awareness about traffic routines and habits that could make the workplace safer and healthier.

Health profile

We have in place a series of programs aimed at promoting healthy habits, structured according to the profile of our headcount. These programs include:

Wellness Management | Encourages physical activity and sports, healthy eating, stress management, treatment and prevention of substance abuse, and use of the workplace exercise program.

Health Management | Based on an annual check-up, comprising exams, health and lifestyle questionnaires, and medical appointments that result in an Individual Health Plan – an annual commitment voluntarily made by each employee, with medical guidance, regarding health care. We also promote communication and prevention campaigns on topics such as flu vaccination and cancer prevention, annual training for plant operators that includes first aid techniques, and lectures with speakers from the healthcare area for employees and service providers. With these actions, we seek to exceed the requirement of the relevant regulatory standard (NR-7) to call all employees for an annual medical exam.



Management system

We also have an OHS management system to prevent accidents and ensure the physical or psychological integrity of our employees, service providers, suppliers, and visitors.

Indicators, goals and results

Recorded accidents – 2014 • G4-LA6

Own employees	2014
Number of on-the-job and in-transit accidents with and without leave	13
Number of days missed – on-the-job accidents with leave	128
Occupational diseases	0
Frequency rate (FR)	1.45
Severity rate (SR)	0.062
Fatal accidents	0

Contractors' employees	2014
Number of hours of exposure to risk	3,498,480
Number of work days missed with leave	13
Occupational diseases	0
Number of on-the-job and in-transit accidents with and without leave	31
Number of days missed – on-the-job accidents with leave	238
Frequency rate (FR)	3.72
Severity rate (SR)	0.068

OHS Management Goals and Results

Indicators	Goals	Results
Frequency rate (FR) ratio	FR < 2.8	1.45
Severity rate (SR) ratio	SR < 0.064	0.062
Fatal accidents	0	0

* Tractebel Energia calculates and reports Severity Rate to GDF Suez as SR = days lost x 1,000 worked hours.

Stakeholder Relations • G4-24 | G4-25 | G4-26

We establish and manage communication with our stakeholders by means of specific channels on our website – similar as those dedicated to investors, suppliers, and the public in general – and the Communication with Stakeholders module of the Quality-Plan system. All these channels can, to a larger or lower extent, address economic, environmental and social issues. Each channel is linked to a manager, responsible for addressing the issue as assertively as possible. • G4-37

During the implementation of new projects, communication programs to engage stakeholders are developed, with three main purposes: provide information on positive and negative aspects and impacts of the project, identify the local community's expectations, and meet the requests consistent with the Company's possibilities and obligations.

We promote events to get closer to our stakeholders, including: the environment weeks held in some units; the occupational accident prevention weeks, which are held in the units where there is a formally constituted CIPA; and the visits program, which involves both education institutions and customers. During these events, we show our facilities and present our sustainability-related values and practices.

In 2014, we launched the Tractebel Energia Stakeholder Engagement Policy – available on our website – that ratifies the procedures relevant to all stages of our corporate activities. The items below detail the relations with our different stakeholders and the main events held related each group of stakeholders in 2014.

a) Employees and their representatives

We share our values, mission and vision with all our employees and their representatives, with whom we maintain a permanent dialogue and for whom we have specific channels, such as the Intranet, corporate reports, and the periodical Boas Novas, which is also aimed at external stakeholders.

To keep our dialogue with our different stakeholders, we offer direct communication channels, via our website, for: • G4-53

- customer service;
- community service;
- investor relations;
- energy sales;
- issues related to the Ethics Committee;
- environmental issues;
- OHS issues;
- R&D-related issues;
- recommendations to the shareholders' meeting; and
- media office.

In 2014, the Company launched the Tractebel Energia Stakeholder Engagement Policy that ratifies the procedures relevant to all stages of the corporate activities



b) Shareholders

The shareholders can use the "Investors" portal on our website to obtain information such as Material Facts, Notices to Shareholders, Market Releases, documentation of quarterly performance, the Management Report, and the Sustainability Report. In addition, they can take part in earnings release conference calls and meetings with investors and investment analysts, such as those of the Association of Capital Market Analysts and Investment Professionals (Apimec).

The Company also participates in conferences and seminars of the main investment banks and brokers. In 2014, we held 50 events in Brazil and abroad and met with 502 investors, including repetitions and excluding Apimec meetings.

In 2014, the Inside Tractebel program, which promotes meetings between capital market professionals and our Investor Relations team, officers, and managers, was held in São Paulo, SP, and gathered guests from 52 entities.

In addition, we offer, in our website, a specific communication channel where shareholders can send their suggestions on matters to be submitted to the shareholders' meeting. • **G4-49**

c) Customers

Mutual trust is the basis for our relations with our customers, both in the regulated environment and the deregulated market – and in the latter, the policy of flexibility and loyalty has allowed the Company to maintain, renew, and expand business beneficial to both parties.

The "Business" portal on our website, specific for these stakeholders, is used to provide updated information on the energy market, contracted supply and the monthly bill, while contract information is kept strictly confidential. We offer the customers in our portfolio the Energy Efficiency Diagnosis Program, which is based on identifying and proposing improvements in their systems and processes to reduce electricity consumption. • **EU7**

At the end of 2014, the Company's portfolio included 172 manufacturing, commerce and service customers, corresponding to approximately 400 consumer units

The Company does not supply electricity directly to residential consumers. At the end of 2014, the Company's portfolio included 172 manufacturing, commerce and service customers, corresponding to approximately 400 consumer units. In 2014 Tractebel Energia conducted a satisfaction survey with these stakeholders, which showed a favorability percentage of 94.8% (satisfied and very satisfied). The previous survey, conducted in 2012, showed a favorability percentage of 94.5%. Five dimensions were assessed in the survey: negotiation/renegotiation; post-sales, contract compliance and management; relationship; billing; and corporate image. This work was prepared by a firm specialized in value perception, satisfaction, and customer loyalty. The survey was conducted nationwide and contacted all our customers in the free customers portfolio, by email, telephone or in person. • **EU3 | G4-PR5**

d) Financial institutions

As a large, publicly-traded corporation, with shareholder control held by a group with global operations, we have relationships with both state-owned and private-sector local and international financial institutions.

e) Suppliers

One of our roles is promoting sustainable development concepts. For this purpose, we seek to continually improve the relations with our suppliers by focusing on commitment to and engagement with human rights, social responsibility, OHS, the environment, and, in the case of small or medium-sized entities for which Tractebel Energia accounts for most of their revenues, we provide assistance with sales management and economic and financial management to remove a possible dependence.

We have procedures guided by administrative standards that allow us to select bids capable of meeting our best interests, as cost efficiently as possible, and on a reasonable basis for both parties.

We also prioritize local contracts, as part of our strategic focus on sustainability. In 2014, 81 contracts were held with local companies established in each region, accounting for R$56.0 million, or 36%, of our total contracts. • **G4-12 | G4-EC9**

In 2014, 100% of the new suppliers were selected based on criteria related to labor practices and human rights practices. From a total of 1,217 categorized suppliers, 13 were assessed in 2014 based on criteria related to labor practices and human rights practices and no non-compliance event was identified. Of all active contracts, we identified ten contracts with non-compliance events related to this issue, which did not result in any breach of contract. We also analyzed 100% of the new suppliers based on human rights criteria, and did not identify any irregularity or actual or potential adverse impacts on our supply chain. • **G4-HR10 | G4-HR11 | G4-LA14 | G4-LA15 | G4-SO10**

The employees of our contractors working in our facilities have access to a permanent benefit program, consisting of health and dental care plans, and the costs of these benefits are included in the agreements entered into by Tractebel Energia with these service contractors.

By the end of 2014, 190 companies had been approved by us to supply chemicals. These chemicals may cause significant environmental damages, classified either as catastrophic, critical, medium, marginal, or negligible. • **G4-EN33**

We do not have a process to assess our suppliers. It is contractually established that if any situations affecting the assumptions set forth by the environment code or the code of ethics are identified, i.e., non-compliance with the prevailing laws, the supplier's contract could be terminated. • **G4-SO9**

However, critical suppliers in terms of environmental impacts are assessed semi-annually. In those cases where this assessment average is lower than 70%, the supplier must submit an improvement plan. In 2014, no contracts were terminated with any supplier for this reason and no environmental non-compliance events were recorded.

We also require suppliers to ensure the freedom of association and other labor rights under clauses included in the contracts entered into with Tractebel Energia. In 2014 we did not identify any non-compliance events regarding violations of freedom of association or collective bargaining rights. • **G4-LA14**

Our business units have a control system of the procurement processes that also works to mitigate the risk of corruption. However, there is no assessment of transactions in terms of corruption-related risks. • **G4-SO3**

f) Political parties • G4-SO6

Our activities regarding the support of political parties or candidates to elected positions strictly follow prevailing legislation. All donations are approved by our Ethics Committee and declared on the website of the Superior Electoral Court (TSE). This information can also be accessed via a link on our website.* Donations to political parties and candidates made in 2014 totaled R$6.2 million.

g) Government

The relationship with the different spheres of government takes the form of legal and institutional commitments, and specific-purpose agreements for sustainable development of the communities and regions where we operate. There is no formal lobbying policy and/or activities regarding public policy, but we have a dialogue with governmental institutions and a policy of actively collaborating with our industry's technical and regulatory improvement, generally though Public Hearings and Public Consultations organized by electricity sector entities, such as the Ministry of Mines and Energy (MME), the Brazilian Electricity Regulatory Agency (Aneel), and the Energy Research Bureau (EPE). The collaboration is either individual or through trade associations, including: Electric Energy Producers (Apine), Brazilian Association of Electric Energy Generation Companies (Abrage), Brazilian Association of Electric Energy Trading Agents (Abraceel), and the Brazilian Infrastructure Association (ABDIB).

h) Social, environmental and sector entities • G4-16

Through our employees and/or our officers, we participate in forums related to aspects or themes relevant to the electricity industry and society in general, including the following.

