

## Anti-Corruption and Anti-Fraud Policy

March 13, 2019

Corruption and fraud stifle economic growth, weaken democracy and undermine social justice and the Rule of Law, causing serious harm to the economy and to society, and in many cases facilitates the operations of organized crime.

NEOENERGIA S.A. (" **NEOENERGIA** " or the " **Company** "), in accordance with the provisions of its Purpose and Values and the guidelines of conduct established by its *Code of Ethics* , as a reference to firm commitments with ethical principles, assumes the responsibility to participate actively of the challenge of combating corruption and fraud in all its areas of activity. For such purposes, the Company's Board of Directors, which is vested with responsibility for formulating the strategy and approving the corporate policies of the Company and for organizing the internal control systems, approves this Anti-Corruption and Anti-Fraud Policy. ("**Anti-Corruption and Anti-Fraud Policy**").

### 1. Purpose

1.1 The objective of NEOENERGIA's *Anti-Corruption and Anti-Fraud Policy* is to send a clear and consistent message to all executives and employees of the companies that make up its business group ( "**NEOENERGIA Group**" or "**Group**"), as well as to all third parties related to them that adopt a zero-tolerance stance regarding corruption and fraud of any kind and in any of its forms of achievement, contributing to the achievement of the sixteen objective of the United Nations-approved Sustainable Development Objectives.

1.2 In this sense, this Anti-Corruption Policy establishes minimum standards of behavior for its employees and managers, as well as for its suppliers and service providers in situations that may involve or characterize corruption, bribery or money laundering, making clear the company's position to reject any and all situations or circumstances related to such practices. It is also the objective of this Policy for all to comply with the requirements of applicable anti-corruption legislation, particularly the provisions of anti-corruption laws, in order to ensure that the highest standards of integrity, legality and transparency are followed during business conduct.

1.3 The Anti-Corruption Policy reflects a permanent commitment of NEOENERGIA with the monitoring of its processes, for the identification and punishment of all acts and behaviors that are fraudulent and illegal, or that may be characterized as corruption in any of its manifestations, maintaining effective communication mechanisms and raising awareness of all employees, as well as developing a business culture based on ethics and honesty.

1.4. This Policy reflects NEOENERGIA's commitment to adhere to the applicable standards set forth in the international treaties to which Brazil is a signatory and in the United Nations Global Compact against Corruption, and to adhere to Laws No. 12,846 / 2013, No. 8,429 / 92, No. 8,666 / 93 and 9.613 / 98, as well as to regulations concerning the matter, of the countries in which there is a related company, whenever required by law ("**Anti-Corruption Laws** "). In addition, it provides that all suppliers of goods and services and business partners of the NEOENERGIA Group comply with the same laws, regulations, standards and ethical business practices, in compliance with the provisions of the *Code of Ethical Conduct for Suppliers*.

1.5 The principles recognized in this Anti-Corruption Policy are developed in the scope of crime prevention, as established in the Company's Crime Prevention Policy.

## **2. Scope of application**

2.1 This Policy applies to all professionals of the NEOENERGIA Group, regardless of their hierarchical level, functional level or place of performance. The following categories are covered by the concept of professionals: administrators, auxiliary committee members, members of the supervisory board and employees, trainees, contractors and minor apprentices.

2.2 This Policy and the principles contained therein shall be adopted by all the companies that is part of NEOENERGIA Group. This Policy must also be fulfilled by professionals of the NEOENERGIA Group who hold positions or functions of representation or direction in: i) companies in which it holds participation, even if not control, without prejudice to compliance with equivalent standards and policies in these companies; ii) associations or foundations of which any company of the NEOENERGIA Group is a member or maintainer, as well as suppliers and service providers, including any agents, intermediaries or third parties, who interact or work with the NEOENERGIA Group, who must observe and agree with the provisions of this Anti-Corruption Policy and the *Code of Ethics* of the NEOENERGIA Group.

