

Sustainability Report **2017**



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Celeo Redes Brasil in Numbers

CELEO contributes ethically and responsibly to the operational efficiency of the Brazilian electricity transmission system, as demonstrated by the results achieved for its indicators.

Governance	Operational	Environmental	Social	Economic
<p>Confirmed Cases of Corruption 0</p> <p>Incidents of Discrimination 0</p> <p>Level of Compliance Maturity Function Monitoring scale 3/5</p> <p>N° Actions for the CIP Audit (Corporate Integrity Program) 20 recommendations: - 4 mandatory - 16 at priority levels</p> <p>N° Reports received via the Transparency Channel 32</p> <p>N° Employees taking part in Compliance Training 204</p>	<p>N° Concessions 12</p> <p>Transmission lines 3,953 km</p> <p>Substations 42, of which 12 are its own 4,875 MVA in transformer capacity</p> <p>Presence 10 States</p> <p>Facilities (commercial and operational) 1 office (with 1 operating center) 1 Maintenance Base (with Backup operating center) 2 Regionais</p> <p>TL Availability 99.88%</p> <p>TL Failure Rate 4.37</p> <p>PV/RAP 0.58%</p> <p>R & D Investments 3 projects (BRL 3.7 million)</p>	<p>Incidents with Environmental Impact 0</p> <p>Environmental Fines 1 (BRL 35,800)</p> <p>Renewal of Licenses 10</p> <p>Cumulative Forest Replacement 161 hectares</p> <p>Environmental Investments BRL 3.9 million</p> <p>Electricity Consumption 1,175 MWh/year</p> <p>CO2 Emissions 4,081.93</p> <p>Water Consumption 3,105.49 m³</p> <p>Waste Generation Hazardous: 2,021 kg 2,850 liters 1,400 units Non-hazardous: 5,228 kg</p>	<p>Employees 230</p> <p>Hours of Training 22,073h</p> <p>Turnover Rate 23.7</p> <p>Fatal Accidents 0</p> <p>Occupational Accident Frequency Rate Own employees: 3.60 subcontracted workers: 7</p> <p>Occupational Accident Severity Rate Own employees: 0.04 Subcontracted workers: 0.16</p> <p>N° Occupational Illnesses 0</p> <p>SSO Integration Third Parties 47</p> <p>N° Active Suppliers 1,927</p> <p>Amount of purchasing (O & M Supplies) BRL 10.8 million</p> <p>N° of "Critical" Suppliers Qualified 38</p> <p>N° of Rural Properties (Stakeholder Engagement) 1,085 registrations</p> <p>Social Investment 4 Projects (BRL 1.5 million)</p> <p>N° Social Complaints (Affected Communities) 3</p>	<p>Amount of Investments (ANEEL Investment) BRL 3,652 billion</p> <p>Total Assets (consolidated shareholding) BRL 2.326 billion</p> <p>Net worth (consolidated shareholding) BRL 1.517 billion</p> <p>Net debt (consolidated shareholding) BRL 328 million</p> <p>Net operating revenue (consolidated shareholding) BRL 195 million</p> <p>EBITDA (consolidated shareholding) BRL 123 million</p> <p>Net profit (consolidated shareholding) BRL 86 million</p>



Message from the Management

GRI 102-14



Message from the CEO of Celeo Redes

D. Joaquín Gómez de Olea

Chairman of the Board of Directors

On behalf of the Board of Celeo Redes S.L. we present our second Sustainability Report, in which we report on the activities carried out in 2017, sharing our belief in our sustainable contribution to the energy sector and to the country.

At Celeo Redes we know that for the electricity transmission business to be viable it requires planning with a long-term vision. Dialogue with stakeholders is fundamental for the company to adapt and respond immediately to the energy needs of the countries where we operate. These considerations are especially important given the role of the energy sector in the social and economic progress of the nation. This is why we actively participate - together with other members of the industry - in regulatory discussions and in the future development of

this market, contributing through the sound management of our assets and our national and international experience.

We are convinced that our growth is also the growth of the countries where we operate, since safe and continuous electrical operations facilitate the development of investment projects, resulting in a better quality of life for all. This is why we manage our assets and liabilities with a view to the identification, prevention and mitigation of environmental, social, economic, reputational and health and safety risks in our operations.

Today, Celeo Redes facilitates the development of new investment projects in Latin America through the operation of 4,407 km of transmission lines (3,953 km in



Brazil) and 4,875 MVA of transformer capacity, providing greater security and coverage for the energy transportation systems. From this solid base we have set targets for growth, especially in long-term assets such as transmission lines. As a Group we are optimistic about the future of our presence in the market.

In 2018, we signed the Letter of Commitment to join the United

Nations Global Compact. As a result, we expect to actively participate as a Signatory at the national level through each of our subsidiaries and are committed to continuing to implement corporate social responsibility based on the Principles of the Global Compact. In the following pages you will find details about the major activities that took place in the year 2017. I invite you to read this document, which is a

testimony to the commitment made by all of Celeo Redes' employees to contribute to the energy sector with quality, efficiency and safety.

Regards,
D. Joaquín Gómez de Olea
Chairman of the Board of Directors



Solidity and continuity mark our path towards excellence

Francisco Chica

Executive Director of
Celeo Redes Brasil

It is with great satisfaction that we publish Celeo Redes Brasil's second sustainability report. This document is the result of a lengthy process involving the dedication and commitment of the CELEO team. This process has been strengthened in recent years with the formulation of strategies for the business and the adoption of good practices in day to day operations.

We can think of the years 2016 and 2017 as representing milestones in our history for the advances we have made in strengthening our organizational structure over this period. While many companies went through a difficult period as a result of the economic crisis, we took the opportunity to consolidate processes and lay a foundation for sustainable growth, reinforcing the trust of our stakeholders.

The results can be seen in a series of actions and projects developed in these years. The Corporate

Integrity Program was implemented in 2016 and brought transparency to our internal and external activities and relationships, with 100% adherence by employees. The audit conducted in 2017 to assess the incorporation of the Program into the Company's management gave a rating of level 3 on a scale of 1-5.

We also implemented an Integrated Management System (IMS) to raise the quality and reliability of our services. In 2017, we began the process of implementation for the ISO 9001, ISO 14001 and OHSAS 18001 standards, with the target of achieving certification for the IMS by the end of 2018.

As for operating performance, we achieved excellent ratings with one of the best results for the availability rate in recent years. External recognition came in the form of achieving first place for two consecutive years in the Brazilian

Electricity Regulatory Agency's (ANEEL) rankings for operational efficiency among transmission companies. The economic-financial performance was satisfactory, despite being 16% lower than last year due to the unfavorable macroeconomic environment that the country has been experiencing since 2015, with BRL 195 million of net revenue generated.

Finally, we can highlight the early completion of the 500 kV Estreito - Fernão Dias Transmission Line, which runs for 342 km between the states of Minas Gerais and São Paulo. This is an important achievement for the Brazilian Electric System as it is part of the Transmission System that will enable the outflow of energy from the Belo Monte Hydroelectric Plant (11,233 MW). The project was scheduled for completion in May 2018 and was completed in

December 2017, with operations beginning in February 2018.

To conclude, it is important to emphasize that we have the premise that management - as well as managing investments - is our obligation. What sets us apart is that we seek solid growth from a base that is well structured to face the challenges of global and local change and to contribute to socioeconomic development with respect for people and the environment. All this while demonstrating to our shareholders that CELEO has the ability to maintain the balance between short-term profits and long-term cost-effectiveness. In this way, we can be sure that we are working every day to strengthen the assets we have in our hands.

Francisco Chica
Executive Director of Celeo Redes Brasil



About the Report

This publication reflects the effort and commitment that CELEO puts into the improvement of its management and its sustainability strategies. The challenge for the coming years is to continue to advance in our use of this instrument for communication with stakeholders.

The Reporting Process

GRI 102-50, 102-51, 102-52, 102-54

This is Celeo Redes Brasil's second Sustainability Report. This process began last year with the preparation of an internal report that followed the guidelines of the Global Reporting Initiative's (GRI) G4 version, with the objective of portraying the degree of compliance with the sustainability guidelines and possibilities for improvements in future processes. The result of this maturity process is this second report, which is now audited and publicly available, in line with our commitment to continuous improvement.

This publication is also a strategic commitment on the part of the Company, considering the importance of transparency and open dialogue with all of its stakeholders. The report

provides information covering the period between January 1 and December 31, 2017. The report includes information on management and performance over the last two years, with strategic objectives, operational results and social, environmental and economic aspects of the holding company and its 12 energy transmission concessions located in 10 states in Brazil.

The methodology adopted for the preparation of the report was the GRI Standards, „core“ option, and includes the set of disclosures contained in the electric utilities sector supplement that apply to the transmission activity. This document also aims to align itself with the questions assessed by the Global Real Estate Sustainability Benchmark (GRESB) - a global platform for assessing

the infrastructure sector for sustainability performance.

During the content definition process, 91 indicators were selected: 52 general disclosures, 28 performance disclosures (3 economic, 11 environmental and 14 social) and 11 disclosures from the sector supplement. The Content Index is located at the end of the report and provides details of the indicators reported, including the pages of the report where they can be found, with an indication of external assurance by the independent auditor KPMG.

To find out more about the GRI Standards for sustainability reporting, go to www.globalreporting.org.

Celeo Redes Brasil's Concessions

- Brilhante Transmissora de Energia S.A. (BTE)
- Brilhante II Transmissora de Energia S.A. (BTE II)
- Caiuá Transmissora de Energia S.A. (CAIUÁ)
- Cantareira Transmissora de Energia S.A. (CANTAREIRA)
- Coqueiros Transmissora de Energia S.A. (CTE)
- Encruzo Novo Transmissora de Energia S.A. (ENTE)
- Integração Maranhense Transmissora de Energia S.A. (IMTE)
- Jauru Transmissora de Energia S.A. (JTE)
- Linha de Transmissão de Corumbá S.A. (LTC)
- Linha de Transmissão Triângulo S.A. (LTT)
- Pedras Transmissora de Energia S.A. (PTE)
- Vila do Conde Transmissora de Energia S.A. (VCTE)

Process for defining the content of the Sustainability Report

GRI 102-21, 102,43, 102,44, 102-46, 102-47

The process of defining the content of Celeo Redes Brasil's Sustainability Report began in 2016 with the formation of a group called „Sustainability Focal Points“ that includes 24 leaders of the Company. The group was created in order to identify and evaluate, in principle, the aspects and impacts that are relevant to the energy transmission business and their relevance in relation to the Company and to the stakeholders. Studies were conducted of benchmarks on the national, international and sectoral level, as well as those with the specific characteristics of public energy transmission utilities, in addition to considering the strategic guidelines of the shareholders for Celeo Redes Brasil.

As a result of this process a list of topics was drawn up and prioritized, initially by the priority stakeholders, which include: Shareholders (Elecnor and APG), Regulatory Agents (ANEEL and ONS), Funding Agent (BNDES) and Partner (COPEL). Subsequently, the

topics were prioritized by the Senior Management together with the Sustainability Management area.

The topics defined by Senior Management were prioritized based on:

- Overall risks to the business and to processes, according to CELEO's Risk Map;
- Reputational risks in the electric sector highlighted by the RepRisk tool;
- Relevant topics highlighted in the Sustainability Reports of companies in the electric sector and specifically by one of the Company's partners;
- SASB (which defines sustainability reporting standards for publicly-traded companies on the American stock exchange); and
- Requirements of the „GRESB Infrastructure Assessment“ questionnaire.

Following the prioritization of the relevant topics - which attempted to reconcile the evaluations of stakeholders and of the Company - the Senior Management conducted a materiality approval process in

order to ensure that none of the relevant impacts for the Company had been missed. On this occasion, the directors evaluated and defined the boundaries of the impacts of the material topics.

The materiality analysis resulted in 16 material topics considered as relevant by Celeo Redes Brasil, as broken down by level of relevance below:

Relevance	Topics	Limits of the Impacts	
		Within the Organization	Outside of the Organization
Highly relevant	Operational Health and Safety	<div></div>	
	Corruption, ethics management and Compliance	<div></div>	
	Operational Efficiency and Availability	<div></div>	
	Biodiversity		<div></div>
	Economic-financial results	<div></div>	
	Management System (quality, environmental, health and safety)	<div></div>	
Relevant	People management	<div></div>	
	Risks and Opportunities management	<div></div>	
	Supply chain management		<div></div>
	Strategic expansion of transmission (new projects, reinforcement, improvements)	<div></div>	
	Corporate Governance	<div></div>	
	Research, development and innovation	<div></div>	
Less relevant	Engagement with communities		<div></div>
	Eco-efficiency	<div></div>	
	Solid Waste Management		<div></div>
	Access to financial capital	<div></div>	

Definition of stakeholders

GRI 102-42

To identify and prioritize the material topics, the intrinsic characteristics of a public electricity transmission utility were considered. The Senior Management and Sustainability Management area decided that the process of engagement and surveying the most relevant opinions would initially include the following priority groups:

- Shareholders (Elecnor and APG)
- Brazilian Electricity Regulatory Agency (ANEEL)
- National Electric System Operator (ONS)
- Brazilian Development Bank (BNDES)
- Companhia Paranaense de Energia (COPEL)

This decision was made considering that the energy transmission concession and service-provision agreements are signed through the regulators (ANEEL and ONS) and are strategic for the Company's core business. The main financing agent (BNDES) also currently has a fundamental role in the viability of the projects by providing financial resources in the form of loans. The partners - represented by COPEL - and the shareholders (Elecnor and APG) are also equally relevant in defining the strategic guidelines, levels of Governance and performance with regards to the Environmental, Social and Governance (ESG) aspects.



Company Profile

CELEO's presence in Brazil demonstrates the importance of attracting foreign investment for the growth of the energy sector and for the socioeconomic development of the country.

Celeo Redes Brasil

GRI 102-1; 102-2; 102-4; 102-5; 102-7

Celeo Redes Brasil S.A. (CELEO) is a holding company that controls 12 Special Purpose Entities (SPEs) operating in the Brazilian energy sector as electricity transmission utilities (concessions), including in the construction, operation and maintenance of the transmission facilities of the National Interconnected System (SIN). It is a privately-held

corporation composed of two shareholders: the Spanish group Elecnor (51%) and the Dutch pension fund APG Group (49%).

Celeo Redes Brasil has its headquarters in Rio de Janeiro and three other bases – in Minas Gerais (Maintenance Base: Uberlândia), Mato Grosso do Sul (Maintenance

Base: Campo Grande) and Pará (Maintenance Base: Vila do Conde) – with operations in 10 states in the country. CELEO's business portfolio involves the participation of partners in some of its ventures in the form of the companies Cobra, Isolux and Copel. Currently, the Company has 230 employees and in 2017 generated a total of BRL 195 million in net revenue.

Principal Shareholders

Elecnor is one of the leading global companies in the development, construction and operation of projects in its two major areas of businesses (Infrastructure and Utilities), which complement and enrich each other. With almost 60 years of continuous growth and present in more than 50 countries, Elecnor has become one of Spain's most prominent business groups and a benchmark in the infrastructure, renewable energy and new technology sectors.

The diversification of its activities has been one of the company's strategic pillars throughout its history, allowing it to operate in different sectors including electricity, gas, industrial facilities, railways, telecommunications, water, control systems, construction, the

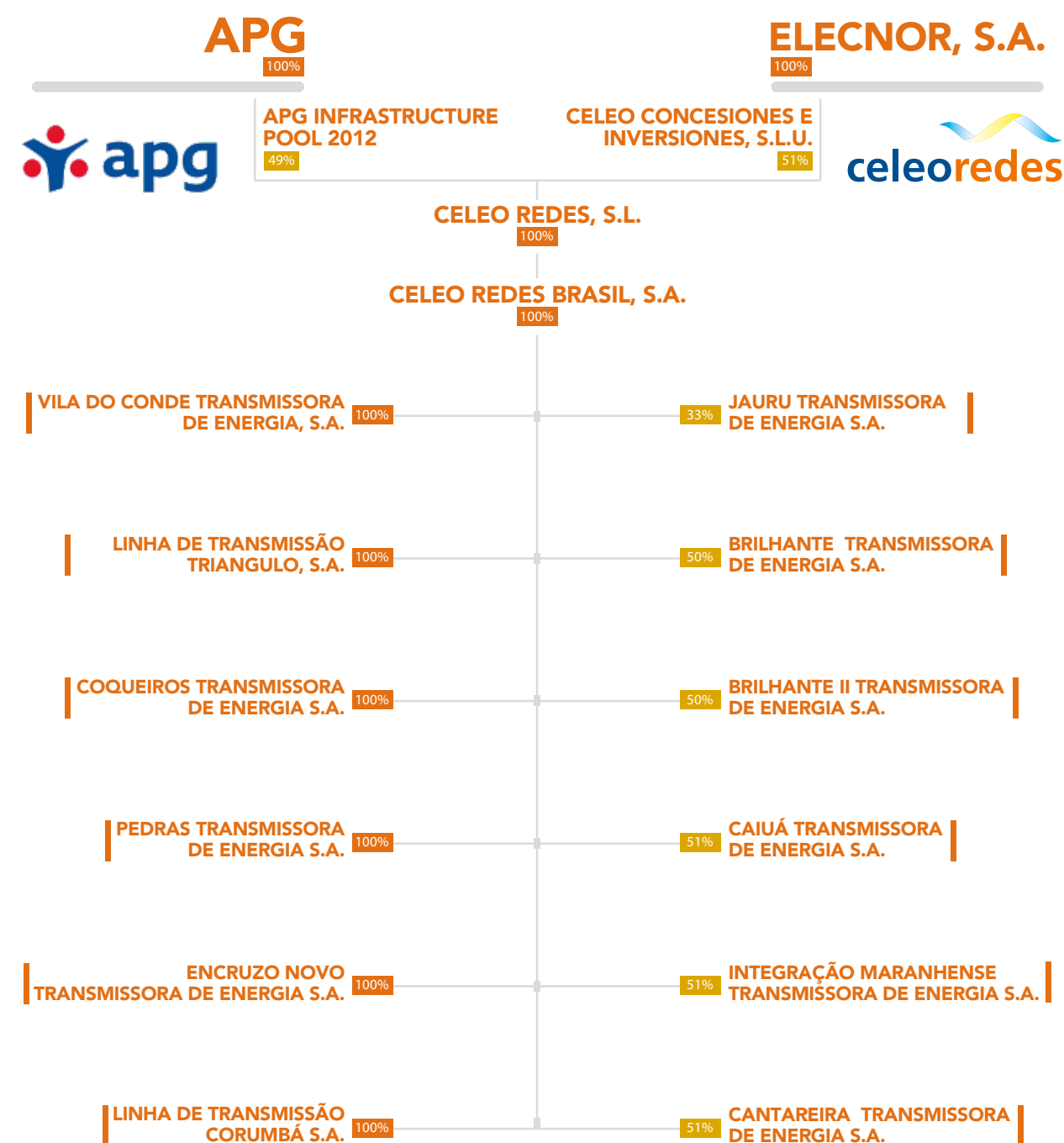
environment, maintenance of facilities and even aerospace engineering. Its strong international vocation led to a continuous process of expansion, which opened the door to new markets throughout the world, especially in Central America, South America, Africa and the Middle East.

