



Annual Report 2011



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Centro de Operação do Sistema



Opening

1.1. INTRODUCTION

Among the various initiatives implemented by CPFL Energia during 2011, particularly significant was the constitution of CPFL Renováveis. This is a company focused on generating energy from renewable sources such as small hydro power plants (SHPs), sugarcane biomass-fired thermoelectric power plants and wind farms.

The new company is a milestone in the CPFL Group's trajectory for various reasons. Firstly, it underscores CPFL's pioneering spirit in this segment, since CPFL Renováveis has already emerged in a position of leadership as the largest company in the segment in Latin America. Secondly, it contributes a more balanced energy portfolio with a diversification of sources, so adding value to the businesses. And lastly, the enhanced activity in renewables contributes to the transforming of CPFL Energia into a leading company in the domestic electricity sector.

This operation, in addition to the various other developments in CPFL Energia's activities last year, is discussed in this Annual Report. The report covers all business areas of the Company (generation, distribution and commercialization of energy and services). It includes the economic, social and environmental performance during 2011, as well as detailing the targets established and the Group's management practices. It was prepared on the basis of the Global Reporting Initiative (GRI) methodology, which is an international yardstick for sustainability reports. In turn, the information on economic-financial performance has been adjusted to international accounting standards as set forth in the International Reporting Standards.

The electric energy sector plays a critical role in Brazil's development, involving not only economic and social issues but also preservation of the environment. After all, an electric energy company can impact the ecosystems of the locations in which it operates. It is for this reason that the Company believes that its activities go beyond energy generation, distribution and commercialization.

As the largest private sector group in the Brazilian electricity sector, CPFL Energia is aware of the relevance of its activities. This means that its decisions are supported on the basis of a broad and systematic view taking into account the economic, social and environmental variables on an integrated basis in line with its commitment to ensure the longevity of its businesses and to create value for its stakeholders.

Enjoy reading!

1.2. Message from the Board of Directors



Murilo Passos
Chairman of the Board of
Directors

Set against a background of a world economic scenario in 2011 where difficulties and uncertainties predominated, CPFL Energia successfully created value for its shareholders - reflecting alignment to the Strategic Plan among the Board of Directors, the Board of Executive Officers and the Company's nearly eight thousand employees. Thus, during the period, the Group reported growth of 6.2% in net operating revenue (R\$ 12,764 million) and an increase of 12.5% in the EBITDA (R\$ 3,769 million). Net income was up by 1.4%, reaching R\$ 1,582 million.

Of particular significance during the fiscal year was the Company's decision to invest in generation of alternative energy from a largely clean and renewable source matrix. This movement translated into the constitution of CPFL Renováveis, which upon its incorporation immediately became a leader in its segment in Latin America.

This business strategy has been instrumental in the CPFL Group building a portfolio of businesses combining attractive and diversified markets in the distribution of electric energy, a strong presence in traditional generation and, on the basis of renewable sources, a solid customer base in energy trading and services, characteristics which are decisive in differentiating the Group from its competitors. We have a very clear ambition, which is to keep CPFL Energia in the vanguard of the domestic electricity business. The decision to establish a consistent presence in energy generation from renewable sources is one of the levers for attaining this objective.

We believe that the market has interpreted positively the decisions underlying CPFL activities. This is certainly reflected in the performance of our shares and ADRs on the stock exchanges. In 2011, shares traded on BM&FBovespa reported an appreciation of 34.0%, well above the performance of the stock indices for the BOVESPA and the Brazilian electric energy sector (IEE), which reported a variation of -18.1% and +19.7%, respectively. Meanwhile, on the New York Stock Exchange, our

ADRs rose 25.9% as against the Dow Jones Industrial Index which recorded a positive variation of +5.5%.

During the year, we also sought to expand our stock exchange liquidity and facilitate the access of the small investor to CPFL's securities. Mindful of this, we undertook a reverse stock split followed by a stock split. We also altered the exchange ratio between ADRs and common shares. Consequently, we optimized the management of our shareholding base and reduced the value of the standard lot of shares and ADRs, thus engendering increased liquidity.

In 2011, we were already able to detect an increase in the interest and demand for the shares and ADRs. CPFL was the private sector company in the electricity industry with the highest stock exchange liquidity, posting an average daily turnover of R\$ 31 million with the trading of the Company's shares and ADRs on both exchanges. And as has occurred ever since CPFL's IPO, in 2011, we distributed the amount of R\$ 1.506 billion, approximately 95% of the Company's net income. If we backtrack to 2004, the year that CPFL Energia went public, we can record a total of R\$ 9.1 billion in distributed dividends, clearly showing our commitment to creating shareholder value.

In the light of all this, we can assert that CPFL Energia continues a vibrant company, able to raise funds in the market, expanding its activities and diligently preparing to increase its efficiency in a strategic cycle characterized by the search for innovation in processes and activities developed by the Company in accordance with the business outlook for the Brazilian and world electric energy sector.

We reiterate our commitment to the Company's sustainability and to the creation of value. Indeed, these goals have been conducive to Companhia Paulista de Força e Luz (CPFL Paulista) - the energy distributor constituted in upcountry São Paulo and from which the CPFL Group originated - reaching its centenary year in 2012.

We must thank all those that have been part of this success story who have believed and continue to believe in the direction that CPFL Energia has taken in this century of activities. More especially, we would like to offer thanks the support we have received from the employees, shareholders, suppliers and all the other stakeholders with whom we relate. Here's to the next 100 years.

1.3. Message from the Board of Executive Officers



Wilson Ferreira Jr.
Chief Executive Officer of CPFL
Energia

The Brazilian economy recorded a GDP of 2.7% in 2011 against 7.5% for the preceding year, a reflection of weak industrial output (+0.4%), the deceleration in domestic demand and the volatility in the international markets during the period. The modest growth in the industrial sector reflects the increase in the country's import bill (+8.9%), driven by an appreciated currency and by intense international competition. Meanwhile, the less vigorous domestic demand was a response to lower credit demand due to high rates of interest, macroprudential measures introduced in late 2010 and higher household debt. The global uncertainty in turn had an impact on confidence and investments.

Nevertheless, in Brazil there were signs of robustness: the country is now the sixth largest economy on the planet, generating nearly two million formal jobs and less unemployment during the year, factors which helped drive consumption and were instrumental in the rise in living standards of the class C social grouping on the back of an improved distribution of domestic income.

CPFL Energia's achievements in 2011 were a mirror image of the path taken by Brazil in its development and underscore our successful strategy on seeking to expand our market share of the Brazilian electricity sector based on growth combined with operational efficiency and the creation of shareholder value. This success was reflected in a fiscal year increase in net operating revenue of 6.2% to R\$ 12,764 million, while EBITDA rose 12.5% to R\$ 3,769 million. Net income posted a 1.4% increase to R\$ 1,582 million while our investments were R\$ 1,905 million and are forecast at R\$ 8,310 million for the 2012-2016 cycle.

In distribution, we reported total sales volume of 54,590 GWh, a year-on-year increase of 4.9%. In this segment of the business, we are leaders with a 13% market share and 7 million customers served by our eight distributors located in 569 cities in the states of

São Paulo and Rio Grande do Sul as well as some municipalities in the states of Paraná and Minas Gerais.

I would like to particularly point out the conclusion to the change in methodology of the 3rd Tariff Review Cycle. Regulatory demands on us have been increased, requiring a process of adaptation in the light of the new parameters established by ANEEL (the Brazilian Electricity Energy Agency). This new cycle also represents a major change with respect to the logic of efficiency, its focus being on sharing best commercial and operational practices in order to achieve lower technical and non-technical losses as well as best indicators of service quality, this contingent on our people, systems and processes.

The Group's approximate 2% market share of the generation segment has confirmed CPFL Energia's position today as the second largest generator in the private sector in Brazil. We ended 2011 with 2,644 MW of installed capacity, our strategy in this segment notable for the expansion of investments in generation of energy from renewable sources.

In April, we acquired the assets of Siif Énergias do Brasil – including four working wind farms in the state of Ceará, with an installed capacity of 210 MW in addition to a portfolio of wind power projects with a total installed capacity of 732 MW. In the same month we merged our generation assets sourced from renewables with those of ERSA Energias Renováveis. This operation culminated in the constitution of CPFL Renováveis, a company which came into being as leader in its segment in Latin America and which has been extremely active since in its acquisitions ensuring a rate of expansion in line with the business plan.

During 2011, among other acquisitions made by CPFL Renováveis, are SHP Santa Luzia with 28.5 MW of installed capacity and two biomass-fired cogeneration projects, TPP Alvorada and TPP Coopcana, each with

50 MW. As of December 2011, the new company, in which CPFL Energia has a 63% stake, had a 4,438 MW portfolio of projects either actually in operation or under construction or development.

On another front, in the competitive segment of energy commercialization to the free market, the Group ended the year with an 11% market share and 140 free clients, an increase of 8.5% in relation to 2010. Of particular significance during the year was the Group's adoption of an integrated approach to its services as well as the restructuring of the business area. Given the growing importance that the services segment has been assuming for leveraging value for CPFL Energia, we have set up autonomous and independent units in order to take full advantage of the market potential and in line with the strong synergies with other businesses.

Among the companies in this segment, there are three which stand out: CPFL Atende, a solutions contact center with installations in Araraquara and Ourinhos; CPFL Total, a bill collection network and for the capture and intermediation of financial products with approximately 3 thousand accredited outlets; and CPFL Serviços, which offers services in the areas of energy self-production, transmission systems (building of transmission lines and substations), distribution systems (construction and maintenance of primary distribution rooms for third parties) and equipment overhaul.

The Group was the recipient of various market awards during 2011, indicative to us that we are on the right track. For the first time in the history of the PNQ – National Quality Award, two companies from the same corporate group – in this case, CPFL Paulista and RGE – received this accolade. The PNQ has been in existence for 20 years now and CPFL has been a participant in the annual awards since 2003. Group companies have won the award five times, CPFL Paulista being its champion, receiving it on three consecutive occasions.

Equally important for the Group was CPFL Energia's

continued presence as a component for the seventh year running in BM&FBovespa's Corporate Sustainability Index (ISE) portfolio. CPFL is one of the few names to continuously be a part of the stock index since launch in 2005. Among other initiatives, this commitment reflects the fact that CPFL Energia has been a signatory to the United Nations' Global Compact since 2003. The Global Compact is designed to mobilize the business community into adopting fundamental and internationally-accepted values in the areas of human rights, labor relations, the environment and the fight against corruption and encapsulating the ten principles to which we adhere as a Group.

Recognitions such as these would not have been possible without the support and confidence of our shareholders, clients, suppliers and other stakeholders, particularly our employees, whose competence and dedication are critical qualities to meeting the targets and objectives enshrined in our business plan. To all, go our thanks and our commitment to proceed on a path toward being a group which is increasingly more efficient and managed on a sustainable basis.





Highlights 2011

2. Highlights 2011

- Increase of 4.9% in energy sales within the concession areas;
- Growth of 12.5% in EBITDA, reaching R\$ 3,769 million; and of 1.4% in net income, to a total of R\$ 1,582 million;
- Acquisition of Jantus for R\$ 1.5 billion, comprising 210 MW in operational wind farms and a 732 MW portfolio of planned projects;
- Creation of CPFL Renováveis through a joint venture between CPFL Energia and ERSA Energias Renováveis;
- Acquisition of PCH Santa Luzia by CPFL Renováveis in August, with installed capacity of 28.5 MW;
- Acquisition of two biomass thermoelectric projects by CPFL Renováveis: TPP Alvorada (50 MW) and TPP Coopcana (50 MW), with a total forecast investment of R\$ 311 million;
- Start-up of commercial operations of the biomass thermoelectric plants Bio Formosa (September) and Bio Buriti (October), with a total 90 MW installed capacity;
- Investments of R\$ 1,905 million in 2011. Estimated capex of R\$ 8,310 million from 2012-2016;
- Total approved financing of R\$ 5.1 billion, for debt refinancing, working capital and investments;
- Dividend payout of R\$ 1,506 million relating to 2011, with dividend yield of 7.1% (LTM). Since the IPO in September 2004, CPFL has distributed 95% of net income in dividends, representing a total payout of R\$ 9.1 billion;
- Conclusion of reverse stock split/stock split in July on BM&FBovespa and the NYSE;
- Appreciation of CPFL Energia shares by 34% on BM&FBovespa, outperforming IBOVESPA (-18.1%) and the IEE (19.7%) in 2011; appreciation of ADRs by 25.9% on the NYSE, outperforming the DJI Br20 (-20.6%) and the Dow Jones (5.5%);
- 7th company by increased market value on the exchange in 2011, and ranked first in the electric sector;
- CPFL Energia shares remained a component of the ISE (Corporate Sustainability Index) portfolio for the 7th year running.





CPFL Energia Profile

3. CPFL Energia Profile

3.1. Vision, Mission and Principles

CPFL Energia Management Foundations

GRI
4.8

CPFL ENERGIA'S STRATEGIC POSITIONING IS DIRECTLY LINKED TO ITS VISION, MISSION AND PRINCIPLES. IT HAS AN ONGOING COMMITMENT TO GENERATE VALUE IN ALL ITS OPERATIONS AND CONTRIBUTE TO THE DEVELOPMENT OF SOCIETY AS A WHOLE.

VISION

“Energy is essential for people’s wellbeing¹ and for the development of society². We believe that the sustainable production and use of energy³ is vital for the future of humanity.”

- Energy allows the use of technologies which provide people with satisfaction and comfort by meeting the majority of their needs, from the most basic, such as housing, health, nutrition, transportation and security, to the most complex, such as education, entertainment and communication.
- The concept of social development goes beyond the responsibilities inherent in the Company’s businesses; it means understanding this responsibility in a wider sense, and using an integrated, inclusive and interdependent vision to contribute toward raising standards of production, education, health, security, quality of life and human development. In this sense, all the Company’s activities should take into account their potential for creating value for society.
- The durability of our business and the future of humanity increasingly depend on the balance between a search for economic gain and the ability of society and nature to support growth. We believe that the integration of these variables in the production and use of energy contributes to a lifestyle that avoids social and environmental inequality, and creates a society that is safe, balanced, healthy and enjoyable to live in.

MISSION

“To provide sustainable energy solutions¹, competitively and with excellence², in a manner that is integrated with the community³.”

- By providing sustainable energy solutions, we are declaring that we are not just committed to providing electricity generation, distribution, commercialization and services. Our commitments also extend to our expertise in integration and innovation, providing our markets with greater service customization and speed in meeting their needs and expectations.
- ‘Competitively and with excellence’ describes the CPFL Energia Group’s way of acting: a search for differentiation and a superior standard of performance in all activities and initiatives. Our positioning as market leader, recognized for operating efficiency and superior governance practices, is essential to our strategy of growth and the long-term survival of our businesses in Brazil’s captive and free electricity markets, and to remaining an attractive proposition to the capital markets.
- We recognize that our organization is a living entity and an integral part of a complex ecosystem. Our success depends on the quality of our relationships and the contribution of all the stakeholders with whom we interact, and in particular, the communities that we serve.



BUSINESS PRINCIPLES

THE PROFESSIONAL VALUES THAT GUIDE ALL OF CPFL'S BUSINESS CONDUCT ARE:

VALUE CREATION

- The CPFL Group creates value in everything that it does. It exists for this reason: to create value for its shareholders and the stakeholders with whom it interacts.

COMMITMENT

- To ensure that our corporate actions and professional conduct mirror, faithfully and transparently, the ongoing commitment to complying with CPFL Energia's Principles and Ethical Guidelines and with the Group's stakeholder contracts, obligations and agreements.

SECURITY AND QUALITY OF LIFE

- To act permanently toward controlling and minimizing the risks associated with our work processes, products and services and to assure the integrity and the physical and mental wellbeing of our stakeholders, in environments that encourage co-operation, cohesion, the spread of knowledge and professional and human development.

AUSTERITY

- CPFL views austerity as a business principle of high ethical value, which should guide all the Group companies' actions. Consequently, all material and financial resources should be used sparingly without excess or wastage, that is, in a rational and sustainable manner and to the precise extent of their utility in achieving corporate goals.

SUSTAINABILITY

- To be concerned with the future consequences of our actions and decisions, seeking always to control and avoid risks that could threaten the longevity of the CPFL Group, as well as any consequences that have not been negotiated with the communities where we operate and with other stakeholders.

TRUST AND RESPECT

To establish and maintain relationships of trust based on loyalty, respect and balance between our own interests and those of our stakeholders.

GOING THE EXTRA MILE

To believe that everything is susceptible to improvement and can be implemented in an innovative way that transcends market paradigms and exceeds the expectations of all stakeholders; constantly seeking to overcome apparently insurmountable challenges.

ENTREPRENEURIAL SPIRIT

To make each CPFL employee an agent of change who constantly seeks to establish competitive advantages in his field of activity; is always alert to trends before they become commonplace; has a pioneering spirit; masters new knowledge, processes and technologies; and develops a strong sense of ownership in relation to his duties and responsibilities in the CPFL Group.

3.2. Corporate Governance

- Corporate governance is a fundamental guiding principle of CPFL Energia's operating strategy as it contains a range of mechanisms that contribute to shareholder value creation. With this in mind, the Company follows a range of practices designed to promote and preserve good governance, so as to assure transparency in relationships and communication with stakeholders, and guarantee equal and fair dealings with shareholders and other related parties.
- These behaviors are elements of Corporate Responsibility, which we interpret as a concern for acting in a sustainable manner and with a long-term vision, leading to a management style that incorporates a series of social and environmental considerations to ensure business longevity.
- CPFL Energia's corporate governance policies and practices adhere to the recommendations of the Code of Best Practice of the Brazilian Institute of Corporate Governance (IBGC) and to the regulations of the Novo Mercado of BM&FBovespa, a listing segment that stands out for demanding superior practices on this issue of companies which voluntarily adhere to it. The Company also complies with the requirements of US legislation, as its Level III American Depositary Receipts are traded on the New York Stock Exchange (NYSE).
- In the light of this governance structure, CPFL has qualified as a member of the Companies Circle, a group formed of 19 listed and unlisted corporations, from six Latin American countries, and which are recognized as benchmarks for adopting superior corporate governance practices. The Companies Circle is an initiative of the International Finance Corporation (IFC) in partnership with the Organization for Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum (GCGF). It was created with the aim of promoting the sharing of experiences in applying good governance principles, both among these companies and the corporate community as a whole, and thus encouraging the advancement of the issue in the region.

In line with CPFL Energia's desire to continually improve its practices, and remain current with existing trends and the ongoing debate on the topic, the Company was the first Brazilian company to gain IBGC certification for members of its Board of Directors, Fiscal Council and Board of Executive Officers. Hence, CPFL is of the belief that it contributes in promoting continual education as a means of developing and updating its executives.

A further recognition of the Company's management and control mechanisms came from BM&FBovespa, which included CPFL in its Corporate Sustainability Index (ISE) in 2011, for the seventh consecutive year.

Additional recognition received by the Company includes:



IBEF SUSTAINABILITY AWARD 2011

Brazilian Finance Executives Institute – IBEF

Corporate Governance – Annual Report 2009 Blog case study

BEST ENERGY SECTOR COMPANY IN SUSTAINABILITY IN LATIN AMERICA 2011

Latin Finance magazine/ Management & Excellence consultancy

Sustainability – 3rd consecutive year

BIGGEST AND BEST AWARD 2011

Exame magazine

Adjusted Profitability of Assets – Energy sector

INTANGIBLE ASSETS AWARDS BRAZIL – PIB 2011

Consumidor Moderno magazine and DOM Strategy

Utilities

XIII ANEFAC AWARD – TRANSPARENCY TROPHY 2011

ANEFAC – FIPECAFI - SERASA Experian

Publicly listed company - billings in excess of R\$ 8 billion

XIII ANEFAC AWARD – TRANSPARENCY TROPHY 2011

ANEFAC – FIPECAFI - SERASA Experian

Accountancy Professional – Transparency in 2010 Financial Statements (CPFL Paulista) - Antônio Carlos Bassalo



3.2.1. Corporate Structure



CPFL Energia is a holding company possessing significant equity stakes in numerous Brazilian energy sector companies which are active in the distribution, commercialization and generation segments. Its shares are traded on the Novo Mercado of BM&FBovespa, a listing segment designed exclusively for companies that voluntarily meet a range of minimum requirements and agree to superior corporate governance standards that go beyond the requirements of existing corporate law.

Companies whose shares are traded in this listing segment of the stock exchange commit to adopting certain differentiating practices, such as only issuing shares with voting rights and to maintain a free float of 25% of the shares making up their capital stock. On this point, CPFL Energia goes beyond the requirements of the Novo Mercado with a free float of 30.7%.

CPFL ENERGIA'S SHARE OWNERSHIP STRUCTURE ALSO INCLUDES A MAJOR INDUSTRIAL CONGLOMERATE AND SOME OF BRAZIL'S LARGEST PENSION FUNDS:

VBC ENERGIA S.A. (VBC)

A closely held company which has been wholly owned by the Camargo Corrêa Group since February 2009.

BB CARTEIRA LIVRE 1 STOCK INVESTMENT FUND (BB CL 1)

In October 2009, 521 Participações S.A. sold its entire equity stake in CPFL Energia to the BB CL 1 fund. The sole investor in BB CL 1 is Previ – the Banco do Brasil employees' pension fund, Latin America's largest pension fund.

BONAIRE PARTICIPAÇÕES S.A. (BONAIRE)

An investment vehicle owned by the following Brazilian pension funds: CESP Foundation (Funcesp), Petrobras Social Security Foundation (Petros), Sistel Social Security Foundation (Fundação Sistel) and Sabesp Social Security Foundation (Sabesprev).

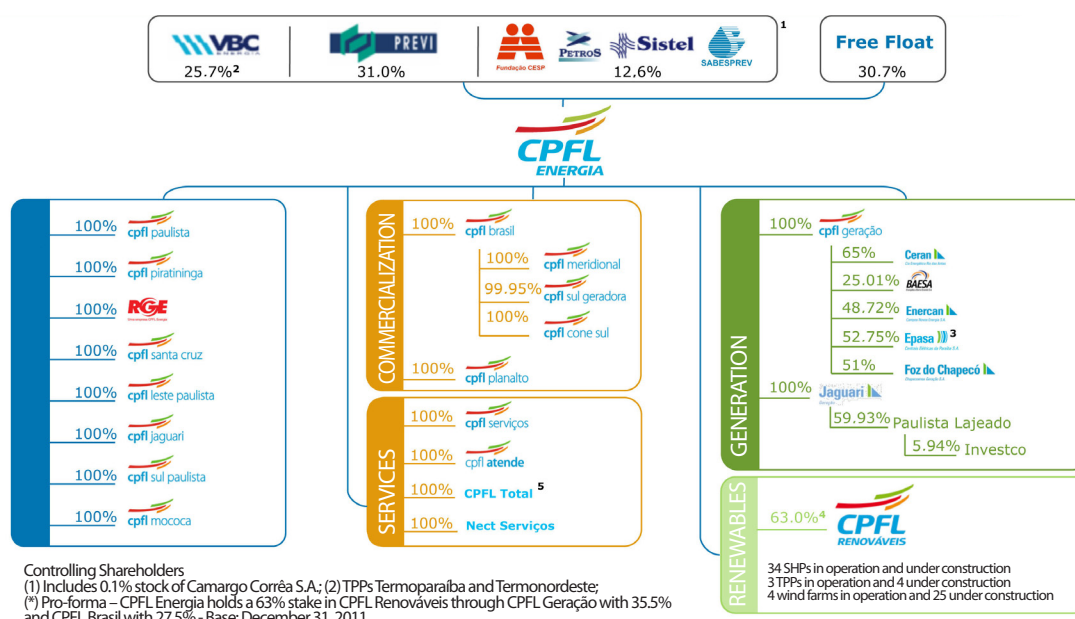
ENERGIA SÃO PAULO STOCK INVESTMENT FUND (ENERGIA SP FIP)

In November 2011 at an EGM, Bonaire shareholders approved a reduction in the company's equity capital. This operation included transferring ownership of shares issued by CPFL Energia and held by Bonaire, to Energia São Paulo Stock Investment Fund (Energia SP FIP), as sole shareholder of Bonaire.

BNDES PARTICIPAÇÕES S.A. (BNDESPAR)

A wholly-owned subsidiary of BNDES (Brazilian National Economic and Social Development Bank), which aims to encourage the development of companies and new ventures, and to help bolster the Brazilian capital markets.

CORPORATE ORGANIZATION CHART AS OF DECEMBER 31, 2011



3.2.2. Shareholders' Meetings

Manual for participation in shareholders' meetings

GRI
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- Given its commitment to generating shareholder value without sacrificing transparency, fairness, accountability or corporate responsibility – principles intrinsic to its corporate governance guidelines – CPFL Energia is permanently upgrading its governance practices to remain aligned with the best market benchmarks and trends.
- The Company's distribution of its Manual for Participation in Shareholders' Meetings is an example of these efforts. Created voluntarily in 2008 before becoming a requirement of the CVM (Brazilian Securities and Exchange Commission), the document uses clear and objective language to provide shareholders with information on the issues that will be discussed and voted on at such meetings. This initiative aims to establish a direct and accessible channel of communication between the Company and all shareholders and thereby encourage greater participation in corporate events and greater understanding of significant strategic decisions affecting business development.
- Shareholders unable to attend meetings can freely exercise their right to vote and express their opinion by assigning a CPFL executive as their representative.
- In order to reach the greatest possible number of shareholders, the Manual is available in English and Portuguese and can be accessed on the websites of CPFL Energia, the CVM and the SEC (US Securities and Exchange Commission).

Find out more  Click here to download the Manual for Participation in Shareholders' Meetings

(http://www.cpfl.com.br/manual_assembleias2011/docs/manual_acionistas_pt.pdf)

3.2.3. Board of Directors and the Fiscal Council

Decision-making structures



The Board of Directors and the Board of Executive Officers are responsible for the management and administration of CPFL Energia. This corporate governance structure also includes a permanent Fiscal Council and three committees – for Personnel Management, Related Parties and Management Processes – which are directly answerable to the Board of Directors.

BOARD OF DIRECTORS

A collective decision-making body which determines the general business direction of CPFL Energia, its subsidiaries and affiliate companies. It has the commitment to play an active role in promoting the long-term prosperity of the Company, while always taking into account the interests of CPFL and its shareholders, as established in the Corporate By-laws.

The CPFL Energia Board of Directors consists of seven members: three elected by VBC, two by the BB Carteira Livre I Fund, and one by Bonaire Participações/Energia SP FIP. There is also one Independent Board Director, elected in accordance with BM&FBovespa's Novo Mercado listing regulations.

2011/2012 TERM OF OFFICE

- Murilo Passos (Chairman)
- Ivan de Souza Monteiro (Deputy Chairman)
- Francisco Caprino Neto
- Claudio Palaia
- Renê Sanda
- Carlos Alberto Cardoso Moreira
- Ana Dolores Moura Carneiro de Novaes (Independent Director)

The Board of Directors meets ordinarily once a month and extraordinarily whenever required, as convened by the Chairman. All members have a one-year term of office, with re-election being permitted. On these occasions, Board members also complete a performance self-appraisal questionnaire.

The Board of Directors has established committees to provide support in supervising topics material to the management and performance of the businesses and has defined their scope of activity in an Internal Charter.

FISCAL COUNCIL

The Fiscal Council is a permanently installed supervisory body. Since 2005, it has also taken on some responsibilities of the Audit Committee as required by the Sarbanes-Oxley Act (SOX) which are not in conflict with Brazilian law, in accordance with the exception made for foreign companies listed on US stock exchanges.

The Fiscal Council consists of five members with a one-year term of office, re-election being permitted.

2011/2012 TERM OF OFFICE

- José Reinaldo Magalhães (Chairman)
- Adalgiso Fragoso de Faria
- Wilton de Medeiros Daher
- Daniela Corci Cardoso (financial expert as required by Section 407 of SOX)
- Susana Hanna Stiphan Jabra

The Fiscal Council meets monthly and has a minimum calendar of activities, which includes periodic meetings with internal and external auditors, the Risk Management and Internal Controls Officer and with the Company's main executives.

Find out more 

Further details on the members of the Board of Directors and the Fiscal Council can be found at www.cpfl.com.br/ri.

3.2.4. Board of Executive Officers and Committees

Board of Executive Officers



CPFL Energia's Executive Officers are responsible for the management and representation of the Company, as well as being answerable for its subsidiaries and affiliate companies. They follow the strategic direction established by the Board of Directors, which also elects (or removes) them for a two-year term of office, re-election being permitted.

THE BOARD OF EXECUTIVE OFFICERS CURRENTLY HAS SIX MEMBERS.

2011/2013 TERM OF OFFICE

- Wilson Ferreira Jr.
Chief Executive Officer
- Lorival Nogueira Luz Jr. (elected on March 21, 2011)
Chief Financial and Investor Relations Officer
- Paulo Cezar Coelho Tavares (mandate ended on June 1, 2011)
Chief Energy Management Officer (position extinguished by the EGM of December 19, 2011)
- Miguel Normando Abdalla Saad (mandate expired on June 1, 2011)
Chief Energy Generation Officer (position extinguished by the EGM of December 19, 2011)
- Hélio Viana Pereira (mandate expired on May 25, 2011)
Chief Operations Officer - Distribution - position extinguished by the EGM of December 19, 2011)
- José Marcos Chaves de Melo
Chief Administration Officer
- Adriana Waltrick (resigned on January 19, 2012 - the CEO is currently accumulating the position)
Chief Business Development Officer
Position vacant (CEO is currently accumulating the position)
- Carlos Marcio Ferreira (elected on August 31, 2011)
Chief Institutional Relations Officer (position created at the EGM of December 19, 2011)
- Carlos Marcio Ferreira (elected on August 31, 2011)
Chief Operations Officer - position created at the EGM of December 19, 2011)

The performance of the Board of Executive Officers is monitored by the Personnel Management Committee and assessed by the Board of Directors. This assessment is based on short-term goals, as established in individual contracts, and long-term goals, established in the Long-Term Incentive Plan, both of which are set in accordance with the Company's Strategic Plan.

Advisory Committees



The Advisory Committees - the Personnel Management Committee, Related Parties Committee and Management Processes Committee - exist to counsel the Board of Directors, their formation and composition conforming to the requirements of the Corporate Bylaws. The scope of the Committees' activities is defined exclusively by the Board of Directors.

The Advisory Committees to the CPFL Board of Directors are each formed of three members, elected for a one-year term of office, the members being eligible for re-election. The Coordinator of each committee reports on its activities at the Board of Directors' monthly meetings. However, the committees do not have the authority to make decisions and their recommendations are made independently of the Board of Directors.

Whenever necessary, ad hoc commissions are created to advise the Board of Directors on issues such as corporate governance, strategy, budget, energy purchase, new businesses and financial policy. In 2011, commissions were set up to advise on the following subjects: strategy, process evaluation, and budget.

PERSONNEL MANAGEMENT COMMITTEE

Offers advisory support to the Board of Directors in determining compensation policies and assessing the performance of the Board of Executive Officers, coordinating the Succession Plan for senior management executives and monitoring human resources policies and practices within the Company Plan.

THE PERSONNEL MANAGEMENT COMMITTEE'S MEMBERS ARE:

Ivan de Souza Monteiro (Coordinator)

Francisco Caprino Neto

Carlos Alberto Cardoso Moreira

RELATED PARTIES COMMITTEE

Advises the Board in the preliminary assessment of transactions involving parties related to the controlling shareholder block in order to ensure that usual market practices are observed. These operations may involve the supply or provision of services, the purchase of inputs and services and/or the sale of electricity.

THE RELATED PARTIES COMMITTEE'S MEMBERS ARE:

Susana Hanna Stiphan Jabra (Coordinator)

Daniela Corci Cardoso

Luiz Cláudio da Silva Barros

MANAGEMENT PROCESSES COMMITTEE

The purpose of this Committee is to provide advice to the Board of Directors on topics related to business processes and performance management, risk evaluation and guidance regarding the Internal Audit's activities. The processes examined by the Management Processes Committee cover economic, social and environmental issues of strategic importance to CPFL Energia.



ITS MEMBERS ARE:

Francisco Caprino Neto (Coordinator)

Ricardo Carvalho Giambroni

Luiz Cláudio da Silva Barros

Find out more 

Further details on the members of the Board of Executive Officers and the Committees can be found at www.cpfl.com.br/ri (Corporate Governance  Board of Directors and Committees  click on the member's name to find out about them.)

3.2.5. Best governance practices

BEST CORPORATE GOVERNANCE PRACTICES

- CPFL Energia's capital stock is composed exclusively of common shares with guarantee of equal conditions for controlling and minority shareholders in the event of the sale of a controlling interest – 100% tag-along rights.
- Free float of 30.72%.
- Board of Directors with seven members, including one Independent Director, with powers and functions defined by Internal Charter.
- Permanently installed Fiscal Council, with powers and functions defined by Internal Charter and in the Fiscal Council Guide (as well as the functions of an Audit Committee, as required by Section 301 of the Sarbanes-Oxley Act).
- Three advisory committees to the Board of Directors (Personnel Management, Related Parties and Management Processes), as well as ad hoc commissions for dealing with specific issues.
- Governance guidelines apply to all CPFL Group companies.
- Dividend Policy.
- Securities Trading Policy.
- Manual for Participation in Shareholders' Meetings.
- Members of the Board of Directors, Fiscal Council and Board of Executive Officers certified by the IBGC (CCI).
- Governance Portal exists to provide information on all the CPFL Group companies to board directors and executive officers.
- Code of Ethics and Corporate Conduct adapted to the recommendations of the United States Securities Exchange Commission (SEC).
- Adherence to the arbitration commitment clause of BM&FBovespa's Novo Mercado.
- Channels for reporting complaints and/ or whistle blowing with respect to financial information and/ or infringements of the Code of Ethics.
- Certification of the internal controls by management (CEO and CFO) and the independent auditors.
- Preliminary analysis by the Related Parties Committee of transactions involving companies linked to shareholders comprising the controlling block.
- Annual self-appraisal program for members of the Board of Directors and Fiscal Council.

- Succession planning for the Board of Executive Officers and other key CPFL Group executives based on a leadership development process.
- Annual Report prepared in line with Global Reporting Initiative (GRI) guidelines.

3.3. Management

CPFL Energy maintains the highest levels of efficiency, with high levels of quality in providing services to residential, commercial and industrial clients. This excellence in its operations has been built through policies, practices and methodologies, with two principles of equal importance: processes and people.

In process management, there is an ongoing effort to standardize and certify work routines in relation to the dimensions of quality, environment, health, safety and quality of life, sustainability and corporate responsibility. The approach and management of such issues are considered essential to the performance of CPFL, guided by policies widely disseminated to its employees.

Intangible assets such as brand, human resources, intellectual property and infrastructure are also important for the Company and its results. Values such as innovation, forward thinking, entrepreneurial attitude, results orientation, sustainability, inspirational leadership and the focus on excellence in customer processes are also widely encouraged.

The basis of this relationship between the Company and employees is ethical behavior, understood as an essential value to the sustainability of the CPFL Group. To cultivate it, effective practices have been adopted, such as specific management systems, code of ethics, access and dissemination of best practices.

3.3.1. Corporate Policies

The quest for management excellence is guided by policies which are widely communicated to the employees of CPFL Energia, its subsidiaries and its affiliate companies. The whole organization is engaged and directed toward achieving its desired results, its activities being imbued with these policies, which cover subjects considered of fundamental importance to CPFL Energia's actions: quality, environment, health, safety and quality of life; and corporate sustainability and responsibility.

QUALITY POLICY

“To promote the lasting satisfaction of our customers, shareholders, employees and partners through the continual improvement of our products and services.”

ENVIRONMENTAL POLICY

“To provide energy services to society with complete respect for the environment, complying with environmental legislation, avoiding pollution and promoting continual improvement to the environmental performance of our activities.”

HEALTH, SAFETY AND QUALITY OF LIFE POLICY

“To seek the permanent wellbeing of employees by providing a healthy environment and safe working conditions in line with the applicable safety and medical workplace legislation, identifying, anticipating, controlling and mitigating any risks that could lead to material or personal incidents and accidents, seeking continually to improve all our work processes and promoting quality of life.”

CORPORATE RESPONSIBILITY AND SUSTAINABILITY POLICY

“To include issues of social responsibility and sustainability in the management of CPFL’s businesses on a permanent basis by aligning the economic, social and environmental impacts of the Company’s activities with society’s legitimate interests and in compliance with the applicable legislation.”

3.3.2. Organizational competences

Organizational competences Qualities that CPFL Energia values in its professionals:

INNOVATION

The ability to create and provoke changes in current processes and/or business standards that result in value creation for the Company.

VISION OF THE FUTURE

The ability to create and recommend strategies based on a solid grasp of social, political, economic and regulatory contexts, local as well as global, with a view to both generating value and maximizing return on investments, as well as to identify, develop and integrate new businesses.

ENTREPRENEURIAL SPIRIT

A spirit that explores business prospects and possibilities (products, services and solutions) with vigor, showing tenacity in their pursuit and viewing a lack of success as an opportunity for learning. The CPFL professional is audacious and determined in the search for superior results, and consciously assumes risks.

FOCUS ON RESULTS

An ability to obtain results and overcome challenges to guarantee the achievement of the goals that have been set. This involves action planning, monitoring performance indicators and observing the variables of safety, cost, quality and timing.

COMMITMENT TO VALUE CREATION

The ability to draft consistent plans including analysis of current and future situations, assuming calculated risks and taking decisions which guarantee the achievement of strategic objectives, and profitable and sustainable growth for CPFL.

COMMITMENT TO SUSTAINABILITY

Takes ethics and transparency into account in activities and relationships with stakeholders, prioritizing the longevity of the business and of society, and the preservation of natural resources. Actions are based on CPFL's principles and values, applicable legislation, the responsibilities imposed by certifications, and a commitment to future generations, so as to promote the sustainable growth of CPFL and society as a whole.

PEOPLE MANAGEMENT

A determination on the part of the manager to develop people's potential with an aim to sustaining and developing the Company. Understands the abilities and attitudes necessary to attract, retain and develop professionals aligned to CPFL's requirements, values and culture. Commands a high level of respect from people and creates an environment favorable to the personal and professional realization of all team members.

INSPIRING LEADERSHIP

Earns commitment and motivation from teams by combining demands with a degree of sensitivity. Inspires through personal example, transparency and by simple and direct communication which highlights goals and the paths to their achievement. Understands that skilled teams and leaders are key to the success of the Company's business.

PASSION FOR WINNING

Has a passion for challenges and faces them tenaciously. Is engaged with the cause of the Company, the business and co-workers, always seeking more and going the extra mile. Constantly seeks to exceed personal limits and give the best of himself. Takes pleasure, passion and pride in what he does, and conveys these feelings to those around him.

FOCUS ON THE CUSTOMER

Gains and retains internal and external customers through delivery of high value added products and/or services; efficient, cordial service; and an ethical, transparent approach.

EXCELLENCE IN PROCESSES

Seeks continual improvement and excellence through ongoing monitoring of indicators of performance and improvement in processes.

3.3.3. Ethics

The term 'ethics' has of recently emerged strongly in organizational vocabulary and practices. Its widespread usage could almost suggest that it is but a passing fad. However, if this is examined in a little greater depth, it can be seen that, in fact, ethics is an essential value for corporate longevity.

From a philosophical and moral standpoint, ethics are fundamental to life in all its aspects. Their principles guide and sustain personal, family, social and professional relations. It is no different in the corporate world, as the driving force behind any company, irrespective of its area of activity or specialism, is its people. It is therefore not an exaggeration to state that the ethical behavior of employees can put a company's reputation at considerable risk and negatively impact the success of its businesses.

It is not too much to state that the issue of ethics has become central to our time, given that it can influence future events. It is believed that the survival and growth of a company are related to its ability to develop a strong consensus around its own ideals, so that they permeate relationships between the people that form part of it, thus driving not only the satisfaction and motivation of its employees, but also solid business results.

CPFL is aware of the importance of an ethical approach to its activities and has sought to turn its beliefs into effective practices. The Ethics Management and Development System (EMDS) is one such example. It consists of a range of mechanisms implemented in all of CPFL Energia's subsidiary companies, including CPFL Renováveis and power generation installations, to anticipate, monitor, assess, rework and refine the company's individual and institutional actions possessing an ethical dimension, be it wholly or in part, directly or indirectly. These same mechanisms are made available and accessible to ventures in which the CPFL Group possesses a stake.

FEATURES OF THE ETHICS MANAGEMENT AND DEVELOPMENT SYSTEM (EMDS) MECHANISMS

1. Ethics Committee
2. Code of Ethics and Corporate Conduct
3. Access Channels
4. Ethical Consultancy
5. Dissemination and Induction seminars
6. Communications
7. Ethics Network portal

FIND OUT ABOUT THE ETHICS MANAGEMENT AND DEVELOPMENT SYSTEM (EMDS) MECHANISMS

1.ETHICS COMMITTEE

The Committee aims to maintain, promote, protect and improve the culture of ethics within the organization, in addition to overseeing and monitoring its implementation and development in the CPFL Group companies. It also acts as a forum to examine suggestions, complaints and whistle blowing from the Company's stakeholders as to infringements of the Code of Ethics.

REQUIRED QUALITIES OF ETHICS COMMITTEE MEMBERS:

- **ETHICALLY RESPECTABLE AND RELIABLE:** A trustworthy citizen with an unblemished record, about whom no fact or rumor exists which might suggest unethical or illegal practices.
- **REPRESENTATIVE:** The ability to use an understanding of CPFL Energia's corporate objectives and the demands and interests of the Company's and subsidiaries' stakeholders, to assess corporate actions, and to intervene and defend these parties' interests within the organization.
- **COMMITMENT:** A commitment to the cause of promoting ethical values and human rights within society for the purpose of creating fairer and more equal relationships.

The Ethics Committee is formed of eight members (see below). In 2011, it gained a representative from civil society, Professor Clóvis de Barros. Professor de Barros is a Doctor of Law from the University of Paris and a Doctor of Communications from the University of São Paulo, possesses credits from the University of Navarra, is a Faculty Member (*livre-docente*) at the ECA-USP and an Ethical Consultant for UNESCO. His role in the Committee is to act as the critical conscience of Brazilian civil society and therefore guarantee

that all decision-making processes have considered the interests and rights of collectivity.

Another highlight among the Committee's membership is the presence of the Employee Representatives Council (CRE), the body for employee participation in the Company's management process. Its presence in the Ethics Committee is therefore a means of reconciling employee interests with those of the organization.

In 2011 the Committee met on 11 occasions, approving and later publishing two papers summarizing the CPFL Position on Fair Competition and Labor Relations. These documents are designed to guide the decisions, attitudes and behaviors of all CPFL Group employees.

Every month, the Internal Audit Advisory Unit sends a report on the Ethics Committee's actions to the Board of Directors. Find out more at 3.2.4.

MEMBERS:

- Corporate Communications Department representative
- Human Resources Department representative
- Legal Department representative
- Internal Audit representative
- Executive Divisions representatives (Institutional Relations, Business Development, Financial and Investor Relations, Administration, and Operations)
- Employee Representatives Council (CRE) representative
- Civil Society representative
- Executive Office of the Ethics and Corporate Conduct Committee for the Ombudsman's unit

2. CODE OF ETHICS AND CORPORATE CONDUCT

The Code was launched in 2006 following a lengthy review process that began in 2002 with the first round of Seminars for Reflection on CPFL Corporate Ethics and continued with the second round of seminars in 2003. These events, which reached 50% and 35% of the CPFL workforce respectively, gathered employee suggestions and proposals for revising the Code of Ethics, which had been in place since 2001.

In addition to Ethical Principles, the current version of the Code includes sections on CPFL Energia's Business Activities Guidelines, Institutional Commitments, Business Conduct Guidelines, and Access Channels for Criticism, Suggestions, Whistle Blowing and Complaints.

The Code also covers the requirements under the Sarbanes-Oxley Act (SOX), enacted in the USA in 2008 and to which CPFL is subject given its ADRs which trade on the New York Stock Exchange. In general lines, SOX mandates the creation of reliable auditing and safety mechanisms in corporations to mitigate business risk, avoid fraud and ensure that there are instruments able to identify fraud should it occur, thus guaranteeing management transparency.

Continual efforts are made to disseminate the Code throughout the organization. As a result, in 2011 a module on Ethics was developed for the new employees induction program, in partnership with the Corporate University, with the aim of promoting a guided reading of the Code. The content will be made available as of 2012.

Another initiative showing the dissemination of the Code is its official adoption by CPFL Renováveis, also in 2011. Out of respect for the organizational culture of CPFL Renováveis and a concern for aligning it with that of CPFL Energia, a transition team was set up playing a fundamental role in the process of defining and adopting common beliefs.

The official launch ceremony of the Code of Ethics at CPFL Renováveis took place on November 28, 2011 in the presence of 150 employees. The following day, seminars on the Code were held for 102 employees. In December, all staff received their own copy of the Code and signed a Commitment Agreement.

3. ACCESS CHANNELS

CPFL OFFERS A NUMBER OF ALTERNATIVES THAT ALLOW STAKEHOLDERS TO REPORT TRANSGRESSIONS OF THE CODE OF ETHICS AND CORPORATE CONDUCT:

- Telephone access on 0800 77 02050
- Email access: etica@cpfl.com.br
- Caixa Postal 1408, CEP 13088-900, for postal correspondence destined for the Ombudsman.

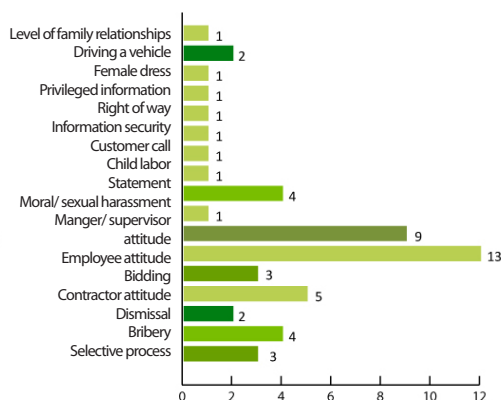
SPECIFIC ACCESS MECHANISMS HAVE ALSO BEEN CREATED FOR REPORTING ACCOUNTING AND FISCAL FRAUD, WHICH IS COMMUNICATED DIRECTLY TO THE FISCAL COUNCIL FOR ITS CONSIDERATION.

- Telephone access on 0800 77 38422
- Email access: denuncia@cpfl.com.br
- Caixa Postal 6676, CEP 13084-970, for postal correspondence with the Internal Audit

Additionally, the “Talk to the CEO” Channel was created in order to establish greater proximity between the CEO and CPFL employees and allow interested parties to send their points of view etc. directly to him. It is available on the Intranet.

4. OCCURRENCES REGISTERED IN 2011

In 2011, 53 occurrences were registered and assessed by the Committee. Of this total, four were reports of corruption and bribery. As these cases were considered serious, an ad hoc Internal Investigation Commission was formed to deal with them. It was responsible for drafting conclusive reports which were filed with the Ethics Committee Office. The Committee's analysis also considered the internal guideline "Disciplinary measures and compensation for damages caused by CPFL Group employees", which applies to all directly or indirectly controlled subsidiaries. This led to the dispensation of appropriate disciplinary measures and two cases resulted in dismissals with just cause.



In this same year, there was no registered case of any form of discrimination.

It is important to note that assessment of CPFL Energia's internal controls environment is based on the integrated COSO (Committee of Sponsoring Organizations) model. One aspect emphasized by this methodology is corruption. For this reason, a specific assessment of risks related to corruption is planned for 2012. Find out more at 3.3.4.3

5. ETHICAL CONSULTANCY

An online channel that is open to the public for consultation, clarification and, when required, advice on ethical doubts and conflicts. Consultations are answered by a specialist consultant who is versed in both the review process for the CPFL Code of Ethics and Corporate Conduct and the implementation of the Ethics Management and Development System at CPFL. A personal and confidential reply is offered to those that request it. Otherwise, all information is available to anyone who accesses the channel, contributing to the objective of disseminating as broadly as possible a culture of ethics at CPFL.

In 2011, 37 accesses to the Ethical Consultancy were registered, which led to eight statements on the issue of ethics.

6. DISSEMINATION AND INDUCTION SEMINARS

CPFL holds cycles of face-to-face seminars with its employees in order to disseminate the contents of the Code of Ethics and gather contributions toward future versions of the document. This also helps to embed the issue within the organization.

