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SUSTAINABILITY  
REPORT

2018

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## CELEO REDES BRASIL IN NUMBERS

Contribute to the operational efficiency of the Brazilian electricity transmission system with ethics and responsibility.

This is highlighted by Celeo through the results of its indicators.

GOVERNANCE		OPERATIONAL		ENVIRONMENTAL		SOCIAL		ECONOMIC	
0	Confirmed Cases of Corruption	14	No. of Transmission Concessions	0	Incidents with Environmental Impact	248	Employees	R\$ 5.8 billion	Total Investments by Aneel
0	Incidents of Discrimination	6	No. of Concessions of Independent Energy Production	194 hectares	Total Forest Recovery	26,052	Hours of Training	R\$ 3.2 billion	Total Assets (consolidated)
scale 3/5	Maturity Level Compliance Function Monitoring	54 14 of which own	Substations	R\$ 5.126 million	Environmental Investments	18.55	Turnover Rate	R\$ 1.8 billion	Shareholders' Equity (consolidated)
248	No. of Employees undergoing Compliance Training	with 9,775 MVA in transformation		1,532 MWh/year	Electric Power Consumption	0	Fatal Accidents	R\$ 442 million	Net Debt (consolidated company)
		14 states	Presence	12,691	Emissions in metric tons of CO <sub>2</sub> e equivalent (tCO <sub>2</sub> e)	3,13 company employees	Work Accident Frequency Rate*	R\$ 343 million.	Net Operating Revenue (consolidated company)
		99%	Availability TL	2,710 m <sup>3</sup>	Water consumption	148 company employees	Work Accident Severity Rate*	R\$ 241 million	EBITDA (consolidated company)
		3 projects (R\$ 2.07 million)	Investments R&D	Hazardous: 21,031 kg 4,464 lt 1,941 units Non-Hazardous: 5,673 kg	Waste generation	5 projects R\$ 387,000	Social Investments		

\* There was a change in the methodology for calculating the Frequency Rate and the Severity Rate. In 2017 the Spanish Standard was used and in 2018 the NBR 14280

# MESSAGE FROM THE ADMINISTRATION

## GRI 102-14

On behalf of Celeo Redes' Board of Directors, I am pleased to present our Sustainability Report, a document that discloses both the activities carried out and the results obtained by our company in environmental, economic, social and governance matters throughout the 2018 fiscal year.

We are aware of the strategic importance of our assets for the development of the country's production activities, for the daily lives of its citizens, and for the well-being of society at large. In recent years we have promoted honest and transparent dialogues with our stakeholders in order to identify their expectations and incorporate them into our long-term strategic approach. All of this was consolidated into the action plans that include challenging objectives in relation to the quality of our services, safety, and social and environmental impacts. We are proud to inform that these actions are the basis for the sustainable growth that our company has demonstrated in all areas.

I would like to point out that, in the 2018 fiscal year, we obtained external and independent validation of our Systems for Quality Management, Environmental Management and Health and Safety Management, by securing ISO 9001, ISO 14001 and OHSAS 18001 certifications. This is a goal that we set two years ago and that recognizes the commitment of everyone at Celeo Redes.

In addition, last year for the first time, we participated in the prestigious GRESB benchmark platform, which measures the environmental, social and governance performance of various investment platforms worldwide under the sustainability criteria aiming to provide investors with information about the risk profile of their business. I am pleased to inform that we obtained a score of 4 out of 5 possible stars. We are committed to continue participating in this platform, which allows us to identify new areas for improvement, and establish concrete goals that become incentives to drive us forward, always with energy.

All these achievements encourage us to work with passion and professionalism, which has defined us these years. I would like to highlight and thank for the efforts of all the workers in achieving these results that have allowed us to end this year with great satisfaction, convinced that their commitment and enthusiasm encourage us to look to the future with optimism.

This document is the result of the transparency with which we want our company to carry out its activities, sharing our achievements and future challenges. On behalf of the Executive Board, I invite you to learn, in greater detail, the tasks we carried out during this period, which bring us closer to our mission of contributing to economic and technological progress, social well-being and sustainable development through investments in safe, reliable and efficient energy infrastructure.

Sincerely,

D. JOAQUÍN GÓMEZ DE OLEA  
PRESIDENT OF CELEO REDES





**FRANCISCO CHICA**  
EXECUTIVE DIRECTOR  
OF CELEO REDES BRASIL



The year 2018 was a milestone for us at Celeo Redes Brasil. After three years of dedication and commitment from our teams, we saw the results of strengthening our management and our alignment with the commitments of global sustainable development assumed by our shareholders. In short, we prepared and are ready to fully implement our Strategic Planning, which implies strong and sustainable growth for the Company's next fiscal period, coinciding with the resumption of economic growth in Brazil.

There is a set of actions that should be highlighted, but I see the beginning of diversification of our operations in the country as the most relevant, since it points to our future. In April, we won the auction A-4 of the National Electric Energy Agency (Aneel - Agência Nacional de Energia Elétrica) with the photovoltaic power generation project in São João do Piauí. The installed capacity of the park will be 180MW and investments of nearly R\$ 747 million by 2021. This is the first investment made by Celeo Redes Brasil in renewable energy projects. Now we are seeking new opportunities.

In the transmission segment, also in line with Strategic Planning, over the next three years we expect to invest more than R\$ 2 billion. Among the action in the year, we won the bid for Lot 16 of the Aneel Transmission 04/2018 Auction. Celeo will be responsible for building transmission lines and substations to interconnect the states of Amazonas and Pará, which will require investments of approximately R\$ 1.126 billion. And, one month ahead of plan, we started the commercial operation of Cantareira Transmissora de Energia, which interconnects the states of São Paulo and Minas Gerais for the transmission of energy produced by the Belo Monte Power Plant. These and other actions in the area are presented in detail throughout this document.

In this third edition of Celeo Redes Brasil's Annual Sustainability Report, I am especially happy that we can show how the full dedication of all our employees ensured the certification of our Integrated Management System (SIG - *Sistema de Gestão Integrada*) in ISO 9001, ISO 14001 and OHSAS 18001. It was a transformative process for each of our areas and showed the strength of our team work, which facilitates the systematic application of environmental, social and governance policies in the management of our assets.

In the next five years, Celeo Redes Brasil will be consolidated as a benchmark and essential to the Brazilian electricity sector. We will reach this objective through strategic investments, unrestricted compliance with the Integrated Management System (SIG) and with unwavering support of a management guided by the constant assessment of risks and opportunities.

For the end of this message, I kept our adherence to the United Nations Global Compact and the beginning of our participation in GRESB. These initiatives were among the strategic goals for 2018 because they express not only our commitment to the sustainability of our business and the planet, but also our shareholders' strategic vision for the Company. As Executive Director of Celeo Redes Brasil, I am confident that we will give our contribution to the fight against climate change, to the economic and social development of the country and, especially, to the regions where we operate. In this sense, I hereby assume the commitment, for 2019, to align our strategic objectives with these two initiatives.

Thank you for your attention and enjoy your reading.



# ABOUT THE REPORT

## THE REPORTING PROCESS

### GRI 102-48, 102-49, 102-50, 102-51, 102-52, 102-54

The third edition of the Celeo Redes Brasil Sustainability Report adopts the Standard version of GRI, Core option, and was submitted to an independent assurance process. The content of this document was prepared pursuant to the evaluation of the Company's material topics in accordance with the GRI Guidelines and based on the AA1000 Stakeholder Engagement Standard (SES), 2015.

The information contained in this report covers the period from January 1 to December 31, 2018, which includes management data, strategic goals, operating results and social, environmental and economic impacts and performance of the holding company and of 14 Special Purpose Entities (SPEs). During the period covered by this Report, Celeo began operating two transmission projects and acquired new projects in the transmission segments and began the implementation of 6 solar power generation projects, expanding its presence in Brazil from 10 to 14 states.



This document reflects Celeo's maturity in its reporting process, which began in 2016 with the first internal report, prepared according to the guidelines of the *Global Reporting Initiative* (GRI) version G4. This evolution is in line with the Company's strategic commitments, with a view to transparency and open dialogue with its strategic audiences.

This Report also seeks alignment with the issues assessed by the Global Real Estate Sustainability Benchmark (GRESB) – a global platform for assessing the sustainability performance of the infrastructure sector.

To view the Celeo Redes Brasil 2017 Sustainability Report, go to [www.celeoredesbrasil.com.br](http://www.celeoredesbrasil.com.br). To learn more about the GRI Standard for Sustainability Reporting, go to [www.globalreporting.org](http://www.globalreporting.org).



## MATERIALITY PROCESS

### GRI 102-21, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 103-1

The topics addressed in this report were defined through a materiality process, based on the specific standards of GRI G4 and Standard versions, which identified, prioritized and validated the relevant topics, since they reflect the economic, environmental and social impacts of Celeo's operation and/or influence the decisions of its stakeholders in relation to the Company.

In order to identify the relevant topics, internal Celeo documents were analyzed, such as: Celeo Rede Business Plan 2017-2021, ESG Action Plan 2018-2019 / GRESB, Goals Objectives 2018 - CRB, SWOT Matrix and the Company's risk map. The following tools were also used: ReRisk, the study "Sustainability Topics for Sectors: What do stakeholders want to know?" of the Global Reporting Initiative (GRI), the RobecoSAM Sustainability Yearbook 2018 (Energy Sector), Sustainability Accounting Standards Board - SASB, Sustainalytics, and GRESB. As a result of this phase, 19 potentially relevant topics were identified and submitted to a prioritization process, which occurred in two phases.

The first, based on the expectations of our main stakeholders, through online survey and face-to-face interviews. The stakeholders consulted were: Elecnor do Brasil, BNDES,

ONS, Aneel, COPEL, critical suppliers, ABRATE, IBAMA, Rede Brasil Global Compact and Celeo employees.








































The second, through the evaluation of the social, environmental and economic impacts associated with Celeo's activities and operations, as well as in relation to the Company's strategic objectives. Other assessments involved whether impacts occur within or outside the boundaries of Celeo's operations. This process was carried out by the Executive Board and representatives of the Sustainability Committee, environmental and health and safety experts, and the Business Development and Sustainability Department.

Once the materiality process was completed, the governing body validated the prioritization of the topics considering, among other aspects, the voluntary commitments assumed by Celeo, such as the Sustainable Development Goals (SDG) prioritized by the Company.

As a result of the materiality process, the 19 potentially relevant topics identified were prioritized as "very relevant", "relevant" and "not very relevant." We prioritized delving into the topics classified as "very relevant" and "relevant," although we have presented information on performance of topics with "little relevance."

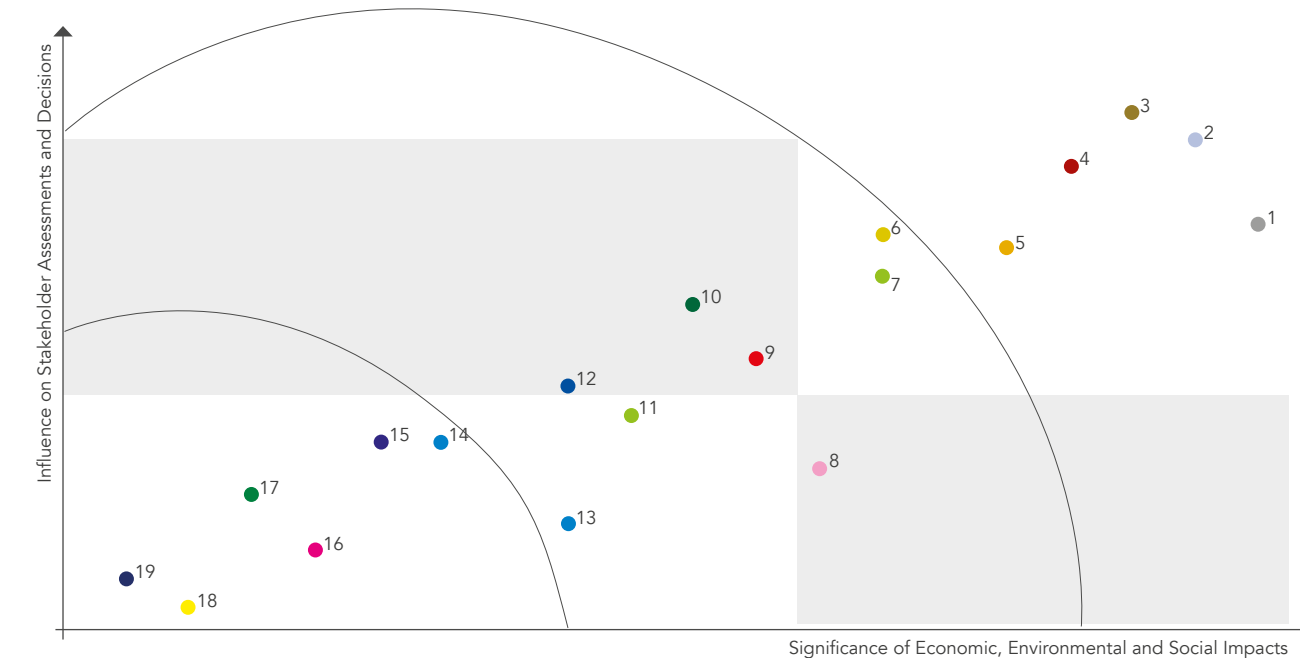


Celeo Redes Brasil Executive Board

LEVEL OF RELEVANCE	MATERIAL TOPICS	LIMITS OF IMPACTS		CONTRIBUTION TO THE SDG
		INTERNAL TO THE ORGANIZATION	EXTERNAL TO THE ORGANIZATION	
VERY RELEVANT	Operational efficiency	X	X	    
	Economic Performance	X		
	Corporate Governance, Ethics and Compliance	X	X	 
	Health and Safety	X		
	Employee Management and Labor Relations	X		
RELEVANT	Customers relations	X	X	  
	Management System (Environment, Health and Safety, and Quality)	X		
	Biodiversity		X	 
	Innovation, Research and Development	X	X	 
	Local and Traditional Communities		X	  
	Planning and Response to Disasters and Emergencies	X	X	  
	Supplier Management		X	 
	Climate Change	X	X	 
NOT VERY RELEVANT	Human Rights	X	X	  
	Indirect Economic Impacts		X	   
	Effluent and Waste Management		X	 
	Energy Consumption	X		
	Air emissions		X	
	Water (consumption and impact on water resources)		X	



## MATERIALITY MATRIX



- |   |  |
|---|--|
| ● 1. Operational Efficiency and Quality of Service                  | ● 11. Planning and Response to Disasters and Emergencies |
| ● 2. Economic Performance   | ● 12. Supplier Management                                |
| ● 3. Corporate Governance, Ethics and Compliance                    | ● 13. Climate Change                                     |
| ● 4. Operational Health and Safety                                  | ● 14. Human Rights                                       |
| ● 5. Employee Management and Labor Relations                        | ● 15. Indirect Economic Impacts                          |
| ● 6. Customer Relations   | ● 16. Effluent and Waste Management                      |
| ● 7. Management System (Environment, Health and Safety and Quality) | ● 17. Power Consumption                                  |
| ● 8. Protection of Biodiversity                                     | ● 18. Air Emissions                                      |
| ● 9. Innovation, Research and Development                           | ● 19. Water  |
| ● 10. Relationship with Local Communities                           |  |

## STAKEHOLDER ENGAGEMENT

### GRI 102-40, 102-42, 102-43

In the reporting period, Celeo defined improving stakeholder relations as a priority identified based on the ESG 2018 Plan. To meet the needs of mapping, management, engagement and monitoring of strategic audiences, the Stakeholder Engagement Program (SEP) was created. The development of the Program was a joint effort between headquarters in Spain and the Sustainability Department in Brazil.

In line with AA1000 Stakeholder Engagement Standard (SES), 2015, the SEP identified and ranked stakeholders into ten engagement levels, considering groups of organizations impacted by the Company's activities and/or impact the Company through their decisions and actions. Approved by the Sustainability Committee in 2018, the implementation of the SEP will be finalized in 2019.

**THE STAKEHOLDER ENGAGEMENT PROGRAM (SEP) WAS CREATED TO MEET THE NEEDS OF MAPPING, ENGAGEMENT AND MONITORING OF STRATEGIC AUDIENCES.**

## GROUPS OF PRIORITY STAKEHOLDERS



Celeo has identified the following expectations for priority stakeholder groups.

**Shareholder and Partners:** Sustainable profitability, operational excellence, corporate reputation, adoption of best practices and ethical, transparent and equitable relationship.

**Customers:** Availability of assets and operational efficiency with quality service.

**Regulatory agencies:** Availability, quality, continuity of energy supply and compliance with current legislation.

**Financial Institutions:** Financial return on financed capital.

**Suppliers and Contractors:** Environment conducive to the execution of services with integrity and safety and trust for commercial relations.

**Employees:** Ethical, respectable, safe and healthy working environment, and career plan.

**Local and traditional communities:** Environmental conservation, social responsibility, safe in the communities surrounding transmission assets and effective communication channels.

**Associations and NGOs:** Proactively act to ensure sustainable business development and compliance with voluntary commitments.



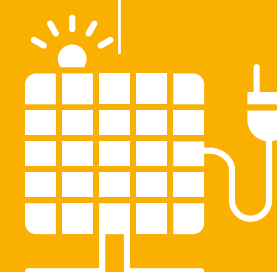
# CELEO REDES BRASIL

## PROFILE

### GRI 102-1, 102-2, 102-3, 102-5, 102-7

The year 2018 was one of growth for Celeo Redes Brasil S.A. In the period, the Company went from 12 Special Purpose Entities (SPEs) to 20 in the electricity sector in Brazil. More than increasing the number of businesses, Celeo also diversified its operations and entered the solar power generation market. Therefore, in addition to the construction, operation and maintenance of transmission assets of the National Interconnected System (SIN - *Sistema Interligado Nacional*), the Company started the construction work of the six solar power generation units of the São João do Piauí Park, in the state of Piauí.

The Company's headquarters is located in Rio de Janeiro and its three maintenance bases are in Uberlândia, state of Minas Gerais; in Campo Grande, state of Mato Grosso do Sul; and in Vila do Conde, state of Pará. In all, Celeo is present in 14 Brazilian states. Celeo's corporate reach has the participation of partners in some of its projects with the companies Cobra, Isolux and Copel.



We went from 12 to 14 SPEs and entered the solar power generation market.



## SHAREHOLDERS

Celeo's shareholding structure consists of two partners: Spain's Elecnor, which owns 51% of the shares, and the Dutch pension fund APG GROUP, which owns 49% of the company.

Elecnor is one of the leading global companies in the development, construction and operation of projects through two large businesses (infrastructure and concessions), which complement and enrich each other. With nearly 60 years of continuous growth and present in more than 50 countries, with more than 13,000 employees, 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 strategic pillars throughout its history, allowing the company to operate in different sectors, including electricity, gas, industrial facilities, railways, telecommunications, water, control systems, construction, environment, maintenance of facilities and even aerospace engineering.

Its strong international nature has led to a continuous expansion process, which opened the doors of new markets throughout the world, namely Central America, South America, Africa and the Middle East. Undoubtedly, a Group whose technical and financial solvency allows for the promotion, development and construction of all types of infrastructure in five continents.

APG is the largest pension administrator in the Netherlands and its approximately 3,000 employees work with management consulting, asset management, pension administration, pension communication and employer services. APG develops these activities for the benefit of pension funds and employers in the education, government, construction, sanitation, housing, energy and utilities sectors, protected jobs, medical experts, and architecture firms.

For pension funds and other funds in these industries, APG manages approximately 475 billion Euros in pension assets. Currently, it works for approximately 40,000 employers and manages the pensions of one in five families in the Netherlands, with approximately 4.5 million participants. To this end, it has offices in Heerlen, Amsterdam, Brussels, New York and Hong Kong.

APG works to provide a better world to future generations, and, in order to do so, the company advises its customer to invest responsibly. For APG, sustainability means that the needs of future generations also play a significant role in business decisions.

Celeo's Shareholding Structure

**51%**  
Elecnor

**49%**  
APG GROUP



Substation - BQC Barra dos Coqueiros

## PRESENCE IN CHILE

For our readers to have full knowledge of the operations of Celeo Redes SL in South America, we present Celeo Redes Chile, which had on average 63 professionals hired to work in its three energy transmission projects in operation in 2018, located in the regions of Atacama, Metropolitana and Bio Bio. Currently, Celeo Redes Chile operates a total of 506 km of transmission lines.

In the year, Celeo Redes Chile initiated two new projects: Itahue-Hualqui line, a 220-kV line, 387 km and five substations, and the line "Nueva Alto Melipilla-Água Santa," double-circuit transmission line with 110 kv and 220 kv, 111-km extension and two substations. The operations of these two projects are scheduled to start in 2023.