- Brazilian Electricity Regulatory Agency (Aneel);
- Brazilian Association of Electric Energy Generation Companies (Abrage);
- Brazilian Maintenance Association (Abraman);
- Brazilian Association of Independent Electric Energy Producers (Apine);
- São Paulo Association of Energy

* www.tractebelenergia.com.br/wps/portal/internet/sustentabilidade/responsabilidade-social/apoio-partidos-politicos

• **GRI G4-16**

Cogeneration (Cogen);
- Apuaê-Inhadava Hydrographic Basin;
- Electric Energy Trading Chamber (CCEE);
- Electric Energy Research Center (Cepel);
- Infrastructure Council (Coinfra);
- Energy Research Bureau (EPE);
- Santa Catarina State Federation of Industries (Fiesc);
- Rio Grande do Sul State Federation and Center of Industries (Fiergs/Ciergs);
- Business Management Committee Foundation (Funcoge);
- Acende Brasil Institute;
- Ministry of Development, Industry and Foreign Trade (MDIC);
- National Electric System Operator (ONS);
- World Energy Council – Brazilian Committee of the World Energy Council (CBCME);
- Brazilian Association of Electric Energy Trading Agents (Abraceel);
- International Hydropower Association (IHA);
- Brazilian Coal Association (ABCM);
- São Paulo Mercantile, Futures and Stock Exchange (BM&FBovespa);
- Brazilian Securities Commission (CVM);
- Brazilian Investor Relations Institute (IBRI);
- Brazilian Association of Electric Energy Sector Accountants (Abraconee);
- Brazilian Risk Management Association (ABGR);
- Capivari de Baixo Commercial and Industrial Association (Acicap);
- Tubarão Commercial and Industrial Association (ACIT);
- Institute of Internal Auditors of Brazil (Audibra);
- Florianópolis Commercial and Industrial Association (ACIF);
- Association of Information Technology and Telecommunications Users of Santa Catarina (Sucesu);
- Santa Catarina Group of Leaders (LIDE SC);
- Lages Commercial and Industrial Association (ACIL);
- Corporate Sustainability Index (ISE);
- Associação de Assistência à Saúde – Elosaúde;

The business units have a control system of the procurement processes that also works to mitigate the risk of corruption

- Santa Catarina Regional Board of Engineering, Architecture and Agronomy (CREA/SC);
- Santa Catarina State Council of Water Resources;
- Environment Council – National Industries Council (CNI);
- Fundação Eletrosul de Previdência e Assistência Social (ELOS); and
- Sociedade de Previdência Complementar (Previg).

i) Industry companies

We are members of several trade associations and we operate in consortiums in certain projects, such as the Machadinho, Itá and Estreito hydroelectric power plants and the Ibitiúva Bioenergética biomass power plant. Our relationships with other generation, transmission, trading and distribution companies are guided by our Code of Ethics.

j) Media and Tractebel Energia

Our relationship with the media is guided by the Tractebel Energia Communication Policies and Guidelines, shared with all our employees through our Intranet. Our spokesperson is the CEO, who can partially delegate this role to officers and managers. Whenever required, whether when we build or start to operate a power plant, we make announcements in media outlets, requests public comments and hold public hearings to present and discuss the pertinent socioeconomic and environmental aspects. We continually also conduct Environmental Education programs, social communication and disclosure of matters of public interest in the areas encompassed by the projects,

which may use radio stations, newspapers and/or other broad access media. We communicate with society in general by means of our website and communication vehicles.

k) Communities • G4-SO1 | G4-SO5

We maintain a permanent dialogue with our communities, build partnerships with local players, and prioritize the contracting and development of professionals and suppliers from the regions where we operate. Every project aimed at expanding our installed capacity is preceded by assessments of its social and environmental impacts, monitored through the programs initiated during the building stage. Some of these programs are maintained during the entire plant operation life.

During the implementation of new projects, communication programs to engage stakeholders are developed, with the purpose of informing communities on positive and negative aspects and impacts of the project, identifying the local community's expectations, and seeking to meet critical requests that are consistent with the Company's possibilities and obligations.

Examples of positive and adverse impacts caused by power generation projects
• G4-SO2 | G4-EC8

- formation of a technical inventory of several local characteristics (physical, biotic and anthropic environment);
- development of the local economy;
- identification of Permanent Preservation Areas;
- legalization of ground occupancy and use;
- job creation and income generation;
- increase of tax revenues;
- technologic increase in the region;
- improvement of local infrastructure;
- supply of electric energy;
- population relocation – note that the distribution of land tiles to former resident non-owners and/or rural workers also has a positive impact;
- visual impact;
- vibrations;
- change of daily routines;
- topographic change (relief and natural drainage);
- dust discharge;
- landscape changes – which, on the other hand, in the case of the hydroelectric power plants, creates leisure and tourism opportunities through the multiple use of reservoirs;
- noise and gas emissions;
- generation of solid waste and wastewater; and
- change of habitats.

Concurrently with the Trairi Wind Farm construction, we supported non-governmental organizations by contributing to the training of artisans and promoting child and adolescent protection actions. We also invested in the environmental recovery of public areas. The resources used in social and environmental recovery projects in the region in 2014 totaled approximately R$970,000, above the commitments assumed for environmental licensing purposes. **• G4-EC8**

As regards the Santa Mônica Wind Farm construction, after holding the mandatory public hearing, we submitted the project to the Environment State Council (Coema), consisting of representatives from the Environment Policies and Management Board (Conpam), the licensing agency, government agencies, universities, environmental organizations, and other civil society segments. **• EU19**

We have a mass communication program for projects in progress, aimed at the population living close to the projects, used to identify complaints, which are then sent for response, even though these are not quantified.

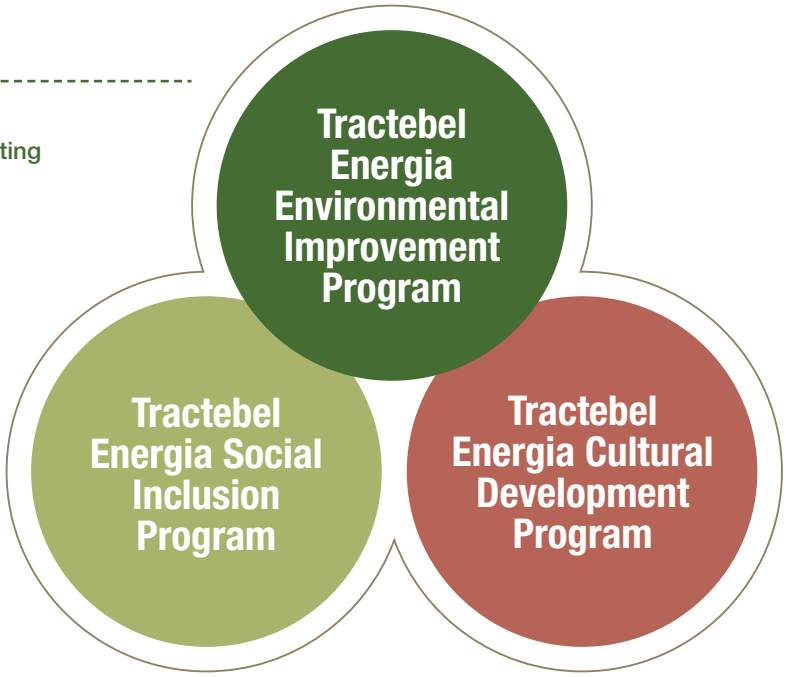
In 2014, we recorded two complaints in the power plants in operation about the noise heard in the entire community, and two other complaints about the soot emitted by the chimneys of the Lages Cogeneration Plant. These complaints were solved still in 2014. • **G4-EN34 | SO11**

Corporate Social Responsibility (CRS)

Tractebel Energia has adhered to the UN's Millennium Goals Movement, through the We Can Santa Catarina Movement, which we also sponsor. In 2014, we became the ambassadors of the Millennium Goal Number 3 – Promote Gender Equality and Empower Women. We also support the Corporate Pact for Integrity Against Corruption, a Ethos Institute initiative together with other non-governmental organizations and a branch of UN Global Compact, of which GDF SUEZ is a signatory. • **G4-15**

We have three Corporate Social Responsibility programs, described in the chart below.

Tractebel Energia's Corporate Social Responsibility Programs



Focus on environmental education, recovery of degraded areas, and reforesting

- Reducing the impacts of our activities on the environment.
- Supporting environmental preservation.
- Ecological awareness.
- Rationalizing the use of natural resources.
- Improving the quality of life.

Focus on improving the quality of life of children and adolescents from deprived communities

- Education of children.
- Social assistance partnerships, to promote health and justice (defense of the rights of children and adolescents).
- Supporting job creation and income generation.
- Professional training of young people.
- Raising the communities' awareness for overcoming poverty and social inclusion of at-risk children.

Focus on cultural development of communities

- Preserving and valuing the region's characteristic cultural traits.
- Developing local culture.
- Promoting the use of tax incentives to benefit communities.

In 2014, was inaugurated the Quedas do Iguaçu Cultural Center, in Paraná

Culture and Sustainability Centers

The Culture and Sustainability Centers, built with our support since 2011, have had a significant contribution to the sustainable development of small municipalities. The project starts with the training of a Public Interest Civil Society Organization (Oscip) with members from local communities. Subsequently, the Company employs resources to build the Culture and Sustainability Center, using own funds or an income tax deduction in conformity with the Rouanet Law. The Oscips assume the management of the project autonomously and independently from the government and the Company.

The local community and the local managers choose the name “Cultural Center” or “Culture and Sustainability Center”. Every center has an auditorium, an exhibition hall, workshops for professional training and digital inclusion, and a library, in addition to other resources specific to every location. Their architectural designs follow the concepts of sustainable buildings, such as the use of natural light and ventilation, rainwater collection, etc.

The objectives of these spaces are:

- promote local customs and traditions in the communities where Tractebel Energia is present;
- encourage young people to search for knowledge, through social and digital inclusion, by helping to create jobs, generate income, and reduce rural and urban depopulation;
- create community life spaces for any and all types of cultural activities, such as performing arts, visual arts, dance performances, concerts, and film viewings; and
- make the Culture and Sustainability Centers economically-sustainable projects, with a structured revenue generation and cost control program.

In 2014, was inaugurated the Quedas do Iguaçu Cultural Center, a municipality within the area of influence of the Salto Osório Hydroelectric Power Plant, in Paraná. At the end of the year, there were four centers in operation. The centers inaugurated before the Quedas do Iguaçu center were the Entre Rios do Sul center, in Rio Grande do Sul, inaugurated in 2011; and the Alto Bela Vista center and the Capivari de Baixo center, inaugurated in 2013, both in Santa Catarina.

