Eletrobras

Sustainability Report 2009

Eletrobras

CEO Message

For more than fifty years, Eletrobras companies have generated clean and renewable energy and have shown that the commitment with sustainability is not only in speech, but it is a continual corporate practice.

Today, we are the third largest clean energy company in the world. But we would like to achieve much more. Our future vision, expressed in our 2010-2020 Strategic Plan, shows the width of our ideal: to be the largest global corporate clean energy system in 2020.

In this Sustainability Report a renewed and stronger company is introduced. We are working hard in order to become more integrated, profitable and competitive. And 2009 was a year of big achievements to this end.

The conclusion of the 2010-2020 Strategic Plan is the strongest highlight. It deals with the unprecedented initiative in our history, to integrate, for the first time, all of Eletrobras companies.

From 2010 on, the companies act in complete agreement. It is more than an integration written on paper – there is a substantial integration. We have common mission, vision, values, objectives and management policies, which propose to us the great challenge of reaching the global leadership in clean energy production.

Furthermore, we have a new brand, resulting from a changing process which is under way aiming at reflecting this new market position. Internally, the changes can be evidenced since 2008, with improvements in corporate governance and in the managing methods, besides developing a group of projects aiming at the integration of all Eletrobras companies.

Besides, we have a Career and Compensation Plan, together with a Performance Management System and the Corporate University re-structuring – a group of measures with which we expect to offer a solid perspective for professional growth and personal development to our most important asset.

For the third year in a row, we are able to celebrate being listed, in the Bovespa Corporate Sustainability Index, an index which attests our role as good practice and sustainability drivers in Brazil's Corporate scene.

The same commitment makes us signatories of the Global Compact, which advocates ten universal principles deriving from the Universal Bill of Human Rights, of the Main Labor Law Fundamental Principles, of the International Labor Organization and of the Rio Principles on Environment and Development.

The long way we have run up to this day only reinforces our commitment to sustainable growth. To this end, we can already envision a horizon of important tasks from 2010. We shall continue the Strategic Plan, structuring the business plans, which will reinforce the logics of the multi year plan and will establish the metrics of an ambitious investment plan. We will go on to implement important projects associated to the Career and Compensation Plan and we will have the mission of consolidating our new brand.

Our clean energy platform gives us a prominent position in the energy industry, in a world struggling with social environmental impacts and climatic changes. We embrace the challenge of visibility and we would like to be assessed, compared and, furthermore, recognized as an example of consistent growth, aligned with sustainability principles.

We look forward to taking part in the best forums and international indexes. We would like even to communicate in a more and more effective way with our stakeholders, recognizing the diversity of their expectations concerning our business and offering then timely and appropriate answers.

We know that this is not very little. But we also know that we can be as big as our ideals. Today, we are a big Brazilian company. Tomorrow, certainly, we will be a big global company.

José Antonio Muniz Lopes
Eletrobras CEO

On the 2009 Sustainability Report

For the second year in a row, the Eletrobras companies adopt the guidelines proposed by the Global Report Initiative (GRI) development from its Sustainability Report. Published every year, contains information on corporate management, social, environmental and economical performance indexes, besides other specific indexes from the electric power sector.

The reported information refers to activities developed by the Eletrobras companies in the generation and transmission areas during the year 2009. The distributors, the Research Center for Electric Energy (Eletrobras Cepel), the Eletrobras Participações S.A. (Eletropar) are not included in this document.

In spite of the distributors having started the sustainability management process, they are still at a different level from the rest of the Eletrobras companies. Thus, it was defined that they will only be included in the report when they reach a greater maturity in the management of this subject.

Eletrobras Cepel is a non profit institution and its current structure does not require its inclusion in the Sustainability Report. The summary of its operation is described on page 46. In a similar way, the Eletropar financial operation and staff structure aren't significant for the Eletrobras companies business and, so, they are not included.

The holding and its subsidiaries have an equity interest in several other partnerships, having, even, a chair in their respective Board of Directors. However, because they are minor shareholders in most of them, those companies were not included as well. Eletrobras assesses the possibility of broadening the scope of the Sustainability Report in the future.

In this document, the terms "Eletrobras companies", "corporate group" and "subsidiaries" refer to the generation companies, including Itaipu Binacional, and electrical energy transmission companies. Eletrobras will also be refered to as holding.

As a commitment statement of Eletrobras companies with the gender equity principle, it is highlighted that the expressions "stakeholders", "employees", "service providers" and others that may be used with the masculine grammatical form in the Portuguese version, refer both to men and women. Everybody contributes every day for the development of the company's activities.

Requests for further information about the report and its content can be sent to the General Coordination of the Presidential Board, and to the e-mail pg@eletrobras.com. The contact can also be made through the telephone number: 55(21) 2514-4808 or at the address Av. Presidente Vargas, 409, 13º andar - Rio de Janeiro - RJ - Cep: 20071-003.

Content definition

The selection of subjects and the search for information in this document were done by a team composed of 93 employees from the Eletrobras corporate group. Technicians and managers from different areas, such as the Financial, Human Resources, Environmental, Social Responsibility, Corporate Governance and Engineering, contributed for the publishing of this report.

APLICATION LEVEL

On the whole, 152 performance indicators of GRI protocols are part of this report including those related to the corporate profile and other parameters. Most of them, 94, were completely attended, which enables this document to fit into the B methodology application level.

The definition of the content was developed in a collective process which amounted to 21 workshops, in which the employees were splited in groups to analyze the indexes already reported in the 2008 Sustainability Report. When gathered together, they established the standards for the report and the level of detail with which the information should be presented.

Each member of the group assessed the materiality of the subjects and of the indexes of the area in which they work and also from other areas. So the intention was to make the sustainability report as broad as possible and to attend the expectations of more than 20 thousand employees of Eletrobras companies.

From those evaluations, the coordination and the technicians of the holding validated what would be reported, however, some of the indexes which were not representative were deleted. During the workshops of the course "Preparing Sustainability Reports Focusing on the Electricity Sector", 710 items were analyzed, from which a great amount were included in this document.

Performance indexes from different approaches to make reports and even others followed by investors are being evaluated. The Global Reporting Initiative (GRI), the Brazilian Institute of Social Economical Analysis (Ibase), the Corporate Sustainability Index (ISE), the Dow Jones Sustainability Indexes (DJSI) and the National Electric Energy Agency (Aneel) propose the reported indexes.

The quantitative and qualitative information were reported according to the GRI index protocol. The exception is about the LA7 index (the rate of injury, occupational diseases, lost days, absenteeism and deaths connected to labor, per region), which was reported based on the Regulating Norm nº 4 from the Labor and Employment Federal Department (MTE), at NBR 14280 of the Associação Brasileira de Normas Técnicas (ABNT) and the Instituto Nacional do Seguro Social (INSS). In some cases, it was necessary to have estimates that were indicated along the report.

Change in the report and measuring methods

For the second time the information presented in the Eletrobras Sustainability Report were considered from the point of view of the corporate group. The consolidation was only possible because the Eletrobras companies follow individually their social environmental performance indexes, thus allowing the report of those that are common.

While an integrated management system is not implemented, the subsidiaries manage the information through internal controls, management reports, data basis, computerized systems and even through official corporate documents. The project Social Environmental Indexes for the Management of Company Sustainability (IGS), reported before, will standardize in the future the follow up of data, which will allow also the application of an external audits, that cannot be performed yet.

Company Profile

Eletrobras companies operate in the generation, transmission and distribution of electric energy in the whole of Brazil. The organizations that compose the corporate group, how the shareholding structure is composed, in which regions of the country they are found and operate, the participation of subsidiaries in the Brazilian energy market and the growth projections in the sector are presented in this section.

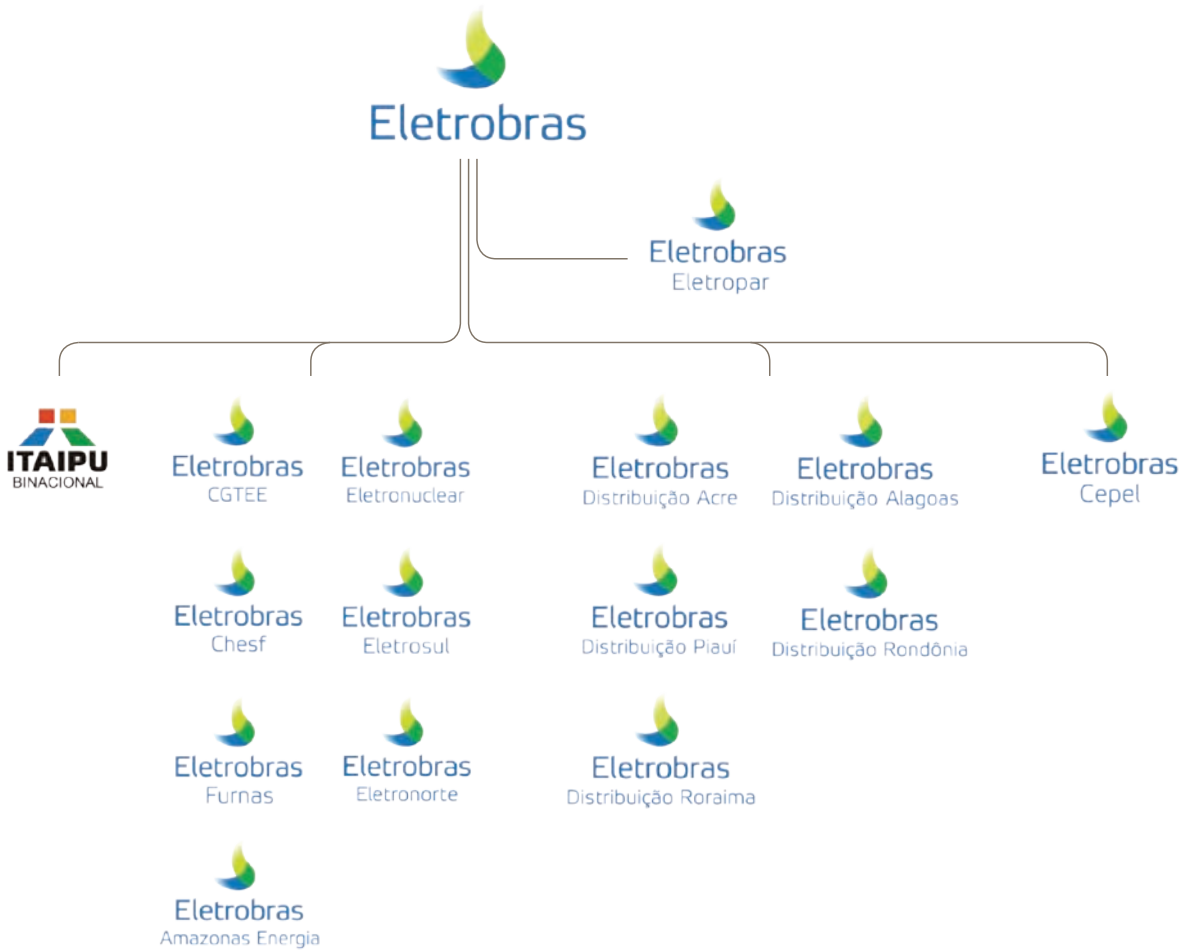
The Eletrobras Companies

The biggest company in electric energy sector in Latin America, Eletrobras, as a holding, controls great part of the electric energy generation and transmission systems in Brazil. Six direct subsidiaries make up the company group: Chesf, Furnas, Eletrosul, Eletronorte, CGTEE and Eletronuclear. Besides being the main shareholder of those companies, Eletrobras has half the capital of Itaipu Binacional.

In the distribution area, Eletrobras acts through its subsidiaries in the states of Amazonas, Acre, Roraima, Rondônia, Piauí and Alagoas. Research Center for Electric Energy (Cepel) and the Eletrobras Participações S.A. (Eletropar) are also part of the company group. Eletrobras distribution companies, its research center and its corporate partnerships company are not evaluated in this report.

On the whole, there are 29 hydro-electric plants, 15 thermo-electric plants, two nuclear power plants, 237 substations and more than 59.7 thousand km of transmission lines. Among its assets there are also generation and transmission projects constituted through Specific Purpose Partnerships (SPEs) – companies created to accomplish a determined undertaking or to create services and activities, which can be connected to the production of goods.

The main operating area is the Brazilian market. Additionally, the company started studies for undertakings abroad. It is estimated that about 16 thousand MW in hydro-electricity can be generated and that 10 thousand km of



transmission lines can be built in those countries. In 2009, offices in Lima, Peru and in Montevideo, Uruguay, were opened.

On 31st December 2009, the installed capacity of Eletrobras companies was of 39.218 MW, including the 7.000 MW which correspond to half the Itaipu Binacional, representing approximately 37% of the total in the country. The participation in operating SPEs supplied other 235 MW for the Brazilian market, making 39.453 MW.

The energetic matrix of Eletrobras companies is predominantly clean, 87.1% of the installed capacity comes from hydro-electricity and 5.09%, from nuclear. Only 6.5% come from oil and 1.24% from coal. The forecast growth for the next years keeps a similar proportion to the present one in terms of source distribution.

INSTALLED CAPACITY BY GENERATING SOURCE

	Installed Capacity (MW) - 31/12/2009	Installed capacity Forecast (MW) in 2014
Coal	490	840
Oil	(1) 2579	(1) 2579
Eolic	–	173
Nuclear	2.007	2.007
Hydro-electric	(2) 34.377	(2) 38.037
TOTAL	39.453	43.636

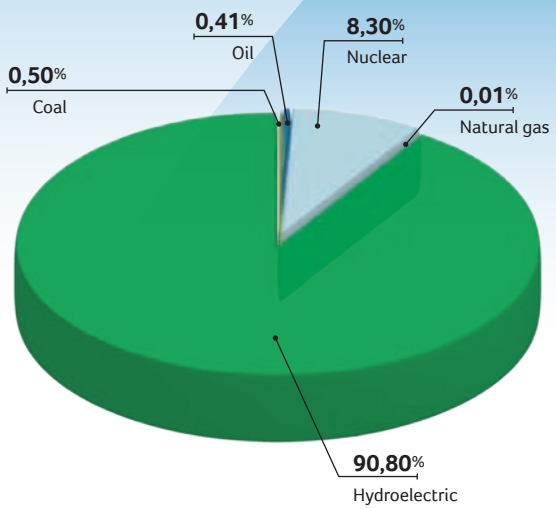
1.Includes 861 MW of bio-fuel thermal plants (Diesel oil/Natural Gas; UTE Camaçari – 347 MW and 932 MW from UTE Santa Cruz).
2. Includes half of Itaipu Binacional – 7.000 MW.

NET AND GROSS ENERGY GENERATION*

Generating and fuel source	Total gross generation 2009 (MWh)	Total net generation*** 2009 (MWh)
Coal powered thermo-electric plant	944,608.69	723,581.61
Oil powered thermo-electric plant	596,292.35	586,477.81
Uranium powered nuclear central	12,975,088.00	11,876,916.91
Natural gas powered thermo- electric plant	10,951.00	10,021.00
Hydro-electric plant**	176,426,217.56	171,931,486.49
Total	190,953,157.60	185,128,483.82

*Including 50% of the energy generated by Itaipu Binacional.
**The participation of the Furnas plants of Serra da Mesa (48.46%), Manso (70%) and Baguari (15%).
***Net generation = Gross generation – Internal Consumption – Generation Loss.

ENERGY GENERATED BY EACH SOURCE



Lines which lead to development

The Eletrobras companies are responsible for, approximately, 59.7 thousand km overhead transmission lines, distributed according to the following tension classes:

- **750 kV**: 2.7 thousand km;
- **600 kV**: 1.6 thousand km of continuous current;
- **500/525 kV**: 15.5 thousand km and 1.5 thousand more in partnerships;
- **345 kV**: 6.0 thousand km and 70 km more in partnerships;
- **230 kV**: 25.3 thousand km and 338 km more in partnerships;
- **Menor que 230 kV**: 6.7 thousand km.

EXPANSION FROM THE SPEs

Until 2014, the beginning of operation of the 16 units from the Jirau Hydro-electric plant are predicted to be operating, with 3,300 MW (40% owned by Eletrobras), and the 33 units from the Santo Antônio Hydro-electric plant, with 3,150 MW (59% owned by Eletrobras). Besides that, the Dardanelos (261 MW) Mauá (362 MW, 49% owned by Eletrobras)), Retiro Baixo (82 MW, 49% owned by Eletrobras)), Foz do Chapecó (855 MW, 40% owned by Eletrobras) and Serra do Facão (213 MW, 49,5% owned by Eletrobras),hydro-electric plants will start operating as well as the last two units of Baguari (140 MW, 15% owned by Eletrobras).

PROFILE

Name: Centrais Elétricas Brasileiras S.A. - Eletrobras

Type: Mixed Economy, Open Capital Society

Product/services: Electric energy generation, transmission and distribution

Served makets: Brazil

Operational Units: 29 hydro-electric plants, 15 thermo-electric plants and 2 nuclear plants

Situation: Headquarters in Brasília - DF, SCN - Quadra 04 - Bloco B - Sala 203/C – General main office

Customers: Several, depending on the undertaking

Employees: 21,000 *

Turnover: R$ 29,693,833,000.00

Commercialized energy in 2009: 166,100,259*MW

Installed Power: 39,453 MW

Net generated energy in 2009: 185.128.483,82 MW

Mission: Operate in energy markets in an integrated, profitable and sustainable way

Vision: In 2020, to be the biggest global clean energy company system with profitability comparable to the biggest companies in the electrical sector

**When recorded the employees of companies evaluated in this Sustainability Report.*

***Recording 50% of the energy produced by Itaipu, commercialized by the Eletrobras.*

TRANSMISSION EFFICIENCY

Each Eletrobras company calculates their loss indexes of their transmission systems according to specific methodologies.

TRANSMISSION AVAILABILITY

In the last three years, the average availability of transmission systems from Eletrobras subsidiaries was superior to 97%. The year with the best performance was 2009, with 99.6%. Most of the time, the lines operated normally, without significant interruptions, and the occurrences were due to atmospheric, seasonal or eventual emergency causes that were treated in due time, which allowed the immediate recovery of lines.

HISTORY

The history of the Centrais Elétricas Brasileiras S.A (Eletrobras) started in 1954, when the president Getúlio Vargas proposed the creation of the company. In 1961, president Jânio Quadros signed off the creation of Eletrobras, which was officially founded in 1962, by the president João Goulart. Since then, many facts have marked its performance. Along this report, it will be possible to get to know a little about the organization. The complete and detailed history is in the site www.eletrobras.com.

1948 Begining of Companhia Hidro Elétrica do São Francisco (Chesf) activities.

1954 President Getúlio Vargas proposes the creation of Centrais Elétricas Brasileiras S.A – Eletrobras.

1956 The Target Plan – 50 years in five included the reorganization of the electric power sector: the federal companies would invest in generation, while the distribution would belong to the private sector.

1957 Creation of Furnas Centrais Elétricas.

1960 Juscelino Kubitschek signs Law nº 3.782, creating the Ministry of Mines and Energy.

1961 Presidente Jânio Quadros authorizes the constitution of Eletrobras.

1962 Eletrobras is officially installed in a solemn ceremony of the Conselho Nacional de Águas e Energia Elétrica (National Counsel for Water and Electric Energy).

1964 The law transforming the sole tax on electric energy in an *ad valorem* tax was in enforced and it established the compulsory loan to Eletrobras.

1965 The Eletrobras regulating and auditing functions are created.

1967 With the 60.824 Decree, president Costa e Silva validates the National Electrification System, which declares the convenience of concentrating the Eletrobras action and the State governments in the sector, restricted to a limited number of companies.

1968 The Centrais Elétricas do Sul do Brasil S.A (Eletrosul) is created, with the incorporation of two federal companies in the South of the country: the thermo-electic plant Charqueadas S.A. (Termochar) and the Thermo-electric Partnership Capivari (Sotelca), inaugurating the first unit of the Jorge Lacerda plant, in Tubarão (SC).

AVAILABILITY OF POWER PLANTS

While the average availability factor of Eletrobras plants was between 80% and 99%. For the coal powered thermo-electrical plants, this index was from 40% to 58%; for those using natural gas, between 60% and 99%; and those powered by oil products, from 38% to 99%.
The global weighted availability of thermo-powered plant is 86% while the hydro-electric plant is 99%.

THERMOELECTRICAL PLANTS EFFICIENCY

The 15 thermo-electrical plants stayed within the expected performance standard. In 2009, according to the kind of fuel used, the generation efficiency weight average was the following: coal, 25.6%; natural gas, 30.5%; oil products, 31.1%; and nuclear, 35.6%. The average efficiency of all thermo-electrical plants was of 34.7%.

1971 The utilities start transfering to Eletrobras 3% of their annual revenues for the Global Reversion Reserve (RGR) fund.

1973 Centrais Elétricas do Norte do Brasil S.A (Eletronorte) is born, responsible for the construction of Tucuruí plant, in Tocantins River, which started the power generation in large scale in the Amazon.

1973 President Emílio Garrastazu Médici enacts the Itaipu Law (nº 5.899), which creates the bination entity and institutes the purchase of energy from the future plant by the utilities in the Southeastern, Southern and Mid-Western regions.

1982 Creation of Electrical System Planning Coordinating Group (GCPS), an organ composed by the main utilities in the country and which is responsible for writing the decennial expansion plans of the electric energy sector.

1984 The two biggest power plants in the country start their operations – Tucuruí and Itaipu –, the latter being a partnership with the Paraguayan government.

1985 José Sarney's government creates the National Electric Energy Conservation Program (Procel), aiming at promoting the conservation and the efficient and rational use of electric energy.

1985 President Sarney's government approves the Sector Recovery Plan (PRS), created with the objective of promoting the financial recovery of utilities through federal investment of budgetary source and from fee recovery systems.

1986 The government starts requiring a report on the impact on the environment of power stations with a power above 10 MW.

1988 A year after establishing its Environment Department, Eletrobras creates the Electric Sector Environment Activities Coordinating Committee (Comase), gathering together with Eletrobras, the Electric Energy and Waterways National Department (Dnaee) and 25 utilities.

1988 Eletrobras assumes the responsibility for the completion of Angra 2 and Angra 3, due to changes in the nuclear policy.

1989 Eletrobras inaugurates the *System Operation National Center* (CNOS), connected to the operational core of companies in this sector.

