



# 2020

## ANNUAL SUSTAINABILITY REPORT

*isa*  
CTEEP

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# 1 MESSAGE FROM THE ADMINISTRATION

| GRI 102-14 |

Dear Reader,

The main mission of ISA CTEEP is to create sustainable value for its stakeholders. We do this in all of our daily tasks and through social and environmental programs that ensure corporate longevity and create value for our investors.

This has been an unusual year. When we tell the story of 2020 to future generations, we will highlight the challenges imposed upon us by the global pandemic. We are aware of the relevance of the essential service we provide—access to electricity—and we have put a special plan in place to ensure business continuity. We have significantly reduced the number of employees at our facilities and activated a second operations center to ensure that load transmissions on our grid are fully available. In some locations, we set up camps to avoid displacement and reduce the risk of contagion. The progress made so far in our digital transformation journey was essential for us to be able to quickly implement remote work for all activities where physical presence was not essential.

The year was also marked by the adoption of a series of measures focused on the work safety culture, especially in

our production chain. We are continuously making efforts and investments for the protection of our employees and contractors. Despite all these safety protocols, unfortunately, we had a fatality in this period. We review and reinforce the procedures to systematically reinforce our values with our stakeholders.

In line with our commitment to social and environmental development through the Jaguar Connection Program, we reaffirmed our support to *Instituto Homem Pantaneiro* by preserving more than 76,000 hectares in the Serra do Amolar region, located in the Pantanal, which was devastated by fire in 2020. Besides the activities developed under the program, we contributed with the acquisition of a boat to help transport firefighters to fight the fires.

Even in such an unusual year and with so many challenges, we achieved record results based on operational excellence and sound financial management. This year, the company's IFRS net revenue was R\$ 3.7 billion, which, together with our cost discipline, allowed for an advance in the EBITDA margin, and net income totaled R\$ 3.4 billion. This result boosted the advancement of our strategy that focuses on growth with

“

The progress made so far in our digital transformation journey was essential for us to be able to quickly implement remote work for all activities where physical presence was not essential.

”



Rui Chammas  
CEO

“

We have a very clear vision of our role, enhanced by a technical team of excellence and solid, responsible management—key factors for the sustainable development of the business.

”

sustainable value creation and made it possible to distribute earnings in the amount of R\$ 1.67 billion, which represents a dividend yield of 9%.

From a regulatory standpoint, the methodology was defined and the Periodic Tariff Review was applied for renewed contracts, as well as the initial payment of remuneration for the financial component of the Base Network of the Existing System (RBSE) at the cost of equity, with a positive impact on the combined result of R\$ 1.2 billion in the IFRS result for the year.

We also made progress in our growth strategy. Two projects were put into operation: the Itaquerê and Tibagi Electrical Interconnections. We made our first real estate transaction; we were awarded the second largest lot in transmission auction 001/2020, promoted by the National Electric Energy Agency (ANEEL), with an estimated investment of R\$ 1.1 billion, and we signed the contract for the acquisition of the Piratininga Bandeirantes Line for R\$ 1.6 billion, which will add a R\$ 172 million RAP (Permitted Annual Revenue) in the 20/21 cycle. In addition, we made progress in our modernization plan with investments in reinforcements and improvements of 73.6% over the previous year.

As a way of sharing our achievements with society, we donated R\$ 5 million to initiatives to tackle the pandemic. The company and its employees allocated resources to leverage the production of rapid tests in partnership with Fiocruz; to contribute to the construction of the Multipurpose Vaccine Production Center by Instituto Butantan; and to support the “*Matchfunding Salvando Vidas*” (Saving Lives) campaign, created by the National Economic and Social Development Bank (BNDES).

We have a very clear vision of our role, enhanced by a technical team of excellence and solid, responsible management—key factors for the sustainable development of the business. We continue to monitor the status of the pandemic in the country in order to maintain all the actions necessary for the continuity of our operation and safety of our teams. I thank them all for their efforts and for their commitment, which, in addition to playing a key role in facing the adversities of this year, motivate us to always go further.

**Rui Chammas**  
CEO



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ABOUT THE REPORT

Through this document, we share with our *stakeholders* the challenges, the achievements, and the purpose of building a future together, inspired by sustainable value creation. We follow international reporting practices, communicating our performance, strategy, and value creation on the material and strategic topics of our business. In line with our commitment to transparency, data was assured by an independent external auditor, PwC, approved by the Board. The letter of assurance can be found in the annexes. **| GRI 102-56 |**

This report has been prepared in accordance with the GRI Standards: Core option, set out by the Global Reporting Initiative (GRI) and, for the fourth time, meets the Integrated Reporting Principles of the International Council for Integrated Reporting (IIRC). It also complies with the provisions of the Accounting Manual for the Electricity Sector, which guides the Annual Social and Environmental Responsibility Report of the National Electric Energy Agency (ANEEL), the body that regulates our activities. **| GRI 102-50 | 102-52 | 102-54 |**

This document contains the main results and actions of ISA CTEEP and its wholly owned subsidiaries for 2020 and highlights of assets in which we have equity interest. GRI indicators present the performance of the companies in which we operate as controllers, except when indicated in a footnote, while the economic and financial data are presented in a consolidated manner (wholly owned subsidiaries and equity-accounted companies), in alignment with our Financial Statements. **| GRI 102-45 | 102-56 |**

Enjoy your reading!

Materiality

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

The materiality study carried out in 2019 by Grupo ISA, our controller, consisted of a survey of 985 representatives of our stakeholders: employees, shareholders, investors, media professionals, members of associations and communities, customers, financial analysts, and representatives of the State, as well as Non-Governmental Organizations (NGOs) and new generations, in telephone interviews, online, and in discussion groups. No issues or concerns other than those presented in the initial scope of the survey were mentioned by the business in these approaches. In line with the 2030 Strategy, the risk matrix, and the expectations of these stakeholders, a new consultation is planned for the year 2022. **| GRI 102-40 | 102-42 | 102-43 |**

The survey includes nine dimensions that group 28 topics relevant to the business and to our stakeholders in terms of the impacts of the company's activities from a sustainability standpoint, resulting in the materiality matrix that guides the definition of the content of this report. In addition to the GRI indicators listed in the study, other specific content was considered in order to meet the requirements of ANEEL's Social and Environmental Responsibility Report.

For more information about the survey process, read the ISA Integrated Report.



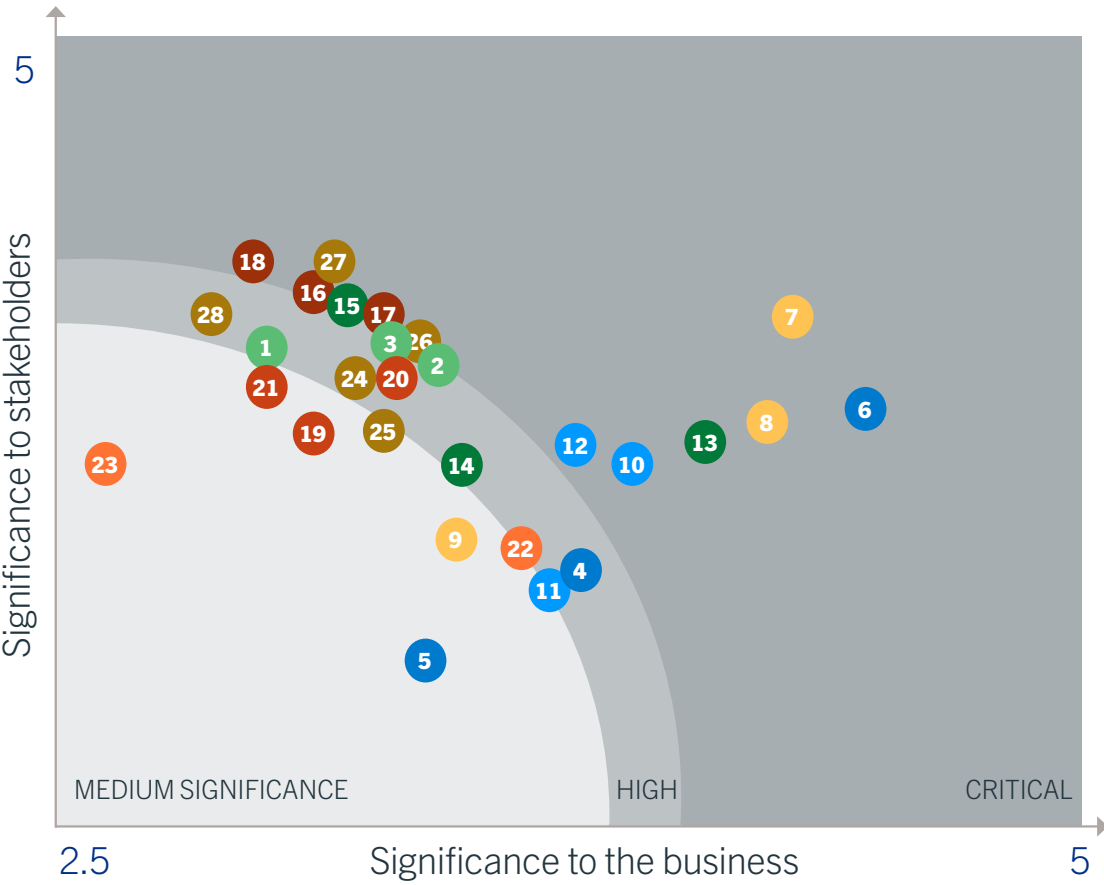
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**| GRI 102-53 |**



MATERIALITY MATRIX



- Infrastructure Capital
- Human Capital
- Relationship Capital
- Natural Capital
- Intellectual Capital
- Financial Capital

Dimension	Topics	Impact		GRI Indicators	Capitals	SDG*
		Internal	External			
Good governance and integrity	1. Independence regarding governance and/or third parties		●	102-16   102-17   102-18   102-24   102-25   102-26   102-27   102-28   102-33   102-34   201-4   205-1   205-2   205-3   206-1   405-1   415-1	    	16
	2. Ethical, upstanding, and transparent behavior	●	●			
	3. Diverse governance structure and composition	●				
Transformational leadership and capacity for influence	4. Influential and inspiring company	●	●	102-11   201-1   203-2   419-1		7, 8, 9 e 11
	5. Inspirational leaders	●				
	6. Fulfillment of commitments	●	●			
Soundness and growth	7. Compliance with financial and business goals	●	●	102-6   102-7   102-10   201-1   203-1		7, 8 e 9
	8. Proper growth strategy	●	●			
	9. Optimization of resources and synergies between group companies	●				
Anticipation and innovation	10. Identification, anticipation, and adaptation	●	●	102-15   102-30   EU8   EU12	 	7, 8, 9 e 11
	11. Culture of innovation	●				
	12. Versatility in risk exposure	●				
Excellence in performing its activity	13. Fulfillment of the value promise		●	201-1   203-1   418-1   EU4   EU6   EU21   EU28   EU29		7, 9 e 11
	14. A reference in its standards and practices	●	●			
	15. Infrastructure security, information, and cyber security.	●	●			
Proactive contribution to global environmental challenges	16. Leadership in protecting biodiversity	●	●	201-2   302-1   302-4   303-5   304-1   304-2   304-3   305-1   305-2   305-3   305-4   305-5   306-2   307-1		7, 13 e 15
	17. Management of environmental impacts	●	●			
	18. Climate change mitigation and adaptation	●	●			
Commitment to socioeconomic development	19. Contribution to the development of the territories	●	●	102-21   102-40   102-42   102-43   102-44   202-2   410-1   411-1   412-1   412-2   413-1   413-2   EU25		4, 7, 9, 11, 13, 15 e 16
	20. Proximity and dialogue with stakeholders.	●	●			
	21. Human rights and management of social impacts	●	●			
Strategic alliances for transformation	22. Long-term partnerships	●	●	102-9   102-10   102-12   102-13   102-25   204-1   308-1   308-2   412-3   414-1   EU3   EU19		7, 9 e 11
	23. Third-party risk management	●	●			
Attraction, development, and nurturing of the best talent	24. Attractive and desirable employer	●	●	102-8   102-41   401-1   402-1   403-4   403-9   404-1   404-2   404-3   405-1   405-2   406-1   407-1   408-1   409-1   EU14   EU16   EU17   EU18		7, 8 e 9
	25. Ability to develop highly qualified professionals	●				
	26. Quality work practices and respect for employees	●				
	27. Occupational health and safety	●	●			
	28. Equality, diversity, and inclusion management	●	●			

\*Sustainable Development Goals



# ISA CTEEP

| GRI 102-1 | 102-2 | 102-7 |






Our operation is an essential service for society: electric power transmission. We are the largest private company in the sector, responsible for 33% <sup>1</sup> and 94%<sup>1</sup> of the energy transmitted in Brazil and in the State of São Paulo, respectively.

We are committed to operational excellence and have asset availability indicators above the reference limit established by the regulatory agency, which makes us a benchmark in the sector. To this end, we constantly invest in technological resources, apply the most modern and innovative solutions in our facilities, and continuously train our more than


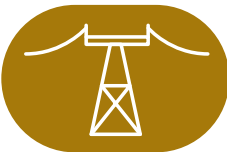
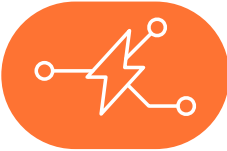

1,400 employees.

<sup>1</sup> Data referring to ISA CTEEP + IEs 100% + IE Madeira + IE Garanhuns

We have a relevant position in the National Interconnected System (SIN), with operations in 17 states and assets in all regions:

-  **127** own substations in operation with voltage up to 550 kV<sup>1</sup>
-  **68,000** MVA of transformation capacity<sup>1</sup>
-  **26,000** kilometers of circuits<sup>1</sup>
-  More than **18,000** kilometers of transmission lines<sup>1</sup>
-  **1** Transmission Operations Center (COT), in Jundiaí (SP)<sup>1</sup>  
**1** Back-up Operations Center (COR), in Cabreúva<sup>1</sup>

With these assets and Maintenance Centers, in addition to contributing to the base energy network, we serve : | GRI 102-4 | 102-6 | EU3 |

-  **11** free consumers
-  **33** transmission companies
-  **20** energy distributors
-  **54** generators and self-producers

Excellence in operations, combined with cost discipline, has resulted in strong operating cash generation. A portion of the capital allocation is earmarked for our growth with sustainable value creation. From 2016 to 2020, we acquired 14 lots in the transmission auctions held by the National Electric Energy Agency (ANEEL)—the last was awarded in the auction that took place in December: Riacho Grande.

Of this portfolio, three projects have already been delivered with CAPEX optimization and ahead of schedule, two of them in 2020 (Itaquerê and Tibagi).

GROWTH WITH SUSTAINABLE VALUE CREATION



**IE Itapura Bauru**  
Started operations in 2019, **with 50%** CAPEX optimization and 18 months ahead of the regulatory schedule



**IE Itaquerê**  
Started operations in 2020, **with 40%** CAPEX optimization and 11 months ahead of schedule

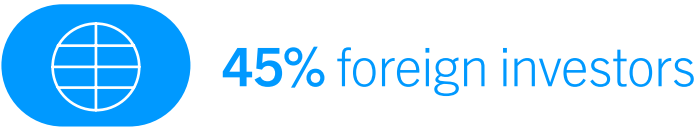
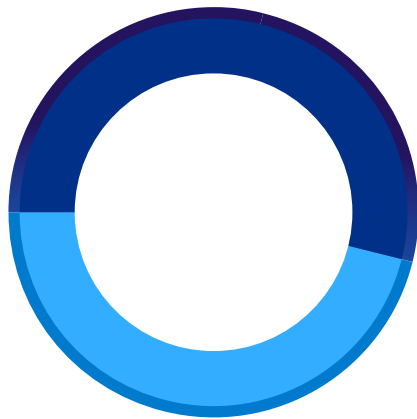


**IE Tibagi**  
Started operations in 2020, **with 12%** CAPEX optimization and eight months ahead of the regulatory schedule

The year was also marked by the completion of our first business in the real estate segment in the first half of the year. The R\$ 73 million transaction involved 395,000 sqm of rights-of-way negotiated with the City of São José dos Campos, which will develop an urban mobility project in the municipality.

Also in 2020, we celebrated the acquisition of PBTE-Piratininga–Bandeirantes Transmissora de Energia, which operates a 30-km underground transmission line (double circuit of 15 kilometers) in the city of São Paulo and interconnects two of our assets: Piratininga II and Bandeirantes substations. The transaction of nearly R\$ 1.6 billion fulfilled the conditions precedent and completed the acquisition of all shares on March 3, 2021.

We are a publicly held corporation controlled by ISA, a multi-Latin linear infrastructure systems company, and we have Eletrobras as an investor. At the end of 2020, excluding ISA and Eletrobras' stakes, nearly 55% of our shares were held by domestic investors and 45% by foreign investors. | GRI 102-5 |



PRESENCE IN BRAZIL | GRI 102-4 |




100% ISA CTEEP :

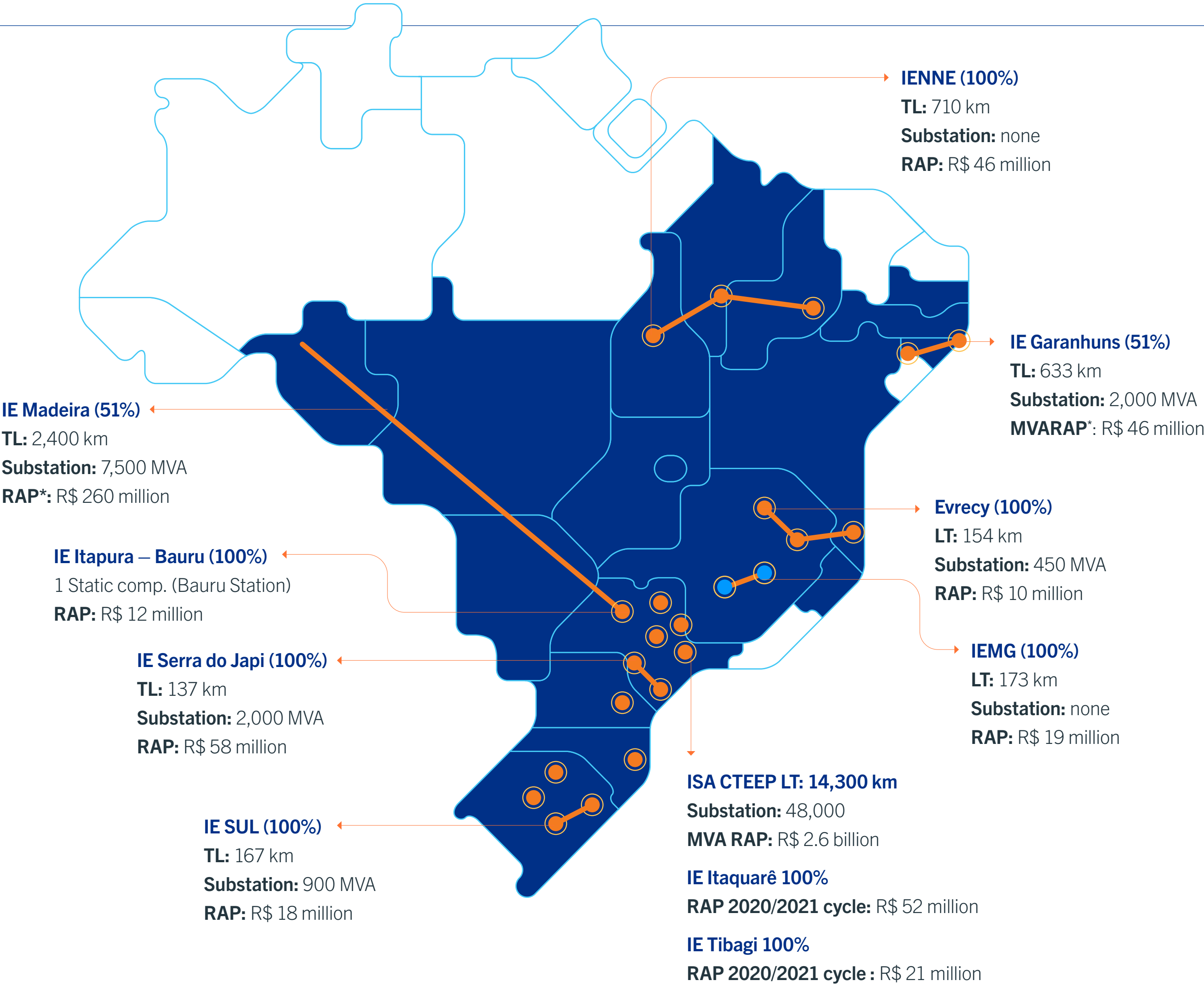
- IE SUL **PR, SC** and **RS**
- IE BIGUAÇU **SC**
- IE PINHEIROS **SP**
- IE SERRA DO JAPI **SP**
- IE ITAQUERÊ **SP**
- IE ITAPURA **SP**
- IEMG **MG**
- EVRECY **MG** and **ES**
- IE ITAÚNAS **ES**
- IE AGUAPEÍ **MS**
- IE TIBAGI **MS**
- IENCE **TO**

EQUITY ACCOUNTING:

- IE MADEIRA **SP, MG, GO, MT** and **RO**  
(Furnas 24.5% | Chesf 24.5%)
- IE Garanhuns **PB, PE,** and **AL** (Chesf 49%)
- IE IVAÍ **PR** (TAESA 50%)
- IE PARAGUAÇU **MG** and **BA** (TAESA 50%)
- IE AIMORÉS **MG** (TAESA 50%)

TRANSMISSION LINE (TL)

-  Substation
-  Incoming feeder
-  In operation



\* RAP for 2019/2020 cycle weighted per ISA CTEEP share

OUR VALUES: MANIFESTO

Our values are expressed in the Manifesto, which materializes the path that guides us in all decisions and was one of the starting points for the preparation of our 2030 Strategy—with inspiring connections that go far beyond electric power transmission. Thus, the Manifesto is the light that shows us the future and our legacy for future generations:



OUR 2030 STRATEGY

-  Shareholder value
-  Social and environmental impacts
-  Ensure corporate perpetuity

GRUPO ISA

Our main shareholder, with almost 90% of the common shares, Grupo ISA is formed by 43 companies with relevant activities in the following sectors: electric power transmission, highway concessions, telecommunications, and real-time intelligent systems management. Through these activities and the work of around 3,800 employees, the Group has operations in Colombia, Brazil, Peru, Chile, Bolivia, Ecuador, and Argentina, in addition to Central America.

For its commitment—and that of its subsidiaries—to climate change mitigation and adaptation, reliability of the services provided, and rational use of resources for a more inclusive society, ISA is a member of the Dow Jones Sustainability Index (DJSI). Specifically in the energy transmission sector, the Group guides its business plan to consolidate its position as the operator with the largest presence in Latin America and to maintain levels of operational efficiency in line with best global practices.