Characteristics of the Culture and Sustainability Centers

	Entre Rios do Sul Cultural Center	Alto Bela Vista Cultural Center	Capivari de Baixo Culture and Sustainability Center	Quedas do Iguaçu Cultural Center
Location	Entre Rios do Sul (SC), headquarters of the Passo Fundo HPP	Alto Bela Vista (SC), area of influence of the Itá HPP	Capivari de Baixo (SC), headquarters of the Jorge Lacerda Thermoelectric Complex	Quedas do Iguaçu (PR), area of influence of the Salto Osório HPP
Built-up area	1,075.0 m^2	987.90 m^2	730.0 m^2	1,592.2 m^2
Offered infrastructure	150-seat auditorium, exhibition and community meeting rooms, museum, library, and digital inclusion room, and an indoor fair and exhibition space	In addition to the main cinema and theater auditorium with 250 seats – including wheelchair spaces – the center offers an exhibition hall, a library and a digital inclusion room, and other facilities	370-seat auditorium, 730-sqm exhibition hall, and an acoustic shell with a 96-sqm stage and audience area for up to 30,000 people	321-seat auditorium, library and a digital inclusion room, workshops, and exhibition hall
Activities carried out	Dance, theater and music workshops; art exhibitions; circus performances; concerts and shows, among other artistic and cultural activities from various regions of Brazil and abroad	Rehearsals and performances by over 40 dance and music groups – the city's – cultural hallmark – as well as theater performances, film viewings, and dance, theater and music workshops. The estimated audience is 30,000 people per year	Plays, film viewings, art exhibitions, concerts and shows	Dance, theater and music workshops; art performances, and film viewings
Managing entity	Vila Alegre Community Development Association (Adecova)	Alto Bela Vista Cultural Association	Jorge Lacerda Association	Quedas do Iguaçu Culture and Sustainability Center Association
Type of support from Tractebel Energia	Construction sponsorship, using tax incentive funds (Rouanet Act) and training of community managers	Construction sponsorship, using tax incentive funds (Rouanet Act) and training of community managers	Construction sponsorship, using our own funds	Construction sponsorship, using tax incentive funds (Rouanet Act) and training of community managers

The Concórdia (SC) Cultural Center should be inaugurated in 2015 and Minaçu (GO) and Trairi (CE) cultural centers in the following year. Two new centers, in Itá (SC) and Saudades do Iguaçu (PR), should be inaugurated in 2017.

Tractebel Energia Education for Sustainability Program

A complementary program to the Culture and Sustainability Centers is intended to promote and share sustainable development-related concepts. This program includes initiatives such as the Environment and Sustainability Weeks in plants' areas, the Visitors and Environmental Education Program, which in 2014 attracted 91,940 visitors, and the Ethics, Sustainability and Energy Seminar, held annually and which in 2014 held its third edition. In addition to these initiatives, the Social Heritage and Environmental Meeting, takes place periodically with the purpose of gathering staff from the power plants and headquarters. All these events involve both internal and external stakeholders.

Corporate sustainability indicators, goals and results

The indicators are previously set and are aligned with our goals for all areas, so as to allow us to measure the reach of each goal. The table below shows the goals set for 2014 and the results obtained, in percentages.

2014 Tractebel Energia Sustainability Goals

Goal	Actions	Weight (%)	Result (%)
1 – Develop actions of the Tractebel Energia Cultural Development Program	Open and monitor the application of the Annual Activities Plan of the Quedas do Iguaçu Cultural Center (PR)	20.0	100.0
	Start building the Minaçu (GO) and Trairi Cultural Centers (CE)	30.0	Minaçu: 50.0
	Complete the studies of the Estreito (MA) Cultural Center and start the Saudade do Iguaçu (PR) Cultural Center	20.0	100.0
	Complete and open the Concórdia (SC) Cultural Center improvement project	30.0	95.0
2 – Develop actions of the Tractebel Energia Environmental Improvement Program	Fulfill timelines for the Bonito do Iguaçu River spring conservation project (PR)	50.0	100.0
	Plant and donate 250,000 trees and 100,000 plant visits	50.0	Trees: 120.6 Visits: 91.5 Average: 106.1
3 – Develop actions of the Tractebel Energia Social Inclusion Program	Develop and obtain approval for the Multi-Sports Centers Management Plan under the Sports Law	25.0	100.0
	Obtain approval by the Ministry of Sports and start building the Beira Mar Continental Multi-Sports Center in Florianópolis (SC), under the Sports Law	50.0	60.0
	Develop a Multi-Sports Center project in Estreito (MA)	25.0	100.0

Goal	Actions	Weight (%)	Result (%)
4 – Develop actions of the Tractebel Energia Education for Sustainability Project	Prepare and approve the Stakeholders Engagement Policy	25.0	100.0
	Train, through lectures on tax incentive laws – such as the Childhood and Adolescence Fund (FIA) Law, the Rouanet Act, the Sports Law, etc. – voluntary work and urban mobility programs	30.0	100.0
	Hold the Environment and Sustainability Week (Semas) in at least two cities and the III Ethics, Sustainability and Energy Seminar	45.0	100.0
	Develop a good sustainability practices campaign with employees and communities (via Environmental Education Program)	20.0	100.0
	Develop efforts to keep Tractebel Energia in the ISE and obtain other acknowledgments as a sustainability-committed company	50.0	100.0
	Prepare, and obtain third-party assurance and a GRI compliance statement for the 2013 Sustainability Report, version G4 Comprehensive from GRI	30.0	100.0

Consolidated results of operations

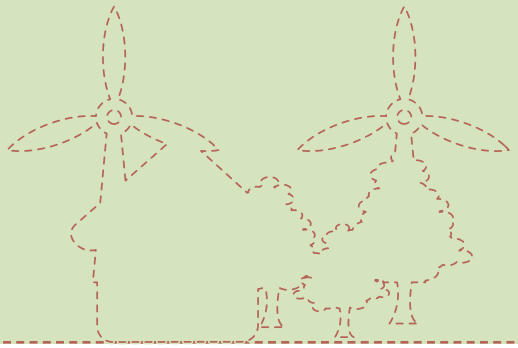
Goal	Actions	Weight (%)	Result (%)
1 – Develop actions of the Tractebel Energia Cultural Development Program	All	30.0	83.5
2 – Develop actions of the Tractebel Energia Environmental Improvement Program	All	15.0	103.1
3 – Develop actions of the Tractebel Energia Social Inclusion Program	All	30.0	80.0
4 – Develop actions of the Tractebel Energia Education for Sustainability Project	All	25.0	100.0
Total		**100.0**	**89.5**

A program complementary to the Social Corporate Responsibility programs is intended to promote and share sustainable development-related concepts. These include initiatives such as the Environment and Sustainability Weeks in plant regions

CONSOLIDATED SOCIAL BALANCE SHEET

1. CALCULATION BASIS	2014 In R$'000	2013 In R$'000
Net Revenue from Sales	6,472,496	5,568,658
Operating Income	1,956,649	2,001,709
Gross Payroll	154,972	141,731
Total Value Added	**3,685,023**	**3,681,424**

2. INTERNAL SOCIAL INDICATORS	2014				2013			
	In R$'000	% of gross payroll	% of net revenue	% of total value added	In R$'000	% of gross payroll	% of net revenue	% of total value added
Meals	13,472	8.69	0.21	0.37	13,667	9.64	0.25	0.37
Compulsory Social Charges	53,694	34.65	0.83	1.46	48,732	34.38	0.88	1.32
Private Pension Plan	36,355	23.46	0.56	0.99	34,234	24.15	0.61	0.93
Health	15,595	10.06	0.24	0.42	12,440	8.78	0.22	0.34
Occupational Health and Safety	4,302	2.78	0.07	0.12	5,745	4.05	0.10	0.16
Education	747	0.48	0.01	0.02	717	0.51	0.01	0.02
Professional Training and Development	3,576	2.31	0.06	0.10	5,767	4.07	0.10	0.16
Daycare or Daycare Allowance	145	0.09	0.00	0.00	197	0.14	0.00	0.01
Profit Sharing/Bonuses	45,409	29.30	0.70	1.23	38,943	27.48	0.70	1.06
Transportation	4,207	2.71	0.06	0.11	4,112	2.90	0.07	0.11
Other Benefits	1,556	1.00	0.02	0.04	1,650	1.16	0.03	0.04
Total Internal Social Indicators	**179,058**	**115.54**	**2.77**	**4.86**	**166,204**	**117.27**	**2.98**	**4.51**



3. EXTERNAL SOCIAL INDICATORS	2014 R$'000	2014 % of gross payroll	2014 % of net revenue	2014 % of total value added	2013 R$'000	2013 % of gross payroll	2013 % of net revenue	2013 % of total value added
Education	1,887	0.10	0.03	0.05	2,080	0.10	0.04	0.06
Culture	12,629	0.65	0.20	0.34	13,767	0.69	0.25	0.37
Sports	1,319	0.85	0.07	0.04	360	0.02	0.01	0.01
Other	3	0.00	0.00	0.00	76	0.00	0.00	0.00
Total contributions to society	15,838	0.81	0.24	0.43	16,283	0.81	0.29	0.44
Taxes (excluding social charges)	1,196,191	61.13	18.48	32.46	1,163,670	58.13	20.90	31.61
Total External Social Indicators	**1,212,029**	**61.94**	**18.73**	**32.89**	**1,179,953**	**58.95**	**21.19**	**32.05**

4. ENVIRONMENTAL INDICATORS • G4-EN31	2014 R$'000	2014 % of gross payroll	2014 % of net revenue	2014 % of total value added	2013 R$'000	2013 % of gross payroll	2013 % of net revenue	2013 % of total value added
Contribution to society and civic consciousness	18	0.00	0.00	0.00	1,624	0.08	0.03	0.04
Related to the Company operations	29,641	1.51	0.46	0.80	27,953	1.40	0.50	0.76
Related to ongoing projects	16,951	0.87	0.26	0.46	16,697	0.83	0.30	0.45
Total Investments in the Environment	**46,610**	**2.38**	**0.72**	**1.26**	**46,274**	**2.31**	**0.83**	**1.26**

5. EMPLOYEE INDICATORS	Number in 2014	Number in 2013
No. of employees at the end of the period	1,134	1,125
No. of hirings during the period	47	86
No. of outsourced employees	830	869
No. of interns	28	70
No. of employees over the age of 45	461	432
No. of women working for the company	171	162
% of management positions held by women	13%	-
No. of black people working for the company	There is no formal statement by employees as to the race to which they belong	There is no formal statement by employees as to the race to which they belong
% of management positions held by black people	There is no formal statement by employees as to the race to which they belong	There is no formal statement by employees as to the race to which they belong
No. of people with disabilities or special needs	29	32

