



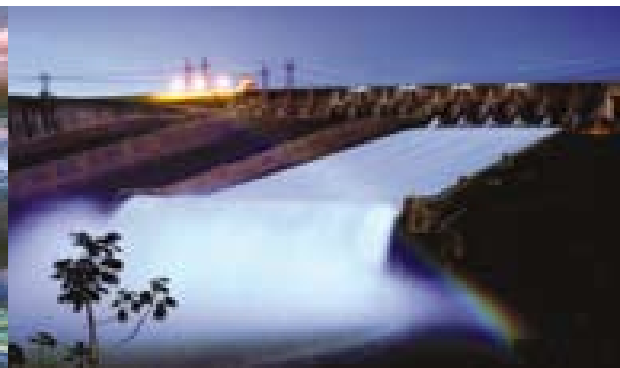
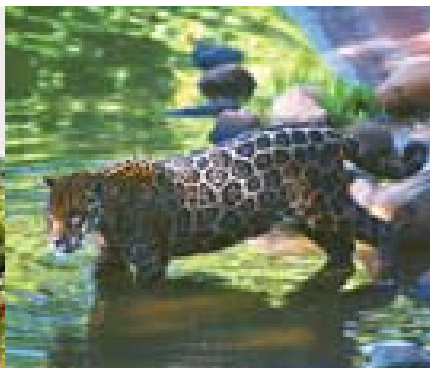
Itaipu Sustainability Report 2009



Set of cages for fish production installed in an aquaculture property in the reservoir of Itaipu Hydroelectric Plant. The cage is a kind of submerged cage that allows a great expansion of fish output. Since 2008, fishermen and indigenous people have legal permission from the Federal Government to produce fish in over 70 areas of the reservoir, which is an encouraging income generation and technical improvement. The transfer title of the areas is an experience which may be adopted by power plants throughout the country.



Contents



Introduction5

About the report.....5

Message from the Brazilian Director-General 7

Innovative solutions for the promotion of sustainability.....7

Profile.....9

Itaipu is the world's top ranked electric power generator.....10

History12

Brazilian Power plants implement a combined supply system13

Corporate Governance.....15

Brazil and Paraguay share the management of the company.....16

Business Plan leads management towards the future.....19

Responsible performance receives acknowledgements.....21

Strive for excellence 23

Energy production in 2009 exceeds 91,000 GWh.....24

Regeneration of lubricant and insulation oils – a way to recycle26

People management..... 29

New practices enhance people management within the company 30

Apprentices get their first job.....36

Affirmative action sets the foundation for equality.....38

Appreciation and respect for service providers41

Sow development..... 43

Itaipu's engagement boosts integration project 44

Pronaf Sustentável brings infrastructure to the Paraná River Basin 3..... 46

Foundations benefit employees and the community47

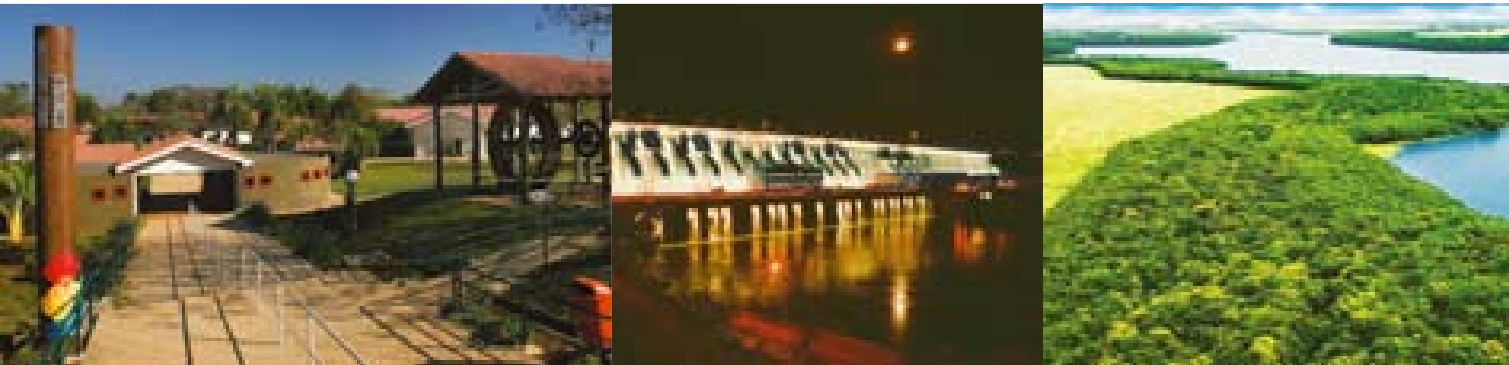
Partnership network supports actions..... 50

Contribution to economic development 53

Public-private partnerships boost local tourism 54

Distribution of local wealth by means of Itaipu Royalties 58

Value chain management..... 60



Distribution of wealth 64
 DVA 65
 IBASE 66

Innovation 69

Entrepreneurial leadership promotes renewable energy70

Research and Development.....77

Know-how-based excellence78
Corporate E-learning expands training scope 83

Care for the environment..... 85

Itaipu encourages community to care about water 86
 6th Cultivating Good Water Meeting draws over 4,000 participants together . 90
 Environmental education actions encompasses internal and external audience.. 92
 Responsible action improves sustainability 94
 Company invests in biodiversity preservation..... 98
 Initiatives reduce the impact of climate changes..... 104

Relationship with the community107

Employees join the Volunteer Force 108
 Respect for indigenous culture lays the foundation for local quality of life program 109
 Medicinal Plants Project 111
 Border Health Program benefits the neighboring communities 112
 Solidarity Energy program enhances quality of life in Vila C..... 113
 Social networks improve communication with strategic audience..... 114
 Sports and arts promote the culture of peace 116

GRI content..... 119

GRI index..... 120
 Global Compact: performance 2009 140
 Assurance 141

Proceedings..... 142

Introduction

GRI: 3.5; 3.6

This is the seventh Itaipu Sustainability Report. As in the past two years, its creation is based on the Global Reporting Initiative (GRI) indicators, the main international sustainability report reference work. It encompasses the company's operations in Brazil in 2009. Itaipu takes hundreds of actions on a daily basis that impact on various stakeholders and help build economical, social and environmental sustainability. Therefore, a critical step in producing this publication was to define, in a materiality matrix, the most relevant topics within this universe of initiatives.

To create the materiality matrix an analysis was carried out on the company's strategic planning, the Brazilian Power Sector reporting trends, issues considered in the GRI specific sector protocol, the International Hydropower Association (IHA) indicators, and the contributions from Itaipu's employees and representatives of the foundations connected to the company.

The employees' participation was essential for the definition of the materiality. Around 60 professionals from different areas were directly involved in the

process and defined the most important issues to compose the report during a workshop held in Foz do Iguaçu:

- Itaipu's capacity for generating power with quality, efficiency and reliability;
- Responsible management based on values such as financial feasibility, transparency, corporate governance, health and safety of employees and service providers;
- Commitment to its dual nationality and institutional and cultural integration between Brazil and Paraguay;
- Stimulation of the local growth by means of tourism, local jobs, education, infrastructure, research and development;
- Care for the environment and water resource management, especially regarding biodiversity, watersheds and waste management;
- Attention to local communities and native peoples.

About the Report

GRI: 3.1; 3.6; 3.8

The Itaipu Sustainability Report 2009 follows the GRI Sustainability Reports Guidelines. Level A+ was attained by the company regarding the application of the guidelines, with all of the key indicators and the external data validation and the methodology adequacy (GRI methodology has 3 application levels:

A (advanced report), B (intermediate report) and C (beginners report); the independent information assessment provides each level with the option of recognizing external assurance ("+"). With a detailed analysis of the documents, databases, and calculations used by Itaipu, in addition interviews at the company, KPMG Assurance Services Ltd found that the document reflects the information contained in the reports and records of Itaipu. The application level A + was validated by GRI.

The data refer to the main sustainability actions conducted by the company

between January 1 and December 31, 2009 with emphasis on matters of major interest to public relations, as indicated by the materiality matrix. Prior to the conclusion of the report at the end of the first half of 2010, new achievements by the company were also included, allowing for an updated picture. In such cases, as in the use of targets and future estimates, the temporal location of information is made explicit in context.

The database was limited to operations in Brazil (plant and offices located in Foz do Iguaçu, Curitiba, São Paulo, Guaíra, Santa Helena and Brasília), and exclude facilities located in Paraguay. Exceptions - as information related to the physical facilities of the plant, like the reservoir, for example - are clearly marked. Throughout this publication, responses to the GRI indicators are marked in the texts. The index combines all indicators and their location in the report.



Pre-report Team

Administrative Board

Adriano Bardou Martins
Alvino Antonio Lugo
Carlos Eduardo Tavares Lopes
Divan Saraiva da Cruz
Eduardo Bastos Fagundes
Eliana Acordi
Eliane S. Ventura Duraes
Guilherme A. Pazinato Silva
João Penna Rodrigues
Júlio Cesar Rissa
Júlio Cezar Maia
Marcos Antônio Castro de Araújo
Mariza Mezomo de Souza
Rejane Cunico
Rogério Henrique F. Miranda
Rosana Marlene Cordeiro
Viviane Brasil Crespo de Araújo

Technical Board

Ademar Sérgio Fiorini
Agnaldo José da Silveira
Ângelo Mibielli
David Krug
Fernanda Maria Nodari
Fernando Cossa
José Carlos Furmann
José Ricardo da Silveira
Ricardo Krauskopf Neto
Sílvia Frazão Matos

Coordination Board

Anderson Braga Mendes
Caroline Henn
Emerson Shigueyuki Suemitsu
Jair Kotz
Leila de Fátima Alberton
Lilian Stella Tavares Bueno Sferra
Lissa Maria Nocko
Liziane Kadine A. de Moraes
Marlene Maria Osowski Curtis
Reinaldo Santos S. Junior
Rodrigo Laurikas Cupelli
Rosana Lemos Turmina
Paulo Sergio Mello de Faria e Silva
Silvana Vitorassi
Sormani R. Pereira Cavalcante
Valdecir Maria
Valéria Silva Lima Borges
Vinicius Ortiz de Camargo

Financial Board

Alexandre Mugnaini
Andrea Silva Medeiros
Gilmar de Oliveira
Joaquim Augusto Azevedo
José Diniz Goulart Borges
Joselice Pilatti
Luiz Covello Rossi
Luiz Henrique M. Nascimento
Priscylla Klein
Simone Rogoginski
Fabricio Rocha

Director General Board

Alex Felipe Follmann
Joel de Lima
Luciana C. L. da Câmara Teixeira
Marisa Neumann Gusso Guras
Rosângela da Silva
Vânia Maria de Lara Stella

Legal Board

Ângela Aparecida Derengoski
Erica Marta Gavetti Meirelles
Gianna Carla Rubino Loss

Foundations

Marcos Adlich dos Santos – Fundação Itaipu-BR de Previdência e Assistência Social (Fibra)
Rogério Soares Bohm – Fundação Itaiguapy
Fernanda Duarte Alves Fontana – Fundação Parque Tecnológico da Itaipu (PTI)
Hugo Alexandre Ribeiro – Fundação Parque Tecnológico da Itaipu (PTI)

Innovative solutions for the promotion of sustainability

GRI: 1.1; 1.2
PG: 1; 7

Throughout 35 years, Itaipu has improved its position on the international stage. We are the world's largest hydroelectric plant in terms of power generation, supplying 77% of the Paraguayan market and 18.9% of Brazil's electricity consumption with clean and renewable energy. And we have gradually set an example for promoting the sustainability of both the company, the environment and the social context surrounding us. Our attention to issues relating to sustainability was born together with the company, in the 70s. In recent years, however, we have extended this performance through innovative investments in areas such as environmental protection, reduction of greenhouse gas emissions by using of renewable energy sources, education and tourism, health, research and innovation. We start with the premise that we should focus on the watershed that feeds the plant's reservoir; working in partnership with private and public initiatives; and paying attention to the smaller productive sectors, small rural producers and collectors of recyclable materials. Our unique solutions have been used as pilot schemes to be implemented in the country as public policy. One example is the use of renewable energy sources in the distributed generation, such as the residual biomass in which the biogas is produced by the decomposition of organic waste inside digesters installed in local farms. With biogas, farmers generate their own energy and can also trade the surplus with the local energy distributor. Based on Itaipu's demonstration units, the National Agency of Electrical Energy (Aneel in Portuguese) has approved the use of biogas for electricity generation in Brazil. The adoption of the watershed as a territorial base for our work enabled the deployment of Pronaf Sustentável – a federal program being piloted in the west of Paraná. This program establishes agricultural lines of credit for the sustainable practices of family agribusiness properties. We believe that education is the basis for any nation's development. That is why we created the Itaipu Technology Park, which offers excellence courses in partnership with local universities and stimulates research, innovation and entrepreneurship. We also welcomed the Federal University of Latin American Integration, a federal government project intended to bring about closer educational integration of the brotherly people in Latin America. It will be installed in an architectural ensemble designed by Oscar Niemeyer. Together, Unila, PTI and other initiatives are transforming the region into a central pole of knowledge. In Itaipu, we also believe that a key element for local development is the

investment in tourism, which creates jobs and generates income for the population. Therefore, Itaipu put itself in a strong position among the industry leaders to attract people's attention to Foz do Iguaçu, Brazil's second greatest city in terms of inflow of tourists from all over the world thanks to the natural beauty of the Iguassu Falls and the work of human ingenuity, the Itaipu Dam. In 2009, we redoubled our efforts to lead the company with responsibility by joining the UN Global Compact and the Brazilian Committee of the Global Compact. In 2010, we accepted the Principles of Women's Empowerment, which is an initiative of the Compact in partnership with the United Nations Fund for Women (UNIFEM), indicating our global concern with the promotion of gender equality, to which we have dedicated ourselves since 2003. We want to help build the future. Our goal for the coming years is to achieve international recognition for our sustainability practices. For this we are also investing in improving internal processes and management proceedings. Recently, our efforts have gained an important recognition of international public opinion. The Sustainability Report 2008 ranked among the best reports in the world in the 2010 edition of the GRI Readers' Choice Awards, which reflects the readers' opinion. It got second place in the category Most Efficient Report category and third place in the Civil Society category. We are proud of these awards for they represent an additional responsibility for us – to give a more transparent and effective picture of the major advances and challenges of the company. That is what we present in this Sustainability Report 2009.



Jorge Miguel Samek
Brazilian Director General



Profile

Sustainability, clean energy production, technology and tourism development, and regional integration guide the actions of the world's largest hydroelectric plant in terms of power output.



Itaipu is the world's top ranked electric power plant generator

GRI: 2.1; 2.2; 2.3; 2.4; 2.5; 2.6; 2.7;
2.8; 4.9; 4.12; EU1; EU2
PG: 7; 8; 9

10

The Itaipu Dam is the world's largest hydroelectric power generator. After 35 years of its creation and 25 years since operation, the plant remains one of the most audacious engineering projects ever performed. With an installed capacity of 14,000 MW (20 units generators with a rated capacity of 700 MW each), exceeds the Venezuelan plant Guri in 40%. In 2009, the plant had the fourth highest output since the operation started in 1984 – it produced 91,651 GWh. The company was born of a diplomatic agreement between Brazil and Paraguay. The two countries share equally its property, administration and right of purchase, for their own consumption of the energy produced. In 2009, the plant was responsible for producing 19% of all the energy consumed in Brazil and for supplying 77% of the Paraguayan market, contributing to the maintenance of an energy matrix essentially based on clean and renewable sources. The dam was built on the Paraná River, including the basins of the Paraná River and the La Plata River, which is the fifth longest river in the world and fourth largest in terms of drainage area, going through South America from the slopes of the Andes to the Serra do Mar. The company is headquartered in Brasília (DF, Brazil) and has branch offices in Foz do Iguaçu, Curitiba, Guairá, São Paulo and Santa Helena. The Foz do Iguaçu office is part of a complex encompassing the dam; Itaipu Technology Park - responsible for researching and developing new technologies; Bela Vista Wildlife Refuge - environmental conservation area; and the Eco-museum - a space dedicated to the memory of the plant and its educational activities and interaction with society. On the Paraguayan side, the headquarters is in the capital, Asunción.

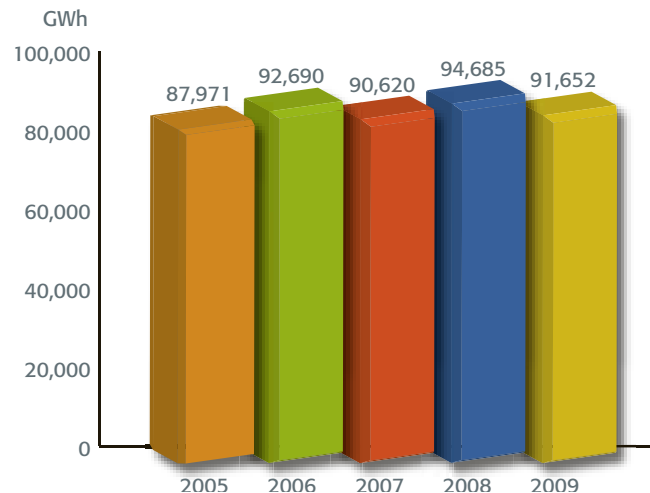
The two sides of the plant

As an entity of public international law, Itaipu has a unique management system governed by the Treaty of Itaipu, a document of public international law signed in 1973. The agreement sealed the Brazilian and Paraguayan union and paved the way for the exploitation of the hydroelectric potential of the Paraná River, bordering the two countries.

The duo nationality gives the dam some peculiarities detailed in the company's by-laws. One is the legal conduct of the entity. The company's employees work under specific labor relation protocols that have been negotiated between the two countries. Itaipu adopts the U.S. dollar as its currency and accounting reference, and all of the official documents, reports and resolutions are written in Portuguese and Spanish. To suit both the Brazilian and Paraguayan markets the power generation is made in two different frequencies: 10 generating units of 50 Hz to serve Paraguay and 10 units of 60 Hz to serve Brazil.

► **In 2009, the power plant was responsible for the supply of energy for 19% of the Brazilian market and 77% of the Paraguayan market.**

Annual energy output



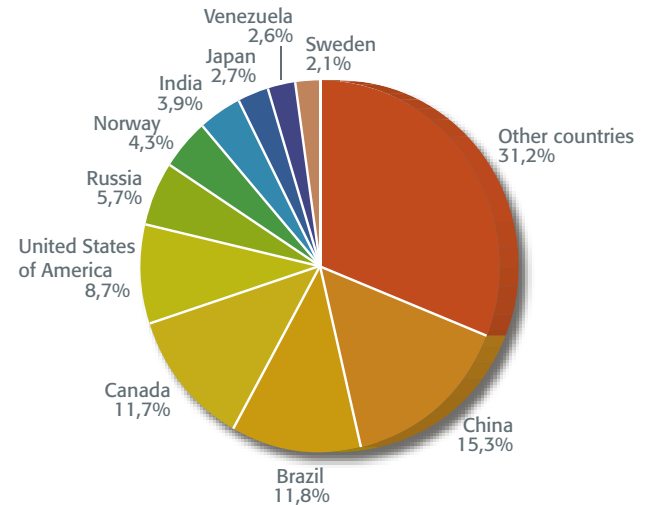
Responsible action

The raw material for Itaipu is water. Therefore, the company is aware of the fact that the sustainability of energy production depends on the respect for the environmental balance and biodiversity throughout the Paraná Basin 3 coverage area. Regarding social and environmental actions there is a clear commitment to the reservoir's surrounding communities' quality of life. Rivers, streams and springs that provide water for the plant are part of an unprecedented and comprehensive environmental management program in Brazil and Paraguay.

Itaipu maintains reserves, biological refuges and a wildlife corridor that promotes the conservation of native flora and fauna. At the reservoir and the surroundings, it encourages and guides fishing and agriculture sustainable practices. In the reservoir protection zone it contains more than 20 million trees planted by the company in the 80s, in an action of reforestation of the area impacted by farms prior to the installation of the plant.

In 2003, environmental responsibility was clearly incorporated into the company's organizational structure, mission and strategic planning. In 2005, there was a Reversal Letter Exchange so that Itaipu's initiatives in the social and environmental responsibility field would become standard components of the power generation activity.

World's largest producers of hydroelectric power



World power generation: 3,162 TWh

Source: National Energy Balance 2009, based on studies conducted in 2007



Itaipu joins the Eletrobras System

By decision of the Federal Republic of Brazil the Republic of Paraguay, Centrais Elétricas Brasileiras S. A. - Eletrobras and National Electricity Administration (ANDE) formed Itaipu Binacional.

Due to its treaty, Itaipu has Eletrobras and Ande as parties, each with half of its corporate capital.

Eletrobras and Ande nominate members to the Supervisory Board of Itaipu, propose members to the Executive Board of Itaipu, and emit opinions on administration issues, among other statutory assignments.

From this viewpoint, Itaipu integrates the Eletrobras system with seven other power generation and/or transmission companies - Chesf, Eletrobras, Furnas, Eletrobras Eletrosul, Eletrobras Eletronorte, Eletrobras CGTEE, Eletrobras Amazonas Energia and Eletrobras Eletronuclear - five distribution

companies - Eletrobras Distribuição Acre, Eletrobras Distribuição Alagoas, Eletrobras Distribuição Piauí, Eletrobras Distribuição Rondônia and Eletrobras Distribuição Roraima - the Electricity Research Center (Eletrobras Cepel) and Eletrobras Eletropar.

In 2008, stimulated by the Brazilian government, Eletrobras started implementing a strategic action plan aimed at strengthening its corporate management structure and enhancing competitiveness. Itaipu has been contributing to the modernization of the Eletrobras system with actions aligned with the improvement strategy of management and corporate governance. In 2009, Itaipu's teams integrated working groups established by Eletrobras to contribute to the Transformation and Strengthening Plan of the Eletrobras System (PTSE).



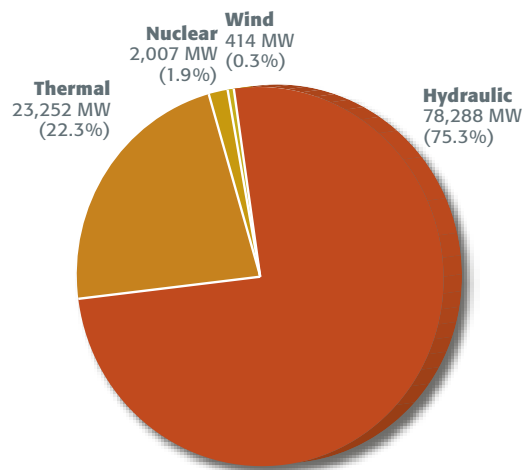
History

| | | | | | | |
|--|---------------------------------|--|---------------------------------------|-----------------------------------|----------------------------|---|
| 1966 | 1973 | 1974 | 1975 | 1978 | 1982 | 1984 |
| Signature of the Iguçu Act and start of the negotiation process between Brazil and Paraguay. | Signature of the Itaipu Treaty. | Formation of the entity Itaipu Binacional. | Start of the construction of the Dam. | Opening of the Diversion Channel. | Creation of the reservoir. | Start of the operation of the two first generating units. Capacity: 1.400 MW. |

Brazilian Power plants implement a combined supply system

The Brazilian electricity generation and distributing system presents some particularities. Virtually all of the energy companies feed the National Interconnected System (SIN) composed mainly of hydropower plants and to a lesser extent, by thermal power stations, nuclear plants and wind generators from all regions. Only 3.4% of the country's electricity production capacity is not connected to the system, they are mainly small isolated systems located in the Amazon region. SIN is controlled by the National System Operator (ONS), which determines each source's demand for energy. A combined operation allows for a balanced account of all regions, compensating for load and productivity variations in the various generators. In times of drought, for example, when hydropower plants' production drops, other sources may be provided to sustain the levels of supply. The country's energy matrix may present small variations from year to year, but the participation of hydroelectricity is predominant, which gives Brazil a prominent position in power generation with low-impact to the environment. This becomes clear when one analyzes the energy output impacts on the climate change, since the emission of greenhouse gases is limited to the decomposition of organic matter present in the reservoirs.

Brazilian energy matrix



Total installed capacity in 2008: 103,962 MW

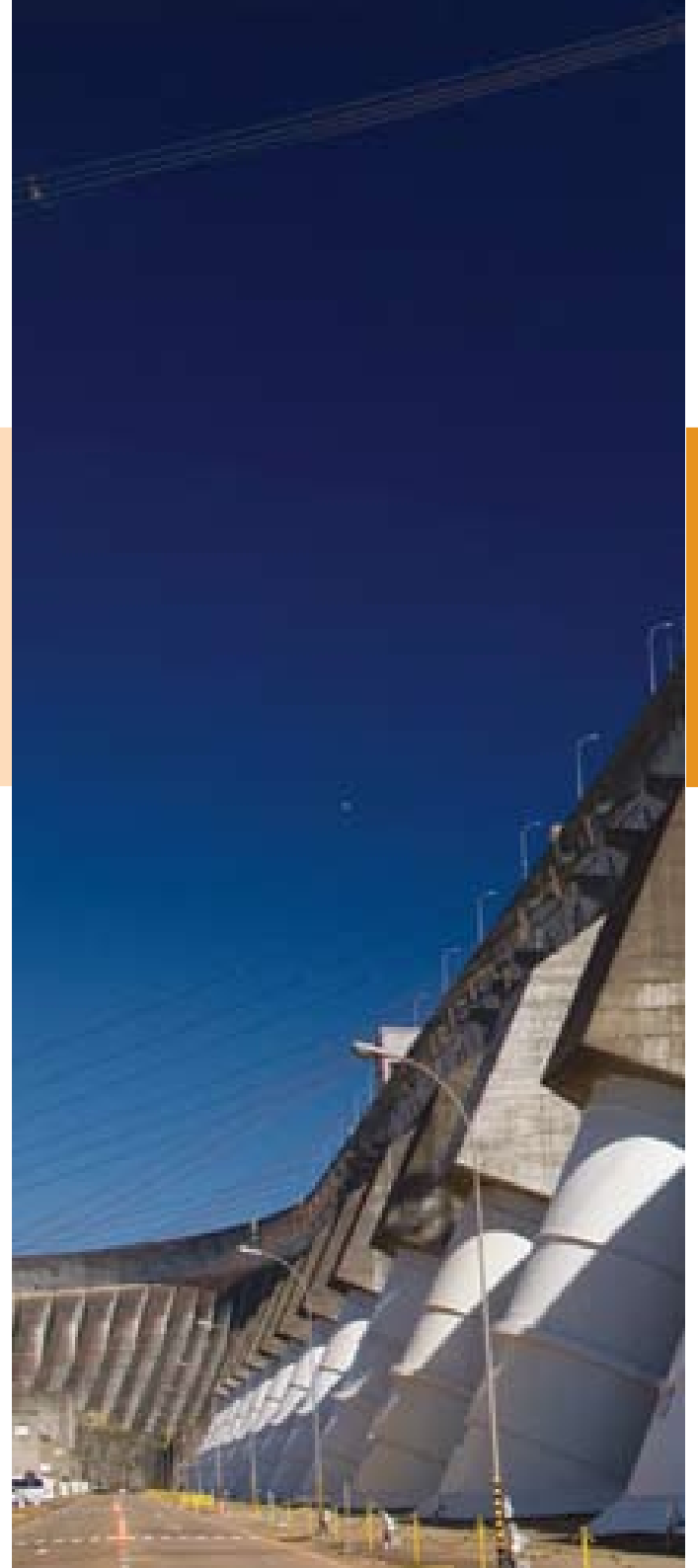
Source: National Energy Balance 2009, based on the installed capacity of energy production by primary source

| 1991 | 2003 | 2005 | 2007 | 2008 | 2009 |
|---|---|--|--|--|-----------------------------------|
| 18th generating unit starts operating. States and municipalities start receiving shares of royalties. | The mission of the company is updated with the inclusion of social and environmental responsibility, besides sustainable technological, economical and tourism development. | Reversal Letter Exchange for Itaipu's initiatives in the social and environmental responsibility field to become standard components of the power generation activity. | The two last generating units start operating and the installed capacity of 14000MW is achieved. | World record for power generation: 94,684,781MWh. Creation of the Coordinatorship for Renewable Energies | Creation of the ombudsman office. |



Corporate Governance

International governance good practices and the commitment to sustainability are part of the shared administration of Brazil and Paraguay.



Brazil and Paraguay share the administration of the company

GRI: AG EN; AG HR; AG SO; 4.1; 4.6; 4.8; 4.9; 4.11; 4.16; SO2 PG: 10

Treaty of Itaipu and Business Plan leads businesses management

Itaipu considers transparency and ethics true values, and the generation of energy is driven by efficient management, joint administration and respect for people and the environment. The corporate control of the company is also divided between the companies that represent the administrations of the two countries: Centrais Elétricas Brasileiras SA (Eletrobras) in Brazil, and Administración Nacional de Electricidad (Ande

in Paraguay. The highest governance body is the Supervisory Board (CA), which meets every two months or in extraordinary meetings. The approval of the Budget and Business Plan, the definition of guidelines and Internal Rules, the Annual Report review, the Balance Sheet and the Statement of Profit and Loss Account fall to the group. The Treaty of Itaipu and the Code of Ethics developed jointly by the governments of

Brazil and Paraguay guide the business decisions. The statute of the company (also called Appendix "A" in the Treaty of Itaipu) defines the rules to be followed. It has been created as part of the Treaty of Itaipu and should only be modified under the agreement of both countries. In 2009, Brazil and Paraguay signed a statement to address the relationship between the countries within the company.

Ethical conduct

Approved in August 2002, the Code of Ethics brings together the company's values: respect for the public interest, harmonious coexistence between Brazilians and Paraguayans, preservation of ecological balance, contribution for the development of the surrounding communities and commitment to generate electricity with quality and reliability. It also highlights the importance of ethical conduct of everyone involved with the company, from directors and executives to employees. The Ethics Committee reviews the proven cases of violation of the Code of Ethics and passes sentence to be referred to company officials.

Auditing

Itaipu performs internal audits to ensure control of its work. The process allows one to suggest changes, both managerial and of procedures, identify areas that deserve more attention and correct deviations from the company's activities.

Other decision makers

The Director General Office is responsible for coordinating, organizing and directing the activities of Itaipu. The Director General Office and the Technical, Financial, Legal, Administrative and Coordination Offices comprise the Executive Board of the Company, which meets twice a month.





Supervisory Board

| | Brazil | Paraguay |
|---|--------------------------------|----------------------------------|
| Board Member | Paulo Bernardo Silva | Sixto Eusebio Amarilla Fernández |
| | Samuel Pinheiro Guimarães Neto | Efraín Enríquez Gamón |
| | Luiz Pinguelli Rosa | Carlos Alberto González |
| | João Vaccari Neto | Sixto Luís Duré Benítez |
| | Alceu de Deus Collares | Miguel Fulgencio Rodríguez |
| | José Antonio Muniz Lopes | Franklín Rafael Boccia Romañach |
| Representative of the Ministry of Foreign Affairs | Enio Cordeiro | Hugo Ruiz Díaz Balbuena |

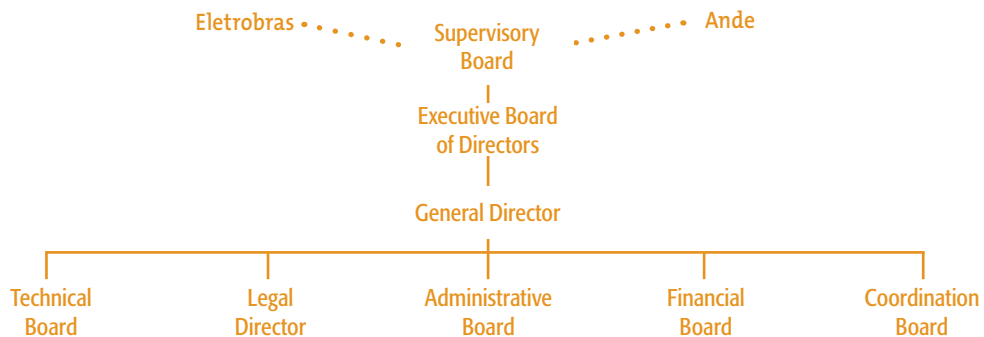
(Membership at December, 31, 2009)

Executive Board of Directors

| | | |
|----------------------|--------------------------------|-----------------------------------|
| Directors General | Jorge Miguel Samek | Carlos Quinto Mateo Balmelli |
| Technical Board | Antônio Otélo Cardoso | José María Sánchez Tillería |
| Legal Director | João Bonifácio Cabral Júnior | Eusebio Ramón Ayala |
| Administrative Board | Edésio Franco Passos | Gustavo Raúl Bogarín Vera |
| Financial Board | Margaret Mussoi Luchetta Groff | Lorenzo Nicolás Livieres Guggiari |
| Coordination Board | Nelton Miguel Friedrich | Fernando Camacho Paredes |

(Membership at December, 31, 2009)

Structure of Governance



Model of transparency

Itaipu Binacional performs electronic biddings for the hiring part of their suppliers since 2004. The system is unique because it involves two countries and is done in three currencies (real, guarani and dollar). It works on the Internet, as a system of reverse auction, where the supplier that offers the lowest price wins.

