

The logo for isa CTEEP, featuring the word 'isa' in a white, lowercase, cursive script font, with 'CTEEP' in a smaller, white, uppercase, sans-serif font directly below it. The background of the entire image is a photograph of a modern office interior with large windows, indoor plants, and people working at a long table with laptops. Three large, dark, dome-shaped pendant lights hang from the ceiling. A decorative blue wave graphic with small circles is overlaid across the middle of the image.

*isa*  
CTEEP

# 2019

Annual  
Sustainability Report

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## About the Report

Our Annual Sustainability Report was prepared according to GRI Standards: Core option, set out by the Global Reporting Initiative (GRI), to share with our stakeholders<sup>(1)</sup> the advances in our management and strategy, as well as the results achieved in 2019 in the economic, social and environmental dimensions. For the third time, the document follows the principles of Integrated Reporting by the International Council for Integrated Reporting (IIRC). Thus, we adopt the basic concepts of value creation, business model and capitals<sup>(2)</sup>. In addition, this document complies with determinations set out by the National Electric Energy Agency (Aneel), contained in the Handbook for the Development of an Annual Report on Social and Environmental Responsibility of Companies in the Electricity Sector.

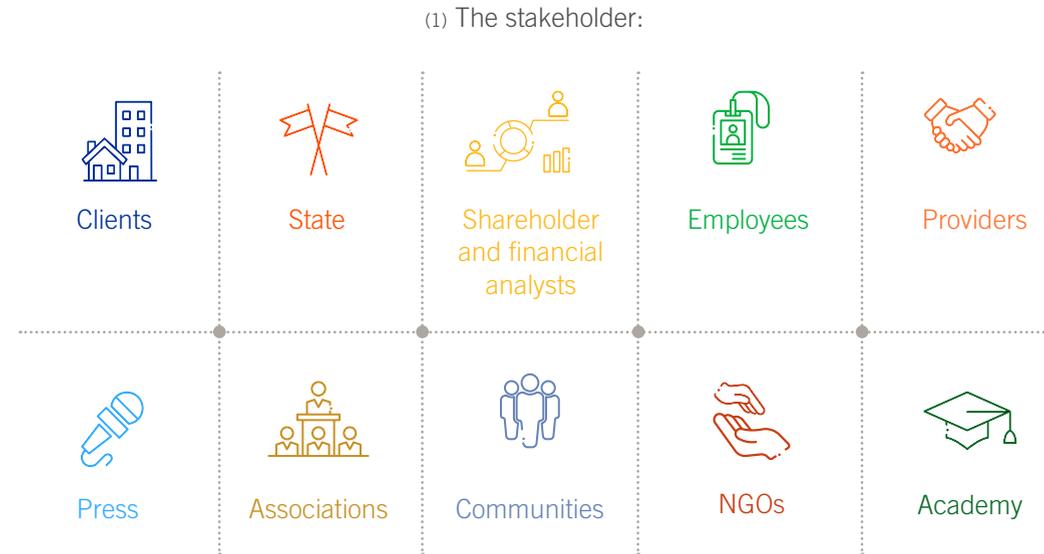
[GRI 102-50](#) | [102-52](#) | [102-54](#)

The general information includes our management and performance of whollyowned subsidiaries, while GRI indicators relate to our role as a parent company. Economic and financial information, in line with our consolidated [Financial Statements](#), includes the result of our wholly owned subsidiaries and equity-accounted companies. [GRI 102-45](#) | [102-56](#)

Assurance of data on ISA CTEEP's 2019 Annual and Sustainability Report was conducted by KPMG Brazil, demonstrating our commitment to transparency. [GRI 102-56](#)

Questions, suggestions and requests for more information concerning this document can be submitted to the Corporate Communication and Sustainability Department by emails [isacteep@isacteep.com.br](mailto:isacteep@isacteep.com.br) and/or [sustentabilidade@isacteep.com.br](mailto:sustentabilidade@isacteep.com.br). [GRI 102-53](#)

Enjoy your reading!



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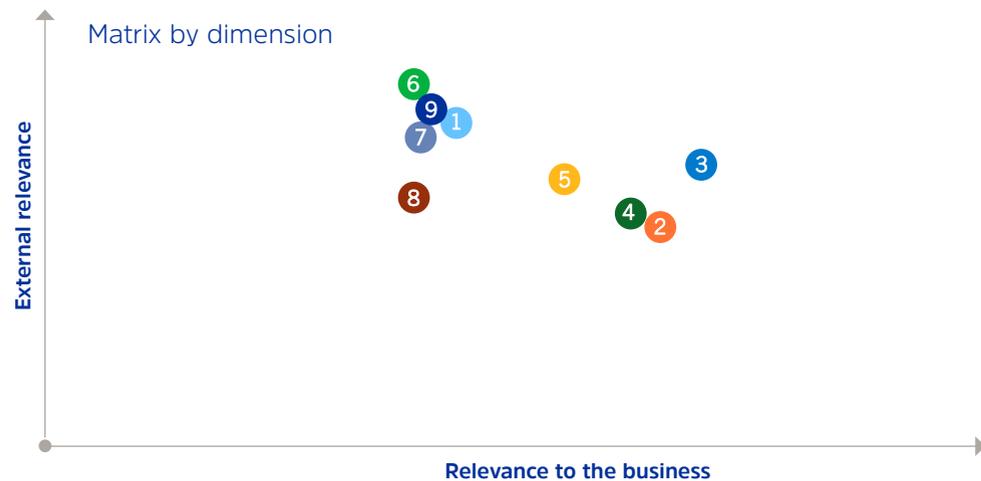
## Materiality

GRI 102-21 | 102-44 | 102-46 | 102-47

In 2019, in partnership with our controlling shareholder, the ISA Group, we conducted a comprehensive consultation with our stakeholders in order to define a new materiality matrix, in line with the 2030 Strategy, with the risk matrix, and with the new expectations of our stakeholders. This consultation also focused on assessing the reputation of both the Group and its subsidiaries in the various countries. A total of 985 people were consulted – via phone interviews, online media and discussion groups –, among employees; shareholders; investors; media professionals; members of associations and communities; customers; financial analysts; and representatives of the government, Non-Governmental Organizations (NGOs) and new generations. GRI 102-40 | 102-42 | 102-43

These audiences were asked about nine dimensions: Proactive contribution to global environmental challenges; Attracting, developing and caring for the best talents; Good governance and integrity; Excellence in conducting activities; Commitment to social and economic development; Strategic alliances for transformation; Soundness and growth; Anticipation and innovation; and Transformative leadership and Ability to influence. The results were cross-referenced, in a matrix, with the external relevance of these topics and from our business standpoint.

The study showed us that the most relevant dimensions are: Soundness and growth; Transformative leadership; Ability to influence; and Anticipation and innovation.



Dimension	GRI Indicators	Capitals
1 Good governance and integrity	102-16, 102-17, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-33, 102-34, 201-4, 205-1, 205-2, 205-3, 405-1, 415-1, EU18	
2 Transformative leadership and ability to influence	102-11, 201-1, 203-2, 419-1	
3 Soundness and growth	102-6, 102-7, 102-10, 201-1, 203-1	
4 Anticipation and innovation	102-15, 102-30, EU8, EU12	
5 Excellence in conducting activities	201-1, 203-1, 418-1, EU4, EU6, EU21, EU28, EU29	
6 Proactive contribution to global environmental challenges	201-2, 302-1, 302-4, 303-1, 303-2, 304-1, 304-2, 304-3, 305-1, 305-2, 305-3, 305-5, 306-2, 307-1, EU13	
7 Commitment to social and economic development	102-21, 102-40, 102-42, 102-43, 102-44, 202-2, 410-1, 411-1, 412-1, 412-2, 413-1, 413-2, EU20, EU22, EU25	
8 Strategic alliances for transformation	102-9, 102-10, 102-12, 102-13, 102-25, 308-1, 308-2, 412-3, 414-1, 414-2, EU3, EU19	
9 Attracting, developing and caring for the best talents	102-8, 102-41, 401-1, 402-1, 403-2, 403-3, 404-1, 404-2, 404-3, 405-1, 406-1, 407-1, 408-1, 409-1, EU14, EU15, EU16, EU17	



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# Message from the Administration

GRI 102-14

It was with great satisfaction that, earlier this year, I took on the responsibility of leading ISA CTEEP. I joined a company with an important role in the power transmission sector, supported by innovative and ambitious concepts of sustainability, and aware of its purpose of generating inspiring connections, going far beyond the simple efficient transport of energy.

The challenges we face are enormous and motivating. Our sector is evolving: the capacity to install new sources of renewable energy is growing faster and in a decentralized manner. The bidding process to address the demand

for new projects at auctions forces players to constantly pursue gains in productivity, and financing alternatives have made it possible to employ innovative and competitive solutions.

In this scenario, based on our purpose and desire to contribute to the continuous development of the National Interconnected System (SIN), our ambition is to lead this sector. This goal translates into being ready for the changes in the national energy mix, which demands from power transmission companies new forms of working, and we are constantly seeking ways to streamline the installation and maintenance of our lines and substations, with optimized costs and extreme high quality and reliability, with perfect management of our assets.

In line with our ambition and industry trends, we are committed to innovation, efficiency and perpetuity of the business through investments in processes, people and asset management, in order to ensure society that we will exceed the expected performance in terms of delivering new projects and the availability of our assets. A demonstration of our commitment is represented by the energization, 18 months ahead of the schedule set by Aneel (National Electric Energy Agency), of the project in Lot 25, which we were awarded in the April 2017 auction: IE Itapura (Bauru). In line with this purpose, in 2019 we implemented a comprehensive equipment maintenance and modernization plan. In 2019, we invested R\$771 million in projects that will contribute to the expansion and safety of Brazil's electric power transmission system. We also qualified to actively participate in the auctions held, and celebrated the award of three new lots in December, in a bidding process organized by Aneel.

“**2019 was the year in which we structured the first project of the program called Conexão Jaguar in Brazil. Through this project, we will mitigate climate change by conserving biodiversity and preserving the jaguar in more than 76,000 hectares**”



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We are aware of the value of our teams and partners and, in this sense, our commitment to safety is non-negotiable. We ended 2019 with a decrease of nearly 17% in the number of lost time accidents for our own employees; nevertheless we registered an increase for this indicator related to contractors. Our quest is for zero accidents. Thus, safety will continue to be a focus of continuous investments and actions.

In 2019 we reached levels of performance that were very much in line with expectations. Our ability to perform can be seen in our operating and financial results. The strong cash generation allows us to create and share sustainable value through investments in projects to reinforce and improve our assets and in greenfield projects secured in auctions, and to distribute dividends to shareholders, always with discipline in capital allocation. The proceeds totaled R\$995 million, representing a payout of 56% in IFRS and 81% of regulatory net income.

Our strategy, which combines the search for innovation, the coordination to increase competitiveness and the commitment to address global environmental challenges and

to projects that promote positive social impacts, empowers us to cope with the challenges facing the electricity sector. In this context, as signatories to the Global Compact, we operate to provide sustainable energy, thereby allowing for the reduction of the CO<sub>2</sub> footprint.

Further highlighting our performance with a focus on creating sustainable value, 2019 was the year in which we structured the first project of the program called Conexão Jaguar in Brazil – an initiative that establishes our commitment to combating climate change and to supporting biodiversity conservation, in line with our 2030 Strategy. Through this project, we will mitigate climate change by conserving biodiversity and preserving the jaguar in more than 76,000 hectares, collaborating directly to achieve the goals set out by the Sustainable Development Goals (SDG).

Therefore, supported by this journey, we wish to thank shareholders, regulatory agencies and partners for their trust, which drives us towards the numerous connections that we promote and will be promoting – and that extend far beyond electric power transmission.

## Rui Chammas

CEO



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16:48:22

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Profile

## ISA CTEEP

Committed to the development of the Brazilian energy infrastructure, we are among the main power transmission companies in the country, with operations in 17 states, which gives us a relevant position in the National Interconnected System (SIN). We have four regional units in the state of São Paulo, in the cities of Cabreúva, Taubaté, Bauru and São Paulo; a Transmission Operations Center, in Jundiaí (SP); a Back-up Operations Center (COR), in Cabreúva; in addition to the Regional Unit for Other States, located at the headquarters in São Paulo, with Maintenance Centers in all states where the company operates. Supported by this structure, our **networks account for 33%** of the total transmitted by the SIN and 94% of the energy transmitted in the State of São Paulo, operating critical assets for the basic fabric of the state's economic development.

GRI 102-1 | 102-2 | 102-4 | EU3



**33%**  
of the total  
power transmitted  
by the SIN



**94%**  
of the power  
transmitted in the  
State of São Paulo

**We seek to contribute directly to the expansion of the national transmission system and, in the last three years, we secured 10 lots in transmission auctions held by the National Electric Energy Agency (Aneel). In 2019, 18 months ahead of the schedule established by the regulatory agency, we energized the first one: IE Itapura (Lot 25 – Bauru)**

Of the 10 lots, three were auctioned at transmission auction No. 02/2019, held by Aneel on December 19, 2019, totaling more than R\$1 billion in investments in Brazil's transmission infrastructure, reinforcing our operations in the states of Rio Grande do Sul, Mato Grosso do Sul, São Paulo and Minas Gerais. They are:

- Lot 1 (RS) – Project Minuano;
- Lot 6 (SP) – Project Três Lagoas;
- Lot 7 (MG) – Project Triângulo Mineiro. **EU6**



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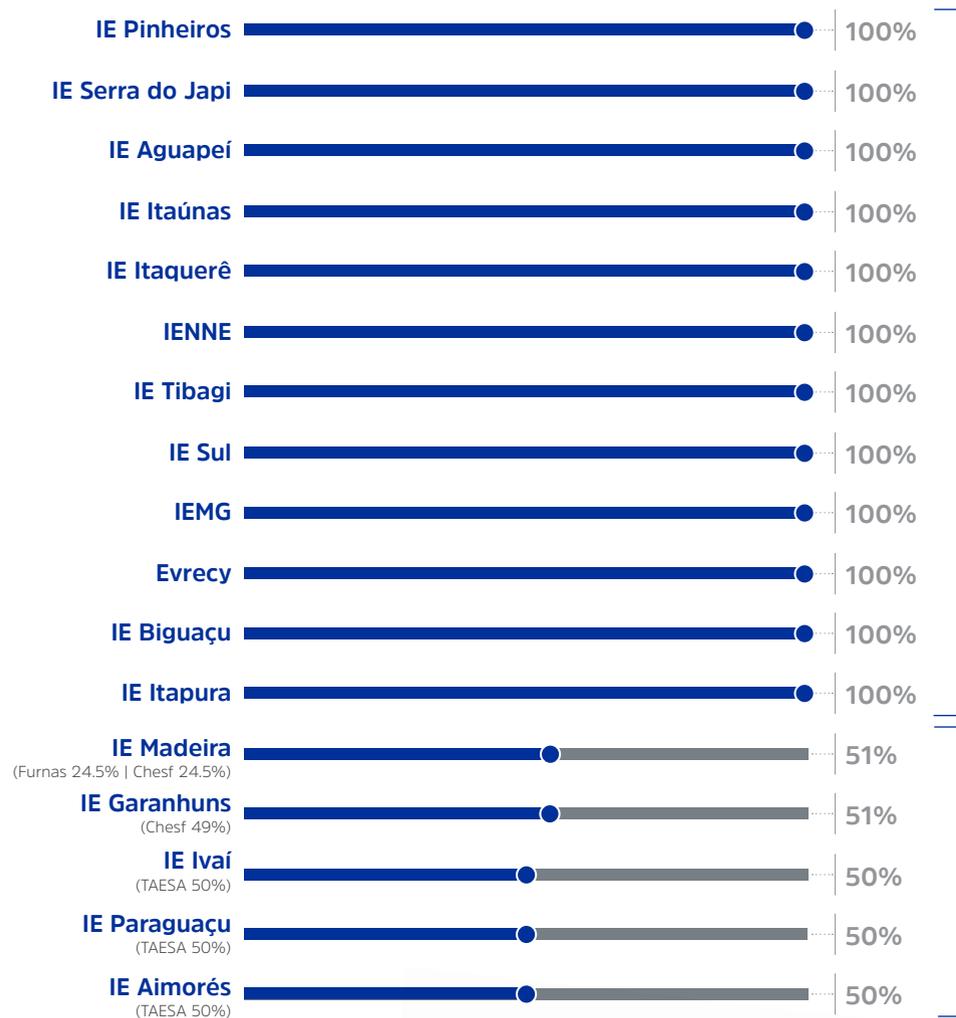
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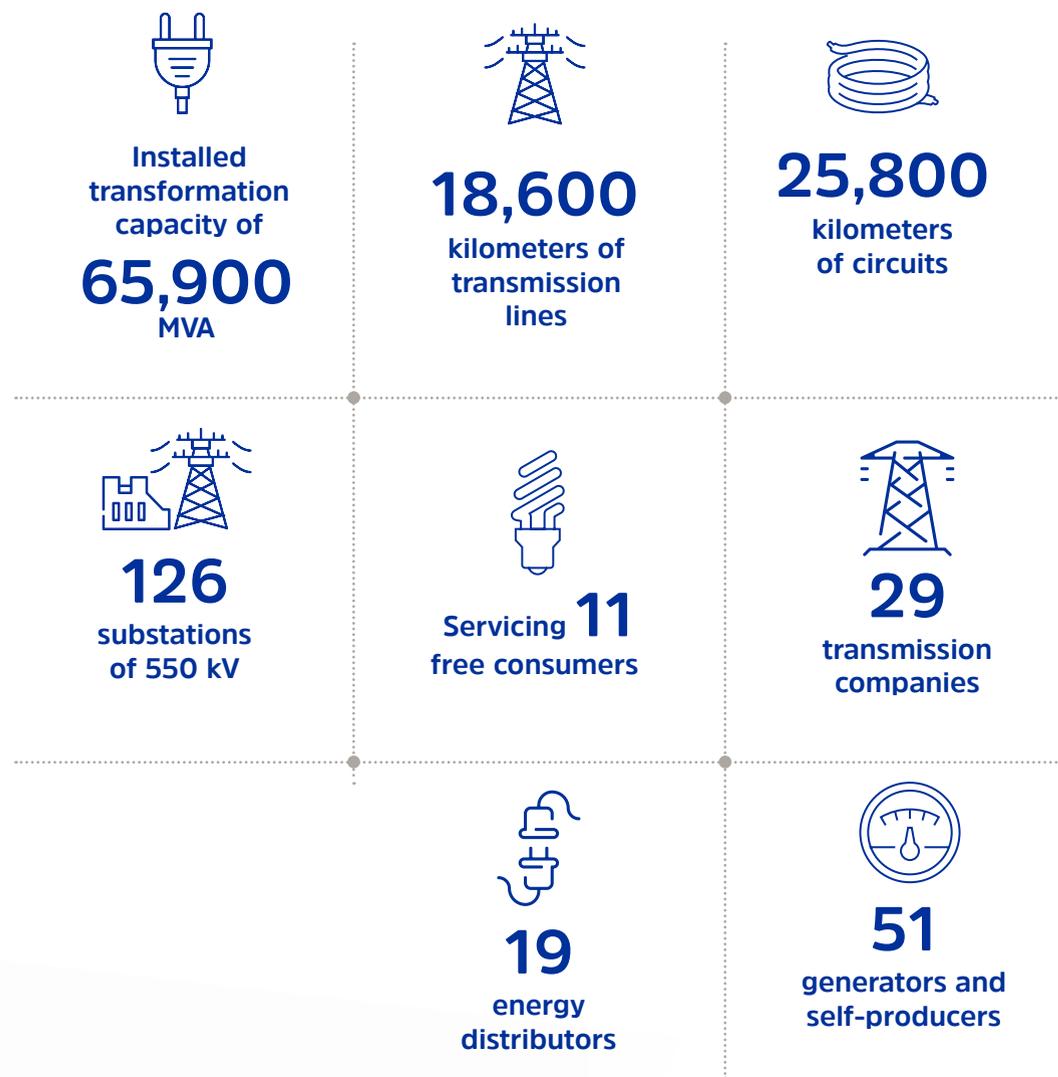
At the end of the year, our corporate structure was: **GRI 102-10**



Through these subsidiaries and affiliates, we ended 2019 with: **GRI 102-6 | 102-7**

ISA CTEEP

Equity-Accounting



Note: total includes subsidiaries and associates.



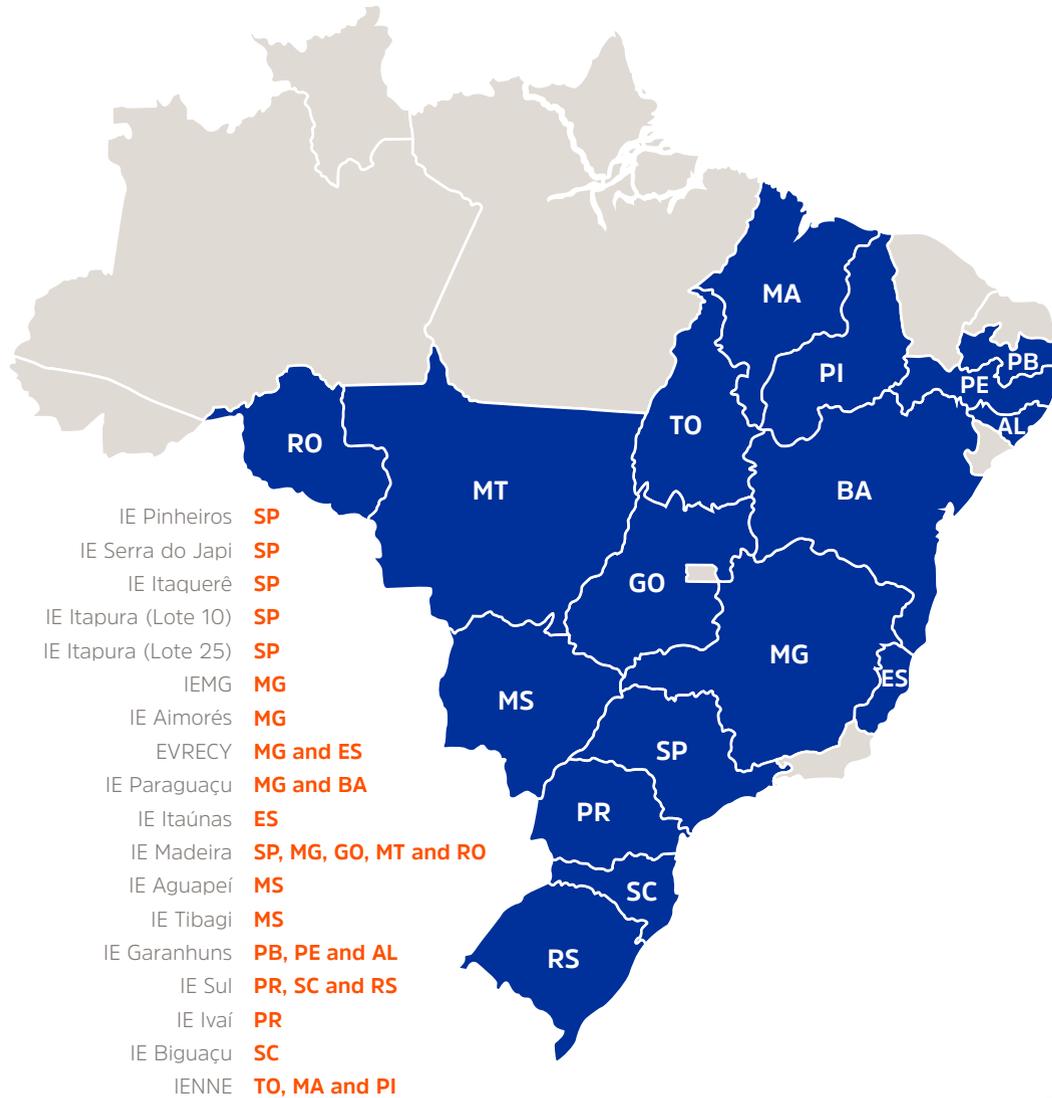
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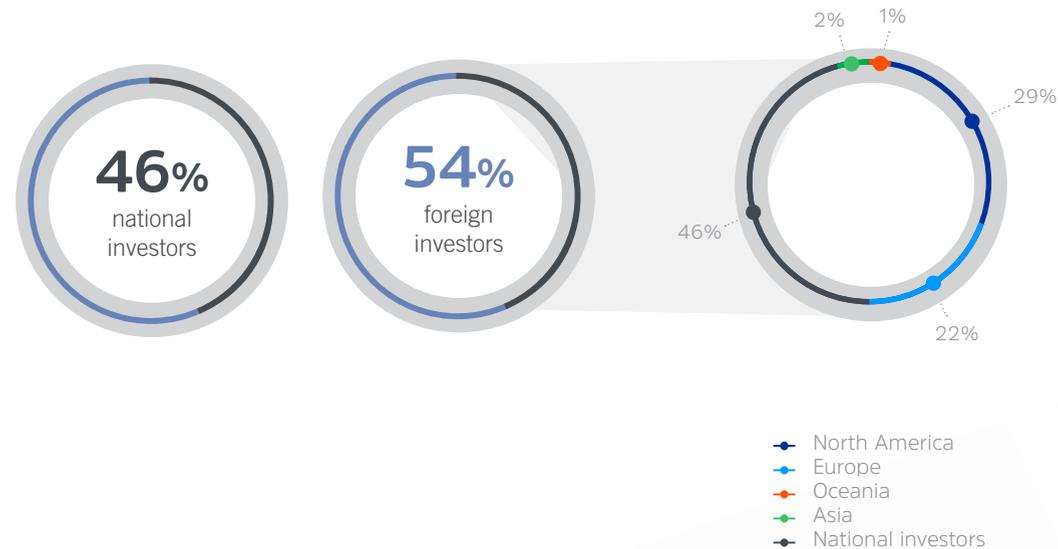
## Presence in Brazil



## Shareholding structure

GRI 102-5

As a publicly held corporation, we are controlled by the multi-Latin company of linear infrastructure systems ISA, and our investor, Eletrobras, is one of the largest national groups in the electric power sector. Excluding these stakes, at the end of 2019, our shareholder base was composed of 46% local investors and 54% of foreign investors, of which 29% are from North America, 22% from Europe, 2% from Asia and 1% from Oceania.



