

Light

Sustainability Report 2013

Light

Report of Sustainability 2013

MATERIALITY MATTERS
Global Reporting Initiative™
AT THE TIME OF PUBLICATION THE G4-17 TO G4-27 DISCLOSURES WERE CORRECTLY LOCATED IN THIS G4 CONTENT INDEX AND FINAL REPORT.
2014

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Message from Administration [G4-1]

Dear reader,

We are pleased to present the 2013 Sustainability Report of the Light Group. Keeping the pioneering spirit that characterizes the company - we are contributing to the development of the country for more than 100 years and especially in Rio de Janeiro - this report follows the new G4 guidelines of the Global Reporting Initiative (GRI).

Light monitors its economic, environmental, social and governance impacts responsibly and transparently. We privilege integrated report to ensure that interested parties get access, reliability and clarity of information concerning the company.

We know that, increasingly, the reader expects to easily find the information he looks for. To this end, the report needs to be clear and objective, but at the same time, instigating curiosity of the reader in wanting to know more about Light. It is necessary to balance relevant information with conciseness of the text.

We opted to keep the format of the last two years. The printed version of the report is the *Conexão Light* Magazine, which discusses the material issues of Light. With an attractive look, the publication has the function to arouse the interest of the reader and make him look for more information in the full version, available on-line. This version is adapted for navigation on mobile applications and in it is also presented indicators of environmental responsibility of the *Agência Nacional de Energia Elétrica - ANEEL* (National Electric Energy Agency).

The report is not only an accounting of what we did, but it is also a proposition of where we want to be in the coming years.

In 2013, the economic environment has become more stable in the international context. Global economy shows signs of mild recovery, especially in the U.S. and Europe, while in Brazil the impacts still persist. The GDP showed a small increase of 2.3% compared to 2012. To the low economic growth we can add the growing inflationary pressures, driven by infrastructure bottlenecks and by the exchange variation. Now, the consumption of electricity in Brazil proves its tendency to grow at a greater rate than the economy, rising 3.5% also compared to 2012.

The year of 2013 began with high temperatures, resulting in strong growth of electricity consumption. Along with the heat, came the heavy rains that affected, mainly, the Baixada Fluminense. On the occasion, Light more than doubled its number of attendance and mobilized the necessary resources to minimize the discomfort of the customers.

In January, the distributors passed by the Extraordinary Tariff Review process. The impact was positive in the short term for customers, who have benefited from lower rates, with an average reduction of 19.63% in the account.

Despite the heavy localized rainfall, the delay of the wet period caused that reservoirs of hydroelectric plants reached critical levels that imposed on the country the drive of the thermal plants. The costs associated with this operation jeopardized the economic and financial balance of distribution companies. With the performance of Light, together with other distributors, the *Associação Brasileira de Distribuidores de Energia Elétrica* - ABRADEE (Brazilian Association of Electricity Distributors), ANEEL and the *Ministério das Minas e Energia* - MME (Ministry of Mines and Energy), it was possible to find an alternate path, with the compensation of those extraordinary costs within the same year.

Equated this issue, we focused on our main problem, the theft of electricity. The fight to it in Rio de Janeiro is particularly difficult by the strong social and cultural component and is not comparable to any other concession of the country. As a result of that, communication of Light with its stakeholders plays a key role. We launched a campaign in various media and produced several films that served as institutional communication, providing information and raising the debate on the subject in the society.

At the beginning of the second half, the entire work force was called for a shift towards major changes in the company, with the slogan *Orgulho de Ser Light* (Proud of Being Light). It was a call to action to focus our attention on improving operational indicators and change the perception of customers regarding the quality of service provided.

The Office of Special Projects (EPE), connected directly to the Presidency and responsible for ensuring the successful conduct, with the speed and consistency required, of the priority projects for the company: Quality of Supply (DEC - Duration of interruption per Consumer Unit); Combat to losses; Tariff Review; *Programa Vida!* (Life Program!); *Orgulho de Ser Light* and Sinergia Light (Light Synergy) and *Companhia Energética de Minas Gerais* - Cemig (Energetic Company of Minas Gerais.

Still in the beginning in the second half, we had other reasons to be proud of: the good performance of Light in the Confederations Cup and in World Youth Day. Without overshadowing the show of the selection nor the sympathy of Pope Francisco, Light ensured that the energy reach all locations, helping to illuminate the hearts and minds in the two events that attracted the attention of millions of people around the world.

But past victories do not guarantee future achievements, and Light prepared itself throughout the year for the next world events. In the case of the Olympic Games, the company participates in various forums aimed at organizing the event in the city of Rio de Janeiro. Throughout the discussions was identified a number of investments in the electrical system necessary to ensure the reliability of power supply throughout the duration of the Olympic games.

From this set, Light, because of prudence, sought to identify and certify with ANEEL which investments strictly speaking, would be covered by the responsibility of the grant and what would be, solely in the interest of consumers. This assessment resulted in a demand linked to the grant of about R$ 385 million to be invested over three years (2013/14/15), guided by own planning of the company, in which almost all of these investments are contemplated in the next tariff cycle 2014/18.

Light managed to, with the National Bank for Economic and Social Development (BNDES), obtain a specific funding line for the works associated with the Olympic Games. In the case of the Olympic substation, which is not bound by the obligations of the concession in early 2014, we signed with Furnas Centrais Elétricas, with the support from the MME, the shareholders' agreement for administration of Society of Special Purpose (SPE) Energia Olímpica S.A., which will be responsible for the implementation of that substation, dedicated exclusively to provide electricity to the Olympic Park under construction in Barra da Tijuca.

To face these challenges, it was necessary to overcome another: a tariff review and we achieved a fair result. The gains of scale between revisions were passed on to consumers. There was adequate recognition of the investments made in the last five years and also the recognition of the specificities of granting of Light to combat non-technical losses, as well as the innovative solution used to combat them: *Light Legal*.

The project *Light Legal* was consolidated in 2013 as the great action to combat commercial losses of the company. Associated with electronic measurement, the project is applied in small areas called *Áreas de Perda Zero* - APZs (Zero Loss Areas) with approximately 15 thousand customers, high levels of commercial losses and delinquencies. The operation in each area is performed by a contracted company, focused on improving indicators, with dedicated staff and frame mounted in the region. The APZs have fixed salary and bonuses for performance, ensuring a greater commitment to the outcome. This configuration brings increased productivity of the combat process to losses, as the reduction of teams displacement can minimize costs and environmental impacts. In 2013, the *Light Legal* covered a total of 26 areas and 416 thousand customers, with significant results, commercial loss, which was previously 45.6%, fell to 20.3%, and the timely payment, which was 90.17%, reached almost 100% in these areas.

Beyond the *Light Legal* we performed various actions under the special project to combat losses, which were the basis for consolidation of the work strategies for energy recovery for all customer segments, highlighting two major fronts: shielding of the revenue for customers of high and medium voltage and biggest customers of low voltage, and electronic measurement with *Light Legal*, for customers of low voltage in areas of high losses.

These actions, combined with the pacification of the communities conducted by the State government process, allowed Light to achieve a positive result that was not achieved long ago. The registered commercial losses (non technical losses) in 2013 totaled 5,738 GWh, representing 42.18% of the billed energy in the low voltage market. A reduction of 3.24 p.p. in relation to the 45.42% observed in 2012. This result reflects the company's commitment in combating this true sore. The commitment of the Light is to reduce commercial losses to a level of 30% by 2018.

We expanded the dialog with the workforce through visits of the Board of Executive Officers to units of the company. We kept the managerial meetings and retook the leadership program, by stimulating and enhancing the performance of the managers. In the same line, we engaged key managers in setting our strategic plan for the next five years. From the external view of many experts, renowned in their respective fields, and of deep thought about our strengths and weaknesses, we plotted the overall guidelines that will guide the strategy of the Light until 2018.

To achieve our strategic objectives, we rethought our investments. In the generation, we refund the grant of the Hydroelectric Power Plant (HPP) Itaocara because, with the remainder term for the deployment and operation of the plant, it would not be possible to guarantee a profitable operation. In partnership with Cemig, we evaluated the possibility of coming to participate in the new auction for the granting of such plant, already signaled by the federal government. We renegotiated with the RR Participações and with the Cemig Generation and Transmission the participation of Light Energia in the capital share of Renova Energia. This operation allowed the entry of Cemig GT in the control block of Renova, enabled the acquisition of 51% of Brazil PCH shares and reinforced the Renova cashier for use in wind projects already contracted and in new opportunities for growth in assets of renewable energy.

In 2013, total energy consumption increased by 2.9% achieving 25,717 GWh. The net income (without Construction Revenues) was of R$ 6,602 million, 1.4% higher. EBITDA totaled R$ 1,697 million, 17.9% higher, and the net income resulted in a growth of 38.5%, totaling R$ 587 million. Non-technical losses were 3.2 percentage points lower than in 2012, and the collection rate was of 100.6%, 2.6 percentage points higher than last year. Due to the higher volume of investments, the company's net debt ended the year at R$4,025 million, respecting the limits of the covenants. In the stock market, the year was bad for the actions of the electricity sector. The IBOVESPA depreciated by 17.7%, and the Index of Electricity Companies (IEE), 10.3%, while the shares of Light appreciated by 4.6%. at the end of the year, 37.6% of the company's shares were held by non-controlling shareholders, beyond BNDESPar, with 10.3% of the shares.

We remain firm and engaged in our commitment to quality of service, as well as the sustainable development of our concession area and of Rio de Janeiro. This posture qualified Light to integrate by the seventh consecutive year, the Sustainability Index (ISE) of BM&FBovespa.

All achievements were only possible because we have the full support of the Board of Directors. The next and secure performance of the Committees allowed to keep an ongoing dialog, ensuring alignment of the shares of Light with the wishes of the Board and reinforcing our model of corporate governance.

The search for corporate sustainability remains a priority for the company. Light considers the opinion and vision of its stakeholders in the definitions of their sustainability strategies, seeking to balance the economic, environmental and social dimensions of its performance.

Good reading,

Key indicators of sustainability

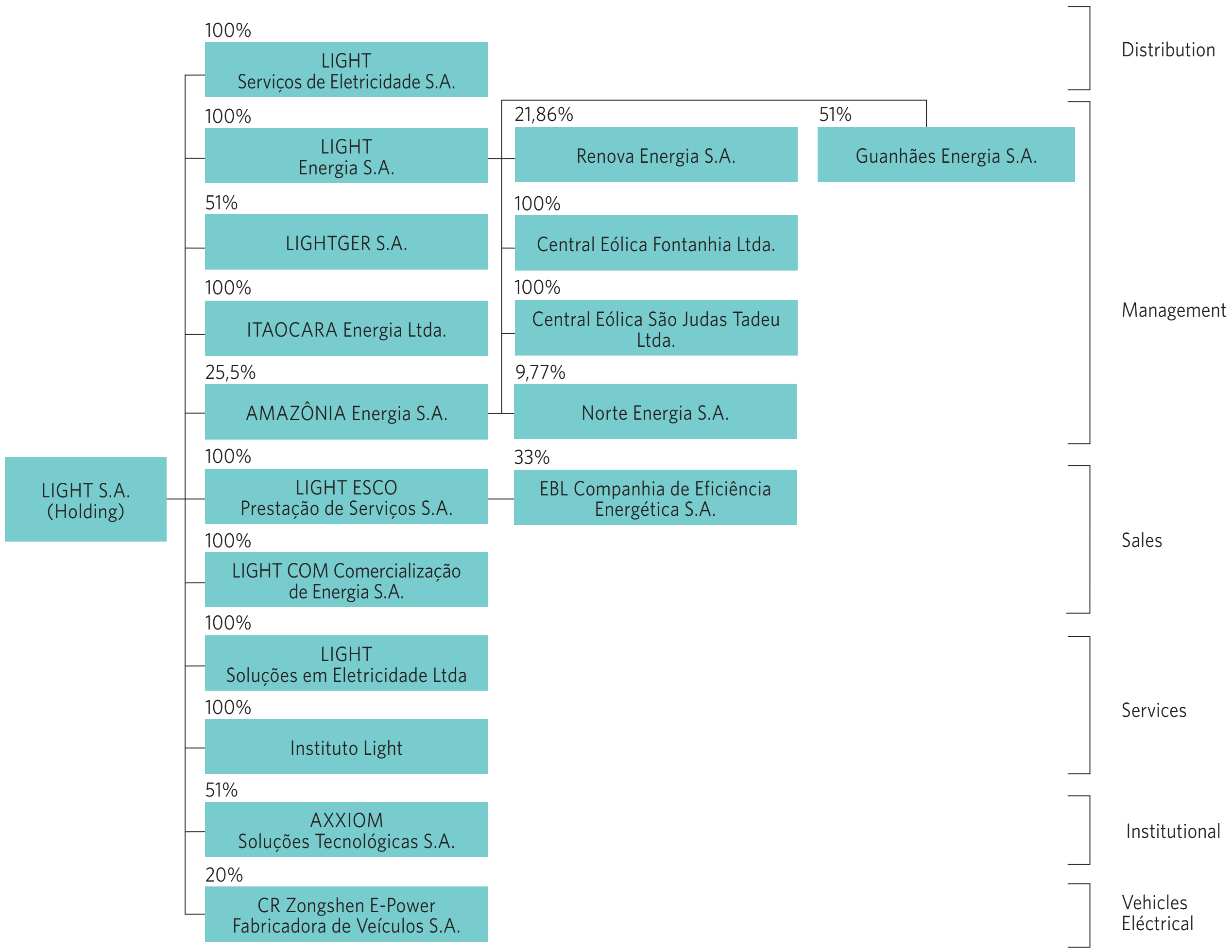
Financial Results	*2011*	*2012* [1]	*2013*
Net earnings (in R$ millions) [2]	6,945	7,182	7,422
EBITDA (in R$ millions)	1,238	1,439	1,697
EBITDA Margin (%)	20.1%	22.1%	25.7%
Earnings (loss) (in R$ millions)	342	424	587
Net Debt (in R$ millions)	3,383	3,992	4,025
Net Debt/EBITDA (times)	2.7	2.9	2.8
Investments (in R$ millions)	929	797	845
Operational Indicators			
Light SESA			
Frequency of interruptions in energy supply - FEC (nº of breaks)	7.8	8.4	8.3
Average duration of interruptions in the supply of energy - DEC (hours)	16.7	18.2	18.4
Non technical losses/BT Market (%)	40.4%	45.4%	42.2%
Collection rate (%)	97.4	98.0	100.6
Total sold energy (GWh)	24,658	24,997	25,717
Light Energia			
Sold energy (GWh)	5,523.0	5,373.4	4,881.8
Light Esco			
Commercialized Energy (GWh)	1,620	1,717	4,197
Environmental Indicators			
Environmental investments (in R$ millions)	23.7	28.7	29.0
Direct Emissions of Greenhouse gases - Scope 1 (in ton of CO_2 eq) [3]	10,851	7,827	10,105
Indirect Emissions of Greenhouse gases - Scope 2 (in ton of CO_2 eq) [4]	66,866	177,422	249,348
Another indirect Emissions of Greenhouse gases - Scope 3 (in ton of CO_2 eq) [5]	46,138	52,413	58,548
Number of certifications ISO 14.000 (accumulated)	289	270	280
Economy of Energy (GWh/year) [6]	100.3	15.7	11.3
Social Indicators			
Satisfaction Index of Perceived Quality (ISQP) – ABRADEE	75.1	70.0	69.1
Customer Satisfaction Index with the performance of services (ISES)	92.7	91.6	88.4
Satisfaction Survey of Major Customers	62.0	57.8	90.3
Investments in the Efficient Community (in R$ millions) [7]	11	26	13
HH average of employees training [8]	78.9	53.2	45.6
Frequency of accidents with leaves	5.04	4.08	2.34

[1] *Due to an accounting change, the year 2012 was reclassified leaving to consolidate the results of its jointly controlled companies (joint ventures).* **[G4-22]**
[2] *Includes construction revenue.*
[3] *Increase due to emissions occurring in the reform process of SF6 insulated equipment, which aims to eliminate gas leaks.*
[4] *Significant increase due to the higher carbon intensity of the National Interconnected System (SIN), caused by activation of the thermal plants throughout 2013.*
[5] *Although there was a reduction of 9.75% in other indirect emissions that account mobile sources from third parties, and of 8.45% in relation to travel, there was a significant increase of 16.39% in respect of waste sent to sanitary landfills, impacting on total emissions in scope 3.*
[6] *Are only appropriate the results of the projects completed during the year. n 2011 the result is related to the completion of the Comunidade Eficiente VI, multi-year project, which included 244 communities, serving more than 83,000 households, with an investment of R$ 61 million from 2008 to 2011.*
[7] *The variation in investment is associated with the logistics of the project, for example, in 2012 there was a concentration of investments of the CEVII project, with full engagement of suppliers and initial mobilization.*
[8] *In 2013, Light focused on actions for cultural alignment and support of the Programa Vida! (Life Program!) that are not necessarily focused on training.*

Profile [G4-3, G4-4, G4-6, G4-7, G4-9]

Light, large company of the electricity sector, is present in 31 municipalities in the State of Rio de Janeiro, covering a region with more than 10 million people. It ended 2013 with 4,118,120 customers and a net income of R$ 7.4 billion. Headquartered in the city of Rio de Janeiro, the Light Group is constituted by the companies **Light S.A.** (holding); Light Serviços de Eletricidade S.A. (**Light SESA**), of energy distribution; Light Energia S.A. (**Light Energia**), of energy generation; Lightger S.A. (**Lightger**), responsible for the PCH Paracambi venture; Itaocara Energia Ltda. (**Itaocara**); Amazônia Energia Participações S.A. (**Amazônia**), participation in the project of UHE Belo Monte; Light Esco Prestação de Serviços S.A. (**Light Esco**) Lightcom Comercializadora de Energia S.A. (**Lightcom**), both in commercialization; Light Soluções em Eletricidade Ltda. (**Light Soluções**); Axxiom Soluções Tecnológicas S.A. (**Axxiom**), for services; Instituto Light, institutional; and CR Zongshen E-Power Fabricadora de Veículos S.A. (**E-Power**), in manufacture of electric vehicles of two-wheels.

This report presents the practices related to holding Light S.A. and Light subsidiaries Light SESA, Light Energia, Light Esco, Lightcom e Light Soluções, companies participating mainly in three business segments: distribution, generation and marketing/energy services. Next, the organizational structure of the company in December of 2013:



Light Serviços de Eletricidade S.A.
Society for actions of public company, with headquarters in the city of Rio de Janeiro/RJ, which main activity is the distribution of electricity, with concession area covering 31 counties in the State of Rio de Janeiro, including the capital. In 2013, total energy consumption in the concession area of Light SESA (captive customers + transportation of free customers) was of 25,717 GWh, representing an increase of 2.9% over the previous year.

Light Energia S.A.
Publicly-held shared company, with headquarters in the city of Rio de Janeiro/RJ, whose main activities: (a) study, plan, build, operate and exploit generation and transmission systems, sale of electricity and related services that have been or will be granted or approved by any form of law, or to companies which hold or will hold the stock control; (b) participate in other companies as partner, shareholder or quota holder.

Light Energy produces energy exclusively by hydro power, from the basin formed by the Rio Paraíba do Sul and Ribeirão das Lajes. The Light Energia has a generator park that consists of five hydroelectric plants, totaling 855 MW of installed capacity. Beyond them, also has two pumping stations, two reservoirs of regularization and six small reservoirs in the states of Rio de Janeiro and São Paulo. The company has no nuclear nor thermoelectric plants. **[EU9, EU11]**

The generation park of Light Energia has certifications in quality management, environment, safety and health, prioritizing environmental conservation initiatives in the area of their reservoirs, in partnership with universities, research centers and non-governmental organizations.

In 2013, Light Energia produced 4,399 MWh of net energy, volume 2.4% above 4,296 MWh generated in 2012.

The total energy available from Light Energia in the year was of 4881.8 GWh, 9.1% lower than 2012, mainly due to the worst hydrological condition of the national system, impacted by low reservoir levels associated with the delay of the rainy season.

Light Esco Prestação de Serviços S.A.

Company for privately-held shares, with headquarters in the city of Rio de Janeiro/RJ, which main activity is the purchase, sale, import and export of electricity, heat, gas and industrial utilities and provision of consultancy services in the energy sector. Participates in the *Consórcio Maracanã Solar* (Solar Maracana consortium) to operate a photo voltaic plant, installed on the roof of the Maracanã stadium (51%). *EDF Consultoria em Projetos de Geração de Energia Ltda* (Consulting Power generation projects ltd.) participated with 49%. Light Esco obtained from ANEEL authorization to become an independent electricity producer.

Light Com Comercializadora de Energia S.A.

Privately held joint stock company with headquarters in São Paulo/SP, that has as an objective the purchase, sale, import, export and provision of consulting services in the energy sector.

In 2013, energy trading totaled the amount of 4197.0 GWh, 144.5% above 1716.8 GWh sold last year. This growth is due mainly to the sale of energy of Light Energia, which became available after the expiration of contracts in the 2004 auction. During the year, 13 projects of services provision were underway, being that nine are still running, including the co-generation project for a major industry in the beverage industry, five projects in major shopping malls in the country and one related to construction of a transmission line of 138 kV for a large national mining.

Light Soluções em Eletricidade Ltda.

Limited company whose main activity is to provide services to low-voltage customers, including assembly, refurbishment and maintenance of facilities in general.

About this Report

Light presents the Sustainability Reports of 2013. Directed to all stakeholders of the company, is made annually and it has its last edition published in May of 2013, having as base the year before its publication. **[G4-29, G4-30]**

Since 2005, when Light has joined the New Market of BM & FBovespa, adopting best practices in corporate governance, the company explained its management focused on sustainability. However, the year of 2007 is a milestone because several initiatives show that the Light is on the right way. They are: adherence to the Global deal and to the commitments of the United Nations for the Millennium; rendering of accounts in accordance with the guidelines of the Global Reporting Initiative (GRI); and participation in companies in the portfolio of the Corporate Sustainability Index of Bovespa (ISE Bovespa). Is worth mentioning that Light was selected for the seventh consecutive year to integrate the ISE Bovespa, which aims to identify companies with the best practices in corporate sustainability based on economic efficiency, environmental balance, social justice and corporate governance. **[G4-15]**

In 2009, it joined the Carbon Disclosure Project (CDP), disclosing its policies on climate change and emissions of greenhouse gases. In 2012, Light formalized its commitment to the Environment and Climate and signed new letter of commitment to the Global Compact, reinforcing the bonding of its strategic plan for sustainability. **[G4-15]**

The Sustainability Report 2013 follows the criteria of the GRI Guidelines G4 in Comprehensive level, including all specific indicators of the electricity sector applicable to the company. **[G4-33]** Definition issues of materiality, governance, ethics and management of suppliers are detailed. Then the contents that must be presented for each level.

General Standard Disclosures	*'In accordance' - Core*	*'In accordance' - Comprehensive*
Strategy and analysis	**G4-1**	**G4-1, G4-2**
Organizational Profile	**G4-3 a G4-16**	**G4-3 a G4-16**
Identified Material Aspects and Boundaries	**G4-17 a G4-23**	**G4-17 a G4-23**
Stakeholder engagement	**G4-24 a G4-27**	**G4-24 a G4-27**
Report Profile	**G4-28 a G4-33**	**G4-28 a G4-33**
Governance	**G4-34**	**G4-34, G4-35 a G4-55**
Ethics and integrity	**G4-56**	**G4-56, G4-57 a G4-58**
General Standard Disclosures for Sectors	Required, if available for the organization's sector	Required, if available for the organization's sector
Specific Standard Disclosures	*'In accordance' - Core*	*'In accordance' - Comprehensive*
Generic Disclosures on Management Approach	For material Aspects only	For material Aspects only
Indicators	At least one Indicator related to each identified material Aspect	At least one Indicator related to each identified material Aspect
Specific Standard Disclosures for Sectors	Required, if available for the organization's sector and if material	Required, if available for the organization's sector and if material

The Core option contains the essential elements of a sustainability report. It provides the backdrop against which the organization reports the impacts of its economic, environmental, social performance and of governance. The Comprehensive option part of the Core, requiring the disclosure of information about the strategy, analysis, governance, ethics and integrity of the organization, and communicate performance more broadly, reporting all indicators related to the identified material aspects.

Since 2009, the basis for the definition of the Sustainability Report of Light has been the Materiality Matrix, defined through a structured process of *stakeholder* engagement, reported in this chapter. This report also complies with the requirements of the Annual Report of Economic-Financial and Environmental Responsibility of the ANEEL, including specific indicators of Light SESA and of Light Energia. **[G4-18]**

The information in this report include the results for the period from January 1 to December 31, 2013, containing data of the following group companies: Light S.A., Light SESA, Light Energia, Light Esco, Light Com and Light Soluções. **[G4-17, G4-28]**

The process of developing this document relies on the participation of managers and employees of companies of Light Group, responsible for providing and validating information. Data are collected in a systematic manner, keeping all history of the indicators since 2005. Eventually, when there is a review of information from the previous year, duly justified, the data is changed and recorded in the report. In 2013, there was no significant change in comparison with previous concerning the scope, boundary or measurement method years. **[G4-23]**

To integrate the indicators of sustainability to the other indicators and information reported by the company, an analysis of two reports of accountability to the market was taken – Reference Form, required and regulated by the Securities Exchange Commission - CVM, and Notes to the Financial Statements, prescribed by Law 6.404/1976 (Law of S/A) - the areas of Strategy and Sustainability, Relationships with Investor and Accounting. There were mapped topics of the 35 indicators of GRI G4, also present in other documents.

The Sustainability Report of Light is approved by the Board of Directors after verification of the Committee of governance and sustainability. Light discloses a complete version of it in the website www.relatoriolight.com.br and publishes a summary version in magazine format, reducing the amount of printed paper. **[G4-48]**

Commitment with stakeholders and Materiality Matrix [G4-18]

Since 2009, Light produces its sustainability Report based on its Materiality Matrix that guides the construction of all content reported to the electricity sector, to the regulatory agencies and to the society in general. The Materiality Matrix presents relevant topics (materials) that create value for the company and its stakeholders. **[G4-18]**

The Materiality Matrix of Light was prepared based on a methodology developed and applied by the Brazilian Foundation for Sustainable Development (FBDS), according to AA 1000 standard. Three years later, in 2012, the company decided to rework it to categorize results in big topics and assess whether they were being addressed in their strategic planning. **[G4-26]**

The standard AA 1000, launched in 1999 by the ISEA (Institute of Social and Ethical Accountability), has the function of guaranteeing the quality of the information presented in the reports, providing mechanisms of assessment and verification of data, especially for non-financial information. The way it operates is based on the relation-hip of companies with their stakeholders, seeking to include them in decision making processes of the company. Standard AA 1000 can be found at the website www.accountability21.net.

The first step in defining the Materiality Matrix was to identify stakeholders. It was they who, along with Light, in 2009, pointed out, evaluated and came to the conclusion of priority topics for the company, which also orientate the reports of sustainability. The methodology used consisted of four main stages: identifying and prioritizing stakeholders, defining the material issues, drafting of the dynamics of presential engagement and definition of the method of consolidation of results, which allowed creating Materiality Matrix. **[G4-25]**

The identification of stakeholders was done in a beginning by Light, which indicated to FBDS the relationship public of the company, totaling 343 stakeholders. The next step was a prioritization exercise of that public. Light identified the impact of each *stakeholder*, using the following criteria established by AA 1000 standard: Responsibility, Influence, Proximity, Dependency, Representation and Strategic Policies and Interactions. **[G4-25]**

As a result, the final number of prioritized stakeholders was of 248, divided into 13 groups: Academy, Associations and Class Entities, Customer, Community, Enterprise Group, Specialists, Financial, Suppliers, Media, NGOs, Partners, Public Power and Regulatory Agency.

The next step was to define 20 issues (or topics) materials to be presented to stakeholders in a formal engaging process, which included three dynamics. All prioritized stakeholders were invited to participate in the engagement event, of which 61 were present, according to the percentages shown below: Academy (2%), Associations and Class Entities (10%), customers (18%), Community (27%), Financial(5%), Supplier (32%), Press (2%), Public Power (2%) and Regulatory Agency (2%).

As a result of the engagement, the issues considered relevant (or materials) were consolidated into a Materiality Matrix, with its vertical axis supplied by issues of relevance to stakeholders, according to the criteria of high, medium and low relevance. The horizontal axis of the matrix showed the impact of the issues in the strategic planning of the company under the criteria of high, medium and low impact.

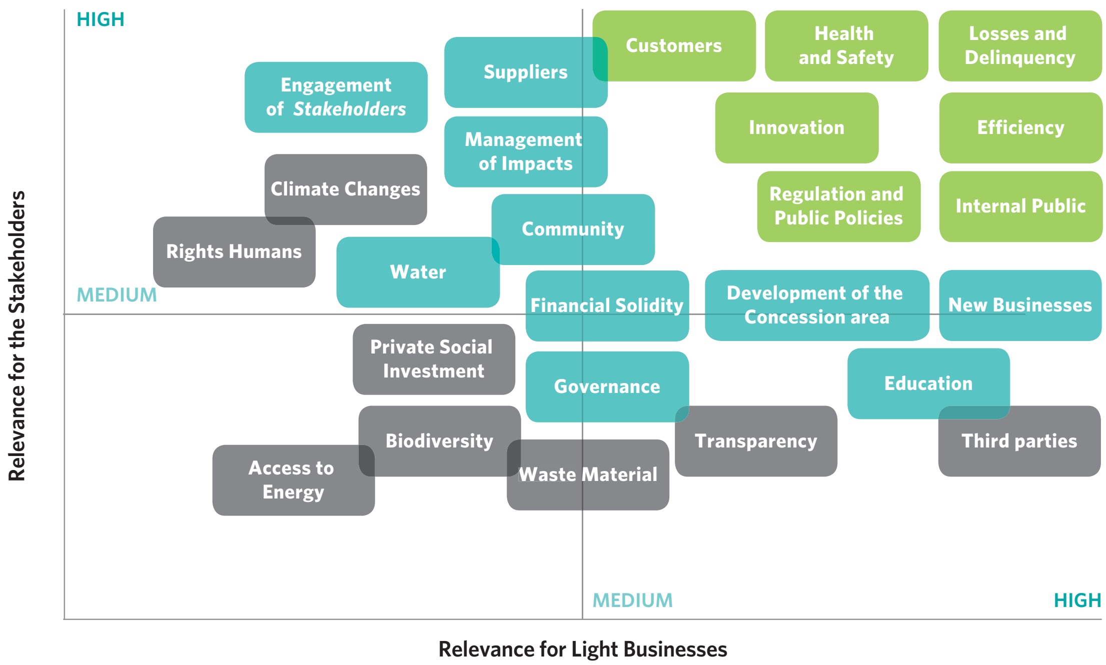
From this process resulted 29 materials issues, which impacted both the company and its stakeholders and were concerned the following issues: losses, delinquencies, energy-efficiency, attendance, quality of service, safety at work, parties, education, transparency, suppliers, skilled labor, innovation, community, generation, environment, image, human rights. **[G4-18, G4-19]**

Specific topics addressed by the stakeholders [G4-27]

Stakeholder	Topics addressed at the formal engagement
Community	• Partnership between Light and associations for training of community agents • Closer relationship • Shared use of poles between public service concessionaires
Suppliers	• Salary levels for service providers • Agility in the flow of hiring • Partnership in the development and technology training
Customers	• Investment of Light in generation expansion favoring renewable energy as part of the commitment to the environmental agenda • Light image • Management of companies contracted for provision of services • Offer and disclosure of portfolio of products and services for the market
Association of Class and syndicate	• Social management in communities • Human rights • Politics and Relationship with third parties

In 2012 the Light remade its materiality matrix, again with the support of FBDS. The aim was to assess, from the perspective of the company, the results of the process used to build the Matrix in 2009, again in order to categorize the results in big topics and analyze the consolidation of the strategic planning process. From the perspective of external stakeholders, there were analized relevant issues raised in media channels throughout 2012 (*Deloitte and Ibri*) and selected peer group to verify the approach of material issues of the sector, contemplating national and international companies. We reached on a set of 25 questions, which were prioritized according to the following filters: impact on reputation, regulatory impact, business continuity, relevance of the topic in the previous Matrix and alignment of issues identified with the business strategy of Light. **[G4-18]**

In 2013, with Catavento´s support, Light revalued the Materiality Matrix of 2012 and confirmed the prioritization of the most important issues from the perspective of the company and its stakeholders, which were consolidated in the Matrix presented below.



Despite being prioritized, Light believes that all topics have the same relevance, being related to the company's strategic guidelines and being covered in this report. How to discuss about health and safety without speaking to third parties? In addition, the company ensures that the new topics are consistent with the needs and expectations of the company because, although it has not been a new formal engaging, interaction with stakeholders is an ongoing process and in continuous improvement. It is worth noting that stakeholders remain the same identified in 2009. **[G4-26]**

Light Relationship with interested parties [G4-24]

Interested party	*Ways of Engagement*	*Purpose*	*Frequency*
Shareholders and Financial Market	General assemblies	Highest deliberative instance. Serves as forum of decisions between different groups of shareholders.	Annual
	Board of Directors meetings	Gather the representatives of shareholders for determination of matters concerning the company.	Monthly
	Board of Executive Officers meetings	Monitor the implementation of the approved strategy by CA, doing direct business management.	Weekly
	Meetings APIMEC	Present in a transparent way the information of company management.	Quarterly
Customers	Consumers Council	Gather representatives of all classesof clients served to ensure alignment to the needs of the community.	Six annual meetings
	Business Meetings - Big Customers	Strengthen the relationship with the various segments of large industrial, corporate and government clients.	Bimonthly
	Social Media (Twitter, Facebook)	The company has invested heavily in a multi platform of channels to have a better relationship and interaction with their consumers.	Daily update
Force of work	Management Meetings	Level the knowledge about the company shares and monitoring the action plan for all the management staff, including coordinator. Organized by the top management.	Quarterly
	Commissions and GTs	Gather managers and employees to discuss specific topics.	According to demand
	Café Diálogo	Meeting the Chief Executive Officer with employees.	Three annual meetings
	Face a Face	Each manager passes on the main results of the company to its employees and opens space for discussion of the presented topics.	Quarterly
Suppliers	Channels of interaction	Meetings, workshops, visits, training, participation in congresses and fairs, distribution of corporate newspaper and campaigns with specific topics such as job security.	Monthly
Regulatory Agency	Meeting with ANEEL	Conduct meetings with the governing body to deal with contractual, regulatory and strategic regulatory aspects.	According to demand
Association and Class Entities	Meeting with ABRADEE, ABRAGE, ABCE, APINE	Seek partnerships, through participation in the various committees.	At least one meeting of each GT
Community	Meeting with Association of Residents	Raise expectations and needs of the surrounding communities.	According to demand. At least one meeting in each community at the beginning of the activities.
Public Power	Participation in forums sectoral	Analyze and influence on the development of the legislation and sectoral regulation.	According to demand
Academy	Research and Development Projects	During the process of project selection and of the implementation thereof, Light interacts with universities and research centers. Besides participating in discussion forums.	Monthly

From the issues of Materiality Matrix, material aspects of the GRI were defined for reporting and the stakeholders impacted by them. The topics are relevant to all the Light Group, however, are highlighted below the most impacted firms in certain cases. **[G4-20, G4-21, G4-27]**

Materiality Matrix Topics	*GRI Material Aspect*	Stakeholders Impacted	*Companies of the Group Light Impacted*
Losses and delinquencies	• Efficiency of the System	Customers, Community, Regulatory Agency	Light SESA
Innovation	• Research and development	Academy, Regulatory Agency	Light Group
Energy Efficiency	• Management by the demand side • Energy	Customers, Community, Regulatory Agency	Light SESA Light Esco
Development of the Concession Community Area Social Private investment	• Local communities • Economic impacts indirect	Customers, Community, Regulatory Agency, Suppliers, Public Power	Light Group
Regulation and Public Policies	• Public Policies Community	Community, Regulatory Agency	Light Group
Water	• Water	Community	Light Energia
Health and safety	• Health and safety of the customer • Health and safety at work	Associations and Entities of Class, Suppliers	Light Group
New Businesses	• Energy • Economic Performance	Financial	Light SA Light Energia
Governance	• Fight against corruption • Economic performance	Financial	Light Group
Customers	• Product labeling and services • Privacy • Compliance	Customers, Community	Light SESA
Access to Energy	• Access	Customers, Community	Light SESA
Engagement of Stakeholders	• Engagement of Stakeholders	All	Light Group
Transparency	• Compliance • Communications of marketing	All	Light Group
Climate Changes	• Emissions	Academy, Community, Regulatory Agency, Financial	Light SESA Light Energia Light ESCO
Impact Management	• Mechanisms of complaints and complaint related to impacts on society • Mechanisms for complaints and complaints regarding environmental impacts Products and services • General	Community, Regulatory Agency, Financial	Light Group

Materiality Matrix Topics	*GRI Material Aspect*	Stakeholders Impacted	*Companies of the Group Light Impacted*
Residues	• Effluents and residues	Community, Regulatory Body	Light SESA Light Energia
Biodiversity	• Biodiversity	Academy Community, Regulatory Authority	Light SESA Light Energia
Internal Public Third Parties	• Mecanisms of complaints and related complaints labor practices • Labor Relations • Employment • Health and safety at work	Supplier, Academy, Associations and Class Entities	Light Group
Education	• Training and education	Supplier, Academy, Associations and Class Entities	Light Group
Human Rights	• Human Rights	Community, Supplier, Associations and Class Entities	Light Group
Suppliers	• Evaluation of suppliers in impacts to the society • Evaluation of suppliers in human rights • Evaluation of suppliers in labor practices • Environmental evaluation of Suppliers • Purchase practices	Supplier	Light Group
Financial Soundness	• Economic Performance	Financial	Light Group

The indicators are marked in the text and are consolidated in the GRI summary at the end of this report.

Apart from relating the indicators of sustainability with the topics of the Materiality Matrix, since 2012, Light related with the material topics with commitments from superintendents and managers of first reporting of the company, deployed from the Strategic Plan. In 2013, it was calculated, together with the Catavento consulting, the percentage of variable compensation linked to management commitments assigned to sustainability. The number found was of 68%, which indicates high commitment of managers with the success of actions related to material matters. In turn, the percentage of variable compensation linked to commitments that are related to sustainability and are of high relevance and of long-term is in the range of 23%.

The company currently adopts the International Standard (IFRS), which became mandatory from the Financial Statements for the financial year of 2010, compared to 2009. This information is audited by an independent auditing company, *Deloitte Touche Tohmatsu Independentes*. The environmental indicators were not checked. **[G4-33]**

Additional information or clarification on this report may be addressed to the following communication channels: relatorio@light.com.br or to the address Av. Marechal Floriano, 168, Centro, Rio de Janeiro/RJ, ZIP CODE: 20080-002. **[G4-31]**

Governance and Ethics

The Manual of Corporate Governance of Light detailing the set of formal mechanisms and practices intended to meet the objectives of creation of value for the company and its shareholders, establishing an appropriate level of transparency and dialog with the market and other interested publics. **[G4-40]**

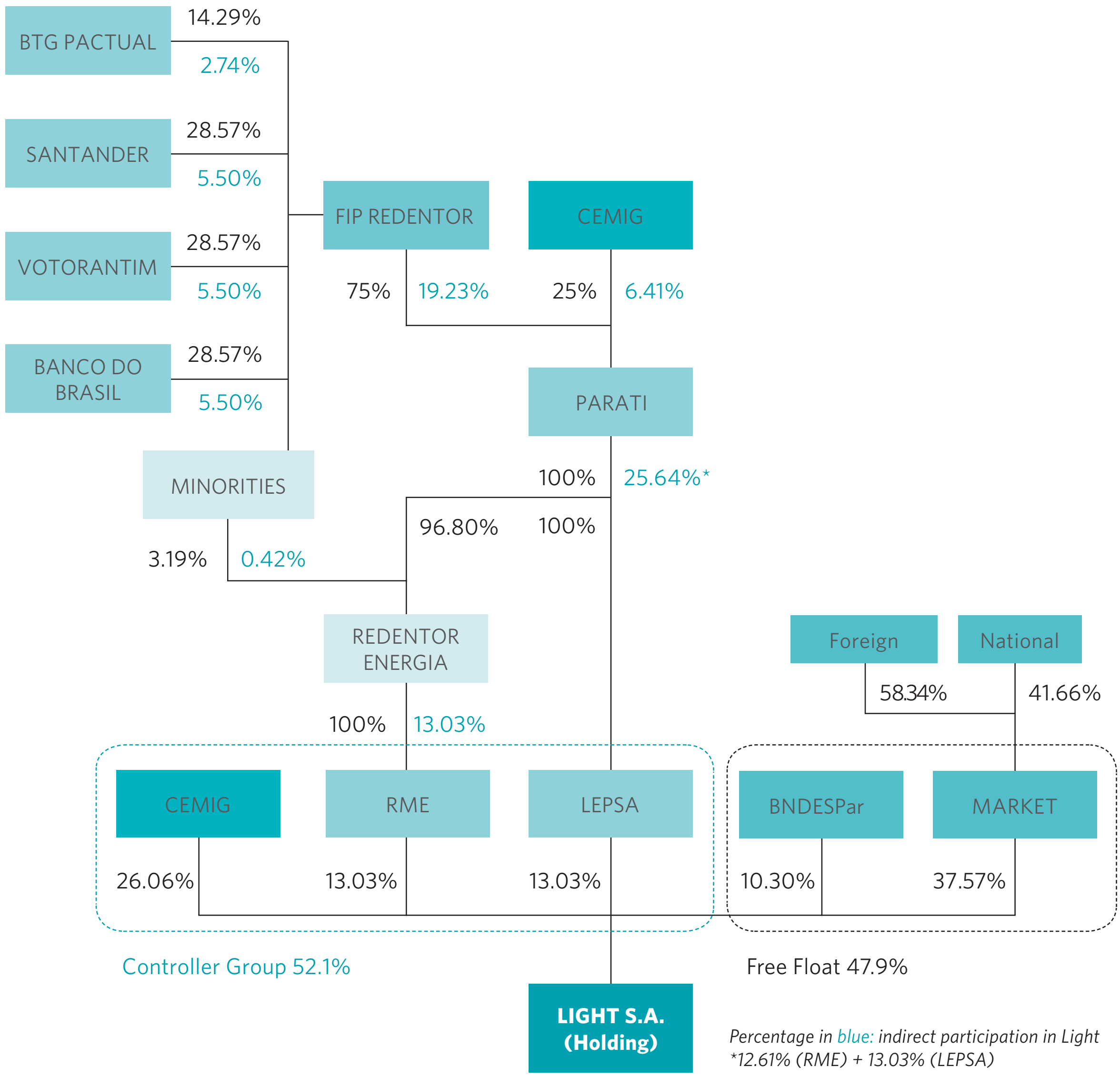
Transparency and dialog with the stakeholders are guaranteed by the following means:

- Building a positive dynamic between shareholders, providing clear guidance to the company and agility in decision making;
- Creation of conditions necessary for the effective management of businesses by executives;
- Formalization and organization of interfaces, enabling effective dialog and understanding between shareholders and executives;
- Timely and accurate disclosure of all relevant facts relating to Light, including the financial situation, performance, ownership interest and governance.

Share ownership

The shareholding structure of Light on December 31, 2013, was as follows: Control group, with 52.13%, and free float, with 47.87%, being 10.3% and 37.57% of BNDESPar under controlling of minority shareholders. The Control group is, in turn, composed of the following companies: Cemig, with 26,06%; Luce Empreendimentos e Participações S.A (lEPSA), with 13,03%; and Rio Minas Energia S.A (RME), with13,03%. **[G4-13]**

Shareholding Structure on December 31. 2013



On December 31, 2013, the capital of Light S.A. consisted of 203,934,060 common shares without nominal value.

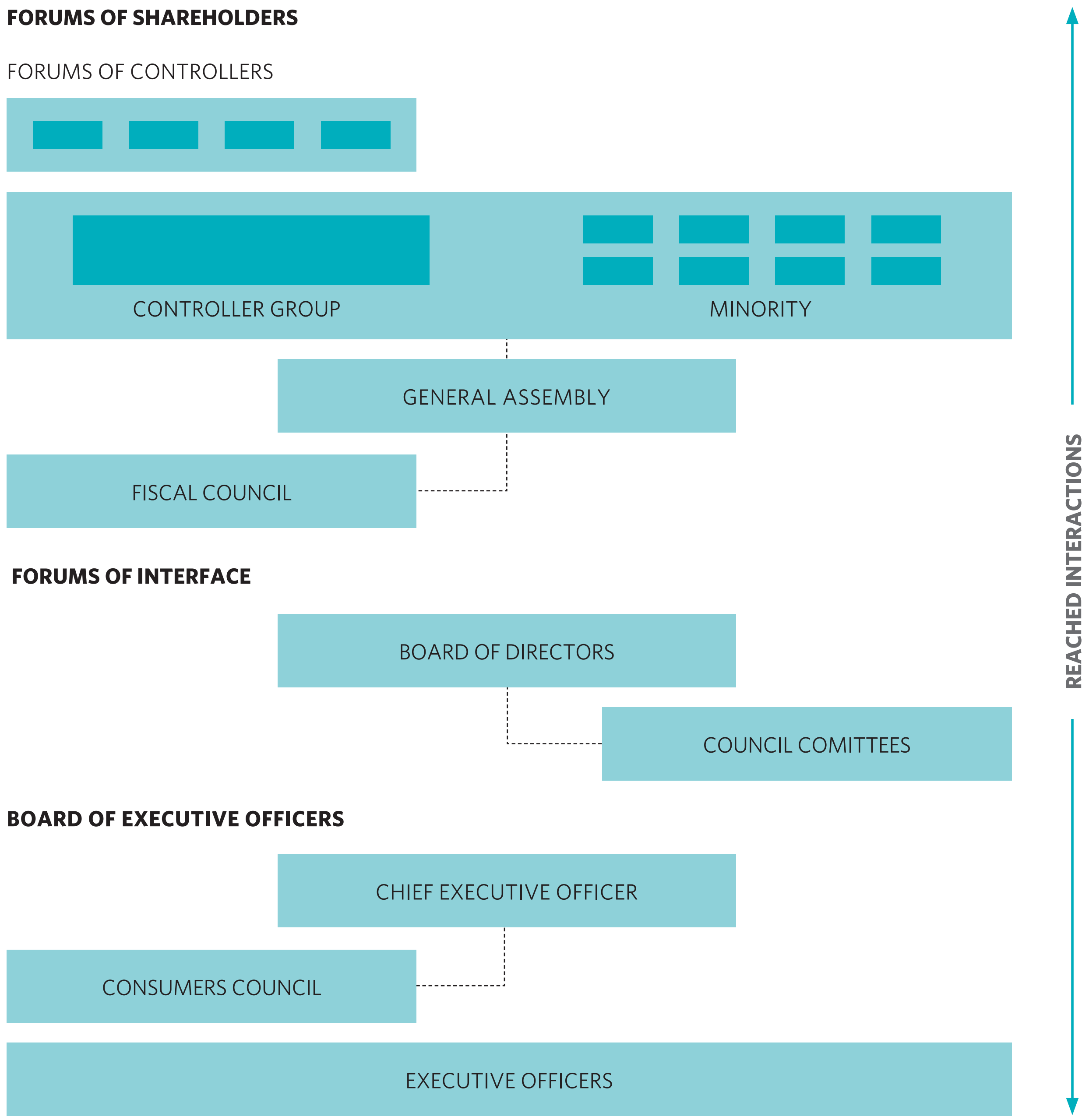
Number of common shares held by shareholders of Light.

Shareholders	*Quantity*	Nationality	*Share*	*Social Capital (R $)*
RME - Rio Minas Energia Participações S.A.	26,576,150	Brazilian	13.03	290,063,291.07
Companhia Energética de Minas Gerais S.A. - Cemig	53,152,298	Brazilian	26.06	580,126,560.31
Luce Empreendimentos e Participações S.A.	26,576,149	Brazilian	13.03	290,063,280.15
BNDES Participações S.A. – BNDESPar	21,005,208	Brazilian	10.30	229,259,684.42
Public	76,624,255	-	37.57	836,309,381.94
Total	203,934,060		100.00	2,225,822,197.89

Governance structure in Light [G4-34]

In the governance structure of the company, the Forum of Shareholders is the body responsible for consolidating the alignment of decisions within the controller group. It is formed by the General Assembly, by the Fiscal Council and by the Forum of Controllers.

The structure also features the Forums of Interface composed by the Board of Directors and by the Committees that advise it. These committees are advisory and have no executive or deliberative functions. They are mobilized or come together to discuss matters set out in the Manual of Governance or of specific topics recommended by the Board of Directors and/or Board of Executive Officers.



Board of Directors and Committees [G4-38, G4-40]

According to the bylaws, the Board of Directors of Light has executive function because it manages the company, being composed of at least five and no more than 13 effective members and their respective alternates, with unified term of two years, being allowed reelection. In its constitution, there are independent counselors and representatives of shareholders and employees. The chairman of the Board of Directors is not an executive officer. **[G4-39]**

In the composition of the Board, at least 20% of counselors are independent board members, according to the definition of the Rules of the New Market listing. There are also considered as independent the board members elected by the faculty provided by the article 141, § 4° and 5° of the stock companies.

Currently, the Board of Directors has 11 members and its respective alternates, two independent directors and one representative of the employees of the company. Of the 11 members, ten are male and one female, occurring similar composition in respect to alternates.

Members of the Board of Directors

Titulars	*Alternates*
Sergio Alair Barroso (Chairman)	Luiz Fernando Rolla
Humberto Eustáquio Cesar Mota	César Vaz de Melo Fernandes
Raul Belens Jungmann Pinto	Fernando Henrique Schüffner Neto
Maria Estela Kubitschek Lopes	Carmen Lúcia Claussen Kanter
Djalma Bastos de Morais	Wilson Borrajo Cid
José Carlos Aleluia Costa	José Augusto Gomes Campos
Rutelly Marques da Silva	Carlos Antonio Decezaro
Luiz Carlos da Silva Cantídio Júnior	Marcelo Pedreira Oliveira
Guilherme Narciso de Lacerda (BNDESPar)	Jálisson Lage Maciel (BNDESPar)
David Zylbersztajn (self-employed)	Almir José dos Santos (self-employed)
Carlos Alberto da Cruz (Employees Representative)	Magno dos Santos Filho (Employees Representative)

Light adopts specific criteria in the selection of its members, whose profile needs to meet specific characteristics and behaviors. their expertise is taken into account for the formation of an Board of Directors with experience related to economic, environmental and social topics. Considering the existing expertise, Light has not offered to the Board of Directors expertise related to topics in 2013. **[G4-43]**

Among the characteristics and behaviors required of directors, there are included the following: inform deeply about the company, its business and all matters submitted to the Board of Directors; lead to discussion any matter which the debate is the interest of Light, providing relevant contributions; put the company's interests above those of shareholders or directors; work well in teams and express themselves properly; possess solid business background; maintain good relationship and be cooperative with other directors; contribute to long-term planning; preparing for meetings, attending them and be available when needed; and act carefully and pro-actively. The Committee of Governance and Sustainability (CGOV) participates in the recruitment of independent board members, developing and managing their selection process.

Counselors have experience in the following areas: investor relationship, fund raising, financial administration, financial forces, economy, telecommunications, information technology, electrical engineering, business consulting in the area of agri-business, social responsibility and environmental investments, business administration, legal, communications and project development. The detailing and the expertise of counselors as well as participation in other boards, committees, commissions and working groups, are founded in the Reference Form submitted to the Securities Exchange Commission (CVM) and are available at the website http://ri.Light.com.br/ptb/3741/33430.pdf.

Analyzing risks and opportunities

[G4-45, G4-46, G4-47]

The Board of Directors of Light analyzes the impacts, risks and opportunities for the company, derived from economic, environmental and social issues, whenever necessary. Before, however, the Management Committees (CGEST), Finance (CFIN), Audit (CAUDIT) and Human Resources (CRH) meet ordinarily once a month and extraordinarily when necessary for this analysis. Now the Committee of Governance and Sustainability (CGOV) usually meets every three months and extraordinarily when needed. Only the most relevant issues are brought to the Board of Directors.

Risk management is a key issue for the Board of Directors. Its process includes the understanding of the company's risks in all strategic discussions, ensuring full transparency regarding principal risks and conditions for internal management structures and control work effectively.

In the Bylaws of the company, are delegated duties to the officers according to the respective position. The Chief Executive Officer is responsible for coordinating the management of corporate risk in all its actions, proposing policies; the Investor Relations Officer coordinates the financial risk management; and the Energy Officer will identify, measure and manage the risks associated with trading of energy.

It is noteworthy that it is also the responsibility of the Board of Directors to approve and monitor the implementation of the Strategic Plan of Light, which considers economic, social and environmental aspects in the definition of scenarios.