GOOD GOVERNANCE AND INTEGRITY

**12.5%**  
of women on the Board of Directors

Executive Board reestablished with **40%** women

During the year, communications on ethics, compliance, and anti-corruption were sent to **100%** of employees

**Level 1**  
B3 Governance

SOUNDNESS AND GROWTH

**R\$ 2.1 million** operating cash generation

**R\$ 1.3 billion** invested in reinforcement and improvement projects and greenfield

Acquisition of the second largest lot in transmission auction 01/2020, called Riacho Grande (Lot 7)

Acquisition of PBTE

First real estate transaction

**R\$ 1.7 billion** earnings distributed to shareholders

9th issue of debentures, raising **R\$ 1.6 billion** in green bonds

ANTICIPATION AND INNOVATION

**R\$ 14.2 million** invested in R&D

EXCELLENCE IN PERFORMANCE OF ACTIVITIES

Energization of IE Tibagi with a **12%** CAPEX optimization and eight months ahead of the schedule established by ANEEL

Energization of IE Itaquerê with **40%** CAPEX and 11 months ahead of the schedule established by ANEEL

**R\$ 231 million** million invested in reinforcements and improvements

COMMITMENT TO SOCIAL AND ECONOMIC DEVELOPMENT

**R\$ 19 million** in incentive social investments and donations

**17** organizations benefited

STRATEGIC ALLIANCES FOR TRANSFORMATION

**99.90%** local procurement

ATTRACTION, DEVELOPMENT, AND NURTURING OF THE BEST TALENT

**46.17 hours** of training per employee<sup>2</sup>

**83%** favorability in the climate survey

<sup>2</sup> The average hours per employee is being calculated based on the number of employees used in the GRI 102-8 indicator

# 5 TRANSFORMATIONAL LEADERSHIP AND CAPACITY FOR INFLUENCE



Beyond operating an essential business for socioeconomic development, we are committed to the sustainable evolution of the country's energy infrastructure, making continuous investments in the modernization of our grid and in new connections. In our business model, we consider the main market trends and value creation in the various capitals our activities address and impact, in accordance with the IIRC's Integrated Reporting definition.

Infrastructure Capital

All the infrastructure, lines, towers and substations that make up our operation.

Human Capital

Management of employees and all their knowledge.

Relationship Capital

Relationship with all our *stakeholders*.

Natural Capital

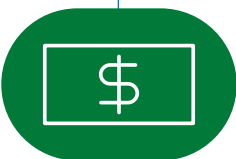
All our interactions with the environment and its ecosystem services.

Intellectual Capital

Formed by the brand, reputation and innovative projects developed within the business.

Financial Capital

The financial resources invested and generated by our operations.

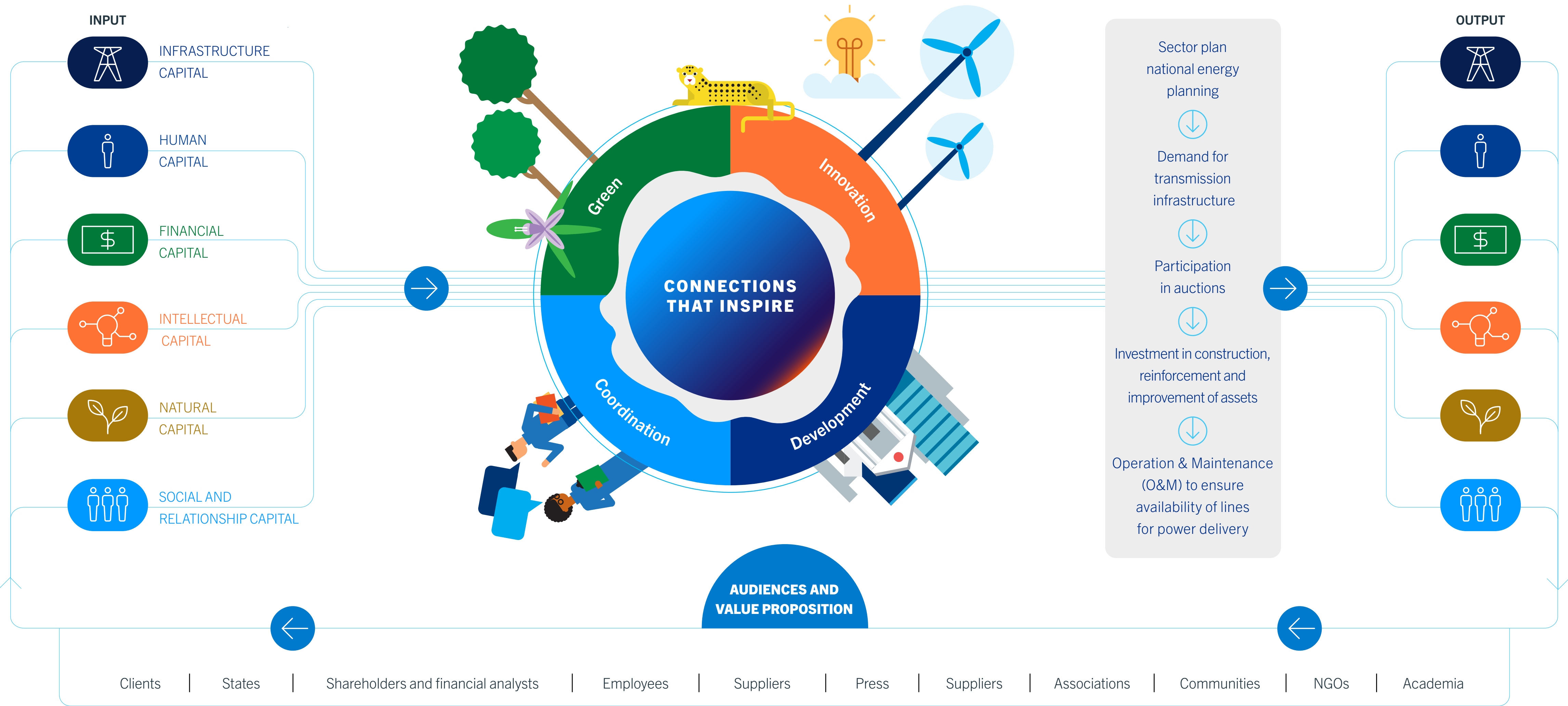


Our sound financial management is another differentiator, supporting our strategic objectives for sustainable growth during the year.

Fitch Ratings, a credit rating agency, reaffirmed our National Long-Term Rating as “AAA (bra),”

reflecting our strong credit quality, due to the low business risk in the energy transmission sector in Brazil, as well as our performance in capital discipline and growth with sustainable value creation and our predictable and solid operating cash generation and high margins. The stable rating is based on Fitch's opinion that we will be able to strengthen the asset base with ongoing investments and develop new projects while maintaining adjusted net financial leverage limited to 3.5 times.

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



COOPERATION FOR  
SUSTAINABLE DEVELOPMENT

In addition to our social and environmental commitment and the inherent value of electric power transmission activities, we support and contribute to initiatives with which we share ideals of sustainable development. We have been a signatory to the United Nations Global Compact since 2011, acting based on principles related to the protection of Human Rights and Labor, Environment, and Anti-Corruption. During the year, 73.14% of our 321 significant investment contracts had clauses related to the protection of human rights. | GRI 102-12 |

103-1 | 103-2 | 103-3 | 412-3 |



We also participate strategically in the following associations and entities: | GRI 102-13 |

- Brazilian Association of Electric Energy Companies (ABCE)
- Brazilian Infrastructure and Heavy Industries Association (ABDIB)
- Brazilian Association of Corporate Communication (ABERJE)
- Brazilian Risk Management Association (ABGR)
- Brazilian Association of Electric Energy Sector Accountants (ABRACONEE)
- Brazilian Association of Publicly Held Companies (ABRASCA)
- Brazilian Association of Electric Power Transmission Companies (ABRATE)
- Sociocultural and Business Exchange Association (AISCE)
- Brazilian Committee of the Regional Electrical Integration Commission (BRACIER)
- Energy Research Center (CEPEL)
- Brazilian Committee for Production and Transmission of Electricity (CIGRE)
- Group of Institutes, Foundations, and Enterprises (GIFE)
- Instituto Acende Brasil
- Brazilian Institute of Corporate Governance (IBGC)
- São Paulo State Energy Industry Union (SINDIENERGIA)

Acknowledgments



TRANSPARENCY AWARD

For the third consecutive year, we have won the award in the category of companies with net revenue of up to R\$ 8 billion. The award reflects our constant effort to communicate our economic and accounting performance to the public with the utmost clarity and comprehensiveness.

The award is organized by the National Association of Finance, Administration, and Accounting Executives (ANEFAC), in partnership with the Foundation Institute of Accounting, Actuarial, and Financial Research (FIECAFI).



FIRST BRAZILIAN ASSET MANAGEMENT AWARD,ENGINEER AMAURI REIGADO

We were recognized with an award that evaluates best practices applicable in the national electricity sector. It is named after engineer Amauri Reigado, in a posthumous tribute to one of the precursors of asset management in the electricity sector in Brazil.

Fifty projects were submitted and 12 were selected (three winners in four categories). We received the award in “Regulatory Impacts of Asset Management” for the paper “Reduction of discounts on the variable portion due to unavailability.”.



VALOR 1000 AWARD

We were among the leading companies in the electric energy sector in Brazil at the Valor 1000 Award, organized by *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, margin of activity, liquidity, and asset turnover.

## 6 ANTICIPATION AND INNOVATION



# Strategy

| EU21 |

We have a long-term strategy that poses challenging concepts about how we relate to each other and the world. We conduct our activities under the vision “Future Inspired by Sustainable Value,” which is only possible through the contribution of all employees.

To effectively achieve the strategic objectives, in addition to having management indicators, every year we define a portfolio of strategic initiatives that are monitored by senior management and comprise up to 25% of the variable pay of our leadership, which are added to the remaining 75% composed of General Performance Indicators.

In 2020, we also worked to analyze the possible impacts of the COVID-19 pandemic on our strategy. We outlined different scenarios and concluded that it would not be necessary to redirect long-term objectives. One of the main potential adverse effects would be on project execution, which is essential for the efficient transmission of energy, due to possible exposure of employees on construction sites and possible delays in the delivery of materials. In this regard, we created a COVID Management Committee to coordinate and define organizational efforts to reduce the business impacts of the pandemic and manage the crisis.

Additionally, in order to avoid economic distress in the sector due to a drop in energy consumption and an increase in delinquency rates, adjustment measures were promoted by the government and relevant agencies, which did not directly impact the transmission segment—one of the most resilient in the energy production chain. Thus, we recorded only a drop in R&D investments, defined by Provisional Measure 998, in force in 2020 and to be regulated in 2021, which proposed directing a percentage of the resources to the COVID account, created to financially assist energy distributors.

## 6.1.1 Strategic vectors

Our strategy includes three major vectors:



### Create shareholder value

Grow in the transmission market through participation in auctions (greenfield), mergers and acquisitions (brownfield), and investments in asset reinforcements and improvements, while always maintaining financial discipline and appropriate profitability and risk criteria.



### Create positive social and environmental impacts

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



### Ensure corporate perpetuity

Invest in new energy businesses and in the capacity for innovation and entrepreneurship, ensuring the continuity of our activities. Form high-performance teams and strategic partners, with a focus on improving competitiveness and developing capabilities.

Our growth aspiration is also based on the Ten Year Energy Expansion Plan, updated in 2020 with a horizon up to 2030, prepared annually by the Energy Research Company (EPE) under the guidelines and with the support of teams from the Department of Energy Planning and Development (SPE/MME) and the Department of Petroleum, Natural Gas, and Biofuels (SPG/MME). The document outlines the perspectives for expansion of the energy sector, under an integrated vision for the various energy systems, including the transmission segment. This way, we monitor and prepare ourselves for any opportunities in transmission auctions and mergers and acquisitions, considering technical, economic, and social and environmental conditions suitable to our profile.

Strategic pillars

In line with and to achieve our aspirations, strategic planning is based on four cross-cutting pillars, which form the word VIDA (LIFE).

- Minimize the operations 'environmental impacts
- Foster initiatives that generate positive environmental impact
- Establish strategic alliances to achieve the goals
- Coordination of the businesses within a balanced portfolio



- Integrate digital into operations, assets, and development of value offers
- Leverage the opportunities for new operating models and disruptive technologies
- Relevant player in the project ecosystem
- Implement positive impact initiatives
- Develop a leadership style that tackles adaptive and technical challenges

# Jaguar Connection

One of the main programs under Strategy 2030 is Jaguar Connection, through which Grupo ISA and its companies ratify their contribution to important global causes through their commitment to developing business in a sustainable way. The initiative also aims to support compliance with the Convention on Biological Diversity (CBD - *Convenção Sobre Diversidade Biológica*) and with the commitments signed by countries at the UN 2015 21st Conference on Climate Change (COP-21).

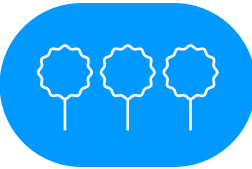
The purpose of the initiative is to contribute to the conservation of biodiversity and the mitigation of climate change by implementing forestry projects to reduce greenhouse gas emissions in priority areas for the protection, recovery, and connection of the habitats and corridors of jaguar in territories where ISA operates. Thus, the resources collected from the trading of carbon credits will be invested in other preservation

projects, aiming to perpetuate the actions to preserve and protect jaguars.

Started in 2017, Jaguar Connection ended 2020 with seven projects in place, one of them in Brazil, in partnership with *Instituto Homem Pantaneiro* (IHP). The idea is to protect more than 77,000 hectares in Serra do Amolar, in Mato Grosso's Pantanal region, one of the largest biological diversity assets in Brazil. The site is home to approximately 4,700 species and has the largest jaguars in South America, as well as specimens such as the giant otter (*Pteronura brasiliensis*), the maned wolf (*Chrysocyon brachyurus*), the South American tapir (*Tapirus terrestris*), the marsh deer (*Blastocerus dichotomus*), the giant armadillo (*Priodontes Maximus*), the capybara (*Hydrochoerus hydrochaeris*), the harpy eagle (*Harpia harpyja*), the hyacinth macaw (*Anodorhynchus hyacinthinus*), and the jabiru (*Jabiru Mycteria*).



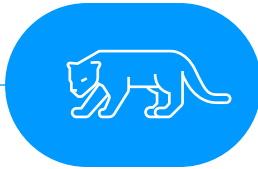
## JAGUAR CONNECTION



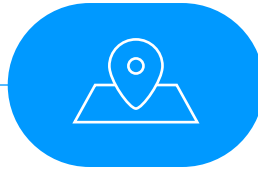
Forestry projects to reduce greenhouse gas emissions.



Developed in the jaguar\* corridors in Latin America. In Chile, in the puma habitat



For a virtuous circle of significant impact on communities; that strengthen their roots and ties to the land, develop their life skills, increase income, and reinforce their organizations.



Areas of influence of ISA's businesses and of interest to the local government are selected.



Certificates for issuing "higher quality carbon credits"



# Sustainable management

In order to promote sustainable development, our 2030 Strategy supports the resolution of global challenges expressed in the United Nations 2030 Agenda. We effectively contribute to the achievement of six SDGs:



**Quality education** – We provide training and education opportunities for vulnerable young people.



**Affordable and clean energy** – We contribute through our activities, through 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 energy sector and innovation ecosystems, we expect to contribute to creating an innovative society with infrastructure that ensures the wellbeing of the population.



**Climate action** and



**Life on land** – We have in place the Jaguar Connection, which focuses on reducing emissions.



**Peace, justice, and strong institutions** –We have an Integrity Program and an Anti-Corruption Policy in place.

# Risk management

| GRI 102-11 | 102-15 | 102-30 |

We have a structured and systematic Comprehensive Risk Management process that is based on the concepts of ISO 31000, which allows the process to be replicated in all business areas and other subsidiaries—controlled and affiliated companies—and provides guidance to senior management concerning measures that reduce negative effects on our strategic objectives or business resources.

Comprehensive risk management helps preserve the integrity of corporate resources and the sustainability of the business. It includes identifying, analyzing, assessing, and monitoring risks to mitigate financial and reputational impacts and manage the opportunities identified.

We evolved with the structuring of the Critical Risk Analysis Committee, which has the participation of directors and those responsible for managing events capable of impacting the sustainable development of our business.

Risk management governance is aligned with the Three Lines Model (The Institute of Internal Auditors - IIA) and defines roles and responsibilities across business areas, comprehensive risk management, internal audit, and senior management.

We continue to monitor internal and external aspects related to processes, assets, and projects, and we classify risks into four levels of criticality—low, moderate, tolerable, and priority—and 18 groups in the economic, operational, and social and environmental categories.

Category	Group
<div></div> <div>Economic</div>	<ul style="list-style-type: none"><li>■ Governance</li><li>■ Regulatory</li><li>■ Legal</li><li>■ Political</li><li>■ Market, liquidity, and credit</li><li>■ Market, competition, mergers &amp; acquisitions</li></ul>
<div></div> <div>Operational</div>	<ul style="list-style-type: none"><li>■ Business operations</li><li>■ Design and construction of projects</li><li>■ Supply chain</li><li>■ Cybersecurity and information technology</li><li>■ Compliance</li></ul>
<div></div> <div>Social and environmental</div>	<ul style="list-style-type: none"><li>■ Environmental</li><li>■ Natural phenomena and extreme climate change</li><li>■ Land</li><li>■ Social</li><li>■ Public order and safety of the population</li><li>■ Human capital and labor relations</li><li>■ Occupational health and safety</li></ul>



We reduced the risk level  
by approximately

51%

Through specific critical assessments and implementation of effective measures over the years, we reduced the risk level for events classified as tolerable and priority by approximately 51%, pursuant to the appetite for risk defined, compared to the final cycle of 2019, which reinforces our employees’ and leaders’ individual commitment to risk management.

# Innovation

| EUS |

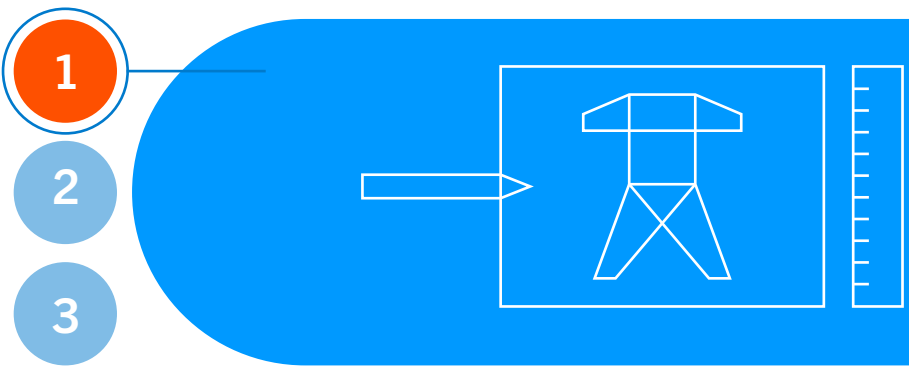
We work to strengthen the role of innovation in the execution of our strategic plan and in contributing to the sustainable development of the Brazilian electricity sector. In 2020, we structured our governance and innovation management system into six major programs, divided into three pillars: Projects and Construction, Operations, and New Energy Businesses. Each of them addresses topics and technological guidelines related to our value creation chain, from the planning and engineering phase up to the operation & maintenance activities.

We hold workshops for structuring and prioritizing innovation initiatives, with key indicators to monitor the evolution of programs, and we created an Innovation Committee, with the participation of our Executive Directors. Another improvement was the definition of the development phases of the projects, intended to address either the strategic objectives—based on internal challenges—or the innovation ecosystem, with the contribution of startups, universities, etc

More than  
**R\$ 14 million**

was invested in 2020, and R\$ 24 million was approved for projects in 2021 and 2022.

Our innovation programs seek excellence both in businesses connected to energy transmission and in adjacent and independent businesses, which interface with the competencies accrued throughout our history. In addition, the programs aim to minimize the impacts of our operation and promote the safety of assets and, especially, people.



## Strategic innovation pillars

### PROJECTS AND CONSTRUCTION

#### Planning and optimal project management program

In 2020, we started the “Flexible Planning of Transmission Systems Project,” which aims to develop planning methodologies to find technological and market solutions that expand and modernize the energy transmission system. Thus, the project proposes to rethink the role of transmission in the new context of the electricity sector, considering the attributes and technologies that can be incorporated to assist the Brazilian electric system planner. The project includes a partnership with the Energy Research Company (EPE - Empresa de Pesquisa Energética) and one of the largest consultancies in the energy sector in Latin America.

The expected investment is approximately

**R\$ 5 million**



## Program to respond to social, environmental and related-party challenges

Through the “Project for the Sustainable Management of Rights-of-Way,” we developed a digital management system for our rights-of-way, a platform based on a georeferencing system and algorithms that predict the risk of invasion of rights-of-way, using geostatistic methodologies adapted for remote sensing, monitoring, and mapping of the conditions of the rights-of-way. The system represents a step forward in the digital transformation of our asset inspection activities.

In 2020, the second phase of the project for the development of sustainable management measures for rights-of-way was also approved. The purpose of the initiative is to develop innovative methodologies that mitigate risks and offer local opportunities for creating sustainable value from the rights-of-way, in partnership with the communities surrounding our assets. The initiative will be implemented in 2021 to identify potential projects that inhibit irregular occupation and for the sustainable use of rights-of-way, considering social inclinations, characterization, and location in urban or rural areas, among other factors. The study will also include software for assessing the technical risks of implementing projects under the rights-of-way. With the digitalization of the process, there should be efficiency gains in the asset and environmental management of the rights-of-way.

## Grid modernization program: application of new materials and technologies

The concept of Substation 4.0 (SE 4.0) is one of the guiding principles of the actions in this pillar, which encompasses more than one innovation project. The first started in 2019 and provides for advanced monitoring of assets in substations through the installation of multi-measurement sensors in the equipment (temperature, vibration, oil level check, etc.). The goal is to rapidly measure the operating conditions of the assets in order to define the most efficient interventions and/or replacements. We also started the project “SE 4.0 - Measurement, sensors and centralized protection system” as a pilot implementation of a substation with technology to centralize the sensing, protection, and control systems in the cloud. The pilot project will be implemented at the Jaguariúna substation, which is undergoing a modernization process, and digital communication and cybersecurity protocols will be tested.

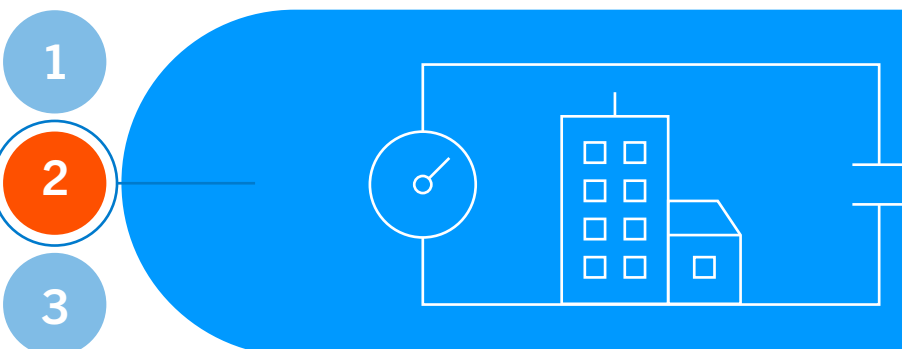
Another guiding concept of this pillar is Torres Verdes (Green Towers), which encourages the development of transmission towers with less environmental impact, lower costs, and greater resistance to physical environmental conditions. To this end, the “*Grelhas Plásticas*” (“Plastic Grates”) project was initiated in 2020 in order to develop \*prototypes of structures made of polymers for the transmission tower foundations. Plastic grates weigh less, have greater resistance to corrosion, and are easier to transport and assemble. In this way, they can provide gains in competitiveness and profitability in projects, minimize environmental impacts, and promote greater safety.

At the end of the year, we started the project “New materials for transmission tower structures,” still in a preliminary phase. It uses simulations to study the economic impact of new materials for transmission tower structures.

