



Annual Report 2014



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About this Report

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Energia publishes its Annual Report with a view to maintaining a transparent relationship with all its stakeholders and accountability for the activities, projects and results of the holding company. The information presented in the following chapters refers to the period from January 1 to December 31, 2014 and covers all the Group's subsidiary companies, except where indicated.

In 2013 and 2014, the Company was a component part of the Integrated Pilot Report Program, involving the setting up of a Working Group dedicated to monitoring the theme. This is the first fiscal year in which CPFL Energia has prepared the Integrated Report based on the structure recommended by the International Integrated Reporting Council Framework. A comprehensive process for consultation of stakeholders, both internal and external, involving 221 people ranging from Senior Management to our clients and suppliers was yet another advance during the year. The results were instrumental in allowing us to update the more important themes and structure of the report in a way that best meets the interests of our stakeholders. Observations received but yet to be incorporated in this document will be addressed during the next cycle.

In the first part of this Report, you will find summarized information on our business model, governance, highlights and performance from the viewpoint of six different types of capital as well as a retrospective on the year in the messages from the Board of Directors and the Chief Executive Officer.

In the second part, we provide information on our management and our performance as an Annual Report based on the fourth version of the Global Reporting Initiative (GRI) and the United Nations Global Compact Principles.

Replies to the indicators can be found on page 86 in the GRI content index independently audited by PricewaterhouseCoopers. **G4-32** **G4-33**

In the event of suggestions on Report content, please contact via e-mail sustentabilidade@cpfl.com.br.

OTHER REPORTS LISTED BELOW PROVIDE MORE DETAILS ON THE VARIOUS ASPECTS OF THE COMPANY'S PERFORMANCE:



20F

Annual report submitted to the United States SEC (an agency linked to the New York Stock Exchange) containing a complete analysis of our financial performance.



ANEEL SOCIO-ENVIRONMENTAL REPORTS

Submitted by Group distributors and generators reporting details on the performance of each one.



CDP

Report on the strategies and performance in relation to climate change.



MANAGEMENT REPORT

Company's principal results with financial statements.

1. MESSAGES

1.1 Message from the Board of Director

G4-1

One of the principal challenges of the CPFL Energia Group in 2014 was to guarantee the liquidity of its distribution and generation subsidiaries in the context of the looming hydrological crisis, the result of climatic factors as well as structural changes in the Brazilian energy matrix. To confront these adverse conditions, the Company had the support once more of a well honed strategic plan, solid financial management and its cost management capabilities.



Despite the difficulties faced over the past few years, the electricity sector has remained attractive to investors due to improvements to the regulatory framework, the legal safety net and recognition that there are a range of growth opportunities still to be explored in Brazil. However, in challenging times, the case of the past two years, successful companies are those whose governance and risk management mechanisms inspire the greatest market confidence. CPFL Energia is currently recognized as one of the best investment options in the sector thanks to its ten-year track record since opening its capital on the BM&FBovespa, listing on the Novo Mercado and subsequent Level III ADR program on the New York Stock Exchange, all market segments composed of companies with the highest governance standards.

The Company's market recognition has come in the form of several awards and positive ratings on the part of research analysts. For example, in 2014 and for the third consecutive year, CPFL Energia was selected as a component of the NYSE's Dow Jones Sustainability Emerging Markets Index as well as the Morgan Stanley Capital International Global Sustainability Index. These two international stock indices are composed of those companies with the highest levels of corporate sustainability management in their given sectors based on general aspects of environment, corporate governance, economic-financial standing, social responsibility and climate change.

In Brazil, CPFL Energia has been part of BM&FBovespa's Corporate Sustainability Stock Index (ISE) for ten successive years. Composed of equities of companies ranked with the best performances in all aspects of corporate sustainability, CPFL Energia has been part of this portfolio since its inception in 2005.

In 2014, CPFL Energia approved and rolled out its Anti-Cor-

ruption Policy to all stakeholders. The Policy is in line with Federal Law 12.846, which can now be enforced against corporate entities that engage in corruption of public officials. The Company - which has always been conducted in an ethical manner supported by Codes of Ethics and Conduct - has undertaken a far reaching process of training together with awareness campaigns on the theme and addressed to its senior management, managers and employees, thus further improving levels of transparency and conformity.

Worthy of mention is the activities of the Board advisory committees of People Management, Related Parties and Management Processes for monitoring themes which are relevant to the business of the holding company and its subsidiaries, these committees serving as instruments for identification of externalities and qualification of management.

A further corporate strength is the solid process for managing risks with potential impacts on the business, this contributing to overcoming sector adversities of the past few years. On the basis of a panel where the principal risks are systematically prioritized and monitored, the Board of Directors enjoys the benefits of a reliable foundation for taking the necessary decisions.

A further outstanding feature is the focus of CPFL Energia on the continuing improvement of its practices and processes for ensuring the occupational safety of not only employees but also the communities located within the concession areas. Investments such as training, educational campaigns and improvements in operational processes to this end have been fundamental in reducing the number of accidents. The Board of Directors adopts a hands-on policy in the way it closely tracks the management of these indicators, a critical factor in the Company moving ever closer towards meeting its target of zero accidents.

The strengthening of governance and responsive management will continue to be fundamental to CPFL Energia maintaining its capacity to generate long-term shareholder value. Most particularly in 2015, conditions in the electricity sector will be extremely challenging. Under these circumstances, it is essential that CPFL Energia Group maintain quality in the management of costs and reinforce opportunities for improving production processes, seek innovations which improve the quality of services rendered and maintain institutional leadership in proposing solutions and alternatives for guaranteeing the sector's economic-financial sustainability.

Murilo Passos

Chairman of the Board of Directors



1.2 Message from the Chief Executive Officer

G4-1

In 2014, the Brazilian electricity sector operated under some of the most difficult conditions since the introduction of the new regulatory framework in 2004. Water storage levels at reservoirs in the National Interconnected System (SIN) were just 19.5% of total capacity at the end of the dry season in November, the worst on record. Consequently, the National Systems Operator (ONS) was obliged to maintain thermal generators at full dispatch, driving the cost of operations in the short-term market for the better part of the year up to the established ceiling of R\$ 822.83/MWh for the Price for Settlement of Differences (PLD). The impact on financial performance of both distributors and generators was inevitable – these already suffering the affects of the unfavorable macroeconomic conjuncture.

In the light of maximum dispatch from the thermoelectric power plants to preserve reservoir levels and the increased participation of reserve energy in the overall energy matrix, output from the hydroelectric energy generators - participants in the Energy Reallocation Mechanism (MRE) - fell short of the physical guarantee (resulting in the GSF – Generation Scaling Factor effect). Sector players were forced into buying energy in the short-term market at high prices to fulfill their energy supply agreements, accumulating a record and unforeseen expense of R\$ 26.8 billion for the industry as a whole.

Under this scenario, CPFL Energia Group's initiatives for successfully increasing revenue and reducing expenses were critical. Fruit of this was a 20% jump in net operating revenue to R\$ 16.4 billion, EBTIDA registering a similar upward trend of 6% to R\$ 3.8 billion with a notable contribution of R\$ 207 million from the CPFL Brasil, the retail commercializing company, a year-on-year increase of 273.1%. Consequently, we were able to distribute R\$ 422 million to our shareholders and higher than the mandatory dividend, corresponding to 44.5% of the net income of R\$ 886 million.

During the year, we invested R\$ 1.062 billion in maintenance, modernization and business expansion – of which R\$ 702 million was allocated to Distribution, R\$ 265 million to Generation (R\$ 251 million to CPFL Renováveis and R\$ 14 mil-

lion to conventional generation and others) and R\$ 94 million to the Services segment.

We are the second largest private sector generator in Brazil. Our installed capacity increased by 9.3% in 2014 from 2,860 MW to 3,127 MW due to the startup in commercial operations at the wind farm complexes of Atlântica in the state of Rio Grande do Sul and Macacos I in the state of Ceará. An association agreement was also concluded between CPFL Renováveis and Dobrevê Energia S.A. The renewal of Serra da Mesa HPP's (Semesa) energy supply agreement out to 2028 was also essential to increasing the predictability of the Generation segment's cash flow.

The Distribution segment reported sales of 59,962 GWh in 2014, a 2.6% increase. We increased our consumer base to 7.6 million, 199 thousand more than 2013. The 3.4% decline in industrial consumption was offset by a significant increase in demand from the low voltage market, the residential class recording growth of 7% and the commercial class, 7.9%. Sales to the captive market amounted to 43,160 GWh, an increase of 4.9% in relation to 2013.

Again in the Distribution segment, we invested in the intelligent network infrastructure, concluding the installation of telemetering at all our Group A industrial and commercial clients (high voltage), a total of 24.6 thousand points. The automation process increases the security of customer data as well as serving to identify eventual fraud and contributing to increased operational efficiency.

The Group also invested in strategic growth through new businesses and projects which act as catalysts for greater synergies among the segments. During the course of 2014, CPFL Eficiência developed a structure offering a broad range of high value-added services in energy efficiency. These services encompass solutions in self-production, co-generation, solar generation and efficient consumption. With the creation of an energy retail commercializing area, CPFL Brasil strengthened its position in the free market for incentivized energy sources, consolidating the Group's position of leadership in this segment.



At CPFL Telecom, we provide network and connectivity infrastructure solutions, 811 km of fiber optic cables having already been installed in 17 municipalities in the state of São Paulo. CPFL Serviços offers a range of products from the construction of transmission and distribution systems, electrical maintenance for industry, commerce and concessionaires to equipment repair. The subsidiary has also established a proprietary system for bill payments and a customer relationship center.

The market and society as a whole has shown due recognition of the Company's positive performance. CPFL Energia has a BM&FBovespa Novo Mercado listing as well as a sponsored Level III ADR program on the New York Stock Exchange. The Company is also a member of the Dow Jones Sustainability Emerging Markets Index, made up of a select group of 86 companies from 23 emerging market economies, and the Morgan Stanley Capital International Global Sustainability Index (MSCI). For the tenth consecutive year, CPFL's shares have been included as components of BM&FBovespa's Corporate Sustainability Index (ISE), the Company registering growing improvement in performance of all items qualifying for eligibility to the index. We continue to play an active role in national and international forums and initiatives focused on sustainability such as the Global Compact, the United Nations Organization and the National Quality Foundation.

CPFL Energia has made important contributions to reaching solutions to sector challenges. Notable among these was the reduction in the PLD price ceiling to R\$ 388.48/MWh and the CVM's (Brazilian Securities and Exchange Commission) recognition of regulatory financial assets and liabilities in the distributors' account statements. The Group was also instrumental in helping to reach a consensus on the weighted average cost of capital (WACC) of 8.09% for distributors with tariff resets scheduled up to December 2017 under the 4th Tariff Revision Cycle.

In spite of this unquestionable progress in the sector, we begin 2015 with issues that still remain outstanding, more especially the GSF. CPFL Energia's management strategy focused on financial discipline and operational quality, shareholder support and the commitment of the Company's professionals will all be indispensable this year for reaching the CPFL Group's objectives for the creation of sustainable value.

Wilson Ferreira Jr.

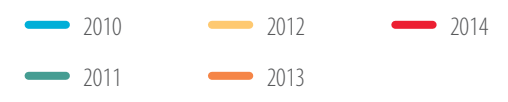
Chief Executive Officer of CPFL Energia

2. SECTOR CONTEXT

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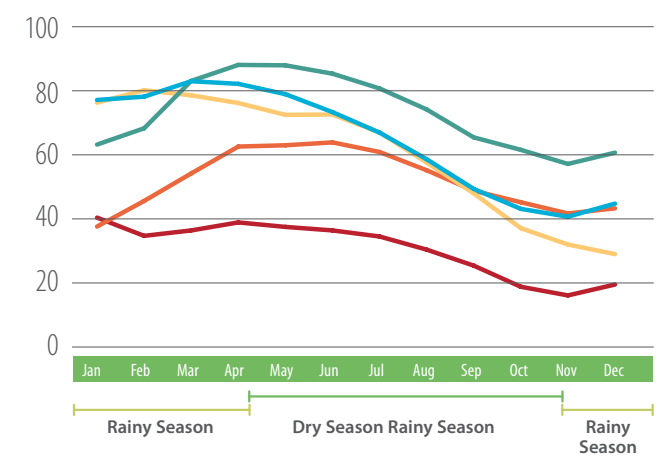
The Brazilian electricity sector was confronted with a number of major challenges during 2014. Based on ONS data, reservoir levels at the hydro plants in the Southeast/Central-Western subsystem – responsible for generating 70% of Brazilian water storage capacity – were at approximately 40.3% (January 2014) against 76.2% for the same period in 2012.



SOURCE: [HTTP://WWW.MME.GOV.BR/](http://www.mme.gov.br/)

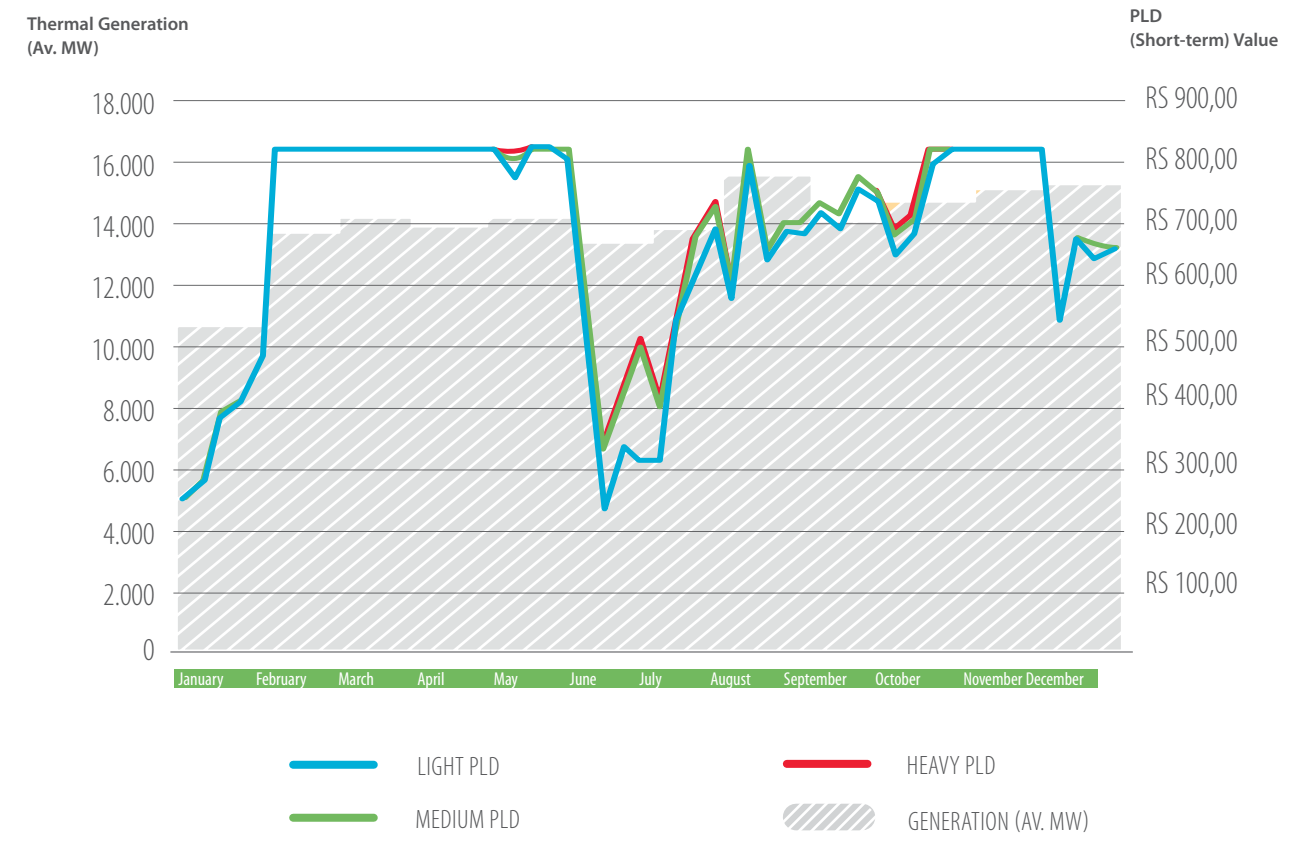
SOUTHEAST/CENTRAL-WESTERN SUBSYSTEM

% Storage Capacity (SC)
Maximum Capacity = 205,002 MW/month



Brazil experienced one of the worst draughts in decades. The low reservoir level scenario translated into a high degree of dispatch from the fossil fuel-fired thermoelectric power plants in order to meet demand, the corresponding thermal production costs being considerably higher than those of hydro plants. Consequently, throughout 2014, almost without exception, prices in the short-term electric energy market were close to R\$ 822.83/MWh, the ceiling established at the time by the National Electric Energy Agency (ANEEL), the industry regulator.

SETTLEMENT PRICE DIFFERENCES (PLD)

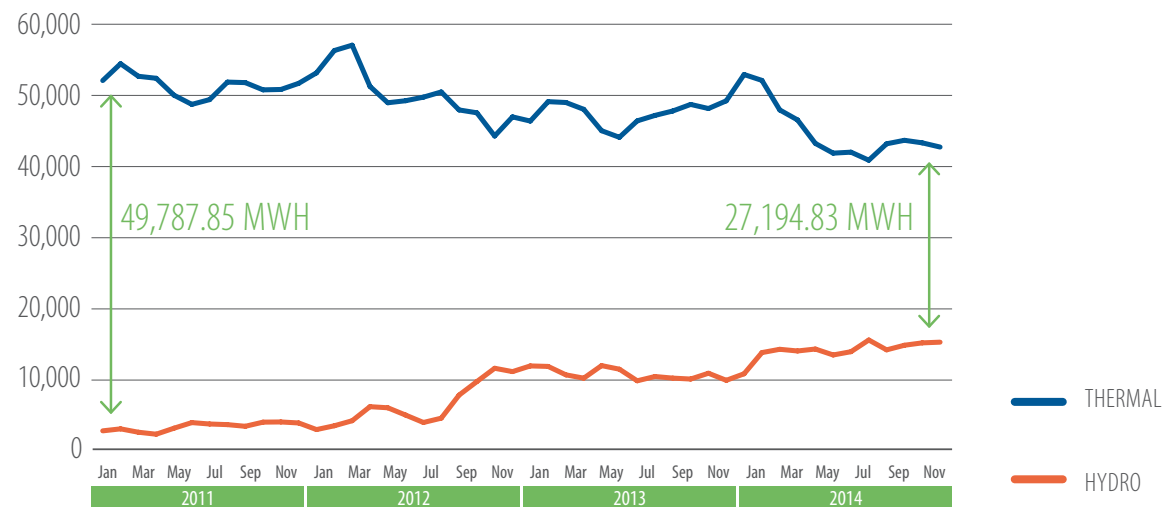


SOURCE: ANEEL AND ONS

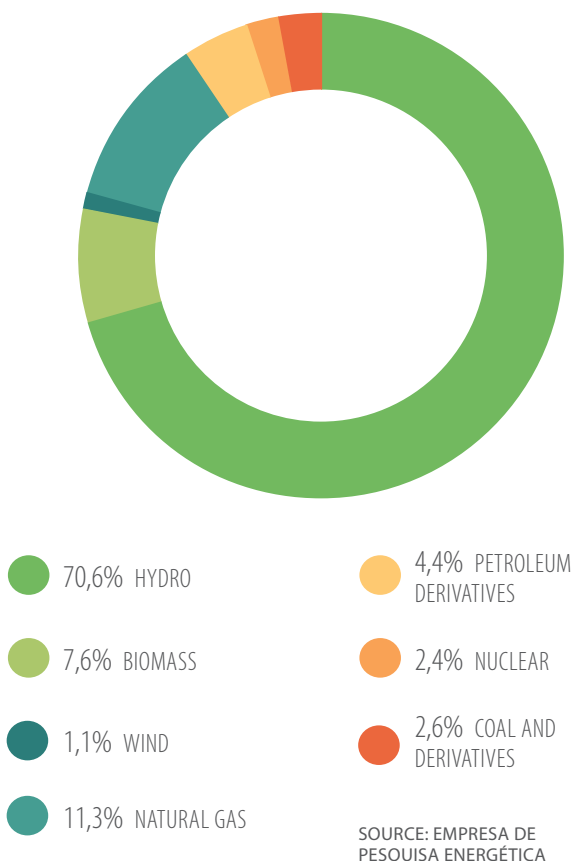
All the companies operating in the hydro generation segment suffered from a combination of low reservoir levels and high short-term market prices. The sector ended the year with a generation deficit - known as the GSF (Generation Scaling Factor) - close to 10%. This difference between the total energy

generated and the physical guarantee established by the ONS (National System Operator) had to be compensated by energy purchases in the short-term market at an additional estimated expense of R\$ 26 billion and defrayed among all the generators participating in the Energy Reallocation Mechanism (MRE).

BRAZILIAN ELECTRIC MATRIX



BRAZILIAN ELECTRIC MATRIX



SOURCE: EMPRESA DE PESQUISA ENERGÉTICA

Rules covering the renewal of energy generation and transmission concessions were announced in 2012 under Provisional Measure 579 (subsequently becoming Law 12.783/2013). Energy from hydroelectric plant concessions renewed for a further period under the new rules was transformed into quotas and allocated to the distributors. However, since not all the generators signed up to the new proposals, the energy quotas proved insufficient to cover the distributors contractual requirements. The result has been that since 2012, the distributors have found it difficult to contract all their energy needs through the Regulated Contracting Environment (or ACR, the Portuguese language acronym) auctions and have had to resort to the short-term market.

During 2014, the ACR Account was created under Decree 8.221/2014 and managed by the Electric Power Trade Board (CCEE) to raise finance from the banks for funding the distribution concessionaires' outgoings arising from involuntary exposure to the short-term market. Some R\$ 17.8 billion was raised between February and December 2014. This amount will be amortized from 2015 by means of a tariff charge to be built into captive consumer energy billings.



In the light of these events, the year 2014 ended with the industry continuing to confront major obstacles, reinforcing the need for continued fine tuning of the regulatory framework. Among the improvements sponsored by ANEEL was the introduction of the new system of tariff flags (green, yellow and red) in 2015. These indicate the conditions of electricity generation to the consumer on a monthly basis and will show whether energy costs are to be higher or lower due to the dispatch of the thermal plants. Consequently, when energy from these plants is being deployed, billings will indicate yellow and red flags. This system increases the transparency of costs to be borne by the consumer, making for more rational use of electricity.

Again in 2014, changes were made in methodology for calculating the Price for Settlement of Differences (PLD) which sets the parameter for energy prices in the short-term market. With this change, the PLD ceiling was reduced to R\$ 388.48/MWh in 2015. In practice, this initiative reduces the costs of those companies which have recourse to the short-term market to satisfy their contractual needs for energy.

The methodology to be applied in the fourth tariff revision cycle (discussed at Public Hearing 023/2014) is a further important factor affecting the distribution segment. The principal objective of the Periodic Tariff Revision process after the previously defined concession agreement period (generally four years), is to examine the concession's economic-financial equilibrium for

the next period. This is when ANEEL reevaluates distributor costs and income for calculating revenue needed to cover the concessionaire's efficient operational costs and to remunerate prudent investments. The initial outcome of the Public Hearing was a decision on the WACC to be applied in the tariff revision processes, currently to be applied between March 2015 and December 2017, at 8.09% in real terms after tax. Among other issues, distributors are also petitioning for the partial sharing in productivity improvements with a view to encouraging the modernization of the distribution network.

Despite this progress, between the last quarter of 2014 and the early part of 2015, the sector continued to operate in a scenario of below average rainfall, thus preventing the replenishment of reservoir water levels. ONS data shows that the level of Southeast/Central-Western reservoirs stood at 16.84% of total storage capacity at the end of January 2015.

In addition, the Brazilian electric energy sector faces delays in work on new hydroelectric generation projects as well as unfavorable macroeconomic conditions, notably increasing interest rates and low GDP growth, so adding to the difficulties of making investments necessary for sector improvements. In this context, the quest for operational efficiencies, reduction in costs and excellence in the management of assets and financial resources are important factors for maintaining industry competitiveness and ensuring domestic energy demand is satisfied.

3. BUSINESS MODEL

OUR VISION

Energy is essential for the wellbeing of people and for the development of society. We believe that the sustainable production and use of energy is vital for the future of humanity.

OUR MISSION

To provide sustainable energy solutions with excellence and competitively, operating in a manner that is integrated with the community.

OUR BUSINESS MODEL

The following chart shows CPFL Energia's business model, which in simplified form indicates how the Company creates, delivers and captures value. In order to summarize this system for transforming resources and generating value, we endeavor to

reply to the questions "For whom are we creating value?" and "What services are we offering and what are the resources required to fulfill our propositions?"

AMBITION 2018

Consolidate leadership in the electric energy sector with the creation of value which is sustainable and superior to the market, becoming an international benchmark.

OUR BUSINESS MODEL



INFRASTRUCTURE CAPITAL

NATURAL CAPITAL

SOCIAL CAPITAL

HUMAN CAPITAL

KNOWLEDGE AND COMPETENCIES CAPITAL

FINANCIAL CAPITAL

RESOURCES what do we need to generate value?

- Generation plants
- Transmission lines, distribution networks
- Substations
- Transformers, meters, poles

- Water in the reservoirs
- Fossil fuels
- Land used
- Biodiversity

- Relationship with:
- Clients
 - Communities
 - Suppliers
 - Governmental institutions and NGOs
 - Labor Unions

- Organizational structure
- Employees and outsourced labor
- Ethics and human rights

- Governance structure
- Management systems
- Information systems
- Diversity, opening for opinions

- Revenues
- Financing

PROCESSES what do we do to generate value?

- Transformation of natural resources into energy
- Operation and maintenance of transmission and distribution networks
- Expansion and modernization of the electricity network
- Logistical optimization

- Obtaining of environmental licenses
- Monitoring environmental impacts
- Mitigation, reduction and compensation of environmental impacts

- Support for community development
- Structured engagement, dialog with government, establishment of partnerships
- Implementation of the Code of Ethics and Corporate Conduct

- Training and skills upgrading
- Management of occupational health and safety
- Environmental education and ethics
- Engagement with leadership
- Improvement of governance structures

- Benchmarking and industry surveys
- Generation of internal knowledge
- Support for innovative projects
- Execution of R&D projects
- Improvement of management systems, operational excellence

- Capital allocation in Group activities
- Commercialization of energy
- Constant striving for efficiency, discipline in relation to costs

RESULTS what are the impacts of our activities?

- Generated and available energy
- Energy efficiency, avoided losses
- Generation and recycling of waste

- Flooding of the areas contiguous to the hydro-electric plants
- Change in reservoir levels
- Change in the ecosystems
- Brush clearance
- Change in the landscape

- Reputation with target public
- Advances in sector discussions, protagonism and leadership
- Structured management of the supplier chain
- Advances in labor union negotiations

- Retention of qualified personnel
- Development of leadership in the Company
- Productivity and goals which have been achieved
- Synergy between the areas of the Company
- Cohesive organizational culture

- Identified and dimensioned risks and opportunities
- Intelligence for decision-making
- Internal knowledge bank
- Fostering the innovative culture

- Financial performance and cash flow
- Dividends and remuneration of capital
- Payment to employees and suppliers
- Taxes, payments to the government
- Operational costs

VALUES what are the consequences we generate for our business and society?

- Energy supply to the nation
- Contribution to development of the national economy

- Energy generated responsibly
- Preserved and conserved ecosystems
- Urban tree planting

- Business based on ethical principles
- Market reputation and image, consolidated position in the sector
- Secure operation for society
- More developed communities, economy and local infrastructure

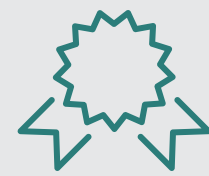
- Suitable profile of the employees for a profitable and responsible business
- Safe working environment
- Committed employees

- Well managed business with access to forecasts and reliable information
- Creation of tendencies, fostering of urban mobility
- Knowledge of Intelligent Cities

- Guarantee resources for the implementation of the strategic plan
- Improvement of municipal budgets
- Financial soundness and fostering investor loyalty



- OPERATIONAL EXCELLENCE, WITH INNOVATION AND TECHNOLOGY
- STRATEGIC GROWTH
- TRANSFORMATION OF THE CULTURE AND LEADERSHIP STYLE



HIGHLIGHTS

The **largest private sector player** in the Brazilian electric energy industry

Leader in the Distribution segment with 13% market share

A footprint in the **most developed regions** in Brazil

2nd largest private sector generator with an installed capacity of **3,127 MW**, 94% of which from renewable sources, and long-term concession agreements

A leader in Renewable Energy in Brazil

Outstanding operation in the **Commercialization** segment with free consumers and a focus on **special consumers**

Supplier of **a broad range of services related to electric energy** (value added services, relationship with clients, etc.)

