

The image shows four hands of different skin tones (light, medium, and dark) pressed against the rough, textured bark of a tree trunk. The hands are arranged in a circular pattern, with fingers spread, symbolizing unity and global cooperation. The background is the natural, weathered texture of the tree bark, with various shades of brown, green, and grey.

ITAIPU BINACIONAL'S SUSTAINABILITY REPORT

We can make a better world

2006



With the contribution of everyone

The Relatório de Sustentabilidade 2006, “Nós podemos fazer um mundo melhor” (2006 Sustainability Report, “We can make a better world”), is fruit of the involvement of several areas of the company. The participation of representatives of all Itaipu’s managements in different phases of the process allows an ample view of the organization and its human capital.

More than a technician vision of the company, which is model for other hydroelectric power stations, this report presents the humanized version of its relations. And this is only possible due to the participation of Itaipu’s people.

Information, arrangement of interviews, supervision of visits

to projects and their benefited people, necessary evidences for the verification of the report information. All of it was possible thanks to the good will of Itaipu’s collaborators, once they truly believe that we can make a better world.

We want to register our deep gratefulness to those who contributed for this report. In special, to our collaborators, employees, interns, apprentices and representatives of Fundação Itaipu de Previdência e Assistência Social (Itaipu Foundation of Welfare and Social Care), Fundação Parque Tecnológico Itaipu (Itaipu Technological Park Foundation) and Hospital Ministro Costa Cavalcanti (Minister Costa Cavalcanti Hospital). The listed people were fundamental for the elaboration of this document:

Adair Antonio Berté | Ailma Maria Frade Miranda | Alderico Coltro | Altevir Zardinello | Ana Cristina da Costa Dotto | Ana Carolina Cainelli | Anílton José Beal | Andrea Silvia Medeiros | Andrea Truppel | Anne Sophie Persson Engel | Antônio Carlos Fonseca Santos Júnior | Antônio Carlos Nantes | Ariel da Silveira | Ari Pasinato | Arlete Garbelotti Leite | Carla Costa | Carlos Minoru Koseki | Carolina dos Santos | Celso Novais | Cícero Bley Júnior | Cristina Gomyde | Dalva Neves Bernardes | Daniel de Andrade Ribeiro | David Mora de Rezes | Denyse Gubert Rocha | Dirce Krassuski Vieira | Domingo Rodriguez Fernandez | Dóris Mehl | Edgar Eckelberg | Edison Luiz Brustolin | Edith de Souza Silva | Eduardo Saraceni | Edson Luiz Pedrassani | Edson Zanlorenzi | Eliane Ventura Duraes | Elisabete Pauls Zenkner | Elizete Medeiros | Ester Luiza Mundstock | Eunice de Quadros Wilberg | Érica Marta Gavetti Meirelles | Eveline Poletto Piovesam Tochetto | Fátima Bernadete de Freitas | Felix Kammer | Francielle Sgobi Felipe | Gilmar Mousquer de Oliveira | Gilsimara Borges de Lima | Gladis Mirtha Alliana | Gláucia Maximiano | Gustavo de Souza | Helio Martins Fontes Júnior | Heloiselena Ulatoski | Henryk Iskorostenski Neto | Hildete Aparecida da Silva de Sousa | Hudson Carlos Lissoni Leonardo | Iraílson Gorski | Inácio José Fernandes Neto | Irineu Motter | Irineu Torrezan | Ismar dos Santos | Ivo Antônio dos Santos | Jacinto Mezalira | Jaime Mendes de Oliveira | Jair Kotz | Jennifer Mori | Joaquim Augusto Azevedo | João Antônio Cordoni | João Carlos Ferrer | João Carlos Bernardes | João Carlos Benatto | João Carlos Zanatta | João Gilberto Chagas | João José Passini | João Penna Rodrigues | João Ricardo Vieira Martins | Joel de Lima | Joel Rodrigues da Silva | Jorge Alberto Lied | Jorge Habib Hanna El Khouri | José Carlos Teodoro da Silva | José Ricardo da Silveira | Joselice Pilatti | Josiane Carvalho da Luz | Josué de Souza | Juan Carlos Sotuyo | Khatryn Andrade Nogueira | Leila Alberton | Leonilda Correia dos Santos | Lígia Neves da Silva | Lilian Paparella Pedro Dias | Luciano Castro Lopes | Luciano Veras | Luiz André Muniz de Rezende | Luiz Antônio Alvarenga Cortes | Luiz Carlos Matinc | Luiz Cesar Savi | Luiz Covello Rossi | Luiz Eduardo dos Santos Silveira | Luiz Yoshio Suzuki | Marcelo Nami Carlesso | Marcos Antônio Castro de Araújo | Marco Cesar Castella | Marcos D’Ippollito | Maria Angela Pagan Candia | Maria Auxiliadora Alves dos Santos | Maria Betânia Soares de Moraes | Maria Emília Medeiros de Souza | Maria Helena Guarezzi | Maria Lucia Villas Boas | Maria Odila Maier | Maria Stael Arzamendia | Maristela Koncikovski | Marlene Maria Osowski Curtis | Marley Stutz Gomes | Marli Petters | Marta Helena M. O’Leary Costard | Michelle Lorençetti | Miguel Sávio | Miguel Jorge Neto | Mônica Maria Dantas Thedesco | Neli Rosa Roger | Nelson Fernando Martins | Newton Brião Marques | Newton Luiz Kaminski | Nilson Jorge de Mattos Pellegrini | Nilson Nagata | Noili Thielke | Osvaldo Nunes Filho | Patrícia da Costa Gomes | Paulo Sérgio Mello de Faria e Silva | Pedro Irno Tonelli | Ramiro Pereira Gaia | Renato O’Leary Costard | Roberto Lolis | Rodrigo de Mello Surdi | Rosana Lemos Turmina | Rosana Marlene Cordeiro | Rosângela da Silva | Rosiro Rebecchi | Sandro Alves Heil | Sebastião Valteir Nogueira | Sérgio Benevides | Sergio Cwikla | Sérgio Kummer | Silvio Melamed | Simone Benassi | Sormani Cavalcante | Sylvia Braga | Tania Campos | Tania Solagna | Teresinha Krauspenhar | Vera Lúcia Queiroz Vitor | Veridiana Pereira | Vinícius Ferreira | Viviane Brasil Crespo de Araújo | Wanderlei de Moraes | Wilson da Costa | Zalmir Silvino Cubas e Zuleika Scarpinelli Belloto.

Itaipu, synonymous of energy

The word energy has many connotations. In physics, in philosophy or in daily figured expressions, it is possible to attribute many meanings to it. And all of them apply to Itaipu.

Itaipu is pure energy. Energy that guarantees the provision of 20% of the Brazilian consumption and contributes for the country development. Energy that stimulates tourism, technological development, search for energetic alternatives. Energy that leads to a revolution in the relation between men and environment and potentizes sustainability. Energy that invests in social actions and contributes to change the life of thousands of people. All this energy moves Itaipu. More than isolated actions and programs, social environmental responsibility is part of the business management and is aligned to the sustainable development principles of the company. It is a continuous and progressive process of involvement and development of citizen competencies. In consonance with planetary documents such as the Earth Charter, the Kyoto Protocol and the Millennium Development Goals, among others, we invest our energy in the construction of a better world. In 2007, Itaipu signs the Global Pact, another world document, and reinforces its commitment with human development. Commitment that can be verified in this report. In order to compose this document partners, people benefited by social programs of the company and collaborators were listened. It is a rendering of account not only regarding the responsible social environmental actuation of Itaipu's Brazilian margin, but also of its management and way of doing business. It is important to emphasize that the reported information was confirmed through a verification and validation process which testifies the transparency in Itaipu's administrative, financial and social processes. Therefore, read it with attention, criticize, suggest changes, and give your opinion sending an e-mail to responsabilidadesocial@itaipu.gov.br. We have done a lot, but we are aware that we still have many challenges ahead. Inserting gender equity in the culture of Itaipu's employees, straitening and optimizing the relationship with suppliers and still stimulating the economic and social development of the community of Foz do Iguaçu and region are only some of them. Challenges stimulated the construction of the greatest power station in the world and currently also continue to move our actions and projects.

For us, business success is synonymous of commitment with environment and with the development of the people that are part of the company or are influenced by it. As much as economic and technological excellence, the search for social and environmental efficiency and efficacy is part of Itaipu's business.

Jorge Miguel Samek
Brazilian Managing-Director

Periodicity of the report

The Relatório de Sustentabilidade da Itaipu Binacional (Itaipu Binacional's Sustainability Report) is annually published. The first document, from 2003, was published in 2004. Initially, it used to be divulged in the second semester. Since last year, it has been produced and delivered to partners still during the first semester.

Adopted model

The document follows the Guia de Elaboração do Balanço Social 2006 do Instituto Ethos (Elaboration Guide of the 2006 Social Balance of Ethos Institute). It is also possible to find in the guide the Ibase model Social Balance and the Demonstrativo de Valor Adicionado – DVA (Added Value Demonstrative). For the 2007 Report, Itaipu's objective is to evolve in relation to the adopted model, following the guidelines of the Global Reporting Initiative (GRI).

Used synonymous

Along this report, Itaipu will also be called “the greatest power station of the world”, hydroelectric power plant, company, binacional, entity and hydroelectric power station.

Definitions

The term “collaborators” is used for the totality of persons that contribute for the development of the activities of the company. It includes interns, outsourced, under age apprentices and employees – term that designates the people hired by the own organizational chart.

Evaluation of report 1

The three reports previously published by Itaipu were evaluated by Report Relatórios Sociais (Report Social Reports) and by BDS Desenvolvimento Econômico e Social (BDS Economical and Social Development) through Relata. The tool evaluates the report under ten different aspects: Completeness/Inclusion, Regularity/Evolution, Values/Commitments, Management Systems, Indicators, Verification, Communication, Graph Configuration, Continuous Improvement and General Impression.

Evaluation of report 2

At Relata, grades are attributed to each theme, according to the



inclusion and to the level of the detailed information. The maximum possible score is 200. In the first published report, Itaipu scored 51 points. Observing the improvement indications presented by the evaluation, the 2005 document totaled 163 points. The evolution demonstrates a leap in the quality of the information.

Audit

The Relatório de Sustentabilidade 2006 da Itaipu (Itaipu's 2006 Sustainability Report), as the document published in 2005, had its content verified/validated by BDO Trevisan. The works developed by the auditing company, which occurred during April and May 2007, include: documentation verification of the presented programs and data, interviews and meetings with managers responsible for the information, confrontation of economic financial nature data with the respective records, verification of calculations and recalculations based on the test of formulas, charts, percentages and indicators described in the report, among other proceedings.

Elaboration process

The Relatório de Sustentabilidade 2006 (2006 Sustainability Report) is a document elaborated by the Coordenadoria de Responsabilidade Socioambiental – RSA (Socio Environmental Responsibility Coordination) of Itaipu Binacional, under the coordination of the Comitê Gestor de RSA (RSA Management Committee), counting with the participation of several areas of the company for the information provision. The focus of the 2006 report is the environment. Thus, the elaboration team listened to different publics which are directly involved in the socio environmental actions of the company.



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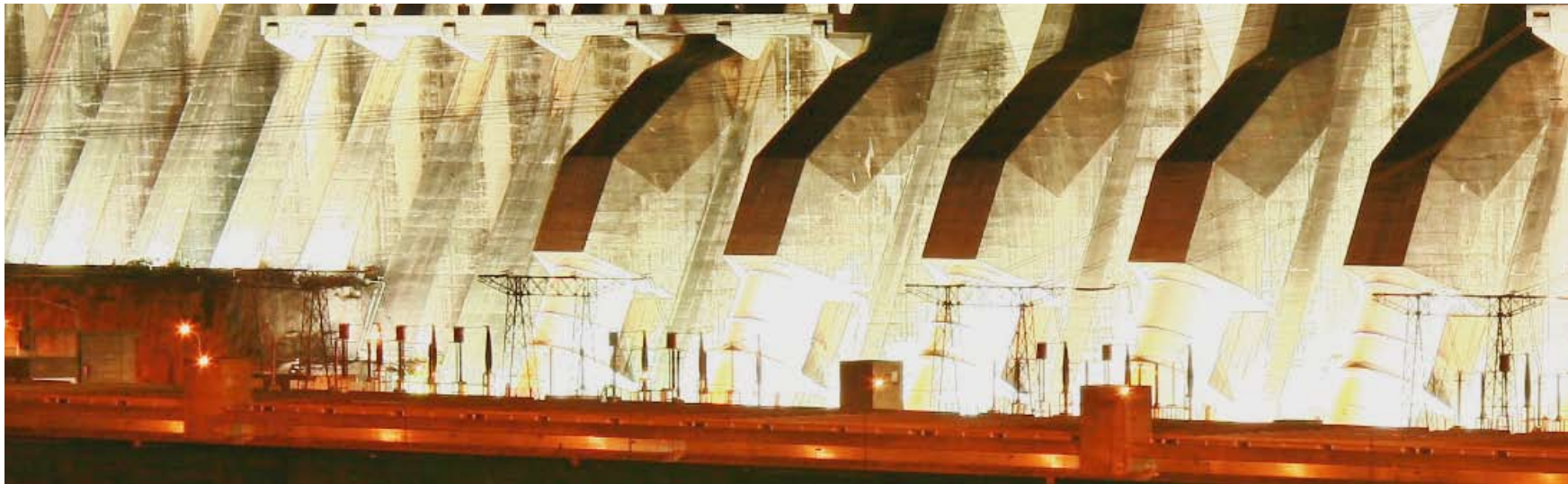
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Management



All our energy dedicated to a better world

Tomorrow will be another day. For the tomorrows about to come, the previsions aren't exciting at all. A report disclosed by the United Nations (UN), in March, 2007, alerts to a situation close to a catastrophe.

Global heating is right here and its consequences can be already felt. Thermometers register the highest temperatures of the last years. Weather seems to have gone crazy.

“Many natural systems, in all continents and in some oceans have been affected by regional climatic changes, mainly temperature increase”, says part of the report published by the international press.

To make matters worse, studies carried out by the World Health Organization (WHO) published in 2007, on the World Day for Water (03/22), foresee that the number of people that suffer with the lack and the contamination of water will double until 2025. Currently, in the world, more than one billion people already suffer with the situation.

We know that the disrespect with nature has its consequences,

but we believe that it is still time to revert this situation. Preserve natural resources, decrease pollutant generation and seek for alternative energy sources, more than a necessity, is a survival matter. Humankind future depends on it and, obligatorily requires that men get closer to the environment where they live.

This is exactly Itaipu's proposal. The mega program Cultivando Água Boa (Cultivating Good Water) expresses all concern of the company with the environment, specially regarding the raw material conservation for energy generation and which has multiple uses by the community (fishing, beaches, irrigation, human and animal quenching of thirst, etc.).

Taking care of Itaipu's Lake isn't enough. The worry is there in the riverhead and, consequently, with the affluents and along the entire course that the river goes through before it flows into the lake. However, water is born clean, it is the men's action that degrades it.

Therefore, our major concern is to educate and involve the community. As from awareness, it is possible to produce changes of habits which are transformed into attitudes. This



can be observed in this Relatório de Sustentabilidade 2006 (2006 Sustainability Report). In it, we present the Itaipu's action in Brazil for the search of this transformation.

More than a balance, or the divulgation of social practices, the document is an x-ray of all activities and actions developed during 2006. Aspects related to the management of the company, economical, social and environmental indicators are comprised.

Through the publication of this Sustainability Report, Itaipu reinforces its commitment with ethics and transparency in its business. Evaluating its actions, listening to the interested parts and monitoring its results, the company takes another step in direction of social environmental excellence.

Itaipu believes that the construction of a fair and auto-sustainable society is only possible through everyone's commitment with economical, social and environmental development. This is the reason why we invest all our energy in the construction of a better world.



Vanguard and excellence

The union of two nations which are so different couldn't have resulted in a more innovative development than Itaipu Binacional. The business that moved US\$ 2,856,689,722.00 in 2006 emerged from water.

Situated on Paraná River, the hydroelectric power station is in its final expansion phase. In December, the installed potency went from 12,600 megawatts (MW) for 13,300 megawatts (MW). 92,689,936 megawatts-hour (MWh) were generated. The second largest production of the history of the company.

In 22 years of generation, the accumulated generation of energy reached 1,483,591 GWh. In 2007, the expansion will be concluded, totaling 20 generation unities, and will have the installed capacity of 14,000 MW.

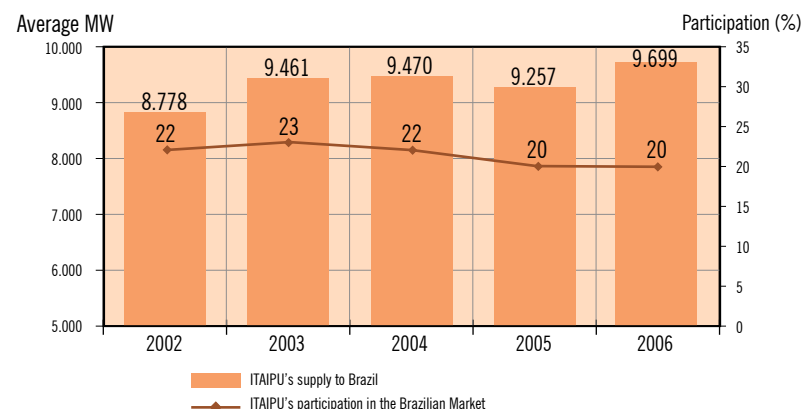
The largest hydroelectric power plant in operation in the world kept an availability index of 95.12% in its generation unities. Enough energy to supply 20% of the Brazilian consumption and 95% of the Paraguayan market.

Even keeping its participation, Itaipu's supply to the Brazilian market was 4.8% superior if compared to 2005. In 2006, the energy supplied within Eletrobrás was 84,965 GWh. In the previous year it had been 81,090 GWh.

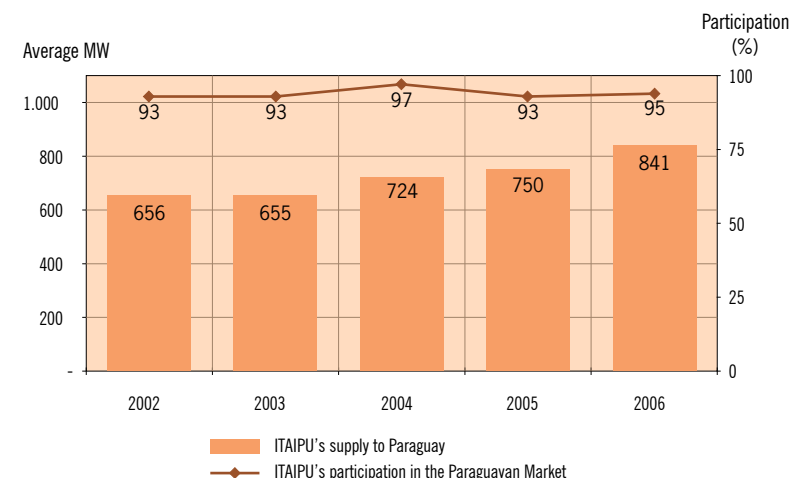
An exclusive company | The union of Latin American nations for the construction of Itaipu is an example for the world. Not only due to its technical excellence, which has been reference for the construction of the Three Gorges Dam, in China, but also due to its sui generis condition of binational entity.

The Tratado de Itaipu (Itaipu's Treaty), signed in 1973, created a company with an exclusive legal regime and its management is equally executed by Brazilian and Paraguayan boards, based on the Treaty. The document follows Public International Law norms.

Average Energy Supply and Participation of Itaipu in the Brazilian Market



Average Energy Supply and Participation of Itaipu in the Paraguayan Market



COMPANY'S PROFILE

- **Name:** Itaipu Binacional
- **Type:** Entity of Public International Law
- **Product:** hydroelectric energy
- **Supplied Market:** electric energy
- **Clients:** in Brazil, Eletrobrás - Centrais Elétricas Brasileiras S/A (Brazilian Electric Centers A/S) and in Paraguay, Ande - Administración Nacional de Electricidad (National Electricity Management)
- **Actuation areas:** Brazil and Paraguay
- **Brazilian employees:** 1,465
- **Negotiation value with Eletrobrás:** US\$ 2,856,689,722.00
- **Commercialized energy with Eletrobrás:** 84,965 millions of MWh
- **Installed Potency:** 13,300 MW (megawatts)
- **Energy Produced in 2006:** 92.6 millions of MWh
- **Mission:** Generating quality electric energy, with social and environmental responsibility, stimulating sustainable economic, touristic and technological development, in Brazil and Paraguay.



The rotor is one of the generator unity compounds and weighs 1,760 tons.

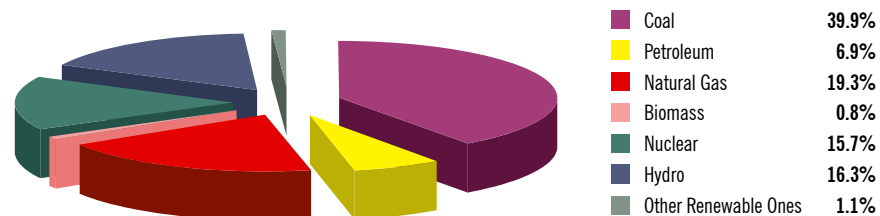


Business sector

Brazil detains one of the largest hydroelectric potentials of the world. Currently, its energetic matrix is predominantly composed by this source of energy, being 73% originated from hydroelectric power stations, according to the Plano Decenal de Expansão 2006-2015 (2006-2015 Decennial Expansion Plan) from the Empresa de Pesquisa Energética (Energetic Research Company) of the Ministério de Minas e Energia (Ministry of Mines and Energy). In the world, the main source is coal, with 39.9%, while hydroelectricity represents 16.3%.

Even the hydroelectricity being the main generation source of energy in Brazil, only around 30% of the hydroelectric potential of the country is used, according to data of the Agência Nacional de Energia Elétrica – Aneel (National Agency of Electric Energy). Approximately 60% of the available hydroelectric potential is in the Amazon Rainforest.

Electric Energy Matrix in the World



Source: Ministry of Mines and Energy

History

Itaipu is the result of intense negotiations between Brazil and Paraguay, which gained force with the signing of the “Ata do Iguçu” (“Iguçu Minutes”) in 1966. The document predicted a study for the usage of the hydraulic resources pertaining to both countries, at River Paraná.

In 1973, Brazil and Paraguay signed the Tratado de Itaipu (Itaipu’s Treaty), document that made the construction of the hydroelectric power station feasible, which started in 1975. The treaty rules the actuation of the company up to these days.

Once the dam was concluded in 1982, the flood gates of the deviation channel were closed for the formation of the reservoir lake. Teams of the environmental sector went through the area that would be flooded, saving hundreds of animals.

The operation was called *Mymba Kuera* that in Tupi-Guarani, a Brazilian Indian language, means “catch-animals”. Part of the animals stayed in a place that is currently the Refúgio Biológico da Itaipu (Itaipu’s Biological Refuge) and others were donated to different research institutions.

In 1984, the first of the 20 generation unities started to operate. In 2006 the 19th unity started to operate and the 20th one will be officially inaugurated in 2007.



1966 • June | Signing of the Ata do Iguçu (Iguçu Minutes), with the preliminary negotiations between Brazil and Paraguay.

1973 • April | Signing of the Tratado de Itaipu (Itaipu’s Treaty), legal instrument for the hydroelectric exploitation of Paraná River by the two countries.

