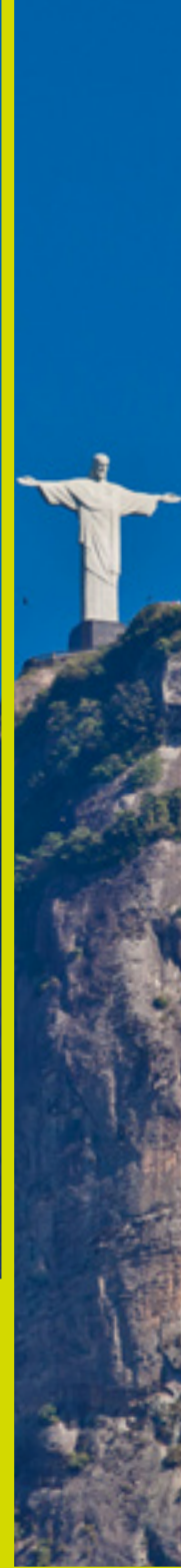
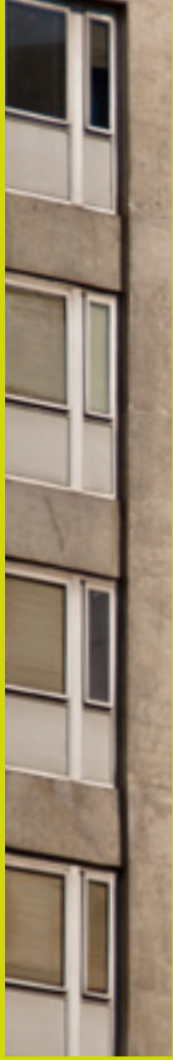




SUSTAINABILITY REPORT 2014



HEAD OFFICE (RJ)



Furnas

| | |
|------------|--|
| 5 | Company profile |
| 6 | Furnas Centrais Elétricas |
| 8 | Generation and transmission system |
| 10 | Furnas' highlights |
| 12 | Market context |
| 16 | Message from Management |
| 18 | Corporate Governance |
| 19 | Transparency in management |
| 23 | Ethical behavior |
| 24 | Risk management |
| 26 | Stakeholder relations |
| 30 | Strategy and management |
| 36 | Resumption of growth |
| 43 | Research, Development and Innovation - R&D+I |
| 45 | Operating performance |
| 46 | Generation |
| 47 | Transmissão |
| 49 | Energy sales |
| 50 | Services sales |
| 51 | Economic-financial performance |
| 52 | Results |
| 56 | Statement of Added Value |
| 57 | Personnel management |
| 67 | Supplier management |
| 70 | Social performance |
| 74 | Social investments |
| 77 | Environmental performance |
| 86 | About the report |
| 89 | Appendices |
| 90 | Furnas' Assets |
| 93 | SPE Shareholding Breakdown |
| 98 | Additional GRI indicators |
| 111 | Abbreviations and acronyms |
| 113 | Social Balance Sheet |
| 115 | GRI G4 Content Index |
| 123 | Corporate information |

Contents



Vision, Mission and Values

[GRI G4-56]

Furnas bases its business activities on internationally recognized core values, with respect for human rights and labor relations, environmental conservation and combating corruption.

The revision of Furnas' Strategic Plan, based upon the Company's restructuring process, is defined in the following strategic guidelines:



Vision of the future

To be the largest and most successful Brazilian agent in the electricity industry.



Mission

To act within the highest standards of business excellence and social and environmental responsibility in the electricity industry, contributing to society's development.



Values

Its actions and management must observe the following principles:

- Give people their due value, recognizing that the Company's labor force is one of its most valuable assets;
- Function as a network, with plurality and cooperation;
- Focus on results, taking into account the impact of all of its actions on the Company;
- Adaptability, developing the capacity to change in step with the business environment;
- Sustainability, operating with economic, social and environmental responsibility;
- Transparency, through permanent interaction with society to meet its needs and in the disclosure of its business results;
- Entrepreneurial spirit, pro-actively overcoming challenges.

HPP FURNAS (MG)



Company profile



Furnas Centrais Elétricas

Present in 15 states of Brazil and the Federal District, Furnas Centrais Elétricas is active in the generation, transmission and sale of electricity, operating a structure through which more than 40% of all energy consumed by Brazilians passes. Its facilities are found in all regions of Brazil, ensuring power supply to an area that encompasses 63% of the country's households and activities that represent 81% of its Gross Domestic Product (GDP).

[GRI G4-3, G4-4, G4-6, G4-8]

Founded on February 28, 1957, Furnas is a mixed economy, private capital company whose main shareholder is Centrais Elétricas Brasileiras S.A. – Eletrobras. It was established to build and operate the Furnas Hydroelectric Power Station, the first large plant in Brazil, in Minas Gerais state, together with an associated transmission system linking the states of Minas Gerais, São Paulo and Rio de Janeiro. [GRI G4-7]

Its installations include generation facilities with 27 power stations, either owned by the company or in partnership with the private sector, including hydro, thermal and wind projects and totaling 14,629 MW installed capacity. Of this total, 10,878 MW belongs to Furnas. In the transmission segment, the company has 24,140 km of lines, of which 4,233 km are partnerships. Furthermore, there are 68 substations with total transformation capacity of 118,243 MVA, built with its own funds or in partnership with the private sector. [GRI EU4, G4-4]

In 2014, commercial operations were initiated at HPP Batalha on the border of the states of Goiás and Minas Gerais,

three transmission lines (its own and two through Specific Purpose Entities (SPEs), and five substations (its own and four SPEs). Moreover, Furnas brought wind energy into its portfolio with the startup of three wind farms, with another 46 currently under construction by the company and its partners in the country's Northeast region. [GRI G4-13]

During the year, the company became involved in new transmission projects. The highlight was its participation in the 800 kV direct current transmission line now under construction in the state of Pará through which power that is produced by the Belo Monte Hydroelectric Station will flow to the Southeast. It also won the auction for the provision of operation and maintenance (O&M) services for the HPP Três Irmãos project in São Paulo. In Special Administration Projects, three Small Hydro Power Plants (SHPs) in operation have been incorporated into its portfolio: Neblina, Sinceridade and Dona Rita.

[GRI G4-13]

Furnas invested R\$ 2,308 million in 2014, of which R\$ 849 million was earmarked for its own projects and R\$ 1,459 million went to SPEs in which it has ownership interests.

Energy production totaled 42,186 GWh, of which 25,149 GWh were generated by its own power plants, affected or not by Law 12.783/2013, and 17,037 GWh, generated by plants in which Furnas holds stakes. During the year, it commercialized 43,893 GWh of energy. [GRI EU2]

Furnas ended the year with a headcount of 3,517 own employees, 1,330 outsourced

63%
of Brazilian
households
receive electricity
transmitted
through Furnas'
structure

¹The Specific Purpose Entities (SPEs) are contractual partnerships between Furnas and public or private equity firms for the implementation and management of projects.

personnel and 488 trainees. **[GRI G4-9]**

[GRI G4-9]

GENERATION

Some 27 projects totaling 14,629.5 MW of installed capacity, of which 10,887.65 MW belongs to Furnas.

Hydroelectric – 19 plants, of which four are its own, six are under special administration - impacted by Law 12.783/2013, two in partnership with the private sector and seven through the SPE regime, with total installed capacity of 13,902.11 MW;

Thermoelectric – two plants, with total installed capacity of 530 MW;

Wind – three farms in the SPE regime, with total installed capacity of 187.04 MW;

Small Hydroelectric Power Plants (SHPs) – three stations with total installed capacity of 10.3 MW.



HPP MARIMBONDO SUBSTATION (MG/SP)

TRANSMISSION

Transmission lines – 24,139.90 km of lines, of which 4,233.40 km are through participation in SPEs. With voltages of 138, 230, 345, 500, 750 and \pm 600 kV, its lines run through 15 states and the Federal District. They include the Itaipu Transmission System (five lines, each with 900 km between the states of Paraná and São Paulo).

Substations – 68 facilities with total transforming capacity of 118,243.17 MVA (MVA 14,875.00 in 18 substations in which it has stakes).

→ *The breakdown of Furnas' assets, investments and partners in Specific Purpose Entities (SPEs) is presented in the Appendix, as of page 90*

|||

27

Generation projects, Furnas' own and in partnership including hydroelectric plants, thermoelectric plants and wind farms, total installed capacity of 14,629.5 MW ■■■

FURNAS' PRESENCE

Generation and transmission system

IGRI G4-8I

PLANTS IN OPERATION

| Furnas | |
|---------------------------------------|--------------|
| Hydroelectric | MW |
| Simplício | 306 |
| Itumbiara | 2,080 |
| Marimbondo | 1,440 |
| Furnas | 1,216 |
| L.C.B. Carvalho (Estreito) | 1,050 |
| Batalha | 52 |
| M. De Moraes (Peixoto) | 476 |
| Corumbá | 375 |
| Porto Colômbia | 319 |
| Funil | 216 |
| SHPs Neblina, Sinceridade e Dona Rita | 10 |
| Total | 8,070 |

| Partnership/SPE | |
|------------------------|--------------|
| Hydroelectric | MW |
| Serra da Mesa | 1,275 |
| Manso | 210 |
| Peixe Angical | 499 |
| Baguari | 140 |
| Retiro Baixo | 82 |
| Serra do Fação | 213 |
| Foz do Chapecó | 855 |
| Santo Antônio | 2,286 |
| Três Irmãos | 808 |
| Wind | MW |
| Rei dos Ventos I e III | 119 |
| Miassaba 3 | 68 |
| Total | 6,555 |

PLANTS UNDER CONSTRUCTION/EXPANSION

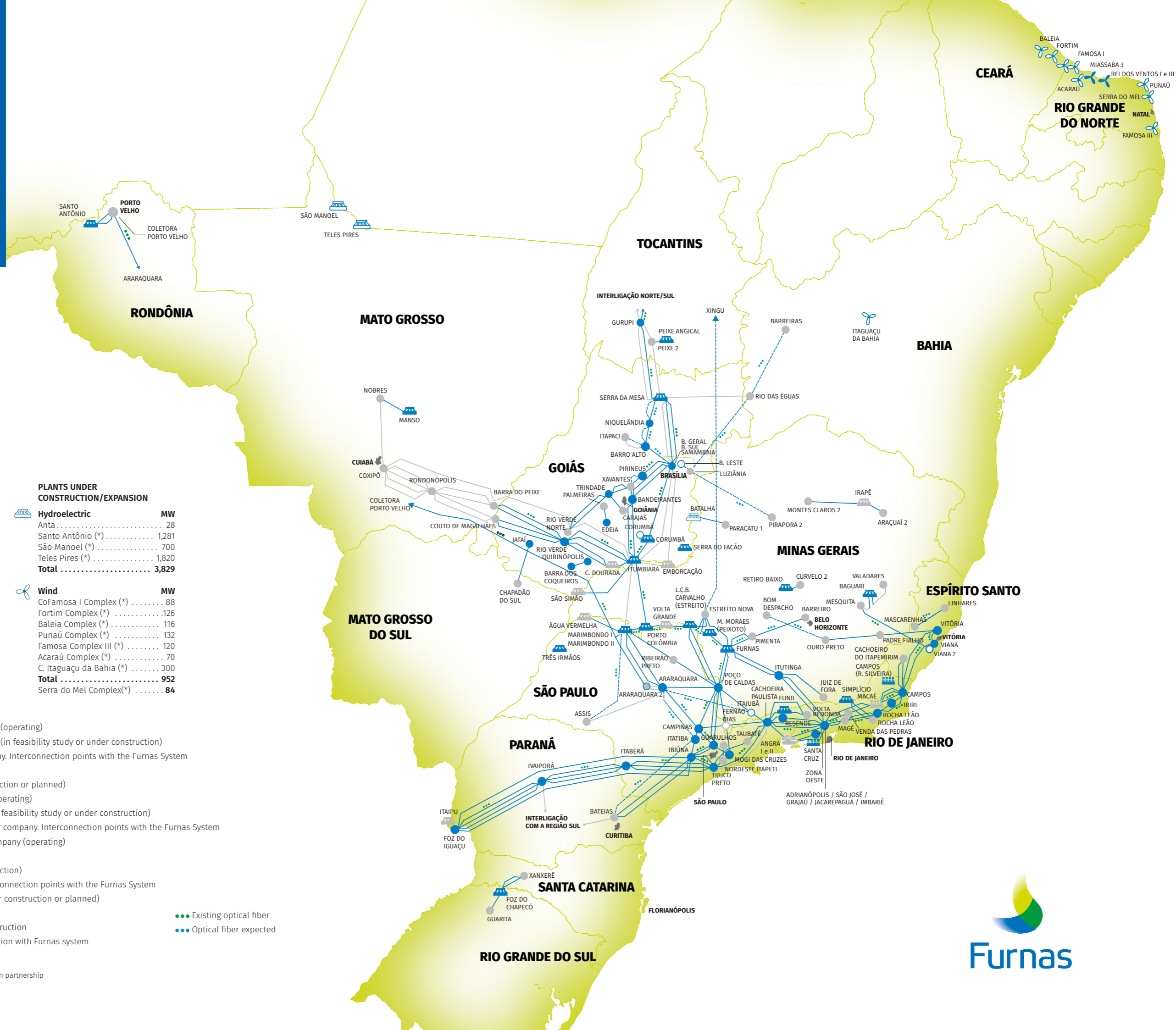
| Hydroelectric | |
|-------------------|--------------|
| | MW |
| Anta | 28 |
| Santo Antônio (*) | 1,281 |
| São Manoel (*) | 700 |
| Teles Pires (*) | 1,820 |
| Total | 3,829 |

| Wind | |
|--------------------------|------------|
| | MW |
| CoFamosa I Complex (*) | 88 |
| Fortim Complex (*) | 126 |
| Baleia Complex (*) | 116 |
| Punaú Complex (*) | 132 |
| Famosa Complex III (*) | 120 |
| Acaraú Complex (*) | 70 |
| C. Itaguaçu da Bahia (*) | 300 |
| Serra do Mel Complex(*) | 84 |
| Total | 952 |

- Furnas Hydroelectric Power Plant/SPE (operating)
- Furnas Hydroelectric Power Plant/SPE (in feasibility study or under construction)
- Hydroelectric plant of another company. Interconnection points with the Furnas System
- Furnas/SPE Wind Farm (operating)
- Furnas/SPE Wind Farm (under construction or planned)
- Furnas Thermolectric Power Plant (Operating)
- Furnas Thermolectric Power Plant (in feasibility study or under construction)
- Thermolectric Power Plant of another company. Interconnection points with the Furnas System
- Nuclear power plant from another company (operating)
- Furnas Substation/SPE (operating)
- Furnas Substation/SPE (under construction)
- Substation of another company. Interconnection points with the Furnas System
- Substation of another company (under construction or planned)
- Furnas transmission lines in operation
- Furnas transmission lines under construction
- Line of another company. Interconnection with Furnas system

- Existing optical fiber
- Optical fiber expected

Projects considered in operation by October/2014.
 (*) Power plants, transmission lines and substations in partnership



Furnas' highlights

[GRI G4-9]

Consolidated 2011 2012 2013 2014 Change

| FINANCIAL (R\$ Million)¹ | | | | | |
|--|-------|--------|--------|--------|-----------|
| Net operating revenue | 7,049 | 7,266 | 4,292 | 6,182 | 44.0% |
| Adjusted EBITDA | 1,647 | 2,063 | - 128 | 1,047 | - |
| Net income | 260 | -1,306 | -818 | -406 | - 50.4% |
| Added value to distribute | 2,596 | 1,727 | 2,308 | 2,888 | 25.1% |
| Investments in new projects | 988 | 1,148 | 945 | 849 | - 10.2% |
| Investments in company ownership interests | 1,031 | 1,473 | 1,127 | 1,459 | 29.5% |
| MARGINS (%) | | | | | |
| EBITDA margin | 23.4% | 28.4% | - | 17.0% | - |
| Net margin | 3.7% | -18.0% | -19.1% | - 6.6% | 12.5 p.p. |

OPERATING

Generation (installed capacity in operation and under construction)

| | | | | | |
|---|--------------|--------------|---------------|-----------------|---------------|
| Operating (MW) - Total | 9,593 | 9,844 | 10,366 | 10,887.5 | 5.0% |
| Own hydroelectric stations | 7,175 | 7,175 | 7,509 | 7,533.2 | 0.3% |
| SHP (services) | - | - | - | 10.3 | 100% |
| Hydroelectric stations in partnership (Furnas' portion) | 766 | 766 | 766 | 766.3 | 0.0% |
| Hydroelectric stations in SPEs (Furnas' portion) | 690 | 941 | 1,129 | 2,002.4 | 75.6% |
| Own thermoelectric stations ² | 962 | 962 | 962 | 530.0 | -44.9% |
| Wind farms in SPEs | - | - | - | 45.8 | - |
| In construction (MW) - Total | 2,260 | 2,009 | 697 | 1,859.5 | 166.8% |
| Own hydroelectric stations | 386 | 386 | 53 | - | - |
| Hydroelectric stations in SPEs (Furnas' portion) | 1,674 | 1,423 | 446 | 1,179.4 | 164.4% |
| Wind farms in SPEs (Furnas's portion) | 200 | 200 | 198 | 652.1 | 229.3% |
| Own SPH (Anta) | - | - | - | 28 | - |
| Power generated (GWh) | | | | | |
| Hydraulic (100% own and portion of SPE participation) | 37,807 | 41,216 | 32,780 | 38,947 | 18.8% |
| Own thermal | 181 | 604 | 2,591 | 2,727 | 5.2% |
| Wind | - | - | - | 512 | - |

Transmission

| | | | | | |
|---|---------|---------|---------|---------|-------|
| Length of transmission lines (km) [GRI EU4] | 19,420 | 19,420 | 19,868 | 24,140 | 21.5% |
| Own substations | 46 | 46 | 47 | 48 | 2.1% |
| Substations in partnership | 2 | 2 | 2 | 2 | 0.0% |
| Substations in SPEs | 6 | 6 | 14 | 18 | 28.6% |
| Installed transformation capacity (MVA) | 104,122 | 106,897 | 109,865 | 118,243 | 7.6% |

Sales

| | | | | | |
|-----------------------|--------|--------|--------|--------|--------|
| Power purchased (MWh) | 16,973 | 17,654 | 4,159 | 3,332 | -19.9% |
| Power sold (MWh) | 54,892 | 56,569 | 42,231 | 40,561 | -4.0% |

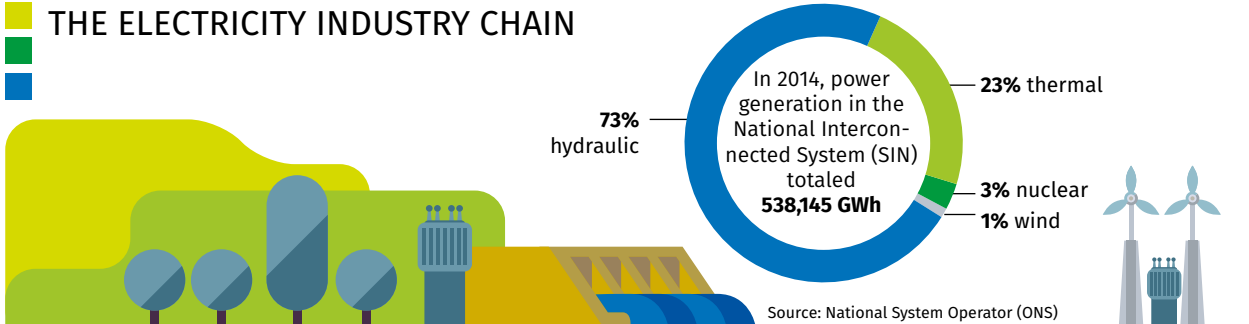
SOCIO-ENVIRONMENTAL

| | | | | | |
|--|-------|-------|-------|-------|--------|
| Number of employees | 4,860 | 4,567 | 3,547 | 3,517 | -0.8% |
| Number of outsourced workers | 1,541 | 1,515 | 1,339 | 1,330 | -0.7% |
| External social investment (R\$ million) | 38 | 40 | 32 | 29 | -9.4% |
| Environmental investment (R\$ million) | 69 | 60 | 132 | 80 | -39.4% |

¹ Data from 2011 and 2012 adjusted according to the IFRS, with equity restating of the Specific Purpose Entities (SPEs).

² Power from TPP Santa Cruz was reduced from 932 MW to 500 MW, corresponding to the Aneel-ordered temporary shutdown of generating units 3 and 4

THE ELECTRICITY INDUSTRY CHAIN



GENERATION

In Brazil, there were 3,636 generation projects totaling 135,138 MW of installed power at the end of 2014, of which 62.8% were water sources; 28.0% thermal; 4.2% wind; 3.5% small power plants; 0.01% solar; and 1.5% nuclear. (Source: Generation Information Database, Aneel).

Furnas contributed **14,629 MW**

capacity, equivalent to 10.8% of the total, and in 2014 generated 42,186 GWh, corresponding to 7.8%.

TRANSMISSION

The system operates the energy transportation infrastructure at high voltages (above 138 kV) from the generating plants to the substations that connect to local distribution networks. It consists of about 120,000 kilometers of lines, with the involvement of 77 concessionaires.

Furnas' transmission infrastructure

68 substations (SSs)

24,140 km in extension

118,243 MVA of total transformation capacity

20% of the total length of the National Interconnected System (SIN)

40% of the energy volume transmitted

COMMERCIALIZATION

The sale of electricity has been taking place since 2014 in two contracting environments: Regulated (ACR), with generation and power distribution agents; and Free (ACL), between generators, distributors, traders, importers and exporters, in addition to free and special consumers.

In the free market, or ACL, purchase and sale transactions occur through bilateral contracts containing freely negotiated conditions.

Furnas commercialized **43,893 GWh** of electric energy in 2014

Furnas sells much of its energy in the regulated market through public auctions operated by the Electric Energy Trading Chamber (CCEE). As an electricity generation public service utility under federal control, its contracts must be signed at auctions or through public tenders made by the company itself or by third parties.

DISTRIBUTION

In 2014, there were 63 distribution utilities in Brazil, responsible for serving approximately 70 million consumer units (Aneel).

Furnas does not operate in this market.

Market context

In Brazil, the power industry is regulated and the companies operate from concessions or public permissions for such services, which are regulated and supervised by the National Electric Energy Agency (Aneel).

Furnas operates in three segments of the electricity industry chain: generation, transmission and marketing, with sales to distribution companies and free market customers. It does not operate in distribution, an activity consisting of supply of power to end consumers (households, industries, commerce, etc.).

ENERGY SCENARIO

The electricity market in Brazil reflected the dynamics of the economy. In 2014, total consumption reached 473,395 GWh, 2.2% more than in 2013, according to data from research company Empresa de Pesquisa Energética (EPE) - the lowest growth recorded since 2007. The industrial sector, with 178,055 GWh, declined 3.6%. On the other hand, residential (132,049 GWh) and commercial (89,819 GWh) consumption advanced 5.7% and 7.3%, respectively.

The year of 2014, like 2013, was marked by unfavorable hydrological conditions. The hydroelectric reservoirs in the Southeast and Midwest, which account for about 70% of generating capacity, reached only 19.4% of storage capacity in late 2014, according to the National Electric System Operator (ONS).

The situation of the reservoirs also contributed to the surge of the Differences Settlement Price (PLD), used to value the energy sold in the spot market and that reached a record R\$ 822.83 per MW.

REGULATORY ENVIRONMENT

Among other things, Law No. 12.783/2013 – which regulates the electric energy generation, transmission and distribution concessions and the reduction of the sector charges – imposed challenges on companies to adapt to the new regulatory model. Renewal of the concessions was made conditional as quid pro quo anticipation of their ending in two years and the substitution of the revenues for compensation, depreciation and administration costs, operation and maintenance for revenues only for Administration, Operation and Maintenance (AO&M) costs plus an operating margin of 10%. For Furnas, for example, this meant a reduction in net revenues by about R\$ 1.9 billion/year as of 2013.

Just as in 2013, the Law's impact continued to permeate the electricity sector's activities in 2014.

Indemnities

According to Law 12.783/2013's rules, projects renewed by their respective concessionaires are guaranteed compensation for the value of investments in as yet unamortized or non-depreciated reversible assets.

Two Aneel Normative Resolutions establish the criteria for calculating these amounts. RN 589/2013 covers transmission facilities and RN No. 596/2013 refers to hydroelectric installations.

The compensation to which Furnas is entitled was estimated at R\$ 3.6 billion, of which R\$ 2.9 billion is related to transmission and R\$ 744 million to generation. The company chose to receive the compensation for transmission assets over 30 months plus remuneration for the Weighted

19.4%
was the water
storage capacity
registered in the
Southeast and
Midwest reservoirs
in late 2014

Average Cost of Capital (WACC) of 5.59% per annum. For its generation assets, it opted for a cash payment of R\$ 64 million related to HPP Marimbondo and, R\$ 680 million related to HPP Corumbá, in monthly installments, to be received to-maturity of the concession contract (2042), adjusted by the CMPC.

To comply with Resolutions 589 and 596, Furnas implemented the Compensation and Asset Management Plan, designed to determine appropriate compensation linked to the extension of the concession contracts, revalidate the company's asset base and provide methodology for evaluation, prioritization and implementation of investment projects.

→ *More information on compensation can be found in the company's Management Report.*

Tariffs

Under the new rules established by Law 12.783/2013, generation projects that are renewed may no longer set power sales prices; rather, they now are awarded a tariff for the provision of plant operation and maintenance services. However, this rate does not cover additional investments required to ensure generation quality, including the updating of technologies, equipment and facilities and their conservation. Aneel Normative Resolution 642/2015 established criteria and procedures for investments to be considered in the hydroelectric tariffs when expansions and improvements are carried out.

The Furnas plants whose concessions were renewed under Law 12.783/2013 are: Corumbá, Estreito, Funil, Furnas, Porto Colômbia and Marimbondo. Also covered are the plants for which Furnas is the temporary service provider (SHPs Neblina, Sinceridade and Dona Rita) and the HPP Três Irmãos, in which the company now holds a 49.9% stake after the March 2014 auction.



RESERVOIR AT HPP FUNIL (RJ)

Existing energy auctions

In 2014, the government held two auctions in which Furnas negotiated its power at prices that restored net revenues to levels prior to the enactment of Law 12.783. In the 13th auction held on April 30, 2014, Furnas negotiated 531 MW for R\$ 270.86/MWh, with supply starting May 1, 2014 and ending December 31, 2019. On December 5, at the 14th auction (A-1), it negotiated 352 MW at R\$ 201.00/MWh, with supply starting January 1, 2015 and ending December 31, 2017.

HPP Três Irmãos Auction

The concession for HPP Três Irmãos, owned by Companhia Energética de São Paulo (CESP), expired in November 2011 and was not renewed by the company pursuant to Law 12.783, and was retendered by Aneel in March 2014. The Novo Oriente Consortium, formed by Furnas, with a 49.9% stake, and the Fundo de Investimentos em Participações Constantinopla, with 49.9%, won the auction and later created the Tijoá Participações e Investimentos S.A. Specific Purpose Entities, through which the Triunfo Participações e Investimentos company acquired FIP Constantinopla.

→ More information on page 37.

Review of the PLD

Due to the electricity sector's new situation and the fact the Difference Settlement Price (PLD) was and has been maintained at high levels, Aneel approved new power price levels on the spot market for 2015, reducing the ceiling by 53%, from R\$ 822.83/MWh to R\$ 388.48/MWh. The minimum price was raised from R\$ 15.62/MWh to R\$ 30.26/MWh. To change the calculation of the PLD, Aneel used the "relevant thermal plant" concept and determined that the benchmark cost would be TPP Mário Lago, located in Magé (RJ).

Next concessions to expire

The concession contracts for two of Furnas' hydroelectric plants expire in 2020 (HPP Itumbiara) and 2023 (HPP Mascarenhas de Moraes), with registered assets in December 2014 of R\$ 156.7 million and R\$ 323.8 million, respectively. In July 2013, Furnas declared its interest in also renewing TPP Santa Cruz's concession contract, whose power output was reduced from 932 MW to 500 MW by Aneel's temporary suspension of generating units (GUs) 3 and 4, pursuant to Dispatch 3.263 of October 19, 2012. At the end of 2014, a tender process was underway to contract revamping, conditioning and commissioning services for the plant's combined cycle natural gas and steam equipment (GUs TG11 and TG21 and steam units 1 and 2).



TRANSPARENCY TROPHY

AWARDS IN 2014

In recognition of its efforts in various fields, over the course of 2014 Furnas received a number of awards for excellence in management and its work on behalf of society.

| Award | Reason | Awarded By |
|---|--|--|
| Empresa Amiga do Esporte (Sports Friendly Company) | Recognition of the company as a supporter of sports and handicap-sports projects. | Ministry of Sports |
| Aberje Prize | Best society relations program through its partnership with Furnas Educa, teaching energy conservation issues, environmental education and fire prevention. | Brazilian Corporate Communication Association |
| WEPs Brasil 2014 | Gold in the Large Company category for fostering gender equality in its businesses and communities, based on the seven Women's Empowerment Principles (WEPs). | UN Global Compact and UN Women |
| 5th A3P Prize - Best Sustainability Practices | Two programs recognized: Reuse of Vegetable Oil and Installation of an Offshore Sea Wave Electricity Generation Converter. Furnas was the only institution that received the Green, Orange and Silver seals from Environmental Agenda in Public Policy (A3P), which encourages the adoption of sustainable practices by public companies and institutions. | Ministry of the Environment |
| Transparency Prize | Elected for the third time as a highlight of the Transparency Trophy between private companies and was the only mixed capital company prominently mentioned. The award recognizes corporations that publish financial statements of greater clarity, transparency and objectivity. | National Association of Executives in Finance, Administration and Accounting (Anefac), the Accounting, Actuarial and Financial Research Institute (Fipecafi) and Serasa Experian |
| Professional of the Year | Recognition awarded Furnas' chief finance officer, Nilmar Sisto Foletto, for the measures taken to preserve the company's financial stability and restore its profitability. | National Association of Finance, Administration and Accounting Executives (Anefac) |
| 5th Award on the Millennium Development Goals | Recognition of programs and projects that effectively contribute to the achievement of the Millennium Development Goals. | ODM Brasil, with technical coordination of the Institute of Applied Economic Research (IPEA) and the National School of Public Administration (ENAP) |
| Certificate Corporate Citizen | Recognition for the quality of the financial, social and environmental information published in annual reports. | Regional State Accounting Board of Rio de Janeiro (CRC-RJ), Rio de Janeiro State Commerce Federation (Fecomércio) and the Rio de Janeiro Federation of Industries (Firjan) |
| Procel Recognition | Awarded for the company's participation over the 20 years of existence of the National Energy Conservation Program (Procel). | Ministry of Mines and Energy |
| 32th Intercollegiate Medal | Recognition for its encouragement of Olympic and Paralympic sports and the strategy to link them to education as a tool for the country's social development. | <i>O Globo</i> newspaper |
| Sports Tribute 2014 | Award for supporting sports | State Legislative Assembly - São Paulo |

Message from Management

[GRI G4-1, G4-2]

For Furnas, 2014 was a year of recovery in a challenging environment. It was marked by weather-related restrictions impacting hydroelectric generation as well as the effects of Law 12.783, of 2013, which introduced new rules for power sector concession contracts. We were able to advance our efforts to bring revenues back up to the levels prior to the contractual changes; however, the hydrological scenario made it clear how exposed generation projects are to the need to comply with power purchase contracts by fulfilling contractual commitments requiring spot market energy procurements, something that had an impact on the cash flows of all the sector's companies.

Excluding this external fact, the year was replete with success. We are firmly moving ahead with our corporate restructuring project, having introduced the PRO-Furnas II plan. We also put into place a number of optimization initiatives leading to effective savings of R\$ 156 million involving our own and outsourced employees, equivalent to 44% of the project's target. This performance led the World Bank, which funded the initiative, to highlight our example as a large state-owned company reorganization success story.

We chose three key concepts as the foundation of our strategy: Operating Excellence, Sustainable Growth and Adaptation to the New Regulatory Model. Toward this end, we invested

We continued the project to restructure the organization, recover revenues and boost operating efficiencies

R\$ 314 million to strengthen, improve and modernize our generation and transmission systems, which has led to improved performance indices day after day, thus fulfilling our role as part of the backbone of the Brazilian electrical system. We also focused our efforts on systems and processes, training and motivating people and striving to inculcate a positive spirit and pride in being part of Furnas, an efficient company.

Our investments totaled R\$ 2.3 billion, of which approximately R\$ 1.6 billion was earmarked for our own growth projects or developed in partnership through Specific Purpose Entities (SPEs). We have set a goal of increasing our generation capacity to 20,000 MW by 2020, an increase of 37%, and to reach 31,000 km of transmission lines, 29% more than at the end of 2014.

Some of 2014's achievements are emblematic. We won important auctions, such as the one for the operation and maintenance of the Três Irmãos hydroelectric power plant in São Paulo, and the construction of the transmission line that will connect the Belo Monte power station in the Amazon to the Southeast, a project covering more than 2,000 km. We associated with State Grid of China and Eletronorte in this project. In addition to the partnership with State Grid, we signed an agreement with Three Gorges in a ceremony attended by the presidents of Brazil and China: the investments called for will lead to significant growth opportunities. Through this company, we already have a stake in the São Manoel power plant, under construction on the border of the states of Mato Grosso and Pará.

We also focused on improving management of our ownership stakes in SPEs so that these projects assure the returns called for in the business plan. In this process, all partners are selected through public calls, with full disclosure to society. Even so, it was necessary to undergo a substantial learning curve to create more structured mechanisms in this process, ensuring that the partners with whom we enter into business have high standards of integrity.

Furthermore, we strengthened our corporate governance mechanisms through the creation of a Compliance Department linked to the Board of Directors. The department formalizes best practices regarding the management aspects of compliance, coupled with internal controls, risk management and maximum alignment with transparency standards.

With respect to actions for communities, we are particularly proud of Furnas Educa. The program is dedicated to teaching students about the conservation and safe use of energy, as well as control of wildfires, because these elements impact the quality of power supply. Winner of the Aberje Southeast Prize in 2014 for the best society relations business program, it remains the center of our attention as an effective way to raise awareness about the use of energy and how we interact with the communities in which we operate.

One priority goal for 2015 is to push the company's internal mobility program forward. It involves preparation of a framework throughout Furnas so our people are effectively the protagonists of their own careers, are truly happy in their jobs, and are bound together in integrated, motivated teams and share their knowledge.

These are all initiatives that reflect our commitment to the ten Global Compact principles, related to

We are taking firm steps toward a future featuring renewal and prosperity for all our stakeholders

aspects of human and labor rights, environmental responsibility and anti-corruption practices for building a more equitable and sustainable development model.

As a result of the changes in compensation set forth in the concession renewal contracts, we speeded up the process to adjust our costs to the new rules. Simultaneously, we began talks with Aneel about resumption of investments required for operations and maintenance that are not currently covered by the tariffs.