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Market trends:

digitalization, decentralization, decarbonization, climate change, intelligent mobility, empowered consumer, inclusion



Risks:

legal and regulatory; environmental, social and property, market, liquidity and credit; suppliers, errors or omissions



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# NOSSO MANIFESTO

Se somos conscientes de que todos somos um, há conexão.  
Se reconhecemos que nosso planeta é frágil e temos que cuidá-lo, há conexão.  
Se reconhecemos que nossas ações, por menores que sejam, impactam, há conexão.  
Se descobrimos que em cada um de nós está o melhor que queremos ver no mundo, há conexão.  
Se temos certeza que nosso bem-estar está ligado ao de todos, há conexão.  
Se sabemos que a excelência é resultado do esforço que dedicamos a cada ação, há conexão.  
Se nos comprometemos a ter uma participação responsável na tomada de decisões, há conexão.  
Se nos comove saber que somos feitos para crescer, há conexão.  
Depois de meio século, nos renovamos, criando uma após a outra. Sem barreiras. Sem fronteiras. Nosso legado para as futuras gerações. Estamos vivos, que se há conexão, há vida.



## ISA Group

ISA is a multi-Latin business group, with over 52 years of experience and a track record in the electricity, road, telecommunications and ICT businesses. As such, the company contributes to the quality of life of millions of people in Colombia, Brazil, Chile, Peru, Bolivia, Argentina and Central America through the work of its almost 4,000 employees, allocated in 43 affiliates and subsidiaries (58 in total, including companies with shared control and other investments).

The Group conducts its business based on technical excellence, in the efficient provision of its services, in the creation of sustainable value for its stakeholders and society at large – leveraged by innovation and digital transformation and supported by best practices in corporate governance and ethics.

ISA and its affiliated companies are committed to mitigating and adapting to climate change, the rational use of resources, the development of programs that have a positive impact on the environment, the comprehensive development of the communities where they operate and the quality, reliability and availability of the services they provide.



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# 2019 highlights



## Good governance and integrity

12.5% of women on the Board of Directors

100% of employees received communications on ethics, compliance and anti-corruption



## Anticipation and innovation

R\$14.4 million invested in R&D

Awarded **three lots** in the transmission auction No. 02/2019



## Proactive contribution to global environmental challenges

1<sup>st</sup> *Conexão Jaguar* project in Brazil – conservation of **76,000 hectares**

**R\$3.96 million** in environmental investment



## Strategic alliances for transformation

**99.69%** local purchases



## Attracting, developing and caring for the best talents

**80 hours** of training per employee<sup>(1)</sup>

**83%** favorability in the climate survey

(1) Average number of hours per employee is calculated based on the number of employees used for this indicator. **102-8**



## Excellence in conducting activities

Energization of IE Itapura (Bauru) **18 months** ahead of Aneel's schedule

**R\$133.1 million** invested in reinforcement and improvements



## Commitment to social and economic development

**R\$8.09 million** in social investment

**13 organizations** benefited



## Soundness and growth

**R\$995,3 million** in dividends distributed to shareholders

**R\$1,818 million** in operating cash generation

8<sup>th</sup> issue of bonds – 2<sup>nd</sup> green bonds in the amount of **R\$409 million**



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## Recognition

**Transparency Award:** For the second consecutive year, we were awarded for transparency and excellence in the disclosure of accounting information, in the category of companies with net revenue of up to R\$5 billion. Awarded given by the National Association of Finance, Administration, and Accounting Executives (Anefac), in a partnership with Foundation Institute of Accounting, Actuarial and Financial Research (Fipecafi) and Serasa Experian.

**Companies that Best Communicate with Journalists:** Commitment to transparency and dialogue was also recognized through the free and direct vote of 25,000 journalists across Brazil, in a survey by the Center for Communication Studies (Cecom) and the magazine Negócios da Comunicação. We were considered one of the companies that best communicate with journalists, placed among the top three in the electricity sector.

**Valor 1000 Award:** We ranked first in the Electric Power Sector in Brazil in the *Valor* 1000 Award, organized by the *Valor Econômico* journal in partnership with Fundação Getulio Vargas and Serasa Experian. Recognition is based on criteria such as sustainable growth, net revenue, value creation, profitability, activity margin, liquidity and active turnover.

**Best Places to Work:** For the fourth consecutive year we ranked among the best companies to work for, according to the ranking prepared by Great Place to Work (GPTW). We ranked 48<sup>th</sup> – our best result in all participations.

**Top 50 Open Corps:** We are among the five companies most engaged with the innovation ecosystem, according to the ranking by Top 50 Open Corps.

**Open Innovation Week 2019:** We ranked second among the companies most engaged with innovation.

**IX CIERTEC:** We were awarded first place in the category Automation Arena and Intelligent Manufacturing: Distributed Generation and Blockchain, with the technical work “Distributed Generation in Hourly Price for Mitigation of Submarket Risk.”

**Eloy Chaves Medal:** We received recognition, organized by the Brazilian Association of Electric Power Companies (ABCE), for our management in Occupational Safety in 2017 and 2018. The award is offered to organizations that invest the most and are concerned with the safety and health of their employees.



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**Good governance  
and integrity**

## Corporate governance

Our actions integrate recognized market indicators. Given the differentiators we have adopted, we are included in the Corporate Governance Index (IGCT) and in the Brasil 100 Index (IBrX 100), which brings together the most traded shares on B3 S.A. – Brasil, Bolsa, Balcão; and the Electric Energy Index (IEE), an index with the most tradable and representative assets in the electric power sector. Since 2002, we have also participated in B3's Level 1

Corporate Governance, which recognizes the voluntary adoption of obligations in addition to those required by the Brazilian Corporation Law, such as the massive and qualified disclosure of information and maintaining, a minimum of 25% outstanding shares – at the end of 2019, we had 64% outstanding shares. Furthermore, since 1999, we have participated in the U.S. program American Depositary Receipts (ADRs) – SEC Rule 144, traded on the OTC market.

Our practice concerning dividends establishes a minimum payout of 75% (regulatory net income, limited to the maximum leverage of 3 x Net Debt/EBITDA), another attraction to the investor market: at the end of 2019, our common shares (“TRPL3”) and preferred shares (“TRPL4”) were traded at R\$27.52 and R\$22.58, respectively. The average trading volume of preferred shares was R\$34 million in 2019. On July 22, 2019, TRPL4 reached its historical record price of R\$26.11. In the same vein, our market cap grew by

40.4% year-on-year (R\$11.4 billion), totaling R\$16 billion on December 31, 2019.

Committed to transparency, we disclose stock prices on our [Investor Relations](#) website. On our portal, we also disclose, in Portuguese and English, relevant information to the market, such as an agenda of events, documents made available to the Brazilian Securities and Exchange Commission (CVM), estimates by industry analysts, [policies and our Bylaws](#), in addition to financial results and sector documents.

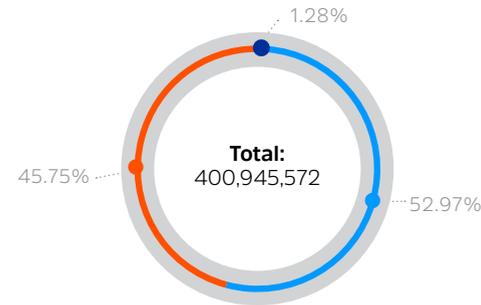
## Ownership structure (12/31/2019)

### Common shares TRPL3



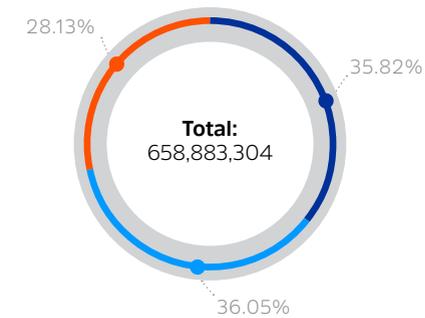
- ISA Capital do Brasil  
Total: 230,856,832  
Administrators  
Total: 0
- Centrais Elétricas Brasileiras (Eletrobras)  
Total: 25,158,644
- Other  
Total: 1,922,256

### Preferred shares TRPL4



- ISA Capital do Brasil  
Total: 5,144,528  
Administrators  
Total: 4,000
- Centrais Elétricas Brasileiras (Eletrobras)  
Total: 212,362,220
- Other  
Total: 183,434,824

### Total



- ISA Capital do Brasil  
Total: 236,001,360  
Administrators  
Total: 4,000
- Centrais Elétricas Brasileiras (Eletrobras)  
Total: 237,520,864
- Other  
Total: 185,357,080



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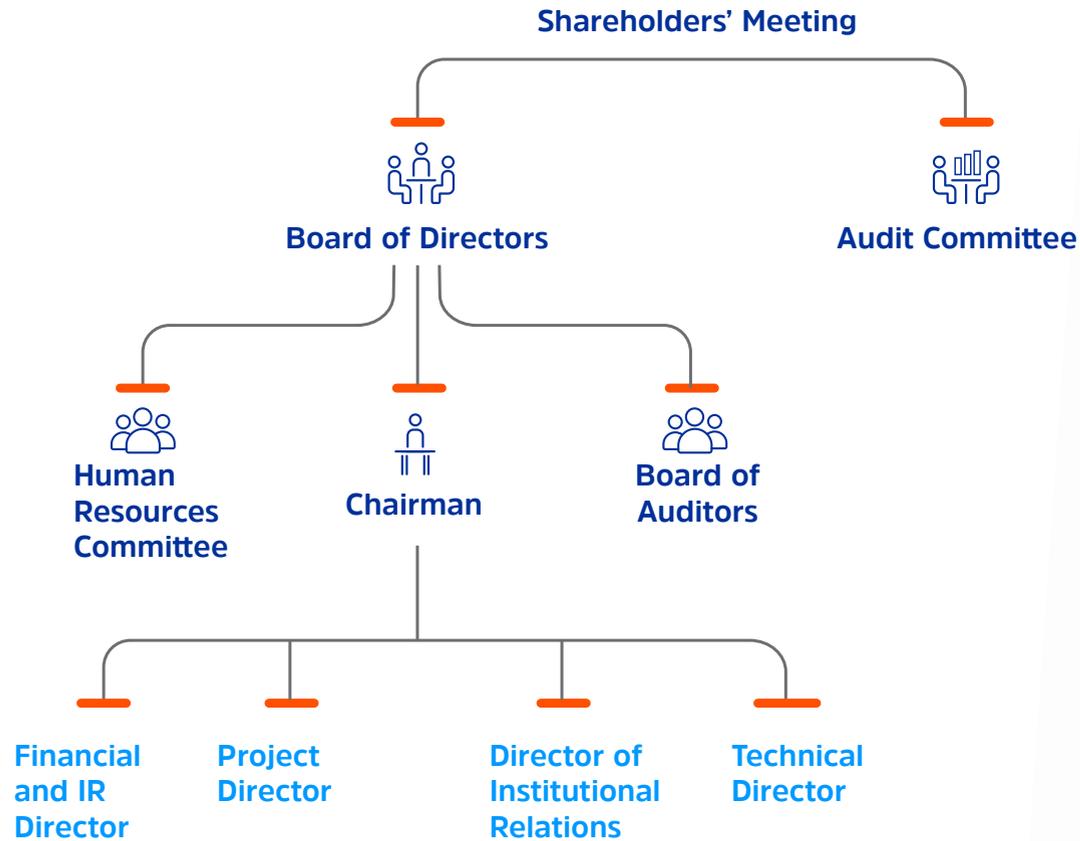


## Governance model

Our governance model sets out well-defined roles for management bodies, composed of experienced professionals who focus on creating value and on the commitment to ethics and sustainable business development.

## Structure

GRI 102-18



The composition and information on qualification of the members of the corporate governance bodies can be found on our [Investor Relations website](#). GRI 102-22



### Annual General Meeting (AGM)

Constituted by the shareholders, it convenes by April 30 every year, to discuss the following matters:

- Approve accounts;
- Examine, discuss and vote on the management report and on the Financial Statements for the previous fiscal year;
- Approve the allocation of net income and distribution of dividends;
- Appoint and dismiss members of the Board of Directors; and
- Establish the overall remuneration of administrators and the Audit Committee.



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## Members of the Board of Directors



**BERNARDO VARGAS**  
CHAIRMAN



**GUSTAVO CARLOS MARIN GARAT**  
VICE CHAIRMAN  
(INDEPENDENT)



**ORIVALDO LUIZ PELLEGRINO**  
BOARD MEMBER



**JOSÉ ANDRÉS ROMERO TARAZONA**  
BOARD MEMBER



**FERNANDO AUGUSTO ROJAS PINTO**  
BOARD MEMBER



**CÉSAR AUGUSTO RAMÍREZ ROJAS**  
BOARD MEMBER



**ROBERTO BRIGIDO DO NASCIMENTO**  
BOARD MEMBER



**MILENA LÓPEZ ROCHA**  
BOARD MEMBER

### Board of Directors (BD)

- Members elected at the AGM after appointment by the controlling shareholder, minority shareholders and employees, for one-year terms, with possibility for reelection;
- Eight effective members in 2019, two of whom are independent (25%) (according to selection criteria set out by the Brazilian Corporate Governance Institute – IBGC) and one chosen by employees via direct election to represent them in the Board of Directors;
- The Board is responsible for approving the strategic plan, which provides on financial, social and environmental issues, efficiency, innovation, the market and people management, among others, as well as the management tools, values, policies and codes, which are cared for through specific projects and programs;
- The positions of Chairman of the Board and Company CEO are held by different professionals in order to avoid conflict of interest; and **GRI 102-23**
- Their duties, among others, include setting the general guidelines for the company's business, appointing and dismissing the Executive Board, inspecting its performance; express an opinion about the Management Report, the Financial Statements and the accounts of the Executive Board; and convene the Annual General Meetings.



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## Members of the Executive Board



**ALESSANDRO GREGORI FILHO**  
DIRECTOR OF FINANCE  
AND INVESTOR  
RELATIONS



**RUI CHAMMAS**  
CEO AND INTERIM  
PROJECT DIRECTOR



**CARLOS RIBEIRO**  
TECHNICAL DIRECTOR  
AND INTERIM  
INSTITUTIONAL  
RELATIONS DIRECTOR

### Executive Board

- Members appointed by the Board of Directors for three-year terms, reelection permitted;
- Formed by three members at the end of 2019;
- Duties performed under the powers established by law and the Bylaws;
- The Executive Board must carry out all necessary acts for the regular performance of its activities, proposing the basic management guidelines to the Board of Directors; and
- It is responsible for the implementation and maintenance of the effective mechanisms, processes and programs for monitoring and disclosing the financial and operational performance and the impacts of activities upon society and the environment.

### Audit Committee

- Permanent nature;
- Formed in 2019 by five effective members and an equal number of alternates, with one-year terms, with reelection permitted;
- Holders of minority common shares and preferred shares are entitled to elect, separately, a sitting member and a respective alternate;
- The committee oversees the acts of the administrators;
- Ensures compliance with legal and statutory duties;
- Offers opinion on the Management Report;
- Analyzes the trial balance sheet and other financial statements; and
- Examines and offers opinion on the Financial Statements for each fiscal year.



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### Board of Auditors (non-statutory)

- A technical advisory body of the Board of Directors, formed in 2019 by three members of the BD, with one-year terms;
- Members cannot hold Management positions;
- Oversees the management system of the Internal Corporate Control and risks for efficiency, effectiveness and economics in our operations;
- Ensures the reliability of information;
- Enforces applicable legislation, regulations, policies, rules and internal procedures;
- Improves the effectiveness of the Internal Audit and monitors the work of the Independent Auditors; and
- Approves the Internal Audit's annual work plan, supervising its compliance.



### Human Resources Committee (non-statutory)

- Technical and advisory body to the Board of Directors, formed in 2019 by five members for one-year terms, with reelection permitted;
- Members cannot hold Management positions;
- Analyzes and proposes corporate human resources strategies; and
- Proposes improvements to, among others: general people management policies and guidelines; overall and individual annual remuneration; guidelines for the negotiation of collective bargaining agreements; criteria for the assessment and development processes for executives; annual salary increase for executives and other employees; senior management succession and retention plans; and actions that promote organizational culture, with a focus on building sustainable results.



### Assessment

GRI 102-28

In order to continuously improve our corporate governance system, as of 2019, an annual self-assessment was adopted for the Board of Directors, to be carried out at the beginning of each year to analyze the performance in the previous year. The process includes evaluating the performance of individuals and groups, the frequency and relevance of the topics of the meetings and the participation of the Executive Board and the Governance Department in the meetings. Directors are evaluated based on goals validated by the Board of Directors through the full Management Framework. Committee members are not assessed.



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## Ethics and compliance

GRI 103-1 | 103-2 | 103-3

In line with our strategic vision, corporate ethics is the guiding principle of business and relationships established with the various stakeholders. We believe that honest, coherent, reputable and responsible behaviors are the basis for creating value for all stakeholders and, in 2019, we invested in the improvement of our compliance policies and procedures. Given our commitment to this topic, we have a Compliance area that, due to its relevance, reports directly to the Presidency.

## Business ethics and integrity

In early 2019, the ISA Group launched the Corporate Ethics and Compliance Program, applicable to all subsidiary companies, with their corresponding adjustments, respecting local specificities. After this movement, we launched an Integrity Program, through which we developed nine compliance standards, widely disseminated throughout the year to all employees, including those allocated in the Regional Offices. To support the dissemination of an ethical culture, we have also set up an operational compliance group, formed by members from all company areas. In the year, we also improved our evaluation of internal procedures related to best compliance practices.



(1) Any person who holds or has held, in the last five years, relevant public jobs or functions in Brazil or abroad, such as, for example, heads of state, ministers, congressmen and officials from public, judicial or military authorities. Also includes candidates from political parties and any person associated with a political party.

## Procedures instituted in 2019

- Third-party reputation and new business due diligence
- Handling conflicts of interest



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## Code of Ethics and Conduct

### GRI 102-16

In 2019, we revised our [Code of Ethics and Conduct](#), approved by the Board of Directors, covering aspects of the Anti-Corruption Law with greater clarity on preventive topics and the reassertion of our repudiation of unlawful acts. Its disclosure was accompanied by a large campaign, with electronic distribution to all employees and signature by the members of the Board of Directors and the Audit Committee. In addition, throughout the year, we made biweekly disclosures of the document's guidelines, with examples of topics that make up the Code of Ethics and Conduct and our Anti-Corruption Policy, instituted in 2019. These guidelines were disclosed to 100% of employees. **GRI 205-2**

The code also addresses the prevention of conflicts of interest, determining that managers and employees must act according to principles of loyalty, abstention, confidentiality and with the obligation to report any situation of possible conflict of interest. **GRI 102-25**

The document discloses the essential ethical attributes for management practices that focus on corporate sustainability:



**Transparency:**  
To act in a reliable, accessible, clear and straightforward manner.



**Reciprocity:**  
Respect for the dignity of others with whom the company relates, in an environment of mutual acknowledgement of the duties associated with the rights of the parties involved.



**Compliance:** Commitment to fulfill what was promised and follow parameters, policies, standards, and regulations generally applicable to companies.



**Pluralism:** Recognition of the diversity of those who contribute, in an environment of respect, to enrich the organization in the places and cultures where it operates.



**Effort:** Duty of administrators, managers and employees to fulfill the responsibilities intended to achieve the company's goals and Mission. This involves performing internal tasks and duties with care and dedication.



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### Responsibility to partners

We disclose to our suppliers the Integrity Program and our new Code of Ethics and Conduct, which are signed by the partners attesting to their commitment to comply with their guidelines. In addition, we formalized, in the rules of compliance, two due diligence processes to ensure that our hires and new businesses are strictly in line with applicable laws, anti-corruption processes and respect for social and environmental aspects. We also follow in the mainstream media the news about our partners, including Politically Exposed Persons (PEPs), which allows us to assess and prevent adverse impacts on our reputation. If necessary, the work is supported by the Legal Department, which also monitors compliance with labor laws by our services providers.

In the year, 106 business partners received communications on compliance policies and procedures, including the topic of anti-corruption. In addition, 93 suppliers were submitted to due diligence processes. **GRI 205-1**

In 2020, in order to formalize our commitment to prevention of corruption and full adoption of compliance values, we will launch a Code of Ethics and Conduct for Third Parties.

### General Data Protection Law

In order to anticipate our compliance with applicable regulations, in 2019, we began to prepare for the entry into force, scheduled for August 2020, of the General Data Protection Law (Law No. 13,709, as amended through Law No. 13,853), which covers management of information from customers, partners, suppliers and employees. To this end, we met with consulting firms and internally held conversations on the subject with several areas. We have also started a complete mapping of third party data in order to comply with the guidelines of the new law.