6. SIGNIFICANT INFORMATION REGARDING THE EXERCISE OF BUSINESS CIVIC RESPONSIBILITY	2014			2015 Targets		
Ratio between highest and lowest compensation in the company	20.3			Not defined		
Total number of on-the-job accidents	Tractebel Energia: 3 Outsourced companies: 13			0		
Social and environmental projects developed by the company were defined by:	( ) upper management	(x) upper and middle management + Sustainability Committee	( ) all employees	( ) upper management	(x) upper and middle management + Sustainability Committee	( ) all employees
Workplace safety and health standards were determined by:	(x) upper and middle management	( ) all employees	( ) everyone + accident prevention Committee	(x) upper and middle management	( ) all employees	( ) everyone + accident prevention Committee
Regarding right to free association, collective bargaining rights and internal representation of workers, the company:	( ) will not get involved	(x) follow ILO standards	( ) encourages and follows ILO standards	( ) will not get involved	(x) follow ILO standards	( ) encourages and follows ILO standards
Pension plan covers:	( ) upper management	( ) upper and middle management	(x) all employees	( ) upper management	( ) upper and middle management	(x) all employees
Profit sharing includes:	( ) upper management	( ) upper and middle management	(x) all employees	( ) upper management	( ) upper and middle management	(x) all employees

6. SIGNIFICANT INFORMATION REGARDING THE EXERCISE OF BUSINESS CIVIC RESPONSIBILITY	2014			2015 Targets		
In selecting suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	( ) will not be considered	( ) are recommended	(x) are required	( ) will not be considered	( ) are recommended	(x) are required
Regarding employees' participation in voluntary work programs, the company:	( ) will not get involved	(x) supports	( ) organizes and encourages it	( ) will not get involved	(x) supports	( ) organizes and encourages it
Total No. of complaints and criticisms from consumers	In Company None	At consumer defense bureau: NA	In court: None	In Company: NA	At consumer defense bureau: NA	In court: NA
Total value added to distribute (in thousands of *reais*):	3,685.023			NA		
Distribution of value added:	45.60% government 7.10% employee(s) 37.60% shareholders 9.70% third parties 0% retained			43.95% government 6.61% employee(s) 39.03% shareholders 10.41% third parties 0% retained		

7. OTHER INFORMATION	2014	2013
Water consumption	6,163,417.0 m^3	7,173,223 m^3
Electric energy consumption	171.3 GWh	253.9 GWh
Annual amount of waste produced	1,862,767.33	1,503,673.8
Annual amount of waste recycled	1,822,753.82	1,502,907.4

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"IN ACCORDANCE" – COMPREHENSIVE

General Standard Disclosures

General Standard Disclosures	Description	Page number (or link)/ Response	Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Strategy and Analysis							
G4-1	Message from the CEO	10 to 13	-	-	-		-
G4-2	Description of key impacts, risks, and opportunities	40	-	-	-		-
Organizational profile							
G4-3	Name of the organization	22	-	-	-	122 to 123	-
G4-4	Main products, trademarks and services	26	-	-	-	122 to 123	-
G4-5	Location of the organization headquarters	21 and 124	-	-	-	122 to 123	-
G4-6	Countries where the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	21	-	-	-		-
G4-7	Nature of ownership and legal form	22	-	-	-	122 to 123	-
G4-8	Markets served (including geographic distribution, sectors served, and types of customers and beneficiaries)	20	-	-	-	122 to 123	-
G4-9	Scale of the reporting organization	8 to 9 and 20	-	-	-	122 to 123	-
G4-10	Workforce characteristics	76 to 77	-	-	-	122 to 123	6
G4-11	Percentage of total employees covered by collective bargaining agreements	77	-	-	-		3
G4-12	Description of the organization's supply chain	83	-	-	-	122 to 123	-

General Standard Disclosures	Description	Page number (or link)/ Response	Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
G4-13	Significant changes regarding the organization's size, structure, ownership, and its supply chain	28 to 29	-	-	-	122 to 123	-
G4-14	Description about whether and how the precautionary approach or principle is addressed by the organization	40 to 43	-	-	-		-
G4-15	Externally developed charters, principles, or other initiatives	87	-	-	-		-
G4-16	Participation in associations and national or international organizations	84 to 85	-	-	-	122 to 123	-
Identified material aspects and boundaries							
G4-17	Entities included in the organization's consolidated financial statements and entities not covered by the report	15	-	-	-		-
G4-18	Process for defining the report content	14, 16 to 19	-	-	-	122 to 123	-
G4-19	Material aspects identified in the process for defining report content	16 to 19	-	-	-	122 to 123	-
G4-20	Material aspects within the organization	19, 102 to 121	-	-	-	122 to 123	-
G4-21	Material aspects outside the organization	19, 102 to 121	-	-	-	122 to 123	-
G4-22	Restatements of information provided in earlier reports	There were no changes in the natures exemplified in the compilation of the indicator protocol.	-	-	-		-
G4-23	Significant changes from previous reporting periods in scope and aspect boundaries	19	-	-	-	122 to 123	-

General Standard Disclosures	Description	Page number (or link)/ Response	Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Stakeholder engagement							
G4-24	Stakeholder groups engaged by the organization	14 and 81	-	-	-		-
G4-25	Basis for identification and selection of stakeholders with whom to engage	81	-	-	-		-
G4-26	Approach and frequency of stakeholders engagement	81	-	-	-		-
G4-27	Key topics and concerns that have been raised through stakeholder engagement, by stakeholder groups	17	-	-	-	122 to 123	-
Report profile							
G4-28	Reporting period	14	-	-	-	122 to 123	-
G4-29	Date of most recent previous report (if any)	15	-	-	-	122 to 123	-
G4-30	Reporting cycle (annual, biennial, etc.)	14	-	-	-	122 to 123	-
G4-31	Contact for questions regarding the report or its contents	15	-	-	-	122 to 123	-
G4-32	'In accordance' option the organization has chosen	15 and 96	-	-	-	122 to 123	-
G4-33	Policy and current practice with regard to seeking external assurance for the report	15	-	-	-	122 to 123	-
Governance							
G4-34	Governance structure of the organization, including committees of the highest governance body	32 and 33	-	-	-	122 to 123	-
G4-35	Process for delegating economic, environmental and social topics from the highest governance body	35	-	-	-	122 to 123	-

General Standard Disclosures	Description	Page number (or link)/ Response	Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
G4-36	Executive-level positions with responsibility for economic, environmental and social topics	35	-	-	-	122 to 123	-
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	81	-	-	-		-
G4-38	Profile of highest governance bodies and its committees	33	-	-	-	122 to 123	-
G4-39	Report whether the Chairman of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	33	-	-	-	122 to 123	-
G4-40	Nomination and selection processes for the highest governance body and its committees	33	-	-	-	122 to 123	-
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	29 and 31 to 32	-	-	-	122 to 123	-
G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals	35	-	-	-	122 to 123	-
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	33	-	-	-		-
G4-44	Processes for evaluation of the highest governance body's performance with respect to economic, environmental and social topics	33	-	-	-	122 to 123	-

General Standard Disclosures	Description	Page number (or link)/ Response	Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities, and in the implementation of due diligence processes	40 to 43	-	-	-		-
G4-46	The highest governance body's role in analyzing the effectiveness of the organization's risk management processes for economic, environmental and social topics	40 to 43	-	-	-		-
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	41	-	-	-		-
G4-48	The highest committee or position that formally analyzes and approves the organization's sustainability report and ensures that all material aspects are covered	14	-	-	-	122 to 123	-
G4-49	Process for communicating critical concerns to the highest governance body	82	-	-	-		-
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	33	Partial response	Currently unavailable	The mechanisms adopted to cover and address and resolve critical concerns communicated to the highest governance body were not described		-

General Standard Disclosures	Description	Page number (or link)/ Response	Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
G4-51	Compensation policies for the highest governance body and senior executives	35	-	-	-	122 to 123	-
G4-52	Process for determining compensation	35	-	-	-	122 to 123	-
G4-53	How stakeholders' views are sought and taken into account regarding compensation	81	-	-	-		-
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	In 2014, the ratio of the annual total compensation for the Company's highest-paid individual to the median annual total compensation for all employees was 4.8 times.	-	-	-	122 to 123	-
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	The ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees was 84.0%.	-	-	-	122 to 123	-
Ethics and integrity							
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	5 and 63	-	-	-	122 to 123	10
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	63 to 64	-	-	-	122 to 123	10
G4-58	Internal and external mechanisms adopted by the organization for reporting concerns about unethical or unlawful behavior	62 to 91	-	-	-		10

COMPREHENSIVE

Specific Standard Disclosures

Material issues	DMA and indicators	Description	Page number (or link)/Response
Category: Economic			
Material aspect: Economic performance			
	G4-DMA	Management Approach	36 to 61
Economic performance: economic value generated and distributed, and scenario impacts on the business	G4-EC1	Direct economic value generated and distributed	49
Sector context (regulatory and pricing environment, power auctions, and hydrology)	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	43
Immaterial	G4-EC3	Coverage of the organization's defined benefit plan obligations	78
Sector context (regulatory and pricing environment, power auctions, and hydrology)	G4-EC4	Financial assistance received from government	Income tax relief in Tractebel Energia (Ponte de Pedra HPP) that totaled R$10,755,000. Also, reinvestment incentive to Tractebel Energia (UHE Ponte de Pedra HPP) amounting to R$1,107,000.
Material aspect: Market presence			
	G4-DMA	Management Approach	33, 76 to 79
Immaterial	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	In 2014, considering solely the fixed portion, the lowest salary paid by Tractebel Energia was the same as the national minimum wage (salary paid to Young Apprentices).
Immaterial	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	The Company doesn't have a breakdown per position of locally hired employees.
Material aspect: Indirect economic impacts			
	G4-DMA	Management Approach	86 to 91
Immaterial	G4-EC7	Development and impact of infrastructure investments and services supported	75

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-		-
- Tractebel Energia		Full response	-	-	122 to 123	7
		Full response	-	-	122 to 123	-
- Tractebel Energia		Full response	-	-		-
						-
-	-	Full response	-	-		6
-	-	Full response	-	-		6
						-
-	-	Full response	-	-	122 to 123	-

Material issues	DMA and indicators	Description	Page number (or link)/Response
Immaterial	G4-EC8	Significant indirect economic impacts, including the extent of impacts	86
Material aspect: Procurement practices			
	G4-DMA	Management Approach	83 to 84
Immaterial	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	83
Category: Environmental			
Material aspect: Energy			
	G4-DMA	Management Approach	64 to 65, 71 to 72
Energy use and energy efficiency	G4-EN3	Energy consumption within the organization	71
Energy use and energy efficiency	G4-EN4	Energy consumption outside the organization	The main Company consumption in our plants is the energy generated close to our facilities.
Energy use and energy efficiency	G4-EN5	Energy intensity	72
Energy use and energy efficiency	G4-EN6	Reduction of energy consumption	72
Energy use and energy efficiency	G4-EN7	Reductions in energy requirements of products and services	72