GOVERNMENT PROGRAMS

Eletrobras gives support to the federal programs *Luz para Todos* (Light for All), *Programa National de Iluminação Pública Eficiente - Reluz* (National Public Efficient Lighting Program), *Programa de Incentivo às Fontes Alternativas de Energia Elétrica* - Proinfa (Alternative Source Energy Incentive Program) and *Programa Nacional de Conservação de Energia Elétrica Procel* (the National Electric Energy Preservation Program).. Such initiatives are financed by funds coming from the companies in the sector.

1990	Institutional modifications and privatizing cause changes in Eletrobras profile.
1990	The *II Plano Diretor de Meio Ambiente do Setor Elétrico* (The II Electric Sector Environmental Master Plan) is created to establish guidelines to deal with socio-environmental issues.
1992	The government announces the intention of triggering the privatization process of companies in the electric sector through the *Programa Nacional de Desestatização* (National Privatization Program (PND).
1993	Eletrobras finishes the sector planning review, defining the Brazilian electric system expansion alternatives until the year 2015.
1996	Eletrobras hires an international consulting consortium to perform studies on the reorganization of the electric sector.
1997	From the divestiture of the nuclear area of Furnas Centrais Elétricas S.A and its fusion with the Nuclebrás Engenharia S.A. (Nuclen), Eletrobras Termonuclear S.A (Eletronuclear) is created.
1998	Furnas and Eletronorte get together to build the so called North-South connection (*interligação Norte-Sul)*.
2000	The Eletrobras assumed assets thermo-electrical generation of CEEE, constituting CGTEE.
2001	The Federal government sets up the rationing program to avoid the colapse in the supply of electric energy in a great part of the national territory.
2004	Approval of the sector new regulatory model, aiming at ensuring the energy supply in the country, with fare modalities.
2004	The Eletrobras companies are exempt from the *Programa Nacional de Desestatização* (National Privatizing Program (PND).
2004	Eletrobras starts engaging more than 3.000 MW related to wind source (eolic) projects, small electric power stations (PCHs) and bio-mass, contemplated by Proinfa, from the Federal government.
2007	Itaipu Binacional activates the production in the two last generating units, which raised the capacity of the Brazilian-Paraguayan plant to 14,000 MW.
2008	Eletrobras shares reach level 2 of corporate governance at the New York Stock Exchange.

The Brazilian energetic model

The Brazilian electric system is formed by the *Sistema Interligado Nacional* (National Interconnected System (SIN) and by several minor isolated systems, in the Northern and Northeastern regions of the country. The SIN is made up of Southern, Southeastern, Southeastern/Mid-Western, Northern and Northeastern subsystems, and corresponds to 97% of the electric energy market in Brazil. From the 258 isolated systems, 116 are serviced by Eletrobras companies.

ONS is responsible to coordinate and control the operation of SIN energy generation and transmission facilities. ONS is under the control and regulation of National Electric Energy Agency (Aneel). That means, it is the ONS which determines which plants will be operating and the amount of generation to be dispatched.

The Federal Government is responsible, directly or through concession, to authorize or allow third parties, to explore the electric energy services and facilities and the water ways energy transfer. It is also a Brazilian state responsibility to define the granting criteria, registering, following and checking utilities rights to develop research and exploring the hydro resources, besides ruling on the water ways and electric energy.

The Energy Research Company (EPE), connected to the Ministry of Mines and Energy (MME), has the responsibility to perform studies and research oriented towards the Brazilian energetic planning, considering that these should be technically, economically and socially feasible and environmentally sustainable. Those studies and research give subsidy to the development of the Power Plant and Transmission Line Bid Program.

New energy generation and transmission undertakings are enabled by auctions for energy contracts, with subsequent grant of concession. The companies which are interested in exploring the undertaking can take part in the auctions on their own or in groups of consortiums. The role of Eletrobras, when it wins those auctions, is to perform the set up, operation and maintenance of facilities for the full term of the concession.

SECTORIAL RESOURCES MANAGEMENT

Eletrobras is responsible for the management of the Fuel Consume Account (CCC), which finances the fossil fuels used in the isolated systems, most of which are situated in the Northern region of the country. Besides that, it manages the resources of the Energetic Development Account (CDE), paying back the costs from fuel acquisition for the coal powered plants in the Southern region.
In 2009, the Eletrobras companies supplied 37% of the electricity demand in Brazil. Most of it, 93.1%, is provided by renewable hydraulic sources.

The Eletrobras companies take an expressive share in the studies of the Decennial Energy Expansion Plan (PDE) 2008/2017, written by the EPE/MME. On the whole, they will contribute to these studies with 35,731 MW in generation projects, including those for which they have a direct concession and those in which they have a partnership interest.

Approximately 74% of the total projects indicated for the 2014 to 2017 period are a responsibility of the Eletrobras companies. The companies take part in undertaking studies with a total of 26,508 MW. The Eletrobras companies act as responsible agents taking care of the development of projects, on their own or in partnership with other agents.

New undertakings

Approximately 99% of the 34,031 MW of the installed capacity in new undertakings predicted for the expansion of Eletrobras will come from hydraulic sources. The nuclear generation counts on a projection of 1,350 MW power, with the construction of Angra 3.

Eletrobras has as an objective to become, in 2020, the largest clean energy company in the world. Among the hydraulic projects are Belo Monte Hydropower Project and the Rio Madeira Hydro-electric plants – Santo Antônio and Jirau.

FINES AND SANCTIONS

The Eletrobras companies did not suffer any non monetary sanctions, as a consequence of non-compliance with the law and regulation. The fines that refer to taxes, lack of base, delay in delivery of undertakings and technical problems in generation and transmission line undertakings amounted to R$ 73,402,001.49.

Corporate Management

In order to understand the socio-environmental performance of an organization, it is essential to know how it is managed. In this chapter, there is information about the corporate management of Eletrobras, the deep changes enabled by the Transformation Plan and the commitments with sustainability, among other aspects.

Strenghtened Governance

Ethics, transparency, equity, accountability and corporate responsibility are the principles that guide Eletrobras's corporate governance model. These principles represent not only the concern with fulfilling the sustainability requirements for the company's performance, but also the continuous pursuit of the best practices in relationships with stakeholders.

Conscious about the competitive environment and its strategic role in the Brazilian and international electric sector, in 2009 Eletrobras went through a reorganizing process of its corporate governance model. In the organizational re-structuring model context, Corporate Governance Department was created.

Subordinate to the Superintendence of General Coordination of the Presidential Board, the department is responsible for coordinating the implementation and improvement of the best practices of corporate governance and for assisting the Board of Executive Officers, the Board of Directors and the Fiscal Council. By developing technical studies and economic-financial analyses, it provides subsidies for the top management to take decisions in equity stakes.

The structure of Eletrobras governance is made up of the Shareholders General Assembly, the Board of Directors the Enhanced Fiscal Council, the Internal Audits and the Board of Executive Officers.

The Board of Directors comprises up to ten members, and eight directors are elected by the majority shareholder, one is elected by the ordinary minority

shareholders and another is elected by the minority shareholders holding preference shares. All members have a term of office of one year and they can be re-elected. On average, they receive 10.22% of the salary of executive officers.

In 2009, the Eletrobras Board of Directors counted on nine members, two of them being independent directors. Seven men and two women took part in the Board in 2009. The seat belonging to the minority preference shareholders representative was not taken, as the established requirements from the By-laws to elect their representative could not be met.

The Board of Directors has ordinary meetings once a month and extraordinary ones whenever it is necessary. Through an executive summary, also issued every month, the members are informed about the economic-financial performance of the company. The administrative and sustainability reports are also analyzed and it is the Board's duty to approve the financial statements.

INTERNAL CONTROLS

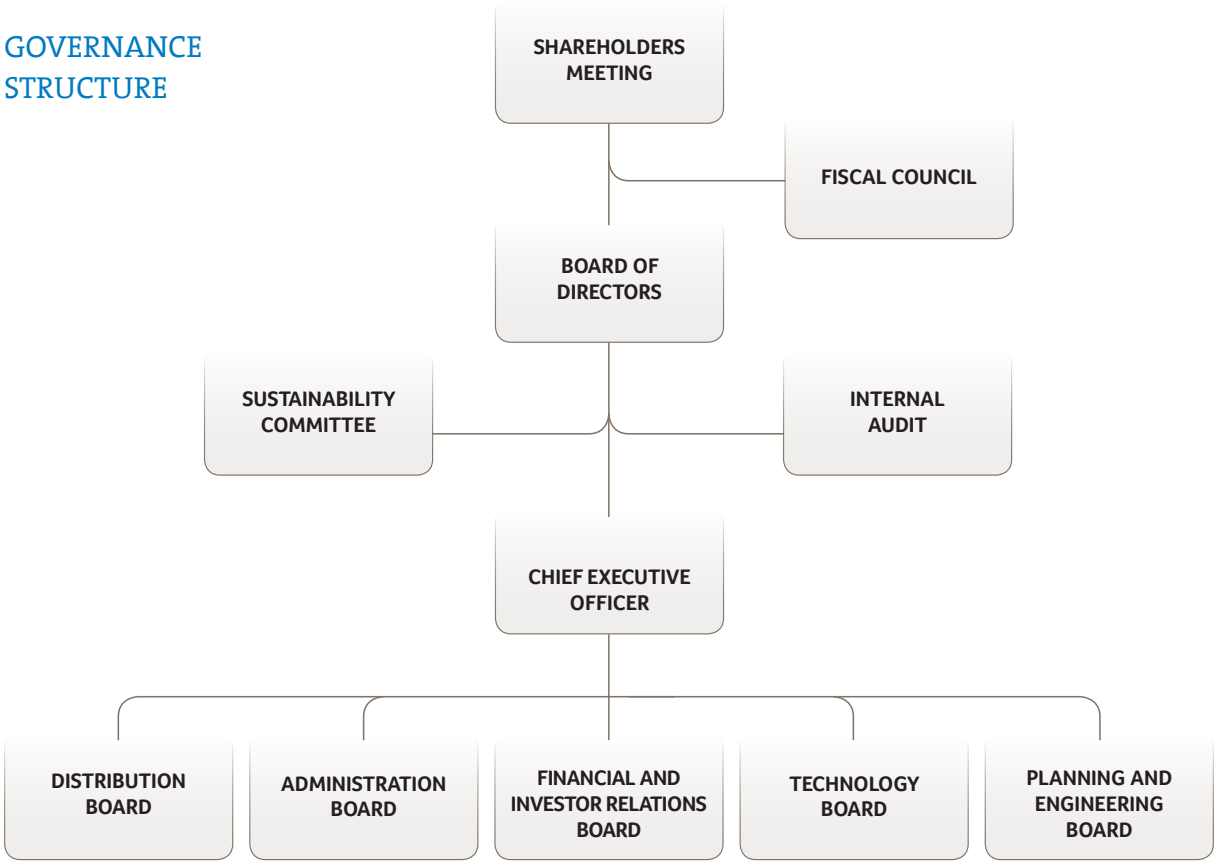
The Internal Audit, which is directly subordinate to the Board of Directors, is responsible for checking the appropriateness, effectiveness and efficiency of internal control systems, the compliance with the legislation and with internal and external norms. Besides that, several committees support the Board's activities; but only the Sustainability commitee reports directly to the Board.

Internal Regulation review

Aiming at the compliance with corporate governance good practices, in 2009 the Internal Regulation of the Eletrobras Board of Directors was reviewed. Among the changes were included: the Board meetings monitoring of time and subjects, the formal assessment of the Board of Executive Officers by the Board of Directors and the organization of biannual meetings with external auditors.

Besides that, the Internal Regulation also limited the number of Boards of Directors in which a member of the Eletrobras Board can take part and it authorized members to take part in meetings through teleconference or videoconference, whenever there is a good reason for that.

GOVERNANCE STRUCTURE



COMPANY STRUCTURE

Each subsidiary has its own governance structure, with an autonomy to take decisions that affect their business. In general, they have their Board of Directors and Fiscal Council, besides a Sustainability Committee, which, with the advice of the holding Committee, suggests policies and guidelines about the subject.

Enhanced Fiscal Council

The Fiscal Council, having a permanent basis, is composed by five members and their respective alternates, elected by the Ordinary Assembly, and three of them are elected by the controlling shareholder, one by the ones holding ordinary minority shares and another by the minority shareholders of preference shares. The Fiscal Council members' tenure lasts one year, and they can be re-elected.

In the last year, only four members were part of the Fiscal Council, as the minority preference shareholders did not attend the necessary requirements to elect their representative.

Since 2006, the Fiscal Council can count on at least one financial expert board member, thus becoming an Enhanced Fiscal Council, which incorporates the function of Audit Committee. This change is in compliance with the requirements of the *Security Exchange Comission* – SEC and of the Sarbanes-Oxley Act.

Role of the Board of Executive Officers

Besides those Boards, the structure of Eletrobras governance can count on the Board of Executive Officers to conduct the business. It is made up of the CEO and the Administration, Planning and Engineering, Financial and Investor Relations, Technology and Distribution Boards.

The directors are indicated by the Board of Directors, taking into account the criteria established in the By-laws. From 2010 on, the performance of the Board of Executive Officers will be formally assessed by the Board of Directors once a year. At the moment, there is no pre-established succession plan.

Other boards

Also part of the corporate governance structure of the Eletrobras companies, are the Advisory Council and the Superior Council of the Eletrobras System (Consise). Both of them support the Eletrobras Board in their corporate decisions.

The Consise is formed by Eletrobras Board of Executive Officers, and by the CEO of the subsidiaries and by the CEO of the Research Center for Electric Energy (Cepel). Its main purpose is to promote the flow of information and strategic corporate guidelines among Eletrobras companies.

The Advisory Council is made up by five representatives recognized for their experience in top administration positions in the Brazilian electric sector. The Advisory Council is responsible for advising about the performance of all the Eletrobras companies.

Working committees

- Corporate Integration Committee for Research, Technological Development and Innovation (Cicop): coordinates and gives incentive to technological research, development and innovation, optimizing the allotment of resources;
- Investment Committee of the Eletrobras System (Cise): writes opinions about investment opportunities and priorities of Eletrobras companies;
- Information Technology, Telecommunication and Automation Committee of the Eletrobras System (Cotise): coordinates the establishment of controls, standards and tools for the implementing of the Information Technology Integrated Policy, besides supervising its compliance;
- Supply Logistics Strategic Committee (Celse): it is responsible for the management of the Supply Logistics Policy. It also promotes the increase in efficiency and competitiveness of companies and tries to strengthen the buying power and reducing the acquisition and asset and service administration costs;
- Sustainability Committee: directly subordinated to the Board of Directors, develops policies and guidelines for corporate sustainability, besides following and assessing the results of management tools, among others.
- Energy Trading Committee of the Eletrobras System - CCSE
- Operation, Planning, Engineering and Environmental Committee of the Eletrobras System - COPEM

Renewed energy

The year 2009 was a year of great changes for Eletrobras companies, a great part of them deriving from the Transformation Plan which started in 2008. At the end of 2009, 75% of the predicted actions had been concluded.

Besides that, Eletrobras can also proceed in the international expansion of its business, enabled through the approval of Law 11.651/08, which allows, even, the company to constitute consortiums, directly or through its subsidiaries to have a share in partnerships in Brazil or abroad.

In the area of corporate governance, in 2009, several strategic actions were implemented. The legal criteria for the choice of directors Eletrobras representatives were established and written the Manual of Board of Directors and Fiscal Representatives.

Other objectives reached were the creation of a Personnel Integrated Management Plan, Unified Career and Remuneration Plan and Management and Performance System.

In order to guide the actions of companies, several policies were approved such as: Research, Development and Innovation; Supply and Logistics; Integrated Communication and Environmental. The Corporate University was totally restructured to develop the corporate competencies according to the new Eletrobras companies' strategies (see page 71).

COMMITMENT WITH SUSTAINABILITY

In 2009, the Eletrobras companies started a joint work to write their Sustainability Policy, aiming at ensuring their commitment with the effective contribution for the sustainable development of the areas where they work. The document will be ready and it will be broadly spread in 2010.

SOCIO-ENVIRONMENTAL RESPONSIBILITY NORMS

The Eletrobras companies guide their operations by internationally recognized norms, such as the SA 8000, referring to labor practices; the OHSAS, turning to health and occupational safety; the ISO 14000, which deals with an environmental management system; and the NBR 16000, on social responsibility. However, most of the companies do not have the are not certified.

The plan put into practice

In order to accelerate the approval and the execution of the Transformation Plan proposals, the Strategic Action Program (PAE) was created, focusing on the improvement of corporate governance and management, on the management of personnel, on the company image and on the business internationalization.

With the PAE, an increase in adherence to the Corporate Sustainability Index criteria from the Bolsa de Valores de São Paulo (ISE Bovespa) is expected and also to enter the *Dow Jones Sustainability Indexes* (DJSI), from the New York Stock Exchange. Resource funding in the international market will be provided until 2012.

In the end of the year 2009, the Corporate Performance Target Contract (CMDE) was established between Eletrobras and its companies. This management instrument was created according to the new corporate governance rules, as a requirement for the set up of a group of actions for the improvement in capital structure of companies.

The CMDE aims at establishing management results and targets between Eletrobras and each one of its companies. The management process counts on a set of activities and procedures involving Eletrobras and its subsidiaries, so as to allow the appropriate coordination and assessment of their activities. Therefore, with the help of a group of economic-financial technical-operational and socio-environmental indicators, an improvement in financial, operational and strategic efficiency of companies is expected.

The development of actions is monitored by a set of performance indicators conceived specifically according to the reality of each one of the companies. From the amount of R$ 30.2 billion, predicted by the PAE until 2012, the Eletrobras companies have invested R$ 8.7 billion in 2009.

Tucuruí Pact

In 2009, a joint work of Sustainability Committees of the Eletrobras companies selected priority actions to attend the targets of the Strategic Actions Program. They were approved by the CEO of the companies, in what was called the Tucuruí Pact, in reference to the hydro-electrical plant where the document was signed.

In the pact, the subsidiaries set a commitment to gather efforts and mobilize resources to meet the sustainability and corporate governance targets.

From the 33 actions proposed at the Tucuruí Pact, 16 had been finished until the end of 2009, 14 were under development and only three had not started yet.

GLOBAL COMPACT

All of the Eletrobras companies are signatories of the Global Compact, from the United Nations (UN). The engagement of Eletrobras happened in 2006 and, since then, the principles defended by the Pact are considered in their corporate guidelines.
www.unglobalcompact.org

Sustainability Management

The project Socio-environmental Indicators for the Management of Corporate Sustainability (IGS) is a relevant tool for monitoring the performance indicators in Eletrobras companies. The IGS started being developed in 2007, by the Electric Energy Research Center (Cepel), coordinated by Eletrobras, with the subsidiaries playing their part.

Initially, the project had as focus the environmental management, which was under a test stage in 2009 and its implementation must be concluded in 2010. Still in 2010, the IGS will be broadened to contemplate the follow up of economic, financial, social, corporate governance, technological innovation and energetic efficiency indicators.

The conclusion of the project will allow Eletrobras to manage indicators of all sustainability dimensions, through a data basis with parametrized and traceable information.

Strategic Plan

In the second half of 2009, the Integrated Strategic Plan for Eletrobras companies was written. Representatives from all companies analyzed and discussed how the planning and management for the period between 2010 and 2020 should be.

This project culminated with the reformulation of the mission, vision and of the values of Eletrobras companies. Consequently, the strategic position of the group of companies was redefined, with value proposals for stakeholders, for the strategic objectives, for management and competencies.

"To act in the energy market in an integrated, profitable and sustainable way"" is a new mission. "In 2020, to be the largest global clean energy corporate system, with a profitability comparable to the best companies in the electric sector", is the vision of the company group. In a second phase of this re-structuring, along 2010, Business Plans will be unfolded and the Investment Plan will be consolidated.

MILLENNIUM DEVELOPMENT GOALS

The social responsibility guidelines are also aligned to the **Millennium development goals**. They guide the operation of Eletrobras companies, for example, in building socio-environmental policies and are considered in the social projects supported by the companies.

New brand

With the consolidation of management changes in Eletrobras companies, 2009 was a year of changes. A committee coordinated by the holding developed studies for the construction of a visual identity unified for the company group.

This project involved a diagnosis, research, determination of the positioning and of the architecture of the brand in the branding project – the building and management of a brand together with its market. The new identity inaugurates a stage which aims at positioning the Eletrobras companies in a more competitive way in the market.

Since the end of March 2010, when it was launched, the subsidiaries are already using it in all the institutional material, including in their *websites*. The only exception is Itaipu, which, for its condition as a Bi-national company, kept its own trademark.

INTEGRATED COMMUNICATION

In 2009, the first Integrated Communication Policy was created. Written down with the support of professionals from the subsidiaries, it guides the communication activities of the company group. The next step is the set up, in 2010, an Integrated Communication Plan.

Ethics Code

In 2009, the unification process for policies and procedures contemplated the production of a unique Ethics Code for the Eletrobras companies, involving representatives from all the companies and the data availability for the employees, in order all preceptions could be considered.

Eletrobras has been formalized in its Ethics Code a group of essential values to be observed and practiced concerning the relationship with their employees, suppliers, shareholders, press, communication organs, communities and other society segments. This code is applicable to all employees and managers of the Eletrobras companies.

Among the ethics principles grounding such relationships, Eletrobras adopts as priorities: Dignity and Respect to People, Loyalty, Sustainability, Professionalism, Transparency, Impersonality and Integrity.

CONFLICTS OF INTERESTS

Aiming at the appropriateness to better corporate governance practices, the Eletrobras By-Laws is going through changes. The conflict of interest is among the subjects to be included in the document, which was approved by Eletrobras Board of Directors and will be enacted in 2010.

Relationship with stakeholders

The construction of large generation units and of overhead transmission lines, requires land expropriation and the relocation of people. A communication, social interaction and negotiation process is installed in order to obtain the best possible results.

The relationship with the community is always based on the fulfillment of legal commitments; besides, the information and support actions are permanent. The effort has the priority of replacing the life quality of the affected population in such a way that their daily lives can be equal or better than the previous situation.

To this end, public audiences are promoted and communication channels are made available to encourage the dialogue with all parts involved. The *holding* and its subsidiaries have an Ombudsman system which, through electronic form, fax, mail or even personally and via telephone, answers different audiences.

FIGHT AGAINST CORRUPTION

Besides featuring in the Ethics Codes and the fiscalization by internal audits, the fight against corruption is one of the principles of the Global Compact. The compliance with the document is monitored by Ombudsman and Ethics Committees/Commissions in each subsidiary. In 2009, no case of corruption was recorded.