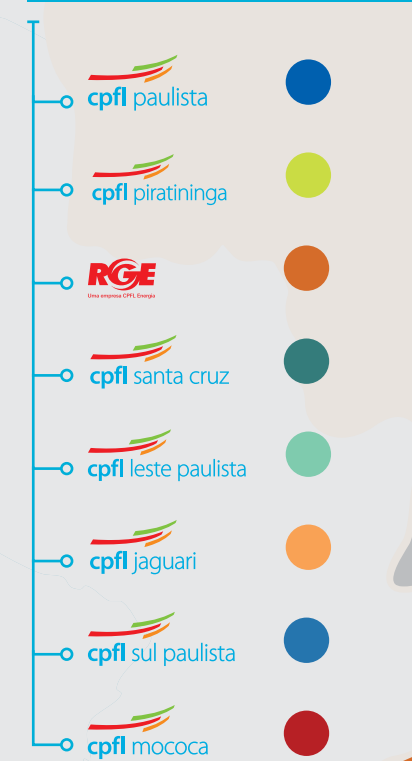
Telecom: new segment of operations

4. MAP OF OPERATIONS

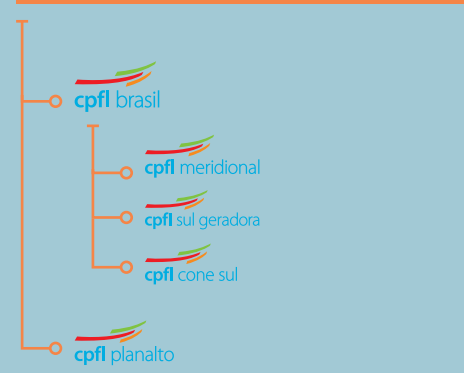
G4-3 G4-5 G4-6 G4-7 G4-8 G4-9

CPFL Energia is a fully Brazilian-owned company operating in 12 states through its subsidiary companies in energy generation, distribution and commercialization as well as in services

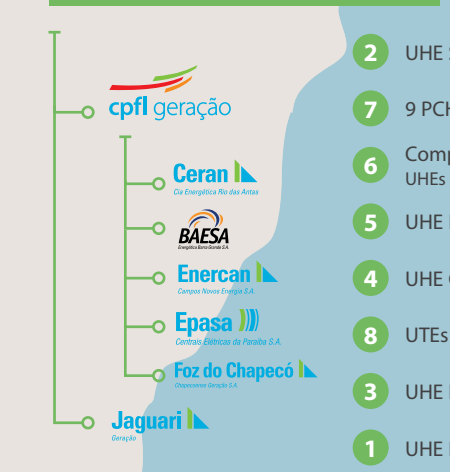
DISTRIBUTION



COMMERCIALIZATION

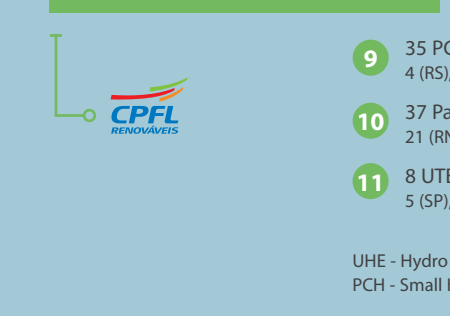


GENERATOR



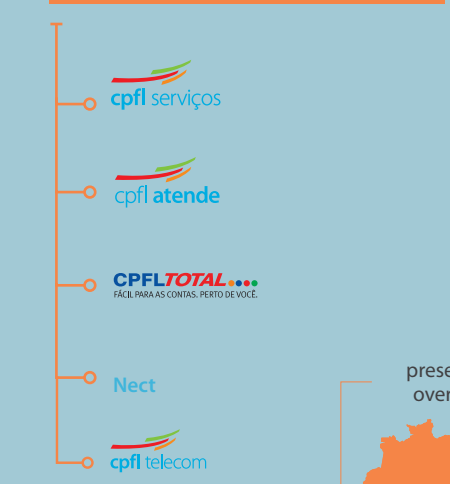
- 2 UHE Serra da mesa
- 7 9 PCHs: 6 (SP) e 2 (MG)
- 6 Complexo Ceran: UHEs Monte Claro, Castro Alves e 14 de Julho
- 5 UHE Barra Grande
- 4 UHE Campos Novos
- 8 UTEs Termoparaíba e Termonordeste
- 3 UHE Foz do Chapecó
- 1 UHE Luis Eduardo Magalhães

RENEWABLE

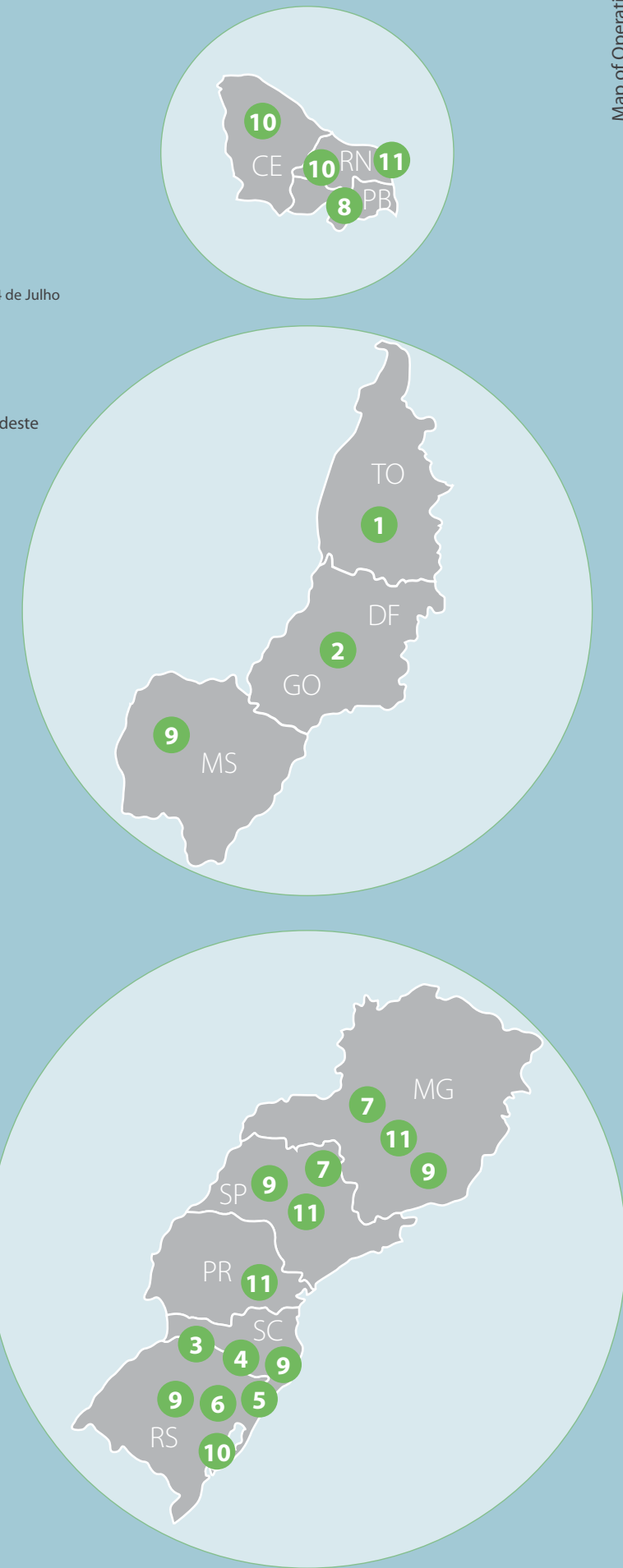


- 9 35 PCHs: 17 (SP), 8 (MG), 5 (SC), 4 (RS), 1 (MS)
 - 10 37 Parques Eólicos: 12 (CE), 21 (RN), 4 (RS)
 - 11 8 UTEs Biomassa: 5 (SP), 1 (RN), 1 (MG) e 1 (PR)
- UHE - Hydro Electric Power Plant
PCH - Small Hydro Electric Power Plant

SERVICES



presence all over Brazil

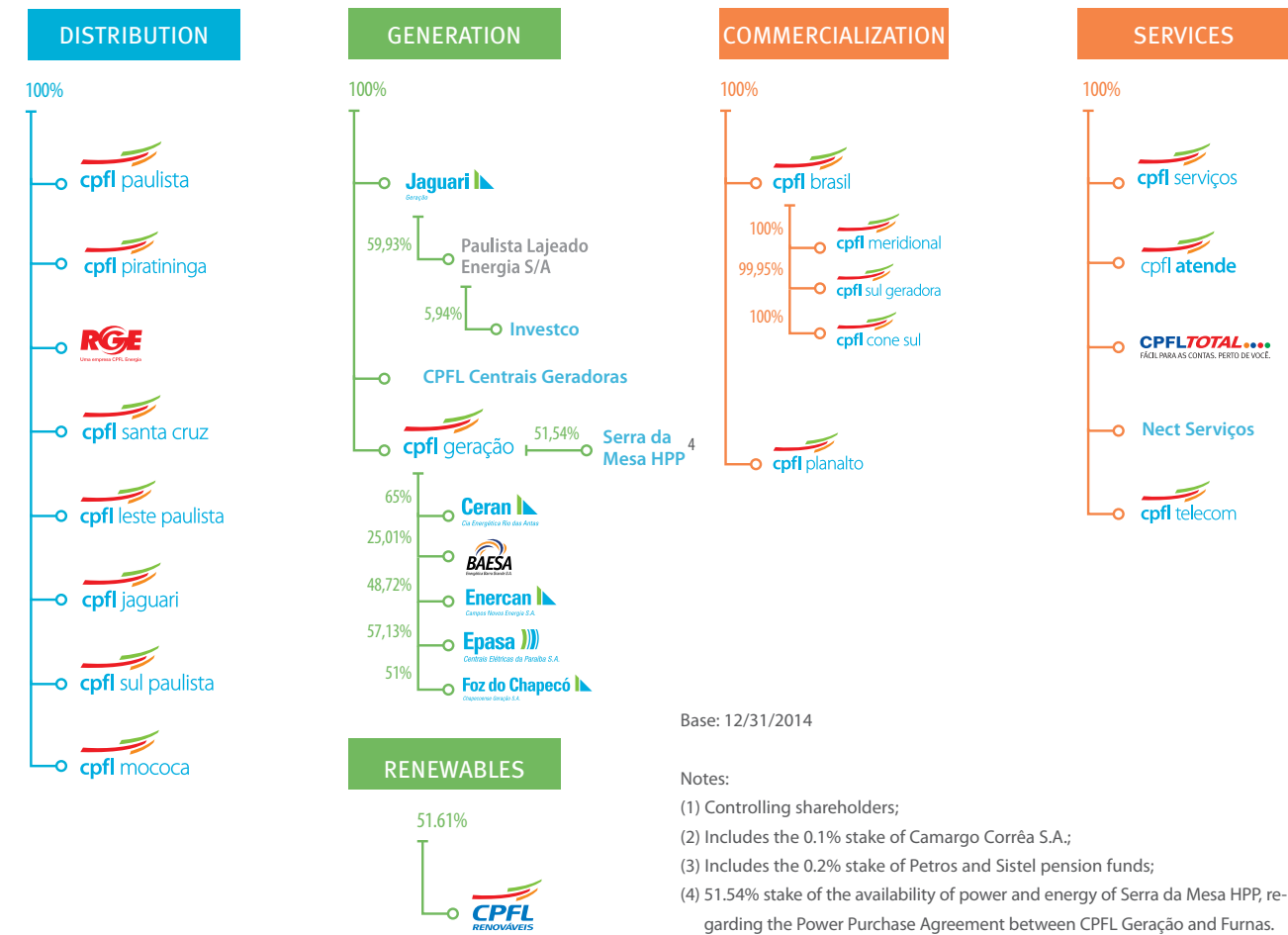
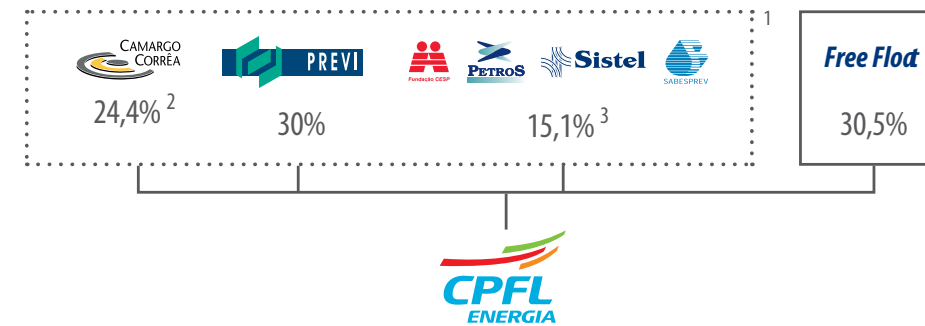


5. GOVERNANCE

In 2014, CPFL Energia commemorated its tenth year as a publicly held company with shares trading on the BM&FBovespa and the New York Stock Exchange (NYSE). With more than 100 years of activities in Brazil, the Company has a listing on BMF&Bovespa's Novo Mercado and a Level III ADR program, both premium listings comprising those companies signing up to best corporate governance practices. All CPFL Energia's equities are in the form of common, voting shares guaranteeing shareholders 100% tag along rights in the event of the sale of a controlling stake.



CPFL Energia is a holding company with stakes in the capital of other companies: **G4-4** **G4-17**



5.1 Governance structure

CPFL Energia's governance structure is one of the keys to corporate success. In this context, the Company's decision-making process, consistent and aligned to the best international practices, provides management with a road map to operate responsibly in the face of both the challenges of the macroeconomic scenario as well as industry specific changes.

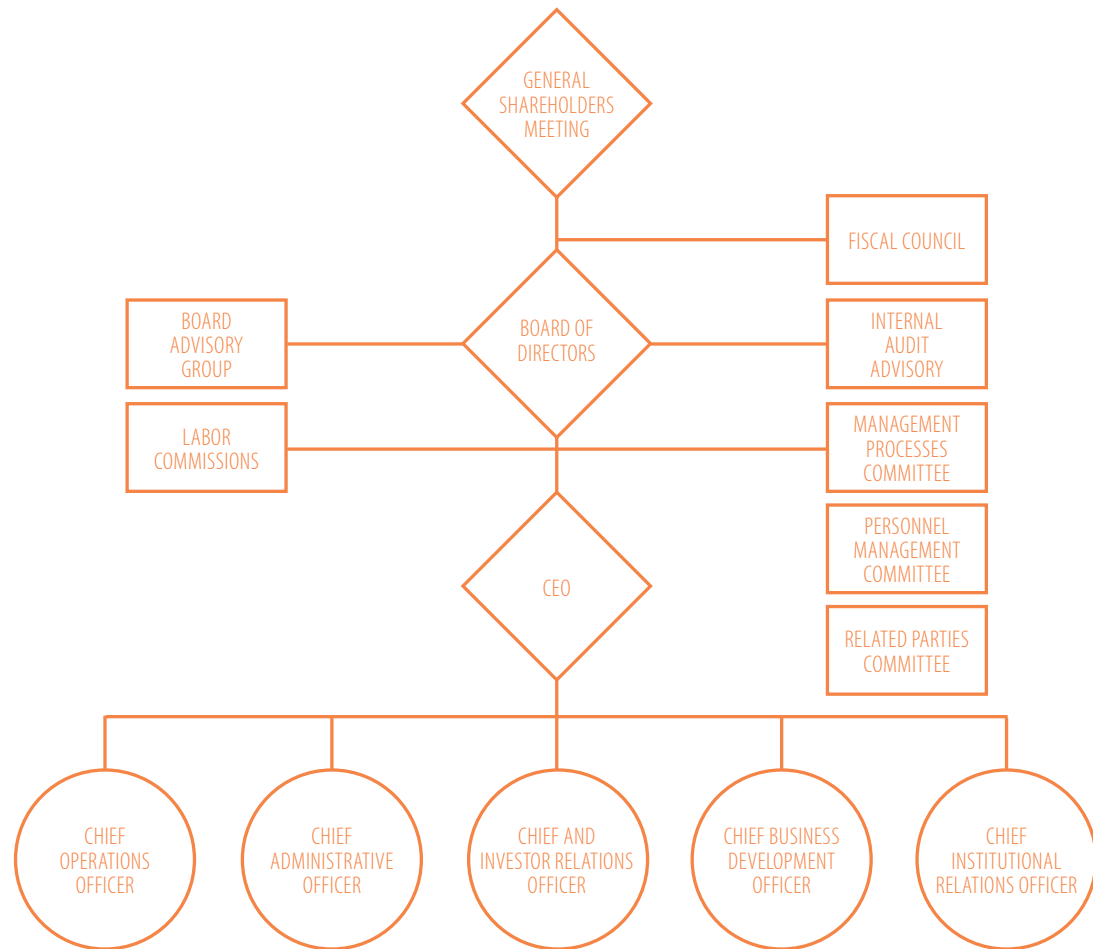
CPFL Energia's management comprises the Board of Directors, a deliberative body, and the Statutory Board, which has an executive role.

The Board of Directors is responsible for determining the strategic guidelines for the businesses of the holding company and subsidiaries. The Board is made up of seven outside members, one of whom is an independent director. **G4-39**

The Board approves the Annual Meetings Calendar and takes cognizance on a monthly basis of the themes to be decided over the following three months. **G4-47**

MEMBERS OF THE BOARD OF DIRECTORS **G4-38**

Murilo Cesar Lemos dos Santos Passos	Chairman
Renê Sanda	Vice Chairman
Francisco Caprino Neto	
Claudio Borin Guedes Palaia	
Deli Soares Pereira	
Carlos Alberto Cardoso Moreira	
Maria Helena S. F. Santana	Independent Director



The term of office is for one year, reelection being permitted. Corporate Governance Guidelines dictate that the directors should be selected from among senior professionals holding positions in the upper echelons of management. They should be of proven reputation and have experience in the electricity sector or in their respective areas of activity and have a diversified background. **G4-40**

The Company provides the directors with Brazilian Institute for Corporate Governance (IBGC) certification as an incentive for continued education and permanent updating as well as stimulating participation in events relating to governance themes or the business in which the director is directly involved. **G4-43**

Some directors sit on Board advisory committees and commissions. These meet regularly with executives and the internal auditor for more detailed discussions of themes requiring permanent monitoring or strategic discussion during Board Meetings.

Under the leadership of its Chairman, the Board of Directors' Internal Charter establishes procedures for evaluating the directors, their principal duties and rights and eventual substitution by their alternates in the event of incapacity, subject to prior notice to the Company. **G4-44**

The Board of Directors has established three advisory committees, all of them coordinated by a director. The committees support and monitor important and strategic decisions such as the management of people and risks, monitoring of the internal audit, the analysis of transactions with parties related to the controlling shareholder group and the handling of incidents notified via the whistle-blowing and ethical conduct channels. **G4-34** **G4-35**

- Processes Management Committee
- People Management Committee
- Related Parties Committee

Throughout the fiscal year, the People Management Committee monitors and reports regularly to the Board on the development of the Succession Plan for the Company's principal executives. The Committee will also continually examine the Executive Board's processes for short- and long-term evaluation of corporate and individual targets - set on the basis of the strategic plan - and the metrics for the Shareholder Value Creation System (GVA).

The Board of Directors takes the view that a solid corporate governance structure is critical for assuring transparency and accountability to the stakeholders.

In 2006, CPFL Energy set up the Board Advisory Council exclusively and directly subordinated to the Chairman of the Board. The Council's role is to ensure that best practices permeate the Board's activities and its relationship with the Company, the directors maintaining their focus on the body's function as a central decision-making forum.

The Advisory Council is a body which acts as the guardian of good practices for ensuring adherence to the Governance Guidelines. Equally, it is instrumental in maintaining a responsive relationship between the Company and the directors, ensuring the quality and timeliness of the information provided as well as the integration and evaluation of the board members and the fiscal councilors. Finally, its objective is the ongoing supervision of improvements in governance processes and the institutional relationship with governance agents and entities.

CPFL Energia also prepares a Manual for the Participation of Shareholders in General Meetings for encouraging investor participation in the Company's critical decisions. The Manual clearly and objectively presents the themes on the Meeting's agenda as well as indicating without onus professionals to act as proxies for shareholders at the Meetings. **G4-49**

The Board of Executive Officers is responsible for the execution of the strategy of CPFL Energia and its subsidiaries as set out by the Board of Directors in line with corporate governance guidelines. To guarantee alignment in governance practices, the Executive Directors sit on the boards of directors of the companies, which come under the umbrella of the holding company and appoint their respective statutory directors. **G4-36**

The Board of Executive Officers is made up of one Chief Executive Officer and five Executive Officers, all with a two-year term of office.

MEMBERS OF THE BOARD OF EXECUTIVE OFFICERS

G4-38

Wilson Ferreira Junior	Chief Executive Officer
Gustavo Estrella	Chief Financial and Investor Relations Officer
Hélio Viana Pereira	Chief Operations Officer
Luiz Eduardo Fróes do Amaral Osorio	Chief Institutional Relations Officer
José Marcos Chaves de Melo	Chief Administration Officer
Carlos da Costa Parcias Júnior	Chief Business Development Officer

The compensation of the Board of Executive Officers combines fixed and variable portions. The fixed compensation is set in accordance with market surveys conducted by specialized consultancies. Variable compensation is based on corporate and individual targets established in accordance with the corporate strategy approved by the Board (short-term compensation) and the Long-Term Incentive Plan, the methodology of which is also Board approved.

The People Management Committee is responsible for debating the results of the performance evaluation of the Board of Executive Officers. The Board of Directors delegates the task of substantiating the calculation of the proposed variable compensation to this Committee prior to submission to the Board.

G4-51 | G4-52

CPFL Energia has a permanently installed Fiscal Council made up of five members who meet monthly in accordance with a minimum calendar of activities, which include periodical meetings with the External Auditors and with the Company's principal executives, inspection of management acts and monitoring the auditing work. **G4-38**

The Fiscal Council performs the activities of an audit committee according to the rules of the Sarbanes Oxley (SOX) Act, the latter applicable to those foreign companies with listings on the United States stock exchange. One of the duties of the Council is to meet periodically with the Internal Audit, and with the Risk Management/Compliance and Accounting departments. One of the fiscal councilors must be nominated as a Financial Expert as called for under SOX.

The members of the Fiscal Council also undertake an annual self-evaluation to reflect on their performance and to evaluate that of the Independent Audit.

COMPOSITION OF THE FISCAL COUNCIL

- William Bezerra Cavalcanti Filho (President);
- Adalgiso Fragoso de Fari;
- Marcelo de Andrade;
- Martin Roberto Glogowsky;
- Celene Carvalho de Jesus.

Check the [Investor Relations](#) website for competencies, duties and résumés of CPFL Energia's directors, members of the committees and the executive officers.

ETHICAL CONDUCT **G4-57** | **G4-58**

The management of CPFL Energia and subsidiaries is based on the principles of transparency, equitability, accountability and corporate responsibility in order to construct an ethical relationship with shareholders and investors, employees, clients, suppliers and other stakeholders in the value chain.

In 2014, CPFL Energia introduced an Anti-Corruption Policy in line with Law 12.846/13 with the principal guidelines to be followed on how to avoid corruption or infringement of laws and regulations involving Group company business. During the year, training in the policy was given to the employees of the holding company and its subsidiaries together with the circulation of announcements on the same topic.

Since 2001, CPFL has had an Ethics and Social Responsibility Management System. In 2014, the duties and composition of the [Ethics and the Business Conduct Committee](#) have been redefined to extend its reach and representativeness. Approval was also given to the creation of Local Ethics Commissions— by year-end 2015, seven local commissions will be set up at subsidiary companies.

In 2014, CPFL Energia's Ethics Committee raised and analyzed the following principal issues with respect to allegations received:

- **Moral Harassment.** A total of 12 allegations were examined, eight of which deemed with foundation and four, without foundation.
- **Request for a Bribe.** A total of eight allegations, all eight being deemed without foundation.
- **Facilitation.** A total of four allegations, two being deemed with foundation and two without.
- **Inappropriate use of CPFL resources.** A total of four allegations, two being deemed with foundation and two without.
- **Consultations.** A total of eight consultations were examined and responded. **G4-50**

CORRUPTION ISSUES **G4-S03**

In 2014, no cases of proven corruption involving employees or third parties relating to the businesses of CPFL Energia were verified.

The CPFL Group conducts risk evaluations on corruption issues for the organizational units and for the suppliers. The principal identified risks relate to active corruption on the part of employees, joint liability with respect to supplier actions and risk of image and reputation. For this reason, the examination focuses particularly on the organizational unit's need for relationships with public officials for conducting business negotiations.

See CPFL Energia's Policies, the Code of Ethics and of Business Conduct and the functions of the Ethics and Business Conduct Committee.

RECOGNITION OF THE SHARES **G4-15**

For the third consecutive year, CPFL Energia's equities have been chosen as components of the New York Stock Exchange's Dow Jones Sustainability Emerging Markets (DJSI Emerging Markets). This stock index consists of 86 companies from 23 emerging market countries which adopt the best governance practices, risk management and management of socio-environmental impacts in their sectors of activity. CPFE3 equities have been part of BM&FBovespa's Corporate Sustainability Stock Index (ISE) since inception in 2005.

In addition to DJSI Emerging Markets and ISE, CPFL Energia is also a component of the leading stock indices:

- IBOVESPA - Bovespa Index
- IBRX - Brazil Index of the 100 most liquid stocks
- ITAG - Special Tag Along Index
- IGC - Special Corporate Governance Stock Index
- IEE - Electric Energy Stock Index
- Dow Jones Brazil Titans 20 ADR Index
- MSCI - Morgan Stanley Capital International

CPFL Energia is among the 15 companies making up the Latin American Companies Circle, a World Bank initiative – through the International Finance Corporation (IFC) – and the Organization for Economic Cooperation and Development (OECD), which includes companies recognized for their leadership in promoting and adopting special governance practices. The purpose of the Circle is to disseminate corporate governance practices throughout Latin America.





INFRASTRUCTURE CAPITAL

RELEVANCE

CPFL Energia generates and delivers energy to society thanks to its installations, plants, networks and equipment. Financial capital is employed to operate these assets safely and with operational excellence as well as maintaining and expanding them through innovation and state of the art technology. This capital allows the Company to reduce its environmental footprint, improve its eco-efficiency ratio as well as complying with the legislation on environmental impacts.

CAPITAL RESOURCES

EU1
EU4

CONVENTIONAL GENERATION:

8 Hydroelectric Power Plants, **3** Thermoelectric Power Plants (one decommissioned)
Installed Capacity (MW) **2,212 MW**

RENEWABLE GENERATION:

38 Small Hydroelectric Power Plants, **8** Biomass Thermoelectric Power Plants,
33 Wind Farms and **1** solar energy plant
Installed Capacity (MW) **915 MW**

DISTRIBUTION:

Distribution networks: **240,944 km**
Distribution transformers: **353.722**
High voltage distribution lines between 34.5 kV and 138 Kv: **9,881 km**
High to medium voltage substation transformers for subsequent distribution: **445**
Total transformation capacity: **14,571 MVA**

PRINCIPAL ACTIVITIES AND RESULTS

Assured energy: 13,489 GWh **EU2**
Generated energy: 13,658 **EU2**

- In the transmission segment, the strategic plan provides for activities within the concession areas. The 440kV Piracicaba substation (currently nearing conclusion) and the 500kV Morro Agudo substation (recently acquired by auction) have already been incorporated into the Company's portfolio.
- In 2014, CPFL Renováveis received ANEEL authorization for the last generator unit to begin operations, thus concluding work on the Atlântica Wind Farm Complex. This combines two important innovations: the highest turbine towers (120 meters) and largest capacity per generator unit (up to 3 MW) ever installed in Brazil.
- CPFL Renováveis has also finalized the association with Dobreve Energia S.A. - Desa, adding a total 331 MW of contracted capacity to its portfolio.



NATURAL CAPITAL

RELEVANCE

CPFL Energia Group's business uses natural resources such as water and fossil fuels which are transformed into energy through the Company's operational processes. The biodiversity of the areas in which CPFL operates, while not directly involved in the production of energy, contributes towards guaranteeing the availability of water and is part of the socio-environmental heritage. These essential assets have an impact on the Company's ability to create value and, for this reason, their management is evaluated when allocating financial capital.

CAPITAL RESOURCES

CONSUMPTION OF NATURAL RESOURCES	2014	2013	%
Consumption of energy by CPFL Energia (in GJ) G4-EN3	8,324,925.87	5,153,774.21	61.53
Consumption of water at head offices (in m³) G4-EN8	126,000	146,000	-13.70
Consumption of energy from grid (in GJ) G4-EN3	124,127.90	132,307.49	-6.18
Total area of land used (in km²) G4-EN11	281.7	281.7	0
Area of permanent preservation (in km²) EU13 G4-EN11	121.86	121.86	0

IMPACTS GENERATED	2014	2013	%
GHG emissions (Scope 1), (in tCO ₂ e) G4-EN15	678,398.80	299,697.80	126.39
GHG emissions (Scope 2), (in tCO ₂ e) G4-EN16	535,376.62	377,835.65	41.60
Hazardous waste emissions (in metric tons) G4-EN23	364.26	379.9	-4.12
Flooded area (in km²) G4-EN11	161.31	161.31	0

Environmental investments in 2014 totaled R\$ 89.462 million. **G4-EN31**

PRINCIPAL ACTIVITIES AND RESULTS

- CPFL's environmental licensing** processes are supported by a robust system of procedures and processes. During 2014, the licensing processes were conducted as planned and within budget. CPFL manages the **environmental impacts** of its projects right from the planning phase through to ensuring their reduction and mitigation.
- Authorization was received for **brush clearance** for maintenance of transmission (rural and urban) and distribution (just urban) lines, of approximately 83 thousand kms. Compensation will be made on a 1:1 basis in priority conservation areas in the state of São Paulo in conjunction with the conservation units. **EU13 G4-EN13**
- CETESB, the state of São Paulo environment protection agency, approved a new management model for mandatory reforestation, submitted by CPFL, which generates significant cost savings: reforestation of 100 hectares through Preserva Program saves about US\$ 1.79 million over eight years (considering contractual values), i.e. R\$ 223,748 per year as compared to reforestation costs under the previous model.
- The generation of hydroelectricity does not involve the loss of **water**. Co-generation projects that are fired from sugarcane bagasse use a close circuit system of water circulation. **G4-EN8 G4-EN10**
- Due to the location of the hydroelectric plants, the changes in **reservoir levels** have no impact on the economic activities of the local communities. CPFL's plants comply with regulations for river outflow at a given minimum thus not affecting water supply to the population and other economic activities down river. **G4-EC8**
- In 2014, the **water consumption** at CPFL's offices fell 14% and energy consumption by 4% thanks to the Intelligent Consumption Program. **G4-EN8**
- CPFL Energia uses **reverse logistics** control and management mechanisms, collecting and managing the waste materials when they leave the network. CPFL Serviços is responsible for scrap and waste management operations.
- Waste materials** (equipment, poles and others) are reused or disposed according to the National Solid Waste Policy (PNRS).



SOCIAL AND RELATIONSHIP CAPITAL

RELEVANCE

The quality of the stakeholder relationship is fundamental for ensuring the financial sustainability of the business and the license to operate. The CPFL Energia Group is constantly upgrading its systems and processes for effective engagement with its stakeholders, including consumers and clients, government and non-government entities, suppliers, partners, local communities among others, thus stimulating the Company's role as protagonist in the sector.

CAPITAL RESOURCES

- 3,529 Suppliers, 125 of which are strategic (representing more than 80% of CPFL Group's costs with suppliers) and 63 critical (besides being strategic also implying operational/reputational risk). **G4-12**
- 7.586 million clients. **EU3**
- R\$ 4,625,897.73 from tax rebates were allocated to the Municipal Councils Support Program and Ministry of Health initiatives. **G4-EC8**
- A further R\$ 342 thousand was invested in the Philanthropic Hospital Modernization program. **G4-EC8**
- 5% of CPFL Energia's employees and 37 entities were engaged in the Volunteer Program with a total investment of R\$ 150 thousand in 2014 with 3,668 beneficiaries. **G4-SO1**

PRINCIPAL ACTIVITIES AND RESULTS

CLIENTS:

- The **client satisfaction** ratios for the principal distributors based on the Brazilian Association of Electric Energy Distributors (ABRADEE) survey were: CPFL Paulista – 81.5%, CPFL Piratininga – 82.8%, RGE – 86.2%. **G4-PR5**
- The Company has innovated with its **relationship channels** and a record number of invoices were dispatched via e-mail, nearly 8% of the Company's clients (or more than 600,000) receiving billings via digital platforms.
- The Company has concluded the installation of 24,554 meters (Group A industrial and commercial clients), operationalizing telemetering and automated billing procedures. While increasing the quality of service, the Company has reduced the risks associated with labor-intensive meter reading and disconnection/reconnection services.
- The Company has been successful in its strategy for commercialization, operating in the **special client** market, namely those that purchase energy generated from renewable sources.
- CPFL Energia has invested more than R\$ 700 million in distribution networks for guaranteeing quality of service to an increasingly demanding consumer.

SUPPLIERS:

- In 2014, the Company upgraded the SBM (Supply Base Management) tool, including it in the SAP system, accelerating the updating of information on monitored suppliers such as contractual consumption, certification, financial analysis and technical performance.
- In addition to supplier evaluations, the CPFL Group improved the management program of its strategic and critical supplier base for visualization and monitoring of performance.

GOVERNMENT AND REGULATORS:

- CPFL exercises effective leadership in the sector with involvement in a significant volume of public hearings, decrees and orders, 50% of the Company's proposals being partially or totally approved.
- CPFL Energia participated in solutions to industry challenges, notably the reduction in value of the PLD ceiling to R\$ 388.48/MWh.

LABOR UNIONS:

- 78 collective negotiations annually without a strike or stoppage. **G4-HR4**



HUMAN CAPITAL

RELEVANCE

CPFL Energia operates in accordance with the timeline and costs enshrined in the strategic plan, reflecting the technical capacity, diversity, productivity and corporate culture of its employees. The Company is continually evaluating the adequacy of its human capital to ensure the profitable and responsible operation of the businesses, the employment of skilled labor over the medium and long-term to meet strategic growth targets and the commitment of the leadership to the culture and the values that serve the tendencies and needs of the business.