Two seminars took place with CPFL Renováveis employees in 2011, soon after the launch of the Code.

7. COMMUNICATIONS

CPFL develops ongoing and wide-ranging communications to publicize its commitments to sustainability and ethical conduct. In addition to providing encouragement and using individual success stories as examples, they also offer permanent and interactive communication channels with all stakeholders to give visibility to the Company's commitments and results in the fields of sustainability and ethical conduct.

The year 2012 will see the launch of a new communications project as a part of CPFL's Ethics Management and Development Strategic Plan. The campaign, entitled "Improving Ethics in Business Relations" will be ongoing and seek to encourage reflection and debate on ethical conduct, and also facilitate communication of the Ethical Committee's decisions.

8. ETHICS NETWORK PORTAL (WWW.CPFL.COM.BR/ETICA)

A resource that explains the CPFL position on ethics and provides access to all the mechanisms of the management system. It also offers channels for employees to send comments and suggestions for the program's continual improvement.

Other initiatives:



PRO-ETHICS

- In 2011, CPFL became a registered Pro-Ethics Company, within a system developed by the Brazilian Office of the Federal Inspector General (CGU) and the Ethos Institute. The initiative comprises eight companies committed to ethics and integrity and aims to encourage the private sector to develop concrete actions for promoting ethics, integrity and preventing corruption.
- In order to join the register, the Company answered a detailed questionnaire covering the implementation of integrity and anti-corruption measures. For every item on the questionnaire, CPFL sent accompanying information and/or documents to support supplied data.
- By joining Pro-Ethics, CPFL has taken on a public commitment to governments and society, to invest in measures for promoting ethics and preventing corruption and thereby contribute to a more honest, ethical and transparent environment in the private sector and in its relations with the public sector.

FNQ CORPORATE ETHICS COMMITTEE

- CPFL is a voluntary member of the Corporate Ethics Committee at the National Quality Foundation (FNQ) and has been an active member of its meetings since 2008.
- The Committee encourages shared experiences among organizations affiliated to the FNQ, as well as between its strategic partners. It additionally produces materials for disseminating best practice on the application of ethics in companies.

■ Duetto

CPFL Energia sponsored the Ethics Collection (published by Duetto Editorial), a range of four magazines covering these subjects:

- Politics
- Media, Relationships
- Consumption, Labor
- Education and Rights

- Citizenship.
- Professor Clóvis de Barros Filho was editorial director.

PLANNED ACTIONS FOR 2012:

- Monthly meetings of the Ethics Committee, according to the timetable below:

Month	Date
February	03 and 28
March	20
April	17
May	15
June	19
July	17
August	21
September	18
October	16
November	27
December	18

- Implementation of the Code of Ethics at CERAN (Companhia Energética Rio das Antas), EPASA (Centrais Hidrelétricas da Paraíba S/A), NECT (Shared Services Center) and the Foz de Chapecó hydroelectric power plant.
- Presentation of the “Ethics and Corporate Leadership” case study at the 8th International Conference on Environmental, Cultural, Economic and Social Sustainability (“On Sustainability”) in Canada, from January 10 to 12, 2012.
- Proposal to stimulate the discussion of ethics at CPFL, using the 2012 cycle of seminars on improving ethics in business relations.
- Launch of the communications plan for “Improving Ethics in Business Relations”, an ongoing communications campaign.
- Ethical Climate survey – a twice-yearly survey that assesses employee perceptions of the Company’s knowledge and positioning, the Code and its ethical practices.



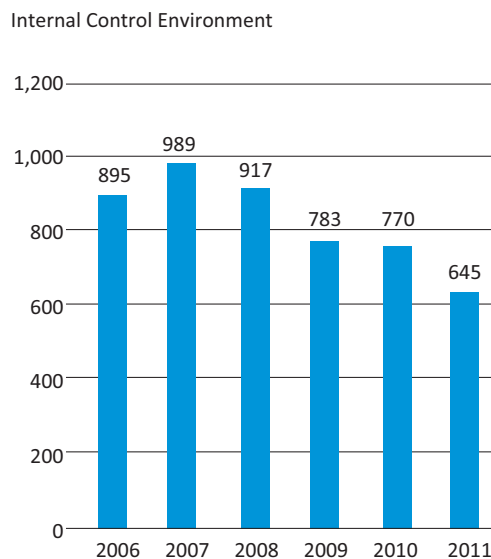
3.3.4. Risks

Answering to the Financial and Investor Relations Executive Division, the Risk Management, Internal Control and Consolidated Processes Department monitors risk management, internal controls and consolidated processes to ensure the Group's processes are line with Brazilian and international standards and CPFL Energia's corporate planning policies. As an integral part of the Company's corporate governance model, it fulfills its duties through two frameworks: Compliance and Risk Management.

COMPLIANCE (INTERNAL CONTROL)

- As a corporation listed on the NYSE and the Novo Mercado of BOVESPA, CPFL Energia is required to meet the highest standards of governance in the area of internal controls. Correspondingly, since 2005 it has made strenuous efforts to improve its control environment for compiling and disseminating its financial statements. Since its creation, Compliance Management has periodically assessed the whole range of the Group's business process controls. In 2011 over 640 controls were tested, covering 19 business processes. As a result, form 20-F, required by the US SEC was filed for the sixth consecutive year with no qualifications as to internal controls' certifications issued by either company management or the independent auditors. Our assessment efforts have also allowed us to gain certification in line with CVM Instruction 480/2009 which, under the Sarbanes-Oxley Act (SOX), requires the principal executives to sign off on the effectiveness of their internal control environment.

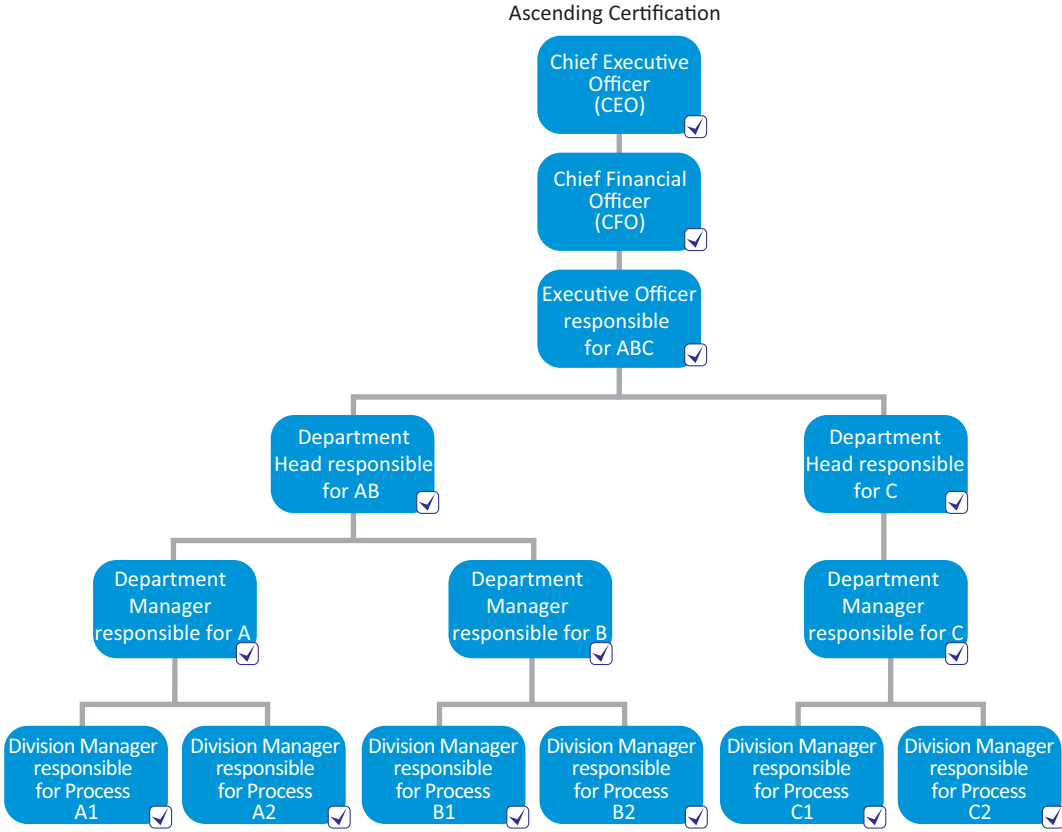
The adopted model is structured to allow the intelligence and knowledge on business processes gained by the Compliance team to be applied to actions for improving operations and the control environment through studies and analyses to standardize, digitize and redesign control processes and activities. As a result, de-



spite the organic growth of the Group and its activities, an increase in financial reporting did not require a proportionate increase in the number of quality safety controls.

The Compliance team has also created the possibility for self-assessment of controls and processes, as well as ascending certification, all of which are carried out using a technological platform that facilitates the monitoring of work by executives, and the sharing of responsibility among the Group's main managers at all hierarchical levels. This is reported on a periodic basis to the CPFL's Board of Executive Officers and Fiscal Council.

As a way to guide the process for assessing the internal control environment, CPFL Energia has also installed the Internal Control



Environment Assessment Standard. Approved by both the Board of Executive Officers and the Board of Directors, this document covers the main stages of the process, including the roles and responsibilities of all those involved in the assessment cycles.

CORPORATE RISK MANAGEMENT

As part of the Company’s governance structure, the Risk and Internal Control Management Department – through its Risk Management structure – is also responsible for drafting the Corporate Risk Management model. To achieve this, the Risk Management team performs an analysis of the main corporate risks in waves according to priority.

Since its creation, Risk Management has executed the Group’s Corporate Risk Management Policy, approved by the Board of Directors, and structured the components of the corporate management model, which include:

- Incorporation of the risk perspective in the Corporate Strategic Plan with analysis from the point of view of uncertainty;
- Creation and implementation of the Corporate Risk Management Committee;
- Consolidation and alignment of the risks map;
- Risk ownership as a responsibility of the executive directors;
- Together with main business areas, risk modeling and development of key risk factors and indicators (KRI) – calculation of impact and probability;
- Selection and formalization of the best group of actions to respond to risk (when necessary);
- Interaction with the Risk Management Committee, Financial and Investor Relations Executive Division, Board of Executive Officers, Fiscal Council, Board of Directors.

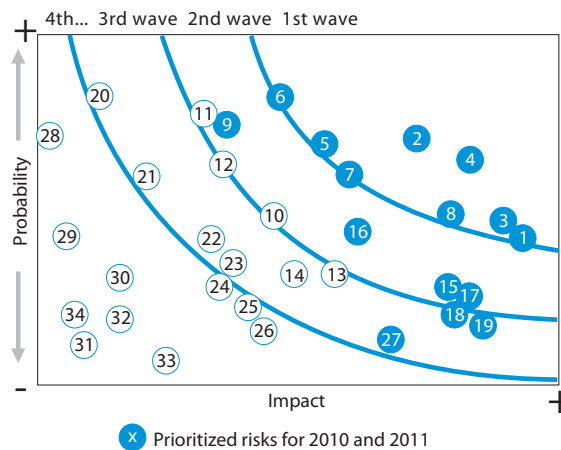
Overview – Work Processes (Vertical)

<p>1</p> <p>Identification, Classification and Prioritization</p> <ul style="list-style-type: none"> • Analysis of strategy • Communication • Risk Map • Classification • Criteria for prioritizing development 	<p>2</p> <p>Structure</p> <ul style="list-style-type: none"> • Understanding • Definition of Risk Factors • Definition of Sub-factors (where applicable) • Selection of best set of indicators (KRI) • Nature of risk (quantitative, qualitative or hybrid)
<p>3</p> <p>Risk Assessment</p> <ul style="list-style-type: none"> • Analysis of historical and projected data • Calculation of potential Impact and Probability • Establishing scale of scores, indicators and qualifying rules • Study of limits (exposure x corporate objectives) • Drafting of actions to be addressed 	<p>4</p> <p>Monitoring and Reporting</p> <ul style="list-style-type: none"> • Periodic assessment based on indicators • Factor analysis • Discussion with owners • Report to the decision-making spheres

- Risk Grid – With division into categories (Strategic, Financial, Regulatory and Operational), subcategories (Strategy, Credit, Liquidity, Technology, Environmental, Labor-related, Fiscal, Processes, Personnel, etc.) the risk grid offers an initial overview of the set of events that could affect strategies and operations. Corporate risk is measured by exposure (impact and probability) in accordance with its characteristics (qualitative and quantitative) based on a selection of risk factors and sub-factors (origins of risk) and analysis of historical and projected data and behavioral indicators.

The risk grid was initially built from a public risk model designed to be applied to all types of business segments. A process of critical analysis and comparison against the Corporate Strategic Plan (in particular the strategic objectives, and weaknesses and strengths resulting from the SWOT Analysis stage) identified the set of events that could impact short-, medium- and long-term strategies.

In 2011, the Risk Management Division concentrated its efforts on the measurement, analysis and labeling of the risks considered most significant (qualitative analysis of impact and probability), chosen from established criteria for prioritization.



As it is one of the main components of the corporate risk management model, the risk map requires updating from time to time in order to ensure that it adequately reflects the Company's operations and the threats posed to its value and stakeholders. Through periodic analysis of strategies, significant changes to processes, and of the business context, the grid is revisited so that it always reflects the best set of uncertainties.

RISK OWNER

The process of measurement and analysis includes the involvement of the 'risk owner' from the outset, an executive with a broad grasp of the area relating to the risk being measured and best skilled to:

(i) suggest and implement the best set of actions in response to the risk; and (ii) coordinate actions suggested by other executives in response to the risk. Within CPFL Energia's Corporate Risk Management model, the 'risk owner' role requires an executive of at least the level of department head.

RISK COMMITTEE

Following the conclusion of the stage of modeling, measurement, analysis and choice of the best set of responses to corporate risk, the subject is presented to the Risk Committee, formed of a group of executives versed in corporate strategy, economic and financial planning, sector regulations, and risk management and internal controls. Other executives also take part in the Risk Committee as and when required and according to their ability to contribute to the subject being discussed.

MEASUREMENT AND ANALYSIS

The process of measurement and analysis begins with an understanding of the risk, identification of the associated risk factors (which are the conditions or events that contribute to risk materialization) and selection of the best set of Key Risk Indicators (KRIs). The following stage covers the gathering and analysis of historical and projected information that explains the behavior of the indicators and the KRIs, as well as the effect of these factors and indicators on forecaste data and scenarios, or in the case of risks with highly qualitative characteristics, the construction of rules and models that differentiate the levels of exposure in terms of impact and probability.

RESPONSE TO THE RISK

Once exposure to risk has been measured (impact and probability), and has resulted in exposure levels greater than or close to the tolerable limits, actions are selected and defined for bringing them back to acceptable levels in accordance with the profile of the organization and the agreed strategies. This set of actions is monitored on every occasion the risk is assessed in accordance with the established timeframe (monthly, quarterly, half-yearly, annually, etc.) or on the final date for the implementation of corrective actions.

	Priority Waves			
	4th	3rd	2nd	1st
Risks	10	10	6	8
Key Risk Indicators	0	0	44	66
Action Plans	0	0	10	12

Scope of work for 2010-2011

Corporate Risk Management is applicable to all CPFL Group companies. As a result, the adoption of the aforementioned practices contributed to two companies from the CPFL Group - Companhia Paulista de Força e Luz and Rio Grande Energia, distributors in upstate São Paulo and the north of Rio Grande do Sul state, respectively – winning the National Quality Award, granted by the National Quality Foundation to companies with the best management practices.

The way in which these processes are conducted meant that, following an audit at the end of 2011, by Bureau Veritas Certification – Brasil, CPFL Energia retained certification of its Quality Management System in accordance with ISO standard 9001:2008, covering the scope “Risk Management and Internal Controls Assessment for Financial Reporting”, obtained in 2010.

THE INTERFACE BETWEEN RISK MANAGEMENT AND COMPLIANCE (INTERNAL CONTROLS)

The Risk Management and Compliance operations are concentrated in the same department, thus maximizing the opportunity for interaction between them. It brings synergy and robustness to the control process, given that the results of internal control tests on business processes are variable and this can affect both the perception and the calculation of the probability of risk of deviating from corporate objectives. The same rule applies to actions identified and implemented in the batteries of tests (a minimum of two for the most significant processes). Still in the realm of interfaces, analysis conducted by Risk Management also provides important input for the use of financial, regulatory and strategic planning, as well as the business areas, in their process and operations planning, such as human resources and technical and operating services, for instance.

COMMITMENT TO RISK MANAGEMENT

At CPFL Energia, the roles and responsibilities of all key executive and decision-making forums include ensuring adequate management and monitoring of corporate risk while conducting business, in line with the Company’s corporate governance documents (CPFL Energia Corporate Bylaws, Internal Charter of the Board of Directors and Internal Charter of the Fiscal Council).

RISK GRID VERSUS MATERIALITY MATRIX

A look at the Materiality Matrix alongside the Risk Grid shows that many of the chosen topics are also covered by the Risk Management and Compliance areas, as well as included in daily management practices and mechanisms. For example, the risk of debt is related to topics: a) economic and financial sustainability, and b) financial health and ability to attract funding, which are listed in the Materiality Matrix as items of high and medium importance, respec-

tively. These topics are subject to continual monitoring by company management, with defined KRIs and relevant containment actions undertaken by the Corporate Finance Department.

The table below illustrates further examples of the correlations with some topics considered of high and medium importance for CPFL's sustainability, taking into account two axes of the Materiality Matrix (the stakeholder perspective and the company's internal perspective). Note: There was no topic considered of low importance after the results from the internal (company) and external (stakeholder) perspectives were cross-checked with one another.

Topic	Risks / Compliance / Management
Energy Efficiency	Assessment of R&D and Energy Efficiency process controls
Economic and financial sustainability	Monitoring of debt levels and actions for containment
Socio-environmental impacts of the hydro plants and other energy sources	Management of environmental practices, certifications and actions to minimize impacts
Supplier management and development	Assessment of controls for the process of supplier accreditation and monitoring levels of supplier and service provider concentration/dependence
Employee training and development of new managers	Indicators of development and training, personnel turnover, salary adjustments, etc.
Training and development activities provided by the Corporate University	
Power supply guarantee	Monitoring of indicators of power interruption (duration and frequency), execution and monitoring of investment plan for the distribution network
Fighting bribery, fraud and corruption	Assessment of internal controls at the entity level (ethical management structures: dissemination and acculturation of the Code of Ethics and Conduct, activities of the Ethics Committee, Whistle Blowing Channel, actions of the Internal Audit, etc.)
Mechanisms for identifying and solving complaints and conflict	As above
Financial health and ability to attract funding	Monitoring of debt level and containment actions
Remuneration and benefits practice	Indicators of remuneration practices and salary agreements, etc.

3.3.4.2 Operating Risk



Guidelines for managing the main environmental impacts posed by the operations of CPFL Energia and its subsidiary companies are based on an Environmental Management System and formal documents. They include, in particular, procedures relating to the environment, illegal consumption and hydrological risks, which provide a control framework for activities and supply guidance on operating processes for electricity distribution and generation. These processes adhere to the requirements of the respective environmental certifications in force and meet environmental legislation standards.

ENVIRONMENT

Detailed environmental impact studies are prepared for each of CPFL Energia's new projects at the planning stage and the Company supervises the environmental programs at the implementation and operation stages. This enables it to comply with all issues raised in connection with the environmental licensing of its projects ensuring that impacts are mitigated or compensated at both implementation and commercial operation stages.

The operating procedures to be followed in case of emergency at any of CPFL Energia's hydroelectric plants are described in its technical guidelines. This document is designed to safeguard CPFL's assets and those of third parties located downstream from its hydroelectric plants, thus helping to avoid or reduce any possible environmental impact in the spheres of influence of its generating assets.

The document also seeks to provide the organizational, administrative and operational flexibility needed to mobilize the necessary resources for successfully dealing with exceptional situations and to facilitate contact between the plant's operating units. Additionally, it ensures proper communication with the public bodies and organizations responsible for protecting people and property.

ILLEGAL CONSUMPTION

CPFL Energia's subsidiaries detect irregularities in electricity meter reading via a management system that permits targeting of consumers for inspection by specialized teams. In cases where the illegality is confirmed as fraudulent, the consumer is billed for the relevant amount, with repayment in installments allowed. This procedure ensures that CPFL Energia treats all customers equally, as the consumer is only held responsible for electricity actually consumed.

HYDROLOGICAL RISKS – ENVIRONMENTAL PERMITTING REGULATIONS (EPR)

In order to create a balance between energy supply and demand, Brazilian electric sector regulations incorporate the assured energy concept, establishing a production control equation for each generating source. The objective is to avoid the hydrological risks inherent in hydroelectric generation. With this concept, power generation revenue is calculated according to the volume of power supply each plant will have to offer, and not simply on the basis of installed capacity or volume of power actually generated.

The government authorizing organ stipulates a plant's assured energy at the concession or authorization stage and this is enshrined in an energy commercialization certificate – irrespective of the volume of power actually generated – and determined by the National Electricity System Operator (ONS) based on systemic conditions. Therefore, if a hydro plant is generating electricity below its Assured Energy level, other plants in the system can release their excess to offset the shortfall. However, a plant that generates in excess of its assured energy will only receive additional revenue to cover its related costs.

3.3.4.3

Prevention of financial risk



The Compliance Unit is responsible for controlling the risks implicit in drafting and disseminating financial statements using the systemic analysis of relevant processes. It also reports to the Risk Management, Internal Controls and Consolidated Processes Department.

As part of its role, the unit conducts an annual evaluation of the effectiveness of its internal controls structure for the business processes which significantly impact financial reporting, so as to ensure the material integrity of its account entries.

CPFL ENERGIA'S ASSESSMENT OF ITS INTERNAL CONTROLS STRUCTURE IS BASED ON THE INTEGRATED COSO (COMMITTEE OF SPONSORING ORGANIZATIONS) MODEL, AN INTERNATIONALLY ACCEPTED STANDARD THAT TAKES TWO ASPECTS INTO ACCOUNT:

- Entity level corporate controls that relate to the characteristics of the organization such as the Code of Ethics, Strategic Planning and Information Technology;
- Process level controls, linked to relevant accounting entries in financial reporting. Examples include revenue from electricity supply and judicial deposits, among others.

In 2011, CPFL Energia's assessments of its internal controls following the COSO standard covered 645 activities, divided into 133 business processes.

As a corporation listed on both BM&FBovespa and the New York Stock Exchange, CPFL Energia is subject to the applicable capital markets legislation of both countries. For this reason, its internal control assessment guidelines are aligned to the requirements of the Sarbanes-Oxley Act, covering the principal business processes of the holding company and its subsidiaries, particularly focusing on financial reports. This set of guidelines also adheres to the requirements of Instruction 480 published by the CVM in December 2009, concerning assessment of the internal controls environment in relation to financial reporting.

The CPFL Group's compliance practices also include the control self-assessment concept, which involves all the Company's executives, from managers to the holding company CEO, in the assessment and correction of internal controls on financial statements. The aim of this is to allot due responsibility to these executives for the CPFL Energia Group's internal controls structure.

INSTRUMENTS USED

All certification of internal controls covering financial statements is conducted through the SAP GRC (Process Control module), a system which unites the whole hierarchical chain of processes, internal controls and organizational units, and includes defined responsibilities for all employees involved in the assessment process.

In order to centralize financial risk management in its operations and cash flow control, CPFL Energia uses some of the main instruments available in the market. They include the Grid Risk system, also used by some of the largest organizations in the Brazilian financial market.

This model is used to manage financial risk through ALM (Asset and Liability Management) which, by means of VAR (Value at Risk) calculations, Stress Testing and Duration Analysis of the asset and liability portfolios of the CPFL Energia Group companies, establishes the level of financial risk for each transaction and implements methods for neutralizing or protecting against such risks.

3.3.4.4.

Exchange rate and interest rate risks on other liabilities



Some of CPFL Energia's power purchasing agreements are indexed to the US dollar and therefore subject to exchange rate fluctuation. The Company manages this risk by monitoring the agreements entered into by its subsidiary companies.

The distribution companies are obliged by law to acquire energy from the Itaipu plant, with purchase costs fixed in US dollars. All distribution companies have the right to seek financial protection from currency losses through the CVA Parcel A Tracking Account Mechanism by resolution of the National Electric Energy Agency (ANEEL). This compensates companies for currency losses on energy purchases through the adjustment of electricity tariffs.

CURRENCY RISK ON FINANCIAL LIABILITIES

The CPFL Group protects its earnings and cash against fluctuations in the US dollar exchange rate through hedge transactions. This allows the Company's financial debt to be always indexed to Brazilian domestic indices. The holding company ended 2011 with no foreign currency debts.

FINANCIAL COVENANTS

CPFL Group companies' loan agreements, financing contracts and debentures carry restrictive financial covenants usual in this type of transaction, typically relating to fulfilling certain economic and financial ratios, cash generation, and others. These clauses do not represent any kind of restriction on the Company's ability to conduct its normal business activities.

CREDIT

The risk of loss through inability to collect from customers is low given the dispersed nature of the customer base as well as the company policy on collection and disconnection in the event of non-payment.

3.3.4.5. Planning for energy purchases



CPFL Energia's subsidiary companies apply a series of solutions and strategies to minimize the risk of losses and legal penalties. These measures also offer further possibilities for adding value to the businesses against the backdrop of the challenges presented by the Electric Sector New Institutional Model, particularly those linked to the purchase of energy in the captive market. The CPFL Energia Group's distribution companies have constructed mathematical stochastic optimization models to:

- minimize the risk of loss through over-contracting energy needs and the penalties for under-contracting, reflecting the intrinsic uncertainties in the obligatory five-year consumer market projections made by distributors;

- reduce the total cost of energy purchases;

- develop the best strategies for acquiring energy in regulated energy market auctions, based on a range of projected demand scenarios which are calculated from sector and macroeconomic variables affecting electricity demand.

3.3.4.6. Internal Audit



The Internal Audit, which reports to the Board of Directors, uses a risk-based methodology to evaluate the main business and operating processes. It aims to ensure alignment between corporate guidelines and shareholder and management strategies. Another function of the Internal Audit is to stimulate development and improvement in corporate processes, risk control and the Company's results.

THEIR WORK INVOLVES EVALUATING THE FOLLOWING:

- suitability and efficacy of operations;
- economic efficiency in the use of resources;
- integrity and reliability of information, registers and systems;
- adherence to policies, objectives, plans and procedures;
- compliance with applicable laws, norms and regulations.

3.3.4.7. Private pension plan



The CPFL Group uses specific tools to mitigate any risks of deficits in the employee pension plans managed by the CESP Foundation. Management of these risks is fundamental to the plans' financial equilibrium and to ensuring employee security and peace of mind.

The Investments and Pension Management Committees monitor management of the pension plans. They are made up of representatives from the Finance Division and other areas of the Company, as well as plan members and beneficiaries. It is the Committees' responsibility to decide and analyze investment policy for the pension plans, CESP Foundation investment recommendations and overall management of the plans.

Results of the committees' work are published monthly and the Management Committees and the CESP Foundation team meet quarterly to review strategies and limits.

3.3.4.8. Insurance Management



CPFL Energia has established guidelines for the management of insurance policies which define measures needed to protect company assets from the risk of accidental losses that might undermine returns.

The company area responsible for Corporate Insurance and Guarantees, led by an insurance specialist, manages the insurance administration guidelines.

3.3.4.9. Information Technology Security



The safety of its IT resources and systems is a constant concern for CPFL Energia.

To mitigate the risks resulting from possible equipment outages, the Group has been making significant investments in redundancy solutions, resulting in greater systems uptime.

The Company's good IT management procedures ensure absolute customer privacy as well as the confidentiality of financial information processed by, and stored in, corporate IT systems.

To avoid the risks associated with processing and information assets, all IT processes are documented and covered by formal internal controls. In addition to this, they are hosted in a Data Center (Smart Shelter) level 3, with an Information Safety Management system certified in line with the ISO 27001 standard.

Efficient and safe use of the internet and its connections is guaranteed by permanently updated virus detection and protection programs.

3.3.4.10. Regulatory issues



The mitigation of regulatory risk is one of the CPFL Energia Group's strategic guidelines. Power distribution and generation concessions are required to adhere to a series of obligations established in their concession agreements and as part of the sector's regulatory framework and are subject to ongoing inspection by ANEEL and by related agencies run by the individual states in the federation.

In order to mitigate regulatory risk, the control system at each of the concessions is backed by structured procedures and by support systems such as the Regulatory Management System (RMS) for monitoring and controlling the entire regulatory process.

The commercialization of electricity takes place in the free market and is not therefore required to follow regulated market rules, although it is authorized and subject to inspection by the regulatory bodies. The only exception is in cases of operations involving related parties, which must have the prior approval of ANEEL, a rule that is rigorously observed.

In view of CPFL Energia's corporate structure and the regulatory discipline, efficient risk control in this environment provides an integrated picture of all interrelated elements, especially those of an economic and financial nature, in order to guarantee conformity of all operations.

3.3.5.

Intangible assets

A group of assets that add value to the businesses and which allow effective identification, legal existence, the right of ownership, specification of useful life and transferability.

The economic value of a company is not reflected just by its tangible assets. The weight of the intangible elements including assets such as intellectual capital, brand and patents, has an increasingly growing importance, directly enhancing the company's ability to retain its competitive advantage and, as a result, create value.

These unique assets are nowadays viewed as means for companies to differentiate themselves from competitors and achieve a superior financial performance. Aware of this potential role in income generation, CPFL Energia makes efforts to instill all the required conditions for their identification, protection and development.

Among these intangible assets to be nurtured, human talent stands out. CPFL understands that the attraction and retention of qualified and engaged professionals contributes toward the Company's strength and the execution of its growth strategies. In view of this, it always seeks to employ the best personnel management practices and offer ongoing training and education for its workforce. This includes the Corporate University, which since 2008 has been aligning learning with strategy and business goals, and offers qualifications and necessary skills training to all levels of employee.

Intangible assets, which CPFL currently classifies as brand, human resources, intellectual property and infrastructure, are maintained for the Company's use and ownership through established norms and procedures besides labor registration and instructions, policies, information systems and care for library assets.

The Intellectual Property Rights Policy, for instance, ensures the protection of intangible assets and prohibits the commercialization and/or disclosure of these projects or inventions by any employee without appropriate authority. Those responsible for the projects, the Special Projects Division (SPD), and the Legal Department are accountable for establishing and examining copyrights and patents.

Intangible assets are a source of constant discussion on the part of CPFL, given their importance. The key strengths and weaknesses of the

Company's intangible assets are identified during the annual strategic planning cycle, which provides opportunities for improvement and for alignment with the new challenges set by the Company's strategic direction.

An example of this is the work that has been carried out in developing and strengthening the CPFL brand. In December 2008 a new brand positioning was created, to reflect its revised strategic foundations (Vision, Mission and Principles). The following year, the brand manual and language guidebook were launched. This culminated in October 2010, when the brand gained a voice through the "Much more than energy" advertising campaign, which ran nationwide for three months on TV channels (open, pay and in-flight), weekly magazines and the internet, including a version for the iPad. The campaign aim was to show the purpose of CPFL Energia's existence beyond its areas of activity, increasing the knowledge of the Group among its numerous stakeholders and contributing to growth strategy.

IDENTIFICATION OF INTANGIBLE ASSETS		
ASSETS	CHARACTERISTICS	EVALUATION METHODS
CPFL Energia Brand	<ul style="list-style-type: none"> • Tradition and strength of the CPFL Energia brand • Business portfolio with participation in three segments of the electricity sector • Solid customer base and attractive markets 	<ul style="list-style-type: none"> • Evaluation performed by a specialized consultancy • Monitoring of positive media coverage • Annual image survey • Monitoring of market and customer base
Human Resources	<ul style="list-style-type: none"> • Know-how and skills related to strategic abilities • High levels of productivity and motivation 	<ul style="list-style-type: none"> • Performance management system – Personal Value • Company Performance
Intellectual Property Rights	<ul style="list-style-type: none"> • Patents 	<ul style="list-style-type: none"> • Number and value of patents, and validity
Infrastructure	<ul style="list-style-type: none"> • Technologies developed for CPFL's specific use • Customized information systems with CPFL parameters CCS: commercial operations support platform for customer service, billing, collection, charging and management of meter assets GISD: Integrated geo-referenced platform with data on electricity assets, to support the planning, engineering, design, operation and distribution maintenance operations 	<ul style="list-style-type: none"> • The value added calculation takes into account at least the expenditure of resources for installing information systems and technology

3.3.6. Quality



Excellence in the provision of services to residential, commercial and industrial customers is not just a proposal on the part of CPFL Energia. Rather, it is in the corporate DNA, and demonstrated by the standardization of its excellence criteria for Group companies through the Integrated Management System (IMS).

This model covers standardization and certification of the major work processes in these areas: quality (ISO 9001), environment (ISO 14001), occupational health and safety (OHSAS 18001), social responsibility (SA 8000) and information security (ISO 27001). The IMS has currently been installed at CPFL Paulista, CPFL Piratininga, CPFL Geração and RGE. It is subject to ongoing monitoring through periodic audits conducted by external organizations, which allows any necessary improvements to be implemented in an efficient manner, and contributes to improvements in operating efficiency and increased synergy.

It is CPFL Energia's view that certifications of process quality provide transparency to the high quality of its service provision.

2011 HIGHLIGHTS

Subsidiaries CPFL Paulista and RGE received the National Quality Award (Prêmio Nacional da Qualidade® - PNQ) 2011, from the National Quality Foundation (FNQ). With this distinction, CPFL Energia was the first company to win the PNQ for three consecutive years (2005, 2008 and 2011).



PNQ

The Management Excellence Model (MEM) has been implemented at the CPFL Paulista, CPFL Piratininga and RGE distribution companies.

In 2011, maintenance procedures on the 6 Sigma strategy were carried out at CPFL Paulista, CPFL Piratininga, CPFL Brasil, CPFL Geração and RGE. The 6 Sigma strategy is a methodology that allows identification of opportunities for improvement and reduction of losses in work processes.

A full list of subsidiary companies and their respective process certifications can be found on our website www.cpfl.com.br.



CPFL PAULISTA	
CERTIFICATION	ACTIVITY
ISO 9001, OHSAS 18001 and SA 8000	Electricity distribution and commercialization
ISO 9001	Electricity consumer call center service
ISO 9001	Electricity transmission systems operations
ISO 9001	Compiling of information, processing and calculation of technical and commercial indicators of electricity supply quality
ISO 9001	Handling electricity customer complaints
ISO 14001	Coexistence between urban electricity distribution networks, the environment and electricity transmission services

CPFL PIRATININGA	
CERTIFICATION	ACTIVITY
ISO 9001, OHSAS 18001 and SA 8000	Electricity distribution and commercialization
ISO 9001	Compiling of information, processing and calculation of technical and commercial indicators of electricity supply quality
ISO 9001	Handling electricity customer complaints
ISO 14001	Coexistence between urban electricity distribution networks, the environment and electricity transmission services

CPFL GERAÇÃO	
CERTIFICATION	ACTIVITY
ISO 9001, ISO 14001, OHSAS 18001 and SA 8000	Hydraulic power generation
ISO 9001	Operation of the electricity generation system

CPFL BRASIL	
CERTIFICATION	ACTIVITY
ISO 9001	Project design, development and commercialization of added-value electricity services

CPFL RGE	
CERTIFICATION	ACTIVITY
ISO 9001, OHSAS 18001 and SA 8000	Electricity distribution and commercialization
ISO 9001	Electricity consumer call center service
ISO 9001	Electricity transmission systems operations
ISO 9001	Compiling of information, processing and calculation of technical and commercial indicators of electricity supply quality
ISO 9001	Handling of electricity customer complaints
ISO 14001	Coexistence between urban electricity distribution networks and the environment
ISO 14001	Electricity sub-transmission services

CPFL SANTA CRUZ	
CERTIFICATION	ACTIVITY
ISO 9001	Data analysis and calculation of electricity distribution performance technical indicators and handling electricity customer complaints
ISO 9001	Handling electricity customer complaints

CPFL LESTE PAULISTA	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL
ISO 9001	Handling electricity customer complaints

CPFL JAGUARI	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL
ISO 9001	Answering electricity customer complaints

CPFL SUL PAULISTA	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL
ISO 9001	Handling electricity customer complaints

CPFL MOCOCA	
CERTIFICATION	ACTIVITY
ISO 9001	Electricity distribution and commercialization
ISO 9001	Compiling, consolidation and submission of electricity supply quality technical indicators, as established by ANEEL
ISO 9001	Handling electricity customer complaints

CPFL ENERGIA	
CERTIFICATION	ACTIVITY
ISO 9001	Risk management and assessment of internal controls for Financial Reporting
ISO 9001	CPFL Energia's Data Center information security management system, including infrastructure control, operation, monitoring and maintenance services, located at Rodovia Campinas, Mogi Mirim, km 2,5 – Campinas (SP)

3.4. Corporate Strategy Strategic Planning



CPFL Energia's ambition for its 2012-2016 cycle is to pursue the leadership of the Brazilian electric sector. This is the period covered by the 2011 strategic plan prepared over a period of four months, involving executives and employees from all business areas for establishing an action plan of value creation for the Company.

CPFL Energia's Strategic Plan covers five-year periods. Its development process, which includes the active participation of the workforce, begins with an assessment of future scenarios and trends. After this stage, their impact on business is considered, followed by the formulation of strategic guidelines and initiatives to direct the Company's activities over the following five years. At the end of the process, the planning output is validated and aligned with the Board of Directors. Despite covering five-year periods, it is reviewed annually to allow for adjustments in line with any market movements and/or opportunities.

In order to achieve its stated ambition for the 2012-2016 cycle of being leader in the electric sector, CPFL's strategy will focus on excellence, maximizing shareholder value and guaranteeing business sustainability. To ensure that these guidelines trickle down to all the Group's businesses and departments, there will be a business focus on two performance areas, supported by corporate enablers:

- Operating excellence, with innovation and technology;
- Strategic growth.

What? Ambitions	To lead in the Brazilian electric sector with a focus on excellence, maximizing shareholder value and guaranteeing business sustainability	
How? Levers	Operating excellence with innovation and technology	Strategic growth
Enabler	Transformation of culture and leadership style	

All business areas are aligned and engaged with this ambition, and this is confirmed in the established guidelines and goals for each segment:

DISTRIBUTION

- Market leadership, doubling market share through acquisitions with value creation;
- Operating excellence, with the use of innovation and new technologies.

GENERATION

- Operating excellence in project operations;
- Monitoring of new opportunities in hydro and thermoelectric power plants.

RENEWABLES

- Leadership in renewable sources, delivering the CPFL Renováveis pipeline;
- Operating excellence in project operations;
- Monitoring and development of future potential sources: solar and waste-to-energy.

COMMERCIALIZATION

- Commercialization market leadership;
- Market leader for commercializing energy from renewable sources on the free market.

SERVICES

- Growth in the provision of competitive services;
- Integration with other Group businesses.

These guidelines, along with details of actions planned for the coming years, are communicated to all employees through a specific portal on the CPFL Energia Intranet. This was specifically designed in blog format to promote the participation of all and to retain the open dialog approach of the strategic plans development phase. Through the blog, employees can therefore settle any doubts and comment, criticize or make suggestions on the established strategies.

CPFL ENERGIA Estratègia CPFL Energia

Página Inicial	Estratègia CPFL Energia
Mensagem do Presidente	Esse espaço foi criado para você conhecer melhor as diretrizes estratègicas, como elas são construídas e porque elas afetam a maneira como conduzimos nossos negócios e nosso trabalho.
Processo de Planejamento Estratègico	Tudo o que está aqui tem relação direta com as atividades e ações que você exerce na sua área. É por isso que o planejamento estratègico diz respeito a toda a empresa.
Direcionadores estratègicos	Atingir os objetivos estabelecidos depende de todos nós.
Estratègia 2012 - 2016	A CPFL está ingressando em uma nova onda de crescimento, com o desafio de consolidar a liderança do setor elétrico nacional e nosso Plano Estratègico é composto por diretrizes e ações que ambicionam essas conquistas.
Planos Anteriores	
Login	
Administrador	

Ondas de planejamento estratègico da CPFL

1ª onda
Desafio: implantar as bases para o crescimento

- Plano Millenium
- Fortalecimento da Distribuição no Grupo

2ª onda
Desafio: avançar em crescimento estratègico

- IPO (Bovespa e NYSE)
- Aquisição de distribuidoras
- Concretização dos projetos de geração
- Forte crescimento da *Comercialização*

3ª onda
Desafio: consolidar liderança no setor elétrico nacional

- Liderança em renováveis na América Latina
- Novas e maiores aquisições em distribuição
- Liderança em Sustentabilidade e Inovação
- Transformação da estrutura

3.4.1. Innovation



For CPFL Energia, investing in research and development is a way of generating operational, economic, social and environmental benefits that create value for both the Company and its stakeholders. For this reason, the Group's distribution companies made investments throughout 2011 in numerous research and development projects in the areas of alternative sources, environment, electric system operations and energy efficiency, as shown in the table below.

INVESTMENTS IN TECHNOLOGICAL AND SCIENTIFIC RESEARCH & DEVELOPMENT (R\$ THOUSAND)*	2011
Energy Efficiency (A)	1,474.85
Alternative or Renewable sources (B)	0.00
Environment (C)	12,241.07
Quality and reliability (D)	4,187.79
Planning and operations (E)	6,090.88
Supervision, control and protection (F)	1,133.98
Measurement (G)	1,359.38
Data transmission via the electric network (H)	0.00
New materials and components (I)	4,846.76
Development of new technologies to combat fraud and theft (J)	0.00
Total investments in R&D (K)	31,334.71

*According to the R&D Manual – ANEEL.

*According to the R&D Manual – ANEEL.

Among the current initiatives, highlights include a pilot plant for solar energy generation (1MW), and a pilot project for electric and distributed generation vehicles. Sustainable building (greenbuilding) techniques have also been developed, as well as a project for energy generation through the plasma gasification of urban waste.

The projects are financed by the companies in question and in line with sector regulations, which require a proportion of net operating revenue to be spent on actions aimed at, for example, improved energy quality, increased energy efficiency or environmental preservation.

3.4.2. CPFL Transformation Program

The Company's ambition to be leader in the Brazilian electric sector, as defined in its 2012-2016 strategic planning cycle, has brought with it the need to adapt its management model in readiness for the Company to meet future challenges.

FOR THIS REASON, THE TRANSFORMATION PROGRAM BEGAN IN 2011. IT AIMS TO BRING CPFL UP TO DATE ON THREE DIMENSIONS:

- Organizational structure review
- Adapting decision-making forums and internal governance mechanisms
- Behavioral change

The program seeks a structural change in order to ensure greater focus on the operations of each of the businesses and to encourage greater collaboration and co-operation among the different areas of the Group's companies. At the same time, there will be a reorganization of CPFL's institutional relationship functions. These combined initiatives will provide a solid base for supporting growth projected for the coming years.

THIS NEW APPROACH IS REFLECTED IN A NEW EXECUTIVE STRUCTURE MADE UP OF THE CEO'S OFFICE AND FIVE EXECUTIVE DIVISIONS:

- Administrative Division
- Business Development Division
- Financial and Investor Relations Division
- Institutional Division
- Operations Division

The decision-making and internal governance bodies were also subjected to review, giving them greater autonomy and efficiency, as well as greater responsibility in decision-making. Limits of authority were reviewed and executive committees created to provide support to management departments.

The Transformation Program also sets out a range of activities and instruments to work on behavioral themes, which are considered fundamentally important to the Group's future. The aim is therefore to encourage innovation, collaboration, meritocracy, responsibility, autonomy and talent management.

3.4.3.

CPFL Renováveis

One of CPFL Energia's main ambitions is to consolidate its leadership of the Brazilian electric sector and CPFL Renováveis, constituted in 2011, is one of the levers for achieving this goal.

Created from a joint venture between CPFL Energia and ERSA, CPFL Renováveis is pursuing a growth strategy based on acquisition and the development of projects at their different stages. In all its projects it employs the discipline of technical and financial assessment based on sustainability, one of CPFL's established principles, so as to maximize shareholder value creation.

CPFL Renováveis develops opportunities in the Brazilian market for electric energy generation from renewable sources, operating in harmony with the environment and society. Its activities are focused on the development, construction and operation of a portfolio of small- and medium-scale projects, from 30 MW to 50 MW respectively, such as Small Hydro Plants (SHPs) and wind farms or biomass-powered plants. CPFL Renováveis also actively monitors sources with future potential, such as solar and waste-to-energy.

In the coming years, CPFL Renováveis' installed capacity will reach 4,438 MW. This total includes the power currently generated by 34 SHPs, 8 wind farms and 3 TPPs, as well as the capacity of projects currently under construction, including 1 SHP, 25 wind farms and 4 TPPs, and others at the preparation and development stage, together ramping up the Company's portfolio by 2,743 MW.

CPFL Renováveis aims to contribute to a maturing of Brazil's clean energy market. The company is capitalized, which, when added to its solid shareholder structure and a recognized investment history, means that it is ready to take advantage of the growth opportunities that will arise in the Brazilian electric sector.

At the end of 2011, CPFL Renováveis had a payroll of over 200. The team's main activities include the optimization of engineering projects and overseeing the environmental licensing process, in addition to

contracting and managing suppliers and service providers for the installation of electricity generation projects. The company has been investing in the dissemination of inter-departmental knowledge through in-house training sessions. These programs create greater integration among employees as well as a dynamic environment for the exchange of information.

3.5. Operations

MACROECONOMIC ENVIRONMENT

Following the worldwide economic recovery of 2010, the year of 2011 was marked by increased in market instability and volatility. Contrary to what had been expected at the outset of the year, the forces driving the world economic slowdown were not merely the result of unforeseen events, such as the effects of the Japanese earthquake on the supply of industrial input, climatic occurrences that affected food supply, or tensions in the Middle East. Of course these factors influenced the world economy, but rather it was structural factors that brought to the fore significant weaknesses in mature economies and which were responsible for a rise in the perception of risk and a decline in international confidence.

A part of this instability arose from political deadlock in the US Congress over the approval of plans to raise the federal debt ceiling. This struggle exposed the partisan nature of the political scenario and the Obama government's challenges in implementing new fiscal stimulus measures. In the base scenario, US economic growth in the medium term is likely to be below its potential. The other source of uncertainty was the deepening of the European financial crisis, particularly the sovereign debt problem of the Eurozone's periphery countries, the PIIGS, as well as the absence of political leadership in making the necessary decisions. As a result of these factors, Europe is likely to experience a moderate recession from the end of 2011 until mid-2012. Notwithstanding, extreme events such as a run on the banks should be avoided. It is expected that the current crisis will gradually dissipate, with the resumption of more normal activities in the second half of 2012.

As for emerging market economies, it is expected that they will experience a period of deceleration as a result of uncertainty and the low growth of global demand. However, decompression of commodity prices should relieve inflationary pressures and create opportunities for the renewed use of macroeconomic measures to stimulate economic activity. It should be noted that these economies, which include China and Brazil, are experiencing an investment cycle based on expectations of expansion in

their domestic markets, which should contribute to a recovery in growth.

As a result, the final months of 2011 gave rise to a scenario that is likely to continue into 2012. Although the US economy should show restrained growth in 2012, it is unlikely to experience the same degree of recession in 2008, thanks to congressional approval of anti-cyclical fiscal measures. It is estimated that the USA's GDP growth will be 1.7% in 2011 and 1.6% in 2012. For Europe though, the outlook is less optimistic, with an expected GDP expansion of 1.6% in 2011 and -0.2% for 2012. Meanwhile, the emerging markets are likely to experience deceleration in the short term, but at a slower rate than the mature economies, given their stronger fiscal indicators, with an outlook for reduced inflation and domestic demand still strong.

In summary, this should also be the scenario for the Brazilian economy. It is estimated that the country's GDP growth rate will vary from 7.5% in 2010, to 2.8% in 2011 and 3.1% in 2012. It should be noted that the deceleration in growth from 2010 to 2011 is not only the result of the increasing uncertainty surrounding a renewed worsening of the international crisis, but also the cumulative and lag effect before the kick-in of government measures (high interest rates, macro-prudential measures, greater control of public spending) adopted over the course of 2010 to reduce inflationary pressure, as well as a weak Brazilian industrial performance (given the strength of the Real and the increased market share of imported products). The outlook for domestic consumption remains positive for 2011 and 2012 as a result of the continuing cycle of investment, increased income levels (with low unemployment) and continued upward social mobility (the ascendancy of the Class C social grouping in Brazil), a process that began several years ago.