Undoubtedly this is a Group whose technical and financial solvency permits it to promote, develop and build all types of infrastructure on five continents.

APG is the largest pension distribution organization in the Netherlands. It has approximately 3,000 employees who provide executive consulting, asset management, pension administration and reporting, as well as employee

services. APG performs these services on behalf of pension funds and employers in the sectors of education, government, construction, window cleaning and general cleaning, housing associations, energy and utilities companies, protected employment organizations and medical specialists.

APG manages € 475 billion (January 2018) in pension assets for funds in these sectors. APG works for approximately 40,000 employers, providing pensions for one in five families in the Netherlands (about 4.5 million participants). Its offices are located in Heerlen, Amsterdam, Brussels, New York and Hong Kong.



DEZ/2017

Corporate Principles

GRI 102-16

Celeo Redes Brasil is recognized as a Company that demonstrates a high degree of quality in what it does, setting a benchmark for its integrity. Its principles are based on professional relationships, promotion of a fair and motivating working environment, involvement

in social projects in the areas where it operates and a desire to constantly update and improve its processes. These business principles are reflected in the Corporate Integrity Program and the Code of Ethics

Mission

“To implement infrastructure investment projects and provide a constant and efficient service in the electricity transmission business, contributing to economic and technological progress and to sustainable development.”

Vision

„To be a company that sets the benchmark in the transmission market, recognized for the performance of its services, creating value for its stakeholders and contributing to the development of society and the protection of the environment.”

Values

- | | | |
|--------------------------|---|--|
| 01 Value life | 02 Encourage development and recognize effort | 03 Respect for the environment |
| 04 Focus on the customer | 05 Financial solvency | 06 Act with integrity, transparency and commitment |

Recognition and initiatives

During the year, CELEO received two important awards and participated in various national and international initiatives:

Recognized as a Benchmark by the Brazilian Electricity Regulatory Agency (ANEEL) Ranking of Operational Efficiency, ranking 1st in the years 2015 and 2016. Technical Note nº 164/2017-SRM/ANEEL (dated: 10/04/2017).

The National System Operator (ONS) affirmed the „Good Performance of Transmission Facilities” and that there are no records that disprove the quality of its operation in ONS letter 0372/100/2017 (dated: 02/22/2017).

Initiatives:



In 2017, CELEO assumed various commitments and targets and submitted its sustainability performance indicators (Environmental, Social and Governance - ESG) to the Global Real Estate Sustainability Benchmark (GRESB) for the first time, in order to evaluate its

management in relation to these issues and compare it with other companies in the sector;

Adhesion of the Elecnor Group companies and APG to the Global Compact and the Sustainable Development Goals (SDG).

Presence in Brazil

GRI 102-2, 102-6, 102-7, EU4

CELEO operates in 10 Brazilian states, with 12 energy transmission developments totaling 3,953 km of transmission lines and 4,875 MVA of transformation capacity in 42 substations of the basic network - of which 12 are its own substations. Six of these enterprises are 100%

owned by the Company with the remainder representing different shareholding interests. The most recent company constituted with 100% of capital is the Serra de Ibiapaba Transmissora de Energia S.A. (SITE), after CELEO

won the Energy Transmission Auction 02/2017 conducted by BM & FBOVESPA (B3) in December 2017.

Concession	LT (km)	Substations	Transformers (MVA)	Began Operation	Share (%)
VCTE	324	2	-	May/06	100
LTT	695	6 (1)	1800	Nov/08	100
CTE	65	3 (2)	675	Jan/10	100
PTE	-	(1)	800	Dec/10	100
ENTE	220	2 (1)	200	Jul/12 - Sep/15	100
LTC	279	2 (1)	200	Sep/13	100
IMTE	365	2	-	Dec/14	51
CAIUÁ	142	5 (2)	700	May/14 - Jun/14	51
BTE	581	10 (4)	300	Nov/10 - Jan/11	50
				Aug/12	
BTE II	-	1	200	Aug/14	50
JTE	940	6	-	Oct/09 - Dec/12	33
				Jan/13 - Feb/13	
CANTAREIRA	342	2	-	Feb/18	51





The Business and its History

Celeo Redes Brasil marks its 17 years of operations in the Brazilian market with recognition in the energy transmission sector. Over the years it has won important battles in the process of creating its business portfolio, which now consists of 12 concessions in several states in the country.



Corporate Governance

Celeo Redes Brasil values transparent and straightforward relationships with its stakeholders. Therefore, it pursues best Governance practices to guide its actions.

Governance Structure

GRI 102-19, 102-20, 102-22, 102-23, 102-26, 102-28, 102-30

The Corporate Governance of Celco Redes Brasil is linked to Celco Redes SL, in Spain. The structure consists of a Board of Directors with four directors - two representing APG and two representing the Elecnor Group. At the local level, the Board of Executive Officers is the highest governance body of Celco Networks Brazil and responds directly to its shareholders. The functions and powers of the highest-level executive - the General Manager - are defined in the Bylaws, and it is their responsibility to represent the company individually in the exercise of their duties.

The Company also has an IMS (Integrated Management System)

Committee and a Committee Responsible for the CIP (Corporate Integrity Program). Through the committees, the Senior Management and the corporate management team, together with the other managers of the Company, analyze the decisions and direct them to the other employees of the group.

The decision-making process considers economic, social and environmental opportunities, impacts and risks so as to adopt good practices in the Company's day-to-day operations. The IMS Committee also deliberates on these aspects, especially those related to certification, Quality, Health

and Safety and the Environment. In addition, the Board of Executive Officers is responsible for defining, approving and updating the mission, vision and values, as well as defining strategies, policies and targets.

The Senior Management assesses performance with regards to the sustainability aspects - Environmental, Social and Governance (ESG) - within the business, with the Management Team and/or the Group's Board of Directors. This assessment is carried out through reports and regular meetings of the Board of Directors.

Board of Directors and Board of Executive Officers

Since it is a privately-held corporation it is not mandatory for the company to have a Board of Directors under Brazilian law. However, with regards to Corporate Governance, the respective management body is installed in Celeo Redes SL, headquartered in Spain.

The management of Celeo Redes Brasil consists of a Board of Executive Officers composed of three directors (General, Operations and Executive), with a term of three years and with re-election permitted. The powers of the executive officers are defined in CELEO's Bylaws, which establish the boundaries of the responsibilities of each of them.

Committees

GRI 102-18; 102-24

Committee Responsible for the CIP:

Responsible for overseeing and monitoring the Corporate Integrity Program (CIP), the committee is composed of three senior executives and acts independently. Established in 2016, the committee was appointed at an Extraordinary Shareholders' Meeting, with a regular agenda of meetings to be held. In 2017 an ordinary meeting was held during which the following resolutions were considered:

- presentation of the results of the previous year; review of the CIP;
- analysis of occurrences relating

to the Transparency Channel; and progress of the CIP audit.

IMS Committee:

Responsible for overseeing and monitoring the Integrated Management System (IMS), proposing improvements to processes, to risk management and to the management of information and knowledge. The committee is composed of 10 members elected by the Company's Board of Executive Officers, including the appointment of a representative of each area involved in the Integrated

Management System. The meetings take place monthly and in 2017 there were 12 meetings to discuss the following resolutions: analysis and approval of management procedures; monitoring of implementation of the IMS; release of resources when appropriate; monitoring of nonconformities; monitoring the management of legal requirements; monitoring of indicators; and other specific issues related to the IMS.



Organizational Governance Chart

In 2017, the Company's organizational chart was redefined as a result of a reorganization of Corporate Governance to achieve greater solidity in management, valorizations of assets and the incorporation of sustainability into business strategies.



DEZ/2017

Corporate Management Chart



FEV/2018

Ethical Management

In the year 2016, Celeo Redes Brasil initiated the Corporate Integrity Program (CIP), with the adhesion of all employees. The objective of the program is to guide the employees of CELEO and its subsidiaries regarding internal controls and control concepts and methods that should be adopted to improve the parameters and ethical standards of controls, transparency and efficiency, in addition to complying with legal requirements. As well as promoting a set of

internal mechanisms and procedures for integrity, auditing, and effective application of the Code of Ethics and the Standards of Conduct, the program acts as a transparency channel for employees. The management of the CIP is the responsibility of the Corporate and Legal Department, which is responsible for directing the committee's activities, as well as internally investigating any reports and/or suspicious situations.

In 2017, the Company hired an external auditor to assess the incorporation of the Corporate Integrity Program into management, conferring a level of 3 on a scale of 1 to 5. Twenty recommendations were flagged up, four of which are mandatory and the other 16 are at priority level.

Combating Corruption

GRI 102-17, 205-1, 205-3

A Celeo Redes Brasil advocates transparent and efficient work practices, with instruments and guidelines to provide guidance on ethical conduct, based on the Anti-Corruption Law 12,846/2013 and Decree 8,420/2015. In 2017, 100% of CELEO's operations were submitted to risk assessments related to corruption.

During the process of preparation and implementation of the CIP, the Company developed a maturity diagnosis and defined a matrix of 27 compliance risks based on interviews with the main members of the senior and middle management. Action plans and mitigatory measures were then drawn up for these risks. In order to deal with the risks identified as being relevant for compliance with the CIP, a procedure was adopted for the Procurement of Goods

and Services with assessment of suppliers and third parties (background check), among other corporate policies and procedures. In addition, the CIP references specific points relating to the identification of Politically Exposed Persons in goods and services procurement process.

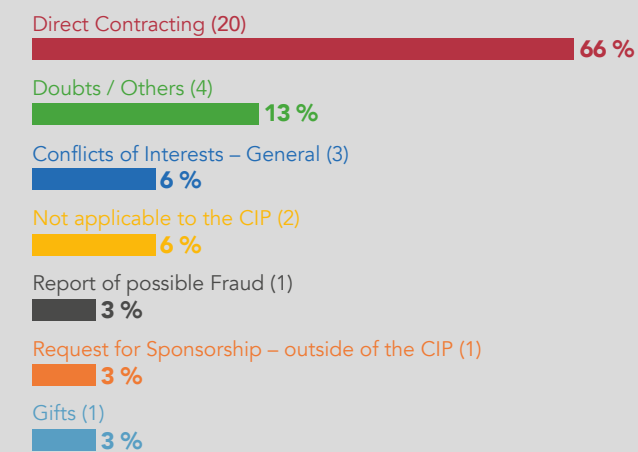
This work also resulted in the creation of the „Transparency Channel“, an e-mail service set up to receive denunciations and reports of wrongdoing, suggestions or doubts about the Program. In 2016, the first year of the CIP, an anonymous complaint about possible irregularities in the Supplies area was received and subsequently monitored and investigated by the CIP manager and reported to the Committee. Meetings were held with the entire Supply team and after confirmation of the incidence the employee

was dismissed, followed by restructuring of the personnel in the area.

In 2017, the Company continued with the Corporate Integrity Program, as well as maintaining the Transparency Channel as a management tool. There were no reports of corruption received via the communication channels or made known directly to the corporate management. However, 32 occurrences were reported that contributed to the improvement of internal processes.

The Company also extended the Transparency Channel to an external server so as to guarantee the anonymity of those reporting the occurrences, emphasizing the integrity and efficiency of the CIP.

Occurrences of CIP - 2017



EMAIL:

canaldetransparencia@celeoredes.com

EXTERNAL CHANNEL:

www.canaldetransparencia.celeoredes.com.br

Training for the Corporate Integrity Program (CIP)

GRI 205-2

Over the last two years Celeo Redes Brasil organized training on the CIP for its employees and Senior Management. During this period there were four classes with a three-hour workload involving the participation of approximately 150 professionals, representing 76% of the total workforce and including 25 from the Senior Management and the Compliance Committee. 204 employees received training in 2017.

CIP Highlights in 2017



2

Two groups retraining
at the Uberlândia training
center, with 38 employees
in attendance.

101

Training on „Professional
Ethics and the Corporate
Integrity Program“ at the
III SIPAT, attended by
101 employees

56

Induction with
56 new employees

25

Dissemination of the CIP in
a Technical Workshop with
25 participants

Dissemination
of the theme via the
internal communication
channels and the Intranet

Compliance

GRI 419-1, 307-1

CELEO works in accordance with the current legislation, considering the particularities of the electric sector in all regions where it operates. The Legal area is responsible for control of compliance with legislation and legal requirements, seeking to improve internal procedures in order to strengthen Corporate Governance and the Integrated Management System.

During the year, two cases of arbitration were recorded for contractual/commercial matters, but none related to non-compliance with the law. Celeo Redes Brasil

declares that it has not identified any non-compliance with laws and/or regulations in the social and economic areas in 2017.

Regarding environmental issues, the Company strictly monitors the constraints of its environmental licenses and certificates and has operational procedures in place to meet environmental standards that are in compliance with at least the minimum requirements of environmental legislation. In order to ensure that all applicable legal requirements are identified and managed the Environment area

has standardized its operations in relation to federal laws, making an exception only when there are more stringent local (state or municipal) parameters or when determined in a licensing process. In 2017 the target of zero penalties was established. However, one fine was received at the end of the year, referring to non-compliance with environmental conditions in 2010-2011, at the time managed by Plena, resulting in a fine of BRL 35,800.





Corporate Responsibility

Sustainability is a value for the Company. When defining its strategies, CELEO evaluates the opportunities, risks and impacts of its business to society and to the environment.

Sustainability Strategy

Celeo Redes Brasil's sustainability strategy is guided by the directives of the Elecnor Group, which considers the issue in its core business and therefore seeks to disseminate it to all companies in which it holds a corporate interest.

Having established this stance, CELEO is clear about the impacts of its activities on people's lives, society and the environment. Therefore, it seeks

to incorporate good practices into its business strategies, not only generating value for the Company but also contributing to sustainable development. Its infrastructure projects (energy transmission) are aligned with global challenges, which seek to guarantee access to energy, contribute to social and economic development, generate jobs and income, etc.

In practice, the sustainability guidelines are aligned with the management of the Company, which combines Integrity in relations with quality of services, ensuring health and safety in operations and compliance with environmental requirements. To complete this cycle, CELEO has been establishing engagement actions to provide transparency and accountability with its stakeholders.

Sustainability Strategy



Strategic Goals

GRI 102-28

CELEO defined its strategic goals for the short and medium term. The goals are reviewed annually by the Board of Executive Officers and managers during the strategic planning process, which includes analysis of changes in internal and external scenarios in order to sidestep adversities that could affect its ability to achieve these results.

The Strategic Planning prepared for the period 2017-2021 includes strategies for growth and leverage of the business. It also defines Annex I, a specific document dealing with sustainability aspects in the business, known as „Environmental, Social and Governance“ (ESG), which presents the sustainability governance structure, as well as its actions and goals for the coming years. The ESG indicators are periodically

assessed by the Senior Management at meetings and through monthly reports. To incentivise the teams, the Company defined ESG targets linked to the variable remuneration (bonuses) of all employees, at all levels.

CELEO also established the „IMS Policy“, with the purpose of directing its activities with regard to integrity, quality, the environment, health and safety and sustainability.

On the global level, the ESG performance indicators are being submitted to GRESB for the first time in order to compare CELEO with other companies in the sector and thus propose improvements to management.

Voluntary Commitments

GRI 102-12

Celeo Redes Brasil follows the guidelines of its shareholders regarding participation in global commitments. The Elecnor Group and APG are signatories to the Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs).

Although the Company is not yet a formal signatory to the Global Compact and the SDGs, the New Business Development and Sustainability area has mapped which SDGs are aligned with the Company's business. In addition, CELEO complies with the provisions of the Anti-Corruption Law and its

regulations (Law no. 12.846/2013) and Decree No. 8,420/2015, which apply to Principle 10 of the Global Compact.

In May 2018, CELEO signed a „Letter of Commitment“ as part of the process of joining the United Nations Global Compact.

CELEO's business activities and the SDGs



- Electricity is a basic good and contributes to improving the quality of life of entire populations and the economic development of countries and the world as a whole (Goals 1, 2, 3 and 10).



- The main impact of the projects is to improve and ensure the reliability of the National Interconnected System (SIN). Indirectly, it diffusely benefits society as a whole, reducing poverty rates (Goal 1) and increasing access to a secure energy source (Goal 7).



- The projects also generate hundreds of direct and indirect jobs during the construction phase, at which time decent working conditions are provided for all employees (Goal 8).



- The projects help increase the supply of renewable energy (Goals 11 and 13).



Commitments Assumed

The commitment to management focused on results with regards to the sustainability aspects are laid out in the table below, demonstrating the commitment of the CELEO team to finding suitable and achievable solutions for the business:

ESG Performance Indicators - Sustainability - IMS - CIP

Performance	Commitments Undertaken 2018	Target / Action
Governance	Corruption, Ethics Management and Compliance - Evolution of Monitoring and Maturity	Implementation of the KPMG Action Plan - 2018 (2nd CIP audit – Planned for 1st semester/2019)
	Integrated Management System (quality, environment, health and safety)	ISOs and OHSAS Certification 4th Quarter/2018
	1st Sustainability Report (GRI Standards)	Audited and Published - April/2018
	Updating of Socio-Environmental Reports ANEEL (10 concessionaires)	Send to Aneel - April/2018
	Participation on the GRESB Platform	UpLoad: Apr - Jun/2018
	Thorough Corporate and Contractual Review (Internal Due Diligence)	4th Quarter/2018: Update of the Company's Securities
	Control of the Company's Archive	4th Quarter/2018: Completion of the GEDOC Project
Operacional	Reduction of Judicial Liability (landholding, regulatory, number of cases, contingencies, impacts of convictions, ...)	15 to 20% reduction in the number of lawsuits (Base: Dec 2017 -> 89 cases)
	Availability of Facilities (Transmission Line, Transformer, Static Compensators)	99.7%
	Failure Rate (Transmission Lines: General, 500kV and 230kV)	Monitoring
	Failure Rate (Equipment: Transformers, Reactors and Static Compensators)	Monitoring
	Variable Portion/Gross RAP	0.5% and provisions
	0 serious incidents	0
	Frequency Rate (Own Employees/Subcontracted)	Fr <7 / Fr <9
	Severity Rate (Own Employees / Subcontracted)	Sr <0.15 / Sr <0.3

ESG Performance Indicators - Sustainability - IMS - CIP

Environment	Avoidance of Environmental Penalties (compliance with the conditions of Licenses: LP, LI, LO and/or Grants)	0 Penalties
	First Greenhouse Gas Inventory (GHG Protocol)	Audited and Published - April/2018
	Standardization of structures for storing waste from substations	5 facilities
	Disposal of demobilized batteries via Reverse Logistics	100%
	Standardization of effluent treatment systems (septic tanks)	3 systems
	Standardization of water consumption units (SEs and Maintenance Bases) with hour meters and water meters	2 substations
	Reduction in Water Consumption (Volume consumed m³)	Reduce water consumption by 3% in at least 2 facilities
	Forest Replanting	10 hectares - CAIUA 20 hectares - JTE
Social	Engagement with Communities (improvement of communication channels and profile mapping)	Completion of the Integra Project
	Training Plan (technical, behavioral, development)	> = 75% compliance with plans
	Jobs Plan (responsibilities, qualification, experience, ...)	100% of jobs described
	Implementation of Social Project: a) Atibaia (CRAS reform and technical staff training) b) Monte Santo de Minas (environmental education, construction of a sorting and composting plant, selective rubbish collection)	CANTE
	Basic Quilombola Environmental Project	Completion - IMTE
	Basic Indigenous Environmental Project	Execution - CAIUA
	Refinancing Structuring	LTT and VCTE
Economic	Financing of Reinforcements	2nd Quarter/2018 - PTE and LTC
	Approval of SUDAM Incentive	2nd Quarter/2018 - JTE - Tramo Sul
	Return of Equity and Substitution of BNDES Bonds	CANTE
	BNB Consultation Letter, Structure of Guarantees and Issuance of REIDI	SITE
	Deployment of Tax Robot and Registration of Materials	CELEO

Stakeholder Engagement

GRI 102-40, 102-43, 103-2

Celeo Redes Brasil understands that engaging with stakeholders is a process of paramount importance for the sustainability of its business. This process requires the Company to have a transparent two-way relationship through which the expectations of stakeholders are considered in decision-making. Aware that much remains to be done to close the cycle of engagement, the Company dedicates efforts to establishing effective strategies in this area.