Atacama Region  
Metropolitan Region  
Bio Bio Region



Celeo Redes Chile Team

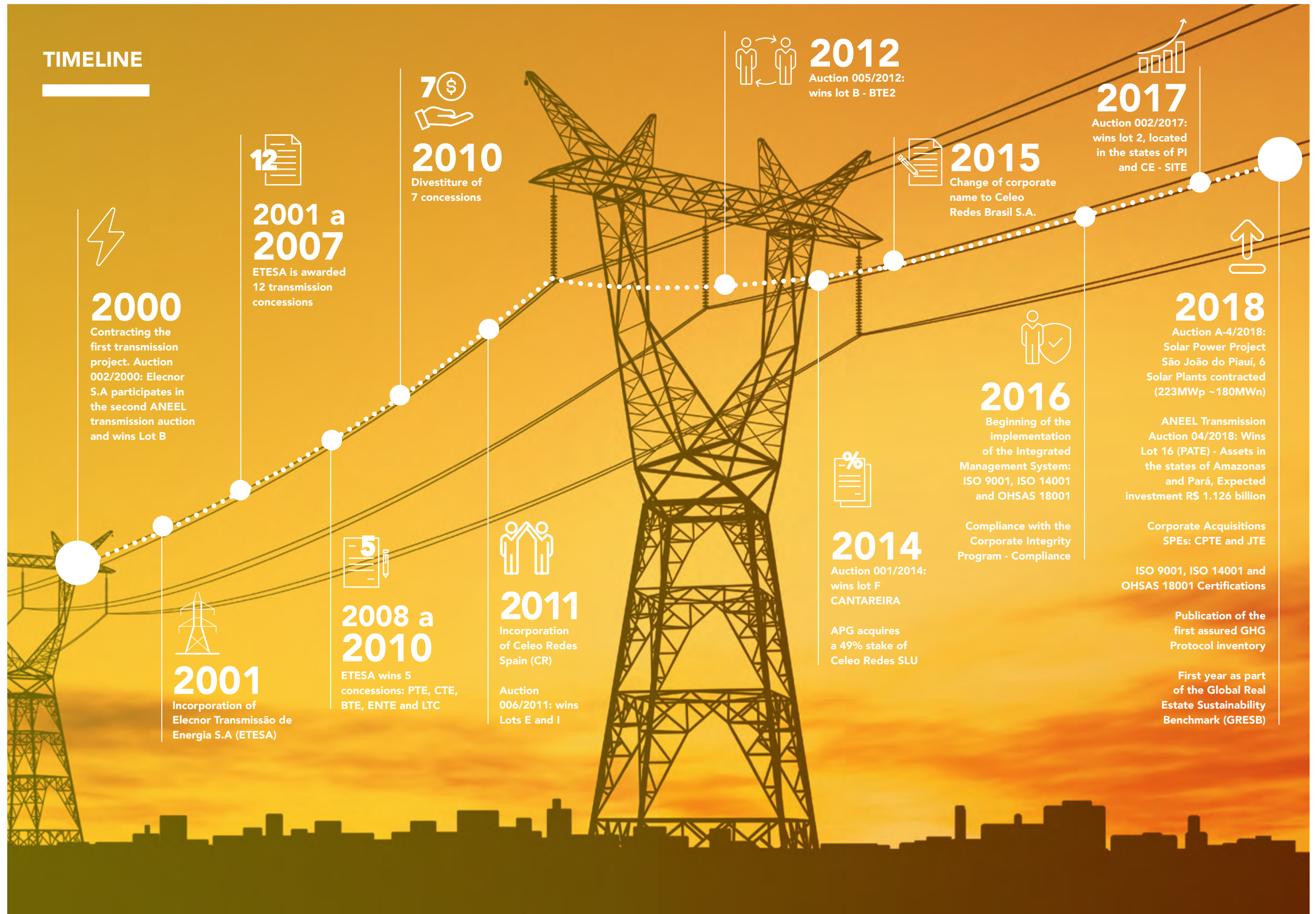
## HISTORY

The Elecnor Group began operations in Brazil in the year 2000, participating in and winning Lot B of the Aneel Transmission Auction. The following year, the Company was renamed Elecnor Transmissão de Energia S.A - ETESA and, in 2015, it was consolidated in the Brazilian electricity sector as Celeo Redes Brasil S.A.

In recent years, the Company has invested in improving its management and business growth in the country. In 2018, as shown on the following Timeline, the company obtained certification of the Integrated Management System (SIG) and started to diversify its business in Brazil, beginning its operations in the solar power generation segment with the São João do Piauí Park, which is under construction. Learn about Celeo's history at: [www.celeoredesbrasil.com.br](http://www.celeoredesbrasil.com.br).



## TIMELINE



MAP OF OPERATIONS

GRI 102-2, 102-4, 102-6, 102-7, EU4

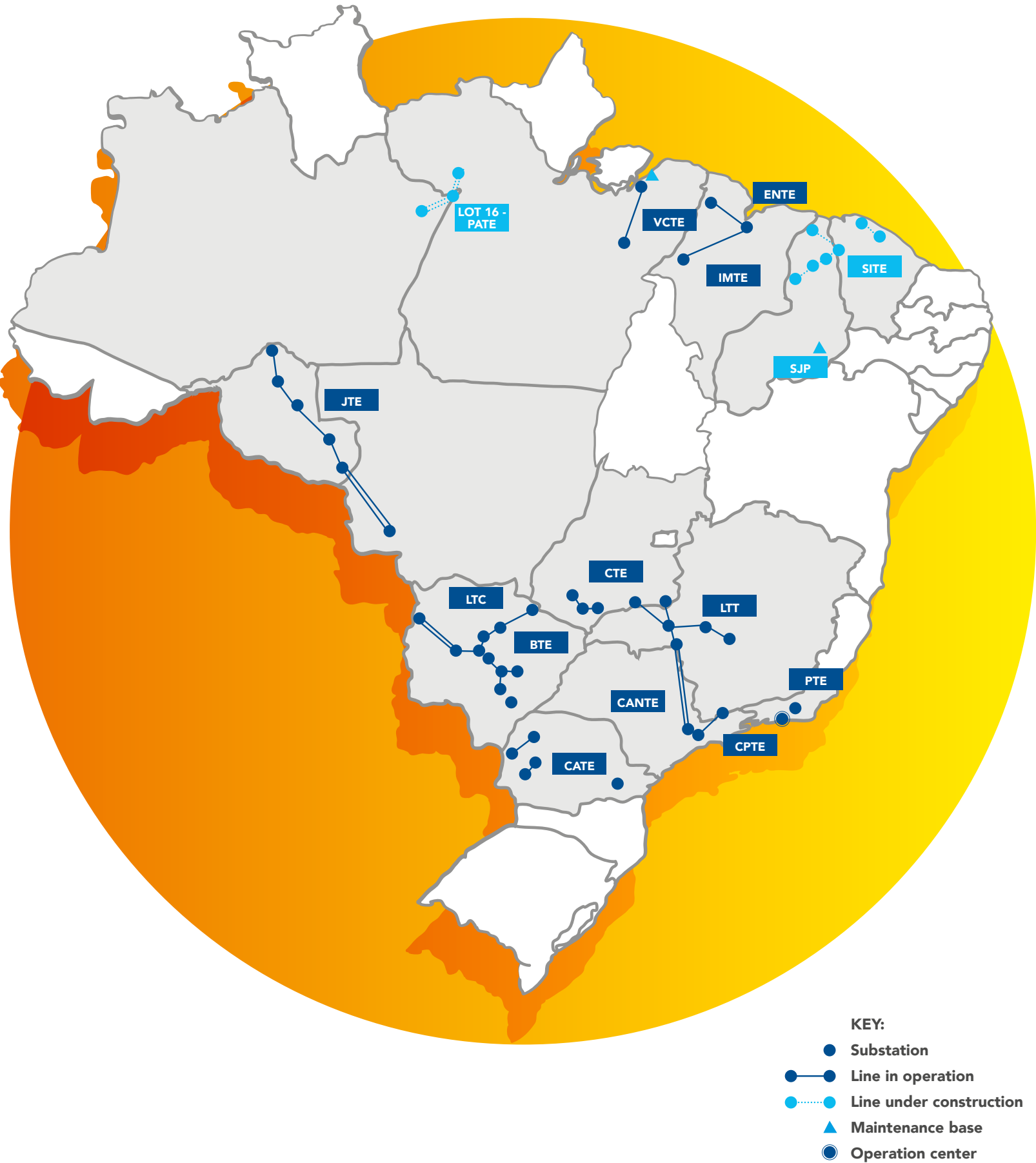
Celeo Redes Brasil has 4,740 km of transmission lines (TL) and 54 substations (SS) in 14 Brazilian states. The map of operations shows the Company's 14 SPEs, adding, in relation to 2017, Cachoeira Paulista (CPTE) and Serra de Ibiapaba (SITE). We also show the 6 plants of the São João do Piauí solar park, located in the State of Piauí.

It should be noted that, in December, the Company won the ANEEL Transmission Auction 04/2018, Lot 16 (PATE), for the construction of the transmission line that interconnects the states of Amazonas and Pará.

CONCESSION	TL (KM)	SS	TRANSFORMATION (MVA)	INITIAL OPERATION	SHARE
CPTE	181	2	-	nov/04	100%
VCTE	324	2	-	may/06	100%
LTT	695	6 (1)	1,800	nov/08	100%
CTE	65	3 (2)	675	jan/10	100%
PTE	-	(1)	1,200	dec/10 - aug/18	100%
ENTE	220	2 (1)	200	jul/12 - sep/15	100%
LTC	279	2 (1)	200	sep/13	100%
SITE	366	7	4,200	mar/23	100%
LOT 16 - PATE	240	3 (2)	300	mar/24	100%
JTE	940	6	-	oct/09 - dec/12 jan/13 - feb/13	67%
IMTE	365	2	-	dec/14	51%
CAIUÁ	142	5 (2)	700	may - jun/14	51%
CANTE	342	2	-	feb/18	51%
BTE	581	10 (4)	300	nov/10 - jan/11 aug/12	50%
BTE II	-	1	200	aug/14	50%
TOTAL	4,740	54 (14)	9,775	-	-

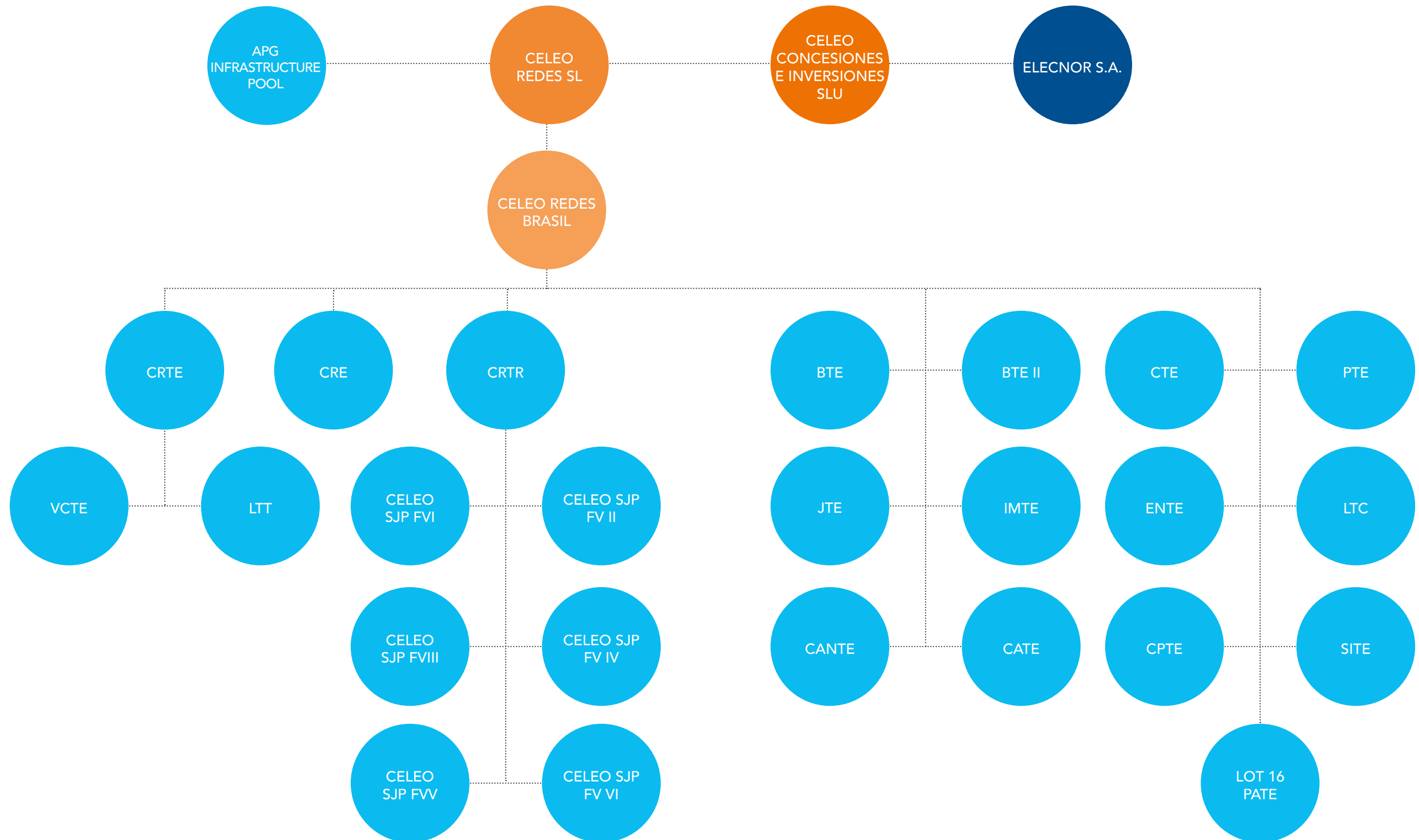
CONCESSION	CAPACITY		INITIAL OPERATION	SHARE
	(MWn)	(MWp)		
SJP	179.86	223	jan/22	100%

\*( ) number of own SS





## CORPORATE ORGANIZATION FLOW



Subestação - USIM Itumbiara

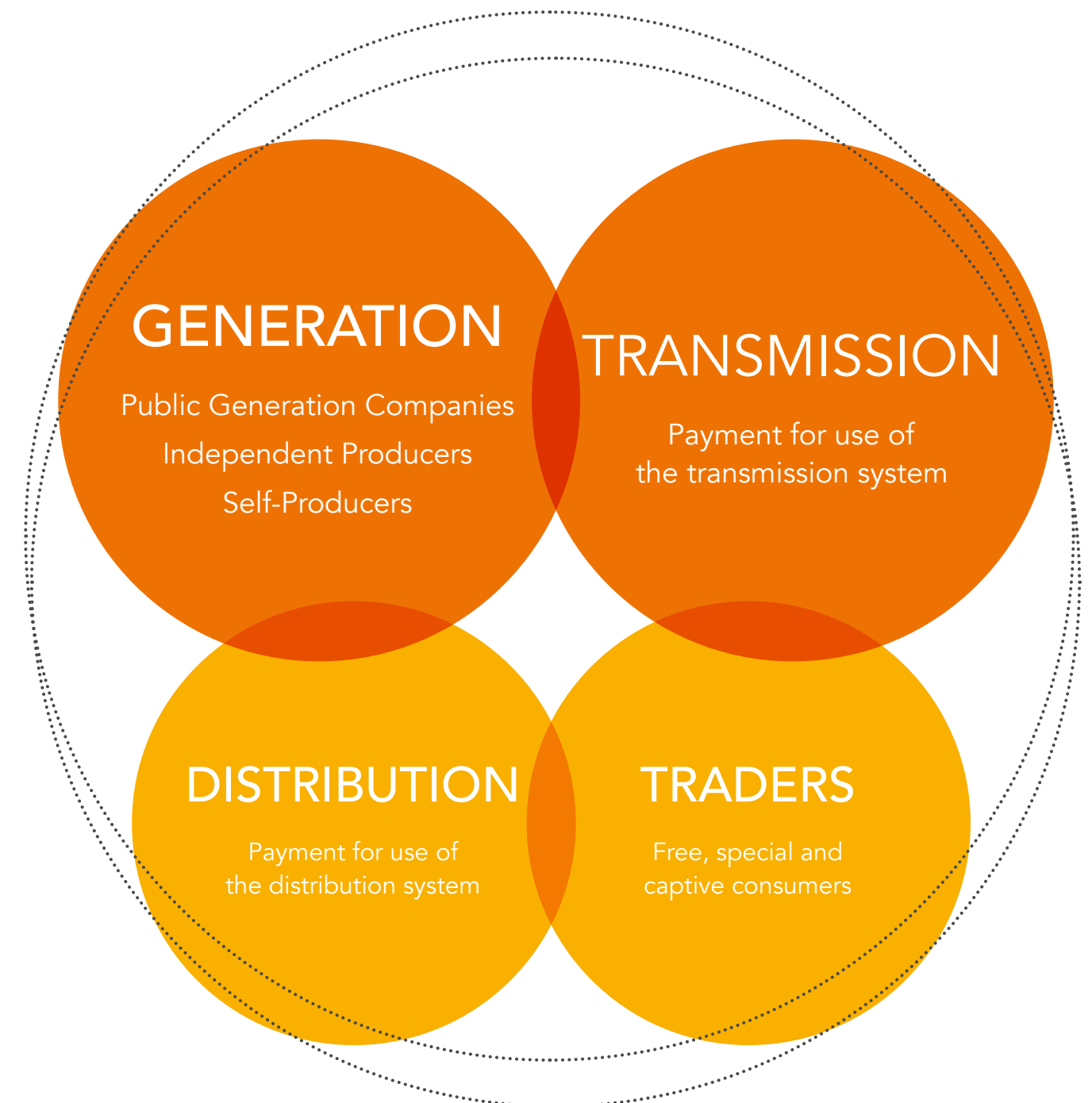


## PROFILE OF THE BRAZILIAN ELECTRICITY SECTOR

The Brazilian electricity sector is composed of generation companies, transmission companies, distribution companies and energy traders. Thus, the energy produced by the generation companies is delivered to consumer centers by the transmission companies and to the end consumers by the distribution companies. Traders are companies authorized to buy and sell energy to free consumers, a group usually formed by companies that have high energy demand.

In Brazil, the power grid allows for the exchange of energy produced in all regions, except in standalone systems, located mainly in the Northern region. The flow of energy is organized by the National Interconnected System (SIN), a large transmission grid extending for more than 100,000 kilometers.

The Ministry of Mines and Energy (MME) is responsible for setting the policies for the sector, which is regulated and supervised by the National Electric Energy Agency (ANEEL - Agência Nacional de Energia Elétrica). The National System Operator (ONS - Operador Nacional do Sistema) coordinates and controls the operation of generation and transmission assets.





## CORPORATE PRINCIPLES

GRI 102-16

### MISSION

Contribute to economic and technological progress, social well-being and sustainable development through investments in safe, reliable and efficient energy infrastructures.

### VISION

Become a benchmark company in the energy infrastructure market, committed to excellence, with a solid environmental, social and governance culture that engages all stakeholders in creating value for the company.

### VALUES

#### 01

VALUE LIFE AND THE SURROUNDINGS

#### 02

FOCUS ON CUSTOMERS AND STAKEHOLDERS

#### 03

HONESTY, RESPECT AND TRANSPARENCY

#### 04

COMMITMENT, EFFORT AND DETERMINATION

HEALTH AND SAFETY is an essential value. We prioritize safety above any other request in our activities, performing the tasks only in safe conditions. We care for the SOCIAL and ENVIRONMENTAL context required to live a full life.

We are committed to the satisfaction of our CUSTOMER and STAKEHOLDERS, anticipating their needs and exceeding their expectations. Our focus is to provide excellent service every day.

We uphold HONESTY, RESPECT and TRANSPARENCY at all levels of the company to build ethical and lasting relationships. We believe in COMMITMENT, EFFORT and DETERMINATION to achieve our goals.





# STRATEGIC MANAGEMENT

## SUSTAINABILITY STRATEGY

Celeo is a company committed to values and actions for global sustainable development. It complies with the guidelines established by its shareholders Elecnor and APG Group, which seek to apply in all its subsidiaries best practices in management and operation of the electricity sector. Among the guidelines adopted in 2018 are adherence to the United Nations Global Compact, the Global Real Estate Sustainability Benchmark (GRESB) (see [www.gresb.com](http://www.gresb.com)), the publication of the greenhouse gas inventory, according to the GHG Protocol, and the publication of the second Annual Sustainability Report.

In 2016, when the company completed 15 years of operation in the country, Celeo began to review its management practices. The goal is to become increasingly more efficient and sustainable. Two years later, 2018 was a challenging year for the company, which fulfilled the strategic goal of obtaining certification of the Integrated Management System (SIG) according to ISO 9001, ISO 14001 and OHSAS 18001 standards. The process was completed in September. The external auditors did not find nonconformities and highlighted the strengths of the System. Among the highlights of the audit is the Uberlândia maintenance base, where 70% of the energy comes from solar sources. This base has a solar seal and the development of the *LIDAR* system, a project that streamlines inspections, monitors plant growth from one year to the next, facilitates the clearing of suppressed vegetation and inspections of transmission lines through drones.



**In 2018, the company joined the UN Global Compact and GRESB and published its second Greenhouse Gas Inventory.**





Certification Audit at SS Itaguaçu

In total, eight units (the headquarters in Rio de Janeiro, the maintenance base in Uberlândia and six substations) were certified in the SIG, with the involvement of employees with different roles and profiles. This achievement demonstrates how the process, which started two years ago, has been able to engage all levels of the Company in the constant pursuit of customer satisfaction, continuous improvement of its processes and consequent increase in the quality of its services and fulfillment of its socio-economic and environmental commitments. See box below.

8

**CERTIFIED UNITS  
IN INTEGRATED  
MANAGEMENT  
SYSTEM (SIG)**



## BUILDING A NEW ORGANIZATIONAL CULTURE

Throughout this 2018 Sustainability Report, readers will realize the importance of the ISO 9001, ISO 14001 and OHSAS 18001 certification processes in transforming the Company's organizational culture. All areas report the positive impacts generated by the revision of processes, standardization of procedures and the importance of having their roles clearly defined and recognized.

The actions were led by the Quality area with the support of the other areas. In total, 25 focal points were defined, which enabled employees to understand the importance of participation of each and everyone, and to realize that the ultimate objective is to

promote a continuous improvement in the operational efficiency of their working conditions and environmental performance. In the end, these areas were aligned with the Company's strategy and the understanding of the Integrated Management System (SIG) as a relevant factor for the sustainability of the business.

The Company's goal is to certify all of its units by 2020. To this end, in the next two years, there will be an expansion of the scope that includes certification of the administration of the SITE and FV São João do Piauí construction projects, and 36 additional transmission units.

## CELEO REDES BRASIL POLICIES

### SIG POLICY

The Integrated Management System (SIG) Policy establishes the Company's guidelines for the constant improvement of its services and working conditions. In 2018, all Celeo employees received the SIG Policy in an engagement action that reaffirmed the commitment of the Company's Senior Management to the document. See Celeo Rede Brasil's SIG Policy at: [www.celeoredesbrasil.com.br](http://www.celeoredesbrasil.com.br)





## SUSTAINABILITY POLICY

Pursuant with its objective of aligning its management to the 10 Principles of the Global Compact, the SDG and GRESB, which guides its Strategic Planning, Celeo has developed its Sustainability Policy. The document was prepared based on five management pillars: Quality, Occupational Health and Safety, Environment, Social Management and Governance. Each of these pillars has specific guidelines and parameters

for constant improvements to be considered in adapting the new Policy to the Celeo routine. The guidelines have been defined to ensure the economic, social and environmental balance that will allow the Company to grow in the long term.