Ombudsman unit

In 2009, Itaipu created the Ombudsman Unit aimed at establishing a communication channel with its external audience, contributing to the participatory and transparent management, and the improvement of their businesses practices and processes. Compliments, suggestions, complaints or denunciation are sent to those responsible for each area. It is for the Ombudsman to return responses to applicants. All contacts are confidential. Requests for assistance are received through the company's website, mail, phone or in person at the offices of the company, once scheduled:

- ouvidoria@itaipu.gov.br - (55 45) 3520-6800
- Ouvidoria da Itaipu Binacional (Itaipu's Ombudsman Unit) – Centro Executivo – Address: Av. Silvío Américo Sasdelli, s/nº – Vila A, caixa postal 255, CEP 85866-900, Foz do Iguaçu, Paraná, Brasil.

International management standards

Itaipu adopts international standards for management and corporate governance. Among several initiatives, we can highlight the improvement in internal control and financial risk management structures, based on the Sarbanes-Oxley Act (SOX) recommendations. The implemented changes give more transparency to the company, besides serving as a tool for improving the

management processes. In December 2008, it was established the SOX Itaipu Working Group, which involved six Brazilian and six Paraguayan managers. The group is responsible for coordinating all actions aimed at making the internal processes of Itaipu adhere to the requirements of SOX. It comprises representatives from Business Processes and Procedures for Information Technology (IT) areas, in addition to the financial directors of both countries. In early 2009, an international consultant was hired to identify the most relevant processes to fit SOX, i.e. those that could result in greater financial losses for the company if not monitored. Altogether, 25 cases were mapped and the key risks associated with them were identified, as well as internal controls to mitigate those risks. In cases where the controls were ineffective or absent, we designed a specific plan of action to reverse the problems. At the end of 2009, the phase of information gathering and action plan preparation was over. From January to April 2010, an external audit should evaluate the effectiveness of the action plan, procedures and internal controls based on SOX requirements. By the end of the work, they shall pass a sentence upon the Itaipu's adaptability to the SOX standards. The work, however, will not be closed with this opinion, since the improvement of management is a continuous process and is embedded in the business priorities. Among the benefits achieved with the implementation of SOX are the strengthening of corporate governance and the consequent increase of the credibility of the company before society and stakeholders. A tight control of these procedures and its risks has also generated greater commitment of managers and employees to corporate goals, which now have greater background knowledge to make decisions in the workplace, and greater capacity to undertake operational improvements in those processes.



Sustainability information management

The Business Plan is the keystone of all initiatives of the social and environmental responsibility, and the activities are directly connected to the Budget. The management of information on sustainability practices of the company, as well as the introduction of the concept of responsible management into organizational culture, is developed by the coordinator team of social responsibility programs. Thus, the team and the Socio-environmental Responsibility Steering Committee - made up of representatives of all boards – dedicate themselves to discussing and proposing policies and guidelines for socio-environmental responsibility initiative. The action guidelines focus on the areas of greatest concern for the company: health, protection of the rights of the children, youth and women, fight against sexual exploitation and violence, incentive for education and technological, socioeconomic and tourism development, with environmental protection and joint action with all stakeholders. This business decision has been expressed, among other ways,

by voluntary adhesion to pacts and agreements of sustainability, such as the UN Global Compact, National Compact for the Eradication of Slave Labor in Brazil and the alliance against Exploitation of Children and Adolescents in Brazilian Highways, among others. The area also produces the sustainability reports since 2003 which are measured by the index of sustainability, helping Eletrobras remain in the portfolio of the Corporate Sustainability Index of the São Paulo Stock Exchange (ISE Bovespa) and rate to enter the Dow Jones Sustainability Index of the New York Stock Exchange (DJSI).

One of the goals is to increase the score of Eletrobras System in the ISE Bovespa. To this end, the companies of the system have listed joint actions to strengthen their commitment to sustainability. In that context, Itaipu's challenges are to refine the performance monitoring of their programs of social and environmental responsibility; to meet the identified gaps; to find opportunities for improvement; and rank among businesses with the best sustainability practices in Brazil and worldwide.



Business plan leads management towards the future

GRI: AG EC; AG LA; AG SO;
AG EN; 1.2; 4.8; LA10; EU6
PG: 7; 8; 9

Itaipu's mission is "to generate quality electrical power, with social and environmental responsibility, stimulating economic, sustainable technological and tourism development, in Brazil and Paraguay." Thus, five pillars guide the company's performance: sustainability, clean energy output, technological development, tourism development and regional integration. The plan is organized into multi-cycles, on a five-year horizon. The main achievements in 2009 are presented as follows:



Tactical guidelines 2009-2013 - Strategic Objectives

Maintain excellence in production and supply of energy.

Some results in 2009:

- Maintenance of high performance of the power plant facilities, equipment and systems. (Further information on page 24).
- Approval of the Master Plan of the Industrial Area until 2023, establishing the necessary and complementary facilities, as well as funding sources and deadlines for implementation.
- Conduction of studies to expand the transmission systems of Brazil and Paraguay. For 2010, the goals are:
 - Index of annual availability of the generating units: above 94%.
 - Index of downtime by shutdowns of generating units: below 0.5%.
 - Index of availability of the 500 kV transmission lines: above 98%.
 - Index of availability of the 500/220 kV transformers: more than 98%.

Maintain the economic-financial balance of the entity.

Results in 2009:

- It was ensured the maintenance of economic and financial balance.

Increase the efficiency and effectiveness through streamlining business processes, transparency, participation and knowledge management.

Results in 2009:

- Improved efficiency and effectiveness of business processes. On the Brazilian side, 70% of the cases were mapped and redesigned (*More on page 18.*)

Enhance human resources, keeping them trained and efficient for excellence in service management, technology and environmental care.

Some results in 2009:

- The average training time per employee on the Brazilian side was 36 hours. For 2010, the goal is to keep the same average. And, for 2013, the average should be above 40 hours per employee (*More on page 31.*)

- This year, 2,414 employees have benefited from the program of pension funds of FIBRA - Fundação Itaipu-BR de Previdência e Assistência Social (Welfare and Social Services Foundation).

Expand public and institutional awareness of the company about their actions and the uniqueness of its legal and management structure.

Some results in 2009:

- Itaipu is acknowledged as a company that fosters sustainable development within Brazil and Paraguay.
- The absence of new questions about its legal nature has shown that the legal regime of the company is fully known by government agencies and the civil society.

Act with social responsibility, aiming to contribute for quality of life improvement in Brazil and Paraguay, strengthening public policies related to education, health, income, safety, youth and children.

Some results of 2009 in Brazil:

- In 2009, 6,000 people were benefited by educational actions.
- A daily average of 77 SUS (Brazilian public health care combined system) patients were admitted to the Ministro Costa Cavalcanti Hospital in Foz do Iguaçu.
- 140 institutions have been benefited by the company's aid activities.
- Itaipu supported 16,000 economic agents in economic development actions. The goal for 2010 is to rise to 17,000. And, in 2013 to 20,000.
- 50 women and their children were attended by the actions against domestic violence.
- 12,500 children and young people sensibilized in actions against sexual exploitation and child labor.

Preserve, conserve and restore the environment of the region, integrated with municipalities and other actors, consolidating the management of the watershed.

Some results in 2009:

- Reduction of water pollution and soil degradation resulting from agricultural activities and human activities in the tributary basin, in Paraguay, and in the Paraná Basin 3 (BP3) in Brazil.
- In 2009, the reforestation of protected areas reached 22% of the area. For 2010, the goal is to reach 38%. And in 2013, 86%.
- 400 specimens of native wildlife are maintained in gene banks, on the left margin. For 2010, the goal is to reach 450. And, for 2013, 600 specimens.

Effectively exploit the tourism and technological potential of Itaipu and its surroundings, with a view to generating income and opportunities for the community, becoming a regional integration and knowledge pole.

Some results in 2009:

- The Itaipu Tourist Complex was consolidated and became a tourist attraction which made tourists increase the length of their stay.
- The PTI Foundation supported the publication of 380 technical-scientific academic papers.

Undertake and promote research activities for the development and innovation of energy and environment areas.

Some results in 2009:

- Completion of the study on economic, technical and environmental feasibility for hydrogen production. (*Further information on pages 79 and 82.*)
- Itaipu made progresses in the development of an electric vehicle prototype, aiming to make it technically and economically feasible for mass production by the market. The goal is to have the project to be 100% completed by 2011. (*Further information on page 80 and 81.*)
- Incentives for alternative energy generation from the use of residual biomass and biofuels. (*Information on pages 71-74.*)

Responsible performance receives acknowledgements

GRI: 2.10



In 2009, we highlight the following awards:

- ECO Award 2009 in the category Sustainability in Processes, granted by the Brazilian-American Chamber of Commerce (AmCham) and the newspaper Valor Econômico;
- Pro-Gender equality Label, granted by the Special Secretariat of Policies for Women, for the second consecutive time;
- Friend of the Collector Label, granted by the National Movement of Collectors of Recyclable Materials (MNCMR);
- Friend of the Fauna Label, category "Gold", granted by the Environmental Institute of Paraná (IAP);
- Brazilian Environmental Benchmarking, 3rd place, with the case "Environmental Education for Sustainability", granted by Mais Projetos Corporativos;
- Von Martius Sustainability Award, 2nd place in the Nature category, given by the Brazilian-German Chamber of Commerce and Industry (AHK Brazil);
- Child Friendly Company Label, granted by Abrinq;
- VI BPW Curitiba Business Award, 2nd place with the Corporate Volunteer Program - Volunteer Power, granted by the Curitiba's Businesswomen and Professionals Association (BPW); and
- GRI Readers' Choice Awards 2010, 2nd place in category Most Efficient Report and 3rd place in the category Civil Society.



Strive for excellence

The continuous improvement of
processes ensures the quality of
the whole work within the plant,
producing economic, social and
environmental results



Energy production in 2009 exceeds 91,000 GWh

24

In 2009, the plant has reached its fourth highest annual power output in 25 years of operation: a total of 91,651,808 MWh. The historical record of energy production was from 2008, generating 94,684,781 MWh, an amount of power that had never been surpassed by any other hydroelectric power plant.

The energy produced by Itaipu is a direct function of the load of its electrical systems. That is why year after year, for many times, the actual production is below the plant's capacity. The rainfall regime is another limiting factor. But in years like 2009, when the demand was high and tanks were filled, the plant's operational excellence ensured a good production. The plant's availability indicators, which measure the period in which the generating units are in operation or available to operate, are among the best in the world.

The annual average availability of 94.5% obtained in 2009 fulfilled the Tactical Plan business goal for 2009-2013, which is to remain at a level equal to or exceeding 94%. In 2008, the rate was of 94.23%, and in 2007, 92.67%. In Itaipu, a high availability is the guarantee of good service for the customers: the electrical systems of Brazil and Paraguay. The rate of forced outages in the year was 0.10%.



Disturbance in the National Interconnected System

On November 10, 2009, at 22h13, there was a great disturbance in the National Interconnected System (SIN) of Brazil, which resulted in the interruption of 24,500 MW (48%) of the load, reflected also in Paraguay, with a shut of 980 MW (90%) of the load. 18 Brazilian states were affected, besides the Federal District. The load for Paraguay was restored in 35 minutes. But in Brazil, the restoration was completed by 5:50 a.m. the next day, and, in 12 states, the duration of the shutdown took less than an hour.

The disturbance was caused by short circuits in the substation of Itaberá (São Paulo), which is not operated by Itaipu. As a result, there was a shutdown of the two major transmission systems that take the energy from Itaipu to the whole country: the 765 kV transmission system, where the disturbance originated, and the link of DC. Itaipu Hydroelectric Power Plant was operating with nine generating units in the field of 60 Hz and nine generating units in the field of 50 Hz. After the disturbance, the nine units remained synchronized to 50 Hz and four units of 60 Hz, all ready to rebuild the system. These units remained feeding 20 megawatts of load for Copel, in Foz do Iguacu, and 25 MW of load for Ande in the counties bordering the plant. The other five units of 60 Hz were disconnected automatically by the 765 kV system protection schemes.

There was no failure of Itaipu's equipment that would affect the recomposition of the 50 and 60 Hz system. The interconnection with Paraguay was closed 16 minutes after the disturbance, and due to the need for coordination with other firms, the rebuilding of the transmission system of 765 kV started 57 minutes after the disturbance.



Routine maintenance

A decisive factor for achieving high availability is the scheduled maintenance work. Periodically, each of the 20 generating units is stopped and goes through inspections and services in order to prevent problems. The breaks follow a schedule that, for each unit, provides from semi-annual maintenance inspections to quadrennial ones, which are more comprehensive. The time required for the scheduled maintenance has been reduced over time. In 1993, for example, for an annual maintenance of each generating unit, it took 23 working days. Today, it takes nine days. The shorter the maintenance time, the longer the period in which the unit is available to generate power. Another important factor that contributed to improving the availability of the plant was the installation of the last two generating units in the project - U9A and U18A.

Transmission lines

By means of its own system of 500 kV transmission lines, with four channels of 60 Hz and other four of 50 Hz, which together account for 75.2 kilometers, Itaipu delivers energy produced at the plant on connection points with the National Interconnected System (SIN) in Brazil and with the electrical system in Paraguay. On the Brazilian side, the connection is located at the substation of Foz do Iguaçu, owned by Furnas - responsible for transporting energy to the consumption centers in Brazil - and, on the Paraguayan side, the connection is made at the Right Bank Substation, owned by Ande. In the Furnas substation in Foz do Iguaçu, the energy of the four 500 kV lines of 60 Hz is transformed into three 765 kV lines of 60 Hz, covering more than 800 km to reach the metropolitan area of São Paulo, where it is distributed throughout the Southeast and the Midwest Region. The energy of the four lines of 500 kV, 50 Hz is converted to two poles of 600 kV DC (also called HVDC - High Voltage Direct Current) and it is transmitted by these poles also for the great São Paulo, where it is converted to 60 Hz and can be consumed by the Brazilian system. All these systems rely on sophisticated protection schemes, which operate automatically in case of failure, protecting both the transmission lines as the plant itself.

Regeneration of lubricant and insulation oils – a way to recycle

GRI: 4.11; EN2; SO5; PRI
PG: 7; 8; 9

26

Lubricating and insulation oils of the equipment are some of the main materials used in Itaipu's production process. To preserve the functionality of these materials throughout its life – of around

30 years - the company monitors its physical and chemical characteristics and promotes periodically regeneration.

Insulating oil goes through “hemodialysis”

To regenerate the insulating oil used in the transformers, the company uses an innovative process, which resembles a dialysis. The oil flows into a circuit formed by the regeneration machine and the transformer itself, which remains energized and under operation throughout the process that may take up to seven days. This technique does not demand a removal of the transformer from its circuit, and does not affect the power plant's availability index, maintaining the good operating performance

Besides benefiting the production of energy, the technique helps to reduce environmental impact, as it prolongs the life of the material, avoiding the consumption of new resources. The raw material used in the treatment is

reused, and not dropped in the environment. In addition, after each 2.5 million gallons of treated oil, they burn the waste in their own treatment plant.

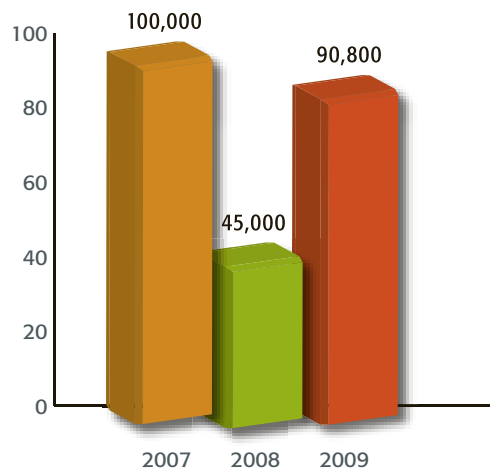
In 2009, this treatment was performed in four connecting transformers of the emergency diesel generators, which were in continuous operation for more than 25 years. These generators are supposed to assume the loads of the priority zero auxiliary equipment of the plant, including the departure of the plant in case of emergencies. In total, 51,692 liters of insulating oil were recovered, which also meant 100% of the replacement. Another advantage was the reduction of costs. For each liter of oil regenerated, Itaipu spends around R\$ 1.40. The cost of the new oil is 3.6 times higher, about R\$ 5.00.

Lubricating Oil Regeneration

According to CONAMA, each liter of lubricant oil can contaminate 1 million liters of water and take up to 300 years to degrade. The regeneration avoids not only the disposal or burning of used lubricating oil, but also the extraction of nonrenewable resources for the production of oil again, generating also a reduction in the company's costs. The lubricating oils used in the operation of the plant total 1.3 million liters. Aiming for the environment conservation, in 1998 Itaipu formed partnerships and initiated researches to enable the regeneration / re-additivation process of the lubricating oil used in speed regulators. Oil, after it is collected by a specialized company, goes through a

process to absolute filtering and re-additivation. As the mineral-based product is not changed with its use, the regeneration process can be repeated many times. This process has been a success, and the regeneration of the lubricating oil of speed regulators was completed in 2008. In 2009, started the regeneration of the combined bearing lubricating oil of generating units. 90,850 liters were regenerated in the year (100% of the replacement). Thus, since 2001, when they began the process of regeneration, the total lubricating oil regenerated reached 364,000 liters, which means 28% of 1.3 million gallons in use at the plant.

Lubricating oil reused





Technology for safety

In 2009, the management team of Itaipu started to have real time access to information from energy generation, exchange and hydrology of the plant, available from the development of a software support - the Scada Gerencia Web (SGW). The system is available on the intranet and can be accessed by any computer of the company.

For employees who are outside the coverage area of the internal computer network, there is the option of access to a simplified version of the application via mobile phones: the SGW mobile. The target audience of this tool is the company's management, which needs to be aware of information on the operation of the plant even outside the company premises. The SGW mobile came into operation in 2009, when, in an informative character, the Hydrological Alert was incorporated. Based on information about the level of water in the Paraná River, obtained from hydrometeorological stations at key points of the river, the system allows to monitor the risks of flooding by directing preventive actions.

▶ **New equipment regenerates insulating oil without shutting the transformers off.**



People management

The corporate environment is characterized by mutual respect, encouragement to professional development, equal opportunities and high valuation on the employees.



New practices enhance people management

GRI: AG LA; 4.16; LA7; LA8; LA10; LA11; LA12;
EU14; EU15; EU16
PG: 1; 4

In 2009, Itaipu supported policies and practices for people management aimed at committing, enabling, motivating and valuing its employees, in accordance with the mission and strategic objectives of the company. In order to work towards participation and cooperation with all the areas, 300 managers were trained in the Management Development Program, which was designed for people management and the establishment of the Performance Management System. To bring in, retain and develop talents, the company continuously invests in human resources and seeks to create and provide opportunities for professional achievement.

► **Employees are our main assets, and an essential component for the accomplishment of the company's mission.**

Performance management System

Responding to a demand of the employees, in the second half of 2009, was settled the Performance Management System (PMS), which registers a systematic performance analysis, provides conditions to enhance performance and make professionals eligible. By means of this system, each employee has information about his/her own work, the strong traits and the opportunities to grow. The first cycle of the PMS started in November and should finish by May 2010, reaching 100 per cent of the Brazilian employees of Itaipu.

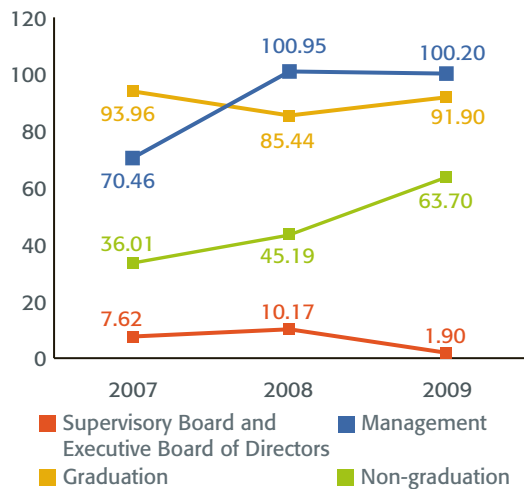
Organizational climate

In 2009, Itaipu defined the Organizational Climate Improvement Plan based on a research with 1089 employees carried out in 2008. The topics of the research are: physical environment, work planning and organization, leadership, image, development, remuneration and health. Among other initiatives, the Improvement Plan envisages: Performance Management System (PMS), Program for Recognition and Appreciation of the Employee, people management practices, Career and Compensation Plan, creation of the HR Portal, electronic conduct of the Functional Analysis Questionnaire (FAQ) and communication betterment within the workplace. In 2010, there will be an assessment of the organizational climate through a new census research focused on the key attributes of the Improvement Plan.

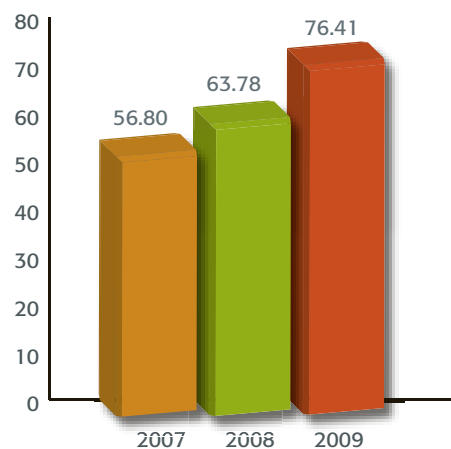
Investment in training

In 2009, there were about 76.4 hours available for the qualification of each employee, which means a growth of 20 per cent when compared to the previous year and 34.8 per cent compared to 2007.

Average training (hours per employee)



Total average training (h)



HR Portal

A new communication channel has been created between the company and its employees. The HR portal is in the intranet and gives easy access to all important information. The following guidelines about the HR functions are available: benefits, training, jobs, health and safety, worker's personal data, vacations, history, training calendar and documents information.



Occupational health

Itaipu is concerned about its employees' life quality, mainly when it comes to physical, psychological and family health, as well as its interaction with

the community. That is why, since 1994, they developed the Reviving Program, which encompasses several actions:

- **Program for Prevention and Treatment of Chemical Dependency**

The program started in September 1994, aimed at raising awareness among the employees and their families about drug abuse and addiction. It provides not only treatment to employees who have these problems, but also guidance to their families.

- **Program for Prevention and Treatment of Tobaccoism**

The program was created in 1996, aimed at sensibilizing the employees about the damage caused by smoking, and stimulating behavioral change. It helps improve life quality and reduce costs and medical care need, besides offering employees who want to quit smoking treatment and follow-up with multidisciplinary team. There

are lectures to raise awareness, orientation campaigns and referral to psychiatric or psychotherapeutic treatment. The whole work is accompanied by a multidisciplinary team. If medicine is needed, the costs are borne by Itaipu.

- **Solidarity Group in Cancer**

Launched in 1997 with the objective of offering information and subsidies on the disease, it contributes to the acquisition of healthy habits and helps to prevent this serious disease besides making it easier for people to cope with the situation through the support and solidarity of co-workers and relatives. The members of the group pay home and/or hospital visits. Each year, the Care for Living campaign is conducted to collect gelatin powder to be donated to the

Paraná Union Against Cancer, the Oncology Center of the Ministro Costa Cavalcanti Hospital, the Casa de Apoio Esperança (literally Hope support house), the Elderly sheltered housing and to the Erasto Gaertner Hospital.

- **Solidarity Group in Diabetes**

Health care professionals, in partnership with the Foz do Iguaçu Diabetics Association, give lectures and conduct periodic meetings to enable early detection of the disease and stimulate life style changes, which may result in the adoption of healthy habits for a better life quality. The group supported the first phase of the construction of the Association's headquarters, founded in November 14, 2009, World Diabetes Day.



Physical activities

Workplace exercise program

Workplace exercises are stretching exercises before work start which reduces stress, back pain and other physical discomforts caused by postural problems and repetitive strain. This results in interpersonal improvement and reduces the risk of work accident.

In Curitiba, 13 groups with 145 participants were followed. Besides that, there were 90 physical evaluations and individual reports with written feedback to the employees.

In Foz do Iguaçu, 18 groups were formed daily in different locations and with different work schedules.

Works in Curitiba and Foz do Iguaçu are made by physical education professionals from SESI and Itaipu's facilitators.

Physical Conditioning Program

The program aims to raise awareness of the employees about the importance of physical activities and helps improve physical and mental health as well as social life. The company offers three gym equipped rooms, physical training, massage and stretching. All the activities are supervised by professionals.

There are also **hiking in the plant** three times a week after work. Along the way, the employees count on physical education and nursing professionals' assistance that provide guidance about how to produce a better individual performance.

In Foz do Iguaçu, the Reviving Program coordinates the participation of employees in the **SESI Paraná Games**, municipal, regional, state and world phases.

► **Amount invested in the Reviving Program - US\$ 127,000**



Family budget Program

Provides employees and family with knowledge about budget planning and options for the good use of wages to improve financial life. The Program offers tailored assistance to employees who need support, guidance, intervention and monitoring.

Financial education

In 2010, the Family Budget Program will develop new actions. By means of the Reviving Program, in a partnership of the Financial and Administration Offices, it will provide all the employees with the Financial Education project. The proposal is to disseminate information among the employees about how to deal better with money.

The goal is to reach 50 per cent of the staff in the first year of the project. From May on, a research will be carried out to evaluate the financial condition of the employees. The second step is to give lectures and courses for all of those who wish to get further information and knowledge about the subject. They will discuss the following topics: financial stability, financial health, investments, entrepreneurship and preparation for retirement.

Health and safety indicators

GRI: LA7

| | 2007 | 2008 | 2009 |
|---|------|------|------|
| Injury rate Note: includes minor injuries accounting for all lost time accidents | 3.47 | 4.22 | 4.48 |
| Lost days rate | 114 | 56 | 56 |
| Absenteeism rate Note: the calculation is based on the total (schedule) working hours and does not include maternity or paternity license neither Election Day compensation | 3.49 | 2.68 | 2.76 |
| Deaths | 0 | 0 | 0 |
| Occupational diseases | 0.00 | 1.00 | 1.12 |



Healthy retirement

The Program for Reflection on Retirement (PRA) focuses on the employee who is ending his/her career at Itaipu. This program seeks to encourage the employee to reflect on the future, prepare for a healthy retirement and take on new life projects. The participation is voluntary and includes lectures on topics like financial planning, health, quality of life, entrepreneurship and family preparation. Discussions are also made about the opportunity that retirement gives for dreams to become true and personal projects to be carried out. Since the launching of the program, 264 employees took part in it. In 2010, the program will focus on employees who leave the company between July 2010 and March 2011.



**Amount invested
in PRA - US\$ 25,000**

Note: the percentage calculation takes into account the staff in 2009 and refers to the full retirement date for the employee's admission in FIBRA (Foundation for Pension Funds), not the official retirement date.

Employees entitled to retire in the coming years (%)

| Category | Region | 2010-2014 | 2010-2019 |
|---|--|-----------|-----------|
| Supervisory and Executive Board members(*) | Brasília | 0.0 | 0.0 |
| | Curitiba | 23.1 | 30.8 |
| | Power plant, offices in Foz do Iguaçu, Santa Helena and Guaira | 0.0 | 0.0 |
| | São Paulo | 0.0 | 0.0 |
| | Total (*) | 23.1 | 30.8 |
| Management | Brasília | 100.0 | 100.0 |
| | Curitiba | 28.0 | 53.1 |
| | Power plant, offices in Foz do Iguaçu, Santa Helena and Guaira | 27.3 | 64.8 |
| | São Paulo | 0.0 | 0.0 |
| | Total | 28.3 | 62.0 |
| Graduation | Brasília | 0.0 | 0.0 |
| | Curitiba | 23.5 | 52.0 |
| | Power plant, offices in Foz do Iguaçu, Santa Helena and Guaira | 15.3 | 37.2 |
| | São Paulo | 0.0 | 0.0 |
| | Total | 16.5 | 40.0 |
| Non-graduation | Brasília | 0.0 | 0.0 |
| | Curitiba | 19.1 | 46.8 |
| | Power plant, offices in Foz do Iguaçu, Santa Helena and Guaira | 27.1 | 50.9 |
| | São Paulo | 50.0 | 100.0 |
| | Total | 0.0 | 50.6 |
| Grand Total | Brasília | 25.0 | 25.0 |
| | Curitiba | 25.1 | 49.5 |
| | Power plant, offices in Foz do Iguaçu, Santa Helena and Guaira | 22.8 | 47.2 |
| | São Paulo | 50.0 | 100.0 |
| | Total | 23.1 | 47.5 |

Apprentices get their first job

GRI: S05
PG: 5

For many low-income young people, Itaipu is the gateway to the labor market. By means of the Program for Initiation and Incentive to Work (PIIT), adolescents from 16 to 17 years old have the opportunity to work in the company for up to two years, according to the provisions of the Law of the Apprentice. The company invests in education to foster the development and growth of these young people, assuring with the program that actions to reduce economical need are hand in hand with the incentive to study. Those who have the lowest income and the best grades at school are admitted. To stay in the program, the youngster must be enrolled at an elementary or high school and have good school performance.

The working hours are after/before school – four hours a day. The youth receive a grant-aid of a minimum wage, life insurance, transportation vouchers,

food tickets of R\$166.00 and medical and dental care. The Program also aims to strengthen family ties, which is stimulated to participate and value the capacity of the apprentices. The action has the partnership of the Family and Social Education Association of Paraná, in Curitiba, and the Guarda Mirim from Foz do Iguaçu.

Besides professional development, PIIT also includes personal training lectures, addressing several issues, such as prevention of drug use, sexual education and family budget. The final objective is to prepare them to life. In 2009, 272 adolescents took part in the program, but since it was created in 1988 there were 4,290 young people assisted within the program. For 2010, in partnership with the supervisors, the program team that is aimed at improving the adolescents' follow up and enhance the duties accomplishments and their responsibility regarding the company.

Assisted young people

| 2009 | 2008 | 2007 |
|------|------|------|
| 272 | 248 | 331 |

Amount invested in PIIT - US\$ 1.1 million



Youth Leadership

Itaipu also develops the Young Gardener Program, which follows the same selection criteria of PIIT. Through gardening and landscaping practices, teenagers participate in theater, computer, dance and environmental education activities. The classes are held in the Bela Vista Wildlife Refuge (RBV) and the Itaipu Technology Park (PTI). Among other activities, they intend to create

a career and life plan, and implement a community project in Vila C district, based on permaculture, a concept of permanent culture to establish sustainable human environments, involving ethical, socioeconomic and environmental issues. Learning through skills and the implementation of projects allow the development of team spirit among young people, reduce

inhibitions and encourage them to learn to speak in public, strengthening the youth leadership. Between 2003 and 2009, 196 youths were trained in the Young Gardener Program, and 10% have enrolled in technical or undergraduation courses in the environmental area. The program was redesigned in 2009. Now it takes nine months

with 4.5 hours a day. In 2010, the partnership with the socio-environmental company will add new educational elements to the initiative. In 2009, 322 young people were benefited by the program - 272 from Foz do Iguaçu and 50 from Curitiba.