Strategic Involvement

Taking part in strategic entities enables the exchange of information and of knowledge contributing for the continuous improvement in corporate management. The Eletrobras holding and/or the subsidiaries are part of the following organizations:

- Associação Brasileira das Empresas Geradoras de Energia Elétrica (ABRAGE) - (Brazilian Association of Electric Power Generation Companies);
- Associação Brasileira das Grandes Empresas de Transmissão de Energia Elétrica (ABRATE) - (Brazilian Association of Large Electric Power Transmission Companies);
- *Associação Brasileira de Distribuidores de Energia Elétrica* (ABRADEE) - (Brazilian Association of Electric Power Distribution Companies);
- Associação Brasileira de Grandes Consumidores Industriais de Energia e de Consumidores Livres (ABRACE) - (Brazilian Association of Large Industrial Energy Consumers and Free Consumers);
- Associação Brasileira para o Desenvolvimento das Atividades Nucleares (Brazilian Association for the Development of Nuclear Activities);
- Associação de Empresas Proprietárias de Infraestrutura e Sistemas Privados de Telecomunicações (Brazilian Telecom Infrastructure and Private Telecom Systems Business Association);
- Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais (APIMEC) - (Capital Market Professionals and Brokers Association);
- Associação Brasileira para o Desenvolvimento das Atividades Nucleares (ABDAN) - (Brazilian Association for the Development of Nuclear Activities);
- Associação Brasileira da Infraestrutura e Indústrias de Base (ABDIB) - (Brazilian Association of Infrastructure and Basic Industries);
- Associação Brasileira de Energia Nuclear (ABEN) - (Brazilian Association o Nuclear Energy);
- Associação Brasileira dos Geradores Térmicos (ABRAGET) - (Brazilian Association of Thermal Power Generation Companies);
- Agência Internacional de Energia Atômica (AIEA) - Atomic Energy International Agency;
- American Nuclear Society (ANS);
- Câmara de Comércio Americana (AMCHAM) - American Chamber of Commerce;
- Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica (Brazilian National Electric Power Generation and Transmission Committee);
- Centro Brasileiro de Relações Internacionais (CEBRI) - (Brazilian Center of International Relations);
- Comitê Brasileiro de Barragens (Brazilian Committee on Dams);
- Comitê Brasileiro da Cier (BRACIER) - (Brazilian Committee for Regional Energy Cooperation and Integration - CIER);
- Comitê de Gestão Empresarial (FUNCOGE) - (Corporate Management Committee);
- Comissão de Integração Energética Regional (CIER) - (Commission of Regional Energy Integration)
- Conselho Mundial da Água (World Water Council);
- Electric Power Trade Chamber (CCEE)
- e8;
- Electric Power Research Institute (EPRI);
- Fundação Nacional da Qualidade (National Quality Foundation);
- Instituto Ethos de Empresas e Responsabilidade Social (Ethos Institute for Business and Social Responsibility);
- Instituto Nacional de Investidores (National Investors Institute);
- Institute of Nuclear Plant Operators (INPO);
- International Hydropower Association (IHA);
- International Council on Large Eletric Systems (CIGRE);
- Movimento Brasil Competitivo (Brazil Competitive Movement);
- Movimento Catarinense para a Excelência (Santa Catarina State Movement for Excellence);
- Organização das Nações Unidas para o Desenvolvimento Industrial (ONUDI) - (United Nations Industrial Development Organization);
- Sociedade Brasileira de Gestão do Conhecimento (SBGC) - (Brazilian Society for Knowledge Management);
- Section of the Latin American Nuclear Society (LAS);
- World Association of Nuclear Operators (WANO);
- World Nuclear Association (WNA).

Whatever the subject, the customer's identity is confidential and the content of the message is impersonally, seriously viewed, and in a reserved way. The Ombudsman receives the manifestations and ensures their forwarding until the interested part is satisfied.

Besides that, there are other means of dialogue, such as the "Talk to Us" and the Denouncing Channe, and the latter receives exclusively information on possible irregularities. Both are available in the websites of companies.

All the public related to Eletrobras companies can use the cited means. The Ombudsman serves as a channel to take to the top administration the needs and suggestions of different stakeholders.

PARTNERSHIP OPERATION

The Eletrobras companies keep a close relationship with the City Halls of the cities where they are installed. Several actions, which aim at the local, social and economic development, are implemented in a partnership with municipal authorities.

Value Proposal: benefits for the stakeholders

The determination of the 2010-2020 Strategic Plan has also defined the value proposal for the stakeholders: shareholders, customers, government and society. To ensure profitability and shares with a high degree of stock liquidity, low volatility and a market value compatible with the scarcity value is what is intended for the shareholders.

For customers, clean electric energy in a quantity, quality and with competitive prices with all the supplying chain. To the government, Eletrobras will provide the feasibility of structuring projects, looking forward to differentiating Brazil as a global reference in electric energy generation from a clean source. For the society, the encouragement of development and the commitment with clean energy.

Safety inside and outside companies

Enterprise Risk Management (ERM) of Eletrobras companies, is based on COSO II – ERM framework (The Committee of Sponsoring Organizations of the Treadway Commission) and is aligned to the best practices in the market, it is a planned process to identify events which can affect the strategic objectives of the company and provide the due response.

The guidelines are established by the Board of Directors and the consequent actions are implemented by the managers. The objective is to provide, with reasonable safety, the accomplishment of organization goals from an adequate strategy alignment connected to their risks.

The six fundamental stages for the risk management process are: identification and classification, assessment, measuring, treatment, monitoring, information and communication of risks.

With the purpose of integrating, but at the same time decentralizing the risk management, initially discussion groups were created in all the companies. Therefore, it will be possible to standardize the knowledge and procedures related to the subject.

Committees and formal areas responsible for the management of risks and controls in all the subsidiaries were also created. From this network, the information will be uniformly consolidated by the holding.

The different Eletrobras companies sign their insurances individually, according to the characteristics of their business, and there is no standard for the corporate group.

The risk management process allows the identification of opportunities and threats, when defining which ones are directly related to the company strategies. This, together with the crisis management plan, enables the reduction of probabilities and/or impacts of loss events and a better perception of risk by the financial and capital markets, causing the reflex reduction of capital cost for the company.

Procedures that minimize risks

The risk of incidents in the electric sector is high and can bring economic consequences as well as social and environmental ones. A maintenance mistake can, for example, cause the shutting down of a generating unit, causing the interruption of electric supply and serious damage for all the country.

As failures are inevitable, all Eletrobras subsidiaries keep contingency or re-structuring plans, according to the characteristics of its generation plant. There are designed procedures in case of flood, fire, rebellion, strikes, sabotage, accident or human mistakes, among others.

The operation in an interconnected system minimizes the risk of interruption in electricity supply, as the other plants start operating to supply the demand. Even so, Eletrobras companies make every effort to decrease the frequency and seriousness of incidents, ensuring that their vital processes work perfectly.

In the nuclear centrals, for example, above all guidelines, safety is a priority. The strictness in the activities has ensured that, in more than 20 years of operation, no accident has put the workers, the population or the environment in the region where the Eletrobras Eletronuclear is installed, in Rio de Janeiro, at risk. All stakeholders are trained to face emergency situations through an integrated contingency plan, which includes the civil society.

Even with all the efforts, the blackout which occurred during the night of 10/11/09 could not be avoided. The event was caused by severe climate conditions, and in spite of the excellence in the operation and maintenance of transmission lines and towers, which go through frequent land and aerial inspections. More than R$ 1.2 billion were invested in modernizing the transmission lines, with undertakings for their improvement and strengthening. All the equipment in the transmission system is operating according to the specifications from Brazilian Law, which predicts the necessary characteristics for their performance, even if under storms.

Economic Profile

In this chapter, there is information about the financial-economic performance of Eletrobras companies. Indicators about the financial results, investments, international standards, presence in the market, negotiation of shares, besides the consolidated Value Added Demonstration (VAD), will be described in the following pages.

Eletrobras economic profile

Eletrobras is a mixed economy company controlled by the Brazilian government, which has 52% of the common shares. Its papers are negotiated in São Paulo (Bovespa), New York (NYSE), in the US, and Madrid (Latibex), in Spain stock exchanges.

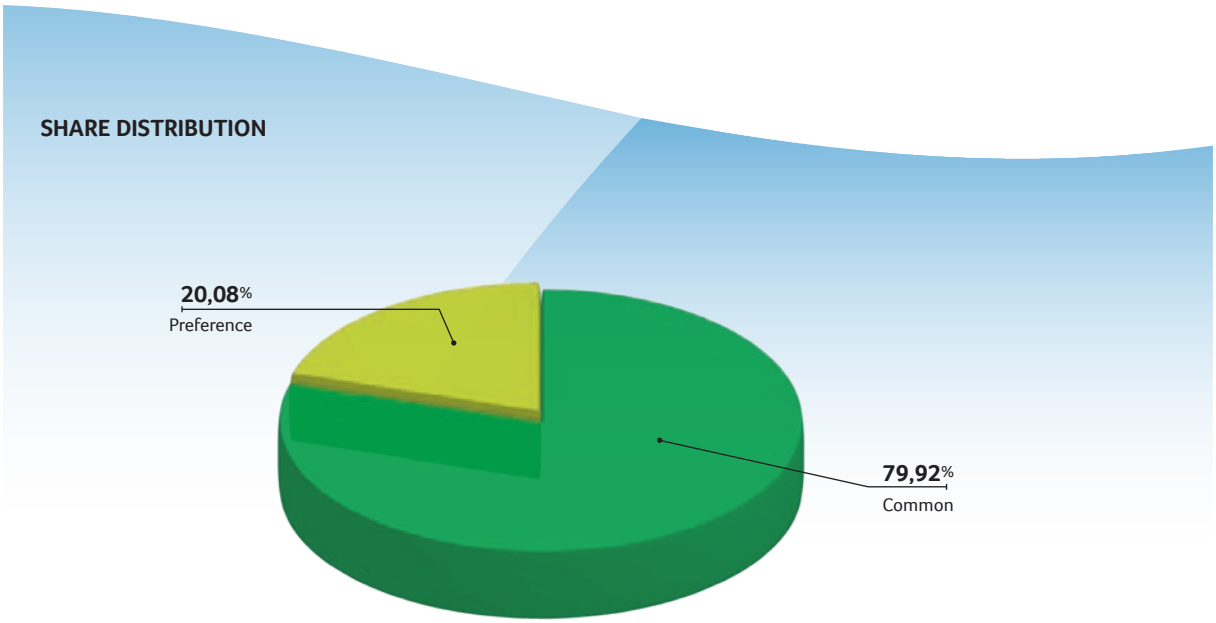
In the last two years, Eletrobras shares have increased significantly in value. The common ones, which have a righ for vote, raised 40.4%. While the preference ones, which have preference in receiving dividends, 31.2%. The performance of the *holding* was sound and, for the third year in a row, the shares were listed in the Corporate Sustainability Index (ISE) from Bovespa.

The company has a goal to be listed in the Dow Jones Sustainability Indexes (DJSI) and it goes on improving its practices and processes. Even if it is not listed in the DJSI, in 2009, the challenge to integrate the lineup of this index, until 2012, remains.

The Eletrobras shares are negotiated in the São Paulo Stock Exchange and the company joined Level 1 of BM&FBOVESPA Corporate Governance.

INTERNATIONAL STANDARDS

Since 2008, the Eletrobras shares are negotiated at the New York Stock Exchange through the American Depositary Receipts (ADRs) level 2. That is why, it is subject to the regulation of the Securities and Exchange Commission (SEC) and its statements follow the accounting principles usually accepted in the US – known as the U.S. GAAP – and they are reported together with the 20-F form, which includes operational and financial information on the company, besides the administration's comments on the performance of the company in the last fiscal years.



Availability of information

Eletrobras supplies transparent information to the market and to society in general about their finantial results, investments, strategic guidelines, risk management and performance of stocks. In the company's site, www.eletrobras.com, the reports and other documents are available, with the governance structure, the assemblies' memos, By-laws/shareholders agreement, among others.

There is also an exclusive area for the Relationship with Investors, containing information directed towards analists and investors, the Schedule of corporate events and the option "Talk to the RI" – the deadline for answers to questions is no more than 24 hours. Besides, people who are interested in receiving information can enroll at the site.

The company shareholders are asked to take part in assemblies by an invitation published in newspapers and also on-line. The confirmation should be made through previous holder confirmed qualification or of the proxy. To make of this relationship an even closer one, the Manual for Taking Part in Assemblies is being written, it should be ready in 2011.

Each semester, a meeting is held with shareholders and market analists in seven different capitals in Brazil – Rio de Janeiro, São Paulo, Brasília, Belo Horizonte, Fortaleza, Porto Alegre and Florianópolis. Every term, teleconferences are also held with capital brokers,where other people who are interested can access.

The rights ensured to preference shareholders are predicted by the By-laws.

The By-laws does not restrict the right to vote to directors and it is recorded in the competent organs and filed by Eletrobras.

NET PROFIT

Eletrobras presented a net profit of R$ 170,526 thousand in 2009. From this amount, R$ 8,526 thousand were sent for the constitution of statutory reserve, R$ 1,705 thousand for studies and projects, R$ 85,263 thousand for investments and R$ 75,032 thousand as part of the net profit to be distributed to shareholders as dividends. Below, check some of the economic indexes (R$ thousand) of Eletrobras companies.

Gross Operational Revenue	R$ 28,693,833
Revenue Deductions	R$ 2,340,215
Net Operacional Revenue	R$ 27,652,513
Operational Costs and Expenses	R$ 23,004,397
Operational Result before the Financial ones	R$ 4,648,116
Financial Result	R$ 5,273,903

The Eletrobras companies EBITDA calculated for 2009 was of R$ 7 billion. While the EBITDA margin was 25.5%.

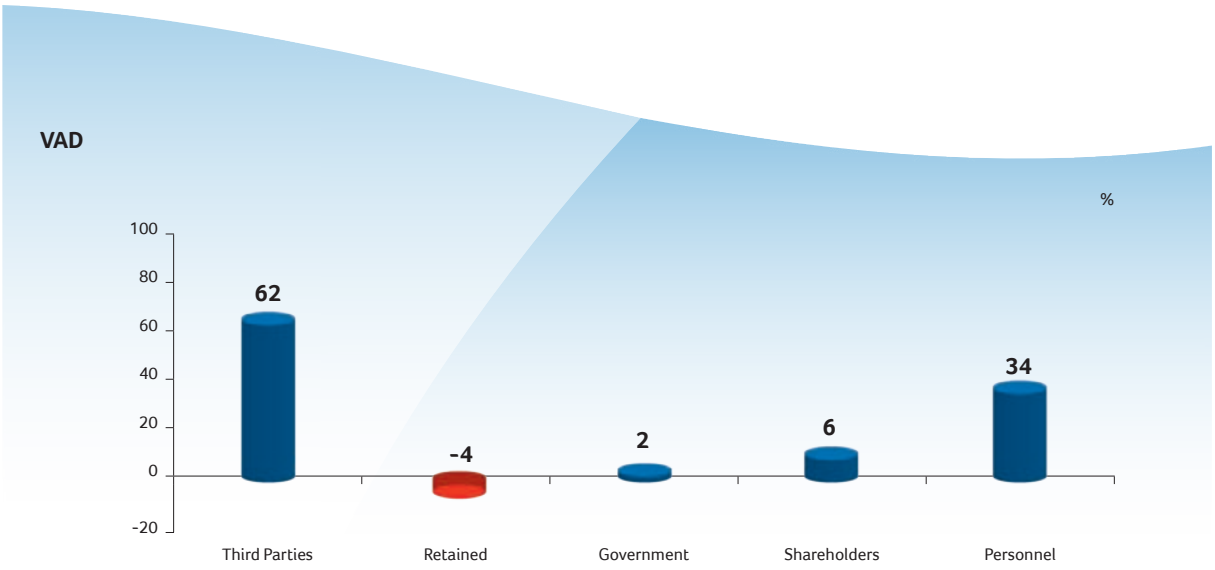
1.99	is the Eletrobras current ratio, while the total liquidity ratio is 0.86.
0.62%	is the net margin of the company.
0.22%	is the Eletrobras return on shareholders' equity.
56.86%	is the Eletrobras percentage of owned capital.
13.29%	is the Eletrobras percentage of loan capital.

SECTOR CHARGES

Charges payed in 2009 by the subsidiaries	
Global Reversion Reserve – RGR	R$ 465,486,000.00
Public Service Electric Energy Fiscalization Tax – TFSEE	R$ 75,016,000.00
Contribution to the National Electric System Operator – ONS	R$ 77,000.00
Energy Development Account - CDE	R$ 53,648,000.00
Fossil Fuel Consume Account - CCC	R$ 208,330,000.00
Research and Development - R&D	R$ 235,041,000.00
Alternative Energy Source Incentive Program – PROINFA	R$ 129,941,000.00
Financial Compensation for the Use of Hydraulic Resources – CFURH	R$ 555,338,000.00
TOTAL	R$ 1,722,877,000.00

Check in the Value Added Demonstration (VAD) the Consolidated of Eletrobras companies:

VALUE ADDED DEMONSTRATION IN FISCAL YEARS ENDED IN DECEMBER 2009 (IN THOUSAND REAIS)	CONSOLIDATED 31/12/2009
1 - REVENUE (EXPENSES)	
Sale of goods, products and services	27,350,633
Non-operating revenue (expenses)	(97,697)
	27,252,936
2 - INPUTS ACQUIRED FROM THIRD PARTIES	
Materials, services and others	(5,975,082)
Sectorial Charges	(1,292,859)
Energy purchased for resale	(6,122,533)
Fuel for electricity production	(742,372)
	(14,132,846)
3 - GROSS ADDED VALUE	**13,120,090**
4 - DEDUCTIONS	
Operating Provisions	(1,516,796)
Depreciation, amortization and depletion	(2,397,874)
	(3,914,670)
5 - NET ADDED VALUE PRODUCED BY THE COMPANY	**9,205,420**
6 - ADDED VALUE RECEIVED THROUGH, TRANSFERENCE	
Ownership interests	1,594,739
Financial income	2,988,986
	4,583,725
7 - TOTAL ADDED VALUE TO BE DISTRIBUTED	**13,789,145**
DISTRIBUTION OF ADDED VALUE	
PERSONNEL	
Personnel, charges and management fees	4,197,665
Profit-sharing of employees	207,482
Retirement and pension plans	309,539
	4,714,686
TAXES	
Taxes and contributions	308,246
THIRD PARTIES	
Financial charges and rents	8,262,888
Donations and contributions	237,872
	8,500,760
SHAREHOLDERS	
Dividends and interest on equity capital	741,509
Interest of non controlling shareholders	94,927
Retained earnings	(570,983)
	265,453
	13,789,145


VAD
%
100
80
60
40
20
0
-20
62
-4
2
6
34
Third Parties
Retained
Government
Shareholders
Personnel

R&D

The commitment of Eletrobras companies with sustainable development by means of clean and renewable energy will be demonstrated in this section of the report. In this chapter, there is data on Research, Development and Innovation (R&D+I), such as: investments, number of projects developed, partnerships made, lines of research and main benefits offered to society.

Research and Development which generate improvements

Aware about the responsibility of searching for technological solutions for the development of the country and for the sustainable growth of clean and renewable energy supply and demand, Eletrobras invests constantly in Research, Development and Innovation (R&D+I) since 1974,with the creation of the Centro de Pesquisas de Energia Elétrica (Electric Energy Research Center (Cepel) (See Box). Only from 2003 to 2009, there were more than 1,700 projects in RD&I, resulting in investments of about R$ 1.9 billion.

Also for this reason and assuming the strategic role as encourager of those premises not only in Brazil but in the world as well, in 2009, Eletrobras signed a mutual interest cooperation agreement with the group of the largest electric energy companies in the planet – the e8 (www.e8.org). The agreement sets a commitment of the organizations with the promotion of sustainable development and clean renewable energy.

It is important to highlight that, when we talk about research and development, not only projects and investment in a determined year are covered. This is because in general, they are developed at long range, as well as the investment. Therefore, in the present report, only the projects developed since 2002 will be considereded.

In 2009, Eletrobras companies' investments in R&D+I were of R$ 222.7 million (see text below/beside), and from those, R$ 82.8 million were in R&D+I projects regulated by the National Electric Energy Agency (Aneel), R$ 135.2

million were used in projects developed by Cepel, and R$ 5.7 million in projects performed by Eletrobras.

Also payed to the *Fundo Nacional de Desenvolvimento Científico e Tecnológico* (National Fund for Scientific and Technological Development - FNDCT), coordinated by the Ministry of Science and Technology, R$ 64.2 million. The *Empresa de Pesquisa Energética* (Energy Research Company - EPE), connected to the Ministry of Mines and Energy (MME), received other R$ 32.1 million.

Aiming at a larger structuring in this area, the Eletrobras companies approved the Technological Research and Development and Innovation Policy, in 2009. The objective is to encourage, guide and prioritize the actions corresponding to the subject under the auspices of the Strategic Planning. The strategic Actions Plan establishes a target to obtain gains equivalent to 2% of the net operational revenue of each company with the undertaking of projects of R&D+I, until the end of 2012.

The P&D+I Projects were developed in the most diverse lines of research. Among them, we stress the alternative sources of energy, the energetic efficiency, the regional and social inclusion, the environment, the production of energy, telecommunications, transmission (lines and substations), computer technology, finance, human resources and strategic management, and the projects in energy production and transmission areas were the ones which received the most resources.

GATHERING EFFORTS

An important initiative towards raising the efforts in the Research, Development and Innovation area to the highest level was the approval, in 2009, of the creation of a Network of Eletrobras System Laboratories (Rede de Laboratórios do Sistema Eletrobras - Relase). More than 55 laboratories and Technological centers from the companies started forming groups in a network of metrology, tests, research, development and technological innovation.

Regulated destination of resources

The application of resources obeys the Law nº 9.991/00, which was changed by the Laws 10.848/04 and 11.465/07. From the regulation, the electric energy generation, transmission and distribution companies, should invest 1% of its Net Operational Revenue in R&D and Energetic Efficiency.

For the generation and transmission companies, the value of 1% is distributed, according to Aneel rules: 0.4% in R&D, 0.4% for the Ministry of Science and Technology (MCT) and 0.2% for the Energy Research Company (EPE).

The distribution companies allocate 0.2% for R&D, 0.2% for the MCT, 0.1% for the EPE and, still, 0.5% for energetic efficiency.

Besides the mandatory investment for generation, transmission and distribution companies, Eletrobras can still spend every year up to 0.5% of its share capital with the *Fundo de Desenvolvimento Tecnológico* (Technological Development Fund (FDT). A great part of the funds sent to the FDT are used in the Cepel. The Center is also hired by the subsidiaries for a number of institutional projects.