R&D foresees investments of more than  
**R\$ 10 million**

## AGREEMENT WITH THE USTDA

At the end of 2019, we entered into a technical cooperation agreement with the U.S. Trade and Development Agency (USTDA), which contributed US\$ 488,000 for studies to identify technologies and solutions to modernize substations. The work started in 2020, in partnership with the company Quanta Technology, and the first step was to collect technical information for an initial diagnosis, which will allow us to proceed with the assessment of requirements and best practices in the area. The project mainly includes the implementation of intelligent instruments (sensors, meters, and other advanced devices) in the necessary fiber-optic communication infrastructure and intelligent central systems (software), with a focus on better system performance. In addition, it is intended to develop cybersecurity standards and will provide recommendations for improvements to our existing substations and new projects (greenfield).



## OPERATION

### System Security, Reliability, and Resilience Program

Using SE 4.0 concepts and digitalization of the electric sector, the project “Simplifying and Optimizing a Safe, Collaborative, and Auditable Execution of Operational Instructions between Operations Centers,” aims to develop a communication system based on information technologies and exchange of encrypted data to simplify and automate the coordination of operational activities between the various players in the electricity sector. Thus, the project is intended to improve the processes of the Operation Centers by reducing the use of telephone calls to carry out the activities in real time. In 2020, functional prototypes were developed using the Minimum Viable Product concept to validate the value of the tool. They were presented at an event for all players in the sector, and a draft of network procedures was prepared to enable the ample use of technology among players in the sector.



TRANSMISSION OPERATION CENTER - JUNDIAÍ (SP)

Another project for the safety and reliability of the electric system through the introduction of artificial intelligence is the "Intelligent Tool to Support Real-Time Decision Making for Transmission Operations Centers - COT," whose goal is to develop a specialist system for handling information through real-time interface, enabling a comprehensive and intelligent view of the system, supporting the decision-making process, and improving the quality of the work of our operators. The project, developed in partnership with the Operator of the National Electricity System (ONS), was based on best practices in UX (user experience) and UI (user interface), and was adopted to facilitate the experience and interaction of operators with the system. During the year, we implemented a new high-performance Human Machine Interface (HMI) at the Transmission Operation Center and at terminals, freeing up the need for human repetitive work, which provides greater reliability and productivity for the Transmission Operations Centers (COT).

### Network monitoring and control program

The evolution in this pillar resulted from the project “Central Digital Image Analysis,” an advancement in the use of drones for inspection activities that enabled the development of a new concept and architecture for the digitalization of inspection activities. Phase I, which foresees the digitalization of field inspection of assets, was implemented in 2020.

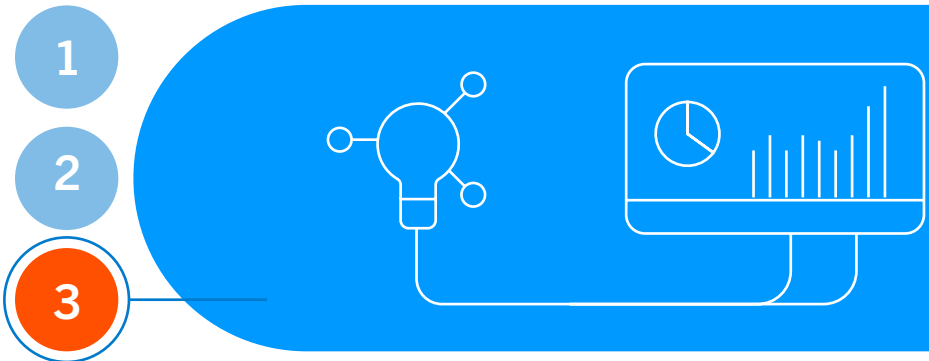
With the digitalization of 15% of the inspections carried out during the year, we had a productivity gain of more than 50% compared to the manual process. Within the year, we contributed

**R\$ 2.4 million**  
to R&D.

## DRONES

The development of our programs helped intensify the use of drones in activities, optimizing the inspection of assets, rights-of-way, and substations, and providing greater efficiency, safety, and environmental gains obtained from less travel and reduced need for plant removal. This technology accurately identifies the need for essential pruning of tall vegetation by providing a precise photograph. Therefore, due to the lower impact on the environment, the use of drones can exempt or expedite the environmental licensing stage.

The operational routine also has pioneering studies, such as the creation of a drone prototype equipped with a flamethrower, which was tested remotely via radio and in a fully-controlled environment, to remove foreign objects from the transmission lines. The adoption of this technology will allow for gains in safety and efficiency, since there will be no need for teams to move, workers to climb, or energy supply to be interrupted as a result of asset shutdown.



NEW ENERGY BUSINESSES

Storage and integration of distributed energy services

We continued with the “Energy Storage Project,” which develops Energy Storage Systems (ESS) to provide services to the grid in locations with high intermittent generation and proposes regulatory adjustments for their integration into the electric system. In 2020, EPE accepted our proposal for the application of an energy storage system in the South Coast of the State of São Paulo, which was then submitted to the Ministry of Mines and Energy as a suggestion for strengthening the system in that region. We are waiting for ANEEL's regulation and approval to start the pilot in 2021.



FERNANDO DE SOUZA LEMOS

Area: Substation and Maintenance - Cabreúva (SP)



Open innovation initiatives

Aware of the challenges of a changing world, our goal is to promote a more collaborative and dynamic form of innovation. This is how the initiative “Bridge – Building Radical Innovation & Disruption for Global Ecosystems" was born. This initiative works in the research and development of methodologies, tools, and identification of best practices in the management of innovation ecosystems and integrates universities, startups, and companies.

In 2020, we launched the Open Innovation Challenge “Advanced Multiobjective Planning and Programming,” involving startups, companies, and universities, in order to develop integrated digital tools that optimize maintenance interventions in the transmission system and are responsible for centralizing the information currently scattered across several systems and repositories, ensuring quality, traceability, data, and information management.

Partner ecosystem

Innovation initiatives are the result of a wide network of strategic allies to capture value that is increasingly relevant to us, to the electricity sector, and to the innovation ecosystem. In 2020, we entered into a cooperation agreement with EPE, recognized institutes, universities, startups, consultancies, and companies that actively participate in our projects, including: The University of São Paulo, the Federal University of São Carlos, ESALQ - Escola Superior de Agricultura "Luiz de Queiroz," CPQD - Centro de Pesquisa e Desenvolvimento em Telecomunicações, CÉSAR - Centro de Estudos e Sistemas Avançados de Recife, PSR Consultoria, 100 Open Startups, Radix, Hytron Energia, ABB, Imagem ESRI, Informa Software, and Drone Power.



ANA PAULA  
BRENTAN DE  
OLIVEIRA

Area: Operation  
Assessment and  
Protection, working  
from home

# Corporate governance

| GRI 102-26 |

In 2020, on our journey to the 2030 Strategy, we restructured our Executive Board and renewed our internal policies with professionals and guidelines aligned with our goals of creating sustainable value and focusing on the constant search for efficiency and safety in the operation. This commitment is reflected in the market's perception and in the recognized indicators that we integrate:

- **Level 1 Corporate Governance** – Since 2002, we have participated in B3's Level 1 Corporate Governance, which recognizes the voluntary adoption of obligations in addition to those required by Brazilian Corporation Law.
- **Corporate Governance Index (IGCT)** – Also from B3, it reflects the assets of all companies with differentiated corporate governance and the relationship with shareholders and other stakeholders. This includes assets of companies listed in the Novo Mercado, Level 1 and Level 2 corporate governance segments.

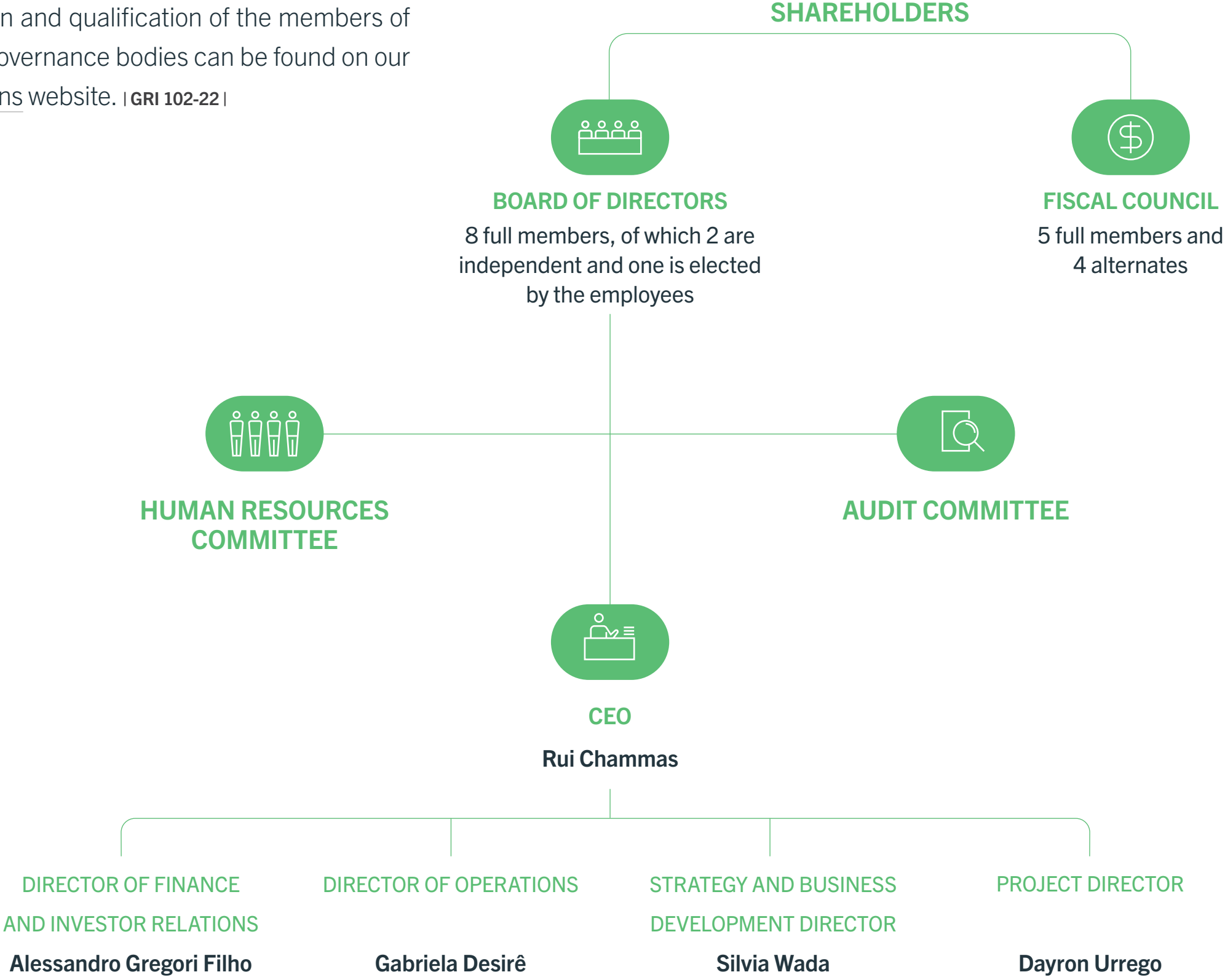
Other differentiated corporate governance criteria—higher than those required by B3's Level 1 listing regulation—that we have adopted are a Board of Directors composed of up to ten members, including an employee representative; Standing Fiscal Council; two non-statutory committees, Audit and Human Resources; and Financial Statements in Portuguese and English—a requirement only expected in the Level 2 and Novo Mercado regulations. Additionally, our Policy to Disclose Material Act or Fact establishes rules for disclosure and confidentiality of material information.

With a focus on continuous improvement, we have promoted an annual self-assessment of the Board of Directors since 2019. The process is carried out at the beginning of each year—based on the performance of the previous year—and considers individual and group performance, the frequency and relevance of the meeting topics, and the participation of the Executive Board and the Department of Governance at meetings. The performance of the Directors is also measured based on goals validated by the Board of Directors through the integral Management Framework. Members of the committees are not assessed. | GRI 102-28 |

# Governance structure

| GRI 102-18 |

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



## ORDINARY GENERAL ASSEMBLY (GA)

The General Assembly must be convened by the Board of Directors or, in cases provided for by law, by shareholders or the Fiscal Council. It is formed by the shareholders and takes place annually before April 30 to examine and deliberate on the following matters:

- Render management accounts for the previous fiscal year
- Examine, discuss, and vote on the Financial Statements, supported by the technical opinion of the Fiscal Council
- Decide on the allocation of net income for the year and distribution of dividends
- Elect the members of the Board of Directors and Fiscal Council
- Elect the members of the Fiscal Council (full and alternate) and of the Board of Directors
- Establish the remuneration of the members of the Fiscal Council, global annual remuneration, and other benefits for the administrators.

## BOARD OF DIRECTORS (BD) | GRI 102-26 |

The Board of Directors ensures the creation of sustainable value when dealing with financial, social, and environmental issues, efficiency, innovation, the market, and people management, all of which are considered in our strategic planning. It is also responsible for our management instruments, values, policies, and codes, among other commitments. Thus, its duties are to provide general business guidance; elect and remove members of the Executive Board, overseeing their performance; issue an opinion on the Management Report, the Financial Statements and the accounts of the Executive Board; and convene the General Assemblies, among others. The differentiators are:

- Composition of up to ten members (eight in 2020) elected in the GA after appointments by the controlling shareholder, minority shareholders, and employees, for one-year terms, with the possibility for reelection.
- Maintenance of two independent members (25%) and one member appointed by employees via direct vote.
- Six foreigners, two Brazilians, and a woman in the composition.
- Chairman and CEO positions held by different professionals in order to avoid conflicts of interest. | GRI 102-23 |



Click on the icon next to the name to get the qualification or go to the [website](#)

## MEMBERS OF THE BOARD OF DIRECTORS | GRI 103-1 | 103-2 | 103-3 | 405-1 |



**Bernardo Vargas Gibsone**  
Chairman of the Board



**Gustavo Carlos Marin Garat**  
Vice President  
(independent member)



**Ana Milena López Rocha**  
Member



**César Augusto Ramirez Rojas**  
Member



**Fernando Augusto Rojas Pinto**  
Member



**José Andrés Romero Tarazona**  
Member



**Roberto Brigido do Nascimento**  
Independent member



**Orivaldo Luiz Pellegrino**  
Member

# EXECUTIVE BOARD

Responsible for performing all acts necessary for the proper operation of the company, such as implementing and maintaining effective mechanisms, processes, and programs for monitoring and disclosing financial and operational performance and the impacts of the activities on society and the environment. Its roles are performed in accordance with the responsibilities established by law and our bylaws.

- Consisting of up to five members, elected by the Board of Directors for three-year terms, with the possibility for reelection.
- Formed by two women and three men (one foreigner) at the end of 2020.

## MEMBERS OF THE EXECUTIVE BOARD | GRI 103-1 | 103-2 | 103-3 | 405-1 |



**Rui Chammas**  
CEO



**Alessandro Gregori Filho**  
Chief Financial and Investor  
Relations Officer



**Dayron Esteban Urrego Moreno**  
Executive Director of Projects



**Gabriela Desirê Olímpio Pereira**  
Executive Director of Operations



**Silvia Diniz Wada**  
Executive Director of Strategy  
and Business Development



Click on the icon next to the name to get the qualification or go to the [website](#)

# FISCAL COUNCIL

In compliance with legal provisions, the committee is composed of three to five full members and an equal number of alternates, elected by the Ordinary General Assembly, for a one-year term, with the possibility for reelection.

- Is a standing committee
- Formed in 2020 by five full members and an equal number of alternates
- Holders of minority common shares and preferred shares are entitled to elect, separately, a full member and respective alternate
- Oversees the actions of the administrators
- Ensures compliance with legal and statutory duties
- Issues opinions on the Management Report
- Analyzes the balance sheet and other financial statements
- Examines and issues opinions on the Financial Statements for each fiscal year

## MEMBERS OF THE FISCAL COUNCIL | GRI 103-1 | 103-2 | 103-3 | 405-1 |



Andrea Costa Amancio Negrão  
Full member



Carla Alessandra Trematore  
Full member



Manuel Domingues  
de Jesus e Pinho  
Full member



Pablo Saint Just Lopes  
Full member



Ricardo Lopes Cardoso  
Full member



Click on the icon next to the name to get the qualification or go to the [website](#)

AUDIT COMMITTEE  
(non-statutory)

Its duties are to ensure the reliability of information; oversee the management of the Corporate Internal Control and risk system, with a focus on efficiency, effectiveness, and cost reduction in the operation; enforce applicable law, regulations, policies, standards, and internal procedures; and, among other duties, approve the Internal Audit's annual work plan and supervise its compliance.

- Technical advisory body of the Board of Directors, formed in 2020 by three members of the Board of Directors, with a one-year term.
- Members cannot be part of the Administration.
- The committee acts to improve the effectiveness of the Internal Audit and oversees the work of independent auditors.

HUMAN RESOURCES  
COMMITTEE (non-statutory)

This committee analyzes and proposes corporate human resources strategies and suggests improvements in general people management policies and guidelines; global and individual annual remuneration; guidelines for the negotiation of collective bargaining agreements; criteria for processes to evaluate and develop executives; annual salary increases for executives and other employees; senior management succession and retention plans; and actions that promote organizational culture, with a focus on building sustainable results.

- Technical advisory and advisory body of the Board of Directors, formed in 2020 by five members, with a one-year term, with the possibility for reelection.
- Members cannot hold management positions.

MEMBERS OF THE AUDIT COMMITTEE

| GRI 103-1 | 103-2 | 103-3 | 405-1 |



Ana Milena López Rocha  
Member



César Augusto Ramirez Rojas  
Member



Roberto Brigido do Nascimento  
Member



Click on the icon next to the name to get the qualification or go to the [website](#)

MEMBERS OF THE HUMAN  
RESOURCES COMMITTEE

| GRI 103-1 | 103-2 | 103-3 | 405-1 |



Ana Milena López Rocha  
Member



Bernardo Vargas Gibsone  
Member



Carlos Humberto Delgado Galeano  
Member

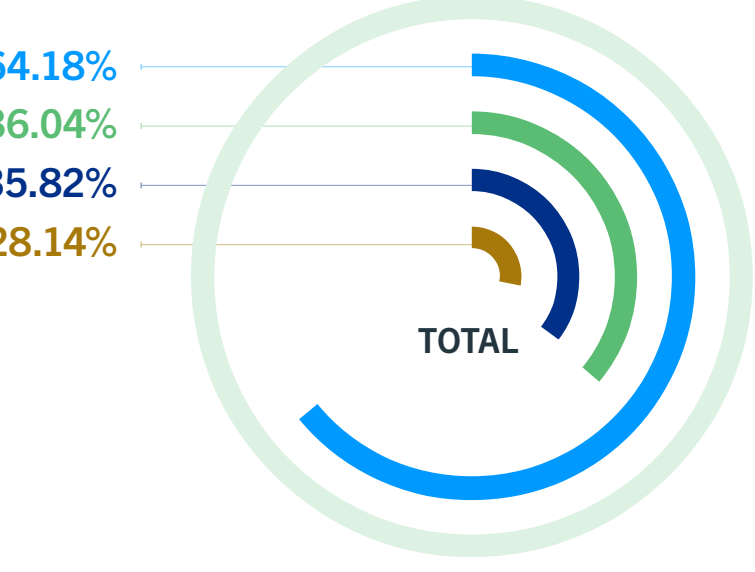
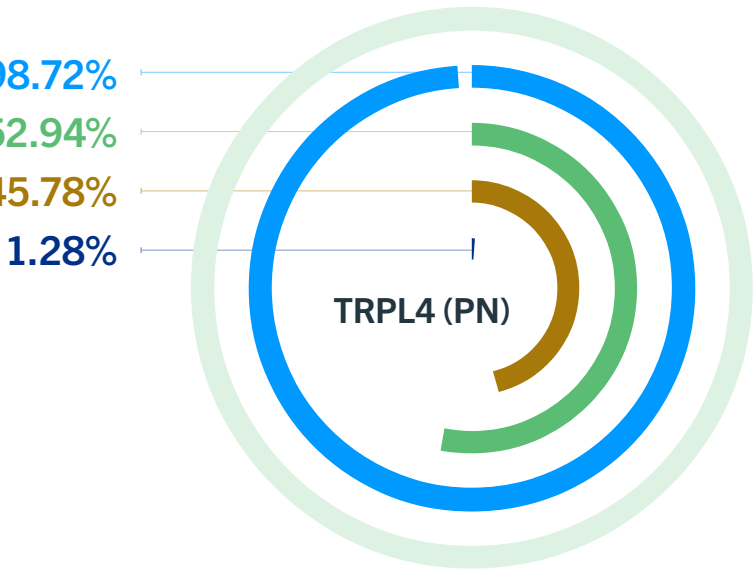
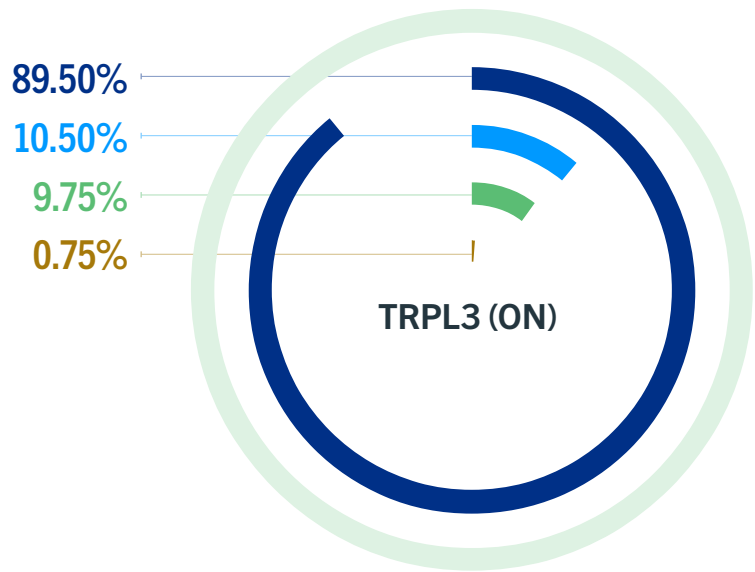


César Augusto Ramirez Rojas  
Member



Fernando Augusto Rojas Pinto  
Member

OWNERSHIP STRUCTURE (3Q20)



- ISA CAPITAL DO BRASIL
- OUTSTANDING SHARES
- ELETROBRAS
- OTHER

Our shares

The IEE ended 2020 with an appreciation of 8.1%. Our common (“TRPL3”) and preferred (“TRPL4”) shares, at the end of the year, were sold for R\$ 29.35 and R\$ 27.81, respectively—up 13.5% and 32.0% over the previous period and above the average of market indicators. The average trading volume of our preferred shares in the year was R\$ 39.7 million, while the market value reached R\$ 18 billion. We also have a practice of maintaining a minimum of 25% outstanding shares; at the end of 2020, they accounted for 64%.

Our shares are part of the Corporate Governance Index (IGCT), in which companies with differentiated corporate governance standards are listed; Brazil 100 Index (IBRX 100), which includes the 100 most traded shares on B3; the Dividend Index (IDIV); the Electric Energy Index (IEE); the MidLarge Cap Index (MLC); and the Public Utility Index (UTIL).

