



ANNUAL SUSTAINABILITY
REPORT

2020

taesa*

PRESENTATION

 GRI 102-53

Transmissora Aliança de Energia Elétrica S.A. (TAESA) publishes its 13th Annual Social and Environmental Responsibility Report. The document reflects the compilation of information on the performance of the concessions merged by the company and those in which the Company has all the shares in 2020.

For the first time, Taesa prepares a report according to the Global Initiative Report (GRI) methodology, which represents an important advance in relation to the best Sustainability practices and reflects the company's commitment to the topic. The publication also reports actions in line with the UN Global Compact and the Sustainable Development Goals (SDGs).

The document is also in accordance with the methodologies of the International Financial Reporting Standards (IFRS) and with the standards established by the Brazilian Electricity Regulatory Agency (ANEEL), in addition to incorporating several benchmarks from other environmental reports adopted by the largest companies in the country.

Aiming to cover the breadth of the topic, the report was prepared according to five main dimensions:

1. General;
2. Corporate Governance;
3. Economic and Financial;
4. Social and Sectorial;
5. Environmental.

It is worth highlighting that the content was prepared under the coordination of the Safety, Environment, Health and Sustainability Management, with the contribution of the respective technical areas of **TAESA**. It was also approved by the Company's Executive Board, the Committees, the Audit Committee and the Board of Directors.

Questions regarding this document and suggestions are welcome and can be forwarded to the email ambiental@taesa.com.br.



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OVERALL DIMENSION

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MESSAGE FROM MANAGEMENT

 GRI 102-14

The past year has brought great challenges to the global economy and to the entire world population with the emergence and rapid evolution of the COVID-19 pandemic. **TAESA**, always committed to the health and safety of its employees and the National Interconnected System, quickly sought to inform itself and take the necessary measures.

Since February 2020, the Company has been adopting and intensifying the protection, safety and health measures of its employees, their families and local communities, aiming to protect its greatest asset – people – and reduce the speed of dissemination of the new coronavirus within the country.

Through these measures, **TAESA** also seeks to safeguard its other transmission assets, thus ensuring the continuity of its operations. Among the measures are the use of technology and medical-scientific knowledge to monitor symptoms and keep our teams safe, the adoption of the remote work arrangement by the administrative teams that completed a year in March 2021, and an operation and maintenance plan that had success in ensuring the availability of our assets to the SIN.

Another important front in 2020 involved Sustainability. The Company reinforced its commitment to the topic, which is an organizational value, and continued to implement several actions to strengthen its communication and ensure the evolution of the Environmental, Social and Governance (ESG) topics inside and outside **TAESA**. Among the actions are as follows: survey of the inventory of greenhouse gases (GHG) according to the GHG Protocol methodology. targets for reducing the consumption of fossil fuels in the fleet; inclusion of environmental and social clauses in contracts with suppliers; preparation of the social and environmental report based on the practices of the Global Reporting Initiative; the launch of the Diversity Program; Great Place to Work certification and award; adherence to the UN Global Compact by signing the commitment to the 2030 Agenda regarding the Sustainable Development Goals; and the disclosure of the ESG indicators dashboard available on the Investors Relations (IR) website, among others.

Despite the adversities brought about by the crisis, the Company presented a solid result in 2020, reinforcing its commitment to its strategic pillars of sustainable growth and financial discipline. In the first semester, we completed the acquisitions of São João Transmissora S.A., São Pedro Transmissora S.A. and Lagoa Nova Transmissora S.A. and energized the projects under construction of EDTE and Mariana. Said events linked to the projects concluded at the end of 2019 (Miracema and reinforcements from Novatrans), which together total R\$ 259.1 M of RAP (2020-2021 cycle), were responsible for the resumption of growth in the operating result, after two years (2018 and 2019) of income reduction due to the contractual decreases of RAP for category 2 concessions. Thus, the Company's net regulatory operating income grew 9.4% compared to 2019, totaling R\$ 1,525 M, and regulatory EBITDA recorded an annual increase of 8.3%, totaling R\$ 1,249 M in 2020, with a margin of 81.9% (against 82.7% in 2019).

In the operational field, **TAESA** maintained its level of excellence, presenting in 2020 a rate of availability of transmission lines of 99.88% and a Variable Portion of R\$23.1 M, equivalent to 1.3% of RAP, already considering the Variable Portion of operating assets that were internalized last year.

This sound performance demonstrates the Company's ability to adapt and react quickly in the midst of a very adverse scenario that has never been seen.

Furthermore, the works for the six undertakings under construction are still in progress, even with the prolongation of the pandemic. The Company has been working with a focus on performing and making the best efforts to comply with the project schedule, seeking Capex efficiency and early delivery, aiming to further enhance its returns. It is worth highlighting that in 2020 **TAESA** made investments totaling R\$ 1,535 M in these projects, an increase of over 110% compared to the investments made in 2019 and representing almost 60% of the total investment made in the projects of 2014 so far.

It is also worth highlighting that there are good expectations for delivering some projects already in 2021, before ANEEL's deadline.

As a result, TAESA ended the year 2020 with a cash position of R\$ 905.6 M and a net debt of R\$ 5,206 M. The weighted net debt/EBITDA ratio was 3.8x at the end of the year (versus 3.4x at the end of September 2020).

In terms of results under IFRS, the Company recorded a net income of R\$ 829.0 million in 4Q20 and R\$ 2,263 MM in 2020, 194.7% and 104.6% higher than in the same periods of 2019, due to the higher macroeconomic indexes recorded in the compared periods, with a greater effect of the general market price index (IGP-M), which reached 11.24% in the accumulated result of the quarter, to the greater investments in the undertakings under construction, recent acquisitions and the entry of new assets into operation.

Based on this result, the Board of Directors today approved the proposal for allocation of the 2020 profit, which includes the distribution of additional dividends of R\$ 561.9 M (R\$ 1.63/Unit), which is yet to be submitted to resolution of the Shareholders' Meeting.

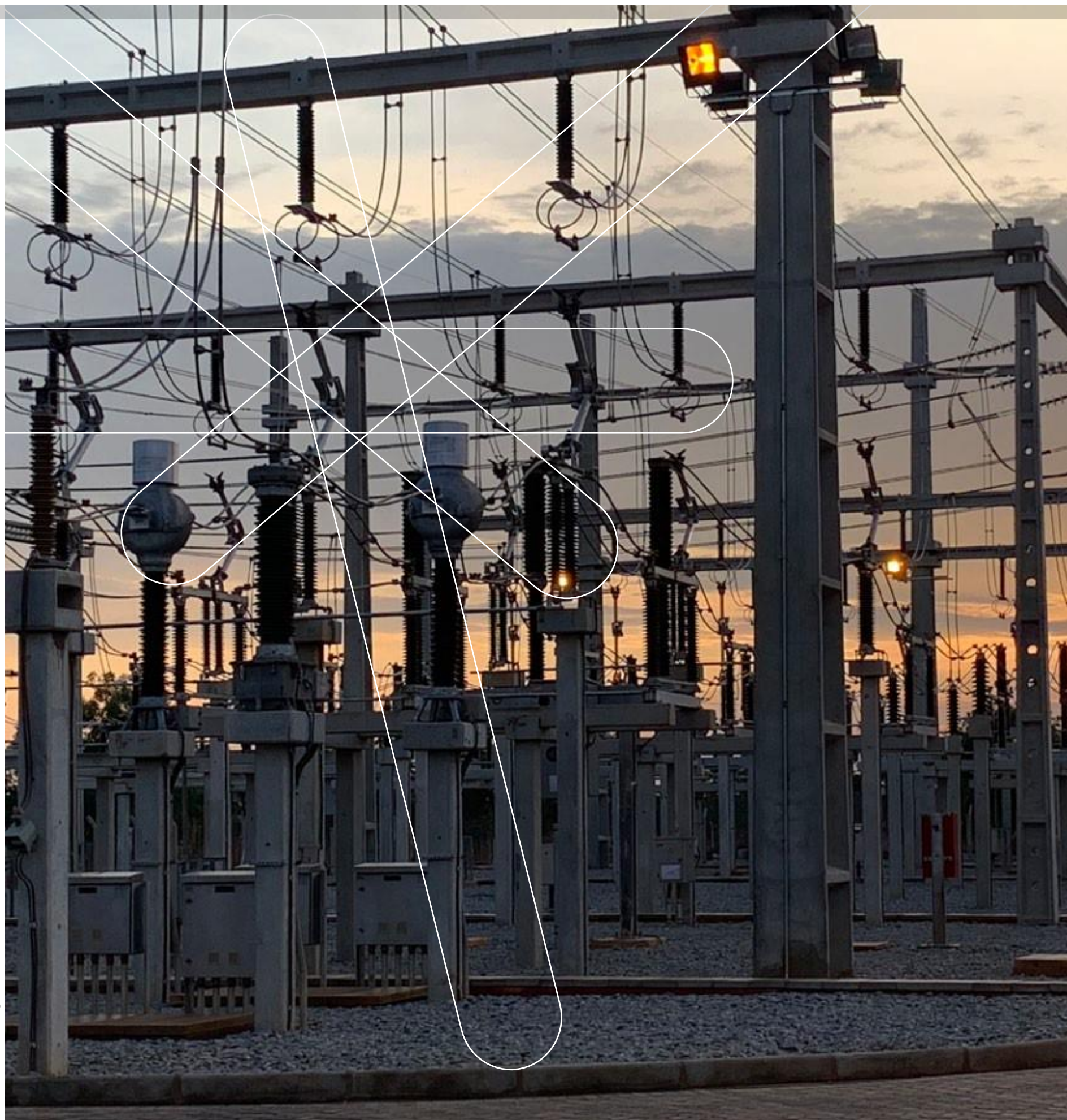


Luis Cesar Quinteros

Once approved, the dividend payout will be 71.0% of net income – and 98.5% excluding the effects of CPC 47 – and a total distribution of R\$4.66/Unit referring to the income (loss) for 2020, equivalent to one dividend yield of around 15% at **TAESA** 's current Unit prices.

It is worth reminding that on November 16, 2020, the new directors elected by the Board of Directors took office in October, Mr. André Augusto Telles Moreira as Chief Executive Officer, Mr. Erik da Costa Breyer as CFO and Investor Relations Officer and Mr. Fábio Antunes Fernandes as Chief Business and Ownership Interest Management Officer.

The Company continues monitoring the evolution of the pandemic and its potential impacts on the electricity sector, more specifically in the transmission segment. TAESA is convinced that we have the strength to overcome the challenges of these new times, keeping our commitment to transmit energy with reliability, transparency and security to the society as a whole and respecting the environment and all stakeholders.



THE COMPANY

GRI 102-1 | GRI 102-2 | GRI 102-3 | GRI 102-4
GRI 102-5 | GRI 102-7 | GRI 102-16

Transmissora Aliança de Energia Elétrica S.A. (**TAESA**) is one of the largest private electric power transmission groups in Brazil in terms of Annual Permitted Income (RAP). The Company is exclusively engaged in the construction, operation and maintenance of transmission assets, which conduct high voltage energy over long distances throughout the country.¹

¹ The electric energy sector is composed of three important stages until reaching the final consumer, namely: generation, transmission and distribution.

Headquartered in Rio de Janeiro², the company has projects in operation and construction in 18 Brazilian States and the Federal District.

TAESA is a publicly-held corporation controlled by Companhia Energética de Minas Gerais – CEMIG (CEMIG) and ISA Investimentos e Participações do Brasil S.A. (ISA Investimentos).³

² The complete address of the company's head office is Praça XV de Novembro, 20 – 6º andar – Centro, Rio de Janeiro/RJ.

³ To access the Shareholders' Agreement, [click here](#).

It is characterized by a high level of technical knowledge and high management standards, aiming to ensure a satisfactory return for shareholders and a motivating work environment for employees.

With a performance based on excellence, ethics and sustainability, the Company has been achieving more expressive results every year, **like the ones featured on this page**, related to the 2020 context.

678

employees

98

substations

R\$ 1.525 M

of net operating income

22,981 MVA

of installed capacity

13,576 km

of transmission lines*

11,062 km

of lines in operation

2,514 km

of lines under construction

6,643 km

of fiber optic cables

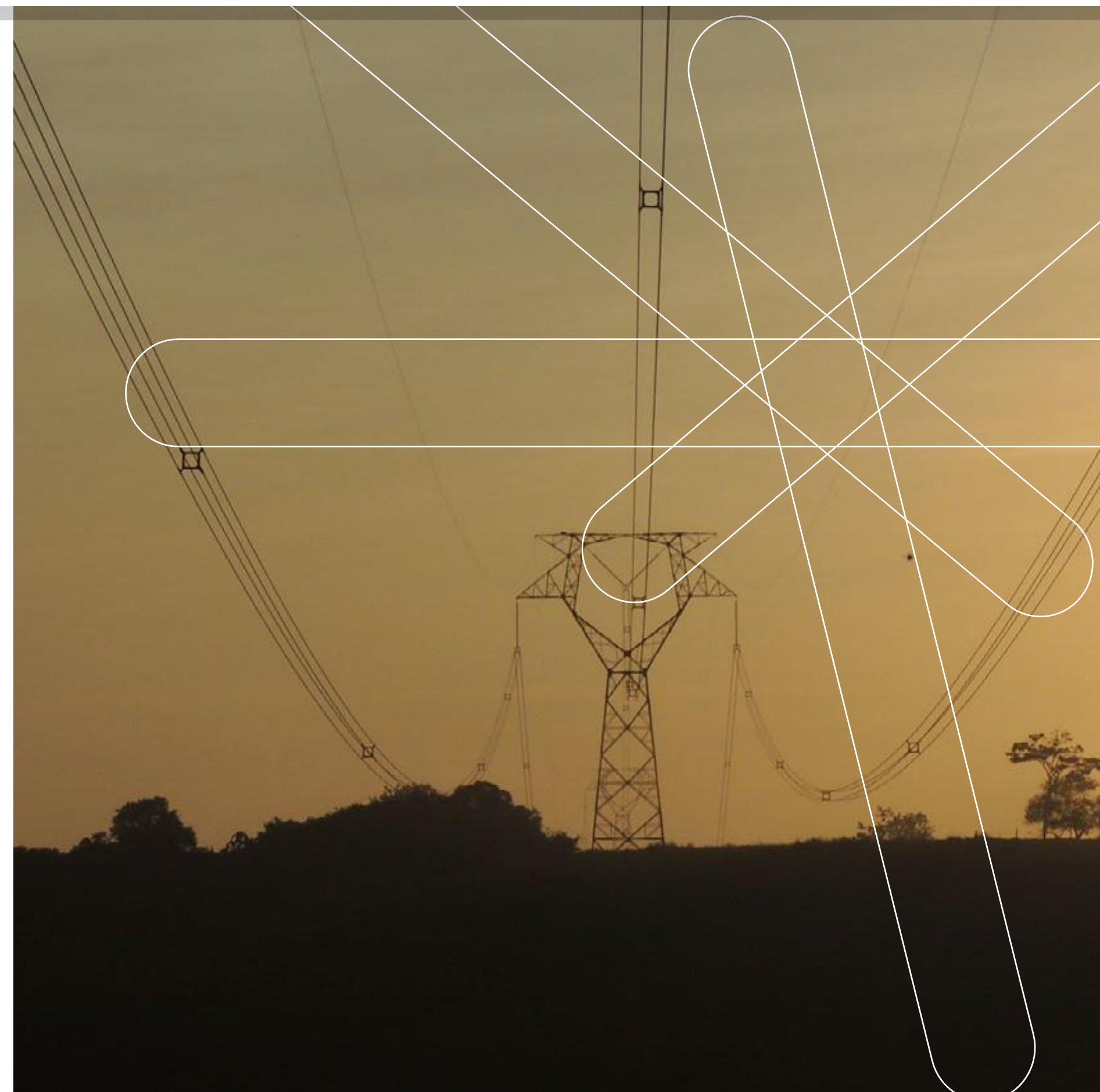
7.6%

of transmission lines in the country

99,88%

of availability rate of transmission lines

* The total length is 3 km lower than the one informed in 2019, since the previous number predicted 85 km for the Mariana project, which was still under construction. After entering into operation, it was adjusted to 82 km, which justifies the reduction.





under construction

- a. Transmineiras is a set of **TAESA**'s ownership interest in three concessions: *Transirapé (54.0%), Transleste (54.0%) and Transudeste (54.0%)*.
- b. *Transmissora Brasileira de Energia (TBE)* is a economic group, result of a partnership with majority shareholders, **TAESA** and Alupar, currently responsible for 15 concessions.
- c. *Aliança Interligação Elétrica (AIE)* is an economic group in partnership with companies **TAESA** and ISA CTEEP, currently responsible for implementing three new undertakings.

TAESA currently holds 39 transmission concessions/interests, organized as follows:

- **10 concessions comprising the holding company** (TSN, Novatrans, ETEO, GTESA, PATESA, Munirah, NTE, STE, ATE and ATE II).
- **10 wholly-owned investees** (Brasnorte, ATE III, São Gotardo, Mariana, Miracema, Janaúba, Sant'Ana, São João, São Pedro and Lagoa Nova).
- **19 participations** (ETAU, Transmineiras and the AIE and TBE Groups).



[For further details and information on the concession contracts and on the companies in which TAESA holds a shareholding, please access the data available on this link.](#)

Throughout the reading of the report, the presence of this symbol indicates a link that complements the reading.



MISSION

To transmit electricity with excellence, in a continuous and efficient way, ensuring profitability and sustainability.

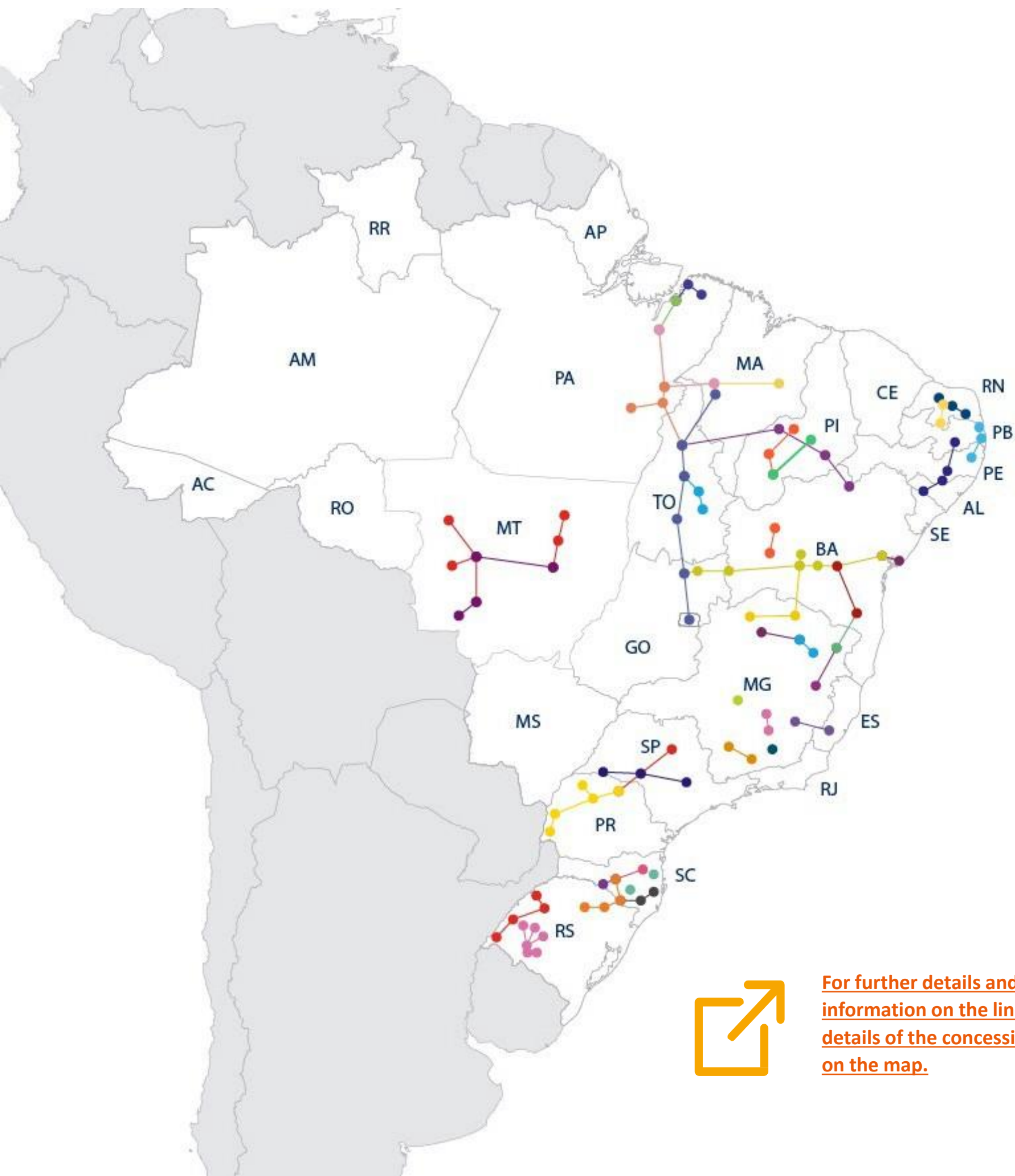
VISION

To be the electricity transmission company in the Brazilian private sector with greatest market value, achieving this goal through sustainable growth and excellence in operational efficiency.

PRINCIPLES AND VALUES

Transparency Ethical and respectful behavior
Security
Focus on results Sustainability

Spirit of excellence Promoting growth of people
Achievement through teamwork Commitment
Innovation



[For further details and information on the lines and details of the concessions, click on the map.](#)

OUR BUSINESS

GRI 102-2 | GRI 102-4 | GRI 102-6

Present in the five regions of the country, the undertakings explored by **TAESA** are distributed throughout the Brazilian territory according to the structure presented in the map on the side.

The Company acts exclusively in one of the three stages necessary for the electric energy to reach the final consumer: the transmission. For this, it is dedicated to the construction, operation and maintenance of assets that allow the transmission of high voltage energy over long distances across the country.

The energy path

1 GENERATION

Electricity is generated, almost always far from where we need it. It is produced at medium voltages at the generation plants (15,000 Volts on average) and goes to substations, where voltages are increased to reach the transmission levels.

2 TRANSMISSION

The transmission system, or transmission network, transports the energy produced in the plants to consumers. This network operates at high voltages (above 230,000 volts). At its end, a “step-down” substation reduces the voltage to connect it to the distribution network or directly with a large consumer, which is the case of a large industry, for example. It is in this stage that the services are provided by TAESA.

