

Human Resources Framework Policy

March 13, 2019

The Board of Directors of NEOENERGIA, S.A. (the “**Company**”) considers the talent of its professionals to be a strategic asset. The professionals of the companies belonging to the group of which the Company is the controlling entity, with the meaning established by law (the “**Group**”), are a key element to achieve the purpose and put into practice the corporate values set out in the Purpose and Values of the Group.

1. Purpose

The purpose of this *Human Resources Framework Policy* is to define, design and disseminate a human resources management model of the Group that will allow it to obtain, promote and retain talent and encourage the personal and professional growth of all people belonging to the Group’s workforce, making them participants in the successful business enterprise and guaranteeing them a dignified and safe job.

The *Human Resources Framework Policy* is further developed by the following sustainable development policies: the *Recruitment and Selection Policy*, the *Knowledge Management Policy*, the *Equal Opportunity and Reconciliation Policy* and the *Occupational Safety and Health Policy*. In a world in which traditional production assets are ever more accessible, human capital fundamentally determines the difference between competitive companies and those that are not, and between those that sustainably create value and those that gradually lose their capacity to generate wealth.

The key principles for the conservation of human capital are considered to be the design and implementation of frameworks for the management of human resources and labor relations that allow all employees to share in the Group’s success and promote the economic and social development thereof, thereby contributing to compliance with goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations, and further the objectives of competitiveness and business efficiency.

The Human Resources Framework Policy must establish the guidelines that govern labor relations at the different companies of the Group and serve as a benchmark to define the objectives of the Company and the Group in human resources management as regards: the selection of its professionals, the assurances and stability of quality employment, the creation of a stable relationship with employees, occupational safety and health, and the management and promotion of talent.

Human resources management must be informed by respect for diversity, equality of opportunity and non-discrimination, as well as alignment of the interests of professionals with the Group’s strategic objectives.

2. Main Principles of Conduct

In order to achieve the aforementioned objectives, the Group accepts and promotes the following principles that must inform the management of its human capital:

- a) An appropriate framework of labor relations and of agreed mechanisms to bring the organization into line with corporate and social requirements, promoting the objectives of competitiveness and business efficiency;
- b) Design of a value offering that favors the selection, hiring, promotion and retention of talent, consisting of competitive remuneration and a working environment that promotes the professional growth of the Group's employees, based on equal opportunity, the commitment to the Purpose and Values of the Group and the business enterprise of the Group, and reconciliation between personal and professional life;
- c) The development of consistent human resources processes that progress in the implementation of a talent culture in all countries in which the Group does business, respecting local particularities;
- d) The definition as a strategic objective of the conduct of labor relations based on equality of opportunity, particularly between genders, non-discrimination and respect for diversity. Measures must also be promoted to achieve a favorable environment that facilitates reconciliation of personal and working life, complying with the law applicable in each country and following best international practices;
- e) The consolidation of stable and quality jobs;
- f) A remuneration system that allows for the attraction and retention of the best professionals and the objectives of which are aligned with those of the Group;
- g) Appreciation of the contribution of all professionals to the Group's creation of value and to its growth;
- h) Recognize and value family and personal connections among the professionals of the Group, a necessary consequence of the Group's strong local roots within the communities in which it has historically done business, and establish specific measures ensuring that employees with such connection are not favored or discriminated against in hiring and promotion processes, nor is there any violation of the principle of equal opportunity;
- i) The process of selecting, hiring and promoting professionals of the companies of the Group shall ensure that all of its professionals are persons who are respectable and appropriate, aligned with the provisions of the Purpose and Values and with the principles contained in the *Code of Ethics*, assessing their history and rejecting those who lack the required appropriateness due to the background thereof.

