



Corporate Governance Guidelines of CPFL Energia S.A.

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I – INTRODUCTION

The Corporate Governance Guidelines are a consolidated set of mechanisms designed to promote interaction among shareholders, the Board of Directors, the Advisory Committees and Commissions to the Board of Directors, the Fiscal Council and the Executive Officers of CPFL Energia S.A. (“CPFL Energia” or “Company”).

Through these Guidelines, CPFL Energia presents its corporate governance framework which guides its operations and the practices adopted by the Company and its direct or indirect subsidiaries, subject to the respective Bylaws or Articles of Incorporations. Besides that, votes of executives indicated by the Company at Shareholders Meetings and Board of Directors Meetings must observe the Governance Guidelines of CPFL Energia and take all efforts to ensure that the decisions are aligned with the best governance practices.

The commitments undertaken by Management to safeguard and create value are based on four (4) basic principles:

1. Transparency/Disclosure – the desire to provide stakeholders with information of interest to them and not just what is required by laws or rules.
2. Impartiality/Fairness – fair and equal treatment of all shareholders and other stakeholders, taking into consideration their rights, duties, needs, interests and expectations.
3. Accountability – provision of information by Management in a clear, concise, understandable and timely manner, fully assuming the consequences of their acts and omissions, and performing their roles diligently and responsibly.
4. Corporate responsibility/Compliance - zeal for the economic and financial viability of the Company, reduction of negative externalities of businesses and operations and increase the positive externalities, taking into account the different types of capital (financial, manufactured, intellectual, human, social, environmental, reputational, etc.) in the short, medium and long terms.

The Corporate Governance Guidelines are approved by the Board of Directors and, together with the Company Bylaws, the Internal Regulations of the Board of Directors, the Fiscal Council, and the Advisory Committees and Commissions to the Board of Directors, the Policies issued and to be issued on the subject of governance, such as securities trading, disclosure of material events, risk management, anticorruption and Code of Ethics Conduct, outline the practices adopted by CPFL Energia.

The Securities Trading Policy and the Policy on Disclosure of Material Events of the Company determine the disclosure of important information and prohibit the use of insider information among controlling shareholder, members of the Board of Directors and Fiscal Council, members of Advisory Committees and Commissions to the Board of Directors, the Statutory Executive Officers, other executives of the Company and other persons who, by virtue of the position they hold, have access to insider information.

Management and Fiscal Council members can take office only after signing the Instrument of Consent, by which they take personal responsibility to abide by and act in accordance with the Listing Rules of the Novo Mercado segment of the BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange and the Rules of the Market Arbitration Chamber.

II – CORPORATE AND SHAREHOLDING STRUCTURES

CPFL Energia is the holding company of the CPFL group, which operates in Brazil’s electricity sector through direct or indirect subsidiaries, companies under shared control and affiliated companies.



The CPFL group implements projects in the electricity distribution, generation, transmission, trading segments and in related activities.

The capital stock of CPFL Energia is composed solely of common shares, which guarantee voting rights to all its shareholders. Issue of founders' shares is prohibited.

The shares issued by the Company are traded on BM&FBOVESPA's Novo Mercado and on the New York Stock Exchange ("NYSE") through Level III American Depositary Receipts ("ADR"), and are subject to the rules for capital markets issued by the Securities and Exchange Commission in Brazil (CVM) and in the United States (SEC).

In the case of transfer of control, cancellation of registration with the CVM as a publicly held company, or delisting from the Novo Mercado of BM&FBOVESPA, the Company must conduct a Public Tender Offer of shares under the conditions established in its Bylaws, and all the noncontrolling shareholders are assured the same rights as those given to the controlling shareholder.

III – VISION, MISSION AND PRINCIPLES

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| Vision | Energy is essential to people's well-being and society's development. We believe that sustainable produce and use of energy is vital to humankind's future. |
| Mission | To provide sustainable and competitive energy solutions with excellence, while operating in close integration with the community. |
| Principles | <ul style="list-style-type: none">• Value creation• Surpassing expectations• Trust and respect• Commitment• Sustainability• Safety and quality of life• Entrepreneurship• Austerity |

IV – MISSION OF THE MANAGEMENT

Management (Board of Directors and Executive Officers) represent the interests of all shareholders and other stakeholders with whom the Company and its direct or indirect subsidiaries, companies under shared control and affiliated companies interact, with the aim of business perpetuity of the CPFL group.