REGULATORY ENVIRONMENT

For the distribution segment, 2011 was marked by the finalization of the methodology for the third tariff review cycle, which began with the review of COELCE (state of Ceará) in April 2012, and which will conclude with the review of AMPLA in March 2014. As the methodology was only approved in November 2011, existing tariffs for distribution companies with reviews scheduled for 2011 and the beginning of 2012 were extended. Other proposals put forward in public hearings also had a direct impact on the third tariff review cycle process: (i) Public Hearing 052/2009, concerning the methodology and composition of the modules for the distribution companies to define their price lists and on this basis, calculate the regulatory asset base (underway); (ii) Public Hear-

ing 120/2010, which proposed changes to the tariff structure applied to the distribution companies (concluded in November 2011); (iii) Public Hearing 121/2010, proposing a review of the useful life of the distributors' assets and facilities (underway); (iv) Public Hearing 025/2011, proposing a review of the methodology for calculating technical losses (concluded in December 2011); (v) Public Hearing 067/2011, establishing the procedures to be provisionally adopted for the tariff review processes until the ratification of the applicable methodology.

In the generation segment, the main regulatory highlights of the year were: (i) approval of the Forest Code with the inclusion of recommendations from the generating companies; (ii) Bill PL 4404 which increases the capacity of the SHPs from 30 MW to 50 MW, and establishes subsidies in usage tariffs for APEs (self-producers) of up to 30 MW; (iii) discussion in the Federal Congress Lower Chamber on the collection of royalties by municipalities where wind farms are being installed; (iv) discussions on expansion of the free market; and (v) publication of ANEEL Resolution 467/2011 which regulates Article 20 of Law 10.848/2004, permitting a change in the system for running public utility concession plants, the result of a deverticalization process, for independent power generation through a payment of 2.5% for leasing public property (Uso do Bem Público – UBP) for up to five years; (vi) sector discussion in Special Committee to deal with concession renewal, culminating in the Federal Audit Court's (TCU) action against the Government, requiring the legislative position and definition as to either a simple renewal of the concession or making such subject to a tender bidding process; (vii) initial discussions on the need to construct floodgates; (viii) authorization to change fuel used to fire TPPs; (ix) publication of MP 517/10, extending RGR (Global Reversal Reserve) until 2035; (x) initiation of public hearing on the implementation of incentivized mini- and micro-generation; (xi) the holding of reserve (LER) and alternative source (LFA) energy auctions, as per availability; (xii) regulation of the criteria for including SHPs in the planning and price determination computer modeling processes; (xiii) improvements to the method for applying the tariff for use of the system (TUSDg) by power plants, establishing the methodology for calculating the TUSDg for gencos taking part in the new energy auction in the Regulated Contracting Environment (ACR); (xiv) regulation for energy assignment and support between biomass-fueled TPPs under CCEAR agreements and the applicable penalties; (xv) exclusion of plants connected to the distribution system and other transmission facilities (DIT) from the apportionment of the Basic Network's electrical losses.

ELECTRICITY TARIFFS AND PRICES

DISTRIBUTION SEGMENT

2011 Annual Tariff Adjustment – ANEEL approved the annual Tariff Readjustment Rate (TRR) for 2011 for seven of the Group's distribution companies as follows:

Tariff Readjustment Rate (TRR)	CPFL SANTA CRUZ	CPFL LESTE PAULISTA	CPFL JAGUARI	CPFL SUL PAULISTA	CPFL MOCOCA	CPFL PAULISTA	RGE
Applicable as from	02/03/2011	02/03/2011	02/03/2011	02/03/2011	02/03/2011	04/08/2011	06/19/2011
Economic TAR	8.01%	6.42%	5.22%	6.57%	6.84%	6.11%	8.58%
Financial Components	15.61%	1.34%	0.25%	1.45%	2.66%	1.26%	8.63%
Total TRR	23.61%	7.76%	5.47%	8.02%	9.50%	7.38%	17.21%

The tariff review for CPFL Piratininga was due in October 2011, but as the methodology for the third cycle review was not approved in time, its existing tariffs were extended. The decision on when the review will occur in 2012 depends on the results of the Public Hearing. The proposal is that it should take place concomitantly with the annual TRR for 2012, in other words in October.

Generation Segment

The generators' energy sales agreements contain specific tariff adjustment clauses, with the main annual adjustment indexer being the IGP-M (General Market Price Index). Agreements signed within the Regulated Contracting Environment (ACR) are indexed against the IPCA while bilateral agreements signed with ENERCAN use a combination of the US dollar/ Real exchange rate and the IGP-M inflation index.

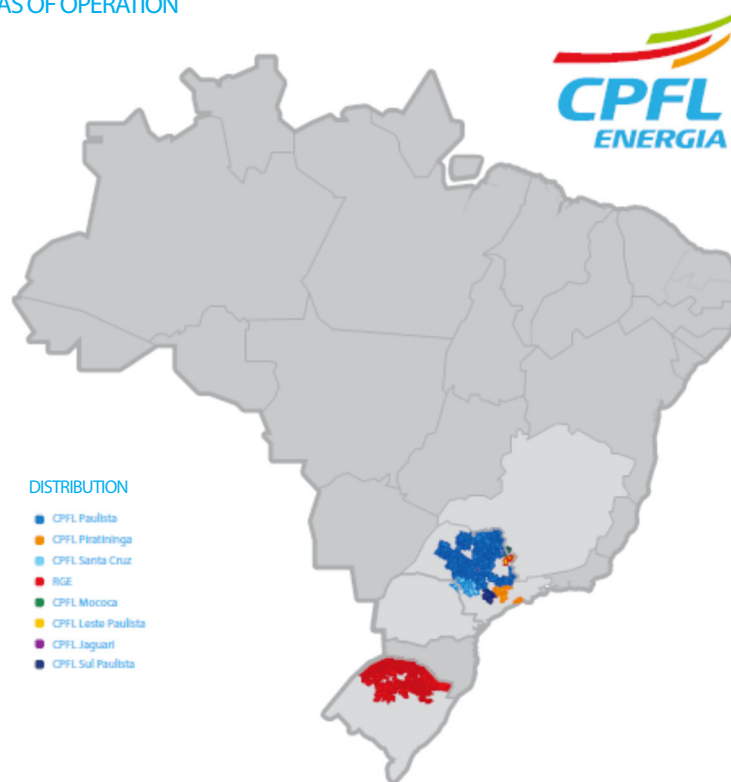
3.5.1. Distribution

- GRI 2.1
- GRI 2.2
- GRI 2.3
- GRI 2.5
- GRI 2.7
- GRI 2.8
- GRI 3.8
- GRI EU3

PROFILE OF THE DISTRIBUTION BUSINESS

CPFL Energia’s operations in this segment consist of eight concessionaire distribution companies located in the states of São Paulo, Minas Gerais, Paraná and Rio Grande do Sul, together serving 6.9 million customers across 569 municipalities.

AREAS OF OPERATION




OPERATIONS IN THE STATES OF SÃO PAULO, RIO GRANDE DO SUL, PARANÁ AND MINAS GERAIS				
	2008	2009	2010	2011
Municipalities served	568	569	569	569
Area of operation (Km ²)	208,342	208,421	208,421	208,421
Population served (million)*	18.7	18.7	17.8	17.9
Customers (million)	6.4	6.6	6.7	6.9
Market share (%)	13.3	12.7	13.0	13.0
Energy Sales (GWh)**	37,323	37,821	39,250	39,917


ELECTRIC ENERGY BUSINESS SUMMARY							
	Main Results	2006	2007	2008	2009	2010	2011
ENERGY BUSINESS CONSOLIDATED	Number of customers (thousands)	5,914	6,256	6,426	6,567	6,747	6,952
	Energy sales (captive + free/generation – ex-Group) (GWh)*	41,112	44,196	46,227	51,090	51,512 ¹	52,090 ¹
	Sales in the concession area (GWh)	41,363	46,475	49,033	48,568	52,044	54,590
	Captive Market	31,778	35,245	37,323	37,821	39,250	39,917
	TUDS	9,585	11,230	11,710	10,747	12,794	14,674
	Sales to the free market (GWh)*	9,334	8,951	8,904	13,269	12,262 ¹	12,173 ¹
	Municipalities served	550	568	568	569	569	569
	Gross Operating Revenue (R\$ million)	11,253	12,980	12,820	14,704	15,864	16,965
	EBITDA (R\$ million)	2,011	2,472	1,911	2,343	2,267	2,340
	Net Income (R\$ million)	1,073	926	1,045	1,300	1,309	1,250
<p>RGE data published in 2006 covers total results. Those shown here represent CPFL Energia's share in RGE, which stood at 67.07% in May 2006, later rising to 99.76%. *Excludes sales to related parties and CCEE. Includes FURNÁS (SEMESA) and other generation sales, outside the Group. Includes 65% of CERAN. Financial statements for 2009 and 2010 are presented in line with the new Brazilian accounting standards, wholly adapted to the guidelines of the Brazilian Accounting Pronouncements Committee (CPC) applicable to the operations of the CPFL Group companies, which are consistent with IFRS international accounting practices. Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07. ¹ Includes 65% of CERAN, 54.5% of CPFL Renováveis between Aug-Nov 2011 and 63% in Dec 2011. Does not include EPASA sales (availability contract). Excludes CCEE and sales to related parties.</p>							


* Source: 2008 and 2009 IBGE (estimated) / 2010 IBGE Census

** Covers the captive market.

CPFL ENERGIA DISTRIBUTION COMPANIES

	Main Results	2006	2007	2008	2009	2010	2011
	Number of customers (thousands)	3,332	3,415	3,500	3,566	3,660	3,768
	Energy sales (GWh)	23,065	24,437	25,288	25,267	26,988	28,326
	Captive Market	18,295	18,868	19,544	19,977	20,649	21,008
	TUDS	4,770	5,569	5,743	5,290	6,339	7,318
	Municipalities Served	234	234	234	234	234	234
	Gross Operating Revenue (R\$ million)	6,298	6,868	6,677	7,711	8,115	8,592
	EBITDA (R\$ million)	1,179	1,419	1,010	1,293	1,119	1,099
	Net Income (R\$ million)	765	819	590	750	696	613
	Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						

	Main Results	2006	2007	2008	2009	2010	2011
	Number of customers (thousands)	1,294	1,330	1,366	1,401	1,439	1,482
	Energy sales (GWh)	12,171	12,803	13,322	13,004	14,114	14,690
	Captive Market	7,743	8,015	8,398	8,539	8,931	9,041
	TUDS	4,428	4,788	4,924	4,465	5,183	5,649
	Municipalities Served	27	27	27	27	27	27
	Gross Operating Revenue (R\$ million)	2,891	3,175	2,907	3,315	3,721	3,955
	EBITDA (R\$ million)	567	563	404	485	531	571
	Net Income (R\$ million)	307	323	222	274	302	308
	Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						

	Main Results	2006	2007	2008	2009	2010	2011
	Number of customers (thousands)	165	170	174	177	180	186
	Energy sales (GWh)	778	829	859	884	937	988
	Captive Market	767	810	838	862	918	967
	TUDS	11	18	21	22	19	21
	Municipalities Served	27	27	27	27	27	27
	Gross Operating Revenue (R\$ million)	253	274	266	297	331	390
	EBITDA (R\$ million)	40	51	47	58	34	60
	Net Income (R\$ million)	22	38	29	35	18	31
	*In November 2005, the generation business was spun off, impacting EBITDA and net income for 2006. Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						



Uma empresa CPFL Energia


Main Results	2006	2007	2008	2009	2010	2011
Number of customers (thousands)	1,123	1,160	1,199	1,233	1,272	1,314
Energy sales (GWh)	7,079	7,670	8,082	8,012	8,557	9,111
Captive Market	6,652	6,886	7,198	7,182	7,446	7,622
TUDS	427	784	884	830	1,111	1,489
Municipalities Served	262	262	262	263	263	263
Gross Operating Revenue (R\$ million)	2,382	2,454	2,566	2,943	3,211	3,470
EBITDA (R\$ million)	344	416	383	426	500	523
Net Income (R\$ million)	121	172	164	194	245	248
Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						




Main Results	2006	2007	2008	2009	2010	2011
Number of customers (thousands)	29	30	31	32	33	34
Energy sales (GWh)	506	545	557	491	487	485
Captive Market	444	475	489	415	419	431
TUDS	63	70	68	76	68	54
Municipalities Served	2	2	2	2	2	2
Gross Operating Revenue (R\$ million)	107	122	112	120	140	154
EBITDA (R\$ million)	14	20	14	18	19	21
Net Income (R\$ million)	8	12	9	11	12	13
Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						



Main Results	2006	2007	2008	2009	2010	2011
Number of customers (thousands)	65	66	68	70	72	75
Energy sales (GWh)	404	427	445	439	448	301
Captive Market	341	360	376	375	375	263
TUDS	63	67	69	64	73	47
Municipalities Served	5	5	5	5	5	5
Gross Operating Revenue (R\$ million)	113	125	117	135	151	181
EBITDA (R\$ million)	19	25	19	24	25	28
Net Income (R\$ million)	14	15	11	15	16	17
Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						

	Main Results	2006	2007	2008	2009	2010	2011
	Number of customers (thousands)	47	48	49	50	51	52
	Energy sales (GWh)	273	280	286	277	304	310
	Captive Market	273	280	286	277	304	263
	TUDS	0	0	0	0	0	47
	Municipalities Served	7	7	7	7	7	7
	Gross Operating Revenue (R\$ million)	89	94	122	114	121	139
	EBITDA (R\$ million)	20	17	22	27	25	25
	Net Income (R\$ million)	14	9	12	15	12	13
	Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						

	Main Results	2006	2007	2008	2009	2010	2011
	Number of customers (thousands)	37	38	39	40	41	42
	Energy sales (GWh)	180	186	194	194	208	211
	Captive Market	180	186	194	194	208	211
	TUDS	0	0	0	0	0	0
	Municipalities Served	4	4	4	4	4	4
	Gross Operating Revenue (R\$ million)	59	69	65	78	84	99
	EBITDA (R\$ million)	10	14	11	15	13	12
	Net Income (R\$ million)	7	9	7	10	9	7
	Information from 2006 and 2007 has been reclassified as a consequence of Brazilian Law 11.638/07.						

3.5.1.1. Distribution and sales



DISTRIBUTION

Electricity distribution is CPFL Energia's largest business segment. Its eight distribution companies serve approximately 7 million customers in their concession areas, which span four Brazilian states.

In 2011, the Company invested a total of R\$ 1.2 billion in the distribution segment, mainly in the expansion and reinforcement of the electric system to meet market growth.

The number of customers connected to the CPFL Energia network increased by 203 thousand consumer units in 2011 relative to the previous year.

ENERGY SALES

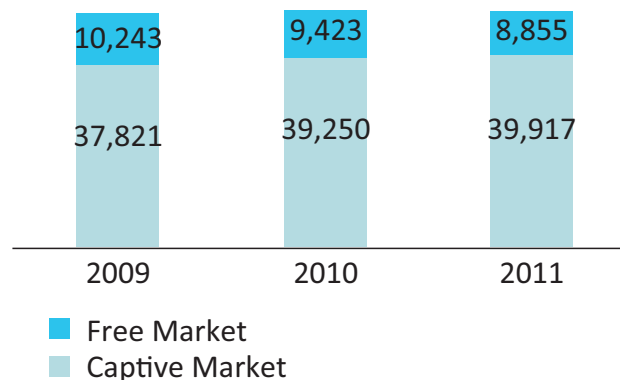
CPFL Energia's distributors achieved total energy sales to the captive market of 39,917 GWh in 2011, a 1.7% increase on the previous year. Energy billed through the Tariff for Use of the Distribution System (TUDS) reached 14,674 GWh.

Energy sold by the CPFL Group commercialization and generation companies to free market clients and through bilateral agreements was 8,855 GWh, 6% less than the figure recorded in 2010.

TOTAL ENERGY SALES (GWh)				
Market	2009	2010	2011	2011/2010 (%)
Captive Market	37,821	39,250	39,917	1.7
Free Market *	10,243	9,423	8,855	-6.0
Total	48,064	48,673	48,771	0.2

*Includes bilateral and free market clients of CPFL Brasil, CPFL Planalto and CPFL Geração.

In the captive market, there was an increase in consumption in the residential (4.9%) and commercial (5.9%) classes, which together accounted for 54.2% of the total energy consumed by the Group distributors' captive market customers.



The industrial segment registered a fall of 7.5% compared to 2010. This result was negatively influenced by the loss of customers to the free market and weak industrial performance in 2011.

ENERGY SALES IN THE CAPTIVE MARKET (GWh)				
CAPTIVE MARKET	2010	2011	CHANGE (%)	SHARE (%)
Residential	12,983	13,626	4.9	34.1
Industrial	11,393	10,536	-7.5	26.4
Commercial	7,587	8,031	5.9	20.1
Rural	2,100	1,991	-5.2	5.0
Others	5,187	5,733	10.5	14.4
Total	39,250	39,917	1.7	100.0

CPFL Energia distributors ended 2011 with around 7 million customers, an increase of more than 203 thousand over the total for 2010.

NUMBER OF CUSTOMERS - CPFL ENERGIA DISTRIBUTORS - BY SEGMENT		
	2010	2011
Residential	5,881,458	6,087,719
Industrial	78,190	59,503
Commercial	490,570	500,117
Rural	237,964	242,589
Public Authorities	45,382	46,780
Public Lighting	8,098	8,623
Public Services	7,230	7,417
Own Consumption	785	785
Total	6,749,677	6,953,533

All CPFL Energia Group distributors satisfied their universal service commitments for urban and rural areas of their respective concessions (these commitments involve annual connection goals for each municipality until universal coverage is reached), except those set by the Electricity for All Program which established goals in two distinct stages, according to specific regulations. The first stage was fully achieved in 2008. The second stage covered the years 2009-2010. The CPFL Piratininga, CPFL Jaguari and CPFL Santa Cruz concessionaires do not set goals as they have already reached 100% coverage. For the group's other concessionaires, the goals for the period are currently being fully met, as detailed below:

- CPFL Paulista: made 1,899 connections in 2011, totaling 3,500 for the period 2009-2011, with a goal of 3,500 connections (goal 100% met).
- CPFL Leste Paulista: made 55 connections in 2011, totaling 124 for the period 2009-2011, with a goal of 124 connections (goal 100% met).
- CPFL Mococa: made 42 connections in 2011, totaling 166 for the period 2009-2011, with a goal of 138 connections (goal surpassed by 20%).
- CPFL Sul Paulista: made 475 connections in 2011, totaling 985 for the period 2009-2011, with a goal of 921 connections (goal surpassed by 7%).
- RGE: made 571 connections in 2011, totaling 2,724 for the period 2009-2011, with a goal of 3,062 connections (goal 89% met).

PROJECTS

Of a total R\$ 1.2 billion invested in the distribution segment in 2011, R\$ 651 million was allocated to expanding and upgrading the electric system to meet the needs of the eight CPFL Energia Group distributors' markets, in terms of both energy sales volume and customer numbers.

Investments covered the construction and expansion of substations (SSs), extension of transmission lines (TLs), addition or substitution of equipment and distribution networks, and other improvements to a range of installations.

Of the total works carried out on SSs, we highlight 56.

CPFL PAULISTA:

- SS Bauru
- SS and TL Campo Verde
- SS Campinas 14
- SS São Manoel

- SS Bariri
- TL Mirassol x CTEEP
- SS Diamante
- SS and TL Ferraz Salles
- SS Piracicaba 9
- SS Itacolomi
- SS Ibitinga
- SS Gávea
- SS Iporã
- SS São José do Rio Preto 6
- TL 34.5 kV Auxiliadora-Fazenda Água Sumida
- SS Rio das Pedras
- SS Pinhal
- SS Pedregulho
- TL 138 kV Iguapé x Humaitá
- SS Monte Azul Paulista
- SS Pompéia
- SS Cajobi
- SS Agudos
- TL 138 kV Getulina x CPFL
- TL 138 kV - S. J. Rio Preto (CPFL) x S. J. Rio Preto (CTEEP)
- SS Iguapé

CPFL Piratininga:

- TL 138 kV Vila Nova x Estuário - 6 km underground
- TL 88 kV HBO x Jabaquara 1.2
- SS Jundiaí 5
- SS Sorocaba 5
- SS Sorocaba 6
- SS Boituva 2 - Água Branca
- TL 88 kV Sorocaba 5
- SS Vila Matias
- SS Sorocaba 1
- SS Campo Limpo
- SS Vinhedo 1
- TL 138 kV Junction Jundiaí 5
- SS Estuário – underground
- SS Salto 1 - Porto Góes
- TL 88 kV Junction Vinhedo
- TL 138 kV Bom Jardim CTEEP x Vinhedo 1 and 2
- TL 88 kV HBO x Jabaquara 3.4

- SS Vila Nova - underground

CPFL JAGUARIÚNA:

- SS Itapetininga 9
- TL 138 kV Junction Itapetininga 9

CPFL SANTA CRUZ:

- SS Avaré 1
- SS Avaré 2

RGE:

- TL 69 kV Guarita x Palmeira das Missões
- SS Garibaldi 2
- SS Caxias 4
- SS Paim Filho
- SS Tupancireta
- SS Gramado
- SS Vacaria
- SS São Francisco de Paula

CPFL Energia invested a further R\$ 586 million in improvements and maintenance for the electric system, operating infrastructure, modernization of management and operations support systems, and customer service.

At CPFL Paulista the 100% Automation Project is underway, with 66 SSs already automated out of a forecast total of 87 by mid-2012 and representing investment to date of R\$ 6 million.

3.5.1.2. Structure



In order to offer its customers high quality services, CPFL Energia's distribution companies installed 210,501 km of distribution networks in 2011.

EXTENT OF DISTRIBUTION NETWORK – 2010-2011 (KM)								
Company	2010				2011			
	Primary		Secondary	General Total	Primary		Secondary	General Total
	15 kV	23 kV			15 kV	23 kV		
CPFL Paulista	53,947	-	37,297	91,243	54,599	-	37,940	92,539
CPFL Piratininga	3,537	6,667	10,962*	21,166*	3,658	6,733	11,203	21,594
RGE	15,484	32,333	36,165	83,982	15,464	32,341	30,455	78,260
CPFL Santa Cruz	6,283.42	-	2,138	8,563	6,296.85	-	2,153.56	8,450.41
CPFL Leste Paulista	2,297	-	603	2,900	2,312	-	608	2,920
CPFL Jaguari	460	-	411	871	470	-	419	889
CPFL Sul Paulista	3,220	-	828	4,048	3,236	-	836	4,072
CPFL Mococa	1,302	-	456	1,758	1,314	-	463	1,777
Total	119,005	6,667	88,860	214,531	87,548	39,403	89,550	210,501

* As a result of an increase in the registered base following the network inventory carried out in 2011, the value for 2010 has been corrected to reflect this.

A total of 9,450 km was added to the CPFL Group concessionaires' transmission network, taking into account the whole range of voltages served by the system.

2010									
	34.5 kV	44 kV	69 kV	88 kV	88 kV (underground)	138 kV	230 kV	345 kV	TOTAL
CPFL Paulista	384	-	1,944	-	-	3,738	-	-	6,067
CPFL Piratininga	-	-	-	262	19	262	29	4	576
RGE	-	224	1,313.5	-	-	216	-	-	1,753.5
CPFL Santa Cruz	99	-	427	4	-	-	-	-	530
CPFL Leste Paulista	141	-	-	-	-	-	-	-	530
CPFL Jaguari	38	-	-	-	-	12	-	-	50
CPFL Sul Paulista	236	-	-	-	-	8	-	-	244
CPFL Mococa	99	-	-	-	-	-	-	-	99
Total	997	224	3,685	266	19	4,236	29	4	9,850

2011									
	34.5 kV	44 kV	69 kV	88 kV	88 kV (underground)	138 kV	230 kV	345 kV	TOTAL
CPFL Paulista	475	-	1,719	-	-	3,799	-	-	5,993
CPFL Piratininga	-	-	-	280	25	264	29	4	602
RGE	-	224.3	1,320.5	-	-	224.5	-	-	1,769.3
CPFL Santa Cruz	107.34	-	432.40	8.11	-	-	-	-	547.85
CPFL Leste Paulista	141	-	-	-	-	-	-	-	141
CPFL Jaguari	38	-	-	-	-	12	-	-	50
CPFL Sul Paulista	236	-	-	-	-	10	-	-	246
CPFL Mococa	101	-	-	-	-	-	-	-	101
Total	1,098.34	224.3	3,472	288.11	25	4,310	29	4	9,450

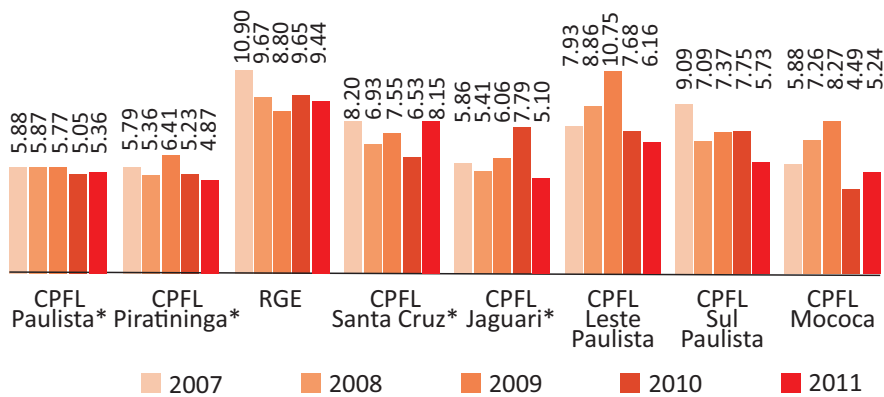
3.5.1.3. Electricity Supply Quality



The quality of power supply to customers is one of the lynchpins in the CPFL Energia Group distributors' strategy of operating efficiency. It is also a commitment to delivering energy to our customers' consumer units with quality and constancy.

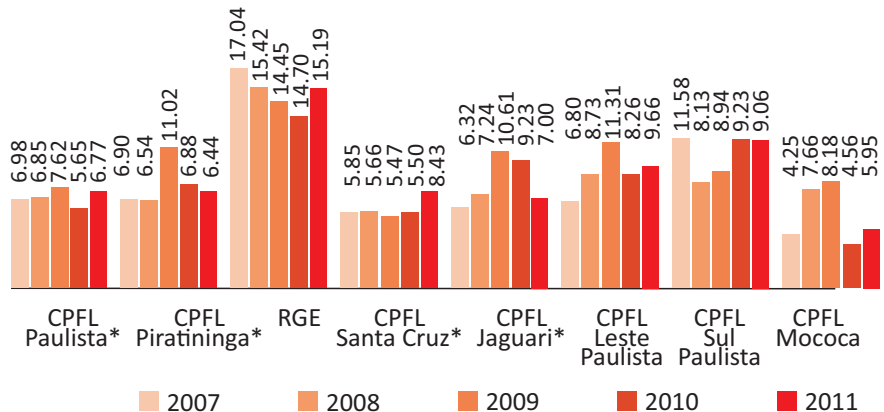
As a result, the distributors constantly monitor the FEC (Average Frequency Interruptions), which measures the average number of interruptions per customer over the year; and the DEC (Average Duration of Interruptions), which measures the average duration, in hours, of interruptions per customer over the year.

FEC – 2007-2011 (times)



*Includes the effects of the 'blackout' of November 10, 2009.

DEC – 2007-2011 (hours)



*Includes the effects of the 'blackout' of November 10, 2009.

2011			
Company	DEC	FEC	Customers
CPFL Paulista	6.77	5.36	1,446,830
CPFL Piratininga	6.44	4.87	3,716,397
RGE	15.19	9.44	1,301,527
CPFL Santa Cruz	8.43	8.15	176,368
CPFL Jaguari	7.00	5.10	33,186
CPFL Leste Paulista	9.66	6.16	51,532
CPFL Sul Paulista	9.06	5.73	73,198
CPFL Mococa	5.95	5.24	41,194

3.5.1.4. Payment Delinquency

The CPFL Energia Group distributors take measures every year to collect unpaid bills. Regulated public utilities are required to combat delinquency in order to avoid financial pressure on tariffs and ensure that customers that punctually honor payments are not unfairly affected.

The distribution companies use methods provided for by law and regulatory resolutions for collecting unpaid bills. These include blacklisting customers with unpaid bills, further warnings of payment due, warning that a bill is outstanding via URA (Audio Response Unit), hiring specialized debt collection companies and, as a last resort, cutting off supplies to the delinquent consumer unit.

In 2011, the average payment delinquency rate for the eight distributors was 1.29% of Gross Revenue, 2% higher than the figure for 2010.

Payment Delinquency* – 2008-2011 (%)					
Company	2008	2009	2010	2011	11/10(%)
CPFL Paulista	1.14	1.03	1.27	1.25	-2%
CPFL Piratininga	1.05	1.20	1.32	1.33	1%
RGE	2.42	1.59	1.34	1.43	7%
CPFL Santa Cruz	0.83	0.87	1.13	1.07	-5%
CPFL Jaguari	0.48	0.29	0.31	0.41	32%
CPFL Leste Paulista	1.11	0.78	0.60	1.05	75%
CPFL Sul Paulista	0.82	0.97	0.75	1.10	47%
CPFL Mococa	0.63	0.51	0.58	0.84	45%

* % of Gross Revenue

3.5.1.5. Commercial Losses



The CPFL Group's eight distributors are involved in continuous efforts to reduce commercial losses in their concession areas. Their work focuses mainly on actions such as the inspection of consumer units, checking and substitution of obsolete meters and consumer education campaigns.

During 2011, particular attention was directed at areas with low-income residents and those areas with a high level of illegal hookups. The Company's activities focused on regularizing connections, running courses on energy saving and delivery of more efficient equipment. Over the year, these actions resulted in the recovery of 415 GWh, equivalent to revenue of R\$ 137 million.

DISTRIBUTION LOSSES:

- Distribution losses for the CPFL Group have been calculated at 8.11%, which is equivalent to 4,859 GWh energy and among the lowest in the Brazilian electric sector. The figure is derived from the difference between the energy demanded and that supplied to free and captive market customers.
- Examination of losses reveals them as technical – originating from physical characteristics of the electric networks, and non-technical – arising from fraud, illegal connections and failures in equipment and procedures. Of the total losses, 3,766 GWh (6.22%) are technical and 1,092 GWh (1.89%) are non-technical (commercial).
- Non-technical (commercial) losses occur in energy distribution in the low tension market where 99% of customers are concentrated, and considering this market alone, the ratio for non-technical losses is 4.90%.

TRANSMISSION LOSSES:

- The CPFL Group has no companies operating assets in the basic transmission network, where the transmission systems are located – they are operated by other organizations, such as FURNAS and CTEEP. No transmission losses are therefore registered.

3.5.1.6. Energy Efficiency



The CPFL Energia companies run the Energy Efficiency Program, funded by revenues generated through electricity billing, to encourage reduced and more rational usage of electricity.

CPFL Energia's distributors have encouraged the rational consumption of electricity on the part of consumers through this Program since 1998. The discos run specific projects and provide guidance, analysis of energy usage and actions to promote the rational and efficient use of electricity among the communities served by the Company, government entities and the private sector. Actions are always focused on combating wastage and contributing to the preservation of natural resources, which are the source of the majority of the energy distributed by the companies.

In 2011, investments in the Energy Efficiency Program totaled R\$ 57.56 million.

Energy Efficiency Program									
	2011	2010	2009	2008	2007	2006	2005	2004	Total
CPFL Paulista*									
Investment (R\$ thousand)	27,459.28	46,294.37	37,314.30	23,445.00	26,010.80	24,473.00	17,536.00	-	202,532.75
Energy Saving (MM/year)	14,591.33	49,485.31	30,465.61	68,262.60	61,046.80	19,797.00	6,334.00	-	249,982.65
Reduction in Peak Demand (kW)	7,481.28	23,104.58	7,373.14	21,612.30	15,902.00	5,484.00	1,096.00	-	82,053.30
Number of projects	13	15	2	-	-	-	-	-	30
Number of customers	16,593	69,895							86,488
CPFL Piratininga*									
Investment (R\$ thousand)	12,188.94	21,335.16	13,805.55	12,335.90	11,483.80	13,771.00	9,881.00	-	94,801.35
Energy Saving (MM/year)	5,600.07	32,476.21	2,342.84	14,089.20	19,472.60	12,350.00	6,531.00	-	92,861.92
Reduction in Peak Demand (kW)	1,643.19	16,476.81	888.9	4,027.00	4,320.00	3,341.00	1,163.00	-	31,859.90
Number of projects	4	6	1	-	-	-	-	-	11
Number of customers	4,982	101,280							106,262

RGE**									
Investment (R\$ thousand)	13,786.27	14,532.83	9,954.80	4,900.00	4,508.00	7,933.00	7,084.00	5,466.00	68,164.90
Energy Saving (MW/year)	11,671.97	5,960.11	7,233.50	6,592.00	16,967.00	37,144.00	9,491.00	20,410.00	115,469.58
Reduction in Peak Demand (kW)	3,969.82	1,524.39	2,659.40	2,503.00	5,396.00	12,619.00	2,167.00	6,463.00	37,301.61
Number of projects	5	3	4	3	4	2	1	3	25
Number of customers	57,207	51,107							98,590
CPFL Santa Cruz									
Investment (R\$ thousand)	1,813.68	1,732.28	1,200.00	1,550.00	970.00	970.00	791.00	925.00	9,951.96
Energy Saving (MW/year)	1,935.79	380.00	1,120.30	1,279.44	1,246.00	1,963.20	89.46	33.00	8,047.19
Reduction in Peak Demand (kW)	561.12	240	485.2	589.62	597	504.96	128	85	3,190.90
Number of projects	1	0	3	4	4	3	2	2	19
Number of customers	942	1300							2,242
CPFL Jaguarí***									
Investment (R\$ thousand)	515.27	967.29	1,105.00	359.90	353.30	540.80	-	-	3,841.56
Energy Saving (MW/year)	536.56	284.00		1,121.60	481.30	765.20	-	-	3,188.66
Reduction in Peak Demand (kW)	314.42	228		681	257	143.1	-	-	1,623.52
Number of projects	1	0	2	1	3	4	-	-	11
Number of customers	621	200							821
CPFL Leste Paulista***									
Investment (R\$ thousand)	856.34	979.50	875.00	154.50	297.00	338.50	-	194.50	3,695.34
Energy Saving (MW/year)	1,240.20	213.00		618.90	343.80	800.90	-	300.00	3,516.80
Reduction in Peak Demand (kW)	453.35	171		380.3	176	189.2	-	41.7	1,411.55
Number of projects	1	0	2	1	4	2	-	1	11
Number of customers	646	150							796
CPFL Sul Paulista***									
Investment (R\$ thousand)	558.94	987.60	1,020.00	342.30	427.80	549.50	-	-	3,886.14
Energy Saving (MW/year)	540.27	284.00		1,333.40	405.80	1,023.10	-	-	3,586.57
Reduction in Peak Demand (kW)	279.99	228		815.8	193.4	228.4	-	-	1,745.59
Number of projects	1	0	2	1	4	3	-	-	11
Number of customers	513	200							713

CPFL Mococa***									
Investment (R\$ thousand)	381.74	504.08	632.00	164.60	297.00	325.80	-	-	2,305.22
Energy Saving (MW/year)	333.21	106.50		667.70	240.60	317.90	-	-	1,665.91
Reduction in Peak Demand (kW)	178.02	85.5		408	117	121.9	-	-	910.42
Number of projects	1	0	2	1	4	2	-	-	10
Number of customers	334	75							409

For 2011, the following has been considered:

Number of projects: only those where all clients were covered (e.g. a project involving 10 schools will be considered if all were served).

Number of clients: clients covered by a project (e.g. if nine out of 10 clients in a project were covered, only nine are considered).

Financial investment: resources employed in the year, independent of the cycle or whether work was finished or not.

Energy and demand: energy and demand for the projects in the year that work was finished, irrespective of the cycle.

Find out more 

Since 2007, CPFL Energia has operated its Energy Efficiency Portal – www.cpfl.com.br/canaldaenergia - which contains information on rational consumption and its energy efficiency programs.

Similarly, in 2008 RGE also launched its Energy Efficiency Portal – www.rge-rs.com.br/eficienciarge.

Community Network Program

Linking lower commercial losses with citizenship

GRI
4.17

GRI
EC8

GRI
EN6

GRI
EN14

GRI
EN26

GRI
EU7

GRI
SO1

GRI
SO5

Energy losses during the distribution service can occur in two ways: as a result of the transmission of energy itself to the home or commercial/industrial unit or by diversion of energy directly from the distribution network and bypassing the companies' technical installations. This procedure, as well as being illegal and increasing energy wastage, is unsafe and risks the lives of those involved in these activities. As a result, CPFL Energia distributors seek to regularize all connections and to guarantee the right of low income groups to electricity supplies.

The Community Network Program was conceived to serve these groups directly. It provides guidance on the rational and safe use of electricity and encourages citizenship through social inclusion. These actions are linked to efforts to regularize illegal connections. Once power supply has been regularized, efforts are made to reinforce guidelines for the rational and safe use of electricity with the new customer.

PROGRAM ACTIONS

- Regularization of connections
- Substitution of incandescent lightbulbs for energy efficient varieties
- Use of lower power showerhead equipment combined with heat exchangers
- Substitution of refrigerators
- Educational activities in schools
- Refurbishment of internal electrical installations
- Courses on the rational use of electricity
- Six-month grace period for customers with regularized connections billing up to 100 kWh/ month

Complementary to the Program, CPFL Energia's distributors also reinforce their community relationships by offering information, culture and social development services to low-income social groups.

2011 ACTIONS

CPFL PAULISTA

Replacement of 48,854 incandescent light bulbs for the compact fluorescent variety.

Regularization of 1,678 high-risk connections.

Replacement of 125 electric showerheads with lower power equipment combined with heat exchangers.

Replacement of 2,044 refrigerators for more efficient models.

Modernization of 1,232 internal electrical installations in dilapidated condition.

Installation of 3,032 solar-powered water heaters.

Energy efficiency works carried out in 257 schools, 50 public buildings and one Water and Sewage Treatment Service (SAE).

CPFL PIRATININGA

Replacement of 14,884 incandescent light bulbs for the compact fluorescent variety.

Regularization of 2,784 high-risk connections.

Replacement of 184 electric showerheads with lower power equipment combined with heat exchangers.

Replacement of 4,762 refrigerators for more efficient models.

Modernization of 527 internal electrical installations in dilapidated condition.

Installation of 378 solar-powered water heaters.

Energy efficiency works carried out in one school and twenty public buildings.

RGE

Replacement of 208,624 incandescent light bulbs for the compact fluorescent variety.

Regularization of 1,884 high-risk connections with the addition of meter boxes.

Refurbishment of 531 dilapidated meter boxes at the units of notified low-income customers.

Replacement of 1,000 refrigerators for more efficient models.

Energy efficiency works carried out in 164 schools.

Installation of an energy efficiency system in the water pumping and treatment process at SAMAE.

Implementation of one industry performance contract.

CPFL SANTA CRUZ

Replacement of 2,665 incandescent light bulbs for the compact fluorescent variety.

Replacement of 465 refrigerators for more efficient models.

Installation of 200 solar-powered water heaters.

Energy efficiency works carried out in 14 schools, 36 public buildings and four Water and Sewage Treatment Services (SAEs).

CPFL JAGUARI

Replacement of 1,860 incandescent light bulbs for the compact fluorescent variety.

Replacement of 200 refrigerators for more efficient models.

Installation of 200 solar-powered water heaters.

Energy efficiency works carried out in one public building.

CPFL LESTE PAULISTA

Replacement of 1,860 incandescent light bulbs for the compact fluorescent variety.

Replacement of 200 refrigerators for more efficient models.

Installation of 200 solar-powered water heaters.

Energy efficiency works carried out in eight schools, 16 public buildings and two Water and Sewage Treatment Services (SAEs).

CPFL SUL PAULISTA

Replacement of 1,395 incandescent light bulbs for the compact fluorescent variety.

Replacement of 150 refrigerators for more efficient models.

Installation of 150 solar-powered water heaters.

Energy efficiency works carried out in 39 schools and nine public buildings.

CPFL MOCOCA

Replacement of 930 incandescent light bulbs for the compact fluorescent variety.

Replacement of 100 refrigerators for more efficient models.

Installation of 100 solar-powered water heaters.

Energy efficiency works carried out in 13 schools and 11 public buildings.

3.5.1.7.

Customer Service and Satisfaction



CPFL Energia is committed to permanently providing high quality customer service and satisfaction. To this end, the Group's distributors offer efficient and reliable service channels to allow customers both ease and convenience of access.

The Company's customer service structure is diversified and adapted to the needs of every class of client. It includes round-the-clock call centers, customer service points, online service points, plus account managers for groups of commercial and industrial clients.

EASE AND CONVENIENCE OF SERVICE

The CPFL Energia distributors offer a service structure that is designed for the needs of the market and accessible for all customers. These channels are defined along the same lines as the customer segmentation and take into account strategic factors such as geographical spread, representation of municipalities served and satisfaction surveys that include evaluation questions on existing channels.

Since 2005 the companies have employed the strategy of migrating captive customers to internet service channels and have obtained significant results in terms of cost savings and service accessibility. Currently, over 45% of the distributors' service contacts take place through the channels available on the company website, while 39% are still via the call center.

The CPFL Energia website offers specially dedicated access for customers with hearing or speech difficulties. The Company recently began offering customers the option to receive their bills by email.

Captive customer service contacts in 2011					
Company	Service Channels				
	Internet	Call Center	In person	Other channels	Total
CPFL Paulista	6,809	5,493	2,528	71	14,901
CPFL Piratininga	2,622	1,674	961	27	5,284
RGE	2,169	2,749	309	132	5,359
CPFL Santa Cruz	300	395	101	0.37	796
CPFL Jaguariúna	311	323	84	1.93	719

CPFL ATENDE

CPFL Atende was created in 2009 to expand and improve residential customer services. It is responsible for queries and requests through the 0800 line, internet chat, email and Audio Response Unit (ARU) for the CPFL Energia Group companies. The company has 391 service positions, 818 customer service representatives and offices in the towns of Ourinhos and Araraquara. It receives about 620 thousand customer contacts every month.

CUSTOMER SERVICE CHANNELS

The table below details CPFL Energia's main customer relationship channels.

MAIN RELATIONSHIP CHANNELS			
Channel	Characteristics	Client	Means of communication
Service Points	Advises on ways to communicate with the company and answers requests concerning connection, reconnection, issuing a second copy of a bill, amounts due, customer registration changes, etc.	Group B and advice for all customers	Website
Call Center (CPFL Atende)	Free telephone 0800 service, every day and round-the-clock. Deals directly with or redirects queries, information requests and complaints.	Group B	Energy bills, website, leaflets
Electricity Consumer Councils (COCENs)	Formed of consumer representatives of all market classes and a CPFL Paulista representative who analyzes and assesses issues linked to supply, tariffs and appropriateness of service provision, at monthly meetings.	Group B	Energy bills, website, leaflets
Real Estate Agents	Formed of consumer representatives of all market classes and a CPFL Paulista representative who analyzes and assesses issues linked to supply, tariffs and appropriateness of service provision, at monthly meetings.	All customers	Website
Ombudsman	Free 0800 in-person telephone service, available from 9am – 5pm, Monday to Friday, as well as round-the-clock website and fax service.	All customers	Energy bills, website
PROCON	Through a 0800 number, email and restricted website for interaction and meeting customer demands via PROCONs, registers requests and redirects them to the relevant responsible area. All requests received through the channel and in person at the Organization are registered in an application which controls deadlines and automatically issues statistical reports.	PROCONs in the concession area	Leaflets, Regional meetings, Meetings with roaming analysts
Easy Network (Rede Fácil) stores	Partnership with electrical goods stores whereby the company offers the stores advertising and, through a contract, provides access to the Virtual Agency website for service requests (connection, reconnection, disconnection), information on amounts owed, issuing a second copy of a bill, etc.	All customers	Leaflet, Website, own advertising
Contact Center	Business center with a free, in-person telephone system with Audio Response Unit, available from 8am to 5pm, Monday-Friday, in addition to emails, website and internet chat.	Group A except Public Authorities	Letters, emails, visits, internet,
Public Authorities Account Mangers	Personalized service from Public Authority Portfolio Managers. Specifically, federal and state authorities have a 0800 telephone service and requests from municipal authorities occur internally via a specific internet site.	Federal, State and Municipal Public Authorities	Regional meetings
Business Mangers and Regional Representatives and Group A (high tension / major clients)	Personalized service from managers/ representatives who visit clients at least once a month and can be contacted at any time.	Group A except Public Authorities	Letters, emails, visits, internet, CPFL Corporate Guide
Contact Center Follow-up Service	Services concerning power cuts, emergency technical service, technical assistance and contract alterations, as well as carrying out satisfaction surveys and other activities.	Group A except Public Authorities	Letters, emails, visits, internet, CPFL Corporate Guide
Service Management Center	Receives and answers suggestions, complaints and information requests from the whole concession area, and answers requests received by letter, fax, emails, from offices and Service Point books, and the Ombudsman.	All customers and external organizations	Website, energy bills
CPFL Total Payment Channels	Post offices, banks, lottery outlets, drugstores and accredited establishments, Easy Network stores and internet (link to banks).	All customers	Website, banners, outdoors, Call Center
Internet Chat	Uninterrupted round-the-clock service, seven days a week. Answers Group B requests and deals directly with or redirects information requests and complaints.	Group B	Energy bills, leaflets, website

Email	Uninterrupted round-the-clock service, seven days a week. Answers Group B requests and deals directly with or redirects information requests and complaints.	Group B	Energy bills, leaflets, website, written communication
Internet	Website offering auto-service features, general information, receipt of private projects, monitoring of Research and Development, etc.	All customers	Call Center, energy bills, leaflets
Service Point Self-service	Installed at Service Points, issues a second copy of a bill, answers requests on amounts due and other information.	Group B	Service Point counters
Ethical Conduct Channel	Receives internal and external demands related to the Code of Ethics and Corporate Conduct. Access is via the 0800-77-02050 telephone number, etica@cpfl.com.br or PO Box 1408, with total discretion and confidentiality for the employee. Demands are analyzed by the Ethics and Corporate Conduct Committee.	All customers	Code of Ethics and Corporate Conduct
CPFL Corporate Portal	Provides comfort and ease for interaction and transactions, multi- present, increasing the brand's perceptions of safety and reliability. Offers services relating to e-commerce (SVA), energy contracts, online commercial customer service, and other services.	Group A except Public Authorities	Letters, emails, visits, internet, CPFL Corporate Guide
Interaction Center	Business center with a free, in-person telephone service with Audio Response Unit, available from 8am to 5pm, Monday-Friday, and two exclusive telephones for serving Free and Potentially Free customers, in addition to emails, website and internet chat.	Group A	Letters, emails, visits, internet, CPFL Corporate Guide
SMS Center	Power cuts can be registered by sending SMS text messages from cell phone to a specific number, and the company can send multiple information to customer, including a service number for follow-up.	Group B	Website, energy bill, radio commercials

SWITCHED ON TO THE CUSTOMER PROJECT

A CULTURAL SHIFT FROM SERVICE TO RELATIONSHIP

Since 2008, the CPFL Energia distributors CPFL Paulista and CPFL Piratininga have been implementing special customer relationship projects, seeking to improve service procedures with a focus on the needs of each type of client.

THE SWITCHED ON TO THE CUSTOMER (LIGADO NO CLIENTE) PROJECT IS ONE SUCH INITIATIVE AND INCLUDES PRE- AND AFTER-SERVICE ACTIVITIES, NEWLY UPDATED WEBSITES AND THE INTRODUCTION OF NEW CUSTOMER RELATIONSHIP AND COMMUNICATION PRACTICES. THE PROJECT HAS BEEN DIVIDED INTO SIX SUB-PROJECTS:

- • Process quality with a focus on customer value;
- • Customer segmentation;
- • Employee and partner awareness;
- • Customer communication plan;
- • Pre- and after-service strategy;
- • New relationship practices.

In all, the project encompasses 54 actions carried out over time, plus 13 other initiatives, executed as follows:

2008 Focus

Implementation of actions to sustain and maintain the customer relationship. There was a focus on high impact and low complexity actions and increasing awareness internally.

2009 Focus

Priority was given to consolidating actions first implemented as pilot projects, across the whole concession area, starting with large cities and including technological innovations.