The gardener who will become an engineer

Ana Paula Gomes da Silva is part of the 10% of teens who, after going through the Young Gardener Program, started a career by attending college. The young lady, 21, is in the 4th year of Environmental Engineering at União Dinâmica de Faculdades Cataratas (UDC – college from Foz do Iguaçu). She is the youngest of a family of six brothers. Her father, now retired, came from Minas Gerais to Foz do Iguaçu in the 1970's and has participated in the construction of the dam. He was the first to tell her that Itaipu offered good opportunities for those who were young and wanted to be someone. The present student joined the Young Gardener Program

when she was 16 and before even finishing the program, she was already enrolled in college. To ensure she would be able to afford to pay college, she saved part of the minimum wage she received during the program. The savings helped pay the first tuition fees until she was hired as an intern in the City Hall of Foz do Iguaçu, where she stayed until 2009, when she got a traineeship at the power plant. She has also won a 50% scholarship from Prouni - Federal Government program for low-income students. Five years after entering Itaipu as a young gardener, Ana is now an intern in the area of Environmental Sanitation. The next step is to get

a job as an engineer at the power plant. For that, she wants to participate in the selection process as soon as she finishes college. "For me, it's a dream coming true," she says. "The program offered me a huge range of opportunities. And I never wanted to stop there. I struggled and had lots of support from the managers of the Young Gardener, who made the program mark my life forever."

Encouraging the study

In Curitiba, Alessandra Maeva Esther Fávoro is following the same path. The PIIT was her first professional experience. She did so well that co-workers encouraged her to try vestibular (Brazilian college entrance exam). She entered the course of the Executive Secretary of the Pontifícia Universidade Católica do Paraná (PUC-PR), and in 2009, she returned to Itaipu as an intern at the Director General Office. She pays college with her own salary. Today, Alessandra is in charge of a series

of administrative tasks and coordinates the work of a teenager who is attending PIIT. "In addition to learning, I began to teach. I grew a lot thanks to Itaipu and I try to pass this on to those who are entering the company," she said.

Affirmative action sets the foundation for equality

GRI: AGHR; LA13; SO1
PG: 1, 6

38

The program Encouraging Gender equality contributes to the recognition of human rights and citizenship of women within the company and outside. In 2009, the initiative has triggered an internal process to meet the goals and activities of the seven guidelines of the Gender equality built up until 2008 by the Committee on Gender equality. Workshops were held with representatives of several areas, which resulted in the agreement of 19 goals and 62 activities. This set of goals and actions compose the document Guidelines for Gender equality, which should be approved by the Board in 2010.

Several initiatives have been undertaken in conjunction with other programs of the company. With the Family Health program, they promoted discussions on the subject of infant mortality in plenary open meetings to the community of the three countries.

With the Volunteer Power program, they held, at the Integration Gymkana "Our power is voluntary," lectures on "Gender Relations in Everyday Life", among other issues. Since 2003, Itaipu has been taking action on gender equality. In 2005, the subject entered the strategic planning of the company and has evolved as Itaipu assimilated the concept. In 2008, it broadened its own perspective and established itself as a program.

Rather than taking actions, the goal is to internalize gender equality in the daily processes of the company. One of the internal strategies is to guide the consolidation of the gender equality within the organizational culture and people management. The Brazilian Committee for Gender equality, formed by representatives from all offices, is responsible for the courses of action set by the company, developed in three main areas: Corporate, Socio-community and Institutional Relations. There are workshops, seminars, conferences, campaigns and production of educational materials, as well as advisory to include the issue of equality in the environmental projects of Itaipu.

Another strategy of the program is to strengthen the Second National Plan of Policies for Women, from the Federal Government. As a result of this support, in 2009, there was the preparation and agreement of the Action Plan with the Secretariat of Policies for Women of the Presidency (SPM) as one of the steps to join the program Pro-Gender equality, with priority to the corporate axis of internal actions.

The plan was based on the analysis done by the construction of the Guidelines on Gender equality. In addition to this membership, other actions were developed in 2009 to strengthen the initiative of the Federal Government, supporting: public entities of the third sector to adopt policies of gender

equality and the creation of the Center for Reference and Assistance to women who are victims of violence and victims of women traffic in Foz do Iguacu (Cram), the holding of the first meeting of the tri-border area to combat women traffic. The event was coordinated by the Secretariat of Policies for Women and was attended by representatives of Brazil, Paraguay and Argentina.

The three countries signed a joint Statement of Commitment to the networks of assistance to women victims of trafficking; the Shelter House for Women at Risk of Death, with transfer of funds. In 2010, Itaipu consigned the Principles of Women's Empowerment, an initiative of the United Nations Fund for Women (UNIFEM) in partnership with the UN Global Compact, signaling overall concern with the promotion of gender equality and work.

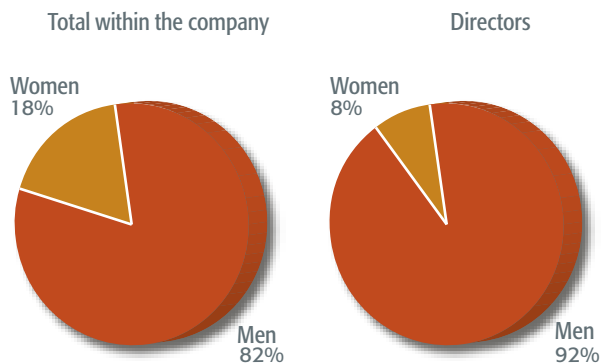
For 2010, the goals include the adoption and implementation of the Guidelines for Gender equality by Brazilian directors, as well as the strengthening of this process in the company's operations in Paraguay.

The program is an affirmative action and Itaipu is supposed to have gender equality consolidated in the organizational culture and its processes for managing people by 2011..

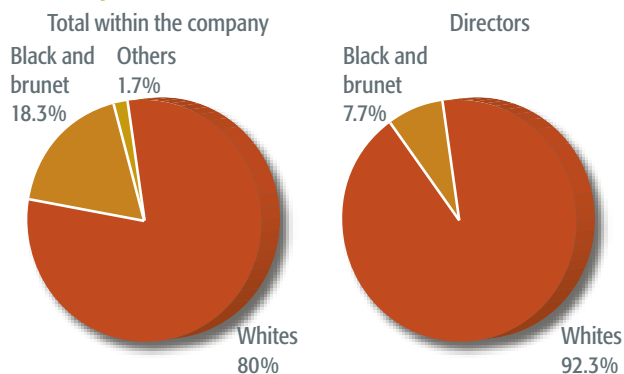


Diversity within the staff (2009)

Sex



Ethnicity



| Directors* | | Up to 30 years old | From 30 to 50 years old | Above 50 years old | Total (*) |
|------------|------------|--------------------|-------------------------|--------------------|-----------|
| Male (%) | White | - | 7.7 | 76.9 | 84.6 |
| | Asian | - | - | - | - |
| | Black | - | - | 7.7 | 7.7 |
| | Brunet | - | - | - | - |
| | Indigenous | - | - | - | - |
| | Total | - | - | - | 92.3 |
| Female (%) | White | - | 7.7 | - | 7.7 |
| | Asian | - | - | - | - |
| | Black | - | - | - | - |
| | Brunet | - | - | - | - |
| | Indigenous | - | - | - | - |
| | Total | - | - | - | 7.7 |

*Include advisory board members.

| Managers | | Up to 30 years old | From 30 to 50 years old | Above 50 years old | Total (*) |
|------------|------------|--------------------|-------------------------|--------------------|-----------|
| Male (%) | White | - | 45.5 | 31.4 | 76.9 |
| | Asian | - | - | - | - |
| | Black | - | - | - | - |
| | Brunet | - | 2.5 | - | 2.5 |
| | Indigenous | - | 0.8 | - | 0.8 |
| | Total | - | 48.8 | 31.4 | 80.2 |
| Female (%) | White | 1.7 | 14.0 | 3.3 | 19.0 |
| | Asian | - | - | - | - |
| | Black | - | - | - | - |
| | Brunet | - | 0.8 | - | 0.8 |
| | Indigenous | - | - | - | - |
| | Total | 1.7 | 14.8 | - | 19.8 |

| Graduation | | Up to 30 years old | From 30 to 50 years old | Above 50 years old | Total (*) |
|-----------------------|------------|---------------------------|--------------------------------|---------------------------|------------------|
| Male (%) | White | 17.0 | 33.8 | 12.9 | 63.7 |
| | Asian | 1.1 | 1.3 | 0.4 | 2.8 |
| | Black | - | 0.9 | - | 0.9 |
| | Brunet | 1.3 | 5.0 | 1.1 | 7.4 |
| | Indigenous | - | - | - | - |
| | Total | 19.4 | 41.0 | 14.4 | 74.8 |
| Female (%) | White | 4.9 | 13.1 | 2.4 | 20.4 |
| | Asian | - | 0.4 | - | 0.4 |
| | Black | - | 0.2 | - | 0.2 |
| | Brunet | 0.6 | 2.6 | 0.9 | 4.1 |
| | Indigenous | - | - | - | - |
| | Total | 5.5 | 16.3 | 3.3 | 25.1 |
| Non graduation | | | | | |
| Male (%) | White | 11.1 | 38.0 | 14.4 | 63.5 |
| | Asian | - | 0.6 | 0.1 | 0.7 |
| | Black | 0.5 | 2.0 | 1.0 | 3.5 |
| | Brunet | 3.1 | 11.6 | 3.3 | 18.0 |
| | Indigenous | - | 0.1 | 0.2 | 0.3 |
| | Total | 14.7 | 52.3 | 19.0 | 86.0 |
| Female (%) | White | 2.1 | 7.0 | 2.5 | 11.6 |
| | Asian | - | - | - | - |
| | Black | 0.1 | 0.1 | - | 0.2 |
| | Brunet | 0.2 | 1.5 | 0.5 | 2.2 |
| | Indigenous | - | - | - | - |
| | Total | 2.4 | 8.6 | 3.0 | 14.0 |
| Grand total | | Up to 30 years old | From 30 to 50 years old | Above 50 years old | Total (*) |
| Male (%) | White | 12.2 | 36.8 | 15.8 | 64.8 |
| | Asian | 0.4 | 0.8 | 0.2 | 1.4 |
| | Black | 0.3 | 1.4 | 0.6 | 2.3 |
| | Brunet | 2.2 | 8.4 | 2.2 | 12.8 |
| | Indigenous | - | 0.1 | 0.1 | 0.2 |
| | Total | 15.1 | 47.5 | 18.9 | 81.5 |
| Female (%) | White | 3.0 | 9.8 | 2.5 | 15.3 |
| | Asian | - | 0.1 | - | 0.1 |
| | Black | 0.1 | 0.1 | - | 0.2 |
| | Brunet | 0.3 | 1.8 | 0.6 | 2.7 |
| | Indigenous | - | - | - | - |
| | Total | 3.4 | 11.8 | 3.1 | 18.3 |



Appreciation and respect for service providers

GRI: 4.16; EU18
PG: 2; 4; 5

Itaipu has a set of rules and action plans to preserve the physical integrity and health of people. In 2009, the company had the training in essential topics for the proper work of the company extended to service suppliers: health, safety and environment. The Department of Labor Safety Engineering served 637 people in 72 events related to security integration with third parties. By means of several activities, professionals who provide services to Itaipu began receiving the same information to which employees already have access. The goals are to provide welfare and security to all, ensure the generation of energy and preserve the public heritage. According to the Safety Coordination Department, about 5,000 people enter Itaipu every day. Among these people, there are only 1,136 employees of the binational company. The others have contract bonds or partnerships or are visitors (not tourists). Therefore, only by training this audience one could provide protection for everyone involved in the work of the plant. Contractors

and agents refer their employees to attend a 6 hours seminar on integration. At that meeting, they address issues like traffic regulations, work accident prevention, workers' health and Itaipu's engagement with the protection of the environment. The action is part of the Supplier Development Program. Six editions of the seminar were held in Foz do Iguaçu and one in Curitiba, reaching 482 employees of service companies. There is also a video about institutional guidelines on safety within Itaipu. People are shown the video during lectures or at the Registration Center, where every access to the plant is registered and allowed. Visitors, vendors and consultants entering the Itaipu for the first time must watch the video and sign a form assuming they are aware of all the company rules. With the support of other areas involved in the hiring process, for 2010 the goal is to achieve a more expressive control that provides greater scope and application of such safety guideline.





Sow development

With an articulating nature
and the ability to mobilize
different actors of our society,
Itaipu encourages
the sustainable development



Itaipu's Engagement boosts integration project

GRI: EC8

The Law No. 12,189, enacted on January 12, 2010 by President Luiz Inácio Lula da Silva, has formally established the Federal University of Latin American Integration (Unila), achieving an ambitious plan to foster partnership among all countries in the region by means of teaching, research and technology. In Itaipu, this is the fulfillment of a commitment to growth in the region of Foz do Iguacu, housing the new university, and the development of Latin America.

The company was involved in developing the project since its announcement in December 2007 and was one of the main partners of the

Ministry of Education (MEC) in creating the new university. They donated 38.9 hectares of land where the headquarters of Unila will be built; bore the costs of basic and executive projects; and will still defray the expenses of the structure's supplementary projects, facilities, road system and drainage, lighting and landscaping of the future headquarters of the institution. Until the completion of the works, Unila will be housed in an area of the PTI. Two blocks were renovated to suit the new activities and the needs of teachers, researchers and students.

The new university is an innovative project of

Latin American integration through knowledge and culture. The goal is to train researchers and professionals to assess the present and plan the future of integrated Latin America regarding science, engineering, humanities, literature, fine arts, social and applied sciences. When consolidated, the university will have 10,000 students and a teaching staff composed of 250 Brazilian professors and 250 professors from other Latin American countries. Classes will be taught in Portuguese and Spanish. The start of the first undergraduate courses is planned for August 2010.



► **Amount invested in Unila - US\$ 4 million**

Sustainable architecture, power plant houses Unila

Unila's headquarters is located in the triple border of Brazil, Argentina and Paraguay, in Foz do Iguacu. The project was designed by the architect Oscar Niemeyer and includes architectural elements that symbolize the Latin American integration. It consists of six buildings: the rectory and teachers' facilities, library, amphitheater, classrooms, research labs and university cafeteria.

The work is based on eco-efficiency precepts and should have the Leadership in Energy and Environmental Design

(LEED) certificate for green buildings. Part of the electricity supply will be made with biogas from the Vila C neighborhood's sewage and waste and the garbage produced by the university. The initiative is part of the project "Sustainability of Vila C and Unila" which is focused on reducing the environmental impacts caused by local population growth. It also serves as a stimulus for economic, social and environmental development of Vila C, a low-income neighborhood of Foz do Iguacu with its

history linked to Itaipu since it emerged to accommodate the displaced workers of the construction of the dam in the late 1970's. Vila C will also hold a residence for university students near the Centro de Recepção de Visitantes (Itaipu's Visitor Center) in an area donated by the City Hall to the university. The residence will be constructed in 2011 and will cater for 500 students.

Sustainability in Vila C

Vila C is near the power plant and the area which will house Unila. In 2009, it was created the Grupo de Trabalho para Sustentabilidade da Vila C e Unila (Working Group on the Sustainability of Vila C and Unila). The idea is to improve sanitation conditions in the neighborhood, working on the eradication of diseases, contributing to environmental quality and promoting energy efficiency. The actions were set from the current diagnosis of the area and help prepare the district for the demands that will arise with the implementation of the university in housing, transportation and energy supply, among others. Itaipu's Renewable Energy Coordination actively participates in the Working Group, coordinating environmental actions and developing projects to ensure energy efficiency and clean energy use. They work in partnership with the PTI Foundation, City Hall of

Foz do Iguacu, Sanepar – Companhia de Saneamento do Paraná (Sanitation Company of Paraná), CEF – Caixa Economica Federal (Federal Bank), Federal University of Latin American Integration and the Center for Renewable Energy in Latin America and the Caribbean. The construction is scheduled for May 2010. The ETE – Estação de Tratamento de Esgoto Jupira (Jupira Sewage Treatment Plant) will be expanded with a new power reception and generation network from the use of human waste and solid waste from Unila. It is also planned a 50-kilometers sewage system, benefiting 3,850 local families. Both Vila C and Unila will house energy efficiency initiatives, such as installing solar heating systems and raise awareness among the community about their role in contributing to the sustainability of the region.



Pronaf Sustentável brings infrastructure to the Paraná River Basin 3

GRI: EC8; SO5

46

With the support of Itaipu, the Paraná Basin 3 (BP3) is serving as a pilot for the implementation of a new form of agricultural loan granted by the Federal Government. This is the National Program for Sustainable Family Agriculture (Pronaf Sustentável, in Portuguese). The initiative by the MDA - Ministério do Desenvolvimento Agrário (Ministry of Agrarian Development) is aimed at improving the infrastructure of rural properties through an innovative line of credit that fulfills, in a single operation, the needs of the whole property and not just the crops. It is not by chance that the BP3 was chosen to host the pilot project, and Itaipu to be a partner in the launching of the program. By means of the Sustainable Rural Development program, the company supports sustainable agriculture and cattle-raising within BP3 by using their own methods of work, which serves as the basis for the Federal Government actions. The goal is to reverse the trend towards monoculture, based on an industrial approach in the field and highly dependent on fertilizers and pesticides that harm soil, water and humans. The free technical assistance is one of the program's axes. The farmers are encouraged to adopt more sustainable practices that improve productivity and reduce costs. This experience led to the signing of a technical cooperation agreement between the MDA, Itaipu and the Adeop - Agência de Desenvolvimento do Oeste do Paraná (Development Agency of the Westernmost Region of Paraná). The agreement provides for the transfer of federal funds in the amount of R\$ 2.5 million in the first phase of the project. Itaipu took over the management of the work, and Adeop, the diagnosis of the properties.



Food

In 2009, Itaipu sponsored the campaign "Food: everybody's right," released by the National Food and Nutrition Security Council (Consea) with the goal of including adequate food among the social rights set out in the Constitution. As part of this campaign, the company showed the documentary Garapa, produced by José Padilha, in Curitiba and Foz do Iguaçu. The mobilization reached several Brazilian states and gained visibility in Congress. In February 2010, the constitutional amendment 64 was established, which includes the right to food as a social right.

Technology

One of the success factors of the methodology applied by Itaipu in the diagnosis of farms is the tool Sig@Livre (literally Follow Free). The software, developed by technicians of the company, allows the plan of actions for each property. The system has been used by Itaipu for four years. About 4,000 properties have already been mapped. At the request of MDA, Itaipu is working on the development of a detailed database of rural properties (Sustainable Sig@ Livre), which will include information about the production systems.

► **Amount invested in the Regional Sustainable Development Program - US\$ 1.1 million**

Foundations benefit employees and the community

GRI: EC3; EC8
PG: 1

Itaipu contributes to the management of the following three foundations by integrating their main decision-making bodies through the work of their employees with the supervisory and executive boards: Itaguapy Health Foundation, FIBRA - Fundação Itaipu-BR de Previdência e Assistência Social (Welfare and Social Services Foundation), and FPTI - Fundação Parque Tecnológico Itaipu (Itaipu Technology Park Foundation).

Fundação de Saúde Itaguapy

The Foundation manages the HMCC – Hospital Ministro Costa Cavalcanti (Minister Costa Cavalcanti Hospital) located in Foz do Iguaçu. The hospital was created by Itaipu to render medical services to its employees, in 1979. Since 1994, however, when it started being administered by the Itaguapy Health Foundation, which ensures its economic and financial balance, the hospital expanded its services to the community through health plans. Itaipu is also investing resources by way of social funds in HMCC, so it can serve the community with good quality. Patients who attend the Sistema Único de Saúde – SUS (National Combined Health System) represent around 64% of the care provided within the hospital. Surgeries, hospitalizations, births, laboratory

tests, imaging, chemotherapy, radiation, dental care, cardiology and medical appointments, benefit the population of the municipalities that make up the 9a Regional de Saúde do Estado do Paraná (9th Health Care Region of the State of Paraná), with about 450,000 people.

Moreover, the construction of the new emergency room of HMCC will increase the agility and quality service to the population. In 2009, the Instituto Qualisa de Gestão – Iqg (Qualisa Management Institute) conducted assessment visits for the recertification of the Hospital Accreditation in HMCC. After that, the certification was confirmed for two more years. The document indicates the basic requirements of infrastructure, equipment and staff training.



► Amount invested in HMCC – US\$7.6 million



Itaipu Technology Park Foundation

The Itaipu Technology Park Foundation was formed in 2005 with the objective of maintaining the Itaipu Technology Park. Its mission is to articulate and promote actions aimed at economic development, science and technology. PTI integrates research centers, business incubators, distance learning platforms and educational projects at all levels into the same space.

Some of its assignments are as follows:

- form partnerships with local educational institutions to strengthen courses in technology and higher education;

- maintain the Program on Science and Technology, which funds scholarships for scientific initiation, extension initiation, monitoring, specialization, master's, doctoral and postdoctoral studies;
- coordinate the development and implementation of research, development and innovation projects;
- support the creation and consolidation of innovative businesses, create jobs and generate income in the region, and
- manage the Itaipu Tourist Complex, a set of attractions around the plant.

► **Amount invested in PTI - US\$ 21 million**



FIBRA - Welfare and Social Services Foundation

Itaipu created Fibra (Itaipu-BR Welfare and Social Services Foundation) in 1988. It offers a range of benefits to former employees, pensioners and their beneficiaries and is funded by contributions from the company, the active participants and assisted ones. Itaipu passes, monthly, 15% of its payroll as a regular contribution plus 2.32% for the initial contribution to establish the fund. The active participants currently contribute according to their remuneration and the Fibra ceiling.

To maintain the regularity of these benefits, Fibra invests heavily in management processes focused on the safety of the Benefit Plan and continuous improvement of services to participants and their dependents. The search for the management procedures' certification is continuous and shows transparency and respect for their audiences of interest. The annual audit performed by a specialized firm stated Fibra's strict observation of rules regarding the Management of Supplementary Pension Plan, including the processes of Security, Investments, Administration and Finance, as the requirements of NBR ISO 9001/2008, until May 2012.

FIBRA's figures 2009

| Indicator | 2009 | 2008 | 2007 |
|--|--------------|--------------|--------------|
| Directly benefited people | 6,644 | 6,650 | 6,524 |
| Active participants in the Foundation | 1,508 | 1,513 | 1,428 |
| Retirees served by the pension plan | 1,048 | 995 | 921 |
| Pensioners served by the pension plan | 154 | 140 | 132 |
| Amount in 2009 (BR\$ million) | | | |
| Benefits in continuing income | 84.9 | 74.4 | 61.2 |
| Benefit paid since the instauration ⁽¹⁾ | 821 | 740 | ND |
| Social security contribution ⁽²⁾ | 26.3 | 21.2 | ND |
| Government collection for tax payment | 12.2 | 11.5 | ND |
| Technical reserve (net assets) | 1.7 thousand | 1.5 thousand | 1.5 thousand |
| Mathematical reserve (actuarial liability) | 1.5 thousand | 1,4 thousand | ND |

(1) Adjusted by the INPC - Índice Nacional de Preços ao Consumidor (National Index of Consumer Prices).. (2) Contributions passed by Itaipu and administered by Fibra. NA - information not available.



Partnership network supports actions

GRI: 4.13, 4.14; 4.15



Itaipu's relationship audience is formally identified since September 2008, when the company started the process mapping.

Agencies

Adeop (Region Development Agency of Western Paraná)
Amop (Association of the Municipalities of the Western Paraná)

Associations

Brazilian Committee on the Global Compact (CBPG)
Legal Committee of Funcoge - Committee of Business Management Foundation (Fundação Comitê de Gestão Empresarial)
International Hidropower Association (IHA)
Brazilian Committee on Large Dams
Board of Trustees of Funcoge
Investment Committee (Cise)
Board of Governors of the Eletrobras System (Consize)
Administrative Integration Committee of the Electricity Sector (Ciase)
World Water Council
National Quality Foundation (FNQ)
United Nations Industrial Development Organization (Onudi)
Brazilian Knowledge Management Society (SBGC)
Advisory Board of the Iguacu National Park (Comparni)
Steering Committee and Board of Trustees of the Center for Social and Environmental Knowledge and Care of the La Plata Basin
Commission for Organic Production in Paraná (CPOrg-PR)
Sectorial Chamber of Organic Agriculture and Agro-ecology
Interministerial Committee of the National Policy on Medicinal Plants
National Association of Recyclable Materials collectors (Ancat)
Foz do Iguacu Plastic Artists Association
Trade associations
Intercultural Association of Social Projects
Professional and Amateur Fishermen Associations
Organic Products Associations
Public Libraries
Biolabore – Agricultural Technicians Cooperative
Brazilian Confederations: Hiking and Canoeing
Museums Councils
Mata Atlantica Biosphere Reserve National Council

Cooperativas

Coaafi (Cooperative of Environmental Agents in Foz do Iguacu)
Caash-AMA (Cooperative of Environmental Agents in Santa Helena)
Coperagir (Cooperative of Environmental Agents in Marechal Cândido Rondon)
Cooperative Association and Young Gardeners
Cotacar (Cooperative of Collectors of Recyclables)

Co-workers

Employees
Interns
Hired personnel
Apprentice teenagers

Unions

SindeneL (Union of the Employees of Concessionaires in Generation, Transmission, Distribution and Marketing of Hydro, Thermal and Alternative Power Sources of Curitiba)
Sinefi (Union of the Employees of Concessionaires in Generation, Transmission, Distribution and Marketing of Hydro, Thermal and Alternative Power Sources of Foz do Iguacu)
Senge-PR (Union of Engineers of the State of Paraná)
Sinaep (Union of Directors of the State of Paraná)

Suppliers

Several

Foundations

Caja – Fundação Itaipu-PY de Previdência (Itaipu-PY Social Security Foundation)
Fibra - Fundação Itaipu-BR de Previdência e Assistência Social (Itaipu-BR Welfare and Social Services Foundation)
Fuem - Fundação Universidade Estadual de Maringá (Maringá Public University Foundation)
Funai - Fundação Nacional do Índio (National Indian Foundation)
Fundação Cultural Foz (Foz Cultural Foundation)
Fundação Itaguapy – Hospital Ministro Costa Cavalcanti (Itaguapy Foundation – Minister Costa Cavalcanti Hospital)
Fundação Oswaldo Cruz (Oswaldo Cruz Foundation)

Fundação Parque Zoológico SP (SP Zoo Foundation)
Fundetec - Fundação de Apoio ao Ensino Tecnológico (Foundation to Support Technology Education)
Fundo Internacional de Desenvolvimento Agrícola (International Fund for Agricultural Development)
Funpar - Fundação da Universidade Federal do Paraná (Federal University of the Paraná State Foundation)
FPTI - Fundação Parque Tecnológico da Itaipu (Itaipu Technology Park Foundation)
GEF – Fundo Global para o Meio Ambiente (Global Environment Facility)
Tesai - Fundación Tesai Ciudad del Este (Tesai Ciudad del Este Foundation)
Unila - Universidade Federal de Integração Latino-americana (Federal University of Latin American Integration)

Institutes

IAP (Environmental Institute of Paraná)
Iapar (Agronomy Institute of Paraná)
Ibama (Brazilian Institute of Environment and Natural Resources)
IBGE (Brazilian Institute of Geography and Statistics)
IICA (Inter-American Institute for Cooperation in Agriculture)
Incra (National Institute of Colonization and Agrarian Reform)
Instituto for Research on Ecology
Institute of Agricultural Technology of Maringá
Nepom (Center for the Study of Monetary Policy)

Educational Institutions

Intentus School
Public Schools
UFPR (Federal University of Paraná)
Unioeste (University of the Western Paraná)
Unipi – Pisa, Italy
University at Albany - USA
Federal Technology University of Paraná

Public Institutions

ANA (National Water Agency)
Ande (National Agency for Enterprise Development)
Anvisa (National Agency for Sanitary Vigilance)
Copel (Power Company of Paraná)
Fire Department
DER (Department of Highways-PR)
Ecoparaná (Autonomous Social Service Ecoparaná)
Eletrobras (Brazilian Electric Power Units)
Emater (Paraná Institute of Technical Assistance and Rural Extension)
Embrapa (Brazilian Agricultural Research Company)
Brazilian Electric Power Companies
Public health care institutions
Intelligence agencies
Public safety agencies
Judiciary power
Labor attorney
Sanepar (Water Supply and Sanitation Company of the State of Paraná)

Seap (Special Secretariat for Aquaculture and Fisheries – Federal Government)
Sebrae (Brazilian Service to Support Micro and Small Enterprises)
Secretaries of the State of Paraná
Simepar (Parana Meteorological System)

Governmental bodies

MA (Ministry of Agriculture)
ME (Ministry of Education)
MDA (Ministry of Agrarian Development)
Public Ministry
MMA (Environment Ministry)
MME (Ministry of Mines and Energy)
MS (Ministry of Health)
Funasa (National Health Foundation)

NGOs

Capa (Support Center for Small Farmers)
Guarda Mirim
Maytenus Institute
Sustentec

International Organizations

CIC (Intergovernmental Coordinating Committee of the La Plata Basin Countries)
FAO (UN Food and Agriculture Organization)
Onudi (UN Industrial Development Organization)
Unesco (UN Educational, Scientific and Culture Organization)

Parks

Bird Park (Foz do Iguaçu-PR)
Ilha Grande Park
Iguaçu National Park

City Halls

Surrounding cities and BP3

Others

Center for Recovery of Endangered Birds – AR
Fishing clubs
Fishing colonies
European Commission
Indigenous communities
Concar (National Commission of Cartography)
Fapeagro (Foundation for Research and Agribusiness Development Support)
Santa Maria Farm
National Museums
Paraná Cidade
Rodovia das Cataratas S/A

Source: Sistema Aris



Contribution to the economic development of the region

Itaipu contributes to the development of the region by generating income, creating jobs, paying royalties and boosting tourism.



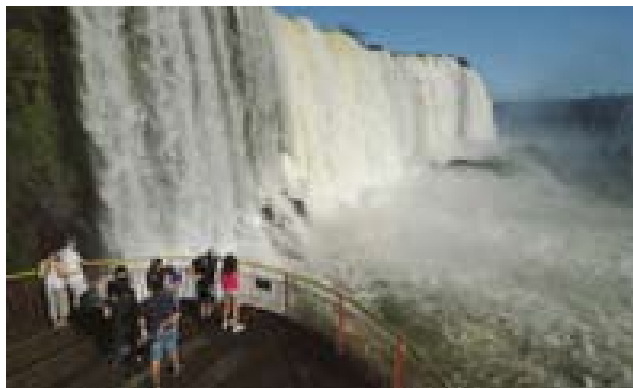
Public-private partnerships strength tourism in the region

GRI: AG EC; EC9

54

Itaipu plays an important role in encouraging tourism in the region and reaffirms one of the commitments made in its institutional mission. Thanks to its initiative and encouragement, the Iguazu Fund for Tourism Development and Promotion was established in late 2009 with the objective of publicizing the attractions of the region and increasing the inflow of foreign and domestic tourists. The fund is a non-profit legal entity under private law, managed by a committee with representatives of the local tourism sector. Its resources are provided by the tourist attractions such as the Iguazu National Park and the Itaipu Tourist Complex, the rate

charged by hotels in Foz do Iguazu, and transfers obtained through agreements with public and private companies. The decision on how to use these resources rests with the Management Committee, and the control is up to a supervisory board elected among the Fund's participants and an independent audit.



Iguassu Destination

The campaign Iguassu Destination was launched from a partnership between the tourism stakeholders since 2007 and was established as a permanent action to highlight Foz do Iguacu as Brazil's favorite tourist destination. In 2009, one of the tools used was the press trip. Journalists from around the country were invited to visit and learn about the power plant and other attractions of the trinational region. The action resulted in a series of special reports, which gave widespread publicity to Foz do Iguacu and Itaipu. Besides the ads in major media, another action of note was to attract the visitors during the low season with the campaign Temporada Boa (Good Season). With the participation of 32 hotels, this campaign increased the hotel occupancy by 12% during the period covered. For 2010, 46 hotels have already confirmed their membership. These efforts were great to reduce the impacts resulting from the general fall in visitor numbers due to the global economic crisis and the outbreak of H1N1. In Itaipu, considering both sides - Brazil and Paraguay - 503,100 people visited the Itaipu Tourist Complex in 2009, a decrease of 11.68% compared to 2008. Foz do Iguacu was considered a risk area, so for two months they have canceled the visits to the Visitor Center in Paraguay and institutional visits scheduled by schools and universities in the Brazilian side. Nevertheless, Foz do Iguacu remained in the ranking of the most visited destinations in Latin America.