In the year, we did not receive any complaints regarding violation of privacy or loss of data under our responsibility.

**GRI 103-1 | 103-2 | 103-3 | 418-1**



## Ethics Line

**GRI 102-17**

Our whistleblowing channel, open to internal and external audiences for reporting non-compliance with our Code of Ethics and Conduct, also received investments in 2019. In June, we carried out a major campaign on our channels to expand communication and reinforce non-retaliation guarantees. We also launched the app *Éticos*, developed in Colombia and available for download on Apple Store and Google Play, offering another channel – in addition to our website and intranet – for contacts and claims, among which no violations of rights (discrimination, harassment and child labor, among others) or cases of corruption were identified. All contacts, which are confidential and guarantee anonymity, are strictly investigated and monitored by the Presidency, through the Ethics Committee.

**GRI 102-33 | 102-34 | 205-3 | 406-1**



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# Strategy

GRI 102-26

Supported by the vision of a “Future Inspired by Sustainable Value,” the 2030 Strategy reflects the commitment to maintain the competitiveness and profitability of the operations, even in challenging scenarios, with responses to global challenges and actual contributions to the major topics that move the global agenda for sustainability.

Having sustainability as a focal point, our strategy stresses three major vectors:

**Create shareholder value:** Growth in the transmission market, both with auction opportunities in Mergers and Acquisitions (M&A), maintaining financial austerity and adequate criteria of profitability and risks, and through organic development, through investments in reinforcements and improvements of assets.

**Create social and environmental impacts:** Create value for society and the planet through social and environmental projects and actions to reduce and mitigate the impacts of climate change.

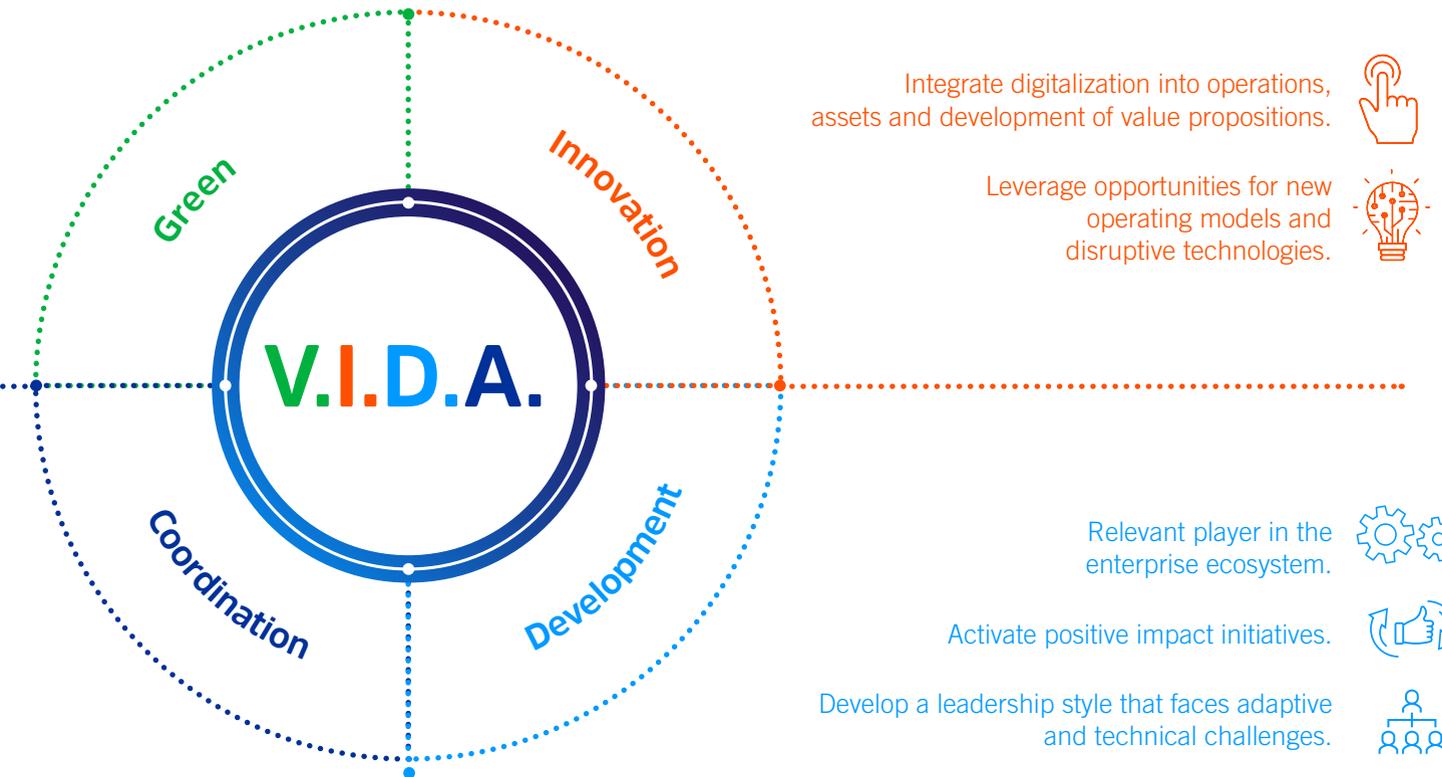
**Ensure corporate good standing:** Invest in new energy businesses and in the capacity for innovation and entrepreneurship. Establish

high performance teams and strategic partners, with a focus on improving competitiveness and developing capacity.

With these goals, the strategic planning is based on four cross-sectional pillars – that form the word *VIDA* (LIFE) and challenge the ways to do things and relate to the world:

-  Minimize the environmental impacts of operations.
-  Promote initiatives that generate positive environmental impact.

-  Establish strategic alliances to achieve the objectives.
-  Business coordination in a balanced portfolio.



Integrate digitalization into operations, assets and development of value propositions.



Leverage opportunities for new operating models and disruptive technologies.



Relevant player in the enterprise ecosystem.



Activate positive impact initiatives.



Develop a leadership style that faces adaptive and technical challenges.



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#### Quality Education:

We provide training and education opportunities for young adults in situation of vulnerability.



#### Affordable and clean energy:

We contribute through our own activity, the transmission of electricity, and through our [innovation and Research & Development \(R&D\) projects](#).



#### Industry, innovation and infrastructure:

Through our active and collaborative participation in the electricity sector and innovation ecosystems, we hope to contribute to creating an innovative society with an infrastructure that provides well-being to the population.



#### Climate Change and Life on Land:

We rely on the project [Conexão Jaguar](#), which focuses on reducing emissions.



#### Peace, justice and strong institutions:

We have adopted a Corporate Ethics Program and an Integrity Program and have instituted an Anti-Corruption Policy (learn more in the [Ethics and compliance topic](#)).

With a focus on “sustainable value creation,” the 2030 Strategy responds to global challenges contained in the 2030 Agenda of the United Nations (UN). We look to contribute to the achievement of the SDGs, prioritizing five of them (see on the side).

In 2019 we worked to extend the Corporate Strategy, creating a business plan and establishing strategic goals in contribution to the corporate goals.

In order to achieve strategic goals, in addition to management indicators, we annually define a portfolio of strategic, local and corporate initiatives, which are monitored by senior management and represents 30% of our administration’s variable pay. The individual performance evaluation of each employee, for the cycle beginning in 2019, is also based on the 2030 Strategy, with the definition of up to five challenges per area, with goals and at least one indicator with clear and transparent metrics. These indicators will be extended to our individual performance evaluation system, since the teams are instrumental for the success of the strategy and to create an inspiring future through sustainable value.



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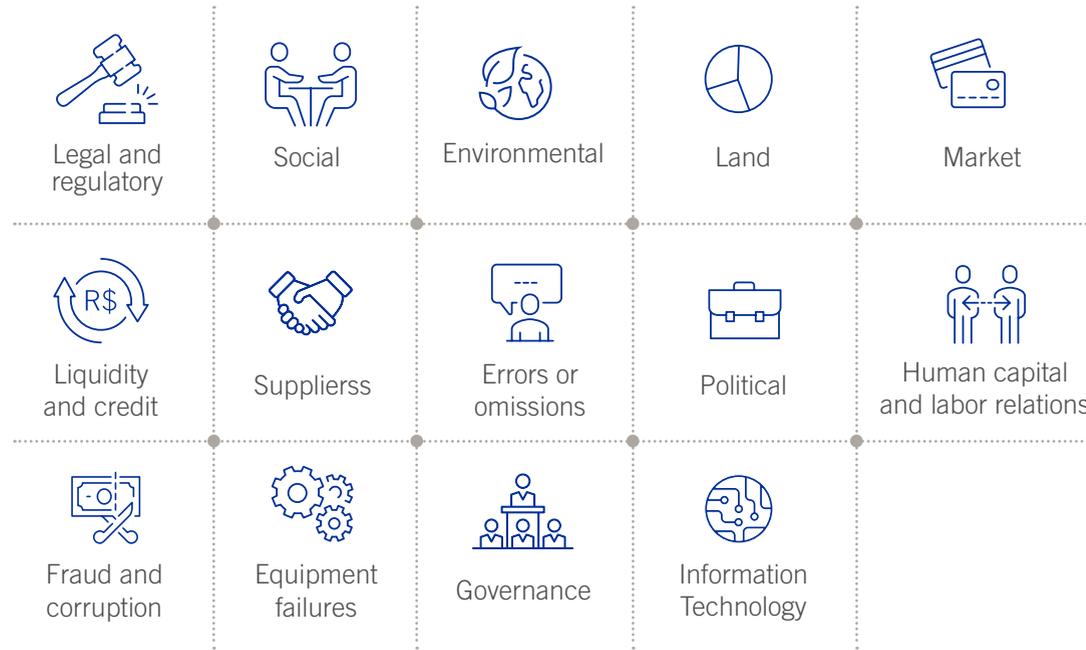


## Risk management

GRI 102-11 | 102-15 | 102-30 | 201-2

We have adopted a structured and systematic Risk Management process, based on concepts set out by ISO 31000 (Risk Management – Principles and Guidelines), which supports our senior management in directing actions to mitigate events that impact our strategic goals or corporate resources (financial and reputational). We follow the Three Lines of Defense model (from The Institute of Internal Auditors – IIA) for risk management governance, with well-defined roles and responsibilities for our areas of Business, Comprehensive Risk Management, Internal Audit and senior management.

All risks are classified as acceptable and priority, according to the defined appetite for risk, and managed in regular discussions between multidisciplinary teams and senior management. The risks monitored are classified into three disciplines – Projects, Assets and Processes – and under 14 categories:



Among the total risks identified, 39 were classified in the period as priority and acceptable, with eight priorities being monitored to effectively contribute to the achievement of the 2030 Strategy. This is due to the potential impact of these risks in relation to sensitive topics, such as competitiveness, integrity, environment, human talent, politics and government, cyber security, contract management, and regulations of the power transmission sector.

With a focus on continuous improvement, ISA, our parent company, is also implementing across the Group, a new risk management software (MetricStream), which is expected to start being used in 2020.

## ASSET RISKS

**In 2019, we made great progress in managing asset risks with the integration of tools developed by the technical areas to analyze and monitor assets via a corporate risk matrix. This integration increased the reliability of the process, which allows for regular monitoring of risks related to our priority assets**



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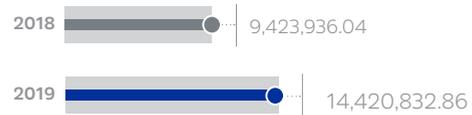
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## Innovation

EU8

### Investment in Research & Development (R&D – R\$)



Innovation is one of the pillars that support our strategic goals of creating sustainable value and the means by which we intend to reinforce our prominent position in the Brazilian electric power sector. Guided by a long-term strategy, aspiring continuous growth until 2030, we seek innovation both in opportunities for business excellence and services related to power transmission and in adjacent and independent services that interface with the skills accumulated along our journey and with the resources we have. We invest in innovation and prepare for the changes imposed by great technological developments that are revolutionizing the electric power sector, the so-called 3 Ds – Decentralization, Decarbonization and Digitalization.

Based on these premises, 2019 was marked by the materialization of innovation in internal processes, initiatives using own resources and a portfolio of projects prepared through Aneel’s Research & Development (R&D) Program. Among the highlights are the advances in energy storage and the use of drones in the inspection of assets, which were originated from regulated R&Ds and whose knowledge obtained led to the development of initiatives with own investment. Thus, we are working on a pilot project for energy storage applied in our operations, with the objective of deploying a first full scale system to handle the load at times of peak consumption on the northern coast of São Paulo. Another R&D project, to study the use of drones to inspect transmission lines, towers and rights-of-way, can spur a digitalization process in the inspection system of our assets, which provides even greater safety and efficiency to the activity.

Also within the scope of Aneel’s R&D, we evolved in the technical cooperation agreement entered into in 2018 with the Operator of the National Electricity System (ONS). The purpose of the partnership, in line with demands of ONS’s Technological Development Master Plan (PDDT), is to

create a portfolio of technological projects to be implemented in the sector in the short, medium and long term. Our work is intended to modernize Transmission Operation Centers (COT) and, for this reason, the initiative was named “COT do Futuro” (“COT of the Future”). These are two R&D projects, with investments of around R\$10 million, which consider the development of technologies for the application of artificial intelligence concepts to assist the operation, in real time, reducing the likelihood of failures resulting from human actions. At the end of 2019, pilot projects were already being carried out using prototypes and in two simulators: one owned and one belonging to the ONS. In 2020, these solutions are expected to be presented at an event open to the electric power sector, in which other players will be invited to take part in the R&D. Thus, the projects will yield gains not only for us and the ONS, but for the entire electric power sector and society in general **EU6**



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## Main R&D projects

Project name	Description
Energy Storage Project	Development of an energy storage system (ESS) to provide services to the grid with high penetration of intermittent generation and to propose regulatory requirements for the integration of these systems into the electric system.
Sustainable Management of Rights-Of-Way	Algorithm to predict the risk of invasion of rights-of-way using geostatistic methodologies adapted for remote sensing; and development of innovative solution methodologies that mitigate risks and offer new opportunities for using the areas.
Lean R&D Methodology	Proposition of a new system and method to apply concepts of agile/lean development in R&D projects, especially in the R&D of companies in the electric power sector.
Regulatory WACC	Methodological contributions to enhance methods and techniques and the proposition of scientific methods for the definition of regulatory capital costs compatible with the risk and complexity of the electricity transmission sector and the opportunity cost of capital in global terms.
Zap COT	Development of a communication system between players based on information and data exchange technologies, with cryptography or other disruptive technologies, which allows for the improvement of the processes in operation centers, with a reduction in the use of telephone calls to perform maneuvers in real time.
Innovation Ecosystems	Proposition of a framework to manage innovation ecosystems based on national and international case studies of companies and institutions that manage ecosystems, as well as application of the model in a pilot situation in a specific laboratory, created at the University of São Paulo (USP).
Asset Management	Methodology for technical, economic and regulatory evaluation, in line with Asset Management in power transmission systems, intended to provide support, based on diagnosis, to decision making concerning assets in an integrated and unprecedented way and with the aid of computing tools.
Drones Project	Development of an integrated system to consolidate processes, methodology, technology for autonomous flight and image processing in the operation of drones for the inspection of towers, equipment, transmission lines, and rights-of-way.
IACOT	Development of a specialist system with a single and modern interface, which shows, in real time, a comprehensive and intelligent view of the operations. The goal is to help the operator make more effective and standardized decisions.



### Knowledge Journeys

Knowledge management and the incentive to search for innovative solutions are recognized by the ISA Group, which holds the event called *Jornadas do Conhecimento* every two years, aiming to recognize innovative, sustainable practices that promote connections. In the 2019 edition, whose theme was “Inspiring the future by leading the transformation,” we submitted 108 projects, of which 92 were short-listed for the second phase and, among them, 35 moved on to the final selection. As a result, we received the following awards:

**1<sup>st</sup> place in the *Entorno do Negócio* category**, with the work “Predictive algorithm to support discounts in transmission auctions.”

**3<sup>rd</sup> place in the category *Electrical Substations***, with the work “Challenges in specifying a battery bank for installation in the Bertioqa II substation.”

**3<sup>rd</sup> place in the *Transmission Lines* category**, with the work “Transmission at 500 kV with 6 cables per phase.”



**Special Mention in the *Transmission Lines* category**, with the work “Innovation in dismantling transmission lines.”

**Special mention in the *Operation Management* category**, with the work “Supervision of electromechanical and static relays in the Operation Center via remote DTW (Dielectric Thermal Withstand): operation management.”



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## Transmission of the future

In addition to the “COT of the Future,” we anticipate and support the sustainable development of the electric power sector through the creation of innovative solutions. Within the scope of “Substations 4.0,” we are working in partnership with Siemens on the advanced monitoring project for the introduction of sensors with multi-metering in the equipment (temperature, vibration, checking if the oil level is normal, etc.). The purpose is to detect normal operating conditions of the assets as a basis for a more efficient definition of the need for interventions and/or replacement. As part of this project, in October, we sponsored and participated in the 3<sup>rd</sup> Hacka Siemens. Held in Jundiaí (SP), the three-day marathon brought together professionals who work in the development of software solutions for asset management, focusing on the collection and analysis of data for preventive action in equipment maintenance.

The Lorena Substation, a project secured at the Aneel auction in June 2018, was already designed under the 4.0 concept and will be one



### Agreement with the USTDA

At the end of 2019, we executed the technical cooperation agreement with the U.S. Trade and Development Agency (USTDA). In 2020, work will begin to identify technologies and solutions to modernize substations. USTDA will allocate US\$488,000 to the initiative

of the first in the Americas to be 100% digital in the Base Network (power installations equal to or greater than 230 kV), with the replacement of cables with fiber optics to transfer data between the equipment and the command center.

## Support and participation

Throughout the year, we were present in and contributed to events that focused on innovation and the use of new technologies for the improvement of the electric power sector. In March, we attended the Open Innovation Week, which hosted more than 250 startups and 100 large companies to identify creative solutions in their segments. On the occasion, we presented opportunities and challenges for the construction of innovative projects that offer real benefits to the sector, society, consumers and companies. We also gave a talk in which we highlighted our R&D projects, with a view to creating an innovation ecosystem, coordinating companies, academia and startups. At the end of the event, we came in second place among the companies most engaged with startups, with over 330 interactions.

In May, we held the 2<sup>nd</sup> Lean R&D Workshop, where we introduced and discussed ways of developing R&D projects, presenting as a case the gains achieved with the use of drones. In August, in partnership with CTG Brasil and Aneel, we developed the Social Asset

Management Workshop, with the participation of guests from companies and universities related to the electric power sector. The event discussed challenges and opportunities and shared experiences and innovative techniques on the sustainable management of rights-of-way in transmission lines.



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leadership  
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## Cultural transformation and abilities

In order to become a reference in the market, we initiated the construction of a project to remodel the corporate culture. The entire process included actively listening to our employees: approximately 798 professionals were consulted through group conversations, interviews with leaders and online surveys.

Cultural change is also expressed in a new positioning, from which the traits that guided the way our employees act and relate, and the values we declared have evolved into ten organizational capacities that go well beyond the skills of individuals and are drivers to achieve of our 2030 Strategy.

### Organizational capabilities

GRI 102-16



**Adaptability:** We adapted our experience and knowledge, creating flexible and agile solutions to overcome the challenges of the future.



**Networking:** We build bonds of trust and interdependence, allowing for the development of sustainable partnerships and relationships.



**Innovation and entrepreneurship:** We improve what we do and create solutions and business models to create sustainable value.



**Customer-oriented:** We understand the environment and the market to offer solutions that focus on the needs of our customers.



**Talent development and continuous learning:** We attract and develop the best talents to meet current and future needs of the business.



**Operational excellence:** We guarantee excellence in everything we do, in terms of cost, risk and performance, in order to achieve the highest standards of quality, efficiency, safety and services.



**Digital transformation:** We effectively adapt digital technologies in our processes to be more efficient and improve continuously, preparing ahead to respond to future scenarios and induce new business models.



**Environmental and social management:** We guarantee solutions that are environmentally and socially viable and that privilege life.



**Ethics:** We operate in line with our higher purpose.



**Co-responsibility:** We take responsibility for our commitments and decisions and support others in developing a common purpose.



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## Contribution to development

We have been signatories to the United Nations Global Compact since 2011, committing to the principles related to Human Rights, Labor Rights, Environmental Protection, and Fight Against Corruption. In the year, 30% of our operations underwent analysis of impacts related to human rights and 64% (76) of our significant investment contracts had clauses associated with the protection of human rights and compliance with all current environmental and labor laws in Brazil. We also adopted an Anti-Corruption Policy and reinforced this topic in our Code of Ethics ([learn more in the Ethics and compliance topic](#)). **GRI 102-12 | 412-1 | 412-3**

We dedicate efforts to contribute to the sustainable development of the electric power sector and the corporate environment through our [R&D](#) and innovation projects and through our strategic participation in the following associations and entities:

- Global Compact;
- Group of Institutes, Foundations, and Enterprises (Gife);
- National Association of Research and Development of Innovative Companies (Anpei);
- Sociocultural and Business Exchange Association (Aisce);
- Instituto Acende Brasil;
- Brazilian Association of Electric Power Transmission Companies (Abrate), of which our Technical Director is Vice President and Chairman of the Board of Directors;
- Brazilian Infrastructure and Heavy Industries Association (Abdib);
- Brazilian Association of Electric Power Companies (ABCE), an association chaired by our Technical Director;
- Brazilian Association of Electric Power Sector Accountants (Abraconee);
- Brazilian Association of Publicly Held Companies (Abrasca);
- Brazilian Committee of the Regional Electrical Integration Commission (Bracier), in which our Technical Director is coordinator of the Technical Committee.

**GRI 102-13**



## Sponsorship

In 2019, we sponsored the IX edition of Cierted, held in July, in São Paulo. The event gathered representatives of companies and Ministries from Argentina, Peru, Uruguay, Paraguay, Ecuador and Brazil, in order to strengthen the relationship between entities associated with the Regional Electrical Integration Commission (Cier) and to debate the main technological trends that impact the electric power sector. On the occasion, we received recognition for a technical paper ([learn more in Recognition](#)).



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## Transmission sector

### Regulatory

The year 2019 was marked by developments regarding the Base Network of the Existing System (RBSE), with the Judiciary ruling as unfounded the legal proceedings whose injunctions prevented the receipt of the adjusted financial component of the RBSE. Additionally, Bill No. 4.636/2019, currently being debated at the House of Representatives, proposes the adjustment of the financial component of the RBSE to be done according to the WACC, replacing Ke.

The Periodic Tariff Review (RTP), scheduled to take place in July 2018, has also been postponed to the 2020/2021 cycle, with retroactive effect as of the 2018/2019 cycle. Advances in 2019 on this topic included the definition of a new Reference Price Bank by Aneel and submission of the report with the regulatory remuneration base of the companies for inspection by the regulator; adjustment in the methodology to calculate the WACC, which proposes 7.32% for the RTP of the transmission companies; and contributions from players to improve the remuneration methodology for Operation & Maintenance (O&M).