See Celeo Redes Brasil's Sustainability Policy at: [www.celeoredesbrasil.com.br](http://www.celeoredesbrasil.com.br)



## STRATEGIC GOALS

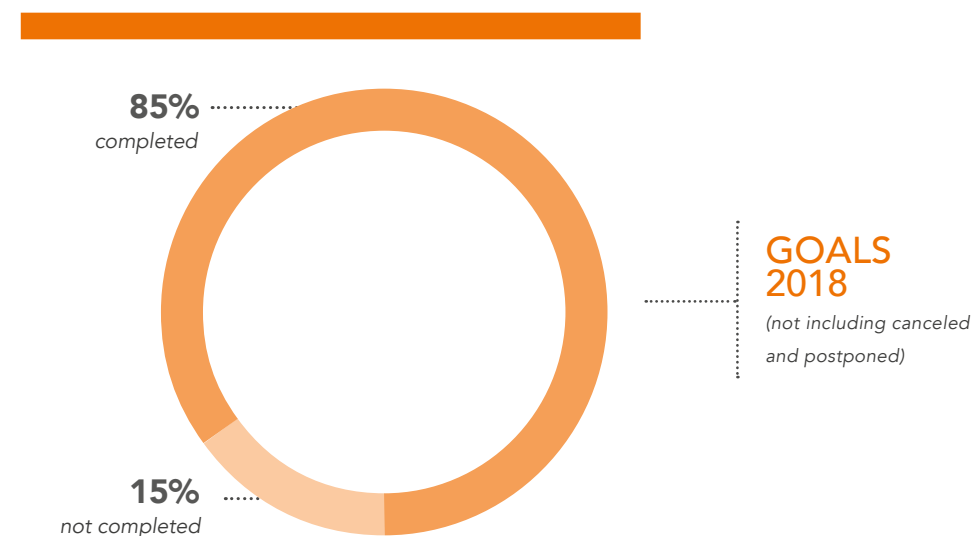
Celeo Redes Brasil's business management is guided by its strategic planning where goals and objectives are defined annually for each area of the Company. The strategic goals are defined based on shareholder guidelines, Company's context and places of operation. Also within this scope, Celeo has general sustainability goals, which govern the areas of environment, social and governance. (ESG).

In 2018, 85% of the goals set out were fulfilled and 15%, not including those goals canceled or postponed, are in ongoing.

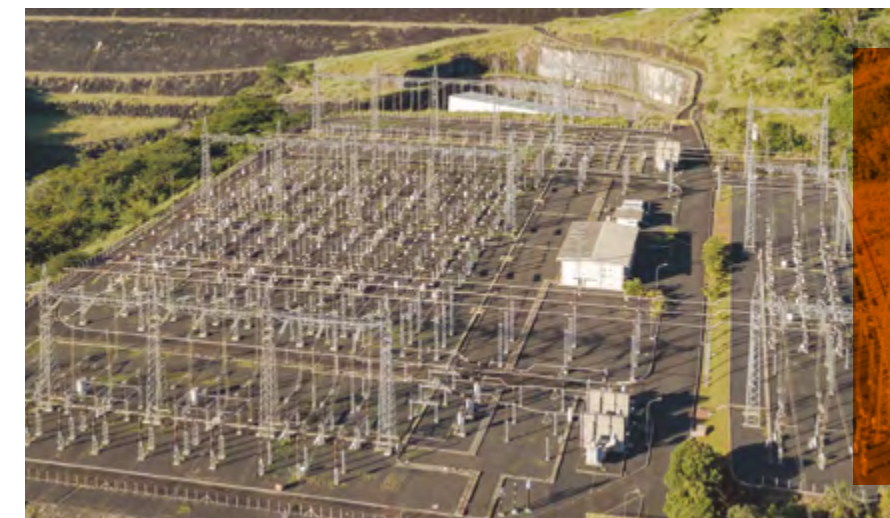
In recognition of the outstanding work of the teams, the Company awarded, through variable compensation, all employees at all levels for the achievement of the ESG goals for 2018. New ESG goals have been established for the coming years.

Among the goals achieved are certification of the Integrated Management System (SIG) for ISO 9001, ISO 14001 and OHSAS 18001 standards, strengthening of compliance practices, adhesion to the GRESB platform and issuance of the second greenhouse gas inventory. The actions that made it possible to achieve these objectives are presented throughout this document.

The purpose of the strategic goals set for 2019 is to maintain the Company's growth process, which should be a benchmark for the Brazilian electricity sector due to its excellent management and service delivery. Thus, Celeo will continue the SIG certification process, diversify its business in the country, implement the goals in line with the SDG, start the operations of the São João do Piauí Park and reduce carbon footprint by 1% on manageable emissions.



Substation - Nova Ponte



**FIRST YEAR PARTICIPATING IN GRESB, OBTAINED 4 OF THE 5 RATING STARS, RANKING 2ND AMONG TRANSMISSION INFRASTRUCTURE ASSETS.**





Executive Director of Celeo Redes Brasil Francisco Chica and Executive Secretary of the Rede Brasil Global Compact Carlo Pereira

## VOLUNTARY COMMITMENTS

### GRI 102-12

In 2018, Celeo joined the United Nations Global Compact and GRESB, two initiatives aimed at keeping the Company in line with the highest levels of demand and commitment to actions that promote global sustainable development and fight against climate change. In addition, the Company published its second Greenhouse Gas Inventory.

### UNITED NATIONS GLOBAL COMPACT



Committed to meeting the 2030 Agenda, the Company defined five Priority Sustainable Development Goals (SDG) to conduct its business. Prioritization of the SDG was based on the nature of Celeo's business, on the areas of impacts on the value chain, on shareholder guidelines and on a benchmarking action with companies in the electricity sector. As of 2019, Celeo will set goals to align its management to these five SDG:

## SUSTAINABLE DEVELOPMENT GOALS

<b>7</b> AFFORDABLE AND CLEAN ENERGY	Affordable and clean energy Ensure access to reliable, sustainable, modern and affordable energy for all
<b>8</b> DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, productive employment and decent work for all.
<b>13</b> CLIMATE ACTION	Take urgent action to combat climate change and its impacts
<b>15</b> LIFE ON LAND	Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt loss.
<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.

## GRESB

Created in the Netherlands, GRESB is a benchmark platform with environmental, social and governance indicators (ESG) that supports 75 institutional investors, which represent an institutional capital of US\$ 18 trillion, for the evaluation of real assets. In a joint and collaborative effort with participating companies, GRESB establishes, through a set of reported data, a global standard for sustainability performance in real assets. In its first year participating in the platform, Celeo was considered a benchmark company, having won four of the five rating stars and a score of 67 of possible 100 points, ranking second among transmission infrastructure assets .



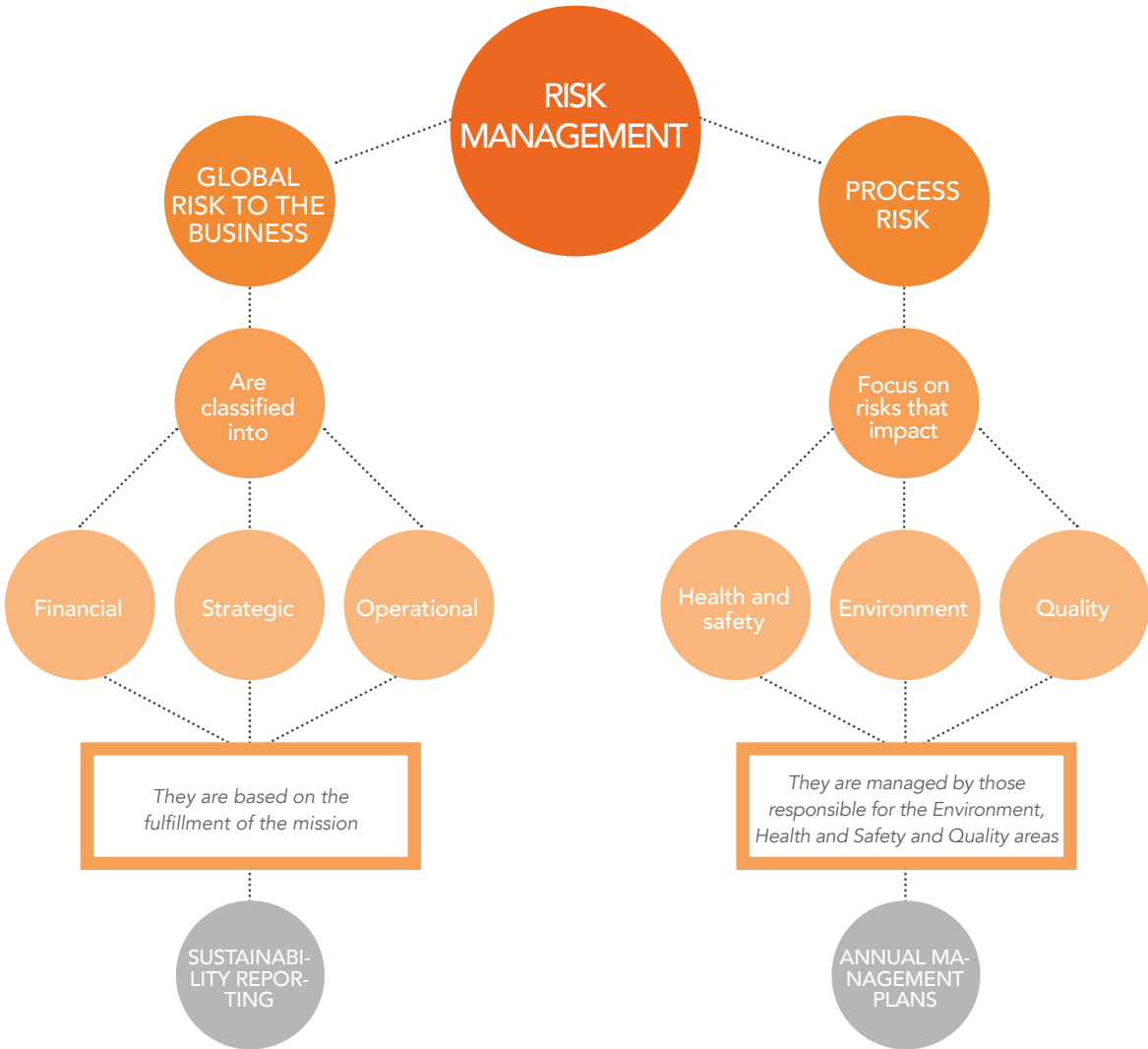
It should be noted that GRESB encourages its participants to drive internal changes, positively impacting organizational culture and internal processes. At Celeo, the transformations resulting from GRESB contributed to the development of its Sustainability Policy and its Stakeholder Engagement Program (SEP).

For more information, go to: [www.gresb.com](http://www.gresb.com).

## RISKS AND OPPORTUNITIES

### GRI 102-15, 102-30, 102-31, 205-1

Risk management at Celeo takes into account two assessment and performance levels. The first of these levels is associated with management of Global Risks to the Business, while the second is related to Process Risks.







Substation - Itumbiara

In addition to risk management, as of 2018 Celeo included an analysis of opportunities in this management process. This joint management is one of the Company's priorities to enhance, prevent, reduce and control its activities. The methodology used to manage the Company's risks and opportunities is based on the ISO 31000 standard (Risk Management - Principles and Guidelines) and ISO 9001 (Quality Management System), and is done in three steps:

- 1. Understanding the context of the organization:** SWOT (Strengths, Weaknesses, Opportunities and Threats).
- 2. Critical review conducted by members of the Sustainability Committee:** Executive reports (Governance, PIC, SIG and O&M), Management Report and Annual Budget.
- 3. Establishment of actions to address risks or opportunities:** Regular monitoring of annual goals (Governance, Operational, Environmental, Social and Economic).

RANKING

The most significant risks and opportunities are classified, analyzed and treated through structuring actions regarding the likelihood of occurrence and the possible impact, considering financial, strategic and operational criteria.

Financial	<p>These are associated with fluctuations in the financial market and the impacts they may have on the immediate result(s) or future growth of the company.</p> <ul style="list-style-type: none"><li>• Credit, liquidity, interest rate, variation in the IPCA and exchange rates.</li></ul>
Strategic	<p>These relate to changes in the electricity sector, the environment in which the company operates, regulatory changes or strategic agreements with stakeholders.</p> <ul style="list-style-type: none"><li>• Regulatory changes, compliance (corruption, fraud) and contractual disputes.</li></ul>
Operational	<p>All those related to the provision of services and compliance with obligations with stakeholders, health and safety and the environment.</p> <ul style="list-style-type: none"><li>• Unavailability of assets, conflicts with populations affected by projects, non-compliance with the procedures of the organization, compliance with licensing conditions, occupational accidents or occupational diseases (employees or contractors).</li></ul>



EVALUATION OF RISKS AND OPPORTUNITIES IS ONE OF THE PRIORITIES FOR CELEO'S ADMINISTRATION

RISKS AND OPPORTUNITIES ARISING FROM CLIMATE CHANGE

GRI 201-2

Celeo, like other companies in the global power sector, considers the possible impacts generated by climate change as relevant factors for the sustainability of its transmission and power generation business. In order to prepare its map of risks and opportunities resulting from climate change, the Company uses data on its operational performance, data on the performance of the sector as a whole, and national and international studies.

Among the data considered by Celeo are the fact that Brazil is the country with the highest number of recorded storms in the world, 500,000 a year, 5,000 of which are considered severe, and researchers at the University of California predict that, by the end of the century, lightning strikes will be 50% greater than today.

According to Grupo de Eletricidade Atmosférica (ELAT) of the National Institute of Space Research (INPE), lightning is responsible for nearly 70% of interruptions in transmission and 40% in the distribution in the country. In addition, about 40% of transformers are burned by lightning.

Data from the Brazilian Association of Electric Power Distributors (Abradee) and the Brazilian Association of Electric Power Transmission Companies (Abrate) show that 99% of the country's distribution networks and transmission lines are overhead and therefore exposed to climate events. Thus, in Brazil, losses caused to the electricity sector due to severe storms already exceed R\$ 100 million per year, and should exceed R\$ 200 million per year in 2030, according to ELAT/INPE.

Process risk management involves the identification and assessment of risks associated with any of the Company's processes or activities, which could have an impact on the health and safety of workers, on the quality of the service and/or on the environment.

Throughout 2018, different risk assessments were reviewed at different levels:

- a) Survey of Environmental Aspects and Impacts (LAIA - *Levantamento de Aspectos e Impactos Ambientais*) and Hazard and Risk Matrix, in both cases the purpose of the revisions was adjustment to the applicable legislations.
- b) Control of Occurrences and Defects, Internal or External Audit Results, O&M Monthly Reporting Forced Shutdown Reports (RDF - *Relatórios de Desligamentos Forçados*) and Monthly Report: in all cases, the defined strategy is to ensure operational efficiency with maximum availability of assets.
- c) Cybersecurity: Celeo joined the task force of ABRATE (Brazilian Association of Electric Power Transmission Companies) participating with other companies in the electricity sector to discuss proposals to unify the protection procedures in the Brazilian electricity sector against cyber attacks.



	ENERGY TRANSMISSION		POWER GENERATION
RISKS			
(Physical, Regulatory or Other)	<ul style="list-style-type: none"><li>Unavailability of transmission assets due to lightning.<ul style="list-style-type: none"><li>JTE (TL 230kV Vilhena - Jauru C1 and C2)</li><li>BTE (230 kV Chapadão - Campo Grande II)</li></ul></li></ul>		<ul style="list-style-type: none"><li>Reduced efficiency of solar plants due to temperature increase. According to EPE, it is estimated that efficiency can vary between 0.1 and 0.6% for each 1°C increase in operating temperature.</li></ul>
Impacts associated with risks	<ul style="list-style-type: none"><li>Interruption in power supply</li></ul>		<ul style="list-style-type: none"><li>Reduced energy production at power plants</li></ul>
Financial Implications	<ul style="list-style-type: none"><li>Reduced revenue due VP (Variable Portion)</li><li>Inspections and fines</li><li>Profitability of assets</li></ul>		<ul style="list-style-type: none"><li>Reduced cash flow</li><li>Review of the firm energy of the projects</li><li>Profitability of assets</li></ul>
Risk management method	<ul style="list-style-type: none"><li>Continuous training of O&amp;M teams</li><li>Monitoring of forced shutdowns</li><li>Automation of maintenance management</li><li>ERP - Emergency Response Plan</li></ul>		<ul style="list-style-type: none"><li>Regular review of the firm energy of the projects</li><li>Use of more efficient modules</li><li>Site selection (trade-off: connection, terrain, licensing versus lower temperatures)</li></ul>
Costs of measures	<ul style="list-style-type: none"><li>Annual O&amp;M and Sustainability budget</li><li>Until 2018: R\$ 1.2 million</li><li>Projected until 2021: R\$ 2.7 million</li></ul>		
Action plan (schedule)	<ul style="list-style-type: none"><li>See Specific Plan - Improvement Actions - Performance against Lightning</li></ul>		
OPPORTUNITIES			
(physical, regulatory or other)	<ul style="list-style-type: none"><li>Investment in new technologies or solutions to monitor climate in concession areas</li></ul>		<ul style="list-style-type: none"><li>Increase share of renewable energy in the Brazilian electricity matrix (Paris Agreement)</li></ul>
Impacts associated with opportunities	<ul style="list-style-type: none"><li>Preventive action in relation to rainfall and possible damage to transmission lines caused by: lightning, windstorms, severe storms, temperature increase, landslides.</li><li>Reduced forced shutdowns</li><li>Improved response time for contingency or emergency situations.</li></ul>		<ul style="list-style-type: none"><li>Diversification of business for Celeo</li><li>Business platform, with projects focused on sustainability</li><li>Generation of employment/income for residents of the municipality and surrounding areas</li><li>Boosting local economy</li><li>Reduction in greenhouse gas emissions</li><li>Preservation of biodiversity and reforestation</li></ul>
Financial Implications (revenues or expenses)	<ul style="list-style-type: none"><li>Reduced VP (Variable Portion)</li><li>Need of new resources (CAPEX)</li></ul>		<ul style="list-style-type: none"><li>Attracting new foreign investments</li><li>New Revenues from PPAs</li><li>Possibility of issuing IREC and/or Green Bonds</li></ul>
Opportunity management method	<ul style="list-style-type: none"><li>Industry Benchmarking</li><li>Partnership with INPE</li><li>PMI (asset improvement plan)</li></ul>		<ul style="list-style-type: none"><li>Promotion of New Projects (DNA Celeo)</li><li>M&amp;A Third Party Projects</li><li>Participation in Auctions and/or Free Contracting Environment (ACL) Contracts</li></ul>
Costs of measures	<ul style="list-style-type: none"><li>Pending -&gt; Launch of the WG (2<sup>nd</sup> half 2019-2020)</li></ul>		
Action plan (schedule)	<ul style="list-style-type: none"><li>Pending -&gt; Launch of the WG (2<sup>nd</sup> half 2019-2020)</li></ul>		



Substation - USIM Itumbiara

## ENGAGEMENT IN THE BRAZILIAN ELECTRICITY SECTOR

### GRI 102-13

Celeo actively participates in trade associations of the Brazilian electricity sector to contribute to the development of joint actions that drive growth of the sector through technological, management and regulatory innovations. The Company's participates by attending events, meetings, working groups and proposing actions. In addition, the Company's Executive Director is a member of the Board of the National System Operator (ONS).

- ABDIB - Associação Brasileira da Infraestrutura e Indústrias de Base (Brazilian Association of Infrastructure and Heavy Industries)

- ABRATE - Associação Brasileira das Empresas de Transmissão de Energia Elétrica (Brazilian Association of Electric Power Transmission Companies)

- ABSOLAR - Associação Brasileira de Energia Solar Fotovoltaica (Brazilian Association of Photovoltaic Solar Energy)

- ABRAPCH - Associação Brasileira de Pequenas Centrais Hidrelétrica (Brazilian Association of Small Hydroelectric Plants)

- Official Spanish Chamber of Commerce in Brazil

- Instituto Compliance Rio



# GOVERNANCE

GRI 102-18, 102-19, 102-20, 102-22, 102-23, 102-24,

102-26, 102-28

Celeo Redes Brasil's corporate governance structure is linked to Celeo Redes SL, in Spain. The Company's Board of Directors is comprised of four directors, two from each shareholder, Elecnor and APG GROUP. Celeo is a closed corporation and, as such, is not required to compose a Board of Directors in the country, but, in line with Best Corporate Governance practices, this body is maintained in the headquarters in Spain.

The Board of Directors has the permanent support of the management team, which provides advice and support to the Board of Directors in relation to the overall strategy of the Company and its subsidiaries, and is responsible for implementing the decisions of the Board of Directors and for the operation of the company and its subsidiaries. The management team is composed of the Executive Director in Chile and Executive Director in Brasil, and three professionals with extensive experience in the areas of Business Development, Finance and Operations. Among the main roles of this team is the development of environmental, social, governance and compliance policies that apply to the company and its subsidiaries, preparation of objectives and annual accounts, coordinating the external audit activities and the formulation of accounts. To this end, they prepare regular reports for the Board of Directors and maintain direct contact with the other governmental agencies, Sustainability Committees, Compliance Committees and with the Executive Board.

The highest governance body in Brazil is the Executive Board, divided between the General, Operations and Executive Departments. The members of the Executive Board report directly to shareholders. The responsibilities and powers of the members of this body are set out in the Bylaws, which provides for a three-year term, with possibility of re-election.

The governance structure is completed with the Sustainability Committee and the Compliance Committee, which act independently in the execution of their roles.

Celeo's decision-making process considers economic, social and environmental opportunities, impacts and risks and aims to implement best market practices in the Company's operations.