The Management's mission is to safeguard and increase the value of the company's assets, optimize the return on investment of its shareholders and create long-term value, all this by promoting a culture centered on the values and principles of the organization.

V - BOARD OF DIRECTORS

5.1 Composition

The Board of Directors is a collective decision-making body consisting of at least five (5) members, elected by the Annual Shareholders Meeting held by the end of April each year.



In the composition of the Board of Directors, there should be Independent Director(s), as provided below:

- (a) if the Board of Directors is composed of five (5) members, then there should be one (1) Independent Director;
- (b) if the Board of Directors is composed of six (6) to ten (10) members, then there should be two (2) Independent Directors; and
- (c) if the Board of Directors is composed of more than ten (10) members, then the number of Independent Directors shall be twenty percent (20%) of the total number of members of the Board of Directors.

Directors can be elected, in accordance with the Bylaws and applicable laws.

5.2 Chairman and Vice Chairman of the Board

The Chairman and Vice Chairman of the Board of Directors will be nominated at the first meeting that will be held after the election of its members.

5.3 Qualifications

Shareholders must submit to the Shareholders Meeting the updated resume of the candidates for a seat on the Board of Directors.

The elected directors are selected from among senior professionals, with a wide range of qualifications, who are aligned with ethical principles and values of the Company and who collectively have proven experience in the electricity sector or in their respective fields.

5.4 Responsibilities

Duties and responsibilities of the Board of Directors are established in the Bylaws and in the Brazilian Corporation Law (Federal Law 6,404/76), while the rules for the Board functioning are defined in its Internal Regulation.

5.5 Meetings and Interlocutors

The Board of Directors ordinarily meets at least twelve (12) times a year, as per the calendar of meetings approved beforehand and extraordinarily whenever called in accordance with the Bylaws of the Company.

The Internal Audit is primarily accountable to the Board of Directors.

5.6 Compensation

The compensation of the Board of Directors is fixed by the Annual Shareholders Meeting.

Directors do not receive additional compensation for participating in Advisory Committees and/or Commissions of the Board of Directors.

5.7 Committees and Commissions

The Board of Directors has three (3) Advisory Committees to advise it on issues of importance to the Company, direct and indirect subsidiaries, companies under shared control and affiliated companies that require constant monitoring and in-depth analysis. These are: (i) Human Resources Management Committee; (ii) Related Parties Committee; and (iii) Management Processes, Risks and Sustainability Committee.



Duties and responsibilities and rules of functioning of each Committee are regulated by their Internal Regulations, duly approved by the Board of Directors.

The Committees are permanent and meet upon request from the Board of Directors to analyze issues under their authority.

Apart from the activities performed by the Advisory Committees, the Board of Directors can, whenever necessary, create *ad hoc* working commissions to monitor the study and conduct of issues of high importance for the Company, its direct and indirect subsidiaries, companies under shared control and affiliated companies, such as budget, strategic projects and corporate finance.

The rules of functioning of Advisory Committees also apply to the Advisory Commissions to the Board of Directors.

Members of Advisory Committees and Commissions are nominated by the Board of Directors for a term of one year and their scope of work is defined through Worksheets that are revised annually.

The provisions of the Code of Ethics Conduct, the Policy on Disclosure of Material Event and Policy on Trading of Securities of CPFL Energia apply to members of the Advisory Committees and Commissions to the Board of Directors.

5.8 Board of Directors of Subsidiaries, Companies under Shared Control and Affiliated Companies

The Board of Directors of direct or indirect subsidiaries, companies under shared control and affiliated companies is, to the extent permitted by the company's equity participation, composed of the Executive Officers of the Company, executives selected from the succession process in the Company and/or professionals selected from the market, in accordance with the respective Bylaws or Articles of Incorporations.

In the subsidiaries CPFL Paulista, CPFL Piratininga, RGE, RGE Sul and CPFL Geração, one of the directors is a representative of their employees.

