

Furnas 2019

Annual Report



CORPORATE INFORMATION

BOARD OF DIRECTORS

Wilson Pinto Ferreira Junior
Felipe Sousa Chaves
Lucia Maria Martins Casasanta
Luiz Carlos Ciochi
Magali Rogéria de Moura Leite
Susana Hanna Stiphan Jabra
Vânia Lúcia Ribeiro Vieira

FISCAL COMMITTEE

Full Members

Bruno Ramos Mangualde
Roberto Pinheiro Klein Júnior
Rodrigo Vilella Ruiz

Substitutes

André Luiz Amaral dos Santos
Daniel Mário Alves de Paula

EXECUTIVE OFFICERS

Luiz Carlos Ciochi
Caio Pompeu de Souza Brasil Neto
Claudio Guilherme Branco da Motta
Djair Roberto Fernandes
José Alves de Mello Franco
Pedro Eduardo Fernandes Brito



UHE Furnas (MG)

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INTRODUCTION

01

ABOUT THE REPORT

GRI 102-32; 102-40; 102-42; 102-43; 102-44; 102-46; 102-50; 102-54; 102-56

Commitment

For the 21st consecutive year, we publish our Report, honoring the commitment to maintain a solid, transparent and open relationship with our stakeholders. As of this year, in line with the Eletrobras Holding Report, this document is renamed Furnas 2019 Annual Report and continues to bring relevant information about our operations.

Best Practices

We have built this publication based on the best global and sectoral sustainability reporting practices:

- Global Reporting Initiative (GRI) Standard guidelines Core option;
- Manual for Developing the Annual Social and Environmental Responsibility Report of Electricity Companies, by the National Electric Energy Agency (ANEEL);
- International Integrated Reporting Council (IIRC) guidelines;
- Sectoral materials topics from Sustainability Accounting Standards Board (SASB);
- Sustainable Development Goals (SDG).

Content

We present our management and performance between January 1st and December 31st, 2019, focusing on the most relevant economic, social and environmental aspects and priorities for the Company's sustainability, so-called material topics.

These topics are identified based on an ongoing process - conducted by our parent company, Eletrobras - to consult stakeholders and to review the strategic planning.

Based on the material topics defined by the parent company, we performed analysis of scenarios and interviews with business leaders to identify necessary adaptations to the materiality matrix based on the context and specificities of Furnas. In 2019, this process involved a face-to-face workshop with leaders and employees from different areas of the business and a sector study.

In doing so, we arrived at our strategic materiality, aligned with the Holding company, which is the driving force of this report and of our management for business sustainability. presented on page XXX, which addresses our sustainability strategy.

To fully learn about materiality analysis performed by Eletrobras, access its 2019 Annual Report at <https://bit.ly/38Uc25q>

How to Navigate

In addition to the linear reading of this publication, you have other possibilities for guided navigation according to the reporting guidelines adopted:

GRI CONTENT INDEX and SASB Indicators: the index explains what each GRI disclosure and SASB indicator are and displays the page on which they are reported, where you will find the symbol **GRI XX-X** and **SASB IF-EU-XXX**.

- **CAPITALS MAP (INTEGRATED REPORTING):** the map shows the different capitals underpinning the business model and the pages on which they are addressed, where you will find the corresponding symbols.

- **SDG MAP:** the map shows the Company's contribution to the SDG, where you will find the corresponding symbol, also presented throughout the report pages whenever we mention the contribution of FURNAS with an SDG.

TO LEARN MORE

The Management Report and the Financial Statements are available on our website, featuring more detailed information on Furnas's operating and economic performance in 2019:

<https://bit.ly/2TfOp2G>



CAPITAL
Natural



CAPITAL
Financial



CAPITAL
Manufactured



CAPITAL
Human



CAPITAL
Social and
Relationship



CAPITAL
Intellectual



MESSAGE FROM THE ADMINISTRATION

GRI 102-14

Over six decades ago, Furnas was born with the mission of upholding the development of the Brazilian economy and society from a solid supply of electricity.

Throughout the path, we built a remarkable legacy and, in 2019, we introduced a new cycle to enhance it facing a future of innovation, operational and financial efficiency, ethics, transparency and sustainability.

To this end, we have worked in all different dimensions of the business, with a meticulous eye and attentive to the details that will take us to the next decades. The main pillars of this transformation are the Strategic Drivers of the Eletrobras Group, mainly in relation to the sale of energy, financial discipline and modernization, in which we have achieved important advances.

We increased profitability with the sale of energy, doubling the revenue compared to 2018, exceeding the goals established by the Holding and achieving the best result among the Eletrobras companies.

We significantly reduced our indebtedness, with a positive impact of 30% on the Net Debt/EBITDA indicator, and improved our financial result by 65%, which added about R\$ 1 billion to Furnas' results for the

year. Our net income, totaling R\$ 3.2 billion, grew 200% over the previous year while the EBITDA increased 22%, reaching R\$ 4.3 billion, with a margin of 49%.

We continue to invest in maintaining high standards of operational quality, with improvements and reinforcements in our energy transmission park and the installation of about three thousand new equipment, ensuring a more reliable system and at the same time expanding our revenue generation, contributing to the Company sustainability.

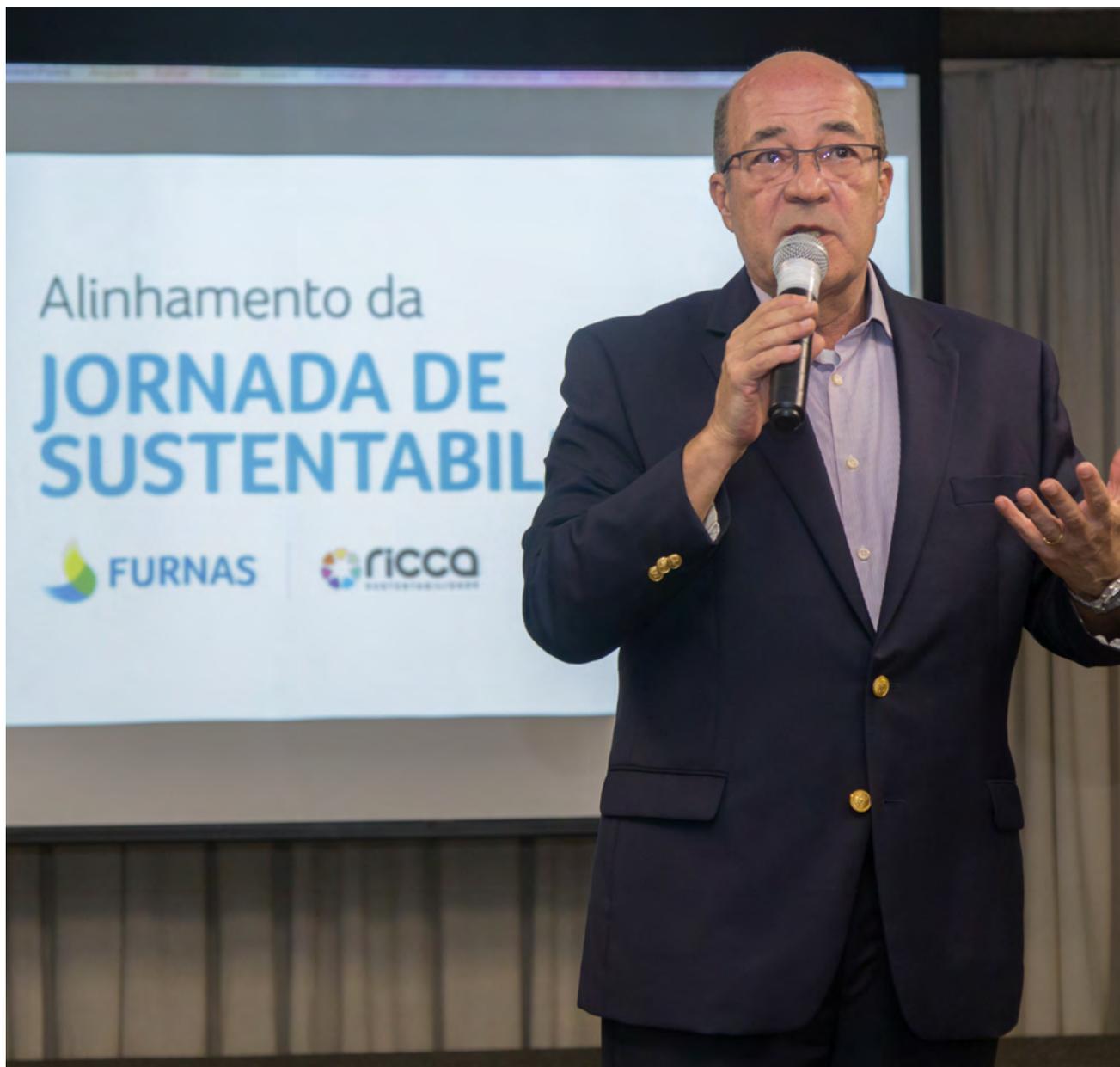
The achievement of these results is a consequence of hard work and the harmony between senior management and our competent technical and managerial staff, having as background Furnas' commitment to values and competencies such as transparency, ethics and sustainability permeated throughout our company operations.

We have a widespread culture of entrepreneurship and experimentation, fostered by our longstanding experience in Research and Development, the continuous search for improvements in different work processes and partnerships with different industry agents, which positions us as a major player in the transformation of the energy business scenario, creating new, more sustainable and value-generating solutions.

Ethics is also an irrevocable value that is present in all of our work. In 2019, we were recognized with the 4th Certification of the Governance Indicator IG-SEST, granted by the Secretariat of Coordination and Governance of State-owned Companies (Sest), in which 61 companies were evaluated and only 14 reached the maximum score, among them, Furnas. We were also the first Brazilian generation and transmission company to receive the Building Awareness Champion 2019 Certificate, from the Institute of Internal Auditors of Brazil (IIA Brasil), which recognizes institutions that stood out in the actions promoted during the International Internal Audit Awareness Month (IIA May).

Regarding sustainability, we remain committed to carrying out the essence of our activity. Since 2003, we have been a signatory to the United Nations (UN) Global Compact, generating value to society through a business that provides everyone with access to energy, an essential resource for economic and social development, in an increasingly efficient manner, honest and responsible when relating with different audiences and environmental resources.

With this report, we want to bring to all our audiences more than an account of our achievements: a commitment to the future and the certainty that we are on the right path to build the next decades.

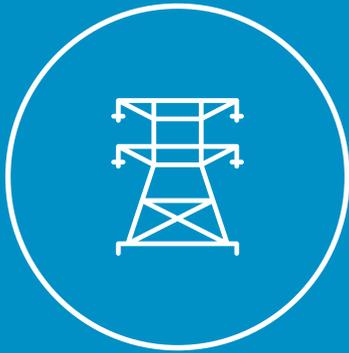


P.S.: At the moment we are closing this report, we are experiencing a global public health emergency that severely impacts the Brazilian population. With planning, leadership and respect for people, Furnas managed to structure, in a period of just 15 days, a series of emergency processes and protocols for safety, health and hygiene in the operation and control centers.

Once again, we demonstrate our ability to adapt and react. About 70% of our employees are working remotely, providing support to technicians who are at the forefront of the Furnas System's generation, transmission and monitoring facilities.

Everything to ensure that there is no lack of energy needed to turn this critical page of our lives.

Luiz Carlos Ciochi
CEO



CORPORATE PROFILE



02

ABOUT FURNAS

GRI 102-1; 102-2; 102-3; 102-4; 102-5; 102-6; 102-7; 102-10

Furnas Centrais Elétricas S.A. is a Company operating in the generation, transmission and trading of electricity and is controlled by Centrais Elétricas Brasileiras S.A. – Eletrobras.

Founded in 1957, with headquarters in Rio de Janeiro (RJ), is present in all regions of Brazil.



Mission

To provide integrated, sustainable and profitable services on energy markets.



Vision 2030

ETo feature among the top three clean energy companies in the world and the top ten electric power companies, achieve best-in-class profitability and receive acknowledgement from all target markets.



Values

- Focus on results;
- Ethics and transparency;
- Recognize people and their commitment to the business;
- Entrepreneurship and innovation; and
- Sustainability.

HOW WE CREATE VALUE

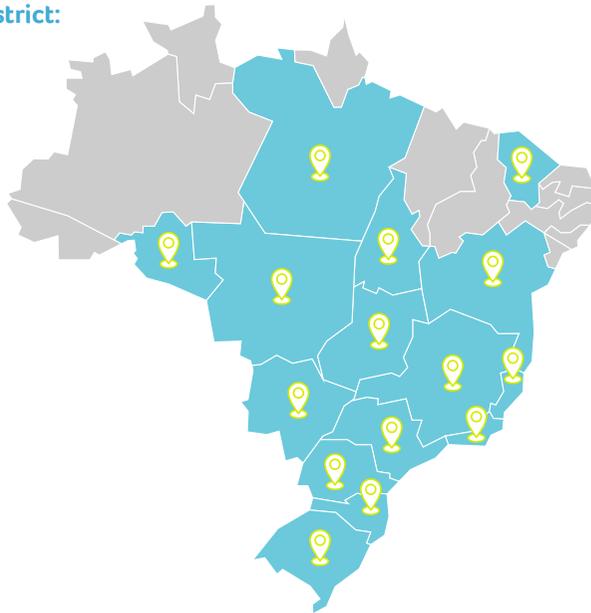
GRI 102-12; Eu-1

Operating Structure

PERFORMANCE

15 states and Federal District:

- Bahia;
- Ceará;
- Espírito Santo;
- Goiás;
- Mato Grosso;
- Mato Grosso do Sul;
- Minas Gerais;
- Paraná;
- Pará;
- Rio de Janeiro;
- Rio Grande do Sul;
- Rondônia;
- Santa Catarina;
- São Paulo; and
- Tocantins.



 **2.832**
employees

 **3.994**
suppliers

GENERATION*

18,145.97 MW
of power generation capacity
in **23 power plants.**

97.91%
de capacity from clean
energy sources.



16.23% (4)
own hydroelectric power plants.

25.44% (6)
hydroelectric power plants
under quota system (affected
by Law 12,783/2013).

56.24% (11)
hydroelectric power plants
in partnerships or SPEs.

2.09% (2)
own thermoelectric
power plants.

* The difference in values compared to the previous year is due to TPP Santa Cruz, where we disregard 150 MW that are still under construction, and also to the revision of the installed capacity at the São Manuel and Santo Antônio HPPs.

HOW WE CREATE VALUE

GRI 102-12; Eu-1

Operating Structure

TRANSMISSION

29,945.67 km
in transmission lines.

20,434.50 km (68.24%)
in wholly owned property;

1,635.00 km (5.46%)
In wholly owned not renewed property; and

7,876.17 km (26.30%)
de SPEs.

141,691.72 MVA
of transformation capacity.



69
substations.

66.7% (46)
in wholly owned renewed property;

11.6% (8)
in wholly owned not renewed property; and

21.7% (15)
de SPEs.

75.3% (106,770.43 MVA)
in wholly owned renewed property;

3.1% (4,342.49 MVA)
in wholly owned not renewed property; and

21.6% (30,578.80 MVA)
de SPEs.

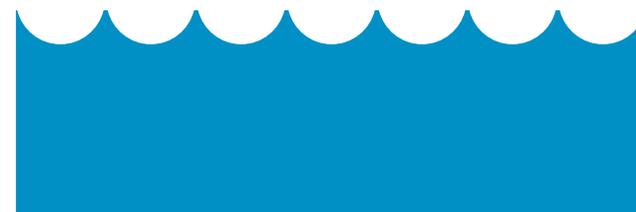


TRADING

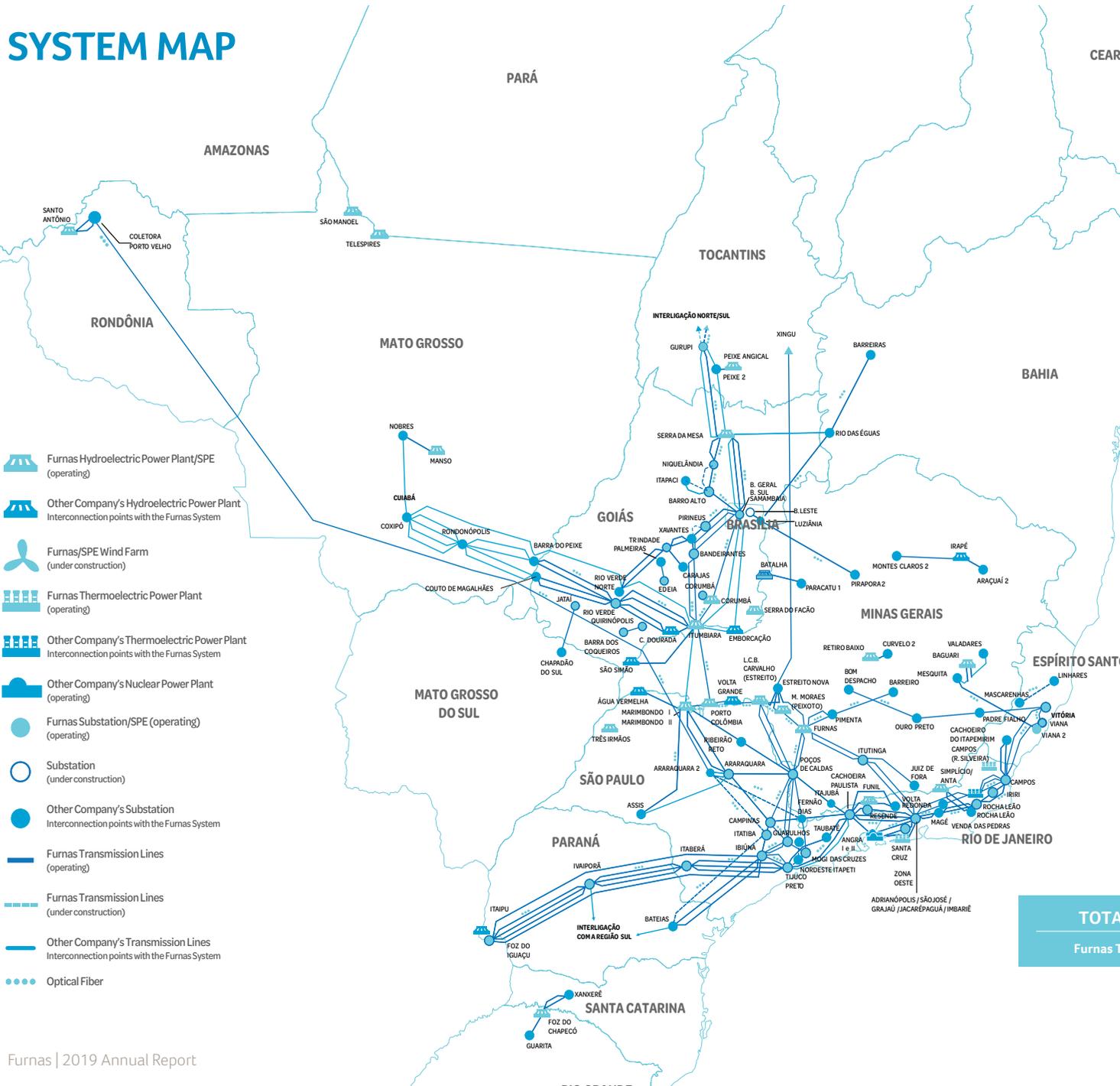
39,988 GWh
energy sold.

4,089 GWh
energy purchased.

446.7 MW average
in long term purchase
contracts.



SYSTEM MAP



-  Furnas Hydroelectric Power Plant/SPE (operating)
-  Other Company's Hydroelectric Power Plant
-  Furnas/SPE Wind Farm (under construction)
-  Furnas Thermoelectric Power Plant (operating)
-  Other Company's Thermoelectric Power Plant
-  Other Company's Nuclear Power Plant (operating)
-  Furnas Substation/SPE (operating)
-  Substation (under construction)
-  Other Company's Substation
-  Furnas Transmission Lines (operating)
-  Furnas Transmission Lines (under construction)
-  Other Company's Transmission Lines
-  Optical Fiber

PLANTS IN OPERATION

 HYDROELECTRIC	MW
Itumbiara	2,082
Marimbondo	1,440
Furnas	1,216
L. C. B. Carvalho (Estreito)	1,050
M. de Moraes (Peixoto)	476
Corumbá	375
Porto Colômbia	320
Complexo Simplicio-Anta	333.70
Funil	216
Batalha	52.50

 THERMOELECTRIC	MW
Santa Cruz	500
Campos (R. Silveira)	30
Furnas Total:	8,091.20

PARTNERSHIP/SPEs IN OPERATION

 HYDROELECTRIC	MW
Santo Antônio	3,568
Teles Pires	1,819.80
Serra da Mesa	1,275
Foz de Chapecó	855
Três Irmãos	807.50
Peixe Angical	498.75
Serra do Fação	212.58
Manso	210
São Manoel	700
Baguari	140
Retiro Baixo	82

Partnership/SPEs Total: 10,168.63

UNDER CONSTRUCTION/EXPANSION

 WIND	MW
Complexo Fortim*	107.07

TOTAL TRANSFORMATION CAPACITY: 134,633.92 MVA

Furnas Total: 109,137.92 MVA Partnership/SPEs Total: 25,496.00 MVA

* Plants, transmission lines and substation in partnership. Furnas system map for illustrative purposes only.

Value Created

Generating value to society is closely connected to our business existence, making it possible to provide access to energy to all, an essential resource for economic and social development.

We want to make the most of this potential for positive impact, working to build an increasingly efficient, upright and responsible business in relations with all the different parts and resources that feed and make the Company's operation possible, presented below:

Caption

STAKEHOLDER	Related Capital
Attributes of our performance to generate value Perpetuation of inputs	Value created in 2019



CAPITAL
Natural



CAPITAL
Financial



CAPITAL
Manufactured



CAPITAL
Human



CAPITAL
Social and Relationship



CAPITAL
Intellectual

Business Model

WORKFORCE AND THEIR FAMILIES

2,832 professionals



Employment and income creation	R\$ 1.14 billion in active employees' compensation.
Promoting diversity	100% retention of male and female employees after parental leave.
Training and professional development	138,438 training hours for active employees.
Health and safety care	100% covered by health and safety agencies.

PARTNERS, SPONSORS AND SUPPLIERS



Wealth generation	R\$ 859.9 million spent on contracts with 3,994 suppliers, 99.99% of which are local suppliers.
Fostering a more sustainable and ethical supply chain	100% of significant investment contracts include human rights clauses.
Solid results (SPEs)	100% of suppliers must complete integrity risk assessment forms.
	Net Operating Revenue of R\$ 8.7 billion.
	R\$ 4.3 billion EBITDA.
	Receipts of dividends of R\$ 236 million.



Papagaio verdadeiro (*Amazona aestiva*) – Fauna monitoring – UHE Porto Colômbia (MG/SP).

COMMUNITIES, SOCIETY AND GOVERNMENT



Research and Development	Investment of R\$ 65.4 million in R&D projects.
Promoting energy efficiency	Investment of R\$ 10.5 million in R&D projects related to energy efficiency and R\$ 31.6 million in energy systems planning.
Improvement in the country's infrastructure and Availability of clean energy for all	18.1 thousand MW of generation capacity, of which 97.91% were from clean energy generation sources and 29.9 thousand kilometers in transmission lines.
Wealth generation	R\$ 1.4 billion distributed as taxes and R\$ 145.2 million paid as financial compensation for the use of water resources in hydroelectric dams.
Ethical and transparent conduct	100% of employees and governance agents communicated on ethics and anticorruption.
Social and community development	R\$ 11.7 million invested in programs aimed at the social development of communities surrounding our projects.
Environmental preservation and recovery	R\$ 122.7 million invested in environmental protection.

CLIENTS



Sustainable and fair price hiring	85.17% customer satisfaction for generation, transmission and research, development and innovation.
Reliability when receiving energy	95.35 % average availability in hydroelectric generation, 80.98% in thermoelectric and 99.89% in transmission.

AWARDS AND RECOGNITION

During the year Furnas was awarded several prizes and recognitions for its performance and value generation for both the electrical sector and society. Below you will find the main awards:



GOVERNANCE INDICATOR CERTIFICATION (IG-SEST)

Furnas received the highest score in the 4th Certification of the Governance Indicator (IG-SEST). The assessment made by the Secretariat of Coordination and Governance of State-Owned Companies (SEST), considers the level of corporate governance in state-owned and federal government subsidiaries. Of the 61 companies evaluated, 14 received top marks, including Furnas, for implementing good management practices, control and audit mechanisms, disclosure of information in a transparent manner, committees and councils.