3 DISTRIBUTION

It is the network in which the voltage is reduced several times by the distribution transformers. This happens so that the energy reaches adequate consumption levels; that is, sufficient for the operation of everything we use in our daily lives at home, in industries, hospitals, schools, companies, etc.

THE TRANSMISSION SECTOR

The National Interconnected System (SIN) is a large electric power generating and transmission system operated by privately and publicly-held companies, managed by the National System Operator (ONS). Such system is responsible for serving about 98% of the Brazilian electric power market and its network reaches approximately 160.85 thousand Km⁴ of lines with voltage greater or equal to 230Kv.

The Transmission Service Provision Agreement (CPST) is signed between ONS and the public service concessionaires in the segment, establishing the technical and commercial terms and conditions for the provision of services.

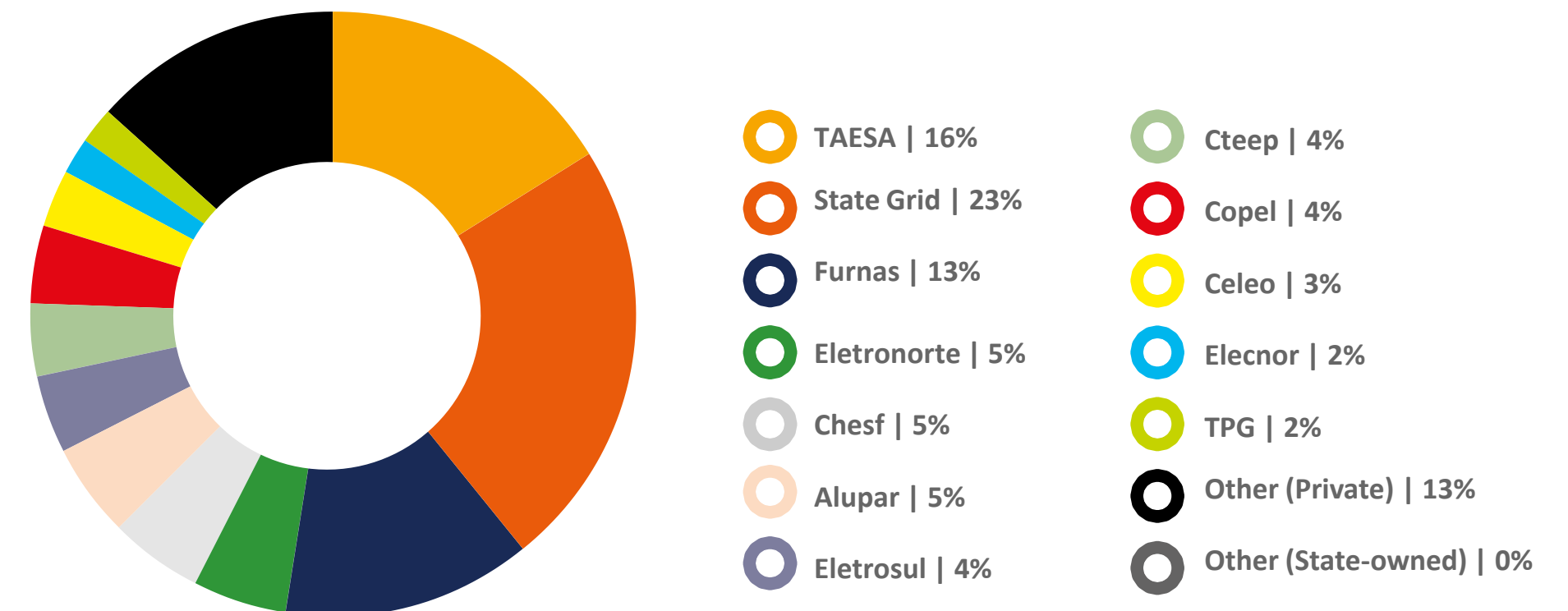
Pursuant to this Agreement, concessionaires assume responsibility for the operation and maintenance of facilities and receive the Annual Permitted (RAP) for making such facilities available, being discounted for any observed unavailability.

Through this instrument, the agents also authorize the ONS to perform all necessary acts to represent them before the network users in the Contracts for Use of the Transmission System (CUST).

The transmission assets comprising this network are regulated by the Brazilian Electricity Regulatory Agency (ANEEL), which in turn regulates this sector through a Revenue Cap model.

MARKET SHARE – OPERATIONAL RAP (CATEGORIES 2 AND 3 ONLY)

Total: R\$ 14.0 billion (2019-2020 Cycle)



⁴ Undertakings in operation until July 2020 (ONS)
+ estimate of undertakings completed as of August 2020. Source: Agência Nacional de Energia Elétrica (ANEEL).



Weiner Fernandes Carvalho

According to this model, the companies that operate the assets receive revenue based on the availability of the line, and not on the volume of energy transmitted in the system. Thus, the transmission sector is not exposed to volume risk.

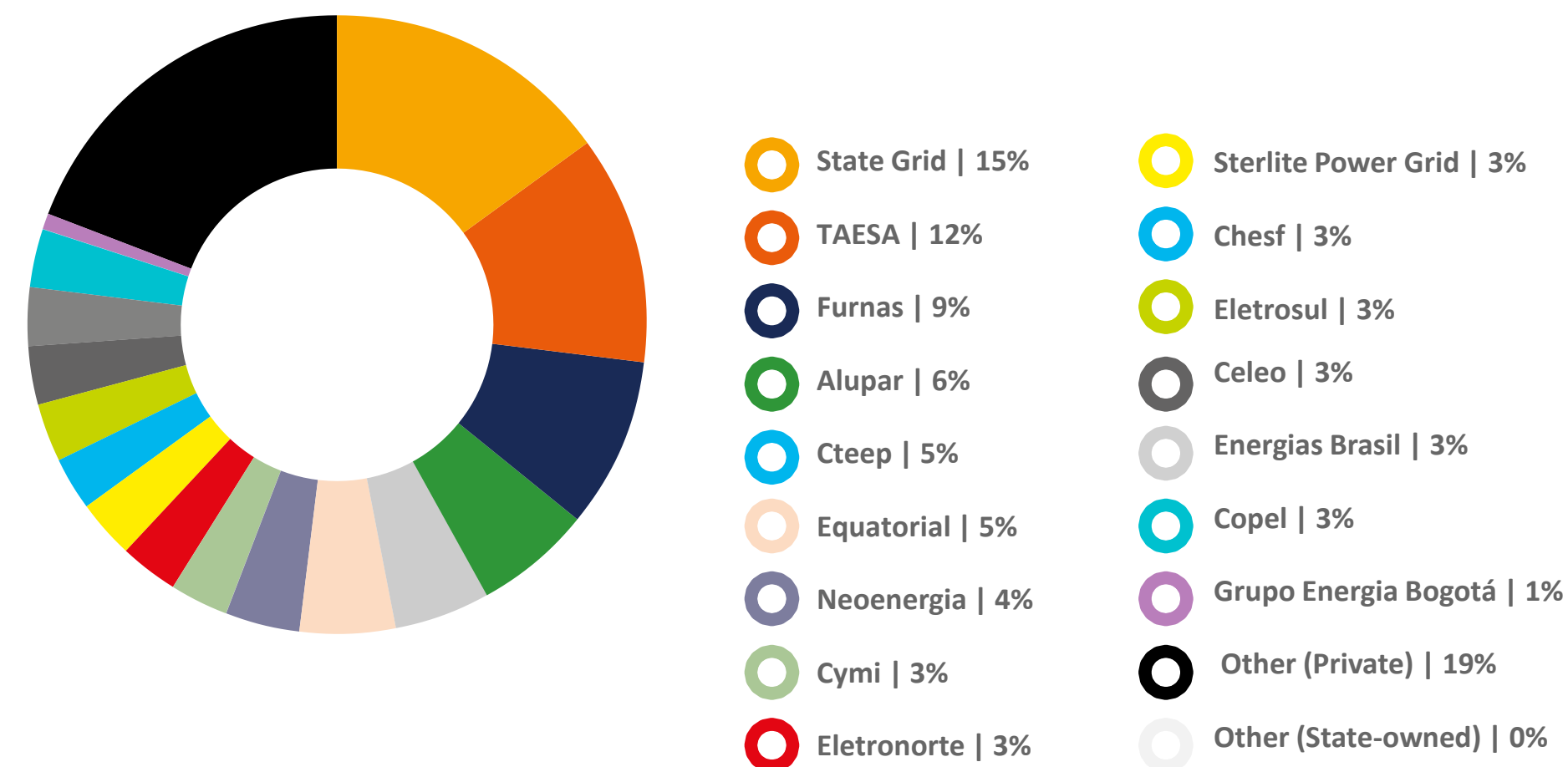
TAESA has never suffered significant losses due to non-payment by its clients,

This confirms its position in a stable and reliable regulatory environment.

In 2020, TAESA received 16% of the Total Operational RAP for the market (categories 2 and 3 only) – which considers only the undertakings in operation, and the equivalent of 12% of Total RAP, which also considers projects under construction. All **TAESA's** concessions are inserted in the SIN.

MARKET SHARE – TOTAL RAP* (CATEGORIES 2 AND 3 ONLY)

Total: R\$ 22.1 billion (2019-2020 Cycle)



THE YEAR'S HIGHLIGHTS



FIRST PLACE IN GREAT PLACE TO WORK (GPTW) ENERGY 2020

The conviction that people are TAESA's greatest asset was recognized with the 1st place in the GPTW Energy 2020 Highlight - Cut, Generation, Distribution and Transmission award. Annually, the Company conducts an organizational climate survey in partnership with GPTW to measure the level of engagement and satisfaction of the teams. Last year, TAESA reached 93 points in the survey, earning the "Best Company to Work for" certification and reaffirming its position as a benchmark in the sector.

Another highlight received in 2020 was in the category "Best Companies to Work for – Companies headquartered in Rio de Janeiro (Medium-sized Companies)", referring to 2019.

WELCOME TO NEW OFFICERS

TAESA's new CEO, André Moreira, took office in November 2020, along with new officers Erik Breyer and Fábio Fernandes. They are responsible, respectively, for the Financial Department and for the Business and Ownership Interest Management Executive Board.

On the 16th, everyone took part in a welcoming meeting. The meeting could be followed by the collaborators digitally.



AWARDS IN THE IT AREA

TAESA was ranked first in the Utilities Category, in the 100+ Innovative Companies in the Use of Information Technology 2020 award in Brazil. With pioneering and innovative actions, TAESA is at the same level as the big technology companies, adopting its best practices in the IT area.





COLLABORATOR ACHIEVES CAMA CERTIFICATION

TAESA's Asset Management Department is in an ongoing process of specializing its team and improving its processes. On December 5, one of the employees obtained the Certified Asset Management Assessor (CAMA), which is an international certification. World Partners in Asset Management (WPiAM) is responsible for developing, maintaining and administering the exam that certifies knowledge of the industry's best practices and standards. According to the set of certificates available on the institution's website, there are about 900 certified professionals in the world, 50 in Brazil.

PARTICIPATION IN THE DISTRIBUTECH INTERNATIONAL CONFERENCE

TAESA was present at the Distributech International Conference, the main annual energy distribution and transmission event, held in San Antonio, Texas (USA), between January 28 and February 3, 2020.

Represented by its Asset Management Area, the Company was part of the Technical Delegation organized by UTC Latin America and supported by the US Embassy, which brought together 12 executives from Brazilian electric companies to expand their knowledge of telecommunications and IT/OT technologies employed in the Network and Smart Grid Modernization projects.

After the conference ended, the group moved to San José, California, in Silicon Valley, to attend lectures at CISCO's Executive Briefing Center. At the end, the members made a presentation of their respective companies.



ADVANCES IN PARTNERSHIP WITH RNP

The cooperation agreement between TAESA and the National Education and Research Network (RNP), which will bring high-speed internet to teaching and research institutions in Palmas (TO), Salvador (BA) and Brasília (DF), using a optical fiber network, is expected to be delivered in 2021.

It consists of links with high capacity for telecommunication transmission and ethernet data representing between 5 and 50 thousand times the current capacity.

PRESENTATION IN ENERGY SUMMIT 2020

With transmission carried out online on October 30, the Energy Summit 2020 event, organized by the Smart Grid Group (SG2) of the Federal University of Paraíba (UFPB), counted on the participation of TAESA, in recognition of its pioneering and forefront in the search and application of new technologies in the electric sector. The topic of this edition was "Distributed energy resources (REDs): social, economic and technical aspects."

TAESA, represented by the Maintenance Area of GMJ, presented the work "Technological update and improvement of the electrical system in view of the impact of the energy resources distributed, in view of the regulatory and sustainability constraints of the business."





COMPLETION OF THE CENTRO-ATLÂNTICA RAILWAY CROSSING

Highly complex and challenging, requiring a lot of planning and dedication from the teams, the Mariana Transmissora de Energia Elétrica S.A. project comprises the 500 kV CS Itabirito transmission line 2-Vespasiano 2 – 82 km long and with two substations (500 kV SE – Itabirito 2 and 500 kV SE – Vespasiano 2).

In the course of this line, 88 crossings were transposed, covering rivers, highways, railways, power transmission and distribution lines, power distribution networks and cable car.

One of the last challenges was the crossing over the Centro-Atlântica Railway, operated by the logistics company VLI, and over the Rio das Velhas, located in the municipality of Santa Luzia (Minas Gerais). The structure was completed on April 25 and is located at km 77.61 of the 500 kV Itabirito Transmission Line 2 - Vespasiano 2 between towers 77/1 and 77/2.

COMPLETED WORKS IN MARIANA

On May 25, the energization of the Mariana project was completed. With the works completed in 16 months after the issuance of the Installation License, and within the schedule provided by ANEEL, the project adds a RAP of R\$ 15.4 million to the Company for the 2019-2020 cycle.

Mariana is the initiative under construction of lot A of transmission auction 013/2013, held in December 2013, fully controlled by TAESA, located in Minas Gerais. The project completes the 500 kV ring in the Belo Horizonte Metropolitan Region, connecting large hydroelectric plants and the SIN and reinforcing reliability and service to the central region, as well as to the eastern region of the State of Minas Gerais and part of the State of Espírito Santo.



EMPRESA MADRINHA SENA PROGRAM

In 2020, the first contract was made based on the training offered in the Empresa Madrinha Program (SENAI Sponsoring Company Program), an initiative of SENAI CETEC in Araguaína (TO). The project aims to provide students with the opportunity to experience practical situations similar to those they will face in their professional lives.

TAESA is the sponsor a Technical course in Electrotechnology, providing training focused on the performance in the Electric Sector, through classes and lectures for the class.

COMPLETION OF UNDERTAKINGS ACQUISITION

On February 14, the acquisition of two transmission projects was completed: São João Transmissora de Energia S.A. (SJT) and São Pedro Transmissora de Energia S.A. (SPT), responsible for generating an increase of R\$ 94.9 M in RAP, with the end of the concession period only in 2043.

SJT consists of 418 km of lines and two power substations in Piauí; and SPT, responsible for 417 km of lines and six substations, divided between the States of Bahia and Piauí. The new assets are distributed geographically in places of relative proximity to other TAESA concessions, which may generate Opex and Capex synergy by reducing operating and maintenance costs.

ABRATE ELECTS THE CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

On September 1, the Brazilian Association of Electric Power Transmission Companies (ABRATE) announced Mr. João Henrique Franklin Neto, Chesf's Chief Operating Officer, as the new chairman of the Board of Directors. The interim CEO and Chief Technical Officer of TAESA, Mr. Marco Antônio Resende Faria, was appointed as Vice-Chairman for a two-year term. Marco was also elected as the Chairman of the entity's Audit Committee.

ABRATE is a non-profit civil association and currently brings together 22 electricity transmission companies that, together, are responsible for serving all Brazilian consumers in the segment.



DISRUPTION AND INNOVATION – EMATT 2020

With this topic, the 8th Meeting of the Maintaining Entities of TAESA Transmission Assets (EMATT) was fully held online for the first time. The event was open to all employees, who were able to visit the booths remotely, attend work groups and technical works, as well as the Safety highlight award.



SUSTAINABLE ENERGY SEAL

The 500 kV North-South II Transmission Line project, Novatrans, met the Bronze Level of the Sustainable Energy Seal of Instituto Acende Brasil for the 2021-2023 period. This is another TAESA achievement that contributes to the development of the entire society, with a focus on sustainability.



TECHNOLOGY CONTRIBUTES TO BEST PRACTICES

Aware of innovations that can further qualify its processes, the Company implemented three systems in 2020 that contribute to the best practices:



Equipment health monitoring, aimed at transformers and reactors, which allows, through a priority and risk level matrix, to identify and prioritize the assets that must undergo maintenance.

Asset georeferencing, which enables fault finding, team control and field services, allowing for shorter service times and sustaining the availability index.



Pi@get, TAESA's Strategic Management Intelligence Portal, which provides technical, financial and resource information for all management levels, providing agility and security to decision-making processes.

OPENING OF THE EGAESE

TAESA participated in the Asset Management Meeting for Electric Sector Companies (EGAESE), held between November 23 and 27. The Chief Technical Officer of the Company, Mr. Marco Faria, the CEO of CPFL Renováveis, Mr. Huang Futao, and the CEO of AES Brasil, Mr. Ítalo Freitas, held the opening ceremony of the event. Throughout the week, experts addressed topics such as asset management and life cycle analysis, regulatory impacts, technology, innovation and strategic management.



TAESA'S NEW HEAD OFFICE

The signing of the definitive deed for the acquisition of the new TAESA's head office took place on October 30, representing a milestone for the company. The head office will be located at Lead Americas Business Center, in Barra da Tijuca (RJ). For this process of defining the new head office, an opinion survey was carried out to consult employees on the most suitable location for the facilities. The purpose was to consider aspects such as safety, comfort, happiness and quality of life for employees in their relationship with work.

IN THE FIGHT AGAINST PANDEMIC, FOCUS ON HEALTH AND SAFETY

The challenging scenario presented by the Covid-19 pandemic made **TAESA's** concern with the well-being of its employees even more evident. Much more than adapting to the context, the company improved processes, offered support for remote work and was present in the teams' daily lives to provide security and peace of mind to everyone, without interrupting activities.

Throughout the year, the Company developed several initiatives, including *Eu Cuido de Você e Você Cuida de Mim* (I take care of you and you take care of me) campaign.

The timeline below lists the main actions for 2020 to control the progress of the disease among employees, their families and local communities, protecting **TAESA's** greatest asset: people.

TIMELINE FOR A CHALLENGING YEAR



Beginning of the exposure monitoring of employees on external trips.

Mar 04

Covid-19 pandemic decree by the WHO.

Mar 11

Start of the remote work regime, which relied on the IT team for technological support, as well as the availability of equipment, chairs and monitors to be used at home, and the incentive to qualify processes, such as the adoption of the digital signature of documents.

Mar 16

Update of the prevention protocols for the construction, operation and maintenance of transmission assets with specific IT elaboration.

Apr 20

Launch of the health page. TAESA with the purpose of providing health care functionalities to employees and their families.

Apr 26

Feb 28

Beginning of information campaigns, with frequent and updated communication for employees on prevention and care related to the coronavirus.

Mar 06

Establishment of monitoring and support protocols in the treatment of suspected or positive cases.

Mar 12

Implementation of specific restrictions for national and international trips, as well as for face-to-face meetings.

Mar 20

Federal Public Calamity Decree.

Apr 22

Incorporation of RT-PCR tests for the team of operators of the Operation and Control Center (COC), BSB and Barreiras.

May 12

Incorporation of the use of PFF2 masks for operators and field teams.

Disclosure of a video providing health information for work on the facilities, with the purpose of training and raising awareness among employees in the face of the pandemic situation.

May 13

Incorporation of a specialist infectious disease physician to the TAESA's SMS&S team, to ensure the review and implementation of protocols appropriate to the dynamics of the pandemic.

June 19

Incorporation of RT-PCR tests for employees and third parties for first access to the office after adopting the remote work arrangement.

July 29

Provision of the access control module to the offices through the health page. TAESA, allowing the gradual resumption to on-site work, in accordance with protocols and guidelines of health agencies and accompanied by specialized medical advice.

July 31

Release of the Rio de Janeiro office for presential use, including access to the shared transport and Carona Solidária (Carpooling) application, funded by the Company, for commuting between the residence and the company, when necessary.

Aug 03

Conduct campaigns to monitor SARs-VOC-2 on the air in the Rio de Janeiro office.

Oct 05

Campaign for the use of masks, enhancing the use of this fundamental control measure at all times.

Nov 09

Disclosure of the protocol for year-end festivities, which included the delivery of Christmas baskets and cards at the employees' homes and the holding of digital events, joining teams across the country virtually.

Dec 09

May 27

Change of the Operation Center's work regime, with isolation of operators – a measure taken based on the analysis of the exposure indicators and local pandemic scenarios indicating a prediction of worsening of the situation.

July 28

Adequacy of structures and procedures for resuming presential administrative activities, including encouraging daily monitoring of the health status of employees through the features of the health.taesa page.

July 30

Provision of distance learning training with protocols related to Covid-19, as well as several service channels to take care of the physical and mental health of employees and their families, including offering video calls and digital reimbursement for health care plan beneficiaries.

July 31

Distribution of the TAESA's *Eu Sou* (I am) Kit for the employees' residence, consisting of eight personalized fabric masks, a 70% alcohol hand sanitizer bottle, a mask holder and an information booklet with guidelines on how to protect from the coronavirus.



O Kit Eu Sou TAESA já está a caminho da sua casa!

Aug 28

Launch of the *Fala, Doutor!* column, composed of a series of videos produced by the infectious disease physician with guidance on the disease and the necessary care.

Oct 15

Review of the work regime at the COC – after analyzing the indicators with the perception of improvement in the local conditions of the pandemic, being possible to pause the condition of isolation for the operators.

Nov 25

Guidance from the Executive Board, boosting the return to the remote work regime, due to the observation of the response of indicators of a probable worsening in the pandemic scenario.

ECONOMIC STRENGTH AND MAINTENANCE OF ACTIVITIES

In the economic context, **TAESA** preserved jobs and salaries, maintained the collective agreement and the policies for employee promotion and profit sharing, ensuring the financial stability of the teams. The hiring and onboarding process for new professionals continued to be carried out normally, even from a distance.