1974 • May | Constitution of the entity Itaipu Binacional to manage the hydroelectric power station construction.

1975 • May | Beginning of construction.

1978 • October | Opening of the Deviation Channel.

1982 • October | Formation of the Itaipu Lake in 14 days after the closure of the flood-gates.

1984 • May | The first generation unity of Itaipu starts operating.

1991 • April | The 18th generation unity starts operating.

2003 • Setembro | Enlargement of the Mission, including social environmental responsibility and sustainable economic, touristic and technological development.

2004 • August | Approval of the Strategic Plan, which Strategic Objective 6 is based on the Millennium Development Goals.

2005 • March | Exchange of Reversal Remarks so that the Itaipu Binacional’s initiatives regarding social and environmental responsibilities were inserted as permanent components of the energy generation activity.

2005 • August | Creation of the Comitê Gestor de Responsabilidade Socioambiental – RSA (Socio Environmental Responsibility Management Committee) and the Coordenadoria de RSA (RSA Coordination).

Diplomacy governs relations in Itaipu

Daily, Brazilian and Paraguayan people share spaces, decisions and the administration of Itaipu Binacional. The relation is based on principles and values of the company.

In the Conselho de Administração – CA (Administration Council), the composition is equalitarian. There are 12 counselors – six are Brazilian and six are Paraguayan. The mandates last four years; at the end of the term, the counselors can be reconducted to their positions. Two representatives of the Ministries of Foreign Relations, one from each country, are also considered members of the Council.

The indication of the counselors is presented by each country's Federal Government. The Ministry of Foreign Relations shall present one indication and Eletrobrás shall present two.

Treaty: Law

The regulation of the Conselho de Administração (Administration Council)'s actuation is defined at the Estatuto de Itaipu (Itaipu's Statute), integrant part of the Treaty. Besides, the Council also follows the company's Ethics Code, which shall also be kept by all employees and directors. The Council shall observe and make others observe the Tratado de Itaipu (Itaipu's Treaty) and its annexes.

The themes are treated in conjunction and, whenever necessary, the department indicates to the Executive Management the constitution of work groups for deepened study.

Besides the counselors, general-managers of Brazil and Paraguay who have right to opinion, but not to votes, participate on the meetings. The decisions are only valid in the presence of the majority of the counselors of each country, and with parity of votes equal to the smaller present national representation.

Conselho de Administração (Administration Council)

Councilors – Brazil

Samuel Pinheiro Guimarães Neto
Maurício Tiomno Tolmasquim
Luiz Pinguelli Rosa
João Vaccari Neto
Silas Rondeau Cavalcante Silva

Representative of the Ministry of Foreign Relations of Brazil

Enio Cordeiro

Councilors - Paraguay

José Emilio Tomás Argaña Contreras
Hermínio Samuel González Segnana
Jorge Antonio Ayala Kunzle
Óscar Antonio Ovelar Rojas
Samuel Ramírez Ferreira
Martín Augusto González Guggiari

Representative of the Ministry of Foreign Relations of Paraguay

Aníbal Saucedo Rodas



Itaipu's counselors meet at each two months.

Main attributions

- Define the fundamental guidelines of the company's administration and its internal rules.
- Approve the budget for each exercise and examine the annual report, general balance and result accounts, elaborated the executive management, and then present it to Eletrobrás and Ande.

Council in numbers

2 months | it is the interval between the Conselho de Administração (Administration Council)'s meetings

100% | of the Conselho de Administração (Administration Council)'s integrants are independent counselors

100% | of the Conselho de Administração (Administration Council)'s integrants are men

Heterogeneous composition

The composition of the Conselho de Administração da Itaipu (Itaipu's Administration Council) is heterogeneous, although engineers are predominant, occupying 36.36% of the places. Economists and representatives without higher education totalize 13.64% each. The other places are occupied by a physicist, an administrator and a bachelor of Law, totalizing 36.36%. From the 11 counselors in exercise, three outstand in the defense of the environmental causes. Itaipu's counselors meet at each two months.

Management in numbers

twice a month | the Executive Management meets

1 woman | occupies the Brazilian financial director position. She is the second woman to integrate the board of directors of the company since its constitution

Executive Management

Brazilian General-Manager
Jorge Miguel Samek

Paraguayan General-Manager
Víctor Bernal Garay

Technical Executive Director
Antonio Otélo Cardoso

Technical Director
Pedro Pablo Teme Ruiz Díaz

Legal Executive Director
Wildo Ramón Almirón Rojas

Legal Director
João Bonifácio Cabral Júnior

Administrative Executive Director
Justo Zacarías Irún

Administrative Director
Edésio Franco Passos

Financial Executive Director
Margaret Mussoi Luchetta Groff

Financial Director
Wilfrido E. Taboada Molinas

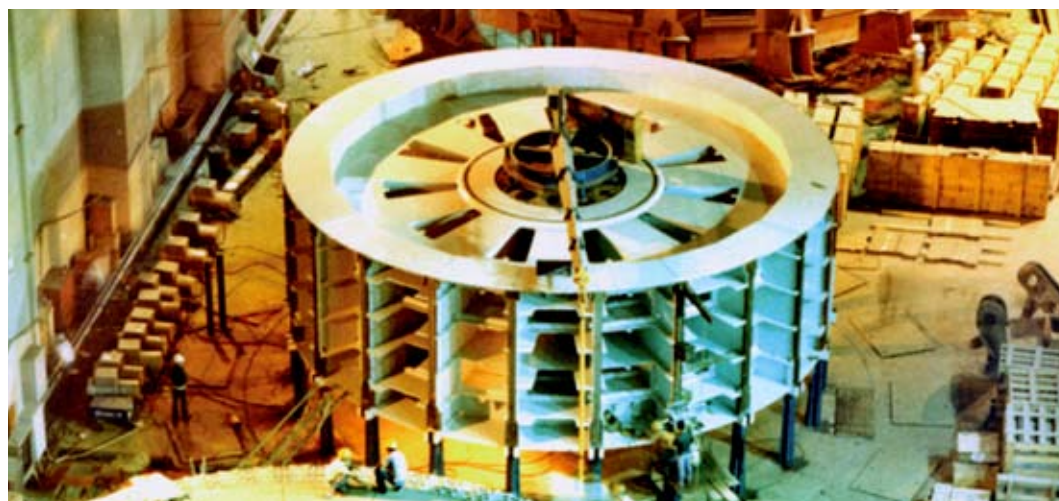
Coordination Executive Director
Ramón Romero Roa

Coordination Director
Nelton Miguel Friedrich

Executive Management

Constituted of 12 directors, six Brazilian and six Paraguayan, the Executive Management is indicated by the Federal Government of each country. Its integrants are the general managers and the technical, administrative, financial, legal and coordination directors.

The directors' mandates last five years. At the end, they can be reconducted to their positions. The Executive Management shall observe the internal rules and the Tratado de Itaipu (Itaipu's Treaty); conduct entity's issues; propose administrative guidelines and norms to the Council, among other attributions.



Organizational Chart



Strategic objectives

Strategic Objective 1

Keep and improve excellence in energy production and supply.

Strategic Objective 2

Keep the financial economical equilibrium and search for alternatives for the cost reduction of the electricity service.

Strategic Objective 3

Increase business efficiency and effectiveness through democratization, process agility, transparency, participation and knowledge management.

Strategic Objective 4

Valorize its human resources with social responsibility, keeping them qualified and efficient for excellence in service, technology and environmental care management.

Strategic Objective 5

Increase public and institutional awareness of the company regarding its actions and the singularity of its legal nature and administrative structure.

Strategic Objective 6

Contribute for the improvement of the quality of life of the regional population, strengthening public policies, based on the Human Development Index (HDI) and on the Millennium Goals.

Strategic Objective 7

Preserve, conserve and recover the region environment, in an integrated way with the municipalities and other actors, consolidating the hydrographic basin management.

Strategic Objective 8

Effectively use the touristic and technological potential of Itaipu and region, under the perspective of income and opportunity generation for the community, being still constituted as an irradiator pole of knowledge and integration of South America.

Strategic Objective 9

Be constituted as a reference for the technology investigation development of hydrogenous and alternative energy sources.

Fundamental Policies and Guidelines

Binational Integration

Constant commitment in the joint search of concrete solutions of the two countries' needs, symmetric or not, internal or external to the company, constituting an example of binationality and instrument of South America's integration.

Ethical Values

The ethical conduct of all integrants of the company is a fundamental and permanent obligation.

Business Efficiency

The business resources management will be optimized aiming the tariff moderateness and the fulfillment of the business mission.

Democratic Management: responsible, participative and transparent

Respect to the plurality of ideas in all management levels. The decision making evaluations shall take into consideration commitments with responsibility, participation and transparency.

Valorization of Human Resources

Recognition of dignity, responsibility, competency and performance of the employees, valorizing their professional growth and human development.

Social Commitment

Obligation assumed by the company upon the community aiming to cooperate actively with its integral development.

Environmental Commitment

Obligation of the company with the preservation, conservation and recovery of the influence area environmental conditions, through the diffusion, execution and support of adequate environmental actions, transmitting a better environment to future generations.





Orientation by world documents

Itaipu's actions are based on the Federal Government guidelines and on the planetary documents. The Millennium Development Goals have orientated the strategic plan of the company since 2005. In the operational plan, the company has also been orientated by the Earth Charter, Agenda 21, Kyoto Protocol and the Environmental Education Treaty for Sustainable Societies and Social Responsibility. Besides, in 2007, the company will join the NU's Global Pact.

Participative management

The adoption of the participative management happened in 2003. Since then, once a year, the management of the company and employees of different positions get together to evaluate the Business Plan.

Internal audit

Periodically, Itaipu carries out internal audits to guarantee the control of the developed works. The proceeding allows the suggestion of managerial and proceeding changes, the detection of areas that deserve more attention and the correction of deviations that can harm the course of the works.

External audit

Itaipu still keeps an external audit responsible for the conference and consistency of the financial demonstration information. In 2006, BDO Trevisan was the responsible for the auditing of these demonstrations.



Millennium objectives

In 2000, the United Nations (NU), when analyzing the largest world problems, established 8 Millennium Development Goals. Until 2015, through concrete actions of government and society in several countries, they hope to guarantee the environmental care and change the life conditions of people all around the world.

The goals aim to: eradicate the extreme poverty and hunger, reach the basic universal teaching, promote equality between genders and women's autonomy, reduce infantile mortality, improve maternal health, combat HIV/Sida, malaria and other diseases, guarantee environmental sustainability and establish a world partnership for development.



Dialogue, element of collective construction

Itaipu is convinced that the interaction with its different publics is fundamental for its management. Therein, dialogue is the first step for the execution of any activity.

An example was the stimulus for the creation of the Conselho Comunitário da Vila C (Communitarian Council of Village C), in 2004. Only after the most important actions for the neighborhood improvement were defined by the residents, the program Energia Solidária (Solidary Energy) started to search for partners and articulate their activities (see Energia Solidária - Solidary Energy – page 63).

Another initiative developed as from dialogue was the Programa Cultivando Água Boa (Program Cultivating Good Water). All of its actions count with the orientation and supervision of manager committees integrated by representatives of the civil society and public departments.

Adopting this joint management model, which is also used in programs such as the Saúde na Fronteira (Health on the Frontier) and the Programa de Proteção à Criança e ao Adolescente (Program of Protection to Children and Adolescent), Itaipu stimulates the engagement of different segments in favor of common objectives. Itaipu's partners guarantee the effectiveness and sustainability of programs and actions.

Privileged situation

Itaipu has a privileged situation once it is directly connected to the Federal Governments of Brazil and Paraguay. In Paraguay, it is the main company of the country. The socio environmental responsibility actions strengthen public policies and, in many moments, the company assumes the articulator role.

Relationship with strategic publics

Publics	Which	Relationship
Credit Agents	Banco Nacional do Desenvolvimento Econômico e Social – BNDES (National Bank of Economic and Social Development) Eletrobrás and Tesouro Nacional (National Treasury)	Eletrobrás and BNDES were the main investors of ITAIPU's construction. The Tesouro Nacional (National Treasury) is ITAIPU's main creditor, as it assumed, in 1998, credits that were assigned to it by Eletrobrás
Associations	Instituto Ethos de Responsabilidade Social (Ethos Institute of Social Responsibility), Rede Nacional de Mobilização Social – Coep (National Chain of Social Mobilization), Conselho Paranaense de Cidadania Empresarial (Business Citizenship Council of the State of Paraná), Fundação Abrinq (Abrinq Foundation)	Contribution for the construction of a fairer society and of a partnership for the development of specific actions, such as, support for the Christmas Campaign promoted by Coep
Local Authorities	Judges, prosecutors, tutelary counselors	Institutional relationships and support to social actions, such as, the financing of the projects “Usina de idéias” (“Power Station of Ideas”) and “Roda de Conversa” (“Conversation Wheel”) developed by the Vara da Infância e Juventude de Foz do Iguaçu (Infancy and Youth Jurisdiction of Foz do Iguaçu)
Clients/ Capital holders	ANDE and Eletrobrás	Contractors of the available potency and of the energy associated associated to it, pursue the US\$ 100 million in equal and non transferable parts
Collaborators	Employees, interns and outsourced	Responsible by the knowledge and working of the company
Local communities	Surrounding Municipalities* and Municipalities of the Bacia do Paraná III (Basin of Paraná III)**	Partnership in many social and environmental programs
Class entities	Unions, Associação dos Empregados da ITAIPU Binacional – Brasil - Assemib (Association of ITAIPU Binacional's Employees – Brazil)	Labor relations and, with Assemib, partnership/support to projects
	Conselho dos Municípios Lindeiros (Council of the Surrounding Municipalities) Associação dos Municípios do Oeste do Paraná (Association of the Municipalities of the West of State of Paraná), others	Partnership and support to projects executed in conjunction or exclusively by the entities
Teaching and research entities	Schools, colleges and universities***	Partnership/support to projects; internship relation
Suppliers	Small, medium and great companies, service providers	Business opportunities. Regarding regional providers, there is also development incentive
Governments	Municipal, state and federal	Partnerships for the development of projects, articulation in benefit of local communities
Media	Newspapers, magazines, websites, radios and TV broadcasting stations	Execution of varied articles and documentaries
NGO's	Citizenship, environment, education, volunteering, health, among others	Partnership for project and support development for different actions
Business Organizations	Associação Comercial e Industrial de Foz do Iguaçu (Commercial and Industrial Association of Foz do Iguaçu), Federação das Indústrias do Estado do Paraná (Federation of the Industries of the State of Paraná), Associação Comercial do Paraná (Commercial Association of the State of Paraná), BPW	Partnership in different punctual actions
Insurance Companies	Bradesco Auto/Re Cia. de Seguros; Porto Seguros Cia de Seguros; Itaú Seguros; ACE Seguradoras; Sul América Cia. Nacional de Seguros; Vera Cruz Seguradora/Mafre Seguros	Different coverages according to possible harms for installations equipment and people

*Surrounding municipalities are the ones that had their areas flooded by the formation of the Itaipu Lake. They totalize 16 cities, being 15 in the State of Paraná: Foz do Iguaçu, Santa Terezinha de Itaipu, Itaipulândia, Santa Helena, Diamante D'Oeste, Entre Rios do Oeste, Guaíra, Marechal Cândido Rondon, Medianeira, Mercedes, Missal, Pato Bragado, São José das Palmeiras, São Miguel do Iguaçu e Terra Roxa, and the city Mundo Novo, in the State of Mato Grosso do Sul. **A total of 29 cities compose the Bacia Hidrográfica do Paraná III (Hydrographic Basin of Paraná III). They are: Altônia, Cascavel, Céu Azul, Diamante D'Oeste, Entre Rios do Oeste, Foz do Iguaçu, Guaíra, Itaipulândia, Marechal Cândido Rondon, Maripá, Matelândia, Medianeira, Mercedes, Missal, Mundo Novo, Nova Santa Rosa, Ouro Verde do Oeste, Pato Bragado, Quatro Pontes, Ramilândia, Santa Helena, Santa Terezinha de Itaipu, Santa Tereza do Oeste, São José das Palmeiras, São Miguel do Iguaçu, São Pedro do Iguaçu, Terra Roxa, Toledo e Vera Cruz do Oeste. ***According to the following list:



Teaching and research entities

Brazil

Centro Estadual de Educação Profissional Manoel Moreira Pena (State Center of Professional Education Manoel Moreira Pena)

Centro de Ensino Superior de Foz do Iguaçu – Cesufoz (Higher Education Center of Foz do Iguaçu)

Faculdade Anglo-Americano (Anglo-American College)

Faculdade Sul Brasil – Fasul (South Brazil College)

Instituto Superior de Administração/Fundação Getúlio Vargas - ISAE/FGV (Higher Institute of Administration/Getúlio Vargas Foundation)

Fundação de Apoio à Educação, Pesquisa e Desenvolvimento Científico e Tecnológico do Cefet (Foundation of Support to Scientific and Technological Education, Research and Development of Cefet)

Fundação de Apoio à Educação, Pesquisa e Desenvolvimento Científico (Foundation of Support to Scientific and Technological Education, Research and Development)

Fundação Universitária de Toledo (Universitarian Foundation of Toledo)

Fundação Jorge Duprat Figueiredo de Segurança e Medicina do Trabalho – Fundacentro (Jorge Duprat Figueiredo Foundation of Labor Safety and Medicine)

Fundação Universidade-Empresa de Tecnologias e Ciência – Fundetec (Company-University Foundation of Technologies and Science)

Fundação Universitária Estadual de Maringá – Fuem (State Universitarian Foundation of Maringá)

Universidade Aberta do Brasil – UAB (Open University of Brazil)

Fundação Universitária do Campus de Marechal Cândido Rondon - Fundecamp/Unioeste (Universitarian Foundation of the Marechal Cândido Rondon Campus)

Fundação de Apoio ao Ensino, Extensão, Pesquisa e Pós-Graduação - Fundep/Unioeste (Foundation of Support to Teaching, Extension, Research and Post-Graduation)

Fundação da Universidade Federal do Paraná para o Desenvolvimento da Ciência, da Tecnologia e da Cultura – Funpar (Foundation of the Federal University of the State of Paraná for Science, Technology and Culture Development)

Instituto Ambiental do Paraná – IAP (Environmental Institute of the State of Paraná)

Instituto Interamericano de Cooperação para a Agricultura – IICA (Inter American Institute of Cooperation for Agriculture)

Instituto de Tecnologia Aplicada e Inovação – Itai (Institute of Applied Technology and Innovation)

Instituto de Tecnologia para o Desenvolvimento – Lactec (Technology Institute for Development)

Pontifícia Universidade Católica do Paraná – PUCPR (Pontifical Catholic University of the State of Paraná)

União Dinâmica de Faculdades Cataratas – UDC (Dynamic Union of Cataratas Colleges)

Universidade Estadual de Maringá – UEM (State University of Maringá)

Universidade Federal do Paraná – UFPR (Federal University of Paraná)

Universidade de Brasília – UNB (University of Brasília)

Universidade Federal do Rio de Janeiro – UFRJ (Federal University of Rio de Janeiro)

United Nations Educational, Scientific and Cultural Organization (Unesco)

Faculdade União das Américas – Uniamérica (Union of Americas College)

Faculdades Unificadas de Foz do Iguaçu – Unifoz (Unified Colleges from Foz do Iguaçu)

Universidade Estadual do Oeste do Paraná – Unioeste (State University of the West of Paraná)

Universidade de São Paulo – USP (University of São Paulo)

Universidade Tuiuti do Paraná – UTP (University Tuiuti of the Estate of Paraná)

Universidade Tecnológica Federal do Paraná – UTFPR (Federal Technological University of Paraná)

Paraguay

Universidad Nacional de Asunción – UNA (National University of Asunción)

Chile

Instituto Nacional de Capacitación Profesional – Inacap (National Institute of Professional Qualification)

Italy

Università di Pisa (University of Pisa)



Environment





Environmental management is modern, inter, multidisciplinary and matricidal

The environmental actuation is one of Itaipu Binacional's distinctions. Even before the regulation of laws that determine the preservation areas and other environmental norms for hydroelectric power stations, the company used to give the example through the planting of trees in the preservation area around the Itaipu Lake.

The actuation of the company, previously limited to the surrounding region of its reservoir, started to consider the entire Bacia do Paraná III – BPIII (Basin of Paraná III). The area comprises the territory of 23 municipalities. This change occurred as from 2003, with the alteration of Itaipu's mission, focusing the socio environmental responsibility and, with the creation of the Cultivando Água Boa (Cultivating Good Water), comprising 70 projects of this nature.

The developed socio environmental work counts with the support of 1,760 partners. Among them there are city halls, non governmental organizations, departments of federal and state governments, co-operatives, associations, settlements, among others, distributed in the several management committees.

Special attention with water

Care with the multiple uses of water was extended, going beyond energy generation to contribute with the quality of life in the region.

- The sustainability of the water captivation spots for human consumption, in Foz do Iguaçu and Santa Terezinha de Itaipu.
- The balneability of artificial beaches.
- The nautical basis that integrate the touristic complex of the surrounding municipalities.
- Support areas for professional fishing activities, called Pontos de Pesca (Fishing Spots), which serve around 800 handicraft fishers, who survive from this activity.

Adopted management model

The adopted environmental management model takes into consideration the proceedings of norm NBR ISO 14001. Among the followed principles there are the quality issue, such as the PDCA cycle - Planejamento, Execução, Verificação, Análise Crítica e Revisões (Planning, Execution, Verification, Critical Analysis and Revisions), the survey and the corrective actions for the environmental aspects (causes).

The territorial information management, responsible for investigating, organizing, referring and providing information, collaborates a lot for the success of the Programa Cultivando Água Boa (Program Cultivating Good Water). For that, the company, in partnership with Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation), developed the software Siga Livre (Continue Free) (read more on page 27).

Another fundamental ingredient for the success of the program is the participative management. Itaipu performs the inducer hole, stimulating partners to cooperate in themes of interest, in order to reach common objectives.

By this way, there is intense participation in all phases of the program, due to the assumed co-responsibility. The organization and the operation of this process are performed through management committees, which allow a joint and participative management.

Environmental impact

The generation of clean and quality energy is one of the advantages of hydroelectricity.

The environmental impact generated by the implantation of Itaipu hydroelectric power plant was mitigated or compensated along the years.

Investment in environmental programs

Total (US\$) invested on environmental improvement programs and projects



*Predicted values

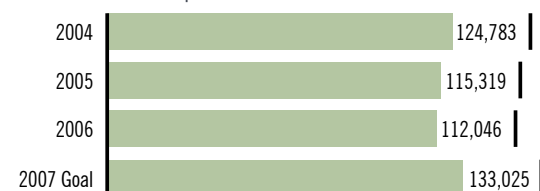
Average quantity of incidents, notifications and/or fines due to the violation of environmental protection norms of:	2004	2005	2006	2007 Goal
Low seriousness	0	0	0	0
Average seriousness	0	0	0	0
High seriousness	0	0	0	0
Number of training hours per year for environmental emergency situations	NA	NA	NA	NA
Number of environmental notifications and/or fines	0	0	0	0
Improvements implemented in the existing operational processes aiming to prevent, minimize or eliminate the potential polluting agents of air, water and soil.	87 actions	78 actions	85 actions	82 actions

NA – Data not available

Water and energy annual consumption

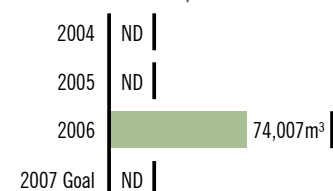
The water consumed in ITAIPU has two different sources. In the area of the hydroelectric power plant, water treatment stations guarantee the supply. In the Executive Center and in the Curitiba office, Sanepar is the supplier.