CAPITAL RESOURCES

- 8,838 employees, 23% of whom are women
- The [Human Resources Policy](#), [CPFL Diversity](#) and the [Code of Ethics and Corporate Conduct](#)

PRINCIPAL ACTIVITIES AND RESULTS

DEVELOPMENT OF HUMAN CAPITAL:

- A total of R\$ 11,613,801.00 was invested in training and skills upgrading in 2014, representing R\$ 1,347 per Full Time Equivalent (FTE), with an average of 78.4 (76.69 in 2013) hours of training per employee, higher than the average in the Sextante Survey - 2012 of 50 hours. **G4-LA9**
- R\$ 1.6 million was invested in the Leadership Track training program with an 80% participation on the part of the target audience totaling 600 leaders from all levels of the corporate hierarchy.
- For the thirteenth consecutive year, CPFL Paulista was included in Exame magazine's Guia Você S/A "150 Best Companies to work for in Brazil" publication.

OCCUPATIONAL SAFETY:

- **Fatal accidents:** One among CPFL Energia's direct labor force, three among employees of outsourced companies and one at Ceran (a Group company). Fatal accidents involving the population at large totaled 17, a reduction of 32% compared with 2013.
- **LTIFR** (Long-Term Injury Frequency Rate): among the direct employees, there was an increase from 1.77 in 2013 to 3.02 in 2014 as a result of encouragement given to reporting all incidents. The Company has received reports through its community relationship channels of at least three fatal accidents being avoided thanks to corporate educational and awareness campaigns.

TALENTS MANAGEMENT

- CPFL Group **employee turnover rate** was 23.4%, 57.5% at CPFL Serviços, although at other businesses, between 11% and 18%. **G4-LA1**
- The **Organizational Climate survey** revealed an improvement of 10% when compared with 2012, 79% registering positive ratings. Factors showing greatest improvement in scores were occupational safety, clarity and direction as well as quality and innovation.
- With the implementation of the **careers management** process, the Company mapped and disclosed all the necessary and expected competencies for each position in the Group, organized by areas of knowledge. In this way, employees are able to visualize how to plan and follow a given career path in the organization.
- CPFL Energia has been successful in achieving the necessary celerity and responsiveness in the relationship between the Company's areas through the **Transformation** Program, so reducing the distance between the leadership and their teams, improving dialog between the areas and upgrading processes and the corresponding results. There were 27 fixed conversation sessions involving 600 leaders and 4,200 participations.
- The Electricians School is designed to mitigate a possible shortage of skilled labor. By the end of 2014, 115 new electricians had graduated from the school, 77 of them being hired by CPFL Energia. **G4-SO1** **EU14**



KNOWLEDGE AND COMPETENCIES CAPITAL

RELEVANCE

CPFL Energia is alert to the big picture for identifying tendencies and detecting developments in the Brazilian electric energy sector, in this way, promoting the creation and expansion of businesses, which contribute to the creation of value for the Company. This capital represents knowledge generated by the employees not only on the functioning of the business and the sector but also in relation to operational excellence and strategic intelligence. This knowledge, together with the internal management systems and corporate culture, is fundamental to the growth of the business.

CAPITAL RESOURCES

- R\$30.4 million invested in R&D in 2014
- Consolidated culture of integration of the areas and the search for results supported by the Transformation Program

PRINCIPAL ACTIVITIES AND RESULTS

- Creation of an energy efficiency company (CPFL Eficiência) aligned to the strategy of expanding the spectrum of products, at the same time promoting a reduction in consumption, self-production, distributed generation, installation of photovoltaic panels, etc.
- Knowledge of specialized cells in studies of **IFRS transactions**, a first in the Brazilian electric energy sector, contributing to the CVM's decision to recognize sector financial assets and liabilities in the financial statements. Consequently, results will tend to show less volatility with greater predictability from 2015 onwards, increasing the reputation of both Company and sector. CPFL was also proactive in submitting suggestions for the electric energy's Accounting Manual.
- Group distributors received the **ABRADEE award** in the operating and economic-financial management categories. This benefits the Group in terms of tariffs and through the generation of revenue as well as enhancing quality and efficiency.
- The **New Business** cell has consolidated the Company's multifunctional culture and productivity as well as the close integration with operating areas. An understanding of the businesses by each member of the team in turn ensures an understanding of the challenges and the strategic vision for creating new businesses.
- The **Tauron** program has been instrumental in the invoicing of more than 24,554 clients in 2014 using telemetering processes. This was the first invoicing of its type in Latin America using a totally automated system.
- Investments for improving systematization and implementation of systems for planning and commercialization of energy.
- Important developments in the **management of risks**. Structuring of a more robust area and the reactivation of an Executive Risks Committee. Important progress was made, not only in defining the methodology for tracking risks, but also establishing acceptable levels of exposure for the Company. Finally, following a series of modifications, greater coverage was given to governance risks in the risks map. **G4-2**
- Once more in 2014, based on our internal knowledge, we were able to significantly reduce company costs ensuring that manageable costs were kept below the rate of inflation.
- During the World Cup, CPFL Energia was the company to most receive national soccer teams in its concession area. Ten national sides were served by Group distributors at a total investment of about R\$ 2 million. One of the benefits was an automation system for restoring energy supplies without incurring power outages.



FINANCIAL CAPITAL

RELEVANCE

CPFL Energia is a company that adopts a robust and conservative financial policy. The entire decision-making process for the use of financial capital is perfectly aligned to the strategic plan and to targets established for each segment as well as to the factors, which drive value creation for the shareholders and the businesses. The underlying objective is to provide the financial support to the Company's lines of business for new developments and expansion in the customer base. Using a sound risk management policy, the Company implements strategies for preserving liquidity as well as extending the debt profile. The market recognizes CPFL Energia not only as an efficient company in the way it manages costs but also in its financial management. The profile of its investors is long-term and for this reason it is critical that returns should also be predictable over the long-term.

CAPITAL RESOURCES

- Net operating revenue: R\$ 16,361 million
- Operating cash generation as measured by EBITDA: R\$ 3,761 million
- Net Income* R\$ 886 million
- Investments for expansion and maintenance of the business: R\$ 1,062 million

*not considering concession infrastructure construction revenue

PRINCIPAL ACTIVITIES AND RESULTS

RECONCILIATION OF NET INCOME AND EBITDA	2014 (R\$ thousand)	2013 (R\$ thousand)
Net Income	886,443	949,036
Depreciation and amortization	1,161,145	1,056,469
Financial Result	1,089,454	971,443
Social Contribution	168,989	156,756
Income Tax	454,871	413,408
EBITDA	3,760,903	3,547,112

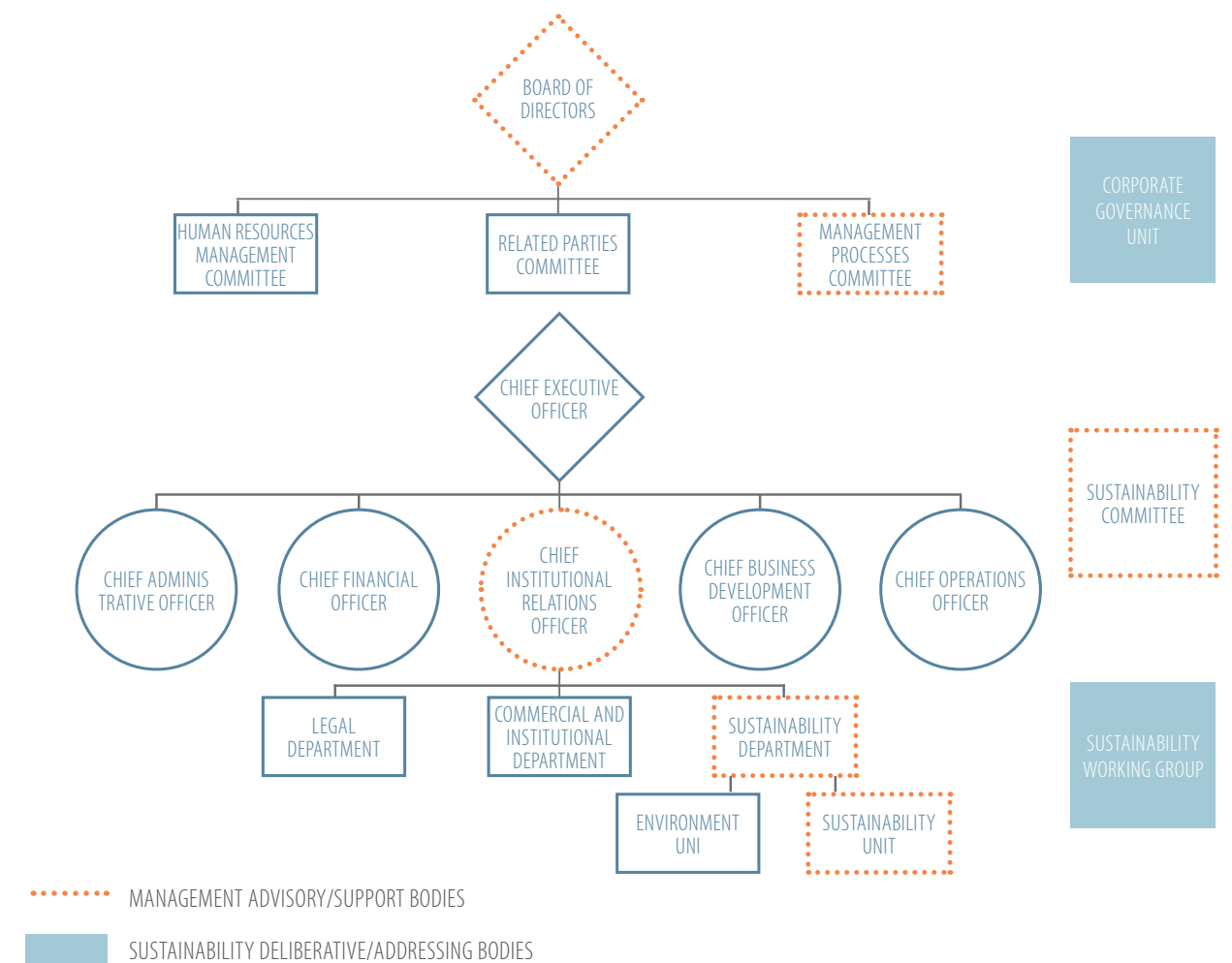
- The Company's gross financial debt (including derivatives) was R\$ 18,555 million, an increase of 11.1%. Cash and cash equivalents amounted to R\$ 4,357 million, an increase of 3.6%. As a result, **net debt** increased by 13.6% to R\$ 14,198 million.
- The Company reported annual investments of R\$ 1,062 million in maintenance and expansion of the business of which R\$ 702 million was allocated to distribution, R\$ 265 million to generation (R\$ 251 million to CPFL Renováveis and R\$ 14 million for conventional generation and others) and R\$ 94 million to commercialization and services.
- CPFL Energia adopts a prefunding strategy - in other words, it projects its cash needs out to beyond a 12-month horizon, anticipating fund raising with the financial institutions to ensure it can tap the market under more favorable pricing conditions, at the same time boosting the **liquidity** of its companies.
- Via participation in industry associations, CPFL Energia played an outstanding role with the CVM, the Brazilian Institute of Independent Auditors (Ibracon) and ANEEL in the agreement to recognize **sector financial assets and liabilities** in the corporate financial statements.
- CPFL Energia also contributed in negotiations with the federal government in the structuring of a line of finance for the electricity sector to defray the costs of acquiring energy. These costs recorded a significant increase due to low rainfall and the consequent need to dispatch energy from the thermoelectric power plants. In 2014, the Group was the recipient of more than R\$2.3 billion in finance via the ACR account mechanism, the instrument used for channeling the loans to all the distributors in the electricity sector to cover the high costs of thermal dispatch, hydrological risk and involuntary exposure.
- The association between CPFL Renováveis and Desa as well as the constitution of CPFL Telecom, CPFL Eficiência and the establishment of the Commercialization company were **new businesses** which contributed to the creation of value at the Company. **G4-13**

7. SUSTAINABILITY GOVERNANCE AND MANAGEMENT AT CPFL ENERGIA

Sustainability concepts and practices form one of the pillars supporting CPFL Energia's development of strategic planning and growth. The Company has a governance structure ensuring the dissemination of the principles of sustainability to all areas and thus the alignment of all Group companies to this vision.

The principal corporate bodies used in sustainability governance are: the Board of Director's Management Processes Committee, the Office of the Chief Institutional Relations Officer, the Sustainability Department and the Sustainability Unit (described in the following chart). **G4-36** **G4-45** **G4-46**

GOVERNANCE STRUCTURE OF SUSTAINABILITY AT CPFL ENERGIA



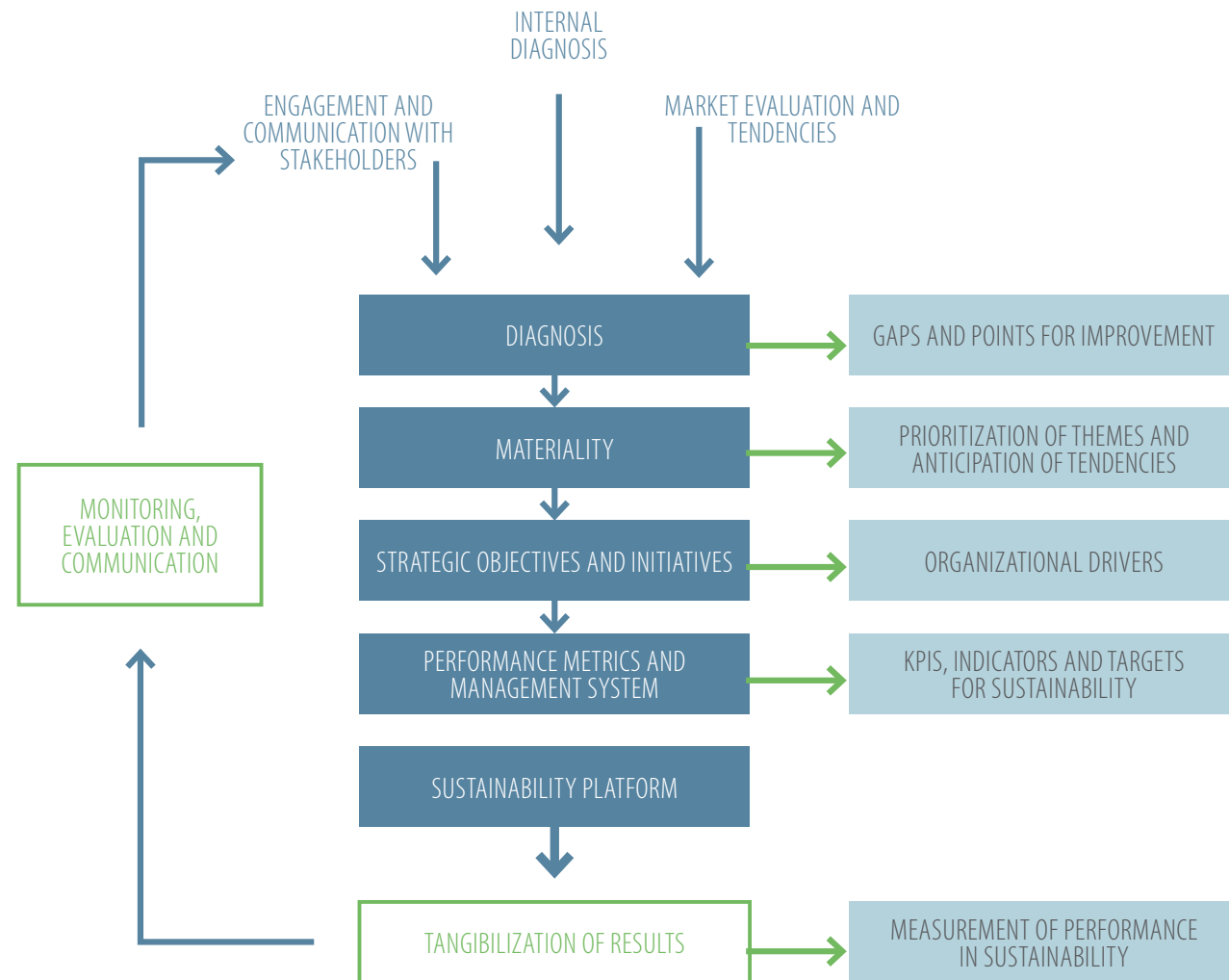
The Sustainability Committee, reporting to the Board of Executive Officers, and the Performance in Sustainability Working Group, are bodies providing advisory support to management in the dissemination of sustainability-related concepts and practices. Since CPFL Energia began participating in the Integrated Report pilot project, these organs have been responsible for internally sharing knowledge and incorporating it into the Company's practices of analysis and evaluation of performance in sustainability.

The Sustainability Platform is the tool that CPFL Energia has used since 2013 to monitor and guide its development and was implemented through the "Sustainability as a Value Lever" project. The Platform is used for analyzing the Company's investments, projects and causes and for incorporating socio-environ-

mental aspects into the Business Strategy and decision-making processes. **G4-37**

The Platform consolidates the strategic and key performance indicators (KPIs) for sustainability, enabling the Company's performance to be measured and monitored. For each theme critical to the businesses and jointly identified with the stakeholders, value levers and goals were set for the guidance and continual improvement of our activities, processes and sustainability management system. In 2014, the Sustainability Platform was constituted for 13 different value levers, 30 initiatives and 44 indicators with goals in relation to the four business segments. The 2015 Sustainability Platform has 10 different value levers, 21 initiatives and 34 indicators with goals linked to the four segments.

CONSTANT PROCESS OF ANALYSIS AND EVALUATION OF PERFORMANCE IN SUSTAINABILITY



The Platform's priority themes are continually being upgraded through a process of consultation with the Group's stakeholders. This process directs the Company's sustainability process, selecting the themes of interest for the Annual Report as well as providing insights for guiding the internal management indicators.

To define the relevant themes for its Annual Report 2014, the Group has used the process described in the next pages.

G4-18

7.1 Identification G4-24

We use several sources for developing various topics, subsequently grouping them into Aspects to facilitate the setting of priorities jointly with our stakeholders.

SOURCES

- RepRisk (tool used for identifying socio-environmental risks of companies, candidates for inclusion in the DJSI)
- What do Stakeholders want to know? (GRI publication)
- Sector Annual and Sustainability Reports

TOPICS AND MATTERS GROUPED BY ASPECTS

- Occupational Health and Safety
- Relationship with Society, Communication and Transparency
- Air Pollution (non-GHG emissions)
- Climate Change
- Employees and Working Conditions
- Management and Relationship with Suppliers
- Energy: Availability and Reliability
- Management and Treatment of Effluent and Waste
- Use of Natural Resources, Eco-efficiency
- Human Rights, Issues of Child and Forced Labor
- Corruption, Money Laundering
- Relationship with Communities, Direct and Indirect impacts
- Water: availability, quality
- Conformity (various types)

7.2 Prioritization

We use a selection of criteria, which reflect the importance of our business and for our various stakeholders in order to prioritize the themes. In our view, the Materiality Matrix themes, represent the matters, which are of greatest interest to our stakeholders.

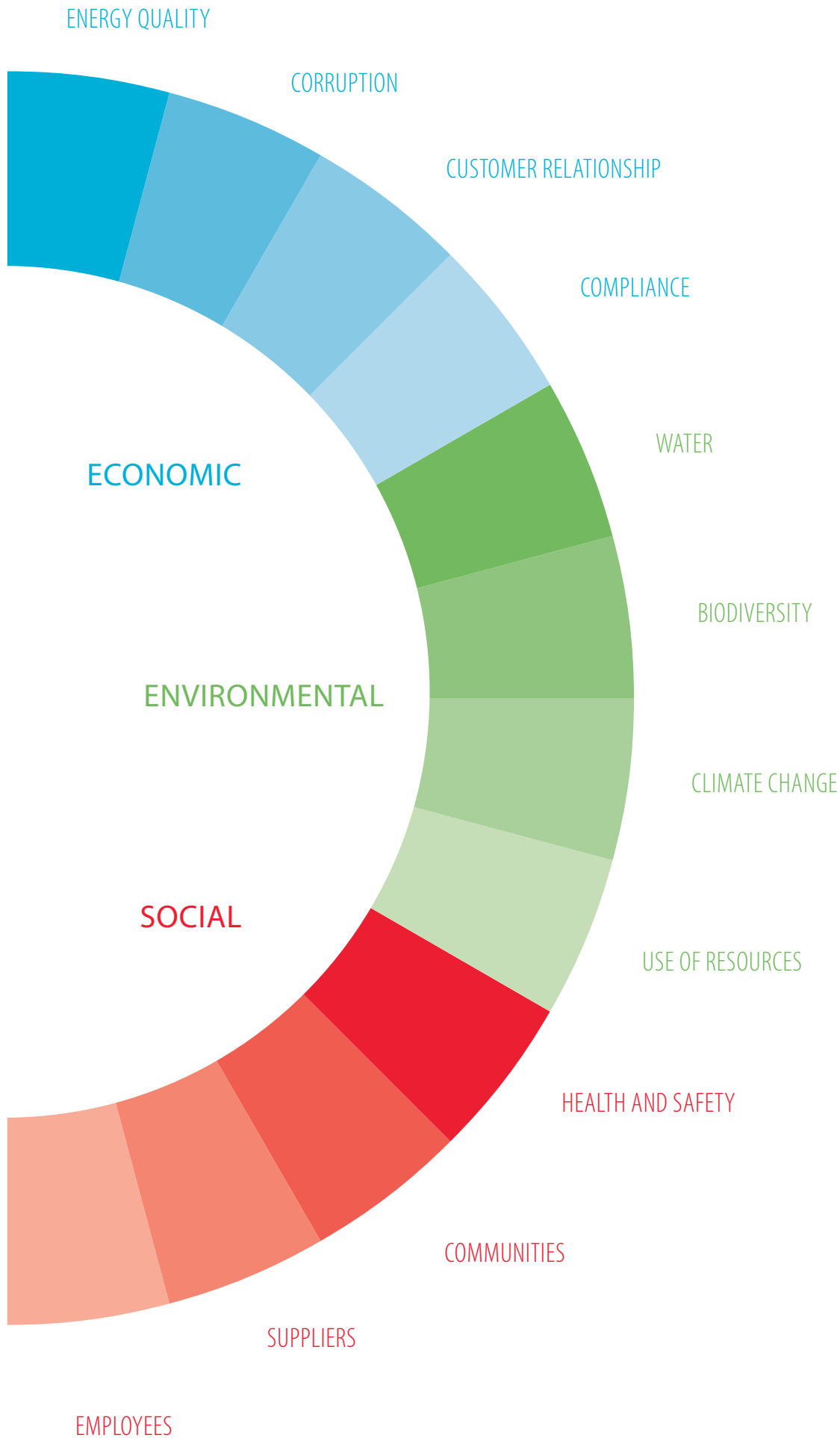
IMPORTANT CRITERIA FOR THE BUSINESS

- Financial implications of impacts related to the theme, taking into account the probability and gravity of the impact
- Influence on long-term performance
- Level of related reputational risk
- Potential growth or gain in competitive advantage from a long-term perspective

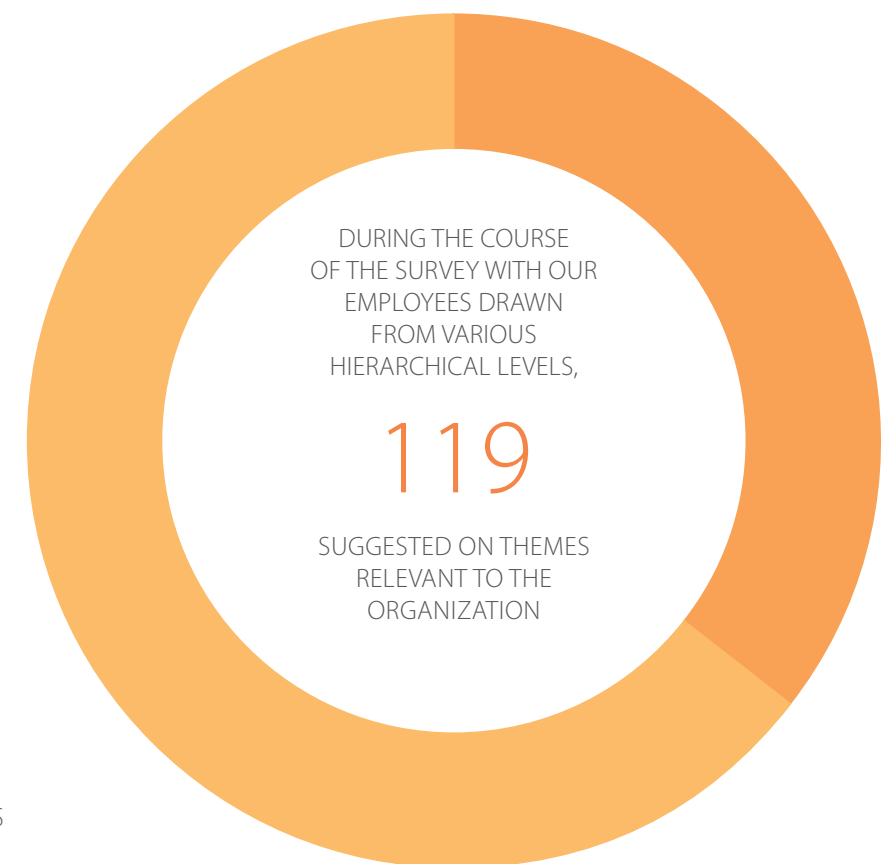
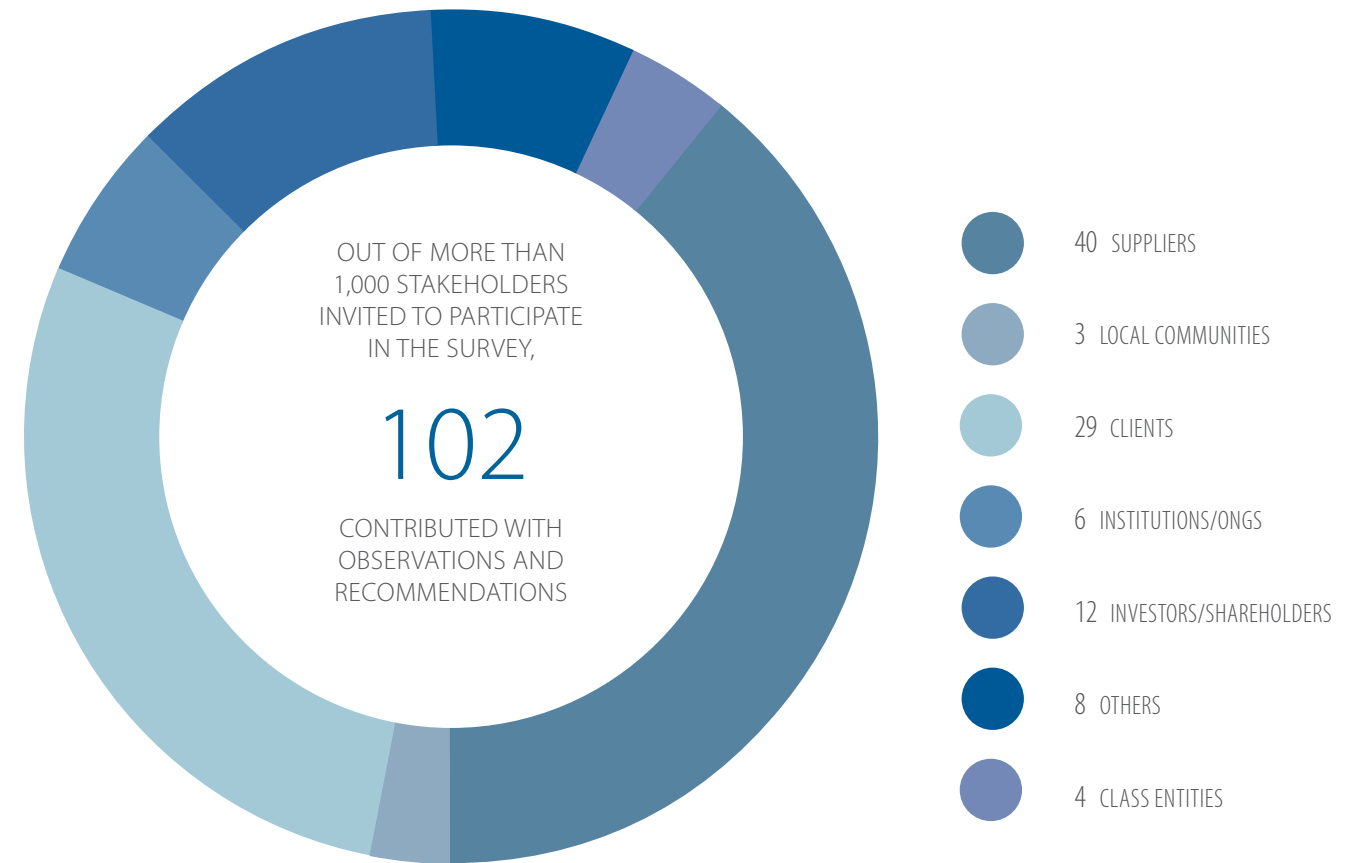
IMPORTANT CRITERIA FOR OUR STAKEHOLDERS

- Likelihood – what are the chances of any impact related to this theme affecting society, the surrounding communities, the environment or your life?
- Severity – should this impact occur, what will be the size of its effect on society, the surrounding communities, the environment or your life?
- Transparency and communication with society – what will be the degree of importance of this theme to be highlighted in CPFL Energia's communication?

G4-19



STAKEHOLDERS REPLYING TO OUR PRIORITIZATION SURVEY ON RELEVANT THEMES: 221 RESPONDENTS



WHY THESE THEMES ARE RELEVANT FOR CPFL ENERGIA?

ENERGY QUALITY	Likelihood, S everity, C ommunication, \$, P erformance, R eputation, A dvantage
CORRUPTION	S everity, C ommunication, \$, P erformance, R eputation
CUSTOMER RELATIONSHIP	Likelihood, S everity, C ommunication, \$, P erformance, R eputation, A dvantage
COMPLIANCE	Likelihood, S everity, C ommunication
WATER	S everity, C ommunication, \$, P erformance, R eputation, A dvantage
BIODIVERSITY	Likelihood, S everity, C ommunication, P erformance, R eputation
CLIMATE CHANGE	S everity, C ommunication, P erformance, A dvantage
USE OF RESOURCES	Likelihood, C ommunication, \$, P erformance, R eputation, A dvantage
HEALTH AND SAFETY	Likelihood, S everity, C ommunication, R eputation
COMMUNITIES RELATIONSHIP	Likelihood, S everity, C ommunication, \$
SUPPLY CHAIN MANAGEMENT	Likelihood, S everity, C ommunication, \$, P erformance, R eputation, A dvantage
EMPLOYEES	Likelihood, S everity, C ommunication

IMPACTS ON SOCIETY AND ENVIRONMENT

Likelihood

there is a reasonable probability to affect society, nearby communities, environment or your life

Severity

The impact, if occurs, will be relatively severe

Communication

It is important that CPFL Energia communicates publicly about this theme

IMPACTS ON BUSINESS

\$

If occurs, the financial implications of the impact will be relatively high

Performance

The theme can affect CPFL Energia's long-term performance

Reputation

There is a relatively high reputational risk involved

Advantage

there is growth potential or competitive advantage in a long-term perspective



SOME RECOMMENDATIONS RECEIVED DURING THE SURVEY OF RELEVANT THEMES



For the sake of ecological purposes and environmental sustainability, I suggest printing copies only for interested parties requesting the Report, but publishing it electronically for all through the Company's website or on a pendrive.