ABRASCA AWARD FOR BEST ANNUAL REPORT 2019

Furnas' Sustainability Report was one of the finalists in the "Closed Companies" category of the Abrasca 2019 Award, which recognized the best reports produced in 2018. The award, delivered by the Brazilian Association of Publicly-Held Companies, is educational and encourages quality improvement in corporate publications, with more clarity and transparency.



2019 MARIO BHERING MEMORY PRESERVATION AWARD

The Furnas Memory project won the Mario Bhering Memory Preservation Award, promoted by the Electricity Memory Center of Brazil, which aims to stimulate actions to rescue and enhance the history of the electricity sector.



BUILDING AWARENESS CHAMPION 2019 CERTIFICATE

Institute of Internal Auditors of Brazil (IIA Brasil) granted Furnas the Building Awareness Champion 2019 Certificate, at the ceremony of the 39th Brazilian Congress of Internal Auditing (Conbrai). The award recognizes the institutions that stood out for actions promoted during the International Internal Audit Awareness Month (IIA May). The IIA is considered the leading global entity in the area of internal audit and brings together more than 200 thousand members in 170 countries.



CHILDHOOD BRAZIL

Furnas' commitment to activities that value the Human Rights of Children and Adolescents was recognized by the Childhood Brazil Foundation through the Na Mão Certa Program. Certification takes place since 2009 to mobilize companies, governments and civil society in tackling the sexual exploitation of children and adolescents on Brazilian highways.



MINISTRY OF HEALTH CERTIFICATION

In a ceremony commemorating the National Day of Milk Donation, in Brasília, Furnas received a certificate from the Ministry of Health for the breastfeeding support room at the Company's headquarters in Rio de Janeiro (RJ). The space was conceived in 2018 so that employees who return from maternity leave can collect and store their own milk, allowing their babies to continue to benefit from the food.

OUTLOOK

Macroeconomic Scenario

The Brazilian economy remained in expectation for the resumption of growth in 2019 and GDP grew by 1.1%, the same level as the previous year.

Inflation measured by the Extended Consumer Price Index (IPCA) dropped 0.47 percentage points ending the year at 3.28%, remaining below the target of the National Monetary Council (CMN) target. In this scenario, it was possible to cut the basic interest rate (Selic), which, at the end of 2019, was 4.5%.

Industry scenario

CONSUMPTION

In 2019, electricity consumption in Brazil was 482 thousand GWh, according to data by the Energy Research Company (EPE), a 1.4% increase in relation to the previous year.

Evolution in energy consumption by segment:



Evolution in energy consumption by region:



PERSPECTIVES

For the next ten years, EPE projects a growth of 3.8% per year in electricity consumption, which represents the need for investments around R\$ 456 billion in the Brazilian electricity sector, of which R\$ 353 billion in generation and R\$ 104 billion in transmission.

REGULATORY ENVIRONMENT

Rainfall scarcity and the emptying of reservoirs in previous years maintained adverse hydrological condition. According to data released by the Chamber of Electric Energy Commercialization (CCEE), the Generation Scaling Factor – (GSF), adjustment factor of the Energy Reallocation Mechanism (MRE) was de 81%, meaning that the plants participating in the MRE generated 81% of their physical guarantees.

Additionally, we had important topics that influenced the sectorial context, listed below, which can be found in our Management Report (available at <https://bit.ly/2Tem0tH>):

- Transmission and Generation Assets Extended;
- Periodic Tariff Review of Transmitter's Annual Revenue; and
- Weighted Average Cost of Regulatory Capital (WACC) - Generation and Transmission.

DECARBONIZATION, DECENTRALIZATION AND DIGITIZATION

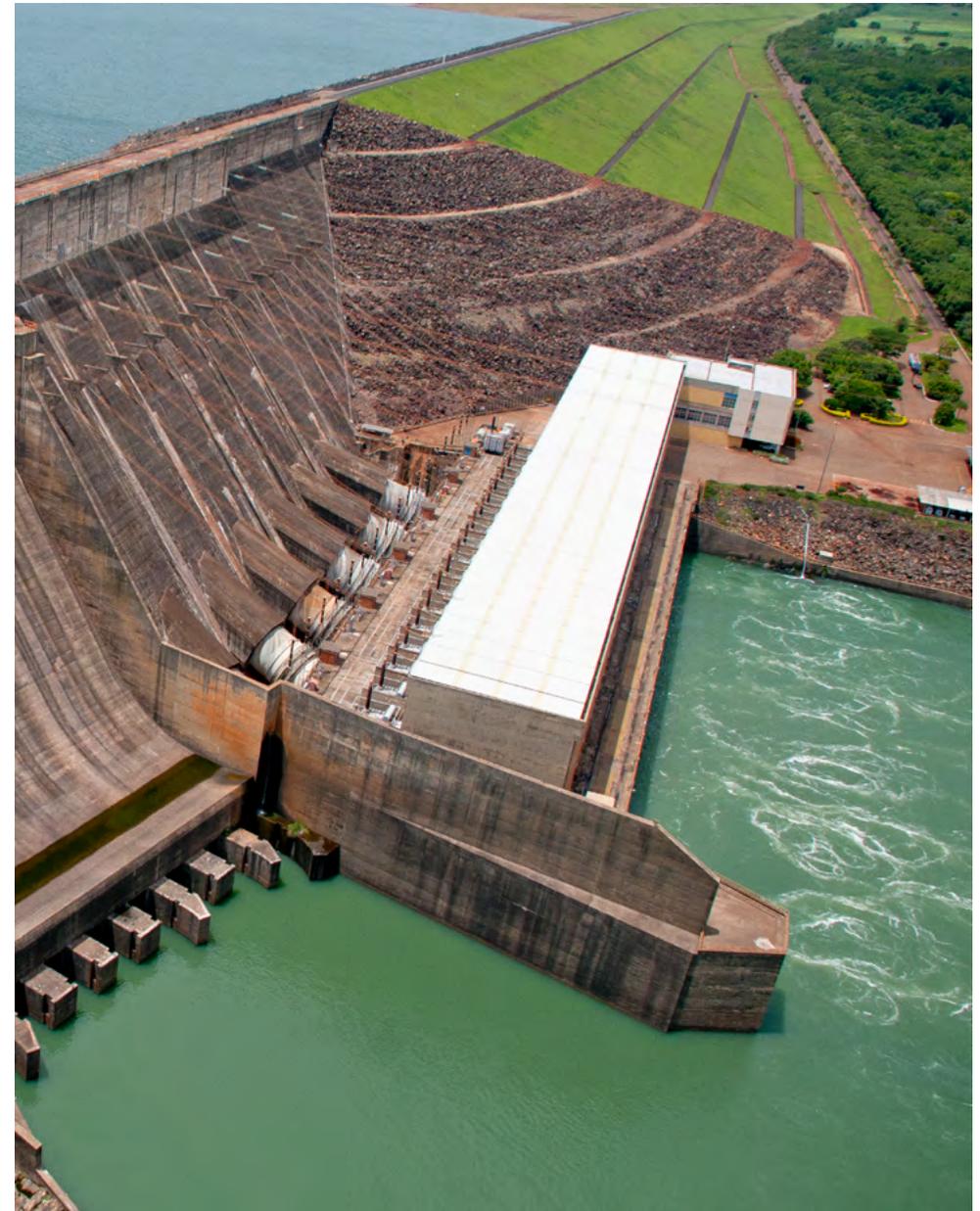
The global energy sector is undergoing major transformations that will support the sustainable development of the sector and society:

- There is a growing need for decarbonization, through the expansion of the renewable energy matrix since non-renewable energy is dependent on finite resources and has a greater negative impact on climate change;
- Digitization, accelerated by the internet of things, will allow to expand automation and have gains in energy efficiency while opening the way for new business models with a distributed energy production and usage architecture; and
- As the number of consumers connected to the energy distribution networks grows, in a short time the traditional generation model, fundamentally centralized, will have a new model - more participatory - and the electrical system will tend to become more interconnected and complex.

ELETOBRAS

In 2017, the Ministry of Mines and Energy announced a decision to democratize Eletrobras' capital, reducing the Union's participation in Eletrobras' capital. Therefore, the intention is to guarantee strategic decisions for the country and to boost the Company's investment capacity in the face of economic growth resumption. For the continuity of the process, a decision from the National Congress is awaited, where Bill nº 5,877/2019 is being analyzed.

Get to know in detail other regulatory events that influenced the generation and transmission scenario in 2019 in our Management Report, available at: <https://bit.ly/2Tem0tH>



UHE Itumbiara (GO/MG).



OPERATIONAL EXCELLENCE



03

GOVERNANCE AND RISK MANAGEMENT

Shareholding Structure

GRI 102-7

Furnas is a joint-stock corporation with closed capital, with Capital Stock composed, at the end of 2019, of 52,739,026,167 common shares and 14,864,684,511 preferred shares, totaling a market value of R\$ 6.5 billion.

Of these shares, 99.83% of common shares and 98.62% of preferred shares are held by the parent company Centrais Elétricas Brasileiras S.A. – Eletrobras which is publicly traded on the stock exchanges of São Paulo, New York (USA) and Madrid (Spain).

Shareholder	Common Share		Preferred Share	
	Quantity	%	Quantity	%
Eletrobras	52,647,326,561	99.83	14,659,406,538	98.62
Other	91,699,606	0.17	205,277,973	1.38

Management of Holdings

Furnas participates directly in 24 Special Purpose Entities (SPEs) and has continuously improved governance control practices and management mechanisms, with the mapping of processes, the consolidation of normative instruments and the computerized system to support Furnas managers and professionals who perform the functions of fiscal and management counselors in these SPEs and the update / revision of the Business Plans.

As a result of this progress, we recorded benefits from capital reduction and dividend receipt actions in the amount of R\$ 236 million.

Commitment

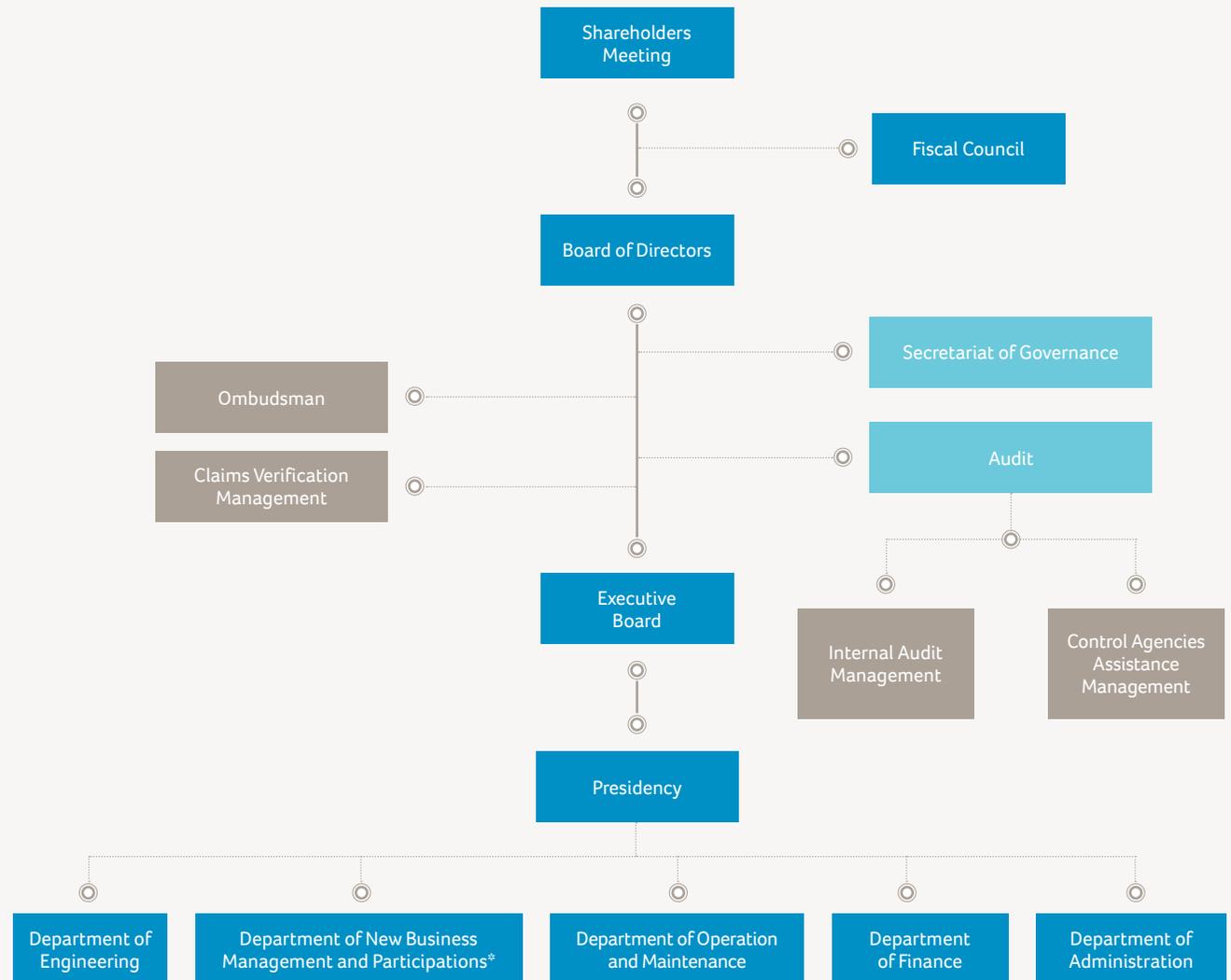
GRI 103-1; 103-2; 103-3

As a subsidiary of a publicly traded company, we have a robust Corporate Governance model guided by ethics, transparency and accountability and by compliance with the Brazilian Corporate Law (Law No. 6,404 / 1976) and the requirements of the Sarbanes-Oxley Act (SOx) and the good practices of New York Stock Exchange's Dow Jones Sustainability Index (DJSI) and the São Paulo Stock Exchange's Corporate Sustainability Index (ISE-B3), indexes in which the Holding company's shares are present.

In 2019, Furnas reached the maximum level in the 4th Certification of the Governance Indicator (IG-SEST), an assessment made by the State Companies Coordination and Governance Secretariat (SEST). The recognition crowns the efforts made to advance in governance, transparency and management practices.

Governance Structure

GRI 102-18; 102-19; 102-22; 102-24; 102-29; 102-31; 102-34



* In 2020, this Department was renamed to Regulation and Trading Department. The Corporate Governance structure also has an Audit Committee and Statutory Risks (CAE) that assists the Boards of Directors of Eletrobras Companies in strategic matters.

Below, we present the profile and the main responsibilities of each governance body. To learn their detailed composition, access:

<https://bit.ly/316K4Bo>

GENERAL SHAREHOLDERS' MEETING

Evaluates the Management Report and Financial Statements, defines the allocation of profits and dividends, elects the members of the Board of Directors and Fiscal Committee, establishes the total value of the board members and executives' compensation at Furnas, which is proposed by the Board of Directors, with limits established by the Ministry of Planning, Development and Management.

The Board meets ordinarily once a year and extraordinarily whenever necessary. In 2019, there were three Extraordinary Meetings to deliberate on the Rectification of the Eletrobras shareholder vote regarding the allocation of the previous year's results, the Election of a member of the Company's Board of Directors and the issue of debentures.

For more information access:

<https://bit.ly/2G3izi1>

BOARD OF DIRECTORS (CA)

Manages the Company with the powers and duties defined in the Bylaws and in its Internal Regulations. On a monthly basis, it is informed by the Executive Office on the Company's management and the monitoring report of the goals agreed upon through a Corporate Goals and Performance Agreement (CMDE) signed with Eletrobras (learn more on page XX). In 2019 the Council met 31 times.

Composition: one Chair and six members with a two-year term of office and up to three consecutive reelections allowed, one member nominated by the Ministry of Planning Budget and Management (current Ministry of Economy)¹, one elected as employee representative, chosen by their direct vote and the other five, including the Chair, nominated by the shareholders, two of whom are independent.

Diversity in high leadership

At the end of 2019, our Board was made up mostly of women: four members, who represent 57% of the total seats, all of whom are white, three are over 40 years old. As for men, in a total of three members, all are white and one of them is under 50 years old.

¹ This Ministry was incorporated into the current Ministry of Economy.

EXECUTIVE OFFICE

Executes and monitors the implementation of the Company's guidelines, plans and goals and meets periodically with superintendents and assistants. Regulatory and statutory decisions of the Executive Office are taken in a weekly meeting and constitute the deliberative process in which the matters of interest to each Board are submitted. In 2019, 59 meetings were held.

Annually, the CA conducts a performance review of executives.

Composition: one Chair and five executives elected by the Board for two-year terms, with a maximum of three consecutive re-elections allowed.

FISCAL COMMITTEE

Supervises the Company's administrative acts and accounts, having the obligation to report errors, fraud or identified crimes. In 2019, the Fiscal Committee convened 16 times.

Composition: six members, being three permanent and three alternates, elected at the GSM, with a term of two years and a maximum of two consecutive reelections allowed. One of the members and his/her alternate are nominated by the Ministry of Economy, another by the Ministry of Mines and Energy and another by the Holding.

AUDIT COMMITTEE AND STATUTORY RISKS (CAE)

The CAE is an auxiliary body of Eletrobras' Board of Directors, which, since 2018, advises the Boards of Directors of Eletrobras Companies and establishing structures for controlling and supervising the performance of companies, managers and employees.

The Committee is composed of independent members and aims to comply with a series of legal and regulatory provisions, notably Law 13303/16, instructions of the Brazilian Securities and Exchange Commission (CVM), the Sarbanes-Oxley Act, the State Governance of B3 and Governance Indicator of the Secretariat of Coordination and Governance of State-Owned Companies.

INTERNAL AUDIT

Linked to the Council, it examines the activities of the organizational units, analyzing management, procedures, computer systems, records and documents, evaluating controls and compliance with guidelines, internal regulations and legislation.

Continuing the internal control environment adaptation process to the Sarbanes-Oxley Act (SOx), in 2019 the Internal Audit promoted the evaluation of the Company's internal controls, based on corporate risks considered critical, determined according to the materiality defined by Eletrobras. In 2019, 31 processes were evaluated.

The 24 activities scheduled in the Annual Internal Audit

Work Plan (PAINT) and the special demands of Senior Management resulted in the issuance of 34 reports. Additionally, the Audit carried out the 1st consultancy service as programmed in PAINT, which resulted in the issuance of Technical Information.

External Audit

In compliance with the legislation, the Holding engages independent auditing services for all subsidiaries, in order to increase the reliability of financial statements and activities.

SELECTION AND LEADERSHIP DEVELOPMENT

Advisory groups composed of representatives from all boards, who support the decisions of the Board of Executive Officers on issues relevant to the business. In 2019, we chose to reduce the number of collegiate bodies, maintaining those with legal requirements (Audit and Statutory Risks Committee - CAE and Eligibility and People Management Committee - CGPE) while reinforcing the executive function of the responsible Superintendence.

SELECTION AND LEADERSHIP DEVELOPMENT

GRI 102-27; 102-28; 102-35; 102-36; 102-37

The State-Owned Enterprises Act and its regulations in 2016 brought new requirements for the selection and qualification of candidates in state-owned enterprises. With that in mind, we have improved our processes for compliance analysis and qualification of nominees and we have promoted a series of initiatives to develop these professionals.



ETHICS AND COMPLIANCE DURING SELECTION

We have preliminary analysis processes for the conformity and qualification of nominees to positions of directors and officers, in line with the Law 13,303 (State-Owned Enterprises Act).

The analysis is conducted by the Holding's integrity and governance areas, which consult the database of sanctions applied by the Public Ethics Committee and to the electronic regulators², to assess whether there is any breach of integrity, as well as to the ombudsmen of Eletrobras Companies.

Since 2017, the Management, People and Eligibility Committee of the Holding has been deliberating on the appointment of members of the management and Fiscal Council, promoting and monitoring the adoption of good corporate governance practices regarding compensation and succession for all Eletrobras Companies, proposing updates and improvements whenever necessary.

² Brazilian Securities and Exchange Commission (CVM), Court of Audit of the Union (TCU), Superior Electoral Court (TSE) and the Court of State Accounts (TCE).

DEVELOPMENT

The Improvement Program for Eletrobras Executives and Directors has since 2017, continuously promoted educational actions (such as lecture rounds, annual conferences, face-to-face and online courses) to develop Board of Directors members, Fiscal Councilors and Executives.

Annually, the Board members, the Executive Directors and the members of the Fiscal Committee and other Committees and the Directors appointed in the Special Purpose Entities (SPEs) also undergo an evaluation process, with a unique methodology for all Eletrobras Companies, ensuring the progress of the leadership performance in line with the Company's strategy.

In 2019, this process was carried out in Furnas by an independent external consultancy and included a structured interview, self-assessment and personalized assessment for the Chairman of the Board of Directors and Chief Executive Officer, in three pillars: competencies, results and attributions of the body.

The results support a report that indicates priority actions for the continuous evolution of governance and the training of senior leadership and the evaluated professionals participate in a feedback meeting.

COMPENSATION ALIGNED TO VALUE CREATION

Board of Directors and Fiscal Committee:

members' salaries in these cannot exceed 10% of the average monthly remuneration of the directors, according to the legislation for public companies and federal mixed-capital companies.

Board members do not receive any additional compensation for participation in committees and / or advisory committees of the board, except for Audit Committee members, who may have a different compensation depending on the working hours.

Board of Executive Officers: the monthly compensation of the Board of Executive Officers is approved at the General Shareholders' Meeting, following the guidelines of the State-Owned Coordination and Governance Secretariat (SEST). The Annual Variable Compensation Program (RVA) in 2019 can add up to 4.5 salaries and is structured based on targets for performance indicators agreed between Furnas and the Holding.

Risk Management

GRI 102-15; 102-29; 102-30; 102-31; 102-33

We continuously promote the identification, prevention and mitigation of business risks, key factors for corporate sustainability. Therefore, our risk management process involves the annual design of a Corporate Risk Matrix, from the Holding Risk Matrix.

Good risk management practices require procedures to identify, assess, prioritize, treat, monitor and report potential risk events.

Steps of the risk management process

- 1 Identification
- 2 Analysis and Evaluation
- 3 Treatment
- 4 Monitoring
- 5 Communication

The Risk Committee is responsible for prioritizing risks and for preparing the Matrix, subject to the Board of Executive Officers approval. The monitoring of impacts, risks and opportunities is the responsibility of the Board of Directors.

Corporate risk management supports the achievement of goals, prevents loss of resources and contributes to ensuring effective communication and compliance with laws and regulations, preventing damage to our reputation.

In 2019, the Furnas Risks Matrix was composed by four pillars - Strategic, Financial, Operational and Compliance -, which are subdivided into 21 categories, and evaluated 12 events:

Regulatory Framework, Human Rights, New Businesses, Cash Flow, SPE Business Management, Energy Commercialization, Dam Safety, Transmission Operation and Maintenance, Socio-Environmental Management of Enterprises, Formation and Management of Litigation, Fraud and Corruption and Accounting and Financial Statement.



LT Foz do Iguaçu - Ivaiporã (PR).

ETHICAL AND INTEGRAL PERFORMANCE

GRI 102-17; 205-1; 205-2

We have a non-negotiable commitment to ethics and the fight against corruption, which underlies the sustainability and trust of our stakeholders, so we are always working on several fronts that support the maintenance of these precepts:

- We adopted the Eletrobras 5 Dimensions Program, which is based on the guidelines proposed by the Implementation Guide of the Integrity Program in the State-Owned Companies of the General Comptroller of the Union (CGU) and by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), offering a solid structure of institutional and normative instruments, promoting the continuous improvement of compliance indicators;
- The Internal Audit verifies the adherence and compliance with the Integrity Program every year;
- Each year, the Ethics Committee of one of the coordinating companies participates in the National Ethics Management Forum in State-Owned Companies, which promotes studies and study groups;
- The Ethics Committee, through the National Forum for Ethics Management in State-owned Companies, also promotes the Annual Seminar, open to all employees of participating companies, renowned academics, government authorities and the general public every year;

- Lectures on ethics, compliance, information security, ombudsman, audit and risk management in the areas in the Traveling Integrity project for all employees;
- Training “Maturing the Governance, Risk and Compliance practices” to the Boards of Directors and Fiscal Committee;
- Training for managers and technicians in areas that are more sensitive to fraud and corruption risk, such as supplies and relationships with public agents, with the theme “Protection and Integrity Mechanisms in the Relationship with Suppliers and the Public Sector”;

Key policies and standards for promoting business integrity

- **Code of Ethical Conduct and Integrity:** <https://bit.ly/2UbFopw>
- **Anti-Corruption Program Manual for Eletrobras Companies:** <https://bit.ly/2tKHWix>
- **Anti-Corruption Policy for Eletrobras companies:** <https://bit.ly/2Ek4v2t>

- Training for Furnas’ Directors, board assistants, external advisors, superintendents and managers on “Advanced compliance topics: legislation and risks for joint-stock corporations”;
- Itinerant Ombudsman program, with lectures and trainings carried out in regional offices by the Ombudsman and Ethics Committee;
- Furnas Compliance Management - together with CGU, Eletrobras, Petrobras, FINEP and EPE - created the State-Owned Corporations Integrity Forum, with monthly meetings for discussions and best practices exchanges for the implementation of integrity and ethics actions;
- Integrity Portal launched by the Company CEO, confirming the importance of Furnas’ corporate integrity system - comprised of Audit, Compliance and Risks, Ombudsman’s Office and Ethics Committee – to consolidate prevention practices and treatment of misconduct, fraud and corruption;
- Ethical Culture Week, held in conjunction with all Eletrobras Companies, coordinated by the Holding, with dissemination of communication newsletters about the Program and Integrity actions across all subsidiaries; and
- Annual Seminar on ethics on the national Ethics Day (May 2nd).



