



Celesc

ANTI-CORRUPTION POLICY

April, 2015

INTRODUCTION

This publication is a guidance and prevention tool for legal, ethical, transparent and professional conduct of all parties directly or indirectly involved with Celesc.

This document gathers the guidelines for the conduct of business processes according to the precepts of the Brazilian Federal Anti-Corruption Law, Antitrust Law, Bidding and Contracts Law and the Administrative Improbability Law, as well as the 10th Principle of the Global Compact and the Business Pact for Integrity and Against Corruption of which Celesc is a signatory since 2006.

Mission

Acting in a diversified manner in the energy market, with profitability, efficiency, quality and environmental responsibility.

Vision

Fulfill its public role with profitability, efficiency and recognition of society, with national and international scope of operations.

Values

- Result
- Innovation
- Valorization of the People
- Commitment
- Social Responsibility
- Ethics
- Safety

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1 Purpose

Celesc – Centrais Elétricas de Santa Catarina and its wholly owned subsidiaries, together with its own employees, officers, directors, suppliers and outsourced employees, directly or indirectly related to Celesc, is committed to lead the company's operations and its wholly owned subsidiaries with honesty, transparency, integrity, within the compliance precepts and absolutely in accordance with the precepts of the Anti-Corruption Brazilian Federal Law 12.846, sanctioned on August 1, 2013, which became effective from January 2014 on and was regulated by Decree 8420/15, as well as with the 10th Global Compact Principle and Business Pact for Integrity, of which Celesc is a party since 2006, and related laws, namely:

- Antitrust Law (Law 12.529/2011);
- Bidding and Contracts Law (Law 8.666/1993);
- Administrative Improbity Law (Law 8.249/1992).

This policy has, therefore, the aim to record and communicate to all who are involved directly or indirectly with Celesc, that the company operates in a legal, ethical, transparent and professional manner, in addition to being a tool for prevention and guidance.

From this document, employees, officers, directors, suppliers and outsourced employees will be able to assist the control agencies of Celesc to identify situations of occurrences which are contrary to this Policy and to the Code of Ethical Conduct of Celesc.

2 Application

The policy applies to all individuals or legal entities, with or without profit involved with the operations of Celesc. Compliance with this policy is vital to maintain the preservation of Celesc name, which means that there will be no tolerance for non-compliance.

After reading this Policy, employees, officers, directors, suppliers and outsourced employees must complete and sign the Commitment Agreement (Annexes I and II), to confirm that the message of the Policy was understood. In case of doubt, one must contact the Department of Risk Management and Internal Controls, by the e-mail dpgr@celesc.com.br.

The gathering and custody of the Commitment Terms are under the responsibility of the following areas: Department of Risk and Internal Control Management (for Board of Directors and Officers), Department of Personnel Management (for employees of the head office), Regional Agencies/Administrative Supervision (for employees of Regional Agencies), Supplies Department (for outsourced employees related to the acquisition of materials – annex to the contract) and contracting area (for outsourced employees regarding contracting services – attached to the contract).

3 Concepts

BRAZILIAN ANTI-CORRUPTION LAW – Federal Law 12.846, enacted on August 1st, 2013, which provides for administrative and civil objective liability of legal persons for the commission of acts against the public, national or foreign administration.

COMPLIANCE – the term *compliance* comes from the English language and means "to be in accordance with the rules imposed by the laws and regulations applicable to the business, the Code of Ethics and company policies and standards".

FRAUD – it is the crime or offense of deliberately deceiving others in order to harm them, usually for obtaining property or services from him or her unfairly. It is any artful misleading or bad faith act, committed with the intent to harm or deceive others, or failing to comply with certain duty, obtaining for himself or another advantage or undue benefits (monetary or otherwise).

CORRUPTION – it is the act or effect of bribing one or more persons concerned itself or others, usually by offering money. The use by representatives of the public service and / or private of illegal means to their own or another's benefit, take advantage or undue benefits (monetary or otherwise). It can be found in two forms, as follows:

- **Passive:** seeking or taking undue advantage, or accepting the promise of such an advantage, for himself or for another person, directly or indirectly, although outside the function, or before you take it, but because of it.
- **Active:** generally against public administration in its various representations, consisting of offers or promises of undue advantage to a public servant, in order to induce him or her to perform, omit or delay an official act.