The text of the Report should be didactic, easily understood by non-specialists.



I believe a campaign on the use of energy (printed on the energy bills) would be a good way to draw attention to the water shortage.



Greater transparency on the question of costs of services, for example including in the report agreements with outsourced suppliers involved in meter reading and delivery of bills and showing the values charged for such services.



To attempt to remove the aridness from the reports, as far as possible improving the language so that it can be readily understood by anyone with just a basic education. We believe that this would result in enhanced awareness.

8. INFRASTRUCTURE CAPITAL



TOPICS COVERED

- 40 GENERATION
- 40 DISTRIBUTION



PERFORMANCE HIGHLIGHTS

- 40 INSTALLED CAPACITY
- 40 INVESTMENTS
- 41 DEC AND FEC INDICATORS
- 43 EFFECTIVE AGGREGATE LOSSES



BUSINESS CASES

- 42 TAURON PROGRAM

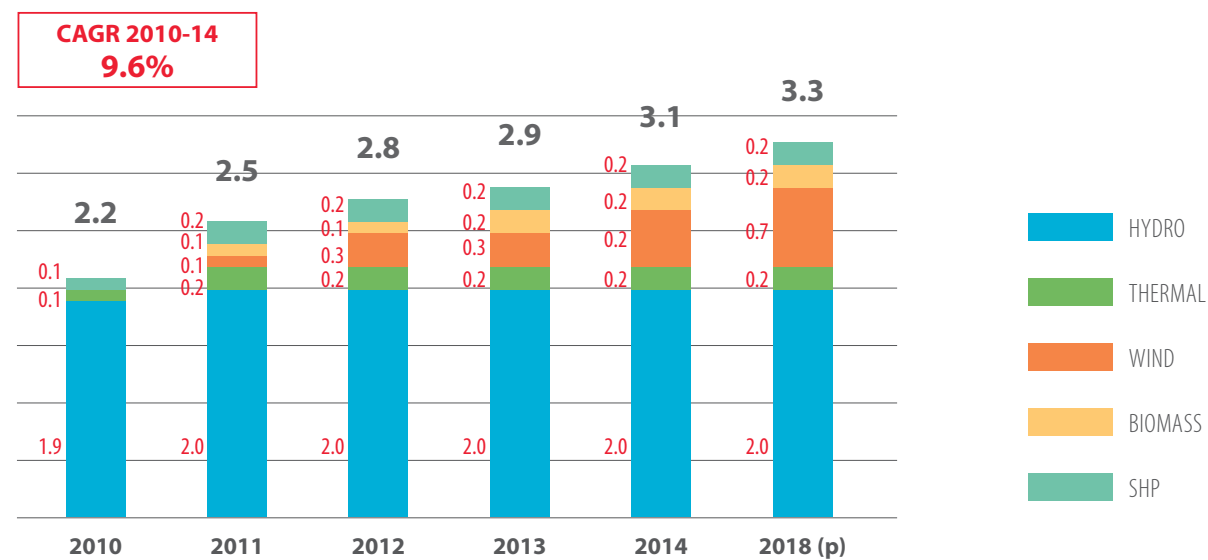
8.1 Generation

CPFL Energia is the second largest private sector generator in Brazil with an installed capacity of 3,127 MW and a 2.4% market share. The Group has a generation portfolio, 94% of which is represented by energy from renewable sources, split between the subsidiaries of CPFL Geração and CPFL Renováveis.

In 2014, CPFL Energia continued to expand its generation segment, increasing its installed capacity by 5.8% from 2,988 MW in 2013 to 3,127 MW¹. **EU1**

The CPFL Group has continued investing in the increased supply of energy generated from renewable sources. In this context, Campo dos Ventos, São Benedito, Morro dos Ventos II and Pedra Cheirosa wind farm complexes are examples as well as the Mata Velha SHP, all which will add a further 336 MW to installed capacity by 2018. In 2014, investments were also made in operating improvements at the thermal-powered EPASA plants, the dispatch from which was significantly greater than had been initially planned.

INSTALLED CAPACITY GW



8.2 Distribution

CPFL Energia is the country's largest player in the distribution market with a 13% market share. The Group operates 8 distributors serving 561 municipalities in the South and the Southeast regions, a concession area with a population of approximately 18 million.

In 2014, the CPFL Group invested a total of R\$ 1,062 million in the maintenance and expansion of its various businesses. These resources are important for broadening and reinforcing the distribution system for attending market growth in addition to improvements and maintenance of infrastructure, modernization of management support systems, operations and customer service. In the generation segment, investments were allocat-

ed to generation projects where construction is already in progress and to the maintenance of equipment and conventional generation systems. Additionally, during 2014, the CPFL Transmissão made an investment of R\$ 57 million in new transmission lines.

CPFL ENERGIA GROUP: INVESTMENTS EXECUTED IN 2014	R\$ (MM)
Distribution	702
Conventional Generation	14
Renewable Generation	251
Commercialization and other investments	94

¹ Considering the stake of 51.6% in CPFL Renováveis in both periods for the sake of comparison.



In 2014, CPFL Energia Group's distribution segment's network expanded by 4.6% year-on-year (to 240,944 kms), the number of transformers by 3.3% (to 353,722) while substations fell by 2% (to 445). Investments also guaranteed quality of service and enhanced the efficiency of operations as measured by the DEC (Equivalent Length of Interruption per Consumer) and FEC (Equivalent Frequency of Interruption per Consumer) indicators. **EU4**

CPFL Santa Cruz was placed first in ANEEL's ranking for quality of service in 2014 on the basis of a nationwide survey of distributors. The concessionaire was the highlight in the category of annual market invoicing above 1 TWh from January to December 2014. CPFL Paulista and CPFL Piratininga, which operate in the state of São Paulo, were placed fifth and seventh, respectively in the same category.

The ranking is based on the Performance Indicator of Global Continuity representing the comparison of values calculated for the duration (DEC) and frequency (FEC) of interruptions to energy supply in relation to the limits set by ANEEL. CPFL Santa Cruz's DEC was 6.74 hours in 2014 while FEC was 5.29 times. The two indicators were less than the Brazilian average of 17.61 hours for DEC and 9.94 times for FEC.

DEC AND FEC 2014 INDICATORS (ANNUALIZED VALUES) **EU28** **EU29**

	CPFL Paulista	CPFL Piratininga	RGE	CPFL Santa Cruz	CPFL Leste Paulista	CPFL Jaguarí	CPFL Sul Paulista	CPFL Mococa
DEC (1)	6.92	6.98	18.77	6.74	8.4	5.36	9.55	6.76
FEC (2)	4.87	4.2	9.14	5.29	6.19	4.31	6.91	7.26

(1) measures the annual average duration of interruption per consumer in hours
(2) measures the average number of interruptions per consumer during the year

In 2014, the Company completed the installation of intelligent meters (telemetry) for all Group A industrial and commercial clients - high and medium voltage consumers - becoming the first in Brazil to comprehensively install this technology. With this initiative, CPFL Energia enjoys the benefits of better management

of the labor force, improved responsiveness to occurrences, and the ability to anticipate eventual network faults. Additionally, the Group is able to offer an improved quality of service, monitoring energy supplies and reacting faster to aspects and situations which could potentially cause outages. **EU6**

TAURON PROGRAM **EU6**

The Tauron Program incorporates three major Smart Grid projects: "Operation and Mobility", "Group A Telemetry" and "Distribution Network Automation". In the case of the "Operation and Mobility" project, the Company has installed a system for managing outages and the intelligent management of the labor force. Previously, service orders were dispatched by radio but with the completion of the project, messages are now sent online. Field crews use tablets while the vehicle fleet is equipped with wireless devices. Under the "Telemetry" project, the conventional electronic meters for medium and high voltage Group A clients have been replaced by intelligent meters. Data on consumption is now collected automatically via CPFL's proprietary telecommunications network, eliminating the need for meter reading in loco. The third project is "Distribution Network Automation" involving remote control of medium voltage network switchgear. The objective of the Tauron program as a whole is to increase productivity and improve quality of services through the harnessing of technology in CPFL's processes.

The Operation and Mobility project has improved field crew logistics through georeferenced maps, accelerating the res-

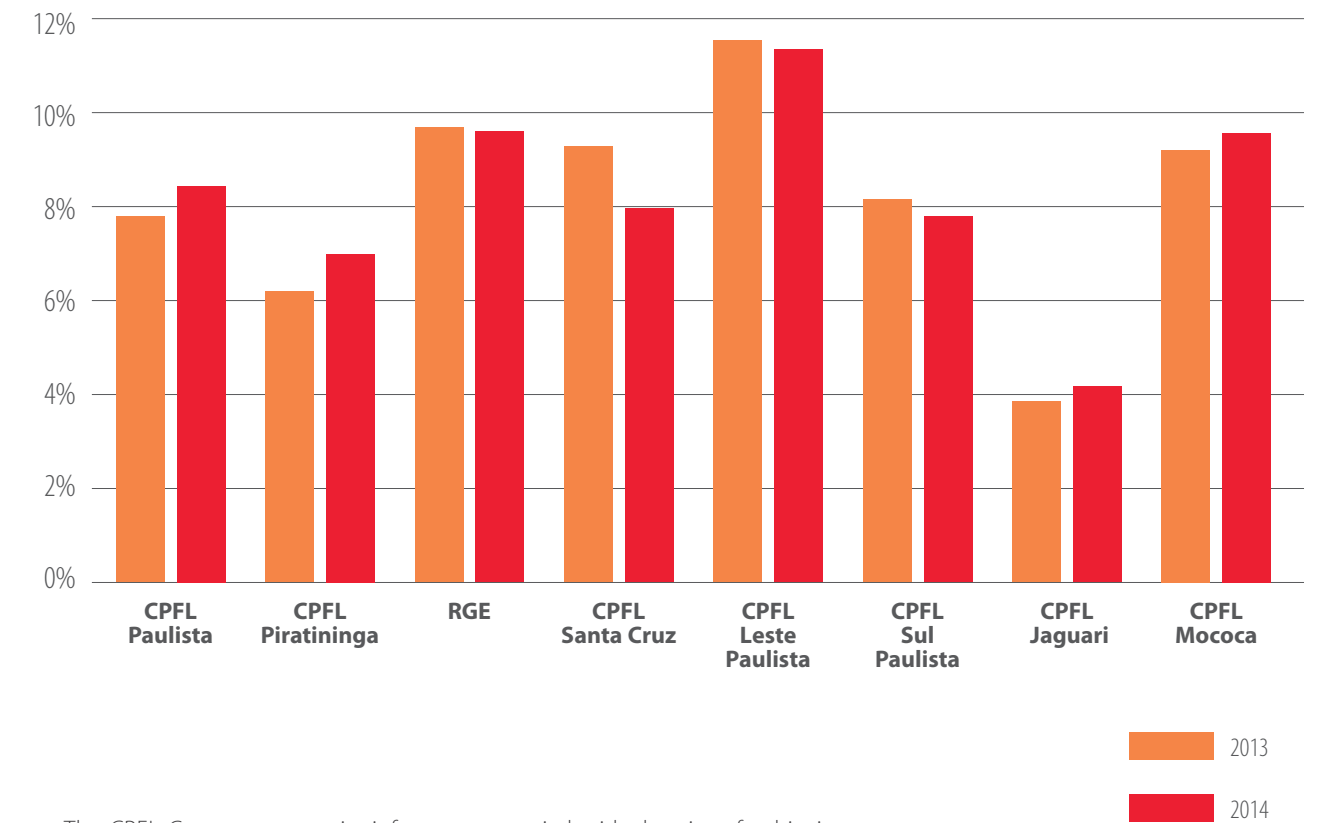
toration of energy supply and reducing travel time and costs through optimized routing. The use of tablets has enhanced the dispatch of field crews, automated routes and allowed on-line updating of progress in field services. These changes have already been implemented for all the outside crews that attend emergencies at CPFL's eight Distributors. In addition to remote meter reading, the Telemetry project permits analysis of the consumption curve and the detection of fraud and energy outages in real time. More than 24,500 meters were replaced up to December 2014 with just a further 3,000 remaining to be converted before the end of 2015.

Work on the MDM (Meter Data Management) system was begun in December 2014 for automating invoicing. The invoicing processes of 10 clients were automated for validating system configurations, the rollout to 10,000 consumers expected to be completed in 2015. The new system removes virtually any need for manual invoicing. In addition, MDM has multiple facets, offering such facilities as automatic alarms in the event of a fall in voltage and metering faults, thus translating into greater control of the operation.

The result for the balance of aggregate distribution losses at the CPFL Group is 8.8%, while technical losses represent 5.81%, corresponding to 3,941.87 GWh, one of the lowest in the Brazilian electricity sector. The calculation represents the difference between energy demanded and energy supplied to free and captive consumers. **EU12**

The characteristics of the electrical system and the load carried along it are among the principal factors contributing to technical losses. In the case of non-technical losses, socio-cultural conditions have a major impact, reflecting principally losses due to theft (the so called 'gatos' or illegal electrical connections). In 2014, climatic conditions proved one of the most important factors driving losses at some companies due to high temperatures and low humidity. This situation was further exacerbated by a reduction in the number of billing days and by the increase in the load factor along the transmission and distribution networks as a function of heavy demand. However, CPFL continues to work on the reduction of losses with an ongoing program of network inspections and the introduction of new technologies.

EFFECTIVE AGGREGATE LOSSES (%) **EU12**



The CPFL Group manages its infrastructure capital with the aim of achieving maximum efficiency, while continually endeavoring to reduce operating costs and at the same time contributing to Brazilian energy supply from clean and renewable sources. For this reason, the Company maintains a strategy of stimulating and disseminating good practices among its subsidiaries, increasing the services provided to customers and the creation of long-term value.

9. NATURAL CAPITAL



TOPICS COVERED

- 40 BIODIVERSITY
- 41 CLIMATE CHANGE
- 42 ECO-EFFICIENCY



PERFORMANCE HIGHLIGHTS

- 49 GREENHOUSE GAS EMISSIONS
- 50 REVERSE CHAIN
- 51 ENERGY AND WATER CONSUMPTION



BUSINESS CASES

- 48 PRESERVA PROGRAM
- 50 REVERSE CHAIN

The CPFL Energia Group operates all its businesses to minimize environmental impacts, make intelligent use of natural resources and contribute to environmental preservation through projects and initiatives for raising the awareness of the stakeholders in its value chain. The Environmental Management System is responsible for managing natural capital, an integral part of the sustainable growth strategy. The System is ISO 14001 certified, reflecting the Group's [Environmental Policy](#) (introduced in 1997) and Sustainability Policy.

These mechanisms ensure compliance with all environmental legislation for the Group's different segments. In 2014, the Company incurred no significant fines due to infringements of laws and regulations. CPFL received a Notice of Infraction as a result of brush clearance along a rural distribution line right of way, converted into a fine of R\$ 735. The Group appealed the fine on February 4, 2015, proposing conversion to an Environmental Recovery Commitment Agreement for compensating the supposed removal of vegetation. In addition, the Company uses its environmental management mechanisms to identify opportunities for improving various operational processes ranging from planning construction work - in which the Environmental area participates - to environmental licensing and the reuse of discarded materials.

G4-EN29

In 2014, the Company invested a total of R\$ 89.46 million in the environment, R\$ 31.84 million related to the Company's production/operations and R\$ 57.63 million for external programs/projects. **G4-EN31**

9.1 Biodiversity **G4-EN12** **G4-EN13**

EU13

IMPACTS ON GENERATION:

In the electric generation projects where CPFL Energy is a stakeholder, the investments in socio-environmental programs and initiatives has the purpose of conserving the vegetation along reservoir banks, restoring and preserving the biodiversity in environmental protection areas contiguous to the plants, undertaking studies and implementing systems for monitoring the native fauna and flora. The Company also encourages initiatives for raising awareness among local communities on the importance of protecting the environment and the appropriate use of natural resources.

The Group unveiled no new projects in the conventional generation (hydro and thermal) segments during the year. All plants are already at the operational phase and there were thus no significant environmental impacts. The main related activities include different types of monitoring (of permanent preservation areas - APP, ichthyofauna, surface water, erosion etc) as well as maintenance of plantations and rights of way.

The installation of hydroelectric projects may require the formation of reservoirs. In the areas pertaining to the hydroelectric power plants in which CPFL holds a stake, there are 121.86 square kilometers of permanent preservation area, representing 41% of the total land area and 76% of the total flooded area. **G4-EN11**

There are still projects at the construction phase in the case of CPFL Renováveis's renewable energy operations. Here the Work Site Environmental Control Program is responsible for management and mitigation of the respective impacts. This includes the control of deforestation, the environmental conservation plan and uses made of reservoir margins and the program for monitoring and rescue of fauna - designed to verify the succession of animal species both in the project construction and operational phases.

The purpose of the Fauna Rescue Project is the monitoring and rescue of stranded animals during clearance for construction and the formation and filling of reservoirs (SHPs). The Company also operates a program for monitoring and recovering ichthyofauna as well as tracking modifications in fish species due to changes in the hydraulic regime following construction of the SHPs. The Fish Rescue Project is also part of this program and is activated during the phase of river diversion and the filling of the reservoirs. Just as in the case of fauna, the existing vegetation in the project area is also monitored through the collection of data on species in the region via the program for monitoring and recovery of flora.

IMPACTS ON DISTRIBUTION AND TRANSMISSION: **G4-EN27** **G4-EN12**

The impacts of power lines on the rural environment is a concern of the CPFL Group's environmental management. The procedures for the planning of projects provides guidelines on the choice of route for the installation of new energy networks requiring that power lines should for instance deviate from small forested areas and isolated trees to avoid the need for clearance.

In some specific cases where strong ecological interests are involved and the routing of power lines cannot be changed, the Company now increases the height of transmission towers/distribution poles. This measure has significantly reduced the need for brush/tree clearance.

In cases where such measures cannot be adopted as well as where there is a need for dealing with vegetation under existing power lines, brush/tree clearance is authorized by the environmental protection agencies conditional on compensation through heterogeneous replanting proportional to the impact caused.



In 2014, CPFL Energia was authorized to undertake brush clearance under distribution and transmission power lines running through rural and urban areas totaling approximately 83 thousand kilometers, indicative of the way the Company's business strategy combines with a focus on environmental preservation. This is an important preventive initiative for avoiding the risks of falling trees and general damage to the distribution networks. At the same time, in the state of São Paulo, the

PRESERVE PROGRAM G4-EN13 EU13

The Preserve Program arose out of a need for more assertive and efficient obligatory reforestation as a result of CPFL Energia Electrical System's expansion which initially took place in small and dispersed areas. Under this program, the Company has sought not only to mitigate environmental impacts but also to reduce costs and raise the environmental relevance of obligatory reforestation. In this context, CETESB (the environmental protection agency for the state of São Paulo) has approved a methodology developed by CPFL Energia for unifying the agreements on environmental recovery, directing planting to areas of ecological interest mutually agreed between the Company and the agency.

Based on a preliminary survey of the characteristics of the compulsory reforestation projects, studies of alternatives were undertaken for not only reducing the costs of these compensations but also for lending greater environmental relevance to the planting as a whole. The conclusion was that it would be most advantageous to create "Seedling Banks" in which planting would take place over more extensive areas for offsetting future environmental recovery agreements (known by the Portuguese language acronym as TCRA's).

This new model generates significant cost savings for the Group: reforestation of 100 hectares through Preserva Program is to save about US\$ 1.79 million over eight years (considering contractual values), i.e. R\$ 223,748 per year as compared to the reforestation costs applied under the previous model. In addition, the model contributes to sustainable development in each one of the following aspects:

Environmental Pillar: due to the increase of the ecological significance of planting over a greater area, there is a resulting enhancement in the diversity of planted species; perception of environmental improve-

Company has agreed to invest in replacing the vegetation in areas deemed by the environmental protection agencies as a priority for conservation. Compensation in these areas is made in the same proportion as the cleared vegetation. In this way, the Group enjoys a corresponding gain in productivity and improved quality of service while allocating investments which contribute to the faster recovery of degraded areas where regeneration of green cover is slower. G4-EN13 EU13

ment on the part of society; and increased resilience of the planted areas, minimizing the risks of a permanent loss of the biodiversity, etc.

Social Pillar: the increase in the number of projects such as this plays an important role in changing the scenario of Brazilian biodiversity. This occurs through the development of critical analysis and harnessing of actions able to modify the way companies mitigate environmental impacts, encouraging new business models, enabling society to enjoy the benefits of such initiatives as the Obligatory Reforestation Management, replicating them in the cases of other environmental compensations. Again, contributing to the increased vegetation cover also means to contribute directly to reducing the effects of climate change. The implementation of seedling banks at the Conservation Units in the state of São Paulo permits the use of these areas by society as well as encouraging research into restoring the most degraded biomes in the country, the Brazilian Cerrado (Savannah) region and the Atlantic Rain Forest.

Financial Pillar: the initiatives contribute to the establishment and consolidation of larger areas for compensation. Consequently, both the Company and suppliers of these services enjoy gains in scale, costs being approximately 50% lower than under the former system.

Expansion capacity: any company, whether in the electric sector or not, needing to undertake reforestation, can adopt CPFL's methodology. All these initiatives can be replicated. Sufficient is to have an ideal, an organizational strategy and corporate commitment. The good results of the two seedling banks have encouraged CPFL to expand the initiative by seeking new partnerships in other regions of the state of São Paulo, such as in the coastal lowlands around the port city of Santos where the Company is to contribute to the conservation of the Dense Broadleaf Forest.

IMPACTS ON URBAN AREAS

The CPFL Energia Group runs its Urban Tree Planting Program for harmonizing the coexistence of trees in densely populated urban districts with energy distribution lines. The program reflects a well-structured plan in which correct vegetation techniques are adopted for urban areas with the donation of tree seedlings most suited to coexistence with the electricity distribution system. In essence, the company endeavors to combine improvements in operational efficiency with the planting of trees in urban centers located in its concession areas.

9.2 Greenhouse Gas Emissions

The hydrological crisis in Brazil in 2014 contributed to greater discussion of the impacts of climate change. All CPFL Group activities are affected by climate change from the generation of energy to commercialization and maintenance service work on the distribution networks. For this reason, the Company adopts best practices in measuring greenhouse gas emissions. It continuously

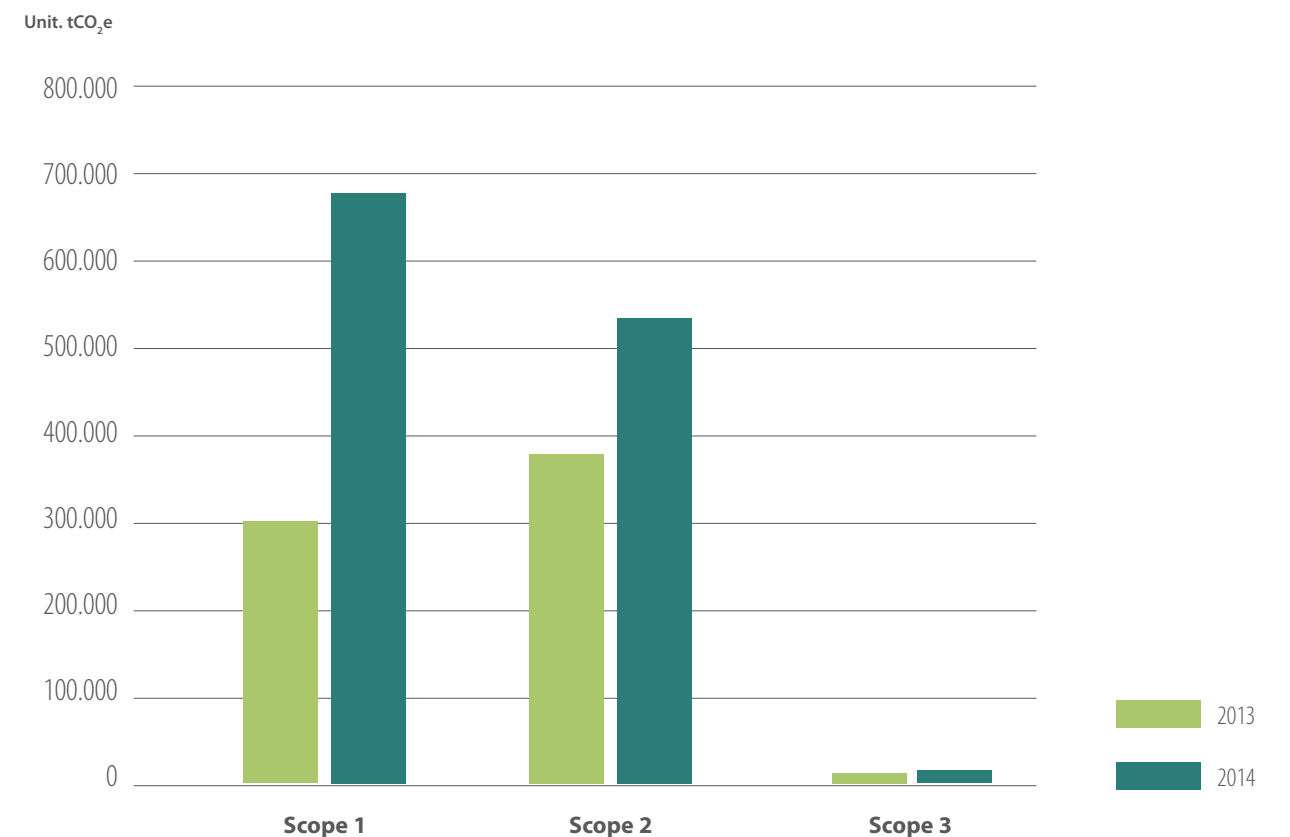
ly seeks to reduce these emissions from its own operations and takes part in discussions promoting improvements along the entire electricity sector chain for the same purpose. G4-EC2

Since 2007, the Group has published its emissions inventory which is prepared in accordance with the methodology laid down in the GHG Protocol. A further company initiative is incentivizing projects which qualify under the Clean Development Mechanism (CDM) criteria and other mechanisms for raising carbon credits for commercialization to other companies and institutions which need to offset their GHG emissions. G4-EC2

In the light of low reservoir levels at the hydro plants, CPFL has been dispatching its thermal plants above the usual average. EPASA for example operated at full capacity in 2014 in contrast to the planned 4%. This had a profound impact on the GHG emissions dynamic in terms of tons of CO₂-equivalent, as shown in the following table. EN15

EN16 EN17

GREENHOUSE GAS EMISSIONS G4-EN5 G4-EN16 G4-EN17



9.3 Carbon credits market

The Group is already considering the pricing of carbon in its business plans in anticipation of an eventual regulated market for carbon in Brazil. In such a scenario, the Company evaluates the economic impacts of compensation by considering the value of the carbon credits in the voluntary market against the value of compensations via reforestation projects as a means of dimensioning the risks and establishing corporate strategies.

In relation to the issue and commercialization of carbon credits (CDM and Verified Carbon Standard - VCS), in 2014, Foz do Chapecó sold 15,000 carbon credits to SCX, Bolsa do Clima de Santiago S.A. (Chile), at the unit price of US\$ 0.97/VCU (Verified Carbon Units), amounting to US\$ 14,550.00, resulting in R\$ 35,779.66 after tax **EU5** **G4-EC2**



REVERSE CHAIN

In replacing equipment used in its electrical systems, CPFL Energia Group has adopted a methodology for avoiding environmental risk and, at the same time, creating value in line with the business strategy.

With an EBITDA of R\$ 15 million in 2014, CPFL Serviços has an industrial unit in São José do Rio Pardo employing 202 for maintenance, recovery, logistics and transportation of electrical equipment throughout Brazil. Using highly qualified processes which guarantee the quality and safety of its services, the plant has a total area of 5,000 square meters in which 13,200 items are recovered annually.

CPFL has already implemented an internal reverse chain program where materials suitable for reverse logistics are withdrawn from the network – examples are metals, cables, insulators and lighting – and reused, recycled or sent for further processing.

Scrap such as steel, copper and other materials from dismantling work, is sold to the market. Equipment which can be reused is reintroduced into CPFL systems or auctioned off to other companies. The differential in the Group's structured management system is the monitoring of the entire process to ensure reuse of materials is maximized with identification and correct disposal of biodegradable and non-biodegradable substances, verification of licenses of scrap metal merchants buying from CPFL Energia, among other questions overseen. **G4-EN27**

REVERSE CHAIN NUMBERS - CPFL ENERGIA GROUP

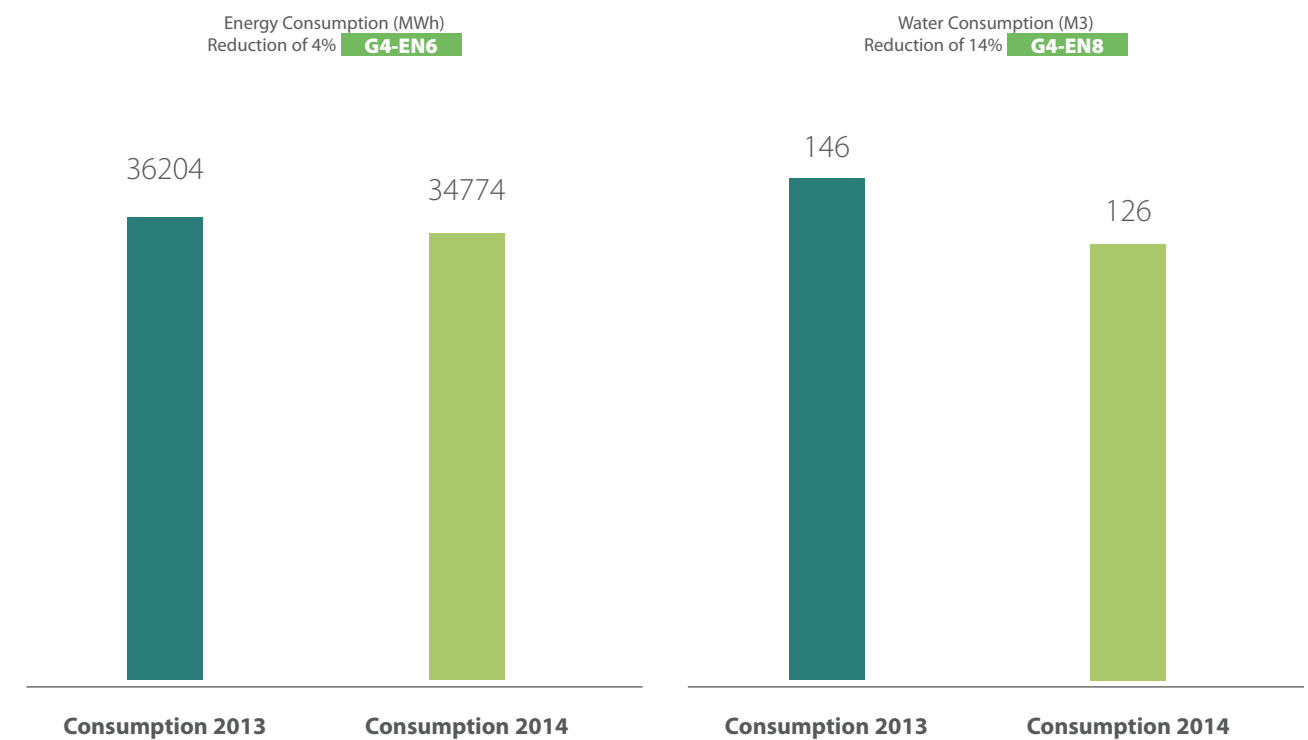
Natureza	Unit.	2014	2013	2012
LIGHTING*	PC	145,066	5,519	29,767
WOODEN CROSS ARMS	PC	64,825	144,458	179,220
POLES (CONCRETE AND WOOD)	PC	55,036	111,788	124,821
METERS	PC	83,986		
TRANSFORMERS	PC	5,837	10,336	6,481
OTHER MATERIALS	Ton	3,192	12,393	10,028

*some of the lighting items are sent for decontamination following examination.