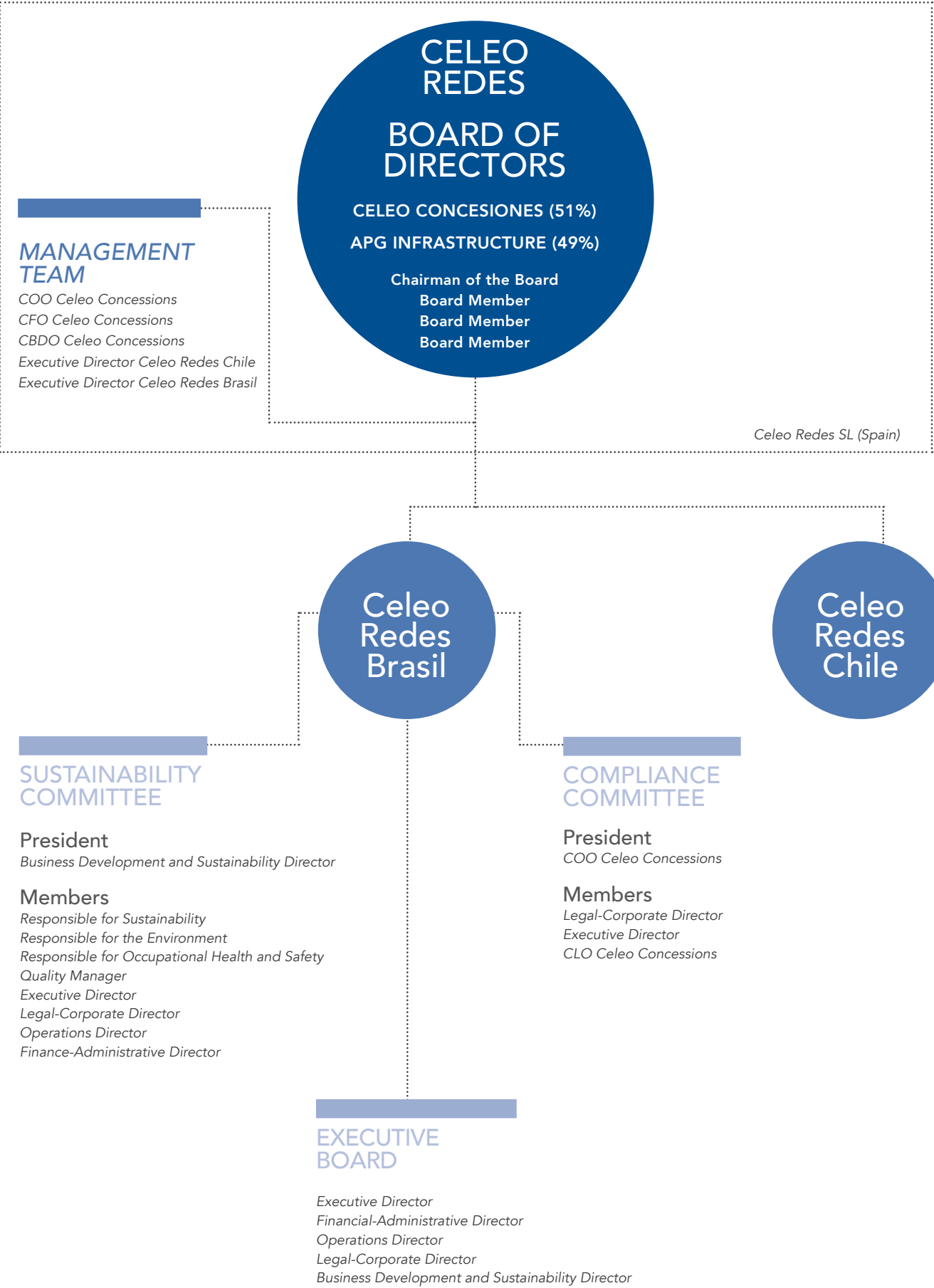
The performance evaluation of the Company's results in management, operations and Environment, and in topics associated with Social and Governance (ESG) is conducted by the management team and/or the Board of Directors through meetings and regular reports.



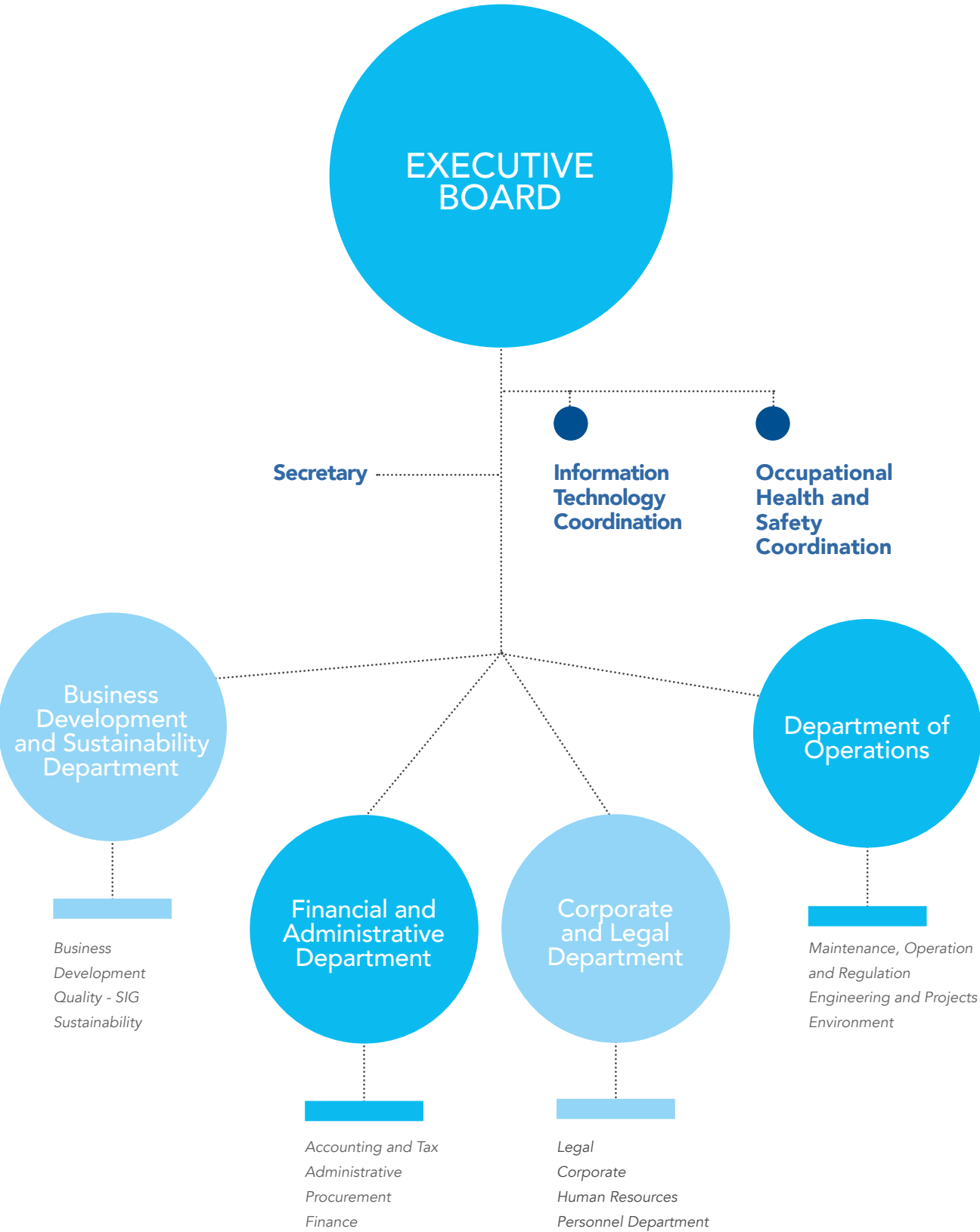
CELEO IS  
COMMITTED  
TO BEST  
CORPORATE  
GOVERNANCE  
PRACTICES.



CORPORATE GOVERNANCE ORGANIZATION



CORPORATE MANAGEMENT ORGANIZATION





## COMMITTEES

### Sustainability Committee

The Sustainability Committee was established in 2018 to replace the Integrated Management System (SIG) Committee with a broader and more strategic role. In addition to monitoring the SIG, the Committee's decisions cover the areas of Quality, Occupation Health and Safety, Environment and Sustainability. The committee reports to the Company's management team and acts independently. The meetings of the Committee are held periodically. Its main roles are the local development of the headquarters' principles of sustainable action, incorporating these principles into the Company's environmental, social and governance policies and overseeing their correct implementation. The Committee is responsible for ensuring compliance with the commitments made by Celeo in relation to the United Nations Global Compact, proposing changes, improvements in the sustainability policy and supporting its implementation in the Company's daily activities, and for overseeing the processes to disseminate and communicate the policy. In 2018, still called the SIG Committee, four meetings were held.

### Compliance Committee

This Committee is active in developing and monitoring of the Corporate Integrity Program (PIC - *Programa de Integridade Corporativa*), whose purpose is to improve Celeo's governance and compliance actions. It is formed by four members, as follows: President, two full members and the PIC manager. The Committee convenes annually and has an independent role, since it is not subordinated to any other governing body in the Company.

The main role of the Compliance Committee is to develop compliance policies and oversee their correct application. It also acts as a collegiate body in the exercise of the duties of the compliance body pursuant to current legislation, and conducts appropriate measures in accordance with the Corporate Integrity Program or Crime Prevention Model, possible penalties for noncompliance or irregularities by Celeo employees and workers.

## COMPLIANCE

### GRI 205-2

Among the actions to improve its management in 2017, Celeo strengthened its Compliance area. During that period, a specialized international consultancy made a thorough evaluation of the Company and listed 20 recommendations for actions and practices that were to be developed during



Legal and Corporate Director Alan Heinen at the Instituto Compliance Rio event

2018, which was accomplished. Accepting these recommendations allows Celeo to evolve in terms of its Compliance maturity levels, according to the consulting parameters. Of the 20 recommendations, 17 were fulfilled, two are ongoing, and only one recommendation was deemed not applicable by the Company.

In the first quarter of the year, the Compliance Committee approved the creation of the Annual Compliance Program (PAC - *Programa Anual de Compliance*), which set out eight controls on compliance procedures, including PG-006 (General Procedure for Procurement of Goods and Services) and PG-035 (General Procedure for Relations with Public Officials). By means of these controls, the points for improvement are identified, necessary actions are defined and evidence is produced to allow for monitoring and control. Eight monitoring reports were produced in the year.

Within the scope of the Corporate Integrity Program (PIC), the Compliance Monitoring Working Group, formed by four employees, was established, responsible for monitoring and compliance training activities. In 2018, a total of 11 training sessions were held on the PIC and on its associated corporate procedures. This measure broadened the communication and knowledge of the Company's precepts and values among all its employees, since the presentations were made in the Company's headquarters and in the maintenance bases.

The Committee also prepared the Control Plan of the Risk Matrix, which includes 16 risks, classified as accepted, mitigated and eliminated risks.

In 2019, a new stage will be held with specialized consulting that will evaluate the progress of the Company's maturity level in terms of Compliance and determine new recommendations. In the next two years, the Company will work to streamline its compliance controls.

It is worth mentioning that, in 2018, imbued with the mission to foster a culture of integrity, anti-corruption and implementation of increasingly consistent governance practices, Celeo became a curator of Instituto Compliance Rio (ICRio), which, given the nature of its constitution, is dedi-

cated to disseminating knowledge and practical solutions to face the current challenges and prepare for the future in order to correct or change the direction of our destiny and of our society, debating concepts about what would be the best market practices at governance, integrity and corporate ethics level.

We would also like to point out that the trade journal called *Jornal Corrente Continua*, in its internal communication, dated December 2018, addressed CRB as being a curator of the Institute.

## FIGHT AGAINST CORRUPTION

### GRI 102-17, 205-1, 205-2, 205-3

The fight against corruption and fraud and unethical conduct are the main focuses of the Celeo's Compliance area. The Company has in place the PIC, which involves all its employees, and the Transparency Channel, created in 2016 and that, as of 2018, receives anonymous reports about actions that may not be in accordance with the Code of Ethics established by Celeo and the laws in force in the country, in addition to processes to clarify doubts about corporate policies and, as a means of showcasing actions of compliance with general procedures. In 2018, a total of 49 incidents were recorded through the Channel, none of which involved claims of corruption or violation of the law.

In 2018, 100% of the employees were informed about the Company's anti-corruption policies and procedures.

During the year, 100% of the Company's operations were submitted to the evaluation of corruption-related risks.

Substation - Itumbiara



## TRANSPARENCY CHANNELS

### Internal Channel:

Email: [canaldetransparencia@celeoredes.com](mailto:canaldetransparencia@celeoredes.com)

### External Channel:

[www.canaldetransparencia.celeoredes.com.br](http://www.canaldetransparencia.celeoredes.com.br)

## COMPLIANCE

### GRI 307-1, 419-1

Celeo operates in compliance with the laws and regulations in force in the country, considering the specificities and requirements of the electricity sector. The Company's Legal Department controls compliance with laws and adopts best market practices in the area of Corporate Governance and Compliance. In 2018, there were no cases of non-compliance in the environmental area or significant fines and sanctions in the social or economic areas.



100%

CELEO OPERATIONS  
SUBMITTED TO  
ASSESSMENT OF  
CORRUPTION-  
RELATED RISKS.





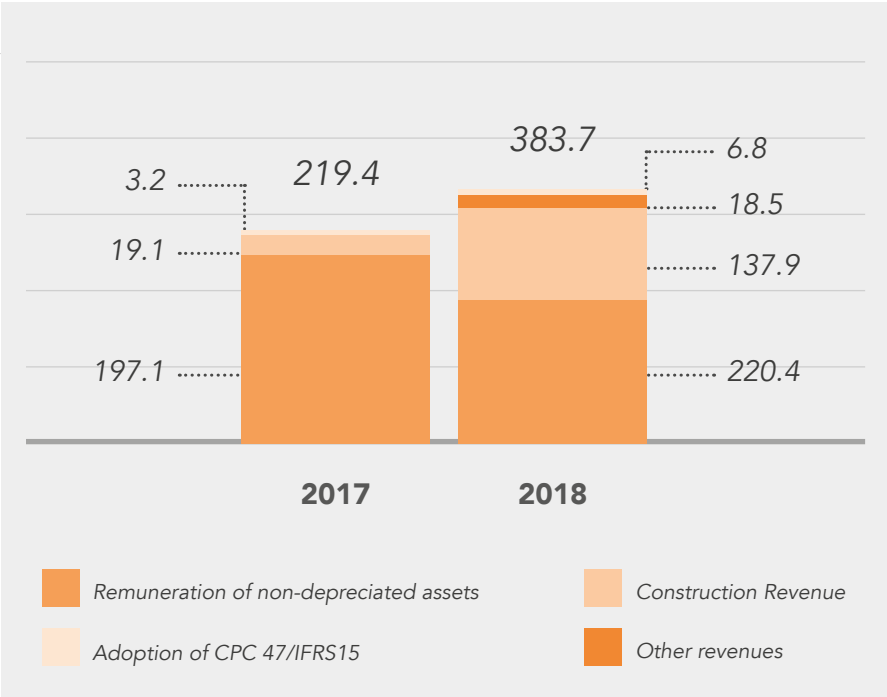
# ECONOMIC AND OPERATIONAL PERFORMANCE

## ECONOMIC AND FINANCIAL RESULT

In 2018, Celeo's consolidated gross operating revenue reached R\$ 383.7 million, up 75% over the previous year, mainly explained by the following effects: a) increase in construction revenue (+ R\$ 118 million) as a result of the start of the works of the Serra de Ibiapaba project; b) adoption of CPC 47/IFRS 15 (+ R\$ 18.5 million), and c) impact of inflation measured by IPCA/IGP-M on operating and maintenance revenue (+ R\$ 23 million). As a consequence of the revenue effect, consolidated EBITDA reached R\$ 241 million, up R\$ 118 million over the previous year and an improvement of 7 percentage points in the EBITDA margin.

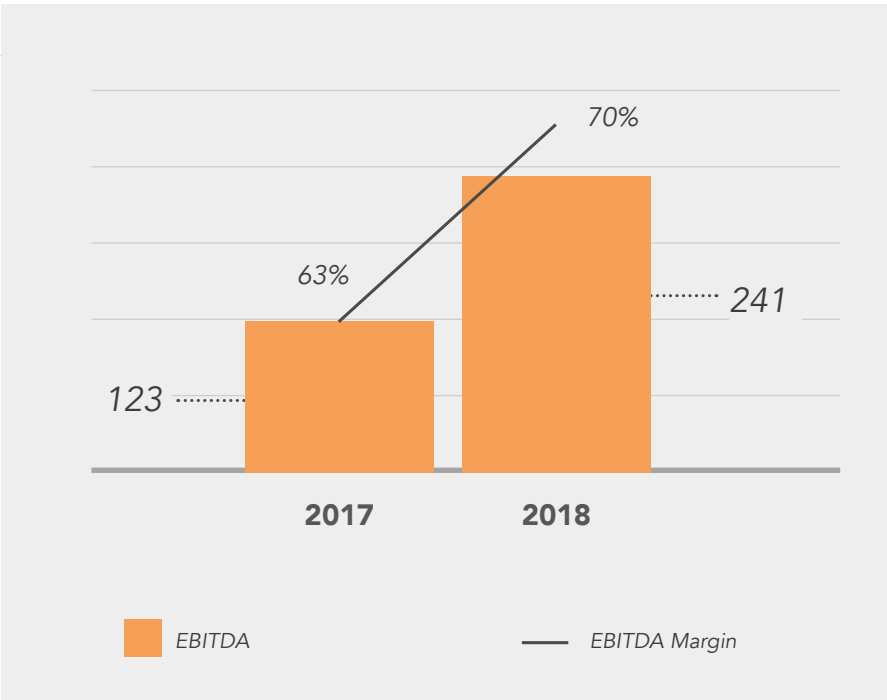


GROSS  
OPERATING  
REVENUE



Source: Preliminary Corporate Financial Statements - Celeo Redes Brasil S.A

EBITDA &  
MARGIN



Source: Preliminary Corporate Financial Statements - Celeo Redes Brasil S.A

INVESTMENTS

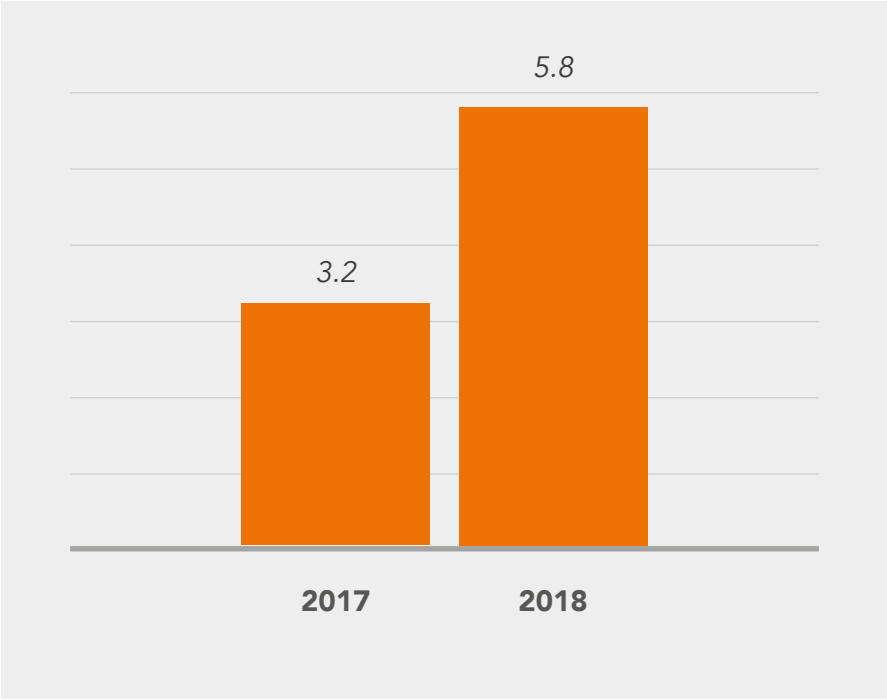
Celeo reaffirms its long-term commitment to consolidate and expand its portfolio of investments in the domestic electricity sector. In 2018, the volume of investments based on ANEEL's reference criteria reached R\$ 5.8 billion due to the successful participation in the auctions for generation and transmission and acquisition of existing assets, depicting an increase in investment of R\$ 2.6 billion. The Company won its first concession in the solar power generation segment at the A-4 auction held in April 2018. Located in the State of Piauí, the Solar Park of São João do Piauí will be composed of six solar power plants, with an installed capacity of 180 MW, totaling an investment of R\$ 1.019 billion, according to information from the EPE.

At the end of 2018, Celeo was the winner of one of the ANEEL 004/2018 transmission auctions, obtaining lot 16 (PATE), located in the states of Pará and Amazonas, with estimated investment of R\$ 1.126 billion and extension of 480 km of transmission lines. Also in the last quarter of 2018, the Company completed the first part of the existing asset acquisition program, by expanding its stake



in Jauru Transmissora de Energia S/A, as well as incorporating the full controlling interest of Cachoeira Paulista Transmissora de Energia S/A. At the end of 2018, the Company had 20 projects in the electricity sector, 14 of which in the transmission segment and 6 in the solar power generation segment.

INVESTMENTS IN  
THE COUNTRY  
in R\$ billion



Source: Investimento de Referência Aneel – Editais de Transmissão e habilitação técnica EPE - Geração de Energia

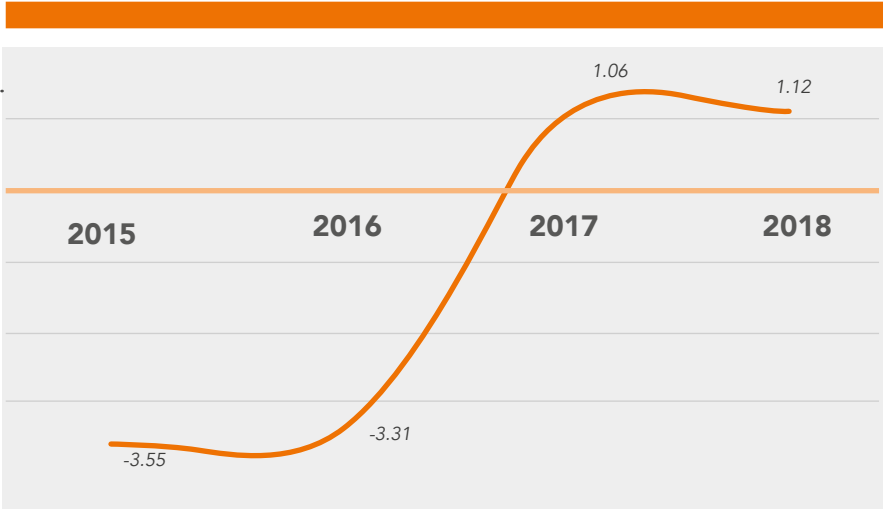


ECONOMIC SCENARIO

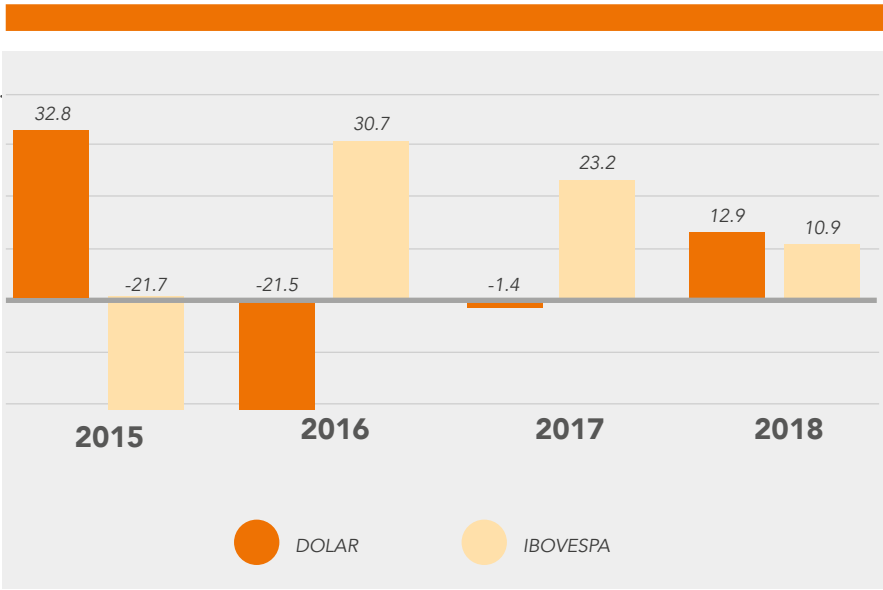
In 2018, the Brazilian economy showed a 1.12% increase in the Gross Domestic Product (GDP), slightly higher than the one recorded in 2017. The year 2018 registered strong economic volatility because of the presidential elections. The actual currency depreciation of the Brazilian Real (BRL) was 12.9% against the US dollar vis-à-vis a 10.9% appreciation of the IBOVESPA (Brazil's Stock Exchnage) index. Despite the volatility of the economic environment, the performance of the Stock Exchange (IBOVESPA) remained close to the dollar variation, as a reflection of the confidence in the program of economic reforms to be sponsored by the new government, and that should boost the performance of the economic expansion in the coming years.