Among the main measures related to the maintenance of the company's activities and financial health, it is important to highlight the following:

Continuity of operations and undertakings under construction

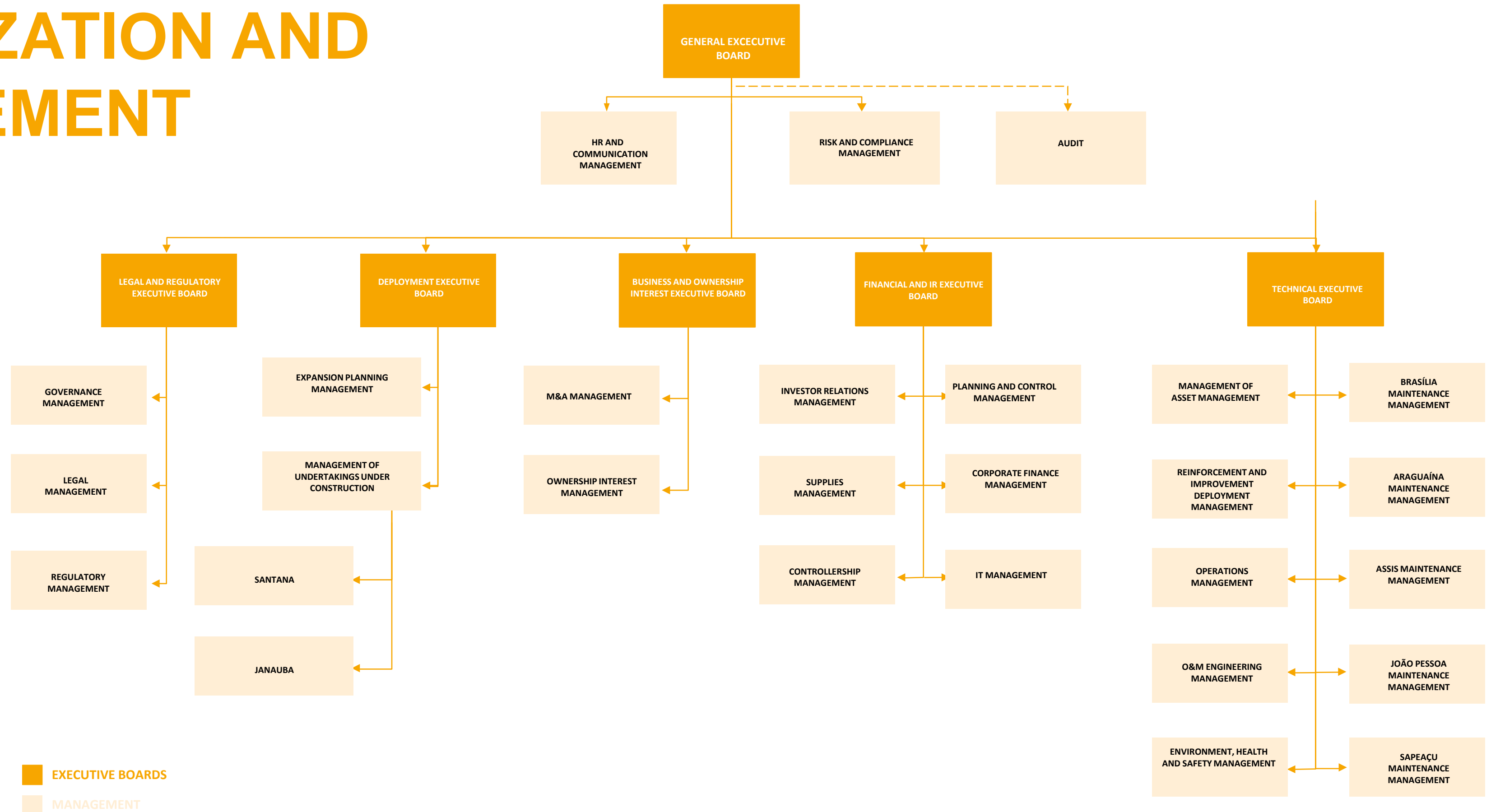
- Creation of the Overcoming Committee and the Supplier Management Committee.
- Continuity of operation and maintenance activities to ensure the safety of people and the electrical system.
- Maintenance of high availability rates (99.88% in 2020).
- All works on the undertakings under construction are in progress.
- Focus on meeting the project delivery schedule.
- Maintenance of investments in construction undertakings – R\$ 1.5 billion invested only in 2020.

Preservation of the Company's financial health

- Maintenance of a comfortable liquidity position (R\$ 906 billion in cash).
- Adaptation of debt profile with low costs and extended terms.
- The highest credit risk rating with Moody's and Fitch (AAA on the National Scale).
- 100% of the funds to finance the projects under construction were raised.
- Consistent operating cash generation, maintaining the company's low historical default levels;
- Financial discipline linked to adequate remuneration to shareholders.
- Continuous monitoring of defaults and the effects of the crisis in the electricity sector;

ORGANIZATION AND MANAGEMENT

Aiming to structure the integrated management of **TAESA's** operations and its expansion projects, the Company is organized according to the following functional organization chart:



To manage its assets, **TAESA** relies on: the administrative head office in Rio de Janeiro; the Operation and Control Center (COC) and the laboratory, in Brasília; the five regional areas, with offices located in Assis (SP), João Pessoa (PB), Araguaína (TO), Brasília (DF) and Sapeaçu (BA).

Among the several models in force related to Process Management with the market, the Company adopts the best mechanisms to refine, control and establish internal procedures that add confidence and standardization for its activities.

TAESA constantly seeks to improve its policies and processes with the purpose of promoting its Safety, Environmental, Health and Sustainability Management System.

=

Thus, it enables development and provides solutions to minimize environmental needs. The core parts of the management process comprise the identification, assessment and control of market, credit and liquidity risks, as well as those of environmental, health and safety for employees and the community affected by the energy transmission concessions and heritage - and for the Company's assets.

Furthermore, Human Resources' strategies include a set of principles, concepts and an action cycle aimed at the development, quality of life and motivation of employees, and reflecting on the Company's success.

TAESA adopts the best mechanisms to refine, control and establish internal procedures that add confidence and standardization for its activities.



RESPONSIBILITY WITH STAKEHOLDERS

GRI 102-8 | GRI 102-9 | GRI 102-10

GRI 102-13 | GRI 102-40

GRI 102-41 | GRI 102-42

GRI 102-43 | GRI 102-44



HUMAN RIGHTS



LABOR

The following topics present the main **TAESA's** stakeholders, detailing the forms of relationship adopted.

SHAREHOLDERS AND INVESTORS

TAESA is controlled by Companhia Energética de Minas Gerais – CEMIG (CEMIG) and ISA Investimentos e Participações do Brasil S.A. (ISA Investimentos).

TAESA holds 63.45% of the shares traded in the market. One of Company's main objectives is to maximize the value for its shareholders assuring the long-term business sustainability, providing a high-quality core service and respecting the rules established by Brazilian regulatory authorities.

In recent years, the Company's Environmental, Social and Governance (ESG) performance has emerged as a growing demand in meetings with investors and shareholders. In this context, several Sustainability actions have been developed, aimed at expanding the best ESG practices and improving the Company's reports.

The TAESA's main communication channel it is the website (www.taesa.com.br/ri), in addition to the e-mail from the Investor Relations department (investor.relations@taesa.com.br) and the contact telephone number of the IR team (+55 21 2212-6060). Meetings of management bodies are also held (General Shareholders' Meeting) and annual public meeting with analysts.

CLIENTS: SIN USERS

The TAESA Group's customers is comprised by electric power generators, free consumers, distributors (and its captive clients) and other transmission companies that connect or share their facilities with the company.

To identify this audience, the list of users made available by ONS on a monthly basis, in addition to the Sharing Contracts (CCI/CCT), are used as a basis. The Relationship is guided by the Quality Policy and by the Code of Ethical Conduct and Compliance.

The forms of communication are usually established directly among the parties, through technical contacts, exchange of emails, meetings, meetings at sectorial events, participation in class associations, and whenever there is a technical issue to be resolved by mutual agreement.

SUPPLIERS

The largest suppliers of TAESA are manufacturers of large electrical equipment (transformers, circuit breakers, protective equipment, lightning rods, reactors, measuring transformers, etc.). There are also engineering and environmental advisory companies that provide services, both in projects (civil, electrical and mechanical parts) and in the performance of environmental programs and conditions established by the environmental agencies.

Another branch of activity of suppliers is office supplies, airline ticket and lodging reservations, vehicles, freight and insurance.

In 2020, 1,317 suppliers were hired, 13 of which considered strategic. Compared to 2019, there was a small increase in the number of contracted suppliers, which reached 1,285 that year. In the period covered by this report, no significant changes were recorded in the supply chain, which remained with the same profile and structure.

The relationship with suppliers is constant, aiming to update the Company on current demands and the prospect of new hires, especially those inherent to auctions, reinforcements, improvements and other day-to-day operations.

TAESA Group establishes strict registration and engagement standards for suppliers, aiming to make such processes transparent and auditable. Standards for registration of suppliers for participation in bids, bid process and analysis of proposals were developed. The support base for the Company's supplies area is the SAP tool, as well as the services provided by a specialized outsourced company whose scope is to certify suppliers.

EMPLOYEES, UNIONS AND LABOR PUBLIC BODIES

At the end of 2020, based on the list of active employees, the total number of TAESA employees was 678 employees (including young apprentices), with 561 men and 117 women. The number of interns in the period was 33.

The relationship with teams is governed by the Human Resources Policy and by the Code of Ethical Conduct and Compliance, as well as the compliance with labor legislation.

Through a collective labor agreement with the unions associated with the company (Sintraindistal, Sinergia and Steet), which covers all employees, topics such as salary readjustment, hour bank, profit sharing and benefits package are covered. The agreement, which started on 7/1/2019, is effective up to 6/30/2021.

The main communication and relationship channels with employees include: Corporate WhatsApp, emails, intranet, electronic bulletin board, team and board meetings, celebration of the month's birthdays, personalized newsletters from the areas, disclosure of corporate policies, annual performance appraisal, etc. The questions sent by the teams include topics such as timecard control, vacations, proof of remuneration and benefits package.

Communication with the unions is carried out by email, website publications and correspondence. The main topic covers collective agreements.

For contact with public bodies related to the Secretariat of Labor, linked to the Ministry of Economy, the Brazilian Federal Revenue Service and Social Security, communication via eSocial, ECAC, Social Security and Caixa Econômica Federal websites, correspondence and email is used. The main purpose of the relationship is the submission of labor and tax obligations and the payment of taxes, as well as compliance with legal quotas.

PRESS

TAESA understands the role of the press as one of the links between the Company and society, and as a means of access to discerning information. Most of the questions and requests from the press are related to the projects under construction and the investments made by the company. As each interaction requires specific information, they are collected by the Communication sector with the responsible areas, aiming at total assertiveness in the responses provided to the communication vehicles.

The TAESA Group website provides a [specific area](#) with the Press Office's telephone and email contact channels, to facilitate the search for information.

PUBLIC BODIES

The public bodies with which TAESA most frequently interacts with are as follows: ANEEL, the Ministry of Mines and Energy (MME), the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA), state and municipal environmental agencies, the National Operator of the Electric System (ONS), among others.

Stakeholders are those who have the power to supervise the electricity transmission service in general, with the ability to issue regulatory procedures, resolutions, standards or laws and to elaborate public policies for the electric energy sector.

The relationship with these public bodies occurs in a different way, through various means:

- **With ANEEL:** by sending information and correspondence regarding resolutions issued and corporate information of accounting nature; requests for consent in specific business processes; participation in meetings and public hearings promoted by the Agency; participation in auctions of new transmission lines.
- **With MME:** sending and monitoring correspondence; meetings, when the topic requires it.
- **With environmental agencies:** compliance with its obligations regarding environmental programs; technical meetings, when the topic requires it; clarifications provided.
- **With ONS:** exchange of correspondence and technical information; technical meetings, when the topic requires it; participation in its Board of Directors.

SOCIAL, ENVIRONMENTAL AND COMMUNITY ORGANIZATIONS

The relationship with social, environmental and community organizations occurs since the prospecting of transmission undertakings. It starts with the Energy Research Company (EPE) responsible for the expansion studies of the Basic Network, as well as by TAESA, in its studies and evaluations prior to auctions and acquisitions.

In the licensing process, social and environmental assessment studies are performed to identify communities affected by the undertaking and interested social and environmental organizations.

Regarding topics of public interest, the main issues are related to safe coexistence with the line, permitted uses in the right-of-way, environmental impacts and compensations, as well as partnerships and support for social and environmental projects.

The company's Related Parties Policy is guided by its Code of Ethical Conduct and Compliance, concession contracts and legislation.

TAESA's [institutional website](#) gathers information about the Company's undertakings. It also has a specific page for contact, with a form and phone number for questions and complaints, including a hotline, available at +0800 701 6682. Regarding Research, Development and Innovation (R, D&I), social, cultural and sports projects and sustainability, the relationship takes place through the website or directly with the responsible area. In operation, the communication channel is maintained through initiatives such as the Environmental Education Program and the Social Communication Program, developed throughout the concessions annually.

PARTICIPATION IN ASSOCIATIONS

GRI 102-13

TAESA participates in associations composed mainly of concessionaires and service providers, most of which are electric power transmission companies.

The main objectives of participation include:

Represent the legitimate interests of agents before regulatory bodies/entities, adding value to member companies.

Ensure the sustainability, development and attractiveness of the electric power transmission business.

Helping to develop Brazilian infrastructure and industry, key sectors to support the country's economic and social development.

Foster exchange, technical, technological and engineering development in Brazil, in the field of electric power production.

Promote the study of issues of interest to the electricity sector, fostering the exchange of information with other class associations.

The entities in which the Company participates are listed below:

- **Brazilian Association of Electric Power Companies (ABCE)**

Marco Faria – Board member.

- **Brazilian Association of Infrastructure and Basic Industries (ABDIB)**

There is no representative on the Board/Executive Board.

- **Brazilian Association of Electric Energy Sector Accountants (ABRACONEE).** There is no representative on the Board/Board of Directors.

- **Brazilian Association of Electric Power Transmission Companies (ABRATE)**

Marco Faria – Vice-President of the Steering Committee and Chairman of the Audit Committee.

- **National Association of Finance, Administration and Accounting Executives (ANEFAC)**

There is no representative on the Board/Board of Directors.

- **Brazilian Committee of CIER – Regional Electrical Integration Commission (BRACIER)**

There is no representative on the Board/Board of Directors.

- **Brazilian National Electricity Production and Transmission Committee (CIGRE)**

There is no representative on the Board/Board of Directors.

- **Intermunicipal Union of Energy Generation, Transmission and Distribution Companies of the State of Minas Gerais (SINGTD)**

There is no representative on the Board/Board of Directors.

- **UN Global Compact** – Signatory since 2019.

- **Acende Brasil Institute** – The 500 kV North-South II Transmission Line was awarded the Bronze level of the Sustainable Energy Seal for the 2021-2023 period.



2

CORPORATE GOVERNANCE DIMENSION

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ABOUT THE REPORT

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Sirlei Soares Macedo

Transmission has a strategic role, as it connects the generation and distribution segments and allows the inclusion of renewable energy sources in the SIN, thus enabling access to electric power in the most remote points of the country.

TAESA, aware of the need to advance in its sustainability strategy and to better communicate its performance to stakeholders, started a

.⁵ Aware of the best practices in the electricity sector, it sought to identify actions to be developed as a continuous improvement process. With the support of a specialized consulting firm, the following steps were taken:

⁵ Further information on the topic is available in the section "[Environmental dimension](#)" of this report.

1 Analysis of the sustainability context at national and international levels, identifying topics, initiatives, protocols/methodologies and best practices.

2 National and international benchmarking of best ESG (Environmental, Social and Governance) practices in the transmission sector.

3 ESG rating provided by an international research agency, focused on investors.

4 Documentary analysis and interviews with internal areas of TAESA (identification of performance and demands of the several stakeholders to the respective internal areas).

5 Social and environmental valuation: valuing the risks and opportunities of the sustainability actions undertaken by the company, as well as challenges common to the full sector.

From this consultation process, several relevant topics have been identified, including:

- Financial health.
- System quality (technical issues in the operation of the transmission lines tend to affect end clients).
- Progress of projects under construction and investments.
- Business opportunities, hiring and partnership.
- Labor and tax issues.
- Regulatory issues.
- Compensation, benefits, employee diversity and managers and career development.
- Health and safety.
- Research, development and innovation actions.

- Human rights issues, impacts and territorial conflicts with communities, indigenous rights, involuntary resettlement and safe coexistence with the line.
- Allowed right-of-way uses.
- Impact of activities on biodiversity, deterioration of cultural and natural heritage.
- Social and environmental impacts and compensations, waste generation and greenhouse gas emissions.
- Inclusion of renewable sources in the transmitted energy block.

The topics⁶ identified were prioritized according to recurrence, sectoral relevance, risks and opportunities and potential impact. Based on the organization of this information, priority was given to the material topics presented in this report.

⁶ The material topics identified and presented in this report were reported considering all TAESA’s concessions, based on their geographic scope.



MATERIAL TOPIC	SUBTOPIC
Occupational Health and Safety	Management and actions to foster health and safety
Biodiversity	Impact of activities, products and services on biodiversity
Climate change	Climate change, carbon and atmospheric emissions
Economic performance	Financial health and direct economic value generated and distributed
Governance	Ethics and strategy
Communities	Relationship with communities
Human resources and diversity	Management and diversity

For the preparation of the content of this report, the following principles have been observed:

INCLUSION OF STAKEHOLDERS

The direct relationship of each stakeholder with the different areas within the Company was considered, according to the identification and communication channels used. The topics and demands presented by them to TAESA were mapped, as well as in relation to the electric power sector, identified in benchmarking processes, investor evaluation and rating agencies.

MATERIALITY

Several sustainability-related issues were considered in the sector benchmarking and in the issues raised by each stakeholder with the respective internal areas of the Company. Positive and negative impacts (potential and effective), interests and expectations of the parties were assessed. The economic context and the growth projections for the sector and TAESA were analyzed together with its Mission, Vision and Values.

SUSTAINABILITY CONTEXT

With the support of a consulting firm, the context of current sustainability and its specific reality in the electric power sector were identified, evaluating public information from several available sources, including the materials made available by other Brazilian companies in the sector.

COMPLETNESS

Each material topic covers all concessions operated by TAESA, the locations where it has direct and indirect influence, as well as the entire internal and external public affected

Having established those guidelines, the following principles were applied to define the quality of the report:

- **Accuracy:** concerns the clarity of methodology and the way in which each indicator is measured and reported. For each material item, the management is described and the associated performance is measured.
- **Balance:** the report considers positive and negative performances, as well as the identification of required improvements and opportunities.
- **Clarity:** when a practice does not fully cover all concessions, or when any voluntary initiative by the Company has local/regional coverage, this information is clearly presented.
- **Comparability:** in cases where the management was already controlled and documented with a history of previous years, said data will be presented. When adopting the Global Reporting Initiative (GRI) methodology from the years following the current report, the comparative history of the previous three years will be built.

The fact of following the structure allows comparability with GRI documents from other companies and organizations in the electric power sector.

- **Reliability:** all data compiled and reported has its registration in specific software and the information source identified in other internal controls, allowing its traceability and verification. Since the GRI reporting process is being implemented based on the data for 2020, internal audit and verification are not yet expected. Currently, there are internal audit steps in various information regarding the Company. The Company understands that it is important to create a maturity curve for adherence to the GRI methodology, so that, subsequently, as a continuous improvement step, plan verification/assurance processes focused on the report itself. There were also no external checks.

- **Timeliness:** to keep stakeholders constantly updated, the Company decided that the report will be prepared annually. Furthermore, considering said periodicity, always there is a information reformulation in relation to previous years, such change will be indicated in the text.

The previous report, referring to the 2019 period, was released in May 2020 and is available at [institutional and IR websites](#) of **TAESA**. Regarding the information presented in that document, the following changes are highlighted:

- In 2020, the SPT, SJT and Lagoa Nova concessions were merged, resulting in the equivalent of 854 km of transmission lines that are currently overed in this report.
- At ETAU, in June 2020, **TAESA** took over the operation of Campos Novos and Barra Grande Substations and the respective TL stretch between them.

- The Mariana project remained under implementation under the responsibility of **TAESA** until May 25, 2020, when the partner company took over its operation.
- The performance of Brasnorte and Miracema indicators is expected to increase since they have operated throughout the year 2020.

This report was prepared in accordance with the GRI Standards: Essential Option.

The actions described are presented in line with the UN Global Compact and the Sustainable Development Goals (SDGs). They reflect the compilation of performance information between January 1 and December 31, 2020 for the concessions merged into **TAESA** and those in which the company has all the shares.



[Questions regarding this document and suggestions are welcome and can be forwarded to the email \[ambiental@taesa.com.br\]\(mailto:ambiental@taesa.com.br\).](#)

CORPORATE STRUCTURE

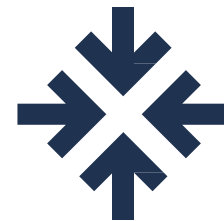
GRI 102-12



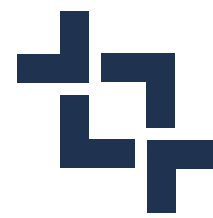
HUMAN RIGHTS



ENVIRONMENT



LABOR



ANTI-CORRUPTION

Since it is a publicly-held company, **TAESA** entered into the Agreement on Adoption of Differentiated Corporate Governance Practices with the São Paulo Stock Exchange (Bovespa) as of October 5, 2006. By means of this instrument, the Company complied with the “Regulation of Differentiated Level 2 Corporate Governance Practices” and with the “Regulation of the Market Arbitration Chamber”, both issued by B3 S.A. – Brasil, Bolsa, Balcão (B3 S.A.).

TAESA is also subject to the documents issued by the Brazilian Corporate Governance Institute (IBGC) and the Brazilian Securities and Exchange Commission (CVM). The different levels of Be S.A. Corporate Governance are defined as follows:

LEVEL 1

It requires the disclosure of some additional information in addition to those required by law, such as, for example, an annual calendar of corporate events. Maintenance of at least 25% of the shares in circulation in the market (free float)

LEVEL 2

It is the most similar level to the new market and the main difference that the Company may hold preferred shares (PN). You are entitled to tag along and vote on specific matters, such as approval of merger of company mergers.

NEW MARKET

Higher level of corporate governance requiring greater transparency in the information provided by the Company with the exclusive issuance of common shares (ON). It has the right to tag along and the board of directors must be formed with a minimum of 5 members and a unified mandate of 2 years, with at least 20% of the members must be independent directors.