9.4 Eco-efficiency: Water and energy

CPFL Energia runs the Intelligent Consumption Program for incentivizing eco-efficient initiatives among its own employees at its head and regional offices, focusing on the reduction of water and energy consumption. The Company reported year-on-year savings of 14% and 4% in water and energy consumption. **G4-EN27** **G4-EN6** **G4-EN8**

WATER AND ENERGY CONSUMPTION AT CPFL INSTALLATIONS

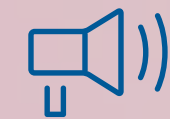


In 2014, CPFL Energia's total energy consumption was 8,324,925.87 GJ. This includes the fuel consumption of its own vehicle fleet and generation of electricity at EPASA as well as consumption of energy from the SIN (National Interconnected System) at head and regional offices and at EPASA. **G4-EN3**

Plants making significant use of water (EPASA TPP and CPFL Renováveis biomass-fired plants) operate a closed cycle system for cooling purposes. **G4-EN10**

Total permitted water volume at EPASA is 61,320.00 m³ (the total estimated volume used in 2014). However, due to the increased use of equipment in the operational areas, EPASA is contracting a supplier to drill a new well. All withdrawn water is used for cleaning purposes, equipment, hygiene and to supply the plant. **G4-EN8**

10. SOCIAL AND RELATIONSHIP CAPITAL



TOPICS COVERED

- 55 REGULATORS
- 56 SOCIETY AND COMMUNITIES
- 60 LABOR UNIONS
- 60 CLIENTS AND CONSUMERS
- 62 VALUE CHAIN



PERFORMANCE HIGHLIGHTS

- 60 NUMBER OF CLIENTS
- 56 SUPPLIERS: RISKS FOR SUSTAINABILITY

The relationship of the CPFL Energia Group with its different stakeholders drives the businesses and the creation of value. Examples of how CPFL contributes to the socio-environmental development along its value chain include: the running of quality service and educational campaigns for clients and consumers; the strengthening of partnerships with suppliers focused on promotion of human rights and good management practices; investments in projects which benefit the municipalities located in the concession areas and providing support to regulatory and government bodies for the development of public policies and improvements in the electricity sector.

The Company adopts a policy of engagement with all its stakeholders, the aim being to create, maintain and strengthen relationships based on ethics, trust and transparency. The Company has also developed a detailed relationship matrix for each of its stakeholder classes (see Content Index). **G4-S01**

In 2014, CPFL Energia coordinated the organization of SENDI (National Electric Energy Distribution Seminar). The seminar serves as a vehicle to promote the exchange of information and experiences among companies related to the electric energy distribution segment. A total of 2,777 Brazilian and foreign visitors were present at the event, representing electric energy distribution concessionaires and leading suppliers of material and equipment to the sector. Out of the total number present, nearly 2,000 took part in the full seminar.

CPFL Paulista sponsored SENDI (National Seminar of Electric Energy Distribution)



10.1 Relationship with regulators

Regulatory and governmental bodies are critical agents in the Brazilian electricity sector's value chain, being responsible for the definition of public policies and rules which impact all companies in the industry. Over the past few years, the CPFL Energia Group has spearheaded sector moves in evaluating the macroeconomic and social conditions in which the industry has developed, proposing solutions and improvements to government which contribute to the creation of shared values.

Discussions with the regulatory organs such as ANEEL and the Ministry of Mines and Energy are conducted through associations which are representative of the electric energy sector. Among such institutions are ABRADÉE, the Brazilian Association of Independent Electric Energy Producers (Apine) and the Brazilian Association of Infrastructure and Basic Industry (Abdib), among others.

Progress was made along various fronts in the regulatory area. Discussions on the distributors' fourth tariff revision cycle progressed with the second phase of Public Hearing 23/2014 covering items such as Operating Costs, Other Revenue, Losses, General Procedures and others. As a result of these discussions, a consensus was reached on distributors weighted average cost of capital (WACC), being set at 8.09% for the fourth Tariff Revision Cycle and implemented for those distribution concessionaires with tariff revisions scheduled for review by December 2017. Following this date, the historic series will be restated for companies with revisions beginning January 2018, the case of RGE and CPFL Paulista.

In turn, Public Hearing 54/2014 was concluded with the proposal for a reduction in the Price for Settlement of Differences (PLD) ceiling to R\$ 388.48/MWh and the continuation of the prorating of System Service Charge (ESS) costs among consumers.

CPFL also participated in discussions which resulted in ANEEL approving an addendum to concession agreements and including a specific clause guaranteeing that with the extinguishment of the agreement for whatever reason, any remaining balance in revenue shortfalls to be collected or reimbursed via tariff will be indemnified. Consequently, the Brazilian Securities and Exchange Commission (CVM) was able to approve the recognition of assets and liabilities, which up to 2013, had been denominated "regulatory assets and liabilities" in the distributors' financial statements. This measure will allow the booking of the estimated differences between the costs of energy purchases and estimated charges collected from consumer tariffs and the real costs incurred in the period, this difference to be transferred to tariffs at the annual readjustment date for each distributor.

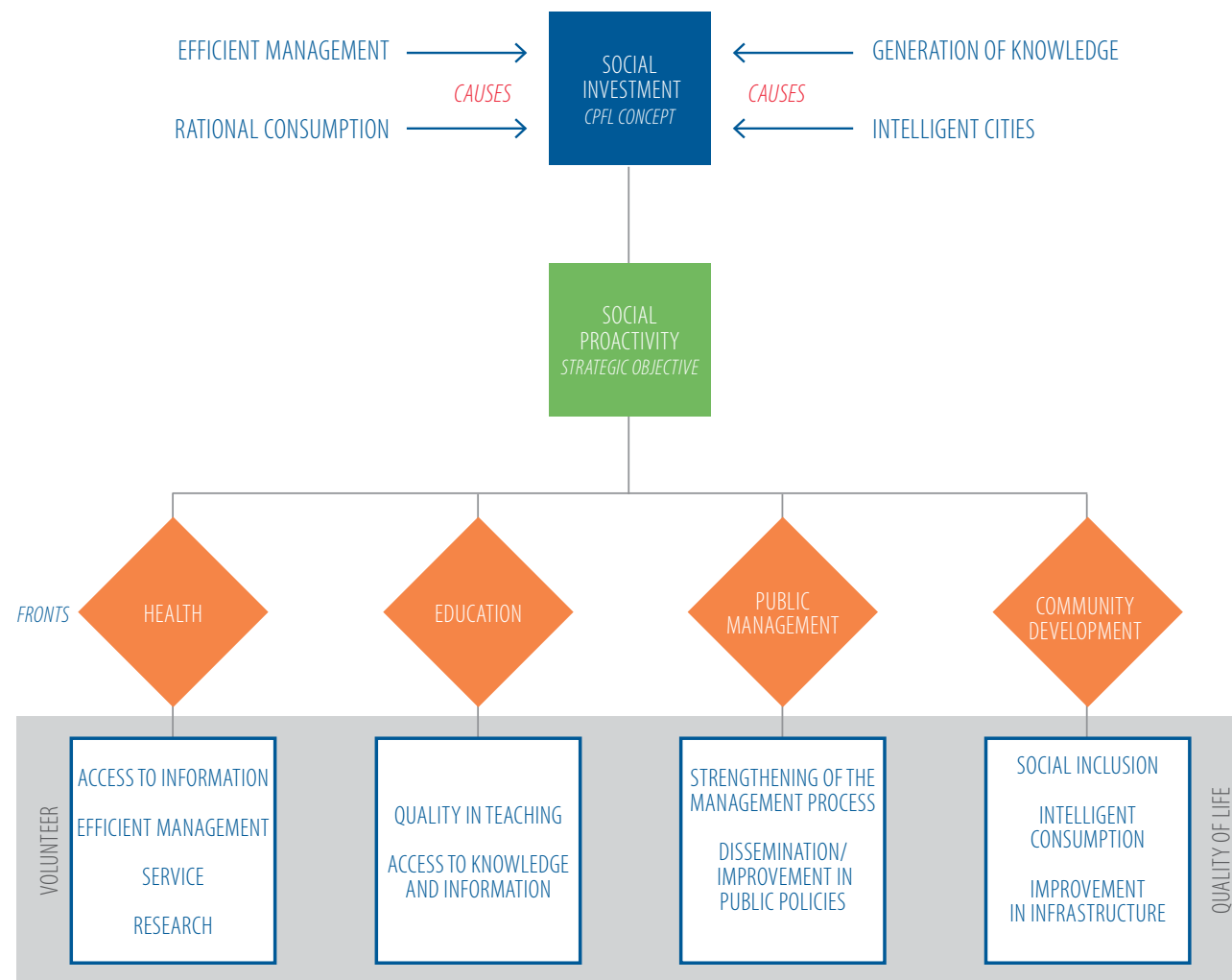
In 2014, inspections of Group distributors by federal and state regulators, ANEEL, ARSESP and AGERGS resulted in four significant fines, two of a technical-commercial nature and a further two of an economic-financial nature. The fines totaled R\$ 1.55 million. **G4-PR9**

10.2 Society and Communities G4-S01

All CPFL Energia's operations where community related activities are deemed important, have implemented community programs, although the Company has still not introduced a formal process for assessing social and environmental impacts on the communities.

CPFL Energia's social causes projects are aligned with the so-

cial challenges which the Company sees as relevant to its business as well as to its growth strategy. Private social investment is directed towards these projects through programs which enhance public policies and promote social proactivity. The social causes and investment fronts are shown in the following chart:



In 2014, the Company made an important investment in social responsibility with the operationalizing of the CPFL Institute for centralizing cultural, sporting and quality of life programs, all of which receive incentives from the Group. This change in management lent even greater importance to CPFL Cultura, a cultural program for organizing knowledge and reflecting on the challenges and opportunities of the contemporary world. CPFL Cultura's programming is a diversified one with specialists, artists and intellectuals discussing the principal contemporary issues through the medium of talks, debates and art, film and theater exhibitions.

HEALTH, PUBLIC MANAGEMENT AND COMMUNITY DEVELOPMENT

CPFL Energia believes that the integration of its initiatives with government policies makes for longer lasting results for the whole population. Such an approach is fostered by the Company through programs designed to bolster public sector management. Projects on the health front are designed to improve universal access to a quality public health system. The principal initiative on this front is the Philanthropic Hospital Modernization Program for improving the administrative performance of the philanthropic hospitals supported by CPFL Energia's distributors in the state of São Paulo and to improve public health services.

An example is the [Program for Support of the Municipal Councils for the Child and Adolescent](#) (CMDCAs). In 2014, the program was restructured and CPFL has begun supporting the councils directly in the preparation of a diagnosis of the situation of the child and the adolescent in the municipality and in the drawing up of action plans. A total of R\$ 1,223,313.43 was invested in 9 different municipalities, selected from 62 that were enrolled in the program.

In 2014, CPFL Energia also opened up another front with the transfer of tax break funds to the Municipal Councils for the Senior Citizen for supporting projects run by the councils. Funds are also employed for implementing the "Municipality for all Ages" project. This is designed to make selected municipalities age friendly not only to seniors but to all ages on the basis of the World Health Organization's principles for active aging. A total of R\$ 1,190,000.00 was invested in the Municipal Councils for the Senior Citizen of Campinas and Jaguariúna in the state of São Paulo and Veranópolis in the state of Rio Grande do Sul. These particular cities were chosen due to their track record in long life programs and interest on the part of the municipal government, constituted and active Councils for the Senior Citizen and a Senior Citizens Fund supported by specific legislation.

In 2014, a further cycle in the [Philanthropic Hospital Modernization Program](#) for Campinas and São José do Rio Preto (both in the state of São Paulo) was concluded. A total of 15 philanthropic hospitals took part in this phase, four of these

receiving the gold category certification, seven, the silver category and four, bronze. These results reflected an average improvement of 320% in the management of hospitals qualifying under the program.

In 2014, CPFL launched a new two-year phase in the Program for assisting the philanthropic hospitals in the regions of Barretos, Marília and Ribeirão Preto, all in the state of São Paulo.

Again on the Health front, CPFL supports the National Cancer Attention Support Plan (PRONON) and the National Health of the Person with Special Needs Attention Support Program (PRONAS/PCD), both Ministry of Health projects. These programs are funded from tax break funds. In 2014, R\$ 932,000.00 was allocated to projects for the Down Syndrome Foundation in Campinas (PRONAS) and R\$ 1,280,000 million to the Cancer Hospital in Barretos (PRONON).



Prof. Dr. Paulo Carrara de Castro, of Philanthropic Hospitals Modernization Program

CPFL RENOVÁVEIS: PROJECTS

The "Roots Program" is a pilot initiative run by CPFL Renováveis in line with CPFL's focus on sustainable development of communities in municipalities within the area of influence of its wind farms. The principal thrust of the Program is the financial support for sustainable initiatives with its beneficiaries being low income families, communities and rural resettlements, traditional population nuclei and small family agriculturalists and fishermen in these municipalities. The program is divided into four thematic areas: professional training and citizenship capacity building; strengthening of the institutions; environmental sustainable development; support for the production chain; projects of collective infrastructure; and projects to promote culture, sport and leisure.

A total of 30 projects located in the states of Rio Grande do Norte, Ceará and Rio Grande do Sul were approved to receive more than R\$ 2.4 million. The Program is run in partnership with SEBRAE, EMATER, IEF, IPARN, SESI, SENAI and the Federal Institute of Rio Grande do Norte.

Worth Dreaming Project (RN): Developed in partnership with the Kaplan Institute and the state government of Rio Grande do Norte, its core purpose is the prevention of adolescent pregnancies through the training of multiplier agents. The target audience is youngsters in the public school network throughout the state of Rio Grande do Norte in the 10 to 19 age group. The results of the program have proved very positive, a survey conducted among participating students showing a reduction of 25% in the number of pregnancies in the previous 12 months.

ENERGY EFFICIENCY

Energy efficiency program (0.5% of NOR): out of investments of more than R\$ 57.5 milhões, R\$ 34.2 million was disbursed to projects for consumers with low purchasing power resulting in the regularization of 1,570 clientes, substitution of 8,910 refrigerators, 5,195 electric showers and 122,432 incandescent light bulbs for more efficient models, 1,695 upgrades of internal electrical circuits and the installation of 4,300 solar heaters. The resulting saving from CPFL Energia's energy efficiency programs in 2014 amounted to 39 thousand MWh, sufficient energy to supply about 16,250 residential customers with a monthly consumption of 200 kWh for a period of one month. A further R\$ 3.8 million was invested in educational projects (CPFL nas Escolas and Caravana RGE) at 907 municipal and state-run schools, reaching 85,884 students and 5,020 teachers in 107 municipalities. The program was also responsible for the installation of more efficient electrical systems in 296 government buildings and state and municipal schools at an investment of more than R\$ 9.7 million. **G4-PR3** **G4-EN7**



Refrigerators substitution: Energy Efficiency Program

SOCIO-ENVIRONMENTAL PROGRAMS

Campos Novos HPP (Enercan): In 2014, ENERCAN supported 67 projects for developing the region in the cultural, socio-environmental and economic areas, creating 395 direct and indirect jobs and benefiting indirectly about 100 thousand people. One such project is the Environmental Protectors Project for environmental education, a course for two groups in the municipalities of Campos Novos and Abdon Batista. The project is run in partnership with the Santa Catarina Forestry Police and trains students to work as multiplier agents in environmental preservation functions.

Companhia Energética Rio das Antas (Ceran): The Ceran Complex operates an environmental education program for schools and the local communities. In 2014, the company donated 2,918 native tree species, ran 21 awareness talks for a total audience of 1,431, delivered 3,050 folders and organized 11 technical visits for 601 visitors to waste collection centers, reservoirs, water treatment plants and CERAN hydroelectric plants.

Barra Grande HPP (BAESA): In 2014, the company supported 48 projects in municipalities in the area of influence of Barra Grande HPP as part of the Socio-Environmental Responsibility Program with the focus on income generation, the environment, culture, sport, public security and social development. An integral part of the plant's new ichthyofauna program, the first release of native fish was made into the plant reservoir during the year. The program involves the release every November of a total of 130 thousand fish fry during the years 2014, 2015 and 2016. In November 2014, assisted by students from the Capão Alto/SC municipal school, the company released 4,500 fry of the piracanjuba, dorado and curimatá species into the plant reservoir.

VOLUNTEER WORK AND QUALITY OF LIFE

The Volunteer and Quality of Life programs endeavor to cover the themes and guidelines established for CPFL's other social programs complementary to the Social Investment fronts.

During the course of 2014, CPFL Energia's [Volunteer Program](#) was reformulated and renamed the Semear Program, its principal objective being to disseminate an ethical/civic culture among volunteers and create a co-participatory movement in the Company. This consolidates isolated initiatives such as donation campaigns as well as the creation of opportunities for participation in continuous and structured initiatives in the communities and related to chosen causes.

10.3 Labor Unions

The labor unions representing the different professional classes at the Company are also stakeholders with which CPFL Energia seeks to develop ethical and transparent relations. In 2014, for example, 78 collective negotiations were conducted without any work stoppages. **G4-HR4**

10.4 Clients and consumers

CPFL ENERGIA: NUMBERS OF DISTRIBUTORS' CUSTOMERS

CPFL ENERGIA: NUMBERS OF DISTRIBUTORS' CUSTOMERS EU3	2014	2013	2012
RESIDENTIAL	6,750,758	6,523,533	6,312,737
INDUSTRIAL	57,397	58,565	59,057
COMMERCIAL	484,937	491,057	494,556
RURAL	243,998	245,687	243,283
GOVERNMENT	50,931	49,443	48,467
PUBLIC LIGHTING	9,920	9,596	9,166
PUBLIC SERVICE UTILITIES	8,251	7,961	7,729
OWN CONSUMPTION	851	843	845
TOTAL	7,607,043	7,386,705	7,175,840



The quality and diversity in the relationship with CPFL Energia's clients is assured through the continuous training of attendants, constant monitoring of service calls and contacts and through satisfaction surveys conducted by external and independent institutions.

The Company offers a multi-channel service using a single database (telephone, social networks, self-attendance web, e-mail, SMS Center, among others) in order to monitor services for our clients who demand responsiveness, security, convenience and satisfaction.

CPFL has invested heavily in improvements and development of the relationship with its web-based clients, tracking market trends showing Brazil among the countries with a constant growth in the number of internet users since 2012. Customer service via the website processed more than 18 million attendances in 2014, more than 50% of the annual total.

In addition to efforts made to adapt services to the customer profile, the Company also seeks to mitigate eventual barriers to accessing the relationship channels. This is currently the responsibility of the community agent (as in the Energy Efficiency program) through an 0800 number exclusive for those with hearing impairments and access for people with special needs in some cases where call centers offer on-site attendance. **EU24**

Among CPFL's various mediums for communicating with its stakeholders, the following initiatives in 2014 are worthy of mention.

Social Networks (Twitter and Facebook) reported an evolution of 42% compared with the number of interactions in 2013.

Webmobile (attendance via cell phone internet), expanded the number of services available to the customer from 7 to 12 (rural meter self-reading, consultation of debits, registration of an account by e-mail, consultation of meter reading date, public lighting repairs, consultation of billing payment date, registration of a direct debit, notification of power outages, consultation of past consumption, request for reconnection, request for a 2nd counterparty billing and registration of SMS Center). This channel completed 544 thousand attendances in 2014, an increase of 162% compared with 2013.

Web: among other improvements, there was an expansion from 17 to 30 exclusive services to accredited real estate offices; expansion from 17 to 32 exclusive services to the Fácil Partners Network and from 17 to 29, the number of exclusive services available to accredited Government and Condominium names.

URA (Automatic Reply Unit): improvement in Energy Outage Forecast; creation and implementation of an Emergency Call Back system.

SMS Center: active attendance (CPFL sends messages proactively to the clients), inclusion of four new services (notification of refusal for services, new connection, reconnection and definitive disconnection); receptive service (request for services by clients), inclusion of three new services (consultation of debits, bar codes for payment and power outages) and improvement in SAP/CCS allowing the registration and cancellation of the service immediately on attendance.

The CPFL Energia Group invests continually in educational campaigns for informing society on the dangers and risks of electricity. Talks, primers and initiatives in public schools contribute to avoiding accidents with the electrical networks, especially in large urban centers. In 2014, the distributors participated actively in the ABRADÉE IX National Electric Energy Safety Week. **EU24**

G4-PR5 CPFL conducts a series of customer satisfaction surveys, including the ABRADÉE survey, the image and brand survey, and the large consumers' and ANEEL surveys. Since the largest companies in the sector are included, the ABRADÉE survey provides the basis for a comparison between the industry's companies. The image and brand and large consumer surveys are for CPFL's internal use.

The image and brand survey showed an improvement in the level of awareness of the CPFL Group as a whole as well as that of the distributors. Those polled observed that the quality of CPFL distributors' services was considerably better than those of the water utility company, the banks and the cellular telephony company. The survey indicated that the Group is seen as competent, supplying energy efficiently, adopting a correct posture with its customers and respecting the norms and values of society. In spite of a small decline in the overall rating, more than 87.5% of interviewees have a positive impression of the Group.

In 2014, CPFL Paulista and RGE, which had been finalists for the ABRADÉE Best Client Evaluation Award in 2013, again reported a high level of customer satisfaction (all survey items scoring more than 80 points) although with a fall in rating in relation to 2013. However, CPFL Piratininga recorded a small improvement. The ABRADÉE survey showed that the general image of Group companies is based on three elements: the essential nature of

energy, quality and efficiency of service (both from the point of view of supply as well as service) and price.

CPFL Energia offers a communication channel to interested parties in its concession areas (palestracepae@cpfl.com.br) through which educational talks can be requested on accident prevention and raising community awareness.

10.5 Value Chain **G4-12**

In 2014, the CPFL Energia Group supply chain consisted of 3,529 corporate suppliers. In interacting with these partners, the Company seeks to disseminate best sustainable management practices and the sharing of its values in order to create an environment propitious for executing ethical business and the creation of shared value.

CPFL Energia constantly evaluates the quality and efficiency of its product and service delivery. Among other initiatives developed with its suppliers, the Group aims to incorporate socio-environmental practices such as compliance with occupational safety norms and social responsibility initiatives, respect for the environmental and labor legislation and commitment to social development. In these spheres of activity, suppliers should know and be aware of the guidelines for Group policies and regulations as for example the Sustainability and Environmental policies and the Code of Ethics and Conduct.

Out of a total of 3,529 suppliers, CPFL considers 1.7% (63) as critical due to the operational or reputational risks they present. These suppliers are monitored using SBM (Supply Base Management) application, the criteria used including financial analysis, security, environment, technical performance and legal risks. Where suppliers are not monitored by SBM, tracking is performed based on the updating of registration details according to the classification of the supplier.

In 2014, the SBM tool was improved through its inclusion in the SAP system. This resulted in a greater responsiveness in updating the following information on monitored suppliers: contractual consumption, certification, financial analysis and technical performance.

In addition to the evaluations undertaken, in 2014, the CPFL Group improved the management program for the database of its strategic and critical suppliers for visualization and monitoring performance.

The following table shows direct suppliers (critical or otherwise) where a high degree of sustainability risk was identified for each category: **G4-LA15** **G4-EN33**

	ECONOMIC RISKS ¹	ENVIRONMENTAL RISKS ¹	SOCIAL RISKS ¹
TOTAL NUMBER OF SUPPLIERS	63	36	73
PERCENTAGE OF SUPPLIERS (%)	1.7%	1%	2%

¹ All suppliers considered critical.

² 26 suppliers of technical services and 10 suppliers of environmental services.

³ All suppliers considered critical and 10 suppliers of environmental services.

Supply contracts which have an impact on the strategic plan are verified and validated by the business and procurement areas. The procurement committee is the principal instrument for validating the acquisition of supplies. Once a demand is validated, it is the responsibility of procurement in tandem with the contracts area to select the suppliers technically and economically qualified to participate in a competitive bid. This is based on specific criteria for each type of product and service to be contracted.

Suppliers whose scope has impacts on business and society, such as the standardized technical service are assessed according to sustainability criteria. For these suppliers such assessments include aspects related to environment, safety, social responsibility and quality.



Leaders of CPFL Group at Award ABRADÉE 2014

CPFL fosters initiatives for developing its suppliers:

CPFL More Value Award: currently in its 7th edition, the award recognized suppliers with the best performance in 14 categories. The objective of the award is to recognize and reward outstanding suppliers of materials and services during the previous year, encourage them to achieve excellence of service for such requisites as quality, timeliness, safety, the environment and social responsibility and to strengthen the alignment with the Company's vision, mission and ethics.



Value Network. This program is designed to share best business sustainability practices among the suppliers. Value Network meetings touch on such matters as: occupational safety, the environment, technical training programs for suppliers' employees, programs for hiring professionals with special needs as well as the impacts observed in the cost x quality x sustainability relationship. In 2014, 51 suppliers were represented in six bimonthly meetings, one skills training course on carbon management and two working groups constituted on the Pronas and Pronatec programs. The Ethos Indicators were used to consolidate a Group diagnosis from which a work plan evolved. The plan focused on six strategic themes, three of which were acted on during 2014: Relationship with Employees (Effective, Outsourced, Temporary or Part Time), Code of Conduct and Combating of Corruption).

Integrated Management System (IMS) evaluation visits. Annual visits on IMS requirements are made to the suppliers of CCM (Construction and Distribution Network Maintenance), STC (Commercial Technical Services), LEC (Meter Reading and Billing Delivery), RPC (Recovery of Commercial Losses) and tree pruning services. These visits include evaluations of the quality, environment, occupational safety and social responsibility system. During these visits, working conditions, respect for the environment and care with social responsibility are also verified.

Suppliers Newsletter (*Jornal do Fornecedor*): a monthly periodical covering internal procurement issues with the publication of sustainability practices and news on the CPFL Group. This periodical is prepared jointly by ASQ (Suppliers and Materials Qualification) and ICCO (Communication) units and is sent monthly to all registered supplier e-mails.

Assured Quality: is a program for the development of the productive processes of materials suppliers. While it guarantees the supplier from exemption from inspection on delivery, the supplier is still subject to quality control.

Suppliers that have a relationship with CPFL Energia must be aligned with the Group's environmental policy and must rigorously observe the social requirements of SA 8000:2008 standard concerning child labor, forced labor, health and safety, freedom of association as well as the right to collective bargaining, issues of discrimination, disciplinary practices, working hours and remuneration. The Company also has its [Suppliers Portal](http://www.cpfl.com.br/PortalFornecedores) (<http://www.cpfl.com.br/PortalFornecedores>) and [Suppliers Newsletter](http://www.cpfl.com.br/SuppliersNewsletter) communication channels.

In 2014, CPFL identified no cases among its suppliers where employees' rights to freedom of association or collective bargaining were at risk. These findings are the result of periodic monitoring visits, during which social responsibility criteria are evaluated according to guidelines. **G4-11** **G4-HR3**

G4-HR4 **G4-HR5** **G4-HR6**

11. HUMAN CAPITAL



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- 70 ELECTRICIAN SCHOOL

People management is one of the pillars of CPFL Energia Group's business strategy. The Company has a payroll of eight thousand to which it seeks to offer a healthy, motivational and meritocratic work environment. On the basis of values and ethical conduct, the activities of this team of specialists ensure client and consumer satisfaction alike together with innovation and creation of value both for shareholders and society.

The Company invests in skills upgrading and training of its

leadership to sustain this process with the focus on the development of competencies necessary for the management of teams and the dissemination of knowledge. The Transformation Program was set up to promote and consolidate this corporate culture, the second phase of which beginning in 2014. Program activities as well as the targets set for the managers have contributed to bringing the different areas together in the search for joint solutions which contribute to the quality of services rendered.

TRANSFORMATION PROGRAM

CPFL's "Transformation" program was designed to develop the Company's cultural transformation through organizational and behavioral changes to nurture CPFL's growth in a structured fashion and to create value. The program was implemented in five stages: mapping, analysis, establishing the Cause, mobilization and sustainability of the Cause. The first two stages involve diagnosis of the actual corporate culture and subsequent presentation to senior management. The remaining three stages comprise several workshops with managers and employees drawn from a cross section of the Company in order to build, mobilize and sustain the program's Cause.

This work had both direct and indirect results. The various Culture and Transformation workshops produced different recommendations from which originated one-off actions, large-scale initiatives and projects. The majority of the actions have already been implemented although some are under study or still in the process of being implemented. The program's next challenges are to reinforce the "Dissemination of the Cause" to each one of the employees, con-

solidate the role of leadership in the application of the "Cause" and implement actions to sustain the Transformation Program. The latter is being executed through the Integrated Culture and Organizational Climate Plan used to organize all sustainability initiatives.

The "Transformation" program is currently in its second phase and has as its mantra, the phrase "In Good Company". This phrase encapsulates the team spirit that drives employees to act with excellence in management and in the creation of sustainable value. It also expresses the prime importance of people and the need for a friendly and collaborative working environment. The implementation of the actions established for this phase of the program is supported by a Declaration sent to all employees and through the activities of the leaders in disseminating values and concepts, which sustain the program.

The results of the 2014 organizational survey are a demonstration of the commitment of Group employees to the vision of sustainable growth as well as the perception of value in the guidelines established for improving the businesses.

11.1 Development of Human Capital EU14

Skills at CPFL are honed through the Corporate University, via in-class training or an online platform and an integral part of the strategic plan whereby employees are invited or summoned to participate in certain initiatives for preparing and developing their careers.

The University has a fundamental role to leverage organizational competencies and culture aligned to the Transformation Program. While the focus is on the employees, depending on the strategy, it can be extended to the entire value chain to maximize results from the businesses. The University's work is focused on each business of the Company through three schools: Leadership, Specializations and Client and Market, as well as supporting all the areas in common processes and through the Skills Support Training and Corporate Formation.

The **Leadership Track** is aimed at the Company's formal leadership (Executives, Managers, Supervisors, Coordinators, Leaders and Technical Leaders) with modules relating to "People", "Business" and "Business at CPFL" themes, elective and obligatory for all participants. The planning of the Leadership Track courses has taken into account the initiatives in the Transformation program in order to ensure the complementary nature of the two programs. Decentralized groups are offered for obligatory courses, while optional courses are run at the main Corporate University campus and can be taken via video conference. For all participants, including those of manager level, in 2014, two new Leadership Track courses were held, focused on competencies in the business: Energy Management Track and Regulatory Matters Track. Both involve inhouse teaching personnel who are specialists in their fields, the objective to guarantee that knowhow is retained on a permanent basis within the organization in line with the Knowledge Management program and with the development of the professional in subjects critical to the organization's business. In 2014, the Group invested



about R\$ 1.47 million in Leadership Track with approximately 80% participation of the potential target audience totaling about 600 leaders from all levels of the corporate hierarchy. G4-LA10

Again in 2014, the Group's remote teaching platform, the e-learning Portal, produced record results with a total of 59,321 accesses of which 99.5% related to the conclusion of course work. The majority of courses are focused on the development of organizational competencies, leadership tracks, and obligatory and technical courses. G4-LA10

Human capital development indicators are consolidated in the People Development Indicator Register and submitted to the HR Strategy department at a monthly meeting. Integral to the HR's strategic planning, the Register provides the input for decision-making and for eventual correction of direction of the monitored programs. The indicators use market benchmarking from the [Sextante Brazilian Human Capital Survey](#) in which the Company participates annually.

