

Environmental and Social Policy - CPFLR manages its legal E&S requirements accordingly and keep records of its Environmental Licenses updated. CPFLR is highly committed with the sustainability aspects of their project and are working to position themselves as a champion company in the sustainability of energy sector in Brazil.

In partnership with other players in the energy sector, it created a renewable energy certification scheme based on international industry best practices and aligned with IFC PSS, World Commission on Dams and CDM gold standard. CPFL already have two sites certified and is selling “certified” energy in the voluntary energy market in Brazil.

CPFLR has published its environmental and social policy on its external website which focuses on the following aspects: (i) commitment to sustainable development; (ii) emissions and waste management; (iii) supply chain management; (iv) protection of natural resources; (v) respect for communities; (vi) OHS Occupational Health and Safety prevention and (vii) communication and transparency. Going forward, CPFLR will include in its policy the commitment to follow IFC Performance Standards.

<http://www.cpfrenovaveis.com.br/show.aspx?idCanal=astS0tlfyPp3RIYLRVJMw==>

- Identification of Risks and Impacts - CPFLR complies with the Brazilian requirements to conduct environmental and social impact assessments for hydroelectric, wind, and biomass energy projects. CPFLR develops as well as acquires project development rights from companies who have already obtained the water rights and environmental licenses. As such, environmental and social impact assessments (ESIAs) can be conducted by the other developers prior to project acquisition or by themselves in Greenfield projects. Although the actual requirements vary slightly from state to state, the state of practice for environmental and social impact assessments throughout Brazil is fairly uniform following a stepwise licensing process applicable to all industrial activities and entailing the preparation of feasibility studies in order to obtain preliminary licenses. This is normally followed by more detailed environmental and social impact assessments required to obtain first, a construction license (based on the regulator’s review of project impacts and mitigation measures), followed by an operating license that is issued after regulatory inspection of the fully constructed project, just before initiation of operations. According to Brazilian law, wind and biomass co-generation power projects are only required to have a rapid environmental impact assessment (Relatorio Ambiental Simplificado or RAS) as a condition for obtaining the environmental license.

CPFLR’s investment pipeline of projects includes development of two (2) biomass thermal project with a total capacity of 100 MW in the States of Minas Gerais and Paraná and eighteen (18) wind projects with a total capacity of 482 MW in the States of Rio Grande do Norte and Rio Grande do Sul.

CPFLR reviews the ESIAs and RASs to identify any gaps in the assessment and to ensure that the information is current to satisfy the needs for the preparation of project-specific environmental and social management plans. As part of this review, the company identifies gaps in the scope of the assessment to ensure that it includes the information required to evaluate compliance with IFC’s Environmental and Social Performance Standards (PSS).

Cumulative impact assessment: Prior to a new hydro project development companies are required by the energy regulatory agency (ANEEL) to conduct a hydrological study of the best use of the water resource and optimal scheme of small hydro’s location. On CPFLR own initiative, they also included an assessment of E&S vulnerabilities within the watershed, such as identification of protected areas, IP lands, natural habitats and existing communities to help to determine the optimal hydrological, environmental and social location of future developments, and to minimize potential cumulative impacts in the watershed. Similar approach is taken when assessing the optimal location of wind turbines in wind power projects.

Cumulative impact assessment is an evolving theme across state level regulators and environmental agencies in Brazil. In some states such as Minas Gerais, it was already incorporated into the legal regulatory framework and in some states it has been consolidated as a good practice (Goiás and Rio

Grande do Sul States). In some cases local public attorney had required the environmental authorities to conduct these studies, and CPFLR is taking the lead to pair up with other regional players in the sector to conduct Cumulative Impact Assessments in the area of influence of their operations.

- Management Program – CPFLR has an integrated and certified ESMS (Environmental and Social Management System) in place covering the ISO 14000, OHSAS18000 and ISO 9000 standards. The company's environmental and social management program includes a review of the environmental assessment documents, contracting and supervision of consultants to assist in the preparation and monitoring of environmental and social management plans, and input into the construction contractor legal documents to ensure compliance with environmental permit requirements.