Research generating development

The Electric Energy Research Center was created as an initiative of the Ministry of Mines and Energy (MME) and of the electric energy sector companies. The objective was "to promote a scientific and research infra-structure, aiming at the development, in the country, of advanced technology in the field of electric equipment and systems".

Eletrobras is responsible for what is considered the biggest electric energy technology center in Latin America. Cepel is kept mainly with resources of the maintaining partner companies: Eletrobras and its subsidiaries (utilities) Chesf, Eletronorte, Eletrosul and Furnas.

Those resources finance the annual development of research projects and technological and laboratory services which aim at solving problems and attending the demands on the electric sector innovations. Only in the year of 2009, about R$135.2 million were allocated in resources for the institution.

The Cepel completed its 35 year anniversary in 2009, serving society and Eletrobras companies in the area of technological development, looking for socially and environmentally sustainable technologies. To better understand the *Centro de Pesquisas de Energia Elétrica*, visit www.cepel.br.

Trustworth and sustainable energy

Among the objectives of the Research, Development and Innovation activities of Eletrobras companies is the search for alternatives for the trustworthy electrical energy supply at a fair price, without leaving behind the worry with sustainability.

Therefore, Eletrobras companies develop research in the areas of renewable energy, energetic efficiency, distributed energy, transmission technology, advanced generation technology and services related to sustainable innovation.

Between 2002 and 2009, those companies developed 315 projects, in a total investment of more than R$ 155.5 million. Specifically in the year of 2009, R$ 23.2 million were invested in 75 projects. The research category which received the most resources was that of transmission technology, which investments reached a total of R$ 8.1 million in 33 developed projects.

Whereas the Correlated Scientific and Technological Activities (ACTC), which include scientific and technological services, files, information centers; topographic, geological~~m~~ hydrographic surveys; localization and identification of natural resources; collection of information for statistic data; laboratory infra-structure, among others, were allocated R$ 140 million more.

Intelligent results

The R&D+I projects from Eletrobras companies resulted in a number of benefits. For the companies, there is the development of instruments, equipment, software, prototypes and methodologies, which provide and increase in efficiency of energy generation and transmission processes, improvement in equipment and cost reduction.

The results of R&D+I projects have also brought great benefits for the environment, for promoting the development of clean and renewable energies, as well as the preservation of the environment.

The society also benefits with the creation of jobs in the technological area, the set up of laboratories in universities and the empowerment of professionals. Also highlighted in this field is the techno-scientific production, the patent records and the development of research and innovation in the country.

In 2009, the Eletrobras companies reached eight requests for patents at the *Instituto Nacional de Propriedade Industrial* (National Institute of Industrial Property - INPI). Considering that in the years from 2002 to 2009, there were 48 requests and 10 granted patents from the INPI.

TECHNOLOGY AND SOCIAL ENVIRONMENTAL RESPONSIBILITY

Eletrobras companies have a range of R&D+I projects which provide gains in the social environmental area. Some can be highlighted, in this field, which are connected to sustainable development and to alternative energy sources. Those projects are accomplished in a partnership with education and research entities in all regions of the country.

Company	Program name	Description	Benefit	Public	Region	Subject
Eletrobras Chesf	Pilot Project for the energetic recovery of the biogas in the Muribeca landfill - PE	Monitoring and analysis of Technical aspects of electric energy generation from biogas coming from landfills.	Energy utilization from biological degradation of waste.	Local Population	Northeast	Alternative energy sources
Holding Eletrobras	Wind Energy Project in Paraíba	Wind energy study in the State of Paraíba.	Development of national wind energy technology.	Society in general	Northeast	Alternative energy sources
Eletrobras Eletronorte	Electric Energy Generation from the ethanol reformation and fuel cell	Electric energy supply from the ethanol reformation and fuel cell.	Supply of electric energy to isolated communities in Mato Grosso.	Pico do Amor community region-Mato Grosso	Mid-West	Alternative energy sources
Eletrobras Eletronuclear	Orchard Project	Marine repopulation of Ilha Grande Bay and actions to avoid the mollusc extinction in the region.	Income generation for the local population through mariculture.	Local community, fishermen	Southeast	Sustainable development
Eletrobras Eletrosul	Feasibility study for biofuels in Santa Catarina	Study to set up the agro-industrial complex for the production of biofuels.	Local population involvement in the biofuel production chain.	Local community	South	Alternative energy sources

Company	Program name	Description	Benefit	Public	Region	Subject
Eletrobras Furnas	Evaluation and monitoring of water quality through vertebrate bio-indicators	Studies of water quality in the Furnas Eletrobras reservoir for the presence of metals and pesticides.	Improvement of the quality in the reservoir water that supplies the local population, consumed by the industries and used for irrigation purposes.	Users of the water basin	Southeast	Environmental care
Itaipu	Infra-structure for hydrogen production	Study project for the set up of a Hydrogen Production Plant.	Development of a clean fuel, with zero emission of green house effect gases.	Society in general	South	Alternative energy sources

Energy Efficiency

Carrying out research to optimize the use of electric energy is part of the sustainable posture adopted by Eletrobras companies. In the following pages you will get to know about the main actions developed by the corporate group that contribute towards the rational use of energy and of other natural resources, mainly through the Programa Nacional de Conservação de Energia Elétrica (Procel – National Program of Electric Energy Conservation).

More energy, less loss

Energy is what moves a society and its efficient use ensures a better application of natural resources. Aware about the importance of this premise, Eletrobras companies develop a number of projects in the area of energetic efficiency.

The initiatives are subdivided in six main categories: alternative energy sources and energetic efficiency; educacional programs for the rational use of energy; projects in public buildings; projects of municipal energy management; projects for efficient public illumination and traffic signs and projects for internal energy efficiency.

In 2009, the resources applied in those categories added up to R$ 41 million, with a total of 135 projects and 140 municipalities receiving benefits. The development of projects counts on hundreds of partners, most of which are universities, research institutes, state and municipal governments, foundations and associations.

The energy efficiency projects bring benefits for the whole society, as they promote the empowerment of professionals, the reduction of costs in electric energy use and the decrease of environmental impacts. They also contribute for the improvement in public illumination systems (and, consequently, for public safety) and for the environmental education.

The initiatives of Eletrobras companies provided, in 2009, an economy for the society of 4,629 GWh/year, which meant an avoided cost of R$ 3.3 billion. Likewise, the internal efficiency and conservation projects saved 3,000 MWh/year, avoiding a cost of about R$ 2.38 million, if we consider that the saved energy was made available for the National Interconnected System.

However, the largest symbol of the energy efficiency Project is in the *Programa Nacional de Conservação de Energia Elétrica* (National Program of Electric Energy Conservation - Procel), which was developed, by all Eletrobras companies. The Federal government program, coordinated by the Ministry of Mines and Energy and operated by Eletrobras, aims at promoting the efficient use of electric energy in the country and the fight against its waste.

Symbol of Energy Efficiency

The National Program of Electric Energy Conservation (Procel) was created in 1985 by the Ministry of Mines and Energy and the Ministry of Industry and Commerce Procel – which, in 1991, was transformed in a Governmental Program, broadening its scope – has the objective of decreasing the waste of electric energy, from a more efficient and rational use.

Eletrobras occupies the Executive Secretariat of Procel and is responsible for its operation, which includes the development of planning and execution of actions, besides the technical and financial support to the program.

Procel is supported by Eletrobras and *Reserva Global de Reversão* (Global Reversion Reserve - RGR) resources, a federal fund formed with funding from the energy generation, transmission and distributor companies.

Procel Segments

Procel Sanear | Created to avoid electric energy and water waste in environmental sanitation systems, it promotes the efficient use of hydrological resources, preventing the lack of water, and it contributes for the universalization of environmental sanitation services.

Procel Indústria (Industry) | About 46% of the electric energy in the country is consumed by the industrial sector. That is why Procel *Indústria* was created, to act in the fight against electric energy waste in power systems of industries and in the promotion of actions aiming at the use of high performance motors.

Procel Edifica | Promotes energy saving and efficiency actions in residential, commercial, service and public buildings. With this program Brazil got into the selective group of countries which evaluate their buildings in terms of energetic efficiency. In 2009, the Procel Edifica launched the first Brazilian tags for buildings, published the Technical Rules for Energetic Efficiency Level of Quality of Commercial, Service and Public Buildings and the Rules for the Assessment of Compliance with the Energetic Efficiency Level for the buildings.

Procel EPP | Also known as Public Building Procel, it acts in order to promote the economy and the rational use of electric energy in public buildings in the country. Among its actions are: technological research, spreading of energetic efficiency concepts and of modernization of electricity, illumination and airconditioning systems in those facilities.

Procel GEM | The subprogram *Gestão Energética Municipal* (Municipal Energy Management - GEM) acts in the promotion of the fight against the waste and for the efficient use of electric energy in the municipal city Halls in the country. In 2009, it had an economy of about 1,100 MWh/year, the equivalent to the consumption of more than 600 families during one year.

Procel Reluz | The National Program for Efficient Public Illumination and Traffic Signing provides the economy of electric energy through the development of efficient systems of public illumination. Among them, the replacement of light bulbs, the incandescent ones, mixed ones, mercury steam, by high pressure sodium steam light bulbs, which are the most efficient ones.
In 2009, the Procel Reluz benefited ten municipalities, bringing them more than 56 thousand efficient public illumination points, which resulted in an economy of energy of 16.870 MWh/year and a reduction in demand of 3.800 kW. Besides that, it installed other 528 new efficient points. In 2009, the investment added up to R$ 30.3 million, and Eletrobras was responsible for the financing of R$ 22.7 million.

Procel Seal | The Procel Energy Economy Seal was created in 1993 aiming at identifying products which present the best energy efficiency rates in their categories. In 2009, 28 categories were granted the Procel Seal, which counted 160 manufacturers taking part with 3,054 products.

Research, Development, Innovation and Energetic Efficiency

Eletronorte is one of Eletrobras companies which dedicates special attention to integration among Research, Development and Innovation (R&D+I) and Energetic Efficiency. With a number of initiatives, the company demonstrates its commitment to technological innovation in the country and serves as example for actions to this end.

The Eletronorte Research and Development Programs (PEPD), the Intelectual Property Program (PEPI) and the Energy Efficiency Program (PEEE) form the basis for the development of projects which are aligned with sustainability.

In 2009, the company approved the revision of the *Plano Diretor de Inovação Tecnológica* (Technological Innovation Master Plan (PDIT), aiming at establishing guidelines for technological innovation, with the objective of improving products, processes and equipment, giving emphasis also to energetic efficiency.

Efficient house

Also with the objective of spreading sustainable development concepts and the efficient use of electric energy, Eletrosul develops the project Efficient House. Accomplished in a partnership with Eletrobras and the Universidade Federal de Santa Catarina (UFSC), it was developed with the innovative purpose of the use of energy efficient technologies in homes.

Since its inauguration in 2006, the Efficient House has received the visit of more than five thousand people. In 2007, it won the 2nd Brazilian Environment Award – The Best Word in Energy Efficiency, an initiative of JB Publishers.

Planned to be installed at a seashore city and in such a way as to avoid electric energy and water waste and to promote the respect to the environment, the efficient house is in Florianópolis (SC).

In order to reach its objectives, it uses the rain water, reuses water, uses equipment which provide low water consumption and turns on passive strategies for air conditioning and solr heating of water. For more information visit the site www.eletrosul.gov.br/casaeficiente.

Internal Public

The forms of management and relationship with the internal public of Eletrobras companies are described in this chapter. In this chapter, there is also the profile of the employees that integrate the workforce of the corporate group, as well as the specific indicators about labor practices and human rights that have a direct influence on sustainable performance.

People that drive the Eletrobras companies

Eletrobras companies consider their employees their strongest competitive differential. For that reason, they give them especial attention by providing optimum conditions for people professional development and growth, where programs and actions are offered to improve the employees' life quality.

To value staff and increase the level of satisfaction, the new people management model is being designed. Changes are part of the Transformation Plan and will unify the policies and practices of the companies' people management, which in their turn, will reinforce their competitiveness.

Within the context of change and repositioning, the People Management Subcommittee was created, which is comprised of managers form that area, representing all companies. The group aims at creating an Integrated People Management Plan of the Eletrobras companies.

As a initial result the Integrated People Management Policy of the Eletrobras companies is being implemented for the Eletrobras companies, and in 2010 the unified Career and CompensationPlan (PCR) and new Management Performance System (SGD) will be implemented.

In 2009, there were 21,292 people working for the Eletrobras companies: board members, officers holding commissioned positions, people allocated from other public sectors and employees. As well, there were trainees, young apprentices and outsourced service providers.

In this report, indicators will identify employees that hold management and non-management positions. In all, there are 21 thousand employees including 6 directors who are also staff members of the Eletrobras companies.

Of the total of employees, 17,068 are men, accounting for 81% of the staff, whereas the number of women totals 3,932, accounting for 19%. All are hired under the indeterminate time of employment work contract and most work full time.

The largest concentration of employees of the Eletrobras companies is in Brazil's Southeast and Northeast regions. In all, there are 13,376 located in both regions, accounting for 63% of the work force.

The majority of employees are over 41 years old. The 51-60 age bracket accounts for 36% of all employees, while those in the 41-50 age bracket total 29%. On the other end of the age bracket, only 2% of employees are between 18 and 25 years old.

TOTAL OF EMPLOYEES PER AGE AND GENDER

Age Bracket	Men	Women	Total
18 - 25	361	119	480
26 - 30	1,489	426	1,915
31 - 40	3,163	742	3,905
41 - 50	5,070	1,112	6,182
51 - 60	6,131	1,396	7,527
Over 60 years old	854	137	991
Total in 2009	17,068	3,932	21,000

Data provided in the table address managers and other employees (including employees that in 2009 were directors).

Functional Categories

Under this report, employees of the Eletrobras companies were grouped under two functional categories: governance and employees. Service providers, trainees, young apprentices, holders of commissioned positions and allocated from other sectors are not addressed under those categories.

Governance includes all directors and board members of the business group, totaling 115 people. The group of employees accounts for 21 thousand people, among which are managers and non-managers.

This differentiation is necessary because most directors are not staff members of the Eletrobras companies, and as such are not considered employees. In all, there are 21 thousand employees including 6 directors.

EMPLOYEES PER CATEGORY AND AGE BRACKET

Age Bracket	Governance	Managers	Employees
18 - 25	–	–	2%
26 - 30	–	2%	10%
31 - 40	10%	10%	19%
41 - 50	13%	30%	29%
51 - 60	54%	52%	35%
Over 60 years old	23%	6%	5%
Total of employees	115	1,468	19,532

Structure expansion

20,822 number of employees of the Eletrobras companies in early 2009.

624 people left the Eletrobras companies in that period.

802 employees were hired by the companies throughout the year.

21,000 total of employees of the Eletrobras companies on 31 Dec 2009.

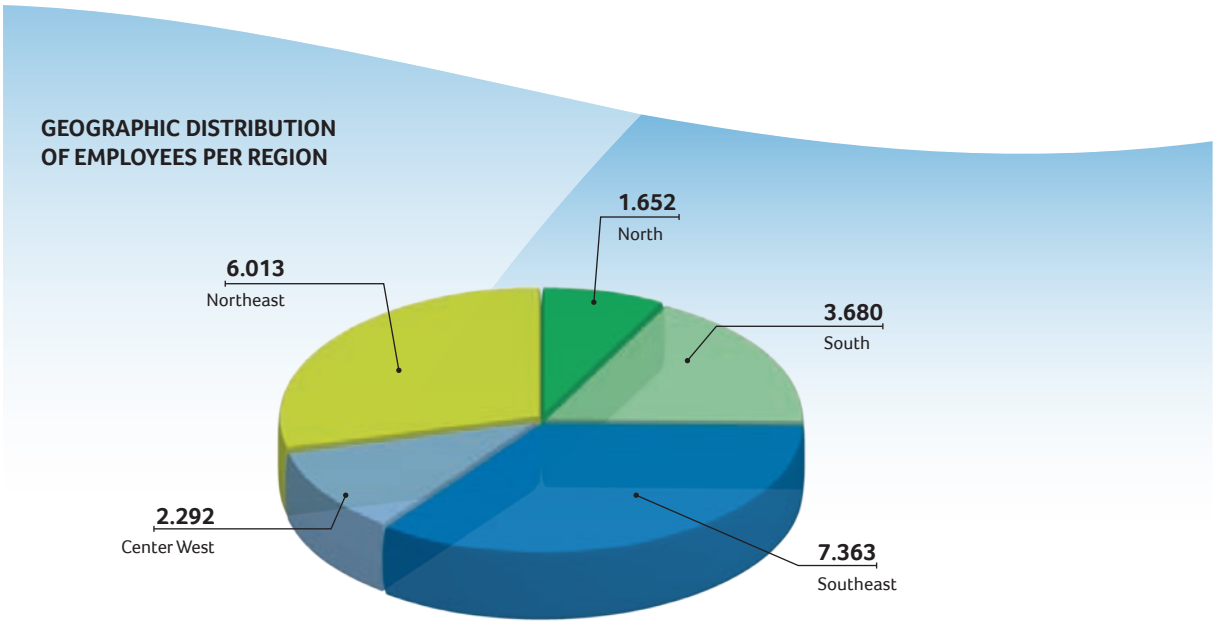
RATE OF TURNOVER PER AGE BRACKET AND GENDER

Age bracket	Turnover Rate		Average time with the company (in years)	
	Men	Women	Men	Women
18 - 25	0.36	0.13	1.6	1.4
26 - 30	0.59	0.23	2.5	1.7
31 - 40	0.47	0.14	4.4	3.3
41 - 50	0.18	0.06	14.08	13.08
51 - 60	0.53	0.13	21.08	24.5
Over 60 years old	0.15	0.02	16.6	18.2

Data includes non-voluntary and voluntary lay-off, including voluntary severance scheme.

PEOPLE TURNOVER PER REGION

Regions	Number of employees in 2009	Number of employees Who left the Company in 2009	Number of employees hired in 2009
South	3,680	189	212
Southeast	7,363	245	318
Center West	2,292	44	16
Northeast	6,013	133	234
North	1,652	13	22
Total	21,000	624	802



The challenge of integrated management

The new People Management Plan of the Eletrobras companies is undergoing the structuring stage. Work groups were set up for that purpose including representatives from the people management areas of all companies.

Professionals of the People Management area of each company map policies and practices to identify the best ones and compare them with market practices. Based on those studies, it will be possible to integrate People Management to the specificities of each company.

Work groups are discussing, among other themes, performance assessment, organizational climate, people development, career and remuneration. The result of that work is the construction of a Unified People Management Policy of the Eletrobras companies.

To further strengthen the relationship with its employees, the Eletrobras companies have different communication channels. Via the Ombudsman and the Denouncement Line, the internal public can make themselves heard on any given matter, under strict confidentiality and with guaranteed reply.

In the intranet, the internal public can also find a series of communication tools and instruments. There are also institutional e-mail addresses of the organizational units, where employees can formally communicate with those areas.

OPERATIONAL CHANGES

Employee access to operational changes is guaranteed by the Collective Bargaining Agreement (ACT). The document provides for the systematic dissemination of information, despite not determining the minimum timeframe for notifying employees.

FREE ASSOCIATION

Eletrobras companies acknowledge in the ACT the freedom of collective bargaining and union association of their employees. The document follows the norms set forth by the International Labour Organization (ILO) that are adopted by all of the Eletrobras companies. The commitment is also adhered to by the Global Compact.

Salary and benefits policy

The Career and Compensation Plan (PCR) and the Unified Benefits Plan are relevant aspects in the unification of the people management policy of the Eletrobras companies. Both are provided for in the Transformation Plan.

In 2009, the consolidation of practices had not yet been concluded, and companies offered different benefits for their employees. Many of those benefits are common to all companies, such as participation in results, flexible work time, meal tickets, transport tokens, private social security, additional remuneration for time of service, childcare subsidy, life insurance and health plan.

The operational procedures of the abovementioned benefits will be standardized based on the consolidation of practices carried out by the Eletrobras companies. Different aspects are still being discussed, such as the unification of work hours and the value of benefits paid.

Throughout the creation of the new Career and Compensation Plan, meetings were held with employee associations so they could monitor the project's development., where attendees could give their suggestions and recommend changes.

COLLECTIVE BARGAINING

The Collective Bargaining Agreement addresses 100% of the employees of the Eletrobras companies. In case of strike, subsidiaries negotiate with the unions that the required employees may stay in the facilities to maintain energy supplying services, as set forth under Art. 9 of Strike Law n.º 7.783, of 28 June 1989.

RELATIONSHIP WITH SERVICE PROVIDERS

Outsourced service providers with other organizations also help in the development of activities carried out by of the Eletrobras companies. However, a management system that enables more accurate and detailed information about those employees is yet to be implemented. The issue is one of the major goals of the Tucuruí Pact (read more about it on page 27).

RATE OF SALARIES WOMEN VS. MEN*

Categories	2009
Company staff (employees, including allocated personnel)	97%
Company managers	87%
Directors	142%
Board Members	61%

*Different companies pay different salaries. Calculations of the rate took into account average salaries paid in December/2009.

The study of the professional's evolution per gender is one of the scheduled activities. It will be carried out as a joint effort with gender committees of the Eletrobras companies (read more on page 67), People Management and Union Relationship. The purpose is to identify any disparity in the professional evolution in terms of gender and race.

RATIO OF LOWEST PAID SALARY VS. MINIMUM SALARY*

Lowest salary paid in 2009	Minimum salary in 2009	Ratio
R$ 906,87	R$ 465,00	1,95

*The lowest salary paid by the Eletrobras companies.

Organizational climate

In the work to align people management of the Eletrobras companies, the organizational climate study is also especially addressed, as it is mandatory to identify the employees' level of satisfaction and motivation, given they are the main beneficiaries and agents of the ongoing transformation process in the companies.

By 2009, the workplace climate survey had been carried out individually in most companies. Despite the different means of assessment and timeframe, they were done over the last two years.

In general, themes address career and remuneration, benefits, workplace, including physical conditions and interpersonal relations, work environment, and health and safety. Other important aspects addressed are development and recognition, leadership and communication.

A unified climate assessment model is being created by a work group comprised of representatives from all companies. The project should be concluded and implemented by all subsidiaries by the second half of 2010.

With the standardization, it should be possible to set up a single organizational climate policy for all companies. Hence, employee awareness will be regularly monitored to foster wellness, satisfaction and to strengthen the companies' relationship with their employees.

