



# Relationships

# Engagement with stakeholders

AES Tietê promotes permanent engagement with its stakeholders through the everyday relations of various company areas with stakeholders. Supported by a matrix of stakeholders, our teams guarantee transparent dialog and continued improvement in performance to meet the demands and expectations of employees, shareholders, suppliers, customers, the government, regulatory agencies, the press, electricity sector agents, organized civil society and communities.

Periodically, we conduct research with our strategic stakeholders, such as employees, customers and suppliers, to assess the level of satisfaction and identify their main demands. Routine contacts of teams with audiences occur through meetings, e-mails and telephone.

In order to create a system of contact with these publics, in 2017 we implemented the Simbiose tool as a pilot project in the Reservoir Management area. Using an online platform, we mapped key themes for interaction with outside representatives and over 300 people with direct relations with the company. In addition to allowing for knowledge management and formalization of the contact history of each of these individuals, Simbiose has

## AES Tietê stakeholders



a simple and friendly interface allowing for visualization of levels of interest, influence and favorability regarding key themes identified. With this, decision-making to define plans of action and align the company's positions is much more streamlined and integrated. The lessons from this initial experience were incorporated into enhancing the system, which will also start to be made available to other areas of the company.

Agility in meeting external demands and transparency in communications, which are premises of our relations with society, were once again recognized. For the fourth straight year, AES Tietê was listed among the companies that best communicate with journalists, in the Electric Power category,

based on votes cast by over 25,000 journalists across Brazil. Another highlight was winning the Transparency Trophy for the second year in a row, in the Energy Sector Company category, awarded by Brazil's National Association of Finance, Administration and Accounting Executives (Anefac).

### LOCAL DIALOG

The II Mining in Reservoirs Workshop, promoted by AES Tietê in June, brought together representatives from the government, local authorities and mining companies in the Bauru (SP) region to debate mining in areas near reservoir area borders. Collaboration between all of these local actors contributed to sharing challenges and expectations to carry out mining activities using best environmental preservation practices, according to legal and regulatory requirements.

# Employees

Our commitment to promoting a fulfilling workplace that is appreciative of our employees is expressed in our values and is one of the publically-established goals in our Sustainable Strategic Planning. More than this, our practices are aligned with this vision and set AES Tietê apart in the market, once again placing us among the 150 Best Places to Work, as ranked by Você S.A. magazine. Participation in this ranking allows us to be able to continually enhance our personnel management practices.

Notable among priorities in this area in 2017 was training to qualify teams, carried out at AES University, which was set up in late 2016. In the area of operations, our attention was focused on identifying employees with critical knowledge for our business, who then went on to act as sponsors for other members to be able to share what they have learned over their careers in day-to-day activities.

Another source of relevant action was improvement of the process for surveying training needs, which supports the structuring of courses at AES University. In the last year, this identification of demands for team training was done face-to-face with leaders from every area of the company. The results are being incorporated into improvements in the training being offered for the next year.



AVERAGE TRAINING HOURS PER EMPLOYEE	2017	2016	2015
<b>By gender</b>			
Men	47.25	55.10	na
Women	8.17	6.14	na
<b>By job level</b>			
Executive Board	0.27	0.00	na
Division	21.20	11.16	na
Coordination	26.00	18.93	na
Administrative	46.13	4.48	na
Operations	38.13	82.89	na
<b>Overall</b>	<b>39.03</b>	<b>46.31</b>	<b>52.81</b>



**ACTIONS ALIGNED WITH THE SDG**



We ensure the decent work of our employees and contractors, as well as encouraging the inclusion of young people in the labor market through apprenticeship, internship and trainee programs. We reject any form of degrading work, guaranteeing our professionals all the labor rights provided for by Brazilian law.

## Organizational climate and diversity

Stronger relations between leaders and their teams were intensified throughout the year and were fundamental for guaranteeing a clear understanding of the company's strategy and strengthening trustworthy relations in areas. The efficacy of this strategy was evident in the workplace satisfaction rate, which reached 91%, surpassing the target set at 85% and 10 percentage points higher than the result for the previous year. The work of the climate committees contributed to this result, since they support definition of action plans with each cycle and represent an important forum for listening to employee demands.

Also according to the climate survey, respondents indicated what their main priorities are for career opportunities and their appreciation of aspects connected to quality of life. Considering what we were hearing and connected to trends in gender equality, we increased parental leave to 20 days (before it was 5 days, as required by law). This measure will take effect for all employees starting in 2018.

