

# SUSTAINABILITY REPORT

# 2019





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# MESSAGE FROM THE ADMINISTRATION

/GRI 102-14/

As Chairman of Celeo's Board of Directors, I am pleased to present our 2019 Sustainability Report, a document in which we transparently report on our actions in the environmental, economic, social and governance areas.

Allow me to start by highlighting the recent operation performed by the shareholders, through which APG and Elecnor expanded their strategic alliance for the development of transmission and renewable power generation projects, by incorporating the LATAM platform into Celeo's solar generation assets in Spain. APG becoming a partner in the parent company Celeo represents a relevant milestone in the Company's history, as well as the commitment of both partners to jointly invest up to €400 million over the next five years. It is undoubtedly an additional boost to strengthen our operation in these markets.

This year we continue to strengthen our commitment to sustainability. One example of this commitment is the excellent results obtained in the GRESB, a globally recognized ranking for investors. As a group, we reached the top positions in the energy transmission category and infrastructure, with Chile taking first place and Brazil second. This ranking analyzes environmental and management factors in the performance of its participants. Therefore, it reflects our intense work around our sustainability strategy, which continues to generate positive results.

From an operational standpoint, I would like to mention the start of commercial operations, in the beginning of 2019, of the transmission infrastructure Diego de Almagro, in Chile, and the start of operations, planned for April 2020, of our solar power plant in São João do Piauí, and transmission line in Serra de Ibiapaba, both in Brazil. All these projects will enter into operation well ahead of schedule, demonstrating the effort and dedication of our Company to honor our commitments.

The financial operations finalized during the year were also important. In Chile, with the placement of a financial obligation of US\$ 365 million over a period of 30 years and, in Brazil, with the completion of the financial operation of our Serra de Ibiapaba transmission project in the amount of R\$ 646 million over a period of 20 years. These operations demonstrate Celeo's financial stability and show long-term support for work well done.

What better place than this document, where we share our achievements and challenges for the future, to congratulate our employees and contributors, teams that, through their engagement and high performance, maintain their continuous commitment to excellence in an indispensable industry for the world of today and tomorrow.

On behalf of the Board, I invite you to learn in detail about the management approach adopted in the period.

Best regards,

MIGUEL MORENÉS GILES  
CHAIRMAN OF THE BOARD OF DIRECTORS





**FRANCISCO A. CHICA PADILLA**  
CHIEF EXECUTIVE OFFICER

Celeo Brasil moved to a new building in 2019. Our headquarters in Rio de Janeiro was transferred to a new space, with new and modern facilities. I wish to begin this message by highlighting this fact, as it clearly reflects the moment of Celeo's consolidation and expansion in the country. 2019 was the year when we confirmed our position of relevance and positive impact on the development of the Brazilian electricity sector, showing the colors of our own culture.

What brought us this far were investments made with criteria and long-term vision, aligned with our responsible management of the business. We combined the correct and efficient analysis of our activities and mitigation of associated risks with the constant search for new opportunities that can differentiate us in the sector. Thus, in 2019, we started the development of our largest transmission project to date, the transmission line TL Parintins Transmissora de Energia S.A. (PATE), and the construction of our first generation project, the São João do Piauí solar power complex, composed of six solar power plants with a total installed capacity of 224 MW. Trading of energy on the free market is planned to start in April 2020, well ahead of the January 2022 deadline for trading on the regulated market. We also have a portfolio of 16 power transmission concessions, totaling 4,757 km in length and 56 substations. This portfolio requires us to perform with excellence in terms of O&M, ensuring the maintenance, operation and administration of the power transmission system, an essential infrastructure for Brazil's social and economic development.

The message our stakeholders take from analyzing our performance is, above all, one of consistency and dependability. Our actions to expand Celeo' market share will continue to be based on positive returns not only for our shareholders, but for all other players involved in our activities, paying special attention to the environment

and society. To this end, since our inception we have adopted ESG (Environmental, Social and Governance), principles of responsible management that allow us to act in the development of three balances: economic, social and environmental. The development and interaction of these three fundamental pillars of action form the basis of our sustainability principles.

Every time we look at the scenarios in which we are involved, and when making strategic decisions, we assess the global and domestic scenarios. Brazil continues to strive to overcome its internal obstacles and adapt to rapid global changes. We are convinced that Brazil will continue to demonstrate the solid and steady maturation and growth it has achieved in recent decades, and will continue to adopt best practices in social and environmental responsibility in all spheres and economic sectors. This includes the electricity sector, where we play a leading role, and which is globally dedicated to improving these practices.

This is a fundamental trend to define and guide our business, reason for which we are pioneers in incorporating the ESG principles as the required set of tools for our daily management and medium- and long-term planning.

To exemplify the adoption of these principles of social and environmental responsibility and commitment to the development of Brazil, also in 2019 we adopted a new form of business vision: in the feasibility study phase of projects, in addition to the relevant regulatory, economic, social and environmental analysis, we are analyzing the impact that the implementation of these projects could have in the region where they will be developed. We combine an effective interaction between meeting legal and regulatory requirements with an analysis of the potential benefits, real and future, of the implementation of such projects, and the impacts for both society and the environment. The three balances—economic, social and environmental—working together and in a coordinated manner. We also add to these tools the 17 SDGs established by the Global Compact to which, besides being signatories, we are committed to the implementation and practical use of five of them, and already use them as tools for the development and good performance of our daily activities. Incorporating these SDGs also in the development and definition of our long-term strategy will be one of our major objectives for the coming year.





Relying on our most important asset—a highly dedicated and prepared team—to achieve these goals, we will lead the transformation of the corporate business vision, so necessary to combat climate change. This is the main challenge we face in this new decade. With such clear and well-defined premises, we are committed to ensuring excellence and continuous improvement for the benefit of our shareholders, stakeholders and especially society and the environment.

In closing this report, a social and economic risk materializes as a consequence of the advance of a new and unknown virus disease, COVID-19, which is expected to put at risk all global economies and societies, not to mention what is now considered the most severe social problem of the 21st century. We are facing this threat with determination, aware of our capacity to adapt and overcome, and we are prepared to combat its effects and consequences with the main weapon and tool at our disposal: our unyielding spirit and capacity of resilience.

## COVID-19

During completion and review process of this report, the entire Celeo team was caught by surprise by the news that shocked the world: WHO had just declared the COVID-19 outbreak a global pandemic. This event prompted the start of risk assessment and definition of strategies to mitigate impacts that could affect the company's activities.

Subsequently, strictly following crisis management protocols, a committee was set up to intensify the systematic work to monitor the organization's activities that could be affected; determine the most vulnerable processes; and rapidly develop measures to ensure the safety of employees and their families as well as the continuity of operations of the assets. This local crisis committee (Brazil) established a daily agenda of meetings with the management team of the holding company, in Spain, which monitored and helped guide the development of the preparation and mitigation work.

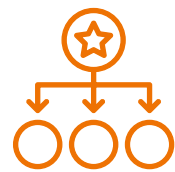
The essential parameter that guided the decisions to be made was, above all, the safety and health of employees. Thus, measures were quickly taken to safeguard this parameter and allow people to protect themselves from the disease, so as to enable everyone to maintain the capacity to perform their work activities as normally as possible. Once this first challenge was addressed, the actions were prioritized to guarantee the operations in the event of replacements due to sick leaves related to this illness, since the power generation and transmission activities provided by Celeo are essential services.

The actions developed during the daily meetings that have been in progress since then, include: remote work for the office staff and maintenance bases, availability of individualized transportation, strengthening of the hygiene procedures and cleaning of work stations, communication and guidance, preparation of additional teams to perform tasks that cannot be interrupted, among others.

Action and contingency plans were then developed for key processes for the continuity of operations, in particular power generation and transmission activities. Subsequently, these plans were requested by regulatory agencies (ANEEL) and other government entities, such as municipal authorities, and were readily made available.

Concerning the assets under construction, communications with stakeholders (federal, state, local authorities, contractors - EPC) were strengthened, in order to present the measures to contain the pandemic's effects on residents and workers allocated in several cities in Brazil's Northeast region, with maximum transparency and in a proactive and collaborative manner.





## GOVERNANCE

**100%**

of employees received communications on compliance and anti-corruption

**4/5**

Scale

Compliance Maturity Level - Monitoring Function



## ENVIRONMENTAL

**R\$ 7.9 million**

in environmental investments

**0**

Environmental Sanctions - monetary and non-monetary



Forest replacement area

**12 TIMES**

greater than the vegetation removal area\*\*



## FINANCIAL

**R\$ 576 million**

in Net Operating Revenue

**R\$ 1.1 billion**

in Net Debt

**R\$ 6.5 BILLION**

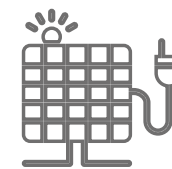
in investments

**R\$ 149 million**

in Net Income

**R\$ 247 million**

in EBITDA



## OPERATIONAL

TL Availability Rate

**99.56%**

SOLAR POWER COMPLEX IN SÃO JOÃO DO PIAUÍ:

- Creation of nearly **600 DIRECT JOBS** during the construction phase
- **190,000 FAMILIES** benefiting from renewable energy generation capacity

**R\$ 7.2 million**

invested in R&D\*



## SOCIAL

PRIVATE SOCIAL INVESTMENT

**R\$ 692,400 IN SOCIAL investments**

**45,149 benefited**

## PEOPLE

**0**

Cases of Occupational Diseases

Certified in the Great Place to Work survey with a score of **83 POINTS**

**37,600**

hours of training



**R\$ 1.6 million**

invested in training

**0**

workplace accidents

\* Accumulated value of projects completed in 2019 and in progress

\*\* Implementation of the projects





Miranda II Substation - Encruzo Novo Transmissora de Energia

# ABOUT THE REPORT

## REPORTING PROCESS

**/GRI 102-48, 102-49, 102-50, 102-51,  
102-52, 102-54/**

For the fourth consecutive year, Celeo Brasil (Celeo) is publishing its Sustainability Report, which covers the period from January 1 to December 31, 2019. The document was prepared in accordance with the Global Reporting Initiative - GRI Guidelines (Standard GRI 101 - Foundation), adhering to the Core option, complemented by the GRI-G4 Electric Utilities Sector Disclosures (GRI Electric Utilities Sector). The document is also based on the AA1000 Stakeholder Engagement Standard (SES), 2015, and meets the requirements of the Handbook for the Development of the Annual Social and Environmental Responsibility Report of Companies in the Electricity Sector, a requirement of the National Electric Energy Agency (ANEEL).

In the period covered by the report, Celeo underwent a process for the consolidation of its performance in the area

of power transmission in Brazil and advanced in the construction of Celeo Brasil's first solar power generation project. Thus, the document addresses strategic management, operating and financial results, management approach and social and environmental performance, and covers the 16 Special-Purpose Entity (SPEs) in 13 Brazilian states.

The fourth edition of the Sustainability Report also aims to demonstrate alignment with the topics assessed by the Global Real Estate Sustainability Benchmark (GRESB)—a global platform for assessing the sustainability performance of the infrastructure segment.

The report contains the Sustainable Development Goals (SDG) prioritized in 2018 and the targets assumed by Celeo in 2019 to contribute to the global development targets of the UN Global Compact.





São Gotardo Substation - TL Triângulo

**MATERIALITY**  
 /GRI 102-21,102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 103-1/

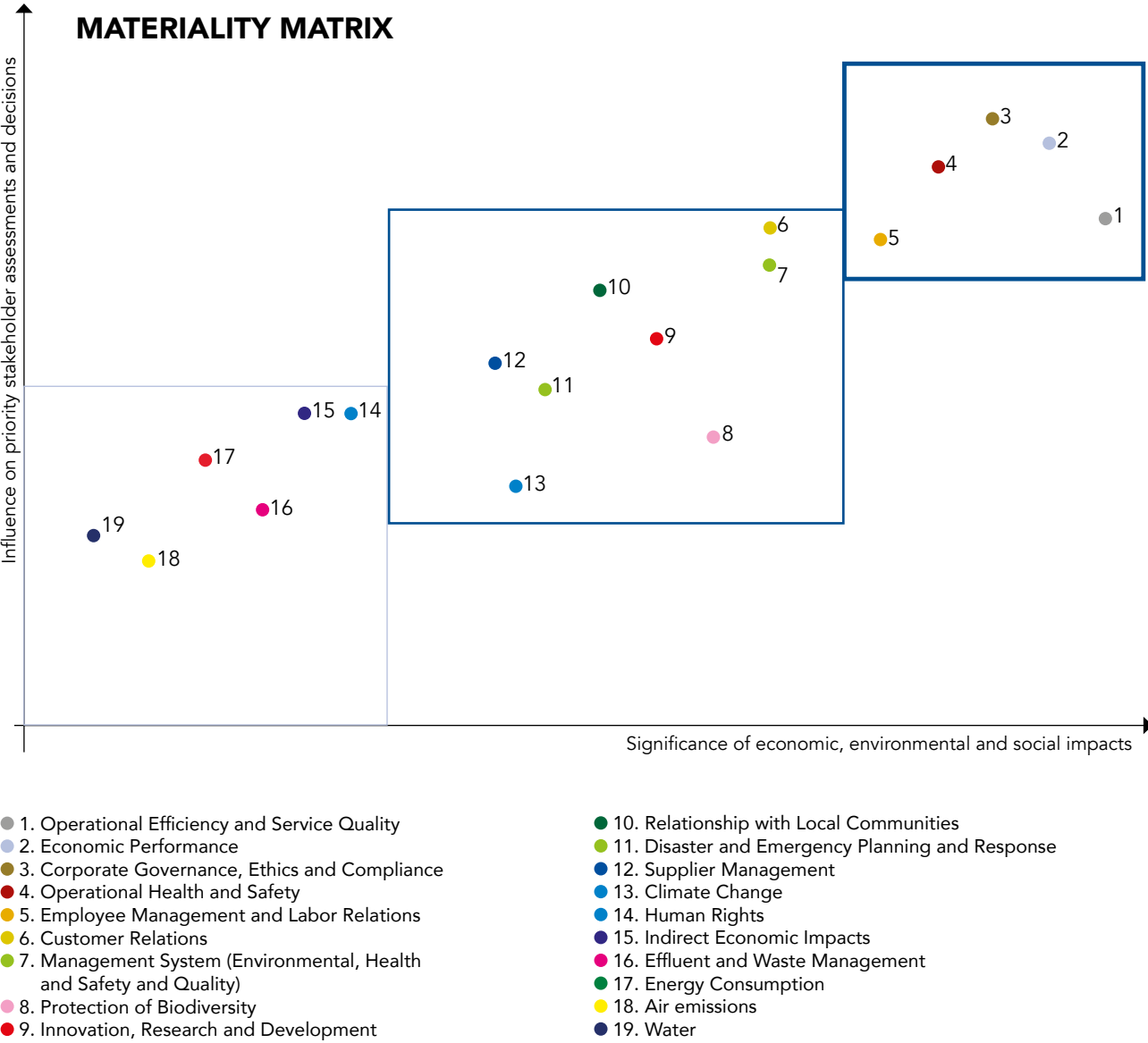
The definition of the topics in the report reflects the materiality analysis conducted in 2018/2019, in accordance with GRI guidelines. The process was developed in three stages: identification, prioritization and validation of topics considered relevant because they reflect the economic, environmental and social impacts of Celeo's operations or because they influence the decisions of its stakeholders in relation to the Company. For more information on the materiality process carried out in 2018/2019, please refer to the Celeo Brasil 2018 Sustainability Report available at: [www.celeoredesbrasil.com.br](http://www.celeoredesbrasil.com.br).

Celeo aims to update its Materiality Matrix every two years, in line with the evolution of its business strategies, the continuous improvement of its risk and opportunity management processes, and improvement in stakeholder relations. However, the Matrix may be reviewed before the two-year period if there are significant changes to the business, such as diversifica-

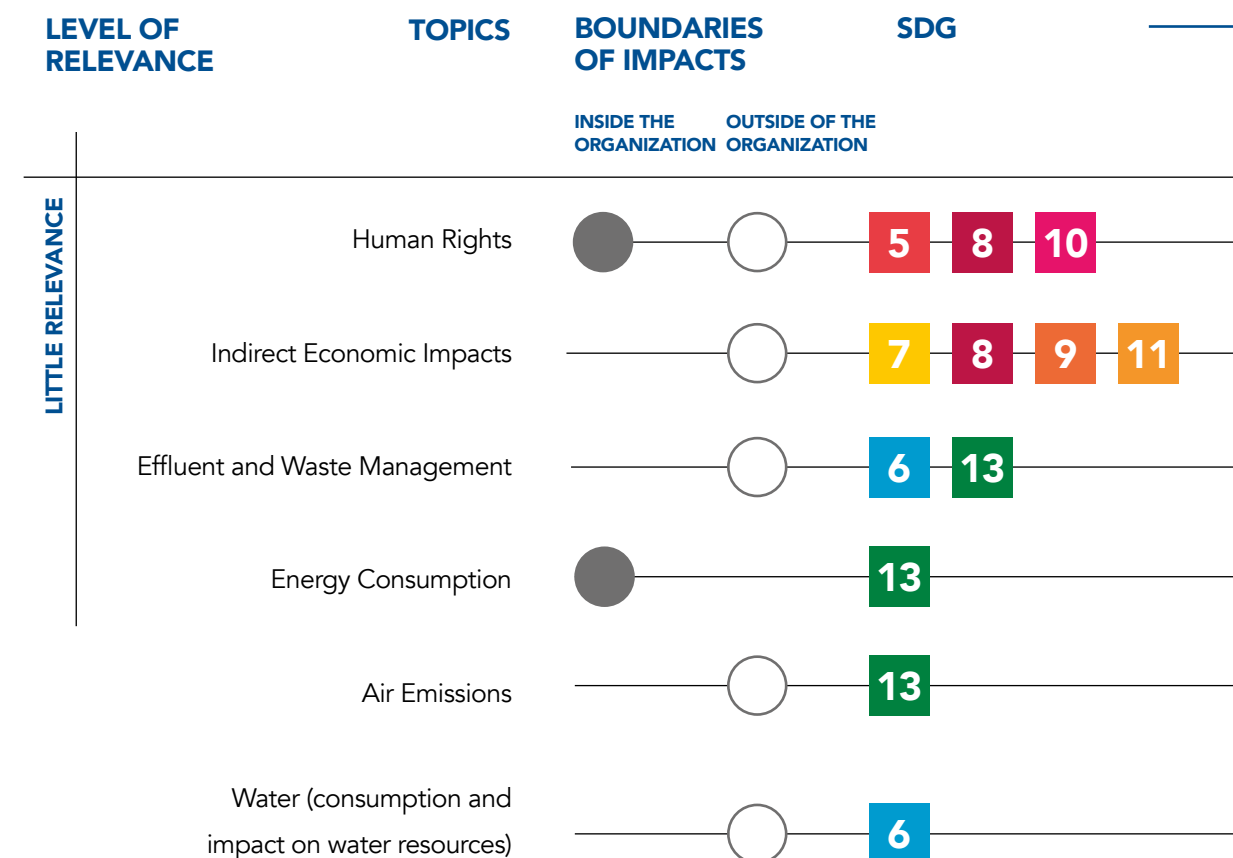
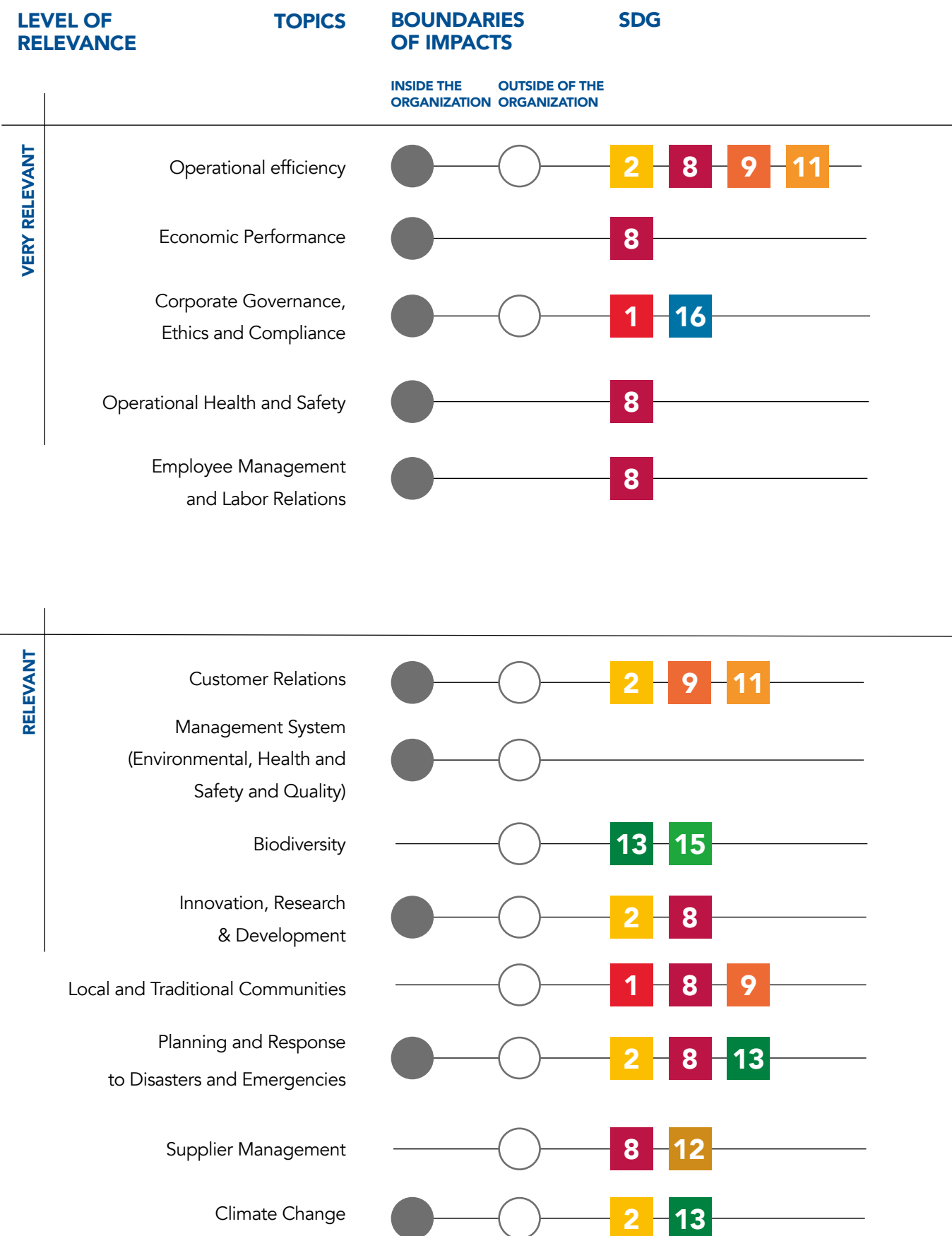
tion of the Company's areas of operation in the country.

In 2019, a process was carried out to identify the need for any adjustments to the Materiality Matrix. For this period, the audiences considered as strategic for the Company, the priority stakeholders who had already participated in the construction of the Materiality Matrix were consulted in order to report their opinion on the approach to the relevant topics in the 2018 Sustainability Report and their expectations for the 2019 Sustainability Report.

The results of the process showed that, in the reporting period, there were no events with potential to significantly impact operations, decisions of stakeholders, or Celeo's business strategies, and therefore the Materiality Matrix was not changed. Priority was also maintained and a more in-depth reporting was carried out on the topics classified as "very relevant" and "relevant." We present information on topics classified as "not very relevant" on performance.









## STAKEHOLDER ENGAGEMENT

**/GRI 102-40, 102-42, 102-43/**

Throughout 2019, Celeo continued its process of improving stakeholder relations based on a priority identified in the ESG Plan 2018, which includes environmental, social and governance practices. The purpose is to balance the Company's objectives with the expectations of the different strategic audiences.

Mapping the needs of these audiences, their management, engagement and monitoring follow the Stakeholder Engagement Plan (SEP), prepared in conjunction with the Celeo's parent company in Spain and the Sustainability area in Brazil.

The SEP, prepared in accordance with the AA1000 Stakeholder Engagement Stan-

dard (SES), of 2015, identified and classified stakeholders into ten engagement levels, considering stakeholder groups that are impacted by the Company's activities or that impact the Company through their decisions and actions.

Approved in 2018 by the Sustainability Committee, the Plan was implemented in 2019, when a communication plan for priority groups was defined, describing what, when, who and how to communicate. An improvement of this plan is expected for 2020 in order to make engagement actions more effective and seeking a level of excellence in engagement with each of the Company's priority stakeholder groups.



Array of Insulator Disks - Encruzo Novo Transmissora de Energia

Celeo

### GROUPS OF PRIORITY STAKEHOLDERS

#### EXPECTATIONS FOR PRIORITY STAKEHOLDER GROUPS

##### Shareholder and Partners

Deliver 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 in the electricity sector

Availability, quality, continuity of power supply and compliance with current legislation.

##### Financial institutions, investors and the Securities and Exchange Commission

Give financial return on financed capital and comply with current legislation.

##### Suppliers and contractors

Offer an environment that is conducive to the execution of services with integrity, 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, safety in the communities surrounding transmission assets and effective communication channels.

##### Associations and NGOs

Proactively work to ensure sustainable business development and compliance with voluntary commitments.





# CELEO BRASIL

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

2019 was a year of consolidation for Celeo. After a period of improving its management approach, of acquisitions and of growth, the Company is preparing for new investments, which will follow the principles of sustainability and profitability adopted in all its projects. The high standard of quality of its services, support for socioeconomic development in the regions where it operates and of the country and respect for environmental policies are also commitments made by the Company in performing its business.

Its portfolio consists of 4,757 km of transmission lines, 56 substations and 16 Special-Purpose Entities (SPEs), including the companies responsible for project Parintins Amazonas (PATE) and for the São João do Piauí solar power complex, which were added in 2019.

