

# CODE OF ETHICAL CONDUCT

“Moral virtue is a consequence of habit. We are what we repeatedly do. That is: we become just by the practice of just actions, self-controlled by exercising self-control, and courageous by performing acts of courage.”

**Aristotle**

## **Message from the CEO**

We are pleased to present the Code of Ethical Conduct of CPFL RENOVÁVEIS. This document, which builds on our code published in 2006, aims to address in an objective, clear and simple manner the principles, values and commitments that guide our actions in various day-to-day situations at CPFL.

The development of local communities depends on our conduct, including the service that we deliver to them. To supply energy in the best way possible to these communities, we must maintain high standards of ethics, safety, transparency and integrity and conduct our business activities with respect and responsibility. The code consolidates our beliefs, which guide the professional conduct of each one of us.

The values and guidelines espoused in the code must be practiced by all professionals at CPFL RENOVÁVEIS, including its Employees, Managers, Officers, Directors and Committee members, and be known by our partners. This will ensure that our decisions taken at all hierarchical levels are aligned with our way of doing things and contribute to a harmonious workplace in which we all feel respected and valued.

As I present this Code of Ethical Conduct, I express my desire that everyone shares and experiences the commitments undertaken in it to promote the development of our business activities.

São Paulo, November 2016

Gustavo Sousa

Interim CEO of CPFL Renováveis

## **A. VISION, MISSION, VALUES AND ETHICAL COMMITMENTS**

1. CPFL Renováveis shares the vision that electricity is vital to the well-being and development of society, with its sustainable production and consumption vital to the future of humankind.
2. Our mission is to offer sustainable energy solutions with excellence and competitiveness, while operating jointly with local communities.
3. Our relations with stakeholders and the general public are guided by the following ethical values:
  - a) readiness to serve and courtesy;
  - b) fair and respectful treatment;
  - c) exemplary and transparent behavior;
  - d) professional pride;
  - e) continuous pursuit of excellence and professional growth;
  - f) quality of life and safety at work and in the community;
  - g) respect for diversity and inclusion; and
  - h) social responsibility and respect for the environment.
4. We are committed to ethical principles that are aligned with the values of Brazilian society and with the international commitments undertaken by the country to uphold human rights and foster sustainable development.
5. We base our relations with stakeholders and the general public on honesty and integrity so that our decisions and practices always incorporate the company's ethical principles and values, which supports lasting relationships based on trust.
6. All of our negotiations must be transparent and ensure the accuracy of the information provided to our partners. This is the only way to gain the credibility required for the development of the company's business activities.

7. Everyone, whether a CPFL Renováveis professional or not, must be treated with dignity and respect. We want to be a company where people feel respected.
8. We are always concerned with the impacts of our activities and decisions on our stakeholders and the general public. We manage the risks inherent to the business activities of CPFL Renováveis and always try to bear in mind that the future depends on the decisions we make today.
9. We are deeply concerned with our planet's future and are aware that the future of CPFL Renováveis, because it uses scarce and finite resources, depends on preserving the environment. We are committed to environmental preservation and the rigorous assessment of the consequences of our programs and projects for the quality of life of future generations.
10. Because we operate in one of Brazil's strategic industries, we are concerned with aligning our business strategy with the national development agenda in order to contribute to the country's growth, the social and economic development of local communities and the well-being of the general public.

## **B. CPFL RENOVÁVEIS' BUSINESS CONDUCT GUIDELINES**

### **11. Responsibility for complying with the values and guidelines defined in the Code of Ethical Conduct (Code).**

- a) CPFL Renováveis professionals, namely its employees, managers, executive officers, members of the Board of Directors' Advisory Committees and Commissions (whether CPFL Renováveis employees or not) and Directors, based at companies in which we have partners, whether subsidiaries or not, must respect and comply with the guidelines defined in this Code.
- b) The Managers, Executive Officers and Directors must ensure that the values and business conduct guidelines set forth in this Code guide the decision-making process in their respective areas, while encouraging their teams to share and use the Code.

- c) CPFL Renováveis representatives at companies with other partners, whether CPFL Renováveis subsidiaries or not, shall make their best effort to disseminate and implement this Code of Ethical Conduct or other code with similar minimum standards.
- d) Any conduct that is not in line with the Code shall be subject to disciplinary measures.

## **12. Valuing responsibility**

- a) We have the freedom not to follow orders that threaten our integrity or that of third parties, or that cause damage to CPFL Renováveis, its image and property or the environment.
- b) No one has the right to demand the practice of illegal acts or the infringement of the ethical values and business conduct guidelines set forth in this Code.
- c) We uphold and have upheld freedom of expression and the right to obtain clarifications and express our concerns with conduct that we believe is in breach of this Code.