In 2017, the stakeholder engagement process was reviewed, beginning with the mapping of stakeholders. The „Stakeholder Communication Procedure“ was also updated to ensure a systematic flow of information, whether internally for employees and shareholders or

externally for regulators, customers, suppliers, communities, etc.

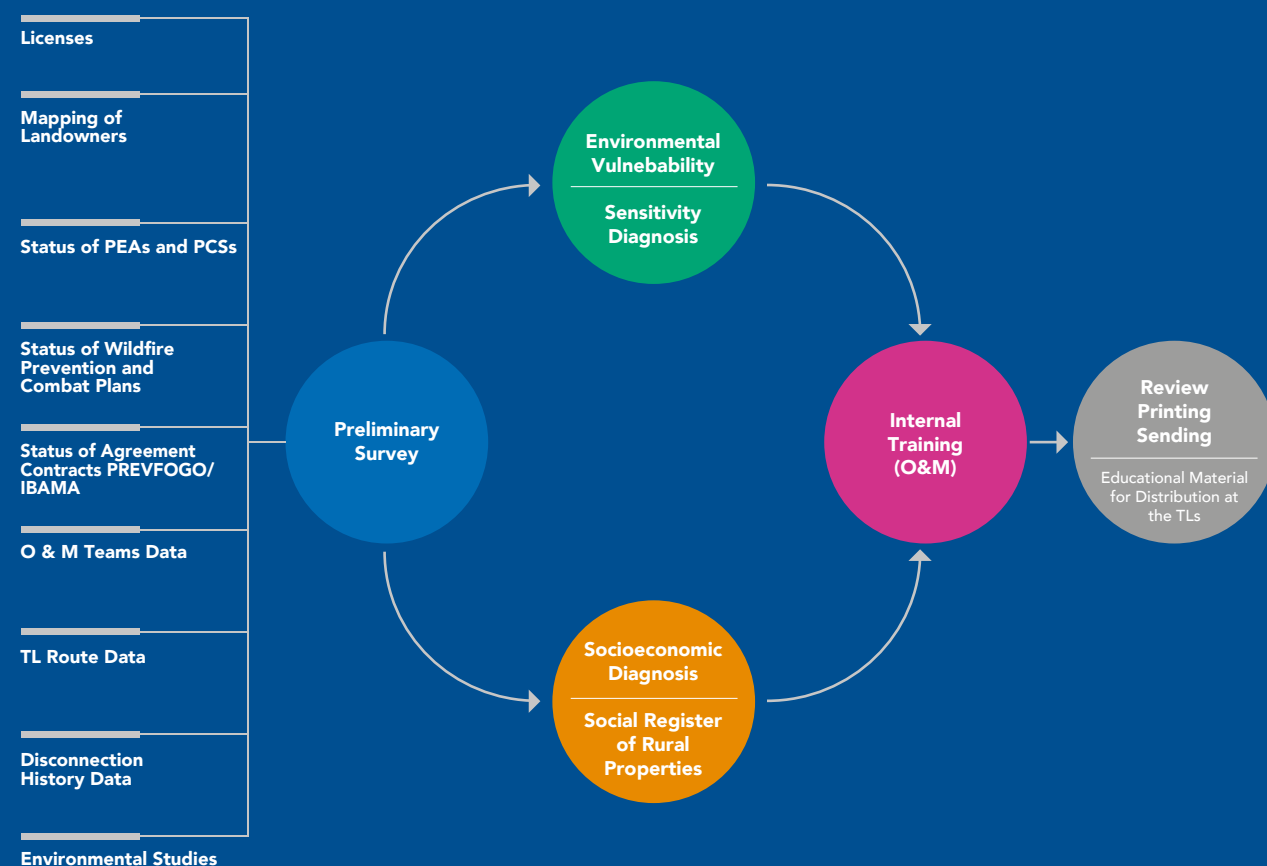
In the case of shareholders, for example, the Board of Directors of Celeo Redes SL transmits its assessments of potential vulnerabilities and projects under development, as well as monitoring best governance practices. The Board's decisions are managed by the Management Team, which directs them to the local governance management team, through the Board of Executive Officers. With regards to community engagement, CELEO created the Integra Program, which serves rural communities in the area of influence of the Linha de Transmissão Triângulo (LTT), as well as other concessions (CTE, LTC, VCTE, ENTE, IMTE and BTE). The program also covers the relationship

with traditional and indigenous communities.

In addition, Celeo Redes Brasil offers a centralized channel for receiving complaints and/or suggestions, doubts and queries through the Ombudsman's Office (0800 941-2667). Three complaints were received through this channel in 2017 from the population surrounding the LTT and VCTE lines, with questions and concerns about the impacts of the projects, one of which referred to environmental impacts. To deal with these issues teams from the concessions were sent to provide clarification and reinforce the Awareness Campaign with the local residents.

Stakeholder	Need	Form of Engagement	Means of Attending to this Group	Frequency
Shareholders, Investors and Partners	Sustainable profitability	Empowerment	Integrated Management System (IMS), according to the requirements of ISO 9001, ISO 14001 and OHSAS 18001 Sustainability Action Plans (SAP) Report to GRESB Reports and periodic meetings	Ongoing
Financial Institutions	Paying back of loans	Transaction	Transparently sharing reliable information with the financial agent	Within the term of use of the financed resource
Customers	Provision of public transmission service	Transaction	Monitoring of the ESG Performance Indicators	Throughout the concession period
Public Administration and Regulatory Agencies	Compliance with current legislation	Involvement	Implementation of the legislation control software applicable to the scope of CELEO activities, favoring the management and enforcement of applicable laws	Ongoing
External Providers	Execution of the required service or delivery	Transaction	Elaboration of contractual criteria for integrity, quality, the environment, and health and safety Integration of external suppliers before service execution (or goods supply), informing them of the dangers, risks and environmental impacts and aspects to which they will be subjected. Conduct due diligence (qualification and performance evaluation)	Before, during, and after providing the service or supplying goods
Employees	Employment and income	Involvement	Implementation of the necessary resources (adequate furnishings, training, cleaning and maintenance of the work environment, work tools, educational development) Participation and consultation of employees and communication channels (internal newspaper, ombudsman, Intranet, dialogues, meetings, feedback)	Ongoing
Industry Associations and Employers	Be the institutional "Spokesperson" for the common interests of its associates/members	Involvement	Participation in the WGs of the associations, public hearings and consultations, industry forums/meetings/events, compliance with the collective agreement	Ongoing
Communities	Defend the areas occupied and natural resources used, related to their sustainability	Involvement	Implementation of environmental programs, Integra Project and anti-wildfire campaigns and hosting of public hearings, when necessary	During the stage of preliminary licensing and installation of new developments, as well as during the operation
Scientific and Academic Institutions	Produce and disseminate scientific and technological knowledge	Involvement	Compliance with the requirements established in the ANEEL R&D Manual	Ongoing
Media	Receive correct information in response to questions asked	Inform	Through the "Spokesperson" of CELEO, using the requested means of communication (TV, radio, newspaper, e-mail), being properly prepared	When requested

Cycle of the Integra Program



Integra Program

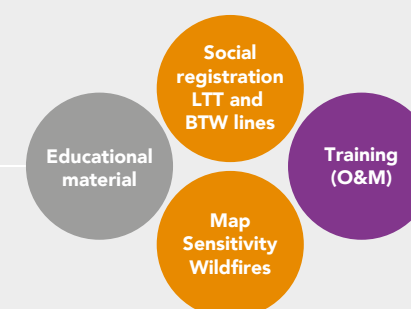
GRI 413-1

Following its stakeholder engagement strategies, CELEO created the Integra Program to engage with rural communities in the areas around its concessions. In the year 2017 alone, 1,085 properties were registered. In addition to the families owning these rural properties, the target public for relationships is the municipal government, federal and state agencies, public services and local leadership.

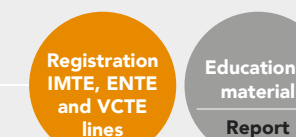
The program was designed based on international standards such as AA1000 and the GRI indicators, to run for a period of four years. In 2017, registration of 80% of the properties and families was completed and action plans have been drawn up for some of the concessions. Other strategic actions included the creation of tools to gauge the perceptions of the population for subsequent incorporation into CELEO activities, as well as the training of O & M teams in assertive communication and crisis management so as to avoid conflict with local leaders in the area of influence of Transmission Lines.

Campaigns

Year I



Year II



Year III



Year IV



Interaction with the Brazilian Energy Sector

GRI 102-13

Participation in industry associations allows CELEO to remain up to date and receive first hand knowledge of all of the technological, economic and regulatory innovations in the electric sector. It also allows the Company to actively participate in the creation and promotion of policies and innovations, which simultaneously places it in the position of an instigator and a beneficiary.

During 2017, CELEO participated in forums, meetings and working groups of business organizations and industry associations, as shown in the table below:

ABDIB - Brazilian Association of Infrastructure and Base Industries

Involvement: Participates in the Transmission Committee;

Issues discussed:

Review and improvement of Normative Resolutions; meetings with industry regulators (ANEEL, MME and EPE); updating of ANEEL's Reference Prices Database.

ABRATE – Brazilian Association of Electricity Transmission Companies

Involvement: Member;

Functions: CELEO joined the association at the end of 2017.

ABSOLAR – Brazilian Photovoltaic Solar Energy Association

Involvement: Amember and participates in the Centralized Generation Working Group;

Issues discussed:

Solar Energy Auctions; Flow Margin; Third Party Studies; Reversal of Reserve Energy Contracts; Network Procedures; etc.

ABRAPCH – Solar Energy Auctions; Flow Margin; Third Party Studies; Reversal of Reserve Energy Contracts; Network Procedures; etc.

Involvement: Member;

Issues discussed:

Participation of this energy source in energy auctions.

Official Spanish Chamber of Commerce in Brazil

Involvement: Member;

Issues discussed:

Institutional meetings, meetings with strategic players in the energy sector and the financial market.

Compliance Institute Rio

Involvement: Member;

Functions: To contribute in an organized and sustained way to the improvement of business practices, the business environment and ethical standards in public-private relationships.

National Electric System Operator (ONS)

Involvement: The Executive Director participates as a member of the Board;

Functions: Approve the annual budget presented by the Board of Executive Officers of the ONS; approve and monitor the investment plan; monitor and analyze the management of the Board of Executive Officers.



Risks and Opportunities Management

GRI 102-15; 102-31

Risk management is one of CELEO's priorities as it seeks to prevent, reduce and control the risks inherent to its activities. The Company created a Risk Management Program – which is accessible to its subsidiaries – defining its methodology and procedures for managing the risks associated with the business, which are classified into three categories: Financial, Strategic and Operational. The risks were stratified within each of the categories of the primary processes (Promotion, Financing, Construction and O & M).

Responsibility for risk management is already part of the daily routine of employees. Therefore, there is a dedicated structure within the IMS for risk management based on ISO 31000 (Risk Management - Principles and Guidelines) and is also ISO 9001 (Quality management System).

Risk management is addressed by the Committee, with the following objectives:

- Analyse the context of the organization;
- Identify, analyse, assess and deal with Global Business risks;
- Guide the organization in the process of identification, analysis, assessment and treatment of Process risks;
- Monitor compliance with established responses to risks;
- Approve risk management reports for processes related to Quality, the Environment and Health and Safety;
- Approve the annual Quality, Environmental and Health and Safety plans.

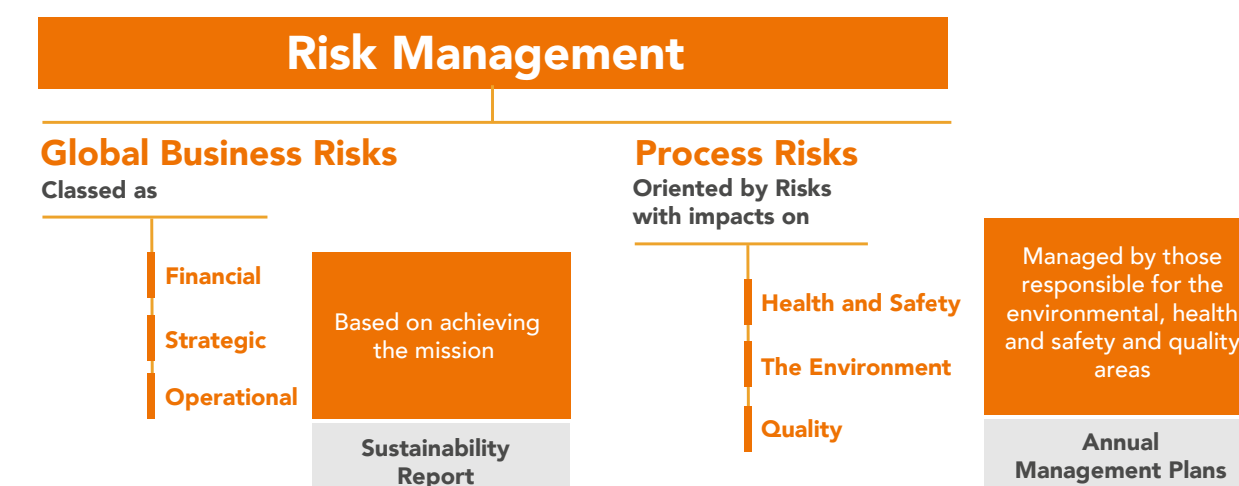
The Senior Management is responsible for managing the global business risks, which are assessed

within the context of the scenarios that could affect the achievement of CELEO's mission. The Company assess risks during different stages: promotion (participation in auctions); financing; construction management - including the hiring of an Engineering, Procurement, and Construction (EPC) firm; and the operation and maintenance phase of the projects. With regards to opportunities, the Senior Management also assesses the economic and regulatory scenario, as well as the competitive environment in the country.

Business risks and opportunities are formally reviewed on an annual basis by the Governance, considering economic, environmental and social aspects.

1 Contracted company responsible for the engineering, procurement and construction of the electricity Substations and Transmission Lines.

SWOT Matrix



Business Risks

Financial Risks

Risks and impacts of fluctuations in the financial market

- | Credit
- | Liquidity
- | Variations in interest rates

- | Variations in the IPCA
- | Exchange Rates

- | Regulatory Changes
- | Compliance, Corruption, Fraud
- | Contractual Disputes

Strategic Risks

Changes in the energy sector (regulatory and strategic agreements)

Operational Risks

Provision of services and legal obligations

- | Unavailability of Facilities
- | Social Impact
- | Quality
- | Environmental Impact
- | Safety, Health and Well-Being of Workers

Process Risks

Environmental Risks

- | Classified by Severity, Influence and Frequency
- | Environmental Aspects and Impacts Methodology - LAIA

- | Classified by Frequency and Severity
- | Dangers and Risks Methodology

Occupational Health and Safety Risks

Quality

- | Integrated Management System – IMS
- | IMS Committee

Integrated Management



21 professionals trained in the IMS:

- 12 employees received IMS Auditor Training (ISO 9001, ISO 14001 and OSHAS 18001)
- 9 employees trained in Approach to the Standards (auditing of the Senior Management)

CELEO's internal management combines the guidelines of the Integrated Quality, Environmental and Occupational Health and Safety Management Policy with the Corporate Integrity Program. The last two years represent a milestone for the company with the restructuring process of the management model, which establishes the review and reformulation of procedures; the creation and revision of policies; the creation of new areas; hiring of new professionals; and internal promotions.

Management standards were also defined for this area and cover ethical and socio-environmental aspects to guide the qualification of suppliers and the procurement of equipment and materials, as well as the contracting of service

providers. These changes apply to the headquarters office in Rio de Janeiro, the operation and maintenance service bases in Uberlândia (MG), Vila do Conde (PA) and Imbirussu (MS) and its substations and transmission lines geographically spread throughout the country.

CELEO also implemented the Integrated Management System - based on the ISO 9001, ISO 14001 and OHSAS 18001 standards - which was subjected to internal audit with the objective of continuous improvement of its activities. IMS planning and implementation activities took place throughout 2016 and 2017. In 2018 the processes and procedures are due to be reviewed and improved so that IMS certification can be achieved by the end of the year.



General Principals of the IMS

Celeo Redes Brasil has established principles that should guide the Company's performance in the areas of Quality, the Environment and Occupational Health and Safety. This commitment should provide a reference for the definition and revision of the goals that seek the continuous improvement and effectiveness of the Integrated Management System. The IMS principles are:

- Prevent damage to the health and safety of employees;
- Consider environmental and social aspects, mitigating and offsetting impacts on the surroundings;
- Guide the organization in the analysis of processes and risks, promoting improvements that favor the sustainability of investments;
- Implement a Good Corporate Governance policy, fostering transparency and Stakeholder satisfaction in its relationships;
- Comply with applicable current legislation and other requirements subscribed by Celeo Networks Brazil in all the markets in which it participates; and
- Provide the resources necessary for the implementation of this Integrated Management Policy.

In pursuit of excellence in the services of operations and maintenance of transmission lines and electricity substations, Celeo Redes Brasil is committed to the constant improvement of its integrated management system and meeting legal and other requirements, as well as;



Footnote

Professional Hiring IMS Authorized	Specialized Consultancy BV IMS Processes and Procedures	Training - Focal Points ISSO Standards	Training of Internal Auditors IMS	Review and Implementation of IMS Documents
1º quar/2016	2016	May - Dec/2016		
Specialized Consultancy HGB Implementation of IMS	1st Audit Internal	Handling of Non-compliance Action Plan (total: 55)	Identification and Analysis ~ 540 Legal requirements (standards)	Review and Approval 215 IMS documents
2017 until Apr/2018	Aug-Sep/2017	Sep - Dec/2017		
Critical Analysis Senior Management	2nd Audit Interna	Pre-Audit AENOR	Certification Audit AENOR	Possible Adjustments (deadline) AENOR Certification
Feb/18	Apr/18	Jul/2018	Sep/2018	Dec/2018



Economic-financial

The economic-financial performance demonstrates the solidity of CELEO's business, which has attracted new investments for its projects and developments. The Company seeks to invest in projects and initiatives that add value to its assets.