Construction and operational phase environmental management plans (PCAs) are prepared for each project based on the information presented in the ESIAs and the identification of any other potential environmental and social impacts. During the construction phase, contractors are assigned responsibility through contracts requiring compliance with applicable environmental license conditions and other management plan requirements. The PCAs include specific management programs for applicable aspects such as: liquid effluents and solid wastes; noise and vibrations; erosion management; reinstatement of soil and vegetation in affected areas; limnology and water quality monitoring; vegetation removal; reinstatement and enrichment of riparian vegetation; fauna and flora rescue programs; herpatofauna management; ictiological conservation (including monitoring, rescue, and transfer); environmental education; community communication and engagement; coordination with local authorities and community organizations; repair of affected infrastructure; epidemiological monitoring; archeological resource management; workforce mobilization and demobilization; community safety; vegetation management in the watershed and along the stretch of river affected by reduced flows, and re-vegetation of riparian areas along water reservoirs margins (typically 50m buffer zone); land rehabilitation after construction, environmental conservation in the areas surrounding the reservoir; etc. CPFLR's Integrated ESMS includes specific Standard Operational Procedures (SOPs) with relevant recommendations to manage the following aspects of their business consistently with IFC PS3 to PS8, as described:

PS3 (Resource Efficiency and Pollution Prevention): CPFLR requires that all construction contractors comply with the conditions of the environmental licenses and the requirements of project-specific environmental and social management programs. Typical requirements include procedures for controlling fugitive particulate matter emissions from exposed/unpaved surfaces, noise monitoring, management of sanitary waste as well as solid wastes. Observations made during site visits show that CPFLR applies good practices on the construction of stormwater drainage systems along main access roads and around main structures and buildings and has secondary containment in areas where chemical products are stored or used.

Management of Waste Streams - CPFLR operations generate solid and liquid waste streams at the Company's offices, substations, power generation units, and at the construction sites for new facilities. Domestic wastes generated at CPFLR's offices and at construction sites (e.g., paper, cardboard, plastic bottles, organic waste, etc.) are segregated for recycling purposes and non-recycling wastes are disposed at licensed municipal landfills. Records and reports documenting the transport and disposal of such waste streams are maintained by CPFLR and copies maintained by the state regulatory agencies. Field observations made at the construction site of the "Macaco I" Wind Farm in the Municipality of João Câmara, in the State of Rio Grande do Norte, indicate that organic waste has been disposed as feed for chickens in nearby communities. Going forward, the CPFLR will revise the current waste management practices for organic wastes at construction sites in Rio Grande do Norte and will enhance operational procedures to ensure organic wastes are properly disposed of in accordance with Brazilian requirements. The other types of wastes were observed to be stored in accordance with Brazilian regulations and

disposed at a licensed commercial landfill located approximately 80 km from João Câmara. Organic waste is not a concern at operating facilities, which generate very small volumes of wastes and were observed to follow best practices in accordance with Brazilian requirements.

Substations and generating facilities use oil/water separators and septic systems and have treated effluent monitoring programs to document compliance of discharged treated effluents with in-country standards.

Surface Water Quality - Proper stormwater drainage systems were observed on main access roads and around major facilities and buildings. These represent best practices for the prevention of soil erosion and sedimentation of nearby surface water bodies. For those projects that have the potential to affect surface water quality, such as cogeneration and SHPs, CPFLR maintains water quality monitoring programs to demonstrate compliance with in-country standards. SHP projects are typically run-of-river and have relatively small (hourly-daily) reservoirs to regulate flow through the power stations. The small reservoirs associated with the run-of-river dams have smaller impacts on water quality than larger dammed reservoirs. In addition, the Company conducts many studies to ensure a minimal ecological flow is maintained for ecosystem services. Results are presented to the state regulatory agencies.

