

## INTERNAL COMPLIANCE UNIT RULES

July 19, 2018

### TITLE I. Nature, object, mission, approval and amendment.

#### Article 1 - Nature, object and mission.

1. The Board of Directors of NEOENERGIA S.A ("**Company**", "**NEOENERGIA**") hereby approves these Internal Rules ("**Rules**") of the Compliance unit ("**Superintendence**").

2. The purpose of these Rules is to regulate the activities carried out by the Company's Compliance unit, covering the main aspects for the development of its duties, as well as its relationship with the various areas of the companies that make up its business group ("**NEOENERGIA Group**", "**Group**"), in order to provide the independence and objectivity necessary to the development of its mission.

3. The Compliance unit is configured as an independent internal area, within the Company's formal structure, linked to its Board of Directors, through the Audit Committee, responsible for ensuring proactive compliance with the Rules established in accordance with the System of Corporate Governance, acting in the prevention and correction of legal nonconformities and inadequate or fraudulent conduct, having responsibilities, competencies, budgetary autonomy and independence of action, as established in these Rules.

4. The Compliance unit's mission is to ensure NEOENERGIA the sustainability of its business and its good reputation by aligning its strategies, actions and conduct with ethical and compliance principles, motivating and disseminating an ethical culture and integrity in the Group, and acting in a way to prevent and correct behaviors in disagreement with the law and the *Code of Ethics*.

5. In order to fulfill its mission, the Compliance unit covers all the companies of NEOENERGIA, in the capacity of controlling or holding the greater part of the capital. Upon authorization of its shareholders, the Compliance unit may act in companies whose control is not exclusive to NEOENERGIA. In the companies controlled by NEOENERGIA, the action may be carried out through the compliance officers in these companies, through a coordination protocol.

**Article 2 – Approval and amendment.**

Any amendment to these Bylaws shall be approved by decision of the Board of Directors, after prior opinion of the Audit Committee, except when the modification is initiated by the Board of Directors itself.

**TITLE II. Compliance Superintendent.****Article 3 – The Compliance Superintendent.**

1. The person with the highest level of responsibility in the Compliance unit will be its Superintendent ("Compliance Superintendent"), who will have the necessary powers to carry out the duties related to the position.
2. The appointment and removal of the Compliance Superintendent are attributions of the Company's Board of Directors, in the manner established in its Internal Rules.
3. The Compliance Superintendent shall have the knowledge, experience and qualifications required to perform the duties to be carried out.
4. The Compliance Superintendent shall manage the entire operation of the Compliance unit and its budget and shall be responsible for taking the measures and executing the corresponding action plans and ensuring that the Superintendence proactively and efficiently fulfills its duties.
5. The Compliance Superintendent will be responsible for establishing the structure of the Compliance unit, which shall be approved by the Board of Directors, based on the principles of independence and efficiency in management, and the Audit Committee shall be responsible for ensuring that the Compliance unit has the human and material resources necessary to fulfill its duties.
6. The Compliance Superintendent will direct the Compliance Committee, which will be composed of representatives of the Company's corporate or business areas.
7. Neither the Compliance Superintendent nor the other members of the Compliance unit may be members of the Board of Directors of NEOENERGIA or any company that is part of its economic group.

**Article 4 – Duties.**

The Compliance unit will have the following main attributions, without prejudice to others that may be granted to it by the Board of Directors:

- a) To disseminate the knowledge and compliance with the Company's Code of Ethics, promoting the training and communication actions it deems appropriate, as well as the Compliance Policies and Procedures and prevention of fraud;

- b) To prepare and propose to the Board of Directors the Integrity Program of the Company ("**Integrity Plan**"), being responsible for its execution and evaluation of its compliance;
- c) To monitor the functioning, effectiveness and compliance with the Anti-Corruption and Fraud Prevention Policy and the Crime Prevention Policy and to monitor the implementation, development and compliance of crime prevention programs both in the Company and its subsidiaries that do not have their own compliance area, without prejudice to the responsibilities of other bodies;
- d) To promote a preventive culture based on the principle of "zero tolerance" against the practice of illegal acts and situations of fraud, encouraging the application of the principles of ethics and responsible behavior of all professionals of the Company and its controlled companies;
- e) To interpret the Code of Ethics in a binding manner and to resolve any queries or doubts submitted to it regarding the content, application or compliance and, in particular, regarding the application of disciplinary measures by the competent bodies;
- f) To review the internal procedures of the Company and its controlled companies to verify their effectiveness in preventing inappropriate conduct and identify possible procedures that are most effective in promoting the highest ethical standards;
- g) To manage the ethical communication channels (denunciation channels and consultation channel) made available by the Company and its subsidiaries and carry out corresponding investigations, promoting the procedures for verifying and investigating the reports received, issuing appropriate reports, conclusions, decisions and recommendations on the reports processed;
- h) To plan and implement adequate training programs for all the professionals of the Group, on the duties imposed by the *Code of Ethics*, *Anti-Corruption and Fraud Prevention Policy* and *Crime Prevention Policy*, as well as in relation to the applicable anti-corruption legislation, with enough frequency to guarantee the updating of knowledge in these areas;
- i) To establish the necessary tools to ensure the registration and traceability of the actions that make up the Company's compliance system;
- j) To evaluate, at least once a year, the *Company's Crimes Prevention Program* and evaluate the suitability of its modification.