Financial and Economic Results

GRI 201-1

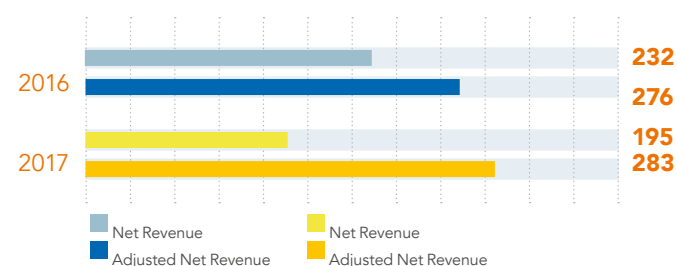
In 2017, CELEO's consolidated net revenue was BRL 195 million, a fall of 16% on the previous year. This result was driven by the effect of a fall in the consumer price index (IPCA) on income from the concession's financial assets, an integral part of net income. Excluding the effect of the IPCA on

income from the remuneration of financial assets, net revenue reached BRL 283 million, reflecting a 2.5% increase on the adjusted base of 2016. EBITDA reached BRL 123 million, down 26% on the previous year. Excluding the effect of inflation on income from financial remuneration, EBITDA

increased to BRL 211 million, remaining at the same adjusted level as in 2016.

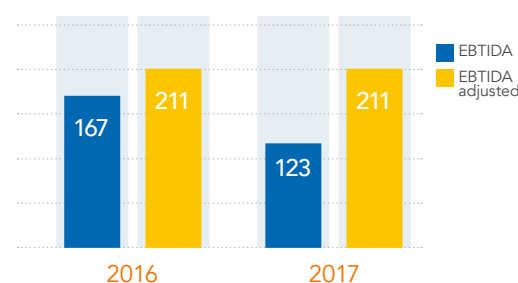
Value-Added Distribution (VAD) totaled BRL 131 million, distributed as follows: 12% government; 45% employees; 33% shareholders; and 10% third parties.

Net operating revenue in millions (BRL)



Source: Audited Financial Statements - Celeo Redes Brasil S/A

EBITDA in millions (BRL)

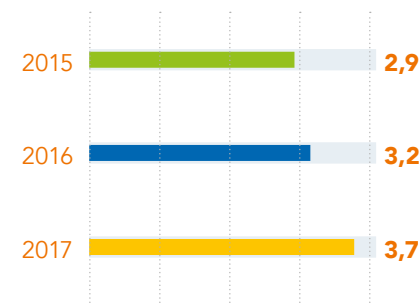


Financial Performance

CELEO is unwavering in its commitment to long-term investment in the country. In 2017, total investments in the country (ex-equivalents) reached BRL 3.7 billion, an increase of BRL 795 million compared to 2015. The

investments made were financed with the dividends received through its concessionaires and short-term loans, to complement the contribution of capital committed in the investment plans.

Investment in Brazil in billions (BRL)



Summary Table - Celeo Redes Brasil S/A

Shareholding Criteria
By Equity Equivalence
BRL Thousands

	2015	2016	2017	Comments
Amount of Investments	2,857	3,196	3,652	ANEEL Investment
Total Assets	2,170	2,294	2,326	Consolidated shareholding
Net Equity	1,377	1,452	1,517	Consolidated shareholding
Net Debt	376	377	328	Consolidated shareholding
Net Operating Revenue	217	232	195	Consolidated shareholding
EBITDA	170	167	123	Consolidated shareholding
Net Profit	172	99	86	Consolidated shareholding
% Margem EBITDA	78.7%	72.2%	63.1%	

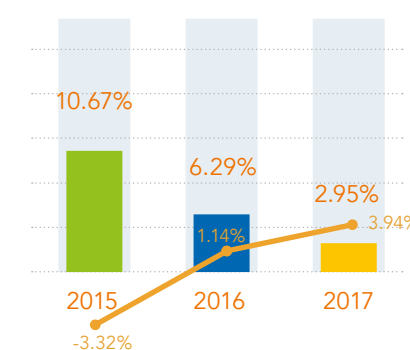
Economic Scenario

The Consumer Price Index (IPCA) and the Long-Term Interest Rate (TJLP) indexes are the main economic indicators that have an impact on the economic and financial performance of Celeo Redes Brasil S/A (CELEO). Contractually, in the transmission segment the Permitted Annual

Revenue (RAP) is adjusted by the IPCA, and the servicing of long-term debt (indexed to the TJLP) is adjusted by the interest rate for long-term investments. The policy of controlling inflation by maintaining real interest rates at a high level has had a positive effect on controlling inflation - reducing IPCA to single

figures - but has reversed the TJLP bias, which remained below the IPCA variation. In the last two years, the TJLP had recorded real variation above the IPCA, with a direct impact on the increasing cost of servicing debt for CELEO's concessionaires.

IPCA & TJLP (ex-IPCA) % year



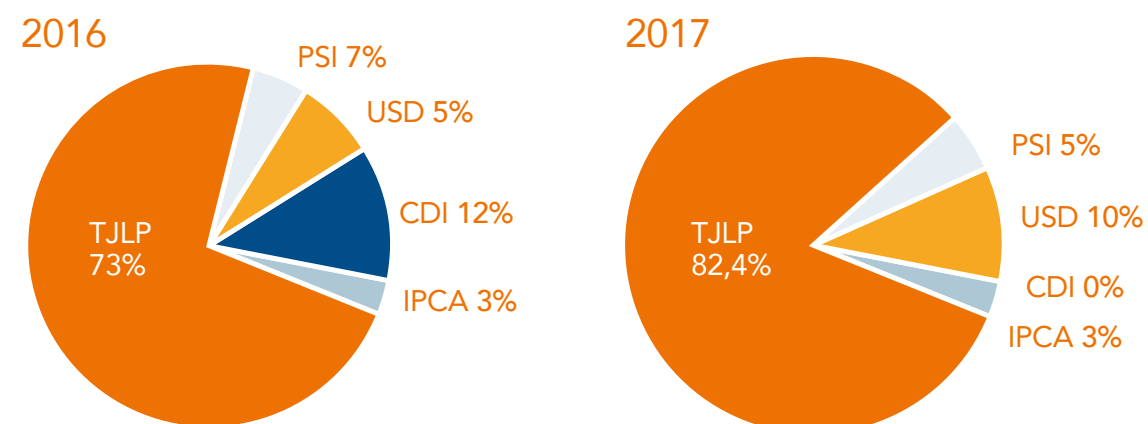
Source: Banco Central do Brasil

Indebtedness

The Company's debt capacity is limited as a result of the long-term agreements entered into by the concessionaires with the Brazilian Development Bank (BNDES), which

establishes restrictive rules on the sharing of guarantees with other sources of finance. Fund raising by the holding company is mainly determined by the expectation of

the receipt of dividends from its concessionaires, which constitute the main guarantees for new financing, especially in the medium and short-term.



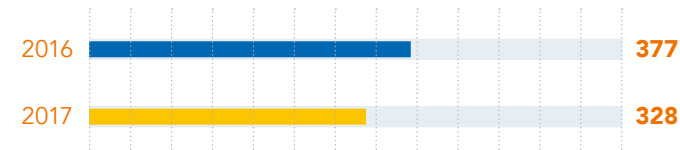
The increased participation of Long-Term Interest Rates (TJLP) in financing - by nine percentage points - is related to the disbursement of financing for the CANTAREIRA project, fully indexed to the TJLP. The increase in participation in foreign currency is related to the contracting of a loan with a related party abroad for the

discharge of financing contracted in 2016, which guaranteed the funds needed to complete the capital contribution committed to the CANTAREIRA project.

The graph below shows the evolution of Celeo Redes Brasil's net debt in accordance with the audited consolidated criteria of the

companies in which it holds 100% equity interest. At the end of 2017, the Company's debt (net of cash and cash equivalents) totaled BRL 328 million, representing a reduction of BRL 49 million as a result of the constant amortization system, which presents a reduction of the debt, according to the degree of maturity of the concessionaires.

Net Debt in millions (BRL)



Source: Audited Financial Statements - Celeo Redes Brasil S/A

Asset Management

CELEO manages its assets through contracts for operations and maintenance management, as well as administrative services with its respective concessionaires. The holding company uses ERP

(Enterprise Resource Planning) software, which enables the integration of supply management with the Accounting, Financial and Tax areas.

Diversification of access to financial capital

The Company has consolidated its position as a major player in the electricity transmission market. In 2017, it disbursed more than 90% of the loans received from BNDES for the CANTAREIRA project, which is in the construction phase, representing a successful case in terms of the speed in the disbursement process.

CELEO has also added new sources of complementary funding for transmission investments. In

2017, the bookkeeping for the infrastructure debentures of the CANTAREIRA project was completed, which triggered strong demand from institutional investors for acquisition of the bonds offered by the concessionaire on the São Paulo Stock Exchange (BM&F BOVESPA - B3). It is also worth mentioning that this project obtained AA+ certification from the International Credit Rating Agency Fitch Ratings.

Investments and New Business

The transmission segment was one of the major highlights of the electricity sector in 2017, demonstrating dynamic tendencies despite the troubled scenario in the sector since the edition of Provisional Measure 579 in 2012. After going through a period of scarce resources, the segment attracted new investors, including investment fund managers, energy generation and distribution companies, and medium- and small-scale construction companies. In addition, private companies took on the role of protagonists in transmission auctions, previously dominated by state-owned companies.

The investments planned for the coming years for the expansion of the Brazilian electricity transmission network have awakened the interest of the largest global agents in the sector. This appetite is explained by three main factors:

- Improved remuneration from the projects;
- Flexibility of financing conditions; and
- Longer terms for the construction of transmission facilities, which reduces risks.

The 2017 auctions held in April and December were marked by intense competition between private investors (traditional and new entrants), the absence of state-owned companies and the entry of small and medium-sized construction companies. Some large players with regulatory problems are seeking alternatives through the Market in Mergers and Acquisitions (M&A).

It is worth mentioning that in recent years a number of important projects did not take off, which is partly explained by very large discounts and may become a cause for concern, requiring extra attention on the part of the regulator with relation to the monitoring of construction works.

In this context, CELEO has stood out for making solid and structured investments to achieve challenging targets. This year, the Company completed projects before the regulatory deadline, increased its management capacity, established new partnerships and opened up new sources of investment for its projects.

Participation in Auctions

- Celeo Redes Brasil won the bidding for lot 2 of Auction n. 02/2017, held by the Brazilian Electricity Regulatory Agency (ANEEL) at the headquarters of the São Paulo Stock Exchange. The project foresees the construction of transmission lines and substations in the states of Piauí and Ceará. According to ANEEL, investments of the order of BRL 1.042 billion will be required and operations should begin in 2023.
- CELEO participated in the A-4/2017 Auction, which represented an important step in the diversification of its activities in Brazil. The shareholders authorized - for the first time in the history of the Company - participation in a major challenge in the form of contracting photovoltaic solar energy. The project is called „São João do Piauí“ and consists of six photovoltaic plants located in the state of Piauí, providing a combined 209 MWp under the greenfield modality.





Operational

Results have been appearing in increasingly significant numbers for the transmission sector. CELEO once again ranked as one of the best in the year.

Celeo Redes Brasil is committed to the operational efficiency of its transmission facilities, ensuring high levels of availability, excellence in operational capacity and competitive regulatory operating costs. According to Technical Note No. 164/2017 - SRM/ANEEL of 04/10/2017, the Company is recognized by the Brazilian Electricity Regulatory Agency (ANEEL) as a Benchmark in the Operational Efficiency Rankings, positioned in:

- 1st place: 2015 and 2016
- 3rd place: 2014
- 8th place: 2013

In order to achieve these parameters, the company must carry out the maintenance required by ANEEL's Normative Resolution No. 669/2015 - which establishes the minimum maintenance requirements for the Basic Network (CELEO has set a target to comply 100%) – and also performs other preventive

and predictive maintenance that it considers essential for the useful lifetime of its equipment.

The subsidiaries produce operational reports on a day-to-day basis (which result in safety inspections) and draw up intervention plans, with investments in reinforcement and/or improvement projects and operational projects. Maintenance Plans are managed through specific indicators, which comply with the regulations of the regulator. Any long-term maintenance is coordinated with the external agents (National System Operator, generators, distributors and other transmission companies).

One example of improvements to the system is the 500 kV Açailândia/Miranda 2 Transmission Line, where there were successive shutdowns in 2015 caused by pollution in the insulator chains. From 2016, a method was developed to clean

the insulators with the Transmission Line still active, in order to avoiding causing unavailability of this transmission function. With the monitoring, inspection and cleaning of the insulators there were no new shutdowns in the last two years.

In addition, maintenance to the Coqueiros Transmissora de Energia Concession (CTE) scheduled for 2017 was extended to 2018, at the request of the generators of the region.

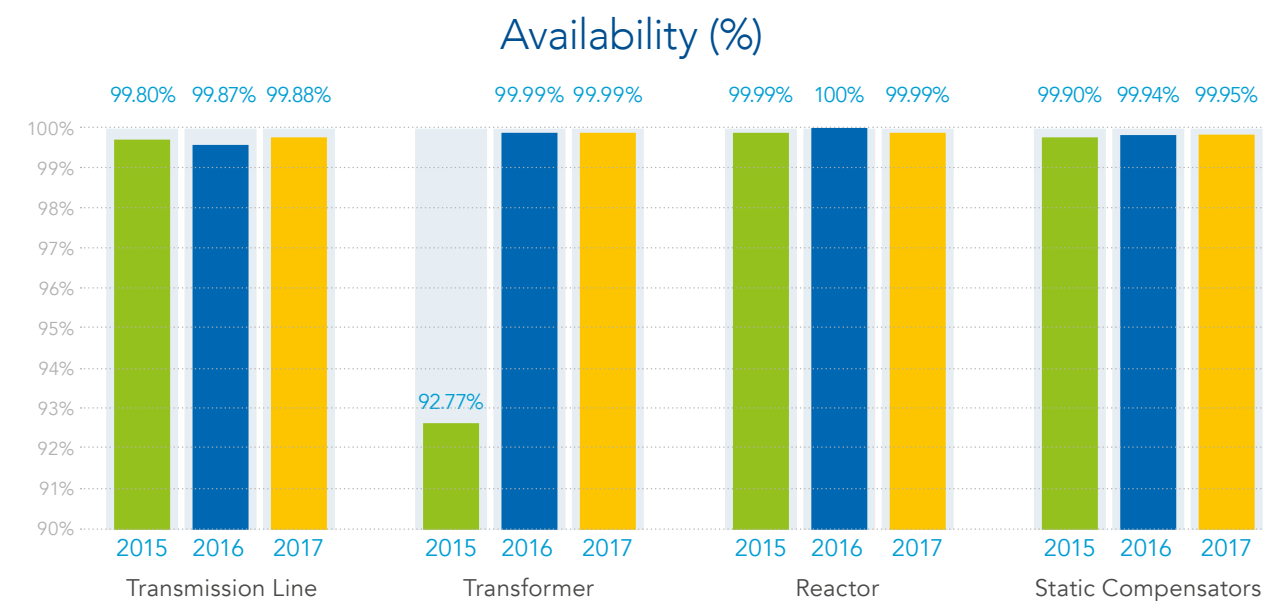
Main Operational Indicators

Availability of the facilities

To calculate Availability, the number of hours that the equipment in question or the Transmission Line circuit is available is considered.

In the case of Transmission Lines, availability is calculated for each 100 km of line. In general, the Availability of CELEO's Transmission

Functions (TF) are at excellent levels of above 99.80%.



Failure Rate

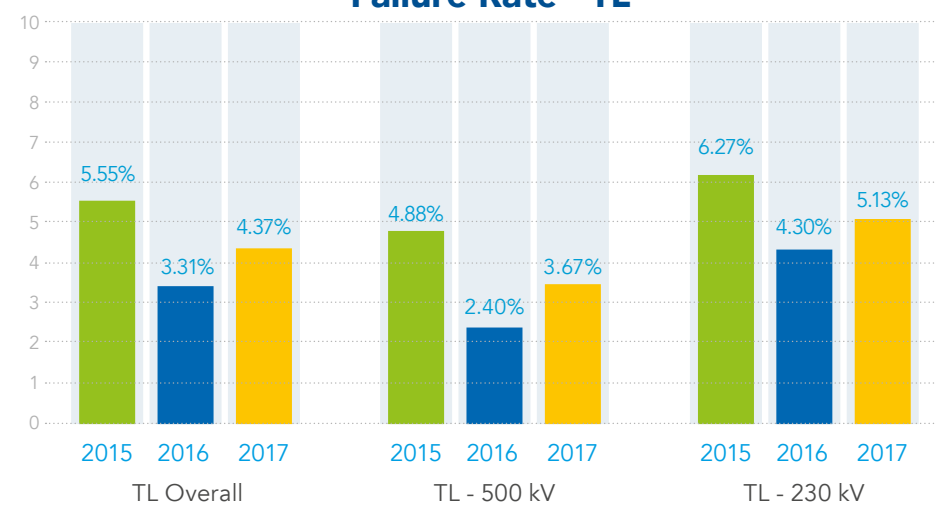
GR4-EU28, G4-EU29

The Failure Rate (FR) is calculated from the number of failures in equipment or the Transmission Line circuit. In the case of equipment,

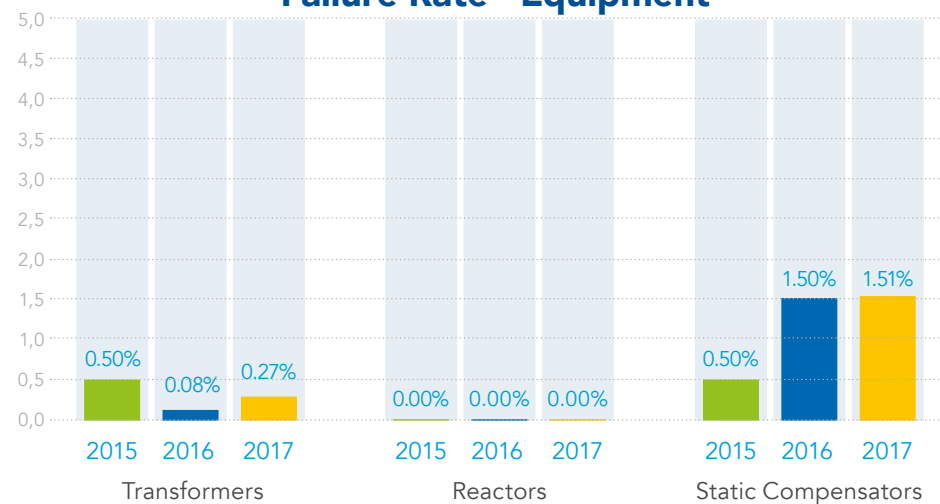
the indicator represents the forced shutdowns that occurred in the Transmission Functions. For Transmission Lines, the FR is

calculated for each 100 km of line. Therefore, the indicator for FR represents the number of failures occurring in 100 km during the year.