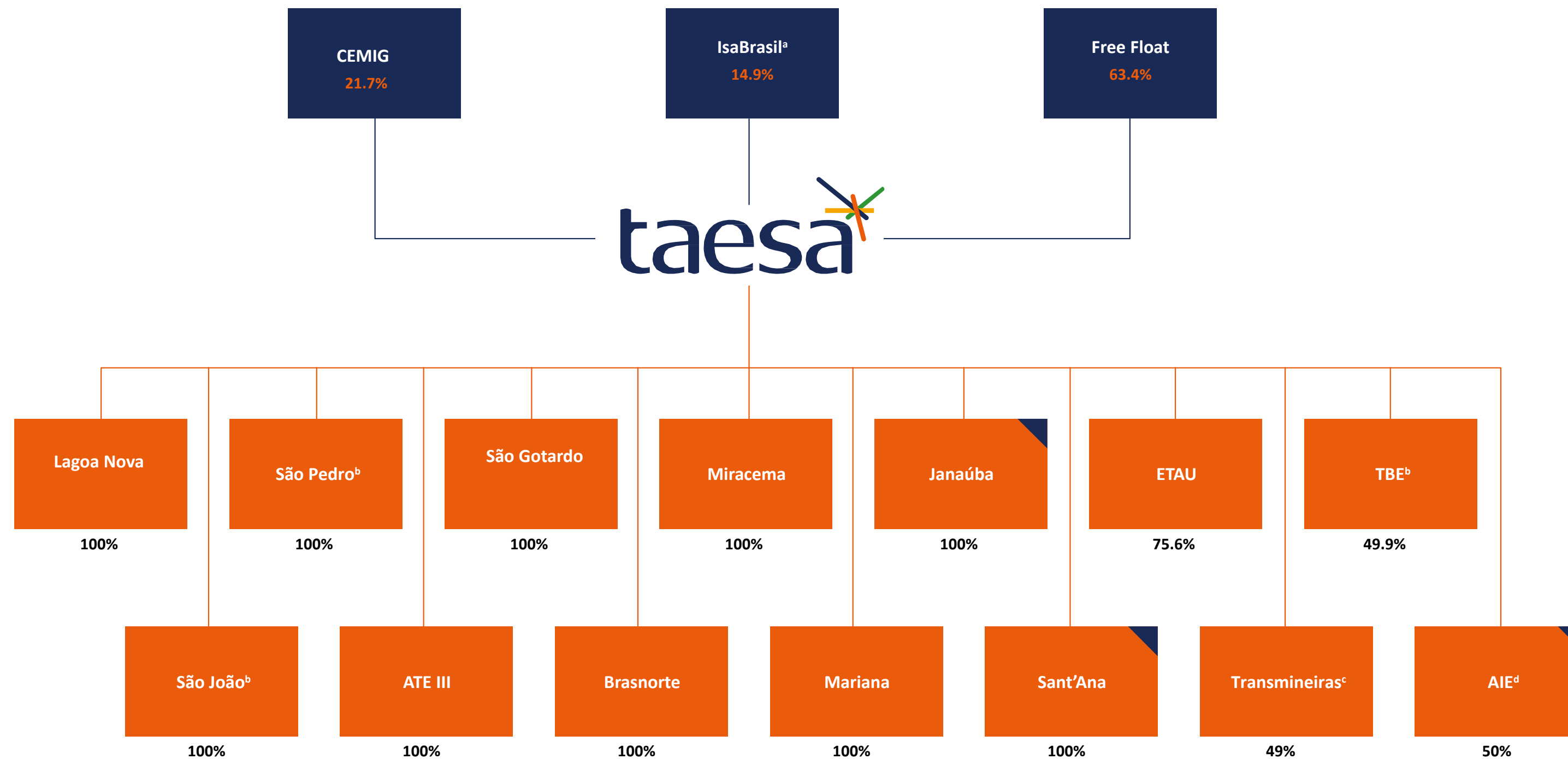
Although it is registered at Level 2 of Corporate Governance, the company adopts several measures included in the New Market (Novo Mercado) level, as follows:

NEW MARKET (AS OF 01/02/2018)	REQUIREMENTS MET BY TAESA
Minimum of 3 members (pursuant to legislation), of which at least 2 or 20% (whichever is greater) must be independent.	Four Independent Board Members.
Presentation of additional policies, such as: compensation; appointment of members of the Board of Directors, its Advisory Committees and the Statutory Executive Board; risk management; and transaction with related parties.	The Company already has the Related Party and Risk Management Policies
Regulations of the Board of Directors, of its advisory committees and of the Audit Committee, when installed.	Existence of internal regulations of the Board of Directors and Audit Committee.
Required implementation for duties related to Compliance, internal controls and corporate risks, and the practice of holding multiple operating activities is forbidden.	The Company has a specific area for addressing compliance matters, internal controls and corporate risks, which does not accumulate operating activities.
Installation of audit committee, whether statutory or non-statutory, is mandatory and must meet the requirements stated in the regulation: breakdown and duties.	The Company has an internal audit area with an independent operating arm reporting to the Audit Committee.



The image below shows

TAESA's corporate structure in 2020.



a. ISA Investimentos e Participações do Brasil S.A.

b. In 2018, the Company announced the purchase of four operating assets from Ambar Energia Ltda. The acquisition of São João Transmissora de Energia S.A. and São Pedro Transmissora de Energia S.A. was completed on February 14, 2020. The closing of the transaction for acquiring Triângulo Mineiro Transmissora de Energia S.A. and São Bartolomeu Transmissora de Energia S.A. is still subject to the fulfillment of precedent conditions.

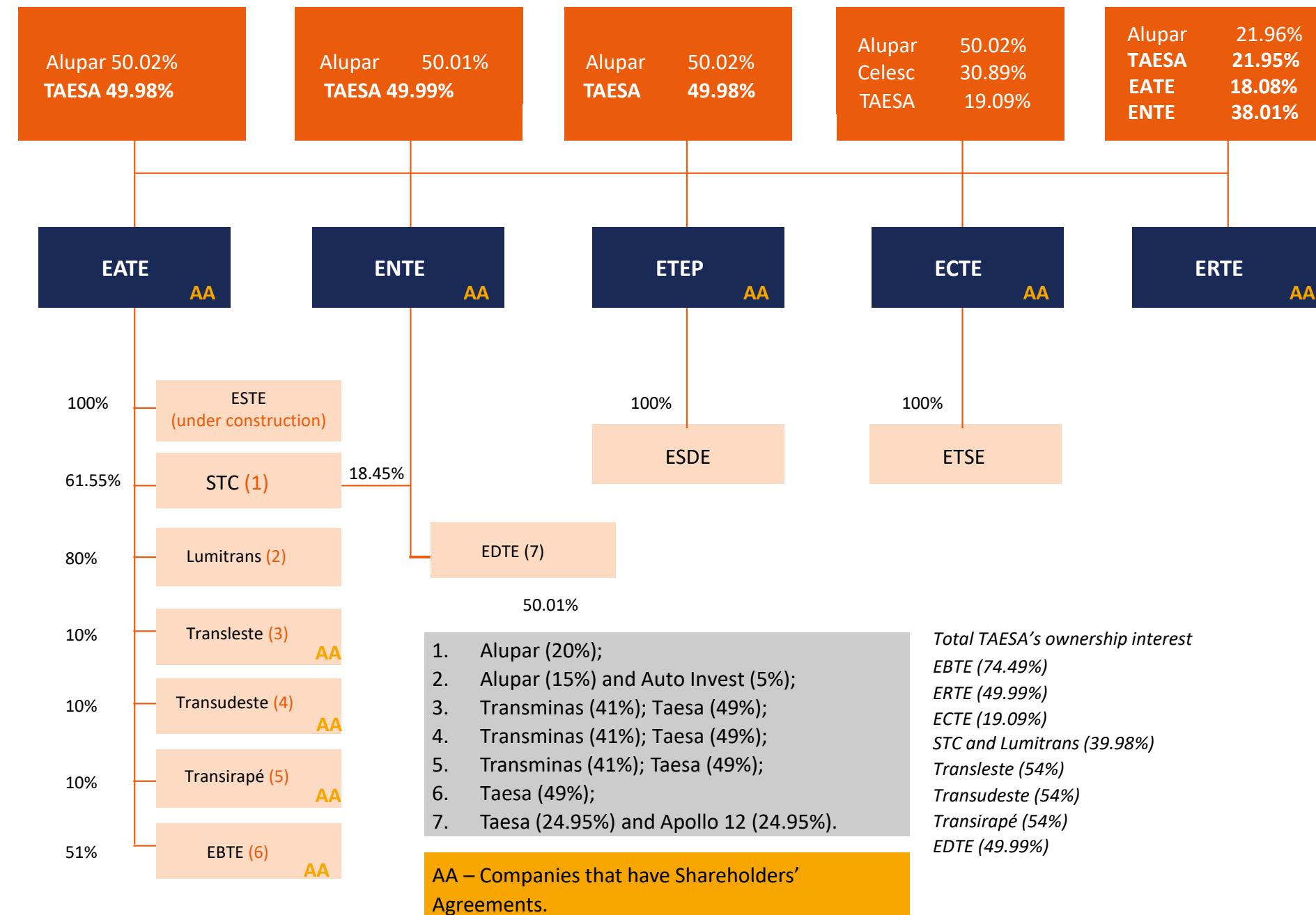
c. Transmineiras is a set of TAESA's ownership interest in three concessions: Transirapé (54.0%), Transleste (54.0%) and Transudeste (54.0%).

d. Transmissora Brasileira de Energia (TBE) is a economic group, result of a partnership with majority shareholders, TAESA and Alupar, currently responsible for 15 concessions.

e. Aliança Interligação Elétrica (AIE) is an economic group in partnership with companies TAESA and ISA CTEEP, currently responsible for implementing three new projects.

under construction

CORPORATE ORGANIZATION CHART – TBE



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

UNITED NATIONS GLOBAL COMPACT

Aiming to corroborate its contribution to sustainability, **TAESA** joined the United Nations Global Compact in 2019, an initiative that promotes a dialogue between companies, corporations and UN bodies on social and environmental responsibility policies.

The Compact is currently the world's largest corporate sustainability initiative, with over 13,000 members spread across 160 countries. The central idea of the Global Compact is to promote the social dimension of globalization. To this end, this initiative seeks to engage the international business community in ten principles related to Human Rights, decent work, the environment and the fight against corruption.

*TBE or TBE Group is a group of 15 electric power transmission concessionaires - indirect participation.

STATUTORY INFORMATION

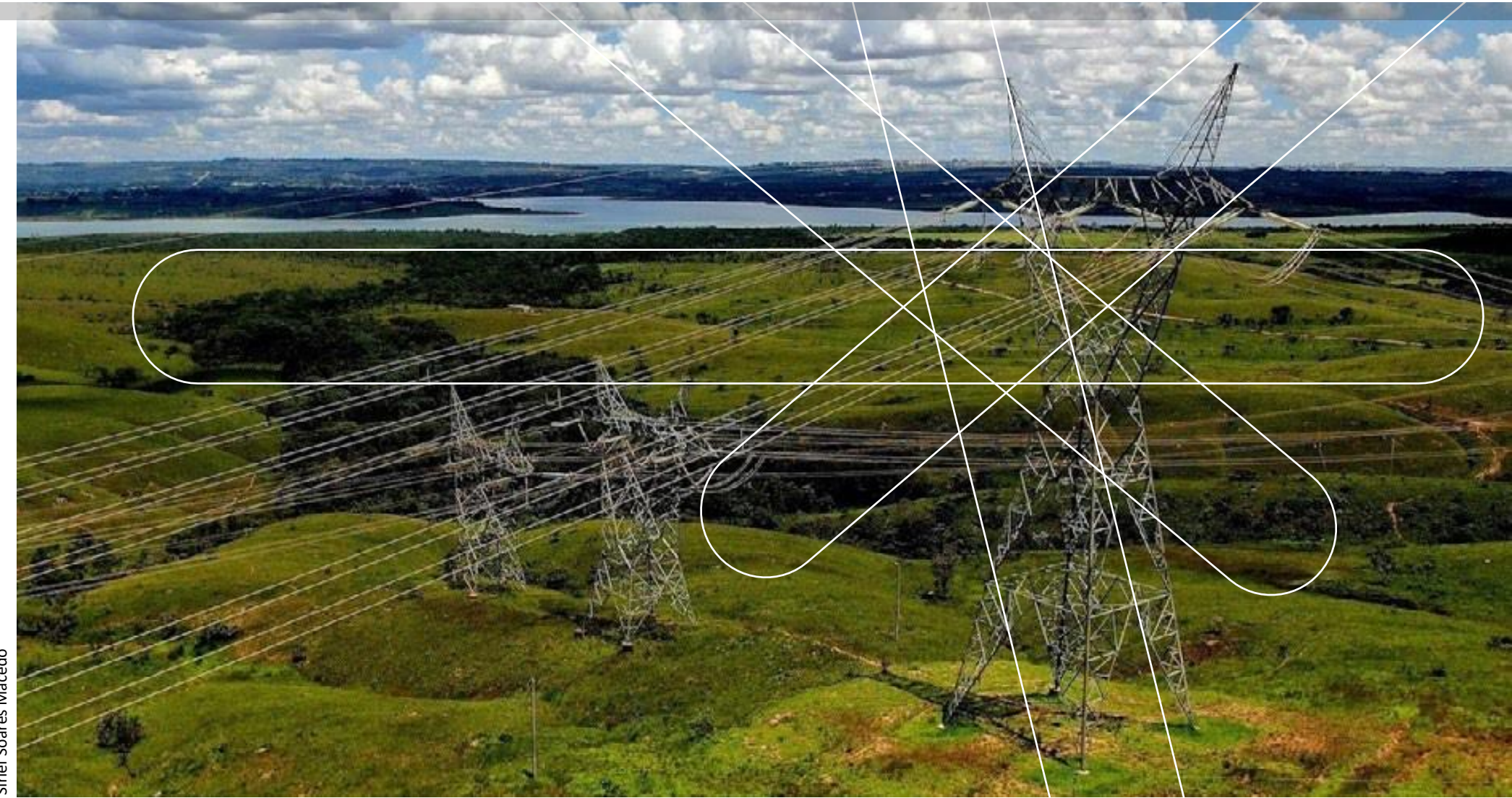
CAPITAL

TAESA's capital totals three billion, sixty-seven million, five hundred and thirty-five thousand, one hundred and ninety-three reais and twenty-eight centavos (R\$ 3,067,535,193.28), fully subscribed and paid-up. This amount is represented by one billion, thirty-three million, four hundred and ninety-six thousand, seven hundred and twenty-one (1,033,496,721) shares, of which five hundred and ninety million, seven hundred and fourteen thousand and sixty-nine (590,714,069) common shares and four hundred and forty-two million, seven hundred and eighty-two thousand, six hundred and fifty-two (442,782,652) preferred shares. All shares are nominative, book-entry and with no par value.

SHAREHOLDERS' AGREEMENT

The controlling shareholders of **TAESA** – Companhia Energética de Minas Gerais – CEMIG and ISA Investimentos e Participações do Brasil S.A. (ISA Investimentos) –, they have a Shareholders' Agreement with a view to regulating the joint management of the company. The purpose of this agreement is to govern the relationships and establish the rights and obligations of the controlling shareholders, specifically:

- The assumptions and principles to be adopted by CEMIG and ISA Investimentos with respect to the Agreement, to the Company and to its subsidiaries.
- The exercise of voting rights in the Company and its subsidiaries and associated companies.
- The form of administration of **TAESA** and its subsidiaries.
- The capitalization, investment, financing and dividend policies.
- The rules applicable to the encumbrance and transfer of shares.
- The preemptive right in the subscription of shares and other securities issued by the Company.
- The form of dispute settlement.



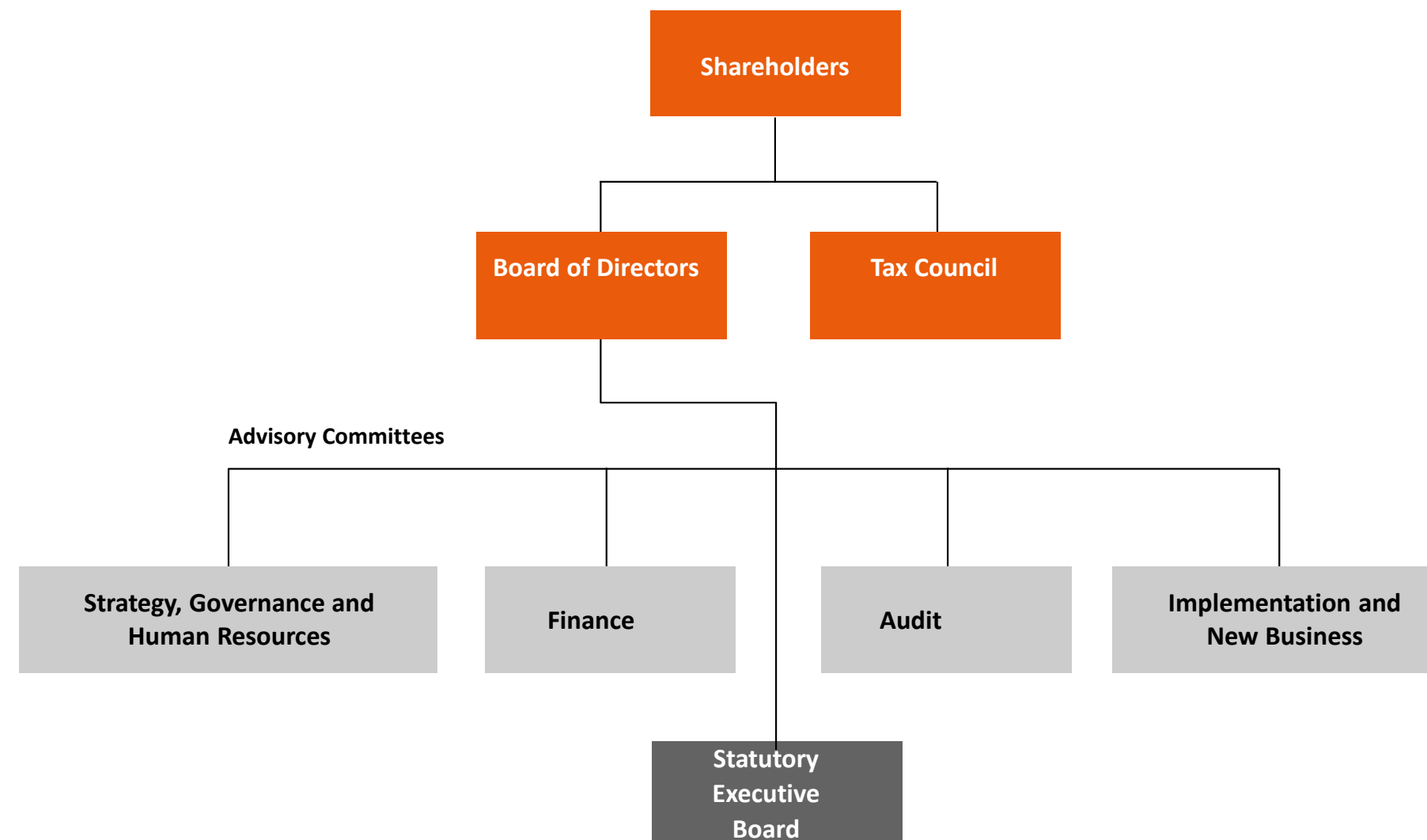
GOVERNANCE FRAMEWORK

GRI 102-18
GRI 102-22
GRI 102-23



LABOR

The main **TAESA**'s governance bodies are organized according to the diagram below, with their composition and duties detailed below.



BOARD OF DIRECTORS

It is comprised by thirteen (13) effective members Brazil residents or residents of other countries, elected by the General Meeting, with a unified term of office of one (1) year, with reelection permitted. ISA Investimentos is responsible for appointing four (4) members, while CEMIG is responsible for appointing five (5) members.

The other members of the Board of directors are elected pursuant to item 5.3 of Corporate Governance Regulation Level 2 of B3 S.A. – Brasil, Bolsa, Balcão S.A. (B3 S.A).

After the election of the board, the Chairman of the Board of Directors is chosen from among the elected members, having among his or her responsibilities the calling and chairing of the board's meetings. The positions of Chairman of the Board of Directors and Chief Executive Officer of the company cannot be accumulated by the same person.

The Board of Directors acts in accordance with the assignments provided for in **TAESA**'s Bylaws, in its Internal Regulations, and in the applicable legislation in force, also respecting the provisions of the shareholders' agreement.

Its duties include electing and removing the members of the Executive Board, in addition to overseeing the performance of duties. It is also incumbent upon the Board of Directors to decide on participation in public competitions promoted by ANEEL or by any representative of the Concession Grantor with the authority to do so.

Currently, the members of the Board of Directors do not occupy an executive position in the Company, including the Chairman of the Board.

BOARD OF DIRECTORS

Reynaldo Passanezi Filho – President
Daniel Faria Costa
Paulo Mota Henriques
José João Abdalla Filho
Bernardo Vargas Gibsone
César Augusto Ramírez Rojas
Fernando Augusto Rojas Pinto
Fernando Bunker Gentil
Luis Augusto Barcelos Barbosa
François Moreau
Celso Maia de Barros
Hermes Jorge Chipp

Mr. Rafael Falcão Noda, elected at the Annual Shareholders' Meeting held on April 30, 2020, resigned as Officer on December 4, 2020, and the CEMIG shareholder has not appointed a replacement for the position to date.

The identification of each member, the summary of the respective curricula, information on other positions and important commitments, as well as the nature of these commitments, are available at [website](#) and in the Company's 2020 Reference Form.

AUDIT COMMITTEE

TAESA's Audit Committee is a permanent body, formed by a minimum of three (3) and a maximum of five (5) members and their respective alternates, whether shareholders or not, elected by the General Meeting. The aforementioned Board has duties and powers defined by law, and its main responsibilities are to supervise the management's activities, express an opinion on the Company's financial statements and report its conclusions to the shareholders. Its performance is independent of the Company's management and its independent auditors.

AUDIT COMMITTEE

HOLDERS

Manuel Domingues de Jesus e Pinho
Chairman

Júlia Figueiredo Goytacaz Sant'Anna Custódio

Antonio de Mattos

Murici dos Santos

Marcello Joaquim Pacheco

ALTERNATE MEMBERS

João Henrique de Souza Brum Luiz Felipe da Silva Veloso
Eduardo José de Souza

Renato Venícus da Silva

Alberto Jorge Oliveira da Costa

EXECUTIVE BOARD

TAESA's Executive Board is comprised of six (6) board members, shareholders or who are not necessarily shareholders, resident in the country, being one (1) Chief Executive Officer, one (1) CFO and Investor Relations Officer, one (1) Technical Director, one (1) CLO and Regulatory Officer, one (1) Implementation Officer and one (1) Chief Business and Ownership Interest Management Officer.

All members of the Executive Board are elected by the Board of Directors, with an unified mandate of two years, being removable at any time. The accumulation of positions and the reelection of members, in whole or in part, is allowed, as determined by the Board of Directors.