The Company's headquarters is in Rio de Janeiro and its maintenance bases are located in the following cities: Uberlândia, in the State of Minas Gerais; Campo Grande, in the State of Mato Grosso do Sul; Vila do Conde, in the State of Pará; and Vilhena, in the State of Rondônia. In all, Celeo is present in 13 Brazilian states. For the year 2020, Celeo will have another maintenance base in the city of Teresina, in the State of Piauí.

The growth in recent years has required the Company to move its headquarters. In 2019, the Company moved to a new address, to a larger and more comfortable space and with technology capable of meeting the demands arising from its growth.



## CORPORATE PRINCIPLES

/GRI 102-16/

### MISSION

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

### VISION

Be a leading company in the energy infrastructure market, committed to excellence, with a solid environmental, social and governance culture, involving all stakeholders in company value creation.

Itumbiara Substation - TL Triângulo

## VALUES

**01 CARE FOR LIFE AND FOR ENVIRONMENT**

**03 HONESTY, RESPECT AND TRANSPARENCY.**

**02 CUSTOMER ORIENTED AND STAKEHOLDER ENGAGEMENT**

**04 COMMITMENT, EFFORT AND DETERMINATION.**

**HEALTH AND SAFETY** is a fundamental value. We give priority to safety over any other requirement in our activities, only executing jobs under safe conditions. We care about **SOCIAL** and **ENVIRONMENTAL** context necessary to achieve a fulfilled life.

We are committed to our **CUSTOMERS'** and **STAKEHOLDERS'** satisfaction, anticipating needs and exceeding expectations. We focus on providing an **EXCELLENT** service on a daily basis.

We promote **HONESTY, RESPECT** and **TRANSPARENCY** in all company levels to build lifelong ethical relationships.

We believe in **COMMITMENT, EFFORT** and **DETERMINATION** to achieve our goals.

Itumbiara Substation - TL Triângulo



MAP OF OPERATION

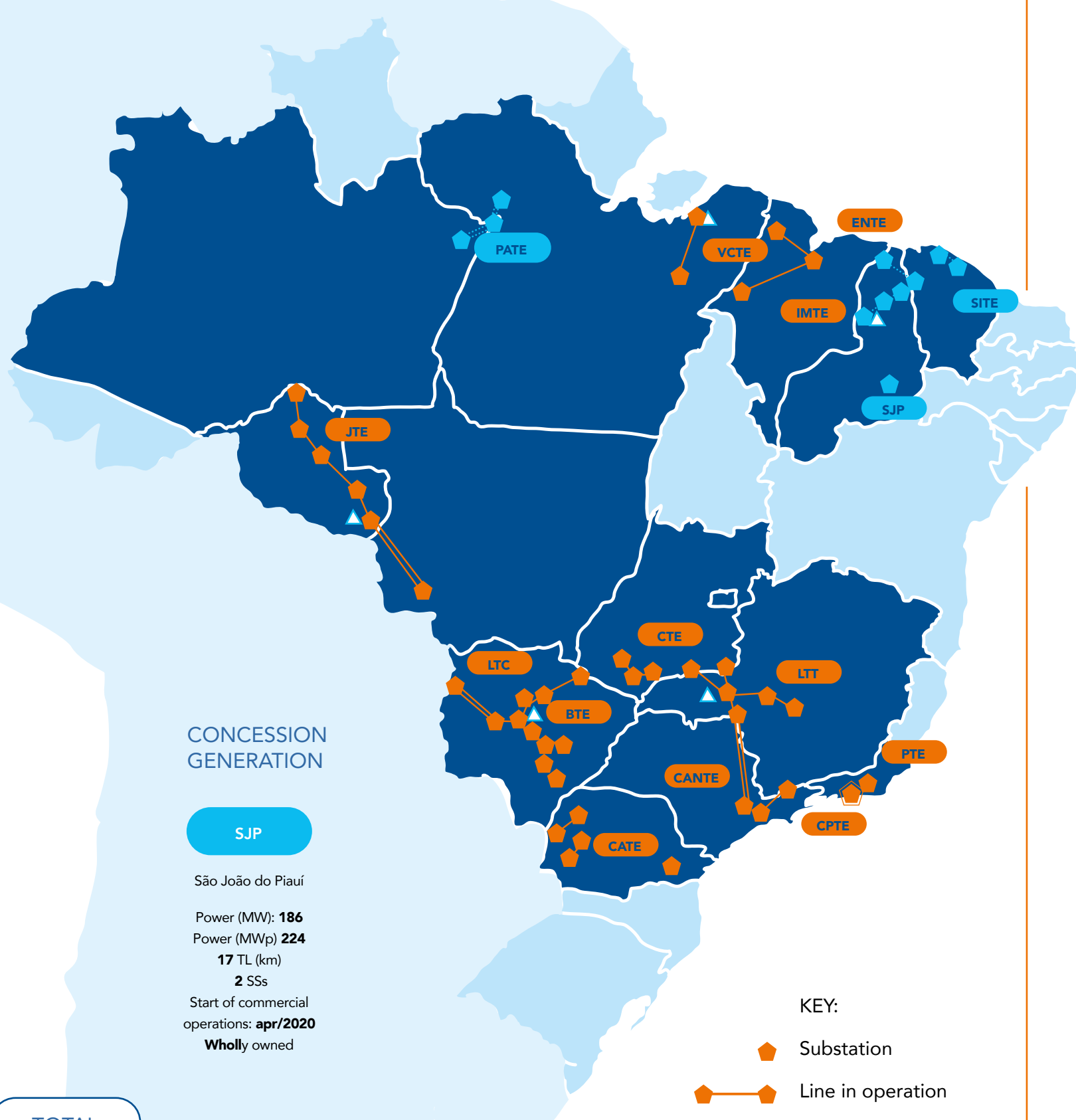
TRANSMISSION CONCESSIONS

<div>CPTE</div> <div>Cachoeira Paulista Transmissora de Energia</div> <div>181 TL (km) 2 SSs Transformation (MVA): – Start of operations: <b>nov/04</b> Wholly owned</div>	<div>VCTE</div> <div>Vila do Conde Transmissora de Energia</div> <div>324 TL (km) 2 SSs Transformation (MVA): – Start of operations: <b>may/06</b> Wholly owned</div>	<div>LTT</div> <div>LT Triangulo</div> <div>695 TL (km) 6 (1) SSs Transformation (MVA): <b>1,800</b> Start of operations: <b>nov/08</b> Wholly owned</div>	<div>CTE</div> <div>Coqueiros Transmissora de Energia</div> <div>65 TL (km) 3 (2) SSs Transformation (MVA): <b>675</b> Start of operations: <b>jan/10</b> Wholly owned</div>	<div>PTE</div> <div>Pedras Transmissora de Energia</div> <div>— TL (km) (1) SS Transformation (MVA): <b>1,200</b> Start of operations: <b>dec/10 - aug/18</b> Wholly owned</div>
<div>ENTE</div> <div>Encruzo Novo Transmissora de Energia</div> <div>220 TL (km) 2 (1) SSs Transformation (MVA): <b>200</b> Entrada em operação: <b>jul/12 - sep/15</b> Wholly owned</div>	<div>LTC</div> <div>Linha de Transmissão Corumbá</div> <div>279 TL (km) 2 (1) SSs Transformation (MVA): <b>200</b> Start of operations: <b>sep/13</b> Wholly owned</div>	<div>SITE</div> <div>Serra de Ibiapaba Transmissora de Energia</div> <div>366 TL (km) 7 SSs Transformation (MVA): <b>4,200</b> Start of operations: <b>mar/23</b> Wholly owned</div>	<div>PATE</div> <div>Parintins Transmissora de Energia</div> <div>240 TL (km) 3 (2) SSs Transformation (MVA): <b>300</b> Start of operations: <b>mar/24</b> Wholly owned</div>	<div>JTE</div> <div>Jauru Transmissora de Energia</div> <div>940 TL (km) 6 SSs Transformation (MVA): – Start of operations: <b>oct/09 - dec/12</b> <b>jan/13 - feb/13</b> 67% stake</div>
<div>IMTE</div> <div>Integração Maranhense Transmissora de Energia</div> <div>365 TL (km) 2 SSs Transformation (MVA): – Start of operations: <b>dec/14</b> 51% stake</div>	<div>CATE</div> <div>Caiuá Transmissora de Energia</div> <div>142 TL (km) 5 (2) SSs Transformation (MVA): <b>700</b> Start of operations: <b>may - jun/14</b> 51% stake</div>	<div>CANTE</div> <div>Cantareira Transmissora de Energia</div> <div>342 TL (km) 2 SSs Transformation (MVA): – Start of operations: <b>feb/18</b> 51% stake</div>	<div>BTE</div> <div>Brilhante Transmissora de Energia</div> <div>581 TL (km) 10 (4) SSs Transformation (MVA): <b>300</b> Start of operations: <b>nov/10 - jan/11</b> <b>aug/12</b> 50% stake</div>	<div>BTE II</div> <div>Brilhante II Transmissora de Energia</div> <div>— TL (km) 1 SS Transformation (MVA): <b>200</b> Start of operations: <b>aug/14</b> 50% stake</div>

\* ( ) number of substations - company-owned SSs

TOTAL

4,757 TL (km)  
56 SSs  
16 SPEs  
Transformation (MVA): 9,775







# SHAREHOLDERS

Celeo Concesiones e Inversiones S.L. is a Spanish company dedicated to the promotion, construction, operation and exploitation of energy infrastructure projects. Currently, the company has assets in Spain, Chile and Brazil, maintaining several investment promotion activities in other markets in Latin America. The Brazilian subsidiary, Celeo Brasil, is wholly owned by Celeo Concesiones e Inversiones S.L. To develop its business in the country, the Company establishes Special-Purpose Entities (SPEs), through which it builds and operates its projects.

The ownership structure of Celeo Concesiones e Inversiones S.L. is divided as follows: **ELECNOR, S.A.** (51%) and the Dutch fund **APG Management N.V.** (49%), which is one of the leading pension fund managers in the world, and which operates in Celeo Concesiones e Inversiones S.L. through Pasterze Investments Holding, B.V..

## ELECNOR

ELECNOR S.A. is the parent company of a group formed by nearly 80 companies located in Spain and in over 50 countries.

It is an organization with more than 15,000 professionals. In Spain, it directly operates its national affiliates. Abroad, it does so through its local subsidiaries or through export projects carried out directly from the parent company.

Its corporate structure is divided into two major business areas: **Infrastructures**, which executes engineering, construction and service projects; and the **Concessions** area, through which ELECNOR invests in energy infrastructure assets, which allow for the development of large projects from inception, generating income from their promotion, execution, operation, maintenance and exploitation.

With more than 60 years of continuous growth, Elecnor has become one of the most outstanding Spanish business groups and a reference in the sectors of infrastructure, renewable energy and new technologies. The diversification of its activities has been one of the strategic pillars throughout its history, allowing the company to cover different sectors, including electricity, gas, industrial

plants, 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 for new markets across the world, namely America, Africa, Australia and the Middle East.

It is a solid Group, with technical and financial solvency to promote, develop and build on the five continents.

## APG

APG is the largest pension delivery organization in the Netherlands; providing services such as executive consultancy, asset management, pension administration, pension communication and employers services. APG performs these activities

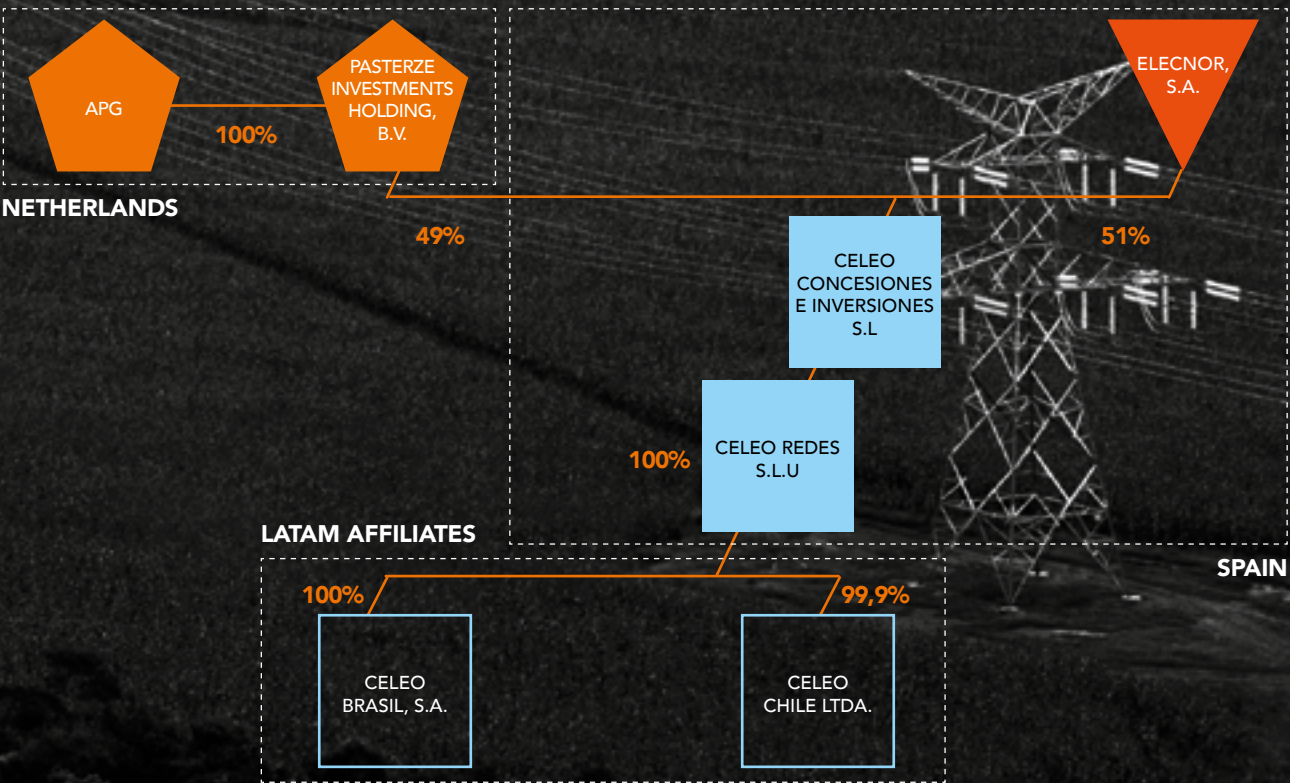
on behalf of (pension) funds and employers in the sectors of education, government, construction, cleaning and glass cleaning, housing associations, energy and utility companies, sheltered employment, medical specialists and practices of architects. APG manages € 488 billion (March 2020) in pension assets for its clients in these sectors. APG works for over 22,000 employers, providing the pension for one in five families in the Netherlands (over 4.7 million participants).

APG's motto is "Tomorrow is today." This conveys the message that APG works hard every day to ensure tomorrow's pensions. It also underlines that a good investment strategy and sound pension management today form the basis for a good pension in the future. The motto furthermore constitutes the guideline for APG's corporate social responsibility. The management approach in part focuses on creating a livable world for current and future generations (Source: APG Website).

## PRESENCE IN CHILE

For our readers to have a full knowledge of the operations of Celeo Redes SL in South America, we present Celeo Chile, which in 2019 hired 81 professionals to work on its three projects in the power transmission operation. These projects are located in the Atacama regions and between the Metropolitan and Biobío regions.

Currently, Celeo Chile operates a total of 506 km of transmission lines. In 2019, the environmental licensing process for two new projects awarded in 2018 was initiated: Itahue-Hualqui, a 220-kV, 387 km transmission line and five substations, and the "Nueva Alto Melipilla-Água Santa" line, a 110-kV and 220-kV double-circuit transmission line, 111 km in length and two substations. The operations of these two projects are scheduled to start in 2023.





# CORPORATE ORGANIZATION CHART



Jauru Transmissora de Energia



# TIMELINE

2000  
2001 to 2007

- Elecnor arrives in Brazil and contracts the first transmission project
- Auction 002/2000: Elecnor S.A participates in the second ANEEL transmission auction and secures Lot B

- Company control switches to Elecnor Transmissão de Energia S.A (ETESA)
- ETESA is awarded 12 transmission concessions



2008 to 2010

- ETESA wins 5 concessions: PTE, CTE, BTE, ENTE and LTC
- Disposal of 7 of its concessions

2011

- Incorporation of Celeo Redes Spain (CR)
- Auction 006/2011: secures Lot E and I (Caiuá and IMTE)



2012

- Auction 005/2012: secures lot B (BTE2)

2014

- Auction 001/2014: secures lot F (CANTAREIRA)
- APG acquires a 49% stake of Celeo Redes SLU

2018

- Auction A-4/2018: Solar Power Project São João do Piauí, 6 solar power plants (UFVs) contracted (224 MW-DC)
- ANEEL Transmission Auction 04/2018: Secures Lot 16 (PATE) – Assets in the States of Amazonas and Pará
- Corporate Acquisitions SPEs: CPTE and JTE
- Beginning of the certification process by the Integrated Management System (IMS) - ISO 9001, ISO 14001 and OHSAS 18001 standards
- Publication of the first assured sustainability report
- Publication of the first GHG Protocol inventory with independent assurance

2019

- R\$ 6.5 billion invested
- Headquarters Relocation
- Construction phase of the São João Piauí Solar Power Project
- Consolidation of CPTE and JTE corporate acquisitions
- Improvement in the position in the Global Real Estate Sustainability Benchmark (GRESB)
- Gold Seal in the GHG Inventory according to the GHG Protocol
- Retention of ISO 9001, ISO 14001 and OHSAS 18001 Certification and expansion to 8 other units
- Corporate restructuring at CRE
- Execution of agreement for the construction of three Small Hydroelectric Power Plants (SHPs) - first hydroelectric project
- First contract for the provision of operation and maintenance (O&M) services for the transmission assets of an energy utility

2015

- Change of corporate name to Celeo Redes Brasil S.A.

2016

- Beginning of the process of reviewing its management practices with a view to obtaining certification by the Integrated Management System (IMS) in accordance with ISO 9001, ISO 14001 and OHSAS 18001 standards
- Creation of the Corporate Integrity Program - Compliance



2017

- Auction 002/2017: secures Lot 2, located in the States of Piauí and Ceará – SITE



## HISTORY

Established in Spain in 1958, the Elecnor Group started operations in Brazil in 2000, when it acquired Lot B in the ANEEL Transmission Auction. The following year, the Company was renamed Elecnor Transmissão de Energia S.A – ETESA and, in 2015, the current name was adopted: Celeo Redes Brasil S.A..

In recent years, the Spanish Company has invested in the growth of its business in the country. The year 2019 served to consolidate the acquisitions made in the previous year. In addition to the consolidation of the Integrated Management System (IMS), Celeo in Brazil, Chile and Spain were aligned to unify the Sustainability Policy, strengthening the commitment to business continuity and responsibility to the environmental and social areas.

Learn about Celeo's history at: [www.celeo-redesbrasil.com.br](http://www.celeo-redesbrasil.com.br).



São Gotardo Substation - TL Triângulo

## PROFILE OF THE BRAZILIAN ELECTRICITY SECTOR AND THE REGULATORY ENVIRONMENT

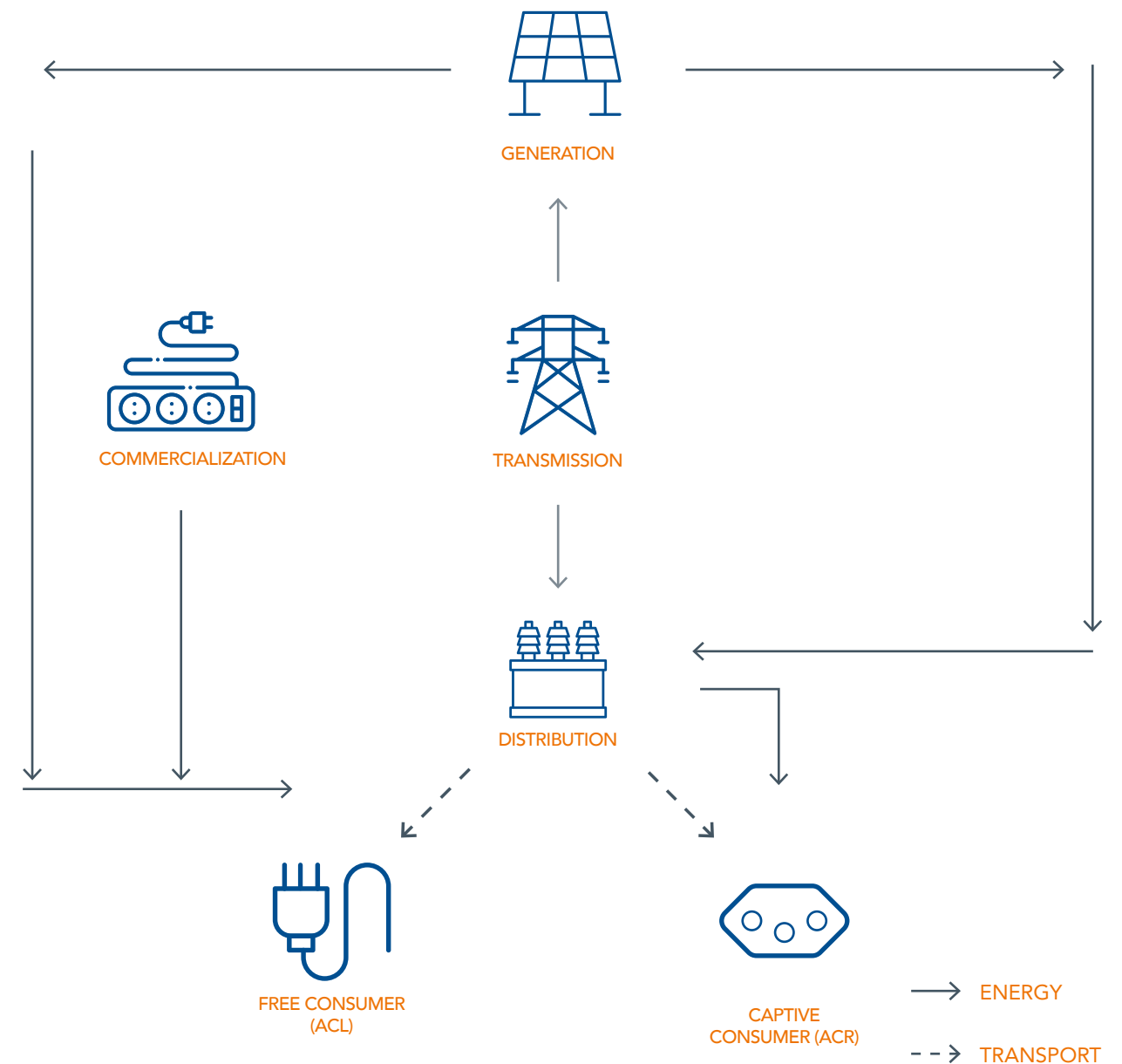
### PROFILE OF THE ELECTRICITY SECTOR

Generation companies, transmission companies, distribution companies and energy traders form the Brazilian electricity sector. Energy produced by generation companies reaches consumer centers through transmission lines, and distribution companies are responsible for delivering energy to end consumer. Traders directly connect generation companies and consumers and can buy and sell energy to the so-called free consumers who, today, are companies with high demand.

The growing share of renewable sources and the greater role of consumers in the Brazilian electricity system challenge the traditional value creation structures of the players involved and require the modernization of the electric system.

The National Interconnected System (SIN), a set of assets and equipment that enable the supply of energy in electrically interconnected regions, through system exchange, allows the energy generated in a given region to reach the rest of the country through transmission lines. In relation to standalone systems, such as Roraima, the natural tendency is that they will gradually be integrated into the SIN.

The Ministry of Mines and Energy (MME) is the body 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. The records and feasibility of energy purchase and sale operations are the responsibility of the CCEE.



### REGULATORY ENVIRONMENT

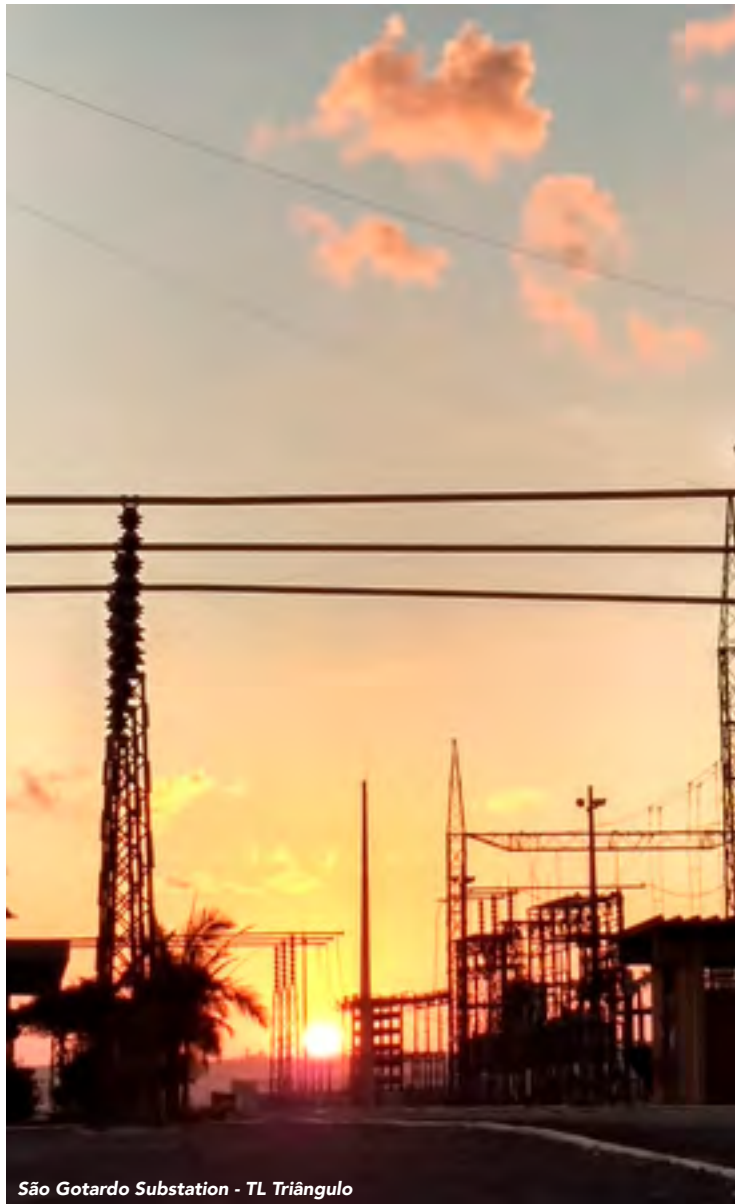
Regulation is the control and inspection by the government of market operation. Currently, the development of the regulatory environment stimulates the attraction of investments to the sector, resulting in the presence of foreign players in all segments of the Brazilian electricity sector (generation, transmission, distribution and trading).