To enhance our work on topics of gender equality and promotion of diversity, in 2017 we joined the Women's Empowerment Principles, established by UN Women and the Global Compact. Internally, we created the Diversity Committee, made up of men and women, discussing practices and ideas to promote equal opportunity and raise awareness on this topic.

The well-being and fulfillment of our people are fundamental, so we invest to make them feel good in the work environment. And that goes through ensuring the respect of their basic rights, without discrimination

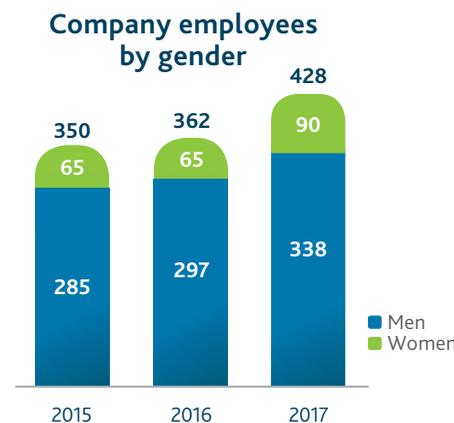
by race, color, gender, language, nationality or for any other reason like religion, sexual preference, political opinion or social condition. We guarantee treatment with respect and dignity with all the people with whom we relate, be they collaborators, residents of surrounding communities, suppliers, clients, service providers, among others.



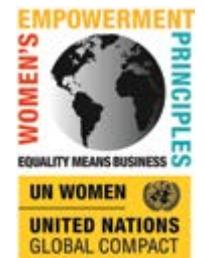
**ACTIONS ALIGNED WITH THE SDG**



We are committed to eliminating all forms of discrimination and violence. By adhering to the Women's Empowerment Principles, we are in the process of creating a Diversity Subcommittee to advance the guarantee of equal opportunities for all without distinction.



## WOMEN'S EMPOWERMENT PRINCIPLES



# Suppliers

Our suppliers are a strategic public for the development of our business, which is why we prioritize transparency and integrity in the relationships we establish. In an effort to enhance all of our activities and control supply chain risks, we have developed the Sustainable Partners program since 2013, promoting improved practices by our partners, integration of sustainability in management and mitigation of risks.

Through Sustainable Partners, the performance of our critical suppliers is assessed using the Supplier Performance Index (SPI), a tool that allows managers to analyze deliveries and fulfillment of contracts, establishing action plans for situations that are not within the standards and quality levels established. In 2017, out of the 1,202 suppliers with whom we have commercial relations, 76 were assessed by the SPI in 11 different categories of products and services. Out of this group, only 13% had a score of less than 70, with action plans developed for these suppliers. No contracts were terminated due to nonconformities found in assessments.

Each sourcing category has its own form that must be filled out monthly by the contract manager in order to evaluate social, environmental, safety and operational criteria, as well as aspects such as ethics, compliance, respect for labor rights, validity of environmental licenses and more. Insofar as specific suppliers, products or services are incorporated into the Program, new criteria will be added to this assessment. That was the case in 2017, when criteria were included related to storage of materials in a specific questionnaire on material inventory management.

Also new during the period was implementation of an app that allows questionnaires to be completed using a smartphone or tablet. Contract managers gain greater agility and flexibility with this tool. In addition, we implemented and is in the test fase the **Supplier Portal**, where not only can information related to contracts be found, but also information on the progress of SPI performance.

Suppliers whose performance is above the targets set by the SPI are nominated annually for the Best AES Brasil Suppliers Award. In 2017, we held the seventh edition of the award.

## RISK MANAGEMENT IN THE SUPPLY CHAIN

In order to establish suppliers' criticalness level, we have set up a matrix that considers possible risks (economic, social and environmental) for our business and the complexity of the activity in the market. Enhancement of this criticalness matrix is done continually, improving how we identify and manage risks in our chain.

In partnership with the Center for Sustainability Studies at Fundação Getulio Vargas (GVCes), a protocol was proposed for creating a materiality analysis for the supplier chain, applying new social and environmental criteria to categorize our most critical suppliers. We found that, with this improvement, there is a chance to concentrate more intensive oversight actions on partners with a greater associated risk, while using less intense actions for suppliers with lower levels. With this, we will achieve more effective results, in proportion to our investments of time and management resources at companies with different risk factors, making the company more efficient and giving it more power to act.