Additionally, we have in place the American Depositary Receipts (ADRs) program - Rule 144 A, in the United States, whose depositary is JP Morgan, with Santander as custodian.

The updated price of our shares is available for consultation on our [Investor Relations](#) website.

MARKET VALUE

R\$ 18 billion

We also have a practice of maintaining a minimum of 25% outstanding shares; at the end of 2020, they accounted for 64%.

OWNERSHIP STRUCTURE (12/31/2020)

	TRPL3 common shares	(%)	TRPL4 preferred shares	(%)	Total	(%)
ISA Capital do Brasil	230,856,832	89.50%	5,144,528	1.28%	236,001,360	35.82%
Administration	0	0.00%	4,900	0.00%	4,900	0.00%
Outstanding shares	27,080,900	10.50%	395,796,144	98.72%	422,877,044	64.18%
Eletrobras	25,158,644	9.75%	212,276,657	52.94%	237,435,301	36.04%
Other	1,922,256	0.75%	183,519,487	45.78%	185,441,743	28.14%
Total	257,937,732	100%	400,945,572	100%	658,883,304	100%

# Ethics and Compliance

| GRI 103-1 | 103-2 | 103-3 | 205-2 | 205-3 |

Our constant search for sustainable value creation involves a commitment to adopting ethical conduct with all stakeholders—employees, customers, shareholders, suppliers, the state, and society—as well as a commitment to complying with the legislation applicable to our activities. To this end, we are committed to ensuring that all our projects are duly licensed in accordance with current regulations and that our environmental studies are available for consultation at the relevant environmental agencies. We also integrate market indices that recognize the maintenance of recognized procedures and standards for compliance.

Due to the importance of this topic, in 2020 this area became the Audit and Compliance Department, reporting directly to the CEO and the Audit Committee. The goal is to constantly disseminate ethical values and communicate the work of the Internal Audit to ensure that the areas operate in accordance with the best processes and practices, ensuring that there will be no deviations from long-term strategic objectives. The audit team works in line with the corporate team, focusing on the critical areas of the value chain, remaining attentive to regulations, and promoting faster results for the business through digital transformation.

Another new development during the year was the creation of the Ethics and Compliance Portal, so that our employees can remotely access all materials and structures of the compliance area. Also, due to the current scenario of technological

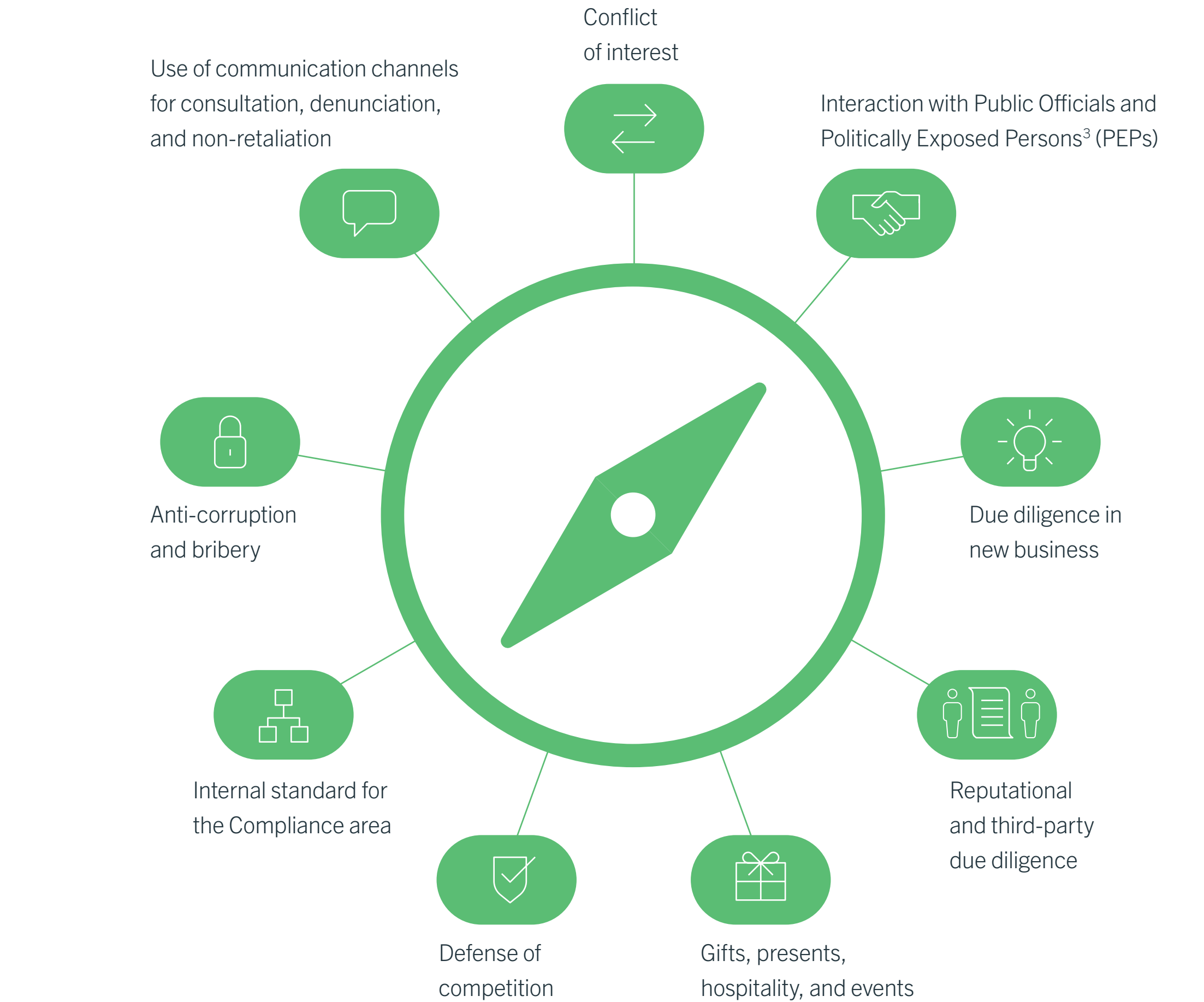
inclusion during the pandemic, we launched a social media manual, with guidelines for classifying and ensuring confidentiality of corporate information.

In the normal course of our business, and given the entry into new businesses that involve relationships with the government and new customers, our Audit and Compliance Department also worked to map possible risks for the operation and, as a second line of defense, to contribute with the best responses to compliance risks through due diligence methodology. In 2021, we plan to create a specific program for new businesses.

## Integrity Program

Since 2019, we have had an Integrity Program in place in line with the specificities of our operation and developed based on a Corporate Ethics and Compliance Program, implemented by Grupo ISA. The program encompasses nine compliance standards, widely publicized since 2019 and reinforced in 2020 in a new format. Since November, we have held brief meetings called “compliance coffee breaks.” These meetings are held virtually, allowing us to objectively discuss with our employees the actions implemented and their results, in order to reinforce the value of always being ethical. At the meetings, we also informed about our Ethics Line and the *ISA Éticos* app. To reinforce the culture of compliance, this action will continue in 2021.

## COMPLIANCE RULES



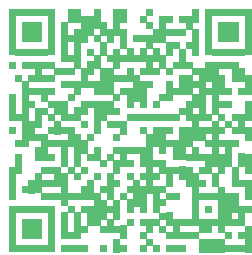
<sup>3</sup>. Anyone who holds or has held, in the past five years, relevant public positions or roles in Brazil or abroad, such as heads of state, ministers, congressmen, and public officials—judicial or military. This also includes candidates from political parties and anyone associated with a political party.

Awareness and Training

Our Code of Ethics and Conduct, updated in 2019 and titled “*Somos Éticos*” (“We are Ethical”), is the document that embodies our corporate philosophy, focused on business ethics—a fundamental basis for generating trust. To this end, the Code guides the adoption of honest, coherent, reputable, and responsible conduct, with an emphasis on creating responsible value for all stakeholder groups. The document, as well as the Annual Conflict of Interest Statement, is signed by all employees, members of corporate governance bodies, and suppliers. The goal is for managers and employees to act based on the principles of loyalty, detachment, confidentiality, and the obligation to report any situation of possible conflict of interest. | **GRI 102-16** | **102-25** |

Throughout the year, we held webinars addressing issues related to the Anti-Corruption Policy, such as conflict of interest and government relations, and since March, we have adopted virtual training on the subject. In addition, we disclosed our Ethics Line at the Suppliers Meeting, which was also held virtually. | **GRI 205-2** |

The launch of a Code of Ethics and Conduct for Third Parties, scheduled for 2020, will be analyzed in 2021, since the main determinations of ethical conduct for our business and service partners are included in our Code of Ethics and Conduct. During the year, 237 suppliers received communications on compliance policies and procedures, including the subject of anti-corruption, of which 74 were subjected to due diligence processes. | **GRI 205-2** |



access ISA CTEEP's code of conduct



General Data Protection Law (GDPL)

We partnered with a consultancy, and in early 2020, we started the implementation of a program to address the provisions of the General Data Protection Law (GDPL). In this period, we completed a diagnosis of the mapping and risk activities necessary to comply with the law, considering its 11 pillars. In 2021, we will develop a maturity study related to this topic.

During the year, we received no 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** | **GRI 103-1** | **103-2** | **103-3** | **406-1** |

We provide a secure channel for communicating noncompliance with our Code of Ethics and Conduct. The Ethics Line can be used by internal and external audiences and accessed in three different ways:



**0800 777 0775** – Monday to Saturday, from 9am to 5pm



Institutional website



**ISA Éticos** app, available for download on Apple Store.

Among the demonstrations and contacts substantiated throughout 2020, no human rights violations (discrimination, harassment, or child labor, among others) or cases of corruption were identified. All contacts, confidential and guaranteed anonymity, are rigorously investigated and monitored by the Presidency through the Ethics Committee. | **GRI 102-33** | **205-3** | **406-1** |

## 8 EXCELLENCE IN BUSINESS



**CLODOALDO  
MORAIS PINTO**

Area: SPAT  
Maintenance

# Regulatory context

The year 2020 was marked by relevant regulatory definitions, with the overcoming of the main challenges mapped in the previous cycle: to ensure receipt of the amounts of the Base Network of the Existing System (RBSE) and the correct remuneration of concession contract 059 in its Periodic Tariff Review (RTP).

This RTP, which was scheduled to take place in July 2018 and had been postponed to the 2020/2021 cycle, was approved with the definition of revenue parameters for the five-year cycle, from 2018 to 2023. Another important aspect was the initial receipt of the cost of equity (Ke) in the financial component of the RBSE, as of the third quarter of 2020, with retroactive amounts recorded in our regulatory result of R\$ 943 million in the year, with cash impact from 2020 to 2023.

The scenario brought about by the COVID-19 pandemic also had an impact on the Brazilian energy sector, but with little negative impact on the transmission segment, whose revenue is ensured by the availability of the lines. The drop in consumption due to the interruption in certain economic

activities and the increased delinquency rates in sectors were challenges for the distributors, but with the potential to affect the entire production chain. In this regard, several measures were adopted, such as the COVID Account, created by the Federal Government, through Decree 10,350/20, to help offset the drop in revenues and advance the distributors' revenues, with no impact on the chain.

Regarding the location of the Rosana Substation yard, in the Tibagi Electric Interconnection project (IE Tibagi), it is our understanding that our performance was based on the concession's regulatory terms. The idea is to execute the project in order to provide technical engineering improvements and reduce the schedule for completion. After discussion and agreement with the regulatory agency, the project entered operation in December 2020, eight months ahead of the regulatory schedule. In this agreement, a contractual amendment was signed for IE Tibagi, which resulted in a 13.5% reduction in revenue and a discount in the adjustment payment in the amount of R\$ 6.73 million, to be applied in July 2021.

# Asset Management

| EU6 | EU21 |

We have a structured Asset Management program in place, which supports our plan for the operation, maintenance, and modernization of assets, started in 2019, in line with our commitment to operational efficiency. In 2020, we moved forward with the incorporation and strengthening of best practices, creating the Strategic and Tactical committees in order to establish a governance structure for monitoring and critical analysis of the current and future performance of assets. Our process includes tools that allow for identifying and prioritizing activities based on criticality analysis (which identifies the assets with the greatest potential for impact on the business); the performance of the asset through an assessment of its current physical condition and its probability of failing; defining maintenance, modernization or renewal/replacement strategies; and improvement in assets, which allows us to identify those that have the most impact on activities in a given period of time.

During the year, we also revised our Asset Management Policy, approved by the Board of Directors, which guides decisions, activities, and behaviors in asset management with an integrated view of the life cycle and the optimization of cost, risk, and performance. The focus is on achieving the strategic objectives and obtaining maximum value in a sustainable manner. In addition, we are working on updating the Strategic Asset Management Plan (PEGA - *Plano Estratégico de Gestão de Ativos*), with extensive consultation and participation by of the areas that have interfaces with the asset's life cycle to ensure alignment with our corporate strategy.

As part of asset management, we renewed the equipment park, increasing the reliability of our services. In line with the digital age, we invest in innovation and technologies that optimize resources, reduce implementation costs and size of our facilities, in addition to establishing agile and reliable communication and protection systems. In total, more than 1,000 pieces of equipment were replaced.

The reinforcement and improvement projects for 2021 were also structured, and we expect to exceed the level of investment made in 2020—more than

**R\$ 1.5 billion** have already been authorized by ANEEL for the coming years.

We also defined new maintenance methods to be adopted in 2021. One example is the machine for the online regeneration of SF6 gas in gas-insulated substations, which allows for less downtime and tighter control of asset performance.

# Infrastructure management

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

Our work is aimed at providing maximum contributions to the availability and reliability of the National Interconnected System (SIN). With this focus, we want to advance the energization of our projects, and in 2020, we delivered two important assets:

During the year, we invested **R\$ 1.3 billion** of which R\$ 1.1 billion were in greenfield projects and R\$ 231 million in reinforcements and improvements. The amount invested is approved by our regulatory agency (ANEEL), which defines the need for investment, as provided for in the Ten-Year Energy Expansion Plan.



■ **Tibagi Interconnection (IE Tibagi):** the 18-km, 230-kV transmission line connecting Nova Porto Primavera, in Paraná, to Rosana, in São Paulo, started operations eight months ahead of the schedule set out in the bid notice. The project also includes the expansion of the 230/138 kV Rosana substation, which will connect to the Nova Porto Primavera substation. We delivered the project with a CAPEX efficiency of 12%. The investment was R\$ 118 million and the Permitted Annual Revenue (RAP)<sup>4</sup> is around R\$ 21 million for the 2020-2021 cycle.

<sup>4</sup> The amount for the RAP does not consider an adjustment resulting from the contractual amendment (-13.5%), approved by ANEEL's Board of Directors on 10/26/20.



■ **Itaquerê Interconnection (IE Itaquerê):** the project, one of the most important transmission works in recent years in the State of São Paulo, with an investment of R\$ 250 million and annual revenue of R\$ 52 million, is formed by three 500 kV (-180/+300) MVA synchronous compensators in the existing Araraquara 2 substation (operated by State Grid). The installation of this equipment in the substation guarantees benefits for the SIN, especially in the voltage control for the 440 and 500 kV systems in the State of São Paulo. The first equipment was energized in July 2020, with partial receipt of the RAP. We delivered the project with a CAPEX efficiency of 40% and 11 months ahead of schedule. We obtained the Definitive Release Term (TLD - *Termo de Liberação Definitivo*) in the fourth quarter of 2020 for full receipt of the RAP.



## ACHIEVEMENTS

At the end of 2020, we were awarded Lot 7, called Riacho Grande, the second largest in Transmission Auction 01/2020, promoted by ANEEL, which consists of the implementation of 31 kilometers of transmission lines and 800 MVA to supply load to the North, South, and East regions of the municipality of São Paulo and the ABC region. This achievement reinforces our growth strategy by creating sustainable value and contributing to the expansion of Brazil's electric power transmission system. ANEEL's investment planned for Riacho Grande is R\$ 1.1 billion, with completion in 60 months. RAP is R\$ 68 million.

Another milestone in the period was the acquisition of Piratininga - Bandeirantes Transmissora de Energia (PBTE) for R\$ 1.6 billion. The company operates a 30-km underground transmission line (double circuit of 15 kilometers) in São Paulo and interconnects two of our substations: Piratininga II and Bandeirantes. The project's RAP for the 2020/2021 cycle is R\$ 172 million, with annual adjustment for inflation (IPCA).

# Operational excellence

| EU6 |

Committed to operational excellence, we participate in quality benchmark programs, such as the indicators of The International Transmission Operations & Maintenance Study (ITOMS), in which we are in the upper quadrant in cost and performance for our work in the operation of transmission lines (calculated in 2019 and disclosed in 2020). To accomplish this, the main actions developed were:

Use of new monitoring technologies with drones and image analysis

Adoption of decision-making tools based on cost, risk, and performance

Regular updating of campaigns against slash-and-burn, conducted in 55 lines in 289 municipalities.

With these constant investments in improvements and integrated work with distribution companies, along with structuring and monitoring of action plans and synergy in the use of resources, we obtained reductions in the rates of energy not supplied and in the indicators of duration and frequency of outages. | EU28 | EU29 |

- **Average availability of transmission lines:** we stand out for the high average availability of our lines: 99.93% in 2020.
- **Electrical Energy Not Supplied (EENS):** measures the effectiveness of guaranteed energy supply. The indicator was 0.001% in 2020 (0.001% in 2019)<sup>5</sup>. SIN's EENS in the period was 0.0167%.
- **System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI):** measure, on average, the number and frequency of interruptions. In 2020, the SAIFI was 0.059 (0.108 in 2019 and 0.061 in 2018). The SAIDI was 1.81 (2.67 in 2019 and 1.0 in 2018).<sup>6</sup>

<sup>5, 6</sup> Note: These indices consider only ISA CTEEP, without its subsidiaries

# Assets under construction

In order to communicate the progress of our portfolio of assets under construction, we present the end of 2020 status for the projects from the lots acquired in auctions in recent years:

## IE ITAPURA

Interligação Elétrica Itapura S.A. (IE Itapura) is responsible for securing Lot 25 through Auction 015/2016 (Itapura Bauru), promoted by ANEEL in April 2017, and Lot 10 through Auction 02/2018 (Itapura Lorena), held in June 2018. Itapura Bauru is located in the State of São Paulo and is formed by the implementation 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, in 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. This project was completed with a CAPEX efficiency of 50% and 18 months ahead of schedule. Itapura Lorena is responsible for the implementation of a substation with maximum power of 1,200 MVA, in the city of Lorena, State of São Paulo, and a 7-km circuit transmission line. In August 2019, the subsidiary obtained an Installation License issued by CETESB for the project's substation, with construction starting in the third quarter of 2019. As of December 31, 2020, total CAPEX realized in this project was R\$ 74.7 million.

## IE AGUAPEÍ

Interligação Elétrica Aguapeí S.A. (IE Aguapeí) is responsible for securing Lot 29 through Auction 005/2016 promoted by ANEEL in April 2017. The project is located in the State of São Paulo and consists of the implementation of 1,400-MVA substations and 121 km of transmission lines (140-km circuit). In June 2019, the subsidiary received all installation licenses issued by CETESB and started work in the third quarter of 2019. The project was partially energized in January 2021 (105 km of transmission lines and the Alta Paulista substation) and completed on March 4, 2021. This project was delivered 6 months ahead of the schedule set out by ANEEL, with a 40% CAPEX efficiency.

## IE ITAÚNAS

Interligação Elétrica Itaúnas S.A. (IE Itaúnas) is responsible for securing Lot 21 through Auction 013/2015 promoted by ANEEL in October 2016. The project is located in the State of Espírito Santo and consists of the implementation of 79 km of transmission lines, the construction of a new substation, and the expansion of an existing substation. Expansion work began in the third quarter of 2018. The installation licenses for the transmission line and for the construction of the substation were issued in August 2019, and construction work started in the third quarter of 2019. As of December 31, 2020, the total CAPEX realized in the project was R\$ 177.7 million.

**IE BIGUAÇU**

Interligação Elétrica Biguaçu S.A. (IE Biguaçu) is responsible for securing Lot 01 through ANEEL auction 002/2018, held in June 2018. 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 circuit transmission line, including overhead, submarine, and underground sections. In the fourth quarter of 2020, the project received the installation license for the Ratones substation and equipment for the transition zones. The licensing process for the transmission lines is underway. As of December 31, 2020, the total CAPEX realized in the project was R\$ 116.9 million.

**IE PARAGUAÇU**

IE Paraguaçu is responsible for securing Lot 3 through Auction 013/2015 promoted by ANEEL in October 2016, in which we participated in partnership with Transmissora Aliança de Energia Elétrica S.A. (Taesa), in an equal share of 50%. 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 received the installation license for the project, issued by IBAMA, and construction work began in the second half of 2019. As of December 31, 2020, the total CAPEX realized in the project related to our share was R\$ 230.2 million.

**IE AIMORÉS**

IE Aimorés is responsible for securing Lot 4 through Auction No. 013/2015 promoted by ANEEL in October 2016, in which we participated in partnership with Taesa, in an equal share of 50%. 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 Installation License was issued by

IBAMA, and construction work started in the second quarter of 2019. As of December 31, 2020, the total CAPEX realized in the project related to our share was R\$ 155.5 million.

**IE IVAÍ**

IE Ivaí is responsible for securing Lot 01 through Auction 05/2016 promoted by ANEEL in April 2017, in which we participated in partnership with Taesa, in an equal share of 50%. The project is located in the State of Paraná and consists of the implementation of three substations with total power of 2,988 MVA, in addition to 600 km of transmission lines in Double Circuit, totaling 1,200 km. Construction work started in October 2019. As of December 31, 2020, the total CAPEX realized in the project related to our share was R\$ 446.7 million.

**MINUANO PROJECT**

The Minuano project is responsible for securing Lot 3 through Auction 02/2019 promoted by ANEEL in December 2019. The project is located in the State of Rio Grande do Sul and consists of the implementation of an 800 MVA substation, in addition to the construction of 169 km in transmission lines. In the fourth quarter of 2020, the project obtained the installation license for the Caxias Norte substation. The licensing process for the transmission lines is underway. As of December 31, 2020, the total CAPEX realized in this project was R\$ 10.6 million. This concession agreement is with the subsidiary Evrecy.

**TRÊS LAGOAS PROJECT**

The Três Lagoas project is responsible for securing Lot 6 through Auction 02/2019 promoted by ANEEL in December 2019. The project is located in the states of São Paulo and Mato Grosso do Sul and consists of the implementation of 37 km of transmission lines, in addition to the expansion

of two substations. The installation license for the project was issued in January 2021. As of December 31, 2020, the total CAPEX realized in this project was R\$ 2.1 million. This concession agreement is with the subsidiary IE Tibagi.

**TRIÂNGULO MINEIRO PROJECT**

The Triângulo Mineiro project is responsible for securing Lot 7 through Auction 02/2019 promoted by ANEEL in December 2019. The project is located in the State of Minas Gerais and consists of the implementation of 4 substations with total power of 1,600 MVA, in addition to approximately 173 km of transmission lines. The installation license is expected for the third quarter of 2021. As of December 31, 2020, the total CAPEX realized in this project was R\$ 10.1 million. This concession agreement is with the subsidiary Interligação Elétrica de Minas Gerais S.A. (IEMG).

**RIACHO GRANDE PROJECT**

The Riacho Grande project is responsible for securing Lot 7 through Auction 01/2020 promoted by ANEEL in December 2020. The project consists of the implementation of 63 km of transmission lines and 800 MVA of power to supply the loads in the North, South, and East regions of the municipality of São Paulo and the ABC region. The installation license is expected for the third quarter of 2023.

