**Responsible Renewable Energy: 10 Questions on Human Rights**

**Name of company**: FURNAS CENTRAIS ELÉTRICAS S.A.

**Projects registered under UN Clean Development Mechanism (if any):** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Human rights policy commitment**[*Examples & guidance*](http://business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-companies/type-of-step-taken/human-rights-policy-statements)

1. **Does your company have a publicly available commitment to respect human rights? If so, please provide a link.**

Currently, Furnas is present in all regions of Brazil, operating in generation, transmission and electricity trading. Commitments to sustainable development, promotion of human rights and citizenship and respect for the legislation guide the actions of the company, which uses transparency and equity as essential principles of its management model.

These commitments are expressed through policies and guiding documents, which establish the guidelines that Furnas follows in its actions in social, environmental and economic-financial aspects.

As examples, a list of links:

**Sustainability Policy of Eletrobras Companies**

<http://www.furnas.com.br/frmPUPoliticaSustentabilidade.aspx>

 **Social Responsibility Policy of Eletrobras Furnas**

<http://www.furnas.com.br/arcs/pdf/PoliticaRespSocial/PoliticaResponsabilidadeSocial.pdf>

**Code of Ethics of Eletrobras Companies**

<http://www.furnas.com.br/frmEMCodigoEtica.aspx>

**Principles and Business Conduct Standards in Furnas Relation with its Suppliers**

<http://www.furnas.com.br/arcs/pdf/Conduta_Empresarial.pdf>

**Human rights due diligence**[*Examples & guidance*](http://business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-companies/type-of-step-taken/due-diligence-general)

1. **Does your company identify its salient human rights issues and does it have a due diligence process to manage them? If so, please list the issues and describe the due diligence process (key steps include: impact assessment, integrating & acting on findings, tracking responses & communicating how impacts are addressed).**

Aware of the impact of its operations in local communities, especially during the construction phase of power plants and transmission lines, Furnas adapts its projects to cause the smallest possible displacement of people. Socioeconomic research and studies precede the Environmental Management Plan, which guides the communication actions and disclosure of information inherent to the impacts caused and the procedures to be adopted.

Technical surveys are carried out for the assessment of the impacted properties (land, buildings, facilities and economic activities), whose indemnity values are stipulated on the basis of market surveys. The relocation programs are established in accordance with the characteristics of the region and seek to recompose the way of life of the affected families (at least, similar to that found at the time of the socioeconomic survey). After the project execution, families resettled in urban and rural areas are monitored to check their adjustment to new livelihood.

All interested parties are involved and endorse the process, which involves municipal administration, Chambers of Councilors, associations of residents, representatives of the trade unions and the community, notary offices, Public Ministry, Public Defense, Judiciary, environmental agencies, among others. Questions regarding the agrarian reform and indigenous populations and quilombola communities are negotiated by their legal representatives: the National Institute of Colonization and Agrarian Reform (Incra), the National Indigenous Foundation (FUNAI) and Palmares Foundation.

Programs are carried out in all Furnas operations with the objective to identify, analyze, eliminate or minimize the impacts arising from the activities of generation and transmission of energy. The greatest potential negative impacts occur in the construction stage. They occur especially as a result of the mobilization of labor from other regions, which has an impact on public services infrastructure and can represent social risks (such as the increase of violence, irregular hiring of outsourced employees, unhealthy working conditions, cases of sexual exploitation of children and adolescents, etc.). There are also impacts on natural resources and landscape. All these aspects are considered in preliminary studies and licensing processes, and they are managed with the support of social and environmental projects.

In decisions of energy planning and infrastructure, the communities have the opportunity of participating in the public hearings held by the environmental agency, as well as in specific meetings promoted in the affected municipalities, for clarifying doubts about land and properties indemnification procedures that will be adopted for the project. During these meetings, Furnas is open to receiving complaints and/or suggestions. There are also available channels for answering complaints, such as: Ombudsman, phone, email and the Contact Us portal, on the Furnas website.