ELECTRICIANS' SCHOOL **EU14**

The Electricians' School is a partnership between CPFL Energia and the Vital Corrêa Institute offering training for activities in the operational area (network electrician). The course consists of a total of 470 classroom hours and is divided into theoretical and practical modules. The School aims to foster the personal and professional development of the students and to contribute to the inclusion of course graduates in the labor market, with CPFL as course sponsor, prioritizing the hiring of these resources. The Electricians' School mitigates the risk of eventual scarcity in the market for trained labor. It brings important benefits to the Company as well: by reducing the time it takes to fill a vacancy for an electrician by 83%, reducing the cost of training electricians and, underscoring the culture of social responsibility in addition to serving the needs of the community. By the end of 2014, CPFL had completed the training of 115 new electricians, 77 of whom were hired by the Company.

Besides the Electricians' School, CPFL set up a program in conjunction with SENAI (National Service for Industrial Training) in 2012. The program is designed to train young people using the SENAI School facilities, those who are deemed to have taken full advantage of the course being hired by the Company on conclusion of class activities. By 2014, 74 young people had successfully concluded their courses, 37 of them being hired. Again, in 2014, CPFL began a further partnership with SENAI for training 33 students drawn from the community through a Disconnecting and Reconnecting course, training to be completed by the end of 2015. During the same year, new partnerships with SENAI will begin using National Program for Access to Technical Teaching and Employment - PRONATEC funds.

11.2 Management of talent

The CPFL Energia Group offers opportunities for professional development to all employees through a structured program which indicates the possibilities of career paths to be followed as well as the respective competencies needed. Each employee dictates his own development, his efforts being recognized and rewarded in line with the strategy established for the Company's growth.

Through its Career Management program, CPFL has structured a list of requirements and qualifications so that employees are made aware of the necessary competencies to hold different positions in the Company. This information can be accessed through the Career Portal together with a panorama of all the existing processes in the Company, a description of the activities and responsibilities of each position, allowing the employee to compare his professional profile with any existing position at CPFL and to express an interest in any given career. The organization's leaders are trained and have the necessary skills to provide career development guidance to their teams. In addition, CPFL has prepared a Career Primer containing concepts, tools and actual success stories in the Company.

All expressions of interest in a given post are stored in a database which provides data for the internal recruiting process for any available vacancies. The organization's In-house Talents Program is responsible for transfers within the Company and for registering interested candidates. The selection process is conducted with absolute transparency, interested parties receiving clear feedback and as the case may be, providing information on the professional training needed to achieve their personal goals.

In parallel, the Company invests in an internship program providing opportunities and challenges for students from different areas to begin their career monitored by experienced professionals. These act as mentors during the various stages of the program and contribute to increasing the retention levels for these young talents. **G4-LA10**

In place for three years now, linked to the Calibrating Committee and subject to Board approval, the Succession Plan maps successors aligned to the calibration process for ensuring necessary equitability. The Company has built a succession evaluation and management model for sustaining the CPFL Group's businesses as well as for the career development of talents. The Calibration

Committee is responsible on a collegiate basis for evaluating managers' performance and optimization of human capital. This is an exercise which is conducted annually whereby the Committee through a moderator in a structured meeting reflects and analyzes objectively as to the potential and performance of a professional in an objective and efficacious manner. The process is concluded with a realistic analysis of the current level of delivery and future capacity of the selected professionals. In 2014, CPFL held 14 Leaders' and 18 Managers' committees. **G4-LA10**

The Group also uses the evaluation system to analyze the global performance of all its employees at their different levels of interaction in the hierarchy. This process covers all eligible employees and involves the stages of evaluation of competencies and goals, feedback, individual development program and an agreement on targets for the next cycle. The strategy adopted for young employees is to offer interesting work opportunities with challenges, focused on improving skills through an interns program and junior apprentice scheme. Known as the Personal Value program, the employee is able to develop his own Individual Development Plan (IDP) in which personal targets are set and points requiring further development can be worked on through training and other forms of learning. **G4-LA11**

CPFL Energia is currently rolling out its new Post-Retirement Program, designed in 2014 and approved for implementation in May 2015. The focus here is on social aspects and the management of knowledge for employees close to retirement age. CPFL Energia is also studying a partnership with the Medical Faculty of the Universidade de São Paulo - USP (FMUSP) - The Research Center for Aging and Work (CPET) for the application of research on Quality of Life indicators related to aging in the workplace. **G4-LA10**

11.3 Compensation

CPFL Energia's agreements on targets for its Executives, Directors, Managers and Leaders are structured in three blocks: targets of a corporate nature (economic and financial results and growth of the organization), targets of a specific nature (each manager, jointly with his superior, sets those objectives under his/her direct influence to be reached) and targets of a people management nature.

The people management block targets have an equal weighting irrespective of the position in the hierarchy while the blocks of a corporate and specific nature are also equal depending on the position of the manager in the Hierarchical Pyramid of the Organization. The higher up the pyramid, the greater the weighting of corporate relative to specific targets.

The Company offers a competitive compensation and benefits package based on market monitoring surveys which evaluate peer company practices in the electric energy sector. The transparent disclosure of this information to employees via leadership and communication campaigns, evidence of CPFL Group's good labor practices, is important so that these investments can be increasingly fine-tuned and recognized by the professionals.

The ceiling on annual wage increases is 10% annually and increases due to promotion (transfer to a better evaluated posting) may not occur in periods of less than 12 months. In accordance with the legislation and the Company's compensation policy, employees are eligible to participate in the profit/results sharing program, established in the collective bargaining agreements for each Group company and adjusted annually. Furthermore, part of each employee's remuneration is linked to performance targets.



11.4 Health and safety

In 2014, the CPFL Energia Group detected opportunities for hiring its own employees for executing services and hitherto performed by outsourced service suppliers. This insourcing process, which was structured in 2014 and is to be implemented in 2015, will bring direct benefits to the Group such as the reduction in labor-related accidents involving field crew activities thanks to improved skills and the better infrastructure offered to direct employees. In addition, mechanisms have been introduced as for example in the monitoring of the use of personal protection equipment (PPE) and adoption of safety precautions in the execution of activities.

CPFL Energia has set up Occupational Safety and Health (CSS) and Operating Safety (COS) committees to monitor the management aspects and indicators relating to occupational safety in the Company. These committees represent all employees, the objective being the unification and standardization of the norms governing the entire CPFL Group with a view to improving processes and consequently, guaranteeing personal integrity. These bodies serve as a forum for the discussion of action plans for handling critical themes and evaluating the risks of operating activities as well as the initiatives and investments to mitigate them. All Group companies have Internal Accident

Prevention Commissions (CIPAs) and local occupational health, safety and environment committees. **G4-LA5**

CPFL Energia has set the improvement of performance as one of its goals in the 2015 Occupational Safety Action Plan, eliminating serious accidents caused by falls and those of an electrical nature as well as reduction in less serious accidents. The Plan will also identify and investigate the causes of accidents and seek to reinforce the occupational safety culture.

The employee accident frequency at CPFL reported an increase of 70%, reflecting a rise in the reporting of incidents due to the fact that the Company has been encouraging the notification of accidents of even minor gravity.

In 2014, CPFL Energia reported four fatal accidents (one involving a direct employee and the other three, employees from outsourced companies). As a response to these accidents, the Company has intensified its initiatives for investigating causes through the GIAA (Accident Analysis Investigation Group) with recommendations for preventive measures to be taken. Such initiatives as the People First Program and the Life Guardians and Five Steps of Safety were made more intensive in 2014. **G4-LA6**

TREND IN OCCUPATIONAL SAFETY INDICATORS AT CPFL ENERGIA **G4-LA6**



SAFETY INDICATORS OF PLANTS **G4-LA6**

FÓZ DO CHAPECÓ	Following OHSAS 18001 certification, the Company has begun to invest more in the professionalization of its employees, improving plans for training in Regulatory Norms and promoting non-essential training with greater frequency. There has been no record of accidents with time off work at Foz do Chapecó Energia in more than two years.
EPASA	During 2014, there were 11 accidents involving EPASA's employees, eight of them involving time off work (54 days lost) and three without absence from work. The Frequency Ratio for Accidents with time off work was 42.55, the Frequency Ratio without time off work was 15.96 and the Degree of Severity for the year was 287.20.
CERAN	There was no record of accidents with injuries in 2014 and the rate of absenteeism was 1.19%. In 2014, one fatal work-related accident involving an Electrical Maintenance employee at 14 de Julho HPP was recorded during maintenance work.
CPFL RENOVÁVEIS	In 2013, CPFL Renováveis had six projects under construction, which resulted in an average increase of 75% of the total number of workers increasing labor costs by about 75%. In 2014, work on the projects was completed, reducing the numbers of outsourced employees. With this reduction in the work force exposed to risk during the construction phase, the safety indexes also declined: 44% reduction in Accident Frequency Rate, 64% reduction in Accident Severity Rate and 55% reduction in Accident Risk of outsourced workers. In 2014, the dissemination of the Occupational Safety theme was intensified during the engagement phase of outsourced companies; communication of the methodology used in occupational safety for the benefit of outsourced companies was increased; meetings with the management of outsourced companies were held to anticipate the identification of eventual avoidable lapses in occupational safety measures; greater disclosure was given to occupational safety culture at CPFL Renováveis. The same approach was taken with respect to the outsourcing of services at the projects already in operation, improving the anticipation of risks and measures to be adopted on the part of engaged companies, thus avoiding accidents in the execution of service activity.

The CPFL Energia Group invests continually in educational campaigns with the objective of informing society as to the risks and dangers of electric energy. The use of talks, primers and initiatives involving schools has contributed to avoiding accidents with the electrical networks, particularly in major urban centers. In 2014, for example, the distributors were actively involved in ABRADÉE's IX National Electric Energy Safety Week.

CPFL Energia places a communication channel (palestracepae@cpfl.com.br) at the disposal of parties interested in requesting education talks on accident prevention and raising community awareness in the Company's concession areas. **EU24**

12. KNOWLEDGE AND COMPETENCIES CAPITAL



TOPICS COVERED

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- 78 RESEARCH AND DEVELOPMENT
- 79 RISK MANAGEMENT



PERFORMANCE HIGHLIGHTS

- 76 RESOURCES APPLIED IN RESEARCH AND DEVELOPMENT



BUSINESS CASES

- 76 ELECTRIC MOBILITY PROGRAM

Management mechanisms, systems and innovation tools are critical to the continual improvements to the Group's processes, products, services and business models. The Company's investments in studies and research for example are designed to produce knowledge, align strategies with the tendencies in society and supply the necessary skills for maintaining competitiveness and excellence in serving the market.

Conceived in 2012 for the development of smart grid systems in the Group's concession areas, the Tauron Program exemplifies how the Company uses its knowledge capital for generating shared value. The program operates on three different fronts – mobility, operational and telemetering – the purpose being the improvement in operational efficiency and reduction in commercial losses with consequent gains for the shareholders as well as benefits for consumers and the industry as a whole.

On the mobility front, Tauron was instrumental in the adoption of the Work Force Management System for online dispatch of service orders and ensuring the better positioning of field crews for executing the necessary work on the distribution network. As a result, the Company gains in productivity while the consumer benefits from faster and more assertive service. The spinoff from projects on the operational front is the development of systems standardization at the distributor so permitting the automation of such services as disconnecting and reconnecting. The use of these systems in conjunction with mobility mechanisms allows increasingly faster action to be taken to reestablish energy supplies following outages.

Telemetering in turn involves the adoption of advanced technology equipment for collecting data on client consumption. Over the past year, the CPFL Energia Group has concluded the installation of intelligent meters at all of its nearly 25 thousand Group A clients, a group made up of high voltage consumers (such as industrial companies and shopping malls). Smart grids are a worldwide tendency, particularly in Europe and in the United States as well as other industrialized coun-

tries where there is a need to reduce greenhouse gas emissions from energy generation activities. Looking ahead, intelligent networks will contribute to sources of distributed generation, such as residential solar panels, which can also feed into the distribution networks thus boosting supplies to the electricity grid, at the same time, reducing costs to the final consumer.

ELECTRIC MOBILITY PROGRAM EU8

Developed by CPFL Energia as part of its Research and Development project, the Company is to increase its fleet up to 27 electric-powered vehicles under the Electric Mobility Program. The number of service stations (for recharging electrical vehicles) is expected to reach as many as 25. The first corridor for recharging electrical vehicles between Campinas and São Paulo is to be set up to encourage safe intercity travel over short distances.

Electric vehicle use is already a reality in the case of operating, logistics and executive fleets. New classes of user are already being prospected in this current phase such as vehicle rental companies, taxi fleets and for normal residential use by private owners.

The first phase of the project began in 2013 with the use of seven cars. These have since covered nearly 35 thousand kilometers and consumed 3,876 KWh of energy, avoiding the release of 4.7 tons of CO2 emissions into the atmosphere.

Preliminary results from this first phase indicate that electric vehicles are about five times cheaper than conventional cars. The cost per kilometer of an internal combustion vehicle is about R\$ 0.19, while that of an electric vehicle driven over the same distance is R\$ 0.05.

In addition to CPFL Energia, the other executive entities in the Urban Mobility Program are CPqD (Center for Research and Development in Telecommunications), the State University of Campinas,

In 2012, the CPFL Group set up the Ideas Factory, a social and open platform for all employees for encouraging a culture of innovation in the Company. This initiative is to provide an incentive for the creation of ideas related to the strategy for growth and businesses as eventual candidates for implementation.

Daimon; and like CPFL Energia helping to build this real life laboratory with electric vehicle fleets, the companies Natura and 3M as partners.

The companies running electric cars in their fleets undertake to provide all data on consumption and usage, also providing an incentive for the Company's Research and Development projects through a financial offset (type of leasing) and as a quid pro quo for the use of vehicles with zero GHG emissions. Among CPFL Energia Group's objectives in this project is the evaluation of the impacts on the electricity network and on the expansion of the system with the adoption of electric vehicle models. Preliminary forecasts suggest that the use of this technology would consume 0.6% of the National Interconnected System's load in 2030 should the fleet reach five million electric-powered vehicles. In the case of 13.3 million units (166.6% more than the first simulation), consumption would be 1.7% of the load (a growth of 1.1 percentage point).

In addition, the Company plans to contribute further to the studies on the use of electric vehicles as a source of distributed generation, improvements in regulatory and legal aspects, battery life cycle and re-use and a proposed business model for electric mobility in Brazil. The Company is also to look at aspects involving technical requirements and minimum safety conditions for the installation of battery recharging service stations in Brazil and the barriers and opportunities for creating an electric mobility cluster in the country as well as other related questions.

The CPFL Energia Group has made significant advances in the management of this capital. Notable has been the tools and mechanisms for encouraging the exchange of knowledge between the company's employees and ensuring that innovations and indispensable skills are kept within the Company. One of the key pillars of this strategy is the preparation of leaders and managers as successors based on the mapping of competencies for each job in the Company and the incentive given to professionals for training in technical skills.



12.1 R&D Investments EU8

Sector regulations in Brazil dictate that companies in the energy distribution, generation and transmission segments must invest 1% annually of their net operating revenue in research and development of energy efficiency programs. At CPFL Energia, the distributors dedicate 0.5% of their revenue to research and development (R&D) projects and a further 0.5% to energy efficiency programs. The generators invest the full 1% of their operating revenue in R&D. In 2014, CPFL Energia's investments amounted to a total of R\$ 30.4 million.

In 2014, CPFL ESCO (CPFL Eficiência Energética S.A.), a subsidiary under the umbrella of the holding company, initiated activities offering consultancy and management services for improving the energy efficiency of its clients. In October 2014, CPFL Serviços' activities involving energy self-generation were transferred to the portfolio of CPFL ESCO.

RESOURCES APPLIED IN TECHNOLOGICAL AND SCIENTIFIC RESEARCH AND DEVELOPMENT (R\$ THOUSAND)	2013	2014
Alternative sources of electric energy generation	11,533,103	7,578,556
Environment	534,105	401,442
Occupational Safety	85,691	877,466
Energy Efficiency	118,273	117,703
Electric Energy Systems Plan	2,966,952	4,535,237
Electric Energy Systems Operation	2,399,045	5,350,879
Supervision, Control and Protection of Electric Energy Systems	2,078,553	2,564,430
Quality and Reliability of the Electric Energy Services	2,409,360	1,034,803
Metering, invoicing and combat of commercial losses	1,729,100	256,592
Other	5,587,503	7,691,700
Total investments in R&D	29,441,684	30,408,808

EU8

RISK MANAGEMENT

CPFL Energia adopts a corporate risks management model for adding value to the businesses in accordance with the Strategic Plan and the monitoring and coordination of management in the corporate and business unit areas. This guarantees the certification of the processes and internal controls in accordance with national and international norms.

The Board of Executive Officers has the function of establishing the mechanisms for measuring the impact of risk exposure and probability, monitoring the implementation of mitigation initiatives and accountability to the Board of Directors. The Risks Management Corporate Committee and the Consolidated Processes, Internal Controls and Risks Management Department assist the Board of Executive Officers in this task.

The Management Processes Committee advises the Board of Directors on the supervision and monitoring of the internal

risk controls, providing guidance on the work of the internal audit and on the preparation of proposals for improvements.

One of the functions of the Fiscal Council is also to evaluate management's instruments for preventively identifying the main risks to which the Company is exposed, the probability of these risks materializing and the plans for prevention and mitigation.

The Company and its subsidiaries employ policies and operational and financial strategies for maintaining the liquidity, security and profitability of its assets. Consequently, the Company is suitably equipped for controlling and tracking the transactions and balances of the financial instruments, allowing it to monitor risks and current rates in relation to those practiced in the market.

Details on the risks that can affect the Company's business as well as their management can be found in the 20F Report in the [Investor Relations](#) website.



13. FINANCIAL CAPITAL



TOPICS COVERED

- 76 CPFL GROUP PERFORMANCE
- 78 SEGMENTS PERFORMANCE



PERFORMANCE HIGHLIGHTS

- 76 PARTICIPATION OF SEGMENTS IN CPFL ENERGIÀ'S MANAGEMENT ACCOUNTING
- 77 SALES IN DISTRIBUTOR CONCESSION AREAS
- 78 READJUSTMENT OF DISTRIBUTION TARIFFS
- 79 DISTRIBUTION SEGMENT INDICATORS
- 80 GENERATION SEGMENT INDICATORS
- 81 COMMERCIALIZATION AND SERVICES SEGMENT INDICATORS

13.1 CPFL Performance

Operating in the energy generation, distribution and commercialization segments, the consolidated CPFL Group is one of the largest companies in the Brazilian electricity sector. Portfolio diversification and the quest for efficiency in each one of its businesses are component parts of the strategy for creating long-term shareholder value and this has contributed to the Company's solid growth.

In 2014, net operating revenue (IFRS), including construction revenue, was R\$ 16,361 million, a year-on-year increase of 20%, thanks to the increase in revenue from the Conventional Generation (20%), Renewable Sources Generation (22.5%), Distribution (21%) and Commercialization and Services (16.7%) segments. On the other hand, the cost of electricity in the form of acquisition costs of energy for resale and for charges for use of the transmission and distribution system reported an increase of 29.8% (R\$ 2,446 million), principally due to the cost of acquiring energy in the regulated contracting environment. Net income was R\$ 886 million (a reduction of 6.6% in relation to 2013) and EBITDA amounted to R\$ 3,361 million (+6.0% relative to 2013).

EBITDA (R\$ THOUSAND)

	2013	2014
IFRS	3,547,113	3,760,903
MGMENT ACCTING	3,907,681	3,916,033

NET REVENUE* (R\$ THOUSAND)

	2013	2014
IFRS	13,629,457	16,360,945
MGMENT ACCTING	13,681,479	15,686,872

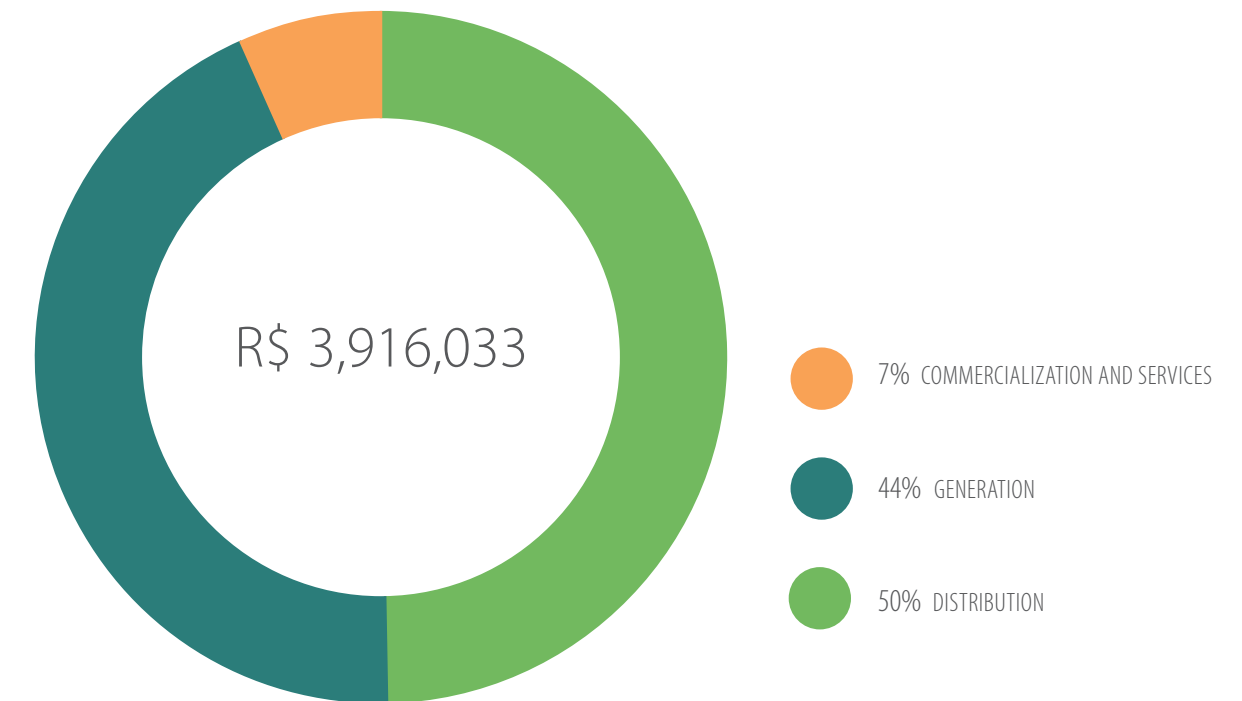
NET INCOME (R\$ THOUSAND)

	2013	2014
IFRS	949,036	886,444
MGMENT ACCTING	1,304,273	1,158,696

*Not considering concession infrastructure construction revenue.



PARTICIPATION OF SEGMENTS IN CPFL ENERGIA'S MANAGEMENT ACCOUNTING



While the Company has increased the level of investments principally following the creation of CPFL Renováveis in 2011, it has also maintained a strict control on leverage. However, since the new projects consume resources at the construction phase, deleveraging occurs naturally as the new projects begin commercial operations. In 2014, CPFL Energia's financial net debt was R\$ 14,198 million, an increase of 13.6% compared with 2013. The increase in financial debt is to support the Group's expansion strategy such as the financing of CPFL Renováveis greenfield projects. In this context, it is worth mentioning that CPFL Energia adopts a pre-funding strategy, anticipating necessary funding of debts maturing over a term of between 18 and 24 months in advance.

CPFL Energia's capacity to create value and the appropriate management of financial capital both have positive impacts, guaranteeing resources for the implementation of strategic

projects which improve the quality of service. The Company also enhances the generation of revenue for municipal districts in which its concession areas are located through the payment of taxes and charges such as the state ICMS sales tax and the federal PIS and COFINS taxes. CPFL Energia also contributes to society through electric sector energy efficiency and technological research and development programs (regulatory charges) which are funded as a percentage of gross operating revenue. Other sector charges may vary in accordance with regulatory effects and reflected in the Company's tariffs. In 2014, CPFL contributed R\$ 5,044,467 million or 23.08% of its gross operating revenue to charges/taxes and programs.

In turn, the Company's financial robustness translates into investor loyalty and a return on investment through the payment of dividends, the appreciation of share price and long-term returns.

13.2 Performance of CPFL Energia's Businesses

DISTRIBUTION

Energy sales in CPFL Energia's distributor concession areas recorded an increase of 2.6% to 59,962 GWh. Residential and commercial class consumers reported increases of 7.0% and 7.9%, respectively, although there was a decline in sales to the industrial class of 3.4%, reflecting the deceleration in economic activity in Brazil during 2014.

SALES IN DISTRIBUTOR CONCESSION AREAS (GWH)

	2013	2014
RESIDENTIAL	15,426	16,501
INDUSTRIAL	25,419	25,565
COMMERCIAL	9,305	10,043
OTHERS	8,312	8,853
TOTAL	58,463	59,962

CPFL Group distributor tariffs were readjusted in 2014 in line with ANEEL ratifying resolutions as shown below:

Annual Tariff Readjustment (RTA)	CPFL Piratininga	RGE	CPFL Paulista	CPFL Mococa	CPFL Sul Paulista	CPFL Jaguari	CPFL Leste Paulista	CPFL Santa Cruz
RATIFYING RESOLUTION	1,810	1,739	1,701	1,679	1,677	1,680	1,681	1,682
ECONOMIC TARIFF READJUSTMENT RATIO (TRR)	15.81%	18.83%	14.56%	2.00%	-3.16%	1.17%	-4.74%	9.89%
FINANCIAL COMPONENTS	3.92%	2.99%	2.62%	-4.07%	-2.35%	-4.90%	-2.93%	4.97%
TOTAL TRR	19.73%	21.82%	17.18%	-2.07%	-5.51%	-3.73%	-7.67%	14.86%
AVERAGE EFFECT	22.43%	22.77%	17.23%	-9.53%	0.43%	3.70%	-5.32%	26.00%



DISTRIBUTION SEGMENT INDICATORS

EBITDA for the Distribution segment posted a year-on-year increase of 3.1% from R\$ 2,180 million to R\$ 2,115 million in 2014, principally due to the increase of 21.0% in Net Revenue, which in 2014 amounted to R\$ 12,788 million, and the decrease of 3.3% in operational costs and expenses.

However, this increase was partially offset by the increase in Electric Energy Costs, which rose 31.5% to R\$ 8,998 million in 2014.

EBITDA (R\$ THOUSAND)

	2013	2014
IFRS	2,115,488	2,180,272
MGMENT ACCTING	2,210,870	1,944,702

NET REVENUE* (R\$ THOUSAND)

	2013	2014
IFRS	10,570,662	12,787,990
MGMENT ACCTING	10,716,387	12,552,420

NET INCOME (R\$ THOUSAND)

	2013	2014
IFRS	852,525	947,958
MGMENT ACCTING	1,046,711	822,926

*Not considering concession infrastructure revenue (which does not affect the result given the corresponding cost in the same amount).

GENERATION

In the generation segment, low rainfall in early 2014 triggered the application of the GSF (Generation Scaling Factor) and a corresponding need for acquiring energy in the market by several generators, MRE (Energy Reallocation Mechanism) participants.

In the light of these effects, EBITDA for the Generation segment (Conventional and Renewable) based on IFRS fundamentals, fell 2.6% to R\$ 1,343 million in 2014. Electric energy costs reached R\$ 836 million, an increase of 102.8% compared with 2013, an increase of 232.6% to R\$ 482 million in the case of Conventional Generation, and 32.5% to R\$ 354 million in Renewable Generation.

Operating costs and expenses increased 17.5% to R\$ 882 million in 2014, an increase of 2.6 million to R\$ 221 million for Conventional Generation and R\$ 662 million for Renewable Generation, equivalent to an increase of 23.4%.

GENERATION SEGMENT INDICATORS

EBITDA (R\$ THOUSAND)

	2013	2014
IFRS	1,378,490	1,343,058
MGMENT ACCTING	1,643,202	1,694,710

NET REVENUE* (R\$ THOUSAND)

	2013	2014
IFRS	1,942,616	2,436,766
MGMENT ACCTING	2,356,130	3,168,812

NET INCOME (R\$ THOUSAND)

	2013	2014
IFRS	261,035	-48,233
MGMENT ACCTING	418,517	306,004

* Not considering concession infrastructure revenue (which does not affect the result given the corresponding cost in the same amount).

COMMERCIALIZATION AND SERVICES

Through its CPFL Brasil subsidiary, CPFL Energia operates in the commercialization segment nationwide. Its strategy is directed principally to the sale of energy to medium-sized clients – the so-called special clients – which purchase energy from renewable sources. The Commercialization and Services segment recorded a year-on-year increase of 255.3% from R\$ 74 million to R\$ 263 million in 2014, due principally to the increase of 23.0% in Net Revenue which reached R\$ 2,497 million in 2014.

The services segment posted an increase of 238% in revenue, totaling R\$ 45 million. While there was an increase of 71.6% (or R\$ 144 million) in net operating revenue, operating expenses and costs also rose sharply by 59.7% (or R\$ 112 million).

In the services area, CPFL Serviços, CPFL Atende and CPFL Total offer a comprehensive range of products to customers and consumers ranging from solutions for high voltage projects to a proprietary bill payments system. Principal value-added electric energy-related services include engineering projects for transmission and distribution networks, equipment maintenance and retrofitting and self-generation networks.

CPFL Atende is a company specialized in the provision of customer services for public utilities (call center, on-site and back-office services, credit collection, among others).

CPFL Total is a collection and onlending company with an authorized network which offers such services as payment of water, electricity and telephone bills as well as bank payment slips and cable TV invoices.

In 2014, the Group set up **CPFL Telecom**, providing solutions in telecommunications network infrastructure to operators and service providers in this market. The company already has a footprint in 17 cities in the interior and along the coastal seaboard of the state of São Paulo. In 2014, investments totaled R\$ 60.3 million.



COMMERCIALIZATION AND SERVICES SEGMENT INDICATORS

EBITDA (R\$ THOUSAND)

	2013	2014
IFRS	74,132	263,411
MGMENT ACCTING	74,132	263,411

NET REVENUE* (R\$ THOUSAND)

	2013	2014
IFRS	2,030,520	2,497,168
MGMENT ACCTING	2,030,520	2,497,168

NET INCOME (R\$ THOUSAND)

	2013	2014
IFRS	51,653	168,046
MGMENT ACCTING	51,653	168,046

Business diversification is part of the corporate growth strategy, the objective being to create shareholder value over the next five years. In late 2014, CPFL Energia established two new companies for enlarging the scope of services offered to its free consumers.

CPFL Eficiência represents the Group's debut into the area of energy efficiency for the free market. The company begins its operations with a solid customer portfolio inherited from CPFL Serviços in self-production and distributed generation activities. Additionally, as a subsidiary of CPFL Brasil, CPFL Eficiência will also be able to tap the Group's commercializing company's clients for additional business.