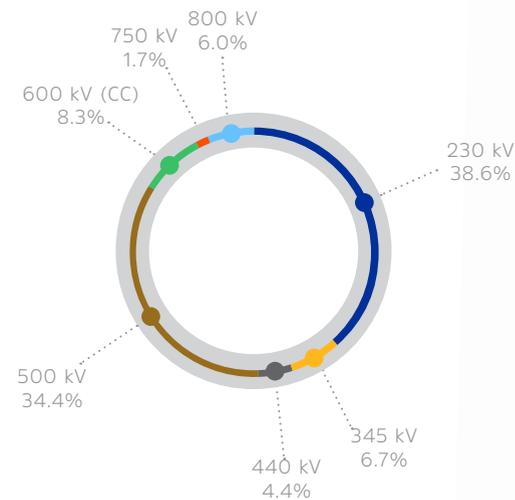
For 2020, the main regulatory challenges include ensuring full receipt of RBSE amounts and the economic and financial balance of concession agreements with the Tariff Review.

### Industry outlook

According to data from the Ministry of Mines and Energy (MME), in 2019, 8,886.5 km of transmission lines and 13,553 MVA of transformation capacity in the Base Network entered into operation (3,966 km of transmission lines and 13,061 MVA of additional transformation capacity in 2018).

Thus, in December 2019, the Brazilian Electric System (SEB) consisted of 154,430 kilometers of transmission lines, 6.1% more than in 2018 (145,543 kilometers), of which 18,600 were maintained by us (including subsidiaries and affiliated companies).

#### Power Transmission Lines installed in the SEB – Dec/2019



Considers the transmission lines in operation in the Base Network, connections of power plants, international interconnections and 190 km installed in the standalone system in Boa Vista, State of Roraima. Source: MME/Aneel/ONS.



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## Asset management

EU6 | EU21 | EU23

In our asset management program, we introduced tools to support decision making - both in project design and in asset maintenance and modernization processes. Our Asset Management Policy was presented to ONS and Aneel, which confirmed our pioneering efforts among electric power transmission companies.

As an example, we highlight our purpose of ensuring excellence in everything we do, in order to achieve the highest standards of quality, efficiency, safety and services.

The advanced age of many of the assets in the Brazilian electric power sector is a striking characteristic of energy utilities in the country. We are the first to act preventively in the modernization of our electricity park, which began in 2019, with the acquisition of 1,020 new pieces of equipment that will be installed throughout 2020.

In all, nearly 2,000 pieces of equipment are scheduled to be replaced in 2020. Thus, we launched a major renovation plan that will continue on a permanent basis, contributing to the reliability of the entire SIN.

In addition, we will use the most modern technologies to obtain gains throughout the life cycle. Our plan was also designed based on a sustainable and strategic concept, which considers not only Capex (expenses or investments in capital goods) and Opex (operating expenses), but also the quantification of risk to achieve an efficient solution, at the lowest overall cost.



### Asset management tools

Our asset management process is supported by tools that allow us to appropriately identify and prioritize activities by analyzing:



**Criticality**, which determines which assets represent the greatest potential impact to the business;



**Asset health**, which characterizes the asset's performance through an assessment of its current physical state and its likelihood of failure, also used to define maintenance strategies, retrofitting or renewal/replacement of the asset; and



**Asset improvement**, which helps to identify which assets have had the greatest impact on activities over a given period of time.

Our decisions also consider change management, which ensures the introduction of possible risks to the processes due to proposed changes, which are properly assessed and controlled.



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## Pioneering spirit and commitment to safety

We were the first power transmission company in Brazil to adopt metering transformers with a polymer casing on a large-scale, which will replace the porcelain casings, ensuring less weight, greater compaction and, in the event of failures, greater safety. That is due to the fact that porcelain casings have characteristics similar to glass, which can shatter and launch shards more than 50 meters, compromising equipment installed nearby and causing accidents.

A next step will be to evaluate the replacement of mineral oil with vegetable oil in some transformers and reactors. Vegetable oil has a much higher flash point than mineral oil and is therefore safer. In addition, this technical decision offers benefits to the environment and society, since vegetable oil has biodegradable characteristics, is non-toxic and comes from renewable sources.

## Infrastructure management

GRI 103-1 | 103-2 | 103-3 | 203-1

The highlight in 2019 was the Electrical Interconnection (IE) Itapura (Bauru – SP), our wholly owned subsidiary created from a project we were awarded in auction held in 2017 (Lot 25), which entered into operation 18 months ahead of the schedule set out by Aneel. The project consisted of installing a static compensator at 440 kV with -125/+250 MVAR at the Bauru Substation, in the city of Bauru (SP). The start of operation offers benefits to the SIN and, in particular, to voltage control in the 440 kV grid in the State of São Paulo. We thereby contribute to the economic development of one of the main business hubs in Brazil. Aneel's investment for the project, adjusted to the baseline date for the 2019/2020 cycle, is R\$138.1 million. Permitted Annual Revenue (RAP), for the same cycle, is R\$11.8 million. Also concerning the Bauru Substation, given its strategic location, in the central region of the State of São Paulo, we replaced three 150 MVA transformer banks with three of 300 MVA banks, in addition to replacing other essential equipment for said substation.

The year was also marked by:

- Energization of the Mirante Substation, to support the loads of Presidente Prudente (SP) and surroundings – work jointly conducted with the distributors in the region;
- Reconductoring of the transmission lines in the region of Barra Bonita (SP), to increase the power flow capacity and increase the reliability of the system during operation in contingency regimes and with different dispatch conditions;
- Improvements in the Aparecida substation, located in the region of Vale do Paraíba (SP), and in the Cabreúva substation (SP);
- Investments to serve the Western Region of the State of São Paulo, on the border of the State of Mato Grosso do Sul, for the flow of energy from generating power plants;
- Renovation of assets at the Henry Borden substation, located in the region of Baixada Santista (SP);
- Among other relevant reinforcements to the SIN, we have, for 2020, the installation of the second 500/440 kV transformer at the Taubaté substation (SP) (project ongoing).



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In total, in 2019 we invested R\$771 million in projects that will contribute to increasing the reliability and safety of Brazil's transmission system and to the expansion of new lines and substations, in addition to providing more technology to the operation – in line with the value creation and quality and efficient expansion of the electric power transmission system.

### Energy planning and infrastructure development EU19

We actively participate in the preparation and consolidation of the planning for the sector, contributing with solutions to balance the national electric power sector, minimize systemic risks and consolidate a sustainable portfolio of future projects. That's because we believe that the planning phase is of fundamental relevance for a robust electric system prepared for the development of the country.

Decision-making processes for energy planning and transmission infrastructure development are under the responsibility of sector agencies such as the Energy Research Company (EPE – Empresa de Pesquisa Energética) for medium and long-term planning, and the ONS for short-term planning.

Planning the expansion of the Brazilian electric system is consolidated based on the Ten-Year Transmission Plan and the Transmission Expansion Program (PET), with a five-year horizon. The PET stems from studies jointly developed by EPE and players in the sector, through Groups of Regional Transmission Studies. There is also in place an Expansion and Reinforcement Plan (PAR), with a three-year horizon, developed by the ONS, with a short-term vision. Based on consensual solutions between these groups of regional studies, the necessary infrastructure works are defined for the expansion of the country's electric system, which we continuously monitor, so that we are always prepared to perform competitively.

### Achievement in auction No. 02/2019

An important achievement was securing the three lots we bid in transmission auction No. 02/2019, held by Aneel on December 19, reinforcing our strategy and growth journey in the power transmission market in Brazil. Lot 1 has a Permitted Annual Revenue (RAP) of R\$38 million and a maximum construction term of 60 months. Lot 6 has a RAP of R\$5 million and a maximum construction term of 42 months, while Lot 7 has a RAP of R\$33 million and a maximum construction term of 60 months. With the new projects, in which we will invest R\$1.3 billion in the coming years (Aneel value), we will take even more power and connections to the states of Rio Grande do Sul, Mato Grosso do Sul, São Paulo and Minas Gerais.

To increase reliability by enabling safe operation in contingencies, Leste Substation installed equipment for the protection system and a new backup transformer, and replaced the equipment defined in our Asset Management Policy. In addition to this substation, other facilities are receiving this plan renovating priority assets, which will also offer greater reliability to the SIN.

## Leste Substation

On January 31, 2019, a fire broke out in equipment at the Leste Substation, causing power outage. The subject equipment was undergoing daily inspections and showed no signs of problems; nevertheless it was replaced after the incident. In addition, as soon as the fire started, the teams of Enel, the local distributor, were quick to relocate the loads dependent on the Leste Substation to other substations that we supply. The incident was due to the high temperatures and high power consumption recorded in early 2019, which placed additional stress on the equipment and increased the likelihood of failures and defects.



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## Operational excellence

### EU6

In addition to ongoing investments in maintenance and modernization of our assets, we have adopted world-class benchmarks, such as The International Transmission Operations & Maintenance Study (ITOMS) indicators to maintain and improve our operational excellence. We are the only company in Brazil to participate in this program, which measures the performance of electric power transmission companies in several countries.

Through our participation in the Brazilian Committee of the Regional Electrical Integration Commission (BRACIER), we also have the opportunity to learn about and share quality practices. Additionally, we hired a specialized

consultancy in asset management, which offers a global view of best practices, since we always compare ourselves to the most advanced companies in the world.

Thus, we carefully monitor our levels of operational performance and efficiency.

Throughout 2019, two occurrences recorded in January (Leste Substation and Sul Substation), led to an increase in operating results. In order to prevent occurrences and ensure greater reliability of the system, we are making major investments to put in place a reinforcement and improvement plan ([learn more in Infrastructure management](#)).

**Average line availability:** We maintained the result achieved in 2018, with an average availability of our lines at 99.99%.

### Electrical Energy Not Supplied (IENS):

Measures the effectiveness of guaranteed energy supply. This indicator was 0.001% in 2019, while the indicator for the SIN was 0.002%.

### Equivalent Frequency Interruption (FREQ) and Equivalent Duration of Interruptions (DREQ):

These indicators measure, on average, the number of occurrences and frequency of power outages.

## Technical indicators

### EU28 | EU29

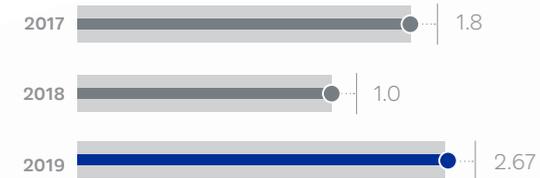
### Equivalent Frequency Interruption (FREQ)

(times a year)



### Equivalent Duration of Interruptions (DREQ)

(minute)



— Aneel goal  
— Results



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## New projects

In order to communicate the progress of our portfolio of assets under construction, we present the status, at the end of 2019, of the projects from the lots auctioned in recent years:

**IE Itapura (Lorena):** The project is located in the State of São Paulo and comprises the installation of a 440 kV (-125/+250) static MVAR compensator at the existing Bauru substation. Installation of this equipment in the substation guarantees benefits for the SIN and, in particular, the voltage control in the 440 kV grid of the State of São Paulo. The works began in the second quarter of 2018 and were completed in the third quarter of 2019, when the project obtained the Definitive Release Term (TLD) from the ONS regarding the beginning of its full commercial operation on August 27, 2019.

Lot 10 of transmission auction No. 02/2018 was incorporated into this SPE, formed by the installation of a 440 kV substation with maximum power of 1,200 MVA, in the city of Lorena, State of São Paulo, and a 6-km double circuit transmission line. In August 2019, the subsidiary obtained an Installation License (LI) issued by the Environmental Company of the State of São Paulo (CETESB), for the project's substation, starting the works immediately thereof.

**IE Paraguaçu:** The project is located in the states of Bahia and Minas Gerais and is formed by the implementation of 338 km

of transmission lines. In May 2019, the transmission company obtained the Installation License for the project, issued by the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA), and the works began in the second quarter of 2019.

**IE Aimorés:** The project is located in the state of Minas Gerais and is formed by the implementation of 208 km of transmission lines. In April 2019, the subsidiary obtained the Installation License issued by Ibama and the works began in the second quarter of 2019.

**IE Itaúnas:** The project is located in the state of Espírito Santo and is formed by the implementation of 79 km of transmission lines, which will interconnect the 345 kV Viana 2 Substation to the João Neiva 2 Substation, the construction of the new 345/138 kV João Neiva 2 Substation and the expansion of the 345 kV Viana 2 Substation. The subsidiary started the construction work on the Viana 2 Substation in the third quarter of 2018. Installation Licenses for the transmission line and the João Neiva 2 Substation were issued in August 2019, approving the start of the works on the João Neiva 2 Substation and the transmission line for the third quarter of 2019.



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**IE Ivaí:** The project is located in the state of Paraná and consists of the implementation of three substations with a total power of 2,988 MVA, in addition to 599 km of double circuit transmission lines. The works began in October 2019.

**IE Tibagi:** the project is located in the states of São Paulo and Paraná and is formed by the implementation of an 18-km transmission line and a 230/138 kV substation. The subsidiary received the Installation License from Ibama in July 2018 and began works in the third quarter of that year.

**IE Itaquaré:** The project is located in the state of São Paulo and comprises the implementation of three 500 kV (-180/+300) synchronous compensators at the Araraquara 2 Substation (existing, operated by State Grid). Installation of this equipment guarantees benefits for the SIN and, in particular, the voltage control for the 440 and 500 kV system of the state of São Paulo. The subsidiary began operations in the third quarter of 2018.

**IE Aguapeí:** The project is located in the state of São Paulo and consists of the implementation of substations with a total power of 1,400 MVA, and 111 km of transmission lines. In June 2019, the subsidiary received all Installation Licenses issued by CETESB and started works in the third quarter of 2019.

**IE Biguaçu:** The project is located in the state of Santa Catarina and consists of the implementation of a 300 MVA substation, the expansion of a substation and the construction of a 57 km transmission line, including overhead, submarine and underground sections.



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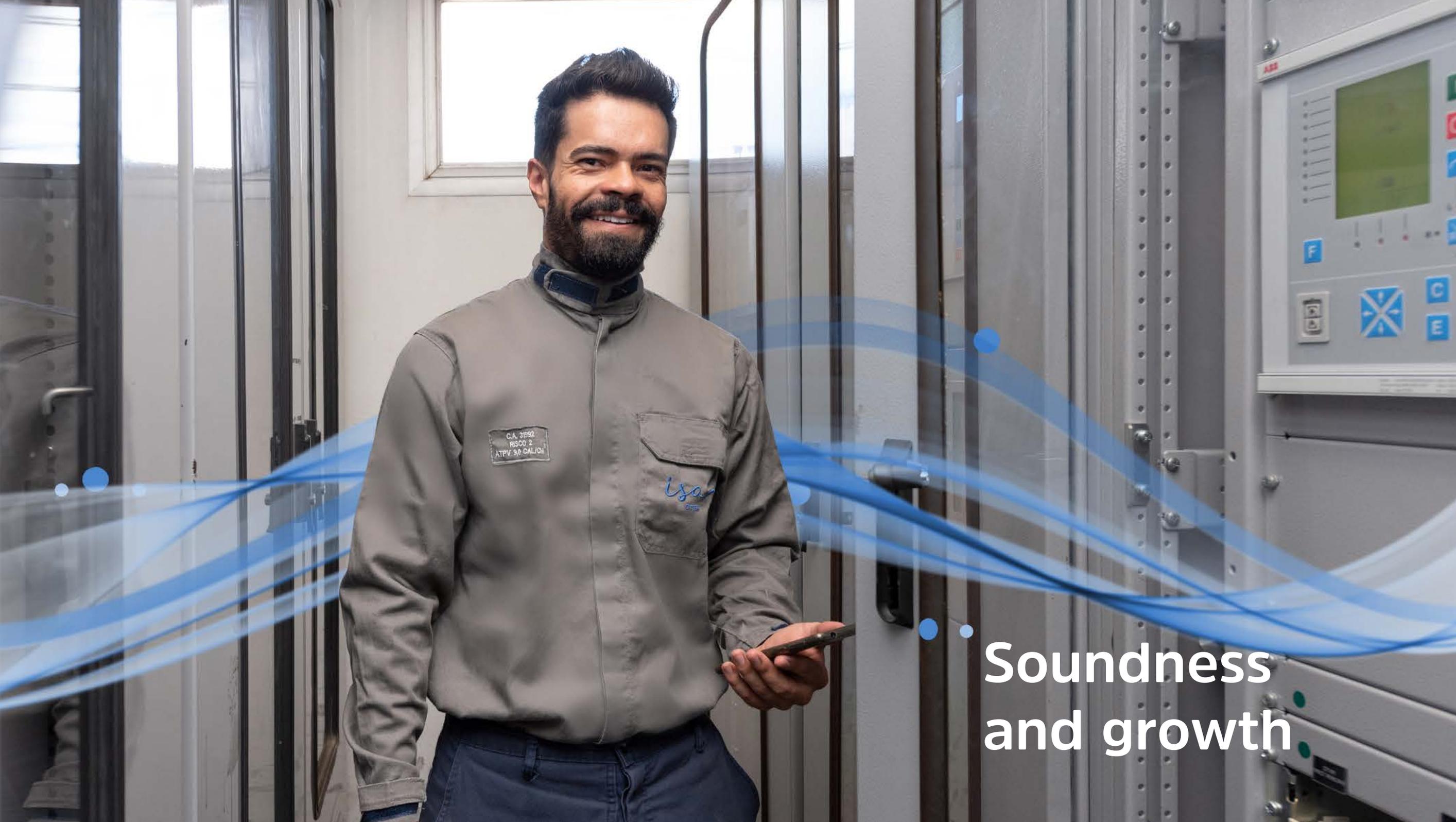
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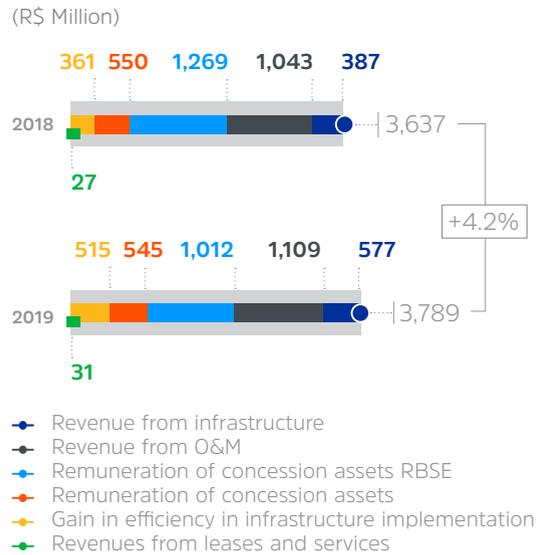
Soundness  
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## Economic and financial results

GRI 103-1 | 103-2 | 103-3 | 201-1 | 201-4

### Gross operating revenue<sup>(1)</sup>

Our gross operating revenue totaled R\$3,789 billion in 2019, up 4.2% over 2018, driven by the increase of 49.1% in revenue from infrastructure, in the same comparison.



(1) For the disclosure of our economic and financial results and those of our subsidiaries, we follow Technical Pronouncements CPC No. 47 – Revenue from Contracts with Customers (IFRS 15) and CPC No. 48 – Financial Instruments (IFRS 9).

### Revenue from infrastructure

In 2019, we recorded infrastructure revenue of R\$577 million, 49% higher than in 2018. This result is mainly explained by higher revenue at the subsidiaries (R\$214 million), due to the progress in the works of the projects secured in the last auctions; and by the reduction of R\$24 million in reinforcements and improvements in the parent company in the period.

### Revenue from Operation & Maintenance

Revenue from Operation and Maintenance totaled R\$1,109 billion (6% over the previous year), due to the regulatory charges incorporated into the revenue (R\$47 million); positive variation of the IPCA (R\$31 million); and the start-up of new reinforcement and improvement projects (R\$11 million), partially offset by the higher discount of the variable portion (R\$23 million).

### Revenue from remuneration of concession assets

The remuneration of RBSE's concession assets totaled R\$1,012 billion in 2019, 20% lower than the previous year, mainly due to the positive impact of R\$187 million in 2018 (non-recurring) of the change in accounting for the inflationary effect (IPCA) from an annual to a monthly basis, and the negative impact of R\$71 million referring to the adjustment of RBSE's flow of receivables using the internal rate of return of the balance of receivables.



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Remuneration of the concession assets totaled R\$545 million, stable compared to 2018 (R\$550 million).

Efficiency gains in the implementation of infrastructure totaled R\$515 million in 2019, up 42% from 2018, mainly due to the entry into operation of IE Itapura and our reinforcement and improvement projects. The efficiency gain is determined by comparing the costs incurred in the implementation of the infrastructure and the future cash flow (RAP) discounted by the regulatory WACC for reinforcement and improvement projects and the auction WACC for greenfield projects.

### Other revenue

In 2019, our revenue from leases and services (basically infrastructure lease from fiber optics telecommunication cables and lightning rods) was 18% higher than in the previous year, totaling R\$31 million.

### Deductions from operating revenue

Deductions from our gross operating revenue – which refer to taxes (PIS/ Cofins) and regulatory charges (Energy Development Account – CDE – Global Reversal Reserve – RGR, R&D, Incentive Program to Alternative Sources – PROINFA – and inspection fee) – reached R\$484 million in 2019 (7% more than in 2018), mainly due to the R\$29 million increase in the CDE tariff for free consumers and PROINFA (R\$3 million).

### Net operating revenue

In 2019 our net operating revenue reached R\$3,305 billion, 4% higher than 2018, which was R\$3,185 billion.

### Administrative expenses and Operation & Maintenance (O&M) and infrastructure costs

Administrative expenses and costs for infrastructure implementation and O&M services in 2019 reached R\$1,146 billion, up 23% compared with R\$892 million recorded in 2017. Infrastructure costs are in line with the variation in infrastructure revenue and reflect the progress of the works.

O&M costs were R\$403 million, 10% higher than 2018, with the increase mainly explained by the growth in personnel costs, as a result of the collective bargaining agreement, of 4.7%; higher spend on materials and maintenance services for assets (transmission lines and substations); and the reimbursement of IPTU (property tax) credits from previous years, which positively impacted the 2018 result by R\$11 million (non-recurring). Such items were partially offset by the reduction in spend on leases and rentals after the adoption of CPC 06 (R2).



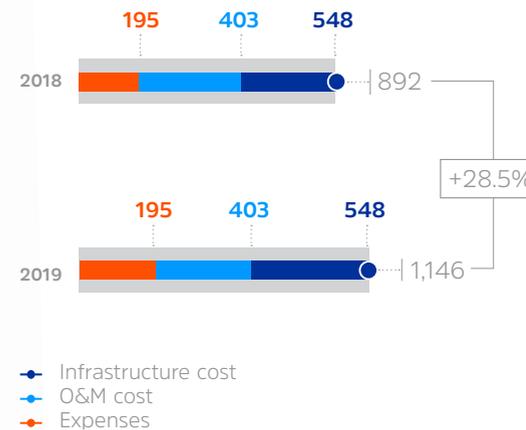
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General administrative expenses totaled R\$195 million in 2019, up 17% from the previous year. The result was mainly caused by the increase in personnel expenses due to the collective bargaining agreement; the increase in the line of services with legal fees (non-recurring); and the reversal of the provision for contingencies in 2018, due to the review of prognosis of legal proceedings.

R\$ million



### Other revenue and operating expenses

The result of other net operating income and expenses was R\$4 million in 2019. In 2018, we reported R\$35 million in other expenses due to the adjustment of the interest previously held in the acquisition of control interest of IE Sul.

### Equity accounting

In 2019, we recorded equity accounting 10% less than in 2018, in the amount of R\$180 million. This variation is mainly explained by the lower result of IE Madeira, resulting from an untimely (non-recurring) tax credit in 2018, partially offset by the full receipt of RAP as of September 2019 and the better financial result; and the negative impact of the change in accounting for the inflationary effect (IPCA) from annual to monthly at IE Garanhuns.