Failure Rate - TL



Failure Rate - Equipment



Variable Portion

CELEO is remunerated through the Permitted Annual Revenue (RAP). The payment of 100% of RAP is linked to the full availability of transmission facilities. The Variable Portion (PV) is the portion to be deducted from the Base Payment - a figure representing 1/12 of the RAP - for scheduled shutdowns or other shutdowns that result from events involving the main equipment and/or complementary equipment of the Transmission Function under the responsibility of the transmission concessionaire.

The Company could see its RAP reduced by one Variable Portion (PV) due to the effective availability of its facilities. This is a result of Normative Resolution No. 729/2016-ANEEL of July 1, 2016, which establishes provisions regarding the quality of the public

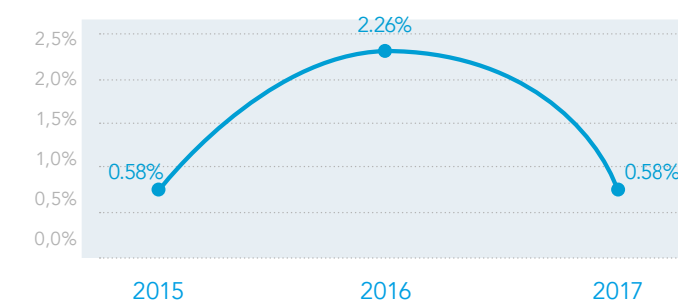
electricity transmission service and includes new rules for the application of the PV. These apply to the availability and operational capacity of the facilities under the responsibility of the concessionaires of the transmission networks of the Basic Network. Several criteria for determining PV were changed in relation to the previous resolution - RN No. 270/2007 - impacting on the revenue of Transmission companies.

The 2016 PV/RAP Ratio (2.26%) was directly impacted by two explosions that occurred in current transformers at SE Tucuruí. Considering that these current transformer failures have also occurred with other transmission agents, the Electricity Sector Monitoring Committee (CMSE) decided at its 178th meeting on 03/08/17 that the National System Operator (ONS)

would coordinate analysis of the explosions of Current Transformers (CTs) in the National Interconnected System (SIN). The aim is to try to identify specific problems occurring in certain groups of equipment and assess how to replace them so as to preserve the security of the operation of the Brazilian Electric System. After the process of investigation of the causes, CELEO understands that there is a possibility of reversion of the loss of earnings as a result of the application of the PV.

As a preventive measure, the replacement of the transformers was included in the Facilities Improvement Program. In 2017, the result returned to normal at 0.58%.

PV/RAP Ratio (%)





Operational Efficiency

GRI EU6

Since 2012 CELEO has internalized operations and maintenance activities, which were previously performed by contractors. The internalization of these activities has ensured greater reliability, optimization of resources and retention of technical knowledge, with the aim of providing operational efficiency.

Celeo Redes Brasil has dedicated its efforts to improving its processes through the implementation of IT systems, including the use of mobile

devices to carry out maintenance activities, a system for document management and the Intranet, which allows rapid analysis of indicators and reports, as well as concentrating additional maintenance and operation tools in Advanced Asset Management (AAM). Some examples of the tools used are: Control of Incidents and Defects; Daily Operational Reports; requests for interventions; service orders; maintenance plans; abnormalities and unresolved issues in the assets; among others.

To continue with this process the Company has made commitments for 2018 related to the creation of new solutions, with the purpose of providing speed and efficiency in the execution and management of processes. These solutions will focus on risk management and the performance of sustainability aspects using data analysis and the generation of reports and indicators.

Responding to Emergencies

GRI EU21

In emergency situations such as failures at its facilities, CELEO has Contingency Plans in place for its main activities. The Plans contain the actions necessary to restore the affected facilities to normal operations, thereby contributing to decreasing the unavailability of the facilities as well as to systemic reliability.

Periodic training sessions and simulation of emergency situations are carried out, in accordance with the content of the internal procedures. These procedures describe the processes and responsibilities of each area of CELEO to assist in the recovery/ restoral process, as well as detailed information on the characteristics

of the area or systems involved. The aim is to train, organize, guide, facilitate, streamline and standardize actions.

Uberlândia Maintenance Base

The Uberlândia (MG) Maintenance Base provides specialized support for the maintenance and training of the other regional offices, due to its strategic location, which facilitates the access of employees to transport links and facilitates logistics. The following activities are located at the base:

- Support for Protection and Control;
- Support for Equipment;
- Support for Telecommunications;
- Training center;
- Backup Operating Center/ COS-Backup, used in cases of contingency to avoid discontinuity of operations.



Operations and Maintenance (O&M) Strategy

The main features in place at CELEO include:

- Centralized operations - Center of Operations for the Celeo Redes System (COS – CELEO);
- Networks (remote-controlled installations);
- Tele-assisted installations - the substations have two certified operators, during business hours and on call;
- Connectivity - corporate communication channels for sharing technical/ documentation resources, remote access to digital equipment and voice communication;
- Continuous improvement - investments in support systems for operations and maintenance to provide greater operational safety at the facilities. The investment is paid for by the company itself and by the Concessions Research and Development Program;
- Concentration of the teams - Maintenance Base in Uberlândia and regional maintenance offices.



Developments and Projects

Based on the annual strategic planning, Celeo Redes Brasil defines the investments and goals for growth and improvement of the concessions that it controls. In 2017, these investments represented approximately BRL 433 million among 27 projects.

Of the total amount invested, 86%

was earmarked for initial investment, 12% for Reinforcement projects, 1% for R & D projects, 0.5% for Improvement projects and 0.5% for Operational Efficiency. It should be noted that the Reinforcement and Improvement projects are regulated by ANEEL Normative Resolution 643/14.

- Initial Investment Projects: are contracted through Transmission Auctions and are necessary for the expansion of the national energy transmission system;
- Reinforcement Projects: are authorized by ANEEL through Authorizing Resolutions with the aim of increasing transmission capacity, the reliability of the National Interconnected System and the useful life of equipment through the installation/replacement of assets, refurbishments and adjustments to existing facilities;
- Improvement projects: are indicated annually by CELEO to the National System Operator, to improve the facilities of the concessions in operation;
- Operational Projects: are identified and developed by CELEO to make operational improvements to processes not considered in the regulated projects;
- Research and Development (R & D) projects: these follow regulatory obligations for investment in research and development to promote a culture of innovation and stimulate research and development in the Brazilian electric sector.

Construction of the 500 kV Estreito - Fernão Dias Transmission Line

In December 2017, CELEO completed construction of the 500 kV Estreito - Fernão Dias Transmission Line, extending for 342 km between the states of Minas Gerais and São Paulo. This is an important achievement for the Company given that the enterprise belonging to Cantareira Transmissora de

Energia S.A. (CANTAREIRA) is expected to begin operations well in advance of the deadline set in the Concession Agreement.

The project is considered to be strategic for the Brazilian Electric Sector as it is part of the Transmission System that will enable the outflow of

energy from the Belo Monte Hydroelectric Plant (11,233 MW), the third largest hydroelectric plant in the world (capacity to serve 60 million people) after the Three Gorges Dam in China (20,300 MW) and the Brazilian/Paraguayan Itaipu (14,000 MW).



Reinforcement Projects



Some of the reinforcement projects that were implemented during the year deserve a special mention. In January 2017, the Reinforcement of the Linha de Transmissão Corumbá (LTC) became commercially operational, with the installation of a 230 kV bar reactor and associated modules at the Corumbá 2 Substation. The function of this Reinforcement is to assist in voltage

control for the system in the region. In the following month, the Reinforcement implemented by Brilhante Transmissora de Energia SA (BTE) also became operational, with the relocation of a 230 kV reactor from the Imbirussú substation to the Campo Grande 2 substation. The project to adapt the 230 kV Chapadão-Imbirussú transmission line was completed on schedule.

The reinforcement work at Jauru Transmissora de Energia (JTE) was also completed, with the installation of two 230 kV 110 MVar series capacitor banks at the 230 kV Vilhena/Jauru Transmission Line terminals C1 and C2 at the SE Vilhena substation. Commercial operations began in November, also in advance of the deadline established in the Authorizing Resolution.



Also in 2017, reinforcement work began at Pedras Transmissora de Energia (PTE), with the installation of a third bank of 345-138 kV 3x133 MVA autotransformers in the Venda das Pedras Substation.

Research, Development and Innovation (P&D+I)

GRI EU8

With a view to promoting a culture of innovation in the sector and stimulated by the National Electricity Regulatory Agency (ANEEL), CELEO invests in research and development projects

with incentives for the creation of new equipment, refinement of services to improve the safety of its product, tariff reduction, reduction of the environmental impact of the sector and

the technological dependence of the country. In 2017, investment in R & D projects totaled BRL 3.7 million. These are some of the projects that are currently ongoing:



Project: "Innovative Solution for Supervision of Transmission Lines Including Non-Conventional Monitoring Devices and Automated Results Analysis" utilizes technology for monitoring and analysis of results on the Transmission Lines.

Duration: 01/04/2016 to 31/08/2018

Total Investment: BRL 2.7 million

Amount invested in 2017:

BRL 1.7 million

Participation: VCTE, CTE, PTE, LTC, ENTE and LTT



Project: "Device to Adapt Relay Testing Equipment to Sampled Values Technology" permits the adaptation of test boxes that generate analog signals so that they can create digital signals (sampled values), according to norm IEC 61850.

Duration: 01/04/2016 to 31/06/2018

Total Investment: BRL 2.7 million

Amount invested in 2017:

BRL 1.4 million

Participation: VCTE, CTE, PTE, LTC, ENTE, LTT, IMTE and CAIUÁ



Project: "Application and Assessment of New Technologies to Improve the Performance of Transmission Lines Installed in Extremely Inhospitable Conditions Against Lightning Strikes", with the objective of improving the performance of the lines of the 230 kV Vilhena-Jauru Transmission Line, which crosses a region of intense electric activity with high resistivity soil.

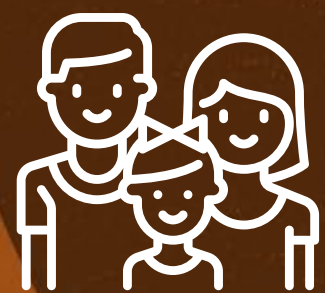
Duration: 29/12/2016 to 29/12/2019

Total Investment: BRL 3.2 million

Amount invested in 2017:

BRL 575,228.20

Participation: JTE



Social

Celeo Redes Brasil has adopted a strategy of looking within, valuing its employees during times of change. From now on, results are a consequence of teamwork and efficient management.

CELEO recognizes the importance of people for its business and seeks on a daily basis to build environments that are conducive to the development, safety and well-being of its employees, contractors and service providers, as well as the population close to its enterprises.

In the last two years Celeo Networks Brazil has implemented a shakeup of the management of social aspects, mainly in relation to employees. The Human Resources area made significant changes with the systematization of internal

processes for people management, re-adaptation of functional categories and consequently changes to the employee framework. These initiatives have impacted on the outcomes of the indicators, which will be monitored in the coming years in search of ongoing improvement.

The Health and Safety area also saw changes to its management and from next year will be directly linked to the Executive Director, who will follow the evolution of the indicators closely. With regard to contractors, the Company intensified the assessment

and qualification process for suppliers, with the monitoring of contracts and the activities carried out in its operations.

In the communities, in addition to social projects already developed with the participation of the residents, CELEO has intensified the engagement program to survey the needs and opinions of the population with regards to the impacts of the business. This will be used to establish action plans to mitigate the negative impacts and enhance the positives.

Profile of the Employees

GRI 102-8, 102-36, 401-1, 404-3

CELEO's teams are made up of professionals of different ages and occupational experience. In the selection process and in career development CELEO applies the criteria of non-discrimination and equal opportunities, in accordance with the Code of Ethics and Conduct.

With the restructuring process at Celeo Redes Brasil, the Company recognizes the opportunity to improve

on important human resources issues. In the last year the functional categories were redesigned, resulting in significant changes to the framework and affected the people management indicators. Today, there are 230 employees, including 19% women, the majority working in administrative activities. The turnover rate reached 23.70%, with 56 hirings and 53 redundancies, including five internal movements in which

employees were made redundant and rehired by other CELEO concessions. At the end of the year the Company had 17 vacancies still to be filled.

As part of the process the Company is also studying the implementation of remuneration policies for all levels, since salaries are currently defined by the Human Resources Department according to professional experience, technical knowledge and behavioral

profile. In 2017, the process of creating job descriptions began with the consideration of the skills and abilities required for each function, with a reshuffle of employees to occupy the newly-designed profiles. The company

also began the process of creating a tool for performance assessment, which will be implemented in 2018.

Personnel management is conducted using the the RM Labore system to

control employees' information and the payroll. In addition, the Human Resources department reports monthly results regarding new hires to the headquarters in Spain

Number of new employee hires			
	2015	2016	2017
Age Group			
Under 30 years	18	16	21
30 to 50 years	13	20	34
Over 50 years	5	3	1
Gender			
women	10	10	14
men	26	28	42
Employees by Region			
Southeast MG, RJ, SP (LTT, CELEO, CANTE, PTE)	18	21	40
Center-West MT, MS (BTE, JTE, LTC)	11	8	8
North (CTE, ENTE, IMTE, VCTE)	7	9	8

Employee hiring rate (%)			
	2015	2016	2017
Age Group			
Under 30 years	50	42	38
30 to 50 years	36	53	60
Over 50 years	14	5	2
Gender			
women	28	26	25
men	72	74	75
Employees by Region			
Southeast MG, RJ, SP (LTT, CELEO, CANTE, PTE)	50	55	71
Center-West MT, MS (BTE, JTE, LTC)	31	21	14
North (CTE, ENTE, IMTE, VCTE)	19	24	14

Number of employees leaving the organization			
	2015	2016	2017
Age Group			
Under 30 years	7	15	20
30 to 50 years	14	14	30
Over 50 years	1	3	3
Gender			
women	3	12	11
men	19	20	42
Employees by Region			
Southeast MG, RJ, SP (LTT, CELEO, CANTE, PTE)	10	21	35
Center-West MT, MS (BTE, JTE, LTC)	5	7	7
North (CTE, ENTE, IMTE, VCTE)	7	4	11

Employee turnover rate (%)			
	2015	2016	2017
Age Group			
Under 30 years	4	7	8.4
30 to 50 years	1	7	13.69
Over 50 years	4	1	1.52
Gender			
women	1	5	6.7
men	10	10	16.9

Training and Development

GRI 404-1, 404-2, EU14

Aware of the need to develop its professionals, Celeo Redes Brasil has created new strategies in the Human Resources area to provide more opportunities for the teams.

The Company seeks to offer equal opportunities for qualifications and training while specifically meeting the needs of each employee and thereby contribute to forming a team that excels in the market in which it operates.

In 2015 the Educational Support Program was created, permitting CELEO to make financial investments in undergraduate, postgraduate, MBA and/or

language courses for all direct employees (except trainees and apprentices). In 2017, the program included 14 employees taking language courses (English and Spanish); five on undergraduate courses; four taking graduate or MBA courses; and two completing high school education.

Other specific training and qualification modules included re-training material for all employees, the Corporate Integrity Program and the reading and interpretation of the Standards of the Integrated Management System for 35 professionals. The Company also has specific qualification training

for the operators of the Center of Operations (COS), managed for the Operation area. Employees are trained in policies, processes and standards, but only become eligible and qualified after passing the COS exam.

Another important investment was the construction of the Training Tower, located at the Uberlândia (MG) base. In total, BRL 257,000 was spent on the project which improved the quality of the training sessions, which now are centralized in a single space.

+ R\$767 Mil + 95 Horas

In 2017, BRL 767,511 was invested in development and training programs, totaling 22,073 hours.

The average number of training hours per employee was 95.97.

Program/ Training	Cost BRL
Educational Support	84,043
Health and Safety (SIPAT)	198,560
Technical training (SICAT)	85,443
Congresses, seminars and lectures	23,615
Technical Workshop (Jornada Técnica)	95,340
Internal, behavioural and regulatory technical training	280,510

Average number of hours of training

Employee category	2017
Managers	3,665
Administrative	1,195
Production	7,537
Gender	2017
Men	7,628
Women	4,769

Obs: Does not include data for SIPAT and SICAT.

Technical Visits between Brazil and Chile

This event permits an exchange program between employees of the Brazilian Operational Department and employees from Chile, with the aim of exchanging technical experience between the engineering, operations and maintenance teams. This year, the event took place in Rio de Janeiro (RJ) and Uberlândia (MG), with the participation of 54 employees, 11 from Celeo Redes Chile and one employee from Spain.



Benefits, Health and Well-being

GRI 401-2

Celeo Redes has a set of benefits and actions for health and well-being that aim to improve the quality of life of employees. It is important to note that all concessions receive the same benefits, which are extended to

temporary employees. The Company provides the following benefits:

- Food and meal vouchers;
- Transport vouchers and extra subsidy;

- Medical and dental plan;
- Educational Support.

To encourage health and wellness activities the Human Resources area developed the Health Management

Internal Technical Training Week

The Company holds an Internal Technical Training Week (SICAT) every year targeting the Maintenance and Operations areas. During the event, training sessions are conducted on internal procedures and good management and operational safety procedures. In 2017, in addition to the CELEO employees, suppliers and representatives of the regulator (ONS) were invited, bringing together a total of 98 employees and six guests in 42 activities.



Program in conjunction with the Occupational Health and Safety area, looking to expand preventive actions among its employees.

In 2017 the the Company sent out questionnaires to its employees using a computerized platform in order to gather information about their mental and physical health,

as well as social information. The purpose of the questionnaire was to help understand the profile of the employees and propose actions for improvement and support. This year, 58 employees participated in the initiative. The Human Resources area has been strengthening the campaign to increase participation in 2018.

Monthly reports are sent to monitor the use of the healthcare plan. If the frequent use of the plan by an employee is identified a healthcare professional makes contact with the individual to understand what further assistance could be provided.

Health and Safety

GRI 403-1, 403,1, 403-4, EU16 GRI 401-2



Celeo Redes Brasil seeks to provide a safe environment at all of its facilities and along the transmission lines. In order to guide its strategies in this area the Company has established the Integrated Quality, Environment, and Occupational Health and Safety Management Policy, which expressly states the assumptions that aim to strengthen a health and safety culture among

employees. Health and safety topics (training, use of PPE, dangerous work, periodic examinations, etc.) are also covered in the Collective Agreement that covers all employees.

CELEO has a multidisciplinary team in place for Occupational Health and Safety management that is dedicated to planning preventive

actions to avoid accidents and damage to people's health. Work procedures were established in the IMS for both internal application and work in the field (Transmission Lines and Substations). These procedures guide the performance of daily activities and foresee the actions of the Fire Brigade and the Internal Accident Prevention Commission (CIPA).

The composition of the CIPA is defined by election, with members from all hierarchical levels - including the Senior Management - to represent 100% of employees. In addition to the elected members of the CIPA, ordinary meetings are attended by alternates, who can act as prevention agents in the areas of the company and also strengthen the Commission's activities. In all of the subsidiaries the designated number of members of the CIPA is greater than required in the legislation, ensuring broader communication between employees

and the Commission and enabling a safety culture to be increasingly absorbed into daily activities.