2010 Focus

Actions aimed at external impact were carried out, as well as innovations, including introduction of a new relationship policy, and activities focused on a high impact communication campaign highlighting CPFL's new image.

2011 Focus

Pursuit of new pro-active initiatives and refining existing process, with a focus on the reduction of operating costs, increase in revenue, reduction of payment delinquency and increase in customer satisfaction.

HIGHLIGHTS OF 2011 INITIATIVES

- Creation of the digital bill, which allows delivery of electricity bills to customers via email, eliminating printed bills;
- Launch of the new Web Mobile CPFL relationship channel for online service access via smartphone;
- Inclusion of the Power Outage Registration service on CPFL and Web Mobile service websites;
- Inclusion of a barcode on payment delinquency notifications, making it easier for the customer to settle unpaid amounts and foregoing the need to issue a second copy of a bill;
- Creation of a relationship agent, whose main function is to prospect for new corporate customers and facilitate the process of connection to the electric system, from the initial request to the conclusion of the service onsite;
- Implementation of a campaign to encourage payment of bills through registration for direct debit authorizations, including the introduction of a service for registering the customer at the service point and through the service website, eliminating the requirement for the customer to go personally to his branch bank.
- Expansion of the CPFL face-to-face service structure across the concession area to meet the new requirements of ANEEL Resolution 414.

Customer Satisfaction



A key focus of the CPFL Energia Group distribution companies is on customer satisfaction. Consequently, the discos have specific programs in place for ensuring continuity in customer relationships based on trust and credibility.

Since 2008, CPFL Energia has used the Image Performance Index (IPI) to measure stakeholders' perceptions, the objective being first and foremost to prevent damage to the brand. The IPI monitors the brand qualitatively while also measuring and monitoring other media information sources that collate opinions from specific groups of interest to the organization. This is used as raw input for producing the Brand Aggression Grid that is included in the management report sent periodically to executives.

CPFL Energia uses this instrument to record expectations and forestall any risks or negative impacts that may arise. The IPI monitors sources including press, public opinion, customer satisfaction and financial market assessment. IPI management is performed on a monthly basis, with presentations at the meetings of the Board of Executive Officers. On these occasions, CPFL Energia's performance is discussed and action plans are developed to improve or refine performance.

Other important actions include the distributors' direct communication with customers, advising them on their rights, the rational and safe use of electricity, and the service channels for accessing the companies. Also worthy of note are the public service campaigns on electricity bills.

The CPFL Energia distribution companies operate Consumer Councils (COCEN), which exist to evaluate service quality on a constant basis. They also monitor perceived customer satisfaction with services provided, customer service, communication and with information supplied, through annual surveys conducted by ANEEL and the Brazilian Association of Electricity Distributors (ABRADEE).

In addition, the Company runs quantitative and qualitative brand and image surveys, plus customer satisfaction surveys on the call center's round-the-clock service. This data is all used as input for the Company's strategic planning process, in order to improve service quality.

In 2011, the CPFL Energia Group carried out surveys to measure customer satisfaction with its services, including customer service. The ABRADEE survey, the best-known, was held for the thirteenth consecutive year and provided satisfaction scores for the Group's eight distribution companies. In addition, CPFL ran surveys with its Group A clients and those served by the call center.

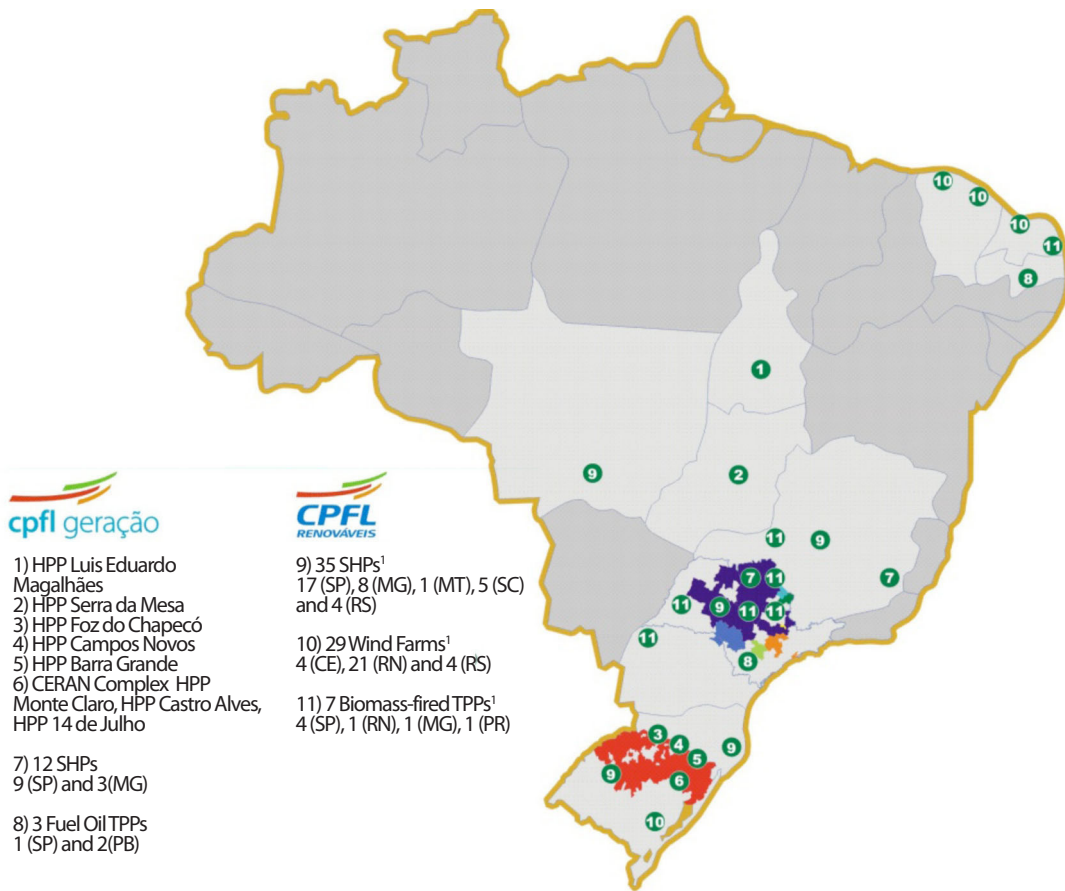
SURVEYS HELD IN 2011

SURVEYS HELD IN 2011					
SURVEY	METHODOLOGY	COMPANY / AREA	TIMING	AUDIENCE	SAMPLE SIZE
ABRADEE	Quantitative	CPFL Energia*	March/April	Residential	4,169
Call Center	Quantitative	Call Center	May	Residential	780
Satisfaction	Qualitative	CPFL Brasil	December	Major Clients	35
Satisfaction	Quantitative	RGE	December	Major Clients	420
Total	-	-	-	-	5,404

*The survey includes the distributors CPFL Paulista, CPFL Piratininga, CPFL Santa Cruz, CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista, CPFL Sul Paulista and RGE

3.5.2. Generation

- GRI 2.1
- GRI 2.2
- GRI 2.3
- GRI 2.5
- GRI 2.7
- GRI 2.8
- GRI 3.8



1 Projects in operation and under construction

3.5.2.1. Operations Conventional Generation



CPFL Energia’s strategy of maintaining constant growth in energy generation was achieved in 2011 with the expansion of its generating assets. The increase in energy supply was thanks to the conclusion of hydro and thermoelectric power projects, including completion of the motorization of HPP Foz do Chapecó. Over the year, investments in the conventional generation segment totaled R\$ 140 million, R\$ 22 million of which were invested in renewable generation in the first half of 2011, in assets that were subsequently transferred to CPFL Renováveis.

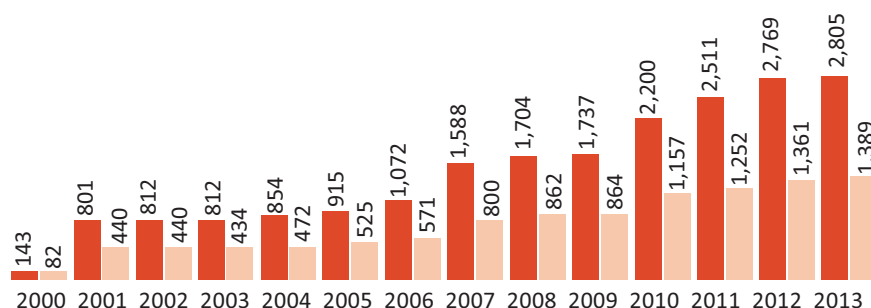
CPFL Geração’s installed capacity, from its operational generating assets, ended 2011 at 2,209 MW, 10% growth relative to 2010.

The highlights of the year include the following projects:	
Conclusion of the motorization process at HPP Foz do Chapecó;	
Investments in generation from fuel oil – construction of the thermoelectric plants Termonordeste and Termoparaíba (concluded in December 2010 and January 2011, respectively)	

Installed capacity (12/31/2011)	2,209 MW (CPFL Geração)
Comparison 2011 v 2010	10%
Assured Energy	1,131.33 average MW
Key Performance Factors	Conclusion of construction works at the Baldin Plant; conclusion of the motorization process at HPP Foz do Chapecó; conclusion of construction works at TPP Termonordeste.

CPFL GERAÇÃO INSTALLED CAPACITY AND ASSURED ENERGY – 2000-2011

The graph shows CPFL Geração's increase in installed capacity and assured energy since 2000. The energy made available by CPFL Geração for commercialization is equal to the assured power of each plant, taking into account the share that CPFL has in each project.



INSTALLED CAPACITY AND ASSURED ENERGY – BY UNIT – 2011 CPFL GERAÇÃO*

UNIT	INSTALLED CAPACITY (MW)	ASSURED ENERGY (AVERAGE MW)
CPFL Geração (SHPs)/SP	1.88	0
SHP Ponte do Silva	0.13	0
TPP Carioba	36.00	10.7
HPP Serra da Mesa	657.14	345.83
HPP Barra Grande	172.54	95.17
HPP Campos Novos	428.76	184.11
HPP Monte Claro	84.5	38.35
HPP Castro Alves	84.50	41.60
HPP 14 de Julho	65.00	32.50
HPP Foz do Chapecó	436.1	220.32
HPP Luis Eduardo Magalhães (Lajeado)	62.54	36.49
TPP Termonordeste	90.1	63.14
TPP Termoparaíba	90.1	63.14
Total	2,209.29	1,131.35

CPFL JAGUARIÚNA	
UNIT	INSTALLED CAPACITY (MW)
Lavrinha	0.33
Macaco Branco	2.36
Pinheirinho	0.64
Rio do Peixe I	3.06
Rio do Peixe II	15.00
Santa Alice	0.62
São José	0.79
São Sebastião	0.68
Turvinho	0.80
Total	24.28

(*) CPFL Geração's share.

Note: CPFL Jaguariúna's SHPs do not offer guaranteed energy for commercialization.

PROJECTS IN THE GENERATING COMPLEX CONCLUDED IN 2011

Two thermoelectric plants, located in Brazil's Northeast region saw the start-up of commercial operations in the period: TPP Termonordeste which was unveiled at the very end of 2010, and TPP Termoparaíba which began operations in January, following an investment of R\$ 608 million. Both plants are part of the EPASA project and total 341.5 MW installed capacity, with CPFL Energia's share at 174.2 MW, reflecting the Group's 51% stake in the venture. The remaining equity is divided between DC Energia (40.05%), Aruanã Energia (6.5%) and OZ&M (2.45%).

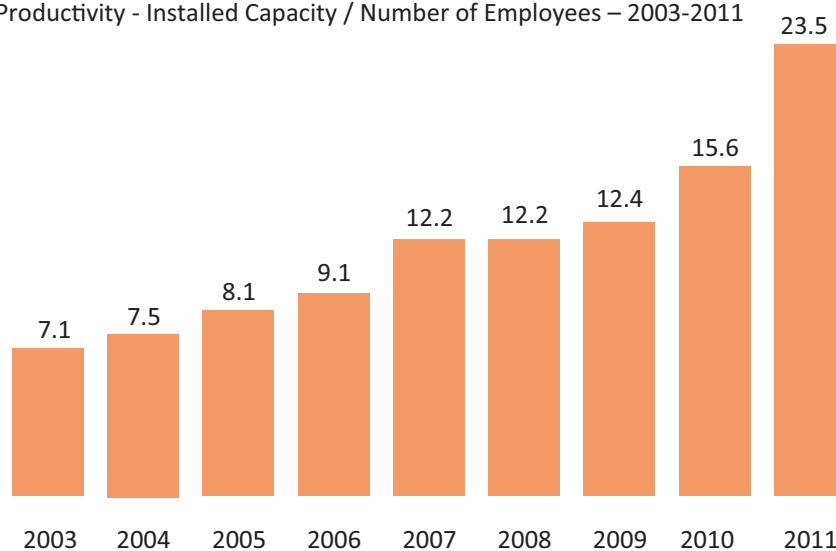
In March, the motorization process at HPP Foz do Chapecó in southern Brazil was concluded, work on this project having begun in December 2006. It involved four generating units, three of which began commercial operations in 2010 (in October, November and December respectively). The start-up of commercial activity for the fourth unit was on March 12, 2011. Total investment in this project reached R\$ 2.7 billion.

OPERATING EFFICIENCY

CPFL Geração has been achieving impressive results for various operating efficiency indicators, a highlight being the equipment uptime rate at its plants.

Productivity at CPFL Geração has reached a score of 23.5, a ratio which reflects the relation between installed capacity and the number of employees.

Productivity - Installed Capacity / Number of Employees – 2003-2011



CPFL GERAÇÃO EQUIPMENT UPTIME (%)									
HPPs and SHPs	2003	2004	2005	2006	2007	2008	2009	2010	2011
HPP Serra da Mesa	83	83	83	87	92	95	94	91	91.46
HPP Barra Grande	-	-	-	85	84	96	92	99	94.49
HPP Campos Novos	-	-	-	-	89	95	90	93	95.35
HPP Monte Claro	-	-	98	99	89	92	95	95	76.02
HPP Castro Alves	-	-	-	-	-	91	93	93	87.17
HPP 14 de Julho	-	-	-	-	-	100	93	56	82.02
HPP Lajeado	-	-	-	-	-	95	93	93	88.37
HPP Foz do Chapecó	-	-	-	-	-	-	-	-	98.41

3.5.2.2

Renewable generation

In 2011 CPFL took an important step forward in underscoring its position in the area of energy generation from predominantly clean sources. In April it announced the creation of CPFL Energia Renováveis, a company incorporated as a result of an association between CPFL Energia and ERSA Energia Renováveis.

This operation merges the assets and projects of both companies in Small Hydro Plants (SHPs), wind farms, and thermoelectric and biomass power plants, and creates Brazil's leading company in the segment, and one of the largest in Latin America. CPFL Energia holds a 63.0% equity stake in the new company, with the remaining 37.0% distributed among ERSA shareholders.

CPFL Renováveis has a significant presence in power generation from three renewable energy sources (SHP, wind and biomass) and is present at all stages of the process (operations, construction and development). The company ended 2011 with an installed capacity of 652 MW, a volume that should reach 4.38 MW over the next few years. This growth plan is based on a portfolio of new projects ranging from initial development to the construction and operation of small hydro plants, wind farms and power plants fired by sugarcane bagasse.

The incorporation of this new company is symptomatic of CPFL's belief that proactivity, innovation and opening new fronts of development are factors that will allow the transformation of a vision into reality. In this context, CPFL will be working to ensure that CPFL Renováveis continues to consolidate its leadership of this segment, reflected in its consistent growth plan, robust capital structure and sound shareholder base, as well as capturing synergies resulting from the merger. It is CPFL's intention to make a contribution to Brazil to contribute to be a worldwide reference in clean and renewable energy.



- Largest private-sector group in the electricity industry in Brazil, market leader in distribution and commercialization and 3rd largest private-sector group in energy generation.
- Investment in the construction of sugarcane biomass-fired plants.
- Recognized as an international benchmark in corporate governance, excellence and sustainability.
- Success in the inception of 13 wind farms currently under construction and the recent acquisition of 4 assets in operation.
- Shares listed on the New York (ADRIII) and Novo Mercado BOVESPA stock exchanges, with access to the Brazilian and international capital markets.
- Experience of 100 years of operations and knowledge of the Brazilian market.



- One of Brazil's largest electricity generation companies from renewable sources.
- A reference in the development of innovative engineering solutions for small hydro plants and training for wind projects.
- Profound knowledge of the environmental licensing and project development processes.
- Accelerated growth in generating capacity: concurrent construction of nine small hydro plants.
- Committed to growth, financial discipline, transparency and the creation of sustainable value.
- Team of dynamic and highly specialized professionals.

PROJECTS IN OPERATION

- 34 Small Hydro Plants
- 3 Biomass-fueled Plants
- 4 Wind Farms

PROJECTS UNDER CONSTRUCTION

- 1 Small Hydro Plant
- 4 Biomass-fueled Plants
- 21 Wind Farms

PROJECTS IN PREPARATION

- 5 Small Hydro Plants
- 11 Wind Farms

OPERATION

SHP	ALTO IRANI	SC	21
	AMERICANA ⁽¹⁾	SP	30
	ANDORINHAS ⁽¹⁾	RS	0.5
	ARVOREDO	SC	13
	BARRA DA PACIÊNCIA	MG	23
	BURITIS ⁽¹⁾	SP	0.8
	CAPÃO PRETO ⁽¹⁾	SP	4.3
	CHIBARRO ⁽¹⁾	SP	2.6
	COCAIS GRANDE	MG	10
	CORRENTE GRANDE	MG	14
	DIAMANTE ⁽¹⁾	MS	4.2
	DOURADOS ⁽¹⁾	SP	10.8
	ELOY CHAVES ⁽¹⁾	SP	19
	ESMERIL ⁽¹⁾	SP	5
	GAVIÃO PEIXOTO ⁽¹⁾	SP	4.8
	GUAPORÉ ⁽¹⁾	RS	0.7
	JAGUARI ⁽¹⁾	SP	11.8
	LENÇÓIS ⁽¹⁾	SP	1.7
	MONJOLINHO ⁽¹⁾	SP	0.6
	NINHO DA ÁGUIA	MG	10
	PAIOL	MG	20
	PINHAL ⁽¹⁾	SP	6.8
	PIRAPÓ ⁽¹⁾	RS	0.8
	PLANO ALTO	SC	16
	SALTINHO ⁽¹⁾	RS	0.8
	SALTO GRANDE ⁽¹⁾	SP	4.5
	SANTA LUZIA	SC	28.5
	SANTANA ⁽¹⁾	SP	4.3
	SÃO GONÇALO	MG	11
	SÃO JOAQUIM ⁽¹⁾	SP	8.1
	SOCORRO ⁽¹⁾	SP	1
	TRÊS SALTOS ⁽¹⁾	SP	0.6
	VARGINHA	MG	9
	VÁRZEA ALEGRE	MG	7.5
SUB-TOTAL		306.7	
WIND	FOZ DO RIO CHORÓ	CE	25.2
	ICARAIZINHO	CE	54.6
	PARACURU	CE	25.2
	PRAIA FORMOSA	CE	105
	SUB-TOTAL		210.0
Biomass TPP	BAIA FORMOSA ⁽¹⁾	RN	40
	BALDIN ⁽¹⁾	SP	45
	BURITI ⁽¹⁾	SP	50
	SUB-TOTAL		135

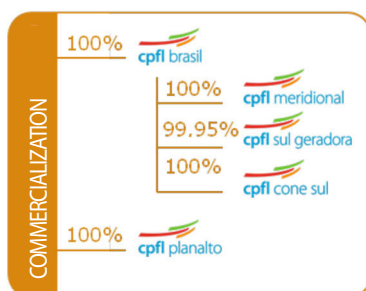
CONSTRUCTION	SHP	SALTO GÓES	SC	20
		SUB-TOTAL		20
	WIND	CAMPO DOS VENTOS I ⁽²⁾	RN	28
		CAMPO DOS VENTOS II	RN	30
		CAMPO DOS VENTOS III ⁽²⁾	RN	28
		CAMPO DOS VENTOS V ⁽²⁾	RN	26
		COSTA BRANCA	RN	20.7
		EURUS VI	RN	8
		JUREMAS	RN	16.1
		MACACOS	RN	20.7
		PEDRA PRETA	RN	20.7
		SANTA CLARA I	RN	30
		SANTA CLARA II	RN	30
		SANTA CLARA III	RN	30
		SANTA CLARA IV	RN	30
		SANTA CLARA V	RN	30
		SANTA CLARA VI	RN	30
		VENTOS DE SANTA MÔNICA ⁽²⁾	RN	30
		VENTOS DE SANTA ÚRSULA ⁽²⁾	RN	28
		VENTOS DE SÃO BENEDITO ⁽²⁾	RN	28
		VENTOS DE SÃO DIMAS ⁽²⁾	RN	30
		VENTOS DE SÃO DOMINGOS ⁽²⁾	RN	28
	VENTOS DE SÃO MARTINHO ⁽²⁾	RN	28	
	SUB-TOTAL			550.2
	Biomass TPP	ALVORADA	MG	50
		COOPCANA	PR	50
		IPÊ	SP	25
		PEDRA	SP	70
		SUB-TOTAL		

PREPARATION	SHP	AIURUOCA	MG	18
		BOA VISTA 2	MG	28
		CACHOEIRA GRANDE	MG	16
		PENEDO	MG	17
		SANTA CRUZ	MG	12.5
		SUB-TOTAL		91.5
	WIND	ATALAIA	PI	151.2
		BAIXA VERDE	RN	13.8
		BITUPITÁ	CE	63
		CAJUEIRO	RN	29.9
		COSTA DAS DUNAS	RN	29.9
		CURRAL VELHO	CE	122.4
		FALÉSIA	CE	37.8
		FAROL DE TOUROS	RN	23
		FIGUEIRA BRANCA	RN	13.8
		GAMELEIRAS	RN	18.4
		PEDRA CHEIROSA	CE	37.8
		SUB-TOTAL		541
		Biomass TPP	ALVORADA	MG
	COOPCANA		PR	50
	IPÊ		SP	25
PEDRA	SP		70	
SUB-TOTAL			195	
		TOTAL		2,049.40

(1) Projects that belonged to CPFL Energia until August 2011 (SHPs belonged to CPFL Geração and biomass-fired plants to CPFL Brasil)

(2) The company has the option to purchase 100% of the SPES.

3.5.3. Commercialization and Services



ACTIVE THROUGHOUT BRAZIL				
MAIN RESULTS	2008	2009*	2010	2011
Free Market customers	76	74	129	140
Market share (%)	20	20.8	16	11
Free Market energy sales* (GWh)	8,904	10,243	12,262	12,173

*Includes commercialization/generation (excluding the CPFL Group).

ELECTRICITY COMMERCIALIZATION BUSINESS SUMMARY				
MAIN RESULTS	2009	2010	2011	2011/2010 (%)
Gross Operating Revenue (R\$ million)	2,026	1,991	1,932	-3.0%
EBITDA (R\$ million)	298	308	271	-12.0%
Net Income (R\$ million)	211	206	164	-20.4%

In 2011, the Services business area was restructured to operate with greater autonomy from the Commercialization area. The main results by segment are shown below:

	2011		2011
	Commercialization	Services	Total
Gross Operating Revenue (R\$ million)	1,772,533	159,946	1,932,479
EBITDA (R\$ millions)	252,447	18,900	271,347
Net Income (R\$ million)	152,667	11,262	163,929
	2,177,647	190,108	2,367,755

ENERGY COMMERCIALIZATION

In 2011, the CPFL Group's commercialization companies' total energy sales were 8,665 GWh, a slight fall compared to the 2010 figure of 8,806 GWh. This reduction occurred because bilateral agreements in place in 2010 came to an end at the close of that year.

These figures cover sales by the Group's trading companies to free and special customers and through bilateral agreements, excluding those signed with related parties.

The commercial activities of CPFL Group's commercialization companies include the planning and execution of all energy purchase and sale activities of CPFL Brasil and its subsidiaries - CPFL Planalto, CPFL Meridional and CPFL Cone Sul, as well as CPFL Geração's power purchas-

ing agreements.

In addition, it covers business conducted in the regulated contracting environment (ACR) and the free market (ACL) - also known as the competitive market, characterized by the presence of buying and selling agents who attempt to capitalize on market opportunities through negotiating price and other commercial conditions. Every deal closed is considered a power purchasing contract, and is registered and executed under the regulations of the CCEE (Electric Energy Trading Chamber), the latter monitoring billing and payment, accounting and fiscal elements of the contract, and ensuring that contractual conditions are met.

All CPFL Group's energy trading is based on the respective companies' contracts portfolio and on the market perspectives, which involve a forecast of energy supply and demand and price analysis. The CPFL Group's trading companies have a dedicated planning team that supports the energy traders by providing guidance on issues related to CPFL's energy balance and price forecasts.

Additionally, the CPFL Group offers client representation at the CCEE through the intermediary of its trading companies, providing assistance in checking the fulfillment of contractual conditions and the execution of activities required under CCEE's commercialization procedures.

ORGANIZATIONAL STRUCTURE FOR ENERGY COMMERCIALIZATION

The organizational structure of CPFL Brasil was altered in 2011. The changes, including the division of energy trading teams into wholesale and retail, were made in order to increase the share of energy sales to end customers in the trading companies' financial result, in line with CPFL's strategy of maintaining leadership in energy commercialization.

This revised structure seeks to provide CPFL Brasil with an enhanced ability to act both in assessing the viability of a customer's migration to the free market, as well as in negotiating power purchasing agreements and representing clients at the Electric Energy Trading Chamber (CCEE). In this context, these recent changes have also led to the creation of a team dedicated to customer CCEE representation, with a further range of products and services also planned. In addition, two other teams were set up – one to deal with the regulatory issues related to commercialization and another dedicated to developing products for the free market and publicizing the company's marketing initiatives.

There will be further ramping up of energy sales activities for end customers in 2012, with plans for opening commercial offices in areas outside the CPFL Group's concession areas.

3.5.4. Services

OPERATIONS DIVISION

CPFL TOTAL, CPFL SERVIÇOS AND CPFL ATENDE

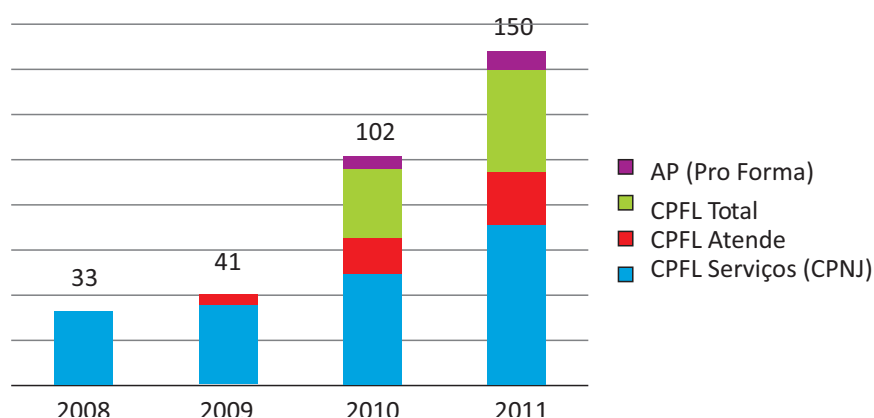
CPFL Energia's business unit dedicated to services was reorganized in 2011 due to the increasing importance of this segment as a value driver for the Group.

This new structure, introduced as a result of the growing market potential, maintains a strong synergy with the Group's other businesses and involved the creation of autonomous and independent business units, organized as follows:

- CPFL Serviços – offering energy services (transmission systems, distribution systems, self-generation, equipment overhaul)
- CPFL Atende – offering solutions through a contact center
- CPFL Total – bill collection and intermediation of financial products

In 2011 the service provider companies made a significant contribution to the Company's result with revenue of R\$ 159.946 million and EBITDA of R\$ 18.9 million, while realizing new business opportunities and developing closer client relationships. This represents a 46% increase in revenue over 2010's figures.

Net Income



CPFL SERVIÇOS

CPFL SERVIÇOS OFFERS THE FOLLOWING PRODUCTS:

- Design and construction of substations and transmission lines
- Design and construction of distribution systems
- Electricity AP self-production and HVAC systems
- Solar energy and energy efficiency solutions
- Management of electric assets through maintenance services
- Overhaul of transformers, electrical equipment and services for energy companies and end clients

2011 PERFORMANCE:

- 8 new self-production plants delivered, with installed capacity of 15.3 MVA
- New contracts: 10 high tension substation projects with a capacity of 459 MVA
- New contracts: 10 transmission line projects, totaling 237 km
- Energizing of 7 high tension substation projects with 376 MVA capacity
- Energizing of 6 transmission line projects totaling 52 km
- Electric system maintenance (GA) – 167 services completed
- Overhaul of 3,527 distribution transformers
- Overhaul of 33 power transformers
- Overhaul of 203 other items of equipment (15 kV and panels)
- As a goal for the coming years, the company plans to strengthen its Services portfolio by raising both the margin per client and reinforcing client loyalty as well as participating in energy projects and increasing its share of services provided to the Group's own distribution companies.

CPFL TOTAL

CPFL Total is a customer service channel for use by accredited companies and their end customers for the purposes of bill collection, customer services and the capture and repass of financial products.

The network is made up of authorized outlets that receive not only payment of electricity bills and other utility bills (water, telephone and bank collections) but also offer customer assistance services for accredited energy concessionaires such as verification of amounts due, issue of electricity bill counterparts, reconnection and customer registration validation.

In 2011, CPFL Total focused on increasing the network's quality by revising the accredited company base and restructuring internal processes. The network is currently made up of around 2,500 establishments.

2011 PERFORMANCE:

- Billing: R\$ 45.1 million
- Transaction numbers: 44.8 million
- Accredited companies: 2,500

CPFL ATENDE

- Constituted four years ago as an opportunity to provide Group companies and the market with contact center and customer relationship services.

THE CPFL ATENDE PORTFOLIO OFFERS THE FOLLOWING SERVICES:

- SAC - Customer Service Line
- Credit Recovery
- Telesales
- Face-to-face service
- Back office service

INFORMATION:

- Two sites in the towns of Ourinhos and Araraquara in upstate São Paulo
- 2011 billings: R\$ 23 million
- Call numbers: 9.3 million
- Employees: 1000
- PA: 500
- Clients: 12
- Up until 2011, CPFL Atende's focus was on installing and consolidat-

ing its operations in order to provide services exclusively for the CPFL Energia Group. From 2012 on, the company plans to strengthen its portfolio of services and expand its client base, objectives which will be pursued by extending its services to companies outside the Group.





Sustainability

4. Sustainability



CPFL Energia's decision-making in its businesses, operations and relationships is guided by a broad and systemic overview which considers economic, social and environmental variables in an integrated manner. The Company realizes that to be sustainable and guarantee both business sustainability and value generation for stakeholders, a balance between these three factors must be achieved, and strengthened by relationships based on ethics and transparency. In this way, CPFL believes that its role goes way beyond the generation, distribution and commercialization of electric energy. Its purpose is to share learning and be a leader in the transition to the New Economy – an environment that prioritizes the environment, inclusiveness and responsibility.

The Sustainability Committee was reorganized in 2012 and is the internal governance body that oversees CPFL's sustainability agenda and activities. The Committee's members are designated Guardian Directors of Sustainability and are tasked with compiling all activities, implementing sustainability policies and guidelines and making recommendations to management. The Committee is also responsible for mapping sustainability risks and opportunities, in accordance with the relevance suggested by the Company's stakeholders.

4.1. Economic and Financial

Given the growing international concern on issues related to the worldwide energy matrix, Brazil has without a doubt positioned itself as one of the great champions of energy generation technologies from clean and renewable sources. Against this backdrop, the issue gained particular importance during the last year for CPFL Energia. Part of our strategy for 2011 involved expanding our investments in energy generation from renewable sources, including the small hydro plants (SHPs), sugarcane biomass-fired thermoelectric plants and wind farms, and which placed the Group in the vanguard of this segment.

A highlight of the year was the creation of CPFL Renováveis, which from its constitution was already the leader of the renewable energy segment in Latin America. It represents the merger of assets and projects held by CPFL Energia and ERSA and subsequently, the acquisition of the entire equity of Jantus. CPFL Renováveis' focus is exclusively on the development of energy generation projects from alternative and renewable sources (SHPs, biomass-fired thermoelectric plants and wind farms). CPFL Energia's equity stake in the company amounts to 63%. Following the creation of CPFL Renováveis, the start-up of operations of TPPs Bio Formosa and Bio Buriti, and the purchase of the SHP Santa Luzia and wind farm ventures from Jantus, the total installed capacity of the CPFL Group, taking into account its relative share in each of its conventional and alternative energy projects, grew to 2,644 MW in 2011, of which 2,017 MW are conventional hydraulic generation, 216 MW conventional thermoelectric generation and 411 MW renewable alternative energy (193 MW from SHPs, 133 MW biomass generation and 85 MW from the wind farms). By the end of 2012, taking into account the acquisition of the Bons Ventos Complex (wind farms already in operation) announced in February 2012, and the start-up of operations at the TPPs Bio Ipê and Bio Pedra and the Santa Clara Complex wind farms, the CPFL Group's operating installed capacity should reach 2,922 MW. By 2014, this capacity is projected to total 3,301 MW, including the operational start-up of other projects currently under construction.

In the distribution segment, the Group continued to enjoy strong growth in energy consumption from the residential and commercial classes, the result of increased employment, income and credit in recent years. The industrial class had a less vigorous performance, affected by an appreciated local currency and high interest rates. An important event for the sector was the finalization of the methodology for

the distributors' third tariff review cycle, in November 2011. The process had begun in September 2010 and involved wide-ranging discussions between ANEEL and the industry entities. The regulatory requirements have increased with each cycle and continue to pressure companies to squeeze further gains in efficiency. Set against this scenario, the Group strengthened its focus on ramping up operating efficiency and improving the quality of its service provision to customers in readiness for the challenges that will accompany the implementation of the third tariff review cycle for the eight concessionaires between 2011 and 2013. With this directive, the CPFL Group distributors will have to maintain ever more automated and intelligent networks for increasing quality in energy distribution, thus implying reduced frequency and duration of disconnections and a shorter time before energy supply is resumed. Last year alone the installation of the new smart grid technology coupled with investments in network maintenance and to meet market growth, demanded investments from our distributors to the tune of R\$ 1,065 million.

As for the remaining investments made in the last year, R\$ 823 million were earmarked for generation and R\$ 17 million for energy commercialization and services.

In the light of radical changes currently, both in the world and also the energy sector itself, the Group had the foresight in 2011 to develop the Transformation Program. This demands organizational and cultural change at all Group companies in order to create a structure that is more efficient, modern and suited to their growth. It also places increased focus on more strategic operations, enhances our position in institutional relationships and supports change in the way we manage the Company's culture and decision-making processes. The first phase of the Program was concluded in December 2011 with the design and implementation of a new organizational structure. The Program will also drive the creation and review of decision-making committees, as well as numerous actions related to culture and behavioral change; this should all take place during 2012. Concurrent with the Transformation Program, the Base Zero Budget plan is being implemented and, to date, has led to improvements in the budget design process for the business units and will bring the Group significant cost reductions overall.

The Group's achievements and results in 2011 are a reaffirmation of our business strategy, which continually seeks to increase our share of the Brazilian energy market in all the segments in which we operate, maintaining the differentials of efficiency and quality. Evidence of this was provided by the awards received during the year in recognition of the Group companies' management quality: the National Quality Award (PNQ), at which CPFL Paulista and RGE were winners; the Valor 1000 year book from the Valor Econômico newspaper, which recognized CPFL Paulista as the best company in the electric sector; the Biggest and Best Award from Exame magazine, recognizing CPFL Brasil as

the best company in the energy sector; the ABRADÉE award granted to CPFL Piratininga for its economic and financial management, and to RGE as the best distributor in Brazil's South region; and CPFL Energia's recognition as the most sustainable energy company in Latin America by the Management & Excellence consultancy for the third consecutive year. In the past years, the Group has been developing skills required to seize the opportunities emerging from the growth and diversification of the Brazilian economy.

4.1.1. Operating Performance

ENERGY SALES

Energy sales in the CPFL Energia distributors' concession areas totaled 54,590 GWh, growth of 4.9% compared to the 52,044 GWh achieved in 2010. Sales to the captive market totaled 39,917 GWh, an increase of 1.7%, with a further 14,674 GWh billed through the Tariff for Use of the Distribution System (TUDS).

Of note in the captive market were increases in consumption in the residential and commercial classes, which together account for 54.3% of the total energy consumed by the Group distributors' captive market customers.

- Residential and commercial classes: increases of 4.9% and 5.9%, respectively. The cumulative effects of economic growth (increases in income, employment, access to credit, electronic and electrical goods sales and retail sales in general) seen in recent years meant that these classes maintained high consumption levels in 2011. This was partially offset by lower summer temperatures in relation to 2010.
- Industrial class: fall of 7.5%, affected by the deceleration in industrial production and the migration of customers to the free market, the latter reflecting growth in TUDS revenue.

The volume of energy billed from free market customers in CPFL Energia's concession areas through the TUDS reached 14,674 GWh, an increase of 14.7%, as commented, mainly the result of the migration of customers to the free market.

Energy commercialization and generation sales (excluding related parties) reached 12,173 GWh, which is a fall of 0.7%, due mainly to a fall in sales via spot bilateral contracts in force in 2010 but maturing during 2011. Sales to free market customers increased however, the result of growth in the customer portfolio in 2011 compared to 2010 (from 129 to 140).

PERFORMANCE OF THE ELECTRICITY DISTRIBUTION SEGMENT

- The Group maintained its strategy of encouraging the dissemination and sharing of best management and operating practices among the distributors, with the aim of increasing operating efficiency and improving the quality of customer service.

Below are the results achieved by the distributors for the main indicators that measure quality and reliability in electric energy supply: the DEC (Average Duration of Interruptions), which measures the average duration, in hours, of interruptions per consumer over the year; and the FEC (Average Frequency of Interruptions), which measures the average number of interruptions per consumer over the year.

DEC and FEC Indicators 2011 (annual figures)								
Company/ Indicator	CPFL Paulista	CPFL Piratininga	RGE	CPFL Santa Cruz	CPFL Leste Paulista	CPFL Jaguari	CPFL Sul Paulista	CPFL Mococa
DEC	6.77	6.44	15.19	8.43	9.66	7.00	9.06	5.95
FEC	5.36	4.87	9.44	8.15	6.17	5.10	5.73	5.24

PERFORMANCE OF THE ELECTRICITY GENERATION SEGMENT

In 2011, the Group signed a purchase agreement to acquire 100% equity of Jantus, a company specializing in wind energy generation, and an Association Agreement with ERSA to merge assets and projects related to renewable and alternative energy generation (SHPs, biomass-fired thermoelectric plants and wind farms) to create CPFL Renováveis, the largest renewable segment energy company in Latin America. CPFL Renováveis currently has projects with a capacity of 652 MW in operation, 765 MW under construction, 120 MW for the Atlântica Wind Complex (wind farms that will enter operation in 2013) purchased in January 2012, and 158 MW for the Bons Ventos Wind Complex (wind farms already in operation) purchased in February 2012, as well as a portfolio totaling 2,743 MW for development, totaling 4,438 MW.

CPFL Renováveis was constituted on August 24, 2011 and the acquisition of Jantus on December 19, 2011. With CPFL Renováveis, in which CPFL Energia's stake is 63% and the start-up of operations at TPPs Bio Formosa and Bio Buriti and the acquisition of new ventures (SHP Santa Luzia and the Jantus wind farms), the CPFL Group's installed capacity (taking into account CPFL Energia's share of each of the projects) grew to 2,644 MW in 2011. Of this total, 2,017 MW are conventional hydraulic generation, 216 MW conventional thermal generation and 411 MW renewable alternative energy (193 MW from SHPs, 133 MW biomass generation and 85 MW from wind projects).

4.1.2. Operating Revenue

Net operating revenue grew by 6.2% (R\$ 740 million) to reach R\$ 12,764 million. Excluding revenues from the construction of concession infrastructure (which does not affect the result due to the corresponding cost, for the same amount), net operating revenue would have been R\$ 11,634 million, an increase of 6.0% (R\$ 654 million).

THIS CHANGE IS DUE TO THE FOLLOWING:

- The distributors' tariff adjustments;
- An increase of 1.7% in sales to the captive market;
- An increase of 17.1% (R\$ 193 million) in gross revenue from the TUDS from free customers, due largely to the migration of captive customers to the free market;
- Additional net revenue resulting from the following:
 - A non-recurrent effect from the accounting adjustment relating to the difference in energy cost of EPASA in 2010 (R\$ 29 million);
 - The start-up of operations at HPP Foz do Chapecó in October 2010, TPP Baldin in August 2010, the 2 EPASA TPPs in January 2011, TPP Bio Formosa in September 2011 and TPP Bio Buriti in October 2011 (R\$ 233 million), bearing in mind that the results from existing renewable energy assets were consolidated in CPFL Renováveis as of August 2011;
 - New operating assets resulting from the ERSA association and the Jantus acquisition (R\$ 85 million), booked to CPFL Renováveis as of August and December 2011, respectively.

It is important to highlight that part of the sales from these generating projects is to CPFL Group companies, the corresponding revenue being eliminated when the accounts are consolidated.

4.1.3. EBITDA

EBITDA is a non-accounting measurement for calculating earnings before taxes, financial income, depreciation/ amortization and the private pension fund.

Operating cash generation, measured by EBITDA, totaled R\$ 3,769 million, an increase of 12.5% (R\$ 418 million), mainly reflecting the 6.0% (R\$ 654 million) increase in net revenue (excluding revenues from concession infrastructure), which was partially offset by the increase of 16.9% (R\$ 237 million) in operating costs and expenses, which exclude concession infrastructure construction costs and private pension plan depreciation and amortization expenses.

This increase of 16.9% (R\$ 237 million) in CPFL Energia's operating costs and expenses occurred as a result of the following factors (which should not be considered, in order to facilitate comparison with 2010):

- Non-recurring increase in personnel expenses, due to the Early Retirement Program (IRT) – R\$ 51 million;
- Operating expenditures covering the start-up of operations at HPP Foz do Chapecó in October 2010, TPP Baldin in August 2010, the 2 EPASA TPPs in January 2011, TPP Bio Formosa in September 2011 and TPP Bio Buriti in October 2011 (R\$ 25 million);
- Operating expenditures related to the new assets in operation, resulting from the ERSA association and Jantus acquisition (R\$ 61 million);
- Non-recurring net increase of R\$ 20 million in legal and judicial expenses and indemnities for CPFL Paulista, due mainly to the reversal in 2010 of the provision for liabilities relating to PIS/COFINS credits on sector charges (R\$ 40 million). This increase was partially offset by the increase in expenses, also in 2010, from the provision for labor contingencies following a legal settlement reached with the Engineering Labor Union of São Paulo (R\$ 20 million);
- Negative non-recurring effect for CPFL Piratininga in 2011 due to the “loss/gain through asset disposal” line, resulting from non-operating revenue recorded in 2010 from the sale of real estate in Santos (R\$ 11 million).
- Non-recurring increase resulting from the provision for an ISS tax contingency at the ENERCAN subsidiary (R\$ 10 million);
- Non-recurring increase resulting from the reversal of a doubtful

debt provision at CPFL Paulista in 2010, relating to an amount owed by a local prefecture (R\$ 6 million).

If the above effects are not taken into account, operating costs and expenses would have increased by 3.8% (R\$ 54 million) in 2011, compared to the IGP-M (General Market Price Index) of 5.1% for the period.

4.1.4. Net Income

Net income in 2011 reached R\$ 1,582 million, an increase of 1.4% (R\$ 22 million) on 2010, due mainly to the following: (i) a 12.5% (R\$ 418 million) increase in EBITDA; (ii) the positive effect on income tax and social contributions (R\$ 46 million), resulting from, among other factors, greater use of tax credits (R\$ 18 million); and (iii) a reduction in Private Pension Fund expenses (R\$ 2 million). These effects were partially offset by the increase in net financial expenses (R\$ 335 million) and the increase in depreciation and amortization (R\$ 109 million), mainly because of the start-up of operations at the new energy generation projects.

4.1.5. Dividend Distribution

Management recommended distribution of R\$ 1,506 million in dividends to holders of common shares traded on BM&FBovespa - Securities, Commodities and Futures Exchange. The proposed annual payout was equivalent to R\$ 1,565228302 per share. As a result, CPFL Energia exceeded the minimum payout of 50% of net income required under its dividend policy.

Discounting R\$ 748 million for the first half of 2011 (paid out on September 30, 2011), the amount distributed was R\$ 758 million (R\$ 0.788205126 per share).

4.1.6. Debt

At the end of 2011, the Company's financial debt (including hedge) reached R\$ 13,388 million, an increase of 42.2%. Cash equivalents totaled R\$ 2,700 million, growth of 72.7%. As a result, net debt grew to R\$ 10,689 million, a hike of 36.1%. This increase in net debt is the result of the consolidation of 100% of debt from CPFL Renováveis, in accordance with the new IFRS accounting procedures, as well as pursuit of the Group's business expansion strategy – such as the acquisition of Jantus' assets and the financing of several greenfield projects still under construction at CPFL Renováveis. Over the course of 2011, CPFL Energia put its 2012 pre-funding strategy into practice, anticipating new funding for debt maturing in 2012. As a result, the Company was able to reduce the real cost of its debt by approximately 0.1 percentage point to 4.3% per annum, as well as lengthening its repayment profile by 24.5% to 4.32 years. Consequently, the percentage of debt classified as short-term fell from 23.9% to 12.3%.

4.1.7. Investments

In 2011, the Group invested R\$ 1,905 million in maintaining and expanding the business, of which R\$ 1,065 million were earmarked for distribution, R\$ 823 million for generation and R\$ 17 million were directed to commercialization and services. In addition, CPFL Energia's association with ERSA led to the constitution of CPFL Renováveis, a company with capital stock of approximately R\$ 4,500 million at the time the association was announced. Furthermore, an investment of R\$ 1,499 million was made in the Jantus acquisition through CPFL Renováveis, of which R\$ 823 million was provided as capital and R\$ 676 million through debt.

Highlights of CPFL Energia's investments in 2011 were:

- **Distribution:** investments were made to expand, maintain, improve, automate, modernize and strengthen the electricity system to meet the demands of market growth, in operational infrastructure, customer support services and in research and development programs, among others. On December 31, 2011, the distribution companies had 7.0 million customers (an increase of 204 thousand customers), while the distribution network consisted of 210,491 km of distribution lines, including 276,561 distribution transformers (an increase of 13,578 transformers). Our eight distribution subsidiary companies operated 9,437 km of high tension distribution lines between 34.5 kV and 138 kV. Also as at December 31, 2011, they had 434 high tension to medium tension transformer substations for further distribution (an increase of five substations), with total transforming capacity of 13,650 MVA (an extra 615 MVA);
- **Generation:** investment was mainly directed at the conclusion of HPP Foz do Chapecó, EPASA (TPPs Termonordeste and Termoparaíba) and TPPs Bio Formosa and Bio Buriti, projects that have already entered commercial operation, and TPPs Bio Ipê, Bio Pedra, Alvorada and Coopcana, SHP Salto Góes and Santa Clara, Macacos I and Campo dos Ventos II wind farms – all of these construction projects in progress.
- **Acquisition of Jantus:** On April 7, 2011, CPFL Energia announced that it had, through its subsidiary CPFL Brasil, entered into an agreement to acquire 100% of the units making up the capital stock of Jantus SL. Parties to the agreement were Liberty Mutual Insurance Com-

pany, Citi Participações e Investimentos Ltda., an investment fund managed by Black River Asset Management LLC, Carbon Capital Markets Limited, which represents the interest of its controlling shareholder Trading Emissions PLC in Jantus, Matthew Alexander Swiney, and other minority shareholders. Jantus is the controlling shareholder of SIIF Énergias do Brasil Ltda. as well as SIIF Desenvolvimento de Projetos de Energia Eólica Ltda. The acquisition was concluded on December 19, 2011, with the purchaser being CPFL Renováveis. The acquisition price of the units, after contractual adjustments, included: (i) an amount of R\$ 823 million, disbursed as follows: (a) R\$ 469 million paid in cash and (b) the Euro equivalent to R\$ 354 million injected into Jantus capital stock by the acquirer to settle debts with third parties; and (ii) the assumption of net debt worth R\$ 676 million. Jantus' assets include (i) four operating wind farms in the state of Ceará (Formosa, Icaraizinho, Paracuru and SIIF Cinco), with installed capacity of 210 MW and 20 year power purchasing contracts signed with Eletrobrás, and registered with PROINFA (Alternative Source Electricity Incentive Program); and (ii) a portfolio of wind energy projects in the states of Ceará and Piauí with installed capacity of 732 MW, of which a total of 412 MW is already certified and eligible for participation in upcoming energy auctions.