2.3 The companies that is part of NEOENERGIA Group may, after prior consultation with the NEOENERGIA *Compliance* Superintendence, adopt policies and standards that adapt and develop the principles covered in this Anti-Corruption Policy to the specifics of each jurisdiction or business. However, such policies and standards must be in full compliance with the principles set forth in this Anti-Corruption Policy.

## **3. Principles of action**

The *Anti-Corruption and Anti-Fraud Policy* is based on the following principles:

a) NEOENERGIA Group does not tolerate, permit or become involved in any kind of corrupt practice, extortion or bribery in the conduct of its business activities, either in the public or in the private sector;

b) NEOENERGIA Group fosters a preventive culture based on the principle of “zero tolerance” towards corruption in the businesses in all its forms, as well as towards the commission of other wrongful acts and in fraud matters and on the application of principles of ethical and responsible behavior by all professionals of the Group;

c) This principle of “zero tolerance” towards corruption in the businesses is of an absolute and primary nature regarding the possibility of obtaining any type of financial benefit for the Group or its professionals when based on a business or transaction that is unlawful or contrary to the principles set out in the *Code of Ethics*;

d) Relations between the professionals of the Group and any government administration, authorities, public officials or other persons who participate in the exercise of public functions, as well as political parties and similar institutions shall in any event be governed by the principles of cooperation, transparency and honesty. NEOENERGIA Group has specific procedures to prevent any conduct that might be considered an act of corruption or bribery, the application of which is supervised by the *Compliance* Superintendence and the Group's *Compliance* areas;

e) Prohibition for the managers and employees of the NEOENERGIA Group (collectively, "**Professionals**") and all their suppliers, agents, intermediaries, contracted business partners, including any third party acting on behalf of the Group to engage in any corrupt or illegal activity, and directly or indirectly, to receive, offer, promise, provide, authorize any person to provide money, improper advantages or anything of value to any person, whether physical or legal, or related person, whether publicly or the purpose of obtaining any undue advantage for themselves or for others, even if it may benefit the NEOENERGIA Group;

f) No Professional, supplier or service provider will be penalized due to delay or loss of business resulting from their refusal to pay or receive bribery or bribery or to perform any act that is characterized as corruption;

g) In their relations with public agents, the professionals of the NEOENERGIA Group must behave in an integral and transparent manner, with cordiality in the business environment, maintaining conduct absolutely adherent to the *Code of Ethics* of the Group and the *Professional Codes of Ethics* that guide the conduct of public agents. It is everyone's duty to ensure an adequate way to open, build and maintain such relationships, as set forth in this policy and the law;

h) It is prohibited for Professionals to use their position in NEOENERGIA Group, or their relationship with public decision makers, to obtain any kind of advantage for themselves or for any person related, directly or indirectly. It is also prohibited to demand or request an undue advantage, including cash, in exchange for performing routine administrative tasks, such as obtaining information, energy connection, project approval, or omission of officio obligation, such as inspection and application of penalties for breach of contract;

(i) It is also prohibited to make any payment, known as facilitation payment, by itself, or through third parties, through which an action, service or governmental act may be improperly expedited or in order to ensure the execution of an action or service in relation to its normal conditions of execution or service, especially if the act or omission may characterize undue favor;

j) NEOENERGIA Group does not finance, fund, sponsor or in any way subsidize for itself, its Professionals or third parties, the practice of illegal acts provided for in this Policy, in the *Code of Ethics* or in Brazilian anti-corruption legislation;

k) The NEOENERGIA Group, although it may accept ex officio civil servants, or allow them to render services to them, observing the periods of impediment established by the regulations of the respective public agencies of origin, does not accept, under any circumstances, the practice of trafficking of influences, and the performance of these professionals should be based on ethics and compliance with the law. The same principle applies to its professionals who have a relation of kinship with public agents who, in the exercise of their duties, hold some level of decision-making power;