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
-	-	Partial response	Currently unavailable	There is no information regarding the availability of products and services to lower-income households, strengthening of skills and knowledge of a professional community or in a geographic region, indirect jobs in the supply chain, or distribution, stimulus, facilitation of, or restriction to direct foreign investments, economic impact from the use of products and services, degree of importance of the impacts in the context of external references and stakeholder priorities, such as standards, protocols, and national and international policy agendas. The construction and operation of plants are activities, which contribute to the economy of the areas influenced by these projects. In addition, Tractebel Energia has four programs dedicated to the same areas over and above the obligations required by the installation and operating licenses as mentioned throughout the course of the report. These programs encourage the installation of Cultural Centers (self-managed following training by Tractebel Energia), the implementation of environmental parks and forestry nurseries, environmental education at the plants, and the planting and donation of native seedlings and environmental education during infancy and adolescence. The effects of these programs and initiatives on the regions where implemented are still not being measured given the absence of technological refinements for the purpose. For this reason, the Company has opted to classify this indicator as not available.		-
						-
-	-	Full response	-	-	122 to 123	-
						-
- Tractebel Energia		Full response	-	-	122 to 123	7 | 8
- Trading company	- Suppliers - Customers	Full response	-	-		8
- Tractebel Energia		Full response	-	-		8
- Tractebel Energia		Full response	-	-	122 to 123	8 | 9
- Tractebel Energia		Full response	-	-	122 to 123	8 | 9

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: Water			
	G4-DMA	Management Approach	64 to 65, 69 to 71
Water and effluent management	G4-EN8	Total water withdrawal by source	70
Water and effluent management	G4-EN9	Water sources significantly affected by withdrawal of water	69 to 70
Water and effluent management	G4-EN10	Percentage and total volume of water recycled and reused	70 to 71
Material aspect: Biodiversity			
	G4-DMA	Management Approach	64 to 68
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	17 and 65
Immaterial	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	65 to 68
Immaterial	G4-EN13	Habitats protected or restored	65 to 68
Immaterial	G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	66
Material aspect: Emissions			
	G4-DMA	Management Approach	64 to 65, 72 to 74
CO_2 emissions and low-emission alternatives	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	72 and 73
CO_2 emissions and low-emission alternatives	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	72 and 73
CO_2 emissions and low-emission alternatives	G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	72 and 73
CO_2 emissions and low-emission alternatives	G4-EN18	Greenhouse gas (GHG) emissions intensity	73
CO_2 emissions and low-emission alternatives	G4-EN19	Reduction of greenhouse gas (GHG) emissions	73

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
- Tractebel Energia		Full response	-	-	122 to 123	7 | 8
- Tractebel Energia	- Neighboring community	Full response	-	-	122 to 123	8
- Tractebel Energia		Full response	-	-	122 to 123	8
						-
- Hydroelectric power plants - Thermoelectric power plants - Complementary sources	- Neighboring community	Full response	-	-	122 to 123	8
	-	Partial response	Currently unavailable	There is no measurement on the direct and indirect impacts, whether positive or negative, regarding the affected species, extent of affected areas, impact duration, or reversibility or irreversibility of impacts	122 to 123	8
	-	Full response	-	-	122 to 123	8
	-	Partial response	Currently unavailable	There is no consolidated number of how many species are part of the national preservation lists for all plants operated by us	122 to 123	8
						-
- Thermoelectric power plants - Complementary sources - Trading company	- Neighboring community	Full response	-	-	122 to 123	7 | 8
- Trading company	- Suppliers	Full response	-	-	122 to 123	8
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-	122 to 123	8
- Tractebel Energia		Full response	-	-	122 to 123	8
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-	122 to 123	8 | 9

Material issues	DMA and indicators	Description	Page number (or link)/Response
Immaterial	G4-EN20	Emissions of ozone-depleting substances (ODS)	72 and 73
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-EN21	NOx, SOx, and other significant air emissions	17, 72 to 74
Material aspect: Effluents and waste			
	G4-DMA	Management Approach	64 to 64, 69 to 71, 74
Water and effluent management	G4-EN22	Total water discharge by quality and destination	71
Immaterial	G4-EN23	Total weight of waste by type and disposal method	75
Immaterial	G4-EN24	Total number and volume of significant spills	In 2014 there were no significant spills in the plants operated by us.
Immaterial	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention annex I, II, III, and VIII, and percentage of transported waste shipped internationally	75
Water and effluent management	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	65 to 68
Material aspect: Products and services			
	G4-DMA	Management Approach	64 to 66
CO_2 emissions and low-emission alternatives	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	65 and 66
Material aspect: Compliance			
	G4-DMA	Management Approach	28, 64 to 65, 84
Immaterial	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	In 2014 neither the Company nor our subsidiaries received significant fines or non-monetary sanctions imposed for non-compliance with environmental laws and regulations.
Material aspect: General			
	G4-DMA	Management Approach	58 and 59
Immaterial	G4-EN31	Total environmental protection expenditures and investments by type	59, 75 and 93

Aspect Boundary (G4-20 I G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
		Full response	-	-	122 to 123	7 I 8
- Thermoelectric power plants - Complementary sources	- Neighboring community - Suppliers	Full response	-	-	122 to 123	7 I 8
						-
- Tractebel Energia	- Neighboring community	Full response	-	-	122 to 123	8
		Full response	-	-	122 to 123	8
		Full response	-	-	122 to 123	8
		Full response	-	-	122 to 123	8
- Tractebel Energia	- Neighboring community	Full response	-	-	122 to 123	8
						-
- Tractebel Energia	- Neighboring community - Customers	Full response	-	-	122 to 123	7 I 8 I 9
						-
-	-	Full response	-	-	122 to 123	8
						-
-	-	Full response	-		122 to 123	7 I 8 I 9

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: Supplier environmental assessment			
	G4-DMA	Management Approach	83 and 84
Immaterial	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	83
Material aspect: Environmental grievance mechanisms			
	G4-DMA	Management Approach	86 to 87
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	87
Category: Social			
Sub-category: Labor practices and decent work			
Material aspect: Employment			
	G4-DMA	Management Approach	76 to 81
Employment and labor relations	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	76
Employment and labor relations	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	78
Employment and labor relations	G4-LA3	Return to work and retention rates after parental leave, by gender	100%
Material aspect: Labor relations			
	G4-DMA	Management Approach	76 to 81
Employment and labor relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	77
Material aspect: Occupational health and safety			
	G4-DMA	Management Approach	76 to 81
Occupational health and safety (own and outsourced employees)	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	79
Occupational health and safety (own and outsourced employees)	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	80
Occupational health and safety (own and outsourced employees)	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	In 2014, 757 employees received hazardous work premiums.
Occupational health and safety (own and outsourced employees)	G4-LA8	Health and safety topics covered in formal agreements with trade unions	77

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
-	-	Full response	-	-	122 to 123	8
						-
- Tractebel Energia	- Neighboring community	Full response	-	-	122 to 123	8
						-
- Tractebel Energia	-	Partial response	Currently unavailable	There is no data per region.	122 to 123	6
- Tractebel Energia	-	Full response	-	-	122 to 123	-
- Tractebel Energia	-	Full response	-	-	122 to 123	6
						-
- Tractebel Energia	-	Full response	-	-		3
						-
- Tractebel Energia	- Suppliers	Full response	-	-	122 to 123	-
- Tractebel Energia	- Suppliers	Full response	-	-	122 to 123	-
- Tractebel Energia	- Neighboring community - Suppliers	Full response	-	-	122 to 123	-
- Tractebel Energia	- Suppliers	Full response	-	-		-

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: Training and education			
	G4-DMA	Management Approach	76 to 81
Immaterial	G4-LA9	Average hours of training per year per employee by gender, and by employee category	59 to 60
Immaterial	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	76
Immaterial	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	100%
Material aspect: Diversity and equal opportunity			
	G4-DMA	Management Approach	63
Immaterial	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	34 and 35 Also see the Reference Form – 12.6/8 Composition and professional experience of management and the fiscal council page 289 to 294.
Material aspect: Equal compensation for women and men			
	G4-DMA	Management Approach	78
Immaterial	G4-LA13	Ratio of basic salary and compensation of women to men by employee category, by significant locations of operation	78
Material aspect: Supplier assessment for labor practices			
	G4-DMA	Management Approach	83 to 84
Immaterial	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	83 and 84
Immaterial	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	83
Material aspect: Labor practices grievance mechanisms			
	G4-DMA	Management Approach	76 to 81
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	63

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
-	-	Full response	-	-	122 to 123	6
-	-	Full response	-	-	122 to 123	-
-	-	Full response	-	-	122 to 123	6
						-
-	-	Partial response	Confidential information	Data on age of directors and officers was not provided	122 to 123	6
						-
-	-	Full response	-	-	122 to 123	6
						-
-	-	Full response	-	-	122 to 123	-
-	-	Full response	-	-	122 to 123	-
						-
- Tractebel Energia	- Suppliers	Full response	-	-	122 to 123	-

Material issues	DMA and indicators	Description	Page number (or link)/Response
Sub-category: Human rights			
Material aspect: Investments			
	G4-DMA	Management Approach	63
Generation capacity increase (investments, licensing and prospects)	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	63
Immaterial	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	59
Material aspect: Non-discrimination			
	G4-DMA	Management Approach	63
Employment and labor relations	G4-HR3	Total number of incidents of discrimination and corrective actions taken	63
Material aspect: Freedom of association and collective bargaining			
	G4-DMA	Management Approach	63, 83 to 84
Employment and labor relations	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	In 2014 any non-compliance events regarding violations of freedom of association or collective bargaining rights were identified.
Material aspect: Child labor			
	G4-DMA	Management Approach	63
Immaterial	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	In 2014 any operation as having significant risk for incidents of child labor or young workers exposed to hazardous labor were identified.
Material aspect: Forced or compulsory labor			
	G4-DMA	Management Approach	63
Immaterial	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	63 In 2014 any operation as having significant risk for incidents of forced or compulsory labor were identified.