To ensure alignment of interests and compliance with the corporate governance rules defined by the Company, the Board of Directors of CPFL Energia will, whenever applicable, issue a voting recommendation to the executives indicated by the Company to the management bodies of direct or indirect subsidiaries, companies under shared control and affiliated companies regarding the following:

- a. All matters subject to the authority of the Shareholders Meetings and Partners Meetings; and
- b. Matters subject to the authority of the Board of Directors and/or Executive Officers, which are:
 - (i) Management election and compensation,
 - (ii) Strategic plan, expansion projects, investment programs, business policies, annual budgets, five-year business plans and their annual reviews,
 - (iii) Annual financial statements and dividend policy,
 - (iv) Capital increase and reduction,
 - (v) Issue of commercial paper and debentures,
 - (vi) Selection and removal of independent auditors,



- (vii) Definition of triple nomination list of institutions or companies specializing in preparing share valuation reports,
- (viii) Public offering for registration or cancellation of status as publicly-held company,
- (ix) Contracting of loans or assumption of debt in an amount equal to or higher than the amount set for the Board of Directors by the Bylaws of CPFL Energia,
- (x) Acquisition of shares for cancellation or for holding in treasury,
- (xi) Signing of agreements for the acquisition of goods and services, sale of assets or of any nature, with their shareholders or persons controlled by them or affiliated or related to them, directly or indirectly, in an amount equal to or higher than the limit set for the Board of Directors by the Bylaws of CPFL Energia,
- (xii) Signing of agreements for the purchase of goods and services, sale of assets or of any kind, in an amount equal to or higher than the limit set for the Board of Directors by the Bylaws of CPFL Energia, even if these refer to expenses included in the annual budget or in the five-year business plan,
- (xiii) Constitution and dissolution of subsidiaries, direct or indirect interest in consortia and acquisition or divestment of interest in other companies,
- (xiv) Constitution of any type of guarantee that involves or does not involve fixed assets in an amount equal to or higher than the limit set for the Board of Directors by the Bylaws of CPFL Energia, in transactions involving the interests and activities of the Company and/or direct or indirect subsidiaries,
- (xv) Change in the human resources policy that could substantially impact the cost strategy,
- (xvi) Provision of guarantee or assumption of debt for the benefit or in favor of third parties,
- (xvii) Declaration of dividends or interest on equity, charged to net income ascertained in the half-yearly balance sheets or those of shorter periods, or charged to retained earnings or profit reserves,
- (xviii) Stock option plan for management and employees,
- (xix) Creation of, and nomination of members to, Advisory Committees to the Board of Directors,
- (xx) Signing of or amendment to Partners Agreement or Shareholders Agreement and Concession Agreement,
- (xxi) Liquidation and appointment of liquidator, in cases of dissolution and
- (xxii) Any matter proposed by the Executive Officers of CPFL Energia.

VI – FISCAL COUNCIL



6.1 Composition

The Fiscal Council of the Company is a permanent collegiate body, elected by the Annual Shareholders Meeting for a unified term of one year.

The Fiscal Council consists of at least three (3) members and the same number of alternate members. Its duty is to oversee the actions of Management and check compliance with their legal obligations and those established in the Bylaws.

6.2 Qualifications

Shareholders must submit to the Shareholders Meeting the updated resume of the candidates for the Fiscal Council.

The elected members are professionals with qualifications in the fields of accounting, economics or management and have proven experience as fiscal council members in other publicly-held companies.

At least one Fiscal Council member must be a qualified financial expert according to the Sarbanes-Oxley Act, which governs the listing of companies in U.S. stock exchanges.

6.3 Responsibilities

Duties and responsibilities of the Fiscal Council are established in the Bylaws and its duties and rules of functioning are established in the Internal Regulation and the Fiscal Council Guide.

The Fiscal Council exercises the functions of the Audit Committee for the purposes of U.S. laws applicable to foreign companies, while respecting the limits set by Brazilian laws.

6.4 Meetings and Interlocutors

The Fiscal Council meets twelve (12) times a year and the main interlocutors are the Chief Executive Officer and the Chief Financial and Investor Relations Officer.

The Fiscal Council periodically meets with the internal auditor, independent auditors, the Risk Management and Internal Controls Officer, Executive Officers and key executives of the Company and subsidiaries.

6.5 Compensation

The compensation of Fiscal Council members will be fixed by the Annual Shareholders Meeting, which, for each active member, cannot be lower than ten percent (10%) of the compensation that is paid on average to each Executive Officer. This calculation does not include benefits, representation fees and profit sharing.

6.6 Fiscal Council of Subsidiaries, Companies under shared control and Affiliated Companies

In the direct or indirect subsidiaries, companies under shared control and affiliated companies in which a Fiscal Council has been set up, executives from CPFL Energia, to the extent permitted by the company's equity participation, or third parties technically qualified for the position will be nominated.

