



NEOENERGIA GROUP FINANCIAL INFORMATION PREPARATION POLICY

Updated on December 19, 2018

The Board of Administration of NEOENERGIA S.A. ("Neoenergia") recognizes constant focus on the financial information that it provides to the market to be a strategic goal.

This Neoenergia Group Financial Information Preparation Policy seeks to define an orderly process for preparing the consolidated financial information applicable to all companies belonging to the group of which Neoenergia (the "Group" or "Neoenergia Group") is the controlling entity, within the meaning established by law, one that is consistent with the principles of subsidiarity and decentralized management that govern the corporate structure and governance model of the Group, that ensures the consolidated financial information of Neoenergia has been prepared based on information provided by the various companies of the Group, and that clearly describes the responsibility of its management decision-making bodies in such process.

The main goal of this process is to ensure that the consolidated financial information that Neoenergia publishes reflects a true and fair view of the assets and liabilities, the financial position, the results and the cash flows of the group made up of the companies included in the consolidation.

A similar process defined by the strategic shareholder will also be applied to ensure that the financial information that Neoenergia makes available for its own consolidation also reflects the true and fair view of the Group's equity, financial situation, results and cash flows on the basis of criteria defined in that procedure.

1. Scope

This Neoenergia Group Financial Information Preparation Policy shall apply to all companies of the Group and shall affect the process of preparing the consolidated annual accounts corresponding to the consolidated results of Neoenergia and the subsidiaries. It will also affect the interim management statements of the first, second and third quarters corresponding to the results of consolidated Neoenergia and its publicly-held companies (only public companies are required to be reviewed quarterly by the external auditor) (the "Consolidated Financial Information").

2. Principles

The Neoenergia Group Financial Information Preparation Policy rests upon the following principles:

- a) The formulation of the individual financial information of each of the companies of the Group is the responsibility of the management decision-making bodies of each company;
- b) Without prejudice to the provisions of law, the management decision-making body of each company shall also be responsible for the formulation of any financial information relating to its respective company that may be required to prepare the Consolidated Financial Information within the framework of the accounting

- consolidation process in accordance with the models and scopes defined by Neoenergia's Administration and Control Division (the "Financial Information for Consolidation");
- c) The management decision-making bodies of subsidiaries that have a subgroup shall also be responsible for approving the Financial Information for Consolidation within which the company itself and its subsidiaries are included, and which form part of its subgroup;
 - d) The Financial Information for Consolidation shall be prepared in accordance with the accounting standards established in the Accounting Policies Handbook and the models approved by Neoenergia's Administration and Control Division;
 - e) Without prejudice to the principles set forth above, the management teams responsible for preparing the Financial Information for Consolidation of each of the companies of the Group shall coordinate with Neoenergia's Administration and Control Division to reach agreement on the interpretive accounting standards to take into consideration when preparing such information. Any disagreement in this regard shall be reflected in writing when submitting the Financial Information for Consolidation; and
 - f) Companies with Financial Information for Consolidation that is covered by the scope of the verification procedures of Neoenergia's external auditor shall ensure that the Financial Information for Consolidation has been audited by its external auditor before submitting it to the Administration and Control Division in accordance with the process described in the next section.

3. Process of Preparing Consolidated Financial Information

Before the beginning of each financial year, the secretary of the Board of Directors of Neoenergia shall inform the Administration and Control Division of the date provided for the adoption of the resolution to formulate or the approval, as appropriate, of the Consolidated Financial Information.

The Administration and Control Division shall communicate to the management decision-making bodies of the Group's companies the deadlines for submitting the Financial Information for Consolidation for each company.

Such notice shall be coordinated with the requests for information that the chair of Neoenergia's Audit and Risk Supervision Committee define in order to issue the required reports.

4. Powers Vested in Neoenergia's Audit Committee and the Audit Committees of the other Companies of the Group

The provisions of this Neoenergia Group Financial Information Preparation Policy shall be deemed without prejudice to the powers vested in Neoenergia's Audit Committee and Audit Committees of the other companies of the Group in relation to the financial information of their respective company.

In particular, the Financial Information for Consolidation of the companies that have their own Audit Committee must be reported on by such Committee before being submitted for the approval of the management decision-making body of the company in question.

This Neoenergia Group Financial Information Preparation Policy was initially approved by the Board of Administration on September 06, 2018 and last updated at the Board of Administration Meeting held on December 19, 2018.