# Local communities

Our goal is to promote development in relations with the communities in the regions where we operate. To do this, we make investments in using legal incentives for cultural activities and sports and company funds.

With the diversification of our portfolio, based on the acquisition of the Alto Sertão II Wind Complex in 2017, we worked to diagnose the potential and natural characteristics of the municipalities impacted by our operations in Bahia. Using this evaluation, future projects will be shaped according to the realities and needs of the region.

In 2017, our investments in social projects reached R\$ 3.8 million. Over 17,000 people were impacted by actions which not only promoted the development and growth of communities, but also increased the recognition of AES Tietê as a company that is committed to society and to generating sustainable value.

We work in communities on four fronts:

## Citizenship

Projects developed with funds from Rouanet Act incentives bring culture and the arts to municipalities in the territory influenced by AES Tietê. Notable this year were outdoor film sessions with Cine na Praça (Movies in the Square), music, dance and theater classes and shows with the O Palco (The Stage) project and training for public school teachers to encourage in and out of the classroom, the rescue of the cultural memory of the communities by the students. We also support projects chosen by city councils that promote the rights of children, adolescents and the elderly.

## Conscientious Entrepreneurship

In Promissão (SP), we performed a diagnosis of local productive groups aligned to the vocation of the region. Twelve groups were mapped and analyzed under aspects of income generation, business and collective work. With the results, the company studies opportunities to strengthen groups with greater potential to increase income and contribute to the local economy.

## Innovation for Social Development

The Pulsar Project, created in partnership with Impact Hub and Centro Paula Souza, involved three State Technical Schools (ETECs, their acronym in Portuguese) in the city of São Paulo and 186 students ages 14 to 16. Focused on fostering entrepreneurial culture, the project trained participants in weekly workshops over three months, based on three pillars: impact on the community, entrepreneurial attitude and energy. Organized into groups, the students developed innovation projects for the power sector, which were presented at the end of 2017 in a “Demoday”, having awarded the best placed.

Another prominent initiative was a partnership with Artemísia, a pioneer in fostering support for social businesses in Brazil. This initiative will allow for acceleration of two startups geared towards development of energy solutions with a social impact. The businesses supported include development of smart meters for end consumers to identify opportunities to reduce power consumption in their homes (Greenant) and creation of solutions that democratize access to solar energy (Solstar). The partnership will also result in the Thesis of Social Impact on Energy, an unprecedented survey that will bring together the main social and low-income challenges related to energy in Brazil.

## Volunteerism

Our employees are encouraged to contribute to developing their communities through Energia do Bem (Good Energy), our volunteer program. In 2017, one of the biggest new things within this context was face-to-face and online mentoring for low-income youth. Our professionals used these moments to share career lessons, supporting students who benefit from career guidance. A total of 31 young people participated in the mentoring projects. The actions such as the campaign to encourage reading and the day of mobilization in the community, with planting of fruit trees in Bauru (SP), were also promoted during the year. A total of 53 AES Tietê volunteers were engaged in various actions.

### CLOSURE OF THE AES INSTITUTE

In 2017 our social work was developed in partnership with the AES Institute. Starting in 2018, due to changes in the strategy of the AES Brasil Group, the management of social and cultural initiatives will be carried out by the company, in a way that is even more connected with the positioning of AES Tietê.