In steps immediately prior to the project implementation and during the entire period of engineering works, media professionals act together with local communities in order to detect problems and to seek immediate solutions. Regarding evaluation of employment and work conditions there is supervision on the part of Furnas and the contractors.

Another line of action that has contributed as a preventive measure or for the remediation of the consequences of the project implementation is the link with local public policies.

Community forums, participatory diagnosis and planning meetings promote a greater participation of representatives of all instances and provide greater understanding about the local potential strengths and weaknesses. The process enlarges the chances of improving economic and social conditions, by means of collective productive processes, cooperatives, chains of new business (rural tourism, for example), among others.

**Community engagement & consultation**[*Examples & guidance*](http://business-humanrights.org/en/guidance-community-engagement-0)

1. **What criteria does your company use to identify communities that may be affected by renewable energy projects it is involved in?**

Social and environmental studies are carried out in the project planning and implementation phases, seeking the best locations and arrangements in order to minimize the impacts on the communities. These studies involve field researches, consultation with governmental authorities and local leaders. The researches, consultations and other socioeconomic studies contribute to the Environmental Management Plan, that in addition to setting compensatory and mitigation measures relating to impacts perceived, also guides the communication and information disclosure actions.

The involvement of communities affected varies with the nature of the impact. However new forms of participation and consultation are always sought. One of the most recent experiences was the negotiation with the illegal settlers in the area of Santa Cruz- Jacarepaguá transmission line, during the cable replacement engineering works. Meetings were held between leaders, institutions and residents, seeking to listen to them. In an integrated way, it was sought to enable the work with communication actions on the work process and its impacts, so as to reach the whole community. As medium and long term proposals, an environmental project was developed, in partnership with the Brazilian Institute for Social and Economic Analyzes - IBASE. During this work consultation tools were developed so that the population could elaborate a local diagnosis, which helps risks and opportunities identification and the decision making process. Collective actions were defined with the population, enabling the extension of local development opportunities and the access to goods and services.

1. **How does your company consult with affected communities (on impact assessments, resettlement, benefit sharing plans, etc.)? Please describe what form consultations take and when they are carried out in a project’s cycle.**

Communication with the external public seeks to inform the population affected by the project on its main aspects, how it may interfere and modify life conditions and what are the best ways to live with this new reality.

It is important that this communication channel remains open during all stages of the project- planning, construction and operation – so that it will be possible to establish an efficient exchange with the population.

Keeping the public informed about the project and its main activities, respecting local customs and keeping the channels of communication open with the Community are indispensable conditions to the project smooth progress.

<http://www.furnas.com.br/frmMAAcoesComunicacaoSocial.aspx>

1. **Does your company ensure its consultations include the perspectives and respect the rights of all affected community members (including those who may be marginalised for reasons of race, ethnic origin, gender, social status, age, religion, wealth or income or other considerations)? How is this ensured?**

In addition to the practices described in previous issues, with the aim of including, without distinction, the members of the communities affected by their businesses, and considering the most vulnerable groups and minorities, Furnas voluntarily adopts the following commitments:

INTERNATIONAL:

▪ United Nations Global Compact, since 2003, supporting the ten principles on human rights, labor, environment and anti-corruption.

▪ Sustainable Development Goals, adopted by UN countries in 2015; they gather 17 goals and 169 targets to be achieved until 2030, involving issues such as poverty eradication, education, clean energy, climate change, sustainable cities, employment and inclusive economic growth, among others.

▪ Gender Pro-Equity Program - Secretariat of Policies for Women of the Presidency of the Republic, having obtained the five Certificates of the five editions performed, between 2005 and 2014. In 2015, it joined the sixth edition of the program.

▪ Women Empowerment Principles - WEPs, initiative of the United Nations Development Fund for Women and of the UN Global Compact (since 2010).