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
- Tractebel Energia	- Neighboring community	Full response	-	-		2
-	-	Full response	-	-	122 to 123	1
						-
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-	122 to 123	6
						-
- Tractebel Energia	- Suppliers	Full response	-	-		3
						-
-	-	Full response	-	-		5
						-
-	-	Full response	-	-		4

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: Indigenous rights			
	G4-DMA	Management Approach	86 to 91
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	In response to an action filed by the Federal Attorney's Office of Goiás, at the end of 2014 Tractebel Energia were still negotiating a compensation for involuntarily flooding of 0.67% of the 38,700-hectare Avá-Canoeiro Reservation, on the banks of the Tocantins River. This flood happened when the Cana Brava HPP reservoir was filled in 2002, due to a difference in the IBGE and Aneel milestones. The Company provided a complete study of the impact caused and a reparation plan, currently being analyzed by the Funai.
Material aspect: Assessment			
	G4-DMA	Management Approach	63
Generation capacity increase (investments, licensing and prospects)	G4-HR9	Total number and percentage of operations that have been subject to human rights analyses or impact assessments	In 2014 any analyses or assessments related to disrespect for human rights in Tractebel Energia's production chain was recorded.
Material aspect: Supplier human rights assessment			
	G4-DMA	Management Approach	63, 83 to 84
Immaterial	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	83
Immaterial	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	83
Material aspect: Human rights grievance mechanisms			
	G4-DMA	Management Approach	63
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	63
Sub-category: Society			
Material aspect: Local communities			
	G4-DMA	Management Approach	86 to 91
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	86

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
- Tractebel Energia	- Neighboring community - Suppliers	Full response	-	-		1
						-
- Tractebel Energia	-	Full response	-	-		1
						-
-	-	Full response	-	-	122 to 123	2
-	-	Full response	-	-	122 to 123	2
						-
- Tractebel Energia	- Neighboring community - Suppliers	Full response	-	-	122 to 123	1
						-
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-	122 to 123	1

Material issues	DMA and indicators	Description	Page number (or link)/Response
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-SO2	Operations with significant actual and potential negative impacts on local communities	86 The impacts reported on page 86 are typical principally of activities relating to plant installation (more than the operation). In 2014, Tractebel Energia was in the process of installing certain plants, a situation which is expected to persist over the next few years. These impacts can be detailed according to primary sources. There are tried and tested methodologies both in Brazil and worldwide for managing the negative impacts of hydroelectric plants – particularly large scale ones. Among these impacts are the need for population resettlement, the visual impact, vibrations, changes to the daily social routine, those of a morphological (natural features and drainage)/ landscape order in addition to noise, production of solid waste and liquid effluent and change in the natural habitat. Biomass-fired plants as a rule have the same impacts as thermoelectric plants albeit on a lesser scale and use renewable sources. Wind park projects cause a visual impact, landscape alterations, emission of noise and change in the natural habitat. The location of the projects according to energy source can be found in the "Institutional Profile" chapter of this Report.
Material aspect: Anti-corruption			
	G4-DMA	Management Approach	63, 87
Immaterial	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	84
Immaterial	G4-SO4	Communication and training on anti-corruption policies and procedures	59
Immaterial	G4-SO5	Confirmed incidents of corruption and actions taken	86 No incidents of corruption were recorded in 2014.

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
- Tractebel Energia	- Neighboring community - Suppliers	Full response				1
						-
-	-	Full response	-	-		10
-	-	Full response	-	-	122 to 123	10
-	-	Full response	-	-	122 to 123	10

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: Public policy			
	G4-DMA	Management Approach	84
Immaterial	G4-SO6	Total value of political contributions by country and recipient/beneficiary	84
Material aspect: Anti-competitive behavior			
	G4-DMA	Management Approach	84
Immaterial	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No incidents of this nature were recorded.
Material aspect: Compliance			
	G4-DMA	Management Approach	64
Immaterial	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In 2014 no administrative proceeding or lawsuit related to fines or total number of non-monetary sanctions for non-compliance with laws and regulations was recorded.
Material aspect: Supplier assessment for impacts on society			
	G4-DMA	Management Approach	63, 83 to 84
Immaterial	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	84
Immaterial	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	83
Material aspect: Grievance mechanisms for impacts on society			
	G4-DMA	Management Approach	63
Community relations (local engagement and relationship, complaint, and issue and complaint resolution channels)	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	87
Sub-category: Product responsibility			
Material aspect: Product and service labeling			
	G4-DMA	Management Approach	82 to 83
Customer portfolio management	G4-PR5	Results of surveys measuring customer satisfaction	83
Material aspect: Marketing communication			
	G4-DMA	Management Approach	82 to 83
Immaterial	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcome	In 2014 no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, were recorded.

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
-	-	Full response	-	-	122 to 123	10
						-
-	-	Full response	-	-	122 to 123	-
						-
-	-	Full response	-	-	122 to 123	-
						-
-	-	Full response	-	-	122 to 123	-
-	-	Full response	-	-	122 to 123	-
						-
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-	122 to 123	-
						-
- Tractebel Energia	- Customers	Full response	-	-		-
						-
-	-	Full response	-	-		-

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: Customer privacy			
	G4-DMA	Management Approach	82 to 83
Immaterial	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No complaints of this type were recorded in 2014.
Material aspect: Compliance			
	G4-DMA	Management Approach	64
Immaterial	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In 2014 any administrative proceeding or lawsuit related to fines for non-compliance with laws and regulations concerning the provision and use of products and services was recorded.
Electric Utilities Sector Supplement			
Material aspect: Organizational profile			
Generation capacity, operation uptime, innovation, research and development, and search for energy generation alternatives	EU1	Installed capacity, broken down by primary energy source and by regulatory regime	23 and 24
Generation capacity, operation uptime, innovation, research and development, and search for energy generation alternatives	EU2	Net energy output broken down by energy source and by regulatory regime	28
Immaterial	EU3	Number of residential, industrial, and commercial customer accounts	83
Material aspect: Availability and reliability			
Immaterial	EU6	Management approach to ensure short- and long-term electricity availability and reliability	25
Material aspect: Demand-side management			
Immaterial	EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	82
Material aspect: Research and development			
Generation capacity, operation uptime, innovation, research and development, and search for energy generation alternatives	EU8	R&D activity and expenditure aimed at providing reliable electricity and promoting sustainable development	59
Material aspect: Availability and reliability			
Generation capacity, operation uptime, innovation, research and development, and search for energy generation alternatives	EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	45 to 46

Aspect Boundary (G4-20 | G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
						-
-	-	Full response	-	-		-
						-
-	-	Full response	-	-	122 to 123	-
- Hydroelectric power plants - Thermoelectric power plants - Complementary sources	-	Full response	-	-	122 to 123	-
- Tractebel Energia	-	Full response	-	-	122 to 123	-
-	-	Full response	-	-		-
-	-	Full response	-	-	122 to 123	-
-	-	Full response	-	-	122 to 123	-
- Tractebel Energia		Full response	-	-	122 to 123	-
- Tractebel Energia	-	Full response	-	-		-

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: System efficiency			
Generation capacity, operation uptime, innovation, research and development, and search for energy generation alternatives	EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	-
Material aspect: Employment			
Immaterial	EU14	Programs and processes to ensure the availability of a skilled workforce	38
Employment and labor relations	EU15	Percentage of employees eligible to retire in the next five and ten years broken down by job category and by region	Tractebel Energia doesn't disclose breakdown by category and by region because it refers to strategic, confidential information. Up to five years = 40%; from six to ten years = 3%.
Immaterial	EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	78
Immaterial	EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities	Tractebel Energia doesn't have this information recorded in our database.
Immaterial	EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	79
Material aspect: Community			
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development	86
Immaterial	EU20	Approach to managing the impacts of displacement	In 2014 it was not necessary to involuntarily displace communities in the projects under construction by the Company.

Aspect Boundary (G4-20 I G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
- Thermoelectric power plants	-	Partial response	Currently unavailable	The generation efficiency of thermal plants are not avaliable. Tractebel Energia's thermoelectric plants in 2014, reported an 82.7% uptime. The Company is currently refining the methodology for calculating its average efficiency. The expectation is that within three years such efficiencies can be reported accurately.	122 to 123	-
-	-	Full response	-	-	122 to 123	-
- Tractebel Energia	-	Full response	-	-		-
-	-	Full response	-	-		-
-	-	Full response	-	-		-
-	-	Full response	-	-	122 to 123	-
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-		-
-	-	Full response	-	-		-

Material issues	DMA and indicators	Description	Page number (or link)/Response
Material aspect: Emergency and disaster planning and response			
Immaterial	EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/ restoration plans	Tractebel Energia has: - Emergency Response Plans (PAEs) for the Certified Plants (86% of energy output in 2014) - A Communication Manual for Crisis Situations - A Calendar of Drills for the Scenarios defined in the Plants' PAEs - General Liability Insurance, whose policy contains a specific clause for sudden pollution.
Material aspect: Community			
Community relations (includes local engagement and relationship, complaint, and issue and complaint resolution channels)	EU22	Number of people physically or economically displaced and compensation, broken down by type of project	In 2014 it was not necessary to involuntarily displace communities in the projects under construction by the Company.
Material aspect: Access			
Immaterial	EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	Tractebel Energia's operations are restricted to power generation and do not involve energy transmission or distribution.
Generation capacity, operation uptime, innovation, research and development, and search for energy generation alternatives	EU30	Average plant availability factor by energy source and by regulatory regime	46

Aspect Boundary (G4-20 I G4-21)		Scope	Reasons for omission	Identified omissions and their explanations	External Assurance	Global Compact (Principles)
Within	Outside					
-	-	Full response	-	-	122 a 123	-
- Tractebel Energia	- Neighboring community - Suppliers - Customers	Full response	-	-	122 a 123	-
-	-	Full response	-	-		-
- Hydroelectric power plants - Thermoelectric power plants - Complementary sources	-	Full response	-	-	122 a 123	-

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY INFORMATION INCLUDED IN THE SUSTAINABILITY REPORT FOR 2014

To the Board of Directors and Stockholders
Tractebel Energia S.A.
Florianópolis – SC

Introduction

We have been engaged by Tractebel Energia S.A. (the "Company") to present our limited assurance report on the compilation and fair presentation of the information related to sustainability included in the Sustainability Report for 2014 of Tractebel Energia S.A. ("Sustainability Report for 2014") for the year ended December 31, 2014.

Management's responsibility for the Sustainability Report for 2014

The management of the Company is responsible for the compilation and fair presentation of the information included in the Sustainability Report for 2014 in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-G4) and for such internal control as management determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the compilation and fair presentation of the information related to sustainability included in the Sustainability Report for 2014, based on our limited assurance engagement carried out in accordance with the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", issued by the Brazilian Federal Accounting Council (CFC), which is equivalent to the international standard ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the information related to sustainability included in the Sustainability Report for 2014, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the Company involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information related to sustainability taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the information related to sustainability included in the Sustainability Report for 2014, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

(a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information related to sustainability included in the Sustainability Report for 2014;
(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;

(c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the Sustainability Report for 2014; and
(d) obtaining evidence for the most significant GRI - G4 indicators included in the Sustainability Report for 2014 and presented in the "GRI Index".