Up to 1/3 (one third) of the Board of Directors members may be elected for the position of Officer.

Currently, the Chief Technical Officer has the role of Chief Legal and Regulatory Officer.

EXECUTIVE BOARD MEMBERS

CEO

André Augusto Telles Moreira

CFO and Investor Relations Officer

Erik da Costa Breyer

Chief Business and Ownership Interest Management Officer

Fábio Antunes
Fernandes

Chief Technical Officer/ Chief Legal and Regulatory Officer

Marco Antônio Resende Faria

Implementation Officer

Luis Alessandro Alves



[Detailed information about the profile and curriculum of the members of the Boards and the Executive Board, and about the duties of each Committee, are available on TAESA's website.](#)

RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

GRI 102-20



ENVIRONMENT

The Executive Board and the Board of Directors of **TAESA** deliberate on economic, environmental and social issues. As set forth in the Bylaws, the Executive Board is responsible for Exercising the powers of the general administration and management of the Company's activities, except those reserved to the Board of Directors and/or the General Meeting.


Thus, the topics are initially addressed within the scope of the Executive Board and, depending on their competence, taken to the Board of Directors, with prior transit through the appropriate advisory committees, which guide the Board of Directors on the aforementioned matters.

TAESA's Bylaws does not provide for an executive position with express mention of competence for social topics. However, the Chief Technical Officer is responsible for defining, directing and implementing plans and processes related to the Operation and Maintenance of Assets, Engineering, Asset Management, Health, Environment and Safety, as well as Reinforcements and Improvements areas, ensuring alignment with the requirements and regulations involved, so that TAESA always be in compliance with the environmental policies defined for the sector.

Also under the terms of the Bylaws, the CFO and Investor Relations Officer is responsible for ensuring the financial management of the company, considering that the economic issues have a greater scope and are decided by the collegiate bodies of the Executive Board and the Board of Directors.

In relation to the officers, the Bylaws provide for that the Chief Executive Officer is accountable for his acts to the Board of Directors. The other Directors, on its turn, account for their acts to the Chief Executive Officer and are also subject to supervision by the Board of Directors, pursuant to the Brazilian Corporations Act.

REMUNERATION POLICIES

 GRI 102-35 | GRI 102-38

At **TAESA**, the compensation policies applied to the Board of Directors and the Statutory Executive Board are organized according to the following criteria:

- The Company does not have a specific formalized compensation policy for the Board of Directors and the Executive Board. The compensation of officers and Board Members is ultimately approved by the Company's shareholders annually, considering the proposal of the Management, which, in turn, complies with the opinion of the Strategy, Governance and Human Resources' Committee. On the other hand, the evaluations of the Strategy, Governance and Human Resources' Committee are supported by salary surveys that take into account the comparison of positions with similar duties and responsibilities in companies in the same segment or that have good Human Resources and Corporate Governance practices.

The results presented by the surveys are compared to the Company's practices and evaluated by the Strategy, Governance and Human Resources' Committee, which makes its recommendations to the Board of Directors, which is then responsible for approving any change or maintenance of the proposal.

- The variable compensation aims to direct the actions of the members of the Statutory Executive Board to the fulfillment of the Company's strategic objectives, in order to meet the interests of its investors, clients and other stakeholders, subjecting itself to the achievement of individual and collective goals.

- The Company may, at its sole discretion, indemnify members of the Statutory Executive Board in the event of removal prior to the end of their respective term of office.
- The Santander private pension plan is made available to the Statutory Board, whose employer's contribution is 8.5% of the directors' fees. The beneficiary can opt for an individual contribution without limitation.

3.70

proportion of the total annual compensation paid to the person with the highest total annual compensation in relation to the average of all the Company's employees in Brazil.

R\$ 936,653.23

total annual compensation of the Company's highest paid individual in Brazil

R\$ 171,492,521.28

total annual compensation of all employees (excluding the highest paid person) of the Company in Brazil.

CODE OF ETHICAL CONDUCT AND COMPLIANCE

 GRI 102-16

HUMAN RIGHTS



ENVIRONMENT



LABOR



ANTI-CORRUPTION

The Code of Ethical Conduct and Compliance aims to guarantee and establish general guidelines for behavior to be observed and followed in relation to standards of ethical conduct during the performance of professional activities. All activities, operations, products and services from **TAESA** must be guided by the guidelines of the Code and comply with the requirements of pertinent internal and external regulations. The document is applicable to all employees, interns, board members, officers, service providers, suppliers and related parties, being mentioned in the contracts.

As the Bylaws of **TAESA**, the Chief Executive Officer is responsible for ensuring the guidance of the audit (internal and external), risks, controls and compliance areas, so as to establish the required policies, processes and controls, aiming at ensuring the adherence between the practices adopted and formal requirements that regulate the sector.

The [Code of Ethical Conduct and Compliance](#), approved by the Board of Directors, is available on the institutional and Investor Relations website in Portuguese, English and Spanish, in addition to the Intranet. It has a digital acceptance term, that can only be signed after reading all the content.

GENERAL ETHICAL PRINCIPLES

The negotiation of contracts, agreements, proposals to amend the Bylaws, as well as the policies that guide the full Company, must be based on ethical and integrity principles, such as:

LEGALITY

TAESA values compliance with laws and other rules of conduct and rejects the involvement of its employees with people who carry out illegal activities or are financed with capital from illegal sources.

HONESTY

TAESA does not accept any use of corruption or similar measures in any of its forms.

RESPONSIBILITY

TAESA and its employees must assume the consequences of their actions, considering the impact on the community and the environment, as well as sustaining long-term business growth.

TAESA'S FIVE PRINCIPLES

GOOD MANAGEMENT

Commit itself to lead and manage the company in a balanced and conscious manner at all levels, always providing and aiming for higher quality standards.

RESPECT

Acting a compatible manner with the rules of social and corporate interaction, in the best interest and well-being of everybody.

FAIRNESS

Maintain a constant balance between the particular and general interests of the individual and the company, of all shareholders and of each supplier.

TRANSPARENCY

Act in a clear, reliable and integral manner in all activities performed within the company.

LOYALTY

Do not deprive the company of opportunities, nor take advantage of an opportunity to the detriment of the Company's interests, so as not to agree with third parties if they are in a position to divert a TAESA's opportunity for their own benefit.

CONFLICTS OF INTEREST

GRI 102-25



It occurs when a behavior or decision within the scope of the work activity can generate an immediate or deferred advantage for the individual, his/her family members or acquaintances at the expense of the corporate interest.

Conflicts of interest have a direct effect on the person involved, limiting or influencing his/her objectivity of judgment. Anyone who sees or believes to be involved in a conflict of interest, feels constrained to manage a professional situation due to outside influences or if he/she does not feel free in his/her decisions and in the performance of his/her own activities, he/she should inform this to the person responsible or other persons indicated by the corporate procedures.

Therefore, you will receive clarifications on how to behave, regardless of the type of courtesy or benefits received, the degree of kinship and familiarity or other variables.

At **TAESA**, compliance with the following general rules is mandatory:

- In relation to courtesies or other forms of gifts, the Company prohibits the acceptance of items with an established value greater than US\$ 100 or that are a source of doubt about its purpose, except those received from other companies, suppliers and clients, provided that the estimated commercial value is compatible with the idea of courtesy. To accept gifts over US\$100, the employee must inform his/her manager (at least of managerial level) and the Compliance area.
- The cases of first-degree relatives of employees, suppliers, customers, competitors or sectorial authorities should be indicated when their activity or function may have a reflection on the Company.

In such cases, the administrators must take measures to avoid any type of incompatibility arising from this situation.

- According to the Code of Ethical Conduct and Compliance, aiming to prevent corruption-related behavior or behaviors that may be interpreted as such, the Company establishes a uniform conduct with respect to its own external courtesies. In general, they should aim to promote exclusively the image of the Company and its brand. Due to this reason, **TAESA** does not accept any form of gift that may be interpreted as being above the ordinary business practices or courtesy, or in any way aimed at obtaining favors in the performance of any activity. Specifically, the Company prohibits any form of gift that may influence the independence of judgment – or induce the obtainment of any advantage – aimed at public officials, auditors, board members or their respective family members.

- Exceptional situations must be submitted to the General Executive Board of **TAESA** and reported to the Board of Directors. In any case, the Company refrain from practices not authorized by Law, by commercial uses or by the Codes of Ethics – if any – of the companies or entities with whom it has relations.

In accordance with the policy on the topic, the members of the Board of Directors must monitor and manage potential conflicts of interest of the directors and Board members.

Any officer or member of the Board of Directors, Audit Committee or Ethics Committee who, in a particular resolution, has a particular or conflicting interest with those of **TAESA**, must immediately express the existence of said conflict.

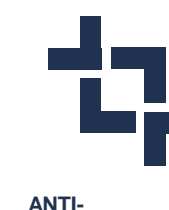
Furthermore, it is mandatory to voluntarily withdrawing temporarily, including physically, to refrain from participating in the discussions and deliberations on the matter that is the subject of the conflict. Said temporary withdrawal must be recorded in the minutes, mainly applicable in relation to abuses in transactions between related parties.

If the board member does not speak out about the existing situation, and another individual is aware of the fact, he or she can do so as soon as the conflict of interest is identified.

In votes submitted to the General Meeting, if any conflict of interest in relation to the Company's shareholders is proven, the votes cast in conflict must be disregarded by the Chairman, with due recording in the minutes.

ETHICS GUIDELINES

GRI 102-17



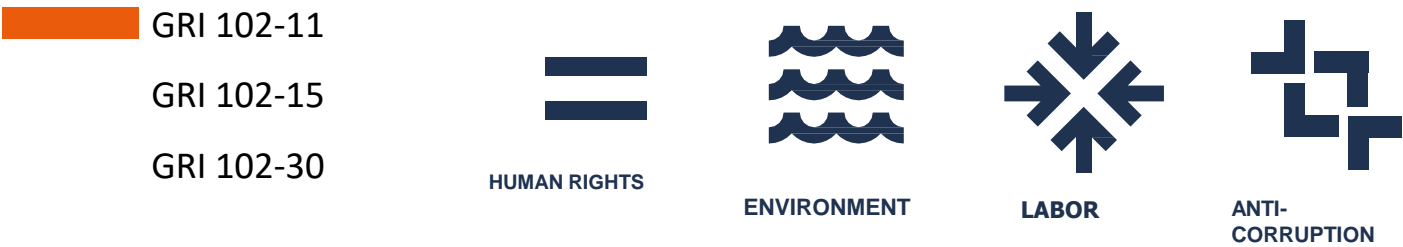
Guidance can be requested by emails and phone numbers from the Compliance and the Ethics Committee. As for possible unethical conduct, **TAESA** has a reporting channel hosted internally, but also open to the external public on the institutional website.

access in the Code of Ethical Conduct and Compliance, on the intranet and by means of communications, in addition to addressing the topic in onboarding lectures to new employees. Email and phone numbers from the responsible area are also available, as well as the mail address for reports to be forwarded to the Ethics Committee.

The reporting channel is available via the Internet full-time, with access in Portuguese. The reporting is received by the Ethics Committee, and the investigation process is conducted by the Compliance area, which delivers the investigation report to the committee responsible for determining whether any disciplinary measures will be adopted, to be applied by the Human Resources area.

All reports or requests for information are treated confidentially. The channel offers the option of anonymity, confidentiality of information and protection to the informer in good faith against any type of retaliation, as recommended in the Code and the Policy for the Receipt and Treatment of Reports.

RISK MANAGEMENT



TAESA's Bylaws assigns to the Executive Board the responsibilities for identifying and monitoring risks inherent to the development of its businesses.

The Board of Directors, in turn, is responsible for establishing the general guidelines for the Company's businesses and overseeing the performance of the officers. Specifically by means of its committees, must analyze and opine on the action plans for correcting the processes and minimizing the risks identified. It also acts to assess the consistency of the legal analysis of potential new investments or divestments, addressing corporate aspects,

tax, labor and environmental aspects, as well as any other risks arising from the investment and respective strategies or measures that may mitigate them. The Board of Directors is also responsible for reviewing and updating the Code of Ethical Conduct and Compliance.

Aiming to meet the requirements of a highly regulated business and offer security to its managers and shareholders, **TAESA** has the Audit, Risk and Compliance Management, which reports to the Executive Board and is composed of the following structures:



TAESA has a Risk Management Policy that aims to establish principles, guidelines and responsibilities to be observed in the corporate risk management process.

- **Internal Audit** – carries out investigations and works on operational, financial and accounting audits, pursuant to the plan approved by the Audit Committee, in addition to supervising the fraud prevention system. It is an independent structure and reports to the Audit Committee.
- **Risk management** – identifies, analyzes, addresses and monitors the Company’s risks.
- **Internal controls** – implements and monitors the system of internal controls.
- **Compliance** – ensures business compliance with internal policies, resolutions of supervisory and regulatory bodies and national and international laws. The Company provides annual training for all employees, officers and board members on ethical conduct and compliance. This training is mandatory and, together with corporate campaigns related to the Code of Ethical Conduct and Compliance, it is part of the awareness process on the topic.

TAESA has a Risk Management Policy, approved by the Executive Board on April 10, 2016 and last revised on July 8, 2019, which aims to establish principles, guidelines and responsibilities to be observed in the corporate risk management process. The focus is to enable the proper identification, assessment, treatment, monitoring and communication of risks.

Moreover, the company has a Risk Management Manual and Internal Controls, whose purpose is to establish procedures to enable the implementation and compliance with the Risk Management Policy.

The Manual defines the risk categories: of financial origin (market, credit and liquidity risk) and non-financial origin (operational, image, strategic, regulatory, social and environmental and technological risk), with different impact dimensions (financial, compliance, operational and image).

The Manual also presents concepts and guidelines on the conduct of the management process according to the risk appetite in force, defining that the risks classified as

“Moderate”, “High” or “Critical” must be mitigated, while risks rated “Low” do not require the implementation of additional internal controls for mitigation. Any exception to the rule must be validated by the Statutory Board.

Observing this, the Health, Environment and Safety Policy and the Biodiversity Policy consider the Precautionary Principle, to avoid, minimize, mitigate or offset negative impacts, based on operational controls, action plans and assessment of social and environmental aspects.

Also in relation to documents, a Risk Dictionary is available, with definitions and classifications of risks inherent to business processes.

In the Company’s view, the existing rules and mechanisms are sufficient to ensure an appropriate risk management. These guidelines are accessible on the Process Portal (intranet), as well as disclosed in the Governance Report. The list of **risk factors** can also be found on the Investor Relations website of TAESA.



3

ECONOMIC AND FINANCIAL DIMENSION

[FINANCIAL INDICATORS](#) [48](#)

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[INDIRECTOS FINANCIAL INSTRUMENTS](#) [57](#)

FINANCIAL INDICATORS

GRI 102-45

GRI 201-1



The consolidated financial statements were prepared according to accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The entities that are part of the consolidated financial statements are: TAESA, ATE III, Brasnorte, Janaúba, Lagoa Nova, Mariana, Miracema, Sant'Ana, São Gotardo, São João and São Pedro.

Accounting practices adopted in Brazil comprise those included in the Brazilian Corporations Act and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncement Committee (CPC) and approved by the Federal Accounting Council (CFC) and Brazilian Securities Commission (CVM). The consolidated financial statements were approved by the Executive Board, Audit Committee and the Board of Directors on March 3, 2021.



ECONOMIC AND FINANCIAL INDICATORS - DETAILS OF THE STATEMENT OF ADDED VALUE

GENERATION OF WEALTH (R\$ thousand)	2020			2019 (restated)	
	R\$ 000	%	Δ %	R\$ 000	%
Operating income (Gross income from sales of electric power and services)	3,874,611	104.32	0.91	2,029,872	104.88
(-) Inputs (inputs acquired from third parties): purchase of energy, materials, outsourced services, etc.)	(1,017,919)	-27.41	0.83	(557,751)	-28.82
= Gross added value	2,856,692	76.91	1.01	1,472,121	76.06
(-) Reintegration quotas (depreciation, amortization)	(15,280)	-0.41	0.16	(13,201)	-0.68
= Net added value	2,841,412	76.50	0.95	1,458,920	75.38
+ Added value transferred (financial income, equity in income of subsidiaries)	872,755	23.50	0.83	476,561	24.62
= Added value payable	3,714,167	100.00	0.92	1,935,481	100.00

DISTRIBUTION OF WEALTH – BY
STAKEHOLDERS

	2020		2019 (restated)	
	R\$ 000	%	R\$ 000	%
Employees	141,055	3.80	114,562	5.92
Government (taxes, rates, contributions and sector charges)	795,849	21.43	359,066	18.55
Lenders	514,336	13.85	355,736	18.38
Withheld	656,553	17.68	449,723	23.24
Shareholders	1,606,374	43.25	656,394	33.91
= Distributed added value (total)	3,714,167	100.00	1,935,481	100.00

DISTRIBUTION OF WEALTH – GOVERNMENT AND SECTORIAL
CHARGES

	2020		2019 (restated)	
	R\$ 000	%	R\$ 000	%
Taxes/rates/contributions	728,641	91.56	283,077	78.84
PIS and COFINS	245,517	30.85	113,633	31.65
CORPORATE INCOME TAX/SOCIAL CONTRIBUTION	456,255	57.33	148,584	41.38
Other	26,869	3.38	20,860	5.81
Sectorial charges	67,208	8.44	75,989	21.16
RGR	38,647	4.86	49,510	13.79
P&D	15,308	1.92	13,940	3.88
CDE	4,893	0.61	4,041	1.13
PROINFA	2,488	0.31	3,157	0.88
TFSEE	5,872	0.74	5,341	1.49
= Distributed value (total)	795,849	100.00	359,066	100.00

OTHER INDICATORS	2020		2019 (restated)
	R\$ 000	Δ %	R\$ 000
Gross operating income (R\$ thousand)	3,874,611	95.44	2,029,872
Deductions from income (R\$ thousand)	(313,325)	67.11	(189,882)
Net operating income (R\$ thousand)	3,561,286	98.40	1,839,990
Operating costs and expenses for services (R\$ thousand)	(1,200,523)	70.02	(706,114)
Income (loss) from rendering of services (R\$ thousand)	2,360,763	114.88	1,133,876
Gain (Loss) on acquisitions of companies	-	-100.00	9,811
Financial income (R\$ thousand)	(475,523)	83.75	(258,797)
Equity in net income of subsidiaries (R\$ thousand)	833,942	172.23	369,811
IRPJ/CSSL (R\$ thousand)	(456,255)	217.10	(148,584)
Net income (R\$ thousand)	2,262,927	125.77	1,106,117
EBTITDA (R\$ thousand) – adjusted	3,209,985	126.34	1,526,699
EBTITDA (R\$ thousand) – adjusted	2,376,043	113.70	1,156,888
EBITDA Margin (%) – standard	90.14%	14.08	82.97%
EBITDA Margin (%) – adjusted	66.72%	7.71	62.87%
Current liquidity	2.81	-21.69	3.58
General liquidity	1.36	-4.07	1.42
Gross Margin (net profit/gross operating income) (%)	58.40%	15.52	54.56%
Net Margin (net profit/shareholders' equity) (%)	37.55%	84.59	22.16%
Capital Structure			
Own capital (%)	42.69%	-2.62	44.19%
Third-party capital (%)	57.31%	2.05	55.81%
Customer default (accounts overdue up to 90 days / Gross operating income in the last 12 months)	0.003552	-51.58	0.007165



BALANCE SHEET AS OF DECEMBER 31, 2020 AND 2019

(AMOUNTS EXPRESSED IN THOUSANDS OF REAIS – R\$)

12/31/2020
12/31/2019
(restated)

Assets		
Current assets		
Cash and cash equivalents	896,031	82,562
Securities	-	2,337,228
Accounts receivable from concessionaires and permissionaires	190,378	128,177
Concession contract asset	1,015,498	855,975
Current taxes and social contributions	124,355	101,782
Dividends and JCP receivable	50,332	101
Other accounts receivable and other assets	83,567	62,605
Total current assets	2,360,161	3,568,430
Non-current assets		
Securities	9,586	4,586
Accounts receivable from concessionaires and permissionaires	19,635	18,869
Concession contract asset	8,356,699	5,230,513
Other accounts receivable	41,526	18,691
Judicial deposits	44,870	33,176
Derivative financial instruments	157,169	44,107
Investments	2,952,525	2,239,298
Right-of-use	28,934	33,772
Property, plant and equipment	44,742	22,667
Intangible assets	89,572	78,660
Total non-current assets	11,745,258	7,724,338
Total assets	14,105,419	11,292,769

Liabilities		
Current liabilities		
Suppliers	85,086	91,200
Loans and financing	121,355	10,395
Debentures	319,473	724,086
Lease liability	8,911	8,521
Current taxes and social contributions	55,157	40,731
Regulatory fees	62,536	68,796
Dividends and JCP payable	105,931	11
Other accounts payable	83,194	52,761
Total current liabilities	841,643	996,501
Non-current liabilities		
Loans and financing	922,669	414,557
Debentures	4,857,916	4,158,834
Derivative financial instruments	47,061	1,271
Lease liability	22,462	26,811
Deferred taxes and social contributions	763,630	309,000
Deferred taxes	524,897	334,543
Provision for labor, tax and civil risks	44,338	31,278
	9	457
Other accounts payable	54,442	29,136
Total non-current liabilities	7,237,872	5,305,891
Total liabilities	8,079,515	6,302,392
Shareholders' equity		
Capital stock	3,042,035	3,042,035
Capital reserve	598,736	598,736
Profit reserve	1,944,396	1,287,843
Additional dividends proposed	456,035	61,763
Other comprehensive income	(15,298)	-
Total shareholders' equity	6,025,904	4,990,377
Total liabilities and shareholders' equity	14,105,419	11,292,769

STATEMENT OF INCOME FOR THE YEAR 2020 AND 2019

	2020 (Restated)	2019
infrastructure's implementation income, inflation adjustment of the concession, operation and maintenance contract assets and others, net	2,903,468	1,334,813
Compensation of concession contract assets	657,818	505,177
Net operating income	3,561,286	1,839,990
<i>Operating costs</i>		
Personnel	(72,654)	(56,069)
Material	(922,080)	(477,662)
Outsourced services	(40,483)	(29,057)
Depreciation and amortization	(7,200)	(5,007)
Other operating costs	(5,562)	(6,223)
	(1,047,979)	(574,018)
Gross income	2,513,307	1,265,972
<i>General and administrative expenses</i>		
Personnel and management	(93,961)	(78,256)
Outsourced services	(32,380)	(32,523)
Depreciation and amortization	(8,080)	(8,194)
Other operating expenses	(18,123)	(13,123)
	(152,544)	(132,096)
Gains on companies' acquisitions	-	9,811