Water annual consumption (in m³)



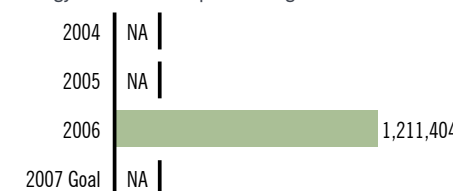
***Only related to our Estações de Tratamento de Água – ETAs (Water Treatment Stations)

Water annual consumption (in m³)



***In Foz do Iguaçu and Curitiba contracted within Sanepar

Energy annual consumption (in Mgw)

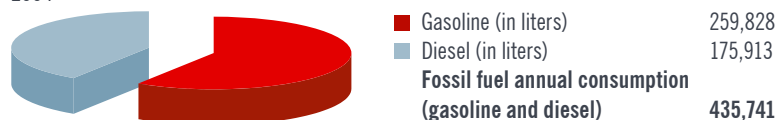


NA – Data not available

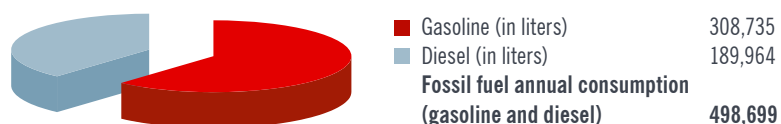
Consumption of fossil fuels

Aiming to minimize the consumption of fossil fuels to decrease greenhouse effect gases, ITAIPU is renewing its fleet. From the 29 vehicles acquired, 28 are bifuel cars (gasoline and/or alcohol), and are only supplied with alcohol. For 2007, the goal is to substitute another 21 vehicles that will start to consume alcohol, besides five electric vehicles, to be produced by ITAIPU in partnership with KWO, Eletrobrás and Fiat.

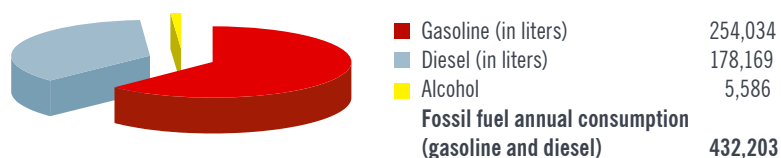
2004



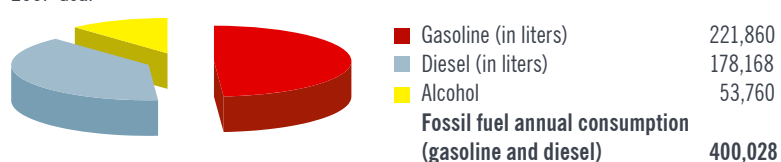
2005



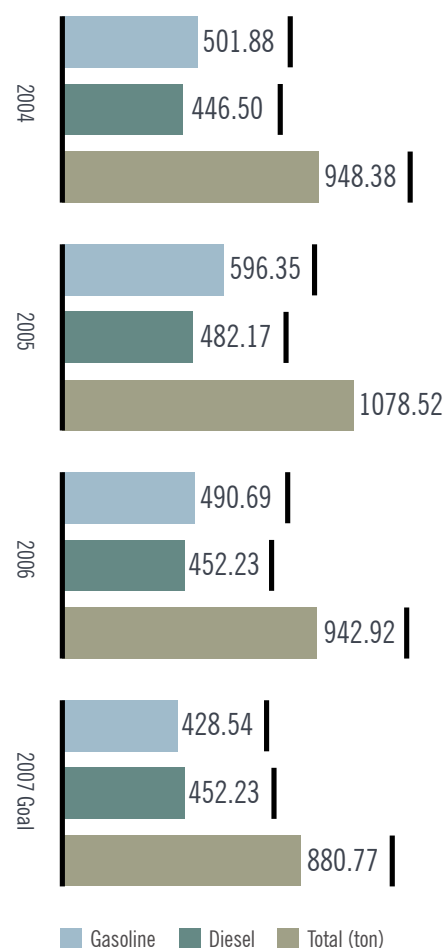
2006



2007 Goal



Average annual volume of CO₂ and other greenhouse effect gases issued in the atmosphere in tons





National Notability

In 2006, Itaipu received the certificate of Destaque Nacional em Meio Ambiente, Desenvolvimento Sustentável e Responsabilidade Social (National Notability in Environment, Sustainable Development and Social Responsibility), conceived by the Instituto Ambiental Biosfera (Biosphere Environmental Institute) and by the Instituto Brasileiro de Estudos Especializados – Ibrae (Brazilian Institute of Specialized Studies). The certificate recognizes the work developed by the company, on regional and national basis, for the execution of projects, actions and initiatives that result in effective improvement of the population's quality of life.

In the Electric Sector

The Programa Cultivando Água Boa (Program Cultivating Good Water) was considered the best environmental action developed by companies of the Electric Sector by Fundação COGE (COGE Foundation) in 2006. Itaipu's mega program won the 6th edition of the award which is annually promoted by the entity. A total of 63 projects from 28 entities participated on the process. It was the first award conceded by electric sector companies for an environmental program of Itaipu.

Recognition

Itaipu still received from the Associação Brasileira de Engenharia Sanitária e Ambiental – Abes (Brazilian Association of Sanitary and Environmental Engineering), in Curitiba, an award recognizing the projects and actions developed by the Programa Cultivando Água Boa (Program Cultivating Good Water) in the 29 municipalities of the Bacia do Paraná III (Basin of Paraná III). The award is conceded by Abes every two years, for a private company, a public company and an outstanding employee in the environmental area. Itaipu received the award in the public company category.

Hydrographic Basin Management, synonymous of care ethics

Itaipu's actuation within rivers and riverheads of Foz do Iguaçu region goes much beyond the care with the affluents that supply the company's reservoir. One of the Binacional's strategic objectives is to: preserve, conserve and recover the region environment, integrated with the municipalities and other actors, consolidating the Hydrographic Basin Management.

Therein, the company adopted the Hydrographic Basin Management methodology for the protection and preservation of the Bacia do Paraná III - BP III (Basin of Paraná III). Integrating the region and its properties' information, the methodology allows the identification of existing problems and, based on this data, the planning of the actions that will preserve and recover the environmental harms and also assure the sustainable use of the basin.

The Hydrographic Basin Management only presents advantages. It allows the sedimentation and erosion control, the agriculture productivity increase, the biodiversity preservation, the ciliary vegetation conservation, the fish production and the water quality maintenance. This set guarantees clean and healthful water for the residents of the BP III municipalities. Sanepar collects water from the Itaipu Lake to supply around 70% of the consumption of the municipality of Foz do Iguaçu.

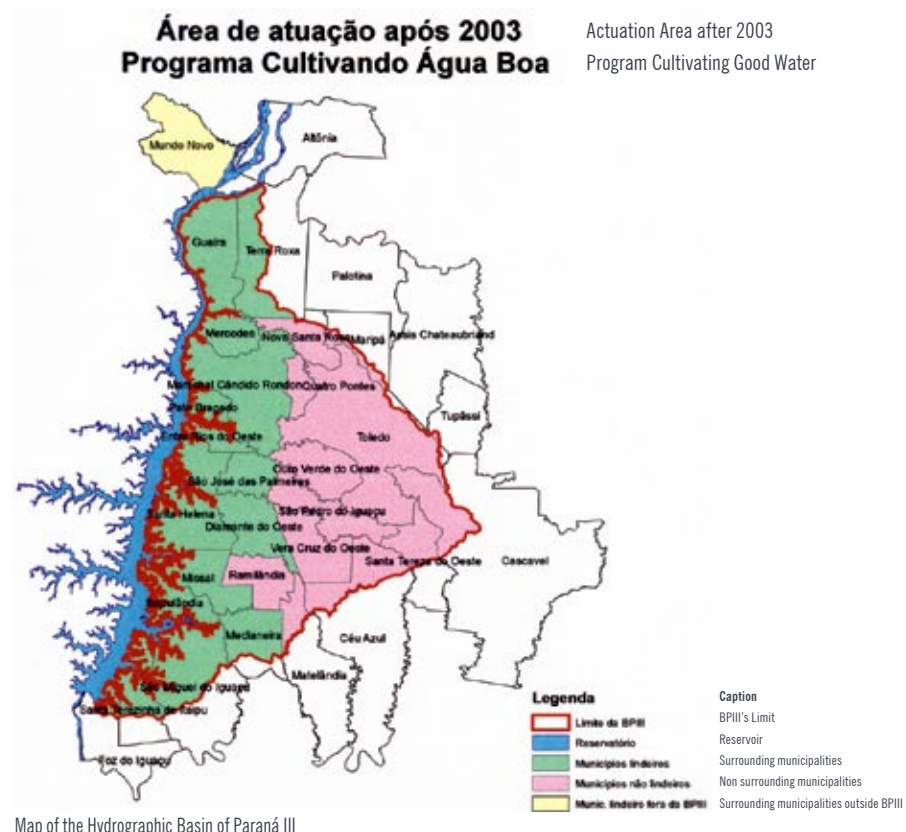
Adjustments

After identifying the existing environmental passives in 29 micro basins of BP III, many water and soil conservation actions were performed. Itaipu, mainly in partnership with the city halls and co-operatives, indirectly worked in the installation of fences for the isolation and protection of the ciliary vegetation, in the adequacy of rural roads, in the soil conservation and in the installation of communitarian suppliers, among others.

Annually, Itaipu uses to carry out a meeting of the Cultivando Água Boa (Cultivating Good Water), gathering authorities, socio environmental specialists, universities, schools, Management Committees and the community that participates of the recovery of the micro basins.

Thus, the care ethics is reinforced and consolidated, a critical evaluation of the developed actions is performed and proposals of guidelines are presented, through a collective pact.

In 2006, the event had with an audience of 2,300 people. But there is still a lot of work to be executed. BP III comprises around 35 thousand properties in an area of 7,851 square kilometers of extension, with a population of more than 900 thousand inhabitants in the West Region of the State of Paraná. In 2007, the goal is to identify more 29 micro basins and approximately four thousand properties for environmental adequacies.





Software speeds work

In order to assist the geoprocessing of the Bacia do Paraná III (Basin of Paraná III), Itaipu developed, in partnership with the Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation), the software Siga Livre (Continue Free). Using this software, researchers of registered universities can access the basin information to include data or to generate reports containing the diagnosis of the properties of the area.

The success of the new technology, based on free software, was so great that United Nations Educational, Scientific and Cultural Organization (Unesco) decided to replicate it in its water care program. In 2007, a partnership of the entity will put into operation a hydro informatics international center in Foz do Iguaçu. The objective is to map around 70 basins, offering information for the development of environmental programs.

Basin Management in numbers

106 | kilometers of rural roads were improved to avoid erosion, in 2006

31 | communitarian suppliers were installed, providing water to agriculturists for agriculture equipment (pulverizers), avoiding the contamination of streams and rivers

521 | hectares were benefited by the soil conservation

141 | kilometers of fences for isolation and protection of the ciliary vegetation were installed

98 thousand | tons of swine, cattle and poultry dejects were adequately destined and, thus, were not dumped into the rivers of the region

303 thousand | trees were donated to the municipalities for forest recovery

US\$ 1,527,564.11 | were invested by Itaipu in the Hydrographic Basin Management program in 2006

Environmental education: taking care of present, changing the future



More than investing in environmental actions, Itaipu worries about involving all publics it is related to in a collective effort to preserve the natural wealth. The company has mobilized the community, entities of civil society, city halls and companies in the sustainability direction.

For this collective work, Itaipu invests in environmental education. There are three actuation axes: corporate; in the unities of the Touristic Complex; and in the Bacia do Paraná III (Paraná III Basil). In the corporate actions, employees, interns and apprentice adolescents are qualified to actuate as environmental educators in and out of the company.

In the Touristic Complex, the focus is the education via environmental tourism. The Refúgio Biológico Bela Vista (Bela Vista Biological Refuge) and the Ecomuseu (Eco Museum) also develop specific activities with the regional educational community and the residents of the surroundings.

The objective is to build sustainable life practices and transform them in partners for the valorization and conservation of the unities.

Qualification

On the BP III axle, the objective is the care with rivers, forests, fauna and people. The work comprises environmental education in the micro basins, the Linha Ecológica (Ecologic Line) and the Formação de Educadores Ambientais – FEA (Qualification of Environmental Educators).

FEA is destined to people committed with socio environmental issues, with communitarian involvement and who will actuate in the qualification of popular environmental educators, mobilizing the entire community. In 2006, 300 people, being agriculturists, journalists, recyclable material collectors, housewives, universitarian teachers, among others, participated of 800 hours of presence and distance courses regarding socio environmental interventions.

For 2007, one of FEA's goals is the qualification of 2,400 people that live in the BP III's municipalities, in the surroundings of Parque Nacional do Iguaçu (Iguaçu National Park) and in the Itaipu's influence area. The know how meetings valorize popular and scientific knowledge and are carried out in three nucleus: Foz do Iguaçu, Cascavel and Toledo.

Workshops of the Future: environmental education in the micro basins

The environmental education work is executed with everyone that can contribute for the preservation of the basins and micro basins of Paraná River, i. e., communities, NGOs, municipal departments and companies. Through workshops, an illustrative “Wailing Wall” is collectively built, pointing out the socio environmental problems of the region.

After the diagnosis, the “Hope Tree” is built, and the community expresses itself through it, saying how they would like to transform that region, in the search of the ideal situation. Finally, the workshop participants build the “Farther Path”, in which they determine which actions shall be implemented so that the “Hope Tree” becomes true.

The activities usually happen during an entire month and culminate with the signing of the “Pacto das Águas” (“Pact of Waters”), which gathers the entire community. Through the Pact, each institution and new environmental agent commit to take care of the hydrographic micro basin region in order to recover it and to avoid new degradations. By this way, on long term, the micro basin environmental passives can be annulled.

Ecological Line

The Linha Ecológica (Ecological Line) is composed of 108 monitors from the 29 municipalities of the Bacia do Paraná III (Basin of Paraná III), which represent Education, Agriculture and Environment Municipal Departments. The monitors participate on qualification courses, meetings for the construction of collective knowledge, and at the same time they socialize experiences in their municipalities. They actuate even in formal education, in schools for example, as well as in non formal education (with agriculturists and society as a whole) and in the informal education, sensitizing the community for the environmental issue.

Knowledge Centers

A great milestone in 2006 was the creation of the Centro de Saberes e Cuidados Socioambientais da Bacia do Prata (Center of Knowledge and Socio Environmental Care of the Prata Basin). The agreement signed among Itaipu Binacional, the Programa das Nações Unidas para o Meio Ambiente – PNUMA (United Nations Program for the Environment), the Comitê Intergovernamental Coordenador dos Países da Bacia do Prata – CIC (Intergovernmental Committee Coordinator of the Countries of the Prata Basin) and the Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation) has as objective to be the support of the collective construction of knowledge, actions and the socio environmental organization of the Bacia do Prata (Prata Basin). The agreement will also define policies, guidelines and a socio environmental program to be executed in this basin.

Environmental education

Average quantity of incidents, notifications and/or fines due to the violation of environmental protection norms of:	2004	2005	2006	2007 Goal
Number of employees trained in the environmental education programs	72	1505	1465	1500
Number of campaigns executed to straighten the environmental education in the society	10	12	12	13
Percentage of gross income invested in environmental education initiatives	0.004%	0.008%	0.015%	0.025%





The Refúgio Biológico (Biological Refuge) is an example of sustainability.



The community defines in conjunction how the environment shall be in its region.

Made to teach

The concern with the environment is even in the structure of the Refúgio Biológico (Biological Refuge). The entire construction was planned to demonstrate sustainable constructive and energetic alternatives, a true environmental education class. Differentials such as the usage of ecological cement, the utilization of rain water for toilet discharges and solar heaters, among others, turn the place into an example of environmental respect.

Made to care

Searching for sustainable alternatives for the construction of the Refuge, Itaipu opted for the purchase of certified wood of the region. Basalt, tiles and bricks were also bought in the region. The Refuge shelters a zoo, instrument of environmental education, and a veterinary hospital, besides the animal shelter, the forest vivarium, medicinal plants, and tree production, among others.

Environmental education in numbers

105 | internal environmental agents helped to decrease the residue generation and to aware other Itaipu's employees regarding the reuse of materials

1,500 | people, approximately, participated on the activities developed by the Workshops of the Future

108 | monitors of the Linha Ecológica (Ecological Line) were qualified

318 | schools received the theater play "A Matita, uma aventura orgânica" ("The Matita, an organic adventure")

8 mil | people, approximately, watched the lecture regarding the Cultivando Água Boa (Cultivating Good Water) in congresses, seminaries, meetings, schools and others

US\$ 236,093.94 | were invested by Itaipu in the program Educação Ambiental (Environmental Education) in 2006

Keeping an eye on the water

Another program that has involved the community in the environment care is the Monitoramento e Avaliação Ambiental (Environmental Monitoring and Evaluation). Itaipu has monitored the reservoir's water and the main affluents since 1983. But, since 2005, it supervises the water quality in the rivers that compose some micro basins of the BP III that supply the power station reservoir.

Moreover, it also controls the balneability of the beaches of the region and the aquatic macrophytes. The collected information still serves as base for the planning of the activities developed by the program Cultivando Água Boa (Cultivating Good Water).

During two years, through the monitoring of bioindicators, chemical physical analysis and the evaluation of the area around the affluents, the quality of the water has been verified. The action benefits the community itself, which, aware of the water care importance, participates on the activity.

Volunteers from four communities situated on the hydroelectric power plant influence area were capacitated and currently, with the program orientation, evaluate the quality of the water of the rivers.

In 2007, another three micro basins shall be supervised. The participative monitoring is developed in partnership with the Instituto Osvaldo Cruz – Fiocruz (Oswaldo Cruz Institute).

Simplifying

Bioindicators | some species of live organisms used to indicate the water pollution level.

Aquatic macrophytes | vegetal that lives in lakes, lagoons, swamps and flooded environments.

Monitoring in numbers

92 | volunteers monitor the Xaxim, Sabia, Toledo and Lopeí micro basins

1983 | was the year in which Itaipu started to monitor the reservoir and its affluents

2006 | was the year in which Itaipu involved the community in the water and micro basin monitoring

Care

“I started the program to follow my daughters, but I wanted to continue it because I noticed I had to take care of the river if I wished to have clean water for their bath”, says the volunteer Elenir Nunes Michelan. Resident of Matelândia, Elenir is one of the 20 volunteers who help to take care of Sabiá River.

Itaipu and Fiocruz enabled the material, the transportation and the technical orientation so that the volunteers periodically evaluate the condition of the rivers of the region. The four micro basins are supervised by 92 volunteers.



A lot of qualification and attention are necessary to correctly classify the organisms that live in the water.



A chart with illustrations, category and classification of each organism is used by the volunteers.



Biodiversity, our patrimony

Men's relation with nature along the years has damaged and harmed the planet. In order to try to revert this situation, Itaipu works for the recovery of the already harmed environments and for the preservation of the original environments, valorizing the regional biodiversity.

The great biodiversity corridor, situated between the Parque Nacional do Iguaçu (Iguaçu National Park) and the Parque Nacional de Ilha Grande (Ilha Grande National Park), has the objective of guaranteeing the recovery and protection of regional fauna and flora. The corridor passes through areas protected by the Itaipu reservoir and goes from Foz do Iguaçu up to the Amambai River, in the State of Mato Grosso do Sul.

Flora concern also involves the tree production and forest researches, the vegetation recovery on the biodiversity corridors and the conservation of protected areas. Only on the Brazilian side, the company counts with 32,866 hectares of protected areas, corresponding to the refuges and the reservoir protection band.



Preservation

Fauna concern is evident through the maintenance of a genetic database at the Criadouro de Animais Silvestres de Itaipu - CASIB (Breeding Shelter of Sylvester Animals of Itaipu), situated inside of the Refúgio Biológico Bela Vista (Bela Vista Biological Refuge). Therein, the company expects to keep and reproduce sylvester animals in captivity, paying special attention to endangered species.

Other actions of Itaipu to guarantee the biodiversity preservation are the Canal da Piracema (Piracema Channel), studies regarding fish migration and ictiofaunistic diversity, the fish rescue from the generation unities and the formation of the fish germplasm bank.

Technology serving preservation

At the Criadouro de Animais Silvestres de Itaipu - CASIB (Breeding Shelter of Sylvester Animals of Itaipu), besides natural reproduction, assisted reproduction techniques are developed and improved. Currently there are 161 animals of 35 species at the Breeding Shelter, which still counts with the support of a modern and equipped veterinarian hospital.

Fish germplasm bank

In 2006, Itaipu executed experimental campaigns and the collection of biological material with the Instituto de Tecnologia Agropecuária de Maringá (Agropecuary Technology Institute of Maringá) for the formation of a fish germplasm bank. A total of 916 doses were collected and stored.



Biodiversity in numbers

121 thousand | trees, approximately, from more than 100 species, were planted by Itaipu, through covenants with the municipalities, in the protected areas of the company

6 | new animals entered the Criadouro de Animais Silvestres de Itaipu (Breeding Shelter of Sylvester Animals of Itaipu), four of them through donations

362 | assistances were carried out at the Hospital Veterinário da Itaipu (Veterinarian Hospital of Itaipu), originated from the Criadouro de Itaipu (Itaipu Breeding Shelter) and brought by the community

34 thousand | hectares of protected areas on the left margin of Itaipu's reservoir were maintained by the entity, in partnership with the surrounding municipalities and state supervision departments

US\$ 458,495.36 | were invested by Itaipu on the program Biodiversidade, Nosso Patrimônio (Biodiversity, Our Patrimony)



Coleta Solidária (Solidary Collection) joins citizenship and environmental care

Few people know, but according to the NGO Instituto Lixo e Cidadania (Garbage and Citizenship Institute), from Curitiba, most part of the recyclable material is collected by carters. At the capital of the State of Paraná, while a municipal program collects 90 tons per month, the informal collectors get to collect, during the same period, around 470 tons.

The work, besides contributing for decreasing the garbage that occupies sanitary embankments, benefits municipalities, that avoid spending with the collection, and is an income source for hundreds of men and women. Aware of what it means for the environment and for the society, since 2003 Itaipu has developed the program Coleta Solidária (Solidary Collection), which actuates in Curitiba and in Foz do Iguaçu.

Through a partnership with the Instituto Lixo e Cidadania (Garbage and Citizenship Institute), Itaipu stimulates the formation of associations, articulates actions within the public power, forms leaderships and searches for the social inclusion of these important environmental agents. Therefore, it counts with the support of city halls, of Caixa Econômica Federal (Federal Economic Bank), of Banco do Brasil (Brazilian Bank), of the Procuradoria do Trabalho (Labor Procuracy), NGOs and local communities, among others.

Residue Management

Internally, Itaipu also provides the example for garbage selection. In 2006, the company collected and stored 20.5 tons of residues and chemical products, destined around 26 thousand fluorescent bulbs for destruction and recycling and donated approximately 99 tons of paper, cardboard, plastic and several wrapping for reuse. 63 thousand liters of used oil, 5 thousand empty printer cartridges and 936 alkaline and radio batteries were destined for recycling.