The limited assurance engagement also included tests to assess compliance with the guidelines of the GRI-G4 applied in the preparation of the information related to sustainability included in the Sustainability Report for 2014.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the compilation and fair presentation of the information related to sustainability included in the Sustainability Report for 2014. Consequently, we are not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the information related to sustainability included in the Sustainability Report for 2014. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the materiality, relevance, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information related to sustainability included in the Sustainability Report for 2014 of Tractebel Energia S.A. has not been compiled and fairly presented, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4).

Other matters

Audit of the financial statements as at December 31, 2014

The financial statements of Tractebel Energia S.A. for the year ended December 31, 2014 were audited by another firm of independent auditors, whose report, dated March 30, 2015, included an unqualified audit opinion. The social and environmental performance indexes based on accounting information and presented in the Sustainability Report for 2014 were extracted from those financial statements, which were not subject to assurance procedures for the purposes of this review.

Florianópolis, April 30, 2015

PricewaterhouseCoopers
Auditores Independentes
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Adriano Machado
Contador CRC PR042584/O-7 "S" SC

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AUDIT OF FINANCIAL STATEMENTS

KPMG

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APPENDICES

APPENDIX 1: CHARACTERISTICS OF THE PLANTS IN OPERATION AS AT DECEMBER 31, 2014

Plant	Location	Expiration of concession/license	Own installed capacity (MW)
Itá	Rio Uruguai (SC and RS)	Oct 2030	1,126.9
Salto Santiago	Rio Iguaçu (PR)	Sep 2028	1,420.0
Machadinho	Rio Uruguai (SC and RS)	Jul 2032	403.9
Estreito	Rio Tocantins (TO and MA)	Nov 2037	435.6
Salto Osório	Rio Iguaçu (PR)	Sep 2028	1,078.0
Cana Brava	Rio Tocantins (GO)	Aug 2033	450.0
Passo Fundo	Rio Passo Fundo (RS)	Sep 2028	226.0
São Salvador	Rio Tocantins (TO)	Apr 2037	243.2
Ponte de Pedra	Rio Correntes (MT)	Sep 2034	176.1
Total from hydroelectric sources			**5,559.7**
Complexo Jorge Lacerda*	Capivari de Baixo (SC)	Sep 2028	857.0
William Arjona	Campo Grande (MS)	Apr 2029	190.0
Charqueadas	Charqueadas (RS)	Sep 2028	72.0
Total from thermoelectric sources			**1,119.0**
Ferrari	Pirassununga (SP)	Jun 2042	65.5
Ibitiúva Bioenergética	Pitangueiras (SP)	Apr 2030	22.9
Guajiru	Trairi (CE)	Sep 2041	30.0
Fleixeiras I	Trairi (CE)	Sep 2041	30.0
Mundaú	Trairi (CE)	Sep 2041	30.0
Lages	Lages (SC)	Oct 2032	28.0
Rondonópolis	Ribeirão Ponte de Pedra (MT)	Dec 2032	26.6
Beberibe	Beberibe (CE)	Aug 2033	25.6
Trairi	Trairi (CE)	Sep 2041	25.4
José Gelazio da Rocha	Ribeirão Ponte de Pedra (MT)	Dec 2032	23.7
Areia Branca	Rio Manhuaçu (MG)	May 2030	19.8
Pedra do Sal	Parnaíba (PI)	Oct 2032	18.0
Cidade Azul	Tubarão (SC)	não aplicável**	3.0
Total from complementary sources (biomass, wind and SHPPs)			**348.5**
Total			**7,027.2**

* Complexo composto por 3 usinas.
** Para centrais geradoras com potência igual ou inferior a 5 MW, o instrumento legal aplicável é o registro.

APPENDIX 2:
EMISSIONS INVENTORY

To find out more about Tractebel Energia's Emissions Inventory

CLICK HERE



APPENDIX 3: ENVIRONMENTAL MANAGEMENT TARGETS

Plant	Goal	Target	Status
Jorge Lacerda Thermoelectric Complex	Reduce solid wastes, effluents and emissions.	Reach, by the end of 2016, particulate material emission indices below 0.4 kg/MWh.	In progress
Jorge Lacerda Thermoelectric Complex	Reduce solid wastes, effluents and emissions.	Adapt the coal stockyards by March 2015.	In progress
Jorge Lacerda Thermoelectric Complex	Ensure the units' operating licensing.	Implement the particulate material characterization project by 2016 to quantify the Complex's influence on the region's air quality.	In progress
Jorge Lacerda Thermoelectric Complex	Reduce solid wastes, effluents and emissions.	Upgrade the environmental monitoring network by the end of 2014 for automated data transmission to the environmental agency.	In progress
Jorge Lacerda Thermoelectric Complex	Reduce solid wastes, effluents and emissions.	Install a wind barrier to reduce drag of particulate material in the first half of 2015.	In progress
Jorge Lacerda Thermoelectric Complex	Improve community relations.	Build the Environmental Monitoring Center in 2015 to expand the disclosure of the environmental indicators.	In progress
Jorge Lacerda Thermoelectric Complex	Act effectively in environmental recovery and preservation actions in the area of influence.	Contribute to the recovery of the metropolitan area (former fines basin), by burning coal fines and sending the ashes to a landfill by December 2016.	In progress
Jorge Lacerda Thermoelectric Complex	Promote sustainable development projects.	Build the wind power project by the end of 2017.	In progress
Jorge Lacerda Thermoelectric Complex	Promote sustainable development projects.	Build the photovoltaic plant project by the end of 2015.	Met
Jorge Lacerda Thermoelectric Complex	Reduce solid wastes, effluents and emissions.	Recover at least 90% of total disposed waste (not including ashes) by the end of 2014.	Not met
Jorge Lacerda Thermoelectric Complex	Improve energy efficiency and reduce emissions.	Increase the Complex's energy efficiency by 16% by reducing CO_2 emissions by 16% by 2017, using 2012 as benchmark year.	In progress
Jorge Lacerda Thermoelectric Complex	Improve community relations.	Reach a rate lower than 50% in terms of environmental problem perception in the region as allegedly caused by the Complex by 2017.	In progress
Lages Cogeneration Unit	Be effectively involved in the Canoas River basin preservation actions.	Participate in hydrographic basin committees in the area of influence.	Met
Lages Cogeneration Unit	Reduce solid wastes, effluents, emissions, and the consumption of chemicals.	Reduce by 2% the consumption of chemicals used in regenerations compared to 2013 by December 2016.	In progress

Plant	Goal	Target	Status
Lages Cogeneration Unit	Donate seedlings.	Distribute 1,000 seedlings for plantation in the region by the end of 2014.	Met
Cana Brava Hydroelectric Power Plant	Be effectively involved in the Tocantins River basin preservation actions.	Permanently control illegal ground occupancy in the reservoir islands and banks.	In progress
Cana Brava Hydroelectric Power Plant	Be effectively involved in the Tocantins River basin preservation actions.	Participate in hydrographic basin committees in the area of influence.	In progress
Cana Brava Hydroelectric Power Plant	Reduce waste and wastewater generated.	In 2014 reuse a volume 10% higher compared to 2013.	Met
Cana Brava Hydroelectric Power Plant	Reduce waste and wastewater generated.	In 2014 consume no more than the past two years' average volume (2012 and 2013).	Met
Cana Brava Hydroelectric Power Plant	Improve community relations.	In 2014-2016 reach an annual increase of 5% in the number of people hosted by the Visits and Environmental Education Program.	In progress
Cana Brava Hydroelectric Power Plant	Prioritize the use of renewable fuel in own and rented vehicles.	Replace 35% of the gasoline consumed by own and rented vehicles for ethanol by January 2016.	In progress
Cana Brava Hydroelectric Power Plant	Act effectively in environmental recovery and preservation actions in the area of influence.	Support the recovery project of 45 springs in the Minaçu municipality by December 2016.	In progress
Cana Brava Hydroelectric Power Plant	Act effectively in environmental recovery and preservation actions in the area of influence.	Production of 30,000 seedlings of Cerrado native trees and donation of 16,000 native trees in 2014.	Met
Estreito Hydroelectric Power Plant	Reduce waste and wastewater generated.	Reduce average annual waste by 5% by 2016 (calculated based on the 2013, 2014 and 2015 inventories).	In progress
Estreito Hydroelectric Power Plant	Reduce waste and wastewater generated.	Reduce to 50% of the legal standard the oil and grease concentration in effluents by January 2016.	In progress
Estreito Hydroelectric Power Plant	Reduce waste and wastewater generated.	Reduce by 5% average annual consumption of treated water by 2016.	In progress
Itá Hydroelectric Power Plant	Be effectively involved in the Uruguay River basin preservation actions.	Attend at least 50% of the regular meetings set in the annual calendar of the Jacutinga Committee.	Met
Itá Hydroelectric Power Plant	Be effectively involved in the Uruguay River basin preservation actions.	Donate at least 10,000 seedlings by December 2014.	Met
Itá Hydroelectric Power Plant	Mitigate and compensate for the environmental impacts caused by the reservoir formation and project operation.	Recover the right and left banks upstream of Spillage 1 by December 2014.	Not met due to the June 2014 flood