The evolution of regulatory requirements has accompanied technological innovation, contributing to greater control and supervision of the sector. Demand for new requirements also contributes to the better performance of the system, reflecting on the quality of service and customer care.

Celeo monitors and actively participates in regulatory changes that may impact the Company. In 2019, four main Normative Resolutions became effective:

- Normative Resolution No. 841/2018, which establishes criteria for Transmission Functions under the responsibility of transmission companies to enter into operation and to be integrated into the National Interconnected System.
- Normative Resolution No. 846/2019, which approves procedures, parameters and criteria for imposition of penalties on players in the electricity sector and general guidelines for ANEEL oversight.
- Normative Resolution No. 861/2019, which provides on geo-location of transmission assets and establishes the Information Base of the Electric Power Transmission Assets.
- Normative Resolution No. 864/2019, which amends the regulation of the operation regime of transmission and generation assets by establishing reliability and redundancy requirements for remote assistance without interrupted local assistance of these assets and establishes economic incentives for full assistance to these assets.





São Gotardo Substation - TL Triângulo

Celeo contributed to the main Public Hearings and Public Consultations, individually or via ABRATE, namely:

**Public Hearing No. 010/2019** to improve the proposal for the periodic review of the Permitted Annual Revenue offered in the concession agreements related to projects tendered with review date effective as of July 1, 2019;

**Public Hearing No. 014/2019** to Analyze the Regulatory Impact on the revision of Normative Resolution No. 709/2016 on the development of operational and holding activities by public electric power transmission utilities;

**Public Hearing No. 026/2019** to review the regulation and criteria for the operation regime of the electric power transmission and generation assets related to remote assistance;

**Public Consultation No. 006/2019** to assess the need for improvement of regulatory commands related to the regulatory useful life of transmission equipment; and



Itumbiara Substation - TL Triângulo

**Public Consultation No. 019/2019** to obtain subsidies for the consolidation and improvement of the regulations associated with the classification of transmission assets, access conditions and connection to the transmission system.

The Company points out that the regulatory changes did not materially affect Celeo's activities or results in 2019.

## ENGAGEMENT IN THE BRAZILIAN ELECTRICITY SECTOR

/ GRI 102-13/

Celeo actively participates in discussions to improve the Brazilian energy sector. This co-operation takes place through sector associations and the contribution to the development of joint actions.



Jauru Transmissora de Energia

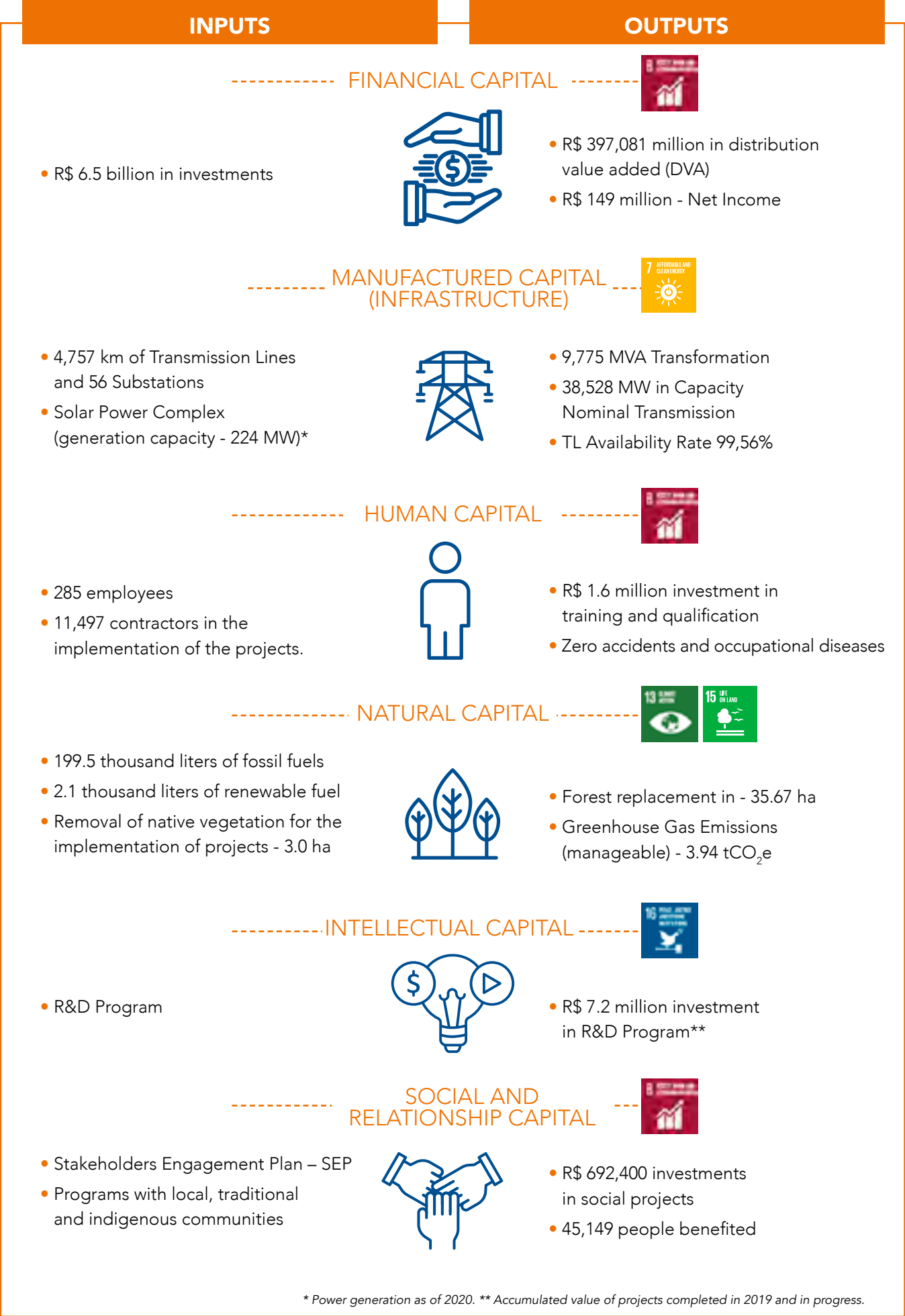
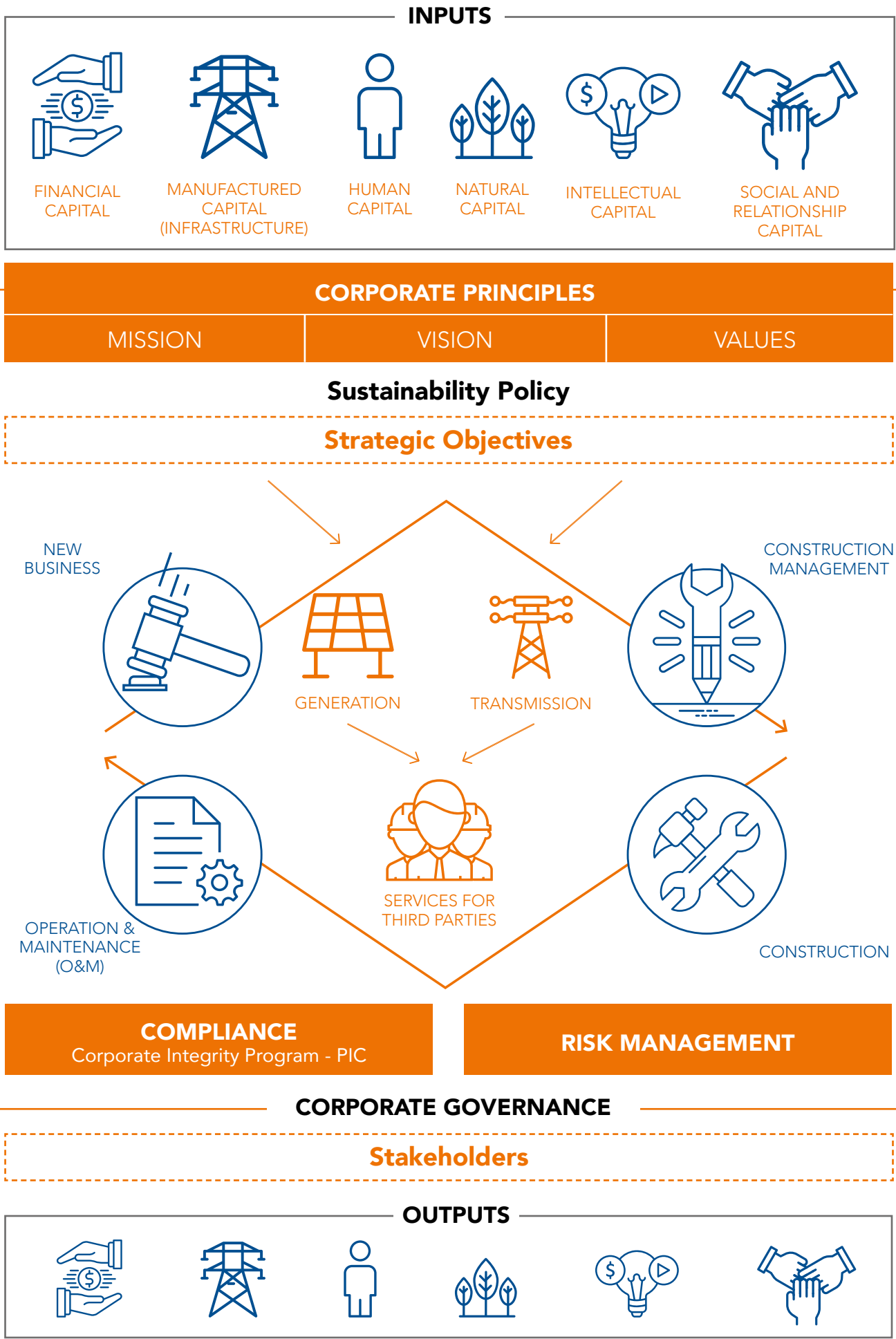
These actions enable the growth of the sector through technological, management and regulatory innovations, in which the Company not only participates in events and meetings but also has a proactive stance.

In addition, the Company's Chief Executive Officer is a member of:

- Board of the National System Operator (ONS).
- 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 Hidrelétricas (Brazilian Association of Small Hydroelectric Plants).
- Official Spanish Chamber of Commerce in Brazil.
- CIGRE – Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica (Brazilian Committee for Production and Transmission of Electricity).
- UN Global Compact – participation in the energy and climate working group.



THE VALUE CREATION PROCESS







# STRATEGIC



## CORPORATE STRATEGIC OBJECTIVES

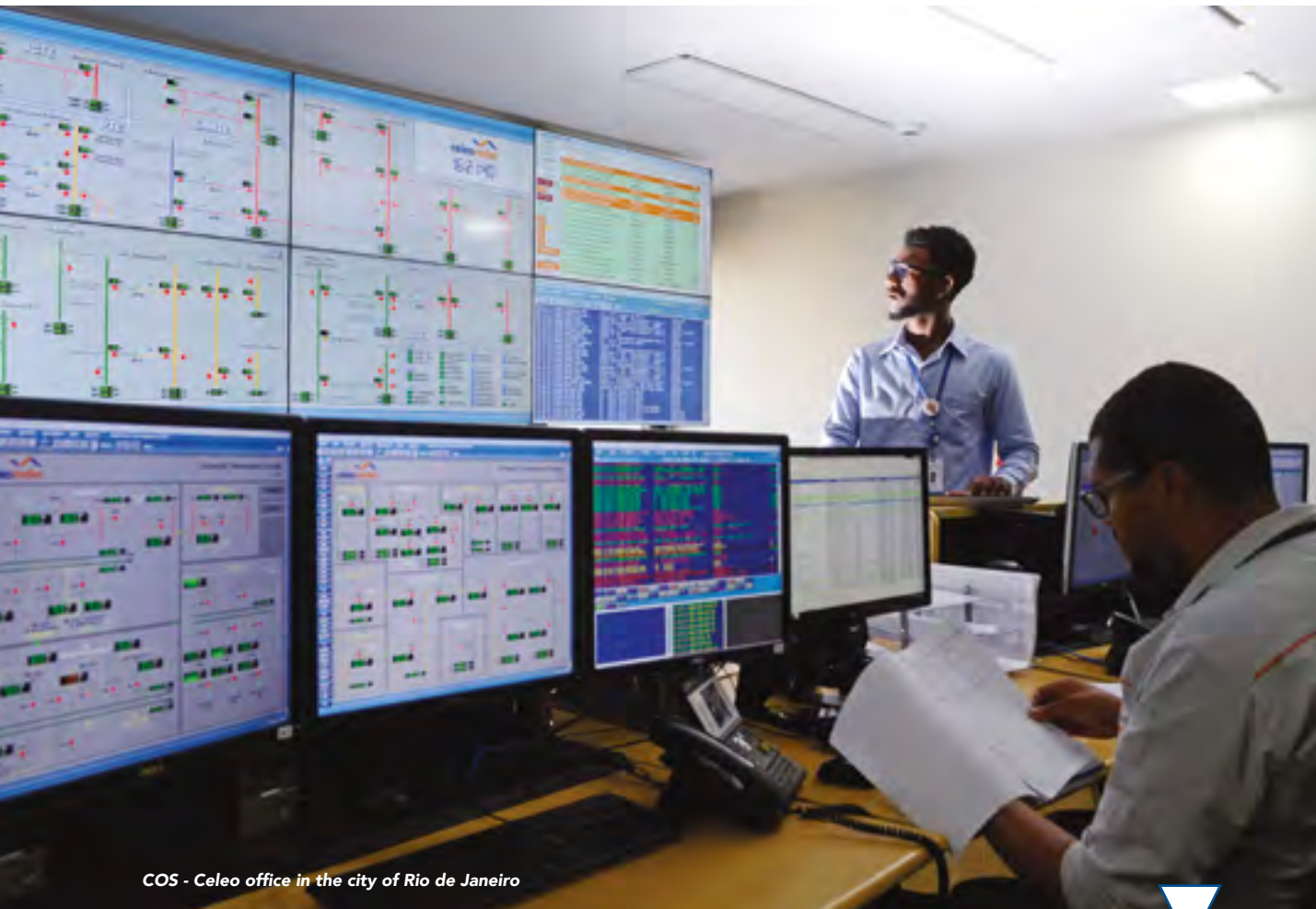
For 2020, Celeo maintains its sustainability goals, always considering the environmental, social and governance spheres (ESG). All goals are defined based on the guidelines of shareholders and considering the country's regulatory environment, in addition to the new opportunities identified. The Company continues to pursue the diversification of its business, prioritizing opportunities that can provide adequate returns and are in accordance with its organizational principles, especially with its sustainability policy.

In 2019, Celeo outlined 81 goals distributed across all Company departments, which were monitored by the sustainability committee through quarterly meetings. The result for the year

was 70% of the goals fully achieved. Regarding the other goals, some have been partially achieved, such as the installation of 75% of the number of containers planned for waste storage in the units to be certified. Others, as a market strategy, were postponed to 2020 or canceled.

General ESG goals were set for 2020, of which we can highlight those that are annually linked to a company-wide bonus if 100% achieved. The goals and targets of workplace accidents, maintenance and continuous improvement of the integrated management system, performance in participation in the GRESB platform, training in the Corporate Integrity Program, and performance evaluation and development of employees.





COS - Celeo office in the city of Rio de Janeiro

## CYBERSECURITY

In recent years, when the digital transformation of the electricity sector brought innovation and value creation, a concern gained strength and became one of the greatest challenges: cybersecurity.

While the introduction of technology to power generation, transmission and distribution systems provide efficiency gains and improve the services provided, it increases the risk of cyber attacks.

Celeo actively participates in the Cybersecurity task force of ABRATE (Brazilian Association of Electric Power Transmission Companies) which, together with other companies in the energy sector, developed a cybersecurity framework with a focus on operational networks.

The purpose of this framework is to define best cybersecurity practices in electric power transmission assets, for telecommunications systems, SCADA systems and other resources related to automation networks.

Another relevant aspect encountered by the task force in the development of the framework was the absence of norms and regulatory procedures for the standardization of requirements related to Cybersecurity of critical assets, leaving them vulnerable and with potential to compromise the availability of the National Interconnected System (SIN).

Celeo works on mitigate these risks by using cybersecurity management tools and processes.

## RISK MANAGEMENT

/GRI 102-11, 102-15, 102-30, 102-31, 205-1/

Risk management at Celeo takes into account two assessment and performance levels. The first level deals with managing Global Risks to the Business and the second is related to processes. In 2019, the Company revisited the business risk identification and assessment processes, made improvements to the methodology applied to its risk management, and incorporated the identification and assessment of resilience risks associated with climate change and social events.

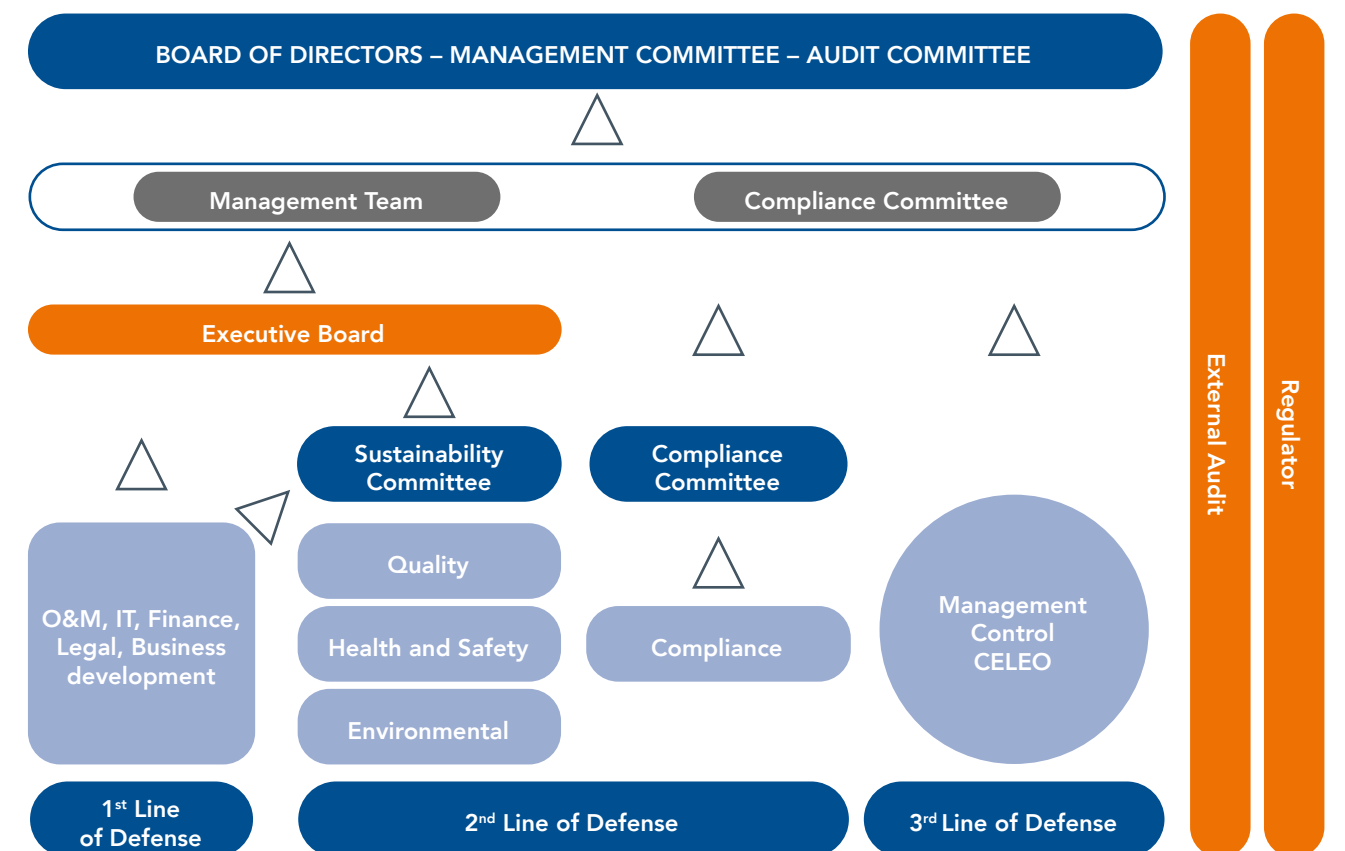
As of 2020, risk assessment will also consider the assessment of process risks, already in line to meet GRESB's resilience module. As a model, a specific risk assessment will be carried out on one of Celeo's assets under construction, which will later be taken to other units.

Risk is managed in tandem with an analysis of opportunities. The purpose of the combined management is to enhance, prevent, reduce and control the Company's activities. The process takes into account the ISO 31000 (Risk Management - Principles and Guidelines) and ISO 9001 (Quality Management System) standards.

In 2019, Celeo adapted its risk management model to the Three Lines of Defense (3LD) framework, based on the recommendations of the Committee of Sponsoring Organization (COSO). It is a widely accepted model that clearly assigns responsibility for risk management and supervision. The model provides three levels of control or lines of defense.

- **First Line**, operational departments that own the risks, responsible for managing them and planning corrective actions in the face of process or control deficiencies. Corresponds to the areas of operations, finance, legal, IT and business development, as well as, in general, to all employees and intermediate controls. Informs the local executive management, control areas and the Sustainability Committee.
- **Second Line**, guarantees supervision and monitoring of risks and controls. Control areas that monitor compliance with risk control measures. These areas collaborate with the First Line of defense in identifying and assessing risks and in applying control measures. They correspond to the control areas: Quality, Health and Safety, Environment and Compliance. Quality, Health and Safety and Environment report to the Compliance Committee.
- **Third Line**, independent internal audit, which supervises the control systems objectively and independently, reporting to the Board. This function is performed by the Management Team, with the support of Celeo's management teams, coordinated through the Corporate Service Agreement.

To complete the model, we rely on external players, auditors and regulators, which increase the reliability of the system.





The risks considered by Celeo in the assessment process are:

**Business Risks:** the identification, analysis and assessment of those business risks that could affect compliance of the organization's cross-cutting objectives and the MVV (Mission, Vision, Values). They are divided into:

- **Financial Risks:** Risks associated with fluctuations in the financial market and the impacts they may have on the immediate results or on the future growth of the Company.
- **Strategic Risks:** Risks associated with changes in the energy sector, the environment in which the Company operates, regulatory changes or strategic agreements with Interest Groups, as well as social aspects (HR, health and safety and community) and the environment.
- **Operational Risks:** All those risks related to provision of services, assets and compliance of obligations with the Interest Groups.

The Business Risk Matrix is the management tool used to identify, assess and control risks. The Sustainability Committee is responsible for preparing the matrix and the executive board for approving and informing the Management Team.



Barra dos Coqueiros Substation -  
Coqueiros Transmissora de Energia

**Process risks:** All those risks related to the functioning and operation of the Company, assets and compliance of obligations with the Interest Groups. Process risks are divided into Quality Risks, Environmental Risks, Health and Safety Risks, Social Risks, Compliance, and Information Technology (IT). Specific risk matrices are prepared for each of these items. These matrices are regularly assessed by the Company's control areas (second line of defense). The Sustainability Committee is responsible for approving the matrices, with the exception of the compliance risk matrix, which is approved by the Compliance Committee.

## RESILIENCE: THE ABILITY TO MANAGE RISKS /GRI 201-2/

Contemporary transformations involving climate change, the economy and geopolitics demand fast and efficient responses from society. It is important to understand that there is an intersection between these contexts and the actions developed by public and private institutions must consider different factors such as, for example, the impacts on health, employment and migration. The importance of corporations in this global scenario requires them to act firmly in the search for efficient solutions and to raise their level of resilience.

In the case of the electricity sector, the challenges and responsibilities reflect the interdependence between the players that form the systems and the dependence of the global economic development on the different energy sources. Celeo recognizes its responsibility as a key player in the transmission sector in Brazil and is adopting a more resilient risk management framework in relation to new threats that could compromise the availability of services.

In 2019, the parent company in Spain created a corporate guide for its subsidiaries in Brazil and Chile, which contains global guidelines for resilience and instructs companies on how to assess risks arising from topics defined as priority, such as, for example, rising temperatures, impact of rising sea levels and heat waves, among other factors.

In 2020, Celeo will assess the risks of its assets, operational and under construction. The goal is for the Company to anticipate changes and assess the impact of upcoming trends and threats to our business.



Certification audit - Venda das Pedras Substation - Pedras Transmissora de Energia

## SUSTAINABILITY STRATEGY

Celeo's strategy reflects a constant search for improving management and sustainability practices, reflecting the guidelines determined by its shareholders Elecnor and APG Group. Among the conducts implemented throughout 2019 are the expansion of the management system and the implementation of the *Interliga* project (See BOX *Interliga* Project on page 49).

In search of greater efficiency and global sustainability, Celeo started to review its management practices in 2016 and since then it has been working to implement the certification processes of the Integrated Management System (IMS), according to ISO 9001, ISO 14001 and OHSAS 18001. The certification started in 2018 and the Company continues with the certification processes in the remaining areas.

A comprehensive adoption of these processes shows the Company's commitment to seeking the satisfaction of its various strategic audiences, ensuring greater business efficiency and compliance with socioeconomic and environmental commitments. This strategy creates value not only for shareholders, but also for society.