### Ebitda

The 2019 Consolidated Ebitda, pursuant to CVM Instruction No. 527/12, was R\$2,364 billion (4% lower than in 2018). Ebitda margin in 2019 was 72%.

### Financial result

Our financial result totaled a financial expense of R\$185 million in 2019, up 30% compared with the financial expense in 2018. This variation reflects the higher indebtedness (from R\$3 billion in 2018 to R\$3.3 billion in 2019) and the lower average balance and return on investments in the period.

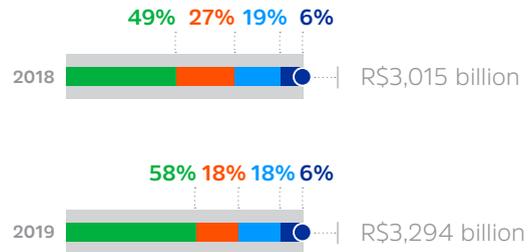


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## Income tax and social contribution

Income tax and social contribution totaled R\$376 million in 2019, with an effective rate of 17%, in line with the effective rate of 2018 (18%), mainly due to the tax benefit of interest on equity.



## Net income

Our net income adjusted for interest of non-controlling shareholders totaled R\$1,763 million in 2019, down 6% from the previous year.

## Indebtedness

On December 31, 2019, our gross debt was R\$3,294 billion, an increase of R\$279 million in relation to the balance on December 31, 2018. This increase can be largely explained by the new funding (8<sup>th</sup> issue of bonds and disbursement by the National Economic and Social Development Bank (BNDES)), partially offset by amortizations in the period.

## Remuneration of shareholders

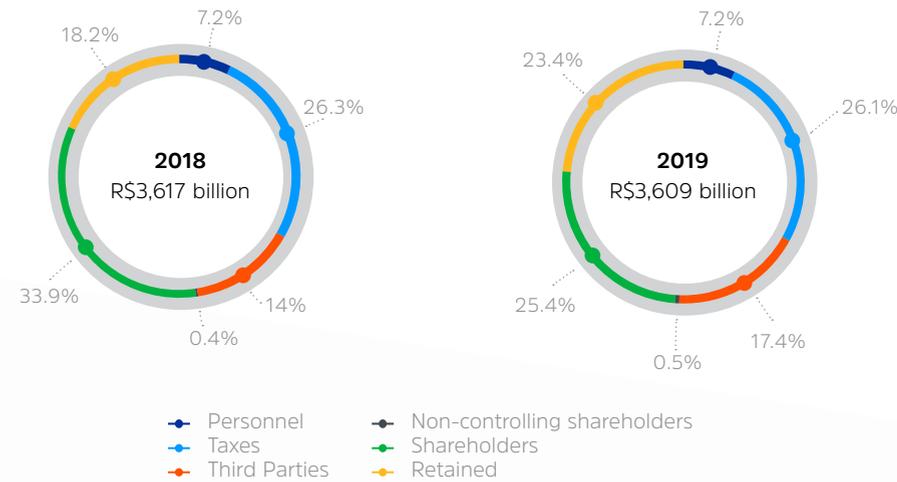
In line with our Company Bylaws, we foresee distribution of minimum dividend, with upper threshold of R\$359 million and 25% of the net income for the period. In addition, we are planning on the possibility of paying out extraordinary dividends. Our practice regarding dividends proposes distribution of at least 75% of regulatory net income, subject to approval at the General Meeting and limited to the maximum leverage of 3.0x Net Debt/Ebitda and possibility of payment of intermediate dividends, as provided for in the Company Bylaws.

Thus, distribution of dividends for 2019 was R\$995 million, corresponding to R\$1.51 per share. Payout was 56% of IFRS net income and 81% of regulatory net income. The dividend yield was 7%.

## Value-added distribution

In 2019, our Value Added totaled R\$3.6 billion, in line with the previous period.

# R\$995 million in dividends distributed to shareholders



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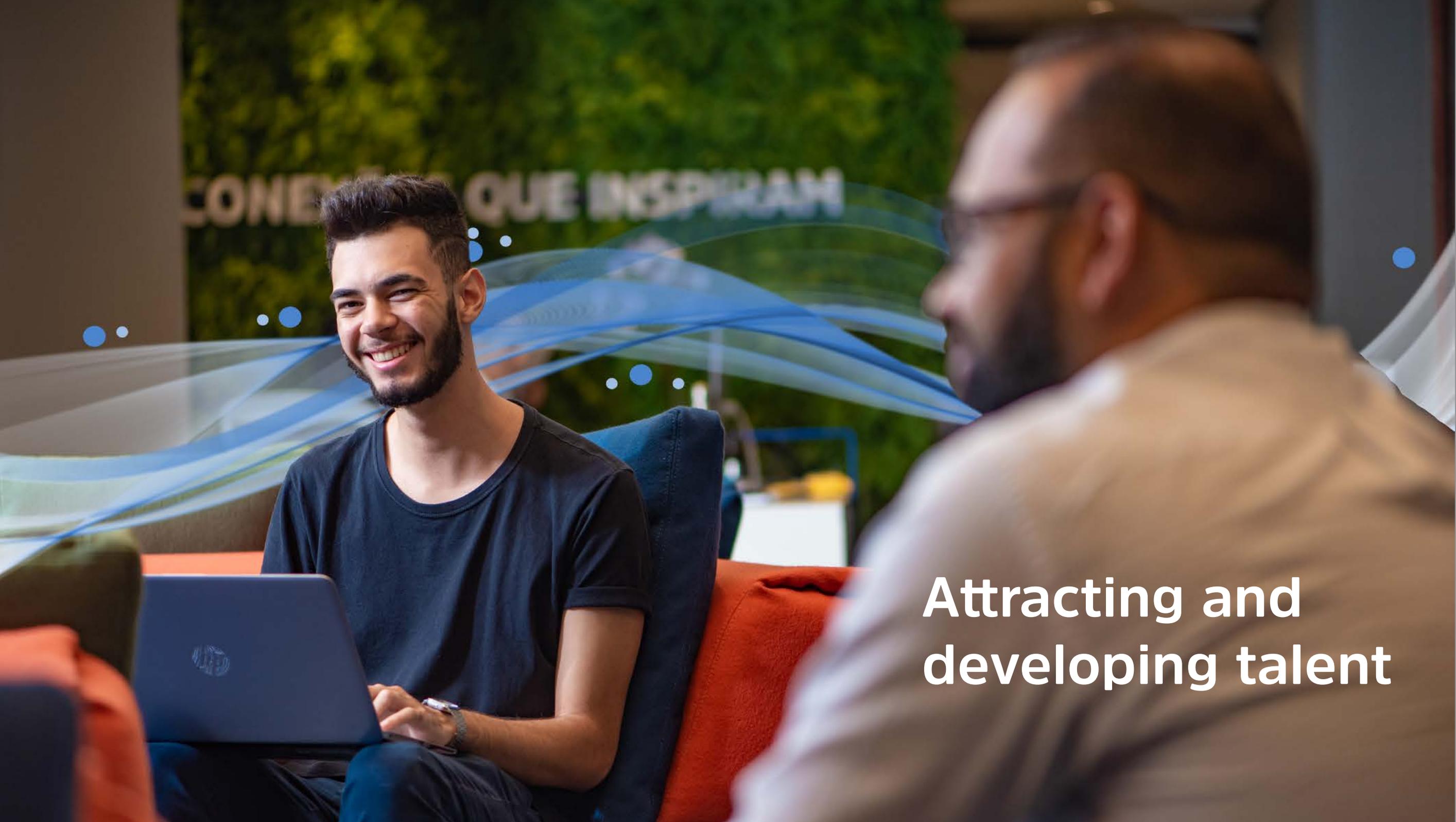
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CONEXÃO QUE INSPIRAM

**Attracting and  
developing talent**

## People Management

GRI 103-1 | 103-2 | 103-3

Like many other processes and practices, in 2019 we advanced in our people management model, based on a more strategic approach, aimed at:

- **Ensuring business sustainability**, with strategic talent management, seeking solid results today and preparing our teams for future needs;
- **Evolving the corporate culture**, seeking the necessary capabilities to achieve our 2030 strategy; and
- **Reorganizing our structure**, with a focus on organizational efficiency and operational excellence.

Guided by these objectives and looking to improve the support to the areas, we reorganized our Organizational Talent area with specialist areas and the strengthening of the role of the business partner, in order to guarantee the dissemination of best practices in people management and strategic knowledge for all.



### New headquarters

Our new workplace is another element in the evolution of our corporate culture. With employees allocated in open spaces, the purpose is to encourage adaptability in order to support the development of resilience, empathy and discipline. In addition, this layout helps build networks and interpersonal relationships – by being closer, professionals communicate personally, which streamlines interactions

and decision making. Company headquarters occupies three floors of a modern building with sustainability concepts, which conveys a non-hierarchical atmosphere, promoting proximity and stimulating important conversations in more relaxed settings, such as a cafe and lounge or in meeting rooms, when more privacy is needed. In addition, there are no demarcated spaces, which encourages the collective care.



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## Talent identification

Looking to increase the effectiveness of our talent mapping process, we have adopted a new assessment methodology. Through this methodology we analyze learning agility, motivation, ambition and behavioral traits that match our Leadership Brand, which are essential for current and future leaders in strengthening our business objective. This process is instrumental to achieve our 2030 Strategy, which requires leaders who are adaptive, flexible and attentive to the development of their teams and their impact on the business and the world. In addition, it relies on one of our organizational capacities – Talent development and continuous learning – in order to drive business growth.

## Leadership Brand – Our leaders connect people, making each connection an inspiring act

### They inspire and guide the achievement of our strategy:

They have an innate skill that inspires confidence of those around them, whether through straightforward communication or leading by example.

### They manage culture change and transformation:

With an orderly change process, leaders promote a conducive environment for the development of new attitudes and behaviors.

### They take on major challenges and guarantee the achievement of excellent results:

They learn their most important lessons through challenges and use difficulties as performance drivers.

### They are responsible for their development and the development of their teams:

They make a daily commitment to search for development.

### They promote learning and collaboration:

They are the examples of things that instigate. They create conditions for the team to expand their capabilities and have synergy among members.

Brand attributes are used in the talent identification process and in the development of current and future leaders, as well as at different levels and positions, since all employees are, or can become, leaders in different projects and initiatives.



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### New ways of working

We carry out a series of initiatives that focused on modernizing the way we work, mainly supported by the digitalization of our various processes.

Seeking to stimulate co-responsibility and adaptability, we have in place a flexible work pilot plan. This plan includes flexible working hours and the possibility of working remotely. The initiative is intended to improve the quality of life for employees, recognizing that each person has different responsibilities and schedules. In addition, it aims to improve diversity, integrate different business capacities and create career opportunities. Additionally, it brings about positive environmental impacts, such as the reduction of emissions resulting from commuting.

### Critical knowledge

A milestone in 2018 was the mapping of critical knowledge for our organization, as well as the employees who possess such knowledge. In 2019, we initiated actions to manage this knowledge, seeking its continuity within the organization, through specific training and a program to transfer knowledge from senior professionals close to retirement.



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## Training

GRI 103-1 | 103-2 | 103-3 | 404-1 | 404-2 | 410-1 | 412-2 | EU14

We invested R\$1.3 million in the training of our employees in 2019, the year in which we operated in corporate education through three centers: Leadership, Excellence and Development. For leaders, we conducted several actions, according to the cultural interventions. We promoted, among others, a workshop on change, awareness of the new work arrangements, discussions on performance and succession, in addition to training to develop flexibility, resilience and creativity. Another process that was intensified was the executive onboarding, essential for the fast acculturation and performance of our new leaders.

At the Excellence and Development center, we offered mandatory and technical training, which represented 70% of our financial investment in training, including security and cross-sectional topics, such as negotiation, communication, conflict management, time management and interpersonal relationships. Other highlights were an online environmental management training course, available to all employees, and the Digital Transformation fair, where our employees learned about the new technological trends in the market.

We also have in place the Education Incentive Program, which includes subsidies for external training – undergraduate, graduate, master's and languages – and is offered to professionals with at least one year with the company and solid performance. In the year, 58 professionals were benefited.

In all, 110,000 hours of training were provided, equivalent to almost 80 hours per employee. For 2020, we will do additional work on knowledge management and launch the “transformative dialogues,” using a shared learning methodology, considering collaboration. Another initiative already planned is behavioral training on topics such as emotional intelligence and non-violent communication, in addition to the adoption of a self-enrollment model in the training courses offered.



**110,000**  
hours of training  
(58,000 hours  
in 2018)



**R\$1.3 million**  
invested in training



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## Performance evaluation

GRI 404-3

We value feedback as a form of development and, since 2017, we have used the tool Nine Box in performance evaluations, whose analysis considers reaching agreed-upon goals – always cascaded from a strategic goal – and the performance skills needed for each job. There is also a calibration phase, carried out by a multidisciplinary committee, for the integral assessment of deliverables and observed behaviors, which support the preparation of the Individual Development Plans (PDI).

In 2019, a total of 1,342 employees were evaluated and received feedbacks for their career development, representing 95.99% of full-time employees.

## Climate management

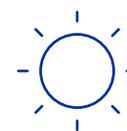
For the past three years we obtained one of the best results in our Organizational Climate Survey, reaching the 48<sup>th</sup> position in the Great Place to Work (GPTW) ranking and 83% favorability according to the Hay Group survey, keeping us in the market benchmark group for climate management. Behind these achievements is the concern for the well-being of employees, expressed in programs such as recognition + Conexões Com Você and Vida 360°, that deal with quality of life and health, in addition to the preparation of agents of change and the encouragement of co-creation and co-responsibility, among others.

The tributes to our employees also contributed: we celebrated the legacy left by our professionals who complete 25, 30, 35 and 40 years with the company in an event called Histórias que se Conectam (Stories that Connect) and, in 2019, recognized 97 professionals who, accompanied of their family members, enjoyed an evening of major celebration. The celebration was also the stage for the communication of the winners of + Histórias com você 2019 – our program where employees report or have their story told by other coworkers.

## Diversity and Inclusion Program

GRI 103-1 | 103-2 | 103-3

In 2019 we launched our Diversity and Inclusion Program, called *Outros Olhares*, which carries out initiatives geared to diversity, addressing the inclusion of people with disabilities, sexual orientation and gender and differences in ideals and generations.



**83%**  
favorable climate,  
according to  
methodology of  
the Hay Group



**48<sup>th</sup>**  
position in the  
ranking of the GPTW



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## Health and Safety

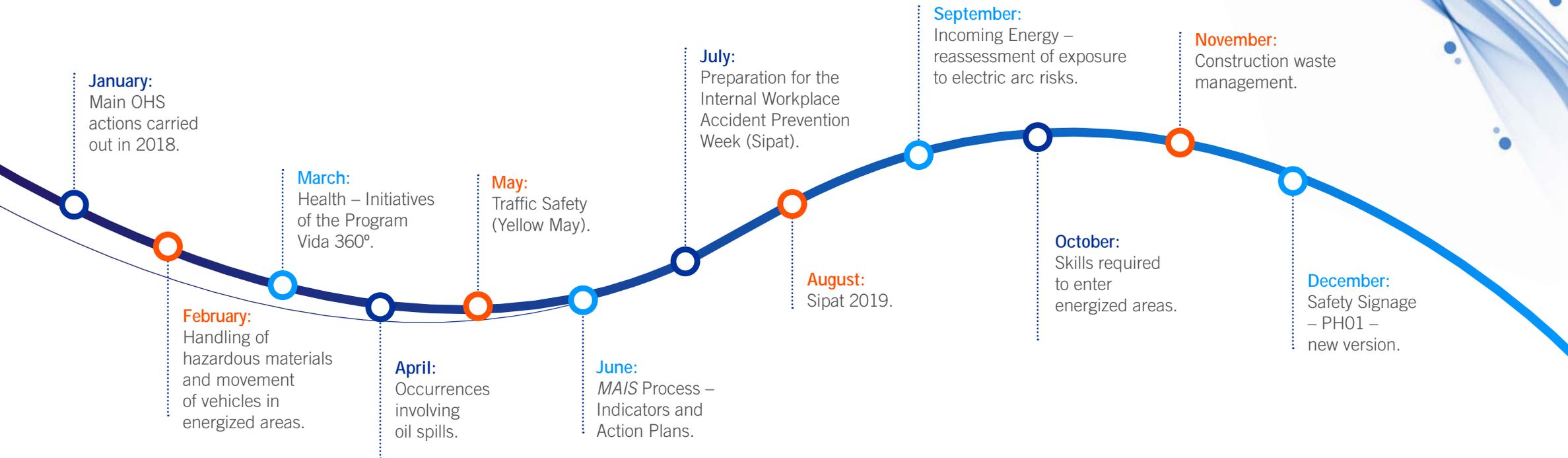
GRI 103-1 | 103-2 | 103-3 | 403-2 | 403-3

The commitment to the safety and health of the professionals who work in our line of activities is expressed in our internal rules and in the Occupational Health and Safety Policy, which must be strictly followed by everyone – employees, suppliers, third parties and other stakeholders.

This commitment is consolidated in a dedicated structure in our operations and projects whose main objective is to make safety a value for everyone.

Our practices are discussed in a Management Committee for Occupational Health and Safety, which holds monthly meetings with employees from different hierarchical levels to discuss topics such as mandatory training, Health and Safety (HS) indicators and safe behavior, among others, in order to propose actions and measures to reinforce safety. **EU16**

Our management of Occupational Health and Safety (OHS) also encompasses the actions of the Internal Commission for the Prevention of Occupational Accidents (CIPA), responsible for supporting the culture of safety and enforcing the norms to guarantee health and well-being. In this sense, Safety Meetings are held on a monthly basis in the units that have a CIPA in place, with participation of employees of contractors and discussions of the most relevant topics, previously defined. In the year, the following topics were addressed:



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## Internal Workplace Accident Prevention Week (Sipat)

In 2019, SIPAT focused on ensuring safety in our maintenance and modernization plan, with a focus on the life cycle of assets, in addition to addressing related and relevant topics such as the environment, technology and innovation. The motto, in loose translation, was "Safety based on reliability – V.I.D.A. (LIFE) is only sustainable with Reliability and Safety," which is in line with our 2030 Strategy.

Since 2018, we have held a Weekly Safety Dialogue (DDS), part of the Total Attention Program, which constantly reinforces a culture of safety to employees and contractors who take part in our activities. Within the scope of Total Attention Program, throughout the year we hired a specialist company to audit the operation and maintenance processes, in which compliance items were observed in relation to operational activities and adherence to OSH topics. The results were compiled in reports with points for improvement, directly handled with the coordinators of the Regional Offices, with the support of the local HS technicians. **GRI 403-1 | EU18**

Our safety actions are also structured in the process called *MAIS – Mudança de Atitude Inspira Segurança*, which loosely translates to "Changes in Attitude Inspire Safety," whose main objective is to foster safe behavior through the training of "observers," who are professionals responsible for planned and volunteer monitoring of field activities. Thus, we established a routine to identify behaviors and conditions that could pose risks, with the consequent adoption of control measures. In 2019, we started the digitalization of the *MAIS*, with the development of an app to

improve and streamline field observation activities. In addition, due to its good results, *MAIS* is being used as a model process in the implementation of a behavioral program within the ISA Group.

We also have in place the program called "+ *Segurança com Você*," (More Safety with You), one of the acknowledgment initiatives of the program "+ *Conexões com Você*" (More Connections with You), which encourages the adoption of safe habits and behaviors at all hierarchical levels, and promotes safety management for employees and contractors.

Given their relevance, OHS topics are also covered in 100% of the Collective Bargaining Agreements, including, but not limited to, workplace accident reports, employment stability for one year in case of an accident, election of Cipa members and regular meetings on occupational health and safety. **GRI 403-4**

Throughout the year, we recorded a total of 22 lost-time accidents involving third parties and employees (nine more than in 2018) and 14 accidents without lost time. All of them were carefully analyzed in order to adopt improvements that could help prevent future occurrences. **GRI 403-2**



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## Safety assurance

We monitor activities that include Working with Voltage to ensure safety, and activity leaders receive psychological assessment and technical training. **EU18**

In the same vein, we conducted all mandatory training courses in the year – such as Regulatory Standards 10, 35 and 33 – and participated, in Peru, of Grupo Isa's First OHS Meeting, aiming to standardize best practices and design of OSH processes for the implementation of the Expertise Center in affiliated companies.

## Well-being and health

In 2019, we reinforced our performance in the program *Qualidade de Vida – Vida 360°* (Quality of Life – Life 360°), launched in 2018. Its main purpose is to act to adopt healthier habits that promote well-being, inside and outside the corporate environment. In the year, in addition to

initiatives on six pillars based on the concept of promoting health by the World Health Organization (WHO), *Vida 360°* promoted employee interaction. To this end, the following events were held: a bicycle tour; Family day in Bauru (SP), with a race and hike; the 1<sup>st</sup> ISA CTEEP Football Cup; and Street Races in the Regional Offices.

## Health promotion pillars – WHO



**Physical health:** Based on a balanced nutrition and regular practice of physical activities;



**Professional health:** Encompasses the relationship between individuals and their workplace;



**Social health:** Addresses the relationship between individuals and society, including interpersonal relationships (among employees themselves, their families, friends, and community, etc.);



**Spiritual health:** Encourages the search for the meaning of having a purpose in life, which facilitates facing everyday difficulties and problems;



**Emotional health:** Related to self-esteem, by reinforcing the importance as an individual, in addition to the roles assumed as father/mother, sibling, son, daughter, friend, employee, etc.; and



**Mental health:** Related to the cognitive area, helps "filter" things that really matter in a context where people are constantly exposed to new information.



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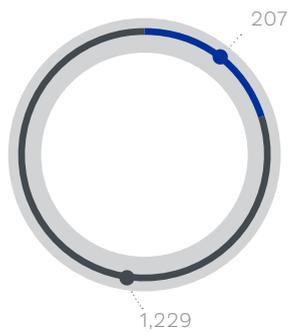


## Teams

GRI 102-8 | 103-1 | 103-2 | 103-3 | 401-1

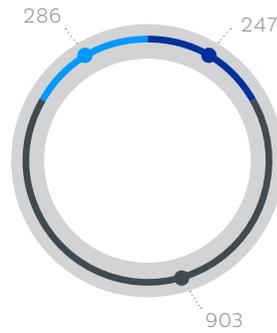
At the end of the year, we had 1,436 employees, of which 1,229 were men and 207 women – a 5.8% reduction (1,524 employees) compared with 2018. Our turnover rate was 9.4, up 18.9% over the previous year (7.9). GRI 401-1

### Employees by gender



— Women  
— Men

### Employees by age



— < 30  
— 30 to 50  
— > 50

# Programa de Estágios 2019



## Internship Program

Focused on being a gateway for talented young professionals, with an accelerated learning curve, the purpose of our Internship Program is to train employees who can contribute to the achievement of the 2030 Strategy, ensuring the sustainability of our business and strengthening our talent pool.

Students in the sophomore or senior year of university can participate in the program, with skills such as learning agility, commitment and availability, teamwork, responsibility,

inquisitiveness and leadership. At the end of the 2019 cycle, we awarded winning internship projects in three categories: Technical, Engineering and Administrative. The projects were developed throughout the last year of their participation in the program and provide space for interns to propose innovative solutions for our business, many of which are implemented on a daily basis as part of the process of continuous improvement of the areas. In the year, we also hired 10 trainees, or 24% of the participants in the program in 2019.