“Advanced Compliance and Risk Themes” Training.

With that, we total 100% of employees and 100% of leaders trained in ethics and fighting corruption:

Employees engaged in ethics and anticorruption (total and percentage)	Communication initiatives		Training Initiatives	
	2018	2019	2018	2019
Governance bodies	16 (100%)	16 (100%)	16 (100%)	16 (100%)
Employees				
Managerial position	210 (100%)	208 (100%)	210 (100%)	208 (100%)
Higher education position	1,158 (100%)	1,073 (100%)	1,158 (100%)	1,073 (100%)
Elementary and middle education position	1,669 (100%)	1,551 (100%)	1,569 (94;5%)	1,551 (100%)
Business partners	3 (4.5%)	0	0	0

Claims

GRI 102-21

We offer three reporting channels that can be used by anyone to notify employees, third-parties or managers action that violate the Eletrobras Companies’ Ethics Code or the legislation in force in the Country:

OMBUDSMAN’S OFFICE

For 11 years it has been an impartial and independent channel for citizens, linked to the Board of Directors. The Ombudsman also mediates out-of-court disputes, provides data for organizational assessment and assures society the right to access information, meeting the demands of the Citizen Information Service (SIC), in compliance with the Access to Information Act.

In 2019 there were **135** requests for information to the SIC and **1,038** claims made to the Ombudsman’s Office (61% from external origin, 25% from internal origin and 14% were not identified), of which:

51.0%
complaints (530)

45.8%
requests (475)

2.6%
suggestions (27)

0.6%
compliments and thanks (6)

ETHICS COMMITTEE

Responsible for disseminating the Code of Ethical Conduct and Integrity and for educational actions to raise awareness among employees, the Commission aims to guide and advise on professional ethics, in addition to identifying violations of ethical principles.

In 2019, there were **42 claims** made to the Ethics Commission, of which, until the end of the period:

- **15** under analysis;
- **26** closed; and
- **1** discontinued.

UNIFIED REPORTING CHANNEL OF ELETROBRAS COMPANIES

Managed by an independent, third-party company, available in Portuguese, English and Spanish, every day, 24 hours a day, offers secrecy, anonymity and confidentiality guarantee. The Channel centrally manages the verification, accountability and remediation processes, classifies the report criticality and directs them to the CSI (Integrity System Committee). On a quarterly basis, the Ombudsman's Office forwards the reports of the period to the Company's senior management.

In 2019, **126 claims** were received at the Channel, the most frequent issues were related to fraud and corruption and breach of rules, regulations, contracts and legislation and, in internal complaints, to human resources and shared services.

CONTACT CHANNELS

1 - Furnas Ombudsman



www.furnas.com.br/ouvidoria



ouvidoria@furnas.com.br



(21) 2528-3815



Letter or in person
Rua Real Grandeza, 219 - bloco A
Sala 904 - CEP - 22281-900
Botafogo - RJ

2 - Furnas Ethics Commission



etica@furnas.com.br



Letter or in person
Rua Real Grandeza, 219 - bloco A
Sala 901 - CEP - 22281-900
Botafogo - RJ

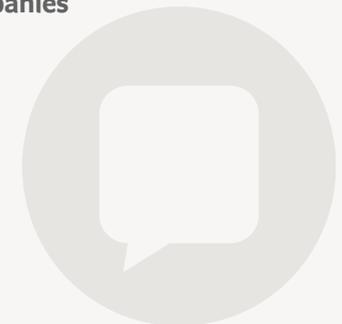
3 - Centralized Whistleblower Channel of Eletrobras Companies



www.canaldedenuncias.com.br/eletrobras



0800 377 8037



Conflict of Interest Management

GRI 102-25

As a joint-stock corporation, we are subject to Law 12,813 / 2013, which regulates the performance of public agents (employees and executive officers, including those on leave) in relation to a conflict of interest, defining conflict-generating situations, the rules to be followed, and the public agencies and tools for monitoring and evaluating conflicts.

Since 2016, we have the Normative Ruling which establishes the criteria for prevention, evaluation and treatment of conflict of interest situations, which must be respected by both Furnas' employees and SPEs' employees that the Company is part.

All our employees are guided by the Normative Instruction and our executive officers must also inform the company about:

- Their financial position;
- Their equity interests;
- Their professional activities or possible acceptance of contracts or business in the private sector and the potential conflicts of interest; and
- The existence of a spouse or relative by consanguinity or affinity in activities that may arise a conflict of interest.

As provided by law, in addition to the Public Ethics Committee, the Federal Comptroller's Office (CGU) also acts in the supervision and evaluation of conflict of interest situations.

Information Security

GRI 418-1

We have an Information Security area that promotes the information security management, ensuring its Availability, Integrity, Confidentiality and Authenticity (DICA).

In 2019, we increased the security and reliability level of our website through the HTTPS standard, which establishes a secure information transfer channel between the user's browser and the server, preventing illegal access to the data transferred on the network while ensuring that sensitive information are not misused.

During the year, we also carried out regulations-strengthening actions, as well as their dissemination throughout the Company, focusing on the Information Classification, in accordance with the Access to Information Act, and on the implementation of the initiatives prioritized in the Information Security Plan of Eletrobras Companies to , mainly, decrease cyber risk.

With respect to the General Data Protection Law, which will come into force in 2020, Furnas created a project structure, with representatives from several functional fronts, for adaptation and compliance.

No breaches of customer privacy with leaking or data breaches were identified in 2019.

Integrity in the Supply Chain

For the second year, we applied the Integrity Mechanisms for Third Parties, in line with the Biddings and Contracts regulation, which determines the hiring rules for compliance with the Act 13.303 / 2016 (State-Owned Enterprises Act).

The Mechanisms provide for application of a supplier integrity due diligence form that results in a classification into four risk integrity categories: low, medium, high, and very high.

In cases with high and very high risk, we promote a more in-depth assessment of the risk aspects, prior to begin relation with the company.

In 2019, 137 suppliers were evaluated and 9.49% of the total suppliers, identified as critical and subjected to the assessment of corruption risks.



PERFORMANCE



04

OPERATION

Generation

GRI G4-EU1; G4-EU2; G4-EU10; EU-30

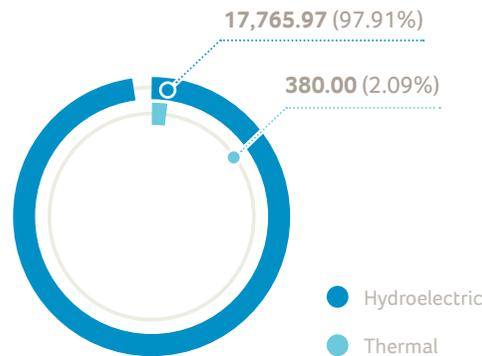
INSTALLED CAPACITY

Our installed generating capacity of the 23 plants in operation at the end of 2019 was 18,145.97 MW.

Plants profile:

- Six own plants 100% Furnas (four HPPs not renewed)
- Six under special administration – affected by Law no. 12,783/2013
- Two in partnership with the private sector
- Nine under SPEs

Installed Capacity by source (MW)



NEW PROJECTS

- We participated, via SPEs, in the implementation of five wind farms in Fortim (CE), with a total installed capacity of 123 MW.
- We are also implementing the combined cycle of TPP Santa Cruz, 150 MW, scheduled to start operating in 2021.

ENERGY PRODUCTION

SASB IF-EU-000.D

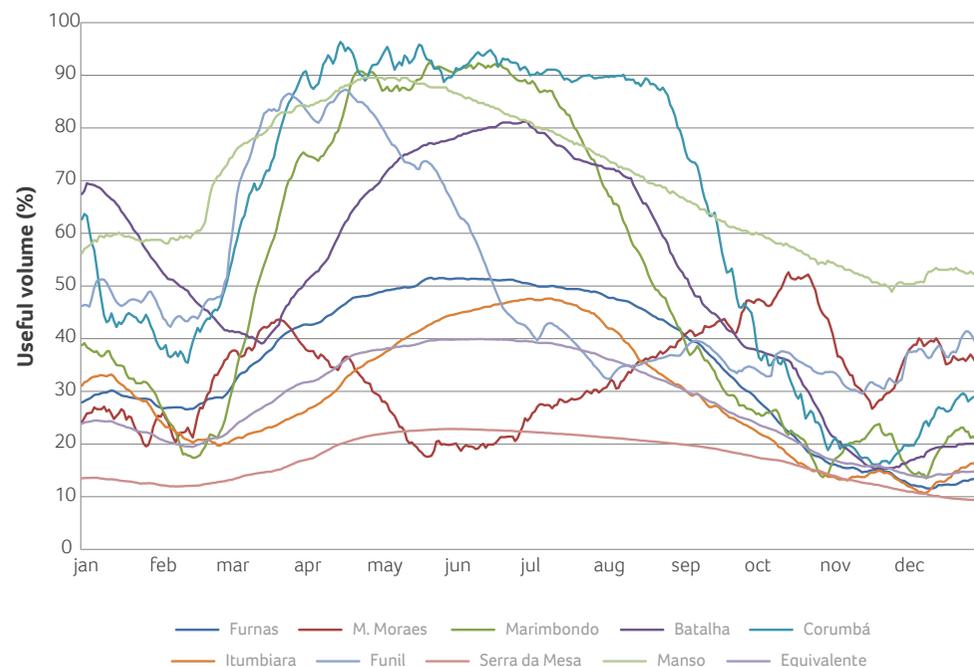
In 2019, we generated **66,776.97 GWh**, 7.1% more than the previous year. Of this total, 45.8% were from owned plants or under special administration and 54.2% from plants of invested companies (SPEs).

RESERVOIRS

The year 2019 presented a drop in the storage of the Company's largest accumulation reservoirs over last year.

At the end of the year, storage levels were around 13% in the HPP Furnas reservoir, 16% in the HPP Itumbiara, 38% in the HPP Funil, 9% in the HPP Serra da Mesa and 52% in the APM Manso. The equivalent reservoir, which is the representation of the total volume of water stored at Furnas hydroelectric plants reservoirs, closed the period with 15% capacity, below the 24% observed at the end of 2018.

Reservoir Storage - 2019



The reservoirs HPPs Furnas, Itumbiara, Funil, Serra da Mesa and APM Manso receive annual regularization and operate storing water during the rainy season (November to April) to be used during the dry season (May to October). This allows plants to produce the required amount of electricity throughout the year, as well as supplying water so that other downstream plants can also operate.

The plants are part of the (SIN) and its operation is planned and programmed in conjunction with the ONS. In the case of hydroelectric plants, the reservoir level and the energy dispatched are defined by the ONS, which operates the Brazilian reservoirs in an integrated manner with the objective of guaranteeing energy security at lower costs.

AVAILABILITY

GRI G4-EU6

The availability factor is the indicator that is associated with the time a power plant is available to generate power, i.e. fewer stops and duration for planned and forced maintenance.

In 2019, the availability index of the plants in the Furnas generator park totaled 94.83%, considered satisfactory because it is above the limit established by ANEEL, which is 89.40%. Find below the comparison of the evolution of operational availability, in the last twelve months, with the monthly and accumulated availability, year by year:

OPERATIONAL GENERATION AVAILABILITY			
	2018	2019	Variation
Planned outage hours - Hydroelectric	17,993.62	14,296.40	-25.86%
Unplanned outage hours - Hydroelectric	14,682.97	10,270.81	-42.96%
Average generation availability - Hydroelectric (%)	95.33	95.35	+0.02%
Planned outage hours - Thermoelectric (gas)	3,757.07	1,827.78	-105.55%
Unplanned outage hours - Thermoelectric (gas)	1,382.69	1,503.74	+8.05%
Average generation availability - Thermoelectric (gas) (%)	80.56	80.98	+0.48%



Recovery of Towers - TL Furnas - Itutinga (MG).

Transmission

OUTLOOK

GRI G4-EU4; EU-12; SASB IF-EU-000.C

In 2019, our transmission line network totaled approximately 29,945.67 km, 73.7% (22,069.50 km) owned and 26.3% (7,876.17 km) in SPEs, as well as 69 substations with transformation capacity of 141,691.72 MVA, of which 78.2% were owned.

NEW OPERATIONS

Furnas participates, under SPE, in the construction of the TL 500 kV transmission lines Itatiba-Bateias, TL 500 kV Araraquara 2-Itatiba, TL 500 kV Araraquara 2-Fernão Dias and Jandaia - Russas II transmission lines and SE Fernão Dias and SE Jandaia Substations.

AVAILABILITY

GRI G4-EU6

In 2019, the operating availability rate of the transmission lines (basic network), that is, the percentage of hours in the year in which the lines remained available for the transmission system, totaled 99.89%.

The transmission line availability indicator has its limit set at 99.65% for this exercise in the CMDE protocol and Furnas is fulfilling the agreement with Eletrobras in this scenario.

In the year, Furnas faced one downfall event in five transmission towers and damage to a tower, caused by extreme weather conditions, in TL 500 kV Gurupi - Miracema. The maintenance services were performed

quickly, safely and with no accidents, based on the Emergency Response Plan (PAE), and the shutdown did not result in a power cut at the SIN.

SYSTEM MAINTENANCE

We have adopted the MCC (Reliability Centered Maintenance), which identifies the functions and performance standards of the equipment and performs surveys and details failure modes, their probable causes and their consequences.

Investments in the General Plan for Transmission Projects in Operational Facilities (PGET) totaled R\$ 254 million in the year and R\$ 868 million in the 2016-2019 quadrennium.

With this, 442 new pieces of equipment was installed during the year, among which 214 pieces of equipment in compliance with the various Authorization Resolutions of ANEEL with previous revenue or to be defined in the tariff review.

These efforts led to the conclusion of the projects in the Vitória, Adrianópolis, Brasília Sul, Foz do Iguaçu, Mascarenhas de Moraes, Viana, Brasília Geral, Porto Colômbia, Itutinga, Itaberá, Marimondo, Poços de Caldas, Samambaia, Furnas, Tijuco Preto, Ivaiporã, Itumbiara, Ibiúna, Bateias and Cachoeira Paulista substations.

LOSSES

The transmission loss index closed 2019 at 2.61%.



UHE Peixe Angical (TO).

Trading

SASB IF-EU-000.A; IF-EU-000.E

GENERATION

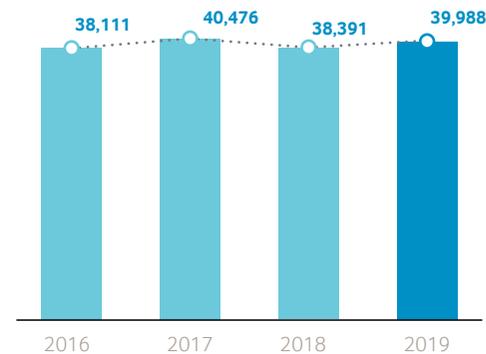
We trade energy for energy distribution companies, marketers and free consumers throughout the country.

Our marketing strategy, aimed at maximizing results, considers risk analysis in the various energy market scenarios, contemplating the uncertainties inherent in each business while diversifying our contract portfolio.

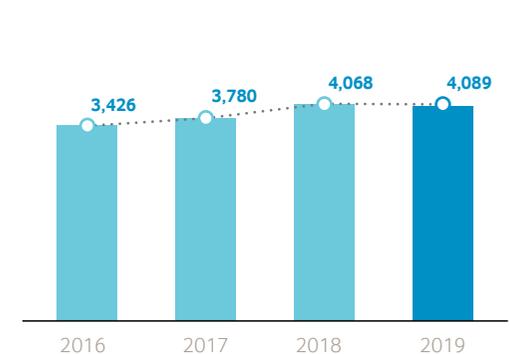
The participation strategy in the various biddings includes the specificities of the Company and the market, with the objective of gaining competitiveness in energy trading environments.

In 2019, we sold a total of 39,988 GWh, an increase of 2.5% compared to 2018, but with a 8.9% increase in sales, totaling R\$ 5.7 billion.

Energy Sold by Furnas (GWh)



Energy Purchased by Furnas (GWh)



Our energy purchase amounted to 4,089 GWh at cost (gross value) of R\$ 778.4 million, an increase of 0.5% when compared to 2018.

Our customer base is diversified, which dilutes the risk of default: 10 concessionaires account for 53.4% of the contracts in the ACR and those of Physical Guarantee Quotas, of a total of 54 concessionaires, demonstrating a spraying of customers that mitigates eventual risks of default.

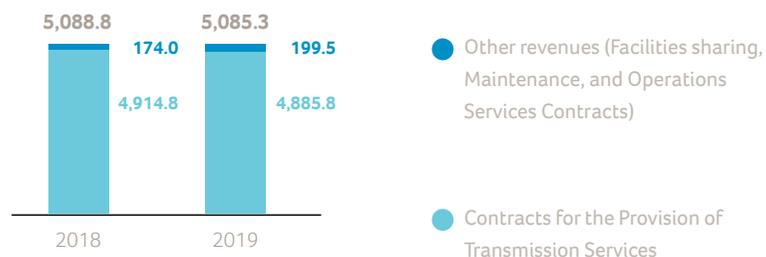
In all, there are 335 bilateral contracts - entered into the Regulated Contracting Environment (ACR) and the Free Contracting Environment (ACL) with large consumers and the main energy marketers - and 324 contracts in the Physical Guarantee Quota regime, with the country's main distribution companies.

TRANSMISSION

Trading in transmission is carried out in the public service environment (concession) and in the environment of exclusive interest of the accessing party (other revenues).

In 2019, our transmission contracts revenue totaled R\$ 5.1 billion, stable value compared to the previous year.

Revenue from transmission contracts (R\$ million)

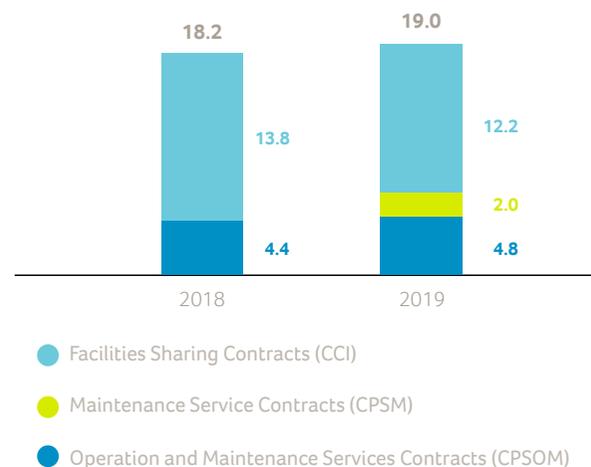


Services

Furnas is recognized for the knowledge and experience in the management and operation of assets of the electric sector and applies this expertise in the provision of services to other companies.

The Concession Agreement (CTT) allows the development of other activities through revenues that are not part of the public service provision regulated by ANEEL, governed by its own contractual instrument, shown in the graph on the side.

Revenue from service provision contracts (r\$ million)



FINANCIAL RESULTS

GRI 201-1

In 2019, we had very expressive financial results that show the significant evolution of Furnas in relation to its main performance indicators, highlighting:

- The increase of 200% in net profit, which reached R\$ 3,216 million, with a net margin of 37%;
- The 22% increase in EBITDA, from R\$ 4,270 million, with a margin of 49%;
- The 65% increase in the Financial Result, corresponding to an increase of approximately R\$ 1 billion in the result for the year; and
- The sharp reduction in indebtedness, with a positive impact of 30% on the Net Debt / EBITDA indicator

Summarized Statement of Income (in millions of reais)

	2018	2019	Percentage Variation
Net Operating Revenue	8,471	8,668	2%
Operating Costs and Expenses	(4,842)	(4,650)	-4%
EBITDA	3,509	4,270	22%
Financial Result	(1,580)	(552)	-65%
Net Profit	1,071	3,216	200%

Learn detailed information on the Economic-Financial Results in our Financial Statements, available at: <https://bit.ly/2W XF N65>

NET OPERATING REVENUE

- In relation to Net Operating Revenue, we reached the amount of R\$ 8,668 million in 2019, an amount 2% higher than 2018 (R\$ 8,471 million). Such variation is the result of increased revenue from the generation segment, with emphasis on:
- The electricity supply, with an increase of 8% (R\$ 287 million); and
- The Revenue from Plants Operation and Maintenance - Generation, with an increase of 26% (R\$ 258 million).

Net Operating Revenue (R\$ Million)



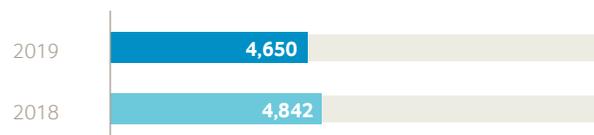
Operating costs and expenses

In 2019, we reduced our operating costs and expenses by 4%. The result had as main reasons:

- Cost reduction in Materials and services, totaling 7% reduction in the period;
- The Reversal of R\$ 455 million (which in 2018 reached -R\$ 211 million), with emphasis on reversals of R\$ 338 million in the impairment tests of corporate assets (Impairment and onerous contract) and R\$ 497 million in tests linked to Special Purpose Entities – SPEs; and

- Dismissal of 1,043 outsourced employees as established in the agreement among the Company, the Public Ministry of Labor (MPT) and the National Federation of Urban Workers (FNU). Also, we have implemented the Consent Dismissal Plan, which resulted in the termination of 276 employees, which will reduce costs and expenses in the coming years. These actions, added to the judicial indemnities, resulted in an extraordinary disbursement of R\$ 578 million.

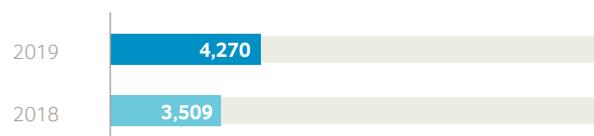
Operating Costs And Expenses (R\$ million)



EBITDA

In addition to the impacts already presented - which influenced revenues, costs and expenses - we had an improvement in equity income (R\$ 358 million), with an increase of 22% in EBITDA (earnings before interest, taxes, depreciation and amortization), which reached R\$ 4,270 million in the period.

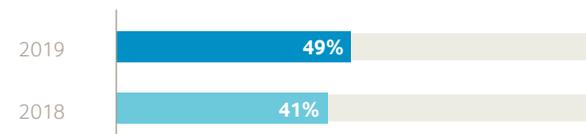
EBITDA (R\$ million)



EBITDA Margin (EBITDA/Rol)

The EBITDA Margin was 49% in 2019, compared to 41% recorded in 2018.

EBITDA Margin



Financial Result

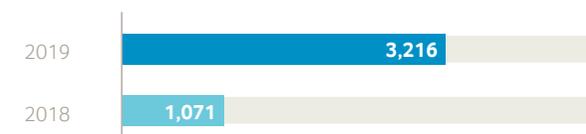
We had 65% improvement in the Financial Result, which went from R\$ 1,580 million to R\$ 552 million, from 2018 to 2019, as a result of the reduction in the Company's indebtedness, in the cost of debt, combined with the revision of the methodology for calculating the receivable from RBSE, with changes in assumptions, including the change in the rate used to adjust to fair value (NTN-B for the regulatory WACC).

Net Profit

In 2019 the company presented Net Profit of R\$ 3,216 million, 200% higher compared to 2018. The main factors that influenced the result were:

- The 22% increase in EBITDA (R\$ 761 million);
- The 65% improvement (R\$ 1,028 million) in the Financial Result, and
- The 62% reduction in IR/CSLL due to the recognition of Deferred Tax Assets in the amount of R\$ 1.16 billion.