Vote for the Iguassu Falls

In the same manner of the contest held earlier by the New 7 Wonders Foundation and by the United Nations Educational, Scientific and Cultural Organization (UNESCO), which elected the Christ the Redeemer as one of the New Seven Wonders of the World, a global internet vote was launched in 2008 to choose the New Seven Wonders of Nature. Aimed at joining forces to elect the natural attraction of the region, eight local institutions of tourism and development, including Itaipu, have created the Iguassu Falls Support Committee. Itaipu was ahead of the main strategic actions of communication since the beginning of the campaign Vote for the Falls by creating and showing advertisements to encourage voting by the Internet. In 2009, in its second phase, the campaign Vai Ser um Chuá (It's gonna be cool) ran in more than 28 TV stations, 30 radio stations, 20 different magazines and 14 different newspapers in Brazil, besides being presented in trading screens in the airports and itinerant voting kiosks, fairs and events related to tourism. According to the Chico Mendes Institute for the Biodiversity Conservation, since the campaign was launched in 2008, there was a 10% growth in the number of visits to the Iguacu National Park. In July 2009, the New 7 Wonders Foundation announced the qualified applications for the finals. The Iguassu Falls were among the 28 finalists, with more than 2 million votes.



Itaipu Tourist Complex

Since it was opened to visitation in 1977, Itaipu has received more than 15 million visitors. In 2007, the FPTI - Itaipu Technology Park Foundation was awarded the right to exploit the tourism potential in the plant as an initiative of Itaipu to make the activity self-sustainable. By investing in professional training in service to the tourist and development of new tourist attractions, PTI also contributes to the development of the region. Among the consolidated itineraries of the Itaipu Tourist Complex, we highlight the following: Special Tour, a guided tour to the heart of the power plant, Tourist Excursion, Lighting of the Dam, Ecomuseum and Bela Vista Wildlife Refuge. As new attractions, the Polo Astronômico Casimiro Montenegro Filho (Casimiro Montenegro Filho Astronomy Center) and the Kattamaram boat tour across the Itaipu Lake are going through the implementation phase. The renewal of the visual identity, adopted by the board in 2008, reflected in the visual signaling pilot project. Plates and signs were installed throughout the sectors in specific areas of greatest flow of tourists: the gateway of the dam,

directional, regulatory, and informational signs and special paints, as well as other elements such as the 3D big sign with the new brand in the Spillway's observation deck with the dam serving as background, the perfect backdrop to the tourists' pictures. This year, it was also produced a preliminary version of the Policy Guidelines for Tourism within Itaipu, which must be submitted for the board approval in 2010. The proposal includes 16 basic guidelines and provides for extensive discussion and contributions to its development by the representatives of the tourism sector in the three countries. In parallel with that, the foundations of the Tourism Development Plan within Itaipu were set with FPTI, to guide operational actions and tactics of the industry. Itaipu Binacional has invested also in revitalizing the Itaipu Tourist Complex. Thus, they have bought five double-decker buses for the Tourist Excursions, and three minibuses and three city buses.



Plans for 2010

This year should mark the beginning of the construction of two new buildings, the 360-degree Panoramic Pavilion and the Central Observation Deck. The artistic and architectural projects of the new attractions are already completed and approved, waiting for the bid for works to happen in the middle of the second half.

Amount invested promoting tourism actions – US\$2.4 million.



Fish production

Brazil has one of the greatest potential fishing grounds in the world. This is due to its wide range of marine and continental waters, including the hydroelectric reservoirs, such as Itaipu's. In the reservoir surrounding area, on the Brazilian side, there are over 700 fishermen's families and 130 Indian families that fish as a major source of food, besides land reform settlers, riverains and anglers. According to recent studies, 91% of the fishermen earn a monthly income of up to two minimum wages. To provide an alternative source of income, Itaipu created the program *Produção de Peixes em nossas Águas* (Production of Fish within Our Waters), which promotes the fishermen's social inclusion and encourages aquaculture through sustainable farming in cages and ground tanks. The access of fishermen to Itaipu's reservoir is possible thanks to 63 fishing spots distributed throughout the left bank of the reservoir, between Foz do Iguaçu and Guaira. The points are located within the range of protection and have license from Ibama - Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (Brazilian Institute of Environment and Natural Resources). In 2009, Itaipu has obtained from MPA - Ministério da Pesca e Aquicultura (Ministry of Fisheries and Aquaculture) the licensing of the three first parks of aquaculture in the country (freshwater), within the plant's reservoir - São Francisco Verdadeiro, São Francisco Falso and Ocoí. The promotion of the fish consumption and development of marketing strategies are among the main concerns of the program. In 2009, the producers managed to sell their total production for the



first time. The demand increase was the result of an action that included fish into school meals. In total, 19.8 tonnes of fish were produced in cages, of which 10.3 tons were for the schools. The marketing was done through the Direct Purchase Program of the Federal Government.

► Amount invested in the Fish Production in Our Waters Program | US\$ 128,000

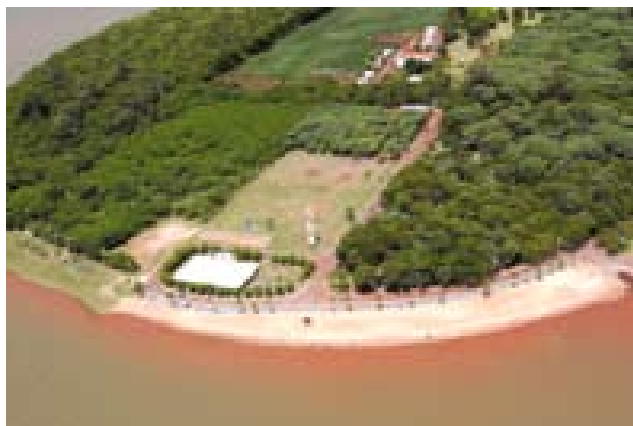
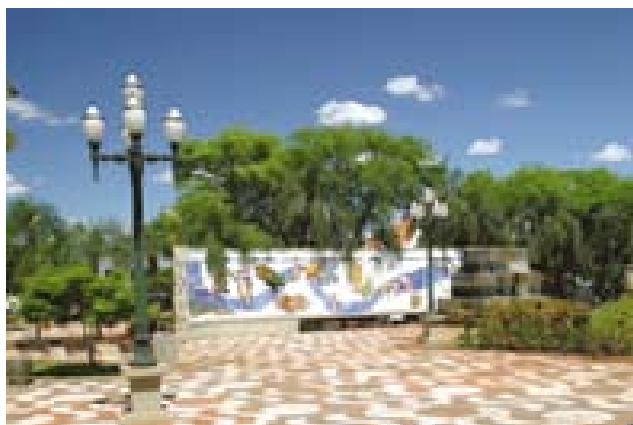


Distribution of local wealth through the Itaipu Royalties

58

The Itaipu royalties are owed since 1985, when the company started its commercial operation. According to current legislation, the royalties distribution is made as follows: 45% for the states, 45% for the municipalities and 10% for federal agencies (Ministry of Environment, Ministry of Mines and Energy and the National Fund for Scientific and Technology Development). From the 45% paid for the municipalities, 85% is distributed over the surrounding cities - those directly affected by the formation of the plant's reservoir in proportion to the extent of the areas submerged by the lake. The remainder is passed on to municipalities indirectly affected by reservoirs that lie north of the

power plant. The following are the municipalities directly affected: Santa Helena, Foz do Iguaçu, Itaipulândia, Diamante d'Oeste, Entre Rios do Oeste, Guaíra, Marechal Cândido Rondon, Medianeira, Mercedes, Missal, Pato Bragado, São José das Palmeiras, São Miguel do Iguaçu, Santa Terezinha de Itaipu and Terra Roxa, all in the state of Paraná; Mundo Novo in the state of Mato Grosso do Sul.



Surrounding cities received over US\$ 88 million of royalties

Itaipu pays royalties for the use of the Paraná River hydraulic potential. The calculations are based on power generation, as set forth in the Appendix C of the Treaty of Itaipu. The values are paid monthly to the High Contracting Parties, represented by the Brazilian Treasury and the Treasury Department of Paraguay. In 2009, each country received US\$ 231.6 million of royalties. In Brazil, Itaipu makes payments to the Treasury, which makes the distribution over the municipalities, states and federal government based on calculations made by Aneel - Agência Nacional de Energia Elétrica (National Agency of Electrical Energy). According to the current law, it is considered the proportion each part should receive in no more than 10 days after the payment made by Itaipu, where we have the Brazilian amount distributed as follows:

- US\$ 23.2 million to the Union divided between the Ministries of Environment and Mines and Energy and the National Fund for Scientific and Technological Development;
- US\$ 90 million to the two states directly affected by the plant's construction - Paraná and Mato Grosso do Sul – US\$ 87.9 million of which goes to the government of Paraná;
- US\$ 88.6 million to the municipalities directly affected by the reservoir. The biggest beneficiary was Santa Helena, with US\$ 22.3 million. Whereas,

according to data released by the IBGE (Brazilian Institute of Geography and Statistics), nowadays Santa Helena has 22,794 residents, or US\$ 978.33 per capita. Foz do Iguaçu takes second place with US\$ 17 million, followed by Itaipulândia (PR), with US\$ 15.2 million. If the royalty value were divided by the number of inhabitants, each inhabitant of Itaipulândia would be entitled to receive US\$ 1,771.36;

- US\$ 29.8 million to the states and municipalities affected by reservoirs upstream the Itaipu Power Plant, which contribute to the increase of energy produced there.

Royalties paid by Itaipu – Distribution to the surrounding cities

| City | Wetland (km ²) | Population (*) | 2009 (US\$ million) | Accumulated 1991-2009 (US\$ million) |
|---------------------------|----------------------------|----------------|---------------------|--------------------------------------|
| Diamante d'Oeste | 5.62 | 4,944 | 0.5 | 6.2 |
| Entre Rios do Oeste | 32.90 | 3,842 | 2.8 | 33.8 |
| Foz do Iguaçu | 201.84 | 311,333 | 17.0 | 221.6 |
| Guaira | 51.01 | 28,683 | 4.3 | 56.0 |
| Itaipulândia | 179.73 | 8,581 | 15.2 | 184.9 |
| Marechal Cândido Rondon | 56.04 | 44,562 | 4.7 | 68.4 |
| Medianeira | 1.16 | 38,397 | 0.1 | 1.3 |
| Mercedes | 19.32 | 4,713 | 1.6 | 19.9 |
| Missal | 40.07 | 10,412 | 3.4 | 44.0 |
| Mundo Novo | 14.71 | 15,968 | 1.2 | 16.1 |
| Pato Bragado | 47.07 | 4,631 | 4.0 | 48.4 |
| Santa Helena | 263.76 | 22,794 | 22.3 | 289.6 |
| Santa Terezinha da Itaipu | 41.90 | 19,552 | 3.5 | 46.0 |
| São José das Palmeiras | 1.94 | 3,873 | 0.2 | 2.1 |
| São Miguel do Iguaçu | 90.91 | 39,152 | 7.7 | 112.3 |
| Terra Roxa | 1.58 | 16,208 | 0.1 | 1.7 |
| Total | 1,049.56 | 577,645 | 88.6 | 1,152.3 |

(*) Data from the Population Count 2007 from IBGE - Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics). (Ftp://ftp.ibge.gov.br/Contagem_da_Populacao_2007/, consulted on June 3, 2010).

Value chain management

GRI: AG EC; 2.8; EC1;
EC5; EC6; EC9; LA1;
LA2; LA13; LA14; HR2;
HR6; HR7
PG: 1; 2; 3; 4; 5; 6

The Treaty of Itaipu provides that, where possible, the workforce, equipment and materials available in Brazil and Paraguay are used fairly. In 2009, 46.5% of spending on purchases of materials and contracting services were made directly with 532 companies considered local (in Paraná), that won the bidding.

Although it does not apply social and environmental criteria in selecting its suppliers nor act directly in the identification of risk operations regarding the violation of human rights or labor rights, Itaipu's contractors and partners are required to issue a declaration of compliance with the Federal Constitution. Instances of noncompliance are subject to termination.

To eliminate the risk of slave labor, for example, the companies need to prove the payment of wages, overtime and other benefits as well as field offices must have toilets, providing drinking water and comfortable conditions in the workplace. In order to ensure safety and reduce health risks to everyone, Itaipu included specific guidelines on this subject in the public tender. Thus, before any work, service providers attend lectures on topics such as corporate security, internal rules, environmental education,

procedure in case of accident and emergency care. In addition to benefiting workers, these actions protect the assets of the company and the environment.

Itaipu encourages its partners to act sustainably. In the contracts to provide service that use fixed jobs and outsourced workforce, the company includes some occasional social clauses and guidelines related to health and safety at work. In 2009, it created the Supplier Development Project aimed at aligning the supply chain to the company values. The project envisages the creation of an evaluation system of suppliers and actions to promote good practices in the network, giving priority to companies committed to sustainable development. The result of the work will be shared seamlessly with the entire network, in a relationship portal with this audience.

To deepen this approach in 2010, Itaipu has hired a consultant who will assess the sustainability practices of the suppliers.

| Proportion of local suppliers expenses (%) | 2009 |
|--|--------|
| Purchase of materials from local suppliers | 9.17% |
| Local suppliers contracted to provide services | 37.34% |
| Total contracts made with local suppliers | 46.51% |



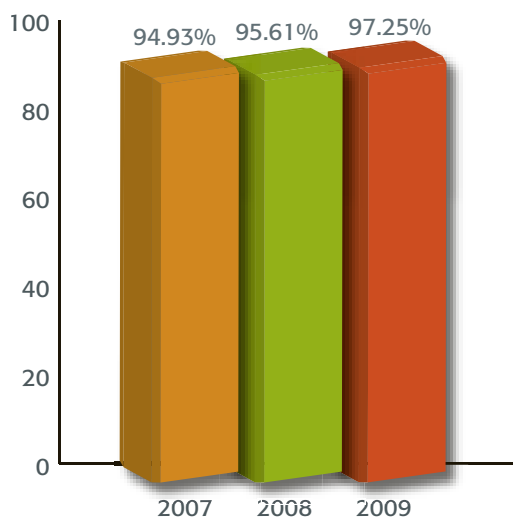
Generation of direct and indirect jobs moves the economy

Itaipu employs 1,482 professionals, adding all units of the company, and most of it (86.5%) is concentrated in Foz do Iguaçu, where the power plant is installed. Except for the seven directors of the Board, all employees work full time, including those required of public bodies. The lowest wage paid by the company in Foz do Iguaçu is 200.23% higher than the Brazilian minimum wage, and in Curitiba it is 313.84% higher. (Further information on page 123.)

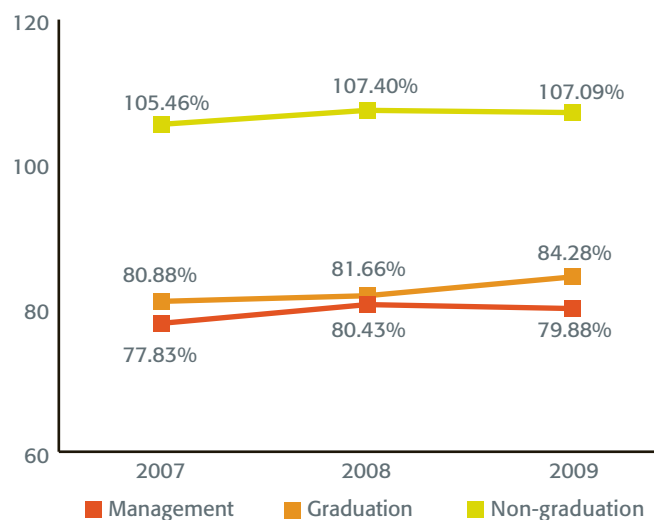
Men are the majority in the company: they occupy 81.5% of the job places, 92.3% of director positions and 80.2% of manager positions. When comparing salaries, the average paid to women are slightly lower (difference of 3.07%). The difference has been decreasing year by year.



Comparison of the average wage of women relative to men's overall



Comparison of the average wage of women relative to men by category



Total number of workers

| | Determinate(*) (**) | | | Indeterminate (**) | | | Total | | |
|--|---------------------|-----------|------------|--------------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Dam, branch offices in Foz do Iguaçu, Santa Helena and Guaira (PR) | 13 | 14 | 212 | 1,269 | 1,274 | 1,034 | 1,282 | 1,288 | 1,246 |
| Curitiba (PR) | 18 | 16 | 30 | 176 | 178 | 163 | 194 | 194 | 193 |
| Brasília (DF) | 0 | 1 | 1 | 4 | 4 | 4 | 4 | 5 | 5 |
| São Paulo (SP) | 0 | 0 | 0 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total | 31 | 31 | 243 | 1,451 | 1,458 | 1,203 | 1,482 | 1,489 | 1,446 |

* Including seven board members who work part time in half-yearly or yearly schedule.

** Indeterminate employee is the one whose contract term is not included in the agreement signed with Itaipu. Determinate employee is the one whose contract term is included in the contractual document.



Turnover rate

| | | Male | | | Female | | | Total | | |
|--|-------------------------|----------|------------|-------------------|----------|------------|-------------------|----------|------------|-------------------|
| | | Employed | Dismissals | Turnover rate (%) | Employed | Dismissals | Turnover rate (%) | Employed | Dismissals | Turnover rate (%) |
| Brasília | Up to 30 years old | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | From 31 to 50 years old | 1 | 0 | 0 | 2 | 0 | 0 | 3 | 0 | 0 |
| | Above 50 years old | 1 | 1 | 1 | 0 | 0 | 0 | 1 | 1 | 1 |
| | Total | 2 | 1 | 0.5 | 2 | 0 | 0 | 4 | 1 | 0.25 |
| Curitiba | Up to 30 years old | 13 | 0 | 0 | 6 | 0 | 0 | 19 | 0 | 0 |
| | From 31 to 50 years old | 70 | 0 | 0 | 55 | 0 | 0 | 125 | 0 | 0 |
| | Above 50 years old | 35 | 4 | 0.1 | 15 | 4 | 0.26 | 50 | 8 | 0.16 |
| | Total | 118 | 4 | 0.03 | 76 | 4 | 0.05 | 194 | 8 | 0.04 |
| Dam, offices in Foz do Iguaçu, Santa Helena and Guaira | Up to 30 years old | 210 | 2 | 0.01 | 45 | 1 | 0.02 | 255 | 3 | 0.01 |
| | From 31 to 50 years old | 634 | 3 | 0.005 | 118 | 1 | 0.008 | 752 | 4 | 0.005 |
| | Above 50 years old | 244 | 51 | 0.20 | 31 | 2 | 0.06 | 275 | 53 | 0.19 |
| | Total | 1,088 | 56 | 0.05 | 194 | 4 | 0.02 | 1,282 | 60 | 0.04 |
| São Paulo | Up to 30 years old | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | From 31 to 50 years old | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| | Above 50 years old | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| | Total | 1 | 0 | 0 | 1 | 0 | 0 | 2 | 0 | 0 |
| Total per age-group | Up to 30 years old | 223 | 2 | 0.009 | 51 | 1 | 0.02 | 274 | 3 | 0.01 |
| | From 31 to 50 years old | 705 | 3 | 0,004 | 176 | 1 | 0.006 | 881 | 4 | 0.005 |
| | Above 50 years old | 281 | 56 | 0.19 | 46 | 6 | 0.13 | 327 | 62 | 0.19 |
| | Total | 1,209 | 61 | 0.05 | 273 | 8 | 0.02 | 1.482 | 69 | 0.04 |
| Turnover total | 2007 | 2008 | | | 2009 | | | | | |
| | 0.112 | 0.056 | | | 0.040 | | | | | |

Composition: permanent employees, except two directors: 1.451; employees requested from other agencies: 18; directors and board members: 13.
Note: among the employees, there are 50 people transferred to other agencies and one in departure for health problems.

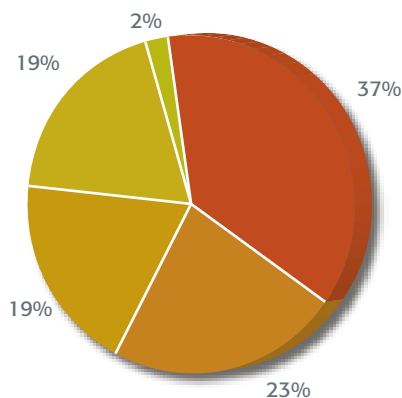
Distribution of wealth

The generation of wealth made by the company is not limited to direct jobs. It benefits suppliers, shareholders and the society in general, by means of the royalty payments to the governments of Brazil and Paraguay for using the hydraulic potential of the Paraná River and the payment of social charges. In 2009, the added value distributed by the

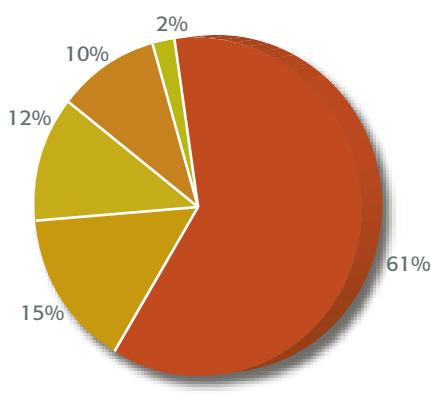
company reached US\$ 3.144 billion. The return on third party capital (debt burdens and financial costs) accounted for the largest portion of this amount (37%), followed by compensation of employees and managers (23%). The deferred income, held at the company for investment, reached 19%.

US\$ 3.144 billion was the wealth generated by Itaipu in 2009

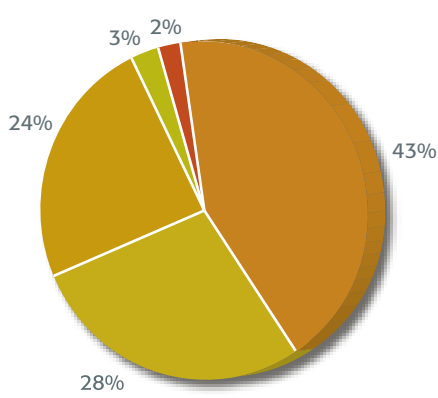
Wealth Distributed



Distribution of added value – Brazil



Distribution of added value – Paraguay



- Return on capital from third parties
- Compensation of government

- Compensation of employees / managers
- Return on capital

- Deferred income

DVA

The DVA - Demonstração do Valor Adicionado (Added Value Statement, AVS) - shows the wealth created by the companies and how it is allocated among those who contributed directly or indirectly, for their achievement. Legally required by public companies, it is also recommended for other companies.

Added Value Statement (US\$)

Financial year end in December 31, 2009, 2008 and 2007 (in United States dollars - US\$1.00)

| Income | 2009 | 2008 | 2007 |
|--|----------------------|----------------------|----------------------|
| Energy sales | 3,291,012,000 | 3,202,183,800 | 3,187,875,600 |
| Compensation for transfer of energy | 94,622,572 | 101,217,204 | 94,606,753 |
| Reimbursement of costs – non-bond energy | 96,634,230 | 120,402,004 | 86,555,213 |
| Several incomes and expenses | 2,101,393 | 757,537 | -1,225,560 |
| | 3,484,370,195 | 3,424,560,545 | 3,367,812,006 |
| (-) Input purchased from third parties | | | |
| Materials | 10,633,440 | 12,414,056 | 11,850,251 |
| Outsourced services | 76,531,199 | 102,446,827 | 90,843,836 |
| Other operating expenses | 271,998,257 | 109,584,246 | 210,372,280 |
| | 359,162,896 | 224,445,129 | 313,066,367 |
| ADDED VALUE TO DISTRIBUTE | 3,125,207,299 | 3,200,115,416 | 3,054,745,639 |
| (+) Transferred added value | | | |
| Financial income | 19,603,092 | 58,682,870 | 25,504,919 |
| DISTRIBUTED ADDED VALUE | 3,144,810,391 | 3,258,798,286 | 3,080,250,558 |
| DISTRIBUTION OF ADDED VALUE | | | |
| Compensation of employees / managers | | | |
| Staff | | | |
| Nominal wage | 114,970,994 | 110,445,723 | 96,858,314 |
| Supplement | 96,955,279 | 107,509,429 | 80,019,851 |
| Employee benefits | 47,968,395 | 52,019,875 | 43,062,649 |
| Post-employment benefits | 353,852,808 | -2,976,027 | 53,663,302 |
| Allowance | 12,984,243 | 14,278,436 | 11,273,747 |
| Social security costs | 1,964,735 | -768,345 | 1,069,597 |
| Private pension | 35,476,267 | 37,439,183 | 30,120,657 |
| Severance pay | 47,517,713 | 57,002,958 | 39,022,171 |
| Hired labor force | 222,544 | 1,748,581 | 1,374,419 |
| | 711,912,978 | 376,699,813 | 356,464,707 |
| Compensation of governments | | | |
| Social Security Taxes (INSS/IPS/others) | 36,757,392 | 36,900,014 | 32,008,986 |
| Royalties | 360,170,740 | 382,625,338 | 353,816,536 |
| Royalties – non-bond energy | 77,318,928 | 96,435,812 | 71,498,507 |
| Compensation for transfer of energy | 94,622,572 | 101,217,204 | 94,606,753 |
| Compensation for transfer of energy - non-bond energy | 13,367,693 | 16,548,052 | 9,556,821 |
| Return on capital of third parties | | | |
| Debt charges | 1,221,379,726 | 1,275,205,982 | 1,321,012,525 |
| Monetary variation | -43,520,133 | 8,807,103 | 20,056,734 |
| Other financial expenses | - | 368,391 | 344,822 |
| | 1,177,859,593 | 1,284,381,476 | 1,341,414,081 |
| Return on capital | | | |
| Income from capital | 42,812,560 | 45,272,776 | 42,054,168 |
| Reimbursement of charges of administration and supervision | 27,705,441 | 29,432,718 | 27,216,657 |
| Reimbursement of charges of administration and supervision – non-bond energy | 5,947,609 | 7,418,140 | 5,499,885 |
| | 76,465,610 | 82,123,634 | 74,770,710 |
| Deferred income | 596,334,885 | 881,866,943 | 746,113,457 |
| DISTRIBUTED ADDED VALUE | 3,144,810,391 | 3,258,798,286 | 3,080,250,558 |

IBASE

IBASE is a numerical statement about the social and environmental actions of a company. It was created in 1997 by the sociologist Herbert de Souza, Betinho, to ensure transparency in the companies' actions.

66

Annual Social Responsibility Report / 2009

| 1 - Calculation Basis | 2009 Amount (Thousand US\$) | | | 2008 Amount (Thousand US\$) | | |
|--|---|---------|---------|---|---------|---------|
| Net Income (NI) | 3,482,269 | | | 3,423,803 | | |
| Operating income (OI) | 594,233 | | | 881,109 | | |
| Gross Payroll (GP) | 277,628 | | | 294,356 | | |
| 2 - Internal Social Indicators | Amount (Thousand US\$) | % on GP | % on NI | Amount (Thousand US\$) | % on GP | % on NI |
| Food | 11,488 | 4.14% | 0.33% | 12,552 | 4.26% | 0.37% |
| Mandatory Employee Benefits | 36,757 | 13.24% | 1.06% | 36,900 | 12.54% | 1.08% |
| Private pension | 35,476 | 12.78% | 1.02% | 37,439 | 12.72% | 1.09% |
| Health | 39,064 | 14.07% | 1.12% | 42,279 | 14.36% | 1.23% |
| Work health and safety | 1,105 | 0.40% | 0.03% | 714 | 0.24% | 0.02% |
| Education | 5,422 | 1.95% | 0.16% | 6,525 | 2.22% | 0.19% |
| Culture | 0 | 0.00% | 0.00% | 0 | 0.00% | 0.00% |
| Training and professional development | 2,284 | 0.82% | 0.07% | 1,520 | 0.52% | 0.04% |
| Child care or Child care assistance | 805 | 0.29% | 0.02% | 728 | 0.25% | 0.02% |
| Profit or result sharing | 21,196 | 7.63% | 0.61% | 23,767 | 8.07% | 0.69% |
| Others | 36,417 | 13.12% | 1.05% | 42,808 | 14.54% | 1.25% |
| Total - Internal Social Indicators | 190,014 | 68.44% | 5.46% | 205,232 | 69.72% | 5.99% |
| 3 - External Social Indicators | Amount (Thousand US\$) | % on GP | % on NI | Amount (Thousand US\$) | % on GP | % on NI |
| Education | 36,153 | 6.08% | 1.04% | 31,278 | 3.55% | 0.91% |
| Culture | 356 | 0.06% | 0.01% | 523 | 0.06% | 0.02% |
| Health and sanitation | 13,014 | 2.19% | 0.37% | 13,051 | 1.48% | 0.38% |
| Sports | 0 | 0.00% | 0.00% | 136 | 0.02% | 0.00% |
| Fight against hunger and Food safety | 2,107 | 0.35% | 0.06% | 7,654 | 0.87% | 0.22% |
| Others | 71,112 | 11.97% | 2.04% | 35,987 | 4.08% | 1.05% |
| Total contributions to society | 122,742 | 20.66% | 3.52% | 88,629 | 10.06% | 2.59% |
| Taxes (Employee benefits excluded) | 0 | 0.00% | 0.00% | 0 | 0.00% | 0.00% |
| Total - External Social Indicators | 122,742 | 20.66% | 3.52% | 88,629 | 10.06% | 2.59% |
| 4 - Environmental Indicators | Amount (Thousand US\$) | % on GP | % on NI | Amount (Thousand US\$) | % on GP | % on NI |
| Investments related to the company's production/operation | 20,072 | 3.38% | 0.58% | 1,409 | 0.16% | 0.04% |
| Investments in external programs and/or projects | 5,539 | 0.93% | 0.16% | 13,032 | 1.48% | 0.38% |
| Total investments in the environment | 25,611 | 4.31% | 0.74% | 14,441 | 1.64% | 0.42% |
| In relation to the establishment of "annual goals" to reduce waste, the general consumption in production/operation and increase the efficiency in the use of natural resources, the company | <input type="checkbox"/> has no goals <input type="checkbox"/> fulfilled from 51 to 75% <input type="checkbox"/> fulfilled from 0 to 50% <input checked="" type="checkbox"/> fulfilled from 76 to 100% | | | <input type="checkbox"/> has no goals <input type="checkbox"/> fulfilled from 51 to 75% <input type="checkbox"/> fulfilled from 0 to 50% <input checked="" type="checkbox"/> fulfilled from 76 to 100% | | |

| 5 - Functional Body Indicators | 2009 | | | 2008 | | |
|---|--|------------------------------|------------------------------------|---|------------------------------|------------------------------------|
| Number of employees at the end of the period | 3,268 | | | 3,255 | | |
| Number of admissions during the period | 118 | | | 310 | | |
| Number of outsourced employees | 92 | | | 202 | | |
| Number of interns | 220 | | | 341 | | |
| Number of employees above 45 years old | 1,838 | | | 1,875 | | |
| Number of women working at the company | 519 | | | 514 | | |
| % of management positions occupied by women* | 7.32% | | | 7.20% | | |
| Number of black people working in the company | 266 | | | 211 | | |
| % of management positions occupied by black people** | 1.50% | | | 0.95% | | |
| Number of people with disabilities or special needs | 37 | | | 31 | | |
| 6 - Relevant information in relation to the exercise of corporate citizenship | 2009 | | | 2010 Goals | | |
| Ration between the highest and the lowest salary in the company | 0 | | | 0 | | |
| Total number of work accidents | 20 | | | 0 | | |
| The social and environmental projects developed by the company were defined by: | () direction | (x) direction and management | () all employees | () direction | (x) direction and management | () all employees |
| The health and safety standards in the work environment were defined by: | () direction and management | () all employees | (x) everyone + cipa | () direction and management | () all employees | (x) everyone + cipa |
| Regarding union freedom, the right to collective negotiation and internal representation of workers, the company: | () was not involved | () follows ILO regulations | (x) encourages and follows the ILO | () was not involved | () follows ILO regulations | (x) encourages and follows the ILO |
| Private pension includes: | () direction | () direction and management | (x) all employees | () direction | () direction and management | (x) all employees |
| Result and profit sharing includes: | () direction | () direction and management | (x) all employees | () direction | () direction and management | (x) all employees |
| In the selection of suppliers, the same ethic and social and environmental responsibility standards adopted by the company: | () are not considered | (x) are suggested | () are required | () are not considered | (x) are suggested | () are required |
| Regarding the participation of employees in voluntary work programs, the company: | () was not involved | () provides support | (x) organizes and encourages | () was not involved | () provides support | (x) organizes and encourages |
| Total number of consumers complaints and criticism: | at the company __0__ | at Procon __0__ | in Court __0__ | at the company __0__ | at Procon __0__ | in Court __0__ |
| % of complaints and criticism handled or resolved: | at the company __0__% | at Procon __0__% | in Court __0__% | na empresa __0__% | at Procon __0__% | in Court __0__% |
| Total added value to be distributed: | In 2009: US\$ 3,144,810 | | | In 2008: US\$ 3,258,798 | | |
| Value Added Distribution (VAD): | 18.51% government 22.64% staff 2.43% shareholders 37.45% third parties 18.97% withheld | | | 18.23% government 11.57% staff 2.43% shareholder 43.55% third parties 24.22% withheld | | |

*Calculated the percentage of women in management positions.