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**Strategic alliances  
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# At the end of 2019, 99.7% of our hires were local. Also, of the total number of suppliers, 23% were screened using environmental and social criteria

## Supplier management

GRI 102-9 | 102-10 | 103-1 | 103-2 | 103-3

Gains in 2019 obtained from managing our supply chain include sharing our commitment to ethics and compliance issues, such as anti-corruption practices (see more in the [Ethics and compliance topic](#)) and advances in the prequalification process, started in 2018, and the supplier assessment – both in line with the ISA Group model.

We have also dedicated efforts to the development of a Procurement Plan, which will be made available to the market in 2020, with the forecasts of future acquisitions. The goal is for our current and potential partners to prepare for a more agile, efficient and qualified delivery of services and products. The plan also includes a partnership strategy, already in force in 2019 and promoted through workshops with internal areas and suppliers. The idea is to invite companies to propose new solutions, which allow for more advantageous procurement in terms of costs,

specifications and technologies, and provide greater competitiveness to the partners themselves, strengthening partnerships. In the year, we held a first workshop to present our plan for the renovation of assets and modernization of facilities (learn more in the [Infrastructure management topic](#)), in search of faster deliveries. More than 30 building contractors were present at the event and had access to the construction schedule, explanations, clarification of queries and scheduling of technical visits, and were able to express in which region they are interested in working. As a result, approximately 16 companies will operate in 61 substations to be modernized.

At the end of 2019, 99.7% of our hires were local. Also, of the total number of suppliers, 23% were screened using environmental and social criteria [GRI 202-2](#) | [308-1](#) | [414-1](#)



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## Stock management

We have in place minimum and maximum stock parameters and criteria for readiness stock, segregated based on the needs of maintenance activities and new business and, in 2019, we started a project to improve this management. We are conducting a critical mapping of the list of items stocked in our central warehouse in Bauru (SP) and in the 15 readiness units, in order to obtain more assertiveness in defining our purchasing needs. In addition, through this study, we will be able to dispose of products and, in the future, seek evolution in reverse logistics actions.

## Recognition

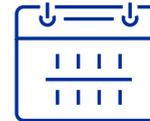
In April 2019, we held an event to recognize the suppliers that stood out the most throughout the previous year. Aware that our activity depends on partnerships with companies committed to the same level of excellence and engagement with sustainability, we adopted the following criteria for the award:

### 2019 recognition criteria



#### Prequalification

Analysis and verification of certificates and financial health.



#### Service

Performance analysis related to compliance with the contract and agreed-upon schedules.



#### Quality

Analysis of the quality of products and services provided, cooperation, compliance with technical specifications, teamwork and promptness in resolving possible issues.



#### Management

Compliance with delivery of documents to start services and contract documents.



#### Occupational health and safety

Analysis of compliance with occupational health and environmental requirements.



#### Environment

Compliance with all legal requirements, such as: training, matrix of aspects and impacts and environmental management plan during the performance of the contract.

In order to reduce risks, develop and recognize business partners, in synergy with ISA Group companies, we are structuring a new corporate Supplier Management model, which will be implemented in 2020.



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**Commitment to  
socioeconomic  
development**

## Social management

GRI 103-1 | 103-2 | 103-3 | 203-2 | 413-1 | 413-2

When designing our projects, we seek the least possible interference in residential and commercial facilities and in the vegetation, focusing on a peaceful and sustainable coexistence between the assets, the surrounding community and the environment. Additionally, where feasible and safe, we seek to use some of our land for social benefit, such as the installation of voluntary delivery stations to minimize illegal disposal of waste. We consult with communities whenever necessary to build a relationship around our operations.

A significant portion of our transmission lines is located in urban areas, where 89% of the Brazilian housing deficit is concentrated. For this reason, our buffer zones are subject to irregular occupations, which represents risks to the population and can jeopardize the continuity of operations. In order to minimize this social problem, we invest in projects to investigate possible uses of these buffer zones and their social and environmental benefits, as is the case with the R&D project “Development of Monitoring System and Sustainable Management of Buffer Zones.” We also work closely with the Housing Departments of the municipalities where we operate to jointly seek alternatives for voluntary evictions, regardless of possible lawsuits for repossession.

## Private social investment

R\$8.09 million  
in social  
investments

12  
organizations  
benefited

Continuing with the structuring initiated in the previous cycle and after consolidating the social investment guidelines, we defined our governance model and developed the criteria for selecting projects in 2019. The period was also marked by the definition of our general lines of action, concentrated on three pillars aligned with the 2030 Strategy:



**Youth empowerment:** Social projects that stimulate the sense of citizenship, the coordination potential and entrepreneurship spirit in young people, especially those in situations of vulnerability;



**Local development:** Social empowerment for communities to access resources and assets, leading solutions to chronic local problems; and



**Environment:** Contribution to environmental protection through initiatives aimed at conserving biodiversity and fighting climate change.



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In addition to these pillars, we support initiatives through the National Program to Support Oncological Care (Pronom) and the National Program to Support Health Care of People with Disabilities (Pronas/PCD), which aim to support private non-profit entities, associations and foundations operating in the field of oncology and promoting the rights and care of People with Disabilities (PwDs).

In order to strengthen the relationship with the institutions whose projects are in sync with our lines of social investment, we decided to proceed with our contribution to some incentive initiatives from the previous cycle. The continuity of these partnerships will allow us to monitor impact indicators. In all, there were 12 projects, which received approximately R\$8.0 million, distributed under the incentive laws to culture, audiovisuals, sports, the elderly, children and adolescents, in addition to the programs conducted by the Ministry of Health, namely:

- **Virada de Cores:** graffiti workshops for young people from public schools in the outskirts of the city of São Paulo;
- **Virada Sustentável 2020:** largest sustainability festival in Latin America, with programming based on UN's 17 SDGs;

- **Protagonistas do Novo Amanhã | Centro Educacional Assistencial Profissionalizante (Ceap):** professional training and qualification, offering technical courses aimed at strengthening youth empowerment and the sense of autonomy of young people in situations of high social vulnerability;
- **Associação Feminina de Estudos Sociais e Universitários (Afesu) | Casa do Moinho:** civic, educational, and professional training of socially vulnerable women;
- **Associação Bauruense de Desportes Aquáticos (ABDA) | Athletics:** promotes the practice of sports in an appropriate environment in order to reveal young talents;
- **Instituto Gerando Falcões | Plano Anual Cultural 2020:** development of permanent cultural activities, with cultural workshops and income generation courses for people living in the outskirts of the city, and
- **Jaguar Nation:** documentary whose production will reveal in detail the way of life and the behavior of the jaguars, in order to raise awareness about wildlife protection.



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We also support health-related actions, such as the **Project to Support the Elderly**, of *Hospital do Amor*, whose mission is to promote health through quality medical and hospital care in oncology for patients of the Unified Health System (SUS); study of the accuracy of the diagnostic to assist in the therapeutic guidance for childhood and adolescent tumors (**Graacc**); and outpatient actions to assist the locomotion of patients with neuromotor disorders, of the **Irmandade da Santa Casa de Misericórdia** in São Paulo.

Among the projects that received the tax incentive in 2018 and that were developed in 2019, we highlight *Virada Sustentável*, in which we carried out various activities. One of them was the panel “The Future of Energy: Sustainability, Innovation and Consumer Empowerment,” which discussed the role of consumers and the challenges and opportunities to create a more sustainable energy mix. A second action was “*Onça no Parque | Jaguar Connection*,” at Ibirapuera Park, in which, in two days of activities, we raised awareness on the need to preserve our planet and the importance of the jaguar in the biomes they inhabit. We sponsored a space that featured an exhibition of jaguar sculptures, activities that involved live painting, application of removable tattoos and face painting, and disseminated information about the jaguar,

through a partnership with Onçafari and SOS Pantanal. At *Virada Sustentável*, we also carried out, at Unibes, a live painting action of one of the sculptures, an activity associated with the Jaguar Parade project.

We were the master sponsors of Jaguar Parade, an action through which, between October 25 and November 29, the streets of São Paulo became a large open-air art gallery. There were more than 90 jaguar sculptures stylized by different artists, 46 of which were sponsored by us through the culture incentive law. The sculptures were auctioned and half of the proceeds was directed to Brazilian entities with a focus on preserving the jaguar and its ecosystem.

### Reconstruction of shelter for jaguars

In line with our social and environmental commitment, we donated our own resources to support the Onçafari project, in the Pantanal, whose base was destroyed by a fire that devastated local wildlife and flora. The amount was used to rebuild an enclosure to rehabilitate and reintroduce jaguars and other animals into the wild.



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## Volunteering

We also increased our private social investment strategy with volunteer activities linked to causes that we advocate. In 2019, several activities were carried out, with emphasis on McHappy Day. On the occasion, our employees bought tickets that gave them the right to a Big Mac, in addition to having the opportunity to purchase several official GRAACC products, and the proceed of both were directed to this institution. In total, more than R\$85,000 were collected and, of the 4,000 tickets sold, approximately 3,000 were directed to six different social organizations in regions of high social vulnerability.

Another initiative in the year was the Coat Drive. With the support of employees, we gathered: at Headquarters, ten bags with articles of clothing; in the Cabreúva Regional office, 261 blankets and 23 articles of clothing; in the Bauru Regional office, 50 blankets and 20 articles of clothing, in addition to supporting a

collection motorcade; in the São Paulo Regional Office, a box of clothes; in the Taubaté Regional Office, 80 blankets, 153 articles of clothing and four pairs of shoes; and, in Bom Jardim, two blankets and 41 articles of clothing.

In addition, we participated in the Good Deeds Day, in Ibirapuera Park, in São Paulo, sponsoring the “Guardians of the Orchids” workshop, having distributed 200 kits of native orchids from the Atlantic Rainforest for participants to take home or replant in the park. We were also present at the Professions Fair and at the Innovation and Science Fair of the Centro Educacional Assistencial Profissionalizante (CEAP). We participated in activities to prepare young adults for the job market, such as simulating interviews and providing guidance in the development of curricula, and composed the judging panel of the innovation projects created by the students.

## ALIGNMENT WITH THE PURPOSE

**In 2019, we started to put together our Volunteer Program in order to obtain even more synergy with the causes we support and to better meet the demands of support expressed by our internal audience. The goal is to be more aligned with our purpose of leaving a positive legacy for the planet, transcending our business activities**



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**Proactive contribution  
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GRI 103-1 | 103-2 | 103-3

Our transmission lines in operation and new projects under construction are fundamental for the flow of electric power between generation and consumption. These assets allow the growth of renewable energy sources and an increasing consumption of electricity, allowing society to reduce the generation of Greenhouse Gases (GHG).

In addition, we contribute by anticipating the implementation of new projects, minimizing possible environmental and social impacts resulting from our activities, always choosing the best routing for our lines.

In 2019, we obtained the preliminary, installation and operation permits for the assets acquired in the most recent auctions, ratifying our commitment and respect for the environment and society. Thus, as we accelerate access to energy, we connect renewable sources to the National Interconnected System (SIN).

To ensure excellence in the provision of services, our management is guided by an [Environmental Policy](#), which corroborates our commitment beyond legal requirements. As a monitoring tool, we have in place



## Awareness

We always seek to act in harmony with the environment and encourage this behavior across our chain.

In 2019, we invested in raising awareness among our employees and trained 1,098 professionals on topics related to the environmental management of projects.

the Environmental Management System (SGA – *Sistema de Gestão Ambiental*). In recognition of our commitment to the environment, eight of our substations have NBR ISO 14,001:2015 certification. Starting in 2020, we will put into effect the plan to expand the number of certified substations.

In 2019, we received 11 non-monetary sanctions for environmental non-compliance. There were no significant monetary sanctions<sup>(1)</sup> of this magnitude. **GRI 307-1**

(1) Significant fines are those over US\$10,000.



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## Protection of ecosystems and biodiversity

GRI 103-1 | 103-2 | 103-3 | 304-3

We use technology in order to effectively manage assets, respecting environmental and social boundaries. An example of this is the use of drones in our inspection activities and when pulling power lines, reducing the need for pruning and other changes in tree specimens. In addition, we have increased the height of the towers and used special, lighter cables that do not require movement to reinforce the structures. We also use the gas insulated substation and hybrid modules technology in some of the projects, which allows a smaller footprint, reducing the areas occupied. **GRI 304-2**

At the end of 2019, our transmission lines were located in 1,478.73 hectares of fully protected areas<sup>(1)</sup>, recognized by current legislation. In order to mitigate possible impacts on protected areas, we comply with the requirements of environmental agencies, conducting actions such as reforestation, monitoring of wildlife, collection of germplasm, among others.

(1) For the evaluation of projects that cross Conservation Units, Full Protection Conservation Units were considered, excluding those classified as for Sustainable Use. We do not report the length of lines in buffer areas.

The total areas in conserved and/or preserved habitats under our responsibility totaled 46.43 hectares in the year. **GRI 304-1 | 304-3**

In order to enhance the environmental responses of our possible compensation for removal of vegetation, we have chosen to maintain a fully preserved forest massif in one of our properties located on the border between the municipalities of Bertioga and Mogi das Cruzes, in the state of São Paulo. With a total area of more than 14 hectares, it is located in the Serra do Mar State Park, and its preservation guarantees the maintenance of an already established forest and in ecological balance.

### Conexão Jaguar

Supporting our strategic positioning for creating sustainable value, the [Conexão Jaguar Program](#) involves all ISA Group companies and surrounding communities in the development of projects for the conservation of biodiversity and mitigation of climate change. The jaguar is an animal commonly found on the continent in which we operate, and choosing this species is a demonstration of unity and commitment to the sustainable development of the communities where we operate. Thus, Conexão Jaguar promotes the conservation of forests, the preservation of jaguars and the fight against climate change. The initiative also allows the generation of carbon credits



## Conexão Jaguar in Brazil

In 2019, we celebrated the first Conexão Jaguar project in Brazil. Through this initiative, we will mitigate climate change by conserving biodiversity and preserving the jaguar in more than 76,000 hectares in Serra do Amolar, located in the Pantanal region, State of Mato Grosso.

Known as one of the country's largest biological diversity heritage sites, Pantanal is home to approximately 4,700 species and to the largest jaguars recorded in South America to date. The species is at the top of the food chain and, therefore, is an important indicator of environmental balance. Also inhabiting the region are species such as the Giant otter (*Pteronura brasiliensis*), the Maned Wolf (*Chrysocyon brachyurus*), the Tapir (*Tapirus terrestris*), the Marsh Deer (*Blastocerus dichotomus*), the Giant armadillo (*Priodontes Maximus*), Capybara (*Hydrochoerus hydrochaeris*), Harpy eagle (*Harpia harpyja*), Blue macaw (*Anodorhynchus hyacinthinus*) and Jabiru (*Jabiru Mycteria*).

This is the fifth Conexão Jaguar project—the others have already started in Colombia and Peru—and the second largest in area.



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in priority areas for the protection of these felines. These titles are internationally certified and the resources coming from them are directed towards the continuity of actions to preserve, protect and monitor biodiversity. Conexão Jaguar also helps to improve the living conditions of rural populations and strengthens their social organizations.

## Emissions

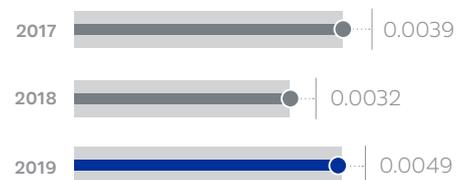
GRI 103-1 | 103-2 | 103-3 | 305-1 | 305-2 | 305-3 | 305-5

Our construction, operation and maintenance activities of transmission lines do not release significant amounts of Greenhouse Gases (GHG) when compared to others in the electricity sector. Nonetheless, in 2016, we adhered to the goal to reduce by 10% our annual emissions of SF6 (SF6 is an essential gas for the electric electricity sector given its insulating properties, but also with a high potential to contribute to global warming) in our direct operations. In 2019, we continued to work to minimize possible SF6 leaks; however there were two major leaks, which resulted in our failure to reach the emission reduction goal compared to the previous year—in the year, SF6 emissions were 18,162.80 tCO<sub>2</sub>e, up 10% over the previous year.

In the year, direct emissions (Scope 1) were 19,371.78 tCO<sub>2</sub>e and indirect emissions (electricity consumption and technical losses – Scope 2) were 842,632.68 tCO<sub>2</sub>e. In addition, in 2019 we improved our measurement of indirect emissions (Scope 3) of the GHG inventory and started to record emissions from employee commuting and transportation services performed by third parties. As part of our strategic commitment, 1.31% of the 2019 emissions will be offset soon after the publication of this Report, with credits from forest conservation projects in line with the *Conexão Jaguar* pillars.

### Carbon Intensity

Total emissions/Power transmitted (tCO<sub>2</sub>e/MWh of power transmitted)



## Carbon credits

In line with our 2030 Strategy, in 2019 we generated carbon credits through the Verified Carbon Standard (VCS), which certifies projects that reduce or eliminate tons of carbon and other GHG emissions into the atmosphere. Our credits were obtained by replacing gasoline with renewable fuels in the flexible-fuel vehicles in our fleet.

These credits are obtained by proving the reduction in GHG emissions, and each ton of CO<sub>2</sub> reduced is equivalent to one carbon credit. At the end of 2019, close to 98% of our light flexible-fuel fleet was already fueled with renewable fuel. The carbon credits obtained are intended to offset the consumption of the rest of the fleet, which has not yet been changed to flexible fuel, and other internal processes that emit GHG.



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## Resource consumption

GRI 103-1 | 103-2 | 103-3 | 302-1 | 302-4 | 303-1 | 303-2 | 303-3 | 306-2

In line with cultural transformation and our new ways of working, in 2019 we moved to a new headquarters. Located in a building that is a reference in sustainable construction, one of the first in Brazil to receive the Leadership in Energy and Environmental Design (LEED) certification, in the Gold category, the property meets the criteria for reducing resource consumption.

In order to optimize the use of materials and engage employees in the sustainability agenda, highlighting the social and environmental responsibility of each one, we implemented the 3Rs Program (Reduce, Reuse and Recycle).

We are also careful in managing consumption in our facilities. Aiming at a continuous improvement process, we adopted new monitoring procedures and automated data collection, improving the accuracy of our indicators to support decision making that optimize our processes.

At the end of 2019, we recorded energy consumption of 4,265 MWh. Total water consumed was 78,299.81 m<sup>3</sup>. Due to the process of reviewing the indicators and the increase in the scope of the data, which, as of 2019, began to consider the subsidiaries, it will not be possible to make comparisons in relation to previous years.

In our operations, we also invest in the use of rainwater and its reuse, in the correct environmental disposal of waste, and in energy efficiency. In 2019, total disposal of waste was 3,815.95 tons, 99.92% of which was sold, generating revenue of R\$5.07 million, and the rest of the waste was disposed of in compliance with the current legislation.



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# GRI attachments

GRI 304-1 | 304-3 | 405-1 | EU13

## ISA CTEEP

Operational indicators <b>GRI 102-7</b>	2017	2018	2019
Total power transmitted (GWh)	133,207	138,725	140,013
Installed transformation capacity (MVA)	47,965	48,805	48,805
Number of substations	110	110	110
Number of municipalities	402	402	402

## EVRECY

Operational indicators <b>GRI 102-7</b>	2017	2018	2019
Total power transmitted (GWh)	1,314	1,314	1,314
Installed transformation capacity (MVA)	450	450	450
Number of substations	2	2	2
Number of municipalities	7	7	7

## IE PINHEIROS

Operational indicators <b>GRI 102-7</b>	2017	2018	2019
Total power transmitted (GWh)	17,082	17,082	17,082
Installed transformation capacity (MVA)	4,200	4,200	4,200
Number of substations	6	6	6
Number of municipalities	6	6	6

## IE SERRA DO JAPI

Operational indicators <b>GRI 102-7</b>	2017	2018	2019
Total power transmitted (GWh)	7,008	7,008	7,008
Installed transformation capacity (MVA)	2,000	2,000	2,000
Number of substations	2	2	2
Number of municipalities	12	12	12

## IEMG

Operational indicators <b>GRI 102-7</b>	2017	2018	2019
Total power transmitted (GWh)	1,799	1,799	1,799
Installed transformation capacity (MVA)		0	0
Number of municipalities	13	13	13

## IENNE

Operational indicators <b>GRI 102-7</b>	2018	2019
Total power transmitted (GWh)	3,599	3,599
Installed transformation capacity (MVA)	0	0
Number of substations	0	0
Number of municipalities	19	19



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## IE SUL

### Operational indicators GRI 102-7

	2019
Total power transmitted (GWh)	3,285
Installed transformation capacity (MVA)	900
Number of substations	2
Number of municipalities	17

## ISA CTEEP

### Number of employees GRI 102-8<sup>(1)</sup>

Employment category	Unit	2017	2018	2019
	Total	Total	Total	Total
Board members	Number	20	21	21
President	Number	1	1	1
Directors	Number	4	4	2
Managers	Number	25	30	30
Coordinators	Number	86	70	71
Specialists	Number	23	25	28
Administration	Number	248	280	277
Operations technicians	Number	1,032	1,029	968
Interns	Number	45	55	28
Apprentices	Number	8	9	10
<b>Total</b>	<b>Number</b>	<b>1,472</b>	<b>1,524</b>	<b>1,436</b>

(1) Employees terminated in December are not considered in the final workforce.

## ISA CTEEP

### Number of employees by age GRI 102-8<sup>(1)</sup> | 405-1

Employment category	Unit	< 30		30 to 50		> 50	
		Men	Women	Men	Women	Men	Women
Board members	Number	0	0	1	2	16	2
President	Number	0	0	0	0	1	0
Directors	Number	0	0	1	0	1	0
Managers	Number	0	0	14	5	11	0
Coordinators	Number	0	0	36	9	24	2
Specialists	Number	0	2	11	9	6	0
Administration	Number	25	34	88	102	21	7
Operations technicians	Number	137	11	618	7	195	0
Interns	Number	16	12	0	0	0	0
Apprentices	Number	7	3	0	0	0	0
<b>Total</b>	<b>Number</b>	<b>185</b>	<b>62</b>	<b>769</b>	<b>134</b>	<b>275</b>	<b>11</b>

(1) Employees terminated in December are not considered in the final workforce.