**PROJECT  
MANAGEMENT OFFICE**

In July, we launched our Project Management Office (PMO), aiming to improve efficiency in the planning and implementation of projects. To this end, we standardized and optimized processes, methodologies, tools, and documentation. Initially, we focused on governance and transparency by mapping processes and tools. In the medium term, we will work on improvement and standardization by creating processes, procedures, and standards. In the long term, we will automate processes by digitizing information and training our employees.

## New business

### Mergers & Acquisitions

The acquisition of assets underscores the Company's strategy of growth with sustainable value creation with a commitment to creating value through investments in infrastructure, while maintaining financial maintaining financial discipline and proper profitability and risk criteria.

On December 2, 2020, the company entered into a Purchase and Sale Agreement with Wire *Fundo de Investimento em Participações Multiestratégia* and *Fundo de Investimento em Participações em Infraestrutura Kavom* to acquire 100% of the capital stocks of Piratininga - Bandeirantes Transmissora de Energia S.A. (PBTE). The acquisition price is R\$ 1.571 billion, considering a net debt of R\$ 330 million on the baseline date of December 31, 2020 and the price adjustment mechanisms established in the Purchase and Sale Agreement. The operation was completed on March 3, 2021, fulfilling the conditions precedent provided for in the Purchase and Sale Agreement, which are commonly applicable in this type of operation.

PBTE has the concession of Lot F, which was awarded at no discount through Auction 013/2015, which took place in April 2016, for the construction and operation of a 30-km underground transmission line (15-km double circuit) in the city of São Paulo. The asset connects two ISA CTEEP substations (Bandeirantes and Piratininga 2) and entered operations in April 2020.



### Auctions

The acquisition of assets via ANEEL Auctions is part of ISA CTEEP's strategy of growth with the creation of sustainable value through investments in the implementation of infrastructure and operation of new projects. In this sense, the company acquired Lot 7 of Transmission Auction 01/2020 held on December 17, 2020, promoted by ANEEL. The project consists of the implementation of 63 km of transmission lines and 800 MVA of power to supply the loads in the North, South, and East regions of the municipality of São Paulo and the ABC region. ANEEL's planned investment is R\$ 1.141 billion with completion in 60 months. The Permitted Annual Revenue ("RAP") is R\$ 68 million.

#### RIACHO GRANDE:

Implementation of 63 km of transmission lines and 800 MVA of power to supply the loads in the North, South, and East regions of the municipality of São Paulo and the ABC region

### Real estate

Our strategy for sustainable growth and value creation involves business opportunities with our real estate assets through the sale of surplus areas to the public transmission service, providing cost reduction and opportunities for reinvestment in the concession. Thus, during the year, we began a comprehensive analysis of the use of our real estate and land assets. Our first real estate deal was the sale to the city of São José dos Campos of 395,000 sqm of surplus rights-of-way for R\$ 73.5 million. The city will develop an urban mobility project in the area. At the end of the period, we had already selected lots totaling more than 1 million sqm in the capital city of São Paulo and in the corridor up to Vale do Paraíba to evaluate new deals.

## 9 SOUNDNESS AND GROWTH



## Economic and financial results<sup>7</sup>

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

ISA CTEEP demonstrates its commitment to sustainability in its businesses, from construction to operation of its assets, and uses techniques that minimize the impact on the environment and local communities. Adjustments in the height of towers and the distance between them are actions that reduce the need for intervention in local vegetation. In addition, the expansion and maintenance of the transmission service increases the reliability of the SIN and drives economic development, since it provides access to electricity. | GRI 203-1 |

On December 1, 2020, CVM Official Letter 04/2020 (“CVM Official Letter”) was published with guidance on the relevant aspects of IFRS 15 (CPC 47) and IFRS 9 (CPC 48), used in the Financial Statements of December 31, 2020. After adopting these guidelines, we reviewed the accounting practices, which had a positive impact of R\$ 674 million in 2020. The main changes were:

- Recognition of profit margin during the construction phase of the project and not only after it enters into operation. This margin will be reviewed annually.
- The rate applied to the contractual asset reflects the implicit rate of the financial flow of each project and considers our estimate to price the financial component in terms of the macroeconomic characteristics aligned with the methodology of the granting power and the individual capital cost structure of the projects.
- The Base Network of the Existing System (RBSE) is now classified as a contractual asset and no longer as a financial asset.

## Gross operating revenue

In 2020, our gross operating revenue totaled

**R\$ 4,241 million,**

11.2% more than the R\$ 3.815 billion recorded in 2019. This growth stems mainly from the 40.4% gain in infrastructure revenue, using the same comparison.

### Infrastructure revenue

Our infrastructure revenue was R\$ 1.135 billion, up from the R\$ 808 million recorded in 2019. This result is explained by the increase in revenue from reinforcement and improvement projects and by the advances in the construction work of the projects acquired in the last auctions at the subsidiaries. In 2019, the balances were reclassified to comply with the guidelines of Official Letter CVM 04/2020.

### Gross Revenue from Operation & Maintenance

Revenue from Operation & Maintenance totaled R\$ 1.071 billion, 3.4% less than in 2019, mainly due to the positive variation in the update of the Permitted Annual Revenue (RAP) due to inflation, offset by the impacts of the application of the Periodic Tariff Review (RTP) in the 2020/2021 cycle.

## Revenue from remuneration of concession assets

The remuneration of the concession assets of the Base Network of the Existing System (RBSE) totaled R\$ 1.846 billion in 2020, 31.7% higher than the previous year, mainly due to the updating of the concession asset according to the discount rate of the contract asset of each concession agreement as a result of the CVM Official Letter and according to the adjustment of the monthly Consumer Price Index (IPCA).

## Efficiency Gain in Infrastructure Implementation

Efficiency gain totaled R\$ 153 million in 2020, 67% less than in the previous year, mainly due to the energization of IE Itaquerê, which entered operation 11 months ahead of the schedule set out by ANEEL.

### Other revenue

In 2020, our revenue from lease and services (basically leasing of infrastructure for fiber optic telecommunication cables and lightning rod cables) was 10.6% higher than in the previous year, totaling R\$ 35 million.

Results in R\$ thousands	2019	2020	Variation (%)
<b>Gross Operating Revenue</b>	<b>3,815,465</b>	<b>4,240,995</b>	<b>11.2</b>
Infrastructure Revenue	808,525	1,135,533	40.4
Gross Revenue from Operation & Maintenance	1,108,520	1,071,126	-3.4
Efficiency Gain in Infrastructure Implementation	464,490	152,998	-67.1
Remuneration of Concession Assets	1,402,082	1,846,116	31.7
Other Revenue	31,848	35,222	10.6

<sup>7</sup> Disclosure of our results follows CVM Official Letter 04/2020, of December 1, 2020, which provides guidance on the relevant aspects of IFRS 15 (CPC 47) and IFRS 9 (CPC 48). | GRI 102-48 |

## Deductions from operating revenue

Deductions from our gross operating revenue—which refer to taxes (PIS/COFINS) and regulatory charges (Energy Development Account - CDE - Global Reversion Reserve - RGR, R&D, Incentive Program to Alternative Sources - PROINFA - and inspection fee)—reached R\$ 545 million in 2020 (12.6% more than in 2019), mainly due to the increase in the Energy Development Account (CDE) tariff, explained by higher consumption by free customers in the comparison between the periods.

## Net operating revenue

In 2020, our net operating revenue totaled

**R\$ 3,696 million,**

10.9% higher than in 2019, which was R\$ 3.332 billion.

## Administrative expenses

### and Operation & Maintenance (O&M) and Infrastructure costs

In 2020, administrative expenses and costs for infrastructure implementation and O&M services totaled R\$ 1.390 billion, up 21.2% in relation to the R\$ 1.147 billion recorded in 2019. Infrastructure costs increased by R\$ 191 million due to greater investments in reinforcement and improvement work and in the construction work of the subsidiaries in the pre-operational phase. O&M costs totaled R\$ 397 million in 2020 (R\$ 404 million in 2019). General administrative expenses increased by 29.9%, totaling R\$ 254 million in 2020, as a result of the variation in provisions for lawsuits, in the amount of R\$ 61.5 million, due to the review of civil suits involving expropriation and compensation for rights-of-way; the increase in the provision in the line for expenses for personnel to cover the actuarial liabilities of the company's pension plan; and a R\$ 10.6 million reduction in services, due to non-recurring expenses with attorney's fees in 2019.

## Revenue - Periodic Tariff

### (RTP - Receita Tarifária Periódica)

In 2020, a gain of R\$ 1.5 billion was recognized compared to a loss of R\$ 26.7 million in 2019 due to the impacts of the RTP. This variation can be explained by a gain of R\$ 1.5 billion due to a revision of the flow of future receivables through the application of the new RAP, and of R\$ 84.7 million in the adjustment component (*PA - Parcela de Ajuste*) related to the update in the Ke; by the increase of R\$ 35 million in the subsidiaries IE Serra do Japi, IE Sul, and IE Pinheiros; and by the recognition of R\$ 136.7 million of deferred PIS and COFINS on RTP impacts.

## Other operating income (expenses)

The result of other net operating income and expenses was revenue of R\$ 170.2 million in 2020. This result can be explained by the first real estate deal, with the sale of 395,000 sqm of rights-of-way to the city of São José dos Campos for the development of an urban mobility project in the city, totaling R\$ 73 million, and by the compensation for expropriation of land in the amount of R\$ 75,328, and R\$ 13,165 referring to the recognition of untimely PIS and COFINS credit.

## Equity Accounting

| GRI 102-7 |

In 2020, equity accounting was 162.8% higher than in 2019, totaling R\$ 472 million. This variation can be explained by the adjustment of the margin in the implementation of infrastructure and of the discount rate, according to the guidelines of the CVM Official Letter, in Paraguaçu, Aimorés, Ivaí, IE Madeira, and IE Garanhuns.

Financial result

Financial result totaled a financial expense of

R\$ 209 million

in 2020, up 12.9% compared with 2019. This variation is a reflection of the new funding (9th issuance of debentures, CCB and BNDES disbursements) and of the lower yield on financial investments, due to a drop in the CDI..

EBITDA

Consolidated EBITDA for 2020, according to CVM Instruction No. 527/12, was

R\$ 4,450 million

(88.2% higher than in 2019).

Results in R\$ thousands	2019	2020	Variation (%)
Financial result	-185,259	-209,175	12.9
Yield on Financial Investments	65,745	49,247	-25.1
Result of Net Monetary Variation	-46,358	-75,192	62.2
Interest Assets/Liabilities	-2,123	-2,309	8.9
Interest/Charges on Loans	-147,222	-168,345	14.3
Other	-55,301	-12,576	-77.3

Net income

Our net income adjusted for non-controlling interest totaled

R\$ 3,362 million

in 2020, up 90.7% from 2019.

Results in R\$ thousand	2019	2020	Variation (%)
Consolidated Profit/Loss	1,779,451	3,382,650	90.1
Non-controlling interest	-16,820	-21,147	25.7
Profit/Loss	1,762,631	3,361,503	90.7

Income tax and social contribution

Income tax and social contribution totaled R\$ 835 million in 2020 (R\$ 376 million in 2019), mainly due to the better result in the year, less the equity accounting result, result of compensation for expropriation, and the deductibility of interest on equity. The effective rate in 2020 was 20%, in line with that of 2019 (17%).

Indebtedness

| GRI 102-7 |

On December 31, 2020, our gross debt reached R\$ 4.535 billion, an increase of R\$ 1.242 billion in relation to the balance on December 31, 2019. This difference stems from funding, partially offset by the settlement of debts under Law 4,131, which were recorded as swap (hedging) operations in the third quarter of 2020 and the 9th issuance of debentures in the fourth quarter of 2020.

Remuneration of shareholders

In line with our bylaws, minimum dividend distribution should be the highest amount between R\$ 359 million or 25% of the net income for the period. Additionally, there is a possibility of payment of extraordinary dividends. Our practice concerning earnings proposes a distribution of at least 75% of regulatory net income, an operation subject to approval by the General Assembly and limited to maximum leverage and 3.0x Net Debt/EBITDA.

Thus, the distribution of earnings for the 2020 fiscal period was R\$ 1.7 billion, corresponding to R\$ 2.54 per share. Payout was 50% of IFRS net income and 83% of regulatory net income. Dividend yield was 9%.

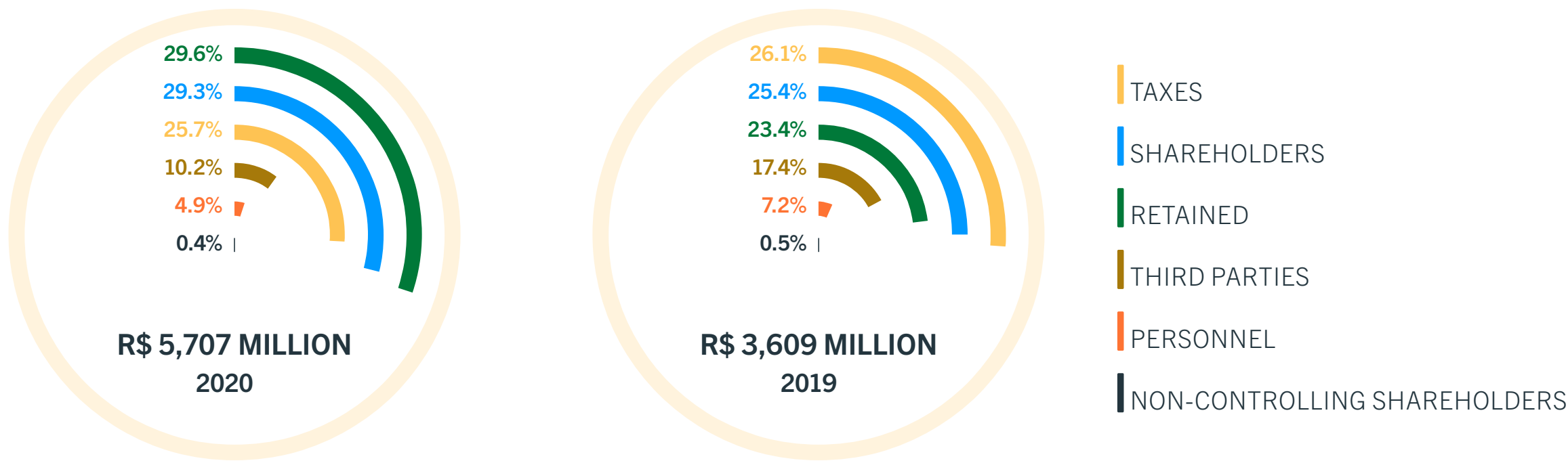
Thus, the distribution of earnings for the 2020 fiscal period was **R\$ 1.7 billion**

Value-added distribution

In 2020, Value Added totaled

**R\$ 5.7 billion**

(R\$ 3.6 billion in 2019).



# 10 ATTRACTION AND DEVELOPMENT OF TALENT

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



ANDRE LUIZ ALVES DE SANTANA

Área: Suprimentos em *home office*

## COVID-19 front

In 2020, we adapted and continued to provide essential services during the pandemic. The first commitment was to the health of our employees, which is why we quickly set up a COVID Committee, with the participation of our CEO, for agile and efficient responses in order to preserve our teams and ensure the continuity of the operation. To guide the actions and prepare health protocols, we hired an epidemiologist and medical professionals and created an app to monitor the health of all professionals daily. Additionally, we tested the field teams that worked in the Control Centers and Substations for COVID-19—by the end of 2020.

**4,000 tests**  
had been applied—and we  
adopted the following initiatives:

**Home office** – After mapping the health conditions of our teams—ensuring that professionals in high risk groups were not exposed—we defined our most critical assets, in which business continuity required the presence of employees. All administrative professionals started to work from home for an indefinite period of time, with defined working hours, in order to ensure that household tasks did not conflict with professional activities. We also provided office chairs to ensure ergonomics. In operational and regional areas, we defined the number of employees needed to carry out on-site activities. For subsidiaries, we established shifts, with rotation of maintenance teams and a guaranteed minimum staff for special situations and predictive maintenance.

**Camps** – In critical assets, such as substations and control centers, we set up “camps” so that teams did not have to move around and put their own health and that of their families at risk. In the substations, employees were “camped” for nine days, and in operation centers, for 15 days. Before the beginning and at the end of work, everyone was tested (RT-PCR), in addition to having daily remote medical follow-ups. The assets also undergo an intense routine of hygiene and disinfection as a way of minimizing the possibility of contagion of professionals, called “Guardians of Energy.”



**Benefits** – To ensure health and wellbeing, we flexibilized and offered new benefits. Employees could, for example, choose to receive food stamps instead of meal stamps for purchases in grocery stores. Psychological support was offered with online therapy sessions, and the *Einstein Conecta* app was made available—initially focused on supporting employees with COVID-19 symptoms and expanded to other primary, less complex medical demands in remote consultations. In addition, employees are offered a series of remote daily activities, such as yoga, self-massage, stretching, and meditation.

**Information and training** – In addition to the app to measure and monitor the health of employees, we launched a portal with the most up-to-date and relevant information on health, safety, and quality of life.

Before the pandemic, in 2019, the pilot of the Flexible Work program was conducted with leaders and administrative teams working in home offices, whose data and learning enabled our teams to work remotely. We also promoted webinars, training, and a digital transformation fair to raise awareness and support our teams in the adaptation process.

# Organizational talent management

We improved the management strategy of our organizational talent, considering the capacities necessary to execute the 2030 Strategy and our Leadership Brand, which brings together the essential attributes for current and future leaders in strengthening our business purpose.

## CAPABILITIES

In order to facilitate understanding and train employees, we created a dissemination project, with training, engagement, communication, and recognition actions. During the year, we prioritized five of the ten capacities, and at the beginning of each month, we present a selection of training and development topics.

In our Connections With You recognition program, we also have a set of practices in place designed to stimulate, reinforce, and highlight the behaviors associated with capabilities, mobilizing our culture to drive the group's strategy. Thus, peers and leaders can recognize the capabilities of others. As part of the program, we also honor employees for their time with the company.



### ORGANIZATIONAL CAPABILITIES | GRI 102-16 |

- **Adaptability** –We adapted our experience and knowledge with flexibility and agility to face challenges and uncertainty.
- **Networking** – We built bonds of trust and cooperation, enabling the development of alliances and sustainable relationships.
- **Innovation and entrepreneurship** – We improved what we do and created new solutions and business models to add sustainable value.
- **Customer guidance** – We understand the environment and the market and offer solutions focused on the needs of our customers.
- **Talent development and continuous learning** – We understand that talent is the heart of strategy; that's why we develop and enhance them.
- **Operational excellence** – We ensure the highest levels of quality, efficiency, safety, and service in everything we do, considering cost, risk, and performance.
- **Digital transformation** – We have effectively leveraged digital technologies in our processes in order to be more efficient, to continuously improve, to prepare in advance to respond to future scenarios, and to include new business models.
- **Environmental and social management** – We guarantee solutions with environmental and social viability that favor life.
- **Ethics** – We act in coherence with our higher purpose.
- **Co-responsibility** – We take responsibility for our commitments and decisions and support others in building a common purpose.

Leadership Brand

Our leaders connect people, making each connection an inspiring act

**Take on great challenges and ensure the achievement of excellent results** – Learn their most important lessons through challenges and use difficulties as a driver of their performance..

**Inspire and guide the reach of the strategy** – Have a natural ability to inspire trust in those around them, either through honest communication or by example.

**Manage culture change and transformation** – With the change process in order, the leaders promote a favorable environment for the development of new attitudes and new behaviors.

**Are responsible for their development and the development of their team** – Have a daily commitment in search of development.

**Promote learning and collaboration** – Are an example of what they instigate. They create conditions for the team to expand their capabilities and have synergy among members.

Thus, in 2020 our work was based on the following strategic objectives of organizational development:

-  **Promote a Culture of Safety** in our organization and in our strategic allies, working in a preventive manner and seeking quality of life at work and the wellbeing of the teams.
-  **Boost a Culture of Sustainable Value**, valuing the management of performance and meritocracy, developing our leaders to be models of our leadership brand and making strategy a task for everyone.
-  **Ensure Talent Sustainability**, fostering the development of individual and organizational skills through actions that promote an innovative, challenging, diverse, and continuous learning work environment.
-  **Enhance Organizational Effectiveness** through productivity-oriented architecture, supported by the management of processes that foster systematization and knowledge management.

INTERNSHIP AND  
TRAINEE PROGRAMS

Our internship and trainee programs were redesigned considering the internal talent development strategy. The main changes were the redefinition of the candidates' profiles, the number and distribution of positions in the different areas, as well as the revision of the methodology for carrying out projects during the year, based on the concept of innovation, and training for tutors and managers. The Internship Program was carried out in partnership with a consultancy specializing in attracting, capturing, and selecting young professionals. The process was adapted to be completely online, with artificial intelligence support. And for our managers to be better prepared, we provided the Selection by Capabilities training. In March 2021, we will begin applications for the Young Talent Program (trainees), through which five people will be chosen according to a profile and schedule to be determined.



**BRUNO BAPTISTA  
E LETHICIA GONZAGA ALDEVINO**  
Area: University interns



Training

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

The pandemic accelerated digital transformation projects, with important impacts on employee training actions. We launched the Knowledge Space, in which we grouped together, online, almost all of our training, knowledge, and development processes. The virtual environment allows for the storage, sharing, and dissemination of knowledge through the use of different systems/tools for knowledge management.

We ended the year with more than  
**69,000 hours**  
of training (46.17 per employee),  
91% of which were virtual.

We also had over 5,000 participations in the different webinars and webcasts offered weekly, whose content is available for consultation and covers cross-cutting and business topics: effective meetings, emotional intelligence, agile methodologies, Office 365 and its tools, digital behavior, regulatory revenue, and asset management. We also launched, in a virtual format, spaces for dialogues that follow a shared learning methodology incorporating collaboration.

During the year, we invested R\$ 948,000 in employee training and development, which included corporate education actions through three centers: Leadership, Excellence, and Development. For leaders, we started designing a plan to strengthen the leadership brand and organizational culture, which will start in 2021. At the Excellence and Development centers, training ranges from mandatory safety topics to cross-cutting behaviors, such as negotiation, communication, conflict management, time management, and interpersonal relationships. In addition, in 2020 we invested R\$ 564,000 in scholarships that include technical, undergraduate, graduate, and language courses.

FOCUS ON THE OPERATION

We invested in training focused on qualified substation operations, with 186 recertifications and 27 new certifications for substation operators and technicians. For the effectiveness of the training, we used the Simulator, a technical tool launched in 2020, which allowed for the addition of new exercises and complexities to the maneuvers.

# Performance evaluation

| GRI 103-1 | 103-2 | 103-3 | 404-3 |

We reviewed the goals in order to measure the alignment of deliverables with the strategy, the efficiency of the operation and, thus, develop a more meritocratic model that clearly reflects the contribution or impact of the employee in their area of work and workplace.

Since 2017, our performance evaluations have been conducted through the performance and potential matrix (Nine Box), considering pre-agreed upon and cascaded goals based on a given strategic objective, in addition to specific performance in the activity conducted. For effectiveness and transparency in the process, which results in Individual Development Plans (PDI - *Planos de Desenvolvimento Individual*), there is also a calibration step, conducted by a multidisciplinary committee. During the year, 100% of the 1,318 employees who met the criteria were evaluated.<sup>8</sup>

We also used an assessment tool to check the potential for certain positions whose analyses were enhanced through talent discussion forums (talent review). At the end of the year, 44% of our positions considered critical for business continuity already had successors mapped.