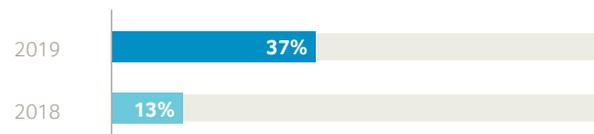
Net Profit (R\$ million)



Net Margin (Net Profit/Rol)

Net Margin totaled 37% in 2019, compared to 13% in 2018.

Net Margin



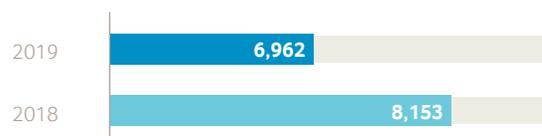
Debt

Given the basic rate of the economy reaching minimum levels in history, we followed the strategy of improving the debt profile, by settling more onerous contracts in advance, at the same time extending the debt payment term, maintaining the liquidity necessary to deliver our short-term commitments.

In doing so, the operations carried out within the scope of the capital market stand out, such as the structuring of the FIDC Imperium (Receivables investment Fund), in the amount of R\$ 600 million, and the First Issuance of the Company's Debentures, in the total amount R\$ 1,250 million, of which R\$ 450 million were settled in December 2019.

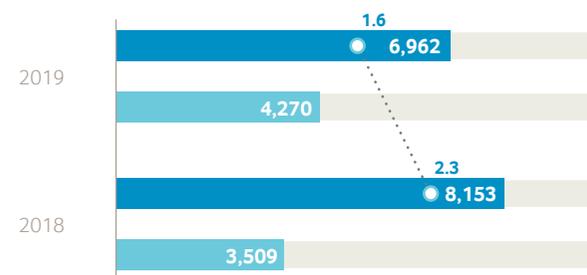
As a result, we had a 15% reduction in Net Debt, from 2018 to 2019, which totaled R\$ 1,192 million.

Net Debt (R\$ million)



Also, the results presented in 2019, show that the indicator Net Debt/EBITDA CVM was significantly reduced from 2.3 to 1.6.

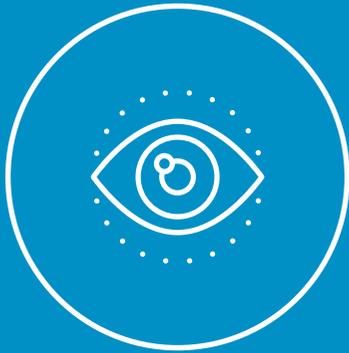
Net Debt/EBITDA CVM



- Net Debt
- EBITDA CVM
- Net Debt / EBITDA CVM



SE Campinas (SP).



TRANSFORMATION AND FUTURE VISION



05

STRATEGY

GRI 102-16; 102-26; 102-28

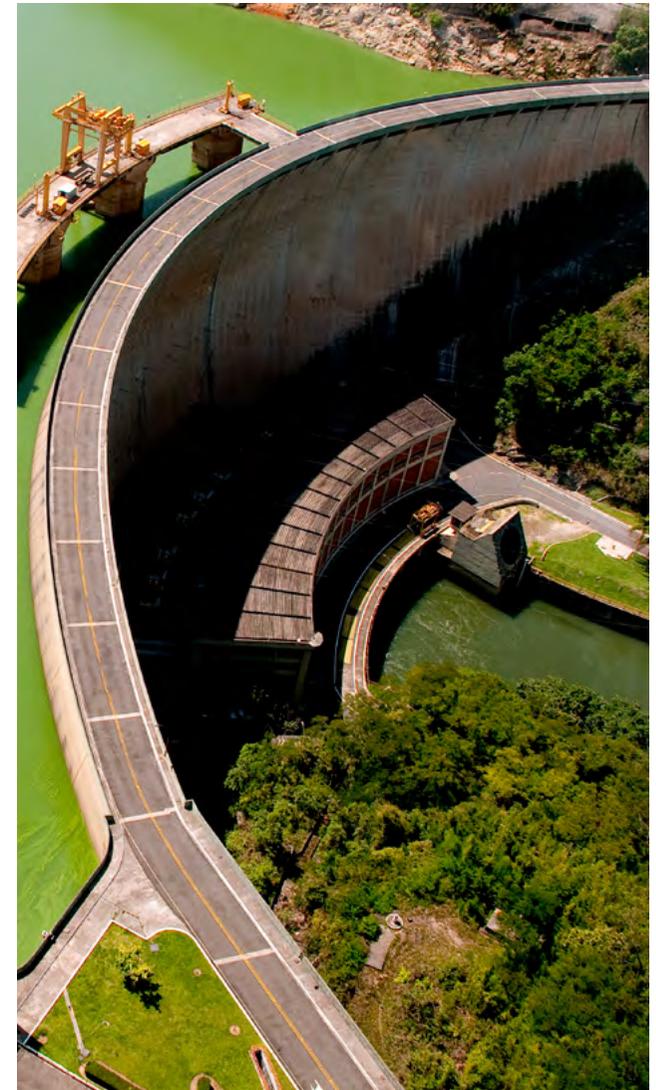
The Company's strategy is defined based on the Strategic Plan 2015-2030 and in its deployment, the Business and Management Master Plan (PDNG) within a five-year horizon, both prepared by the Holding company, being embodied in the Company's Business and Management Plan (PNG).

For more information, see:

<https://bit.ly/2zpc6ye>

Furnas and the other Eletrobras Companies have signed the Corporate Goals and Performance Agreement (CMDE) with the parent company containing results indicators in the financial, operational, management, integrity, people and socio-environmental dimensions.

Besides being the main instrument for monitoring business performance, CMDE also guides metrics of managers' annual variable compensation and the participation in profits and results of the workforce, including managers.



UHE Funil (R).

In relation to the 2019 CMDE, we highlight the achievement and overcoming of the following goal:

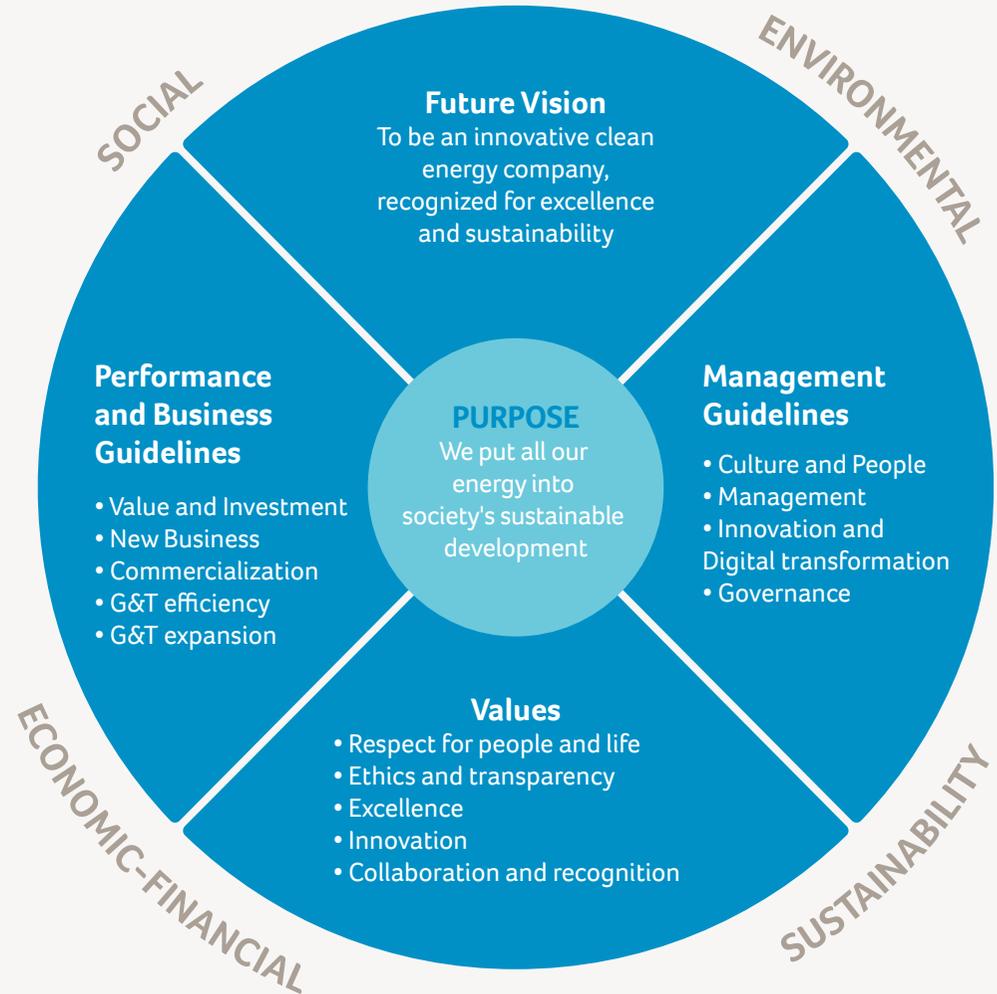
- Net Debt / Adjusted EBITDA ratio: 1.62, a better result than the target of 1.83;
- Generation Availability Rate: 1.083, higher than the target of 1,000;
- Transmission Availability Rate: 99.89%, higher than the goal of 99.65%; and
- Global Indicator (generation and transmission): 1.06, higher than the target of 0.95.

In March 2020, Eletrobras' Board of Directors approved the new Business and Management Master Plan for the period from 2020 to 2024 (PDNG 2020-2024). The Company's business strategy was developed based on Sustainability, a premise that determines the company's guidelines, transversal to all processes of the Company and our way of doing business. The guiding principles of this new PDNG are:

Purpose: We put all our energy into society's sustainable development;

Future Vision: To be an innovative clean energy company, recognized for excellence and sustainability; and

Values: Respect for people and life Ethics and transparency Excellence Innovation Collaboration and recognition.



INTEGRATED MANAGEMENT

In the last years we have been working on the SAP ERP Implementation Program on a Single Instance, a sophisticated management system that integrates business information providing reliability, transparency and traceability to the data relevant to the operation of all Eletrobras Companies, with the same information base centralized on a single server.

In doing so, we can have more speed and assertiveness in decision making, with real time access to reliable information and greater control in the monitoring of developments.

Furnas supported the implementation with the Holding and with its professionals monitored all stages of implementation, contributing to meetings, workshops and acting in training as multipliers while providing “Blue Print” and training material as accelerators

We also supported the training of more than 1,500 users and over 300 multipliers to underpin the system. There were about 70 workshops and 90 management committee meetings where Furnas was present.

Additionally, the ERP is an important basis for the operation of the Shared Services Center (CSC), which enhances the calculation of savings and synergies by connecting Eletrobras Companies in a single management.



LT Furnas - Itutinga (MG).

R&D AND INNOVATION

GRI 103-1; 103-2; 103-3; G4-EU8

Innovation is a systemic and continuous look at the day to day and management of our business. Looking to the future is fundamental in the sector, in which the demand for energy and infrastructure is growing, as well as the search to mitigate negative impacts and expand the value generation in the interaction with environmental and human resources.

Innovation, therefore, is a fundamental condition for sustainable development.

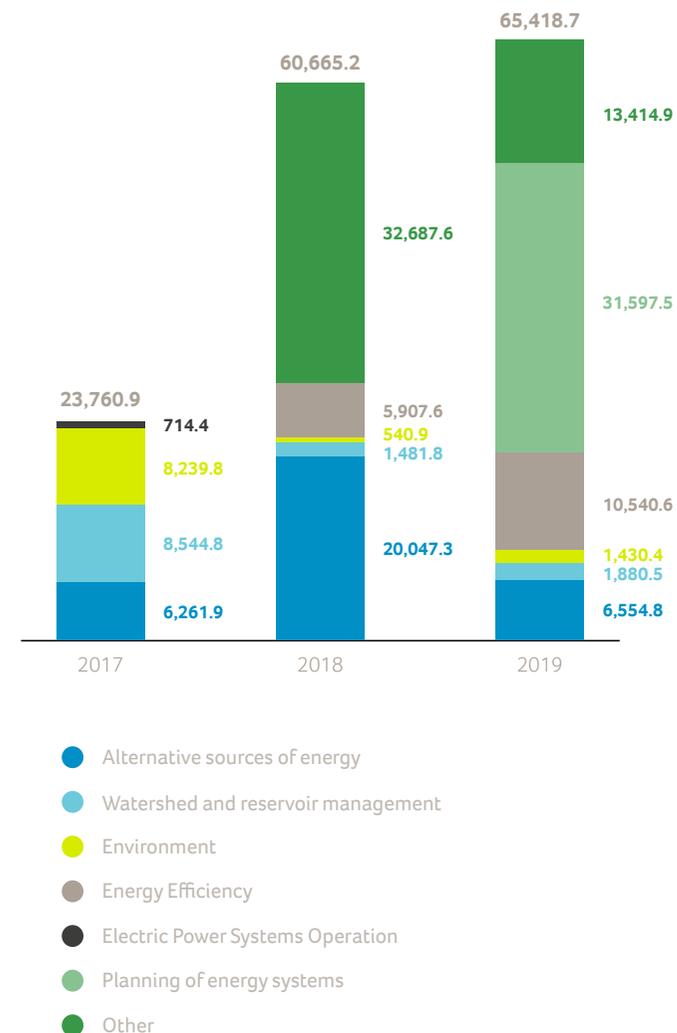
This process is structured in the open innovation model, our R & D + I is collaborative and provides the exchange of knowledge with external partners or with the internal public, through engagement workshops with the culture of innovation, to amplify the vision on the themes and, then, develop new solutions while adding competitive advantages.

As a result, our R&D has been increasingly strategic, with a priority focus on energy efficiency and the promotion of clean sources for electricity generation to create new business opportunities or new niche markets.

In 2019, we invested R\$ 65.4 million in projects, R\$ 18.8 million to the MME, in order to fund the studies and research for planning the expansion of the energy system, and R\$ 37.7 million for the National Fund for Scientific and Technological Development (FNDCT), totaling R\$ 121.9 million.

Our investments in R&D projects were mainly focused on the following topics:

Investment in Research, Development and Innovation (R\$ thousand)



2019 Highlight

STORAGE OF SEASONAL ENERGIES

Since 2016, we have started the Hydro solar Synergy with Storage Systems Support project, which seeks to face the challenge of storing energy generated from the forces of nature that are not under human control.

We are building a photovoltaic solar energy generation system by installing panels around and in the reservoir of the Itumbiara Hydro Power Plant (MG / GO), storing this energy in batteries.

Thanks to this pioneering initiative, the power produced by the solar plant installed in the reservoir of the Itumbiara hydroelectric plant in Goiás, which has the best solar generation indexes, will be stored in high performance electrochemical batteries and, in a second phase, it is also foreseen the storage of hydrogen, to be obtained by means of the electrolysis of the water.

The project is a partnership between Furnas, the State University of São Paulo (Unesp), the University of Campinas (Unicamp), the National Service for Industrial Training (Senai) from Goiás and the University of Brandenburg, Germany, an academic institution with experience in the storage of hydrogen.

Connection with the future

We created several initiatives to accelerate the advancement of digitalization and business innovation, fostering the intrapreneurial culture and, thus, accelerating the realization of innovation projects in processes, products and organizational methods that resulted in the generation of value for the Company. Below are the main projects in this direction:

INOVA FURNAS

Since 2016, the program selects and trains teams of employees on innovation methodologies and proposes cycles in which these teams identify, validate and expedite potential innovations, which may lead to changes in processes, new technologies, partnerships with the market (including startups) and R&D projects.

Altogether, around 100 employees have participated in the project and we have received approximately R\$ 3 million in benefits.

FURNAS DIGITAL

Project to digitize and integrate internal processes, reducing the use of paper and monitoring information with greater timeliness and quality. In its first cycle, in 2019, 11 projects were presented by leaders from different areas. In the first three months alone, it generated savings of R\$ 343 thousand.

Examples of these projects were the review of processes for issuing financial opinions, printing and sending engineering documentation and generating evidence for audits, allowing savings of around 50% in human and material resources.



Inova Furnas Program Team.

COMMITMENTS TO SUSTAINABILITY

GRI 102-13; 102-20

Fundamentals

We are committed to generate and transmit energy on a sustainable basis and, to do so, we use a conscious management, guided by economic viability, respect for the environment and social inclusion, contributing to the country's development while making business increasingly more competitive and sustainable.

Collaboration

We potentiate our contribution to sustainable development by working with entities representing the sector and initiatives focused on themes relevant to our business and the impacts generated by them.

We participate in a number of business and sectoral development initiatives and associations:

- Brazilian Association of Electricity Companies (ABCE)
- Brazilian Association for the Development of Nuclear Activities (ABDAN)
- Brazilian Nuclear Energy Association (ABEN)
- Brazilian Association of Non-Destructive Testing and Inspection (ABENDI)
- Brazilian Association of Risk Management (ABGR)
- Brazilian Association of Ombudsmen - Rio de Janeiro Section (ABO)

- Brazilian Association of Electricity Generating Companies (ABRAGE)
- Brazilian Asset Management and Maintenance Association (ABRAMAN)
- Brazilian Association of Large Electricity Transmission Companies (ABRATE)
- Rio de Janeiro Commercial Association (ACRJ)
- Brazilian Committee of the World Energy Council (CBCME)
- Brazilian Center for Strategic Studies (CEBRES)
- Brazilian Center for International Relations (CEBRI)
- Electricity Memory Center in Brazil
- Brazilian National Committee for the Production and Transmission of Electricity (CIGRÉ-Brasil)
- Rio de Janeiro Industrial Center (CIRJ-FIRJAN)
- FGV Energia-Fundação Getúlio Vargas - Center for Energy and Sustainability Studies with Scientific Support
- Business Management Committee Foundation (FUNCOGE)
- Group of Institutes, Foundations and Companies (GIFE)
- Electric Sector Strategic Development Institute (ILUMINA)
- Interstate Electric Energy Industries Union (SINERGIA)
- Latin America Utilities Telecom Council (UTCAL)

We also assist the development of the innovation and entrepreneurship ecosystem by supporting Rio de Janeiro's bid to be the "Silicon Valley of Energy".

With the project "Energy and Sustainability Innovation ecosystem" - in partnership with several companies in the sector, government agencies and universities in the region -, we signed a letter of intent to bring the Massachusetts Institute of Technology (MIT) methodology for ecosystem development, places of innovation and entrepreneurship, already applied in 49 countries. With this, we seek to foster the integration of companies, government, universities, investors and entrepreneurs.

The Energy and Sustainability Innovation ecosystem will be the world's first of this theme created and will allow Furnas to develop more business and technologies in partnership with startups, ensuring its relevance and participation in a constantly changing scenario.

We support several initiatives and associations for sustainable development:

- Environmental Agenda in Public Administration (A3P);
- Commitment to Fight Sexual Exploitation of Children and Adolescents by Firjan;
- Brazilian Business Commitment to Biodiversity;
- Abring Foundation's Child Friendly Company;
- Brazilian Business Council for Sustainable Development (CEBDS);
- Thematic Group on Human Rights and Labor of the Brazilian Network of the Global Compact;
- Brazilian Global Compact Committee (CBPG);
- Business Initiatives (IEs) of the Center for Sustainability Studies of the Getúlio Vargas Foundation (FGVces);
- IHA - International Hydropower Association;
- United Nations Development Program (PNUD);
- Network of Companies for Learning and Eradication of Child Labor, an initiative of the Ethos Institute, the International Labor Organization, and the Ministry of Labor;
- Na Mão Certa Program of the Childhood Brazil Institute;
- Pro-Gender Equality Program, promoted by the Presidential Secretary of Women's Policies (SPMPR);
- Permanent Committee on Gender, Race and Diversity Issues of the Ministry of Mines and Energy and Related Entities (Cogemnev);
- Women's Empowerment Principles (WEP).

Institutional Commitment

The sustainability look in the strategic definition and decision-making is transversal and permeates the day-to-day of our entire operation, in the most diverse areas. This means that we take ethics and responsibility into account in all our relationships, with the different audiences that make up the business and the environment.

As guardian of this culture, we have the Strategy and Sustainability Management Administration, linked to the Presidency's office.

This structure ensures the planning, strategy, performance and sustainability connection. The management is responsible for implementing internationally recognized sustainable management processes, procedures and tools, monitoring and evaluating the results, preparing goal and improvement plans related to the theme, proposing the material themes to the Board of Executive Officers.



SE Foz do Iguaçu (PR).

Strategy

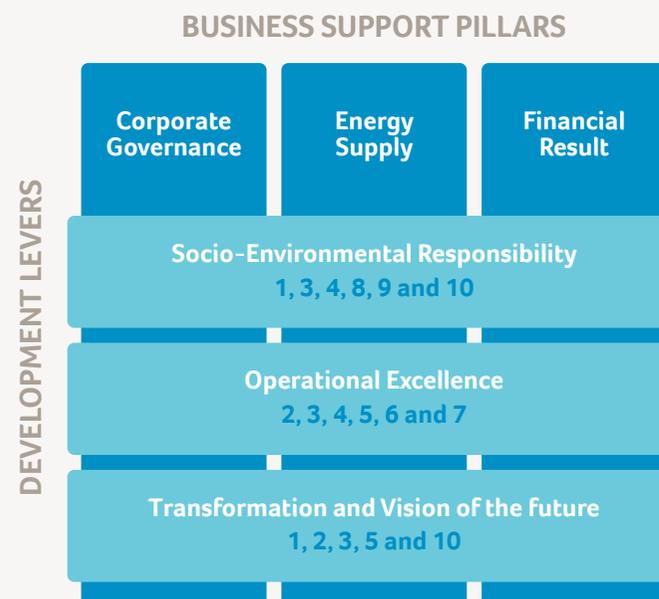
In 2019, we conducted a process to review the strategic priority pillars for business sustainability. Based on the relevant (material) themes defined by the Holding, we carried out an in-depth analysis of the sector that supported the presentation of a workshop with Furnas executives and employees to define our ten material themes.

At the meeting, more than 40 people from different areas of the business assessed the strategic relevance of the themes presented, their potential for impact, risk and opportunity.

The completion of this work gave rise to our sustainability strategic pillars, which base the construction of this report and the monitoring and evolution of our management, through the development levers: Social and Environmental Responsibility, Operational Excellence and Transformation and Vision of the Future.

Materiality

GRI 102-47



MATERIAL THEMES:

1. Energy transition;
2. Research and development + innovation;
3. People management and development;
4. Water;
5. Cybersecurity and digital transformation;
6. Risk and crisis management;
7. Fighting corruption and ethics management;
8. Socio-environmental aspects in decision-making;
9. Human Rights; and
10. Climate changes.



ENVIRONMENTAL MANAGEMENT



06

ENVIRONMENT

RESPONSIBLE MANAGEMENT

The management of interaction with natural resources and with environmental, urban and socio-cultural heritage is a theme that is increasingly analyzed by companies, in view of the degradation processes experienced over the past centuries.

At Furnas, this attention has always been a reality in the planning, construction and operation of projects so that they are in harmony with the environment and society, minimizing negative impacts while improving environmental quality, thus guaranteeing the generation of value over time.

In 2019, we started a Cleaner Production pilot project at TPP Santa Cruz (RJ), which focused on reducing the generation of oily water and the consumption of fossil fuels in the vehicle fleet.

We started using ethanol instead of gasoline in this TPP fleet, thereby avoiding emissions of 11,069 kg of CO₂e in 2019, equivalent to the benefit that would be achieved by planting 2,140 tree seedlings.

For over two decades now, we have implemented the Furnas Environmental Policy and, currently, we also follow the Environmental Policy of Eletrobras Companies, principles and guidelines for environmental legal compliance, continuous improvement of environmental processes and natural capital conservation.

Read the policy at: <https://bit.ly/2WUWxVb>

In 2019, we invested R\$ 122.7 million in environmental protection, 24.6% more than in the previous year.

Investments (in R\$ million)	2017	2018	2019
Equipment and maintenance	82.3	79.4	115.9
Environmental Education and Training	1.2	0.4	0.9
Research and Development	7.7	17.9	4.0
Others	1.0	0.8	1.9
Total Investments	92.2	98.5	122.7

In 2019, technical inspections were made to update the Plans to Monitor Effluents and Water Quality (PMEQAs), Waste Management Plans (PGRs) and Emergency Response Plans (PAEs) in 17 substations, 13 hydroelectric and two thermoelectric plants.

Following the National Solid Waste Policy (PNRS), 245 direct and indirect workers were also trained in solid waste management in five plants and six substations.



Aplastodiscus eugenioi - Fauna monitoring - LT Angra/Angra (RJ).

CLIMATE CHANGES

GRI 103-1; 103-2; 103-3; 302-4; 302-5; SASB IF-EU-110.a.3; IF-EU-120.a.1

We are committed to minimizing our impact and contributing to a low carbon economy, by means of a climate strategy focused on clean and renewable energy generation, such as hydropower, which accounts for more than 97% of our installed capacity (considering HPPs in partnership/SPEs).