BRIBERY or TUITION – it is the means by which one practices corruption, being the practice of promise, offer or pay to authority, official ruler, public official or professional of private enterprise any amount of money or other favors for obtaining favors or benefits.

INFLUENCE TRAFFICKING – practice carried out by individuals against the public administration in general, which requests, requires, charges or obtains, for oneself or others, advantage or benefit of promise, under the pretext of influencing an act carried out by any public agent in exercising of the function.

PREVARICATION – practiced by a public servant against public administration in general, it is to slow or stop practicing unduly official act or practice it against an express provision of the law to meet personal interest or feeling.

CONCUSSION – practiced by a public servant against public administration in general, it means to require undue advantage, for oneself or others, directly or indirectly, although outside the function, or before one takes it, but because of it. The official who requires tax or social contribution that he or she knows or should know that is improper, or when it is due, he or she uses, in the charge, vexatious or burdensome means which are not allowed by law.

MONEY LAUNDERING – it is a set of commercial or financial transactions seeking incorporation into the economy of resources, goods and services that originate in or are linked to illegal acts.

PUBLIC OFFICIAL, CIVIL SERVANT OR GOVERNMENT EMPLOYEE – all officers and employees of public companies, directly or indirectly, or controlled by the government are considered "public official" or "government official".

As that term is interpreted broadly by the anti-corruption authorities, we list below some categories of individuals regarded as "civil servants" for purposes of anti-corruption laws:

- directors and employees of any government agency at national, state, regional, municipal or local level, including elected officials;
- any person temporarily acting in official capacity for or on behalf of any governmental entity (such as a consultant hired by a government agency);
- directors and employees of companies with government participation;
- candidates to political office at any level, political parties and their representatives;
- directors, employees or officials of any public international organization such as the World Bank, the United Nations and the International Monetary Fund;
- the term "public official" also includes family members of any of these people, such as spouse, partner, grandparents, parents, children, brothers, nephews, uncles and first-degree cousins).

PUBLIC FOREIGN AGENT – all people who, although temporarily or without pay, exercise position, employment or civil service in organs, state entities or diplomatic representations of foreign countries, as well as legal entities, directly or indirectly, controlled by the public authority of foreign country or in public international organizations.

FACILITATING PAYMENT – any payment done, directly or indirectly, by means of which an action, service or governmental act can be streamlined, or that aims to ensure the implementation of an action or service in relation to its normal conditions.

THING OF VALUE – for the purposes of this Policy, means money, gifts, travel, entertainment, jobs, meals and work. Any item of value may also include event sponsorships, scholarships, research support and charitable donations requested, or for the benefit of a public official and / or their families, even if they are for the benefit of a legitimate charity organization.

EMPLOYEE – it is the individual who provides routine services to one or more companies of the Celesc group, under its dependence and after salary and other benefits. For purposes of this Policy, the following ones are also considered proper employees:

- counselors, directors and executive officers who contribute to the business and affairs of Celesc, by signing a contract of service and perception of fees or not;
- trainees, according to the Traineeship Law (Law 11.788/2008), and young apprentices, under the Apprenticeship Law (Law 10.097/2000).

OUTSOURCED EMPLOYEE – refers to any service provider, supplier, consultant, business partners, outsourced third party, directly or indirectly, whether individuals or legal entities, that use the name of Celesc for any purpose or that provide services and supply materials to achieve the contracted business.

4 Guidelines

All employees, officers, directors, managers, suppliers and outsourced employees, directly or indirectly related to Celesc must observe, comply with and enforce the terms and conditions of this Policy.