Inflation (IPCA) reached 3.75% and was 0.8 percentage points higher than in 2017. The Long-term Interest Rate (TJLP), the main index of Celeo's financing agreements, recorded an actual variation of 3.12%, maintaining the trend started in 2015, above the IPCA.

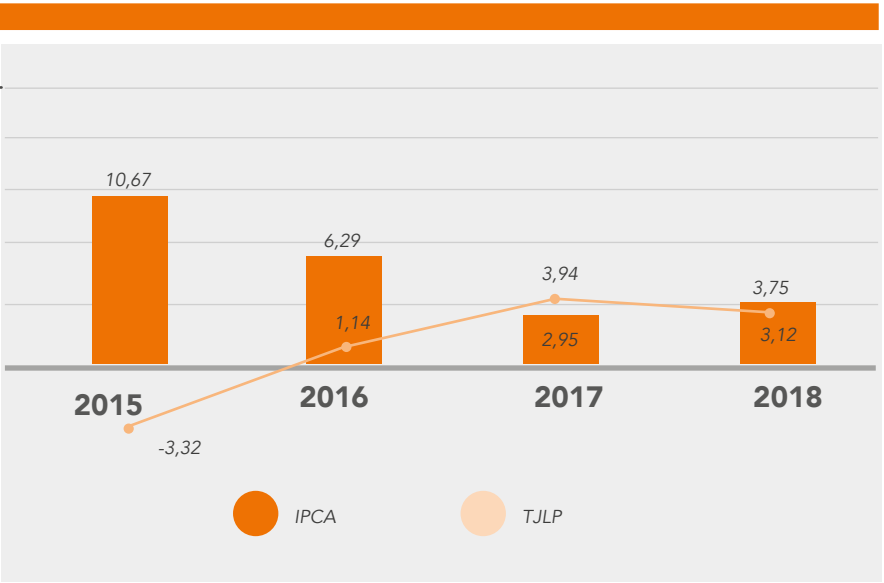
GDP % ANNUAL VARIATION  
Source: Brazil's Central Bank



DOLLAR & IBOVESPA (EX - IPCA)  
Source: Brazil's Central Bank



IPCA & TJLP (EX - IPCA)% YEAR  
Source: Central Bank of Brazil



"brAAA" RATING ASSIGNED BY FITCH RATING TO CELEO'S DEBENTURE ISSUE OPERATION.

Substation - Estreito





DIVERSIFICATION  
TO ACCESS TO  
FINANCIAL CAPITAL

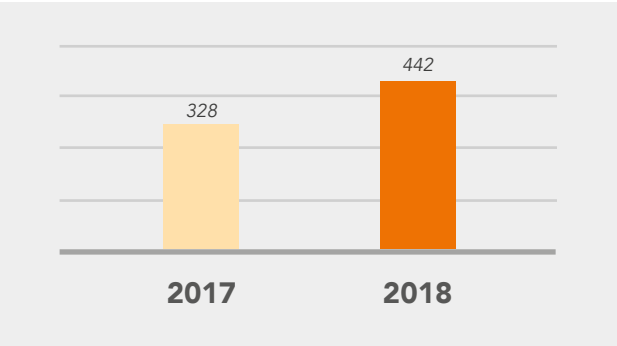
The year 2018 represented a significant milestone for Celeo as an important player among companies in the electricity sector in the Brazilian capital market. At the beginning of the year, one of its concessionaires, Cantareira Transmissora de Energia S/A, issued infrastructure debentures in the amount of R\$ 100 million for a 14-year term, obtaining an “AA - Br” rating by credit rating agency Fitch Ratings. In the last quarter of the year, the company, through its subsidiary Celeo Redes Transmissão de Energia SA, issued debentures pursuant to CVM Instruction 476 in the amount of R\$ 565 million, for a period of five years, as a result of the refinancing process of two concessionaires, LTT and VCTE. The issue received a ‘brAAA’ rating by the international credit rating agency Standard & Poors. It is worth mentioning that the purpose of Celeo Redes Transmissão de Energia SA issuing debentures was to provide resources for the acquisition of existing operating assets, Jauru and Cachoeira Paulista, and to guarantee the necessary capital contribution to build the São João de Piauí Solar Park.

The year also recorded another significant achievement through the diversification of access to new sources of financing with the execution of the first financing agreement with Banco do Nordeste do Brasil for the project of the São João do Piauí solar power plant in the amount of R\$ 423 million.

As a consequence of the new issue of debentures pursuant to CVM Instruction 476, the company's net debt increased to R\$ 442 million, up R\$ 114 million

compared with 2017. It should be noted that after the resources from the debentures were made available, Celeo immediately used R\$ 209 million to acquire existing operating assets, and the surplus remained as company cash to guarantee the investments in the Solar park.

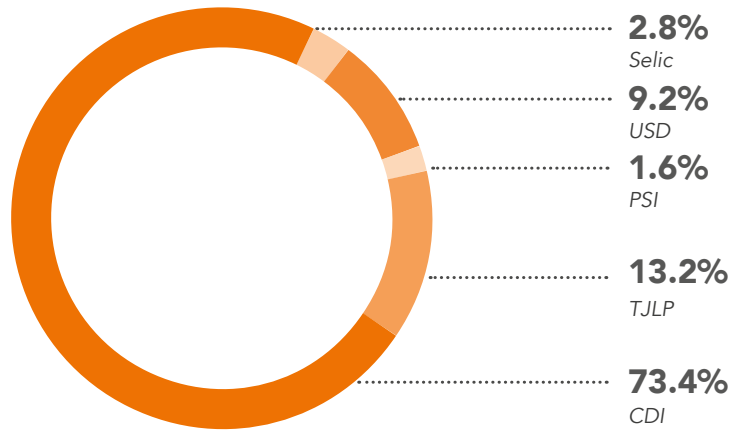
NET DEBT (IN MILLIONS OF REAIS)



Source: Audited Financial Statements Celeo Redes Brasil S.A

As a result of the expansion of operations in the capital market, the share of CDI-backed financing in Celeo's portfolio increased significantly to the detriment of the reduction of the share of financing pegged to the TJLP, as shown.

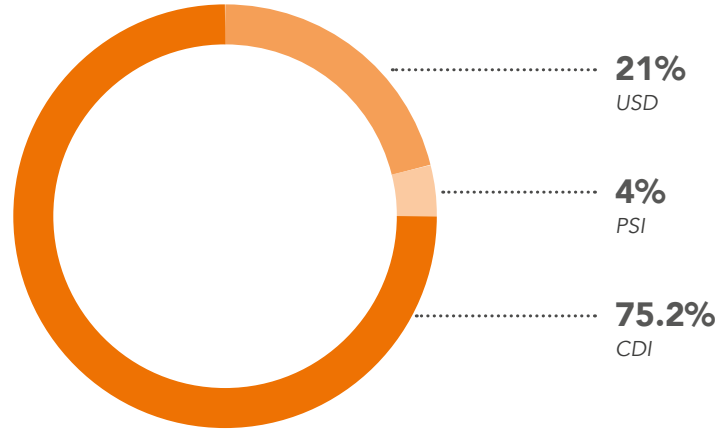
%  
BREAKDOWN  
OF DEBT  
2018



SUMMARY TABLE - CELEO REDES BRASIL S.A  
CONSOLIDATED COMPANY (R\$ THOUSAND)

	2015	2016	2017	2018	Note
Amount of investments	2,184	2,184	3,227	5,792	Aneel investment by equity accounting
Total assets	2,170	2,294	2,326	3,203	Consolidated Corporate
Shareholders' equity	1,377	1,452	1,517	1,809	Consolidated Corporate
Net debt	376	377	328	442	Consolidated Corporate
Net operating revenue	217	232	195	343	Consolidated Corporate
EBITDA	170	167	123	241	Consolidated Corporate
Net income	172	99	86	177	Consolidated Corporate

%  
BREAKDOWN  
OF DEBT  
2017



ASSET  
MANAGEMENT

In the holding company, the Procurement, Accounting, Financial and Fiscal areas are integrated through ERP (Enterprise Resource Planning). In 2019, the ERP will be updated, taking into account the demands generated by the Company's growth.

Celeo's assets are managed through contracts entered into with their respective concessionaires for management of operations, maintenance and administrative services.





BUSINESS DEVELOPMENT

Solar Power Generation

The period of turbulent political-economic scenario in the country, between 2015 and 2017, allowed Celeo to promote an internal reorganization and to define new objectives and strategies for the development of its businesses. In 2018, the Company diversified its investments in the country, joining the large-scale solar power generation segment. Thus, this year is a milestone in Celeo's history, which, in April, won the A-4 Nova Energia Auction for a solar power generation project.

The project, located in São João do Piauí, in the state of Piauí, is under implementation, and, on October 22, the construction work of the solar park was started, scheduled to enter commercial operations in May 2020.

During the work to suppress vegetation in the worksite, Celeo collected and rescued wildlife together with biologists.

In this auction, the lowest prices negotiated since the first auction were recorded, where the average discount was 62% for solar power. The investment planned for Celeo's project is around R\$ 747 million. The project has a 180MW- capacity and, by January 2022, will have capacity to supply approximately 190,000 households.



Location São João do Piauí Solar Park



OPERATING RESULTS

G4, EU12

Transmission Auctions

At the end of the year, in December, the Company was the winner of Lot 16 in ANEEL's transmission auction No. 04/2018. The project involves the construction, operation and maintenance of 240 Km of transmission lines and substations in the states of Amazonas and Pará, and the winning bid was R\$ 120,122 million in RAP (Permitted Annual Revenue), against a maximum amount of R\$ 186.9 million, resulting in a 35.73% discount. ANEEL expects the total investment to be around R\$ 1.126 billion.

The plans for the period 2019 - 2022 continue to focus on renewable energy with the proposed expansion of the São João do Piauí project, new solar power projects and investments in Small Hydroelectric Power Plants (PCHs - Pequenas Centrais Hidrelétricas), an area on which Elecnor, the main shareholder, has extensive knowledge and experience in other countries where it operates.

Celeo has 4,740 km of Transmission Lines (TL) and 54 substations in 14 Brazilian states. The Company is committed to quality and safety in the operation and maintenance of its concessions, with the goal of keeping operating indicators within the highest efficiency standards at competitive regulatory operating costs. To this end, it operates in accordance with the requirements of the regulatory agency and establishes internal operating and maintenance targets.

In 2018, despite its efforts, three incidents occurred that affected the Company's operating performance. Two explosions were recorded, in the substations of Estreito and Vilhena, and a transmission tower toppled, in the Transmission Lines for the Maranhão Integration. The causes of the incident with the tower are associated with social issues in the region, where parts of the structure were stolen. The Company is working with local public agencies to prevent further damages. Regarding the explosions, there was equipment failure that led to internal short circuits. At the Estreito substation, the failure was in a transformer, while the problem at the Vilhena substation was in a line reactor.

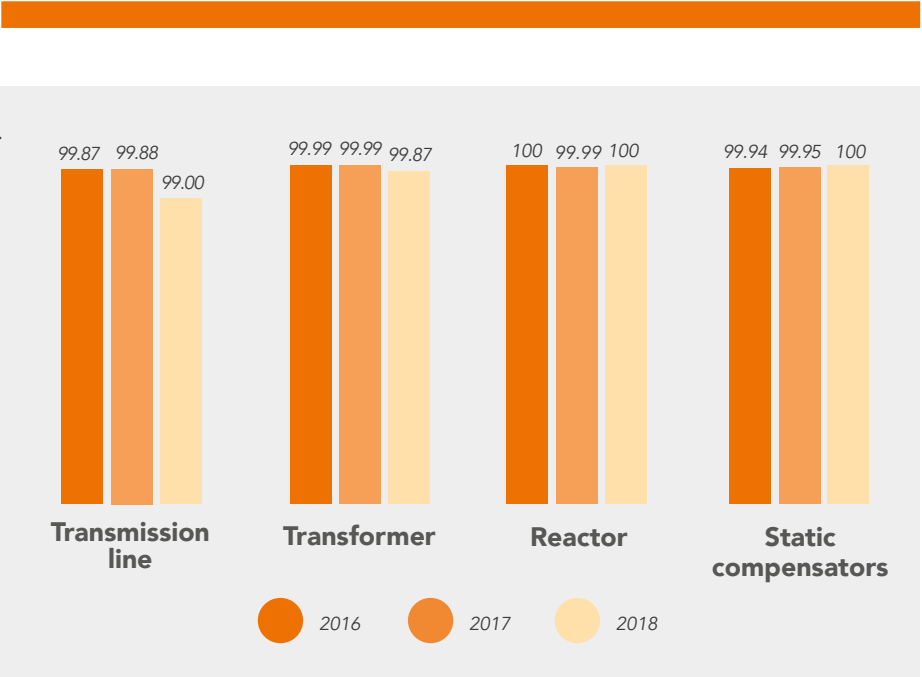
R\$ 747 MILLION IS THE INVESTMENT PLANNED FOR THE SOLAR POWER PROJECT.

AVAILABILITY RATE

Due to the incidents recorded, the availability rate of TLs decreased by 0.88%, falling from 99.88% to 99%.

The Availability Rate is calculated by the number of hours of availability of the equipment in question or the TL circuit.

AVAILABILITY %



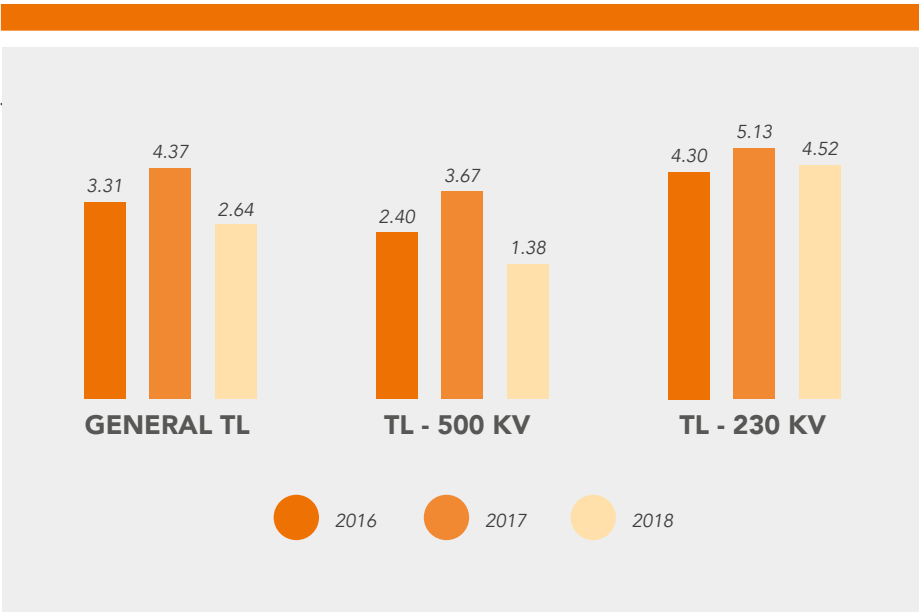


FAILURE RATE

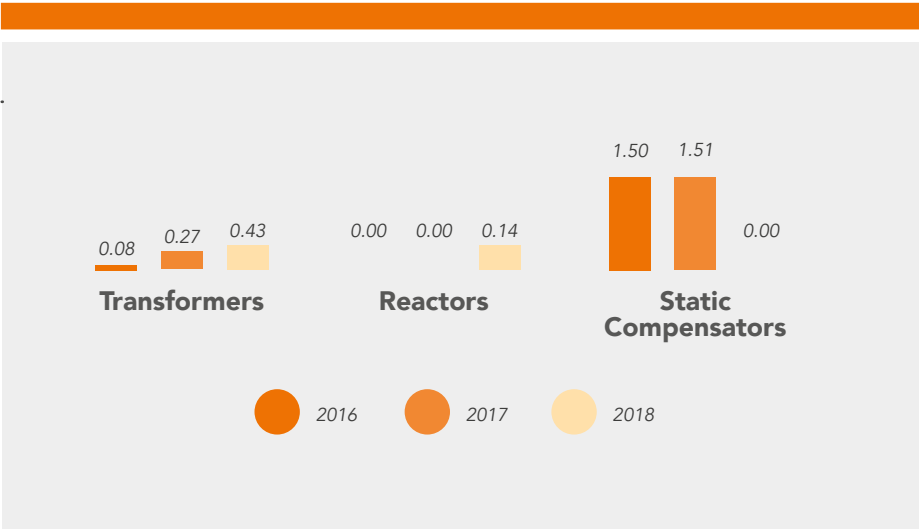
The Failure Rate measures the number of equipment TL circuit failures. In the case of equipment, the indicator represents the forced shutdowns that occurred in the Transmission Function (TF). For the TL, the TF is calculated for every 100 km of TL. Thus, the indicator for TL represents the number of failures occurred in 100 km during the year under analysis.

See chart on data recorded over the past three years.

FAILURE RATE - TL



FAILURE RATE - EQUIPMENT



TECHNICAL LOSSES ON TRANSMISSION (%)

2016	2017	2018
-	1.96%	2.67%

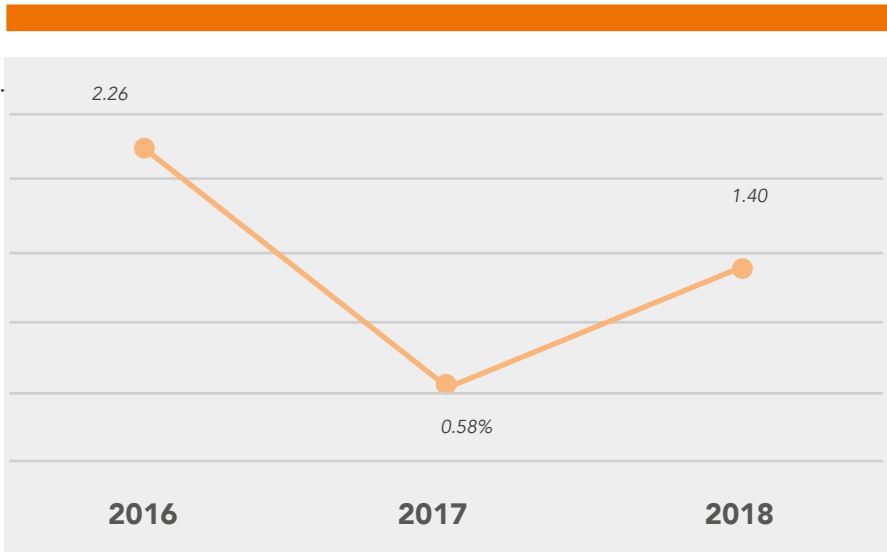
VARIABLE PORTION (VP)

Transmission concessionaires in Brazil are remunerated based on the Permitted Annual Revenue (RAP). The receipt of 100% of the RAP value is linked to the full availability of the transmission assets. To calculate the amount to be received by the companies, a calculation is made to define the Variable Portion (VP), which is reduced from the Base Payment, which considers 1/12 of the RAP, based on data from scheduled outages or from uncontrolled events.

In 2018, the VP/RAP Ratio was 1.40%, reflecting incidents in two substations and in one TL, as reported on page 59.

	2016	2017	2018
VP/RAP ratio (%)	2.26%	0.58%	1.40%

VP/RAP RATIO (%)





# OPERATIONAL EFFICIENCY - OPERATION AND MAINTENANCE

## G4 EU6

With a focus on ensuring the excellence of its operations, Celeo has performed the operations and maintenance actions internally since 2012 and maintains the goal of conducting 100% of the maintenance work provided for in Aneel's Normative Resolution No. 669/2015, which establishes the minimum requirements for maintenance of the Basic Grid, in addition to having its own planning for short -, medium - and long-term maintenance actions for predictive and preventive maintenance.

The Company provides regular training to all employees in the area and constantly invests in improvements in its control processes, applying technological solutions that guarantee greater reliability and speed in capturing and analyzing data.

In 2018, the Company performed the scheduled maintenance, pursuant to ReN 669/2015-Aneel, in the following transmission assets:

- LTT Concessions
- CTE Concession
- PTE concession.
- LTC Concession
- BTE Concession
- BTE II Concession



CELEO IS  
COMMITTED TO  
THE OPERATIONAL  
EFFICIENCY OF ITS  
CONCESSIONS.

Substation - Itumbiara

## O&M STRUCTURE OF CELEO REDES BRASIL:

- Centralized Operation - Operation Center of the Celeo Reds System/ COS-Celeo Redes;
- Grids (remote controlled assets)
- Remotely-assisted assets - the substations have two certified operators during business hours and on stand-by;
- Connectivity - corporate communication channels to share technical collection/documentation, remote access to digital equipment and voice communication;
- Continuous improvement - investments in operation and maintenance support systems for greater operational safety of assets. The investment is made through own capital and through the Concession Research and Development Program;
- Concentration of teams - Maintenance Base of Uberlândia and regional maintenance.

## CONTINGENCY PLANS

### G4- EU21

The incidents that occurred in 2018 show that the Contingency Plans prepared by Celeo meet the risks mapped. The Operation and Maintenance, Environment and Safety areas responded as planned, reducing risks for employees, the environment, the national electricity system and the Company's assets.

Contingency Plans are prepared based on the mapping of risks and their possible impacts and definition of emergency actions for each area involved. The employees undergo regular training, which prepares them to respond according to the characteristics of each emergency.