Also in search for greater efficiency, Celeo began to implement a specific tool to manage various performance indicators. Throughout the Company's chain, more than 300 KPIs (Key Performance Indicator) will begin to be monitored and will help measure the Company's results, facilitating management and decision-making.

Seeking continuous improvement, in 2019 Celeo promoted specific forums for the debate on sustainability, such as the technical sustainability week that took place in October in Madrid, where the sustainability teams from Brazil and Chile and the technical team in Spain were immersed in the discussion on the integration of their management systems and on the development of their ESG tools that will be widely used in practice throughout 2020.

## RELEVANT INFORMATION FOR INVESTORS: A CELEO COMMITMENT

Best environmental, social and governance practices (ESG) have been receiving global attention for being associated with sound business, low cost of capital and better resilience against risks associated with climate and sustainability.

Throughout 2019, Celeo progressed in consolidating the ESG criteria, helping provide investors with more information about the Company where they allocate capital. Environmental metrics help investors understand the Company's relationship with the natural world and its dependence on natural resources. Social metrics help investors understand potential concerns about human rights, labor and community relations, as well as the relationship with its audience. Given the enhancement in good governance, the Company has shown greater maturity in its Corporate Integrity Program, which results in the improvement of its internal controls, generating greater confidence and credibility with its stakeholders.

Finally, the sustainability reports produced throughout the year, as well as recognition for the excellent score obtained in GRESB Infrastructure, ensure that our investors have access to consistent and reliable ESG data.

**Marcelo Vinicius**  
Business Development Director  
Chairman of the Sustainability Committee





# EVOLUTION OF ORGANIZATIONAL CULTURE

The Integrated Management System (IMS) has already shown results in the areas in which it was implemented, which indicates that reviewing processes and adopting more efficient procedures generate results for the Company when changing its organizational culture. The IMS includes the ISO 9001, ISO 14001 and OHSAS 18001 certifications.

In 2019, in addition to undergoing audits to retain existing certifications, the Company increased the scope, including units under construction and encompassing the Serra de Ibiapaba (SITE) and São João do Piauí (SJP) projects.

At the same time, the Company began the process to adapt 32 additional assets to the IMS so that they can be audited throughout 2020/2021 and be certified. The migration process to ISO 45001 was also initiated to replace the current OSHAS 18001, making the system more integrated, since the structure of the standards is fully compatible.

One of the goals for 2020 was to certify the 32 new assets in the three reference standards. However, given the contingency scenario resulting from the COVID-19 pandemic and because these audit processes involve traveling and a very large number of people involved, the Company postponed this goal to 2021 and maintained internal and external audits at the facilities that have already been certified for the second half of 2020.

As it is not possible to predict the duration of this scenario, these goals can be revised at any time, taking into account the health and safety not only of employees, but also of society in general.

## SUSTAINABILITY POLICY

Since 2019, Celeo's Sustainability Policy has been in line with that of Celeo in Chile and Spain, which is guided by five pillars of Quality, Occupational Health and Safety, Environment, Social Management and Compliance.

Each of these pillars has its own policy that can be adopted separately or jointly, thus representing all of Celeo's commitment and effort in maintaining economic, social and environmental balance, aiming at the Company's long-term sustainability. See Celeo's Sustainability Policy at: [www.celeoredesbrasil.com.br](http://www.celeoredesbrasil.com.br).

In order to disclose the revision of this policy, the Chief Executive Officer and the Chairman of the Sustainability Committee participated in a live broadcast to all units, showing their importance and how natural it is to use them in the organization's routine.



## VOLUNTARY COMMITMENTS /GRI-102-12/

In line with its strategic objectives and commitment to transparency, Celeo participates in the United Nations Global Compact and in the Global Real Estate Sustainability Benchmarks (GRESB).

## UNITED NATIONS GLOBAL COMPACT

Committed to fulfilling the 2030 Agenda, in 2019 the Company set five priority Sustainable Development Goals (SDG) for the conduction its business.

The SDGs were prioritized based on the nature of Celeo's business, on the areas of impact on the value chain, on shareholders' guidelines, and on a benchmarking action with companies in the electricity sector. In 2019, targets were established, in line with the Company's strategic objectives and management processes, in order to contribute to achieving the targets related to the priority SDGs.

At the end of 2019, the members of the Sustainability Committee decided to change Celeo's level of engagement, changing the current status as a signatory company to a company participating in the Global Compact.








Disclosure of sustainability policy - Administrative office in Rio de Janeiro

This change in engagement will be effective in 2020 and will allow the Company to participate in up to four thematic groups, involving more employees in forums for discussion and development of projects and activities to exchange experiences with professionals from other organizations.

Active in the Energy and Climate working group, Celeo decided to support the second phase of the project to integrate the SDGs into the Brazilian electricity sector. In addition to promoting the adherence of the electricity sector to the Sustainable Development Goals (SDGs), the main objective of the project is to identify indicators and suggest targets for the electricity sector nationwide, based on SDGs defined as priorities in the first phase of the project.



## CELEO'S TARGETS TO CONTRIBUTE TO THE ACHIEVEMENT OF THE TARGETS OF PRIORITY SDGS

Priority SDG	CELEO TARGETS BRASIL	GLOBAL SDG TARGETS
	By 2024, increase investments in renewable generation assets, reaching 1,000 MW of capacity (traded or operational).	By 2030, ensure universal, reliable, modern and affordable access to energy services. <b>7.1, 7.2 e 7.b</b>
	By 2024 continue to expand and improve the electricity transmission infrastructure, adding to the portfolio annually: * Transmission Lines: 200 to 500 km * Transformation Capacity: 500 to 1,000 MVA	By 2030, have a significant share of renewable energies in the national energy mix. <b>7.1, 7.2 e 7.b</b>  By 2030, expand infrastructure and improve technology to provide modern and sustainable energy services for everyone. <b>7.b</b>
	Implementation of the program to increase the level of education so that all Celeo employees have, at least, completed high school by 2023.	Achieve higher levels of productivity, through diversification and with value added, technological modernization, innovation, management, and worker qualification; focusing on labor-intensive sectors. <b>8.2</b>
	Training of critical local suppliers in Celeo's ESG Policies in the O&M phase by 2024. By 2030, reach 100% of the Company's active suppliers.	Promote development by generating decent work; formalization; the growth of micro-, small- and medium-sized enterprises; entrepreneurship and innovation. <b>8.3</b>
	Contracting local labor, a minimum of: * 25% for new transmission projects; and * 50% for new renewable generation projects.	By 2030, reduce the unemployment rate and other forms of underutilization of the workforce by 40%, guaranteeing decent work, with emphasis on equal pay for equal work. <b>8.5</b>
	Implementation of social projects with voluntary resources, encouraging training of young adults for the labor market in the regions under direct influence of the projects contracted as of 2020.	Achieve a reduction of 3 percentage points by 2020 and 10 percentage points by 2030 in the percentage rate of unemployed young adults who are neither studying nor undergoing professional training. <b>8.6</b>
	100% of the assets under Celeo Management with Health and Safety Certification by 2021.	Reduce the level of non-compliance with labor legislation, with regard to registration, working conditions, occupational health and safety standards, with an emphasis on vulnerable workers. <b>8.8</b>
	Perform diagnostics and prepare resilience plan for all assets by 2021.	Enhance resilience and capacity to adapt to risks and impacts resulting from climate change and natural disasters. <b>13.1</b>
	Perform diagnostics and prepare an emissions management plan by 2021, based on 2018 emissions, seeking to: * Reduce fugitive SF6 emissions (scope 1); * Reduce CO <sub>2</sub> eq emissions from fossil fuels; and * Offset manageable CO <sub>2</sub> eq emissions.	Integrate the National Policy on Climate Change (PNMC) with nationwide policies, strategies and plans. <b>13.1</b>
	Voluntary forest replacement 15% above the compulsory total established in new environmental licensing processes. Permanent Preservation Areas, Legal Reserves and the establishment of ecological corridors will be prioritized.	By 2030, reduce illegal deforestation to zero in all Brazilian biomes, expand the area of forests under sustainable environmental management and recover 12 million hectares of forests and other forms of degraded native vegetation, in all biomes and preferably in Permanent Preservation Areas (PPAs) and Legal Reserves (RLs) and, in areas of alternative land use, expand the area of planted forests by 1.4 million hectares. <b>15.2</b>
	Consolidate Compliance Maturity Level 4 by 2021.	Substantially reduce tax evasion, corruption and bribery in all its forms. <b>16.5 e 16.b</b>
	ISO 37001 certification - anti-bribery and corruption by 2022.	Promote and enforce non-discriminatory and affirmative laws and policies. <b>16.5 e 16.b</b>





## GRESB

GRESB, (Global Real Estate Sustainability Benchmarks), was created in 2009 by a group of large pension funds in order to have access to comparable and reliable data on ESG performance in companies and projects. It is currently considered the main ESG benchmark for real estate and infrastructure investments worldwide. To define this standard of globally comparable data, information is jointly assessed by participating companies and GRESB.

In 2019, GRESB supported 107 institutional investors in infrastructure. Through the platform, it is possible to measure the performance of pre-established metrics that allow investors to assess whether the Company is in accordance with their investment principles.

Adherence to GRESB contributed to Celeo seeking best internal and impact practices, improving the organizational culture, its internal processes and performance, such as the adoption of short-, medium- and long-term goals of the KPIs, to assess the Company's performance in different areas. Based on these key indicators, the Executive Board and the holding company define goals for improvement.

2018 was the first year in which Celeo provided information to the platform, scoring 67 out of 100 points possible. In 2019, it scored 83 points and secured second place among transmission in-

frastructure assets. In its second year with GRESB, Celeo reached a score that placed it among the 5% best performing companies. In 2019, nearly 400 companies participated in this process.

Because of GRESB, the Company has also developed an action plan for improvements in the environmental, social and governance spheres that can be applied to the management of the entire Company. The Sustainability Committee oversees the implementation of the actions in this plan, which include a resilience analysis, a review of the ESG risk matrix, and a plan to communicate the actions taken by the area.

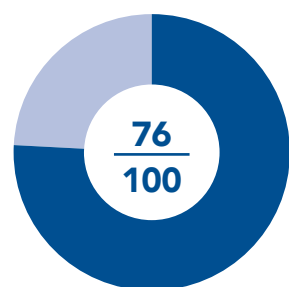
In its second year with GRESB, Celeo reached a score that placed it among the 5% best performing companies. In 2019, nearly 400 companies participated in this process.

For 2020, the Company also plans to advance in reporting best practices to GRESB and, therefore, will also report the necessary data to "GRESB Resilience," which assesses possible external factors that could affect the management of companies. Parameters such as climate change and impacts of social changes will be considered for the implementation of contingency and mitigation plans.

To learn about Celeo's performance at GRESB, go to: [www.gresb.com](http://www.gresb.com)

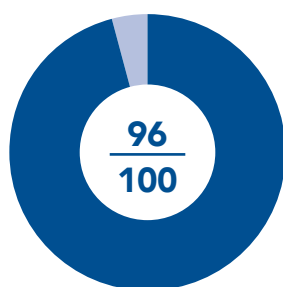
## ESG BREAKDOWN

### ENVIRONMENT



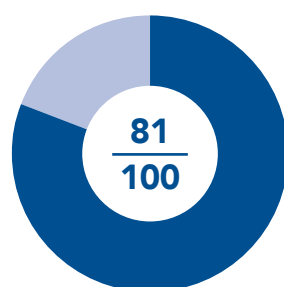
Peer Average 58

### SOCIAL



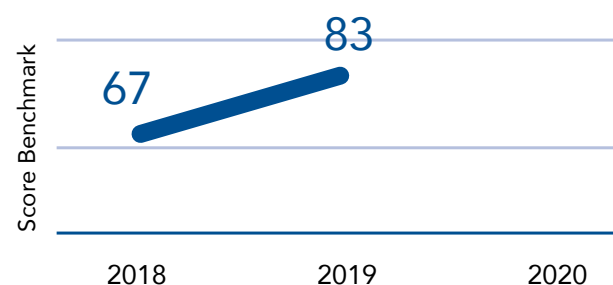
Peer Average 77

### GOVERNANCE



Peer Average 58

### OVERALL SCORE



**Electricity Transmission Network**



**All Infrastructure Assets**

**TOTAL OF 393**



## INTERLIGA PROJECT

Celeo promoted an important change in its organizational structure by linking the Information Technology (IT) area directly to the Company's Executive Board. The main objective of this change was to better respond to the technological, information security and institutional challenges brought about by the constant evolution of the market.

The first major challenge of this new structure was to establish a project to integrate all areas, reducing bureaucracy, optimizing activities and increasing the reliability of the information managed by the Company.

The project was named **Interliga** and its main activities were: mapping processes linked to back office and reimplementation of the ERP (Enterprise Resource Planning) system, always looking to increase efficiency and organizational and operational effectiveness.

*Interliga* went beyond the IT area and promoted the participation of all employees. More than 100 processes were mapped, 23 training sessions were held with the participation of 91 employees and 188 hours of training. In addition to these actions, a group called "Rede de Mudanças" ("Change Network") was established, formed by employees from different areas in order to disseminate new practices and support this major restructuring.

There were countless meetings, debates, training sessions and tests that increased the certainty that we can grow even more. The first phase of the project was completed in December 2019 and the new system went live on January 6, allowing a new cycle with more secure information and more agile processes.







Jauru Transmissora de Energia

# GOVERNANCE

/GRI 102-18, 102-19, 102-20, 102-22,  
102-23, 102-24, 102-26, 102-28/

Celeo is a privately held company and is not required to structure a Board of Directors in the country. However, its governance and management are in line with global best practices with a focus on its perpetuity.

The Company's corporate governance structure is linked to Celeo Concesiones e Inversiones S.L, in Spain, whose Board of Directors is comprised of six members, three from each shareholder (Elecnor and APG Group). Celeo Concesiones e Inversiones S.L.'s Management Team is composed of the CEO, CFO, COO, CIO and General Counsel. Their role is to support the Board of Directors in defining the global business strategy. This team is also responsible for implementing the decisions of the Board of Directors and for the operation of the Company and its subsidiaries.

Their main responsibilities include, among others, the development of environmental, social, governance and compliance policies that apply to the Company and its subsidiaries. In addition, they prepare the objectives and annual accounts, coordinating external audit activities and the formulation of accounts. They are also responsible for developing periodic reports to the Board of Directors and maintaining direct contact

with government agencies, Sustainability Committees, Compliance Committees and the Executive Board.

The highest governance body in Brazil is the Executive Board, composed of the Chief Executive Officer, Finance-Administrative Officer, Chief Operating Officer, Legal-Corporate Officer and New Business Officer.

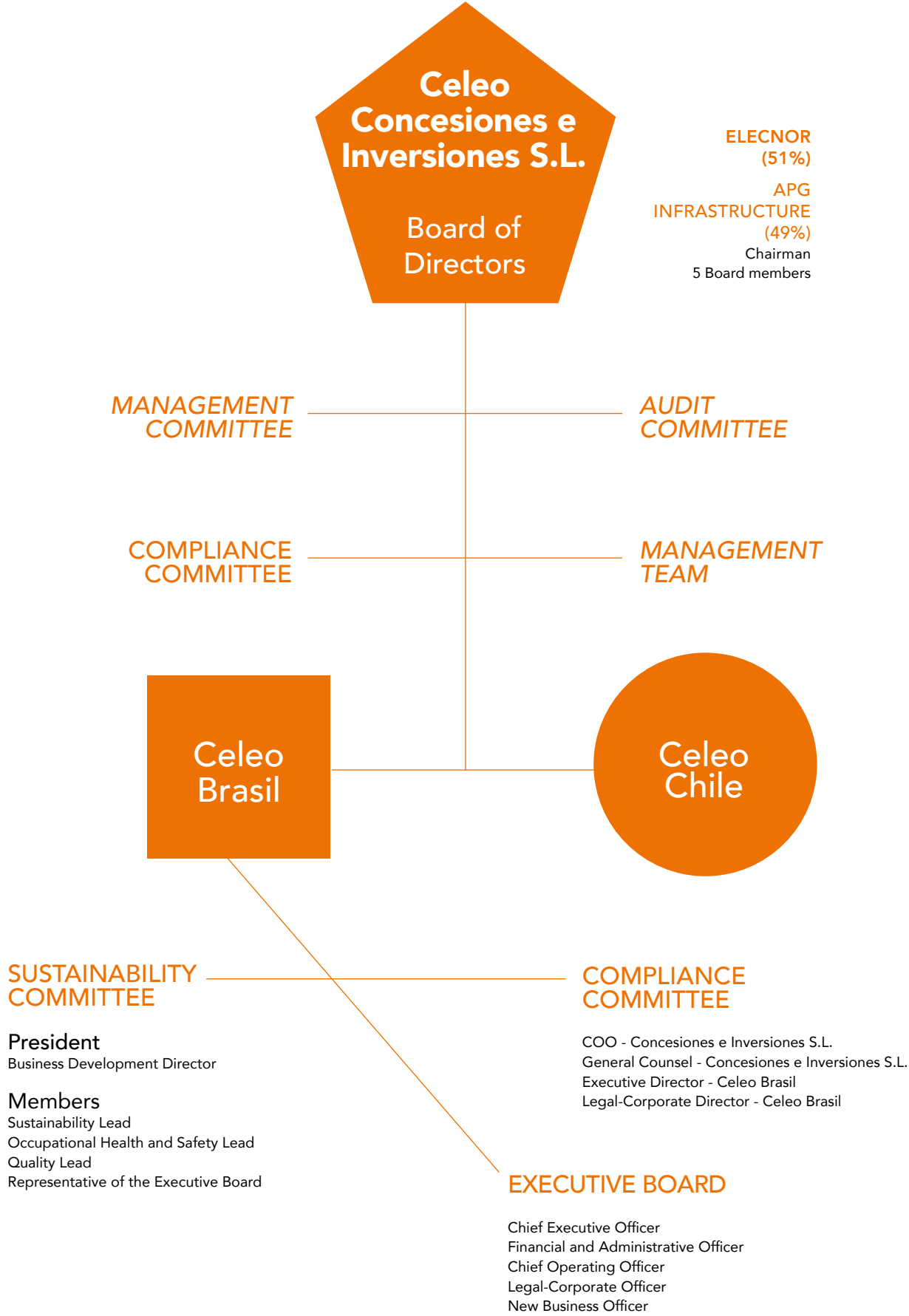
Members of the Executive Board of Celeo Brasil report directly to the Management Team of Celeo Concesiones e Inversiones S.L.. The responsibilities and powers of the members of this body are set out in the bylaws, which provides for a three-year term, with possibility of re-election.

The Sustainability Committee and the Compliance Committee operate independently in the performance of their duties and complete Celeo's governance structure.

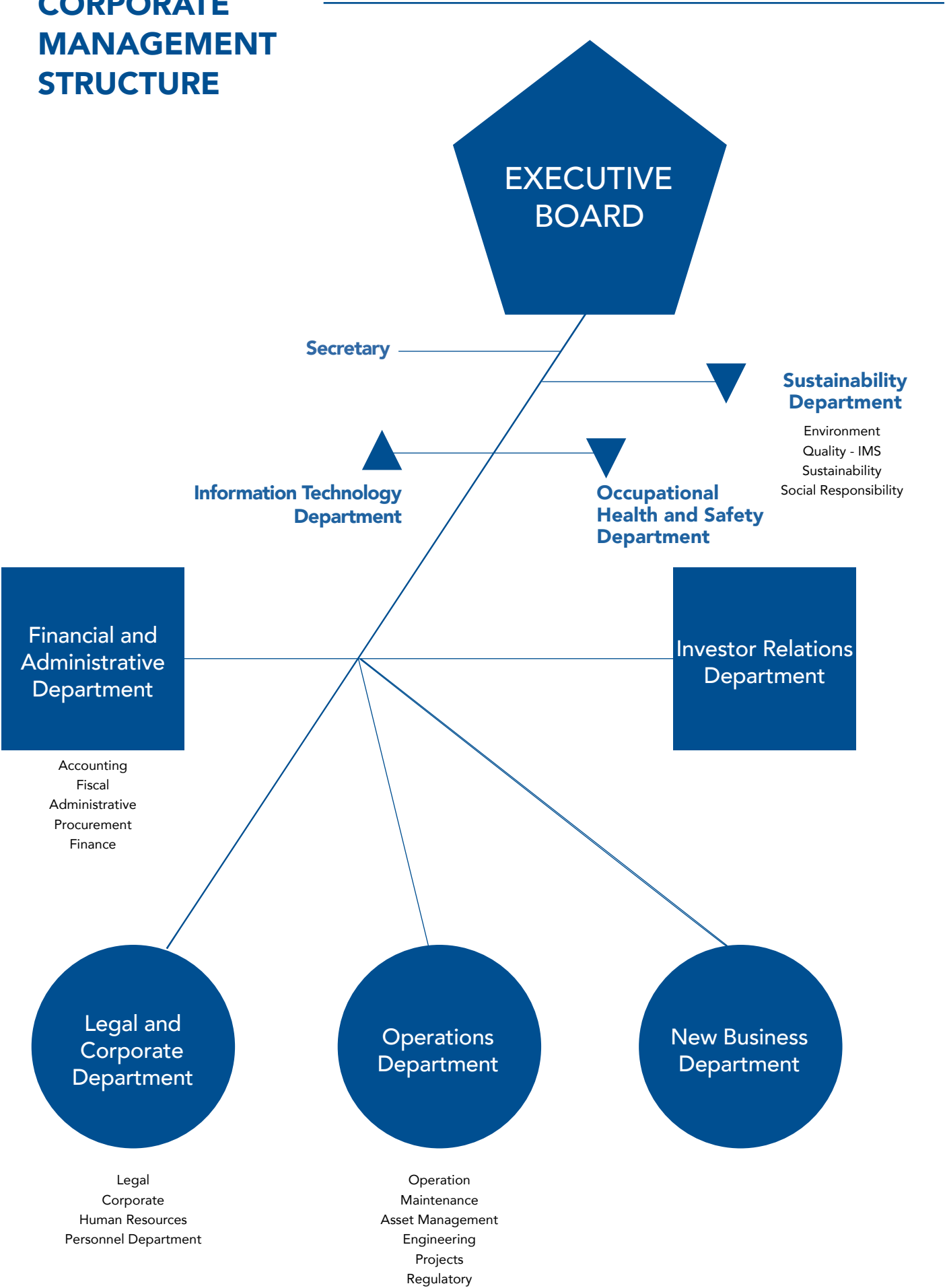
The opportunities, impacts and economic, social and environmental risks guide decision-making at Celeo, which aims to implement the best market practices in its operations. Performance of management and operational results and of environmental, social and governance (ESG) topics is evaluated either by the Management Team or by the Board of Directors.



CORPORATE  
GOVERNANCE  
STRUCTURE



CORPORATE  
MANAGEMENT  
STRUCTURE





COMMITTEES

SUSTAINABILITY COMMITTEE

The Sustainability Committee, created in 2018, is responsible for providing strategic support to matters related to this area and it reports to the Executive Board. Its main duties are to monitor annual objectives, carry out critical analyses of the integrated management system, monitor risk mitigation actions, ensure the execution of the ESG action plan, the implementation of the goals and targets of the Global Compact's SDGs, among other topics related to the Company's sustainability management. The Committee must also decide on process improvement matters and ensure resources for this purpose.

In 2019, it was responsible for approving the review of the sustainability policy aligned with Chile and Spain, for approving the new risk management procedure based on the three lines of defense, for the debate on the crisis management plan, for forming working groups to develop matters of a technical nature, such as the study on resilience within the organization, among other actions.

For 2020, Celeo has reformulated the Committee's mode of operation, which will have a smaller number of members, retaining its multidisciplinary format, and will reinforce its importance as a deliberative forum, with the responsibility of taking to the Board the main issues related to sustainability.

Training in the Corporate Integrity Program (PIC)



COMPLIANCE COMMITTEE

The main role of this committee is to develop compliance policies and oversee their correct application. Its duties include:

- Develop the compliance system in accordance with the instructions of the Board of Directors.
- Receive and process reports received through the transparency channel.
- Address possible non-compliance.
- Receive and evaluate the annual reports sent by the Compliance Officer.
- Disclosure of the Corporate Integrity Program (PIC).
- Manage employee training on PIC.
- Coordinate compliance policies within the group.
- Oversee compliance committees at the subsidiary level.

The committee acts as a collegiate body in performing its duties, which respect the laws in force and the regulatory standards of the country. It is responsible for the Company's Corporate Integrity Program (PIC).

At the end of 2019, the Compliance Committee was composed of four members: a Chairman, two effective members, and support and management of the compliance manager (Program Manager in Brazil).

In the year, this committee was responsible for carrying out an external audit to assess the compliance system. The audit produced a benchmark analysis of the maturity level of the Company's program and concluded that Celeo is above the average for the Brazilian market. Nevertheless, a number of improvements were detected and are being implemented in accordance with the annual compliance plan.

In addition, the Compliance Committee adequately responded to the 59 occurrences received through the transparency channel and, to this end, it convened twice in the year. No material breaches of compliance parameters were detected in the year.

COMPLIANCE

/GRI 205-2/

Celeo's efforts to improve its compliance area are reflected in the level of maturity of its policy, which, according to external consultants, advanced from level three to four from 2018 to 2019. According to the methodology adopted by this consultancy, the highest level is five.

Practices carried out by the Company so that all its employees act in accordance with the compliance policy and the rules of conduct include, among others, training and reinforcement of these messages at internal events.

Looking to provide greater transparency and information to the market, in 2019 Celeo created an Investor Relations area, also addressing regulatory demands of the Brazilian Securities and Exchange Commission (CVM).

It should also be noted that, since 2018, Celeo has supported the Instituto Compliance Rio - ICRio, which, given its nature, is dedicated to disseminating knowledge and practical solutions to face current challenges and prepare for the future. The goal is to correct or pivot the course of our destination and of our society, debating concepts about what would be the best market practices in terms of governance, integrity and corporate ethics.