Hazardous Materials - CPFLR does not use significant quantities of hazardous materials during construction or operation activities. Small volumes of chemical substances and lubricating oil are stored in adequate storage areas at operating facilities and at construction sites. The insulating oils used in the transformers are of mineral origin. Additionally, the majority of power transformers, which contain the greatest quantities of oil, are typically installed on top of concrete containment structures that can hold the contents of the transformers in the event of an accidental release.

Noise - During the construction phase, ambient noise levels are managed by proper maintenance of equipment exhaust controls and by restricting working hours to daytime. Noise levels are monitored to ensure compliance with Brazilian requirements.

Noise in the form of buzzing or humming, as well as ground vibrations, can sometimes be emitted from high voltage transformers in sub-stations and at power generation stations. In accordance with OHS and environmental regulations, CPFLR monitors noise levels at its facilities to ensure compliance with Brazilian OHS requirements and with ambient noise standards, especially if there are sensitive receptors in the general project site. At the cogeneration power facilities, noise monitoring programs are conducted by the operators/owners of the associated sugar/alcohol mills.

Atmospheric Emissions and Air Quality - The main sources of air emissions during the construction of new facilities are associated with fugitive dust emissions from exposed surfaces following vegetation clearing, from equipment traffic on unpaved access roads and, to a minor degree, exhaust gases from vehicles and heavy equipment. Dust emissions are minimized by watering exposed surfaces, unpaved access roads and by limiting the speed of vehicles and heavy equipment. Exhaust emissions are minimized through verification that vehicles and heavy equipment have proper maintenance.

As part of the environmental permitting process of new cogeneration facilities, CPFLR conducts air dispersion models that are submitted to the regulatory agency prior to the issuance of required environmental licenses. Based on information reviewed, U.S.E.P.A's Industrial Source Complex - Short Term Model (ISCST3) was used for all cogeneration facilities licensed in the past few years. Going forward, CPFLR will conduct air dispersion models such as U.S.E.P.A's AERMOD to predict future air quality conditions. In addition, in the event there are no ambient air quality data in the area of a future cogeneration facility, a monitoring program should be implemented to acquire the baseline air quality data necessary for the impact analyses.

During the operations of cogeneration facilities, emissions of particulate matter (PM) and nitrogen oxides are typically controlled through the use of cyclones and wet scrubbers to meet in country standards. For cogeneration facilities under construction, emission control technologies include a combination of scrubbers and bag filters. Moving forward, for new developments CPFLR will deploy air emissions' means of control consistent with requirements of the World Bank Group's EHS Guidelines for Thermal Power.

Shadow Flicker – The shadow flicker occurs when the sun passes behind the wind turbine and casts a shadow. Shadow flicker may become a problem when residences are located near, or have specific orientation to the wind farm. Going forward, during the design and siting of future wind farms, CPFLR will use commercially available modeling software to identify a zone of flicker and to prevent/minimize such impacts, in alignment with the World Bank Groups' EHS Guidelines for Wind Energy.

Greenhouse Gases (GHG) – CPFLR maintains an inventory of GHG for its operations. The Company reports that 97.89% of all GHG emissions result from the operations of combustion of biomass (mostly sugar-cane bagasse) at cogeneration facilities. For the year 2012, CPFLR's operations emitted a total of 57,303.72 tons of CO₂e.

Energy Efficiency – CPFLR is a company dedicated to the generation of renewable energy and has invested in best technologies that aim at the highest power generation capacity with minimal social and environmental impacts. During initial planning of new SHPs, CPFLR conducts siting and feasibility studies to optimize the hydraulic potential of each facility, always in alignment with national and regional development plans for the same river or basin where the project will be located. Similar siting studies are conducted for wind farms projects, which now use state-of-the-art turbines that have up to 3.0 MW generating capacity. Biomass cogeneration power units use sugarcane bagasse as fuel and are developed in partnership with existing sugar mills. CPFLR's business model for such cogeneration facilities includes the replacement of old and inefficient boilers that are operated at the sugar/alcohol mills with more efficient units that generate more steam and at higher pressure. Cogeneration units vary from 25 to 70 MWth capacity. Overall, the Company has many initiatives to operate and achieve high-energy efficiency in all of its operations.