From a financial point of view, we felt the impact in 2014 of the hydroelectric power generation deficit, or Generation Scaling Factor (GSF), and the Unavailability Factor Index (FID), which impacted some of our SPEs, especially Madeira Energia

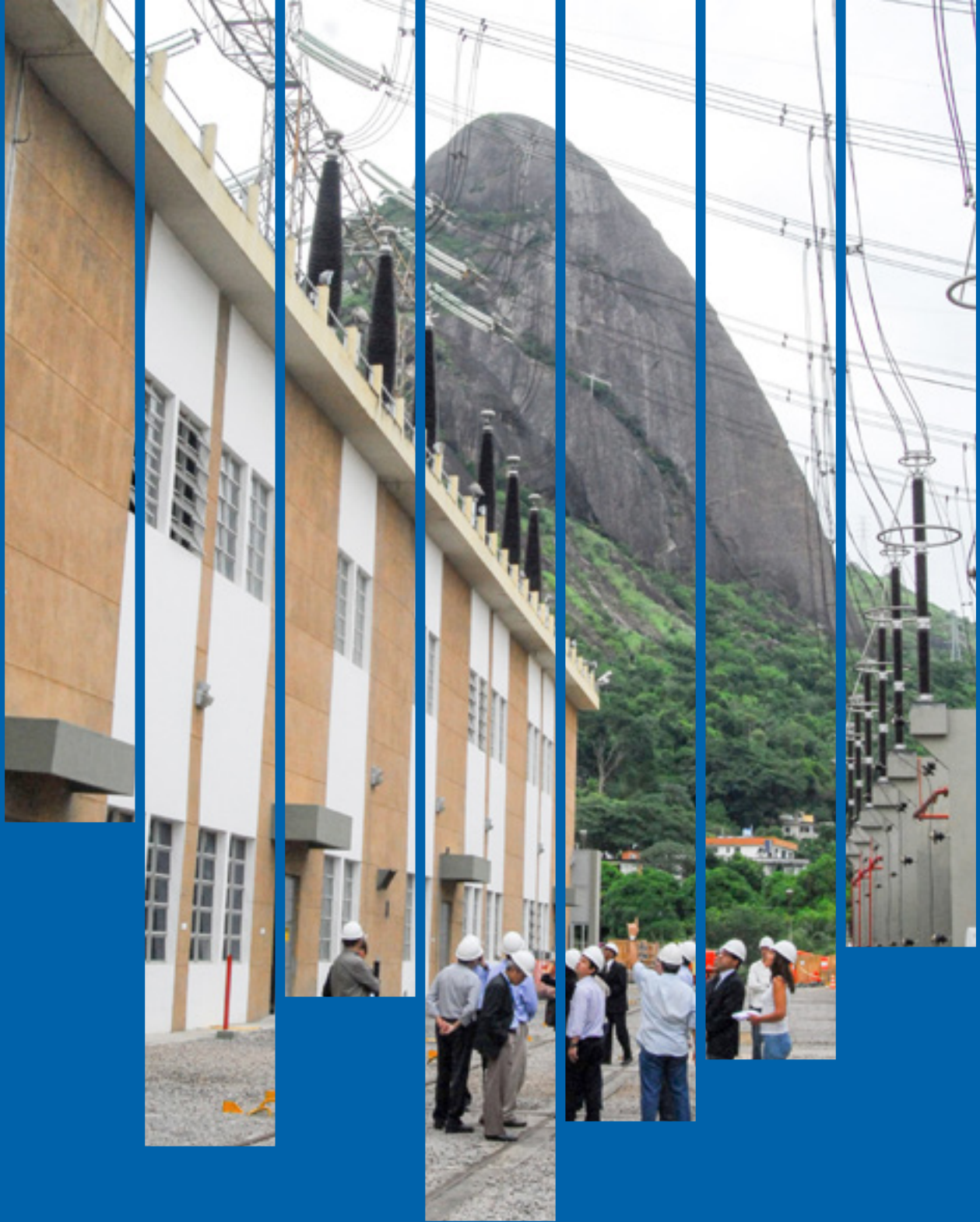
S.A. (Mesa). Responsible for the Santo Antônio hydroelectric power plant, the largest project in which Furnas has an ownership interest, the SPE was required to conduct power sales transactions on the spot market at a moment when prices were high. This operation led to losses for all partners and required additional efforts from Furnas to minimize this impact on the company's activities.

Despite the difficult year, we already have begun to show financial recovery, ending 2014 with net revenue of R\$ 6.2 billion, representing 44% growth over the previous year, and gross profit of R\$ 839.8 million, a reversal of the negative result recorded in 2013. Even with the improvement, the bottom line still was a net loss of R\$ 406 million, reducing by more than half the R\$ 818 million loss reported the previous year.

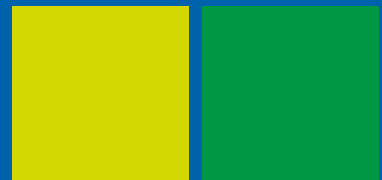
The overall results reinforce our optimism about the future of Furnas, a company that has faced and overcome challenges during its nearly 60 years of history. It is well structured, has a consistent adjustment program in place and counts on people who are motivated to deliver results, and it has taken firm steps towards achieving a future in which there is renewal and prosperity.

Flavio Decat de Moura
Chief Executive Officer

VISIT TO THE GRAJAU (R) SUBSTATION



Corporate Governance



Furnas corporate governance is based on management transparency, respect in all relations with stakeholders, equitable treatment and clear and objective accountability of its actions. Good practices are emphasized in the Code of Ethics and principles are converted into objective recommendations, aligning interests in order to preserve and optimize the company's value, contributing to its longevity.

Transparency in management

Aimed at improving the governance structure, at the end of 2014 a Compliance Department was set up to effectively administer the compliance actions necessary for integrated risk management, internal controls and information security. The culture, methodologies, systems and internal training for this purpose are under development. Through this structure and the creation of a Corporate Compliance Program, Furnas ensures compliance with laws, guidelines, regulations (internal and external), ethical principles and standards of conduct, avoiding conflicts of interest, preventing and mitigating risks and preserving the institution's image and reputation.

The Furnas governance structure is formed of the General Shareholders Meeting, the Board of Directors, the Board of Executive Officers, the Supervisory Board and Internal Audit.

The model is based on a clear definition of the roles and responsibilities of the Board of Directors and the Board of Executive Officers with regard to the formulation, approval and implementation of policies and guidelines for conduct of business, and includes the Supervisory Board for oversight of management's actions and accounts. [\[GRI G4-34\]](#)

General Shareholders Meeting

The main shareholder decision-making body, the General Shareholders Meeting is held once a year to examine and discuss the Management Report and Financial Statements of the previous year, to decide on allocation of profits and distribution of dividends and to elect the members of the Board of Directors and the Supervisory Board. Extraordinary meetings occur at any time to discuss issues such as opening up of and increasing capital stock; spin-offs, mergers, transformation or incorporation operations; changes to the Bylaws and others proposed by the Board of Directors or the Supervisory Board. The main concerns addressed in 2014 involved the reduction in revenues and the impact on earnings arising from new concession compensation rules (Law 12.783/2013), apart from the effects of the drought on hydroelectric generation capacity and, consequently, the impact on the company's revenue. [\[GRI G4-49, G4-50\]](#)

Model aligns interests designed to preserve and optimize Furnas' value, contributing to its longevity

Board of Directors

The highest governance body, the Board of Directors is formed of up to six members to a one-year term, with reelection permitted. All members are male, white; 33% are between 30 and 50 years old and 67% are over 50. The CEO of the company is chosen from among the members of the Board of Directors. One of the members of the Board is appointed by the Federal Minister of Planning, Budget and Management, another is elected as the employees' representative, chosen by direct vote from among active employees, and the rest are elected by the General Shareholders Meeting. The Chairman of the Board does not perform executive functions. The Board met 16 times in 2014. [\[GRI G4-38, G4-39, G4-40, G4-LA12\]](#)

The Board of Directors receives monthly reports that consolidate the main economic, financial, social and environmental results, and evaluations about the meeting of the agreed targets through a Contract Goals and Business Performance (CMDE) contract signed with the Eletrobras parent company. The performance analysis is based on management reports, checking compliance with risk controls and the provisions of the Code of Ethics' provisions. [\[GRI G4-37\]](#)

In regular meetings, the employees' representative presents the issues discussed by the Board to the other employees. This occurs both in meetings held at the headquarters site as well as in regional offices, and involve doubts and suggestions to be submitted to the Board of Directors. The most important issues brought up in 2014 were related to safety and the career plan, involving the creation of a Qualiquantative Table. [\[GRI G4-49, G4-50\]](#)

Furnas' Bylaws establish different mechanisms to avoid conflicts of interest. The employees' representative, for example, does not participate in discussions of labor relations, compensation, benefits and advantages. Executive officers can not work in any other companies related in any way to Furnas' corporate purpose, excepting the parent company, its subsidiaries or affiliates and/or concession companies in which

Furnas holds an equity stake; for these, they may hold positions on the Boards of Directors, subject to the provisions of current legislation regarding receiving compensation therefrom. [\[GRI G4-41\]](#)

Board of Executive Officers

The Board of Executive Officers is composed of a president and five officers, who are the company's business managers and are responsible for its economic, social and environmental performance. The Board of Directors elects them for a three-year term, with reelection permitted. The regulatory and statutory decisions of the Board of Executive Officers are taken at weekly meetings and constitute the deliberative process in which matters of interest of each Division are submitted. There were 54 meetings in 2014. [\[GRI G4-35, G4-36\]](#)

The 29 Internal Committees are permanent collegial bodies comprised of representatives from each Division. They support the Board of Executive Officers in compliance with internal management policies, among which are: Strategic and Business Planning, Information Technology, Human Resources, Research and Development, Insurance, Energy Commercialization, Information Security, Ethics Commission, New Business Coordination, Corporate Sustainability, Risk Management and Permanent Attention to External Audit Organizations (Caoef).

Supervisory Board

The Supervisory Board consists of three members and their alternates, shareholders or not, elected by the GSM for a term of one year and who may be reelected. The Ministry of Finance, representing the National Treasury, appoints one of the full members and respective substitute member. This body met 13 times in 2014.

Internal Audit

Internal Audit is subordinated to the Board of Directors and examines the activities of the business units. Some 45 audits were conducted in 2014 arising from both the Annual Internal Audit Activity Plan as well

Economic, social and environmental results are evaluated by the Board of Directors at regular meetings

as special demands that emerged during the year. Another four initiated in 2013 were completed during the year, which resulted in 70 reports based on Internal Audit's direct work. The internal control environment was strengthened as a result of enhancing systems, regulatory improvements and compliance with current legislation, among other gains.

Qualification

The Bylaws specify the attributes required to be a member of the Furnas Board of Directors. Prohibited are Board members who are ascendants, descendants or relatives up to the third degree of current members of the Board of Directors, the Board of Executive-Officers or the Supervisory Board. Persons declared unqualified by an act of the Brazilian Securities Commission (CVM), prevented by special law or convicted of a crime of any kind against the economy, public faith or property, or criminal penalty that prohibits, even if temporarily, access to public office likewise are ineligible. Each member of the management bodies, before being sworn in for his or her duties and upon leaving office, must submit a statement of assets. **[GRI G4-40]**

Compensation

The compensation of Board members and executive officers is a fixed amount, which does not include variable compensation based on the evaluation of economic, social or environmental performance, and the General Shareholders Meeting approves the full amount. In 2014, total compensation of the members of the Board of Directors and Supervisory Board was R\$ 419,083.20; and for the Board of Executive Officers it was R\$ 3,024,339.42. **[GRI G4-51, G4-52]**

Governance of the SPEs

As of the creation of the Planning Board, Business Management and Corporate Partnerships Division in 2012, the model of governance of Specific Purpose Entities (SPEs) in which Furnas has an ownership interest is improving. For each SPE, Furnas indicates at least one and at most three members (depending on the size and Furnas' stake in the project) to sit on the Board of Directors of the new company. As soon as an SPE is incorporated, a Furnas supervisor is assigned to closely monitor and control its performance.

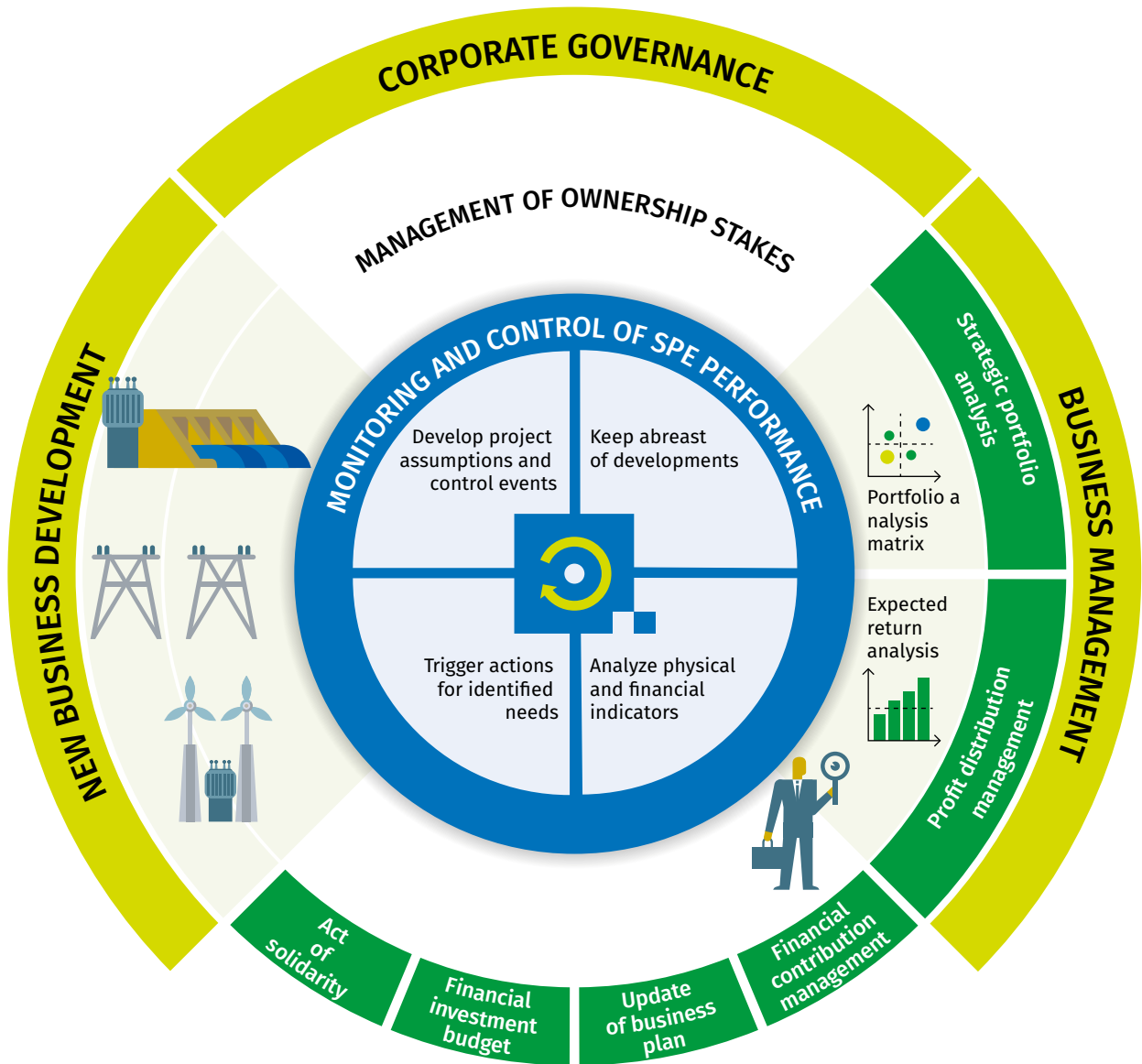
These representatives use a Board Member's Manual of Good Practices, the Advisor Dossier and the SPE Portal Access Manual to guide their work. Based on a management system, the supervisors monitor the physical and financial performance indicators that will comprise the various documents that support the monitoring process within the overall Furnas system.

At the end of 2014, 79 Furnas employees sat on SPE boards of directors and supervisory boards, monitoring 81 SPEs. To train them for this job, they meet in SPE Counselor Forums and base their work on the Considerations about Furnas and SPE Governance document, which explains the company's corporate business processes and those of the companies in which it holds a stake. In the virtual environment, the supervisors can join forums and find specific documents — such as ones for drafting of business plans, environmental and social demands, among others. The goal is to provide elements to be able to actively manage these companies.

The Best Practices Manual guides acting Furnas representatives who sit on the boards of Specific Purpose Entities



METHOD FOR MONITORING SPES



Ethical behavior [GRI G4-DMA]

The Single Code of Ethics of the Eletrobras System Companies defines principles that guide the conduct of actions, behavior and professional decisions of employees, managers, officers, members of the Board of Directors and the Supervisory Board, collaborators, suppliers and other Furnas stakeholders. The Ethics Committee monitors this compliance, responsible for guiding and advising employees about professional ethics in their dealings with other people and public property. The committee has broad powers to institute proceedings about any act, fact or conduct liable to be considered an infringement of professional ethical standards. It can also receive inquiries, complaints or representations made against the public servants. [GRI G4-56]

Furnas' intranet Ethics Site contains the current legislation, questions and answers related to management of ethics in public companies, general matters of interest (posture during Carnival, in elections, etc.), as well as the Contact Us service and the Consultation Channel for Reporting Ethical Deviations, among other information. [GRI G4-57]

By law, the Ethics Commission maintains an exclusive e-mail service channel, which also receives complaints through the Ombudsman's office. In 2014, the Ethics Commission received 18 complaints, of which 15 were related to lack of professional behavior, two were for misuse of funds and one alleged bullying. After due analysis, four cases are being pursued, with three cases involving Personal and Professional Conduct Agreements (ACPPs) through which the

employee is monitored for two years by a member of the Ethics Committee and, in the event of recurrence of the fact, will receive an Ethical Censure Citation that will be forwarded to the Personnel Department. The Ombudsman registered a case of discrimination involving outsourced employees, and the question was referred to and resolved through contact with the head of the involved department. [GRI G4-58, G4-S05, G4-HR3]

In December 2014, the Ethics Committee, together with the Ombudsman and the Gender Equality Committee, organized the 2nd Furnas Ethics, Ombudsman and Gender Forum (Feog). The event's theme was, "Transparency, Human Rights, Social Participation, Anti-Corruption and how to work on the issue of Gender in the Business Context." The Forum was attended by 54 participants, featuring the following speakers: Luiz Cristiano de Andrade, Petrobras Information Services Coordinator; Heloisa Covolan, Social Responsibility Manager of Itaipu Binacional, Fábio do Valle Valgas da Silva, head of the Federal Regional Comptroller's Office of the state of Rio de Janeiro; Ana Paula Padrão, journalist; José Eduardo Elias Romão, federal ombudsman-general; and Mário Sérgio Cortella, philosopher, teacher and writer.

The issue of corruption was also discussed at the National Ethics Management Forum on State Companies Seminar, promoted by Eletronorte, in Brasília (DF), where the focus was Ethics and Human Rights in the Corporate Environment. Three Furnas representatives attended. [GRI G4-S04]

Code of Ethics defines guiding principles and actions, attitudes and decisions of employees, officers and Board of Directors members

Risk management

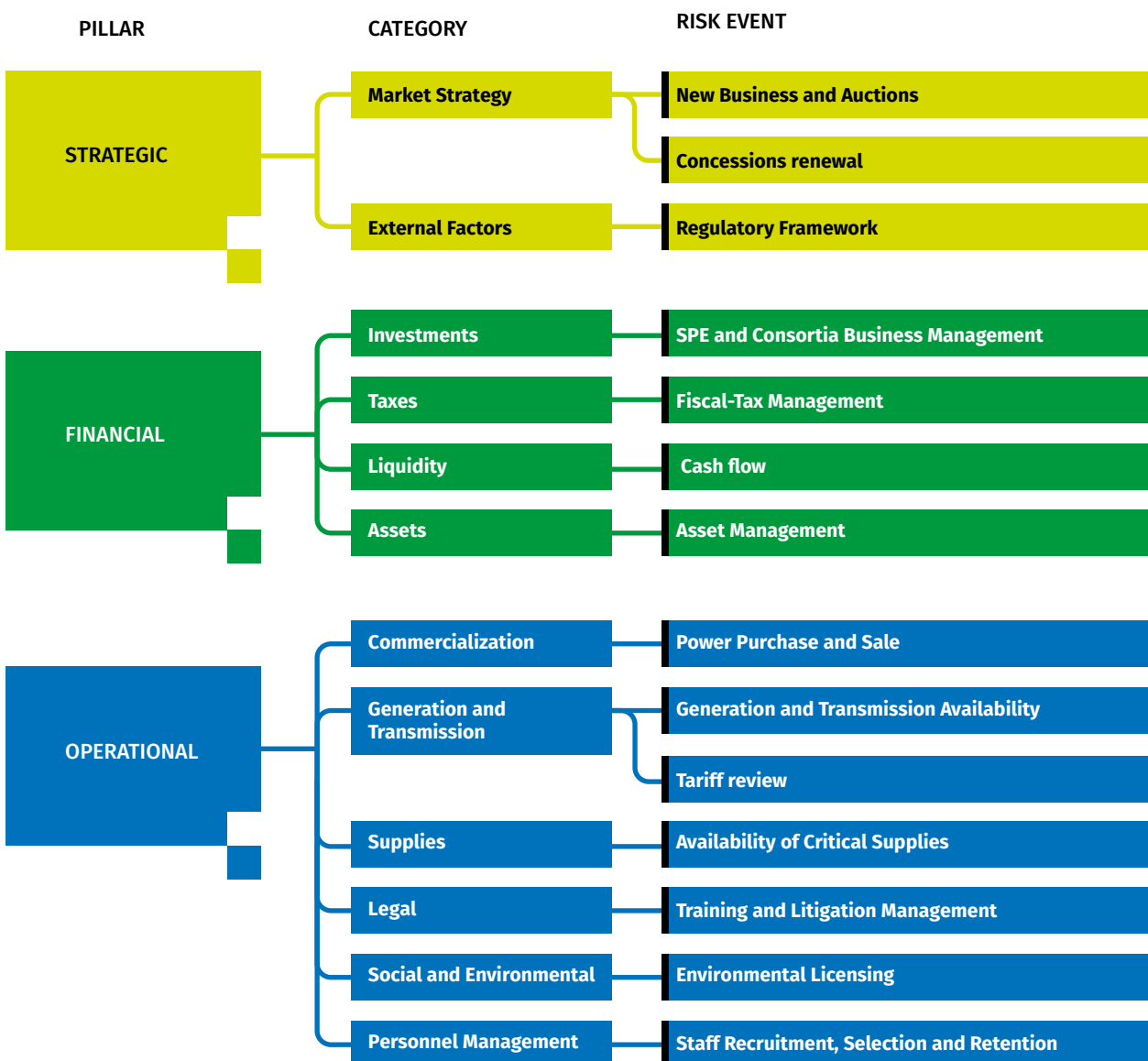
[GRI G4-2, G4-DMA]

Activities related to the identification and treatment of corporate risks represent an important strategic and management tool, key to the governance process. Perfect and timely overview of the various risk factors and their continuous and immediate disclosure allow the entire organization to make necessary adjustments to increase the degree of sustainability and protection

against unwanted events that cause financial and image losses.

The Corporate Risk Matrix was revised during the year to bring it in line with the Eletrobras System. Based on it, the Risk Management Committee selected 12 priority risk categories for the company to manage in 2015.

PRIORITY RISKS



In this context, an Action Plan was drawn up, effective in 2015, defining the evaluation methodology used to obtain a quantitative and financial overview of the priority risks. The plan also calls for adoption of a dynamic evaluation system that collects, processes and disseminates information about the corporate risks to which the company is susceptible.

Internal controls

Controls mitigating the risks to which the company is exposed have been defined to enable annual certification of the effectiveness of the internal control environment. This condition reflects adaptation to the requirements of the U.S. Sarbanes-Oxley Act (SOx) applied to the controlling shareholder, Eletrobras, whose stock is traded in the United States.

The scope of the more important processes for SOx Certification comprises those considered material to the company's financial statements. In 2014, 22 processes were selected, associated with management of materials, equity stakes, human resources, finances, fixed assets, contingencies, accounting and taxes, along with loans and financing, supplemental pension plans, related party transactions and corporate controls.

Additionally, Furnas will adopt the Internal Controls Integrated Framework recommended by the Committee of Sponsoring Organizations of the Treadway Commission (Coso), which considers financial and non-financial information.

Management of contingencies – Through the Litigation Management Project, Furnas will implement more efficient management of economic and financial impacts of about 8,000 lawsuits in which it is a defendant by the first quarter of 2015. The initiative will also mitigate new legal claims, improve control regarding prognosis as to financial losses, offer greater transparency on the issue and adopt judicial escrow deposit control mechanisms. **[GRI G4-DMA]**



RECOVERY OF TRANSMISSION TOWERS/TL MACAÉ-CAMPOS (RJ)

Emergencies plan **[GRI G4-DMA]**

Furnas' operating units maintain Emergencies Outcall Plans for crises that establish responsibilities, measures and effective action to prevent or minimize harm to people, the environment and property. The operating areas review them annually and all reports of occurrences are made available to all other units, forming a good practices database.

Duty teams working 24-hour shifts respond to events in substations and power plants. If necessary, they call up standby maintenance professionals to conduct repairs as soon as possible. There is a specific plan for dealing with transmission line emergencies. After analyzing variables such topography, access conditions and extent of damaged towers, the human and material resources needed to meet the emergency are planned, leading to the quick restoration of the transmission service.

Stakeholder relations

Entities from the three spheres of government, shareholders, employees and collaborators, clients, labor unions, civil society organizations, suppliers, educational and research institutions, among a number of other groups, form the vast contingent of interlocutors with whom Furnas seeks to strengthen ties and establish communication channels. The company views these relationships

as important to defining its challenges and commitments. [\[GRI G4-24\]](#)

Consultation and research mechanisms are used to meet the expectations and concerns of these groups. Ombudsman systems and other communication channels, such as telephone hotlines (0800 numbers) and Internet sites, provide efficient means for establishing relations, as are annual surveys of

stakeholders conducted by Eletrobras, which add consistency and help define the company's initiatives. The priority audiences for engagement are decided upon through joint evaluation with Eletrobras, taking into account these stakeholders' impacts on Furnas and how their perceptions and demands interlace with the company's operations. [\[GRI G4-25\]](#)

RELATIONSHIP AUDIENCES [\[GRI G4-24, G4-26\]](#)

| Stakeholder | Relationship channels |
|--|--|
| Employees (employees, contract workers and interns) | Permanent channels on the corporate intranet (Talk to the President, HR Site) e-mail Ombudsman Ethics Committee Gender Group Labor Union Relations Coordination Climate Survey Internal Sound System Digital media in elevators Furnas in the Media Bulletin Boards posted on various company premises Sustainability Report Breakfast with the President |
| Government bodies: Ministry of Mines and Energy (MME), Empresa de Planejamento Energético (EPE – Energy Planning Company), Electric Energy Trading Chamber (CCEE), National Electric Energy Agency (Aneel) and the National System Operator (ONS) | Regular meetings Website Sustainability Report |
| Controlling shareholder (Eletrobras) | Regular meetings Eletrobras representatives' presence on the Boards of Directors and Supervisory Board Quarterly Earnings release Management Report Sustainability Report |
| Specific Purpose Entities (SPEs) in which Furnas participates | Regular meetings Furnas representatives' presence on the Boards of Directors and Supervisory Board Furnas Supervisors Sustainability Report |
| Suppliers | Internet site, dedicated suppliers channel Meetings with suppliers Sustainability Report |
| Environmental agencies | Regular meetings Licensing processes Sustainability Report |
| Society | Ombudsman (www.furnas.com.br/frmOuvidoria.aspx) Ethics Committee Furnas Internet Site Contact Us (www.furnas.com.br/frmContatos.aspx) 0800 telephone number for emergency response for system operation Citizen Information Services (www.furnas.com.br/frmAlAcessoInformacao.aspx) Twitter Sustainability Report |
| Communities | Participation in social and environmental projects, community forums and cultural activities, involving representatives of associations, trade unions, other leaders and the government (these activities include public hearings and meetings in the environmental licensing process, at which mitigation actions, control, repair and compensation are negotiated) Sustainability Report |

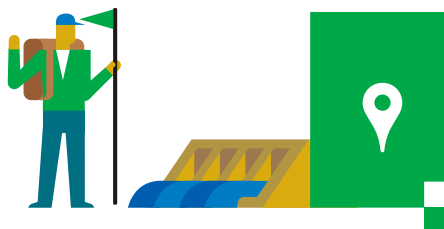
Ombudsman

The Ombudsman is available to both internal and external audiences. Access to the Ombudsman is through an electronic form on Furnas' website, fax, telephone, personal contact, letter or other document, always protecting the name of the petitioner and the confidentiality of the matter. To improve access, in 2014 the Ombudsman made available a link on the social networks (Facebook and YouTube) and continued to operate the Itinerant Ombudsman Project, with visits to regional areas.

It also manages the Talk to the President program, exclusively for the in-company audience, to answer questions and submit suggestions and comments, and the Citizens Information Service (CIS), which posts information of public interest through the Furnas website.

Over 2014, the three channels managed by the Ombudsman received a total of 887 contacts, of which 734 were posted to the Ombudsman, 86 requests for information were directed to the SIC, of which 16 were appeals, and 67 messages were forwarded to the Talk to the President program. Of the total, 263 requests, 216 complaints, 106 accusations, 86 requests for information, 91 communications, 31 suggestions, 15 messages about environmental issues, seven expressions of thanks and five of praise (as well as 67 Talk to the President posts) were received.

DIGITAL MEDIA IN 2014



Google Maps

Users navigate through the company's facilities, plants and substations using satellite images. There were 16,512 site views in 2014, averaging 1,376 hits per month.

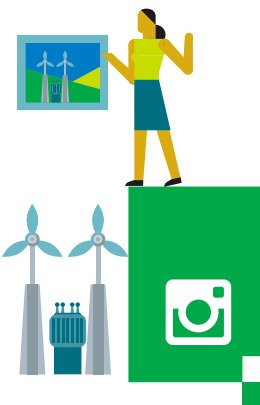


Facebook

The fan page had 7,331 fans at the end of 2014, representing an increase of 85.59% over the previous year.

Website

More than 524,000 visits, with a monthly average of 43,734 accesses, or 1,437 hits per day. The Contact Us service received 2,378 e-mails with requests for information about various subjects. Of this total, 98% of the requests were fully satisfied.



YouTube

158 videos, exceeding 140,000 views. In 2014, 236 new subscribers signed up for the space created in October 2012, totaling 506 participants.



Twitter

2,837 tweets published with 11,588 followers, adding an average of 200 new followers per month.



Cellular

Furnas recorded more than 11,000 downloads for access to the channel for iOS and Android platforms, an increase of 250% over the previous year. Among the highlights were Winds and Tides (9,300) and Virtual Home Energy Efficiency (1,053) downloads.

EXTERNAL COMMITMENTS

[GRI G4-15]

Furnas adopts voluntary initiatives, and is involved in the following national and international commitments:

UN Millennium Development Goals - Since 2003 Furnas has been a signatory of the initiative and in 2012 signed a four-year agreement with the United Nations Development Programme (UNDP) for implementation of the Capacity Development, Economic Justice and the Fostering of Best Practices Project for achieving the Millennium Development Goals in Brazil.

- UN Global Compact** – Commitment signed in 2003 with the ten principles for human and labor rights, the environment and anti-corruption practices.
- Brazilian Greenhouse Gas Protocol (GHG Protocol) Program** – Furnas joined in 2008 as a founding member. The initiative promotes voluntary actions for managing GHG emissions and the company now prepares an annual GHG inventory.
- Companies for the Climate Platform (EPC)** – Member since 2012. Initiative coordinated by the Sustainability Studies Center (GVces) of the Getúlio Vargas Foundation School of Business Administration. The aim of the movement is to raise awareness and develop a sense among business leaders to manage and reduce GHG emissions and climate risk, proposing public policies and positive incentives in the context of climate change.
- Right Direction Program** – Initiative of the Childhood Brazil Institute to combat sexual exploitation of children and teenagers, participating since 2010.
- Declaration of Commitment to Combat Sexual Exploitation of Children and Teenagers** – An initiative of the Human Rights Secretariat of the Presidency of the Republic, with the support of the Brazilian Business Council for Sustainable Development, Federation of

Industries of Rio de Janeiro and the Brazilian Land of Men Association; a member since 2010.

- A3P** – Environmental Agenda in Public Policy - Initiative of the Ministry of the Environment to adopt the recommendations of Chapter IV of Agenda 21 and Principle 8 of the Rio Declaration on Environment and Development by federal agencies. Joined in 2012.
- Elimination of Ethnic Racial Discrimination and Promotion of Equality** – Joint action plan between the governments of Brazil and the United States, coordinated in Brazil by the Secretariat for the Promotion of Racial Equality of the Presidency and the Ministry of Foreign Affairs. The company has participated since 2012.
- Gender and Race Equality Program** – Furnas joined in 2005. In 2013, it created the Equality of Gender and Race Committee, composed of two representatives from each division and directly subordinate to the President's office.
- Women's Empowerment Principles (WEPs)** – Acceptance since 2010 of the seven principles proposed at the initiative of the United Nations Fund for Women (Unifem) and the Global Compact. In 2014, Furnas won the WEPs Prize Brazil 2014 in the Large Company category, in recognition of its promotion of gender equality.
- Guidelines of the Organization for Economic Cooperation and Development (OECD) for Multinational Enterprises** – Eletrobras joined the commitment to follow the principles of responsible business conduct in 2014, covering aspects of human rights, supply chain management, labor relations, anti-corruption measures, environment and consumer interests, among others.

MEMBERSHIP IN ASSOCIATIONS

[GRI G4-16]

Furnas contributed in 2014 to about 40 organizations, totaling R\$ 1.5 million in basic membership fees.

The company sits on councils, boards, working groups and committees of entities representing segments of transmission and power generation acting in the interest of the concessionaires in the relationship with agencies such as Aneel and ONS, highlighting: Brazilian Association of Large Electricity Transmission Companies (Abrate), Brazilian Association of Infrastructure and Basic Industries (Abdib), Brazilian Electricity Generating Companies Association (Abrage), Brazilian Association of Thermolectric Generators (Abraget), Brazilian Association of Electricity Companies (ABCE), Brazilian Wind Energy Association (Abeeólica), National Association of Finance, Administration and Accounting Executives (Anefac), Brazilian Business Council for Sustainable Development (CEBDS), National Confederation of Industries (CNI) Biodiversity Network, International Hydropower Association (IHA), International Council on Large Electrical Networks (Conseil International des Grands Réseaux Electriques - Cigré), Brazilian Committee of the World Energy Council (CBCME) associated with the World Energy Council (WEC), Pedra Branca State Park Advisory Council; and the following Watershed Committees: Guandu Guarda and Guandu-Mirim; Afluentes Mineiros do Alto Paranaíba; Afluentes Mineiros do Baixo Rio Grande; Estaduais Mineiros; Preto and Paraibuna; and Paraíba do Sul.



SANTA CRUZ THERMOELECTRIC PLANT (RJ)

HPP LUIZ CARLOS BARRETO DE CARVALHO (MG/SP)



Strategy and management



Sustainable growth, operational excellence and adjustment to the model through tariff changes: this is the three-pronged approach of Furnas' business strategy within the new industry scenario resulting from Law 12.783. The new rules govern renewal of the generation and transmission concessions maturing between 2015 and 2017 and apply new base compensation rates, with reductions of up to 70% for the services rendered. Under the new guidelines, revenues now only contemplate administration, operation and maintenance costs, excluding asset compensation and depreciation.

In addition to adapting the strategic plan to the current situation and identifying the value levers for Furnas' short term performance, the review of the strategic plan was focused on analyzing the company's costs as well as defining the objectives and management goals of the six Divisions and 22 Superintendencies for the upcoming years. The main legacy is the change to a culture focused on results, based on a proactive stance on problems and agile decision-making.