- Association between CPFL and ERSA and the creation of CPFL Renováveis: On April 19, 2011 CPFL Energia and ERSA (Energias Renováveis S.A.) announced that CPFL Energia, and its subsidiaries CPFL Geração and CPFL Brasil, had entered into an Association Agreement with the shareholders of ERSA, which set forth the terms and conditions under which they intended to merge the renewable energy assets and projects owned by CPFL and ERSA in Brazil, covering wind farms, small hydro plants and biomass-fired thermoelectric plants. In general terms, the association involved the following stages, concluded on August 24, 2011: (i) CPFL Geração spun off the SHPs comprising its assets and operated by it, transferring them to specific companies under its direct control (the "SHP Companies"); (ii) CPFL Geração and CPFL Brasil, as the only shareholders, constituted a new holding company ("New CPFL"), to which all their Operations, including the SHP Companies, were transferred; (iii) ERSA incorporated New CPFL, such that CPFL Geração and CPFL Brasil became components of the controlling block of ERSA as majority shareholders, holding, jointly, 54.5% of the total capital and voting stock of ERSA (this percentage increasing to 63.0%, as a result of the increase in capital made by CPFL Brasil in CPFL Renováveis for the acquisition of Jantus); and (iv) simultaneously with the above-mentioned incorporation, the corporate denomination of ERSA was changed to CPFL Energias Renováveis S.A. ("CPFL Renováveis").

4.1.8. Capital Markets

CPFL Energia's stock, currently represented by a free float of 30.7%, is traded in Brazil (BM&FBovespa) and New York (NYSE). In 2011, CPFL Energia shares appreciated by 34.0% on BM&FBovespa and 25.9% on the NYSE, significantly outperforming both the IBOVESPA and Dow Jones stock indices, and ended the year at R\$ 26.02 per share and US\$ 28.21 per ADR. The average daily trading volume reached R\$ 32.8 million, of which R\$ 13.5 million was on BM&FBovespa and R\$ 19.3 million on the NYSE. The trading volume on BM&FBovespa increased by 45.4%, from a daily average of 1,406 trades in 2010, to 2,045 in 2011.

A highlight of 2011 was the reverse split of CPFL Energia's common shares, at the ratio of 10 (ten) to 1 (one), followed by a simultaneous stock split at the ratio of 1 (one) to 20 (twenty), as well as a change in the ADR exchange ratio, from 1 (one) ADR equivalent to 3 (three) common shares to 1 (one) ADR equivalent to 2 (two) common shares. The aim was to optimize management of the shareholder base and reduce the unit value of common shares and ADRs, and thus allow greater access for personal investors and increased liquidity.

4.1.9. Financial Statements

All of CPFL Energia's Financial Statements are published on the Investor Relations website:

www.cpf.com.br/ir → Releases and Results → Results Center → 4Q11

4.2. Society

Creating solid and lasting relationships with stakeholders – shareholders, customers, employees, community, suppliers, investors and partners – is one of CPFL Energia’s objectives. In order to continue strengthening these bonds of trust and mutual respect, the Company carries out a series of initiatives aimed at them.

4.2.1. Stakeholder Relationships

GRI 4.16

GRI 4.17

GRI EU19

New markets, new demands and new business models appear all the time. CPFL realizes that to keep up with these changes, it is fundamentally important to maintain an ongoing dialog with stakeholders.

The Company greatly values the formation of ties that establish trust with these audiences. Only in this way can it understand and react to the changing demands of these new times, and then translate this into efficiency gains in the business sustainability process.

STAKEHOLDER CHART

The Company’s main stakeholders are mapped in the diagram on the right:



Main engagement activities carried out in 2011					
Activity	Engagement Approach	Stakeholder	Frequency of Engagement	Main Issues and Concerns Raised	Measures Taken by CPFL Energia to Address Them
Value Network Program	Sustainability in the chain	Suppliers and clients	Monthly	Challenging to engage and inform employees and senior management of companies on the sustainability issue Better management of social and environmental impacts	Development of two common projects: Education for sustainability Management of social and environmental impacts
CPFL Total	Improving customer relationships	Captive clients	Undefined	Difficulties for customers in making payment of electricity bills	Re-instatement of agreement that had been canceled with Lottery Outlets
Stakeholder Panel	To identify the most interesting topics to cover in the Annual Report	Clients, consumers, shareholders, suppliers, communities, government	Annual	Respect for human rights Sustainable use of resources Energy efficiency Economic and financial sustainability	Deeper addressing of the issues considered of high relevance by stakeholders and restructuring of the Report (simplified browsing)
CPFL Energia Centenary	Company history	Employees and clients	12 months preceding the 100th anniversary	Survey of the accumulated knowledge that employees have on the Company's history	Running a project for documenting life stories through a roaming TV studio, in container format, covering all Group companies; and an intranet site and communication campaigns
Doing Good Day	Voluntary	Employees, suppliers and partners	Annual	Support of social organizations suggested by employees	Committees organized to plan and carry out infrastructure and recreational activities
Local Government Managers	Energy Efficiency	Local government	Ongoing	Reduction of electricity consumption Modernization of public lighting	Works to modernize the electrical structure of municipal schools and public buildings Substitution of old light bulbs for more efficient models
Press Relations Programs	Distribution and customer service segment operations	Press	Bimonthly	Evaluate press coverage of particular electric sector issues and specific information about CPFL Energia	Themed workshops for journalists and drafting of the Reference Guide to CPFL Energia's Distribution Operations for this same audience
Hospitals Modernization Program	Improving service quality to the community	Hospital management, clients	Annual	Sharing know-how and methodology of the program with hospitals across Brazil	Publication launch
Ethics Management and Development System	Answering queries and dealing with any whistle blowing allegations	Employees	Undefined	Absence of an explicit position on child labor, labor relations and observing standards of loyalty in competition	Publication of three Ethics Committee Guidance Primers (refinement of contents of the Code of Ethics)

CPFL Diversity Program	Diversity	Suppliers	Bimonthly	Raising the awareness of providers of contractor and consultancy services in recruitment and selection in hiring the physically disabled	Two workshops held on diversity and the importance of inclusion
Perception Study	Opinion survey	Investment market analysts	Quarterly	Survey held with market analysts to assess perceptions of customer service quality of the Investor Relations area	Shorter results presentations via webcast

STAKEHOLDER MANAGEMENT PROGRAM

This aims to apply CPFL Energia's strategic planning output to its relationships with opinion formers and decision makers. The ultimate goal is to increase society's view of the Company's worth and legitimacy, and give its leaders greater exposure.

In 2011, the Program mapped the issues of greatest importance to the Company, with a focus on the current businesses and the expansion and change required of them if CPFL is to achieve growth. Specific actions are being developed for each audience identified from this survey.

SHAREHOLDER DIALOGS

This project began in 2010 and is aimed at CPFL Energia clients. In that year, six meetings were held at the company's head offices in Campinas with employees, suppliers and residential and corporate customers.

The meetings prompted a series of well-received and productive dialogs and led to the organization of a new cycle of encounters at some of the regional companies' head offices. In 2011, representatives of the public sector, NGOs and civil society movements, partners, suppliers and participants of the CPFL Total program took part in the five dialogs that were held.

Some 300 guests participated in the meetings. Of these guests, around 40% were company employees and managers.

Both individually and as a group, participants were able to reflect and exchange views on the aspects required for improving the quality of the company's service to its customers. The results enabled CPFL to identify key points to be worked on as well as offering suggestions to improve the expectations and needs of all audiences.

The content arising from the meetings was critically analyzed and

shared with senior management and the teams in order to act as guidelines for the consolidation of CPFL's relationship project as well as providing input for decision-making by the Company's different areas.

STAKEHOLDER PANEL

CPFL Energia holds an annual Stakeholder Panel in order to produce its Annual Report. This is a face-to-face meeting to define the issues of greatest significance to be covered in the Report, by taking into account the viewpoint of a range of audiences.

The aim is to increase the legitimacy of the information detailed in the Report. Find out more at 3.2.1. "About this Report".

GOVERNMENT

CPFL Energia maintains a broad-based structure to ensure it serves and maintains a dialog with the different spheres of government and their regulatory bodies:

- Account Managers – a team of managers focused on the relationship with local government and public sector companies served by the CPFL Group's distributors.
- Regulatory Issues Department – responsible for coordinating all regulatory activities (inspection, public hearings, tariff adjustments and reviews, etc.) and for fulfilling the requirements of the concession contracts and the sector legislation. It also promotes institutional relations with government bodies, electricity industry associations and regulatory bodies (at federal and state level).
- Corporate Communications and Institutional Relations Department – responsible for building relationships with strategic audiences for the Group (government, regulatory bodies, opinion formers, civil society organizations and associations) through institutional and governmental relationship activities.
- Brasilia office – responsible for institutional and governmental relations activities, staffed by professionals from the Regulatory Issues and the Corporate Communications and Institutional Relations departments. It exists above all to establish relationships with authorities from the executive and legislative branches, public policy formers, press, and regulatory bodies.

The Company's relationship with government and regulatory bodies is essential for it to monitor and take part in processes relating to Brazil's energy planning. In this context, CPFL Energia seeks to maintain permanent interfaces with the main agents involved:

- Ministry of Mines and Energy (MME)
- Environment Ministry (MMA)

- National Electric Energy Agency (ANEEL)
- Energy Research Company (EPE)
- Electric Energy Commercialization Chamber (CCEE)
- National Electric System Operator (ONS)
- São Paulo State Sanitation and Energy Regulatory Agency (ARSESP)
- Rio Grande do Sul State Delegated Public Services Regulatory Agency (AGERGS)
- The Company also plays a leading role in class associations for assisting in government decision-making:
- Brazilian Association of Electricity Distributors (ABRADEE)
- Brazilian Association of Independent Electricity Producers (APINE)
- Brazilian Association of Electricity Traders (ABRACEL)
- Brazilian Wind Energy Association (ABEEÓLICA)

INVESTMENT MARKET

CPFL Energia also has a dedicated relationship program with the investment market. The agenda consists of a range of meetings and participation at events:

- Meetings with investors
- Association of Capital Market Analysts and Investment Professionals (APIMEC) meetings
- Results webcasts/conference calls
- Investors Day
- ExpoMoney events
- Non-deal road-shows with institutional investors
- Meetings for small investors arranged by the National Investors Institute (INI)

THE COMPANY POSSESSES A SERIES OF COMMUNICATION CHANNELS:

- Investor Relations website – www.cpfl.com.br/ri
- Email: ri@cpfl.com.br
- Shareholder and Investor Assistance Line (Personal Investors): +55 (19) 3756-8895 / 3756-6082
- Analyst and Institutional Investor Service Line: +55 (19) 3756-6083 / 3756-8887
- Publications: Factsheet (quarterly) and CPFL Investor Newsletter (bimonthly) sent by email and also available on the Investor Relations website

CUSTOMERS

CPFL Energia has a diversified customer service structure and carries out relationship surveys to help improve its initiatives and meet the specific needs of each customer profile.

Brand and image and customer satisfaction surveys are also held, contributing to continual improvements in relationships and the services provided.

Find out more at: [3.5.1.7 – Customer Service](#).

4.2.2. Personnel Employee Profile



CPFL Energia ended 2011 with 7,547 employees, 3.00% less than the previous year. During the period, the employee turnover rate was 11.9%, an increase on the 10.1% witnessed in 2010, with an average company length of service of 10 years. The average employee age was 37.

In 2011, the average hours of training per employee were 71.19, which is 36.9% greater than the 2011 Sextante Survey benchmark (the indicator used to monitor progress in investments in employee training and development) of 52.00 hours per employee. It should be noted that, although we saw a slight fall in average hours compared to the previous year, it was much less than that seen in the market as a whole.

Integral to CPFL Energia's strategy is attracting new talent to ensure the long-term survival of its businesses. Its annual Intern Program aims to provide students with professional experience in a stimulating work environment. The Company ended the year with 232 interns who have fixed-term contracts, albeit not registered as Company employees.

CPFL Energia does not have an exact figure for the numbers of outsourced workers, since service outsourcing contracts do not specify employee numbers per activity. This is particularly notable in general and administrative service contracts.

AVERAGE HOURS OF TRAINING PER EMPLOYEE - CPFL ENERGIA – 2008-2011 (HHT)*			
2008	2009	2010	2011
91.80	81.34	77.83	71.19

*Data is approximate and may be subject to change with the implementation of new internal control systems.

Employees by company and region									
Company	State	2011	2010	2009	2008	2007	2006	2005	2004
CPFL Paulista	São Paulo	2,931	3,130	3,132	3,127	3,185	3,161	3,080	3,071
CPFL Piratininga	São Paulo	1,078	1,161	1,170	1,191	1,214	1,198	1,164	1,070
CPFL Geração	São Paulo	96	149	138	132	140	6	6	9
EPASA	Paraíba	52	53	-	-	-	-	-	-
BAESA	Santa Catarina	31	31	13	25	23	-	-	-
CERAN	Rio Grande do Sul	61	64	59	69	61	-	-	-
ENERCAN	Santa Catarina	32	33	34	43	33	-	-	-
CPFL Brasil	São Paulo	104	153	112	110	125	96	82	51
RGE	Rio Grande do Sul	1,479	1,457	1,470	1,466	1,490	1,401	1,444	1,407
CPFL Santa Cruz	São Paulo	249	263	266	261	386	-	-	-
CPFL Jaguariúna*	São Paulo	244	258	271	232	361	-	-	-
CPFL Serviços	São Paulo	340	347	428	438	392	-	-	-
CPFL Atende	São Paulo	739	763	299	1	-	-	-	-
Chumpitaz	São Paulo	186	-	-	-	-	-	-	-
CPFL Energia	São Paulo	6	7	6	6	-	-	-	-
Foz do Chapecó	Santa Catarina	62	55	52	18	-	-	-	-
Renováveis	São Paulo	233							
Total		7,923	7,924	7,450	7,119	7,410	5,862	5,776	5,608

* Includes CPFL Leste Paulista, CPFL Jaguari, CPFL Sul Paulista and CPFL Mococa.

The gender composition of the group responsible for management of the Company's activities remained stable compared to the previous year.

CPFL Energia employees by employment type and gender														
Company	Statutory		Executives		Managers		Leadership		College Graduates		Operational		Total	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
CPFL Paulista	0	1	0	14	8	58	6	100	156	270	261	2,057	431	2,500
CPFL Piratininga	0	0	1	3	0	20	6	50	86	121	105	686	198	880
CPFL Geração*	0	1	0	4	1	5	1	10	28	32	6	8	36	60
EPASA	0	0	0	0	0	2	0	7	2	4	4	33	6	46
CPFL Brasil	0	1	1	1	0	2	0	3	31	39	11	15	43	61
RGE	0	1	0	0	3	23	11	67	64	91	207	1,012	285	1,194
CPFL Santa Cruz	0	1	0	0	0	1	0	9	9	18	12	199	21	228
CPFL Jaguariúna**	0	0	0	0	0	2	0	5	15	23	17	182	32	212
CPFL Serviços	0	1	0	1	0	2	1	23	11	23	17	261	29	311
CPFL Atende	0	0	0	0	0	2	29	12	1	4	571	120	601	138
Chumpitaz	0	0	0	0	1	6	6	10	39	61	41	22	87	99
CPFL Energia	1	4	0	0	0	0	0	0	1	0	0	0	2	4
Total	1	10	2	23	13	123	60	296	443	686	1,252	4,595	1,771	5,733

* Does not include BAESA, CERAN, ENERCAN or Foz do Chapecó.

** Includes CPFL Leste Paulista, CPFL Jaguari, CPFL Sul Paulista and CPFL Mococa

Definitions:

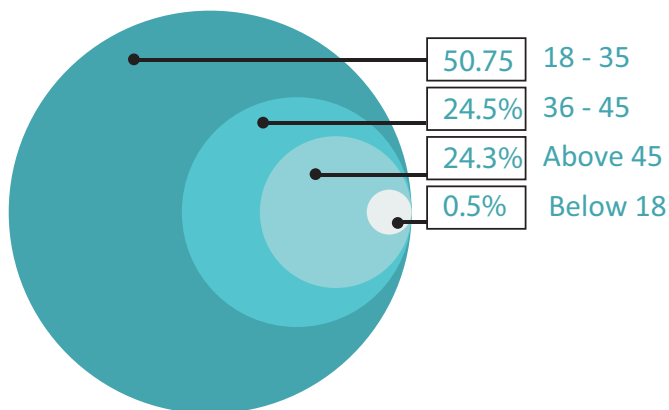
Statutory Directors - CEO and Chief Officers

Officers - Department Heads

Managers - Department and Division Managers.

As regards age, employees aged under 18 accounted for 0.5% of the total, followed by those aged between 18 and 35 representing 50.7% of the total, the 36 - 45 age group (24.5%) and finally, the over 45 age group (24.3%).

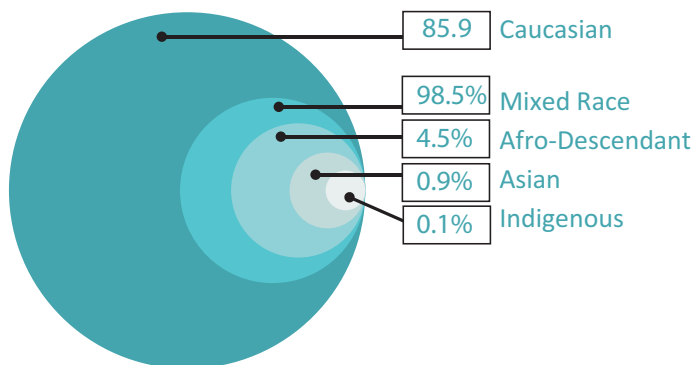
COMPOSITION OF WORKFORCE BY AGE GROUP (%)



Respect for differences is a fundamental principle of the CPFL Diversity Program, which was launched in 2003. As a result of this policy, progress has been made in employee makeup by ethnicity with the proportion of Afro-descendants among total employees increasing in 2011 to 13.0% compared to 12.8% in 2010.

The proportion of Caucasian ethnic origin was 85.9% (86.2% in 2010), Asian descent remained stable compared to 2010 at 0.9%, and Indigenous was also stable in 2011 at 0.1%.

COMPOSITION OF WORKFORCE BY ETHNIC GROUP (%)



Up until 2020, approximately 696 employees will reach retirement age across the CPFL Energia Group companies.

Employees Reaching Retirement Age in the Next 10 Years										
Company	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CPFL Paulista	8	26	9	19	12	63	77	79	50	104
CPFL Piratininga	4	9	7	0	9	7	16	13	26	41
CPFL Geração*	0	0	0	0	1	2	1	1	1	2
EPASA	0	0	0	0	0	0	0	0	0	0
CPFL Brasil	0	0	0	0	0	1	0	1	0	0
RGE	4	2	5	4	16	12	0	0	5	8
CPFL Santa Cruz	0	0	1	0	0	2	0	0	4	11
CPFL Jaguariúna **	0	0	1	1	1	0	1	2	5	10
CPFL Serviços	0	0	0	0	0	1	1	0	1	0
CPFL Atende	0	0	0	0	0	0	0	0	0	0
Chumpitaz	0	0	0	0	1	2	0	1	1	4
CPFL Energia	0	0	0	0	0	0	0	0	0	0
Total	16	37	23	24	40	90	96	97	93	180

* Does not include BAESA, CERAN, ENERCAN or Foz do Chapecó.

** Includes CPFL Leste Paulista, CPFL Jaguari, CPFL Sul Paulista, CPFL Mococa

REMUNERATION

Average Salary for Women as a Proportion of Average Salary for Men, by category						
Company	Statutory	Executives	Managers	Leadership	College Graduates	Operational
	Female	Female	Female	Female	Female	Female
CPFL Paulista	NA	NA	87%	118%	74%	54%
CPFL Piratininga	NA	174%	57%	122%	84%	63%
CPFL Geração*	NA	NA	90%	139%	70%	67%
EPASA	NA	NA	NA	NA	51%	103%
CPFL Brasil	NA	96%	NA	NA	63%	94%
RGE	NA	NA	90%	55%	66%	67%
CPFL Santa Cruz	NA	NA	NA	NA	70%	76%
CPFL Jaguariúna **	NA	NA	NA	NA	71%	82%
CPFL Serviços	NA	NA	NA	77%	67%	112%
CPFL Atende	NA	NA	NA	72%	169%	97%
Chumpitaz	NA	NA	170%	94%	80%	54%
CPFL Energia	61%	NA	NA	NA	NA	NA

* Does not include BAESA, CERAN, ENERCAN or Foz do Chapecó.

** Includes CPFL Leste Paulista, CPFL Jaguari, CPFL Sul Paulista, CPFL Mococa.

Definitions:

Statutory Directors - CEO and Chief Officers

Officers - Department Heads

Managers - Department Managers and Division Managers.

NA: not applicable. There are no female employees for this indicator.

The Job Function and Salary Table are applied to all functions in the Company on hiring, irrespective of gender.

REPRESENTATION

All CPFL Energia employees have freedom of expression and representation, such as participation in the Employee Representative Council (ERC) and the right to labor union membership. The Company recognizes the labor unions as legal and legitimate representatives of its employees and as conduits for making claims. The Group maintains regular Collective Bargaining Agreements with the labor unions. Agreements between the companies and the labor unions representing employees cover all Group professionals.

4.2.2.2.

Human Resources Management



CPFL Energia has implemented a series of programs in line with its strategic plan, to develop its employees' potential on both a professional and personal level. In 2011, the Company invested in a range of initiatives to enhance the value and well-being of its professional workforce and the quality of services offered to them.

CORPORATE UNIVERSITY

Since 2008, the objective of the CPFL Energia Corporate University has been to prepare internal succession and identify initiatives for developing business at the subsidiary companies, by providing training to the Company's employees and leadership.

The Corporate University is structured into three schools – Specializations, Market and Customer, and Leadership – with their content organized into learning paths. These schools also have a support structure in the form of the Corporate Training and Support Training programs; both contain learning units considered important and necessary for employee development.

In 2011, these initiatives provided a total 539,492 training hours, equivalent to 71.19 hours per employee.

School / Program	Training Hours in 2011	Training Hours / Employee
Specialization	96,766	25.09
Market and Customer	93,526	12.34
Leadership	2,748	4.46
Support Training	36,635	4.83
Corporate Training	53,561	7.07
Requalification	256,160	33.80
CPFL Energia	539,492	71.19

LEARNING PATHS

Offered by the schools of the Corporate University, learning paths include a range of solutions and teaching methods that aim to develop the skills – knowledge, abilities and attitudes – required by employees for optimum performance in their everyday professional activities. Instruction is based on the key processes of the three business units (Distribution, Generation and Energy Management) and cover the different hierarchical levels that these processes involve.

There are nine paths divided among the three schools, covering the following subjects: Network Maintenance, Projects and Works, Plant Operation, Finance, Customer Service, Energy Management and Leadership (executives, managers and leaders).

There is also the Corporate Training Path aimed at new employees. It consists of 8 e-learning courses which cover themes related to the business, customers, benefits, certifications, and others. This format provides an innovative substitute for the Company Induction Program.

SUPPORT TRAINING

CPFL Energia's training division also offers employees the Support Training tool. It is a professional retraining program, created in partnership with the labor unions and is a result of the collective labor agreement in force.

It aims to refresh and refine the professional skills of employees for enhanced performance in their company roles. It is implemented at CPFL Paulista, CPFL Piratininga, CPFL Geração, CPFL Brasil, CPFL Santa Cruz and CPFL Jaguariúna.

CPFL OPPORTUNITIES PROGRAM

- One of CPFL Energia's principles is to value differences, an attitude that encourages respect and a sense of citizenship and contributes to a fairer society. As a result, it has been running its Opportunities Program for the inclusion of people with special needs since 2005. This initiative is designed to prepare selected candidates for the labor market through educational training. Participants spend four hours a day working at the Company and a further four at Campinas State University (Unicamp) studying a subject that complements their training. There is also the option to attend further courses, as long as they are related to their training.

CPFL DIVERSITY ENHANCEMENT PROGRAM

The concepts underscoring CPFL's Diversity Enhancement Program, created in 2003, are a respect for differences and discouragement of

all forms of harassment and social discrimination. To this end, it has adopted a plan to encourage the hiring of Afro-descendants, women, and those with special needs, with an additional focus on people aged over 45 and/or those that have been unemployed for more than two years.

PERSONAL VALUE

Since 2001, CPFL Energia has been using the Personal Value management system, which adopts a 360° performance appraisal system for executives, department heads and managers, and a 90° system for leaders and other employees, to allow analysis of the all-round performance of its employees at their different levels of interaction.

The model is strongly linked to the Company's values. Firstly, because the qualities assessed are a reflection of the Group's principles: innovation, entrepreneurial spirit, passion for winning, excellence in processes, focus on the customer, commitment to sustainability, focus on results, commitment to value creation, vision of the future, people management and inspiring leadership. Furthermore, it is closely linked to the Company's values because the appraisal and performance process also includes aspects such as value creation, trust and respect, commitment and going the extra mile.

Personal Value is run annually for all employees. This allows for a more complete picture of the corporation's personnel structure.

HEALTH, SAFETY AND QUALITY OF LIFE

CPFL Energia possesses a Specialized Safety Engineering and Occupational Medicine service, based in Campinas but with decentralized operations. It includes a total of four of its own occupational health centers and over 35 doctors and partner clinics, distributed strategically across the Company's concession areas. These preventive actions are promoted by the Safety Engineering, Workplace Medicine and Quality of Life areas and are over and above the requirements of law. In the health area, for instance, laboratory examinations are offered annually to check for 'silent' chronic diseases before symptoms become apparent. In addition to informing the CPFL Group's health framework, the results also provide indicators for future health promotion activities.

CPFL Energia also has the services of the Internal Accident Prevention Commissions (CIPAs). In addition to complying with legal requirements, the Company encourages commission members to disseminate workplace safety and healthy quality of life practices. Through training sessions, talks, workshops and other activities, the CIPAs disseminate information to increase employee engagement and awareness.

At the end of 2011, there were 49 CIPAs operating at CPFL Energia with total membership of 479 in the following Group companies: CPFL Paulista, CPFL Piratininga, RGE, CPFL Santa Cruz, CPFL Brasil, CPFL Geração, CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista and CPFL Sul Paulista.

As part of the Quality of Life Program, employees in Campinas, Bauru and Ribeirão Preto in upstate São Paulo, and Caxias do Sul and Passo Fundo in the state of Rio Grande do Sul, have a company fitness and sports center at their disposal free of charge, offering weight training equipment, a gym and cardiovascular workout machines. Workers in these towns also have on offer workplace exercises aimed at preventing occupational illnesses (such as RSI and other work-related injuries) and promoting a healthy and relaxed working environment.

At other units arrangements have been made with outside fitness centers for monthly membership at subsidized rates. There are also special arrangements in place with spas and farm hotels that offer employees and their family members monthly discounts.

SPEAK TO ME

Created in 2006, the Speak to Me Program is a psycho-social support service to assist with personal problems, typically those of a legal, financial, psychological or social nature. It is available to employees of CPFL Paulista, CPFL Piratininga, CPFL Brasil and CPFL Geração and their immediate families.

Treatment is confidential and available round-the-clock via a toll-free number which directs the caller to the area for which guidance is requested. Since its inception, over 2 thousand issues have been handled and resolved. The Program has been given positive feedback in employee satisfaction surveys.

BENEFITS PROGRAM

At CPFL Paulista, CPFL Piratininga, CPFL Geração and CPFL Brasil, employees linked to the CESP Foundation receive fringe benefits in line with best labor market practices, namely pension plans, medical insurance, food and travel vouchers, daycare allowance and profit sharing.

For these employees, the Company also offers personal loans; life, home and vehicle insurance; and specific health-related reimbursements.

RGE

RGE employees receive benefits such as pension plan, medical insurance with dental assistance, meal and food vouchers, salary advances, daycare allowance, personal/payroll debit loans, profit sharing, life insurance, subsidized medication, school kit, refund of driver's license costs, post-vacation bonus and assistance for those with special needs.

- Study grants are also offered annually for technical, graduate, post-graduate, MBA and Master's degree courses.

OTHER CPFL ENERGIA COMPANIES

CPFL Santa Cruz offers a pension plan, medical, hospital and dental assistance, and food and travel vouchers. In addition, employees enjoy benefits such as personal loans, personal and accident insurance also extended to spouses, subsidized medication purchases, study grants and travel assistance to and from place of study.

The CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista and CPFL Sul Paulista distributors offer their employees a pension plan, medical, hospital and dental assistance, meal and food vouchers, subsidized medication purchases, vacation loans, life insurance and workplace exercises. Company employees also benefit from agreements with universities and language schools.

Temporary employees have the right to medical and hospital treatment, a basic basket of goods plus travel vouchers through an intermediary company used by CPFL Energia.

At other companies in which CPFL Energia has a stake, employees are offered benefits in line with market practices and which comply with all legal requirements.

4.2.2.3. Safety



CPFL has a deep-seated commitment to offering a safe and healthy working environment. Its constant efforts in this direction include systematic monitoring of the accident Frequency Rate (FR) and Degree of Severity (DS) at its companies. The Frequency Rate monitors the number of accidents relative to employee numbers and the Degree of Severity measures the number of work days lost as a result of workplace accidents.

A comparison of the Frequency Rate and Degree of Severity for 2011 with the three previous years (see Table 1) shows an increase in the number of accidents, with more pronounced severity at two companies. As a result, CPFL Energia has ramped up its preventive procedures for 2012 in an attempt to reverse the situation and reach its ultimate goal: a zero accident rate.

TABLE 1 – FOUR YEARLY SCORES FOR FREQUENCY RATE (FR) AND DEGREE OF SEVERITY (DS) AT THE CPFL ENERGIA GROUP COMPANIES.

FREQUENCY RATE AND DEGREE OF SEVERITY AMONG EMPLOYEES – 2008-2011								
COMPANY	2008		2009		2010		FR	DS
	FR	DS	FR	DS	FR	DS		
CPFL Energia	1.45	118	1.32	487	1.17	54	2.14	1,468
CPFL Paulista	1.89	210	1.09	975	0.94	55	2.72	2,137
CPFL Piratininga	0.41	6	1.24	9	0	0	0.87	63
CPFL Geração	0	0	7.67	234	0	0	0	0
CPFL Brasil	4.63	14	0	0	3.77	19	0	0
RGE	1.51	81	1.83	96	1.52	63	2.39	84
CPFL Santa Cruz	1.64	23	0	0	5.68	336	3.82	11,703
CPFL Jaguariúna	0	0	0	0	1.81	5	0	0

All serious accidents are submitted to the Accidents Investigation and Analysis Group (AIAG) which aims to identify both their immediate and underlying causes, as well as any shortcomings and control failures in everyday work practices. The AIAG is formed of CPFL employees involved with the accident – and often includes the person affected by the accident – and other professionals such as safety technicians and

engineers, leaders and managers of the area in which the accident occurred. It is this Group's responsibility to issue a report to management so that the identified causes can be remedied.

To this end, 2011 saw the purchase of new equipment with upgraded safety features and the launch of the Behavioral Dialog program, which aims to eliminate unsafe procedures through a new culture based on proactive attitudes toward situations of risk.

ACCIDENT PREVENTION IN THE COMMUNITY

CPFL Energia's concern for safety also extends to the communities served by the Group's distributors. Electric shock has been identified as the principal cause of accidents involving inhabitants of the communities served by the Group's distributors. The majority of problems involve the handling of antennae near wires, children flying kites and agricultural equipment operating under transmission lines and networks. Consequently, CPFL has taken various initiatives to remind the public of the risks involved in using electricity and to increase consumer awareness of the necessary precautions for preventing accidents.

In 2011, the Safety, Health and Quality of Life Division continued the process of standardizing its practices across all Group companies. The Group's partnership with the Civil Construction Union of the State of São Paulo has developed and now involves holding lectures on accident prevention in construction.

The Company also enhanced its preventive actions aimed at the population at large by organizing another edition of its annual Public Electricity Accident Prevention Week (PEAPW). The event is designed to disseminate knowledge on the safe use of electricity and child safety around the electric network and saw a total audience of over 140 thousand in 2011, through a range of activities (including talks, distribution of educational material and videos) held in schools, organizations and companies in 108 cities. The importance of safety was further emphasized by holding the PEAPW simultaneously with the VI National Electricity Safety Week, which is an initiative of the Brazilian Electricity Distributors' Association (ABRADEE), an institution that represents 41 electricity distributors, from the public- and private-sector, acting across all the regions of Brazil. The CPFL Group inserted messages on its electricity bills, taking ABRADEE's own communication campaign to 6.8 million consumers.

The actions mentioned above did not lead to a fall in fatalities (see Table 2), but they helped stabilize the overall number of victims.

TABLE 2 – FOUR-YEARLY FIGURES FOR ACCIDENTS INVOLVING MEMBERS OF THE COMMUNITY.

NUMBER OF ACCIDENTS AND FATALITIES IN THE COMMUNITY – 2008-2011								
COMPANY	2008		2009		2010		ACCIDENTS	FATALITIES
	ACCIDENTS	FATALITIES	ACCIDENTS	FATALITIES	ACCIDENTS	FATALITIES		
CPFL Energia	59	14	50	12	45	14	45	15
CPFL Paulista	36	10	13	3	23	6	25	6
CPFL Piratininga	8	1	13	2	11	3	5	2
CPFL Leste Paulista	0	0	1	1	0	0	1	1
CPFL Sul Paulista	0	0	1	1	0	0	0	0
RGE	13	3	19	4	11	5	13	6
CPFL Santa Cruz	1	0	1	0	0	0	1	0
CPFL Jaguari	1	0	1	0	0	0	0	0
Mococa	0	0	1	1	0	0	0	0

CPFL Energia Group companies are appropriately prepared in the prevention of electricity-related accidents as well as the mitigation of any adverse effects in the event of an occurrence. The Group's prevention and emergency service procedures have been formulated with the safety of all interested parties in mind: employees, service providers, consumers and the general public.

Accidents and fatalities of service users involving company assets (2011)			
Company	Severity	No.	Law suits
CPFL Jaguariúna	Fatal	1	
CPFL Leste Paulista	Fatal	1	
CPFL Piratininga	Serious	3	
	Fatal	2	
CPFL Paulista	Low	12	
	Serious	7	2
	Fatal	6	
	Low	2	
CPFL Santa Cruz	Low	27	
RGE	Fatal	2	

Health and safety in product and service life cycles

The CPFL Group adopts a range of measures designed to provide working environments that are ever more healthy and safe. The intrinsic risks related to the generated product (electricity) and the service provided (electricity supply) are assessed at the following stages of their life cycles: concept development, research and development, certification, production/ generation, marketing, distribution and supply, use and service, disposal, reuse and recycling.

All of the organization's business segments are concerned with the health and safety of their employees, partners and communities in their activities and work processes, controlling and mitigating risks and seeking continual improvement.

In addition, all services and activities provided are subject to the standards and resolutions of ANEEL, which regulates the sector and its relationship with the communities in the concession areas, covering the quality and reliability of services, moderate tariff rates, safety of supply and the dissemination of information on usage, clarity and transparency of information supplied, access channels to the company, etc. Hence, distributors fulfill their respective concession contracts by investing constantly in ongoing improvements to services, through research and development and energy efficiency programs, for instance. Additionally, the distributors also invest in communications, and cultural, social and environmental activities. All these programs aim to provide constant improvements to services rendered and to the safety of employees, partners and communities.

CONTINGENCY PLANS

CPFL Energia has prepared contingency plans for situations and events which impact the continuity and quality of electricity supply and/or provoke financial loss and may threaten employees, customers, outsourced workers, property, the community and environment. Below, we cover the main contingency plans relating to three important areas of the company.

INFORMATION TECHNOLOGY

CPFL views internal information as organizational assets and has therefore installed mechanisms to guarantee its correct usage and adequate protection.

The company has an Information Security Policy, a Guideline for Conduct in its Code of Ethics (4.3.4), as well as ISO certification 27001 incorporated in its Integrated Management System (IMS) implemented by four leading Group companies – CPFL Paulista, CPFL Piratininga, CPFL Geração and RGE. In line with these mechanisms, the Company has an Information Security Management System (ISMS) consisting of a group of guidelines, standards and procedures designed to protect the Group's assets and guarantee the continuity of the businesses by minimizing possible damage and mitigating exposure of the assets to risk, while always taking into account confidentiality, integrity and availability.

A system of categories and responsibilities is used for ensuring the control of rights and duties related to security. The categories are: responsible, depositary, and user. There must be an expressly designated person, responsible for any critical application, system

or information, who decides on the classification sensitivity and the granting of user access. Depositories take physical or logical possession of the information and are responsible for its safekeeping, implementation, operation and the maintenance of the safety measures established by the responsible person. Users are responsible for complying with all regulations relating to information security.

All employees have access to specific documents in the EDM (Electronic Document Management system, strictly for internal use) such as the Manual for the ISMS, the Information Security Incidents Management Procedure, and the Information Security Guidelines, which describe the purpose, sphere of application, basic concepts, processes and valid controls for all business areas of the CPFL Group.

A multidisciplinary Information Security Committee has been created to assess policies, standards and procedures related to the issue. Given that absolute security is impossible to achieve in practice, the Committee defines the acceptable risk level for the Group. Measures relating to disciplinary actions are analyzed by the Committee.

CPFL'S INFORMATION SECURITY POLICY:

“To protect CPFL's information and that of our customers, shareholders, employees and partners, by complying with laws, regulations, contractual obligations, identifying and dealing with risk, as well as through actions in the areas of information technology and user guidance, so as to minimize the impact on the CPFL Group's businesses.”

DISTRIBUTION

CPFL Energia possesses procedures that are formally defined in documents covering the operation of the electricity distribution system and the necessary resources for re-establishing the network at various levels of emergency, whatever the cause.

Computerized systems are used by the Operations Centers (OC) to control and manage planned and unplanned occurrences. The OCs are therefore the bodies tasked with the co-ordination, execution, authorization and supervision of works and services. The OCs' remit also includes: continual monitoring of electrical parameters and the state of equipment; forecasting the likelihood of unfavorable weather conditions through use of satellite and radar imagery; defining and mapping contingency levels; alerting the company departments involved; activating additional internal resources; requisitioning the required number of emergency crews; and coordinating the composition of a post-operational report assessing the contingency plans.

Emergency crews of electricians and vehicles supplied with tools, materials and equipment, as mentioned in the Electrician's Manual, are activated and allocated for field duties.

Other company areas impacted by emergency situations include call centers, government authorities, major clients and corporate communications. They are therefore involved in the process and are given specific activities and responsibilities.

In the area of safety of employees and communities, other wide-ranging preventive and corrective measures are coordinated by the Health, Safety and Quality of Life division, as described in 4.2.2.2 Human Resources Management.

GENERATION

THE CONTINGENCY PLANS FOR THE GENERATING PLANTS COVER A RANGE OF EMERGENCY SCENARIOS AND THEIR RESPECTIVE RESPONSES. EXAMPLES ARE:

- Accidents involving chemicals in the reservoir
- Airplane crash landing
- Landslide of rocks onto the access route to the dam wall, blocking vehicle route to the powerhouse
- Landslide onto Highway SC564 in the Anita Garibaldi – power plant direction, blocking vehicle access
- Forest fires
- Bursting of dam or formation of cracks
- For each situation, specific company areas and other agents should be activated and, in all cases, ANEEL (National Electric Sector Agency) must be informed.

Each year, safety engineers provide training to all employees and fixed outsourced workers covering the procedure for each emergency scenario. In 2011, the effectiveness of training was certified in accordance with OHSAS 18001. If the training is classified as “not effective” it must be repeated. The leader of the emergency brigade co-ordinates the simulation of the emergency scenarios covered. The training schedule is divided into groups and occurs according to an annual calendar.

The Group also has an Emergency Action Plan for SHPs (Small Hydro Plants), which since August have been transferred to CPFL Renováveis, identifying and establishing emergency measures and procedures. A sophisticated generation operations center (GOC) is responsible for the command, control and supervision of the plants, in real-time via satellite, which allows speed in decision-making and activating the necessary entities in emergency situations. Training in safety measures occurs annually and includes fire-prevention precautions, First Aid and NR10 (specific to the electric sector).

Four Group companies are certified under OHSAS 18001 for occupational health and safety management, indicative of corporate concern for the physical integrity of employees and partners. CPFL Paulista, CPFL Piratininga and RGE discos are certified for their energy distribution and commercialization processes and CPFL Geração for its hydraulic energy generation activities.

The main corporate risks are also managed by the Risk Management, Internal Control and Consolidated Processes Department. A description of the work processes can be found under 3.3.4 Risk.

4.2.3. Community

PHILANTHROPIC HOSPITALS MODERNIZATION

Operating since 2005 in philanthropic hospitals in Group companies' sphere's of activity, the CPFL Philanthropic Hospital Modernization Program's purpose is to improve management performance and the quality of health services provided to the population. To this end, it offers training using the Management Excellence Model (MEM) of the National Quality Foundation (FNQ) for hospital managers and workers. The Program also encourages the formation of networks and diagnoses work required for improving the energy efficiency of hospital buildings, such as the substitution of internal lighting and the updating of electrical installations. Program participants are periodically audited by the Hospital Quality Commitment (CQH).

The year 2011 saw planning for a new growth cycle of the Program to benefit 40 hospitals between 2012 and 2014, located in 28 municipalities in the Campinas and São José do Rio Preto regions. In all, over 3.2 million people could be potential beneficiaries. During the year the publication Good Practices for a Better Hospital was launched in order to share the methodologies and know-how resulting from the Program with all the health institutions in Brazil.

Find out more www.cpfl.com.br/sustentabilidade

Support for Municipal Child and Adolescent Rights Councils

A partnership with the Municipal Child and Adolescent Rights Councils of CPFL Energia's areas of influence, this Program supports projects for assisting children and adolescents using revenue from tax breaks, as per Law 8069/1990, the Child and Adolescent Statute (ECA). In 2011, the Company donated R\$ 2.5 million to social organizations providing assistance to children and adolescents. This benefited 282 organizations in 135 municipalities in its areas of operation.

Find out more www.cpfl.com.br/cmdca

CPFL VOLUNTEER PROGRAM

THE CPFL VOLUNTEER PROGRAM WAS LAUNCHED IN 2004 FOR ENCOURAGING EMPLOYEE PARTICIPATION IN THE COMPANY'S VOLUNTARY ACTIVITIES, THEREBY MAXIMIZING THE EFFECTIVENESS OF ITS SOCIAL ACTIVITIES.

THERE WERE THREE MAJOR ACTIVITIES IN 2011:

- Winter clothes campaign: a traditional CPFL Energia activity. It involved employees at six Group companies and benefited 30 organizations and around 1,600 people through the donation of 16,151 items.
- Doing Good Day: an annual event run by the Camargo Corrêa Group, whereby employees, family members and partner companies conduct voluntary work. In CPFL's first participation, around 1,200 volunteers from 7 Group companies took part, forming 15 committees in 13 towns. Over 780 people in 16 organizations benefited.
- Clean Brazil Let's Do It: an initiative organized by Atitude Brasil that asks people to clean their towns for one day and encourages reflection on changing habits about littering streets. In 2011, this activity was run in 7 cities with over one million inhabitants (Campinas, Goiânia, Rio de Janeiro, Brasília, Belo Horizonte, Guarulhos and São Paulo). The Campinas initiative involved 12 thousand people and the collection of 400 tons of garbage. CPFL Energia's participation included 30 volunteers who collected 1.6 tons of trash in just one day.

CAMPINAS COMMITMENT TO EDUCATION (CCE)

CPFL Energia supports the Campinas Commitment to Education (CCE), an initiative that began in 2007 from the nationwide All for Education movement and which aims to unite the public and private sectors, not-for-profit organizations and civil society through projects and programs for improving the quality of education. It has five goals to be met by 2022:

- 1. All children and adolescents aged 4 to 17 will attend school
- 2. All children aged 8 will be able to read and write
- 3. All children will be taught at a level appropriate for their school Grade
- 4. All pupils will finish primary and high school
- 5. Guaranteed and well-managed investment in basic education

The Company is one of the eight constituting corporate members of the movement and is also represented on the Corporate Committee.

In 2011, the Company held the event entitled 'An Eye On The Goals' at the CPFL Cultura space, where information was presented on progress towards reaching the five established education goals, and municipal- and national-level public education figures.

The 2nd Education Week, an initiative that celebrates Education Day, took place on April 28, with a range of free events designed to engage civil society with the cause of improving public education. CPFL publicized the initiative internally.

Also in 2011, the Company provided a jury member for the My Family At School creative writing competition.

Find out more →→→ www.compromissocampinas.org.br and www.todospelaeducacao.org.br

Numerous environmental programs run by CPFL's power plants also involve and impact positively on the surrounding communities.

See more at: 4.3.3.3 Programs at the Plants

4.2.4. Value Chain Ethics in the Supply Chain



The CPFL Energia Ethics Management and Development System is not restricted to its in-house stakeholders and senior management. It extends through the Company's entire relationship network chain with suppliers playing an important role propagating the System.

With its wide scope of operations, the Company also makes efforts to disseminate ethical principles through its relationship network and in particular, among suppliers which have been taking part in periodic meetings with company employees since 2002.

CPFL MORE VALUE AWARD

In 2011, CPFL held the 5th edition of the annual CPFL More Value Award, which assessed the performance of 281 suppliers of CPFL Energia's materials and services and selected 49 companies that demonstrated excellence in their processes. By examining the performance of suppliers against a range of criteria such as quality, punctuality, safety, respect for the environment and social responsibility, this award encourages our partners to adopt the best sustainable practices. Also in 2011, two new categories aimed at biomass suppliers were introduced: Equipment and Services.

VALUE NETWORK

CPFL created the Value Network Program in 2003 with the objective of encouraging the flow of sustainability concepts through its value chain. Initially directed at suppliers, the Program was extended in 2010 to further include customers and electric sector partners with suppliers in common with CPFL Energia.

In 2011, CPFL Energia continued its interaction and dialog with these customers and partners. It held seven meetings over the course of the year for the purpose of building up a knowledge bank and developing and sharing sustainability solutions with participating companies. Around 23 companies took part at each of these meetings and the exchange of experiences led to the creation of two collective projects: Management of Corporate Socio-environmental Impacts and Education for Sustainability. Both are at the development stage.

The Value Network Program is run with the support of the

consultancy AMCE Negócios Sustentáveis. Since its inception, activities have included eight Annual Supplier Meetings, six workshops and a Meeting of CEOs at CPFL Energia, as well as roaming monthly meetings.

SA 8000

In addition to these direct initiatives involving its partners, CPFL aims to ensure that its corporate values are shared with its supply chain through contractual items in agreements requiring compliance with the Code of Ethics and Corporate Conduct and Social Responsibility standard SA 8000, more particularly the campaign against child labor and the use of forced labor or labor analogous to slave labor. Service provider and materials supplier contracts also contain an exclusive clause covering the Code of Ethics in hiring processes, so that the Code can also be communicated to their employees, agents, representatives and subcontracted workers. Also included here are investment contracts, such as, for example CCM (Network Construction and Maintenance) contracts for maintaining and improving the electric network in the concession areas.

In 2011, the CPFL Group had around 10,000 active supplier agreements, of which 6,100 were in effect for at least six months and 3,150 for the entire year. All agreements include clauses relating to human rights.

THE BREAKDOWN OF THE CPFL GROUP'S SUPPLIERS IN 2011 IS AS FOLLOWS:

- 7,285 decentralized active suppliers, in other words with full supplier status according to Supplier Registry criteria, that could be directly contracted up to a limit of R\$ 5,000.00
- 3,412 centralized active suppliers, in other words companies contracted directly by the Supply Department, as the value of their agreements was more than R\$ 5,000.00.

Each agreement is assigned a dedicated manager from the contracting area, responsible for compliance with all contractual clauses, including those referring to the CPFL Code of Ethics.