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Value Added Statement (R\$ thousand) GRI 201-1	2017	2018	2019
<b>Revenues</b>	2,879,754	3,197,563	3,080,884
1.1) Sales of goods, products and services	2,864,941	3,182,317	3,064,013
1.2) Other revenues	14,813	15,246	16,871
1.3) Revenue associated with the construction of own assets	0	0	0
1.4) Provisions for credits of doubtful debtors - Reversal/(Constitution)	0	0	0
<b>2 – Inputs acquired from third parties</b> (includes taxes – ICMS, IPI, PIS and Cofins)	-431,845	-348,724	-354,143
2.1) Costs of products, goods and services sold	-29,066	-28,932	-33,060
2.2) Materials, energy, third-party services, and other	-402,779	-319,792	-321,083
2.3) Loss/Recovery of asset values	0	0	0
2.4) Other	0	0	0
<b>3 – Gross value added (1-2)</b>	2,447,909	2,848,839	2,726,741
<b>4 – Depreciation, amortization, and depletion</b>	-8,873	-8,347	-18,603
<b>5 – Net value added produced by the entity (3-4)</b>	2,439,036	2,840,492	2,708,138
<b>6 – Value added received in transfer</b>	326,387	737,889	784,822
6.1) Result of equity accounting	228,307	405,588	368,582
6.2) Financial income	98,080	332,301	416,240
6.3) Other	0	0	0

Value Added Statement (R\$ thousand) GRI 201-1	2017	2018	2019
<b>7 – Total value added for distribution (5+6)</b>	2,765,423	3,578,381	3,492,960
<b>8 – Value-added Distribution</b>	-2,765,423	-3,578,381	-3,492,960
8.1) Personnel	-223,517	-252,614	-255,032
8.1.1 – Direct remuneration	-148,199	-173,242	-174,630
8.1.2 – Benefits	-56,184	-58,264	-59,005
8.1.3 – FGTS (Government's severance fund)	-19,134	-19,192	-21,362
8.1.4 – Other	0	-1,916	-35
8.2) Taxes, fees and contributions	-997,197	-963,304	-873,363
8.2.1 – Federal	-967,320	-927,782	-837,070
8.2.2 – State	-884	-711	-1,320
8.2.3 – Municipal	-28,993	-34,811	-34,973
8.3) Remuneration of third-party capital	-179,197	-480,795	-601,934
8.3.1 – Interest	-166,457	-468,270	-596,974
8.3.2 – Leases	-12,740	-12,525	-4,960
8.3.3 – Other	0	0	0
8.4) Remuneration of own capital	-500,400	-1,225,000	-1,762,631
8.4.1 – Interest on equity	0	-592,000	-701,705
8.4.2 – Dividends	-500,400	-633,000	-215,754
8.4.3 – Retained profit/ Loss in the period	-865,112	-656,668	-845,172
8.4.4 – Share of non-controlling shareholders in retained earnings (for consolidation purposes only)	0	0	0



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Private Social Investment (through incentives and own – R\$) <b>GRI 203-1</b>	2017	2018	2019
Education	1,162,747,928	1,655,000	990,293.00
Institutional strengthening	-	1,630,000	3,003,252.40
Local development	-	245,000	0
Infrastructure	-	1,295,200	0
Health and well-being	1,262,875,950	4,608,640	2,193,305.38
Support to culture and sports	3,404,127,225	6,421,000	1,807,595.00
<b>Total</b>	<b>5,829,751,104.00</b>	<b>15,854,839.69</b>	<b>7,994,445.78</b>

## ISA CTEEP

Proportion of spending on local suppliers <sup>(1)</sup> <b>GRI 204-1</b>	2017 <sup>(2)</sup>	2018 <sup>(2)</sup>	2019
Percentage of spending on local suppliers (%)	90.87	99.54	99.69
Local purchases (R\$)	98,207,813.00	440,227,641.62	301,584,843.20
Total purchases (R\$)	108,158,384.00	442,264,423.20	302,515,915.92

(1) Local suppliers are those located in Brazil.

(2) Totals for the years 2017 and 2018 included the companies IE Serra do Japi and IE Pinheiros. Data for 2018 has been revised.

## EVRECY

Proportion of spending on local suppliers <b>GRI 204-1</b>	2019
Percentage of spending on local suppliers (%)	100
Local purchases (R\$)	1,367,555.81
Total purchases (R\$)	1,367,555.81

## IE PINHEIROS

Proportion of spending on local suppliers <b>GRI 204-1</b>	2019
Percentage of spending on local suppliers (%)	100
Local purchases (R\$)	14,632,827.85
Total purchases (R\$)	14,632,827.85

## IE SERRA DO JAPI

Proportion of spending on local suppliers <b>GRI 204-1</b>	2019
Percentage of spending on local suppliers (%)	100
Local purchases (R\$)	1,249,648.87
Total purchases (R\$)	1,249,648.87

## IEMG

Proportion of spending on local suppliers <b>GRI 204-1</b>	2019
Percentage of spending on local suppliers (%)	100
Local purchases (R\$)	1,661,088.53
Total purchases (R\$)	1,661,088.53

## IENNE

Proportion of spending on local suppliers <b>GRI 204-1</b>	2019
Percentage of spending on local suppliers (%)	100
Local purchases (R\$)	5,370,530.00
Total purchases (R\$)	5,370,530.00

## IE SUL

Proportion of spending on local suppliers <b>GRI 204-1</b>	2019
Percentage of spending on local suppliers (%)	100
Local purchases (R\$)	809,644.44
Total purchases (R\$)	809,644.44



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## ISA CTEEP

### Energy consumption within the organization GRI 302-1

	2017 <sup>(1)</sup>		2018 <sup>(1)</sup>		2019	
	(MWh)	(GJ)	(MWh)	(GJ)	(MWh)	(GJ)
Energy consumption	ND	ND	ND	ND	4,264.80	15,353.28
Fuels <sup>(2)</sup>	(Liters)	(GJ)	(Liters)	(GJ)	(Liters)	(GJ)
Gasoline	83,920.96	2,714.00	24,696.46	798.68	14,465.83	466.38
Ethanol (Hydrous and Anhydrous)	812,659.04	8,171.06	688,783.80	15,401.21	728,342.51	15,555.52
Diesel	376,703.55	13,372.98	176,905.79	6,280.16	428,445.99	15,209.83
Biodiesel (Diesel renewable factor)	ND	ND	ND	ND	49,197.25	1,631.35

(1) The years 2017 and 2018 considered the total energy for own consumption, directly from Trafo, and this data is already reported in the technical losses indicator. To avoid double counting, this amount was purged in 2019, and data from previous years were not recalculated.

(2) Fuel consumption of the electrical interconnections (IEs) started to be managed together with the data from ISA CTEEP as of August 2019.

### IE Pinheiros IE Serra do Japi Evrecy

### Energy consumption within the organization GRI 302-1

	2019		2019		2019	
	(MWh)	(GJ)	(MWh)	(GJ)	(MWh)	(GJ)
Energy consumption	4.8785	17.56	0	0	63.55	228.78

### IE SUL IEMG IENNE

### Energy consumption within the organization GRI 302-1

	2019		2019		2019	
	(MWh)	(GJ)	(MWh)	(GJ)	(MWh)	(GJ)
Energy consumption	46.251	166.50	191.815	690.53	360.034	1,296.12

## ISA CTEEP

### Water withdrawal by source (m<sup>3</sup>)<sup>(1)</sup> GRI 303-1

	2017	2018	2019
Water from wells	45,420.04	46,478.19	55,535.60
Water from utilities	21,021.35	22,735.69	19,519.06
Water from tank trucks	ND	ND	410.00
Rainwater harvesting	ND	ND	9.83

(1) Consumption of surface water (rivers, lakes and oceans), rainwater and wastewater from other companies is not available for the years 2017 and 2018.

## EVRECY

### Water withdrawal by source (m<sup>3</sup>) GRI 303-1

	2019
Water from utilities	62.00

## IE PINHEIROS

### Water withdrawal by source (m<sup>3</sup>) GRI 303-1

	2019
Water from wells	483.47
Water from utilities	1,979.00

## IE SERRA DO JAPI

### Water withdrawal by source (m<sup>3</sup>) GRI 303-1

	2019
Water from wells	94.85
Water from utilities	132.00

## IEMG

### Water withdrawal by source (m<sup>3</sup>)<sup>(1)</sup> GRI 303-1

	2019
Water from utilities	74.00

(1) IENNE and IESUL substations are located in a shared area, and the water consumed is provided by the owner of the site as established in the contract, with no measurement or payment for consumption.



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## ISA CTEEP

Greenhouse Gas Emissions (GHG) <sup>(1)</sup> GRI 305-1   305-2   305-3	2017	2018	2019
Scope 1	22,973.58	16,917.22	19,371.79 <sup>(2)</sup>
Scope 2	496,488.26	435,727.72	842,632.68 <sup>(3)</sup>
Scope 3	12,352,904.61	10,266,305.00	130,576,460.96

(1) In previous years, SF6, fuel and energy consumption were managed and accounted for on a consolidated basis. Therefore, it was not possible to purge the electrical interconnections (IEs) from the emissions calculation. This consolidated management, mainly of fuel consumption, was maintained in 2019. Thus, our inventory presents data from all IEs.

(2) Emissions from changes in land use and occupation were not accounted for in this inventory. This information will be provided in the Registry of Public Emissions.

(3) In 2019, we started to account for IEs losses in this inventory.

## ISA CTEEP

GHG emissions intensity GRI 305-4	2017	2018	2019
Total emissions/Power transmitted (tCO <sub>2</sub> e/MWh of power transmitted)	0.00390	0.00326	0.00495

## ISA CTEEP

### Waste by type and disposal method (Tons)<sup>(1)</sup> GRI 306-2

Waste	Destination	2018	2019
Hazardous waste	Recycling	No hazardous waste was sent to destinations in 2018	541.61
	Co-processing		2.88
	Landfill		0
	Reuse		0
	Refining		950.29
Non-hazardous waste	Recycling	4,449.42	2,268.01
	Composting	0	0
	Co-processing	0	0
	Landfill	76.36	11.26

(1) In 2019, the companies EVRECY, IEMG, IENNE and IESUL were in the process of adapting to our standards for implementing a waste disposal control process. IESUL disposed of waste in December.

## IE PINHEIROS

### Waste by type and disposal method (Tons)<sup>(1)</sup> GRI 306-2

Waste	Destination	2019
Non-hazardous waste	Recycling	10.51

(1) IE PINHEIROS did not dispose of hazardous waste in 2019.

## IE SERRA DO JAPI

### Waste by type and disposal method (Tons)<sup>(1)</sup> GRI 306-2

Waste	Destination	2019
Non-hazardous waste	Recycling	29.35
	Landfill	2.01

(1) IE SERRA DO JAPI did not dispose of hazardous waste in 2019. EVRECY, IESUL, IEMG and IENNE did not dispose of waste in 2019.

## IE SUL

### Waste by type and disposal method (Tons) GRI 306-2

Waste	Destination	2019
Non-hazardous waste	Recycling	0.03

## ISA CTEEP

### New employee hires and employee turnover GRI 401-1

	2018	2019
<b>Total</b>		
Number of new hires	106	98
Total number of terminations	120	161
Rate of hires	7.40%	7.12%
Turnover rate	7.90%	9.40%
Turnover rate – men	ND	7.90%
Turnover rate – women	ND	19.15%



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### Health and safety indicators<sup>(1)</sup> GRI 403-2

Company employees	2017	2018	2019
Number of lost time accidents	3	6	5
Number of non-lost time accidents	ND	ND	6
Injury rate	0.85	2.08	2.16
Rate of occupational diseases	0	0	0
Rate of lost days	16.25	53.63	23.78
Number of fatalities	0	0	0
Contractors	2017	2018	2019
Number of lost time accidents	9	8	17
Number of non-lost time accidents	ND	ND	8
Injury rate	4.41	4.22	7.49
Rate of occupational diseases	NA	NA	0
Rate of lost days	36.42	42.58	188.97
Number of fatalities	0	0	0
Company employees and contractors	2017	2018	2019
Number of lost time accidents	12	14	22
Number of non-lost time accidents	ND	ND	14
Injury rate	2.23	2.75	4.80
Rate of occupational diseases	0	0	0
Rate of lost days	23.75	49.75	105.60
Number of fatalities	0	0	0

(1) Safety indicators only consider accidents that resulted in lost time.

### Average hours of training per employee GRI 404-1

Employment category	2017	2018	2019 <sup>(2)</sup>
Board members	0	0	0
President	9	70	0
Directors	14.05	28	51
Managers	49.45	57.47	41.03
Coordinators	84.01 <sup>(1)</sup>	52.27	61.95
Specialists		24.12	34.07
Administration	13.6	15.46	20.83
Operations technicians	65	42.51	104.34
Employees – Men	ND	ND	89.50
Employees – Women	ND	ND	28.90
Total invested in training (R\$)	3,000,000.00	4,262,238.53	1,385,439.85

(1) In 2017, training of specialists was accounted for together with that of coordinators.

(2) The increase in the average hours of training in the Operations Technicians category is due to refreshment in health and safety training.

### Percentage of employees receiving regular performance and career development reviews<sup>(1)</sup> GRI 404-3

	2019	
	Men	Women
Board members	0%	NA
President	100%	NA
Directors	50%	NA
Managers	92%	0.8%
Coordinators	98%	91%
Specialists	88%	82%
Administration	100%	100%
Operations technicians	82%	39%
Interns	0%	NA
Apprentices	100%	NA

(1) Previous data not available.



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### Ratio of basic salary and remuneration of women to men, by employment category<sup>(1)</sup> GRI 405-2

Employment category	2018	2019
Board members	1.00	1.00
President	There are no women in these employment categories	
Directors	There are no women in these employment categories	
Managers	1.05	1.03
Coordinators	1.03	1.07
Specialists	0.93	1.02
Administration	0.95	0.96
Operations technicians	1.16	1.41

(1) Given the revised reporting format for indicators, information for 2017 is not available.

## ISA CTEEP

### Supplier assessment GRI 308-1 | 412-3 | 414-1

Environmental assessments	Unit	2019
Percentage of new suppliers that were screened using environmental criteria	%	25.00
Number of suppliers assessed for environmental impacts	Number	29
Number of suppliers identified as having significant actual and potential negative environmental impacts	Number	0
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment	%	0
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	%	0

### Supplier assessment<sup>(1)</sup> GRI 308-1 | 412-3 | 414-1

Social assessments	Unit	2019
Percentage of new suppliers that were screened using social criteria	%	25.00
Number of suppliers assessed for social impacts	Number	29
Number of suppliers identified as having significant actual and potential negative social impacts	Number	0
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	%	0
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	%	0
Human rights criteria		
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	64.40
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Number	76
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	64.40

(1) Indicator restated in 2019 after analysis and readjustment of premises.



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## IE PINHEIROS

Supplier assessment<sup>(1)</sup> GRI 308-1 | 412-3 | 414-1

Environmental assessments	Unit	2019
Percentage of new suppliers that were screened using environmental criteria	%	30.00
Number of suppliers assessed for environmental impacts	Number	3
Number of suppliers identified as having significant actual and potential negative environmental impacts	Number	0
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment	%	0
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	%	0
Social assessments		
Percentage of new suppliers that were screened using social criteria	%	30%
Number of suppliers assessed for social impacts	Number	3
Human rights criteria		
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	100
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Number	10
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	100

(1) Indicator restated in 2019 after analysis and readjustment of premises.

## IE SERRA DO JAPI

Supplier assessment<sup>(1)</sup> GRI 308-1 | 412-3 | 414-1

Environmental assessments	Unit	2019
Percentage of new suppliers that were screened using environmental criteria	%	50%
Number of suppliers assessed for environmental impacts	Number	1
Social assessments		
Percentage of new suppliers that were screened using social criteria	%	50%
Number of suppliers assessed for social impacts	Number	1
Human rights criteria		
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	100
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Number	2
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	100

(1) Indicator restated in 2019 after analysis and readjustment of premises.

## EVRECY

Supplier assessment<sup>(1)</sup> GRI 308-1 | 412-3 | 414-1

Human rights criteria	Unit	2019
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	100
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Number	1
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	100

(1) Indicator restated in 2019 after analysis and readjustment of premises.



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## IEMG

### Supplier assessment<sup>(1)</sup> GRI 308-1 | 412-3 | 414-1

Human rights criteria	Unit	2019
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	100
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Number	2
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	100

(1) Indicator restated in 2019 after analysis and readjustment of premises.

## IENNE

### Supplier assessment<sup>(1)</sup> GRI 308-1 | 412-3 | 414-1

Human rights criteria	Unit	2019
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	83.00
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Number	5
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	83.00

(1) Indicator restated in 2019 after analysis and readjustment of premises.

## IESUL

### Supplier assessment<sup>(1)</sup> GRI 308-1 | 412-3 | 414-1

Human rights criteria	Unit	2019
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	75.00
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Number	3
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	75.00

(1) Indicator restated in 2019 after analysis and readjustment of premises.

## ISA CTEEP

### Length of above and underground transmission and distribution lines by regulatory regime EU4

Voltage (KV)	2017		2018		2019	
	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)
500	-	-	-	-	-	-
440	5,341.50	6,363.25	5,341.50	6,363.25	5,341.50	6,363.25
345	452.32	664.684	452.32	664.684	452.32	664.68
230	1,163.02	1,281.60	1,163.02	1,281.60	1,163.02	1,281.60
230/345 (underground)	32.76	74.016	32.76	74.016	32.76	74.01
138	6,124.06	9,264.26	6,124.06	9,264.26	6,124.06	9,264.26
88	1,165.73	1,375.66	1,165.73	1,375.66	1,165.73	1,375.66
69	2.09	2.09	2.09	2.09	2.09	2.09

## EVRECY

### Length of above and underground transmission and distribution lines by regulatory regime EU4

Voltage (KV)	2017		2018		2019	
	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)
230	154.50	154.50	154.50	154.50	154.00	154.24



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## IE PINHEIROS

Length of above and underground transmission and distribution lines by regulatory regime EU4

Voltage (KV)	2017		2018		2019	
	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)
345	0.72	1.44	0.72	1.44	0.72	1.44

## IE SERRA DO JAPI

Length of above and underground transmission and distribution lines by regulatory regime EU4

Voltage (KV)	2017		2018		2019	
	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)
230	137.30	137.30	137.30	137.30	137.60	137.60

## IEMG

Length of above and underground transmission and distribution lines by regulatory regime EU4

Voltage (KV)	2017		2018		2019	
	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)
500	172.99	172.99	172.99	172.99	172.00	172.90

## IENNE

Length of above and underground transmission and distribution lines by regulatory regime EU4

Voltage (KV)	2017		2018		2019	
	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)
500	710.00	710.00	710.00	710.00	710.00	710.00

## IE SUL

Length of above and underground transmission and distribution lines by regulatory regime EU4

Voltage (KV)	2017		2018		2019	
	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)	Length of lines (Km)	Length of circuits (Km)
230	167.44	190.44	167.44	190.44	167.00	190.44

## ISA CTEEP

Investments in R&D <sup>(1)</sup> EU8	2018	2019
EN – Environment	2,132,238.8	1,812,792.65
SA – Safety	1,548,200.08	1,841,982.50
OP – Operation of Electric Energy Systems	4,363,774.78	7,097,246.08
QR – Quality and Reliability of Electric Energy Services	376,511.93	0.00
MB – Measurement, billing and combating commercial losses	894,246.99	0.00
OT – Other	108,963.46	2,631,371.63
<b>Total</b>	<b>9,423,936.04</b>	<b>13,383,392.86</b>

(1) Given the revised reporting format for indicators, information for 2017 is not available.



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## EVRECY

Investments in R&D <sup>(1)</sup> EU8	2018	2019
OP – Operation of Electric Energy Systems	55,863.00	75,000.00
<b>Total</b>	<b>55,863.00</b>	<b>75,000.00</b>

(1) Given the revised reporting format for indicators, information for 2017 is not available.

## IE PINHEIROS

Investments in R&D <sup>(1)</sup> EU8	2018	2019
OP – Operation of Electric Energy Systems	427,493.00	263,040.00
<b>Total</b>	<b>427,493.00</b>	<b>263,040.00</b>

(1) Given the revised reporting format for indicators, information for 2017 is not available.

## IE SERRA DO JAPI

Investments in R&D <sup>(1)</sup> EU8	2018	2019
OP – Operation of Electric Energy Systems	669,974.22	300,400.00
<b>Total</b>	<b>669,974.22</b>	<b>300,400.00</b>

(1) Given the revised reporting format for indicators, information for 2017 is not available.

## IENNE

Investments in R&D <sup>(1)</sup> EU8	2018	2019
OP – Operation of Electric Energy Systems	448,000.00	265,000.00
<b>Total</b>	<b>448,000.00</b>	<b>265,000.00</b>

(1) Given the revised reporting format for indicators, information for 2017 is not available.

## IE SUL

Investments in R&D <sup>(1)</sup> EU8	2018	2019
OP – Operation of Electric Energy Systems	328,000.00	134,000.00
<b>Total</b>	<b>328,000.00</b>	<b>134,000.00</b>

(1) Given the revised reporting format for indicators, information for 2017 is not available.

## ISA CTEEP

### Transmission and distribution losses as a percentage of total energy<sup>(1)</sup> EU12

	2017		2018		2019	
	GWh	%	GWh	%	GWh	%
Total transmission losses	5,328	4	5,860	4	5,601	4

(1) In 2017 and 2018, the numbers presented included the other companies of the Group.

## EVRECY

### Transmission and distribution losses as a percentage of total energy EU12

	2019	
	GWh	%
Total transmission losses	53	4

## IE PINHEIROS

### Transmission and distribution losses as a percentage of total energy EU12

	2019	
	GWh	%
Total transmission losses	683	4



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## IE SERRA DO JAPI

### Transmission and distribution losses as a percentage of total energy EU12

	2019	
	GWh	%
Total transmission losses	280	4

## IEMG

### Transmission and distribution losses as a percentage of total energy EU12

	2019	
	GWh	%
Total transmission losses	72	4

## IENNE

### Transmission and distribution losses as a percentage of total energy EU12

	2019	
	GWh	%
Total transmission losses	144	4

## IE SUL

### Transmission and distribution losses as a percentage of total energy EU12

	2019	
	GWh	%
Total transmission losses	131	4



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The image shows two women standing in a modern office environment. The woman on the left has long brown hair, wears glasses, and a bright red jacket. The woman on the right has shoulder-length brown hair, wears glasses, a white t-shirt, and a grey plaid blazer. They are both smiling warmly. The background features blue streamers, a large green plant, and a sign with the text 'QUE' and 'CEM'. The lighting is warm and professional.