3. Instruments

The Company and the Group have the following instruments to achieve these objectives:

- a) Human Resources Policy: this *Human Resources Framework Policy*, the *Recruitment and Selection Policy*, the *Equal Opportunity and Reconciliation Policy*, the *Occupational Safety and Health Policy* and the *Knowledge Management Policy*;

- b) The Company's Human Resources Division, the main objective of which is to give consistency to the guidelines for the management and promotion of talent within the Group, bearing in mind the different social and labor circumstances of the territories in which it operates, and the human resources divisions at the various companies of which it is composed, which are responsible for implementing and monitoring human resources policies and strategies. To meet this objective, the Company's Human Resources Division may create specialized global committees in areas like the selection and hiring of professionals, training, remuneration systems and social-welfare benefits;
- c) Collective bargaining agreements or specific equivalent agreements to govern aspects relating to human resources management, as well as the established specific monitoring mechanisms;
- d) Channels for dialogue and communication with employees: mixed subcommittees or committees with employees, labor climate surveys, meetings with the chairman and senior management, specific meetings, the corporate website and the Group's various intranets;
- e) International mobility programs that favor the exchange of experiences and knowledge, professional development and the promotion of talent, the firm establishment of a Group culture and retention of employees, in line with the Group's Business model;
- f) Training programs that foster the development of intellectual capital and the promotion of employees within the Group;
- g) Occupational risk prevention programs and processes and a global occupational safety and health system based on defined standards applicable to all companies of the Group.

4. Main Principles of Conduct in connection with the Selection and Hiring of Professionals

As further developed in the *Recruitment and Selection Policy*, the main principles of conduct in connection with selection and hiring are:

- a) Develop a program for standardizing the recruitment procedures within the Group;
- b) Encourage the access of young people to their first job through scholarship programs and other agreements;
- c) Provide candidates with a competitive offer that favors the recruitment and hiring of the best professionals;
- d) The Group's offer must be based upon competitive remuneration, a work environment based on equal opportunity, business enterprise, a balance between personal and professional life, and reconciliation thereof;

- e) The companies of the Group shall implement measures designed to promote respect for the rest periods of its professionals, and to avoid professional communication outside of working hours when possible;
- f) The Group will promote the hiring of its professionals using stable and permanent contracts;
- g) Standardize working conditions and the benefits received by part-time and full-time employees;
- h) Endeavor to ensure that selection and hiring processes are objective and impartial, avoiding the participation of the employees with which they are connected in the process of selecting family members of Group professionals or persons with another similar personal connection; and
- i) favor the hiring of employees from excluded groups and of persons with different skills.

5. Main Principles of Conduct in connection with the Management and Promotion of Talent and Training

Talent management and promotion are key aspects to improve the Company's position vis-à-vis its competitors, and their aim must be the definition of a framework to develop a global quality management system, affecting all professionals of the Group.

In the process of analysis and deliberation prior to the adoption of its resolutions, the Board of Directors generally gives special consideration to the impact that its decisions might have on the talent management and promotion strategy of the Group.

The Company also works continuously to configure a value offering addressed to its professionals that favors the selection, hiring, promotion and retention of talent.

One of the basic aspects of global talent management within the Group is the encouragement of training in accordance with the following main principles:

- a) Establishment of a conceptual framework that includes all training actions designed to promote the qualification of the workforce, aligning it with a multicultural work environment, permeable to cultural changes, expanding the principles set out in the Purpose and Values, creating value for the Group and promoting the sustainable development of the businesses of the Company;
- b) Implementation of training programs and plans that support advanced professional training for the performance of the job, adjustment of human resources to technological and organizational changes, adjustment of new employees to the requirements of the Group and greater capacity for professional development;
- c) Make training a key element of professional qualifications, and one that provides opportunities for promotion within the Group;
- d) Ensure that training programs include aspects relating to respect for human rights and foster a culture of ethical conduct;

e) Dissemination and sharing of the knowledge existing within the Group, on-going learning and cultural exchange, so as to boost operational efficiency through the appropriate use of intellectual capital, in accordance with the provisions of the *Knowledge Management Policy*.

6. Evaluation of Performance and Development

Employee evaluations and communication of the results thereof to those evaluated is an essential aspect of their professional training. The main principles of conduct are:

- a) Perform periodic evaluations of the performance of the employees of the Group.
- b) Communicate the results thereof to the employees evaluated so as to favor their professional development.
- c) In the process of salary evaluation or review, avoid direct participation by professionals who are family members or who have a similar personal connection with the affected employees.