§ 1 Within these duties, the Compliance unit will be responsible for preparing, approving, updating and ensuring, on an ongoing basis, the application of the procedures deemed necessary or appropriate for the prevention of crimes and anti-fraud measures in the Company;

§ 2 The Compliance unit shall also have other powers of a single or permanent nature, as indicated by the Company's Board of Directors, provided for in its Bylaws or in the Company's Corporate Governance System.

### **TITLE III. Compliance Committee**

#### **Article 5 - Training, composition and attributions of the Compliance Committee**

1. The Compliance unit will be supported by a multidisciplinary committee ("**Committee**") composed of the Compliance Superintendent, who will be responsible for directing it, and representatives of the areas or functions of the Company that have responsibilities in areas related to compliance.

2. The following areas of the Company shall comprise the:

- a) Internal controls
- b) Corporate Governance;
- c) Risk Management;
- d) Health and Safety at Work;
- e) Regulatory;
- f) Environmental; and
- g) Human Resources.

3. The Compliance unit may propose to the Board of Directors the modification of the areas represented in the Committee, listed in section 2 above, so that all areas or functions of the Company with the highest compliance risk are represented in the Committee.

4. Through the Committee, the Compliance Superintendent:

- a) Ensures that each of the represented areas is aware of the areas with the highest risk of compliance under their responsibility, as well as that there are no areas of risk not included in the Committee;
- b) Identifies areas of compliance risk, whose management and control can be attributed to more than one area or function of the Company, formulating recommendations and proposals to avoid unjustified duplication and situations of uncertainty of responsibilities;
- c) Promotes the exchange of best practices regarding compliance within the Company and, in particular, among the areas represented in the Committee;
- d) Informs about the main actions taken in terms of compliance, by the areas represented in the Committee in their respective areas of operation such as: implemented controls,

risk analysis, internal policies and procedures adopted to manage said risks, communication activities and training, detection activities and remediation measures implemented;

- e) Analyzes legislative changes and regulatory trends that may be relevant to ensuring the effectiveness of the Compliance System, especially when such updates affect more than one area;
- f) Receives periodic information on any incidents occurring in the area of responsibility of each of the areas represented in the Committee;
- g) Receives the necessary information from the different areas so that the Superintendence can incorporate them into the annual report on the effectiveness of the NEOENERGIA Group Compliance System; and
- h) Obtains technical opinions on matters relevant to the Compliance unit.

5. The areas on the Committee should appoint a representative with sufficient experience and knowledge of the functions and activities carried out by the respective area in terms of compliance.

6. The Compliance Committee shall meet ordinarily every 3 (three) months, upon convocation by the Compliance Superintendent, and may, if necessary, meet extraordinarily.

7. The areas responsible for compliance of NEOENERGIA Group companies, when deemed appropriate by their administrative bodies, and with prior consent of the Compliance unit, may have their own Compliance Committees, which will provide support to the respective compliance officer, in accordance with the activities they carry out and the individual characteristics of local laws applicable to them.

#### **TITLE IV. Resources, budget, annual activity plan, functions**

##### **Article 6 - Human Resources and Materials**

- 1. The Compliance unit shall have the human and material resources necessary to perform its duties.
- 2. The Board of Directors, through the Audit Committee, shall ensure that the Compliance unit has the necessary resources to guarantee its independence and effectiveness.

##### **Article 7 – Budget**

Before the beginning of each fiscal year, the Compliance unit, upon proposal of the Compliance Superintendent, will submit to the approval of the Audit Committee a budget

plan for carrying out its activities during the next fiscal year, which, after being validated by the Committee Audit Committee, will be proposed to the Board of Directors of the Company.

### **Article 8 - Annual activity plan**

Before the beginning of each fiscal year, the Compliance unit, upon proposal of its Superintendent, shall submit to the Board of Directors, through the Audit Committee, for approval, an annual plan of activities for the following year, in accordance with the provisions of the Company's Corporate Governance Rules and the opportunities for improvement identified in the Integrity Program.