Income (loss) before net financial income (expenses), equity accounting, and taxes and contributions	2,360,763	1,143,687
Equity income (loss)	833,942	369,811
Financial income	38,813	96,939
Financial expenses	(514,336)	(355,736)
Net financial income (expenses)	(475,523)	(258,797)
Income (loss) before taxes and contributions	2,719,182	1,254,701
Current income tax and social contribution	(27,698)	(4,014)
Deferred income and social contribution taxes	(428,557)	(144,570)
Income tax and social contribution	(456,255)	(148,584)
Net income for the year	2,262,927	1,106,117
Interest of Non-controlling Shareholders	2,262,927	1,105,661
Non-controlling interest	-	456
Earnings per share		
Earnings per common share – Basic and diluted (in R\$)	2.18958	1.07027
Earnings per preferred share – Basic and diluted (in R\$)	2.18958	1.07027

STATEMENT OF ADDED VALUE FOR THE YEAR 2020 AND 2019

(Amounts expressed in thousands of Reais – R\$)

	2020	2019 (Restated)
Income		
Compensation of concession contract assets	657,818	505,177
Inflation adjustment of concession contract assets	1,007,626	164,354
Operation and maintenance	676,162	607,244
Infrastructure implementation	1,523,739	752,819
Variable portion	(23,136)	(15,278)
Other income	32,402	15,556
	3,874,611	2,029,872
Inputs acquired from third-parties (Including tax amounts - ICMS, IPI, PIS AND COFINS)		
Materials, Energy, outsourced services and other	(994,943)	(539,242)
General, administrative and other expenses	(22,976)	(18,509)
	(1,017,919)	(557,751)
Gross added value	2,856,692	1,472,121
Depreciation and amortization	(15,280)	(13,201)
Net added value produced by the Company	2,841,412	1,458,920
Added value received as transfer		
Equity income (loss)	833,942	369,811
Financial income	38,813	96,939
Net gain from acquisitions of companies	-	9,811
	872,755	476,561
Total added value payable	3,714,167	1,935,481

Distribution of personal added value

Direct remuneration	91,344	72,038
Benefits	41,593	37,002
FGTS	8,118	5,522
	141,055	114,562

Taxes, rates and contributions

Federal (include ANEEL's regulatory fees)	794,741	358,402
State	276	206
Municipal	832	458
	795,849	359,066

Third-party capital compensation

Debt charges, inflation adjustment and exchange-rate changes, net	586,886	344,252
Derivative financial instruments	(87,417)	(5,538)
Financial leases	2,697	3,070
Other	12,170	13,952
	514,336	355,736

Compensation of own capital

Interim dividends paid	811,756	320,051
Interest on shareholders' equity paid	232,674	274,124
Legal reserve	-	50,093
Tax benefit reserve	25,083	19,071
Special reserve	631,470	380,559
Additional dividends proposed	456,035	61,763
Mandatory dividends	105,909	-
Non-controlling interest	-	456
	2,262,927	1,106,117
Total added value paid	3,714,167	1,935,481

INDIRECT ECONOMIC IMPACTS

GRI 102-15 | GRI 203-1 | GRI 203-2



LABOR

In its relationship with the various stakeholders, **TAESA** is responsible for producing indirect economic impacts, including:

- **Creating employment opportunities and hiring labor:** positive impact, of local scope and temporary duration (usually during mobilization and construction). For the implementation of the transmission undertakings (currently Janaúba and Sant'Ana), direct jobs are generated, either from specialized and mobilized personnel from other regions, or from unskilled labor recruited locally. There may be an increase in indirect jobs, due to the demand for food, lodging and general services.

- **Restriction of land use and occupation:** negative impact, of local and permanent scope. The right-of-way is the strip of land along the axis of the transmission line, whose domain remains with the owner. However, it has restrictions on use and occupation, necessary to ensure the safety of the transmission line facilities and the neighboring population. The restrictions already occur in the implementation phase and are permanent during all years of operation. Any type of construction is not allowed in the right-of-way, crops that usually use fires to clean the area, large crops, such as eucalyptus and pine, irrigation systems, colonization grass, among others.

Aiming to mitigate this impact, compensation for the establishment of the administrative right-of-way is negotiated, at fair prices and in accordance with the economic value of that land use. However, this can be seen as an economic impact due to the limitation of new uses to be made.

- **Increase in the goods and services market and tax collection:** positive impact, of local scope and temporary duration (generally, during mobilization and construction).

, fostering new projects and undertakings. In the planning and mobilization phase of the construction infrastructure, the offer of jobs and income begins, with an increase of

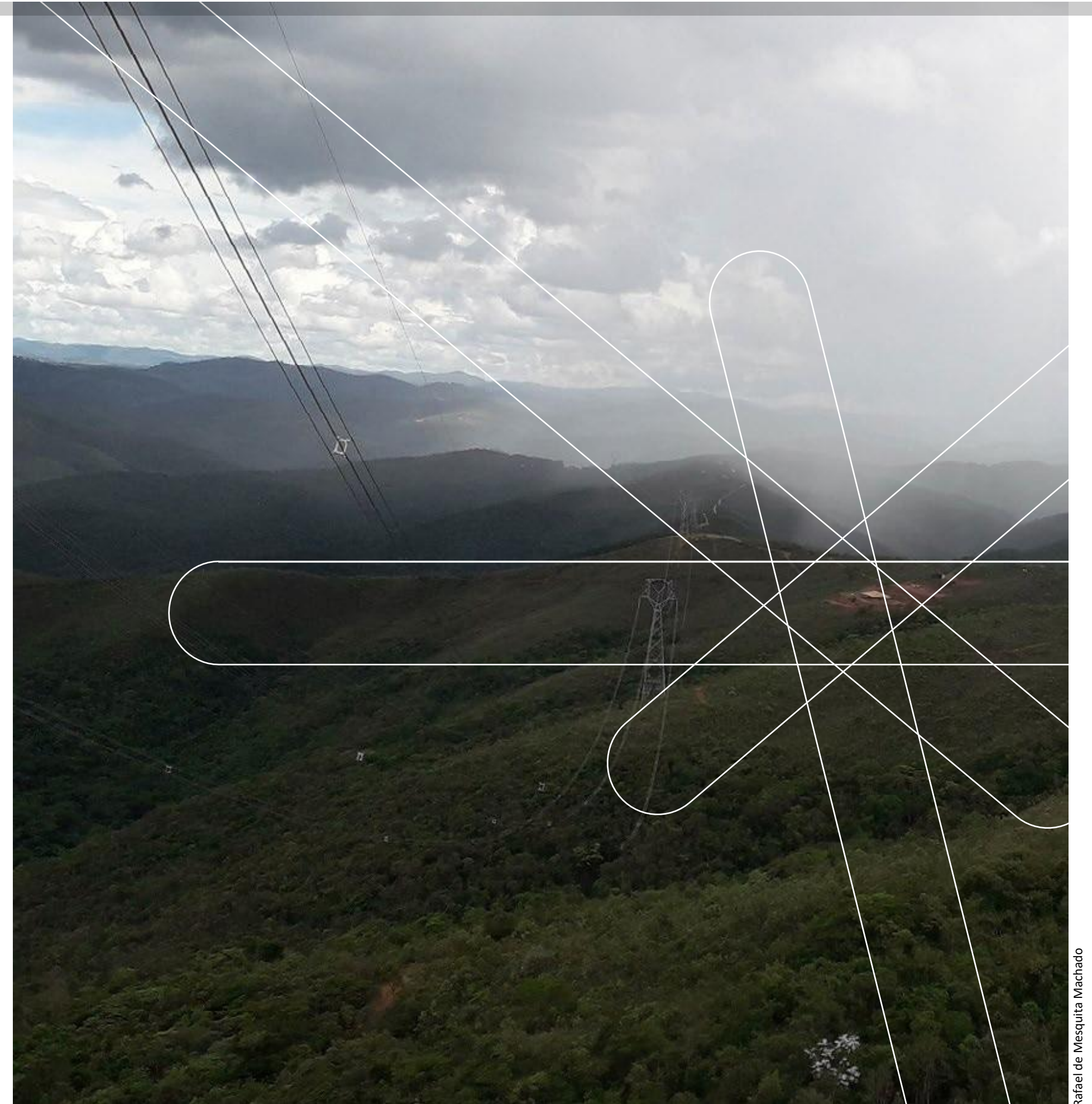
financial funds to the local economy. With the start of construction, the demand for goods and services increases and heats up the market. There is also an increase in municipal tax collections, through the collection of Service Tax (ISS) and Value-Added Tax (ICMS), which are levied on indirect services developed in the context of economic expansion in the region.

- **Real estate devaluation:** negative impact, of local and permanent scope. The presence of high voltage transmission lines in the properties can generate depreciation of the property and real estate devaluation. However, studies show that this devaluation has been insignificant in the sale value of land affected by transmission lines. When it occurs, it is mainly for the property where the towers are leased.

- **Increase in the availability of energy in the National Integrated System (SIN):** positive impact on a national and permanent scale, also affecting external references, as it may increase the attractiveness of investments in the country. The quality and expansion of the electricity supply has gained more importance for distributors and consumers. It is through the improvement and security of the electrical system that the different sectors develop, creating products and services that boost economic and social development.

It is worth highlighting that the works move the local economy with commerce, housing, inputs, etc. In addition, labor can be hired in the region of the undertaking, according to the supply and training of professionals.

To calculate the values, in Mariana, investments in the project in 2020 totaled R\$ 17.4 M; in Janaúba, R\$ 655.1 M; and in Sant'Ana, R\$ 151.0 M.



In 2020, investments in projects totaled R\$ 56,177,645.46, with 13 reinforcement and 35 improvement projects

In relation to the Reinforcement and Improvement Projects of the undertakings in operation, the implementation needs are suggested by ANEEL or identified by the Company, based on possible demands for technical feasibility, according to organizational and systemic criteria.

Therefore, said initiatives, in addition to contributing to the supply capacity of the electrical system,

In 2020, investments made in Projects, including 13 Reinforcements and 35 Improvements, totaled R\$ 56,177,645.47. We highlight below the most relevant initiatives concluded or underway in the last year and the expected effects of their implementation:

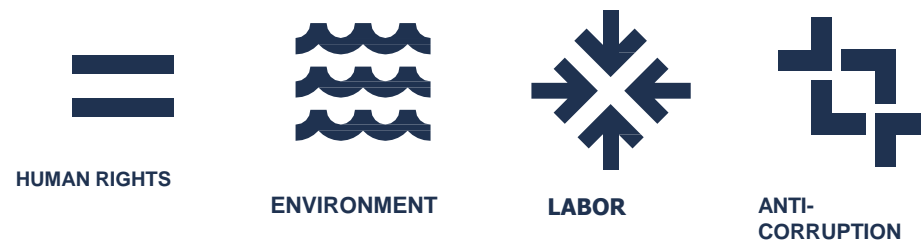
- Reinforcements authorized by ANEEL for the implementation of the second 230/138 kV autotransformer at the Rio Grande II Substation and at the Barreiras Substation – increased transmission capacity, improved performance and systemic reliability and reduced risk of operational restriction.

- Replacement of the existing battery banks of the Auxiliary Current Service for the Substations São João do Piauí (ATE II), Ribeiro Gonçalves (ATE II), Sobradinho (ATE II), Colinas 3 (ATE III), Marabá (ATE III), Carajás (ATE III) and Maçambará (STE), with the purpose of maintaining the safety and proper operation of the facilities.
- Expansion of the Camaçari II Substation control room due to the installation of new rectifiers and battery banks.
- Acquisition of polymeric insulators to replace glass insulators – increase the flow distance and the hydrophobicity level of the chains along the entire line and, as a consequence, there is a decrease of partial discharges and better performance in atmospheric pollution environments. Thus, it minimizes the possibility of unwanted shutdowns, increasing the reliability of the system and reducing the risk of damage to the connected equipment.

- Replacement of 3/8 EHS steel lightning conductor cables with OPGW lightning conductor cables for the 500kV Sapeaçu-Camaçari II transmission line - selectivity gains in teleprotection and increased reliability of protection systems.
- Adaptation to the new configuration of SE Ribeiro Gonçalves, allowing greater reliability in the supply of auxiliary services, as required by the Grid Procedures.
- Modernization of PSD Synchronizers – increases the reliability of the system through the installation of synchronizers with superior technology to the existing ones. Minimizes the risk of failure in the operation of opening and closing circuit breakers and damage to equipment connected to the electrical system. Empowers the team through training to be given by the equipment manufacturer.

FINANCIAL INSTRUMENTS

GRI 102-15



RISK MANAGEMENT STRUCTURE

Risk management of the Company and its subsidiaries intends to identify and analyze risks considered relevant by Management, such as market risks (currency, interest rate and other operating risks), credit and liquidity risks. **TAESA** and its subsidiaries do not contract or trade financial instruments, including derivative financial instruments for speculative purposes.

CAPITAL RISK MANAGEMENT

The Company and its subsidiaries manage its capitals to ensure the maintenance of its regular activities and, at the same time, maximize return to all stakeholders or parties involved in its operation, through debt and equity balance optimization. Capital structure is formed by net indebtedness, that is, loans and financing, derivative financial instruments, debentures, and lease liability, less cash and cash equivalents, securities, and shareholders' equity.

CATEGORIES OF FINANCIAL INSTRUMENTS – REAIS/THOUSAND

	CONSOLIDATED		PARENT COMPANY	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial assets				
Fair value through profit or loss:				
- Securities	9,586	2,341,814	4,708	1,603,473
- Cash equivalents - Interest earning bank deposits	889,348	81,805	663,669	74,973
Amortized cost:				
- Cash and banks	6,683	757	1,263	422
- Accounts receivable from concessionaires and permissionaires	210,013	147,046	176,308	135,618
- Advance Apportionment and Adjustment Portion	4,126	-	2,617	-
	1,119,756	2,571,422	848,565	1,814,486
Financial liabilities				
Fair value through profit or loss:				
- Loans and financing	508,167	396,154	508,167	396,154
- Debentures	-	2,306	-	2,306
- Derivative financial instruments	(157,169)	(42,836)	(157,169)	(42,836)
Fair value through other comprehensive income				
- Derivative financial instruments	47,061	-	47,061	-
Other financial liabilities at amortized cost:				
- Suppliers	85,086	91,200	36,858	48,026
- Loans and financing	535,857	28,798	470,495	21,451
- Debentures	5,177,389	4,880,614	4,330,430	4,113,935
- Lease liability	31,373	35,332	30,221	33,474
- Advance Apportionment and Adjustment Portion	3,432	18,241	-	14,950
	6,231,196	5,409,809	5,266,063	4,587,460

MARKET RISK MANAGEMENT

Exchange rate

On December 31, 2020, the Company had 8.27% (R\$ 508,167) of its total debt (loans and financing, debentures, financial instruments and lease liability) linked to foreign exchange rate. To mitigate this risk, the Company contracted derivative financial instruments (swap) to protect total principal and interest future payments from fluctuations in US dollar and in interest rate (Libor). The Company intends to settle both instruments on the same date.

Foreign exchange risk is the risk that fair values of a financial instrument future cash flows change due to changes in foreign exchange rates. The exposure to risk of changes in foreign exchange rates, refer mainly to the obligations involving borrowings, financing, financial investments and securities, subject to variable exchange rates.

In Brazil, the depreciation of Real against Dollar may give rise to a price increase in all economic areas. A scenario of currency instability with eventual depreciation of the Brazilian real may cause loss to the results of **TAESA** in future periods. The company is subject to exchange rate risk on loans indexed to a currency other than that used in the functional context, the Real (R\$).

Interest rate

The Company and its subsidiaries' income is adjusted on a monthly basis at inflation rates. In case of deflation, the concessionaires will have their income reduced. In case of sudden increase of inflation, the concessionaires could not have their income timely adjusted, consequently suffering impacts on income (loss). To minimize the risk of raising insufficient funds with adequate costs and reimbursement periods, **TAESA** permanently monitors the obligations' payment schedule and cash generation.

There were no changes in Company's market risk nor in the management and measurement method of these risks in relation to the last report. The Company and its subsidiaries are exposed to fluctuations of floating interest rate for loans and financing, debentures and financial investments. This risk is administered by monitoring changes in interest rates and by maintaining a proper mix of assets and liabilities denominated in floating interest rates.

Moreover, the Company contracts different interest rate swaps, in which the agrees to exchange, at specific intervals, the difference between the amounts of the variable interest rates (CDI) calculated based on the notional principal amount agreed between the parties. Said swaps are intended to hedge the debenture obligations that are the hedge object. On December 31, 2020, after considering the effect of interest rate swaps, approximately 83.08% of the debentures issued by **TAESA** were subject to inflation adjustment + a fixed rate.

To minimize the risk of raising insufficient funds with adequate costs and reimbursement periods, **TAESA** permanently monitors the obligations' payment schedule and cash generation.

HEDGE ACCOUNTING ACTIVITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives not designated as hedge instruments

In the management of its exposures, the Company raises loans in foreign currency and enters into swap contracts. These forward currency contracts are not designated as cash flow hedges, fair value hedges or net investment hedges, but are entered into for periods consistent with the currency transaction exposures.

The Company and its subsidiaries contract derivative financial instruments to administer their exposure to risk related to foreign exchange rate, i.e., foreign exchange swap without cash - US\$ versus CDI.

CITIBANK FOREIGN EXCHANGE SWAP – RENEGOTIATION	
Reference value (Notional) as of 12/31/2020	US\$98,592
Reference value (Notional) as of 12/31/2019	US\$98,592
The company's right to receive (long leg)	(3-month Libor + Spread: 0.34%) – ⁽¹⁾ 1.17647
The company's obligation to pay (short position)	106.0% CDI
Maturity on	05/10/2023
Long position - 12/31/2020	508,167
Short position - 12/31/2020	(350,998)
Swap assets (liabilities) as of 12/31/2020 ⁽²⁾	157,169
Swap assets (liabilities) as of 12/31/2019 ⁽²⁾	43,907
Amount receivable (payable) as of 12/31/2020	157,169
Amount receivable (payable) as of 12/31/2019	43,907
Fair value as of 12/31/2020	157,169
Fair value as of 12/31/2019	43,907
Gains (losses) - 01/01/2020–12/31/2020	110,319
Gains (losses) - 01/01/2019–12/31/2019	4,840

(1) Factor 1.17647 represents gross up of income tax owed upon amortization and interest payments.

(2) Unrealized gains recorded in the parent company's balance sheet and in consolidated, deriving from swaps.

The transactions are registered with clearance and custody chambers. There is no margin deposited in guarantee, and the operation has no initial cost.

HEDGE RATING	HEDGED ITEM	HEDGE INSTRUMENT	REFERENCE VALUE	INDEX	MATURITY	GAIN (LOSS) IN OTHER COMPREHENSIVE INCOME
						12/31/2020
Cash flow hedge	Debenture indexed at 108% of CDI	Swaps	50,000	IPCA + 3.94%	05/15/2026	2,859
			50,000	IPCA + 3.91%	05/15/2026	2,883
			100,000	IPCA + 4.00%	05/15/2026	5,491
			50,000	IPCA + 3.53%	05/15/2026	4,115
			50,000	IPCA + 3.66%	05/15/2026	2,302
			100,000	IPCA + 3.99%	05/15/2026	5,530
						23,180

Changes in derivative financial instruments

LENDER	12/31/2019	INTEREST, INFLATION ADJUSTMENT AND EXCHANGE-RATE CHANGE	FAIR VALUE ADJUSTMENT (INCOME)	FAIR VALUE ADJUSTMENT (OCI)	HEDGE ACCOUNTING ADJUSTMENTS	(PAYMENTS) RECEIPTS	12/31/2020
SWAP contract (Citibank 4131)	(43,907)	(112,295)	1,984	-	-	(2,951)	(157,169)
SWAP contract (Santander)	128	7,523	-	7,832	826	(849)	15,460
SWAP contract (BR Partners)	995	9,005	-	8,373	826	(1,044)	18,155
SWAP contract (Itaú)	77	3,014	-	2,860	327	(332)	5,946
SWAP LP Agreement (ABC Brasil)	(129)	3,352	-	4,115	327	(165)	7,500
	(42,836)	(89,401)	1,984	23,180	2,306	(5,341)	(110,108)

LENDER	12/31/2018	INTEREST, INFLATION ADJUSTMENT AND EXCHANGE-RATE CHANGE	FAIR VALUE ADJUSTMENT (INCOME)	(PAYMENTS) RECEIPTS	12/31/2019
SWAP contract (Citibank 4131) ¹	(29,853)	(6,497)	1,657	(9,214)	(43,907)
SWAP contract (Santander) ²	-	1,038	(826)	(84)	128
SWAP contract (BR Partners) ²	-	1,083	(826)	738	995
SWAP contract (Itaú) ²	-	(265)	(327)	669	77
SWAP LP Agreement (ABC Brasil) ²	-	(248)	(327)	446	(129)
	(29,853)	(4,889)	(649)	(7,445)	(42,836)

¹ Derivative financial instrument and loan measured at fair value.

² Financial instrument measured at fair value and debentures at amortized cost.

SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS AND DERIVATIVES

The company and its subsidiaries carried out sensitivity analyses’ tests as required by the accounting practices, prepared based on net exposure to variable rates of relevant derivative and non-derivative asset and liability financial instruments outstanding at the end of this report’s period. Thus, it is assumed that the value of assets and liabilities below were outstanding during the entire period, adjusted based on rates estimated for a probable scenario of risk behavior that may generate adverse results, in case it occurs.

The rates used to calculate the probable scenarios are referenced by an independent external source. These scenarios are used as the basis to define two additional scenarios with deterioration of 25% and 50% in risk variable (scenarios A and B, respectively) considered for net exposure, when applicable, as follows:



Douglas Guimaraes Braga

	PROBABLE SCENARIO	SCENARIO A (25% deterioration)	SCENARIO B (50% deterioration)	REALIZED UP TO 12/31/2020 ANNUALIZED
CDI (i)	4.00%	5.00%	6.00%	2.75%
IPCA (i)	3.82%	4.78%	5.73%	4.52%
Libor (ii)	0.1755%	0.2194%	0.2633%	0.2373%

(i) According to data disclosed by the Central Bank of Brazil (BACEN) – Focus Report/ - Mediana Agregado – on February 19, 2021.

(ii) As rates disclosed on Bloomberg website on February 19, 2021.