▪ Mão Certa Program, initiative of the Childhood Brazil Institute, to combat the sexual exploitation of children and adolescents on Brazilian roadways (since 2010).

▪ Joint Action Plan between the governments of Brazil and the United States, for the Elimination of Racial Ethnic Discrimination and Promotion of Equality, coordinated in Brazil by the Secretariat of Policies for the Promotion of Racial Equality of the Presidency of the Republic (Seppir) and by the Ministry of Foreign Affairs (since 2012).

NATIONAL:

▪ Statement of Commitment for Fighting Sexual Exploitation of Children and Adolescents, proposed by the Council of Firjan, since 2010.

▪ Agreement signed in 2012 with the United Nations Development Program (UNDP), with the duration of four years for executing the capacity development project, sustainable economic justice, promotion of good practices to reach the Millennium Development Goals in Brazil. This agreement will be renewed this year for the Sustainable Development Goals (SDGs).

Through training programs, employees and other contractors who work for the company and deal directly with communities are oriented to cultivate and maintain respectful attitudes to vulnerable groups, avoiding discriminatory treatment regarding mitigation measures and access to information or any other form of discrimination.

**Free, prior and informed consent**[*Examples & guidance*](http://business-humanrights.org/en/business-action-0/issue-guidance/indigenous-peoples)

1. **Under what circumstances does your company commit to seeking an affected community’s free, prior & informed consent to a project? Please provide examples of projects where free, prior & informed consent was sought (if applicable).**

Although the process of consultation and free, prior and informed consent in Brazil is not regulated yet, the company looks for guidance from FUNAI to carry out such process. Some examples of dialog with indigenous communities:

**Kaingang** - Furnas expanded in 2015 its dialog with the Indigenous Society Kaingang of Queimadas, in the municipality of Ortigueira, in the state of Paraná. The objective is to minimize the impacts of the use of part of the territory of the ethnicity along the Ivaiporã-Itaberá I and II transmission lines. A Commitment Agreement will be signed between Furnas, FUNAI and the Indigenous Community Association of Queimadas, with the intervention of the Federal Public Ministry, to formalize the Company’s support addressing the indigenous community needs. Social projects will be implemented to stimulate the local socioeconomic development, especially in the areas of food safety, health, sanitation, education, environment and culture, with the support of an institution with expertise in working with indigenous communities. In addition, various initiatives were carried out during the year, as the monthly distribution of 350 packages with essential food items, the financial contribution for traditional festivals (Indigenous Day, Children's Day and commemoration of New Year´s Day) and the donation of a vehicle for the transport of representatives of the Community during forums, seminars, lectures and other events.

**Avá-Canoeiro** - the partnership of Furnas with FUNAI and the indigenous community Avá-Canoeiro occurs since 1992, with the construction of Serra da Mesa HPP, in the state of Goiás. The Avá-Canoeiro from the region of Tocantins river, in Goiás, constitute a people of Tupi tradition, which over the centuries, had their traditional territory occupied by mining companies and agricultural and pasture expansion. This population was drastically reduced, remaining isolated and in constant escape though the region. The first systematic contact with the national society occurred only in 1983, with four individual survivors. It was in this context that Furnas began the dialog with FUNAI, seeking the protection of the Avá-Canoeiro and its territory. The main objective was to ensure safe conditions for the small group of recent contact, who could not master the codes of the major society. As a result they could resume their traditional way of life and find conditions for a possible growth of the group. Since then, agreements with FUNAI were adjusted, aiming the sociocultural balance of this community, covering Health, Education and Memory, Surveillance and Territorial Protection, Environment and Etnodevelopment, Cultural Exchange with other ethnic group of the Tupi ethnicity, in addition to actions of work and maintenance of infrastructures and operational support. In August 2015, a new agreement was signed, giving continuity to the services of monitoring this Indigenous Land. In December, an area in Minaçu (GO) was donated for the construction of the Avá-Canoeiro Technical and Cultural Center. The areas acquired by Furnas for replacement of the Indigenous Land impacted by the project are being transferred to FUNAI. An additional agreement will be signed for the conclusion of Avá-Canoeiro Program by FUNAI. As a result the effective protection, the growth of this community became viable, and in 2016, a new member in the community was born. Currently, the group is formed by two nuclear families, summing nine people.