Centralized suppliers are termed "A Suppliers" or "Critical" by the Company. This classification is given to those suppliers who jointly account for 80% of the CPFL Group's overall billing. This group is formed of 153 companies with labor-intensive workforces, such as CCM (network construction and maintenance), TCS (technical and commercial services), BRD (bill reading and delivery), RCL (recovery of commercial losses), tree pruning, turn-key (services, equipment

and materials), reverse chain and equipment recovery (transformers and/or integrated lighting).

TWO SIMULTANEOUS CAMPAIGNS WERE CARRIED OUT WITH “A SUPPLIERS”:

- a) one specific action to communicate and monitor the SA 8000 criteria with their own suppliers, that is CPFL Group’s sub-suppliers;
- b) another to monitor 23 of 153 “A Suppliers” more intensely (15% of the total), that received visits and were assessed on aspects of human rights.

These 23 companies make up all CPFL Energia’s suppliers for CCM, TCS, RCL, BRD and pruning.

These assessments identified points for improvement and resulting action plans were jointly drafted. There were no cancellations of either agreements or accreditations for any of the companies involved.

4.2.5. Reflection and Debate

4.2.5.1 CPFL Cultura

CPFL Energia established CPFL Cultura in 2003 to enhance its presence in society through cultural initiatives. CPFL Cultura now operates one of Brazil's most significant programs for reflecting on the state of the contemporary world. Through a diverse offering it seeks to create connections between well-known artists and intellectuals and a wide variety of audiences in order to organize theories, transform information into knowledge and generate experiences.

All of CPFL Cultura's activities are offered free of charge and create opportunities for developing a broad, pluralistic world view and giving individuals and institutions the baggage to deal with complex situations - an inclusive, responsible practice that contributes towards sustainability.

OVER THE COURSE OF 2011, AROUND 20 THOUSAND PEOPLE TOOK PART IN THESE ACTIVITIES. THEY INCLUDED:

- CPFL Coffee with Philosophy. At the CPFL head offices in Campinas, 28 lectures were held, with a total attendance of 5 thousand people. As well as being open to the public, these events were broadcast by TV Cultura and on the CPFL Cultura website www.cpfllcultura.com.br in real-time, which attracted an average online audience of 600 per lecture;
- Highlights of the 2011 program were four International Coffee with Philosophy events – a new format, featuring the participation of well-known contemporary intellectuals. Two were recorded in Campinas with the French philosopher Luc Ferry and the US literary critic Fredric Jameson. In São Paulo, there was a session with French sociologist Edgar Morin. There was also a CPFL Cultura Special Edition recorded overseas in Leeds, United Kingdom, with renowned Polish sociologist Zygmunt Bauman;
- There were 53 broadcasts of the CPFL Coffee with Philosophy program on TV Cultura, with an average 1.5 audience rating in the greater São Paulo area (IBOPE);
- Invention of the Contemporary. A series of television programs covering recent social and scientific trends in the contemporary world

that had 52 screenings on TV Cultura with an average audience rating of 1.0 in the greater São Paulo area (IBOPE).

- The combined Invention of the Contemporary and the Coffee with Philosophy programming audience over the course of 2011 was equal to a monthly average of 1 million viewers.
- Movie Retrospective. CPFL Cultura took the best movies of 2010 to Campinas. It held 32 screenings and one round table with a total audience of 1,700;
- Contemporary Classical Music. This weekly music program that has featured since 2003 at CPFL Cultura in Campinas attracted an audience of over 1,600 to 28 concerts in 2011. These concerts were used to air 54 editions of the Live CPFL Concerts radio show, transmitted weekly by Rádio Cultura on Sundays at 9 pm;
- Children's Theater. In Campinas, 50 children's plays were performed with a total audience of over 7 thousand;
- Over 2 thousand people came to the film screenings in 2011 covering the behavioral themes debated during the Coffee with Philosophy program, such as love, sex, the masculine and feminine, new families, children, among others. Over the year, CPFL Cultura ran 82 screenings and two round tables.

4.2.5.2

Domestic and international forums

In order to remain current with key sustainability trends and to play a leading role in the development of this issue, CPFL seeks to participate actively in domestic and international forums for dialog on this subject, both in a domestic arena, such as through the Sustainable Planet initiatives, and internationally, principally in events related to the development of a low carbon economy.

CPFL ENERGIA AT THE COP-17

In 2011, CPFL was an official member of the Brazilian delegation at the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP-17), an annual event that is considered the most important worldwide forum on climate change issues. Held in Durban, South Africa, it included over 10 thousand participants from over 200 countries who discussed the future of the Kyoto Protocol and the carbon credit market. The event agenda also examined the implementation of the Green Climate Fund for financing projects to mitigate and adapt to climate change in developing countries.

It was the third consecutive year that CPFL has taken part in United Nations Conferences as an official member of the Brazilian delegation, alongside corporate leaders, representatives of other Brazilian companies, civil society and the press. On this occasion, the group was led by Environment Minister, Izabella Teixeira.

Find out more 

http://unfccc.int/meetings/durban_nov_2011/meeting/6245.php

SUSTAINABLE PLANET

One of the channels that CPFL uses to communicate its sustainability initiatives, including R&D and the environment, is the Sustainable Planet, Brazil's largest communication platform for these issues.

An initiative of the Abril Publishing Group, it disseminates information and benchmarks on sustainability through publication of reports on related issues in 38 of the Group's magazines. This material is also accessible on the project's web portal, in addition to 4 thousand items of exclusive content. The Sustainable Planet project also runs aware-

ness campaigns in publications and holds events, such as Planet in the Park, held in Ibirapuera Park, in the city of São Paulo. At these events, thousands of people are introduced to more sustainable behaviors through shows and workshops. It is estimated that since its creation in 2007, the Sustainable Planet project has reached an annual audience in excess of 15 million, the estimated readership/audience of its magazines, websites, events and social networks according to the Abril Publishing Group.

CPFL Energia has supported the project since its inception. It is also a member of its Advisory Council, a group consisting of professionals and specialists from numerous sectors with a recognized track record in sustainability-related issues.

Find out more about Sustainable Planet by going to the website www.planetasustentavel.com.br

4.3. Environment

4.3.1. Investments

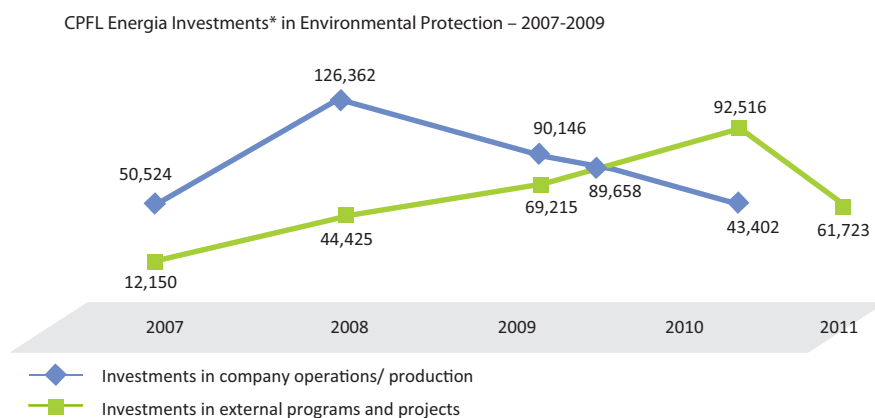


In order to grow and ensure its continued existence, the CPFL Energia Group seeks to extract maximum benefit from its electric energy operations while causing the least environmental impact from its operations, thus contributing to sustainable development. In this context, in 2011 the Company's investments in environmental initiatives and projects totaled R\$ 105.125 million (Social Report).

In comparison with 2010, the total for this year has fallen by 42%, as shown in the table below. This change is due primarily to the construction of HPP Foz do Chapecó, which was concluded in 2011. In previous years, during the period of plant construction, a greater investment was necessary to develop a series of environmental actions such as reforestation and the recovery of fauna and flora, as well as relocation of infrastructure and resettlement of local communities.

CPFL ENERGIA* INVESTMENTS IN ENVIRONMENTAL PROTECTION – 2007-2011 (R\$ THOUSAND)					
INVESTMENT TYPE	2007	2008	2009	2010	2011
Investments in company operations/ production	50,524	126,362	90,146	89,658	43,402
Investments in external programs and projects	12,150	44,425	69,185	92,516	61,723
Total	62,674	170,787	159,331	182,175	105,125

*Consolidated. Source: IBASE.



*Consolidated, Source: IBASE

4.3.2. Environmental Impact



Environmental Impacts of Energy Distribution and Generation

The activities of an energy company co-exist with the environment in a very close relationship, the intensity of which varies according to the source used for electricity generation. Development of the infrastructure required for power generation can involve, for instance, changing water courses and flooding areas necessary for the formation of reservoirs. These actions can affect a region's biological (fauna and flora) and physical environments. Electricity transmission and distribution activities can lead to the pruning or clearance of vegetation, especially with the installation of new projects that impact areas of native plant life. Depending on the scale of a project, they can cause significant damage to fauna, flora and even soil conservation.

Aware of this, CPFL Energia makes particular efforts to identify and minimize the possible impacts that could be caused from its energy generation, distribution and transmission activities, caused either by the installation or operation of its assets. For this reason, it seeks alternatives that do not alter the ecosystems of which they are a part.

Among the distributors, only one Term of Conduct Adjustment (TCA) was signed in 2011. This was between CPFL Piratininga and the Public Prosecutor's Office of Sorocaba-SP, following tree pruning services conducted in a manner diverging from the standard defined by the local Environment Agency.

4.3.2.1. Distribution



CPFL Energia operates in the distribution segment in a concession area that covers four states in Brazil with eight distribution companies, together serving around 7 million customers. To reduce the environmental impact caused by providing these services, CPFL principally uses public rights of way and avoids installing its electrical structures outside urbanized areas, so as to preserve biodiversity in areas that are relatively untouched. The Company runs an Urban Road Tree Planting Program that aims to encourage improved coexistence of electricity distribution networks alongside urban vegetation.

See Environmental Programs 4.3.3.1

The materials used in building these structures are also specially selected by the Company. Wood used for the installation and substitution of cross arms must be accompanied by a certificate of origin, as demanded by the Brazilian Environment and Renewable Natural Resources Institute (IBAMA).

See 4.3.4.1 in Management of Resource and Materials Usage

The concern for minimizing possible modification to the ecosystem extends to the installation of energy distribution and transmission lines. As the main environmental impact caused by these assets involves the pruning or removal of vegetation, in the planning stages the Company always prioritizes transmission line routes that avoid crossing areas of native vegetation.

Similar precautions are taken by CPFL Energia in the operation of its assets by seeking viable alternatives to actions which could affect fauna, flora or soil conservation, depending on their scale. Measures to mitigate these impacts are established with the relevant environmental bodies during the licensing process.

4.3.2.2. Generation



CPFL Energia operates in the energy generation segment through plants located in eight Brazilian states. With an installed capacity of 2,644 MW at the end of 2011, generation assets included hydroelectric, biomass-fired thermoelectric (sugarcane bagasse), fuel oil thermoelectric plants, and the small hydro plants (SHPs).

All these projects have the appropriate environmental licenses issued by the relevant environmental authorities. In addition, all environmental initiatives are grouped into programs and consolidated into the Basic Environmental Project for each venture. The environmental protection agencies monitor implementation of the Projects during the licensing process.

Initiatives such as these help mitigate and/or compensate, in accordance with the legal requirements of the environmental licensing process, the potential impacts that are characteristic of the electricity generation process, such as the damming of water courses and flooding of areas necessary for the formation of reservoirs, which may alter a region's physical, biological and socio-economic characteristics.

The impacts resulting from the construction and operation of hydroelectric plants are generally in proportion to the scale of the undertaking. For this reason, the SHPs do not impact significantly on local biodiversity as the flooded area is relatively small. Furthermore, as CPFL's plants have been built for many years they are already well integrated into the environment.

For large-scale projects, the flooding of forest areas for reservoir formation can lead to the reduction or removal of whole species and their habitats – in other words a potentially significant impact on biodiversity. For this reason, all undertakings are by law assessed by the relevant environmental protection agencies. Generation projects that harness hydraulic power are by nature installed in Areas of

Permanent Preservation (APPs), not affecting therefore Conservation Units, whether federal, state or municipal.

Flooded areas within CPFL's areas of operation are in water bodies (rivers and reservoirs). Their APPs, whether or not they include native vegetation, are legally protected areas.

4.3.3. Environmental Programs

To mitigate and/or compensate the environmental impacts that may be caused by CPFL's activities in energy generation, distribution and transmission, a range of socio-environmental programs permeate the daily routine of Group companies. These initiatives are underscored by sustainability and are considered of low environmental impact, as well as historically causing little or no interference with the community.

Depending on their specific nature, these actions may be started before a given project enters the construction stage, but there are cases where the duration of these activities extends to the commercial operations stage as well.

4.3.3.1

Urban Tree Planting Program

This Program is designed to improve coexistence between vegetation and the electricity distribution network and other urban installations in the municipalities included in the Group subsidiaries' concession areas. Among other activities, it distributes the CPFL Energia Urban Tree Planting Guide and donates seedlings of species suitable for planting in these circumstances.

CPFL Energia runs three nurseries in upstate São Paulo, in the municipalities of Pedreira, São Joaquim da Barra and Macatuba with a total production capacity of 500 thousand seedlings/ year to meet the Program's needs.

In 2011, changes have been made to the Program which are expected to help it better serve municipal governments in the state of São Paulo. Among the changes, an electronic system has been introduced for donating seedlings and changes have been made to the technology for growing seedlings at the nurseries in line with the state government's Green and Blue Municipality Program. Monitoring of donations has also begun in order to assess the planting of donated seedlings and see if they are fulfilling their intended role in the municipality. The aim is to reduce the need for pruning and removing urban tree cover, at the same time guaranteeing the quality of electricity distribution. In addition, the Program has the further benefits of providing appropriate tree coverage and the objective of raising awareness and education levels as to the importance of this issue.

See the digital version of the Guide: http://www.cpfl.com.br/Portals/o/pdf/Guia_Meio_Ambiente.pdf

RGE has also been seeking to upgrade its efforts in urban tree planting. In 2011, it planted 1,866 native seedlings suitable for urban microclimates and planted on urban perimeters of 27 municipalities in the company's concession area, along highways, squares and avenues with heavy pedestrian traffic. The concessionaire also donated 2,094 seedlings for urban planting to a further 17 municipalities.

The RGE Urban Tree Planting Program has been running since

2004. Since then, over 3,360 seedlings have been planted in 60 municipalities in the company's concession area. The project aims to fulfill the requirements for compulsory reforestation as a result of maintenance and expansion work to the Company's electricity distribution network in line with the prevailing laws. RGE has reached agreements with the environmental bodies responsible for granting forest licenses for native tree felling, a pre-condition for these works.

4.3.3.2

Environmental Education

SCHOOL SHIP ASSOCIATION

Since 2002, CPFL has been a sponsor of the School Ship Association, a civil society organization of public interest (OSCIP) that aims to promote environmental education, particularly on issues relating to the protection, recovery and conservation of hydric resources in the Salto Grande reservoir at the Americana Plant, in upstate São Paulo.

In 2011, over 30 thousand people of all ages took part in its activities, through projects such as Environmental Volunteers, Sailing the Waters of Knowledge and Young Citizen of Nature, which cover a range of different environmental topics, especially the conservation of water resources, aquatic biodiversity and hydraulic power generation.

TRAINING

The Environment Department holds training courses on the potential environmental impact of the processes and activities carried out by employees and suppliers. They cover: Environmental Management System – ISO 14001; environmental aspects and impacts related to company activities; environmental controls; tree pruning techniques and reducing their impact to a minimum; waste management; prevention and control of oil spillage; selective waste collection; disposal of vapor/fluorescent light bulbs and disposable and rechargeable batteries; monitoring of vehicle fleet gas emissions; rational consumption, and others.

Training is offered every year to numerous operating teams and support divisions, such as administrative support and service outlets. Similar training is also given to stakeholders, such as local government and service providers. In 2011, for example, lectures and presentations were made to students of state-owned universities, covering subjects relating to climate change, the environment and energy.

E-LEARNING

Also in 2011, the CPFL Energia Group launched its Environment e-learning package, another tool to help train and raise awareness among employees. It consists of six modules, and the launch featured the first, on the issue of rational consumption. The aim at this stage is to promote reflection on increases in population and consumption, the scarcity of natural resources, wastage and personal actions that contribute to environmental quality inside and outside the Company. This module also includes an introduction to CPFL's Environmental Management System and the role of all in improving performance.

During 2012, a further five e-learning modules will be launched, dealing with processes and environmental management systems for energy generation and distribution, urban tree planting, legal requirements, licensing and environmental guidelines for suppliers.



EMPLOYEE TRAINING AT THE SUBSIDIARIES

During the installation of transmission lines serving CPFL Bio Ipê and CPFL Bio Buriti, training was given to employees of the companies contracted to carry out the work. The training covered an explanation of the project being undertaken, the region's main geographical and socio-environmental aspects, details of the requirements and conditions of the environmental license, preservation of fauna and flora, pollution control and care with contiguous communities.

Two training sessions were held at CPFL Bio Ipê covering a total of 101 professionals. At CPFL Bio Buriti one session took place with 26 participants. At both work sites, all workers from the outsourced transmission line construction companies were given environmental training.

ENVIRONMENT WEEK

Every year, CPFL Energia runs a program of special events to celebrate National Environment Week in partnership with educators and supported by specialists in the area. The program consists of a range of activities involving discussion of significant topics for raising awareness on environmental issues.

The theme of Environment Week 2011 was Renewable Energy and directed at educating in-house audiences on the ways in which renewables contribute to environmental conservation. Additionally, CPFL Energia also sought to disclose internally its initiatives to introduce innovative and energy efficient solutions to the sector as well as community benefits of specific actions such as reduced greenhouse gas emissions.

During the week, other issues were covered, such as climate change, education on how to correctly plant tree species for a harmonious coexistence with electrical networks as well as raising environmental awareness among children and adolescents using everyday situations as a starting point for this instruction.

Activities were also held for an children-young adolescent audience, such as movie screenings at the regional offices and School Nature Ship activities. Similarly, events were promoted among employees, including an opening show with the CO₂ Zero Band, the donation of 3,000 seedlings, a story competition about seedlings donated from previous years, electric car test drives and movie screenings in partnership with CPFL Cultura.

4.3.3.3

Programs at the Plants



The generation operations in which CPFL Energia participates adopt a range of environmental conservation actions and programs for mitigating environmental impacts. The programs fulfill commitments taken by the Company and its partners in generation projects during the licensing stage. These agreements focus mainly on actions for recovering and preserving local biodiversity. Some examples include:

PLANT VISITS

This program has been running since 2006 at the generating companies, involving not only the in-house stakeholders, but society as a whole. During the visits, a range of environmental issues are covered, particularly those related to the conservation of water resources and, consequently, hydraulic power generation. In 2011, 407 people visited the CPFL Group's small hydro plants.

RESETTLEMENT AND EXPROPRIATION

One of the most significant impacts of the construction of a hydro-electric plant is the compulsory resettlement of families who, in one form or another, are required to abandon their homes. This is necessary when acquired land is used for the installation of the work site as well as areas to be flooded by the associated reservoir. Given the diversity of situations that relate to the resettlement of families for a project, the Brazilian electric sector has developed a number of alternative measures that aim to deal with the complex set of problems associated with the relocation of directly affected populations. During 2011, no resettlement or expropriation of persons or families took place since all relocation schemes were concluded in the first half of 2010.

On the occasions when the resettlement of families was required, one of the strategies employed was the Resettlement Program for Directly Affected People, prepared by the company involved and submitted to the environmental licensing bodies in compliance with the conditions required under the environmental licensing process.

The Resettlement Program for Directly Affected People was specifically designed to compensate for the impact of activities on the population, both socially and in their productive activities. The Program's audience is the population that is directly affected by

the plant and has ties with the affected area, including: owners, squatters and non-owners such as leaseholders, partners, family dependents and economically independent children of owners and non-owners. This audience is established on the basis of the Socio-Economic Registry (CSE) survey conducted by plant management.

THE METHODS FOR RELOCATING AND MEETING THE NEEDS OF AFFECTED POPULATIONS ARE THE FOLLOWING:

- a) Indemnification: this is paid in good faith to owners and squatters. The amounts paid are calculated from a survey of prices in the surrounding area in conjunction with representatives of the affected families.
- b) Credit Note: this is given to the affected person for the acquisition of a rural property suited to their family size. All families that benefit from these Notes receive free technical and social assistance for two years.
- c) Collective Rural Resettlement: these projects are implemented to resettle groups of families in larger areas. Land is acquired for these families and each receives an individual plot of land with a house and barn, as well as vegetable garden, chicken house, hogs, breeder poultry stock and fruit tree saplings to form an orchard. The area allotted requires the prior approval of the families to be resettled and by the Movement for People Affected by Dams (MAB). In addition, technical and social assistance for families provided with land under Collective Rural Resettlement schemes extends to five years.

PROGRAMS AT FOZ DO CHAPECÓ

The assistance provided to families affected by the Foz do Chapecó hydroelectric plant went far beyond the requirements of the legislation and the conditions of the environmental license. Many of the benefits provided by Foz do Chapecó Energia were additional extras designed to promote local development, improve the quality of life of communities and increase the number of people benefiting from the project's construction.

The company sponsored scores of events to support the culture of the affected municipalities over the course of 2011. With an expenditure of R\$ 120 thousand, many community events were made possible ranging from social gatherings for the older generation to Alcoholics Anonymous meetings.

The hydro company also invested resources in improving the local population's quality of life, such as the repair to the Uruguai River – Goio-En bridge on the RSC-480 highway at the Rio Grande do Sul and Santa Catarina state border, an investment of over R\$ 500 thousand. Foz do Chapecó also spent R\$ 120 thousand on the construction of a clinic to serve families living in the

Mangueirinha Collective Resettlement in the state of Paraná. Additionally, there were improvements made to the way the Forestry Police patrolling the region was organized. The Passo Fundo (RS) and Chapecó (SC) battalions received a total of around R\$ 200 thousand which was spent on renovations and the purchase of materials and equipment.

Further activities included support for community building improvements in locations such as Nonai (RS) and Águas de Chapecó (SC) – initiatives that received investments totaling R\$ 53 thousand.

In 2011 there was no resettlement or expropriation as the population relocation process was concluded in the first half of 2010 (the plant's Operating License was granted by IBAMA/DF, License No. 949/2010 on August 25, 2010).

PROGRAMS AT ENERCAN – CAMPOS NOVOS ENERGIA (HPP CAMPOS NOVOS)

ENERCAN implemented its Social Responsibility Program to contribute to sustainable development in the municipalities surrounding the project, and improving the quality of life of their inhabitants. Over the course of 2011 it supported 35 social projects requiring investments of R\$ 3.8 million, of which R\$ 1.7 million was provided by the company.

During the year it also restructured the Rural Development Fund (RDF), the latter being renamed the Sustainable Regional Development Fund (SRDF). The Fund is responsible for the distribution of resources for job and income creation projects in the municipalities within the plant's sphere of influence. The SRDF additionally manages the projects and monitors their performance. Around R\$ 2.4 million were invested in the development of 21 projects which benefited 417 families in the area around the plant.

Additionally, R\$ 321 thousand was invested in 72 houses built for families within HPP Campos Novos' sphere of influence, thereby complying with the Instrument of Agreement signed with the Ministry of Mines and Energy (MME), the Federal Public Ministry (MPF), the state of Santa Catarina Environmental Protection Agency (FATMA) and the Movement for People Affected by Dams (MAB). These resources relate to the discharge by agreement signed in 2011 by all the signatories to the Social Agreement, allowing the transfer of restated funds, thus definitively terminating the Instrument of Agreement signed in 2006.

The company also executed environmental education activities including campaigns, lectures and tree planting at the schools in the area surrounding HPP Campos Novos in celebration of Tree Day.

During the year, 23 thousand seedlings were planted in 50 hectares of the Permanent Preservation Area (PPA) of HPP Campos Novos.

For the third consecutive year, ENERCAN was one of the companies to win the Corporate Citizen Award, granted annually by the Sales and Marketing Directors Association of Brazil, state of Santa Catarina chapter. The award recognized the New Life case study, winning the Community Participation category and highlighting the results obtained from the population resettlement program.

BAESA – ENERGÉTICA BARRA GRANDE (HPP BARRA GRANDE)

BAESA gave its support to 23 social projects in the areas of education, environment, culture and sport with a total investment of R\$ 2.6 million. The objective is to contribute to sustainable development of the municipalities in the plant's surrounding areas and to improved quality of life for their inhabitants. The plant company also supported projects to strengthen farmers' associations and co-operatives in the area. A total 41 projects received assistance, involving an outlay of R\$ 2.5 million. Of this total, R\$ 805 thousand was donated by BAESA.

Among the environmental initiatives taken over the course of 2011, a highlight was the educators training course which included the Dyckia Distachya Plant Conservation and Stewardship program, run by the company in the region. The event was attended by 67 teachers, while a further 40 teachers and 3,600 students took part in seminars on water conservation.

Again, in 2011, 99,568 seedlings were planted in the Permanent Preservation Area (PPA) of HPP Barra Grande, a grand total of 720 thousand seedlings having now been planted in the reservoir's green belt. A further 22 thousand seedlings were donated to farmers, schools and local government.

BAESA was one of the companies to win the Corporate Citizen Award with its Special People case study, which was selected in the Community Participation category. The award is given annually by the Sales and Marketing Directors Association of Brazil, state of Santa Catarina State chapter.

SERRA DA MESA – HPP SERRA DA MESA

In HPP Serra da Mesa's sphere of influence, CPFL Geração contin-

ued to support projects linked to the Development Fund for the North-Northeast region of the State of Goiás, a joint initiative with the Inter-American Development Bank, the Ministry of Mines and Energy, Furnas Centrais Elétricas, Tractebel Energia and the Brazilian Micro and Small Companies Support Service for the state of Goiás. The projects, involving associations of families benefiting from the scheme, are run in two rural properties located in Minaçu and Colinas do Sul, which were purchased by the companies participating in the Fund. A wide range of agricultural produce is grown there, such as rice, bananas, peppers, manioc and vegetables, in addition to the production of honey. The Fund also supports individual employment and income creation projects in urban and rural areas of the municipalities of Uruaçu e Niquelândia.

CERAN

The PROAMB Foundation conducted an environmental audit in 2011 of HPPs Monte Claro, Castro Alves and 14 de Julho and found CERAN to be in compliance with all the requirements under its operating licenses. In addition, it recognized that the company is managing its environmental impact control along the lines of the Environmental Impact Study (EIS) and Environmental Impact Report (EIR) that were produced following implementation of the environmental programs established under the Basic Environmental Project.

INSTALLATION OF THE ENVIRONMENTAL INFORMATION SYSTEM

In November 2011 the University of Caxias do Sul concluded the installation phase of the Environmental Information System (EIS) for the hydroelectric assets located in the Taquari/Antas river basin, where CERAN is located. This environmental information system meets the requirements of the plants' environmental licenses and gathers important information, including indicators, statistics and trends making for the ongoing analysis of changes to the environment and serving as a basis for decision-making. In addition, it also permits the management of data for monitoring climate conditions, water quality, and local fauna and their sub-groups for CERAN's HPPs and PCHs located in the river basin.

ENVIRONMENTAL EDUCATION

CERAN's Environmental Education Program ran sessions in 2011 on clarifying and developing ecologically correct practices including talks, ecological walks for Primary and High School Students, organizing and maintaining school vegetable patches, donation of local plant seedlings, the training of small nature protection agents, and volunteer river bank cleaning sessions. These initiatives impacted

around 20,000 people from the area around the plant over the year and since 2003 have been run by the Bentogonçalvense Natural Environment Protection Association, with whom CERAN has an agreement.

CARBON CREDIT OPERATIONS

Since 2001, when CERAN was constituted, the company has made efforts to develop projects for greenhouse gas (GHG) emission reductions. CERAN qualifies under UN-approved methodology, which considers hydro plants as eligible for carbon credit certification if they possess a density (flooded area x power generated) equal to or more than 10 MW of installed capacity per km². This criterion is met by CERAN's plants, which operate using the run-of-river system with a low environmental impact.

→→→→ See more in 4.3.5.7 Environmental Control and Mitigation Actions - CDM

- CERAN also supports and sponsors social actions that cover a broad range of topics and audiences, such as environmental awareness and education events, donation campaigns, and sporting events among others, with a focus on the municipalities surrounding the Rio das Antas Energy Complex.

4.3.3.4 CPFL Renováveis Programs

CPFL Renováveis possesses an operating portfolio of 651.7 MW that covers the wind, biomass and small hydro plant (SHP) energy segments. Its area of activity spans seven Brazilian states and roughly 40 municipalities.

Its social and environmental programs consist of actions of geo-technical intervention and the inventory and monitoring of biodiversity (fish, fauna and flora). They also cover monitoring of water quality, recovery of affected areas, environmental education, social communications, as well as measures taken to support the communities contiguous to the company's operations.

These socio-environmental programs are developed in accordance with the projects' generation source (hydraulic, wind or biomass-fired) and location. In programs for recovery of degraded areas and reforestation, for instance, only forest species belonging to the dominant biome are used. Similarly, actions directed at neighboring communities seek to respect their main cultural features and avoid affecting the identities or lifestyles of the inhabitants.

Among the programs, highlights are:

SOCIAL COMMUNICATION PROGRAM

(ALL PROJECTS)

Directed at representatives of the community in which a project is located, including public authorities, associations, non-governmental associations, among others. It is a channel for information exchange between the community and the energy project.

ENVIRONMENTAL EDUCATION PROGRAM

(ALL PROJECTS)

Aims to provide the community with information and knowledge on the main socio-environmental issues for the region in which the SHP is located, also highlighting the importance of preserving the region's natural habitat. This includes the distribution of environmental education primers, talks on themes linked to the local environment and visits to community schools for education

and awareness-raising among pupils. The most frequently covered topics are waste and recycling, soil conservation, area conservation, river silting, the use and conservation of water, in addition to biodiversity.

SOCIO-ECONOMIC FEATURES MONITORING PROGRAM

(ALL PROJECTS)

This seeks to monitor any socio-economic changes resulting from a project's installation and operation, and formulate actions in partnership with the community and municipal authorities. It emphasizes issues such as production and land-ownership structures; the impact on demand for social services, and on local incomes and employment; community conflicts; and the development of tourism activities. In 2011 no resettlements occurred at the sites of the hydroelectric installations. However, during the year, there was a negotiated purchase of 18 properties with a corresponding area of 69.25 hectares, which was used to locate the reservoir, installations and APPs for SHP Salto Goes, located on the Peixe River in Tangará municipality, Santa Catarina state. Of the 18 acquisitions, only 3 families were resettled at other sites with the remainder either staying on the same property or on other areas of land belonging to the same property.

WATER QUALITY MONITORING PROGRAM (SHPs)

This includes measuring and defining the water quality of the river in question. Water courses are monitored at the installation stage in order to detect any changes to water quality resulting from construction work. Monitoring also comprises a study on Water Usage in the Reduced Water Flow Section in consultation with local residents for verification of interferences affecting water usage, as well as assessing the families' ability to reside permanently in their present living and working locations.

ANIMAL RECOVERY MONITORING PROGRAM

(ALL PROJECTS)

The objective of the program is to monitor the continuity of animal species during the project's different stages (construction and operation). It uses a range of inventory techniques, such as direct observation, scientific trapping, mist nets, survey of animal traces (trails), mimicry of bird/animal sounds to define which species are present, and any resulting changes in populations and communities. The presence of rare, endemic or threatened species is checked, and their preservation status within the project's surrounding area verified. This Program covers the Amphibian and Reptile, Bird, and Mammal Monitoring Programs and the Animal Rescue Program. The latter focuses on monitoring and rescuing animals that are displaced during the deforestation and reservoir filling processes.

FISH MONITORING AND RECOVERY PROGRAM (SHPs)

The Program monitors any changes to the fish population resulting from the transformation from a dry-land to a water-covered environment (i.e. from a lotic to a lentic ecosystem) in the construction of the SHPs. The results provide the basis for conservation measures for the local fish population. The program includes regular monitoring campaigns, with a comparison of results between the plant's installation and operational phases. It also covers the Fish Recovery Program which occurs during the river diversion and reservoir filling processes.

FLORA MONITORING AND RECOVERY PROGRAM

(ALL PROJECTS)

The existing vegetation cover in the area of the project is monitored through the collection of phyto-sociological, phenological and ecological information on the species inhabiting the region. It includes the Flora Rescue Program, which collects and rescues vegetable matter (such as fruits, seeds and cuttings) for planting in the areas of permanent preservation around the project installations.

ARCHEOLOGY PROSPECTING AND HERITAGE EDUCATION

(ALL PROJECTS)

The archeology prospection program aims to carry out preventive surveys on the region's archeological heritage through prospecting, visits, digs, and other activities. Following the prospecting, a heritage education program is rolled out to inform the region's population on the importance of preserving historical and archeological heritage.

CONSTRUCTION SITE ENVIRONMENTAL CONTROL PROGRAM

(ALL PROJECTS)

This sets out measures to be adopted to minimize impact on the works site and to monitor their efficiency in order to reduce the risks of erosion and contamination of surface and ground water supplies. The Program's actions aim to regulate deforestation activities, adequately channel rainwater, correctly dispose of domestic waste in appropriate sanitary drains, ensure treatment of domestic sewage and effluent containing suspended solids, oils and grease.

WORKFORCE MOBILIZATION AND DEMOBILIZATION PROGRAM

(ALL PROJECTS)

Aims to establish mechanisms for mobilizing and training regional labor for use in the project installation phase. As well as creating employment, training and education is provided to workers to allow

them to specialize, which also helps their professional placement in the labor market following the conclusion of works.

HEALTH IMPACT PREVENTION PROGRAM (SHPs AND WIND FARMS)

This exists for the implementation of activities to minimize or neutralize the negative impact caused by the project on the region's health profile. These activities cover the monitoring and control of endemic conditions in the area and its impact on workers, their dependents, and the local population and floating population indirectly attracted by installation activities. It includes an outline of the local health services infrastructure that is responsible for providing site workers with medical services.

RESERVOIR MARGIN ENVIRONMENTAL PRESERVATION AND USAGE PROGRAM (SHPs)

This Program groups a set of guidelines and proposals for gradually creating greater discipline in the conservation, recovery, use and occupation of the reservoir margins. It is developed in conjunction with the community and complies with the specific environmental legislation (CONAMA 302/2002) on the issue. It includes the Master Plan, which sets out the permitted uses and activities for specific areas of the reservoir.

4.3.4. Management of Use of Resources and Materials

To manage the environmental performance of its activities, CPFL Energia has a series of indicators in place to measure the consumption of natural resources resulting from its operations. Used to check and monitor its use of resources such as electricity, fuel, water and wood, these indicators also serve as a basis for planning future actions that contribute to the continual improvement of environmental performance.

In addition to this set of indicators, Environment Management Software was also introduced in 2011 to assist the management of resource and materials usage. The tool will contribute by establishing environmental indicators which will aid decision making and therefore imbue Environmental Management with greater efficiency across the whole value chain. In this way, the Company will be able to reduce both its risk exposure and the likelihood of causing environmental impacts on the ecosystem, soil, atmosphere and water.

4.3.4.1 Consumption of Resources

Water consumption reflects the requirements of day-to-day administrative activities, and supplies the basic needs of employees, for cleaning and air conditioning the work place.



WATER CONSUMPTION



In 2011, total water consumed was 247,151 m³, of which 133,260 m³ came from the public utility network and 113,891 m³ from wells.

Given the nature of its business, the Company does not suffer significant water losses during usage. Therefore, we consider disposal (domestic effluent) to be equal to water consumption, with all disposal occurring via the municipal sewage treatment networks.

The hydraulic power generation process does not involve water disposal. Sugarcane bagasse-fueled cogeneration projects use closed circuit water circulation systems.

CPFL ENERGIA TOTAL WATER CONSUMPTION (M ³ /YEAR) - BY SOURCE			
	PUBLIC UTILITY SUPPLY (M ³ /YEAR)	WELLS (M ³ /YEAR)	TOTAL (M ³ /YEAR)
2011 ⁽⁶⁾	133,260	113,891	247,151
2010 ¹	163,144	145,129	308,273
2009 ¹	132,291	164,198	296,489
2008 ²	160,192	13,195	173,387
2007 ²	157,895	18,062	175,957
2006 ³	173,541	0	173,541
2005 ⁴	134,025	19,430	153,455
2004 ⁵	107,668	40,623	148,291

1 Includes CPFL Brasil, CPFL Geração (with SHPs) and the eight distributors in the Group. From 2009, consumption of CPFL Geração's SHPs has been included.

2 Includes CPFL Brasil, CPFL Geração, CPFL Paulista, CPFL Piratininga, RGE, CPFL Santa Cruz, CPFL Jaguariúna and CPFL Energia.

3 Consumption for CPFL Paulista, CPFL Piratininga and RGE.

4 Consumption for CPFL Paulista, CPFL Piratininga and CPFL Geração.

5 Consumption for CPFL Paulista and CPFL Piratininga.

6 The 8 SHPs Buritis, Capão Preto, Chibarro, Eloy Chaves, Jaguariúna, Salto Grande, Socorro and Três Saltos, which use the public water supply, were not included in 2011 due to changes in the monitoring of consumption.

In addition to water from the public utility system and from wells, CPFL Energia also reuses rain water. Since 2008, the Group's head office in Campinas has had a system for capturing and using

rainwater for reuse for all purposes where drinking water is not required, such as the watering of gardens and cleaning certain areas.



The system covers an area of 3,440 m², including the rooftops of two buildings and the Systems Operations Center (SOC) lake, through which the water is filtered and then stored in a 196,900-liter tank.

ELECTRICITY CONSUMPTION

Electric energy is another indicator revealing evidence of advances in environmental performance. In 2011, consumption at the Group's companies was 13.9% lower than in 2010, at 100,538 GJ. There has been a downward trend in place since 2008, despite the increased numbers of companies (as CPFL Serviços and CPFL Atende joined the Group in 2008).

With the exception of the SHPs, the electricity consumed by the CPFL Energia Group's operations comes from the National Interconnected System, the energy sources of which are shown in the Brazilian energy matrix table.

FUEL CONSUMPTION

Electricity Consumption								
Electricity (GJ*)	2011	2010	2009	2008	2007	2006	2005	2004
CPFL Energia	100,538	114,501	118,848	119,001	105,806	102,129	101,836	92,465
CPFL Paulista	70,221	73,948	72,177	74,151	72,950	69,764	66,927	66,792
CPFL Piratininga	17,878	15,802	17,891	18,736	13,453	14,270	14,380	13,704
CPFL Geração(1)	7,171	6,669	7,530	7,026	6,841	6,655	7,722	7,018
RGE	12,811	13,870	12,814	10,465	8,003	6,929	6,357	4,951
CPFL Santa Cruz	3,121	3,115	3,511	3,914	4,158	4,142	6,092	NA
CPFL Jaguariúna	4,918	4,784	4,925	4,709	401	369	358	NA
CPFL Serviços	2,613	2,904	-	-	-	-	-	-
CPFL Atende	3,619	1,950	-	-	-	-	-	-

*Energy consumption in kWh was converted to GJ (109 J) through multiplication by the factor of 0.0036.

(1) CPFL Geração's consumption refers to the amount of energy consumed at the CPFL Renováveis SHPs, generated at the plants themselves. Energy consumption at the large plants, in which CPFL Energia has an equity stake, has not been included.

Projects in Operation							
Type		Installed Capacity		%	Total		%
		Plants	(KW)		Plants	(KW)	
Hydro		971	82,345,591	65.74	971	82,345,591	65.75
Gas	Natural	104	11,427,953	9.12	142	13,220,136	10.56
	Processed	38	1,792,183	1.43			
Petroleum	Diesel Oil	901	3,154,581	2.52	935	7,090,892	5.66
	Residual Oil	34	3,936,311	3.14			
Biomass	Sugarcane Bagasse	347	7,263,788	5.80	430	8,994,437	7.18
	Black Liquor	14	1,245,198	0.99			
	Wood	43	376,535	0.30			
	Biogas	18	76,308	0.06			
	Rice Husks	8	32,608	0.03			
Nuclear		2	2,007,000	1.60	2	2,007,000	1.60
Coal	Coal	10	1,944,054	1.55	10	1,944,054	1.55
Wind		73	1,471,192	1.18	73	1,471,192	1.18
Imported	Paraguay		5,650,000	5.46		8,170,000	6.52
	Argentina		2,250,000	2.17			
	Venezuela		200,000	0.19			
	Uruguay		70,000	0.07			
Total		2,573	125,249,147	100	2,573	125,249,147	100



Fuel consumption as a result of the CPFL Energia Group companies' activities is also monitored and analyzed with a view to mitigating the possible effects on the environment.

See →→→→ 4.3.5.5. Fleet Management

In 2011, total fuel consumption in GJ increased by 4.31% compared to the previous year. However, on the other hand, there was an increase in the share of fuel from renewable sources from 12.26% in 2010 to 19.13% in 2011 (Base Energy in GJ).

ANNUAL FUEL CONSUMPTION OF THE CPFL ENERGIA VEHICLE FLEET (LITERS)			
Year	Gasoline (l)	Diesel (l)	Alcohol (l)
2011	971,854	4,126,175	1,972,850
2010	1,776,788	3,597,032	1,211,919
2009	1,732,254	3,559,828	1,065,384
2008	2,679,551	3,930,045	748,092
2007	2,560,551	3,173,950	535,635
2006	2,540,538	2,980,914	399,999
2005	1,688,804	2,980,914	273,473
2004	1,736,494	2,406,830	293,212
2003	1,629,793	2,263,729	385,665

ANNUAL FUEL CONSUMPTION OF THE CPFL ENERGIA VEHICLE FLEET (GJ)				
Year	Gasoline (GJ)	Diesel (GJ)	Acohol (GJ)	TOTAL (GJ)
2011	31,314,72	146,564,52	42,098,42	219,977,65
2010	57,251	127,769	25,861	210,881
2009	55,816	126,448	22,734	204,998
2008	86,339	139,598	15,963	241,901
2007	82,505	112,741	11,430	206,676
2006	81,860	105,884	8,536	196,280
2005	54,416	105,884	5,836	166,136
2004	55,953	85,493	6,257	147,702
2003	52,515	80,409	8,230	141,154

Source: Brazilian National Energy Report 2008, page 159
Base: 1 cal = 4.1868 J

WOOD CONSUMPTION

The main consumption of wood in CPFL Energia operations is in the construction of energy distribution equipment, such as cross arms. To ensure that all native wood acquired comes from sustainable sources, CPFL Energia requires that its registered wood suppliers present all the documentation required by the federal, state and municipal authorities.

This procedure is part of the Group's standing instructions for contracting goods and services and is included in all purchase contracts entered into with CPFL Energia suppliers.

CONSUMPTION OF MATERIALS

Materials used by weight or volume*						
Year	Distribution transformers (un)	Concrete poles (un)	Cables (m)	Cables (kg)	Meters (un)	Public lighting units** (un)
CPFL Paulista						
2011	11,296	95,181	6,918,735	542,929	320,780	483,669
2010	8,725	69,277	5,937,099	472,892	275,097	597,320
2009	6,130	40,632	3,902,718	385,684	175,014	442,592
2008	7,113	36,439	4,219,468	449,356	211,327	518,885
2007	5,570	37,003	4,269,473	328,213	194,365	541,956
2006	5,353	33,356	3,971,462	399,025	219,318	625,280
2005	5,885	35,152	3,492,738	358,407	191,974	778,468
2004	3,949	22,444	2,705,843	350,124	175,004	678,728
2003	3,970	20,222	837,313	631,557	163,450	337,513

CPFL Piratininga						
2011	2,565	24,990	3,702,546	96,598	147,765	155,429
2010	3,198	22,155	5,514,040	176,528	136,864	170,505
2009	2,322	15,944	1,750,012	129,811	82,772	141,452
2008	2,513	14,602	2,189,753	127,617	109,750	203,595
2007	2,278	15,073	2,649,747	147,402	118,733	147,777
2006	2,102	11,845	2,203,959	151,910	110,774	234,781
2005	2,134	12,709	2,153,223	170,552	97,738	267,780
2004	2,170	10,622	1,814,429	221,138	86,854	181,942
2003	1,922	7,170	1,201,824	149,682	78,330	136,535
RGE***						
2011	6,630	39,761	3,373,009	333,415	150,634	NAP
2010	6,308	37,396	2,133,248	279,421	136,184	NAP
2009	6,939	40,116	1,505,304	341,113	107,033	NAP
2008	5,938	51,282	2,048,209	591,142	109,282	NAP
2007	4,195	40,979	2,295,814	500,867	124,636	NAP
2006	5,913	46,622	1,721,796	598,031	92,196	NAP
2005	3,602	25,270	1,529,449	433,383	58,371	NAP
2004	1,977	12,157	1,205,568	368,384	96,291	NAP
2003	1,154	7,960	1,157,423	304,140	53,190	NAP
CPFL Santa Cruz						
2011	1,476	5,321	382,000	223,180	16,699	44,956
2010	638	2,708	250,021	119,148	19,415	20,403
2009*****	NA	NA	NA	NA	NA	NA
2008	160	1,724	99,662	95,643	10,268	13,581
2007	297	1,967	234,273	177,815	4,653	35,364
2006	888	6,181	278,081	161,009	5,896	41,466
2005	896	6,549	228,434	167,561	5,644	47,924
2004	420	4,205	246,525	161,869	4,957	47,547
2003	458	5,509	250,951	231,312	6,441	29,988
CPFL Jaguariúna****						
2011	1,885	10,189	717,327	71,635	13,386	18,282
2010	1,068	5,361	411,995	41,078	20,525	5,788
2009*****	NA	NA	NA	NA	NA	NA
2008	707	3,845	521,028	36,552	13,262	NAP
2007	695	4,978	292,652	43,317	11,486	NAP
2006	868	7,008	134,051	56,171	3,327	NAP
2005	210	3,815	104,799	81,661	1,859	NAP
2004	93	2,685	53,310	59,623	1,289	NAP
2003	56	1,499	162,385	56,465	1,908	NAP

* The table contains the principal items of inventory purchased by the Company, representing 80% of the value of materials consumed. The materials shown are used in the maintenance and expansion of the electric system.

** Bulbs, relays, reactors and reflectors

*** RGE does not install or maintain public lighting. Local government carries out this activity in the concession areas, including management of purchase and disposal of materials.

**** CPFL Jaguariúna carried out some public lighting installation and maintenance services in 2010. This activity was not performed previously. Includes the distributors CPFL Jaguarí, CPFL Leste Paulista, CPFL Sul Paulista and CPFL Mococa.

***** Data not available for 2009 due to the change in management software from Data Sul to SAP. The data was not migrated to the new system.

4.3.4.2 Reduction, Reuse and Recycling

REVERSE CHAIN: UNUSABLE MATERIALS

CPFL Energia also selects materials removed from the distribution network and/or transmission lines for the purpose of recovering them for reuse. In this way, the Company encourages the reduction in costs and in the consumption of natural resources. The process also allows recovered materials to be tracked.

For example, this resulted in the repair of 26% of all distribution transformers examined in 2011. A further example comes from RGE, a Group subsidiary, which has been operating its Reverse Logistics process since 2000. The company currently sends around 60 tons per month of unusable materials removed from the electric system for recycling or reuse.