7. Remuneration System

The Group considers it a priority for the remuneration system to favor the strengthening of its human capital, as the main factor differentiating it from its competitors. The principles of conduct informing the Group's remuneration system are:

- a) favor the attraction, hiring and retention of the best professionals;
- b) Maintain consistency between with the Group's strategic positioning and its development, its international and multicultural reality and its objective of excellence;
- c) Recognize and reward the dedication, responsibility and performance of all its professionals;
- d) Adjust to the various local circumstances in which the different companies of the Group operate;
- e) Be at the forefront of the market, consistently with the position achieved by the Company and its Group;

8. Diversity, Equal Opportunity and Reconciliation

The Equal Opportunity and Reconciliation Policy develops the Group's objectives and principles on the matter, which may be summarized in the following principles of conduct:

- a) Respect diversity, promoting non-discrimination on account of race, color, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation or any other personal, physical or social condition of its professionals;

- b) Develop the principle of equal opportunity, observance of which is one of the basic pillars of professional development, and entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the workforce, keeping employees with family similar personal connections from holding posts directly reporting - either hierarchically or functionally - to the professionals with which they are connected;
- c) Promote gender equality, especially as regards access to employment, professional training and promotion, and working conditions, as a manifestation of social and cultural reality;
- d) Honor commitments to external institutions, making an effort to honor the commitments assumed in order to obtain and maintain all certifications and awards granted in connection with reconciliation and equality;
- e) Implement reconciliation measures that promote respect for the personal and family life of its professionals and facilitate the achievement of an optimal balance between the latter and their work responsibilities;

9. Global Occupational Safety and Health System

The Occupational Safety and Health Policy is intended to achieve a safe and healthy work environment and reflects the main principles of conduct for Group companies in this area.

Pursuant to the provisions of said Occupational Safety and Health Policy, the Group has a Global Occupational Safety and Health System based on standards that determine the minimum levels applicable to all the companies.

This global system contemplates:

1. The integration of occupational safety and health standards in all stages of the production process, in all work methods and in all decisions, such that management personnel, technicians, managers and employees assume their responsibilities in the matter;
2. The identification, assessment and effective control of work-related risks;
3. Adjustment of employees to their jobs through health monitoring and training of employees; and
4. A mechanism for evaluating occupational safety and health matters in accordance with standards established for the entire Group to identify potential deviations, exchange best practices and establish a global culture of excellence in risk prevention.

The operation of the Global Occupational Safety and Health System is developed in the *Global Safety and Health System Manual* and in certain global procedures applicable to the entire Group.

10. Work Ethics

The Board of Administration has approved a Code of Ethics that sets forth the principles of conduct required of the various companies of the Group and of all their employees and management personnel, regardless of their job category, their geographic or functional location, or the company of the Group at which they work, except in the case of employees of country subholding companies that are not wholly owned by the Group and that have approved their own Code of Ethics according to their internal rules, and the dependent companies thereof, to which this latter code shall apply.

The Compliance Superintendence is the body created by the Company's Board of Directors to disseminate, interpret and inform the appropriate bodies of the degree of compliance with the *Group's Code of Ethics*.

The compliance divisions of each country subholding or head of business company shall apply the Company's Code of Ethics (or the specific code of their country subholding company) in their respective areas of conduct.

11. Corporate Volunteering

The companies of the Group shall develop corporate volunteering programs that promote the participation of the professionals of the Group in volunteer actions to put into practice the provisions of the Purpose and Values as regards improving the quality of life of people, looking after the environment and sustainable development, as well as universal access to energy, including collection campaigns that seek to respond to social needs.

These programs are intended to:

- a) Contribute to social well-being and community service;
- b) Strengthen a sense of belonging to the Group and improve the labor climate;
- c) Contribute to the ethical training of employees, channeling their spirit of community service to the benefit of the communities in which the Group is present;
- d) Promote the values of participation, commitment, responsibility and teamwork.

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This *Human Resources Framework Policy* was initially approved by the Board of Directors on June 28, 2018 and was last amended at the meeting of the Board of Administration on March 13, 2019.