**Calculated the percentage of black people in management positions.



Innovation

The company works actively to stimulate new forms of clean and renewable energy output, collaborating to reduce greenhouse gases



Entrepreneurial leadership promotes renewable energy

GRI: EC2; EC8; EN6; EN18; EN26; SO5
PG: 9

70

Following a recommendation of the UN Intergovernmental Panel on Climate Change (IPCC), Itaipu has played an active role in the dissemination of measures to mitigate climate change, already manifest in major disasters.

These changes take place directly and primarily in the water cycle, the world water regime. Any significant change in the Paraná River Basin, upstream of Itaipu, may create considerable impact on the economic and operational structure of the company.

Given this reality, besides doing its part by applying sustainable operational procedures, Itaipu also disseminates knowledge about renewable energy, energy efficiency and other practices, such as the employment of criteria for sustainable construction, sustainable mobility and others recommended by the international agenda.

Itaipu has a Coordinator for Renewable Energy aimed at articulating and guiding actions to encourage the use and dissemination of knowledge about renewable energy, facilitating the ongoing exploration of new solutions for the exploitation and use of these sources, interacting with the various social actors.

Itaipu is a protagonist of these actions, which bring benefits for the company itself and have served as an example to other national hydropower generators that have the same expectations in relation to climate change. Some functions of the Coordinator are to play the role as articulator of the Business Policy of Renewable Energies which has guaranteed the flow of specific knowledge on the subject, and to install demonstration and studies units on technical and economic feasibility of power generation with renewable sources, thus forming a life-size open laboratory.

The connections with international networks of expertise in renewable energy will be established by means of multilateral institutions like the UN agencies, which integrate strategic programs with the company. These organizations maintain offices operating in the Itaipu Technology Park (PTI), such as UNIDO (United Nations Industrial Development Organization), a partner in the Renewable Energy Observatory for Latin America and the Caribbean, dedicated to the implementation of several projects on renewable sources generation, professional training in the subject and creation of an international database.

There is also UNESCO (United Nations Educational, Scientific and Cultural Organization), a partner in the International Center for Hydroinformatics. *(Further information about the center on page 82.)*

It is also underway the establishment of a new partnership with another multilateral agency - FAO (UN Food and Agriculture Organization), for the study of economic impacts of agrienergy.



Renewable Energy Observatory for Latin America and the Caribbean

The Renewable Energy Observatory for Latin America and the Caribbean was established in 2009, within PTI, as a cooperation between Itaipu, UNIDO and Eletrobras. The main goal is to stimulate cooperation between Brazilian regions and the Latin American and Caribbean countries in research and development of renewable energy through a knowledge platform. By working together, they can share practices and examples, promote sustainable industrial development and boost the local economy.

The creation of the observatory resulted in the implementation of an international demonstration area of renewable energy in the western Paraná, composed of five operating units in different scales of energy production using biogas. All of the units responded to the public call of

Copel, and since January 2009, were hired as electricity generators. To be an official supplier, these producers had technical assistance, by means of a covenant, from Itaipu, Copel and PTI, with Itai - Instituto de Tecnologia Aplicada e Inovação (Applied Technology and Innovation Institute).

Thus, it was proven the operational and economic feasibility of the distributed generation methodology, which enables all sources of renewable energy to generate in parallel with the distribution networks. Other actions for the sustainability of renewable resources are part of the project portfolio of the Observatory. UNIDO has provided an annual budget of US\$200,000, supported by the Ministries of Environment of Italy and Spain.

Distributed energy generation

With the implementation of the demonstration units and the studies conducted by Itaipu and its partners, the distributed generation from biogas was regulated by the National Agency of Electrical Energy (Aneel) in 2009, which changed the Prodist - Programa Nacional de Distribuição de Energia Elétrica (National Electric Power Distribution Program). Thus, all Brazilian electricity distributors can make public calls to purchase energy produced from decentralized or distributed generators.

This is a milestone that opens the doors to a model of decentralized energy generation, which enables renewable sources and acts as a complement to conventional generation system. While the former ensures quality and amount of energy for the development in general, distributed generation or decentralized power generation allows for specific purposes.



Colombari farm: production of biogas from pig manure

The first demonstration unit installed within the Itaipu Renewable Energy Platform was the Colombari farm, in São Miguel do Iguaçu (PR). There, the waste of the creation of 3,000 pigs is subjected to sanitary treatment in a digester, producing biogas and biofertilizer, which was used to move a motogenerator set that generates electricity in parallel with Copel's distribution network. This energy supplies the entire property, and the surplus is sold to Copel under contract.

To do so, within the Distributed Generation Program, Itaipu, in partnership with Copel, Sanepar, Cooperativa Lar and PTI Foundation, has developed a panel of specific command allowing the connection of the sources to the distribution network, safely enabling the provision of energy to Copel.

Currently, that concessionaire from Paraná conducts complementary tests on the Farm and has informed the National Agency of Electrical Energy (Aneel) the necessary data for the definitive establishment of distributed generation methodology in the country. This study is also aimed at establishing a pricing policy appropriate for this decentralized mode of renewable energy generation.



Agrienergy Condominium for Family Agriculture

Itaipu was associated with the State Secretariat of Agriculture and Supply, the Emater-PR – Paraná Institute of Technical Assistance and Rural Extension and the City Hall of Marechal Cândido Rondon to design and install the first Agrienergy Rural Condominium. This unprecedented experience is being held in the watershed of the Ajuricaba River in the municipality of Marechal Cândido Rondon in western Paraná.

The project provides technical and organizational conditions for family farmers, organized in cooperatives, to produce electricity from animal waste created in their properties. The waste will be treated in

digesters to produce biogas and biofertilizer, which served as fuel for the motogenerator to produce electricity. The biogas generated in the properties will be transported through a rural pipeline, installed in a condominium, to a thermoelectric MHP, operated by the cooperative of producers. Energy will be sold to Copel.

Besides generating income for the producers, the Agrienergy Condominium is supposed to prevent the contamination of the watersheds and, consequently, the reservoir of Itaipu, while reducing emissions of greenhouse gases such as carbon dioxide and methane contained in biogas. The project follows the

principles advocated by the Observatory for Renewable Energy to encourage the popular knowledge on the subject and the use of technologies locally developed. The implementation of the project is being carried out by Itaipu, in partnership with the City Hall of Marechal Cândido Rondon, who provided the area of 25 thousand square meters, where the Electric MHP (MCT) of the Condominium will be built.

Sustainable Municipalities

Itaipu has signed an agreement with the Renewable Energy Observatory for Latin America and the Caribbean, the Adeop (Development Agency of the Western Paraná) and the City Hall of Entre Rios do Oeste to set reference and provide resources to develop projects on renewable energy and energetic efficiency, with the objective of promoting the sustainability of the municipality.

Taking into account the availability of human sewage and animal waste in the municipality, the project is based on the enormous potential of power generation with biogas.

In 2009, it was performed the first phase of the project, a detailed diagnosis of the municipal energy matrix, with data survey on consumption and energy demand. In continuity, specific projects are being prepared for every situation

of urban and rural sanitation, with a view to generating power with biogas.

There will also be concepts of energetic efficiency in buildings and public services. Initial studies indicate that there are possibilities for the energy generated from biogas to meet the total municipal energy demand.

Seeking access to global resources

Every project on renewable energy and energetic efficiency carried by Itaipu is also aimed at meeting the criteria required by the methodologies proposed by the Intergovernmental Panel on Climate Change (IPCC) to obtain, through the Clean Development Mechanism, the Certified Emission Reduction of

Greenhouse Gas, in order to complete the new framework of financial income.

Itaipu was at the Conference of Parties (COP 15) in Copenhagen, aiming to monitor the evolution of world events. New criteria for obtaining credits are being developed, after Copenhagen, to proceed to such incentive mechanisms to

reduce emissions of greenhouse gases, which in turn determine the climate changes that much concern humanity.

Homemade digester

Pedro Matheus Köhler, 26, is a livestock technician who owns a farm in Toledo, western Paraná, with his parents and siblings. Despite being young and having a simple life, he became one of the major partners of Itaipu in the construction of an important equipment to agricultural sustainability: the digester. With that equipment, it is possible to transform animal waste into energy.

The first prototype was built by Köhler in 1999, from scrap that had been dumped at the farm. It worked so well that the farmer decided to improve his invention. The model used today is made of fiberglass with two adapted water tanks, a compressor, a tank and a generator.

In 2009, Itaipu technicians knew the invention and visited Köhler's farm to take a closer look at the equipment. The coaches were impressed with the creativity of the self-taught inventor. The partnership was made right after

and nowadays, Pedro Köhler has a company incubated in the Itaipu Technology Park. The idea is, for some time, to market the digester models. The patent for the invention is in progress on behalf of Bioköler and PTI. The main advantage of the digester developed by the farmer is the reduction of costs of implementation - a third of what costs the most common models.

The digester installed on the property of the Köhlers has 40 cubic meters. With the manure of 40 dairy cows, they produce 13 pounds of biogas a day. This production is used for domestic consumption with stove, oven and water heating, resulting in savings of 40% with the electrical energy used in the property. What remains of the process is used as natural fertilizer.





Social technology

Itaipu, in partnership with Blest Engenharia and the MNCMR - Movimento Nacional dos Catadores de Materiais Recicláveis (National Movement of Recyclable Materials Collectors), has developed an electric vehicle for the collectors. The cart provides these workers with better working conditions and income. With less effort, they can carry a greater volume of material. The vehicle is equipped with an 1.0 hp electric motor and can carry more than 300 pounds of cargo. The lifetime is of four to five hours of continuous movement and the battery's full recharge takes about six hours.

The equipment is easy to operate and has low maintenance cost. Since the creation of the first prototype, many advances and improvements have already been applied to this social technology. This is the fourth generation of electric carts.

Besides being a sustainable vehicle, with low energy consumption, evaluated and approved by the collectors, it might become a powerful symbolic resource for being the instrument of work, under the control of the collector, which makes public their activity and their condition of recycling Agent. The electric cart symbolizes the freedom to come and go and the possibility of controlling their own means of production, becoming independent of any patronage.

In partnership with MNCMR, over 80 electric vehicles have been distributed for collectors throughout Brazil. Besides being operated by collectors' cooperatives of western

Paraná, the vehicles are being tested in several locations around the country.

Currently, Itaipu supports projects to facilitate the production of 20,000 vehicles over the next four years, in partnership with the Federal Government. The company is negotiating with BNDES - Banco Nacional de Desenvolvimento Economico e Social (Economic and Social Development National Bank) a funding of R\$ 150 million for the production of electric carts. Itaipu believes that the inclusion of the collectors encourages the correct disposal of garbage and recycling materials. In addition, it values a working class that has been historically exploited by middlemen.

With the Friendly Waste Sorting program (Coleta Solidária) launched in 2003, the company contributes to the articulation of collectors and supports the formation of cooperatives and freelancers and independent workers. The program's initiatives are concentrated in the cities located in BP3, but have repercussions throughout the country by means of the company's participation in discussions on national policies for the inclusion of collectors.

**Amount invested
in Friendly
Waste Sorting –
US\$193,000**



Research and Development

Itaipu invests in knowledge production to perfect its processes, produce better results and ensure operating excellence.



Excellence based on know-how

GRI: AG LA; EC8; EN7;
SO5; PR1; EU8; EU21
PG: 7; 8; 9

Itaipu is committed to innovation and consistently invests in research and development. In 2009, the company's budget for research reached US\$ 1.7 million. The latest initiatives are the support for the Federal University of Latin American Integration (Unila) and its facilities within the company, in Foz do Iguaçu - PR. (further information in Chapter Sow Development on page 44.) Research support, however, goes further. Two initiatives may be

highlighted in this process: UCI - Universidade Corporativa Itaipu (Itaipu Corporate University) and PTI (Itaipu Technology Park). The PTI also houses UAB - Universidade Aberta do Brasil (Open University of Brazil), which offers semipresential courses, and the Unioeste Center for Engineering and Exact Sciences, with courses recognized and maintained by the Ministry of Education.

Itaipu Technology Park

The PTI Foundation is developing activities in the areas of education, science, research, technology and entrepreneurship, with the objective of promoting development in the region. Since 2007, PTI develops and coordinates the implementation of research, development and innovation projects in partnership with the Itaipu Corporate University (UCI) and the

Coordinator for Renewable Energy (CER). The partnership is aimed at developing technological solutions and strategies for both Itaipu and the electricity sector in general. Currently, PTI and UCI carry out researches of Ceasb - Centro de Estudos Avançados em Segurança de Barragens (Center for Higher Studies on Safety of Dams), Lasse - Laboratório de Automação e Simulação

de Sistemas Elétricos (Laboratory for Automation and Simulation of Electrical Systems) and VE - Veículo Elétrico (Electric Vehicle) project. There is also the project of implementation of the Cpbio - Centro de Pesquisa em Biodiversidade (Center for Biodiversity Research) and Nuphi - Núcleo de Pesquisa em Hidrogênio (Center for Hydrogen Research).



Itaipu Corporate University

Itaipu contributes to the organization of Unise - Universidade Corporativa do Sistema Eletrobras (Eletrobras System Corporate University) and maintains its own Corporate University (UCI), which operates in three lines: corporate education (managed by the Human Resources area), research and development (in partnership with PTI) and knowledge management (under the responsibility of the Office of Business Planning).

Center for Higher Studies in Dam Safety

The center has a technology platform that develops solutions to dam safety. All development projects are aligned with the upgrading process of the plant. It was created in 2008 in order to harness the expertise of Itaipu. It is a partnership between the company, the Itaipu Corporate University (UCI) and PTI, and collaborating universities. The goal is to provide researchers with an environment in which they may carry out applied research, using instrumentation historical data. In November 2009, the implementation was completed and a new phase started, lasting 30 months, in which resources are provided for the development of applied research projects.



Laboratory for Automation and Simulation of Electrical Systems

The goal is to prepare Itaipu to deal with the challenge of the plant's technological modernization. Lasse runs tests on and carries inspections of the systems associated with the generation, transmission and distribution of electric energy. That is how the dynamic performance of these devices is analyzed. They also offer operation and maintenance training for the staff. The laboratory has a real-time simulation environment composed of electrical systems.



Laboratory for Energetic Efficiency

The Laboratory for Energetic Efficiency seeks to maintain a center for studies on energetic efficiency aimed at the rational and efficient use of energy at Itaipu and the region. They also intend to provide universities with didactic support in training the local workforce, undergraduate and postgraduate research, as well as to support the PTI Incubator, the trade and industry in the region.

Electric Vehicle Project

The electric vehicle development project is aimed at absorbing technology, training qualified teams, developing lines of applied research and creating technological innovations opportunities for Itaipu and PTI. The studies include the development of other means of transportation prototypes: minibuses, small load trucks and tractors. Regarding the promotion of sustainable development, the company uses 29 electric vehicles, representing 3.5% of the fleet. Other 16 vehicles, also developed by the company, have been purchased by partners.





International Center for Hydroinformatics

PG: 7; 8; 9

In 2009, the International Center for Hydroinformatics (CIH – Centro Internacional de Hidroinformática), in partnership with Itaipu, has offered technical support to the Watershed Management Program for the development of methodology, preparation and analysis of environmental projects, environmental education and participatory monitoring. Unesco's HELP (Hydrology for the Environment, Life and Policy) project has observed Itaipu's good deeds regarding the São Francisco Verdadeiro River Basin - among 64 basins worldwide elected in the program - and asked the CIH for new methodological strategies for the integrated management of river basins supported by the Multipurpose Technical

Registry. There was also a research on the use of Swat hydrological model carried out in the Toledo River watershed, in a partnership between the Itaipu Technology Park, Itaipu and the University of Pisa (Italy) through the Federal University of Paraná.

In partnership with INPE - Instituto Nacional de Pesquisas Espaciais (National Institute for Space Research) and the participation of 53 experts in remote sensing based land management, CIH provided the International Summer Course on Hydroclimatic Changes and their Impacts on the La Plata River Basin Soil. The course was aimed at presenting the latest studies, researches and projects related to the interaction between the surface and

the atmosphere, and the process-oriented surface data assimilation mainly focused in addressing issues related to regional climate controls that affect the hydrology of the La Plata Basin. The center started to develop a system for spatial management of renewable energy sources – GER - Gestor de Energias Renováveis (Renewable Energy Manager). The first version of the system CNCMR - Cadastro Nacional dos Catadores de Materiais Recicláveis (National Register of Recyclable Material Collectors) has been developed on this technological basis and is available in the Web environment.

Center for Biodiversity Research

In 2009, Itaipu's Coordination Office and PTI elaborated a project called Cpbio for setting up a center for studies on biodiversity in the Itaipu Technology Park. Itaipu has a comprehensive information and data collection about environmental conservation and restoration that will be made legal just like the Center, meeting the goals and tasks of the Itaipu Corporate University related to research and development. The goal is to install Cpbio in 2010.

Federal Institute of Paraná

Itaipu supports public policies that value the professional education. That is why it is associated with the Ministry of Education (MEC) to install a campus of the Federal Institute of Paraná (IFPR) in Foz do Iguaçu. The company donated the land and the Floresta Club old facilities, in the Vila A neighborhood. There, MEC will offer vocational courses for youth and adults with any level of schooling. The goals are to prepare them for the labor market and improve their knowledge. Works on the campus should be completed by May 2010. The IFPR will offer technical courses in Agriculture, Computing, Building and Kitchen, and higher education degrees in Physics and Technology in Public Administration.

Center for Hydrogen Research

Itaipu, PTI and Eletrobras are working in partnership to implement a project that involves the installation of an experimental plant to produce hydrogen and a Center for Hydrogen Research. The project will be financed by the three companies mentioned. Hydrogen can be established in the future as an alternative energy to oil. Itaipu is interested in this line of research to know how the hydrogen production cycle from electrolysis takes place.



Corporate E-learning broadens scope of training

GRI: LA11; PR1

Since 2008, Itaipu has been using a remote training tool in training programs, combining normal classes and web training. 233 employees were trained in Regulatory standard NR-10 courses, which focus on safety at electricity facilities and services. In 2009, the solution was adopted for the Regulatory Standard NR-33 course of the Ministry of Labor and Employment, which deals with the health and safety of workers in confined spaces. The course was attended by 36 employees and had a schedule of 40 hours (32 distance classes and 8 hours in the classroom), conducted in partnership with the SENAI - Serviço Nacional de Aprendizagem Industrial (National Service of Industrial Learning). Distance learning was also present in the implementation of an Educational Program in Corporate Project Management - the first in the form of distance education undertaken by Itaipu. For this purpose, Itaipu developed an e-learning tool, with the help of the Open University of Brazil (UAB). The University is one of Itaipu's partners and, just like the Itaipu

Corporate University, is installed in PTI, responsible for the management of the entire structure within e-learning platform Moodle. The initiative also included the Catholic University of Paraná (PUC-PR), which was selected to elaborate the remote activities and customize it exclusively for Itaipu. The course consisted of two sequential modules, guided by the Project Management Body of Knowledge (PMBOK), which brings together expertise in managing the Project Management Institute (PMI). The complete program involved 56 hours of activities for distance education, with the participation of about 290 professionals from Itaipu and partner organizations. Employees of the company may attend online courses in languages (English and Spanish), in partnership with Unise (Eletrobras System Corporate University). The pilot project was set up in June 2009 with one class for each language and the attendance of 107 employees.





Care for the Environment

Water, biodiversity, waste and climate change are the main focus of the company's environmental initiatives, which involve different audiences and mobilize the community



Itaipu encourages the community to take care of water

GRI: AG EN; 4.17; S05
PG: 7; 8

86

To provide care for the water quality has been a priority since the construction of the Itaipu power plant. The first actions were developed in 1977 when a monitoring program of the Paraná River and its tributaries was established. The experience was consolidated and encouraged the emergence of other initiatives, organized since 2003 in the Cultivating Good Water program. Water is the company's main asset. The volume of the plant's reservoir, located on the border between Brazil and Paraguay, measures 29 billion cubic meters. The water is responsible for the movement of 20 turbines. Besides generating power, the reservoir also meets other needs of the local population, such as the public water supply, fisheries, tourism and leisure, and in Brazil, it is connected to a set of river basins that cover 29 counties and make up the Paraná Basin 3 (BP3). In this group of municipalities - with a total area of 7.8 square kilometers and a population of 900,000 inhabitants - Itaipu runs a comprehensive water care program: Cultivating Good Water. About 2,000 partners take part in this initiative,

among them universities, government agencies, nongovernmental organizations, institutions and associations. More than just looking after the rivers that supply the plant, Itaipu plays a key role in articulating and strengthening the community so it knows how to preserve the water resources of their region and their quality of life. The goal is to promote a culture change, by replacing habits arising from the mistaken belief that natural resources are inexhaustible, with sustainable practices. Among these are materials recycling, effluent treatment, recovery of riparian forests, protection of biodiversity, and especially the awareness development of communities for the fact that environmental conservation creates benefits for local people, future generations and the planet. Currently, the Cultivating Good Water program encompasses 20 other programs and 63 actions developed in 70 watersheds. As a local strategy to address global climate change, the program provides a safety resource net of BP3, located at the confluence of the Paraná and Iguaçu rivers.



**Amount invested in environmental actions
US\$ 11.8 million**

Environmental Assessment

One of the programs of the Cultivating Good Water is the Environmental Monitoring and Assessment. By means of periodic evaluation, it is possible to notice occasional changes in the aquatic ecosystem of the program's watersheds and propose actions to reduce impacts and enable multiple uses of the water. This monitoring also allows us to evaluate the effectiveness of water and soil conservation actions developed in partnership with the community and benefiting the entire region. The reports produced from qualitative and quantitative water indicators guide the planning of actions to address any environmental liabilities arising from human action in BP3. The monitoring is done in partnership with the Environmental Institute of Paraná (IAP), in the stations created at the very time of the reservoir formation, which are located in 45 strategic locations in the basin.

The Environmental Laboratory plays a major role in this process, carrying out analyses, researches, prevention, diagnosis and control of diseases caused by contaminants and biological agents. Approximately 13,000 tests are performed each year.

Participation of volunteers

The action of monitoring has been enhanced by the engagement of the local community. In 2006, in a partnership with the Oswaldo Cruz Foundation (Fiocruz), volunteer staff were trained. And since 2008, two companies incubated in the Itaipu Technology Park (ITP) have joined the project, training new volunteers to monitor local rivers. Agreements between the company and the city halls selected by the project provide transport for the agents to the rivers. The work has mobilized communities to monitor 14 watersheds in 2008 and 36 in 2009.

Since 2006, we trained over 160 volunteer community workers in six municipalities of Paraná BP3 - Céu Azul, Itaipulândia, Matelândia, Ouro Verde do Oeste, Santa Terezinha de Itaipu and Toledo. From this training, seven groups of community workers have been created to monitor the rivers of Ouro, Sanga Madaguari, Sanga Funda, Sanga Guaraci, Sabiá, Tucano, Xaxim, Toledo, Lopeí, São João and the stream of Laticínio.

Volunteers attend a course with practical and theoretical classes and learn how to make visual analysis, taking into account the ecological aspects of the ecosystem. They also seek to detect variations in the presence of insects, crustaceans and molluscs and make physicochemical observations with the use of simplified kits. The role of volunteers has been crucial to solving the environmental problems faced by the population and has guaranteed some achievements. Communities are more involved in environmental issues, and there is now regular



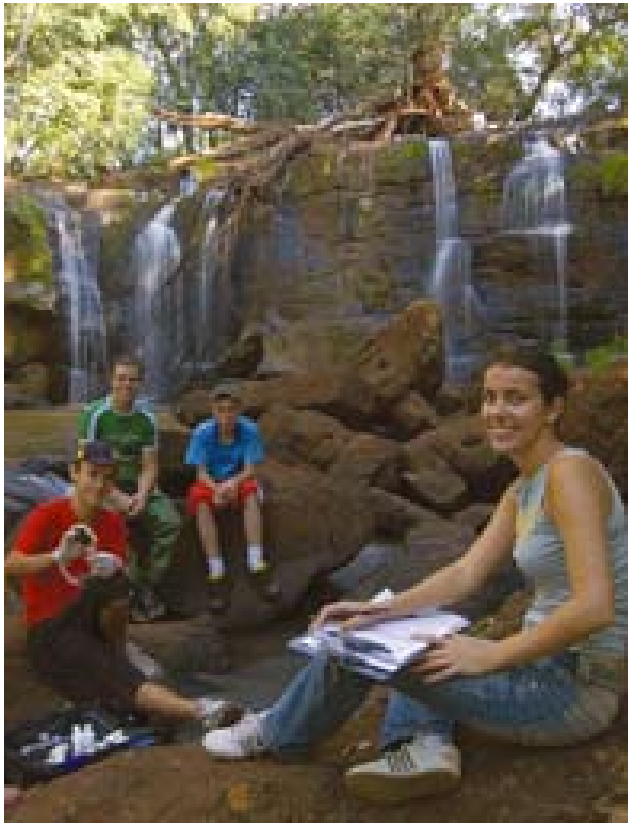
garbage collections and reduction of rivers contamination by sewage. They intend to use the data and surveys conducted by the group of volunteers in the future as a diagnostic tool to propose improvements in order to create actions that will improve the quality of life and water in the region.

Amount invested in the Program of Environmental Monitoring and Assessment - US\$ 267,000

Training entrepreneurs

Besides the two companies performing Participatory Monitoring of the Rivers, PTI houses five other incubated companies focused on environmental projects in BP3: a services company in the area of environmental education and four others that develop projects on the environmental suitability of rural properties. The seven companies were selected from bidding announced by Itaipu in 2008, with actions to raise awareness of higher education students from Foz do Iguaçu, Medianeira, Cascavel, Toledo and Marechal Cândido Rondon (all cities in Paraná). The two initiatives

are part of the effort to encourage entrepreneurship in the environmental area. The partnership between Itaipu and PTI in the training of entrepreneurs in the service of sustainability had public recognition. In February 2010, they were awarded the Prêmio Ozires Silva de Empreendimento Sustentável (Ozires Silva Sustainable Entrepreneurship Award), issued by the Higher Institute of Management and Economics of the Getúlio Vargas Foundation (ISAE / FGV) and by RPC - Rede Paranaense de Comunicação (Paraná Broadcasting Network).



River Health

Watershed Management is a key project within the Cultivating Good Water program. The proposal is to manage BP3's environment thus contributing to the conservation of the region's natural resources, especially the soil and water. For each watershed a partnership with local governments is established to transfer resources for several joint actions. The environmental adaptation practices include not only the surrounding cities, but are developed from the rivers' headwaters to their lower part, avoiding an amount of sediment and fertilizers flowing into the tributaries of the Itaipu reservoir.

The detailed diagnosis helps to define actions to ensure the rivers' health. The work includes raising people's awareness and of people and enabling them to prevent erosion, maintain the watershed biodiversity and do land use planning. The initiatives are tailored to the BP3 local characteristics and seek to save the water resources from environmental impacts of the productive activities carried out there. The region hosts one of the major centers of agriculture and agribusiness in the country, especially the production of soybeans and corn, pork, poultry and dairy farming. The herd of pigs consists of more than 1 million animals, and poultry population is 30 million.

Among the actions undertaken is the construction of contour lines (terracing) and fencing to isolate the permanent preservation areas along the rivers and the implementation of community water supply. This

equipment prevents the supply of agricultural sprays used from going directly into water courses and therefore prevents the water being contaminated by pesticides.

Another important issue is the contribution to the rural improvement of watersheds with the rural roads readjustment to reduce sediment delivery from roads to rivers. Farmers are advised to store organic waste and use it as fertilizer. To transport and regulate the application of this material in the field, they use distributors purchased by municipalities with funds from the program. This equipment is kept in the communities and is used by all the local farmers. By ensuring the proper disposal of waste on farms, it is possible to reduce the risk of contamination of water resources.

**Amount
invested in
the Watershed
Management
Program
US\$ 1.4 million**

Long-term work

The Watershed Management project has been carried out since 1988. Its performance was limited to 16 cities bordering the Itaipu lake and, with the creation of the Cultivating Good Water in 2003, it was expanded to 29 cities from the BP3.

Among the results achieved from 2003 to 2009, there are nearly 4,600 hectares of agricultural terraces, 382 km of adequate rural roads and more than 570 miles of fences. They installed 115 community water supplies and 116 distributors of organic waste from animal breeding, enabling there proper application to crops and pastures and reducing the risk of

contaminating the water resources.

In addition to the collective actions that affect the entire population, the project also has individual actions, developed directly on the farms. They go through an initial diagnosis, which determines what the environmental liabilities of these properties are. This way, they make an environmental control plan, which enables the property to be licensed in the Environmental Institute of Paraná (IAP) and the sustainable development plan of the family unit. More than 4,200 property projects have been prepared. By 2011, the goal is to reach other 1100 properties. The Watershed

Management Project is developed in partnership with local governments. Part of the resources is provided by Itaipu, and another one comes from the City Halls. The counterpart takes the IDHM - Índice de Desenvolvimento Humano Municipal (Municipal Human Development Index), and the history of previous agreements implemented into account. After that, they jointly manage the resources and actions. Twelve managers of the company are responsible for monitoring and supervising the work in the field.

BP3 Steering committees are formalized by law

The methodology for the actions of the Cultivating Good Water follows several steps. An extremely important one is the creation of the river basin steering committee in the selected municipalities so they can join the project. The group brings together representatives of the social and

environmental programs of Itaipu, municipal, state and federal governments, cooperatives, unions, social organizations, universities, schools and farmers and is responsible for managing the planning. In 2009, a major breakthrough was the formalization of the 29 municipal committees of

the program, by means of municipal laws in the cities that make up the BP3. Approved by the city council, each steering committee becomes a representative body of the municipality, expanding its ability to collaborate with the creation of public policies.



6th Cultivating Good Water Meeting brings together over 4000 participants

In November 2009, in Foz do Iguaçu, Itaipu and its partners held the 6th Cultivating Good Water Meeting, which brought together over 4,000 participants. In addition to the annual evaluation of the actions taken and the improvements proposed to the program, the event also provides exchange of information through lectures and workshops. This sixth annual

meeting addressed topics such as Organic Life, Watershed Management and Sustainability of Indigenous Communities, and held a workshop on environmental journalism for media students and professionals. Several events were integrated into the meeting:

7th Ibero-American Meeting on Sustainable Development

Stemmed from the conclusions of the National Congress on the Environment, in 1995, this meeting is aimed at bringing together countries of the region to address environmental problems and defend common solutions. The event

stimulated debate on environmental policy and management, energy planning, urban ecology, international cooperation plans, air pollution, water supply, water pollution, environmental education, energy production, citizen

participation, Hispanic-American cooperation and sustainable management of cities, among other topics.



1st Meeting of Watershed Organizations in Latin America and Caribbean

The Latin American Network of Basin Organizations (Rede Latino-americana de Organismos de Bacias - Relob) aims to contribute to the strengthening of an integrated water resources management in America and the Caribbean by means of sharing practical knowledge among river basin organizations.



Annual Meeting of the Center for Socio-environmental Knowledge and Care of the La Plata Basin

The Center was formed in 2006 from the Technical, Scientific and Financial Cooperation Agreement between the United Nations Environment Program (UNEP), Itaipu and the PTI Foundation, with the participation of the Intergovernmental Coordinating Committee of the La Plata Basin Countries. Representatives of the governments, nongovernmental organizations and universities from the five countries of the La Plata Basin (Argentina, Bolivia, Brazil, Paraguay and Uruguay) join the initiative aimed at contributing to building solutions to social and environmental problems via education. With the CAPs - Círculos de Aprendizagem Permanente (Continuous Learning Circles), the center trains the citizens of the La Plata Basin and encourages the dissemination of knowledge.