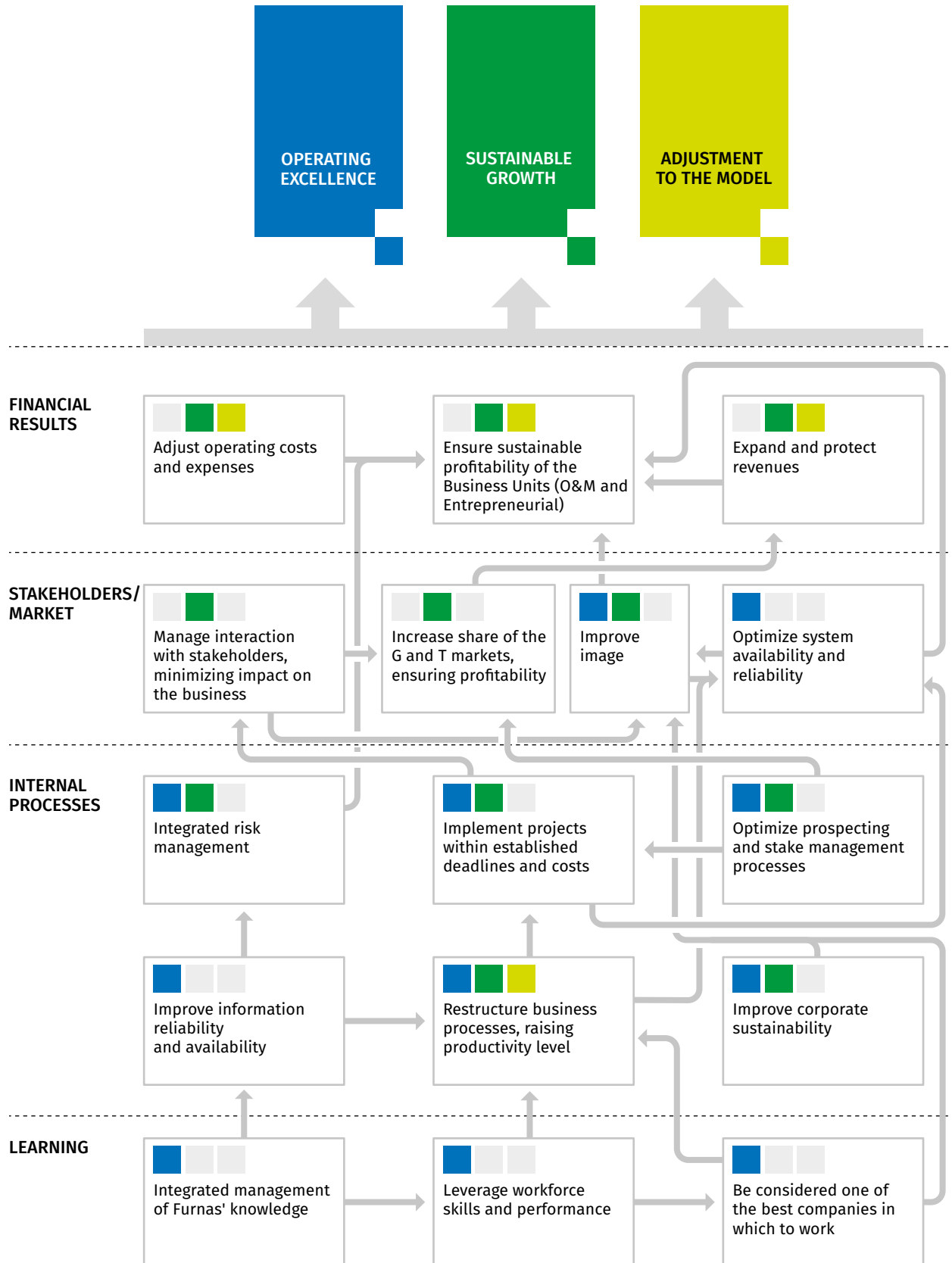
Another focus was the development of a new strategic map, based on the Balanced Scorecard model, defining goals and objectives from four perspectives: financial, market, internal processes and learning.

Strategy Follow-Up Meetings (RAEs) were institutionalized, which include the participation of officers, advisers, assistants and superintendents. They meet every other month to discuss indicators and initiatives related to established strategic objectives. On December 31, the Strategic Panels comprised 56 goals, 87 indicators and 72 initiatives. Each Superintendency shares its goals, commitments of support and agreed-to corrective actions to achieve the strategic objectives between areas.

To help monitor the budget for personnel, materials, services and others (PMSO) in 2014 a tool was introduced that supports managerial decision making. Available on the intranet, it consists of a panel that permits tracking of budgeted and actual amounts in each one of the PMSO categories, as well as by item and by Division. Another initiative includes adoption of the Zero-Base Budget tool, for proper allocation of costs and expenses adjusted for each process, project and activity needed to achieve the business goals and objectives. **| GRI G4-DMA |**

Strategy is based on three concepts: sustainable growth, operational excellence and adjustment to the model

STRATEGY MAP FURNAS 2014 [GRI G4-DMA]



OPERATIONAL EFFICIENCY | GRI G4-DMAI

Since 2013, the company has been undergoing restructuring to ensure an agile, competitive, efficient and profitable operation in fulfillment of its institutional role and the effective use of market opportunities. Furnas had the support of Roland Berger Strategy Consultants and a Technical Cooperation Agreement with the Inter-American Development Bank (IDB), totaling US\$ 3 million, to help implement the strategy.

In the process, it defined a new strategic business vision, calling for an operating matrix based on two keystones:

1. An entrepreneurial company, which operates in association with the private sector through Specific Purpose Entities (SPEs). It manages these investments and the development of new business, with its revenues deriving from the results of its projects;
2. An operating and holding company, taking advantage of the integration and synergy of corporate assets in generation and transmission, sustained by revenues from such services.

Known as the Organizational Restructuring Project (PRO-Furnas), this restructuring program was divided into two stages, with the first completed in 2013 and the second initiated in 2014. Among the changes was a 26% reduction

in the number of organizational units (81) and consolidated identification of 219 optimization initiatives. Since the project got underway until the end of 2014, 85 initiatives had been completed, enabling definitive annual appropriation savings of R\$ 156 million with own and outsourced personnel, representing 44% of the total savings foreseen through the project.

Shared Services Centers - PRO-

Furnas also covers the structuring of Shared Services Centers (CSCs). The CSCs centralize the purchasing and contracting process according to best market practices, freeing business areas to conduct their routine administrative activities. The centers have already taken over the activities of accounts payable and receivable, small value purchases, bidding for common materials and continuous services, contract management, medical reimbursement, general services and fleet management.

Furnas Mais - Launched in May 2014, the Furnas Mais (More Furnas) project (involving Mobility, Automation, Innovation and Synergy) is based on mobile data collectors equipped with Wifi, GPS and camera technology. It is designed to improve maintenance

PRO-FURNAS II SCOPE





STRATEGY FOLLOW-UP MEETING

management, expand the availability and reliability of assets and reduce operating costs. Operations and maintenance staff at power plants, substations and transmission lines use these devices, directly transferring field data to the computerized maintenance management system (SAP/PM). They provide precise information on inspections, maintenance calls and operating parameter values, among others.

Workforce Reassessment Plan (Preq)

- Part of the restructuring process, the plan consists of encouraging already retired employees to leave the company entirely and an adjustment of the workforce framework to the new industry environment. In the first phase, from July 2011 to August 2013, 1,286 employees were let go; in the second phase, from October 2013 to November 2014, 437 employees were dismissed, totaling 1,723 terminations. At the end of the second phase, cumulative savings exceeded R\$ 1 billion. As of December 2014, monthly savings of about R\$ 50 million were achieved.

Demobilization of non-permanent employees - The plan reflects the agreement reached with the Federal Supreme Court (STF), the Public Prosecutor's Office (MPT), the Attorney General's Office (AGU), the Federal Audit Court (TCU) and the National Federation of Urban Workers. It calls for a total reduction of 1,330 non-permanent employees, in stages between 2014 and 2018, and the hiring of 550 candidates who were approved in the last public entrance exam run by the company. Through 2014, 444 candidates were admitted.

Project Office - Furnas made significant gains in overcoming two of its main challenges in recent years: conclusion of construction projects on schedule and the increasing of synergies between the various areas involved in a same project, to eliminate obstacles and streamline processes. To this end, the Project Office was created at the Superintendency level, where 14 managers share responsibility for managing some 260 projects

around the country. Their work is designed to integrate land acquisition, environmental, planning, engineering, construction, operation and maintenance actions; and to monitor the full project implementation cycles. Priority criteria were established for project portfolio management, enabling Furnas to focus primarily on those subject to Aneel resolutions and that, once completed, generate new revenues for the company.

Qualiquantitative Reference

Framework - This table was established in August 2014, with the direct involvement of the entire management team. It determined the number of employees needed and gaps in the revised workforce breakdown as a result of new own personnel voluntary buyouts. The reference framework includes 4,112 job vacancies for 2016 between own employees and contracted workers. As shown in the chart on the following page, the number of fulltime employees and outsourced workers has been declining since 2010.

SUSTAINABLE GROWTH [GRI G4-DMA]

Underpinning the performance of the most efficient and responsible companies, sustainability is daily becoming a condition for the survival and continuity of large corporations. Incorporating economic factors to aspects relating to social and environmental responsibility, the concept broadens the horizons of the companies with regard to generating value for all stakeholders and development that is committed to providing benefits for future generations.

The company's involvement with sustainability became more substantial after its inclusion in the corporate strategic plan — present even in the PRO-Furnas program — which shifted sustainability to a central position. The Sustainability Coordination Department was created, which together with the Corporate Information and Strategy Management areas is part of the new Superintendency for Strategy and Sustainability.

Sustainability in Furnas is now consolidated as an important management tool. Both for meeting market indicators as well as analysis of gaps to enhance internal procedures, the efforts towards sustainable performance have helped chalk up continuous operational improvements. With the participation of Furnas and other companies in the system, Eletrobras continues to be listed on both the Dow Jones Sustainability Emerging Markets Index, a portfolio involving shares from 86 companies in 12 countries — including 17 from Brazil — and BM&FBovespa's Corporate Sustainability Index (ISE).

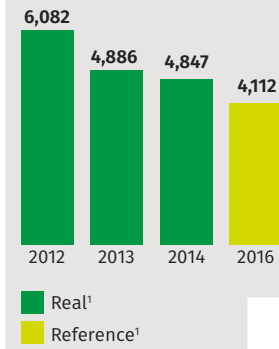
ADJUSTMENT TO THE MODEL [GRI G4-DMA]

Right from the start, Furnas' restructuring project was oriented toward alignment with the regulatory changes in the Brazilian electric industry. This became even more crucial due to the federal government's subsequent actions to implement modest electricity rates. In this environment, concessions for new generation and transmission assets will be auctioned based on the lowest bid from among companies interested in the expansion of the electricity system, through a more competitive process. For the state-owned companies, an efficient alternative for competing is to enter the auctions through minority stakes in Specific Purpose Entities (SPEs).

Through this practice, the company can minimize significant impacts on revenues caused by construction delays and the subsequent Aneel sanctions with financial impacts that made it more difficult to participate in auctions. Investment in new construction projects leads to an increase in revenues and the strengthening of the company.

For this purpose, in late 2014 the company held ownership interests in 81 SPEs, representing a total investment of about R\$ 20 billion, backed by funds from equity partners, the BNDES and other financial institutions. The stakes in SPEs are also designed to provide a return on investment in the form of dividends that are higher than Furnas' cost of capital.

FRAME OF REFERENCE



¹ Includes only permanent and outsourced employees.

R\$ 20 billion is the total investment in ownership stakes in 81 Specific Purpose Entities

Resumption of growth

[GRI G4-DMA]

Furnas has set bold growth targets calling for moving up from the current 14,600 MW to 20,000 MW in generation by 2020, diversifying its clean and renewable energy sources. In transmission, projects to raise the current 24,000 km of lines to 31,000 km are on the drawing boards, an increase of 29% over the same period. [GRI EU10]

To meet the goals, R\$ 4.2 billion in annual investments is being set aside, of which R\$ 3.2 billion is earmarked for generation and R\$ 1 billion for transmission. The share of funding to be put up by the company, which corresponds to approximately R\$ 1.8 billion a year, will be made possible through operating cash flow and compensation for renewed but as yet unamortized assets.

During the year, satisfying the commitments contained in the Business and Management Plan, we registered important accomplishments, among which were:

- Completion of another stage of construction of the Santo Antônio hydroelectric plant located on the Madeira River in Rondônia state, representing 94% of the overall project whose total installed capacity is 3,568.8 MW;
- Completion of the Batalha hydroelectric plant, located on the São Marcos River between the states of Goiás and Minas Gerais, with installed capacity of 52.5 MW, which went into commercial operation in May 2014;
- Conclusion of first and second machine tests at Teles Pires hydroelectric plant, located on the Teles Pires River between the states of Pará and Mato Grosso, with total installed capacity of 1,819.8 MW;



HPP BATALHA (GO/MG)

- Obtaining, in consortium, at an Aneel auction held on March 28, 2014, the concession for operation and maintenance of Três Irmãos hydroelectric power plant located on the Tiete River, state of São Paulo;
- Winner in auction, in partnership with State Grid Brasil Holding and Eletronorte, the first direct current transmission line for connection of the Belo Monte power plant to the Southeast, over the 2,092-km-long Xingu-Estreito TL 800 kV DC, with two conversion substations;
- Completion of the Miassaba 3 and Rei dos Ventos 1 and 3 wind generation projects, all located in the state of Rio Grande do Norte;
- Completion of the Madeira Energy Integration transmission projects (Lot D, in August 2013, and Lot F, in May 2014), MGE Transmission (August 2014), Tijuco Preto-Itapeti-Northeast Line and the Zona Oeste Substation, covering many Brazilian states.

20
thousand MW is
the generation
capacity target
by 2020, with
diversification
of energy
sources

NEW VENTURES

New business in 2014 included:

Três Irmãos

The Três Irmãos hydroelectric auction belonging to Companhia Energetica de São Paulo (São Paulo Electric Company - CESP) was the first power plant to be put up for sale in the program for retendering facilities that were not renewed under Law 12.783. The Novo Oriente consortium formed by Furnas (49.9%) and the Constantinopla investment fund (50.1%) was the only group to bid. The proposed amount was R\$ 31.6 million annually and the concession period is 30 years. The operation was a very important milestone for Furnas because it opened up an opportunity to operate plants in exchange for receiving remuneration for the service, a Furnas core business activity.

Before assuming the operation, Triunfo acquired 100% of the shares belonging to the Constantinopla fund. The names of the heads of four of the five companies making up the fund were mentioned in the federal Operation Lava Jato investigations involving allegations of corruption. In its original composition, the fund had enabled Constantinopla to participate in the auction process in a public tender issued by Furnas for the creation of SPEs and, on that occasion, the available information did not discredit the partner.

→ More information on public calls can be found on page 42.

Belo Monte Long Line

The IE Belo Monte Consortium - formed by Furnas (24.5%), State Grid Brasil Holding S.A. (51%) and Eletronorte (24.5%) - won the bid for the construction of the 2,100-km line with capacity to transmit 4,000 MW of power between HPP Belo Monte and the Southeast. It will be the first transmission line in the country at 800

kV, a voltage level at which there is less energy loss during transportation. To win the auction, the group offered R\$ 434.647 million, a 38% discount on the Maximum Allowed Annual Revenue (R\$ 701.04 million). The discount was made possible by the matchup of the expertise of three large companies with proven project development, construction, operation and maintenance technology. The planned investment is R\$ 5 billion.

Brazil-China Agreement

New ventures may also arise in the coming years resulting from the partnership between Furnas and two Chinese companies, State Grid and Three Gorges. They are part of the cooperation agreement signed between the Brazilian and Chinese governments on the occasion of the visit of Chinese president Xi Jinping to Brazil right after the FIFA World Cup, at a ceremony held in the Presidential Palace. Several strategic cooperation agreements between Eletrobras and Furnas and China's Three Gorges Corporation and CWEI Participações were signed, designed to boost cooperation for construction of hydroelectric projects on the Tapajós River. In addition, commitments between Furnas and Three Gorges were agreed for joint study of renewable energy sources, including hydro, wind and solar, in Brazil, China and other countries.

Partnerships established with Chinese companies State Grid and Three Gorges expand joint growth opportunities for the development of electric projects



REI DOS VENTOS WIND FARM (RN)

INVESTMENTS

In 2014, investments totaled R\$ 2,308 million, with R\$ 849 million in own investments and R\$ 1,459 million in equity investments in third companies.

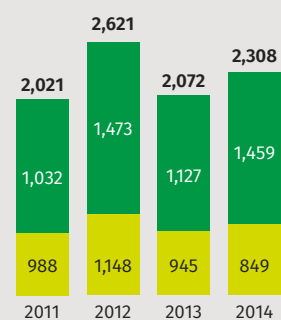
The investments in SPEs in which Furnas holds an ownership interest totaling R\$ 1,459 million, of which Madeira Energia S.A. (Mesa) and the HPP Santo Antonio concessionaire in Rondônia (R\$ 1,079 million) are particularly notable, representing 74% of the investments for the period. Wind farms under construction received R\$ 127 million.

We invested R\$ 152 million in the generation segment, R\$ 61 million for expansion and R\$ 91 million in modernization and maintenance of the electric power generation system.

Some R\$ 606 million was invested in transmission lines that are part of the federal government's Accelerated Growth Program (PAC) and the General Plan of Transmission Projects in Facilities in Operation (PGET). The goal is to improve system safety and reliability. Between 2011 and 2014 more than 75 reinforcement and improvement projects were concluded. For the 2011-2018 period, the PGET calls for expansion and replacement of more than 5,500 pieces of equipment, including transformers, circuit breakers and isolating switches. In 2014, some 336 pieces of equipment were replaced.

Another R\$ 79 million was allocated to maintenance and adjustment of infrastructure and R\$ 12 million went toward environmental conservation and protection actions resulting from the generation and transmission construction programs.

INVESTMENTS (R\$ million)



■ Equity interests

■ Own projects

EVOLUTION OF INVESTMENTS (R\$ million)

| Year | Corporate investments | Financial investments | Total local currency | Total constant currency Dec/2014 ¹ |
|------|-----------------------|-----------------------|----------------------|---|
| 2010 | 1,245 | 340 | 1,585 | 2,013 |
| 2011 | 989 | 1,032 | 2,021 | 2,410 |
| 2012 | 1,148 | 1,473 | 2,621 | 2,954 |
| 2013 | 945 | 1,127 | 2,072 | 2,205 |
| 2014 | 849 | 1,459 | 2,308 | 2,308 |

¹ Values adjusted by the IPCA for December 2014.

OWN INVESTMENTS (R\$ million)

| | 2013 | 2014 |
|--|------------|------------|
| Generation | | |
| Construction of HPP Simplicio | 116 | 20 |
| Construction of HPP Batalha | 124 | 21 |
| Modernization of HPP Luiz Carlos Barreto | 4 | - |
| Modernization of HPP Furnas | 61 | 44 |
| Maintenance of the Generation System | 61 | 47 |
| Combined Cycle HPP Santa Cruz | 1 | 20 |
| Subtotal Generation | 367 | 152 |
| Transmission | | |
| Transmission System Reinforcement and improvement | 101 | 223 |
| TL Tijuco Preto-Itapeti-Northeast | 21 | 22 |
| TL Macaé-Campos 3 | 1 | - |
| Construction of Mascarenhas-Linhares Transmission System | 21 | 16 |
| Expansion of the Furnas Transmission System | 36 | 27 |
| Maintenance of the Furnas Transmission System | 261 | 298 |
| Bom Despacho 3-Ouro Preto 2 Transmission System | 49 | 20 |
| Subtotal Transmission | 489 | 606 |
| Other | | |
| Maintenance and Adjustment of IT and Teleprocessing Assets | 32 | 30 |
| Maintenance and Adjustment of Furnishings, Vehicles, Machinery and Equipment | 27 | 43 |
| Environmental Preservation/Conservation | 18 | 12 |
| Maintenance and Adjustment of Property Assets | 12 | 6 |
| Subtotal Other | 89 | 91 |
| Total | 945 | 849 |

EQUITY INVESTMENTS (R\$ million)

| SPE | Furnas' Stake (%) | Project | Investment in 2014 (R\$ million) |
|--|-------------------|---|----------------------------------|
| Generation | | | |
| Madeira Energia S.A. | 39.0 | HPP Santo Antônio | 1,079 |
| Inambari Geração de Energia | 19.6 | HPP Inambari | 0 |
| SPEs Energia dos Ventos I a X | 49.0 | EOLs in the Aracati and Fortim Wind Complexes | 20 |
| Teles Pires Participações S.A. | 24.5 | HPP Teles Pires | 0 |
| SPEs of Punaú & Baleia Wind Complex | 49.0 | EOLs of the Punaú and Baleia Wind Complexes | 95 |
| Famosa, Rosada, Pau Brasil and São Paulo Wind Generating Complexes | 49.0 | EOLs Famosa 1/Rosada/Pau Brasil/São Paulo | 6 |
| Retiro Baixo Energética S.A. | 49.0 | HPP Retiro Baixo | 3 |
| Empresa de Energia São Manoel | 33.3 | HPP São Manoel | 0 |
| SPEs in the Famosa III Wind Complex | 90.0 | EOLs in the Famosa III Wind Complex | 0 |
| SPEs in the Itaguaçu da Bahia Wind Complex | 49.0 | EOLs in the Itaguaçu da Bahia Wind Complex | 12 |
| Tijoa Participações e Investimentos S.A. | 49.9 | HPP Três Irmãos | 1 |
| Centro de Soluções Estratégicas S.A | 49.9 | Centro de Soluções Estratégicas | 2 |
| Transmission | | | |
| Interligação Elétrica do Madeira S.A. | 24.5 | TL Porto Velho-Araraquara 2 | 40 |
| Transenergia São Paulo S.A. | 49.0 | SS Itatiba | 2 |
| Luziânia-Niquelândia Transmissora S.A. | 49.0 | SS Luziânia/SS Niquelândia | 6 |
| Goiás Transmissão S.A | 49.0 | TL Rio Verde Norte-Trindade | 7 |
| MGE Transmissão S.A. | 49.0 | TL Mesquita-Viana 2 | 29 |
| Caldas Novas Transmissão S.A. | 49.9 | SS Corumbá | 0 |
| Transenergia Renovável S.A. | 49.0 | TL Chapadão-Quirinópolis/SS Jataí/SS Edeia/SS Quirinópolis | 0 |
| Transenergia Goiás S.A. | 49.0 | TL Serra da Mesa-Barro Alto | 28 |
| Triângulo Mineiro Transmissora S.A. | 49.0 | TL Marimondo II-Assis | 31 |
| Paranaíba Transmissora de Energia S.A. | 24.5 | TL Barreiras II-Rio das Éguas/TL Luziânia-Pirapora 2 | 47 |
| Vale do São Bartolomeu Transmissora de Energia S.A. | 49.0 | TL Luziânia-Brasília Leste/TL Samambaia-Brasília Sul/TL Brasília Sul-Brasília Geral/SS Brasília Leste | 15 |
| Lago Azul Transmissora de Energia S.A. | 49.9 | TL Barro Alto-Itapaci | 2 |
| Mata de Santa Genebra Transmissora S.A | 49.9 | TL Itatiba-Bateias/TL Araraquara 2-Itatiba/TL Araraquara 2-Fernão Dias/SS Santa Bárbara d'Oeste/SS Itatiba/SS Fernão Dias | 27 |
| Belo Monte Transmissora de Energia S.A. | 24.5 | TL Xingu-Estreito | 6 |

ONGOING PROJECTS

During 2014 generation projects that will add 4,898 MW to the Brazilian system's capacity were under development. Of these, 3,802 MW pertained to three hydroelectric plants and 1,096 MW were in 48 wind farms under construction in the states of Ceará, Rio Grande do Norte and Bahia (in the latter, Furnas' portion corresponds to 652.05 MW). The hydroelectric projects include:

HPP Santo Antônio – The plant is a project belonging to SPE Madeira Energia S.A., under construction on the Madeira River in Rondônia. By the end of 2014, 32 of the 50 generating units were in operation, adding 2,286.08 MW to the country's generating capacity. Furnas' share is 39%. Construction should be completed in 2016, with total capacity of 3,568.8 MW.

HPP Teles Pires – Under construction on the Teles Pires River in the state of Mato Grosso, with 1,819.8 MW of installed capacity. It is scheduled for startup in 2015. Furnas owns a 24.5% stake.

HPP São Manoel – On the Teles Pires River on the border between the states of Mato Grosso and Pará, the plant has 700 MW capacity and Furnas' interest is 33.3%. The plant should be ready in 2018.

Overall transmission under construction consists of 329 km of own lines and 4,554 km through the SPE regime, as well as 12 partnership substations.



HPP SANTO ANTÔNIO (RO)

NEW BUSINESS

Business opportunities are under development, such as:

Operation and Maintenance – Furnas took advantage of the integration and synergy of corporate generation and transmission assets to create a Strategic Services Center. The operational and maintenance services it renders to these assets strengthen its position in this market — and adds additional revenues. The business will be developed through a new partnership agreement with Triunfo in HPP Três Irmãos.

Provision of Services – Sales of services is evolving into business opportunities using some of Furnas' main technical competencies, representing another way to grow the company's revenues. It involves activities such as reduced model hydraulic studies, dam safety, transmission line, substation maintenance and power plant operator courses, among others.

O&M SHP – Based on Law 12.783, of 1.11.2013, the Ministry of Mines and Energy (MME) published Ordinances 124 and 189 designating Furnas responsible for rendering power generation operating and maintenance services to SHPs Neblina, Sinceridade and Dona Rita.

Public call

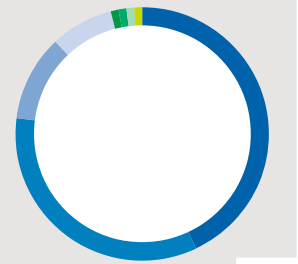
To ensure full transparency in prospecting and expansion of its businesses and the selection of potential partners, Furnas exclusively makes use of Public Calls for New Opportunities, which occur in two ways. Calls for investment seek to register companies wishing to enter into financial arrangements in projects together with Furnas. For their part, calls for future project development are permanent and have been open since 2012.

Registered companies that meet the participation premises must deliver the necessary documents and receive additional information on projects, and criteria (technical, commercial, legal and

strategic) to be adopted in the selection of each partnership, making the process isonomic, legal and transparent.

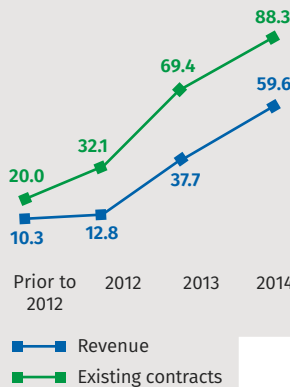
Between February 2012 and December 2014, 89 active investors had been registered to participate in generation and transmission auctions, 24 of them in 2014 alone. In the same period, 333 project developers were registered representing different power sources (hydroelectric, conventional thermal, thermal biomass, wind, solar and solid waste generation), totaling some 19,000 MW capacity. Just in 2014, 145 new projects were registered.

REGISTERED PROJECTS PER TYPE

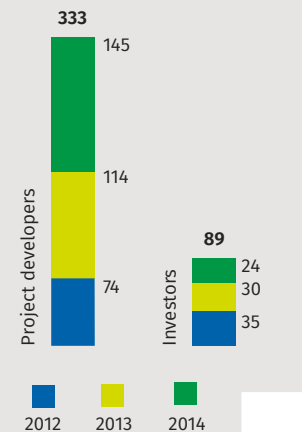


| | |
|-----------------|-------|
| Wind | 43.2% |
| Solar | 33.6% |
| SHP | 10.5% |
| Sale of assets | 8.1% |
| TPP solid waste | 1.2% |
| TPP natural gas | 1.2% |
| TPP biomass | 1.2% |
| TPP coal | 0.9% |

SERVICE SUPPLIERS (in millions)



PUBLIC CALL REGISTRATIONS





REI DOS VENTOS WIND FARM (RN)

Research, Development and Innovation - R&D+I

[GRI G4-DMA]

In the four-year 2013-2016 period, Furnas will have invested approximately R\$ 300 million in R&D+I projects to test and develop new forms of clean and renewable power generation. The priority is projects focused on sustainability related to new, clean sources of electricity generation. The company also invests in projects involving mini and distributed micro-generation, as regulated by Aneel, and that in the next decade could represent a significant portion of generation. Funds are also earmarked for research into new technologies, such as extra-high voltage (800 kV) transmission.

In October 2014, in the midst of restructuring its technology area, Furnas also merged its R&D area with its laboratories. The change was designed to offer better technical support for project development and simultaneously ensure the conditions necessary to internalize the new technology created. Six R&D+I projects contracted in the previous year were

closely monitored, aiming at incorporating the sustainable use of natural resources for power generation. Also monitored was a project to enable the transmission of large low band pass blocks of energy over long distances. The projects were selected according to technical and market analyses, in accordance with the strategic direction set by senior management, through Public Calls taking their strategic importance into account.

Investments in innovative projects related to sustainability were maintained and totaled R\$ 1.176 million in 2014. Of these, 23.1% were in renewable energy, 11.4% for the environment and 65.5% involved transmission and distribution technologies. This topic covers funding of Furnas' main project in recent years, which is related to ultra-high voltage (UHV) transmission lines: the construction of the Ultra High Voltage Laboratory in partnership with other Eletrobras System companies. [GRI G4-DMA]

4.6 million reais were invested in 2014 in R&D projects, with a higher volume in transmission technologies

Furnas has expanded studies and research related to alternative energy sources as a way to diversify its energy matrix. Of these projects¹, the following are notable:

Electricity generation from ocean waves

– consists of the installation and operation of an offshore converter prototype to generate electricity through wave action off the coast of Rio de Janeiro. The organizations involved in the project are Coppe/UFRJ and Seahorse, a startup company.

Use of waste for energy purposes

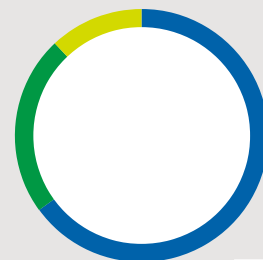
– The project aims at energy recovery of municipal solid waste through innovative, non-polluting pyrolysis technology, using a rotating drum through an organic materials thermochemical decomposition process. The goal is to sell the technology as a waste treatment solution with power generation, especially in municipalities with populations under

40,000 inhabitants. The project's executing agencies are the Center for Innovation and Competitiveness (CIC); the Federal Fluminense University (UFF); CDIOX Safety & Security and Innova Energias Renováveis.

Carbon credits – The Development of Methodology to Subsidize the Baseline Preparation for Calculation of Emissions from the Electricity Sector and the Monitoring of Greenhouse Gas Emissions in Hydroelectric Plant Reservoirs projects are R&D activities related to carbon credit allocations.

These projects are designed to evaluate greenhouse gases emissions stemming from hydroelectric plants, because recent studies have indicated that water reservoirs can act as carbon sinks. This issue is considered of great importance due to the increasing demands of environmental agencies for the purpose of licensing hydroelectric projects.

R&D INVESTMENTS 2012-2014



| | |
|--|-------|
| Transmission and distribution technologies | 65.5% |
| Renewable energy | 23.1% |
| Environment | 11.4% |

INVESTMENTS IN R&D (R\$ thousand)

| | 2012 | 2013 | 2014 |
|---|--------------|----------------|--------------|
| Renewable energy technologies | 0 | 30,100 | 3,403 |
| Transmission and distribution technologies | 100 | 95,000 | 0 |
| Innovative services related to sustainability/environment | 5,715 | 9,600 | 1,176 |
| Total | 5,815 | 134,700 | 4,579 |

Note: The atypical amount in 2013 refers to the institutional funding for setting up the Ultra High Voltage lab under the responsibility of the Electric Energy Research Center (Cepel).

→ ¹ More R&D sustainable development projects are presented on page 96 of the Appendix to this report.

RECOVERY OF TRANSMISSION TOWERS / TL MACAÉ - CAMPO (RJ)



Operating
performance



Generation

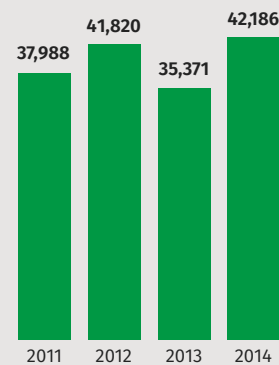
Furnas' 27 power plants generated 42,186 GWh in 2014, of which 25,149 GWh was from its own plants and 17,037 GWh for plants in which it has an ownership interest. Of the total, 38,947 GWh was hydroelectric generation, 2,727 GWh thermal power and 512 GWh of wind energy. The amount was 19.3% higher than in 2013. In the year, the highlight was the startup of the commercial operations of HPP Batalha, on the border of the states of Goiás and Minas Gerais, and three wind farms in the state of Rio Grande do Norte (Miassaba and Reidos Ventos 1 and 3). [|GRI EU2|](#)

The hydroelectric power plants had an average availability factor of 86.9% in 2014. Of the overall unavailability percentage of 13.1%, 2.4% was related to shutdowns for failures in equipment or systems. The other 10.7% represented scheduled shutdowns for generating unit preventive maintenance or overhaul. The increase in planned outages was due to various services authorized by the National System Operator (ONS) that had not been liberated in previous years, resulting from the unfavorable hydrological situation during the year. The Santa Cruz thermal power plant's availability was 94.9% and its efficiency ratio was 31%. [|GRI EU30, EU11|](#)

Status of the reservoirs

A long dry season marked 2014, with reservoir water inflows well below the historical average amounts for most of the year. At year-end, water storage levels were about 15% in HPPs Furnas, Itumbiara, Funtil and Marimbondo, 25% in Serra da Mesa, 45% in HPP Corumbá and 75% in HPP Manso. The equivalent reservoir, which is represented by the total volume of water stored in Furnas' hydroelectric reservoirs, ended the period at 23% capacity.

ENERGY GENERATED (GWh)



Although relatively low, these levels did not impact the generation of electricity. HPPs Furnas, Marimbondo, Itumbiara, Serra da Mesa and Manso have regularization-type reservoirs and operate by storing water during the rainy season (November to April) for use in the dry season (May to October). This allows the plants to produce electricity needed throughout the year and also supplies water so other plants located downstream can also operate.

The plants are components of the National Interconnected System (SIN) and the operation is planned and scheduled in conjunction with the National System Operator (ONS), which defines the reservoir levels and the energy dispatched.

HPP Batalha – With installed capacity of 52.5 MW and physical guarantee of 48.8 MW — enough energy to power a city of 130,000 inhabitants — HPP Batalha initiated commercial operation in May 2014. The project's schedule was impacted by the need to adapt it to the actual geological conditions

encountered, as well as delays in obtaining environmental permits for construction of the dam and the transmission line and authorization to remove vegetation in the reservoir area. The 138 kV Batalha-Paracatu transmission line was completed in August. Because it has a large reservoir (137 km²) and is located on the headwaters of the São Marcos River (MG/GO), this plant is of great importance for the SIN, allowing it meet increased electricity demand even in times of drought.

General Plan of Generation Projects in Facilities in Operation (PGER) [|GRI G4-DMA|](#)

Adopted in 2011, the plan covers technological upgrading, replacement of analog with digital equipment, swapping out of old generators and turbine parts for new components with newer technologies and replacement of mechanical components with hydraulic ones, which will permit remote operation of plants.