We have joined Eletrobras Companies' environmental policy, which includes commitments to minimize emissions and energy consumption from non-renewable sources and assumed the Eletrobras Commitment Declaration on Climate Change, setting goals to reduce greenhouse gas emissions (GHG) since 2013.

We also participate in two committees dedicated to energy efficiency and climate strategy: the Eletrobras System Integrated Energy Efficiency Committee (CIEESE), focused on promoting energy efficiency through the development of technological solutions, and the Working Group on Climate Change (WG 3/ SCMA), which elaborates the GHG Emissions Inventory, develops emission reduction strategies and currently has also studied the vulnerability of Eletrobras Companies concerning climate changes.

Furnas has carried out important studies to support future strategies for mitigating and adapting to climate change:

Adapting to Climate Change Study: we concluded the study that diagnoses the vulnerability of the Furnas Hydroelectric Power Plant to climate changes until 2060, identifying which extreme weather events are more likely in the future, so that we can take adaptive measures in an climate change Adaptation Plan. The study estimated an increase in the rainfall pattern of up to 20% in the months of December to April and a decrease of up to 50% in the months of May to November;

Internal Carbon Pricing Study: identifies and evaluates risks and opportunities associated with a mandatory pricing scenario in the future in order to subsidize emissions mitigation strategies and to identify and measure their socio-environmental externalities; and

Carbon footprint study: we carried out a pilot project for Life Cycle Assessment (LCA) to estimate the carbon footprint of the Xavante Transmission Line - Prineus 230 kV. With the results, we were able to learn about carbon emissions at different stages of the life cycle, from construction to operation, enabling better management of these emissions. The result shows that the processes carried out during the construction of the line represent about 40% of the carbon footprint, while the operation is responsible for 60%.



SE São José (RJ).

Impacts

GRI 201-2

The impact of our operations on climate change occurs through the consumption of fossil fuels, the consumption of electricity from fossil sources and associated losses, as well as the generation of waste, which promotes greenhouse gas (GHG) emissions.

On the other hand, we are also impacted by climate change by different factors that may bring risks and opportunities, presented next.



SE Viana (ES).

Cause	Type of Risk	Risk	Consequences	Opportunities	
Change in rainfall pattern	Reputational	Rupture of dams	Social and environmental impacts	Development of projects with stakeholders	
			Damage to corporate Image		
	Physical		Fines and penalties	Adequacy of dam safety plans	
			Profitability loss	Adequacy of seasonal operation and maintenance plans	
	Financial		Uncertainty about the reservoirs level	Reduction in electricity generation	Identification of new alternative energy sources
				Profitability loss	
Regulatory	Water uptake reduction	Reduction of electricity generation			
Change in Average Temperature	Market	Behavioral change of the consumer	Profitability loss	Adequacy of seasonal operation and maintenance plans	
Change in Frequency Pattern and Wind Intensity	Physical	Fallen transmission towers	Reduction of electricity generation	Adequacy of seasonal operation and maintenance plans	
	Financial		Profitability loss	Investments in research and innovation aimed at adapting to climate change	
Climate change in general	Regulatory	Unfeasibility of carbon intensive projects	Profitability loss	Development of internal carbon pricing project	
	Market			Development of Carbon Credits Projects	
				Exploration of new market niches (e.g.: Renewable Energy Certificates Market)	
	Financial	Failure to obtain climate financing	Lower investment capacity	Low carbon business development	

Mitigation and Adaptation

Since 2016, we have invested in risk identification and treatment measures to reduce our vulnerability to impacts associated with climate change.

Opportunities

We are continually seeking opportunities to create new technologies and business models aligned with the pursuit of a low carbon economy. Our Research, Development and Innovation (R&D+I) projects seek to support the reversal of the risks arising from climate change in new value generating opportunities for the business and for society. Learn more in the R&D and Innovation chapter on page 38.

Indicators

As a contribution to a low-carbon economy, Eletrobras' Business and Management Master Plan (PDNG 2018-22) is committed to maintaining the indicator "Greenhouse Gas Emissions (GHG) Intensity / Net Operating Revenue" at 0,33 for 2018 and 2019; at 0.38 for 2020 and at 0.37 for 2021 and 2022.

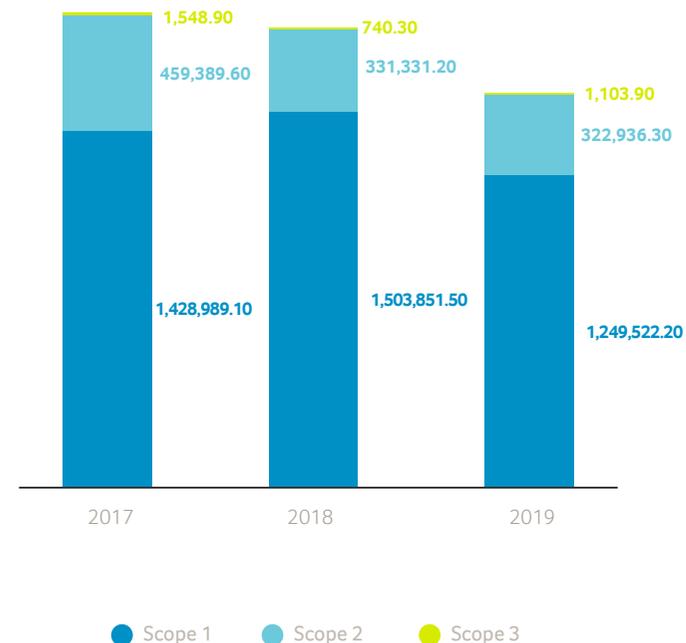
Furnas is one of the founders of the Brazilian Greenhouse Gas Protocol (GHG Protocol) program, a tool with internationally recognized methodology for measuring and managing GHG emissions.

In 2019, for the seventh consecutive year, our GHG inventory received a Gold Seal, recognition given to companies with complete inventories and verified by agencies accredited by Inmetro.

Furnas plans to reduce its absolute emissions by 1% with regard to energy consumption obtained by local concessionaire and fossil fuel by 2022.

The total emissions in 2019 were 1,573,562.4 tCO₂e, and 52.09 t of NO_x and 2.65 tons from other atmospheric emissions. The emission intensity in 2019 was 8,668,451 tCO₂e / R\$ thousand of Net Operating Revenue.

Greenhouse gas emissions (in thousands of tons of CO₂e)



To access Eletrobras Companies' emissions inventory, go to:
<https://bit.ly/36FhBW3>

WATER

Since 2010, Eletrobras Companies have a Water Resources Policy that guides the promotion of the sustainable and rational use of these resources, considering their multiple uses.

Since 2005, we have participated in the Working Group on Hydric Resources and Hydroelectric Potential of Eletrobras Companies (GTRH-EE), which prepares annual reports for evaluation and monitoring of flows and also the situation of water resources for energy generation.

Considering the relevance of the resource for our business, we also participated in several initiatives aimed at developing the water management of the National Water Resources Management System (SINGREH), through the National Water Agency (ANA), the Hydrographic Basin Committees (CBH), the State Water Resources Councils (CERH) and the National Water Resources Council (CNRH).

According to Law No. 7,990 / 1989, Furnas pays financial compensation for using water resources in its hydroelectric dams. The National Electricity Agency (ANEEL) manages the collection and distribution of these resources among the beneficiaries: states, municipalities and State direct administration agencies. The values are calculated based on the energy generation each year. In 2019, the amount of R\$ 145.2 million was paid.

Water Use

GRI 103-1; 103-2; 103-3; 303-1; 303-2; 303-3; 303-4; 303-5; SASB IF-EU-140a.3

IMPLEMENTATION OF PLANTS

In the hydroelectric project phase, we estimate water availability at the project site and the energy to be generated carrying out projections of the consumptive use of water for the concession period (regulated in 35 years), based on studies and plans in accordance with the guidelines and scenarios of the National Water Resources Plan (PNRH).

The Environmental Impact Studies (EIA) consider minimum flows for the maintenance of environments, species and ecological processes downstream of hydroelectric plants.

Before issuing a grant for the project, the National Water Agency (ANA) evaluates these studies and considers the future demand for basin water use, in order to allow the multiple use in the future or preserve the resource.

The water volumes stored in the reservoirs of the National Interconnected System (SIN) are defined by the National System Operator (ONS), according to the observed flows, storage capacities and operating system restrictions, also considering the other water uses in the projects' locations with a view to water security in the basin.

Volumes withdrawn from all operations are monitored, as well as water and effluent quality, and data are made available to competent bodies. Technical inspections are periodically conducted to evaluate water management systems.

OPERATION

SASB IF-EU-140a.1

Hydroelectric plants, responsible for about 97% of the energy generated, are supplied by large reservoirs, which extends over an area of 5.560 km², distributed along several hydrographic basins.

All the water used in the hydroelectric power plants is fully returned to the water bodies with similar quality when it was captured, however, there may be a change in the water flow.

Run-of-river hydroelectric plants do not store water and do not alter the flow, but those with reservoirs alter the amount of water downstream of the damming. However, plants with reservoirs ensure minimum flow in times of low inflows, still provide flood control and can avoid natural flooding.

In all reservoirs, water quantity and quality are systematically evaluated by hydrological and limnological (relating to the scientific study of freshwater extensions) monitoring programs, which provide fundamental data such as storage level, tributary and defluent flow, nutrient contents and respective biological productivity, pollutants concentrations and bathing.

We monitor water quality and track the conditions for safe use, for water supply, irrigation, fishing, navigation and leisure.

Withdrawal of water by source (m ³)	2017	2018	2019	Var 2018x2019 (%)
Administrative activities				
Supply network	175,575	160,350	154,463	-4
Ground sources	126,598	105,263	66,224	-37
Surface source	2,786,023	2,781,769	2,731,990	-2
Thermal generation				
Surface source	84.934	84.458	58.988	-30
Rainwater collected	530	169	120	-29

The PDNG 2020-24 of Eletrobras Companies, aligned with the UN Sustainable Development Goals (SDG), stipulated a reduction target of 0.3% in administrative water consumption year by year until 2022, with 2017 as base year.

Water discharge	2017	2018	2019	Var 2018x2019 (%)
Turbocharged by hydroelectric power plants (millions m ³)	NA	159,446	202,272	+27

At substations and transmission lines we use water in administrative and operational activities, such as equipment cooling. The Ibiúna and Foz do Iguaçu substations, which are part of the HVDC (Continuous Current) Transmission System, also require water to cool their converters.

In thermoelectric plants, water is collected from surface sources for refrigeration and steam generation and returned to the original water body complying with legal standards of temperature and quality, minimizing the impact on ecosystems and habitats.

In administrative activities, water is mostly provided by the supply network and in our plants and laboratories, we encourage the reuse of water and the use of rainwater, in addition to adopting eco-efficient measures such as the installation of sensors in the bathrooms.



Lonopsis paniculata - Flora survey - LT Angra-Angra (RJ).

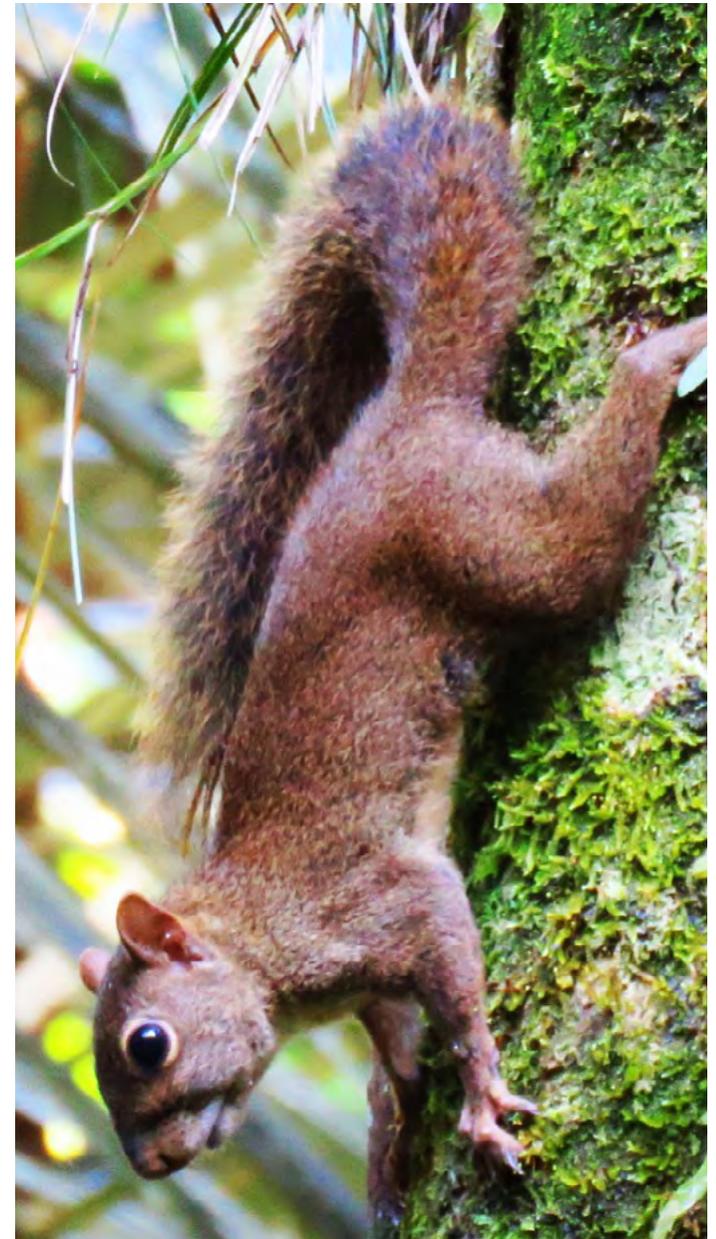
Effluents management

Our projects have the PMEQA (Plan to Monitor Effluents and Water Quality), which establishes procedures to control the quality of water for human consumption, reducing the organic load of sanitary sewage effluents and controlling the discharge of industrial liquid effluents.

The sanitary sewage effluents are treated at the Effluent Treatment Station (ETEs) and some parameters of the effluents should be periodically monitored, such as pH, suspended solids, BOD, COD and any others that may be requested by the environmental agencies.

All effluents discharged follow the standards defined in CONAMA 357/2005, CONAMA 430/2011 and other applicable resolutions.

We also have a Technical Notebook with Guidelines for the Management of Residues and Effluents in Works and Services, which defines the environmental instructions and requirements to be followed by the suppliers (contractors), aiming at preventing pollution, controlling and managing the liquid effluents resulting from the activities.



Guerlinguetus ingrami - Fauna monitoring - LT Angra-Angra (RJ).



Chopim do brejo (*Pseudoleistes guirahuro*) – Fauna monitoring – UHE Porto Colômbia (MG/SP).

BIODIVERSITY

GRI 103-1; 103-2; 103-3; 304-1; 304-2; 304-3; 304-4; EU-13

Since 2012, the Environmental Policy of Eletrobras Companies presents specific guidelines for biodiversity, aiming to improve management and include the theme in decision-making processes.

We are also part of a permanent working group - the Working Group on Aquatic Resources and Biodiversity of Eletrobras - which, since 2016, has developed a study on the exposure to risks related to biodiversity and ecosystem services and the opportunities of this interaction, aiming at companies' management and performance improvement.

We are committed to complying with environmental legislation and internal policies in order to eliminate or mitigate impacts at each project phase.

In 2019, Eletrobras joined the Brazilian Business Commitment to Biodiversity, launched by the Brazilian Business Council for Sustainable Development (CEBDS), which defines nine goals to be met by 2030. The Commitment seeks to emphasize the importance of biodiversity and ecosystem services for companies and promote actions aligned with national and global biodiversity strategic plans.

The working group on Aquatic Resources and Biodiversity from Eletrobras Companies Environment Committee actively participated in the elaboration of the commitment, which is in line with the Biodiversity Guidelines of the Environmental Policy of Eletrobras Companies.

Biodiversity Management at Power Plants

IMPLEMENTATION OF PLANTS

The construction and implementation of hydroelectric power plants brings the main potential impacts on biodiversity and may affect hydrology and climate and cause erosion and sedimentation, also affecting flora, fauna and the local landscape.

For each one of these impacts, we define actions that aim at the maximum reduction, as detailed presented on our website: <https://bit.ly/38QfD40>

These actions involve programs and plans that contribute to the conservation status of the species and their respective ecosystems and actions that enhance the integrity of the ecosystems and their services, resulting in biodiversity conservation.

IMPLEMENTATION OF TRANSMISSION PROJECTS

The main impacts of transmission projects are the suppression of vegetation to create rights of way, the cleaning of areas for the assembly of towers and the construction of launching places for conductive cables, as well as the access routes for transportation of materials and equipment to the sites of the towers.

These impacts may cause reduction in plant biomass, fragmentation of terrestrial habitats, edge effect and, potentially, loss of habitat by local fauna and reduction in abundance.

The projects are developed with a focus on the least possible impact in each phase:

- We require contractors to provide environmental management in accordance with legal provisions.
- We use higher towers (“lifting”), avoiding the shallow cutting of any vegetation present in the right of way, or special cable laying techniques, to avoid deforestation in areas with a high degree of biodiversity.

ENVIRONMENTAL LICENSING

All the studies and reports prepared for the environmental licensing of our projects are conducted in order to meet the conditions established by the competent environmental agencies and look for best practices.

During the process, we carry out the monitoring of the ichthyofauna, the monitoring and rescue of wild fauna, programs to minimize vegetation suppression and reforestation, and the implementation of environmental education and communication programs.

In 2019, we obtained 40 legal permits, granted by nine agencies for our plants, transmission lines and substations in operation.

We also presented to the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) the Environmental Impact Study - Environmental Impact Report (EIA / RIMA) of the Angra - Angra Transmission Line and held a Public Hearing in the municipality of Angra dos Reis (RJ)), complying with the requirements for obtaining the Preliminary License.



Irerê (*Dendrocygna viduata*) – Fauna monitoring – UHE Porto Colômbia (MG/SP).

OPERATION

In the hydroelectric plants operation phase, the possible impacts are the change of water quality, the proliferation of aquatic macrophytes and the changes in the composition and abundance of the ichthyofauna, as well as the proliferation of vector insects.

It is also relevant to manage the use and occupation of reservoir banks, which are surrounded by Permanent Preservation Areas and therefore must observe use and occupation restrictions.

Learn about the main programs in 2019 in the sub-chapter “Environmental Conservation and Recovery”, next:

Preservation And Environmental Recovery

GRI 304-4

ENDANGERED SPECIES

From the projects for which there is recent and traceable information, the species that are on the IUCN red list and their status on the national conservation list have been compiled (MMA, 2014).

In 2019, the Fauna Monitoring of TPP Porto Colombia was carried out, for which there was no recent data. Therefore, two species were included in the previous list: *Aratinga auricapillus*, a Near Threatened bird according to IUCN; and *Rhinella diptycha*, whose evaluation is still pending for being Data Deficient.

Altogether there are 36 birds, 22 mammals and six reptiles and amphibians. Data-deficient species have also been recorded, that is, little studied species that have not yet defined their status, being eight mammals and five reptiles / amphibians.

The categories found were: five endangered, 36 near threatened and 23 vulnerable.

Actions for the conservation of endangered species:

In addition to fauna monitoring programs, which are carried out periodically in projects in order to detect any changes in the dynamics of threatened species, in 2019, FURNAS committed to Ibama to start Conservation Projects for threatened species in two TPP in operation phase:

- Conservation Program for the Mutum-de-Penacho (*Crax fasciolata*, Vulnerable according to IUCN and Critically Endangered according to MMA) and Aracuã (*Ortalis remota*, Critically Endangered according to MMA), in the TPP Marimbondo area of influence, already initiated.
- Small Feline Conservation Program (four target species, including *Leopardus tigrinus*, Vulnerable according to IUCN; *Leopardus colocolo*, Near Threatened according to IUCN), in the area of influence of HPP Batalha, starting in 2020.

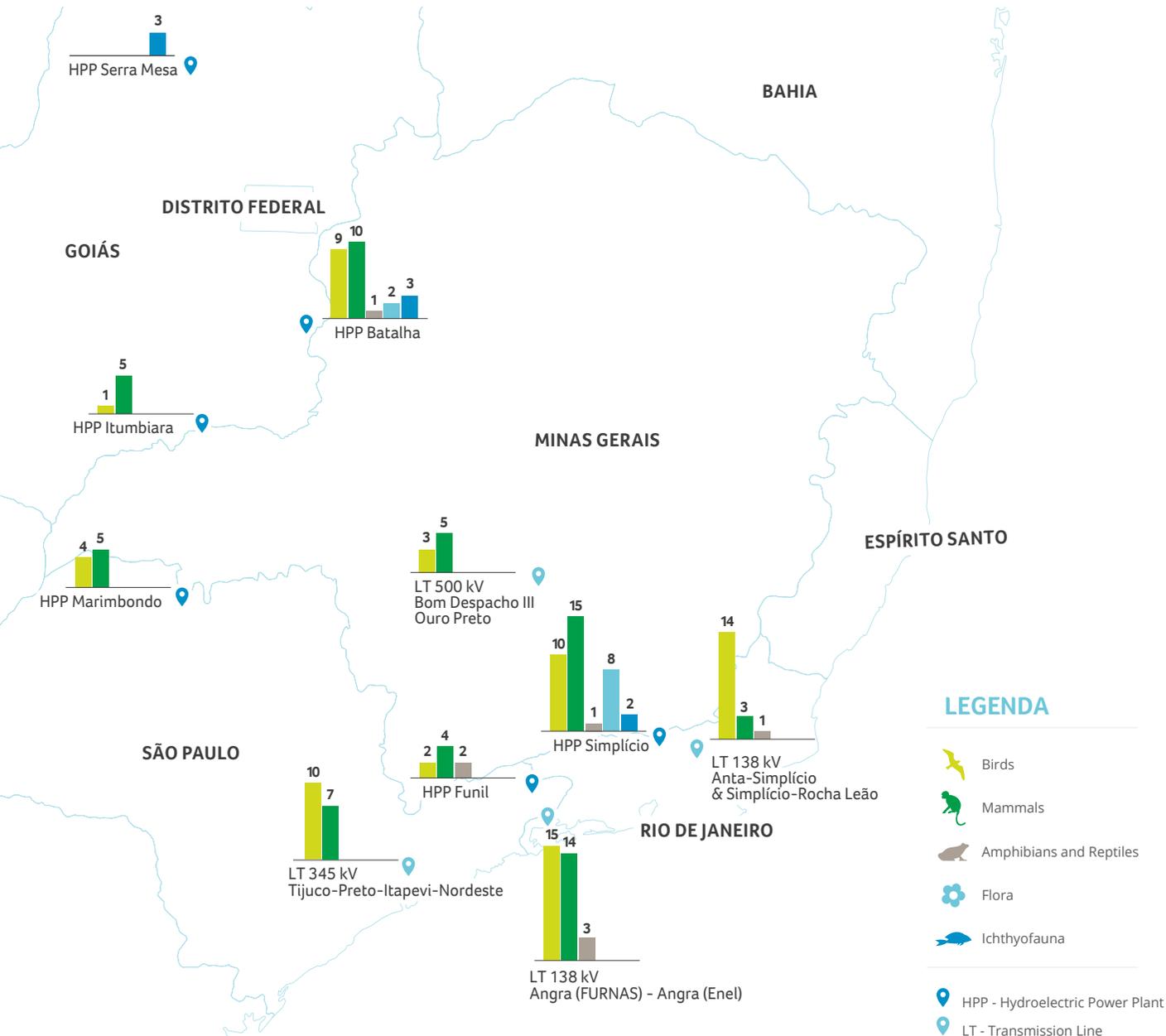
Our operational area occupies 7,326.14 m², of which 127.17 m² are protected areas. Find out more at: <https://bit.ly/2XIVWYJ>

Protected or restored habitats (km ²)	2017	2018	2019
Areas degraded by transmission projects in operation that were recovered	0.467	0.389	0.197
Recovered Permanent Preservation Areas (APP) that have been affected by hydroelectric projects in operation	1.683	1.332	0.0015
Permanent Preservation Areas (APP) that have been affected by hydroelectric projects in operation	0.028	-	6.697
Areas degraded by hydroelectric projects in operation that have been recovered	0.149	0.0011	0

Species included in the conservation list* with habitats in areas affected by company operations	IUCN	MMA
Near threatened	35	0
Vulnerable	21	33
Critically endangered	0	4
Endangered	6	8

* IUCN Red List (International Union for Conservation of Nature) and List of the Ministry of the Environment.