PS4 (Community Health, Safety and Security): During the construction phase, the main risk to community health and safety typically arise from the transport of construction materials, equipment, and workers to and from the construction site. Potential to community health and safety impacts during construction include accidents involving vehicles and pedestrians as well as structural damage to local housing/structures located adjacent to main access roads/routes. Other potential impacts include hazards associated with the transport and use of explosives for excavation activities at SHP sites. CPFLR evaluates potential risks associated with transport activities, performs access road improvements and develops preventive measures accordingly. CPFLR requires contractors to adhere to driver safety awareness programs that teach drivers/operators to respect speed limits, to recognize the quality and conditions of local roads and drive accordingly.

Infrastructure and Equipment Design and Safety : Access to dams and water diversion structures and other project infrastructure (i.e. surge shafts) are protected from public access with warning signs and fences to discourage and prevent unauthorized access. In addition, CPFLR has installed surveillance cameras in areas around the SHPs and other facilities to better monitor site conditions. Civil works are designed and constructed according to good international practices to address potential risks associated with natural hazards such as floods and seismic activities, as identified in the project feasibility studies. Qualified and experienced professionals who have proven experience with similarly complex projects are secured by CPFLR to design dams and other structural. CPFLR also hires competent independent professionals to review the designs of these structures and, subsequently, during construction, geotechnical safety and concrete specialists monitor the construction of these structures to ensure they are built in accordance with the design. A dam safety report is submitted to ANEEL, the electricity sector regulatory agency, documenting engineering and construction supervision results.

Other potential risks to communities near SHPs sites include drowning hazards due to the new reservoirs or to downstream receptors or a passerby due to discharge of water in the tailrace during normal or emergency events. Measures to prevent these potential impacts include warning signs along the margins of the reservoirs as well as fences in the areas of concern to prevent access of community members to these high-risk areas. The company prepares emergency preparedness and response plans for the

operational phase and conducts regular training and drills.

Communicable Diseases –Potential risks to community health are related to influx of construction workers to small towns where workers camps are established or where houses are rented to accommodate the migrant workers. The rates of sexually transmitted and other communicable diseases may increase in the hosting communities due to the influx of workers. The ESIA's typically include assessment of potential epidemiological impacts on communities as well as potential impacts on existing public health services. In order to minimize negative health impacts CPFLR undertakes community engagement activities, in particular through coordination with public health and educational entities. In addition, in alignment with best practices and Brazilian requirements, CPFLR requires that contractors hire the majority of unskilled construction workers from local communities to minimize the number of influx of construction workers. Other preventive measures include medical surveillance to screen construction workers, vaccination programs, and awareness programs to prevent sexually transmitted diseases and teen pregnancy. In the State of Rio Grande do Norte, where CPFLR has identified teen pregnancy as a major impact associated with construction sites, the Company has formed a partnership with local government and has implemented a program to educate

Security Personnel - CPFLR hires qualified companies to provide security services. Security personnel are unarmed security personnel and CPFLR reports that the company conducts due diligences of security companies prior to contracting their services.

PS5 (Land Acquisition and Involuntary Resettlement) CPFLR's initial approach during every small hydro project design is to avoid social impacts, particularly physical or economic displacement. Where displacement cannot be avoided, CPFLR's policy is to acquire properties or establish right-of-ways through direct negotiations with the landowners. CPFLR then makes offers to the landowners based on the market value of the land following title verification, a property survey, and a commercial / reference valuation (following Brazilian Technical Norm 14.653-3/2004). The valuations provided to landowners are performed by registered contractors and include an explanation of the reasons for the assessed value. CPFLR resorts to judicial expropriation through a Declaration of Public Utility only as a last resort in cases where it is not possible to reach an agreement with the landowner. However, CPFLR is very proud of their 87% rate of amicable negotiations with land owners, which is a remarkable achievement in the sector. In the wind power projects land are leased based on long term agreements with land owners that are given the choice to stay in the land taking their traditional activities (mainly subsistence agriculture and livestock). In transmission lines developments to connect power generation projects to national grid, where displacement cannot be avoided, and land owners are compensated by potential economic displacement proportionally to existing land use activities. Whenever existing activities are consistent with a transmission line (annual crops production, livestock) land owners are paid 30% of the land value to grant the easements. When activities are incompatible with a transmission line, land owners receive up to 80% of total land value to sign the easements.

