

NPC 0106 POLICY ON TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST

ECONOMIC/FINANCIAL/ACCOUNTING - REGULATORY

Version 02 of March 22, 2017

1/5

1. PURPOSE

To set guidelines to ensure that decisions made about related parties and situations of potential conflicts of interest take into account the interests of Companhia Paranaense de Energia - Copel (Holding Company), its wholly-owned subsidiaries (SIs), other subsidiaries, joint ventures (to the extent applicable), affiliates and other corporate interests, and those of its stakeholders.

For the purposes of this Policy, the companies listed above shall be referred to as "Copel".

2. CONCEPTS

2.1 - RELATED PARTY

2.1.1 - INDIVIDUAL

Individuals and close members of their families are considered to be related parties of Copel if:

- a) they have full or partial control over Copel;
- b) they have significant influence over Copel; or
- c) they are members of the Key Management Personnel of Copel.

2.1.2 - PESSOA JURÍDICA

Considera-se party relacionada a pessoa jurídica que se enquadre em pelo menos uma das alíneas abaixo:

- a) seja controladora, controlada, coligada e controlada em conjunto com a outra pessoa jurídica envolvida;
- b) seja controlada, de modo pleno ou sob controle conjunto, por uma pessoa identificada no subitem 2.1.1;
- c) sofra influência significativa de pessoa identificada no subitem 2.1.1 ou seja administrada por membro próximo da família de pessoa identificada no subitem 2.1.1;
- d) seja fornecedora de serviços de pessoal-chave para a Administração da Copel;
- e) possua diretores ou administradores em comum, indicados pelos acionistas controladores quando estes representam a maioria do capital votante em cada empresa;
- f) tenha influência significativa sobre a Copel; ou
- g) seja plano de benefícios pós-emprego cujos beneficiários sejam empregados da Copel ou de qualquer de suas partes relacionadas indicadas nas alíneas anteriores.

2.2 – TRANSACTIONS WITH RELATED PARTIES

Technical Pronouncement CPC 05 (R1), issued by the Accounting Pronouncements Committee and approved by the Brazilian Securities Commission under CVM Resolution No. 560, of December 11, 2008, defines transactions with related parties as the "transfer of funds, services or liabilities between related parties, irrespective of whether a value is assigned to the transaction".

2.3 – The following ARE NOT RELATED PARTIES in the context of this Policy or under CPC 05 (R1):

- a) two legal entities, for the sole reason that they have a manager or other member of Key Management Personnel in common, or because a member of the Key Management Personnel of one legal entity wields Significant Influence over the other legal entity;
- b) two entrepreneurs, for the sole reason that they share control over a joint venture;
- c) a customer, supplier, concessionaire or general agent and a legal entity which does a significant amount of business with them, simply because of the resulting economic dependence between the two;
- d) legal entities that provide financing;
- e) trade unions;
- f) legal entities that provide public services; and
- g) government departments or agencies and a legal entity which they do not control, fully or jointly, or over which they do not wield significant influence, simply because of the normal business relations between them (even if they can restrict the freedom of action of the legal entity or participate in its decision-making process).

NPC 0106 POLICY ON TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST

ECONOMIC/FINANCIAL/ACCOUNTING - REGULATORY

Version 02 of March 22, 2017

2/5

2.4 – CLOSE FAMILY MEMBERS OF AN INDIVIDUAL

These are family members who can be expected to wield influence over, or be influenced by, the individual in business matters, and include:

- a) the individual's parents, children and spouse or companion;
- b) the children of the individual's spouse or companion; and
- c) dependents of the individual or the individual's spouse or companion.

2.5 – KEY MANAGEMENT PERSONNEL

These are people with direct or indirect authority and responsibility for the planning, management and control of the activities of Copel, with decision-making powers, or powers to participate in decision making or to influence it.

2.6 - SIGNIFICANT INFLUENCE

This is the power to contribute to financial or operational decisions of a legal entity, but without controlling policy. Significant Influence can be obtained through a corporate interest, statutory provision or shareholders' agreement.

2.7 - GOVERNMENT

Refers to government in its broadest sense, government agencies and similar organizations, whether municipal, state, federal, national or international.