In 2014, we continued modernizing HPPs Furnas and Luiz Carlos Barreto de Carvalho to restore operational reliability of generating units and their substations. Activities and expenditures associated with the modernization of HPPs Mascarenhas de Moraes (beginning in 2016), Funil (beginning in 2017) and Porto Colômbia (beginning in 2019) are scheduled.

Transmission

In 2014, two new transmission lines and four new substations created within the Specific Purpose Entity (SPE) regimen initiated commercial operations, as did one wholly owned substation and one transmission line.

The transmission system's average operating availability was 99.76%. In 2014, the robustness indicator – which measures system disturbances in relation to supply of loads by checking the grid's capacity to support contingencies without causing interruption to the supply of electricity to consumers – was nearly 100%. Transmission losses totaled 2.19%.

[GRI G4-EU12]

General Plan for General Plan of Transmission Projects in Facilities in Operation (PGET) [GRI G4-DMA]

The goal of the General Plan for Transmission Projects at Installations in Operation (PGET) is operational excellence by modernizing Furnas' transmission system. It includes acquisition of new voltage processing and control equipment as well as the implementation of improvements and reinforcements as a means of updating protection systems and switching equipment.

In 2014, the PGET received investments of R\$ 429 million, as well as R\$ 92 million for other projects associated with the existing transmission system. During the year, 336 pieces of equipment became outmoded or reached the end of their useful lives, and were replaced, including 12 transformers totaling 1,900 MVA of transformation capacity. Between 2011 and 2014, we have completed more than 75 reinforcement and improvement projects. For the 2011-2018 period, the PGET has led to expansion and replacement of approximately 5,500 additional pieces of equipment.

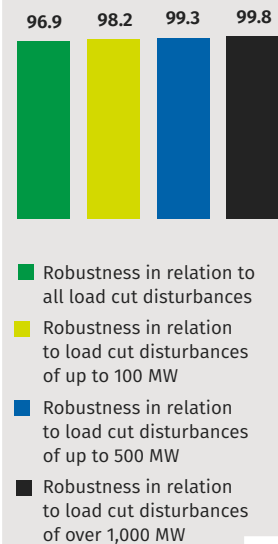
The company's installation modernization program features improvements to power generation and transmission facilities, emphasizing equipment protection and control. It also focuses on specific improvements, such as a project that was implemented for the 765 kV power transmission trunk line from the 60 Hz Itaipu Power Plant, which involved enhanced shielding that was installed at Furnas' substations to achieve higher levels of excellence, further contributing to the safety of the Brazilian electricity supply system.

Severe weather events

In 2014, the Company recorded eight major incidents involving toppled towers. Only one outage, on November 7 of the Foz do Iguaçu-Ivaiporã transmission line, triggered the emergency control plan, which required the shutdown of two generation units that accounted for a generation loss of 1,388 MW. This capacity was offset by increased generation from other National Interconnected System (SIN) power plants. The shutdown did not result in any load cut or slippage of the Company's robustness indicator.

For each occurrence, Furnas' Emergency Response Plan (PAE) was put into action. Due to rugged terrain and difficult-to-access areas, a large contingent of professionals to adequately solve these situations was mobilized. The services for repairing damaged towers were always performed speedily yet without compromising worker safety; there were no accidents registered in the execution of these activities. [GRI G4-DMA]

2014 LOAD CUT ROBUSTNESS INDICATOR (%)



Furnas' transmission system modernization program provides for reinforcement or replacement of approximately 5,500 pieces of equipment between 2011-2015

The transmission system is overseen by the System Operations Center located in the Company's Central Office in Rio de Janeiro, in conjunction with its regional operation centers. Information from the most remote areas are transmitted through communication technologies to operation centers featuring a complete online overview of the entire National Interconnected System (SIN) using real-time computer systems and up-to-date video wall technology.

Furnas employs a Reliability-Centered Maintenance philosophy that identifies equipment performance features and standards, and allows for the application of predictive, preventive, detective and corrective maintenance strategies to optimize the security, availability and efficiency of facilities and equipment. **[GRI G4-DMA]**

Transmission system supervision uses cutting-edge technologies and real-time monitoring

SYSTEM EVENTS

| Date | Time | Event | Time | Date |
|-----------|----------|---|----------|------------|
| 4/21/2014 | 10:39 pm | Shutdown of the Foz do Iguaçu-Ivaiporã circuit 1 transmission line (TL), as a result of observed damage to Tower 131. | 11:25 am | 4/26/2014 |
| 5/26/2014 | 10:41 pm | Shutdown of the Campos-Macaé circuit 2 TL as a result of the collapse of Tower 438. | 11:31 am | 6/3/2014 |
| 6/5/2014 | 5:02 pm | Shutdown of the Foz do Iguaçu-Ivaiporã circuits 1 and 2 TLs, as a result of the collapse of two towers: | | |
| | | – 303 (which is part of Foz do Iguaçu-Ivaiporã circuit 2). | 4:04 pm | 6/11/2014 |
| | | – 306 (which is part of Foz do Iguaçu-Ivaiporã circuit 1). | 11:49 am | 6/11/2014 |
| 6/7/2014 | 2:12 pm | Shutdown of the Foz do Iguaçu-Ibiúna circuits 1 and 2 TLs, as a result of the collapse of towers 317 and 318. | 12:40 pm | 6/12/2014 |
| 9/2/2014 | 5:01 pm | Shutdown of the Foz do Iguaçu-Ivaiporã circuit 3 TL, as a result of the collapse of Tower 474. | 3:53 pm | 9/5/2014 |
| 9/24/2014 | 6:37 am | Shutdown of the Foz do Iguaçu-Ivaiporã circuit 3 TL, as a result of the collapse of five, 765 kV towers (#s 333-336 and 341). | 11:27 pm | 10/1/2014 |
| 11/6/2014 | 11:05 pm | Shutdown of the Foz do Iguaçu-Ivaiporã circuit 3 TL, as a result of malfunctions in towers 389 and 390. | 11:45 am | 11/12/2014 |
| 11/7/2014 | 3:26 pm | Shutdown of the Foz do Iguaçu-Ivaiporã circuit 1 TL, as a result of the toppling of Tower 547. | 11:13 am | 11/10/2014 |



HPP FURNAS (MG)

Energy sales

In 2014, Furnas sold 40,561 GWh of electricity, down 3.96% compared to 2013. Sales revenues were R\$ 4,212 million. As a result of the extension of Furnas' concessions (HPPs Luiz Carlos Barreto de Carvalho, Marimbondo, Porto Colômbia, Funil and Corumbá), since January 1, 2013 the company's energy sales have been made through apportionment of quotas of these plants among SIN distributors and the application of tariffs set by Aneel.

Furnas also commercializes energy via long-term contracts from its Serra da Mesa and Manso power stations. The company sold power produced by Eletronuclear S.A. (Eletronuclear) through 2012; as of January 2013, this electricity began to be commercialized directly between Eletronuclear and distribution companies.

40,561

GWh

of energy was commercialized in 2014, down 3.96% over the volume registered in 2013

OPERATING PERFORMANCE

As a means of achieving the best results in regulated auctions for new generation projects, Furnas has developed revenue-forecasting methodologies for different energy market scenarios, which take into consideration inherent uncertainties related to each of its businesses. Strategies for participation in a variety of competitions, which consider their individual specificities, have been established to improve competitiveness.

In 2014, to satisfy the terms of its energy sales contracts, Furnas purchased 3,332 GWh at a cost of R\$ 647 million, which represents a reduction of 5.25% in reais, compared to the cost incurred in 2013.

LONG-TERM CONTRACTS (MW average)

| | 2012 | 2013 | 2014 |
|---------------|--------------|------------|------------|
| Eletronuclear | 1,475 | - | - |
| Serra da Mesa | 345 | 345 | 345 |
| Manso | 4 | 4 | 4 |
| Total | 1,824 | 349 | 349 |

Services sales

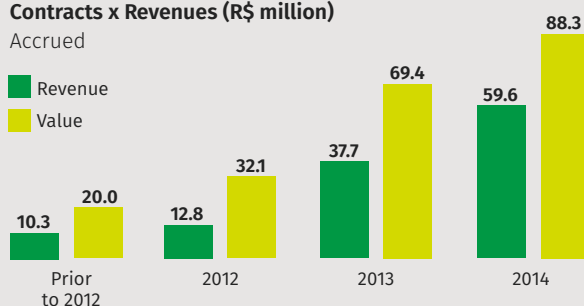
By harnessing the strength of Furnas' key technical skills, Services Sales have led to more business opportunities and resulted in a number of signed contracts in a variety of fields: owner engineering; reduced model hydraulic studies; dam safety; technological control of construction materials and concrete and soil testing; transmission line, substation and power plant operator training courses; testing and performance studies of electricity systems using a Real-Time Digital Simulator (RTDS); and measurement, calibration and testing services.

PROVISION OF SERVICES

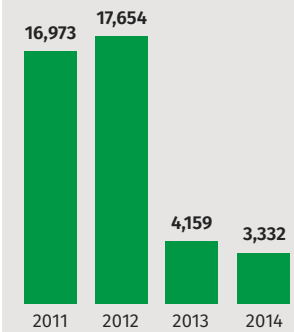
Contracts x Revenues (R\$ million)

Accrued

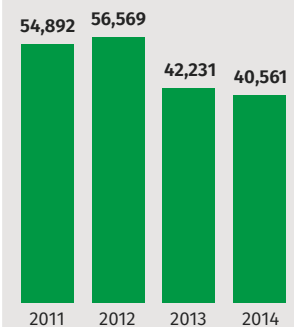
Revenue
Value



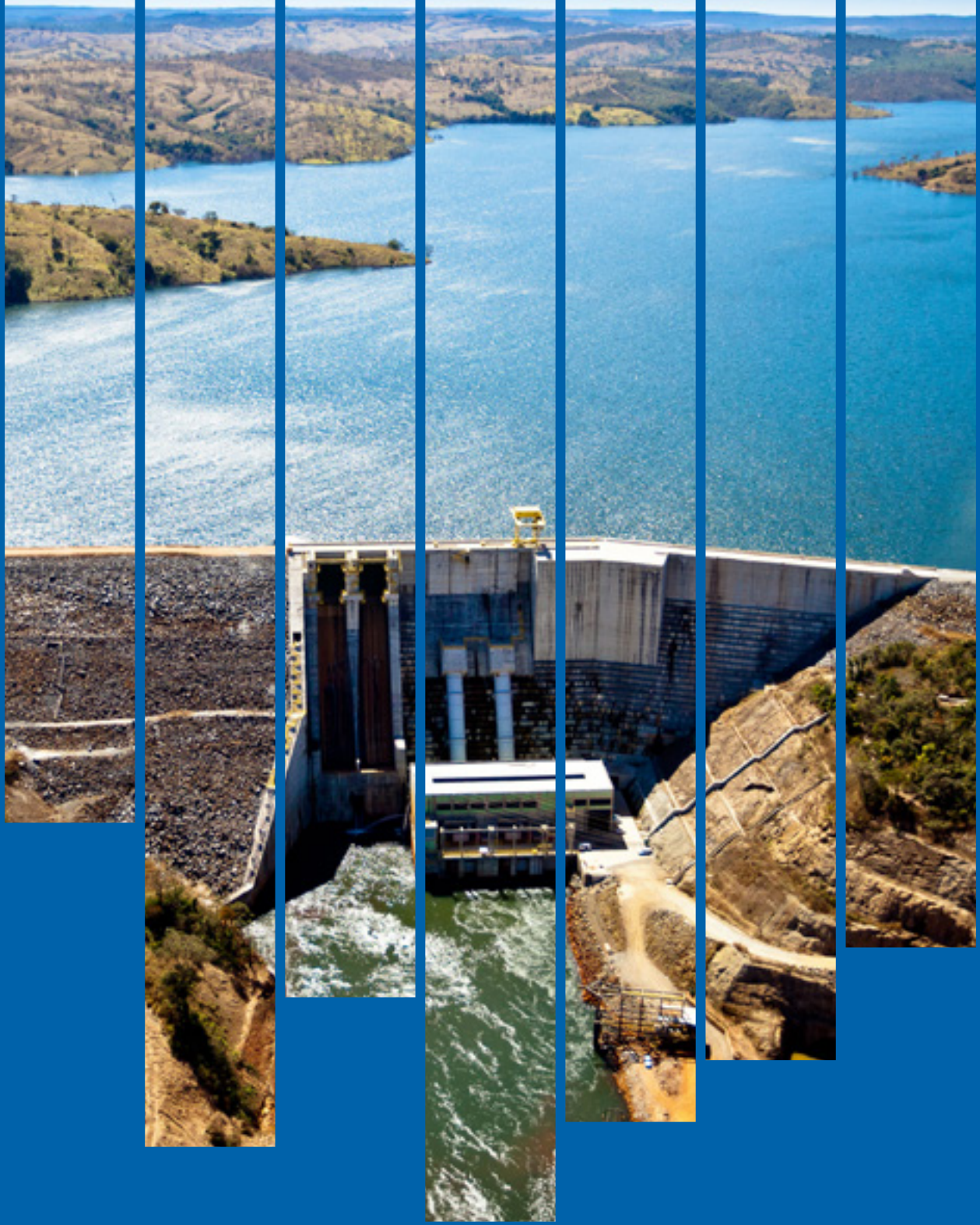
PURCHASED ENERGY (MWh)



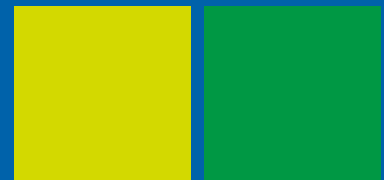
ENERGY SOLD (GWh)



HPP SERRA DO FACÃO (GO/MG)



Economic-
financial
performance



Fiscal year 2014 was the second year during which Brazilian Law 12.783/2013 was in force. It deals with the extension of concessions and has had a major impact on the financial statements of companies engaged in the generation and transmission of electricity. For Furnas, the new rules impacted approximately 46% of the company's assured energy and 95% of its transmission lines, which led to a reduction of R\$ 1.9 billion net revenue/year as from 2013.

→ More information regarding the regulatory environment is available on page 12.

To counteract this impact, the company adopted personnel retraining and optimization measures as a means of adjusting to the new tariff structure.

→ Detailed in the Strategy chapter on pages 31-35.

Thus, already in the year 2014, Furnas reported a return to operating profitability and significant expansion of its EBITDA margin.

Results

Net operating revenue totaled R\$ 6,182 million, up 44% from 2013, mainly due to power sales in Auction A (existing energy), with delivery beginning in May 2014, which provided an increase of approximately R\$ 1.4 billion in revenue from the supply of electricity. This transaction was made possible by availability of power from the Serra da Mesa station.

In 2014, the company recorded a net loss of R\$ 406 million, an improvement over the negative income of R\$ 818 million posted the previous year. Performance was particularly impacted by the following items, which are detailed in the firm's financial statements and explanatory notes (available at www.furnas.com.br):

- Settlement of differences in the Electric Energy Trading Chamber (CCEE), mainly between Specific Purpose Entities (SPEs) in operation, notably in the case of Santo Antônio Energia S.A. (Saesa), which spent R\$ 1,783 million in 2014 on Generation Scaling Factor (GSF) and Availability Index Factor expenses. GSF

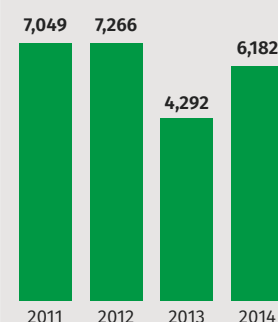
significantly impacted equity, as well as sales of the company's own energy, and prevented, in 2014, a reversal of the loss recorded the previous year.

- In the renewal of the Furnas transmission system concession, the only compensated assets were those that are part of the Basic Network New Investments (RBNi). For this reason, the Company maintains agreements with Aneel and prepares a report for the recognition of investments also made in the Existing System Basic Network (RBSE), with the possibility of a reimbursement of approximately R\$ 4 billion.
- In calculating Annual Allowed Revenue (RAP), Aneel did not take into consideration investments in compensation equipment for reactive power. The revision of this calculation may generate additional revenue in excess of R\$ 300 million annually. This request is currently under review by the regulator.

RESULTS (R\$ million)

| | 2013 Restated | 2014 |
|--|---------------|--------------|
| Net Operating Revenue | 4,292 | 6,182 |
| Operating/Construction Cost | (4,260) | (5,342) |
| Operating Profit | 32 | 840 |
| Operating Expenses | (326) | 474 |
| Services Income | (294) | 1,314 |
| Equity Accounting Income | 152 | (887) |
| Financial Income | (524) | (458) |
| Income before Law No. 12.783/2013 | (666) | (31) |
| Gains (Losses) Law No. 12.783/2013 | - | 31 |
| Income Before Taxes | (666) | (0) |
| Taxes (IRPJ + CS) | - | - |
| Deferred Taxes (IRPJ + CS) | (152) | (406) |
| Net Profit for the Period | (818) | (406) |

NET INCOME (R\$ million)



OPERATING COSTS AND EXPENSES (R\$ million)

| | 12.31.2013 | 12.31.2014 |
|--|--------------|--------------|
| Operating Cost | 3,678 | 4,673 |
| Electric Power Cost (purchases and fees) | 1,075 | 1,943 |
| Cost of Operation | 2,603 | 2,730 |
| Personnel | 1,133 | 1,097 |
| Materials | 37 | 32 |
| Third Party Services | 692 | 727 |
| Depreciation and Amortization | 186 | 223 |
| Use of Water Resources | 164 | 134 |
| Fuel and Water for Electric Power Production | 367 | 493 |
| Others | 24 | 24 |
| Operating Expenses (Revenue) | 326 | (505) |
| Provision/(Reversal) - PREQ | 222 | (12) |
| Provision/(Reversal) - Litigation | (310) | (46) |
| Provisions/(Reversals) - Loan Loss Credits | 61 | 66 |
| Financial Asset Write-Off Estimate | 496 | (496) |
| Impairment Adjustment | 32 | (47) |
| Other Operating Expenses | 175 | 177 |
| Reimbursement for Power Unavailability | 51 | - |
| Actuarial Gains/(Losses) | 88 | (116) |
| Reciprocal Contract Provision/Reversal | (489) | (31) |
| Operating Cost + Operating Expenses | 4,004 | 4,168 |

44%

growth in net
operating
revenue
compared
to 2013

Costs and expenses

Operating costs rose by 5% over the previous year, although there was a 10% reduction in personnel costs. It should be noted that with respect to operating expenses, disregarding values for provisions, impairment, energy reimbursements and actuarial results, which are non-recurring expenses, practically speaking there was no increase in recurring operating expenses in view of the fact these went from R\$ 175 million in 2013 to R\$ 177 million in 2014.

EBITDA CALCULATION (R\$ million) ¹

| | 12.31.2013 Restated | 12.31.2014 |
|---------------------------------------|---------------------|--------------|
| Gross Operating Profit | 32 | 840 |
| Depreciation | 186 | 222 |
| Other Operating Income (Expenses) | (207) | (160) |
| Other Non-Operating Income (Expenses) | (139) | 145 |
| Adjusted EBITDA | (128) | 1,047 |

¹ Excludes items without cash correspondence, as well as non-recurring items.

EBITDA

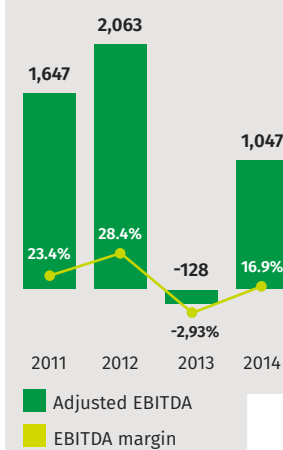
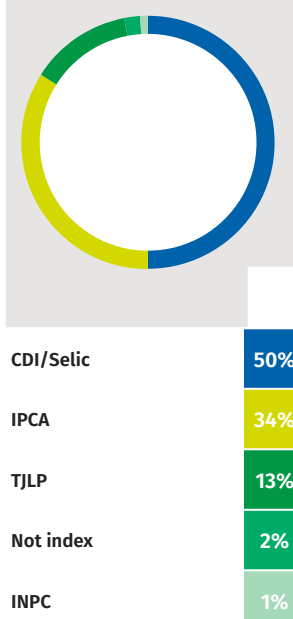
As a result of adjustments and as a reflection of improvements in management processes that have been implemented in recent years, the company reversed a negative situation to a positive EBITDA of over R\$ 1 billion. As a consequence of significant EBITDA growth, the company's margin also reversed a negative situation, scoring 17%, with a trend toward improvement in the coming years.

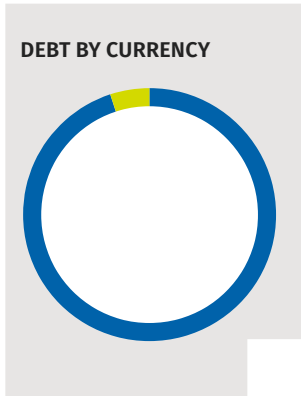
Loans and financing

Funding secured by Furnas from domestic financial institutions, Eletrobras and the Inter-American Development Bank (IDB) resulted in a cash inflow for the Company of R\$ 1,096 million during 2014. Of this amount, R\$ 400 million was contracted with Banco do Brasil to strengthen cash flow.

Of the R\$ 6.5 billion that Eletrobras received from the Caixa Econômica Federal and Banco do Brasil, Furnas was recipient of R\$ 644 million through a pass-through contract, with the funds being allocated to SPE Madeira Energia S.A.

To assist the ongoing modernization program for HPPs Furnas and Luiz Carlos Barreto de Carvalho, the IDB released US\$ 21 million, equivalent to R\$ 51.9 million.

EBITDA AND MARGIN**DEBT BY INDEX**



| | |
|-------------------|-----|
| National currency | 95% |
| Foreign currency | 5% |

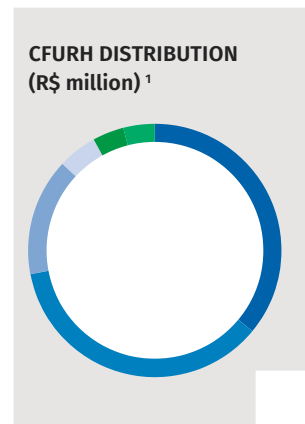
DEBT BREAKDOWN (R\$ million) [GRI G4-9]

| Creditor | Balance on 12.31.2014 | % of total |
|--------------------------------|-----------------------|-------------|
| Eletrobras (national currency) | 3,805 | 42% |
| Eletrobras (foreign currency) | 153 | 1.7% |
| IDB (foreign currency) | 331 | 3.7% |
| Caixa Econômica Federal | 1,873 | 20.7% |
| Banco do Brasil | 1,400 | 15.4% |
| BNDDES | 993 | 11% |
| Finep | 163 | 1.8% |
| Basa | 210 | 2.3% |
| Subtotal | 8,928 | 98.5% |
| Fundação Real Grandeza | 137 | 1.5% |
| Total | 9,065 | 100% |

Financial Compensation for Use of Water Resources (CFURH)

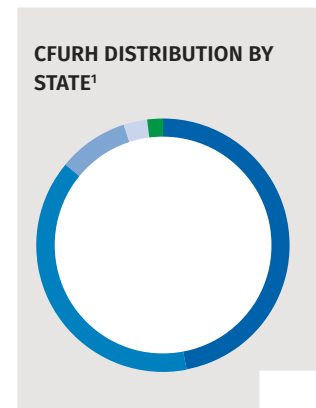
Concessionaires and other firms authorized to produce energy via hydroelectric generation pay the Brazilian federal government, states and municipalities Financial Compensation for Use of Water Resources (CFURH). In 2014, Furnas disbursed R\$ 133.4 million, which benefited the administrations of five states, the Federal District and 149 municipalities, as well as administrative agencies of the federal government – the Ministries of the Environment (MMA) and Mines and Energy (MME), the National Fund for Scientific and Technological Development (FNDCT) and the National Water Agency (ANA).

Furnas also contributes, proportionally, to the compensation that is paid out on six other power plants in which it has shareholdings – Baguari (15%) and Retiro Baixo (49%) in Minas Gerais; Peixe Angical (40%) in Tocantins; Foz do Chapecó (40%), situated between Santa Catarina and Rio Grande do Sul; Serra do Facão (49.47%) in Goiás; and Santo Antônio (39%) in Rondônia. In 2014, these hydroelectric facilities paid R\$ 873 million in royalties for the use of water, of which Furnas' contribution was R\$ 34.8 million.



| | |
|----------------|------|
| States | 53.4 |
| Municipalities | 53.4 |
| ANA | 14.8 |
| FNDCT | 4.8 |
| MME | 3.6 |
| MMA | 3.6 |

¹ Refers to Furnas-owned plants



| | |
|----------------|-----|
| Minas Gerais | 47% |
| Goiás | 39% |
| São Paulo | 9% |
| Rio de Janeiro | 3% |
| Mato Grosso | 2% |

¹ Refers to Furnas-owned plants

Statement of Added Value

In 2014, business management and cost controls resulted in an amount to be distributed that was up by 25% over the previous year, totaling R\$ 6.9 billion:

STATEMENT OF ADDED VALUE (R\$ million) | GRI G4-EC1

| | 2013 | 2014 |
|--|--------------|--------------|
| Energy and Services Sales Revenues | 4,963 | 6,924 |
| Other Operating Revenues | 6 | 134 |
| Inputs | | |
| Cost of Power Purchased | (674) | (1,943) |
| Materials | (37) | (32) |
| Third Party Services | (692) | (727) |
| Other Operating Costs | (1,763) | (1,507) |
| Gross Added Value | 1,803 | 2,849 |
| Depreciation and Amortization | (186) | (222) |
| Constitution/Reversal of Provisions | (12) | 567 |
| Net Value Added Generated | 1,605 | 3,194 |
| Financial Revenue (Transfers) | 551 | 581 |
| Equity Accounting | 152 | (887) |
| Value Added to Distribute | 2,308 | 2,888 |
| Distribution of Value Added to Distribute | | |
| Labor Remuneration | 1,221 | 1,098 |
| Government (Taxes and Contributions) | 668 | 934 |
| Financial Fees and Monetary Changes | 1,076 | 1,039 |
| Sector Fees | 161 | 223 |
| Retained Profit (Loss) | (818) | (406) |
| Total Value Added Distribution | 2,308 | 2,888 |

FURNAS' ELECTRICAL TECHNICIANS TEAM



Personnel management



Furnas believes its workforce is a significant factor for its business success. Personnel management acts as an agent for bolstering the organization, contributing to its competitiveness, profitability and corporate sustainability.

Directed toward solutions that establish appropriate conditions for the development, enhancement and retention of people, this policy aims to heighten customer satisfaction and enhance the quality of life of the company's employees. Furnas constantly is improving its management models to create workplace environments that motivate and engage people with the business strategy. The aim is to develop professional skills, general excellence and achievement of organizational goals. Employees are encouraged to focus on results, entrepreneurship, innovation, ethics and transparency.

From this premise, in 2014 the company implemented its New Model for the Strategic Management of People, proposed through Furnas' Organizational Restructuring Project (PRO-Furnas). It seeks to align human resources management policies and practices to the company's strategies and guidelines — and its goals.

→ More information on PRO-Furnas is contained in the Strategy chapter.

EMPLOYMENT [GRI G4-DMA]

Furnas ended 2014 with a headcount of 3,517 fulltime employees, 1,330 outsourced employees and 488 trainees. Six fulltime employees occupy senior management positions, none of whom come from the local communities of the company's significant operating venues — that is, near its power projects. [GRI G4-EC6]

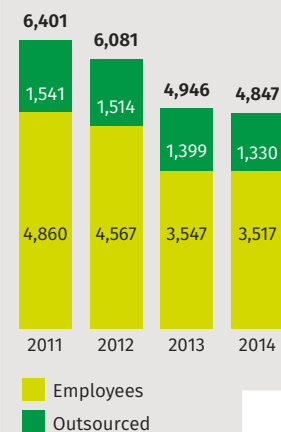
As a mixed economy company, it may only hire employees who successfully compete in public exams. After contracted, employees participate in a two-week-long New Employees Integration Program (Pine), which consists of lectures on organizational structure, career planning and compensation, the Company's Code of Ethics, along with other subjects.

Internal mobility within Furnas links the company's business strategy to employee interests through criteria that optimize personnel allocations. The process consists of two programs:

- Internal recruitment:** In this case, the company is proactive, with its divisions putting forward the needs that must be addressed in filling particular jobs, allowing employees who have an appropriate profile to participate in the selection process.
- Opportunity seeking:** Allows employees interested in shifting to a different division to take the initiative, express their interest, send in their résumés and demonstrate that they possess the necessary knowledge and skills.

NUMBER OF EMPLOYEES

[GRI G4-10]



TOTAL EMPLOYEES [GRI G4-10]

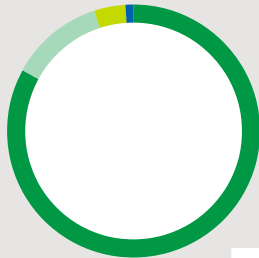
| | 2013 | | | | 2014 | | | |
|--------------------|---------------|------------|----------------------|------------|---------------|------------|----------------------|------------|
| | Own Employees | | Outsourced Employees | | Own Employees | | Outsourced Employees | |
| | Men | Women | Men | Women | Men | Women | Men | Women |
| Southeast | 2,449 | 494 | 743 | 413 | 2,432 | 496 | 739 | 407 |
| South | 150 | 8 | 17 | 2 | 140 | 7 | 17 | 2 |
| North | 21 | 2 | 6 | 0 | 12 | 0 | 7 | 0 |
| Center-West | 375 | 48 | 126 | 32 | 384 | 46 | 124 | 34 |
| Total | 2,995 | 552 | 892 | 447 | 2,968 | 549 | 887 | 443 |
| Grand total | 3,547 | | 1,339 | | 3,517 | | 1,330 | |



PERSONNEL MANAGEMENT

EMPLOYEES BY REGION

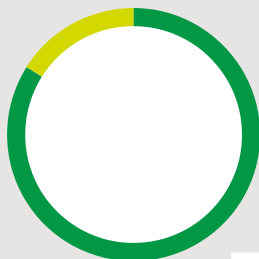
[GRI G4-10]



| | |
|-------------|-------|
| Southeast | 83.3% |
| Center-West | 12.2% |
| South | 4.2% |
| North | 0.3% |

EMPLOYEES BY GENDER

[GRI G4-10]



| | |
|-------|-------|
| Men | 84.4% |
| Women | 15.6% |



EMPLOYEES AT THE HPP MANSO (MT)

During the first quarter of 2015, internal mobility at Furnas will be improved through introduction of a tool that seeks to reconcile both the interests of the company with those of employees.

Also new in 2015 will be the Succession Management Program, developed over the course of 2014. It consists of several initiatives to assess employee potential, building a database of possible successors, determining the development that

will be required for those involved and verifying the suitability of this potential to the needs of the business. The program will support career orientation practices by attributing investment priorities to develop behavioral skills needed to take on future managerial positions. In addition, it envisages planned and ongoing development for those professionals deemed capable of occupying management positions and leading teams to tackle corporate challenges.

The visibility of the access opportunities will be expanded through a transparent selection process, with assessments based upon objective and uniform criteria.

DIVERSITY [GRI G4-DMA]

Furnas' personnel management policies and practices value diversity and the company offers equal opportunities for all, regardless of gender or race. The clauses contained in the Eletrobras companies' latest collective bargaining agreements to prevent discriminatory practices and ensure gender and race/ethnic equality are proof of this. Additionally, mechanisms have also been incorporated to guarantee leaves of absence for female employees who are victims of domestic violence and to lengthen maternity leaves.

The Gender Equality Committee assists the Executive Board on a permanent and systematic basis to enforce the company's Gender Equality policy, promoting the firm's position on this matter in forums, while also analyzing legislation, among other activities. In 2014, Furnas won the Women's Empowerment Principles (WEP) Brazil Gold Award in the Large Company category. An initiative of the United Nations Global Compact and UN Women, the award recognizes corporations that promote gender equality within their companies and in the communities in which they operate, and is based upon the Seven Women's Empowerment Principles.

Furthermore, Furnas received a 4th Seal from the Gender and Racial Equality Program awarded by the Women's Policy Secretariat, part of Brazil's Office of the Presidency of the Republic. Additionally, to mark the celebration of International Human Rights Day, the company participated in the II Ethics, Ombudsman and Gender Forum. Highlighting the event were reflections on these subjects by renowned experts.

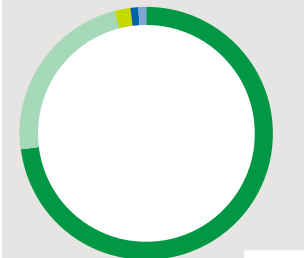
In late 2014, the Company employed 249 persons with disabilities, of whom 25 were its own fulltime employees and 224 admitted through an agreement with the Brazilian Institute for the Rights of Persons with Disabilities (IBDD), which satisfies a requirement set by Brazilian law.

ORGANIZATIONAL CLIMATE SURVEY

In 2014, results were released from the 3rd Organizational Climate Survey that was conducted in late 2013 within the Eletrobras System companies. The general organizational climate index was 64.73%, which was lower than results obtained in previous years and under the 66% target, attributed to the processes of organizational change and restructuring currently under way. However, there are important areas where the results registered were higher than the overall average — such as benefits offered (80.53%); interpersonal relationships (80.9%); identity (82.53%); and sustainability (72.12%).

All employees had access to this analysis of the organizational climate within Furnas and their individual workplaces. In pursuit of ongoing improvements to the company's organizational environment, sectorial action plans are being implemented in areas where satisfaction rates were below the 66% target.

EMPLOYEES BY RACE
[GRI G4-LA12]



| | |
|----------------|-------|
| White | 74.2% |
| Black or mixed | 23.7% |
| Yellow | 1.3% |
| Indigenous | 0.4% |
| Not declared | 0.4% |

Furnas intends to expand the visibility of access opportunities through a transparent selection process based on objective and uniform criteria

OCCUPATIONAL HEALTH AND SAFETY

[GRI G4-DMA]

In keeping with the prevention-focused policy of the Eletrobras System, Furnas' occupational health and safety policy aims to improve the quality of its employees' professional and personal lives. In 2014, the company intensified management's safety awareness as a means of instilling this as a corporate value and making this the sole responsibility of the safety division.

To achieve this, a planning methodology involving all operations was adopted. For each activity, the team carried out and documented a preliminary risk analysis, which sought to verify procedures, confirm the acquisition of training certificates and establish the presence of individual and collective safety equipment.

As regards equipment and collective protection systems, Furnas has all the resources necessary to preserve the physical integrity and health of members of its workforce. In addition, the company provides free personal protective equipment to its own and outsourced direct labor employees.

All Furnas employees are represented by 32 Internal Accident Prevention Committees (CIPAs), as well as six Safety Units (USEGs), which assume the duties of CIPAs in units where, under Occupational Health and Safety Legislation (NR5), there is no requirement to set up such committees. Furnas also has a Standing Committee for Accident Prevention and an Occupational Health and Workplace Safety Committee, whose members are drawn from all corporate divisions.