## **13. Proper disclosure of information**

- a) We must only disclose information on CPFL Renováveis that is correct, accurate and with transparency and adopt procedures designed to ensure the control and quality of such information.
- b) We must follow and comply with the company's guidelines on information security.

## **14. No conflicts of interest**

We must act with integrity and transparency in the performance of our duties and avoid conflicts of interest, whether real or apparent, in our professional relations.

## **15. Impartiality and technical rigor in procedures for commercial negotiations**

- a) We must follow and comply with the company's rules on commercial negotiations and adopt impartial processes and strictly technical and commercial criteria in the selection of suppliers.
- b) Our relations with suppliers must consider the legitimate interests of both parties, with the express prohibition of any undue advantages obtained through the manipulation of information, intimidation, coercion, threats or duress, the artificial creation of situations of dependence, unfair competition practices or situations of conflicts of interest with the company's activities.
- c) We are prohibited from participating in purchase or sale processes with companies whose partners or managers have a potential conflict of interests, whether actual or apparent, such as those resulting from personal or family relationships<sup>1</sup>.
- d) We must follow and comply with the CPFL Renováveis rules that prohibit the contracting of suppliers that do not comply with prevailing labor laws, that supply unsafe products or services, that do not provide safety training and equipment to their employees, or that make use of forced labor or child labor.
- e) We must not adopt actions that adversely affect free competition and the image of our competitors.

## **16. Proper employment relations**

- a) We must follow and comply with the CPFL Renováveis rules for recruiting, evaluating, promoting and terminating employees to ensure that the processes are fair, equitable, impartial and transparent.
- b) We are allowed to have family relationships with other CPFL Renováveis employees, but we may not report directly or indirectly to any relative, spouse or partner or be involved in situations that could generate a conflict of interest.
- c) We may have other professional activities, provided that they are conducted outside of the company's work hours, do not adversely affect professional

---

<sup>1</sup> Examples: Parents, siblings, sons and daughters, aunts and uncles, grandparents, partners, siblings-in-law, sons and daughters-in-law, partners of other relatives, etc.

performance and do not conflict with the company's business activities and interests.

### **17. Respectful and professional relations with customers**

- a) We must cultivate respectful and professional relations with customers, working to preserve the quality and conformity of the products and services provided.
- b) We must not take advantage of our positions in the company to give special treatment to customers with whom we have any family relationship or friendship.
- c) We must not sell on our own behalf any energy products or services offered exclusively by CPFL Renováveis.

### **18. Adoption of good practices in related-party transactions**

We must follow and comply with the internal guidelines concerning related-party<sup>2</sup> transactions.

### **19. Adoption of good practices in securities trading**

- a) We must follow and comply with the internal rules<sup>3</sup> of CPFL Renováveis regarding the trading of shares or other securities by ourselves or family members.
- b) We must not purchase or sell shares issued by CPFL Renováveis companies or recommend that third parties do so based on privileged information<sup>4</sup>.

### **20. Responsible use of the company's resources**

- a) We must protect and preserve the assets<sup>5</sup> of CPFL Renováveis companies from improper or undue use and treat them with diligence and care.

---

<sup>2</sup> Related parties are any subsidiaries, on an isolated basis or through a direct or indirect interest in the controlling group held by the controlling shareholders of CPFL Renováveis.

<sup>3</sup> Drafted in accordance with prevailing laws and regulations as well as best industry practices.

<sup>4</sup> That is not in the public domain.

<sup>5</sup> Power plants, lines, networks, facilities, vehicles, properties, equipment and trademarks, as well as knowledge, information, systems, processes, technologies and innovations.

- b) We do not allow the facilities and assets of CPFL Renováveis to be used to promote political or religious beliefs.

### **21. Proper use of electronic media**

We must follow and comply with CPFL Renováveis rules regarding the use of e-mail, intranet, internet and other electronic communication channels, and not disclose internally or externally any messages that breach the company's ethical principles, such as practical jokes, rumors, pornography, commerce or propaganda, including messages of a political or partisan nature.

### **22. Respect for intellectual property and copyrights**

We respect the copyrights and intellectual property of third parties and prohibit the use or sharing of unauthorized or illegal copies of the materials, systems and software of third parties.

### **23. Transparent and constructive relations with the public sector**

- a) Our relations with the public sector<sup>6</sup> must be transparent, ethical, constructive and sustainable.
- b) We collaborate with the public sector during its oversight of CPFL Renováveis' practices.
- c) We may participate in political or partisan activities on a strictly personal basis, outside of the work hours and the workplace, and without adversely affecting CPFL Renováveis' position of neutrality and exemption with respect to political candidates or parties.
- d) We do not use the resources, programs and services or associate the trademarks of CPFL Renováveis with activities of a political or partisan nature.