GOALS ASSUMED BY CELEO TO CONTRIBUTE TO THE ACHIEVEMENT OF THE GLOBAL TARGETS OF SDG 16

- Consolidate Level 4 Compliance Maturity by 2021
- ISO 37001 certification - anti-bribery and corruption by 2022

FIGHT AGAINST CORRUPTION

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

Another pillar that reflects Celeo's commitment to excellence in corporate governance is the fight against corruption and fraud and the consolidation of ethical conduct. The Company has in place the PIC, which involves all its employees, and the Transparency Channel, created in 2016, which as of 2018, has received anonymous reports about actions that may not be in compliance with the Code of Ethics established by Celeo and the laws in force in the country.

In 2019, a total of 59 occurrences were recorded through this channel, but none of them involved corruption or disrespect for the laws. In this period, all employees were informed about the anti-corruption and anti-fraud policies and procedures.

It should also be noted that 100% of the Company's operations were submitted to risk assessments associated with corruption.

TRANSPARENCY CHANNELS

In the continuous process to improve transparency and provide information to different audiences, Celeo works to improve its communication policy, a project that will be intensified throughout 2020.

The alternatives under study include the possibility of outsourcing the Transparency Channel to a company of recognized excellence in providing this service.



INTERNAL CHANNEL:  
canaldetransparencia@celeoredes.com



EXTERNAL CHANNEL:  
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 relies on the legal area to monitor compliance with laws and apply best market practices in the area of Corporate Governance and Compliance. In 2019, there were no significant cases of non-compliance with laws and/or regulations of any nature that resulted in fines or non-monetary sanctions.



# SOCIAL PERFORMANCE

The year 2019 consolidated an essential understanding of our mission: the true responsibility of the Company is beyond its corporate object or company name, but in its capacity to first develop people before developing professionals. We focus on materializing actions that promote the well-being of our internal audience and in the communities with which we interact.

In today's world of rampant technological advancement and abundant access to information, we face many new challenges in people management. It is notable that the ability to deal with frustrations in general is one of them. Expectations are always high. From all parties.

While we seek productivity with excellence, we seek to support the necessary education and training in the same proportion. This is what we call coherence. The balance of this equation is reflected in a good work environment that makes relationships much healthier and more productive. It is an asset that facilitates closeness, communication and transparency.

Celeo's social challenge is always one of continuous improvement. We continue to grow exponentially in our human resources policies, with an inquisitive attitude in order to identify and face our errors. We're not perfect. We have an exceptional team that always tries to get it right and, of course, that's what we work for. I can guarantee that we are committed to development in the most genuine sense of the word. May 2020 come to consolidate this commitment, either in facing the crisis brought about by the COVID-19, or in excelling in order to ensure the best conditions for our employees!

We embrace pure social responsibility actions, which we define with immense transparency and objectivity, as confirmed by our consistent evolution in recent years. Pride and belonging were developed, they became a hashtag and today they are our brand: "#orgulhodeserceleo."



ALAN HEINEN  
LEGAL AND CORPORATE DIRECTOR





Celeo is a company that has in its culture the care for human beings. Our main pillars are permeated by investments in employee development and retention. We appreciate lasting relationships, people who make history in our Company.

In human resources management, we always deal with challenges. At the same time, with the implementation of our policies, training programs, training of professionals and actions in general, we seek to consolidate our feeling of belonging. Belonging is embracing, and this strength helps us overcome challenges.

The road is long and we know that there is still much to be developed and implemented. The constant and daily challenges drive us to do more and better for our employees. We always want to be close to everyone, with active listening and providing opportunities. We are gradually improving our communication, you can be sure of that. There is much to be done and this will be a continuous effort!

The power transmitted through our lines is the result of competent and happy people at their workplace. We feel fortunate to be able to contribute to the development of our employees, to empower women in this sector, which is seen as a male environment, and to be part of one of the best companies to work for. Tenho muito #orgulhodeserceleo.

**MENITHEY ANTUNES**  
HUMAN RESOURCES COORDINATOR



Being a female leader in a mostly male environment has its challenges. Today, it is with great pride that I say that the challenges faced are only those pertaining to my job, regardless of being a woman.

I had to overcome some obstacles to get here. Starting with college, then the effort to secure my first job, where, in some selection processes, I heard things like 'the intended position did not fit my profile because I was a woman', and not because of my professional skills.

At Celeo I managed to conquer my space with dignity and respect. I am very proud to be a female leader in a company that is concerned with equal rights between men and women, that is concerned with the corporate environment, so that there is no gender discrimination and that values the women here, to face and overcome hurdles like any other professional working here.

I am even more proud to work in a sustainable company, that is socially responsible and cares for the environment, concerned with the future of everyone. #orgulhodeserceleo.

**LETÍCIA XAVIER PEREIRA**  
PCC SUPERVISOR

## EMPLOYEE MANAGEMENT

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

The Human Resources area has projects and actions in place to develop the skills of professionals, retain talent and develop the Company's organizational culture. The purpose of these actions is to guarantee the best performance of employees and the Company.

The year 2019 was marked by the definition of the Career Plan, which began in 2018. Application of the new rules will start in 2020 during the annual performance evaluation. The process consists of self-assessment, supervisor assessment and assessment by the Score Calibration Committee, which will take into account the other two assessments. The evaluation was not carried out in 2019 due to the *Interliga* project, which implemented the ERP. (See box on page 49).

The Company was included in the *Great Place to Work*, a survey carried out in 61 countries with 3,000 participating companies. In this survey, Celeo received a score of 83. The Company's performance was positive in the items that assess the work environment, care for people and commitment to safety. Opportunities for improvement were identified in communication policy, planning, and wage alignment with the market.

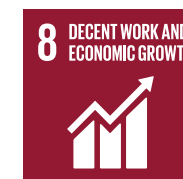
Another highlight in the year was the selection process in the *Jovem Aprendiz* (Young Apprentice) program,

which used the "blind selection" approach. Through this methodology, candidates are introduced to managers without prior information, allowing for a bias-free evaluation. The results were satisfactory and the process will be maintained. Six young adults were hired for the IT, administrative, operations, regulation and document management areas.

In 2019, diversity was a core topic in employee management. The Company defined pillars and goals that will guide its initiatives in this area. The goal is to turn the work environment into a diverse and inclusive space, bringing into the Company a set of diverse perspectives and views. In 2020, the Company will work on these pillars together with its employees. The initiatives include compliance with the rule that establishes that employees with disabilities must represent at least 2% of the total workforce.

Celeo also works on gender equality. The Company encourages more women to act and join the staff in the maintenance and operation area, and considers the presence of women in the Board of Directors necessary; an objective to be defined and included in the preparation of strategic objectives.

### OUR PILLARS



#### INCLUSION OF PEOPLE WITH DISABILITIES

Combat stereotypes against people with disabilities by facilitating their inclusion in the work environment and in our facilities.

\_Respect the Brazilian law by hiring a minimum of 2% of PwDs;

\_Promote an inclusive environment by adapting our facilities.

#### GENDER DIVERSITY

Promoting gender equality

Female representation in management positions

\_Have 10% women in the maintenance table by 2023

\_Develop along with SENAI classes of Electrotechnology for women

#### INCREASE IN THE LEVEL OF EDUCATION

Promote the opportunity to increase the level of education of our employees by reducing social inequality

\_Have 100% of employees with a high school degree by 2023

\_Develop a program to increase the level of education so that employees have a high school degree

In addition, the **He for She**, event was held, bringing together 14 women and 14 men who signed the UN Pact for gender equality. During the event, there was a debate on gender issues, allowing participants to express their views and learn about other perspectives.

In the health area, employees relied on **EU SAÚDE**, a program made available through an app that allows doc-

tors, based on the description of the symptoms, to give initial guidance on a possible treatment. Between July and October 2019, a total of 116 employees, representing 23.2% of eligible professionals, were registered in the project. Registered employees are all those who viewed and answered the initial assessment questionnaire.



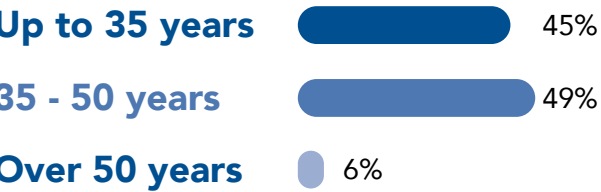
EMPLOYEE PROFILE

/GRI 102-7; 102-8 -401-1/

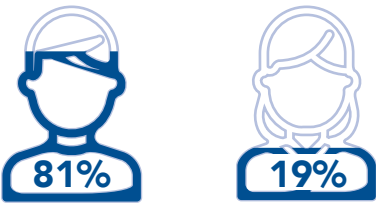
Celeo ended 2019 with 285 full-time professionals, 232 men and 53 women. In this period, 68 employees were hired, 56 men and 12 women. Terminations totaled 31—, 21 men and 10 women. Turnover rate was 11% compared with 18.5% in the previous year. This reduction resulted from the implementation of the Career Management Program and the strengthening of HR actions and policies. In the Southeast region, there is also an employee under a temporary contract. Celeo also has a professional working part-time.

All employee movements were carried out within the guidelines of the Code of Ethics and the Company's rules of conduct, which take into account the criteria of non-discrimination and equal opportunities.

EMPLOYEES BY AGE GROUP (%)



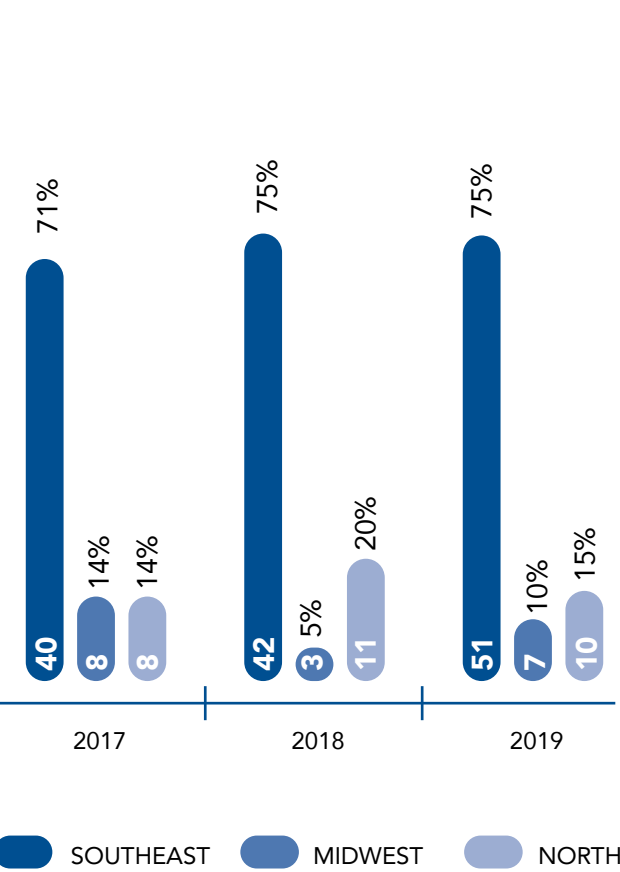
EMPLOYEES BY GENDER



GENDER PER POSITION

	Male	Female
Executive Director	1	0
Director	6	0
Manager	3	1
Coordinator	6	6
Staff	216	46

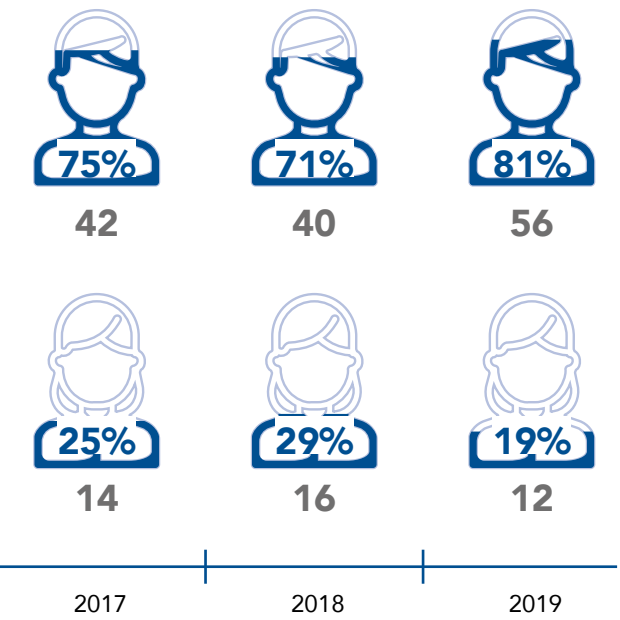
TOTAL NUMBER AND PERCENTAGE OF EMPLOYEES HIRED BY REGION



TOTAL NUMBER OF EMPLOYEES HIRED BY AGE GROUP



TOTAL NUMBER OF EMPLOYEES HIRED BY GENDER



DEVELOPMENT AND TRAINING PROGRAM

/GRI 404-1; 404-2, G4 EU14/

Celeo has in place the Training Program, which includes internal training focused on improving the skills and technical knowledge on management and regulation, and the Education Aid Program, which provides financial support for professionals who are taking graduate, MBA and languages courses.

A total of 29 professionals participated in the Program, 10 of whom are enrolled in undergraduate courses, 17 in language classes and 2 in technical courses. The purpose of this program is to expand the knowledge of its employees and retain talent.

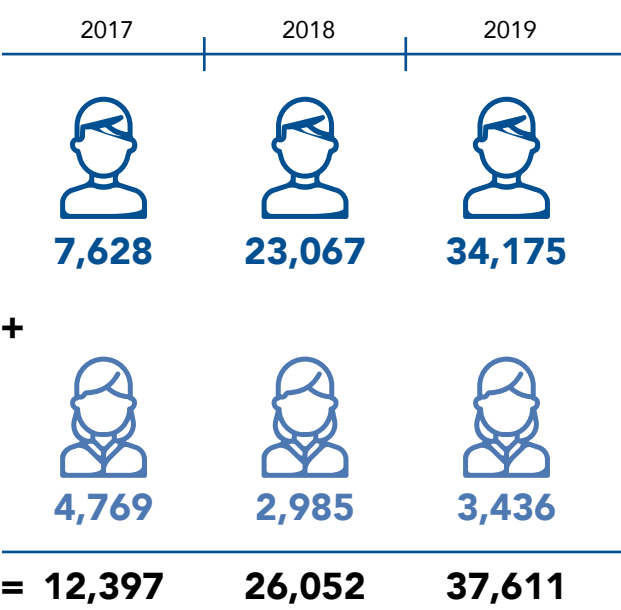
The Technical Operational Training and Enhancement Program (PACTO) was also created. Annually, for one week and in a location outside the work area, the Operation & Maintenance teams take this course to align the actions and practices of the areas across the five regions. This is also an opportunity to introduce the Corporate Integrity Program - PIC training course, which reinforces the importance of the Company's values and its rules of conduct and compliance. In the period, training was offered to 96 employees. Since they deal with different topics, there are cases in which the same professional participated in more than one training course.

The Company also carried out the Leadership Project with a focus on the teams that work on transmission lines. The project was based on the concepts of Non-Violent Communication (CNV) and was intended to improve and facilitate the relationship between leaders and their teams. In total, 18 employees participated.

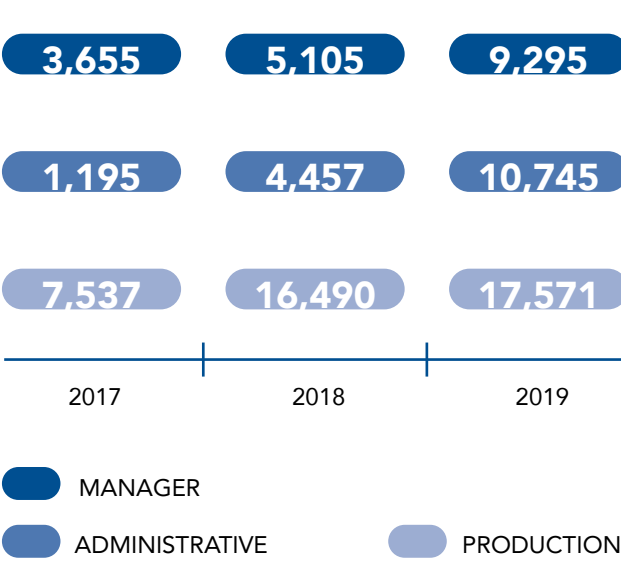
As part of the integration of employees in Rio de Janeiro who do not have access to the Company's substations, the HR area makes visits to the Vendas das Pedras substation, located in Itaboraí (RJ).

The Parceiros do RH (HR Partners) program works with employees so they can identify the needs of each area and thus develop projects together. Also, in order to have a more direct channel to understand the demands of its staff, the Company conducts the RH Visita (HR Visit), in which twice a year a representative of the area works for one week in each of Celeo's bases.


NUMBER OF TRAINING HOURS BY GENDER



TRAINING HOURS PER JOB POSITION





## CELEO'S COMMITMENT TO CONTRIBUTING TO THE ACHIEVEMENT OF SDG 8 TARGETS: Implementation of the program to increase the level of education so that all Celero employees have, at least, completed high school by 2023.

### INVESTMENTS IN TRAINING

Investments in training totaled R\$ 1.591 million, divided into internal training, such as SIPAT and PACTO, and qualification courses involving undergraduate and MBA degrees, languages and high school and/or technical education. Of this total, training through workshops, conferences and seminars was made available to 111 employees and received most of the investment, totaling R\$ 645,100.

#### INVESTMENT IN TRAINING

TRAINING	NUMBER OF EMPLOYEES	INVESTMENT (R\$)
High School / Technical	2	3,668
Undergraduate/ MBA	11	188,529
Total Training (Workshops, Conferences and Seminars)	630	645,154
SIPAT (Rio de Janeiro and Uberlândia)	111	346,130
Technical Journey	8	40,307
PACTO (Technical Operational Training and Enhancement Program)	96	264,558
Leadership Program (Transmission Line Leaders)	18	35,072
Languages (English)	17	67,880
<b>Total</b>	<b>893</b>	<b>1,591,298</b>

### BENEFITS /GRI 401-2, 401-3/

The benefits granted by Celero can be considered above market average, being a relevant instrument in the culture of promoting well-being and quality of life for its employees, and retaining talent. The highlight of the area in 2019 was the adoption of 150-day maternity leave and 10-day paternity leave.

Professionals have access to the following benefits: health and dental plan extended to legal dependents (spouse and children up to 24 years of age) and parents with children aged between 24 and 30 can bear the cost of the health plan of dependents, life insurance; transportation vouchers; food or meal vouchers; day-care assistance for female employees; parental leave; maternity kit for pregnant employees; physical activities (shiatsu and gymnastics at work); and education assistance, which depends on internal rules. Depending on the benefit, there is a co-pay by the employee. Only the education benefit has a co-pay model, and the Company bears 60% of the amount.

In addition to these benefits, Celero offers daily breakfast in all units and monthly birthday breakfast for employees who have birthday on that month.

### CAREER MANAGEMENT

In 2019, Celero started a career management program for its staff. One of the objectives is to train new leaders. Within this process, the importance of the self-awareness process was highlighted to help professionals identify their skills and points for improvement.

Also part of the career management process is the development of the habit of giving and receiving feedback on employee performance in the Company, which contributes to continuous improvement.

### HEALTH AND SAFETY

/GRI 403-1 a 403-10, G4 EU16, G4 EU18/

One of Celero's values and commitment is to ensure the health and safety of its employees, contractors, visitors and the communities where it operates. The Company maintains a safe and healthy work environment, with an Integrated Policy for Quality Management, Environment, Safety and Occupational Health. The Occupational Health and Safety (OHS) area is responsible for eliciting and coordinating preventive behavior, promoting the best accident prevention practices and monitoring its results.

In terms of safety, all employees are represented by the Internal Commission for Accident Prevention - CIPA, composed of Company representatives and employees. This commission develops actions to guarantee good working conditions to prevent accidents and occupational diseases.

The actions conducted in 2019 include the Internal Accident Prevention Week (SIPAT), held in April. In total, 115 employees took part in the event. The Technical-Operational Training and Enhancement Program (PACTO) was also conducted and was completed in May.

In 2019, a maintenance audit was conducted for OHSAS 18001 recertification. The audit showed that the organization experienced and improved the system in place. In 2020, the Company will take an additional step towards improving the occupational health and safety management system, preparing to migrate to ISO 45001.



**TARGET ASSUMED BY CELEO IN 2019 RELATING TO SDG 8**  
**100% of the assets managed by Celero will have Occupational Health and Safety Certification by 2021.**





Implementation of the São João do Piauí Solar Power Complex

Throughout 2019, digital and real-time control of all occupational safety and health inspections carried out by the teams was implemented, streamlining and controlling information using the Celeo Mobile app.

The process is based on prior planning, from which field teams receive programming specially focused on the risk of their activities. After the inspections, follow-up charts and action plans are generated in order to adopt corrective and preventive measures. This management approach, in addition to eliminating expenses for the use of paper and filing, contributes to faster and more efficient supervision, even in areas of difficult access.

Outsourced contractors performing high-risk activities, such as companies that clear rights-of-way under transmission lines, now can be closely managed on occupational health and safety, through inspections and monitoring of the activity by a Celeo supervisor.

The Company has in place the General Procedures for Occupational Health and Safety of Visitors and Contractors (PG-025). The procedure describes the operational system for contractors and visitors, verifying their capabilities and competencies in meeting Celeo's requirements on occupational health, safety, and the environment.

After prior assessment of the documentation required from contractors, before performing their activities, the safety area conducts onboarding training for employees of service providers. In the case of visitors, a safety briefing is presented. These training sessions may occur during onboarding to enter the facilities and in the selection and evaluation processes of outsourced workers.

In order to keep information about electrical installations organized and accessible, the electrical record was made available on the intranet. The goal is for employees to consult procedures, actions and data for each asset, reducing risks and complying with Regulatory Standard No. 10 - Safety in Electricity Assets and Services.



## QUALITY OF LIFE PROGRAMS

As an incentive to quality of life, the Rio de Janeiro office has an office exercises program aimed at correcting postural habits and improving employees' blood flow. In addition, Shiatsu sessions are offered in the work environment to relieve muscle tension.

In 2020, the "Positive Energy" program, successfully implemented in 2018, will be relaunched. The purpose of this program is to promote healthy habits among employees through medical and nutritional assessments, and encourage the practice of physical activities. The new enhanced version will be based on two structuring pillars:

- The "Eu Saúde" which aims to provide a 24-hour online health assessment. Employees are mapped, get individual follow-up, and receive educational messages.
- Incentive to engage in physical activities through an app that allows access to several gyms aiming to generate lasting behavioral changes, turning a sedentary population into a physically active one in order to improve physical and mental well-being of employees.



## Brasileirão de Segurança Celeo 2020

To encourage practices related to employee safety and promote and recognize operational teams, the motivational program called **Brasileirão de Segurança Celeo 2020** (Brazilian Major League Safety Tournament Celeo 2020), which alludes to the most practiced sport in Brazil, soccer, will be launched in 2020. The tournament will have the participation of all operational teams, divided into specific divisions, by specialty (Lines, EAT (High-voltage Equipment) and PCC (Protection, Control and Communication) and evaluating indicators classified as reactive (own goal) and proactive (goal), thus establishing criteria that encourage preventive and safe behavior. The program will reward the best teams in each specialty and identify teams that need development and closer supervision.

## ONBOARDING TRAINING

All Celeo employees receive the required occupational health and safety information during onboarding. The training process for professionals working in Operation & Maintenance is concentrated in the city of Uberlândia (MG). In 2019, a total of 113 people took part in the OHS Onboarding at the Company's facilities.

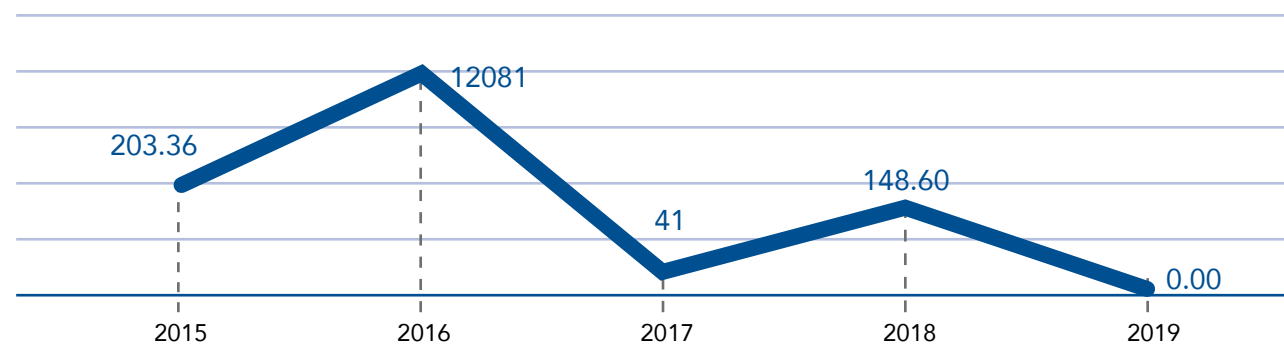
The Occupational Health and Safety area is concerned with preparing and enforcing policies to establish a health and safety culture at Celeo. The activities include assessment of risks in the workplace; support to employees in early identification of risks in their activities and assistance in adopting control measures; working together with the areas in order to identify root causes of incidents; dissemination of the Policy on Health, Safety and Environment; and guidance to comply with the rules in force.



