



ENEVA S.A.

CNPJ/MF: 04.423.567/0001-21

Publicly Held Company

RISK MANAGEMENT POLICY

1. PURPOSE

- 1.1. The Risk Management Policy ("Policy") aims to establish the principles, guidelines and responsibilities to be observed by ENEVA S.A. ("ENEVA"), in the risk management process, so as to allow the identification, evaluation, treatment, monitoring and communication of Risks to Administrators, permitting the reduction of the level of uncertainty in the attainment of the purposes and preservation of the value and perpetuity of the company's business. In addition, the Policy aims to promote the integrated management of all the risks to which ENEVA is exposed, including: financial, strategic, operating and regulatory risks, among other.

2. APPLICATION.

- 2.1. This Policy is applicable to ENEVA and its subsidiaries, as well as its employees, Administrators and members of the Fiscal Council, if installed.

3. DEFINITIONS

"Risk Appetite": level of exposure to Risks which the Company is willing to accept in the implementation of its business strategies and in the development of its activities in order to achieve its purposes.

Administrators: members of the Board of Directors and Officers of the Company.

Employees: all workers of the Company.

Company: means ENEVA S.A. and its subsidiaries.

Lines of Defense: concept that defines roles, responsibilities in the management of Risks and strengthening of governance, as well as the interaction of these roles at all the levels of the Company.



ENEVA S.A.

CNPJ/MF: 04.423.567/0001-21

Publicly Held Company

Risks: threat of external or internal event or action, which could negatively affect the purposes, business and business opportunities of the Company or its processes.

Strategic Risk: possibility of implementation of an unsuccessful or inefficient strategy that fails to attain the intended returns.

Operational Risk: possibility of occurrence of losses resulting from failure, deficiency or inadequacy of internal processes, people and technological environment, or of external events. Includes legal risk, associated to inadequacy or deficiency in agreements entered into by the Company, as well as sanctions due to noncompliance with legal requirements and indemnities for damages to third parties derived from activities developed by the Company. The events of operating risk include, without limitation, internal and external frauds; judicial demands, deficient security of the workplace; inadequate practices related to clients, products and services; damages to physical assets; and events that cause interruption of the Company's activities and failures in information technology systems and infrastructures.

Financial Risk: any risk associated to ENEVA's finances, including market, credit and liquidity risks in financial transactions. It is usually understood as the risk of a potential financial loss and uncertainty regarding a business (acquisition, divestment, loans, among other).

Regulatory Risk: possibility of occurrence of changes in regulations and actions of regulatory bodies, either in the international or local scope, which could result in increasing competitive pressure and significantly affect the Company's ability to manage its business on efficient manner.

4. PRINCIPLES

4.1. The Risk management process should follow ENEVA's ethical principles, values and culture. The information generated by the risk management system should be reliable, follow the legal instructions, and provide bases for decision making, aiming at the fairness of the level of risk exposure and prioritization of improvement actions.



ENEVA S.A.

CNPJ/MF: 04.423.567/0001-21

Publicly Held Company

- 4.2. The management of risks should support the growth plan, the strategic planning and the business continuity of ENEVA so as to ensure the preservation of cash flow and strengthen the capital structure and management of the assets of the company.
- 4.3. The mitigation of Risks depends on the structured implementation of models, controls, systems and mechanisms of protection that have no single form or model, and it should always be given priority to the one that most adapts to the process, structure and resources available.
- 4.4. The management bodies are responsible for disseminating the risk management at ENEVA and for providing resources for the operation of the processes of identification, evaluation, treatment, monitoring and communication of Risks, and the management of each risk is individually responsibility of the business and corporate areas.
- 4.5. The management of events of risk of big proportion or Risks unacceptable by ENEVA, which could affect its continuity, reputation and values, should cover initiatives of business continuity, management of crises, as well as actions of risk sharing such as contracting of insurance.

5. GUIDELINES FOR RISK MANAGERMENTS

METHODOLOGY

- 5.1. The Risk Management methodology of the Company is based on (without limitation) internationally accepted standards, that is, on COSO-ERM (*Enterprise Risk Management*) model and ISO 31000.
 - 5.1.1. **Governance and Culture of Risks:** the culture of Risks should be disseminated at all the levels of the Company and the management and monitoring of Risks should not be an exclusive action of a single executive or area. The managers are primary responsible for the daily management of Risks associated to their business area or process and for the dissemination of the risk management culture among their subordinates, managing the risk exposure through action plans.



ENEVA S.A.

CNPJ/MF: 04.423.567/0001-21

Publicly Held Company

- 5.1.2. **Risk, Strategy and Definition of Purposes:** the strategy and management of Risks should cover internal and external factors, as well as the impact of Risks that could be noncompliant with the guideline defined by the Company and which could affect the success of the strategy or the attainment of business purposes.
- 5.1.3. **Identification, Evaluation and Treatment:** the Risks should be periodically identified, evaluated, prioritized and documented on structured manner so that they can be properly treated. The Company should pay attention to the occurrence of new Risks and/or Risks denominated emerging, which when identified, should be evaluated, incorporated into the Risk management process and depending on their criticality, immediately reported and treated.
- 5.1.4. **Information, Communication and Report:** The information used for management of Risks should be integral and correct, representing the current situation of the Company's operations so that all the employees can understand their role within the structure of control and have available information necessary and assertive for the performance of their activities and management of their Risks. The Risks of the Company should be communicated and known by all the parties involved in their management and monitoring, and should be reported on timely basis. The process of communication of Risks should be clear and efficient, providing information in format and term that allow the execution of responsibilities of the Administrators and Employees and proper decision making.
- 5.1.5. **Monitoring:** The Risks should be monitored on ongoing basis so as to prevent that the Company's risk exposure increases and prevents the business continuity. The proper monitoring of Risks consists in the constant monitoring of the Company's control environment and actions of response to Risks. Improvement actions should be monitored, so as to ensure the attainment of the initial purpose, the implementation term and the efficiency of reduction of risk, if applicable. This evaluation should be conducted at least on semi-annual basis for Risks considered very high and high.