Contracted companies must follow the Procurement procedure, which requires and verifies compliance with the OHS standards defined by the Company. All contractors and/or subcontractors participate in the training schedule described in the General Occupational Health and Safety Procedure for Visitors and Contractors (PG-025). The procedure describes the operational system for contractors and

visitors, verifying their capabilities and competencies in meeting occupational health and safety and environmental requirements, as well as their compliance with legal aspects applicable to the goods or services provided. These training sessions can occur during the induction process for access to facilities or during the processes of selection and assessment of workers.

Health and Safety Indicators

GRI 403-2

Occupational health and safety indicators are monitored on a monthly basis in order to achieve the Company's goals and targets. The accident statistics follow Spanish Standards, following the formulas presented in the indicators below. In order to assess working conditions, a procedure was established for Management of Non-Conformity and

Preventive and Corrective Actions (PG-007), which does not include results from unhealthy environments or those predisposed to occupational diseases.

All environments are monitored through the Environmental Risk Prevention Program, as established by the Regulatory Standard (NR9). Regarding the treatment of accidents

at CELEO's premises, a General Incident Procedure (PG-023) was defined with guidelines on how to investigate, report, and handle incidents. Any incident is followed up on by the Senior Management, which authorizes actions to avoid future occurrences and to incorporate the lessons learned into future training and risk analyses.

All of the actions implemented have contributed to the fall in the Occupational Accident Frequency Rate in the last two years. However, a fatal accident was recorded at Encruzo Novo Transmissora de Energia (ENTE) for 2016. The occurrence was handled by the Senior Management, which participated in all stages of the investigation and measures to avoid

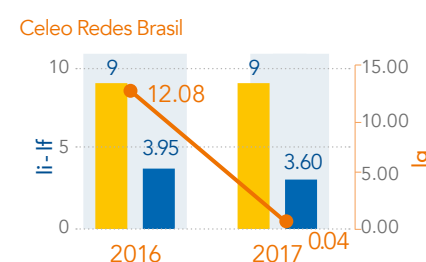
future occurrences. These measures including instigating a change in the organizational structure with which the Health and Safety Coordination will now respond directly to the Board of Executive Officers from 2018.

Last year one low-severity accident occurred at the Coqueiros Transmissora de Energia (CTE)

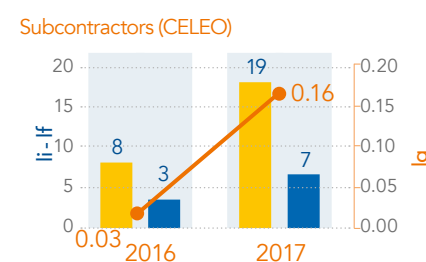
operation involving an employee cutting themselves after a slight fall. Another accident occurred at Encruzo Novo Transmissora de Energia (ENTE), where a collaborator suffered a first-degree burn on the foot. The occurrences were investigated and actions were defined to avoid recurrence.

²At the time of publication of Celeo Redes Brasil's 1st Sustainability Report (base year 2016) CELEO considered that a fatal accident in early 2017 constituted a „relevant fact“ and inserted this occurrence into the Work Accidents indices (own employees) for the year 2016².

Celeo Redes Brasil	2016	2017
Hw	506,334	554,937
Nº ac	2.00	2.00
L.D	6,117	23.00
Nº.w.y (av.)	223	228.56
Ir	9	9
Fr	3.95	3.60
Sr	12.08	0.04



Elecnor do Brasil	2016	2017
Hw	864,171	3,569,504
Nº ac	3	25
L.D	23	582
Nº.w.y (av.)	395	1,332
Ir	8	19
Fr	3	7
Sr	0.03	0.16



Key:

Hw - hours worked L.D - Lost Days
 Nº ac - number of accidents Fr - Frequency rate
 Sr - Severity rate Ir - Incidence rate
 Nº.w.y (av.) - number of workers in year (av.)

Frequency Rate	$\frac{\text{Nº accidents recorded} * 10^6}{\text{Nº Hours Worked}}$
Incidence Rate	$\frac{\text{Nº accidents recorded} * 10^3}{\text{Nº workers in year (av.)}}$
Severity Rate	$\frac{\text{Nº Lost days} * 10^3}{\text{Nº Hours Worked}}$

Note: The calculation methodology used for the indicators follows Spanish Standards as shown in the formulas.

Induction Training

During the induction process all CELEO employees receive the necessary information to ensure their occupational health and safety in the working environment. In Uberlândia (MG), training is focused on employees who work in Operations and Maintenance (O & M). In 2017, 47 people participated in the OHS Induction on the Company's premises.

The Occupational Health and Safety area is concerned with:

- Correct use of PPE;
- Integration of the employee into the Occupational Health and Safety system;
- Prevention of accidents and occupational illnesses;
- Disseminate of the Safety, Health and Environment Policy;
- Providing guidance to the employee with regards to possible risks in their activities;
- Compliance with established rules.

Health and Safety Summit

Every year, the CIPA promotes the Internal Occupational Accident Prevention Week (SIPAT), together with the Occupational Health and Safety area. During SIPAT, awareness-raising activities are held with employees, including lectures, training, medical assessments, games, etc.

The III SIPAT of Celeo Redes Brasil was held at the Uberlândia (MG) base, with the participation of 117 employees. In addition to lectures on health and safety, advice was given about the the healthcare and dental plan, actions to promote health and well-being, leisure activities and raffles.



Suppliers

GRI 102-9

Concerned with the adoption of good practices and with transparency in its management processes, CELEO has created a series of standards and procedures for its Supplies area. The requirements set forth as part of the Integrated Management System (IMS) include criteria for assessing suppliers in relation to labor and social security issues, slave labor and child labor. This supplier assessment is in line with the Corporate Integrity Program (CIP), which determines disqualification of the supplier if any of the above is identified.

The Company uses the RM System for the implementation and control of procurement and all supplier management involves the following steps: pre-registration; completion of the qualification form; analysis

of the documentation of the registered company; competition and negotiation; selection of the supplier with the best technical and commercial proposal; formalization of contracts, monitoring of contracts and assessment of the supplier's performance. Through these measures CELEO seeks to comply with the ISO 9001, ISO 14001 and OHSAS 18001 standards, as well as verifying the supplier for compliance with the Corporate Integrity Program (PIC).

In 2017, the Company had 1,927 active suppliers of goods and services, classified as Critical, Strategic, Regulatory and Common. The volume of purchases (O & M supplies) amounted to BRL 10.8 million.

Qualification of Suppliers

GRI 414-1, 414-2, 308-1, 308-2

In the last year, the Supplies area undertook an internal analysis of 38 of the main critical suppliers - of their significant social impacts (labor and social security, forced or compulsory labor and child labor) - to participate in the first qualification group, where they are assessed for social risk criteria, as well as for levels of integrity. As a result of this process, in 2017 CELEO terminated contracts with two companies that provided contracted workers - one for

cleaning and maintenance of its Rio de Janeiro office and the other for property security at the Encruzo Novo Transmissora de Energia Substation (ENTE) - because both were failing to comply with their labor and social security obligations.

Environmental aspects are also evaluated in contracts with suppliers of materials and services. The Environmental area works in conjunction with the Supplies area to obtain

documentation and evidence regarding legal compliance and the requirements of the Integrated Management System (IMS). In 2017, 12 suppliers were mapped as posing a potential risk of impacts on the environment (contamination of soil by oil and waste, groundwater contamination, air pollution, illegal deforestation, etc.) and will have to pass through the supplier qualification process.



Community Relations

One of the stakeholder engagement strategies addresses how the Company relates to the communities close to its concessions. CELEO developed the Community Relations Policy, which establishes the guidelines for Private Social Investment (PSI) in socio-cultural projects, human rights and health,

capable of contributing to local development. The Company uses tax incentive laws (Fund for the Elderly, FUMCAD, Rouanet Law and Sport Law) and BNDES Social Sub-Credit to invest in projects that go beyond the compulsory requirements or legal

obligations imposed during the licensing process for its enterprises. The management of the projects is carried out by a specialized consultancy, with the support and monitoring of the Environmental area.

Results in 2017

With regards to the BNDES Social Subcredit funding, the project presented by IMTE finished in 2017. The project has contributed to the social development of Bom Jesus das Selvas (MA) by improving the quality of teaching, infrastructure and agricultural production and providing institutional strengthening for the Padre Josimo Tavares CFR Agricultural Technical School. The project also contributed to income generation for the school, allowing it to reduce its dependence on external resources.

Two projects were selected in the municipalities crossed by the 500 kV Estreito - Fernão Dias Transmission Line (CANTAREIRA). The first, the „Vamos Salvar o Planeta” (“Lets Save the Planet”) project, aims to contribute to the socioeconomic and environmental development of the Municipality of Monte Santo de Minas (MG). This involves the construction of a sorting and composting plant and the implementation of a selective rubbish collection system, which will benefit the urban area of the town

and three other rural communities: Lagoa, Cunhas and Pitangueira. The project will also benefit the Milagres district.

The other CANTAREIRA project, „Viver Bem em Caetetuba” (“Living Well in Caetetuba”) will take place in a neighborhood of the municipality of Atibaia (SP). The Caetetuba Railway Station will be revitalized, with the installation of a Social Assistance Reference Center (CRAS) and a Social Organization (Curumin) to meet the demands of

approximately 20,000 people in socially vulnerable situations and will include the promotion of courses to provide professional qualifications. The project also foresees the revitalization of Praça Antônio Scavone.

+ BRL 1.5 mi

Invested in social projects
In 2016 and 2017, BRL 1.5 million was invested in social projects, of which BRL 618,112 came through the incentive laws.



Projects with Tax Incentives

Project	Objective	Actions/Public	Incentive	Amount invested
Bagagem Cultural Itaboraí	Encourage reading and promote local culture and pottery	Workshops for training teachers in storytelling, reading mediation and art-education for students of the Municipal system.	Rouanet Law	R\$ 404,438
São Jose Vincentian Care Home	Contribute to the funding of this non-governmental organization dedicated to the care of the elderly	Elderly residents of the home	São João da Boa Vista (SP) Municipal Senior Citizen's Fund	R\$ 71,225
Humanized health support for children and adolescents in the Pequeno Príncipe Hospital	Contribute to the funding of this non-governmental organization	Patients at the hospital	Municipal Fund for Children and Adolescents of the municipality of Curitiba (PR)	R\$ 71,225
Olympic Reaction Project year VII	Provide funding for 12-months for development of high-performance athletes to participate in national and international competitions	The program offers sports training in judo to about 230 young people (11 years or older) and has the support of a multidisciplinary team in the areas of psychology, nutrition, physiotherapy and physical preparation.	Sports Incentive Law	R\$ 71,225

Displacement and Intervention in Local Communities

GRI 411-1, EU20, EU22

The relationship with local communities - including indigenous and traditional communities - is a reality for CELEO since its business model has direct impacts on the land in some localities.

For some projects it is necessary to displace the local population. This process is managed through the Program for Land Ownership Management and Monitoring of Affected Populations. The properties that need to be occupied for the installation of the development are mapped and consequently the families are registered as part of the compensation process and to provide social support with regards to the vulnerability and inconvenience that they may suffer as a result of the move. In 2017, the implementation of the 500 kV Estreito - Fernão Dias Transmission Line project was completed, requiring the relocation of eight family groups who are being

accompanied with specific social support plans for each family.

As for indigenous and traditional communities, in 2017 there were no new interferences in these territories. However, the actions targeting the indigenous communities close to the operations of the Linha de Transmissão Corumbá (LTC) and Jauru Transmissora de Energia (JTE) were completed. In addition, the action plan for the communities of CAIUÁ was presented to the competent body (the National Indian Foundation - FUNAI) and the Company is awaiting approval to begin activities. The objective is to establish mitigating actions for possible negative impacts from construction. In all, 13 Tekohas villages were studied, with approximately 2,293 Indigenous people from the Avá (Nhandeva) and Mbyá tribes of the Guarani people.

Results in recent years



Linha de Transmissão Corumbá (LTC)

The concession crosses areas close to three indigenous communities of the Terena ethnic group. Considering the impacts of works on these communities, the Company has developed a series of mitigatory actions, such as: Social Communication Program; Environmental Education Program, focused on indigenous issues; and the Program to Support Income Generation and Valuing of the Terena Culture. The latter involved the following developments for the Terena community: the construction of a cultural center; a rainwater collection system; the refurbishment of a community center; the construction of a semi-industrial kitchen; and professional courses in information technology, traditional cooking, fertilizer production and administration.



Jauru Transmissora de Energia (JTE)

The route taken by the concession crosses the territories of the indigenous lands of Tubarão Latundê in Rondônia and Pirineus de Souza, Vale do Guaporé/Taihantesu, Nambiquara, Uirapuru/Capitão Marcos and Juíinha in Mato Grosso. The study of the influence of the development on indigenous lands was carried out during the environmental licensing process, which was directed by IBAMA. The actions that resulted from these studies began in 2008 and took place in six indigenous territories containing 42 villages with approximately 2,000 people. The Program for the Protection and Surveillance of Indigenous Lands was also completed with the construction of 13 support houses and surveillance stations in the villages.



The Environment

Aware of its responsibility with regards to the consumption and use of natural resources, CELEO follows strict management standards in its operations.

The environmental management of Celeo Redes Brasil’s developments begins during the conception of the projects, based on the socio-environmental impact studies undertaken in accordance with the current legislation and the internal sustainability standards of the business.

The environmental area is responsible for this process, which includes the management of environmental risks, the monitoring of the licensing with the competent bodies and the monitoring of the impacts around the projects.

The Company has created an Environmental Management Program, which brings together environmental education projects in the surrounding communities, biodiversity impact management actions, and waste, water, energy and greenhouse gas (GHG) emissions management. In 2017, the Company invested 3.9 million in the environmental management of its developments.

Environmental investments and expenditure	
Reforestation (CAPEX)	607,361.82
Integra Project (OPEX)	380,000.00
Environmental Management (OPEX*)	2,581,815.00
Environmental Management (CAPEX**)	184,023.02
Waste removal	45,000.00
Control of legal requirements	28,216.45
Mitigation kit	2,470.00

* Refers to resources used to meet the conditions of environmental licencing and studies.
** Refers to resources used for the environmental licencing for the reinforcement of the SE Vilhena Substation.



Environmental Education

The aim of environmental education is to strengthen CELEO’s relationship with the communities located in the concession areas, in order to mitigate the risks to the population and establish strategies for engagement and communication with residents. This should provide clarity and new knowledge about the shared role that everybody plays in the conservation and protection of the environment.

As part of the environmental licensing process, CELEO developed an Environmental Education Program at Jauru Energy Transmissora de Energia (JTE) that provides distance education courses targeting the public school system. There were three modules with themed courses - totaling 60 hours per semester - where participants learned about Public Environmental Management, Participation in

Public Environmental Policies and Pedagogical Practices in Critical Environmental Education.

In 2017, there were 231 people enrolled from at least nine municipalities of the region. Of those completing the course, 52% were students, 38% were teachers and 10% were public administrators (10%).



Biodiversity

GRI 304-1, 304-2, EU13

The search for alternatives with low environmental impacts before the installation of a development is constantly considered in the different phases of the projects. One of these phases is the evaluation of conservation units and priority areas for conservation, which can be identified by researching with the Ministry of the Environment (MMA) and the Chico Mendes Institute for Biodiversity Conservation (ICMBio).

CELEO also uses its socio-environmental studies (EIA/RIMA) and the risk matrix of the developments - elaborated during the licensing process - to develop programs for management of local biodiversity. The main impacts caused by the energy transmission business are: the suppression of native vegetation (habitat reduction and fragmentation); socio-environmental impacts on affected traditional communities (indigenous and quilombola); and the erosive processes triggered by the opening of access routes.

The most recent venture of Celeo Redes Brasil, the 500 kV Estreito - Fernão Dias Transmission Line, is 342 km in length and crosses 29 municipalities in the states of São Paulo and Minas Gerais, with more than 80% of its route outside of Units of Conservation and/or Priority Areas:

- Conservation Units - 500 kV Estreito - Fernão Dias TL passes through 29.59 km of the Cantareira System Environmental Protection Area (APA) and 37.56 km of the Piracicaba Juqueri-Mirim II Environmental Protection Area (APA). It also passes within 0.36 and 2.6 km of the Caetê Municipal Ecological Station (ESEC) and the Águas da Prata State Reserve, respectively. The interaction between the conservation units mentioned above and the TL can be seen on the map of Conservation Units of this venture;

- Priority Areas for Biodiversity Conservation: three areas are intercepted by the TL: Ma302 - Águas da Prata/São José do Rio Pardo, Ma269 - Águas de Lindóia and Ce059 Conquista-Canastra. The TL trajectory passes through these areas for 59.91, 13.64 and 3.15 km, respectively.

Endangered species of fauna (96 species) and flora (20 species) on the IUCN list and/or federal and state lists were identified in these regions. Other possible impacts mapped before the start of the works were habitat loss, alteration of the quality of water bodies and noise disturbance.

In all, 12 environmental impacts on biodiversity were mapped in the implementation phase. In order to mitigate environmental impacts from the construction of the Transmission Line, CELEO has developed programs for Environmental Offsetting, Vegetation Suppression, Germplasm conservation (seed-

saving), Monitoring of Fauna and Environmental Construction Plans.

Recently the forest replanting project was initiated, recently approved by the licensing body,

and foresees the monitoring of the recovery of the planted areas for a period of five years after the planting of the seedlings. A total of 45,729 trees will be planted, 20% more than what was necessary for

the implementation of the total area of 22.86 hectares, in order to guarantee compliance with the commitment assumed.

List of endangered species
LT 500 kV Estreito - Fernão Dias

GRI 304-4

Espécies Fauna	MMA	IUCN	MG	SP
Avifauna (birds)	13	41	35	78
Herpetofauna (amphibians and reptiles)	3	11	15	31
Mastofauna (mammals)	6	9	8	15

Recovery of Degraded Areas

Through this program, CELEO's Environmental area prepares diagnoses of the formation of erosive processes for all of its projects

and plans the interventions to be carried out, always considering the preservation of the ecosystems present in the affected region. In 2017,

scheduled maintenance was carried out to recuperate eroded areas along five stretches of the Linha de Transmissão Triângulo (LTT).

Forest Replanting

GRI 304-3

Forest replanting programs occur in green areas close to CELEO’s projects, as a way of compensating for the suppression of native

vegetation required for the construction. By 2017, approximately 177,000 seedlings of native species had been planted on 161

hectares, close to the following concessions: PTE, JTE, LTC, LTT and IMTE.