Coleta Solidária (Solidary Collection) in numbers

918 | collection carts were donated by Itaipu to the collectors of the Bacia do Paraná III (Basin of Paraná III) in 2006

1,586 | uniform kits were donated by Itaipu



Regarding garbage, reduce, recycle and reuse are order words in Itaipu.

Challenges

In the Foz do Iguaçu region, Itaipu carried out a survey regarding the situation of the recyclable material collectors. In 2003, 50 of them were benefited by ergonomic carts and uniform kits. As from 2004, the program was also extended for Medianeira and Missal, and the other municipalities of the Bacia do Paraná III - BPIII (Basin of Paraná III) started to be registered.

Currently, 918 families are benefited by the Coleta Solidária (Solidary Collection) in Foz do Iguaçu and region. The objective of the program is to assist 2,400 families, but there still are many challenges to be faced.

Among them, capacitate collectors in such a way that can manage their business by themselves; educate them so that they valorize and defend their interests; and still aware them about the importance of not stirring or spreading garbage along the sidewalks.

Difficult and worthy work

The recyclable material collection work isn't easy. As if weather conditions weren't enough, the collectors suffer prejudice. Vera Lúcia Evangelista Dias has survived from garbage since she was 10 years old.

"I started it as a joke, running after garbage trucks. One day I went to the landfill, and with other people I started to search for things. I was scared, but I needed to do it", she remembers. Currently, Vera is one of the organizers of the co-operative that works at the entrance of the sanitary embankment of Foz do Iguçu.

Among Vera's attributions there are the negotiations to sell the material and the payment of 26 cooperated people. Per month, they receive around R\$ 350. The remuneration is similar to the collectors that work in the Cooperativa dos Agentes Ambientais da Vila C (Co-operative of Environmental Agents of Village C).

Advantages

Zenilda Ribeiro da Silva lives in the village, and she has survived of collection for 10 years. "Now, we don't work in the sun all day long and, when we wear the uniform, other people respect us better", says Zenilda.

Sebastiana Conceição de Oliveira is also associated to the co-operative and remembers that the work isn't good only for them, but for the environment as well. "We help to take care of the environment. The world is heating because people don't take care of it and throw garbage anywhere, all the time", she says, referring to the global heating.



Toxic residues are stored in warehouses specially destined for this end.

Searching for sustainable development



Support to agriculturists

- In the organization of associations and co-operatives, aiming to guarantee access to technical assistance, organize and increment the production commercialization.
- Assistência Técnica e Extensão Rural - ATER (Technical Assistance and Rural Extension) through covenants established among Itaipu, NGOs, municipal, state and federal governments for the hiring of agronomic engineers and zootechnic and agricultural technicians, that assist the production of grains, milk, vegetables, fruit, honey, chicken, etc.
- Support for the commercialization, through the creation of the brand Gran Lago and the promotion of the Vida Orgânica (Organic Life) fairs.
- Investment in research and development in themes, such as: pest biological control; swine raising; organic milk and grass production; organic grain production through the direct plantation system; fruit culture; palm trees; agro forest systems and animal homeopathy.fruticultura; palmáceas; sistemas agroflorestais e homeopatia animal.
- Incentive to quality control through participative certification, according to norms of Rede Ecovida (Eco Life Chain) (www.ecovida.org.br).

The agriculture profile, especially the one of small producers, is changing in the West of the State of Paraná. Since 2003, Itaipu has given special attention to this group through the program Apoio às Populações Rurais (Support to Rural Populations).

There are plenty of reasons to stimulate the company to support small agriculturists and to stimulate organic plantations. The activity promotes the (economical, social, environmental) sustainable and technological development.

The organic system of production has the characteristic of reducing expenses with the agrototoxic and chemical fertilizer acquisition and, on the other hand, tends to burden the activity due to the higher demand of labor. Based on this economic perspective, the technological development of the sector aims to reach a scenario of cost reduction of production upon the generation of more efficient technologies.

Under the social point of view, the system promotes the maintenance of families in the field, generates employment in the production chain and benefits the health of producers and consumers. Environmentally, for not using agrototoxic substances, it provides the fauna and flora diversification and avoids soil, superficial and ground water contamination.

Regarding technological development, the sector stimulates the creation of new ecologically correct technologies. Thus, it is an activity that promotes important pillars of the sustainable development.

Technological window

There is another important partnership with the city hall of Santa Helena and the Instituto Agrônômico do Paraná - Iapar (Agronomic Institute of the State of Paraná), for the maintenance of the Centro Avançado de Pesquisa – CAP (Research Advanced Center). The place is a window of the technologies that can be used. In the Center, there is variety of fruit, grass, wood, palm trees, coffee and rubber-trees.

According to the administrator of the Center, Romeo Bruxel, CAP's production is sent to the schools of Santa Helena at no cost. Among the products, there is the pineapple pulp for juice and, what would be garbage, the bagasse, is mixed to the desert. "Nothing is lost", guarantees Romeo.

Partnerships guarantee development

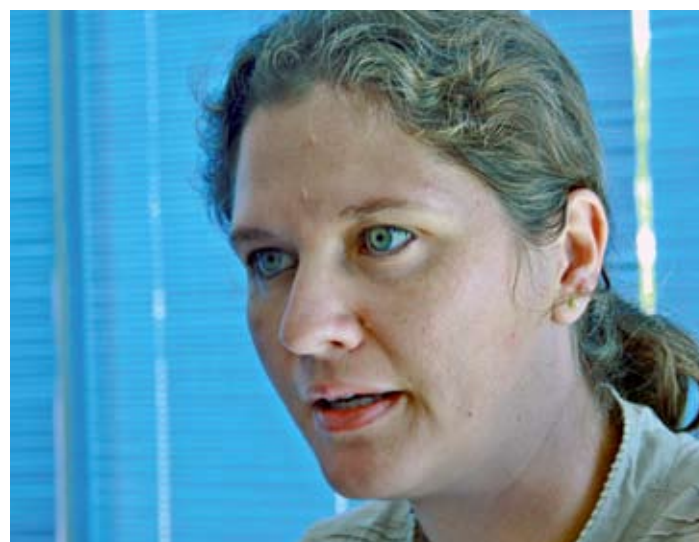
Partnerships are extremely important for the success of the program. Among the main partners there are the associations of small producers. The agronomist engineer Márcia Dalla Barba, from the Centro de Apoio ao Pequeno Agricultor – Capa (Support Center to the Small Agriculturist), from Marechal Cândido Rondon, says that Itaipu's partnership provides credibility to the organization.

According to her, a proof of this is that in 2006 the small agriculturists of Missal, São Miguel do Iguçu and Medianeira managed to sell the production for the federal government through the program Compra Antecipada Especial da Agricultura Familiar –CAEAF (Special Anticipated Purchase of the Familiar Agriculture), from Fome Zero (Zero Hunger). “I had already tried but I wasn't successful before the partnership with Itaipu. Through the company's support, the doors were open”, he guarantees.

According to Márcia, last year, agriculturists of the three municipalities commercialized around R\$ 165 thousand with the federal government. In 2007, the purchase value shall reach R\$ 438 thousand. Besides the federal government, a part of the region's production has been purchased for school lunch and the other has been directly sold to the population.



Avoiding agrototoxic products, the agriculturists increase profits and also improve their quality of life.



The agronomist engineer Márcia Dalla Barba states that Itaipu's support has stimulated the organic production.

Transformation leads to the organics

The exchange of the conventional culture by organic isn't easy and requires a personal transformation. Moreover, it requires much more knowledge to apply technical-scientific principles and fundamentals to the local and regional particularities.

More than a plantation modality, the organic agriculture requires a life style, a reapproximation to nature, in a relationship with respect and complicity. Luiz Antônio Arruda learned the lesson and is one of the multipliers of this new conscience. His rural property, in São Miguel do Iguçu, has received visits even from foreigners who want to know his work.

Raised in a rural property, as he says, the transformation happened as from 2003. The costs of the conventional plantation and the health were important for the change. “There were years that the harvest only paid the bills and I had to make loans to be able to eat”, he remembers. “Moreover, the agrototoxic substance accumulation started to commit health and work became more difficult as time went by.”

It was time to change and the opportunity arrived through a course regarding organic agriculture promoted by Itaipu. The property with around 20 thousand square meters produces strawberry, beans, passion fruit, acerola (an acid cherrylike fruit very rich in vitamin C), corn, guava and even organic coffee. According to the proprietor, who integrates the Rede Ecovida (Eco Life Chain), the production guarantees an income of R\$ 12 thousand per year.



Edson Poier tests the quality of the honey.

Practical actions

The work that has been developed by Itaipu is ample. Besides the technical, commercialization and social organization support, the company has invested on the called rural extension agents. They are 52 agriculturists, leaders in their regions, who have been stimulated to execute the multiplication of the practical knowledge. Moreover, in 2007, the goal is to qualify ten sons of agriculturists so that they divulge information regarding technical, economical, social and environmental issues of sustainable agriculture, aiming to sensitize new young people for the continuity of the familiar activity.

Rural tourism

Work with the multiple uses of the property is one Itaipu's goals. Therefore, the rural tourism will be implemented in the properties in 2007. A partnership with the Ministério de Desenvolvimento Agrário (Ministry of Agrarian Development) allowed the formation of 50 tourism agents in 2006. In 2007, these agents will develop pilot projects of agro ecologic tours in the properties. The first step was taken in 2006, with the execution of two hikes in the nature.

Honey production as an alternative income

The strengthening of beekeeping and apiculture (culture of bees without sting) is one of the found ways to increment the income of small properties of the Bacia do Paraná III - BP III (Basin of Paraná III). According to the president of the Cooperativa Agrofamiliar Solidária dos Apicultores da Costa Oeste do Paraná – Coofamel (Solidary Agrofamiliar Co-operative of the West Cost Beekeepers of the State of Paraná), Edson Poier, there isn't concrete data regarding the region, but it is estimated that there are two thousand producers and 50 thousand beehives.

At the BP III, there are ten associations and seven organized groups of beekeepers.

All of them, according to Poier, are small rural proprietors. Around one thousand tons are handcraftly produced per year. "They don't have registration or certification and commercialize the production in an informal way", he outlines.

The partnership with Itaipu strengthens and professionalizes the apiculture. In 2006, the company enabled regional beekeeper meetings and contributed for the final implantation phase of a honey and propolis benefaction unity, in Marechal Cândido Rondon. It also supported researches for bee genetic improvement and the evaluation of the propolis efficiency in the mastitis control.

Poier outlines that the income increase for the families isn't the only benefit. Apiculture also has a very important environmental function. "Bees are responsible for pollination. They transport the pollen grain from one plant to the other and this is very important for the environment."

The 2007 goal is to invest in the professionalization, so that the production has a better quality and the products can be introduced in different markets. Moreover, Coofamel waits for the licensing of the Sistema de Inspeção Federal – SIF (Federal Inspection System), sent to the Ministério da Agricultura (Ministry of Agriculture) last year.

Institute

Besides the direct support to families, Itaipu strengthens the actuation of the Instituto de Educação e Pesquisa da Reforma Agrária - Itepa (Institute of Education and Research of Agrarian Reform), which works next to the Assentamento Antônio Companheiro Tavares (Antônio Companheiro Tavares Settlement). The institute offers qualification in Agro ecology for the children of the settled people and also carries out agropecuary research to repass to agriculturists.

In 2006, Itaipu repassed a milk cooler, a milking machine and 24 milk heifers, besides agriculture equipment to provide studying conditions for the students of the Agro ecology course.



Support to settlements

Basically formed by small producers without many financial conditions, five settlements situated at Bacia do Paraná III - BP III (Basin of Paraná III) are supported by the program of Agropecuária Sustentável (Sustainable Agropecuary). In the Assentamento Antônio Companheiro Tavares (Antônio Companheiro Tavares Settlement), in São Miguel do Iguaçu, formed in 1997, 80 families are benefited.

Ademar and Lucia Utzig have integrated the Movimento dos Trabalhadores Rurais Sem-Terra - MST (Movement of Rural Workers Without-Land) since 1983. After participating of two occupancies, one of them at Assentamento Antônio Companheiro Tavares (Antônio Companheiro Tavares Settlement), the couple was benefited with the so dreamt land.

However, together with the dream, there were difficulties. “We received the land, but we didn’t have conditions to plant or to buy equipment. We also didn’t have credit. Little by little we got the trust of the traders”, tells Lúcia.

Priorities

Infra structure problems also started to be solved. “Itaipu met one of the settlement priorities. It built the road and drilled

artesian wells”, outlines Dirceu Boufleuer, from the settled people’ association, who has integrated the MST since 1997.

As well as the Utzig couple, the main source of income for Dirceu is the milk. For him, the agrarian reform is possible and depends on political wishes. “We need support, because it’s not worth to have land if we don’t have conditions of planting, if we can support ourselves”, he regrets.

Support to the Rural Populations in numbers

711 | agriculturists are technically assisted by Rede ATER (ATER Chain), which involves, besides Itaipu, the Emater, the Central de Associações de Agropecuária Familiar do Oeste do Paraná – Caopa (Center of Associations of Familiar Agropecuary of the West of the State of Paraná), the Centro de Apoio ao Pequeno Agricultor – Capa (Support Center to the Small Agriculturist), city halls and the Ministério de Desenvolvimento Agrário (Ministry of Agrarian Development)

34 | technicians are responsible for the technical assistance provided to the rural producers

52 | rural producers are considered leaders in the multiplication process of organic agriculture

US\$ 675,388.13 | was the value invested by Itaipu on the program Apoio a Populações Rurais (Support to Rural Populations) in 2006

Map of the familiar agriculture

In the Bacia do Paraná III - BP III (Basin of Paraná III) there are around 30 thousand agriculturists, being 27 thousand familiar ones. From this total, 711 are organic properties or are under a conversion process. In 2003, according to diagnosis carried out by Itaipu and its partners, from a total of 250 agriculturists interested in the organic system, 180 were under the conversion process for the cultivation without agrotoxic substances.

The regional average of the organic system adoption is above the national and the state ones. In Brazil, around 0.26% of the small agriculturists own organic properties. In the State of Paraná, the index reaches 1%. In the BP III, there are 2.7%. And Itaipu's goal is audacious: on the long term, the company intends to sensitize 10% of the familiar agriculturists of the BP III.

Itaipu's support also benefits small rural settled proprietors, such as Canísio and Helena Weber. The couple arrived to the Assentamento Sávio* (Sávio Settlement) in 1998 and until 2002 they were dedicated to the tobacco conventional plantation.

Radical change

Since 2003, the chemical products have been eliminated from the property and the couple started to dedicate to milk organic production, treating the animals with homeopathy and adopting the rotation grass. "By this way the cows always have new alimentation. The main vitamin is at the grass extremity. They eat better and produce more milk", clarifies Helena.

The measure has also contributed for the environment. "Now the bugs are appearing on the earth again", says Helena. The profit of the family has also increased. "The only investment is to buy salt, so we almost don't have any expenses. We deliver the litter for R\$ 0.45 at the co-operative", tells Canísio. The couple still commercializes farm eggs, chicken, corn and peanuts.

The change was possible because a team of researchers of the Instituto Agrônômico do Paraná - Iapar (Agronomic Institute of the State of Paraná) implemented the Unidade de Teste e Validação de Tecnologias – UTV (Technology Test and Validation Unity) at the property and, with the family, planned the adjustment and the improvement of the production system. This process orientates for the reduction of the production cost, profitability improvement and the adoption of healthful practices.

Using these elements, the Weber family's property will become a reference of milk and grass organic production for the other agriculturists of the region.



The couple Helena and Canísio Weber invested in milk organic production and is reference for the region.



Canísio Weber with the combine harvester he used for the production of conventional tobacco.

*The Assentamento Sávio (Sávio Settlement) was created in 1986, in Medianeira, after an invasion promoted by small agriculturists without-land of the region. It currently shelters 41 families.



Creativity and diversity guarantee success

The Hilgert family has plenty of reasons to be happy. One of the pioneers of organic plantation on the West of the State of Paraná, Claudio Hilgert gains around R\$ 30 thousand per year.

On the small property in Missal, Claudio, his wife Nila and the son Maikon organically produce cassava, fruit in general, corn and other cultures.

“The conventional agriculture is mechanic, the same process every day. However, the work with organic cultures requires thought, search of alternatives, and this is very interesting”, comments Maikon, 20 years old. The young man tells that he started to get interested in agriculture when his father left the conventional system, in 2000.

His father, Cláudio, is one of these field scientists. The strawberry plantation shares space with garlic. The vegetable, guarantees Claudio, “is a natural insect repellent”.

Business diversification

Besides planting, the Hilgert family is getting prepared to expand their business through an agro industry. The already industrialized products guarantee higher profitability.

The new business will be managed by Nila. Currently, she already prepares jellies and other dainties for the organic coffee she serves. This history, according to herself, started with a little push of Itaipu.

“Itaipu called us to serve coffee before the Organic Fair in 2005. We couldn't say no, but I didn't know the quantity and there were a lot of left overs”, she laughs. The experience was profitable and she already serves other companies.



More than providing fish, teaching how to cultivate it

The force that impels our turbines, besides being a source of life, is also the nourishment of hundreds of fishermen that extract their income from it. Caring so that fishermen and aquiculturists have conditions of working in a worthy and sustainable way is, thus, part of Itaipu's goals.

In the influence area of the company there are approximately 800 professional fishermen, many of which live in critical economic situation. They live in precarious conditions on the margins of the rivers, work a lot and get little fish. This situation worsens during the spawning season, when fishing is forbidden during four months.

Aligning water care to social concern, Itaipu has developed the program *Produção de Peixes em Nossas Águas* (Fish Production in Our Waters) since 2003. The goals of the company are: strengthening fishing colonies and associations and help fishermen to create alternative sources that increment and guarantee income not only during the protection season.

Thus, in 2006, the company invested in the dissemination of good aquicultural practices, which can guarantee the sustainability of the activity, in qualification courses, researches of alternative species

and in the implantation of aquicultural parks. The parks are used by fishermen and guarantee the culture of fish in a net-tank system.

Stimulus to citizenship

Within the program *Produção de Peixes em Nossas Águas* (Fish Production in Our Waters), the project *Pescador-Aqüicultor* (Aquiculturist-Fisherman) stimulates the fish culture in net-tanks, so that fishermen have their income guaranteed all through the year. In 2006, the Indians of the Ocoy community abated around two thousand fishes produced with the support of the project.

Net-tanks require dedication

Valmirê Trajano da Rosa, one of the fishermen benefited by the net-tanks assigned by Itaipu, is satisfied with the support. “We don’t have reasons to complain. Itaipu provided the net-tanks, gave us ration for one month, provides the assistance we need and still guarantees the support for the commercialization of the production”, explains the fisherman.

For Alfredino Rodrigues Borges, the initiative didn’t work because it requires a lot of dedication. “I would have to work a lot to feed the fish everyday. I didn’t do it and the fish didn’t grow.”

The cultivation of fish in net-tanks requires dedication and discipline. The fish depends of the ration to grow. If adequately fed, it is synonymous of profit.

Provide other income sources to the fishermen is one of Itaipu’s goals. Thus, the company also studies the increment of honey production and other products extracted from apiculture, once many fishermen also pursue bee boxes.

Fish Production in numbers

40 thousand | fishes were donated by Itaipu to fishermen

465 | people participated on the qualification courses for fish handling, ration storage, effluent treatment and other aquiculture practices

1 | book regarding good aquiculture practices was developed by Itaipu, in partnership with Instituto Água Viva (Live Water Institute), and donated to fishermen

1,000 tons | of fish, approximately, are extracted from Itaipu’s reservoir per year. Through the adoption of three aquiculture parks, the production potential reaches 6 thousand tons

72 | net-tanks were installed on the research unity of aquiculture nutrition and handling of Santa Helena

US\$ 207,748.00 | were invested by Itaipu on the program Produção de Peixes em Nossas Águas (Fish Production in Our Waters)



Valmirê Trajano dos Rosa says that in seven months the fish cultivated in captivity can be commercialized.

The goal is to strengthen colonies

At the beginning of the program, Itaipu worked directly with fishermen. However, the company noticed that a larger quantity of tanks guarantees more profitability for the aquiculture.

Thus, in 2007, Itaipu will strengthen the fishermen colonies. Computers, oxigenizers, tows and thermo boxes for live fish transportation will be donated.

One of the goals of the program is to build 14 modules where fishermen will have adequate conditions for handling fish. Another challenge is to take electric energy and canalized water for 63 fishing spots, through partnerships with city halls.

Assisting and monitoring the professional and amateur activity in the reservoir region, Itaipu preserves its main asset and still contributes for social inclusion.



Cure that comes from nature

The healing and preventive power of plants is part of popular wisdom. But this wisdom isn't only detained by common people. Medicinal plants already get to physician practices. Therefore in June 2006 the Federal Decree 5,813 was published, approving the Política Nacional de Plantas Mediciniais e Fitoterápicos (National Policy of Medicinal Plants and Phitotherapics).

A survey executed by Itaipu in 2003, with approximately 2,200 people in the BPIII, found out that 82% made use of herbs. Two views, however, concerned the company: 10% considered that herbs weren't harmful to health, what isn't true; and 8% thought plants didn't have collateral effects, another mistake.

Qualification

Based on this data, Itaipu started the program Plantas Mediciniais (Medicinal Plants). One of the first measurements was the elaboration of basic courses in 2004, 2005 and 2006 regarding active principle, use and preparation of medicinal plants. Around one thousand people, including leaders of the Pastoral da Criança (Child's Pastoral) and health agents, participated on the groups.

In 2006, a partnership with the Instituto Brasileiro de Plantas Mediciniais do Rio de Janeiro (Brazilian Institute of Medicinal Plants of Rio de Janeiro) allowed the creation of the course for health professionals "Fitoterapia – Tradição & Ciência" (Phitotherapy – Tradition & Science). Between April and December, 77 nurses, pharmacists, nutritionists, dentists and naturologists were prepared for the usage of medicinal plants as part of their patients' treatment.



Chamomile flowers concentrate oils which work as anti inflammatory, anti septic and sedative substances.

Model herbarium

In 2006, the Ervanário de Itaipu (Itaipu's Herbarium) was concluded and inaugurated, which aims to produce dehydrated medicinal plants. The herbarium, which is situated at the Refúgio Biológico (Biological Refuge), has 200 square meters, comprising a tritulating room, a wrapping room, two plant driers, a laboratory with quality control and a warehouse. The plants are collected from the company's vegetable-garden. After being dehydrated, they are distributed in the health centers of the 29 municipalities that are part of the Bacia do Paraná III (Basin of Paraná III).



The right dose

In Foz do Iguaçu, the physician Christiane Pereira Gomes dedicates the Thursday mornings to assist patients treated with phytotherapies. The new activity started last October, at the Unidade de Saúde da Família Ouro Verde (Health Unity of the Ouro Verde Family), at Porto Meira neighborhood.

Christiane was one of the participants of the course offered in partnership with the Instituto Brasileiro de Plantas Mediciniais (Brazilian Institute of Medicinal Plants), from Rio de Janeiro. The physician tells that the qualification enabled her to be more secure to prescribe phytotherapies.

At the health center there is a vegetable-garden, originated from plants donated by Itaipu. “I teach the patient how to pick and prepare the plant. People usually don’t take full advantage of the active principle because they don’t know how to use it”, she describes.

In practice

Rita de Andrade, 76 years old, was over weight and suffered articulation pains when she started the phytotherapeutic treatment at the end of last year. On the prescription, ginko biloba, oyster calcium, curcuma, safflower, horsetail and green tea, besides changes in her daily alimentation.