Occupational health and safety

To guarantee their employees' integrity, the Eletrobras companies comply with and adopt Brazilian norms and standards, such as Regulatory Norms (NR4, 7, 9, 10 and 32) and the Social Service Professional Profiling (PPP). The latter is the personal occupational history of the employees' exposure to dangerous agents, according to the model set forth by the National Institute of social Security (INSS).

Guidelines are set forth under the scope of the Eletrobras companies to charter employees in relation to occupational safety and health requirements, where medical and psychological services are provided. Legal requirements are addressed by internal norms and policies.

Ombudsman and institutional electronic addresses are available for the employees of the Eletrobras companies, where they can register any type of request related to occupational health and safety. Issues are forwarded to specific areas and replied to by qualified professionals, thus enabling the ongoing improvement of procedures in place.

In 2009, there were 302 accidents involving employees of the Eletrobras companies. There was one mutilation case and in total 135 people had a temporary work leave.

The main goal of the Eletrobras companies in relation to occupational health and safety is to decrease the number of accidents. Improving their employees' life quality is another goal, and the focus on the performance of health programs carried out in 2009 are also part of their goals.

RATE OF FREQUENCY AND SERIOUSNESS

Nº of accidents w/ victims*	Non-worked days	Rate of days of body injury	Worked Hours	Rate of Frequency	Rate of Seriousness
227	3,283	6,000	42,811,870	5.30	217

Note: Calculations do not take into account accidents to/from workplace.

Health and wellness programs

All of the Eletrobras companies develop programs to foster health, life quality and disease prevention. Some of the most common practices are those that encourage physical activities, change of eating habits, vaccination campaigns and the prevention of repetitive strain injuri, cancer and diabetes. There are also psychological-pedagogical programs for people with special needs.

Another common benefit are programs to prevent and treat smoking and other addictions. In order to reduce the number of addicts, affiliates and provide medical and psychological assistance to alcohol and nicotine, and other drug addictions, as well as financial support to buy medication.

SERIOUS DISEASE ASSISTANCE PROGRAMS*

	Education / Training	Counseling	Risk Prevention / Control	Tratamentos
Employees	X	X	x	X
Family of employees		X		
Community				

*Cancer, diabetes, LER/DORT and addictions fall under the serious disease category.
Data was consolidated based on practices in place for each company. The table shows only practices adopted by most companies.

Outstanding gender equity

Respecting and fostering diversity are essential for a sustainable and competitive management. The purpose of actions endeavored by the Eletrobras companies is to foster equal opportunities in the workplace, mainly those related to gender.

The Eletrobras companies are part of the Permanent Committee of Gender Issues of the Ministry of Mines and Energy (MME) that is formed by organizations from the electricity-energy and mineral sector. They also participate voluntarily in the Pro Gender Equity Program developed by the Secretariat for Special Policies for Women (SPM) with the purpose of fostering the implementation of that issue in companies.

The Program fosters equity between men and women in People Management and Organizational Culture. With that in mind, activities that address especially the internal public are developed jointly, involving different areas within the companies and partners such as governmental entities and third-sector organizations.

In 2009, employees attended lectures, workshops and seminars about different themes, among which violence against women, and women' health and sexuality. Another theme was the relationship with people with special needs and discrimination.

The Eletrobras companies also sponsored campaigns such as the "16 days of Active Participation to End Violence Against Women" and handed out awareness-raising material on that issue. Educational actions and cultural activities were carried out on Black Awareness Day and International Women's Day.

In 2009, all the Eletrobras companies were granted by SPM the Pro Gender Equity Seal for their commitment and encouragement of gender equity and for eliminating any manner of discrimination. The Seal acknowledges the organizations' advances and commitment.

EMPLOYEE HIRING

The Eletrobras companies hire employees in compliance with provisions under the 1988 Federal Constitution of Brazil, via a public competition open to all Brazilian citizens. Work openings offer jobs for both men and women and people with special needs, thus helping increase diversity among its staff members.

EMPLOYEES PER CATEGORY AND GENDER

	Governance	Managers	Employees
Men	89%	84%	81%
Women	11%	16%	19%
Grand total of employees	115	1,468	19,532

Diversity in practice

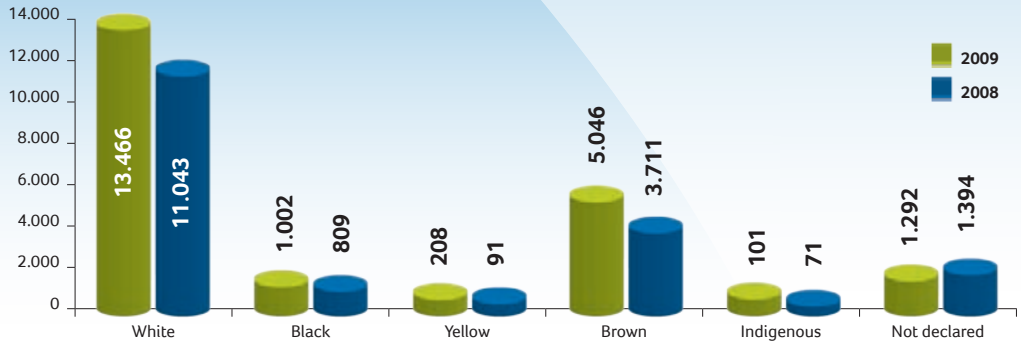
Social commitment to foster equity and diversity is set forth in the Code of Ethics of the Eletrobras companies. As well, gender equity is guaranteed under the Collective Bargaining Agreement.

By adhering to the Global Compact, the Eletrobras companies also reaffirm their commitment to set up practices and procedures that eliminate any manner of workplace discrimination. That commitment is also provided for under the Millennium Development Goals that also charter the actions endeavored both by the holding and its subsidiaries.

Despite being committed to that issue, the Eletrobras companies do not yet have goals to reduce inequality. Nevertheless, in 2009 the number of women in all functional categories increased, compared to 2008.

The graph on the next page shows the change in number of employees according to ethnical background. As well, there was an increase of employees that declared their race/color. The Caucasian still outnumber other ethnical groups; however, the number of both the brown and black employees has grown in the Eletrobras companies.

EMPLOYEES ACCORDING TO RACE/COLOR



Source of data for 2008: 2008 Sustainability Report – page 41.
Note: Only governance and employees are included.

PER EMPLOYEES GENDER

	Men		Women	
	2009	2008	2009	2008
Governance	102	89	13	11
Manager Employees	1,239	1,039	229	179
Other Employees	15,829	12,889	3,703	2,960
Total	17,170	14,017	3,945	3,150

Respect to diversity

Sexual orientation is also part of equal treatment and fighting discrimination. In alignment with other values defended by the Eletrobras companies, same-sex unions are recognized and partners can be included as beneficiaries in their health plan.

The main tools used to raise the awareness and sensitize people to the value of diversity are workshops, lectures, seminars and handing out educational material. The same resources are used to address themes such as sexual and moral harassment with the internal public. The educational approach is used to guide employees and to prevent any such cases and to mitigate discriminatory acts and behavior in the workplace.

The commitment to prevent sexual and moral harassment is provided for under the Code of Ethics in the Collective Bargaining Agreement. The companies also have ombudsman to receive under complete confidentiality any form of manifestation, including the denouncement of sexual harassment.

Inclusion of people with special needs

The Eletrobras companies earmark a certain number of job openings in their public competitions for people with special needs, as set forth in legislation in effect. Companies that do not attain the percentage of people with special needs according to the handicap quota must enter a Conduct Adjustment Term (TAC) affirming their commitment to align their staff members.

In 2009, 327 persons with special needs were working for the companies, of which 270 were men and 57 women, and most (over 76%) over 41 years old.

To welcome its employees with special needs, the Eletrobras companies adapted their facilities to comply with Brazilian norm NBR 9050/ABNT, mainly in terms of bathrooms and by building ramps for people with special needs.

In some subsidiaries, sound signals were installed in elevators and documents in Braille were also created. The new initiative also included specific software for visually impaired employees.

Employees of the Eletrobras companies also attend workshops and lectures given by people with visual impairment. The purpose of those initiatives is to sensitize and raise the awareness of coworkers about how to relate with people with special needs and how important social and professional inclusion is.

As well, by aligning some of the benefits, some current practices carried out in some companies tend to be extended to all employees and their dependents that have special needs, such as the Psycho-Pedagogical Program. A study will assess the viability of granting financial support for health treatment, learning and other activities that help improve life quality for that group.

DISCRIMINATION

The Eletrobras companies are formally committed against any form of occupational or functional discrimination. In 2009, two cases of gender and age discrimination were registered via the Ombudsman, which were forwarded and resolved by the relevant superintendence.

Knowledge Management

Eletrobras companies offer continuous development and learning opportunities for all employees. The commitment set forth under the continuous learning corporate policy is implemented via the financial backing given to short, medium and long-term programs, including foreign language and postgraduate courses.

Corporate policy provides for the dissemination of values and leadership development, employee general and specific competences, according to the specific needs of the company where they work. From 2010, the development of such competences will be the undertaken by the corporate education units of the Eletrobras companies.

To translate professional development into competitive edge, in 2009 the Corporate University of the (Unise) offered both presential and long-distance courses for the companies' employees.

Training courses provided by Unise are structured by identifying skills and needs among the staff of the Eletrobras companies via the Databank of Competences and Talents. Thus, it aims at meeting the needs and making better use of the potential of each participant.

In 2009, the Eletrobras companies allocated 1,407,297.5 hours to train 82% of their employees. In average, each employee was given 67 hours of training that also included themes related to the promotion of human rights.

AVERAGE OF YEARLY TRAINING HOURS PER EMPLOYEE

Trained employees	Number of hours	Average hours/employees
17,199	1,407,297,5	67

Outsourced safety officers are also trained on how to respect human rights by attending education or refresher courses. Those trainings are required when those services are hired and are provided by the hired company.

Education Profile

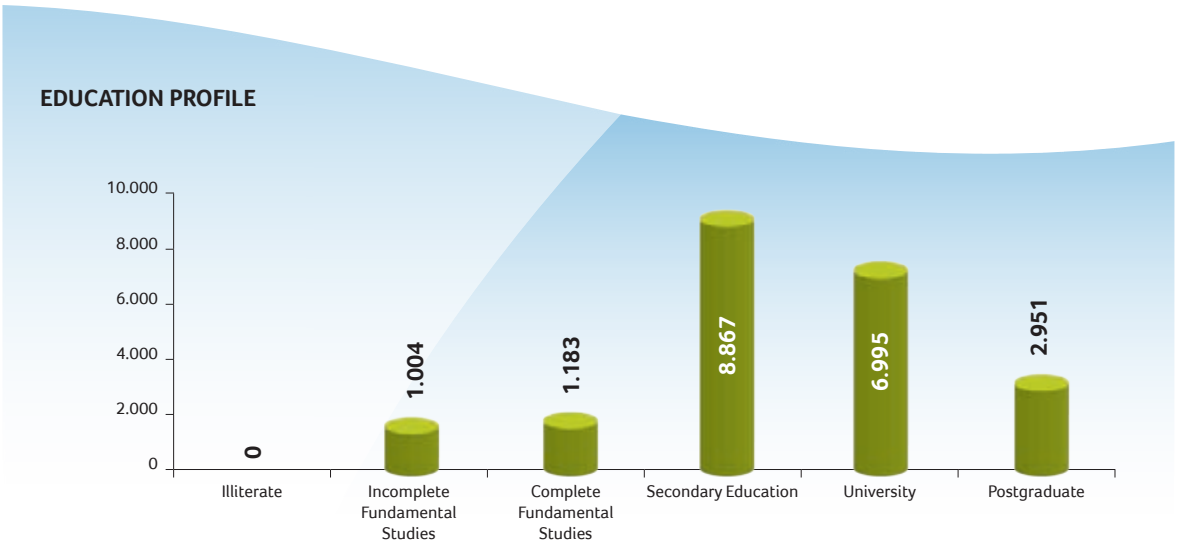
42% of the employees of the Eletrobras companies have completed secondary education.

33% of the staff have university.

14% have postgraduate.

6% of the employees have completed fundamental education.

5% are literate and have not concluded fundamental education.



Performance evaluation

The integrated and strategic management of the Eletrobras companies also addresses the alignment of employees' performance evaluation. Starting in 2010, a new Performance Management System (SGD) will be implemented to replace the different evaluation methods used individually by each company until 2009.

In the SGD, employees will be evaluated on a yearly-basis under four criteria: evaluated by their immediate managers; by results; by meeting targets (company, team and individual); and by competences. Evaluation results will be informed to all participants in feedback meetings and will be published in the intranet. Every employee can access their information.

Aligned to the continuous learning corporate policy, results of performance evaluations will replace the employees' Individual Performance Plan. Hence, of the Eletrobras companies intend to reorganize the people management model to foster professional growth and development for their employees.

Preparing for retirement

The Eletrobras companies are mindful of their employees' life quality, including when it is time to retire and have complementary retirement plans and prepare their employees for that new stage of their lives.

Eletrobras companies provide more than one type of retirement plan, where the defined benefit retirement plan (BD) and the defined contribution plan (CD) are the most common ones. The retirement plans are managed by non-profit institutions, such as foundations, to which the companies transferred some R$ 198 million in 2009.

The monthly contribution of companies based on their payroll varies from 4.23% to 15%. Employees contribute with a percentage of their salary that can vary from 2.4% to 24.48%, and can reach the half of highest of their salary in some companies.

Retired employees also have other benefits besides the pension plans. Most of the Eletrobras companies offer to their former employees' group life insurance and some provide funeral assistance as well.

The purpose of the Retirement Preparation Program in place in most of the Eletrobras companies is to give support to employees who will be retiring in the new future. Those programs are customized and implemented according to the need of each company.

Employees who will be retiring in the near future attend lectures and workshops that address different topics, such as financial, legal, family, physical and mental issues, intellectual development and entrepreneurship. Courses are offered to help them plan their lives when they are retired.

Under some programs, employees prepare their own retirement plan that is verified six months after he or she has left the company. One of the companies expects to implement in 2010 a two-year monitoring scheme for their retired employees.

Retirement in figures

17,402	people benefited in 2009 from the defined benefit plan.
7,594	are active participants in the defined benefit plan.
14,134	retired employees and 3,268 pension fund beneficiaries are assisted by the BD pension funds.
R$ 198	million was the total paid in benefits in 2009.

Opportunity for professional initiation

In Brazil there is a comprehensive legislation that protects children and adolescents and bans child labor. The 1988 Federal Constitution is one of those legal tools in place, which sets forth in article 7 that youngsters under 16 years old are prohibited to work, except when hired as apprentices after they are 14 years old.

The Eletrobras companies also adhere to the social commitment to mitigate child labor, which is expressed in their adhering to the Global Compact and in maintaining their operations in compliance with legislation in effect.

The Eletrobras companies hire junior employees only as apprentices, and for that reason there is no case of child labor. Outsourced companies that provide services to those companies must provide a statement that they do not hire children. (read more on page 100).

In some cases, that requirement is included in agreement and contract clauses, principles and internal norms of each company in order to prevent the illegal hiring of children and adolescents.

In 2009, there were 781 adolescents working in the companies as part of the junior apprentice program, in compliance with the legal requirement of 5% per locality and per technical function. With the purpose of providing technical-professional education, programs address youngster in the 14-18 bracket that are enrolled in fundamental or secondary schools.

Junior apprentices are selected via public announcement by the Eletrobras companies or via non-profit entities. In some cases, public notices require that applicants come from a low-income family or that they attend state or municipal schools.

Youngsters attend one-year training courses provided by the Industrial Learning National Service (SENAI). Some of the benefits are national minimum salary, transport assistance and meal assistance. They work four hours per day and can take part in the program for two years.

COMPULSORY WORK

Helping mitigate forced labor or any work similar to slavery is one of the commitments undertaken by of the Eletrobras companies. It is expressed in the compliance with the Global Compact principles, the Code of Ethics and the Collective Bargaining Agreement. There is also the Ombudsman line to receive and register denouncement.

Volunteer work

Without human development society has no sustainable development. With that premise in mind, the Eletrobras companies encourage volunteer work with their employees, which by carrying out social responsible activities are helping to build a more equitable society.

Some of the Eletrobras companies have volunteer work programs in place, but in general they all encourage their employees to dedicate some of their time to people and social causes. The companies support such initiatives by providing transport, facilities and financial resources or the projects. They also enter partnerships with governmental organizations and third-sector entities.

Volunteers develop and participate in social projects and activities. Training courses, lectures, guidance sections, games, sports and cultural activities addressing different themes and services are some of the actions to foster citizenship, such as issuing documents.

Some of the many types of volunteer work that were endeavored in 2009 are the different campaigns, i.e. blood donation, aid relief for victims of environmental disasters by collecting clothes, food and other items, as well as special dates that cause mobilization.

The choir group is also one of the activities. In general, only employees participate, but in some companies retired employees, trainees and outsourced staff members also join in.

Choir groups and the volunteer work program are an efficient means to foster the integration and socialization of coworkers and also help improve the participants' life quality and self-esteem.

Community and Society

The form of performance of Eletrobras companies in the communities in which they are located is described in the following pages. Get to know a part of the programs, projects and social actions implemented by the corporate group, in order to establish and maintain a relationship with the communities, to minimize the impacts of the development projects and to generate social and economic development, benefitting thousands of Brazilians.

Integration with the community

Electric energy generation, transmission and distribution drive the Eletrobras companies to develop a series of activities. The group of companies shares the commitment of performing in a sustainable manner, generating economic and social development for the country, especially in the regions where they operate.

For that reason, it is mandatory for the dialogue between company and community to be open and ongoing. This type of close relationship with the population, city administration, associations, ngos and community leaders is the *modus operandis* of the Eletrobras companies.

The participation in forums and other venues conducive to dialogue help in planning the actions. Projects and programs come to life and generate actual work, income, and wellness and improve the lives of all participants.

In 2009, the Eletrobras companies' contributions to society totaled about $ 309 million and benefited thousands of people.

The programs are created for operating plants and also when the Eletrobras companies acquire the right to implement new energy generation and transmission projects. In those cases, there is ongoing dialogue with all stakeholders.

The work focuses on reestablishing the life condition of the population at hand to ensure that it will be the same or better than it was before the intervention. The relationship with the community is guided both to comply with legal requirements and in negotiating, with ongoing information and support.

Programs implemented by the Eletrobras companies aim at generating social development and helping foster the communities' wellness and autonomy.

Incentive to public policies

The Eletrobras companies help strengthen and develop public policies in different areas. Their relationship with stakeholders is conducive to the involvement in important themes, both for the company and society.

Some of the issues addressed are gender and equality, environmental preservation solutions, especially via environmental education, children's and adolescents' rights, social inclusion and other citizenship related themes, such as encouraging sorting garbage.

Those actions are carried out via the participation in committees and councils that are responsible for creating and coordinating actions related to public policies. One good example is the participation of the Eletrobras companies in the Permanent Committee for Gender Issues of the Ministry of Mines and Energy, which fosters the discussion about equal opportunity for men and women (read more on page 67) .

CONTRIBUTIONS TO SOCIETY

R$ 309 million is the overall investment made by all Eletrobras companies, including electric energy distributors. In the report, only this information and the total of investments on the environment include all energy distributors' investments.

Social Program development

Eletrobras companies develop social programs by giving financial backing and monitoring third-party projects or by implementing their own projects. Projects that focus on the federal government's public policies are given priority and are aligned with corporate principles and objectives.

Social projects are evaluated based on specific criteria for each company, such as the adherence to the Global Compact principles and the Millennium Development Goals. Project location and value placed on local workforce, partners involved and sustainability are also evaluated in the project proposals.

Project monitoring and control is carried out by technical visits and reports. Main investment areas are: work and income generation, solidaire economy, family farming and organic agriculture, health, protection of children and adolescent rights, valuing culture, education, professional qualification and sports.

REALLOCATE

In order to implement some of their projects, sometimes Eletrobras companies have to reallocate people. In 2009, 1,973 families, totaling some 7 thousand people had to leave their properties. Compensation paid to those families by the Eletrobras companies totaled R$ 34,502,041.51.

Practicing citizenship

Social actions endeavored by the group of companies is not carried out exclusively via program and project development. Eletrobras companies also invest on raising the awareness of their internal public to other issues. In 2009, over R$ 14 million were invested on campaigns focusing on citizenship that are sponsored by Eletrobras and its subsidiaries.

Lectures, workshops and promotional material are some of the resources used. The main themes addressed were sustainability, valuing popular culture, socioenvironmental responsibility, drug and alcohol prevention, health and gender equity.

A good example is the support given to the 16-Day Activism Campaign. The initiative was endeavored in over 150 countries to foster the mitigation of violence against women and stimulates gender equity (read more about the program's action on page 67). Projects that address black, indigenous people and gypsy culture are also sponsored.

PUBLIC ENTITY COMMITTEES

In 2009, the Eletrobras companies took part in voluntary social actions organized by the Public Entity Committee to Fight Famine and Pro-Life (Coep). Some of those actions were: the donation of food, toys and books and support to farming family development and community vegetable gardens.

Children and adolescents

In order to guarantee that children and adolescents build their citizenship, the Eletrobras companies have set up a series of practices. In 2009, over R$ 3.5 million were invested to benefit that public.

The main focus was to guarantee specialized assistance by providing the continuous integration of children, adolescents, youngsters and families under situation of violence. Within that context, the action was extended not only to sexual harassment external occurrences, but also to domestic violence, and to cases of abuse and harassment in the household.

As well as fighting sexual harassment, the holding and its subsidiaries endeavor to sponsor the socioeducational development of children and youngsters. In 2009, activities such as drama workshops, dancing, computer and lectures about drug fighting and violence, to mention but a few, were carried out.

SAYING NO TO CHILD LABOR

Eletrobras companies do not buy nor hire services from supplier that use children workforce. One of selection criteria for suppliers is signing a statement where hiring children is prohibited.

All Eletrobras companies adhered to the Global Compact and are committed to the ten principles set forth by the UN. Some subsidiaries reinforce their participation by adhering to the Corporate Pact Against Sexual Exploitation of Children and Adolescents on Brazilian Highways, which is an initiative of Childhood in partnership with the Ethos Institute. Learn more about it visiting www.namaocerta.com.br.

Many activities offered by the Eletrobras companies develop not only learning, but also self-esteem and the safety of children and adolescents.

Hands-on experience

Eletrobras CGTEE is one of the companies that provide training for youngsters. The Project Plant School focuses on teaching courses that prepare future professionals to work in the organization.