5th International Conference on Gross National Happiness

GNH is a term created in 1995 in Bhutan. It is an indicator used by any country to measure national progress. The adoption of the indicator has the support of the United Nations Development Programme (UNDP) and is a counterpoint to Gross Domestic Product (GDP), because in addition to economic growth, it considers nine other aspects of people's lives (psychological well being, health, balanced time use, community vitality, education, culture, ecological recovery, governance and life standards). In seminars and conferences, government representatives and institutions from Bhutan presented their experience with the index in that country.



Amount invested in the 6th CAB Meeting - US\$ 767,000

Environmental education activities involve external and internal audience

GRI: SO5
PG: 7, 8

92

Environmental education activities form the core of the Cultivating Good Water program and play an important role in the search for a more sustainable relationship with the environment. To achieve the expected results, the community should be aware of its importance regarding the preservation of natural resources for current and future generations. To raise awareness of and train social actors in the Paran Basin 3, Itaipu promotes the FEA (Forma de Educadores Ambientais) - Formation of Environmental Educators - guided by the respect for the local physical, geopolitical and cultural Bio-regionalism. FEA started in 2005 and involves approximately 2,500 teachers, including fishermen, farmers, housewives, teachers, collectors of recyclable materials, students and religious leaders. Non-formal education is given in all the watersheds by means of workshops based on the Paulo Freire methodology. The community is encouraged to reflect on their environmental problems, contributing to make a participatory diagnosis of the region. In 2009, the environmental education actions throughout the 29 municipalities of BP3 were strengthened by the mayors' nomination of

60 environmental education managers, made by the mayors. They meet every two months and discuss strategies to include the theme in municipal public policies, with actions inspired by the "Ethics of Care" in our place, according to the writer and theologian Leonardo Boff, who proposes new forms of interpersonal and environmental relationships by adopting a consensual, protective and careful attitude. The year was also marked by the formation of collective local educators, bringing together people from different sectors - government, private and civil society - with the objective of promoting reflection, establishing a socio-environmental diagnosis of the city's reality and planning interventions that will lead to improvement. Currently, there are 29 municipal collective educators trained in BP3 to undertake environmental education projects within the municipalities. In the formal educational system, comprised of public schools in 29 cities in the BP3, the environmental education actions involve more than 130,000 students, besides teachers, nutritionists and cooks. In 2009 a training program initiated in 2004 was completed with these

groups. The 2nd School Meals Management Course, with 95 nutritionists and cooks participating, and the 2nd BP3 Contest of Healthy Recipes - Organic edition were launched to stimulate habit change and strengthen public policies for food security. 470 schools cooks entered the competition in the BP3, and the 55 best recipes were gathered in the 2nd Book of Healthy Recipes from the BP3 - Organic Edition. Both the course and the contest are interconnected, so that the audience reached could be trained and made aware of the use of organic products. In the process, 18 associations of organic farmers and 23 technicians of the Ater network for products supply were involved. The Eco-museum and the Bela Vista Wildlife Refuge developed environmental education actions with students from seven local schools and surrounding communities. The two spaces play a strategic role in shaping the environmental community because they allow the application of interdisciplinary and participatory practices that encourage dialogue and engagement of all social groups in the construction of a local sustainability.



Internal audience

In the corporate environment, Itaipu stimulates reflection and change in attitude of employees and co-workers (interns, service providers and young people from the Initiation and Incentive to Work Program), seeking to ensure the commitment of all to experience the social and environmental responsibility of the company's mission. The network of Corporate Environmental Education, comprised of 70 volunteer employees (50 in Foz do Iguaçu and 20 in Curitiba), promotes coordination, awareness development and socialization of information for selective collection (Program Come and Go), encourages the employees to take part in environmental events and promotes lectures

and in loco technical visits to some programs of the Cultivating Good Water. In 2009, the network conducted awareness raising activities to reduce the use of plastic cups in the company, which amounted to 7 million units a year. To put into practice this educational activity, all employees received stainless steel mugs. The expectation is to reduce the consumption of plastic cups at 30% in 2010. Employees of Foz do Iguaçu and Curitiba had the opportunity to attend a lecture by Leonardo Boff, about "The Ethics of Care in our daily life - challenges and possibilities."



► **Amount invested in Environmental Education**
US\$ 606,000

Responsible action enhances sustainability

The company develops initiatives to reduce water and energy consumption, greenhouse gases emissions and waste disposal in landfills.

In the energy area, it maintains Cice - Comissão Interna de Conservação de Energia (Internal Committee for Energy Conservation), which encourages the conscious use of resources and promotes energy efficiency actions, such as replacing light bulbs for alternatives that consume less, with good results until 2008. Despite the effort, in 2009, the total power consumption of the company, including all of its offices and ancillary services, was of 106,933 MWh (GJ 384,960.96), almost equal to 2008 - 104,403.9 MWh (375,854 GJ). However, the consumption of offices located outside the industrial area increased from 2,399.5 to 2,546.6 MWh (6% increase), driven mainly by a higher use of air conditioning. From the total consumed, 103,554.1 MWh were produced internally and the remainder (832.9 MWh) was purchased from the Companhia Paranaense de Energia Elétrica - Copel.

To improve performance in 2010, the company is covering the roof of the buildings with a cover made of polyurethane, which reduces the heat input, allowing limited use of air conditioners. In the Recycling Center, in Foz do Iguaçu, the water used in showers and the kitchen sink is heated using five solar heaters. The thermal reservoir has a capacity of 500 liters of water, enough to serve up to 10 people.

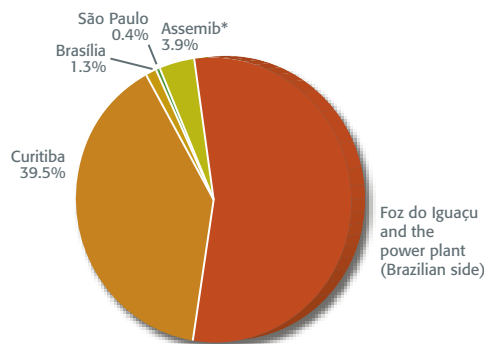
| Direct energy consumption by primary energy source (%) | 2009 |
|--|--------|
| Hydroelectric | 99.789 |
| Thermal | 0.114 |
| Nuclear | 0.091 |
| Wind | 0.006 |

Fuel use (l)

| Fuel | 2009 | 2008 | 2007 |
|--------------|----------------|----------------|----------------|
| Diesel | 240,604 | 217,656 | 317,973 |
| Ethanol | 197,065 | 58,929 | 107,029 |
| Gasoline | 98,171 | 174,910 | 208,435 |
| Total | 535,840 | 451,495 | 633,437 |

GRI: AG EN; EN1; EN3; EN4; EN5; EN7; EN8; EN9; EN10; EN18; EN21; EN22; EN25
PG: 7; 8; 9

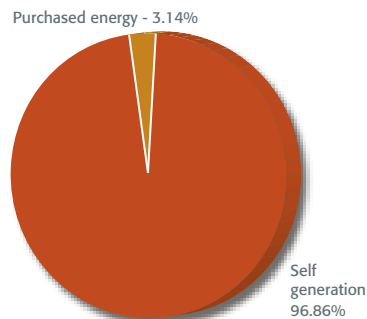
Energy consumption within the offices



*(Association of Employees of the Itaipu Dam - Foz do Iguaçu)

Total 2009: 2,546.6 MWh

Energy consumption in the plant



Total: 107,766.5 MWh/387,959.65 GJ

Water

Virtually all the water used by Itaipu has no consumptive use: it is pumped from the reservoir to the turbines to generate electricity by moving them, and may pass through the spillway or

be used for cooling equipment and is returned to the Parana River, its original place. In 2009, 381.5 billion liters were used. The only change experienced in the process refers to the water

temperature. The volume used in the cooling system shows a small temperature rise (6.3° C), but represents less than 0.1% of the volume of the river and is compatible

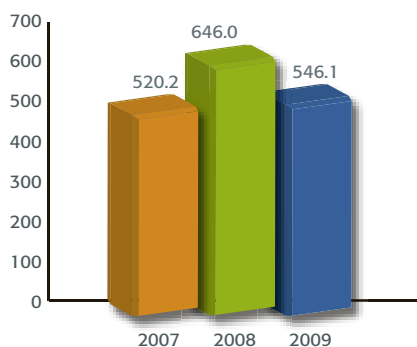
with the natural variation of the water. The real quantity of water consumed by the company amounted to 564.1 thousand cubic meters, a 12.7% reduction when compared to 2008.

Consumptive use of water

| Source | Responsible for withdrawal | Quantity (m ³) |
|--|--|----------------------------|
| Paraná River (PR) – Superficial | Itaipu | 503,774 ¹ |
| Paraná River (PR) – Superficial | Sanepar (Paraná Sanitation Company) | 55,504 |
| Cayguava, Piraquara and Iraí Rivers, (all in Paraná) - Superficial | Sanepar | 4,726 |
| Reservoirs in Torto and Santa Maria ² (located in the Federal District) | Companhia de Saneamento Ambiental do Distrito Federal – Caesb (Environmental Sanitation Company of the Federal District) | 151 |
| Total | | 564,155 |

Note: There is no data on the consumption of the Itaipu offices in Guaira and Santa Helena (both in Paraná), from the Serra Geral Aquifer (underground), but the small number of employees suggests a negligible number in the company's total. 1 Including the Wildlife Refuge consumption (146,000 m³), resulting from estimation based on the local flow. 2 To calculate the office's consumption in São Paulo, located in a commercial building, it was considered Itaipu's portion after the distributions of the condominiums. By 2011, the company will have installed individual meters to calculate the consumption more accurately in all of the buildings.

Water consumption (thousand liters)



Note: Figures are estimates

The water consumed by the company - be it directly impounded or provided by public suppliers - neither comes from sources located in protected areas, on the list of the Ramsar Convention nor reaches the threshold of 5% of the average volume of water bodies involved in the supply. To reduce the demand on explored water sources, the company maintains tanks for accumulation of rainwater in different units. In Santa Helena's office (PR), there is a reservoir with capacity of 4,000 liters, used for cleaning and irrigation. In Foz do Iguaçu (PR), the Waste Recycling Center has a 30,000 liters tank and another tank - with a total volume of 20,000 liters - that uses the water for watering gardens, cleaning sidewalks and flushing bathrooms. In the Bela Vista Refuge, a closed system allows the reuse of water from indoor breeding. Every year, they reused a volume of

298,000 liters, which is equivalent to 51.75% of the water consumed by the company in 2009 for consumptive use and 0.0000781% of the total withdrawals in the year. It is not possible to measure the total reused yet, but in 2010, the company will install measurement systems. Considering the water discharges from consumptive use made directly by Itaipu, 78% undergo treatment before disposal. The proportion without treatment (22%) is discarded in the soil and in the Paraná River without compromising the water quality, as evidenced by the monitoring conducted by the company at points located upstream and downstream the dam. No disposal performed directly by Itaipu or sanitation companies is greater than 5% of the flow of water bodies of destination or significantly affects them.

Use of Materials

The company has no data on measures like weight and size of the office supplies, but it is their intention to insert these data into the control system in 2010. Until 2009, the monitoring was based on materials

received at stockrooms, totaling 1.175 tons in the year, a reduction of 9% over that recorded in 2008 (1.295 ton).

96

Waste

Itaipu carries out the Vai e Vem program (litterally: Come and Go), promoting selective collection and aiming to increase the recycling of waste material used in the company. The recyclable waste is collected and trucked to the Recycling Center, where it is separated and baled. The material is donated to the Cooperative of Environmental Agents of Foz do Iguacu (Cooperativa dos Agentes Ambientais de Foz do Iguacu - Coaafi).

They also make the correct disposal of toxic products, such as contaminants, fluorescent tubes and other non-recyclable waste used in Itaipu's industrial area. These materials are passed through to specialist firms, which choose their final destination. The non-recyclable garbage goes straight to the landfill in Foz do Iguacu.

The systems of collection, storage and disposal of industrial waste are being reviewed

and will be improved in 2010 with the adoption of a plan for reverse logistics: some of the materials will be returned to the manufacturing companies. This very plan will make possible to expand the types of products that are treated, including junk mail, among others. It is also planned the implementation of a platform for the separation of waste, to improve the classification and exploitation of the materials.

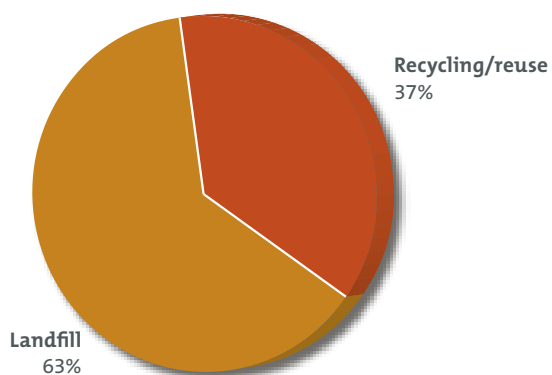


Waste disposal (t)

| | 2009 | 2008 | 2007 | Disposition |
|--|---------------|--------|-------|-----------------|
| NON-HAZARDOUS | | | | |
| Recyclables (Paper, cardboard, plastics and aluminum cans) | 105.78 | 84.15 | 74.55 | donation |
| Discarded dry coffee filters | 4.35 | ND | ND | donation |
| Empty printer cartridges | 0.07 | ND | 0.12 | donation |
| Aluminum (525 kV bushings) | 9.86 | 14.69 | ND | sale |
| Copper (525 kV bushings) | 6.72 | 12.00 | ND | sale |
| Organic waste | 258.17 | 234.37 | ND | Landfill |
| Total - harmless waste | 384.95 | | | |
| HAZARDOUS | | | | |
| Insulating mineral oil | 97.24 | 113.00 | ND | sale |
| Lubricating oil | 79.95 | 33.97 | 45 | regeneration |
| Fluorescent lamps | 7.92 | 5.87 | 8.45 | decontamination |
| Industrial resins | 11.84 | ND | ND | sale |
| Medical waste | 1.29 | 0.85 | ND | Incineration |
| Total - hazardous waste | 196.95 | | | |
| TOTAL WASTE | 581.90 | | | |

Note: in spite of the possible measure of the evolution in the generation of waste by type, the evolution of the total number is still distorted by the improvement of the classification, measurement and control systems produced by the company every year. ND: data not available.

Recycling of waste in 2009



Total: 384.94 t (non-hazardous)

Company invests in biodiversity conservation

GRI: EN12; EN13; EN14; EN15
PG: 7; 8

“Biodiversity – Our Heritage” is a program that enables the company to promote the protection and conservation of the wild fauna and flora of the Paraná Basin 3 region. Since the establishment of the plant, Itaipu has been making a significant investment in biodiversity. It has implanted permanent preservation areas (the Reservoir Protection zone) and biological refuges, and invested in genetic improvement of the local flora and fauna.

The company monitors fish stocks and migration from the reservoir and maintains the Spawning Channel. The canal was built in 2002 and establishes a 10 km link between the

reservoir and the Paraná River, which allows the flow of fish to prevent genetic isolation of populations above and below the dam. With radio transmitters implanted in the fish, the company is studying the behavior of species such as golden dorado, pacu, ray-finned fish, zungaro zungaro and catfish. The signals are recorded by five radio reception stations arranged along the canal. The fish are getting pit tags that can be used in smaller species. Passive tags are also implanted (plastic) on the back of the animals. They are visible and contain the contact information of Itaipu, to be returned to the company with information

about the animal.

To allow genetic exchange between animals and plants that live in the National Park of Ilha Grande and Iguazu National Park, the company is creating a biological corridor linking the two zones through its protected areas (Protection Strip and shelters) and riparian forests of the BP3.

Besides the conservation units located in the Brazilian territory, the corridor will also link areas in Paraguay, as the Museum Bertoni, and Argentina, like Parque Nacional del Iguazú and conservation units in the province of Misiones.

Amount invested in the program Biodiversity - Our Heritage
US\$ 1.3 million



Management of impacts

In partnership with the Center for Research in Limnology, Ichthyology and Aquaculture of the Public University of Maringá (UEM-Nupelia), Itaipu monitors 235 aquatic macrophytes in the eight main arms of the reservoir (Guaçu stream and the São Francisco Verdadeiro, São Francisco Falso, São Vicente, Ocoí, São João, Pinto and Passo Cué Rivers), recording the species that occur and the extent of the banks. The goal is to detect the multiplication of the plants. The company monitors the reservoir water quality, the proliferation of golden mussel (exotic species from Asia, which can clog pipes), the return of professional fishing and fish species.

The whole area of the Protection Zone is monitored against intrusion, logging, hunting and fishing in agreements with the Force Green (Environmental Police Battalion) and the Federal Police. Itaipu has a contingency plan for periods of drawdown of the reservoir and maintains fire brigades in all of the surrounding cities.

In 2009, there were no impacts on biodiversity related to the operation of the company, as major works or spills of chemicals or anything like. Isolated events, such as retention of fish in the generating units during shutdowns for maintenance, were promptly reversed with the rescue and release of confined animals, totaling 6,031 specimens of 32 species.

Itaipu prioritizes care in the Protection Zone by investing in

reforestation through the Cultivating Good Water program, with 815,426 seedlings and the construction of 69.7 km of fencing.



Bela Vista Wildlife Refuge: a history of 25 years

In 2009, the Bela Vista Refuge (BVR), maintained by Itaipu in the Brazilian territory, celebrated its 25th anniversary. It was founded on June 27, 1984, and for over two decades, it became an important center for research on the fauna and flora, an environmental education tool and a site for visits and tours.

Regarding flora, the refuge carries a program on forest plants, a pond with capacity to produce 400,000 seedlings per year and a germplasm bank with arrays of 15 forest species - some endangered species such as the *Agonandra brasiliensis*. The native seedlings grown in the nursery are planted in the Biodiversity Corridor, Protection Zone of the reservoir, in the municipalities of BP3 and the power plant's gardens. 24 million seedlings were produced to form the current 29,500 hectares of the Protection Zone. The Medicinal Plants Project runs an Herb Shop, a seedling nursery, a garden and a structure for drying and processing plants produced. In all, they are 95 species. The BVR also includes a zoo for animals that can not be returned



to nature, a breeding site for the reproduction of endangered species and a veterinary hospital that in 2009, attended 950 animals from captivity and natural habitat, sent by environmental agencies. It integrates an 41,000 hectares area protected by the company in Brazil and Paraguay. In the BVR there are 26 employees and 150 outsourced professionals. In addition to wildlife conservation programs, the Refuge develops researches on fish in net cages and monitors the Spawning Channel. The RBV holds 81 different species of animals, including mammals, birds and reptiles. Forty-three of them have been reproduced in captivity. One case that attracted more attention was the harpy eagle, a rare

endangered bird. It was the first case of successful captive breeding in the south of Brazil. Other attempts were made to reproduce the bird in the previous three years, but the young survived only a few days. During the whole study, care was intensified and there were seven young, two of which survived.



The male arrived at the shelter in September 2000, when it was rescued in the BR-277 (local highway), close to a district called Três Lagoas, in Foz do Iguaçu. The female was rescued in March 2002 in Juazeiro, Bahia, in operations against wild animals trafficking.

Also known as the harpy eagle or *Uiracuru-verdadeiro*, this is the most powerful bird of prey in the world. Currently, the species is found mainly in the Amazon rainforest. In other regions it is endangered because of poaching and habitat loss.

Endangered species

In the region where the company operates, there are several endangered species in different degrees of risk. The Wild Animals Breeding and the Roberto Ribas Lange Zoo, maintained by the company within the BVR, provide more than 300 animals with a suitable and protected environment. The company also monitors fish species rescued during the turbine's maintenance operations or identified in the Spawning Channel and in the reservoir, and maintains a detailed inventory of endangered regional flora seedlings's seed production.



| Common name | Scientific name | IUCN | BR | PR | Casib | | Zoo | | Germplasm Bank | faunal survey 1977-1979 | Fauna Rescue 1982 |
|----------------------------|-----------------------------------|------|----|----|-------------------|-----------------|-------------------|-----------------|----------------|-------------------------|-------------------|
| | | | | | in Breeding Stock | Born until 2009 | in Breeding Stock | Born until 2009 | | | |
| MAMMALS | | | | | | | | | | | |
| Golden-headed Lion Tamarin | <i>Leontopithecus chrysomelas</i> | EN | | | | 1 | | | | | |
| Little Spotted Cat | <i>Leopardus tigrinus</i> | | VU | VU | 20 | 29 | 0 | 0 | yes | yes | yes |
| Marsh Deer | <i>Blastocerus dichotomus</i> | VU | VU | CR | 0 | 5 | 7 | 6 | yes | yes | |
| Brazilian Tapir | <i>Tapirus terrestris</i> | | | EN | 4 | 5 | | 0 | | yes | |
| Margay | <i>Leopardus wiedii</i> | | VU | VU | 14 | 25 | 0 | 0 | | yes | |
| Giant Anteater | <i>Myrmecophaga tridactyla</i> | | VU | CR | 0 | 0 | 2 | 0 | | | |
| White-lipped Peccary | <i>Tayassu pecari</i> | | | | | 64 | | | | yes | |
| Jaguar | <i>Panthera onca</i> | | VU | CR | 2 | 0 | 1 | 0 | yes | yes | |
| Ocelot | <i>Leopardus pardalis</i> | | VU | VU | 17 | 21 | 0 | 0 | yes | yes | |
| Collared Peccary | <i>Pecari tajacu</i> | | | VU | 0 | 53 | 6 | 0 | | yes | yes |
| Black howler | <i>Alouatta caraya</i> | | | EN | 5 | 16 | 0 | 0 | | yes | yes |
| Lowland Paca | <i>Cuniculus paca</i> | | | EN | 0 | 0 | 0 | 0 | | yes | yes |
| Collared Anteater | <i>Tamandua tetradactyla</i> | | | | 0 | 4 | 0 | 0 | | yes | yes |
| Coypu | <i>Myocastor coypus</i> | | | | 1 | 4 | 29 | 40 | | yes | yes |
| Capuchin monkey | <i>Cebus apella</i> | | | | 1 | 14 | | | | yes | |
| Black-tufted Marmoset | <i>Callithrix penicillata</i> | | | | | 6 | | | | | |
| Coati | <i>Nasua nasua</i> | | | | | 14 | | | | yes | |
| Raccoon | <i>Procyon cancrivorus</i> | | | | | 21 | | | | yes | |
| Jaguarundi | <i>Puma yagouaroundi</i> | | | | 3 | 6 | | | | yes | |
| Tayra | <i>Eira barbara</i> | | | | 2 | 5 | | | | yes | |
| Lesser Grison | <i>Galictis cuja</i> | | | | 3 | 48 | 2 | | | | |
| Gray Brocket | <i>Mazama quazoubira</i> | | | | | 11 | | | | yes | |
| Capybara | <i>Hydrochoerus hydrochaeris</i> | | | | 2 | 35 | 2 | | | yes | |
| Brown-eared Woolly Opossum | <i>Caluromys lanatus</i> | | | | | | 1 | | | yes | |

| | | | | | | | | | | | |
|----------------------------|--------------------------------|-------|----|----|----|----|----|----|-----|-----|-----|
| Pygmy Brouet | <i>Mazama nana</i> | DD | VU | VU | 23 | 73 | 3 | 0 | yes | yes | |
| Red Brouet | <i>Mazama americana</i> | | | | 4 | 7 | 0 | 0 | | yes | yes |
| BIRDS | | | | | | | | | | | |
| Vinaceous-breasted amazon | <i>Amazona vinacea</i> | EN | VU | NT | 7 | 0 | 0 | 0 | | yes | |
| Harpy eagle | <i>Harpia harpyja</i> | NT | | CR | 4 | 7 | 0 | 0 | | yes | |
| Blue-winged macaw | <i>Primolius maracana</i> | | | EN | 2 | 0 | 0 | 0 | | | |
| Blue-and-yellow-macaw | <i>Ara ararauna</i> | LC | | CR | 9 | 16 | 0 | 0 | | | |
| Red-and-green macaw | <i>Ara chloropterus</i> | | | CR | 1 | 0 | 0 | 0 | | yes | |
| Scaly-headed parrot | <i>Pionus maximiliani</i> | | | | | 1 | 3 | | | yes | |
| Bare-faced curassow | <i>Crax fasciolata</i> | | | CR | 0 | 2 | 1 | 0 | | yes | |
| Red-ruffed fruitcrow | <i>Pyroderus scutatus</i> | | | NT | 0 | 0 | 1 | 0 | | yes | |
| Peregrine falcon | <i>Falco peregrinus</i> | | | | 0 | | 0 | | | yes | |
| Brazilian duck | <i>Amazonetta brasiliensis</i> | | | | 0 | | 18 | 19 | | yes | |
| White-faced whistling duck | <i>Dendrocygna viduata</i> | | | | 17 | 57 | 32 | 28 | | | |
| Muscovy duck | <i>Cairina moschata</i> | | | | | 48 | | | | yes | |
| Snail kite | <i>Rostrhamus sociabilis</i> | | | | 0 | | 0 | | | yes | |
| Plumbeous kite | <i>Ictinia plumbea</i> | | | | 2 | | 0 | | | yes | yes |
| Red-breasted Toucan | <i>Ramphastos dicolorus</i> | | | | 0 | | 1 | | | yes | |
| Chestnut-eared aracari | <i>Pteroglossus castanotis</i> | | | | 0 | | 2 | | | yes | |
| Black-crowned night heron | <i>Nycticorax nycticorax</i> | | | | 0 | | 2 | | | yes | |
| White-tipped dove | <i>Leptotila verreauxi</i> | | | | 0 | | 2 | | | yes | |
| Black-crowned tityra | <i>Tityra inquisitor</i> | | | | 0 | | 1 | | | yes | |
| Nanday parakeet | <i>Nandayus nenday</i> | | | | 0 | 6 | 1 | | | yes | |
| Red-legged Seriema | <i>Cariama cristata</i> | | | | 4 | 26 | | | | | |
| Barn owl | <i>Tyto alba</i> | | | | 7 | 17 | | | | yes | |
| Black vulture | <i>Coragyps atratus</i> | | | | | 1 | | | | yes | |
| King vulture | <i>Sarcoramphus papa</i> | | | 1 | | | | | yes | | |
| Great egret | <i>Casmerodius albus</i> | | | 0 | | 1 | | | yes | | |
| REPTILES | | | | | | | | | | | |
| Brazilian giant tortoise | <i>Geochelone denticulata</i> | VU | | | 0 | 0 | 3 | 0 | | | |
| Argentine tortoise | <i>Geochelone chilensis</i> | | | | | | 1 | | | yes | |
| Red-footed tortoise | <i>Geochelone carbonaria</i> | LR/LC | | | | | 9 | | | | yes |
| Broad-snouted caiman | <i>Caiman latirostris</i> | | | | 5 | 78 | 15 | 0 | | yes | |
| AMPHIBIANS | | | | | | | | | | | |
| Rococo toad | <i>Rhinella schneideri</i> | LC | | | | | 1 | 0 | | yes | |

| Common name | Scientific name | IUCN | BR | PR | Presente no | | | |
|------------------------|------------------------------------|------|----|----|--------------|-----------------------|------------------|----------------|
| | | | | | Fishery 2009 | Rescue in the Turbine | Spawning Channel | Germplasm Bank |
| FISH | | | | | | | | |
| Leporinus | <i>Leporinus striatus</i> | LC | | | no | no | yes | no |
| Leporinus | <i>Leporinus elongatus</i> | | | | yes | yes | yes | yes |
| Cangati | <i>Parauchenipterus galeatus</i> | | | | yes | yes | yes | no |
| Gymnogeophagus | <i>Gymnogeophagus setequedas</i> | | VU | VU | no | no | no | no |
| Brycon | <i>Brycon orbignyanus</i> | | EN | EN | no | yes | yes | no |
| South American catfish | <i>Steindachneridion scriptum</i> | | EN | VU | no | no | no | no |
| Pseudoplatystoma | <i>Pseudoplatystoma corruscans</i> | | | NT | yes | no | yes | yes |
| Golden dorado | <i>Salminus brasiliensis</i> | | | VU | yes | no | yes | yes |
| Pseudopimelodus | <i>Pseudopimelodus mangurus</i> | | | VU | no | yes | no | no |
| Zungaro zungaro | <i>Zungaro zungaro</i> | | | VU | no | yes | no | no |
| Pterodoras granulosus | <i>Pterodoras granulosus</i> | | | | yes | yes | yes | no |
| Cephalosilurus | <i>Leporinus friderici</i> | | | | yes | yes | yes | yes |
| Pacu | <i>Piaractus mesopotamicus</i> | | | | yes | no | no | no |
| Barred sorubim | <i>Pseudoplatystoma fasciatum</i> | | | | yes | no | yes | no |

| Common name | Scientific name | IUCN | BR | PR | Nursery Forest Production | Seeds in stock | Port Seeds in the region | Medicinal Garden Production* | Forest Inventory 1976 |
|-----------------------------|------------------------------------|-------|------|----|---------------------------|----------------|--------------------------|------------------------------|-----------------------|
| FLORA | | | | | | | | | |
| Brazilwook | <i>Caesalpinia echinata</i> | EN | yes | | yes | | | | |
| Aspidosperma peroba | <i>Aspidosperma polyneuron</i> | | rare | | yes | yes | yes | | yes |
| Balfourodendron riedelianum | <i>Balfourodendron riedelianum</i> | | rare | | yes | yes | yes | | yes |
| Cedrela fissilis | <i>Cedrela fissilis</i> | | | | yes | yes | | | yes |
| Myrcianthes pungens | <i>Myrcianthes pungens</i> | | | | | yes | | | yes |
| Pink Ipê | <i>Tabebuia impetiginosa</i> | LR/LC | | | yes | yes | | | yes |
| Pterogyne nitens | <i>Pterogyne nitens</i> | | | | yes | yes | | | yes |
| Rose cactus | <i>Pereskia grandifolia</i> | LC | | | | | | yes | |
| Romã | <i>Punica granatum</i> | | | | | | | yes | |
| Ocotea puberula | <i>Ocotea puberula</i> | | | | | yes | | | yes |
| Heart of palm | <i>Euterpe edulis</i> | | yes | | yes | yes | | | |
| Lonchocarpus muehlbergianus | <i>Lonchocarpus muehlbergianus</i> | | | | rare | | yes | | yes |
| Incienso | <i>Myrcarpus frondosus</i> | | | | rare | | yes | yes | yes |
| Rutaceae family plant | <i>Albizia hasslerii</i> | | | | rare | yes | yes | | |
| Wilco, Vilca | <i>Anadenanthera colubrina</i> | | | | rare | yes | yes | | yes |
| Maytenus | <i>Maytenus ilicifolia</i> | | | | rare | | | yes | |
| Vitex polygama | <i>Vitex polygama</i> | | | | endangered | | | | |
| Inga uruguensis | <i>Inga uruguensis</i> | | | | | yes | yes | | |
| Trema | <i>Trema micrantha</i> | | | | | yes | yes | | yes |
| Cocos palm | <i>Syagrus romanzoffiana</i> | | | | | | | yes | |

* The production of the Medicinal Garden is certified as Organic by IUCN (International Union for Conservation of Nature).

VU (vulnerable species).

EN (endangered species).

NT (near threatened).

LC (least concern).

LR/LC (low risk).

DD (data deficient).

CR (critically endangered).

Casib - Criadouros de animais silvestres da Itaipu Binacional (Breeding of wild animals of Itaipu).

Initiatives reduced the impact on climate change

GRI: EC2; EN16; EN17;
EN18; EN20; EN26; EN29
PG: 7; 8; 9

104

The company is always attentive to introducing measures that could reduce greenhouse gas (GHG) emissions, giving preference to flex power vehicles, which reach 67% of its total fleet. In 2009, they consumed 197,000 liters of ethanol, which prevented the emission of 370 tons of CO₂, that would happen if the vehicles were fueled with gasoline.