# GRI Content Index

GRI 102-55

## GRI CONTENT INDEX

### GRI 102-55

	Indicators	Page/Disclosure	Omissions
GRI 102: General indicators 2016	102-1: Name of the organization	8	
	102-2: Main activities, brands, products and services	8	
	102-3: Location of headquarters	São Paulo	
	102-4: Location of operations	8	
	102-5: Ownership and legal form	10	
	102-6: Markets served	9	
	102-7: Scale of the organization	10, 71, 72	
	102-8: Information on employees and other workers	13, 56, 72	
	102-9: Supply chain	58	
	102-10: Significant changes to the organization and its supply chain	58	
	102-11: Precautionary Principle or approach	27	
	102-12: External initiatives	33	
	102-13: Membership of associations	33	
	Strategy	Page/Disclosure	Omissions
GRI 102: General indicators 2016	102-14: Statement from senior decision-maker	5, 6	
	102-15: Key impacts, risks, and opportunities	27	
	Ethics and integrity	Page/Disclosure	Omissions
GRI 102: General indicators 2016	102-16: Values, principles, standards, and norms of behavior	30	
	102-17: Mechanisms for advice and concerns about ethics	23	

	Governance	Page/Disclosure	Omissions
GRI 102: Indicadores gerais 2016	102-18: Governance structure	17	
	102-19: Delegating authority	Internal Regulations of the Board of Directors – available at: <a href="http://www.isactEEP.com.br/ir/corporate-governance/bylaws-policies">http://www.isactEEP.com.br/ir/corporate-governance/bylaws-policies</a>	
	102-20: Executive-level responsibility for economic, environmental, and social topics		Not available: We are in the process of reviewing this indicator.
	102-21: Consulting stakeholders on economic, environmental, and social topics	4	
	102-22: Composition of the highest governance body and its committees	17	
	102-23: Chair of the highest governance body	18	
	102-24: Nominating and selecting the highest governance body	Internal Regulations of the Board of Directors – available at: <a href="http://www.isactEEP.com.br/ir/corporate-governance/bylaws-policies">http://www.isactEEP.com.br/ir/corporate-governance/bylaws-policies</a>	
	102-25: Conflicts of Interest	22	
	102-26: Role of highest governance body in setting purpose, values, and strategy	15	
	102-27: Collective knowledge of highest governance body	Senior management (directors) is included in our training initiatives. Directors have their development plan, like all employees.	
	102-28: Evaluating the highest governance body's performance	20	
	102-30: Effectiveness of risk management processes	27	



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	Governance	Page/Disclosure	Omissions
GRI 102: General indicators 2016	102-33: Communicating critical concerns	23	
	102-34: Nature and total number of critical concerns	23	
	Stakeholder engagement	Page/Disclosure	Omissions
GRI 102: General indicators 2016	102-40: List of stakeholder groups	4	
	102-41: Collective bargaining agreements	100% of employees under the Brazilian Consolidated Labor Laws (CLT), except those included in the apprentice program, are covered by collective bargaining agreements.	
	102-42: Identifying and selecting stakeholders	4	
	102-43: Approach to stakeholder engagement	4	
	102-44: Key topics and concerns raised	OK	
	Reporting practices	Page/Disclosure	Omissions
GRI 102: General indicators 2016	102-45: Entities included in the consolidated financial statements	3	
	102-46: Defining report content and topic Boundaries	4	
	102-47: List of material topics	4	
	102-48: Restatements of information	Restatements in the premises of the indicators are described throughout the report as footnotes.	
	102-49: Changes in reporting	There were no changes in scope or boundaries.	
102-50: Reporting period	1/1/2019 to 12/31/2019		

	Reporting practices	Page/Disclosure	Omissions
GRI 102: General indicators 2016	102-51: Date of most recent report	2018	
	102-52: Reporting cycle	Annual	
	102-53: Contact point for questions regarding the report	3	
	102-54: Claims of reporting in accordance with the GRI Standards	3	
	102-55: GRI Content Index	85 to 95	
	102-56: External assurance	96	
	Specific contents – Economic	Page/Disclosure	Omissions
GRI 201: Performance economic 2016	103-1: Explanation of the material topic and its Boundary	43 to 46	
	103-2: The management approach and its components	44 to 46	
	103-3: Evaluation of the management approach	45 to 46	
	201-1: Direct economic value generated and distributed	OK	
	201-2: Financial implications and other risks and opportunities due to climate change	43, 73	Not Available: We do not currently assess the financial implications and other risks and opportunities related to climate change. We are assessing the feasibility of conducting a study on this topic for the next two years.
201-4: Financial assistance received from government	43		



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Specific contents – Economic	Page/Disclosure	Omissions
GRI 202: Market presence 2016	103-1: Explanation of the material topic and its Boundary	43 to 46
	103-2: The management approach and its components	44 to 46
	103-3: Evaluation of the management approach	45 to 46
	202-2: Proportion of senior management hired from the local community	In 2019, a new CEO was hired locally. Therefore, 100% of the hires of members of the Executive Board were local.
GRI 203: Indirect economic impacts	103-1: Explanation of the material topic and its Boundary	37, 38
	103-2: The management approach and its components	37, 38
	103-3: Evaluation of the management approach	37, 38
	203-1: Infrastructure investments and services supported	37
	203-2: Significant indirect economic impacts	61
GRI 204: Procurement practices	103-1: Explanation of the material topic and its Boundary	58, 59
	103-2: The management approach and its components	58, 59
	103-3: Evaluation of the management approach	58, 59
	204-1: Proportion of spending on local suppliers	74
GRI 205: Anti-corruption 2016	103-1: Explanation of the material topic and its Boundary	21 to 23
	103-2: The management approach and its components	22 to 23
	103-3: Evaluation of the management approach	23

Specific contents – Economic	Page/Disclosure	Omissions
GRI 205: Anti-corruption 2016	205-1: Operations assessed for risks related to corruption	In 2017, a risk assessment was conducted within the organization. Based on the risks identified, in 2019, we evaluated 30% of the operations.
	205-2: Communication and training about anti-corruption policies and procedures	22
	205-3: Confirmed incidents of corruption and actions taken	23

Specific contents – Environmental	Page/Disclosure	Omissions
GRI 302: Energy 2016	103-1: Explanation of the material topic and its Boundary	69
	103-2: The management approach and its components	69
	103-3: Evaluation of the management approach	69
	302-1: Energy consumption within the organization	69, 75
	302-4: Reduction of energy consumption	69



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Specific contents – Environmental	Page/Disclosure	Omissions
103-1: Explanation of the material topic and its Boundary	69	
103-2: The management approach and its components	69	
103-3: Evaluation of the management approach	69	
GRI 303: Water 2016		
303-1: Water withdrawal by source	69, 75	
303-2: Water sources significantly affected by withdrawal of water		As we are a power transmission company, water consumption does not have a significant impact on our activities, as water is only used in administrative areas.
303-3: Water recycled and reused	69, 75	

Stakeholder engagement	Page/Disclosure	Omissions
103-1: Explanation of the material topic and its Boundary	67, 68	
103-2: The management approach and its components	67, 69	
103-3: Evaluation of the management approach	67, 70	
304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	67	
GRI 304: Biodiversity 2016		
304-2: Significant impacts of activities, products, and services on biodiversity		Operation and maintenance activities do not have significant impacts on biodiversity, but occasional non-significant impacts may occur due to the need to clear the right-of-way and/or perform selective tree pruning to ensure safe and secure operations.  In 2019, the extent of impacts was 0.005 hectares, referring to the removal of five trees on the 345 KV Xavantes Bandeirantes Line. The impact was offset in compliance with legal requirements.
304-3: Habitats protected or restored	67	



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	Specific contents – Environmental	Page/Disclosure	Omissions
GRI 305: Emissions 2016	103-1: Explanation of the material topic and its Boundary	68	
	103-2: The management approach and its components	68	
	103-3: Evaluation of the management approach	68	
	305-1: Direct (Scope 1) GHG emissions	68, 75	
	305-2: Energy indirect (Scope 2) GHG emissions	68, 75	
	305-3: Other indirect (Scope 3) GHG emissions	68, 75	
GRI 306: Effluents and waste 2016	305-4: GHG emissions intensity	68	
	305-5: Reduction of GHG emissions	68	
	103-1: Explanation of the material topic and its Boundary	69	
	103-2: The management approach and its components	69	
	103-3: Evaluation of the management approach	69	
	306-2: Total weight of waste, broken down by type and disposal method	OK	
GRI 307: Environmental Compliance 2016	103-1: Explanation of the material topic and its Boundary	66	
	103-2: The management approach and its components	66	

	Specific contents – Environmental	Page/Disclosure	Omissions
GRI 307: Environmental Compliance 2016	103-3: Evaluation of the management approach	66	
	307-1: Non-compliance with environmental laws and regulations	66	
GRI 308: Supplier environmental assessment	103-1: Explanation of the material topic and its Boundary	58, 59	
	103-2: The management approach and its components	58, 59	
	103-3: Evaluation of the management approach	58, 59	
	308-1: New suppliers that were screened using environmental criteria	78, 79, 80	
	308-2: Negative environmental impacts in the supply chain and actions taken		Not Available: We do not currently make detailed assessments of the social impacts of our providers. We are assessing the feasibility of reformulating sustainable supplier management for the coming years.

	Specific contents – Social	Page/Disclosure	Omissions
GRI 401: Employment 2016	103-1: Explanation of the material topic and its Boundary	56	
	103-2: The management approach and its components	56	
	103-3: Evaluation of the management approach	56	
	401-1: New employee hires and employee turnover	56	



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GRI 402: Labor Relations 2016	103-1: Explanation of the material topic and its Boundary	56
	103-2: The management approach and its components	56
	103-3: Evaluation of the management approach	56
	402-1: Minimum notice periods regarding operational changes	Each specific case is analyzed to decide the best timeframe to communicate the employees about operational changes. The purpose is to always reduce and mitigate the possible effects for the business and people.
GRI 403: Occupational health and safety 2016	103-1: Explanation of the material topic and its Boundary	53, 54, 55
	103-2: The management approach and its components	53, 54, 56
	103-3: Evaluation of the management approach	53, 54, 57
	403-1: Workers representation in formal health and safety committees	54
	403-2: Types and rates of injuries, occupational diseases, lost days, absenteeism and number of work-related deaths	54
	403-3: Workers with high incidence or high risk of diseases related to their occupation	53
	403-4: Health and safety topics covered by formal agreements with unions	54

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GRI 404: Training and education 2016	103-1: Explanation of the material topic and its Boundary	51
	103-2: The management approach and its components	51
	103-3: Evaluation of the management approach	51
	404-1: Average hours of training per year per employee	51, 77
GRI 405: Diversity and equal opportunity 2016	404-2: Programs for upgrading employee skills and transition assistance programs	51
	404-3: Percentage of employees receiving regular performance and career development reviews	52
	103-1: Explanation of the material topic and its Boundary	52
GRI 405: Diversity and equal opportunity 2016	103-2: The management approach and its components	52
	103-3: Evaluation of the management approach	52
	405-1: Diversity of governance bodies and employees	To learn about the profile of the board members, go to: <a href="http://www.isactEEP.com.br/ir/corporate-governance/management-boards-committees">http://www.isactEEP.com.br/ir/corporate-governance/management-boards-committees</a>



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GRI 405: Diversity and equal opportunity 2016	405-2: Ratio of basic salary and remuneration of women to men	78
	103-1: Explanation of the material topic and its Boundary	21, 22, 23
GRI 406: Non-discrimination 2016	103-2: The management approach and its components	21, 22, 23
	103-3: Evaluation of the management approach	21, 22, 23
	406-1: Incidents of discrimination and corrective actions taken	23
GRI 407: Freedom of association and collective bargaining 2016	103-1: Explanation of the material topic and its Boundary	48, 49, 50
	103-2: The management approach and its components	48, 49, 51
	103-3: Evaluation of the management approach	48, 49, 52

Specific contents – Social	Page/Disclosure	Omissions
GRI 407: Freedom of association and collective bargaining 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We guarantee all employees the full right to exercise union association. This conduct is also followed by suppliers, who guarantee their employees to freely decide on the exercise of union freedom. Collective bargaining is duly respected in all its scope, and the following are guaranteed to all union entities that govern the category: a) sending of negotiation agenda; b) participation of union negotiators in negotiation meetings; c) conducting the entire negotiation process; d) closing the collective bargaining agreement.
	103-1: Explanation of the material topic and its Boundary	21, 22, 23
	103-2: The management approach and its components	21, 22, 23
	103-3: Evaluation of the management approach	21, 22, 23
GRI 408: Child labor 2016	408-1: Operations and suppliers at significant risk for incidents of child labor	Suppliers that presented, in our evaluation, a risk of child, forced or compulsory labor have a specific clause on this topic in their contracts. In 2019, 64% of the total number of contracts with suppliers had a clause covering this topic.



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GRI 409: Forced or compulsory labor 2016	103-1: Explanation of the material topic and its Boundary	21, 22, 23
	103-2: The management approach and its components	21, 22, 23
	103-3: Evaluation of the management approach	21, 22, 23
	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	Suppliers that presented, in our evaluation, a risk of child, forced or compulsory labor have a specific clause on this topic in their contracts. In 2019, 64% of the total number of contracts with suppliers had a clause covering this topic.
GRI 410: Security practices 2016	103-1: Explanation of the material topic and its Boundary	53, 54, 55
	103-2: The management approach and its components	53, 54, 55
	103-3: Evaluation of the management approach	53, 54, 55
	410-1: Security personnel trained in human rights policies or procedures	100% of company employees and contractors responsible for security received guidance on our determinations on ethics, consolidated in an official document – our Code of Ethics – which deals with the subject of human rights.
GRI 411: Rights of indigenous and traditional peoples 2016	103-1: Explanation of the material topic and its Boundary	61, 62, 63
	103-2: The management approach and its components	61, 62, 63
	103-3: Evaluation of the management approach	61, 62, 63
	411-1: Incidents of violations involving rights of indigenous peoples	There were no cases of violation of indigenous rights.

Specific contents – Social	Page/Disclosure	Omissions
GRI 412: Human rights assessment 2016	103-1: Explanation of the material topic and its Boundary	21, 22, 23
	103-2: The management approach and its components	21, 22, 23
	103-3: Evaluation of the management approach	21, 22, 23
	412-1: Operations that have been subject to human rights reviews or impact assessments	33
GRI 413: Local communities 2016	412-2: Employee training on human rights policies or procedures	100% of employees received communications and human rights training during the Ethics and Compliance Disclosure Program.
	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	78, 79, 80
	103-1: Explanation of the material topic and its Boundary	61, 62, 63
GRI 413: Local communities 2016	103-2: The management approach and its components	61, 62, 63
	103-3: Evaluation of the management approach	61, 62, 63
	413-1: Operations with local community engagement, impact assessments, and development programs	We follow the legal requirements for consultation and engagement of the local community, which occur in 100% of the local communities where such activities were required.
	413-2: Operations with significant actual and potential negative impacts on local communities	61



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Specific contents – Social	Page/Disclosure	Omissions
103-1: Explanation of the material topic and its Boundary	58, 59	
103-2: The management approach and its components	58, 59	
103-3: Evaluation of the management approach	58, 59	
GRI 414: Supplier social assessment 2016	414-1: New suppliers that were screened using social criteria	78, 79, 80
	414-2: Negative social impacts in the supply chain and actions taken	Not Available: We do not currently make a detailed assessment of the social impacts of our providers. We are assessing the feasibility of reformulating sustainable supplier management for the coming years.

Specific contents – Social	Page/Disclosure	Omissions
	103-1: Explanation of the material topic and its Boundary	21, 22, 23
GRI 415: Public policies 2016	103-2: The management approach and its components	21, 22, 23
	103-3: Evaluation of the management approach	21, 22, 23
	415-1: Political contributions	We did not make contributions to political parties, a commitment established in our Code of Ethics.
	103-1: Explanation of the material topic and its Boundary	23
GRI 418: Customer privacy 2016	103-2: The management approach and its components	23
	103-3: Evaluation of the management approach	23
	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	23
	103-1: Explanation of the material topic and its Boundary	61, 62, 63
GRI 419: Socioeconomic compliance 2016	103-2: The management approach and its components	61, 62, 63
	103-3: Evaluation of the management approach	61, 62, 63
	419-1: Non-compliance with laws and regulations in the social and economic area	In 2019, there were no significant fines or non-monetary sanctions for noncompliance with laws and/or regulations.



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Specific contents – Sector	Page/Disclosure	Omissions
EU3: Number of residential, industrial, institutional and commercial customer accounts	8	
EU4: Length of above and underground transmission and distribution lines by regulatory regime	80, 81	
EU6: Management approach to ensure short and long-term electricity availability and reliability	8	
EU8: Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	28, 81, 82	
EU12: Transmission and distribution losses as a percentage of total energy	82, 83	
EU13: Biodiversity of offset habitats compared to the biodiversity of the affected areas		Not Available: No assessments of the biodiversity of offset habitats were conducted compared to the biodiversity of the affected areas in 2019.
EU14: Programs and processes to ensure the availability of a skilled workforce	51	
EU15: Percentage of employees entitled to retirement in the next 5 and 10 years, broken down by functional category and region		Not Available: We are redefining the premises and calculation methodologies for this indicator.

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Specific contents – Sector	Page/Disclosure	Omissions
EU16: Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	53	
EU17: Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities		Various activities involve contracting third parties, such as construction, environmental studies, cleaning, pruning of vegetation, repairs, cargo transportation, surveillance, building maintenance, consulting, among others. However, we do not conduct a systemic management of information on this audience. In 2019, we hired a third party to improve management of this information, which will be reported shortly.
EU18: Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	54	
EU19: Stakeholder participation in the decision making processes related to energy planning and infrastructure development	38	
EU20: Approach to managing the impacts of displacement		Not Available: We are reviewing the premises and definitions for this indicator.

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EU21: Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	We have in place an Emergency Service Plan, with guidelines to be followed in case of falling of structures for temporary and definitive recovery of the transmission lines, and an Environmental Preparedness and Emergency Response Plan, applicable to our substations and transmission lines. For quick response in case of events, we have in place a Crisis Committee, responsible for making decisions and adopting emergency response processes.	
EU22: Number of people physically or economically displaced and compensation, broken down by type of project		Not available – We are reviewing the premises and definitions for this indicator.
EU23: Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	In partnership with distribution companies in the state of São Paulo, we have formed a group called "Plano Verão" (Summer Plan), which prepares the assets that supply coastal cities for the increased power demand in the region as a result of the growth of the population due to tourism between November and March.	
EU25: Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases		Not Available: We are in the process of reviewing the premises and improving the management system. This information will be reported in the coming years.
EU28: Power outage frequency	39	
EU29: Average power outage duration	39	



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## Relatório de asseguaração limitada dos auditores independentes

Ao Conselho de Administração, Acionistas e Demais Partes Interessadas  
**ISA CTEEP**  
 São Paulo - SP

### Introdução

Fomos contratados pela **ISA CTEEP** (ISA CTEEP ou “Companhia”) com o objetivo de aplicar procedimentos de asseguaração limitada sobre as informações de sustentabilidade divulgadas no Relatório Anual de Sustentabilidade 2019, relativas ao ano findo em 31 de dezembro de 2019.

### Responsabilidades da administração da ISA CTEEP

A administração da ISA CTEEP é responsável pela elaboração e apresentação de forma adequada das informações de sustentabilidade divulgadas no Relatório Anual de Sustentabilidade 2019 de acordo com os Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI e com os controles internos que ela determinou como necessários para permitir a elaboração dessas informações livres de distorção relevante, independentemente se causada por fraude ou erro.

### Responsabilidade dos auditores independentes

Nossa responsabilidade é expressar conclusão sobre as informações divulgadas no Relatório Anual de Sustentabilidade 2019, com base no trabalho de asseguaração limitada conduzido de acordo com os Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI e a metodologia desenvolvida globalmente pela KPMG para asseguaração de informações socioambientais divulgadas em relatórios de sustentabilidade, denominada KPMG Sustainability Assurance Manual – KSAM, aplicáveis às informações não financeiras históricas.

Essas normas requerem o cumprimento de exigências éticas, incluindo requisitos de independência e que o trabalho seja executado com o objetivo de obter segurança limitada de que as informações divulgadas no Relatório Anual de Sustentabilidade 2019, tomadas em conjunto, estão livres de distorções relevantes.



Um trabalho de asseguaração limitada conduzido de acordo com os Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI e a metodologia KPMG Sustainability Assurance Manual – KSAM consiste principalmente de indagações à administração da ISA CTEEP e outros profissionais da Companhia que estão envolvidos na elaboração das informações constantes no Relatório Anual de Sustentabilidade 2019, assim como pela aplicação de procedimentos analíticos para obter evidências que nos possibilitem concluir na forma de asseguaração limitada sobre as informações de sustentabilidade tomadas em conjunto. Um trabalho de asseguaração limitada requer, também, a execução de procedimentos adicionais, quando o auditor independente toma conhecimento de assuntos que o levem a acreditar que as informações divulgadas no Relatório Anual de Sustentabilidade 2019, tomadas em conjunto, podem apresentar distorções relevantes.

Os procedimentos selecionados basearam-se na nossa compreensão dos aspectos relativos à compilação, materialidade e apresentação das informações constantes no Relatório Anual de Sustentabilidade 2019 e de outras circunstâncias do trabalho e da nossa consideração sobre áreas e sobre os processos associados às informações materiais de sustentabilidade divulgadas no Relatório Anual de Sustentabilidade 2019, em que distorções relevantes poderiam existir. Os procedimentos compreenderam:

- (a) planejamento dos trabalhos: consideração da materialidade dos aspectos para as atividades da ISA CTEEP, da relevância das informações divulgadas, do volume de informações quantitativas e qualitativas e dos sistemas operacionais e de controles internos que serviram de base para a elaboração do Relatório Anual de Sustentabilidade 2019 da ISA CTEEP. Esta análise definiu os indicadores a serem testados em detalhe;
- (b) entendimento e análise das informações divulgadas em relação à forma de gestão dos aspectos materiais;
- (c) análise dos processos para a elaboração do Relatório Anual de Sustentabilidade 2019 e da sua estrutura e conteúdo, com base nos Princípios de Conteúdo e Qualidade dos Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI (GRI-Standards);
- (d) avaliação dos indicadores não-financeiros amostrados:
  - entendimento da metodologia de cálculos e dos procedimentos para a compilação dos indicadores por meio de entrevistas com os gestores responsáveis pela elaboração das informações;
  - aplicação de procedimentos analíticos sobre as informações quantitativas e indagações sobre as informações qualitativas e sua correlação com os indicadores divulgados no Relatório Anual de Sustentabilidade da ISA CTEEP;
  - análise de evidências que suportam as informações divulgadas;
  - visitas aos escritórios e unidades da ISA CTEEP para aplicação destes procedimentos, assim como dos itens (b) e (c);
- (e) análise da razoabilidade das justificativas das omissões de indicadores de desempenho associados a aspectos e tópicos apontados como materiais na análise de materialidade da Companhia;

KPMG Financial Risk & Actuarial Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, é firma membro da rede KPMG de firmas-tendentes independentes e afiliadas à KPMG International Cooperative (“KPMG Intitulada”), uma entidade suíça.

KPMG Financial Risk & Actuarial Services Ltda., a Brazilian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG Intitulada”), a Swiss entity.

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- (f) confronto dos indicadores de natureza financeira com as demonstrações financeiras e/ ou registros contábeis.

Acreditamos que as informações, as evidências e os resultados obtidos em nosso trabalho são suficientes e apropriados para fundamentar nossa conclusão na forma limitada.

**Alcance e limitações**

Os procedimentos aplicados em um trabalho de asseguração limitada são substancialmente menos extensos do que aqueles aplicados em um trabalho de asseguração razoável. Consequentemente, não nos possibilitam obter segurança de que tomamos conhecimento de todos os assuntos que seriam identificados em um trabalho de asseguração razoável, que tem por objetivo emitir uma opinião. Caso tivéssemos executado um trabalho de asseguração razoável, poderíamos ter identificado outros assuntos e eventuais distorções que podem existir nas informações constantes no Relatório Anual de Sustentabilidade da ISA CTEEP.

Os dados não financeiros estão sujeitos a mais limitações inerentes do que os dados financeiros, dada a natureza e a diversidade dos métodos utilizados para determinar, calcular ou estimar esses dados. Interpretações qualitativas de materialidade, relevância e precisão dos dados estão sujeitos a pressupostos individuais e a julgamentos. Adicionalmente, não realizamos qualquer trabalho em dados informados para os períodos anteriores, para a avaliação da adequação das suas políticas, práticas e desempenho em sustentabilidade, nem em relação a projeções futuras.

**Conclusão**

Com base nos procedimentos realizados, descritos neste relatório, nada chegou ao nosso conhecimento que nos leve a acreditar que as informações constantes no Relatório Anual de Sustentabilidade da ISA CTEEP, não foram compiladas, em todos os aspectos relevantes, de acordo com os *Standards* para Relato de Sustentabilidade da *Global Reporting Initiative - GRI (GRI-Standards)* e com os registros e arquivos que serviram de base para a sua preparação.

São Paulo, 27 de março de 2020

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibás  
Sócio-Diretor

KPMG Financial Risk & Actuarial Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, e firmamembro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative (“KPMG International”), uma entidade suíça.

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## CREDITS

### *GENERAL COORDINATION*

Corporate Communication & Sustainability Department

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KMZ Conteúdo

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Gotcha! Idiomas

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