ENEVA S.A.

CNPJ/MF: 04.423.567/0001-21

Publicly Held Company

GOVERNANCE STRUCTURE OF RISK MANAGEMENT

- 5.2. ENEVA adopts the concept of 3 (three) Lines of Defense to operate its risk management structure seeking to assure the compliance with the guidelines defined.
- 5.3. **1st Line of Defense:** It is represented by all the managers of the business and support areas, who should provide the effective management of Risks within the scope of their direct organizational responsibilities. It should:
- 1.1.i.1. Manage the Risks and controls of the processes of its attribution and relevant outsourced activities under its coordination, through preventive and detective approaches;
 - 1.1.i.2. Implement actions for mitigation and/or monitoring of Risks;
 - 1.1.i.3. Promptly communicate to the Governance, Risks and *Compliance* area whenever it identifies potential Risks not foreseen in the development of the control activities or changes in relation to the applicable standards and regulations;
 - 1.1.i.4. Assess the external and internal standards and check the impact that they could have on its processes and procedures and the need of action plans for purposes of compliance; and
 - 1.1.i.5. Define and implement the action plans to address the findings identified by the Governance, Risks and *Compliance* area by the Audits and by the Regulators.
- 5.4. **2nd Line of Defense:** It is responsible for the support to the 1st Line of Defense in the management of Risks and it is represented by the Governance, Risks and *Compliance* area, structure with consulting operation in conjunction with the executive areas, but with independent evaluation and report in the management of Risks and the control environment of ENEVA. It should:



ENEVA S.A.

CNPJ/MF: 04.423.567/0001-21

Publicly Held Company

- 1.1.i.1. Coordinate the activities of Risk Management, Internal Controls and Compliance in conjunction with the business and support area, being independent in the exercise of its functions;
- 1.1.i.2. Develop and provide the methodologies, tools, systems, infrastructure and governance necessary to support the management of Risks, Internal Controls and *Compliance* in the activities of ENEVA;
- 1.1.i.3. Support the 1st Line of Defense in the implementation of efficient risk management practices;
- 1.1.i.4. Ensure the efficiency and a efficacy of the control environment in the first line of defense, through monitoring and control tests;
- 1.1.i.5. Ensure the governance of themes related to Risk Management, Internal Controls and *Compliance*, through periodic report;
- 1.1.i.6. Follow the addressing of the findings identified by the Audits and Regulators;
- 1.1.i.7. Coordinate the activities of management of crises and preparation and application of business continuity plans;
- 1.1.i.8. Operate in conjunction with other areas of support of the organization which, among other attributions, also have activities of the 2nd Line of Defense, such as: prevention of frauds, information security, sustainability and legal, among other.

5.4.1. **3rd Line of Defense:** It is represented by the Internal Auditing, and the purpose is to provide independent opinions to the Board of Directors, through the Audit Committee, regarding the Risk management process and the effectiveness of internal controls. It should:

- 1.1.i.9. Audit the Risk management process of the Company with impartial, independent and timely opinions;
- 1.1.i.10. After the implementation of the action plans, audit the actions to check if they have all been implemented as planned;
- 1.1.i.11. Identify new weaknesses and processes that should be prioritized based on the results of evaluation of Risks in progress;



ENEVA S.A.

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Publicly Held Company

1.1.i.12. Adjust the size of the environment of substantive tests or of continuous monitoring based on the identification of new Risks or worsening of the Risks already identified.

6. GENERAL PROVISIONS

- 6.1.1. The Executive Board should define the methodology to be used in the Risk management process and propose to the Board of Directors the level of Risk Appetite of the Company. The Executive Board should periodically monitor the management of Risks aiming to ensure its efficacy and the compliance of its purposes, revising this Policy and submitting adjustments and improvements to the approval of the Board of Directors.
- 6.2. The Board of Directors should approve the changes in this Policy, authorize, if necessary, any exceptions to the Policy, define the level of Risk Appetite in the conduction of the business and ensure the Company's compliance with the policies and risk management strategies established.
- 6.3. The Board of Directors should also seek the dissemination of the risk management culture in the Company and ensure proper and sufficient resources for the execution of management of Risks on independent, objective and effective manner.

7. REFERENCES

- CVM Instruction No. 480/2009, December 7, 2009, as amended ("ICVM 480") and Regulamento do Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão ("New Market Regulation");
- Form of Corporate Risk Management ERM (*Enterprise Risk Management Framework*) of COSO (*Committee of Sponsoring Organizations of the Treadway Commission*);
- ISO 31000, Risks Management — Principles and Guidelines, of ISO - *International Organization for Standardization* ("ISO 31000")
- ENEVA's By-laws
- ENEVA's Code of Conduct



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Publicly Held Company

8. EXHIBITS

Not applicable.

REVIEW AND APPROVAL

Review	Date	Description of Updates	
0	10/31/2018	Creation of Document.	
Creation		Review	APPROVAL
Luiz Amaral Governance Manager, Risk and Compliance		Thiago Freitas Risks and Legal Officer	Board of Directors ENEVA S.A.

TARGET AUDIENCE

- Members of the Board of Directors and Advisory Committees to CA;
- Officers (Statutory or otherwise)
- Lead Auditor;
- Area of Governance, Risks and Compliance;
- Employees ENEVA S.A.