ENDANGERED SPECIES INVENTORY IN THE FURNAS AREA



LEGENDA

- Birds
- Mammals
- Amphibians and Reptiles
- Flora
- Ichthyofauna

- HPP - Hydroelectric Power Plant
- LT - Transmission Line

Next, get to know the main projects developed in 2019:

REFORESTATION

We carry out reforestation actions in Permanent Preservation Areas, in addition to the forest restoration in reservoirs remaining areas of hydroelectric plants and transmission lines.

In 2019, about 750 hectares were reforested, equivalent to 678 soccer fields.

Nascentes de Furnas Project - committed to mitigate the impact of the water crisis on the HPP of Furnas (MG), in 2017 we signed a partnership with the Association of Lago de Furnas Municipalities for the recovery of riparian forests in 400 springs, totaling 50.4 hectares. By the end of 2019, 62 thousand seedlings were planted in 310 springs in the Atlantic Forest and Cerrado biomes, in 31 municipalities located around the Furnas HPP Reservoir, adding up to a total of 40 hectares. In total, 50.4 hectares will be reforested.



Seedlings from the Nascentes de Furnas (MG) project.



Onça parda (*Puma concolor*) – Fauna monitoring – UHE Marimbondo (MG/SP).

ICHTHYOFAUNA CONSERVATION

In 2019, we carried out continuous ichthyofauna monitoring initiatives in seven plants. It is worth noting the partnership with ICMBio (PAN Paraíba do Sul) and the Piabanha Centro Socioambiental Project, for which we carried out the experimental reintroduction of 80 fish specimens in the Paraíba do Sul River, near the Anta Plant dam. Of these, 60 are endangered species (Piabanha, Surubim-do-paraíba and Grumatã) and 20 are migratory species (Curimatás).

The fish received a radio transmitter, which will allow our telemetric network in the region to track them and, therefore, expand our knowledge about the ecology of these species.

MONITORING OF TERRESTRIAL FAUNA

In the year, we started monitoring the populations of Mutum-de-Penacho (*Crax fasciolata*) and Aracuaã (*Ortalis remota*) in the vicinity of HPP Marimbondo, two birds critically endangered according to the national list of threatened species (2014). We also carry out fauna monitoring at five plants.

ENVIRONMENTAL EDUCATION AND COMMUNICATION

We have developed Environmental Education Programs (PEAs) and Social Communication Programs (PCS) with populations directly or indirectly affected by our projects. The PEAs promote the empowerment of the social actors involved through the engagement with a focus on the preservation and conscious use of natural resources and the PCS inform the population about the project, its impacts and mitigation and control measures, as well as the contribution to national public policies and regional development, in addition to acting as a channel for receiving claims from this population.

In 2019, 3,867 people participated in the PEAs and 2,578 in the PCS in communities affected by the plants and six transmission lines.

In the following chapter, Relationships And Social Action, we present Eletrobras Companies' social responsibility policies which guide the relationship with our stakeholders and promote our value generation.



RELATIONSHIPS AND SOCIAL ACTION



07

EMPLOYEES

Outlook

GRI 102-7; 102-8; 102-22; 103-1; 103-2; 103-3; 401-1; 401-3; 405-1; 405-2; 406-1

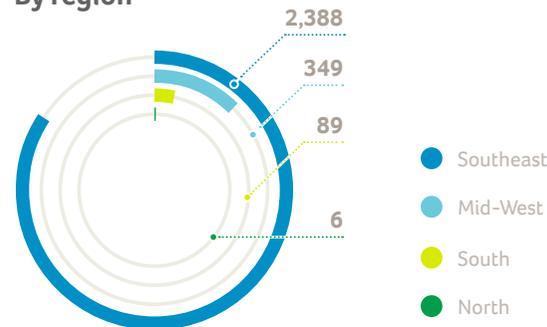
We are a Company comprised of 2,832 professionals, who conduct daily operations, build our strategy and our longevity, with which we are committed to subsidize development - professional and personal - and appreciation.

With that in mind, People Management Policy and the People Management Regulation of Eletrobras Companies set out the concepts, practices and common rules for integrated performance of the people management areas, aiming at the standardization of processes aligned with the Holding's strategic guidelines, enhancing synergies and contributing to the construction of the same corporate culture.

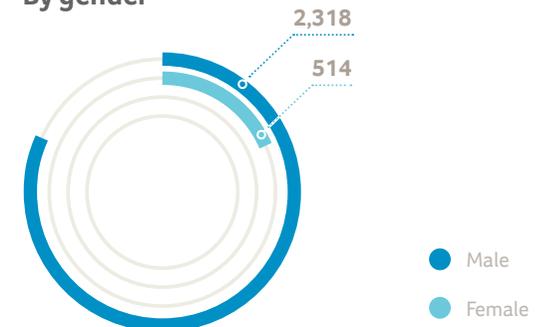
Our hires are done by civil service exam and follows the legislation of State-Owned Companies, the Consolidation of Labor Laws (CLT) and Collective Labor Agreements, observing the determinations of the Holding, the Ministry of Mines and Energy and the Secretariat of Coordination and Governance of State-Owned Companies (SEST).

Get to know our active workforce profile*

By region

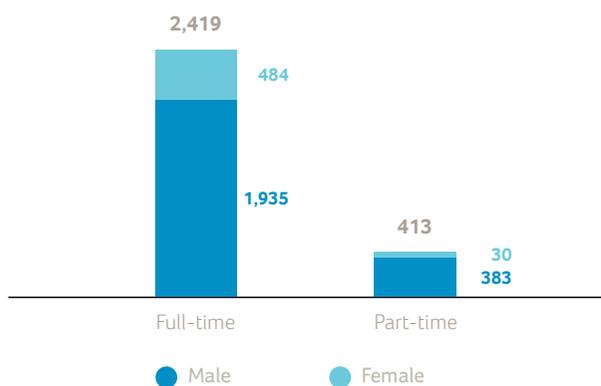


By gender

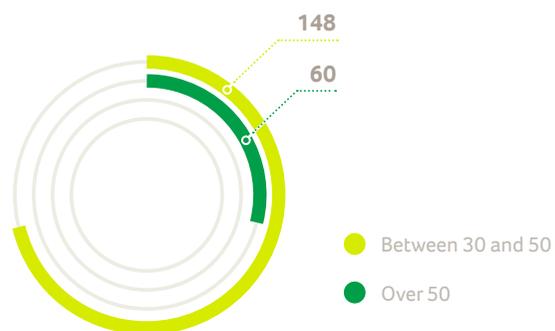


* Information on non-permanent employees is available on the pages XXX.

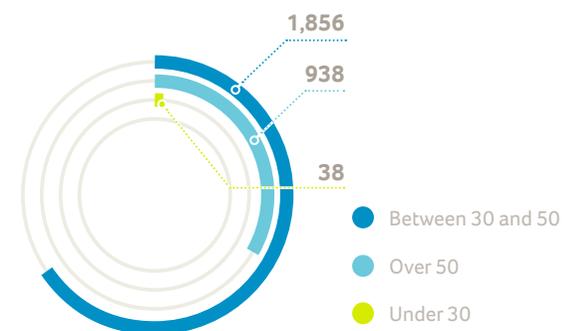
By gender and employment type



Leadership (managers) by age group



Employees by age group



	Gender		Region					Age group		
	Female	Male	North	Northeast	Mid-west	Southwest	South	Under 30	Between 30 and 50	Over 50
* Total hires	29	80	0	0	25	83	1	0	62	47
Hiring rate	0.06	0.03	0.00	0.00	0.07	0.03	0.01	0.00	0.03	0.05
Total terminations	55	235	2	0	35	242	11	0	24	266
Turnover rate	0.11	0.10	0.29	0.00	0.10	0.10	0.12	0.00	0.01	0.28

* The figures do not consider the employees assigned between Eletrobras Companies.

DIVERSITY

We are one of the pioneers in joining the Pro-Equity Gender and Race Program, coordinated by the Secretariat for Women's Policies of the Presidency of the Republic.

We have adopted non-discrimination in all our development policies and actions for female and male employees, making no distinction based on gender or race in the provision of opportunities and in the definition of compensation. E In 2019, no cases of discrimination were registered in the Company.

Regarding gender, we monitor indicators regarding pay equity and balance in after parental leave retention, presented below:

Ratio between women vs. men's compensation	Managerial position		Higher education position		Primary and secondary level	
	Salary	Compensation	Salary	Compensation	Salary	Compensation
	0.98	0.95	0.91	0.79	1	0.67

In the past two years we have had a 100% return rate on parental leave between women and men and a 100% retention rate after one year of return.

In 2019, we partnered with the Civil and Environmental Engineering School (EECA) of the Federal University of Goiás and the Regional Council of Engineering and Architecture (CREA) and launched the project "Girls and Female Engineers Talk: sowing opportunities for gender equality in science." The project promoted the visit of 45 girls from three public schools to our laboratory in Aparecida de Goiânia, to stimulate girls' interest in engineering, contributing to a future with more gender equality in this career.



SE Campinas (SP).

RESTRUCTURING

The reduction of 316 employees in 2019 is mostly explained by the implementation of the Consent Dismissal Plan (PDC), in Furnas, including 276 employees, as determined by the Holding.

In recent years we have been working to adjust the structure of our workforce and service providers, Eletrobras' strategic orientation to support and execute the Company's strategic planning.

Our focus is to align the Company with the best people management practices, transforming our management philosophy so that professionals can have a career with more and more qualifications and opportunities.

In this changing scenario, we have important tools:

- The Knowledge Transfer Program, which seeks to ensure the preservation of the Company's intellectual capital and the quality in our operation;
- The Talent and Opportunity Bank enables the implementation of an adequate succession plan, with processes and criteria in line to the People Management Regulation of Eletrobras Companies so that succession takes place in a planned manner, allowing for an adequate career transition; and
- A specific program for retirement preparation supporting this moment of transition.



New Furnas headquarters (RJ).

In relation to the demobilization of service provision contracts, the 2019 changes also focused on adapting contracts to the Company's specific needs, with greater effectiveness.

To carry out the demobilization of the 1,043 third-party employees, we signed an agreement with the Association of Contractors, Ex-Contractors and Service Providers in Furnas (ACEP) and the National Federation of Urban Developers (FNU), approved by the Supreme Federal Court.

Another new aspect, to be completed in 2020, is the move to our new headquarters, in a modern and functional space, where we will concentrate our team, providing better integration. Along with the change of location, the Furnas Memory Project is promoting a curatorship to compose a museum that preserves the memory of our Company, with iconographic materials, stories and testimonies.

Career and development

GRI 103-1; 103-2; 103-3; 404-1; 404-2; 404-3; 405-2; G4-EU14

Our Global Learning Plan guides continuing education through actions of the Corporate Education and Knowledge Management focused on the development of general competencies and on the specific works' needs and processes of each function.

Global Learning Plan Development Axes:

- Individual Development Plan (PDI);
- Strategic Actions Specific to the Company's Business Areas; and
- Health and Safety.

The training also meets the demands mapped out in the Individual Development Plans (PDI), resulting from the employee performance evaluation process. In the assessment, both the employee and his/her manager list the skills to be developed for career development and, then, the necessary educational actions are offered.

During the year, we started the development of a new evaluation model, improving the feedback practice, the clarity of goals and objectives and the monitoring of the evolution to reach them. To support these advances, we held lectures with a people management specialist focused on managers and staff, who highlighted the practice of feedback as an important ally to interpersonal relationships and people management.



“Basic Concepts of the Electrical Sector” training (RJ).

In all, in 2019, 138,438 training hours were offered, an average of 48.88 per employee.

Average hours of training offered			% of employees who received performance evaluation	
By gender	2018	2019	2018	2019
Women	71.0	39.48	97.1	99.07
Men	36.7	50.97	98.3	99.79
By position				
Managerial positions	79.1	34.97	100	100
Higher education positions	44.2	74.85	97.2	99.6
Positions without higher education	25.3	32.78	98.4	99.7

Occupational health and safety

GRI 103-1; 103-2; 103-3; 403-1; 403-2; 403-3; 403-4; G4-EU16

We have a consolidated health and safety culture that is present in all our activities. The preservation of this culture is continuous: all our employees and service providers are constantly trained on the subject and we train a fire brigade through our Training Center for Emergency Response, at the Furnas HPP, in São José da Barra (MG).

Furnas' Occupational Health and Safety management, linked to the Human Resources area, counts on the collaboration of two working groups: the Occupational Health and Safety Committee, with representatives from all executive offices, and a Standing Accident Prevention Committee, which has the participation of trade union representatives.

These Committees monitor the actions developed by the Occupational Health and Safety, as well as the strict compliance with the Safety and Occupational Medicine Brazilian Legislation.

All of the Collective Labor Agreements, both national and specific to Furnas, address health and safety topics and 100% of employees are represented by the 26 Internal Accident Prevention Committees (CIPAs), 11 Safety Units (USEG) and five Assignees, which assume the duties of CIPAs in the units where they are not mandatory.

Suppliers hired by the Company are required by contract to train their employees and to develop Environmental Risk Prevention (PPRA) and Medical Control and Occupational Health Programs (PCMSO) and provide Personal Protective Equipment (EPI).

Among the actions of the different professionals in the Company, no risk of specific occupational diseases was identified.

Furnas' Employees	Gender	2018	2019
Injury rate	Male	2.11	4.67
	Female	2.68	1.85
Occupational disease rate	Male	0	0
	Female	0	0
Lost Days Rate	Male	83.88	59.5
	Female	8.95	0.93
Absenteeism rate	Male	2.33	2.44
	Female	3.98	5.31
Fatalities	Male	0	0
	Female	0	0



Transmission Line Maintenance.

CUSTOMERS

GRI 102-43

One of the measures of our operational excellence is our customers' satisfaction. With that in mind, Since 2014, Eletrobras has been conducting a unified biennial survey with focus on the generation and transmission business, in which Furnas's performance is also evaluated.

The survey uses the Customer Window methodology, as a method to measure the customer satisfaction of the generation and transmission business, based on customer perception about value attributes and level of importance.

The third edition, in 2018, brought breakthroughs in customer satisfaction.

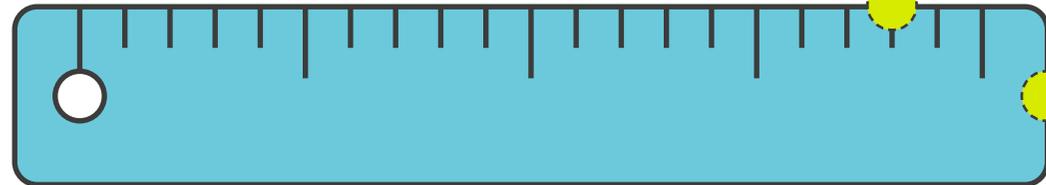


RESULTS OF THE 3RD CUSTOMER SATISFACTION SURVEY

Goal of **85.31%** satisfaction partially reached*

85.17% of global satisfaction

with generation, transmission and Research, Development and Innovation



* In Generation - distribution customers and in Transmission - services users, we exceed the goal.

92.22% of importance degree

for customers of the researched value attributes

SUPPLIERS

GRI 102-9; 102-10; 103-1; 103-2; 103-3; 204-1; 407-1; 408-1; 409-1; 412-3

In 2019, Furnas hosted the 1st National Meeting with Eletrobras Companies' Suppliers, addressing topics such as Sustainability, Human Rights in the Supply Chain and Corporate Integrity.

Outlook

Our supply chain is made up of 3,994 operating companies from the most diverse sizes and segments. In 2019, of these companies, 235 were new contracts established in the year, totaling R\$ 859.9 million, of which 99.99% were local suppliers, that is, from the same region of the purchasing unit.

As a public Company, laws and decrees define the acquisitions rules that underpin our relationship with these suppliers, respecting the constitutional principles of isonomy, the most advantageous selection and the promotion of sustainable national development.

All contracting and acquisitions have been formalized based on the Regulation on Bids and Contracts, which adapts the Eletrobras Companies' contracting guidelines to that established in Law No. 13.303 (State-Owned Companies Act) and ensures governance and compliance in supplier management.

Management

SELECTION AND MONITORING

Our Supply Logistics Policy, based on internationally recognized management practices, establishes the requirements of social, environmental and ethical commitments for our suppliers, since the hiring process, promoting sustainability and integrity.

Contractual obligations determine that the supplier is responsible for knowing and complying, as appropriate, with the principles and standards of the Code of Ethics and Conduct of Eletrobras Companies, the Principles and Norms of Conduct in Furnas relations with its Suppliers, (available at: <https://bit.ly/2PEYhjj> and <https://bit.ly/2qkyppg5>), as well as the Eletrobras Companies' Anti-Corruption Program.

The supplier is also assessed for corporate integrity from the contracting process to its monitoring during contract execution. The evaluation provides that suppliers fill out an integrity risk assessment form, which maps out their relationship with public agents, their conviction history for fraud or corruption, and the existence of an Integrity Program. With the form data, analysis methodology is applied to identify and classify its integrity risk as low, medium, high and very high.

For each of the risk levels, monitoring actions are applied and, for those presenting greater risk, diligence is performed and an Integrity Opinion is issued to identify possible alert points to be monitored.

In 2019, the Critical Suppliers WG, created within the scope of the Sustainability Committee, continued the studies to implement the supplier evaluation methodology developed by FGV, establishing actions according to the risk level associated with its suppliers.

The study includes actions such as the inclusion of contractual clauses with sustainability requirements, training of buyers, managers and contract inspectors, the application of questionnaires and the conduct of audit visits.

During the year, we identified 12 suppliers with a potential risk of incidents of slave or child labor and 235 suppliers with the potential for negative environmental impacts, who were subjected to impact assessments.

In addition, of the 459 significant investment contracts - those submitted to the approval of the Board of Executive Officers in which the active result of the contracting will be incorporated into the Company's equity - all included clauses referring to human rights.

COMMUNITIES

GRI 412-2; 413-2

The Eletrobras Companies Social Responsibility Policy and the Eletrobras Business Spokesperson Policy (available at <https://bit.ly/2RUFpA6> and <https://bit.ly/2AyaUpM>) guide our relationship with the communities surrounding our operation, with society and with the press so that we can promote the generation of value for all our stakeholders.

We are committed to society and the sustainable development of communities affected by our operations and we guide our performance in these relationships based on four principles:

- Conduct business with ethics, honesty, transparency and respect for the rule of law and legal and regulatory frameworks, adopting anti-corruption practices, stimulating the denunciation of any form or attempted act that violates the Eletrobras Companies' compliance regulations;
- Respect human rights in all operations of Eletrobras Companies, not tolerating any violation of these rights;
- Build a reputation for excellence in corporate citizenship, recognizing the impacts of actions and the power to contribute to sustainable development; and
- Ensure permanent dialogue with communities, respecting their values and interests, with a view to improving the quality of life in its social, economic, cultural and environmental aspects.

Awareness

In 2019, we offered more than 82 thousand hours of training on our policies and commitments to human rights to 2,028 employees, which corresponds to 71.6% of the total staff.

To minimize negative socioeconomic and environmental impacts and maximize positive ones, we made constant investments in programs are carried out voluntarily and in compliance with the environmental agencies' requirements while projects for education, health and economic growth fostering are developed, presented next.

Displacement of Populations

GRI 102-43; G4-EU20

Environmental impact studies are done in all new projects, also considering socioeconomic aspects of the affected regions. Eletrobras Companies' Environmental Policy guides the displacement of populations affected by generation and transmission projects and establishes guidelines for relationship with society and environmental communication.

In addition to our internal guidelines, we comply with legal commitments and obligations during the environmental licensing process, such as Federal Decree 7,342/10 and Interministerial Ordinance 340/12, which deal with the social and economic registering of the population affected by dams.

Preliminary studies are carried out to mitigate or eliminate negative impacts in the areas of influence of the projects and from the construction phase to the operation, we monitor the impacts according to the guidelines of the Basic Environmental Project and with the conditions defined by the licensing bodies.

We also monitor the evolution of social and economic conditions of the relocating and the host communities, based on quantitative and qualitative studies at least during the period established by the environmental licenses.

In 2019, we did not participate in new projects demanding population displacements. In the year, R\$ 48.2 thousand was disbursed as compensation for the release and land regularization of the projects:

- TL Mascarenhas-Linhares
- HPP Batalha
- TL Xavantes-Pirineus
- TL Bom Despacho-Ouro Preto
- TL Tijuco Preto-Itapeti
- HPP Simplício

Safety

GRI G4-EU21

EMERGENCIES

All of our projects have their own Emergency Response Plans (PAE), constantly updated, which establish responsibilities, measures and actions to be taken during contingency situations: natural disasters, spills, fire, information technology issues, workers' strikes, company image crisis, among others.

Emergency brigades and employees working in areas considered to be at risk are trained to implement such plans in emergency cases.

As for the transmission lines, the PAEs establishes actions to be taken in order to restore transmission lines, transformers and other equipment, in the shortest possible time, allowing for the maintenance of the electricity supply.

DAM SAFETY

All of our hydroelectric plants have Dams Safety Plan (PSB) that comply with the National Policy on Dams Safety (PNSB), which include general information, technical documentation of the projects, plans and procedures, records and controls, periodic safety review of dams, and Emergency Response Plans (PAEs). The PAEs are sent to the city halls and civil defense institutions of the areas where the dams are located.

Our technical staff carries out periodic structures inspections, complementing them with the analysis of records of the instrumentation installed on them. The results are compiled in technical inspection reports and behavior studies, with frequencies compatible to the characteristics of each project, available for assessment of conformities by sector regulatory bodies, specifically ANEEL.

The plants of the Furnas generation system comply with the safety regulations, in accordance with the Dam Safety Law, ratified by ANEEL Resolution 696/15.

In 2019, we started the dam safety review work, in order to reassess the plans and procedures on the subject and obtain external opinions on dam safety. In addition, we have implemented a new Dam Safety Software (SSB) for monitoring the auscultation instrumentation data in civil structures.



UHE Marimbondo (MG/SP).

SOCIAL PERFORMANCE

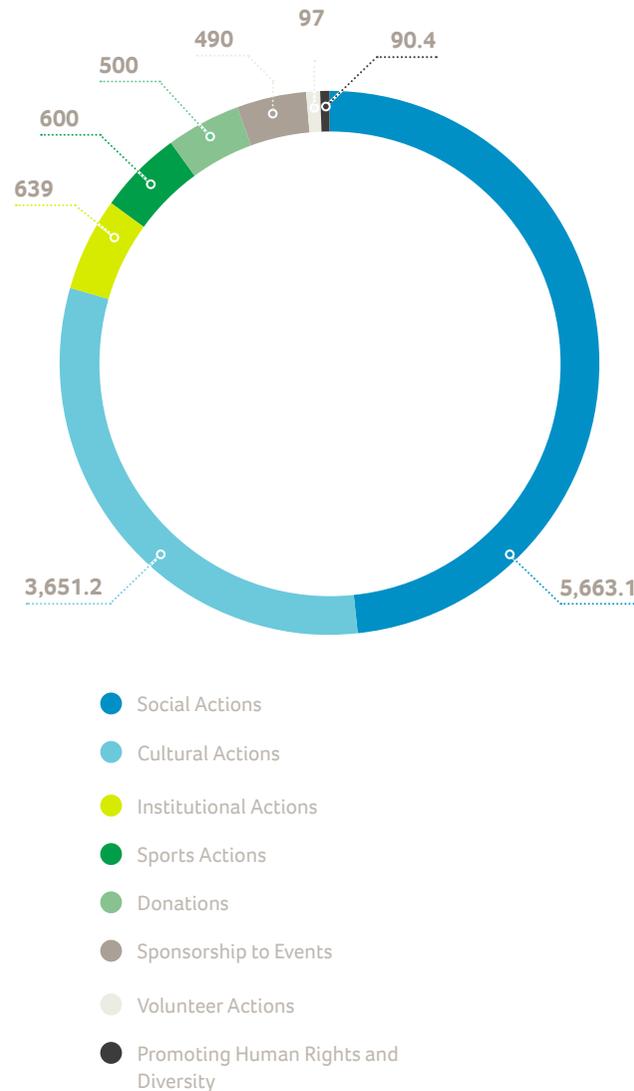
We support social, cultural and sports programs in order to promote the well-being of society, citizenship, respect for diversity, the dissemination of the most diverse cultural manifestations, respect and care for the individual and the environment while expanding the future prospects for millions of Brazilians.

Projects and partner organizations selection is rigorous, with respect to the principles of morality, transparency and impersonality; resources come from the Company's own investment or are encouraged by fiscal renunciation. The social action strategy is also in line with our strategic management, Eletrobras guidelines, Federal Government programs, public policies, Sustainable Development Goals and the United Nations Global Compact principles.

In order to ensure that these resources are effectively invested in carrying out the supported projects and their beneficiaries, we monitor the projects and only release the resources after compliance with the obligations defined in the agreements.