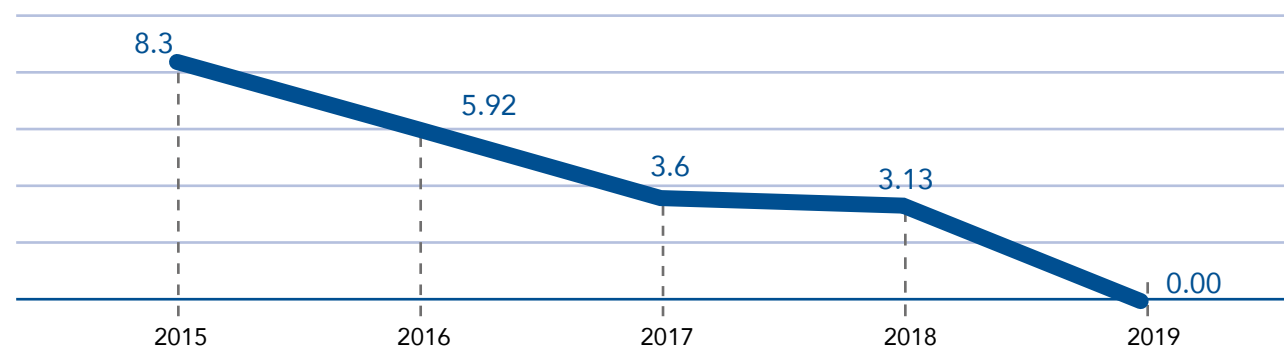
## HEALTH AND SAFETY INDICATORS /GRI 403-2/

Celeo monitors occupational health and safety indicators on a monthly basis, evaluating the results and ensuring the achievement of the targets established. Statistics on accidents follows the recommendations of the Brazilian Association of Technical Standards (ABNT) set out in NBR 14280 - Register of Workplace Accidents.

### SEVERITY RATE Brazil Criterion (NBR 14260)



### FREQUENCY RATE Brazil Criterion (NBR 14280)

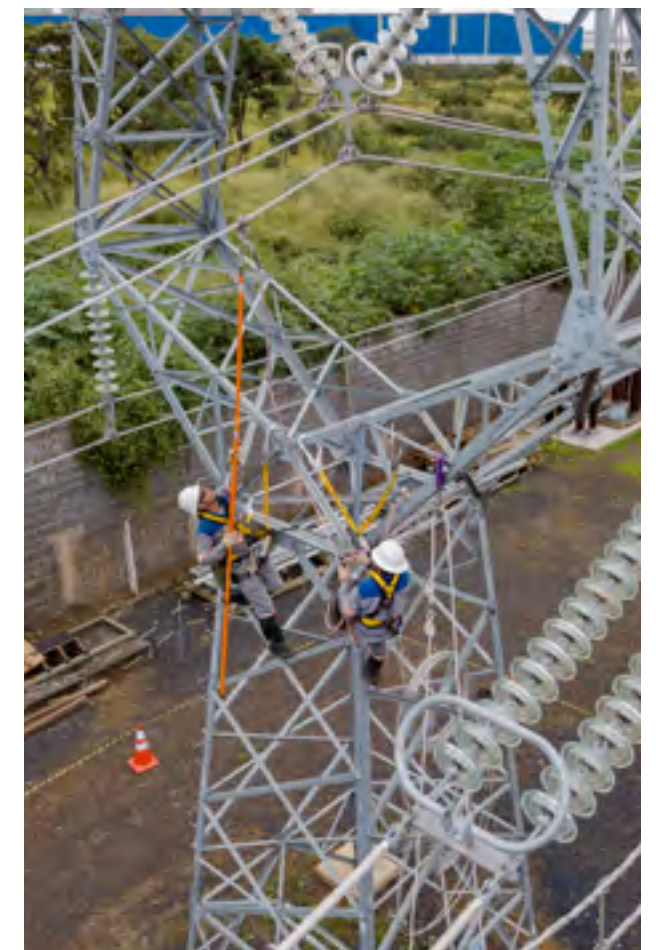


**IN RECENT YEARS, CELEO HAS BEEN REDUCING ITS INDICATORS, REACHING, IN 2019, THE ESTABLISHED TARGET OF ZERO ACCIDENTS AND NO WORK-RELATED OCCUPATIONAL DISEASES.**

This result is a consequence of the following measures:

- Digital and real-time control of all occupational safety and health inspections carried out by the teams using the Celeo Mobile app.
- Monthly safety meetings in regional areas through video conferencing with the participation of all employees, supervisors, coordinators and maintenance management. The participation rate in 2019 was 96.93% of the target audience. At the meeting, reactive indicators (frequency and severity rate) and proactive indicators (inspection, participation in meetings and actions taken) are analyzed and the relevant issues are addressed in order to make the workplace an increasingly safer environment.
- Review of the process to identify critical activities, which ensures the prevention and treatment of risks, carried out through IPARDC (Identification of Hazards, Risk Assessment and Determination of Controls). In 2019, a total of 22 processes were reviewed in an effort to identify weaknesses that could impact occupational health and safety aspects. As a result, each employee in their work environment becomes aware of the risks and adopts appropriate controls to mitigate and/or eliminate weaknesses.
- Restructuring of the OHS team, which now relies on a safety technician in each region, giving field teams a closer support to address operational questions related to occupational health and safety issues.
- Efficiency of procedures to comply with applicable legislation related to occupational health and safety.
- Implementation in 2019 of the SICLOPE (Integrated Operations Control System), software developed within the IMS (Integrated Management System) model to specifically manage processes in the Occupational Health and Safety areas. This system ensures availability of information, knowledge of problems, speed and assertiveness for decision-making and management of risks to the business, with a focus on strengthening the culture of prevention and legal compliance. The result is an increase in the quality of time management, with a consequent improvement in decision-making processes.

Simulation of maintenance activity in training tower - Base in Uberlândia





## SUPPLIER MANAGEMENT

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

Supplier relationship management is considered fundamental by Celeo in view of its commitment to best market practices across all areas. Thus, in 2019, the supplier qualification process started to rely on an external consultancy to ensure its integrity and streamline the hiring of companies. The consolidation of this process is the maturity of the measures taken in 2018, when IMS certifications improved the way the Procurement area registers and qualifies suppliers.

Each supplier is classified according to the risk of the operation. In addition, social aspects are taken into account, such as respect for labor and social security legislation, human rights protection laws, laws combating child labor and conditions similar to slave labor, in force in the country. In the environmental area, criteria such as contamination of the water table, air pollution and illegal deforestation are considered. It should be mentioned that no effective environmental or social impacts were identified on suppliers in 2019.

All Company requirements are communicated to suppliers through contractual clauses and terms of acquisition. The same is true for the qualification process, which considers control of potential environmental and social impacts generated by suppliers.

In 2019, Celeo recorded a total purchase volume of R\$ 9.024 million, down 19.2% compared to R\$ 11.175 million in 2018. Most suppliers are in the category of electronic materials and equipment, in addition to service providers related to the energy sector and supply of specialized labor.

In all, there are 1,246 suppliers and, of these, 347 companies are considered critical suppliers. It should also be noted that of the 79 significant investment contracts signed by the Company and valid in 2019, 96% contain clauses that address respect for human rights.

## ROAD HEALTH, PROTECTION AND SAFETY CAMPAIGN

One of the impacts of the São João do Piauí project identified by Celeo was the increase in traffic in the regions between the States of Bahia and Piauí. All materials used for the construction of the solar power complex would be transported by a contractor, which accepted to participate in the Road Health, Protection and Safety Campaign, developed by Celeo's Corporate Social Responsibility Area in partnership with the National Transport Service - SEST and the National Transport Learning Service - SEN-AT of the city of Salvador.

More than 70 drivers and 22 other professionals of the company contracted participated in the actions of the Campaign, which involved medical care and a viewing of the documentary film called *Mundo sem Porteira*, produced by Childhood Brazil, to debate issues such as sexual abuse and exploitation. In addition, 30 contractor employees participated in the Seminar on Sustainable Mobility, held in the State of Bahia.

## THE COMPANY'S COMMITMENT TO ACT UPON THE SUPPLY CHAIN IN ORDER TO CONTRIBUTE TO SDG 8 TAKES INTO ACCOUNT THE FOLLOWING TARGETS:

### Hiring local labor, a minimum of:



**25%**  
for new  
transmission projects



**50%**  
for new renewable power  
generation projects



## RELATIONSHIP WITH LOCAL AND TRADITIONAL COMMUNITIES

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

One of Celeo's priorities is to maintain a good relationship with local communities in its areas of operation. The goal is to support the development and protection of these locations. The actions are aimed at different types of audiences, such as indigenous, quilombola or low-income populations.

The Company regularly carries out the *Integra* Program, whose goal is to understand the needs and characteristics of the populations in these areas, allowing for actions to support the development and protection of these communities. The scope of this Program also includes campaigns to communicate limitations to the use of rights-of-way and to curb slash-and-burn agriculture, for example, as well as distribution of print material and dissemination of the Company's communication channels (Ombudsman Channels).

Throughout 2019, Cantareira Transmissora de Energia (CANTE) concession was included in the scope of the Integra Program. In total, 447 properties were visited and 271 interviews were conducted. For the 2020 cycle, the Program will continue to focus on communication campaigns to prevent slash-and-burn agriculture, through the production of new teaching material and continued visits and awareness raising actions geared toward local communities. It should be noted that, in 2018, a total of 2,136 properties were visited and 1,377 interviews were conducted in the region of the concession.

Data mapped include the profile of the properties and their residents, traditional populations, sources of income and family livelihood, level of education and enrollment in social programs of the federal, state and municipal governments, among other information. As

an example, a high degree of difficulty to understand written text was identified, leading Celeo to enhance its relationship with these people by adapting the language of the information material that addresses the safety issues of transmission lines.

For 2020, a new primer will be prepared, prioritizing visual communication with a more accessible language in order to facilitate understanding by the audience with greater difficulty in written communication.

## INDIGENOUS COMMUNITIES PROGRAM

Throughout 2019, Celeo advanced with the development of the indigenous component of the Environmental Program (PBAI), aimed at the Guarani indigenous community, located in the area of influence of the permitting process of transmission line LT 230 kV Umuarama Sul - Guaíra, part of the Caiuá concession. This study contains the mitigation actions that will be implemented for the affected communities. However, due to the process to demarcate the indigenous territory, conducted by FUNAI in that region, the study needed to be reviewed in early 2020.

The PBAI study requires approval by FUNAI and communities prior to its implementation in the field.

## QUILOMBOLA COMMUNITY PROJECT

The Marfim Quilombola community is in the area of influence of transmission line LT 230 kV Açailândia - Miranda II, in the state of Maranhão. Pursuant to instruction from Fundação Cultural Palmares (FCP), Celeo conducted a Quilombola Component Study, which was approved by the FCP and the community, and whose proposals were already implemented. A cultural center was built to allow the community to develop its traditional cultural activities, and a plan for their territory was also drawn up. The final outcome was considered positive and relevant by the residents and the final report on the implementation of the actions has already been submitted and approved by the FCP.

During the development of the environmental impact study (EIS) of transmission line LT Parintins - Amazonas, two remnant quilombo communities were identified in the project's area of influence. The study to identify the impacts that the project could cause to these communities was initiated in 2019 and will be completed in 2020. Subsequently, mitigating measures will be defined. It should be pointed out that the studies and activities of traditional communities conducted by Celeo are monitored by the relevant agencies. In this case the institution responsible for monitoring is Fundação Cultural Palmares (FCP).





## SOCIAL PROJECTS

Celeo's commitment to the country's sustainable development is reflected in the actions of its private social investment. Through social projects, the Company promotes actions that benefit the populations in its areas of operation. In 2019, five projects received investments from Celeo, through the fiscal incentive mechanisms, in different areas.

### Social projects approved for 2020

Celeo earmarked R\$ 544,000 in resources to projects that will be implemented in 2020 through tax incentive mechanisms. Investments are geared to projects approved by the Culture Incentive Act, Sports Incentive Act, as well as the Rights of Children and Adolescents and the National Program to Support Health Care for Persons with Disabilities - PRONAS PCD.



4 QUALITY EDUCATION



### Baú de Histórias (Chest of Stories)

Encourages reading through free distribution of small travelling libraries to schools, entities and public institutions. The collection has 500 books (including in Braille), 100 puppets, 25 educational games and 25 additional teaching materials. Ten workshops were also held, benefiting 1,579 children. The project was developed in the city of Monte Santo de Minas (MG) and the investment, made through the Cultural Incentive Act, was R\$ 99,900.



### Stories that Came by Train

Aimed at communities living near train lines in the city of Atibaia (SP), the theatrical play highlighted the positive aspects and the importance of railways as a means of transportation. The play, produced under the Cultural Incentive Act, also dealt with accident prevention. In 2019, geared to children, five presentations were made in three public schools, benefiting 1,306 children, who received, free of charge, a children's book containing the subjects covered in the presentation. The amount invested was R\$ 73,660.



### Instituto Reação - Judo and Education School

In 2019 Celeo was one of the sponsors of the program Reação Escola de Judo e Educação, conducted by Instituto Reação (Rio de Janeiro/RJ), which promotes the value of sports through educational workshops for 590 children between the ages of 3 and 18. The children participated in judo and jiu-jitsu classes at Pólo Rocinha Escola Faixa Preta. The purpose of the project was to develop a critical eye and an active posture on the project's students, expanding the notion that everyone is an important player in the transformation of society. Investments, made through the Sports Incentive Act, totaled R\$ 71,000.





Two other projects, with budgets approved and funds transferred to the responsible institutions, could not be executed in 2019. They are expected to be executed in 2020. The two projects are:



**Youth Empowerment and Training for a First Job**

The Instituto da Oportunidade Social (Social Opportunity Institute - IOS) annually prepares 160 young students from public schools for their first job. They are part of the Project “Youth Empowerment and Training for a First Job,” which will be developed in 2020 in the region of Belo Horizonte (MG). The project will offer professional training in administration, technology and educational support, empower these young adults in the beginning of their professional lives. Investments, made through the Municipal Children’s Fund, totaled R\$ 71,000.



**Lar São José - Construction of the Community Center**

Project aimed at expanding the area for physical and social activities (social gatherings) for elderly residents of Lar Vicentino São José, in São João da Boa Vista (SP). An 80-sqm area will be built. The elderly cared for by the Nursing Home are in a situation of vulnerability and/or social and personal risk. The amount invested was R\$ 71,000.



PROJECT	TOPIC	BENEFITING AUDIENCE		BENEFITING INSTITUTION	R\$ INVESTED	SDG
Baú de Histórias	Culture	1,579	Children	5 Public Schools	99,900	
Histórias que Vieram de Trem	Culture	1,306	Children	3 Public Schools	73,660	
Instituto Reação - Judo and Education School - Year III	Sports	590	Children and adolescents	1 Social Institution	71,000	
Youth Empowerment and Training for a First Job*	Professional Training	160	Adolescents and young adults	1 Social Institution	71,000	
Health and Social Community Center*	Social Assistance	90	Elderly	1 Social Institution	71,000	
		3,725		11 institutions	386,560	

\* Projects will be executed in 2020, with funds transferred in 2019.



45,149  
BENEFITED

R\$ 692,400 MIL  
INVESTED IN 2019



Caetetuba Train Station

The two projects presented below are developed with funding by the National Economic and Social Development Bank (BNDES), to enable the Cantareira Transmission Line, under the extinct BNDES Corporate Social Investment Program, as Social Sub-Credit, which represents a total of R\$ 2.123 billion, with R\$ 305,814 being invested in 2019, benefiting a total of 41,424 people, including children, adolescents, adults and the elderly.

#### Viver bem em Caetetuba (Living well in Caetetuba)

Renovation and construction of an annex to the train station will be carried out in the Caetetuba district, in Atibaia (SP). With this renovation and expansion, it will be possible to install a Social Assistance Reference Center (CRAS). CRAS currently operates in other facilities. The space will also be used for professional training courses. Additionally, the square in front of the station will be revitalized and receive sports equipment. As financed by BNDES, the project is scheduled for completion in March 30, 2021 with a total investment of R\$ 1,061,775.



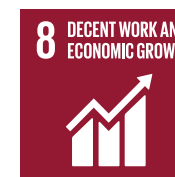
Event to Launch Waste Sorting Program - Monte Santo de Minas/MG



Members of the MONTECICLA waste pickers cooperative - Monte Santo de Minas/MG

#### Vamos Salvar o Planeta (Let's Save the Planet)

This project is underway and scheduled to end in January 2021, when 21,534 people are expected to have been benefited. A solid waste sorting and composting unit will be built in Monte Santo de Minas (MG). A cooperative of waste pickers, called Montecicle has been set up and has the participation of 18 waste pickers. This project is developed in partnership with the city government, which started the municipal collection of sorted waste in the urban and rural areas. Among the actions, an environmental education campaign is already underway. Investments total R\$ 1,061,775.00.



**COMMITTED TO CONTRIBUTING TO THE ACHIEVEMENT OF THE SDG 8 TARGETS, CELEO MADE A COMMITMENT IN 2019 TO CARRY OUT SOCIAL PROJECTS WITH VOLUNTARY RESOURCES, ENCOURAGING TRAINING OF YOUNG ADULTS FOR THE LABOR MARKET IN THE REGIONS UNDER DIRECT INFLUENCE OF THE PROJECTS CONTRACTED AS OF 2020.**





Encruzo Novo Transmissora de Energia

# ENVIRONMENTAL PERFORMANCE



## ENVIRONMENTAL MANAGEMENT AND INVESTMENTS

Celeo integrates management, communication and reference tools to its businesses in order to encompass environmental management in all its projects. The Company's environmental and social management activities begin as early as in the development phase of its projects, involving different strategic audiences. The search for sustainable development means that solutions that cause the least possible environmental and social impacts will be implemented.

Nature of Investments	R\$
Reforestation	640,625
Integra Project	77,000
Environmental Management	6,531,026
Waste Disposal	53,473
Substation Adequacy	90,892
Control of Legal Requirements	32,007
Consulting (ESG)	512,912
<b>TOTAL</b>	<b>7,937,935</b>





## BIODIVERSITY /GRI 304-1; 304-2; 304-4/

Environmental impact studies required for the implementation of a project are carried out pursuant to current legislation and internal standards established by the Company. This underscores Celeo's proactive role in social and environmental issues, avoiding, mitigating and compensating for damages.

In 2019, one of the major advances in environmental management processes was the implementation of the environmental indicator management tool, which improved management of issues associated with the Company's operations, such as biodiversity (wildlife), energy consumption, air emissions, water consumption and waste management. This tool allows systematic monitoring of the Company's main environmental indicators, such as, for example, water consumption and waste generation, so that the indicators contained therein are controlled and evaluated in a standardized way in Celeo's units in Brazil and Chile. Through this integrated management, we were able to establish detailed objectives for each of the aspects for 2020. An example is the 2% reduction in water consumption from deep tubular wells. We also recorded a 2.5% reduction in generation of non-hazardous waste. Both indicators will be calculated based on consumption/generation per worker in 2019. Such measures are intended to increasingly foster conscious consumption and highlight the Company's major concern about its impact on the environment.

The certification of the Integrated Management System (IMS) was also extended, which became effective in projects under development. With this, the Company begins controlling, even more closely, the impacts of its projects, already in their initial stages.

In terms of improvements in greenhouse gas (GHG) emissions, the program to replace air conditioning units that used R22 refrigerant with models using the R10 gas with lower potential to contribute to global warming continued throughout 2019. The Transmission Assets Improvement Plan was continued. This plan aims to reduce fugitive SF6 emissions, which is the Company's main source of manageable greenhouse gas emissions. As of 2020, it will be possible to evaluate the impact of these actions on the effective reduction of greenhouse gas emissions.

In all of its projects, Celeo seeks alternatives with low environmental impact. The Company bases its projects on social environmental studies, such as (EIS/EIA), and on risk matrices of the projects, which seek to identify alternatives locations that require the least possible removal of vegetation and direct impacts upon conservation units and protected areas, as well as upon significant remnants of native vegetation in the biomes where the projects are located.

It is worth noting that in both transmission and installation of solar power complexes, the main impacts on biodiversity occur during the construction phase of the projects, and refer to the removal of native vegetation, causing the reduction and/or fragmentation of habitats, which consequently end up impacting local wildlife.

To mitigate the impacts on biodiversity, Celeo has in place local biodiversity management programs, developed during the environmental licensing process, which include plans for vegetation removal, forest replacement, germplasm recovery and wildlife monitoring, environmental composition and the Environmental Plan for Construction.

In addition to the ongoing removal of vegetation activities for maintenance of the transmission line structures, in order to ensure the operational availability of its assets, in 2019 Celeo performed this activity for the implementation of two new projects.

Initiated in 2018, removal of vegetation for the installation of the São João do Piauí Solar Power Complex and its corresponding transmission line was completed in the first quarter of 2019. During the vegetation removal phase, wildlife rescue campaigns were carried out and identified 12 species listed on the IUCN list as of "Least Concern." No occurrences were recorded for the other classifications on the list. There were no records of flora in the IUCN classification list. The wood generated from the removal of vegetation for the installation of the solar power complex was sent to a local ceramic industry, with consent from the relevant environmental agency.

Installation of part of the structures that make up the Serra de Ibiapaba Transmissora de Energia (SITE) has also started, with approximately 3 hectares being removed in 2019, broken down as shown in the table below.

SEP	ID Zona	Actual Removal Area (ha)
SITE	SE Acaraú III	0.90
	SE Acaraú II	1.62
	LT Teresina - Parnaíba	0.51

In the region that encompasses the project as a whole, in turn, there are species classified in the IUCN list as shown below. This was determined in the Environmental Impact Study and corresponding Environmental Impact Assessment (EIS/EIA) of the project, approved by the relevant environmental agency.

GRI 304-4		Flora	Wildlife
Level of Risk of Extinction (IUCN)	Critically Endangered	0	<i>Callicebus barbarabrownae</i>
	Endangered	<i>Amburana cearenses</i>	<i>Trachemys adiutrix</i> <i>Alouatta ululata</i> <i>Trinomys yonenagae</i>
	Vulnerable	<i>Campomanesia aromática</i> <i>Cedrela odorata</i>	<i>Penelope jacucaca</i> <i>Ramphastos vitellinus</i> <i>Hemitriccus mirandae</i> <i>Spinus yarrellii</i> <i>Thylamys karimii</i> <i>Myrmecophaga tridactyla</i> <i>Leopardus tigrinus</i> <i>Tayassu pecari</i>
	Near Threatened	0	<i>Calidris pusilla</i> <i>Falco deiroleucus</i> <i>Hylopezus ochroleucus</i> <i>Synallaxis hellmayri</i> <i>Conirostrum bicolor</i> <i>Leopardus wiedii</i> <i>Panthera onca</i> <i>Speothos venaticus</i> <i>Vampyrus spectrum</i> <i>Lonchophylla mordax</i>
	Lower Risk	<i>Lafoensia pacari</i>	0
	Least Concern	<i>Chamaecrista ensiformis</i> <i>Copaifera langsdorffii</i> <i>Hymenaea courbaril</i> <i>Platypodium elegans</i>	0





In addition to SITE, 2019 marked the beginning of the licensing process for Parintins Amazonas Transmissora de Energia - PATE. Below are the Conservation Units and Priority Conservation Areas in the regions where the SITE and PATE projects are being installed and which are crossed by the transmission line.

## CONSERVATION UNITS /GRI - 304-1/

### Priority Conservation Areas



Operational Unit	Conservation Unit	Priority Conservation Areas (Probio)
<b>Serra de Ibiapaba Transmissora de Energia (SITE)</b>  The licensing process for transmission line LT 500/230 kV Parnaíba III-Tianguá II-Teresina III and associated substations (414.95 km in length) continued throughout 2019. Location: States of Piauí and Ceará.	APA Serra Ibiapara Sustainable Use Intersection with TL - 164.97 Km	Serra Grande / Delta - Ca006 - Caatinga
	Palmares National Forest Sustainable Use Intersection with TL - 4.85 Km (buffer zone only)	Tinguís - Ca023 - Caatinga Complexo Campo Maior - Ca039 - Caatinga
	Ubajara National Park Full Protection Intersection with TL - 62.78 Km (buffer zone only),	Peixe - Ca050 - Caatinga Tabuleiro Costeiro Ca002 - Caatinga
	Cachoeira da Conceição Municipal Natural Park Full Protection Intersection with TL - 6.25 Km (buffer zone only)	Cocal de Telha - Ca032 - Caatinga Teresina Timon I - Cerrado
<b>Parintins Amazonas Transmissora de Energia (PATE)</b>  In 2019, the environmental licensing process was initiated for the 230 kV Oriximiná - Juruti - Parintins transmission line, with 225.3 km in length. Location: States of Pará and Amazonas	There is no intersection within Conservation Units and buffer zones	"Amazon River - Am222 - Amazônia Cachoeira do Aruã - Am185 - Amazônia Floodplain of the Mid Amazon - Am188 - Amazon Floodplain of the Mid Amazon - Am212 - Amazon

\* Buffer zone is "the surroundings of a conservation unit, where human activities are subject to specific rules and restrictions, in order to minimize the negative impacts on the unit." (Law No. 9.985/2000).

## FOREST REPLACEMENT /GRI 304-3, EU13/

The Company has in place a Forest Replacement Program that integrates Celeo's compensation efforts resulting from removal of native vegetation required for the implementation of its projects.

Plant restoration projects, which involve environmental compensation as set forth by the relevant environmental agencies in the environmental licensing processes, are implemented in the same biomes impacted by the projects. The purpose of the projects is to maintain the floristic and physiographic characteristics of the deforested areas. Species are selected and distributed pursuant to these characteristics.

Celeo looks to optimize its environmental compensation actions by incorporating other aspects of sustainability, such as strengthening the social and economic development of the communities surrounding its projects.

One example is the work jointly done with the Associação dos Pequenos Produtores do Assentamento Granja (Small Farmers Association in the Granja Settlement), in the city of Comodoro (MT). In this location, fruit species were added to the forest replacement project, to compensate for the removal of vegetation that occurred for the implementation of the Vilhena - Jauru transmission line, benefiting the families in the settlement. The action, in addition to complying with the licensing obligation, contributes to the sustenance of families in this area, raising awareness to the need to preserve these projects. In addition, the areas demarcated for forest replacement form an ecological corridor providing connectivity between forest fragments and the preservation of permanent protection areas (APP) on properties, improving water quality in bodies of water in the region.