The program is carried out in partnership with the City Administration of cities in the State of Rio Grande do Sul and the federal government, addressing some 16 municipalities to benefit youngsters in 16-24 age bracket. The program was launched in 2005, and since then 1,520 have been trained; in 2009, over R$ 415 thousand were invested on that project.

Courses are defined by the community and participants are shortlisted via civil service competitive examination. There are classes for assembly electricians, welders, and mechanics, to mention but a few. The greatest benefit offered by the program is learning and job opportunities that are offered in different regions.

Respecting the culture of indigenous people

Eletrobras companies are committed to respecting the ethnic wealth and cultural traditions of Brazilian Indian populations. Companies that operate in areas that could impact the way of life of communities adopt programs and support activities to mitigate impacts, and develop economic sustainability and their cultural identity.

In 2009, some 15 communities of indigenous people benefited from projects carried out by subsidiaries. Workshops made it possible for those communities to create and exhibit their art in regional, state and national events.

The Children Pastoral initiative was supported as a health scheme to help eradicate child malnutrition. As well, health agents were trained to work directly with leaders of indigenous people communities.

The new project aimed at bringing digital inclusion to some of the indigenous people communities sponsored by Eletrobras companies, where technology information courses were held and computers were available. Other communities benefited from the Light for Everyone Program (read more on page 87) and were trained in the rational and efficient use of electric energy.

Those initiatives were actually accomplished through the participation with community agents in associations, non-governmental organizations, city administrations, Funai and the involvement of indigenous people communities.

New projects and Indian populations

In 2009, given the development of the socioenvironmental feasibility studies for the Belo Monte Hydroplant Project which is located near Indians' lands in the State of Para, also were developed studies of the Indian population groups there stablished.

There are two Indian lands legally stablished in the project's direct area of influence, and one is in the process of being formally acknowledged. Impacts posed on these areas were studied and also evaluated possible consequences for other seven Indian lands located in the indirect area of influence.

Studies were based in the Guidelines on Relations with Brazilian Indian Populations as stated in the Brazilian Power Sector's Environmental Master Plan 1991/1993. The document sets forth that "(...) respect for Indian rights and antonomous living conditions are fundamental".

As well as the aforementioned guidelines, studies were carried out according to the Terms of Reference disclosed by the National Indigenous People Foundation (Funai). Throughout the process, the ongoing relationship with people involved never ceased to exist to ensure that their expectations and questions were considered.

When the environmental studies were concluded, representatives of the Eletrobras companies participated along with technicians Funai and the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama) in returning to the Indian groups involved to disseminate results. Indian communities also voiced their opinions about the project in the public hearings held under the coordination of Ibama.

STUDIES

Under Funai's supervision ethnic-ecological studies were developed. Researchers that were already trusted by those communities were appointed to evaluate their way-of-life and carry out other studies required by Funai..

The right infrastructure makes everything better

Eletrobras companies perform as co-responsible agents for the development of the regions where they have their enterprises. Ensuring wellness and life quality for local community is a daily commitment.

For that purpose, they invest regularly on projects that focus specifically in infrastructure improvement. Within that context investments are made on essential services, such as hospitals, roads, schools, day-care centers and other actions that in 2009 received some R$ 165 million.

One of the priorities of the group of companies addresses community health issues. The Eletrobras companies invest on purchasing ambulances, equipment, on education and on refurbishing health centers, and also maintain hospitals in the regions where they operate. In some cases, those institutions are managed by foundations created by the subsidiaries at hand.

In 2009, they helped run ten health entities, of which three were fully maintained by the companies. In all, over R$ 130 million were invested, benefiting some 930 thousand people in the South, Southeast and Northeast regions of Brazil. Improvements also enabled complex medical procedures to be performed, which was not possible to be done in the past.

As well as their concern with health issues, the Eletrobras companies also focus their improvement actions for infrastructure on the challenge of providing electric energy to the rural population.

Light for Everyone in figures

357,970 thousand new electric connections were made in 2009 by the Light for Everyone Program.

2,235,332 connections were made since the start up of the Program in 2003.

R$ 1.31 billion was the amount invested on electric energy generation enterprises in 2009.

Light that brings prosperity

The federal government's goal is to provide electric energy to 12 million people that live in rural areas by 2010. With that in mind, the greatest electric inclusion project in the world, the Light for Everyone Program, is mandatory to improve the lives of 2.5 million Brazilian families.

With the arrival of electricity, social and economic development also come to rural areas, as new enterprises and jobs are generated, as well as the integration of health, education, water and sanitation services. It is also conducive to implementing social programs sponsored by the federal government.

When programs are carried out, the outcome is a series of positive impacts. Some 300 thousand jobs were created, where hiring local workforce was the priority. Materials and equipment are also preferably purchased from the neighboring regions addressed by the program.

Eletrobras companies oversee the installation process and carry out the technical-budgetary analysis, as well as administer the construction work. New technology research and the use of natural resources that may generate lower environmental impact are two of the program's pillars.

Alternative technologies to expand the access to energy

In 2009, the holding and other electricity companies in the Amazon region carried out studies that will be the basis to hire some 20 thousand photovoltaic systems.

The new facilities will provide to rural populations not only light, but access to communication and refrigeration. In the Araras islands, in the Municipality of Curralinho (PA), a pilot-project is underway, the implementation of which will take place n 2010 with four independent systems. The goal of the project is to benefit some 70 families.

Training and income generation

Eletrobras companies develop programs that focus mainly on professional training to generate income and to foster the economic emancipation of communities near their enterprises. Initiatives are implemented based on a social diagnostics.

The survey assesses the needs and potential of each region, as well as their actual needs. In 2009, R$ 6 million were invested on those initiatives and benefited some 20 thousand people, mainly in the Brazilian North and Northeast region.

In some areas it was possible to train fishermen and their families by providing technical courses, implementing infrastructure and other measures required by the activities. Literacy workshops and first-job training programs were also set up for the young public.

Training and helping in self-organization also benefit the collectors of recyclable materials. The Eletrobras companies sponsor cooperatives and associations by donating sorted recyclable material from their facilities. As set forth in Decree nº 5.940, federal public administration agencies and entities are obliged to sort their waste.

More than a legal requirement, the initiative meets the core performance value of the Eletrobras companies: valuing human beings and taking care of the environment. With that in mind, support also includes technology development that may facilitate the endeavor.

One good example is the Electric Vehicle (VE), which is a project developed at Itaipu. VE was created based on suggestions made by the collectors, rendering the whole process more efficient. Such practices have enabled the creation of more work opportunities, income generation and recognition of those workers in the eyes of society and public agencies.

Supporting rural sustainable development

Eletrobras companies carry out projects for valuing and developing sustainability in rural areas. Through training and investments made on infrastructure, farmers and their family are given support to make their living with dignity without harming the environment.

Among those projects, the most outstanding are the ones that prioritize organic farming, rural tourism and entrepreneurship. By carrying out some actions and disseminating knowledge it is possible to encourage producers to develop their management skills.

Companies help in the commercialization of products, setting up associations and points of sale, seeking for business partners and attending produce trade fairs.

The support helps reduce poverty levels, foster job generation and to increase the income of the families involved. It also fosters improved nutritional conditions for the whole community and the quality of their diet.

In some regions, the Eletrobras companies set up community vegetable gardens that yield produce for the community involved and that are donated to local learning institutions. Thus, school lunches have added healthy nutritional value.

Part of the projects focused on organic produce. Adopting pesticide-free and sustainable planting yields many benefits for the farmer, consumers and the region where they live. Given that generally organic products have a higher selling price, local economy also flourishes and the farmer makes a higher profit.

Company	Program Name	Description	Benefit	Region	Subject
Eletrobras Chesf	Implantation of a center of reference for productive inclusion	Training of 200 residents of the community through a production capacity.	Insertion in the labor market and the best conditions of life thanks to the productive and social inclusion of the community of Maria de Nazaré.	Northeast	Training for work
Holding Eletrobras	NEACA - Special Center of Assistance to Children and Teenagers	Program developed to assist children and teenagers with their rights, established in the Statute of the Child and Adolescent (ECA).	Guarantee of specialized, continued and integrated assistance to children and teenagers in situations of violence.	Southeast	Citizenship
Holding Eletrobras	Community Production Center (CCP) Ypuarana	Promoting the local socio-economic and sustainable development of the productive use of electric energy.	Installation of a small agroindustry doted with equipment for the improvement of manioc and production of flour and starch, besides the implantation of a community kitchen for the production of cake and confectionary using raw-material available in the region.	Northeast	Creating jobs and generating income

Company	Program Name	Description	Benefit	Region	Subject
Eletrobras Eletronorte	Indigenous Program São Marcos, Parakanã and Waimiri Atroari	Offer of the best infrastructure in the most diverse aspects to three indigenous communities.	Guarantee of differentiated education and schooling, and specific to the indian reality. Maintain the culture and language of the indigenous community.	North	Indigenous sustainability
Eletrobras Eletronuclear	Pomar Project	Stimulating mariculture and development of actions to prevent the extinction of the mullusk coquille of Saint Jacques, typical of the Brazilian coast.	Contribution with the quality of life and generation of income for the local fishermen, fomenting cooperativism in the area of aquiculture (process of production in captivity).	Southeast	Environmental preservation
Eletrobras Eletrosul	Programa Casa Aberta (Open House Program)	Diffusion of information on the generation, transmission, distribution and preservation of electric energy for children who visit the company's facilities.	Learning with respect to saving electric energy, as well as safe ways of using it.	South	Citizenship
Eletrobras Furnas	Aldeias da Cidadania (Villages of Citizenship)	Promotion of citizenship and of rights, by issuing documents and by enabling other community services.	Promotion of social inclusion, free access to basic services, like health, education and leisure.	Southeast and Center-West	Citizenship
Itaipu	Medicinal Plants	Diffusion of the use of medicinal plants.	Free access to other options of medication, generation of income for farmers and professional training.	South	Health/ Generation of Income

Clients

Eletrobras companies operate in different business sectors. Depending on the feature of the organization, the clients related to the company are different. In this chapter, see how this public, as per 2010, will be benefitted directly by the Strategic Plan of the Eletrobras System.

Strategic vision of the Eletrobras System regarding its clients

Eletrobras companies operate in different areas of electric energy generation, transmission, distribution and commercialization, and also manage different government programs associated to the comprehensive access and best use of that energy. As well, they maintain an advanced research center in the area and are starting to set up enterprises abroad. Diversity in areas of operation provides a wide range of different clients and distinct levels of relationship.

To deal with that issue, the 2010-2020 Strategic Plan for the Eletrobras System defined the benefits that the organization intends to offer for each stakeholder:

- SHAREHOLDERS: attractive profitability; shares with high-liquidity, low-volatility and compatible with both market and asset value.
- CLIENTS: clean electric energy in quantity, quality and at competitive prices throughout the supply chain.
- GOVERNMENT: rendering structuring projects viable, seeking for tariff modicity; differentiating Brazil as a worldwide reference in clean energy generation.
- SOCIETY: driving development; commitment to clean energy.

In order to foster each of the aforementioned benefits, a set of strategies is being implemented within each of the System's companies, thus enabling the definition of a comprehensive Relationship Management Policy of Eletrobras companies with their clients.

Current practices of the Eletrobras System regarding its clients

Currently, the Eletrobras companies are carrying out specific actions to bring their main clients closer–– energy distributors and state electricity concessionaries – such as systematic satisfaction surveys about their services. Results show a high level of satisfaction.

As well, some of the Eletrobras companies systematically use feedback from their clients to guide product and service improvement and development. Return is obtained mainly through the direct contact with the customer, whose information is treated under strict confidentiality.

Eletrobras companies give general information about energy to their clients via spearhead accessibility resources in their respective websites, such as the possibility of bigger or smaller fonts, hotkeys, description of images, etc., focusing on improved user-friendly websites.

At www.eletrobras.com, for example, there is a specific page about accessibility, e-mail for contact and information in other languages. Those features meet federal government recommendations set forth in the Accessibility Model of the Electronic Government (e-MAG) document.

Suppliers

In 2009 alone, more than 8 thousand organizations supplied services and material to the corporate group. To standardize the relationship with these suppliers, Eletrobras companies have defined a Supply Logistics Policy. This and other details about the relationship with this stakeholder are described in this chapter.

Relationship management with suppliers

Eletrobras companies have a wide range of suppliers that meet different needs. In 2009, over four thousand companies provided different services and four thousand supplied the need of materials.

In all, over eight thousand organizations provided consultancy, security, cleaning and conservation and construction services, as well as electrometrical, electrical material, telecommunication and computer equipment, to mention but a few. Those negotiations accounted for approximately R$ 6 billion in that year.

All hiring and purchasing is carried out by bids, in compliance with the Bidding and Contract Law (Law nº 8.666/93), that regulates the acquisition process for public agencies. Selection is made by short listing the most advantageous proposals for Eletrobras companies, both in financial and technical quality terms, thus assuring that participants in the bidding process are treated fairly.

This practice guarantees that privilege or preference is not granted upon the hiring and consequently there is no incentive for the suppliers. However, a set forth under the Microcompany and Small-Size Company By-Laws (Federal Complementary Law nº 123/2006), the Eletrobras companies have in place a tie-breaking criterion, whereby small-size and microcompanies are given priority over large organizations.

Law 8.666/93 provides for exceptions, whereby bidding is waived for hiring Itaipu Binacional, which complies with specific legislation (To learn more about the specific scheme for Itaipu hiring, please read the box below).

With the purpose of encouraging their suppliers to adopt socially responsible practices, the Eletrobras companies include specific social clauses in their agreements. The initiative is the first step, as the company can only demand form their suppliers what is set forth by law.

For 2010, meetings with representatives of Eletrobras companies and their main suppliers have will be scheduled to discuss contract and sustainability issues, to mention but a few.

Itaipu Binacional

Itaipu Binacional is a company that is owned 50% by Brazil and 50% by Paraguay. For this reason, it follows a specific legal scheme that was set forth based on International Law. The Itaipu Treaty that was entered in 1973 rules the company's activities and guarantees the sovereignty of both countries, and therefore waives the compliance with national laws and norms.

Thus, Federal Complementary Law nº 123/2006 that gives priority to small-size and microcompanies in case of a tie in bidding processes is not applicable to Itaipu. Specifically in relation to purchasing, the company complies with the General Bidding Norm (NGL) that provides for the hiring of goods and services.

Supply Logistics Policy

With the purpose of optimizing supply chain processes, the Eletrobras companies created a Supply Logistics Policy to increase efficiency and competitiveness by integrating supply logistics for goods and services.

Based on aligned performance, the intention is to strengthen the purchasing power and to reduce costs entailed with the acquisition and administration of goods and services. Another goal is to foster the commitment of companies' suppliers in corporate citizenship and socioenvironmental responsibility actions, thus sharing the commitment undertaken by the Eletrobras companies.

Quality of suppliers

In the supplier selection and hiring processes, the Eletrobras companies include specific social and environmental criteria that are exclusively in legal conformity. Some of the social requirements made to suppliers are regular payment of taxes, the statement that they do not hire children, do not support night-shift, hazardous or insalubrious for minors under 18 years old, and do not hire minors under 16 years old except as apprentices after they are 14.

Eletrobras companies will define in 2010 principles and norms for corporate conduct that is desired in their relationship with suppliers, and will create a booklet with those values. Thus, the organization will have guidelines in place for outsourced companies to adopt the same ethical, social responsibility and environmental standards.

To address technical quality and safety of the products provided, the Eletrobras companies developed Project NBR 19000, requiring that suppliers have a quality system in place according to requirements provided for under the ISO 9000 certification norms.

Honoring commitments

Eletrobras companies are mindful of meeting deadlines and undertakings in their contracts. For that reason, suppliers are paid punctually and accurately and they monitor their performance to ensure they are proceeding in the same manner with their own employees and taxes. In case of breach of contractual obligations, the contracted party will be warned and will bear the penalty, and their contracts may be terminated, or yet, they can be banned from participating in future bidding processes of the Eletrobras companies.

Eletrobras comply fully with the bidding and contract legislation, including rulings of the Federal Court of Auditors (TCU) in their hiring. However, in order to prevent offending suppliers from being hired, they use a corporate system that monitors offending suppliers. As well, they regularly verify in the Federal Government website, the Transparency Portal, which organizations are under legal sanction.

Close relationship

Aware of the significance of suppliers for their business, Chesf, for example, which operates in the Northeast region, has a specific relationship program to address that public.

During meetings held on a regular basis, Chesf offers training for the company's suppliers and refresher sessions about procedures used to manage contracts. In 2009, the company held three meetings: in Recife (Pernambuco), in Paulo Afonso (Bahia) and in Teresina (Piauí), with131 attendants. Themes related to social responsibility, ethics and diversity, including gender issues were included in the agenda and presented in specific lectures. In all, there were 16 hours of training.

Also in 2009, the document "Corporate Conduct Principles and Norms in Chef's Relationship with Suppliers" was widely disseminated. Repudiation to child labor and forced and degrading work and environmental themes are included in the document, which according to the contract, guides and charters suppliers' conduct.

Environment

The commitment of Eletrobras companies in relation to the environmental aspects includes the management of natural resources, politics, targets, aspects related to legal conformity, expenditure and strategies adopted. All of these are described in the next chapter, which also presents some initiatives in relation to the programs developed.

Energy that conserves the environment

Compliance with legislation and public policies, aligning with international conventions and agreements entered with universities and environmental protection agencies show how the Eletrobras companies responsibility towards the environment. All initiatives aim at actions based on sustainable development.

Aspects related to corporate sustainability are also undergoing corporate management implementation. The Tucurui Pact, which was signed by all the Eletrobras companies (read more on the next page), in 2009 set forth goals for the environmental dimension, as for the economic-financial and social dimensions.

The amount earmarked by the holding and its subsidiaries for environmental management and conservation is quite significant. In 2009, resources totaled approximately R$ 201 million.

Although energy generation, regardless of the source, interferes with the environment, it does not have to be negative. The balance between energy generation and environmental care is addressed in the sectorial planning well as in Eletrobras companies' projects.

Eletrobras and all its subsidiaries have units responsible for addressing environmental issues. All integrate of the Environmental Subcommittee (SCMA), thus enabling the holding to align and coordinate the companies' efforts to continuously improve socioenvironmental performance.

SCMA is a technical and institutional forum for environment-related issues. It is conducive for a coherent performance, continuously improved, aligned to legislation in effect and to principles and guidelines set forth in the Environmental Policy of the Eletrobras companies (read more on page 107).

In all, 126 employees, including technicians and managers, are involved in the subcommittee's work groups and commissions. The purpose is to discuss and find integrated solutions for the environmental issues evaluated as priority. Environmental policy adequacy, legislation, costs and environmental communication, emissions of greenhouse effect gases, aquatic resources and the use of reservoir margins are some of the themes currently under discussion.

INVESTMENTS ON THE ENVIRONMENT

R$ 201 million is the investment made by all the Eletrobras companies, including electric energy distributors. In the report, only this information and the total of contributions for society include all energy distributors' investments.

Tucuruí Pact: summary of environmental goals

- To create a unified environmental policy and to implement a systematic and integrated process for the dissemination and internalization in the companies.
- To implement in all the Eletrobras companies the environmental module of the Socioenvironmental Model for Corporate Sustainability Management project (IGS);
- To include environmental attributions in the description of the relevant functions of all companies.
- To implement the "Environmental Talk to Us" or similar scheme on the website of all companies and to set forth a continuous procedure to meet demands.
- To standardize methodologies and set forth systems for annual inventories of greenhouse effect gases.
- To implement in all companies software to monitor environmental permits and their requirements.
- To identify the existing environmental liabilities of companies.
- To open specific items to identify environmental costs and investments in a uniform manner in all companies.

Environmental indicators

The Environmental Subcommittee (SCMA) helps in systematizing sustainability management of the Eletrobras companies. For example, coordinated by the holding and supervised by a SCMA work group, the Research Center for Electric Energy (Cepel) has been developing the Socioenvironmental Indicators for Corporate Sustainability Management (IGS) project since 2007.

The set of performance indicators proposed addresses aspects related to materials, energy, water, biodiversity, emissions, effluents, waste and legal conformity, to mention but a few. Protocols were created for all indicators, where calculation methods concepts, reference and data sources are defined. Thus, all companies will be able to measure a set of environmental management variables in the same manner.

Environmental scenario

1980 The decade when Eletrobras coordinated efforts that helped set up environmental standards aligned with social requirements and in compliance with environmental licensing regulation for activities endeavored by the electric sector.

1990 In the early '90s, the II Brazilian Power Sector's Environmental Master Plan (PDMA II), coordinated by Eletrobras set up the environmental policy for the country's electric power sector.

2006 The concise Environmental Policy of the Eletrobras companies is approved, taking into account their characteristics and specificities.

2009 Under a continuous improvement process, the Environmental Policy is reviewed to comply with the guidelines of the Transformation and Strengthening Plan of the Eletrobras System and the 2009-2012 Strategic Action Program.

Environmental Policy guidelines

Environmental actions developed by the holding and its subsidiaries are guided by the Environmental Policy of the Eletrobras System. It sets forth principles and guidelines that are aligned with sustainability aspects and that charter how environmental themes related to the electric energy sector should be treated.

From planning to operation, all activities endeavored by the enterprises should observe, at the same time, the energy and engineering design, and environmental, social and economic aspects. The purpose is to exploit energy resources in a sustainable manner and to maintain the balance between the physical and biotic environment ,and the human and cultural occupation of those areas.

The document supports the maintenance of a systematic and continuous process of improvement practices. It conforms with public policies, especially those related to the environment, water resources, climate change and energy, as well as with international agreements of which Brazil is a signatory country.

In 2009, the policy approved in 2006 was reviewed. Representatives from all the subsidiaries got together to update it via a work group of the Environmental Subcommittee.

The language style was simplified and guidelines were included to provide an operational scope to the principles. The new unified version aligned the individual policies of each company.

The updated version of the Environmental Policy will be effective in 2010, when it will also be disseminated to all stakeholders. Learn more about it at www.eletrobras.com in the Sustainability > Environment link.

Environmental Policy Principles

- To ensure the incorporation of the environmental scope to the company's processes.
- To implement environmental programs and actions aligned to other sectors and institutions.
- To foster the relationship with different segments of society.
- To exploit the potential of local and regional energy resources, complying with sustainable development principles.
- To support scientific and technical development applied to environmental issues.
- To implement an environmental management system integrated to other corporate management systems.

ALIGNING CONTROLS

Although expenses incurred with the environment are significant, accounting procedures are not yet uniform. The companies are working on the creation of a unified accounts system for environment-related expenses. The challenge lies in creating a comprehensive instrument that will address the specificity of each subsidiary.