l) The professionals of the Group participate in on-line and on-site training programs with sufficient regularity to ensure that their knowledge remains up-to-date. In particular, all Group professionals will receive training on the *Code of Ethics* to avoid any fraud, corruption, money laundering, bribery or extortion;

m) The NEOENERGIA Group promotes a climate based on transparency, integrating the various crime prevention systems, maintaining the appropriate internal channels to encourage the reporting of possible irregularities and inappropriate conduct, including complaints channels, which allow Group Professionals, suppliers, Company shareholders and external publics report any conduct that violates the Company's corporate governance system or the practice, by any Group Professional, of illegal acts or conduct that are contrary to the rules established in the *Code of Ethics*;

n) All Professionals of NEOENERGIA Group shall have the duty to be vigilant about the practice of illegal acts, in particular with regard to the fight against corruption and money laundering. It is the duty of all professionals or suppliers to report any situations that may involve suspicions or risks of corruption, bribery, extortion, illicit payments and money laundering, as well as suspected violations of the Law, the *Code of Ethics* or its internal policies. For this, the Group makes available an independent ethical channel on its website, e-mail and line 0800 for denouncements, guaranteeing the anonymity and secrecy of the information;

o) NEOENERGIA Group undertakes not to take any form of retaliation, directly or indirectly, against persons who have communicated through the channels referred to in the previous item or by any other means the practice of any irregular conduct or any act contrary to legality or to the Corporate Governance System, including the provisions of the *Code of Ethics* , unless they have acted in bad faith;

p) The risks associated with fraud, corruption and bribery are sufficiently considered in all internal procedures of the Group's companies, and particularly in all processes that involving the relationships thereof with third parties;

q) Neoenergia Group's relationship with its suppliers is based on legality, efficiency and transparency. Ethical and responsible behavior is one of the pillars of the Group's conduct, and its suppliers must comply with the Group's policies, rules and procedures in connection with the prevention of corruption, bribery and extortion and money laundering. No supplier of the Group shall offer or give government officials, third parties or any employee of the Group, within the context of the business activity carried out for or on behalf of the Group, whether directly or indirectly, gifts, presents or other unauthorized advantages, whether in cash or otherwise, in order to secure favorable treatment in the award or maintenance of contracts or to obtain benefits for themselves or for the supplying company;

r) All contracts signed with suppliers must have anticorruption clauses to ensure compliance with this Policy. Although Neoenergia has its own anticorruption clauses, it is possible, upon evaluation by the *Compliance* Superintendence, that the Company adhere to the anticorruption clauses of their suppliers, provided that the basic principles of anti-corruption are included in them; and

s) In the case of contracts standardized by regulatory agencies, and since it is not possible to include anti-corruption clauses because it is impossible to change their content, the provisions in the previous paragraph will not apply.

#### **4. General provisions:**

4.1. Violations of the Anti-Corruption Law may result in serious penalties for NEOENERGIA Group and its professionals and/or representatives directly or indirectly involved in corruption

practices. For this reason, the practice of corruption, fraud, bribery or money laundering by a Professional or company representative is punishable and will result in penalties that may include termination of employment contract or provision of services or supply of materials, in this case, as well as civil, administrative and criminal sanctions, as provided by law.

4.2. Doubts about the content and application of this Policy or about any situations that may involve suspected corruption, bribery, extortion or money laundering should be sent to the *Compliance* Superintendence or to the *Compliance Officer* at the Group companies or registered in the consultation channel available on the Company's intranet.

## **5. Review**

The *Compliance* Superintendence shall annually review the contents of *the Anti-Corruption and Anti-Fraud Policy*, ensuring that it reflects the recommendations and best national and international practices from time to time in effect and shall propose to the Board of Directors those amendments and updates that contribute to the development and ongoing improvement thereof, taking into account any suggestions or proposals made by the Group's professionals or external entities.

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This Anti-Corruption and Anti-Fraud Policy was initially approved by the Board of Directors of Neoenergia on December 17, 2015 and last amended on March 13, 2019.