The combination was effective and Rita lost weight. “The pains didn’t cease, but they decreased a lot after I started to treat myself with the plants”, she testifies.

Medicinal Plants in numbers

57 thousand | trees were produced by Itaipu’s vivarium and herbarium in 2006

29 thousand | trees were donated to communities, schools, fairs, NGOs and medicinal plant nurseries

10 thousand | dry plant packings were produced at Itaipu in 2006

70 | vegetable-gardens were planted in the BPIII’s schools

23 | partners integrate the program, and eight of them are universities

144 | species compose the vegetable-garden of the program Plantas Mediciniais (Medicinal Plants). From this total, 56 are scientifically identified. The others are of popular usage

US\$ 66,939.51 | were invested by Itaipu on the program Plantas Mediciniais (Medicinal Plants)

Curiosities

- Among the many possible uses of plants there are the traditional teas, compresses, baths and syrups.
- Phytotherapies are much cheaper than allopathic medicines.
- Health professionals who participated on the course in 2006 will be multipliers of the region’s knowledge.
- When picking a plant, prefer the time between 8 and 10AM, once during this period the active principle is more concentrated. After this time the principle goes to the root.
- For 2007, Itaipu studies the qualification of small organic agriculturists for the commercial plantation of medicinal plants.



An old relation

Itaipu's relation with the Indian communities started even before the hydroelectric power plant start to work. In 1982, at the time of the lake formation, 13 Indian families would have to be officially relocated.

Negotiations were extended and included an anthropologic evaluation executed in the middle of the 90's. The Indians required an area of 1,500 hectares. Itaipu acquired 1,744 in Diamante D'Oeste.

However, the Indian culture is different from the white's. The familiar bows are more extensive and the property notion isn't individualized, but collective. So, two hamlets were formed: one in Diamante D'Oeste and another in São Miguel do Iguaçu.

Different Realities

In Diamante D'Oeste, at the Añetete hamlet, where there are 300 Indians living, the situation is stable. The community plants, produces milk and meet. Only in 2006, 100 tons of organic cassava were collected, besides other cultures that feed the community and are commercialized.

However, in the Ocoy hamlet, in São Miguel do Iguaçu, the situation is different. The area, that shelters around 600 people, being approximately 120 children, isn't prepared to hold such contingent and lacks space for farming or animal raising.

The Ocoy has its situation worsen for being in an environmental protection area. The hamlet was formed close to the place that was occupied before the formation of the Itaipu Lake, on the margin of the river.

Support

In 2003, Itaipu started again to support the Indian communities directly. In Diamante D'Oeste, the company enables infra-structure.

At Ocoy, besides the possible infra-structure, Itaipu provides 134 basic food aids per month. The Pastoral da Criança (Child's Pastoral) distributes more than one thousand liters of milk per month.

The impasse resolution is still far and doesn't depend only on Itaipu. The issue goes through the acquisition of a new property by Fundação Nacional do Índio - Funai (National Foundation of the Indian).



Valorization of culture

The valorization of the Indian culture is a priority for the vice chieftain of the Añetete hamlet, in Diamante D'Oeste, João Miri Alves. Married, father of five children, he is the teacher of the community school and proudly teaches his people's histories.

From the difference of his childhood time, when games were in the middle of woods, for the necessity of thinking about the future, including the importance of food cultivation. "Currently, we can't live only from nature anymore. There is almost no nature. We have to plant to keep the community", she says.

Partnership

For the vice chieftain, the partnership with Itaipu helped the community. "Before, we didn't have support. We couldn't plant because there weren't any seeds. Itaipu helped with the seeds and other things needed by the hamlet", outlines João Miri Alves.

While the Añetete's community is satisfied, at Ocoy, in São Miguel do Iguacu, there is a lot to be done. The chieftain Simão Tupa Reta Vilhauva lives with his wife and five children at the hamlet and tells that Itaipu has helped, but there are many problems to be solved.

"The necessity here is land. The hamlet is small and we can't plant because it is an environmental reserve. Alms don't solve the problem for anyone. We want to produce in order to have food for six months, one year", he says.

Other benefits

- Itaipu repassed seeds for agriculture production, resulting in the harvest of 100 tons of cassava, 500 sacks of corn, 27 thousand kilos of watermelons, among other cultures.
- The company also provided technical support for the preparation, maintenance and monitoring of soil for the plantation of several cultures in Añetete.
- Itaipu still collaborated with the Santa Maria hamlet, in Diamante D'Oeste, that has been installed in an area acquired by Funai. Food was sent and the winter campaign promoted by the company in Foz do Iguacu destined winter clothes for this community.

Indian sustainability in numbers

1,430 | kilos of honey were bottled by Itaipu for the Añetete hamlet, in Diamante D'Oeste

14 thousand | linear meters of water system, approximately, were implemented in Diamante D'Oeste by Itaipu

20 houses | adapted to the Indian culture were constructed by Itaipu, even in Añetete as in Ocoy, together with twenty sanitary modules, with electric and treated water system in each hamlet

58 thousand kilos | of food acquired by Itaipu were sent to the Ocoy hamlet

US\$ 112,343.30 | were invested by Itaipu to cost the program Sustentabilidade Indígena (Indian Sustainability) in 2006



Environmental Laboratory beyond its time

The Laboratório Ambiental da Itaipu (Itaipu Environmental Laboratory) is a multifunctional space. Researches with sylvester and exotic animals and with the bacteriological quality of water, air and concrete are carried out, among others.

This successful history started in 1991, connected to the Refúgio Biológico Bela Vista (Bela Vista Biological Refuge). The laboratory was created to assist the animals that were there.

“Sylvester animals don't demonstrate clinically that they are sick. Thus, the laboratory was created to execute the monitoring of the breeding shelter”, tells the biochemical pharmacist Leonilda Correia dos Santos, technical responsible by the Laboratório Ambiental (Environmental Laboratory).

Pioneer

According to her, many activities in the laboratory are pioneer. “Studies of the dam concrete structure bio deterioration were the first in the country, in 1997. Also in this year we started the analysis of air conditioning machines. The Anvisa's decree is from 1998 and our studies were used as standard.”

Among the activities directed to the internal public, there is the monitoring of biological agents in the workplace (air conditioning and telephone machines, quality of water and food).

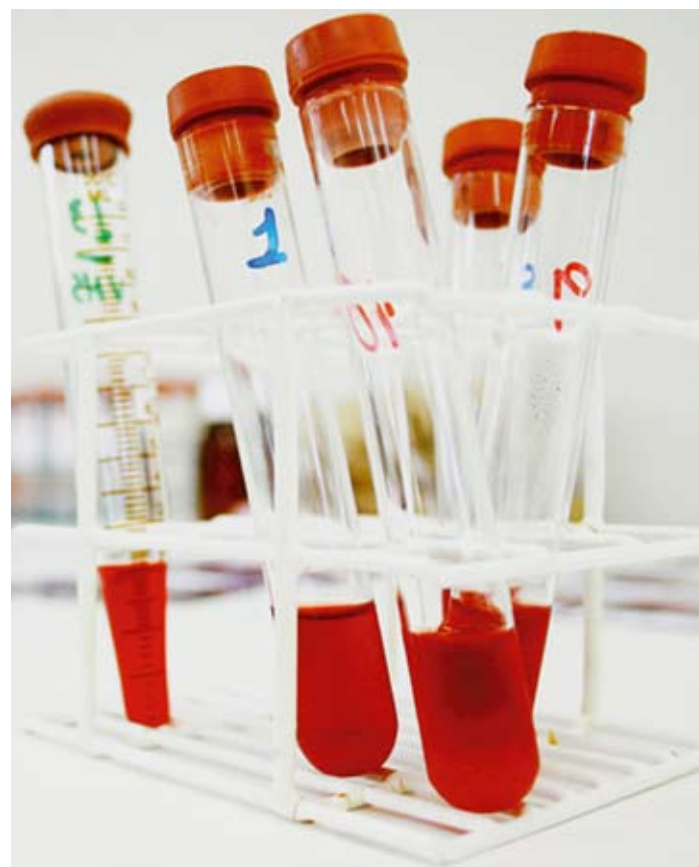
“In 2005, we also initiated the air conditioning microbiological monitoring of vehicles and buses that transport the employees. This is also a preventive work.”

Another important activity executed by the laboratory is the monitoring of the golden mussel (counting of adult individuals at the dam).

Environmental laboratory in numbers

1997 | was the year in which the Laboratório Ambiental (Environmental Laboratory) started the research of biological agents in Itaipu's air conditioning systems and machines

13 thousand | examinations, approximately, are carried out per year by the Laboratório Ambiental (Environmental Laboratory). The work of the Laboratório



The work of the Environmental Laboratory benefits the animals of the Refúgio Biológico Bela Vista (Bela Vista Biological Refuge) and Itaipu's employees.

Simplifying

Ictology | is the part of the zoology that studies fish.

Ambiental (Environmental Laboratory) benefits the Refúgio Biológico Bela Vista (Bela Vista Biological Refuge)'s animals and Itaipu's employees.

69 | scientific works were published between 1992-2006, outstanding the Book Laboratório Ambiental (Environmental Laboratory), edited in 1999, which contains reference values for laboratorial parameters of sylvester animals of our fauna and laboratorial techniques for air conditioning and water analysis.



The car of the future is electric

Invited by the Swiss company Kraftwerke Oberhasli AG (KWO), which controls nine hydroelectric power plants in the Swiss Alps region, Itaipu works in the improvement of a totally non-pollutant vehicle. The car of the future is moved by electricity and even its battery is 100% recyclable, what turns it into an exclusive model in the entire world.

Besides Itaipu and KWO, Eletrobrás, Ande, Copel, CPLF and Fiat integrate the partnership. Ampla, Cemig, Furnas and WEG have manifested their interest in participating on the project, which is an attempt to decrease gas emission and solve the matter related to the end of the petroleum. Itaipu started to be part of the project coordination in May, 2006.

The group studies ways of improving the vehicle functioning. Currently, with a reloading time of 8 hours, it can drive for 120 kilometers, reaching a maximum speed of 110 km/h.

Success

The goal for the next five years is to decrease this time for 20 minutes and get a performance of 450 kilometers, with speed up to 150 km/h. Still going through a test assembling phase, the car already calls attention around the globe. The success

is such that it will be used in the Pan-American Games that happen in Rio de Janeiro in July, 2007. Great opportunity so that Brazil can show its best regarding environmental care.

Actuating in different fronts, Itaipu still coordinates the Programa Geração Distribuída à Base de Biogás com Saneamento Ambiental (Program of Distributed Generation to the Biogas Base with Environmental Sanity), which also aims the energy generation as from sustainable sources. Thus, the company accomplishes its objectives and contributes for the sustainable development.

Benefits of the electric car

- The electric car is three or four times more economic than the conventional model.
- It doesn't make noise and doesn't generate harmful gases.
- It is totally motioned by sustainable energy.

Electric car in numbers

120 kilometers | is the maximum extension the electric car can go with an 8 hour load in its battery

450 kilometers | is the performance the project wishes to achieve in the next five years

Distributed Generation, energy for the environment

The green house effect and the water pollution are consequences of the human activities and real threatening for the planet life. In order to help to avoid that the worst becomes true, Itaipu has decided to apply all its knowledge and experience to stimulate energy production as from organic residue biomass.

Biomass is among the main substances responsible for the green house effect and water pollution. Based on the Federal Law-Decree 5,163, from 2004, and on the Normative Instruction 167 from Aneel, from 2005, that institute the modality of the distributed generation in Brazil, the company has articulated the Programa Geração Distribuída à Base de Biogás com Saneamento Ambiental (Program of Distributed Generation to the Biogas Base with Environmental Sanity).

In partnership with other institutions, the program aims to enable biogas energy generation obtained from treatment processes of organic residues produced by agro industries, animal breeders and sanity companies. The objective is to take advantage of the biomass generated by these activities to produce energy.

Resources

The food production with animal protein base, meet and milk turns Brazil into a great producer of residual biomass. Dumped on the environment, it can cause the water eutrofization, as it can be observed at the Itaipu reservoir.

In order to implement the distributed generation, the program got R\$ 3.8 million from the Financiadora de Estudos e Projetos – FINEP (Studies and Projects Investor), from the Ministério da Ciência e da Tecnologia (Ministry of Science and Technology). The resource will be invested as from 2007.

Itaipu and the partner institutions invested the accumulated technical knowledge and the availability, in partial time, of 50 technicians. Among the projects supervised by these professionals there are: biomass quality, biogas generation, conversion of biogas in energy, safety of the biogas energy provision for the system and institutional arrangements.

Goals for 2007

The creation of a prototype chain is foreseen for 2007, in order to permanently demonstrate and evaluate the technological development predicted by the program. Moreover, the qualification of technicians for the elaboration of alternative energy projects, the establishment of rules so that Copel can operate with distributed generation and the creation of specialties, in a chain of institutions for the validation of these projects, with partners such as Lactec, Fundação PTI (PTI Foundation), Senai, Tecpar and others, are also some of the goals.

As from this point, the agro business and sanity sectors will gain the opportunity of being transformed in energy generators, decreasing their electro energetic dependency and their expenses with energy. It will also be possible to improve the conditions and conserve the quality of river and reservoir waters, as well as the atmosphere's.

Simplifying

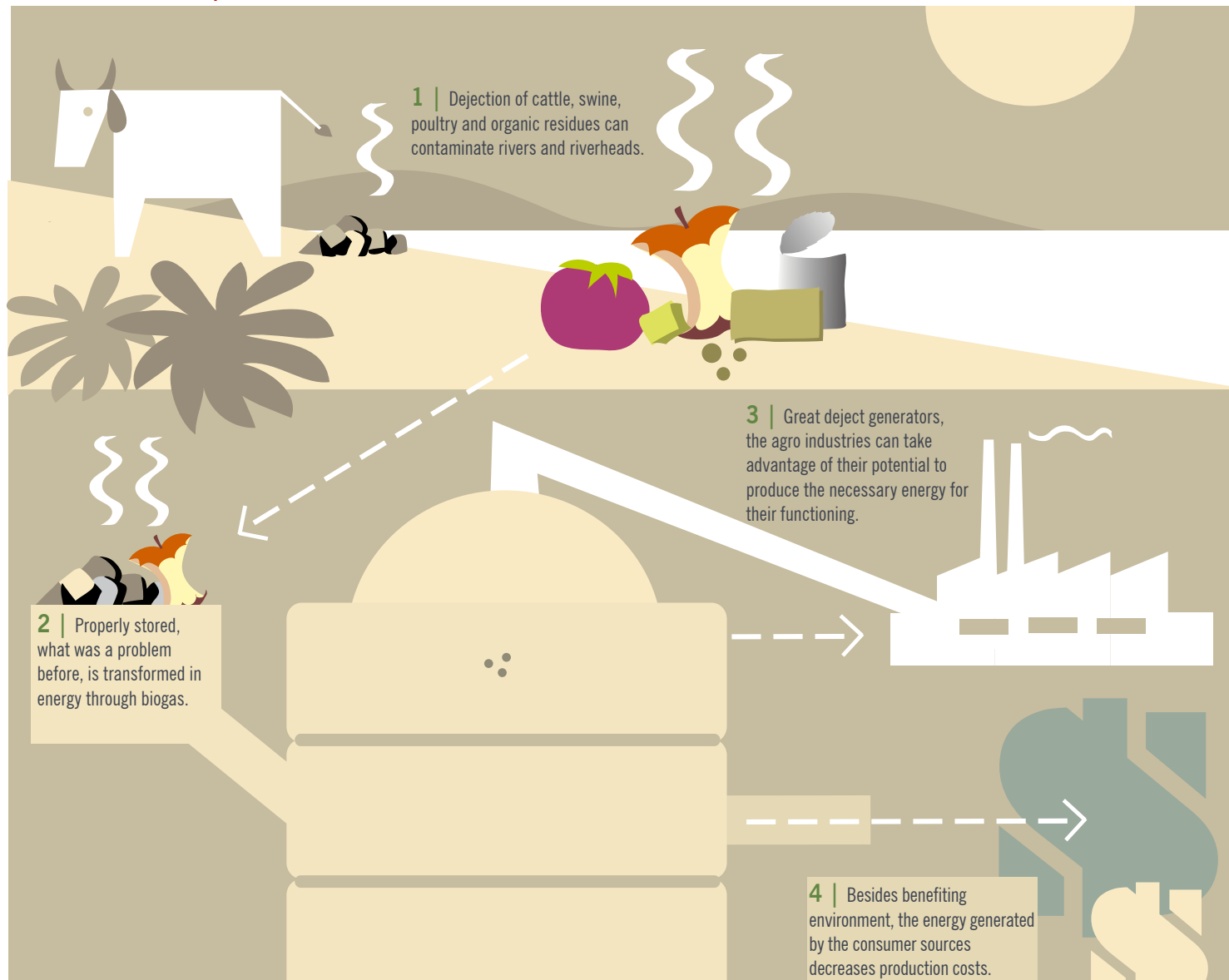
- **Biomass** | organic effluents produced by agro industries, animal breeding shelters and urban sewage.
- **Eutrofization** | increase of (nitrogen and phosphorus) nutrients on water, what causes the excessive growth of aquatic plants and seaweed, in such levels that they are considered harmful to the several uses of water.
- **Distributed Generation** | electric generation produced close to the consumption places, independently of the potency or source of energy.

Partnership guarantees the development of the program

The Programa Geração Distribuída à Base de Biogás com Saneamento Ambiental (Program of Distributed Generation to the Biogas Base with Environmental Sanity) developed in partnership with the Companhia Paranaense de Energia – Copel (Energy Company of the State of Paraná), Companhia de Saneamento do Paraná – Sanepar (Sanitation Company of the State of Paraná), Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation), Instituto de Tecnologia para o Desenvolvimento – Lactec (Technology Institute for

Development), Instituto Ambiental do Paraná – IAP (Environmental Institute of the State of Paraná), Eletrobrás, Eletrosul Centrais Elétricas (Eletrosul Electric Stations), Instituto de Tecnologia Aplicada e Inovação – Itai (Institute of Technology Applied to Innovation), Centro de Pesquisas de Energia Elétrica – Cepel (Research Center of Electric Energy), Sindicato e Organização das Cooperativas do Estado do Paraná – Ocepar (Union and Organization of the Co-operatives of the State of Paraná) and Cooperativa Agroindustrial LAR (LAR Agroindustrial Co-operative).

Distributed Generation in practice





Social

Socio environmental management

The social responsibility was sanctioned with the extension of the Missão da Itaipu (Itaipu's Mission), in 2003. Since then, the company started to study the theme, to map the actions already developed and it has also implemented some new social programs that benefit the community, the environment and its internal public.

Simultaneously to the development of programs, there was a study for restructuring a socio environmental responsibility area. In 2005, the Coordenadoria de Responsabilidade Socioambiental – RSA (Socio Environmental Responsibility Coordination) was created and the Comitê Gestor de RSA (RSA Management Committee) was installed, with representatives of the managements and of all actuation axes of the company: environment, public policies, community and internal public.

At the same year, the Ministries of Foreign Relations of Brazil and Paraguay signed an agreement through the exchange of Reversal Notes. The document, included in the Tratado de Itaipu (Itaipu Treaty), recognizes that social responsibility and environment care are permanent activities of the company, as well as energy generation.

In 2006, Itaipu established the socio environmental responsibility proceedings through a Determinação – DET (Determination) – orientation of the general management to be followed by the company. The DET's implementation is one of the challenges in 2007.

The Comitê Gestor de RSA (RSA Management Committee) couldn't approve the Diretrizes de Responsabilidade Socioambiental da Itaipu em 2006 (Socio Environmental Responsibility Guidelines of Itaipu in 2006), so the document shall be approved in 2007.

The company also faced some difficulties, such as the termination of two social programs, the Eirete Eiru-í and the Arte e Cultura (Art and Culture), interrupted due to the business decision of transferring its social investments to other related projects already in course (read more on page 56).



The infant-juvenile development is one of Itaipu's priorities.

Attributions

- The Coordenadoria de RSA (RSA Coordination) is responsible for the supervision and orientation of the executed projects, formation of a database, publication of the sustainability report, participation in researches and awards.
- The Comitê Gestor de RSA (RSA Management Committee) is responsible for the strategic supervision of the socio environmental responsibility of the company and of the programs and for the definition of the RSA policies and guidelines.



Cultural workshops are offered by Itaipu to the community.



Protect children and women is one of Itaipu's priorities.

Social environmental programs

Itaipu doesn't concentrate the execution of programs on the Coordenadoria de RSA (RSA Coordination), but it keeps them distributed in all managements. Therefore, it searches for a higher involvement of the different sectors with the theme and privileges the matriciality of their actions.

RSA in the structure of the company

Itaipu's business plan is structured in programs and actions connected to the strategic objectives, which reflect the company's policies and guidelines, defined as from the Mission. The socio environmental programs have self budgets and are defined according to the business plan.

Recognition

In 2006, Itaipu was one of the 41 companies of the country to receive the Selo Balanço Social Ibase/Betinho 2005 (Ibase/Betinho 2005 Social Balance Stamp), conceded by the Instituto Brasileiro de Análises Sociais e Econômicas – Ibase (Brazilian Institute of Social and Economic Analysis). The right to use the Stamp testifies that Itaipu fulfilled many transparency and disclosure requirements of the social balance required by Ibase. Moreover, the company was submitted to society criticism and suggestions regarding its actuation. During a period of one year, Itaipu has the right of using the stamp on its products, services, documents and stationary, what guarantees even more credibility to the work that has been developed by the company.



Prêmio Expressão (Expression Award)

Itaipu was one of the 26 companies to receive the Prêmio Destaque Excelência em Gestão Social (Excellence Distinction in Social Management Award), conceded by Editora Expressão (Expressão Publisher), based on the 3ª Pesquisa de Responsabilidade Social Empresarial da Região Sul (3rd Survey of Business Social Responsibility of the South Region). Based on the seven Indicadores Ethos de Responsabilidade Social (Ethos Indicators of Social Responsibility), the survey represents a diagnosis regarding the advances and challenges of the awareness consolidation and concrete action process in business social responsibility.

Programa Arte e Cultura (Art and Culture Program) was finished

Eirete Eiru-í suspended

The suspension of the program Eirete Eiru-í, which was also developed by the Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation) and was transferred for the Coordenadoria de RSA (RSA Coordination) at the end of 2005, was another challenge. The little bees, that had the proposal of educating for citizenship and representing the trinacional alliance, were retired.

US\$ 7,717.78 | were invested by Itaipu in 2006 for the Eirete Eiru-í development

In 2006, Itaipu had a difficult task: the extinction of the program Arte e Cultura (Art and Culture). Developed since 2004 by the Parque Tecnológico Itaipu (Itaipu Technological Park), the program was transferred to the Coordenadoria de Responsabilidade Socioambiental – RSA (Socio Environmental Responsibility Coordination) in December, 2005. In 2006, it assisted 347 children, promoting dance, singing, music and poetry classes.

Among the reasons that caused the extinction, is the fact that Itaipu offers similar activities to children and adolescents of Vila C (Village C), through the program Energia Solidária (Solidary Energy). As most of the children that were assisted at the Arte e Cultura (Art and Culture) lived in Vila C (Village C) and in surrounding neighborhoods, they were invited to participate on these activities. The process for the termination of the program wasn't easy and involved a meeting with the professionals that worked in the workshops, with children and their parents.