Failure to observe this policy may represent administrative and civil strict liability for the performance of acts against public, national or foreign administration, that somehow produce losses against the national or foreign public property, against the principles of public administration or against international commitments, in the forms described herein or:

- to promise, offer or give, directly or indirectly, undue advantage to a public servant, or the third party related to him or her;
- to finance, defray, sponsor or otherwise subsidize the practice of unlawful acts set forth in this Policy;
- to use intermediary individual or legal entity to conceal or disguise his or her real interests or the identity of the beneficiaries of the acts carried out;
- to frustrate or defraud, by adjustment, combination or any other expedient, the competitive nature of the public bidding process;
- to prevent, hinder or defraud the performance of any act of public bidding process;
- to obstruct or try to obstruct bidder, by means of fraud or offering advantage of any kind;
- to defraud public bidding or any contract arising therefrom;
- to create, fraudulently or irregularly, legal person to participate in public bidding or enter into administrative contract;
- to take advantage or undue benefit, fraudulently, from modifications or extensions of contracts with the government, without authorization by law, in the invitation act of public bidding or in its respective contractual instruments; or
- to manipulate or defraud the economic and financial balance of contracts celebrated with the government.

For purposes of this Policy, also constitutes a breach of performance to the actions below, which result in illicit enrichment when receiving any kind of undue financial advantage due to the exercise of position, mandate, function, job or activity, notably:

- to receive, to oneself or others, money, movable or immovable property, or any other economic advantage, direct or indirect, as a commission, percentage, bonus or gift from someone who has an interest, direct or indirect, that can be achieved or supported by action or omission resulting from the duties of a public servant;
- to receive economic benefit, direct or indirect, to facilitate the acquisition, exchange or lease of movable or immovable property or the hiring the services of public officials mentioned in the item "3. Concepts" above, for price higher than the market value;

- to receive economic benefit, direct or indirect, to facilitate the sale, exchange or lease of public good or service provision by state entity at a price which is below the market value;
- to use, in particular work or service, vehicles, machinery, equipment or materials of any kind, owned or available to any public officials mentioned in "3. Concepts," as well as the work of civil servants, employees or outsourced staff contracted by these entities;
- to receive economic benefit of any kind, directly or indirectly, to tolerate the exploitation or practice of gambling, pimping, drug dealing, smuggling, usury or any other illegal activity, or accepting the promise of such advantage;
- to receive economic benefit of any kind, directly or indirectly, to make false statement on measurement or evaluation in public works or any other service, or on quantity, weight, measurement, quality or characteristic of goods or goods provided to any public officials mentioned in "3. Concepts";
- to offer employment, commission or exercise advisory activity or assistance to natural or legal person who has interest susceptible of being achieved or supported by action or omission resulting from the duties of public official, during the activity;
- to receive economic advantage to mediate the release or application of public funds of any kind;
- to receive economic benefit of any kind, directly or indirectly, to omit the act of office, providence or statement that he or she is obliged to do;
- to incorporate, in any way, to his or her personal heritage, assets, income, money or values which are part of the heritage of public officials mentioned in "3. Concepts";
- to use, to his or her own advantage, assets, income, money or values of which are part of the heritage of public officials mentioned in "3. Concepts".

All employees and outsourced employees working on behalf of Celesc are prohibited from receiving, offering, promising, making, authorizing or providing, directly or indirectly, any undue advantage, payments, gifts or transfer of Thing of Value to any person, whether public official or not, in order to influence or reward any official action or decision of such person for the benefit of the company.

No employee himself or third party will be retaliated or penalized due to delay or loss of business resulting from his refusal to pay or receive bribes.

- It is policy of Celesc to conduct business only with outsourced employees who have unblemished reputation and integrity and who are technically qualified.
- It is not allowed to hire outsourced employees who have been appointed or recommended, even if informally, by public officials.
- From the date of publication of this Policy on, the release notices of third party procurement processes and its respective contracts must include anti-corruption clauses and the Third Party Commitment Agreement (Annex II) to ensure compliance with this Policy.
- All contracted suppliers should adhere to the terms and conditions of this Policy and to the Code of Ethics by the specific clause that must be an integral part of all contracts signed with Celesc.
- All outsourced employees, directly or indirectly related to Celesc, should adhere to this Policy by signing the Third Party Commitment Agreement (Annex II). The Code of Ethics is available for online consultation on the site of Celesc, at the address www.celesc.com.br.