<sup>8</sup> Criteria: all other active employees, except: those hired after July 31 of the current year, on leave more than 6 months in the current year, apprentices, interns, board members, retired due to disability, and union members.



LUCIANA FLORENCIO  
Area: Management  
Office

# Wellbeing and diversity

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

We carried out several actions to maintain the organizational climate with a focus on promoting diversity, within the scope of our Diversity and Inclusion Program. On Mother's Day, for example, we discussed career and motherhood; on Women's Day, female leadership and the balance between motherhood and work; and on Father's Day, we addressed the issue of new parenting and recognizing the role of the father in a social context in which care for children must be shared. We also included the weekly "*Papo de Líder*" ("Chat with a Leader"), with content, videos, and reading to develop leadership brand attributes and capabilities. We also have the Connections with You program in place, where employees give recognition to their peers, and we celebrate the legacy left by our professionals who have been with the company for 25, 30, 35, and 40 years. In 2020, a total of 47 professionals received recognition.

In addition to raising awareness, with an emphasis on diversity, we included race and gender indicators in the Internship Program, with positive results in the selection processes. We also developed a strategic partnership with a consultancy specializing in diversity, which will streamline the development of the topic for the coming year.

In general, our work focused on wellbeing is concentrated in the Quality of Life - Life 360<sup>9</sup> program, launched in 2018. The initiative proposes comprehensive actions to adopt healthier habits, inside and outside the corporate environment, considering the six pillars of the World Health Organization (WHO): physical health, professional health, social health, spiritual health, emotional health, and mental health.

# Commitment to safety

| GRI 103-1 | 103-2 | 103-3 | 403-4 | 403-9 |

The non-negotiable commitment to safety is expressed in our Occupational Health and Safety Policy, revised during the year, which determines the maintenance of safe work environments and healthy lifestyles that promote self-care and the application of best practices. Therefore, it was with great regret that during the year, we recorded the fatality of a professional from a contracted company, which led us to intensify the safety management actions in our production chain. The reinforcement, focused on the complete consolidation of the safety culture, encompassed the awareness of the role of leaders so that activities are performed without any type of incident.

We invested in our governance on the topic, presenting high-potential accidents (which did not cause permanent injury or result in fatality, but are serious) in board meetings

and to the CEO; we created management meetings and safety discussion forums, which covered the entire workforce; and we reviewed processes. The goal is to think jointly about constant improvements aimed at safety in our activities, analyzing the root causes of incidents, and proposing preventive actions.

During the year, there were seven accidents involving company employees, a 36% reduction compared to 2019, totaling 1.5 million hours without accidents. With our contractors, there was an increase of 12% compared to the same period in the previous year, totaling 28 accidents, one of which was fatal. In 2021, we will hire specialized consultants to support us in the cultural evolution in safety. We will also launch a three-year project for a Culture of Excellence in Health and Safety, which will begin with a diagnosis of the maturity level of our safety system. | GRI 403-9 |

# Practices and processes

Our Management Committee for Occupational Health and Safety involves all leadership in monthly meetings on Health and Safety (HS) and safe behavior indicators, accident analysis, and lessons learned, among others, for proposing actions and measures to reinforce safety. | EU16 |

Our structure also includes the Internal Commission for Accident Prevention (CIPA), which promotes Safety Meetings in which company employees and contractors participate in discussing the most relevant topics, previously defined, aiming to consolidate a culture of safety. Another forum is the Internal Accident Prevention Week (SIPAT), which, in 2020, included contractors. Lectures were held addressing safety vectors, such as life-saving rules, and reinforcing key safety concepts with lessons learned, given by the employees themselves. For the first year, SIPAT was carried out jointly and online, with the participation of all of our units and regions. For greater participation and engagement, we created an app that has a quiz to measure the knowledge acquired in the lectures and awards. Since 2018, we have also held a Weekly Safety Dialogue (DDS).

We continued with the MAIS process, Attitude Change Inspires Safety, which aims to encourage safe behavior through training “observers”—professionals responsible for follow-ups, volunteers, and planned field activities—and it is an important tool for dialogue and learning. As a recognition of the commitment to safety, we have the + *Segurança com Você* (+Safety with You), one of the recognition initiatives of the + *Conexões com Você* (+Connections with You), whose goal is to encourage the adoption of safe habits and behaviors.

Our collective bargaining agreements cover topics of occupational health and safety, such as the communication of workplace accidents, job stability for one year in the event of accidents, election of CIPA members, and regular meetings on OHS. | GRI 403-4 | EU18 |

# Teams

| GRI 102-8 | GRI 103-1 | 103-2 | 103-3 | 401-1 | 402-1 |

We had 1,440 employees at the end of the year—including 1,232 men and 208 women—an increase of 0.28% compared with 2019. Our turnover rate was 14.20, 66% higher than the previous year (9.40), mainly due to the management of the teams' performance and cases of retirement. | GRI 401-1 |

In the organizational climate survey carried out with this audience during the year, we recorded 83% favorability and 92% adherence.



# 11 STRATEGIC ALLIANCES FOR TRANSFORMATION



GUILHERME SOARES GURGEL DO AMARAL

Area: Strategy and Innovation,  
working from home

# Supplier management

| GRI 102-9 | 102-10 | 103-1 | 103-2 | 103-3 | 202-2 | 204-1 | 308-1 | 308-2 |

We invest in long-term partnerships in our supply chain, and we will act in 2020 to strengthen relationships and support business partners. The energy transmission business requires large amounts of materials and equipment, which meet technical and performance requirements, in appropriate volume and availability in order to meet the life cycle of transmission lines and substations. Due to the effects of COVID-19, we promoted negotiations to maintain the contracts and to thus minimize the financial and social impacts on third parties whose activities had to be interrupted. We also had no significant delays in delivery of equipment, partly due to the ongoing process of structuring a new corporate procurement management model at Grupo ISA. The purpose of the action is to structure procurement strategies (strategic sourcing) for each category of input used, with the establishment of long-term solutions, having completed approximately 50% of the strategies in 2020, with completion (100%) expected for 2021. As a result, we signed umbrella contracts for the different items to be purchased, supporting our sustainable growth strategy with standardized products and negotiated prices.

In 2020, we held a Meeting with Suppliers, in a virtual format, which brought together **195 people,** 137 of which were suppliers and 58 of which were employees—to present our growth strategy, the evolution of the procurement process, and the values that guide us to continue with excellence and quality in the provision of our services.

# Inventory management

During the year, we continued the strategic asset management planning process, executing a project dedicated to reorganizing equipment in the various yards of the Distribution Center and the replacement of items that are unnecessary or outdated after technical analysis. Using software, we automatically reviewed stocks of important equipment, such as transformers, advancing our strategic asset management plan. Thus, there was an important evolution in the quality and organization of our stocks, guaranteeing their physical and systemic registration. The work will continue in 2021, expanding the analysis for readiness stocks and a new project dedicated to further improving the reliability of the equipment in stock, in addition to actions focused on reverse logistics.

We have a Distribution Center in Bauru, in upstate São Paulo, and five standby stocks to serve the most distant locations.

# Evaluation and qualification

| GRI 103-1 | 103-2 | 103-3 | 414-1 |

In 2020, we started the *Fortalecimento de Fornecedores* (Supplier Strengthening) project, aimed at establishing a closer partnership to improve the performance of suppliers selected according to program criteria. We have also developed a logistics protocol, with a checklist to verify important conditions, e.g., environmental and safety, in the delivery of materials. Information is compiled and presented to partners in weekly meetings and to the Board of Directors on a monthly basis, with a focus on continuous improvement.

Our management of the chain also includes assessments, either annually or at the end of contracts, activities, and services provided, with feedback to partners. Criteria such as quality, lead times, occupational health and safety, and management are analyzed, and includes topics such as ethics and compliance.

At the end of 2020, 99.8% of our contracts were local. The percentage of suppliers screened for environmental requirements and social aspects was 71.43%. | GRI 202-2 | 308-1 | 414-1 | 103-1 | 103-2 | 103-3 | 408-1 | 409-1 |

## 12 COMMITMENT TO SOCIOECONOMIC DEVELOPMENT



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

Our commitment to social development is expressed by the nature of our business—the transmission of energy—which is critical to economic progress and wellbeing and is one of the pillars of our strategy, which includes “Contribute to the development of communities.”

In this sense, in order to minimize the effects of the COVID-19 pandemic and contribute to the search for effective solutions, we concentrated our actions on a broad movement at Grupo ISA, “*Todos Somos Um*” (“We Are All One”), which included:

#### ■ **Fiocruz**

We donated

## R\$ 1.5 million

to *Fundação Oswaldo Cruz (Fiocruz)*, for the acquisition and production of rapid tests for COVID-19. The action, coordinated by the *Instituto Acende Brasil*, relied on the partnership with other companies in the electricity sector, collecting a total of R\$ 9 million. Of the total resources we donated, R\$ 1.3 million came from the Social Investments by Companies (ISE) line of credit, made available by the National Economic and Social Development Bank (BNDES).

- **Saving Lives** — We engaged our employees to join “*Todos Somos Um*” by creating a digital platform, through which

around 400 people donated approximately

## R\$ 160,000

This resource was geared toward the “Saving Lives” campaign, created by BNDES, and adopted the match-funding model. Thus, the bank doubled the amount donated, reaching almost R\$ 320,000. All the funds raised were used to purchase materials, supplies, and equipment, which were distributed to philanthropic hospitals in several Brazilian regions.

#### ■ **Instituto Butantan**

In October, we allocated approximately

## R\$ 3.2 million

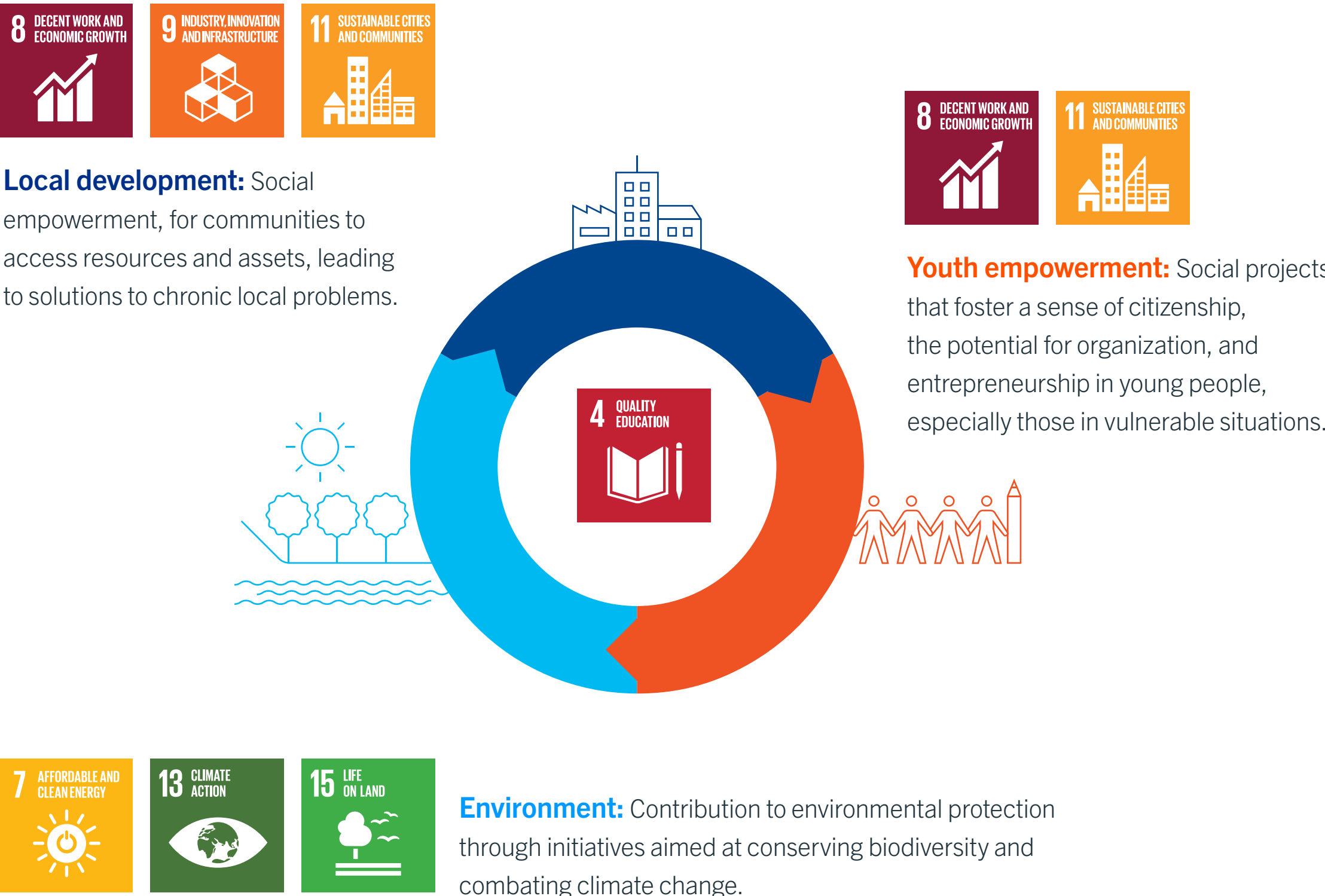
In October, we allocated approximately R\$ 3.2 million for the construction of the Multipurpose Center for Vaccine Production, of *Instituto Butantan*, which is expected to produce the *CoronaVac* vaccine as of 2021. The center will have the capacity to produce 100 million doses per year and will also serve as a booster for the production of other vaccines. Additionally, we invited our employees to contribute to the center, raising R\$ 39,000. Furthermore, for each R\$ 1.00 donated, we added an additional R\$ 4.00, reaching a total of more than R\$ 196,000.



- **Donation of uniforms** — We sanitized and altered nearly 800 uniforms that were stored and unused. The pieces were donated to the São Paulo Social Fund, which distributed them to social institutions to assist people in vulnerable conditions.
- **Other actions** — Employees from our regional offices collected blankets and food, which were donated to *Associação dos Pais e Amigos dos Excepcionais (APAE)* in the municipality of Cabreúva; *Asilo São Vicente de Paulo*, in Santa Bárbara D'Oeste; and *Fundo Social de Solidariedade*, in Mococa. The teams of *Aliança Interligação Elétrica*, formed with Taesa and of which we own 50% of three assets, collected food staple baskets for Indigenous communities affected by the pandemic. The beneficiaries were the communities of Paraná Tekoha Guassú Guavirá (Guaíra and Terra Roxa) and Avá Guarani do Ocoí (in São Miguel do Iguaçu).

# Governance

We have in place a structured governance model for Private Social Investment (ISP), which determines the social criteria for selecting projects and actions to be supported each year, based on three pillars aligned with the 2030 Strategy:



In 2020, due to the pandemic, some projects benefiting from the 2019 tax incentive were reformulated. *Virada Sustentável*, the largest sustainability festival in Latin America, with programming based on the 17 UN Sustainable Development Goals (SDGs), went from a weekend to a month of activities, in physical and virtual format. In addition to installations, projections, graffiti, cinema, interventions, and wellness programming, *Virada Sustentável* promoted a forum in which we participated with a presentation by our CEO. At the time, due to the fires that devastated the Pantanal region, we made a QRCode available for donations and fundraising for *Instituto Homem Pantaneiro*, our partner in the *Conexão Jaguar* program. The amount was geared toward the creation of a permanent fire brigade.

*Virada de Cores*, which provided graffiti workshops for young people from public schools in the outskirts of the city of São Paulo, benefited residents of the community of Heliópolis with the exhibition of large panels created by three graffiti artists from São Paulo. The goal was to reinforce the sense of collectivity and affection shown by the residents of the largest community in São Paulo throughout the COVID-19 pandemic through graffiti works of approximately 200sqm.

In order to select the projects for 2021, using resources from social incentive investments of 2020, in addition to the three guiding pillars of our Private Social Investment strategy, we maintained our support to healthcare initiatives. In addition, we will focus on actions with synergy with our Jaguar Connection program and actions with an emphasis on education.

## PROJECTS 2021

Culture Incentive Act	R\$
<i>Virada Sustentável</i>	1,200,000
<i>Abaré EmCena</i>	3,125,098
<i>Para Sempre Meio Ambiente</i> (Forever Environment)	479,902
<i>Balaio Encantado da AM</i>	199,926
SDG Truck	984,555
SDGs in Schools	999,108
Sports Incentive Act	
Teacher Training	840,000
<i>Xadrez Mentes de Aço</i> (Minds of Steel Chess)	407,147
Champions of Life	500,000
Childhood and Adolescence Fund	
Partnership for Education	1,747,147
Elderly Fund	
Senior Entrepreneurship	400,000
Sustainable Health and Wellbeing	347,147
<i>Escola da Maturidade</i> (Maturity School)	1,000,000
PRONON*	
Precision medicine applied to children's cancer	1,747,147

\*PRONON - *Programa Nacional de Apoio à Atenção Oncológica* (National Program to Support Cancer Care)



SERRA DO AMOLAR, PANTANAL (MT)

We support *Instituto Homem Pantaneiro (IHP)*, our partner in the Jaguar Connection, that works to protect and preserve the biome and culture of the Pantanal region.

VOLUNTEERING



This year, Grupo ISA started to reformulate the base of its companies' volunteer programs, which will be more closely aligned with the social management pillars in the locations where it operates. In Brazil, in 2020, in addition to the “*Todos Somos Um*” movement, which relied on company donations and donations from our employees, mentoring actions were also promoted. The initiatives took place virtually in two institutions that we support with tax incentives: *Centro Educacional Assistencial Profissionalizante (CEAP)* and *Associação Feminina de Estudos Sociais e Universitários (AFESU)*. Five virtual meetings were held with each young person, which were intended to guide and support their professional careers.

Social management

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

For the peaceful and sustainable coexistence of our assets with the surrounding community and the environment, we try to cause the least possible interference in residential and commercial facilities and vegetation, starting as early as during the development of our projects. We also invest in technological solutions to minimize the built-up area of our facilities, such as compacted substations, and we study the issue through R&D projects, such as the “Development of Monitoring System and Sustainable Management of Rights-of-Way.” We also have close relationships with Housing Departments in order to jointly seek means of voluntary evictions without of having to resort to legal actions for repossession.

This is a relevant topic in the operation, since an important portion of our transmission lines is located in areas with a large urban population, where around 89% of the Brazilian housing deficit is concentrated, which increases the risk of illegal occupations and, consequently, the safety of the population.

Another important issue in 2020 is related to fires, which can interfere with the continuity of our operations and put the population, wildlife, and flora at risk. We operated in the period with a focus on raising awareness in the surrounding communities, showing the danger of fires and how to avoid them with simple approaches. To this end, we prepared educational materials, such as a website that deals exclusively with this topic.

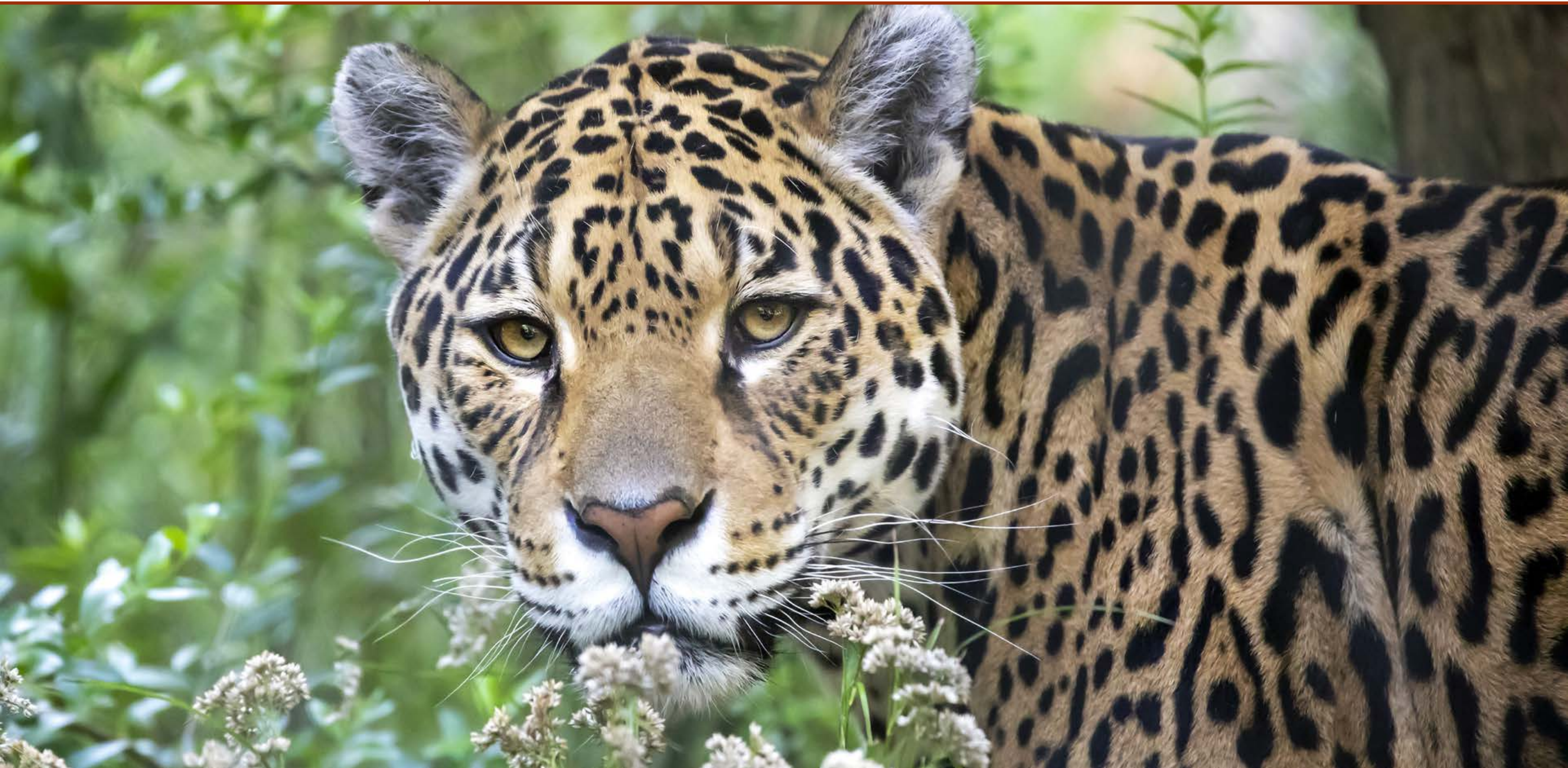
SUPPORT TO IHP



According to data from the National Institute of Space Research (INPE), in the first seven months of 2020 the Pantanal region recorded the highest number of fires in the last 22 years. One of the areas affected was Serra do Amolar, a wildlife refuge for animals such as jaguars, a species we work with in the Jaguar Connection program. To minimize impacts in the region, we support *Instituto Homem Pantaneiro (IHP)*, our partner in the Jaguar Connection, that works to protect and preserve the biome and culture of the Pantanal region.

We donated R\$ 50,000 to the IHP for the purchase of boats and engines to quickly reach areas of fire outbreaks. In addition, our Communication Team helped develop materials in three languages—Portuguese, English, and Spanish—for the Brigada Alto Pantanal campaign, intended to work on fighting fire outbreaks, prevention, and Integrated Fire Management.