Unusable materials sold as scrap							
Year	Ferrous and non-ferrous metals (t)	Distribution transformers (un)	Lights (un)	Cross arms (un)	Wooden and concrete poles (un)	Iron poles (un)	Ladders (un)
CPFL Paulista							
2011	2,514	1,985	14,909	90,729	30,116	69	83
2009	934	1,261	18,383	30,865	16,531	348	139
2008	968	1,022	37,947	30,225	17,178	406	100
2007	1,146	1,033	62,748	22,735	14,563	471	154
2006	345	894	61,213	13,728	9,156	145	175
2005	523	938	25,930	14,800	9,558	43	142
2004	488	1,069	13,357	18,846	10,438	495	160
CPFL Piratininga							
2011	1,571	586	3,730	17,769	10,212	0	21
2009	778	2,317	4,783	10,319	5,544	14	24
2008	520	631	17,130	12,925	5,900	6	31
2007	1,192	569	22,374	7,707	3,821	30	47
2006	370	370	20,769	9,333	3,169	235	24
2005	510	352	5,980	13,723	4,596	112	111
2004	303	363	11,091	7,773	2,862	0	55

RGE							
2011	608	1,036	Not applicable	13,942	15,066	70%	0
2009	455	549	Not applicable	16,148	35,991	Not applicable	-
2008	711	334	Not applicable	16,155	21,576	Not applicable	-
2007	711	604	Not applicable	18,281	21,627	Not applicable	-
2006	763	402	Not applicable	14,126	21,809	Not applicable	-
2005	663	47	Not applicable	11,774	20,420	Not applicable	-
2004	456	211	Not applicable	7,467	14,983	Not applicable	-
CPFL Santa Cruz							
2011	142	217	1,600	2,014	1,299	2	
2009	Not available	Not available	Not available	Not available	Not available	Not available	Not available
2008	Not available	Not available	Not available	Not available	Not available	Not available	Not available
2007	Not available	Not available	Not available	Not available	Not available	Not available	Not available
2006	Not available	Not available	Not available	Not available	Not available	Not available	Not available
2005	Not available	Not available	Not available	Not available	Not available	Not available	Not available
2004	Not available	Not available	Not available	Not available	Not available	Not available	Not available
CPFL Jaguariúna							
2011	185	331	40	6,960	2,969	70	0
2009	142	25	Not available	750	410	10	0
2008	86	38	Not available	140	81	0	0
2007	99	12	Not available	873	638	16	8
2006	134	8	Not available	1931	354	0	14
2005	Not available	Not available	Not available	Not available	Not available	Not available	Not available
2004	Not available	Not available	Not available	Not available	Not available	Not available	Not available



SELECTIVE WASTE COLLECTION

Another Company initiative involves selective waste collection. In 2011, CPFL Energia sent 9,687 kg of cardboard, 9,325.7 kg of paper and 3,269.8 kg of plastic for recycling from its head offices in Campinas.

This reflects an agreement between CPFL Energia, the Campinas city government and the Dom Bosco Cooperative of ex-garbage scavengers. In addition to the successful implementation of procedures for the separation, storage and disposal of recyclable waste at the Company, the Program has also boosted the incomes of cooperative members. With the success of selective waste collection, CPFL Energia's intends to gradually extend it to other business units, as is already the case at RGE, the energy distributor serving municipalities in the north and north-east areas of the state of Rio Grande do Sul. In 2011, the company sent 2,790 kilograms of paper to a recycling unit from its head office in Caxias do Sul (RS).

4.3.5. Environmental Control and Mitigation Activities



Permanent environmental control programs are part of the subsidiary companies' daily efforts to avoid or mitigate environmental risk.



There are several stages in the process of managing environmental impact. Prior to being granted an operating license, all projects have to go through an environmental licensing phase. This involves detailing of possible socio-environmental impacts and requires the implementation of numerous mitigation measures, under the supervision of government authorities.

The environmental licensing process is an integral part of Brazil's National Environment Policy (Law 6.938 of August 31, 1981), regulated by CONAMA Resolution 237 of December 19, 1997, which requires a socio-environmental impact study and the necessary actions for mitigating such impacts, subject to examination and approval by the appropriate environmental protection agency. In parallel, the Company uses its Environmental Management System (EMS) to manage and control any possible impacts caused by its services.

The Environmental Management System consists of procedures for identifying and dealing with possible impacts of the Company's activities, encompassing both in-house and outsourced teams. Data is gathered and potential risks identified, subsequently being subject to permanent monitoring through environmental programs and actions. Group assets and processes are subject to annual evaluation of aspects such as use of materials and natural resources, atmospheric emissions, effluent flows, waste and the social impact of the companies' activities.



Any risks thus detected are assessed according to the likelihood and severity of their occurrence, making it possible to define the appropriate actions for prevention and control. Every aspect of environmental impact must be identified, registered and treated in line with environmental licensing requirements for the Company's various business units.

CPFL PADRÃO

The Integrated Management System (IMS) of which the Environmental Management System (EMS) is a part, controls the activities of the Company's electricity distribution operation which involves eight distributors jointly serving approximately 7 million customers. The EMS promotes the co-existence of the service with green areas and correct handling of vegetation, this forming an integral element of the Group's technical guidelines. The tool has adopted the process certification parameters of international norms and standards (ISO 9001, ISO 14001, OHSAS 18001 and SA8000). In addition, the Company uses an internal system - CPFL Padrão.

CPFL Padrão covers 100% of the effective employees at the distribution companies CPFL Paulista, CPFL Piratininga, CPFL Santa Cruz, CPFL Jaguari, CPFL Leste Paulista, CPFL Sul Paulista, CPFL Mococa and RGE with respect to work conducted on the electric network.

This internal system enables procedures to be standardized and routines systematized, covering all activities performed by company electricians. It stresses conditions of safety and physical integrity in all maintenance work. Nonetheless, the Company understands that rules are not enough. Therefore, all employees (company employees and outsourced) are trained in occupational health and safety procedures according to Brazilian Regulatory Standard 10 (NR10), which deals with safety measures in electricity installations and services.

4.3.5.1 Waste Management

CPFL Energia's concern with preventing the pollution of ecosystems as a result of its activities results in disposal only occurring at units licensed by the applicable environmental protection agencies and subject to the issue of a final disposal certificate.

This waste management program involves identifying and classifying the main types of waste resulting from the Group's different operating processes. For each type of waste, the Group has established standards for storage, transportation and the best method for disposal according to existing legislation.

An example of this policy is the treatment given to spent illumination bulbs, which are sent to a company licensed by the Brazilian Environment and Natural Resources Institute (IBAMA) in the state of Minas Gerais. The company handles the separation of either toxic or environmental mercury from aluminum and glass, which are recycled. This process reduces the risk of soil and water body contamination and helps reduce the consumption of natural resources.

Light bulbs and bases sent for decontamination/recycling.	
	Light bulbs - units
Jaguari	258
Leste Paulista	2,698
Mococa	140,663
Paulista	26,330
Piratininga	17,026
Santa Cruz	186,975
Sul Paulista	145
Overall Total	380,438

In 2011, CPFL Paulista sent 81.28 tons of waste (Class I) for co-processing. This included oil-contaminated soil and aggregate and grease impregnated cloths, cotton waste and sawdust. The company responsible for the waste disposal process has been audited for its processes, environmental controls and compliance with the environmental legislation.

WASTE GENERATED AT THE SHPs IN 2011 (INCLUDING PROJECTS OWNED BY CPFL GERAÇÃO UNTIL 2011, AND BY ERSA), WAS DISPOSED OF AS FOLLOWS:

MATERIALS CONTAMINATED WITH OIL AND GREASE

- 2,917 kg from SHPs operated by ERSA over the course of 2011
- 2,308 kg from SHPs operated by CPFL Geração – disposed of in July and August 2011 - the sum total for the year.
- Total: 5,225 kg sent over the course of 2011 by the CPFL Renováveis SHPs

WATER AND OIL

- 418 kg from the SHPs operated by ERSA during 2011
- 3,897 kg from the SHPs operated by CPFL Geração – disposed of in July and August 2011 – the sum total for the year.
- Total : 4,315 kg disposed of during 2011 from CPFL Renováveis

The remaining CPFL Group companies did not dispose of waste (Class I) in 2011, given the small amounts generated. Waste was stored in accordance with the standards established by environmental legislation and for logistical practicality will be disposed of when significant inventory has been accumulated.

POLYCHLORINATED BIPHENYLS (PCB)

CPFL Energia operates a licensed hazardous waste warehouse where both waste contaminated with oil and equipment containing Polychlorinated Biphenyl (PCB) are stored and centralized pending final disposal thus facilitating the logistics process and reducing operating costs.

In 2011, CPFL Piratininga sent 33,014 liters of PCB contaminated oil and 383 capacitor elements with PCB for incineration.

RGE does not operate equipment containing PCB. Its last batch of equipment containing PCB was sent for incineration in 2002.

The consolidated total is the sum of what was disposed by the ERSA SHPs plus the CPFL Geração SHPs, i.e. the total disposed by the CPFL Renováveis SHPs in 2011.

³Co-processing: is a technique of thermal destruction at high temperatures in ovens for clinker-making (principal raw material for cement manufacture) duly licensed for this end. In this technique, industrial waste is used as an alternative fuel (energy generator) or as a raw material in the cement industry, without any change in the end quality of the products (cement) and without creating other waste.

TOTAL EQUIPMENT CONTAINING POLYCHLORINATED BIPHENYLS (PCB)							
CPFL Paulista				CPFL Piratininga			
Year	Total Equipment (un)	Equipment with PCB (un)	%	Year	Total Equipment(un)	Equipment with PCB (un)	%
2011	151,305	704	0.47	2011	41,545	309	0.74
2010	139,018	704	0.51	2010	40,977	623	1.52
2009	135,099	705	0.52	2009	40,597	623	0.07
2008	131,783	710	0.54	2008	39,898	366	0.92
2007	126,504	804	0.64	2007	38,959	658	1.69
2006	118,700	882	0.74	2006	39,224	793	2.02
2005	114,848	915	0.80	2005	38,367	793	2.07
2004	111,186	1,090	0.98	2004	39,224	844	2.15
Year	Total Equipment (un)	Equipment with PCB (un)	%	Year	Total Equipment(un)	Equipment with PCB (un)	%
2011	22,174,261	5,327	0.02	2011	7,665,257	110,034	1.44
2010	21,019,718	5,327	0.03	2010	7,242,475	138,028	1.91
2009	20,538,622	5,334	0.03	2009	7,008,699	153,648	2.19
2008	19,840,185	5,368	0.03	2008	6,896,341	2,196	0.03
2007	19,215,286	6,120	0.03	2007	6,802,222	3,948	0.06
2006	18,769,575	6,588	0.04	2006	6,598,493	4,758	0.07
2005	18,428,742	6,588	0.04	2005	6,446,221	4,758	0.07
2004	18,106,311	6,786	0.04	2004	6,346,481	5,064	0.08
CPFL Jaguariúna**				Santa Cruz			
Year	Total Equipment (un)	Equipment with PCB (un)	%	Year	Total Equipment(un)	Equipment with PCB (un)	%
2011	80	18***	22.50	2011	14922	24	0.16
2010	79	11	13.92	2010	NA	NA	
2009	77	11	14.29	2009	NA	NA	NA
2008	77	13	16.88	2008	NA	NA	NA
2007	78	13	16.67	2007	8,540	0	0.00
2006	NA	NA	NA	2006	8,181	0	0.00
2005	NA	NA	NA	2005	6,737	80	1.19
2004	NA	NA	NA	2004	6,305	80	1.27
Year	Total Equipment (un)	Equipment with PCB (un)	%	Year	Total Equipment(un)	Equipment with PCB (un)	%
2011	388,578	35,628	9.16		NA****	96,910	
2010	373,378	24,498	6.56	2010	NA	NA	
2009	356,518	24,498	6.87	2009	NA	NA	NA
2008	356,518	23,416	6.57	2008		0	NA
2007	350,857	26,996	7.69	2007	1,217,231	0	0.00
2006	NA	NA	NA	2006	1,198,913	0	0.00
2005	NA	NA	NA	2005	1,111,773	480	0.04
2004	NA	NA	NA	2004	1,094,838	480	0.04

NA: data not available

* RGE does not operate equipment containing PCB

** Includes the distributors CPFL Jaguar, CPFL Leste Paulista, CPFL Sul Paulista and CPFL Mococa

*** Equipment was analyzed using methods A or B between 2007 and 2008. However in December 2008 the ABNT published a new methodology for calculation by method B (ABNT NBR 13882:2008), with new PCB reference levels. As a result, new analyses were carried out on all equipment and the total amount of contaminated equipment rose from 11 (old test) to 18, because of the change in standard. The new PCB equipment inventory was consolidated at the end of 2011.

Comment: Seven pieces of equipment previously classified as not contaminated were reclassified as contaminated under the new standard.

**** Total oil volume for CPFL Santa Cruz was not available at the time of writing this Report.

4.3.5.2 Preservation of Biodiversity

Large power generation installations create socio-environmental impacts in protected areas and biodiversity-rich habitats (as identified in Environmental Impact Studies – EISs) right from the construction and reservoir filling stages. From then on and often as a condition of the licensing process, initiatives are taken aimed at the recovery and preservation of local biodiversity as well as mitigation of these impacts. All of the projects in which CPFL has a stake entered service in years prior to 2011. Find out about the plant's main environmental programs at: [4.3.3 Environmental Programs](#)

CPFL Energia's investments in measures to maintain biodiversity go beyond the legal environmental requirements. The aim is to preserve biodiversity in the river basins where CPFL Energia's Small Hydro Plants (SHPs) and large scale plants are located. For projects involving new power transmission and distribution lines, surveys examine the possible impacts on biodiversity and establish controls to minimize or eliminate them.

REDUCING THE IMPACTS FROM GENERATION

CPFL Energia conducts activities focused on biodiversity, particularly programs to monitor and conserve fauna and flora, reforestation of reservoir margins and to invest resources in setting up Conservation Units. The Company contributes technically and financially to the conservation and preservation of indigenous species of flora and fauna in the areas in which it operates.

The table below presents information related to the plant's operating areas and areas of significant ecological value.

	HPP BARRA GRANDE	HPP CAMPOS NOVOS	HPP MONTE CLARO	HPP 14 DE JULHO	HPP CASTRO ALVES	HPP FOZ DO CHAPECÓ	SERRA DA MESA
Total Land Area (km ²)	125.8	50.5	4.2	9.5	10.3	86.1	1,755.1
Flooded area (km ²)	83.2	25.6	0.7	2.8	3.1	46.6	1,754.8
Area with primary vegetation (km ²)	20.8	-	-	-	-	-	NA
Area with secondary vegetation in medium and advanced stages of regeneration (km ²)	45.7	9.9	0.1	0.7	2.2	14.6	NA
Area of Permanent Preservation (km ²)	42.4	20.7	2.6	5.6	6.4	34.1	NA
Constructed Area (km ²)	0.2	0.2	0.0	0.0	0.0	0.2	30.7
Constructed Area/ Total Area (%)	0.1	0.3	0.9	0.4	0.3	0.3	0.0
Installed Capacity (MW)	690.0	880.0	130.0	100.0	130.0	855.0	1,275.0
Installed Capacity/ Reservoir Area (MW/ km ²)	8.5	34.4	179.6	35.5	41.8	18.3	0.7

The flooded areas, in the context of CPFL's area of operation, include the water bodies (rivers and reservoirs). Their APPs (Areas of Permanent Protection) are legally protected, whether or not they contain native vegetation.

Species Threatened With Extinction*		
Project	Fauna	Species/families
HPP Campos Novos	7 mammals (IBAMA list)	2 species (2 families)
	12 birds (1 IBAMA*, 11 IUCN**)	
HPP Barra Grande	13 mammals (9 families)	1 species (1 family)
	1 amphibian (1 family)	
	2 reptiles (1 family)	
	15 birds (9 families)	
Ceran***	9 mammals (7 families)	15 species (8 families)
	3 birds (3 families)	
Foz do Chapecó (2011)	Amphibians: 1 species; Reptiles: 1 species; Birds: 29 species; Mammals: 19 species.	9 endangered species

2010

*Official List of Brazilian Threatened Species (Ibama, 2003).

**IUCN 2007. 2007 IUCN Red List of Threatened Species. www.iucnredlist.org.

***List of Threatened Species in Rio Grande do Sul state www.sema.rs.gov.br.

THE IMPACTS FROM THE INSTALLATION AND OPERATION OF GENERATION PROJECTS ON FLOODED AREAS AND THEIR SURROUNDINGS ARE EVALUATED IN ENVIRONMENTAL STUDIES THAT ARE REQUIRED FOR THE EMISSION OF ENVIRONMENTAL LICENSES BY THE RELEVANT BODIES. THESE IMPACTS, RELATING TO BIODIVERSITY AND THE LOCAL COMMUNITY, ARE MONITORED AND DULY MITIGATED WHEREVER POSSIBLE, OR COMPENSATED FOR ACTIONS OF MONITORING, MITIGATION AND COMPENSATION ARE CARRIED OUT AS PART OF THE GROUP'S ENVIRONMENTAL PROGRAMS (4.3.3). EXAMPLES ARE:

- Monitoring of water quality
- Monitoring and recovery of fauna
- Monitoring of fish population
- Monitoring and recovery of flora
- Erosion control
- Recovery of degraded areas
- Replanting of Area of Permanent Preservation
- Environmental Compensation: support for Conservation Units
- Environmental Conservation and Usage Plan for Artificial Reservoir Margins

Generally, the programs compensate and mitigate the impacts that occur during reservoir filling, and monitor possible impacts after filling for periods established in the environmental license.

Significant impacts on biodiversity-rich habitats outside the protected areas: the impacts of reservoir filling occur within the protected areas (APPs) and reservoir margins also qualify as protected and are managed in accordance with the PACUERA (Conservation and Usage Plan for Artificial Reservoir Margins Program).

PACUERA: a set of guidelines and proposals for the preservation, recovery, use and occupation of the margins surrounding artificial reservoirs, respecting the parameters established by CONAMA Resolution 302 of March 20, 2002. The program aims to contribute to: decision-making in the social, environmental and institutional areas; the suitable usage and occupation of the soil along reservoir margins; exploitation of the multiple potential uses of the water; and the integrated management of the generation project.

Outside the areas covered by the company's programs (reservoir and margin), there are no environmental impacts resulting from the companies' power generation activities.

Among the CPFL Renováveis projects, there was no purchase of a property within protected areas or in areas of high biodiversity.

CPFL operates a number of environmental programs, described in Chapter 4.3.3 Environmental Programs for reducing impacts and preserving biodiversity.

4.3.5.3 Reforestation



CPFL Energia's reforestation activities are executed through its Environmental Recovery Commitment Agreements (ERCAs), designed to compensate the impacts of its energy generation, transmission and distribution operations. The Company has combined all its ERCAs. To implement them, the Group conducted surveys of two areas of significant environmental importance from the point of view of connectivity with overlapping information provided by eight working parties, studies of which covered birds, arachnids and insects, reptiles and amphibians, fish, mammals, landscapes, cryptograms (non-flowering plants) and phanerogams (flowering plants). Additionally, the two areas both replenish the Guarani Aquifer, as well as being located in two Conservation Units in the municipalities of Luis Antônio and São Simão respectively, which also cover the two main biomes of the state: Atlantic Rainforest and Cerrado (savannah). Combining these ERCAs means the Group can avoid implementing a succession of dispersed forest recovery programs in its concession area and therefore reduce implementation costs by 50%, at the same time delivering a notable environmental benefit to society.

AMONG THE CPFL GROUP'S REFORESTATION PROGRAMS OF 2011, SPECIFIC TO RGE OF PARTICULAR NOTE:

- 8th Stage of the Rare Hardwood Trees Campaign: in 2011 RGE donated 40,000 seedlings of rare hardwood trees during this campaign with accompanying informative leaflets about the species. The campaign, which began in 2003, has already seen the distribution of 246,000 seedlings.
- 9th Stage of the Araucaria angustifolia (Paraná Pine) Replanting Campaign: in 2011, 30,000 seedlings and 10,000 kg of seeds of this species were distributed. Since campaign inception in 2002, it is estimated that the quantity of Araucaria angustifolia in the state of Rio Grande do Sul has grown by 609,000.
- Riparian Vegetation Project: under this project, run jointly with other organizations, RGE donated seedlings and materials for fencing to protect the environmental recovery of 1,200,000 m² river bank areas.

4.3.5.5

Management of Greenhouse Gas Emissions

CPFL Energia's commitment to sustainability and its initiatives to both prevent and reduce global warming are fundamental to the Company, which has been executing activities for directly and indirectly managing greenhouse gas (GHG) emissions since 2007. From 2009, these actions have been extended to include activities such as benchmarking, the definition of organizational development guidelines and the preparation of GHG emissions inventory, covering all Group companies.

In 2011, CPFL Energia signed up to the Brazilian GHG Protocol Program, thus reiterating its commitment to sustainability and transparency, given the Program's core premise which is to quantify and publish greenhouse gas emissions data.

The CPFL Energia Group's last inventory in 2010, was audited by an independent verification organization, a practice that will be maintained in coming years.

Following the conclusion of the GHG inventory in 2011, emissions relating to 2010 were calculated at 218,753.84 tCO₂e, with 88.15% of this total stemming from technical losses in energy distribution and transmission processes despite CPFL's already minimal rates of technical losses. As well as calculating emissions of gases in accordance with the Kyoto Protocol, the inventory also covers emissions of gases affecting the ozone layer. In 2010 the total volume of leaks of refrigerating gases affecting the ozone layer resulting from CPFL Energia Group operations was 230.13 kg. In the Group's current operating context, no measurable mitigating initiative was identified with the potential to create a significant reduction in emissions.

The practice of creating an inventory of its gas emissions leads to a number of energy-related benefits. Firstly, it allows the Company to gain more specific knowledge of emissions associated with its activities and assists in the development of voluntary compensation programs and identification of new opportunities

for Clean Development Mechanism (CDM) projects. Secondly, it also becomes possible to quantify future emissions resulting from new investments and the Company's organic growth. Further benefits include identifying opportunities for process improvement through efficiency gains and emissions reductions, and supporting corporate actions on climate change which assist in the creation of a low carbon economy.

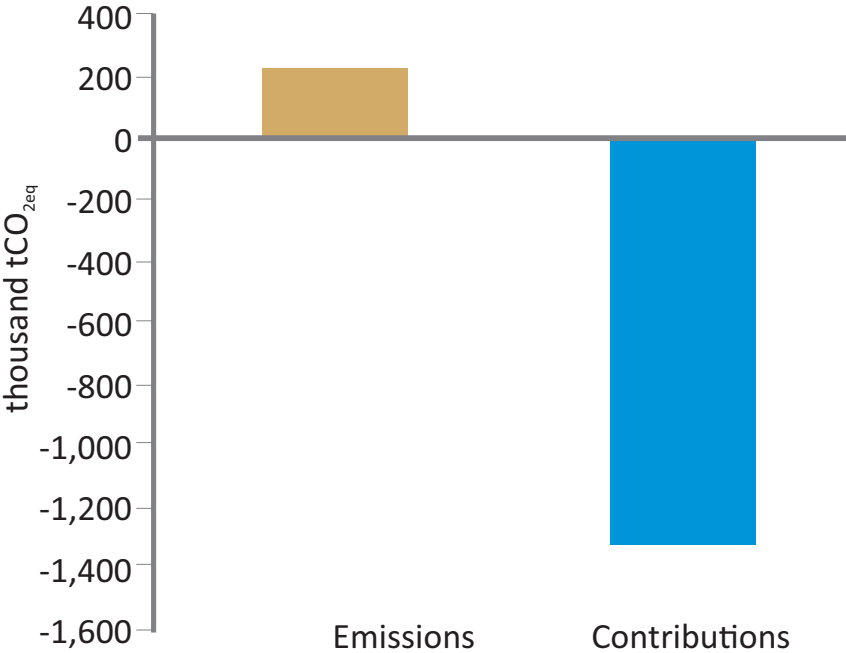
CPFL Energia Group GHG Inventory - 2010		
Emission Type	ACTIVITY	tCO ₂ e
Scope 1 - Direct	Auxiliary Generators	7.08
	Refrigerating Gases	230.13
	Own Fleet	13,762.37
	Use of SF ₆ gas	1,785.33
	LPG	18.54
	Boiler (biomass)	1,293.70
	TOTAL	17,097.15
Scope 2 - Indirect	Technical Losses	192,828.84
	Electricity Consumption on Premises	1,927.61
	TOTAL	194,756.45
Scope 3 - Indirect	Outsourced Fleet	5,345.06
	Employee Transport (chartered)	3.19
	VIP Air Travel	77.86
	Commercial Air Travel	1,200.10
	Refunds (taxis and mileage of own cars)	271.57
	Solid Waste	2.47
	TOTAL	6,900.25
	TOTAL	218,753.85

Bearing in mind forecasted investments and significant growth projections in the electricity distribution segment, the absolute GHG emissions resulting from CPFL Energia's operations could well increase in the coming years. Nonetheless, the Company has taken strategic initiatives to address its carbon balance. One such example is the creation of CPFL Renováveis in 2011, the largest renewable energy company in Latin America, operations of which include small hydro plants, biomass-fired plants and wind farms.

Find out more [→→→](#) (CPFL Renováveis em 4.3.3.4)

In 2010, CPFL estimated that it prevented the emission of over 1.3 million tCO₂eq as a result of its renewable energy operations. This makes a positive contribution to the low emissions level of the Brazilian Interconnected System and also helps foster a Low Carbon Economy.

CPFL Contribution to a Low Carbon Economy



4.3.5.5. Fleet Management



CPFL Energia runs a Permanent Fleet Management Program based on a preventive maintenance plan for all the Group's vehicles and transportation equipment. It ensures the whole fleet is kept in proper working order and as a result, helps protect the environment.

The process includes a six-monthly control system for particulate emissions (black smoke) for the Group's whole diesel fleet. A ratified testing company is responsible for issuing the reports.

Emissions Generated Through Use of Fuel	
Year	Emissions (tCO ₂)
2011	16,159
2010	15,237
2009	14,813
2008	17,289
2007	14,687
2006	13,916
2005	11,930
2004	10,529
2003	10,069

Basis for calculation (CETESB):
 1 liter of diesel oil = 2.669 kg CO₂
 1 liter of gasoline = 2.098 kg CO₂
 1 liter of ethanol = 1.575 kg CO₂

The increase of approximately 6.6% in CO₂ emissions is the result of greater consumption of diesel and ethanol, despite a significant reduction in gasoline consumption compared to previous years.

4.3.5.6.

Clean Development Mechanisms (CDM)

Mindful of a desire to consolidate its role as a catalyst for change, CPFL Energia has incorporated the concept of carbon credit trading into its business as a primordial consideration in the design of its projects and demonstrating its commitment to reducing GHG emissions.

CERAN currently trades carbon credits from HPP Monte Claro and HPP 14 de Julho. HPP Monte Claro, the first of the CERAN Complex plants to enter operation, had its Clean Development Mechanism (CDM) project registered at the United Nations Framework Convention on Climate Change (UNFCCC) on April 8, 2007. By December 2011, 627,780 carbon credits had been issued and negotiated with TEPCO (Tokyo Electric Power Co.) of Japan.

From January 1, 2010 to April 30, 2011, 164,781 carbon credits generated by this plant were traded with billings of € 2,273,978.

The Clean Development Mechanism (CDM) for HPP 14 de Julho was registered at the UNFCCC on April 9, 2009. An audit for verifying the first tranche will take place in early 2012. Carbon credits from this Plant were traded with Electrabel, a Belgian company and a component of the GDF SUEZ Group.

In line with the concept of additionality proposed by the United Nations, CPFL Renováveis, a company of the CPFL Energia Group, considers Emissions Reduction Certificates (ERC) for its projects from the very initial analysis stage to the effective acquisition of the business.

The benefits provided by carbon credits are vitally important in the development of our projects as they form part of their revenue structure, as well as contributing to the reduction in greenhouse gas emissions on a global scale.

The table below demonstrates the potential of carbon credits for the projects in development:

Name of Project	Potential Annual Emissions Reduction
Electricity generation from renewable sources – Wind Farms Santa Clara I, Santa Clara II, Santa Clara III, Santa Clara IV, Santa Clara V, Santa Clara VI and Eurus VI	149,358 credits (ERCs)
Electricity generation from renewable sources – Wind Farms Macacos, Juremas, Pedra Preta and Costa Branca	68,641 credits (ERCs)
Electricity generation from renewable sources – Wind Farm Campo dos Ventos II	27,073 credits (ERCs)
Electricity generation from renewable sources – Salto Góes Small Hydro Power Plant	15,896 credits (ERCs)
Power generation from renewable sources – Arvoredo and Varginha Small Hydro Power Plants	29,254 credits (ERCs)
Electricity generation from renewable sources – Barra da Paciência, Ninho da Águia, Corrente Grande, Paiol, São Gonçalo and Várzea Alegre Small Hydro Power Plants	138,331 credits (ERCs)
Repowering Small Hydro Plants (SHP) in the State of São Paulo, Brazil	16,724 credits (ERCs)

THE PROJECT PORTFOLIO IS FORMED OF SMALL HYDRO PLANTS AND WIND FARMS. PROJECT STATUS CAN BE TRACKED VIA THE FOLLOWING LINKS:

- Macacos I Wind Farm: <http://cdm.unfccc.int/Projects/Validation/DB/15E4ZD1AIE6CC45T2ZC327ORBFHhOU/view.html>
- Santa Clara Wind Energy Complex: <http://cdm.unfccc.int/Projects/Validation/DB/LIOH14G4EQMD05UGZGOFTJNoGQ4C48/view.html>
- Campo dos Ventos II Wind Farm: <http://cdm.unfccc.int/Projects/Validation/DB/RHJ630E3J48L9AS05CH75G57SEYNYZ/view.html>
- SHP Salto Goes: <http://cdm.unfccc.int/Projects/Validation/DB/LBVR8Y22MZZPESFK77DQ2NoY1PZ35B/view.html>
- SHP Arvoredo and SHP Varginha: <http://cdm.unfccc.int/Projects/Validation/DB/3XJ41ToOI5KBJUONZ9XO92XH15JD4N/view.html>
- SHP Barra da Paciência, SHP Corrente Grande, SHP São Gonçalo, SHP Paiol, SHP Ninho da Águia and SHP Várzea Alegre: <http://cdm.unfccc.int/Projects/Validation/DB/ZEH7GYTA039YNL-L9X49NGSS7V7G10/view.html>
- SHP Capão Preto, SHP Chibarro, SHP Gavião Peixoto SHP Dourados, SHP São Joaquim, SHP Esmeril: <http://cdm.unfccc.int/Projects/DB/SGS-UKL1151788974.93/view>

In 2011, the Inter-ministerial Commission opined favorably on the “Electricity Generation From Renewable Sources – Santa Clara Wind Farms I, II, III, IV, V, VI and Eurus VI” project, judging it as contributing to sustainable development in Brazil.

Also in 2011, the “Repowering of Small Hydro Plants (SHPs) in the

State of São Paulo, Brazil” project was revalidated by the UN and will have the right to issue carbon credits during its second phase (2010-2016).

The outlook for 2012 is that the carbon credit projects currently in portfolio will be submitted for UN approval and subsequent CDM status.

In 2012, CPFL Renováveis will undertake its first inventory of greenhouse gas emissions on the basis of a survey of emissions from its administrative and operating activities.

4.3.5.7. Disposal of Domestic Effluent



There is no significant generation of effluent for disposal. The companies' waste water generated from operations is delivered for treatment to the sewage systems of the corresponding municipalities. At sites where there is no municipal sewage system, septic tanks are installed for the collection of effluent.

4.3.5.8. Supplier Assessment

CPFL Energia runs an assessment program for all its current and/or new critical suppliers, i.e. those who have the biggest impact on its internal processes. Among all the requisites evaluated, compliance with our environmental demands is verified by analysis of documents, including pertinent environmental licensing, and by planned audits. In addition, recommendations are made for adapting processes and controls wherever necessary, in order to improve environmental quality along the whole supplier chain.

4.3.6. Environmental Certification



Certifications are one of the tools that CPFL uses to identify and standardize its management processes in order to minimize the impact of its activities on the environment. It specifically employs the internationally accepted ISO 14001 standard.

Certifications are seen as a key step in the pursuit of organizational excellence. They provide clear definition and qualification of the requirements to be observed. Meeting them involves a commitment from the whole organization, creating an alignment of objectives.

The ISO 14001 standard defines the requirements for establishing and operating an effective Environmental Management System. This structure has been developed so that an organization can consciously and consistently control significant impacts on the environment and continually improve its operations and businesses. To reconcile respect for the environment without losing sight of the benefits that come from improving processes is in line with the sustainable development pursued by CPFL, an objective that seeks to balance economic, environmental and social concerns.

As a result, over the course of 2011, CPFL's subsidiary companies and new projects remained within the guidelines of ISO 14001.

ISO 14001 Certification

In 2011 CPFL Paulista and CPFL Piratininga maintained their certification in accordance with the ISO 14001 standard, including the distributors' 11 substations and 3,223 km of transmission lines. The two companies are certified under the scope of "Coexistence between urban electricity distribution networks and the environment and electricity transmission services".

Again in 2011, the environmental certifications for the 17 SHPs remained current, having been in place since 2003 within the "Hydraulic Energy Generation" scope. RGE also maintained its electricity distribution and sub-transmission certification.

HPP Barra Grande (BAESA) maintained its ISO 14001 standard certification in 2011 for the “Environmental risk management system (reservoir management, operations and maintenance, power generation)” scope following an audit by the British Standards Institute (BSI), a reflection of the high degree of environmental performance achieved by this plant. From a selection of criteria based on the ISO 14001 standard, BAESA was nominated in the Sustainable Development category and was awarded Banas Qualidade magazine’s National Banas Management Award Trophy. It was the first hydroelectric power plant to receive the trophy in the 17 years of the award.

Since November 2008, the CERAN headquarters and HPP Monte Claro have been ISO 14001:2004 certified with semi-annual maintenance carried out by means of outside audits. The certificates are valid until December 23, 2014. In December 2011 the audit for recertification of HPPs Castro Alves and 14 de Julho took place, following which CERAN was recommended for recertification. The certificates are valid until January 3, 2015.

Lastly, also in 2011, ENERCAN obtained ISO 14001 standard certification for the Integrated Management System at HPP Campos Novos in 2011.

4.4. The New Economy and Climate Change

The new economy

Energy generation, distribution and commercialization services are vital to society and to the development of Brazil. By aligning these activities with the commitment to guarantee business longevity for the Company, while creating value for stakeholders, CPFL Energia is seeking to act in harmony with the times and face the challenges that present themselves.

CPFL endeavors to act in accordance with the demands of society by making the effort to follow a business strategy designed to contribute in its sphere of activity to sustainable development. In this context, its actions have been based on the adoption of green standards as its yardstick, this translating into the use of clean technologies and, increasingly, renewable sources; inclusion, by guaranteeing broad access to its services; and responsible economy, evidenced in relationships permeated by ethics.

These principles are aligned with the New Economy, a term that can be understood, according to the United Nations Environment Program (UNEP), as a model centered around human wellbeing and social equity, as well as a preoccupation for minimizing environmental risks through reduced carbon emissions and the efficient and inclusive use of natural capital.

This new vision of development is a response to increasing pressure on natural resources, the result of the explosion in demand for goods and services seen since the 20th Century. The universal standards of consumption that have become established over the years, along with a continually growing world population, have combined to take the planet close to its bio-physical limits - in which its capacity to provide eco-systemic services could be near to exhaustion.

Human action on the basis of this consumption model has unleashed environmental and social imbalances, the best example of which is climate change. Consequences such as this are indicative of the importance of establishing new

parameters and behavior to avoid putting the agenda for sustainable development at risk.

CPFL ENERGIA IS AWARE OF THE IMPORTANCE OF THE ROLE OF ENERGY IN THE TRANSITION TO A NEW ECONOMY AND ALSO THE ROLE IT CAN PLAY AS PROTAGONIST AT THIS TIME OF CHANGE AND HAS CONCENTRATED ITS EFFORTS ON A NUMBER OF STRATEGIC FRONTS:

CREATING CLEAN, RENEWABLE AND LOW ENVIRONMENTAL IMPACT SOLUTIONS

- Hydroelectric power plants with a high level of environmental efficiency and the best ratio for use of flooded area versus generated energy in Brazil (3.5.2)
- Constitution of CPFL Renováveis, the largest energy generation company from renewable sources in Latin America (SHPs, wind energy, biomass, and, in the future, solar) (3.5.2)
- Innovation for sustainability, with the development of national electric car prototypes, incentivizing sustainable mobility;
- R&D programs in waste-to-energy generation (3.4)
- Management of greenhouse gas emissions and use of natural resources, via indicators(4.3.5)

CHAMPIONING INCLUSION

- Community Network Program: providing guidance on the rational and efficient use of electricity together with education and social inclusion initiatives (3.5.1.6)
- Diversity Enhancement Program: actions guided chiefly by respect for differences (4.2.2.2)
- Responsible behavior
- Ethics Management Program: preventive initiatives and actions and monitoring and assessing processes and activities in accordance with the Company's ethical principles (3.3.3)
- Corporate Pact for Integrity and Against Corruption: a commitment that engages companies in the fight against all forms of corruption (4.5)

SHARING AND PROTAGONISM

- Institutional partner in the creation and implementation of the Ethos Institute's Platform for an Inclusive, Green and Responsible Economy (4.5)

- Participation in important corporate working parties to discuss the future of the new economy, contributing to public policy at domestic (e.g. National Climate Change Policy) and international levels (COPs and RIO+20) (4.5).

4.5. Commitments and Institutional Partnerships



THE CPFL ENERGIA GROUP IS AWARE OF ITS ROLE IN SOCIETY, UNDERSTANDING THAT PROMOTING SUSTAINABLE DEVELOPMENT REQUIRES ACTIVE PARTICIPATION IN ISSUES CONCERNING THE FUTURE OF BRAZIL AND THE WORLD. AS A RESULT, IT HAS ENTERED INTO A SERIES OF DOMESTIC AND INTERNATIONAL COMMITMENTS WHICH AIM TO IMPROVE QUALITY OF LIFE IN THE WORLD.



GLOBAL COMPACT

In December 2003, CPFL Energia became a signatory to the United Nations (UN) Global Compact and joined the Brazilian Global Compact Committee (CBPG). The Company is currently a member of the CBPG's leadership group.

In 2011, the Company was an active player in meetings held by the organization, whose objectives were to raise awareness among Brazilian organizations and adopt a management style committed to the principles of the Global Compact and working in networks. The CBPG reflects a new governance and has set up six task forces to deal with the following themes: Governance, Communications, Human Rights and Labor, Environment, Education and Integrity and the Fight Against Corruption. It also created a special working party in preparation for Rio+20. CPFL Energia, itself, is a member of the Environment, Integrity and Fight Against Corruption task forces and the Rio+20 work group.

Find out more [→→→](#)

You can learn more about the activities of the Global Compact and CPFL Energia's participation at www.unglobalcompact.org and www.pactoglobal.org.br

ETHOS INSTITUTE - PLATFORM FOR AN INCLUSIVE, GREEN AND RESPONSIBLE ECONOMY

The Platform for an Inclusive, Green and Responsible Economy was launched in 2011 and is a document setting operating guidelines for private sector companies engaged with the transition to the New Economy.

- The Platform commemorates ten years of the Ethos Institute's existence and was established thanks to a collaborative effort involving various organizations. CPFL Energia played an active role in the process and is a member of the Ethos Institute's Steering Committee, along with five other leading companies in sustainability in Brazil.

Find out about the Platform by accessing it at: <http://www1.ethos.org.br/EthosWeb/arquivo/o-A-974Plataforma%20por%20ouma%20Economia%20Inclusiva,%20Verde%20e%20Respons%C3%A1vel.pdf>



CLIMATE FORUM – CORPORATE ACTION ON CLIMATE CHANGE

- CPFL Energia and a further 21 organizations wrote and signed an Open Letter to Brazil on Climate Change, which was then delivered to the federal authorities. This public document contains a voluntary commitment from these companies to build a low carbon economy. The commitment includes the monitoring of emissions resulting from each organization's production processes. The founding members have also committed to integrate the issue into their strategic planning process to encourage its dissemination in their processes and services.
- During the course of 2011, the Climate Forum's focus was on organizing debates on the integration between national and state policies on climate change. As such, the Forum sought to encourage the adoption of common legislation and meeting the national emissions reduction target as well as supplying up-to-date information for drafting Sector Plans. These same issues were discussed at numerous hearings with the Environment (MMA) and the Science and Technology (MCT) ministries culminating in the delivery of a document with the Forum's recommendations to the relevant ministries.
- Another important action was the Co-operation Between Corporate Initiatives on Climate, which brought together representatives of the Energy and Climate Change Chamber (CTEMC), Companies for Climate (FGV), the Climate Forum and the Corporate Mobilization Group (CNI) for the purpose of pooling efforts to expand dialog with the government. This group acted homogeneously at the COP-17, held in Durban in South Africa from November 28 – December 9, 2011.

Find out more 

You can find out more about the Climate Forum by accessing the website  <http://www.forumempresarialpeloclima.org.br> .



ENERGY AND CLIMATE CHANGE CHAMBER (CT CLIMA)

- In 2011 CPFL Energia became a member of the Energy and Climate Change Chamber (CT Clima). Organized by the Brazilian Corporate Council for Sustainable Development (CEBDS), it is a forum of companies that understand their role in the context of climate change, helping them to develop strategies to seize opportunities while minimizing risk, as well as preparing these companies for an environment with restrictions on greenhouse gas emissions.

Find out more →→→

For more details on CT Clima go to ←→www.cebds.org.br→→.

Programa Brasileiro
GHG Protocol

BRAZILIAN GREENHOUSE GAS PROTOCOL PROGRAM (GHG PROTOCOL)

- In 2011 CPFL Energia became a signatory of GHG Protocol, a program that aims to quantify and manage greenhouse gas (GHG) emissions. The Protocol was launched in the United States in 1998 by the World Resources Institute (WRI). Today it is the world's most widely used methodology by the private sector and governments for preparing GHG inventories. It is also compatible with the ISO 14065 standard and with the quantification methodologies.
- In 2008, the methodology was adapted to the Brazilian context by the Getúlio Vargas Foundation's Center for Sustainability Studies and by the WRI, in partnership with the Environment Ministry, Brazilian Corporate Council for Sustainable Development (CEBDS), the World Business Council for Sustainable Development (WBSCD) and founding companies.



CORPORATE PACT FOR INTEGRITY AND AGAINST CORRUPTION

- CPFL has been a member of the Corporate Pact for Integrity and Against Corruption since 2006. It aims to engage companies in combating all forms of corruption and establish guidelines for the relationships between organizations and the public authorities.

Find out more →→→

Get more information on the Clean Company at ←→www.empresalimpa.org.br→→.

CORPORATE FRIEND OF THE CHILD PROGRAM

- CPFL features this ABRINQ Foundation for Child Rights initiative to all its customers on electricity bills. The objective is to encourage companies to commit to protecting the rights of children and adolescents including their social inclusion.



Find out more [→→→](#)

You can find out more about the ABRINQ Foundation's programs at www.fundabrinq.org.br.



**Na mão
certa**

GRI
EU13

GRI
EU14

GRI
EU26

CORPORATE PACT AGAINST THE SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS ON BRAZILIAN HIGHWAYS

- The Brazilian Federal Highway Police estimates that over 100 thousand children and adolescents are exploited sexually in the country, with more than 1,500 prostitution hotspots on the nation's highways. In an attempt to change this situation, CPFL Energia became a signatory to this Pact, an initiative of the WCF (World Childhood Foundation). It requires companies to commit publicly as part of their social responsibility programs, to taking measures against the sexual exploitation of children and adolescents on the highways.

In 2011, we hosted the 2nd In the Right Direction (Na Mão Certa) regional meeting aimed at the corporate sector in the Campinas metro region and led by the group of corporate signatories to this initiative.

Find out more [→→→](#)

You can find out more about the Pact by accessing the website www.namaocerta.org.br.



Compromisso
Campinas
pela Educação

CAMPINAS COMMITMENT TO EDUCATION (CCE)

- This initiative was begun in 2007 as a result of the nationwide All for Education movement, and aims to unite the public and private sectors, not-for-profit organizations and civil society through projects and programs for improving the quality of education in Brazil. CPFL Energia took part in the constitution of the Commitment and is also represented on the Corporate Committee. In 2011 it publicized internally its 2nd Week of Education campaign as well as providing a member of the jury for the My Family at School creative writing competition.

Find out more [→→→](#)

To find out more about the initiative, go to www.compromissocampinas.org.br and www.todospelaeducacao.org.br.



BISC
Benchmarking do
Investimento
Social Corporativo
Comunitas

SOCIAL CORPORATE INVESTMENT BENCHMARKING (BISC)

- Founded in 2007, BISC is a data survey and analysis tool that aims to cover the various forms of corporate social actions undertaken by the companies to better reflect the scenario in this sector

in Brazil. It has an online platform offering indicators, benchmarking and trends to assist corporate social investment program managers.

CPFL Energia is a founding member of BISC.

Find out more [→→](#)

To find out more about the initiative, access the website

[↔www.compromissocampinas.org.br↔](http://www.compromissocampinas.org.br) e [↔www.bisc.org.br↔](http://www.bisc.org.br).



SN-3046 IP44
16A-6h/200-250V-
2P+N
OR 12377 8925
STECK
BRASIKON

N-3026 IP44
16A-6h/200-250V-
2P+N
OR 12377 8925
STECK

CPFL
ENERGIA

VEÍCULO 100% ELÉTRICO

Attachments

5. Attachments

5.1. Awards and recognition

Award	Awarded by	Category	Year		Award type				Note
			Applicable to	Awarded by	Trophy	Certificate	Plaque	None	
CPFL Energia									
The 50 Best Companies for Corporate Citizenship Award 2011	Magazine Gestão & RH Editora	Ethics and Relationship with Stakeholders (Exame criteria)	2010	2011		x			Access to the award website
Greenbest Award 2011	Greenvana	Energy: Wind Energy Case Study CPFL (Academia Greenbest winner)	2010	2011	x	x			Access to the award website
IBEF Sustainability Award for 2011	Brazilian Finance Executives Institute - IBEF	Corporate Governance – Annual Report 2009 case study	2010	2011	x				http://www.ibefrio.org.br/sustentabilidade2/premiados/7
BCX Award - Best Customer Experience	Consumidor Moderno Magazine	Energy and Utilities	2010	2011	x			x	http://premiomulticanal.com.br/vencedores-premio-bcx.html
Valor 1000 Award	Valor 1000 Award - Valor Econômico newspaper	Best company in the energy segment	2010	2011	x				http://www.revistavalor.com.br/home.aspx?pub=18&edicao=2
Best Company in the Energy Sector in Sustainability in Latin America 2011	Latin Finance Magazine/ Management & Excellence Consultancy	Sustainability – 3rd consecutive year	2011	2011				x	www.management-rating.com
The Best Companies for You to Work for	Guia Você S.A./ Exame – The Best 150 Companies for You to Work for	Listed among the 150 companies	2011	2011				x	http://www.150melhoresempresas.com.br/
CPFL Paulista									
Eletricidade Moderna Award 2011	Eletricidade Moderna	Group 1 – State Companies	2010	2011				X	There are no trophies or similar. Recognition is cited in the Eletricidade Moderna magazine - Edition xxxxxx of 2011.
		Best indigenous company;							
		Best operational performance (Brazil);							
		Best company in the southeast region.							
XIII ANEFAC Award - Transparency Trophy 2011	ANEFAC - FIPECAFI - Serasa Experian	Publicly Held Company – Sales of more than R\$ 8 billion	2010	2011	X	X	X		http://www.anefac.com.br/transparencia/2011/empresas.html
Intangibles Brasil Award – (PIB) 2011	Consumidor Moderno magazine e DOM Strategy Partners	Utilities	2010	2011	x	x			http://www.premiopiib.com.br/
National Quality Award - PNQ 2011	National Quality Foundation - FNQ	Awarded	2011	2011	X				http://www.fnq.org.br/site/407/default.aspx

CPFL Piratiniga									
ABRADEE Award 2011	Brazilian Association of Electric Energy Distributors - ABRADEE	Economic-Financial Management	2010	2011	x				http://www.abradee.com.br/bd_vencedoras.asp
RGE									
ABRADEE Award 2011	Brazilian Association of Electric Energy Distributors - ABRADEE	Best Distributor in the Southern Region	2010	2011	x				http://www.abradee.com.br/bd_vencedoras.asp
National Quality Award - PNQ 2011	National Quality Foundation - FNQ	Awarded	2011	2011	X				http://www.fnq.org.br/site/407/default.aspx
CPFL Santa Cruz									
Eloy Chaves Medal	Brazilian Association of Electric Energy Concessionaires - ABCE	3rd place in Group II - Companies predominantly Distributors with a workforce of between 501 and 2000	2010	2011	X				http://www.abce.org.br/premio_elay_chaves.php
CPFL Jaguarí									
Eletricidade Moderna 2011 Award	Eletricidade Moderna magazine	Group 3 - Smaller Companies	2010	2011				X	There are no trophies or similar. Recognition is through publication of the award in the Eletricidade Moderna magazine - Edition of 2011.
		Best indigenous company;							
		Least losses ratio.							
		Best company in the Southeast region							
CPFL Mococa									
Eletricidade Moderna 2011 Award	Eletricidade Moderna	Group 3 - Smaller Companies	2010	2011				X	There are no trophies or similar. Recognition is through publication of the award in the Eletricidade Moderna magazine - Edition of 2011.
		Award							
Eloy Chaves Medal	Brazilian Association of Electric Energy Concessionaires - ABCE	2nd place in Group I - Companies predominantly distributors with a workforce of up to 500	2010	2011	X				http://www.abce.org.br/premio_elay_chaves.php
CPFL Geração									
Eloy Chaves Medal	Brazilian Association of Electric Energy Concessionaires - ABCE	2nd place in Group IV - Companies predominantly Generators/ Transmission Companies, irrespective of the numbers in their workforce	2010	2011	X				http://www.abce.org.br/premio_elay_chaves.php
CPFL Brasil									
Best and Biggest Award 2011	Exame magazine	Return from Adjusted Equity - Energy Sector	2010	2011	X				http://exameabril.com.br/negocios/noticias-melhores-e-maiores/album-de-fotos/os-premiados-na-38-a-edicao-de-melhores-e-maiores

Highlights									
XIII ANEFAC Award – Transparency Trophy 2011	ANEFAC - FIPECAFI - Serasa Experian	Accounting Professional – Transparency in 2010 Financial Statements (CPFL Paulista) - Antônio Carlos Bassalo	2010	2011	X				http://www.anefac.com.br/transparencia/2011/empresas.html
Entrepreneur Friend of Sport Award	Ministry of Sport	Supporters of sporting and para-sporting projects – 1st place CPFL Energia	2010	2011	X	X			

5.2. - NBCT 15

CFC 1003/04 NBC T 15

Empresa: CPFL - Energia S.A.