## ENTERPRISES AND PROJECTS

Celeo's new enterprises and projects are implemented with a focus on compliance with the legislation in force in the country and the standards of quality, health and safety and internal environment. All projects are designed to fully meet regulatory requirements and, where possible, anticipate the start of operations, benefiting all stakeholders.

Works are performed by Elecnor do Brasil, and Celeo's team is responsible for monitoring the works and the relationship with public agencies.

In February, Cantareira Transmissora de Energia entered into commercial operation one month ahead of the schedule agreed upon in the Concession Agreement. It is responsible for interconnecting the states of Minas Gerais and São Paulo through the 500-kV Estreito - Fernão Dias TL, with an extension of 345 km, and enabling the flow of energy from the Belo Monte Hydroelectric Power Plant (11,233 MW), the third-largest hydroelectric plant in the world (capacity to serve 60 million people), behind the Three Gorges Dam Hydroelectric Plant, in China (20,300 MW) and Itaipu Binacional (14,000 MW).



Cantareira Transmission Line



Substation - Fernão Dias



Substation - Estreito

PTE reinforcement



**R\$ 2.07  
MILLION**  
Invested in  
R&D in 2018

In March 2018, the Concession Agreement between Serra de Ibiapaba Transmissora de Energia and ANEEL was signed for the construction, operation and maintenance of 415 km of transmission lines and expansion of seven substations in the states of Piauí and Ceará. This project will allow the full potential of the wind of the coastal region of the states of Maranhão, Piauí and Ceará and will enable the connection of future generation projects in the region, with adequate supply to local distributors. The total investment will be of approximately R\$ 1 billion, and the construction work is scheduled to begin in March 2019.

In August, seven months ahead of the deadline established in ANEEL's Authorization Resolution, the commercial operation of the Reinforcement of Pedras Transmissora de Energia was initiated. The investment was for the installation of the third 345-138KV - 3x133MVA autotransformer bank, at the Venda das Pedras Substation. The goal is to eliminate the overload in this substation's transformation under emergency situations of one of the transformers.

## RESEARCH, DEVELOPMENT AND INNOVATION

### G4 EU8

Celeo invests in Innovation and Development projects in order to drive improvements in the performance of its activities, to collaborate with the improvement of industry practices and to contribute to Brazilian society.

### MONITORING OF RIGHT OF WAY

The purpose of the project is to install sensors in an unmanned vehicle to monitor interference in transmission lines such as vegetation, hot spots, animals and buildings. One of the benefits of this project are the services to prune and cut down vegetation, which can be performed with greater safety for workers. The project was developed by the Foundation for the Technological Development of Engineering. The investment was R\$ 602,089.03 in 2018, totaling R\$ 2.7 million in aggregate.

### IMPROVEMENT OF GROUNDING SYSTEM IN TL 230 KV VILHENA-JAURU

This project is intended to develop and apply unconventional methodology to improve the performance of critical transmission lines against lightening and a new methodology to measure the response of grounding of towers against discharge currents performed by the Lightning Research Center (UFMG-CEMIG). The investment was R\$ 593,096.98 in 2018, totaling R\$ 1.1 million in aggregate.

### SAMPLED VALUES INTERFACE BOX

The project aims to develop a device to adapt protective relay test kits that generate analog signals to create digital signals, in accordance with IEC 61850, and thus to increase the useful life of test KITS, performed by Conprove

Tecnologia e Pesquisa. The investment was R\$ 875,367.13 in 2018, totaling R\$ 2.7 million in aggregate.





# ENVIRONMENTAL PERFORMANCE

Celeo's commitment to environmental management of its enterprises begins in the design of the projects, developed in order to generate the least possible impact. The Company prepares studies of the environmental impacts of its projects in accordance with current legislation and internal corporate sustainability standards.

The Environment Department is responsible for managing environmental risks, monitoring environmental licensing processes with the relevant agencies, monitoring impacts in the surroundings of the projects and implementing the Environmental Management Program, which involves environmental education projects in surrounding communities, actions to manage impacts on biodiversity, as well as management of waste, water, energy and greenhouse gas (GHG) emissions.

In 2018, Celeo's Environment Department underwent changes in order to comply with the Integrated Management System (SIG) certification processes. Part of the data on environmental impacts controlled by the Department was standardized and began to be digitally collected, increasing productivity and reliability of the information. The Company plans to collect and control 100% of this data digitally as of 2019. The report on control of water consumption in 13 substations and control of black smoke emission by 22 diesel vehicles are among the information already controlled digitally.



Other Company initiatives that stood out in 2018 were the replacement of plastic cups with individual and non-disposable cups and the replacement of air conditioners, which used R22 refrigerant gas with models using R410 gas that have lower global warming potential. The equipment replaced in 2017 and 2018 is shown below.

Concession	2017	2018
BTE	16	9
VCTE	3	0
LTT	16	0
PTE	0	4
CTE	8	0

Environmental investments of  
**R\$ 5.126 MILLION**  
in 2018



In 2018, the Company invested R\$ 5.126 million in environmental management in its projects.

Investments on the Environment (R\$)	
Reforestation (CAPEX)	529,627.00
Integra Project (OPEX)	315,400.00
Environmental Management	3,279,097.32
Environmental Management	834,734.25
Waste Disposal	32,649.55
Substation Retrofitting	133,846.05
Mitigation Kit	840.00
<b>TOTAL</b>	<b>5,126,194.17</b>

This section contains the results achieved by Celeo's environmental management programs and projects.

BIODIVERSITY

GRI 304-1; 304-2; 304-4

The search for low environmental impact alternatives prior to the installation of a project is something that is constantly approached in the various phases of the projects. Social and environmental studies (EIS/EIR) and the risk matrix of the projects, developed during the environmental licensing process, seek to identify alternative locations that result in minimal plant suppression and interference in conservation units and protected areas, as well as in significant areas of native vegetation in the biomes where they are inserted.

Social and environmental studies indicate that the main impacts on biodiversity occur in the implementation phase of transmission projects and refer to suppression of native vegetation, causing a reduction in and/or fragmentation of habitats. Prior to suppression of vegetation, a forest inventory is carried out. This document must be approved by the environmental licensing agency, which determines the individuals to be replenished and the respective quantities, based on the legislation. Vegetation is suppressed for the installation of towers, launching of cables, for opening access ways and for maintenance of the structures of the transmission lines or to ensure the operational availability of the assets.

To mitigate impacts on biodiversity, Celeo has in place local biodiversity management programs developed during the environmental licensing process, such as: Environmental Compensation, Vegetation Suppression, Preservation

of Germplasm, Monitoring of Wildlife, and the Environmental Construction Plan.

In 2018, Celeo did not generate impacts related to the implementation phase of the TLs, since there was no construction work of this nature. The Company did, however, begin the implementation of its first solar energy project, the São João do Piauí Park. Situated in an area totaling 4.88 Km², it is fully located within a Priority Conservation Area, called Ca085, defined by ProBio. The Ca085 area is located in the central portion of the Caatinga biome in the State of Piauí, which covers 1,968.7 hectares (19,687 km²) and is characterized by the presence of bromeliads and cacti; armadillos, capybaras and other species of the Caatinga, some of which are endemic.

The social and environmental studies carried out during the Park's licensing process identified the occurrence of endangered species on the IUCN (International Union for Conservation of Nature and Natural Resources) list, as shown below.

After being identified the endangered species in São João do Piaui project, Celeo coordinated mitigation actions to minimize the direct impact to these species: wildlife rescue campaign relocating and accommodating those animals in the "legal reserve" (Celeo protected area). Same dynamic process was done for flora endangered species, which were target of a specific mitigation programme called Germoplasm Rescue.

GRI 304-4		
	FLORA	WILDLIFE
Critically Endangered	N/A	N/A
Endangered	1 species Amburana cearensis (Cumaru)	0
Vulnerable	N/A	N/A
Near Threatened		2 species Hylopezuso chroleucus (White-browed antpitta) Synallaxis hellmayri (Red-shouldered spinetail)
Least Concern	2 species Cereus jamacaru (mandacaru) Harrisia adscendens (rabo-de-raposa)	



FOREST RESTORATION

GRI 304-3, EU13

Regarding Celeo’s most recent transmission project, which entered into operation in February 2018, the 500-Kv Estreito - Fernão Dias TL, with 342 km of extension, crossing 29 municipalities in the states of São Paulo and Minas Gerais, the interference in Conservation Units and/or Priority Areas, as well as the list of endangered species identified in the areas of influence can be found in Celeo’s 2017 Sustainability Report ([www.celeore-desbrasil.com.br](http://www.celeore-desbrasil.com.br)).

Through the Programs called *Reposição Florestal* (Forest Restoration) and *Recuperação de Áreas Degradadas* (Recovery of Degraded Areas), the Company restores green areas close to its projects. This action integrates efforts to offset the suppression of native vegetation required for the implementation of its transmission projects and, today, for solar power generation projects as well.

Among the actions in 2018 is the partnership entered into between Celeo and the Program called *Nascentes* (Springs), developed by the government of the state of São Paulo for replanting forests in the Cantareira area. This joint action aims to strengthen the recovery of the Atlantic Rainforest biome in the region.



Concession	Total reforestation project (ha)	Accumulated until 2017 (ha)	Realized 2018 (ha )	Status 2018 (%)	Note
LTC	10	10	-	100%	project finalized and report submitted to the environmental agency
JTE (230-kV Vilhena - Jauru TL)	67	67	-	100%	first forest restoration project approved by IBAMA under maintenance
JTE (230-kV Vilhena - Jauru TL)	61	-	20	33%	second forest restoration project approved by IBAMA under maintenance
IMTE	7.5	7.5	-	100%	project finalized
CAIUÁ (230-kV Umuarama - Guaíra TL)	10	-	10	100%	under maintenance
CANTE	23	-	6	26%	under maintenance
PTE	16.1	16.1	-	100%	project finalized
LTT	0.25	0.25	-	100%	project finalized
Total	194.9	100.9	36.0	70%	



The projects to recover vegetation, which represent the compensation determined by the relevant environmental agencies, are being conducted in the same biomes that were impacted by the enterprises. The transmission projects are located within the Atlantic Rainforest and Cerrado biomes, in forest fragments under various different successional stages.

Forest restoration projects are developed in accordance with current legislation, and are previously approved by the relevant agencies. The purpose of these projects is to maintain the floristic and physiographic characteristics of the deforested areas, with the choice of suitable species and their distribution in the area to be recovered.

Through this program, Celeo’s Environment Department conducts diagnostics of all its projects concerning erosion processes and plans the interventions to be adopted, which always consider the preservation of the ecosystems of the affected region.



MANAGEMENT OF GREENHOUSE GAS EMISSIONS

GRI 305-1, 305-2, 305-3, 305-5

In order to identify the processes and activities associated with GHG emissions and have the elements to define the opportunities for reducing emissions and the actions and strategies for mitigation and adaptation, in 2018 we prepared the second GHG emissions inventory, according to the GHG Protocol methodology. The 2017 and 2018 inventories were submitted to independent external assurance, and are available in the Public Register of Emissions of the Brazilian GHG Protocol Program.

We calculated the direct and indirect emissions from our operations, which totaled 53,164.90 tCO<sub>2</sub>e. The main sources of emission are indirect emissions, which occur outside the boundaries of the organization, mainly due to technical losses in transmission (scope 2), which account for 76.34% of total emissions. These losses are inherent to the transmission activities and are not manageable by Celeo, so there are no measures to be taken to reduce them.

The Company has advanced in the accuracy in calculating transmission losses, currently obtaining actual data via SAGE and no longer estimated from its operations, as occurred last year. This justifies the increase of losses of 1.96% in 2017, to 2.67% of the energy transmitted in 2018. Scope 2 emissions increased 2% in relation to 2017, mainly due to this fact.

Emissions resulting from the purchase of electricity had a 4.04% increase in relation to the year before; however, it has little representativeness in total scope 2 emissions.

THE COMPANY HAS ADVANCED IN THE ACCURACY IN CALCULATING TRANSMISSION LOSSES, CURRENTLY OBTAINING ACTUAL DATA (VIA SAGE) AND NO LONGER ESTIMATED FROM ITS OPERATIONS.

Considering the manageable emissions associated with scope 2, that is, not including emissions from transmission losses, in 2018 these emissions totaled was 113,34 tCO<sub>2</sub>e compared with 108,93 tCO<sub>2</sub>e in 2017; therefore an increase of only 4.7%.

As for direct emissions (scope 1), they account for 23.25% of total emissions. In relation to 2017, there was a 326.7% increase in emissions, which are mainly due to the change in land use, resulting from the São João do Piauí solar power project, given the suppression of vegetation of the Caatinga, resulting in an additional impact on emissions of 9,269.37 tCO<sub>2</sub>e. Celeo made an agreement with the environmental agency to obtain surplus forest credits representing an investment of R\$ 500,000 to offset its impact stemming from the project.

The 6 solar power plants, when fully operational, are expected to avoid emissions of 280,000 tCO<sub>2</sub>e/year by no longer consuming fossil fuels to generate energy.

Celeo had a favorable environmental performance by reducing its fugitive SF<sub>6</sub> emissions by approximately 20%. The company has in place a plan to improve transmission assets, called Plano de Melhoria das Instalações de Transmissão through which it intends to invest approximately R\$ 1.9 million in order to fully mitigate its SF<sub>6</sub> emissions in the coming years.

With regard to scope 3 (indirect emissions), which account for 0.41% of Celeo's total emissions, the 8.7% increase compared with 2017 is mainly due to an increase in the number of air travel by Company employees.

GREENHOUSE GAS EMISSION - tCO<sub>2</sub>e

Scope	2018	2017
Scope 1 (t/CO <sub>2</sub> e)	12,360.49	3,772.83
Scope 2 (t/CO <sub>2</sub> e)*	40,586.77	39,786.70
Scope 3 (t/CO <sub>2</sub> e)	217.64	200.18
Total	53,164.90	43,759.71

Total CO<sub>2</sub> emissions in 2018 in relation to 2017, not including emissions from technical losses, increased by 32.16%, mainly due to an increase in scope 1 emissions, as mentioned above.

GREENHOUSE GAS EMISSIONS - tCO<sub>2</sub>e (MANAGEABLE)

Scope	2018	2017
Scope 1 (t/CO <sub>2</sub> e)	12,360.49	3,772.83
Scope 2 (t/CO <sub>2</sub> e)*	113.34	108.93
Scope 3 (t/CO <sub>2</sub> e)	217.64	200.18
Total	12,691.47	4,081.94

\* Emission losses due to energy transmission: 2017: 39,667.8 (tCO<sub>2</sub>e)  
2018 : 40,473.43 (tCO<sub>2</sub>e)

Substation - IGU Itaguaçu



THE 6 SOLAR POWER PLANTS, WHEN FULLY OPERATIONAL, ARE EXPECTED TO AVOID EMISSIONS OF 280,000 tCO<sub>2</sub>e/YEAR.

CELEO HAD FAVORABLE ENVIRONMENTAL PERFORMANCE BY REDUCING ITS FUGITIVE EMISSIONS OF SF<sub>6</sub> BY APPROXIMATELY 20%.



## ECO-EFFICIENCY

## CONSUMPTION OF WATER AND EFFLUENTS

GRI 303-1

- 19 facilities use water meters and hour meters to control consumption.
- Water quality is controlled by regular physico-chemical and bacteriological analyses.

- In 2018, total consumption was 2,710.14 m<sup>3</sup> compared with 3,105.49 m<sup>3</sup> in 2017. This reduction in consumption is a consequence of one of the objectives established in Celeo's strategic planning in 2018. By targeting a 3% reduction in water consumption in at least two facilities, Celeo was successful and reduced its consumption by 19% in all facilities controlled.



## ENERGY CONSUMPTION

(GRI 302-1; 302-4)

Type of fuel	2018
Fossil fuels (lts)	103,657
Renewable Fuels (lts)	5,595
Electric Power (MWh)	1,532

## AIR EMISSIONS

GRI 305-7

With the production of solar energy in the Uberlândia maintenance base, which currently accounts for approximately 50% of the energy consumed in the unit, emissions of polluting gases such as CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>2</sub> were avoided.



## EMISSIONS AVOIDED WITH SOLAR ENERGY CONSUMPTION (KG)

	2017	2018
CO <sub>2</sub>	51,265.29	74,927.96
NO <sub>x</sub>	79.20	115.76
SO <sub>2</sub>	0.27	0.41

## WASTE MANAGEMENT

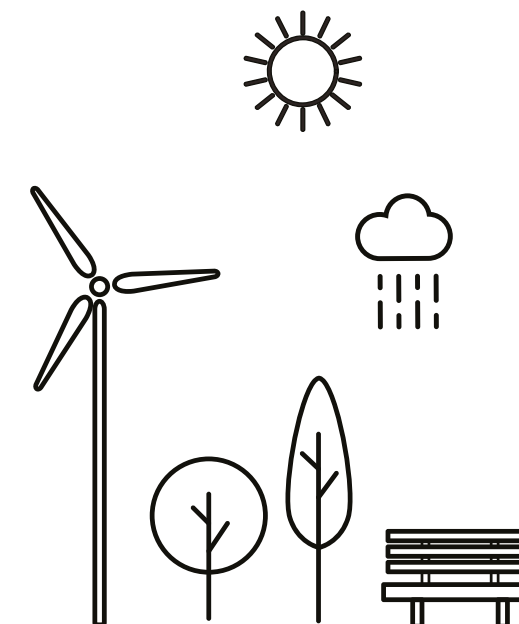
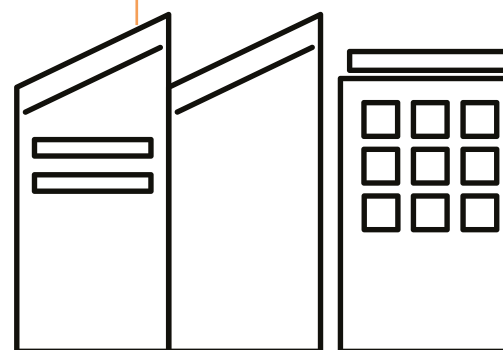
GRI 301-3, 306-2;

306-4

Celeo's Waste Management Plan complies with the National Solid Waste Policy (Law No. 12,305 of 2010) and other standards in force in the country. In the Company's substations and bases, only the waste that requires special collection, transportation, treatment and/or final destination is stored. All other types of waste are collected by the city services. In

2018, a total of 85 tons of hazardous waste was transported. This total includes material that was stored in order to reach a relevant volume to be transported.

Hazardous waste substances such as electrical insulating mineral oil, lubricating mineral oil and waste contaminated by this product, and non-hazardous waste such as paper, plastic, metal and glass, are considered.



## GENERATION OF HAZARDOUS (CLASS I) AND NON-HAZARDOUS (CLASS II) WASTE

Total Generated	2017	2018
Class II (kg)	5,228	5,673.93
Class I (kg)	2,021	21,031.64
Class I (Lt)	2,850	4,464.79
Class I (Unit)	1,400	1,941.37
Total Recycled	2017	2018
Class II (metal, paper and plastic) (kg)	690	1,380.00
Class I* (batteries, toner and print cartridge) (Unit)	-	1,042.00

\* Reverse Logistics Recycling





# SOCIAL PERFORMANCE

Celeo considers stakeholders relations to be instrumental to the sustainability of its business.

In 2018, the Company developed actions aimed at improving the areas of Human Resources, relationships with communities and suppliers.

This section contains the results achieved by these actions.

## EMPLOYEE MANAGEMENT

GRI 102-8; 102-35, 102-36; 401-1; 404-3

In the Human Resources area, in 2018, the Company conducted the first editions of the Organizational Climate Survey and the Performance Evaluation, which will now have annual editions for the development of a database that will allow for improvement in employee management.

A total of 114 employees took part in the Performance Evaluation — 79.82% of which were men and 20.18% were women. The Company considered the result as being positive for a first edition. The goals for 2019 are the participation of 100% of the employees eligible for performance evaluation, and the consolidation of the process, encouraging the individual development of employees, which is critical to the Company's positive performance.

Participation in the organizational climate survey was 65%, 139 employees accepted the invitation to complete the survey. The purpose of the survey was to identify the strengths and weaknesses of the Company's relationship with its employees, as well as opportunities for improvement. The result indicated a high level of satisfaction with the work environment and knowledge of the Company's values and objectives.



65%

Participation rate of employees in the first edition of Celeo's organizational climate survey.





EMPLOYEE PROFILE

GRI 102-7, 102-8, 401-1

Celeo’s selection and hiring process is in line with the guidelines of its Code of Ethics and Conduct Standards, applying non-discrimination criteria for equal opportunities.

The Company also worked to collect data to prepare its Positions and Salaries Policy. In 2018, a specialist consulting firm was hired to conduct a survey on remunerations and benefits policies practiced by similar companies. These data will support the definition of Celeo’s guidelines in this area.

In HR, the conduction of the certification process allowed for the identification of the opportunity to improve the Company’s hiring and training processes, leading to the acquisition of two new systems that will allow better management and control of both areas.

At the end of the period analyzed, the Company’s staff had 248 professionals, of which 198 are men and 50 are women. The number of new hires in the year was 56 employees, 40 men and 16 women. Terminations totaled 37, 27 men and 10 women, 22 were terminated by the Company and 15 resigned. In 2018, the turnover rate was 18.55, while in the previous year, turnover was 23.70.

In the Southeastern region, the Company has two employees with temporary contracts, and there are no similar contracts in other regions. Regarding working hours, there were no part-time workers.