Development	Tree planting location	Quantity of tree saplings
Linha de Transmissão Triângulo (LTT)	Rios Tijuco e da Prata State Wildlife Refuge, Fazenda Beiral da Prata, in the municipality of Gurinhatã (MG)	Total of 261 trees: 75 from endangered species; 186 saplings of native cerrado (savannah) tree species
Linha de Transmissão Corumbá (LTC) 230 kV voltage and aprox. 290 km; Crosses four municipalities in Mato Grosso do Sul and connects to the Anastácio substation owned by Eletrosul	Piraputangas Municipal Natural Park, in Corumbá (MS)	15,000 saplings of species native to the region, 50% of which are endangered species Area of 10 hectares
Integração Maranhense Transmissora de Energia (IMTE) 500 kV voltage and aprox. 365 km in length; Expansion of two electricity substations - a SE Açailândia and SE Miranda II; Crosses 11 municipalities in the state of Maranhão.	Privately-owned area located in the municipality of Santa Inês (MA)	Native species from the regions were planted on 7.5 hectares
Jauru Transmissora de Energia (JTE) 230 kV voltage and approximately 345 km in length; Interconnects the Vilhena Substation in the state of Rondônia (RO) with the Jauru Substation in the state of Mato Grosso (MT)	Permanent Preservation Area (APP) in the municipality of Comodoro (MT)	Foresees the planting of approximately 127.40 hectares of native vegetation by 2018
Pedras Transmissora de Energia (PTE)	Tree planting took place in the municipality of Cachoeiras de Macacu (RJ)	33,000 trees on 13.3 hectares 7,000 trees on 2.8 hectares



Eco-efficiency

1 Monitoring of Water Consumption and Quality

GRI 303-1

- Water used comes from groundwater sources.

- 18 installations use water meters and hour meters to control consumption.

- In 2017, the total volume of groundwater consumed was 3,105.49 m3.

- Periodic physical-chemical and bacteriological analyzes are conducted to monitor the quality of the water used.

2 Waste Management

GRI 306-2, 306-4

- Waste is managed in accordance with the National Solid Waste Policy (Law No. 12,305, of August 2, 2010).

- Volume of waste: Hazardous = 2,021 kg, 2,850 litres and 1.400 units; Non-hazardous = 5,228 kg.

- The Company encourages separation for recycling at its facilities. This year, 690 kg of scrap metal, aluminum wires and cardboard were sent to a metallurgy company. Also, approximately nine tons of hazardous waste were recycled through reverse logistics.

3 Monitoring of Emissions

- The company's first Greenhouse Gas emissions Inventory was prepared in accordance with the Brazilian GHG Protocol Program.

2017 Emissions (tCO2e)

Scope 1:	3,772.83
Scope 2:	108.9 *
Scope 3:	200.2
	4,081.93

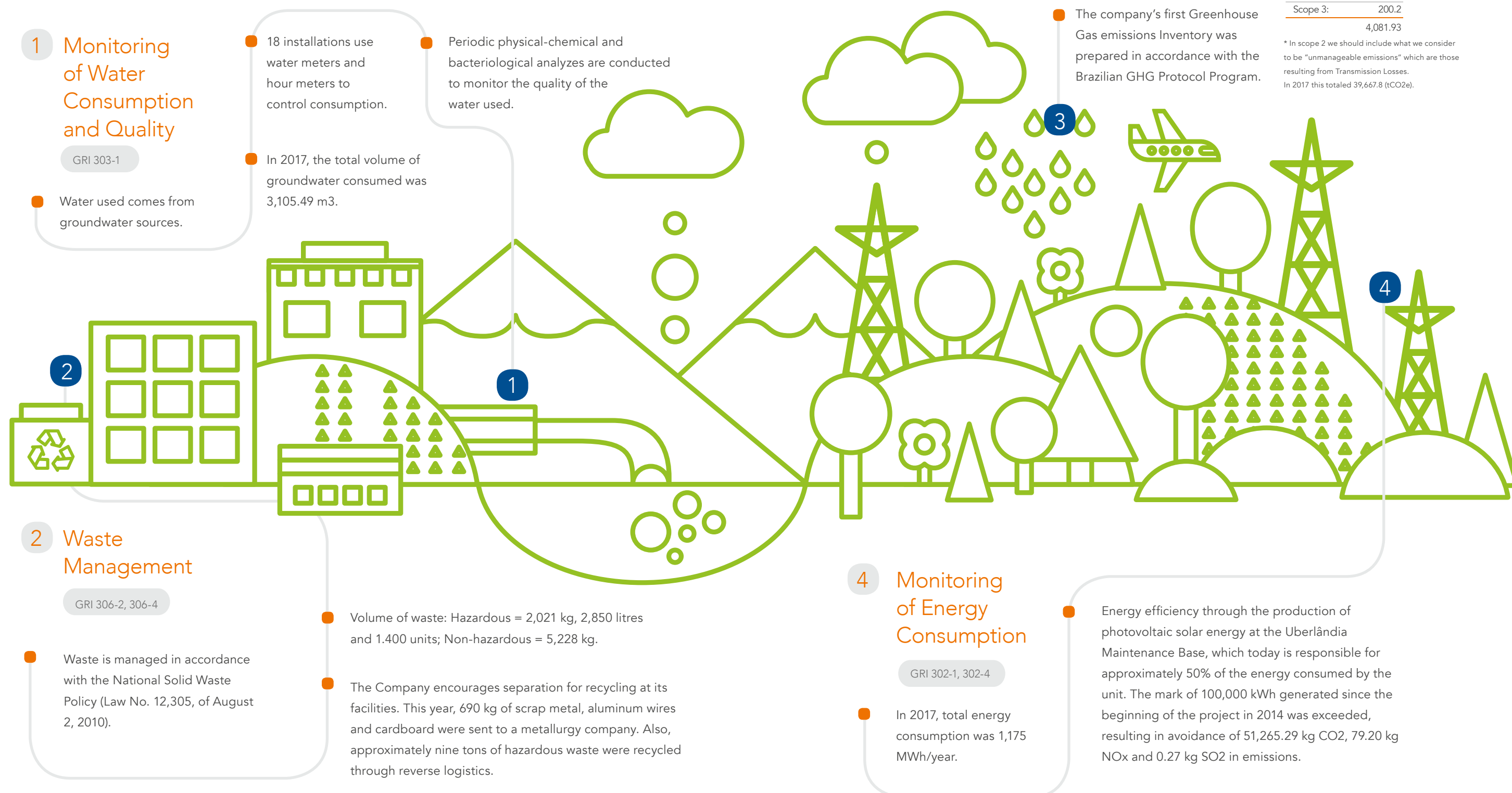
* In scope 2 we should include what we consider to be "unmanageable emissions" which are those resulting from Transmission Losses. In 2017 this totaled 39,667.8 (tCO2e).

4 Monitoring of Energy Consumption

GRI 302-1, 302-4

- In 2017, total energy consumption was 1,175 MWh/year.

- Energy efficiency through the production of photovoltaic solar energy at the Uberlândia Maintenance Base, which today is responsible for approximately 50% of the energy consumed by the unit. The mark of 100,000 kWh generated since the beginning of the project in 2014 was exceeded, resulting in avoidance of 51,265.29 kg CO2, 79.20 kg NOx and 0.27 kg SO2 in emissions.



GRI Content Index

GRI 102-55

GRI Standards 102 – General Disclosures

ORGANIZATIONAL PROFILE

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-1	Name of the organization (G4-3).		18
Disclosure 102-2	Activities, brands, products, and services (G4-4 + G4-PR6).		18
Disclosure 102-3	Location of headquarters (G4-5).		128
Disclosure 102-4	Location of operations (G4-6).		18
Disclosure 102-5	Ownership and legal form (G4-7).		18
Disclosure 102-6	Markets served (G4-8).		22
Disclosure 102-7	Scale of the organization (G4-9).		18
Disclosure 102-8	Information on employees and other workers (G4-10).		82
Disclosure 102-9	Supply chain (G4-12).		92
Disclosure 102-10	Significant changes to the organization and its supply chain (G4-13).	There were no significant changes of this nature during the year 2017.	
Disclosure 102-11	Precautionary Principle or approach (G4-14).	The precautionary principle is included in CELEO's risk management processes.	
Disclosure 102-12	External initiatives (G4-15)		42
Disclosure 102-13	Membership of associations (G4-16).		50

INDICATOR	DESCRIPTION	COMMENTS	PAGE
STRATEGY			
Disclosure 102-14	Statement from senior decision-maker (G4-1).		6; 8
Disclosure 102-15	Key impacts, risks, and opportunities (G4-2).		52
ETHICS AND INTEGRITY			
Disclosure 102-16	Values, principles, standards, and norms of behavior (G4-56).		20
Disclosure 102-17	Mechanisms for advice and concerns about ethics (G4-57 and G4-58).		34
GOVERNANCE			
Disclosure 102-18	Governance Structure (G4-34).		31
Disclosure 102-19	Delegating authority (G4-35).		30
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics (G4-36).		30
Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics (G4-37).		13
Disclosure 102-22	Composition of the highest governance body and its committees (G4-38).		30
Disclosure 102-23	Chair of the highest governance body (G4-39).		30
Disclosure 102-24	Nominating and selecting the highest governance body (G4-40).		31
Disclosure 102-25	Conflicts of interest (G4-41).	There is no conflict of interest since the Company does not have a Board of Directors.	
Disclosure 102-26	Role of highest governance body in setting purpose, values, and strategy.		30

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-27	Collective knowledge of highest governance body (G4-43).	IMS Committee meetings; hiring of specialized sustainability consultancy firm; goals and targets meetings (ESG).	
Disclosure 102-28	Evaluating the highest governance body's performance (G4-44).		30
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts (G4-45).	In all CELEO's projects, environmental and socio-environmental studies are carried out to identify and evaluate impacts in the planning, implementation and operation stages. Appropriate measures are implemented to prevent, mitigate or compensate negative impacts and to maximize positive impacts. Monitoring Programs are implemented to manage these measures, where applicable.	
Disclosure 102-30	Effectiveness of risk management processes (G4-46).		30
Disclosure 102-31	Review of economic, environmental, and social topics (G4-47).		52
Disclosure 102-32	Highest governance body's role in sustainability reporting (G4-48).	The Executive Director is responsible for analyzing and formally approving the Company's sustainability report and ensuring that all material topics are addressed.	
Disclosure 102-33	Communicating critical concerns (G4-49).	There is no process to communicate critical concerns to the highest governance body given the Company's structure. At Celeo Redes Brasil, the Board of Executive Officers is an executive body.	
Disclosure 102-34	Nature and total number of critical concerns (G4-50).	There is no process to communicate critical concerns to the highest governance body given the Company's structure. At Celeo Redes Brasil, the Board of Executive Officers is an executive body.	
Disclosure 102-35	Remuneration policies (G4-51).	Remuneration policies are being studied for implementation in 2018.	
Disclosure 102-36	Process for determining remuneration (G4-52).		82
Disclosure 102-37	Stakeholders' involvement in remuneration (G4-53).	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 102-38	Annual total compensation ratio (G4-54).	The indicator was not prioritized in the materiality process for the base year 2017.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-39	Percentage increase in annual total compensation ratio (G4-55).	The indicator was not prioritized in the materiality process for the base year 2017.	
STAKEHOLDER ENGAGEMENT			
Disclosure 102-40	List of stakeholder groups (G4-24).		46
Disclosure 102-41	Collective bargaining agreements (G4-11).	At CELEO, 100% of the employees are covered by Collective Agreement. There is a committee responsible for representing the guidelines established by the employees and the Board of Executive Officers. After the agenda's approval, the information is taken to all employees and voted on by them. Therefore, the process is constructive and democratic.	
Disclosure 102-42	Collective bargaining agreements (G4-11). Identifying and selecting stakeholders (G4-25).		15
Disclosure 102-43	Approach to stakeholder engagement (G4-26).		13; 46
Disclosure 102-44	Key topics and concerns raised (G4-27; G4-PR5).		14
REPORTING PRACTICES			
Disclosure 102-45	Entities included in the consolidated financial statements (G4-17).	<p>Celeo Redes Brasil S.A. (CELEO)</p> <p>Linhas de Transmissão Corumbá S.A. (LTC)</p> <p>Encruzo Novo Transmissora de Energia S.A. (ENTE)</p> <p>Pedras Transmissora de Energia S.A. (PTE)</p> <p>Linhas de Transmissão Triângulo S.A. (LTT)</p> <p>Vila do Conde Transmissora de Energia S.A. (VCTE)</p> <p>Coqueiros Transmissora de Energia S.A. (CTE)</p> <p>The results for partially-owned companies were recognized using the Equity Method. These are:</p> <p>Caiuá Transmissora de Energia S.A. (CAIUÁ)</p> <p>Integração Maranhense Transmissora de Energia S.A. (IMTE)</p> <p>Cantareira Transmissora de Energia S.A. (CANTAREIRA)</p> <p>Jauru Transmissora de Energia S.A. (JTE)</p> <p>Brilhante Transmissora de Energia S.A. (BTE)</p> <p>Brilhante II Transmissora de Energia S.A. (BTE II)</p>	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-46	Defining report content and topic Boundaries (G4-18).		13
Disclosure 102-47	List of material topics (G4-19).		14
Disclosure 102-48	Restatements of information (G4-22).	N/A. This is Celeo Networks Brazil's second report, this time public and audited.	
Disclosure 102-49	Changes in reporting (G4-23).	N/A. This is Celeo Networks Brazil's second report, this time public and audited.	
Disclosure 102-50	Reporting period (G4-28).		12
Disclosure 102-51	Date of most recent report (G4-29).		12
Disclosure 102-52	Reporting cycle (G4-30).		12
Disclosure 102-53	Contact point for questions regarding the report (G4-31).		130
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards (G4-32).		12
Disclosure 102-55	GRI content index (G4-32).		108
Disclosure 102-56	External assurance (G4-33).	Assurance was performed by KPMG Independent Auditors	128
GRI Standards 103 – Management Approach			
Disclosure 103-1	Explanation of the material topic and its Boundary (G4-DMA-a + G4-20 + G4-21).		13; 14
Disclosure 103-2	The management approach and its components (G4-DMA-b + G4-EN34 + G4-LA16 + G4-HR12 + G4-SO1 1 + G4-EN31).	The form of management is addressed throughout the report in the chapters of the topics considered relevant.	
Disclosure 103-3	Evaluation of the management approach (G4-DMA-c).	The form of management is addressed throughout the report in the chapters of the topics considered relevant.	
GRI Standards 200 series – Economic Topics			

INDICATOR	DESCRIPTION	COMMENTS	PAGE
ECONOMIC PERFORMANCE (GRI 201)			
Disclosure 201-1	Direct economic value generated and distributed (G4-EC1).		60
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change (G4-EC2).	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 201-3	Defined benefit plan obligations and other retirement plans (G4-EC3).	CELEO does not have a retirement plan.	
Disclosure 201-4	Financial assistance received from government (G4-EC4).	CELEO did not receive financial aid from the Government for the base year 2017.	
MARKET PRESENCE (GRI 202)			
Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage (G4-EC5).	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 202-2	Proportion of senior management hired from the local community (G4-EC6).	The indicator was not prioritized in the materiality process for the base year 2017.	
INDIRECT ECONOMIC IMPACTS (GRI 203)			
Disclosure 203-1	Infrastructure investments and services supported (G4-EC7).	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 203-2	Significant indirect economic impacts (G4-EC8).	The indicator was not prioritized in the materiality process for the base year 2017.	
PROCUREMENT PRACTICES (GRI 204)			
Disclosure 204-1	Proportion of spending on local suppliers (G4-EC9).	The indicator was not prioritized in the materiality process for the base year 2017.	
ANTI-CORRUPTION (GRI 205)			
Disclosure 205-1	Operations assessed for risks related to corruption (G4-303).		34
Disclosure 205-2	Communication and training about anti-corruption policies and procedures (G4-304).		35
Disclosure 205-3	Confirmed incidents of corruption and actions taken (G4-305).		34; 35

INDICATOR	DESCRIPTION	COMMENTS	PAGE
ANTI-COMPETITIVE BEHAVIOR (GRI 206)			
Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices (G4-SO7).	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 419-1	Socioeconomic Compliance (GRI 419).	The indicator was not prioritized in the materiality process for the base year 2017.	
GRI Standards 300 series – Environmental Topics			
MATERIALS (GRI 301)			
Disclosure 301-1	Materials used by weight or volume (G4-EN1).	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 301-2	Recycled input materials used (G4-EN1).	This topic is irrelevant to CELEO Redes' activities and operations.	
Disclosure 301-3	Reclaimed products and their packaging materials (G4-EN1).	This topic is irrelevant to CELEO Redes' activities and operations.	
ENERGY (GRI 302)			
Disclosure 302-1	Energy consumption within the organization (G4-EN13).	Infographic	107
Disclosure 302-2	Energy consumption outside of the organization.		
Disclosure 302-3	Energy intensity.		
Disclosure 302-4	Reduction of energy consumption (G4-EN6).	Infographic	107
Disclosure 302-5	Reductions in energy requirements of products and services (G4-EN7).	This topic is irrelevant to CELEO Redes' activities and operations.	
WATER (GRI 303)			
Disclosure 303-1	Water withdrawal by source (G4-EN8).	Infographic	106
Disclosure 303-2	Water sources significantly affected by withdrawal of water (G4-EN9).	Indicator is irrelevant to Celeo Redes Brasil's operations and activities. There is no significant water withdrawal in any stage of the project.	
Disclosure 303-3	Water recycled and reused (G4-EN10).	Indicator is irrelevant to Celeo Redes Brasil's operations and activities. Water consumption at CELEO's operations is not significant.	
BIODIVERSITY (GRI 304)			

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (G4-EN11).		104
Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity (G4-EN 12).		102
Disclosure 304-3	Habitats protected or restored (G4-EN13).		104
Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations (G4-EN14).		103
EMISSIONS (GRI 305)			
Disclosure 305-1	Direct (Scope 1) GHG emissions (G4-EN15).	Celeo Redes Brasil joined the Brazilian GHG Protocol Program. The first Inventory (scope: 2017) received external verification, with Limited Assurance, carried out by KPMG Independent Auditors.	
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions (G4-EN16).	Celeo Redes Brasil joined the Brazilian GHG Protocol Program. The first Inventory (scope: 2017) received external verification, with Limited Assurance, carried out by KPMG Independent Auditors.	
Disclosure 305-3	Other indirect (Scope 3) GHG emissions (G4-EN17)	Celeo Redes Brasil joined the Brazilian GHG Protocol Program. The first Inventory (scope: 2017) received external verification, with Limited Assurance, carried out by KPMG Independent Auditors.	
Disclosure 305-4	GHG emissions intensity (G4-EN18).		
Disclosure 305-5	Reduction of GHG emissions (G4-EN19).		
Disclosure 305-6	Emissions of ozone-depleting substances (ODS) (G4-EN20).		
Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions (G4-EN21).		
EFFLUENTS AND WASTE (GRI 306)			
Disclosure 306-1	Water discharge by quality and destination (G4-EN22).	Effluent is treated in a septic tank. BOD (biochemical oxygen demand) analysis is performed periodically. The annual volume of discarded effluents was 591.00 m3, which comes from 23 control rooms and eight safety cabins.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 306-2	Waste by type and disposal method (G4-EN23).	Approximately six tons of hazardous waste were recycled. However, this volume was not entirely generated in 2017, since there was waste generation in previous years which was stored in accordance with current legislation.	106
Disclosure 306-3	Significant spills (G4-EN241).	There was no significant leakage from CELEO's facilities in 2017.	
Disclosure 306-4	Transport of hazardous waste (G4-EN25).		106
Disclosure 306-5	Water bodies affected by water discharges and/or runoff (G4-EN26).	There is no significant discharge of effluents and drainage water into water bodies from Celeo Redes Brasil's activities and operations.	
ENVIRONMENTAL COMPLIANCE (GRI 307)			
Disclosure 307-1	Non-compliance with environmental laws and regulations.		36
AVALIAÇÃO AMBIENTAL DE FORNECEDORES (GRI 308)			
Disclosure 308-1	New suppliers that were screened using environmental criteria (G4-EN32).		93
Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken (G4-EN33).		93
GRI Standards 400 series – Social topics			
EMPLOYMENT (GRI 401)			
Disclosure 401-1	New employee hires and employee turnover (LA-1).		82
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.		86
Disclosure 401-3	Parental leave.	In 2017, six men and six women took parental leave. All returned to work after the leave period. The retention rate, after 12 months of leave, was 93% among men and 85% among women.	
LABOR/MANAGEMENT RELATIONS (GRI 402)			