US\$ 43,997.59 | was the investment to develop the program until June, 2006

A matter of gender

Contribute for women and men equitable inclusion in the social participation and decision processes is one of Itaipu's flags. Since 2004, the company has kept the program Incentivo à Equidade de Gênero (Gender Equity Incentive), through which it proposes activities that stimulate reflection and promote cultural and institutional changes.

The action sensitizes collaborators and society. Three action axes are defined: corporate actions, communitarian actions and institutional actions. Within the company, through the Comitê de Equidade de Gênero (Gender Equity Committee), the program actuates in partnership with several areas, guaranteeing that the theme reaches its internal public group.

The partnership with other companies, non governmental organizations, institutions and the public power enables the

dialogue regarding the theme with the society. In two moments of the year this dialogue is intensified: in March and in November.

A month of reflections has been Itaipu's proposal to celebrate the March 8th, the International Women's Day. The focus has always been the importance of the equilibrium in the gender relations.

For the Day of Prevention and Combat to Violence Against Women, November 25th, the reflection approached two themes in 2006: moral and sexual harassment and the divulgation of the Law Maria da Penha. The Law defines violence against women, establishes the ways, allows the arrestment of the aggressor in the act and establishes penalty for the violence crime, among others.



Example of courage, Maria Lúcia was the first engineer to work in the construction of Itaipu.

A history at the hydroelectric power plant

The hydroelectric power plant works were at full speed when Maria Lucia Villas Bôas, recently graduated in Electrical Engineer, arrived in Foz do Iguaçu. The year was 1981 and she had been hired to compose the field engineering team of the Electro Mechanic Mounting Department. At that time, the work in dam constructions was 100% male.

In her point of view, Itaipu evolved a lot during the last years regarding the women's participation in the several positions and functions, previously only occupied by men. "Today, a woman occupies a director position, others assumed superintendences and managements, more engineers and a hydroelectric power plant operator were hired", she points out.

Even with the advances conquered by the program Incentivo à Equidade de Gênero (Gender Equity Incentive), as the flexible working hours for women and men for example, there is still a lot of work to be done, in Maria Lúcia's opinion. According to her, regarding differences, the one that still weights more is the salary.

"We want equal working conditions for everyone, women and men", completes the integrant of the Comitê de Equidade de Gênero (Gender Equity Committee). The Committee is composed of female employees from different areas of the company, of the Hospital Ministro Costa Cavalcanti (Minister Costa Cavalcanti Hospital) and unions that represent the employees. For 2007, the intention is to aggregate men's participation.

US\$ 59,566.99 | were invested by Itaipu in the program Incentivo Equidade de Gênero (Gender Equity Incentive) in 2006

Specific actions

- In March, 2006, workshops with apprentice adolescents were carried out. Moreover, several lectures were offered. One of them, "Tantas Diferenças, Tantas Semelhanças" ("So many Differences, So many Similarities"), approached the menopause and andropause theme.
- In partnership with the Federação das Indústrias do Estado do Paraná – Fiep (Federation of Industries of the State of Paraná), the company promoted the publication of the book "Mais Lucros, Valores Humanos nas Organizações" ("More Profit, Human Values in the Organizations"), from Rose Marie Muraro. It also organized the reflection meeting "Mulheres de Espírito" ("Spiritual Women").

Simplifying

- Andropause - period experience by men in which their organism goes through several hormonal alterations.

Harassment and gender

Undoubtly, harassment is also a matter of gender. According to the specialist Roberto Heloani, one of the founders of the website www.assediomoral.com.br, men, in 51% of the cases, are the harassers. Women correspond to 26%. There are still 23% of the cases where the harassment is practiced by both genders. Example of courage, Maria Lúcia was the first female engineer to work in the construction of Itaipu.



(2007 Gender Pro-Equity Stamp)

A ghost called moral harassment

Moral harassment isn't the boss's intemperance, sporadic bad temper, or even the lack of control in a specific situation. Like a ghost, it is almost imperceptible. However, it is frequent and intentional.

According to the specialist in Psychology, Health at Work and Moral Harassment, Roberto Heloani, who was in Itaipu in November, 2006 to talk about the theme, in general, the ones who suffer moral harassment "are people above average, which can be a potential threaten for the harasser".

Among the strategies which are most used by harassers there are: isolate, ignore, demoralize, disqualify, emotionally destabilize and force demission. Usually, when the victim notices the harassment they feel fear, guilt, shame and loneliness. "There are cases in which the person tries suicide. It is extremely serious", emphasizes Heloani.

The way to combat this misfortune is collective and starts by a cautious investigation, which shall be followed of firm actions. "It is important to analyze if the cases are consequence of the labor organization inadequacy and think about policies that avoid the repetition or reproduction of these behaviors. The posture has to be zero tolerance", completes Heloani.

Combat to violence in Itaipu

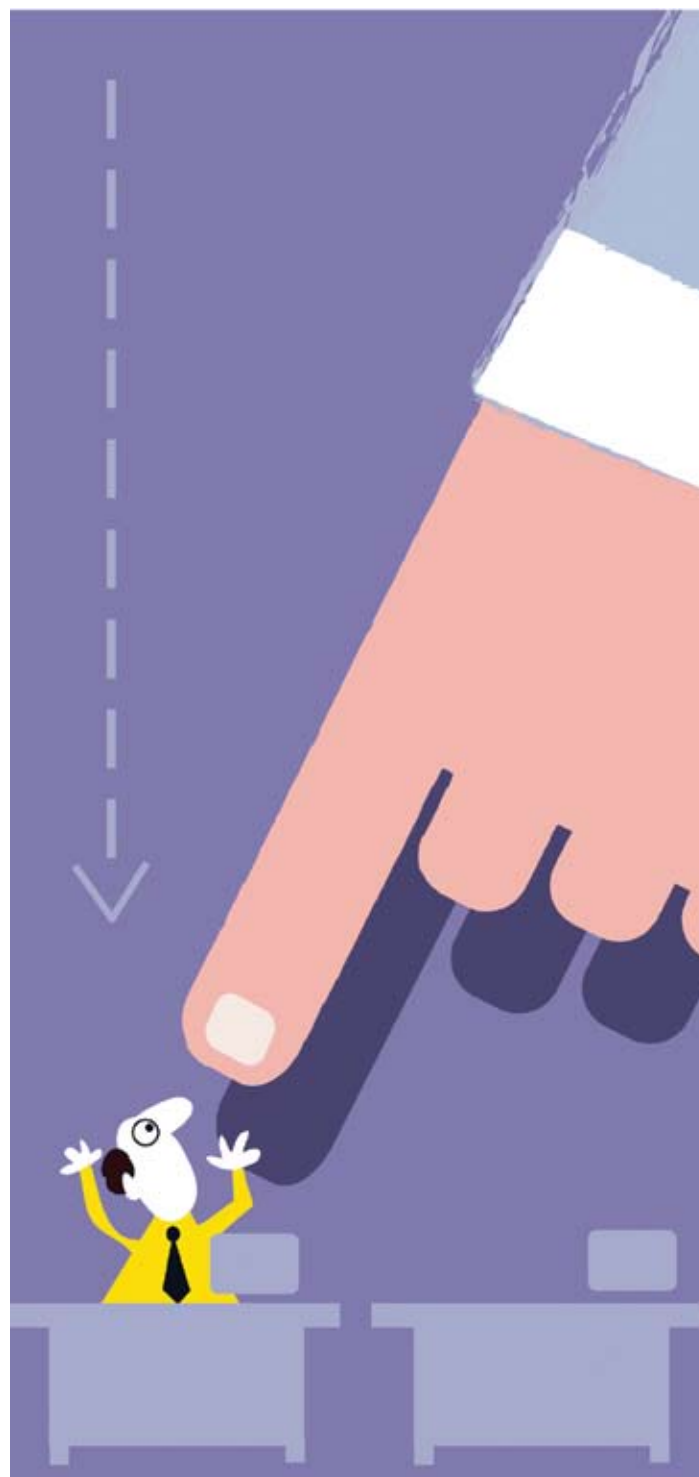
In November, there were several activities to potentize the participation, the prevention and the combat to violence, in special against women. The campaign "Sua Força Voluntária Defendendo a Vida" ("Your Volunteer Power Defending Life") was carried out, in order to divulgation the Law Maria da Penha. Moreover, the company approached the "moral harassment" theme.

Combat to violence in the community

Within the community, Itaipu also focused the November actions on the divulgation of the Law Maria da Penha. A meeting counting with around 150 mothers benefited by the project Bolsa-Escola (Scholarship), conceded by Itaipu to Vila C (Village C)'s families, promoted their first contact with the new law.

Recognition

In December, 2006, Itaipu received the Selo Pró-Equidade de Gênero (Gender Pro-Equity Stamp). Conceded by the Secretaria Especial de Políticas para Mulheres (Special Office of Policies for Women), in partnership with the Fundo de Desenvolvimento das Nações Unidas para a Mulher – Unifem (United Nations Development Fund for Women) and the International Labor Organization (ILO), the Stamp is a recognition that Itaipu, among other companies, works for the citizenship promotion and for the diffusion of exemplary practices of gender equity.



Alphabetization Citizen Chain

Eradicate illiteracy requires collective effort. In Foz do Iguaçu, Santa Terezinha de Itaipu, São Miguel do Iguaçu, Medianeira, Missal and Itaipulândia, all municipalities of the West of the State of Paraná, this work is developed by the Rede Cidadã de Alfabetização de Jovens e Adultos (Adolescent and Adult Alphabetization Citizen Chain).

Formed by the Secretaria de Estado de Educação do Paraná – Seep (State Education Office of the State of Paraná), Secretaria Municipal de Educação (Municipal Education Office), Sesi-PR, Fundação Banco do Brasil (Brazilian Bank Foundation), Rotary Club of Foz do Iguaçu and Itaipu, the chain has actuated since 2004. The objective is to improve the quality of life of the population of the region through education.

The Rede Cidadã (Citizen Chain) proposes the eradication of illiteracy allowing the social insertion and the citizenship rescue of the excluded people. Therefore, each partner has a function.

In 2006, Itaipu was responsible for costing 17 alphabetizers and 30 monitors, who assisted children in their classrooms, so that parents and grandparents could study.

Lessons from school

In 2006, more than 3 thousand students were assisted in 145 groups, being 16 of them constituted of special need students. The classes were given in places close to the students' residences, such as municipal and state schools, neighborhood associations and churches.

Gilmar Gartele, is one of the benefited students of the Rede Cidadã (Citizen Chain). In 2006, he, who had never thought of studying before, learned the first lessons. Going to the school benches was a necessity.

Besides feeling more secure to develop his work, the student scored points with his son. "He is seven years old and wanted me to study with him. Now I already read with him".



Gilmar Gartele is one of the students being alphabetized through the Rede Cidadã (Citizen Chain).

US\$ 59,088.62

were invested by of Itaipu for the development of the program Rede Cidadã (Citizen Chain) in 2006



Protection to children and adolescents

Strengthening and promoting the policy of assistance of the children and adolescent's rights, in the region of the Triple Frontier (Argentina, Brazil and Paraguay). This is the objective of the Programa de Proteção à Criança e ao Adolescente - PPCA (Program of Protection to Children and Adolescent), which has been developed by Itaipu since 2003.

The PPCA actuates in the promotion of campaigns, awareness and qualification of people and sectors, such as tourism, education and health, for the defense of social rights and the promotion of the Estatuto da Criança e do Adolescente (Children and Adolescent Statute). The program pays special attention to the prevention of occurrences related to infantile violence, exploration and labor.

Therefore, it supports many actions and integrates the Rede de Combate à Exploração Sexual e Comercial de Crianças e Adolescentes (Chain to Combat Sexual and Commercial Exploration of Children and Adolescents). Constituted of 40 entities, among governmental and non governmental organizations, governments, companies and international organisms such as the International Labor Organization (ILO), International Migration Organization (OIM) and Fundo das Nações Unidas para a Infância e Adolescência – Unicef (United Nations Children's Fund).

Book outlines youth's profile

In 2006, Itaipu enabled, in conjunction with the Chain, the publication of the book “Abandono, Exploração e Morte de crianças e adolescentes em Foz do Iguaçu” (“Abandon, Exploration and Death of children and adolescents in Foz do Iguaçu”), compilation of three surveys regarding the infantile and juvenile universe in Foz do Iguaçu. The document brings the profile of the adolescents who cross the Friendship Bridge everyday, analyzes the characteristics of adolescents murdered between 2001 and 2005 and still shows the situation of children assisted in the city's shelters.

As a result of the surveys, all shelters that actuated in the city were closed and aren't operating anymore. They were substituted by 15 home-houses, which started to assist children and adolescent under risky situations. In the new homes, besides protection, children count with the care of their “social” fathers and mothers, who supervise the children and adolescent's development in integral period.



The Shelter-home favors the development of mothers and children that are victim of domestic violence.

US\$ 244.533,21 | were invested by Itaipu to develop the Programa de Proteção à Criança e ao Adolescente (Program of Protection to Children and Adolescent) in 2006

Fronteiras arte-educação nos bairros (Art-education frontiers in the neighborhoods)

Theater, story telling, games, movies and debates are used to sensitize children and adolescents of Foz do Iguaçu's public schools regarding themes connected to peace and to the familiar life, friendship and environment fundamental values. The project Fronteiras Arte-Educação nos Bairros (Art-Education Frontiers in the Neighborhoods) is developed by the NGO Casa do Teatro (Theater House), in partnership with Itaipu. In 2006, around 12 thousand students participated on the activities. In 2007, the goal is to reach 32 thousand participants.

Nucria

Aiming to combat all violence forms against children and adolescent, the Núcleo de Proteção à Criança e ao Adolescente Vítima de Crimes – Nucria (Nucleus of Protection to Children and Adolescents Victims of Crimes) was inaugurated in 2004, in partnership with the Secretaria de Segurança Pública do Estado do Paraná (Public Security Department of the State of Paraná). In 2006, there were 345 denounces. The police station registered that 30% of the violence cases are practiced by parents.

Shelter-home

In order that women and their children, victims of domestic violence, can rebuild their lives in a worthy and autonomous way, Itaipu keeps a shelter home. It is administered by the NGO Casa Família Maria Porta do Céu (Heaven Door Mary Family House). The victims' guidance is done by the Delegacia da Mulher de Foz do Iguaçu (Women's Police Station of Foz do Iguaçu). The women sheltered there receive psychological and professional supervision and their children also have pedagogical support. At the shelter home, they are protected during a period of up to 6 months. In 2006, there were 24 women, between 17 and 55 years old, and 44 children and adolescents sheltered in the center.



Health on the Frontier

To contribute with the strengthening of health care public policies on the frontier region between Brazil and Paraguay, the program Saúde na Fronteira (Health on the Frontier) was created. Therein, Itaipu strengthens the Hospital Ministro Costa Cavalcanti – HMCC (Minister Costa Cavalcanti Hospital) for the assistance through the Sistema Único de Saúde – SUS (Unified Health System) and the development of seminars.

Among the themes approached in the developed seminars, there are the avian flu, the humanization of health services, national health policies and Indian health. Approximately 600 people participated on the activities.

Saúde na Fronteira (Health on the Frontier) in numbers

6,590 | surgeries were performed at HMCC'

6,707 | chemotherapy procedures benefited HMCC's neoplasia patients

US\$ 1,315,764.00 | were invested on the Saúde na Fronteira (Health on the Frontier) in 2006

Hospital

Actions such as population awareness, disease prevention and application of financial, material and technical resources, guarantee higher quality for the hospital assistance. In 2006, the HMCC assisted 9,065 hospitalized patients, 8,071 people in the emergency and 13,347 in the ambulatory.

There are many partners involved on the program. A Work Group composed of representatives of the Ministries of Health of Brazil and Paraguay, of the Secretaria de Estado da Saúde do Paraná (State Office of Health of the State of Paraná), of the Sanitary Regions of Alto Paraná and Canindeyú and of the Brazilian and Paraguayan municipalities, besides Itaipu itself, guides the developed activities. The program Saúde na Fronteira (Health on the Frontier) was initiated in June, 2003.



Qualification course promoted by the Energia Solidária (Solidary Energy)

Scholarship

Since 2004 Itaipu concedes approximately 300 scholarships for families residing in Vila C (Village C). The benefited families receive R\$ 75.00 per month, and in order to receive it, their children between 6 and 16 years old can't be absent at school. In 2006, some difficulties with the NGO that administered the scholarships' payment caused a four month delay. In order to solve the situation, Itaipu deposited two installments, in December and January, 2007. This year, the payment administration will be done in another way, to avoid the repetition of the problem.

Itaipu invested US\$ 114,215.99 in scholarship payment in 2006, for the qualification Course promoted by the Energia Solidária (Solidary Energy).

Energia Solidária (Solidary Energy) in numbers

20 thousand | people, approximately, live in Vila C (Village C)
 US\$ 70,944.74 | were invested by Itaipu on the program
 Energia Solidária (Solidary Energy) in 2006

A rescue history

Vila C (Village C) is connected to Itaipu's history. It was on this community that great part of the approximately 40 thousand workers that participated of the hydroelectric power plant construction lived with their families. On this community they raised their children and saw the birth of their grandchildren. Currently, around 3 thousand families live in Vila C (Village C) and many had, or still have, connections with the hydroelectric power station.

The Energia Solidária (Solidary Energy) rescues this bond and contributes for the community development. Developed since 2004, the program stimulates the responsibility as from the democratic participation in the investment definition, through positive and constructive practices, which contribute for the common well concretization.

Participation

Having self sustainability as the main assumption, it actuates as articulator, involving several actors of the society in the search of resources for the development of activities within the Conselho Comunitário da Vila C (Communitarian Council of Village C). The Energia Solidária (Solidary Energy) stimulates the local population, creating a democratic and participative environment for the definition of priority actions to the neighborhood.

In 2007, two new projects will be developed by the Energia Solidária (Solidary Energy): the implantation of the Communitarian Radio of Vila C (Village C), which studio is ready to be used, only waiting for the installation of equipment, and the qualification of residents, using popular methodology, that focus self organization and communitarian participation, for citizenship strengthening.



Agricultura Solidária (Solidary Agriculture)

It uses the servitude areas under the energy transmission lines that cross Vila C (Village C) to develop urban agriculture, benefiting agriculturists and their families through income generation. During the second semester of 2006, 30 hectares of organic cassava were cultivated by the 30 families that participate on the project.

The prevision for the harvest, in July, 2007, is of 800 tons, and part of this production shall be reverted to day-care centers and schools of the community. Besides cassava, the agriculturists cultivate other products such as beans and vegetables for self consumption.

The usage of the servitude area, besides benefiting the agriculturists, brings significant economy for the company. With the project, Itaipu avoids paying for the maintenance and cleaning of these areas.

Developed actions

- Support to the Conselho Comunitário da Vila C (Communitarian Council of Village C) for ballet, guitar, keyboard, chorale, street dance, jazz and capoeira courses. In 2006, approximately 600 children and adolescents participated on the courses.
- Digital inclusion through informatics course, attended by more than 700 people. Moreover, weekly, around 300 people access the Telecentro, which will have another 20 terminals in 2007.
- Income generation provided through the offer of professional qualification courses of sewing, hair dresser, manicure and pedicure for 200 people, mainly women.
- Physical activities for third age, with professional supervision, counting with the participation of approximately 200 elderly.



Tourism, another tradition of Itaipu



Panel painted by a barrageiro (person that lives in the power plant region) was restored and will be one of Itaipu's touristic attractions in 2007.

Tourism in numbers

75 thousand | people visited the Ecomuseu (Eco Museum)

21 thousand | is the estimated number of tourists that visited the Refúgio Biológico Bela Vista (Bela Vista Biological Refuge)

28 thousand | spectators, approximately, watched the presentations of the Iluminação Monumental (Monumental Illumination) show

One of the seven wonders of the modern world, Itaipu enchants for its engineering magnitude, and also for the environmental care. If the general view of the hydroelectric power station impresses and is a touristic attraction by itself in Foz do Iguaçu, spaces such as the Refúgio Biológico Bela Vista (Bela Vista Biological Refuge) and the Ecomuseu (Eco Museum) also integrate the visitors' agenda.

The Complexo Turístico Itaipu (Itaipu Touristic Complex) is one of sports in Foz do Iguaçu most visited by tourists. In 2006, 422,421 people, being 183,561 Brazilian tourists, and 238,860 foreign tourists, visited the hydroelectric power plant, the Refúgio Biológico Bela Vista (Bela Vista Biological Refuge), the Ecomuseu (Eco Museum), the Mirante Central (Central Belvedere) and the Iluminação Monumental (Monumental Illumination). This year, the company included the visit to the interior of the hydroelectric power plant in the new special touristic circuit. Since then, 11 thousand visitors have already been at the place.

Another important fact of 2006 that is helping to attract more tourists for the city was the implantation of the Canal de Águas Bravas (Brave Water Channel), situated at Parque da Piracema (Piracema Park). The channel hosted the first competition of the slalom canoeing festival and is already recognized as one of the best tracks in the world, and in 2007 it will host the Campeonato Pan-Americano de Canoagem (Pan-American Canoeing Championship) on the *slalom* modality.

Itaipu is helping the city hall in the development of a tourism plan. Through the tourist attraction, the company believes to be contributing for the economic and sustainable development of the region.

Science generating business in the FPTI

High-tech knowledge is abundant at Itaipu. The wish of changing Foz do Iguaçu's reality is abundant as well. Thus, in December, 2005, the Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation) was created to administer the PTI.

The only one in Brazil integrating partners, businessmen, researchers, teachers and academicians in the same space, the FPTI is fruit of an audacious project that wishes to be transformed in teaching, research and technological development reference. Through the creation of the foundation, the park started to have a private self administration without profit aims that will actuate as a business articulator.

A proof of this is the Espaço de Desenvolvimento Empresarial (Business Development Space), which was installed to stimulate the creation and fixation of technology and specialized service companies in the FPTI. The foundation promotes management and entrepreneurship courses, guarantees laboratories and eases access to the technological sector so that small companies and entrepreneurs can consolidate themselves in the business area.

Valorization

But FPTI's actuation is much larger. In order to stimulate children and adolescent's interest by science, the Projeto Estação Ciência (Science Station Project) was created. In an interactive environment, students of Fundamental and Medium Levels visit expositions and perform experiences to prove what they have learned inside of the classroom. The thematic approached by the machinist S moke Joe and by the scientist Curious May comprise Biology, Physics, Math and Informatics.

Another distinction of FPTI in 2006 was the Programa Trinacional de Artesanato Ñandeva (Ñandeva Art craft Trinacional Program). Developed with the help of some partners, the Ñandeva registered the iconography of the triple frontier region and is helping craftsmen to add technological value to their products. By this way, the cultural identity of the region is preserved and the handicraft is valorized.

Simplifying

- Iconography - study of images, pictures and symbols that compose the history of a civilization.



FPTI shelters the Centro de Engenharias e Ciências Exatas da Unioeste (Center of Exact Engineering and Science from Unioeste) and is used by approximately 600 students.

FPTI in numbers

9 | companies were incubated in the FPTI in 2006

1,375 | children participated of the Projeto Estação Ciência (Science Station Project)

632 | universitarian students, approximately, used the FPTI's classrooms and laboratories in the Centro de Engenharia e Ciências Exatas (Exact Sciences and Engineering Center) installed there

4,453 | was the number of visitors hosted by the FPTI



Internal public



The force that moves Itaipu

Itaipu's grandiosity isn't only related to its engineering. In 2006, on the Brazilian margin of the hydroelectric power plant, 1,465 employees, 254 women and 1,211 men constituted the functional chart of the company.