15.2.1 - DVA														
Total value added to be distributed (in R\$ thousand):	In 2011: 9,769,273	In 2010: 8,686,175												
	63.1% government 6.1% employees 15.4% shareholders 14.6% third parties 0.8% retained	65.41% government 5.73% employees 14.51% shareholders 10.90% third parties 3.45% retained												
Distribution of Added Value (DVA):														
15.2.2 - Human Resources														
	2011 Value (in R\$ thousand)	2010 Value (in R\$ thousand)												
Gross remuneration segregated by:														
Employees	632,046	476,353												
Management	8,555	18,254												
Outsourced labor	ND	ND												
Self-employed	0	3												
Relation between the highest and the lowest compensation, considering employees and management	74.10	79.33												
Mandatory social charges	147,019	141,967												
Nutrition	46,731	42,132												
Transportation		2,473												
Private Pension Plan	33,381	27,382												
Health	26,154	31,025												
Occupational safety and medicine	2,307	2,396												
Education (excluding environmental education)	1,963	2,403												
Culture	0	0												
Training and professional development	11,721	10,297												
Daycare/daycare allowance	901	1,560												
Profit and results sharing	41,337	38,411												
Workforce Indicators	2011	2010												
Total employees at the end of the period	7,913	7,924												
Employees hired during the period	1,541	1,671												
Employees dismissed during the period	1,620	1,183												
Total number of interns at the end of the period	229	236												
Total employees with special needs at the end of the period	273	289												
Total outsourced service providers at the end of the period	ND	ND												
Total employees by gender:														
Male	5,793	6,077												
Female	1,845	1,847												
Total employees by age group in the following age ranges:														
Less than 18	36	33												
18 to 35	3,862	3,904												
36 to 60	3,661	3,961												
More than 60	29	26												
Total employees by educational background, segregated as follows:														
Illiterate	0	0												
Primary school education	531	600												
High school education	4,524	4,356												
Technical education	349	721												
College education	1,790	1,801												
Post-graduate education	394	446												
Percentage of supervisory positions by gender:														
Male	88.09%	88.42%												
Female	11.91%	11.58%												
Information regarding labor lawsuits filed by employees against the company:														
Note: Actions partially upheld or concluded on an amicable basis should be considered as upheld.														
Number of labor actions filed against the company	469	632												
Number of labor actions upheld	281	228												
Number of labor actions dismissed	347	312												
Total amount in indemnities and fines paid by court order	10,394	9,382												
15.2.3 - Interaction of the Company with the External Environment														
	2011 Value (in R\$ thousand)	2010 Value (in R\$ thousand)												
Education (except of an environmental nature)	330	515												
Culture	12,120	10,407												
Health and sanitation	68	1,782												
Sport and leisure, (not considering sponsorships for advertising purposes)	1,833	2,306												
Housing	-	-												
Nutrition	-	-												
Information regarding interaction with customers														
Number of complaints received directly by the Company	1,083,459	984,579												
Number of complaints received by the consumer protection/rights organs	1,889	2,303												
Number of complaints received through the law courts	5,397	4,083												
Number of complaints attended in each listed instance	-	-												
Amount in fines and indemnities ordered by the consumer protection/rights organs or by the law courts	-	-												
Actions taken by the Company to remedy or minimize the causes of complaints														
In the selection of suppliers, the same standards of ethics and social and environmental responsibility adopted by the Company:	<table border="0"> <tr> <td colspan="2">Ombudsman</td> <td colspan="2">Ombudsman</td> </tr> <tr> <td>() are not considered</td> <td>() are suggested</td> <td>(X) are required</td> <td>() are not considered</td> </tr> <tr> <td>() are suggested</td> <td>() are suggested</td> <td>() are suggested</td> <td>(X) are required</td> </tr> </table>		Ombudsman		Ombudsman		() are not considered	() are suggested	(X) are required	() are not considered	() are suggested	() are suggested	() are suggested	(X) are required
Ombudsman		Ombudsman												
() are not considered	() are suggested	(X) are required	() are not considered											
() are suggested	() are suggested	() are suggested	(X) are required											
15.2.4 - Interaction with the Environment														
	2011 Value (in R\$ thousand)	2010 Value (in R\$ thousand)												
Investments and expenditures with maintenance in operational processes for environmental improvement	43,411	89,476												
Investments and expenditures with conservation and/or recovery of degraded areas	0	0												
Investments and expenditures with environmental education for employees, outsourced personnel, self-employed individuals and company management	0	0												
Investments and expenditure with environmental education for the community	0	0												
Investments and expenditures with other environmental projects	61,723	92,260												
Number of environmental, administrative and judicial actions filed against the Company	0	0												
Value of fines and indemnities with respect to environmental matters ordered administratively and/or judicially	0	0												
Environmental liabilities and contingencies	0	0												

15.3 - FINAL PROVISIONS

Consolidated Information

In the case of consolidated financial information, the corporate percentage stakes were used in the financial items. For other information, such as the number of employees and lawsuits, data has been given in absolute numbers.

Report completion by: Antônio Carlos Bassalo, telephone (19) - 3756-8018, bassalo@cpfl.com.br

(*) Information not reviewed by the independent auditors

5.3. IBASE – Social Report

Annual Social Report 2011 (*)



Company: CPFL Energia S/A

1 - Basis for Calculation	2011 Value (R\$ thousands)			2010 Value (R\$ thousands)		
Net Revenues (NR)	12.764.028			12.023.729		
Operating Result (OR)	2.361.957			2.385.372		
Gross Payroll (GP)	570.600			530.328		
2 - Internal Social Indicators	Value (th.)	% of PR	% of NR	Value (th.)	% of PR	% of NR
Nutrition	46.731	8,19%	0,37%	42.132	7,94%	0,35%
Mandatory payroll taxes	147.019	25,77%	1,15%	141.968	26,77%	1,18%
Private pension plan	33.381	5,85%	0,26%	27.382	5,16%	0,23%
Health	26.154	4,58%	0,20%	31.025	5,85%	0,26%
Occupational safety and health	2.307	0,40%	0,02%	2.395	0,45%	0,02%
Education	1.963	0,34%	0,02%	2.404	0,45%	0,02%
Culture	-	0,00%	0,00%	-	0,00%	0,00%
Training and professional development	11.721	2,05%	0,09%	10.297	1,94%	0,09%
Daycare and daycare allowance	901	0,16%	0,01%	1.560	0,29%	0,01%
Profit and results sharing	41.337	7,24%	0,32%	38.412	7,24%	0,32%
Others	4.161	0,73%	0,03%	9.123	1,72%	0,08%
Total - Internal social indicators	315.675	55,32%	2,47%	306.698	57,83%	2,55%
3 - External Social Indicators	Value (th.)	% of OR	% of NR	Value (th.)	% of OR	% of NR
Education	330	0,01%	0,00%	520	0,02%	0,00%
Culture	12.120	0,51%	0,09%	11.971	0,50%	0,10%
Health and basic sanitation	68	0,00%	0,00%	1.880	0,08%	0,02%
Sport	1.833	0,08%	0,01%	2.306	0,10%	0,02%
Combating hunger and malnutrition	-	0,00%	0,00%	-	0,00%	0,00%
Others	2.079	0,09%	0,02%	4.325	0,18%	0,04%
Total contributions to society	16.430	0,70%	0,13%	21.002	0,88%	0,17%
Taxes (excluding mandatory payroll taxes)	6.063.337	256,71%	47,50%	5.270.068	220,93%	43,83%
Total - External social indicators	6.079.767	257,40%	47,63%	5.291.070	221,81%	44,01%
4 - Environmental Indicators	Value (th.)	% of OR	% of NR	Value (th.)	% of OR	% of NR
Investments relating to company production/operation	43.411	1,84%	0,34%	89.476	3,75%	0,74%
Investments in external programs and/or projects	61.723	2,61%	0,48%	92.260	3,87%	0,77%
Total environmental investments	105.134	4,45%	0,82%	181.736	7,62%	1,51%
Regarding annual targets to minimize waste, consumption in general in production/operation and increase efficiency in the use of natural resources, the company	<input type="checkbox"/> has no targets <input type="checkbox"/> fulfills from 51 to 75% <input type="checkbox"/> fulfills from 0 to 50% <input checked="" type="checkbox"/> fulfills from 76 to 100%			<input type="checkbox"/> has no targets <input type="checkbox"/> fulfills from 51 to 75% <input type="checkbox"/> fulfills from 0 to 50% <input checked="" type="checkbox"/> fulfills from 76 to 100%		
5 - Workforce Indicators	2011			2010		
Nº of employees at the end of the period	7.913			7.924		
Nº hired during the period	1.541			1.671		
Nº of outsourced employees	N/D			N/D		
Nº of interns	229			236		
Nº of employees over 45	1.851			2.086		
Nº women working at the company	1.845			1.847		
% of supervisory posts occupied by women	9,25%			11,58%		
Nº of afro-descendants working at the company	942			960		
% supervisory posts occupied by afro-descendants	2,89%			2,72%		
Nº with handicaps or special needs	273			289		
6 - Key information as to the exercising of corporate citizenship	2011			2010		
Relationship between the highest and lowest compensation in the company	74,10			79,33		
Total number of work-related accidents	41			28		
Social and environmental projects developed by the company were decided by:	<input type="checkbox"/> mgmt	<input checked="" type="checkbox"/> mgmt & managers	<input type="checkbox"/> all employees	<input type="checkbox"/> mgmt	<input checked="" type="checkbox"/> mgmt & managers	<input type="checkbox"/> all employees
Standards of occupational health and safety were decided by	<input type="checkbox"/> mgmt & managers	<input type="checkbox"/> all employees	<input checked="" type="checkbox"/> all employees + Cipa	<input type="checkbox"/> mgmt & managers	<input type="checkbox"/> all employees	<input checked="" type="checkbox"/> all employees + Cipa
Regarding labor union freedom, the right to collective bargaining and internal representation of the employees, the company:	<input type="checkbox"/> does not get involved	<input type="checkbox"/> adheres to ILO rules	<input checked="" type="checkbox"/> encourages it & adheres ILO rules	<input type="checkbox"/> does not get involved	<input type="checkbox"/> adheres to ILO rules	<input checked="" type="checkbox"/> encourages it & adheres ILO rules
The private pension plan covers:	<input type="checkbox"/> mgmt	<input type="checkbox"/> mgmt & managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> mgmt	<input type="checkbox"/> mgmt & managers	<input checked="" type="checkbox"/> all employees
Profits and results sharing contemplates:	<input type="checkbox"/> mgmt	<input type="checkbox"/> mgmt & managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> mgmt	<input type="checkbox"/> mgmt & managers	<input checked="" type="checkbox"/> all employees
In the selection of suppliers, the same ethical standards and social and environmental standards adopted by the company:	<input type="checkbox"/> are not considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are required	<input type="checkbox"/> are considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are required
Regarding the participation of employees in voluntary programs, the company:	<input type="checkbox"/> does not get involved	<input type="checkbox"/> supports it	<input checked="" type="checkbox"/> organizes and encourages it	<input type="checkbox"/> does not get involved	<input type="checkbox"/> supports it	<input checked="" type="checkbox"/> organizes and encourages it
Total number of complaints and criticisms to:	the company	Procon	the law courts	the company (**)	Procon	the law courts
	1.083.459	1.889	5.397	1.045.953	2.303	4.083
% of complaints and criticisms received or solved:	the company	Procon	the law courts	the company	Procon	the law courts
	100%	100%	14,63%	100%	100%	33,42%
Total value added to be distributed (in R\$ thousands):	In 2011 9.769.273			In 2010 8.686.175		
Distribution of Total Value Added (DVA):	63.1% government 14.6% third parties	6.1% employees 0.8% retained	15.4% shareholders	65.41% government 14.51% shareholders	5.73% employees 10.90% third parties	3.5% retained
7 - Other Information	Consolidated information					
Percentage equity stakes have been used in the financial items. For the other information, such as the quantity of employees and court actions, the information has been provided in whole numbers	Completion: Antônio Carlos Bassalo, telephone (19) - 3756-8018, bassalo@cpfl.com.br					
(*) Information not reviewed by the independent auditors						
(**) Indicator readjusted due to the standardization of criteria in the verification process that has occurred with the change in the Commercial System of five group distributors						

5.4. About this report

This report shows the economic, social and environmental performance of the wholly-owned subsidiaries of the CPFL Group. It includes account information up to the month of August 2011 relating to the management and operation of CPFL Renováveis (63% of the capital stock is held by CPFL Energia), bearing in mind that before August 2011, when the company was incorporated, some assets were held by CPFL Geração. The report also covers limited information on the activities of the major power plants (HPPs), since these have their own management.

Get to know more on CPFL Energia's shareholding stakes: 3.2.1.

This publication adheres to the recommendations of the Brazilian Association of Publicly Listed Companies (ABRASCA) and the guidelines of the Global Reporting Initiative (GRI), an international entity which has become an international benchmark for sustainability reports.

For the third consecutive year, the report is being put out in blog format. This is an innovative initiative which on its publication in 2009, received the ABRASCA award for the Best Annual Report in Category 1 (for publicly held companies with net operating revenue equal to or more than R\$ 2 billion). The report in blog format was also recognized, receiving the IBEF Sustainability Award 2011, Corporate Governance category.

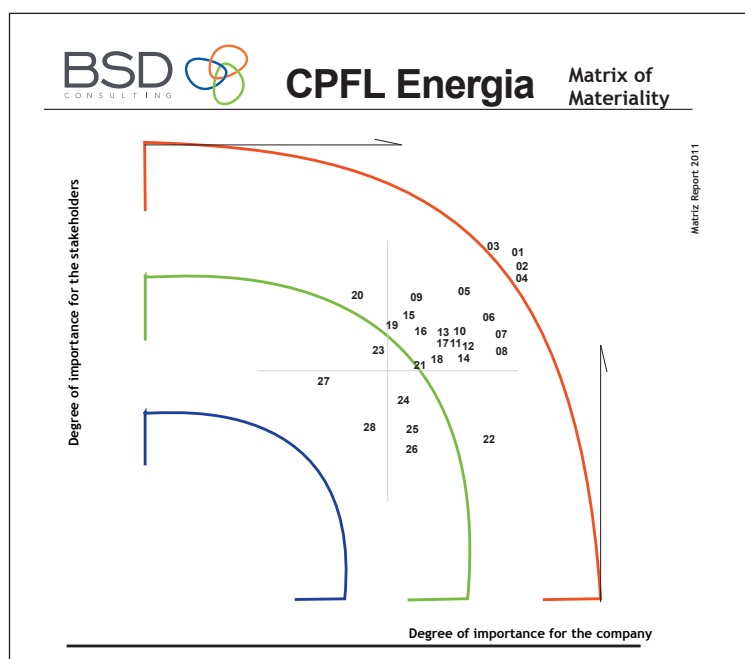
The choice of format via the internet permits broad-based disclosure thus accessing a wide spectrum of CPFL Energia's stakeholders. In addition, the preference for an electronic medium as opposed to using a printed publication is in line with our proposal to nurture the sustainability of the businesses, a position defended by the Company.

In turn, the report content was prepared based on the latest version (G3) of the Global Reporting Initiative (GRI) guidelines and the GRI Electricity Industry Sector Supplement, and is deemed to meet application A+ level requirements. The report also includes the initiatives which have been taken in line with the Global Compact Principles to which the Company has been a signatory since 2003.

The information and results shown in this publication encompass the companies pertaining to the CPFL Group during fiscal year 2011. Quantitative data relates to the period from January 1 and December 31. However, significant and subsequent information has also been cited during the course of the report. Changes in the scope of the indicators and metrics for obtaining information, where applicable, are explained in footnotes in the reply tables.

Yet another facet of the report is the consideration of the results of consultations with the Company’s principal stakeholders – academia, shareholders, clients, employees, the community, sector entities, suppliers, investors, representatives of civil society and government –, meeting under the aegis of the CPFL Energia’s Multi-stakeholders’ Panel II held on March 14, 2011 in Campinas (SP) at CPFL Group’s head offices.

The Panel was held with the purpose of engaging the various stakeholders and promoting dialog. It was instrumental in establishing common ground as to expectations and strategic focus, in turn contributing to the fine tuning of the report content and providing the necessary guidance for the next. Materiality testing was also part of this process. In addition to the Panel, company management (managers and officers) filled out questionnaires in order to reach a consensus on the critical matters relating to sustainability. In all, more than 100 individuals took part in the consultancy process.



SPECIFIC SUBJECTS	
1. Respect for human rights including the supply chain	16. Management of impacts on biodiversity
2. Sustainable use of resources	17. Protection of consumer health and safety
3. Energy efficiency	18. Dialog and engagement with stakeholders
4. Economic-financial Sustainability	19. Expansion of access to electric energy
5. Customer service and satisfaction	20. Evaluation of social investment performance
6. Socio-environmental impacts of hydroelectric power plants and other energy sources.	21. Tariffs practiced
7. Occupational health and safety/work related risks and accidents	22. Financial health and capacity for raising funds
8. Volume of investment in renewable energy (example: plants and wind farms)	23. Investment in social, cultural, sporting and environmental projects
9. Supplier management and development	24. Social leadership and influence
10. Training of employees and preparation of new company managers for management aligned to sustainability concepts.	25. Climate change
11. Prevention of pollution and management of waste	26. Respect for rights and customs
12. Guaranteed energy supply	27. Indirect economic impacts
13. Socio-environmental impacts of transmission and distribution lines	28. Compensation and benefits practice
14. Combating corruption, bribery and fraud	

As a result, a matrix with the complete classification of all items evaluated in the materiality test was constructed. Those items above the red curve were considered of greatest relevance to the sustainability of CPFL Energia, bearing in mind the two axes to the matrix (stakeholders' perspective and internal perspective of the company).

The 2011 Annual Report also includes social reports of the Brazilian Institute for Social and Economic Analysis (IBASE) and the Information of a Social and Environmental Nature – Brazilian Accounting Standard (NBCT 15), as well as the 10 principles of the Global Compact, with the CPFL Group's initiatives in PDF, available for download.

The reliability of this Annual Report in relation to GRI indicators, version has been reviewed by Bureau Veritas Brasil, which has issued a letter of limited socio-environmental assurance, which can be verified here.

In the event of questions or suggestions, please access sustentabilidade@cpfl.com.br.

5.5. Statement of Independent Audit

STATEMENT OF INDEPENDENT AUDIT – BUREAU VERITAS CERTIFICATION

INTRODUCTION

Bureau Veritas Certification Brazil (Bureau Veritas) was contracted by CPFL Energia to perform an independent audit of its Sustainability Report hereinafter referred to as Report), comprising evaluation of its content, quality and limit related to the year 2011. The information published in the report is the full responsibility of the management of CPFL Energia. Our responsibility was limited to the independent checking, according to the scope defined below.

WORK SCOPE

CPFL Energia requested Bureau Veritas Certification to include the following in its checking scope:

- Data and information included in the Report of 2011;
- Adequacy and reliability of the underlying systems and processes used to collect, review and compile the reported information;
- Evaluation of the Report in compliance with the principles of Materiality, Including of Stakeholders, Sustainability Context, Scope, Balance, Comparability, Accuracy, Periodicity, Clearness and Reliability as provided for in the Directives of the Global Reporting Initiative™ for Sustainability Reports GRI G3 (2006).

IT WAS EXCLUDED FROM THE SCOPE HEREOF ANY EVALUATION OF INFORMATION RELATED TO:

- Activities beyond the defined evaluation period;
- Statements of positioning (statements of opinion, beliefs, objectives or future intentions) by CPFL Energia, as well as statement of future commitments;
- Economic-financial information comprised in this Report, taken from financial statements externally audited by independent auditors.

METHODOLOGY

Our work was performed according to a protocol of Bureau Veritas for Independent Audit for Sustainability Reports, based on the best current practices¹, comprising the following activities:

Interviews with the involved personnel (responsible for the process) in the elaboration of the Report;

2. Analysis of the documentary evidence produced to the reported period (2011);

3. Audit of performance data in relation to the principles that ensure the information quality, according to GRI G3;

¹ *The independent audit protocol of Bureau Veritas is based on the International Warranty Assurance Standard - ISAE 3000 (Assurance Engagements), Directives for GRI Sustainability Report.*

4. Local visits in the following units: Small Hydroelectric Power Plant of Americana (Americana/SP), Project “Navegando nas Águas do Conhecimento” (Sailing the Waters of Knowledge) (Americana/SP), Hydroelectric Power Plants of Monte Claro (Veranópolis/RS), 14 de Julho (Citiporã/RS), Castro Alves (Nova Roma do Sul/RS), headquarters of Cia Energética Rio das Antas - CERAN (Porto Alegre/RS), Associação Bento-Gonçalvesense de Proteção ao Ambiente Natural (Association of Protection to the Natural Environment of Bento Gonçalves) (Bento Gonçalves/RS), PROAMB Foundation (Bento Gonçalves/RS), Industrial Landfill of the PROAMB Foundation (Pinto Bandeira/RS), Base of the Distribution Unit of Campinas/SP and headquarters of CPFL in Campinas/SP;

5. Analysis of the engagement activities with stakeholders, developed by CPFL Energia;

6. Evaluation of the system used for determination of the material issues included in the report, taking into consideration the sustainability context and the balance of the published information.

The activities were planned and performed to provide reasonable evaluation, instead of absolute evaluation, providing an acceptance base for our conclusions.

TECHNICAL OPINION

- CPFL Energia issued its Report from the view of internal and external stakeholders. In order to search for the perception of the stakeholders’ audience, it organized a multistakeholder panel in the beginning of 2012, where the priority themes were discussed and defined. In 2010, a similar panel would have already been made, which served as base for the Report published in 2011.
- CPFL Energia published the essential indicators of Directive GRI-G3 and of the Supplement to the Electric Industry - Sustainability Reporting Guidelines & Electric Utility Sector Supplement, Version 3.0/EUSS Final Version, in addition to several additional indicators of GRI-G3;

- The Report does not provide full operational information of the large hydroelectric power plants (HPP). Such limitation is in compliance with the GRI Protocol of Limits (2005), since those plants have independent operational management. Therefore, this publication shows information focused on management, strategy and dilemmas of the HPP;
- The internal culture of CPFL Energia and the work methods based on the standard SA8000 permitted the obtaining of consistent information on human rights, focused on its own organization and applied to its productive chain;
- A significant part of the information included in the Report was obtained and managed by the Integrated Management System of CPFL Energia, certified by the management system standards ISO 9001, ISO 14001, OHSAS 18001 and SA 8000;
- During the Report Audit Process, all pending matters recorded by our team were properly solved by CPFL Energia;
- Several reported themes were obtained and selected from the view of the internal managers of the company, who keep continuous dialogues with external interest audiences, such as customers and communities. During our interviews, we could see that there was a limited knowledge on the GRI Principles for elaboration of sustainability reports.
- Concerning indicators requiring specific data on contracted workers and information related to days worked by contractor companies, such as LA1, EU17 and EU 18, CPFL Energia declares not to have such information. We evidence an effective management related to the agreements under the point of view of quality, health, safety, environment and costs. However, the company's management is focused on the performance of the contracted services as a whole, not using the specific elements described in those indicators.

IMPROVEMENT OPPORTUNITIES

- Although CPFL reports Directives and Goals for each actuation segment, we do not evidence the possibility of objective analysis of its performance in sustainability within a short- and medium-term, since several goals have a nature of Organization Vision. For the next publication, we recommend the sustainability goals to be provided in a most objective manner;
- The Report shows consistently the priority matters of the Materiality Matrix constructed in the beginning of 2012. However, some themes could have been treated in a most detailed manner, such as: development of suppliers, social-environmental impacts of hydroelectric power plants, other power sources and transmission/distribution lines, preparation of new managers aligned to the concepts of sustainability and management of waste;

- The information on the SO1 indicator, which provides on Practices to evaluate and manage the social impacts of the operations on the communities, shall be presented more clearly, so that the reader understands which systems and tools are used by CPFL Energia to identify and manage the social impacts in its several actuations segments;
- To the next publication, the company should seek ways to account for the significant investment agreements that contain human rights-related clauses, since there is a management focused on suppliers deemed critical, but the suppliers are not classified by the agreement type, as requested in the indicator HR1;
- Concerning the confidential channels existing for receiving of manifestations related to discrimination, corruption and other ethic and conduct themes, we recommend the company to continue making efforts to advertise the channels, aiming at a higher awareness of the confidence, by the employees, related to their use;
- To give more emphasis in the capacity building for “GRI model reports” of the managers responsible for the information related to the Material Themes to the Report. The data generation with emphasis on accountability and on the Balance Principle is of major relevance to the evolution of publications along the time;
- To seek for a systematization of data on companies and workers hired, in order to get more detailed information on the LA1, EU17 and EU18 indicators;
- Despite the submitted information being clear in relation to the company’s efforts to meet the govern program goals [Universalization Plans and “Luz para Todos” (Light for All)], we recommend the quantification of the non-served population within the concession area of CPFL Energia, in order to improve the level of response to the indicator EU26.

CONCLUSION

- According to the audit scope, the information and data submitted in the report were evaluated as accurate and free from significant errors or misrepresentations, accessible and understandable to the stakeholders;
- The Report was elaborated in compliance with the content and quality criteria, in addition to the principles of the Directive GRI-G3, showing properly the required indicators, which confers to CPFL Energia the application level A+.

STATEMENT OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent company of professional services specialized in the Quality, Health, Safety, Social and Environment Management, with more than 180 years of expe-

rience and independent audit services.

No member of the audit team has a commercial relationship with CPFL Energia. We carried out this audit independently, considering that there was no conflict of interests.

Bureau Veritas Certification implemented a Code of Ethics in every business to keep high ethic standards among its personnel in the corporate activities.

CONTACT

Bureau Veritas Certification is available for further explanations through the website www.bureauveritascertification.com.br/faleconosco.asp or by the telephone No. (11) 5070-9800.

São Paulo, June/2012

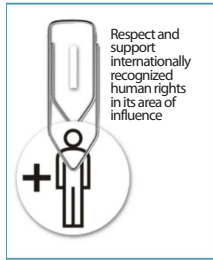
Alexander Vervuurt

Leader Auditor of Assurance Sustainability Reports (ASR)

Bureau Veritas Certification – Brazil

5.6 Global Compact

HUMAN RIGHTS



LABOR



ENVIRONMENT



AGAINST CORRUPTION



More information about the initiative: www.pactoglobal.org.br

We include the Global Compact principles in the GRI Index.

5.7. GRI Index - Level A

GRI Index - Level A				
1. Strategy and Analysis				
Profile	Description	Chapter	Page or direct response	Global Compact principles
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	3.4. Corporate Strategy	Page.75	
1.2	The reporting organization should provide two concise narrative sections on key impacts, risks, and opportunities. Section One should focus on the organization's key impacts on sustainability and effects on stakeholders, including rights as defined by national laws and relevant internationally agreed standards. This should take into account the range of reasonable expectations and interests of the organization's stakeholders. Section Two should focus on the impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organization. This should concentrate specifically on information relevant to financial stakeholders or that could become so in the future.	3.3.4. Risks 3.3.4.2 Operating Risk 3.3.4.4. Exchange rate and interest rate risks on other liabilities 3.3.4.5. Planning for energy purchases 3.3.4.6. Internal Audit 3.3.4.7. Private pension plan 3.3.4.8. Insurance Management 3.3.4.9. Information Technology Security 3.3.4.10. Regulatory issues 4. Sustainability 4.3.5. Environmental Control and Mitigation Activities	Pages. 50; 57; 61-67; 134; 212	
2. Organizational Profile				
Profile	Description	Chapter	Page or direct response	Global Compact principles
2.1	Name of the organization.	3.5.1. Distribution	Page.87	
2.2	Primary brands, products, and/or services.	3.5.1. Distribution 3.5.2. Generation 3.5.3. Commercialization 3.5.4. Services	Pages. 87; 115; 125; 129	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	3.5.1. Distribution 3.5.2. Generation 3.5.3. Commercialization 3.5.4. Services	Pages. 87; 115; 125; 129	
2.4	Location of organization's headquarters.	5.7. Corporate Information	Pages. 262-267	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	3.5.1. Distribution	Pages. 87-91	
2.6	Nature of ownership and legal form.	3.2.1. Corporate Structure	Pages. 26-27	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	3.5.1. Distribution 3.5.1.1. Distribution and sales	Pages. 87-91; 92-96	
2.8	Scale of the reporting organization, including: number of employees; net sales (for private sector organizations) or net revenues (for public sector organizations); total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.	3.2.1. Corporate Structure 3.5.1. Distribution 3.5.1.1. Distribution and sales 3.5.2. Generation 4.2.2.1. Employee Profile	Pages. 26-27; 87-91; 92-96; 115; 156-160	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	3.5.2.2 Renewable generation	Pages. 120-124	
2.10	Awards received in the reporting period.	3.2. Corporate Governance 5.1. Awards and Recognition	Pages. 24-25; 242-244	
3. Report Parameters				
Profile	Description	Chapter	Page or direct response	Global Compact principles
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	5.4. About this Report	Pages. 247-249	
3.2	Date of most recent previous report (if any).	5.4. About this Report	Pages. 247-249	
3.3	Reporting cycle (annual, biennial, etc.)	5.4. About this Report	Pages. 247-249	
3.4	Contact point for questions regarding the report or its contents.	5.4. About this Report	Pages. 247-249	
3.5	Process for defining report content, including: determining materiality; prioritizing topics within the report; and identifying stakeholders the organization expects to use the report.	5.4. About this Report	Pages. 247-249	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1. Opening	Page. 7	
3.7	State any specific limitations on the scope or boundary of the report.	5.4. About this Report	Pages. 247-249	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	3.2.1. Corporate Structure	Pages. 26-27	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	5.4. About this Report 5.5. Independent Verification Statement	Pages. 247; 250	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	5.4. About this Report	Pages. 247-249	

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	5.4. About this Report	Pages. 247-249	
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index	Pages. 247-249	
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	5.4. About this Report	Pages. 250-254	
4.	Governance, Commitments, and Engagement			Global Compact principles
Profile	Description	Chapter	Page or direct response	Global Compact principles
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	3.2.1. Corporate Structure 3.2.3. Board of Directors and the Fiscal Council 3.2.4. Board of Executive Officers and Committees	Pages. 26-27; 29-34	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	3.2.3. Board of Directors and the Fiscal Council	Pages. 26-27	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	3.2.3. Board of Directors and the Fiscal Council	Pages. 26-27	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Manual for participation in shareholders' meetings 4.2.2.1. Employee Profile	Pages. 28; 156-160	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	3.2. Corporate Governance 3.2.4. Board of Executive Officers and Committees	Pages. 23; 31	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	3.2.3. Board of Directors and the Fiscal Council	The Board of Directors has an advisory committee known as the Related Parties Committee, responsible for examining transactions with related parties, to be submitted to the Board, in order to verify that usual market conditions are observed, thus avoiding conflicts of interest. In addition, the Company adopts policies for Securities Trading and for the Disclosure of Material Acts and Fact which determine the disclosure of important information and restrict the use of insider information among controlling shareholders, members of the Board of Directors and Fiscal Council, members of the committees and commissions, statutory directors and other executives and any other persons who due to the positions they hold, have access to inside information, available in http://www.cplf.com.br/diretrizes/port/05.htm	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Advisory Committees	Pages. 33-34	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	3.1. Vision, Mission and Principles	Pages. 20-23	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	3.2.3. Board of Directors and the Fiscal Council Advisory Committees	Pages. 26-27; 33-34	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	3.2.5. Best Governance Practices	Pages.35-36	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	3.3.4. Risks 3.3.4.1. Corporate Risk Management 3.3.4.2. Operating Risk 3.3.4.3. Prevention of financial risk 3.3.4.4. Exchange rate and interest rate risks on other liabilities 3.3.4.5. Planning for energy purchases 3.3.4.6. Internal Audit 3.3.4.7. Private pension plan 3.3.4.8. Insurance Management 3.3.4.9. Information Technology Security 3.3.4.10. Regulatory issues	Pages. 50-67	7
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	4.5. Commitments and Institutional Partnerships	Pages. 236-239	
4.13	Memberships of associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; views membership as strategic.	4.2.5.2. Domestic and international forums	Pages. 181-182	
4.14	List of stakeholder groups engaged by the organization.	4.2.2.1. Employee Profile	Pages. 156-160	
4.15	Basis for identification and selection of stakeholders with whom to engage.	5.4. About this Report 4.2.1. Stakeholder Relationships	Pages. 247; 150	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	4.2.1. Stakeholder Relationships 5.4. About this Report	Pages. 150-151; 176-178, 247-249	

4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	5.4. About this Report	Pages. 247-249	
Performance Indicators				
Economic				
Performance	PRINCIPLE	Chapter	Page or direct response	Global Compact principles
Economic Performance		Management Approach		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	4.1.5. Dividend Distribution	Page.144	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	3.4. Corporate Strategy 3.4.1. Innovation 3.5.2.1. Conventional Generation	Pages. 75-78; 116-118	7 and 8
EC3	Coverage of the organization's defined benefit plan obligations.	4.2.2.2. Human Resources Management	Page.165	
EC4	Significant financial assistance received from government.	4.2.3. Community	Pages.173	
Market Presence		Management Approach		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	5.3. IBASE - Social Report	Page. 246	6
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	4.2.4. Value Chain Ethics in the Supply Chain	Págs. 176-178	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	4.2.2. Personnel	Pages. 156-160	6
Indirect Economic Impacts		Management Approach		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	3.5.1.6. Energy Efficiency Community Network Program	Pages. 103-107	
EC9			Indicator not obligatory for Level A.	
Environmental				
Performance	Description	Chapter	Page or direct response	Global Compact principles
Materials		Management Approach		
EN1	Materials used by weight or volume.	4.3.5.1 Waste Management	Pages. 208-209, 214-216	8
EN2	Percentage of materials used that are recycled input materials.	4.3.4.2 Reduction, Reuse and Recycling	Pages. 210-211	8 and 9
Energy		Management Approach		
EN3	Direct energy consumption by primary energy source.	4.3.4.1 Consumption of Resources	Pages. 206-207	8
EN4	Indirect energy consumption by primary source.	4.3.4.1 Consumption of Resources	Pages. 207-208	8
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	3.5.1.6. Energy Efficiency Community Network Program	Pages.103-107	8 and 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	4.3.5.5. Fleet Management	Pages.207	8 and 9
Water		Management Approach		
EN8	Total water withdrawal by source.	4.3.4.1 Consumption of Resources	Pages. 205-206	8
EN9	Water sources significantly affected by withdrawal of water.	4.3.4.1 Consumption of Resources	Pages. 205-206	8
EN10	Percentage and total volume of water recycled and reused.	4.3.4.1 Consumption of Resources	Pages. 205-206	8 and 9
Biodiversity		Management Approach		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	4.3.5.2 Preservation of Biodiversity	Pages. 217-220	8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	4.3.5.2 Preservation of Biodiversity	Pages. 217-220	8
EN13	Habitats protected or restored.	4.3.5.2 Preservation of Biodiversity 4.3.5.3 Reforestation	Pages. 217-221	8
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	4.3.5.2 Preservation of Biodiversity 4.3.5.3 Reforestation	Pages. 217-221	8
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	4.3.5.2 Preservation of Biodiversity	Page. 218	8
Emissions, Effluents, and Waste		Management Approach		
EN16	Total direct and indirect greenhouse gas emissions by weight.	4.3.5.4 Management of Greenhouse Gas Emissions	Pages. 222-224	8
EN17	Other relevant indirect greenhouse gas emissions by weight.	4.3.5.4 Management of Greenhouse Gas Emissions	Pages. 222-224	8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	3.4.1. Innovation 4.3.5.4 Management of Greenhouse Gas Emissions	Pages. 78, 225	8 and 9
EN19	Emissions of ozone-depleting substances by weight.	4.3.5.4 Management of Greenhouse Gas Emissions	Page. 222	8
EN20	NO, SO, and other significant air emissions by type and weight.	4.3.5. Environmental Control and Mitigation Activities	Page. 212	8
EN21	Total water discharge by quality and destination.	4.3.5.1 Waste Management 4.3.5.7. Disposal of Domestic Effluent	Pages. 214-216, 229	8
EN22	Total weight of waste by type and disposal method.	4.3.5.1 Waste Management	Pages. 214-216	8
EN23	Total number and volume of significant spills.	4.3.4. Management of Use of Resources and Materials 4.3.5. Environmental Control and Mitigation Activities	Pages. 204; 212	8

Products and Services		Management Approach		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	3.5.1.6. Energy Efficiency Community Network Program 4.3. Environment 4.3.1. Investments 4.3.2.1. Distribution 4.3.2.2. Generation 4.3.3.3 Programs at the Plants 4.3.4.2 Reduction, Reuse and Recycling 3.3.4.2 Operating Risk	Pages. 57-58	8 and 9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		Not applicable	8 and 9
Compliance		Management Approach		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	5.2. NBCT 15	Page.245	8
Transport		Management Approach		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	4.3.5.4 Management of Greenhouse Gas Emissions 4.3.5.5. Fleet Management	Pages. 78, 222-225	8
Overall		Management Approach		
EN30	Total environmental protection expenditures and investments by type.	4.3. Environment 4.3.1. Investments	Page. 183	8
Labor Practices and Decent Work				
Performance	Description	Chapter	Page or direct response	Global Compact principles
Employment		Management Approach		
LA1	Total workforce by employment type, employment contract and region.	4.2.2. Personnel Employee Profile	Pages.155-158	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	4.2.2. Personnel Employee Profile	Page.155	6
LA3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation.	4.2.2.2. Human Resources Management	Page.165	6
Labor/Management Relations		Management Approach		
LA4	Percentage of employees covered by collective bargaining agreements.	4.2.2. Personnel Employee Profile	Page.160	1 and 3
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	4.2.2. Personnel	Page. 156	3
Occupational Health and Safety		Management Approach		
LA6	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.	4.2.2.2. Human Resources Management	Pages. 163-164	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region.	4.2.2.3. Safety	Pages.166-168; 246	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	4.2.2.2. Human Resources Management	There is no identification of specific diseases resulting from the generation, distribution and sale of electricity. However, CPFL Group conducts several programmes that deal with health and safety, including serious illnesses. More information available at www.cpl.com.br/qvida .	
LA9	Health and safety topics covered in formal agreements with trade unions.	4.2.2.3. Safety	Page. 157	
Training and Education		Management Approach		
LA10	Average hours of training per year per employee, by employee category.	4.2.2. Personnel Employee Profile	Page.156	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	4.2.2.2. Human Resources Management	Pages.161-162	
LA12	Percentage of employees receiving regular performance and career development reviews.	4.2.2.2. Human Resources Management	Page.163	
Diversity and Equal Opportunity		Management Approach		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	4.2.2. Personnel Employee Profile	Págs.155-158	1 and 6
LA14	Ratio of basic salary and remuneration of women to men by employee category.	4.2.2. Personnel Employee Profile	Pág. 159	1 and 6
Human Rights				
Performance Indicator	Description	Chapter	Page or direct response	Global Compact principles
Investment and Purchase Process Practices		Management Approach		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns.	4.2.4. Value Chain Ethics in the Supply Chain	Pages. 177-178	1, 2, 4, 5 and 6
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	4.2.4. Value Chain Ethics in the Supply Chain	Pages. 177-178	1, 2, 4, 5 and 6
Non-discrimination		Management Approach		
HR4	Total number of incidents of discrimination and corrective actions taken.	3.3.3. Ethics Ethics at the CPFL Group	Pages.46	1 and 6
Freedom of Association and Collective Bargaining		Management Approach		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	4.2.2. Personnel Employee Profile	Page. 160	1 and 3
Child Labor		Management Approach		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	4.2.4. Value Chain	Page. 177	1 and 5

Forced and Compulsory Labor		Management Approach		
HR7	Operations and significant 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.	4.2.4. Value Chain	Page. 177	1 and 4
Indigenous Rights				
HR9			Indicator not obligatory for Level A.	1
Social and Society Performance	Society			
Performance	Description	Chapter	Page or direct response	Global Compact principles
Local Communities		Management Approach		
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	3.5.1.6. Energy Efficiency Community Network Program	Pages. 103-107	1
Corruption		Management Approach		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	3.3.4. Risks Corporate Risk Management	Pages. 50-56	10
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	3.3.3. Ethics Ethics at the CPFL Group	Pages. 46-49	10
SO4	Actions taken in response to incidents of corruption.	3.3.3. Ethics Ethics at the CPFL Group	Pages. 42-49	10
Public Policy		Management Approach		
SO5	Public policy positions and participation in public policy development and lobbying.	4.5. Commitments and Institutional Partnerships	Pages. 235-239	10
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	3.3.1. Corporate Policies 3.3.3. Ethics	Pages. 33; 42	10
Anti-Competitive Behavior		Management Approach		
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	3.3.3. Ethics	Page. 42	
Compliance		Management Approach		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		During the period covered by the report, there were no significant fines (of a high monetary value) or non-monetary sanctions.	
Product Responsibility				
Performance	Description	Chapter	Page or direct response	Global Compact principles
Customer Health and Safety		Management Approach		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	3.5.1.1. Distribution and sales 4.2.2.3. Safety	Pages. 169-171	
Product and Service Labeling		Management Approach		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	4.2.2.3. Safety	Pages. 169-171	8
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	3.5.1.7. Customer Service and Satisfaction	Pages. 108-114	
Marketing Communications		Management Approach		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	3.3.3. Ethics	Page. 42	
Customer Privacy		Management Approach		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	5.2. NBCT 15	Page. 245	
Compliance		Management Approach		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		Between 2008 and 2010, one company in the CPFL Group failed to comply with quality indicators and erroneously processed compensating values to consumers, as ordered by the regulator in the South Region of Brazil, resulting in two regulatory fines totaling R\$ 2.1 million, the regulator handing down its ruling and the fine being paid in 2011. In 2007, two companies in the CPFL Group in the state of São Paulo failed to comply with the rules for contracting energy as determined by the regulator, resulting in a regulatory fine in the original amount of R\$ 23.95 million, which following the regulator's ruling in 2011, was reduced to R\$ 11 million and already paid.	
Electric Utility Sector				
Performance	Description		Page or direct response	Global Compact principles
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	3.5.2. Generation	Page. 115	
EU2	Net energy output broken down by primary energy source and by regulatory regime.	3.5.2. Generation	Page. 115	
EU3	Number of residential, industrial, institutional and commercial customer accounts.	3.5.1. Distribution	Page. 67	
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	3.5.1.2. Structure	Page. 97	
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework.	4.3.5.6. Clean Development Mechanisms (CDM)	Pages. 226-228	
EU6	Management approach to ensure short and long-term electricity availability and reliability.	3.5.2.1. Conventional Generation	Pages.116-119	
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.	3.5.1.6. Energy Efficiency Community Network Program	Pages.103-107	
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	3.4.1. Innovation		
EU9	Provisions for decommissioning of nuclear power sites.		CPFL has no nuclear power plants.	
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.		Indicator will not be reported. Strategic information.	

EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	3.5.2. Generation Profile of the generation business	Indicator not material to the CPFL Group. The CPFL Group owns Caroba, a small thermoelectric plant which did not operate in 2011 and is in the process of being decommissioned as per negotiations with the Ministry of Mines and Energy, and EPASA made up of two thermoelectric plants - TPP Termonordeste and TPP Termoparaíba - with minimal operations 2011, operating only 0.66% of the time during the year in relation to the total energy available for dispatch by the plants to the interconnected system in 2011.	
EU12	Transmission and distribution losses as a percentage of total energy	3.5.1.5. Commercial Losses	The CPFL Group has no companies in the basic network, where 'transmission systems' are identified, and therefore there were no transmission losses. All losses are characterized under distribution by the regulator, ANEEL.	
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	4.3.3.3 Programs at the Plants	Pages. 194-199	
EU14	Programs and processes to ensure the availability of a skilled workforce.	4.2.2.2 Human Resources Management 4.3.5. Environmental Control and Mitigation Activities	Pages. 161-164	
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	4.2.2.1. Employee Profile	Page.159	
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	4.2.2.2. Human Resources Management 4.2.2.3. Safety		
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	4.2.4. Value Chain Ethics in the Supply Chain	The CPFL Group contracts the execution of services for a variety of purposes (maintenance, operation, administrative etc.) without quantifying the labor force involved. The company evaluated the indicator and deemed it not essential to the management of sustainability since in all its service contracts there are clauses relating to human rights and labor practices as shown on page 176.	
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	5.5. Independent Verification Statement	Page. 252	
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	3.5.1.7. Customer Service and Satisfaction	Pages. 113-114	
EU20	Approach to managing the impacts of displacement.	4.3.3.3 Programs at the Plants	Pages. 194-199	
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	4.2.2.3. Safety	Pages.169-172	
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	4.3.3.3 Programs at the Plants	Pages.194-195	
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	3.5.1.7. Customer Service and Satisfaction	Pages.108-112	
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.	3.5.1.6. Energy Efficiency Community Network Program	Page.106	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	4.2.2.3. Safety	Page. 168	
EU26	Percentage of population unserved in licensed distribution or service areas.	3.5.1.1. Distribution and sales 5.5. Independent Verification Statement	Pages. 92; 253	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	3.5.1.4. Payment Delinquency	Page. 101	
EU28	Power outage frequency.	3.5.1.3. Electricity Supply Quality	Page. 99	
EU29	Average power outage duration.	3.5.1.3. Electricity Supply Quality	Page. 99	
EU30	Average plant availability factor by energy source and by regulatory regime.	3.5.2.1. Conventional Generation	Page. 117	

5.8. Corporate information

GRI
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HOLDING COMPANY

GRI
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24

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5.9. Board of Executive Officers

BOARD OF EXECUTIVE OFFICERS

2011/2013 MANDATE

- Wilson Ferreira Jr.
Chief Executive Officer

- Lorival Nogueira Luz Jr. (Elected March 21, 2011)
Chief Financial and Investor Relations Officer

- Paulo Cezar Coelho Tavares (Mandate expired June 1, 2011)
Chief Energy Management Officer (Position extinguished as per EGM of December 19, 2011)

- Miguel Normando Abdalla Saad (Mandate expired June 1, 2011)
Chief Generation Officer (Position extinguished as per EGM of December 19, 2011)

- Hélio Viana Pereira (Mandate expired May 25, 2011)
Chief Distribution Officer (Position extinguished as per EGM of December 19, 2011)

- José Marcos Chaves de Melo
Chief Administrative Officer

- Adriana Waltrick (Resigned January 19, 2012. Currently the CEO is accumulating the position)
Chief Business Development Officer

- Vacant position (Function accumulated by the CEO)
Chief Institutional Relations Officer (position created by the EGM of December 19, 2011)
- Carlos Marcio Ferreira (Elected August 31, 2011)
Chief Operations Officer (position created by the EGM of December 19, 2011)

5.10 GRI Team

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