To stimulate more critical reflection and enhance the construction of the Strategic Plan of the company, the Superintendence of Planning and Management, in partnership with Light Academy, promoted in 2013, with renowned experts about market trends and scenarios and their impacts in the electricity sector.

Such initiatives were aimed at Board of Executive Officers, officers and members of the Committees of Management and Finance. The lectures took place in August 2013.

The following speakers have been received:

- Nelson Leite, Chairman of the ABRADEE
- Gustavo Franco, company partner Rio Bravo investments
- Romeu Rufino, General Director of the ANEEL
- Júlio Bueno, Secretary of State
- Pedro Batista, market analyst
- Merval Pereira, political commentator

Furthermore, Light held specific meetings of the Committees of Management and Finance to discuss the strategic plan for the period 2014-2018.

It is also incumbent upon the Board of Directors supervise the management of directors, examining at any time the books and papers of the company and requesting information on agreements concluded in or about to be executed; prevent any loss of value due to improper disclosure of financial information or non-disclosure of required information; support the relationship of Light with governments, unions, customers and main suppliers, acting in agreement with the Board of Executive Officers; among other actions.

How Light deals with its critical concerns

According to the Manual of Corporate Governance, the Committee of Governance and Sustainability is responsible for proposing rules and practices of governance and sustainability to ensure the proper functioning of the Board of Directors; driving the process of review of corporate governance and sustainability of the company; advise the Board of Directors in dissemination of the strategic concept of sustainability, seeking to ensure their adherence to the company's long-term strategy; suggest to the Board of Directors the general guidelines for the application of sustainability principles; and monitor the company's initiatives related to sustainable development. **[G4-35, G4-36]**

According to the Bylaws of Light, the boards have, in their attributions, delegation of authority in economic, environmental and social topics. The Investor Relations Office handles the economic topics and is responsible for controlling the financial resources necessary for the operation and expansion of the company; track and control the economic and financial operations; detailing the financial programming of short, medium and long term, as provided in the Multi annual and Strategic Plan and in the annual budget; among other responsibilities. The Energy and Distribution Offices are responsible for environmental topic. The Energy Office defines the policies and guidelines of the environment; coordinates the operation strategy of Light in relation to that area; and monitors the management of plans for attendance to environmental guidelines. Distribution Office, in turn, is responsible for conducting environmental programs and actions related to the distribution system. Finally, the Communication Office turns to the social topic, being responsible for leading the activities of Light Institute; coordinate the operation strategy of the company; and promote improvements in energy efficiency policies, social responsibility and sustainability. **[G4-35, G4-36]**

The most relevant issues related to economic, environmental and social topics are discussed by the Board of Executive Officers and forwarded to the respective Committees of Light. The most important are also presented to the Board of Directors during the ordinary meetings.

In 2013, 22 meetings of the Board of Directors were held, being 12 ordinary and 10 extraordinary. In the ordinary, were presented 51 questions concerning economic topics, 22 related to social topics and 9 related to environmental topics, as well as mechanisms to mitigate the existing risk. The time devoted to environmental issues represent 40% of the total. Critical and relevant topics are researched with stakeholders in various forms of engagement, mentioned in the chapter about the Report **[G4-37, G4-49, G4-50]**

Solution of conflicts [G4-41]

Light has no mechanism or identification policy and solution of conflicts of interest beyond those imposed by law. Any occurrences will be addressed on an individual basis as needed.

The company, its shareholders, administrators and members of the Fiscal Council undertake to resolve, by the Market Arbitration Chamber, any dispute or controversy that may arise between them, related to or arising from the application, validity, effectiveness, interpretation, breach and its effects of the provisions contained in the corporation law (Law 6.404/1976), in Bylaws of Light and in the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities Commission. They include standards applicable to the operation of the capital markets in general and those contained in the Listing Rules of the New Market, of the Participation Contract of the New Market, of the Rules of sanctions and of the Rules of Arbitration of the Chamber of Market arbitration.

Under the shareholders' agreement of the company entered into between Cemig, Andrade Gutierrez Concessões S.A., Luce Empreendimentos e Participações S.A. e Rio Minas Energia Participações S.A. (RME), on December 30, 2009, administrators appointed by parties shall exercise their right to vote according to joint guidelines established in previous meetings, which shall be held prior to any assembly or meeting of the administration. In general, the materials will be approved provided that they contain affirmative votes representing more than half of the shares. However, there are certain matters set forth in the shareholders agreement requiring qualified quorum.

According to Article 11, § 1, of the Bylaws of Light, in the deliberations on the achievement of business by the company or its subsidiaries with shareholders or related parties, the directors appointed by the shareholder who intends to conduct the business will be absent of the site during the discussion and vote on the matter.

All transactions with related parties are in agreement with the signed contracts and key terms disclosed in explicit Notes to the Financial Statements.

Additionally, concessionaires and authorized companies, subsidiaries of Light S.A., must comply with the rules contained in ANEEL 334/2008 Resolution, which establishes procedures for prior and subsequent control of agency actions and legal business between concessionaires, licensees and authorized and as related parties. Major transactions accomplished by Light, involving related parties, are the company's business operations, such as purchase and sale of electricity and actuarial liabilities to the pension fund sponsored by Light and its controlled ones.

Disclosure of these transactions is accomplished through the publication of the minutes of the meeting in the *Diário Oficial da União* (DOU) and submission to CVM, and appear in the Reference Form of Light.

Enhancement and performance evaluation [G4-44]

The general secretariat of Light makes the performance evaluation of the Board of Directors. it is an instrument approved by the Board itself, which aims at self-analysis of its operation and performance. In this review, is analyzed the flow of information between the Board of Executive Officers and the Board of Directors; the way to drive and the focus of the meetings; the speed and quality of decisions; the level of responsibility; internal harmony among counselors; and personal conduct of members. is also evaluated if there are incorporated in the Board of Directors and in the Executive Officers, considerations of social and environmental factors in the definition of business and the company's operations.

The Chief Executive Officer is evaluated under the aspects of vision, strategic planning, leadership, business results, external relationship and the Board of Directors, development of key executives and creation of opportunities for Light.

The feedback of the evaluations is shown at the last meeting of the year of the Board of Directors. The most important suggestions are obeyed by the Board, for example, the creation of a Portal for Corporate Governance, which was suggested by councilors in the evaluation of 2013.

The Committees and its composition [G4-40]

With respect to the committees, their members have the following characteristics: they have specific and relevant expertise to their boards that integrate; are participatory and willing to constructive discussions; they have the time and analytical capacity to perform the required analyzes; are within easy access to major stockholders to interact with them during the discussions of the committees, if necessary; they go deeper into specific subjects of the committee; have the ability to coordinate and lead the committee, if necessary; and have the ability to communicate to other counselors the critical points of the discussions of the committees. All members of the Committees of the Board of Directors are administrators and not receive specific compensation for participating in these committees.

Audit Committee (CAUDIT)
It is responsible for monitoring and evaluating the activities of internal and external audit, as well as accounting practices and of transparency of information. Of permanent character, meets at least once a month or at any time at the request of the Board of Directors, of the Board of Executive Officers or on the initiative of its members.

Finance Committee (CFIN)
Of permanent character, has the function of accompanying the financial flow of the company, evaluating and ensuring compliance with current needs and future of investments and cash. With monthly calendar, can gather at any time at the request of the Board of Directors, the Board of Executive Officers or on the initiative of its members.

Human Resources Committee (CRH)
Has the function of assist the Board of administration in decisions regarding compensation policies of Light, being the body responsible for advising the company on aspects such as management development plans and executive succession, ensuring a fast and efficient structure of human resources. They gather, at least every two months, or at any time at the request of the Board of Directors, the Board of Executive Officers or on the initiative of its members.

Management Committee (CGEST)
Of permanent basis, evaluate and propose strategies of the company, interacting with executives for defining, implementing and monitoring guidelines and the results of Light. It gathers twice a month at least, or at any time at the request of the Board of Directors, of the Board of Executive Officers or on the initiative of its members.

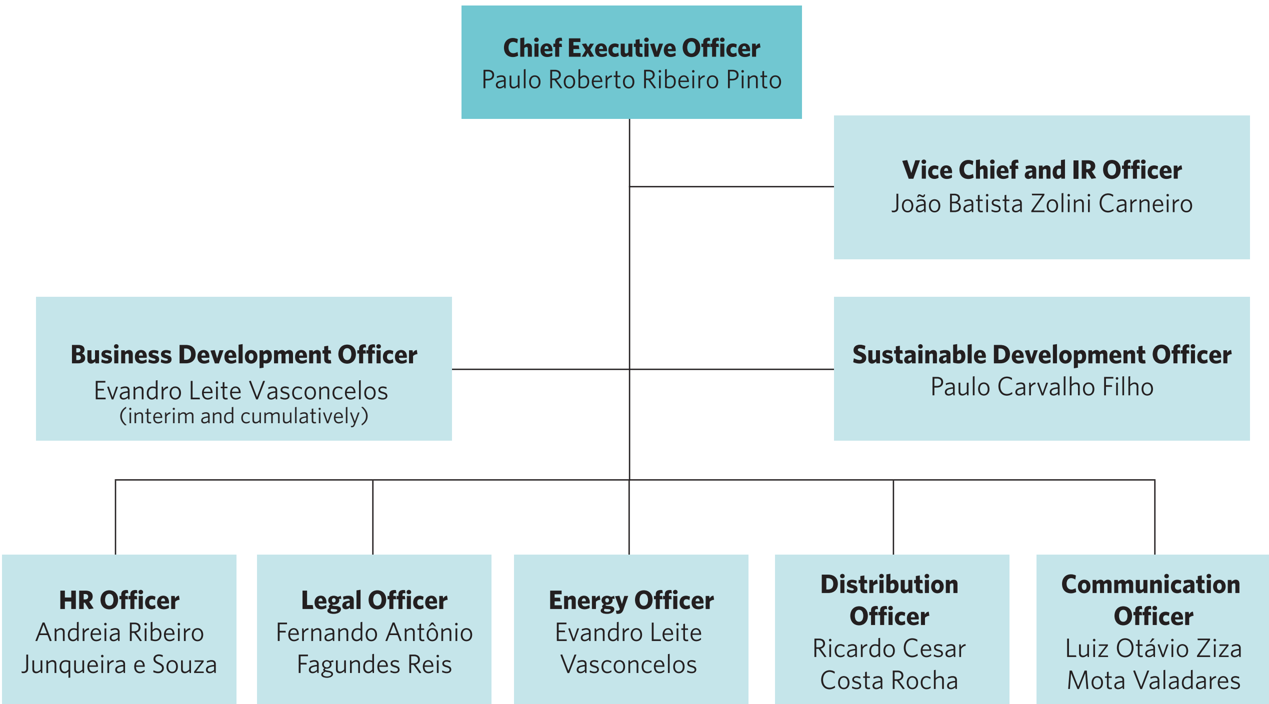
Governance and Sustainability Committee (CGOV)
Has the function of ensuring the continuity of the organization with a long term vision and of sustainability, proposing and evaluating practices and corporate governance rules and incorporating considerations of social and environmental considerations in defining business and Light operations. Among its responsibilities, it is highlighted the proposition of the assessment regime of the Board of Directors and its members, in addition to analyzing and monitoring the business between related parties, including the definition of meetings, agendas and flow of information to shareholders. This committee gathers every three months or at any time at the request of the Board of Directors, the Board of Executive Officers or on the initiative of its members.

Members of the Committees

Audit Committee	*Finance Committee*	*Management Committee*	*Governance and Sustainability Committee*	*Human Resources Committee*
Fernando Henrique Schuffner Neto	Carlos Antônio Decezaro	José Augusto Gomes Campos	Djalma Bastos de Morais (Coordinator)	José Augusto Gomes Campos
José Augusto Gomes Campos	Luiz Fernando Rolla (Coordinator)	Fernando Henrique Schuffner Neto (Coordinator)	Sergio Alair Barroso	César Vaz de Melo Fernandes
César Vaz de Melo Fernandes (Coordinator)	César Vaz de Melo Fernandes	César Vaz de Melo Fernandes	Raul Belens Jungmman Pinto	Fernando Henrique Schuffner Neto
Marcelo Pedreira de Oliveira	Luiz Carlos da Silva Cantídio Jr.	Rutelly Marques da Silva	Rutelly Marques da Silva	Marcelo Pedreira de Oliveira

Board of Executive Officers

The Board of Executive Officers consists currently of nine directors: Chief Executive Officer, Vice Chief Executive and Investor Relations Officer, Sustainable Development Officer, Business Development Officer, Energy Officer, Distribuition Officer, Human Resources Officer, Legal Officer and Communication Officer elected by the Board of Directors for a term of three years, as follows:
On August 7, 2012:



The criteria for selection and hiring of directors consider their skills and competencies. Jobs for any sector or company level are filled preferentially by professionals in the concession area of Light, but there is no specific provision for hiring local labor. **[G4-EC6]**

Fiscal Council

The Fiscal Council of Light S.A, following the law of joint stock companies, was established as a corporate body independent of administration and of external auditors. Plays a role in supervising the activities of administration, review the financial statements and report its findings to the shareholders. The compensation of the members of the Council meets the law of corporations and equivalent to at least 10% of the average annual amount paid to company directors.

The Fiscal Council operates on a non permanent way being installed annually at the request of shareholders, and reports directly to the assembly. Currently, Light has five members and its respective alternates:

Fiscal Council

Effective Members of the Fiscal Council	*Alternate Members of the Fiscal Council*
Francisco Luiz Moreira Penna	Aliomar Silva Lima
Alisson Andrade Godinho	Ronald Gastão Andrade Reis
Rogério Fernando Lot	Francisco Vicente Santana Silva Telles
Aristóteles Luiz Menezes Vasconcellos Drummond	Ari Barcelos da Silva
Ernesto Costa Pierobon	André Gustavo Salcedo Teixeira Mendes

Consumers Council

Created in 1993, the Consumer Council of Light meets at least six times a year. It's mission is to be a discussion forum and a supervisory body to defend the collective interests of consumers, as well as promote the dialog of representatives from different tariff classes of customers with the dealership, seeking amicable solutions to issues of supply, tariffs and the adequacy of services provided to the end consumer. At these meetings, the presence of the CEO and of Board of Executive Officers of Light is constant. In addition to the regular meetings, special meetings are still occurring and those of the sectoral Chamber.

The Council also has a direct channel to the Ombudsman of Light.

The Council represents the segments of residential, commercial, industrial, government, rural use and Consumer Protection, in this case, the PROCON-RJ. In 2012, to meet the new regulation, has consisted of six counselors, one from each segment, and their alternates. During the meetings, its contributions, criticisms, suggestions and claims are received by Light of open form. All the expectations and needs of the directors are recorded in minutes, and the propositions are forwarded to arrangements and accompanied in meetings.

Ethic at Light [G4-56, G4-57, G4-58, G4-SO5, G4-HR3]

The "principled, transparent and supportive behavior" represents one of the basic principles of corporate governance. Is also described in the Code of Ethics applicable to all professionals who have involvement with the Light Group comprising employees, officers, members of the Board of Directors, Advisory Committees and Fiscal Council as well as suppliers of materials and services.

The Code of Ethics was first established in 2003, based on the mission and values of Light from the joint action of the HR Office, employees and Chief Executive Office. In the same year, was also deployed the Ethics Committee, which has specific Bylaws, and the following responsibilities and tasks: continuously assess the relevance and pertinence of the Code of Ethics; analyze complaints and provide insight to the decisions; play an advisory and educational role, fostering reflection about ethics (attribution of preventive character); determine actions required for disclosure and dissemination of the Code of Ethics; analyze and refer questions of text interpretation for determination of the Board of Executive Officers; and perform the review of the Code of Ethics and the processes related to it.

The Committee is composed by the authority of the Ethics of Light; by a officer, who presides the Committee; by a superintendent; by one manager; by a coordinator and by two employees who are not managers, one of which the Committee secretariat. In 2013, new members took possession and as first joint activity initiated the revision of the Code of Ethics from the survey of best market practices and issues considered relevant by the Brazilian Institute of Corporate Governance (IBGC), Securities Exchange Commission (CVM), Ethos institute and BM&FBovespa. Moreover, will be taken into account the new aspects brought by the anti-corruption law (Law 12,846, of 1 August 2013).

The disclosure of the new Code of Ethics Light is planned for 2014.

In the current Code of Ethics, values of employees are presented; the principles of collective action for each stakeholder; and Practical Guide of Behavior, covering law, conflict of interests, political activities, corruption, gifts, asset protection, confidentiality, public demonstration, harassment, environment and IT resource utilization.

Complaints, denunciations and suggestions regarding ethical conduct can be made through direct contact with the supervisor or with the authority of Ethics of the company, or by the Corporate Channel, with total assurance of confidentiality and anonymity, if the person so desires.

Access to the Corporate Channel can be by phone, website (www.canalcorporativolight.com.br) or mailbox. For each report, a protocol number is generated - except mailbox - which enables to track the progress of treatment given to the denunciation. All are addressed through analysis and checks coordinated by the internal audit, from reception to the closure. Specific cases may be forwarded to the Ethics Committee. It is worth noting that the Corporate Channel is run by external company with a strong international presence.

Customers and the general public can make complaints by the ombudsman or Virtual Branch of Light, also with guaranty of information confidentiality.

When a complaint relating to employees of contractors occurs, Light takes the issue to the service provider to jointly evaluate the merits or not of the fact. If true, the professional is cautioned or, depending on the case, left from he company. Since 2009, the Supplier Management is responsible for monitoring these cases.

In the case of Light employees, the complaint can be dealt within the manager of the area, of the Ethics Committee or of the internal audit, depending on the case.

Over decisions on violation of the Code, there may be a request for reconsideration by the Ethics Committee, which reviews and decides on the appeal.

For the dissemination of the Code of Ethics and of the complaint channels to all stakeholders, the following means are used: set of formal channels of communication; Governance Manual, available on the corporate website; employees' work contract; and supply agreement with partners. At the time of hiring, all employees and suppliers to sign and agree that they are fully aware and in accordance with what is established in the Code.

In 2010, the Strengthening Ethical Culture course, developed in 2008, was inserted into the Knowledge Portal, program to encourage self-development available to all employees. In 2013, this course and others passed to integrate the development track of all attendants of the commercial area (Call Center and agencies), apart from administrative staff of law firms that act by Light. During the year, 206 people took the online course, being four trainees, 47 employees of Light, 76 third parties from the commercial area and 82 third parties of the law firms. In 2014, workshops for teams of aerial network will be performed. **[G4-SO4]**

Also aiming to develop awareness and the importance of ethical conduct in society and the business environment in 2013, two actions for awareness were performed: a behavioral workshop to reinforce behaviors of individual accountability, differentiated performance, culture of results and ethics with the participation of 200 electricians, technicians, engineers and underground administrative; and Culture and Ethics training, made with 137 trainees. **[G4-SO4]**

Is also noted the participation of 89% of the workforce - own and outsourced - in the *Programa Vida!*, which has as one of its principles "be always ethical and principled." The program totaled more than 80,000 hours of training and shares, obtaining a satisfaction index of 93%. **[G4-SO4]**

Although ethical issues include respect for human rights in 2013, Light has not conducted specific training on the subject. **[G4-HR2]**

In 2013, Light received 15 complaints related to moral harassment and 33 related to fraud, bribery and corruption. **[G4-HR12]**

For all actions described here, Light considers that 100% of its operations are analyzed for risks related to corruption. Among the key issues identified are the receiving of bribes for illegal connections or providing unauthorized services by the company and, therefore, the company is investing in new processes of performance. **[G4-SO3]**

Compensation policies at Light **[G4-51]**

The company adopts a model composed of monthly and variable (bonus) fixed compensation, according to the results of the indicators of individual and corporate performance, plus benefits. Within this model, there is no equity compensation.

Light strategy is to maintain a transparent and sustainable policy toward the culture results. Within this context, the variable compensation plays an important role, since shareholders share with executives the success and value creation, allowing a long-term and sustainable vision, aligned with the interests of both.

The members of the Board of Directors have the same fixed compensation, according to the position they occupy: regular member or alternate member. In addition, the directors receive reimbursement for expenses related to representation, if any.

The members of the Board of Executive Officers have fixed and variable compensation. The amounts paid by way of fixed compensation are based on the average market. Variable compensation is a more aggressive portion of compensation, based in the performance of the executive and global indicators of the company, which allows to share risks and results. In 2013, there were considered financial indicators (EBITDA, net income and dividends) and of quality of services rendered (DEC/FEC, customer satisfaction, losses, rate of Frequency and severity of accidents and the collection rate).

The compensation of the Fiscal Council is determined by the general assembly, and shall not be less than 10% of the average compensation paid to each director, excluding benefits and representation allowances. The members of this group have fixed compensation, beyond legal reimbursements for locomotion and stays, required to perform the function.

In compensation plans there is no clause allowing the confiscation salaries and bonuses in case of mismanagement or fraudulent accounting (clawbacks). However, Light has rules and mechanisms aimed at ethical conduct, which apply not only to its workforce, but also to directors and executives.

In relation to rescission payments, it is worth noting that counselors do not have an employment contract, and the directors are statutory, therefore, not existing such payment. Likewise, no interest or incentive bonuses are paid to recruitment.

The supplementary pension plan offered to executives and employees of Light is Braslight. The directors are not entitled to it, except those who are employees or former employees of the company. The cover of the obligations under the pension plan is detailed in www.braslight.com.br. **[G4-EC3]**

In the organizational structure of Light, there is a specific committee to address the issues of compensation of statutory managers: Human Resources Committee. It has a permanent character and aims to review and propose to the Board of Directors of policies and guidelines for the compensation of executive officers of Light. Based on their performance goals, the Board of Directors evaluates the recommendations of the Committee of HR and approves the value of fixed and variable compensation, respecting the limits determined in the Annual General Meeting. The compensation of the Board of Directors in turn, is defined by this meeting. Light has no compensation advisors. **[G4-52]**

In Light, the opinions of stakeholders are not considered specifically in the definition of compensation, although the company has the satisfaction of the customer as an indicator for measuring the results of the variable compensation. **[G4-53]**

The relationship between the compensation of the highest paid individual and the compensation of all employees is 1.193%. The ratio between the increase in the compensation of the highest paid individual and increase of all employees is of 980%. **[G4-54, G4-55]**

[1] *Braslight Fundation is a closed supplementary pension plan entity, nonprofit, regulated by Complementary Law No. 109/2001 and governed by rules issued by the National Monetary Council (CMN), the Central Bank and Ministry of Social Welfare, through the National Superintendence for Pension Funds (PREVIC). Its sponsors are Light S.A, Light S.E.S.A., Light Energia S.A, Light ESCO, LightGER, Light Com and the Braslight itself.*

Strategic Planning

In Light, sustainability is part of the ideology and inspires the mission, vision and values of the company. Is inserted into the strategy and is part of corporate governance. It is one of the pillars of the Strategic Plan of the company and guides the commitments with the stakeholders. During the report, examples of participation of stakeholders such as shareholders, governments and regulators in the energy planning of the company are presented. **[EU19]**

Mission [G4-56]
Provide energy and services with excellence and in sustainable manner, contributing to the welfare and development of the society.

Vision
Be a reference in the energy sector by excellence of service provided and by the value of its people, working with innovative, diversified and profitable manner.

Values
Appreciation of life; Proud to serve;
Ethical behavior, transparent and supportive;
Appreciation of our people;
Commitment to results;
Protagonism.

The Strategic Planning of Light, approved by the Board of Executive Officers and by the Board of Directors, indicates the direction of the company, defines the necessary resources for its operations and growth and monitors its direction. It is a guide for the alignment of actions to agreed targets. **[G4-42]**

Integration between the company's strategy and direction of the Board of Directors is one of the pillars of the Strategic Plan, ensuring that, in the definition of actions and goals, are considered the economic, environmental and social impacts.

Result of this process, the Light Strategic Plan consolidates and presents a set of guidelines that will guide actions, determine the resources required and the expected results of the company in the coming years. Focused on the sustainable development of the organization, the Strategic Plan is based on the interests of the main stakeholders.

The Strategic Plan of Light is structured in ten overall guidelines for the period 2014-2018, with the strategic direction of search for synergies and operating efficiencies. They are:

- Face losses and delinquency as a priority project;
- Increase operational efficiency in the distribution;
- Leveraging result of the combined action with the group;
- Reaching new level of quality;
- Increase the effectiveness of middle areas and of the general and administrative expenses;
- Encourage the culture by results and by reducing costs;
- Optimize invested capital;
- Reinforce the strategy of valuing Light;
- Rethinking the model for growth in new businesses;
- Increase the value of sale of energy.

Our Assets

The intangible assets of the company are those associated with strategic guidelines and that add value to the business. To identify the key intangible assets, are considered the needs and expectations of interested parties, as well as the specificities of the electricity sector. Intangible assets can be classified into three major groups: human assets, structural Assets and Brand.

Human assets represent all the knowledge and individual skill of the employees that used in an organized way, increase and enriches the collection of experiences and the culture of the organization.

Structural assets are subdivided into active relationship with customers, consisting of structure and practices related to the relationship with them; process assets, which relate to the field of processes linked to the company's business; assets of innovation and technology, formed by information systems - softwares, applications and databases, technologies and projects in R &D; and infrastructure assets, linked to the concession, by which Light has the right to charge for the use or exploit it.

Light Infrastructure

Network Data **[EU4]**	*2011*	*2012*	*2013*
Installed Capacity (SETD) – MVA	8,573	9,070	9,552
Installed Capacity (SESD) – MVA	783	764	773
Transmission lines (km)	2,056	2,064	1,991
Distribution Network (km.mil)	56	63	79
Distribution transformers (unid)	84,050	83,980	85,306
Substations (SETD)	100	103	105
Substations (SESD)	102	105	108

The **asset related to brand / image** is recognized as a differentiator for the Light businesses because it represents the reliability in the soundness of the organization.

These groups are strongly related to each other, since a human active is which builds structural actives and Light brand and the greater the development of structural active, the better the other two.

Their development occurs through various activities throughout the year, including: training, technical training, innovations in technologies and processes, communication campaigns. The evaluation of the intangibles is performed by specific methods and defined indicators for each asset.

Active		*Benefits for Light*	*Indicators*
Human		Appropriate professionals to company's needs, aligned to organizational ideology and focus on results.	Hours of training per employee/ year **(G4-LA9)**
Structural	Relationship with Customers	Attendance to needs, requests, suggestions from customers. Develop the relationship with customers, guiding them as to the information of public interest and publicizing the actions that the company makes to the development of its concession area.	Customer satisfaction index with the Execution of services (ISES) **(G4-PR5)**
	Processes	Continuous assistance to customers demands and to regulations of the sector.	DEC and FEC **(EU28, EU29)** Losses **(EU12)** Regulatory fines **(G4-PR9)** Frequency rate of accidents **(G4-LA6)**
	Innovation and technology	Increased safety and efficiency for business, supporting all areas of the company in the development of methodologies, softwares and systems that can contribute for Light to provide energy and services with excellence and on a sustainable manner.	Investments in P&D **(EU8)**
	Infrastructure	Onerous assignment of poles, service routes of overhead lines and areas of exploitable land of plants and reservoirs to other users; transmission of data through its facilities.	Transmission lines and Distribution Networks **(EU4)**
Brand and Image		Reliability in the soundness of the organization, being respected and admired by the excellence of the service rendered to its customers and to the society.	Satisfaction index of Perceived Quality (ISQP) **(G4-PR5)** Actions in the community **(G4-EC7, G4-EC8)**

Managing Our Risks [G4-2]

Light finds its risks as unexpected events that may alter the scenario where the company operates. Its occurrence may represent an opportunity or a threat, directly and indirectly affecting the company's performance.

In Light, the main risks are classified into four categories: financial, operational, of sustainability and regulatory.

Financial risks

The **financial risks** are subdivided into credit risk, of market and of liquidity.

The most relevant **credit risk** is related to commercial losses caused by theft of electricity, and to delinquency of its customers. Reduce these problems is one of the main strategic goals of Light.

The risk in question is related to unanticipated changes in the social, economic, regulatory or legal scenario that impact actions and projects of the company focused on reducing losses and delinquencies. For example, the *Unidades de Polícia Pacificadora* - UPPs (Pacifying Police Units), a mainstay of Politics of Public Security of the Government of the State of Rio de Janeiro, have been translated into an important opportunity for Light. Communities benefited with the UPPs had average rates of loss and delinquency rates above 90%. The pacification of a community opens doors for Light to invest in improving the network, install meters and substantially reduce electricity theft and the amount of customers in debt. In this sense, unforeseen changes in the expansion policy of the UPPs or deterioration of the system already in operation can generate losses to the company.

Light seeks to minimize the likelihood of this risk monitoring and constantly analyzing market signals and implementing institutional policies to strengthen the relationship with the government and the regulatory agent.

Among **market risks**, the company pays special attention to those related to variations in sudden and unforeseen exchange rates and interest rates, which the company and its controlled companies are exposed, considering that part of loans and financing are denominated in foreign currencies. For such purpose, Light uses derivative financial instruments - swap transactions - to protect the service associated with such debts.

As for unforeseen fluctuations in interest rates, the policy to use derivatives approved by the Board of Directors does not cover the hiring of such instruments. In this case, the company continuously monitors these rates to assess the need to hire derivatives and protect against unexpected volatility.

Liquidity risk relates to the ability of the company to liquidate the obligations. In this case, the Light manage this risk, continuously monitoring the actual and expected cash flows, and through combination of the maturity profiles of its financial liabilities.

Operating risks

The second category of risks considered by the company are operational risks, divided into three subcategories: technology, processes and security.

The risks of technology relate to the occurrence of unexpected rates of return on technology investments of the company or the appearance of new technological trajectories that cause impacts on performance and results. For example, the technologies of distributed generation and micro-generation are both a new business opportunity and a threat to the operation of Light. In this case, the threat is associated with the emergence of a radical character of technological innovation, with much lower costs, which could cause actual customers of Light to consider advantageous the investment in own-energy generation rather than remain as customers of the company.

To mitigate these risks, Light tries to be aligned with the latest technologies and innovative trends in areas such as distributed energy, electric vehicles, alternative energy and smart distribution networks (smart grid).

With regard to monitoring and technological forecasting, the area of Research and Development of Light continually seeks to identify technology trends and priority areas for investment in R&D. One such initiative was the event in November 2013, which involved 50 participants, including members of universities, research centers and consulting, to identify research topics of great innovation and market potential for the company.

Process risks are related to the operational processes of the company or of its subcontractors. These events include human error, of procedure, action of external agents and also one that relates to failure to equipment, facilities and information systems. As an example, there are events involving the underground network of Light energy. The diagnosis made pointed out that the most violent explosions resulted from the accumulation of gas from tubing of piped gas, a service company by another concessionary company. In this case, the operational process of Light was changed with the adoption of new methods of maintenance and installation of temperature sensors, water, heat and gas.

The mitigation of this type of risk undergoes a constant procedure of review process with the pursuit of excellence and quality of management.

Security risks are related to accidents involving both the workforce (employees and contractors) as the population of the concession area. Operation and maintenance processes of distribution networks of energy and generation units involve great risk of accidents, with high potential of severity and fatality.

To mitigate the occurrence of this type of risk, Light identifies and monitors these areas, remaining prepared for possible emergencies and accidents through Local Action Plans of Emergency. These plans outline strategies of control, combat and mitigation of these situations, in internal or external activities in order to avoid material and operational damage to life, surrounding communities and to the environment. The action plans are integrated to the environmental management system. **[EU21]**

There is also the Corporate Management Plan of Crisis, applied to any event, anticipated or unanticipated, that threat or may cause damage to the patrimony, activities, staff, image of Light or to the company.

In 2011, the Emergency Maintenance Plan of underground distribution system was established to provide quality service to 500,000 customers using this type of network, without this implying major infrastructure failures or outages during the process. The plan includes training of the workforce, monitoring of the underground network and preventive maintenance.

To reduce its accident rate with the labor force, it was deployed successfully the *Programa Vida!*, which helped to reduce the number of fatal accidents in 2013.

Sustainability Risks

The **sustainability risks** are associated with unexpected scenarios that impact the company's resources and its long-term performance. They are classified into three subcategories of risk: imaging, environmental and management.

The **image risk** arises from situations that might influence public opinion in relation to Light. An example is the occurrences involving the theft of power cables, criminal practice that is becoming increasingly common in Rio de Janeiro. This type of theft causes great inconvenience to the population, generating prolonged interruptions in the power supply, causing material damage to the holding company and strongly affecting its image before the public.

Agility in response to these events is the main weapon to mitigate this risk and minimize damage to company image. Therefore, Light enhances transparency in the relationship with its stakeholders and carry out media campaigns with the aim of enhancing the Light brand and generate a positive image of the company and its services.

The **environmental risk** is associated to the climatic and environmental events that affect the company's operations, including unforeseeable effects associated with climate change. In this context, one of the most sensitive issues to Light is the management of water reservoirs. The supply systems of water and of electricity in the Metropolitan Region of Rio de Janeiro are interconnected. By the hydroelectric plants of the Complex of Lajes, which concession belongs to Light, are currently 96% of the water that supplies the Metropolitan Area. In the event of the occurrence of an environmental incident such - prolonged drought, flooding, spills of toxic substances - or accident on the hydraulic path there is a risk of compromising the availability or the potability of water available to the population.

To mitigate the possibility of occurrence or the extent of the impact of these risks, the company maintains high standards of environmental management and its reservoirs, investing in security and monitoring, as well as conducting studies on water quality and its influence on the generation and supply of water of Rio de Janeiro. **[G4-14]**

Light has 91% of its facilities certified by ISO14001, being that, in the plants of Light Energia, all sites have the triple certification: ISO14001, OHSAS 18001 and ISO9001

The **risk management of the business** is related to decision making by the administration of the company. It can generate substantial loss in economic value of the organization, affecting its results and its long-term performance. One way to mitigate it, is through a framework of sound governance, like Light has, which is geared to more advanced practices, as detailed in the chapter on governance and Ethics of this report.

Regulatory Risks

The **regulatory risk** relates to the likelihood of changes in the regulation of the electricity sector. Like any company regulated by the government, changes in rules, standards and regulations may result in losses, also to the investors. There are still considered the aspects associated with the stability of the political environment and changes in legislation that may impact the operations and results of the company. An example of this risk-related event was the recent promulgation of Provisional Measure 579, which aimed to reduce the electricity tariff and increase the competitiveness of the productive sector. Therefore, the measure was the renewal of expiring concessions of generation and transmission and decreased the burden on the power bill. This measure generated great uncertainty in the market and doubts about the direction of the regulatory environment in the electricity sector, mainly in the distribution segment.

To mitigate this risk, the area of regulation of Light monitors and contributes to the definition of the regulations, through official channels and specific meetings so that ANEEL understand and consider the aspects relevant to the company. Additionally, it needs to ensure that the regulatory framework is known by different areas of the company, ensuring that internal procedures are in accordance with existing rules and regulatory issues are adequately considered when Light makes decisions.

Risk management at Light

The company, with a constant focus on excellence of its management processes, constantly seeks to improve the monitoring and management of risks. The Model of Risk Management (GIR), adopted as benchmarking by Light, is based on methodology and activities recommended by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Enterprise Risk Management (ERM). Thus, the events must be categorized by "nature" and "relevance", associated with the company's strategic objectives. after completion of the identification and analysis of risks, we adopt a metric for assessing the relevance of these risks through information related to their exposure and to the corresponding sources of uncertainties.

This model serves as a tool for decision-making and aims to improve the organization's performance through the pursuit of a balance between performance versus risks. The strategic guidelines adopted by the Board of Directors are constructed from a proper alignment between goals, objectives and actions with related risks.

The operation of this model is guaranteed by the Investor Relations Office, and the area of this Board of Executive Officers responsible for this activity is the oversight of planning and management.

Reinventing Our People

People reinvent themselves every day, a sustainable company too. Companies are made of people and only with transparent relations is possible to build an environment conducive to personal, organizational and social development. Finally, a sustainable development.

In this section of the Sustainability Report 2013, the reader will know the relationship of Light with its workforce. Understand how the company recruits and selects appropriate organizational demand and align with its professional ideology. Will see how is the development of talent, successors, leaders and employees at different career stages. Will perceive the continuous cultural alignment, from strategy and of the management model of Light. And will also know the *Programa de Qualidade de Vida* (Quality of Life program) of the company, which encourages the adoption of a more healthy lifestyle and awareness of the value of life and of the role of the employee in the family, in company and in the society.

In the spotlight, two important projects:

Orgulho de Ser Light (Proud of Being Light) a set of initiatives aimed at consolidating a culture focused on results from the strengthening of the organizational ideology and sense of belonging and engagement of the teams; and

Programa Vida! (Life Program!), with its successful continuation and which objective is to empower one culture of safe behavior and attitude of prevention for a satisfying and safe delivery of results.

The reduction in accidents and of absenteeism impacts Light with the legal contingencies, improved productivity, satisfaction of the labor force and in its image, with a consequent appreciation of the company.

The good results are only achieved because Light makes use of internal communication channels and develops campaigns and actions that inform, raise awareness, educate, engage and integrate the workforce.

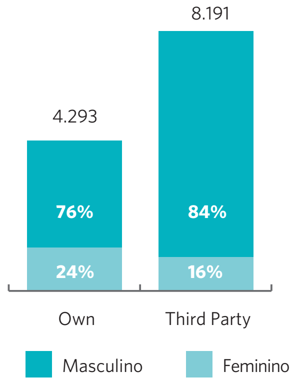
Our People

The workforce of the Light consists of 4,293 own employees and 8191 third parties, being 195 employees with disabilities. Also has 139 trainees. In 2013, 457 new employees were hired, and the turnover rate remained unchanged at 9%.

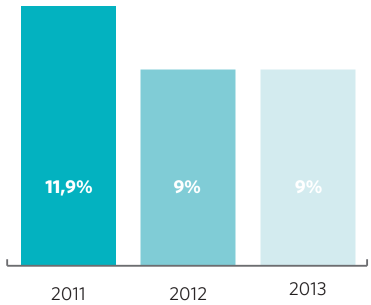
Regarding the rates of return to work and the withholding after maternity/paternity leave in 2013, 83 women took maternity leave, of which 82 returned to work after the end of the benefit and 79 remained employed 12 months after the return to activities. The rate of return to work was 98.8%, and of retention, 95.2%. **[G4-LA3]**

Light values the diversity of its workforce and ensures equality between men and women, ensuring that there will be no discrimination in career paths, in the access to positions of responsibility and in levels of compensation for equivalent work. Currently, 23.4% of management positions are occupied by women. The proportion of base salaries between men and women in 2013 was 94% for the administrative position, 99% for management, 109% for operating, 116% for professional and 113% for technical. **[G4-LA13]**

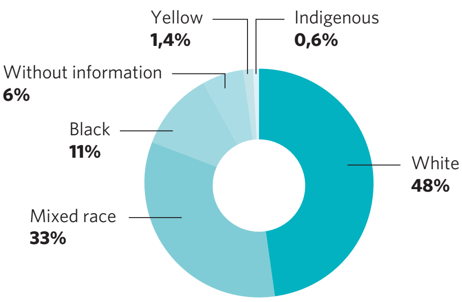
Profile of the workforce



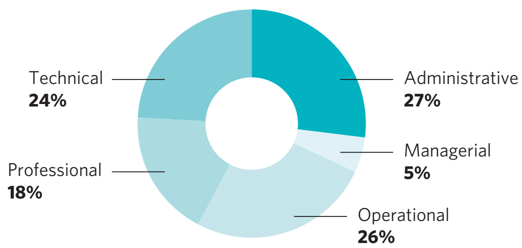
Turnover rate



Diversity of the Light employees



Nature of the position- Light Employees



Light respects the trade union engagement of its employees and assures them, in particular, a protection against any act of discrimination which infringes freedom of association. All employees (100%) are covered by collective bargaining agreements. Along with the Collective Labor Agreement and the Participation Program in Profits and Results, trade unions sign Agreement on Social Responsibility, in which Light is committed to the protection and defense of Human Rights of the United Nations Organization, with the fundamental conventions of the international Labor Organization (ILO) and with the principles governing the labor legislation. In it, Light defines principles related to anticipation and social accompanying of organizational restructuring, among them to inform in advance any change, but not set a specific deadline. **[G4-11, G4-HR4, G4-LA4]**

The benefits offered by the company meet 100% of the employees who work full time, with no temporary employees. **[G4-LA2]**

Light develops numerous actions in the human resources area, which goal is to improve the physical and mental health of their employees. The *Programa Qualidade de Vida* and *Programa Iluminar* (Illuminate Program), as well as *Vida Ativa* (Active Life) spaces and services and leisure have been consolidated as initiatives that contribute for the employee to associate the workplace with comfort and well-being, feeling himself increasingly more pleased. These initiatives have, over the years, increasing in quality, quantity and scope.

In 2013, Light has promoted 44 events dedicated to the topics health and well-being, reaching an audience of 4,389 participants between the workforce and family members. This was also the year of the formalization of Light Racing Team, with 75 employees. As a whole, there were 1,938 shares in street races and other events sponsored by the company.

During 2013, Light also promoted seven lectures in different units of the company, covering topics related to physical activity, quality of life, nutrition and human health.

Programa Qualidade de Vida and *Programa Iluminar*

The Programa Qualidade de Vida aims to encourage the adoption of healthy practices by employees of Light, and draw the attention to the importance of the value of life and of the role of each person in its family environment, at work or in society.

Through the program, Light performs actions such as *Manhã Saudável* (Healthy Morning) and *Dia das Crianças* (Children's Day), integrating the workforce and its families. Among the initiatives are also highlighted the *Vida Ativa*, of nutritional education; *Bebê Saúde* (Baby Health); and *Novos Ares* (New Airs) which encourages quit smoking.

All shares offer information and therapeutic support with expert professionals.

The *Programa Iluminar* is a model of stage for inclusion in the labor market of young people with intellectual disabilities. In 2012, it was the winner of the Award Human Being of the *Associação Brasileira de Recursos Humanos* - ABRH-RJ (Brazilian Association of Human Resources). In 2013, the company maintained its commitment to social inclusion, establishing new agreement with the Eduardo Guimaraes School, so that new trainees were selected to perform administrative activities at company headquarters.

Survey conducted by Light pointed out that six young of the *Programa Iluminar* currently are allocated in workstations in the formal market. For the company, this data supports the concept that people with intellectual disabilities are able to overcome their limits and become productive when inserted in an inclusive environment.

In 2014, Light will upgrade the health profile of its employees. This research is done periodically and was conducted in 2007 and 2010, the idea is to use a new type of tool, PAQV - Digital, that allows to contemplate a greater number of people and provides a greater geographic coverage. The research will also include the families of employees of over 18 years old, apart from providing immediate individual feedback and personalized access to information for prevention of health of each employee. The purpose is to identify the health risks of employees, providing indicators for more effective actions.

The Light "house"

The company has been investing increasingly in differentiated spaces to provide health, wellness, rest, comfort and leisure spaces to employees See how the projects evolved in 2013.

Espaço Vida Ativa (Active Life Space)

It is a corporate fitness center with capacity for 600 people. It has modern equipment and monitoring of professionals with extensive experience in the market. In 2013, the *Espaço Vida Ativa* received devices intended for people with physical disabilities and the Pilates Studio of people has been revitalized with new equipment and expansion of the schedule grid.

Qualidade de Vida Area

Attached to the *Vida Ativa*, the *Programa de Qualidade de Vida* built in 2013, has a multifunctional room and attendance rooms, making possible greater integration to the actions of the *Programa Qualidade de Vida.* For 2014, is planned an environment of therapeutic massages, focusing on physical and mental well-being.

Service Area and Recreation Area

Through the partnership, Light maintains the company's headquarters since 2010, its own restaurant, offering a menu that combines quality and food safety. To this structure is also integrated a beauty salon. Due to the success of the initiative in 2013, the company opened a second restaurant, this time for the employees of the Frei Caneca unit.

Legal labor [G4-LA16]

In the labor area, the company is also committed to preserving, reducing the number of shares, and maintain a good image before strategic bodies such as Public Prosecutor, Ministry of Labor and Employment and regulator entities of labor relations.

This posture helps to reduce the risks linked to the high impact of labor actions, motivated primarily by issues such as overtime, salary equalization, break, break schedule, additional of dangerousness and moral damages.

In 2013, Light received 628 new labor complaints and ended 859 lawsuits, of which 731 were opened in previous years to 2013.

Once those complaints are part of the reality of the company, Light is also dedicated to mitigate them through interaction with the areas of the company, guiding them about the potential labor risks.

People Management [EU14]

It is a challenge for Light to ensure that the actions of recruitment and selection, evaluation, career and succession, organizational climate and early career programs happen in a timely manner at the lowest cost and with the highest quality, considering the issues of organization that interfere in the process of attracting and retaining people.

In selecting its human capital, Light recruits adequate to demand and aligned to organizational ideology of the company. Internally develops programs and activities that influence, guide and facilitate the process of managing people, cultural alignment, organizational climate and achievement of goals and results.

In respect to its employees, Light seeks to ensure that managerial positions are fulfilled, primarily for professionals that already work in the company, previously identified as potential successors, motivating, recognizing and valuing people. The company is also concerned in creating conditions for feedbacks, which will support the Development Plan and Individual Performance.

Performance evaluations have an important role within the company, as they help in the personal development of each employee and contribute to the management of skills both for the strengthening of the human capital of the organization. In 2013, 960 employees were assessed in Career and Succession Process, covering the professional and managerial levels. Of this total, there were 223 managers and 737 professionals, being 366 women and 594 men. **[G4-LA11]**

To contribute to the training of young people, the company has the *Programa Jovem Aprendiz* (Youth Apprentice Program) and internship programs and of trainees, which increase the selection of new professionals and the formation of labor force. In 2013 Light has advanced in training young talent, signing new partnerships for recruitment and technical training.

Internship Programs and *Jovem Aprendiz*

The Internship Program of Light passed through improvements in 2013: advances in the training of the trainees; adequacy and redistribution of the number of vacancies, to meet the needs of Light with regard to the replacement of professional that will retire. Technical training for stages of engineering courses and Technical level also received more attention.

The two classes of the *Programa Jovem Aprendiz Eletricista* (Young Electrician Apprentice Program), initiated in 2013, will complete their theoretical training in 2014. Then they will pass to the practical part of the learning process in the company areas. It is also worth to emphasize that, at the end of their training in Senai[2], young people also complement the learning process in the Mazza Consultoria Técnica e Serviços[3].

Light developed a pilot class with young learners with a focus on customer service. These young people received specific training for this activity.

Other initiatives in 2013

Light has deployed the control of the entire process of selection and admission, creating measurement indicators for the improvement in spare time of a vacancy.

It was established a partnership with Vagas, a leading e-recruitment segment in Brazil, being considered as the best career site with 100% free services to the candidates. This partnership changed the system of recruitment and selection of Light, enhancing the attraction and retention of talents. Another strong partnership was formed with LinkedIn, online tool to search for professionals.

The company also made improvements in the new Evaluation System of Skills as well as redefined evaluation procedures.

Commitments for 2014

- Encourage internal mobility.
- Expand the analysis of the Career Committee and Succession, reviewing key position, performance evaluation, concepts, etc.
- Deploy new performance evaluation.

[2] *The National Service of Industrial Learning (SENAI) is a Brazilian private institution of public interest, nonprofit, with legal personality under private law, which is outside the public administration, composing the so-called Third Sector.*
[3] *Institution that offers technical and operational training of professional electricity distributors.*

Light Academy [EU14]

The Light Academy is critical to the implementation of the company's strategy because it ensures the development of the organization, promoting best practices in education, human development and cultural alignment. The programs and activities of the Light Academy were based on the Culture, Leadership, Education and Development pillars which boost the engagement of the labor force through initiatives that reinforce the mission, vision and values of the company.

In 2013 the Light Academy continued to focus on strengthening relations between the labor force and the company. For this, employed various development actions, communication, recognition, awards and tributes to those who generated effective results. In this repertoire of initiatives stand out projects like *Programa Vida!* and *Orgulho de Ser Light*, and numerous actions for training and improvement.

Results of the *Programa Vida!*

On the technical and structural framework, in 2013, the *Programa Vida!* focused on the review of policies, procedures and processes, intensified the surveillance plan, promoted structural actions from demands of the organization and improved the management model of Partner Companies. At the behavioral level, promoted awareness workshops and included the contents of *Programa Vida!* in the setting of new employees. There was still an intense process of cultural alignment with the entire workforce.

The program mobilized 89% of the labor force of Light and 92 partner companies, forming 451 groups and totaling over 80,000 hours of training and 10,400 participations. All this has generated a 93% satisfaction with the promoted workshops. **[EU18]**

Regarding work safety, the *Programa Vida!* helped to reduce two important ratios: Frequency Rate of Accidents and Severity Rate of Accidents. The values are detailed in health and safety.

New Organizational Ideology

In 2012, the Human Resources Office, with support from the *Fundação Dom Cabral* (Dom Cabral Foundation), promoted a discussion on the ideology of the company, reviewing mission, vision and values. The objective was to determine whether these concepts were still aligned to the strategic and operational focus of Light. There were carried out focus groups with managers of the company and of the companies providing the service. The participants were divided into groups, discussed and defined the new mission, vision and values of Light, which were validated by the Board of Executive Officers and by the Board of Directors in 2013. **[G4-42]**

Orgulho de Ser Light

The project consists of a set of initiatives aimed at consolidating a results-oriented culture, reinforcing the new organizational ideology of Light and a sense of belonging, engagement and commitment of the teams with the organization.

This front of engagement permeates all he company's effort towards its special projects. The challenges are to mobilize and sensitize the workforce with activities that promote pride in belonging to Light and to participate in the achievement of the overall results of the company, boosting the company's transformation and building a solid, profitable and excellent company in providing services.

In 2013, the *Orgulho de Ser Light* has as main challenge to disseminate the new organizational ideology of the company, reviewed in 2012. Items of ideology (mission, vision and values) were widely disseminated to all the teams for the leaders themselves, through structured and participatory dynamics.

A positive outcome of the project concerns the mobilization of professionals to overcome challenges and goals of the company, which can only strengthen the relationship between the employee and the company. It is added to this the pride of being part of a centuries-old company, with high value and impact in Rio de Janeiro, especially in the moment when international events - Confederations Cup and World Day of Youth in 2013; World Cup in 2014; and the Olympics games in 2016 - make the city has worldwide exposure.

In Light, this commitment to results and to provide services with excellence has been built from actions that promote pride of belonging of the employee, starting from the appreciation of the same as a person, but at the same time, encouraging them to effective contribution to the company's business.

Among other accomplishments of 2013 of the project *Orgulho de Ser Light*, stand out: *Blog da Liderança* (Blog of Leadership), *Café Diálogo* (Dialogue Coffee), *Ideias que Iluminam* (Ideas that illuminate), *Homenagens em Tempo Real* (Tributes in Real-time), Online subjects in Light channels, vignettes and banner on the intranet.

Development of leadership and engineers

Through the *Programa de Desenvolvimento da Liderança* (Leadership Development Program), Light completed another cycle of improvement of its leaders, finishing workshops for dissemination of the five practices of exemplary leadership proposed by the researchers James Kouzes and Barry Posner, started in 2012. In 2013, there were four workshops, totaling more than eight thousand hours of training, of which 230 leaders took part - own and service providers. The satisfaction index was of 94%.

Now the *Programa de Desenvolvimento de Engenheiros* (Program of Development of Engineers) contributed to enhance the learning of engineers in their fields of expertise as well as to accelerate the knowledge applicable to business. Started in September 2012 and ended in December 2013, the program had 30 engineers of Light, up to five years of experience. Totally, there were 350 hours of training in planning and management of people modules (150 hours) and technical Immersion (200 hours).

For completion of the course, taught in partnership with COPPE/UFRJ, engineers chose topics suggested by their leaders to develop the final works, which will be submitted in 2014. With this initiative, Light expects to prepare these talents to meet future challenges undertaken by the company.

Regarding electricians and technicians that work in the Light network in 2013, the six major companies that serve the company were mapped, as well as their training centers aimed at standardizing the materials used, certification of instructors and monitoring by professional training of their teams.

New shares of the Light Academy in 2013

In addition to the ongoing projects in 2013, the Light Academy also supported the Summer Plan, where 221 Electricians of the field teams were trained in maneuvers of air networks; and 165 technicians from operating, maneuvering of substations of 13.8 kV and 25 kV, aiming to give more flexibility to the emergency teams in the attendances during periods of peak demand, which are between December and February. With this, Light is contributing to the formation of multidisciplinary teams and of their rates of improvement of its operational indicators, such as DEC/FEC.

Seeking to stimulate personal development of each professional, the company also invested in Light Infothek and in the Program of Agreements and Partnerships. With a collection of approximately 20,000 works, including books from different fields of knowledge, Light Infothek conducts campaigns to promote reading, communicating with the public through e-mails, corporate tv and mobile library. In 2013, five visits were performed to the units of Light in Nova Iguaçu, Maturacá, Cascadura, Jacarepaguá and Piraí; 17,570 attendances through the suggestion service of reading; 535 attendance to the leaders by Online summary; and 1,371 presence attendance.