Plant	Goal	Target	Status
Itá Hydroelectric Power Plant	Mitigate and compensate for the environmental impacts caused by the reservoir formation and project operation.	Implement the Mata do Rio Uruguai Teixeira Soares Natural Park by December 2014.	Postponed to 2015
Itá Hydroelectric Power Plant	Reduce waste and wastewater generated.	Reduce by 5% the average annual waste generation by 2016.	In progress
Itá Hydroelectric Power Plant	Prioritize the use of renewable fuel in own and rented vehicles.	Replace 35% of the gasoline consumed by own and rented vehicles for ethanol by January 2016 35%.	In progress
Machadinho Hydroelectric Power Plant	Be effectively involved in the Uruguay River basin preservation actions.	Hold a permanent seat in the hydrographic basin committees.	Met
Machadinho Hydroelectric Power Plant	Be effectively involved in the Uruguay River basin preservation actions.	Oversee permanently the use of water from and ground occupancy around the reservoir.	Met
Machadinho Hydroelectric Power Plant	Mitigate the environmental impacts caused by the operation.	Implement fish fauna preservation actions by December 2014.	Met
Passo Fundo Hydroelectric Power Plant	Be effectively involved in the Uruguay River basin preservation actions.	Permanently control illegal ground occupancy in the reservoirs' islands and banks.	Met
Passo Fundo Hydroelectric Power Plant	Be effectively involved in the Uruguay River basin preservation actions.	Hold a permanent seat in the relevant hydrographic basin committees.	Met
Ponte de Pedra Hydroelectric Power Plant	Be effectively involved in the Correntes River basin preservation actions.	Permanently control illegal ground occupancy in reservoir banks.	Met
Ponte de Pedra Hydroelectric Power Plant	Be effectively involved in the Correntes River basin wildlife preservation actions.	Ensure the survival of at least 90% of the wildlife found in the intake canal.	Met
Ponte de Pedra Hydroelectric Power Plant	Improve society relations.	Implement the Serra de Sonora State Park by December 2015.	In progress
Ponte de Pedra Hydroelectric Power Plant	Reduce waste and wastewater generated.	Reduce to 50% of the legal standard the oil and grease concentration in effluents from 10% per year by January 2016.	In progress
Ponte de Pedra Hydroelectric Power Plant	Improve communication with society.	Receive 1,500 people by December 2015.	In progress
Ponte de Pedra Hydroelectric Power Plant	Be effectively involved in the Correntes River basin preservation actions.	Establish three partnerships for the protection/ recovery of region's springs and/or APPs by 2020.	In progress
Ponte de Pedra Hydroelectric Power Plant	Be involved in the mitigation actions of climate change-related impacts.	Reach a 53% ethanol consumption compared to total fuel consumed by own and rented vehicles by December 2020.	In progress

Plant	Goal	Target	Status
Ponte de Pedra Hydroelectric Power Plant	Be effectively involved in the Correntes River and Pantanal basin preservation actions.	Donation and/or plantation of 18,000 native tree seedlings by December 2014.	Met
Ponte de Pedra Hydroelectric Power Plant	Reduce waste and wastewater generated.	Reduce by 2.5% the average annual waste generation by 2015.	In progress
Salto Osório Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Participate in hydrographic basin committees in the area of influence.	Met
Salto Osório Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Release at least 10,000 fish fries native to the region in the plant's reservoir by December 2014.	Met
Salto Osório Hydroelectric Power Plant	Improve society relations.	Receive at least 3,500 visitors, involving schools, universities, associations, and other stakeholders by December 2014.	Met
Salto Osório Hydroelectric Power Plant	Reduce waste and wastewater generated.	Recover at least 60% of total waste generated in the plant.	Met
Salto Osório Hydroelectric Power Plant	Establish a harmonious relationship with the local community by becoming a partner in reservoir water and bank use aimed at improving environmental quality in the area.	Plant and donate 18,000 seedlings by December 2014.	Met
Salto Osório Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Devise an effective control to avoid damage to fish fauna by conducting a specific study by December 2016.	In progress
Salto Osório Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Implement the recovery project of the former construction site by December 2018.	In progress
Salto Osório Hydroelectric Power Plant	Contribute to the application of a climate change policy.	Use only ethanol as the fuel of our car fleet by December 2014.	Met
Salto Osório Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Implement controls to protect at least 400 springs in the bordering municipalities by December 2016.	In progress
Salto Osório Hydroelectric Power Plant	Improve society relations.	Involve 200 people annually in environmental awareness building actions in the bordering municipalities by December 2014.	Partially met (171 people)
Salto Santiago Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Participate in hydrographic basin committees in the area of influence.	Met
Salto Santiago Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Release at least 10,000 fish fries native to the region in the reservoir by December 2014.	Met
Salto Santiago Hydroelectric Power Plant	Improve society relations.	Receive at least 3,900 visitors, involving schools, universities, associations, and other stakeholders by December 2015.	In progress

Plant	Goal	Target	Status
Salto Santiago Hydroelectric Power Plant	Reduce waste and wastewater generated.	Recovery of at least 70% of total waste generated in the plant by December 2015.	In progress
Salto Santiago Hydroelectric Power Plant	Establish a harmonious relationship with the local community by becoming a partner in reservoir water and bank use aimed at improving environmental quality in the area.	Plant and donate 25,000 seedlings by December 2015.	Met
Salto Santiago Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Implement controls to protect at least 300 springs in the bordering municipalities by December 2015.	In progress
Salto Santiago Hydroelectric Power Plant	Be effectively involved in the Iguaçu River basin preservation actions.	Devise an effective control to avoid impacts on fish fauna by conducting a specific study by December 2016.	In progress
Salto Santiago Hydroelectric Power Plant	Contribute to the implementation of a climate change policy.	Use only ethanol as the fuel of our car fleet by December 2014.	In progress
Salto Santiago Hydroelectric Power Plant	Improve society relations.	Involve 300 people annually in environmental awareness building actions in the bordering municipalities by December 2015.	Not met
São Salvador Hydroelectric Power Plant	Be effectively involved in the Tocantins River basin preservation actions.	Permanently control illegal ground occupancy in the reservoir islands and banks.	In progress
São Salvador Hydroelectric Power Plant	Be effectively involved in the Tocantins River basin preservation actions.	Participate in hydrographic basin committees in the area of influence.	In progress
São Salvador Hydroelectric Power Plant	Improve community relations.	In 2014-2016 reach an annual increase of 5% in the number of people hosted by the Visits and Environmental Education Program.	In progress
São Salvador Hydroelectric Power Plant	Reduce waste and wastewater generated.	Implement by October 2015 a mechanism that allows the separation of water, oil, and grease in the effluents of the Transformers' Water and Oil Draining and Separator System to reach no more than 50% of the legal standards, i.e., 10mg/l.	In progress
São Salvador Hydroelectric Power Plant	Prioritize the use of renewable fuel in own and rented vehicles.	Use at least 35% of renewable FUEL AND 50% of less pollutant fuel of total fuel consumed by our own and rented car fleet by December 2015.	In progress

Plant	Goal	Target	Status
Charqueadas Thermoelectric Power Plant	Be effectively involved in the Jacuí River basin preservation actions.	Participate in hydrographic basin committees in the area of influence.	Met
Charqueadas Thermoelectric Power Plant	Build an ash and water separation tank.	Collect and filter rainwater from the yard by January 2015.	Met
Charqueadas Thermoelectric Power Plant	Improve communication with the community.	Hold at least one environmental education event in the community's schools by September 2015.	Met
William Arjona Thermoelectric Power Plant	Biodiversity/environmental education.	In 2014, donate 300 seedlings to the community for environmental education, urban reforesting, or degraded area recovery purposes in the area of influence.	Partially met (200 seedlings)
William Arjona Thermoelectric Power Plant	Improve society relations.	Hold at least one environmental education event in a community's school by December 2014.	Met
William Arjona Thermoelectric Power Plant	Improve society relations.	Host at least 300 visitors in 2014.	Not met

APPENDIX 4: RESEARCH AND DEVELOPMENT PROGRAMS UNDERWAY IN 2014

R&D projects started in 2014

Name	Executing entity(ies)	Start	End	Investment (R$'000)
SPARHTACUS – Methodology to define weekly and monthly SIN policies in the medium time frame with customized modeling in hydroelectric plants	Universidade Federal de Santa Catarina (UFSC)	11/19/2014	11/19/2016	2,164.8
Electric power plants' wastewater treatment reactor	PNX	07/09/2014	07/09/2017	2,206.2
Obtain in pilot scale ceramic materials by adding coal heavy ashes	Universidade Nove de Julho (Uninove)/UFSC	07/07/2014	07/07/2016	1,632.7
Total				6,003.7

R&D projects underway in 2014

Name	Executing entity(ies)	Start	End	Investment (R$'000)
Field evaluation of output of three-phase induction motors	Instituto Federal de Santa Catarina (IFSC)/UFSC	11/22/2013	11/22/2015	2,136.1
Development and certification of a domestic 3.3 MW wind turbine with direct coupling, a permanent magnet synchronous generator and a full power converter	WDC/WTI/ WEG	11/12/2013	10/12/2017	69,289.9
Development of a real-time optical monitoring system for hydraulic generator rotor poles to detect short-circuit loop defects	CPqD	11/07/2013	11/07/2015	614.0
TECO-MR 550kV - Localization of optical current electronic transformer with redundant measurement applicable to voltage classes up to 550 kV	PowerOpticks/Reason	09/10/2013	02/10/2016	4,201.5
Development of the physiochemical process pilot plant to increase combustion efficiency of vinasse with biomass	Universidade de São Paulo (USP)	08/12/2013	01/12/2017	3,337.7
Development of an automated power filter for electrical optimization of auxiliary services of a coal-fired thermoelectric power plant (OSAT)	SATC/Universidade Federal do Rio Grande do Sul (UFRGS)/UFSC	07/02/2013	07/02/2015	1,792.7
Methodology to assess the damages and treatments of recovery of pallets of gas and steam turbines used in thermoelectric plants	UFSC	05/08/2013	05/08/2016	795.8
2014 Management Projet	Tractebel Energia	04/01/2013	01/01/2015	1,900.5
Development of equipment to detect flaws in synchronous generators by means of external magnetic fields	UFSC	06/04/2013	12/03/2015	776.0

Name	Executing entity(ies)	Start	End	Investment (R$'000)
Temperature monitoring system in high-power electrical generators using distributed and quasi-distributed optical sensoring techniques	Universidade Tecnológica Federal do Paraná (UTFPR)	10/29/2012	10/28/2015	3,033.7
Implementation of a 3MWp photovoltaic solar plant and evaluation of the technical and economic performance of photovoltaic generation in different climactic conditions in the Brazilian electrical matrix	UFSC	07/16/2012	07/15/2015	35,566.6
Development of local automated technology for lining and solder-based manufacture of boiler tubes and associated soldering technologies	UFSC	04/25/2012	08/24/2015	1,785.6
Development and implementation of intelligent micro networks – control strategies for integration of systems and energy management	Fundação Certi/UFSC/Supplier	04/16/2012	10/15/2015	2,319.2
Technology for formation of a germplasm bank and production of native fish for stocking (repopulation) in the Iguaçu River	Unioeste	02/28/2012	02/27/2016	1,829.8
Influence of addition of water during compacting and content of fines in mechanical behavior of riprap in large triaxial equipment	UFSC	01/27/2012	12/27/2014	364.0
Development of electric energy generation forecasting technologies for wind farms in operation	UFSC	12/06/2011	06/05/2015	3,028.6
Electrical propulsion system for small boats using batteries and solar energy	UFSC/Cebra	08/09/2011	06/08/2015	411.5
Raising of water pH of cooling systems as a bioincrustation control method in hydroelectric power plants	Lactec	05/30/2011	01/29/2015	1,142.5
Other projects under cooperation	-	-	-	1,659.6
Total				**135,985.4**
Grand total				**141,989.1**