PROJECT / INITIATIVE	AREA OF INFLUENCE	ESTIMATED NUMBER OF BENEFICIARIES	FUNDS INVESTED (R\$)	ORIGIN OF FUNDING
<b>Instituto AES</b>   Management of the company's private social investment initiatives.	Regions where AES Tietê operates	Indeterminate	1,039,369	Company funds
<b>CITIZENSHIP</b>				
<b>O Palco</b>   A project encouraging creativity and the arts as alternatives to social insertion for kids and adolescents.	Municipalities will be defined in 2018	The number of beneficiaries will be defined in 2018, based on execution of projects	300,000	Incentive funds – Rouanet Act
<b>Todo lugar tem uma história para contar (Everywhere has a story to tell)</b>   Project to record memories based on the stories of residents' lives, done by primary schools with teachers and students.	Municipalities will be defined in 2018	The number of beneficiaries will be defined in 2018, based on execution of projects	300,000	Incentive funds – Rouanet Act
<b>Cine na Praça Itinerante (Travelling Movies in the Square)</b>   Outdoor movie screenings in public squares and workshops held to revitalize squares with the involvement of young people and children.	Municipalities will be defined in 2018	The number of beneficiaries will be defined in 2018, based on execution of projects	300,000	Incentive funds – Rouanet Act
<b>Vida de Criança (A Kid's Life) (Caio Vilela Fotografia)</b>   A photography exhibit and workshops dedicated to public school children, covering topics related to a healthy childhood.	Municipalities will be defined in 2018	The number of beneficiaries will be defined in 2018, based on execution of projects	104,871	Incentive funds – Rouanet Act
<b>Projeto Guri na Estrada (Kid on the Road Project)</b>   Music shows and music practice workshops for public school students.	Municipalities will be defined in 2018	The number of beneficiaries will be defined in 2018, based on execution of projects	300,000	Incentive funds – Rouanet Act
<b>ABDA - Associação Bauruense de Desportes Aquáticos (Water Sports Association of Bauru) Track and Field Project</b>   Training and maintenance of a track and field team, finding talent and providing the conditions needed to practice sports and take part in official championships at the state and national levels.	Bauru	The number of beneficiaries will be defined in 2018, based on execution of projects	321,000	Incentive funds – Sports Act
<b>Municipal Councils on Children and Adolescent Rights</b>   Support for social projects registered, according to the priorities and rules established by the Council.	Bariri, Barra Bonita, Igarapu do Tietê, Mococa, Lins and Promissão	The number of beneficiaries will be defined in 2018, based on execution of projects	313,318	Incentive funds – FUMCAD (Child and Adolescent Rights Municipal Fund)
<b>Municipal Councils on the Elderly</b>   Support for social projects registered, according to the priorities and rules established by the Council.	Caconde, Mococa and Promissão	The number of beneficiaries will be defined in 2018, based on execution of projects	326,218	Incentive funds – FMI (Municipal Fund for the Elderly)
<b>Geração+ (Generation+)</b>   Mobilization of public school students and teachers to create a network geared towards sustainability values and ideas.	Municipalities will be defined in 2018	The number of beneficiaries will be defined in 2018, based on execution of projects	67,850	Company funds – via Instituto AES
<b>Children's Educational Center Luz e Lápis</b>   Registered as a Public Interest Civil Society Organization (OSCIP), it caters to children, ages 1 to 5, from low income households or living at social risk.	There are two units located in the southern zone of the municipality of São Paulo, in the neighborhoods of S. Amaro and Guarapiranga	212 children	114,000	Company funds
<b>Programa Empresa Amiga da Criança (Kid-Friendly Company Program) - Fundação Abrinq</b>   Non-profit organization whose mission is to promote advocacy for the rights and exercise of citizenship of kids and adolescents.	Brazil	Indeterminate	29,397	Company funds
<b>INNOVATION FOR SOCIAL DEVELOPMENT</b>				
<b>Pulsar Project</b>   Training workshops and other activities focused on strengthening entrepreneurial culture with a social impact and for energy at technical schools in São Paulo, in partnership with Impact Hub and Centro Paula Souza.	São Paulo	186 participating students 1,120 students made aware of the project	75,000	Company funds – via Instituto AES
<b>Negócios de impacto social em energia (Energy business with a social impact)</b>   Identification of energy business with a social impact, acceleration of entrepreneurs with business models geared towards the low-income population and creation of a thesis of social impact in energy. Project done in partnership with Artemisia.	Brazil	Indeterminate	100,000	Company funds – via Instituto AES
<b>Path Festival</b>   Sponsor of the 2017 edition. Innovation and creativity event for professionals, students and companies that want to innovate how they think and act.	São Paulo	Indeterminate	11,732	Company funds – via Instituto AES
<b>CONSCIENTIOUS ENTREPRENEURSHIP</b>				
<b>Diagnóstico de cadeias produtivas (Production chain diagnostics)</b>   Survey and analysis of production groups, focused on generating income for assessing the potential to expand and strengthen activities.	Promissão	Indeterminate	41,592	Company funds – via Instituto AES
<b>VOLUNTEERISM</b>				
<b>Energia do Bem (Good Energy) Program</b>   Corporate volunteering initiatives with the goal of engaging employees in social transformation actions.	Regions where AES Tietê operates	Indeterminate	69,866	Company funds – via Instituto AES