Now the Program of Agreements and Partnerships enables an alliance with educational institutions. The objective is to support and stimulate the development of employees and their dependents. In 2013, were signed more seven agreements and currently, Light has a partnership with 36 institutions, among them universities, language schools, vocational courses and schools for elementary and middle school, which provide discount of 5% to 50% in monthly fees.

In 2013, Light conducted the review of the program *Jeito Light de Atender* (Light Way to Attend), reinforcing strategic assumptions about safety, quality and, mainly, about the customer. The entire labor force occupying positions in service sectors - Call Center, agencies, chats and social networks - either own or third, will be trained from this new model.

The company also developed the program Routes of learning, aimed at senior engineers whose goal is to promote their development through a customized and focused training, leveling their technical and behavioral skills to the challenges of Light. Topics such as electrical systems of the future, smart networks, renewable energy and distributed generation make part of the overall scope of the program. In 2013, 1105 hours of training were performed for an audience of 68 engineers.

Average hours of training per year per employee by employee itemized by functional category [G4-LA9]

Man-hour average of training	*2011*	*2012*	*2013*	
			Female	*Male*
Administrative level	59.8	19.4	11.7	15.6
Managerial level	57.3	68.1	38.5	48.3
Operational level	173.8	57.2	24	81.4
Professional level	109.9	51.5	19.4	36.6
Technical level	125.2	70.6	36.1	56
General average	**78.9**	**53.2**	**26**	**47.6**

The average number of training hours was 45.6, lower than in previous years. This is justified by the fact that, in 2013, the Light Academy has focused on actions aimed at cultural alignment and sustaining of *Programa Vida!*.

In the year of 2013, it was also started the review of the Competency Model of Light, of leaders and employees. It has been aligned to the new organizational ideology of the company and includes behavioral and technical aspects, with mapping in all areas of the company. The results of that work will be presented in 2014. **[G4-LA10]**

It is noteworthy that, from the definition of technical skills, there will be mapped the critical knowledge of the organization with the aim of expanding *Programa de Gestão do Conhecimento* (Knowledge Management Program).

In 2014, Light will intensify the actions of cultural alignment with focus on results for the company, mobilizing its entire workforce.

Levers of the *Orgulho de Ser Light*

***Ideias Que Iluminam* (Ideas that Illuminate)**
aims to bring together different solutions proposed by the workforce to achieve the goals set by the company. In the first cycle, with the topic Quality of Power Supply, 245 ideas were submitted by own and outsourced employees. Of these, five were selected, with an impact on DEC/FEC, customer satisfaction and safety.

***Blog da Liderança* (Leadership Blog)**
Educational tool launched in July 2013 with 1,196 access until December of the same year. The objective is to support the learning process in workshops of the Program of Leadership Development. Furthermore, promotes the continuous interaction between the leaders of Light.

***Homenagens em Tempo Real* (Tributes in Real Time)**
Celebrations of achievements with the teams that stand out. In 2013, there were 784 tributes.

***Projeto Desenvolvimento de Consciência Ética* (Development Project of Ethical Awareness)**
Promotes the awareness and the importance of ethical conduct in society and in the corporate environment. In 2013, a behavioral workshop was held with the purpose of reinforcing attitudes of individual responsibility, differentiated performance, culture of results and ethics, of which 200 electricians, technicians, engineers and administrative of underground participated; and Culture and Ethics training, with 137 trainees. **[G4-SO4]**

***Café Diálogo* (Dialogue Coffee)**
Series of meetings designed to promote interaction, cultural alignment and proximity of the base to the top management of Light. In 2013, 21 meetings reinforced the ideology and the view at the results of the company.

***Programa de Reconhecimento* (Recognition Program)**
Value the professionals that present in everyday life, differentiated attitudes, practices and behaviors, lined on leadership, values, and competencies. In 2013, 65 employees and eight contractors were recognized.

Life appreciation

Light is a company committed to valuing life. Its main challenges regarding the management of safety and health are related to the prevention of accidents with their workforce, regardless they are events related to electrical work at height or in transit.

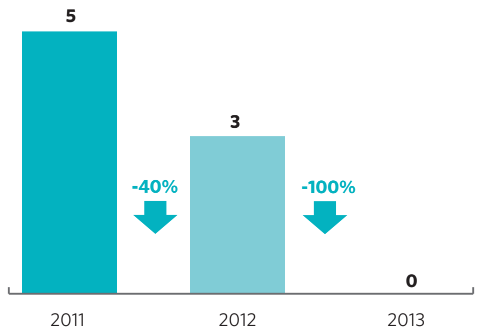
Due to the good performance of the *Programa Vida!*, launched in 2012, Light has decided to expand its actions for safety. They were divided into three pillars: Inspection Plan with field inspections, monitoring by cameras and management audits; training and awareness, through the classification of own and outsourced teams, based on principles of the *Programa Vida!* and review of policies procedures and processes, as well as greater integration with service providers.

In relation to the Inspection Plan in 2013, Light increased by 300% safety monitoring, conducting seven management audits of work safety and making over 1,300 inspections by safety technicians in the field.

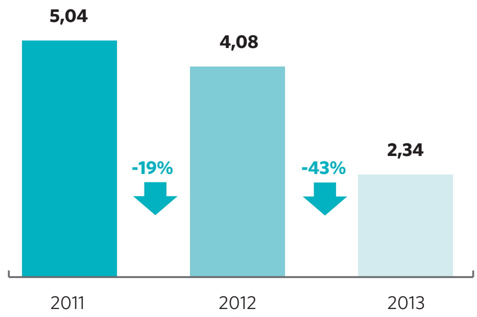
This set of actions presented significant results. In 2013, the company zeroed the occurrence of fatal accidents and with permanent disabling injuries to its workforce, including own employees and third parties. Apart from that, the frequency rate with which the employees are injured, with leave from work, fell 43%, from 2012 to 2013. And the rate of severity of events was 91% lower, considering the same period. **[G4-LA6]**

The rates of absenteeism due to sick leave were also reduced. In 2013 the Light, attending the new guidelines of GRI, divided these indicators by gender.

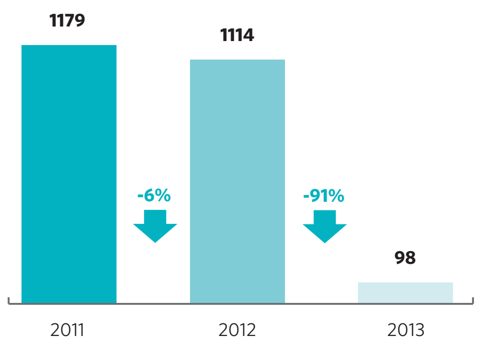
Fatal accidents



FR - Frequency Rate



SR - Severity Rate



Index of general absenteeism (own employees) for Medical Licenses by Region [G4-LA6]

Region	*2011*	*2012*	*2013*	
			Female	*Male*
Greater Rio	4.17	3.97	3.14	3.55
Interior	3.74	2.79	2.11	2.17

The significant reduction in accidents and absenteeism positively impacts Light, bringing benefits such as reduction of legal contingencies, improved productivity, employee satisfaction and image of Light, and consequent valuation of the company.

In general, the improvement of indicators is mainly a result of the actions of *Programa Vida!*, of the consistency of inspections and audits of awareness campaigns, programs of qualification of the workforce and of the cultivation and expansion of the Basic Safety Guidelines and health policy that guides not only the company but also the service providers.

Total number of incidents of non-compliance related to impacts on health and safety and arising legal claims [G4-PR2, EU25]

	2011	*2012*	*2013*
Total number of accidents without death to the population	34	24	35
Total number of accidents with death to the population	8	10	17
Judicial demands arising from accidents involving the population - General Litigation Base	210	437	451

The increase in the number of accidents involving the population in 2013, is strongly affected by the large volume of constructions carried out in the concession area of Light. To reduce this type of occurrence, the company is entering into a partnership with the syndicate of Companies of Civil Construction (SECONCI) for training of all professionals in the sector about the risks of proximity to the electricity network and precautions to prevent accidents. **[G4-PR1]**

Interaction and professional qualification

In 2013, Light has promoted 21 *Café Diálogo* with the Board of Executive Officers, which dealt mainly of the topic Appreciation of Life, and created the *Boletim do Vida* (Bulletin of Life Program), monthly newsletter of the *Programa Vida!*, which objective is to sensitize and mobilize the workforce of the company. Moreover, there were promoted preventive campaigns and celebrated commemorative dates, such as the Day of the Electrician.

In the professional qualification program, 181 electricians were trained to work in all activities of Light; 131 technicians in operation and substations.

Integration with service providers also advanced. Two workshops were conducted to align actions with services specialized in medicine and labor safety of the companies contracted by Light, 70 professionals has participated from 26 different companies.

All contractors and subcontractors involved in networking service, directly or indirectly, are trained in health and safety. The minimum training for employees who work in the network are: NR 10 - security in services with electricity (80 hours), NR35 - safety for works at height (16 hours), NR33 - security in services in confined spaces (underground) (40 hours) and NR12 - Operation of auto-cranes, aerial basket and chainsaws (8 hours). **[EU18]**

Basic Guidelines for Health and Safety

Light has a formal policy that guides all practices of its employees and third parties with respect to identifying hazards and treat the risks related to occupational safety and health. Within its procurement program, establishes in its contracts that all subcontractors must follow carefully the Basic Guidelines of safety and health of the company, periodically checking that adherence to guidelines through audits and inspections of workplace safety. **[EU16]**

The identification of aggressive agents to physical integrity of employees in the workplace is performed by the *Programa de Prevenção de Riscos Ambientais* - PPRA (Program for the Prevention of Environmental Risks), in conjunction with the *Programa de Controle Médico de Saúde Ocupacional* - PCMSO (Medical Control Program of Occupational Health).

Now, the *Comitê Permanente de Prevenção de Acidentes* - CPPA (Standing Committee for the Prevention of accidents) has the function to analyze occurrences, proposing actions to reduce risks and suggesting new prevention programs. It consists of a multidisciplinary approach, bringing together representatives of different areas. Permeate their actions 100% of the labor force of Light. **[G4-LA5]**

Since 1953, Light performs annually the *Semana de Prevenção de Acidentes de Trabalho* - SIPAT (Internal week of Accident Prevention), aiming to promote reflection and integration of prevention of accidents and good practices. Among the activities, there can be included lectures, theater, skits and fair of technological exposure, seeking to integrate the actions of the Commissions for the Prevention of Occupational Accidents of Light and stimulate reflection on the level where Light is and what can be done to advance in the prevention of accidents.

In 2013, with a focus on the health of its employees, Light carried out an extensive program of immunization, including vaccines for preventing influenza and H1N1 influenza, hepatitis B, tetanus and diphtheria. In total, four thousand doses were administered. **[G4-LA7]**

In union agreements, other issues relating to health and safety are also covered: work environment favorable to safety and physical and mental health; training for safety; implementation of actions aimed at preventing occupational hazards, particularly accidents of electric origin and traffic accidents; health and safety of service providers; social protection, especially in the coverage of occupational accidents, health and retirement; health plan; among others. **[G4-LA8]**

SafeWork System

Light has deployed in 2013, the SafeWork system that consolidates all the information relating to inspections on field. If any deviation is observed in the inspection, after its insertion in the system, the software itself triggers an email to the manager of the area, requesting actions. With the insertion of the analyzes on the same basis, keeping the historical record of inspections performed, it is possible to map the recurrent procedures and their relevance.

Orgulho de Ser Light

Light wants to keep employees and service providers aligned to the values, mission, vision, strategies and objectives of the company. To do so, it undertakes various internal communication activities.

For the successful outcome on all these fronts, it uses specific communication channels and develops campaigns and actions that inform, create awareness, educate, engage and integrate the workforce. Initiatives that contribute therefore to encourage and ensure that all act increasingly committed with pride to belong to Light.

In 2013, the company consolidated the processes of internal communication, both in relation to the contents and channels, allowing closer approach to the work force, establishing new level of relationship.

Campaigns of internal communication

Light gave continuity to the *Programa Vida!*, which is focused on building a culture of safety and zero accident.

Through the connection Light, the labor force formed by 12 000 people, was invited to be spokesperson of specific and strategic topics for the company, as the challenges that the summer season brings for the company, strong investments to improve the quality of service delivered to customers and the challenges with losses and delinquencies. In June, all Light was mobilized to engage in a movement of turnaround toward the major changes for better results. Special projects were created to meet the fronts of Losses and Delinquencies; DEC; Work Safety; and Tariff Review. That moment was an opportunity to further engage the entire workforce in building a solid, profitable and excellent company in the provision of service with the rescue of the *Orgulho de Ser Light*.

Which channels Light uses to communicate?

The Light currently has channels of communication by electronic means: a weekly newsletter, intranet, email marketing, digital TV and a printed summary of the newsletter aimed at employees in the field.

There are also panels in blocks of two or three pieces, which were the novelty of 2013. This communication channel conveys message with advertising language on posters that especially highLight internal campaigns of the company. The campaign *Rumo ao Gol* (Towards the Goal) to reduce the result of the DEC; *Direção Defensiva* (Defensive Driving), to reduce vehicle accidents; and the ideology of Light on mission, values and vision, were in the panels.

Awards and recognition in 2013

The year was of challenges for the Light, but also of many achievements. In the past 12 months, the company invested heavily in the quality of service in combat losses and reducing the number of accidents. Moreover, spread between the workforce and *Orgulho de Ser Light*. All this work won a number of awards and recognitions. Below, the awards won:

***XIV Prêmio Consumidor Moderno de Excelência em Serviços ao Cliente* (XIV Modern Consumer Award for Excellence in Customer Service)** – Light was the winner in the Energy category. The award recognizes companies that have the best strategy in communication channels with customers and pursue excellence as a competitive differential in providing their services.

***Prêmio ABT - Associação Brasileira de Teleserviços* (Brazilian Teleservices Association Award)** – The company won for the second consecutive year. The initiative recognizes the best service practices that contribute to excellence in customer relationships annually. Light won in the categories Communication Campaigns, Multichannel and technological solutions with the cases "Light customer has more: your account on day brings advantages every day"; "application of Light for iPhone. Technology makes us go far, more precisely where you are"; and "Relationship and Excellence via SMS."

Aberje - *Associação Brasileira de Comunicação Empresarial* (Brazilian Association of Corporate Communication) – Light won the Aberje Award in 2013, national stage, in the category of Marketing Communication with the campaign Central of Innovative Ideas. Apart from animated film for tv, social networks, newspaper ads and in elevators of large commercial buildings, the campaign won a differentiated approach in the Providence Fair. In September, the company also won two categories of the Regional Award: Communication of Programs Oriented to Corporate Sustainability with the Light Recicla (Light Recycles); and Communication of Programs, Projects and Cultural actions, with Light Educational Program.

***Prêmio Ser Humano* - ABRH-RJ (Human Being Award - Brazilian Association of Human Resources)** – With the *Programa Vida!*, Light won the human being ABRH-RJ award in the category average and great company. The initiative was voted reference in the culture of prevention and reduction of accidents, and in safety.

Light at ISE Bovespa – For the seventh consecutive year, Light remains on the portfolio of the Corporate Sustainability Index (ISE) of BM&FBovespa, which identifies the institutions with the best practices of sustainability. ISE selects companies that have their management based on the concepts of economic efficiency, environmental balance, social justice and corporate governance.

***Certificação Probare* (Probare Certification)** - The Call Center of Light, managed by the partner company AeC, located in Governador Valadares city, Minas Gerais, received a certification of the *Programa Brasileiro de Auto-regulamentação do Setor de Relacionamento* - Probare (Brazilian

Program of Self-Regulation of the Relationship Sector). This achievement is the result of the commitment to provide an increasingly better service and with excellence in attendance.

Recognition of the cultural support of Light to society – The Ministry of Culture, through the *Instituto Brasileiro de Museus* - IBRAM (Brazilian Institute of Museums), highlighted that Light, and other institutions sponsors of museums, as an important member of the 11th National Week of Museums, held in 2013 with the topic Museums (Memory + Creativity) = Social Change.

***Light Recicla* wins international recognition** – The project was presented at the VIII International Forum on Environment Brazil-Japan, held at the BNDES. Recycling and sustainability were the topics of the event.

Light guide on Corporate Volunteering – Light is one of the companies that comprise the *"Guia Voluntariado Empresarial: do conceito à prática"* (Corporate Volunteer Guide: from concept to practice), unprecedented material in Brazil, which serves to guide enterprises to deploy corporate volunteer programs. The publication, published by the *Conselho Brasileiro de Voluntariado Empresarial* - CBVE (Brazilian Council for Corporate Volunteering), gathers more than 20 success stories of organizations associated with the board.

Tribute for social projects in communities – An integral part of the pacification of communities in the Rio, the project *Desafio de Braços Abertos* (Challenge of Open Arms) is sponsored by Light. Due to the partnership, the Commander of BOPE Rene Alonso visited the headquarters of the company to deliver a tribute to the company. The initiative is from Secretariat of Public Security of the State and of the Special Operations Battalion of the Military Police.

Tribute to the *Música no Museu* (Music in the Museum) – The *Música no Museu*, a project that receives the sponsorship of Light, was recognized as the Educational Institution 2013 in the Educational Personalities Award, organized by the newspaper *Folha Dirigida* in partnership with the *Associação Brasileira de Imprensa* - ABI (Brazilian Press Association) and *Academia Brasileira de Educação* - ABE (Brazilian academy of Education).

***Prêmio ABMN - Associação Brasileira de Marketing Contemporâneo* (Association of Contemporary Marketing Award)** – Light won the XII ABMN Award for social responsibility and sustainability with the *Light Recicla* project. The company was also a finalist in the Education category, with the Light Educational Program.

Reinventing Customer Relationship

Our customers are the reason for us to exist, and providing a good service is crucial to maintain a good relationship. A sustainable company is accountable for what it does and what it intends to do.

In this section, the reader will learn how the company relates to its customers, and will understand why the Light's concession area poses major challenges for the provision of electric power distribution service.

Those challenges are mainly related to the history of urban development in Rio de Janeiro city and its surroundings, which greatly influenced its socioeconomic, cultural, and behavioral aspects. As a result, Rio is subject of several urban sociology studies, which call the "Fractured City", a term that reflects its unique conditions, where just a street is enough to separates absolutely different realities. On one side, the formal city, where the law rules; on the other, the informal city, subservient to local power rules. In this scenario, fighting against electricity theft is the main challenge of Light's concession.

One of the measures the company has taken is to strengthen is relations with communities, which are usually of low purchasing power, together with the local government or not. The initiatives promote awareness of efficient electric power use, and assist with positioning each customer according to the ability to pay, disseminating social and environmental actions and helping in achieving a sustainable pacification process. All these measures help with securing payments and reduce commercial losses, and strengthen Light's image before the civil society and the government.

Major customers are the gateway to new business for the Light Group. Every new customer requesting a connection may become a service customer of other companies of the group, increasing Light's profitability.

For other retail segment customers, Light is constantly working on improving services delivery, focused on special, multichannel projects efforts. Thus, the Company aims at strengthening and enhancing its relationship with customers, so as to guide and instruct them correctly with information of public interest, and disclose all measures that the Company takes to develop its concession area.

The Light SESA's Tariff Review is a highlight. The regulatory compliance ensures that internal procedures comply with effective rules and regulatory issues are adequately addressed for decision making.

The *Instituto Light* (Light Institute) is also worth knowing. Its principle sates that healthy society results in a more harmonious relationship between the Company, customer, society, and government.

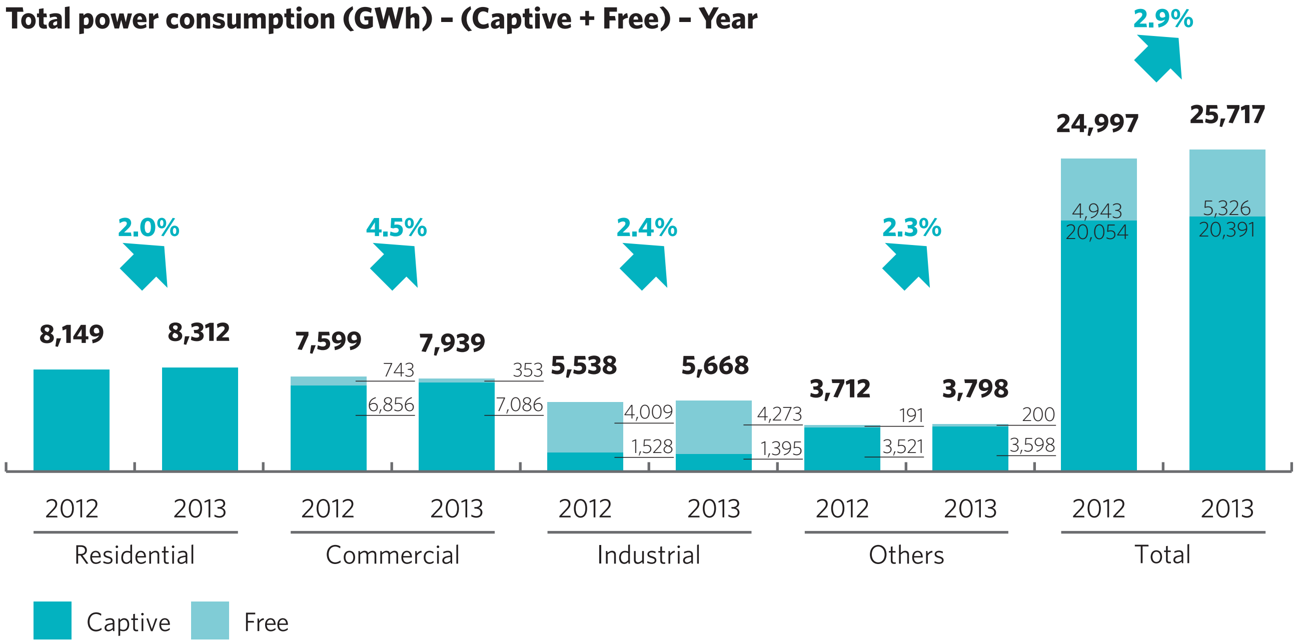
Our customer relationship initiatives impact all stakeholders: the Regulatory Agency, whose mission is preserved; the community and consumers, with the continuous search for improved quality of service, while preserving low tariffs; the government, whose strategic interests are protected; and shareholders, who area assured that contracts performance, rules predictability, and adequate compensation for investments will always be pursued.

The Distribution Market [G4-8]

Based on preliminary 2013 data from the Empresa de Pesquisa Energética (EPE), Light SESA appears in the following positions:

(i) 5th largest in total consumption
(ii) 5th largest in total number of consumer units
(iii) 4th largest in number of residential consumer units

Total power consumption (GWh) – (Captive + Free) – Year



Customers (captive and free) billed in the concession area consumed a total of 25,717 GWh in 2013, with 4,118,120 captive customers (including own consumption) and 164 free customer facilities. In addition to free consumers, there are 14 generators connected to Company's distribution network, which also pay for using Light's system.

In 2013, the Light SESA's concession area total power consumption (captive customers + free customers transport) grew by 2.9% against 2012. All consumer categories contributed positively to this result, mainly the commercial category, which corresponds to 30.9% of the total market and grew 4.5% against 2012.

The residential segment, with a 8,312 GWh consumption in the year and 32.3% share of the total market, increased by 2% against the same period last year, a result that was adversely affected by the condo buildings reclassification as commercial category, and the termination of longtime delinquent contracts in Light's portfolio. Without that, the residential consumption would increase in 4.7%. The average monthly consumption increased by 2.2%, and reached 185.2 kWh/month in 2013.

Commercial customers consumed 7,939 GWh, a 4.5% increase. This result was impacted by condo buildings reclassification to commercial grade. Without the condo reclassification effect, the commercial segment would have decreased by 2.2% on a year basis.

During the year, the industrial customers' total consumption was 5,668 GWh, which is a 2.4% increase against 2012. Noteworthy is the increased consumption of steel/metal and rubber/plastic industries, which together account for 61.3% of the total industrial consumption.

Compared to other categories, which represented 14.8% of the total market, there was a 2.3% increase in consumption against last year. There was an increase in consumption in all categories 2013. Rural, government, and utilities categories increased by 8.2%, 0.9%, and 3.1% respectively against 2012.

Consumption Overview

	Residential	*Commercial*	*Industrial*	*Other categories*
Company's total market share (%)	32.3	30,9	22	14.8
Number of customers billed (captive)	3,768,989	315,460	8,093	25,5788
Number of customers billed (free market) (facilities)	–	139	41	3

Electricity Purchases

In 2013, the thermal power plants activation at a much higher level than expected increased significantly the power purchase cost. According to current rules, those costs are passed down to end customers once a year only, or in the event of Tariff Review, resulting in a mismatch between the actual cost and the cost passed down to tariffs. When the thermal power use is very significant, that mismatch may impair company's cash significantly, as it surpasses, in some cases, the company's EBITDA.

Given the need for thermal power plants activation, which tends to recur in 2014, Light believes that estimating expenditures on power purchase, considering the hydrology's uncertain scenario, is a great challenge. To this end, the company developed and improved, in 2013, in-house tools, also to automate the associated contracts management process. These initiatives guide the short and long term financial planning, and support company's positioning both in terms of regulations and tariffs pass-down.

It is worth noting that, throughout 2013, the contributions from the Energy Development Account – CDE (Conta de Desenvolvimento Energético) mitigated only part of the problem, which was compensated in economic terms only after the Ordinary Tariff Review of November 2013. **[G4-EC4]**

In 2014, the Company intends to support the actions of the *Associação Brasileira de Distribuidores de Energia* - ABRADEE (Brazilian Electrical Power Distributors Association) towards power purchases, particularly its search for solutions to cash problems forecasted.

Regarding stakeholders, the power purchase efficiency contributes to low tariffs, which benefit Light's customers and properly foster the power supply expansion, considering the consumers of the *Sistema Interligado Nacional* - SIN (National Interconnected System). The interaction with the MME and the ANEEL allows these entities to expand their global view of sector problems, and enables developing a more equitable regulation for all parties involved.

Demand met by power source [EU10]

Power Source	*2011*		*2012*		*2013*	
	MWh	*%*	*MWh*	*%*	*MWh*	*%*
Hydroelectric (Water resources)	19,324,654	67.3	19,301,109	66.9	17,088,000	60.7
Thermal (Fossil fuels)	8,769,226	30.5	8,922,117	30.9	9,547,000	33.9
Angra (Electronuclear)	---	---	---	---	892,000	3.17
Thermal Alternative Source Auction)	93,531	0.3	87,156	0.3	124,000	0.4
Proinfa (PCH)	314,812	1.1	324,679	1.1	311,237	1.1
Proinfa (Wind)	151,122	0.5	155,859	0.5	149,369	0.5
Proinfa (Biomass)	63,136	0.2	65,115	0.2	62,394	0.2
Total	**28,716,481**	**100**	**28,856,035**	**100**	**28,174,000**	**100**

Note: Purchasing power to meet the prospected demand is through auctions only, which do not allow for the possibility of selecting the generating source.No direct negotiation between generator and distributor of the Group. Adjustment mechanisms are implemented throughout the year to buy or return contracts, aiming at a balance between demand and contracts.

Tariff Review

The Brazilian electricity sector is seen as a complex segment that is extremely important to the country's development, since it involves political, economic, and social issues. Considered a part of this scenario, the sector's technical and specialized regulation is being conducted by ANEEL. In this context, and generally speaking, Light's challenges and opportunities in the regulatory area are related to company's ability to adapt to current standards, as well as the appropriateness of said standards to company's performance specificities.

Therefore, Light is committed to ensure that the company's different areas know the regulatory framework in place, and that internal procedures comply with the rules, and regulatory issues are adequately considered in company's decision-making process. Additionally, Light's negotiations with ANEEL are aimed at establishing regulations within the reality of company's different segments, both at sector and region level.

By doing so, there are many benefits to be achieved: mitigating risks of regulatory fines; improving service; preserving the economic and financial balance of public service concessions, thus preserving sustainability; and enabling new generation projects, among others.

Ordinary Tariff Review: Impacts on Light

In 2013, there was the Ordinary Tariff Review of Light, with two major achievements for the company: acknowledgment of investments and acknowledgment of the concession area specifics with regard to non-technical losses.

Before the Tariff Review, Light passed through the Special Review process, in February 2013, introduced by the – *Medida Provisória* 579 (Provisional Measure), converted into the Act 12783.

In the short term, the review impact was positive for customers in general, who have benefited from lower rates, with an average reduction of 19.63% in the bills. And, to a certain extent, it would also be positive for Light, as it would decrease delinquency and power theft.

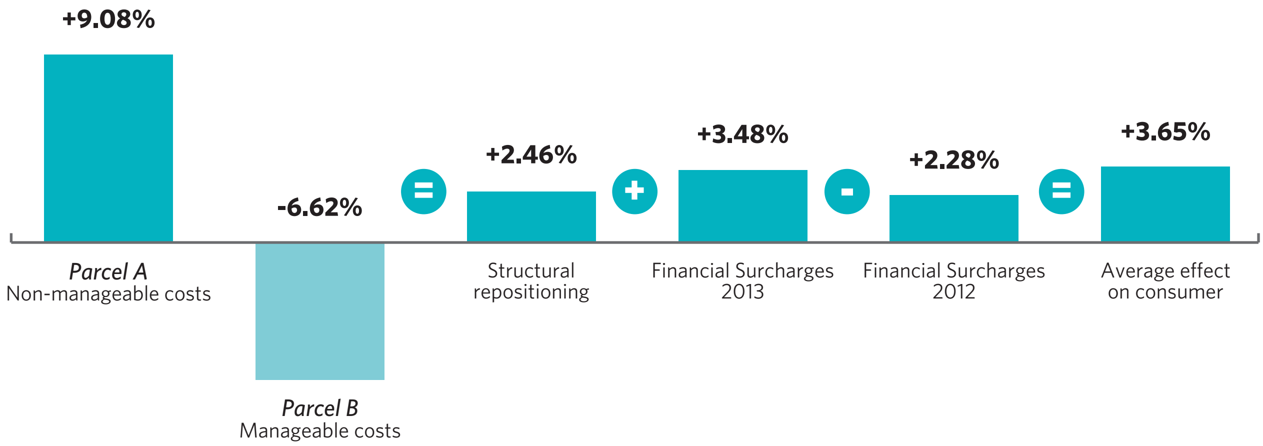
However, the way the new rules were established, without prior discussions with industry players and disregarding specific conditions laid down in previous laws, caused a significant increase in industry risk, affecting all players, including Light Group's companies. Additionally, the new rules established by the Act 12783 brought additional risks to distribution concessionaires and, consequently, to captive consumers, as they stimulate involuntary outsourcing and assigned to distributors the hydrological risk of power contracted with hydroelectric plants, whose concessions were renewed.

As to consumers, due to the additional risks mentioned above, there is an expectation of future tariff increases, because reductions cannot be sustained in the medium and long term. Furthermore, a higher industry risk raises the capital cost, with consequent increase in tariffs.

Light's Ordinary Tariff Review, which happens every five years, when the economy of scale and efficiency achieved by distribution over the previous rate cycle are passed down to consumers, provided for a 6.62% reduction of tariff costs related to distribution, which benefited customers.

However, as only a small portion of tariffs refers to distribution costs, the remaining costs associated with generation, transmission, and charges rose by 3.65% average.

Light's Components of the Tariff Review



As to ANEEL's acknowledgment of investments that Light made between 2008 and 2013, we highlight the improvements the company made in the period. Said improvements involved practically all areas of the company, from the field electrician to the Board of Executive Officers. Cost allocation criteria, procedures, and computer systems were rethought.

As to non-technical losses, the ANEEL acknowledged that dealing with them in Rio de Janeiro is particularly difficult, and it is not comparable to any other concession in the country. Because of that, the Agency relaxed the regulatory losses level, and raised it from 30% to 40% of the low voltage market.

That flexibility is the result of intensive conversations between Light and ANEEL, which started in 2011 and were expanded in 2013, a period in which the company prepared and delivered studies on social and economic aspects of Rio de Janeiro and its surroundings, especially with regard to dissemination informality in Rio's communities. Light's representatives have been at ANEEL several times. In one occasion, Rio's Secretary of Security, José Mariano Beltrame, was present. Additionally, ANEEL's representatives made technical visits to Light, and they were essential for the regulator to determine the particularly adverse conditions the company has to handle.

Furthermore, the thermal plants activation is a factor that has been interfering with tariffs, as it was the origin of high costs for Light SESA in 2013. Company's challenge in the regulations scenario is to evaluate how this scenario will impact tariffs and find possible solutions to meet the interests of both Light and its customers, as well as the country's interests.

Commitments for the coming years

In order to fulfill commitments with ANEEL during the 2013 Tariff Review process, and successfully and significantly reduce non-technical losses, Light made important changes in its structure, and created an exclusive Business Unit to deal with said losses. The company's target is reducing, from 43.9% to 31.5%, within August 2013 and August 2018, the actual non-technical losses in the low voltage market.

The company must also deliver, until June 2014, a proposal for a special tariff for customers residing in areas that the state government has pacified. Also, the company intends to continue and expand the *Light Legal* [4] program, which created the *Áreas de Perda Zero* – APZ (Zero Loss Areas).

The effective fight against power theft is key to Light's concession sustainability. It will enable the electricity distribution services continuity with quality and safety, and will preserve the country's power resources.

[4] *See more about Light Legal in chapter Fighting Losses.*

Operating in the power sector according to its regulations is positive for all stakeholders of Light. The ANEEL preserves its mission; the community and customers benefit from the improved quality of service, while maintaining low tariffs; the government has its interests safeguarded; and shareholders gain with the ensured performance of contracts, with predictability of rules and proper remuneration of investments.

Communication and Transparency

When communicating with its different stakeholders, Light accomplishes priority objectives, including clearly and objectively inform on services, projects, and programs; potentiate the Light brand across company's strategic stakeholders, in order to create a positive image of the company and its services; and associate the Light brand to cultural, sporting, or economic projects would develop its concession area.

Light held three campaigns throughout 2013: *Campanha Verão 2013* (Summer Campaign 2013), *Por um Fio* (By the Wire), and *Light Legal* initiatives. The *Campanha Verão* recall, from January to March 2013, reached 36%, more than the 33% recorded in the previous year, in August 2012.

The *Campanha Verão* 2013 was advertised through the mainstream media and informed about consequences to the network give during the Summer, with emphasis on how the electricity theft, popularly known as "gato", is detrimental to the power supply. This action addressed three main issues: the Summer and its impact on power consumption; the challenges that Rio's growth and large events impose; and the electricity theft, with this topic also addressed within the other two.

Focused on power theft, the *Por um Fio* campaign explained how the "gato" prejudices life, citizenship, and freedom. It was advertised through external media in the Supervia (urban railroad system), in Light's Headquarters, on social networks, and print ad.

Light Legal, a project to fight losses, was advertised through outdoor media in the Supervia train lines in locations the project already served.

A New Website

In May 2013, the company launched its new website. It's much more modern and interactive, with a much quicker and more practical interface for the user to navigate. The new website makes it easier for the customer to access the Virtual Branch and has much more content, with important information, videos, infocharts, tables, and hints. The new technology was also developed to support all display formats, and ensure access from mobile devices.

Furthermore, Light kept its decision of diversifying its relationship channels. In social networks, for example, the company is adopting a more formal strategy. The dynamics of each online channel was restructured, with an appropriate language for each platform, and identification of channels more suitable to reach strategic audiences and develop a relationship with stakeholders in a virtual environment.

The number shows a significant increase in these platforms' reach, and that, together with the good publicity of those channels, impart gains to the brand's reputation. The number of fans in the *Conexão Light* Fan Page and Twitter followers has risen by 35% since 2013; *Conexão Light* blog visits, by 50%; YouTube and Instagram views, by 60% and 27% respectively.

And the number of participants in the LinkedIn discussion group increased by 8%, the majority consisting of senior professionals.

Another quality gain of those channels was the consolidation of *Conexão Light* as the concessionaire's relationship channel. Through interactions and proactive publication of content, the web surfer has access to information on the role of *Conexão Light*, thus establishing a new type of relationship and allowing the customer to contact the *Light Clientes* service in the event of commercial requests.

Also in 2013, two new online platforms were created to add value to Light's brand. *Rio Light*, a mashup[5] platform that assembles the content of blogs about Rio de Janeiro, tightens the concessionaire's bond with the state and strengthens company's relationship with strategic bloggers that take part in the initiative. The second platform is the *Me Dá uma Luz* (Give Me a Light) website, which advertises crowdfunding[6] projects, and also contributes to relate the brand to Rio de Janeiro state and e strengthens the company's position as a socially responsible enterprise.

Commitments and targets for 2014

In 2014, Light will focus on institutional communication actions to fight losses and delinquency, and develop a communication plan for the *Light Legal* program aiming at communities included in the project.

The company also intends to strengthen its relationship with stakeholders through social networks, remaining attentive to and updated on what is happening in the online environment, to that Light's projects and services may be informed in clear and timely manner by monitoring the networks movements and responding quickly to any interaction through the *Conexão Light* channels.

It is worth noting that Lights institutional communication actions benefit the company's stakeholders. Overall, they encourage the safe and efficient use of power, and keep customers informed about services available and communication channels the company makes available.

The Press

The challenge for Light in its relationship with the press is to promote positive agendas, with topics of interest for the company, and reverse situations that may adversely impact its corporate image.

This challenge is primarily based on three pillars: responsible information, agility, and credibility. Therefore, the different departments of Light contribute with accurate information, in order to confirm the company's credibility. Moreover, its image, once preserved, may serve as model.

In 2013 Light was dedicated to creating increasingly quicker response mechanisms to meet the new customer profile, who now also produces content for social networks. Particular attention was paid to safety hints, due to the increased electricity consumption and load.

In its contacts with the press, Light worked on the issue of company's responsibility, consumers' responsibility, and government's responsibility for power theft. The core message was to spread the awareness that electricity theft, known as "gato", is a problem for all, and is a crime as well, stressing the fight against non-technical losses as one of company's strategies.

Another initiative of 2013 was promoting, as spontaneous media, Light's mains power network maintenance schedule, so that the population could be informed about this service. The same procedure was used to inform about the mobile offices calendar in the company's concession area.

It is worth noting that Light's media and commercial areas have tightened their relationship to better serve the customer in terms of necessities that both areas detected.

[5] Customized website or a web application that uses content from more than one source to create a new full service.
[6] Crowdfunding is a way to build up capital for initiatives of collective interest by aggregating multiple sources of funding, usually individuals with interest in the initiative.

Commitments and targets for 2014

On account of the great events planned for Light's concession area, commitments and goals are aligned with this new situation and the course of actions planned to serve these events.

The press manager will be keeping contact with advisors responsible for infrastructure works carried out mainly by organizers, Rio de Janeiro state and Rio de Janeiro city administrations, and other utilities concessionaires, in order to align information, develop strategies, and disseminate plans.

One goal, for example, is helping to reverse the negative thinking expressed by the jargon "In the World Cup will be worse" into a positive disposition, expressed by the statement as "Bring on the World Cup".

Our Clients

Retail Customers

Light has more than four million customers distributed amongst 31 municipalities in the concession area. In order to serve them with quality and resolve demands quicker ever time, the company has been investing in a multichannel service and relationship platform. Now, a better dialogue with consumers is promoted, as well as e better monitoring of changes in target audience's profile, offering access anytime, anywhere.

Implementing virtual channels has been one Light's main strategies. In 2013, social networks established themselves as prominent vehicles for the company. The number of followers in Twitter *Light Clientes* increased by 116% since 2012. As to Facebook *Light Clientes*, the number of fans increased in 294% in the same period. Additionally, it is important to mention the significant 124% increase in the volume of contacts through these channels, with 86% satisfied with the service and more than 100,000 people favorably impacted, yielding spontaneous compliments.

Two other projects were launched in 2013: the *Light Clientes* app on Facebook, which offers six automated services, barcode for bill payment, power outage communication, registration data change, automatic debit, services monitoring and consumption history, and tips on safe and efficient power consumption; and the Twitter *Light Já*, which enables an automatic on Twitter, which allows automatic power outage communication by sending just one post.

The *Light Clientes* app for iPhone also produced positive results in 2013, with a 156% growth in volume of services requested. The tool offers the same six automatic resources that the Facebook app does.

Commercial Branches and Mobile Service Unit

In 2013, the Light was awarded its fifth consecutive LAC - *Loja Amiga do Cliente* (Customer Friendly Store) from the *Instituto Íbero-Brasileiro de Relações com o Cliente* - IBRC (Ibero-Brazilian Institute of Customer Relations).

This award is the result of a series of quality measures the commercial branches adopted, in accordance with the IBRC's evaluation criteria, including store's housekeeping (cleaning, organization, setting, and visual access); professionals' personal appearance (uniforms, makeup, grooming, attitude towards the customer, and attendants identification); and quality of service (waiting time, clerk's approach, service agility, politeness and courtesy, correct use of the portuguese language, and appropriate response to customer's request).

Light has 44 commercial branches distributed all over the municipalities in its concession area. In 2013, more than 900,000 customers were served personally. This number also includes services provided in two mobile service units, used to provide services in events promoted by Rio de Janeiro state. In 2014, Light will launch its third mobile service unit.

Call Centers

In 2013, in order to accomplish a commitment according to the Sustainability Report 2012 regarding the company's Call Center, Light created a second level of structure to deal with more complex cases, avoiding "callbacks" to the Call Center and trying to solve customer's problem in the first contact. The company made progress in terms of the Call Center's operating quality, with reduced in customer service average time and greater integration with its operation areas, in order to identify opportunities for improvements in relevant areas.

Other Relationship Initiatives

At the end of 2013, the service of sending power bills by email had grown 326% in number of registered clients. The *Conta Verde* (The Green Account) program was created to provide comfort and convenience to Light's customers and it's in line with the company's sustainability strategy. All the customer has to do is to register with one of the service channels.

As in 2012, the year 2013 was another period devoted to campaigns warning about the risks of misusing electricity, as well to promote awareness of power consumption. Topics focused mainly on safety, power savings, and consumers' rights and responsibilities, among other information of public interest, such as social tariffs and some services that Light provides: the *Light Clientes* app for iPhone and Facebook, Virtual Branch, automatic debit, among others.

For customers with visual impairment, Light makes available the Light Braille Bill, which may be requested through any of company's service channels. Additionally, 11 commercial branches already count on tactile signage. **[EU24]**

As to customers with hearing impairment and speech problems, they may count on a special phone service for the deaf, the TPS (*Telefone Para Surdos*): 0800 285 2453. Based on a chat-type decoding system, this free service is available 24/7. Also, the attendants at seven large agencies are trained in Libras, the portuguese sign language, on order to serve people with hearing impairment. **[EU24]**

Light complies with the ANEEL standards and the Code of Consumer Protection standards, and did not record a single occurrence of breach of privacy or loss of customer data in 2013. Confidentiality is covered by the company's Code of Ethics and is part of the commitments the workforce made. **[G4-PR8]**

All Light's customers received, on their monthly electricity bill, a description of the type of electricity, the tariff, the minimum quality requirements from the government, and consumption history. **[G4-PR3]**

Light Service Channels

Dial - Light Emergency – the customer may call to inform about power outage, broken cables, power surges and tree branches fallen on the power lines, as well as to be informed about scheduled shutdowns. The contact is made through the 0800 021 0196.

Dial - Light Commercial – provides information on tariff, products, services and taxes. The contact is made through the 0800 282 0120.

Dial - Light Special – an exclusive channel for the hearing and speech impaired. The contact is made through the 0800 285 2453.

***Light Já* by SMS and Twitter** – text messages by cell phone (SMS) to the number 54448, only the installation code is required; and DM (Direct Message) to @lightclientes, just type #luz and installation number. It provides the customer with an automatic and simple way of informing about power outages.

Light Informa - Scheduled Maintenance – A tool to warn the customers by SMS when Light needs to make a scheduled maintenance on the electrical grid.

Virtual Branch and Contact Us – available on Light's website (www.light.com.br), 24/7.

***Clique Light* (www.light.com.br)** – available from Monday to Friday, 8 am to 8 pm.

Social Networks – to inform on emergencies and provide commercial service, by Twitter/lightclientes and Facebook/lightclientes.

***Light Clientes* app for iPhone and Facebook** – just download in the AppStore or the Central of Apps on Facebook. The customer will have services available to inform on outage, bar code to pay bills, change registration data, automatic debit, services monitoring and consumption history.

44 **commercial branches** and two **mobile services units**.

Ombudsperson's Office – 0800 284 0182.

Light's challenge to serve retail customers

- Improve the customer satisfaction surveys rate and the customer channels service levels.
- Implement a humanized IVR at the Call Center.
- Reshape and revitalize the Virtual Branch.
- Expand the multichannel possibilities and functionalities.
- Expand the self-service resources, new functionalities, and attractiveness of 100% automatic virtual channels: SMS, Virtual Branch, self-service terminal in branches, apps (iPhone, Android etc) and social networks (Twitter and Facebook).

Major Customers Segment

In 2013, Light improved its structure to serve the major customers segment, such as government agencies, factories, shopping malls, among others, connected to the medium/high voltage power grid. The company has six thousand customers in this segment, connected to the high or medium voltage power grid, and billed under Tariff Group A.

Among the actions carried out, it is worth highlighting the training on safety and security of electrical facilities, contractual rules and power efficiency, in partnership with the *Associação Brasileira de Combate aos Perigos da Eletrecidade* - ABRACOPEL (Brazilian Association to Fight Electricity Dangers) and the *Federação das Indústrias do Estado do Rio de Janeiro* - Firjan (Federation of Industries at Rio de Janeiro State). The initiative involved 200 customers and has spread to different locations, like the neighborhood of Campo Grande and the municipality of Nova Iguaçu, Baixada Fluminense.

The company also promoted the "Sustainability: Views and Perceptions of Light's Major Customers" event, which was part of one of the company's R&D projects, jointly with researches from the University of Lisbon, and resulted from a survey made amongst Light's major customers. The study will be included in the Base Program, led by that University, which aims to promote projects focused on sustainability worldwide. The research also led to the execution of an agreement between that Institution and the PUC-Rio University for cooperation and researches on the subject.

Regarding investments in 2013, all major customers have come to rely on telemetering, except for a few users connected the low voltage power grid and others who opted for low voltage billing. The telemetering allows monitoring customers in real time and is safe in 47% of power billed. This feature is part of a group of measures that Light has taken to reduce company's non-technical losses.

Light also promoted the "Business Meeting", aimed at keeping company's major customers updated about their issues of interest. At the annual event, they have the opportunity of better understanding the regulatory framework, as well as their rights and responsibilities. In 2013, the technical talk subject was "Changes that the Government Imposes and their Impact on the Power Market and the Society."

Finally, the company maintained its policy of strengthening dialogue with this segment through specific communication channels, which include from simple visits to sending frequent newsletters to all customers registered in company's database.

Major Customers that Generate New Business

The Major Customers segment has attracted new businesses. In the current structure, the customer may use services from other companies of the Light Group, such as Light Esco, Light Com or Light Soluções. This convergence is a major challenge for the company, since the pursuit of customer satisfaction should be permanent in all companies of the Group. It is noteworthy that captive customers requesting new connections to company may be potential users of services provided by other companies of the group, thus generating more profitability, growth, and value for the Light brand.

As to 2014, Light plans to keep the levels of timely payments and billings, as well as the major customers' loyalty. Therefore, the company intends to increase the number of visits to that group. The goal is still maintaining low rates of complaints and achieve 100% of new connections made within the regulatory deadline.

Customer Satisfaction Survey

Light evaluates, on yearly basis, the customers' satisfaction through four surveys: The ABRADEE's Survey, ANEEL's Survey, Services Provided Satisfaction Survey, and Light's Major Clients Survey, the latter two carried out by Light itself. They are essential in defining company's operation strategies, providing guidance on changes that meet customers' expectations.

- **ABRADEE's Survey**: made since 1999 by an institute hired by ABRADEE itself, and measures the level of satisfaction perceived by retail segment residential customers about products and services quality.

- **ANEEL's Survey**: held since 2000 and includes all residential customers in the retail segment. The survey is made by an institute hired by ANEEL, and enables a comparison between companies in the industry across the country, including benchmarks adopted.

- **Provided Services Satisfaction Survey**: carried out by Light itself since 2005, aimed to assess the satisfaction of retail segment residential customers, excluding offender services, such as supply disconnection, for example. Provides a feedback on field and service teams' performance, thus enabling process improvements. It is important to say that, since 2009, this survey is delivered by Instituto Innovare, using the same methodology as the ABRADEE's survey.

- **Light's Major Customers Survey**: introduced in 2002, based on the same methodology that ABRADEE uses to measure customer's satisfaction on yearly basis, and applied by a specialist institute. In 2013, ABRADEE proposed a comparative industry survey for the Major Customers segment of several power services concessionaires and coordinated some methodology changes. Those methodology changes explain the year rate variation.

Customer satisfaction survey results in % [G4-PR5]

Surveys	*2011*	*2012*	*2013*
Perceived Quality Satisfaction Rate (ISQP) – ABRADEE	75.1	70.0	69.1
Customer Approval Rate (IAC) – ABRADEE	75.4	66.2	66.4
General Satisfaction Rate (ISG) – ABRADEE	76.9	65.3	64.6
Service Performance Customer Satisfaction Rate (ISES)	92.7	91.6	88.4
ANEEL's Consumer Satisfaction Rate (IASC)	Not performed	51.57	54.73
Major Customers Satisfaction Rate	62	57.8	90.3

Light Soluções

The Rio de Janeiro is experiencing a period of many works, both in public and private spheres. Light is aware of the opportunities that are emerging in the city, contacting on the daily basis the main contractors and entities involved to introduce the services the company provides.

Light Soluções is, therefore, a company of Light Group specialized in customized electric services for residences, apartment buildings, condominiums, and medium enterprises, providing advice, technical guidance, and services.

In 2013, company's major works contributed to the growth of Rio de Janeiro. One of them is the new substation at the Rio-Niterói Bridge. Another is the revamp of the Guanabara State Supply Center – Cadeg (Centro de Abastecimento do Estado da Guanabara), in partnership with Odebrecht.

The target for 2014 is to further develop the company, with a focus on continuous improvement of service quality and customer satisfaction, either residential or industrial, with assurance of electrical installations within all safety standards, eliminating risks for both customers and Light's distribution grid itself.

Compliance [G4-SO8]

In the legal field, Light faces the challenges of reducing company's liabilities and improve relationships with customers through conciliatory approaches. company's philosophy is to increase the active processes success, decrease the average amounts paid as indemnities, and propose improvements and/or corrections to internal procedures.

Company's areas that relate to customers, especially the retail segment, have received special attention from Light. Employees are trained to prevent mistakes like undue power disconnections and untimely reconnections, thus reducing the number of new lawsuits.

In addition to these challenges, Light is concerned about ensuring that other areas of the company may count on legal advice, agile contract analysis, and support to several projects.

In numbers, the current portfolio of law suits involving the company is 36,000, totaling a contingency around R$ 8 billion, including suits with prognosis of possible, probable, and remote loss. Of this amount, R$ 544 million are accrued based on the opinion of company's legal counsel. The accrual considers only cases with prognosis of probable loss and suits being considered at the Special Civil Court, for which Light is looking for a settlement.

Of the 36,000 lawsuits, 33,000 are civil lawsuits related to claims for material and moral damages connected to Light's ostensive posture when fighting the power grid irregularities, in addition to disputes on amounts paid by customers. Of these 33,000 lawsuits, 19,000 are mass litigation, involving amount up to R$ 500,000; and 14,000, regard the Special Civil Court. As to the remainder, 2,500 are labor suits, and 400 are civil, strategic, and tax suits. It is worth noting that the total number of suits was reduced by 4% when compared to the statistics of December 2012.

In 2013, 38 civil suits were active, and four were recorded in the year. No suit was recorded in 2013 was settled in the same year. Two suits recorded in previous years were settled. **[G4-SO11]**

Company's outsourced offices responsible for the mass litigation suits portfolio, have been audited in 2013. Moreover, an e-learning platform was implemented to train lawyers on relevant topics for Light and improve their relationship with the company's relevant areas and customers involved.

Throughout 2013, Light invested in strategic actions with significant impacts on business results, such as: a strong management and monitoring of tax law suits with high-value escrow deposits of value, with consequent redemption thereof; and updating the database of law suits regarding Cruzado economic plan, reversing for the company a considerable an amount of the relevant provision. There was no lawsuit for unfair competition, anti-trust, or monopolio. **[G4-SO7]**

Likewise, there were no records of non-conformities with regulations and voluntary codes regarding marketing communication, neither connected to products and services information and labeling. And Light does not sell products that are banned or challenged in the market. **[G4-PR4, G4-PR6, G4-PR7]**

Commitments for 2014

In 2014, Light will continue to reduce its law suits portfolio and the amount provisioned in company's balance sheet. Another major goal is to map the main reasons for the mass litigation law suits and the activities of the company that gave cause to them.