CPFL Brasil also reinforces the Group's business in the free market with the constitution of the retail commercialization company. The company's objective is to reduce CCEE (Electric Power Trade Board) transactional costs by simplifying the migration of small scale consumers to the free market. CPFL Brasil focuses on potentially free consumers with contracted demand between 0.5 MW and 1 MW, migration to the free market being conditional on the purchase of energy from incentivized sources such as wind, biomass, solar and Small Hydroelectric Plants (SHPs).

Dividend distribution: The Company's Corporate Bylaws provide for the distribution of a legally mandatory minimum dividend of 25% of the adjusted net income to shareholders. The Company has already distributed R\$ 422 million (44.5% of net income for the fiscal year) as dividends and therefore higher than the obligatory payout. However, in the light of the adverse economic scenario, uncertainties as to the hydrological situation as well as questions surrounding market forecasts for the distributors due to energy efficiency campaigns and extraordinary tariff hikes, the Board has decided to propose the allocation of R\$ 555 million to the statutory reserve – working capital increase.

To access CPFL Energia's full results, please see the [Investor Relations](#) website.

14.
GRI INDEX



14.1 GENERAL CONTENT

Indicator	Description	Page	Answer	Omission	External Assurance
STRATEGY AND ANALYSIS					
G4-1	President Statement.	4, 6			Yes
G4-2	Description of key impacts, risks and opportunities.	9			
ORGANIZATIONAL PROFILE					
G4-3	Organization name.	15			
G4-4	Main Brands, products and services.	17			Yes
G4-5	Organization's headquarters location.	15			
G4-6	Number of countries where the organization operates, and names of countries in which its main operations are located or are especially relevant to the topics of sustainability	14, 15			
G4-7	Nature of ownership and legal form of organization.	15			
G4-8	Markets in which the organization operates.	14 and 15			
G4-9	Size of the organization.	14			

G4-10 Total number of employees broken down by employment contract and gender.

	EXECUTIVES		WORKERS		Total
	Male	Female	Male	Female	
TOTAL GERAL	18	1	6766	2053	8838

EMPLOYMENT TYPE

	EXECUTIVES		FIXED TERM		INDEFINITE TERM		Total
	Male	Female	Male	Female	Male	Female	
TOTAL GERAL	18	1	18	34	6748	2019	8838

CONTRACT TYPE

	NUMBER OF EMPLOYEES			FTE*		
	Male	Female	Total	Male	Female	Total
TOTAL	6784	2054	8838	6710	1911	8622

*FTE: Full Time Equivalent= Employee hours/200h monthly (8 daily hours)

Indicator	Description	Page	Answer	Omission	External Assurance			
G4-10	Total number of employees broken down by employment contract and gender.		EMPLOYEES BY REGION					
			State	Male	Female			Total
			DF	1	2			3
			MG	8	1			9
			PB	87	7			94
			PR	12	1			13
			RS	1265	263			1528
			SP	5411	1780			7191
TOTAL	6784	2054	8838					
G4-11	Percentage of total employees covered by collective bargaining agreements.	63						
G4-12	Description of the organization Supply Chain.	60			Yes			
G4-13	Significant changes during the reporting period.	27						
COMMITMENTS TO EXTERNAL INITIATIVES								
G4-14	Whether and how the organization adopts the planking or the precautionary principle.	77						
G4-15	Charters, principles or other initiatives undertaken exactly economic, environmental and social which the organization subscribes and endorses.	21			Yes			
G4-16	Participation in associations and national or international advocacy organizations.	3						
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES								
G4-17	Entities included in the consolidated financial statements of the organization or equivalent documents.	17			Yes			
G4-18	Process used to define the report content and the limits of the aspects.	30, 31, 32, 33, 34, 35						
G4-19	List all material aspects identified.	32						
G4-20	For every material aspect, report the appearance of the limit within the organization.	128						
G4-21	For every material aspect, report your limit outside the organization.	128						
G4-22	Any restatements of information provided in previous reports, and the reasons for such restatements	3						
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	3						

Indicator	Description	Page	Answer	Omission	External Assurance
STAKEHOLDER ENGAGEMENT					
G4-24	List of stakeholder groups engaged by the organization.	31			
G4-25	Basis for identification and selection of stakeholders with whom to engage.	127 and 128			
G4-26	Organization's approach to stakeholder engagement.	128			
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	128			
REPORT PROFILE					
G4-28	Reporting period for information provided.	3			Yes
G4-29	Date of most recent previous report.	3			
G4-30	Reporting cycle.	3			Yes
G4-31	Contact point for questions regarding the report or its contents.	3			
G4-32	Table identifying the location of information in the report.	3			
G4-33	Policy and practice adopted by the organization to submit the report to an external verification.	3			
GOVERNANCE					
G4-34	Governance structure of the organization, including committees of the highest governance body.	19			Yes
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	19			
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	19 and 29			Yes
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	29			
G4-38	Composition of the highest governance body and its committees.	18 and 20			Yes
G4-39	Whether the Chair of the highest governance body is also an executive officer.	18			

Indicator	Description	Page	Answer	Omission	External Assurance
COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES					
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	18	Shareholders must provide to the general meeting the updated curriculum vitae of nominees for the post of Member of the Management Board and, prior to taking office, the directors declare their adherence to the listing rules of the new market of BMF & BOVESPA. The elected Board members are selected from among senior professionals, senior management positions occupants, having proven experience in the energy sector or in the respective areas, and have diverse background.		Yes
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.		It is the responsibility of the board to prevent and manage conflicts of interests or difference of opinion, to ensure that the interest of the company and its subsidiaries and associated companies always prevail over any other interests. The board advisory committee member who has actual or potential conflict of interest with particular material will depart the room and not participate in the meeting during the period in which the matter is being assessed, but may be asked to provide information. any director who has actual or potential conflict of interest or which is linked to the Related party whose main activities involve existence, actual or potential conflict of interest with particular material being examined by the Board, will refrain from participating in the part of the meeting at which such matter is analyzed. other information is available at www.cpf.com.br		
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.		The Executive Board is responsible for approving and updating the strategic drivers of CPFL (vision, mission and principles) and the definition of political strategies and goals as well as the definition of strategies, policies and goals related to economic, environmental and social organization. The management processes committee of the board is responsible for monitoring initiatives related to the company's sustainability and subsidiaries		
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	19			
G4-44	Processes for evaluation of the highest governance body's performance	19			
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	29			Yes
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	29			Yes
G4-47	frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	18			Yes
G4-49	Process for communicating critical concerns to the highest governance body.	19			Yes
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	20			
G4-51	Remuneration policies for the highest governance body and senior executives.	20			

Indicator	Description	Page	Answer	Omission	External Assurance
COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES					
G4-52	Process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	20			
ETHICS AND INTEGRITY					
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		<p>Values, corporate culture and the importance of ethics in the conduct of business of the CPFL group are disseminated through the Business Ethics and Conduct Code of CPFL Energia, to which all Directors and employees adhere from their entry into the company.</p> <p>Also in 2014, several events occur at CPFL Culture, related to the subject, which are open to the public, available on the internet and often televised by TV Cultura:</p> <ul style="list-style-type: none"> • 29/mai/14: Ética e vergonha na cara! - Mario Sergio Cortella e Clóvis de Barros Filho http://www.cpficultura.com.br/wp/2014/06/02/etica-e-vergonha-na-cara-com-mario-sergio-cortella-e-clovis-de-barros-filho/ http://www.cpficultura.com.br/wp/2014/08/26/etica-no-cotidiano-com-mario-sergio-cortella-e-clovis-de-barros-filho-versao-tv-cultura/ • 17/set/14: Before the corrupt, the citizen (with the release of "Corruption: degenerative partnership") – Clóvis de Barros Filho e Sérgio Praça http://www.cpficultura.com.br/wp/2014/09/18/lancamento-do-livro-corrupcao-parceria-degenerativa-editora-papirus-7-mares-de-clovis-de-barros-filho-esergio-praca-integra/ • 07/nov/14: Debate on national truth commission - Pedro Dallari e Maria Rita Kehl http://www.cpficultura.com.br/wp/2014/11/10/debate-sobre-comissao-nacional-da-verdade-com-pedro-dallari-e-maria-rita-kehl/ <p>Read about the policies, the Code of Ethics and Business Conduct CPFL Energia and the duties of the Ethics and Business Conduct Committee.</p>		
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	20			Yes
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	20			Yes

14.2 SPECIFIC CONTENT (MATERIAL INDICATORS)

14.2.1 ECONOMIC CATEGORY

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact
ECONOMIC PERFORMANCE							
Climate Change	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		Yes	47 and 48		

14.2.2 ENVIRONMENTAL CATEGORY

ENERGY																									
Use of resources	G4-EN3	Energy consumption within the organization.			23 and 49	<table border="1"> <thead> <tr> <th colspan="2">ENERGY CONSUMPTION (GJ)</th> </tr> <tr> <th>Year</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>GASOLINE</td> <td>30,872.19</td> </tr> <tr> <td>DIESEL</td> <td>232,035.70</td> </tr> <tr> <td>ETHANOL</td> <td>57,548.55</td> </tr> <tr> <td>FUEL OIL</td> <td>7,878,630.26</td> </tr> <tr> <td>LIQUEFIED PETROLEUM GAS</td> <td>1,711.53</td> </tr> <tr> <td>ENERGY PURCHASED</td> <td>124,127.64</td> </tr> <tr> <td>TOTAL</td> <td>8,324,925.87</td> </tr> </tbody> </table>	ENERGY CONSUMPTION (GJ)		Year	2014	GASOLINE	30,872.19	DIESEL	232,035.70	ETHANOL	57,548.55	FUEL OIL	7,878,630.26	LIQUEFIED PETROLEUM GAS	1,711.53	ENERGY PURCHASED	124,127.64	TOTAL	8,324,925.87	
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Use of resources	G4-EN6	Reduction of energy consumption.			49	<p>The CPFL Energia Group achieved in 2014 a reduction of 1,430 MWh in electricity consumption. This reduction was achieved through actions to encourage smart and sustainable consumption of electricity, and replacement of fluorescent lamps with LED lamps with lower wattage.</p> <p>In 2014 there were numerous actions to reduce fuel consumption in EPASA and the generation of black smoke, as described below:</p> <ul style="list-style-type: none"> • Prepared operating instructions, removing operating equipment with low efficiency until performing maintenance; • Maintenance preprogrammed in operating equipment with parts replacement and removal of leaks (engines and auxiliary equipment); • Specialized Labor Hiring, improving maintenance performed; • Addition of an additive improving the fuel combustion efficiency; • Among others. 	7,8																		

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact																																										
WATER																																																	
Water	G4-EN8	Total water withdrawal by source.		Yes	23 and 49																																												
Water	G4-EN10	Percentage and total volume of water recycled and reused.			23 and 49		8																																										
BIODIVERSITY																																																	
Biodiversity and ecosystems	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		Yes	44																																												
Biodiversity and ecosystems	G4-EN13	Habitats protected or restored.			23 and 44 to 46	<table border="1"> <thead> <tr> <th></th> <th>UHE Barra Grande</th> <th>UHE Campos Novos</th> <th>UHE Monte Claro</th> <th>UHE 14 de Julho</th> <th>UHE Castro Alves</th> </tr> </thead> <tbody> <tr> <td>Total area of land (km²)</td> <td>125.80</td> <td>50.50</td> <td>4.49</td> <td>7.97</td> <td>10.21</td> </tr> <tr> <td>Flooded area (km²)</td> <td>83.20</td> <td>25.60</td> <td>0.69</td> <td>2.77</td> <td>3.05</td> </tr> <tr> <td>Area of primary vegetation (km²)</td> <td>20.80</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Area with secondary vegetation in middle and advanced stages of regeneration (km²)</td> <td>45.70</td> <td>9.90</td> <td>3.76</td> <td>5.17</td> <td>7.10</td> </tr> <tr> <td>Permanent preservation area (km²)</td> <td>42.40</td> <td>20.70</td> <td>3.02</td> <td>4.31</td> <td>6.87</td> </tr> <tr> <td>Installed power / Flooded Area (MW/km²)</td> <td>8.29</td> <td>34.38</td> <td>189.50</td> <td>36.15</td> <td>42.61</td> </tr> </tbody> </table>		UHE Barra Grande	UHE Campos Novos	UHE Monte Claro	UHE 14 de Julho	UHE Castro Alves	Total area of land (km ²)	125.80	50.50	4.49	7.97	10.21	Flooded area (km ²)	83.20	25.60	0.69	2.77	3.05	Area of primary vegetation (km ²)	20.80	-	-	-	-	Area with secondary vegetation in middle and advanced stages of regeneration (km ²)	45.70	9.90	3.76	5.17	7.10	Permanent preservation area (km ²)	42.40	20.70	3.02	4.31	6.87	Installed power / Flooded Area (MW/km ²)	8.29	34.38	189.50	36.15	42.61	7,8
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EPASA has a reforestation program around the plant (degraded area recovery) Area of Epasa covers a total area of 79.24 hectares subdivided into internal area with 29.13 hectares (36.74% of total) and area external with 50.11 hectares (63.25% of the total), separated by masonry wall. Were implanted in the inner area 05 reforestation points with 1 hectare area each, which is maintained by a specialized contractor. In this area predominant native vegetation in growth stage. Outside, the local characteristic vegetation consists of grasses and sedges forming a grassy carpet until recently used as grazing animals. The herb layer punctuate some isolated trees of common species and variety of exotic plants. Near the project there is a forest reserve of approximately 80 hectares still remaining of the original vegetation of the region, the vegetation composition relates to the shrub and subshrub layer of presentations, complemented by herbaceous stratum.

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact
EMISSIONS							
Climate Change	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).			23 and 47		
Climate Change	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).			23 and 47		
Climate Change	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).			47		
Climate Change	G4-EN18	Greenhouse gas (GHG) emissions intensity.				55 tCO ₂ e / GWh (Total emissions (Scope 1) / Total energy generated)	7,8
Climate Change	G4-EN19	Reduction of greenhouse gas (GHG) emissions.				CPFL Energia reduced 193.76 tCO ₂ e in 2014 through the projects cited in the G4-EN6 indicator	7,8
PRODUCTS AND SERVICES							
Use of resources	G4 - EN27	Extent of impact mitigation of environmental impacts of products and services.		Yes	45, 48 and 49		7
COMPLIANCE							
Compliance	G4 - EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		Yes	44		
SUPPLIER ENVIRONMENTAL ASSESSMENT							
Supplier Management	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.		Yes	61		7

14.2.3 SOCIAL CATEGORY - LABOR PRACTICES AND DECENT WORK

EMPLOYMENT																																																																																							
Employment, work and HR	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.			25	<table border="1"> <thead> <tr> <th colspan="4">ADMISSION</th> </tr> <tr> <th>State</th> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>MG</td> <td>2</td> <td></td> <td>2</td> </tr> <tr> <td>18 - 35 YEARS</td> <td>2</td> <td></td> <td>2</td> </tr> <tr> <td>PB</td> <td>17</td> <td>5</td> <td>22</td> </tr> <tr> <td>18 - 35 YEARS</td> <td>13</td> <td>2</td> <td>15</td> </tr> <tr> <td>36 - 45 YEARS</td> <td>1</td> <td>2</td> <td>3</td> </tr> <tr> <td>OVER 45 YEARS</td> <td>2</td> <td></td> <td>2</td> </tr> <tr> <td>UP TO 18 YEARS</td> <td>1</td> <td>1</td> <td>2</td> </tr> <tr> <td>RS</td> <td>243</td> <td>57</td> <td>300</td> </tr> <tr> <td>18 - 35 YEARS</td> <td>207</td> <td>37</td> <td>244</td> </tr> <tr> <td>36 - 45 YEARS</td> <td>29</td> <td>4</td> <td>33</td> </tr> <tr> <td>OVER 45 YEARS</td> <td>1</td> <td>1</td> <td>2</td> </tr> <tr> <td>UP TO 18 YEARS</td> <td>6</td> <td>15</td> <td>21</td> </tr> <tr> <td>SP</td> <td>1288</td> <td>733</td> <td>2021</td> </tr> <tr> <td>18 - 35 YEARS</td> <td>1027</td> <td>635</td> <td>1662</td> </tr> <tr> <td>36 - 45 YEARS</td> <td>165</td> <td>77</td> <td>242</td> </tr> <tr> <td>OVER 45 YEARS</td> <td>96</td> <td>20</td> <td>116</td> </tr> <tr> <td>UP TO 18 YEARS</td> <td></td> <td>1</td> <td>1</td> </tr> <tr> <td>TOTAL</td> <td>1550</td> <td>795</td> <td>2345</td> </tr> </tbody> </table>	ADMISSION				State	Male	Female	Total	MG	2		2	18 - 35 YEARS	2		2	PB	17	5	22	18 - 35 YEARS	13	2	15	36 - 45 YEARS	1	2	3	OVER 45 YEARS	2		2	UP TO 18 YEARS	1	1	2	RS	243	57	300	18 - 35 YEARS	207	37	244	36 - 45 YEARS	29	4	33	OVER 45 YEARS	1	1	2	UP TO 18 YEARS	6	15	21	SP	1288	733	2021	18 - 35 YEARS	1027	635	1662	36 - 45 YEARS	165	77	242	OVER 45 YEARS	96	20	116	UP TO 18 YEARS		1	1	TOTAL	1550	795	2345	
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Employment, work and HR	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		Yes		<table border="1"> <thead> <tr> <th>Company</th> <th>Benefits</th> </tr> </thead> <tbody> <tr> <td>PAULISTA, PIRATININGA, BRASIL, GERAÇÃO E ENERGIA</td> <td>Employees of CPFL Paulista, CPFL Piratininga, CPFL Generation and CPFL Brazil, linked to the CESP Foundation, are entitled to benefits in line with best practices of the labor market, with access to pension plans and health coverage for expenses with meal and food and transportation and daycare assistance. For the same group of employees, the company also offers payroll loan, retraining program, vacation bonus, in addition to specific reimbursements for services in healthcare. Benefits such as life insurance, residence and vehicles are offered with 100% participation of the employee.</td> </tr> <tr> <td>RGE</td> <td>The RGE employees are granted various benefits such as pension plans, health and dental care, food stamps, meal tickets, day care assistance, personal / payroll loan, life insurance agreement with pharmacy, school kits, reimbursement of the Driving License, post-return bonus vacation and assistance to persons with disabilities. RGE also offers scholarships annually to aid employees for technical, undergraduate, graduate, MBA and masters.</td> </tr> <tr> <td>JAGUARIÚNAS</td> <td>At the distributors CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista and CPFL Sul Paulista, employees are entitled to pension plans, medical and dental assistance, food stamps, meal tickets, Aid pharmacy, daycare, payroll loan, gratuity vacation, retraining programs, holiday loan, life insurance. They are also granted agreements with universities and language schools.</td> </tr> <tr> <td>SANTA CRUZ</td> <td>CPFL Santa Cruz offers pension plan, medical and dental assistance, meal tickets, particular individual aid, day-care assistance and transportation. Employees are entitled even to payroll loan, vacation bonus, retraining programs, life insurance and accidents (extended to spouses) and agreement with pharmacies.</td> </tr> </tbody> </table>	Company	Benefits	PAULISTA, PIRATININGA, BRASIL, GERAÇÃO E ENERGIA	Employees of CPFL Paulista, CPFL Piratininga, CPFL Generation and CPFL Brazil, linked to the CESP Foundation, are entitled to benefits in line with best practices of the labor market, with access to pension plans and health coverage for expenses with meal and food and transportation and daycare assistance. For the same group of employees, the company also offers payroll loan, retraining program, vacation bonus, in addition to specific reimbursements for services in healthcare. Benefits such as life insurance, residence and vehicles are offered with 100% participation of the employee.	RGE	The RGE employees are granted various benefits such as pension plans, health and dental care, food stamps, meal tickets, day care assistance, personal / payroll loan, life insurance agreement with pharmacy, school kits, reimbursement of the Driving License, post-return bonus vacation and assistance to persons with disabilities. RGE also offers scholarships annually to aid employees for technical, undergraduate, graduate, MBA and masters.	JAGUARIÚNAS	At the distributors CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista and CPFL Sul Paulista, employees are entitled to pension plans, medical and dental assistance, food stamps, meal tickets, Aid pharmacy, daycare, payroll loan, gratuity vacation, retraining programs, holiday loan, life insurance. They are also granted agreements with universities and language schools.	SANTA CRUZ	CPFL Santa Cruz offers pension plan, medical and dental assistance, meal tickets, particular individual aid, day-care assistance and transportation. Employees are entitled even to payroll loan, vacation bonus, retraining programs, life insurance and accidents (extended to spouses) and agreement with pharmacies.																																					
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Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact
EMPLOYMENT							
Employment, work and HR	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		Yes		<p>Company</p> <p>CENTRAIS GERADORAS Employees are entitled to medical and dental assistance, food stamps, meal tickets, Aid pharmacy, daycare, payroll loan, vacation bonus, retraining programs, holiday loan, life insurance. They are also granted agreements with universities and language schools.</p> <p>PRAZO DETERMINADO To temporary workers the benefits of medical and hospital care are offered, meal vouchers and transportation through the company hired by CPFL Energia.</p> <p>CPFL SERVIÇOS Employees have the right plans of medical, hospital and dental assistance, meal tickets, Aid pharmacy, payroll loan, life insurance, retirement bonus, pension and daycare.</p> <p>CPFL ATENDE Employees have the right for medical plans, hospital and dental assistance, food stamps, Aid pharmacy, payroll loan, life insurance, retirement and bonus for daycare.</p> <p>CPFL TOTAL Employees have the right plans of medical, hospital and dental assistance, food stamps, Aid pharmacy, payroll loan, life insurance, retirement bonus, complement sickness, peculiar compensation and daycare.</p> <p>NECT Employees have the right for medical plans, hospital and dental assistance, food stamps, Aid pharmacy, payroll loan, life insurance, retirement bonus, complement sickness, peculiar compensation and daycare.</p> <p>TELECOM Employees have the right for medical plans, hospital and dental care, nursery assistance, pharmacy, aid particular individual, complement sick pay, payroll loan, vacation bonus, pension, life insurance and meal ticket.</p> <p>EPASA Employees have the right for medical plans, hospital and dental care, day care assistance, aid pharmacy, payroll loan, pension-private, retraining programs, life insurance, food vouchers and meal vouchers.</p>	
OCCUPATIONAL HEALTH AND SAFETY							
Occupational Health and Safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender.		Yes	70 and 71		
TRAINING AND EDUCATION							
Employment, work and HR	G4-LA9	Average hours of training per year per employee by gender, and by employee category.			25		
Employment, work and HR	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Yes	67, 68 and 69		
Employment, work and HR	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.		Yes	69		
SUPPLIER ASSESSMENT FOR LABOR PRACTICES							
Supply Management	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.		Yes	61		

14.2.4 SOCIAL CATEGORY – SOCIETY

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact								
LOCAL COMMUNITIES															
Community relationship	G4 - SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		Yes	24, 52 and 54		1								
CORRUPTION															
Corruption, Money Laundering	G4 - SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.			21		10								
Corruption, Money Laundering	G4 - SO4	Communication and training on anti-corruption policies and procedures.		Yes		<p>The results of the training and communication made in 2014 were:</p> <ul style="list-style-type: none"> Classroom Training for Public sensitive about the "Anti-Corruption Standards", in order to disseminate the legal provisions on the subject and provoke reflection on the consequences of the actions of everyday life in situations that cause risk of non-compliance with anti-corruption laws the 380 employees trained 11 classes E-learning for secondary public compulsory to all employees Communication - Public Sensitive Dissemination Seminar: Report its actions for compliance with anti-corruption laws. There were 22 editions of the "Dissemination Seminar Anti-Corruption Program", reaching more than 300 interested employees Anti-Corruption Primer: Main points of the anti-corruption laws with language accessible to the public. The Anti-Corruption Handbook was distributed to all directors (statutory and functional) of CPFL Energia (35 people - 100%), to the members of the Board of Directors and Fiscal Council of CPFL Energia the directed Email: Alignment with the Code of Ethics / call for training Communication - Public Secondary corporate email Intranet Journal of Supplier: mup toria on anti-corruption. the Value Network Event which was based on the theme Ethics and Anti Corruption the Thematic Campaign: Banners, posters and intervention cuts (Ethics Campaign) Se liga!: Launch of E-learning 	10								
Corruption, Money Laundering	G4 - SO5	Confirmed incidents of corruption and actions taken.		Yes		<p>There were 8 cases, unfounded, of different natures described in the table below:</p> <table border="1"> <thead> <tr> <th>Quantity</th> <th>Nature</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Auto Reconnection of electricity in consumer unit with suspended supply.</td> </tr> <tr> <td>06</td> <td>Electricity connection in consumer unit.</td> </tr> <tr> <td>01</td> <td>Bribe request to the supplier.</td> </tr> </tbody> </table>	Quantity	Nature	01	Auto Reconnection of electricity in consumer unit with suspended supply.	06	Electricity connection in consumer unit.	01	Bribe request to the supplier.	10
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Corruption, Money Laundering	G4 - SO6	Total value of political contributions by country and recipient/beneficiary.				No donation to politicians or parties was conducted, since the Code of Ethics and Anti-Corruption Policy CPFL Energia prohibit making any party-political character of donation on behalf of any company CPFL Group.	10								

14.2.5 SOCIAL CATEGORY PRODUCT RESPONSIBILITY

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact
RESEARCH AND DEVELOPMENT							
Customer Relationship	G4 – PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.		Yes	56		1
Customer Relationship	G4 – PR5	Results of surveys measuring customer satisfaction.		Yes	24 and 60		10
COMPLIANCE							
Compliance	G4 – PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		Yes	53		10

14.2.6 ELETRIC SECTOR CATEGORY

AVAILABILITY AND RELIABILITY							
Energy: Availability and quality	EU6	Management approach to ensure short and long-term electricity availability and reliability.			40	<p>The hydroelectric plants have a multiannual plan (5 years) that include preventive maintenance (machine stops), corrective and an estimate of failures per generating unit. The management of this plan is done weekly in the meetings of Operation and Maintenance programming. There is also a management software of all maintenance activities, that schedule all necessary preventive and predictive maintenance .</p> <p>In EPASA the guidelines of the manufacturers' manuals for the maintenance of the engines are followed. Periodic inspections plans of electrical work are executed and the implementation of asset management system, which is being tested to improve the database system as the records of events and maintenance.</p> <p>In CPFL Renováveis, short-term scheduled preventive maintenance practices aimed to preserve the equipment, extending its useful life, reducing the need for major interventions in the equipment in the long run and corrective interventions.</p> <p>Short-term maintenance are scheduled for the period of lower hydraulic affluence, in the case of hydroelectric plants, lower influx of winds in case of wind farms and the off-season for thermal biomass plants. The programming of these maintenance aims to reduce or avoid losses of generation due to outages caused by maintenance.</p>	10
RESEARCH AND DEVELOPMENT							
Energy: Availability and quality	EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.		Yes	74 to 76		9

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact																																																																																																			
SYSTEM EFFICIENCY																																																																																																										
Energy: Availability and quality	EU12	Transmission and distribution losses as a percentage of total energy.			40 and 41	<table border="1"> <thead> <tr> <th rowspan="2">Company</th> <th colspan="3">2014</th> <th colspan="3">2013</th> <th colspan="3">2012</th> </tr> <tr> <th>Total losses</th> <th>Technical losses</th> <th>Non Technical losses</th> <th>Total losses</th> <th>Technical losses</th> <th>Non Technical losses</th> <th>Total losses</th> <th>Technical losses</th> <th>Non Technical losses</th> </tr> </thead> <tbody> <tr> <td>CPFL PAULISTA</td> <td>8.42%</td> <td>5.77%</td> <td>2.65%</td> <td>7.80%</td> <td>5.70%</td> <td>2.10%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>CPFL PIRATININGA</td> <td>6.95%</td> <td>4.45%</td> <td>2.50%</td> <td>6.20%</td> <td>4.80%</td> <td>1.40%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>RGE</td> <td>9.61%</td> <td>8.08%</td> <td>1.52%</td> <td>9.70%</td> <td>8.50%</td> <td>1.10%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>CPFL SANTA CRUZ</td> <td>7.93%</td> <td>7.76%</td> <td>0.17%</td> <td>9.30%</td> <td>7.20%</td> <td>2.10%</td> <td>7.95%</td> <td>6.20%</td> <td>1.75%</td> </tr> <tr> <td>CPFL LESTE PAULISTA</td> <td>11.33%</td> <td>8.61%</td> <td>2.72%</td> <td>11.50%</td> <td>8.60%</td> <td>2.90%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>CPFL SUL PAULISTA</td> <td>7.81%</td> <td>7.16%</td> <td>0.65%</td> <td>8.20%</td> <td>7.50%</td> <td>0.70%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>CPFL JAGUARI</td> <td>4.19%</td> <td>3.70%</td> <td>0.49%</td> <td>3.80%</td> <td>3.70%</td> <td>0.10%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>CPFL MOCOCA</td> <td>9.56%</td> <td>7.69%</td> <td>1.87%</td> <td>9.20%</td> <td>7.70%</td> <td>1.50%</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Company	2014			2013			2012			Total losses	Technical losses	Non Technical losses	Total losses	Technical losses	Non Technical losses	Total losses	Technical losses	Non Technical losses	CPFL PAULISTA	8.42%	5.77%	2.65%	7.80%	5.70%	2.10%				CPFL PIRATININGA	6.95%	4.45%	2.50%	6.20%	4.80%	1.40%				RGE	9.61%	8.08%	1.52%	9.70%	8.50%	1.10%				CPFL SANTA CRUZ	7.93%	7.76%	0.17%	9.30%	7.20%	2.10%	7.95%	6.20%	1.75%	CPFL LESTE PAULISTA	11.33%	8.61%	2.72%	11.50%	8.60%	2.90%				CPFL SUL PAULISTA	7.81%	7.16%	0.65%	8.20%	7.50%	0.70%				CPFL JAGUARI	4.19%	3.70%	0.49%	3.80%	3.70%	0.10%				CPFL MOCOCA	9.56%	7.69%	1.87%	9.20%	7.70%	1.50%				
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Biodiversity and Ecosystems	EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.			23 and 44 to 46																																																																																																					
EMPLOYMENT																																																																																																										
Employment, work and HR	EU14	Programs and processes to ensure the availability of a skilled workforce.			25, 67 and 68																																																																																																					
DISASTER/ EMERGENCY PLANNING AND RESPONSE																																																																																																										
Occupational Health and Safety	EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.				Are carried out formation training and retraining of firefighters and the PASE's (Plan to Assist Emergency), with simulations according to the annual calendar. The PASE's happens with the simulation of an emergency situation, where the functionality of the procedure is verified, and the possibility of improvement. There are available Civil Firefighters trained and qualified according to the legislation at the headquarters of CPFL group in Campinas to meet any and all emergency situations that may occur.																																																																																																				
PROVISION OF INFORMATION																																																																																																										
Customer Relationship	EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.			59 and 71																																																																																																					
CUSTOMER HEALTH AND SAFETY																																																																																																										
Occupational Health and Safety	EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.				<table border="1"> <thead> <tr> <th rowspan="2">year</th> <th colspan="3">Population accidents</th> </tr> <tr> <th>minor</th> <th>serious</th> <th>fatal</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>18</td> <td>23</td> <td>18</td> </tr> <tr> <td>2013</td> <td>16</td> <td>25</td> <td>25</td> </tr> <tr> <td>2014</td> <td>35</td> <td>9</td> <td>17</td> </tr> </tbody> </table> <p>In 2014 CPFL also held CEPAE "External Campaign Electrical Accident Prevention", reaching a presential audience of over 25,000 people. Accident prevention messages were included in electricity bills. Additionally, in 2014 were made spots insertions on popular radio, with accident prevention messages about kites release, to build and reform in the agricultural sector and illegal connection, with more than 3,000 insertions in the periods July to September.</p>	year	Population accidents			minor	serious	fatal	2012	18	23	18	2013	16	25	25	2014	35	9	17																																																																																	
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14.3 SPECIFIC CONTENT (NON-MATERIAL INDICATORS)