- Celesc will promote awareness-raising efforts with the outsourced workers currently contracted for adherence to this Policy by signing the Commitment Agreement II.

4.1 Purchases

- All purchasing processes must be done in accordance with the terms and conditions established by the Bidding Law 8.666/93 and other internal purchasing rules;
- The Standard of Purchases of Celesc displays specific guidelines and procedures for the purchasing process and all employees and outsourced employees must comply with this regulatory instrument.
- During the process of competitive bidding, the employees themselves may not receive or offer any gift or entertainment from any person or entity, whether public official or not, that may influence or improperly offset an act or decision, as an intended or actual compensation for any benefit of the company and its partners.

4.2 Contributions, sponsorships or donations

- All donations and contributions should follow the guidelines of the internal regulations.

4.3 Record keeping and accurate accounting

- Celesc is obliged to keep books, records and accounts which reflect, in a detailed, precise and correct manner, all transactions of the company. To fight corruption, it is important that all transactions are transparent, fully documented and classified for accounting that reflects accurately their nature. Attempting to conceal a payment can create a worse violation than the payment itself.
- It must be ensured that all transactions/operations are fully documented, correctly approved and rated for the correct description of expense. Under no circumstances, false or misleading documents must be included in the books and records of the company.
- The company will maintain internal controls that may provide reasonable assurance that:
 - a) all transactions are approved and executed as set forth in this Anti-Corruption Policy and in accordance with the policies and internal rules of Celesc;
 - b) all transactions are recorded as necessary to permit the elaboration of financial statements in accordance with generally accepted accounting principles or any other criteria applicable to such statements and to maintain proper control of the assets.
- If you are aware or suspect that anyone is directly or indirectly manipulating the books and records or trying in any way to disguise a payment, you must report your concern immediately to one of the access channels listed in item 5.1 of this Policy.

4.4 Internal Audit

The company periodically will perform internal and external audits to assess compliance with anti-corruption laws and this Policy.

4.5 Awareness and Training

- The company maintains an anti-corruption awareness program and training for its own employees. Training is performed by means of the presentation of the anti-corruption policies and laws, as well as the Code of Ethics of Celesc.
- Training on anti-corruption policies and laws and the Code of Ethics of Celesc will be promoted in all business units of the company, aiming at raising awareness on the subject and as well as on the membership of employees by signing the Commitment Agreement (Annex I);

4.6 Warning Signs

To ensure compliance with anti-corruption laws, employees and outsourced employees should be aware of the warning signs that may indicate benefits or overpayments are occurring. Warning signs are not necessarily evidence of corruption, nor disqualify automatically outsourced employees representing the company. However, these signs raise suspicions that must be cleared until you are sure that these signs do not indicate an actual violation of the anti-corruption laws and this Policy.

The employees and outsourced workers must pay special attention to the following warning signs related to any transaction in which the payment or benefit can be received by anyone, whether public official or not, including their family members:

- the counterparty must have a reputation in the market involved, albeit indirectly, on issues related to corruption, unethical or potentially illegal acts;
- the counterparty asked a commission, paid in cash or otherwise;
- the counterparty is controlled by a public official or has close relationship with the government;
- the counterparty is recommended by a public official;
- the counterparty provides or requests invoice or other dubious documents;
- the counterparty refuses or tries to hinder the inclusion of anti-corruption clauses in the contract in writing;
- the counterparty proposes a financial transaction that is different from business practices usually adopted for the type of operation / business to be conducted;
- perception that the donation to a charity institution at the request of a public official is an exchange for any government action;
- the counterparty has no office or employees.

The above list is not exhaustive and the evidence may vary due to the nature of the transaction, to the payment request and/or expense, as well as to the geographic location. When realizing any warning signs, you should report your concern immediately to one of the access channels listed in item 5.1 of this Policy.