It is also necessary to strengthen the mass litigation law suits portfolio management, and achieve greater success in closing them. Therefore, it will be necessary to encourage the improvement of outsourced offices, even maintaining their performance assessment reports.

Also, it will be necessary to update procedures to receive court papers, in terms of commercial branches and 24-hour stand-by teams; act on preventive studies and criteria based on evidences observed during at hearings; and set benchmarks to track market's key developments.

As to strategic areas, the main commitment is to work toward a greater control of law suits, by being proactive with the courts.

Finally, we intend to finalize and implement the suggestions of the R&D project called Electricity Sector Consumption Litigations Prevention, Handling, and Reduction Program.

Order of the Lawyers of Brazil

- Agreements with the Court, which provided room in Nova Iguaçu for a conciliation of company with customers and a reduction of suits through access to the customer base.
- The Central Conciliation Project is created.
- A joint work with the Court of Justice in the Permanent Conciliation Center, which deals with disputes that were not filed yet.
- Representation in the Ethics Panel of the *Ordem dos Advogados do Brasil* - OAB-RJ (Order of the Lawyers of Brazil) against lawyers that operate close to Light branches in order to capture clients by offering services against the company.

The Community

Improving relationships **[G4-EC8, G4-SO1]**

The Rio de Janeiro state government's policy of installing *Unidades de Polícia Pacificadora* – UPPs (Pacifying Police Units) to recover territories that were once dominated by criminal organizations facilitates the arrival of basic services to the population, such as security, sanitation, education, transportation, water and electricity. Peacemaking is one of the main vectors for the city transformation, meaning a recovery of citizenship for the people who live in those areas.

In 2013, Light continued and strengthened its partnership with the state government, acting mainly in areas where new UPPs were installed. The relationship between Light and the pacified communities of Rio de Janeiro contributed to timely payments and, consequently, to reduce non-technical losses, and strengthens the image of the concessionaire before investors, society, and the Government.

Of the 34 communities that already have UPPs, Light is present in 17 of them and has completed the network renovation in nine, with an average loss reduction of 88,9% (from 64.1% to 11.1%) and an average increase of 88.9% in timely payments (from 9.6% to 98.5%).

Areas	Year of Completion	Losses (%)		Timely payments (%)	
		Before	Current	Before	Current
Santa Marta	2009	95.0	8.21	0.20	98.65
Cidade de Deus	2010	52.1	16.99	23.10	98.44
Chapéu Mangueira	2010	62.7	13.80	16.20	102.63
Babilônia				5.40	97.81
Cabritos	2011	62.3	11.80	1.40	98.78
Tabajaras				9.50	96.66
Formiga	2011	73.3	10.14	31.40	94.70
Batan	2012	61.8	11.10	1.20	101.33
Borel	2013	60.5	9.84	9.40	87.50

The freedom and rights guaranteed by pacification brought new responsibilities, including payment of electricity bills. By entering in these regions and regularizing the electric power distribution, Light established a covenant with customers: invest in electrical system improvements to provide quality and safe services in exchange for payment of bills by the consumer.

Comunidade Eficiente (Efficient Community): Expansion in 2013

Since 2003, the *Comunidade Eficiente* project, carried out under the ANEEL's Energy Efficiency Program, promotes the exchange of the lamps and old refrigerators with new, more efficient models, with the Procel[7] seal, in communities in Rio de Janeiro. This initiative reduces the power consumption and consequently the bill amount, thus favoring payment compliance. Over the years, the project has grown significantly and has become strategic for the company, promoting the rational use of electricity and contributing to mitigate non-technical losses. It is noteworthy that, since 2008, the implementation of the UPPs enabled the expansion of the project to other communities in Rio.

In 2010, the Federal Act 12212 directed the project to customers with *Número de Inscrição Social* – NIS (Social Registration Number) included in the *Tarifa Social de Energia Elétrica* (Electric Energy Social Tariff). This new determination became a major challenge for Light, which established partnerships with municipalities to increase the number of benefited customers.

In addition to replacing equipment, Light installed heat exchangers and temperature controllers, and promoted lectures and home visits to advise on the rational use of electricity. Light's agents were standing by in communities to take questions from residents. In 2013, R$ 13.4 million were invested in the project.

Light Recicla: recycling project in nine communities

Another important project in the communities is the *Light Recicla* (Light Recycles), consisting of exchanging recyclable trash for discounts on the electricity bill. This project inserts the company positively in the sustainability context, as it reduces environmental impacts by reusing solid waste and contributes to bill payments, which are very important to Light.

The recyclables are delivered at ecopoints in nine communities by December 2013: Santa Marta (*Plano Inclinado* and Polo Padre Veloso) and its surroundings (Botafogo Subway and Humaita); Cabritos/Tabajaras; Vidigal; Chapéu Mangueira/Babilônia; Rocinha; Chácara do Céu; and Cruzada São Sebastião.

In 2013, the Light Recicla project drew the attention from other municipalities, and the company entered into covenants with the municipal administration of Mesquita. Currently, the project also has the support of the Municipality of Rio de Janeiro and sponsoring companies. Light invested approximately R$ 1 million over 2013. 1,905 tons of recyclable material and approximately 7,000 liters of vegetable oil were collected. This amount is equivalent to savings of 6,667 MWh, i.e., the consumption at three thousand homes in a year. In December, there were 6,069 customers registered in the project.

Negative Impacts [G4-SO11, G4-HR8]

In 2013, the company received a total of 125 complaints related to impacts on communities. There are no recorded cases of violation of rights of indigenous and traditional populations. In order to maintain good relationships with customers and meet the regulator's stipulations, Light settled all claims still in 2013.

[7] *The Procel Seal, created in 1993, is to guide consumers in the purchase, by indicating those products that have the best electricity efficiency levels within each category, thus providing savings in the electric bill.It also stimulates the production and sales of more efficient products, contributing to technological development and environmental preservation.*

***Comunidade Eficiente* Results** [G4-EC7]

	2011	*2012*	*2013*
Benefited consumers	9,879	72,054	103,718
Customers visited in education campaigns	2,212	23,797	34,342
Fluorescent lamps donated	56,603	390,575	511,177
Efficient refrigerators donated	5,446	12,004	12,251
Heat exchangers	-	294	2,906
Temperature Controllers	–	1,381	750

Instituto Light [G4-EC8, G4-SO1]

This institute aims at contributing to company's results. Therefore, it studies the concession area's cultural, social, and urban environment and proposes projects aligned to the organization's strategy.

Its projects have a structure and continuity character. They also encourage the responsible use of electricity, contributing to a society that is more responsible for its actions and a sustainable world. The *Instituto Light*'s philosophy is that a healthy society results in a more harmonious relationship between the company, customer, population, and Government.

In 2013, the *Instituto Light* expanded its way of fundraising, adding new partners to projects financing, including: State Department of Culture; State Department of Sports; ANEEL, through its Energy Efficiency Program; BNDES; and the Inter-American Development Bank (IDB).

The new partnership model spurred new initiatives in 2013, including the upgrading of the *Parque Arqueológico e Ambiental de São João Marcos* (Archaeological and Environmental Park of São João Marcos), improvements in the *Museu Light da Energia* (Light Museum of Energy), and the *Travessia* and *Favela Criativa* (Criative Community) projects.

Favela Criativa Program

The *Favela Criativa* Program is a set of actions to operationalize the cultural policies of the Rio de Janeiro state government and offers support the relevant cultural projects. In its first phase, there was a pre-selection of cultural actions to be implemented as a pilot project in 20 communities with UPPs.

Sponsored by Light, ANEEL's Energy Efficiency Program, and the Rio de Janeiro's Culture Incentive State Act, the main objective of the *Favela Criativa* project is to transform young people's behavior through entrepreneurial training and fostering culture, in order to reduce electricity theft.

The cultural and educational work, despite its long-term results, is undoubtedly the most effective measure to crystallize a behavior of safe and efficient use of electricity, considering its direct relationship with changing habits and behaviors, thus influencing young adults and their families.

In total, there will be three thousand young adults involved directly, and 40,000 indirectly, all in pacified communities. They must be between 15 and 29, residing in those locations, and have a cultural entrepreneur and multiplier agent profile.

The set of actions to be developed in the pilot phase includes *Favela Criativa* Award, *Núcleo de Conhecimento Rio Criativo* (Creative Rio Knowledge Core), *Favela Criativa* Fair, *Favela Criativa* website, *Favela Criativa* Circuit, among other initiatives, and involves courses, consulting, access and encouragement to reading, cultural entrepreneurial fairs, cultural developments, mapping cultural activities in communities, audio-visual record of all material produced, and electricity efficiency fun workshops.

In 2013, the *Instituto Light* focused on planning and organizing activities that will be implemented in 2014 and 2015. Meetings were held with cultural projects producers to align expectations and deliver objectives, and there were individual meetings with each one of them to identify opportunities for electricity efficiency education actions.

Regarding investments, the budget is R$ 11 million, including R$ 2 million from Light according to the Culture Incentive Act and ANEEL's Energy Efficiency Program. In 2013, R$ 1 million is already consigned.

The *Favela Criativa* Project is expected to last 24 months, until the end of 2015.

The *Travessia* Project

The *Travessia* Project consists of building and revitalizing important sport and leisure areas, such as courts, soccer fields and gyms, in 13 pacified communities of Rio de Janeiro, thus benefiting about 400,000 people. The benefited areas are Complexo do Alemão, Andaraí, Fumacê, Coroa, Mangueira, Pavão-Pavãozinho, Cantagalo, Rocinha, São Carlos, Queto, Tabajaras-Cabrito, Tuiuti e Salgueiro-Turano, in addition to a multipurpose sports complex under the Negrão de Lima Viaduct, in the neighborhood of Madureira.

In order to develop the Travessia project, Light strengthened ties with various agents. It's worthy of mention the partnerships with the BNDES; Pereira Passos Institute; State Government, through the State Department of Sports and Leisure; Rio de Janeiro City Administration and its Departments (Sport & Leisure and Conservation); United Nations, through the UN Habitat in Rio de Janeiro; and *Central Única das Favelas* (CUFA).

Investments totaled R$ 16.7 million, being R$ 2.7 million from Light, through BNDES financing. In 2013, a total of R$ 7.2 million has been invested, being R$ 1.2 million from the company.

Also through BNDES financing, and using the social subcredit of 2013, Light will invest R$ 1.6 million in the requalification project of the Archeological and Environmental Park of São João Marcos, imparting characteristics to that cultural space that will boost tourism and generate income in the region. In 2013, R$ 730,000 were invested.

All the works of the Travessia project are to be delivered in 2014.

***Light nas Escolas* (Light in Schools)**

The basis for the success of the *Light nas Escolas* project is the solid relationship with the Departments of Education of Rio de Janeiro. In 2013, after three years of implementation, the partnership was with those bodies was consolidated, thus facilitating agreements and activities, including courses in teachers training, even before proposed timelines.

Complementary activities, such as the *Light nas Escolas* Award, and the video with testimony of teachers, touched an even greater number of participants. Light expects that 2014 will be an even more promising year for the project.

The *Light nas Escolas* is an electricity efficiency project focused on teachers training, to make them multipliers that will raise awareness about electricity efficient consumption, reducing waste of electricity.

Fighting Losses

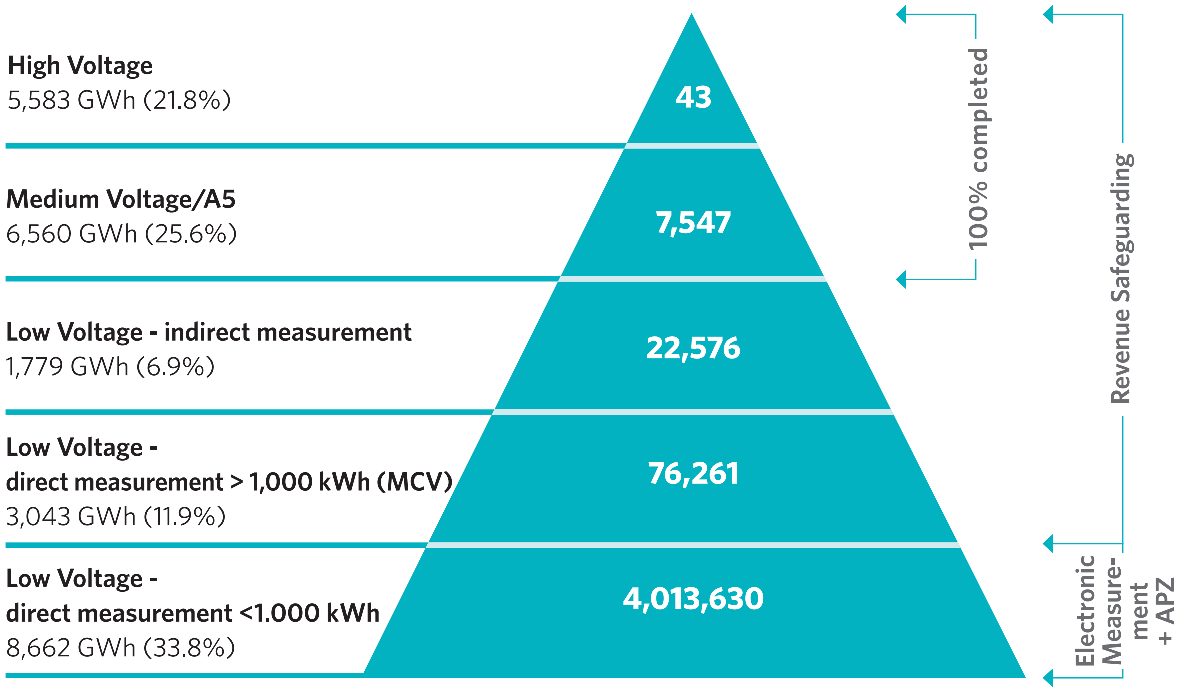
Rio de Janeiro and its surroundings make up a peculiar urban scenario, with areas subject to government rules and other areas subject to local power and informality. This scenario makes Light's work difficult, as it favors the irregular use of electricity and, therefore, company's non-technical losses. Fight these losses is, therefore, a major challenge.

Against this backdrop, Light created, in May 2013, the Special Project to Fight Losses, in order to raise the Energy Plan from 439 GWh to 464 GWh, without additional investment of funds.

Several areas of the company were mobilized to make the project work.

In addition to working for the certification of boundary measurements, advance in market analysis and methodologies, and evaluate the technical loss calculations, the Special Project to Fight Losses was the basis for the consolidation of power recovery work strategies for all customer segments of the company, with two major fronts: safeguarding revenue [8] for customers high/medium voltage and indirect low voltage customers; and electronic measurement with *Light Legal* for the vast majority of customers who are connected to the low voltage system.

Light's Market Segmentation



Total: 25,627 GWh

[8] *Installation of electronic meters with telemetry on customers with greater revenue potential (AT, MT, BTI and MCV – Major Retail Consumers), so that Light may monitor on-line the consumer units measurement, thus ensuring that there is no fraud.*

High/medium voltage segments

In March 2013, Light completed the process of safeguarding those customers' revenue, by adopting mass memory measurement[9] e and remote measurement[10], thus providing a real-time monitoring of this power by the *Centro de Controle da Medição* - CCM (Measurement and Control Center), which coordinates field maintenance/inspections. For Light, it ensures 47% of billed electricity.

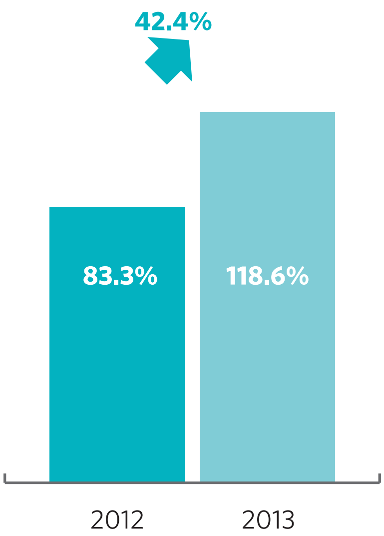
Indirect low voltage segment

With higher power concentration, Light sped-up the measurement modernizing program in this customer segment, installing mass memory meters and telemetry in 20% of the existing equipment. They began to be monitored in real time by the Measurement Control Center, just as the high/medium voltage segment.

Customers included in this program, in 2013, were selected based on evidences of fraud and billing analysis made by customers selection software, aiming at an increase in the volume of electricity recovered within the year.

The success of this strategy can be confirmed when we compare the electricity results (recovered + aggregate + reduction of purchase (1)) in 2013 against 2012. In 2014, the company will intensify actions to safeguard the measurement of these customers and should reach 60% of equipment retrofit.

Recovered electricity (GWh)



The recovered electricity is equal to the total electricity billed back to the initial point of the irregularity identified.The total electricity corresponds to the difference between billed electricity before and after the irregularity is normalized.
The purchase reduction is the electricity portion that was irregular before and is not consumed anymore after normalization.

[9] *Mass Storage Measurement – Meter capable of storing customers hourly consumption.*
[10] *Telemetry – a system that allows to remotely monitor the electricity consumption and provide services as disconnection and reconnection.*

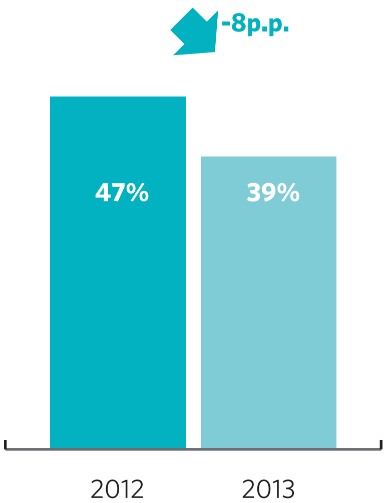
Direct low voltage segment

In the segment that comprises over 97% of Light's customers, several strategies have been deployed to fight losses, including market discipline actions, electronic measurement, the *Light Legal* initiative, and internal processes review.

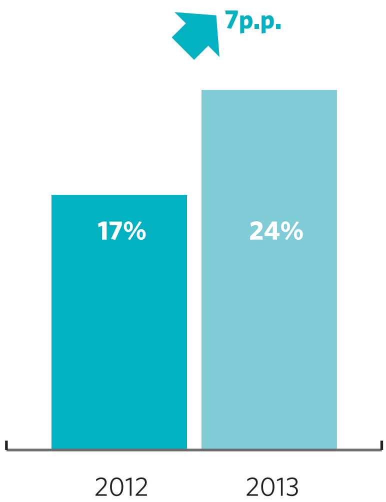
Market Discipline Actions

A change in strategy, which began in late 2012, revolutionized the conventional electricity recovery process inspection and standardization actions in 2013. With support from intelligence software for customer selection and geographic representation free tools, Light grouped the main targets with greater probability of fraud and potential recovery of electricity. Once the strategy was laid, almost 120,000 inspections were carried out and 53,000 normalizations were made in that year. As a result, the company was able to reduce the amount useless field visits, and started to have a more efficient supervision; inspections hit rate raised by 7%; and the productivity – electricity recovered by number of visits made – increased by 64%.

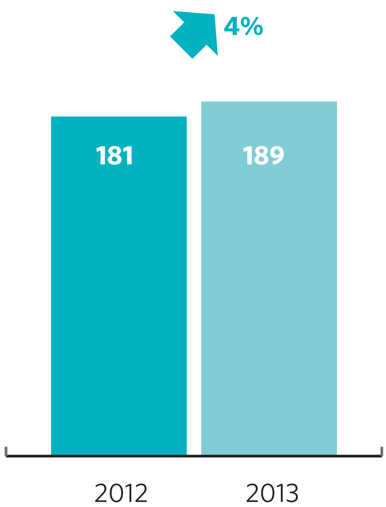
% NI/visit



% hit/visit



Average IEN(kWh/customer)



Productivity (kWh/visit)

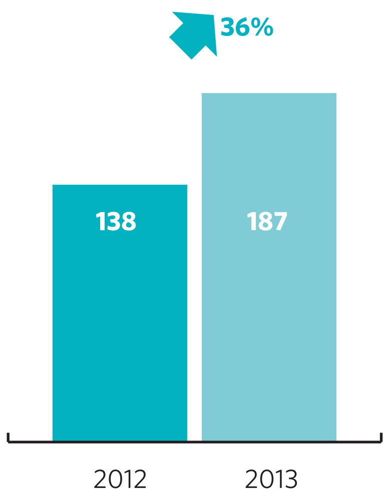
In 2014, these actions should continue in the same volume as in 2013. The *Delegacia de Defesa dos Serviços Delegados* – DDSD (Assigned Services Defense Office) will keep supporting the *Blitz Legal* (anti-theft inspections initiative) actions carried out in major shopping malls and customers.

Electronic Measurement

In 2013, Light has consolidated the electronic measurement process of its customer base. In the second half of the year, more than the double of meters was installed in comparison to the first six months of 2013. With that, the company ended the year with 432,000 electronic meters installed. The peacemaking measures that the Rio de Janeiro state government has been implementing in communities are allowing Light to enter those locations and retrieve customers that used to consume electricity without paying for it.

The power grid reconstruction, energy efficiency, and differentiated billing policies are enabling those customers to leave the informality. Outside those communities, selecting areas with greater potential for loss is also bringing great results.

Average IEN UPP (kWh/customer)



Average IEN non UPP (kWh/customer)

In 2014, the company's goal is to install meters at over 203,000 customers. There will be, then, a total of 635,000 customers with electronic measurement.

Light Legal

The *Light Legal* initiative was consolidated in 2013 as the great action towards fighting the company's commercial losses. Together with electronic measurement, the program has been achieving increasingly significant results.

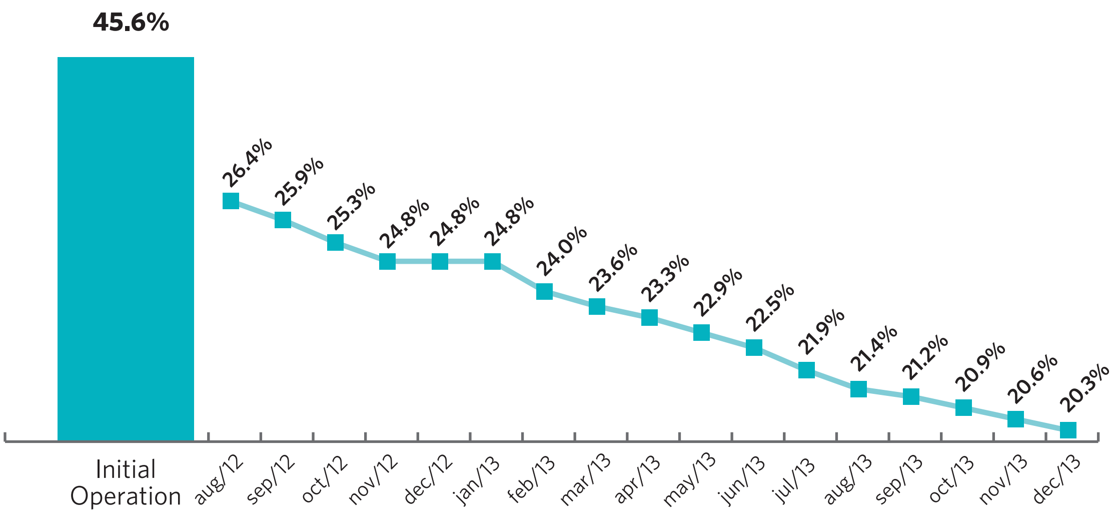
The initiative's actions take place in small areas, called APZ (Zero Loss Areas), with approximately 15,000 customers and high levels of commercial losses and delinquency. Actions in each area are carried out by a contractor, and focused on indicators improvement. In 2013, the *Light Legal* initiative worked on 26 areas total, serving 416,000 customers, and received support from the SEBRAE as training partner for micro-entrepreneurs.

Dedicated teams consisting of technicians, electricians, and commercial service professionals, counting on regional structure, receive fixed remuneration and performance bonuses, thus eliminating the need for field audits from Light and ensuring a greater commitment to results. This configuration increases fight-to-losses process productivity and reduces the need for mobilizing Light's technical crews, as well as minimize the impact on the environment.

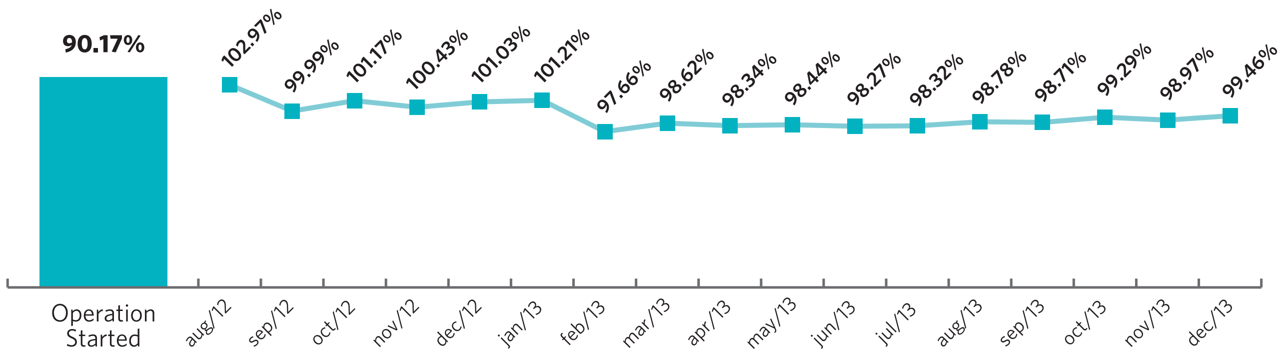
The service agents also visit customers to negotiate debt installments, and update their registration information, provide tips for efficient electricity consumption, and explain about consumer rights and responsibilities.

With the investment made in safeguarding the network, installing electronic meters, and the *Light Legal* initiative, the commercial losses, which were previously at 45.6%, decreased by 25.3% and timely payments, who was 90.17%, increased 9.29%.

Accrued Commercial Losses – APZ Project



Accrued Timely Payments – APZ Project



Administrative Losses

In 2013, Light invested in reviewing internal processes to identify and correct failures that would be contributing to commercial losses. Corrections recovered 43.5 GWh for the company and influenced positively the results presented in this report.

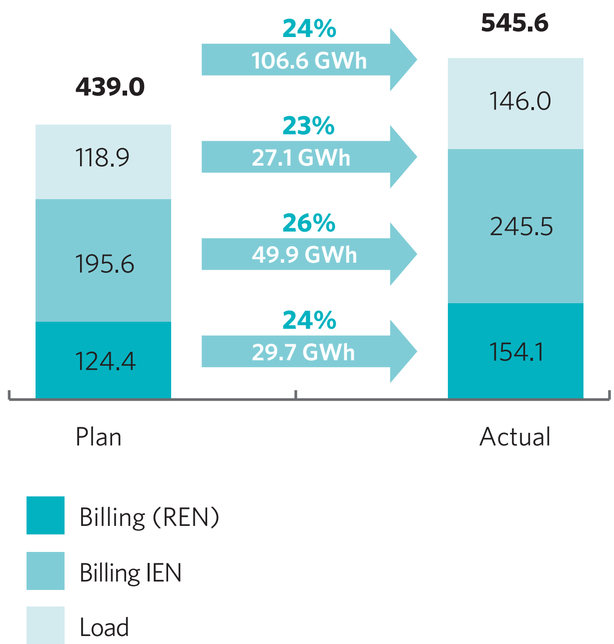
Results Achieved [EU12]

A total of 5,738 GWh in commercial losses – non-technical losses – was recorded in 2013, responding for 42.18% of the low voltage market billed electricity, and a reduction by 3.24% since 2012. The total losses were 8,351 GWh, or 22.82% of the grid load. The result is associated with a positive overshoot of 24% of the Energy Plan for 2013.

Total Losses Evolution

	2011	*2012*	*2013*
Electricity losses – Total (%) on grid load	21.7	23.6	22.8
Technical losses (%) on grid load	6.7	7.1	7.1
Non-technical losses (%) on grid load	15.03	16.5	15.7
Non-technical losses/ Market %	40.4	45.4	42.1

Light's Electricity Plan (GWh)



Challenges for 2014 in fighting losses

- Implement Light's Smart Grid.
- Reduce non-technical losses.
- Reducing delinquency.
- Deploy the *Light Legal* initiative's new units (APZs).
- Reforming networks and install electronic meters in areas of high social complexity, with high rates of non-technical losses and delinquency, including operations in the UPP areas.
- Safeguard major customers' revenue.
- Register again the Street Lighting Equipment and Street Furniture of all municipalities in Light's concession area.

Service Quality

Distribution

Light's priority is to achieve excellence in continuity and quality of electricity supply all over its concession area. Therefore, the company works to ensure maintenance and operation of transmission lines and substations of its high voltage distribution system. Likewise, it aims at ensuring expansion and upgrade, in order to match the market growth. **[EU6]**

As an important initiative in 2013, Light initiated efforts to manage its procedures and technical standards in order to coordinate the design and revision of engineering technical criteria and standards, having in mind its distribution system technological update. Additionally, the company is continuing its power grid planning to serve large events, in 2014 and 2016, i.e., the World Cup and the Olympics, including new substations, increased load, and power grid retrofit and safeguarding.

All this without losing sight of its commitment to sustainability, which is part of Light's guidelines and complies with the legal aspects set by environmental agencies, such as the *Conselho Nacional do Meio Ambiente* – CONAMA (National Environmental Board), the *Instituto Estadual do Ambiente* – INEA (State Environmental Institute), and the State Department for the Environment of Rio de Janeiro state.

Electricity for Major Events **[G4-EC7]**

Rio de Janeiro is experiencing a unique moment with the proximity of major events, and Light has been playing a major role in the city's preparations, which include noticeable restructuring works to host the World Cup and the Olympics.

In order to prepare the power grid, Light drew up a work plan that includes four new substations: Barra II substation, which is already completed; Gardenia and Thomaz Coelho, still in progress; and the Realengo substation, which is scheduled for 2016.

The set of measures includes revamping 87 km of 138-kV lines, being 83 km already ongoing; installation of 1 km of overhead power lines, already started as well; and installation of 6.1 kilometers of underground lines, being 2.4 km are completed. The work plan also includes replacing the 15 KV[11] shielded power lines. The automation of Padre Miguel and Guadalupe substations is scheduled for 2016. Finally, there was the replacement of 138-kV circuit breakers at the Major Vaz and Rio Comprido substations.

In a World Cup atmosphere, the reinforcements are also directed to Maracanã and Engenhão, two major arenas in Rio de Janeiro. The Aldeia Campista, Campo Marte, Piedade, and Cachambi were prepared to supply those arenas. In Aldeia Campista, the installation of the transformer for the 2014 World Cup took place in the first quarter of 2013. In Campo Marte, the works for the World Cup are also ready, while the work to increase the capacity for the Olympics is scheduled for completion in July 2015. In Piedade, the second set of 138-kV underground power lines, from Carandaí substation, was completed in May 2013.

Retrofit

Light is in a phase of both expansion and upgrade of its high voltage distribution system. In 2011, the company began the process of automating 47 substations, including replacing the old protection system with a new digital system, and implementing an equipment measurement, control, and status remote monitoring system.

Of those 47 substations, 26 have been completed and 10 have their automation in progress. The remaining 11 substations are still waiting for the contracts for the distributed control digital systems installation to be defined – they are currently under bidding process.

Also according to the planning for those 47 substations, 80% already count on remote monitoring through the *Centro de Operação e Distribuição* – COD (Distribution and Operation Center); 15% with remote monitoring and control for high voltage only; and 5% are still waiting for the upgrade.

Practically all old substations were adapted to the environmental management system, except for four of them: Leme, Mackenzie, Pavuna, and Frei Caneca.

In addition to investing in new works, Light is also concerned with the substations preventive maintenance. In 2014, the company intends to finish the Preventive Maintenance Plan and the Special Plan, both directed to maintenance activities for the high voltage distributor system transmission lines and substations, in order to enhance resources available and meet the relevant authority's requirements.

Two new 500-kW terminals should be installed in 2014: Oeste e Nova Iguaçu, ensuring greater system reliability. They will allow the power supply continuity, together with an increase in loads, resulting mainly from real estate sector expansion and the new businesses in Rio de Janeiro city. Factors such as sporting events, oil industry perspectives for pre-salt, and advances in social security policies with the UPPs contribute to a growing demand.

New Light substations and forecasts for initial operation

2014	*2015*	*2016*	*2018*
Paciência	Thomaz Coelho	Realengo	Porto
Influência			
Gardênia			

Field Services

Light implements, on regular basis, Maintenance Plan for overhead and underground network. The main challenge has been improving the DEC/FEC quality indicators, i.e., Interruption Equivalent Duration per Consumer Unit and Interruption Equivalent Frequency per Consumer Unit, respectively, thus ensuring a reduction of complaints and financial compensations for breach of those indicators.

In 2013, the field services were also focused on works to support the large events in Rio de Janeiro, i.e., the World Cup and the Olympics, as well as those focused on urban mobility.

Underground network emergency maintenace

In 2013, Light achieved and exceeded the Maintenance Plan targets for the underground system. However, as this is an ongoing plan, new volumes of the same items are expected for 2014 and the coming years.

Light also continued the automation and monitoring of transformer chambers. Also in 2013, the company implemented a team management and productivity control methodology, and created regional managements focused on services performance.

Quality Indicators

Two specific indicators, DEC and FEC, both regulated by ANEEL, evaluate the concessionaire's performance in terms of continuity of power supply services per consumer unit. The limit the regulating agent established for power supply interruptions is an average for the entire concession area.

The Quality Supply project, initiated in the second half of 2013, considered four pillars of activity: field teams' management; overhead distribution network maintenance; electrical system planning; and contingency plan for atypical days. A number of initiatives, designed to achieve operational improvements, was defined for each of these pillars. Worth mentioning are the priority circuits inspection and maintenance actions, with a massive program of trees trimming; transformers load management; power protection studies; team management and monitoring; the COD contingency plan; and miscellaneous activities.

The DEC mobile average for the last 12 months was 18.40 hours; the FEC mobile average for the same period was 8.31 times. As a result of the emergency action plan launched in June 2013, the fourth quarter's indicators showed a positive impact on results, allowing better DEC and FEC figures against the same period in 2012. When comparing the indicators without abatement, i.e., what consumers actually perceive, the annual figures were 20.48 hours for DEC and 8.87 times for FEC.

The number of illegal connections, mainly in risky locations to which the company's technicians do not have free access, strongly affect Light's results.

In pacified communities, where connections to the power grid were normalized, and in other regions of the concession area, the indicators are better and close to the regulatory target.

Weather phenomena, such as thunderstorms, high winds, lightning, and heat exceeding 50 °C also compromises the quality of supply, damaging the electrical system structures and requiring a complex power recovery work.

The 909 scheduled inspection/maintenance activities in medium voltage circuits, which had 3,708 transformers replaced and 111,184 trees trimmed, contributed to the DEC and FEC indicators rise. The underground distribution network underwent 25,254 inspections in transformer chambers and 52,470 inspections in manholes, in addition to maintenance in 264 transformers, 206 switches, and 1,404 protections.

DEC and FEC results in 2013 [EU28, EU29]

	2011	2012	2013	
	Assessed	Assessed	Regulatory Target	Assessed
FEC - Number of interruptions	7.76	8.39	6.96	8.31
DEC - hours	16.73	18.15	9.00	18.40

As to penalties connected to services, Light paid, in 2013, R$ 53 million, being R$ 45.5 million as DIC/FIC/DMIC financial compensation, and R$ 7.5 million as regulatory fines.

Monetary Values of Significant Fines for Non-Conformity to Products and Services Supply and Use Statutes and Regulations in R$ Mil [G4-SO8, G4-PR9]

	2011	2012	2013
Financial Compensation DIC/FIC/DMIC	31,939.3	47,429.6	45,541.0
Regulatory fines	14,078.1	8,131.4	7,533.8
Total	46,017.4	55,561.0	53,074.8

Reinventing Our Power

Power is what transforms us. With power, we can change our constantly changing world. A business is sustainable if it can keep up with changes, innovate constantly, and reinvent itself every day.

In this section, you will learn about the Light's actions towards a sustainable development.

Light is committed to best sustainability practices and the rational and appropriate use of natural resources. The company acknowledges the importance of being prepared for the transition to a low carbon economy. This commitment is expressed through environmental management

And protection, as well as the six directives that establish the Light's corporate atmosphere and guide its decision: prioritize the generation and distribution of energy from renewable sources; pioneer the development and dissemination of technologies that impart benefits to the climate and the environment, and reduce the electricity waste; preserve biodiversity of reservoirs and their surroundings; reduce direct and indirect emissions of Greenhouse Gases (GHG); implement and promote solid residues reuse and recycling; and use and disseminate practices that preserve water quality e and reduce water waste.

Light is involved in energy efficiency projects and energy cogeneration through Light Esco, which develops and deploys energy solutions for customers interested in reducing their spending on energy or in associating their brand with sustainable projects. Light develops two programs in the scope of the ANEEL: the *Programa de Eficiência Energética* – PEE (Energy Efficiency Program) and the Research and Development Program – R&D. The PEE actions impact directly the volume of commercial losses and the ability of customers to pay.

As general results of those actions, the energy consumption savings postpone the need for investing in the power system (generation and distribution). The R&D program is to provide support for any company area developing methods, software, and systems to improve their activities, and also to help with creating industrial products that the power system may use with technical and economic advantages against the current resources.

Light also invests in generation portfolio diversity. Until a generation project is allowed to operate, there is a long way of interactions with company's shareholders, communities in the project's influence area, environmental bodies, sector authorities, the media, and other players involved in the process. Said interaction, when successful, benefits all stakeholders, and create lasting relationships based on confidence and credibility.

The impacts of new plants regard several changes in the daily lives of local communities, such as displacements, change in biodiversity, increased job offers, and municipal tax collection, among others.

Clean Generation

By the end of 2013, Light has achieved the target of generating energy with operational efficiency, respect to the environment, and ensured profitability to shareholders. Among the highlights, the continuity of the *Pequena Central Hidrelétrica* – PCH Lajes (Small Hydroelectric Power Plant of Lajes) implementation process, and the construction of Guanhães e Belo Monte Power Plants, as well as the inclusion of São Judas Tadeu and Fontainha Wind Power Plants through auctions in 2013, are worthy of mention. Additionally, Light was also committed to studying technologies and technological routes to implement new power plants.

The impacts of new plants regard several changes in the daily lives of local communities, such as displacements and change in biodiversity. It is important to say that, in the specific case of PCH Lajes, there is no need to relocate surrounding communities, as the plant will be built within the Lajes Complex. Therefore, the existing social and environmental programs will apply. **[G4-SO2, EU20, EU22]**

None of Light's recent operations required intervention in high-biodiversity areas, so replacing habitats was not required. **[EU13]**

PCH Lajes

In 2013, ANEEL approved the basic project for PCH Lajes, which is part of The Lajes Complex, to be operating with 17 MW. Additionally, the call for bids for hiring a collective protection equipment provider was published. The next stage will be publishing a call for bids for work management.

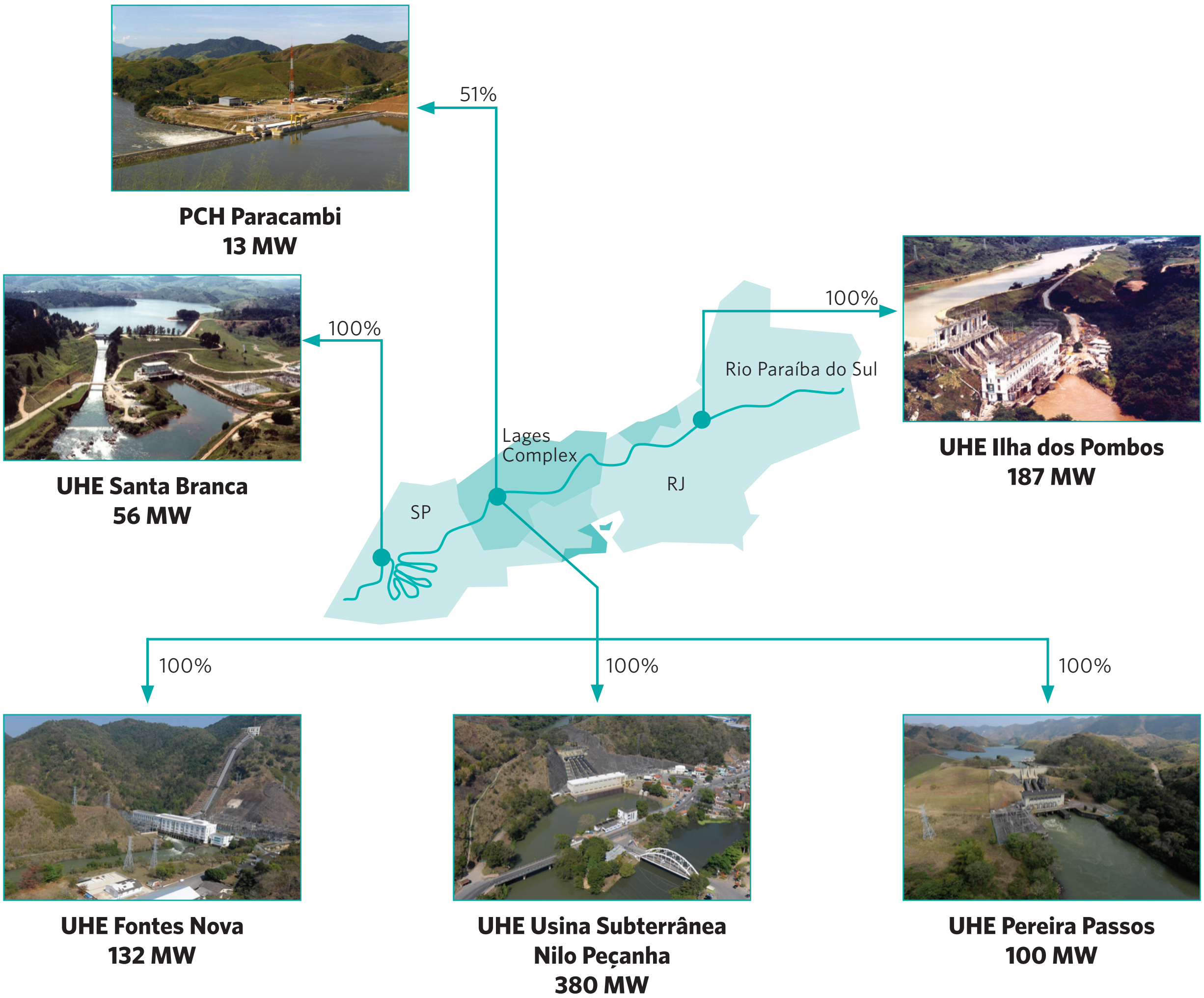
In addition to increasing the power generation capacity, the benefits from PCH Lajes include more operational flexibility, upgrading the supply pipeline of *Companhia Estadual de Águas e Esgotos* - CEDAE (Water and Sewers State Company), controlling the Piraí River floods, and improving the Lajes Reservoir water quality. The PCH Laje installation also causes a direct raise in the number of local jobs, and an increase in municipal tax collection.

The initial generation should be in 2015.

Itaocara Hydroelectric Power Plant

In 2013, Light gave up the concession to exploit the Itaocara Hydroelectric Power Plant, as delays in environmental licenses release – approximately ten years – made the time available for exploitation unfeasible for the company. Before said decision, Light still tried to extend the concession period, but the ANEEL denied the request. In 2014, new changes are being made to the Itaocara's basic project by request of the *Agência Nacional de Águas* – ANA (National Waters Authority) and the ANEEL. After that, the project will be included in a new concession auction, of which Light will participate, considering that the initial period of concession will be resumed.

Additional information on the Itaocara Hydroelectric Power Plant was published on the Sustainability Report 2012.



Note: ESPRA's PCHs and Renova's Alto Sertão I wind farms are not included.

Commitments and targets for 2014

Light will take actions in the Paraíba-Piraí transposition system to improve the Vigário Pumping Station performance by replacing rotors. The prototype rotor should be installed in 2014. There are two other pieces of equipment to be installed in 2014, and a last one will start operating by the first half of 2016.

Light will also be investing in upgrading the Nilo Peçanha Hydroelectric Power Plant's generating units and auxiliary services automation panels, in order to eliminate equipment obsolescence and provide greater reliability of remote monitoring and control through the *Centro de Operação da Geração* – COG (Generation Operation Center), which will also be upgraded. A backup center for the COG should be created in the central control room, at Fontes.

Additionally, Light's target is to accomplish the action plan to stabilize the slope areas around the power plants, particularly the Santa Branca Reservoir, in São Paulo, in order to fulfill its agreement with the São Paulo State environmental agency.

Commitment to the Environment **[G4-EN27]**

Being a company with more than 100 years in the market, Light faces the daily challenge of rethinking means and methods, so that they may accommodate the best environmental management and low carbon emission practices. Light has been successful in that and, in recent years, has become a company committed to sustainability and the rational and appropriate use of natural resources. This position is reflected in environmental management and commitments to the environment and climate, which guide the company's actions.

Light's six guidelines for the environment and climate

- Prioritize generation and distribution of power from renewable and clean sources.
- Pioneer the development and dissemination of technologies benefit the climate and the environment and reduce the electricity waste.
- Conserve biodiversity of our reservoirs and their surroundings.
- Reduce the direct and indirect emissions of greenhouse gases.
- Conduct and promote the reuse and recycling of solid waste.
- Adopt and disseminate water quality preservation and water waste reduction practices.

As to company's environmental management good practices, 22 distribution sites were certified in 2013, including 138 kV lines and 138 kV and 25 kV power substations, for exceeding the target for that year, which was 18. Since 2001, Light has an *Sistema de Gestão Ambiental* – SGA (Environmental Management System) based on the ISO 14001. By meeting the environmental management requirements, the system prevents fines, work interruptions, accidents, law suits, and damage to company's image. Currently, Light has 91% of its sites certified.

In addition to the ISO 14001 Certification, all of Light's hydroelectric power plants are certified according to occupational health and safety standards of OHSAS 18001 and ISO 9001. These three standards make up the *Sistema de Gestão Integrado* - SGI (Integrated Management System), which completed ten years in 2013. The SGI has secured the excellence of power generation maintenance and operation activities. **[G4-PR1]**

The number of complaints and claims is recorded and treated within Light's Ombudsperson Office and Disque Light system. In 2013, there were 15,343 complaints related to several environmental issues, such as tree branches falling on the electrical system, animals on network, transformer oil leaks, lightning, windstorms, among others. All events were treated according to operational procedures and, finally, closed in system. **[G4-EN34]**

The company considers significant those fines that individually reach the minimum amount of one million dollars. Therefore, 2013 recorded a total number of sanctions for noncompliance with environmental laws and regulations that, together, reached the minimum significant value. **[G4-EN29]**

Environmental Investments

In 2013, Light invested approximately R$ 29 million in the environment. Most of it, approximately R$ 21 million, was destined to educational activities, environmental projects, reforestation, and embankments and slopes containment.

Environmental investments in R$ MM [G4-EN31]

Nature of Investment/ Company	*2011*			*2012*			*2013*		
	SESA	*Energy*	*Total*	*SESA*	*Energy*	*Total*	*SESA*	*Energy*	*Total*
Maintenance and environmental protection	3,563	4,314	**7,877**	3,479	3,547	**7,026**	1,763	1,595	**3,358**
Education and environmental projects	6,732	533	**7,265**	8,493	352	**8,845**	9,133	1,208	**10,341**
Licensing and compliance with environmental law	140	5	**145**	167	258	**425**	199	0	**199**
Implementation and maintenance of environmental management system	258	569	**827**	530	742	**1,272**	106	896	**1,002**
Reforestation/ Embankments and slopes containment	2,092	1,396	**3,488**	29	6,309	**6,338**	308	10,268	**10,576**
Removing aquatic vegetation	NA	1,867	**1,867**	NA	2,327	**2,327**	NA	1,888	**1,888**
Research and Development	1,304	927	**2,231**	909	1,566	**2,475**	634	1,017	**1,651**
Total	**14,089**	**9,611**	**23,700**	**13,607**	**15,101**	**28,708**	**12,143**	**16,872**	**29,015**

Light's R& D in favor of the environment and climate [G4-EN12]

Throughout 2013, Light continued with several environmental projects, some of them based on innovative technologies that the company's R&D area developed. Among those projects is the "Growth Inhibitors and Better Tree Pruning Techniques" initiative. In 2013, after 36 months, the project was completed, and the results indicate that commercial products have good performance in keeping the branches pruned, and especially the type of pruning has a great influence on the amount and vigor of regrowth. The project was undertaken in partnership with AMPLA, Federal Rural University of Rio de Janeiro (UFRRJ), and the Federal University of Rio de Janeiro (UFRJ).

In the generation scope, Light has been involved in R&D projects that propose ways of ensuring the environmental quality of reservoirs and local biodiversity. Recently, the company received the installation license for its first aquatic plants biomass composting plant, which will have an industrial scale. The plant will turn that biomass unto a nutrients-rich compound, which will be used as organic fertilizer in the company's reforestation areas. Therefore, the problem of aquatic vegetation that grows along reservoirs and causes serious trouble to power generation and the population will be mitigated. The research was done in partnership with the São Paulo State University (UNESP) and the plant, which will leave Light on the forefront of sustainable allocation of water plants, is to be built in 2014.

Other environmental initiatives [G4-EN12, G4-EN13]

Reforestation

In 2013, Light Group's Reforestation Program restored 71 hectares with native seedlings, around the Santa Branca, Lajes, and Santana Reservoirs. At the Santa Branca reservoir, a pine forest, introduced in Brazil for commercial cultivation, was eradicated. It was replaced with native vegetation seedlings. It is worth mentioning that the company also kept its goal of maintaining 300 hectares of green areas, thus contributing to local and regional biodiversity.

Planting tree seedlings favors the reservoirs quality and prevents soil erosion, and contributes greatly to biodiversity conservation and capture of CO_2.

In addition to the Reforestation Program, Light, together with the *Instituto Estadual do Ambiente* – INEA (State Environmental Institute), keeps a project to foster an Atlantic Forest nursery network and seed bank. In Rio Claro, the seed bank was delivered in August 2012. In Pirai, the nursery delivery was postponed to 2014, as the works are still in progress. It will be able to produce 50,000 seedlings annually. The main objective was preserving and restoring the biodiversity and regional water resources in these two municipalities.

In order to neutralize the greenhouse gas emissions during the 2016 Olympics in Rio de Janeiro, the Light Group, together with the INEA and the *Instituto Terra de Preservação Ambiental* – ITPA (Environmental Conservation Institute) launched, in 2012, the *Projeto Jogos Verdes* (Green Games Project) initiative. Apart from reducing the greenhouse effect, the project aims to promoting the environmental conservation and generate jobs and income for the local community involved in the project.

The initiative includes planting up to 1200 hectares of native species in the Ribeirão das Lajes Complex, which is part of the Tinguá-Cunhambebe Biodiversity Corridor. In 2013, those in charge of the project started a survey to detect areas suitable for accommodating native species, and formalize a partnership with local families. The area planting and fencing will start in 2014.

Considering that the power distribution covers the entire territory, all preservation units and protected areas are next to Light's concession area. **[G4-EN11]**

Private Natural Heritage Reserve

Since 2012, the company has been studying the possibility of creating a private reserve in the vicinity of the Ribeirão das Lajes Complex. Initially, a proposal was sent to the ANEEL, which approved the idea. In 2013, the INEA gave a favorable opinion on the proposal and agreed with the project specifics, stating that the initiative would contribute to preserve the Atlantic Forest biome in the Tinguá-Cunhambebe Biodiversity Corridor. In 2014, Light expects to continue the documentation regularization process, in order to effectively create the reserve.

Pedra Branca State Park

The Pedra Branca State Park Tracking Guide, sponsored by Light together with the INEA, was released in 2013 during the Environment Week. In addition to that initiative, the company also contributed to restore the local fauna and flora permanent exhibition of the Park, which has 12.5 thousand hectares, located in the West Zone of Rio de Janeiro.

Another initiative this year was the recovery of degraded four acres within the Pedra Branca State Park area, with a total of ten thousand seedlings of Atlantic Forest planted. Although this action was the result of environmental compensation, the company's performance goes beyond its obligation,with time and specialized staff assigned to the project. In the coming years, Light will maintenance the site to ensure the survival of seedlings.

In addition to this initiative, 2014 will see the company supporting physical infrastructure improvements in the Park's headquarters, which will bring benefits to scientific research, environmental education, administration, and inspection activities, as well as the general public.

2nd EFAU of Rio de Janeiro

In 2013, Light sponsored and hosted the 2nd *Encontro Fluminense de Arborização Urbana* – EFAU (Urban Tree Planting Meeting of Rio de Janeiro), organized by the state forest engineering professionals association. The event brought together approximately 70 tree planting professionals working in various sectors: public, private, and academic, among others. The event's agenda was to seek solutions for proper interaction between trees and street furniture, with the power distribution network being an important factor in this context. Another widely discussed issue was the disposal of waste from tree pruning and removal. This material may have a noble use, as it may be used to produce fertilizers through composting, or power through the burning.