**Guarani** - due to the proximity of TL 750 kV Itaberá-Tijuco Preto III with two of the three Guarani Indigenous Lands, located in the municipality of São Paulo, Furnas developed the Environmental Recovery and Subsistence Project. The project was undertaken in three villages of Barragem, Krukutu and Jaraguá indigenous lands, from 2004 to 2009, in partnership with the Guarani communities and FUNAI. The main objective of the project was to contribute to the Guarani communities livelihood improvement, developing sustainable agriculture, income-generating projects, and also promoting the recovery of natural resources in the villages. It has increased local biodiversity and socio economic and socio environmental scientific researches, in order to assist the local leaders to define public policies. Natural resources in these villages were scarce, hindering the maintenance of cultural values and the local biodiversity. The traditional agriculture of that ethnicity was itinerant, a practice that promoted the conservation and preservation of the soil biodiversity and fertility. As a result of the project, there was a progressive engagement of families and a general positive perception among the Guarani Communities. The experience could be replicated in other villages due to the good results achieved. This project was recognized winning two awards: in 2008, the 4th edition of the Award Mogi News/Chevrolet Alto Tietê Corporate Social Responsibility, and in 2009, at the 10th edition of the Von Martius of Sustainability Award, from the Brazil-Germany Chamber of Commerce and Industry.

1. **What is your company’s process for obtaining and evaluating free, prior & informed consent?**

Considering that the consultation process, and the free, prior and informed consent is not regulated in Brazil yet, the Company is looking for guidance from FUNAI to conduct the licensing process of São Manoel HPP, in the Teles Pires river, on the border between the states of Mato Grosso and Pará. It involves the Kayabi, Apiaká and Munduruku ethnicities. In this project Furnas has joint participation with the private sector, through a joint-venture or Specific Purpose Entity (SPE).

Meetings were laid down in the three indigenous lands, during several days, informing communities about the project and the environmental impact studies. Accessible language was used, as well as audio and video techniques, taking advantage of the translation performed by leaders of the respective communities. After this stage, with a massive participation of the communities in the villages the Environmental Management Plan was built, defining compensation and mitigation programs and measures, establishing a continuous communication channel between the company and the impacted indigenous communities.

1. **Has your company faced any challenges in its process to seek free, prior & informed consent for renewable energy projects? If so, please describe what steps your company has taken to overcome these challenges.**

The Federal Constitution of 1988 states in its Article 231 that all projects that affect indigenous lands must be submitted to the National Congress. As this article is not regulated yet, Furnas requested guidance to the Federal Public Ministry in order to meet the constitutional provision. It was suggested that Furnas elaborated an anthropological study demonstrating the traditionalism of the Avá-Canoeiro territory, accompanied by a technical document informing about the planned project. Such document was supposed to be sent to the Presidency by the Ministry of Energy and then submitted to the Legislative Chamber. Once evaluated by that chamber, it was forwarded to the Federal Senate with the same purpose. After the final analysis in October 1996, Furnas obtained the authorization for the construction of the Serra da Mesa HPP, by means of the Legislative Decree 103/96. This Decree defines criteria for Furnas commitments with the indigenous Avá-Canoeiro community and fixes royalties to be paid to Funai, for the benefit of the Avá-Canoeiro, since the beginning of the plant operation. This initiative has resulted in a pioneer landmark in Brazil, consolidating the indigenous rights guarantee.