CPFLR maintains continuous communications with local communities about matters that concern them, including land acquisition. CPFLR documents all land transactions and payments for damages in written agreements or contracts as required by the electricity sector regulatory agency ANEEL. Where resettlement is required, relocation plans are based on consultations and agreements with displaced persons and communities.

The small hydro projects usually have small flooded areas, where the productive standards of the land commonly are not affected and in most cases the families do not need to be displaced. However, in cases there is a need for physical or economic displacement, the company adopts criteria to compensate the families involved, either socially and/or financially. The starting point is based on the social-economical study of the area, called "Cadastro Econômico", which reveals the identity and the way of life of the families, as well as determines the best compensation alternatives. The negotiation process and the definition of the compensation varies according to the degree the families are affected. In the land which does not have its production and habitability capacity affected, the financial indemnification is adopted in

order to compensate the economic loss. In cases where the land which the production and habitability capacity is affected, besides the financial indemnification, the social compensation is applied, through benefits such as acquisition of land to form rural group resettlement areas or self resettlement, when the family receives a Letter of Credit to acquire another property. In the acquisition of new areas the company makes the best efforts to keep the same characteristics of the old property, preferably in the same region, in order to minimize the impacts, providing better adaptation. Whenever land owners/squatters are considered a vulnerable group, no direct payments in cash is done, but land owners/squatters can look for a new piece of land of their choice and contract/purchase all improvements such as fences, new house, well, coral that are paid by directly CPFL. To the extent of necessary, families receive all support from the company and are monitored until their means of living is restored.

In order to respond to the community requirements, the company has offices in each municipality of its plants with professionals from areas such as agronomy, social and legal.

In the case of the small hydros Corrente Grande and Barra da Paciência, the social benefits extended to the families affected were defined in an agreement (“Acordo Social”) signed with the members of the community involved, contemplating owners and not owners (renters, employees, etc). These projects resulted in the need to resettle approximately 32 families whose livelihoods were successfully re-established as foreseen in respective Resettlement Action Plans.

CPFLR has formal Land Acquisition procedure that defines the framework, all steps and responsibilities in this process. Going forward, CPFLR will develop a Resettlement and livelihood restoration framework procedure in alignment with IFC’s Performance Standard 5 and local requirements to help ensure a consistent approach to these processes in all projects.

PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources): Brazilian environmental regulations include requirements for the assessment of potential impacts to biodiversity and implementation of preventive and corrective actions. CPFLR is supported by external experts to implement biodiversity conservation programs which may include rescue of fauna and flora from potentially impacted areas and offsetting or conservation mechanisms required by Brazilian law. These conservation mechanisms include replacement of riparian vegetation on reservoir areas, creation of legal reserves, and interconnection of legal reserves to create wildlife corridors and otherwise enhance the biodiversity conservation value of protected areas. CPFLR ensures that environmental impact assessments where potential impacts to biodiversity are identified include identification of the presence of IUCN Red-listed critically-endangered or endangered species, concentrations of nationally listed threatened species, endemic or restricted-range species, migratory or congregatory species; description of whether the site is located in an rare, threatened or endangered ecosystem; and other information necessary to evaluate the presence and potential impacts to biodiversity resources of critical importance to biodiversity or local communities in compliance with IFC’s PS6 requirements.