Water Quality Management

The water quality of company's reservoirs is monitored according to main parameters of current statutes. In the Lajes Complex, it is a more detailed work: evaluations include the works impact on the water environment e and the power generation and water supply of Rio de Janeiro's metropolitan area.

A sustainable management of water resources requires the use of indicators to measure and reduce operational risks and environmental impacts. Therefore, the company invests in researches to evaluate the carbon, nitrogen, and phosphorus stock, as well as flora and fauna; and possible impacts of dams on the fish species in regions where hydroelectric plants are located and in stretches of the Paraíba River.

Projects investigate and describe the dynamics of the environmental quality of the reservoirs through quality indicators and biotic and abiotic environmental variables, as well as the characterization of behavioral relationships between these indicators. In order to manage all this information, Light and PUC-Rio, UNIRIO, the Rural Federal University of Rio de Janeiro (UFRRJ) and the São Paulo State University (UNESP) are developing together an environmental management system called GERABIO, for the integrated management of databases and simultaneous analysis of different kinds of information through fuzzy logic. The system will work with query modules, statistical inferences and reporting, all on web interface. It is to be operating later in 2014.

And speaking of water... The water consumption in Light's administrative facilities was reduced in 2013 against 2012, mostly due to corrective maintenance of installations and continuity of the water use reduction program. Generally speaking, Light does not use large quantities of drinking water, neither recycles or reuses water. Therefore, Light does not consider significant its volume of water disposal (sanitary and industrial effluents), as it is related to company's administrative activities only. and no significant spill was recorded in the lsat three years. **[G4-EN10, G4-EN22, G4-EN24, G4-EN26]**

Water consumption in Light facilities
[G4-EN8]

	2011	*2012*	*2013*
Water consumption in Light facilities (average m_3/day)	584	516	477

Power consumption

In 2013, the power consumption of Light's vehicle fleet used in company's operational activities was reduced in terms of both ethanol and gasoline. These results are due to improvements in the fuel use and performance. As to diesel, the company had to raise consumption by 600 MWh. **[G4-EN3]**

Power consumption of Light Scope 1 (own fleet), by primary source of energy, in MWh [G4-EN3]

Fuel	*2011*	*2012*	*2013*
Diesel	10,812	11,003	11,603
Gasoline	3,673	7,509	7,280
Ethanol	4,093	465	168
Total	**18,578**	**18,977**	**19,052**

In 2013, the power consumption in Light's premises was 110,154 MWh, approximately 21% mote than the previous year, as the assessment included the consumption of fans in company's underground chambers. **[G4-EN3]**

The total consumption of Light in the year was 129,206 MWh, corresponding to a power intensity of 0,012 kWh/R$ against Company's gross revenue. **[G4-EN5]**

It is important to say that the power purchase to meet the estimated demand, including own consumption, is through auctions only, with no option allowed for generating source selection. In 2013, the contracted power had the following distribution: 61% hydroelectric, 34% thermal, and 5% from small hydroelectric power stations, alternative sources, and electronuclear.

Consumption outside the company (Scope 3), detailed by primary source, in GJ [G4-EN4]

Fuel	*2011*	*2012*	*2013*
Diesel	67,048	68,873	47,276
Gasoline	52,961	60,578	68,565
Ethanol	10,814	3,032	526
Total	**130,823**	**132,483**	**116,367**

The power consumption outside the organization regards the consumption of the fleet used by contractors, as well as the company's, achieved performance improvements.

Greenhouse gas emissions [G4-EN19]

A survey of Light's emissions of greenhouse gases (GHG) is being held since 2006 and, every year, improvements are made to the reporting process, with increased scope. With respect to direct GHG emissions (Scope 1), there was an increase from 2012 to 2013 (66.75%), due to SF6 (sulfur hexafluoride) isolated equipment retrofit. Therefore, the internal reduction target within Scope 1 for the year, which was 6% for direct emissions, was not achieved. It is important to stress that said retrofitting aims to eliminate SF6 gas leaks. However, the retrofitting process ultimately caused unwanted emissions. It is expected that, in 2014, the gas emissions would fall drastically, as the works would be over, and Light would be able to resume the downward trend of direct emissions.

Within Scope 2, Light recorded a significant increase in indirect emissions, due to the higher carbon intensity of the *Sistema Interligado Nacional* - SIN – (National Interconnected System), caused by activation of thermal power plants throughout 2013.

Additionally, there were improvements in Light Group's reported power consumption, which also led to an increase in scope.

Yet, the company remains with the 6% target for 2014, considering direct emissions. Furthermore, Light will continue promoting initiatives to improve its processes and reduce GHG emissions.

The intensity of GHG emissions, a relative index that considers the companies' gross revenue, was 0.02575 tCO_2eq/R$ for Light SESA, 0.00467 tCO_2 eq/R$ for Light Energia and 0.000446 tCO_2 eq/R$ for Light Esco. The intensity refers to the Scope 1 + 2. Compared to 2012, there was a 50% increase in Light SESA's intensity due to the SIN factor. There were reductions for Light Energia and Light Esco because of improvements in data reporting. **[G4-EN18]**

With respect to other indirect emissions, including contractors' mobile sources, there was a reduction by 9.75% against 2012. As for travels, the reduction was 8.45% against the same period last year, due to the smaller number of work trips. However, in relation to waste, emissions had a significant increase of 16.39% against 2012, which impacted the total emissions in Scope 3.

As to scope 3, emissions intensity was 0.00278 tCO_2eq/R$ in Light SESA; 0.04893 tCO_2eq/R$ in Light Energia; e 6.56E-05 tCO_2eq/R$ in Light Esco. Compared to 2012, the emission intensity was also reduced due to the smaller number of work trips and improved use of contractors' fleet.

Light has not conducted yet a specific study on the significant actual and potential environmental impact throughout its supply chain, and this is an opportunity for improvement to be explored in the future, as a sequence of the *Pegada de Carbono* (Carbon Footprint) project. **[G4-EN33]**

Total direct and indirect emissions of greenhouse gases, by weight, in tons of CO_2 eq [G4-EN15, G4-EN16]

Operation Unit	*2011*	*2012*	*2013*
Light Energia (Direct)	378	544	335
Light Energia (Indirect)	505	2,547	2,605
Light SESA & ESCO (Direct)	10,473	7,283	9,770
Light SESA & ESCO (Indirect)	66,360	174,875	246,743
Total Light S.A. (Direct)	10,851	7,827	10,105
Total Light S.A. (Indirect)	66,866	177,422	249,348

Other relevant indirect emissions of greenhouse gas by weight, in tons of CO eq [G4-EN17]

Operation	*2011*	*2012*	*2013*
Light Energia	19,796	22,886	30,830
Light SESA & ESCO	26,343	29,527	27,718
Total Light S.A.	46,138	52,413	58,548

In addition to the GHG survey, the company, together with 13 other power sector concessionaires, is investing in research and development of a methodology to monitor and evaluate the greenhouse gases in Brazilian hydroelectric reservoirs.

Another important initiative that aims at improving the management and reduction of GHG emissions is the *Pegada de Carbono* Project. Defining the carbon footprint allows companies to know the impact of their supply chain on greenhouse gas emissions, and rethink and adapt their activities to sustainable operations.

The calculation considers the total emissions of a product or service, from procurement of raw material, through production, distribution and use, to its final disposal. Therefore, for the first time in the power sector, Light, in together with the Brazilian Foundation for Sustainable Development, finished in 2013 the development of the tool that measured its carbon footprint for the year 2013, which was 84,67 kg CO_2eq/MWh in Light SESA and 7.58 kg CO_2eq/MWh in Light Energia. From the next few years, it will be possible to make a comparison with results from previous years and adopt measures to reduce the ciompany's carbon footprint. Light understands that, to be a clean company, it is not enough to generate and distribute power from renewable sources, but it is also needed to have internal processes improved. **[G4-EN30]**

Emissions that destroy the ozone layer (ODs) and emissions of NOx and SOx are insignificant. **[G4-EN20, G4-EN21]**

Regarding the allocation of CO_2 equivalent emissions permits, Light does not participate in the carbon market. **[EU5]**

Waste Management

Light has a partnership with the company Reluz Logística Reversa, in order to properly dispose of materials and equipment removed from operation, such as street posts, transformers, meters, and other equipment. In 2013 Light destined 4,890 units (parts) to reverse logistics, mainly transformer scrap; 1,964 kg of scrap iron, aluminum and copper cables; and 136,600 liters of insulating oil.

Additionally, approximately 124 tons of waste were sent for recycling, including paper, cardboard, plastic, glass, and metal, sent to Light' headquarters waste management center. **[G4-EN23]**

Materials that do not present relevant cost-benefit conditions or have no technical conditions to be reused are sent to proper and safe disposal. At this stage, the conditions to close the reverse cycle chain are established and enforced by respective contractor, including resale of materials, while maintaining a commitment to presenting an operating license certificate, according to environmental rules.

Total weight of waste by disposal type and method [G4-EN23]

	Disposal Method	*2011*	*2012*	*2013*
Amount of paper and cardboard (ton)	Recycling / Sale	50.6	52.3	27.7
Amount of plastic (ton)	Recycling / Sale	82.5	8.3	10.9
Amount of glass (ton)	Recycling / Sale	2.70	0.58	0.42
Amount of metal (ton)	Recycling / Sale	276.0	465.7	84.7
Amount of incandescent lamps (ton)	Decontamination / recycling	2.8	19.5	19.4
Amount of washable towels (ton)	Decontamination / reuse	0.97	1.1	1.2

Note 1: In 2013, the waste considered in the table refers to the company's waste treatment center. Specifically, incandescent lamps are energy efficiency project waste in communities.
Note 2: All waste is disposed of via recycling or sale, except for washable towels, which are decontaminated and reused.

Weight of waste deemed hazardous under the terms of the Basel Convention – Annex I, II, III, VIII **[G4-EN25]**

	Disposal Method	*2011*	*2012*	*2013*
Amount of PPE	Co-processing	37,030 kg	4,480 kg	5,460 kg
Amount of oily waste	Co-processing / incineration	87,510 kg	133,310 kg	92,970 kg
Amount of fluorescent lamps	Decontamination / recycling	1,361 kg	1,021 kg	2,654 kg
Amount of stationary batteries	Recycling / Sale	6,860 kg	15,252 kg	4,560 kg
Batteries	Decontamination / recycling	ND	ND	7,536 kg

Note: In 2013, Light considered only the volume of stationary batteries dispatched through waste manifest and not considered stationary batteries sent for auction, as in 2012.The remaining residues reported in this table have waste manifests that are controlled through Company's Environmental Management System.

The annual survey of materials used, detailed by weight or volume, is not a relevant indicator for the company, because the materials consumed have low depreciation rate, and are long-lasting. Thus, there is not much material incoming or outgoing, but recovery of waste materials and to purchase of new one for expansion. Likewise, the percentage of recycled materials used is not significant. **[G4-EN1, G4-EN2]**

In Pursuit of Efficiency

Energy Efficiency [G4-EN6, EU7]

Programa de Eficiência Energética – PEE (Light's Energy Efficiency Program), regulated by the Federal Act 9991/2000, which establishes the application of 0.5% of the Net Operating Revenues in projects in that area, goes beyond regulatory requirements. Since 1999, the PEE has been contributing to Light's strategies for preventing losses and delinquencies, in that actions taken aim at fighting energy waste in the low income segment, generating income and social inclusion, developing new technologies, and establishing partnerships with the Government. In the last 15 years, Light invested approximately R$ 363 million in energy efficiency projects.

The great challenge for the PEE has been the compliance with the Federal Act 12212/10, which recommends minimum investment of 60% of resources in actions towards low-income customers included in the Electric Energy Social Tariff. Actions restricted to that segment hinders the PEE integrated actions performance and require a more complex logistics, due to the dispersion of households within the communities of Rio de Janeiro, and that also generates higher project performance costs.

Regarding the 2013 targets, the amount allocated to PEE actions was approximately R$ 19.7 million. An investment of R$ 40 million was planned, but a number of factors prevented Light from achieving that goal.

Energy Efficiency **[G4-EN6, EU7]**

	Investment Distribution by Project Type (%)							*Investment Total (R$ mil)*	*Energy Savings (GWh/year)*
	Low Income	*Public Service*	*Residential*	*Government*	*Commercial*	*Education*	*Other*		
2011	36.65	17.93	1.72	39.62	1.09	2.63	0.37	29,642	100.31
2012	67.27	3.28	5.37	18.62	0.14	5.00	0.32	38,357	15.75
2013	72.42	0.97	3.84	4.52	0.04	17.26	0.96	19,720	11.29

Most of this difference in investments was due to two main factors: the composition with contractor who provided refrigerators for the *Comunidade Eficiente* VII project; and delay in starting the Gavea's Planetarium and Residential projects and the completion of the Energy Efficiency and Smart Grid Demonstration Center. These three initiatives should be completed in 2013, but they will be actually completed in 2014.

The composition with contractor, in turn, led to postponing the completion of the *Comunidade Eficiente* VII project for 2014. With this postponement, R$ 9 million that would be invested in 2013 in exchanging refrigerators will be disbursed in 2014 only.

Additionally, actions in the supply area reduced the spending in additional R$ 4 million, since it has achieved lower hiring costs than planned. It is worth noting that, due to difficulties and challenges imposed by legislation on projects in communities, Light is taking greater care in planning proposed actions, both educational and technological, and that has been requiring a longer period to prepare specifications for new projects, as well as for hiring.

Regarding projects completion, Light completed three of them in 2013: Public Buildings - São Bento Building, Energy Efficiency Pilot Project, *Light Recicla*, and CEDAE Acari Energy Efficiency. It is worth noting that projects Light Museum of Energy and FIOCRUZ, were virtually completed in terms of implementation. However, the Results Measurement and Verification (M&V) stage and project evaluation stage did not allow closing them in 2013.

Among Light's commitments of Light for the 2013 projects, the highlight is to exceed the Light Recicla goals, which had a much larger volume of collected waste than expected: 53% more. The good results obtained in the project allowed the ANEEL to approve its continuation for more three years.

Total Results of Light Recicla	*Planned*	*Accomplished*
Tons of waste recycled	1,387.23	2,122.19
Energy Saved (MWh/year)	5,102.37	7,373.49
Peak Demand Removed (kW)	1,088.82	2,634.40
Benefit-Cost Ratio (BCR)	0.94	0.63

Goals and challenges for 2014

In 2014, Light aims at investing R$ 40 million in PEE, above the minimum required by ANEEL, which is approximately R$ 30 million. With this investment, the company plans to develop 13 projects by the end of 2014. Initially, part of this investment will be directed to projects Light Recicla II, Court of Justice, LED Lamps Rebates, Gavea's Planetarium, and solar heater.

Two projects will be carried out together with the *Instituto Light*: *Favela Criativa* and *Museu Light da Energia* Phase II, the latter as part of the Energy Efficiency and Smart Grid Demonstration Center. Regarding technological innovation, the PEE, together with Light's R&D, will develop a photovoltaic generation project in communities. The proposal has already received the approval from ANEEL.

Another important goal is the Light PEE's First Public Call for Projects PEE, to be held on the second half of 2014, whose projects will be started in 2015. The *Chamada Pública de Projetos* – CPP (Public Call) was established by ANEEL Resolution No. 556 of July 2, 2013, opening to the company the opportunity to submit projects to be implemented under Light's PEE.

In 2014, Light will focus on the following projects: *Museu Light da Energia* I and II, Fiocruz, Gavea's Planetarium Educational and Gavea's Planetarium Air Conditioning, *Light Recicla* II, *Comunidade Eficiente* VII and VIII, Energy Efficiency and Smart Grid Demonstration Center, Residential, *Favela Criativa*, Court of Justice, and Communication (under study).

Meet Light's energy efficiency projects

***Comunidade Eficiente* (CE)** – aims at promoting the rational use of electricity in low income communities within Light's concession area in Rio de Janeiro state. The project develops actions to improve the energy efficiency in customers' facilities, standardize and regularize illegal consumers, replace inefficient equipment (refrigerators and incandescent lamps), thermal insulation application on roofs, use of heat exchanger and temperature controller for electric showers, and educational activities. The CE VII will invest in 2014 approximately R$ 11 million to replace refrigerators and carry out electrical renovations, and CE VIII will invest R$ 21.5 million distributed amongst all the project's activities.

Light Recicla – an initiative in which the customer exchanges recyclable waste for discounts on the electricity bill. Light receives the waste at ecopoints installed in participant communities, weighs the waste, and converts it into discounts. The second phase of *Light Recicla*, which will invest R$ 6.6 million, will continue the project and install one more collection point for the Pavão-Pavãozinho e Cantagalo communities. See more details in the chapter "The Community" of this report.

Gavea's Planetarium – an initiative to upgrade the Gavea's Planetarium building air conditioning system, including the installation of a photovoltaic power system, with an investment of R$ 1.1 million; and an educational component that will receive resources around R$ 2.8 million.

Residential – replacement of low energy efficiency lamps and refrigerators with more efficient equipment with the Procel seal in low purchasing power consumer units within the Light's concession area.

Museu Light da Energia – a museum with different experiments, video games, multi-media panels, and historical artifacts, distributed over a square and covered area with 2,400 m2, which complement the school education and contribute to understanding the electric system. The current objective is to integrate and expand activities of the Museum and the *Light nas Escolas* (Light in Schools) initiative, in order to make more consistent those results obtained in learning processes and change habits in terms of energy efficient use. Therefore, among other activities, the *Procel nas Escolas* methodology will be expanded to accommodate new methodologies. A new circuit will be incorporated into the Museum: the Energy Efficiency and Smart Grid Demonstration Center.

Energy Efficiency and Smart Grid Demonstration Center – a scenography city inside the *Museu Light Energia*, where visitors will interact with an installation prepared to show how smart grids work from the consumer's and the power company's perspectives. Visitors will also understand the synergy between smart grid and energy efficiency.

Public Buildings (São Bento Building) – technologic upgrade of the air conditioning system, with investments of R$ 1.3 million.

CEDAE/Acari – an initiative aimed are improving the energy efficiency in water pumping systems of CEDAE (Water and Sewers State Company), the company responsible for collecting, treating, and distributing water in the State of Rio de Janeiro. R$ 2.4 million were invested.

Fiocruz – the project involved upgrading the lighting and cooling systems of the institution's building, with estimated investments of R$ 9 million.

Court of Justice – this initiative will cover the central section of the building's air conditioning system. Currently, the proposal is under study, in the evaluation stage for viable energy efficiency measures to upgrade the existing system.

Favela Criativa – in partnership with the Rio de Janeiro state's Department of Culture, the project includes educational activities in communities where UPPs (Pacifying Police Units) were installed. See more details in the chapter "The Community" of this report.

Benefits of the Energy Efficiency actions

Customers: They may count on more efficient systems and/or products, which consume less power and, therefore, reduce the bill, making them pay less for the electricity consumed.

Government: Its different spheres benefit directly and indirectly from the PEE. At the federal level, Light's initiative contributes to the economy targets established by the *Plano Nacional de Energia* – PNE (National Energy Plan) for 2030. At the municipal and state levels, the benefits show in institutions where Light performs energy efficiency works with the installation of more modern equipment, thus reducing energy costs and providing more comfort to the population. Additionally, the public administration may use the saved resources in other areas.

Regulatory Agent: The PEE achievements and successful results strengthen the ANEEL before the sector's bodies and institutions and allow, as the power usage becomes more efficient, ensuring an adequate effectiveness to the principle of reasonable tariffs.

Society: The reduced consumption benefits the community indirectly. These benefits derive from the reduction of CO_2 emissions in the environment, the postponement of the need for investment in power generation, and surplus funds that before where used to pay energy bills and now may be used to improve the services provided for the population.

Light ESCO [G4-EN7, G4-EC2]

Through Light Esco, the Light Group seeks to consolidate its leading position in the energy efficiency and distributed generation market, especially cogeneration, performing customized projects for its customers, who can become less dependent on the power supply through the grid.

Light Esco is focused on sustainable projects and acts not only in its concession area, but all over the country. Its portfolio includes projects that are worth mentioning, such as the implementation of the RJ Refrescos (Coca-Cola maker) Co-Generation Plant; and *Maracanã Solar*, generating electricity through photovoltaic panels in one of the biggest stages of the World Cup.

It is worth mentioning solutions in energy efficiency in shopping malls, corporate buildings, and hotels.

RJ Refrescos/Coca-Cola Co-Generation Plant

The project includes the installation of a co-generation plant at the company's factory in Jacarepaguá, in addition to management, operation and maintenance of said plant for 15 years. The new plant will have enough capacity to provide the entire electrical load of RJ Refrescos and its future expansions.

The plant will supply the factory with a number of industrial utilities, such as electricity, steam, chilled water, and industrial gases. This type of co-generation is considered qualified for regulatory purposes, as well as a prime application for natural gas, once the simultaneous use of electricity and thermal power results in high efficiency: above 85%.

Light's investment is approximately R$ 90 million. The project is now nearing completion. In December 2013, the commissioning activities were initiated. The plant is to be fully operating commercially in 2014.

M*aracanã Solar*

Main stage of Brazilian soccer and one of the arenas hosting the World Cup in 2014, the Maracanã will also be sustainable. The Light Esco and the Electricité de France (EDF) have partnered with the Rio de Janeiro state government to implement the *Maracanã Solar* project, which consisted of installing photovoltaic panels over an area of 2,5000 m^2 on the arena's compression ring, which supports the new cover made of tensioned tarpaulin. Therefore, the Maracanã will be able to generate 528 MWh/year, equivalent to the annual consumption of 240 households. The project will also prevent the emission of 2,500 tons of carbon dioxide to the atmosphere. the works have been completed, the commissioning is in its final stages, and the operation is scheduled to start in 2014. The consortium formed by Light Esco and EDF will sell sponsorship shares.

Institutional Changes

Light Esco and Light Com act synergistically to seek new business. In 2013, however, the companies began to work with different governance structures. Light Esco changed its Bylaws, resulting in the creation of its own governance structure, consisting of an Board of Executive Officers and a Board of Directors for the company, in order to provide the agility the market requires. Light Com, in its turn, will maintain the same governance structure that it has together with Light Esco.

Forecasts for 2014

In 2014, Light Esco intends to consolidate its leadership in the energy efficiency market and expand its share in the power services market in general. The company is planning to extend its customers' portfolio to other states, currently with the highest concentration in Rio de Janeiro and São Paulo. It is also the Company's goal to complete the spin-off[12] process started in the second half of 2013, which will provide more flexibility for the company to operate in the energy efficiency and distributed generation market.

[12] Spin-off is a term that describes a new company born from a research group of a company, university, or public or private research center, usually with the objective of exploring a new high technology product or service. It is common that said new company is established in incubators or areas of high-tech companies concentration.

Energy efficiency projects in shopping malls and hotels

In progress

Nações Limeira – Vértico: air conditioning throughout the mall; management of the cool water plant; and installation of a natural gas power generator.

Jardim Sul: installation of a cold water plant.

Iguatemi Caxias do Sul: installation of a cold water plant.

Royal Tulip Hotel: installation of a cold water plant to supply the air conditioning system of the hotel's common areas and the VRFs, which is the equipment used to supply heat and air conditioning to rooms through a cooling fluid.

Rio Design Leblon: installation of a cold water plant and a natural gas power generator to be used in emergencies only. In connection to this structure, a contract was signed to support the customer's migration to the Free Energy Market.

Nova América: co-generation, with installation of a power generator to produce electricity, and a cold water plant to supply the mall's expansion area air conditioning system.

Implemented

Botafogo Praia Shopping: installation of a cold water plant and customer migration to the Free Energy Market.

Norte Shopping: installation of chilled water plant for air conditioning.

Center Shopping: installation of chilled water plant for air conditioning.

Dimension and Rio Corporate (office buildings): interconnection to the cold water district plant of the Central District of icy water of the Rio Office Park Business Condo for air conditioning.

Innovation

Research and Development Program [EU8]

Investing in research, development, and innovation is the Light Group's strategy to create more safety and efficiency for the business. Thus, the R&D program supports all areas of the company in developing methodologies, software and systems that may improve their activities and contribute to Light to accomplish its mission of providing energy and services with excellence and in sustainable manner, and contribute to the society welfare and development.

In 2013, Light SESA invested approximately R$ 11 million, and Light Energia invested R$ 2.4 million, including projects costs and expenditures on R&D management program.

R&D	SESA		ENERGIA	
Classification of projects according to innovation chain stage	*No. of projects*	*Investments in 2013 (R$)*	*No. of projects*	*Investments in 2013 (R$)*
Basic Directed Research	–	–	–	–
Applied Research	24	6,998,794.80	9	2,167,146.23
Experimental Development	5	1,701,146.03	1	175,856.34
Head of series	2	710,563.97	–	–
First batch	3	1,266,462.20	–	–
Market insertion	1	16,037.50	–	–
TOTAL	**35**	**10,693,004.50**	**10**	**2,343,002.57**
Classification of projects by type of product generated	*No. of projects*	*Investments in 2013 (R$)*	*No. of projects*	*Investments in 2013 (R$)*
Concept or Methodology	11	3,427,928.37	4	389,690.86
Software	8	826,072.24	1	56,160.00
System or Process	5	2,360,634.19	5	1,897,151.71
Material or Substance	4	1,582,417.13	–	–
Component or Device	5	2,052,131.79	–	–
Machinery or Equipment	2	443,820.78		
TOTAL	**35**	**10,693,004.50**	**10**	**2,343,002.57**

In recent years, Light started several priority projects that required large investments. Therefore, in 2013, the company focused on continuing them, completing 22 and starting only two. Light SESA started the project began to manufacture the First Batch for the Smart Networks Platform; Tariff Review Methodology; and Light Energia started the flaws simulator project to analyze the generator systems protection.

Additionally, Light is also involved in three strategic projects of ANEEL: implementation of the 3-MWp Photovoltaic Solar Power Plant (PV) and evaluation of the technical and economic performance of PV generation in Different Climate Conditions in Brazil; effects of climate changes in the hydrological regime of river basins and in the hydroelectric dams ensured energy; and technical and commercial arrangements for insertion of photovoltaic solar generation in the Brazilian energy mix.

In scope of program management, Light developed a computational tool to prioritize projects, called GESPIN, or Ideas Management System, and conducted a process of internal and external contributions to define the R&D Strategic Planning for 2014-2018.

For 2014, there is a planned investment of R$ 11.4 million by Light SESA and R$ 2.4 million by Light Energia.

R&D Projects completed in 2013

- Distribution network material and equipment performance control methodology.
- Influence of climate condition on Light's electricity market.
- Identification of faults and taps in underground distribution cables in energized BT and MT.
- Development of new solutions for urban and rural 138 kV transmission lines with innovative cables.
- WebMine - GMAC 2 - Maintenance Management Software - New Features.
- Development of new reliability models for substations, to be used with the works prioritization process.
- Identification of delinquency under uncertainty and management of alternatives for large market clients.
- Simulator to integrate protection and control for power systems.
- Incorporation of stress dynamics in transmission line structures into calculation of load tress.
- Methodology and computer program to determine the effectiveness of communication and marketing in satisfaction indicators.
- Polymeric spacers for compact distribution network – First Batch and Insertion in Market.
- New technologies to model the urban furniture lighting.
- Compact, self-protected distribution transformer 850C - head of series.
- Development of a multi-criteria integrated system to reconfigure and plan the power distribution grid expansion.
- Development of a virtual platform using computer graphics and intelligent search by similarity techniques in a web 2.0 environment applied to customer service channels.
- Research of a biodegradable oil to be used in OF transmission lines and underground cables, and an additive which can make biodegradable the DDB oil in cables.
- Valuation of socio-cultural projects.
- Model to evaluate the impact of generation projects on cash flow, through alternative energy sources.
- Development of carbon print methodologies for power generation and distribution systems.
- Fuzzy AHP Approach in power sector companies asset hierarchy.
- R&D of climate changes effect on hydrological regime of river basins and the hydroelectric dams assured energy.

Major Development and Investment Projects in 2013

Project	*Value (in R$)*
Manufacture of first batch of fiberglass and polyester resin post by rectilinear filament	775,597.22
Evaluation and definition of requirements for distributed generation plants connected to the power grid through voltage inverters	464,148.98
Program for prevention, treatment, and reduction of consumer disputes in the electricity sector	1,078,749.80
Corrosion detection system (CDS) for CAA cables in energized line	371,041.56
Development of a smart grid platform, integrating power measurement systems and power distribution network automation, using digital certificates and creating interoperability to support the Smart Grid Program	1,168,798.10
Development of real-time management system for the underground distribution network, through monitoring, diagnostics, and reconfiguration within the platform and concepts of the Smart Grid Program	627,872.99
Overhead networks management system, considering faults and recoveries, insertion of GDs and operation in insulated mode integrated into the platform and concepts of the Smart Grid Program	333,848.66
Development of a system for energy management on the demand side, combined with other services, focused on consumer, promoting socialization of efficient consumption through the use of interactive multimedia channels integrated into the platform and concepts of the Smart Grid Program	457,972.97
Development of an intelligent management system of renewable sources, distributed storage and rechargeable electric vehicles integrated into the Smart Grid content and platform	810,250.42
Specialized connector to disconnect supply to low voltage customers - Series head and first batch stages	418,085.76
Series head for provisional quick repair splicing for fluid oil cableclass 145 kv	339,522.41
Technological improvement alternatives for current and future power distribution underground networks	393,507.92
Development of SF6 gas leak detector and corrector usingnanotechnology	451,260.00
Technological development and innovation in the use of photovoltaic technology and its smart integration into the distribution network: an action aimed at Light's large customers	868,849.49

Smart Grid

The Brazilian electricity industry will undergo major changes with the implementation of intelligent networks (smart grids). This technology is a paradigm shift and will transform the segment in many ways, allowing, among other activities, more interaction and knowledge of customer profiles. Moreover, this new technology will be responsible for a significant impact on the operational efficiency of power distribution companies in Brazil.

The smart grid will bring many benefits to Light, including reduction of commercial losses, delinquency, interruptions in power grid, power supply recovery time, and operating costs in a sustainable manner, through automation and control of activities, as there will be reduction of vehicle traffic and carbon gases emission to the atmosphere. Customers, in turn, will manage their consumption and control energy expenses, even remotely.

There are other benefits, for example, customer service. Light may relate to the consumer by means of a device which will inform the power recovery in the event of disruption in supply. This possibility of interaction will impact company's operational costs with customer service and satisfaction.

In the case of network operation, it is worth mentioning the possibility for the company to inform about power outage in real-time, anticipating Light's actions and making unnecessary for the customer to call the company to report the problem.

However, the greatest impact will occur in areas that currently need to assign teams to perform field services. With the automation of business processes, this need will no longer exist, because both readings and disconnections and reconnections will be automatic.

It is likely that in the next five years, with the deployment of the smart grid, it will be needed to adjust the technological infrastructure of Light, and the company is already preparing for it.

Smart Grid Evolution in 2013

Light's goal for the smart grid is to install one million smart meters and automatize all underground chambers and overhead network reclosers over the next five years, in order to improve the operational performance of the company. Currently, the company counts on approximately 430,000 smart meters. In order to achieve the goal, Light decided, in 2013, after analyzing alternatives and risks, to create its own telecommunications network structure.

The process of implementing implementation intelligent meters began in the large customer segment and, at this time, it's focused on the low voltage segment, with approximately 22,000 customers.

The smart sockets, which are also in the scope of the smart grid, are being manufactured, and the prototype should be tested in Lactec, the research laboratory of the Federal University of Paraná. These sockets will enable energy management by customer, who will be able to measure individual consumption of each socket, with the possibility of turning it on and off remotely.

The Smart Drive Website is in final stages of development to be tested. The objective is to use the website to interact with customers and better understand their needs and expectations in terms of smart grid implementation. Customers, in turn, will be able to monitor how much power they are consuming and adjust their consumption.

Through the website, it will also be possible to shift the peak hours load, reducing the demand at peak times and allowing postponing investments in power generation.

Cruzada São Sebastião and Nilópolis Pilot Projects

In order to test the smart meters technology, Light deployed a pilot project in Cruzada São Sebastião, Leblon, a neighborhood in the South Zone of Rio de Janeiro. Customers had access to the Smart Drive Website to control their power consumption. There, the company achieved a reduction in losses from 31% to 5%, a percentage that has stabilized within 12 months after the measurement.

A second pilot project is happening in Nilópolis, with approximately 1,000 consumers using the Intelligent Bases, which can be connected to an electronic meter standardized according to the *Associação Brasileira de Normas Técnicas* – ABNT (Brazilian Association of Technical Standards). Those Bases allow separating the metrological (turnover) part of telecom (remote disconnection and reconnection, power balance, among other functions).

Commitments for 2014

Light plans to complete the hiring of telecom network and over one million meters in the second half of 2014, enabling early deployment in the field.

Meanwhile, in view of the aggressive commitment to reducing losses, the deployment of smart meters cannot wait for the new telecomm systems. Thus, during 2014, Light will make the technologies transition, with deployment and management challenges for the staff.

With this, Light will deploy 200,000 smart meters in 2014, with current technology: GPRS[13]; refit and shield the distribution network in the same areas; and start the implementation of the new smart grid technology and its acceptance tests in parallel with existing systems, with the same staff.

Scope of the Smart Grid Program

- Multi-concessionaire telecom network that may be used by other segments, such as gas and water, in addition to Light.

- Encrypted data and sophisticated data security and privacy systems, with control of access to the telecommunication network in different levels.

- Addressing system with access to a virtually unlimited number of devices, i.e., scaled to meet the next decades.

- System implemented for remote metering, disconnection and reconnection; integration into commercial systems (billing, collection and, customer relations); automation of distribution network, distributed generation, and electric vehicles; and other advanced functions.

- Access of Light's large customers to their consumption data, practically in online regime.

[13] *General Packet Radio Service - uses cell phone technology to carry data.*

Understanding a bit more about Smart Grids

In a smart grid, the information traffic will be made through a proprietary intelligent network based on Web IPv6 open protocols. Smart grids of this size and based on Web IPv6[14] are being deployed in large cities, such as Washington DC, Vancouver, Montreal, San Francisco, Miami, Tokyo, and London. The "internet of things"[15] trend, expected for the next decade, considers that vehicles and household appliances, such as refrigerators, TVs, and heaters, will be all interconnected in the global network. Series vehicles such as BMW 550 and 750, Audi A6, and Mercedes AMD already use up to six IPv6 points for various functions. This new reality has already reached the power grid equipment, such as meters, switches, and reclosers.

New Business

Light has been keeping its commitment to grow and invest in power generation projects based on renewable power sources, respecting the company's strategic planning. This strategy of generation portfolio diversification and growth will enable a mix based not only on hydraulic sources, but also wind, as the case of Renova, a leader in the segment and the largest in installed capacity in the country.

Light's Installed Capacity in 2013 - In operation [EU1]

In operation (MW)	*Installed Capacity 100%*	*% Light*	*Installed Capacity % Light*
Ilha dos Pombos (Paraíba do Sul River)	187	100%	187
Fontes Nova (Piraí River)	132	100%	132
Nilo Peçanha (Piraí River)	380	100%	380
Pereira Passos (Lajes River)	100	100%	100
Santa Branca (Paraíba do Sul River)	56	100%	56
PCH Paracambi	25	51%	13
Renova [1,2]	336	22%	73
Current Capacity	**1,216**	**–**	**941**

[1] Renova's capacity is given by the ESPRA PCHs and Alto Sertão I wind farms.
[2] If the Cemig becomes part of Renova's control block in 2014, there will be a consequent dilution of Light from 21.9% to 15.9%.

[14] Open protocols are public and standard, like those used by mobile phones and Wi-Fi laptops and tablets.Currently, open protocols use IPv4 (Internet Protocol Version 4).Version 6 is already used by companies like Google.
[15] The "internet of things" is a technological revolution that represents the future of computing and communication and whose development depends on dynamic technical innovation in important fields, such as wireless sensors and nanotechnology.

Currently, Light is involved in the projects of Belo Monte, Guanhães, and Renova's expansion. Said projects should add between 560 to 650 MW of installed capacity equivalent to Light's participation until 2018.

Light's Installed Capacity in 2013 – Future Projects

Future Projects (MW)	*Installed Capacity 100%*	*% Light*	*Installed Capacity % Light*	*Initial Operation*
Belo Monte	11,233	2%	280	feb-15
Guanhães	44	51%	22	jul-14
Renova				
LER 2010 - Alto do Sertão II	168	16 - 22%[3]	27 - 37	jul-14
A-3 2011 - Alto do Sertão II	218	16 - 22%[3]	35 - 48	jan-15
A-5 2012	19	16 - 22%[3]	3 - 4	jan-16
PPA Light I e II	404	16 - 22%[3]	64 - 88	sep-15
BTG	103	16 - 22%[3]	16 - 22	jan-17
Carbocloro	22	16 - 22%[3]	3 - 5	jan-16
Votorantim1	32	16 - 22%[3]	5 – 7	apr-15
LER 20131	159	16 - 22%[3]	25 - 35	sep-15
A-5 20131	356	16 - 22%[3]	57 - 78	jan-18
Brasil PCH (51% Renova) [1,2]	148	16%[3]	24	Im op.
Subtotal	**1,628**		**259 – 348**	**–**
Future Projects Capacity	**12,905**	**–**	**561 – 650**	**–**

[1] *New projects (2013).*
[2] *Closing of the acquisition of 51% of Brasil PCH shares by Renova awaiting approval from competent authorities.*
[3] *If the Cemig becomes part of Renova's control block in 2014, there will be a consequent dilution of Light from 21.9% to 15.9%.*

The participation in the consortium responsible for the construction of Belo Monte hydroelectric plant, which will be the third largest dam in the world when in operation, also promotes the growth of Light's generation inventory, and helps diluting the company's risk, which currently has high percentages of its revenue pegged to the distribution market.

In 2013, there was a progress in the evaluation of two generation growth opportunities: a greenfield[16] project and a brownfield[17] project, both at an advanced stage.

Light also reviewed economic and financial attractiveness of its equity portfolio and the way it operates in committees, councils, and other bodies that deliberate on projects and investments. The objective is to track the performance of subsidiaries and ensure that they will continue serving the company's interests.

Additionally, the company supported the Light Group's wholly owned subsidiaries in their own implementation of an efficient governance, market studies, and business plans.

Challenges for 2014

Light will continue prospecting growth opportunities through mergers and acquisitions, partnerships in existing businesses, and greenfield and brownfield projects.

Throughout 2014, the company intends to evaluate the use of distributed generation solutions and their applicability in waste reduction programs; develop new business initiatives together with the Accountancy and Finance areas, in order to reassess the potential of generation projects in progress; and support the structuring of the newly created Project Prioritization Committee.

[16] *Greenfield: areas with no infrastructure in place.*

[17] *Brownfield: areas with structure ready, which may or may not be refurbished or demolished.*

Light's new businesses

BELO MONTE

In October 2011, the Amazônia Energia, whose members are Light (25.5%) and Cemig (74.5%), acquired 9.77% of Norte Energia, the company responsible for building and operating the HPP Belo Monte, the third largest hydroelectric dam in the world and the largest 100% Brazilian one. It's installed capacity is 11,233 MW, and physical assurance is 4,571 MW. The first generating unit is expected to go into operation in February 2015. The last one, with 24 turbines, is expected to start working in January 2019.

RENOVA

Wind farms built and under construction

The Alto do Sertão I Wind Complex, with 294.4 MW capacity and delivered in July 2012, is not in operation yet. Transmission lines under CHESF responsibility are under construction, scheduled for completion in 2014, when the farm will effectively begin commercial operation.

The Alto do Sertão II Wind Complex, with 167.7 MW of installed capacity, had commercial operations scheduled to begin in September 2013. However, it is also waiting for the completion of the transmission line. The initial operation forecast was postponed to July 2014.

Auctions

Renova took part in two auctions in 2013. In Reserve Power Auction No. 5/2013 (IER 2013), it sold medium 73.7 MW to be generated by nine wind farms in the state of Bahia, corresponding to 159 MW of installed capacity. The contracts duration will be 20 years. The initial power supply is scheduled for September 1st, 2015, sold at an average price of R$ 106.02/MWh. In the second auction, the Energia Nova A-5 No. 10/2013 (A-5, 2013) sold medium 183.9 MW to be generated by 17 wind farms, in the state of Bahia, corresponding to 355.5 MW of installed capacity.

Mergers and Acquisitions

In August 2013, Renova announced its intention to acquire 51% to 100% of the shares of Brasil PCH, which holds 13 small hydropower plants with installed capacity of 291 MW and assured power of medium 194 MW. The closure of the transaction is subject to approval by competent authorities. The financing of the acquisition will be through Cemig's participation in Renova's equity, with cash contributions for the acquisition of 27.4% of its total capital by approximately R$ 1.4 billion or R$ 48, 68 per Unit (Base date: Dec 31 2012). **[G4-22]**

With the selling in A5-2013, the company reached a contracted installed capacity of 1,804.9 MW, being 1.763.1 MW from wind power, and 41.8 MW from small hydroelectric power plants, sold in regulated and free environments. Said capacity does not include yet the acquisition of Brasil PCH.

GUANHÃES

The Guanhães complex is formed by four small hydroelectric power plants (PCHs): Dores de Guanhães, Fortuna II, Jacaré, e Senhora do Porto, with installed power of 44 MW and physical assurance of 25.03 MW. Since 2012, the partners in Guanhães Energia are Light (51%) and Cemig (49%). The total estimated investment in the PCHs construction is R$ 269.2 million, of which R$ 118 million related to capital investment from shareholders of Guanhães Energia, and R$ 60.2 million from Light Energia. The first generating unit is expected to operate in July 2014, and the last in February 2015.

Reinventing the Relationship with Partners

Trust is earned day by day, with commitment, dedication, and partnership. A sustainable company is cares about establishing synergy with its partners, thus ensuring an environment that fosters lasting relationships. In this section, the reader will learn about the company's relationship with different partners. The institutional performance enhances the Light brand before its stakeholders and communicates clearly and objectively the services the company offers to customers and the general public, its programs and projects, and enables sponsorships or initiatives that generate cultural, sporting, and economic development of communities or towns in its concession area. The institutional performance is linked to the Ombudsperson's Office, an important channel for the relationship of Light with the regulating authority and mainly with customers, as it ensures adequate treatment and response to their demands.

A business organization depends on its suppliers, and a major company as Light is important for the development of a robust, perennial, and sustainable chain of suppliers. Therefore, Light is concerned with selecting and monitoring the performance of suppliers adapted to the company's needs, taking into consideration the cost effectiveness, social and environmental issues, and technological innovation.

Light takes part in several professional and class associations and entities, because it believes that sustainability is a joint action that needs a democratic environment in which to discuss freely and transparently those issues involving the company's activities.

Last, but not least: partnership is an internal and external cooperation. Since 2012, Light has a *Escritório de Projetos Especiais* – EPE (Special Projects Office), created to ensure the successful, quick, and consistent performance of Company's priority projects. The EPE is the result of a synergy project, jointly developed by Light and Cemig, whose goal is to unite efforts for both companies to have better performances and stand out in the Brazilian electricity sector, also imparting benefits to their customers. However, it is worth noting that the EPE has grown in importance when started to coordinate other projects connected to Light's key challenges.

In the coming years, Light and Cemig will continue this joint and coordinated effort to add their strengths and define new areas of synergy to be exploited, in order to increase both companies' efficiency.

Government

Light's relationship with the Government goes beyond its activity as a power company. Light is committed to partnering with local administrations and state governments, both through agreements and sponsorships. The company's objective is to stimulate sustainable development and improve the quality of life in Light's concession areas. This philosophy has earned the company the title of largest events sponsor in the countryside of Rio de Janeiro state, according to the Department of Culture, a merit that is a result of many efforts, especially considering that Light is the concessionaire responsible for providing power for the 2016 Olympics. **[EU23]**

The Company's decision of investing resources in certain projects is related to the concession area development, income generation in pacified communities, and visibility of the Light brand.

Based on these criteria, in 2013, the company raised sponsorship funds amounting R$ 35.7 million. Of that amount, R$ 8 million are from Light.

Among projects that received sponsorship driven by Light, the highlights are the *Vale do Café Festival*; the Conservatória's Cinema and Music Festival; the Brazilian Symphonic Orchestra; the *Música nas Escolas* initiative, in Barra Mansa; the Book Biennale; and the New Year's Eve in Copacabana.

In 2013, other highlights are the infrastructure projects to meet the requirements from the International Olympic Committee regarding sustainable power supply. Among the Olympics projects, we highlight the Transoeste, Transcarioca, Transolímpica, Porto Maravilha infrastructure, the Parque dos Atletas project, and the Vila Olímpica.

Working together with the state Government, Light also continued its project to take energy to Rio de Janeiro communities. The UPPs (Pacifying Police Units) facilitated Light's access and allowed a new way of managing the customer relationship, in which the company offers a quality service and is paid for it. These areas development contributes to promote citizenship, as it educates about conscious consumption of energy and generates income through projects such as Light Recicla[18].

The partnership with the Government resulted in three major agreements in 2013. One of them concerns the construction of an alternative water supply system from the Vigário and Ponte Coberta reservoirs, with planned investments of R$ 200 million. This system will ensure that the water supply service in Rio de Janeiro city and the Baixada Fluminense region will continue despite the need for interrupting the operation of the Lajes Complex plants. This project is very important for CEDAE because the total water consumed in the capital city goes through Light's reservoirs. Rio de Janeiro and Baixada Fluminense's municipalities, 96%.

The second major agreement with the Rio de Janeiro state government is the continuation of Via Light, in the stretch between Pavuna and Avenida Brasil. The terms of the agreement provide that the company should provide the land with burden and the Government with be responsible for the transmission lines compaction costs. The total investment is approximately R$ 50 million, under the state government's responsibility. The project is ready, but the implementation depends on the release of funds by the government.

Light also continues working together with the Rio de Janeiro City Administration. After a history of partnership, including the opening of Madureira Park and the BRT Transoeste networks feasibility, both in June 2012, it is time to proceed with the second stage of the urban design of Madureira Park, now called Madureira Park II. The intervention consists of an extension to Avenida Brasil, near the Via Light, in Rocha Miranda. In contrast, the Rio de Janeiro City Administration has committed to funding the transmission lines compaction, estimated in R$ 65 million. The agreement for donation will still be referred for ANEEL's approval.

Our Value Chain

Light continuously prospects potential service and materials contractors that meet the company's needs, taking into account economic, technological, social, and environmental aspects.

In 2013, the company recorded 1,861 active suppliers, bring 55.3% (1,029 companies) from Rio de Janeiro. Materials procurement and services hiring required an investment of approximately R$ 1.25 billion.

[18] An initiative in which the customer exchanges recyclable waste for discounts on the bill. See more details in the chapter "The Community".

Proportion of expenditures with local suppliers in major operation units [G4-EC9]

	2011		2012		2013	
	Qtty	%	Qtty	%	Qtty	%
Rio de Janeiro	678	53	566	46	1,029	55
São Paulo	420	33	385	33	522	28
Paraná	31	2	32	8	49	3
Rio Grande do Sul	28	2	26	3	41	2
Minas Gerais	53	4	73	4	92	5
Goiás	1	–	1	–	9	1
Espírito Santo	7	1	6	1	10	1
Pernambuco	4	–	7	2	14	1
Santa Catarina	20	2	10	–	29	2
Ceará	3	–	18	1	18	1
Brasília	11	1	12	1	18	1
Bahia	6	–	4	–	15	1
Mato Grosso do Sul	1	–	2	–	8	–
Imported	16	1	8	1	7	–
Total Material	**573**	**44**	**466**	**31**	**716**	**39**
Total Service	**706**	**55**	**684**	**69**	**1,145**	**62**
GRAND TOTAL	**1,279**	**100**	**1,150**	**100**	**1,861**	**100**

Light suppliers are registered based on the type of supply, which may regard materials and equipment or services. The supplier's criticality is connected to the economic and strategic impact on business activities, also considering the degree of availability and market purchase unrestraint.

The major suppliers of materials and operating equipment are those connected to company's core activity, like companies that supply electrical conductors, transformers, metering equipment, and switches. [G4-12]

Operation activities related to power distribution are considered critical, including expansion, maintenance, emergencies, network connection, energy recovery, reading, and bills delivery. As to corporate services, critical supplier are considered those who provide TI service and equipment, building maintenance, fleet, medical care, communications, and legal services. [G4-12]

How Light selects its suppliers

All suppliers of Light are pre-qualified based on indications from whom requests; contacts at trade shows and conferences; business roundtables promoted by associations and development (SEBRAE) or government agencies; benchmarking; Internet queries, institutions; SAC Procurement. According to the type of supply, i.e., materials, equipment, or services, suppliers are registered after the relevant documentation the company requires is received, reviewed, and approved.

Based on the information received during the pre-qualification, the buyer checks which suppliers are able to take part in the qualification process. The qualification criteria may be more or less stringent, depending on the criticality and type of service or equipment to be purchased/hired. Supplies considered critical are closely monitored by the specific coordination in charge. If the purchase is of low criticality, the qualification and selection take place simultaneously. Otherwise, after the suppliers pre-qualification, the qualification is carried out, including an on-site evaluation made by the Quality team. Said evaluation includes checklists with items such as technologic, technical, and production training; quality; health and safety; environment; and social responsibility. These criteria are scored, enabling to define and prioritize suitable suppliers. The supplier's economic, financial, fiscal, and legal situation are added to these criteria.

After said qualification, named Technical Qualification, the commercial terms submitted by suppliers are reviewed and negotiated. In this stage, an evaluation is made of proposed prices compatibility with services and equipment to be supplied, considering, for example, price history, comparison with reference company, economic and financial balance, tax and labor compliance. Finally, those companies that offered the best technical and commercial conditions are selected.

In addition to the technical qualification, materials and equipment suppliers must have their products properly approved, including field testing where necessary, according to Light's parameters and other relevant standards, like the NBR [19]. The approval process conducted by the Quality team should preferably be completed before the commercial discussions.

For the suppliers materials and equipment qualification to be 100% complete, allowing Light to purchase their products, all steps of this process must be fully met, namely:

- document registration;
- industrial, social, and environmental evaluation;
- approval;
- commercial evaluations.

Contracts with service contractors provide, among other requirements, for mandatory trainings with minimum class hours required. Light's supplier management area is in charge of the relevant control and will only grant aces to the grid for those contractor employees with the minimum technical qualification required.

In order to be hired, it is essential that the supplier accepts the terms of Light's Code of Ethics and the Social Responsibility Agreement, which repudiate any form of discrimination, use of forced and compulsory labor, child labor and exploitation of children, risks to worker's health and safety, and risk to the environment. Therefore, Light ensures that all its suppliers (100%) are in accordance with the guidelines related to human rights, labor practices, and reduction of impacts on society, including those connected to the environment. **[G4-LA14, G4-HR10, G4-SO9, G4-EN32]**

In order to ensure that materials and services supplied meet the company's requirements, Light applies certain measures, including technical analysis and validation by the requesting area of proposals delivered during the qualification process; material or service delivery control through inspecting materials when received and sampling services when performed, in which cases the suppliers are notified in the event of nonconformity to specified requirements; hiring a company for monthly analysis of compliance with labor and fiscal obligations; and use of two questionnaires: one about environmental aspects and other about social responsibility.

[19] *Name according to standard of the Associação Brasileira de Normas Técnicas - ABNT (Brazilian Association of Technical Standards).*

Service suppliers performance evaluation is carried out by respective contract managers, considering the following items: compliance with the object of contract; results; compliance with deadlines; work safety management; protection to Light's image; personnel training and qualification; dominance of technology and techniques; work location housekeeping and cleaning; human resources management; and environmental management.

As to materials suppliers, the performance evaluation based on the equipment supply according to Lights specifications and standards.

Assurance of respect to labor practices and human rights **[G4-LA15, G4-HR11, G4-SO10]**

Light is attentive to issues of social responsibility and repudiates the use of forced and child labor and any form of discrimination, with explicit guidelines since 2003 in its Code of Ethics and the Social Responsibility Agreement, both attached to the General Conditions of Contract, filed with registry office. **[G4-HR5, G4-HR6]**

In order to control these practices, Light uses audits and on-site review of documentation of contractors' employees; provides channels for information on infringements; and adopts the Quality Evaluation Spreadsheet to inspect contractors. Additionally, since 2008, the company addresses these topics in monthly and annual meetings with suppliers and includes clauses in contracts requiring the provision of a health plan extensive to dependents; a Christmas food basket; and meals according to the Worker Meals Program, so that the quality of life of suppliers' workforce may be improved.