The reforestation promoted by Itaipu has also a positive effect on GHG emissions, because the new trees capture and store CO₂. In 2009, the Protection Zone and the biological refuges, installed in the Brazilian territory, stockpiled 753,400 tonnes of CO₂, reaching a total of 22.5 million tonnes since the reforestation of the area in 1979.

The calculation follows the global carbon fixation parameters adopted by the Intergovernmental Panel on Climate Change (IPCC), accounts for the trunks, leaves and roots, and considers the fixation occurred in the existing trees and those planted during 2009.

There were 150 seedlings (0.1 ha) in the Protection Zone and 22,425 seedlings (10.66 ha) in the Bela Vista Wildlife Refuge.

With the donation of 221,700 seedlings, the company provided the Paraná Basin 3 with the reforestation of 138.6 ha, beyond the limits of the company.

Study

Itaipu seeks to foster the development and exchange of knowledge on climate change. In 2010, it completed a study aimed at adapting the methodology for carbon sequestration calculating to the specific climate and flora of the protected areas of the company. To precisely determine the height and diameter of the trunks, physical characteristics that influence the rate of fixation, the survey considered 110 species found in the Protection Zone and the age of the trees.

MENDES, Anderson Braga. Quantificação do montante de CO₂ armazenado na vegetação que compõe a Faixa de Proteção do reservatório da Usina Hidrelétrica da Itaipu - margem brasileira. Curitiba: Universidade Positivo, 2009. 1 vol. Monografia (Especialização). Programa de Pós-Graduação em Mudanças Climáticas e Seqüestro de CO₂, Universidade Positivo, Curitiba, 2009 (Quantifying the amount of CO₂ stored in the vegetation that makes up the Protection Zone's reservoir of Itaipu Hydroelectric Power Plant - Brazilian side. Post-graduation Program on Climate Changes and Carbon Sequestration, Positivo University, Curitiba).



Greenhouse effect

Any waterbody, including reservoirs, are sources of greenhouse gas emissions. In 2009, by a study conducted expeditiously in the Itaipu Lake, researchers could have a partial estimate of its gross emissions, which showed very low and have already been reported in the 2007 Sustainability Report, available at www.itaipu.gov.br. However, to correctly assess the reservoirs' impact on

global warming one needs to quantify net issuance (gross emission minus the emissions before the existence of the reservoir and the carbon storage process). The scientific community is still working to define how to measure such net emission. Itaipu intends to contribute with a Brazilian ongoing effort to study the net emissions in the reservoirs.

GHG Emissions (tCO₂e) in 2009

| | | |
|---------------------------------|---|------------------|
| Direct emissions | Fugitive SF ₆ (used in the Power House Sectional Substation) | 14.340,00 |
| | Own fleet ¹ | 1.820,20 |
| | Fire alarm system ² | 0,20 |
| | Gas pipeline | 32,95 |
| Total direct emissions | | 16.193,35 |
| Indirect emissions | Air travels at work | 1.173,47 |
| | Hired Transportation ³ | 48,16 |
| | Purchase of electricity ⁴ | 61,35 |
| Total indirect emissions | | 1.282,98 |
| Total | | 17.476,33 |

¹ Based on fuel consumption estimates.

² CO₂ released from the fire alarm system that meets the plant's structures shared by Brazil and Paraguay

³ Includes the total emissions, considering the entire occupation of the vehicles referred to Itaipu.

⁴ Energy purchased in the National Combined System. The calculation of the emissions takes into account the emissions factor of 2009.

Other emissions

In its operation, Itaipu does not emit significant quantities of air pollutants or substances that destroy the ozone layer. The table below details the emissions related to transport of employees and the use of equipment powered by fossil fuels.

Significant air emissions (kg)*

| | 2009 | 2008 | 2007 |
|---------------------------------------|------------------|------------------|------------------|
| Nox | 23,763.30 | 22,091.25 | 24,862.73 |
| Sox | 8,657.31 | 8,234.96 | 1,869.29 |
| Carbon monoxide (CO) | 28,898.79 | 27,497.88 | 15,579.28 |
| Hydrocarbons (HC) | 5,800.53 | 5,551.06 | 4,152.93 |
| Aldehyde (CHO) | 30.49 | 22.31 | 13.48 |
| Nitrous oxide (N₂O) | 12,166.50 | ND | ND |
| Particulate matter (PM) | 862.01 | 848.82 | 638.25 |
| Total | 80,178.93 | 64,246.28 | 47,114.99 |

* Estimated / ND: data not available



Relationship with the Community

Itaipu contributes to the development of the communities where it operates by means of corporate social responsibility and employee volunteerism.



Employees join the Volunteer Force

GRI: AG HR; AG SO; 4.14; EC8; SO1
PG: 1; 2

108

Since 2005, all of Itaipu's employees are encouraged to do volunteer work in social and environmental projects in the localities where the company has its offices. That year, they created the Volunteer Force program, a proposal to make the participants want to transform themselves and the reality around them, giving less emphasis to voluntary philanthropy.

With activities connected with the planetary guidelines as the Millennium Development Goals, the UN Global Compact and national sustainability documents, the Volunteer Force has reached more than 3,000 people in its four years of operation.

Among several activities undertaken by the program, the Integration Gymkhana 'Our Volunteer Force', in public schools from Foz do Iguaçu, is promoting the growth of the themes of social and environmental programs developed by Itaipu with its various stakeholders.

As always happens in voluntary initiatives, we all win, the public and volunteers. This applies to Cristiane Lúcia Piton. In 2009, only two years as an employee, she led one of the teams, which conducted activities on Balanced Diet and Gender Equality at a public school in Foz do Iguaçu. "We were very well received by children, and I met

new colleagues. It's great to be part of this program", said Cristiane, who wants to repeat the experience. Another flagship program is the Bank of Projects, which transfers funds to charity institutions in which Itaipu's employees work as volunteers. Eight agencies were selected to receive R\$ 5,000 each. Based on the results achieved by the recipient organizations, the company decided to increase the value: in 2010, the eight projects selected will be awarded with R\$ 10,000 each. Luis Alberto Pereira Oliveira, employee and volunteer at the Benevolent Association of Curitiba, has already approved the initiative in such a way that his

team was awarded twice: in 2007 and 2009.

Among other initiatives, the Volunteer Force conducts three annual campaigns: the Warm Clothing Campaign, which receives donations of blankets, clothing and footwear; Adopt a Little Star at Christmas Campaign, where people buy toys for poor children from Foz do Iguaçu and Curitiba; Allocation of Income Tax Due Campaign, which encourages the donation of part of the tax to social institutions.

Amount invested in the Volunteer Force - US\$ 108,000



Respect for the indigenous culture lays the foundation for local quality of life program

GRI: AG HR; 4.16;
4.19; SO1; SO5; HR9
PG: 1; 2

109

This Triple border area has a geographical connection with the indigenous peoples – specially the Guarani people. This ethnic group originated in this region, and its population, which used to be large, gradually decreased and now lives socially and culturally endangered. Itaipu develops actions for the indigenous people to have access to better living conditions, new opportunities for income generation, technical assistance in food production, encouraging arts and crafts, traditions and memories.

The Project of Sustainability of Indigenous Communities held a permanent work in the villages Tekoha Ocoy, Tekoha Añetete and Tekoha Itamarã. To enhance the Guarani way of being, Itaipu is implementing initiatives focused on local infrastructure, food safety, agricultural development and culture. The goal is to protect communities from the effects of poverty and the private interests of other ethnic groups, by improving the infrastructure, fighting malnutrition and supporting sustainable agricultural production. The project also

works in preventing poverty and non-Indians interests from producing negative effects to the indigenous communities.

Currently, 210 families live in the villages, amounting to 1,102 indigenous people, including children, youth, adults and seniors. The groups occupy an area of approximately 2,200 hectares, where they survive primarily of organic agriculture and handicrafts.



Food

In addition to the activities aimed at diversification of the plantation and providing technical assistance, Itaipu donated 465 kg of maize seeds, 180 kg of bean seeds, 570 fruit tree seedlings and 55 cubic meters of cassava branch. It has supported the sale of 75.5 tonnes of cassava and helped the agricultural production to reach a total area of 270 ha.

Their diet was also improved by the consumption of fish (2,730 kg of pacu) produced with the technical support of the company. Itaipu has provided 11,500 fingerlings (pacu) and 11.3 tons of fish food. The donation of draft animals, sows, cattle and inputs was also part of the actions aimed at strengthening the farming and cattle raising within the villages.

Income generation

With the support of Itaipu, the handicraft group from the Ocoy Community has presented their traditional art in local, state and national events, marketing pieces for companies and organizations. The handicraft group is composed mostly by women, which represents one of Itaipu's actions for gender equality in indigenous communities, improving self-esteem within that population. The Ava Guarani Steering Committee was consolidated. The group has the participation of indigenous associations, Itaipu, COAP - Centro de Apoio Operacional das Promotorias de Justiça de Proteção às Comunidades Indígenas (Center for Operational Support of the District Attorney of Protection of Indigenous Communities), CAPA - Centro de Apoio ao Pequeno agricultor (Center for Support to Small Farmers), Funasa - Fundação Nacional de Saúde (National Health Foundation), the Pastoral of the Children, the City Halls of Diamante D'Oeste and São Miguel do Iguacu, Emater - Instituto Paranaense de Assistência Técnica e Extensão Rural (Parana Institute of Technical Assistance and Rural Extension) and the Office of Indian Affairs of the Government of Paraná.

Guarani Tradition DVD

One of the pillars of the Project on Sustainability of Indigenous Communities is to rescue the Guarani identity through traditional rites and appreciation of music. The Guarani Tradition DVD was launched in 2009. The

53-minute movie shows images of the Indians' culture and traditions - organic agriculture, songs, spiritual rites, prayers - and the testimony of the leaders of each village.



1st Guarani Meeting

Over a thousand Indians, from 70 Brazilian communities - as well as representatives from Paraguay, Argentina and Bolivia - discuss the future of the Guarani at an event organized with the support of Itaipu. The 1st Meeting of Guarani Peoples of South America was held in the village Tekoha Añetete in the city of Diamante d'Oeste, and was attended by various authorities and non-indigenous natives of the participating countries. The meeting defined the demands of the Guarani people, taking their claims to the governments of the four countries. In Brazil, the Guarani people are present in seven states: Paraná, Rio Grande do Sul, Santa Catarina, Espírito Santo, São Paulo, Rio de Janeiro and Mato Grosso do Sul, where more than 40,000 indigenous people live. This ethnic group is divided into three subgroups "Ava", "cheripá" (mainly in Paraguay) and "mbya" (Argentina). The majority of the Avás-Guarani live in the villages Tekoha Añete, Tekoha Ocoy and Itamar, in the Paraná Basin 3 region.

Expedition of Citizenship

A partnership with AJUFE - Associação dos Juizes Federais do Brasil (Association of Federal Judges of Brazil) allowed for the issuing of personal documents to almost 300 Guarani Indians from the villages Tekoha Ocoy, Tekoha Añetete and Tekoha Itamar. The action took three days and was done through the Project Expedition of Citizenship. In all, they were 347 CPFs - Cadastro de Pessoa Física (natural person registers), 305 identity cards, 88 voter's titles, 211 CTPS - Carteira de Trabalho (work card) and 77 certificates of incorporation dispensation. This was the first expedition of citizenship held in Paraná. The work of the judges had the full support of Itaipu. According to AJUFE, they had a hard time to issue the documents, because many Indians did not attend the hearings in the courthouse when they were called. The solution was to bring citizenship to the Indian reservations.

▶ **Amount invested in the Project on Sustainability of Indigenous Communities - US\$ 67,000**

Medicinal Plants Project



The first laboratory to produce extracts in the Western Paraná was founded in April 2010. The unit, built in Pato Bragado, is the result of a partnership between Itaipu, the local municipality and the company Sustentec. The structure is part of a Medicinal Plants Project and is considered a pioneering initiative in the country. It integrates a broad program for structuring the supply chain of medicinal plants and houses the processing of the material grown by family agribusiness farmers in the region. To benefit from the project, 24 families of farmers organized themselves and formed the Gran Lago Cooperative, responsible for producing and drying the raw material processed in the unit. Everything is done with the technical assistance of Itaipu Binacional and the Cultivating Good Water program partners - from planting to marketing. The medicinal plants, after dried, are sent to the laboratory, which has capacity to process 96 tons of extract per month.

This is another initiative of the Medicinal Plants Project aimed at broadcasting the use of herbal medicines and the knowledge about its use, and offer an alternative income for organic farmers. In 2009, the plant production was of 323 kg. Itaipu has a garden of 1.5 ha and an herbalist with a complete structure for the drying and production of dehydrated medicinal plants. They collect, clean, process and control the quality of plants there, in addition to assembling a kit with 18 kinds of medicinal plants, used to treat the most common diseases in the region. The kits are sent to the clinics of the National Health System (SUS). Itaipu also sponsors courses for health professionals to prescribe herbal medicines. The plants are also used by people that want to quit smoking. With the help of Itaipu, professionals of two municipal health care posts in Foz do Iguaçu have included medicinal plants in the anti-smoking treatment. Plants are donated by Itaipu at no cost to

complement allopathic drugs prescription (chemicals) and group therapies. Over 300 patients have benefited. In 2009, 1,046 people attended courses, seminars and lectures on medicinal plants. The core courses conducted in the settlements and residents' associations have trained 956 people on the correct use of plants, food safety, recycling plants and notions about hygiene and sanitation. In that year, 387 kg of medicinal plants were dried, crumbled and packed; 323 kg of herbs were donated to the health centers, and 42,046 species of medicinal plants were donated to farmers, schools, universities and associations. There are five greenhouses for the production of seedlings and four medicinal plants dryers in strategic cities of the region. The consolidation of the supply chain will have been done by 2010. They will start cultivating threatened medicinal plant species.

► **Amount invested in the Medicinal Plants Project**
US\$ 135,000

Border Health Program benefits the neighbouring communities

GRI: AG EC; 4.16; EC8; SO1
PG: 1; 2

112

With the Border Health Program, Itaipu helps ensure the quality of life in the region near by the dam's reservoir. In Brazil, Itaipu strengthens the actions undertaken by the 9th Health Care Regional Office of Foz do Iguaçu and the 20th Health Care Regional Office of Toledo, through the articulation of Itaipu Health Working Group (GT Saúde).

The Health Working Group is a collegiate formed by members of municipal, federal and state powers of Brazil, Paraguay and Argentina, with the role of thinking about health care across the borders.

Since its creation in 2003, it contributes to reduce child and maternal mortality in the three countries; helps eliminate canine rabies in Paraguay and raise awareness of indigenous people on sexual and reproductive health, which resulted in falling incidence of sexually transmitted diseases and pregnancy. In 2009, more than 1,300 professionals were trained in various areas of primary health care within the TBA.

The practical course on obstetric emergencies, the training of caregivers for the elderly, the diffusion of international health regulations and the training of indigenous health workers are a few examples.

Four courses were conducted in the endemic area. After the activities, experts from the three countries began to implement the DOTS strategy (Directly Observed Treatment Shortly), used worldwide in tuberculosis control. The qualification for professionals working with mentally ill was another project done by GT Saúde with the Border Health Program.



Solidarity Energy program enhances quality of life in Vila C

GRI: AG EC; 4.16; EC8, SO1
PG: 1; 2

Vila C, one of the most populated districts of Foz do Iguaçu, was created by Itaipu. The company built houses for the workers who constructed the hydroelectric's dam. The neighborhood grew wildly, without adequate infrastructure. Therefore, Itaipu, through the Solidarity Energy Program, has developed a series of actions to improve quality of life for the community residents. In partnership with Itaipu, the City Hall opened a new school in Vila C, in April 2010.

The construction of the Arnaldo Isidoro Educational Complex will benefit 800 students in kindergarten and elementary school. The headquarters has indoor court, music and art room, library and telecentre, which will serve the entire community. The project was supervised by the Works Superintendent of Itaipu and meets sustainability concepts, such as capturing rainwater and solar energy. Besides supporting the construction, Itaipu gave R\$ 409,000 to the City Hall of Foz do Iguaçu to purchase furniture and equipment for the school.

The Scholarship Program is another initiative in Vila C supported by Itaipu. Developed since 2004, it follows the Federal Government policies on social development, serving low-income families in the community.

The goals are to ensure the permanence of children and adolescents in school and reduce child labor in the Vila C. In 2009, Itaipu has benefited 220 families from the district with monthly transfers of R\$ 75.00, reaching 493 children under 16. In order to involve the local community in the neighborhood development, the Scholarship Program is being conducted by VemSer, a local cooperative.

The proposal was to generate income from the training of mothers in handicraft products - among them, natural fibers materials and handmade paper bags. 50 mothers were trained, and manufactured products are already being marketed in Foz do Iguaçu and region.



Model office in Vila C



A partnership between Itaipu and the University of Western Paraná (Unioeste) allowed for the establishment of a legal office in Vila C. The project lasts 24 months and is focused on free legal aid for the community, by providing consultancy, filing petitions, lawsuits and monitoring the procedure in forums related to brought lawsuits. The Unioeste Law School advisors and students carry out the project, by which Itaipu aims to boost the Solidarity Energy Program, improving the quality of life in Vila C, the district near the plant where the dam workers used to live. From April to December 2009, 286 calls were made in the areas of civil, labor, trade, taxation, social security and criminal law.

► **Amount invested in the Energy Partnership Program**
US\$ 118,000

Social networks improve communication with strategic audiences

Itaipu considers the communication with different strategic audiences of the company something essential. This is how the company shares and makes the business management transparent. Several channels are used for that, such as publications, relationship with the media, websites, reports and campaigns. In 2009, the company also started to adopt a social networking as a communication tool. The first experience was with the Twitter microblog. Shortly after 10 pm on November 10, 2009, a failure in the transmission system left millions without electricity in 18 states. Almost immediately, the major media outlets in the country began to broadcast misinformation, giving the Itaipu Binational responsibility for the blackout. To restore the truth as fast as possible, besides the immediate contact with the media, including live interviews on national television, Itaipu created an address on Twitter. Surprisingly, what was supposed to be a simple channel for emergency information in real time has become the favorite source for a variety of stakeholders, including mobile devices even before the power supply was normalized in the affected regions. Thus, it was possible not only to clarify that there was no breakdown at the plant, just a problem in transmission lines, but also satisfy the curiosity of the internet for details about Itaipu's operations.

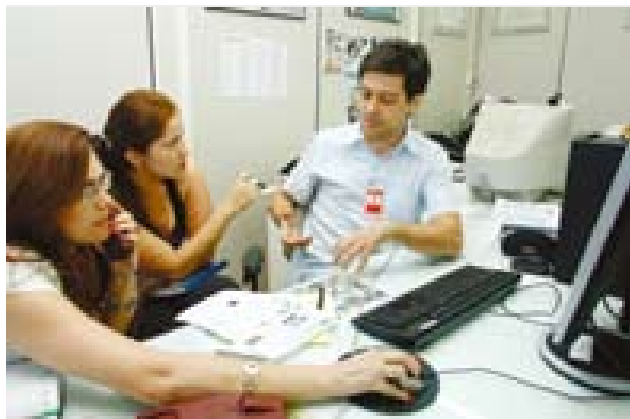
As a result, in less than 24 hours, over 2,500 people became followers of Itaipu on Twitter. From the content produced in the first days of the crisis, 97% was relayed by Internet users to their networks. On the following two days, the power plant's profile in the microblog was viewed by over

500,000 users, making it an unprecedented case in the world regarding the management of crisis in the energy sector. For 2010, besides the conventional channels of communication with its various strategic audiences, such as publications, websites, shares of press relations and advertising campaigns, the goal of Itaipu is to expand the use of social networks in communication, establishing channels with YouTube - releasing videos, documentary and institutional films - in addition to Facebook and Flickr.



Internal communication: steady improvement

Establishing and consolidating effective channels of communication with internal audiences, such as *Jornal da Itaipu Mural* (Itaipu wall newsletter) and *Jornal da Itaipu Eletrônico* (Itaipu electronic newsletter), and provide broad access to information have always been standing guidelines for the internal communication of the entity. In 2009, one of the main actions implemented by Itaipu in this direction was the reformulation of its intranet, form and content. The new intranet was a binational project, developed by the Social Communication staffs of both countries, in partnership with the Superintendency of Computing that focused on open source software solutions. In December 2009, as a result of nine months of work, the new intranet presented new information architecture and design to the domestic audience, with a dynamic content including regularly updated news on the front page and an intuitive navigation structure.



In 2010, the Computing Technology Office and the Social Communication Department will continue to improve the intranet by readjusting its visual pattern and updating its content on internal pages, miniport and applications. In addition to seasonal and awareness campaigns targeted at indoor audiences, some specific actions of communication have been developed over the years. Among these are the celebrations of the 35th anniversary of Itaipu and the 25th anniversary of the Bela Vista Wildlife Refuge. This event was to highlight the launch of the book *O Ninho da Ágia* (literally: The Eagle's Nest), written by journalist Marcos Sá Correa, documenting the history of the refuge. As a record of 25 years from the beginning of the plant's operation, a traveling exhibition on ecological totems showed images of the entity's collection and historical photographs, submitted by employees, and the distribution of CDs with the selected pictures.

Mobilization and technical knowledge to contribute to Haiti's recovery

The earthquake that killed more than 220,000 people in Haiti in early 2010, generated a great mobilization of the employees of Itaipu. In order to help rehabilitate the country, they created the Haiti Solidarity Committee (*Comité de Solidariedade ao Haiti*). The initiative is a result of the spontaneous action of Itaipu's employees, along with 15 other institutions, who were touched by the devastating earthquake disaster. They decided to join forces to raise funds that allowed for projects of humanitarian and economic reconstruction of Haiti. The funds raised will go entirely to the projects and actions on behalf of Haitians, through ABC - Agência Brasileira de Cooperação (Brazilian Cooperation Agency), executive body of the Ministry of Foreign Affairs and the United Nations Development Programme (UNDP Brazil).



Sports and arts promote a culture of peace

GRI: S01
PG: 1; 2; 4; 5

116

The Program for the Protection of Children and Adolescents focuses on promoting the rights of the young population of Foz do Iguaçu. The actions are aimed at providing youth with access to citizenship education, training for the labor market, increasing levels of school attendance, and production of cultural and artistic goods.

In this line, Itaipu has signed an agreement with the Federation of Canoeing of Paraná to develop the Project called "Children of the Lake." By means of this partnership, children and adolescents living in areas with high rates of violence are encouraged to go canoeing. The project found talented athletes, providing personal and professional development to those youngsters.

In 2009, Itaipu launched, in partnership with the Casa do Teatro NGO (Theatre House), the project Plugado – Canais Ligados na Cultura (Plugged! - Channels Connected in Culture) aimed at disseminating the culture of peace through artistic, cultural and political activities. The action is targeted at disadvantaged youth enrolled in public schools, teachers and operators of the rights of childhood and adolescence.

With the Project Plugged! - Channels Connected in Culture, adolescents from Foz do Iguaçu attend Cultural Agent technical training, participating in theater workshops on body language and citizenship and social participation. Young people receive a monthly allowance of R\$ 100.00, providing effective participation in activities, and assisting in the augmentation of household income.

The project's beneficiaries act as multipliers of the techniques learned, passing on the acquired knowledge and skills to students from public schools in populated areas of the county where there is a higher incidence of social risk, abuse or disregard of the rights there is incidence of social risk, abuse or disregard to the rights of youth (physical and/or psychological violence, truancy, sexual exploitation, among others).

The project's participants have developed activities and actions aimed at preventing and fighting violence against youth, and spreading the culture of peace concepts. Plugged! offers group therapy based on the Wheel Talk methodology (Roda de Conversa), focused on daily conflict mediation and raise awareness of the youth, covering topics such as violence, human rights, citizenship and social participation, sexuality and reproductive rights, racism, Prejudice and xenophobia, and sexually transmitted diseases.



**Investment in the Child
and Adolescent Protection
Program US\$ 212,000**





GRI Content

Details the basis for drafting the report, the location of responses to GRI indicators, the initiatives related to the UN Global Compact and the information on assurance.



GRI Index

GRI: 3.12

PROFILE INDICATORS

120

1 Strategy and Analysis

| | |
|--|----|
| 1.1 Statement of the President or CEO about the relevance of sustainability for the company and its strategy | 7 |
| 1.2 Statement of the main effects, risks and opportunities | 10 |

2 Organizational Profile

| | |
|---|----|
| 2.1 Name of company | 10 |
| 2.2 Primary brands, products and services | 10 |
| 2.3 Operational structure of the organization and major divisions, operating units, subsidiaries and joint ventures | 10 |
| 2.4 Location of the headquarters | 10 |
| 2.5 Number of countries where it operates, and names of countries with either larger operations or particularly relevant to the sustainability | 10 |
| 2.6 Type and legal nature of the property | 10 |
| 2.7 Markets served (including geographic division, sectors served, types of customers/beneficiaries) | 10 |
| 2.8 Size of the company (number of employees, net sales, total capitalization, total assets) | 10 |
| 2.9 Significant decisions during the reporting period regarding the location or changes in operations, including opening, closing and expansions of operational changes No adjustments | |
| 2.10 Awards received | 21 |

Report Parameters

3 Report profile

| | |
|---|-----|
| 3.1 Reporting period | 5 |
| 3.2 Date of previous report (if any) 2008 | |
| 3.3 Report periodicity Annual. | |
| 3.4 Point of contact for questions regarding the report or its contents | 142 |

Scope

| | |
|--|---|
| 3.5 The definition process of the report content, including the determination of the materiality and priority of issues within the report and the identification of stakeholders the company expects to see the report | 5 |
| 3.6 Boundary of the report (countries/regions, divisions/facilities/joint ventures/subsidiaries) | 5 |
| 3.7 Declaration of any specific limitations on the scope of the report There were no significant limitations | |
| 3.8 Basis for preparing the report with regard to joint ventures, not comprehensive subsidiaries, leased facilities, outsourced operations and other situations that might significantly affect the comparability between periods or between reporting organizations | |
| 3.9 Data measurement techniques and the basis of calculations, including hypothesis and techniques that underlie the estimates applied to the compilation of indicators and other information from the report • The measurement techniques follow the GRI rules and show no changes regarding previous reports. | |
| 3.10 Explanation of the nature and consequences of any information restatement provided in previous reports and the reasons for such restatements • No adjustments. | |
| 3.11 Significant changes compared to previous years regarding the scope, limitations or measurement methods applied in the report • No changes | |

GRI Summary

| | |
|---|---------|
| 3.12 Table identifying the location of the indicators in the report | 120-139 |
|---|---------|

Verification

| | |
|---------------------------------|-----|
| 3.13 <i>Audit and assurance</i> | 141 |
|---------------------------------|-----|

4 Governance, commitments and engagement

| | |
|---|-----------|
| 4.1 Governance structure of the organization, including committees under the highest level of governance responsible for specific tasks such as setting strategies or organizational inspection | 16 and 17 |
| 4.2 Indicate whether the president or the highest office of governance is also an executive director • The highest governance body is the Board of Directors, which has no president and is comprised of executive directors. | |
| 4.3 For organizations that have a unitary board structure, state the number of senior direction members that are independent or non-executive members • All of the members of the Board of Directors are non-executive members. | |
| 4.4 Mechanisms for shareholders and employees to make recommendations or provide guidance to senior management • The company has private equity and there are no formal mechanisms to ensure the participation of employees in the decisions of senior management. | |
| 4.5 Linkage between compensation for members of the senior administration, senior management and executives (including decision-making agreements) and organizational performance • No variable remuneration linked to the organizational performance. | |
| 4.6 Processes of senior management to ensure that conflicts of interest are avoided. | 16 |

| | |
|---|-----------------|
| 4.7 Determination of the senior management members' qualifications and skills required to define the organizational strategy, including issues related to economic, social and environmental performance | |
| <ul style="list-style-type: none"> • The Board of Directors of Itaipu is the highest governance body within the company, composed of representatives from Brazil and Paraguay. Its members are appointed directly by the governments of Brazil and Paraguay, as determined by the Treaty of Itaipu, which does not indicate specific requirements regarding the academic or professional formation of the board members. | |
| 4.8 Values and mission statements, codes of conduct and internal principles, which are relevant to the economic, environmental and social performances, as well as the status of their implementation | 19 and 20 |
| 4.9 The senior management procedures for the organization to oversee the identification and management of economic, environmental and social performances, including the identification and management of risks and relevant opportunities, as well as the adherence to or compliance with internationally accepted standards, codes of conduct and principles | 19 |
| 4.10 Processes to evaluate the senior management performance, especially with respect to economic, environmental and social performances | |
| <ul style="list-style-type: none"> • There are no formal mechanisms for self-assessment. | |
| Commitments to external initiatives | |
| 4.11 Explanation of whether and how the approach to the precautionary principle is used by the organization | 16,18,25 and 27 |
| 4.12 Letters, sets of principles or other externally developed voluntary initiatives of economic, environmental and social nature, which the organization subscribes or endorses | 19 |
| 4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations | 50 and 51 |
| Stakeholder engagement | |
| 4.14 List of stakeholder groups engaged by the organization | 50 and 51 |
| 4.15 Basis for the identification and selection of stakeholders to be engaged | 50 and 51 |
| 4.16 Information on the communication channels available on page 18. | |
| <ul style="list-style-type: none"> • To understand the approaches to key public relations, see pages: 30 (employees); 41 (service providers), 109 and 110 (indigenous population) and 111, 112 and 113 (the surrounding community). | |
| 4.17 Key issues and concerns that were raised by means of the engagement of parties concerned and which measures the organization has adopted to address these issues and concerns | 5 and 89 |

ECONOMIC PERFORMANCE

Approach to economic management (AG EC)

Itaipu is challenged to maintain its economic and financial balance. As the company does not aim at profit, the annual revenues, deriving from the provision of electricity services, must be equal to their costs.

(Further information in chapter Economic contribution to sustainability, from page 53 to 67)

EC1 Generated and distributed direct economic value, including revenues, operating costs, compensation, donations and other community investments, retained earnings and payments to capital providers and governments 65

EC2 Financial implications, risks and opportunities for the organization's activities due to climate change

Climate changes is not directly considered in Itaipu's economic-financial strategic planning. For its geographical location, Itaipu is not subject to sudden changes in temperature, with its well-defined seasons and a cycle of regular rains.

• *(Further information on pages 70-75, 104 and 105)*

EC3 Coverage of the obligations of the defined benefit pension plan offered by the organization 49

EC4 Significant financial assistance received from the government

• Itaipu's resources are built of its capital, loans, third-party financing and revenue.

EC5 Variation of the lower wage ratio compared to the local minimum wage in major operating units

| | Lower salary (Hour value in R\$) | Variation (%) compared to the national minimum wage |
|---|-------------------------------------|--|
| Brasília (DF) | 12.84 | 341.86% |
| Curitiba (PR) | 12.03 | 313.84% |
| Power plant, offices in Foz do Iguaçu, Santa Helena and Guaira (PR) | 8.73 | 200.23% |
| São Paulo (SP) | 27.67 | 851.95% |

Note: standard monthly hours used: 160.

Minimum wage in December - the monthly value: R\$ 465.00 / HR Value: R\$ 2.91.

EC6 Policies, practices and proportion of spending on local suppliers in major operating units 60

EC7 Procedures for local hiring and proportion of senior management members hired from the local community in major operating units

• The company does not follow hiring policies focused on the local community. Regarding fixed staff, the filling of vacancies is done through a selection process, and management positions are appointed directly by the governments of Brazil and Paraguay.

EC8 Development and impact of investments in infrastructure and services provided primarily for public benefit through commercial engagement, in specie or pro bono

The company has developed a partnership with the Agência Francesa de Desenvolvimento – AFD (French Development Agency) for a condominium project aimed at meeting 26 small properties in the city of Toledo, also in Paraná Basin 3.

See information on the Agrienergy Condominium for Family Agribusiness on page 73.

The company's initiatives are reported on page 111 with the Medicinal Plants project, and on page 46, its performance to enable the implementation of Pronaf Sustainable, a program of the Federal Government.

EC9 Description of significant indirect economic impacts

On February 12, 1967, the governments of Brazil and Paraguay signed an Agreement for the creation of the Brazilian-Paraguayan Joint Technical Commission, with the purpose of conducting the study and survey of economic prospects, particularly the hydroelectric potential of the Paraná River from and including the Salto Grande de Sete Quedas, or the Guaira Falls, until the Iguacu River mouth. The survey included social and environmental aspects.