CPFLR’s environmental management plans (EMPs) include detailed biodiversity protection programs addressing such aspects as the protection and control of vegetation cover; forest potential; habitat; wildlife loss; alteration of aquatic ecosystems; and potential impacts to protected areas. Where necessary, EMPs further include detailed plans for the rescue and relocation of wildlife in the project affected areas. CPFLR’s project selection process includes screening to avoid development of projects in legally protected areas. For wind power projects, CPFLR conducts avifauna baseline assessments during licensing phase and conduct specific monitoring programs in the first six months of the project operation. Currently CPFLR is benefiting from the fact that their wind sites are not located close to any Important/Endemic Bird Areas (IBAS/EBAS) and their large wind turbines have a low rotation frequency, which make accidents less likely. Monitoring results are not showing significant impacts to birds’ populations. Going forward, CPFLR will hire a consultant to develop an avifauna monitoring procedure for wind projects aligned with international best practices that will allow them to operate in different environments and circumstances.

Ecosystem services and Ecological flow of hydroelectric projects – CPFLR conducts baseline

assessments of hydrologic resources and aquatic ecology in all projects to evaluate potential impacts and to help establish the minimum ecological flow. Assessment activities include identification of aquatic species, including micro-invertebrates, plants, and fish species. The ecological flow, or minimal residual flow, is a reference value that must be kept in the river after the dam and before the power house of the plant. According to the current legislation, the ecological flow is established by the hydrologic method of the Q7.10, meaning the minimal flow of seven days in a recurring period of 10 years, guaranteeing 70% of the Q7.10 in the minimal residual flow. Currently there are several arguments against this methodology as it is focused only on a minimal flow and not in hydrological regimes. Different hydrological regimes make it difficult to adopt the same criteria in different regions. Moreover, the diversity of human uses for the water and the existent impacts require the criteria adopted to be different in each region, or even in each basin. Therefore, CPFLR is conducting broader ecological flow analysis on a case by case basis, presenting in the environmental studies other reference values and methodologies. Such studies aim to analyze the specificities of each region and to determine ecological flows coherent with the energy generation, as well as with the socio-economic aspects.

PS8: (Cultural Heritage): Protection of Cultural Heritage in Project Design and Construction – During the environmental permitting process for a new project, CPFLR secures the services of qualified and certified cultural resources specialists to conduct studies in accordance with the requirements by the National Institute of Historic and Artistic Heritage (Instituto de Patrimônio Histórico e Artístico Nacional - IPHAN). The qualified cultural resources specialist coordinates with IPHAN to carry out field surveys and potential rescue and restoration, as deemed necessary by IPHAN. Review of CPFLR's environmental documentation associated with the environmental permitting of recently licensed facilities shows that CPFLR's qualified cultural resources specialists have coordinated with IPHAN and obtained the due authorizations from this agency. Moving forward, CPFLR will formalize its procedures for chance finds during the construction of new facilities, including substations, transmission lines and renewable power generation stations.

- Organization Capacity – Environmental management programs are organized at the corporate level by an environmental management group with the support of external technical consultants who assist CPFLR in the preparation and implementation of environmental management and monitoring plans at the project level. Responsibility for the management of environmental and social aspects at the Corporate level is assigned to a Sustainability and Environmental Officer, who belongs to the company's senior management team, reports directly to the Company CEO. The company relies on the services provided by specialized consulting companies in the preparation and implementation of environmental and social impact studies, environmental and social management plans, and monitoring activities. The company's Sustainability Officer oversees an Environmental Unit responsible for the management of the environmental permitting process, land acquisition process, community engagement activities, and environmental and social monitoring and reporting activities through preparation of consultant terms of reference and review and follow-up of consultants' reports. Community engagement activities (described under the "Client's Community Engagement" section below) are mainly organized and managed through the Environmental Unit with support from external consultants, construction contractors, and company representatives at the construction sites. Twenty eight (28) internal staff work under the sustainability department, but the company also relies on a team of contracted EHS staff to handle and supervise EPC contractors during construction phase of projects. Usually, there is a dedicated team of one OHS technician, one EHS Engineer, one Environmental technician and one nurse per construction site.