The verification procedures for service contractors and materials contractors are different, but all include labor obligations, as well as respect for the environment and human rights, provided for in contractual clauses. Therefore, Light does not run the risk of having child labor, forced labor, or slave labor connected to its operations. **[G4-HR5, G4-HR6]**

Since 2009, service providers are subjected to audits from independent firm hired specifically for that purpose. Each year, Light performs four cycles of audits, covering 30 companies in each cycle. Companies subject to greater risks, i.e., those with a greater number of employees or connected to grid losses and services activities, are visited more than once a year.

In this way, in 2013, 150 of the 1,145 service companies were considered critical and auditable. Of this total, 56 were audited, and approximately 50% were found with some type of non--compliance, usually related to labor issues, such as: documentation proving compliance with contractual requirements and payment of obligations in arrears (FGTS, INSS), among others. There are no non-compliances related to violation of human rights or impact on society and the environment.

The audit results are compiled, so that the company may receive a score from 0 to 10. Non--conformities are detailed in an audit report and in a presentation made at the follow up meeting with the companies. In these meetings, the opportunities for improvement to be checked in the next audit that Light requests are identified, for the purpose of process learning and improvement. The companies have been improving their practices and increasing their scores every year. An example is the increase of 11% in average scores received in 2013 against 2012, 8.3 against 7.5 respectively, with consequent decrease in the number of non--conformities found.

All new materials suppliers were subjected in 2013 to 22 industrial, environmental, and social reviews of those new suppliers, 18 were approved to start operations with Light. The remaining four failed because of technical issues and not for social or environmental problems. Regarding materials, it is important to say that services connected to use of materials and equipment used in repairs, technical tests, and PPE tests, among other, are included.

Thus, in terms of compliance with human rights, 100% of Light's operations are evaluated considering all practices described in connection to labor and suppliers selection. However, there is no specific study on the topic. **[G4-HR9]**

In recent years, Light has made two significant investments that led the company to hold a majority stake: Paracambi, in 2010, and Guanhães, in 2012. The Engineering, Procurement and Construction - EPC contracts for those plants include provisions on human rights through compliance with labor and social security statutes, as well as with normative instructions, regulations, ordinances, and technical notices that the Ministry of Labor issues. There also provisions for a strict control of working hours, according to the *Consolidação das Leis do Trabalho* – CLT (Labor Code), and of matters connected to work Safety and Medicine. **[G4-HR1]**

Advances In the relationship with suppliers

The implementation of the Contractors Management Website is already yielding good results. In 2013, 54 contractors were included and trained, in addition to the other eight initially registered in 2012, when the Website was launched.

The first Contractors Management Website module was focused on Labor. The objective is to keep a structured record of personal data – CPF, CTPS, ASU, among others – and documentation regarding specific capabilities. This system accelerates the exchange of information and documents with contractors, thus eliminating significantly the use of paper.

Also in 2013, Light started developing the Contractors Registration Website, in order to improve the company's ability to look for new qualified vendors. The Website is going through the approval process and is to be operating in 2014.

A field contractors meeting was also held in November 2013, so that relationships with contractors could be tightened and joint actions could be drawn. The topics discussed were Customer Relations, Ethical Behavior, Safety, Contract Management, Service Quality, Labor Relations, and Inventory Control.

Also in 2013, the Chemistry laboratory performed, in average, 98 insulating oil tests a month, i.e., a 63% increase against 2012, when the monthly average was 60 tests. These rates exceeded the initial expectations, which was an increase around 20%. Therefore, in late 2013, the acquisition of new equipment to meet the demand for tests became a priority. The Chemistry lab expansion was intended to increase productivity, reliability, and effectiveness of tests, and broaden the scope of performance control and point out incipient problems, mainly involving transformers, by means of insulating oil analysis, thus generating data that indicates need for predictive or corrective maintenance.

Commitment for 2014

In 2014, the company expects to develop the Suppliers Quality System Module at the Contractors Management Website. The goal is to achieve a continuous, structured, and standardized process to monitor contractors deliveries, thus preventing problems and establishing action plans to improve quality and safety, and eliminate subjectivity from evaluations. The Labor Module will also be improved, in order to accommodate quicker any change in qualifications and severances, among other functionalities.

Also in 2014, Light intends to complete the main civil works and electrical installations of the Electromechanical Laboratory that will support Light's Grid Maintenance Plan by providing electromechanical tests for delivered material, inspections, warranty issues, and repair and reuse evaluations, together with the Engineering area and other internal users.

Light Contractors Profile

Total of Contractors' Employees, by Type of Activity, Labor Agreement, Gender and Region [G4-10]

Region	*2011*	*2012*	*2013*	
			Female	*Male*
Greater Rio	8,330	7,669	1,236	6,028
Countryside	1,191	1,099	55	864
São Paulo	0	0	0	8
Total	**9,521**	**8,768**	**1,291**	**6,900**

Note: Full employment, with indefinite employment agreement.

Number of contractors by group, based on activity and geographic location [G4-10]

Region	*2011*			*2012*			*2013*			
	Greater Rio	*Countryside*	*Total*	*Greater Rio*	*Countryside*	*Total*	*Greater Rio*	*Countryside*	*São Paulo*	*Total*
Maintenance, cleaning, security and preservation	394	143	537	299	109	408	336	101	4	441
Other management activities (core activities)	4,697	699	5,396	4,960	735	5,695	4,501	806	0	5,307
Other management activities (support activities)	3,228	348	3,576	2,369	255	2,624	2,205	233	4	2,442
Sales, advertisement, and marketing	4	0	4	0	0	0	1	0	0	1
Other	7	1	8	41	0	41	0	0	0	0
TOTAL	**8,330**	**1191**	**9,521**	**7,669**	**1,099**	**8,768**	**7,043**	**1,140**	**8**	**8,191**

Contractors and subcontracted workers involved in construction, operation, and maintenance activities are exclusively dedicated to their activities, and work during the entire year according to their labor agreements. **[EU17]**

Light requires safety activities to be performed only after training in Human Rights principles, according to Company's Code of Ethics. **[G4-HR7]**

Professional Associations and Entities [G4-16]

Light's relationship with the sector's authorities is based on transparence and full accomplishment of its obligations. As an electricity industry company, its relationship with the ANEEL goes beyond compliance. The company's different areas are connected to decision processes, and promote and take part in studies and discussions to strengthen the industry and improve results for the society and the country.

In addition to its relationship with the ANEEL, Light works to comply with instructions from the Securities Exchange Commission – CVM, with priority given to filing mandatory documentation and keeping the market informed about company's operational and financial performance, as well as on its future strategies, in clear and transparent manner.

Regarding the development of projects focused on social and urban redevelopment and improvements to public safety in Rio de Janeiro state, Light works together with the local administrations and the state Government, and also with state utilities, unions, and trade associations, always in a proactive and sustainable manner.

Light also participates in organizations such as the ABRADEE (Brazilian Power Distributors Association), ABCE (Brazilian Power Concessionaires Association), ABESCO (Brazilian Power Preservation Companies Association), ABRACEEI (Brazilian Power Retailing Agents Association), ABRAGE (Brazilian Power Generating Companies Association), and APINE (Brazilian Independent Power Producers Association), among others.

Other discussion forums are the professional associations such as the FIRJAN (Federation of Industries of Rio de Janeiro), *Associação Comercial do Rio de Janeiro* - ACRJ (Commercial Association of Rio de Janeiro), universities and institutes, such as the *Instituto Brasileiro de Geografia e Estatística* - IBGE (Brazilian Institute of Geography and Statistics) and the *Instituto de Estudos do Trabalho e Sociedade* - IETS (Institute for Study of Work and Society).

Synergy

The Project Management Office – PMO, or EPE (Special Projects Office), was created in mid-2012 to ensure the successful performance of priority projects for the company. The EPE is an organizational unit connected directly to Light's Chair and designed according to best project management practices, based on guidelines of the Project Management Institute (PMI).

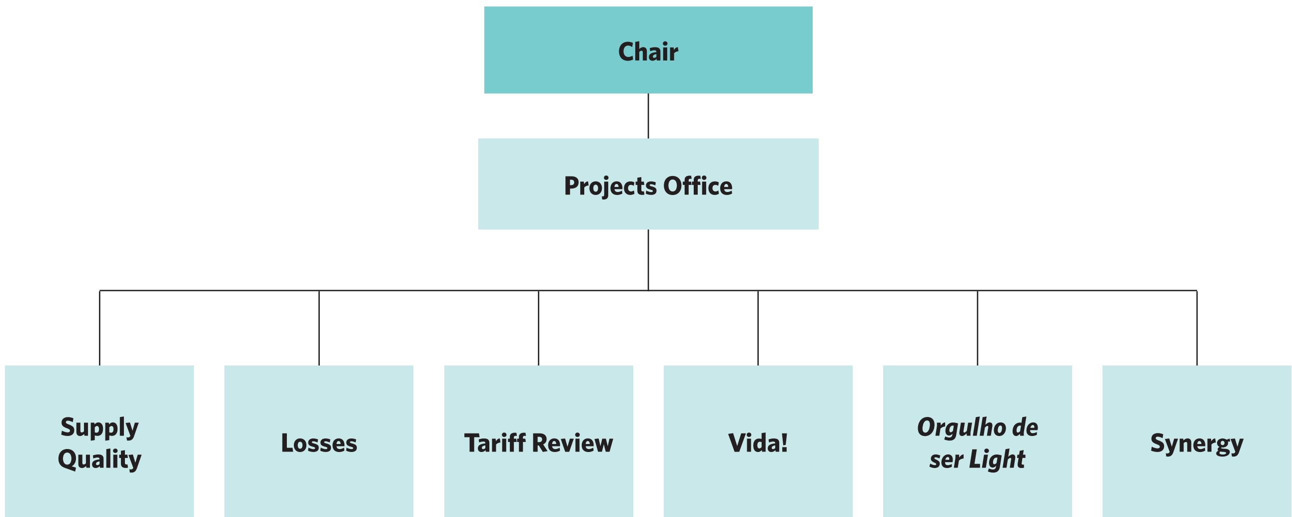
The EPE is required to integrate and support project management activities, analyze data, and assist in decision making, thus establishing a clear process to initiate, plan, execute, control, and finalize projects, and define results evaluation metrics and criteria. It works as a support and reference center for company's different stakeholders: project managers, workforce, senior management, shareholders, and others.

The great motivation to install Light's EPE was the Synergy Project, joint developed by Cemig and Light. This is a challenging project, as it integrates two companies with different cultures, requiring discipline, mobilization of different areas, motivation of workforce involved, and commitment of both companies. Studies from McKinsey & Company determined that joint gains are greater than individual results. The synergy impact on Light's EBITDA in 2013 was R$ 61.3 million, with direct benefits to shareholders, company, and workforce.

As the decision-making process involves Light and Cemig, without prejudice to their individual corporate governance, the EPEs of both companies have to promote strategic and operational alignment between areas involved, ensuring the engagement of leadership, preparing monthly reports for policy makers, and seeking consensus for approval of proposed initiatives, in addition to measuring the results.

Over and above the Synergy Project, Light launched, in 2013, five new special projects, as detailed throughout the report: Supply Quality (DEC), Losses, Tariff Review, *Programa Vida!*, and *Orgulho de Ser Light*, which received support from EPE. Those initiatives are enabling, mainly, workforce involvement, power distribution improvements, and commercial losses and work accident rates reduction.

Light's Special Projects Office Organization Chart



Synergy Project

The Synergy Project was developed by Light and Cemig in 2012, with initial support from McKinsey & Company. The main objective of this project is to make joint efforts for both companies to stand out in the Brazilian electric sector, and generate benefits for customers. The goals defined considered the industry's best practices.

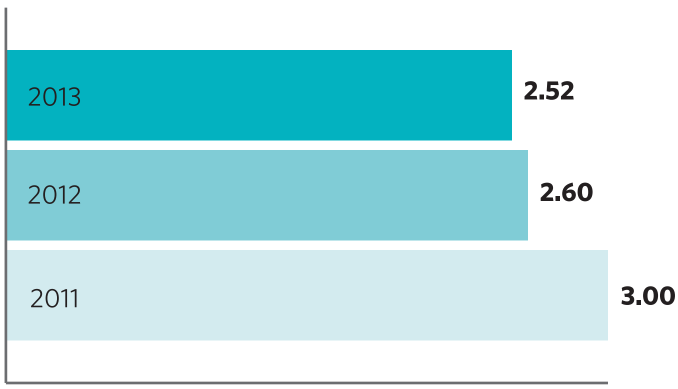
McKinsey & Company's work showed that there is a potential of approximately R$ 600 million in operational improvements to be made by 2015, with 57% to 43% for Light and CEMIG. The capture of synergies is being made in stages. In the first stage, five fronts were selected: Commercial losses, Delinquencies, Service channels, TI/Telecom, and Procurement & Logistics. Throughout 2013, Light and CEMIG worked seamlessly and aligned processes for actions evaluation, so that the Synergy Project could have a more effective and focused monitoring on quantitative results, including the development of a methodology to trace the actual impacts of work fronts on EBITDA.

Synergy Project Fronts - Service Channels

This front has the following objectives: enhance service channels of both companies, stimulating their migration to less expensive channels, such as the Interactive Voice Response (IVR), Virtual Office, and SMS text messages; consolidating call centers, which will use the same provider, allowing gains in scale, collective negotiations, and connections transfer; and reducing the average time of service through attendants training.

The operational improvement can be proven by the decrease in average cost of service, from R$ 3.00/call in 2011 to R$ 2.52/call in 2013, a 16% decrease.

Average Cost of Service (R$/Call)



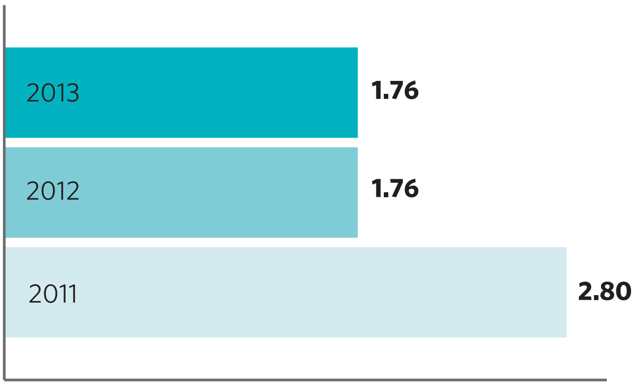
Also noteworthy is the reduction in the *Tempo Médio de Atendimento* – TMA (Call Center's Average Service Time) in recent years. In 2011, this result was 325 seconds; in 2012, 313 seconds; and in 2013, 284 seconds, featuring a 13% decrease against 2011.

Additionally, the following projects were structured: IVR Phase II (Scheduled for completion: 2014), to make the service more dynamic and intelligent; Development of Automatic Tool for Social Networks (already completed); Virtual Brand Revitalization (Scheduled for completion: 2014), indicating a constant concern of Light about improving the less expensive channels.

- Revenue protection: losses and delinquencies

Light has been striving to reduce energy losses and delinquency. The results of the PDD's Losses and Percentage Index on *Receita Operacional Bruta* - ROB (Gross Operating Revenue) (Captive + TUSD) show consistent results.

PDD/ROB (Captive + TUSD)



- Purchases

Light and Cemig are also looking for synergies in purchase volumes. To this end, they decided to standardize prices for identical items and services, promote convergence of specifications for similar products and services, and make joint purchases, aiming at scale gains. Studies show that joint purchases would generate savings of R$ 134 million for both companies in the 2013-2018 period, being R$ 21 million related to Light.

In 2013, the Supply Strategic Integrated Center structuring was completed. Also, activities related to convergence of technical specifications for main similar materials, such as meters, cables, and posts, were started.

- IT/Telecom

The synergy between IT and telecom will be through merging the main systems and infrastructures, such as Data Center, Service Desk, and safety; and also by integrating the telephony services hiring process.

In 2013, Light and Cemig completed a project to unify their business systems, involving billing, customer service, collection, losses, field service, metering assets control, and management information. This project should be implemented in 2014/2015.

Another result worth noting is the unification of technical systems: GDIS and GIS.

The GDIS – Operations Solution (OMs) – is a tool developed for auxiliary operation process of distribution, both scheduled and emergency. The Atlantis – GIS, geographic information system, helps with processing new connections, load increase, expansion and construction of distribution network.

The GDIS was implemented in Light in 2013 and is being implemented in Cemig; the GIS is in planning phase, and is to be implemented in both companies in 2016.

The main contribution will be designing grid expansion projects directly in the tool, with an interface that consolidates assets with the SAP, thus improving controls and grid assets quality, and reducing registration reworks.

Income Figures

Net Revenues – Consolidated (R$ MM)

	2013	*2012*	*Change %*
Distribution			
Electricity Sold	5,354.1	5,183.9	3.3%
Unbilled Electricity	(75.1)	94.7	–
Use of Network (TUSD)	491.7	528.0	−6.9%
Short-term (spot)[1]	37.8	64.8	−41.7%
Sundry	88.1	73.7	19.4%
Subtotal (a)	**5,896.5**	**5,945.1**	**−0.8%**
Construction Revenue[2]	820.3	669.3	22.6%
Subtotal (a')	**6,716.8**	**6,614.4**	**1.5%**
Generation			
Generation sales (ACR+ACL)	505.1	363.5	39.0%
Short Term[1]	43.6	38.4	13.5%
Sundry	10.0	8.2	21.6%
Subtotal (b)	**558.7**	**410.1**	**36.2%**
Trade and Services			
Resale	566.2	243.9	132.1%
Services	35.5	49.0	−27.5%
Subtotal (c)	**601.7**	**292.8**	**105.5%**
Other and Eliminations (d)	**(454.8)**	**(134.9)**	**237.1%**
Total w/o construction rev. (a+.+c+d)	**6,602.0**	**6,513.0**	**1.4%**
Total (a'+b+c+d)	**7,422.3**	**7,182.4**	**3.3%**

[1] Balance of settlement at CCEE
[2] The subsidiary Light SESA states revenues and costs with a zero margin, regarding construction or infrastructure improvement services used in electricity distribution service provision.

In a comparison of fiscal years, consolidated net revenues totaled R$ 7422.3 million, 3.3% greater than that recorded in 2012. And not considering construction revenues, it totaled R$ 6602.0 million, equal to a 1.4% increase.

Distribution

The distributor's market is more predominant in the home and commercial segments, which together represented 60% of revenues from the sale of electricity, while free-market sales represented 21%.

The distributor's net revenues during the year, not considering construction revenues, totaled R$ 5896.5 million, 0.8% below that recorded in 2012, chiefly owing to the following combinations: a 19.63% decline in prices that took place on January 24, 2013 due to the Extraordinary Price Readjustment, a 2.9% growth in consumption by the total market and an average 1.3% increase in electricity prices (purged of the effect of special obligations) as of November 7, 2013, ratified by the price review process.

Generation

In 2013 net revenues rose to R$ 558.7 million, 36.2% above 2012, due mainly to the volume of electricity contracts traded under the *Ambiente de Contratação Livre* - ACL (Free Contracting Environment), which contractual prices are higher than those practiced in the regulated market, in which this electricity was previously sold; in addition to the greater average price seen in the spot market.

Trade and Services

In 2013 net revenues rose to R$ 601.7 million, 105.5% greater than revenues for the same period of the preceding year. This effect arose from a significant increase in the volume of electricity traded jointly with the higher price practiced in the year's last quarter, chiefly as a result of reallocating the electricity of which the contract had been cancelled from Light Energia late last year in the free market.

Costs and expenses

Consolidated

Operating Costs and Expenses (R$ MM)

	2013	2012	Change %
Distribution	(5,814.3)	(5,806.3)	0.1%
Distribution w/o cost of construction	(4,994.1)	(5,137.0)	−2.8%
Management	(164.4)	(164.6)	−0.1%
Trade and Services	(575.4)	(267.7)	115.0%
Other and Eliminations	443.2	124.1	257.2%
Consolidated w/o cost of construction	**(5,290.6)**	**(5,445.1)**	**−2.8%**
Consolidated	**(6,110.9)**	**(6,114.4)**	**−0.1%**

Consolidated operating costs and expenses during 2013, not considering construction costs, totaled R$ 5290.6 million, a figure 2.8% lower than that found for 2012.

Distribution

Costs and Expenses (R$ MM)

	2013	*2012*	*Change %*
Non-manageable Costs and Expenses	**(3,753.3)**	**(4,033.6)**	**−7.0%**
Costs with Electricity Purchases	(3,846.1)	(3,527.8)	9.0%
Costs with Charges and Transmission	(535.8)	(866.2)	−38.1%
CDE Contribution (in the Price Revision)	303.4	–	–
Others (Mandatory Costs)	(17.4)	(16.8)	3.2%
PIS/Cofins Credits on Electricity Purchases	342.6	377.2	−9.2%
Manageable Costs and Expenses	**(1,240.8)**	**(1,103.4)**	**12.5%**
PMSO	**(782.9)**	**(692.0)**	**13.1%**
Personnel	(286.0)	(256.9)	11.3%
Material	(15.5)	(17.1)	−9.5%
Third-party Service	(409.2)	(354.2)	15.5%
Other	(72.2)	(63.7)	13.3%
Provisions	(210.0)	(473.1)	−55.6%
Depreciation and amortization	(335.2)	(293.3)	14.3%
Other Operating Revenues / Expenses	87.3	355.0	−75.4%
Total Costs w/o Cost of Construction	**(4,994.1)**	**(5,137.0)**	**−2.8%**
Construction Cost	(820.3)	(669.3)	22.6%
Total Costs	**(5,814.3)**	**(5,806.3)**	**0.1%**

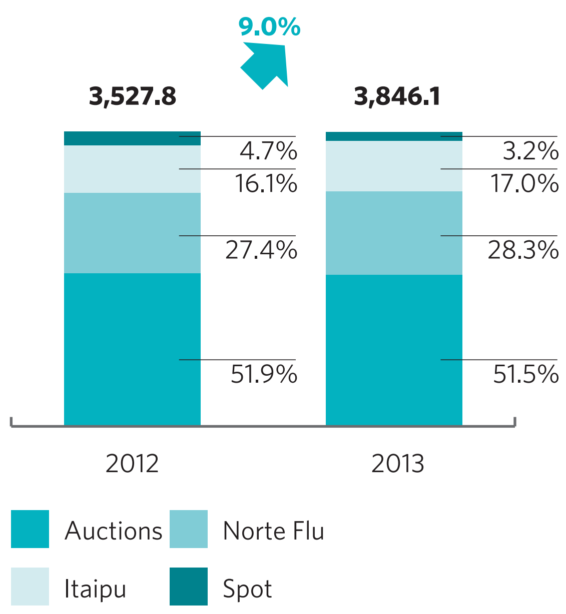
During the year, costs and expenses from the electricity distribution activity, not considering costs with construction, totaled R$ 4994.1 million, 2.8% below that found for 2012.

Uncontrollable costs and expenses

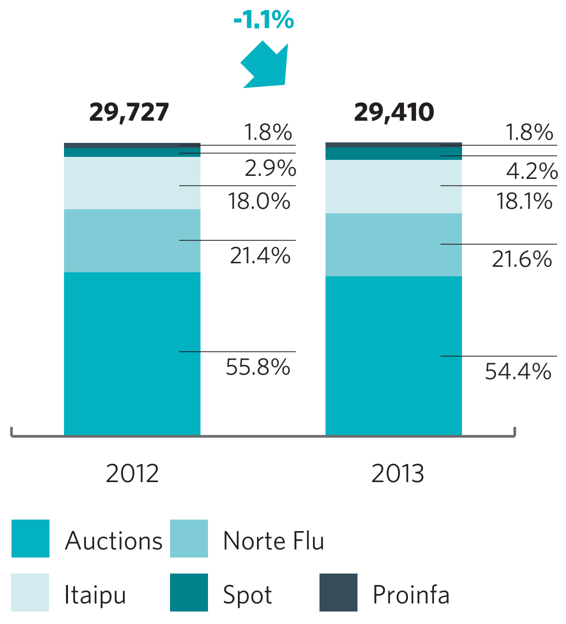
The year's income figures was subject to the effects of Decree no. 7945/13, with the provision regarding the monthly transfer of funds to the CDE, as well as the reduction in costs with charges and transmission, resulting chiefly from less expenses from the use of the network, in view of the renewal of the concession agreements of a number of transmission companies.

The costs for purchasing electricity had a slight 0.3% increase, which can be explained by a combination of the following factors: greater expenses with availability agreements, based on the start-up of thermoelectric plants required by the *Operador Nacional do Sistema* (ONS), a contractual readjustment with UTE Norte Fluminense in November 2013 and a foreign exchange devaluation that affected the cost of purchasing electricity from Itaipu.

Electricity purchased (R$ MM) - Year



Electricity purchased (GWh) - Year



Below follows a breakdown of non-manageable costs.

Non-manageable Costs and Expenses (R$ MM)

	2013	2012	Change %
Costs with Electricity Purchases	**(3,846.1)**	**(3,527.8)**	**9.0%**
Itaipu	(654.7)	(566.3)	15.6%
UTE Norte Fluminense	(1,089.0)	(967.0)	12.6%
Short-term Electricity (spot)	(123.5)	(164.9)	−25.1%
Hydrological risk	(102.6)	–	–
CDF - Hydrological risk	159.2	–	–
Exposure of quotas	(160.4)	–	–
CDE - Exposure of quotas	**160.4**	**–**	**–**
Others	(180.1)	(164.9)	9.2%
Electricity auction	(1,978.9)	(1,829.5)	8.2%
Availability Agreements	(870.2)	(451.5)	92.7%
Others	(1,108.7)	(1,378.0)	−19.5%
Costs with Charges and Transmission	**(535.8)**	**(866.2)**	**−38.1%**
Charges with system's services - ESS	(320.5)	(128.9)	148.7%
CDE - Ess	178.0	–	–
Electricity carry-over	(217.7)	(520.8)	−58.2%
Other Charges	(175.7)	(216.6)	−18.9%
CDE Contribution (in Price Revision)	**303.4**	**–**	**–**
Others (Mandatory Costs)	**(17.4)**	**(16.8)**	**3.2%**
PIS/Cofins Credit on Electricity Purchase	**342.6**	**377.2**	**−9.2%**
TOTAL	**(3,753.3)**	**(4,033.6)**	**−7.0%**

Non-manageable costs are transferred to consumer price and the increase or decrease in such costs in relation to the regulatory level forms a regulatory asset and liability balance (CVA) taken into account in the next price readjustment, but not recorded in the income statement owing to international accounting standard (IFRS).

Controllable costs and expenses

In 2013, manageable operating costs and expenses, consisting in personnel, materials, third-party services, provisions, depreciation, other operating income / expenses and others, totaled R$ 1240.8 million, a 12.5% increase over 2012.

Costs and expenses with Personnel, Materials, Services and Others (PMSO) added up to R$ 782.9 million in the year, 13.1% above 2012 and resulting mainly from a 11.3% and 15.5% rise respectively in the personnel and third-party services line. The increase in the personnel line is due basically to the factors that follow: payroll affected by the annual 6.75% collective wage agreement as of June, and a special impact by variable compensation related to achieving goals. As for growth in the line third-party services arises chiefly from a greater cost with success fees by consultancies related to improved performance of processes and tha advance of the APZs (Zero-Loss Areas) project.

The Other Operating Income / Expenses line totaled R$ 87.3 million in the year, a 75.4% decline over the R$ 355 million recorded in 2012. The chief effect was recognition of R$ 124.8 million in connection with the *Valor Novo de Reposição* - VNR (New Replacement Value) following ratification of the new *Base de Remuneração Regulatória* - BRR (Regulatory Compensation Base). In 2012 the key effect was the asset compensation income at the end of the concession, found under the VNR criteria as defined by the Conceding Authority through MP 579/2012, which was previously stated at an acquisition cost of R$ 408.2 million.

On provisions, this totaled R$ 210 million or a 55.6% decline as compared to 2012. This drop may be explained through the creation of extraordinary provisions, the more relevant sums being due the additional creation of contingency provisions related to civil and labor lawsuits, in addition to court deposits and *Provisões para Crédito de Liquidação Duvidosa* - PCLD (Provisions for Non--performing Credits) in connection with a revision of estimates for the receipt of past-due balances. The PCLD totalized R$ 158.3 million, a sum well below the R$ 282.6 million.

Generation

Operating Costs and Expenses (R$ MM)

	2013	*2012*	*Change %*
Personnel	(23.7)	(22.9)	3.4%
Materials and third-party services	(18.5)	(18.8)	−1.6%
CUSD/CUST/ Electricity Purchased	(34.4)	(34.3)	0.1%
Depreciation	(55.4)	(56.0)	−1.0%
Other Revenue/ Expenses	(0.3)	(1.4)	−81.5%
Other (includes provisions)	(32.1)	(31.1)	3.1%
Total	**(164.4)**	**(164.6)**	**−0.1%**

In 2013 Light Energia's costs and expenses totaled R$ 164.4 million, in line with the sum for the same period in 2012.

Trade and Services

Operating Costs and Expenses (R$ MM)

	2013	2012	Change %
Personnel	(8.2)	(6.4)	27.8%
Materials and third-party services	(18.0)	(26.9)	−33.0%
Electricity Purchased	(540.9)	(232.4)	132.8%
Depreciation	(0.2)	(0.3)	−43.9%
Other Revenue/ Expenses	(5.7)	0.0	–
Other (includes provisions)	(2.3)	(1.7)	41.1%
Total	**(575.4)**	**(267.7)**	**115.0%**

Accrued costs during the year added up to R$ 575.4 million, a 115% increase as compared to the same period last year and explained by the greater cost with electricity purchases resulting from a rise in the volume of electricity purchased for trading. The Other Operating Income / Expenses line refers chiefly to a R$ 5 million provision for losses with investments made in the *Maracanã Solar* Consortium, for not providing sufficient evidence as to the investment's recoverability at the close of the fiscal year.

EBITDA [20]

Consolidated

Consolidated EBITDA (R$ MM)

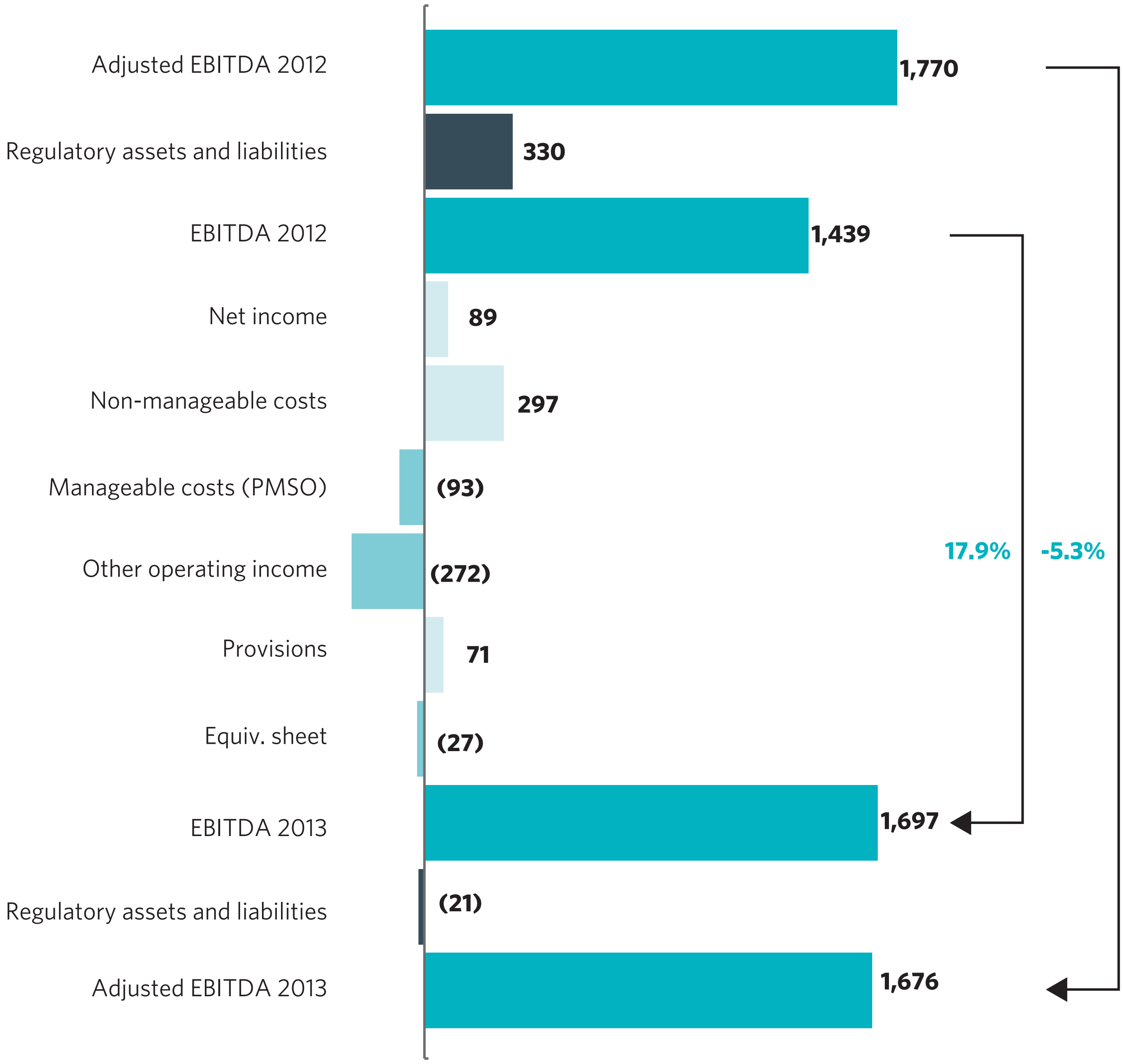
	2013	2012	Change %
Distribution	1,237.7	1,101.4	12.4%
Management	444.1	322.5	37.7%
Sales	26.3	25.7	2.4%
Others and eliminations	(11.3)	(10.4)	7.9%
Total	1,696.8	1,439.1	17.9%
EBITDA Margin (%)	25.7%	22.1%	5.0 p.p
Regulatory Assets and Liabilities	(21.0)	330.4	–
Adjusted EBITDA	1,675.8	1,769.5	−5.3%

EBITDA in 2013 totaled R$ 1696.8 million, above the 2012 figure, and considering the formation of CVA in the periods, EBITDA would total R$ 1675.8 million, 5.3% below 2012. The decline in EBITDA for the year can be explained by a combination of a drop in the distributor's other operating income, due to non-operating income in 2012, and the 13.1% rise in the distributor's PMSO costs and expenses.

The company grew 37.7% in generation while the distribution and trading segments reflected EBITDA growth of 12.4% and 2.4% respectively.

[20] *EBITDA found pursuant to CVM Instruction 527/2012 represents: net profit + Income Tax and social contribution + net financial expenses + depreciation and amortization.*

EBITDA and adjusted EBITDA – 2013/2012 (R$ MM)



Consolidated Financial Income

Financial Income – R$ MM

	2013	2012	Change %
Financial Revenue	**338.2**	**188.0**	**79.9%**
Interest on Short-term Investments	95.1	41.0	132.0%
Net swap income	81.0	14.4	460.6%
Late payment increase / Fines on outstanding items	78.3	77.0	1.8%
Other Financial Revenue	83.8	55.6	50.6%
Financial Expenses	**(791.9)**	**(679.1)**	**16.6%**
Costs of debt	(393.0)	(327.0)	20.2%
Monetary and Exchange Variance	(138.6)	(20.3)	583.5%
Updating of contingency provisions	0.5	(60.6)	–
Updating by means of Selic P&D/PEE/FNDCT	(11.2)	(6.4)	74.6%
Interest on taxes	(9.1)	(1.8)	399.8%
Installment payment – fines and interest Law 11,941/09 (REFIS)	(7.2)	(14.8)	−51.5%
Adjustment to present value	(9.9)	(71.2)	−86.1%
Offsetting DIC / FIC	(48.6)	(38.1)	27.6%
Other Financial Expenses (includes IOF)	(52.8)	(18.8)	181.0%
Braslight	(122.0)	(120.1)	1.6%
Charges	(62.3)	(62.6)	−0.4%
Monetary Variance	(59.7)	(57.5)	3.9%
TOTAL	**(453.8)**	**(491.1)**	**−7.6%**

The year's financial income was negative in R$ 453.8 million, a 7.6% decline as compared to the R$ 491.1 million negative financial income for 2012.

The year's financial income was of R$ 338.2 million, a figure 79.9% above the 2012 performance. The chief change was in net swap income, which increase was cancelled by the increased financial expenses including monetary and exchange variations. Another impact that was relevant in financial income took place in the interest on short-term investments line, caused by a greater availability of cash in the company, jointly with the increased Selic base rate.

The year's financial expenses rose to R$ 791.9 million, a16.6% growth over 2012. This change may be explained chiefly by the increase of debt servicing combined with the increased base interest rate.

Debt

Debt – R$ MM

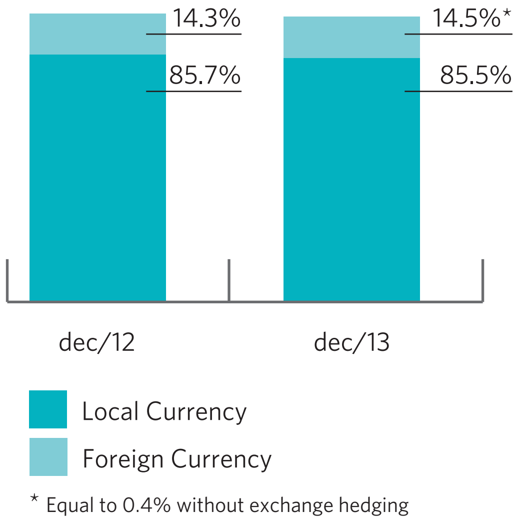
	Current	%	Noncurrent	%	Total	%
Local Currency	**490.9**	**8.4%**	**4,480.6**	**77.0%**	**4,971.5**	**85.5%**
Light SESA	**453.2**	**7.8%**	**3,802.5**	**65.4%**	**4,255.7**	**73.2%**
Debentures 4a. Date Issued	0.0	0.0%	0.0	0.0%	0.0	0.0%
Debentures 7a. Date Issued	10.6	0.2%	649.3	11.2%	659.9	11.3%
Debentures 8a. Date Issued	3.5	0.1%	469.6	8.1%	473.2	8.1%
Debentures 9a. Date of Issue – Series A	12.4	0.2%	995.4	17.1%	1.007.8	17.3%
Debentures 9a. Date of Issue – Series B	4.1	0.1%	610.1	10.5%	614.2	10.6%
Eletrobras	0.7	0.0%	5.9	0.1%	6.6	0.1%
CCB Bradesco	81.5	1.4%	225.0	3.9%	306.5	5.3%
Working capital – Santander	82.7	1.4%	–	–	82.7	1.4%
BNDES (CAPEX)	121.4	2.1%	507.7	8.7%	629.1	10.8%
BNDES FINEM	129.8	2.2%	189.5	3.3%	319.3	5.5%
Banco do Brasil	5.3	0.1%	150.0	2.6%	155.3	2.7%
Other	1.1	0.0%	–	–	1.1	0.0%
Light Energia	**32.6**	**0.6%**	**656.7**	**11.3%**	**689.3**	**11.9%**
Debentures 1a. Date Issued	4.1	0.1%	171.4	2.9%	175.5	3.0%
Debentures 2a. Date Issued	16.0	0.3%	423.7	7.3%	439.7	7.6%
Debentures 3a. Date Issued	0.2	0.0%	29.9	0.5%	30.1	0.5%
BNDES (CAPEX)	7.0	0.1%	22.6	0.4%	29.7	0.5%
BNDES FINEM	5.2	0.1%	9.1	0.2%	14.3	0.2%
Light ESCO	**5.2**	**0.1%**	**21.4**	**0.4%**	**26.6**	**0.5%**
BNDES – PROESCO	5.2	0.1%	21.4	0.4%	26.6	0.5%
Foreign Currency	**151.6**	**2.6%**	**692.2**	**11.9%**	**843.8**	**14.5%**
Light SESA	**150.7**	**2.6%**	**504.8**	**8.7%**	**655.5**	**11.3%**
National Treasury	5.3	0.1%	42.7	0.7%	48.0	0.8%
Merril Lynch	30.2	0.5%	87.3	1.5%	117.5	2.0%
BNP	114.6	2.0%	–	–	114.6	2.0%
Citibank	0.5	0.0%	234.3	4.0%	234.7	4.0%
Bank of Tokyo - Mitsubishi	0.2	0.0%	140.6	2.4%	140.7	2.4%
Light Energia	**0.9**	**0.0%**	**187.4**	**3.2%**	**188.3**	**3.2%**
Citibank	0.9	0.0%	187.4	3.2%	188.3	3.2%
Gross Debt	**642.5**	**11.0%**	**5,172.8**	**89.0%**	**5,815.3**	**100.0%**
Cash, Banks and Marketable Securities					1,790.4	
Net Debt (a)					**4,024.9**	
Braslight Debt (b)	1,224.7		–		1,224.7	
Adjusted Net Debt (a+b)					**5,249.5**	

The Gross Debt, in December 31st 2013, was R$ 5,815.3 million. When compared to the same period in 2012, there was a 37.2% or R$ 1.6 billion increase, owing to funding held over the period such as: disbursements of funds by BNDES during the last 12 months totaling R$ 58.7 million in favor of Light SESA; a R$ 150 million loan by Banco do Brasil in favor of Light SESA (February 2013); foreign currency funding of R$ 121 million by Bank of Tokyo-Mitsubishi in favor of Light SESA, with protection against exchange exposure by means of a swap transaction with Real (March 2013); and the ninth debenture issue by Light SESA totaling R$1.6 billion through Banco do Brasil (June 2013), divided into two series, the first of R$ 1 billion at a cost of CDI + 1.15%, and the second of R$ 600 million at a cost of IPCA = 5.74%. These funds were employed in investments, working capital and pre-payment of R$ 500 million in connection with Commercial Notes issued in May 2013, and R$ 375 million in more costly debt, including R$ 160 million from the fifth debenture issue that had cost CDI = 1.5%.

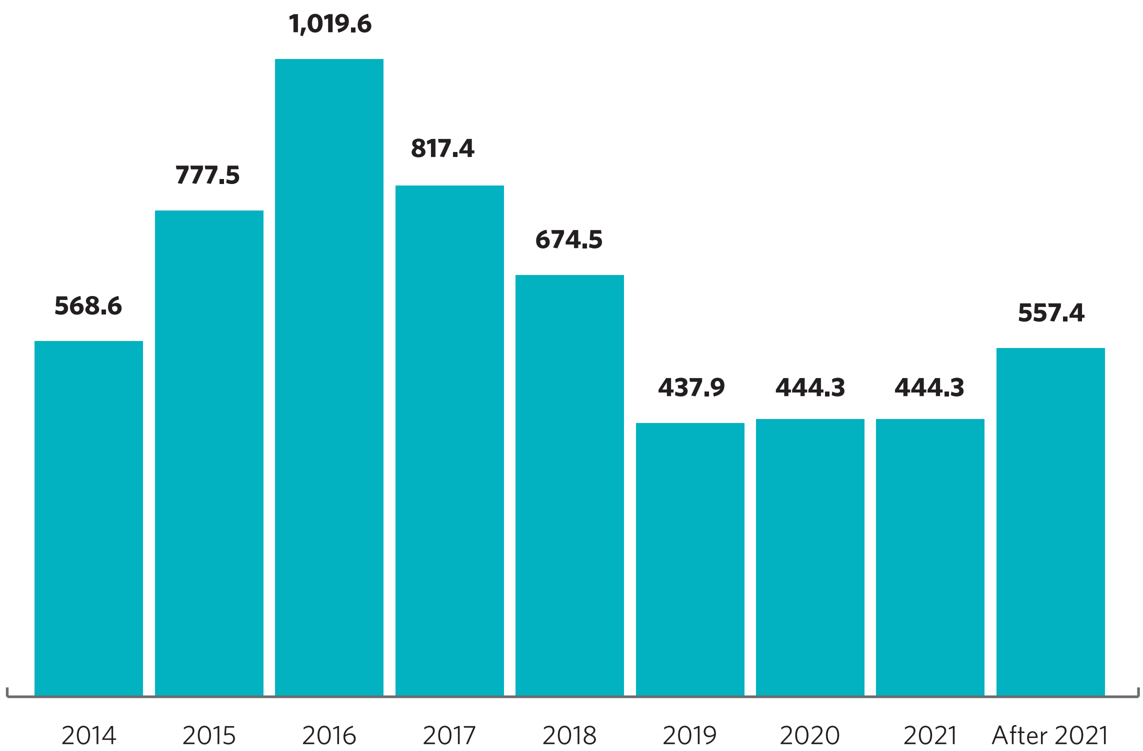
The Net Debt / EBITDA ratio was of 2.84x in December 2013. Hence the company continues to comply with the covenant for this indicator, of 3.0x, and Light also has a covenant for the EBITDA / interest expenses ratio, which should remain at above 2.5x. The result obtained for this indicator in December was 3.79x. Please note that non--compliance with this indicator takes place only should it exceed the limits defined during two consecutive four non-consecutive quarters.

Average debt expiry term is of 4.1 years, in line with the preceding quarter. The average cost of real-denominated debt stood at 9.7% p.a., 0.9 p.p. above the cost of debt for 2013. This increase is explained by the higher Selic rate for the period. At the end of the year, 14.5% of total debt was in foreign currency, yet considering the outcome of hedging against foreign exchange exposure, this exposure stood at 0.4%, in line with that found in September. The foreign exchange hedging policy consists in protecting the foreign currency debt cash flow maturing in the next 24 months (principal and interest) with cashless swap instruments and with first-class financial institutions. Funding under BACEN Resolution 4131 by means of Merrill Lynch, BNP, Citibank and Bank of Tokyo-Mitsubishi was retained with swaps during the entire life of the loans.

Debt (Local Currency vs. Foreign Currency)



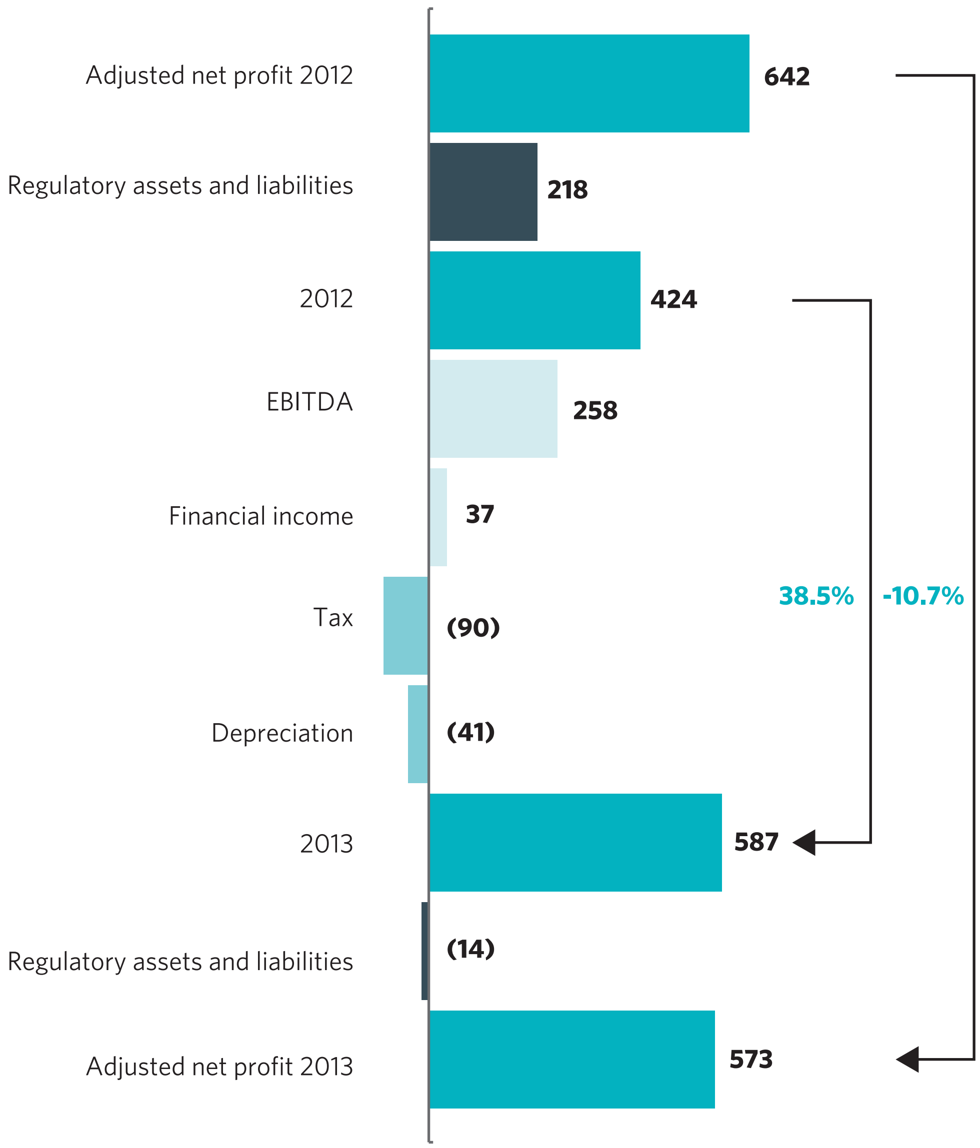
Amortization schedule (R$ MM)



Net Income

Net profit for the year rose to R$ 587.3 million, above the figure for the same period in 2012, which is justified by an improved operating income by the distributor and generator. In view of the CVA formation, adjusted net profit would rise to R$ 573.5 million in 2013, 10.7% below 2012's performance.

Net profit and adjusted net profit – 2012/2013 (R$ MM)



Investments

The total sum invested by Light in 2013 added up to R$ 845.0 million, 6.1% above the sum invested in 2012.

Capex (R$ MM)

	2013	*Partic. %*	*2012*	*Partic. %*	*% Change*
Distribution	**712.6**	**84.3%**	**694.1**	**87.1%**	**2.7%**
Network reinforcement and expansion	498.6	70.0%	338.5	48.8%	47.3%
Losses	192.1	27.0%	199.8	28.8%	−3.8%
Other	21.8	3.1%	155.9	22.5%	−86.0%
Administration	**40.2**	**4.8%**	**50.9**	**6.4%**	**−21.0%**
Trading Energy Efficiency	**61.0**	**7.2%**	**26.1**	**3.3%**	**133.4%**
Management	**31.3**	**3.7%**	**25.7**	**3.2%**	**21.9%**
Total	**845.0**	**100.0%**	**796.8**	**100.0%**	**6.1%**

The distribution segment concentrated a greater volume, R$ 712.6 million or 84.3% of total investment, or a 2.7% advance as against the sum invested in 2012. Among these investments are those intended for distribution network development and expansion, to meet market demand and increase the network's resistance, improving quality also in the underground network, totaling R$ 349.8 million; investments covered by the project against electricity losses and protecting the network, an electronic metering system and fraud prevention, with investments valued at R$ 192.1 million, and R$ 148.7 million for specific World Cup and Olympics investments.

Investments in marketing and energy efficiency rose from R$ 26.1 million in 2012 to R$ 61 million in 2013. This increase is explained by a co-generation project under progress with a major beverage company.

Cash Flow

R$ MM	2013	2012
Cash at start of Period (1)	**230.4**	**652.5**
Net Profit	**587.3**	**423.9**
Inc. Tax/Soc. Contr.	264.8	174.5
Net Profit before Inc. Tax and Soc. Contr.	**852.1**	**598.4**
PDD	158.3	282.6
Depreciation and amortization	390.9	341.7
Loss (gain) in sale of intangible / Residual value of fixed assets written off	23.3	20.9
Exchange losses (gains) from financial activities	138.6	20.3
Interest and net exchange variations	407.5	358.2
Braslight	122.0	120.1
Complement/ reversal of provisions	26.8	250.9
Income from Equity Accounting Method	5.5	(21.6)
Compensation from Concession's Financial Assets	(168.8)	(408.2)
Others	(81.0)	(14.4)
Subtotal	**1,875.3**	**1,548.9**
Working capital	209.6	(209.8)
Contingencies	(88.3)	(83.1)
Taxes	109.5	(49.3)
Braslight	(123.5)	(120.6)
CDE subsidy	–	–
Others	(185.4)	(112.0)
Taxes paid	(101.2)	(74.8)
Interest paid	(389.8)	(358.2)
Net cash generated by Operations (2)	**1,306.3**	**541.2**
Loans obtained	2.444.5	1.117.4
Dividends	(259.9)	(425.1)
Payments of loans and Financing	(1,037.4)	(770.7)
Financing activity (3)	**1,147.2**	**(78.4)**
Receipt from sale of fixed assets/intangibles	–	–
Fixed assets/intangibles/Financial assets	(830.2)	(803.3)
Acquisitions of investments	(90.6)	(73.6)
Short-term investments	(1,216.7)	(8.0)
Investment activity (4)	**(2,137.5)**	**(884.9)**
Cash at end of Period (1+2+3+4)	**546.4**	**230.4**
Change in Cash Position (2+3+4)	**316.1**	**(422.1)**

The cash balance at the end of the fourth quarter of 2013 rose to R$ 546.4 million, with a 137% increase as compared to 2012. Operating activity that in 2013 totaled R$ 1306.3 million, contributed to this positive balance owing to a significant improvement in revenues.