TOTAL NUMBER OF EMPLOYEES HIRED, BY REGION		2016	2017	2018
		21	40	42
		9	8	3
		9	8	11

TOTAL NUMBER OF EMPLOYEES HIRED, BY AGE GROUP		2016	2017	2018
		16	21	19
		20	34	36
		3	1	1

TOTAL NUMBER OF EMPLOYEES HIRED, BY GENDER		2016	2017	2018
		28	42	40
		10	14	16

TOTAL NUMBER OF EMPLOYEES HIRED, BY AGE GROUP (%)		2016	2017	2018
		42	38	34
		53	60	64
		5	2	2

RATE OF EMPLOYEES HIRED BY GENDER (%)		2016	2017	2018
		74	75	71
		26	25	29

RATE OF EMPLOYEES HIRED BY REGION (%)		2016	2017	2018
		55	71	75
		21	14	5
		24	14	20



TOTAL NUMBER OF EMPLOYEES WHO LEFT THE ORGANIZATION VOLUNTARILY OR DUE TO TERMINATION, RETIREMENT OR DEATH DURING SERVICES, BY REGION



	2016	2017	2018
	21	35	26
	7	7	5
	4	11	6

TOTAL NUMBER OF EMPLOYEES WHO LEFT THE ORGANIZATION VOLUNTARILY OR DUE TO TERMINATION, RETIREMENT OR DEATH DURING SERVICE, BY AGE GROUP



	2016	2017	2018
	15	20	10
	14	30	26
	3	3	1

TOTAL NUMBER OF EMPLOYEES WHO LEFT THE ORGANIZATION VOLUNTARILY OR DUE TO TERMINATION, RETIREMENT OR DEATH DURING SERVICE, BY GENDER



	2016	2017	2018
	20	42	27
	12	11	10

EMPLOYEE TURNOVER RATE, BY AGE GROUP (%)



	2016	2017	2018
	7	8.4	2.09
	7	13.69	5.38
	1	1.52	0.20

EMPLOYEE TURNOVER RATE, BY GENDER (%)



	2016	2017	2018
	10	16.9	5.60
	5	6.7	2.08

DEVELOPMENT AND TRAINING PROGRAM

GRI 404-1; 404-2; G4 EU14

Celeo's Training Program includes in-house training focused on improving skills and technical management and regulatory skills and the Education Assistance Program, which provides financial support for postgraduate professionals, MBA and language courses. In 2018, a total of 31 professionals participated in the Program, with 22 employees taking language courses, 8 taking undergraduate/MBA courses, and 1 in technical education.

The purpose of this Program is to improve knowledge of its employees and retain talent.

In 2018, Operation and Maintenance employees participated in the Internal Training Program, which aimed to guarantee the same level of knowledge for all participants from all regions where the Company operates. Since 2017, these training courses have been centralized in the training tower, in the Uberlândia (MG) maintenance base. In 2019, the development trail of this group of workers will be defined.

During RH Visita (HR Visits), the area's relationship program with employees throughout the Company, the PIC concepts are also reinforced as a form of training.



TRAINING HOURS,  
BY GENDER



TOTAL

	2017	2018
	7,628	23,067
	4,769	2,985
TOTAL	12,397	26,052

TRAINING BY POSITION - CLASS TIME BY POSITION

	2017	2018
Manager	3,655	5,105
Administrative	1,195	4,457
Production	7,537	16,490

INVESTMENTS  
IN TRAINING

In 2018, the Company invested R\$ 1,189 million in education and training of its employees, who, on average, dedicated 105.04 hours to these activities compared with 95 hours recorded in 2017. The total invested was also higher compared with the investment in 2017, which was R\$ 767,000, and reflects Celeo's growth and its commitment to the professional development of its employees.

Investment	R\$
High School / Technical	4,560.00
Undergraduate / MBA	126,439.34
Languages	52,532.00
SIPAT	173,337.51
SICAT	171,585.02
Technical Training	660,668.88
TOTAL	1,189,122.72

Average invested per employee was R\$ 1,068.39.



SICAT 2018

SICAT

In 2018, the Technical Training Week (SICAT - *Semana de Capacitação Técnica*) was held between October 22 and 26, at the Uberlândia (MG) base. In total, 116 employees took part in technical training and shared experiences.

BENEFITS

GRI 401-2

Celeo offers benefits consistent with market practices and its culture to promote the well-being and quality of life of its employees. The benefits offered are: - Dental and Health Plan for legal dependents (wife and children up to 24 years of age), and parents with children between the ages of 24 and 30 can pay the cost of the health insurance plan of their employees, Life Insurance, Transportation Allowance, Meal Allowance, Daycare for female employees, maternity/paternity leave, shiatsu, Workplace Exercises, Education Allowance (pursuant to internal rules), gift and maternity kit for pregnant employees. The benefits do require employee co-pay.

In addition to these benefits, Celeo offers daily breakfast with balanced diet and monthly breakfasts for the birth-days of the month.



POSITIVE ENERGY

One of the objectives of Celeo's people management area is to promote actions to improve the quality of life and well-being of its employees. The Positive Energy Program is part of this commitment. A program to stimulate healthy and responsible weight loss. Started in October 2018, it had the participation of 72 employees, divided into three groups of 24 people, who, together, lost 30 Kg and 140 cm of waist circumference.

The Program outlined individual goals, provided health and nutrition tips, and encouraged the practice of physical activity and meditation. The next edition of Positive Energy is scheduled to start in March 2019.



RELATIONSHIP WITH  
LOCAL AND TRADITIONAL  
COMMUNITIES

GRI 411-1, 413-1, 413-2

The relationship with local communities in its area of operation is one of priorities for Celeo. The Company permanently carries out actions of the Integra Program, whose purpose is to understand the needs and characteristics of the populations in these areas, which allows actions to support the development and protection of these communities. Within this Program, communication campaigns are also carried out regarding the limitations of use of the right-of-way and fire prevention, for example, including the distribution of graphic material.

In 2018, we completed the process to register properties adjacent to eight concessions (LTT, BTE, BTE II, LTC, CTE, VCTE, IMTE and ENTE). In total, 2,136 properties were visited and 1,377 interviews were conducted between 2017 and 2018. The data mapped indicate the profile of the properties and their residents, traditional populations, sources of income and family income, educational level and enrollment in social programs of the federal, state and municipal governments, among other information. For example, there was a high level of difficulty in comprehending written text, leading Celeo to improve its relationship with these audiences through graphic material that addresses the safety issues involving transmission lines.

PROGRAM FOR  
INDIGENOUS COMMUNITY

During the licensing process for the 230-kV Umuarama Sul - Guaira TL, an integral part of the Caiuá concession, it was determined that a Study of the Indigenous Component was necessary for the project's area of influence.

On December 21, 2013, FUNAI sent an Official Letter requesting the development of an Emergency Action Plan for the Tekoha Guarani Village, a community situated in the area of influence of the Caiua concession, in Paraná. The purpose of this plan was to carry out actions to improve the quality of life of families established in the vicinity of the right-of-way.

In addition to the Plan, the concession advanced with the Indigenous Component Study (ECI - Estudo de Componente Indígena), which proposes actions to be taken as a way of mitigating the negative impacts of the construction of the transmission line on the region's indigenous community. The ECI was approved by FUNAI to be presented to communities on 3/23/2018. The ECI was presented in November 2018, and was approved by the indigenous people. Thus, in December 2018, the Indigenous Basic Environmental Plan was initiated, with a schedule and details of the activities to be carried out, a document that will also be approved by FUNAI and the community, thus allowing for the implementation initiatives.



2,136

properties adjacent to  
eight concessions were  
registered by Celeo

1,377

Interviews were  
conducted between  
2017 and 2018

Integra Program



460

children are benefited by the  
actions of Instituto Reação

QUILOMBOLA COMMUNITY PROJECT

In the area of influence of the 230-kV Açailândia - Miranda II TL, in the state of Maranhão, we identified a Quilombola community called Marfim. Celeo conducted, according to instructions from Fundação Cultural Palmares (FCP), a Quilombola Component Study, which was approved by the FCP and the community, and the proposals have already been executed. The Company awaits the evaluation from the FCP on the Final Execution Report.

SOCIAL PROJECTS

Celeo believes that supporting the socioeconomic development of the regions where it operates is a way of collaborating for the sustainable development of the country and its businesses, allowing for greater integration of the Company with the population. In 2018, the Company approved contributions, through fiscal incentives, for five projects, one of which is to support sports, one to support the elderly in situation of vulnerability, two to support culture, and another to support youth development. Learn about the social projects supported by Celeo in 2018:

Baú de Histórias (Chest of Stories)

Promotes the dissemination of reading through the distribution of a Chest of Stories, as well as storytelling workshops in schools and public institutions benefited. The workshops will be entertaining, thus stimulating the participation of the population in the city of Atibaia (SP). Project carried out via the Rouanet Act, with contribution of R\$ 99,900.00.

Histórias que Vieram de Trem (Stories That Came By Train)

A theatrical play for the communities around the railroad lines in the city of Atibaia (SP), in the State of São Paulo, highlighting positive aspects and importance of railways as a means of transportation. This project is also supported via the Rouanet Act, with contribution of R\$ 73,660.00.

Instituto Reação - School of Judo and Education - Year III

For 12 months, Celeo has been one of the sponsors of the program called *Reação Escola de Judo e Educação* (Reação School of Judo and Education), by Instituto Reação (Rio de Janeiro/RJ), which promotes the value of sports through pedagogical workshops for 460 children ages 3-18. The children participate in judo and jiu-jitsu classes at Polo Rocinha Escola Faixa Preta. The goal is to develop a critical eye and an active stance among students of the project, broadening the notion that we are all important players for the transformation of society. This project is developed through the Sports Incentive Act. Total contribution by the Company was approximately R\$ 71,000.



## QUALIFYING YOUTH FOR THE FIRST JOB

Each year, Instituto da Oportunidade Social - IOS (Institute for Social Opportunity), through the project "Youth Empowerment and Training for First Job", prepares 160 young students from public schools for their first job. Developed in the region of Belo Horizonte, capital of the State of Minas Gerais, the project offers professional training in administration, technology and after-school tutoring, encouraging the empowerment of these young people in the beginning of their professional lives. Total contribution by the Company was approximately R\$ 71,000, through the Belo Horizonte Municipal Child and Adolescent Fund.

## LAR VICENTINO SÃO JOSÉ - CONSTRUCTION OF THE COMMUNITY CENTER

Project aimed at expanding the area of physical activities and fraternization of the elderly residents of nursing home Lar Vicentino São José. An area of 80 sqm will be built. The elderly welcomed by the Home are in a situation of vulnerability and/or social and personal risk, having no family support. This project receives incentives from the Municipal Fund for the Elderly of São João da Boa Vista, in the State of São Paulo. Total contribution by the Company was approximately R\$ 71,000.



## SUPPLIERS

**GRI 102-9, 308-1, 308-2, 406-1, 408-1, 409-1, 412-3, 414-1, 414-2**

The Company's supply chain is mainly formed by companies that supply electrical/electronic equipment/materials, service providers related to the energy sector and provision of specialized labor. In the reporting period, the total volume purchased was R\$ 11.175 million compared with R\$ 10.8 million in 2017.

In 2018, SIG certifications improved the processes for registration and training of suppliers carried out by the Procurement area, responsible for the relationship with contractors. Training is now carried out based on a process that classifies suppliers, according to the type of supply, into high, medium or low risk. Among the criteria considered for training suppliers in the social sphere are labor and social security laws, human rights protection laws, and laws against child and slave-like labor, in force in the country. For the environmental area, criteria such as contamination of the water table, air pollution and irregular deforestation are considered.

The Company has 3,322 suppliers in total, among them, according to the qualification criteria, 38 companies are considered critical suppliers. To control compliance of these companies with contractual clauses, Celeo conducts control visits and applies a qualification criteria checklist. In 2018, four companies were visited and no negative environmental or social impacts were identified. Of the 76 significant investment contracts signed by the Company, 67% contain clauses dealing with issues related to respect for human rights.

The Company's requirements are communicated to suppliers by means of a Terms of Responsibility. This document contains the Company's requirements regarding the control of possible environmental and social impacts generated by suppliers. Implemented in 2018, new suppliers comply with these clauses.

Lar Vicentino São José



## HEALTH AND SAFETY

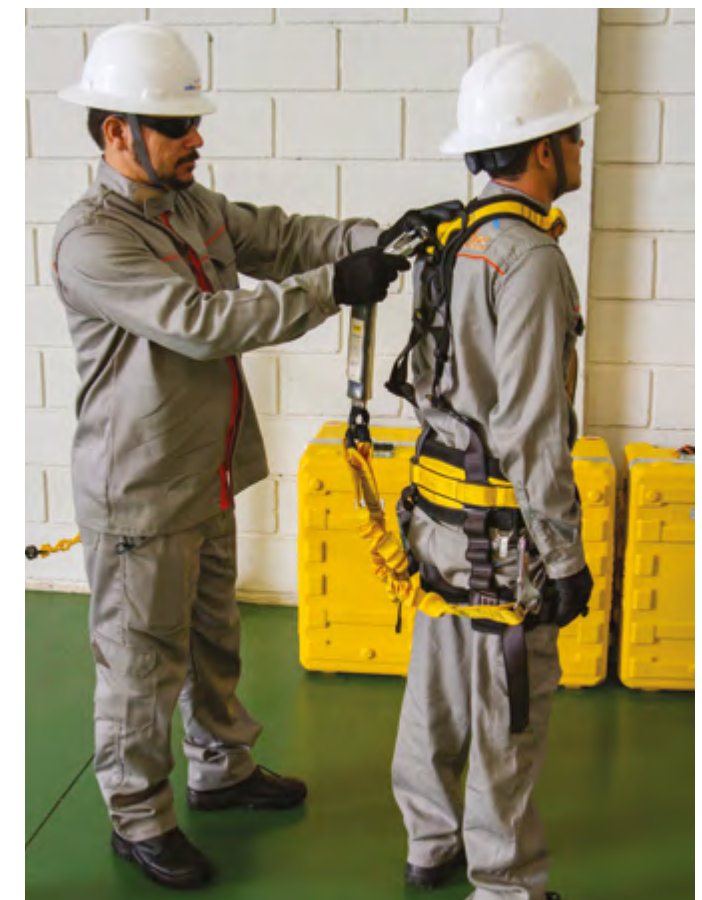
**GRI 102-41, 403-1, G4 EU16, EU18**

Occupational Health and Safety (OHS) actions are a priority for Celeo, which seeks to provide its employees and contractors with safe working conditions in all its facilities and along the transmission lines.

The Company follows the Policy for Integrated Management of Quality, Environment, Occupational Health and Safety, which fosters a culture of health and safety in its facilities. In addition, the Collective Bargaining Agreement, which covers all employees, considers aspects related to this topic.

Management of OHS is carried out by skilled and qualified professionals who also have the support of the SIG, composed of a multidisciplinary team, that jointly plans and conducts preventive actions to avoid incidents and damages to people's health.

These actions include regular training, prior risk analysis and adoption of preventive measures.





## THE OHS SECTOR IS RESPONSIBLE FOR IDENTIFYING AND PERFORMING REGULAR TRAINING FOR ALL EMPLOYEES, ACCORDING TO CURRENT STANDARDS IN FORCE IN THE COUNTRY AND TO INTERNAL PROCEDURES.

Under SIG, internal work procedures as well procedures for field employees (transmission lines and substations) have been established. Such procedures guide the execution of daily activities and provide for the elimination, control or mitigation of risks.

At Celeo, 100% of the employees are represented by the Internal Commission for the Prevention of Accidents - CIPA, formed by Company representatives and employees. CIPA's actions are focused on the development of actions that guarantee good working conditions to prevent accidents and occupational diseases. The Company also has in place the Sustainability Committee, composed of a multidisciplinary team, responsible for defining priorities and actions for the Health and Safety area.

The OHS sector is responsible for identifying and developing regular training for all employees, in accordance with current country standards and internal procedures. Training is provided by skilled and qualified professionals and training needs for the performance of each role are defined in the Training Matrix. Through this Matrix, mandatory training for employees is controlled according to their activities, respecting internal procedures and applicable legal requirements. In addition, it serves as a parameter for the programming of the courses to which the employees must be submitted, allowing for the fulfillment of each one of the requirements. All trained professionals undergo evaluations during the training period or by their managers during their activities.

It should be noted that the Company has established 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 the requirements of safety, occupational health and the environment, as well as their legal compliance with the goods or services provided. These training courses may occur during onboarding to access the facilities and in the screening and evaluation processes of contractors.



## SIPAT

**190 employees participated in the activities of the 4<sup>th</sup> SIPAT edition, held in August.**

SIPAT 2018

## SIPAT

In order to facilitate the understanding of the messages passed on in the training courses of the Internal Injury Prevention Week (SIPAT - *Semana Interna de Prevenção de Acidentes do Trabalho*), in 2018, the activities were playful and carried out through competitions, stimulating employee participation. At the end, an award was given to the best-performing teams. Training was conducted in August and had the participation of 109 employees. SIPAT is promoted annually by CIPA, and this was its fourth edition.

# 50

Professionals participated in the OHS Onboarding, which aims to integrate employees, train them to prevent accidents and disseminate Celeo's values.



## ONBOARDING TRAINING

Acknowledging the value of Health and Safety at Celeo, all Company employees receive information necessary to ensure their occupational health and safety in the workplace during their onboarding process. Training of the professionals who work in Operation and Maintenance is concentrated in Uberlândia (MG).

In 2018, a total of 50 people participated in the OHS Onboarding in the Company's premises.

The Occupational Health and Safety area is concerned with:

- Pre-assessing risks in work environments;
- Supporting employees in the prior identification of risks in their activities;
- Integrating employees into the Occupational Health and Safety system;
- Preventing occupational incidents and diseases;
- Disseminating the Health, Safety, and Environment Policy;
- Compliance with established rules.





## HEALTH AND SAFETY INDICATORS

### GRI 403-2

On a monthly basis, occupational health and safety indicators are monitored with a focus on achieving the goals and objectives defined by the Company. The accident statistics follow the indication of the Brazilian Association of Technical Standards (ABNT - Associação Brasileira de Normas Técnicas) according to NBR 14280 - Work accident registry.

In order to manage its preventive and corrective actions in relation to working conditions, Celeo established the procedure called Management of Non-Conformities, Preventive and Corrective Actions (PG-007).

All of the Company's work environments are monitored through the Environmental Risk Prevention Program (PPRA - Programa de Prevenção de Riscos Ambientais) as established by the Regulatory Standard - (NR9) and it was noted through qualitative and quantitative analyses that no results were identified for unhealthy environments or environments prone to occupational diseases.

In relation to accidents at Celeo's premises, the General Incident Procedure (PG-023) was defined, with guidelines on how to investigate, report, and handle incidents. All incidents are monitored by Senior Management, which validates actions to avoid new occurrences, incorporating lessons learned in future training and risk analysis.

All actions implemented corroborated the decrease in the Occupational Accident Frequency Rate (TFAT - Taxa de Frequência de Acidentes de Trabalho) in the last two years.

In 2018, there was low-potential accident with lost time due to a fracture in the wrist of an employee who suffered a fall at level, when he tripped over a vine while weeding. A low-potential accident without lost time was also recorded during the handling of a tractor hitch. In both incidents, the employees were male.

In the year, there were no records of occupational diseases or fatal accidents in the Company.

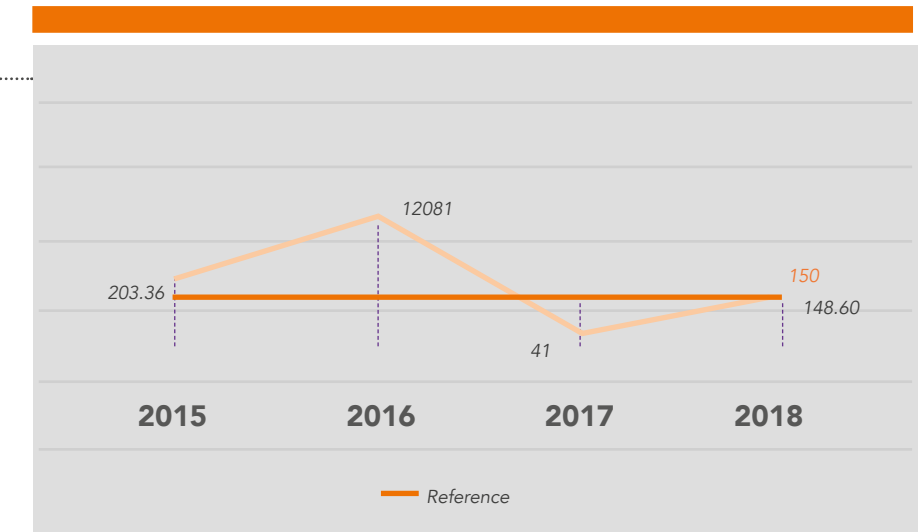
In total, there were 95 lost days involving male employees.

As shown in the Frequency Rate and Severity Rate charts, in 2018, the Company obtained results below the reference rates, which indicates its commitment to the health and safety of its employees.

According to these results, comparing with the data from the previous year, it can be noted that there was an improvement in the frequency rate. Despite this improvement, the severity rate increased due to the small potential accident that resulted in 95 lost days. The data presented comply with NBR 14280.

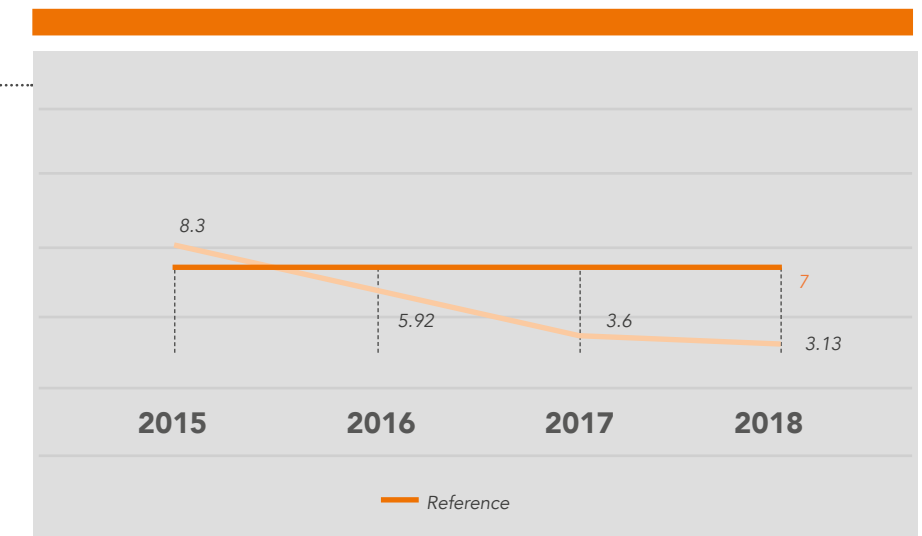
### SEVERITY RATE

Brazil Criterion (NBR 14280)

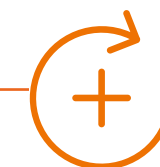


### FREQUENCY RATE

Brazil Criterion (NBR 14280)



In order to facilitate understanding by Brazilian stakeholders regarding the frequency and severity indicators, the calculation methodology follows the recommendation of the Brazilian Association of Technical Standards through NBR 14280: Work accident registry - Procedure and classification, different from what was presented in 2017, which followed the Spanish calculation methodology.