Itaipu's employees are reason of pride to the company, deservedly. This labor qualification is also similar to the technology applied at the hydroelectric power plant: high tech. In the company, there aren't illiterate people and approximately 48% of the employees already concluded college.

Salary Profile

Categories	Colored Men (black and mulatto)	White Men	Colored Women (black and mulatto)	White Women
Managerial Positions (All Managers)	10,658	9,143	0	6,577
Functional Positions (Other Employees)	2,844	4,283	2,766	4,021

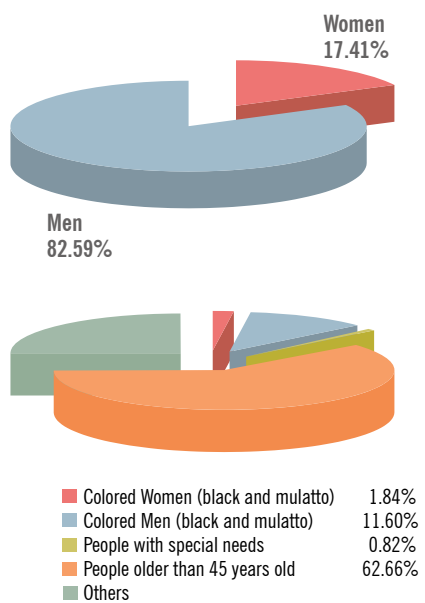
Average salary in December/2006

	2004	2005	2006	2007 Goal
Division of the lower salary of the company by the minimum salary in force	3,12	2,85	2,52	NA

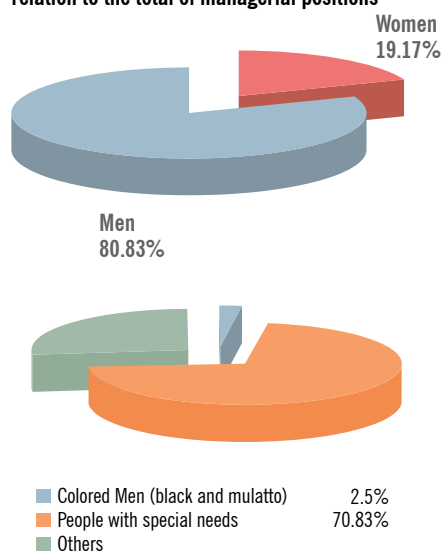


Profile of employees and directors of Itaipu*

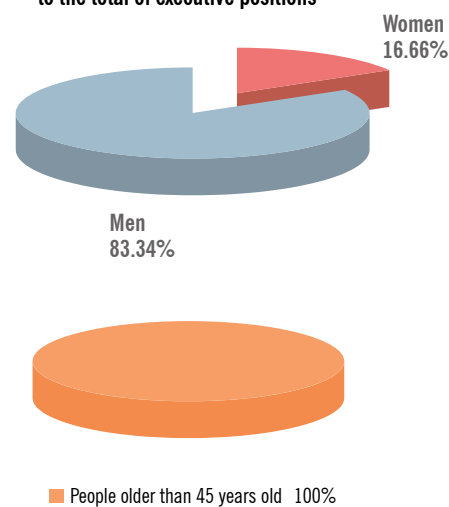
Percentage in relation to the total of employees



Percentage in managerial positions in relation to the total of managerial positions



Percentage of management positions in relation to the total of executive positions



*Data based on 12/31/2006

Executed trainings

In order to maintain the employee chart permanently updated, Itaipu carries out and hires training programs related to the most diverse knowledge areas. Since 2003, the company also keeps a subsidy policy to post-graduation courses for its employees.

In 2006, nine post-graduation courses related to the development of operational and administrative activities of the hydroelectric power station were sponsored by Itaipu. This training and qualification contribute to the fact that the company outstands not only in its development sector, but also for being a reference in socio environmental programs and actions.



Trainings executed in 2006



Number of collaborators vaccinated against flu

Specification	2006 Goal	Total of vaccinated in the period	% of vaccinated employees in relation to goal
Self chart	1459	797	55%
Interns	256	92	36%
PIITs	271	162	60%
Outsourced	548	308	56%
Total	2534	1359	54%

Financial Education

Itaipu's contribution for the improvement of the quality of life of their collaborators and of the community in its influence area also comprises many economic aspects. Through the financial education, with the offering of lecturers, courses and seminars, the company tries to instruct regarding the best way to manage personal and familiar financial resources. In 2006, in Foz do Iguaçu, more than one thousand people participated on the Expo Money, event sponsored by Itaipu.

Health

Regarding health, the concern with the well-being of its employees makes the company actuates preventively. In 2006, Itaipu, for the ninth consecutive year, promoted the Vaccination Campaign against Flu. However, the goals initially defined weren't accomplished.

Training in numbers

8 hours | of training were provided, in average, during 2006, per employee. For 2007, the goal is to provide ten hours

0.04% | was the gross income percentage spent in qualification and professional development

Safety

According to the decree MTE nr 598 of the Ministério do Trabalho e Emprego (Ministry of Labor and Employment), which approved the Ruling Norm 10 (NR 10) – Segurança em Instalações e Serviços em Eletricidade (Security in Electricity Installations and Services), Itaipu executed, among other actions, the conclusion of the Curso Básico de Segurança em Instalações e Serviços em Eletricidade (Basic Course of Security in Electricity Installations and Services) and started the Curso Complementar de Segurança no Sistema Elétrico de Potência (Complementary Course of Security on the Potency Electrical System). Both taking 40 hours, for 219 people.

Itaipu implemented formal training proceedings for employees of outsourced companies that execute services in the industrial area. It also provided special clothes for the employees that execute higher risk maneuvers with electric arc and implemented the Prontuário das Instalações (Installation Handbook), according to NR 10, aiming to record information regarding installations and workers that actuate with electricity.

Another security measure was the consolidation of the elaboration of the Análises Preliminares de Riscos (Risk Preliminary Analysis). Itaipu has been practicing this analysis for about five years through a multidisciplinary group. In 2006, they were registered in the Prontuário (Handbook) and thus are available to all employees, observing another NR 10 requirement.

Simplifying

Electric Arc | It is the electric discharge produced by the electric current production through air, between two separate conductors. The electric arc discharges a great quantity of energy in form of light and heating, besides ultraviolet radiation. It is the cause of burns in electricity accidents.

Labor safety trainings executed in 2006

Group training	466 hours
Number of groups	68
Number of participants	1,186

Care with labor conditions and safety

	2004	2005	2006	2007 Goal
Extra hour average per employee	4h, 56min	4h, 57min	4h, 47min	NA
Working accident average per employee	0.01	0.02	0.01	0.01
Number of work accidents	18	31	15	10
Number of work accidents without leave	9	20	7	4
Number of work accidents with leave	9	11	8	6
Percentage of accidents that resulted in temporary leave of employees	50%	35%	53%	40%
Number of accidents that resulted in temporary leave of employees	9	11	8	6
Percentage of accidents that resulted in mutilation or other harms to the physical integrity of employees with permanent leave from the position (including RSI)	0%	0%	0%	0%
Number of accidents that resulted in mutilation of other harms to the physical integrity of the employees with permanent leave from the position (including RSI)	0%	0	0	0
Percentage of accidents that resulted in employee death	0%	0%	0%	0%
Number of accidents that resulted in employee death	0	0	0	0

Union Relation

In 2006, as well as in previous years, Itaipu's relation with unions that represent their employees was based on dialogue. Periodic meetings were executed and work groups were formed to treat specific issues that demand more deepness and time of analysis.

Equally, labor collective negotiations were conducted in a harmonious way, aiming the signing of the labor collective agreement and of the agreement term for participation in the results.

“In the current management of the company, we could improve negotiations, enlarging the scope of discussions and the access to management”, guarantees Ivanor de Oliveira

Valentini, director of Formação e Políticas do Sindicato dos Eletricistas de Foz do Iguaçu – SINEFI (Qualification and Policies of the Electrician Union of Foz do Iguaçu).

According to the administrative director of the Sindicato dos Empregados em Concessionárias dos Serviços de Geração, Transmissão, Distribuição e Comercialização de Energia Elétrica de Fontes Hídricas, Térmicas ou Alternativas de Curitiba – SINDENEL (Union of the Employees of the Service Concessionaires of Generation, Transmission, Distribution and Commercialization of Electric Energy of Hydric, Thermo or Alternative Sources from Curitiba), Carlos Minoru Koseki, there are still many challenges to be faced by the parts.

	2004	2005	2006	2007 Goal
Quantity of notifications received from the Ministério do Trabalho (Ministry of Labor) in related to forced work or analogous to slave work	0	0	0	0



Entering the labor market

Promote the professional initiation of less favored adolescents is also a priority to Itaipu. The company follows the Law 10.097/2000, known as the Lei do Aprendiz (Apprentice Law), for the development of the Programa de Iniciação e Incentivo ao Trabalho – PIIT (Program of Labor Initiation and Incentive).

The PIIT is divided into three modalities: Under Age Apprentice, Adolescent Initiating Work and Young Gardener. The activities are developed in the school counter turn period, with a maximum of 22 weekly hours.

Itaipu offers 235 positions, being 200 in Foz do Iguaçu and 35 in Curitiba. Young adolescents aged between 14 and 17 and 11 month years old participate on the program. For this work, the adolescents receive a monthly scholarship equivalent to one minimum salary in force, besides transportation vouchers, alimentation vouchers and health and dental care.

In 2006, Itaipu offered, besides the activities focused on the under age professional qualification, special training in informatics and ceramics. In Foz do Iguaçu, it also allowed adolescents to participate of the Coral do Jovem Jardineiro (Young Gardener Chorale). In Curitiba, the project Energizando a Arte e a Cultura (Energizing Art and Culture) was executed, in which 21 adolescents participated of art workshops.

Due to this program, Itaipu holds, since 1997, the title Empresa Amiga da Criança (Company Friend of Children), conceded by Fundação Abrinq (Abrinq Foundation).

Participants of PIIT

2004	363
2005	346
2006	352
2007 Goal	345

Number of PIIT vacancies

2004	228
2005	230
2006	235
2007 Goal	235

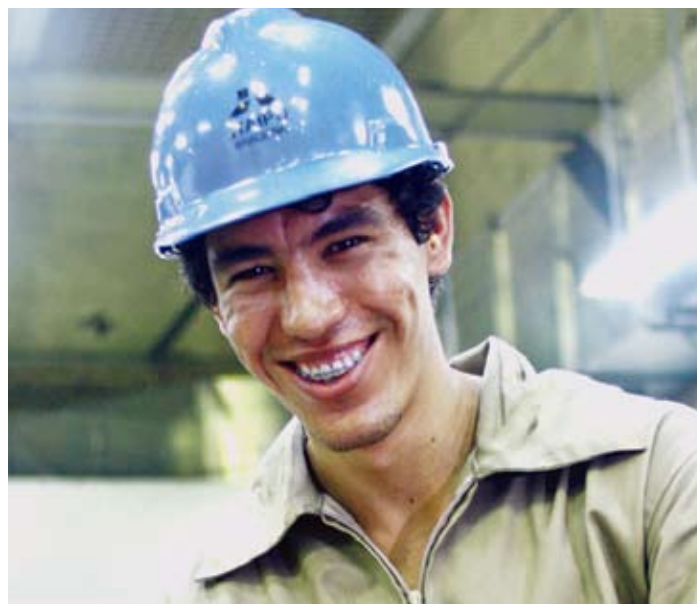
From PIIT to Itaipu

The dream job in the main company of Foz do Iguaçu got to Marcelo da Silva Quevedo, 23 years old, in 2005. But his history with Itaipu started much earlier.

In 2000, Marcelo was one of the selected boys to work as an apprentice at Itaipu. The luck of the poor boy that was raised in a shelter started to change.

“The job as an under age apprentice was important because it was the entrance door for the company. I had a very good relationship with everyone, always gave the best of myself and had a good personal and professional development”, he remembers.

More than the relationship, luck and competence had their roles. Marcelo entered in a mechanic technical course and could participate in a selection carried out by Itaipu. “I consider myself a winner because I had an opportunity that many people don’t have.”



Internship opportunities | Itaipu also offers positions so that university and technical students can experience what they learn in the academy. In 2006, 336 adolescents executed their curricular internship and 41 made vacation internships at the hydroelectric power station. In December, 2006, Itaipu counted with 172 interns.

US\$ 698,971.47 | were invested by Itaipu on the PIIT in 2006

PIIT in numbers

146 | adolescents participated of the Menores Aprendizizes (Under Age Apprentices) modality, being 94 in Foz do Iguaçu and 52 in Curitiba

60 | adolescents participated on the groups of Young Gardeners in Foz do Iguaçu

146 | integrated the modality of Work Initiation in Foz do Iguaçu

10 | ex-PIIT's entered Itaipu's Internship Program in 2006

08 | ex-PIIT's are working in outsourced companies hired by Itaipu, in Foz do Iguaçu

04 | ex-PIIT's were incorporated to Itaipu's organization chart, through a public selection process

Shutdowns reach Itaipu

During the discussions for the renewal of the labor collective agreement with validity for 2006/2007, the company's employees in Curitiba and in Foz do Iguaçu paralyzed the activities during an entire day and some hours of the other day.

The impasse was caused by a disagreement regarding the salary readjustment and the fixation of a percentage of the payroll for the salary mobility (readjustments and raise per merit). The shutdowns didn't bring any harm to the hydroelectric power plant activities, once the essential services were developed without reduction of the workforce.

In 2005, the activities were also paralyzed in Foz do Iguaçu during six days. The strike was deflagrated because the employees demanded that the participation in the results was paid in values that were higher than the offered ones. Another discussion was raised due to the divergence among unions regarding the distribution of this participation.

1 day | was the shutdown period of Itaipu's employees in 2006

6 days | was duration of the strike deflagrated in 2005

Retirement, and now?



Antônio Carlos Pinto, the popular Toni, happily said goodbye to friends.

This is a question that frightens a number of Brazilian people at the age of retiring. As more than 60% of Itaipu's employees are above 45 years old, this is also a concern of the entity. Therein, in 2003, the company created the Programa de Reflexão à Aposentadoria – PRA (Program to Reflect about Retirement).

The PRA stimulates employees to reflect so that they can understand and get prepared for the changes that start with this new cycle. Counting with Itaipu's orientation, they plan how and when the transition will happen and participate on activities that stimulate self knowledge and auto development. Therefore, when they leave the company, the recent pensioners have already defined new projects of life.

PRA

	2003	2004	2005	2006
Number of people benefited by the retirement preparation program	*	70	73	27

*The 2003 participants are accounted in 2004

Profile of employees/demissions/admissions

	2004	2005	2006
Number of employees at the end of the period	1,491	1,505	1,465
Total of labor passive at the end of the period	ND	ND	185
Total of open labor lawsuits at the end of the period	ND	ND	191
Total number of demission in the period	8	46	145
Total number of admissions in the period	2	44	105
Percentage of dismissed older than 45 years old in relation to the total dismissed number	75%	84%	84%

FIBRA thinking about the future

When retirement arrives, what would be the deserved rest can become a financial drama. Thinking of it, Itaipu created, in 1988, the Fundação Itaipu de Previdência e Assistência Social – FIBRA (Itaipu Foundation of Welfare and Social Care).

The FIBRA supplements the income of pensioners and offers security to their relatives, through pension payment. It is kept by employees and Itaipu's contributions.

The employees make monthly repasses, according to their salary range. Itaipu on the other hand, monthly repasses 15% upon payroll and 2.32% regarding the fund creation contribution. Moreover, the company finances FIBRA's administrative structure.

Results

The foundation results couldn't be better. In November, 2006, FIBRA occupied the 34th position in the pension fund ranking, with a patrimony higher than 1.3 billion reais in assets.

The actuation of the foundation within the community happens in projects such as the Abraçe um Idoso (Hug an Elderly). In 2006, 179 ladies of the Asilo São Vicente de Paulo (São Vicente de Paulo Asylum), in Curitiba, were benefited by the construction of a space for personal hygiene and esthetics. In its 4th Meeting of Participants, FIBRA also collected 600 kilos of food to be donated.

FIBRA in numbers

6,379 | was the number of employees assisted by FIBRA

1,488 | people are active participants

794 | are retired beneficiaries

R\$ 49.8 milhões | were paid only in benefits



Communication: strategic tool

Communication is an essential element for the good performance of any company. Aware of it, Itaipu attributes strategic character to its Social Communication Department. More than divulging the company, the sector is responsible to optimize the relationship with its different interest publics.

In 2006, the Social Communication was modernized. The changes were originated by a business communication plan discussed with representatives of different areas of the company. The plan lists short and medium term priorities.

An important initiative will be the execution of the selective process, in 2007, for the organizational chart reposition, in different areas of communication actuation: press relations, internal communication, public relations, marketing and publicity.

Each time better

In 2007, many processes will be started or altered aiming to improve the Social Communication. Among them, standardize the entity's visual communication, reformulate Itaipu's portal in the internet and the intranet. A new institutional movie will also be produced.

The Jornal de Itaipu Eletrônico – JIE (Itaipu's Electronic News), daily present in the intranet for nine years, will be edited in real time and with modern design. The change will allow the updating of news along the day, and the JIE will become even more dynamic and participative.

Reaffirming its socio environmental commitment, all printed materials of the company will be edited in recycled paper. The works printed in the end of 2006 already followed this orientation.



Social Communication in numbers

512,104 | was the number of accesses to the Itaipu Electronic News

150 | events, approximately, had Itaipu's participation. There were formal and informal, external and internal promotional, technical and commemorative events

3,220 | news related to Itaipu were transmitted, and from this total, 170 were negative

Divuligation of Itaipu

- In 2006, Itaipu produced a series of radio mini bulletins with the calls Lições de Ecologia (Ecology Lessons). The initiative brought tips and information regarding environment and was extended to television.
- A campaign to promote the special touristic circuit was also developed in 2006. Advertisements were published in specialized magazines and in great newspapers of the country.
- Other initiatives were the promotion of a campaign regarding the company's transparent management, as from the adoption of the electronic bidding, the implementation of the SAP business management, and the divulgation of Itaipu's social responsibility actions.

Unjustified denounces

In January, 2006, Itaipu was cover of ISTO É magazine in a denunciation of supposed cash 2 that would have happened in the company. The article spread and was reproduced by many media vehicles. The company appealed judiciously and proved that the denunciations were false.



In March, another untrue article was published by Veja magazine, calumniating Itaipu and the Brazilian general-manager, Jorge Samek. Again, the company proved its competence and the vehicle was obliged to publish the Binacional's right of answer.

In October, the company published a document called "A Verdade sobre a Itaipu" ("The Truth About Itaipu"), in which it presented the case and the sentence pronounced by justice.

Valorizing diversity

As much as it respects gender differences, Itaipu valorizes people with special needs. Allow their personal and professional development, more than a desire, is an obligation defined by law.

In 2006, the Programa de Inclusão de Portadores de Necessidades Especiais (Program of Inclusion of People with Special Needs) offered work for 18 interns, two apprentice adolescents and four new employees. But these numbers are still inferior to the ones required by the Lei de Cotas (Law of Quotes).

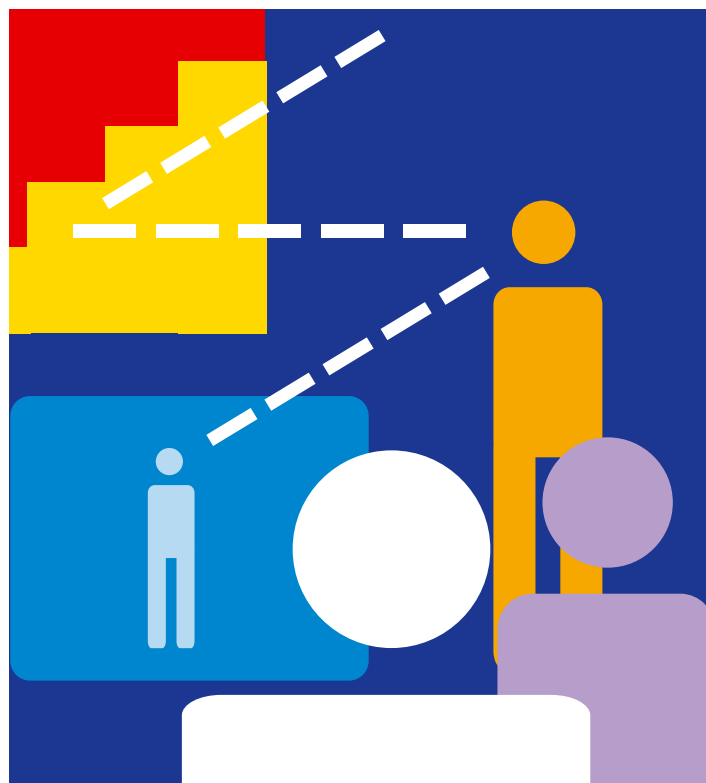
According to Law 8.213/91, Itaipu should have in its organizational chart, at least 73 people with special needs, the equivalent of 5% of its total number of employees in 2006.

This non observance to the law derives from a characteristic of the company. In Itaipu, there is little employee turnover. The organizational chart started to be renewed last year, when many former employees started to retire. In the selective process carried out in 2006, for the hiring of new employees, Itaipu destined 5% of the offered positions for people with special needs.

Corporative University

To share all experience acquired in more than 30 years of existence, Itaipu created in August 2006 the Corporate University. The objectives include professional qualification, search for innovation and knowledge dissemination.

One of its actuation axles, the corporate education, is focused on the qualification of the company's employees. Investing in the promotion of specializations, post-graduations and professional development programs, Itaipu valorizes its functional body and guarantees specialized labor for its activities. For 2007, the goal is to start the qualification of 50 employees in strategic areas.



Intellectual Work

Incentive to research, development and innovation is also a university hole. Aligned to the hydroelectric power plant modernization need, the program has identified research demands and has stimulated the formation of technology laboratories in the ambit of the Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation).

A partnership among the FPTI, the Unioeste and the Universidade Tecnológica Federal do Paraná – UTFPR (Federal Technologic University of the State of Paraná) has already created the Laboratório de Tecnologia Aplicada à Educação (Laboratory of Technology Applied to Education). Joining technology and pedagogic teaching, the knowledge of some employees of the company is gradually transformed in qualification to everyone in Itaipu.

The goal is that in 2007 a distance teaching methodology is created easing even more this knowledge exchange.

From Itaipu to Brazil

The Corporate University won't benefit only Itaipu's employees. Still during 2007, a partnership with the Ministério da Educação e Cultura – MEC (Ministry of Education and Culture) shall put in practice the Projeto Escola de Fábrica (Project Factory School). Thus, with the support of the hydroelectric power station functional body, less favored adolescents will be able to participate on the promoted qualification courses.

The Universidade Aberta do Brasil (Open University of Brazil) is also under the implantation phase. Result of another partnership with MEC, the Fundação Parque Tecnológico Itaipu - FPTI (Itaipu Technological Park Foundation) and Foz do Iguaçu's city hall, the Universidade Aberta (Open University) will offer 350 vacancies for the community. There will be two graduation courses and three specialization courses taught in the FPTI.

Complementary Education

Education Level	2004	2005	2006	% of total in 2006
Without education	0	0	0	0%
Complete Fundamental	42	43	125	85%
Complete Medium	595	600	630	43%
Complete College	664	693	708	48%



In order to allow the complementation of the fundamental and medium level studies, Itaipu created in 1996 the Programa de Educação Complementar – PEC (Complementary Education Program). Initially offered to the self organizational chart employees, it was also offered to the employees of outsourced companies as years went by.