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 402-1	Minimum notice periods regarding operational changes.	There is no minimum deadline for notification of operational changes. However, measures are adopted to minimize the impacts arising from these changes, and to adapt employees to the new process, with the support of the Senior Management, newsletters and instructions, face-to-face meetings, etc.	
OCCUPATIONAL HEALTH AND SAFETY (GRI 403)			
Disclosure 403-1	Workers representation in formal joint management-worker health and safety committees.		88
Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (G4-LA13).		90
Disclosure 403-3	Workers with high incidence or high risk of diseases related to their occupation.		88
Disclosure 403-4	Health and safety topics covered in formal agreements with trade unions (G4-LA8).	Clauses of the Collective Agreement that cover occupational safety issues: Clause Nine – Dangerous Work Add-ons Clause Sixteen - Periodic Health Examination V - Working Conditions Clause Twenty-Three - First Aid Clause Twenty-Four - Internal Commission for Accident Prevention Clause Twenty-Fifth - Minutes of the Internal Commission for Accident Prevention Meetings Clause Twenty-Six - Notice of Accidents at Work Clause Twenty-Seven - Compliance with NR-10 Clause Thirty - Group Life Insurance	
TRAINING AND EDUCATION (GRI 404)			
Disclosure 404-1	Average hours of training per year per employee.		84
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs (G4-LA).		84
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews (G44-LA1).		82
DIVERSITY AND EQUAL OPPORTUNITY (GRI 405)			
Disclosure 405-1	Diversity of governance bodies and employees (LA).	The indicator was not prioritized in the materiality process for the base year 2017.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 405-2	Ratio of basic salary and remuneration of women to men.	The indicator was not prioritized in the materiality process for the base year 2017.	
NON-DISCRIMINATION (GRI 406)			
Disclosure 406-1	Incidents of discrimination and corrective actions taken.	The indicator was not prioritized in the materiality process for the base year 2017.	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (GRI 407)			
Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	The supplier assessment process carried out by Celeo Redes Brasil did not include this risk.	
CHILD LABOR (GRI 408)			
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor.	The supplier assessment process carried out by Celeo Redes Brasil did not include this risk.	
FORCED OR COMPULSORY LABOR (GRI 409)			
Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor (G4-HR6).	The supplier assessment process carried out by Celeo Redes Brasil did not include this risk.	
SECURITY PRACTICES (GRI 410)			
Disclosure 410-1	Security personnel trained in human rights policies or procedures (G4 HR7).	Celeo Redes Brasil did not promote this training in 2017.	
RIGHTS OF INDIGENOUS PEOPLES (GRI 411)			
Disclosure 411-1	Incidents of violations involving rights of indigenous peoples.	There was no discrimination against indigenous or traditional peoples in 2017.	96
AVALIAÇÃO EM DIREITOS HUMANOS (GRI 412)			
Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments.	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 412-2	Employee training on human rights policies or procedures.	Celeo Redes Brasil did not promote this training in 2017.	
Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	There were no investment agreements and contracts in 2017.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
LOCAL COMMUNITIES (GRI 413)			
Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs.		48; 49
Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities.	Significant negative impacts on local communities, if any exist, were identified in socio-environmental studies, and relevant mitigation measures were implemented.	
SUPPLIER SOCIAL ASSESSMENT (GRI 414)			
Disclosure 414-1	New suppliers that were screened using social criteria.		93
Disclosure 414-2	Negative social impacts in the supply chain and actions taken.		93
PUBLIC POLICY (GRI 415)			
Disclosure 415-1	Political contributions.	There were no political contributions in 2017.	
CUSTOMER HEALTH AND SAFETY (GRI 416)			
Disclosure 416-1	Assessment of the health and safety impacts of product and service categories.	The indicator was not prioritized in the materiality process for the base year 2017.	
Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	The indicator was not prioritized in the materiality process for the base year 2017.	
MARKETING AND LABELING (GRI 417)			
Disclosure 417-1	Requirements for product and service information and labelling.	This indicator is not applicable for Celeo Redes Brasil's operations.	
Disclosure 417-2	Incidents of non-compliance concerning product and service information and labelling.	This indicator is not applicable for Celeo Redes Brasil's operations.	
Disclosure 417-3	Incidents of non-compliance concerning marketing communications.	This indicator is not applicable for Celeo Redes Brasil's operations.	
CUSTOMER PRIVACY (GRI 418)			
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	This indicator is not applicable for Celeo Redes Brasil's operations.	
SOCIOECONOMIC COMPLIANCE (GRI 419)			

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area.		36
GRI Standards – Sector Supplement			
ORGANIZATIONAL PROFILE			
GRI-EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	This indicator is not applicable for Celeo Redes Brasil's operations.	
GRI-EU2	Net energy output broken down by primary energy source and by regulatory regime.	This indicator is not applicable for Celeo Redes Brasil's operations.	
GRI-EU3	Number of residential, industrial, institutional and commercial customer accounts.	This indicator is not applicable for Celeo Redes Brasil's operations.	
GRI-EU4	Length of above and underground transmission and distribution lines by regulatory regime.	In 2017, Celeo Redes won a bid which included 111 km of 500 kV TL and 255 km of 230 kV TL. The criterion used to inform the extension of TLs was the year of the auction. CELEO does not have distribution lines.	
GRI-EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework.	The indicator was not prioritized in the materiality process for the base year 2017.	
CATEGORY ECONOMIC			
AVAILABILITY AND RELIABILITY			
G4-DMA EUSD EC (former G4-EU6)	Management approach to ensure short and long-term electricity availability and reliability (DMA).		68
G4-EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	This indicator is not applicable for Celeo Redes Brasil's operations.	
DEMAND-SIDE MANAGEMENT			
G4-DMA EUSD EC (former EU7)	Demand-side management programs including residential, commercial, institutional and industrial programs.	This indicator is not applicable for Celeo Redes Brasil's operations.	
RESEARCH AND DEVELOPMENT			
G4-DMA EUSD EC former G4-EU8)	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development (DMA).		79

INDICATOR	DESCRIPTION	COMMENTS	PAGE
PLANT DECOMMISSIONING			
G4-DMA EUSD EC (former EU9)	Provisions for decommissioning of nuclear power sites.	This indicator is not applicable for Celeo Redes Brasil's operations.	
SYSTEM EFFICIENCY			
G4-EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	This indicator is not applicable for Celeo Redes Brasil's operations.	
G4-EU12	Transmission and distribution losses as a percentage of total energy.	CELEO does not have distribution lines. Direct measurements are still not made at the transmission facilities to measure actual transmission losses. In the emissions calculation (scope 2) of the 2017 Inventory a preliminary estimate was made.	
CATEGORY ENVIRONMENTAL			
BIODIVERSITY			
G4-EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.		102
CATEGORY SOCIAL – LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
G4-DMAEUSD LA (former G4-EU14)	Programs and processes to ensure the availability of a skilled workforce (DMA).		84
G4-EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	The indicator was not prioritized in the materiality process for the base year 2017.	
G4-DMA EUSD LA (formerG4-EU16)	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors (DMA).		88
G4-EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	The indicator was not prioritized in the materiality process for the base year 2017.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
G4-EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	The Company has a training program that includes the training required by the legislation and other programs that are pertinent to the development of activities. Outsourced workers and subcontractors meet the training schedule provided in PG-025 (general procedure for occupational health and safety for visitors and contractors), but there is still no capacity indicator.	
CATEGORY SOCIAL – SOCIETY			
LOCAL COMMUNITIES			
G4-DMA EUSD SO (former G4-EU19)	Stakeholder participation in decision making processes related to energy planning and infrastructure development (DMA).	Stakeholder participation occurs through opinions and contributions made by regulatory agents, as well as participation in class associations, such as ABDIB and ABRATE, as well as participation in public hearings. For example: there was a modification in the Cantareira Project's route to respect the requirement of no visual impact on the landscape.	
G4-DMA EUSD SO (former G4-EU20)	Approach to managing the impacts of displacement (DMA).		96
G4-EU22	Number of people physically or economically displaced and compensation, broken down by type of project.		96
DISASTER/ EMERGENCY PLANNING AND RESPONSE			
G4-DMA EUSD SO (former G4-EU21)	Contingency planning measures, disaster/ emergency management plan and training programs, and recovery/restoration plans (DMA).		73

INDICATOR	DESCRIPTION	COMMENTS	PAGE
CATEGORY SOCIAL – PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
G4-EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	The indicator was not prioritized in the materiality process for the base year 2017.	
ACCESS			
G4-DMA EUSD PR (former G4-EU23)	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services (DMA).	This indicator is not applicable for Celeo Redes Brasil's operations.	
G4-EU26	Percentage of population unserved in licensed distribution or service areas.	This indicator is not applicable for Celeo Redes Brasil's operations.	
G4-EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	This indicator is not applicable for Celeo Redes Brasil's operations.	
G4-EU28	Power outage frequency.	This indicator is not applicable for Celeo Redes Brasil's operations.	
G4-EU29	Average power outage duration.	This indicator is not applicable for Celeo Redes Brasil's operations.	
G4-EU30	Average plant availability factor by energy source and by regulatory regime.	This indicator is not applicable for Celeo Redes Brasil's operations.	
PROVISION OF INFORMATION			
G4-DMA EUSD PR (former G4-EU24)	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services (DMA).	This indicator is not applicable for Celeo Redes Brasil's operations.	

Annual Social Balance Sheet 2017

CELEO REDES

1 - CALCULATION BASE	2017 AMOUNT (BRL THOUSANDS)			2016 AMOUNT (BRL THOUSANDS)		
Net Income (NI)	195,183			231,734		
Result before tax on profits	107,709			158,047		
Gross payroll	18,703.19			17,346.05		
2 - INTERNAL SOCIAL INDICATORS	Amount (thousand)	% on Gross Payroll	% on NI	Amount (thousand)	% on Gross Payroll	% on NI
Food	1,521.01	8.13%	0.78%	1,203.27	6.94%	0.52%
Mandatory social charges	6,595.53	35.26%	3.38%	5,514.69	31.79%	2.38%
Private pension fund	0	0%	0.00%	0	0.00%	0.00%
Healthcare	2,410.41	12.89%	1.23%	2,013.80	11.61%	0.87%
Occupational Health and Safety	0	0%	0.00%	0	0.00%	0.00%
Education	0	0%	0.00%	6.02	0.03%	0.00%
Culture	0	0%	0.00%	0	0.00%	0.00%
Training and Professional Development	570.91	3.05%	0.29%	203.71	1.17%	0.09%
Creches or childcare assistance	25.04	0%	0.01%	15.86	0.09%	0.01%
Profit sharing plans	0	0%	0.00%	0	0.00%	0.00%
Transport	348.19	2%	0.18%	283.99	1.64%	0.12%
Others	26.96	0%	0.01%	32.00	0.18%	0.01%

Total - Internal Social Indicators	11,498.04	61.48%	5.89%	9,273.33	53.46%	4.00%
3 - EXTERNAL SOCIAL INDICATORS	Amount (thousand)	% on Gross Payroll	% on NI	Amount (thousand)	% on Gross Payroll	% on NI
Education	0	0.00%	0.00%	0	0.00%	0.00%
Culture	0	0.00%	0.00%	0	0.00%	0.00%
Health and Sanitation	0	0.00%	0.00%	0	0.00%	0.00%
Sport	0	0.00%	0.00%	0	0.00%	0.00%
Combatting hunger and food security	0	0.00%	0.00%	0	0.00%	0.00%
Others (Rouanet Law Projects)	207.38	0.19%	0.11%	0	0.00%	0.00%
Total contributions to society	207.38	0.19%	0.11%	0	0.00%	0.00%
Taxes (excluding social security)		20.50%	11.31%	59,388.00	37.58%	25.63%
Total - External Social Indicators	22,288.38	20.69%	11.42%	59,388.00	37.58%	25.63%
4 - ENVIRONMENTAL INDICATORS	Amount (thousand)	% on Gross Payroll	% on NI	Amount (thousand)	% on Gross Payroll	% on NI
Investments related to the company's production/operations	3,876	3.60%	1.99%	ND	-	-
Investments in external projects and/or programs	0	0.00%	0.00%	ND	-	-
Total environmental investments						

With regards to setting annual targets to minimize waste, general consumption for production/operations and increasing efficiency of resource use, the company:	() does not have targets () achieves 51 to 75% (X) achieves 0 to 50% () achieves 76 to 100%	(X) does not have targets () achieves 51 to 75% () achieves 0 to 50% () achieves 76 to 100%
5 - INDICATORS FOR THE WORKFORCE	2017	2016
N° of employees at the end of the period	230	228
N° of new hirings in the period	56	38
N° of employees leaving/made redundant in the period	36	32
N° of contracted workers at the end of the period	35	31
N° of interns at the end of the period	2	2
N° of young apprentices at the end of the period	0	0
N° of employees over 41 at the end of the period	53	47
N° of women working in the company at the end of the period	44	41
% of management positions held by women	6%	6%
N° of Afro-Brazilians working at the company at the end of the period	30	30
% of management positions held by Afro-Brazilians	0%	0%
N° of whites working at the company at the end of the period	200	198
N° of people with disabilities or special needs at the end of the period	0	0
6 - QUALIFICATIONS OF THE WORKFORCE	2017	2016
N° of postgraduates (specialists, masters and doctors)	21	19
N° of graduates	64	60
N° of people with incomplete graduation	0	0
N° of people with high school education	102	104
N° of people with incomplete high school education	0	0

N° of people with primary education	43	45
N° of people with incomplete primary school education	0	0
N° of non-literate people	0	0
7 - INFORMATION RELEVANT TO CORPORATE CITIZENSHIP	2017	2016
Ratio between highest and lowest remuneration in the company	30.75	30.75
Total number of accidents at work	2	2
The social and environmental projects developed by the company were defined by:	(X) Senior Man. () Senior Man. and managers () all employees	(X) Senior Man. () Senior Man. and managers () all employees
The safety and healthiness of practices in the workplace were defined by:	(X) Senior Man. () all employees (X) all + Cipa	() Senior Man. and managers () all employees (X) all + Cipa
As regards freedom of association, the right to collective bargaining and the internal representation of workers, the company:	() does not get involved (X) follows the OIT standards () incentivizes and follows the OIT	() does not get involved (X) follows the OIT standards () incentivizes and follows the OIT
The private pension fund covers:	() Senior Man. () Senior Man. and managers () all employees	() Senior Man. () Senior Man. and managers () all employees
The profit sharing plan covers:	() Senior Man. () Senior Man. and managers (X) all employees	() Senior Man. () Senior Man. and managers (X) all employees
In the selection of suppliers, the same ethical and social and environmental responsibility standards adopted by the company:	() are not considered () are suggested (X) are required	() are not considered () are suggested (X) are required
As for employee participation in voluntary work programs, the company:	(x) does not get involved () supports () organizes and encourages	(x) does not get involved () supports () organizes and encourages
Total number of consumer complaints and criticisms:	to the company 0 to Procon 0 to the Courts 0	to the company 0 to Procon 0 to the Courts 0
% of complaints and criticisms answered or resolved:	to the company NA to Procon NA to the Courts NA	to the company NA to Procon NA to the Courts NA
Total added value to be distributed (in thousand BRL):	In 2017: BRL 131,020	In 2016: ND
Distribution of Value Added (DVA):	12% government 33% shareholders 45% employees 10% suppliers	-

8 - OTHER INFORMATION

Information provided includes the parent company Celeo Rede Brasil and the following concessionaires: Caiuá Transmissora de Energia, Cantareira Transmissora de Energia, Coqueiros Transmissora de Energia, Encruzo Novo Transmissora de Energia, Integração Maranhense Transmissora de Energia, Jauru Transmissora de Energia, Linha de Transmissão Corumbá, LT Triângulo, Pedras Transmissora de Energia, Vila Conde Transmissora de Energia, Brilhante Transmissora de Energia and Brilhante II Transmissora de Energia.

External Assurance Letter

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Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders
CELEO Redes Brasil
Rio de Janeiro - RJ

Introduction

We have been engaged by CELEO Redes Brasil ("CELEO" or "Company") to apply limited assurance procedures on the sustainability information disclosed in CELEO's Annual Report, related to the year ended December 31st, 2017.

Responsibilities of CELEO's Management

The Management of CELEO is responsible for adequately preparing and presenting the sustainability information in the 2017 Annual Report in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the 2017 Annual Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the CELEO's 2017 Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of CELEO and other professionals of the Company involved in the preparation of the information disclosed in the 2017 Annual Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the 2017 Annual Report taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the 2017 Annual Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist.

The procedures consisted of:

- Engagement planning: considering the material aspects for CELEO's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the CELEO's 2017 Annual Report. This analysis defined the indicators to be checked in details;
- Understanding and analysis of the disclosed information related to material aspects management approach;
- Analysis of preparation processes of the 2017 Annual Report and its structure and content, based on the Principles for Defining Report Content and Quality of the GRI Sustainability Reporting Standards;
- Evaluation of non financial indicators selected:
 - Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the 2017 Annual Report;
 - Analysis of evidence supporting the disclosed information;
 - Visits to CELEO's offices and sites for application of these procedures, and items (b) and (c);
- Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- Comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the 2017 Annual Report. Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, evaluated the adequacy of the company's policies, practices and sustainability performance, nor future projections and targets.

Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in CELEO's 2017 Annual Report is not fairly stated in all material aspects in accordance with the GRI Sustainability Reporting Standards, as well as its source records and files.

São Paulo, June 11th, 2018

KPMG Assessores Ltda.
 CRC 2SP034262/O-4 F-SP

Eduardo V. Cipullo
Accountant CRC 1SP135597/O-6

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas
Director

Ricardo Algis Zibas

Corporate Information

CELEO REDES

Director and Secretary:

Joaquín Gomez de Olea

Members of the Board of Directors:

Joaquín Gomez de Olea

José Ángel Lostao

Dirk Hovers

Robert Jan Bakker

CELEO REDES BRASIL S/A (GRI 102-3)

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