IN 2018, THE COMPANY DID NOT RECORD ANY OCCUPATIONAL DISEASES OR FATAL ACCIDENTS



# GRI STANDARDS INDEX

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Disclosure 102-4	Location of operations (G4-6).		24
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Disclosure 102-9	Supply chain (G4-12).		86
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 2018.	
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INDICATOR	DESCRIPTION	COMMENTS	PAGE
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Disclosure 102-22	Composition of the highest governance body and its committees (G4-38).		46
Disclosure 102-23	Chair of the highest governance body (G4-39).		46
Disclosure 102-24	Nominating and selecting the highest governance body (G4-40).		45
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.		45
Disclosure 102-27	Collective knowledge of highest governance body (G4-43).	Compliance Committee and Sustainability Committee of meetings; goals and targets meetings (ESG).	
Disclosure 102-28	Evaluating the highest governance body's performance (G4-44).		45
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.	



INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-30	Effectiveness of risk management processes (G4-46).		40
Disclosure 102-31	Review of economic, environmental, and social topics (G4-47).		39
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, the Board of Executive Officers is an executive body.	
Discloure 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, the Board of Executive Officers is an executive body.	
Disclosure 102-35	Remuneration policies (G4-51).		77
Disclosure 102-36	Process for determining remuneration (G4-52).		77
Stakeholder Engagement			
Disclosure 102-40	List of stakeholder groups (G4-24).		17
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	Identifying and selecting stakeholders (G4-25).		16
Disclosure 102-43	Approach to stakeholder engagement (G4-26).		13; 16
Disclosure 102-44	Key topics and concerns raised (G4-27; G4-PR5).		14; 15

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Reporting Practices			
Disclosure 102-45	Entities included in the consolidated financial statements (G4-17).	<ul style="list-style-type: none"><li>• Celeo Redes Brasil S.A. (Celeo)</li><li>• Celeo Redes Expansões</li><li>• Celeo Redes e Transmissão e Renováveis</li><li>• Celeo Redes Transmissão de Energia</li><li>• Serra de Ibiapaba Transmissora de Energia</li><li>• Linhas de Transmissão Corumbá S.A. (LTC)</li><li>• Encruzo Novo Transmissora de Energia S.A. (ENTE)</li><li>• Pedras Transmissora de Energia S.A. (PTE)</li><li>• Coqueiros Transmissora de Energia S.A. (CTE)</li></ul> The results for partially-owned companies were recognized using the Equity Method. These are: <ul style="list-style-type: none"><li>• Caiuá Transmissora de Energia S.A. (CAIUÁ)</li><li>• Integração Maranhense Transmissora de Energia S.A. (IMTE)</li><li>• Cantareira Transmissora de Energia S.A. (CANTAREIRA)</li><li>• Jauru Transmissora de Energia S.A. (JTE)</li></ul>	
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Disclosure 102-47	List of material topics (G4-19).		14
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Disclosure 102-50	Reporting period (G4-28).		11
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INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>GRI Standards 103 – Management Approach</b>			
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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.	
<b>GRI Standards 200 series – Economic Topics</b>			
<b>Economic Performance (GRI 201)</b>			
Disclosure 201-1	Direct economic value generated and distributed (G4-EC1).	Annual Social Balance iBase	106
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change (G4-EC2).		41
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 government financial assistance in 2018.	
<b>Market Presence (GRI 202)</b>			
Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage (G4-EC5).	Indicator will be reported from next year.	
Disclosure 202-2	Proportion of senior management hired from the local community (G4-EC6).	There are no members of senior management hired in local community.	
<b>Indirect Economic Impacts (GRI 203)</b>			
Disclosure 203-1	Infrastructure investments and services supported (G4-EC7).	The activities of Celeo necessarily imply investments in infrastructure for the transportation of energy.	
Disclosure 203-2	Significant indirect economic impacts (G4-EC8).	In addition to generating taxes, transporting energy to localities is an inducer of economic activities.	
<b>Procurement Practices (GRI 204)</b>			
Disclosure 204-1	Proportion of spending on local suppliers (G4-EC9).	Information not yet available. This process is being developed to provide reporting next year.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Anti-corruption (GRI 205)</b>			
Disclosure 205-1	Operations assessed for risks related to corruption (G4-303).		39; 49
Disclosure 205-2	Communication and training about anti-corruption policies and procedures (G4-304).		48; 49
Disclosure 205-3	Confirmed incidents of corruption and actions taken (G4-305).		49
<b>Anti-competitive Behavior (GRI 206)</b>			
Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices (G4-SO7).	There were no legal actions.	
Disclosure 419-1	Socioeconomic Compliance (GRI 419).		49
<b>GRI Standards 300 series – Environmental Topics</b>			
<b>Materials (GRI 301)</b>			
Disclosure 301-1	Materials used by weight or volume (G4-EN1).	This topic is irrelevant to Celeo's activities and operations.	-
Disclosure 301-2	Recycled input materials used (G4-EN1).	This topic is irrelevant to Celeo's activities and operations.	
Disclosure 301-3	Reclaimed products and their packaging materials (G4-EN1).	This topic is irrelevant to Celeo's activities and operations.	
<b>Energy (GRI 302)</b>			
Disclosure 302-1	Energy consumption within the organization (G4-EN13).		74
Disclosure 302-2	Energy consumption outside of the organization.		74
Disclosure 302-3	Energy intensity.	Indicator will be reported from next year.	
Disclosure 302-4	Reduction of energy consumption (G4-EN6).		74
Disclosure 302-5	Reductions in energy requirements of products and services (G4-EN7).	This topic is irrelevant to Celeo's activities and operations.	
<b>Water (GRI 303)</b>			
Disclosure 303-1	Water withdrawal by source (G4-EN8).		74
Disclosure 303-2	Water sources significantly affected by withdrawal of water (G4-EN9).	Indicator is irrelevant to Celeo's operations and activities. There is no significant water withdrawal in any stage of the project.	



INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 303-3	Water recycled and reused (G4-EN10).	Water consumption at Celeo's operations is not significant.	
<b>Biodiversity (GRI 304)</b>			
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).		69
Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity (G4-EN 12).		69
Disclosure 304-3	Habitats protected or restored (G4-EN13).		70
Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations (G4-EN14).		69
<b>Emissions (GRI 305)</b>			
Disclosure 305-1	Direct (Scope 1) GHG emissions (G4-EN15).		72
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions (G4-EN16).		72
Disclosure 305-3	Other indirect (Scope 3) GHG emissions (G4-EN17)		72
Disclosure 305-4	GHG emissions intensity (G4-EN18).	Indicator will be reported from next year.	
Disclosure 305-5	Reduction of GHG emissions (G4-EN19).		72
Disclosure 305-6	Emissions of ozone-depleting substances (ODS) (G4-EN20).	Indicator will be reported from next year.	
Disclosure 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions (G4-EN21).		74
<b>Effluents and Waste (GRI 306)</b>			
Disclosure 306-1	Water discharge by quality and destination (G4-EN22).	Indicator not relevant to Celeo's operations and activities. Occurring the exclusive generation of domestic effluents, which are treated in septic tanks.	
Disclosure 306-2	Waste by type and disposal method (G4-EN23).		75
Disclosure 306-3	Significant spills (G4-EN241).	There was no significant leakage from Celeo's facilities in 2018.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 306-4	Transport of hazardous waste (G4-EN25).		75
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 activities and operations.	
<b>Environmental Compliance (GRI 307)</b>			
Disclosure 307-1	Non-compliance with environmental laws and regulations.		49
<b>Supplier Environmental Assessment (GRI 308)</b>			
Disclosure 308-1	New suppliers that were screened using environmental criteria (G4-EN32).		86
Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken (G4-EN33).		86
<b>GRI Standards 400 series – Social topics</b>			
<b>Employment (GRI 401)</b>			
Disclosure 401-1	New employee hires and employee turnover (LA-1).		78
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.		83
Disclosure 401-3	Parental leave.		
<b>Labor/Management Relations (GRI 402)</b>			
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 and face-to-face meetings.	
<b>Occupational Health and Safety (GRI 403)</b>			
Disclosure 403-1	Workers representation in formal joint management-worker health and safety committees.		87
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



INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 403-3	Workers with high incidence or high risk of diseases related to their occupation.		88
		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	
Disclosure 403-4	Health and safety topics covered in formal agreements with trade unions (G4-LA8).	Clause Twenty-Four - Internal Commission for Accident Prevention	87
		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	
<b>Training and Education(GRI 404)</b>			
Disclosure 404-1	Average hours of training per year per employee.		81
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs (G4-LA).		81
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews (G44-LA1).		77
<b>Diversity and Equal Opportunity (GRI 405)</b>			
Disclosure 405-1	Diversity of governance bodies and employees (LA).	Indicator will be reported from next year.	
Disclosure 405-2	Ratio of basic salary and remuneration of women to men.	Indicator will be reported from next year.	
<b>Non-discrimination (GRI 406)</b>			
Disclosure 406-1	Incidents of discrimination and corrective actions taken.	There were no incidents of discrimination in 2018	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Freedom of Association and Collective Bargaining (GRI 407)</b>			
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 did not include this risk.	86
<b>Child Labor (GRI 408)</b>			
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor.		86
<b>Forced or Compulsory Labor (GRI 409)</b>			
Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor (G4-HR6).		86
<b>Security Practices (GRI 410)</b>			
Disclosure 410-1	Security personnel trained in human rights policies or procedures (G4 HR7).	Celeo did not promote this training in 2018.	
<b>Rights of Indigenous Peoples (GRI 411)</b>			
Disclosure 411-1	Incidents of violations involving rights of indigenous peoples.	There was no discrimination against indigenous or traditional peoples in 2018.	84
<b>Human Rights Assessment (GRI 412)</b>			
Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments.	Indicator not relevant to Celeo's operations and activities.	101
Disclosure 412-2	Employee training on human rights policies or procedures.	Celeo did not promote this training in 2018.	
Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		86
<b>Local Communities (GRI 413)</b>			
Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs.		84
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.	84



INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Supplier Social Assessment (GRI 414)</b>			
Disclosure 414-1	New suppliers that were screened using social criteria.		86
Disclosure 414-2	Negative social impacts in the supply chain and actions taken.		86
<b>Public Policy (GRI 415)</b>			
Disclosure 415-1	Political contributions.	There were no political contributions in 2018.	
<b>Customer Health and Safety (GRI 416)</b>			
Disclosure 416-1	Assessment of the health and safety impacts of product and service categories.	This indicator is not applicable for Celeo's operations.	
Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	This indicator is not applicable for Celeo's operations.	
<b>Marketing and Labeling (GRI 417)</b>			
Disclosure 417-1	Requirements for product and service information and labelling.	This indicator is not applicable for Celeo's operations.	
Disclosure 417-2	Incidents of non-compliance concerning product and service information and labelling.	This indicator is not applicable for Celeo's operations.	
Disclosure 417-3	Incidents of non-compliance concerning marketing communications.	This indicator is not applicable for Celeo's operations.	
<b>Customer Privacy (GRI 418)</b>			
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	This indicator is not applicable for Celeo's operations.	
<b>Socioeconomic Compliance (GRI 419)</b>			
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area.		49
<b>GRI Standards – Sector Supplement</b>			
<b>Organizational Profile</b>			
GRI-EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	This indicator is not applicable for Celeo's operations.	
GRI-EU2	Net energy output broken down by primary energy source and by regulatory regime.	This indicator is not applicable for Celeo's operations.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
GRI-EU3	Number of residential, industrial, institutional and commercial customer accounts.	This indicator is not applicable for Celeo's operations.	
GRI-EU4	Length of above and underground transmission and distribution lines by regulatory regime.		24
GRI-EU5	Allocation of CO <sub>2</sub> e emissions allowances or equivalent, broken down by carbon trading framework.	There was no allocation of CO <sub>2</sub> e emissions.	
<b>Category: Economic</b>			
<b>Availability and Reliability</b>			
G4-DMA EUSD EC (former G4-EU6)	Management approach to ensure short and long-term electricity availability and reliability (DMA).		62
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's operations.	
<b>Demand-Side Management</b>			
G4-DMA EUSD EC (former EU7)	Demand-side management programs including residential, commercial, institutional and industrial programs.	This indicator is not applicable for Celeo's operations.	
<b>Research and Development</b>			
G4-DMA EUSD EC (former G4-EU8)	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development (DMA).		65
<b>Plant Decommissioning</b>			
G4-DMA EUSD EC (former EU9)	Provisions for decommissioning of nuclear power sites.	This indicator is not applicable for Celeo's operations.	
<b>System Efficiency</b>			
G4-EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	This indicator is not applicable for Celeo's operations.	
G4-EU12	Transmission and distribution losses as a percentage of total energy.		59

INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Category: Environmental</b>			
<b>Biodiversity</b>			
G4-EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.		70
<b>Category: Social – labor practices and decent work</b>			
<b>Employment</b>			
G4-DMAEUSD LA (former G4-EU14)	Programs and processes to ensure the availability of a skilled workforce (DMA).		81
G4-EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	Indicator will be reported from next year.	
G4-DMA EUSD LA (former G4-EU16)	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors (DMA).		87
G4-EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	Indicator will be reported from next year.	
G4-EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.		87
<b>Category: Social – Society</b>			
<b>Local Communities</b>			
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).		
G4-EU22	Number of people physically or economically displaced and compensation, broken down by type of project.		

INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Disaster/ Emergency Planning and Response</b>			
G4-DMA EUSD SO (former G4-EU21)	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans (DMA).		63
<b>Category: Social – Product Responsibility</b>			
<b>Customer Health and Safety</b>			
G4-EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	There were no injuries and fatalities to the public involving company assets.	
<b>Access</b>			
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's operations.	
G4-EU26	Percentage of population unserved in licensed distribution or service areas.	This indicator is not applicable for Celeo'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's operations.	
G4-EU28	Power outage frequency.	O indicador não aplicável para as operações da Celeo.	
G4-EU29	Average power outage duration.	This indicator is not applicable for Celeo's operations.	
G4-EU30	Average plant availability factor by energy source and by regulatory regime.	This indicator is not applicable for Celeo's operations.	
<b>Provision of Information</b>			
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's operations.	



## ANNUAL SOCIAL BALANCE - 2018 | iBASE | CELEO REDES BRASIL

1 - Calculation base			2018 Amount (BRL thousands)			2017 Amount (BRL thousands)		
Net Income (NI)			342,514			195,183		
Result before tax on profits			242,707			107,709		
Gross payroll			25,989.17			18,703.19		
2 - Internal Social Indicators			Amount (thousand)	% on Gross Payroll	% on NI	Amount (thousand)	% on Gross Payroll	% on NI
Food			1,832.59	7.05%	0.54%	1,521.01	8.13%	0.78%
Mandatory social charges			5,930.04	22.82%	1.73%	6,595.53	35.26%	3.38%
Private pension fund			0.00	0.00%	0.00%	0.00	0.00%	0.00%
Healthcare			1,944.65	7.48%	0.57%	2,410.41	12.89%	1.23%
Occupational Health and Safety			344.92	1.33%	0.10%	0.00	0.00%	0.00%
Education			183.53	0.71%	0.05%	0.00	0.00%	0.00%
Culture			0.00	0.00%	0.00%	0.00	0.00%	0.00%
Training and Professional Development			660.67	2.54%	0.19%	570.91	3.05%	0.29%
Creches or childcare assistance			4.01	0.02%	0.00%	25.04	0.13%	0.01%
Profit sharing plans			0.00	0.00%	0.00%	0.00	0.00%	0.00%
Transport			321.40	1.24%	0.09%	348.19	1.86%	0.18%
Others			213.07	0.82%	0.06%	26.96	0.14%	0.01%
Total - Internal Social Indicators			11,434.88	44.00%	3.34%	11,498.05	61.46%	5.89%
3 - External Social Indicators			Amount (thousand)	% on Result before tax on profits	% on NI	Amount (thousand)	% on Result before tax on profits	% on NI
Education			71.38	0.03%	0.02%	0.00	0.00%	0.00%
Culture			0.00	0.00%	0.00%	0.00	0.00%	0.00%
Health and Sanitation			0.00	0.00%	0.00%	0.00	0.00%	0.00%
Sport			71.38	0.03%	0.02%	0.00	0.00%	0.00%
Combatting hunger and food security			0.00	0.00%	0.00%	0.00	0.00%	0.00%
Other - Projects Law Rouanet (2017 and 2018) and social action projects (2018)			244.94	0.07%	0.05%	207.38	0.19%	0.11%
Total contributions to society			387.7	0.13%	0.09%	207.38	0.19%	0.11%
Taxes (excluding social security)			65.23	0.03%	0.02%	22.08	0.02%	0.01%
Total - External Social Indicators			452.93	0.16%	0.11%	229.46	0.21%	0.12%

ANNUAL SOCIAL BALANCE - 2018 | IBASE | CELEO REDES BRASIL

4 - Environmental Indicators	2018 Amount (BRL thousands)			2017 Amount (BRL thousands)		
	Amount (thousand)	% sobre RO	% sobre RL	Valor (mil)	% sobre RO	% sobre RL
Investments related to the company's production/operations	5,126	2.11%	1.50%	3,876	3.60%	1.99%
Investments in external projects and/or programs	0	0.00%	0.00%	0	0.00%	0.00%
<b>Total environmental investments</b>	<b>5,126</b>	<b>2.11%</b>	<b>1.50%</b>	<b>3,876</b>	<b>3.60%</b>	<b>1.99%</b>
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% ( ) does not have targets ( ) achieves 51 to 75% ( ) achieves 0 to 50% (X) achieves 76 to 100% (X) achieves 0 to 50% ( ) achieves 76 to 100%						
5 - Indicators for the Workforce	2018		2017			
Nº of employees at the end of the period	248		230			
Nº of new hirings in the period	56		56			
Nº of employees leaving/made redundant in the period	37		36			
Nº of contracted workers at the end of the period	2		35			
Nº of interns at the end of the period	2		2			
Nº of young apprentices at the end of the period	0		-			
Nº of employees over 41 at the end of the period	48		53			
Nº of women working in the company at the end of the period	50		44			
% of management positions held by women	0.06		0.06			
Nº of Afro-Brazilians working at the company at the end of the period	41		30			
% of management positions held by Afro-Brazilians	-		-			
Nº of whites working at the company at the end of the period	208		200			
Nº of people with disabilities or special needs at the end of the period	-		-			
6 - Qualifications of the Workforce	2018		2017			
Nº of postgraduates (specialists, masters and doctors)	22		21			
Nº of graduates	77		64			
Nº of people with incomplete graduation	0		0			
Nº of people with high school education	82		102			
Nº of people with incomplete high school education	0		0			
Nº of people with primary education	21		43			
Nº of people with incomplete primary school education	0		0			
Nº of non-literate people	0		0			



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7 - Information relevant to corporate citizenship	2018			2017		
Ratio between highest and lowest remuneration in the company	35.57			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:	( ) Senior Man.	( ) all employees	( X ) all + Cipa	( ) Senior Man.	( ) 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 2018: BRL: R\$ 359,535			In 2017: BRL: R\$ 199,161		
Distribution of Value Added (DVA):	30% government 7% employees 49% shareholders 14% suppliers			23% government 12% employees 43% shareholders 22% suppliers		

8 - Other Information

Information provided includes the parent company Celeo Rede Brasil and the following concessionaires: Caiuá Transmissora de Energia, CantareiraTransmissora de Energia, CoqueirosTransmissora 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 e Brilhante II Transmissora de Energia.



KPMG Financial Risk & Actuarial Services Ltda.  
 Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A  
 04711-904 - São Paulo/SP - Brasil  
 PO BOX 79518 - CEP 04707-970 - São Paulo/SP - Brasil  
 Telephone +55 (11) 3940-1500, Fax +55 (11) 3940-1501  
 www.kpmg.com.br

## LIMITED ASSURANCE REPORT ISSUED BY INDEPENDENT AUDITORS

To the Board of Directors, Shareholders and Stakeholders  
 Celeo Redes Brasil S.A.  
 Rio de Janeiro - RJ

### Introduction

We have been engaged by Celeo Redes Brasil S.A. ("Celeo" or "Company") to apply limited assurance procedures on the sustainability information disclosed in 2018's Sustainability Report, related to the year ended December 31<sup>st</sup>, 2018.

### Responsibilities of Celeo's Management

The Management of Celeo is responsible for adequately preparing and presenting the sustainability information in the Sustainability Report 2018 in accordance with the Standards for Sustainability Report of Global Reporting Initiative – GRI (GRI-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 Sustainability Report 2018 based on a limited assurance engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative – GRI (GRI-Standards) and the methodology developed globally by KPMG for assurance of social and environmental information disclosed in sustainability reports denominated KPMG Sustainability Assurance Manual - KSAM, applicable to historical non-financial information.

These standards require compliance with ethical re-

quirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Celeo's Sustainability Report 2018, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards) and the KPMG Sustainability Assurance Manual - KSAM 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 Sustainability Report 2018 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 Sustainability Report 2018 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 Sustainability Report 2018, 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:

- (a) 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 Sustainability Report 2018. This analysis defined the indicators to be checked in details;
- (b) understanding and analysis of disclosed information related to material aspects management;

- (c) analysis of preparation processes of the Sustainability Report 2018 and its structure and content, based on the Principles of Content and Quality of the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards);

- (d) 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 Sustainability Report 2018;
- analysis of evidence supporting the disclosed information;
- visits to Celeo's operations and to the corporate office for application of these procedures, and items (b) and (c);

- (e) 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;

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 can-

not provide reasonable 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 Sustainability Report 2018.

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, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

### 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 the 2018 Sustainability Report of Celeo is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards), as well as its source records and files.

São Paulo, May 23<sup>rd</sup>, 2019

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas  
Principal



# CORPORATE INFORMATION

## CELEO REDES

**President**

Joaquín Gomez de Olea

**CELEO REDES BRASIL S.A.**  
**(GRI 102-3)**

CNPJ 04.718.109/0001-10  
I.E 77.565.655  
I.M 313.171-8  
Av. Marechal Câmara, 160 - sala 1433 - Centro/RJ - 20.020-080  
Phone: +55 21 3171-7000

**CONTACT US FOR QUESTIONS AND/OR SUGGESTIONS**  
**(GRI 102-53)**

**Business Development and Sustainability Department**

Marcelo Vinicius Vieira Lima  
marcelo.vinicius@celeoredes.com

Carolina Gonzalez Gonzaga de Oliveira  
carolina.oliveira@celeoredes.com

# CREDITS

## CELEO REDES BRASIL

**Executive Director**

Francisco Antolin Chica Padilla

**Coordination of the Sustainability Report**

Marcelo Vinicius Vieira Lima and Carolina Gonzalez Gonzaga de Oliveira

## GRI CONSULTING AND TEXT

Keyassociados

## LIMITED ASSURANCE

KPMG

## GRAPHIC DESIGN

Magenta•Lab

## TRANSLATION

Gotcha! Idiomas

## PHOTOS

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