SENSITIVITY ANALYSIS OF THE NET EXPOSURE OF FINANCIAL INSTRUMENTS TO AN INCREASE IN INTEREST RATES AND/OR FOREIGN EXCHANGE	BALANCE AT 12/31/2020	EFFECT IN INCOME BEFORE TAXES FROM JANUARY TO DECEMBER 2020 – INCREASE (DECREASE)		
		PROBABLE	SCENARIO A	SCENARIO B
Unhedged				
Financial assets				
Cash equivalents and securities				
- CDI	898,934	11,237	20,226	29,215
Financial liabilities				
Financing and debentures				
- CDI	906,998	(8,386)	(15,077)	(21,753)
- IPCA	4,465,058	22,988	(8,486)	(39,887)
		25,839	(3,337)	(32,425)
Hedged				
Financial liabilities (protected debt)				
Loans and financing				
- Libor	508,167	(223)	(502)	(780)
- Dollar	508,167	14,345	(109,110)	(232,566)
Derivatives				
Asset leg – Libor	(508,167)	223	502	780
Asset leg – Dollar	(508,167)	(14,345)	109,110	232,566
Liability leg – CDI	350,998	(3,245)	(5,835)	(8,418)
Net effect		(3,245)	(5,835)	(8,418)
Financial liabilities				
Debentures				
- CDI	401,034	(3,708)	(6,667)	(9,618)
- IPCA	448,095	2,307	(852)	(4,003)
Derivatives				
Asset leg – CDI	(401,034)	3,708	6,667	9,618
Short position – IPCA	(448,095)	(2,307)	852	4,003
Net effect		-	-	-



CREDIT RISK MANAGEMENT

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, thus causing the Company to incur financial losses. It is basically from investments held with banks and financial institutions.

Credit risk of funds and derivative financial instruments is limited because counterparties are represented by Banks and financial institutions that have satisfactory credit rating levels, showing great likelihood that no counterparty fails to comply with its obligations.

As regards credit risk deriving from client transactions and concession contract asset, Management understands that it is not necessary to recognize a provision for losses or credit analyses in relation to its clients.

This evaluation is based on the fact that CUST, executed into between ONS and network users, ensures receipt of amounts owed by users for services rendered through a Contract for the Constitution of Guarantee (CCG) and Bank Guarantee Letter (CFB).

It is through CUST that the management of the collection and settlement of charges for the use of transmission and the execution of the guarantee system is carried out, in which ONS acts on behalf of the transmission concessionaires. Main advantages of these protection mechanisms are: diluted risks, as every user pays all the transmission companies; financial guarantees provided individually by users; and payment discussions take place between transmission companies and users. In case of non-payment, the Company as a transmission agent may request ONS to resort to the user's bank guarantee in connection with the guarantee agreement (CCG) or bank letter of guarantee (CFB).

LIQUIDITY RISK MANAGEMENT

It is related to the risk of the Company and its subsidiaries of being unable to honor their obligations and their financial position. **TAESA** and its subsidiaries manage liquidity risk by maintaining proper reserves and bank credit facilities - and they also manage liquidity risk to raise loans - through monitoring cash flows and maturity profiles..

The table below shows in detail the remaining contractual maturity of non-derivative financial liabilities (and the contractual repayments terms of the Company and its subsidiaries). It was prepared in accordance with financial liabilities undiscounted cash flows based on the closest date in which the Company and its subsidiaries shall settle respective obligations. Includes interest and principal cash flows.

LOANS, FINANCING AND DEBENTURES	UP TO 01 MONTH	01–03 MONTHS	03–12 MONTHS	01–05 YEARS	>05 YEARS	TOTAL
Postfixed	4,736	1,605	576,895	3,088,555	4,566,104	8,237,895
Fixed	792	1,574	7,012	11,108	-	20,486
Derivative financial instruments		1,819	16,544	440,774	535,974	995,111
	5,528	4,998	600,451	3,540,437	5,102,078	9,253,492

MANAGEMENT OF OPERATING RISKS

It is the risk of direct or indirect losses arising from different causes related to the company's processes, personnel, technology and infrastructure and external factors, except credit, market and liquidity risks, as those arising from legal and regulatory requirements and from generally accepted corporate behavior standards:

Regulatory risks

Extensive governmental legislation and regulation issued by the following bodies: Ministry of Mines and Energy (MME), ANEEL, ONS, Ministry of Environment, Ministry of Labor and Brazilian Exchange and Securities Commission (CVM). If the Company infringes any provisions of applicable law or regulation, such infringement may result in the imposition of sanctions by the competent authorities.

Insurance Risk

Despite the adoption criteria for obtaining insurance against operating risks and civil liability to substations with the purpose of employing practices adopted by other representative companies in the activity, damage to transmission lines such as losses due to fire, lightning, explosions, short-circuits, and electricity outage are not covered by this insurance, which may give rise to significant costs and additional investments.

Risk of Construction and Development of Infrastructures

In the event TAESA and its subsidiaries shall expand business by constructing new transmission installations, it may incur in risks inherent to the construction activity, delays in the execution of the work, and potential environment damages that may result in costs not provided for and/or penalties.

If any delay or environmental damage occurs in connection with the construction and development of infrastructures, such events may adversely affect the operating performance of the Company and its subsidiaries or delay their expansion programs, in which case the financial performance of the Company or its subsidiaries could suffer an adverse impact.

Since they may depend on third parties to provide the equipment used in their facilities, they are subject to price increases and failures on the part of such suppliers, including delays or delivery of damaged equipment. Such failures could adversely affect the activities and have an adverse effect on the results.

Additionally, due to the technical specifications of equipment used in the facilities, some suppliers are at disposal and for certain items, only one is at disposal. If a supplier discontinues the production or stop the sale of any products purchased, they may not be able to acquire them with other suppliers. In this case, the provision of electricity transmission service provided may be materially affected, and the Company may be obliged to make not expected investments in order to develop or fund the development of new technology to replace the unavailable equipment, which may negatively impact the financial condition and operating income.

Risk of Interruption in Services

In case of interruption in services, the TAESA and its subsidiaries are subject to reduction in their income due to application of certain penalties, depending on the type, level and duration of service unavailability, as rules established by regulatory body. In case of extended interruptions, the effects may be relevant.

Technical Risk

The concessions' infrastructure is dimensioned according to technical directions imposed by local and international standards. Nevertheless, some event of Act of God or force majeure may cause economic and financial impacts bigger than those provided for in the original project. In such cases, the costs necessary to replace installations in operating conditions should be supported by the company and its subsidiaries, even if eventual unavailability of its transmission lines do not generate reduction in income (Variable Portion). If such risks materialize, the financial and operating performance could be adversely affected.

Litigation Risk

TAESA and its subsidiaries are parties to a number of lawsuits and administrative proceedings, followed-up by legal advisors. The Company periodically analyzes information made available by its legal advisors to conclude on likelihood of obtaining success in lawsuits, avoiding financial losses and damage in reputation, in addition to seek for cost effectiveness.

Top Management is responsible for developing and implementing controls to mitigate operating risks.



FAIR VALUE HIERARCHY OF DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS

The different levels are defined as follows:



There was no change in the level of these financial instruments in the year ended December 31, 2020.

FINANCIAL INSTRUMENTS STATED AT FAIR VALUE THROUGH PROFIT OR LOSS – REAIS/THOUSAND

	NOTE	12/31/2020	12/31/2019	FAIR VALUE HIERARCHY
Securities	7	9,586	2,341,814	Level 2
Cash equivalents - Interest earning bank deposits	6	889,348	81,805	Level 2
Financial assets		898,934	2,423,619	
Loans and financing	15	508,167	396,154	Level 2
Debentures	16	-	2,306	Level 2
Derivative financial instruments	21,5	(157,169)	(42,836)	Level 2
Financial liabilities		350,998	355,624	

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (HOWEVER, FAIR VALUE DISCLOSURES ARE REQUIRED)

Except as detailed in table below, Management considers that accounting values of other financial assets and liabilities not measured at fair value and recognized in this financial information approximate their fair values.

	NOTE	12/31/2020		12/31/2019		FAIR VALUE HIERARCHY
		BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE	
Consolidated						
Debentures – Financial liabilities	16	5,177,389	5,325,196	4,880,614	4,521,820	Level 2

DEBENTURES

Management considers that debentures' accounting balances, classified as "other financial liabilities at amortized cost" approximate their fair values, except when these debentures have Unit Price - PU in secondary market close to report period. Except for the 9th issuance of debentures by the Company and its subsidiary Janaúba, other issuances presented negotiations in secondary market on December 31, 2019 and 2020, whose fair values were measured based on these quotations.

As regards other financial assets and liabilities not measured at fair value, Management considers that book values approximate fair values, as: they have average receipt/ payment period of less than 60 days; they are concentrated on fixed income securities remunerated at CDI rate; and there are no similar instruments with comparable maturities and interest rates.



4

SOCIAL AND SECTORIAL DIMENSION

[GPEOPLE MANAGEMENT](#)

[69](#)

[EXTERNAL SOCIAL INDICATORS](#)

[82](#)

PEOPLE MANAGEMENT

GRI 102-8



TAESA has a Human Resources Policy applied to the entire company. The development process for employees must be understood as a business strategy and is an integral part of its management model. The strategic function of every investment related to this matter is to ensure, in the present and in the future, availability of the competences required to provide business leadership. By making continuous investments in the growth and development of its employees, TAESA prepares them to create and offer better results.

The Company ensures to all employees, in an ethical and transparent way that respects diversity, to equal opportunities and to the possibility of pursuing a solid career, receiving remuneration compatible with that offered on the market and attractive fringe benefits in a motivating and challenging environment. Acts as facilitator of the information flow, promoting two-way objective and direct communication, in a respectful and honest manner.

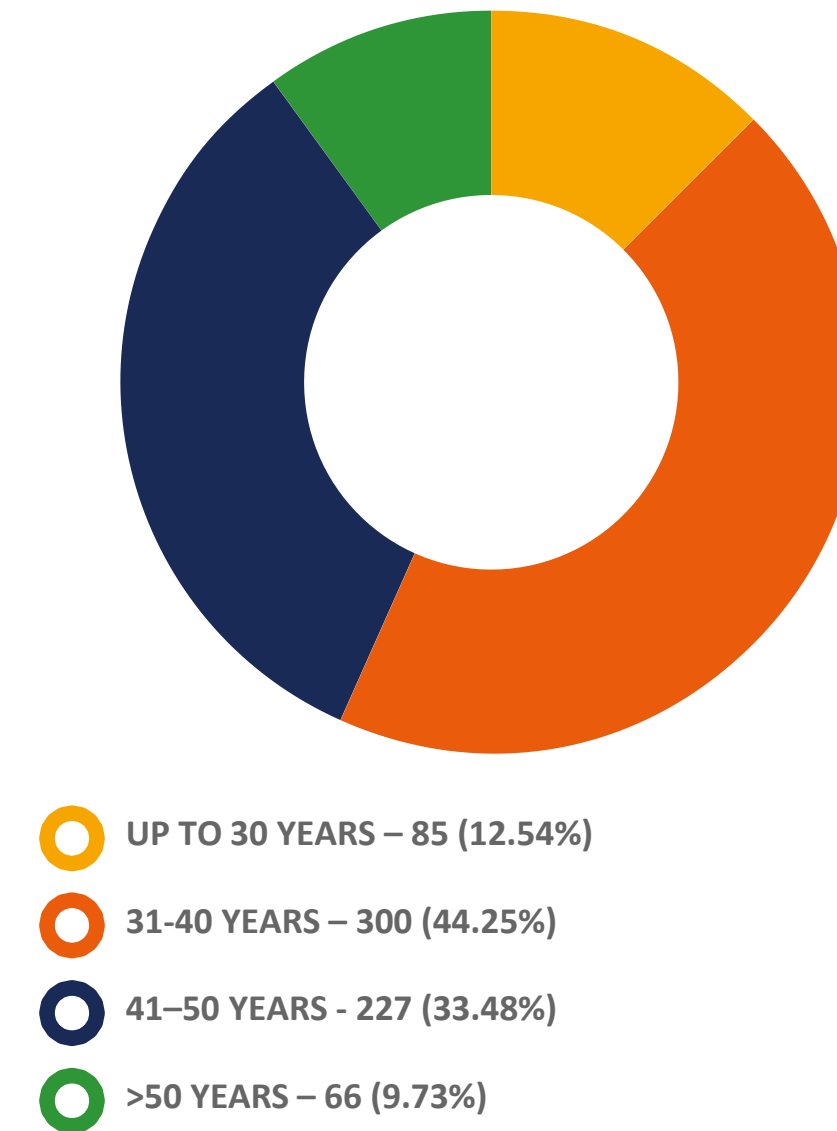
PROFILE OF PROFESSIONALS ON 12/31/2020

678
employees*

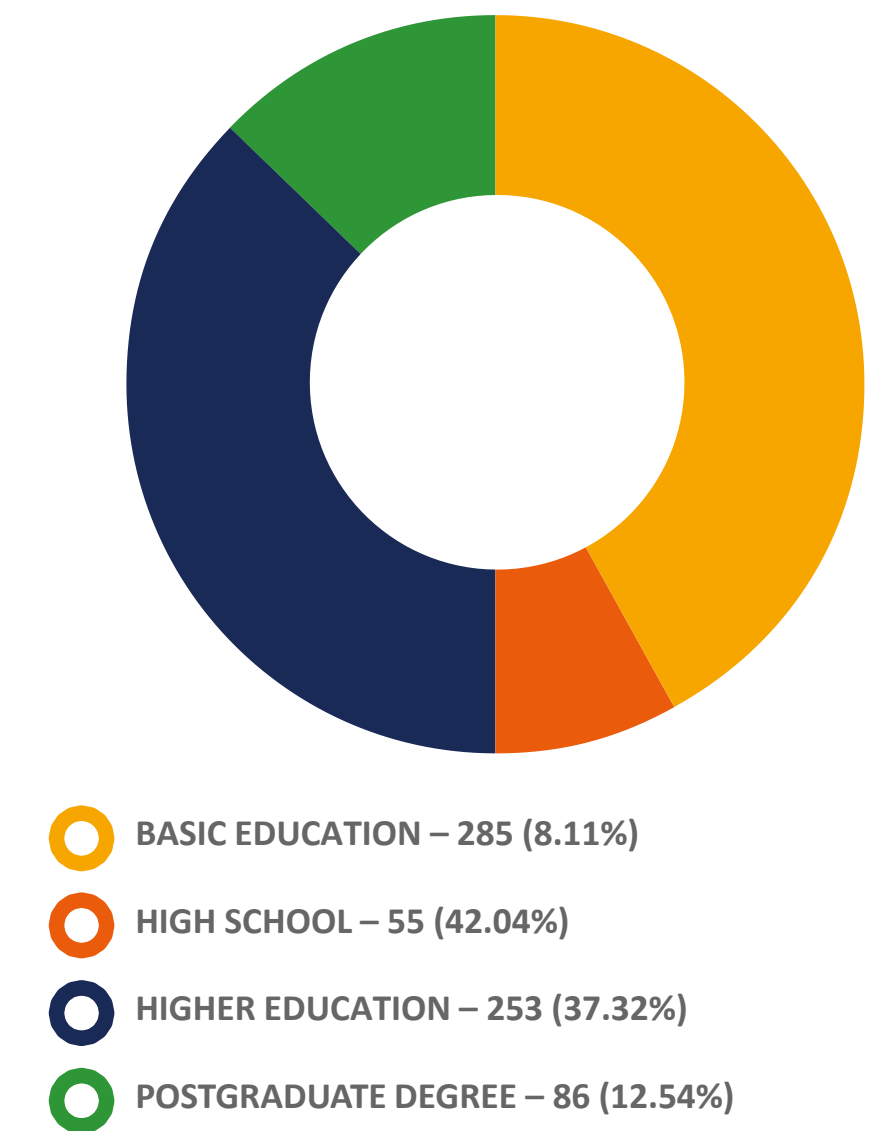
561
men

117
women

AGE RANGE



EDUCATION

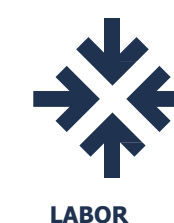


* On 12/31/2019, this number corresponded to 594 employees. For detailed information on the profile of the professionals, please consult the [Attachments on this link](#).



ATTRACTION AND RETENTION OF TALENTS

GRI 401-1



At **TAESA**, the greatest asset is the human being, so it invests in constant security and development. People are the Company's propelling instruments, indispensable for continuous renovation in an environment of changes and challenges.

The Company seeks the best professionals in the market, passionate about what they do and identified with their Values. It provides the opportunity to make a difference in the energy transmission scenario in Brazil, through transparent recruitment, based on its Code of Ethical Conduct and Compliance, with respect to the diversity of profiles and equal opportunities for all.

In addition, it adopts Internal Recruitment, which aims to make opportunities available to its employees before seeking new professionals in the market. This practice promotes real opportunities for growth and development, provides an expectation of a professional future, retains talents, and values human capital.

Throughout 2020, 126 people were hired. The total turnover for the period was 254 professionals. For detailed information on the age group, gender and region of these indicators, please consult the Attachments [on this link.](#)

RECRUITMENT AND SELECTION POLICY

This Policy aims to establish guidelines that enable the selection processes of employees to be conducted in an assertive and efficient manner. It applies to all employees of **TAESA** and other subsidiaries that need to hire employees.

Those in charge of approving the Recruitment and Selection Policy are the Human Resources manager and the Chief Executive Officer. The Company values its policies and maintains them as guidelines, making recurring updates - the last update of this document was on April 30, 2020.

The Human Resources area is responsible for conducting the company's selection processes, including the application of instruments and tools.

and methodologies, profile analysis and predetermined tests. Together with the requesting area, it must ensure that the specific behavioral and technical requirements of the position, established in the job structure, are met.

The Company aims to recruit and select people who identify with its culture and can contribute in a satisfactory manner, in accordance with the Organizational Skills.

The Recruitment and Selection process must be carried out on a transparent manner, providing opportunities for all candidates, as long as they fulfill the requirements for the position.

The area responsible for this activity is formed of two analysts and an intern.

In general, the deadline for closing a vacancy in recruitment is 30 days. However, depending on the complexity of the selection process or the opportunity to be filled, in addition to the availability of the manager for appointments, this period may be longer.

To measure the efficiency and effectiveness of the strategies adopted, an evaluation is carried out by the contract manager 60 days after the employee's admission, to measure their performance and effectiveness at the end of the trial period provided for by law. After hiring, every new professional will have their performance evaluated annually according to organizational skills, informed on the admission of each one.

In 2020, the need to automate the Recruitment and Selection process was identified. The SAP Recruiting Management tool, ERP, which is currently used by most of the Company, was implemented, which optimized the steps, deadlines and generated more assertive information, through a bank of resumes for **TAESA** and easily accessible to those involved.



[Candidates can access the opportunities and register their resume on this page.](#)

TRAINING

- GRI 404-1
- GRI 404-2
- GRI 404-3



TAESA's training methodology aims at promoting and providing learning actions and strategies that make it possible for employees to acquire and improve competences, skills and knowledge that may contribute to his/her professional development. It reflects the appreciation of the individual and responds to the quality and productivity standards required to meet the company's Mission, Vision and Values.

Aiming to be a benchmark in the transmission market, the Company is attentive to the best references in the area of organizational development. Partnerships with major institutions and consulting firms such as Amana-Key,

Fundação Dom Cabral, Instituto Capacitare and Crescimentum provide a differential in the qualification and development of professionals.

All the material used for training is customized. Sometimes, in partnership with advisory/educational institutions. In other situations, prepared by **TAESA's** employees responsible for the multiplication of knowledge.

- **Education Incentive:** the Company invests annually in this benefit, which, in 2020, reached the total amount of R\$ 182,166.96. According to the Internal Policy, employees who fulfill the requirements to enroll in the program,

with open positions usually at the beginning of the year, they go through a series of steps to analyze their request until the selected professionals are defined. In addition to fostering the search for knowledge and training, the objective is to assist in retaining these professionals, who can receive the benefit for the entire duration of the requested course (be it technical, undergraduate or graduate/master's), limited to five years. The company reimburses the employee 70% of the monthly fee paid for the entire period of the course. The average number of new incentives was eight per year and, in 2020, 27 new benefits were granted.

- **Annual Performance Assessment Cycle:** annually, all **TAESA** employees (up to the Management level) go through the Annual Performance Assessment Cycle, which consists of an employee assessment, carried out by the immediate manager, and a self-assessment carried out by the employees themselves. In this system, it is possible to evaluate the five Organizational Competencies

(common to all employees) and at least one more Functional Competency (related to their current role), which may include a cross competency (which is not mandatory, but important for the role, such as Workplace Safety, Management of Projects and Administrative). Levels of Coordination and Management are assessed by Organizational Competencies and three more Competencies related to Management. After the analysis via the system, there is a Calibration Committee, in which the direct manager has the opportunity to listen to the perception of his peers in relation to the appraised person and, if necessary, make any change in the grade. The performance appraisal history is used for consultations for participation in development programs, assessment for possible transfers/promotions and monitoring of employees in the company, in addition to serving as a basis for salary adjustments.

- **Post-Performance Assessment Program:** after the Annual Performance Assessment Cycle, employees and their managers make formal feedbacks to understand the assessment. Based on this and according to the result, some cases are eligible for the Post-Performance Evaluation Program. This process consists of a follow-up by the Organizational Development area, for six to eight months, with the employee's immediate manager with skills to be worked on. The manager, in this case, has a fundamental role in the frequent monitoring of this employee, with a closer participation in the activities and in the evaluation of results.
- **Survey of training needs:** the definition of these trainings is carried out in partnership between the Human Resources area and the Managements, based on gaps and points for the development of each employee, identified mainly in the Performance Evaluation.

The objective is to promote development based on the company's competences and Values, seeking to provide the most current training to include the best market practices in TAESA's processes.

- **Corporate training:** Based on the Organizational Competencies, the result of the Annual Performance Assessment and the common need of the areas, the Organizational Development team defines subjects to be addressed throughout the following year in short training courses, focusing mainly on the behavioral part. In 2020, a training agenda related to the five Organizational Competencies was developed:

1. Interpersonal relationship: Relation of Trust and Interpersonal Relationships training.
2. Autonomy and accountability: Feedback training: How to give and receive and their mental models; Current skills: emotional intelligence & protagonism; and *Accountability* .

3. Vision of the business: Systemic thinking and owner mentality training.
 4. Results-driven: Negotiation and influence training; and High personal performance and effective behavioral changes.
 5. Skill: Operational Excellence training: seeking operational excellence through the exponential mindset.
- , in the first six months, a 100% growth in adhesion compared to 2019 was identified.

- **LearningFlix:** is the digital knowledge platform of **TAESA**, including webseries available to all employees, with the intention of facilitating the learning and development of Organizational Competencies. The intention is to make it possible for those who work, especially in the field and in external projects, to participate and absorb this type of content.