[GRI G4-LA5]

Formed of union representatives, the Standing Committee for Accident Prevention was created through a company agreement with the union that includes a specific clause in Furnas' Collective Bargaining Agreements through which the firm agrees to maintain this as a standing committee. The committee monitors workplace health and safety activities, particularly as regards strict compliance with Brazil's occupational health and safety laws. Its members meet regularly at Furnas' Central Office. An annual schedule of meetings establishes issues to be addressed that deal with current situations in a real-world context, and which take into account those demands that have been identified in union halls in consultation with employees. [GRI G4-LA5, G4-LA8]



REPAIRING TRANSMISSION TOWERS - TL FOZ DO IGUAÇU-IVAIPORÃ (PR)

Safety training | GRI G4-DMA1

With its own training facilities focused on different aspects of the company's operations, which includes a firefighters' Training Center for Combating Emergencies located at HPP Furnas in São José da Barra, Minas Gerais, the company provides occupational health and safety training and capacity building for its own and its outsourced employees. It also contributes to the preparation of employees of its contractors through various courses, especially power line construction. Moreover, the company's facilities are used by outside organizations such as fire departments, schools and others.

All training offered by the company is managed to satisfy requirements of current legislation and also deliver capacity-building skills necessary to raise health and risk prevention awareness at Furnas' facilities. Annually, a program covering topics such as first aid, accident and risk prevention in the workplace is scheduled.

In September 2014, Furnas held an Occupational Safety meeting at its Rio de Janeiro headquarters, which brought together over 130 participants from around the company, along with ten suppliers. The Supplement 12 of Regulatory Standard NR12 Compliance Workshop focused on the need to implement changes in practices related to working at heights, as required by the standard.

Generally speaking, Furnas' own and outsourced employees are not involved in occupational activities with a high incidence or elevated risk of specific diseases. However, the company makes counseling, treatment and training available to address serious diseases of employees and their families that have health insurance coverage. Prevention initiatives are offered exclusively to employees, while counseling and education programs are also extended to communities. | GRI G4-LA71



AN EMPLOYEE AT THE BAGUARI PLANT (MG)

Partners and subcontractors

Furnas organizes ongoing activities for accident and occupational disease prevention for management of occupational health and safety issues of partners and contractors. Additionally, the company's contracts with these external parties demand strict compliance with current legislation. Some of the items considered in Furnas' contracts with its suppliers include training, Environmental Risk Prevention Programs, Occupational Health and Medical Control Programs, and the provision of Personal Protective Equipment.

Indicators

The Frequency Rate (FR) and the Severity Rate (SR) are occupational health and safety indicators representing, respectively, the number of accidents that have occurred, as well as the number of days lost and days debited per million human-hours of exposure to risk. In 2012, in accordance with

Brazilian Regulatory Standard (NBR) No. 14,280, the number of hours worked was standardized at 167 human-hours/month in the companies of the Eletrobras System, which corresponds to 2,000 human-hours year/12 months.

SAFETY INDICATORS | GRI G4-LA6 |

| | 2012 | 2013 | 2014 |
|--|-----------|-----------|-----------|
| Number of hours worked | 9,433,830 | 8,366,700 | 7,101,007 |
| Number of days lost ¹ | 796 | 974 | 499 |
| Average overtime hours worked per employee/year ² | 385 | 192 | 356 |
| Total number of workplace accidents³ | | | |
| Employees | 56 | 41 | 14 |
| Outsourced workers | 9 | 12 | 3 |
| Average workplace accidents per employee/year | 0.011 | 0.009 | 0.007 |
| Accidents resulting in temporary leave | | | |
| Employees | 34 | 24 | 5 |
| Outsourced workers | 9 | 6 | 3 |
| Accidents resulting in mutilations with permanent absence | 0 | 0 | 0 |
| Accidents resulting in fatalities | | | |
| Employees | 0 | 2 | 0 |
| Outsourced workers | 0 | 0 | 0 |
| Frequency Rate (FR)⁴ | | | |
| Employees | 3.6 | 2.87 | 1.55 |
| Outsourced workers | 2.09 | 2.05 | 1.02 |
| Severity Rate (SR)⁵ | | | |
| Employees | 84 | 1551 | 70 |
| Outsourced workers | 16 | 22 | 9 |
| Deaths | | | |
| Employees | 0 | 2 | 0 |
| Outsourced workers | 0 | 0 | 0 |

¹ Days lost are considered calendar days. Counting begins the day after an occurrence. Number of days lost + days debited per million human-hours of exposure to risk.

² Calculation of average overtime hours worked per employee/year in 2014 = Total Extra Hours: 1,261,507 and the number of employees on 12/31/2014: 3,517. Average employees in 2014: 3,543.

³ Does not include minor injuries (first aid level treatment) for which there was no loss of time.

⁴ FR is the Workplace Accident Frequency Rate, which is obtained by dividing the number of workplace accidents by the million human-hours of exposure to risk total.

⁵ SR is the Workplace Accident Severity Rate, which is obtained by dividing the number of days lost plus days debited as a result of workplace accidents into the million human-hours of exposure to risk total.

Brazil uses NBR 14,280 - Accidents Registry and Statistics, which differs from the UN's International Labour Organization by considering, in severity rate calculations, not only days lost, but days debited as a result of permanent disability or death due to workplace accidents, and also because it uses, in the calculation of FRs and SRs, a factor of 1,000,000, instead of 200,000.

QUALITY OF LIFE

Furnas believes that happier people work better and produce more, contributing favorably to the organizational environment. Thus, the company offers a broad-ranging Quality of Life program that promotes physical, social and cultural activities. The company seeks to contribute to staff satisfaction and welfare by investing in activities that acknowledge and value individual members.

For example, during the month of September, the Meeting of the Teachers and trainees from the Rio Hub for Physical Education was held at Furnas' Central Office. The event presented the Quality of Personal and Professional Life Program. It offered knowledge on the subject as a means of optimizing the company's skilled labor pool to satisfy existing demands and establish Furnas as a knowledge pass along benchmark company in its service area.

TRAINING AND EDUCATION

[GRI G4-DMA, G4-LA10]

Established to retain the expertise necessary for the company to achieve its strategic goals, Furnas' Knowledge Management (GC) project was upgraded in 2014 through the introduction of different training initiatives based on knowledge maps.

Educational activities seek to meet strategic objectives and include specific initiatives from the business divisions designed to improve their work processes. Programs are linked to employees' Individual Development Plans (PDIs), which for their part are built upon performance reviews that identify objectives for development of the knowledge, skills and attitudes of each staff member.

For the 2004-2014 period, Furnas ranked fourth out of 81 public sector

organizations evaluated by Brazil's Institute of Applied Economic Research (IPEA) as regards the evolution and degree of maturity of Knowledge Management by public administration.

In 2014, some distance education activities were introduced, while other undertakings continued, such as:

- Basic training courses for operations and maintenance employees;
- Courses to satisfy the Brazilian Ministry of Labor and Employment's standards;
- Specializations, MBAs, and post-graduate courses geared toward the work processes of the enrolled students;
- English-language instruction for managers or any employees who require such training to perform his/her functions;
- Energy industry-focused Business Management MBA for members of management and their potential successors;
- Courses in financial mathematics, contract management, risk management and managerial leadership;
- Partnerships with Brazil's National Service for Industrial Training (Senai), universities, cooperatives and foundations aimed at offering courses, seminars and other activities to support employee development.

■ ■ ■ The Knowledge Management Project moved forward, implementing actions to improve work processes in each area as well as distance education initiatives

KNOWLEDGE MANAGEMENT PROJECT MONITORING INDICATORS

| Initiatives | Indicators |
|---|------------|
| Good Practice Communities (number of participants) | 3,185 |
| Knowledge Bases (number of participants) | 285 |
| Discussion Forums (number of participants) | 1,248 |
| Specialists Bank (number of participants) | 5,071 |
| KM Awareness Course (number of participants) | 5,071 |
| Mapping of Knowledge Associated with the Processes | |
| Number of Participants | 402 |
| Number of Workshops | 27 |
| Knowledge Pass Along Plans | |
| Number of Knowledge Pass Along Plans Conducted | 579 |
| Total Hours of Knowledge Transfer | 288,866 |

AVERAGE TRAINING HOURS [GRI G4-LA9]

| Position | 2013 | | 2014 | |
|-------------------------|-------|-------|-------|-------|
| | Men | Women | Men | Women |
| Management | 33.13 | 38.41 | 40.41 | 76.12 |
| University education | 15.95 | 25.65 | 23.06 | 34.65 |
| No university education | 5.34 | 30.36 | 20.15 | 57.04 |

Performance evaluation: The Performance Management System (SGD), which is the same for all Eletrobras companies, includes skills assessment and evaluation goals. This tool is applied annually to 100% of employees, including those who occupy management positions. In addition to an evaluation by one's immediate superior, employees also perform self-assessment. As it develops, the system will implement an evaluation of managers by their work teams. Evaluation results are used to guide the development of employees' potentials and form the basis for individual salary progressions. They are also used in the preparation of Individual Development Plans (PDIs). [GRI G4-LA11]

Trainees and apprentices: Furnas offers trainee positions without employment contracts to high school and vocational school (tertiary level) students, designed to supplement their social, professional and cultural studies at academic institutions. In 2014, there were 488 trainees. There is also a technical cooperation agreement with Brazil's National Service for Industrial Training (Senai) for the professional training of employees and apprentices selected from the Company's administrative, logistics, maintenance and equipment operations divisions, which also includes courses aimed at satisfying the standards of the federal Ministry of Labor and Employment. In 2014, almost 125 apprentices participated in this initiative.

289
thousand hours
were devoted to
activities
related to
Knowledge Pass
Along Plans



CONSTRUCTION OF THE MIASSABA III WIND FARM (RN)

COMPENSATION AND FRINGE BENEFITS [GRI G4-DMA]

The company has had a skills-based management Jobs, Career and Compensation Plan (PCCR) in place since 2005. And since it adopted the Eletrobras companies' Career and Compensation Plan (CRP) in 2010 it has been building upon the concept of skills as the main point of reference for personnel management.

The process is enriched through a Recognition and Reward Plan, which is applied to employees who have succeeded in implementing significant projects by offering rewards not part of their remuneration package.

Furnas grants fulltime employees the opportunity to share in the company's profits and earnings (PLR), with payment terms linked to the distribution of dividends to shareholders of Eletrobras and Furnas. Collective goals are linked to financial indicators (net operating margin and cost index) and

operational indicators (operational availability of the generation and transmission system). Individual goals are measured by an employee's personal Contribution Factor, which corresponds to the ratio between the days (or hours) effectively worked by a given employee and the total number of days (or hours) required.

Benefits [GRI G4-LA2]

Based upon the assumptions contained in the Company's Human Resource Policy, which is focused on valuing and retaining employees, Furnas automatically provides benefits that go beyond legal requirements and obligations outlined in collective bargaining agreements. Accordingly, the company offers the following fringe benefits: funeral assistance, paternity leave, maternity leave, health care, handicap/disability coverage, group life insurance, retirement fund, day-care assistance, meal vouchers, grocery vouchers, dental care assistance, transportation vouchers, educational

support, Christmas hamper, marriage leave of absence, and bereavement leave (death of a spouse, partner, ascendant or descendant relative).

Supplementary Pension Plan

Furnas is the sponsor of Real Grandeza - Fundação de Previdência e Assistência Social (Real Grandeza Foundation - FRG), a foundation created to provide supplemental social security benefits for its participants, which totaled 11,424 persons in December 2014. FRG is in tenth place in the ranking of the Brazilian Association of Closed Supplementary Pension Plans (Abrapp), which takes into consideration the sum of the assets of the Defined Benefit Plan (DB) and the Defined Contribution Plan (DC), which reached R\$ 12.2 billion. During the year, the value of regular contributions paid by Furnas to constitute mathematical reserves for benefits to be granted in both plans was R\$ 56.4 million. The amount allocated by the Company to cover FRG's administrative expenses reached R\$ 38.4 million. [GRI G4-EC3]

METALLURGICAL INDUSTRY THAT SUPPLIES THE HPP SANTO ANTÓNIO



Supplier management



The Eletrobras System Logistics Supply Policy is designed to raise the efficiency and competitiveness of its companies by integrating the logistics practices involving its goods and services. Furnas believes its suppliers help preserve the level of excellence of the services it provides. Accordingly, suppliers must be aligned with the company's objectives, desires and legal limitations.

Furnas' contracts include a clause allowing it to conduct due diligence and audits to verify supplier compliance with the company's Principles and Standards of Business Conduct in Relation to Supplier Relations, as well as observance of the Eletrobras companies' Code of Ethics. The goal is to establish shared values and principles throughout the entire supply chain on issues such as health and safety, environmental protection, human rights, gender equality, transparency, participation and accountability. [GRI G4-DMA]

Audits of suppliers' premises and/or in locations where contracted services are rendered may occur at any time. In monitoring compliance with labor and social security laws, evidence must be presented of such compliance during the process of supplier qualification, tendering and during the term of the contractual instrument, particularly as regards social security, workforce legalization and the federal Employees Guarantee Fund (FGTS).

For ongoing service provision contracts, there is a clause stipulating that in the event of any delay in payment of salaries, other contractual obligations or severance owed to employees, Furnas may withhold and debit these amounts from its payments due to these contractors, and pass these funds directly to the contractors' employees.

→ Contractual requirements are detailed on page 106 of the Addendum.

In 2014, there were 1,121 investment agreements signed, of which 22 were considered significant (values over R\$ 7 million that

were approved by the Executive Board or the Board of Directors) and included a clause related to human rights. These significant contracts totaled R\$ 823 million, of which the suppliers for 21 of these agreements were selected through competitive bidding. This process was not applied to the natural gas supply contract for the Santa Cruz thermoelectric power plant, as there is only one supplier available in that region. [GRI G4-HR1]

Selection [GRI G4-DMA]

Furnas adopts the constitutional principle of equality and its supplier portfolio includes micro to large enterprises from a wide range of industries capable of providing it with goods, materials and services that ensure the efficiency of its operations. The Company's main purchases are electrical and electromechanical equipment and components for its power generation and transmission projects. In 2014, there were 1,088 tenders and a consolidated total of 20,973 contracts signed with suppliers. [GRI G4-12]

In procurement of goods, services and construction, requests for proposals provide for differentiated and simplified treatment for micro and small enterprises. Regardless of the locations in which it operates, Furnas offers suppliers the same participation conditions, stimulating competition and, thus, allowing achievement of better results for the company, which in turn generates more value for society.

The company has no local supplier preference policy or practice, as all tenders are governed by federal legislation. However, approximately 95% of Furnas' contracts up to R\$ 16,000 and 90% of those above R\$ 16,000 are signed with local suppliers. The company defines a local purchase as being with a supplier located in the same state in which its facilities are present, with the understanding that Furnas operates in 15 Brazilian states and the Federal District.

Furnas considers its critical suppliers to be all those that provide essential inputs or services to the company's activities, where such actions could pose a risk to or

1,088
tenders were
offered in 2014,
resulting in
20,973 contracts
with suppliers
of equipment,
components and
services



HPP MANSO (MT)

otherwise impact the environment, society, employee health and safety or compromise confidential information. This definition pertains to contractors, suppliers of machinery and equipment (such as transformers and turbines), as well as sole suppliers of particular types of materials or services.

Operations identified as having significant risk for incidents of child labor include 265 suppliers and arise during the deployment and operation of transmission and power generation projects, especially with regard to trainees in

technical training and young apprentices involved in the construction, installation and operation of substations, transmission lines and power plants. In 2014, there was no record of such incidents.

[GRI G4-DMA, G4-HR5]

For their part, operations identified as presenting a significant risk for incidents of forced or analogous to slave labor stem from the company's need to contract services for open-air construction sites, such as those for electricity transmission lines and those that take place in the areas

surrounding hydroelectric plant reservoirs, regardless of whether these are wholly-owned by Furnas or are a result of the company's stake in Specific Purpose Entities (SPEs). Such operations are carried out particularly in the construction of lines and the maintenance of rights-of-way; the removal of vegetation in the wetlands of hydroelectric plant reservoirs during the construction phase; and maintaining the surrounding areas of reservoirs during their operational phases. In 2014, there was no record of such incidents. [GRI G4-DMA, G4-HR6]

SUPPLIER-RELATED EXPENSES ¹ [GRI G4-EC9]

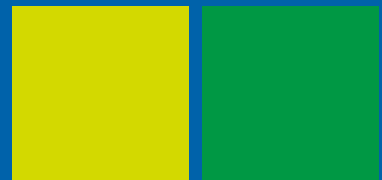
| | 2013 | 2014 |
|--|-----------|-----------|
| Direct purchases ¹ | | |
| Locally supplied total (R\$ thousand) | 40,624 | 45,600 |
| Total for the organization (R\$ thousand) | 42,763 | 47,800 |
| Total value of purchased products and contracted services | | |
| Locally supplied total (R\$ thousands) | 953,200 | 1,209,000 |
| Total for the organization (R\$ thousand) | 1,059,111 | 1,330,000 |

¹ Purchases of up to R\$ 16,000.

FURNAS EDUCA PROJECT IN APARECIDA DE GOIÂNIA (GO)



Social
performance



Social initiatives are guided by a commitment to society's welfare, promotion of citizenship and dissemination of cultural expressions.

Furnas' Social Responsibility Policy seeks to promote citizenship and human development with the objective of building a sustainable and harmonious society in balance with nature, thereby contributing to the fight against poverty and inequality. Social action is intertwined with the company's strategic management, fostering the growth of the communities surrounding 100% of its operations. **[GRI G4-S01]**

COMMUNITY RELATIONS **[GRI G4-DMA]**

Furnas' relationship with communities neighboring its operations is based on a commitment to the welfare of society, promotion of citizenship rights, respect for diversity and support for a wide variety of cultural expressions.

In 2014, some 8,600 people were reached through the company's social communications programs, which consist of contact and communication campaigns targeted at audiences directly and indirectly affected by Furnas' projects — such as property owners and government representatives. The company also organized presentations in schools for students ranging from kindergarten to high school.

During the year, the activities of Furnas' Territorial Development Program benefited more than 770 people. The initiative resulted in establishment of seven Integration Centers in communities in the municipalities of Campinorte, Colinas do Sul, Campinaçu, Minaçu, Niquelândia and Uruaçu in Goiás. Since the program's launch, 14 community forums created since its inception also have been monitored. Data collection and analysis ensures construction of indicators, leading to establishment of a process for evaluating projects in the communities.

IMPACT MANAGEMENT

[GRI G4-DMA]

Furnas is aware of the impact of its operations on local communities, especially in the construction phase of power plants and transmission lines. Therefore, it adapts each project in a way to assure the least possible displacement of people. Socioeconomic research and studies are part of the Basic Environmental Project (PBA). The PBA also guides communications and information dissemination actions inherent to the impacts caused and procedures adopted in the area of influence of its projects.

However, when displacement of people is required for project expansion, Furnas maintains transparency at all stages. All stakeholders participate and endorse the process, which involves municipal authorities, city councils, neighborhood associations, trade union representatives and members of the impacted community, public land registrars, the Offices of the Public Prosecutor and the Public Defender, the judiciary and environmental agencies, among others. Issues involving land reform, indigenous peoples and quilombolas (residents of communities known as quilombos, which are primarily made up of descendants of Afro-Brazilian slaves who escaped from plantations before the abolition of slavery in Brazil in 1888) are negotiated by their legal representatives: the National Institute on Colonization and Agrarian Reform (Incra), the National Indian Foundation (Funai) and the Palmares Foundation.

■
■
■ Social initiatives are guided by a commitment to society's welfare, promotion of citizenship and dissemination of cultural expressions

Persons impacted by construction projects [GRI G4-DMA]

To clarify questions about land use procedures to be adopted for Furnas projects, communities also have the opportunity to participate in public hearings held by environmental agencies, as well as specific public meetings organized for affected municipalities. At these meetings, the Company is always willing to field complaints and/or receive suggestions. Channels are also available to handle complaints, such as the Ombudsman, telephone hotline, e-mail contact address and the Contact Us link on the Furnas website.

The identification of those who are impacted by the company's projects is carried out through physical and socioeconomic registration processes. Technical surveys establish value assessments for affected properties (land, improvements and existing economic activities); compensation is based on market research. Relocation programs are tailored to each project and established in accordance with the regional characteristics, seeking to restore the livelihoods of impacted families that are, at least, similar to those found at the time the socioeconomic registry was created. Following implementation of projects, resettled families – whether in urban or rural areas – are monitored to ascertain if they are adjusting and adapting to their new situations.

Currently, HPPs Batalha and Simplício projects are assisting nearly 560 displaced rural families, for whom approximately R\$ 5 million has been earmarked, of which R\$ 700,000 was spent in 2014. This aid will last for at least three years.

Electric system expansion and maintenance activities also have indirect economic impacts on society, which are reflected in job creation. In 2014, construction projects carried out on Furnas-owned assets represented an average of 1,700 jobs. For hydroelectric power plant and wind farm projects, 5,082 jobs were created during the year.

[GRI EU22, G4-EC8]

IMPACTED AND RELEASED PROPERTIES IN 2014

| Project | Impacted | Released | Value (R\$ thousand) |
|-------------------------|------------|------------|----------------------|
| TL Mascarenhas-Linhares | 177 | 91 | 5,650.20 |
| TL Batalha-Paracatu 1 | 121 | 0 | 30.30 |
| TL Xavantes-Pirineus | 88 | 30 | 3,392.50 |
| HPP Batalha | 211 | 0 | 50.70 |
| Total | 597 | 121 | 9,123.70 |

PHYSICAL AND ECONOMIC DISLOCATION OF PEOPLE [GRI EU22, G4-EC8]

| | 2012 | 2013 | 2014 |
|---|--------------|------------|------------|
| No. of persons physically displaced | | | |
| Due to new transmission lines | 136 | 16 | 0 |
| Due to new plants | 1,107 | 12 | 0 |
| Total | 1,243 | 28 | 0 |
| No. of persons economically displaced | | | |
| Due to new transmission lines | 2,222 | 325 | 445 |
| Due to new plants | 444 | 0 | 27 |
| Total | 2,666 | 325 | 168 |
| Financial amount disbursed as compensation to displaced persons (R\$ thousands) | 54,959.90 | 13,815.00 | 9,123.70 |

PREVENTIVE MEASURES FOR OPERATIONS WITH NEGATIVE IMPACTS [GRI G4-SO2]

POPULATION SAFETY [GRI EU25]

In November 2014, a teenager was found dead on the premises of the Furnas substation located in Grajaú in the city of Rio de Janeiro (RJ), where there is ample signage about the risk of approaching energized equipment. The youth, 13, was holding a kite. By year's end, no lawsuit had been brought pertaining to this event. During

the year, there was also a traffic accident caused by a highway oil spill by a vehicle that had departed from a Furnas property in the city of Lorena (SP). The person involved filed suit claiming material and non-material damages totaling R\$ 25,680.54. However, by the close of 2014, no court decision had been rendered.

| Operations | Negative impacts | Adopted measures |
|--|--|--|
| HPP Batalha | Local community affected by the implementation of the reservoir | <ul style="list-style-type: none"> • Training on waste management techniques, sustainable agricultural practices; |
| HPP Simplício | Local community affected by the implementation of the reservoir | <ul style="list-style-type: none"> • Preparation of environmental projects; • Lectures on waterborne diseases; |
| HPP Anta-Simplício | Local community affected by the implementation of the reservoir | <ul style="list-style-type: none"> • Lectures on how best to coexist with PPAs, reservoirs and transmission lines. |
| HPP Marimbondo | Joint effort with the community for the conservation of a Permanent Preservation Area (PPA) | <ul style="list-style-type: none"> • Training in the Fronteira, Minas Gerais; Colômbia, Guaraci and Icém, São Paulo communities on how to contribute to the environmental management process of the PPA of the reservoir and the region. |
| Reconstruction of the Santa Cruz-Jacarepaguá transmission line | Restrictions on the use and occupation of lands in the following Campo Grande communities: Jardim Letícia/Pedregoso, Tingui, São Jerônimo, Jardim Gramado, Bosque dos Palmares and Beco - Linha de Austin. | <p>Short term:</p> <p>Social mobilization planning process with the residents of houses near the operation.</p> <p>Medium and long term:</p> <p>In partnership with the Brazilian Institute of Social and Economic Analyses (IBASE), socio-environmental project will work with the local beneficiary population to achieve local development by identifying the area's potential. Collective actions will be defined to strengthen individual access to goods and services.</p> <p>Adopted measures</p> |
| Rewiring of Santa Cruz-Jacarepaguá transmission line | Restrictions on land use and occupation in the Santa Cruz neighborhood (Jardim Nova Urucânia/Coqueiral and Saquassu communities). | Adopted measures |

INDIGENOUS COMMUNITIES [GRI G4-HR8, G4-DMA]

Avá-Canoeiro

Since 1996, with the construction of HPP Serra da Mesa, in the state of Goiás, Furnas has maintained an agreement with the National Indian Foundation (Funai) for protection and compensation of the Avá-Canoeiro Indian nation. Obligations to be paid to the community include 2% of the amount distributed in royalties to municipalities affected by the plant's reservoir. In 2014, such payments amounted to R\$ 202,249.18.

During the year, the steps required for a process that will see the donation of land to Funai were completed. This

land, in the city of Minaçu, Goiás, will be used to build the Avá-Canoeiro Technical Cultural Center. The donation, with the transfer including land registrar ownership formalities, is scheduled for 2015. The new center, which aims to foster more knowledge about the indigenous culture, will include a library, museum with artifacts that are part of the material culture of the indigenous people, workshops for students, lectures, and photo and video exhibitions.

Kaingang

On April 30, 2014 during routine inspection work on the Ivaiporã-Itaberá I and II transmission lines, Indians from the

Kaingang tribe kidnapped two Furnas employees. The indigenous group demanded compensation of R\$ 7 million per tower across the length of these lines (a total of R\$ 133 million), claiming the tribe had lost lands it needed for cultivation of crops. A Furnas negotiation team was sent to the area and the two employees were released, following an agreement reached with the Kaingang. Intermediary services were provided by the Public Prosecutor's Office, along with the participation of Funai representatives. Furnas is committed to follow up activities including corrective licensing of the transmission lines and development of social initiatives offering better conditions for raising crops.

Social investments [GRI G4-DMA]

SOCIAL PERFORMANCE

Furnas invests in social projects through its own funds or tax-deductible mechanisms (via Brazil's Rouanet Law, Sports Incentive Law, as well as donations to the Fund for Childhood and Teenagers). The investments are reflected in hundreds of programs, campaigns, activities and projects that are implemented in the various regions where the company operates through partnerships with public entities, universities and non-profit organizations.

The company adopts a proactive stance toward social and cultural projects, supporting initiatives designed to achieve long-term sustainability. In 2014, it invested R\$ 13 million in these activities, amounting to R\$ 52 million between 2011 and 2014. The funds went toward gender-focused and voluntarism activities, with support of social projects, event sponsorship and cultural initiatives. Also supported was the fight against exploitation of children and teenagers run by the United Nations Development Program (UNDP) on behalf of the Movimento ODM Brasil 2015 project (which seeks to further the UN's Millennium Development Goals); and activities related to emergency situations. **[GRI G4-EC1, G4-EC7]**

During the year, Furnas sponsored 16 nationally and internationally recognized events, thereby adding value to the company's brand. Two of these came about through a tender for Public Selection of Sponsorship of Electricity Sector Events (issued by Eletrobras), while the other 14 events were of the company's own choosing.

Furnas Educa

The highlight of the year was the Furnas Educa project, winner of the 2014 Brazilian Association of Corporate Communication (ABERJE) award for the best societal relations program for Brazil's Southeast region.

Targeted at children between the ages of 5 and 15, and using specific teaching methodology, it addresses energy conservation, environmental education and fire prevention issues.

From January 2013 to December 2014, the project served approximately 200,000 children and teenagers in approximately 400 public schools and social institutions in the vicinity of hydroelectric power plants and substations in all regions in which Furnas operates. For children, the content was presented in a playful and recreational format, with the

aid of games and other activities. Teenagers attended lectures enriched by videos (such as one that showing the change in behavior of a family that had been wasting energy), as well as group dynamic activities and debates.

To increase the potential for the proliferation of messages, athletes from Team Furnas participated in the project, with former gymnast Daiane dos Santos named as Furnas Educa's godmother on account of her charisma and warm relationship with children and teenagers.

2014 SOCIAL INVESTMENTS (R\$ thousands)

| | |
|--|---------------|
| Projects and social activities | 5,571 |
| Education | 380 |
| Health and food safety | 1,044 |
| Infrastructure GRI G4-EC7 | 1,463 |
| Work and income generation | 1,015 |
| Guaranteeing the rights of children and teens | 65 |
| Environmental | 113 |
| Cultural | 482 |
| Sports and leisure | 630 |
| Promoting citizenship | 380 |
| Donations | 107 |
| Donation for emergency situations or public calamity | 107 |
| Volunteerism | 439 |
| Investment in the mobilization of volunteers | 101 |
| Investment in support of voluntary activities | 339 |
| Sports sponsorships | 967 |
| Incentivized sponsorships (Brazilian Sports Incentive Law) | 838 |
| Non-incentivized sponsorships | 129 |
| Cultural and institutional sponsorships | 6,689 |
| Non-incentivized cultural sponsorships | 1,106 |
| Incentivized cultural sponsorships (Brazilian Rouanet Law) | 3,686 |
| Institutional sponsorships | 1,897 |
| Total | 13,774 |

CULTURE

The Furnas Cultural Space offers free concerts, theatrical performances and exhibitions to Furnas' employees and the general public. Most of the projects that were part of the 2014 calendar of events were selected in 2013 through an Event Tender Process. With investments of R\$ 1 million, the company sponsored 21 projects, three exhibitions, 11 concerts and seven plays, which attracted total attendance of approximately 7,500 people. Four projects were part of the 2014 program schedule – three music events and an exhibition.

In 2014, through the Rouanet Law, Furnas participated in the Eletrobras System Cultural Program. On investments of approximately R\$ 1 million, the initiative offered incentives for artistic projects, such as children's theater productions, and invested approximately R\$ 2.7 million in other projects through the same incentive law.

SPORTS

As part of municipal and federal initiatives in preparation for the 2016 Olympics and Paralympics in Rio de Janeiro, Furnas invested approximately R\$ 970,000 in sports activities designed for social inclusion. One of the sponsored projects, Fla Olímpico, establishes and maintains reference teams in swimming, synchronized swimming and water polo in preparation for participation in competitions, as well as to offer ongoing training. Most of these athletes come from underprivileged communities.

→ Details of Furnas' main social projects are presented on page 97 of the Appendix.



EVENT IN THE FURNAS CULTURAL SPACE

PUBLIC POLICIES [GRI G4-DMA]

Furnas participates in and supports a number of public policies from all levels of government. The most relevant in the social arena are:

▮ **Energy Development Program for States and Municipalities (Prodeem):** Created in 1994 by Brazil's Ministry of Mines and Energy, this initiative seeks to assist populations underserved by the nation's electricity grid. Prodeem's main power source comes from solar (photovoltaic) panels, which convert the sun's energy into electricity. The program is geared toward rural schools, water wells and community activities in locales not yet served by the rural distribution of concessionaires – typically far from city centers or difficult to access. Since 2004, Furnas has been responsible for implementing Prodeem in the states of Minas Gerais, Rio de Janeiro, São Paulo, Espírito Santo and Goiás. In 2014, Furnas carried out 43 corrective maintenance services aimed at recovering the operational capacity of installed photovoltaic

systems, as well as deactivating systems located in nine communities newly served by the Light for All Program's installation of conventional power distribution networks by the electric utilities.

▮ **Light for All Program:** Launched by the Brazilian federal government in November 2003, this initiative is coordinated by the Ministry of Mines and Energy, with participation from Eletrobras System companies. It aims to bring free electricity to rural populations with no access to this public service and to establish electricity as a cornerstone for development and income generation within the communities being served. In 2014, 4,132 connections within Furnas' area of operations were made – Rio de Janeiro (1,251), São Paulo (894) and Goiás (1,987) – which benefited 20,660 people. The states of Espírito Santo and Minas Gerais were deemed universally connected to the grid, once a number of contracted connections had been completed. Reluz Program: In 2014, Furnas concluded a streetlight modernization initiative for

the city of Anápolis, Goiás, with benefits from reduction of power consumption. The project is part of the National Program for Efficient Public Lighting (Reluz), developed by Eletrobras/Procel and being implemented by power generation, transmission and distribution concessionaires. Reluz improves street lighting in Brazilian cities and contributes to public safety in urban areas, with positive impacts that boost the well being of the population. In the specific case of Anápolis, the project was responsible for replacement of 41,324 points of public lighting, corresponding to a total investment of R\$ 21.1 million. According to the city's authorities, this resulted in a peak hour demand reduction of 2,968.78 kW, as well as an energy savings equivalent to 13,000 MWh/year. **IGRI G4-DMA, G4-EN7**

- Environmental Agenda in Public Administration (A3P):** Promotes initiatives to reduce fuel consumption, vegetable oil recycling projects and renewable sources R&D (e.g. energy generation from ocean waves and the disposal of recyclable waste to collection cooperatives) as part of the Joint Selective Collection Program.

➔ More information on R&D is available on page 43 and in the chapter on the Environment, on page 82.

Moreover, Furnas supports the Executive Authority of the Committee of Entities against Hunger and for Life (COEP). Created in 1993, this initiative brings together public and private organizations throughout the country. In 2014, social mobilization activities included:

- National Meeting: 20 Years of Progress and Challenges in Promoting Citizenship in Brazil:** Held September 9-10, the event featured round-table discussions with experts on the three main fields of activity within the Coep Network – Eradication of Poverty; Environment, Climate and Vulnerability; and Social Participation, Rights and Citizenship.
- Social Technology Project and Youth: Empowering Leaders:** The highlight of this initiative was the Youth Leadership Forum Network for Semi-Arid Communities, held in July in Campina Grande, Paraíba, with 52 young people and leaders from 30 communities across seven states gathered to discuss network activities, as well as to plan next steps and training to strengthen its leadership.
- Semi-Arid Communities Publication Program:** Presents the main results of activities geared towards strengthening the performance methodology developed by COEP in approximately 40 locations in seven states in Brazil's Northeast region, as well as the organization's history.
- Mobilization Network:** Brings together people with various experiences and different fields of expertise, who are driven by ideals for justice and social equity, to a venue where they can obtain training and share information. In December 2014, 37,991 individuals in 27 states and 1,873 municipalities were enrolled.
- Participation at the 20th Conference of Parties to the United Nations Framework Convention on Climate Change (COP 20):** Coep attended the November event held in Lima, Peru, whose purpose was to build a global climate agreement to be signed at the Paris Conference in December 2015. At the Lima conference, the theme of adaptation to climate change gained significance and was part of Brazil's suggestion for inclusion in the draft agreement that would eventually be finalized at the conclusion of that event. Brazil proposed that "adaptation" be imbued with the same importance as "mitigation."



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HPP CORUMBÁ (GO)



Environmental performance



ENVIRONMENTAL PERFORMANCE

Seeking harmonious integration of its environment projects, Furnas' activities are guided by five policies (Environmental, Water Resources, Forest Resources, Environmental Education and Solid Waste), which take into account legal aspects and accumulated practices and experiences. **[GRI G4-DMA]**

As a company involved in generation, transmission and sale of electric power – a basic input for Brazil's economic and social development – Furnas acknowledges its activities could lead to environmental interference; therefore, it is committed to conducting its activities in a manner that respects the environment, promotes the sustainable use of natural resources and preserves biodiversity.

To ensure its projects are in compliance, Furnas conducts all studies and reports required to secure environmental licenses and satisfy the conditions established by the appropriate environmental agencies. Between 2011 and 2014, 27 Operating Licenses (LOs) were obtained for generation and transmission projects, as well as telecommunications stations. Notable was the licensing secured for the Batalha and Simplício hydroelectric power stations. The company also obtained corrective permits for operation of its Marimbondo and Funil plants.