Compliance with laws and regulations

Eletrobras companies perform in conformity with environmental laws and regulations. However, a significant part of the generating power plant and transmission system was implemented before the promulgation of instruments that set forth mandatory environmental licensing that regulate activities endeavored by the electric sector in Brazil.

The National Environmental Policy dates from 1981 and the regulation of the National Environmental Council (Conama) was effective only in 1986.

The Eletrobras companies have been aligning their enterprises set up before 1986 to the regulatory requirements in effect. Thus, many power plants, substations and transmission lines are being regularized with the environmental agencies. Enterprises that were set up after that date already comply with all legal processes in effect.

Environmental studies for the Belo Monte Hydropower Project were restarted with the purpose of defining a single hydropower plant on the Upper Xingu River, its environmental feasibility and thus restarting the Preliminary Environmental Licensing process (Previous License – LP process). These actions led to the filing of lawsuits in 2009. Seven civil public lawsuits were registered regarding the interpretation of environmental laws, norms and instructions, both the Judiciary Power and the Federal Court of Auditors (TCU) have sentenced three of those lawsuits as denied and the others are yet to be sentenced.

Open channel

Communication with different publics that both influence and are influenced by the Eletrobras companies is essential. In the studies and environmental processes to set up new projects the required reference and communication channels are built to reach local communities and other stakeholders (learn more about it on page 80).

By the time the public hearings are held by the licensing agency and formally included to the environmental licensing process the entrepreneur will already have presented and discussed the project with stakeholders.

For general environmental issues, in order to improve communication channels with the external public, the "Environmental Talk to Us" was included as a goal of the Tucurui Pact in all the companies, which will be implemented in the first quarter of 2010.

In 2009, the request for clarification and information was received by the ombudsman of most companies, or through other channels, and forwarded to the Environmental areas. Hence, even without a dedicated channel, all requests were forwarded and duly replied to. Whenever requested, the source is kept under strict confidentiality.

Environmental Education

Environmental education programs developed by the Eletrobras companies are tools that help improve the relationship with neighboring communities and to conserve nature. In the case of the implementation of new enterprises, they are already provided for in the environmental licensing scope; however, more often than not their activities surpass legal requirements.

The actions raise the awareness of both population and workers involved in the works and that meet the need to learn new environmental practices ensuing from building electric projects.

People that live in the area of influence of operating power plants are also instructed on the new environmental practices and encouraged to adopt them. With that in mind, countless educational actions are carried out with municipal and state governments, ngos, schools, environmental agencies and other representatives of civil society.

Themes such as the conservation of wildlife and plants, the use of water resources and waste recycling are addressed in booklets, lectures, workshops and other events.

Internally, activities that focus on environmental education help raise ecological awareness of the companies' employees, service providers and suppliers. Actions are disseminated in different internal media during the Internal Weeks of Accident Prevention (Sipat) and in training programs offered to new employees.

Environmental Education in 2009

6,215	employees, accounting for **29%** of the total were specifically trained in environmental education-related themes..
1,203	schools were involved in environmental education-related activities in different regions of Brazil.
305,646	students took pat n educational activities proposed by the Eletrobras companies.
3,823	teachers and **181** professionals were trained in the corporate group to develop the theme more effectively with their stakeholders.
R$ 5,905,627.00	were invested on environmental education programs and actions carried out in 2009 by the Eletrobras companies.

Impact management in the corporate group

Electric energy is important not only for the country's development, but also offers comfort and better life quality to those who have it. All the advantages conquered by society throughout the years are somehow associated to electricity.

To meet the ever growing demand, it is necessary to set up and operate electric energy generation and transmission enterprises. They interfere in the region where they are located, such as changes made to the social dynamics and to environmental characteristics.

In the case of hydroelectric power plants, the number of wildlife and plants species, both that live on dry land and in water could be changed or reduced. Thermal power plants generate atmosphere and effluent pollutants. Nuclear power plants generate hazardous waste that must be handled and stored with extreme caution.

When enterprises are planned, feasibility studies are carried out to assess technical and economic aspects, as well as environmental changes that could occur if the projects are implemented.

As well, to comply with environmental legislation, potential environmental impacts are identified and evaluated for all the enterprises, according to the reference provided by the assigned environmental agency. Environmental Impact Studies (EIAs) and their respective Environmental Impact Reports (Rimas) are drafted.

Environmental impacts identified in the EIA are classified and evaluated, and then mitigation, control, monitoring and compensation actions are discussed. Consultants hired by the entrepreneur then conclude if the enterprise is feasible or not from the socioenvironmental point of view, where the environmental agency will make the final evaluation.

Impacts related to the implementation of transmission lines are also assessed. Using a geoprocessing tool enables the mapping of the region, and since the initial planning steps the possible effects on biodiversity, local community, means of production, cultural and historic architectural elements are recognized.

In conformity with the environmental licensing process, companies develop Basic Environmental Plans that complement and study in depth and detail the socioenvironmental programs defined in the EIA at the level compatible with the engineering projects elements.

MAKING IT LESS COMPLICATED

Firm energy: maximum capacity of continuous production of a hydroelectric power plant, based on the premise that the occurrence of the driest sequence registered in the history of flow of the river where it is located.

Changes that benefit nature

The design of new enterprise projects may be also changed when feasibility environmental studies point out that there will be unacceptable negative effects, both at the social and environmental point of view.

That was the case of the Belo Monte Hydropower Project. Over 30 years of planning, flooded areas were reduced from 1,225km2 to 516km2, thus avoiding flooding Indian lands. Thus firm energy was reduced by 7.5%, corresponding to 300 MW, which also minimized the impact on wildlife and plants, as well as on other population groups living by the river.

Biodiversity protection strategy

Since the great projects of the '70s, the Eletrobras companies already implemented environmental programs to protect biodiversity. In 1990, when the II Environmental Master Plan (PDMA) was approved, the guidelines that today guide the recovery and conservation of areas around the plants were set forth.

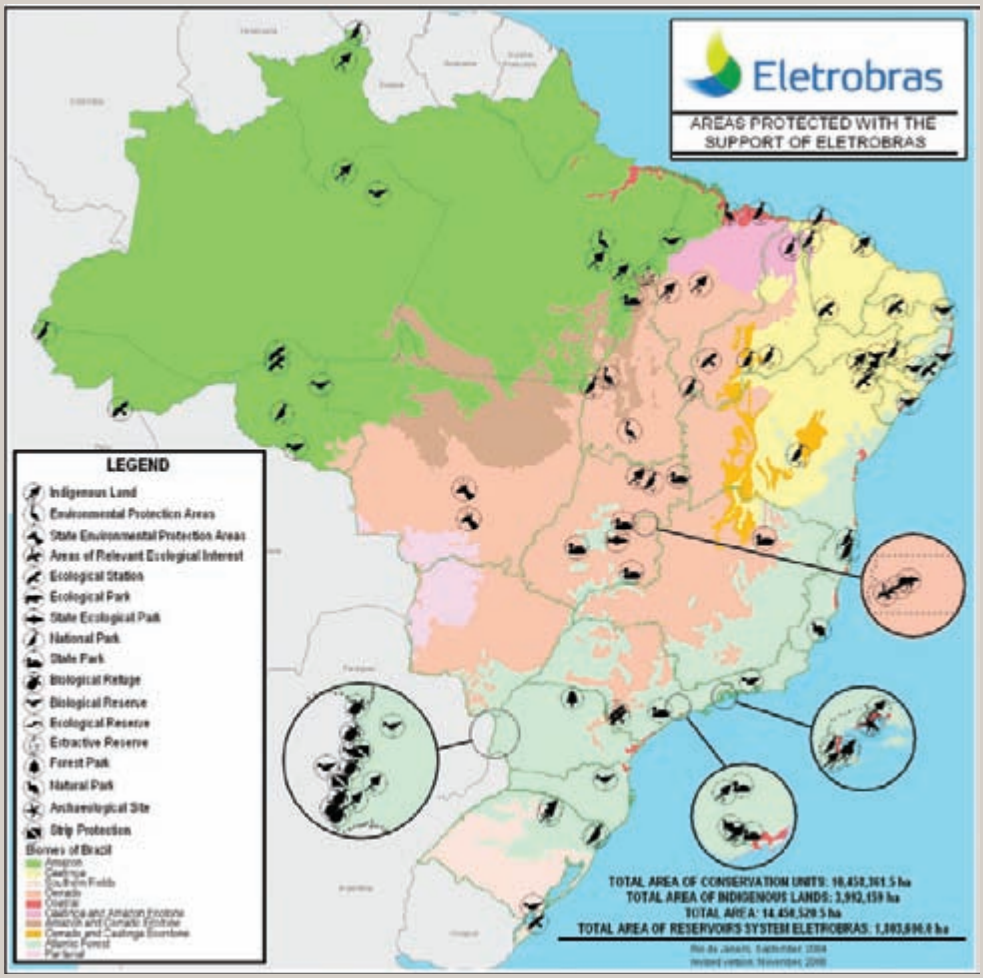
Eletrobras companies maintain environmental control, monitoring and recovery programs and carries out additional programs to protect their enterprises. Watersheds and vegetation are frequently evaluated, which makes it possible to supervise the progress of recovery in affected areas.

Support given to conservation units are also an efficient strategy that helps protect biodiversity. Parks, biological reserves and ecological stations house wildlife and plants of different species and form a veritable protection network in many regions of Brazil.

Eletrobras companies allocate resource to some 100 areas legally protected. There is a total of 14,450,521 hectares, i.e. 144,505km², of which 51.1% are managed by state agencies, 48.2% by federal agencies and 0.7% by Eletrobras companies.

Even third-party properties located in the area of operation of the enterprises benefit from environmental conservation resources and programs. Occasionally, projects developed by communities and non-governmental organizations are invested on.

Together, the areas protected by Eletrobras companies totaled in 2009 six-fold the total of area occupied by their reservoirs.



Environmental Care

Among the different activities to conserve ecosystems of the regions where the Eletrobras companies operate are:

- Monitoring aquatic icthiofauna and flora ecosystems, and the physical, chemical and biological characteristics of the reservoirs.
- Maintaining a germplasma databank, forestry nurseries and biological sanctuaries that conserve and protect regional flora and fauna.
- Set up ecological corridors linking parks and environmental reserves to enable wildlife circulation.
- Carry out the selective cutting of vegetation located within the safety strip of transmission lines, i.e. cutting only plants that put line operation at risk.
- Foster fisheries and sustainable agriculture to generate environmentally sustainable income generation.

Maintaining biological and cultural diversity

Conservation unit maintenance and support enable the protection of the flora and fauna and also the sustainable management and use of natural resources. Other benefits are also generated, such as the preservation of the way of living of traditional populations and the development of scientific research.

Almost all Brazilian Bioms have been studied under request and financial support of the Eletrobras companies, which are the *Caatinga*, the Atlantic Forest, the Amazon Rainforest and the *Cerrado*.

TREE SEEDLINGS PLANTED

In 2009 960,035 tree seedlings were planted to recover the conservation area surrounding the reservoirs or to reforest other areas related to the companies' activities. Different Brazilian regions benefited from the work that was supported by farmers, schools, city administrations and environmental agencies.

Permanent conservation areas

The Brazilian Forestry Code in effect sets forth the maintenance of permanent conservation strips around hydroelectric power plant reservoirs. There is no accurate survey of those areas.

In order to identify and systemize good socioenvironmental management practices of reservoirs, the Environmental Subcommittee (SCMA) created a work group to deal with the use of reservoir margins. At the moment the group works on the diagnoses of each subsidiary reservoirs.

Considering the hydroelectric power plants and more specifically the margins of reservoirs, 23 permanent conservation areas (APPs) were identified. However, due to the wide perimeter of the margins, those figures do not represent the total and should be higher when studies are concluded.

The Angra dos Reis nuclear complex is responsible for the maintenance of an APP in the coast of Rio de Janeiro and at the Restinga de Mambucaba, with an area of some 2.5 ha.

Transmission lines also have associated APPs. A detailed mapping of those areas is being carried out.

With the consolidation of data related to the APPs, both of the areas surrounding the reservoirs and transmission lines, in the future it will be possible to inform the accurate environmental conservation panorama of the Eletrobras companies. As well, actions will be allowed to improve their conservation.

AREAS UNDER THE TRANSMISSION LINES

Eletrobras companies have over 59 thousand km of transmission lines, and a large part is already geo referenced. Sustainable management actions are carried out around that area, such as the maintenance of the right of way where vegetation is cut selectively. It is undergoing standardization, taking into account the characteristics of the ecosystem of that area.

Water is given special attention

The energy matrix of the Eletrobras companies is predominantly water-based. Of all energy generated in é 2009, 90.8% was generated by hydroelectric power plants. Thus there is an ongoing concern with water.

To extend their useful life and ensure fresh water to run the turbines, the quality of water (limnological conditions and sediment behavior of water courses) is constantly monitored.

Samples are collected at different points in the reservoir and its main affluents. Analyses address physical, chemical and biological parameters, such as temperature, dissolved oxygen, rate of acidity, rate of sedimentation, salinity and turbidity, to mention but a few.

Studies about erosion on the margins of the reservoirs are constantly carried out. The collision of waves is the main cause of erosive events, and in this case surveys are made to monitor sedimentological behavior of he reservoirs and the feeding water courses.

To ensure that hydroelectric power plant operations to not hinder fish production icthiofauna is constantly monitored. When necessary, the population is increased to ensure that both the quantity and diversity of fish is maintained. In 2009 alone, over 1.9 million alevines of indigenous species were put into the many lakes. That action is controlled and respects the capacity o each reservoir.

The monitoring of professional fishing should be brought to attention. In reservoirs where that activity occurs regularly, the number of fish removed is registered, as well as the most frequent occurrence of species and where the fishing is doe, together with the socioeconomic characterizes of the fishermen.

After the water is used in the production process of hydroelectric power plants, it goes back to the lake without any changes made to its composition or volume, and for this reason it is considered a non-consumable use.

MAKING IT LESS COMPLICATED

Limnological conditions: physical and chemical characteristics of water.

Sedimentological behavior: variation in the amount of solid articles of sediments in the water.

Icthiofauna: fauna of fishes.

Non-consumable use: when there is no consumption; in this case, the water used to generate energy.

Water consumption and disposal

In 2009, 383,962,232m³ of water was used in productive and administrative processes of the corporate group of Eletrobras. However, that figure does not include turbine and flowing water, or total volume used, as not all companies monitor that indicator.

Of the total, 129,992m³ was acquired fro local supplying companies and 9,118,942m³ collected by the companies in reservoirs, rivers, lakes and artesian wells. However, the greatest amount of water, 374,713,298m³, was used only to cool equipment and given back to its origin without any change.

WATER CONSUMED BY ADMINISTRATIVE FACILITIES

The amount of water used in administrative processes of the Eletrobras companies will be monitored by the tool called Socioenvironmental Indicators for Corporate Sustainability Manage (IGS). For the time being, only a few companies monitor this indicator.

The planned disposal of effluents originated fro thermoelectric power pants, including nuclear power plants, totaled 2,288,341m³. Disposal was carried out observing quality parameters set forth by legislation.

Different processes were used in the physical-chemical treatment of those affluents. For example, anaerobic filtration, sedimentation, neutralization and sorting boxes to separate water from oil were used. Later, the final disposal is made via soil infiltration, disposal in the ocean, rivers, brooks and canals, as well as cesspools and septic tanks.

In a specific case, effluent treatment is dome via a closed circuit 100% recirculation of the industrial water. Solids are removed and stored in drums and later filtered; treated water is store to be reused.

Cultivating Good Water

All the Eletrobras companies develop actions to protect their most important resource – water. However, some practices are use as a model both for the groups of companies and the electric sector in general. A good example is the awarded Cultivating Good Water (CAB) macroprogram developed by Itaipu Binacional since 2003.

CAB is an ongoing and voluntary participation movement that charters socioenvironmental actions to preserve the natural resources of the Paraná 3 Basin where the hydroelectric power plant operates. It encompasses 29 municipalities in an area of some 8,000 km², with over one million inhabitants that benefit from it directly and indirectly.

The monitoring of the conditions of the water basin identified that the region had serious environmental problems. Silting, euthrophication, erosion caused by deforestation, nutrient transfer, excessive use of pesticides, sewage and garbage affected rivers and affluents.

Those issues limited the many uses of water and most importantly, showed how the region had problems related to sustainability. The solution was to raise the awareness and involve the people who lived in that region to solve those problems.

Using participative methodology, Itaipu involved the community to identify environmental problems and define and carry out the necessary corrective measures. Many meetings were held and finally a collective pact was entered whereby environmental care commitment was undertaken.

As well as the communities, city administration, ngos, governmental agencies and private companies also join in to form a veritable environmental network. There are over two thousand formal and informal partners who participate in different management committees, al of which are legally established in each municipality.

Actions include the recovery of microbasins, protection of ciliary forests and biodiversity, and the dissemination of values and knowledge that help form environmentally aware citizens. The work is based on the ethical behavior that cares for and respects the environment. To learn more about CAB visit www.cultivandoaguaboa.com.br.

WATER DISPOSAL IN THE OCEAN

Water is disposed of in the ocean by nuclear plants that are free of pollutants and do not cause a significant impact of marine flora and fauna because the temperature is controlled. According to results from environmental monitoring reports, disposal is made at a specific spot and do not affect the region.

CAB changes the relationship between humankind and nature as it focuses on new personal values on how to be/feel, live, produce and consume.

Cultivating Good Water Programs

Supported on environmental education to foster sustainability, the program develops actions that address:

- Soil and water: with the dissemination of no-tillage planting, soil and water conservation practices, control of urban and rural water pollution, adequate disposal of animal waste, recovery and preservation of springs.
- Plant and wildlife biodiversity: by recovering and preserving ciliary forests and legal reservations, implementing biodiversity corridors and canals for dam transposition.
- Economically critical segments: by implementing socioenvironmental projects: Water Farer fisherman, Sustainable Rural Development, Medicinal Plants, Solidaire Collection, Indigenous People Sustainability and Young Gardener.

Greenhouse effect gases

The world is concerned with the emissions of greenhouse effect gases that cause the greenhouse effect (GEG) that is growing more and more. The population is becoming more aware and demands that authorities, and specially industries, reduce their emissions of greenhouse effect gases that are causing global warming.

Brazil is not included in the groups of Appendix 1 of the Kyoto Protocol, and for that reason it is not obliged to establish targets for the reduction of GEG emissions. However, the national Policy for Climate Change sanctioned in December 2009 set forth I law the country's voluntary commitment to reduce estimated gas emissions.

The group of Eletrobras companies, which already has a predominantly clean energy matrix in place, despite lacking reduction targets, already helps prevent and mitigate those emissions.

Since 2003, the Eletrobras companies have a work group within the scope of the Environmental Subcommittee (SCMA) to deal with issues related to climate change and the emission of greenhouse effect gases (GEG). As well as creating GEG inventory, Eletrobras intends to design guidelines to manage emissions.

Together with universities and research centers, studies are being carried out to capture and fixate carbon on microalgae and to analyze the carbon cycle in the hydroelectric power plant reservoirs. Projects for the use of biogas, yielded by the treatment of urban solid waste, and ocean waves to generate electric energy are also being developed.

Eletrobras companies attended the Brazilian Forum for Climate Change and participated in the conceptual analysis of Brazilian emissions and the creation of the National Plan for Climate Change. As well, in 2006 the holding voluntarily adhered to the Carbon Disclosure Project and since then discloses annually emissions that can be verified.

GEG Emissions from the reservoirs

So far, there is no international consensus about the best methodology to measure greenhouse effect gas emissions (GEG) fro the hydroelectric power plant reservoirs. Eletrobras companies are active participants in developing technologies and methodologies that will enable the reliable measuring of those emissions.

The Ministry of Mines and Energy requested to the holding that it join the Technical Committee of the corporate project of the Eletrobras System, within the scope of the Strategic R&D Project of the National Electric Energy Agency (Aneel) – Monitoring the Effects of Greenhouse Gas Emissions on Hydroelectric Power Plant Reservoirs. The project is developed in partnership with different research institutions.

The concern is also extended to new enterprises. One of the objectives of that study is to know the natural emissions of the sites where the hydroelectric use of Belo Monte and Marabá, in the State of Pará, will be carried out. Thus, it will be possible to evaluate and compare future missions from the power plant.

MAKING IT LESS COMPLICATED

Carbon Disclosure Project – Non-profit non-governmental organization that created a questionnaire formulate by institutional investors and addressed to companies that trade in the main stock markets worldwide to disseminate information about climate change policies.

GEG Emissions from thermoelectric power plants

The inventory of thermoelectric power plants, which was updated in 2009, addresses emissions fro units that use fossil fuels (fixed sources) to generate energy from 2003- 2008. Secondary missions, associated to the consumption of energy in administrative facilities, business trips, fleet of vehicles and suppliers, to mention but a few, were not included.

Emissions related to losses in the transmission and distribution systems are not included as well. Those should be incorporated to the next inventory publication cycles, which will be updated every ear and should gradually expand its scope.

Methodology used to calculate emissions ensues from the Intergovernmental Panel on Climate Change (IPCC) published in 2006. The inventory was based on guidelines and recommendations made by the Greenhouse Gas Protocol (GHG Protocol) developed by the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI), an international reference to create corporate inventories of greenhouse effect gases. It is published unabridged in www.eletrobras.com at the Sustainability > Environment link.

MAKING IT LESS COMPLICATED

Intergovernmental Panel on Climate Change – scientific intergovernmental organism that carries out regular assessment on climate change.

Greenhouse Gas Protocol – guide with instructions to measure greenhouse effect gas emissions.

CO_2 RECOVERY

Green areas maintained by the companies (learn more about it on pages 112 e 113) are responsible for recovering a significant amount of carbon dioxide (CO2) from the atmosphere. However, the Eletrobras companies do not yet quantify that reduction in the balance of their emissions.

Monitoring atmosphere emissions

Major emissions of the Eletrobras companies originate from a small number of thermoelectric power plants – 15 in all, which do not operate on a regular basis. They operate when there is water shortage and hydroelectric power plants are slowed down to prevent their reservoirs from reaching a critical level. That occurs because the Brazilian electricity model is integrated and complies with the rules set forth by the National Electric System Operator (ONS - read more on page 18).

CGTEE is the only Eletrobras company that generates mineral coal-based energy. Emissions yielded by UTE Presidente Médici, in Candiota (RS), correspond to 3,605t of nitrogen oxides (NO_x), 33,571t of sulfur dioxide (SO_2) and 7.997t particulate material for 318,2GJ or 107,8MWh of generation average.