## 13 PROACTIVE CONTRIBUTION TO GLOBAL ENVIRONMENTAL CHALLENGES



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

Minimizing environmental impacts and promoting preservation initiatives are pillars of our strategy with a view to a sustainable future. With this in mind, we have in place the Jaguar Connection program to promote forest conservation, save the jaguars, and combat climate change.

In addition to the initiatives dedicated to the preservation and restoration of important Brazilian biomes, in 2020 we started a broad diagnosis, based on a study with more than 50 topics, to measure opportunities for improvement in each of our assets. The purpose of the work, which will continue in 2021, is to develop action plans to allow us to evolve in our environmental management, minimizing the risk of oil spills, consumption of natural resources, waste generation, and air emissions. Thus, we will be able to plan and allocate investments more assertively and with more effective results.

Our management is based on the Environmental Policy, which provides for the responsible use of natural resources

FIRST PROJECT OF THE JAGUAR  
CONNECTION PROGRAM IN BRAZIL

76,000

hectares in Serra do Amolar, located in the Pantanal region of Mato Grosso, for biodiversity conservation and jaguar preservation

in our activities and provides alerts about impacts and risks to the environment. We also rely on the Environmental Management System (EMS) and assets certified by ISO 14001:2015 standard in order to ensure that processes and operations are in line with sustainable development, which are assured annually by internal and external auditors. During the year, compliance with the standard was verified remotely, on corporate websites, at the São Paulo regional unit (Anhanguera and Sul Substations), at the Taubaté regional unit (Registro and Santa Cabeça Substations) and, for the first time, at the regional unit for other states (Forquilha Substation).

During 2020, we registered a non-monetary sanction for environmental non-compliances. We also received a significant monetary sanction of over US\$ 10,000 for failure to comply with a condition set out in the Operating License (LO) at IE Sul, and there was no arbitration or procedure process in this period.

| GRI 307-1 |



Protection  
of ecosystems  
and biodiversity

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

Protecting ecosystems is part of our activities, from defining the layout of transmission lines and models for the substations, to securing preliminary, installation, and operating licenses for our assets. We work to ensure that the operation & maintenance activities do not cause significant impacts on biodiversity, but occasionally vegetation needs to be removed for maintenance and conservation of the rights-of-way to ensure safety of the operation. In order to minimize these effects and enhance the environmental responses of our possible compensations for removal of vegetation, we preserve forests with a combined area of more than 46 hectares, whose preservation guarantees an established and ecologically-balanced forest. | GRI 304-2 |

In addition, we use innovation and technology to minimize environmental impacts:

**Drones** — The use of drones in inspection operations and when pulling power lines is already a part of our activities, reducing the need for pruning and removal of trees.

**Tower height and special cables** — We increased the height of the towers and we use lightweight cables, which do not require reinforcement of structures.

**Substations** — For certain projects, we adopted the technology of insulated substation and hybrid modules, which allows for greater compaction and, consequently, less area occupied.

In 2020, we had transmission lines and substations located in 10,325.72 hectares within conservation units, including full-protection and sustainable-use areas under the current legislation<sup>9</sup>. In the year, the area within protected and/or preserved habitats under our responsibility totaled 46.43 hectares.

The areas restored in the year through  
the planting of forests exceeded  
17 hectares.

| GRI 304-1 | 304-3 |

<sup>9</sup> We do not report the extension of transmission lines and substations in buffer zones.

## Emissions

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

Our transmission lines and projects under construction are fundamental for transporting electricity between generation and consumption points. In addition, our assets allow for the growth of sources of renewable energy generation, also resulting in a reduction in GHG emissions. Thus, as we facilitate access to energy, we connect renewable sources to the National Interconnected System (SIN). By the end of 2020, more than 98% of our fleet of flex-fuel light vehicles was running on renewable, less polluting fuel.

Since 2016, we have maintained our goal, in our direct subsidiaries, of an annual reduction of 10% in emissions of SF<sub>6</sub>, a gas with insulating properties, but which also contributes significantly to global warming. In 2020, through specific maintenance actions, in addition to improving the techniques applied within the scope of the annual asset maintenance plan, we achieved a reduction of more than 8%, with total SF<sub>6</sub> emissions of 16,641.72 tCO<sub>2</sub>e. In 2021, we will adopt an SF<sub>6</sub> online gas regeneration machine in gas-insulated substations, which, in addition to further reducing emissions, will result in more availability and tighter control of asset performance.

For the year, our direct (Scope 1) emissions totaled 17,908 tCO<sub>2</sub>e and indirect (Scope 2, company electricity consumption and technical losses) totaled 417,524 tCO<sub>2</sub>e, reductions of 8% and 20%, respectively compared with the previous year. Other indirect (Scope 3) emissions, mainly represented by the amount of energy transmitted, was 10,433,193 tCO<sub>2</sub>e in the year.

In line with the GREEN pillar of our strategy, we offset part of our emissions in 2020 with the acquisition of **24,000** carbon credits from the project *Conservação Florestal Envira Amazônia*.

### CARBON INTENSITY | GRI 305-4 |

	2019	2020
Total emissions <sup>10</sup> /Energy transmitted (tCO <sub>2</sub> e/MWh of energy transmitted)	0.0031 <sup>11</sup>	0.0026 <sup>12</sup>

<sup>10</sup> The emission values used in the calculation refer to Scope 1 and 2.

<sup>11</sup> Data were adjusted according to the Public Emissions Registry

<sup>12</sup> Does not include data on Change in Land Use and Occupation.

## Consumption of resources

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

We pay special attention to the consumption of natural resources by our assets. We have already replaced conventional light bulbs with more economical LEDs, to reduce energy consumption. In our facilities, we also invest in the harvesting of rainwater and water reuse. In addition, our headquarters is located in a building that is a reference in sustainable construction, which meets the criteria for reducing resource consumption in the Leadership in Energy and Environmental Design (LEED) certification, Gold category.

At the end of 2020, our energy consumption was 3,430 MWh, 22%<sup>13</sup> less than in the previous year, and total water consumption was 62,382m<sup>3</sup>, 20.3% less than 2019; both reductions occurred due to remote work. The total amount of waste generated was 1,808 tons, of which 96.85% was sold, with revenue of R\$ 1 million. The rest of the waste was disposed of in an environmentally correct manner and in compliance with the applicable legislation.

<sup>13</sup> Adjustments were made to certain numbers in 2019, altering this indicator.

| GRI 102-48 |

Tables: 102-7 | 102-8 | 405-1 | 405-2 | 201-1 | 204-1 | 302-1 | 303-1 | 304-2 | 304-3 | 305-1 | 305-2 | 305-3 | 305-4 | 306-2 | 403-9 | 404-1 | 404-3 | 308-1 | 412-3 | 414-1 | EU4 | EU8 | EU12

102-7 - OPERATIONAL INDICATORS

	Unit	ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total power transmitted	GWh	140,013.40	134,933.03	7,008	7,008	1,314	1,314	1,799.63	1,799.63	17,082	17,082	3,599.27	3,599.27	3,285	3,285
Installed transformation capacity	MVA	48,804.93	48,824.93	2,000	2,000	450	450	-	-	4,200	4,200	-	-	900	900
Number of substations	Number	110	110	2	2	2	2	-	-	6	6	-	-	2	2
Number of municipalities	Number	402	86	12	2	7	3	13	-	6	6	19	-	17	7

102-8/405-1 - WORKFORCE

ISA CTEEP											
Employment category	Unit	2019	2020	2020		Under 30		30 to 50		Over 50	
		Total	Total	Men	Women	Men	Women	Men	Women	Men	Women
Board members	Number	21	19	15	4	0	0	2	2	13	2
President	Number	1	1	1	0	0	0	0	0	1	0
Directors	Number	2	7	4	3	0	0	4	3	0	0
Managers	Number	30	27	22	5	0	0	11	5	11	0
Coordinators	Number	71	70	54	16	0	0	30	14	24	2
Specialists	Number	28	22	15	7	0	0	10	7	5	0
Administration	Number	277	266	127	139	32	40	80	94	15	5
Operations technicians	Number	968	999	979	20	168	14	593	4	218	2
Interns	Number	28	21	12	9	12	9	0	0	0	0
Apprentices	Number	10	8	3	5	3	5	0	0	0	0
Total	Number	1,436	1,440	1,232	208	215	68	730	129	287	11

		2019	2020	2020	
		Total	Total	Men	Women
Total number of permanent employees	Number	1,397	1,408	1,216	192
Total number of temporary employees	Number	39	32	16	16

405-2 - RATIO OF BASIC SALARY OF WOMEN TO MEN, BY EMPLOYMENT CATEGORY

ISA CTEEP			
	Unit	2019	2020
Board members	%	1.00	1.00
President	%	There are no women in these employment categories	0.00
Directors	%		0.90
Managers	%		0.97
Coordinators	%	1.07	0.98
Specialists	%	1.02	0.98
Administration	%	0.96	0.93
Operations technicians	%	1.41	1.34

(1) Data extracted from the SAP System  
(2) Employees terminated in December are not considered in the final workforce.  
(3) Employees are distributed in 17 states in the South, Southeast, Northeast, and Midwest regions, according to the Presence In Brazil map.  
(4) All employment contracts are full-time, according to the type of contract established.

## 201-1 – VALUE ADDED STATEMENT

ISA CTEEP			
	Unit	2019	2020
<b>1. REVENUE</b>	R\$ thousand	3,805,650.00	5,911,377.00
1.1. Sales of goods, products and services	R\$ thousand	3,788,758.00	5,718,617.00
1.2. Other revenues	R\$ thousand	16,892.00	192,760.00
1.3. Revenue associated with the construction of own assets	R\$ thousand	0.00	0.00
1.4. Provision for doubtful debts - Reversal / (Constitution)	R\$ thousand	0.00	0.00
<b>2. Inputs Acquired From Third Parties (includes taxes – ICMS, IPI, PIS, and COFINS)</b>	R\$ thousand	- 795,374.00	- 1,028,266.00
2.1. Costs of products, goods and services sold	R\$ thousand	-43,613.00	-57,837
2.2. Materials, energy, third-party services, and other	R\$ thousand	- 751,761.00	- 970,429.00
2.3. Loss/Recovery of asset values	R\$ thousand	0.00	0.00
2.4. Other (specify)	R\$ thousand	0.00	0.00
<b>3. GROSS VALUE ADDED (1-2)</b>	R\$ thousand	3,010,276.00	4,883,111.00
<b>4. DEPRECIATION, AMORTIZATION, AND DEPLETION</b>	R\$ thousand	-19,963.00	-19,791.00
<b>5. NET VALUE ADDED PRODUCED BY THE ENTITY (3-4)</b>	R\$ thousand	2,990,313.00	4,863,320.00
<b>6. VALUE ADDED RECEIVED IN TRANSFER</b>	R\$ thousand	618,829.00	843,874.00
6.1. Result of equity accounting	R\$ thousand	179,788.00	472,525.00
6.2. Financial income	R\$ thousand	439,041.00	371,349.00
6.3. Other	R\$ thousand	0.00	0.00
<b>7. TOTAL VALUE ADDED FOR DISTRIBUTION (5+6)</b>	R\$ thousand	3,609,142.00	5,707,194.00

(1) Considered wholly owned subsidiaries and equity-accounted companies and investment fund companies, in line with our Financial Statements.

(2) Data for 2019 were adjusted to comply with the guidelines of CVM Official Letter 04/2020; the changes are described in the Financial Statements. | **GRI 102-48** |

ISA CTEEP			
	Unit	2019	2020
<b>8. VALUE ADDED DISTRIBUTION</b>	R\$ thousand	3,609,142.00	5,707,194.00
8.1. Personnel	R\$ thousand	-258,792.00	-276,998.00
8.1.1. Direct remuneration	R\$ thousand	-174,409.00	-191,638.00
8.1.2. Benefits	R\$ thousand	-62,948.00	-69,106.00
8.1.3. FGTS (Government's severance fund)	R\$ thousand	-21,435.00	-16,254.00
8.1.4. Other	R\$ thousand	0.00	0.00
8.2. Taxes, fees, and contributions	R\$ thousand	-942,929.00	-1,464,671.00
8.2.1. Federal	R\$ thousand	-906,556.00	-1,424,598.00
8.2.2. State	R\$ thousand	-1,385.00	-1,507.00
8.2.3. Municipal	R\$ thousand	-34,988.00	-38,566.00
8.3. Remuneration of third-party capital	R\$ thousand	-627,970.00	-582,875.00
8.3.1. Interest	R\$ thousand	-621,976.00	-579,610.00
8.3.2. Leases	R\$ thousand	-5,994.00	-3,265.00
8.3.3. Other	R\$ thousand	0.00	0.00
8.4. Remuneration of Equity Capital	R\$ thousand	-1,779,451.00	-3,382,650.00
8.4.1. Interest on Equity and Dividend	R\$ thousand	-917,459.00	- 1,670,630.00
8.4.2. Retained profit/ Loss in the period	R\$ thousand	- 861,992.00	- 1,712,020.00

204-1/102-9 - PROPORTION OF SPENDING ON LOCAL SUPPLIERS\*

		ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
	Unit	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Percentage of spending on local suppliers*	%	99.69%	99.81%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Local purchases	R\$	301,584,843.20	1,106,090,090.36	1,249,648.87	2,125,836.91	1,367,555.81	442,370,356.19	1,661,088.53	418,003,684.88	14,632,827.85	14,709,063.24	5,370,530.00	24,248,808.04	809,644.44	9,710,377.21
Total purchases	R\$	302,515,915.92	1,108,192,113.69	1,249,648.87	2,125,836.91	1,367,555.81	442,370,356.19	1,661,088.53	418,003,684.88	14,632,827.85	14,709,063.24	5,370,530.00	24,248,808.04	809,644.44	9,710,377.21

\*Local suppliers are those located in the municipalities where we have infrastructure.

302-1 – ELECTRICITY CONSUMPTION (CONSUMPTION BY DISTRIBUTORS ONLY)

		ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
	Unit	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total electricity consumption	KWh	3,738,548.66	2,768,868.60	0.00	0.00	63,550.00	63,058.00	191,815.00	188,380.00	4,878.50	6,083.22	360,034.00	356,310.00	46,251.00	47,394.00

(1) After publication of the 2019 Annual Report, the values were recalculated due to adjustments in the system, changing ISA CTEEP data from 4,264,800 to 3,738,548.66 MWh, Evrecy from 52,560 to 63,550 MWh, IEMG from 71,990 to 191,815 MWh in 2019. | GRI 102-48 |

302-1 – FUEL CONSUMPTION

Consolidated			
	Unit	2019 <sup>1</sup>	2020
Gasoline	Liters	19,816.20	9,131.97
Ethanol	Liters	722,992.14	652,229.11
Diesel	Liters	477,643.24	522,426.13

(1) Data from the 2019 Annual and Sustainability Report included the fuel mixing factor and will be reported in the Public Emissions Registry.

### 304-2/304-3 – PROTECTED/RESTORED/IMPACTED AREAS

		ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
	Unit	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total area impacted	Total number of trees removed	7	1	There were no protected/ restored/impacted areas in this period in the projects of IE Serra do Japi		There were no protected/ restored/impacted areas in this period in the projects of Evrecy		There were no protected/ restored/impacted areas in this period in the projects of IEMG		There were no protected/ restored/impacted areas in this period in the projects of IE Pinheiros		There were no protected/ restored/impacted areas in this period in the projects of IENNE		There were no protected/ restored/impacted areas in this period in the projects of IE Sul	
Total Protected/ Conservation Areas	Hectares	46.43	46.43												
Total Restored Areas	Hectares	14	17.6												

(1) After the publication of the 2019 Annual Report, some values were adjusted in the system, changing the indicator for the number of individuals from 5 to 7 units. | GRI 102-48 |

### 305-1/305-2/305-3 – GREENHOUSE GAS (GHG) EMISSIONS<sup>1</sup>

				Consolidated
		Unit	2019 <sup>3</sup>	2020
Direct (Scope 1) GHG emissions <sup>2</sup>		TCO <sub>2</sub> e	19,371,786	17,908,368
Energy indirect (Scope 2) GHG emissions		TCO <sub>2</sub> e	522,914,707	417,524,571
Other indirect (Scope 3) GHG emissions		TCO <sub>2</sub> e	13,058,342.184	10,433,193.134

(1) As of 2019, we started to record losses from IEs in the inventories.

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

(3) Data for 2019 have been updated, as published in the Public Emissions Registry. | GRI 102-48 |

### 306-2 – WASTE BY TYPE AND DISPOSAL METHOD (TONS)<sup>1</sup>

		ISA CTEEP <sup>2</sup>	
	Destination	2019	2020 <sup>3</sup>
Hazardous Waste	Recycling	541.61	348.63
Hazardous Waste	Co-processing	2.88	26.51
Hazardous Waste	Landfill	0	16.1
Hazardous Waste	Reuse	0	0
Hazardous Waste	Refining	950.29	2.57
Non-Hazardous Waste	Recycling	2307.9	1083.36
Non-Hazardous Waste	Composting	0	0
Non-Hazardous Waste	Co-processing	0	0.55
Non-Hazardous Waste	Landfill	13.27	330.41

(1) In order to record the volume of waste generated, the destination of recoverable and non-recoverable waste was considered.

(2) The values in the table include ISA CTEEP and its subsidiaries. In order to enable historical comparability, the values for 2019 were revised, adopting the same assumption of scope.

(3) The Subsidiaries IENNE, EVERCY and IEMG did not dispose of waste, since disposal is only carried out after reaching a sufficient volume for collection, which did not occur in 2020.

### 303-5 – WATER CONSUMPTION BY SOURCE

		ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
	Unit	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Water from wells	m <sup>3</sup>	55,535.60	46,600.90	94.85	115.47	0.00	0.00	0.00	0	483.47	492.64	0.00	0.00	0.00	262.44
Water from utilities	m <sup>3</sup>	19,519.06	12,926.83	132.00	127.00	62.00	63.30	74.00	60.00	1,979.00	1,262.00	0.00	0.00	0.00	218.87
Water from tank trucks	m <sup>3</sup>	410.00	250.00	0.00	0.00	0.00	0.01	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
Rainwater harvesting	m <sup>3</sup>	9.83	3.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00

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

### 403-9 – INDICATORS - WORKERS' HEALTH AND SAFETY - INDICATOR - COMPANY EMPLOYEES

Consolidated			
	Unit	2019	2020
Number of lost time accidents	Number	5	5
Number of non-lost time accidents	Number	6	2
Frequency rate	%	4.76	2.80
Rate of lost days	%	23.78	28.01
Number of fatal accidents	Number	0	0
<b>Indicator - Contractors</b>			
Number of lost time accidents	Number	17	17
Number of non-lost time accidents	Number	8	10
Frequency rate	%	11.01	8.94
Rate of lost days	%	188.97	1,968.85
Number of fatal accidents	Number	0	1
<b>Indicator - Company Employees and Contractors</b>			
Number of lost time accidents	Number	22	22
Number of non-lost time accidents	Number	14	12
Frequency rate	%	7.85	6.21
Rate of lost days	%	148.6	1,107.67
Number of fatal accidents	Number	0	1

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

(2) The positions of Board Member, Director, Intern and Apprentice were not considered in the calculation of Man-Hours Worked.

(3) The rates for 2019 were recalculated due to the redefinition for the GRI 403-9 indicator and we now consider accidents with and without lost time, including:

Company Employees: Frequency rate from 2.16 to 4.76

Contractors: Frequency rate from 7.49 to 11.01

Company Employees and Contractors: Frequency rate from 4.80 to 7.85 and rate of lost days from 105.6 to 148.6 | **GRI 102-48** |

#### 404-1 - TRAINING - AVERAGE HOURS OF TRAINING PER EMPLOYEE

Consolidated			
	Unit	2019	2020
Board members	Number	0.00	0.00
President	Number	0.00	1
Directors	Number	51.00	4.76
Managers	Number	41.03	13.22
Coordinators	Number	61.95	31.34
Specialists	Number	34.07	19.18
Administration	Number	20.83	22.20
Operations technicians	Number	104.34	53.19
Interns	Number	0.00	210.16
Apprentices	Number	0.00	3.69
Employees - Men	Number	89.50	48.67
Employees - Women	Number	28.90	31.43

#### 404-1 - INVESTMENT IN TRAINING

Consolidated			
	Unit	2019	2020
Total investment in training	R\$ thousand	1,385,439.85	948,069.67

#### 404-3 - TOTAL NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

Consolidated					
		2019		2020	
	Unit	Men	Women	Men	Women
Board members	Hours/employee	0.00	NA	0.00	0.00
President	Hours/employee	100.00	NA	1.00	0.00
Directors	Hours/employee	50.00	NA	2.00	0.00
Managers	Hours/employee	92.00	0.80	23.00	4.00
Coordinators	Hours/employee	98.00	91.00	59.00	14.00
Specialists	Hours/employee	88.00	82.00	16.00	6.00
Administration	Hours/employee	100.00	100.00	119.00	133.00
Operations technicians	Hours/employee	82.00	39.00	923.00	19.00
Interns	Hours/employee	0.00	NA	0.00	0.00
Apprentices	Hours/employee	100.00	NA	0.00	0.00

- (1) For the management category, the following positions were considered: EXECUTIVE AND MANAGER.  
 (2) For the administrative category, the following positions were considered: ADMINISTRATIVE, ANALYST, AND DRIVER.  
 (3) For the operational technicians category, the following positions were considered: ELECTRICIAN, ENGINEER, CHEMIST, and TECHNICAL.