### **Article 9 - Powers and Counseling**

1. The Compliance unit, through its Superintendent and, to the extent permitted by applicable law, shall have access to information, documents, work tools and the offices of the Directors and any professionals of the Company, including minutes of meetings of the administration, supervision and control necessary for the proper performance of their functions. In this sense, all professionals and Company Directors must provide the cooperation requested by the Compliance unit for the proper performance of their duties.

2. The Compliance unit may also seek, at costs paid by the Company, through the persons in charge of conducting the business or the Secretary of the Company's Board of Directors, when applicable, the cooperation or advising of external professionals, who shall submit reports directly to the Compliance unit.

3. Whenever appropriate, to the extent possible and provided this does not affect the effectiveness of its activities, the Compliance unit shall seek to act in a transparent manner, informing Directors and affected professionals of the purpose and scope of their activities.

### **Article 10 - Duties of Members of the Compliance unit**

1. The members of the Compliance unit shall act independently of judgment and action with respect to the rest of the organization and carry out their work with the utmost diligence, honesty, professional competence and responsibility.

2. The members of the Compliance unit shall not disclose any information, data, reports or findings that they may have access while occupying their positions, nor use any of the above items for their own benefit or for the benefit of third parties, without prejudice to any duties transparency or reporting requirements. The confidentiality duty of the members of the Compliance unit will continue even after those members are no longer in that position. This duty of confidentiality presupposes: a) respecting the ownership of the information they receive, not disclosing it without proper authorization, except in case of

legal obligation; b) being cautious in the use and custody of information obtained in the course of their duties; c) strictly abiding by the rules related to the Code of Ethics and Information Security Policies of the Company as well as policies for the treatment of confidential information required by law or standards of regulatory bodies.

3. The members of the Superintendence shall be an example of behavior and conduct in the exercise of their duties, exercising them with the highest degree of professional objectivity, evaluation and judgment about the activity or process involved, and shall also evaluate in a balanced manner all the circumstances, not being influenced by their own or third party interests in the formulation of their judgments.

## TITLE V. Ethics Channels

### Article 11 - Creation of ethical communication channels

1. The Company shall have communication channels in order to promote compliance with the legislation and the rules of conduct of the *Code of Ethics*. These communication channels may be used by professionals of the Company and its subsidiaries, suppliers and the public in general, for queries, complaints or complaints involving noncompliance with the law or the provisions of the *Code of Ethics* and other Company's integrity standards.

2. Denunciation channels are independent and anonymous communication channels, with access available to any Company's and its subsidiaries' professionals, suppliers of products and services, including their employees, and the general public. Through these channels it is possible to report conduct by a professional of the Company or the companies in which NEOENERGIA is the controlling entity, which may involve: i) violation of the Company's Corporate Governance System; ii) violation of the law; iii) disagreement with the provisions of the Code of Ethics and integrity standards of the Company and the Group.

3. The consultation channels are NEOENERGIA's internal channels and may also be available in other subsidiaries, accessed via the intranet network, in order to allow professionals to clarify, directly with the Compliance unit or those responsible for Compliance in the companies of the Group, their doubts about the content and applicability of the Code of Ethics and norms of integrity. For professionals who do not have access to the intranet, the queries can be made through the email [compliance@neoenergia.com](mailto:compliance@neoenergia.com).

**Article 12 - Management of ethical communication channels.**

1. The management of the ethical communication channels, mentioned in the previous article, are the sole responsibility of the Compliance unit.
2. In the exercise of this duty, the Compliance unit shall observe the rules and information principles established for such purposes in the Code of Ethics and in the Code of Ethical Conduct for Suppliers.
3. The principles, rules of action and guarantees set forth in this Title shall apply to all reports of violations that are evaluated by the Compliance unit, regardless of how they were initiated or communicated.

**Article 13 - Acceptance for Processing the reports.**

1. The Compliance unit will decide whether or not to accept the processing of a communication ("report") sent to one of the ethical communication channels.
2. If the content of the report affects one of the Company's companies, the rules of the Coordination, Collaboration, and Information Protocols of the Compliance unit shall be followed, as the case may be.
3. The Compliance unit may determine the non-processing of a report provided that:
  - i) the content of the report clearly indicates that the matter does not constitute conduct that may involve an irregularity, illegal act or act in violation of the rules of conduct of the Code of Ethics, the Code of Ethical Conduct for Suppliers or norms of integrity of the Company;
  - ii) it does not contain sufficient information to allow an investigation;
  - iii) it refers to persons or companies that do not have any type of professional or contractual relationship with NEOENERGIA Group or its shareholders.
4. In order to decide whether a communication should be accepted for processing, the Compliance unit may, if he deems appropriate, request in the reporting system that the complainant (via personal password) clarifies or complements the communication, providing documents and/or additional data that may be required to enable an investigation to continue. If the complainant does not complete the requested information within 60 days from the request for clarification, the report will be closed due to lack of information.