Capital Market

Light's shares are traded in the Novo Mercado - BM&FBovespa (New Market of São Paulo Stock Exchange) since July 2005, pursuant to best corporate governance practices and with transparency and fairness principles, in addition to the granting of special rights to minority interests. The shares of Light S.A. are included in the IBOVESPA, IGC, IEE, IBRX, ISE, ITAG and IDIV indices and are also traded in the US Over-the-Counter - OTC market by means of ADR Level 1, under the LGSXY ticker.

The shares of Light S.A. (LIGT3) were priced at R$ 22.12 in late December. The company's market price (nbr of shares x price per share) ended the quarter at R$ 5411 million.

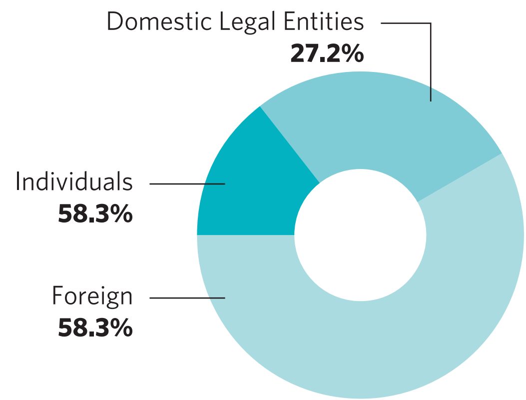
BM&F Bovespa (spot market) - LIGT3

Daily Average	*2013*	*2012*
Number of securities (thousand)	908.7	691.0
No of Transactions	3,167.5	2,671.5
Volume Traded (R$ Millions)	17.1	17.3
Price per share (closing)*	R$ 22.12	R$ 21.27
Appreciation by LIGT3	4.6%	−14.3%
Appreciation by IEE	−10.3%	−11.6%
Appreciation by IBOVESPA	−17.7%	5.4%

** Adjusted for payments*

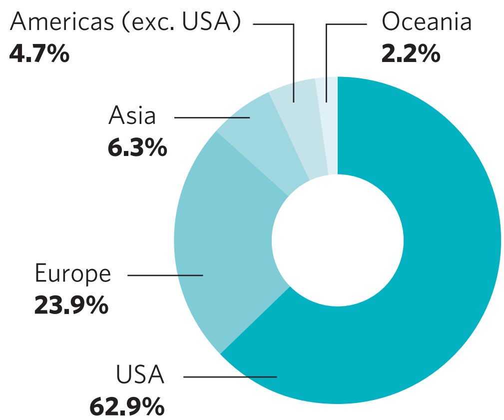
The graphs below show a profile of the holders of the company's outstanding shares in December 2013.

Free Float* Composition



*Does not consider BNDESPar holdings.

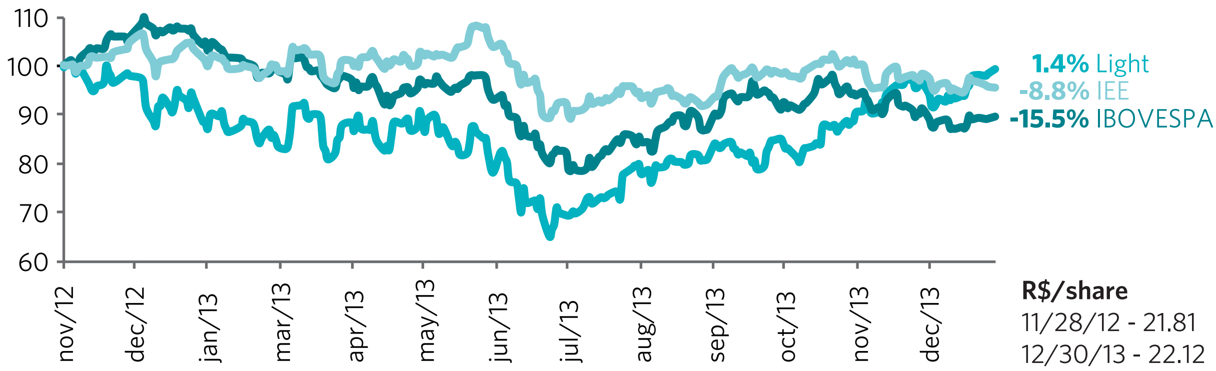
Foreign



The graph below shows progress by Light's shares from December 28, 2012 to December 31, 2013.

Light x IBOVESPA x IEE

Base Dec/12 = 100 until 12/31/2013



R$/share
11/28/12 - 21.81
12/30/13 - 22.12

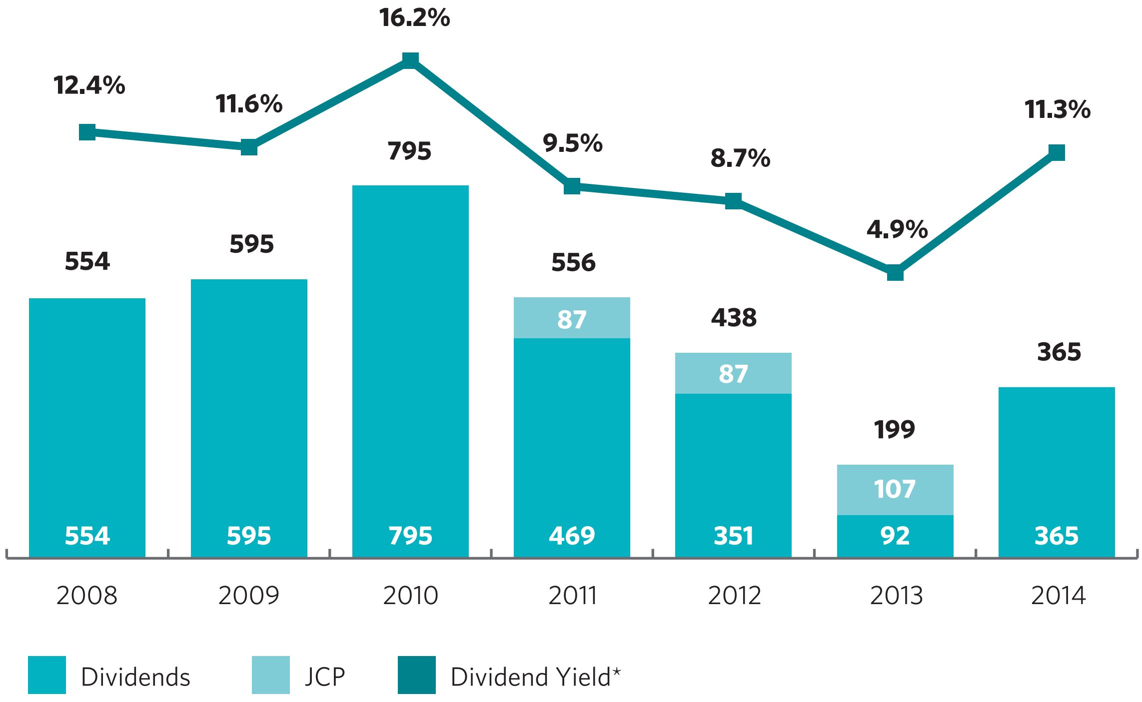
Dividends

The company has a policy of paying dividends of a minimum sum equal to 50% of its adjusted net profit, calculated pursuant to article 189 in the Corporation Law, following Brazilian accounting practices and CVM rules.

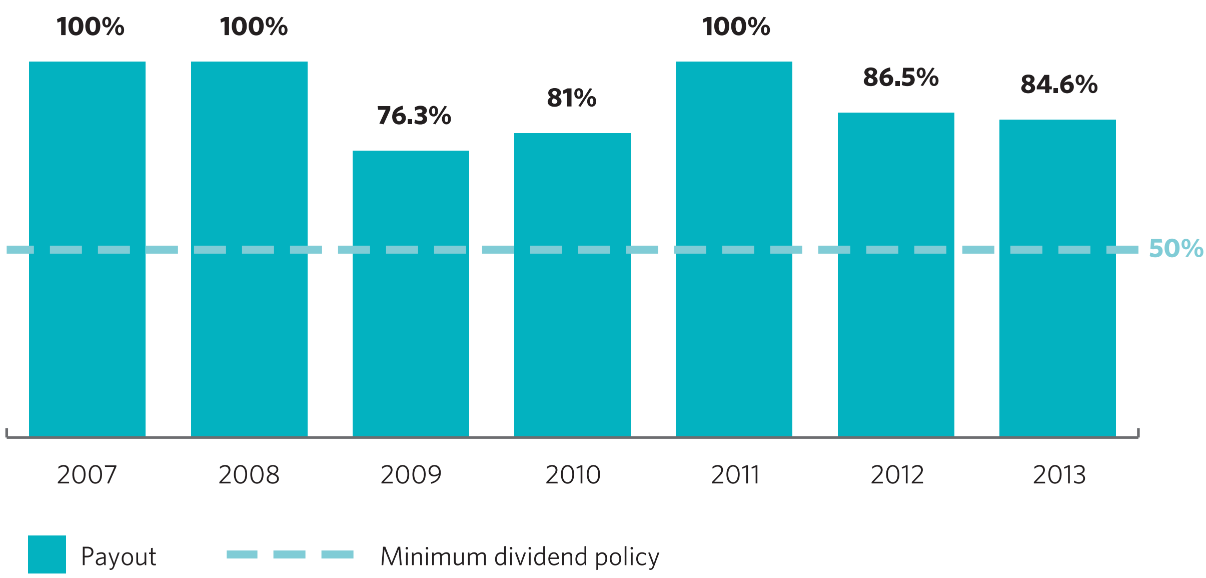
The volume of earnings defined for 2013 was of R$ 199,243,576.62. Of this total, R$ 981,770,327.00 were paid as dividends approved by the April 2013 Shareholders' Meeting. On December 13, 2013 the Board of Directors approved a payout of interest on shareholders' capital of R$ 107,473,249,62, which is equal to R$ 0.527 per share, considering that there was a profit in the company for the period from January to September 2013. The net sum per share is equal to R$ 0.44795 less 15% in withholding income tax, save for those shareholders exempted from this tax. The payment date of interest on capital was December 27, 2013. All holders of company shares on the base date of December 31, 2013 were entitled to payment of the respective sum.

On March 10, 2014 the Board of Directors approved a proposal to pay out R$ 364,838,033.34 or R$ 1.789 per share in dividends in connection with profits for the fiscal year ended on December 31, 2013. This sum represents a 1.3% dividend yield, which added to the sum decided during the fiscal year, is equal to a payout of 84.6% of adjusted net profit for the year. The proposal will be submitted to approval by the Shareholders' Meeting.

Dividends paid, dividend yield and payout



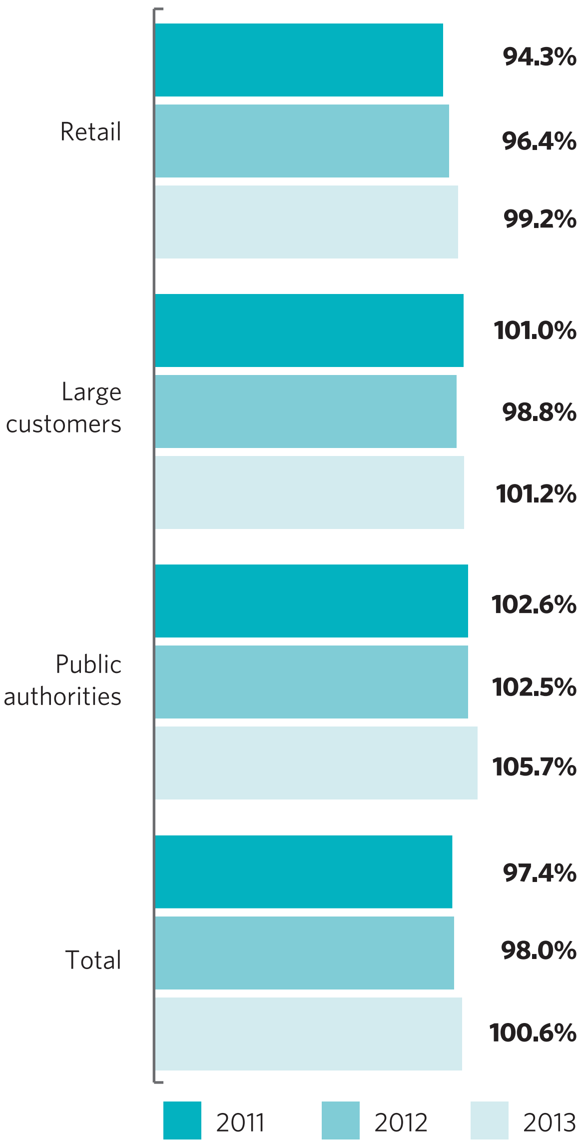
*Based on the closing price on the day prior to the announcement.



Collection

For the year, the collection rate was 100.6%, 2.6 p.p. above the 2012 figure, with a consistent growth trend over the last years, the result of efforts made by Light S.A. The program to prevent default with the progressive procedure of installing electronic meters, more effective collections, implementation of APZs, increase in the number of electricity interruptions and changes in treatment of customers in extended default resulted in a good performance for the default for collections during the year.

Collection rate per segment – Year



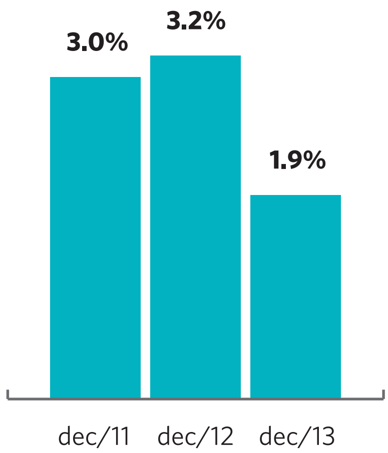
Interruptions owing to default in the home segment totaled 729,147 in 2013, as seen in the table below.

Number of residential interruptions owing to the lack of payment [EU27]

	2011	*2012*	*2013*
Interruptions due to rate in the residential segment	718,179	843,026	729,147

The creation of PCLD in 2013 was equal to 1.9% of gross revenues from electricity billings, totaling R$ 158.3 million. This outcome was below that recorded last year, when there was an uncommon revision effect of the estimate for receiving past-due balances from large customers, including public authorities, totaling R$ 111.7 million.

PCLD/ROB – Billed supplies - 12 months



Schedule I – GRI Indicators

Economic direct value generated and distributed [G4-EC1]

Statement of Value Added	*Consolidated (*)*	
	2013	*2012 Resubmitted*
Revenues	**10,625,426**	**11,037,682**
Sales of goods, products and services	9,963,026	10,650,962
Revenue relating to construction of company assets	820,284	669,322
Provision for reversal of doubtful credits	(157,884)	(282,602)
Consumables acquired from third parties	**(5,270,211)**	**(5,025,169)**
Cost of products, goods and services sold	(4,094,368)	(4,145,112)
Material, electricity, outsourced services and other	(1,175,843)	(880,057)
Construction Costs	–	–
Gross added value	**5,355,215**	**6,012,513**
Retentions	**(390,940)**	**(349,642)**
Depreciation and amortization	(390,940)	(349,642)
Other	–	–
Net added value produced	**4,964,275**	**5,662,871**
Transferred added value	**332,704**	**214,062**
Income from equity accounting method	(5,454)	21,554
Financial income	338,158	192,508
Others	–	–
Total added value to be distributed	**5,296,979**	**5,876,933**
Distribution of added value	**5,296,979**	**5,876,933**
Personnel	**342,752**	**304,169**
Direct compensation	259,481	227,874
Benefits	52,973	46,992
FGTS	22,754	19,252
Others	7,544	10,051
Taxes, levies and contributions	**3,474,763**	**4,381,685**
Federal	1,226,874	2,010,488
State	2,235,097	2,362,425
Municipal	12,792	8,772
Interest expenses	**892,129**	**767,156**
Interest	812,994	684,570
Rentals	56,357	61,119
Other	22,778	21,467
Interest earnings	**587,335**	**423,923**
Dividends and interest on shareholders' equity	472,311	256,548
Retained earnings	115,024	167,375

(*) Consolidated information includes corporate interests by Light S.A. and its subsidiaries.

Plant's average availability factor (%) [EU30]

	2011	2012	2013
Fontes Nova (FTN)	92.9	94.4	95.9
Nilo Peçanha (NLP)	88.9	91.3	92.2
Pereira Passos (PPS)	95.1	98.0	98.9
Ilha dos Pombos (ILH)	95.8	96.4	97.2
Santa Branca (SBR)	97.7	98.3	84.7

Source: SGI Performance Report
Note: Does not include PCH Paracambi, which belongs to LightGer and in which Light holds 51% of equity.

Net electricity production (MWh) [EU2]

	2011	2012	2013
Fontes Novas (Piraí - RJ)	1,014,088	742,689	963,382
Nilo Peçanha (Piraí - RJ)	2,725,586	2,943,181	2,879,627
Pereira Passos (Piraí - RJ)	420,127	421,931	433,494
Ilha dos Pombos (Carmo/Além Paraíba RJ/MG)	923,721	793,266	820,124
Santa Branca (Santa Branca/Jacareí SP)	302,463	291,093	190,827
Gross generation (includes losses and internal consumption)	5,385,985	5,195,160	5,287,454
Net generation – generation delivered to SIN	4,518,351	4,296,820	4,399,579

Source: Generation 2013
Note: Does not include PCH Paracambi, which belongs to LightGer and in which Light holds 51% of equity.

Total water removed by electricity generation source and water to supply public in the metropolitan region of Rio de Janeiro (m3.109/year) [G4-EN8]

	2013
Deviation Rio Paraíba – Guandu (Annual average flow)	142.5
Deviation Rio Piraí – Guandu (Annual average flow)	20.98
Total removals	**160.4**

Note: Deviation Paraíba-Guandu was considered average pumping from Santa Cecilia and deviation Piraí-Guandu average annual flows from V-3-482 Rosário – tunnel output and v-1-105 Fazenda Nova Esperança hydrological stations Change in values from one to year another is of roughly %.

Water sources significantly affected by water collection (average annual flow – m^3/s) [G4-EN9]

	2013
Total contribution of water to Rio Guandu - Ribeirão das Lajes (lajes + and transposition)	165.9
Total contribution of water to Rio Guandu – CEDAE canal	5.4
Total contribution / supply	171.3

Note: Annual average flows from Post was considered the total contribution of water to Guandu - Ribeirão das Lajes V-3-489 – downstream from Pereira Passos. Annual average flows from Post V-3-486 CEDAE Canal was considered the total contribution of water to Guandu – CEDAE Canal.

Total number of workers, per type of work, labor agreement and region [G4-10]

Region	2011				2012				2013			
Contract of Work	Greater Rio	Countryside	SP	Total	Greater Rio	Countryside	SP	Total	Greater Rio	Countryside	SP	Total
Contract for undefined period	0	0	0	0	0	0	0	0	0	0	0	0
Contract for undefined period	3,568	556	10	4,134	3,650	560	13	4,223	3,721	558	14	4,293
Total	**3,568**	**556**	**10**	**4,134**	**3,650**	**560**	**13**	**4,223**	**3,721**	**558**	**14**	**4,293**

NB: All employees are full time.
NB: In 2010 a new Light Group company was created, Light Com, based in São Paulo.

Total of own employees, per gender and region [G4-10]

Region	2011	2012	2013	
			Female	Male
Greater Rio	3,568	3,650	969	2,752
Countryside	556	560	49	509
São Paulo	10	13	3	11
Total	**4,134**	**4,223**	**1,021**	**3,272**

Number of employees per geographic location and activity carried out [G4-10]

Region	2011				2012				2013			
Type of Position	Greater Rio	Countryside	SP	Total	Greater Rio	Countryside	SP	Total	Greater Rio	Countryside	SP	Total
Administration	982	135	–	1,117	997	137		1,134	1,016	132	0	1,148
Management	206	19	1	226	199	18	1	218	203	14	1	218
Operational	889	218	1	1,108	877	196	1	1,074	895	200	1	1,096
Professional	661	31	4	696	704	31	7	742	743	33	7	783
Technical	830	153	4	987	873	178	4	1,055	864	179	5	1,048
Total	**3,568**	**556**	**10**	**4,134**	**3,650**	**560**	**13**	**4,223**	**3,721**	**558**	**14**	**4,293**

Number of terminations per gender, age and region [G4-LA1]

Region	Sex	2011				2012				2013			
		Age Range											
		< 30	> 50	30-50	Total General	< 30	> 50	30-50	Total General	< 30	> 50	30-50	Total General
Greater Rio	F	41	21	51	113	36	7	38	81	41	12	42	95
	M	96	155	88	339	120	50	93	263	113	47	100	260
Greater Rio Total		**137**	**176**	**139**	**452**	**156**	**57**	**131**	**344**	**154**	**59**	**142**	**355**
Countryside	F	0	1	1	2	0	0	1	1	2	0	1	3
	M	3	20	15	38	3	23	10	36	3	18	8	29
Countryside		**3**	**21**	**16**	**40**	**3**	**23**	**11**	**37**	**5**	**18**	**9**	**32**
São Paulo	F	0	0	1	1	0	0	0	0	0	0	0	0
	M	0	0	0	0	0	0	0	0	0	0	0	0
São Paulo Total		**0**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL GENERAL		**140**	**197**	**156**	**493**	**159**	**80**	**142**	**381**	**159**	**77**	**151**	**387**

Turnover rate per gender, age and region [G4-LA1]

Region	Sex	2011				2012				2013			
		Age Range											
		< 30	> 50	30-50	Total General	< 30	> 50	30-50	Total General	< 30	> 50	30-50	Total General
Greater Rio	F	15%	22%	10%	13%	13%	7%	7%	9%	15%	11%	7%	10%
	M	13%	29%	6%	13%	17%	9%	6%	10%	16%	9%	7%	9%
Greater Rio Total		**13%**	**28%**	**7%**	**13%**	**16%**	**9%**	**7%**	**9%**	**16%**	**9%**	**7%**	**10%**
Countryside	F	0%	17%	3%	5%	0%	0%	3%	2%	20%	0%	3%	6%
	M	3%	15%	5%	7%	3%	18%	4%	7%	3%	15%	3%	6%
Countryside		**3%**	**15%**	**5%**	**7%**	**3%**	**17%**	**4%**	**7%**	**5%**	**14%**	**3%**	**6%**
São Paulo	F	0%	0%	100%	50%	0%	0%	0%	0%	0%	0%	0%	0%
	M	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
São Paulo Total		**0%**	**0%**	**17%**	**10%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
TOTAL GENERAL		**12%**	**25%**	**7%**	**12%**	**14%**	**10%**	**6%**	**9%**	**15%**	**10%**	**6%**	**9%**

** FORMULA = Number of terminations in the year / Staff members in last period of year.*

Rate of return to work and retention after maternity / paternity leave broken down per gender [G4-LA3]

2013	Employees entitled to take leave (unit)	Employees who took leave (unit)	Employees who returned to work after taking leave (unit)	Employees who continued employees 12 months after return (unit)	Depreciation returning to work (%)	Retention of employees who took leave (%)
Female	1,021	83	82	79	98.80%	95.18%
Male	3,272	0	0	0	0	0
TOTAL	**4,293**	**83**	**82**	**79**	**98.80%**	**95.18%**

Proportion of base salaries between men and women, per functional category [GA-LA13]

Category	Average Male Salary / Average Female Salary		
	2011	2012	2013
Administration	99%	97%	94%
Management	105%	106%	99%
Operational	121%	118%	109%
Professional	111%	119%	116%
Technical	113%	113%	113%

Minimum base salary in important operating units, in R$ [G4-EC5]

Site	2013	
	Number of Employees	Minimum Base Salary
Av. Mal Floriano, 168	1,567	825.55
R. Frei Caneca, 363	909	888.27
R. Venceslau, 192	–	–
Estr. do Tindiba	197	918.03
Cascadura	200	856.70
Triagem	–	–
Barra do Piraí	136	888.27
Nova Iguaçu	282	888.27
Piraí	114	1.257.96

Typical events with leave recorded in the last three years – hired workers [G4-LA6]

Hired Workers	2011			2012			2013				
							With decease		Without decease		
	With decease	Without decease	Total	With decease	Without decease	Total	Female	Male	Female	Male	Total
Events	4	96	100	3	62	65	0	0	4	40	44

Events recorded in the last three years - Light Group employees- value per region [G4-LA6]

Regions	2011		2012		2013			
					Greater Rio		Rest of State	
	Greater Rio	Countryside	Greater Rio	Countryside	Female	Male	Female	Male
Total of staff members	3,568	556	3,654	569	969	2,752	49	509
Number of casualties – typical	35	1	47	0	9	18	0	5
Days lost	636	0	1,298	0	355	709	0	54
Days charged	0	6,000	0	0	0	0	0	0
Decease - typical	0	1	0	0	0	0	0	0
Number of casualties – route	26	0	40	1	26	26	0	2
Decease – route	0	0	0	0	0	0	0	0

Composition of groups in charge of corporate governance and rating of employees per category, according to gender, age group, minorities and other diversity indicators – 2013 [G4-LA12]

Race	Administrative						Senior Management					
	Female			Male			Female			Male		
	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50
Yellow	5	3		4	5							
White	75	179	30	60	129	55		1			1	2
Indian	1	1	1	1	2	2						
Mixed race	55	78	14	92	111	47						
Black	29	32	4	37	39	5						
No information	2	9	6	1	7	27						5
Total	**167**	**302**	**55**	**195**	**293**	**136**	**–**	**1**	**–**	**–**	**1**	**7**

Race	Management						Operational					
	Female			Male			Female			Male		
	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50
Yellow		1			3					9	3	2
White		29	6	2	75	43	6	5		88	183	61
Indian					1					4	4	
Mixed race		8		1	19	7	2	6		164	235	63
Black		2		1	2		3	2		52	78	22
No information		5			8	5				8	37	59
Total	**–**	**45**	**6**	**4**	**108**	**55**	**11**	**13**	**–**	**325**	**540**	**207**

Race	Professional						Technician					
	Female			Male			Female			Male		
	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50	< 30	30-50	> 50
Yellow	4	2		1	1	1				4	10	2
White	54	153	31	70	154	88	14	19	2	77	287	86
Indian		2		1	2			1		1	2	1
Mixed race	17	41	9	24	49	13	7	20	1	69	234	41
Black	5	13		2	11	1	4	6		17	68	12
No information		7	5	3	7	12	1	3	1	3	41	14
Total	**80**	**218**	**45**	**101**	**224**	**115**	**26**	**49**	**4**	**171**	**642**	**156**

Percentage of employees entitled to retirement, per functional category, range and region - 2013 **[EU15]**

Region	Administrative				
	Age range (years)				
	< 5	Between 5 - 10	> 10	Retired	Total
Greater Rio	51	56	282	73	462
Countryside	9	5	51	9	74
São Paulo					0
TOTAL	60	61	333	82	536

Region	Management				
	Age range (years)				
	< 5	Between 5 - 10	> 10	Retired	Total
Greater Rio	35	25	101	20	181
Countryside	5	5	3	1	14
São Paulo			1		1
TOTAL	40	30	105	21	196

Region	Operational				
	Age range (years)				
	< 5	Between 5 - 10	> 10	Retired	Total
Greater Rio	99	54	212	48	413
Countryside	34	23	47	17	121
São Paulo	1				1
TOTAL	134	77	259	65	535

Region	Professional				
	Age range (years)				
	< 5	between 5 - 10	> 10	Retired	Total
Greater Rio	96	53	288	66	503
Countryside	6	2	18	4	30
São Paulo			2		2
TOTAL	102	55	308	70	535

Region	Technician				
	Age range (years)				
	< 5	between 5 - 10	> 10	Retired	Total
Greater Rio	87	87	482	70	726
Countryside	31	16	71	21	139
São Paulo	1		2		3
TOTAL	119	103	555	91	868

** Quantitative does not include those on leave and retired due to disability, or senior managers.*

Percentage of employees entitled to retirement, per functional category, range and region - 2013 [EU15]

Region	Administrative					Management					Operational				
	Age range (years)														
	< 5	Between 5 - 10	> 10	Retired	Total	< 5	Between 5 - 10	> 10	Retired	Total	< 5	Between 5 - 10	> 10	Retired	Total
Greater Rio	11%	12%	61%	16%	86%	19%	14%	56%	11%	92%	24%	13%	51%	12%	77%
Coun-tryside	12%	7%	69%	12%	14%	36%	36%	21%	7%	7%	28%	19%	39%	14%	23%
São Paulo	0%	0%	0%	0%	0%	0%	0%	100%	0%	1%	100%	0%	0%	0%	0%

Region	Professional					Technician				
	Age range (years)									
	< 5	Between 5 - 10	> 10	Retired	Total	< 5	Between 5 - 10	> 10	Retired	Total
Greater Rio	19%	11%	57%	13%	94%	12%	12%	66%	10%	84%
Countryside	20%	7%	60%	13%	6%	22%	12%	51%	15%	16%
São Paulo	0%	0%	100%	0%	0%	33%	0%	67%	0%	0%

**Formula = Number of employees per region and time / Total number per region*
**The Base does not consider 12500 employees whose information on retirement we do no have.*

Compensation policy for board of directors, board of executive officers, fiscal council and committees.

Compensation	Consolidated					
	2013			2012		
	Board of Directors	Fiscal Council	Board of Executive Officers	Board of Directors	Fiscal Council	Board of Executive Officers
Fixed Compensation (%)	100%	100%	68%	100%	100%	65%
Compensation Variable (%)	–	–	28%	–	–	28%
Others (%)	–	–	4%	–	–	7%
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Compensation for board of directors, fiscal council, board of executive officers paid by the company during the 2013 fiscal year

Compensation								Consolidated
				2013				2012
	Board of Directors	Fiscal Council Tax	Board of Executive Officers	Total	Board of Directors	Fiscal Council Tax	Board of Executive Officers	Total
Number of members (a)	21.42	10.00	8.00	39.42	21.25	10.00	8.33	39.58
Compensation fixed for the fiscal year	1,655	654	9,151	11,460	1,514	665	9,214	11,393
Salary or Pro-labore	1,379	545	5,645	7,569	1,262	554	5,327	7,143
Direct and indirect benefits	–	–	886	886	–	–	1,018	1,018
Others (b)	276	109	2,620	3,005	252	111	2,869	3,232
Variable compensation in the fiscal year	–	–	3,844	3,844	–	–	3,976	3,976
Bonus	–	–	3,182	3,182	–	–	3,976	3,976
Others	–	–	662	662	–	–	–	–
Benefits arising from ceasing to exercise the office	–	–	531	531	–	–	976	976
Share-based compensation	–	–	–	–	–	–	–	–
TOTAL SUM OF COMPENSATION PER BODY	**1,655**	**654**	**13,526**	**15,835**	**1,514**	**665**	**14,166**	**16,345**

(a) number of members found through the period's weighted average.
(b) includes Social Security and Severance Payment Fund (FGTS).

Schedule II - ANEEL Light SESA Indicators

Electricity Purchases

	2011	*2012*	*2013*
Electricity purchased (GWh) - Total	28,716	28,856	28,174
1) Itaipu	5,411	5,378	5,310
2) Initial contracts	0	0	0
3) Bilaterial contracts	6,351	6,368	6,351
3.1) Third parties	6,351	6,368	6,351
3.2) Related parties	0	0	0
4) Auction	269	96	0
5) PROINFA	529	546	523
6) CCEAR	14,451	14,599	7312
7) Mechanism for Trading Surpluses and Deficits – MCSD	1,706	1,869	384
8) Angra (Eletronuclear)	0	0	892
9) Quotas	0	0	7,402

Market

Total electricity sold (MWh)	*2011*	*2012*	*2013*
Categories / Total	**22,932,239**	**23,384,355**	**23,980,039**
Residential	8,418,237	8,149,033	8,311,573
Industrial	3,944,123	3,924,587	3,931,471
Commercial	6,967,367	7,598,800	7,939,408
Rural	52,770	52,766	57,118
Public Authorities	1,495,215	1,579,805	1,594,701
Public Lighting	675,326	682,987	687,810
Public Service	1,294,155	1,310,171	1,350,881
Internal Use	85,047	86,206	107,078
Supply			

Electricity sold to captive customers (MWh)	*2011*	*2012*	*2013*
Categories / Total	**19,876,701**	**20,054,045**	**20,391,007**
Residential	8,418,237	8,149,033	8,311,573
Industrial	1,730,987	1,528,274	1,395,384
Commercial	6,310,297	6,855,865	7,086,247
Rural	52,770	52,766	57,118
Public Authorities	1,495,215	1,579,805	1,594,701
Public Lighting	675,326	682,987	687,810
Public Service	1,108,823	1,119,109	1,151,096
Internal Use	85,047	86,206	107,078
Supply			
Free electricity sales (MWh) (*)			
Categories / Total	**3,055,538**	**3,330,310**	**3,589,032**
Residential			
Industrial	2,213,136	2,396,313	2,536,087
Commercial	657,070	742,935	853,161
Rural			
Public Authorities Public			
Lighting			
Public Service	185,332	191,062	199,784
Internal Use			
Supply			
(*) excludes CSN, CSA and Valesul			
% Share of electricity categories sold total			
Categories / Total (*)	**100.0%**	**100.0%**	**100.0%**
Residential	36.7%	34.8%	34.7%
Residential Low Income	1.9%	0.9%	1.1%
Industrial	17.2%	16.8%	16.4%
Commercial	30.4%	32.5%	33.1%
Rural	0.2%	0.2%	0.2%
Public Authorities	6.5%	6.8%	6.7%
Public Lighting	2.9%	2.9%	2.9%
Public Service	5.6%	5.6%	5.6%
Internal Use	0.4%	0.4%	0.4%
Supply			

(*) Total without Low Income

Number of accounts billed (*) in December for each year – captive consumers [EU3]	*2011*	*2012*	*2013*
Categories / Total	**4,128,295**	**4,030,124**	**4,118,120**
Residential	3,814,841	3,683,953	3,768,989
Industrial	10,992	10,277	8,093
Commercial	277,671	310,417	315,460
Rural	11,361	11,448	11,508
Public Authorities	10,765	11,420	11,397
Public Lighting	743	730	753
Public Service	1,528	1,442	1,455
Internal Use	394	437	465
Supply	0	0	0

(*) includes accounts in use and not in use

Number of free consumers (*) **[EU3]**			
Categories / total	125	160	178
Industrial (**)	23	35	38
Commercial	99	122	137
Public Service	3	3	3

(*) number of facilities per customer
(**) excludes CSN, CSA and Valesul

Technical data			
Number of locations serviced (municipalities)	31	31	31
Sale of electricity per installed capacity (GWh/MVA* No hours/yearly)	2.45	2.38	2.32
Electricity sold per employee (MWh)	6.344	6.322	5.973
Number of consumers per employee	1.062	1.019	1.026
Value added [21] / GWh Sold	184.19	204.49	205.69

[21] *Obtained from the Statement of Value Added – DVA.*

Economic and Financial

Statement of Value Added	*2013*	*2012*
Revenues	**9,792,744**	**10,373,227**
Sales of goods and services	9,130,344	9,986,507
Revenue relating to construction of company assets	820,284	669,322
Creation/reversal of allowance for doubtful accounts	(157,884)	(282,602)
Consumables acquired from third parties	**(4,868,250)**	**(5,178,297)**
Costs products, goods and services sold	(3,735,893)	(4,394,013)
Material, electricity, outsourced services and other	(1,132,357)	(784,284)
Gross added value	**4,924,494**	**5,194,930**
Retentions	**(335,234)**	**(293,276)**
Depreciation and amortization	(335,234)	(293,276)
Net added value produced	**4,589,260**	**4,901,654**
Transferred added value	**343,180**	**194,506**
Financial income	343,180	194,506
Total value added payable	**4,932,440**	**5,096,160**
Distribution of added value	**4,932,440**	**5,096,160**
Personnel	**305,999**	**275,275**
Direct compensation	229,087	204,930
Benefits	49,491	44,438
FGTS	20,509	16,722
Others	6,912	9,185
Taxes, levies and contributions	**3,461,353**	**3,839,950**
Federal	1,258,532	1,508,718
State	2,194,992	2,324,238
Municipal	7,829	6,994
Interest expenses	**778,697**	**691,940**
Interest	725,132	633,782
Rentals	53,565	58,158
Interest earnings	**386,391**	**288,995**
Dividends and Interest on Equity Capital	367,071	171,893
Retained earnings	19,320	117,102

Consumers

Excellence in assistance	*2011*	*2012*	*2013*
Call Centers			
Calls received (unit)	5,452,235	5,864,346	5,320,987
Average number of assistants (unit)	420	97	105
INS - Service Level Rate (%)	57.47	77.21	79.51
IAB Abandonment Rate (%)	1.37	1.51	2.45
ICO - Busy Call Rate (%)	1.74	1.49	3.98
TMA - Average Assistance Time (%)	323	314	273
Indemnity due to Electrical Damages			
Volume of Requests (unit)	2,428	2,714	5,919
Justified (unit)	1,242	1,218	2,360
Complaint Rates (Excluding complaints due interruptions in supply, changing tension and electricity damages, which in accordance with REN 404/2010 should not be considered for the purpose of DER and FER, as they have rules and terms defined in specific regulations)			
Justified Complaints (unit)	114,906	94,390	97,695
Equivalent Duration of Complaint (DER) (hours) (*)	259.61	211.06	458.24
Equivalent Frequency of Complaint per 1000 Consumer Units (FER) (*)	31.07	26.48	26.71
Violation of commercial services terms (In compliance with effectiveness of this specific regulatory order – REN 414/2010 –, start of forwarding data to ANEEL was in September 2011)			
Calls assisted (unit)	180,946	697,870	732,973
Number of assistances beyond the time limit (unit)	3,984	10,362	23,458
Efficiency in assistance (%)	97.8	98.5	96.8
Number of consumer complaints forwarded			
To ANEEL, state or regional agencies	7,335	13,035	15,055
To the Company (excluding complaints on electricity interruptions, electrical damages and supply tension	259,059	268,096	222,845
To Courts of Law	30,663	28,787	33,991
To PROCON	3,548	2,015	2,237

(*) Established in Normative Resolution 414/2010

Internal Public

General Information	*2011*	*2012*	*2013*
Total number of employees	3,887	3,955	4,015
Turnover rate	18%	10%	10%
Average overtime per employee/year	142.32	136.08	150.92
Employees aged 30 or under (%)	31.08	31.05	29.22
Employees aged 31 to 40 (%)	29.2	29.91	32.40
Employees aged 41 to 50 (%)	21.84	21.57	20.92
Employees over 50 (%)	17.88	17.47	17.46
Percentage of women employees (%)	23.23	24.10	24.23
Women in managerial positions in relation to total managerial positions (%)	23.76	25	23.71
Black female employees (black and mixed race) - as a percentage of total employees (%)	7.64	8.34	8.72
Black male employees (black and mixed race) - as a percentage of total employees (%)	34.42	35.45	36.41
Black employees (black and mixed race) in managerial positions as a percentage of all managerial positions (%)	13.86	15.31	15.46
Percentage of trainees (%)	2.68	3.16	3.16
Employees of the apprentice recruitment program (%)	1.7	2.3	2.24
Disabled employees	164	187	188
Compensation			
Gross payroll (R$)	116,492,803	125,099,741	137,357,439.25
Mandatory social charges (R$)	49,239,255	51,955,755	56,945,181.55
Total Benefits (R$)			
Education	5,617,621	9,139,749	1,062,773.32
Meals	18,295,422	21,057,311	24,484,467.32
Commuting	2,178,465	2,878,568	3,501,966.82
Health	10,945,017	11,855,158	13,711,460.12
Date founded	7,508,707	7,988,972	7,011,892.26
Occupational safety and medicine	ND	ND	681,808.15
Culture	ND	ND	0.00
Professional training and development	ND	ND	7,506,419.25
Nursery and nursery subsidies	ND	ND	935,635.24
Others	0	4,430,899	2,740,467.77

Internal Public

Profit sharing	*2011*	*2012*	*2013*
Total investment in profit sharing program by the company (R$)	16,676,488	16,985,553	18,272,669
Sums paid out in connection with gross payroll (%)	14,32	13,58	13,30
Division of largest compensation by smallest compensation in cash paid by the company (includes profit sharing and bonuses)	53	55,8	53,28
Division of smallest compensation by the company by the minimum salary in force (includes profit sharing and bonus program)	1.32	1.29	1.31
Wage Information			
Per Category (minimum salary for current year) – R$			
Management positions (superintendents, managers and coordinators) - R$	9,964.41	10,707.98	11,550.17
Administration positions - R$	2,229.11	2,326.91	2,543.11
Production positions - R$	2,141.09	2,331.89	2,532.70
Preparation for retirement			
Number of supplementary social security program beneficiaries	3,654	3,721	3,821
Number of program beneficiaries retirement preparation program	Retirement preparation program has not been implemented		
Professional Development			
Education Levels (percentage in relation to total employees)			
Illiteracy in the workforce (%)	0	0	0
Primary education (%)	8.54	7.76	7.02
High school (%)	64.06	65.16	65.45
University (%)	21.92	21.77	22.39
Post graduation (specialization, Masters degree, PhD) (%)	4.94	4.85	4.61
Amount invested in professional development and education (%)	0.05	0.09	0.07
Number of professional development hours per employee / year (HH), per functional category			
Administration level	41.1	18.4	13.6
Management level	30.1	79.8	48.0
Operating level	115.9	56.7	81.5
Professional level	76.5	47.7	29.2
Technical level	115.9	70.4	51.7
General	78.4	53.2	44.9

Internal Public

Labour Claims (own employees)	*2011*	*2012*	*2013*
Liability provisioned over period (R$)	148,640,803	94,960,311	100,604,159
Number of labor lawsuits filed against the company over period (*)	160	172	116
Number of labor lawsuits ruled with grounds over period	420	191	291
Number of labor lawsuits ruled groundless over period	60	44	47
Total sum of indemnities and fines paid under court rulings over period	20,994,178	13,668,046	5,262,021

(*) Considering new lawsuits received over the period regarding company employees.

Health and Safety

	2011	*2012*	*2013*
The company's total TF rate (attendance rate) over the period for employees.	4.49	6.31	3.80
The company's total TG rate (gravity rate) over the period for employees.	75	174	135
The company's total TF rate (attendance rate) over the period for outsourced / contracted personnel.	5.34	3.41	2.82
The company's total TG rate (gravity rate) over the period for outsourced / contracted personnel.	1,490	1,131	40
The company's total TF rate (attendance rate) over the period for workforce (company + outsourced).	5.09	4.27	3.16
The company's total TG rate (gravity rate) over the period for workforce (company + outsourced).	1,062	850	133
Deceases – company	0	0	0
Deceases - outsourced	4	3	0

Suppliers

	2011	*2012*	*2013*
Number of outsourced employees	9,364	8,534	7,776

Community

Low income fee	*2011*	*2012*	*2013*
Number of low-income households served	60,152	123,153	164,393
Total low income homes in total homes serviced (customers / residential consumers) (%)	2	4	5
Revenues from billings to low income homes subclass (R$)	71,703,249	46,008,025	58,619,807
Total revenues from billings to low income homes subclass in total revenues from billings to homes class (%)	0,6	1,4	2,2
Subsidy received (Eletrobrás) in connection with low income consumers (R$)	19,662,013.47	9,460,610.16	25,671,599.12
Involvement by company in cultural, sporting projects, etc. (Rouanet Law)			
Value of funds intended for cultural, sporting projects, etc. (Rouanet Law) (R$ thousands)	3,464	2,119	2,241
Value of funds intended for the largest cultural, sporting projects, etc. (Rouanet Law) (R$ thousands)	1,000	1,000	500 (*)
Involvement by company in social actions			
Funds allocated to education (R$ thousand)	1,797	2,224	3,048
Funds allocated to healthcare and sanitation (R$ thousand)	17,381	1,408	264
Funds allocated to culture (R$ thousand)	4,551	4,937	6,686
Funds allocated to sports (R$ thousands)	243	554	1,333
Other funds allocated to social initiatives (R$ thousand)	342	6,196	4,424
Employees who carry out volunteer work in the company's external community / total employees (%)	Not available	Not available	Not available
Number of monthly hours donated (released from normal working hours) by the company for employee volunteer work	0	0	0

(*) OSB

The Environment

	2011	2012	2013
Protected isolated network (ecological network or green line) in the urban area (in km)	4,011	4,138	3,292
Protected isolated network percentage / total of distribution network in the urban area (%)	29	29	29
Annual volume of greenhouse gases (CO_2, Ch_4, N_2O, HFC, PFC, SF_6), emitted into the atmosphere (in tons of CO_2 equivalent)	103,128	211,236	283,895
Annual volume of emissions that destroy ozone (in tons of CFC equivalent)	Insignificant amounts	Insignificant amounts	Insignificant amounts
Annual amount (in tons) of solid residues created (refuse, debris, rubble, etc)	22,398	8,466	2,806
Total use of energy per source (in kWh)			
Fossil fuels	N/A	N/A	N/A
Alternative sources (gas, wind energy, solar energy, etc)	N/A	N/A	N/A
Hydroelectric	N/A	N/A	N/A
Total use of energy (in KWh)	33,899,088	40,205,652	107,066,582
Total use of energy per KWh distributed (sold)	0,001	0,001	0,001
Total use of direct energy broken down per source of primary energy (kWh)			
Ethanol	3,999,435	361,843	141,905
Diesel	6,503,456	10,371,817	10,978,036
Natural Gas	0	0	0
Fuel	2,897,799	7,363,215	7,014,424
Total use of water per source (m^3)			
Supply (public network)	199,172	180,321	174,105
Surface extraction (waterways)	NA	NA	NA
Underground source (well)	NA	NA	NA
Total use of water (m^3)	199,172	180,321	174,105
Use of water per employee (m^3)	51	46	43.36
Number of employees trained in environmental education programs	923	89	398
Percentage number of employees trained in environmental education programs / total employees (%)	23	2.27	9.9
Number of hours of employee environmental training / total training hours (%)	0.29	0.12	0.26

Research and Development

Per research topics (Research and Development Manual – ANEEL)	*2013*	
	Value	*(%)*
FA – Alternative Sources for Electricity Generation	2,143,248.89	20.0
GT – Thermoelectric Generation		
GB – Basin and Reservoir Management		
MA – The Environment	182,915.93	1.7
SE - Safety	21,014.60	0.2
EE – Energy Efficiency		
PL – Planning Electricity Systems	664,314.98	6.2
OP – Operating Electricity Systems	1,384,258.33	12.9
SC – Supervision, Control and Protection of Electricity Systems	2,059,748.43	19.3
QC – Quality and Reliability of Electricity Services	218,364.00	2.0
MF – Measuring, Billing and Fighting Commercial Losses	2,119,170.83	19.8
OU – Others	1,899,968.51	17.8
TOTAL	10,693,004.50	100.0

Energy Efficiency - Investments made (disburcements in the year)

Year	Project Typology	Investment (R$ thousands)		Source of Funds (R$ thousands)		
		Total	(%)	Company	Third Parties	Customers
2011	Industrial	–	0.00%	–		
	Trade and services	322,858	1.09%	322,858		
	Public Authorities	11,742,867	39.62%	11,742,867		
	Public Service	5,314,865	17.93%	5,314,865		
	Rural	–	0.00%	–		
	Residential	510,343	1.72%	510,343		
	Low-income Residential	10,863,362	36.65%	10,863,362		
	Public Lighting	–	0.00%	–		
	Municipal Energy Management	–	0.00%	–		
	Educational	778,351	2.63%	778,351		
	EE Management	109,129	0.37%	109,129		
	TOTAL	**29,641,776**	**100.0%**	**29,641,776**		
2012	Industrial	–	0.00%	–		
	Trade and services	53,756	0.14%	53,756		
	Public Authorities	7,141,120	18.61%	7,141,120		
	Public Service	1,259,859	3.28%	1,259,859		
	Rural	–	0.00%	–		
	Residential	2,059,091	5.37%	2,059,091		
	Low-income Residential	25,822,294	67.28%	25,802,079	20,215	
	Public Lighting	–	0.00%	–		
	Municipal Energy Management	–	0.00%	–		
	Educational	1,918,806	5.00%	1,918,806		
	EE Management	122,731	0.32%	122,731		
	TOTAL	**38,377,657**	**100.0%**	**38,357,442**	**20,215**	
2013	Industrial	–	0.00%	–		
	Trade and services	7,429	0.04%	7,429		
	Public Authorities	891,682	4.52%	891,682		
	Public Service	190,372	0.97%	190,372		
	Rural	–	0.00%	–		
	Residential	755,701	3.83%	755,701		
	Low-income Residential	14,337,748	72.42%	14,282,086	55,664	
	Public Lighting	–	0.00%	–		
	Municipal Energy Management	5,440	0.03%	5,440		
	Educational	3,403,313	17.26%	3,403,313		
	EE Management	184,251	0.93%	184,251		
	TOTAL	**19,775,936**	**100.0%**	**19,720,272**	**55,664**	

Results Obtained (related to projects concluded during the year) [G4-EN6]

Year	Project typology	Units serviced	Energy Saved (MWh/year)	Decline in demand at peak (kW)
2011	Industrial	0	0	0
	Trade and services	1	172.51	74.48
	Public Authorities	40	3,834.90	1,170.94
	Public Service	2	8,151.50	931.30
	Rural	0	0	0
	Residential	0	0	0
	Low-income Residential	9,879	88,154.35	17,487.82
	Public Lighting	0	0	0
	Municipal Energy Management	0	0	0
	Educational	0	0	0
	TOTAL	9,922	100,313.26	19,664.54
2012	Industrial	0	0	0
	Trade and services	0	0	0
	Public Authorities	9	11,287.50	1,679.61
	Public Service	2	4,461.09	672.10
	Rural	0	0	0
	Residential	0	0	0
	Low-income Residential	72,054	0	0
	Public Lighting	0	0	0
	Municipal Energy Management	0	0	0
	Educational	0	0	0
	TOTAL	72,065	15,748.59	2,351.71
2013	Industrial	0	0	0
	Trade and services	0	0	0
	Public Authorities	1	575.70	488.10
	Public Service	1	3,337.60	411.00
	Rural	0	0	0
	Residential	0	0	0
	Low-income Residential	103,728	7,373.49	2,634.40
	Public Lighting	0	0	0
	Municipal Energy Management	0	0	0
	Educational	0	0	0
	TOTAL	103,730	11,286.79	3,533.50

Public authority units in 2011 = 4 buildings + 36 schools
Low income units in 2013 = 10 ecopoints + 103,718 homes

Schedule III - ANEEL Light Energia Indicators

Energy Generated	*2011*	*2012*	*2013*
Total gross electricity generated (GWh)	5,386	5,195	5,287
Total net electricity generated (GWh)	4,518	4,297	4,400

Note: does not include PCH Paracambi, which belongs to LightGer and in which Light holds 51% of its capital.