2.8 – GOVERNMENT-RELATED ENTITY

An entity wholly or jointly controlled by government, or significantly under its influence.

2.9 - CONFLICT OF INTEREST

A situation arising when an individual involved in a decision-making process, and having the power to influence the final result, is not impartial in respect of the matter under discussion, and may be motivated by private interests or interests other than those of Copel, or even if coinciding with these interests, may derive some personal benefit, or a benefit for family members, third parties or entities in which the individual is involved, to the extent that this may affect the capacity for impartial judgment.

3. GUIDELINES

3.1 – Transactions with related parties must always be in the company's best interests, totally impartial and absolutely transparent.

3.2 – Ensure that in transactions with related parties the essence of the relationship be borne in mind, as well as its legal form.

3.3 - Os princípios do Código de Conduta devem nortear todas as transações com partes relacionadas.

3.4 – Ensure that details of procedures involving transactions with related parties can be tracked and that the information necessary for audit purposes is available.

3.5 – The Board of Directors is responsible for monitoring transactions with related parties, ensuring that they are in line with market parameters (competitiveness, compliance, transparency, equity and commutativity) and that they avoid potential conflicts of interest.

3.6 – Officers and Board Members must have access to all the provisions of this Policy when they take office, and training on its application must be given.

3.7 – Ensure that all decisions which may involve a conflict of interest, or confer a benefit on any individual manager, board member or employee, their family members or entities or persons related to them, are absolutely equitable and respect the interests of the Company.

4. PRACTICES

4.1 – Information to be provided to external stakeholders on transactions with related parties, as required by law and regulations.

4.2 – The Board of Directors is to be responsible for:

NPC 0106 POLICY ON TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST
ECONOMIC/FINANCIAL/ACCOUNTING - REGULATORY

Version 02 of March 22, 2017

3/5

-
- a) approving and monitoring transactions with related parties, ensuring that they are in line with market parameters (competitiveness, compliance, transparency, equity and commutativity) and that they avoid potential conflicts of interest;
 - b) approving revisions of this Policy at least once a year, and ensuring that it is made known to shareholders, managers and the market in general.

4.3 – If a conflict of interest or private interests are identified in any transaction with a related party, the person involved must report it immediately. If the person involved does not report it, any other person at the meeting who has knowledge of the fact must do so.

4.4 – When a conflict of interest or personal interest is identified, the person involved must abstain from the discussions and resolutions on the matter, unless the other board members decide that they should take some part in the discussion so as to provide more information on the transaction and the parties involved. In this case, the person involved may not be present for the final part of the discussion and may not take part in the vote on the matter.

4.5 – The report on the conflict of interest and subsequent abstention must be recorded in minutes.

4.6 – In the exercise of its responsibilities on transactions with related parties, the Board of Directors shall have the support of the Audit Committee, which shall be responsible for:

- a) prior analysis, by its independent members, of any transaction or set of transactions with related parties, when the amount involved is R\$50 million or more, and such transactions must be submitted to the Board of Directors for approval;
- b) assessing and monitoring the propriety of transactions with related parties authorized by the Board of Directors or the Executive Committee, the corresponding internal controls, the quality of the accounting process and the accounting practices selected, and the preparation of the financial statements and other information disclosed to third parties; and it must issue a half-yearly report on all transactions with related parties, whether or not recurrent, and submit it to the Board of Directors; and
- c) supervising the procedures described in section 4.7, “b” and “c”, by analyzing quarterly reports to be submitted by the Executive Committee.

4.7 – Approval of transactions or sets of transactions with related parties is subject to the following authorization limits:

- a) transactions for amounts of R\$50 million or more must be approved by the Board of Directors, excluding any members with potentially conflicting interests, subject to section 4.6 “a” of this Policy;
- b) transactions for amounts of R\$10 million or more, but less than R\$50 million, must be approved by the Executive Committee, excluding any members with potentially conflicting interests; and
- c) transactions for amounts of less than R\$10 million must be approved by the Executive Committee, which may delegate its authority to the Officer in whose area of responsibility the transaction falls, in accordance with the Company’s manual of authorization limits, but without relinquishing its duty of supervision.