In 2009, royalties were transferred to Brazil and Paraguay totaling US\$ 463.2 million, which is an important resource for the surrounding cities. *(Further information on pages 58 and 59)*

ENVIRONMENTAL PERFORMANCE

Environmental management approach (AG EN)

The environmental management of Itaipu is made in accordance with the legal dictates regarding the environment and other institutional aspects, in both countries, according to the Fundamental Policies and Guidelines of the Strategic Plan of Itaipu, which refer to the environmental conservation and socioeconomic development of the region. *(Further information in the chapter Care for the environment, from page 85 to page 105.)*

| | |
|--|-----------|
| EN1 Materials used by weight or volume | 96 |
| EN2 Percentage of materials used from recycling | 26 and 27 |
| EN3 Direct energy consumption selected by primary energy source | |
| <ul style="list-style-type: none"> • Itaipu does not consume non-renewable primary energy directly into its production process. There is a consumption of diesel by the generators for emergency starting of the power plant; however, as it is just for emergency consumption or even sporadic tests, it is not significant. The reported data are estimates and may change depending on the refinement or improvement of internal controls. | |
| EN4 Indirect energy consumption selected by primary energy source | 94 |
| EN5 Energy saved due to improvements in conservation and efficiency | 94 |
| EN6 Initiatives to provide products and services with low energy consumption or that use energy generated by renewable resources and the reduction in energy requirements as a result of these initiatives | |
| <ul style="list-style-type: none"> • Itaipu is a company that generates renewable energy. | |
| EN7 Initiatives to reduce indirect energy | |
| <p>The company implements initiatives to reduce indirect energy at all stages of energy production. One example was the replacement of the fleet of gasoline vehicles to flex technology power, besides the incorporation of electric vehicles. <i>(Further information on pages 79, 80, 82 and 104.)</i></p> | |
| EN8 Total water withdrawal by source | |
| The reported data are estimates and may change depending on the refinement or improvement of internal controls. | 95 |
| EN9 Water sources significantly affected by withdrawal of water | 95 |
| EN10 Percentage and total volume of recycled and reused water | 95 |

EN11 Location and size of land owned, leased or managed in protected areas or adjacent to them and areas of high biodiversity value outside protected areas

| Area | Location |
|---|--|
| 1,007 km ² – Drought 1,350 km ² – Reservoir | Paraná: Foz do Iguaçu, Santa Terezinha da Itaipu, São Miguel do Iguaçu, Medianeira, Missal, Santa Helena, Entre Rios do Oeste, Pato Bragado, Marechal Cândido Rondon, São José das Palmeiras, Mercedes, Guaíra, Itaipulândia, Diamante D'Oeste and Terra Roxa. Mato Grosso do Sul: Mundo Novo. |
| Adjacent areas to those protected by Itaipu | |
| Iguaçu National Park (World Natural Heritage Site - UNESCO) – 1,852.6 km ² | Paraná: Foz do Iguaçu, Santa Terezinha de Itaipu, São Miguel do Iguaçu, Medianeira, Serranópolis do Iguaçu, Matelândia, Ramilândia, Céu Azul, Vera Cruz do Oeste, Santa Tereza do Oeste, Lindoeste, Capitão Leônidas Marques, Santa Lúcia and Capanema. |
| Ilha Grande National Park (Biosphere Reserve of the Atlantic Forest) – 1,081 km ² | Paraná: Guaíra, Altônia, São Jorge do Patrocínio, Vila Alta, Icaraíma and Querência do Norte. Mato Grosso do Sul: Novo Mundo, Eldorado, Naviraí and Itaquiraí. |

| | |
|--|------------------|
| EN12 Description of significant impacts on biodiversity of activities, products and services in protected areas and in areas of high biodiversity value outside protected areas | 99 |
| EN13 Protected or restored habitats | 100 |
| EN14 Management of impacts on biodiversity | 99 |
| EN15 Endangered species | 101, 102 and 103 |
| EN16 Total direct and indirect greenhouse gas emissions, by weight | |
| The reported data are estimates and may change depending on the refinement or improvement of internal controls. | 105 |
| EN17 Other relevant indirect greenhouse gas emissions, by weight | 105 |
| EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved | |
| The reported data are estimates and may change depending on the refinement or improvement of internal controls. | 104 and 105 |
| EN19 Emissions of substances that destroy the ozone layer, by weight | |
| Itaipu does not emit significant quantities of substances that destroy the ozone layer. | 105 |
| EN20 Nox, Sox and other significant air emissions, by type and weight | |
| The reported data are estimates and may change depending on the refinement or improvement of internal controls. | 105 |

| | |
|--|----------------------|
| EN21 Total water discharge by quality and destination | |
| The reported data are estimates and may change depending on the refinement or improvement of internal controls. | 95 |
| EN22 Total weight of waste, by type and method of disposal | 96 and 97 |
| EN23 Total number and volume of significant spills | |
| • In 2009 there were no significant spills in the industrial area. | |
| EN24 Weight of transported waste deemed hazardous | |
| • There was no cross-border transportation of materials considered hazardous. | |
| EN25 Affected waterbodies | 95 |
| EN26 Initiatives to mitigate environmental impacts of products and services and the extent of impact mitigation | 70 - 74, 104 and 105 |
| EN27 Percentage of products and their packaging materials in relation to all products sold, by product category | |
| • The indicator does not apply, because it is the power supply. | |
| EN28 Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with environmental laws and regulations | |
| • In Itaipu there are no accounting records of penalties for fines of significant value or non-monetary sanctions resulting from non-compliance with Brazilian environmental laws and regulations. | |
| EN29 Environmental impacts related to transportation of goods and workers | 105 |
| EN30 Total investment and costs of environmental protection, by type | |

| Education and training, external services of environmental management, external certification of management systems, personnel for general environmental management activities, research and development | 2009 |
|---|---------------------------|
| Investments related to production/operations | US\$ 20,072,437.84 |
| Investments in external programs and/or projects | US\$ 5,538,694.11 |
| Total investments in the environment | US\$ 25,611,131.95 |

SOCIAL PERFORMANCE

Labor practices and decent work

Approach to the labor practices management (AG LA)

The human resources policy of Itaipu has a special look for the management of labor practices and corporate citizenship. Strict adherence to the Legal Order comes with the adoption of policies coming from the voluntary agreements that promote the worker's quality of life. The Collective Bargaining Agreement and the Internal Complaints Committee are forums for discussion of labor conditions. *(Further information on pages 19 and 20, 30-41 and 78.)*

LA1 Total workforce by employment type, employment contract and region 61 and 62

LA2 Total number and rate of employee turnover, by age group, gender and region 63

LA3 Benefits provided to full-time employees who are not provided to temporary or part time employees, by major operations

- Private pension for membership
- Health care plan (ambulatory, hospital, obstetric and dental care, with national coverage), including coverage of continuous prescription drugs. Also extended to the dependents, homosexual couple, stepchildren, children under custody and guardianship
- Meal voucher and/or food tickets
- Agreement with schools to meet the educational policy, with coverage from kindergarten until the end of high school, reimbursement of expenditures with school and educational materials
- Agreement or reimbursement of higher education courses tuitions for employees who have not graduated
- Agreement with a day nursery, which caters for the employee's dependent since the birth until 60 months of age
- Reimbursement and day care assistance for the employee's dependent from 6 to 24 months old, and from birth to 60 months if the employee is a widower or his wife has special needs
- Supplement for infirmity assistance which covers 60 days
- Funeral Aid
- Group Life Insurance

The benefits cover all employees, including those recently admitted, regardless of their office or position occupied and conditions of service; extended to dependents (spouse, child, partner, minor stepchild under guard and ward, homosexual couples, ex-spouse and ex-partner, provided that current spouse, partner or dependent re not included).

LA4 Percentage of employees covered by collective bargaining agreements

• Freedom of association is guaranteed in the Acordo Coletivo de Trabalho – ACT (Collective Bargaining Agreement) signed between Itaipu and the unions. The paper reaches 100% of the company's employees and complies with the standards of the International Labor Organization (ILO). In 2009, there was no event that featured obstruction to freedom of association and collective bargaining.

LA5 Minimum period of in advance notice regarding operational changes, including whether it is specified in collective bargaining agreements

• Itaipu does not have, in its collective bargaining agreement, a minimum period for the implementation of its decisions. However, depending on the nature and impact of the decisions to be made or implemented, the period is one of the questions required to be included in the list of steps with respect to employees.

LA6 Participation in Cipa

• The company has three formal forums for health and safety: CIPA – Comissão Interna de Prevenção de Acidentes (Internal Commission for Accident Prevention), PAE (Emergency Action Plan) and GTPSEE – Grupo de Trabalho Permanente sobre Segurança em Energia Elétrica (Standing Working Group on Safety in Electric Power), which represent all the employees.

LA7 Rates of injury, occupational diseases, lost days, absenteeism and work-related deaths by region 34

LA8 Ongoing programs for education, training, counseling, prevention and risk control to assist employees, their families or community members regarding serious diseases

Seeking to prioritize the preservation of the occupational health of Itaipu's employees by means of preventive actions that allow the diagnosis of health risks, the execution of work activities and the promotion of the employee's quality of life, it was created the PCMSO – Programa de Controle Médico de Saúde Ocupacional (Program for Medical Control of Occupational Health), aimed at promoting and maintaining the health of employees, emphasizing the clinicopathologic instrumental in addressing the relationship between health and work, considering individual and collective aspects. This program meets the Regulatory Standard 7 of Decree 3.214/78. *(More on pages 32 and 33.)*

Serious illnesses assistance programs

| | Education and Training | Advice | Prevention and Control of Risks | Treatments |
|------------------------|------------------------|--------|---------------------------------|------------|
| Employees | | | | |
| Relatives of Employees | | | | (1) |
| Community | | | | |

(1) Employees' direct dependents and those enrolled in the Programa de Assistência Médica Hospitalar e Odontológica – Pamho (Program for Medical, Hospital and Dental Service).

LA9 Topics related to the health and safety covered by formal agreements with trade unions

• Itaipu offers health care follow-up to its employees by means of joint committees between Brazilian and Paraguayan workers as provided for in the Collective Bargaining Agreement, besides the adoption of technical and preventive actions to reduce potential hazards, industrial accidents and occupational diseases.

LA10 Average hours of training per year, per employee, selected by functional category 31

LA11 Programs for skills management and continuous learning that support the employability of employees to manage the end of career 30, 34 e 35 e 83

LA12 Percentage of employees receiving regular performance and career development analysis 30

LA13 Composition of groups responsible for the corporate governance and selection of employees per category, according to gender, age group, minorities and other diversity indicators 39 e 40

LA14 Ratio of basic salary between men and women, by functional category 61

SOCIAL PERFORMANCE

Human rights

Human rights management approach (HR AG)

The respect for human rights is widespread in the documents to which Itaipu is a signatory and in the company's sustainable management. *(Further information on pages 19, 38-40 and 108-117.)*

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone screening on human rights

- The theme of human rights is not part of any of the company's investment contract.

HR2 Percentage of critical suppliers and contractors that have undergone screening on human rights and the measures undertaken

60

HR3 Training on human rights

- There was no specific training on policies and human rights procedures, but the matter was handled in various social programs.

HR4 Total number of incidents of discrimination and actions taken

- Itaipu was not prosecuted by the Public Ministry prosecutors nor has received complaints in the Internal Commission of Complaints or in the Labor Relations sector of the binational company concerning cases of discrimination in 2009. During the period, however, six labor claims were made in which plaintiffs alleged, among other things, that they suffered some type of discrimination while carrying out their activities. These lawsuits are underway in the Labor Court, and Itaipu had the opportunity to challenge the veracity of the allegations.

HR5 Identified Operations in which the right to exercise freedom of association and collective bargaining may be at significant risk and the measures taken to support these rights

- In 2009 there was no event that featured obstruction to freedom of association and collective bargaining. Freedom of association is guaranteed in the ACT (Work Collective Bargaining Agreement), signed between Itaipu and the unions. The ACT covers 100% of the company employees and complies with the standards of the International Labor Organization (ILO).

HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the abolition of child labor

60

HR7 Operations identified as having significant risk for incidents of forced or slave labor, and measures taken to contribute to the eradication of forced labor or slavery

41 and 60

HR8 Percentage of security personnel trained in human rights policies or aspects that are relevant to operations

- There was no specific training on policies and procedures of human rights, but this topic was addressed in other training courses for the formation of conduct. In 2010, human rights, its importance and its application in day to day work, were the focus of a training of the Development Program for the Employees and Enterprise Security.

HR9 Total number of cases of violation of rights of indigenous people and actions taken

- There are no claims against Itaipu involving violation of rights of indigenous peoples, but only as Unified Procedural Consultation, repossessions in which the company had its rights of possession violated.
(For information about the company's actions to preserve quality of life of indigenous peoples, see pages 109 and 110.)

SOCIAL PERFORMANCE

Society

Approach to management of issues relating to the society (AG SO)

• Itaipu seeks to contribute to the formulation of public policies and actively participates in discussions to improve the sector where it operates. The company follows the best international practices of governance, with internal structured processes and control mechanisms to combat corruption in all of its forms.

SO1 Nature, scope and effectiveness of any programs and practices to assess and manage the impacts of operations in the communities, including the entrance, operation and exit

• There are several actions, and the main ones are described on pages 40 and 108-117. Each program has its own targets and monitoring. In 2010, the company plans to enhance the tools to monitor the performance of the initiatives and measure the perception of the audience.

SO2 Percentage and total number of business units subject to assessment of risks related to corruption

In 2009, Itaipu has not conducted assessments of specific risks related to corruption. However, the implementation of SAP, the adequacy of financial processes to the procedures established in the Sarbanes-Oxley (SOX) act and external audits directly contribute to avoid such practice. *(More on page 18.)*

SO3 Percentage of employees trained in anti-corruption policies and procedures of the organization

• There was no specific training in anti-corruption policies and procedures in 2009. The matter was treated as part of several programs.

SO4 Actions taken in response to incidents of corruption

• In 2009, no case of corruption has been identified.

SO5 position regarding public policies and participation in the development of public policies and lobbying

Through various initiatives or supporting others' projects, Itaipu seeks to contribute to the formulation of public policies. Some examples described in this report: Young Gardener (pages 36 and 37), Sustainable Rural Development and Sustainable Pronaf (page 46), Solidarity Collection (page 75), Environmental Education (pages 92 and 93), Cultivating Good Water (pages 86-89) and Medicinal Plants Project (page 111). Other highlighted initiatives:

- The PAA - Programa de Aquisição de Alimentos (Food Purchase Program) allows local development through the acquisition of products of local family farmers for school meals and encourages the consumption of healthy and quality food, besides providing organic products with 30% more than the minimum established by the National Supply Company (Conab).
- For the act n. 11,947 to be enforced in the cities of BP3, Itaipu, in partnership with the Institute Harpia Harpyia, initiated a process of training for law enforcement in some municipalities of BP3. All this work seeks to promote respect for the environment and community development.

SO6 Total value of financial contributions and in specie to political parties

- The company does not make financial contributions to political parties or similar institutions.

SO7 Total number of lawsuits for unfair competition, anti-trust and monopoly

- In light of the Treaty of Itaipu, the company's full capacity of power generation is contracted by Eletrobras and Ande and, therefore, Itaipu has no competitors.

SO8 Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with laws and regulations

- In Itaipu there are no accounting records of penalties for fines of significant value or non-monetary sanctions resulting from non-compliance with Brazilian laws and regulations.
-

SOCIAL PERFORMANCE

Liability for the product

Approach to management of issues related to the liability for the product (AG PR)

- The company is committed to quality and efficiency in the energy output, investing in the continuous improvement of its actions and seeks to meet the standard rules and ensure health and safety throughout the process of energy production.

PR1 phases of products and services life cycle in which the impact on health and safety are assessed for improvement, and percentage of products and services subject to these procedures

The impacts on employees' health and safety within the plant are closely followed and monitored by Itaipu, especially for employees who perform risky activities, in accordance with the Regulation of Additional Pay for Dangerousness of Electrical Risk, attached to the normative document RDE 036/94 of February 17, 1994.

- The procedures for improvements are constantly discussed by a Binational Commission of the Dangerousness Collective Bargaining Agreement and in specific training on Regulating Rules of the Ordinance 3.214/78.

PR2 Total number of non-compliance cases with regulations and voluntary codes related to the impacts of products and services in health and safety during the life cycle, by type of result

- There were no incidents with the community as a result of activities undertaken by Itaipu or the availability of its product to the community.

PR3 Type of information on products and services required by labeling procedures and the percentage of products and services subject to such requirements

- Energy is a product that does not depend on labeling.

PR4 Total number of cases of non-compliance with regulations and voluntary codes related to information and labeling of products and services, selected by type of result

- As the product is energy, it does not presuppose the use of packaging.

PR5 Practices related to the customers satisfaction, including results of surveys measuring customer satisfaction

- Itaipu does not carry out satisfaction surveys with Eletrobras, its only customer, but maintains a close relationship with that company and seeks to contribute to the implementation of its strategic planning in several areas. Some examples are the active participation in the Eletrobras Committee for Corporate Sustainability and in groups working to improve the company's management.
-

PR6 Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship

• Regarding its marketing communications, Itaipu seeks to suit laws and regulations governing the advertising market, the guidelines of the Advertising Self-regulation Council and the recommendations of the Cenp – Conselho Executivo de Normas Padrão (Standard Rules Executive Council). The company participated in the discussions for drafting the Eletrobras Policy of Integrated Communication and the Management Plan for the Brands of the System. In 2009, the company initiated the studies and discussions to create a sponsorship policy and an internal committee to evaluate proposals and monitor the accountability of the benefited entities. The institution of the policy and the committee should be formalized in 2010.

PR7 Total number of cases of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of result

• No cases of non-compliance. In the area of support and sponsorship, the company received two requests from the TCU – Tribunal de Contas da União (Supreme Audit Agency) to provide information on sponsored events and, despite not being under the control of the agency, responded to the requests. The information provided was considered sufficient by the TCU.

PR8 Violation of privacy and loss of customers' data

• Itaipu has no direct end customers, so it does not deal with this type of information.

PR9 Monetary value of (significant) fines for non-compliance with laws and regulations concerning the provision and use of products and services

• There was no record of non-compliance with the Treaty of Itaipu, which regulates the service provided by the company.

SECTORAL INDICATORS

| | |
|---|-----------|
| EU1 Installed Capacity (MW), selected by source of energy and regulatory system | 10 and 11 |
| EU2 Net energy output, selected by primary energy source and regulatory system | 10 and 11 |
| EU3 Number of residential, industrial, institutional and commercial consumption units | |
| <ul style="list-style-type: none"> • Not applicable, since Itaipu has no direct end customers, such as homes, industries and commercial facilities. The company has only two customers, which are also from the power sector: Ande, in Paraguay; and Eletrobras, in Brazil. | |
| EU4 Length of the overhead or underground distribution and transmission lines, selected by regulatory system | |
| <ul style="list-style-type: none"> • The transmission and distribution of energy are not part of Itaipu's business, which is focused on generation. However, the company has 75.2 km of transmission lines of 500 kV to connect with substations of the right margin (border with Paraguay Electric System) and Foz do Iguaçu (border with the Brazilian Electric System). Moreover, the plant has also a domestic distribution system of 13.8 kV to feed its offices and ancillary facilities within the Priority Area (such as PTI). | |
| EU5 CO2 emission allowances selected by market structure and carbon credits | |
| <ul style="list-style-type: none"> • The reforestation of the protection zone and the wildlife refuges integrate the company's plans since the start of its activities, regardless of the incentive of carbon credits. However, this activity does not meet the principles of the Clean Development Mechanism, since one cannot get credits simply by maintaining a standing forest. | |
| EU6 Management way to ensure availability and reliability of the electricity supply in the short and long terms | 24 and 25 |
| EU7 Management programs on demand, including residential, commercial, institutional and industrial programs | |
| <ul style="list-style-type: none"> • Not applicable. The management programs on demand are developed by distribution companies and Eletrobras; Itaipu, as a generation company, does not develop programs within that scope. | |
| EU8 Activities and expenditures on research and development aimed at the reliability of electricity supply and the promotion of sustainable development | |
| <ul style="list-style-type: none"> • Itaipu does not systematically invest in research and development aimed at these issues, but it develops several initiatives in the area. (<i>Further information on pages 79 and 82.</i>) | |
| EU9 Provision for the decommissioning of nuclear power plants | |
| <ul style="list-style-type: none"> • Itaipu does not have nuclear units. | |
| EU10 Planned capacity compared to the projected electricity demand in the long term, selected by source of energy and regulatory system | |
| <ul style="list-style-type: none"> • Itaipu is already at its maximum installed capacity. | |

EU11 Average efficiency of thermal power plants generation, selected by source of energy and regulatory system

- Not applicable. Itaipu has no thermal power plants.

EU12 Percentage of transmission and distribution loss in relation to the total amount of energy

- Not applicable. Although Itaipu has transmission assets to connect its energy with the transportation system to the load centers, it does not provide transmission and distribution.

EU13 Biodiversity of replacement habitat, compared to the biodiversity of affected areas

- Before the damming of the Paraná River basin, there were 113 species in the stretch of the river for the dam construction. In surveys conducted over the past ten years in the Itaipu's reservoir and Spawning Channel, 181 species were recorded. There was no record of the extinction of fish species after the impoundment. Itaipu conducts reforestation of the areas of permanent preservation (APP) called Protection Zone and Spawning Channel, besides keeping a germplasm bank. In the Protection Zone of the reservoir, Itaipu carried out the restoration of the forest cover and habitat, which allowed the restoration of land flora and fauna, besides the control of siltation and erosion in the reservoir.

| | |
|--|---------------|
| EU14 Programs and processes that ensure the availability of skilled workforce | 30, 31 and 83 |
|--|---------------|

| | |
|--|----|
| EU15 Percentage of employees with the right to retire in the next 5 or 10 years | 35 |
|--|----|

| | |
|--|---------------|
| EU16 Policies and requirements relating to health and safety of employees and outsourced workers and subcontractors | 32, 33 and 41 |
|--|---------------|

EU17 Days worked by contract workers and contractors involved in construction, operation and maintenance activities

- Not applicable. Itaipu does not have outsourced employees and contractors performing any service connected with the operation and maintenance of the plant and associated ancillary services. It has only contractors for civil works and electromechanical assembly in various projects in the technical area, not following the personnel management of contractors.

| | |
|--|----|
| EU18 Percentage of outsourced workers and contractors undergoing training relevant to health and safety | 41 |
|--|----|

EU19 Participation of stakeholders in decision-making processes related to energy planning of infrastructure development

- The participation of key stakeholders in decision-making processes takes place at the Board of Directors (representatives of governments of both countries and companies that own Itaipu, Ande and Eletrobras). These companies (Ande and Eletrobras) also participate in the Cadop – Comitê de Administração e Operação dos Contratos de Compra e Venda de Eletricidade da Itaipu (Committee of Management and Operation of Itaipu's Electricity Purchase and Sale Contracts) and CMO – Comissão Mista de Operação (Joint Operation Commission), where they make decisions about power purchase, electric and energetic operations of the plant, along with the systems of both countries.
-

EU20 Approach to managing impacts of involuntary displacement

• As a fully installed initiative, Itaipu generates no physical shifts. For the construction of the plant, 8,519 properties were expropriated (in Brazil), mostly amicably (8,503 amicably and only 16 through courts), totaling an area of approximately 101,093 hectares expropriated. All claims were duly paid in full amount of US\$ 208,640,773.44, and from the entire affected population, the majority was relocated and the others received a follow up from Itaipu to acquire new properties.

EU21 Measures for contingency planning, management plan and training programs for disasters/emergencies, and plans for recovery/restoration

There are several examples of measures maintained by the company, as follows:

- PAE - Plano de Ação de Emergência (Emergency Action Plan), established in 2006, which has a Management Committee since 2001;
 - Sosem - Sistematização da Operação em Situações de Emergência Hidrológica (Operational Systematization in Hydrological Emergency) establishing criteria and operational procedures to be adopted by those involved in the plant's operation;
 - Dam Safety and Auscultation, which is a systematic monitoring of data generated by instruments and drains installed within the structures and the foundations;
 - Adas - Sistema de Aquisição de dados e Auscultação (Data Acquisition System of Auscultation), aimed at automating the real-time acquisition of data from instrumentation installed inside the concrete dams, earth and rockfill dam, spillway and power house, ensuring the prompt detection of any problem;
 - Center for Higher Studies on Safety of Dams (Ceasb) - (more on page 80);
 - Workshops. In 2009, there was a workshop on the accident at the Power Plant Sayano-Shushenskaya, focusing on its possible origins and causes, and another on the Itaipu Power Plant - Concrete Structures.
-

EU22 Number of people physically and economically displaced and compensation, selected by type of project

- Itaipu generates no displacement; it is a fully installed enterprise.
-

EU23 Programs, including those in partnership with the government, aimed at improving or maintaining access to electricity service and customer support

- Not applicable. Itaipu has no direct end users for being a power plant.
-

EU24 Practices for dealing with barriers related to language, culture, low education and special needs that stand in access to electricity and the service to consumers, as well as its safe use

- Not applicable. Itaipu is a distribution company, so it does not deal directly with consumers.
-

EU25 Number of accidents and users' deaths involving the company's assets, including court decisions and agreements, besides pending court cases relating to diseases

- Itaipu is a power generating company and therefore has no direct relationship with end users of electricity.
-

EU26 Percentage of the non-assisted population in areas with regulated distribution or service

- Not applicable, since Itaipu does not provide power distribution.

EU27 Number of residential disconnections for nonpayment, categorized by duration of the shutdown and regulatory

- Not applicable, since Itaipu does not provide power distribution.

EU28 Frequency of interruptions in energy supply

- Not applicable, since Itaipu does not provide power distribution.

EU29 Average duration of interruptions in energy supply

- Not applicable, since Itaipu does not provide power distribution.

EU30 Average availability factor of the plant, selected by energy source and regulatory system

24

Global Compact: Performance in 2009

Since February 2009, Itaipu is a signatory to the Global Compact, an initiative of the United Nations (UN) that brings together thousands of companies around the world and seeks to foster good labor practices, human rights, environmental protection and fight against corruption.

The content relating to the business advancement in order to make the Global Compact real are noted throughout the report with the initials PG and the number of the corresponding principle. The following table shows their location.

| PRINCIPLE | PAGE |
|---|---|
| 1. Respect and protect the human rights | 7, 30-35, 38-40, 47-49, 61-67, 108-113, 116 e 117 |
| 2. Prevent violations of the human rights | 41, 61-67, 108-113, 116 e 117 |
| 3. Support freedom of association at work | 61-67 |
| 4. Abolish forced labor | 30-35, 41, 61-67, 116 e 117 |
| 5. Abolish child labor | 36 e 37, 41, 61-67, 116 e 117 |
| 6. Eliminate discrimination in the workplace | 38-40 e 61-67 |
| 7. Support a precautionary approach to environmental challenges | 7, 10, 11, 26 e 27, 78-82 e 86-105 |
| 8. Promote environmental responsibility | 10, 11, 26 e 27, 78-82 e 86-105 |
| 9. Encourage technologies that do not harm the environment | 10, 11, 26 e 27, 70-75, 78-82, 94-97, 104 e 105 |
| 10. Fight corruption in all of its forms, including extortion and bribery | 16-19 |



Independent Auditors' Limited Assurance Report

GRI: 3.13

To Board of Directors, Shareholders and Directors
Itaipu Binacional
Curitiba - PA

Introduction

We have been hired for the purpose of implementing procedures for limited assurance on the Itaipu Sustainability Report (Itaipu), for the year ended December 31, 2009, prepared under the responsibility of Itaipu. Itaipu is a binational organization Brazil-Paraguay. Its Sustainability Report covers only the Brazilian information ("Brazilian side"), except for the Statement of Added Value - SAV and the iBase – Instituto Brasileiro de Análises Sociais e Econômicas (Brazilian Institute of Social and Economic Analysis) social balance sheet model, which include binational information. Our responsibility is to issue a Limited Assurance Report on this sustainability report.

Procedures

The limited assurance procedures were performed according to the standard NBC TO 3000 – Trabalho de Asseguração Diferente de Auditoria e Revisão (Work of Audit and Review Different Assurance), issued by the CFC - Federal Accounting Council, and to the ISAE 3000 - International Standard on Assurance Engagements issued by the International Auditing and Assurance Standards Board, for assurance tasks that are not audit nor review of historical financial information.

The limited assurance procedures included: (a) planning the work, considering the relevance, coherence, the volume of quantitative and qualitative information and operational systems and internal controls that were the basis for the preparation of the Itaipu Sustainability Report; (b) understanding the methodology of calculation and consolidation of indicators through interviews with the managers responsible for preparing the information, (c) confrontation, on a test basis, of quantitative and qualitative information with the indicators reported in the Itaipu Sustainability Report, and (d) comparing the indicators of financial nature with the financial statements and/or accounting records.

Criteria for information preparation

The information of the Itaipu Sustainability Report was prepared in accordance with the guidelines for sustainability reports of the Global Reporting Initiative (GRI G3) and the social report was prepared in accordance with the iBase social balance sheet model.

Scope and limitations

Our work aimed at implementing procedures of limited assurance on the Itaipu Sustainability Report, concerning the profile items (information that provides context for understanding the overall organizational performance, including its strategy, profile, and governance), the form of management and the performance indicators for sustainability, excluding the assessment of the adequacy of its policies, practices and sustainability performance. The procedures do not constitute an examination in accordance with financial statements auditing standards. Additionally, our report does not provide limited assurance on the extent of future information (such as: goals, expectations and ambitions) and descriptive information that is subject to subjective evaluation.

GRI Application Level - G3

Following the guidelines of the GRI-G3, Itaipu declares an Application Level A+ in its Sustainability Report for the year ended December 31, 2009.

Itaipu reported the profile items, the key performance indicators and indicators of the electric power industry supplement, plus some additional indicators considered material to its stakeholders. Thus, the procedures were considered sufficient to make sure that the level of implementation declared by Itaipu is in accordance with the guidelines of the GRI-G3.

Conclusion

Based on our review, we are not aware of any material modifications that should be made on the sustainability information posted on the Itaipu Sustainability Report, for the year ended December 31, 2009, so that it be prepared in accordance with the GRI-G3, the iBase social balance sheet model and the records and files that were the basis for the preparation of the report.

Curitiba, June 29, 2010



KPMG Assurance Services Ltda.
CRC 2SP014428/O-6-F-PR

Alexandre Heineremann
CRC 1SP228175/O-0-S-PR - Partner

Proceedings

GRI: 2.4

General Coordination

Heloísa Covolan
Coordinator of Social Responsibility

Executive Coordination

Mônica Dantas Thedesco

Editorial Review

Lígia Neves Silva
Intern: Líria Rodrigues

Economic Information

Superintendent of Budget and Accounting

Publication

Social Communication Advisory

Writing and Editing

Report Comunicação

Proofreading in Portuguese

Assertiva Produções Editoriais

Graphic Design, Layout and Production

Competence Comunicação e Marketing LTDA.
André Stevam

Photos

Cover:: Alexandre Marchetti

Core: Adenésio Zanella, Alexandre Marchetti, Caio Coronel, Carlos Ruggi, Daniel de Granville, Daniel Snege, Juliana Stein, Ney Souza, Nilton Rolim, Photo Collection of Itaipu Binacional

Translation

Habla Tradutores

Printed by

Gráfica e Editora Posigraf S.A.

Printing: 3,000 copies

Itaipu Binacional is responsible for this publication. English and Spanish versions are available for reference and printing on the website www.itaipu.gov.br/relatoriosdesustentabilidade.

For information, suggestions, criticisms or comments, contact:
Itaipu Binacional – Social Responsibility Coordinator Office
responsabilidadesocial@itaipu.gov.br

Foz do Iguaçu

Phone: 55 45 3520.5921
Fax: 55 45 3520.5922
Av. Tancredo Neves, 6.731
Foz do Iguaçu – PR
CEP 85866-900

Curitiba

Phone: 55 41 3321.4284
Fax: 55 41 3321.4421
R. Comendador Araújo, 551
Curitiba – PR
CEP 80420-000

This report was printed with paper Couché Suzano, certified by the Forest Stewardship Council (FSC), matte 230 g on the cover and 90 g in the core.