Economic and Financial

Consolidated	*2013*	*2012*
Revenues	**660,442**	**499,361**
Sales of goods, products and services	630,057	461,329
Revenue relating to construction of company assets	30,385	38,032
Consumables acquired from third parties	**(84,952)**	**(92,466)**
Cost of products, goods and services sold	(34,390)	(34,819)
Materials, electricity, third-party services and others	(50,562)	(57,647)
Costs of construction of company assets		
Gross added value	**575,490**	**406,895**
Retentions	**(55,430)**	**(55,962)**
Depreciation and amortization	(55,430)	(55,962)
Net added value produced	**520,060**	**350,933**
Transferred added value	**13,214**	**27,984**
Financial income	18,798	6,972
Income from equity accounting method	(5,584)	21,012
Total value added payable	**533,274**	**378,917**
Distribution of added value	**533,274**	**378,917**
Personnel	**22,484**	**23,280**
Direct compensation	17,948	18,542
Benefits	2,358	1,848
FGTS	1,589	2,124
Others	589	766
Taxes, levies and contributions	**178,630**	**110,052**
Federal	177,893	109,387
State	27	29
Municipal	710	636

Economic and Financial

Consolidated	*2013*	*2012*
Interest expenses	**132,975**	**111,879**
Interest	108,046	88,606
Rentals	2,151	1,808
Other	22,778	21,465
Interest earnings	**199,185**	**133,706**
Interest on shareholders' equity	–	–
Dividends and interest on shareholders' equity	178,896	133,706
Retained earnings	20,289	–

Internal Public

General Information	*2011*	*2012*	*2013*
Number of own employees	216	212	219
Turnover rate	14,83%	7,67%	8,96%
Average overtime per employee/year	245	181	166,49
Employees aged 30 or under (%)	22,69	24,06	26,94
Employees aged 31 to 40 (%)	10,65	13,21	15,53
Employees aged 41 to 50 (%)	31,02	28,77	24,66
Employees over 50 (%)	35,65	33,96	32,88
Percentage of women employees (%)	10,65	11,79	12,33
Women in managerial positions in relation to total managerial positions (%)	13,33	8,33	14,29
Black female employees (black and mixed race) - as a percentage of total employees (%)	2,31	2,83	3,2
Black male employees (black and mixed race) - as a percentage of total employees (%)	18,98	19,81	21,46
Black employees (black and mixed race) in managerial positions as a percentage of all managerial positions (%)	6,67	8,33	0,00
Percentage of trainees (%)	3,24	3,77	5,48
Employees of the apprentice recruitment program (%)	1,85	1,89	0,46
Employees with disability (%)	1,39	3	7

Internal Public

Compensation	*2011*	*2012*	*2013*
Gross payroll (R$)	9,328,824	9,633,748,74	12,766,361,79
Mandatory social charges (R$)	4,191,760	4,307,358,45	5,343,48,77
Total Benefits (R$)			
Education	677,299.00	325,859.08	954.8
Meals	1,041,991.62	614,637.28	1,389,839.35
Commuting	49,035.87	66,597.39	75,984.15
Health	468,815.68	523,853.04	707,309.29
Date founded	668,683.43	662,881.69	649,067
Occupational safety and medicine	ND	ND	97,401.25
Culture	ND	ND	0.00
Professional training and development	ND	ND	345,102.21
Nursery and nursery subsidies	ND	ND	43,344.26
Others	183,106.91	215,863.17	207,259.20
Profit sharing			
Total investment in company's profit sharing program (R$)	1,483,747	1,454,543	1,507,162
Amounts distributed in relation to gross payroll (%)	15,9	15,1	11,81
Division of largest compensation by smallest compensation in cash paid by the company (includes profit sharing and bonuses)	23,5	25,3	23,54
Division of smallest compensation by the company by the minimum salary in force (includes profit sharing and bonus program)	2,95	2,51	2,53
Wage Information			
By Category (average wage in the current year) - R$			
Management positions (superintendents, managers and coordinators) - R$	12,937.66	14,674.91	15,326.92
Administration positions – R$	3,189.12	3,290.04	3,496.29
Production positions – R$	2,833.29	3,284.42	3,759.49
Preparation for retirement			
Number of recipients in the supplementary pension program	195	191	201
Number of beneficiaries of retirement preparation program	Retirement preparation program was not implemented		

Internal Public

Professional Development	*2011*	*2012*	*2013*
School background (percentage of total employees)			
Illiteracy in the workforce (%)	0	0	0
Basic schooling (%)	9.72	7.55	7.31
Middle school (%)	55.56	57.08	57.53
Higher education (%)	28.70	29.72	27.85
Post-graduate (specialization, master's PhD) (%)	6.02	5.66	6.85
Sum invested in professional development and education (%)	0.18	0.07	0.09
Number of professional development hours per employee / year (HH), per functional category			
Administration level	79.1	55.2	20.9
Management level	31.4	78.6	45
Operating level	40.2	29.5	21
Professional level	104.5	87.8	48.8
Technical level	47.3	76.2	76.8
General	61.2	65.4	57.3
Labor Claims			
Sum provisioned in liabilities (R$)	1,480,259	1,522,153	1,735,854
Number of labor lawsuits filed against the company over period	4	12	8
Number of labor lawsuits ruled with grounds over period	0	0	0
Number of labor lawsuits ruled groundless over period	0	2	0
Total sum of indemnities and fines paid under court rulings over period	583,650	382,122	204,000

Health and Safety

	2011	2012	2013
The company's total TF rate (attendance rate) over the period for employees	1.82	0	2.85
The company's total TG rate (gravity rate) over the period for employees	1.093	0	43
The company's total TF rate (attendance rate) over the period for outsourced / contracted personnel	9.53	9.5	0
The company's total TG rate (gravity rate) over the period for outsourced / contracted personnel	203	1.292	0
The company's total TF rate (attendance rate) over the period for workforce (company + outsourced)	3.56	4.64	1.02
The company's total TG rate (gravity rate) over the period for workforce (company + outsourced)	5.401	631	15
Deceases – company	1	0	0
Deceases - outsourced	0	0	0

Suppliers

	2011	2012	2013
Number of outsourced employees	157	204	398

The Environment

	2011	2012	2013
Annual volume of greenhouse gases (CO_2, Ch_4, N_2O, HFC, PFC, SF_6), emitted into the atmosphere (in tons of CO_2 equivalent)	20.679	25.976	33.769
Annual volume of emissions that destroy ozone (in tons of CFC equivalent)	Negligible values		
Annual amount (in tons) of solid residues created (refuse, debris, rubble, etc)	41,8	42,8	44,9
Amount of PCB contaminated residues	0	0	0
Total use of energy per source (in kWh)			
Fossil fuels	Not available	Not available	Not available
Alternative sources (gas, wind energy, solar energy, etc)	Not available	Not available	Not available
Hydroelectric	Not available	Not available	Not available
Total electricity consumption (in KWh)	1.883.767	2.202.348	208.041

The Environment

Total use of direct energy, broken down by electricity source			
Ethanol	71.924	100.245	21.661
Diesel	394.056	630.657	625.380
Natural Gas	0	0	0
Fuel	124.965	138.572	265.759
Total use of water per source (m^3)			
Supply (public network)	11,067.96	9,877.4	9,946.6
Surface extraction (waterways)	NA	NA	NA
Underground source (well)	NA	NA	NA
Total water consumption	11,067.96	9,877.4	9,946.6
Water consumption by employee	51.2	45.9	43.36
Electricity consumption of generating and auxiliary units (maximum consumption in kWh defined by hydroelectric plant)	804,331.8	825,229.2	810,301.8
Use of water per kWh generated (maximum use of flow - m^3/s - per KWh delivered)	7.810	7.810	7.810
Recovery of riparian vegetation (seedling units planted)	50,000	67,000	60,000
Rescue of fish in turbines (kg of fish during machine downtime)	Not available	Not available	Not available
Replenishing with fish (numbers of fry released per annum in reservoirs)	Not available	Not available	Not available
Discarding untreated sanitary effluents and leakages of lubricating and hydraulic oil from turbines (tons yearly)	Not available	Not available	Not available
Number of employees trained in environmental education programs	55	4	27
Percentage number of employees trained in environmental education programs / total employees (%)	25	1.86	12.3
Number of hours of environmental training for employees/ total hours of training	0.31	0.45	0.75

Research and Development

Per research topics (Research and Development Manual – ANEEL)	*2013*	
	Value	*(%)*
FA – Alternative Sources for Electricity Generation	1,093,500.56	46.7
GT – Thermoelectric Generation		
GB – Basin and Reservoir Management	152,880.64	6.5
MA – The Environment	864,605.03	36.9
SE - Safety		
EE – Energy Efficiency		
PL – Planning Electricity Sytems		
OP – Operating Electricity Systems	175,856.34	7.5
SC – Supervision, Control and Protection of Electricity Systems	56,160.00	2.4
QC – Quality and Reliability of Electricity Services		
MF – Measuring, Billing and Fighting Commercial Losses		
OU - Others		
TOTAL	**2,343,002.57**	**100.0**

GRI Summary

The 2013 Sustainability Report follows criteria for Guidelines GRI G4 at a (Comprehensive) level, including all the electricity activity's specific indicators applicable to the company. The GRI's Summary of Contents in the "in agreement" comprehensive option shown below reflects the GRI correlation indicators with the Global Compact Principles and with the Millennium Development Targets.

Global Compact Principles

Human Rights Principles

1. To respect and protect human rights
2. To prevent human rights violations

Employment Rights Principles

3. To support the freedom of work association
4. To abolish forced labor
5. To abolish child labor
6. To eliminate discrimination in the work environment

Environmental Protection Principles

7. To support a preventive approach in environmental challenges
8. To encourage environmental responsibility
9. To encourage technologies that do not attack the environment

Anti-corruption Principle

10. To oppose corruption in all of its forms, including extortion and bribery

General standard

General standard contents	Page	Omissions	Verification external	Global Compact Principle	Millennium Targets
Strategy and analysis					
G4-1	4	N/A	No	8, 9	7, 8
G4-2	37	N/A	No		
Organizational profile					
G4-3	9	N/A	No		
G4-4	9	N/A	No		
G4-5	Av. Marechal Floriano, 168 - Centro - Rio de Janeiro	N/A	No		
G4-6	9	N/A	No		
G4-7	9	N/A	No		
G4-8	57	N/A	No		
G4-9	9	N/A	No		
G4-10	117, 142	N/A	No		
G4-11	43	N/A	No	3	
G4-12	113	N/A	No		
G4-13	20	N/A	No		
G4-14	39	N/A	No		
G4-15	12	N/A	No	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1, 2, 3, 4, 5, 6, 7, 8
G4-16	118	N/A	No		
EU1	107		No		
EU2	141		No		
EU3	152		No		
EU4	35		No		
EU5	94		No	7, 8, 9	7
Identified material aspects and limits					
G4-17	13	N/A	No		
G4-18	13 a 16	N/A	No		
G4-19	15	N/A	No		
G4-20	18	N/A	No		
G4-21	18	N/A	No		
G4-22	8, 10	N/A	No		
G4-23	13	N/A	No		
Commitment with stakeholders					
G4-24	17	N/A	No		
G4-25	14	N/A	No		
G4-26	14, 16	N/A	No		

General standard

General standard contents	Page	Omissions	Verification external	Global Compact Principle	Millennium Targets
G4-27	15, 18	N/A	No		
Report Profile					
G4-28	13	N/A	No		
G4-29	12	N/A	No		
G4-30	12	N/A	No		
G4-31	19	N/A	No		
G4-32	171	N/A	No		
G4-33	12, 19	N/A	No		
Governance					
G4-34	22	N/A	No		
G4-35	25		No		
G4-36	25		No		
G4-37	25		No		
G4-38	23		No		
G4-39	23		No		
G4-40	20, 23, 27		No		
G4-41	26		No	10	
G4-42	34, 46		No		
G4-43	24		No		
G4-44	26		No		
G4-45	24		No		
G4-46	24		No		
G4-47	24		No		
G4-48	14		No		
G4-49	25		No		
G4-50	25		No		
G4-51	32		No		
G4-52	33		No		
G4-53	33		No		
G4-54	33		No		
G4-55	33		No		
Ethics and integrity					
G4-56	31, 34	N/A	No	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	7
G4-57	31		No	10	
G4-58	31		No	10	

Specific standard contents

Category	Material aspects	Information on form of management and indicators	Omissions	Verification external	Global Compact Principle	Millennium Targets
	Material aspect: economic performance					
	G4-DMA	122 a 139		No	1, 7, 8, 9	2, 7, 8
	G4-EC1	140		No		
	G4-EC2	99		No	7, 8, 9	7
	G4-EC3	33		No	1	
	G4-EC4	59		No		
	Material aspect: market presence					
	G4-DMA	29		No		
	G4-EC5	144		No	1	
	G4-EC6	29		No		
	Material aspect: indirect economic impacts					
	G4-DMA	71 a 74, 81 a 83		No		
	G4-EC7	73, 81		No		2, 8
	G4-EC8	71, 73		No		
	Material aspect: procurement practices					
	G4-DMA	112 a 118		No		
Economic environment	G4-EC9	113		No		
	Material aspect: availability and reliability					
	G4-DMA	59, 81 a 83		No		
	EU6	81		No		8
	EU10	59		No		
	Material aspect: demand-side management					
	G4-DMA	95 a 101		No		
	EU7	95, 96		No		7
	Material aspect: research and development					
	G4-DMA	101 a 107		No		
	EU8	101		No		7, 8
	Material aspect: decommissioning plants					
	G4-DMA	11		No		
	EU9	11		No		
	Material aspect: system efficiency					
	G4-DMA	75 a 81		No		
	EU11	11		No		7
	EU12	80		No		

Specific standard contents

Category	Material aspects	Information on form of management and indicators	Omissions	Verification external	Global Compact Principle	Millennium Targets
	Material aspect: materials					
	G4-DMA	95		No		
	G4-EN1	95		No		
	G4-EN2	95		No		
	Material aspect: energy					
	G4-DMA	85 a 86, 92, 95 a 101		No		
	G4-EN3	92		No		
	G4-EN4	92		No		
	G4-EN5	92		No		
	G4-EN6	95, 96, 162		No	7, 8, 9	7
	G4-EN7	99		No	8, 9	
	Material aspect: water					
	G4-DMA	91		No		
	G4-EN8	91, 141		No	8	
	G4-EN9	141		No	8	
	G4-EN10	91		No	8	
	Material aspect: biodiversity					
Environmental	G4-DMA	89 a 90		No	9	
	G4-EN11	90		No	8	
	G4-EN12	89		No	8	
	G4-EN13	89		No		
	G4-EN14	Light has no studies or surveys on this specific group of species. There is no estimate for a specific study in the next few years		No		
	EU13	85		No	7, 8, 9	7
	Material aspect: emissions					
	G4-DMA	92 a 94		No		
	G4-EN15	93		No	8, 9	7
	G4-EN16	93		No	8, 9	7
	G4-EN17	93		No	8, 9	7
	G4-EN18	93		No	8, 9	7
	G4-EN19	92		No	7, 8, 9	7
	G4-EN20	94		No	8	
	G4-EN21	94		No	8	

Specific standard contents

Category	Material aspects	Information on form of management and indicators	Omissions	Verification external	Global Compact Principle	Millennium Targets
	Material aspect: effluents and residues					
	G4-DMA	91, 94 a 95		No	8	
	G4-EN22	91		No	8	
	G4-EN23	94		No	8	
	G4-EN24	91		No	8	
	G4-EN25	95		No	8	
	G4-EN26	91		No	8	
	Material aspect: goods and services					
	G4-DMA	87		No		
	G4-EN27	87		No	7, 8, 9	
	G4-EN28	0%, electricity generation, distribution and trading activities do not employ packaging		No	8, 9	
	Material aspect: conformity					
Environmental	G4-DMA	88		No		
	G4-EN29	88		No	8	
	Material aspect: transportation					
	G4-DMA	94		No		
	G4-EN30	94		No		
	Material aspect: general					
	G4-DMA	88		No		
	G4-EN31	88		No	7, 8, 9	7
	Material aspect: supplier environmental assessment					
	G4-DMA	93, 113 a 115		No		
	G4-EN32	114		No		
	G4-EN33	93		No		
	Material aspect: claims and complaints mechanisms in connection with environmental impacts					
	G4-DMA	88		No		
	G4-EN34	88		No		

Specific standard contents

Category	Material aspects	Information on form of management and indicators	Omissions	Verification external	Global Compact Principle	Millennium Targets
	Material aspect: employment					
	G4-DMA	42 a 44		No		
	G4-LA1	143		No	6	
	G4-LA2	43		No		
	G4-LA3	42, 144		No		5
	EU14	44, 46		No		8
	EU15	147, 148		No		
	EU16	52		No		
	EU17	118		No		
	EU18	46, 52		No	1, 2	
	Material aspect: labor relations					
	G4-DMA	43		No		
	G4-LA4	43		No	3	
	Material aspect: health and safety at work					
	G4-DMA	50 a 53		No		
	G4-LA5	52		No	3	
	G4-LA6	50, 51, 145		No	1	
Social / Labor practices and decent work	G4-LA7	52		No	1	4, 5, 6
	G4-LA8	52		No		
	Material aspect: training and education					
	G4-DMA	46 a 49		No		
	G4-LA9	48		No		
	G4-LA10	48		No		
	G4-LA11	45		No		
	Material aspect: diversity and equal opportunities					
	G4-DMA	42 a 43		No		
	G4-LA12	146		No	6	3
	Material aspect: equal compensation among men and women					
	G4-DMA	42 a 43		No		
	G4-LA13	42, 144		No	6	3
	Material aspect: assessment of suppliers in labor practices					
	G4-DMA	113 a 116		No		
	G4-LA14	114		No		
	G4-LA15	115		No		
	Material aspect: claims and complaints mechanisms in connection with labor practices					
	G4-DMA	44		No		
	G4-LA16	44		No		

Specific standard contents

Category	Material aspects	Information on form of management and indicators	Omissions	Verification external	Global Compact Principle	Millennium Targets
Social / Human Rights	*Material aspect: investments*					
	G4-DMA	116		No		
	G4-HR1	116		No		
	G4-HR2	32		No		
	Material aspect: non-discrimination					
	G4-DMA	42 a 43		No		
	G4-HR3	31		No	1, 2, 6	
	Material aspect: freedom of association and collective bargaining					
	G4-DMA	43		No		
	G4-HR4	43		No	3	
	Material aspect: child labor					
	G4-DMA	113 a 116		No		
	G4-HR5	115		No	1, 2, 5	8
	Material aspect: forced labor analogous to slave labor					
	G4-DMA	113 a 116		No		
	G4-HR6	115		No	1, 2, 4	8
	Material aspect: safety practices					
	G4-DMA	50 a 53, 118		No		
	G4-HR7	118		No	1, 2	
	Material aspect: Indians' rights					
	G4-DMA	72		No		
	G4-HR8	72		No		
	Material aspect: assessment					
	G4-DMA	113 a 116		No		
	G4-HR9	116		No		
	Material aspect: assessment of suppliers for human rights					
	G4-DMA	113 a 116		No		
	G4-HR10	114		No	1, 2, 4, 5	8
	G4-HR11	115		No		
	Material aspect: claims and complaints mechanisms in connection with human rights					
	G4-DMA	31 a 32		No		
	G4-HR12	32		No		

Specific standard contents

Category	Material aspects	Information on form of management and indicators	Omissions	Verification external	Global Compact Principle	Millennium Targets
	Material aspect: local communities					
	G4-DMA	71 a 74, 85		No		
	G4-SO1	71, 73		No	8	1, 2, 8
	G4-SO2	85		No		
	EU19	34		No		
	EU20	85		No	1, 2	
	EU22	85		No	1, 2	
	Material aspect: opposing corruption					
	G4-DMA	31 a 32		No		
	G4-SO3	32		No	10	
	G4-SO4	32		No	10	
	G4-SO5	31		No		
	Material aspect: public policies					
	G4-DMA	111 a 112		No		
	G4-SO6	Law no. 9096 09/19/95, restricts financing of political campaigns		No		
Social / Society	*Material aspect: unfair competition*					
	G4-DMA	70		No		
	G4-SO7	70		No		
	Material aspect: conformity					
	G4-DMA	69 a 70, 83		No		
	G4-SO8	69, 83		No		
	Material aspect: assessment of suppliers on impacts to society					
	G4-DMA	113 a 116		No		
	G4-SO9	114		No		
	G4-SO10	115		No		
	Material aspect: claims and complaints mechanisms in connection with impacts to society					
	G4-DMA	69 a 70, 72		No		
	G4-SO11	70, 72		No		
	Material aspect: prevention and preparation for emergencies and disasters					
	G4-DMA	38		No		
	EU21	38		No		

Specific standard contents

Category	Material aspects	Information on form of management and indicators	Omissions	Verification external	Global Compact Principle	Millennium Targets
Social / Responsibility for goods	*Material aspect: customer health and safety*					
	G4-DMA	51, 65, 87		No		
	G4-PR1	51, 87		No		
	G4-PR2	51		No	1	
	EU25	51		No		
	Material aspect: labeling goods and services					
	G4-DMA	65, 68, 70		No		
	G4-PR3	65		No		
	G4-PR4	70		No		
	G4-PR5	68		No		
	Material aspect: marketing communications					
	G4-DMA	62, 70		No		
	G4-PR6	70		No		
	G4-PR7	70		No		
	Material aspect: privacy					
	G4-DMA	65		No		
	G4-PR8	65		No		
	Material aspect: conformity					
	G4-DMA	69 a 70, 83		No		
	G4-PR9	83		No		
	Material aspect: access					
	G4-DMA	83, 111, 139		No		
	EU23	111		No		8
	EU26	0%		No		
	EU27	139		No		
	EU28	83		No		
	EU29	83		No		
	EU30	141		No		
	Material aspect: provision of information					
	G4-DMA	65		No		
	EU24	65		No	6	

Sub-title Indicators GRI G4

GRI	*Sub-title*
G4-1	Statement by holder of office with greatest empowerment in organization on relevance of sustainability to organization and its strategy.
G4-2	Description of key aspects, risks and opportunities.
G4-3	Name of organization.
G4-4	Chief brands, goods and/or services.
G4-5	Location of organization's head office.
G4-6	Number of countries in which organization operates and name of countries in which its key operations are located, or are especially relevant for sustainability issues covered by report.
G4-7	Type and legal nature of property.
G4-8	Markets serviced.
G4-9	Size of organization.
G4-10	Workers per type of labor agreement and region.
G4-11	Percentage of workers covered by collective bargaining agreements.
G4-12	Describe organization's supply chain.
G4-13	Key changes during period covered by report with regard to size, structure or equity interests.
G4-14	Explanation on if and how organization applies the precaution principle.
G4-15	Letters, principles, or other actions developed externally from an economic, environmental, and social nature, that organization sponsors or endorses.
G4-16	Participation in domestic / international associations and/or bodies.
G4-17	Organization's operating structure, including main divisions, operating units, subsidiaries and joint ventures.
G4-18	Content defining process.
G4-19	Material aspects detected in the report's content defining process.
G4-20	Limit of material aspect within organization.
G4-21	Limit of material aspect outside organization.
G4-22	Explanation of consequences of any rearrangement of information provided in previous reports and reasons for such rearrangements.
G4-23	Material changes as compared to previous years with regard to scope, limit, or measuring methods employed in report.
G4-24	List of stakeholder groups committed with organization.
G4-25	Base for detection and selection of stakeholders with which to become committed.
G4-26	Approaches for commitment with stakeholders, including frequency of commitment per stakeholder type and group.
G4-27	Main topics and concerns raised by means of stakeholder commitment and what steps organization has adopted to deal with them.
G4-28	Period covered by report for information submitted.
G4-29	Date of previous most recent report.

Sub-title Indicators GRI G4

GRI	*Sub-title*
G4-30	Cycle of report issues.
G4-31	Contact data in case of inquiries on report or its contents.
G4-32	Table showing location of information in report.
G4-33	Current policy and practice in connection with seeking external verification for report.
G4-34	Organization's governance structure, including committees under highest governance body.
G4-35	Process employed for delegating authority on economic, environmental and social affairs by highest governance body to senior managers and other employees.
G4-36	Explain whether organization appointed one or more executive level offices and positions to be in charge of economic, environmental and social affairs and whether these persons in charge report directly to highest governance body.
G4-37	Consulting processes employed between stakeholders and highest governance body regarding economic, environmental and social affairs.
G4-38	Explain the composition of the governance body and its committees.
G4-39	Appointment in case chairman of highest governance body is also a senior manager.
G4-40	Process to determine qualifications and expertise by board members.
G4-41	Processes in force that ensure prevention of conflicts of interest.
G4-42	Roles performed by highest governance body and senior managers in the development, approval and updating of the purpose, statement of mission, vision and values, and definition of strategies, policies and targets related to organization's economic, environmental and social impacts.
G4-43	Steps taken to develop and improve expertise by highest governance body on economic, environmental and social affairs.
G4-44	Processes for performance self-assessment by highest governance body, in particular regarding economic, environmental, and social performance.
G4-45	Role performed by highest governance body in detecting and managing impacts, risks and opportunities derived from economic, environmental, and social issues.
G4-46	Role performed by highest governance body in analyzing risk management efficacy processes in organization for economic, environmental, and social affairs.
G4-47	How often does highest governance body analyze impacts, risks and opportunities derived from economic, environmental, and social issues.
G4-48	Highest level body or office that analyzes and formally approves organization's sustainability and ensures that every material aspect is covered.
G4-49	Process adopted to inform highest governance body of critical concerns.
G4-50	Nature and total number of critical concerns informed to highest governance body and mechanism(s) adopted to deal with and to solve them.
G4-51	Compensation policies applied to highest governance body and to senior managers.
G4-52	Process adopted to determine compensation.
G4-53	How stakeholders' opinions are requested and take into account in connection with the compensation issue.

Sub-title Indicators GRI G4

GRI	*Sub-title*
G4-54	Proportion between annual compensation of organization's best paid person and average annual compensation for all employees (save for best paid one).
G4-55	Proportion between percentage increase in total annual compensation of the best paid person in organization and average percentage increase of total annual compensation for all employees (save for best paid one).
G4-56	Organization's values, principles, patterns and behavior standards.
G4-57	Internal and external mechanisms adopted by organization to request guidance on ethical behavior in conformity with legislation.
G4-58	Internal and external mechanisms adopted by organization to convey concerns regarding behavior unethical or incompatible with legislation and issues related to organizational integrity.
G4-EC1	Direct economic value created and paid out.
G4-EC2	Financial implications and other risks and opportunities for organization's activities resulting from climate change.
G4-EC3	Coverage of obligations as required in organization's defined benefit pension plan.
G4-EC4	Financial assistance received from government.
G4-EC5	Change in proportion of lowest salary, broken down by gender, compared to minimum local salary in important operating units.
G4-EC6	Proportion of senior management members retained in local community for important operating units.
G4-EC7	Development and impact of investments in infrastructure and services provided.
G4-EC8	Indirect significant economic impacts, including extension of impacts.
G4-EC9	Proportion of expenditures with local suppliers in important operating units.
G4-EN1	Materials used, broken down by weight or volume.
G4-EN2	Percentage of materials used obtained from recycling.
G4-EN3	Use of electricity within organization.
G4-EN4	Use of electricity outside organization.
G4-EN5	Energy intensity.
G4-EN6	Reduction in use of electricity.
G4-EN7	Reductions in electricity requisites related to goods and services.
G4-EN8	Total water extracted per source.
G4-EN9	Water sources significantly affected by water extraction.
G4-EN10	Percentage and total volume of water recycled and reused.
G4-EN11	Company operating units, those leased or managed inside or in the neighborhood of protected areas and areas with a high rate of biodiversity located outside of protected areas.
G4-EN12	Description of significant impacts by activities, goods and services on biodiversity in protected areas and high-value areas for biodiversity, located outside protected areas.
G4-EN13	Protected or restored habitats.

Sub-title Indicators GRI G4

GRI	*Sub-title*
G4-EN14	Total number of species included in the IUCN red list and in domestic conservation lists with habitats located in areas affected by organization's operations, broken down by extinction risk level.
G4-EN15	Direct greenhouse gas emissions (ghg) (scope 1).
G4-EN16	Indirect greenhouse gas emissions (ghg) arising from acquisition of electricity (scope 2).
G4-EN17	Other indirect greenhouse gas emissions (ghg) (scope 3).
G4-EN18	Intensity of greenhouse gas emissions (ghg).
G4-EN19	Reduction of greenhouse gas emissions (ghg).
G4-EN20	Emissions of substances that degrade the ozone layer (ods).
G4-EN21	Emissions of nox, spx and other significant atmospheric emissions.
G4-EN22	Total water disposal, by quality and destination.
G4-EN23	Total weight of residues, per type and disposal method.
G4-EN24	Total number and volume of significant leakages.
G4-EN25	Weight of residues transported, imported, exported or treated considered hazardous pursuant to the Basel Convention, schedules I, II, III and VIII, and percentage of residues transported internationally.
G4-EN26	Description, size, protection status and biodiversity value of water bodies and habitats listed, significantly affected by water disposal and drainage carried out by organization.
G4-EN27	Extension of environmental impact mitigation of goods and services.
G4-EN28	Percentage of goods and their packaging recovered in relation to total goods sold, broken down by product category.
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions applied as a result of non-conformity with environmental laws and regulations.
G4-EN30	Significant environmental impacts arising from transporting products and other goods and materials employed in organization's operations, as well as transporting its workers.
G4-EN31	Total investments and expenditures with environmental protection, per type.
G4-EN32	Percentage of new suppliers selected based on environmental criteria.
G4-EN33	Significant real and potential negative environmental impacts on the supply chain and steps taken in this regard.
G4-EN34	Number of claims and complaints regarding environmental impacts recorded, processed and solved by means of a formal claims and complaints mechanism.
G4-LA1	Total number and rates of new employee hirings and employee turnover per age group, gender and region.
G4-LA2	Benefits granted to fulltime employees that are not provided to temporary or part-time employees, broken down by organization's important operating units.
G4-LA3	Rates of return to work and retention after maternity / paternity leave, broken down by gender.
G4-LA4	Minimum term of notice on operating changes and whether they are specified in accordance with collective bargaining.
G4-LA5	Percentage of labor force represented in formal health and safety committees, composed employees with different hierarchy levels that assist in monitoring and guiding occupational health and safety programs.

Sub-title Indicators GRI G4

GRI	*Sub-title*
G4-LA6	Types and rates of injuries, occupational illnesses, days lost, absenteeism and number of work-related deceases, broken down by region and gender.
G4-LA7	Employees with a high incidence or high risk of illnesses related to their occupation.
G4-LA8	Topics regarding health and safety covered by formal union agreements.
G4-LA9	Average number of hours of training per year per employee, broken down by gender and category.
G4-LA10	Management programs for competencies and ongoing learning that contribute to continuation of employability of employees in retirement preparation.
G4-LA11	Percentage of employees who regularly receive performance and career development analyses, broken down by gender and functional category.
G4-LA12	Composition of groups in charge of corporate governance and rating of employees per category, according to gender, age group, minorities and other diversity indicators.
G4-LA13	Mathematical ratio between salary and compensation between men and women, broken down by functional category and relevant operating units.
G4-LA14	Percentage of new suppliers selected based on criteria regarding labor practices.
G4-LA15	Significant real and potential negative impacts for labor practices on the supply chain and steps taken in this regard.
G4-LA16	Number of claims and complaints regarding labor practices recorded, processed and solved by means of a formal claims and complaints mechanism.
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that were submitted to assessment with regard to human rights.
G4-HR2	Total number of employee training in human rights policies or procedures related to relevant human rights aspects for organization's operations, including percentage of employees trained.
G4-HR3	Total number of discrimination cases and corrective measures adopted.
G4-HR4	Transactions and suppliers detected whereby right to exercise freedom of association and collective bargaining may be under violation or there is significant risk, and measures taken to uphold this right.
G4-HR5	Transactions and suppliers detected as a risk for incidence of cases of child labor, and measures taken to contribute to effective eradication of child labor.
G4-HR6	Transactions and suppliers detected as a significant risk for incidence of forced labor or analogous to slave labor, and steps taken to contribute to elimination of all forms of forced labor or analogous to slave labor.
G4-HR7	Percentage of safety personnel who were given training in organization's polices or procedures with regard to human rights that are relevant to operations.
G4-HR8	Total number of cases of violations of rights of Indian and traditional peoples, and steps taken in this regard.
G4-HR9	Total number and percentage of transactions submitted to human right analyses or assessments on impacts related to human rights.
G4-HR10	Percentage of new suppliers selected based on criteria regarding human rights.
G4-HR11	Significant real and potential negative impacts on human rights in the supply chain and steps taken in this regard.
G4-HR12	Number of claims and complaints regarding impacts on human rights recorded, processed and solved by means of a formal claims and complaints mechanism.

Sub-title Indicators GRI G4

GRI	*Sub-title*
G4-SO1	Percentage of operations with programs implemented for commitment with the local community, assessment of impacts and local development.
G4-SO2	Operations with real and potential significant negative impacts on local communities.
G4-SO3	Total number and percentage of operations submitted to risk assessments related to corruption and significant risks detected.
G4-SO4	Communication and training on anti-corruption policies and procedures.
G4-SO5	Confirmed cases of corruption and measures adopted.
G4-SO6	Total sum of contributions to political parties and politicians, broken down by country and addressee/beneficiary.
G4-SO7	Total number of lawsuits for unfair competition, trust and monopoly practices, and their outcome.
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions applied as a result of non-conformity with laws and regulations.
G4-SO9	Percentage of new suppliers selected based on criteria regarding impacts on society.
G4-SO10	Significant real and potential negative impacts by the supply chain on society and steps taken in this regard.
G4-SO11	Number of claims and complaints regarding impacts on society recorded, processed and solved by means of a formal claims and complaints mechanism.
G4-PR1	Percentage of categories of significant goods and services for which impacts on health and safety are assessed, in search of improvements.
G4-PR2	Total number of cases of non-conformity with regulations and voluntary codes related to impacts caused by goods and services on health and safety during their life cycle, broken down by type of outcome.
G4-PR3	Type of information on goods and services required by organization's procedures in connection with information and labeling of goods and services and percentage of significant categories subject to these requirements.
G4-PR4	Total number of cases of non-conformity with regulations and voluntary codes related to information and labeling of goods and services, broken down by type of outcome.
G4-PR5	Results of customer satisfaction surveys.
G4-PR6	Sale of restricted or contested goods.
G4-PR7	Total number of cases of non-conformity with regulations and voluntary codes related to marketing actions, including publicity, promotion and sponsorship, broken down by type of outcome.
G4-PR8	Total number of evidenced claims regarding violation of privacy and loss of customer data.
G4-PR9	Monetary value of significant fines owing to non-conformity with laws and regulations regarding provision and use of goods and services.
EU1	Installed capacity, broken down by source of primary electricity and regulatory system.
EU2	Net production of electricity, broken down by source of primary electricity and regulatory system.
EU3	Number of residential, industrial, institutional and commercial consumer units.
EU4	Length of overhead and underground transmission and distribution lines, broken down by regulatory system.
EU5	Allocation of allowances for equivalent CO_2 emissions, broken down by market structure and carbon credits.

Sub-title Indicators GRI G4

GRI	*Sub-title*
EU6	Form of management to ensure availability and reliability of short-term and long-term electriity supply.
EU7	Demand-side management programs, including residential, commercial, institutional and industrial programs.
EU8	Activities and expenses in connection with research and development, viewing reliability in electricity supply and promotion of sustainable development.
EU9	Provision for decommissioning nuclear plants.
EU10	Planned capacity as compared to projection of long-term electricity demand, broken down by source of electricity and regulatory system.
EU11	Average generating efficiency by thermoelectic plants, broken down by source of electricity and regulatory system.
EU12	Percentage transmission and distribution loss over total electricity.
EU13	Biodiversity of replacement habitats as compared to biodiversity of affected areas.
EU14	Programs and processes that ensure availability of qualified labor.
EU15	Percentage of employees entitled to retire in next 5 to 10 years, broken down by functional category and region.
EU16	Policies and requirements regarding health and safety of employees, outsourced workers and sub-contractors.
EU17	Days worked by outsourced workers and sub-contractors involved in construction, operating and maintenance activities.
EU18	Percentage of outsourced workers and sub-contractors submitted to relevant health and safety training.
EU19	Participation by stakeholders in decision-making processes regarding electricity planning for infrastructure development.
EU20	Approach for managing displacement impacts.
EU21	Contingency planning measures, management plan and disaster / emergency training, in addition to recovery / restoring plans.
EU22	Number of physically and economically displaced persons, broken down by type of project.
EU23	Programs, including those in partnership with government, with a view to improving or maintaining access to electricity and consumer assistance service.
EU24	Practices to deal with barriers with regard to languages, culture, deficient schooling and special needs that are required for access to electricity and consumer assistance services, as well as its safe use.
EU25	Number of service user accidents and deceases involving company property, among which court rulings and agreements, in addition to outstanding lawsuits with regard to illnesses.
EU26	Percentage of unassisted population in areas with regulated distribution or service.
EU27	Number of disconnections owing to non-payment, broken down by duration of disconnection regulatory system.
EU28	How often interruption in electricity supply.
EU29	How often average interruption in electricity supply.
EU30	Average plant availability plant, broken down by source of electricity and regulatory system.

IBASE Social Balance Sheet

Annual Social Balance Sheet / 2013 – Consolidated

1 - Calculation Base	*2013 Amount (R$ thousands)*	*2012 Amount (R$ thousands)*
Net revenues (RL)	7,422,256	7,182,360
Operating profit (RO)	1,311,347	1,067,926
Gross payroll (FPB)	298,918	204,955

2 - Internal social Indicators	*Amount (R$ thousands)*	*% of FPB*	*% of RL*	*Amount (R$ thousand)*	*% of FPB*	*% of RL*
Meals	25,756	9%	0%	21,866	11%	0%
Mandatory social charges	60,796	20%	1%	51,678	25%	1%
Private pensions	7,380	2%	0%	8,083	4%	0%
Health	13,191	4%	0%	11,492	6%	0%
Occupational Safety and Health	1,192	0%	0%	798	0%	0%
Education	1,064	0%	0%	975	0%	0%
Culture	0	0%	0%	0	0%	0%
Training and Professional Development	7,506	3%	0%	9,511	5%	0%
Nurseries and Nursery Subsidies	971	0%	0%	823	0%	0%
Profit Sharing	28,577	10%	0%	18,621	9%	0%
Others	5,264	2%	0%	5,831	3%	0%
Total – Internal Social Indicators	**151,698**	**51%**	**2%**	**129,677**	**63%**	**2%**

3 - External Social Indicators	*Amount (R$ thousands)*	*% of RO*	*% of RL*	*Amount (R$ thousand)*	*% of RO*	*% of RL*
Education	6,683	1%	0%	5,936	1%	0%
Culture	7,055	1%	0%	5,315	0%	0%
Health and Sanitation	264	0%	0%	1,408	0%	0%
Sports	1,333	0%	0%	554	0%	0%
Fighting hunger and meal security	0	0%	0%	0	0%	0%
Others	28,927	2%	0%	59,394	6%	1%
Total contributions to society	**44,262**	**3%**	**1%**	**72,607**	**7%**	**1%**
Taxes (less social charges)	3,059,907	233%	41%	2,911,852	273%	41%
Total – External Social Indicators	**3,104,169**	**237%**	**42%**	**2,984,459**	**279%**	**42%**

Annual Social Balance Sheet / 2013 – Consolidated

4 - Environmental Indicators	*Amount (R$ thousands)*	*% of RO*	*% of RL*	*Amount (R$ thousands)*	*% of RO*	*% of RL*
Investments related to production / operation of company	38,872	3%	1%	41,927	4%	1%
Investments in programs and/or external projects	0	0%	0%	0	0%	0%
Total investments in the environment	**38,872**	**3%**	**1%**	**41,927**	**4%**	**1%**
Regarding the definition of "annual goals" to minimize residues, use in general in production / operation and increased effectiveness in use of natural resources, the company.	( ) has no goals ( ) complies with 0 to 50% ( ) complies with 51 to 75% (X) complies with 76 to 100%			( ) has no goals ( ) complies with 0 to 50% ( ) complies with 51 to 75% (X) complies with 76 to 100%		

5 - Workforce Indicators	*2013*	*2012*
Number of employees at period-end	4,293	4,223
Number of admissions in the period	457	470
Number of outsourced employees	8,191	8,786
Number of trainees	139	135
Number of employees over 45	1,210	1,204
Number of women working at the company	1,021	1,000
% management positions held by women	23.40%	24.31%
Number of black people working at the company	1,874	1,786
% management positions held by black people	18.30%	19.27%
No of people with handicaps or special needs	195	190

6 - Material information regarding corporate citizenship	*2013*	*2014 Targets*
Ratio between the lowest and highest earners at the company	0.4137	Not available
Total number of occupational accidents	32	0
Social and environmental projects management developed by the company were defined by:	( ) directors (X) directors and managers ( ) all employees	( ) directors (X) directors and managers ( ) all employees
The occupational health and safety standards were defined by:	( ) directors and managers ( ) all employees (X) everybody + Cipa	( ) directors and managers ( ) all employees (X) everybody + Cipa
With regard to union freedom, the right to collective bargaining and internal representation of worker(s), the company:	( ) does not get involved (X) follows ILO standards ( ) encourages and follows ILO	( ) will not be involved (X) will follow ILO Standards ( ) will encourage and follow ILO
Private pension plans include:	( ) directors ( ) directors and managers (X) every employee	( ) directors ( ) directors and managers (X) every employee

Annual Social Balance Sheet / 2013 – Consolidated

Profit sharing covers:	( ) directors ( ) directors and managers (X) every employee	( ) directors ( ) directors and managers (X) every employee
When selecting suppliers the same ethical, social responsibility and environmental standards adopted by the company:	( ) are not considered ( ) are suggested (X) are required	( ) are not considered ( ) are suggested (X) are required
With regard to employee participation in voluntary work programs, the company:	( ) does not get involved ( ) supports (X) organizes and encourages	( ) will not get involved ( ) will support (X) will organize and encourage
Total number of complaints and consumer criticism:	in the company..28,957 at Procon................2,237 in Court................33,991	in the company...Reduce 10% at Procon..............Reduce 10% in Court.................Reduce 10%
% complaints and criticism handled or resolved:	in the company....85% at Procon...............85% in Court.................40%	in the company...........100% at Procon......................100% in Court.........................100%
Total added value payable (in R$ thousands):	**In 2013: 5,296,979**	**In 2012: 5,876,933**
Value-added payout (DVA):	65,60% government 6,47% staff members 8,92% shareholders 16,84% third parties 2,17% retained	74,56% government 5,18% staff members 4,37% shareholders 13,05% third parties 2,85% retained

7 - Other Information

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Annual Social Balance Sheet / 2013 – LIGHT SESA

1 - Calculation Base	*2013 Amount (R$ thousands)*	*2012 Amount (R$ thousands)*
Net revenues (RL)	6,716,762	6,614,402
Operating profit (RO)	902,426	808,114
Gross payroll (FPB)	269,030	234,794

2 - Internal social Indicators	*Amount (R$ thousands)*	*% of FPB*	*% of RL*	*Amount (R$ thousand)*	*% of FPB*	*% of RL*
Meals	24,123	9%	0%	20,951	9%	0%
Mandatory social charges	55,260	21%	1%	46,756	20%	1%
Private pensions	6,633	2%	0%	7,235	3%	0%
Health	12,493	5%	0%	10,893	5%	0%
Occupational Safety and Health	1,164	0%	0%	798	0%	0%
Education	1,059	0%	0%	756	0%	0%
Culture	0	0%	0%	0	0%	0%
Training and Professional Development	6,912	3%	0%	9,185	4%	0%
Nurseries and Nursery Subsidies	929	0%	0%	795	0%	0%
Profit Sharing	25,856	10%	0%	16,505	7%	0%
Others	5,119	2%	0%	4,823	2%	0%
Total – Internal Social Indicators	**139,548**	**52%**	**2%**	**118,696**	**51%**	**2%**

3 - External Social Indicators	*Amount (R$ thousands)*	*% of RO*	*% of RL*	*Amount (R$ thousand)*	*% of RO*	*% of RL*
Education	6,458	1%	0%	5,553	1%	0%
Culture	6,686	1%	0%	4,937	1%	0%
Health and Sanitation	264	0%	0%	1,408	0%	0%
Sports	1,333	0%	0%	554	0%	0%
Fighting hunger and meal security	0	0%	0%	0	0%	0%
Others	27,605	3%	0%	56,097	7%	1%
Total contributions to society	**42,346**	**5%**	**1%**	**68,549**	**8%**	**1%**
Taxes (less social charges)	2,855,614	316%	43%	2,978,853	369%	45%
Total – External Social Indicators	**2,897,960**	**321%**	**43%**	**3,047,402**	**377%**	**46%**

Annual Social Balance Sheet / 2013 – LIGHT SESA

4 - Environmental Indicators	*Amount (R$ thousands)*	*% of RO*	*% of RL*	*Amount (R$ thousands)*	*% of RO*	*% of RL*
Investments with regard to production/ company operations	29,013	3%	0%	23,464	3%	0%
Investments in programs and/or external projects	0	0%	0%	0	0%	0%
Total investments in the environment	**29,013**	**3%**	**0%**	**23,464**	**3%**	**0%**
Regarding the definition of "annual goals" to minimize residues, use in general in production / operation and increased effectiveness in use of natural resources, the company.	( ) has no goals ( ) complies with 0 to 50% ( ) complies with 51 to 75% (X) complies with 76 to 100%			( ) has no goals ( ) complies with 0 to 50% ( ) complies with 51 to 75% (X) complies with 76 to 100%		

5 - Workforce Indicators	*2013*	*2012*
Number of employees at period-end	4,015	3,955
Number of admissions in the period	433	442
Number of outsourced employees	7,776	8,541
Number of trainees	125	125
Number of employees over 45	1,098	1,087
Number of women working at the company	973	953
% management positions held by women	23.70%	25.00%
Number of black people working at the company	1,812	1,732
% management positions held by black people	18.30%	20.90%
No of people with handicaps or special needs	188	187

6 - Material information regarding corporate citizenship	*2013*	*2014 Targets*
Ratio between the lowest and highest earners at the company	55,83	Not available
Total number of occupational accidents	47	0
Social and environmental projects management developed by the company were defined by:	( ) directors (X) directors and managers ( ) all employees	( ) directors (X) directors and managers ( ) all employees
The occupational health and safety standards were defined by:	( ) directors and managers ( ) all employees (X) everybody + Cipa	( ) directors and managers ( ) all employees (X) everybody + Cipa
With regard to union freedom, the right to collective bargaining and internal representation of worker(s), the company:	( ) does not get involved (X) follows ILO standards ( ) encourages and follows ILO	( ) will not be involved (X) will follow ILO Standards ( ) will encourage and follow ILO
Private pension plans include:	( ) directors ( ) directors and managers (X) all employees	( ) directors ( ) directors and managers (X) all employees

Annual Social Balance Sheet / 2013 – LIGHT SESA

Profit sharing covers:	( ) directors ( ) directors and managers (X) all employees	( ) directors ( ) directors and managers (X) all employees
When selecting employees, the same ethical and social and environmental responsibility standards adopted by the company:	( ) are not considered ( ) are suggested (X) are required	( ) are not considered ( ) are suggested (X) are required
With regard to employee participation in voluntary work programs, the company:	( ) does not get involved ( ) supports (X) organizes and encourages	( ) will not get involved ( ) will support (X) will organize and encourage
Total number of complaints and consumer criticism:	in the company....28.957 at Procon................2.237 in Court.................33.991	in the company...Reduce 10% at Procon.............Reduce 10% in Court................Reduce 10%
% complaints and criticism handled or resolved:	in the company.......85% at Procon.................85% in Court....................57%	in the company.............100% at Procon........................100% in Court.............................65%
Total added value payable (in R$ thousands):	**In 2013: 4,932,440**	**In 2012: 5,096,167**
Value-added payout (DVA):	70.18% government 6.20% staff members 7.44% shareholders 15.79% third parties 0.39% retained	75.35% government 5.40% staff members 3.37% shareholders 13.58% third parties 2.30% retained
7 - Other Information		
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Annual Social Balance Sheet / 2013 – LIGHT ENERGIA

1 - Calculation Base	*2013 Value (R$ thousands)*	*2012 Value (R$ thousands)*
Net revenues (RL)	558,660	410,066
Operating income (RO)	394,286	245,512
Gross payroll (FPB)	19,231	21,044

2 - Internal Social Indicators	*Amount (R$ thousands)*	*% of FPB*	*% of RL*	*Amount (R$ thousands)*	*% of FPB*	*% of RL*
Meals	1,272	7%	0%	747	4%	0%
Compulsory social charges	4,047	21%	1%	3,750	18%	1%
Private pension	414	2%	0%	528	3%	0%
Health	546	3%	0%	450	2%	0%
Occupational safety and health	0	0%	0%	0	0%	0%
Education	589	3%	0%	326	2%	0%
Culture	0	0%	0%	0	0%	0%
Training and professional development	0	0%	0%	0	0%	0%
Creches or creche allowance	22	0%	0%	11	0%	0%
Profit sharing	1,515	8%	0%	1,216	6%	0%
Other	102	1%	0%	1,358	6%	0%
Total - Internal social indicators	**8,508**	**44%**	**2%**	**8,387**	**40%**	**2%**

3 - External Social Indicators	*Amount (R$ thousands)*	*% of FPB*	*% of RL*	*Amount (R$ thousands)*	*% of FPB*	*% of RL*
Education	180	0%	0%	355	0%	0%
Culture	103	0%	0%	0	0%	0%
Health and sanitation	0	0%	0%	0	0%	0%
Sports	0	0%	0%	0	0%	0%
Prevention of hunger and food	0	0%	0%	0	0%	0%
Other	80	0%	0%	691	0%	0%
Total contributions to society	**363**	**0%**	**0%**	**1,046**	**0%**	**0%**
Tributes (excluding social charges)	149,735	38%	27%	90,416	37%	22%
Total – External social indicators	**150,098**	**38%**	**27%**	**91,462**	**37%**	**22%**

Annual Social Balance Sheet / 2013 – LIGHT ENERGIA

4 - Environmental Indicators	*Amount (R$ thousands)*	*% of FPB*	*% of RL*	*Amount (R$ thousands)*	*% of FPB*	*% of RL*
Investments with regard to production/company operations	16.872	4%	3%	15.101	6%	4%
Investments in programs and/or external projects	0	0%	0%	0	0%	0%
Total investments in the environment	**16.872**	**4%**	**3%**	**15.101**	**6%**	**4%**
Regarding the definition of “annual goals” to minimize residues, use in general in production / operation and increased effectiveness in use of natural resources, the company	( ) has no goals ( ) complies with 0 to 50% ( ) complies with 51 to 75% (X) complies with 76 to 100%			( ) has no goals ( ) complies with 0 to 50% ( ) complies with 51 to 75% (X) complies with 76 to 100%		

5 - Workforce Indicators	*2013*	*2012*
Number of employees at period-end	219	212
Number of admissions in the period	19	14
Number of outsourced employees	398	214
Number of trainees	11	8
Number of employees over 45	105	108
Number of women working at the company	27	25
% management positions held by women	14.30%	8.33%
Number of black people working at the company	54	48
% management positions held by black people	0.00%	8.30%
No of people with handicaps or special needs	7	3

Material information regarding corporate citizenship	*2013*	*Metas 2014*
Ratio between the lowest and highest earners at the company	0.4137	Not available
Total number of occupational accidents	0	0
Social and environmental projects management developed by the company were defined by:	( ) directors (X) directors and managers ( ) all employees	( ) directors (X) directors and managers ( ) all employees
The occupational health and safety standards were defined by:	( ) directors and managers ( ) all employees (X) everybody + Cipa	( ) directors and managers ( ) all employees (X) everybody + Cipa
With regard to union freedom, the right to collective bargaining and internal representation of worker(s), the company:	( ) does not get involved (X) follows ILO standards ( ) encourages and follows ILO	( ) will not be involved (X) will follow ILO Standards ( ) will encourage and follow ILO
Private pension plans include:	( ) directors ( ) directors and managers (X) all employees	( ) directors ( ) directors and managers (X) all employees

Annual Social Balance Sheet / 2013 – LIGHT ENERGIA

Profit sharing covers:	( ) directors ( ) directors and managers (X) all employees	( ) directors ( ) directors and managers (X) all employees
When selecting suppliers the same ethical, social responsibility and environmental standards adopted by the company:	( ) are not considered ( ) are suggested (X) are required	( ) are not considered ( ) are suggested (X) are required
With regard to employee participation in voluntary work programs, the company:	( ) does not get involved ( ) supports (X) organizes and encourages	( ) will not get involved ( ) will support (X) will organize and encourage
Total number of complaints and consumer criticism:	in the company..... at Procon.......... in Court........	in the company...Reduce 10% at Procon..............Reduce 10% in Court.................Reduce 10%
% complaints and criticism handled or resolved:	in the company....... at Procon.......... in Court..........	in the company..............100% at Procon.........................100% in Court............................100%
Total added value payable (in R$ thousands):	**Em 2013: 533.274**	**Em 2012: 378.917**
Value-added payout (DVA):	33.50% government 4.22% staff members 33.55% shareholders 24.94% third parties 3.80% retained	29.04% government 6.14% staff members 35.29% shareholders 29.53% third parties 0% retained

7 - Other Information

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Errata

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LIGHT SESA

Compensation (R$ thousands)	*2011*	*2012*	*2013*
Gross payroll	179,788	234,794	269,030
Compulsory social charges	36,564	46,756	55,260
Total Benefits (R$ thousands)			
Education	756	756	1,059
Meals	15,005	20,951	24,123
Commuting	1,009	2,669	2,984
Health	8,221	10,893	12,493
Date Founded	6,399	7,235	6,633
Occupational safety and medicine	749	798	1,164
Culture	0	0	0
Professional training and development	5,617	9,185	6,912
Nursery and nursery subsidies	603	795	929
Others	1,937	2,153	2,134

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LIGHT ENERGIA

Compensation (R$ thousands)	*2011*	*2012*	*2013*
Gross payroll	17,810	21,044	19,231
Compulsory social charges	3,506	3,750	4,047
Total Benefits (R$ thousands)			
Education	679	326	589
Meals	1,021	747	1,272
Commuting	49	65	57
Health	403	450	546
Date Founded	547	528	414
Occupational safety and medicine	0	0	0
Culture	0	0	0
Professional training and development	0	0	0
Nursery and nursery subsidies	6	11	22
Others	1,560	1,293	45

Note: ANEEL indicators were revised in accordance with criteria adopted in the IBASE Social Balance Sheet. Data was not verified by Global Reporting Initiative (GRI) in the Materiality Matters' check procedure.