VII –EXECUTIVE OFFICERS

7.1 Composition



The Executive Officers is a collegiate body, consisting of one (1) Chief Executive Officer, one (1) Deputy Chief Executive Officer and six (6) vice-presidents: Regulated Operations Executive Vice President, Market Operations Executive Vice President, Legal and Institutional Relations Executive Vice President; Business Development and Planning Executive Vice President, and Financial Executive Vice President, who shall also perform the duties of Investors Relations Officer, and Business Management Executive Vice President.

The Executive Officers are elected by the Board of Directors for a unified term of two (2) years, with the possibility of reelection.

7.2 Qualifications

The Executive Officers consist of professionals identified in the succession process of the Company or recruited from the market from those who have delivered outstanding performance in their respective fields.

All Executive Officers are senior executives with vast experience and outstanding performance in their respective fields.

The definition of targets and performance appraisal of Executive Officers, as well as the succession plan of the Company are monitored by the Human Resources Management Committee.

7.3 Responsibilities

The Executive Officers take all the measures required for the normal functioning of the Company and for executing the strategies defined by the Board of Directors. Decisions are taken by majority vote.

Individual duties and responsibilities of the Executive Officers are defined in the Bylaws of the Company.

The Executive Officers regularly meet when convened by the Chief Executive Officer and all the matters submitted for deliberation and/or recommendation of vote by the Board of Directors of CPFL Energia and the direct or indirect subsidiaries, companies under shared control and affiliated companies must first be examined by a meeting of the Executive Officers of CPFL Energia.

Without prejudice to the voting recommendation by the Board of Directors for matters envisaged in item 5.8, sub-item b (i) to (xxii) of these Guidelines, the Executive Officers of CPFL Energia will define the voting recommendation for the executive(s) indicated to the management body - Board of Directors or Executive Officers – of direct or indirect subsidiaries – on deliberations regarding the following matters:

- (i) Contracting of loans or assumption of debt, in an amount equal to or higher than the limit set for the Company's Executive Officers in its Bylaws
- (ii) Acquisition, sale or encumbrance of fixed assets in an amount equal to or higher than the limit set for the Company's Executive Officers in its Bylaws
- (iii) Signing of agreements for the purchase / sale of goods and services or agreements of any nature, in an amount equal to or higher than the limit set for the Company's Executive Officers in its Bylaws even if these refer to expenses included in the annual budget or in the five-year business plan,
- (iv) Signing of agreements for the purchase / sale of goods and services, or agreements of any nature, in an amount equal to or higher than the limit set for the Company's Executive Officers in its Bylaws, that involve their shareholders or persons controlled by them or affiliated or related to them, directly or indirectly, and



- (v) Constitution of any type of guarantee that involves or does not involve fixed assets, in an amount equal to or higher than the limit set for the Company's Executive Officers in its Bylaws, in transactions related to their interests and activities and/or those of subsidiaries.

A) Companies under shared control and affiliated companies:

Regarding companies under shared control and affiliates, the representatives of CPFL Energia shall vote in accordance with this present Corporate Governance Guidelines, considering, but with no exclusion, of the items 5.8., b, and 7.3. (i) to (v), as the case may be, and always acting to ensure the best governance practices.

CPFL Energia's Board of Directors shall recommend vote to under shared control and affiliates taking under consideration the limits set for the Board of Directors of CPFL Energia, in accordance with the Bylaws of CPFL Energia.

7.4 Compensation

The compensation of the Executive Officers is fixed by the Annual Shareholders Meeting as proposed by the Board of Directors. The proposal is prepared based on a market survey conducted by a specialized company and submitted to the Human Resources Management Committee for approval.

The compensation of the Executive Officers consists of monthly fees plus variable compensation fixed according to the criteria defined in the short- and long-term incentive plans.

7.5 Executive Officers of Subsidiaries, Companies under Shared Control and Affiliated Companies

The Executive Officers of direct or indirect subsidiaries, companies under shared control and affiliated companies consists of executives of the Company and/or professionals selected from the market, indicated by the Chief Executive Officer, according to their respective structures and operating segments and to the extent permitted by the company's equity participation.

IX - GENERAL PROVISIONS

The Corporate Governance Guidelines of CPFL Energia and periodic revisions take effect from the date of approval by the Board of Directors.

Campinas, December 15th, 2017.