In 2019, we invested R\$ 11.7 million in programs aimed at the social development of the communities in the regions where we work and our employees dedicated 416.3 hours in the year to volunteering.

Social investments (R\$ thousand)



Next learn more about the main supported projects:

FURNAS SOCIAL PUBLIC SELECTION NOTICE

In 2019, through the Furnas Social Public Selection Notice, we invested approximately R\$ 3 million in 208 civil society organizations, selected from seven states, in addition to the Federal District, which promote citizenship, education, job and income generation, health and food security, sports and leisure, infrastructure, guarantee of the children and adolescents rights, environment and culture, in communities surrounding the Company's projects.

PROJECTS IN PARTNERSHIP

We renewed our partnership with institutions that promote education, citizenship and work and income generation in communities surrounding our projects, allocating R\$ 2.8 million to projects in the next two years. Among the supported projects we mention:

2019 Public Selection Notice for Eletrobras Companies Social Projects

We invested R \$ 400 thousand in three social projects in line with the Eletrobras Companies Social Responsibility Policy, with a focus on encouraging professional education.

Work and Income Opportunity Training Program

In partnership with Banco da Providência, in 2019, we trained 645 youngsters and adults in courses in the beauty, cooking, services, mechanics, electrician, fashion and IT sectors, expanding their opportunities to enter the labor market or entrepreneurship, contributing to decrease extreme poverty conditions.

Vila Santa Teresa Community Center

In 2019, for the second year, we carried out the Local Roots Project, in partnership with the Terra dos Homens Brazilian Association (ABTH), which offers soccer, capoeira, social theater, cooking and workshops preparing for the labor market to a total of 1,421 beneficiaries of all age groups.

Ciranda Institute: Music and Citizenship

Partnership aimed at the artistic and cultural development of 160 children, adolescents and young people from the public schools of the communities of Água Fria and João Carro, in the rural area of Chapada dos Guimarães (MT), using music as a citizenship tool in activities offered in after-school hours.

Projeto Caminhos (Paths project)

Developed in Foz do Iguaçu (PR), it promotes citizenship and the rights of young people and adolescents using sport as an initial door for insertion into the Young Apprentice Program of young people living in communities in vulnerability and social risk. In 2019, around 250 young people were assisted and 45 young people were sent to the Young Apprentice Program and hired by local companies.

LAND DEVELOPMENT PROGRAM (COMMUNITY INTEGRATION CENTERS PROJECT)

With the support of the Brazilian Institute of Social and Economic Analysis (IBASE), we created the project with the objective of minimizing negative externalities to local communities, as well as strengthening the business by building a positive relationship and reputation with the communities.



Núcleos de Integração Program.

In 2019, we elaborated participatory social diagnoses and community development action plans in the communities of Angra dos Reis (RJ), Itatiaia (RJ), Ibiraci (MG), Mogi das Cruzes (SP) and Foz do Iguaçu (PR), establishing priority proposals and guidelines related to the themes: education, health, employment and income, social assistance, urban infrastructure, sports, leisure and culture.

FURNAS SOCIAL ENERGY PROJECT

The program promotes citizenship and strengthens public policies through lectures, debates, pedagogical and recreational activities for teachers and students of the public-school network on topics such as sustainability, citizenship, rational use of energy and water, appreciation and respect for the individual, healthy eating, maternity and paternity in adolescence and bullying. In 2019, there were approximately 9.5 thousand activities, in 8 municipalities located in the states of Rio de Janeiro, São Paulo and Paraná.

Promoting Human Rights and Diversity

CHILD AND ADOLESCENT RIGHTS

In 2019, we allocated R\$ 500 thousand, from tax incentives, to four Councils and Funds for the Rights of Children and Adolescents selected in the first edition of our Public Selection Notice.

We have also promoted events to discuss the topic:

- In partnership with the Abrinq Foundation, we hosted the Strong Councils, Assured Rights Seminar - Paths for the Implementation of Sustainable Development Goals in Cities, which brought together representatives from 65 municipalities in 12 states proactive in the Public Policy for the Protection of Children and Adolescents; and
- We held the 1st Meeting on the Company's Performance in Fighting Child Labor and Appreciating Professional Learning, to discuss the actions of organizations in strengthening human rights of children and adolescents and we were granted the Child Friendly Company seal by the Abrinq Foundation, in recognition of Furnas' commitment to preventing and combating the exploitation of child labor.

GENDER AND RACE EQUALITY PROGRAM

Since 2007, Furnas has been among the Brazilian companies awarded with the Pro-Gender and Race Equality Seal of the Presidential Secretary of Women's Policies, in all editions.

This achievement reflects the various initiatives developed to promote an environment in which women and racial minorities can exercise the full potential of their personal and professional development:

- Since 2018, we have a room for the collection and storage of breastmilk for female employees in the Central Office and we are recognized by Ministry of Health and the Rio de Janeiro Health Department as a company that promotes and supports breastfeeding. In 2019, we also received from the coordination of the Global Network of Human Milk Banks of the Ministry of Health the Certificate of Honor for our work in favor of breastfeeding;
- We hosted a Gender and Race Equity Promotion Workshop that brought together committees from Eletrobras Companies, the National Agency of Petroleum, Natural Gas and Biofuels (ANP), the Energy Research Company (EPE) and Petrobras Distribuidora, in order to prepare the toolbook "Promoting Respect for Diversity in Companies";
- We held the 11th edition of the Coffee with Women Entrepreneurs in Rio de Janeiro, promoted by Entrepreneurs Women Network, which brought inspiring stories and represented an opportunity for participants to expand their networking; and
- We supported the UN Women by funding technical assistance activities related to the promotion and implementation of the Women Empowerment Principles (WEP) and the empowerment of entrepreneurs women.

SUPPORT FOR THE INCLUSION OF REFUGEES

In 2019, we promoted two editions of the panel "The Refugee and Employability in Brazil". The first discussed the inclusion in the labor market of people who sought refuge in the country and the second on the Brazilian financial system, credit unions and individual micro entrepreneurship (MEI).

Sponsorships

CULTURAL SPONSORSHIPS

In 2019, through the Public Selection Notice of Eletrobras Companies Cultural Program, we sponsored 12 cultural projects, totaling R\$ 3.5 million, from tax incentives.



Espectáculo Lanterna Vermelhas - Bale Nacional da China.

SPONSORSHIP FOR EVENTS

We sponsored 13 events in 2019, 11 of which through the Public Selection Notice for Electric Sector Events Sponsorship (Eletrobras Edital) and two by Direct Choice modality.

SPORTS SPONSORSHIP

In 2019, the Eletrobras Companies' Sports Sponsorship Program was launched, which invested in water and nautical sports, inspired by the renewable energy of waters, the main input of our business. We sponsored four projects, with the allocation of R\$ 600 thousand from tax incentives.

Voluntary Action

FURNAS VOLUNTEER PROGRAM

In 2019, our volunteers carried out a series of activities aimed at the communities surrounding the company's projects, such as fundraisings and donations, sign language, electrical and handicraft classes, school tutoring and judo, trail signage for the visually impaired and lectures on sowing and collecting food.

CITIZENSHIP VILLAGE

We held the 62nd edition of the Aldeia da Cidadania project in Angra dos Reis (RJ), providing free preventive health care services, tips on the rational use of electricity and dance numbers, percussion, painting workshops, among other recreational activities.

COMMUNITY VEGETABLE GARDEN

We started expanding the living spaces of the Green Vegetable Belt Garden, at the Mogi das Cruzes Substation-SP and promoted the visit of municipal school students, who participated in lectures, workshops, sowing activities and food harvesting. Vegetables harvested during activities were donated to visiting schools, encouraging the consumption of vegetables while fighting waste.

Institutional Action

FURNAS CITIZENSHIP CENTER

Since 1978 the issuance of Identity Cards, Work Cards and Social Security Cards are offered to the population of Rio de Janeiro for free, through technical cooperation agreements with the Transit Department of the State of Rio de Janeiro (DETRAN-RJ) and with the Labor and Employment Regional Superintendence (SRTE-RJ). In 2019, 2,014 Identity Cards, including Social Cards, Descriptive Badges for people with disabilities, as well as Work Cards and Social Security Cards were delivered.

SOLIDARY WASTE SORTING PROGRAM

We created the Program based on a Federal Government decree from 2006, which determines waste sorting by the federal public administration bodies. Besides contributing to mitigate environmental impact by increasing the waste for reuse and recycling, the Program also creates opportunities and socioeconomic development, as the waste is destined to a Commission composed by waste pickers associations and cooperatives.

During the year, the Program promoted the collection of 1.4 ton of electronic equipment discarded by Furnas employees, donated to the Cooperativa Amigos do Meio Ambiente (Coopama), and recovered eight tons of solid waste at the Simplício Hydroelectric Plant, which are not produced by Furnas, but ended at our reservoir brought by rivers, and were donated to the Recyclable Material Collectors Association of Além Paraíba.

In all, in 2019, the Program sent more than 1,600 liters of residual vegetable oil, 90 tons of paper, 18 tons of plastic, 52 tons of metal and 600 kg of glass to recycling cooperatives.



Coleta de lixo flutuante - UHE Simplício (RJ)

Traditional Populations

GRI 411-1

When building engagement and relationships with our stakeholders, we pay particular attention to vulnerable groups, such as traditional and indigenous communities. So, we maintain ongoing dialogue with indigenous communities by means of several permanent communication channels and programs to mitigate or compensate the impacts generated, always side by side with indigenous communities involved and Funai (National Indian Foundation).

We are part of Eletrobras Companies' Environment Committee, which manages the issue through the Indigenous Communities Commission, created in 2012, composed of specialists from each company on the theme, designed to discuss and exchange experiences on issues related to Indigenous People.

Moreover, we volunteered to participate in the Dialogue between Companies and Indigenous Peoples Initiative from The Natural Conservancy NGO.

In 2019, there were no cases of indigenous rights violation.

AVÁ-CANOEIRO

Since 1992, we work closely to Avá-Canoeiro, in the municipalities of Minaçu and Colinas do Sul, in Goiás, in the context of HPP Serra da Mesa environmental programs. Through agreements with Funai, we are responsible for controlling the entrance of unauthorized persons, environmental monitoring and the prohibition of natural resources removal from the protected area.

Prevention actions are carried out, as a rule, by indigenous monitors who undergo training, including adding traditional knowledge, to enhance protection over their territory.

In the case of the Avá-Canoeiro Indigenous Land, composed mainly of the elderly and children, we hired non-indigenous agents to perform monitoring services, however, with the participation of the only Avá-Canoeiro male adult in the team, promoting the indigenous leadership in the management of their territory.

In 2019, in addition to the surveillance services provided continuously, we also transferred to Funai 17 areas acquired to replace part of the Indigenous Land affected by the HPP Serra da Mesa reservoir and identified three other contiguous areas, among which Funai will elect the most appropriate from an environmental point of view to complement the recomposition.

We also made available the second installment referring to the Agreement and we transferred to Funai, every two months, the amounts corresponding to CFURH to benefit the community.

The second amendment to the Agreement is being analyzed, aiming at adapting the execution schedule of the Work Plan to implement the actions of the Avá-Canoeiro Support Program (PAAC), under Funai's responsibility.

KAINGANG

For five years, we have supported the Kaingang de Queimadas Indigenous community through food donations, monitoring services, environmental monitoring and support for local festivities. In 2019, we donated 4,200 basic-needs grocery packages and supported traditional festivities.

For 2020, we signed an agreement with the Çarakura Institute (OSCIP) to implement the project "Kaingang Infrastructure, Sport and Culture", which will implement spaces for community socialization, contributing to the strengthening of Kaingang ethnic identity.



ATTACHMENTS



08

ANEEL INDICATORS

GENERAL DIMENSION

Technical data (inputs, production capacity, sales, losses)	2019	2018	2017
Number of own employees GRI 102-8	2,832	3,037	3,188
Number of contractors GRI 102-8	0	1,046	1,063
Energy generated (GWh) GRI EU2	66,777	62,332	64,402*
Energy purchased for resale (GWh)	4,089	4,069	3,780
Overall electrical loss (GWh)	ND	ND	ND
Electrical loss - Total (%) on the energy demand GRI EU12	1.12%	1.07%	1.08%
Electrical loss - Total (%) on the energy demand GRI EU12	2.61	2.47%	2%
Installed capacity in generation (MW) - own and in partnership GRI EU1	11,711	12,182	11,880
Energy sold (GWh)	39,990	39,014	40,476
Regulated Contracting Environment (ACR)	27,791	28,137	31,914
Free Contracting Environment (ACL)	12,199	10,876	8,562
Substations (in units) GRI EU1 – Corporate and SPE	69	75	82
Installed capacity (MVA) GRI EU1 – Corporate and SPE	141,692	134,634	136,487
Transmission lines (in km) GRI EU4 – Corporate and SPE	29,946	29,420	29,850
Furnas-owned (in km) GRI EU4 – Corporate	22,070	22,025	21,928
Lines in partnership (in km) GRI EU4 – SPE	7,876	7,395	7,922
Energy sold per installed capacity (GWh/MW* hours/years) - generation	0.00039	0.00037	0.00039
Energy sold per employee (MWh/employee)	14,088	12,846	12,696
Value added/GWh Sold (BRL thousand)	248.41	138.50	145.85*

*Adjusted amounts.

CORPORATE GOVERNANCE DIMENSION

ADMINISTRATORS	2019				2018				2017			
	CA	DE	CF	Total	CA	DE	CF	Total	CA	DE	CF	Total
Number of members	7	6	3	16	7	6	3	16	5	6	3	14
Annual Fixed Remuneration (BRL thousand) [GRI 102-35]	360.27	3,323.80	152.46	3,836.53	285.08	3,481.99	165.33	3,932.40	269.57	3,369.22	153.57	3,792.36
Salary or directors fees	360.27	3,323.80	152.46	3,836.53	285.08	3,470.56	165.33	3,920.97	269.57	3,299.7	153.57	3,722.84
Other - Private Pension Plan (RGF)	0	97.84	0	97.84	0	11.43	0	11.43	0	69.52	0	69.52
Variable Compensation (BRL thousand) [GRI 102-35]	0	276.28	0	276.28	0	0	0	0	0	0	0	0

* In 2017, 2018 and 2019, there was no allocation of resources to managers in the form of direct or indirect benefits, participation in committees, bonuses, participation in results, participation in meetings, commissions and other fixed and variable remunerations.

ECONOMIC-FINANCIAL DIMENSION

Value Added Statement – Parent Company [GRI 201-1]	2019 (BRL thousands)	2018 (BRL thousands)	2017* (BRL thousands)
Income from Sale of Energy and Services	10,368,736	9,987,474	9,720,432
Other Operating Income	223,008	255,764	376,842
Inputs			
Cost of Energy Purchased	-1,480,355	-1,290,374	-1,362,821
Materials	-29,125	-35,557	-33,628
Third party services	-709,200	-761,946	-852,130
Other Operating Costs	-1,660,971	-1,350,892	-1,153,048
Gross Value Added	6,712,093	6,804,469	6,695,647
Depreciation and Amortization	274,648	-260,592	-270,986
Formation/Reversal of Provisions	455,342	-231,752	-711,711
Net Value Added Generated	6,892,787	6,312,125	5,712,950
Financial Revenue (Transfers)	3,063,615	945,797	169,670

Demonstração do Valor Adicionado – Controladora [GRI 201-1]	2019 (BRL thousands)	2018 (BRL thousands)	2017* (BRL thousands)
Equity Accounting	-22,629	-380,383	20,701
Value Added for Distribution	9,933,773	5,403,494	5,903,321
Distribution of Value Added			
Labor Remuneration	1,143,603	1,107,482	1,560,590
Government (Taxes and Contributions)	1,396,859	1,703,388	1,444,842
Financial Charges and Monetary Variation	3,616,042	2,525,891	1,060,069
Industry Charges	561,017	469,694	415,796
Remuneration to Shareholders	763,284	248,277	300,000
Participation of non-controlling shareholders	(14)	25,707	ND
Retained Earnings (Loss)	2,452,982	797,100	1,104,778
Total Distribution of Value Added*	9,933,773	6,877,539	5,903,321

(*) Adjusted amounts.

SOCIAL AND INDUSTRY DIMENSION

Internal social indicators

Employees/employability/administrators			
a) General information	2019	2018	2017
Total number of employees GRI 102-8 	2,832	3,037	3,188
Men	2,318	2,488	2,626
Women	514	549	562
Southeast	2,388	2,575	2,694
Midwest	349	360	385
South	89	94	102
North	6	8	7
Number of contractors (outsourced, subcontracted, self-employed) by type of employment, employment contract, and region) GRI 102-8 	0	1,046	1,063
Men	0	712	728
Women	0	334	335
Southeast	0	886	902
Midwest	0	144	143
South	0	14	16
North	0	2	2

Employees/employability/administrators			
Employees under 30 years of age (%)	2.1%	2.5%	3.4%
Employees from 31 to 40 years of age (%)	22.1%	24.6%	27.2%
Employees from 41 to 50 years of age (%)	42.7%	37.3%	35.2%
Employees over 50 years of age (%)	33.1%	35.6%	34.3%
Number of women compared to the total number of employees (%)	18.1%	18.1%	17.6%
Women in management positions - compared to total management positions (%)	20.7%	19.0%	17.2%
Black employees (black and pardo) (female) - compared to total number of employees (%)	3.1%	2.9%	2.7%
Black employees (black and pardo) (male) - compared to total number of employees (%)	20.7%	20.8%	20.8%
Black employees (black and pardo) in management positions compared to total management positions (%)	8.7%	10.9%	11.8%
Interns compared to total number of employees (%)	6.7%	9.9%	8.7%
Employees in the apprenticeship program (%)	1.5%	2.5%	0.7%
Employees with disabilities	192¹	196²	249³

¹ Refers to the sum of 23 permanent employees and 169 professionals bound to the agreement signed with the Brazilian Institute of Public Administration and University Support (IBAP).

² Refers to the sum of 25 permanent employees and 171 professionals bound to the agreement signed with the Brazilian Institute of Public Administration and University Support (IBAP).

³ Refers to the sum of 26 permanent employees and 223 professionals bound to the agreement signed with the Brazilian Institute for the Rights of People with Disabilities (IBDD).

b) Remuneration, benefits, and career (BRL thousand) GRI 201-1 	2019	2018	2017
Remuneration			
Gross payroll	1,143,603	1,123,124	1,380,217*
Compulsory social charge	248,300	258,146	305,465
Benefits			
Education	2,674	3,322	4,253
Meals	47,662	55,588	68,273
Transportation	6,521	1,376	1,467
Health	159,312	164,150	192,035
Real Grandeza Foundation (private pension plan)	47,401	45,034	62,263
Occupational safety and medicine	8,162	8,088	11,892
Culture	1,487	1,484	1,960
Training and professional development	12,962	16,805	18,327
Childcare or childcare assistance	15,153	15,358	15,719
Other (Specify) ⁴	89,496	93,409	250,911
c) Profit sharing GRI 201-1 			
	2019	2018	2017
Total investment in the Company's profit-sharing program (BRL thousand)	60,285	21,096	102,635*
Amounts distributed in relation to gross payroll (%)	5.27%	1.88%	7.44%*
Ratio between the highest remuneration and the lowest remuneration paid by the concessionaire	54	24	26
Ratio between the lowest compensation of the Company and the current minimum wage GRI 202-1	2.03	2.28	2.29

d) Remuneration profile	2019	2018	2017
Categories (average salary for the current year) - BRL			
Management position	25,583.14	25,644.75	25,532.33
Position with higher education	11,919.27	11,850.14	11,083.83
Position without higher education	6,817.42	6,592.73	6,769.24
e) Occupational health and safety GRI 403-2 			
	2019	2018	2017
Average overtime per permanent employee per year	81.86	80	255
Company's total frequency rate in the period, for permanent employees	1.74	2.21	2.64
Severity rate for the period for permanent employees	49	71	22
Company's total frequency rate in the period, for non-permanent employees	ND	ND	ND
Severity rate for the period for non-permanent employees	ND	ND	ND
Company's total frequency rate in the period, for the workforce (own + contractors)	ND	ND	ND
Severity rate for the period for the workforce (own + contractors)	ND	ND	ND
Fatalities - permanent employees	0	0	0
Fatalities - non-permanent employees	0	0	0

(*) Adjusted amounts.

⁴ Other benefits: insurance (installment paid by the Company), loans (only cost), recreational expenses, transport, housing and other benefits offered to employees.

F) Professional development	2019	2018	2017
Educational profile - describe, in percentages, compared to total number of employees			
Elementary and Middle School	1.52%	2.37%	2.38%
High School	7.13%	7.47%	8.44%
Technical school	31.92%	31.45%	32.69%
Higher education	32.06%	32.24%	31.09%
Post-graduate (specialization, master's, doctorate)	27.37%	26.47%	25.41%
Amount invested in professional development and education (BRL thousand)	12,961	16,805	18,327
Average number of training hours per year, per employee, by job category [GRI 404-1]			
Management			
Men	36.76	61.88	78.08
Women	28.12	152.32	182.54
Higher education			
Men	72.47	61.57	69.22
Women	81.07	61.79	93.99
Without higher education			
Men	33.44	19.86	21.04
Women	27.61	69.52	68.15

g) Behavior upon termination	2019	2018	2017
Turnover rate	6.78%	8.17%	9.63%
Labor claims			
Amount provisioned in the period	620,022	464,120	330,161
Number of labor claims filed against the Company in the period	583	567	766
Number of labor claims in the period deemed justified	79	69	129
Number of labor claims in the period deemed groundless	75	85	128
Total amount of compensation and monetary fines paid due to legal decision in the period (BRL thousand)	364,749	40,851	32,453
h) Preparing for retirement			
Investments in supplementary pension plans (BRL thousand)	88,354,974	96,958,563	102,995,055
Number of beneficiaries of the supplementary pension program	11,232	11,484	11,227

External Social Indicators

Community			
Impacts caused on health and safety	2019	2018	2017
Total number of accidents without fatalities involving the population	0	0	1
Total number of accidents with fatalities involving the population	0	0	0
Lawsuits arising from accidents involving the population - General Litigation Base (BRL) ¹	0	0	0
Company involvement in social actions [GRI 203-1]	2019	2018	2017
Resources invested in education (BRL thousand)	1,222.1	663.8	733
Resources invested in health and sanitation (BRL thousand)	214	0	491
Resources invested in culture (BRL thousand)	44.7	0	144
Resources invested in sports (BRL thousand)	161.6	0	340
Other resources invested in social actions (BRL thousand)	3,582.8	1,543.5	3,985
Employees who do volunteer work in the community outside the Company/total number of employees (%) ²	1.3%	8.8%	9.8%
Number of monthly hours donated (released from normal working hours) by the Company for volunteer work by employees	34.69 average monthly hours	54.33 average monthly hours	65.17 average monthly hours
Company involvement in projects for culture, sports, etc. (Rouanet Act)[GRI 203-1, G4-201-4]	2019	2018	2017
Amount of resources for projects (BRL thousand)	4,174.9	8,996	5,685
Amount of resources for the largest project (BRL thousand)	600	810	600
Name of the largest project	Copacabana Palace - The Musical	Annual Activity Plan - School of Visual Arts	Artistic Season - Cecília Meireles Auditorium 2016/2017
Beneficiary of the largest project	Sábios Projetos e Produções Ltda	Friends Association of the School of Visual Arts	Friends Association of the Cecília Meireles Auditorium

Technology and Science Research and Development (BRL THOUSAND)

By research topic (Research and Development)	2019		2018		2017	
	Value	(%)	Value	(%)	Value	(%)
FA - Alternative Sources of Electric Energy Generation	6,554,847.54	10.02	20,047,257.36	33.05	6,261,937.07	26.35
GT - Thermoelectric Generation	-	-	-	-	-	-
GB - Watershed and Reservoir Management	1,880,523.42	2.87	1,481,839.69	2.44	8,544,776.23	35.96
MA - Environment	1,430,379.82	2.19	540,916.76	0.89	8,239,832.34	34.68
SE - Safety	-	-	-	-	-	-
EF - Energy Efficiency	10,540,598.34	16.11	5,907,568.03	9.74	-	-
PL - Planning of Electric Energy Systems	31,597,455	48.30	-	-	-	-
OP - Operation of Electric Energy Systems	-	-	-	-	714,406.92	3.01
SC - Supervision, Control, and Protection of Electric Energy Systems	-	-	-	-	-	-
QC - Quality and Reliability of Electric Energy Services	-	-	-	-	-	-
MF - Measuring, Billing, and Fighting Commercial Loss	-	-	-	-	-	-
Ot - Other	13,414,906.75	20.51	32,687,580.61	53.88	-	-
Total	65,418,710.87	100%	60,665,162.45	100%	23,760,952.56	100%