14.3.1 ECONOMIC CATEGORY

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact
ECONOMIC PERFORMANCE							
	G4-EC1	Direct economic value generated and distributed.			124		
INDIRECT ECONOMIC IMPACTS							
	G4-EC8	Significant indirect economic impacts, including the extent of impacts.			24		

14.3.2 ENVIRONMENTAL CATEGORY

BIODIVERSITY																													
	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.			23																								
EMISSIONS																													
	G4-EN21	NOx, SOx, and other significant air emissions.				<p>In the year 2014, in relation to mobile sources, CPFL Energia provided an estimated total emission of 17.97 tons of NOx gas of operational control and 21.10 tonnes in equity interest.</p> <p>In emissions provided by diesel consumption on the mobile sources CPFL Energia issued an estimated 3.64 tons of SOx gas in approach of operational control and 4.38 tons in approach of equity interest.</p> <p>NOx emissions from the consumption of fossil fuels in power generation in thermal power plants were 5988.88 tonnes in approach of operational control and 3414.30 tons in approach of equity interest.</p> <p>While the estimations of emissions of SOx were 7853.86 tonnes per operational control and 4142.92 tons per equity interest.</p>																							
EFFLUENTS AND WASTE																													
	G4-EN23	Total weight of waste by type and disposal method.	Yes		23	<table border="1"> <thead> <tr> <th>Type of waste</th> <th>Weight (Tons)</th> </tr> </thead> <tbody> <tr> <td>CONTAMINATED SAWDUST</td> <td>1.089</td> </tr> <tr> <td>USED OIL</td> <td>4.042</td> </tr> <tr> <td>CONTAMINATED GRAVEL</td> <td>15.631</td> </tr> <tr> <td>CELLS AND BATTERIES</td> <td>0.615</td> </tr> <tr> <td>CONTAMINATED RAGS</td> <td>0.455</td> </tr> <tr> <td>VARIOUS CONTAMINATED</td> <td>10.925</td> </tr> <tr> <td>CONTAMINATED OIL</td> <td>7.691</td> </tr> <tr> <td>PPE CONTAMINATED</td> <td>0.08</td> </tr> <tr> <td>PCBS</td> <td>323.73</td> </tr> <tr> <td>TOTAL</td> <td>364.26</td> </tr> </tbody> </table>	Type of waste	Weight (Tons)	CONTAMINATED SAWDUST	1.089	USED OIL	4.042	CONTAMINATED GRAVEL	15.631	CELLS AND BATTERIES	0.615	CONTAMINATED RAGS	0.455	VARIOUS CONTAMINATED	10.925	CONTAMINATED OIL	7.691	PPE CONTAMINATED	0.08	PCBS	323.73	TOTAL	364.26	
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Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact																		
EFFLUENTS AND WASTE																									
	G4-EN24	Total number and volume of significant spills.				<p>SPILLS</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Location</th> <th>volume (L)</th> <th>Material</th> </tr> </thead> <tbody> <tr> <td>SE PAINEIRAS</td> <td>Campinas/SP</td> <td>80</td> <td></td> </tr> <tr> <td>CPFL AMERICANA</td> <td>Americana</td> <td>-</td> <td rowspan="3">Insulating oil</td> </tr> <tr> <td>SE PATRIARCA</td> <td>Ribeirão Preto/SP</td> <td>6,300</td> </tr> <tr> <td>SE PATROCÍNIO PAULISTA</td> <td>Patrocínio Paulista/SP</td> <td>3,500</td> </tr> </tbody> </table> <p>In EPASA in 2014, there were no significant leaks, however, as a preventive measure, were installed 18 monitoring wells around the perimeter of the plant to verify the impacts of past leaks in the soil and groundwater. The results of the collection of the wells showed soil contamination in an area of approximately 66 m². The monitoring is performed periodically (every six months) by a specialized company. There is already an action plan for remediation of the contaminated area to be put in place in July / 2015 as schedule of activities.</p>	Name	Location	volume (L)	Material	SE PAINEIRAS	Campinas/SP	80		CPFL AMERICANA	Americana	-	Insulating oil	SE PATRIARCA	Ribeirão Preto/SP	6,300	SE PATROCÍNIO PAULISTA	Patrocínio Paulista/SP	3,500	
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OVERALL																									
	G4 – EN31	Total environmental protection expenditures and investments by type.			23 and 44																				

14.3.3 SOCIAL CATEGORY LABOR PRACTICES AND DECENT WORK

OCCUPATIONAL HEALTH AND SAFETY																																														
	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.			70																																									
DIVERSITY AND EQUAL OPPORTUNITY																																														
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.				<table border="1"> <thead> <tr> <th>Age group</th> <th>Nº</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>18 - 35 YEARS</td> <td>4629</td> <td>52.38%</td> </tr> <tr> <td>36 - 45 YEARS</td> <td>2115</td> <td>23.93%</td> </tr> <tr> <td>OVER 45 YEARS</td> <td>2067</td> <td>23.39%</td> </tr> <tr> <td>UP TO 18 YEARS</td> <td>27</td> <td>0.31%</td> </tr> <tr> <td>TOTAL</td> <td>8838</td> <td>100.00%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Race</th> <th>Nº</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>YELLOW</td> <td>99</td> <td>1.12%</td> </tr> <tr> <td>WHITE</td> <td>6942</td> <td>78.55%</td> </tr> <tr> <td>INDIAN</td> <td>9</td> <td>0.10%</td> </tr> <tr> <td>UNINFORMED</td> <td>51</td> <td>0.58%</td> </tr> <tr> <td>BLACK</td> <td>490</td> <td>5.54%</td> </tr> <tr> <td>BROWN</td> <td>1247</td> <td>14.11%</td> </tr> </tbody> </table>	Age group	Nº	%	18 - 35 YEARS	4629	52.38%	36 - 45 YEARS	2115	23.93%	OVER 45 YEARS	2067	23.39%	UP TO 18 YEARS	27	0.31%	TOTAL	8838	100.00%	Race	Nº	%	YELLOW	99	1.12%	WHITE	6942	78.55%	INDIAN	9	0.10%	UNINFORMED	51	0.58%	BLACK	490	5.54%	BROWN	1247	14.11%	10
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14.3.4 SOCIAL CATEGORY HUMAN RIGHTS

Material aspect	DMA e Indicators	Description	Omission	Assurance	Page	Answer	Global compact
NON-DISCRIMINATION							
	G4 – HR3	Total number of incidents of discrimination and corrective actions taken.			63		2,6
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING							
	G4 - HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.			63	CPFL Energia does not perform management of this indicator	2,3
CHILD LABOR							
	G4 - HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.			63	CPFL Energia does not perform management of this indicator	2,5
FORCED OR COMPULSORY LABOR							
	G4 – HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.			63	CPFL Energia does not perform management of this indicator	2,4

14.3.5 ELETRIC SECTOR CATEGORY

ORGANIZATIONAL PROFILE							
	EU1	Installed capacity, broken down by primary energy source and by regulatory regime.			22 and 38		
	EU3	Number of residential, industrial, institutional and commercial customer accounts.			24 and 58		
	EU4	Length of above and underground transmission and distribution lines by regulatory regime.			22 and 39		
	EU5	Allocation of CO ₂ e emissions allowances or equivalent, broken down by carbon trading framework.			48		
ACCESS							
	EU28	Power outage frequency.			39		
	EU29	Average power outage duration.			39		

14.4 ANNUAL SOCIAL REPORT 2014 / 2013(*)

1 - BASIS FOR CALCULATION

	2014 Value (Thousand reais)	2013 Value (Thousand reais)
NET REVENUES (NR)	17,305,942	14,633,856
OPERATING RESULT (OR)	1,510,304	1,519,200
GROSS PAYROLL (GP)	684,724	648,975

2 - INTERNAL SOCIAL INDICATORS

	Value (thousand)	% GP	% NR	Value (thousand)	% GP	% NR
FOOD	60,796	8.88%	0.35%	54,505	8.40%	0.37%
MANDATORY PAYROLL TAXES	182,999	26.73%	1.06%	175,130	26.99%	1.20%
PRIVATE PENSION PLAN	38,630	5.64%	0.22%	39,292	6.05%	0.27%
HEALTH	38,699	5.65%	0.22%	35,338	5.45%	0.24%
OCCUPATIONAL HEALTH AND SAFETY	3,102	0.45%	0.02%	3,146	0.48%	0.02%
EDUCATION	2,154	0.31%	0.01%	2,454	0.38%	0.02%
CULTURE	0	0.00%	0.00%	0	0.00%	0.00%
TRAINING AND PROFESSIONAL DEVELOPMENT	7,685	1.12%	0.04%	10,801	1.66%	0.07%
DAY-CARE/ ALLOWANCE	969	0.14%	0.01%	951	0.15%	0.01%
PROFIT/ RESULTS SHARING	62,283	9.10%	0.36%	35,295	5.44%	0.24%
OTHERS	6,787	0.99%	0.04%	5,811	0.90%	0.04%
TOTAL - INTERNAL SOCIAL INDICATORS	404,104	59.02%	2.34%	362,723	55.89%	2.48%

3 - EXTERNAL SOCIAL INDICATORS

EDUCATION	125	0.01%	0.00%	909	0.06%	0.01%
CULTURE	8,723	0.58%	0.05%	11,992	0.79%	0.08%
HEALTH AND SANITATION	346	0.02%	0.00%	634	0.04%	0.00%
SPORT	1,373	0.09%	0.01%	1,553	0.10%	0.01%
PREVENTION OF HUNGER AND MALNUTRITION	0	0.00%	0.00%	0	0.00%	0.00%
OTHERS	6,455	0.43%	0.04%	6,960	0.46%	0.05%
TOTAL CONTRIBUTIONS TO SOCIETY	17,022	1.13%	0.10%	22,048	1.45%	0.15%
TAXES (EXCLUDING PAYROLL TAXES)	4,911,425	325.19%	28.38%	4,292,848	282.57%	29.34%
TOTAL - EXTERNAL SOCIAL INDICATORS	5,044,467			4,421,855		
INSS	133,042			129,007		
TOTAL - EXTERNAL SOCIAL INDICATORS	4,928,447	326.32%	28.48%	4,314,896	284.02%	29.49%

4 - ENVIRONMENTAL INDICATORS

	Value (thousand)	% GP	% NR	Value (thousand)	% GP	% NR
INVESTMENTS RELATED TO COMPANY PRODUCTION/ OPERATION	30,923	8.88%	0.35%	37,407	2.46%	0.26%
INVESTMENTS IN EXTERNAL PROJECTS/ PROGRAMS	57,625	26.73%	1.06%	59,047	3.89%	0.40%
TOTAL ENVIRONMENT INVESTMENT	88,548	26.73%	1.06%	96,454	6.35%	0.66%
Regarding annual targets for reducing waste volume of resources used in / operation and increased efficiency in the use of natural resources, the Company:	() has no targets () fulfilled 51 to 75% () fulfilled 0 to 50% (X) fulfilled 76 to 100%			() has no targets () fulfilled 51 to 75% () fulfilled 0 to 50% (X) fulfilled 76 to 100%		

5 - STAFF INDICATORS

	2014	2013
EMPLOYEES AT END OF PERIOD	9,136	8,391
EMPLOYEES HIRED DURING PERIOD	2,405	1,778
OUTSOURCED EMPLOYEES	ND	ND
INTERNS	188	130
EMPLOYEES OVER 45	2,107	2,011
WOMEN WORKING AT THE COMPANY	2,146	1,969
% MANAGEMENT POSITIONS OCCUPIED BY WOMAN	9.94%	14.29%
AFRO-BRAZILIAN EMPLOYEES WORKING AT THE COMPANY	1,684	1,340
% MANAGEMENT POSITIONS OCCUPIED BY AFRO-BRAZILIAN EMPLOYEES	1.17%	2.22%
EMPLOYEES WITH DISABILITIES OR SPECIAL NEEDS	289	273

6 - INFORMATION ON BUSINESS RESPONSIBILITY

RATIO OF HIGHEST TO LOWEST COMPENSATION IN THE COMPANY	21.03	0.01%	0.00%	20.27		
TOTAL NUMBER OF WORK-RELATED ACCIDENTS		54		31		
COMPANY-SPONSORED SOCIAL AND ENVIRONMENTAL PROJECTS WERE DECIDED UPON BY:	() executive officers	(X) executive officers and managers	() all employees	() executive officers	(X) executive officers and managers	() all employees
HEALTH AND SAFETY STANDARDS IN THE WORK-PLACE WERE SET BY:	() executive	() all employees	(X) all + CIPA	() executive	() all employees	(X) all + CIPA
WITH RESPECT TO LABOR UNION FREEDOM, THE RIGHT TO COLLECTIVE BARGAINING, AND INTERNAL EMPLOYEE REPRESENTATION, THE COMPANY:	() does not become involved	() adheres to ILO standards	(X) encourages and adheres to ILO standards	() does not become involved	() adheres to ILO standards	(X) encourages and adheres to ILO standards
COMPANY PENSION PLAN COVERS:	() executive officers	() executive officers and managers	(X) all employees	() executive officers	() executive officers and managers	(X) all employees
PROFIT/ RESULTS SHARING PROGRAM COVERS:	() executive officers	() executive officers and managers	(X) all employees	() executive officers	() executive officers and managers	(X) all employees
IN THE SELECTION OF SUPPLIERS, THE SAME ETHICAL AND SOCIAL/ ENVIRONMENTAL RESPONSIBILITY STANDARDS ADOPTED BY THE COMPANY ARE:	() not considered	() suggested	(X) required	() not considered	() suggested	(X) required

6 - INFORMATION ON BUSINESS RESPONSIBILITY

	Value (thousand)	% GP	% NR	Value (thousand)	% GP	% NR
IN RELATION TO VOLUNTEER WORK BY EMPLOYEES, THE COMPANY:	() does not get involved	() supports it	(X) organizes and encourages it	() does not get involved	() supports it	(X) organizes and encourages it
TOTAL NUMBER OF CUSTOMER COMPLAINTS/ CRITICISMS:	to the Company	to PROCON	to the law courts	to the Company	to PROCON	to the law courts
	1,964,743	1,383	6,025	1,778,161	988	7,228
% OF COMPLAINTS AND CRITICISMS ATTENDED TO OR SOLVED	to the Company	to PROCON	to the law courts	to the Company	to PROCON	to the law courts
	100%	100%	5.8%	100%	100%	10.3%
TOTAL VALUE ADDED TO BE DISTRIBUTED (R\$ THOUSAND):	In 2014	8,766,905		In 2013	7,876,452	
DISTRIBUTION OF VALUE ADDED (DVA): G4-EC1	57.5% government 9.3% employees 8.7% shareholders 23.1% third parties 1.4% retained			56.1% government 9.5% employees 10.6% shareholders 22.3% third parties 1.4% retained		

7 - OTHER INFORMATION

CONSOLIDATED INFORMATION

For financial items only the % corporate stake was used. For other information, such as employee numbers and legal proceedings, overall figures have been used.

Responsible for Figures: Sergio Luis Felice, fone (19) - 3756-8018, slfelice@cpfl.com.br

(*) Information not reviewed by the independent auditors.

14.5

MATERIAL ASPECT LIMITS **G4-20** **G4-21**

Aspect	Impact inside of CPFL Energia	Impact outside of CPFL Energia
ENERGY QUALITY	All businesses	Customers and Society
COMPLIANCE	All businesses	All Stakeholders
CORRUPTION	All businesses	Community, workers and government
CUSTOMER RELATIONSHIP	Distribution, Commercialization and services	Costumers
OCCUPATIONAL HEALTH AND SAFETY	Generation, Distribution and services	Community, workers and Costumers
COMMUNITY RELATIONSHIP	Generation, Distribution and services	Community
WORKFORCE AND WORK CONDITIONS	All businesses	Workers and Outsourced
BIODIVERSITY	Generation and Distribution	All Stakeholders
CLIMATE CHANGE	All businesses	All Stakeholders
WATER: QUALITY AND AVAILABILITY	Generation	All Stakeholders
USE OF RESOURCES	Generation and Distribution	All Stakeholders

14.6 PRIORITY QUESTIONS BY PUBLIC CONSULTED WITHIN EVERY RELEVANT ISSUE

ENERGY QUALITY

- Risk management and crisis
- Availability: long-term planning
- Research and development (focus on the availability, quality and reliability)
- Reliability: prevention in the interruption of electricity distribution
- Quality: energy supply and consistent voltage

COMPLIANCE

- Fines related to non-compliance
- Environmental fines

CORRUPTION

- Governance
- Internal management
- Transparency policy

CUSTOMER RELATIONSHIP

- Customer satisfaction
- Disclosure of relevant information
- Awareness-building about rational energy consumption

HEALTH AND SAFETY

- Workforce
- Consumers / customers
- Health risks to communities related to exposure to electric and magnetic fields
- Emergency preparedness (plan for disasters and emergencies, recovery and restoration service)

EMPLOYEES AND WORKING CONDITIONS

- Turnover, retention
- Quality of life
- Training

COMMUNITY RELATIONS

- Evaluation of social and environmental impacts

SUPPLIER MANAGEMENT

- Environmental assessment requirement for certifications
- Assessment in labor practices
- Occupational health and safety for contractors and subcontractors
- Reliability of contractors and subcontractors

BIODIVERSITY

- Management of environmental impacts related to construction of new plants
- Compensation and recovery of native vegetation areas in the case of plant construction and distribution lines
- Riparian forest protection in the reservoirs

CLIMATE CHANGE

- Greenhouse gas emissions management
- Management and reduction strategies / mitigation of emissions
- Climate change adaptation (eg. infrastructure)

WATER: QUALITY AND AVAILABILITY

- Consumption (water withdrawal)
- Reuse - consumption management
- Impacts on water production of thermal and hydroelectric
- Efficient use of water

USE OF RESOURCES

- Power consumption
- Eco-efficiency management
- Reduction in fuel consumption

14.7 STAKEHOLDER RELATIONSHIP MATRIX

G4-26

G4-27

ENGAGEMENT REASON	AREA	ENGAGEMENT FREQUENCY	ENGAGEMENT METHOD	ENGAGEMENT MAINTENANCE	INDICATOR
CUSTOMERS Provide quality care, understanding the needs and opportunities for continuous improvement	Commercial	The channels are available 24/7 all year around	<ul style="list-style-type: none"> • Telephone Service • Face-to-face Service agencies • Ombudsman • Online Services for website • Ethic channel • Website: www.cpf.com.br (Quick access to services) 	<ul style="list-style-type: none"> • Periodic Surveys of customer satisfaction • ABRADÉE Award 	IASC Research

ENGAGEMENT REASON	AREA	ENGAGEMENT FREQUENCY	ENGAGEMENT METHOD	ENGAGEMENT MAINTENANCE	INDICATOR
EMPLOYEES Take care of the safety and quality of life, providing conditions for development and engagement in business	Human Resources	The processes are organized to give all support to the worker daily and/or when prompted	<ul style="list-style-type: none"> • Face to Face with managers • Corporate University • Maintenance of SA8000 Certification • Specific campaigns and communication pieces • All the permanent programs administered by the area of human resources development. • Featured Program "Boa Companhia"(in good company): Blog in good company • Website: intranet-news portal 	<ul style="list-style-type: none"> • Biannual Climate Survey • Survey -Guia Exame – best companies to work for • Annual assessment 360- "Valor Pessoal"(personal value) • "Fale comigo"(Talk To Me) • Ethic channel 	Organizational climate survey
SUPPLIERS Maintain transparency in commercial transactions, making them increasingly sustainable and safe for the CPFL Energia Group	Supplies	On demand, as each activity schedule	<ul style="list-style-type: none"> • Actions of contract management • Approval Inspections • Visits to factories • Monitoring the quality of care • Mapping that composes SBM- Supply Base Management • "Rede de valor" (Value Network) program • Website: http://www.cpf.com.br/institucional/fornecedores 	<ul style="list-style-type: none"> • Management Tool • Periodic Review • Biannual Prize More Value • Vendor Journal 	SBM - Supply Base Management
COMMUNITIES Promote the dialogue, proposing social and environmental initiatives that improve the quality of life and humanize the relationship with the company	Sustainability Commercial	As developing programmes schedule	Integration through: <ul style="list-style-type: none"> • Programme of support for hospital management • Public administration support programme: support to the Councils of Children and Seniors Rights • CPFL at schools • CPFL in Community and RGE in Community • Volunteer program • Website: http://www.cpf.com.br/energias-sustentaveis/investimento-social 	<ul style="list-style-type: none"> • Interaction with the community while developing the actions • Dissemination of social actions in the media 	Biannual survey of brand and Image-Social responsibility

ENGAGEMENT REASON	AREA	ENGAGEMENT FREQUENCY	ENGAGEMENT METHOD	ENGAGEMENT MAINTENANCE	INDICATOR
GOVERNMENT					
Track legislative procedures and actions that may affect the business, offering interactions and articulating to ensure the commitment of the company with its stakeholders	Commercial and Governmental Relations	Purposeful agenda and when identified opportunities for interaction and/or negotiation	<ul style="list-style-type: none"> National and State: meetings and forums where processes are discussed, laws, decisions and other guidelines that can influence the business Municipal: contract management, monitor and partnerships in energy efficiency, financial negotiations and support for governmental actions For the municipal level there is a team of Business Consultants responsible for prefectures. Are separated by macro-regions throughout CPFL's concession area 	<ul style="list-style-type: none"> Government relations Actions of Business Consultants Involvement of company representatives at relevant meetings and events 	
REGULATORY AGENCY					
Keep the understanding on all regulatory issues and ensure compliance with the laws	Shared	Regular and eventual a purposeful agenda for issues of the highest priority	<ul style="list-style-type: none"> Meetings and forums to discuss regulation and uniformity of processes Consultations by phone and e-mail contact 	<ul style="list-style-type: none"> Forum of Ombudspersons Consumer Council Regulated Reports 	
MEDIA					
Ensure accessibility to information about the business, guiding and directing of purposeful way to understanding the demands	Journalism	Diary, due to business dynamics	<ul style="list-style-type: none"> Interactions with the external channels, supporting operational actions Press-Releases Coordination and organization of journalistic events: Press Conference and launch of products/new business Website: http://www.cpf.com.br/imprensa/Paginas/default.aspx 	<ul style="list-style-type: none"> Published articles Dissemination of energy efficiency actions Dissemination of new business Suggestion guidelines 	IDM IDI
INVESTORS					
Keep a tight-knit relationship and aligned, ensuring transparency and reliability of the information	Investor relations	Diary, due to business dynamics	<ul style="list-style-type: none"> Daily Monitoring of papers Meetings with financial analysts Interaction with investment funds, banks and brokerages Website: http://cpfl.riweb.com.br/ 	<ul style="list-style-type: none"> RI Portal Telephonic support and by e-mail and in person Annual meeting of investors: Investor Day Participation in conferences and organizing Non-Deal Road Show 	Number of meetings Number of toppings

14.8 CFC 1003/04 NBC T 15 (*)

COMPANY: CPFL - ENERGIA S.A.	2014	2013
	H001_CONS	H001_CONS
14.8.1 ADDED VALUE DISTRIBUTION		
	ENERGIA CONSOLIDATED	ENERGIA CONSOLIDATED
Total Value Added to be distributed (R\$ thousand):	8,766,905	7,876,452
Added Value Distribution ((AVD):	57,5% government 9,3% employees 8,7% shareholders 23,1% third parties 1,4% retained	56,1% government 9,5% employees 10,6% shareholders 22,3% third parties 1,4% retained
14.8.2 HUMAN RESOURCES		
	2014 VALUE (THOUSAND REAIS)	2013 VALUE (THOUSAND REAIS)
GROSS REMUNERATION BY:		
Employees	719,194	596,856
Management	43,098	21,905
Outsourced Labor	ND	ND
Slef-Employed	-	-
Relationship between the highest and the lowest remuneration of the company, considering the employees and management	21.03	20.27
Mandatory social charges	185,320	175,130
Nutrition	61,294	54,505
Transportation	1,152	4,082
Private Pension Plan	38,630	39,292
Health	39,364	35,338
Workplace safety and medicine	3,193	3,146
Education (excluding environmental education)	2,223	2,454
Culture	0	-
Training and professional development	7,742	10,801
Daycare and daycare assistance	969	951
Participation in profits and results	62,283	35,295
WORKFORCE INDICATORS		
Total employee numbers at the end of the fiscal year	9,136	8,391
Total hirings	2,405	1,778
Total number of discharges	1,635	1,908
Total number of trainees at the end of the fiscal year	188	130
Total number of employees with special needs at the end of the fiscal year	289	273
Total number of outsourced service providers	ND	ND
Total number of employees by gender:		
Men	6,990	6,422
Women	2,146	1,969

COMPANY: CPFL - ENERGIA S.A.	H001_CONS	H001_CONS
14.8.2 HUMAN RESOURCES	2014 VALUE (THOUSAND REAIS)	2013 VALUE (THOUSAND REAIS)
Total number of employees by age group, in the following age bands:		
Less than 18	28	29
From 18 to 35	4,833	4,345
From 36 to 60	4,212	3,961
More than 60	63	56
Total number of employees by academic level, separated by:		
Illiterate	-	-
Primary school education	1,061	898
High school education	4,423	5,096
Technical education	1,483	111
College education	1,673	1,855
Postgraduate education	496	431
Percentage of management positions held by gender:		
Men	90.06%	85.71%
Women	9.94%	14.29%
Information with respect to labor lawsuits filed by employees against the company: Note: Lawsuits ruled partially favorably or concluded by agreement should be considered upheld		
Number of lawsuits filed against the company	1,520	2,230
Number of lawsuits upheld	180	165
Number of lawsuits not upheld	501	44
Total value of indemnities and fines paid by court order	58,200	107,900

14.8.3 INTERACTION OF THE COMPANY WITH THE EXTERNAL ENVIRONMENT

	2014 VALUE (THOUSAND REAIS)	2013 VALUE (THOUSAND REAIS)
Education (except of an environmental nature)	125	909
Culture	8,723	11,992
Health and sanitation	346	634
Sport and leisure, (not considering sponsorships for advertising purposes)	1,373	1,553
Housing	-	-
Nutrition	-	-

COMPANY: CPFL - ENERGIA S.A.	H001_CONS	H001_CONS
14.8.3 INTERACTION OF THE COMPANY WITH THE EXTERNAL ENVIRONMENT	2014 VALUE (THOUSAND REAIS)	2013 VALUE (THOUSAND REAIS)
Information relative to interaction with customers		
Number of complaints received directly by the entity	1,964,743	1,778,161
Number of complaints received through consumer protection agencies	1,383	988
Number of complaints received through the law courts	6,025	7,228
Number of complaints processed in each listed instance	-	-
Amount in fines and indemnities, ordered by consumer protection agencies or the law courts	-	-
Actions taken to resolve or minimize the causes of complaints	Ombudsman	Ombudsman
In the selection of suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	() not considered () suggested (X) required	() not considered () suggested (X) required

14.8.4 INTERACTION WITH THE ENVIRONMENT

	2014 VALUE (THOUSAND REAIS)	2013 VALUE (THOUSAND REAIS)
Investments and expenses with maintenance in operating processes for environmental improvement	31,837	37,407
Investments and expenses with preservation and/or recovery of degraded areas	-	-
Investments and expenses with environmental education for employees, outsourced labor, self-employed labor and management of the company	-	-
Investments and expenses with environmental education for the community	-	-
Investments and expenses with other environmental projects	57,625	59,047
Number of environmental, civil and legal actions filed against the company	-	-
Value of fines and indemnities with respect to environmental matters, ordered administratively and/or judicially	-	-
Environmental liabilities and contingencies	-	-

14.9 FINAL PROVISIONS

Consolidated Information

Responsible for the figures: Sergio Luis Felice, fone (19) - 3756-8018, slfelice@cpfl.com.br
(*) Information not reviewed by the independent auditors

ASSURANCE REPORT

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON INFORMATION RELATED TO SUSTAINABILITY INCLUDED IN THE ANNUAL REPORT FOR 2014

To the Board of Directors
CPFL Energia S.A.
Campinas - SP

INTRODUCTION

We have been engaged by CPFL Energia S.A. ("CPFL Energia") to present our limited assurance report on the compilation and fair presentation of the information related to sustainability included in the Annual Report of CPFL Energia S.A., for the year ended December 31, 2014 ("Annual Report for 2014").

MANAGEMENT'S RESPONSIBILITY FOR THE ANNUAL REPORT FOR 2014

The management of CPFL Energia is responsible for the compilation and fair presentation of the sustainability information included in the Annual Report for 2014, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the compilation and fair presentation of the information related to sustainability included in the Annual Report for 2014, based on our limited assurance engagement carried out in accordance with the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", issued by the Brazilian Federal Accounting Council (CFC), which is equivalent to the international standard ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the information related to sustainability included in the Annual Report for 2014, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the information related to sustainability included in the Annual Report for 2014, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- (a) Planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information related to sustainability included in the Annual Report for 2014 of CPFL Energia.
- (b) Understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers in charge of the preparation of the information.
- (c) Applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information related to sustainability included in the Annual Report for 2014.
- (d) Obtaining evidence for the most significant GRI - G4 indicators included in the Annual Report for 2014 and presented in the "GRI Summary".

The limited assurance engagement also included the application of procedures to assess compliance with the guidelines of the Global Reporting Initiative (GRI-G4) applied in the preparation of the information related to sustainability included in the Annual Report for 2014.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

SCOPE AND LIMITATIONS

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the compilation and fair presentation of the information related to sustainability included in the Annual Report for 2014. Consequently, we were not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issuance of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the information related to sustainability included in the Annual Report for 2014. Accordingly, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the materiality, relevance, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

CONCLUSION

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information related to sustainability included in the Annual Report for 2014 of CPFL Energia S.A. has not been compiled and fairly presented, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4).

OTHER MATTERS

AUDIT OF THE FINANCIAL STATEMENTS ASAT DECEMBER 31, 2014

The financial statements of CPFL Energia for the year ended December 31, 2014 were audited by another firm of independent auditors, who issued an unqualified audit opinion dated March 16, 2015. The social and environmental performance indicators based on accounting information and presented in the Annual Report for 2014 of CPFL Energia were extracted from these financial statements, which were not subject to assurance procedures for the purposes of this report.

Campinas, April 17, 2015

PricewaterhouseCoopers

Auditores Independentes
CRC 2SP000160/O-5

Marcos Roberto Sponchiado

Contador CRC 1SP175536/O-5

Edmilson Monutti

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PHOTOGRAPHY

CPFL Energia Image Stock

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We would like to thank all the staff of the CPFL Energia Group that have supplied us with the necessary information for the preparation of the Annual Report 2014, including the teams at the generating plants (Foz do Chapecó, Enercan, Baesa, Complexo Ceran and CPFL Renováveis), persons who participated in our research of relevant themes and contributed with important reflections, as well as all external partners.