4.8 – Transactions with related parties must be disclosed as provided for in Article 247 of Federal Law No. 6.404/76, and in Resolution No. 642/2010 and Instruction No. 480/2009 of the Brazilian Securities Commission (CVM), as follows:

- a) within seven business days of the approval of the transaction or set of related transactions, when:
 - the amount is more than R\$50 million; or
 - the management of Copel so decides, in view of:
 - I. the characteristics of the transaction;
 - II. the nature of the relationship between the related party and Copel;
 - III. the nature and extent of the interest of the related party in the transaction;
- b) in the notes to the accounting statements and in the Reference Form, clearly and accurately, with sufficient detail to identify the related party and any inherent essential or non-commutative conditions, in compliance with the applicable accounting principles.

4.9 – In the case of transactions with related parties involving agents of the electricity sector, the provisions of ANEEL Normative Resolution No. 699/2016 must be observed, especially the requirements for prior and

NPC 0106 POLICY ON TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST
ECONOMIC/FINANCIAL/ACCOUNTING - REGULATORY
Version 02 of March 22, 2017

4/5

subsequent approval.

4.10 - An up-to-date record must be kept of the identity of related parties.

4.11 – Key management personnel must issue a declaration once a year, or upon taking office or being appointed, with details of their potential conflicts of interest with Copel.

4.12 – Violations of the terms of this Policy shall be examined by the Board of Directors, which shall take the appropriate measures.

4.13 – Upon taking office, managers must sign a document (Exhibit I) confirming that they have received and read a copy of this Policy, and that they undertake to comply with it.

4.14 – The provisions of this Policy must be put into effect within 60 days of its approval by the Board of Directors.

5. LEGISLAÇÃO E NORMAS RELACIONADAS AO ASSUNTO

- a) Lei Federal nº 6.404/1976 - Lei das Sociedades Anônimas;
- b) Lei Federal nº 8.666/1993 - Lei de Licitações;
- c) Lei Estadual nº 15.608/2007 - Lei de Licitações;
- d) Lei Federal nº 12.846/2013 - Lei Anticorrupção;
- e) Decreto Federal nº 8.420/2015 - regulamenta a Lei Anticorrupção;
- f) Lei Federal nº 13.303/2016 - Lei de Responsabilidade das Estatais;
- g) Deliberação CVM nº 642/2010;
- h) Instrução CVM nº 552/2014;
- i) Instrução CVM nº 480/2009;
- j) Resolução Normativa Aneel nº 699/2016;
- k) Resolução Normativa Aneel nº 605/2014;
- l) Programa “DESTAQUE EM GOVERNANÇA DE ESTATAIS”, da BM&F BOVESPA;
- m) Pronunciamento Técnico CPC 05 (R1), emitido pelo Comitê de Pronunciamentos Contábeis - CPC;
- n) Código de Melhores Práticas de Governança Corporativa do Instituto Brasileiro de Governança Corporativa - IBGC;
- o) Código de Conduta da Copel;
- p) NPC 0105 Política de Relações com Investidores.

This is an update of NPC 0106 of December 23, 2016, and replaces any other normative instruments related to the matter.

This Policy was approved at the 164th Ordinary Meeting of the Board of Directors (CAD) held on March 22, 2017.

LUIZ FERNANDO LEONE VIANNA
Diretor Presidente

These regulations take effect on the date of publication.

NPC 0106 POLICY ON TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST
ECONOMIC/FINANCIAL/ACCOUNTING - REGULATORY
Version 02 of March 22, 2017

EXHIBIT I

NPC 0106 POLICY ON TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST

STATEMENT OF ACCEPTANCE

I, [name and details], [function or position], declare that I am aware of the terms and conditions of NPC 0106 Policy on Transactions with Related Parties and Conflicts of Interest of Companhia Paranaense de Energia - Copel, approved by its Board of Directors.

I hereby confirm my acceptance of the Policy and I undertake to disseminate its purpose and comply with all its guidelines and practices.

I also undertake to inform the Company whenever I or a Related Party of mine, including a close member of my family, executes a transaction with Companhia Paranaense de Energia - Copel (Holding Company), its wholly-owned subsidiaries (SIs), other subsidiaries, joint ventures (to the extent applicable), affiliates or other corporate interests, or with its stakeholders.

Curitiba, ____/____/____.

[name]