CPFLR acts as its own general contractor managing both the bidding and implementation of construction contracts which are implemented by well established Brazilian construction companies, such as CESBE (the construction company present in the only site visited during construction activities). This policy aims to keep the company close to the day to day of the construction in order to mitigate risks, assure

adequate management as well as to reduce project development and construction costs. CPFLR also contracts the operation and maintenance services of power equipment providers such as Alstom for the newly constructed facilities for an initial period of up to 5 years. CPFLR contractually requires the operating company to comply with applicable labor and occupational health and safety standards. Construction contractors interviewed by IFC during a field visit were found to have a team dedicated to the management of occupational health and safety as required by Brazilian Law including a Health and Safety Supervisor and Health and Safety Technicians.

CPFLR has its own Occupational Health and Safety (OHS) Manager who supervises the OHS aspects of construction and operational projects at the Corporate level.

- Training – CPFLR hires trained and experienced professionals who as part of the Environmental Unit oversee consultants' and contractors' preparation and implementation of environmental and social management programs. Consultants are selected based on their qualifications and training; they must also be professionally registered under the Federal Technical Registry of the Ministry of Environment. Construction companies are contractually required to comply with regulatory requirements regarding worker training. CPFLR requires construction and operations contractors to comply with Brazilian training standards.

At the Corporate level, CPFLR has a Training Policy applicable to management level employees which outlines eligibility criteria for the pursuit of Masters in Business Administration (MBA) studies, technical courses and seminars, and English language training. In addition, the company provides internal training programs to all its employees, including subjects such as regulation, commercialization, geology, hydrology, electrical equipment, operation and maintenance, wind projects, environmental studies, contracts, mechanical equipment, internal processes, quality, etc.

- Monitoring – CPFLR has a well established monitoring program covering key environmental, health, safety and social indicators applicable to its operations. Monitoring activities are consistent with the aspects covered by aforementioned construction and operational phase management programs and include such aspects as: liquid effluents and solid wastes; noise; vegetation management; limnology and water quality; ictiological conservation (including monitoring, rescue, and transfer); community communication and engagement; etc. IFC found evidence that the company's general construction contractors conduct occupational health and safety (OHS) monitoring activities as required by Brazilian Law. These activities include such aspects as workplace exposures to noise and dust to help determine the level of protection required as well as employee compliance with the required use of personal protective equipment (PPE). Contractors also monitor the frequency and severity of accidents among the workforce to evaluate the effectiveness of preventive measures.

CPFLR has a sophisticated computer based system to monitor and follow up the environmental licenses and conditions to operate, OHS legal obligations, and all EHS legal requirements from all sites. The system generates progressive warnings prior to due dates and non compliance reports.

CPFLR also developed land monitoring system based on Geographical Information System (GIS) and remotely accessible through a map server database in the web. The system includes the project maps, properties maps, high precision satellite images, land owner/squatter information, baselines surveys and copy of land title among other relevant information.

- Reporting – CPFLR monthly or more frequent reports prepared by external environmental consultants covering the aforementioned construction and operational phase environmental monitoring activities and based on weekly checklists of verification. Results of these monitoring activities are compiled and summarized into an internal Management Report on Sustainability, prepared monthly. The internal management report is organized by each facility either under construction and operation and covers a wide range of activities further organized under a summary of key accomplishments and proposed future

activities. The internal report specifically includes such aspects as: status of environmental licensing; community engagement activities; audits and other supervisory activities of regulatory agencies; and status of engagement with local public authorities (on such aspects as health and security), among others.

In order to report the results of environmental and social monitoring activities, the company prepares and distributes to the community brochures and newsletters. Moreover, the company representatives promote contacts and meetings with the community in order to answer questions and to disclose actions of other environmental programs and the progress of works.

CPFLR is concluding its first annual sustainability report under GRI standard A, B or C+/- (Please provide), summarizing key aspects of their operations, disclosing some relevant performance indicators and will make it publically available at their website.

Under the framework of OHSAS 18001 certification OHS monitoring activities are compiled into internal reports, which are reviewed by corporate officers who have ultimate operational responsibilities.