5 Violations/Complaints and Sanctions Applicable

5.1 Violations/Complaints

It is the responsibility of all employees and outsourced employees to report any violation and suspicion of violation of the requirements of this Policy.

If you are aware or suspect that anyone is directly or indirectly involved in actions contrary to this Policy, you should immediately notify one of the following access channels:

Ombudsman

- Phones: 0800-483232 or 3231-5151 (for external calls) or 4800-5151 (for internal calls)
- www.celesc.com.br
- E-mail: ouvidor@celesc.com.br
- Address for correspondence or in-person attendance from 8:00 a.m. to 6:00 p.m.
- Av. Itamarati, 160 – Itacorubi, Florianópolis CEP: 88034-900.

Reporting Channel

- www.celesc.com.br (including anonymous reports)

Ethical Conduct Committee

- E-mail: comitê_ética@celesc.com.br

Internal audit

- E-mail: auditoriainterna@celesc.com.br

All communications made by the Ombudsman's access channel will be automatically duplicated to the Ethics Committee.

Regardless of the communications being identified or anonymous, the company will take steps, to the extent permitted by applicable law, to protect the confidentiality of any complaint made.

The company will not allow or tolerate any retaliation against any person who makes a complaint in good faith or complaints of violation of this Policy or the anti-corruption laws. Any employees and outsourced employees who engage in retaliation will be subject to disciplinary actions of the company, including the termination of the employment contract.

5.2 Applicable Sanctions

Violations of this policy may result in severe civil and criminal penalties for the company and for its own employees and outsourced employees, executives, suppliers, advisors involved.

The fines imposed on individuals for violations of this policy may not be paid by the company and the people involved are subject to arrest. Penalties for legal entities are very substantial and executives can also be arrested. In addition, the company may be ordered to return the gains from the illegal acts of corruption.

Faced with the possibility of severe punishments, the company is devoted to always comply with the requirements of this Policy, by means of practices that protect their interests, such as internal and external audit processes, training programs, including contractual provisions of compliance with this Policy in contracts with outsourced workers, as well as internal control and careful monitoring of the activities of the company.

Donations that have been made in accordance with applicable laws and regulations of the local jurisdiction, including anti-corruption laws, will not be regarded as situations of violation to this Policy.

5.3 Control Instruments

- Manuals and Systems
- Test procedures of internal controls
- Internal Audit Testing
- Minutes of meetings of the Executive Board
- Access Channels

5.4 Policies and Standards Related

- Social and Environmental Responsibility Policy
- Code of Ethics
- Supplier Relations Policy

6. Amendments and Revocations

This Policy revokes and replaces any previous policy, norm or communication on the subject.

This Policy was approved by Resolution 027/2015, signed on April 7th, 2015, and has unlimited validity.

ANNEX I
TERM COMMITMENT

By means of this particular instrument, I, (name of employee, executive, advisor), (the employee's CPF executive director) UNDERTAKE to fully comply with the provisions of the Anti-Corruption Policy, which I familiarize herein by the reading of the copy that was made available to me. I am also aware of the availability of the material in CELNET.

I also DECLARE to be aware that the faithful observance of this instrument is essential for the conduction of activities related to my position in an ethical and responsible way, and that any violation of the provisions herein presented constitutes a serious breach, liable to penalty imposition.

(City), (month) (day), (year).

(Name of employee, executive, advisor)
(CPF of employee, executive, advisor)

ANNEX II
TERM COMMITMENT
Outsourced Contributor

By means of this particular instrument, I (name of the third party developer), employee of (name of company contracted), CNPJ....., UNDERTAKE to fully comply with the provisions of Policy anticorruption Celesc, which I hereby knowledge through print reading that was available to me. I am also aware of the availability of the material in www.celesc.com.br site.

I also DECLARE to be aware that the faithful observance of this instrument is essential for the conduction of activities related to my position in an ethical and responsible way, and that any violation of the provisions herein presented constitutes a serious breach, liable to penalty imposition.

(City), (month) (day), (year).

(Name of the third party developer)
(CPF outsourced employee)