In 2014, a new module was developed for its Environmental Licensing Tracking System (SALA) that makes it possible to monitor critical and communications situations. As regards environmental restrictions and obligations, this tool will enable improved compliance management and optimize communications between Furnas' Environmental and Land Management divisions.

In 2014, Furnas booked R\$ 80,270,088 in environmental expenditures, including costs, investments and R&D. The company invested approximately R\$ 1.5 million in environmental compensation related to the Corumbã hydroelectric power plant and the Santa Cruz thermoelectric power plant.

ENVIRONMENTAL INVESTMENTS (R\$) **[GRI G4-EN31]**

| | 2013 | 2014 |
|---|----------------|---------------|
| Maintenance of operational processes to improve the environment | 50,796 | 41,167 |
| Preservation and/or restoration of degraded environments | 49,494 | 33,920 |
| Environmental education for the community | 57 | 857 |
| Other environmental projects | 31,228 | 4,326 |
| Total | 131,575 | 80,270 |

CLIMATE CHANGE **[GRI G4-DMA, G4-EC2]**

As an Eletrobras company, Furnas has publicly pledged to abide by Eletrobras' Climate Change Commitment Declaration. Since 2013, greenhouse gas (GHG) reduction targets have been established, monitored every two months.

The company also monitors changes taking place in industry regulations related to climate change, such as Brazilian Law 12.187/2010, which established a voluntary national commitment to adopt activities to mitigate anthropogenic GHG emissions to achieve a reduction target of between 36.1% and 38.9% of Brazilian emissions projected for 2020. Furnas is in step with this initiative, which encourages expansion of electricity generation via hydroelectric power plants and wind farms.

Furnas is on the Climate Change Task Force of the Brazilian Business Council for Sustainable Development, which seeks opportunities for advancement on climate change-related issues.

The company's activities to reduce GHG emissions in its processes include:

- In keeping with the Montreal Protocol, of which Brazil is a signatory, Furnas has replaced R22 gas for chlorine-free refrigerants at HPP Marimbondo and its Campinas substation;
- Swapping special diesel oil for natural gas as the fuel used to power TPP Santa Cruz's turbines.

In 2014, Furnas began participating in the Emissions Trading System of the Companies for the Business Climate Platform (SCE EPC). This is an initiative of the Getulio Vargas Foundation's Sustainability Studies Center (GVces) through the foundation's Business Management School (FGV-EASP) in São Paulo, a partnership with the Environmental Stock Exchange of Rio de Janeiro (BVRio). The initiative establishes a simulated carbon market as a means of engaging Brazilian companies to take a leadership role on the issues of climate change and GHG emissions management, and to propose public policies.

EMISSIONS OF GREENHOUSE GASES [GRI G4-DMA]

As a member of the Brazil Greenhouse Gas Protocol Program since 2008, for the second consecutive time Furnas was awarded the Gold Seal for its 2013 GHG Emissions Inventory, which refers to the 2014 cycle (*the 2014 external audit was in progress as of the writing of this report*).

The GHG Protocol is a tool that was originally developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) to allow businesses to measure and manage their GHG emissions through internationally accepted methodology. This data is required by corporate sustainability indices in Brazil (ISEBovespa) and abroad (*Dow Jones Sustainability Index*).

Since 2013, three electric cars have been in use at the Jacarepaguá substation and transport approximately 350 people per month between collective work areas.

Replacing conventional automobiles with electric cars contributes to a decline in fossil fuel consumption and subsequent reduction in GHG emissions. From December 2013 through November 2014, it is estimated this initiative resulted in a reduction of approximately 0.6 tons of CO₂ equivalent. [GRI G4-EN19]

In 2014, direct GHG emissions amounted to 1,814,944.48 tCO₂eq, which corresponds to an emissions intensity of 43.02 tCO₂eq per GWh of energy generated (42,186 GWh total). [GRI G4-EN18]

Monitoring of GHG emissions every two months assists in the adoption of initiatives to reduce their impact

EMISSIONS OF GREENHOUSE GASES [GRI G4-EN15, G4-EN16, G4-EN17]

| | Sources | | Emissions (tCO ₂ eq) | Subtotal by source (tCO ₂ eq) |
|-------------------------|-----------------------------|--------------------|---------------------------------|--|
| Scope 1 | Fixed | Company-owned TPPs | 1,778,686.73 | 1,779,123.31 |
| | | Generators | 337.36 | |
| | | Others | 99.21 | |
| | Mobile | Roadways | 4,528.27 | 4,531.71 |
| | | Waterways | 3.44 | |
| | Fugitive | SF ₆ | 29,697 | 31,289.46 |
| | | Refrigeration | 1,236.83 | |
| Scope 1 subtotal | | | | 1,814,944.48 |
| Scope 2 | Electricity consumption | | 3,184.22 | 3,184.22 |
| | Transmission losses | | 735,223.12 | 735,223.12 |
| Scope 2 subtotal | | | | 738,407.34 |
| Scope 3 | Air travel | | 1,492.02 | 1,492.02 |
| | Transportation of employees | | 82.67 | 82.67 |
| Scope 3 subtotal | | | | 1,574.69 |
| Total | | | | 2,554,926.51 |

tCO₂eq – CO₂ equivalent tons

Note: The verification of the Eletrobras System's GHG Inventory (2014) by a third party was underway at the time of the writing of this Sustainability Report.

ENERGY [GRI G4-DMA]

In 2014, Furnas achieved its goal of increasing its use of renewable fuels (ethanol) in on-road mobile sources by 4%. For 2015, the goal is that these fuels will represent 6% of total fuel usage. The target of reducing the electricity consumed in the Central Office by 2% was also achieved. This result is in keeping with a commitment to lower indirect emissions from the electric grid (Scope 2 GHG Protocol program) due to electricity consumption in the Central Office. With 2012 used as a benchmark year, the company established the goal of a 1% decline in consumption for each year through 2015. [GRI G4-2]

To achieve this goal, the following materials and equipment were replaced in 2014: 7,000 meters of thermal insulation for central air conditioning system ducts, which generates more efficient output (approximately 30%); swap of old hydraulic pumps for a model with a mechanical seal (that eliminates leakages) and a high performance engine; sections of damaged water supply pipes; 800, 1x34W fluorescent light fixtures for 1x18W LED tube lighting, for a total replacement of 17,400 light bulbs. [GRI G4-EN6]

ENERGY CONSUMPTION WITHIN THE ORGANIZATION [GRI G4-EN3]

| | 2014 | |
|---|----------------|-------------------|
| | Volume | GJ |
| FUELS | | |
| Fixed sources | | |
| LGP – fixed sources (kg) | 13,387 | 621 |
| Gasoline (liters) | 9,738 | 322 |
| Natural gas (m ³) | 5,373 | 210 |
| Diesel oil (liters) | 12,655 | 548 |
| 2-stroke lubricant oil (liters) | 291 | 11 |
| Mobile sources | | |
| LGP (kg) | 4,152 | 32 |
| Natural gas (m ³) | 0 | 0 |
| Vehicle ethanol (liters) | 60,452 | 1,269 |
| Gasoline for vessels (liters) | 1,925 | 64 |
| Gasoline for vehicles (liters) | 1,253,285 | 41,390 |
| Diesel oil (liters) | 1,025,165 | 44,420 |
| 2-stroke lubricant oil for vessels (liters) | 9 | 0.3 |
| Thermoelectric power generation | | |
| Natural gas (m ³) | 786,642,920 | 30,686,941 |
| Diesel oil (m ³) | 1,019 | 53 |
| Metropolitan diesel oil (liters) | 161 | 6 |
| Hydroelectric power generation | | |
| Diesel oil (m ³) | 105,897 | 3,762 |
| Transmission | | |
| Diesel oil in substation generator sets (m ³) | 11,377 | 396 |
| Electricity | | |
| | MWh | GJ |
| Administrative activities (MWh) | 23,675 | 85,228 |
| Hydropower generation (MWh) | 45,016 | 162,057 |
| Thermoelectric power generation (MWh) | 36,517 | 131,461 |
| Transmission - auxiliary services at substations (MWh) | 40,826 | 146,973 |
| Subtotal for electricity | 146,034 | 525,719 |
| Total | - | 31,305,764 |

WATER AND EFFLUENTS | GRI G4-DMAI

Furnas' strategy is to participate in a series of water resource forums. The company has representatives on watershed committees for the Guandu, Grande, Paranaíba, Paraíba do Sul, Ceivap, Entorno Furnas, Médio Grande, Baixo Grande, Alto Paranaíba and Preto/Paraibuna basins.

Water

Rainwater capture facilities have been set up at the Jacarepaguá and São José plants for use in reduced model studies for hydroelectric facilities. In light of rainfall data and the capture coverage area, Jacarepaguá estimates a reception of 8.6 million liters. Furnas plans to install a rainfall station at its São José Substation. Currently, the measurements at this facility are performed only for the cooling system purge flow.

The Ibiúna substation is implementing a project for direct and indirect reuse of water obtained through an effluent treatment process. Direct reuse is

intended, for example, for washing cars and gardening purposes. Indirect reuse involves water captured in the system itself to be reused in the production process. However, separate volume figures relating to the types of reuse are not available. In 2014, it is estimated 36,192 m³ of water were reused at this substation, which was the same amount reused the prior year. | GRI EN10I

Technical inspections were carried out to prepare and update the Effluent and Water Quality Monitoring Plan (PMEQA), the Waste Management (RMP), and Emergency Service (PAE) Plans for the company's power plants and substations.

In 2014, the water quality monitoring service at the HPP Batalha reservoir was refurbished. At the HPPs Itumbiara, Marimbondo and Funil, monitoring contracts — first signed in 2013 — were kept in place in view of the technical division's standardization guidelines implementation schedule for all of the company's reservoirs.

Effluents | GRI G4-EN27I

Water used by Furnas' hydroelectric plants to generate power is taken from surface water sources (reservoirs). Subsequent to power generation, water is returned to the source without altering its quality.

At TPP Santa Cruz, water is taken from the São Francisco canal and used to cool heat exchangers. Following use, it is released into the Santo Agostinho canal with only a slight increase in temperature, as per norms and standards established by law. In December 2014, a flow totalizer was installed in the suction pipe to more effectively control the capture of untreated water from that canal.

Similarly, at TPP Campos, water used to cool the plant's heat exchangers is captured in an accumulation pond and, following its use, released into the Paraíba do Sul River with only a slight increase in temperature, as per norms and standards established by law. The release volume corresponds to 0.095 m³/h. | GRI G4-EN26I

WATER CONSUMPTION (m³) | GRI G4-EN8I

| | Administrative activities | Thermoelectric power plants | Total |
|---|---------------------------|-----------------------------|---------------------|
| Surface source (direct capture from water bodies) | 3,089,104.10 | 157,521.31 | 3,246,625.41 |
| Underground source (wells, springs) | 119,682.09 | 0 | 119,682.09 |
| Public supply network (concessionaire) | 154,894.86 | 0 | 154,894.86 |
| Hard water or sea water | 0 | 0 | 0.00 |
| Total | 3,363,681.05 | 157,521.31 | 3,521,202.36 |

ENVIRONMENTAL PERFORMANCE

WASTE [GRI G4-DMA]

Waste resulting from Furnas' different activities are managed by the waste generating entity according to its Waste Management Plan (PGR), pursuant to current Brazilian law and in line with the guidelines established by environmental, as well as those of health and safety agencies, and Furnas' own logistics area.

In 2014, transformers and insulating oil contaminated with PCBs at TPP Santa Cruz were sent for thermal destruction at the Sakab Ab incinerator in Kumla,

Sweden. Brazil's environmental regulator, Ibama, and other international environmental authorities involved have authorized this specialized company to perform this type of work. All currently existing transformers operating at this TPP use a mineral-based insulating oil, that is totally devoid of persistent organic pollutants.

Furnas initiated a Joint Selective Collection Program for recyclable waste in 2008. Over 1,300 tons of recyclable materials (paper, plastic, metal and glass) have been sent to cooperatives since then. Overseen

by the Joint Selective Collection Committee, the program is expanding its operations to all Furnas facilities, including power plants, substations and offices. Currently, the program benefits 31 cooperatives with a total of 2,850 collectors who, in 2014, received more than 215 tons of recyclables.

All hazardous waste was sold at public auctions and forwarded to duly accredited companies for their treatment. Waste included used, mineral-based insulating oil, depleted lead-acid electric accumulators and tires of various sizes. [GRI G4-EN24]

WASTE MANAGEMENT (t) [GRI G4-EN23]

| Destination | Administrative activities | Hydroelectric power plants | Thermoelectric power plants | Transmission |
|----------------------------|---------------------------|----------------------------|-----------------------------|------------------|
| Non-hazardous waste | | | | |
| Industrial landfill | 65.82 | 35.70 | 26.85 | 12,894.13 |
| Composting | 31.25 | 37.70 | 0 | 0.45 |
| Municipal collection | 1,201.33 | 3710 | 0 | 213.91 |
| On-site storage | 2,302.11 | 77.31 | 469.63 | 916.17 |
| Recycling | 211.88 | 0 | 0 | 17.26 |
| Reuse | 321.30 | 43.20 | 0 | 0 |
| Subtotal | 4,133.69 | 231.01 | 496.48 | 14,041.92 |
| Hazardous waste | | | | |
| Industrial landfill | 0 | 9.90 | 23.27 | 20.53 |
| On-site storage | 89.73 | 2,819.33 | 266.60 | 619.82 |
| Co-processing | 0 | 8.71 | 0 | 79.17 |
| Incineration | 0 | 0.017 | 0 | 0 |
| Health | 54.80 | 0 | 0 | 0 |
| Subtotal | 144.53 | 2,837.96 | 289.87 | 719.52 |
| Total | 4,278.22 | 3,068.97 | 786.35 | 14,761.44 |

TOTAL WEIGHT OF HAZARDOUS WASTE (t) [GRI G4-EN25]

| | 2012 | 2013 | 2014 |
|------------------------------------|--------|-------|--------|
| Transported away from organization | 137.40 | 71.60 | 371.00 |
| Transported | 441.10 | - | - |

BIODIVERSITY | GRI G4-DMA, G4-EN12 |

The construction of power generation and transmission facilities necessitates an Environmental Impact Assessment (EIA) or production of an equivalent document, which is submitted at a public hearing for consideration by various sectors of civil society. An EIA presents the justifications for a given construction project, its consistency with government programs, the consequences of non-construction and an evaluation of location alternatives — all of which take into account several factors, the environment being one component.

A Basic Environmental Project (PBA), or equivalent, is produced based on the EIA, consistent with assessed impacts and, depending upon the project type in question, calls for programs to monitor and conserve flora and fauna (terrestrial and water-bound), as well as water, climatic and limnological resources; vector control; media; environmental education; hydrosedimentometric control; research and recovery of archaeological heritage sites; and a project impact assessment.

Environmental Management Programs are carried out during the construction phase, which include periodic reports sent for review and approval by appropriate environmental agencies.

There are also environmental studies and monitoring programs during and after project construction that are compared against EIA diagnostics and supplemental inventories.

Before any vegetation is cut back or eliminated, forest inventories are conducted to identify and quantify the flora to be removed. Thereafter, a Recovery Program for Degraded Areas (PRAD), by which removed vegetation is restored in equivalent or larger areas, is carried out.

Other physical activities mitigate the environmental impacts of construction jobs, such as erosion control initiatives.



COMMUNITY GARDEN IN SÃO JOSÉ DA BARRA (MG)

In total, 1,402 km of transmission lines (of which 209 km are under construction) use tower-heightening techniques to avoid cutting vegetation.

Recovery

In 2014, recovery was achieved for 0.0306 km² of areas degraded by hydro-electric projects and 0.0499 km² of areas degraded as a result of transmission construction. | GRI G4-EN13 |

During the year, Furnas planted approximately 5,000 seedlings around the HPP Marimbondo reservoir. Two other notable projects were:

Lobinho Guar Project: A follow on to voluntary support being provided by Furnas for the Pedra Branca State Park conservation unit in the state of Rio de Janeiro. Some 120 teenagers from the community surrounding the park, through which 11 of the company's transmission lines run, graduated from this educational project, which was carried out in partnership with the Fire Brigade Support Foundation (Fabom). The aim of the initiative is to spread knowledge about citizenship, environmental damage prevention and preservation, particularly as regards the risks of fires, of great importance for conservation areas.

5,000
tree seedlings
were planted
around the HPP
Marimbondo
reservoir

Natureza Doce (Sweet Nature) Project:

This initiative was announced in 2014. Its aim is to encourage the preservation of native bees, which play a key role in ecosystem balance. Almost 100 employees attended environmental education classes and observed the behavior of jataí bees (*Tetragonisca angustula*). The idea was to demystify the concept that all bees are venomous and to encourage participants to value Brazilian biodiversity.

Protected areas | GRI G4-DMA|

None of the 6,500 km² of wetlands adjoining hydroelectric power plant reservoirs operated by Furnas are located in designated Conservation Units. However, 18.6% are located in Priority Areas for Biodiversity Conservation (APCBs), as established by Decree No. 126 of May 27, 2004, issued by Brazilian Ministry on the Environment (MMA).

Of the 1,100 km² of right-of-way easements in the Furnas transmission system, 8% are within Conservation Units (according to data from the MMA). Furnas' right-of-way easement standard is applied to these areas, which is based upon the voltage of the transmission lines that run through them.

To assess the biodiversity of the areas surrounding its projects, a study has been carried out on areas where Furnas' projects intersect with

**NATUREZA DOCE PROJECT (RJ)**

APCBs, which were identified through the Project for the Conservation and Sustainable Use of Brazilian Biological Diversity (Probio), an initiative of the MMA. Probio evaluates socio-economic conditions and current human occupation trends on Brazilian territory to formulate the most significant activities necessary for conservation of the nation's natural resources.

The map data used to conduct the analysis of protected and surrounding areas in which the company's operations are present are under constant review, due to changes in the orientation of its projects, the establishment of new conservation units, changes in the area of existing protected areas,

mapping of units which are not yet a part of the MMA's database and new information arising about biodiversity.

The interference calculation for protected areas is focused, in the case of transmission, on Furnas' standard for right-of-way easements, which is based on the voltage class of a given transmission line. However, there is often no direct interference (removal, access, etc.) accounted for in the official area. Another important aspect is that there is a significant difference between reference scales used in cartographic files made available by the MMA and scales used in the Furnas system, which calls into question the accuracy of this data.

HIGH BIODIVERSITY AREAS (km²) | GRI G4-EN11|

| | 2013 | 2014 |
|---|----------|----------|
| Adjacent protected areas | 160.85 | 164.71 |
| Furnas' operational area | 7,309.59 | 7,326.14 |
| Protected areas inserted in operational areas | 115.12 | 83.69 |

→ The details of the areas can be found in the Appendix, pages 102-105



HPP MARIMBONDO (MG/SP)

ENVIRONMENTAL EDUCATION [GRI G4-S01]

At the Batalha and Simplicio power plants, as well as the Anta-Simplicio transmission line, Environmental Education Programs (EAPs) are training the people directly affected in waste management techniques, sustainable practices in agriculture and the development of environmental intervention projects. They are also provided information about waterborne diseases and coexistence with APPs, reservoirs and transmission lines.

Five families attended Beekeeping Workshops in the HPP Batalha's area of influence. The company invested R\$ 19,900 in the project, which consists

of raising bees, including stingless bees, for honey production and by-products, featuring specific techniques such as hygiene in handling of the products.

At the HPP Marimbondo, the EAP Program is also training the directly affected population, encouraging environmental management of the APP reservoir and the region in the following nearby municipalities: Fronteira, in Minas Gerais; and Colômbia, Guaraci and Icém in São Paulo. In 2014, 1,327 people participated in the activities, including employees, educators and members of the community.

In addition, in 2014 Furnas began the studies for HPP Funil's new EAP. Six meetings were held with the Itatiaia (RJ) Department of Social Welfare during the year. The program's target audiences are the vulnerable communities affected by the project, the school community and plant employees. The next step will involve educational institutions, community leaders and community associations in the preparation of the diagnosis. Courses will also be offered to communities and schools in the municipalities of Resende and Itatiaia, Rio de Janeiro, and Arieas, Queluz and São José do Barreiro, in São Paulo, as well as for the employees of the plants.

HPP PEIXE ANGICAL (TO)



About the report



This is the 10th year that Furnas has published its Sustainability Report based on the Global Reporting Initiative (GRI) guidelines, an international model that consolidates a standard for economic, social and environmental reporting. The report, covering the period from January 1 to December 31, 2014, was prepared in accordance with the G4 version of the GRI, including a sector supplement on energy, and the Manual for Preparation of the Annual Social Responsibility Report of Electric Energy Companies, of Brazil's National Electric Energy Agency (Aneel). [\[GRI G4-28, G4-30\]](#)

The financial indicators follow international accounting standards (International Financial Reporting Standards - IFRS) and were audited by KPMG Independent Auditors. They refer to Furnas Centrais Elétricas S.A., and the consolidation of data for Specific Purpose Entities (SPEs) was based on the equity method, which is to update the book value of the investment in proportion to the percentage of Furnas' stake in each company. [\[GRI G4-17\]](#)

The social and environmental indicators include all operations over which the company has management control - therefore excluding SPEs. Employees from all departments examined them internally, with members of the

Corporate Sustainability Committee acting as process facilitators. The data were based on Brazilian standards, such as those related to personnel management and workplace safety, and Ibase Social Balance indicators; they were not independently verified. [\[GRI G4-33\]](#)

Content [\[GRI G4-18\]](#)

The identification of the most relevant issues took into account a survey of stakeholders conducted by the parent company, Eletrobras. When selecting specific topics for Furnas, the following were also considered: the company's strategy; news published in the press about the sector and about Furnas; the ten Global Compact principles, an initiative of which Furnas is a signatory; and issues raised by the GRI survey, "Sustainability Topics - What the Stakeholders Want to Know," specifically conducted with worldwide energy sector publics.

The issues were ranked and matched with the Eletrobras' materiality matrix pursuant to perceptions of the members of Furnas' Executive Board.

The process was based on the guidelines of the GRI and AA1000 (Accountability 1000) in order to consider the economic, social and environmental impacts relevant to Furnas or that could significantly influence the assessments and decisions of its stakeholders.

■
■
■ This report was prepared in accordance with the G4 guidelines of the Global Reporting Initiative and addresses the relevant sustainability topics identified

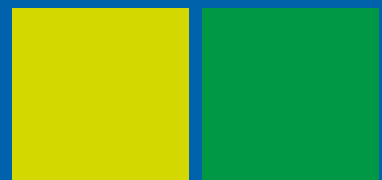
MOST RELEVANT ISSUES [GRI G4-19, G4-27]

| Issues | Features | Limits [GRI G4-20, G4-21] | | Related GRI indicators |
|--|---|---------------------------|--|--|
| | | Within Furnas | Outside Furnas | |
| Ethics and compliance | <ul style="list-style-type: none"> • Conduct in relations with interested publics • Compliance with legislation | All operations | Customers, suppliers, government and society | G4-SO3, G4-SO4, G4-SO5, G4-SO6, G4-SO7, G4-SO8, G4-EN29, G4-SO8, G4-HR3, G4-HR12, G4-PR2, G4-PR8, G4-PR9 |
| Operational excellence | <ul style="list-style-type: none"> • Availability and reliability | All operations | Suppliers, customers, government and society | EU2, EU11, EU12, EU30 |
| Create value for the business: economic-financial results | <ul style="list-style-type: none"> • Suitability to existing tariffs • Restructuring of internal costs • Emphasis on a culture of results • Risk management | All operations | Suppliers, customers, government and society | G4-2, G4-EC1, G4-10, G4-LA1 |
| Sustained growth | <ul style="list-style-type: none"> • New business • Governance in the SPEs | All operations | Business partners, customers, government and society | EU10 |
| Innovation | <ul style="list-style-type: none"> • Innovation and R&D initiatives | All operations | clients, suppliers, government and society | - |
| People | <ul style="list-style-type: none"> • Reconstruction of the Personnel Plan (PREQ) • Internal mobility • Health and Safety • Knowledge management | All operations | Suppliers, government and society | G4-10, G4-LA1, LA2, EU15, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11 |
| Indirect economic impacts | <ul style="list-style-type: none"> • Creation of jobs and income in the areas of operation | - | Government and society | G4-EC8, EU22, EU25 |
| Investment in communities | <ul style="list-style-type: none"> • Social and regional development • Focus on sports and culture | - | Government and society | G4-EC7, G4-SO1, G4-SO2 |
| Climate changes | <ul style="list-style-type: none"> • Availability of hydrological resources • Severe climate events | All operations | Customers, government and society | G4-EC2, G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7, G4-EN8, G4-EN9, G4-EN10; G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21 |

HPP MASCARENHAS DE MORAES (MG)



Appendices



Furnas' Assets

GENERATION

WHOLLY OWNED

| Hydroelectric Power Plants | Capacity (MW) [GRI EU1] |
|---|----------------------------|
| Renovation projects - under special administration – Law 12.783/2013 | |
| HPP Furnas | 1,216 |
| HPP Funil | 216 |
| HPP Porto Colômbia | 320 |
| HPP Marimbondo | 1,440 |
| HPP Luiz Carlos Barreto de Carvalho | 1,050 |
| HPP Corumbá | 375 |
| SHP Neblina | 6.5 |
| SHP Sinceridade | 1.4 |
| SHP Dona Rita | 2.4 |
| Projects not yet renewed | |
| HPP Itumbiara | 2,082 |
| HPP Mascarenhas de Moraes | 476 |
| HPP Símplicio | 306 |
| HPP Batalha | 53 |
| SHP Anta ¹ | 28 |
| Thermal power plants | |
| Projects not yet renewed | |
| TPP Santa Cruz (Rio de Janeiro-RJ) | 500 |
| TPP Roberto da Silveira (Campos-RJ) | 30 |

¹ In construction.

GENERATION

SHARED CONCESSION (SPEs and PARTNERSHIPS) – HYDRAULIC GENERATION

| Plant | Capacity (MW) | Furnas share | Furnas share capacity (MW) GRI EU1 |
|---|---------------|--------------|-------------------------------------|
| HPP Serra da Mesa | 1,275 | 48.46% | 618 |
| HPP Manso | 212 | 70% | 148 |
| HPP Peixe Angical | 499 | 40% | 200 |
| HPP Baguari | 140 | 15% | 21 |
| HPP Retiro Baixo | 82 | 49% | 40 |
| HPP Foz do Chapecó | 855 | 40% | 342 |
| HPP Serra do Facão | 213 | 49.47% | 105 |
| HPP Santo Antônio ¹ | 2,286 | 39% | 892 |
| HPP Teles Pires ² | 1,820 | 24.5% | 446 |
| HPP São Manoel ² | 700 | 33.33% | 233 |
| Inambari Hydroelectric Power Plant ³ | 2,000 | 19.6% | 392 |
| HPP Três Irmãos ⁴ | 808 | 49.9% | 403 |

¹ In partial operation; ² Under construction; ³ Suspended Implementation; ⁴ Providing O & M service.

PARTNERSHIPS - SPECIFIC PURPOSE ENTITIES - WIND POWER GENERATION

| Wind farm | Number of wind farms | Capacity (MW) | Furnas share | Furnas share capacity (MW) GRI EU1 |
|---------------------------|----------------------|---------------|--------------|-------------------------------------|
| In operation | | | | |
| Brasventos | 3 | 187.04 | 24.5% | 45.8 |
| Under construction | | | | |
| Fortim | 5 | 115 | 49% | 57 |
| Itaguaçu da Bahia | 10 | 280 | 49% | 137 |
| Punaú | 7 | 132 | 49% | 65 |
| Baleia | 6 | 113 | 49% | 56 |
| Famosa | 4 | 85 | 49% | 42 |
| Famosa III | 5 | 125 | 90% | 113 |
| Acaraú | 3 | 72 | 90% | 65 |
| Serra do Mel | 3 | 84 | 90% | 76 |
| Arati | 5 | 89 | 49% | 44 |

TRANSMISSION

WHOLLY OWNED

Active

Character

| Renovation projects - under special administration – Law 12.783/2013 | |
|--|-----------------|
| Transmission Lines | 18,758.5 km |
| 46 substations | |
| Enterprises not yet renewed | |
| Transmission Lines | 1,119 km |
| 3 substations | |
| Tijuco Preto Itapeti-Northeast Line | 345 kV – 71 km |
| Bom Despacho 3-Ouro Preto Line ¹ | 500 kV – 180 km |
| Mascarenhas-Linhares Line ² | 230 kV – 99 km |
| Xavantes-Pirineus Line ² | 230 kV – 50 km |
| SS Zona Oeste Line ³ | 500/138 kV |

¹ Completed - Waiting for an Operating License; ² under construction; ³ in partial operation.

IN PARTNERSHIP - SPECIFIC PURPOSE ENTITIES

SPE

Voltages (kV)

Furnas share capacity

| In operation | | |
|---|--|-------|
| Interligação Elétrica Madeira S.A. | ± 600 | 24.5% |
| Cia. Transleste de Transmissão | 345 | 24.5% |
| Cia. Transirapé de Transmissão | 230 | 24.5% |
| Cia. Transudeste de Transmissão | 345 | 25% |
| Transenergia São Paulo SA | 500/138 | 49% |
| Transenergia Renovável S.A. | 230/138 | 49% |
| Goiás Transmissão S.A. | 500/230 | 49% |
| MGE Transmissão S.A. | 500/345 | 49% |
| Caldas Novas Transmissão S.A. | 345/138 | 49.9% |
| Cia. de Transmissão Minas Centroeste Transmission | 345 | 49% |
| Under construction | | |
| Lago Azul SA Transmissora | 230 | 49.9% |
| Paranaíba Transmissora de Energia S.A. | 500 | 49% |
| Triângulo Mineiro Transmissora S.A. | 500 | 49% |
| Vale do S. Bartolomeu Transmissora S.A. | 500/345/230/138 | 39% |
| Transenergia Goiás S.A. | 230 | 49% |
| Belo Monte Energia S.A. Transmissora | ± 800 | 24.5% |
| Luziânia-Niquelândia Transmissora S.A. | Luziânia: 500/138 Niquelândia: 230/69 | 49% |
| Mata de Sta. Genebra Transmissora S.A. | 500 | 49.9% |

SPE Shareholding Breakdown

GENERATION

PROJECTS IN OPERATION

| SPE | Shareholder | Stake % |
|--|--------------------|---------|
| Enerpeixe S.A. | Furnas | 40 |
| | EDP | 60 |
| Baguari Energia S.A. | Furnas | 15 |
| | Cemig GT | 34 |
| | Baguari I | 51 |
| Retiro Baixo Energética S.A. | Furnas | 49 |
| | Cemig | 49.9 |
| | Orteng | 1.1 |
| Serra do Facão Energia S.A. | Furnas | 49.47 |
| | Alcoa | 34.97 |
| | DME Energética | 10.09 |
| | Camargo Corrêa | 5.47 |
| Chapecoense Geração S.A. | Furnas | 40 |
| | CPFL | 51 |
| | CEEE - GT | 9 |
| Brasventos Miassaba 3 Geradora de Energia S.A. | Furnas | 24.5 |
| | Eletronorte | 24.5 |
| | JMalucelli Energia | 51 |
| Brasventos Eolo Geradora de Energia S.A. | Furnas | 24.5 |
| | Eletronorte | 24.5 |
| | JMalucelli Energia | 51 |
| Rei dos Ventos 3 Geradora de Energia S.A. | Furnas | 24.5 |
| | Eletronorte | 24.5 |
| | JMalucelli Energia | 51 |

PROJECTS IN IMPLEMENTATION

| SPE | Shareholder | Stake % |
|---|------------------------|---------|
| Madeira Energia S.A. | Furnas | 39 |
| | Odebrecht Energia | 18.6 |
| | SAAG | 12.4 |
| | Cemig | 10 |
| | FIP | 20 |
| Teles Pires Participações S.A. | Furnas | 24.5 |
| | Eletrosul | 24.5 |
| | Neonergia | 50.1 |
| | Odebrecht Energia | 0.9 |
| Windfarms Famosa Famosa I; Pau Brasil; Rosada and São Paulo | Furnas | 49 |
| | PF Participações Ltda. | 51 |

| | | |
|---|---|-------|
| Windfarms Fortim (São Januário; N.Sra. de Fátima; Jandaia; São Clemente and Jandaia I) | Furnas | 49 |
| | Alupar | 50.99 |
| | CGEs | 0.01 |
| Inambari Geração de Energia S.A. (Feasibility Study - Halted) | Furnas | 19.6 |
| | Eletrobras | 29.4 |
| | OAS | 51 |
| Punaú/Baleia Complex (Bom Jesus Eólica S.A., Cachoeira Eólica S.A., Pitimbu Eólica S.A., São Caetano Eólica S.A., São Caetano I Eólica S.A., São Galvão, Carnaúba I Eólica S.A., Carnaúba II Eólica S.A., Carnaúba III Eólica S.A., Carnaúba V Eólica S.A., Cervantes I Eólica S.A., Cervantes II Eólica S.A. and Punaú I Eólica S.A.) | Furnas | 49 |
| | FIP Caixa Milão | 50.99 |
| | CGEs | 0.01 |
| Itaguaçu da Bahia Complex Itaguaçu da Bahia, Santa Luzia, Santa Madalena, Santa Marcella, Santa Vera, Santo Antônio, São Bento, São Cirilo, São João, São Rafael | Furnas | 49 |
| | Salus Fundo de Investimento e Participações | 49 |
| | Casa dos Ventos Energia Renováveis | 2 |
| Empresa de Energia São Manoel S.A. | Furnas | 33.33 |
| | CWEI | 33.33 |
| | EDP | 33.33 |

TRANSMISSION

PROJECTS IN OPERATION

| SPE | Shareholder | Stake % |
|---|--------------------|---------|
| Companhia Centroeste de Minas | Furnas | 49 |
| | Cemig | 51 |
| Companhia Transirapé de Transmissão | Furnas | 24.5 |
| | Cemig | 24.5 |
| | EATE | 10 |
| | Transminas | 41 |
| Companhia Transudeste de Transmissão | Furnas | 25 |
| | Cemig | 24 |
| | EATE | 10 |
| | Transminas | 41 |
| Companhia Transleste de Transmissão | Furnas | 24 |
| | Cemig | 25 |
| | EATE | 10 |
| | Transminas | 41 |
| Transenergia São Paulo S.A. | Furnas | 49 |
| | JMalucelli Energia | 51 |

| SPE | Shareholder | Stake % |
|--|------------------------|----------------|
| Transenergia Renovável S.A. | Furnas | 49 |
| | JMalucelli Construtora | 25.5 |
| | JMalucelli Energia | 25.5 |
| Caldas Novas Transmissão S.A. | Furnas | 49.9 |
| | Santa Rita | 25.05 |
| | CEL Engenharia | 25.05 |
| Goiás Transmissão S.A. | Furnas | 49 |
| | JMalucelli Energia | 25.5 |
| | Desenvix | 25.5 |
| MGE Transmissão S.A. | Furnas | 49 |
| | JMalucelli Energia | 25.5 |
| | Desenvix | 25.5 |
| Interligação Elétrica do Madeira S.A. | Furnas | 24.5 |
| | Chesf | 24.5 |
| | CTEEP | 51 |

PROJECTS IN IMPLEMENTATION

| SPE | Shareholder | Stake % |
|---|--------------------|----------------|
| Transenergia Goiás S.A. | Furnas | 49 |
| | JMalucelli Energia | 51 |
| Luziânia-Niquelândia Transmissora S.A. | Furnas | 49 |
| | State Grid | 51 |
| Paranaíba Transmissora de Energia S.A. | Furnas | 24.5 |
| | COPEL | 24.5 |
| | State Grid | 51 |
| Vale do São Bartolomeu Transmissora S.A. | Furnas | 39 |
| | FIP Caixa Milão | 51 |
| | CELG GT | 10 |
| Triângulo Mineiro Transmissora S.A. | Furnas | 49 |
| | FIP Caixa Milão | 51 |
| Lago Azul Transmissora S.A. | Furnas | 49.9 |
| | CELG GT | 50.1 |
| Mata de Santa Genebra Transmissora S.A. | Furnas | 49.9 |
| | COPEL | 50.1 |
| Belo Monte Transmissora de Energia S.A. | Furnas | 24.5 |
| | Eletronorte | 24.5 |
| | State Grid | 51 |

RESEARCH & DEVELOPMENT

R&D PROJECTS - SUSTAINABLE DEVELOPMENT

| Project | Investment (R\$ thousand) 2012-2014 | Estimated conclusion |
|--|---|-------------------------|
| Definition of mitigation scenarios of the impact on the health of the population affected by hydroelectric projects in Brazil | 3,988 | 2017 |
| Epidemiological evaluation of levels of EMC (electromagnetic fields) in Furnas facilities | 4,444 | 2017 |
| Determination of the load loss caused by infestation of golden mussels ('mexilhões dourados') and evaluating the efficiency of sudden temperature changes to their removal from meshes and pipelines | 8,000 | 2015 |
| Monitoring of emissions of greenhouse gases by hydroelectric plant reservoirs | 87,051 | 2015 |
| Development of a methodology to support the preparation of a baseline for calculating emissions in the electricity sector | 3,048 | 2017 |
| Environmental education in the environmental licensing process: methodological modeling | 16,913 | 2017 |
| Production of coconut fiber and biodegradable blankets used in environmental recovery | 7,761 | 2017 |
| Development and testing electric drive urban buses | 108,539 | 2015 |
| A comparative analysis of the areas and reforestation around the reservoir, aimed at adapting the restoration projects at Eletrobras-Furnas | 7,029 | 2017 |
| Studies for the maintenance of the integrity of conductor cable reels with ecologically treated wood | 3,226 | 2015 |
| Water quality and sedimentation as a result of the installation of aquaculture farms in the Furnas Hydroelectric Power Plant reservoir | 30,591 | 2018 |
| Design and assembly of a laboratory structure for performance evaluations of wind conversion systems and assessment of the impacts on network connections | 3,837 | 2017 |
| Production and use of ethanol biodiesel from natural plants in the Southeast for power generation | 4,593 | 2017 |
| A demonstration photovoltaic plant using various technologies, including concentration | 100,000 | 2017 |
| Development of an energy use unit using industrial waste through rotating drum pyrolysis technology in environmental solutions | 352,036 | 2017 |
| Deployment of an offshore converter for wave generation of electricity | 86,229 | 2016 |
| Applicability of new technology for the extraction of wind energy using a vertical wind turbine, with folding and articulated blades | 17,077 | 2015 |
| Non conventional alternatives for power transmission over long distances | 5,989 | 2015 |
| Research and development of technologies for ultra-high voltage transmission lines | 95,000 ¹ | 2016 |

¹ Amounts refer to Furnas' contribution in the project.