### **24. Rejection of corruption and favoritism**

We must repudiate and combat all and any form of corruption, favoritism, extortion or bribery.

---

<sup>6</sup> Elected government members, authorities and civil servants.

## **25. Prohibition of the publicity, advertisement and granting of socially improper sponsorships**

We must follow and comply with the company's sponsorship and donation guidelines by not authorizing campaigns, advertising materials or sponsorships of events that involve or encourage the consumption of alcoholic beverages, tobacco or illegal drugs, that unduly expose children and adolescents, cause embarrassment, humiliation or the exclusion of individuals or groups, provoke the ill-treatment of animals or encourage environmental damage.

## **28. Prohibition of prejudice, discrimination and harassment**

- a) We must follow and comply with CPFL Renováveis guidelines that repudiate any form of prejudice, discrimination and harassment, uphold CPFL Renováveis' commitment to investigate and combat situations involving inequitable treatment, humiliation and exposure to ridicule, intimidation, hostility and duress due to color, race, gender, ethnicity, language, age, economic situation, nationality, birth place, physical, mental or psychiatric condition, family relationship, religion, sexual orientation, ideology or political position.
- b) We do not tolerate privileges associated with professional categories.<sup>7</sup>

## **29. Support the promotion of quality of life and safety in the workplace and community**

- a) We support internal and external measures to promote safe working conditions and educational initiatives that value health, safety and quality of life.
- b) We must know and practice the internal safety rules, correctly use all protective equipment and always demonstrate an attitude grounded in accident prevention.
- c) We must communicate unsafe working conditions, situations of disregard of the safety rules or situations that place human lives at risk.

---

<sup>7</sup> For example, the Brazilian Bar Association (OAB) for lawyers or the Regional Council of Engineering and Agronomy (CREA) for engineers.

- d) We must prioritize preventive rather than corrective actions to ensure adequate workplace safety conditions.
- e) We must support the development of campaigns at CPFL Renováveis that guide and raise awareness among customers and the general public on the safe use of electricity.

### **30. Support measures to promote inclusion and professional development**

- a) We must follow and comply with the guidelines that associate the professional development of our employees with their commitment and contribution to CPFL Renováveis' goals. The systems for evaluating performance and rewards must adopt criteria based on performance, potential, competency and individual merit, with undue favoritism or the discrimination of people expressly prohibited.
- b) We must follow and comply with CPFL Renováveis guidelines regarding respect for diversity, the promotion of social inclusion based on differences and support for adapting work processes, environments and equipment to ensure equitable conditions and accessibility.
- c) We must follow and comply with the company's guidelines regarding the permanent pursuit of harmonizing CPFL Renováveis' interests with those of its employees, respecting the right to freedom of association and collective bargaining and recognizing the legitimacy of trade unions and the internal system for employee representation.
- d) We must maintain cordial and ethical relations with trade unions and nonprofit organizations and always act with integrity and transparency.

### **31. Limits on receiving gifts, promotional gifts and hospitality**

We may not accept or offer gifts, promotional gifts and hospitality that disrespect CPFL Renováveis' values and best practice of commercial relations. CPFL Renováveis employees may not accept gifts or promotional gifts with commercial value or that could cause embarrassment to the company or the professional if such gifts were disclosed to the public.

### **32. Prohibition of the consumption of alcohol and illegal drugs**

We are prohibited from working under the influence of alcohol or illegal drugs, under penalty of being construed as a serious misconduct and the termination of the employment contract.

### **33. Respect for privacy and confidentiality**

We respect the privacy and confidentiality of our peers' personal information, and levels of hierarchy may not be used to restrict such guidelines or obtain information that is not related to work activities.

## **C. PROCEDURES FOR APPLYING THE CODE OF ETHICAL CONDUCT**

### **34. Ethical Conduct Committee (Committee)**

- a) The structure and activities of the Committee will be established by its charter, as proposed by the Committee.
- b) The Committee shall decide on whistleblowing regarding infringements of the Code and guide the application of its rules through campaigns, responses to consultations and the issue of summaries.

### **35. Receipt and processing of whistleblowing based on the Code of Ethical Conduct**

- a) The Committee's internal charter sets rules for receiving and verifying denouncements of violations of the Code and the application of its provisions.
- b) The Committee's internal charter establishes channels through which CPFL Renováveis professionals and third parties can report whistleblowing and make consultations about the Code.