In Foz do Iguaçu, after a first phase, the assistance was extended for the community of Vilas A and C (Villages A and C), adjacent to Itaipu's hydroelectric power plant. At the beginning of 2005, the installation of advanced centers was articulated at the Centro de Educação e Ensino Básico para Jovens e Adultos da Cidade (Education and Basic Teaching Center for Adolescents and Adults of the City) in these neighborhoods, and Itaipu's assistance wasn't necessary anymore.

In 2006, in Foz do Iguaçu, Itaipu didn't offer classes. Only one group was formed, with six participants in the Curitiba's office. In 2007, the program will not exist anymore. However, the company will stimulate interested employees to search for groups offered by the state system.

Itaipu is proud of the inexistence of illiterate people among its collaborators.

Education	2006
Number of female employees with Complete Fundamental Education	13
Percentage of female employees with Complete Fundamental Education	5%
Number of female employees with Medium Education	92
Percentage of female employees with Medium Education	36%
Number of female employees with Complete College Education	149
Percentage of female employees with Complete College Education	58%
Number of male employees with Complete Fundamental Education	112
Percentage of male employees with Complete Fundamental Education	9%
Number of male employees with Medium Education	538
Percentage of male employees with Medium Education	44%
Number of male employees with Complete College Education	559
Percentage of male employees with Complete College Education	46%

Our force is volunteer

Launched in 2005, meeting a request from the employees, the Força Voluntária (Volunteer Force) aims to stimulate the culture of Itaipu's volunteering force. The program stimulates the engagement of collaborators organizing volunteering activities, promoting campaigns and also related courses.

One of the Força Voluntária (Volunteer Force)'s initiatives is the Banco de Projetos (Projects' Bank). Through it, philanthropic institutions that are supported by the company's volunteers are financially benefited. There were 11 projects inscribed in the selective process in 2006, from which only six – five from Foz do Iguaçu and one from Curitiba – were awarded with R\$ 3,000.00 each.

One of the objectives of the program is to stimulate people to be more understanding, sensitive to other people's needs and allow the approximation among work colleagues. Thus, Itaipu, at the same time that benefits the community, straightens the relationship and valorizes its human capital.

In practice

"I see other people's difficulties as opportunities to help." The statement is from Adílson de Almeida Ramos, Itaipu's employee, and couldn't describe better the way a volunteer feels.

They do a bit of everything. They tell stories, teach adult alphabetization classes, teach how to paint, knitting, crochet, mobilize people or only donate their time to talk with those who need a friend.

Annual campaigns

Annually, the Força Voluntária (Volunteer Force) promotes three campaigns. The Winter Campaign collects varied donations comprising blankets, winter clothes and shoes, hygiene and food products, according to the benefited entity's needs. The Campaign "Adote uma Estrelinha Neste Natal" ("Adopt a Little Star This Christmas") purchases toys and school material to be distributed for low income children from Foz do Iguaçu and Curitiba. The Campanha de Destinação do Imposto de Renda Devido (Destination Campaign of the Due Income Tax) encourages collaborators to destine part of their income tax to social institutions.



Itaipu's employees get involved in campaigns such as "Adote uma Estrelinha Neste Natal" ("Adopt a Little Star This Christmas")



Adílson de Almeida Ramos is one of Itaipu's volunteers.

Volunteering force in numbers

2,348 | school material kits were donated to low income children from Vila C (Village C), in Foz do Iguaçu, by the campaign "Adote uma Estrelinha Neste Natal" ("Adopt a Little Star This Christmas")

18 | families of the Avá Guarani Indian hamlet, in Foz do Iguaçu, were benefited with donations of winter clothes, blankets and shoes

US\$ 85,106.60 | were invested by Itaipu in the program Força Voluntária (Volunteer Force) in 2006

And to renew energies



Reviver (Revive) promotes activities that stimulate the well-being.

Promote health and quality of life of the Itaipu's collaborators is the objective of the program Reviver (Revive). Since 1994, the Reviver (Revive) develops actions to promote health, in which the human being is assisted under intellectual, physical, social, emotional, occupational and spiritual aspects.

Preventively, in commemorative dates, it organizes lectures, discussion groups, campaigns and itinerant theater plays. Different means of communication are also used with the employees – among them, the section Dicas do Reviver (Reviver Tips), daily published at the Jornal de Itaipu Eletrônico – JIE (Electronic Itaipu News). Orientations regarding healthful sociability at the company, nutrition, cardiovascular working, physical exercises, family budget, among others, are presented to the employees.

Prevention and Treatment of Chemical Dependence and Tobaccoism

Focused on the awareness of employees and their families regarding the danger of consuming alcohol and other drugs that cause chemical dependency. Itaipu offers treatment for the employees that present the problem, orientation and guidance in case of sick relatives.

Regarding tobaccoism, the company seeks for sensitizing smoking employees regarding the malefactions of cigarettes and also offers treatment for those who want to quit smoking.

Solidary Group in Cancer

It offers information and subsidies regarding the disease, contributing for the acquisition of healthful habits, favoring prevention. The group promotes the confrontation of the problem-situation, stimulating support and solidarity among work colleagues.

Diabetes Affinity Group

It stimulates the interest by the disease, eliminating prejudice and negation attitudes. Meetings favor prevention and allow reflections for attitude changing regarding the disease.

Laboral Gymnastics and physical conditioning

Through daily laboral gymnastics, employees are physically and mentally prepared for the labor journey, what improves relationship, decreases labor accident risks and absenteeism, besides increasing their satisfaction with the company. When participating of physical conditioning, employees increase their perception regarding the importance of promoting alterations in their life style, so that, with physical exercises and walking, they improve their physical and mental health and sociability.

Program of Familiar Budget

It provides to employees and relatives knowledge regarding budget planning and alternatives of salary valorization to improve their financial life. It offers individualized assistance for those who need support, providing orientation, intervention and supervision. The Reviver (Revive) promotes activities that stimulate the well-being.



Reviver (Revive) in numbers

265 | people donated blood for the campaign that collected the donations in the company, in Curitiba and in Foz do Iguaçu

97 | people participated on the Programa de Condicionamento Físico (Physical Conditioning Program), in Curitiba and in Foz do Iguaçu, in 2006

986 | collaborators participated on the Campanha de Prevenção da Hipertensão Arterial (Arterial Hypertension Prevention Campaign). From these, 48% presented pressure higher than normal

1,209 | kilos of jelly were collected in Curitiba and in Foz do Iguaçu and were donated for entities that support people with neoplasia

569 | people participated on the Programa de Ginástica na Empresa (Program of Gym in Company)

US\$ 1,520.79 | were invested by Itaipu on the Reviver (Revive) in 2006

Provoking emotions is also with us

For the tenth consecutive year, the chorale of Itaipu's employees enchanted audiences whenever they were. There are approximately 50 men, women, Brazilian and Paraguayan voices, that demonstrated all their talent in approximately 17 presentations during 2006.

The choralists' success is such that, besides two DVDs, six CDs were already launched. In 2006, they made presentations in Porto Alegre and Gramado (RS). During the concerts, they are accompanied by the Curitiba Chamber Orchestra.

3/ 1	S+	1583131,44	767167,25
3/ 2	S+	570991,20	735232,36
/ 4	EU	963578,31	190227,67
/ 5	DI	103129,60	137981,62
		1548110,68	412247,95
		3185809,79	475689,60
1	S+	347742,48	

Indicators

Development of suppliers

In 2006, there were 1,143 Brazilian, Paraguayan and international active suppliers registered. The hydroelectric power station purchases since office material, such as paper and pens, up to mechanical compounds, such as great pieces for the hydroelectric power plant maintenance.

The purchase modalities adopted by the company are: small value purchases, price collection, price verification, competition, importation and (electronic and presence) bidding. The presence bidding is one of the tools that the company uses to stimulate the participation of the suppliers of the region.

In 2004, Itaipu started a work to develop regional suppliers, especially with small and medium companies of the West region of the State of Paraná. However, due to a number of difficulties, including personnel, the company didn't promote trainings or went to visit companies, and the program didn't develop as much as it could have.

Commitment

Last year, hundreds of micro and small businessmen, besides Sebrae, associations and commercial and class entities, received booklets instructing how they should proceed to register within Itaipu.

Also, as from 2004, Itaipu started to require from its suppliers the commitment of not employing infantile workforce. Since then, when registering the company, all new suppliers sign a declaration stating that they don't use children and adolescents in their business.

	2004	2005	2006	2007 Goal
Total of suppliers in the regional ambit	215	249	239	240
Number of suppliers that received inspection visits regarding social responsibility practices	0	0	0	0
Total paid for wells, materials and services acquired during the period	US\$ 43,745,307	US\$ 59,613,938	US\$ 64,442,014	NA

Outsourced employees

Aligned to the 1,465 employees that worked for Itaipu during 2006, other 669 people contributed for the good functioning of the company.

As from 2004, the social clauses that guarantee benefits such as food vouchers (including during vacations), health care without onus for the employees, insurance policy for personal accidents and supermarket vouchers to these workers started to be part of the outsourced labor contracts.

The company doesn't count with a supervision policy or indicators that allow the establishment of the outsourced profiles. However, such collaborators are also benefited by the social programs developed for Itaipu's self organization chart.

Financial compensation

Since 1985, when Itaipu initiated the commercial operation, it started to pay financial compensation, called royalties, for energy generation. In 2006, more than US\$ 196 million were paid to the municipalities, states and National Treasury. From 1985 until December, 2006 US\$ 2,970,164,600.00 were paid.

DVA

Itaipu BINACIONAL – DEMONSTRATIONS OF ADDITIONAL VALUES FOR YEARS FINISHED IN DECEMBER 31ST, 2006 AND 2005 - Brazil and Paraguay (In United States of America dollars - US\$ 1.00)

	2006	2005 Reclassified			
INCOME					
Energy sale	2,667,419,000	2,481,765,090			
Remuneration of energy assignment	91,953,862	69,685,138			
Reimbursement of costs of energy additional to the guaranteed	97,316,860	64,908,463			
Non operational result	(953,246)	3,911,903			
	2,855,736,476	2,620,270,594			
(-) Inputs Acquired from Third Parties					
Materials and equipment	11,571,558	11,821,490			
Outsourced services	52,870,456	47,792,448			
Other operational expenses	48,032,346	77,566,177			
	112,474,360	137,180,115			
ADDED VALUE TO BE DISTRIBUTED	2,743,262,116	2,483,090,479			
(+) Transferred Added Values – Financial Income	16,161,680	28,792,177			
DISTRIBUTED ADDED VALUES	2,759,423,796	2,511,882,656			
DISTRIBUTION OF ADDED VALUE					
Remuneration of Employees/Administrators					
Personnel					
Nominal Salary	80,591,820	70,584,930			
Additional	71,001,111	59,258,402			
Benefits to employees	160,537,225	106,635,009			
Cost Aid	9,425,239	7,440,595			
Social Duties	506,103	644,667			
			Private welfare	25,569,411	22,141,434
			Labor indemnifications	35,600,544	38,319,849
			Hired workforce	1,305,275	-
				384,536,728	305,024,886
			Government Remuneration		
			INSS / IPS / others	28,598,150	25,662,993
			Royalties	344,386,065	330,106,231
			Royalties – energy additional to the guaranteed	78,625,459	54,855,704
			Remuneration of energy assignment	91,953,862	69,685,138
			Remuneration of energy assignment – additional to the guaranteed	12,643,289	5,833,090
				556,206,825	486,143,156
			Remuneration of Third Parties' Capital		
			Debt duties	1,300,777,816	1,268,259,558
			Monetary variations	810,012,105	1,058,954,988
			Financial expenses	111,772	-
				2,110,901,693	2,327,214,546
			Remuneration of Self Capital		
			Capital revenues	40,923,191	39,251,234
			Administration and supervision duties	26,491,236	25,392,788
			Administration and supervision duties - added energy to guaranteed	6,048,112	4,219,669
				73,462,539	68,863,691
			Result of the Exercise	(365,683,989)	(675,363,623)
			DISTRIBUTED ADDED VALUE	2,759,423,796	2,511,882,656

2006 Annual Social Balance

Company:

1 – Calculation Base		2006 Value (Thousand US\$)			2005 Value (Thousand US\$)		
Net income (NI)		2,856,690			2,616,359		
Operational result (OR)		-364,731			-679,276		
Gross Payroll (GP)		204,114			175,513		
2 – Internal Social Indicators		Value (thousand)	% over GP	% over NI	Value (thousand)	% over GP	% over NI
Alimentation		8,165	4.00%	0.29%	6,338	3.61%	0.24%
Compulsory social duties		28,598	14.01%	1.00%	25,663	14.62%	0.98%
Private welfare		25,569	12.53%	0.90%	22,141	12.62%	0.85%
Health		33,162	16.25%	1.16%	24,549	13.99%	0.94%
Insurance and health at work		580	0.28%	0.02%	339	0.19%	0.01%
Education		4,222	2.07%	0.15%	3,791	2.16%	0.14%
Culture		0	0.00%	0.00%	0	0.00%	0.00%
Qualification and professional development		1,156	0.57%	0.04%	1,827	1.04%	0.07%
Day care or day care aid		379	0.19%	0.01%	225	0.13%	0.01%
Profit or result participation		15,210	7.45%	0.53%	9,021	5.14%	0.34%
Others		15,067	7.38%	0.53%	4,920	2.80%	0.19%
Total – Internal social indicators		132,108	64.72%	4.62%	98,814	56.30%	3.78%
3 – External Social Indicators		Value (thousand)	% over OR	% over NI	Value (thousand)	% over OR	% over NI
Education		11,370	-3.12%	0.40%	11,391	-1.68%	0.44%
Culture		1,504	-0.41%	0.05%	2,799	-0.41%	0.11%
Health and sanitation		8,370	-2.29%	0.29%	5,754	-0.85%	0.22%
Sport		1,149	-0.32%	0.04%	67	-0.01%	0.00%
Combate to hunger and food insurance		554	-0.15%	0.02%	0	0.00%	0.00%
Others		8,035	-2.20%	0.28%	11,153	-1.64%	0.43%
Total of contributions for society		30,982	-8.49%	1.08%	31,164	-4.59%	1.19%
Taxes (excluding social duties)		0	0.00%	0.00%	0	0.00%	0.00%
Total – External social indicators		30,982	-8.49%	1.08%	31,164	-4.59%	1.19%
4 – Environmental Indicators		Value (thousand)	% over OR	% over NI	Value (thousand)	% over OR	% over NI
Investment related to the company's production / operation		1,299	-0.36%	0.05%	3,521	-0.52%	0.13%
Investments in external programs and/or projects		14,733	-4.04%	0.52%	17,632	-2.60%	0.67%
Total of environmental investments		16,032	-4.40%	0.56%	21,153	-3.11%	0.81%
Regarding the establishment of “annual goals” to minimize residues, general consumption in production / operation and increase efficacy in the usage of natural resources, the company	() doesn't have goals () accomplishes between 51 and 75% () accomplishes between 0 and 50% (x) accomplishes between 76 and 100%	() doesn't have goals () accomplishes between 51 and 75% () accomplishes between 0 and 50% (x) accomplishes between 76 and 100%					

5 – Indicators of the Functional Body		2006			2005 - Reclassified		
Nr of employees at the end of the period		1,465			1,505		
Nr of admissions during the period		105			44		
Nr of outsourced employees		669			792		
Nr of interns		145			245		
Nr of employers older than 45 years old		918			937		
Nr of women that work in the company		255			274		
% of management positions occupied by women		19%			17.36%		
Nr of colored people that work in the company		197			196		
% of management positions occupied by colored people		2.5%			3.3%		
Nr of people with special needs		12			9		
6 – Relevant information regarding the business citizenship exercise		2006			Goals 2007		
Relation between the higher and the lower remuneration in the company		26,36			26		
Total number of labor accidents		39			44		
The social and environmental projects developed by the company were defined by:	() direction	() direction and management	(x) all employees	() direction	() direction and management	(x) all employees	
Security and salubrity standards at workplace were defined by:	() direction and management	() all employees	(x) all + Cipa	() direction and management	() all employees	(x) all + Cipa	
Regarding union freedom, right to collective negotiation and internal representation of the workers, the company:	() won't be involved	() will follow OIT's norms	(x) will stimulate and follow OIT	() won't be involved	() will follow OIT's norms	(x) will stimulate and follow OIT	
Private welfare contemplates:	() direction	() direction and management	(x) all employees	() direction	() direction and management	(x) all employees	
Profit or result participation contemplates:	() direction	() direction and management	(x) all employees	() direction	() direction and management	(x) all employees	
In the supplier selection, the same ethical and social and environmental responsibility standards adopted by the company:	() won't be considered	() will be suggested	(x) will be required	() won't be considered	() will be suggested	(x) will be required	
Regarding employee participation in volunteering work programs, the company:	() won't be involved	() will support	(x) will organize and stimulate	() won't be involved	() will support	(x) will organize and stimulate	
Total number of customer complaints and criticism:	at the company 0	at Procon 0	at Justice 0	at the company 0	at Procon 0	at Justice 0	
% of complaints and criticism assisted or solved:	at the company 0%	at Procon 0%	at Justice 0%	at the company 0%	at Procon 0%	at Justice 0%	
Total added value to be distributed (in thousand R\$):	In 2006:			In 2005 - RECLASSIFIED:			
Distribution of Added Value (DAV):	20.16% government	13.94% collaborator	2.66% shareholders	19.35% government	12.14% collaborators	2.74% shareholders	
	-13.25% retained	76.50% outsourced		-26.89% retained	92.65% outsourced		
7 - Other Information							

The information on items 5 and 6 only refer to the hydroelectric power plant Brazilian margin, while economic data is binational. "This company doesn't use infantile workforce or slave work, isn't involved with children and adolescent prostitution or sexual exploration and isn't involved in corruption". "Our company valorizes and respects diversity internally and externally".

REPORT-LETTER OF THE INDEPENDENT AUDITORS REGARDING THE RELATÓRIO DE SUSTENTABILIDADE 2006 DA ITAIPU BINACIONAL (ITAIPU BINACIONAL'S 2006 SUSTAINABILITY REPORT) (Brazilian margin)

1 | We executed the audit of the Special Review (pre-agreed proceedings) of the information contained in the Relatório de Sustentabilidade 2006 da Itaipu Binacional (Itaipu Binacional's 2006 Sustainability Report) (Brazilian margin). The elaboration of this report is responsibility of the Itaipu Binacional's Management (Brazilian margin). The objective of our works was to validate the information contained in the Relatório de Sustentabilidade 2006 da Itaipu Binacional (Itaipu Binacional's 2006 Sustainability Report) (Brazilian margin), and if it is supported by the internal and external communication and information systems and if it is presented in an appropriate way regarding all of its relevant aspects.

- 2** | Our works were executed aiming to support the issuing of our report letter, including the following proceedings:
- Knowledge of systems and processes used in the obtention and examination of information divulged in the Relatório de Sustentabilidade 2006 da Itaipu Binacional (Itaipu Binacional's 2006 Sustainability Report) (Brazilian margin).
 - Planning of works considering the relevance and volume of the information presented in the same report, as well as the systems and processes used in the obtention of this information.
 - Meeting and interviews with managers responsible for the information elaboration.
 - Confirmation based in evidence tests and registrations that support the information existing in sections:

Management | All of our energy dedicated to a better world; ITAIPU, synonymous of energy; Vanguard and excellence; History; Diplomacy governs relations in ITAIPU; Dialogue, element of collective construction.

Environment | Environmental management is modern, inter, multidisciplinary and matricidal; Hydrographic Basin Management, synonymous of care ethics; Environmental education: taking care of present, changing the future; Biodiversity, Our Patrimony; Coleta Solidária (Solidary Collection) joins citizenship and

environmental care; Searching for sustainable development; More than providing fish, teaching how to cultivate it; Cure that comes from nature; An old relationship; Environmental Laboratory beyond its time; The car of the future is electric; Distributed Generation, energy for the environment.

Social | Socio environmental management; Programa Arte e Cultura (Art and Culture Program) was finished; A matter of gender; Alphabetization Citizen Chain; Protection to children and adolescents; Heath on the Frontier; A rescue history; Tourism, another tradition of Itaipu; Science generating business in the FPTI.

Internal public | The force that moves Itaipu; Executed trainings; Entering the labor market; Retirement, and now?; FIBRA thinking about the future; Communication: strategic tool; Valorizing diversity; Corporative University; Complementary education; Our force is volunteer; And to renew energies.

Economic indicators | Development of suppliers; DVA; Annual Social Balance / 2006.

- Confrontation of economic financial nature information with the respective records.
- Questioning tests and observation, by sampling, of qualitative nature information and projects in course, respectively.
- Calculations and recalculations, based on tests, formulas, charts, percentages and indicators described in the report.
- Verification of information, quantitative data and nature of the activities through consultation of Itaipu Binacional (Brazilian margin) websites.

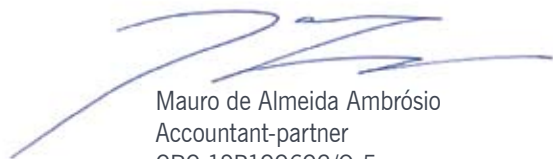
3 | Our works were limited to the validation of the information contained in the Relatório de Sustentabilidade 2006 da Itaipu Binacional (Itaipu Binacional's 2006 Sustainability Report) (Brazilian margin), not including any analysis of the evaluations of the social responsibility policies and practices adopted by the Company,

and we also didn't execute the reviews of the control system and operational, accounting and financial systems of the Company. Our work didn't have the objective of validating the security environment of these systems, and our main objective was to verify if the information contained in these systems corresponded to the data existing in the report. The adopted proceedings don't represent an examination of accordance with audit norms independently of the accounting demonstrations, for which we would issue a view through an opinion document, however, we used alternative proceedings of special review, which allowed us to conclude regarding the information contained in the report, according to paragraph 5th.

4 | Financial and accounting information regarding Itaipu and presented in some charts and demonstratives, for comparison and comment means, mainly some specific ones contemplated on the Balanço Social Ibase (Ibase Social Balance) and on the Demonstração do Valor Adicionado – DVA (Demonstration of Added Value), which correspond to financial and accounting data, was examined by our external audit team, which opinion was dated March 9th, 2007 and contemplates data of the Brazilian and Paraguayan margins.

5 | Based on the previously described proceedings and according to the limitations described on paragraph 3rd, we testify that the information contained in the Relatório de Sustentabilidade 2006 da Itaipu Binacional (Itaipu Binacional's 2006 Sustainability Report) (Brazilian margin) is presented in an appropriated way in all of its relevant aspects.

São Paulo, June 1st, 2007.



Mauro de Almeida Ambrósio
Accountant-partner
CRC 1SP199692/O-5
BDO Trevisan Auditores Independentes
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BDO Trevisan

Expedient

The Relatório de Sustentabilidade 2006, “Nós podemos fazer um mundo melhor”, (Itaipu Binacional’s 2006 Sustainability Report, “We can make a better world”), from Itaipu Binacional, is available in printed format (10 thousand copies) and also in an on-line version, at the website www.itaipu.gov.br. Sent to different partners of the company, collaborators, non governmental organizations, class entities, municipal, state and federal governments, among others, the report brings a general view of the social and environmentally responsible management of the Brazilian margin of Itaipu Binacional in 2006.

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