SOCIAL INVESTMENTS

KEY SOCIAL INITIATIVES SUPPORTED IN 2014

| Project/social program | Goal |
|---|---|
| Furnas Social Programs | Improve the quality of life and the social development of communities, contributing to the full exercise of citizenship. In 2014, by providing support for 244 institutions in 146 municipalities, some 270,000 people were benefited. The initiatives supported by the company totaled R\$ 5 million for the acquisition of materials and equipment and improved facilities. One of the beneficiary institutions was the Family Farmers Association of the Our Lady of the Rosary of Três Pontas-MG, which used the funds to buy machinery for a candy factory. |
| Social partnership projects | The company supports social projects that generate employment and income, health, food security, education, sports, environment and promotion of citizenship. In 2014, 13 projects were supported, with an investment of approximately R\$ 1.1 million, benefiting 1,356 people. |
| Projects for Community Integration | Encouraged territorial development through the collective construction of change processes, strengthening local communities. In 2014, 10 reference projects were monitored in the field of jobs and income generation, sports and education. In total, over 29,000 people have benefited from the various actions. |
| United Nations as Development Program (UNDP) | The company has worked to achieve the Millennium Development Goals, by supporting decentralization seminars to contribute to a post-2015 development agenda. Through a partnership with UNDP the company has been working for the construction of a sustainable future, giving priority to combating poverty and inequality, strengthening democratic governance, economic growth and sustainable development. Furnas supported the publication of the Brazil Atlas, for the Human Development Report (HDR) 2014. |
| Community Farming and Seedling Nursery Project | The company has contributed to the fight against hunger and poverty since 2003 through its food security program. Currently, Furnas maintains seven community gardens and plant nurseries on its premises. Fruits and vegetables are distributed weekly. In 2014, 57 tons of foodstuffs were distributed in São José da Barra (MG) alone, benefiting 77 families and students in public schools, serving a thousand meals daily. In Foz do Iguaçu (PR), 104,000 seedlings were distributed to more than 7,000 people in 23 institutions, such as schools and prisons. |
| Vila Santa Tereza Community Center | For 17 years the company has supported the community center in the municipality of Belford Roxo (RJ), the only such facility in the area. Its premises feature a multi-purpose court, which the community can use for sports activities, and rooms for training workshops. The company has implemented a program to eradicate child labor. In 2014, it promoted courses in fabric cutting and sewing, handicrafts and hairdressing. A total of seven classes trained 101 people. |
| Volunteer Activities Program | Introduced in 2002, the program supports the voluntary actions of its employees. It encourages employees to develop projects to improve living conditions in nearby communities. In 2014, it introduced the IX Social Projects and Actions Contest, which received submissions from 121 projects. |
| Brazil Kitchen Project | Conducted in partnership with SESI, this project is designed to educate the population in poor communities about the handling and preparation of low-cost, high nutrition meals. In 2014, 24 "Brazilian cooking classes" were taught, promoted in different neighborhoods in Brasília (DF) and municipalities in Espírito Santo, which together were attended by more than 2,886 persons. |
| Combating child exploitation | A signatory of the Declaration of Commitment to Confront the Sexual Exploitation of Children and Teenagers, in 2014 the Company signed a Cooperation Agreement to draw up a protocol to develop actions for construction projects. In 2014, various campaigns and activities were prepared in partnership with the Municipal Social Development Secretariat during Carnival in Rio de Janeiro. The company also participated in actions to combat exploitation and sexual abuse of children and teenagers on Brazilian highways, promoted by the Mão Certa (Right Track) Program, created in 2006 by Childhood, which is a partner. |
| Emergency response activities | Maintains a dialogue with about 200 families from the Kaingang indigenous community of Queimada in Ortigueira (PR), in which 19,765 kV transmission towers of the Foz do Iguaçu-Ivaiporã Transmission Line are located. A number of social assistance activities have been put into practice in the fields of agriculture and handicrafts, along with support for cultural helped families from the Seznio Fernandes de Jesus settlement in Linhares (ES), committing to the construction of a Telecenter room. |

Additional GRI indicators

ECONOMIC

COMPARISON WITH LOCAL MINIMUM WAGE |GRI G4-EC5|

| | 2012 | 2013 | 2014 |
|--|----------|----------|----------|
| Lowest Salaries in the Organization (men) R\$ | 1,269.01 | 1,361.53 | 1,471.76 |
| Lowest Salaries in the Organization (women) R\$ | 2,006.59 | 2,184.70 | 2,432.39 |
| Local minimum wages officially established by the government R\$ | 622.00 | 678.00 | 724.00 |

LABOR PRACTICES

EMPLOYEES BY REGION |GRI G4-10|

| | 2013 | | | | 2014 | | | |
|------------------|-----------|--------------------|---------|-------|-----------|--------------------|---------|-------|
| | Employees | Outsourced workers | Interns | Total | Employees | Outsourced workers | Interns | Total |
| Federal District | 159 | 52 | 11 | 222 | 162 | 54 | 14 | 230 |
| Espírito Santo | 54 | 3 | 1 | 58 | 54 | 4 | 4 | 62 |
| Goiás | 251 | 95 | 7 | 353 | 256 | 93 | 9 | 358 |
| Minas Gerais | 556 | 189 | 29 | 774 | 543 | 176 | 48 | 767 |
| Mato Grosso | 13 | 11 | 0 | 24 | 12 | 11 | 1 | 24 |
| Paraná | 158 | 19 | 9 | 186 | 147 | 19 | 10 | 176 |
| Rio de Janeiro | 1,891 | 804 | 354 | 3,049 | 1,898 | 805 | 376 | 3,079 |
| Rondônia | 16 | 5 | 0 | 21 | 5 | 5 | 1 | 11 |
| São Paulo | 442 | 160 | 34 | 636 | 433 | 161 | 25 | 619 |
| Tocantins | 7 | 1 | 0 | 8 | 7 | 2 | 0 | 9 |

EMPLOYEES BY FUNCTION |GRI G4-10|

| | 2013 | | | 2014 | | |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| | Men | Women | Total | Men | Women | Total |
| Management positions | 189 | 44 | 233 | 195 | 42 | 237 |
| Positions with University Degrees | 912 | 322 | 1,234 | 898 | 322 | 1,220 |
| Positions without University Degrees | 1,894 | 186 | 2,080 | 1,875 | 185 | 2,060 |

TURNOVER IN 2014 [GRI G4-LA1]

| | Total number of employees | Number new hires | Number of out-placed workers | Turnover |
|---------------------|----------------------------------|-------------------------|-------------------------------------|-----------------|
| By gender | | | | |
| Male | 2,968 | 39 | 66 | 1.77 |
| Female | 549 | 14 | 17 | 2.82 |
| Total | 3,517 | 53 | 83 | 1.93 |
| By age | | | | |
| Up to 30 years | 164 | 4 | 4 | 2.44 |
| From 31 to 40 years | 981 | 16 | 10 | 1.33 |
| From 41 to 50 years | 1,091 | 15 | 8 | 1.05 |
| More than 50 years | 1,281 | 18 | 61 | 3.08 |
| By region | | | | |
| Southeast | 2,928 | 48 | 61 | 1.86 |
| South | 147 | 0 | 10 | 3.40 |
| North | 12 | 0 | 0 | 0.00 |
| Midwest | 430 | 5 | 12 | 1.98 |

MATERNITY AND PATERNITY LEAVE [GRI G4-LA3]

| | 2013 | | 2014 | |
|--|-------------|--------------|-------------|--------------|
| | Men | Women | Men | Women |
| Employees who took leave | 80 | 22 | 75 | 21 |
| Employees who returned to work after leave | 80 | 22 | 75 | 21 |
| Employees who were still employed 12 months after their return to work | 80 | 22 | 75 | 21 |
| Rates of return after termination of leave | 100% | 100% | 100% | 100% |
| Retention rates 12 months after the leave | 100% | 100% | 100% | 100% |

ACCIDENTS BY REGION [GRI G4-LA6]

| | 2013 | | | | 2014 | | | |
|--------------------------------------|--------------|----------------|------------------|--------------|--------------|----------------|------------------|--------------|
| | North | Midwest | Southeast | South | North | Midwest | Southeast | South |
| Number of hours worked | 88,176 | 909,816 | 7,009,992 | 360,720 | 24,048 | 861,720 | 5,919,816 | 294,588 |
| Number of days lost | - | 375 | 598 | 1 | 0 | 0 | 499 | 0 |
| Number of injuries with leave | 1 | 4 | 19 | - | 0 | 0 | 5 | 0 |
| Number of injuries without clearance | 1 | 1 | 5 | - | 0 | 0 | 6 | 0 |
| Accident frequency Rates | - | 4.39 | 2.71 | 2.77 | 0 | 0 | 1.55 | 0 |
| Accident severity rate | - | 7,006 | 940 | 2 | 0 | 0 | 70 | 0 |
| Deaths | - | 1 | 1 | - | 0 | 0 | 0 | 0 |

RETIREMENT IN THE NEXT 5 TO 10 YEARS [GRI EU15]

| | Number of employees | The next 5 years | | The next 10 years | |
|--------------------------------------|---------------------|------------------|------------|-------------------|------------|
| | | Number | % of total | Number | % of total |
| By Category | | | | | |
| Management position | 237 | 122 | 51.48 | 144 | 60.76 |
| Positions with University Degrees | 1,202 | 375 | 31.20 | 525 | 43.68 |
| Positions without University Degrees | 2,078 | 920 | 44.27 | 1,147 | 55.20 |
| By region | | | | | |
| Southeast | 2,928 | 1,147 | 39.17 | 1,472 | 50.27 |
| South | 147 | 85 | 57.82 | 93 | 63.27 |
| North | 12 | 1 | 8.33 | 2 | 16.67 |
| Midwest | 430 | 184 | 42.79 | 249 | 57.91 |

DIVERSITY INDICATORS IN 2014 [GRI G4-LA12]

| | Men | | Women | | Total | |
|-----------------------------------|---------------------|------|---------------------|------|---------------------|------|
| | Number of employees | % | Number of employees | % | Number of employees | % |
| Management Functions | | | | | | |
| By Race | 195 | 100 | 42 | 100 | 237 | 100 |
| White | 175 | 89.7 | 38 | 90.4 | 213 | 89.9 |
| Black | 5 | 2.6 | 2 | 4.8 | 7 | 2.9 |
| Mixed | 14 | 7.2 | 2 | 4.8 | 16 | 6.8 |
| Yellow | 1 | 0.5 | 0 | 0 | 1 | 0.4 |
| Indigenous | 0 | 0 | 0 | 0 | 0 | 0 |
| Undeclared | 0 | 0 | 0 | 0 | 0 | 0 |
| Physically or Mentally challenged | 0 | 0 | 0 | 0 | 0 | 0 |
| Employees | | | | | | |
| By Race | 2,773 | 100 | 507 | 100 | 3,280 | 100 |
| Whites | 1,978 | 71.3 | 420 | 82.8 | 2,398 | 73.1 |
| Black | 150 | 5.4 | 15 | 3.0 | 165 | 5.0 |
| Mixed | 584 | 21.1 | 61 | 12.0 | 645 | 19.7 |
| Yellow | 38 | 1.4 | 7 | 1.4 | 45 | 1.4 |
| Indigenous | 11 | 0.4 | 1 | 0.2 | 12 | 0.4 |
| Undeclared | 12 | 0.4 | 3 | 0.6 | 15 | 0.4 |
| Age | | | | | | |
| Up to 30 years | 130 | 4.3 | 34 | 6.2 | 164 | 4.6 |
| 30 to 50 years | 1,740 | 58.2 | 332 | 60.3 | 2,072 | 58.5 |
| More than 50 years | 1,098 | 36.7 | 183 | 33.2 | 1,281 | 36.2 |
| Physically or Mentally challenged | 23 | 0.8 | 2 | 0.3 | 25 | 0.7 |

BASE SALARY OF WOMEN WITH RESPECT TO MEN (R\$) |GRI G4-LA13|

| | 2013 | | | 2014 | | |
|--------------------------------------|-----------|-----------|--------------|-----------|-----------|--------------|
| | Men | Women | Relationship | Men | Women | Relationship |
| Management position | 20,581.99 | 21,215.60 | 1.03 | 22,631.85 | 23,165.57 | 1.02 |
| Positions with University Degrees | 8,775.91 | 7,454.26 | 0.85 | 9,895.77 | 8,650.50 | 0.87 |
| Positions without University Degrees | 4,714.35 | 4,622.56 | 0.98 | 5,313.55 | 5,106.26 | 0.96 |

HUMAN RIGHTS**COMPLAINTS RELATED TO HUMAN RIGHTS |GRI G4-HR12|**

| | 2013 | 2014 |
|---|-----------|-----------|
| Pending the previous year | 0 | 4 |
| Resolved | 48 | 21 |
| Registered | 48 | 25 |
| External stakeholders | 34 | 5 |
| Internal stakeholders | 14 | 20 |
| Gender: Women | 3 | 8 |
| Gender: Men | 17 | 17 |
| Minority groups | 3 | 0 |
| Resolved | 17 | 17 |
| External stakeholders | 3 | 8 |
| Internal stakeholders | 2 | 12 |
| Gender: Women | 3 | 0 |
| Gender: Men | 0 | 0 |
| In Progress | | |
| Discrimination (ethnic origin, color, sex, religion, ideology, nationality or social origin) | 0 | 1 |
| Human rights (work in degrading conditions, forced, slave or analogous to slave status, child labor, sexual abuse and exploitation of children and teens) | 0 | 14 |

ENVIRONMENT

TRANSMISSION LINES IN CONSTRUCTION IN 2014 |GRI G4-EN11|

| Lines | Area | Location | Conservation units | Biodiversity value |
|--|---|---|--|--|
| TL 500 kV Bom Despacho 3-Ouro Preto | 11.7 km ² (180 km x 0.065 km) | Bom Despacho, Araújos, São Gonçalo do Pará, Divinópolis, Carmo do Cajuru, Itaúna, Itatiaiuçu, Rio Manso, Brumadinho, Bonfim, Moeda, Itabirito and Ouro Preto (MG) | APE do Rio Manso, REBio Campos Rupestres Serra da Moeda Norte and Zona de Amortecimento da REBio Campos Rupestres Serra da Moeda Sul, as well as Monumento Estadual de Serra da Moeda State Park Monument and Parque Estadual Aredes | High, because they are part of the Atlantic Forest and Cerrado biomes, both hotspots |
| TL 345 kV Itapeti-Northeast | 1.05 km ² (21 km x 0.050 km) | Mogi das Cruzes and Itaquaquecetuba (SP) | Francisco Affonso de Mello Municipal Natural Park, APA Serra do Itapeti and APA Várzea Tiete | High, because they are part of the Atlantic Forest, a hotspot |

ASSETS IN OPERATION | GRI G4-EN11

| Hydroelectric plants | Total flooded area (km ²) | Biodiversity value | Plants that intersect priority areas for the conservation of biodiversity (APCB) |
|--------------------------------------|---------------------------------------|---|--|
| Baguari (MG) | 16.06 | | |
| Batalha (MG/GO) | 137.57 | Cerrado <i>latu sensu</i> | |
| Corumbá (GO) | 65.00 | Cerrado <i>latu sensu</i> | |
| Foz do Chapecó (SC/RS) | 79.90 | | |
| Funil (RJ) | 40.00 | Initial and advanced stage Atlantic Forest vegetation | |
| Furnas (MG) | 1,440.00 | Cerrado <i>latu sensu</i> | Franca/Poços de Caldas - Priority: extremely high |
| Itumbiara (MG) | 778.00 | | Rio Parana IBA - Priority: insufficiently known Alto Paraná - Priority: Very High |
| Luiz Carlos Barreto de Carvalho (SP) | 46.70 | Fields and pastures, farm crops, tree and shrub vegetation and exposed rocky or land in prAPAration | |
| Manso (MT) | 427.00 | Cerrado <i>latu sensu</i> | |
| Marimbondo (MG) | 438.00 | About 6% of the watershed area consists of remaining natural vegetation (native forest) | Barretos - Priority: extremely high |
| Mascarenhas de Moraes (MG) | 250.00 | Cleared and uncleared grassland, Cerrado grasslands, Cerrado, Riparian Forest and altitude camps | |
| Peixe Angical (TO) | 294.10 | | Middle Tocantins - Priority: extremely high South Tocantins/ Conceição Manuel Alves Region - Priority: insufficiently known |
| Porto Colômbia (MG) | 143.00 | Cerrado <i>latu sensu</i> and mesophilic semi-deciduous forests | |
| Retiro Baixo (MG) | 22.58 | | |
| Serra da Mesa (GO) | 1,784.00 | Cerrado <i>latu sensu</i> | Serra da Mesa - Priority: extremely high Rio das Almas - Priority: extremely high |
| Serra do Facão (GO/MG) | 232.37 | | |
| Simplício (RJ/MG) | 117.00 | Forest and grassland remnants of Mata Atlântica. Multiple use | Vale do Meio Paraíba - Priority: extremely high |
| Total | 6,311.28 | | |

ASSETS IN OPERATION | GRI G4-EN11

| Transmission lines (Voltage class) | Total area (km ²) | Lines in priority areas for biodiversity conservation (APCB) |
|---------------------------------------|----------------------------------|--|
| 138 kV | 42,07 | Serra dos Órgãos (extremely high); Poço das Antas (extremely high); Alto Paraná (very high) |
| 230 kV | 73,77 | Rio Paranaíba (insufficiently known); Alto Paraná (very high); Serra da Mesa (extremely high); Rio das Almas (extremely high); Pirenópolis (very high); Goiânia (extremely high); Federal District and surrounding areas (extremely high) |
| 345 kV | 278,30 | Estuary/Manguezal de Vitória to Ilha das Garças (very high); Jacarenema Ecological Reserve to Manguezal de Guarapari (extremely high); Rio Paranaíba (insufficiently known); Furnas do Bom Jesus (very high); Serra dos Rosas (high); Franca Poços de Caldas (extremely high); Serra dos Órgãos (extremely high); Poço das Antas (extremely high); Serra da Mantiqueira (extremely high); Tijuca (extremely high); Serra da Bocaina (extremely high); Serra da Cantareira (extremely high); Morro Grande (extremely high); Santos (extremely high); Region of Santa Tereza Duas Bocas (extremely high); Ouro Preto and Caraça regions (extremely high); Fazenda Pindobas IV and Afonso Claudio fragments (extremely high); Restinga de Setiba (high); Usina Paineiras (very high); Serra das Torres (very high); Alto Paraná (very high); Pirenópolis (very high); Goiânia (extremely high); Federal District and surrounding areas (extremely high); Northeast of SP (extremely high) |
| 500 kV | 241,17 | Rio Paranaíba (insufficiently known); Franca Poços de Caldas (extremely high); Serra da Mantiqueira (extremely high); Tijuca (extremely high); Serra da Bocaina (extremely high); Serra do Japi (extremely high); Baixada Santista (extremely high); Alto Paranapanema (insufficiently known); High Medium Tibagi River/Upper Rio Iguaçu (high); wetlands and headwaters of the Rio Iguaçu and Vila Velha (extremely high); Triângulo Mineiro (extremely high); Médio Tocantins (extremely high); Serra da Mesa (extremely high); Chapada dos Veadeiros (extremely high); Federal District and surroundings (extremely high); Paraíba valley (insufficiently known); Campinas (high); |
| ± 600 kV | 148,90 | Alto Paranapanema (insufficiently known); Alto Médio Rio Tibagi/Alto Rio Iguaçu (high); Jaguarialva, Sengés (very high); Itararé (insufficiently known); Itapeva (high) |
| 750 kV | 230,61 | Alto do Paranapanema (insufficiently known) |
| Total | 1.014,85 | |

TLs IN OPERATION THAT IMPACT CONSERVATION AREAS | GRI G4-EN11

| Lines | Area (ha) |
|--|---------------|
| TLs 138 kV | |
| Environmental Protection Area (APA) Orla Marítima da Baía de Sepetiba | 31.87 |
| APA Pedra Branca | 30.13 |
| APA Bacia do Rio São João Mico Leão | 205.49 |
| APA Petrópolis | 23.38 |
| Serra da Bocaina National Park | 23.82 |
| União Biological Reserve | 19.96 |
| APA Rio Macacu Basin | 19.73 |
| APA Mangaratiba | 85.24 |
| Cunhambebe State Park | 39.81 |
| Sierra de las Torres State Natural Monument | 3.57 |
| Total | 483.00 |
| LTs 230 kV | |
| APA Pouso Alto | 33.20 |
| JK Park | 3.58 |
| APA João Leite | 16.61 |
| APA Bacia do Rio São João Mico Leão | 205.49 |
| APA Petrópolis | 23.38 |
| APA Orla Marinha de Sepetiba | 31.87 |
| Total | 314.13 |
| TLs 345 kV | |
| Furnas de Bom Jesus State Park | 12.03 |
| Sierra de las Torres State Natural Monument | 1.33 |
| Itaberá State Park | 20.62 |
| Cantareira State Park | 45.15 |
| Itatiaia State Natural Monument | 35.29 |
| Serra do Rola Moca State Park | 21.77 |
| União Biological Reserve | 51.20 |
| Serra da Canastra National Park | 69.24 |
| Tinguá Biological Reserve | 31.01 |
| APA Bairro da Usina Dam | 16.64 |
| APA Guandu River | 141.56 |
| APA Itupararanga | 194.50 |
| APA Rio Macacu Basin | 47.95 |

| Lines | Area (ha) |
|---|-----------------|
| APA João Leite | 38.21 |
| APA System Cantareira | 914.30 |
| APA Jundiáí | 11.92 |
| APA Gericinó / Mendanha | 69.76 |
| APA South RMBH | 43.76 |
| APA Piracicaba Junqueri Mirim Área II | 560.22 |
| APA Cajamar | 58.28 |
| APA Bacia do Rio São João Mico Leão | 502.29 |
| APA Petrópolis | 31.52 |
| APA Central Plateau | 296.09 |
| APA Paraiba do Sul Basin | 87.45 |
| APA Bororé Colônia | 74.91 |
| APA Campinas | 84.25 |
| APA Pedra Branca | 12.95 |
| Total | 3,474.20 |
| LTs 500 kV | |
| Cunhambebe State Park | 56.30 |
| Descoberto State Park | 36.09 |
| APA Guandu River | 424.28 |
| APA Pouso Alto | 260.43 |
| APA Itupararanga | 227.08 |
| APA Corumbataí, Botucatu and Tejupá-Corumbataí Perimeter | 166.29 |
| APA Cabreúva | 107.27 |
| APA Várzea Rio Tiete | 5.58 |
| APA Cantareira System | 350.72 |
| APA Piracicaba Junqueri Mirim Area II | 207.55 |
| APA Jundiáí | 67.37 |
| APA Silveiras | 95.45 |
| APA Gericinó / Mendanha | 40.94 |
| APA Piracicaba Junqueri Mirim Area II | 268.26 |
| Tijuca National Park | 25.55 |
| Serra da Bocaina National Park | 44.44 |
| Tinguá Biological Reserve | 31.20 |
| Lorena National Forest | 1.24 |
| APA Serra da Mantiqueira | 177.79 |
| Total | 2,593.81 |

QUALITY AND VOLUME OF WASTE WATER (m³) – THERMAL POWER PLANTS [GRI G4-EN22]**2014**

Destination: river 159,277.60

Planned Discharges

| | |
|----------------------------|------------|
| Treated effluent | 5,557.60 |
| Effluent without treatment | 153,720.00 |

Unplanned Waste Discharges**Waste Quality (HPP Santa Cruz)**

| | |
|-----------------------------------|------------|
| Biochemical Oxygen Demand (BOD) | 1.37mg/l |
| Sedimentary Waste (RS) | <0.1ml/l |
| Chemical Oxygen Demand (COD) | <10.0mg/l |
| Total Oils and Greases | <10.0mg/l |
| Total Non-Filterable Waste (RNFT) | 5.0mg/l |
| pH | 6.71 |
| Temperature | 27.40°C |
| Total chromium | <0.01mg/l |
| Total aluminum | <0.094mg/l |
| Total manganese | 0.37mg/l |
| Lead Total | <0.03mg/l |

SUPPLIERS

IMPACT ON SUPPLY CHAIN | GRI G4-SO10, G4-HR11, G4-LA15, G4-EN33 |

| Risk or impact potential | Important supply categories | Main contractual and legal requirements | Policies, guidelines, principles and controls |
|--|--|---|--|
| HUMAN RIGHTS Child labor, employment of children under 18 in nighttime, dangerous or unhealthy work, the employment of children under 16 years (unless as an Apprentice), sexual exploitation of children, forced or compulsory labor, discrimination in the workplace, sexual and moral harassment, limits to freedom of association. Gender and race equity in the chain of relations. | <ul style="list-style-type: none"> Suppliers of engineering, procurement and construction services (EPC) - hydropower plants, transmission lines, substations, wind energy power stations Suppliers of labor force (management, assembly, operations, maintenance, modernization, cleaning, security) Consulting (engineering, management IT) Suppliers of equipment (electromechanical, electric, telecommunications, IT) | <ul style="list-style-type: none"> Contractual clauses, in which the supplier declares it is cognizant of and undertakes to respect, abide by and enforce the Code of Ethics of the Eletrobras companies and Principles, Norms and Standards of Business Conduct in relation to of Furnas and its Suppliers Statement no children under 18 are employed in nighttime, dangerous or unhealthy work, nor employment of children under 16 years (unless as an Apprentice), sexual exploitation of children, forced or compulsory labor | <ul style="list-style-type: none"> Eletrobras Companies Code of Ethics Principles and Standards of Business Conduct in relation to Furnas with its Suppliers Commitment to the OECD Guidelines for Multinational Enterprises, signed by Eletrobras |
| CORRUPTION | <ul style="list-style-type: none"> Suppliers of engineering, procurement and construction services (EPC) - hydropower plants, transmission lines, substations, wind energy power stations Suppliers of labor force (management, assembly, operations, maintenance, modernization, cleaning, security) Consulting (engineering, management IT) | <ul style="list-style-type: none"> Combating corruption in all its forms Contractual clauses, in which the supplier declares it is cognizant of and undertakes to respect, abide by and enforce the Code of Ethics of the Eletrobras companies and Principles, Norms and Standards of Business Conduct in relation to of Furnas and its Suppliers | <ul style="list-style-type: none"> Eletrobras Companies Code of Ethics Principles and Standards of Business Conduct in relation to Furnas with its Suppliers Commitment to the OECD Guidelines for Multinational Enterprises, signed by Eletrobras Eletrobras Companies Anticorruption Program |
| LABOR PRACTICES Non-payment of wages and other labor rights (such as INSS, FGTS, vacation, bargaining, etc.) and other benefits provided in the contract. | <ul style="list-style-type: none"> Suppliers of engineering, procurement and construction services (EPC) - hydropower plants, transmission lines, substations, wind energy power stations Suppliers of labor force (management, assembly, operations, maintenance, modernization, cleaning, security) Consulting (engineering, management IT) Equipment suppliers of electromechanical, electric, and telecommunications, IT | <ul style="list-style-type: none"> Presentation of updated certificates Proof of compliance with labor, tax, retirement and other obligations Clause in which Furnas commits to bear the labor obligations of its suppliers in the event of default by the same Clause in which Furnas can carry out due diligence and audits in the suppliers facilities Compliance with Law 8666/93 with regard to working conditions Respect for the right of freedom of association and collective bargaining | <ul style="list-style-type: none"> Eletrobras Companies Code of Ethics Principles and Standards of Business Conduct in relation to Furnas with its Suppliers Commitment to the OECD Guidelines for Multinational Enterprises, signed by Eletrobras Eletrobras Anticorruption Program |

| Risk or impact potential | Important supply categories | Main contractual and legal requirements | Policies, guidelines, principles and controls |
|--|---|--|--|
| <p>HEALTH AND SAFETY Workplace accidents, the use of personal protective equipment (PPE), inadequate housing, unsanitary conditions, risk of endemic or sexually transmitted diseases, limited mobility/ transportation to the workplace, inadequate nutrition, among others.</p> | <ul style="list-style-type: none"> • Suppliers of engineering, procurement and construction services (EPC) - hydropower plants, transmission lines, substations, wind energy power stations • Suppliers of labor force (management, assembly, operations, maintenance, modernization, cleaning, security) • Commissioning (equipment suppliers) • Suppliers of outsourced workers (administrative, assembly, operational, maintenance, modernization, cleaning, safety and security) • Consultancy (engineering) • Carriers of toxic and dangerous materials • Suppliers of inputs (oil and gas) | <ul style="list-style-type: none"> • Clause in which the supplier is committed to "maintain active its Permanent of Accident Prevention Committee" • Various clauses relating to the worker health and safety • Compliance with health and safety plans set out in current legislation • Clauses that require compliance with safety and hygiene standards of the Ministry of Labor and Employment • Standard procedures of safety and Industrial Hygiene | <ul style="list-style-type: none"> • Occupational Health and Safety Policy • Internal Accident Prevention (CIPA) and Permanent Accident Prevention Committees • Occupational Health and Safety Committee • Campaigns and training aimed at prevention of disease and risks of accidents • Commitment Agreement with the OECD Guidelines for Multinational Enterprises, signed by Eletrobras |

| Risk or impact potential | Important supply categories | Main contractual and legal requirements | Policies, guidelines, principles and controls |
|--|---|---|---|
| <p>ENVIRONMENTAL AND SOCIAL</p> <p>Upon implementation of projects: generation of expectations, changes in housing and employment and local environmental conditions, increasing migrant population, changes in land use, impacts on infrastructure, changes in social structures and local culture, difficulties involving the installation of sites , layoffs and opening of access, attracting manpower, changes in the housing market, moving workers and machines, impacts of population displacement, unemployment after completion of projects, impacts on road structure due to the transportation of large equipment , potential damage to archaeological sites, landscape changes, increased levels of noise pollution, appearance of erosion gullies, soil and water pollution (solid waste and wastewater), changes in air quality, increased predatory action, loss of diversity of flora and fauna, loss of vegetation cover, loss of natural habitats and changing ecosystems, inducements for lumbering.</p> <p>In the operation of the projects: impacts on territorial organization, changes in socioeconomic and cultural organization, interference in commercial, industrial, leakage risks, increased risk of accidents, soil and water pollution (solid waste and wastewater), disturbance to the local fauna, interference of maintenance activities of the transmission lines.</p> | <ul style="list-style-type: none"> • Suppliers of engineering, procurement and construction services (EPC) - hydropower plants, transmission lines, substations, wind energy power stations • Suppliers of labor force (management, assembly, operations, maintenance, modernization, cleaning, security) • Commissioning (equipment suppliers) • Transportation of equipment (unusually heavy loads) | <ul style="list-style-type: none"> • Environmental Impact Assessment (EIA) - actions necessary to prevent and/ or mitigate the possible impacts identified • Environmental Licensing • Required registration of chainsaws and other equipment at the Brazilian Environmental Institute (IBAMA) • Clauses in contracts providing for appropriate actions | <ul style="list-style-type: none"> • Environmental Management Systems • Environmental Programs (Environmental education Noise reduction, occupational health and safety, social communication, Public Health, compensation and Relocation of Populations, Archeological Recovery and Heritage information, Reforestation, Recovery of degraded areas, Preservation of Flora, Fauna Monitoring, Prevention and control of Erosion Control, Emissions of residual waste) • Environmental policy for water resources the management of forest resources and waste Management • Commitment Agreement with the OECD Guidelines for Multinational Enterprises, signed by Eletrobras • Environmental plan for Construction • Social Projects |

| Risk or impact potential | Important supply categories | Main contractual and legal requirements | Policies, guidelines, principles and controls |
|---|--|---|---|
| <p>PRIVACY</p> <p>Use or disclosure of information about Furnas or stakeholders. [GRI G4-DMA]</p> | <ul style="list-style-type: none"> • Suppliers of engineering, procurement and construction services (EPC) - hydropower plants, transmission lines, substations, wind energy power stations • Suppliers of labor force (management, assembly, operations, maintenance, modernization, cleaning, security) • Consulting (engineering, management IT) • Equipment suppliers of electromechanical, electric, and telecommunications, IT | <ul style="list-style-type: none"> • Declares it is cognizant and commits to respect, comply with and enforce the Code of Ethics of the Eletrobras Companies and the Principles and Standards of Business Conduct in relations between Furnas and its Suppliers | <ul style="list-style-type: none"> • Eletrobras Companies Code of Ethics • Principles and Standards of Business Conduct in relations between Furnas and its Suppliers • Commitment Agreement with the OECD Guidelines for Multinational Enterprises, signed by Eletrobras |
| <p>OCCUPATIONAL AND ENVIRONMENTAL</p> <p>Impacts on the organization, the environment, the people from accidents involving dangerous substances.</p> | <ul style="list-style-type: none"> • Suppliers of electronic equipment • Suppliers of chemical products (acids, solvents paints, varnishes, greases, oils, agricultural pesticides, etc.) • Buyers or bidders of equipment and materials • Transporter of hazardous, dangerous and/or toxic equipment and materials • Input suppliers (e.g. oil and gas) | <ul style="list-style-type: none"> • Contractual clauses with environmental requirements for environmentally sound disposal of contaminated residual waste contaminated with insulation oil • Pre-qualification proponents to meet environmental requirements set out in tenders for the bidding for materials contaminated with oil or insulating oil • Contract clause establishing reverse logistics criteria when applicable • Environmental authorization for transportation of hazardous materials issued by Ibama • Certificate of Registration with the Federal Technical Registry (CTF) issued by Ibama • Certificate intended destination of oils and lubricants to re-refineries • Certificate of environmentally appropriate destination for lamps and residual waste in general | <ul style="list-style-type: none"> • Eletrobras Storage Manual • Operational procedures for company chemical labs • Environmental policies for Water and Forest Resources, and management of waste • National Solid Waste Plan • Waste Management Plan (PGR) |

Abbreviations and acronyms

A3P – Environmental Agenda in Public Policy

ABCE – Brazilian Association of Electricity Companies

Abdib – Brazilian Association of Infrastructure and Basic Industries

Abeeólica – Brazilian Wind Energy Association

Abrage – Brazilian Association of Electric Power Generation Companies

Abraget – Brazilian Association of Thermoelectric Generators

Abrapp – Brazilian Association of Closed Supplementary Pension Plans

Abrate – Brazilian Association of Large Electricity Transmission Companies

ACL – Free Market

ACPP – Personal and Professional Conduct Agreement

ACR – Regulated Contracting Environment

ANA – National Water Agency

Aneel – Brazilian Electricity Regulatory Agency

Anefac – National Association of Executives in Finance, Administration and Accounting

AO&M – Administration, Operations and Maintenance

APCBS – Priority Areas for Biodiversity Conservation

APP – Permanent Preservation Area

BD – Defined Benefit

BNDES – National Bank for Economic and Social Development

BVRio – Environmental Stock Exchange of Rio de Janeiro

Caof – Standing Committee to Assist External Oversight Organizations

CBCME – Brazilian Committee of the World Energy Council

CCEE – Electric Energy Trading Chamber

CD – Defined Contribution

CEBDS – Brazilian Business Council for Sustainable Development

Cesp – São Paulo Electric Company

CFURH – Compensation for Use of Water Resources

CIC – Center for Innovation and Competitiveness

Cigré–Brazil – Brazilian National Committee of Production and Transmission of Electricity

CIPA – Internal Commission for Accident Prevention

CMDE – Contract Goals and Business Performance

CNI – National Confederation of Industries

COD – Chemical Oxygen Demand

COEP – Committee of Entities against Hunger and for Life

Comlurb – Municipal Urban Sanitation Company

Coso – Committee of Sponsoring Organizations of the Treadway Commission

CRC–RJ – Regional State Accounting Board of Rio de Janeiro

CSC – Shared Services Centers

CTF – Federal Technical Registry

CVM – Brazilian Securities Commission

DBO – Biochemical Oxygen Demand

DC – Direct Current

DF – Federal District

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization

EIA – Environmental Impact Assessment

Eletrobras – Centrais Elétricas Brasileiras S.A.