**Security**[*Examples & guidance*](http://business-humanrights.org/en/security-issues-conflict-zones-0)

1. **What steps does your company take to ensure that its own personnel, private security companies it contracts with, and/or government forces providing security to its projects, respect the rights of workers and community members, including those who may oppose its projects?**

Criteria for human rights and labor practices are considered in all cases that involve products and services contracted. All suppliers must compromise to observe, comply and enforce the “Code of Ethics of Eletrobras Companies” and the “Principles and Standards of Business in the Furnas Relation with its Suppliers”. A specific clause in all contracts gives Furnas the right to conduct investigations and audits in order to verify compliance with these commitments. These commitments seek to share Furnas values and principles on topics such as health and safety in the workplace, protection of the environment, human rights, gender equality, transparency, participation and accountability for the entire chain supply.

Private security companies must also obey the specific legislation concerning security, that determines that "fundamental rights and guarantees, individual and collective, in the exercise of their functions" must be respected, among other requirements (Ordinance no. 3.233/2012-DG/DPF, 12/10/2012, and its revisions). Such laws are mentioned in all contracts and supervision teams monitor the contracted security services, verifying the compliance with the clauses.

**Remediation**[*Examples & guidance*](http://business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/access-to-remedies-grievance-mechanisms/non-judicial-grievance-mechanisms/company-based)

1. **Does your company have a grievance mechanism in place at each project site for affected communities and workers to raise concerns about local impacts, including human rights abuses? If so, were affected communities involved in the design of the grievance mechanism, including its set-up and the types of remedies it provides?**

The relationship with stakeholders is a priority issue in Furnas governance. Components of the three spheres of government, shareholders, employees and collaborators, customers, trade unions, society organizations, suppliers, education and research institutions, among several other groups, form a wide range of interlocutors with whom the company seeks to strengthen relationships continuously, as well as to establish channels of communication.

Thereby, as described in Question 4, Furnas maintains an External Communication during all stages of projects, answering questions, requests, etc. This enables a permanent channel between Furnas and the population of the surroundings of its ventures.

In addition, the Ombudsman represents an instrument of interaction with internal and external public, being the first grievance mechanism and the main channel to receive any complaints. Guidelines of the General Government Ombudsman of Brazil are observed. The Ombudsman also maintains the Information Service to Citizens, which offers various information of public interest on the Furnas website.

The access to the Ombudsman is provided by an electronic form on the internet, fax, phone, mail or personal contact. The "Itinerant Ombudsman" program reaches different units of the company and impacted communities.

Furnas Ethics Committee monitors the compliance of ethical principles and conduct commitments. It keeps an exclusive channel, by email, and also receives complaints through the Ombudsman.

There are other communication channels, such as 0800 and the internet website that enable contact and provide comprehensive information about its activities, organizational documents, economic outlook of the electric energy area, services and contact links. One of the contact channels with stakeholders is the electronic address <Sustentabilidade@furnas.com.br>, monitored by the team of the Sustainability Coordination. In 2015, this address received approximately one hundred messages requesting information, support to projects and work opportunities, in addition to complaints and calls for engagement in various initiatives.

In the environmental licensing process public hearings and meetings with impacted communities, licensing agencies and local public entities are held in order to define mitigation and compensation measures.

"Community Forums" help to establish a permanent and direct dialog with impacted communities, aiming their integration in the process of sustainable development of the territories.

**Other information**

 **Please provide any further information regarding your company’s policies and practices on human rights that you think is relevant**.

The above information is summarized and subject to other details. We briefly reported how the Company has constructed and strengthened its agenda on Human Rights.

In addition to the policies adopted and the initiatives developed, Furnas is an active member of the Working Group on Human Rights of the Global Compact, and also participates in the Task Force on Human and Labor Rights of the Brazilian Global Compact Network.

Furnas participated in the first Governmental "Free Conference: Human Rights and Business" that had as the main objective to include the private sector in the debate on the Human Rights National Program and in the development of the National Action Plan on Business and Human Rights. Furnas has actively participated in the discussions about the development of this plan.