## **Article 14 - Processing of the Investigation Report**

1. Once the report for processing is accepted, the Compliance unit will carry out the corresponding investigation, including with the help of external consultants, if necessary. If the report is directed against or involves a member of the Compliance unit, it may not participate in its processing, and such report shall be processed by the NEOENERGIA Audit Committee.

2. If the report affects any member of the Board of Directors, the Compliance Superintendent shall inform the Secretary of the Board of Directors, advising him on the processing of the information and the investigation process, including identifying an investigator external to the Company, in order to guarantee the independence of the investigation.

3. The Compliance unit shall verify the veracity and accuracy of the information contained in the report and, in particular, the conduct denounced, in relation to the rights of the affected parties. To this end, it shall establish a procedure taking statements for all affected parties and the witnesses must be heard, conducting any other proceedings it deems necessary. All professionals are required to faithfully cooperate in the investigation. The participation of witnesses and affected parties shall be confidential.

4. The hearing procedure shall include, as far as possible and without undue prejudice to the investigation, a private interview with the person allegedly responsible for the reported conduct, in view of the principle of respect for the presumption of innocence, in which it shall be informed of the facts that are the subject of the proceeding, being given the opportunity to present its full version of the facts, provide the relevant evidence and relevant issues, depending on the circumstances of the case and the facts denounced. The procedure should also provide information to all affected parties on the treatment to be given in relation to their personal data, as well as obligations required by legislation that deals with the protection of personal data.

5. In all investigations, the rights of privacy, defense and presumption of innocence of the persons investigated shall be guaranteed.

6. The Compliance unit may request, at any time during the investigative procedure, the collaboration of the areas of human resources, legal services, procurement, internal audit, or any operational areas, with the purpose of obtaining information, determining the form of action and to map consequences in relation to any report admitted to research.

## **Article 15 - Investigation Completion**

1. Upon completion of the investigation, the Compliance unit shall issue a reasoned report with the appropriate conclusions.

2. If the report concludes that a professional has committed an irregular act or an act in violation of the applicable legal provisions or rules of conduct directed at professionals of

the Company, the Human Resources Board shall be notified for the application of the appropriate disciplinary measures. The adoption and content of these measures shall be informed to the Compliance unit.

3. If the conclusion of the investigation indicates an irregularity or an act contrary to the legality or the rules of the Corporate Governance System affecting a member of the Board of Directors, the Compliance unit shall send the report to the Board of Directors through its Secretary, who will be responsible for applying any of the measures provided for in the Corporate Governance Rules, and the Secretary of the Board shall inform the Compliance unit of the measures adopted.

4. If the report concludes that a supplier has committed an irregular act or an act in violation of the legal provisions or rules of conduct set forth in the Code of Ethical Conduct for Suppliers, the Compliance unit shall notify the Board of Directors responsible for Supplies and Purchases or anyone who may have participated in the purchase made by the Company or Group company, for the exercise of the appropriate contractual rights. The measures adopted should be informed to the Compliance unit.

5. If the report concludes that a possible adoption of legal measures is necessary, the Compliance unit shall notify the Legal Executive Board so that it may take the judicial or administrative measures it deems appropriate, informing them to the Compliance unit.

#### **Article 16 - Protection of personal data**

1. In certain situations, the submission of personal information through ethical communication channels may, depending on the subject matter of the report and the applicable legal provisions, require the obtaining of express and unambiguous consent for the processing of the personal data of the person who made the report (in cases where the complainant has abdicated the right to anonymity), as well as the party involved. To that end, the necessary requirements will be observed to obtain any prior consent required to commence the actions, in accordance with the terms required by law and the Company's information security policies, regarding the protection of personal data.

2. As a general rule, the party denounced in a report shall be informed of its existence at the beginning of the investigation process. However, in cases where there is a significant risk that such communication could compromise the ability to effectively investigate reported facts or obtain the necessary evidence, such communication to the party involved may be delayed as long as this risk exists.

3. Information collected during the investigation process must be under the custody of the Compliance unit for at least two years or during the period in which the reports or actions carried out by the Company may give rise to obligations or responsibilities. Once this period has expired and there is no need for investigation in administrative or judicial proceedings, this information should be destroyed.

#### **Article 17 - General provisions**

These Rules shall enter into force on the date of their approval by the Board of Directors and shall be interpreted in accordance with the rules of the Company's Corporate Governance System, especially its Code of Ethics and Integrity Policies.