Eletronorte – North Central Electric of Brazil S.A.

Eletronuclear – Eletrobras Thernuclear S.A.

EMF – Electromagnetic Fields

ENAP – National School of Public Administration

EOL – Wind Power Plant

EPC – Companies for the Climate Platform

EPE – Empresa de Pesquisa Energética (federal energy research organization)

ES – State of Espírito Santo

Fabom – Foundation to Support the Fire Department

Fecomércio – Rio de Janeiro State Commerce Federation

Feog – Furnas Ethics, Ombudsman and Gender Forum

FGTS – Employees Guarantee Fund

FID – Unavailability Factor Index

Finep – Finance for Studies and Projects

Fipecafi – Accounting, Actuarial and Financial Research Institute

Firjan – Rio de Janeiro Federation of Industries

FNDCT – National Fund for Scientific and Technological Development

FRG – Real Grandeza Foundation

Funai – National Indian Foundation

GC – Knowledge Management

GDP – Gross Domestic Product

GHG – Greenhouse Gas Protocol

GHGs – Greenhouse Gases

GO – State of Goiás

GRI – Global Reporting Initiative

GSF – Generation Scaling Factor

GSM – General Shareholders Meeting

GVces – Sustainability Studies Center

GWh – Gigawatt hours

HDR – Human Development Report

HPP – Hydroelectric Power Plant

Hz – Hertz

Ibama – Brazilian Institute of Environment and Renewable Natural Resources

Ibase – Brazilian Institute of Social and Economic Analyses

IBDD – Brazilian Institute for the Rights of Persons with Disabilities

IDB – Inter-American Development Bank

IFRS – International Financial Reporting Standards

IHA – International Hydropower Association

ILO – International Labor Organization

Incra – National Institute of Colonization and Agrarian Reform

| | | |
|---|--|--|
| INSS – National Social Security Institute | PGR – Waste Management Plan | SESI – Industry Social Service |
| IPCA – National Extended Consumer Price Index | Pine – New Employees Integration Program | SF₆ – Sulfur Hexafluoride |
| IPEA – Institute of Applied Economic Research | PLD – Differences Settlement Price | SGD – Performance Management System |
| ISE Bovespa – Corporate Sustainability Index of the São Paulo Stock Exchange | PLR – Profit Sharing Plan | SIC – Electronic Citizen Information Service System |
| IT – Information Technology | PMEQA – Effluent and Water Quality Monitoring Plan | SIN – National Interconnected System |
| km – kilometer | PMSO – Personnel, materials, services and others | Siro – Intervention, Unavailability and Operational Restrictions System |
| kV – kilovolt | PPA – Environmental Protection Area | SO_x – Sarbanes–Oxley Act |
| kWh – kilowatt hour | PPE – Personal Protective Equipment | SP – State of São Paulo |
| LO – Operating License | PR – State of Paraná | SPE – Specific Purpose Entity |
| MCC – Reliability Centered Maintenance | Prad – Recovery Program for Degraded Areas | SPHs – Small Hydroelectric Plants |
| MDG – Millennium Development Goals | PRC – Plans for Knowledge Pass Along | SS – Substation |
| Mesa – Madeira Energia S.A. | Preq – Plan for Workforce Retraining | TF – Frequency Rate |
| MG – State of Minas Gerais | PRO – Furnas – Organizational Restructuring Project | TG – Severity Rate |
| MMA – Ministry of the Environment | Probio – Project for Conservation and Sustainable Use of Brazilian Biological Diversity | TL – Transmission Line |
| MME – Ministry of Mines and Energy | Procel – Energy Conservation Program | TO – State of Tocantins |
| MPT – Ministry of Labor | Prodeem – Energy Development Program for States and Municipalities | TPP – Thermoelectric Power Plant |
| MT – State of Mato Grosso | R&D – Research & Development | UAT – Ultra High Voltage |
| MVA – Megavolt Ampere | R&D+I – Research & Development and Innovation | UFF – Federal Fluminense University |
| MW – Megawatt | RAE – Strategy Follow-up Meeting | UFRJ – Federal University of Rio de Janeiro |
| MWh – Megawatt Hour | RAP – Annual Allowed Revenue | UG – Generating Unit |
| O&M – Operation and Maintenance | RBNI – New Basic Network Investments | UN – United Nations |
| OECD – Organization for Economic Cooperation and Development | RBSE – Existing System Basic Network | UNDP – United Nations Development Program |
| ONS – National Electric System Operator | Reluz – National Program for Efficient Public Lighting | UNIFEM – United Nations Fund for Women |
| PA – State of Pará | RJ – State of Rio de Janeiro | Useg – Security Unit |
| PAC – Accelerated Growth Program | RN – Normative Resolution | WACC – Weighted Average Cost of Capital |
| PAE – Emergency Response Plan | RNFT – Total Non-Filterable Waste | WBSCD – World Business Council for Sustainable Development |
| PB – State of Paraíba | RS – Sedimentary Waste | WEC – World Energy Council |
| PBA – Basic Environmental Project | RS – State of Rio Grande do Sul | WEPS – Women Empowerment Principles |
| PCB – Polychlorinated Biphenyls | RTDS – Real Time Digital Simulation | WRI – World Resources Institute |
| PCCR – Job, Career and Compensation Plan | Saesa – Santo Antônio Energia S.A. | |
| PCR – Career and Compensation Plan | SALA – Environmental Licensing Monitoring System | |
| PDE – Ten-Year Plan for Energy Expansion | SC – State of Santa Catarina | |
| PDI – Individual Development Plan | SCE – Trading System for Emissions – Companies for the Climate Platform | |
| PEA – Environmental Education Programs | SCM – Multimedia Communications Service | |
| PGER – General Plan of Generation Projects in Facilities in Operation | Senai – Senai | |
| PGET – General Plan of Transmission Projects in Facilities in Operation | | |

Social Balance Sheet

| 1 – Calculation basis | 2014 Value (R\$ thousand) | | | 2013 Value (R\$ thousand) | | |
|---|----------------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|
| Net Revenue (NR) | | | | 6,182,015 | | 4,292,195 |
| Operational Results (OR) | | | | 1,344,862 | | -293,322 |
| Gross Payroll (GP) | | | | 1,129,711 | | 1,542,746 |
| 2 - Internal Social Indicators | Value (thousand) | % of GP | % of NR | Value (thousand) | % of GP | % of NR |
| Food | 58,801 | 5.20 | 0.95 | 59,482 | 3.86 | 1.39 |
| Compulsory social charges | 243,615 | 21.56 | 3.94 | 384,622 | 24.93 | 8.96 |
| Private pension | 33,633 | 2.98 | 0.54 | 28,962 | 1.88 | 0.67 |
| Health | 133,167 | 11.79 | 2.15 | 117,876 | 7.64 | 2.75 |
| Occupational safety and health at work | 9,968 | 0.88 | 0.16 | 9,796 | 0.63 | 0.23 |
| Education | 3,945 | 0.35 | 0.06 | 3,836 | 0.25 | 0.09 |
| Culture | 1,745 | 0.15 | 0.03 | 1,735 | 0.11 | 0.04 |
| Capacity building and professional development | 20,663 | 1.83 | 0.33 | 18,021 | 1.17 | 0.42 |
| Day-care or day-care assistance | 12,817 | 1.13 | 0.21 | 12,415 | 0.80 | 0.29 |
| Profit or results sharing | 58,159 | 5.15 | 0.94 | 88,504 | 5.74 | 2.06 |
| Others | 48,736 | 4.31 | 0.78 | 335,952 | 21.77 | 7.83 |
| Total - internal social indicators | 625,249 | 55.33 | 10.09 | 1,061,201 | 68.78 | 24.73 |
| 3 - External Social Indicators | Value (thousand) | % of OR | % of NR | Value (thousand) | % of GP | % of NR |
| Education | 2,869 | 0.21 | 0.05 | 3,294 | -1.12 | 0.08 |
| Culture | 8,307 | 0.62 | 0.13 | 11,024 | -3.76 | 0.26 |
| Health and sanitation | 7,746 | 0.58 | 0.13 | 9,295 | -3.17 | 0.22 |
| Sports | 2,538 | 0.19 | 0.04 | 2,712 | -0.92 | 0.06 |
| Hunger relief and food safety | 841 | 0.06 | 0.01 | 2,300 | -0.78 | 0.05 |
| Others | 6,532 | 0.49 | 0.12 | 3,777 | -1.29 | 0.08 |
| Total of contributions to society | 28,833 | 2.15 | 0.48 | 32,402 | -11.04 | 0.75 |
| Taxes (excluding social charges) | 1,067,404 | 79.37 | 17.26 | 832,341 | -283.76 | 19.40 |
| Total – external social indicators | 1,096,237 | 81.52 | 17.74 | 864,743 | -294.80 | 20.15 |
| 4 - Environmental Indicators | Value (thousand) | % of OR | % of NR | Value (thousand) | % of GP | % of NR |
| Investments in the production/ operation of the company | 41,167 | 3.06 | 0.67 | 50,796 | -17.32 | 1.18 |
| Investments in external programs and/or projects | 39,103 | 2.90 | 0.63 | 80,779 | -27.54 | 1.88 |
| Total investments in environment | 80,270 | 5.96 | 1.30 | 131,575 | -44.86 | 3.06 |
| Regarding the determination of annual goals to minimize wastes, the consumption in general in production/operation, and to increase the effectiveness in the use of natural resources, the company: | (x) Has no goals | () Complies from 0 to 50% | () Complies from 51 to 75% | () Complies from 76 to 100% | (x) Has no goals | () Complies from 0 to 50% |
| | () Complies from 0 to 50% | () Complies from 51 to 75% | () Complies from 76 to 100% | () Complies from 0 to 50% | () Complies from 51 to 75% | () Complies from 76 to 100% |

SOCIAL BALANCE SHEET

| 5 - Personnel Indicators | 2014 | 2013 |
|---|------------------|------------------|
| Number of employees at the end of the period | 3,517 | 3,547 |
| Number of hirings in the period | 53 | 47 |
| Number of outsourced employees | 1,330 | 1,339 |
| Number of interns | 488 | 445 |
| Number of employees older than 45 | 1,877 | 1,832 |
| Number of women working in the company | 549 | 552 |
| % leadership positions held by women | 20.69% | 20.60% |
| Number of dark-skinned employees | 833 | 843 |
| % leadership positions held by dark-skinned employees | 11.23% | 11.61% |
| Number of people with disability or special needs | 249 ¹ | 247 ¹ |

| 6 – Relevant information regarding the exercise of business citizenship | 2014 | Metas 2015 |
|---|---|--|
| Ratio between the highest and lowest compensation in the Company | 36 | 0 |
| Total number of workplace accidents | 1 | 0 |
| The social and environmental projects developed by the company were defined by: | <input type="checkbox"/> Directors <input checked="" type="checkbox"/> Directors and Managers <input type="checkbox"/> All employees | <input type="checkbox"/> Directors <input checked="" type="checkbox"/> Directors and Managers <input type="checkbox"/> All employees |
| Standards of health and safety in the workplace were defined by: ² | <input type="checkbox"/> Directors and Managers <input type="checkbox"/> All employees <input checked="" type="checkbox"/> All + Cipa | <input type="checkbox"/> Directors and Managers <input type="checkbox"/> All employees <input checked="" type="checkbox"/> All + Cipa |
| Concerning freedom of union association, right to collective bargaining and representation of the employees, the company: | <input type="checkbox"/> Is not involved <input type="checkbox"/> Adopts ILO standards <input checked="" type="checkbox"/> Fosters and adopts ILO | <input type="checkbox"/> Will not be involved <input type="checkbox"/> Will adopts ILO standards <input checked="" type="checkbox"/> Will fosters and adopts ILO |
| Private pensions are for: | <input type="checkbox"/> Directors <input type="checkbox"/> Directors and Managers <input checked="" type="checkbox"/> All employees | <input type="checkbox"/> Directors <input type="checkbox"/> Directors and Managers <input checked="" type="checkbox"/> All employees |
| Profit sharing is for: | <input type="checkbox"/> Directors <input type="checkbox"/> Directors and Managers <input checked="" type="checkbox"/> All employees | <input type="checkbox"/> Directors <input type="checkbox"/> Directors and Managers <input checked="" type="checkbox"/> All employees |
| When selecting suppliers, the same ethical standards and social and environmental responsibility adopted by the company: | <input type="checkbox"/> Are not considered <input type="checkbox"/> Are suggested <input checked="" type="checkbox"/> Are required | <input type="checkbox"/> Will not be considered <input type="checkbox"/> Will be suggested <input checked="" type="checkbox"/> Will be required |
| Regarding the participation of employees in volunteer programs, the company: | <input type="checkbox"/> Is not involved <input type="checkbox"/> Supports <input checked="" type="checkbox"/> Organizes and encourages | <input type="checkbox"/> Will not be involved <input type="checkbox"/> Will Supports <input checked="" type="checkbox"/> Will Organizes and encourages |
| Total number of consumer complaints and criticism: | Through the company: NA Through Procon: NA Through the courts: NA | Through the company: NA Through Procon: NA Through the courts: NA |
| % of complaints and criticism received and satisfied: | Through the company: NA Through Procon: NA Through the courts: NA | Through the company: NA Through Procon: NA Through the courts: NA |
| Value Added to distribute (R\$ thousand): | In 2014: 2,887,477 | In 2013: 2,308,441 |
| Distribution of Value Added (DVA): | 32.34% government 38.01% employees 0% shareholders 43.70% third parties -14.05% retained | 28.95% government 52.90% employees 0% shareholders 53.56% third parties -35.41% retained |

7 – Other information

¹ Refers to the sum of 25 permanent employees and 224 professionals linked to the contract signed with the Brazilian Institute of the Rights of Persons with Disabilities (IBDD).

² Safety and health standards in the work environment were defined by the Specialized Service in Occupational Safety and Health - SESMT of the Department of Human Resources of the Company. The Internal Commission of Accident Prevention - Cipa collaborates through the preparation of qualitative Risk Maps.

GRI G4 Content Index

Option In accordance – Core [GRI G4-32]

| General Standard Disclosures | Page and other information | External Assurance |
|--|-------------------------------------|--------------------|
| STRATEGY AND ANALYSIS | | |
| G4-1 – Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability | 16 | No |
| G4-2 – Description of the main processes in place to address performance and relevant changes | 16, 24, 80 | No |
| ORGANIZATIONAL PROFILE | | |
| G4-3 – Name of the organization | 6 | No |
| G4-4 – Primary brands, products, and services | 6 | No |
| G4-5 – Location of the organization's headquarters | 123 | No |
| G4-6 – Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report. | 6 | No |
| G4-7 – Nature of ownership and legal form | 6 | No |
| G4-8 – Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries) | 6, 8 | No |
| G4-9 – Scale of the organization, including: number of employees, number of operations, net sales, total capitalization broken down in terms of debt and equity, quantity of products or services provided | 6, 10, 55 | No |
| G4-10 – Total number of employees by employment contract and gender, by employment type and gender; total workforce by employees and supervised workers by region and gender | 58 | No |
| G4-11 – Percentage of total employees covered by collective bargaining agreements | 100% | No |
| G4-12 – Description of the organization's supply chain | 68 | No |
| G4-13 – Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain | 6 | No |
| EU1 – Installed capacity, broken down by primary energy source and by regulatory regime | 90, 91 | No |
| EU2 – Net energy output broken down by primary energy source and by regulatory regime | 6, 46 | No |
| EU4 – Length of above and underground transmission and distribution lines by regulatory regime | 6, 10 | No |
| G4-14 – Whether and how the precautionary approach or principle is addressed by the organization | Furnas does not apply the principle | No |
| G4-15 – Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses | 28 | No |
| G4-16 – List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization | 29 | No |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | |
| G4-17 – Entities included in the organization's consolidated financial statements or equivalent documents | 87 | No |
| G4-18 – The process for defining the report content and the Aspect Boundaries | 87 | No |
| G4-19 – The material Aspects identified in the process for defining report content | 88 | No |
| G4-20 – For each material Aspect, the Aspect Boundary within the organization | 88 | No |
| G4-21 – For each material Aspect, report the Aspect Boundary outside the organization | 88 | No |
| G4-22 – The effect of any restatements of information provided in previous reports, and the reasons for such restatements | There were no restatements | No |
| G4-23 – Significant changes from previous reporting periods in the Scope and Aspect Boundaries' | There were no changes | No |
| STAKEHOLDER ENGAGEMENT | | |
| G4-24 – List of stakeholder groups engaged by the organization | 26 | No |
| G4-25 – The basis for identification and selection of stakeholders with whom to engage | 26 | No |
| G4-26 – The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process | 26 | No |

| General Standard Disclosures | Page and other information | External Assurance |
|---|----------------------------|--------------------|
| G4-27 – Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting Report the stakeholder groups that raised each of the key topics and concerns | 88 | No |
| REPORT PROFILE | | |
| G4-28 – Period for information provided | 87 | No |
| G4-29 – Date of most recent previous report | 2013 | No |
| G4-30 – Reporting cycle | 87 | No |
| G4-31 – The contact point for questions regarding the report or its contents | 123 | No |
| G4-32 – The ‘in accordance’ option the organization has chosen | 115 | No |
| G4-33 – The organization’s policy and current practice with regard to seeking external assurance for the report | 87 | No |
| GOVERNANCE | | |
| G4-34 – The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts | 19 | No |
| G4-35 – The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employee | 20 | No |
| G4-36 – Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body | 20 | No |
| G4-37 – Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics If consultation is delegated, describe to whom and any feedback processes to the highest governance body | 20 | No |
| G4-38 – The composition of the highest governance body and its committees by: executive or non-executive, independence, tenure on the governance body, number of each individual’s other significant positions and commitments, and the nature of the commitments, gender, membership of under-represented social groups, competences relating to economic, environmental and social impacts, stakeholder representation | 20 | No |
| G4-39 – Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization’s management and the reasons for this arrangement | 20 | No |
| G4-40 – Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members | 20 | No |
| G4-41 – Processes for the highest governance body to ensure conflicts of interest are avoided and managed Report whether conflicts of interest are disclosed to stakeholders | 20 | No |
| G4-49 – Process for communicating critical concerns to the highest governance body | 20 | No |
| G4-50 – Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them | 20 | No |
| G4-51 – Remuneration policies for the highest governance body and senior executives for the below types of remuneration and how performance criteria in the remuneration policy relate to the highest governance body’s and senior executives’ economic, environmental and social objectives | 21 | No |
| G4-52 – Process for determining remuneration | 21 | No |
| G4-54 – Ratio of the annual total compensation for the organization’s highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country | 3-1 | No |
| G4-55 – Ratio of percentage increase in annual total compensation for the organization’s highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country | 1-1 | No |
| ETHICS AND INTEGRITY | | |
| G4-56 – Organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | 4, 23 | No |
| G4-57 – Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines | 23 | No |
| G4-58 – Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines | 23 | No |

GRI G4 CONTENT INDEX

DMA and Indicators

| Material aspects | Specific standard disclosures | Page and other information | Omissions | External Assurance |
|--------------------------------|--|---|--|--------------------|
| CATEGORY: ECONOMIC | | | | |
| Economic performance | G4-G4-DMA – Generic Disclosures on Management Approach | 24, 31-35, 78 | | No |
| | G4-EC1 – Direct economic value generated and distributed | 56 | | No |
| | G4-EC2 – Financial implications and other risks and opportunities for the organization's activities due to climate change | 78 | | No |
| Indirect economic impacts | G4-DMA – Generic Disclosures on Management Approach | 71, 72, 74 | | No |
| | G4-EC7 – Development and impact of infrastructure investments and services supported | 74 | | No |
| | G4-EC8 – Significant indirect economic impacts, including the extent of impacts | 72 | | No |
| Indirect economic impacts | G4-DMA – Generic Disclosures on Management Approach | 35, 36 | | No |
| | EU10 – Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime | 36 | | No |
| Availability and Reliability | G4-DMA – Generic Disclosures on Management Approach | 46, 47 | | |
| | EU11 – Average generation efficiency of thermal plants by energy source and by regulatory regime | 46 | | No |
| | EU12 – Transmission and distribution losses as a percentage of total energy | 47 | | No |
| Research and Development | G4-DMA – Generic Disclosures on Management Approach | 43 | | No |
| CATEGORY: ENVIRONMENTAL | | | | |
| Energy | G4-DMA – Generic Disclosures on Management Approach | 76, 78, 80 | | No |
| | G4-EN3 – Energy consumption within the organization | 80 | | No |
| | G4-EN4 – Energy consumption outside of the organization | Furnas does not monitor energy consumption outside the boundaries of the organization | The information is not currently available | No |
| | G4-EN6 – Reduction of energy consumption | 80 | | No |
| | G4-EN7 – Reductions in energy requirements of products and services | 76 | | No |
| Water | G4-DMA – Generic Disclosures on Management Approach | 78, 81 | | No |
| | G4-EN8 – Total water withdrawal by source | 81 | | No |
| Emissions | G4-DMA – Generic Disclosures on Management Approach | 78, 79 | | No |
| | G4-EN15 – Direct greenhouse gas (GHG) emissions (Scope 1) | 79 | | No |
| | G4-EN16 – Energy indirect greenhouse gas (GHG) emissions (Scope 2) | 79 | | No |
| | G4-EN17 – Other indirect greenhouse gas (GHG) emissions (Scope 3) | 79 | | No |
| | G4-EN18 – Greenhouse gas (GHG) emissions intensity | 79 | | No |
| | G4-EN19 – Reduction of greenhouse gas (GHG) emissions | 79 | | No |
| Compliance | G4-DMA – Generic Disclosures on Management Approach | 23, 25 | | No |
| | G4-EN29 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | There were no fines | | No |

DMA and Indicators

| Material aspects | Specific standard disclosures | Page and other information | Omissions | External Assurance |
|--|--|----------------------------|-----------|--------------------|
| CATEGORY: SOCIAL | | | | |
| LABOR PRACTICES AND DECENT WORK | | | | |
| Employment | G4-DMA – Generic Disclosures on Management Approach | 58 | | No |
| | G4-LA1 – Total number and rates of new employee hires and employee turnover by age group, gender and region | 99 | | No |
| | G4-LA3 – Return to work and retention rates after parental leave, by gender | 66 | | No |
| | EU15 – Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region | 100 | | No |
| Occupational health and safety | G4-DMA – Generic Disclosures on Management Approach | 61, 62 | | No |
| | G4-LA5 – Percentage of total workforce represented in formal joint management – worker health and safety committees that help monitor and advise on occupational health and safety programs | 61 | | No |
| | G4-LA6 – Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work – related fatalities, by region and by gender | 63, 99 | | No |
| | G4-LA7 – Workers with high incidence or high risk of diseases related to their occupation | 62 | | No |
| | G4-LA8 – Health and safety topics covered in formal agreements with trade unions | 61 | | No |
| Training and education | G4-DMA – Generic Disclosures on Management Approach | 64 | | No |
| | G4-LA9 – Average hours of training per year per employee by gender, and by employee category | 65 | | No |
| | G4-LA10 – Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 64 | | No |
| | G4-LA11 – Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 65 | | No |
| HUMAN RIGHTS | | | | |
| Non-discrimination | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-HR3 – Total number of incidents of discrimination and corrective actions taken | 23 | | No |
| Human rights grievance mechanisms | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-HR12 – Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms | 101 | | No |

GRI G4 CONTENT INDEX

DMA and Indicators

| Material aspects | Specific standard disclosures | Page and other information | Omissions | External Assurance |
|---|--|--|--|--------------------|
| SOCIETY | | | | |
| Local communities | G4-DMA – Generic Disclosures on Management Approach | 71, 72 | | No |
| | G4-SO1 – Percentage of operations with implemented local community engagement, impact assessments, and development programs | 71 | | No |
| | G4-SO2 – Operations with significant actual and potential negative impacts on local communities | 73 | | No |
| | EU22 – Number of people physically or economically displaced and compensation, broken down by type of project | 72 | | No |
| Disaster/ Emergency Planning and Response | G4-DMA – Generic Disclosures on Management Approach | 25 | | No |
| Anti-corruption | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-SO4 – Communication and training on anti – corruption policies and procedures | 23 | There is no information available about participants by job category | No |
| | G4-SO5 – Confirmed incidents of corruption and actions taken | 23 | | No |
| Public policy | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-SO6 – Total value of political contributions by country and recipient/beneficiary | Furnas is prohibited by law from making political contributions to parties or politicians | | No |
| Compliance | G4-DMA – Generic Disclosures on Management Approach | 23, 25 | | No |
| | G4-SO8 – Monetary value of significant fines and total number of non – monetary sanctions for non – compliance with laws and regulations | In 2014, Furnas paid R\$ 29,163,686 in compensatory damages and court fines. A total of 850 labor lawsuits against the company were filed. Of the cases that were tried, 496 were upheld and 577 were denied | | No |
| PRODUCT RESPONSIBILITY | | | | |
| Customer health and safety | G4-DMA – Generic Disclosures on Management Approach | 72 | | No |
| | EU25 – Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases | 72 | | No |
| Compliance | G4-DMA – Generic Disclosures on Management Approach | 23, 25 | | No |
| | G4-PR9 – Monetary value of significant fines for non – compliance with laws and regulations concerning the provision and use of products and services | None were recorded | | No |
| Access | G4-DMA – Generic Disclosures on Management Approach | 46 | | No |
| | EU30 – Average plant availability factor by energy source and by regulatory regime | 46 | | No |

DMA and Indicators

| Material aspects | Specific standard disclosures | Page and other information | Omissions | External Assurance |
|------------------|-------------------------------|----------------------------|-----------|--------------------|
|------------------|-------------------------------|----------------------------|-----------|--------------------|

ADDITIONAL INDICATORS

| CATEGORY: ECONOMIC | | | | |
|-------------------------|--|---|--|----|
| Economic performance | G4-DMA – Generic Disclosures on Management Approach | 66 | | No |
| | G4-EC3 – Coverage of the organization's defined benefit plan obligations | 66 | | No |
| Market presence | G4-DMA – Generic Disclosures on Management Approach | 58, 66 | | No |
| | G4-EC5 – Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | 98 | | No |
| | G4-EC6 – Proportion of senior management hired from the local community at significant locations of operation | 58 | | No |
| Procurement practices | G4-DMA – Generic Disclosures on Management Approach | 69 | | No |
| | G4-EC9 – Proportion of spending on local suppliers at significant locations of operation | 69 | | No |
| CATEGORY: ENVIRONMENTAL | | | | |
| Biodiversity | G4-DMA – Generic Disclosures on Management Approach | 78, 83, 84 | | No |
| | G4-EN11 – Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 84, 102-105 | | No |
| | G4-EN12 – Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | 83 | | No |
| | G4-EN13 – Habitats protected or restored | 83 | | No |
| Effluents and waste | G4-DMA – Generic Disclosures on Management Approach | 78, 81, 82 | | No |
| | G4-EN22 – Total water discharge by quality and destination | 106 | | No |
| | G4-EN23 – Total weight of waste by type and disposal method | 82 | | No |
| | G4-EN24 – Total number and volume of significant spills | 1.53 m ³ of mineral oil in transmission operations | | No |
| | G4-EN25 – Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | 82 | | No |
| | G4-EN26 – Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff | 81 | | No |
| Overall | G4-DMA – Generic Disclosures on Management Approach | 78 | | No |
| | G4-EN31 – Total environmental protection expenditures and investments by type | 78 | | No |

GRI G4 CONTENT INDEX

DMA and Indicators

| Material aspects | Specific standard disclosures | Page and other information | Omissions | External Assurance |
|--|--|---|--|--------------------|
| Supplier environmental assessment | G4-DMA – Generic Disclosures on Management Approach | 68 | | No |
| | G4-EN33 – Significant actual and potential negative environmental impacts in the supply chain and actions taken | 106 | There is no control of the percentage of suppliers that might cause this impact. No information is currently available | No |
| CATEGORY: SOCIAL | | | | |
| LABOR PRACTICES AND DECENT WORK | | | | |
| Diversity and equal opportunity | G4-DMA – Generic Disclosures on Management Approach | 60 | | No |
| | G4-LA12 – Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 20, 60, 100 | | No |
| Equal remuneration for women and men | G4-DMA – Generic Disclosures on Management Approach | 60, 66 | | No |
| | G4-LA13 – Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | 101 | | No |
| Supplier assessment for labor practices | G4-DMA – Generic Disclosures on Management Approach | 68 | | No |
| | G4-LA15 – Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | 106 | There is no control of the percentage of suppliers that might cause this impact. No information is currently available | No |
| HUMAN RIGHTS | | | | |
| Investment | G4-DMA – Generic Disclosures on Management Approach | 68 | | No |
| | G4-HR1 – Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 68 | | No |
| Non-discrimination | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-HR3 – Total number of incidents of discrimination and corrective actions taken | 23 | | No |
| Freedom of association and collective bargaining | G4-DMA – Generic Disclosures on Management Approach | 23, 68 | | No |
| | G4-HR4 – Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | In 33 suppliers there are risks of violations of this right, which is ensured by Furnas to its own employees and outsourced workers and is part of the issue of human rights under a clause in the contract. No lawsuits were filed in 2014 | | No |
| Child labor | G4-DMA – Generic Disclosures on Management Approach | 68, 69 | | No |
| | G4-HR5 – Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | 69 | | No |

DMA and Indicators

| Material aspects | Specific standard disclosures | Page and other information | Omissions | External Assurance |
|--|--|--|--|--------------------|
| Forced or compulsory labor | G4-DMA – Generic Disclosures on Management Approach | 68, 69 | | No |
| | G4-HR6 – Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | 69 | | No |
| Security practices | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-HR7 – Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | 100%. The security is composed of six employees, who supervise the subcontractors. A review of the Code of Ethics and normative instructions is performed regularly. The outsourced workers are recycled every two years | | No |
| Indigenous rights | G4-DMA – Generic Disclosures on Management Approach | 23, 73 | | No |
| | G4-HR8 – Total number of incidents of violations involving rights of indigenous peoples and actions taken | 73 | | No |
| Assessment | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-HR9 – Total number and percentage of operations that have been subject to human rights reviews or impact assessments | 100% | | No |
| Supplier human rights assessment | G4-DMA – Generic Disclosures on Management Approach | 68 | | No |
| | G4-HR11 – Significant actual and potential negative human rights impacts in the supply chain and actions taken | 106 | There is no control of the percentage of suppliers that might cause this impact. No information is currently available | No |
| SOCIETY | | | | |
| Anti-competitive behavior | G4-DMA – Generic Disclosures on Management Approach | 23 | | No |
| | G4-SO7 – Total number of legal actions for anti – competitive behavior, anti – trust, and monopoly practices and their outcomes | None were recorded in 2014 | | No |
| Supplier assessment for impacts on society | G4-DMA – Generic Disclosures on Management Approach | 68 | | No |
| | G4-SO10 – Significant actual and potential negative impacts on society in the supply chain and actions taken | 106 | There is no control of the percentage of suppliers that might cause this impact. No information is currently available | No |
| PRODUCT RESPONSIBILITY | | | | |
| Customer privacy | G4-DMA – Generic Disclosures on Management Approach | 23, 110 | | No |
| | G4-PR8 – Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | None were recorded | | No |

Corporate information

BOARD OF DIRECTORS

José da Costa Carvalho Neto (Chairman)
 Flavio Decat de Moura
 Mauro de Mattos Guimarães (employees' representative)
 João Guilherme Rocha Machado
 Francisco Romário Wojcicki
 Vladimir Muskatirovic

SUPERVISORY BOARD

President

Sonia Regina Jung

Full members

Fabiana Magalhães Almeida Rodopoulos
 (representative of the National Treasury)
 Tíciara Freitas de Sousa

Substitutes

João Vicente Amato Torres
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 (representative of the National Treasury)
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