Concession	Total Area of Forest Replacement Project (ha)	Accumulated up to 2018	Realized 2019 (ha)	Note
CANTE	47.5	18.96	15.63	
CPTE	27.7	27.7	0	Maintenance Phase
IMTE	7.5	7.5	0	Maintenance Phase
"JTE (LT 230KV (Vilhena - Jauru))"	54.52	67	0	Maintenance Phase
	72.93	32.4	20.04	
<b>TOTAL</b>	<b>210.15</b>	<b>153.56</b>	<b>35.67</b>	



**IN ORDER TO CONTRIBUTE TO THE SDG 15 TARGET, CELEO HAS AGREED TO CARRY OUT, AS OF 2020, A VOLUNTARY FOREST REPLACEMENT 15% ABOVE THE COMPULSORY AREAS ESTABLISHED IN NEW ENVIRONMENTAL LICENSING PROCESSES. APP AREAS, LEGAL RESERVE AND THE CREATION OF ECOLOGICAL CORRIDORS.**



MANAGEMENT OF GREENHOUSE GASES (GHG) /GRI 305-1, 305-2, 305-3 e 305-5/

In 2019, Celeo advanced with its business strategy associated with the reduction of greenhouse gas emissions as well as the definition of strategies and actions to mitigate and/or offset emissions that cannot be avoided. To this end, in the reporting period, the third inventory of greenhouse gas emissions was carried out according to the GHG Protocol methodology. The 2017 and 2018 inventories, submitted to independent external assurance, are available for consultation at the Public Emissions Registry, a platform made available on the Brazilian GHG Protocol Program website. Nevertheless, the data shown were not audited in the

period this report was being prepared as a result of the measures to combat the advance to the Covid-19 pandemic in the country.

The calculated direct and indirect emissions totaled 40,261.827 tCO<sub>2</sub>e. The main source of emissions, however, is indirect emissions outside organizational boundaries, mainly due to losses in transmission. These accounted for 99.67% of Scope 2 emissions and 90.20% of Celeo's total emissions in 2019. As they are inherent to the business and not manageable, they are not presented in the comparative table below, in order to make a more accurate critical assessment of the data.

Scope	2019	2018	2017
Scope 1 (tCO <sub>2</sub> e)	3,468.68	12,360.49	3,772.83
Scope 2 (tCO <sub>2</sub> e)*	120.47	113.34	108.93
Scope 3 (tCO <sub>2</sub> e)	356.95	217.64	200.18
Total	3,946.10	12,691.47	4,081.94

\*Emissions from transmission losses 2017: 39,667.8 (tCO<sub>2</sub>e)  
2018: 40,473.43 (tCO<sub>2</sub>e)  
2019: 36,314.73 (tCO<sub>2</sub>e)

It is worth noting that, in the current emissions inventory, data from three new SPEs were included. The first of these is Cantareira Transmissora de Energia - CANTE, which entered into commercial operation, but there is still no data available on transmission losses since there was no power transmission in 2019 due to delays in the works of another transmission company. The other two are Jauru Transmissora de Energia - JTE and Cachoeira Paulista Transmissora de Energia - CPTE, concessions that became Celeo wholly-owned projects in 2019. However, CPTE's O&M is not performed by Celeo, which has an O&M services agreement for this purpose. As such, only Scope 3 data for this concession will be reported.

The reduction in Scope 1 emissions occurred as a result to the removal of vegetation for the implementation of the Solar Power Complex of São João do Piauí, with commercial operations planned for the first half of 2020. We point out, however, that Celeo is implementing a Transmission Assets Improvement Plan (PMI) that aims to reduce fugitive SF6 emissions, which is the Company's main source of manageable greenhouse gas emissions. In this PMI, Celeo has invested around R\$ 100,000 per year to reduce SF6 in its assets. In 2019, hydrometers were changed in Vila do Conde Transmissora de Energia, and for 2020, PMI will be continued.

The increase in Scope 2 emissions can be justified by reporting on energy consumption from the JTE and CAN-

TE concessions, which were not reported in the previous year. Celeo began to control JTE's O&M in 2019, which provided greater control over the indicators of these projects. Without considering JTE and CANTE, however, it should be noted that energy consumption from 2018 to 2019 was reduced by 4%.

The increase in Scope 3 emissions can be justified by two reasons. The first concerns the larger number of Celeo employees, which directly impacted emissions caused by commuting. The second was the inclusion of the CANTE, JTE and CPTE concessions, which were not in the 2018 report due to defined organizational boundaries.

**In line with the strategy to contribute to the achievement of SDG 13 targets - Action Against Climate Change, in 2019 Celeo made a commitment to carry out a diagnostic and establish a management plan for GHG emissions by 2021, based on emissions in 2018, looking to:**

- \* Reduce fugitive SF6 emissions (scope 1);
- \* Reduce CO<sub>2</sub>eq emissions from fossil fuels; and
- \* Offset manageable CO<sub>2</sub>eq emissions.

**As a measure to increase adaptive capacity to risks and impacts resulting from climate change and natural disasters, Celeo is committed to carrying out a diagnostic and establishing a resilience plan for all assets by 2021.**



Jauru Transmissora de Energia



## ECO-EFFICIENCY AND EMISSIONS

/GRI 302-1, 302-4, 303-5, 305-7 e 306-2/

As described in the presentation of item Environmental Performance, in 2019 the Environmental Tool was implemented. This important management tool was developed internally in order to reconcile the various aspects required in sustainability reporting and by stakeholders with whom Celeo maintains its commitment to transparency. In view of this, Celeo chose not to comparatively present data on waste disposal, energy and fuel consumption of previous years.

It is worth mentioning that the new tool already enables us to more effectively manage Celeo's commitment to the environmental aspects of its operation.

### ENERGY CONSUMPTION /GRI 302-1 ; 302-4/

Energy Source	2019	2018
Fossil Fuels (gasoline and diesel) - liters	199,490	103,657
Renewable Fuel (Ethanol) - liters	2,142	5,595
Electric Energy - MWh	201,632	109,252

### WATER CONSUMPTION /GRI 303-3/

Source	2019	2018
Groundwater (m³)	3,285	2,710
Public Water Supply System (m³)	627	563
Total	3,912	3,273

### AIR EMISSIONS\* /GRI 305-7/

	2019
NOx (Tons)	1.53
SOx (Tons)	0.07
Particulate Matter (Tons)	0.12

\* These emissions started to be measured in 2019.

### DISPOSAL OF SOLID WASTE /GRI 306-2/

Form of Disposal	2019		
	Hazardous	Non-Hazardous	Total
Recycling (Ton)	115.66	105.91	221.57
Incineration (Ton)	0.04	0	0.04
Landfill (Ton)	0.03	4.53	4.56
<b>Total (Ton)</b>	<b>115.73</b>	<b>110.44</b>	<b>226.17</b>





Implementation of the São João do Piauí Solar Power Complex

# ECONOMIC AND OPERATIONAL PERFORMANCE

## ECONOMIC FINANCIAL PERFORMANCE

In 2019, Celeo's consolidated net corporate revenue increased by 68%, mostly due to the acceleration of the construction schedule of the Serra de Ibiapaba project with impacts on the increase of more than R\$ 200 million in construction revenue. Despite the effects of corporate accounting governed by IFRS 15 regulations, the Company's EBITDA reached R\$ 247 million, slightly higher than the level recorded in

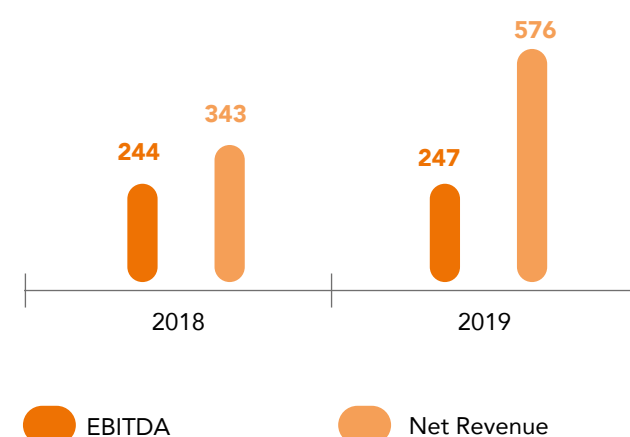
the previous year, thus in line with regulatory permitted annual revenue from the concessionaires in its operating portfolio. The Company's net income reached R\$ 149 million, down 17% in relation to the previous year due to the increase in the Company's net debt with the disbursement from Banco do Nordeste in the São João de Piauí project and the contracting of a bridge loan in the Serra de Ibiapaba project.

### CORPORATE CONSOLIDATED (R\$ million)

TRAINING	2015	2016	2017	2018	2019	OBS
Amount of Investments	2,184	2,184	3,227	5,792	6,539	ANEEL equity investment
Total Assets	2,170	2,294	2,326	3,293	4,248	Consolidated corporate
Equity	1,377	1,452	1,517	1,905	1,959	Consolidated corporate
Net debt	376	377	328	447	1,110	Consolidated corporate
Net Operating Revenue	217	232	195	343	576	Consolidated corporate
EBITDA	170	167	123	244	247	Consolidated corporate
Net income	172	99	86	180	149	Consolidated corporate



## EBTIDA & NET REVENUE (R\$ million)



## INVESTMENTS

Celeo's investments in Brazil in 2019 reached R\$ 6.5 billion, compared to R\$ 5.8 billion in the previous year. Since the beginning of its operations in the country, the Company has maintained its management focused on the development of a sustainable business that generates returns for all its stakeholders. In the reporting period, investments allowed for its consolidation in the transmission segment and advancement in the generation area, with the beginning of the construction of its first solar power complex, São João do Piauí.

## INVESTMENTS IN THE COUNTRY (R\$ billion)



Highlights for the period are the preparation of the basic project of Parintins Transmissora de Energia - PATE (LT CD 230kv Oriximiná-Juruti-Parintins transmission line), with 240 km in length, crossing the States of Amazonas and Pará, and the continuation of the implementation project of Serra de Ibiapaba Transmissora de Energia, with its first energization phase scheduled for February 2020.

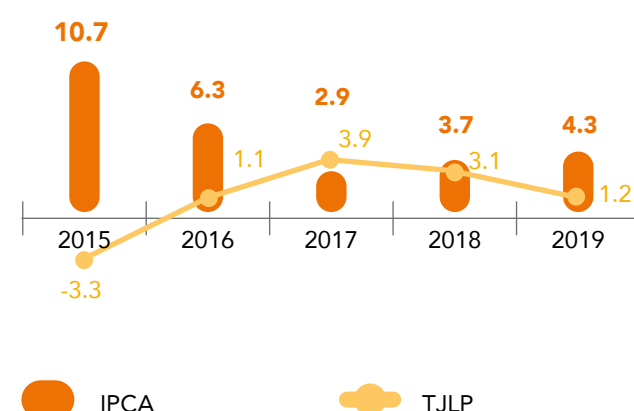
In its solar power generation project, with total expected investment of R\$ 747 million, Celeo invested R\$ 559.6 million in 2019. The first energization phase is scheduled for April 2020.

In the transmission segment, the highlight was the investments made in the Serra de Ibiapaba project, which was bid in December 2017, requiring investments of R\$ 220 million in 2019. The first stretch of the project related to the Acaraú substation is expected to enter into operation in February 2020, significantly ahead of the contractual schedule in May 2023.

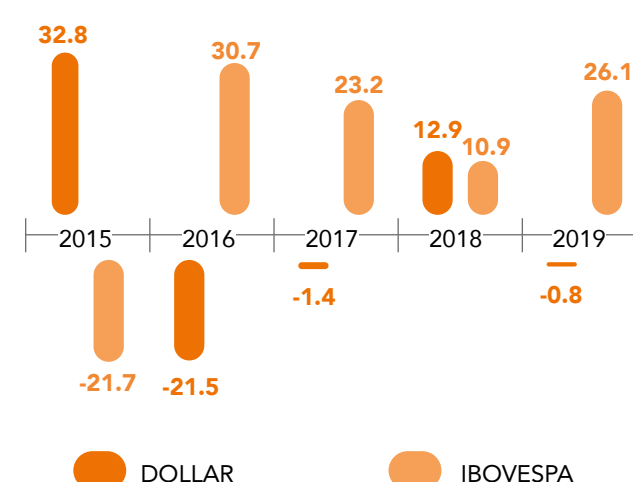
## ECONOMIC SCENARIO

In 2019, the Gross Domestic Product (GDP) grew 1.1%, showing a slight decrease compared to 2018, characterizing a scenario of slow economic recovery after the last recession observed in the 2015/2016 biennium. The new government that took office in January 2019 established a positive reform agenda for the country, approving the pension reform in the second half of the year, which will contribute to the balance of national public accounts in the coming decades. Concurrently, the country registered a significant reduction in interest rates. The basic interest rate of the economy, the Selic rate, ended the year at 4.4% per year, the lowest level ever recorded, directly affecting the cost of borrowing. However, the Brazilian economy continued to record significant volatility, with the Brazilian currency showing a 4.0% devaluation in the period against the US currency, ending the year at R\$ 4.03. Despite the volatile scenario, the Stock Exchange (IBOVESPA) reached a record level of 115,000 points, registering an annual variation of 31.58%, reflecting investor confidence in the economic reform agenda sponsored by the new government. The fundamentals of the economic policy had a positive impact on price indices, with the IPCA (Consumer Price Index) registering an annual variation of 4.31%, slightly higher than the 3.75% variation recorded in 2018.

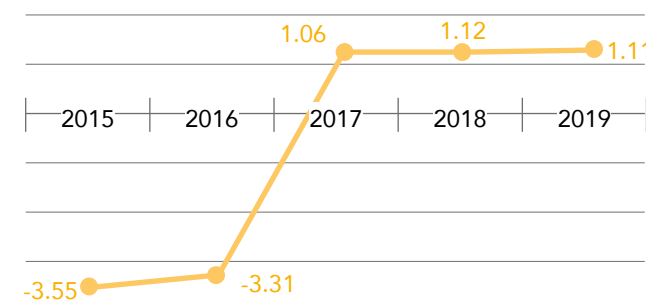
## IPCA & TJLP (FORMER IPCA) % year



## DOLLAR & IBOVESPA (former IPCA)



## GDP (% Annual Variation)



## DIVERSIFICATION OF ACCESS TO FINANCIAL CAPITAL

Celeo considers that the relationship with different institutions financing large infrastructure projects and the operation in the capital market through, for example, the issuance of debentures are important for its financial management. All of the Company's operations are defined based on parameters that ensure the sustainability and profitability of its projects.

In 2019, almost all disbursements of the Company's contract with Banco do Nordeste do Brasil (BNB) were made for the construction of the São João do Piauí solar power plant. Total financing, granted in 2018, was R\$ 405 million, of which R\$ 318 million were disbursed in 2019.

Another relevant operation was the signing of the Serra de Ibiapaba financing contract with Banco do Nordeste do Brasil in the amount of R\$ 646 million, which includes the possibility of issuing infrastructure debentures in the amount of up to R\$ 116 million.

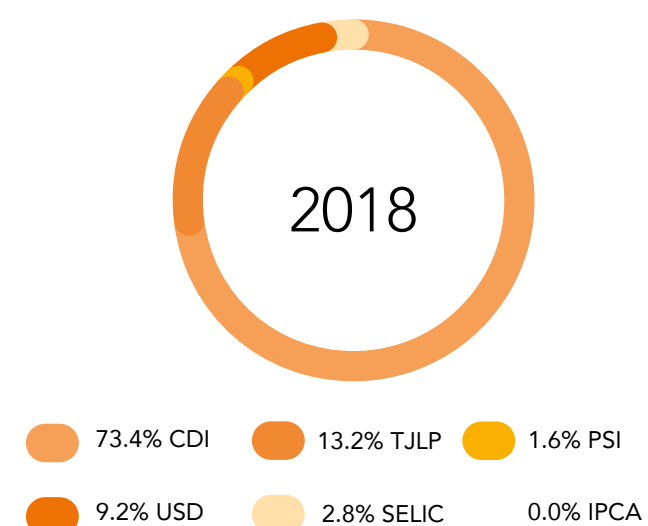
The Company's net debt reached R\$ 1.1 billion as a result of the disbursement by Banco do Nordeste financing

of the São João do Piauí solar power complex, and due to the receipt of a Promissory Note in the Serra de Ibiapaba project in the amount of R\$ 380 million in a bridge loan format. The composition of the debt profile changed due to the fact that Banco do Nordeste financing is pegged to the TLP (Long-term interest rate).

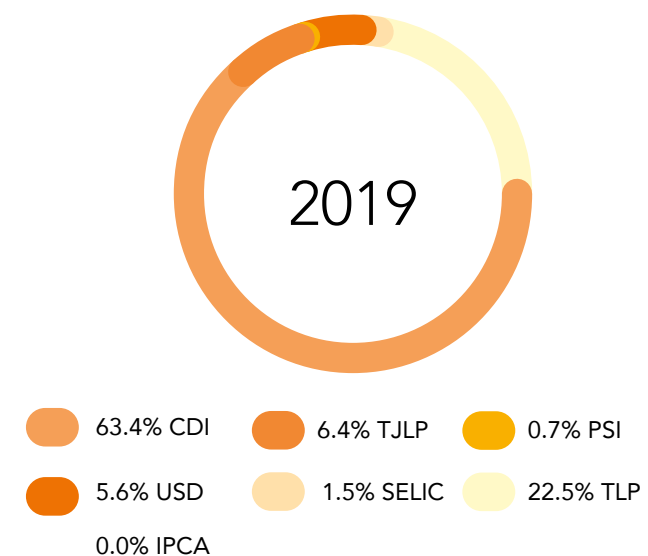
## NET DEBT (R\$ million)



## % COMPOSITION OF DEBT



## % COMPOSITION OF DEBT





## ASSET MANAGEMENT

In this area, in view of the Company's growth, re-implementation of the ERP (Enterprise Resource Planning) was initiated, benefiting all areas of the Company. (See box *Interliga Project* on page 49).

## BUSINESS DEVELOPMENT

### Solar Power Generation

Prioritizing clean and renewable sources of energy, the Company has built its first large-scale solar power generation complex, located in São João do Piauí, in the state of Piauí. Energization of the first phase is expected to occur by April 2020. In total, R\$ 747 million will be invested by 2020. By 2019, a total of R\$ 586.9 million had been allocated. Upon completion of the project, 190,000 families will be served by the energy generated in this complex, which covers an area equivalent to 500 football fields. The complex has a nameplate capacity of 180 MW. This project marks Celeo's entrance in the power generation segment in Brazil, allowing the Company to participate, for example, in the free energy market.

In 2019, Celeo began studies for the implementation of a solar power complex in Bahia. The Barreiras Solar Complex will consist of 10 generating PV parks with combined capacity of 360 MW. In this case, the area is equivalent to 1,000 football fields and will supply 380,000 families.

### Transmission Lines

Celeo signed an agreement to provide operation and maintenance (O&M) services for the transmission assets of a power utility operating in the south side of the city of São Paulo. The initial term of the agreement is two years. In addition, the basic project of Parintins Transmissora de Energia was filed, with a total investment of R\$ 1.148 billion. And the Serra de Ibiapaba project is completing its first phase with plans to energize the 230-kV Acaraú II - Acaraú III transmission line in February 2020.

Committed to operate with a focus on sustainability and in accordance with the group's profitability premises, Celeo did not secure new projects at the bidding rounds held by ANEEL in 2019. The Company will participate in future auctions with the purpose of securing projects that meet its risk and opportunity parameters.

The Company reinforces its conservative policy of ensuring its profitability even when making sustainable investments.

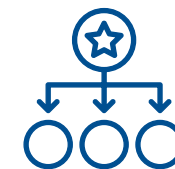
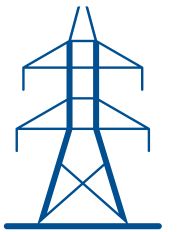
### Renewable sources

In 2019, Elecnor and APG, shareholders of Celeo, expanded a partnership to invest in renewable energy sources. A total of €400 million are planned to be invested over the next five years, reinforcing the strategic alliance between the two groups.

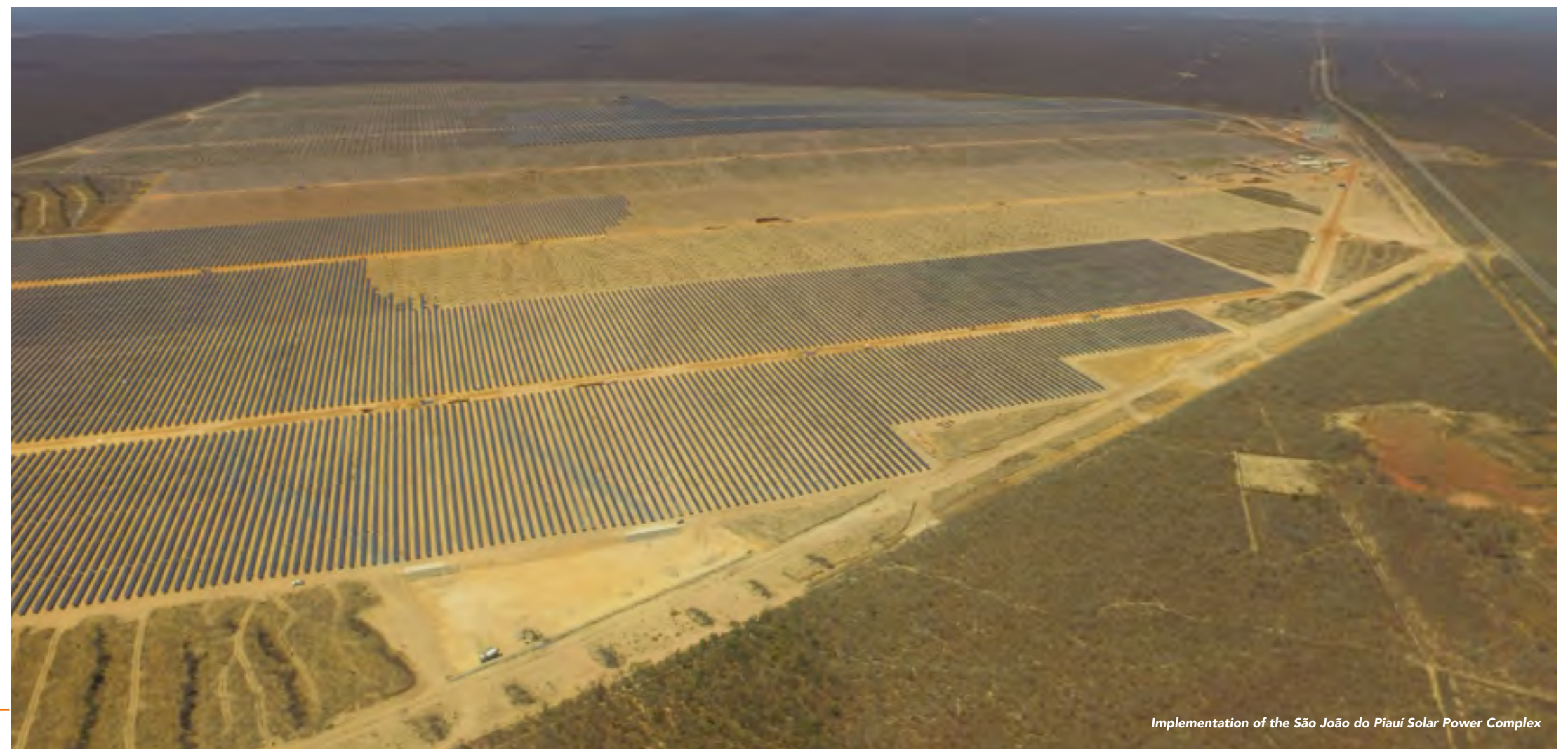
## COMMITMENT MADE IN 2019 TO CONTRIBUTE TO SDG 7

**By 2024, to continue to expand and improve the electric power transmission infrastructure, adding to the portfolio annually:**

- **Transmission Lines: 200 to 500 km**
- **Transformation Capacity: 500 to 1,000 MVA**



**By 2024, to increase investments in renewable generation assets reaching 1,000 MW of capacity (traded or operational).**



Implementation of the São João do Piauí Solar Power Complex





Cantareira Transmissora de Energia

## OPERATING PERFORMANCE

### Operating Results /G4-EU12/

Celeo is committed to the quality and safety of the operation and maintenance of all its concessions. The Company consistently works to improve its technical indicators, aiming to keep them within the highest efficiency standards.

In line with this commitment and as a result of the continuous improvement process, which refers to one of the premises of the Integrated Management System (IMS), in 2019 Celeo restructured and expanded the Operations Department, responsible for managing and executing the operation and maintenance activities. Processes and contingency plans were reviewed and the team in the area was increased.

Despite efforts to seek safety and reduce failures, in 2019 five incidents were recorded that affected its operating performance with regard to availability. Two current transformers exploded in the Vila do Conde substation of the VCTE concession. After the conclusion of the Working Group coordinated by the ONS, Celeo purchased new transformers from another manufacturer, including for other concessions in the group, thus reducing the chance of

new incidents. The delivery of and replacement with the new transformers will take place in 2020.

In addition, in the ENCRUZO NOVO concession, a tower of the LT 230 kV Encruzo/Miranda II transmission line toppled after a tractor collided with the structure, and two cables were severed, one in the LT 500 kV Estreito/Fernão Dias C2 transmission line, of the CANTAREIRA concession, and the other in the LT 230 kV Anastácio/Sidrolândia transmission line, of the BRILHANTE concession, due to the slip in the splice of a conductor cable in one of the phases and due the collision of an agricultural aircraft with the lightning rod cables, respectively.

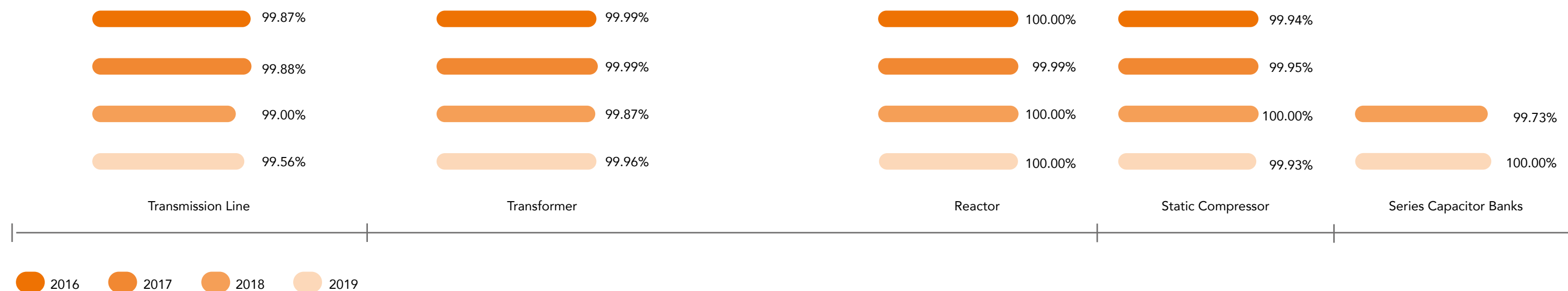
### Availability Rate

Availability Rate is calculated by the number of hours of availability of given equipment or of the TL circuit. Even considering the incidents recorded, the TL had an availability rate of 99.56%, compared to 99% recorded in 2018.