Concentration of NO_x and SO_x gases at UTE Presidente Médici is measured in real time the exit of the stack by specific measuring devices. At UTE São Jerônimo, measuring is carried out non-continuously every six months.

The strict control of combustion conditions together with the regular maintenance of electrostatic precipitators guarantee a lower volume of pollutant discharged into the atmosphere. That control does not include the main greenhouse effect gases: carbon dioxide (CO_2) and methane (CH_4).

As Brazilian mineral coal that it used in those units has high sulfur content, CGTEE is trying to prove the desulfurization process by looking for new technically and economically viable technologies.
Total amount of atmosphere emissions of the Eletrobras companies depend on how long they operate during the year, type of fuel and production process adopted by each unit. Data for 2009 is being consolidated and is no yet available.

MAKING IT LESS COMPLICATED

Electrostatic precipitators – industrial equipment used to remove particulate material.

Desulfurization – process that removes sulfur.

Fewer pollutants, cleaner air

Eletrobras companies invest on diversified renewable sources in their energy matrix. Small-size hydroelectric power plants (PCHs) and eolic generation plants have been set up to increase the offer of clean energy.

Some thermoelectric power plants were also modernizes to operate using a combined cycle that enables the use of less polluting fuels. Such is the case of the Camaçari power plant in the state of Bahia, and Santa Cruz in Rio de Janeiro that were converted to use mainly natural gas instead of diesel oil. Solar energy projects are being tested.

Energy consumption

The Socioenvironmental Indicators for Corporate Sustainability Management (IGS) project estimates that energy consumption of all the Eletrobras companies will be monitored using specific indicators. Data provided in that report refer to 2009 and for this reason are.

In 2009, some 17,055,115GJ or 78,116,073MWh were purchased to meet electric demand of the organizations productive and administrative processes. The power plants also generate part of the electric energy that runs them, totaling some 6,071,947GJ or 1,061,568MWh that are consumed by their own production. Those figures do not include Furnas' consumption.

Fossil fuels are another type or energy that is consumed. To supply the fleet of vehicles, 736,197 liters of gasoline were consumed and 6,720,823 liters of diesel. Thermoelectric power plants used fossil fuels to generate energy, as shown in the table below.

ENERGY CONSUMED IN PRODUCTION PROCESSES*

Fuel	Total in 2009 (GJ)
Coal	16,200,000.00
Natural gas	161,252.20
Uranium	2,631,038.26
Diesel	24,076,471.03

*Data is estimated and may be corrected as controls improve.

Generated waste

The most common type of waste generated by the companies is administrative waste, such as light bulbs, batteries, printer cartridges and tonner. However, hazardous waste such as grease, oils, solvents are also used in energy generation and transmission activities. The following table shows the total generated in 2009 and the disposal method.

Final disposal of waste is carried out according to their characteristics. Some require specific treatment, such as florescent lights that should be sent to specialized and licensed companies that process them for decontamination and recycling. Some of the Eletrobras companies have already adopted that practice, but a same procedure should be n place for all companies.

WASTE GENERATED PER TYPE AND METHOD OF DISPOSAL *

	Hazardous waste	Non-hazardous waste	Nuclear waste
Composting (t)	0	1,04	0
Coprocessing (t)	61,410	21,1	0
Reuse (t)	9,976	297.546	0
Recycling (t)*	72,813	1.008,95	0
Recovery (t)	422,585	0	0
Incineration (t)	173,082	0	0
Sanitary and industrial landfill (t)	14,862	340.643,67	0
Onsite storage (t)	51,000	20.031,06	152,014
Sale/donation (t)	271,035	632	0
Total 2009 (t)	1.076,763	659.883,82	152,014

*Does not include all waste generated by the Eletrobras companies in 2009.
Estimated data that can be correct as controls are improved.

Nuclear waste

Radioactive waste generated in 2009 by nuclear plants Angra 1 and 2 totaled 273m^3. The material stored in deposits in the plant is classified as low and average activity.

Waste accounts for 0.00000585m^3 per GJ generated or the equivalent to 0,0000211m^3 per MWh. All storage standards of the International Atomic Energy Agency (IAEA) and the National Nuclear Energy Comision (CNEN) are strictly observed.

As well, since 1978, Eletronuclear has been developing a set of permanent environmental monitoring programs. At that time, the level of natural radiation was measured and living beings form that site were studied. Hat provided mean off comparing data obtained nowadays. It was verified that there was no change in the levels of natural radiation caused by the plant's activities in the region.

To protect the integrity of people and the environment, a strict monitoring of contamination possibilities is carried out. Samples of sea water, rain, sand from the beach, algae, fish, etc. are analyzed and reports are sent to environmental agencies. All waste is regularly monitored and inspected.

RADIOACTIVE WASTE GENERATED IN 2009

Type	Angra 1 (m^3)	Angra 2 (m^3)
Filter (F)	2,91	0
Evaporator concentrate (CE)	30	7,4
Primary resin (RP)	12	7,2
Solid waste (RS)	17,06	0
Compacted waste (RC)	14,14	5,2
Non-compacted waste (RNC)	177,22	0
Total	253,33	19,8

Discontinued use of ascarel oil

A relatively small amount of electric transformers and capacitators still use Polychlorinated biphenyl-based (PCBs) insulation oil, also known as ascarel oil. It is classified as a persistent organic pollutant (POP) that is highly toxic and difficult to degrade because it builds up along the food chain.

As set forth under the Stockholm Convention, by 2025 the final adequate disposal of ascarel oil will be carried out. In 1981, manufacturing equipment containing the substance was banned and the companies are gradually discontinuing its use.

Companies that still have equipment that contains ascarel oil offer correct management standards, both if equipment is used and stored. Legal guidelines and internal norms are adopted to prevent accidents.

Company	Program Name	Description	Benefit	Region	Subject
Eletrobras Chesf	Selective replanting	The program was created in 2006. Its goal is to plant 200 thousand seedlings/ year along the São Francisco River over four years.		Northeast	Environ-mental con-servation
Eletrobras CGTEE	Population Health Monitoring Program for the population living within the area of influence of the Presidente Médici Thermoelectric Power Plant.	The program aims at correlating atmosphere emissions ensuing from production process in the are surrounding the Presidente Médici Thermoelectric Power and respiratory tract diseases.		South	Health
Eletrobras Eletronorte	Waste Management Program	The project aims at preventing pollution risks that may affect directly or indirectly the health, safety and wellness of communities that live in the areas surrounding the enterprise, social and economic activities, and the environment .	Training employees to seek knowledge to change the process, equipment and operating conditions to minimize the amount of waste and their impact on the environment.	North	Health and safety
Eletrobras Eletronuclear	Marine Flora and Fauna Monitoring Program	–	–	Southeast	Environ-mental con-servation
Eletrobras Eletrosul	Indigenous Plant Nurseries	To produce and sell indigenous plant seedlings. The target is 180 thousand indigenous plant seedlings/year.	Guaranteeing sustainable improved life quality for youngsters and farmers associated to APIVALE - Association of Apiculturists and Agroecologists of the D'Uma River Valley.	South	Income generation
Eletrobras Furnas	Icthiofauna Monitoring (fish)	Monitoring of the changes on the icthiofauna within the area of influence of the enterprise, in order to propose measures to conserve fish diversity, based on scientific data.	Efficiency of management actions, based on studies that address the composition, distribution and biology of the most important species in those regions.	South and Mid-West	Environ-mental con-servation
Itaipu	Bela Vista Biological Sanctuary	Established in 1984 on 1,908 hectares of land to house the greatest possible flora and fauna diversity of regional species.	Ensuring the species with ecosystems affected by the creation of the hydroelectric power plant reservation were protected and permission to carry out research.	South	Environ-mental con-servation

Awards

AWARDS

	Awarded company	Given by	Awarded project or action
Prêmio Finep de Inovação 2009 (Finep Innovation Award 2009)	Eletrobras CGTEE	Financing Scheme for Project Studies and Programs (Finep) under the Ministry of Science and Technology (MCT)	Organic Backyard Project Category: Social Technology
Prêmio Intranet Portal 2009 (Intranet Portal Award 2009)	Holding Eletrobras	Instituto Intranet Portal e Senac-SP (Intranet Portal Institute and Senac-SP)	Best Intranet of Brazil
Melhores Empresas para Você Trabalhar (Best Companies to Work)	Eletrobras Eletronorte	Revista Exame Você S.A (Exame Você S.A. Magazine)	One of the best 150 companies to work for in 2009, per employee satisfaction
Prêmio do Anuário Brasileiro de Proteção 2009 (Annual Premium Brazilian Protection)	Eletrobras Eletronorte	Revista Proteção (Proteção Magazine)	Best case of Occupational Health and Safety Preventive Actions and Honors
Empresa Destaque no Prêmio Nacional da Qualidade (PNQ) (National Quality Award)	Eletrobras Eletronorte	Fundação Nacional da Qualidade - FNQ (National Quality Foundation)	Outstanding Leadership and People criteria
Prêmio Loss Case de Excelência 2009 (Loss Case Excellence Award 2009)	Eletrobras Eletronorte	Japan Institute of Plant Maintenance (JIPM)	Improvement developed by members of the Autonomous Maintenance Pillar
Prêmio Excelência em Comprometimento Consistente em TPM2009 (Award for Excellence in Consistent TPM Commitment 2009)	Eletrobras Eletronorte	Japan Institute of Plant Maintenance (JIPM)	Outstanding use of Total Productivity Maintenance (TPM) methodology
Prêmio Nacional da Gestão Pública (PQGF) (The Quality Award of The Brazilian Civil Administration)	Eletrobras Eletronorte	Ministério do Planejamento, Orçamento e Gestão - MPOG (Ministry of Planning, Budget and Management)	Five of its units are among the tem best organizations
Prêmio As Empresas Mais Inovadoras do Brasil/2009 (The Most Innovative Companies in Brasil in 2009)	Eletrobras Eletronorte	Revista Época Negócios e o Fórum de Inovação da Fundação Getúlio Vargas -FGV (Época Negócios Magazine and Innovation Forum of Getúlio Vargas Foundation)	One of the most innovative Brazilian companies and IT Use for working in private and public IT environment
Prêmio Nacional de Conservação e Uso Racional de Energia 2009 (Conservation and Rational Use of Energy National Award 2009)	Eletrobras Eletronorte	Ministério de Minas e Energia - MME (Ministry of Mines and Energy), Eletrobras e Petrobras.	Energy Sector Companies, Generation and Transmission Modality
Certificado Empresa Cidadã (Citizen Company Certificate)	Eletrobras Eletronorte	Conselho Regional de Contabilidade do Rio de Janeiro - CRC/RJ (Regional Council of Accountability of Rio de Janeiro)	Citizen Company, for investments made on the social and environment areas investments
Prêmio Nacional de Qualidade de Vida 2009 (Life Quality National Award 2009)	Eletrobras Eletronorte	Associação Brasileira de Qualidade de Vida - ABQV (Brazilian Quality of Life Association)	Continuous Action for developing life quality programs for their employees
Distinguished Paper Award	Eletrobras Eletronuclear	Agência Internacional de Energia Atômica - AIEA e a Agência Nuclear da Organização para Cooperação e Desenvolvimento Econômico - NEA-OCDE (Atomic Energy International Agency and The Nuclear Energy Agency and the Organisation for Economic Co-operation and Development).	Radiological Protection Division

	Awarded company	Given by	Awarded project or action
Empresa Cidadã (Citizen Company)	Eletrobras Eletrosul	Associação dos Dirigentes de Vendas e Marketing do Brasil - ADVB (Brazilian Association of Sales and Marketing Managers)	Community Pre-Entrance University Exam Project
Transparência 2009 (Transparency 2009)	Eletrobras Eletrosul	Associação Nacional dos Executivos de Finanças, Administração e Contabilidade, Fundação Instituto de Pesquisas Contábeis Atuariais e Financeiras e a empresa Serasa Experian (Nacional Association of Finance, Institute for Accounting, Actuarial and Financial Research, Business and Accountancy Executives, and Serasa Experian)	Category: Empresas Fechadas
Melhor Empresa no Setor Elétrico (Best Company in Electric Sector)	Eletrobras Eletrosul	Revista Isto É Dinheiro (Isto é Dinheiro Magazine)	Outstanding Corporate Governance, Innovation and Quality, and Human Resources
Melhores e Maiores (Best and Largest)	Eletrobras Eletrosul	Revista Exame (Exame Magazine)	83rd largest and best company in the Southern region and 536th in the sales ranking
As Melhores da Dinheiro 2009 (The Best from Dinheiro 2009)	Eletrobras Eletrosul	Revista Isto É Dinheiro (Isto é Dinheiro Magazine)	Best Brazilian Electric Energy Company, Corporate Governance and Innovation and Quality
3º Prêmio Brasil Meio Ambiente (3º Brazilian Environment Award)	Eletrobras Furnas	Jornal do Brasil, revista JB Ecológico e Gazeta Mercantil (Jornal do Brasil, JB Ecológico Magazine and Gazeta Mercantil)	Category: Best Environmental Education action
Prêmio Von Martius de Sustentabilidade (Von Martius Sustainability Award)	Eletrobras Furnas	Câmara de Comércio e Indústria Brasil - Alemanha - AHK-Brasil (German-Brazilian Chamber of Commerce and Industry)	Environmental Recovery and Subsistence Project
Prêmio Von Martius de Sustentabilidade (Von Martius Sustainability Award)	Itaipu Binacional	Câmara de Comércio e Indústria Brasil - Alemanha - AHK-Brasil (German-Brazilian Chamber of Commerce and Industry)	Nature Category: address sustainable development for communities
ECO 2009	Itaipu Binacional	Câmara Americana de Comércio para o Brasil - Amcham e Jornal Valor Econômico (American Chamber of Commerce and Jornal Valor Econômico)	Process Sustainability Category: socially responsible practices that generate corporate development
Selo Amigo do Catador – "Empresa Amiga do Catador" (Friend of Collectors of Recyclable Material Seal - Company friend of Collectors of Recyclable Material)	Itaipu Binacional	Movimento Nacional dos Catadores de Materiais Recicláveis - MNCR (National Association of Collectors of Recyclable Material)	Recognizes the work and sponsors collectors of recyclable material
Selo Amigo da Fauna (Friend of Fauna Seal)	Itaipu Binacional	Instituto Ambiental do Paraná - IAP (Paraná Environmental Institute)	Seal "Friend of Fauna Company", Gold category
Benchmarking Ambiental Brasileiro (Brazilian Ambiental Benchmarking)	Itaipu Binacional	Mais Projetos Corporativos (More Corporative Projects)	The case "Environmental Education for Sustainability Program" as awarded for its socioenvironmental management and training
Selo Pró-Equidade de Gênero (Pro-Equity of Gender Seal)	All Eletrobras companies	Secretaria Especial de Políticas para as Mulheres, com apoio da Organização Internacional do Trabalho - OIT e do Fundo de Desenvolvimento das Nações Unidas para a Mulher - Unifem (Special Secretariat of Policies for Women, with the support of International Labor Organization, and the United Nations Development Fund for Women)	Fostering equal opportunities for women in the corporate world

GRI Index

GRI INDEX

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2.4	Location of organization's headquarters.	14
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	10
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Indicator	Description	Page
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EU5	Allocation of CO_2e emissions allowances or equivalent, broken down by carbon trading framework.	118
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3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	4
3.7	State any specific limitations on the scope or boundary of the report.	4
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3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	7
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	No reformulation.

Indicator	Description	Page
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3.13	Policy and current practice with regard to seeking external assurance for the report.	7
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4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	22, 24
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	31
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4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	14, 28
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	22

Indicator	Description	Page
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4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	110
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4.15	Basis for identification and selection of stakeholders with whom to engage.	31
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	31
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	31
5.0	Type of management and performance indicators.	7, 27
ASPECT: INFORMATION AVAILABILITY AND RELIABILITY		
EU6	Management approach to ensure short and long-term electricity availability and reliability.	18
ASPECT: DEMAND MANAGEMENT (GLD)		
EU7	Demand-side management programsincluding residential, commercial, institutionaland industrial programs.	Not applicable because the scope of the document does not include the activities of the energy distribution responsible for supplying to final consumers.
ASPECT: RESEARCH AND DEVELOPMENT		
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	46
ASPECT: POWER PLANT DECOMMISSIONING		
EU9	Provisions for decommissioning of nuclear power sites.	Eletronuclear has constituted a fund, since 2008, for decommissioning of nuclear power plants Angra 1 and 2, as is presented in the company's Financial Statements.

Indicator	Description	Page
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EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	40
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	32
EC3	Coverage of the organization's defined benefit plan obligations.	74
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EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	64
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	98
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EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	15
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Indicator	Description	Page
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EN1	Materials used by weight or volume.	–
EN2	Percentage of materials used that are recycled input materials.	–
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EN3	Direct energy consumption by primary energy source.	122
EN4	Indirect energy consumption by primary source.	–
EN5	Energy saved due to conservation and efficiency improvements.	52
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Not applicable because the Eletrobras companies are energy generators and transmitter and for that reason do not make equipaments or provide a type of service that consumes energy.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	–
ASPECT: WATER		
EN8	Total water withdrawal by source.	116
EN9	Water sources significantly affected by withdrawal of water.	No water source was affected.
EN10	Percentage and total volume of water recycled and reused.	–
ASPECT: BIODIVERSITY		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	–
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	106, 110, 117, 120
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	–
EN13	Habitats protected or restored.	112, 114
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	109, 110, 112

Indicator	Description	Page
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	–
ASPECT: EMISSIONS, EFFLUENTS AND WASTE		
EN16	Total direct and indirect greenhouse gas emissions by weight.	119
EN17	Other relevant indirect greenhouse gas emissions by weight.	119
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	118, 120, 121
EN19	Emissions of ozone-depleting substances by weight.	–
EN20	NOx, SOx, and other significant air emissions by type and weight.	120
EN21	Total water discharge by quality and destination.	116
EN22	Total weight of waste by type and disposal method.	122, 124
EN23	Total number and volume of significant spills.	Eletrobras companies were not responsible for any type of spilling of substances.
EN24	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.	–
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	–
ASPECT: PRODUCTS AND SERVICES		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	–
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	The product of the Eletrobras companies is energy, that waives packaging.
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EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	107

Indicator	Description	Page
ASPECT: TRANSPORT		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	–
ASPECT: GENERAL		
EN30	Total environmental protection expenditures and investments by type.	104
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EU14	Programs and processes to ensure the availability of a skilled workforce.	–
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EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	–
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	63
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LA1	Total workforce by employment type, employment contract, and region.	58-62
LA2	Total number and rate of employee turnover by age group, gender, and region.	61
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	63
ASPECT: STAKEHOLDER ENGAGEMENT		
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	63
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	63
ASPECT: RELATIONSHIP BETWEEN EMPLOYEES AND GOVERNANCE		
LA4	Percentage of employees covered by collective bargaining agreements.	63
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	62

Indicator	Description	Page
ASPECT: OCCUPATIONAL WORK AND SAFETY		
LA6	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.	–
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities by region.	66
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	66
LA9	Health and safety topics covered in formal agreements with trade unions.	–
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LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	74
LA12	Percentage of employees receiving regular performance and career development reviews.	73
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	68, 69
LA14	Ratio of basic salary of men to women by employee category.	63
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HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	98
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	71

Indicator	Description	Page
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EU20	Approach to managing the impacts of displacement.	81, 84, 110
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EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	33
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Indicator	Description	Page
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SO2	Percentage and total number of business units analyzed for risks related to corruption.	32
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	–
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SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Energy service is a public utility service regulated by the government.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	19

Indicator	Description	Page
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EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	87
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.	This document does not include energy distribution activities that are responsible for meeting the needs of final consumers.
ASPECT: CLIENT HEALTH AND SAFETY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	–
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	–
ASPECT: EMERGENCY AND DISASTER PREVENTION AND READINESS		
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	–
ASPECT: PRODUCT AND SERVICES LABELING		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	The product of the Eletrobras companies is energy, that waives packaging.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	The product of the Eletrobras companies is energy, that waives packaging.

Indicator	Description	Page
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	95
ASPECT: MARKETING COMMUNICATION		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	There were no non-compliance
ASPECT: CLIENT PRIVACY		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not applicable because the Eletrobras companies are energy generators and transmitter and for that reason do not make equipaments or provide a type of service that consumes energy.
ASPECT: COMPLIANCE		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not applicable because the Eletrobras companies are energy generators and transmitter and for that reason do not make equipaments or provide a type of service that consumes energy.

Indicator	Description	Page
ASPECT: EMERGENCY AND DISASTER PREVENTION AND READINESS		
EU26	Percentage of population unserved in licensed distribution or service areas.	Not applicable because the scope of the document does not include the activities of the energy distribution responsible for supplying to final consumers.
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Not applicable because the scope of the document does not include the activities of the energy distribution responsible for supplying to final consumers.
EU28	Power outage frequency.	Not applicable because the scope of the document does not include the activities of the energy distribution responsible for supplying to final consumers.
EU29	Average power outage duration.	Not applicable because the scope of the document does not include the activities of the energy distribution responsible for supplying to final consumers.
EU30	Average plant availability factor by energy source and by regulatory regime.	15

Eletrobras

The 2009 Sustainability Report of the Eletrobras companies is the result of the commitment of a team comprised by 93 individuals that represented the holding and eight different organizations. Different areas of each subsidiary participated in identifying performance indicators and information related to engineering and economic, environmental and social aspects. The team's commitment is reflected in this document that presents the actions of the Eletrobras companies.

General Coordination
Sustainability Committee of Eletrobras

Executive Coordination
Alberto Galvão Jardim

Publishing
Communication Advisory Service and Press Relationship

Technical Coordination and Consolidation of Information
Palavrarte Comunicação e Relatórios Sociais

Editors
Angélica Neiva Simino
Elisa Viviani Ramirez
Erica Batista Felix da Silva
Katy Mary Berbes de Farias
Patrícia Pinheiro

Colaboration
Tássia Rodrigues

Graphic design
Conceito Comunicação Integrada
www.conceito-online.com.br

Images

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“Laboratório de Hidráulica Experimental e Recursos Hídricos de Furnas”

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“Linha Experimental LPNE”

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The 2009 Sustainability Report of the Eletrobras companies is available both printed and online in the website www.eletrobras.com. The report can be read by partners, shareholders, employees, clients, suppliers, non-governmental organizations, trade associations and the government, to mention but a few. It provides a general vision of the management of Eletrobras companies.

Eletrobras - Centrais Elétricas Brasileiras
Av. Presidente Vargas, 409 / 13º andar
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www.eletrobras.com

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