Environmental Dimension

Environmental Indicators			
Recovery of degraded areas	2019	2018	2017
Isolated protected network (ecological network or green line) in urban areas (in km)	NA	NA	NA
Percentage of isolated/total protected distribution network in urban areas	NA	NA	NA
Waste generation and treatment	2019	2018	2017
Emission			
Annual volume of greenhouse gas emissions (CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆) (tons of CO ₂ equivalent) GRI 305-1, 305-2, 305-3	1,573,562.4	1.835.923,1	1.889.058
Annual volume of emissions of ozone-depleting gases (tons of CFC equivalent) 1 GRI 305-6	0.21	0.26	0.35
Effluents			
Total water disposal, by quality and destination GRI 306-1	37,806.21	64.549,8	50.714,6
Solid waste			
Annual volume (in tons) of solid waste generated (garbage, waste, rubble etc.)	14,575.42	9.652	4.807
Volume of waste contaminated by PCBs (Ascarel) GRI 306-4	0	0	0
Use of resources in the production process and the organization's management processes	2019	2018	2017
Total energy consumption by source:			
Power consumption per kWh sold (GJ/kWh) GRI 302-3	0.00055	0.00069	0.00063
Direct energy consumption broken down by primary energy source, in GJ GRI 302-1	22,164,913	26,951,680.1	25,415,798
Diesel	24,332.07	28,839	27,012
Stationary sources	1,597.8	1,332.8	569.37
Mobile sources	22,734.27	27,506.13	25,198
Hydroelectric Power Plants	933.18	333.05	5
Thermoelectric Power Plants	0	0	0

Use of resources in the production process and the organization's management processes	2019	2018	2017
Thermoelectric Power Plants (metropolitan diesel)	0	0	0
Transmission (generators in substations)	664.65	999.72	1,240
Gasoline	15,881.78	16,280.88	19,528
Stationary sources	226.1	99.8	275
Mobile sources (vessels)	11.77	40.05	31.40
Mobile sources (vehicles)	15,870.01	16,141.03	19,222
Ethanol	1,780.20	2,695.48	3,097
Mobile sources (vehicles)	1,780.20	2,695.48	3,097
Natural Gas	22,123,568.9	26,589,488.6	25,365,145
Stationary sources	148.59	0	364
Mobile sources	0	2,695.48	0
Thermoelectric Power Plants	22,123,420.3	26,586,793.1	25,364,781
Other	904.09	-	-
LPG – stationary sources	487.82	483.4	526
LPG – mobile sources	405.27	486.03	477
Two-stroke engine oil (lubricants) - stationary sources	11	10	12
Two-stroke engine oil (lubricants) - mobile sources (vessels)	0	0.11	0.42
Electric Energy (GJ) GRI 302-1 	315,416.72	462,117.3	599,658
Administrative activities	53,690.02	60,009	60,982
Hydroelectric generation	160,807	152,644.32	153,224
Thermoelectric generation		ND	126,212
Transmission - auxiliary services in substations	100,919.7	249,463.9	259,240

Total water consumption by source (in m3): [GRI 303-1]			
Supply (public network)	224,394.6	160,350.03	175,574
Ground source (well)	154,463	374,615.19	126,598
Surface abstraction (bodies of water)	66,223.8	2,781,769.11	2,786,023
Total water consumption (in m³)	2,731,990	3,316,734	3,088,195
Water consumption per employee (in m³)	955	1,092	969

Environmental education and awareness	2019	2018	2017
Environmental education - within the organization			
Number of employees trained in environmental education programs	ND	155	20
Percentage of employees trained in environmental education programs/total number of employees	ND	5.10%	0.6%
Number of hours of environmental training/total number of training hours	ND	ND	ND
Environmental education - Community			
Number of elementary, middle and high schools served	60	26	31
Number of students served	2,174	1,101	4,097
Number of teachers trained	72	1,101	48
Number of technical and higher education units served	2	ND	ND
Number of students served	ND	ND	ND

Environmental performance indicators - generation companies	2019	2018	2017
Source of hydroelectric generation			
Consumption of electricity by generating and auxiliary units (MWh)	44,662	40,002	42,562
Water consumption per KWh generated (Maximum flow consumption (m³/s) per kWh delivered)	ND	ND	ND
Restoration of riparian forest (Number of seedlings or planted/recovered area per year)	732	148 ha	168,3 ha
Rescue of fish from turbines (kg of fish per machine shutdown)	19.2*	0*	25

* 64 fish were rescued, with an average weight of 300 grams from the suction tube of a generating unit at the Porto Colombia HPP, in February 2019. All fish were under optimum conditions and were released in the reservoir.

Source of hydroelectric generation			
Repopulation of fish (Number of fingerlings)	80	1,156	44,648
Leakage of lubricant and hydraulic oils in the turbines (Tons/year or m ³ /year, depending on the type of oil)	0	0	0
Recovery of areas degraded resulting from the extraction of coal and its waste generated (Total recovered area (ha) per year and resources allocated in recovery and preservation projects) (BRL / year)	NA	NA	NA
Consumption of replacement water during generation (m ³ /MWh)	NA	NA	ND
Source of wind generation**			
Performance indicators			
Noise associated with power generation (decibels)	NA	60.7	47.94
Interference in radio waves (unit of measurement or occurrences per year)	ND	ND	ND
Number of birds killed due to collision with turbine blades per year	0	0	0

ND (Not Available)

NA (Not Applicable)

** In August 2018, Brasventos was transferred to Eletrobras as payment in kind. Thus, there is no wind SPE in operation.

Environmental performance indicators - transmission companies	2019	2018	2017
Plant suppression (hectares of area suppressed per quarter)	1.36	0	2.7583
Pruning (kg of waste generated per month)	ND	ND	ND
Oil leakage (m ³) GRI 306-3	1.17	0.88	10.9

SOCIAL AUDIT



1 - Calculation Basis		2019 Amount (BRL thousand)		2018 Amount (BRL thousand) * restated		
Net Revenue (NR)			8,668,451		8,470,683	
Operating Income (OI)			3,443,124		1,668,452	
Gross payroll (GP)			1,143,603		1,107,482	
2 - Internal Social Indicators	Amount (thousand)	% over GP	% over NR	Amount (thousand)	% over GP	% over NR
Meals	47,662	4.17%	0.55%	55,588	5.02%	0.66%
Compulsory social charges	248,300	21.71%	2.86%	258,146	23.31%	3.05%
Private pension	47,401	4.14%	0.55%	45,034	4.07%	0.53%
Health	159,312	13.93%	1.84%	164,150	14.82%	1.94%
Occupational health and safety	8,162	0.71%	0.09%	8,088	0.73%	0.10%
Education	2,674	0.23%	0.03%	3,322	0.30%	0.04%
Culture	1,487	0.13%	0.02%	1,484	0.13%	0.02%
Training and professional development	12,961	1.13%	0.15%	16,805	1.52%	0.20%
Childcare or childcare assistance	15,153	1.33%	0.17%	15,358	1.39%	0.18%
Profit sharing	60,285	5.27%	0.70%	21,096	1.90%	0.25%
Other	96,017	8.40%	1.11%	94,785	8.56%	1.12%
Total - Internal social indicators	699,414	61.16%	8.06%	683,856	61.75%	8.07%
3 - External Social Indicators	Amount (thousand)	% over GP	% over NR	Amount (thousand)	% over GP	% over NR
Education	17,686	0.51%	0.20%	21,342	1.28%	0.25%
Culture	8,078	0.23%	0.09%	15,347	0.92%	0.18%
Health and Sanitation	503	0.01%	0.01%	676	0.04%	0.01%
Sports	1,665	0.05%	0.02%	3,926	0.24%	0.05%
Hunger relief and food safety	7	0	0	15	0	0

Other	11,690	0.34%	0.13%	5,661	0.34%	0.07%
Total contributions to society	39,629	1.15%	0.46%	46,967	2.82%	0.55%
Taxes (less payroll charges)	2,623,500	76.20%	30.26%	1,816,905	108.90%	21.45%
Total - External social indicators	2,663,129	77.35%	30.72%	1,863,872	111.71%	22%
4 - Environmental Indicators	Amount (thousand)	% over GP	% over NR	Amount (thousand)	% over GP	% over NR
Investments related to the company's production / operation	43,153	1.25%	0.50%	41,505	2.49%	0.49%
Investments in external programs and/or projects	79,568	2.31%	0.92%	56,953	3.41%	0.67%
Total investments in environment	122,721	3.56%	1.12%	98,458	5.90%	1.16%
Regarding the establishment of "annual goals" to minimize waste, overall consumption in production/operation, and increase efficiency in the use of natural resources, the Company	(X) does not have goals	() fulfills 51 to 75%	(X) does not have goals	() fulfills 51 to 75%		
	() fulfills 0 to 50%	() fulfills 76 to 100%	() fulfills 0 to 50%	() fulfills 76 to 100%		
5 - Personnel Indicators	2019		2018			
Number of employees at the end of the period			2,832	3,037		
Number of hires in the period			111	15		
Number of outsourced employees			0	1,046		
Number of interns			191	301		
Number of employees older than 45			1,832	1,502		
Number of women working in the company			514	549		
% leadership positions held by women			20.60%	19.05%		
Number of black employees working in the company			843	718		
% leadership positions held by black employees			11.61%	10.95%		
Number of people with disability or special needs			192***	196**		
6 - Relevant information on corporate citizenship			2019	Metas 2020		
Ratio between the highest and lowest remuneration in the company			54	<10		

Total number of workplace accidents				21		2.67
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:	<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
Regarding freedom of association, right to collective bargaining and internal worker representation, the company:	<input type="checkbox"/> Is not involved	<input type="checkbox"/> will follow ILO standards	<input checked="" type="checkbox"/> encourages and follows the ILO	<input type="checkbox"/> will not get involved	<input type="checkbox"/> will follow ILO standards	<input checked="" type="checkbox"/> will encourage and follow the 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"/> will be 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 employee participation in volunteer work, the company:	<input type="checkbox"/> Is not involved	<input type="checkbox"/> supports	<input checked="" type="checkbox"/> Organizes and encourages	<input type="checkbox"/> will not get involved	<input type="checkbox"/> will support	<input checked="" type="checkbox"/> will organize and encourage
Total number of consumer complaints and grievances:	in the company NA	at Procon NA	In Court NA	in the company NA	at Procon NA	In Court NA
% grievances and complaints addressed or resolved:	in the company NA	at Procon NA	In Court NA	in the company NA	at Procon NA	In Court NA
Total value added for distribution (in BRL thousand):	In 2019: 9,933,773			In 2018: 6,877,539		
Value added distribution (DVA):	<ul style="list-style-type: none"> • 14.06% government • 11.51% employees • 7.68% shareholders • 42.06% third parties • -24.69% retained 			<ul style="list-style-type: none"> • 24.77% government • 16.10% employees • 3.98% shareholders • 43.56% third parties • 11.59% retained 		

GRI CONTENT INDEX

Disclosure		Page/Direct Answer
GENERAL DISCLOSURES		
Organizational Profile		
102-1	Name of the organization	Page 8
102-2	Activities, brands, products, and services	Page 8
102-3	Location of headquarters	Page 8
102-4	Location of operations	Brazil
102-5	Ownership and legal form	Joint-stock company controlled by Centrais Elétricas Brasileiras S.A. – Eletrobras.
102-6	Markets served	Page 8
102-7	Scale of the organization	Pages 8, 17 and 56
102-8	Information on employees and other workers	Pages 56, 71 and 73
102-9	Supply chain	Page 63
102-10	Significant changes to the organization and its supply chain	Pages 8 and 63
102-11	Precautionary Principle or approach	Our risk management is guided by the precautionary principle, seeking to anticipate and avoid negative impacts or prepare to act if any identified risks occurs.
102-12	External initiatives	Pages 9 and 10
102-13	Membership of associations	Page 40
Strategy		
102-14	Statement from senior decision-maker	Page 6
102-15	Key impacts, risks, and opportunities	Page 22
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Page 35
102-17	Mechanisms for advice and concerns about ethics	Page 23
Governance		
102-18	Governance structure	Page 18
102-19	Delegating authority	Page 18

Disclosure		Page/Direct Answer
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 40
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 24
102-22	Composition of the highest governance body and its committees	Pages 18 and 56
102-23	Chair of the highest governance body	The chairman of the highest governance body is not an executive director.
102-24	Nominating and selecting the highest governance body	Page 18
102-25	Conflicts of interest	Page 26
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 35
102-27	Collective knowledge of highest governance body	Page 20
102-28	Evaluating the highest governance body's performance	Pages 20 and 35
102-29	Identifying and managing economic, environmental, and social impacts	Pages 18 and 22
102-30	Effectiveness of risk management processes	Page 22
102-31	Review of economic, environmental, and social topics	Pages 18 and 22
102-32	Highest governance body's role in sustainability reporting	Fiscal Committee and Board of Directors.
102-33	Communicating critical concerns	Page 22
102-34	Nature and total number of critical concerns	Page 18
102-35	Remuneration policies	Pages 20 and 72
102-36	Process for determining remuneration	Page 20
102-37	Stakeholders' involvement in remuneration	Page 20
102-38	Annual total compensation ratio	3.88
102-39	Percentage increase in annual total compensation ratio	1.39
Stakeholder engagement		
102-40	List of stakeholder groups	"Employees, Government agencies (Ministry of Mines and Energy, Energy Research Company, Chamber of Electric Energy Commercialization, National Electricity Agency and other bodies of the three government spheres, including environmental bodies), National System Operator, controlling shareholder (Eletrobras), minority shareholders, Special Purpose Entities (SPEs), suppliers, civil society, communities, customers, unions and teaching and research institutions."
102-41	Collective bargaining agreements	100%

Disclosure		Page/Direct Answer
102-42	Identifying and selecting stakeholders	"Stakeholders Communication and Engagement Policy with Eletrobras Companies, Management and Sustainability Reports, Environmental Impact Study Reports, Public meetings and hearings, Social Communication, Environmental Education and Social Responsibility Programs Reports, Internal and external communication channels (Furnas website, ombudsman, Talk to the President, HR and Compliance portals, Ethics Commission, 0800 phones and other)."
102-43	Approach to stakeholder engagement	Pages 4, 62 and 64
102-44	Key topics and concerns raised	Page 4
Reporting Practices		
102-45	Entities included in the consolidated financial statements	The financial statements published by Furnas include all of its subsidiaries and Special Purpose Entities (SPEs).
102-46	Defining report content and topic Boundaries	Page 4
102-47	List of material topics	Page 42
102-48	Restatements of information	Since 2018, the total number of employees has been accounted for according to the criteria adopted by Eletrobras and other companies in the group, which may cause differences in figures reported in previous reports.
102-49	Changes in reporting	There were none
102-50	Reporting period	Page 4
102-51	Date of most recent report	2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	sustentabilidadeemp@furnas.com.br
102-54	Claims of reporting in accordance with the GRI Standards	Core
102-55	GRI content index	Page 85
102-56	External assurance	Furnas does not submit its Sustainability Reports for external assurance.
Management approach		
103-1	Explanation of the material topic and its Boundary	All material topics are relevant inside and outside the organization.
103-2	The management approach and its components	Pages 18, 38, 45, 48, 51, 56, 60, 61 and 63
103-3	Evaluation of the management approach	Pages 18, 38, 45, 48, 51, 56, 60, 61 and 63

Disclosure		Page/Direct Answer
Specific Content		
ECONOMIC DISCLOSURES		
Economic performance		
201-1	Direct economic value generated and distributed	Pages 32, 72 and 74
201-2	Financial implications and other risks and opportunities due to climate change	Page 46
201-4	Financial assistance received from government	Page 76
Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Page 76
Procurement Practices		
204-1	Proportion of spending on local suppliers	Page 63
Anti-corruption		
205-1	Operations assessed for risks related to corruption	Page 23
205-2	Communication and training about anti-corruption policies and procedures	Page 23
205-3	Confirmed incidents of corruption and actions taken	There was a case of fraudulent contractual management that generated an ongoing administrative improbity process.
ENVIRONMENTAL DISCLOSURES		
Energy		
302-1	Energy consumption within the organization	Pages 78 and 79
302-3	Energy intensity	Page 78
302-4	Reduction of energy consumption	Page 45
302-5	Reductions in energy requirements of products and services	Page 45
Water and Effluents		
303-1	Interactions with water as a shared resource	Pages 48 and 80
303-2	Management of water discharge-related impacts	Page 48
303-3	Water withdrawal	Page 48
303-4	Water discharge	Page 48

Disclosure		Page/Direct Answer
303-5	Water consumption	Page 48
Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 51
304-2	Significant impacts of activities, products, and services on biodiversity	Page 51
304-3	Habitats protected or restored	Page 51
304-4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk	Page 53
Emissions		
305-1	Direct (Scope 1) GHG emissions	Pages 47 and 78
305-2	Energy indirect (Scope 2) GHG emissions	Pages 47 and 78
305-3	Other indirect (Scope 3) GHG emissions	Pages 47 and 78
305-4	GHG emissions intensity	Page 47
305-6	Emissions of ozone-depleting substances (ODS)	Page 78
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Page 47
Effluents and Waste		
306-1	Total water discharge by quality and destination	Page 78
306-3	Significant spills	Page 81
306-4	Weight of transported, imported, exported and treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of hazardous waste shipped internationally	Page 78
SOCIAL DISCLOSURES		
Employment		
401-1	Total number and rate of new employee hires and rate of employee turnover, by age group, gender and region	Page 56
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	All benefits are offered to all direct employees, with no difference by period or type of employment contract.
401-3	Return to work and retention rates of employees that took parental leave, by gender	Page 56
Occupational Health and Safety		
403-1	Occupational health and safety management system	Page 61

Disclosure		Page/Direct Answer
403-2	Hazard identification, risk assessment, and incident investigation	Pages 61 and 74
403-3	Occupational health services	Page 61
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 61
Training and Education		
404-1	Average hours of training per year per employee	Page 60
404-2	Programs for upgrading employee skills and transition assistance programs	Page 60
404-3	Percentage of employees receiving regular performance and career development reviews	Page 60
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees with percentage of individuals by gender, age group, minority or vulnerable groups and other indicators of diversity	Page 56
405-2	Ratio of basic salary and remuneration of women to men	Pages 56 and 60
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406-1	Incidents of discrimination and corrective actions taken	Page 56
Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 63
Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	Page 63
Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 63
Security Practices		
410-1	Security personnel trained in human rights policies or procedures	In all, 82% of the own and outsourced security staff were trained in policies and procedures to respect human rights.
Indigenous Rights		
411-1	Incidents of violations involving rights of indigenous peoples	Page 70
Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	There were no assessments.
412-2	Employee training on human rights policies or procedures	Page 64

Disclosure		Page/Direct Answer
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Page 63
Local Communities		
413-2	Operations with significant actual and potential negative impacts on local communities	Page 64
Public Policy		
415-1	Total monetary value of financial and in-kind political contributions made by the organization by country and recipient/beneficiary	There were none
GRI Content Index		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 26
SECTOR SUPPLEMENT		
Organizational Profile		
EU1	Installed capacity (MW), broken down by primary energy source and by regulatory regime	Pages 9, 10, 27 and 71
EU2	Net energy output broken down by primary energy source and by regulatory regime	Pages 27 and 71
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Pages 29 and 71
EU6	Management approach to ensure short and long-term electricity availability and reliability	Pages 28 and 29
Research and Development		
EU8	(DMA) Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Page 38
Availability and Reliability		
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	Page 27
System Efficiency		
EU12	Transmission and distribution losses as a percentage of total energy	Pages 29 and 71
Biodiversity		
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Pages 51
Availability and Reliability		
EU14	Programs and processes to ensure the availability of a skilled workforce	Pages 51
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EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Page 61

Disclosure		Page/Direct Answer
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Disaster/Emergency Planning and Response		
EU21	(DMA) Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	Page 65
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EU30	Average plant availability factor by energy source	Page 27

SASB INDICATORS

INFRASTRUCTURE - ELECTRIC UTILITIES & POWER GENERATORS		
Greenhouse Gas Emissions & Energy Resource Planning		
IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Page 45
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IF-EU-120a.1	Air emissions of the following pollutants: NOX (excluding N ₂ O), SOX, particulate matter (PM10), lead (Pb) and mercury (Hg)	Page 45
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IF-EU-140a.1	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Page 49
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Page 48
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IF-EU-000.A	Number of residential, commercial, and industrial customers served	Page 30
IF-EU-000.C	Length of transmission and distribution lines	Page 29
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	Page 27
IF-EU-000.E	Total wholesale electricity purchased	Page 30

CAPITALS MAP

Understand in detail how we generate value for our stakeholders, in each Capital, in the pages indicated below:



INTELLECTUAL Capital

- How we create value **XX**
- Strategy **XX**
- R&D and innovation **XX**
- Commitment to Sustainability **XX**
- Employees **XX**



NATURAL Capital

- Management **XX**
- Climate changes **XX**
- Water **XX**
- Biodiversity **XX**



FINANCIAL Capital

- Financial Results **XX**



SOCIAL AND RELATIONSHIP Capital

- About this report **XX**
- Outlook **XX**
- Corporate governance **XX**
- Ethical and Integral Performance **XX**
- Employees **XX**
- Customers **XX**
- Suppliers **XX**
- Communities **XX**



MANUFACTURED Capital

- Furnas **XX**
- System map **XX**
- Operation **XX**



HUMAN Capital

- Employees **XX**
- Suppliers **XX**

SDG MAP

We have incorporated into our strategic planning the priority SDGs defined by the Holding for all Eletrobras Companies, which are: 7, 8, 9, 13 and 16. We also count on a comprehensive revalidation process of the priority SDGs, involving employees and other stakeholders. Below, we refer to the pages where we present our contribution to the achievement of the 17 Sustainable Development Goals, the result of the Company's commitment that carries in its history the pioneering spirit in social action.



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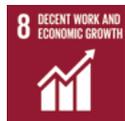
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PHOTO CAPTIONS AND CREDITS

Page	Caption	Credit
2	UHE Furnas (MG)	AC Júnior
13	Papagaio verdadeiro (<i>Amazona aestiva</i>) – Fauna monitoring – UHE Porto Colômbia (MG/SP)	Adriano Rodrigues
16	UHE Itumbiara (GO/MG)	AC Júnior
22	LT Foz do Iguaçu - Ivaiporã (PR)	Daniela Monteiro
24	“Advanced Compliance and Risk Themes” Training	Daniela Monteiro
29	Recovery of Towers - TL Furnas - Itutinga (MG)	Daniela Monteiro
30	UHE Peixe Angical (TO)	AC Júnior
34	SE Campinas (SP)	Furnas Collection
35	UHE Funil (RJ)	AC Júnior
37	LT Furnas - Itutinga (MG)	Daniela Monteiro
39	Inova Furnas Program Team	Furnas Collection
41	SE Foz do Iguaçu (PR)	Furnas Collection
44	Green tree frog (<i>Aplastodiscus eugenioi</i>) - Wildlife monitoring - TL Angra/Angra (RJ)	Furnas Collection
45	SE São José (RJ)	José Lins
46	SE Viana (ES)	Furnas Collection

50	<i>Lonopsis paniculata</i> Orchid - Flora Survey - TL Angra/Angra (RJ)	Adriano Rodrigues
50	<i>Squirrel or Caxinguelê</i> (<i>Guerlinguetus ingrami</i>) - Fauna monitoring - TL Angra-Angra (RJ)	Adriano Rodrigues
51	Chopim do brejo (<i>Pseudoleistes guirahuro</i>) – Fauna monitoring – UHE Porto Colômbia (MG/SP)	Adriano Rodrigues
52	Irerê (<i>Dendrocygna viduata</i>) – Fauna monitoring – UHE Porto Colômbia (MG/SP)	Adriano Rodrigues
54	Seedlings from the Nascentes de Furnas Project (MG)	Furnas Collection
55	Onça parda (<i>Puma concolor</i>) – Fauna monitoring – UHE Marimbondo (MG/SP)	Renato Moreira
58	SE Campinas (SP)	Furnas Collection
59	New Furnas Headquarters (RJ)	Furnas Collection
60	Basic Concepts of the Electrical Sector” training (RJ)	Tereza Travassos
61	Transmission Line Maintenance	Daniela Monteiro
65	UHE Marimbondo (MG/SP)	José Lins
67	Integration Centers Program	Furnas Collection
68	11 th Coffee with Women Entrepreneurs (RJ)	Tereza Travassos
68	Red Lantern Show - China National Ballet	Renato Mangolin
69	Floating Garbage Collection - UHE Simplício (RJ)	Furnas Collection