Fernão Dias Substation - Cantareira Transmissora de Energia

### AVAILABILITY (%)





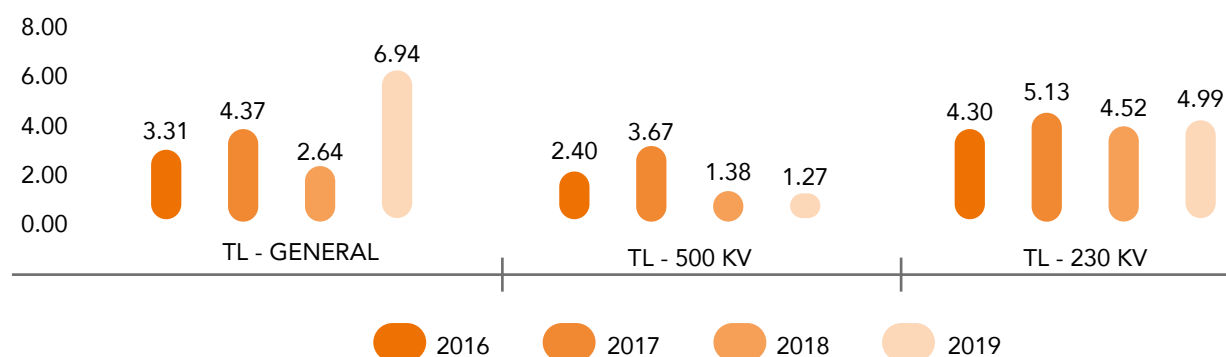


Fernão Dias Substation - Cantareira Transmissora de Energia

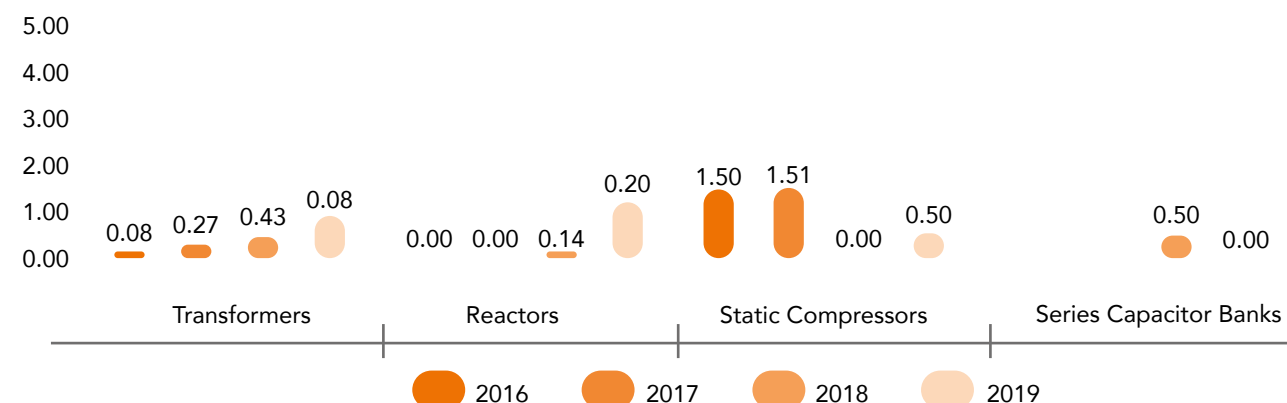
### Failure Rate

Failure Rate measures the number of failures in TL assets or circuit. In the case of equipment, the indicator represents the number of forced shutdowns in the Transmission Function (TF). For TL, TF is calculated for every 100 km of TL. Thus, the TL indicator represents the number of failures that occurred per 100km in the reporting period. In the last three years, the Company's failure rate registered the following evolution:

#### FAILURE RATE - TL



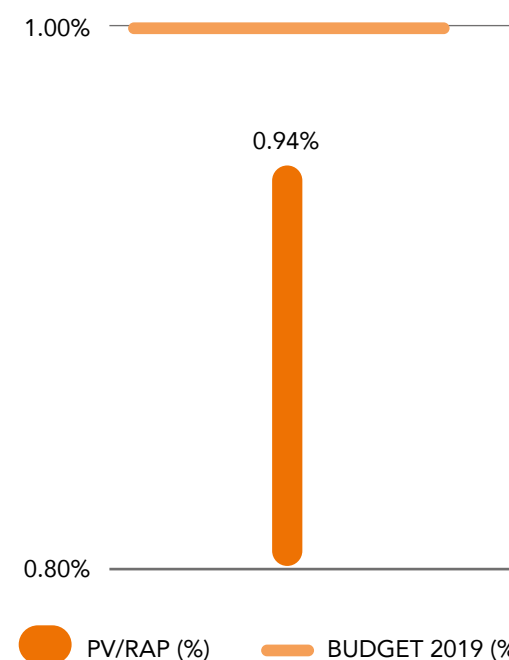
#### FAULT RATE - EQUIPMENT



### Variable Portion (VP)

Based on current regulation, remuneration of transmission utilities in Brazil is based on the Permitted Annual Revenue (RAP). Receipt of 100% of the RAP amount is associated to the full availability of the transmission assets. The amount to be received by the companies is determined through the calculation to define the Variable Portion (VP), which is reduced from the Base Payment, which includes 1/12 of the RAP, based on data of programmed shutdowns or shutdowns resulting from uncontrolled events. In 2019, the PV/RAP Ratio was 1.55%, reflecting the incidents in 2019 reported on page 92.

#### PV/RAP 2019



Jauru Transmissora de Energia

### Technical Losses on Transmission

Technical Losses are associated with the loading and configuration characteristics of the networks of the National Interconnected System (SIN), representing percentages of losses in terms of the power transmitted. Celeo does not have much influence on the amounts transferred in its assets, since these amounts are directly related to the flow demanded by the SIN under the responsibility of the National System Operator (ONS). Celeo's historical database has been improved over the years, resulting in 2.79% average technical losses for the year 2019.

	2016	2017	2018	2019
Technical Losses on Transmission	-	1.96%	2.67%	2.79%



## OPERATING EFFICIENCY - OPERATION & MAINTENANCE /G4 EU6/

The Company's goal is to achieve 100% of the maintenance services provided for in ANEEL's Normative Resolution No. 669/2015, which sets out the minimum maintenance requirements for the Base Network, in addition to having its own planning of short-, medium-, and long-term maintenance actions for predictive and preventive maintenance.

Celeo's operation and maintenance actions have been carried out internally since 2012. The Company offers regular training to all employees in the area and constantly invests in improvements in its control processes, employing technological solutions that guarantee more reliability and speed in capturing and analyzing data.

In 2019, the following scheduled maintenance was conducted:

- LTT Concession
- ENCRUZO Concession
- PEDRAS Concession
- JTE Concession



## CONTINGENCY PLANS /G4- EU21/

The incidents that occurred in 2019 show that the Contingency Plans prepared by Celeo were appropriate for the risks mapped. The areas of operation and maintenance, environment and safety operated as planned, reducing risks for employees and the environment, as well as for the electric system and for the Company's assets.

At Celeo, employees are regularly trained, which keeps them prepared to act according to the characteristics of each emergency. Contingency Plans are prepared based on the mapping of risks and of their possible impacts and on the definition of emergency actions in each area involved.

## DEVELOPMENTS AND PROJECTS

Celeo's developments and projects are conducted in full compliance with the legislation in force in the country, with the internal quality, health and safety and environmental standards, and with international standards. From the planning phase, the Company ensures that its projects follow best practices, and looks to advance, whenever possible, the start of operations, generating benefits for its stakeholders and, above all, for the National Interconnected System (SIN).

Construction work is conducted by Elecnor do Brasil, and pursuant to requirements from ANEEL and ONS, Celeo is responsible for managing the implementation of the projects.

The 414-km Serra de Ibiapaba transmission line will bring significant benefits to the system by improving the flow of the energy potential generated in wind farms in the Brazil's Northeast region and its first energization phase is scheduled for February 2020. The São João do Piauí solar power complex will begin its commercial operation in April 2020. Investments will total R\$ 747 million.

Drone flight control team -  
Monitoring of Right of Way

## RESEARCH, DEVELOPMENT & INNOVATION /G4-EU8/

In order to contribute to the advancement of the Brazilian electricity sector, Celeo invests in Research, Development & Innovation. Its actions are intended to create new equipment and improve services that contribute to the safety of the electric system, to low tariffs, to reducing environmental impacts and to the technological independence of the country.

Investments accumulated up to 2019 totaled R\$ 7.2 million, of which R\$ 402,800 were disbursed in 2019. The total investment planned by 2021, when the Grounding Improvement Project is completed for the LT 230KV Vilhena – Jauru transmission line, is R\$ 8.96 million.

### Improvement of the Grounding System LT 230 KV Vilhena - Jauru

The purpose of the project, which should be completed in 2021, is to develop and employ an unconventional methodology to improve performance of critical transmission lines considering lightning strikes and a new methodology to measure the response of towers facing discharge currents. The project is developed in partnership with the Lightning Research Center (UFMG) and, in 2019, it received an investment of R\$ 364,658, totaling R\$ 1.5 million in aggregate - the total estimated investment is R\$ 3,259.

### Monitoring of Rights-of-Way

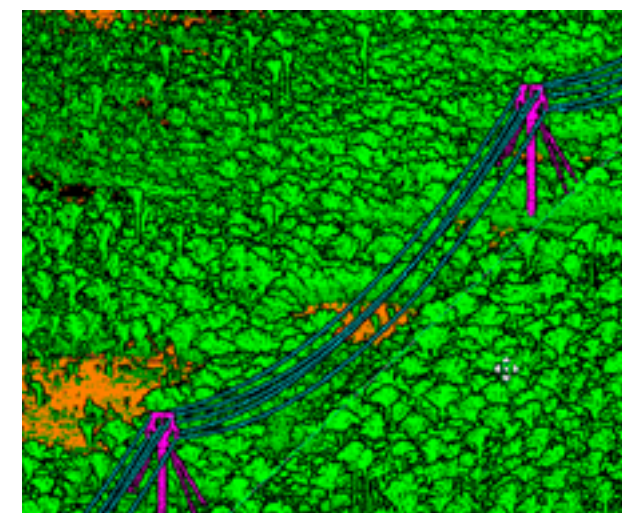
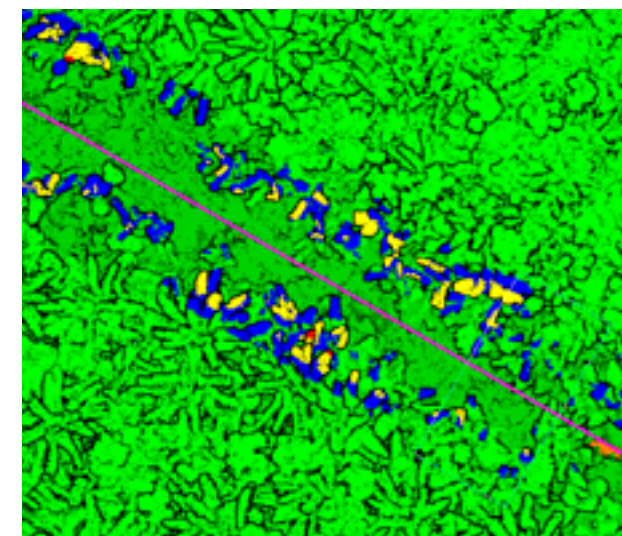
The project, which aims to install sensors in an unmanned vehicle, was completed in 2019. This sensor system is used to monitor interference in transmission lines (vegetation, presence of animals or buildings). From the data collected, it is possible to improve pruning of vegetation, for example. The project was developed in partnership with Fundação para o Desenvolvimento Tecnológico da Engenharia (Foundation for the Technological Development of Engineering) and investments in 2019 were R\$ 21,320, totaling R\$ 3 million.

### Sampled values Interface Box

The project was completed in 2019 with the delivery of a device to adapt relay protection test cases that generate analog signals to be converted into digital signals, based on IEC 61850, and thus increase the useful life of test cases. The project was developed in partnership with Conprove Tecnologia e Pesquisa and received investments of R\$ 16,800.00 in 2019, totaling R\$ 2.7 million.



Encruzo Novo  
Transmissora  
de Energia



Treatment and classification of images captured by drone  
- Monitoring of Right of Way



# GRI CONTENT INDEX

INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>GRI Standards 102 – General Disclosures</b>			
<b>Organizational Profile</b>			
Disclosure 102-1	Name of the organization (G4-3).		13
Disclosure 102-2	Activities, brands, products, and services (G4-4 + G4-PR6).		21; 25
Disclosure 102-3	Location of headquarters (G4-5).		21
Disclosure 102-4	Location of operations (G4-6).		24; 25
Disclosure 102-5	Ownership and legal form (G4-7).		51
Disclosure 102-6	Markets served (G4-8).		24; 25
Disclosure 102-7	Scale of the organization (G4-9).		24; 25; 60
Disclosure 102-8	Information on employees and other workers (G4-10).		60
Disclosure 102-9	Supply chain (G4-12).		68
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 2019.	
Disclosure 102-11	Precautionary Principle or approach (G4-14).	The precautionary principle is included in Celeo's risk management processes.	
Disclosure 102-12	External initiatives (G4-15)		45
Disclosure 102-13	Membership of associations (G4-16).		35
<b>Strategy</b>			
Disclosure 102-14	Statement from senior decision-maker (G4-1).		4; 6
Disclosure 102-15	Key impacts, risks, and opportunities (G4-2).		41
<b>Ethics and Integrity</b>			
Disclosure 102-16	Values, principles, standards, and norms of behavior (G4-56).		22; 23
Disclosure 102-17	Mechanisms for advice and concerns about ethics (G4-57 and G4-58).		55

INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Governance</b>			
Disclosure 102-18	Governance Structure (G4-34).		51
Disclosure 102-19	Delegating authority (G4-35).		51
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics (G4-36).		51
Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics (G4-37).		18
Disclosure 102-22	Composition of the highest governance body and its committees (G4-38).		51; 52; 53
Disclosure 102-23	Chair of the highest governance body (G4-39).		51
Disclosure 102-24	Nominating and selecting the highest governance body (G4-40).		51
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.		51
Disclosure 102-27	Collective knowledge of highest governance body (G4-43).	Meetings of the Compliance Committee and the Sustainability Committee; meetings of goals and targets (ESG).	
Disclosure 102-28	Evaluating the highest governance body's performance (G4-44).		51
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.	
Disclosure 102-30	Effectiveness of risk management processes (G4-46).		41



INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-31	Review of economic, environmental, and social topics (G4-47).	The relevant economic, environmental and social topics are analyzed and monitored by senior management in Executive Board meetings, with the support of the Sustainability Committee, and by the Board of Directors of Celeo Concesiones e Inversiones S.L. during the quarterly meetings and upon request of the Management Team.	41
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. The Report is approved by both the Sustainability Committee and the Holding Company in Spain.	
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.	
Disclosure 102-34	Nature and total number of critical concerns (G4-50).	There is no process to communicate critical concerns to the highest governance body given the Company's structure. At Celeo, the Board of Executive Officers is an executive body.	
Disclosure 102-35	Remuneration policies (G4-51).		59
Disclosure 102-36	Process for determining remuneration (G4-52).		59
<b>Stakeholder Engagement</b>			
Disclosure 102-40	List of stakeholder groups (G4-24).		19
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).		18
Disclosure 102-43	Approach to stakeholder engagement (G4-26).		18

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-44	Key topics and concerns raised (G4-27; G4-PR5).		14; 15
<b>Reporting Practices</b>			
Disclosure 102-45	Entities included in the consolidated financial statements (G4-17).	<ul style="list-style-type: none"> <li>• Celeo 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 (SITE)</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> <li>• Parintins Transmissora de Energia S.A. (PATE)</li> </ul> <p>The results for partially-owned companies were recognized using the Equity Method. These are:</p> <ul style="list-style-type: none"> <li>• Caiuá Transmissora de Energia S.A. (CANTE)</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> <li>• Cachoeira Paulistas Transmissora de Energia S. A (CPTE)</li> </ul>	
Disclosure 102-46	Defining report content and topic Boundaries (G4-18).		14
Disclosure 102-47	List of material topics (G4-19).		15
Disclosure 102-48	Restatements of information (G4-22).		13
Disclosure 102-49	Changes in reporting (G4-23).	There was no significant change in the content and scope of the report	
Disclosure 102-50	Reporting period (G4-28).		13
Disclosure 102-51	Date of most recent report (G4-29).	Sustainability Report for the year 2018, published in 2019.	
Disclosure 102-52	Reporting cycle (64-30).	Sustainability Report published annually.	



INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 102-53	Contact point for questions regarding the report (G4-31).		114
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards (G4-32).		13
Disclosure 102-55	GRI content index (G4-32).		98
Disclosure 102-56	External assurance (G4-33).		112
<b>GRI Standards 103 – Management Approach</b>			
Disclosure 103-1	Explanation of the material topic and its Boundary (G4-DMA-a + G4-20 + G4-21).		16; 17
Disclosure 103-2	The management approach and its components (G4-DMA-b + G4-EN34 + G4-LA16 + G4-HR12 + G4-SO1 1 + G4-EN31).	The management approach is addressed throughout the report in the sections of the topics considered relevant.	
Disclosure 103-3	Evaluation of the management approach (G4-DMA-c).	The management approach is addressed throughout the report in the sections 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).		37
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change (G4-EC2).		42
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 2019.	
<b>Market Presence (GRI 202)</b>			
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).	Celeo's activities necessarily involve infrastructure investments for energy transmission and, in 2020, generation of energy from renewable sources (solar)	
Disclosure 203-2	Significant indirect economic impacts (G4-EC8).	In addition to generating taxes, transporting energy to localities is an inducer of economic activities.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Anti-corruption (GRI 205)</b>			
Disclosure 205-1	Operations assessed for risks related to corruption (G4-303).		55
Disclosure 205-2	Communication and training about anti-corruption policies and procedures (G4-304).	100% of the third parties who have contracts signed with Celeo and its affiliates have been informed about PIC, the Standards of Conduct, and the Ethical Code.	10; 55
Disclosure 205-3	Confirmed incidents of corruption and actions taken (G4-305).		55
<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.	
<b>GRI Standards 300 series – Environmental Topics</b>			
<b>Energy (GRI 302)</b>			
Disclosure 302-1	Energy consumption within the organization (G4-EN13).	Celeo's indicators related to fossil and renewable fuel consumption are expressed in liters.	84
Disclosure 302-4	Reduction of energy consumption (G4-EN6).		78, 84
<b>Water (GRI 303)</b>			
Disclosure 303-3	Water withdrawal		85
Disclosure 303-4	Water discharge	There is no significant water discharge in Celeo's activities and operations.	
Disclosure 303-5	Water consumption		85
<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).		80
Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity (G4-EN 12).		78
Disclosure 304-3	Habitats protected or restored (G4-EN13).		81
Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations (G4-EN14).		79



INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Emissions (GRI 305)</b>			
Disclosure 305-1	Direct (Scope 1) GHG emissions (G4-EN15).		82
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions (G4-EN16).		82
Disclosure 305-3	Other indirect (Scope 3) GHG emissions (G4-EN17)		82
Disclosure 305-5	Reduction of GHG emissions (G4-EN19).		82
Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions (G4-EN21).		85
<b>Effluents and Wast (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).		85
Disclosure 306-3	Significant spills (G4-EN241).	There was no significant leakage from Celeo's facilities in 2019.	
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's activities and operations.	
<b>Environmental Compliance (GRI 307)</b>			
Disclosure 307-1	Non-compliance with environmental laws and regulations.		10; 55
<b>Supplier Environmental Assessment (GRI 308)</b>			
Disclosure 308-1	New suppliers that were screened using environmental criteria (G4-EN32).		68
Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken (G4-EN33).		68
<b>GRI Standards 400 series – Social Topics</b>			
<b>Employment (GRI 401)</b>			
Disclosure 401-1	New employee hires and employee turnover (LA-1).		60
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.		63

INDICATOR	DESCRIPTION	COMMENTS	PAGE
		All employees are entitled to parental leave.	
Disclosure 401-3	Parental leave.	Number of employees who took parental leave: 2 women and 10 men.  100% - Return to work and retention rates of employees who took parental leave	63
<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 Executive Board, newsletters and instructions and face-to-face meetings.	
<b>Occupational Health and Safety (GRI 403)</b>			
Disclosure 403-1	Occupational health and safety management system		63
Disclosure 403-2	Hazard identification, risk assessment, and incident investigation		63
Disclosure 403-3	Occupational health services		63
Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety		63
Disclosure 403-5	Worker training on occupational health and safety		64; 65
Disclosure 403-6	Promotion of worker health		65
Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship		67
Disclosure 403-8	Workers covered by an occupational health and safety management system		43
Disclosure 403-9	Work-related injuries		67
Disclosure 403-10	Work-related ill health		67



INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Training and Education(GRI 404)</b>			
Disclosure 404-1	Average hours of training per year per employee.	132 hours / employee	61
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs (G4-LA).		61
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews (G44-LA1).		59
<b>Non-discrimination (GRI 406)</b>			
Disclosure 406-1	Incidents of discrimination and corrective actions taken.	There were no incidents of discrimination in 2019.	
<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.	
<b>Child Labor (GRI 408)</b>			
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor.		68
<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).		68
<b>Security Practices (GRI 410)</b>			
Disclosure 410-1	Security personnel trained in human rights policies or procedures (G4 HR7).	Celeo's activities and operations do not pose significant risks of human rights violations by security personnel.	
<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 2019.	
<b>Human Rights Assessment (GRI 412)</b>			
Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments.		68
Disclosure 412-2	Employee training on human rights policies or procedures.	Celeo did not promote this training in 2019.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		68
<b>Local Communities (GRI 413)</b>			
Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs.		69
Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	Significant negative impacts on local communities, if any, were identified in socio-environmental studies, and relevant mitigation measures were implemented.	69
<b>Supplier Social Assessment(GRI 414)</b>			
Disclosure 414-1	New suppliers that were screened using social criteria.		68
Disclosure 414-2	Negative social impacts in the supply chain and actions taken.		68
<b>Public Policy (GRI 415)</b>			
Disclosure 415-1	Political contributions.	There were no political contributions in 2019.	
<b>Socioeconomic Compliance (GRI 419)</b>			
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area.		55
<b>GRI Standards – Sector Supplement</b>			
<b>Organizational Profile</b>			
GRI-EU4	Length of above and underground transmission and distribution lines by regulatory regime.		21; 24
GRI-EU5	Allocation of CO2e 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 (antigo G4-EU6)	Management approach to ensure short and long-term electricity availability and reliability (DMA).		96



INDICATOR	DESCRIPTION	COMMENTS	PAGE
<b>Research and Development</b>			
G4-DMA EUSD EC (antigo G4-EU8)	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development (DMA).		97
<b>System Efficiency</b>			
G4-EU12	Transmission and distribution losses as a percentage of total energy.		92
<b>Category: Environmental</b>			
<b>Biodiversity</b>			
G4-EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.		81
<b>Category: Social – Labor Practices and Decent Work</b>			
<b>Employment</b>			
G4-DMA EUSD LA (antigo G4-EU14)	Programs and processes to ensure the availability of a skilled workforce (DMA).		61
G4-DMA EUSD LA (antigo G4-EU16)	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors (DMA).		63
G4-EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.		63
<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 trade associations, such as ABDIB and ABRATE, as well as participation in public hearings.	

INDICATOR	DESCRIPTION	COMMENTS	PAGE
G4-DMA EUSD SO (former G4-EU20)	Approach to managing the impacts of displacement (DMA).	One of the aspects taken into account when defining the executive project of transmission lines is the lowest possible displacement impact. The process for managing the impacts involves everything from registration of the properties to compensating their owners for the right of way required for project operation. Social assistance is provided to displaced families in order to monitor and assist them given the vulnerabilities and inconveniences caused by resettlement.	
G4-EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	TL 230 kV Concession Acaraú II – Acaraú III - in 2019, three families had to be displaced. They received the appropriate compensation and a house was built for each family displaced.	
<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).		42; 96
<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.	





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## 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 2019's Sustainability Report, related to the year ended December 31<sup>st</sup>, 2019.

### Responsibilities of Celeo's Management

The Management of Celeo is responsible for adequately preparing and presenting the sustainability information in the Sustainability Report 2019 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 2019 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 requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Celeo's Sustainability Report 2019, 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 2019 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance

acknowledges issues which may lead them to believe that the information disclosed in the Sustainability Report 2019 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 2019, 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 2019. 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 2019 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 2019;
  - 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 cannot 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 2019.





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 2019 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.

Rio de Janeiro, May 15<sup>th</sup>, 2020

KPMG Financial Risk & Actuarial Services Ltda.

  
Ricardo Algis Zibas  
Principal

# CORPORATE INFORMATION



## CELEO CONCESIONES E INVERSIONES

### Chairman of the Board of Directors

Miguel Morenés Giles

## CELEO BRASIL S.A.

/GRI 102-3/

CNPJ 04.718.109/0001-10

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## CHAIRMAN OF THE BOARD OF DIRECTORS

/GRI 102-53/

### Sustainability Department

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Keyassociados

## ENGLISH VERSION

Gotcha! Idiomas

## LIMITED ASSURANCE

KPMG

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