308-1/412-3/414-1 – SUPPLIER ASSESSMENT

		ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
Environmental Assessments	Unit	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total number of suppliers with contracts signed in the reporting year	Number	143	231	5	14	5	27	7	27	13	23	11	20	5	24
Percentage of new suppliers that were screened using environmental criteria	%	53.15	70.56	40	57.14	40	59.26	57.14	62.96	53.85	69.57	72.73	60	40	58.33
Number of suppliers assessed for environmental impacts.	Number	133	198	2	9	2	17	4	18	7	20	8	14	2	14
Number of suppliers identified as having significant actual and potential negative environmental impacts	Number	133	198	2	9	2	17	4	18	7	20	8	14	2	14
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment	Descriptive	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0
Social Assessments															
Percentage of new suppliers that were screened using social criteria	%	53.15	72.29	40	57.14	40	59.26	57.14	62.96	53.85	69.57	72.73	60	40	58.33
Number of suppliers assessed for social impacts.	Number	133	202	2	8	2	16	4	18	7	20	8	14	2	14
Number of suppliers identified as having significant actual and potential negative social impacts	Number	133	202	2	8	2	16	4	18	7	20	8	14	2	14
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	Descriptive	0	0.43	0	0	0	59.26	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0
Human Rights Criteria															
Percentage of suppliers/operations with significant risk of child, forced or compulsory labor	%	63	72.29	40	57.14	60	59.26	71	62.96	85	69.57	64	60	80	58.33
Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Number	116	227	2	9	3	18	5	22	11	20	7	14	3	14
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	%	66.67	76.17	40	64.29	60	64.29	71.43	73.33	78.57	80	63.64	58.33	75	58.33

(1) Data for 2019 were recalculated due to a readjustment in assumptions in 2020, where the numbers considered in the environmental and social assessments were calculated based on the total number of contracts signed in the reporting year and, as of 2020, the criteria were updated to consider the total number of suppliers, directly reflecting the values previously calculated in the two dimensions. | **GRI 102-48** |

(2) Human rights indicators for 2019 were recalculated due to the readjustment in the assumption in 2020; before, we used the Order Report as a base and, for 2020, we started using the Contract Report, changing the database used and the values:

Percentage of investment agreements and contracts: ISA CTEEP from 64.40 to 63 - Serra do Japi from 100 to 40 - Evrecy from 100 to 60 - IEMG from 100 to 71 - Pinheiros from 100 to 85 - IENNE from 83 to 64 - IE SUL from 75 to 80

Total number of agreements and contracts: ISA CTEEP from 76 to 116 - Evrecy from 1 to 3 - IEMG from 2 to 5 - Pinheiros from 10 to 11 - IENNE from 5 to 7

Percentage of suppliers/operations with significant risk of child, forced or compulsory labor: ISA CTEEP from 64.40 to 66.67 - Serra do Japi from 100 to 40 - Evrecy from 100 to 60 - IEMG from 100 to 71.43 - Pinheiros from 100 to 78.57 - IENNE from 83 to 63.64 | **GRI 102-48** |

EU4 – ASSETS

	Transmission Lines (km)	Circuit (km)	Substations	Capacity
<b>Operational</b>	<b>18,682</b>	<b>25,969</b>	<b>127</b>	<b>67,589</b>
ISA CTEEP	14,295	19,157	110	48,825
IENNE	710	710	-	-
Evrecy	163	163	2	450
IEMG	173	173	-	-
Pinheiros	1	1	6	4,200
Serra do Japi	137	137	2	2,000
IESul	167	190	2	900
Itapura - Bauru <sup>1</sup>	-	-	-	250
Madeira <sup>2</sup>	2,385	4,770	2	7,464
Garanhuns <sup>2</sup>	633	633	2	2,100
Itaquerê <sup>1</sup>	-	-	-	900
Tibagi	17	34	1	500
<b>Under construction</b>	<b>1,787</b>	<b>2,471</b>	<b>14</b>	<b>10,438</b>
Aguapeí	121	140	2	1,400
Biguaçu	27	57	1	300
Itaúnas <sup>3</sup>	79	79	1	1,350
Itapura - Lorena	5	7	1	1,200
Paraguaçu <sup>2</sup>	338	338	-	-
Aimorés <sup>2</sup>	208	208	-	-
Ivaí <sup>2</sup>	600	1,200	3	2,988
Minuano (Evrecy)	169	169	1	800
Três Lagoas (Tibagi)	37	37	-	-
Triângulo Mineiro (IEMG)	172	173	4	1,600
Riacho Grande	31	63	1	800
<b>Total</b>	<b>20,469</b>	<b>28,44</b>	<b>141</b>	<b>78,027</b>

<sup>1</sup> In MVar  
<sup>2</sup> Information project 100%  
<sup>3</sup> 150 MVar

### EU8 – INVESTMENTS IN R&D

		ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
	Unit	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
AS - Alternative sources of electricity generation	R\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TG - Thermoelectric Generation	R\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MW - Management of Watersheds and Reservoirs	R\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EN – Environment	R\$	1,812,792.65	542,198.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SA - Safety	R\$	1,841,982.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EE - Energy Efficiency	R\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PL - Planning of Electric Energy Systems	R\$	0.00	2,683,378.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OP – Operation of Electric Energy Systems	R\$	7,097,246.08	4,459,771.16	300,400.00	233,600.00	75,000.00	79,000.00	0.00	103,000.00	263,040.00	308,900.00	265,000.00	0.00	134,000.00	0.00
SC - Supervision, Control, and Protection of Electric Energy Systems	R\$	0.00	3,709,657.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
QR – Quality and Reliability of Electric Energy Services	R\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MB – Measurement, billing, and combating commercial losses	R\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OT – Other	R\$	2,631,371.63	2,093,263.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>R\$</b>	<b>13,383,392.86</b>	<b>13,488,268.73</b>	<b>300,400.00</b>	<b>233,600.00</b>	<b>75,000.00</b>	<b>79,000.00</b>	<b>0.00</b>	<b>103,000.00</b>	<b>263,040.00</b>	<b>308,900.00</b>	<b>265,000.00</b>	<b>0.00</b>	<b>134,000.00</b>	<b>0.00</b>

### EU12 – TRANSMISSION AND DISTRIBUTION LOSSES AS A PERCENTAGE OF TOTAL ENERGY

		ISA CTEEP		Serra do Japi		Evrecy		IEMG		Pinheiros		IENNE		IE SUL	
	Unit	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total transmission losses	GWh	5,600.54	5,397.32	280.32	280.32	52.56	52.56	71.99	71.99	683.28	683.28	143.97	143.97	131.4	131.4
Total transmission losses	%	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

15 GRI CONTENT INDEX 102-55



	Disclosures	Page/Disclosure	Omissions
GRI 102: General disclosures 2016	102-1: Name of the organization	8	
	102-2: Activities, brands, products and services	8	
	102-3: Location of headquarters	São Paulo	
	102-4: Location of operations	10	
	102-5: Ownership and legal form	10	
	102-6: Markets served	8	
	102-7: Scale of the organization	8 / 44 / 46 / 63	
	102-8: Information on employees and other workers	53 / 63	
	102-9: Supply chain	55 / 65	
	102-10: Significant changes to the organization and its supply chain	55	
	102-11: Precautionary Principle or approach	22	
	102-12: External initiatives	16	
	102-13: Membership of associations	16	
	Strategy		
	102-14: Statement from senior decision-maker	3	
	102-15: Key impacts, risks, and opportunities	22	
	Ethics and Integrity		
	102-16: Values, principles, standards, and norms of behavior	35 / 49	
	102-17: Mechanisms for advice and concerns about ethics	35	
	Governance		
	102-18: Governance structure	35	
	102-19: Delegating authority	Internal Regulations of the Board of Directors - available at: <a href="http://www.isactEEP.com.br/ri/governanca-corporativa/estatuto-politicas">http://www.isactEEP.com.br/ri/governanca-corporativa/estatuto-politicas</a>	
	102-20: Executive-level responsibility for economic, environmental, and social topics		Information unavailable - In official documents, the description is not broken down by topic (economic, social, and environmental). The company understands that its executives are responsible for strategy and operation regardless of the topic.
	102-21: Consulting stakeholders on economic, environmental, and social topics	5	
	102-22: Composition of the highest governance body and its committees	28	
	102-23: Chair of the highest governance body	29	

	Disclosures	Page/Disclosure	Omissions
<b>GRI 102: General disclosures 2016</b>	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/ri/governanca-corporativa/estatuto-politicas">http://www.isactEEP.com.br/ri/governanca-corporativa/estatuto-politicas</a>	
	102-25: Conflicts of Interest	35	
	102-26: Role of highest governance body in setting purpose, values, and strategy	28 / 29	
	102-27: Collective knowledge of highest governance body	Senior management (Directors) is included in our training initiatives. Like all employees, Directors have their own development plan.	
	102-28: Evaluating the highest governance body's performance	28	
	102-30: Effectiveness of risk management processes	22	
	102-33: Communicating critical concerns	35	
	102-34: Nature and total number of critical concerns		Confidentiality Restrictions - Information has not been reported in order to preserve the identity of the informants.
	<b>Stakeholder engagement</b>		
	102-40: List of stakeholder groups	5	
	102-41: Collective bargaining agreements	100% of employees hired under the CLT regime (Consolidation of Labor Laws), except those under the apprentices program, are covered by collective bargaining agreements.	
	102-42: Identifying and selecting stakeholders	5	
	102-43: Approach to stakeholder engagement	5	
	102-44: Key topics and concerns raised	5	
	<b>Reporting practice</b>		
	102-45: Entities included in the consolidated financial statements	5	
	102-46: Defining report content and topic Boundaries	5	
	102-47: List of material topics	5	
	102-48: Restatements of information	Restatements in indicator assumptions are described throughout the report as footnotes tagged with this indicator.	
	102-49: Changes in reporting	There were no changes in scope and boundaries.	
	102-50: Reporting period	1/1/2020 to 12/31/2020	
	102-51: Date of most recent report	2019	
	102-52: Reporting cycle	Annual	
	102-53: Contact point for questions regarding the report	5	
	102-54: Claims of reporting in accordance with the GRI Standards	5	
	102-55: GRI content index	73	
	102-56: External assurance	5	

	Disclosures	Page/Disclosure	Omissions
<b>Specific content - Economic</b>			
<b>GRI 201: Economic performance 2016</b>	103-1: Explanation of the material topic and its Boundaries	43	
	103-2: The management approach and its components	43	
	103-3: Evaluation of the management approach	43	
	201-1: Direct economic value generated and distributed	43 / 64	
	201-2: Financial implications and other risks and opportunities due to climate change		Information unavailable - At present we do not have an assessment of the financial implications or other risks and opportunities related to climate change. In 2021 we are going to enhance the analysis of the events monitored and validate the scope of the risk matrix for the topic.
	201-4: Financial assistance received from government	43	
<b>GRI 202: Market presence 2016</b>	103-1: Explanation of the material topic and its Boundaries	55	
	103-2: The management approach and its components	55	
	103-3: Evaluation of the management approach	55	
	202-2: Proportion of senior management hired from the local community	55	
<b>GRI 203: Indirect economic impacts 2016</b>	103-1: Explanation of the material topic and its Boundaries	38	
	103-2: The management approach and its components	38	
	103-3: Evaluation of the management approach	38	
	203-1: Infrastructure investments and services supported	38 / 43	
	Significant indirect economic impacts	57	
<b>GRI 204: Procurement practices</b>	103-1: Explanation of the material topic and its Boundaries	55	
	103-2: The management approach and its components	55	
	103-3: Evaluation of the management approach	55	
	204-1: Proportion of spending on local suppliers	55 / 65	
<b>GRI 205: Anti-corruption 2016</b>	103-1: Explanation of the material topic and its Boundaries	34	
	103-2: The management approach and its components	34	
	103-3: Evaluation of the management approach	34	
	205-1: Operations assessed for risks related to corruption		Information unavailable: We are aware of the risks related to corruption, but there is no information on the percentage of operations assessed. This information is expected to be reported in the next two years.
	205-2: Communication and training about anti-corruption policies and procedures	34 / 35	
	205-3: Confirmed cases of corruption and actions taken	34 / 35	

	Disclosures	Page/Disclosure	Omissions
<b>GRI 206: Anti-competitive behavior</b>	103-1: Explanation of the material topic and its Boundaries	34	
	103-2: The management approach and its components	34	
	103-3: Evaluation of the management approach	34	
	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Not applicable - The energy transmission operation is regulated and is remunerated through the Annual Permitted Revenue (RAP) and payment depends on the availability of the lines, not on the volume of energy transported.
<b>Specific content - Environmental</b>			
<b>GRI 302: Energy 2016</b>	103-1: Explanation of the material topic and its Boundaries	62	
	103-2: The management approach and its components	62	
	103-3: Evaluation of the management approach	62	
	302-1: Energy consumption within the organization	62 / 65	
	302-4: Reduction of energy consumption	62	
<b>GRI 303: Water and effluents 2018</b>	103-1: Explanation of the material topic and its Boundaries	62	
	103-2: The management approach and its components	62	
	103-3: Evaluation of the management approach	62	
	303-5: Water consumption	67	
	103-1: Explanation of the material topic and its Boundaries	61	
	103-2: The management approach and its components	61	
	103-3: Evaluation of the management approach	61	
	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	61	
	304-2: Significant impacts of activities, products, and services on biodiversity	61 / 66	
	304-3: Habitats protected or restored	61 / 66	
<b>GRI 304: Biodiversity 2016</b>	103-1: Explanation of the material topic and its Boundaries	62	
	103-2: The management approach and its components	62	
	103-3: Evaluation of the management approach	62	
	305-1: Direct (Scope 1) GHG emissions	62 / 66	
	305-2: Energy indirect (Scope 2) GHG emissions	62 / 66	
	305-3: Other indirect (Scope 3) GHG emissions	62 / 66	
	305-4: GHG emissions intensity	62	
	305-5: Reduction of GHG emissions	62	

	Disclosures	Page/Disclosure	Omissions
<b>GRI 306: Effluents and waste 2016</b>	103-1: Explanation of the material topic and its Boundaries	62	
	103-2: The management approach and its components	62	
	103-3: Evaluation of the management approach	62	
	307-1: Non-compliance with environmental laws and regulations	62 / 67	
<b>GRI 307: Environmental compliance 2016</b>	103-1: Explanation of the material topic and its Boundaries	61	
	103-2: The management approach and its components	61	
	103-3: Evaluation of the management approach	61	
	308-1: New suppliers that were screened using environmental criteria	61	
<b>GRI 308: Supplier environmental assessment</b>	308-2: Negative environmental impacts in the supply chain and actions taken	55	
	103-2: The management approach and its components	55	
	103-3: Evaluation of the management approach	55	
	308-1: New suppliers that were screened using environmental criteria	55 / 70	
	308-2: Negative environmental impacts in the supply chain and actions taken		Information unavailable: We currently do not perform a detailed assessment of suppliers' social impacts. We are assessing the feasibility of reformulating sustainable supplier management for next year.
<b>Specific content - Social</b>			
<b>GRI 401: Employment 2016</b>	103-1: Explanation of the material topic and its Boundaries	53	
	103-2: The management approach and its components	53	
	103-3: Evaluation of the management approach	53	
	401-1: New employee hires and employee turnover	53	
<b>GRI 402: Labor/management relations 2016</b>	103-1: Explanation of the material topic and its Boundaries	53	
	103-2: The management approach and its components	53	
	103-3: Evaluation of the management approach	53	
	402-1: Minimum notice periods regarding operational changes	Each specific case is analyzed to decide the best time frame to communicate the employees about operational changes. The purpose is to always reduce and mitigate the possible effects for the business and people.	
<b>GRI 403: Occupational health and safety 2016</b>	103-1: Explanation of the material topic and its Boundaries	53	
	103-2: The management approach and its components	53	
	103-3: Evaluation of the management approach	53	
	403-4: Worker participation, consultation, and communication on occupational health and safety	53	
	403-9: Work-related injuries	53 / 68	

	Disclosures	Page/Disclosure	Omissions
<b>GRI 404: Training and education 2016</b>	103-1: Explanation of the material topic and its Boundaries	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 / 69	
	404-2: Programs for upgrading employee skills and transition assistance programs	51	
	404-3: Percentage of employees receiving regular performance and career development reviews	51 / 69	
<b>GRI 405: Diversity and equal opportunity 2016</b>	103-1: Explanation of the material topic and its Boundaries	29 / 30 / 31 / 32	
	103-2: The management approach and its components	29 / 30 / 31 / 32	
	103-3: Evaluation of the management approach	29 / 30 / 31 / 32	
	405-1: Diversity of governance bodies and employees	29 / 30 / 31 / 32 / 63	
	405-2: Ratio of basic salary and remuneration of women to men	63	
<b>GRI 406: Non-discrimination 2016</b>	103-1: Explanation of the material topic and its Boundaries	35	
	103-2: The management approach and its components	35	
	103-3: Evaluation of the management approach	35	
	406-1: Incidents of discrimination and corrective actions taken	35	
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	103-1: Explanation of the material topic and its Boundaries	53	
	103-2: The management approach and its components	53	
	103-3: Evaluation of the management approach	53	
	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.	
<b>GRI 408: Child labor 2016</b>	103-1: Explanation of the material topic and its Boundaries	35	
	103-2: The management approach and its components	35	
	103-3: Evaluation of the management approach	35	
	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 covering this topic in their contracts. In 2020, 73.13% of the total number of contracts with suppliers had a clause covering this topic.	

	Disclosures	Page/Disclosure	Omissions
<b>GRI 409: Forced or compulsory labor 2016</b>	103-1: Explanation of the material topic and its Boundaries	35	
	103-2: The management approach and its components	35	
	103-3: Evaluation of the management approach	35	
	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 covering this topic in their contracts. In 2020, 73.13% of the total number of contracts with suppliers had a clause covering this topic.	
<b>GRI 410: Security practices 2016</b>	103-1: Explanation of the material topic and its Boundaries	55	
	103-2: The management approach and its components	55	
	103-3: Evaluation of the management approach	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.	
<b>GRI 411: Rights of indigenous peoples 2016</b>	103-1: Explanation of the material topic and its Boundaries	35	
	103-2: The management approach and its components	35	
	103-3: Evaluation of the management approach	35	
	411-1: Incidents of violations involving rights of indigenous peoples	In 2020, there were no cases of violation of indigenous rights	
<b>GRI 412: Human rights assessment 2016</b>	103-1: Explanation of the material topic and its Boundaries	16 / 51	
	103-2: The management approach and its components	16 / 51	
	103-3: Evaluation of the management approach	16 / 51	
	412-1: Operations that have been subject to human rights reviews or impact assessments		Information unavailable: We are aware of the impacts related to human rights, but there is no information on the percentage of operations assessed. This information is expected to be reported in the next two years.
	412-2: Employee training on human rights policies or procedures	51	
	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	16 / 70	
<b>GRI 413: Local communities 2016</b>	103-1: Explanation of the material topic and its Boundaries	57 / 59	
	103-2: The management approach and its components	57 / 59	
	103-3: Evaluation of the management approach	57 / 59	
	413-1: Operations with local community engagement, impact assessments, and development programs	In all the units whose operating licenses contain conditions regarding communication and engagement with the local community, which represent 41% of CTEEP's units, activities were carried out in compliance with these conditions in 100% of the cases.	
	413-2: Operations with significant actual and potential negative impacts on local communities	57 / 59	

	Disclosures	Page/Disclosure	Omissions
<b>GRI 414: Supplier social assessment 2016</b>	103-1: Explanation of the material topic and its Boundaries	55	
	103-2: The management approach and its components	55	
	103-3: Evaluation of the management approach	55	
	414-1: New suppliers that were screened using social criteria	55 / 70	
<b>GRI 415: Public policies 2016</b>	103-1: Explanation of the material topic and its Boundaries	34	
	103-2: The management approach and its components	34	
	103-3: Evaluation of the management approach	34	
	415-1: Political contributions	We do not make contributions to political parties, a commitment established in our Code of Ethics.	
<b>GRI 418: Customer privacy 2016</b>	103-1: Explanation of the material topic and its Boundaries	35	
	103-2: The management approach and its components	35	
	103-3: Evaluation of the management approach	35	
	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	We developed an action plan to be implemented in 2021.	
<b>GRI 419: Socioeconomic compliance 2016</b>	103-1: Explanation of the material topic and its Boundaries	53	
	103-2: The management approach and its components	53	
	103-3: Evaluation of the management approach	53	
	419-1: Non-compliance with laws and regulations in the social and economic area	In 2020, we did not record any significant fines (over US\$ 10,000) or non-monetary sanctions for failure to comply with laws and/or regulations in the economic and social areas.  For this indicator, we considered fines and sanctions related to the following cases: bonded labor, child labor and legal quotas (young apprentice and PwD).	
<b>Specific content - Sector</b>			
<b>GRI G4 Electric Utilities Sector Disclosures</b>	EU3: Number of residential, industrial, institutional and commercial customer accounts	8	
	EU4: Length of above and underground transmission and distribution lines by regulatory regime	71	
	EU6: Management approach to ensure short and long-term electricity availability and reliability	37 / 39	
	EU8: Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	23 / 72	
	EU12: Transmission and distribution losses as a percentage of total energy	72	
	EU14: Programs and processes to ensure the availability of a skilled workforce	51	
	EU16: Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	53	

	Disclosures	Page/Disclosure	Omissions
GRI G4 Electric Utilities Sector Disclosures	EU17: Days worked by contractor and subcontractor employees involved in construction, operation & 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.	
	EU18: Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	53	
	EU19: Stakeholder participation in the decision making processes related to energy planning and infrastructure development	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). There is also an Expansion and Reinforcement Plan (PAR) in place, with a three-year horizon, developed by the ONS, with a short-term vision.	
	EU21: Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	We have an Emergency Service Plan in place, with guidelines to be followed in the 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 a Crisis Committee, which is responsible for making decisions and adopting emergency response processes.	
	EU25: Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	There were no legal cases in the period. However, for the infrastructures that require social communication, the company has a Program intended to create and maintain the communication channels necessary for a good relationship with the various social players involved. For more information, go to: <a href="http://queimadas.isacteep.com.br/">http://queimadas.isacteep.com.br/</a>	
	EU28: Power outage frequency	39	
	EU29: Average power outage duration	39	

(A free translation of the original in Portuguese)

Independent auditor's limited assurance report on the sustainability information included in the 2020 Annual Sustainability Report

To the Board of Directors and Stockholders  
Companhia de Transmissão de Energia Elétrica Paulista  
São Paulo – SP

Introduction

We have been engaged by Companhia de Transmissão de Energia Elétrica Paulista (“Company” or “CTEEP”) to present our limited assurance report on the compilation of the sustainability information included in the 2020 Annual Sustainability Report of Companhia de Transmissão de Energia Elétrica Paulista for the year ended December 31, 2020.

Responsibilities of the management of the Company

The Company’s management is responsible for the preparation and fair presentation of the sustainability information included in the 2020 Annual Sustainability Report, in accordance with the criteria of the Global Reporting Initiative (GRI-STANDARDS) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor’s responsibility

Our responsibility is to express a conclusion on the sustainability information included in the 2020 Annual Sustainability Report, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01 – "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and other responsibilities of these standards, including those regarding the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on the compliance with ethical requirements, professional standards and relevant legal and regulatory requirements.

Those standards also require that we plan and perform our engagement to obtain limited assurance that the sustainability information included in the 2020 Annual Sustainability Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the sustainability information included in the 2020 Annual Sustainability Report, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- (a) Planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the sustainability information included in the 2020 Annual Sustainability Report of the Company;

- (b) Understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;
- (c) Applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the sustainability information included in the 2020 Annual Sustainability Report;
- (d) Comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included tests to assess compliance with the criteria and guidelines of the Global Reporting Initiative (GRI-G4), Essential option, applied in the preparation of the sustainability information included in the 2020 Annual Sustainability Report.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the sustainability information included in the 2020 Annual Sustainability Report. Consequently, we were not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the sustainability information included in the 2020 Annual Sustainability Report. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

The preparation and presentation of sustainability indicators followed the criteria of the GRI-STANDARDS and, therefore, do not have the objective of ensuring compliance with social, economic, environmental or engineering laws and regulations. Those standards establish, however, the presentation and disclosure of any non-compliance with such regulations when significant sanctions or fines occur. Our assurance report should be read and understood in this context, inherent in the selected criteria (GRI-STANDARDS).

Other matters

Assurance of sustainability information for the prior year.

The assurance of sustainability information for the year ended December 31, 2019, presented in the “GRI Attachments” section of the 2020 Annual Sustainability Report and referenced as a basis for comparison throughout that Report, was conducted under the responsibility of other independent auditors, who issued an unqualified limited assurance report, dated March 27, 2020.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the sustainability information included in the 2020 Annual Sustainability Report of Companhia de Transmissão de Energia Elétrica Paulista has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-STANDARDS).

São Paulo, March 22, 2021

PricewaterhouseCoopers

Auditores Independentes  
CRC 2SP000160/O-5

Maurício Colombari  
Contador CRC 1SP195838/O-3

This Annual Sustainability Report is the result of a joint effort by the entire ISA CTEEP team, with general coordination by the Communication, Sustainability, and Institutional Relations Department.

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