The materials were designed to be attractive, didactic and illustrative, enabling a good understanding of all.

- **Training of electricians and maintenance professionals:** to level the knowledge of all electrician professionals working in the field, **TAESA** provides a 70-hour course with practical and theoretical classes on subjects related to the day-to-day tasks of the field . The speaker body is formed of company employees, specialist engineers, Health, Environment and Workplace Safety areas and more experienced managers in the areas of this core activity.

Internship program: it is organized in bimonthly meetings to discuss pre-defined topics at the beginning of the year. In addition, interns are divided into groups of about five people and have the opportunity to develop a project with a subject defined jointly by them, with the aim of bringing some improvement/gain to the company.



At the end of the year, they present the result to a panel composed by the Executive Board and Management. With this, it is possible to identify the highlights for use as professionals as soon as they are trained, in addition to the effectiveness of the projects presented. This cycle lasts for 12 months, renewing at the beginning of each year.

- **Development path of managers:** once hired or promoted to a position of coordinator or manager, the employee necessarily undergoes immersion training for the Amana-Key leadership, lasting 50 hours.

TAESA believes that a training program like this aligns the Company's management vision in an organic way and enhances its values. The goal is to work on communication between leader and team member, sense of belonging, engagement and exchange of experiences. After this course, some managers are invited to participate in the Transformational Leadership Course at Fundação Dom Cabral, for continuous development.

- **Career Trails:** it consists of a map of possibilities on where a given position can start and where it can end, as well as the areas in which it can pursue a career, in cases of transfers and possibilities of internal transition. As a result, the development path for employees becomes transparent.
- **TAESA connection:** consists of monthly lectures of approximately 1 hour 30 minutes in which a certain area presents its routine and its importance within the systemic vision of the Company. This initiative promotes greater integration, seeking synergy and understanding of the company's business.
- **Meeting of the Maintaining Entities of Taesa**
Transmission Assets (EMATT): annually, the Technical Department promotes this event, which consists of an immersion of employees to align new regulatory standards and strategic direction of the technical area.

EXTERNAL AND INTERNAL TRAINING POLICY

It describes the guidelines and criteria related to external and internal training granted and applied to the employees of **TAESA** and other group companies. The Human Resources area is responsible for drafting and updating this policy and is committed to providing the best options for organizational development, as well as supporting managers to implement it. Management is responsible for approving the External and Internal Training Policy, which was issued on 12/14/2017 and updated on 4/17/2020.

In 2020, the area had as its Training and Development goal that 80% of employees followed the webseries trail, made available to everyone throughout the year.

With five webseries, the trail was developed based on Organizational Competencies.

In December 2020, the target was reached. Details on participation in training can be seen in the [Annexes](#).

In addition, there was the objective of making 12 corporate training classes available in 2020.

out, most of them remotely, reaching a significant number of **TAESA**'s employees.

The reaction assessment demonstrates positive results and excellent feedback from participants.

JOB AND SALARY PLAN

The aim of **TAESA** 's compensation remuneration policy is to define and maintain equitable criteria for valuation and development, aiming at reaching an internal and external competitive balance in its structures of positions and salaries, as well as benefit plan.

Therefore, the Company counts on its own professional structure for executive support, in addition to the external consulting support, which is independent and renowned in the market when required.

Furthermore, employees are entitled to a variable remuneration, aligned with the Company's financial results, together with the achievement of levels above those expected for the responsibilities established for their positions.

BENEFITS

- Healthcare.
- Dental care.
- Life insurance.
- Food/meal vouchers.
- Private pension.
- Transportation vouchers.
- Christmas voucher.
- Profit Sharing.
- Childcare assistance.
- Gympass.
- Discount program.
- Labor gymnastics and relaxation online.
- Flexible Hours.
- Adherence to the Citizen Company program (extension of Maternity and Paternity Leaves).



Photograph taken before the Covid pandemic

COMMUNICATION PROCESSES

TAESA believes that effective communication is one of the most important aspects of the success of large organizations. In order to be closer to its employees,

invests in processes that allow the strengthening of the bond and trust between the Company and its employees, creating a culture where information is shared at all levels.

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1 | GRI 403-2
GRI 403-3 | GRI 403-4
GRI 403-5 | GRI 403-7
GRI 403-8



ENVIRONMENT

TAESA, in carrying out its activities of implantation, operation and maintenance of electric energy transmission assets, considers the Health, Safety and Environment (HSE) management to be a value to be cultivated and maintained as part of its culture. It operates in a preventively manner to protect and preserve employees, suppliers, third parties, visitors and stakeholders, maintaining safe and healthy work environments, as provided for in its [HSE Policy](#). The concept of preventive attitude defines that no activity can be performed without considering these aspects.

The existing internal regulations were assigned at the directive level and establish general guidelines to be observed by all employees, managers, senior management and service providers, as shown below:

- The process for the continuous identification of hazards, risk assessment and determination of the necessary controls in the Company's activities and facilities is established, implemented and maintained. The application and scope of this procedure extends to all units related to the operation and maintenance of transmission assets and other departments related to the business.

- Workers are trained to know and interpret risk analyses and can contribute to their improvement, as well as identifying possible conditions that prevent the performance of services.
- There is a Process Standard in which the attitudes and behaviors related to the safety, health and well-being of each employee, contractor or service provider are listed. The document describes the exercise, ultimately, of the right to refuse or paralyze the performance of tasks when incomplete or nonexistent risk control actions and danger to the safety, the environment and the health of people and facilities are identified.
- All events that cause incidents, accidents or non-conformities must be properly reported and investigated according to their impact and scope.

- Registration, treatment, responsibilities, cause analysis, determination of corrective actions, verification of the implementation of actions and assessment of effectiveness follow the established in the Procedure for Analysis of Events and treatment of non-conformities with HSE.
- The management of the Occupational Health Medical Control Program (PCMSO) establishes the system for the preparation of the program and manages the occupational examinations of employees. This procedure applies to all units related to the operation and maintenance of TAESA's transmission assets and other TAESA departments, and other departments related to the business.
- The process of participation of workers in the HSE Management System is carried out through the Internal Commission for Accident Prevention (CIPA), in addition to involvement in other related activities. When no Commission is assembled, at least one employee is assigned to the function, in compliance with the NR5 standard.

- The HSE area uses the Homogeneous Exposure Group (GHE) as a basis for assessing occupational risks. Through an analysis of the employees' job description, the risks, examinations and mandatory training for each role and related activities are listed. After this survey, the employee is placed in a specific GHE, ratified by filling out the Job Exposure to Occupational Risks form. From this analysis, the training and exams of each employee are monitored, observing the recycling periodicities established by norm or internal guideline of the training matrix.
- For the prevention and mitigation of impacts on occupational safety and health, a methodology of the Hazard Identification Matrix, Risk Assessment and Determination of Control Measures is applied. The following steps are followed: consider the method defined to list the activities to be analyzed;

identify dangers of all listed activities; assess the risks according to the defined method (pure risk); set control measures appropriate to the criticality of the assessed risks; implement the defined control measures; evaluate the effectiveness of the implemented measures; reassess the risks considering the control measures; complete the hazard identification and risk assessment process in matrix format; approve the matrix with those responsible for the activities; and make employees aware of the approved hazards and risks matrix. In order to ensure compliance with the application of the method, all areas must consider the Responsibility Matrix (RACI) associated with this procedure.

- All **TAESA** employees are under HSE management for Health and Safety controls, which, at the end of 2020, referred to 678 professionals. In relation to outsourced workers,



Robson

the documentary management of all, with the requirement of training and environment compatible with the activities that will be carried out in the installation, according to the risks identified for that purpose. Environmental hazards and risks are identified and managed based on the Environmental Risk Prevention Program (PPRA), the Preliminary Risk Analysis (APR), the PCMSO and the hazards and risks matrix.

The methodologies used are defined by the Regulatory Standards (NRs).

- The HSE Policy is disclosed internally to all employees, in email communications, on the intranet and with the use of specific campaigns and resources. The Health and Safety management has been successful due to the participation of workers, who contribute from the conception to the implementation of the initiatives, which results in better assertiveness in the results.
- With the objective of providing constant improvement, the area seeks to make this process even more efficient and sustainable.

OCCUPATIONAL ACCIDENT RECORDS

GRI 403-9 | GRI 403-10

INDICATORS CONSIDER COMPANY’S AND THIRD PARTY EMPLOYEES		2020	2019
Number of occupational accidents without lost time	Own employees	0	0
	Contractors	14	3
	Total	14	3
Number of work-related deaths (not considered commuting)	Own employees	0	0
	Contractors	1	0
	Total	1	0

In 2020, despite the increase in the number of own employees by 14%, there was a reduction in the absolute number of accidents, from 3 in 2019 to 1 in 2020, with 1 requiring leave of absence⁷. The cumulative frequency rate ⁸ fell from 2.9 in 2019 to 2.51 in 2020.

⁷ The injury was a fracture in the foot, due to the use of equipment.

⁸ Number of accident victims with injury with leave per million man-hours of exposure to risk, in a given period.

The development of the implementation projects resulted in an increase in the number of contractors for the performance of the works and the respective increase in hours/men of risk exposure (HHER), with a significant increase: 94% more than in 2019. Most accidents occurring during this period are concentrated in these activities.

The fatality reported in the period occurred when an employee of a contractor was stung by a bee during the interval of activity in the field for meals. Even though he was rescued and received all medical and hospital care according to the Emergency Care Plan (PAE), his clinical condition evolved to death due to having a severe allergy. There was no case of death with own employees.

For the measurement of these records, the rates are calculated in accordance with NBR 14280 - Work Accident Register. All TAESA's workers and providers linked to the assets in operation are considered.

In the event of an accident, incident or near accident, an analysis is carried out in order to identify all the factors that contributed directly and indirectly to the occurrence, building an action plan in order to implement the best practices and solutions to eliminate recurrence or similar situations.

In accordance with the HSE Policy, the Company works tirelessly to reduce the existing risk to acceptable levels.

and, therefore, in 2020 the Zero Accident campaign continued throughout the company, with the goal of reaching this indicator. Awareness and training activities for teams, focused on a preventive attitude, aim to protect and preserve employees, suppliers, third parties, visitors and stakeholders and maintain safe and healthy work environments.

HEALTH PROMOTION

GRI 403-6



The Quality of Life Program - *Viva com Energia* is an initiative of **TAESA** to promote the well-being and satisfaction of employees and their dependents. At the launch of the project, employees received a quality of life kit, consisting of a massager, an anti-stress ball and three elastic bands for physical exercise. The program includes the following actions:

a. Online gymnastics and relaxation classes, held live, six times a week (four gymnastics sessions and two relaxation sessions), at different times, so that employees and their families can participate.

b.TAESA Loyalty Program, in which the employee participates in *Viva com Energia* activities, accumulates points and exchanges for prizes, such as sporting goods, travel, books and self-care and beauty products. You can earn points by participating in workplace gymnastics, lectures, blood donation campaigns, the Nutritional Program, activities at Gympass and games, quizzes or videos. For this, the employee must download the *Viva com Energia* application (AppStore or Google Play) and, there, follow the record of the activities in which he was present, check the score and, when reaching a minimum value of 50 points, make the exchange for prizes.

- c. **The Nutritional Program**, launched in partnership with a healthcare advisory firm, assists employees and their dependents in the quest for balance in food, through bimonthly lectures with tips on food, menu and recipes, focused on the specificities of each region of Brazil and with an extended invitation to the family. From the results obtained with the research carried out internally in 2019, a nutritional monitoring (remote) was carried out with vacancies directed to the identified risk group (degree of obesity and overweight).
- d. **By means of Alô TAESA**, the Company provides emotional, social, legal and financial support to employees and their dependents 24 hours a day. Through a 0800 telephone, it is possible to obtain assistance on these issues in a free, secure, confidential, efficient channel operated by specialized professionals.

- e. **The Ergonomic Awareness program** provides tips and guidance on best practices for employees to fight posture addictions and work healthily and efficiently. Bimonthly lectures on ergonomics are offered online, so that everyone can participate.
- f. **TAESA's colors:** monthly, a color, a topic, a dialogue and a lot of learning. Following the calendar of the Ministry of Health, the company conducts lectures on the month prevention and awareness topic, such as the Yellow July, the Red September, the Pink October and the Orange December. In the digital newsletters, guidance on the subject in focus during the period is shared.
- g. **Mother's Love:** with the accompaniment of professionals, the program monitors the health of the participating pregnant women, in order to provide guidance throughout the pregnancy, according to the gestational period. Schedule of examinations and tests, immunization and disease prevention, among other topics, are part of care.



Sirlei Soares Macedo

- At the end of the pregnancy period, employees receive the **TAESA** baby kit, which consists of a backpack/bag with ointments, baby wipes, soaps, etc.
- h. **The Chronic Program** allows employees with cardiovascular disease, high blood pressure, diabetes and

chronic obstructive pulmonary disease are closely monitored by specialists and have access to guidelines that help and speed up the stabilization of the health situation.

The company also promotes free vaccination campaigns against the H1N1 flu for all its employees.

DIVERSITY AND INCLUSION

GRI 405-1

GRI 405-2



Created throughout 2020, the Diversity and Inclusion Program began in 2021, based on the Company's ethical principles. The main objective of the initiative is to establish guidelines for the respect and appreciation of differences, whether cultural, social, religious, ethnic etc. The combination of different perspectives contributes to problem solving, promotes innovation, increases engagement and

In 2021, the Diversity Policy was approved, which applies to all employees of **TAESA** and other affiliates with 100% of the share capital. In the next *annual report*, we intend to present the first results of the initiative.

Detailed information on diversity in the Corporate Governance bodies and the functional categories of the Company, as well as the proportion of the base salary and the remuneration of women in relation to men, are available for consultation in the [Annexes, through this link](#).



EXTERNAL SOCIAL INDICATORS

COMMUNITIES

GRI 413-1

GRI 413-2



HUMAN RIGHTS



ENVIRONMENT

For the implementation of any undertaking of **TAESA**, diagnoses of socio-environmental issues and interested parties are prepared. The objective is to engage and consult the stakeholders involved in order to identify impacts and opportunities, in addition to defining programs and actions for control and mitigation, as part of the environmental licensing process and project feasibility analysis.

In the implementation and operation stages, the technical team follows the lines and structures of the concessions in their routine activities and inspections. It maintains periodic contact with the surrounding stakeholders, to identify demands and meet critical areas, preparing reports with photographic records.

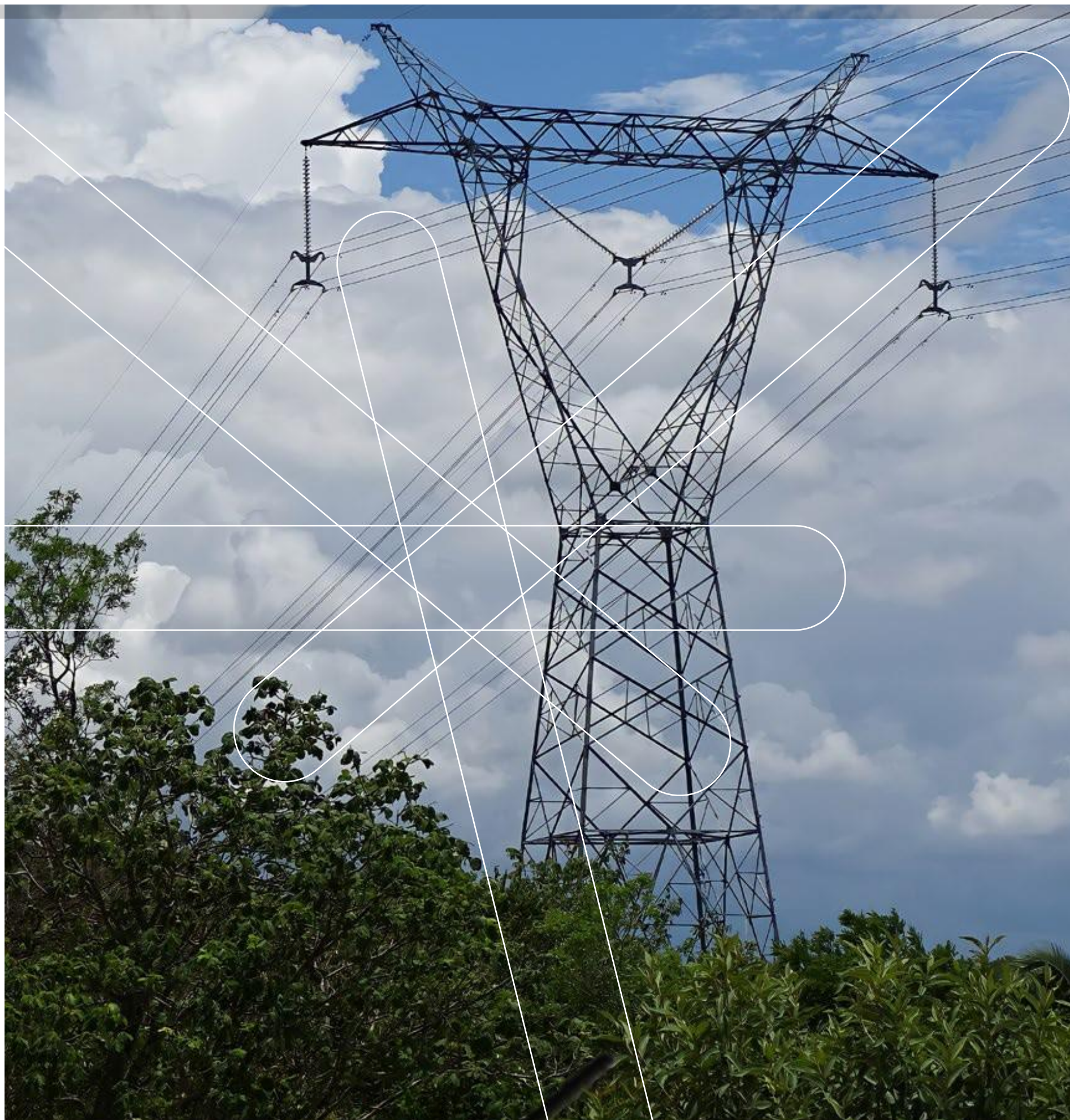
The impacts of the operation phase are related to safe coexistence with the transmission line and what is allowed or not allowed in the Right-of-Way (restrictions include depositing waste, stopping or maneuvering vehicles and/or agricultural machinery, opening roads, burning, build improvements, fly a kite, plant or cultivate plantations that exceed the permitted height limit, etc.).

The location of TAESA's ventures and operations can be accessed [here](#).

The implementation of these actions and the close relationship with stakeholders includes the Environmental Education Program (PEA) and the Social Communication Program (PCS) for all the concessions, following the legal requirements for consultation and the engagement of the local community. The execution of these programs is carried out by environmental technicians distributed in the regional offices in partnership with the local operational teams, with the support of the entire HSE administrative team.

Due to the nature of transmission undertakings, which are linear and, therefore, of great extensions, there are initiatives carried out in all concessions and others that are carried out, primarily, in the previously identified critical areas, such as the Participatory Rapid Diagnosis (DRPs) and its respective unfolding actions.

In accordance with IBAMA Normative Instruction 002 of 2012, in 2017, DRPs were carried out in four communities, two at GTESA, one at ATE II, and one at NTE. In 2019, the workshops registered in the PEA established in 2017 for these communities were applied. In 2019, the first DRP was held in a TSN community. The development of these actions is regularly monitored to monitor the results, in order to contribute to the evolution of the communities.



In a regular public health situation, the management of the Company's relationship with the communities is evaluated by the performance indicators, which are:

- 1 **Number of graphic material produced versus number of material distributed.**
- 2 **Number of lectures delivered.**
- 3 **Hours of campaign awareness training.**
- 4 **Evolution of the amount of waste collected under the transmission line.**
- 5 **Level of satisfaction of the population in the area surrounding the transmission lines assessed by means of an opinion poll.**

The adjustments to the process are carried out in periodic meetings with the coordination and field technicians.

In 2020, due to the pandemic scenario, any type of close interaction with communities was avoided, since the recommendation of health prevention (social distance) was adopted by the Company to protect its employees and owners surrounding its assets. . However, in an alternative way, contacts, clarifications and campaigns were carried out, especially by virtual means. Accordingly, it was possible to act effectively, maintaining relations between the parties and, consequently, contributing to social development.



The details of some of these initiatives are described in the Environmental Dimension, in the item Social and Environmental Communication.

SOCIAL RESPONSIBILITY PROJECTS

One of TAESA's guidelines is to optimize, in the best possible manner, the use of resources for Social Responsibility Projects. To strengthen the relationship with the community, the Company values initiatives governed by sustainability and that contribute to the enhancement of citizenship, inclusion and social development. The projects mentioned below were supported in 2020 via Tax Incentive Laws.



CULTURE INCENTIVE LAW

23rd Tiradentes Film Festival

The Project provided a free cultural program to the public, including the exhibition of more than 100 Brazilian films at national premieres, workshops for adults and children and young audiences, cinema shows, exhibitions, art parades and artistic attractions. In addition, it promoted the Brazilian Cinema Seminar with debates, thematic tables, visual dialogues and the series “Encontro com Filmes”.



Annual Plan of Activities and Maintenance 2020 – Instituto Inhotim

The Inhotim Institute's 2020 Annual Activities and Maintenance Plan aims to maintain the Institute as a national and international reference in the field of contemporary art, promoting qualified access to culture, in a museum complex in the midst of an internationally relevant botanical garden. The project allowed the preventive maintenance of the collections of contemporary art and the continuity of cultural activities in an accessible and democratic way and with respect for the environment.



Saudade de Francisco

The musical project is intended for realization of a show including theater presentations telling São Francisco de Assis story. An epic where the cultural aspect of the time will be presented, in contrast to the current moment.

Sacola Literária

Aimed at encouraging reading, the Sacola Literária project seeks to foster this important habit in children, young people and adults, collaborating with access to quality education. In the context of this project, collections of 200 new books are delivered to schools and public institutions, including modern and classic titles, and books in Braille. Training workshops are also held for education professionals.



Projeto Circulação Coral Gremig

The project of support to Coral Gremig aims at promoting presentations at cultural events in public spaces with free admission, in addition to workshops in public schools. With 28 years of experience, the choir approaches the public through the most varied rhythms and styles, disseminating cultural and artistic wealth.



SPORTS INCENTIVE LAW – LAW 11438/2006

Maria Esther Bueno Massification

To expand tennis player base in Brazil, this project relies on implementation of its own work methodology. Through this, it is expected to discover new talents and give a new life opportunity to children who will be able to use tennis as a training and education tool; thus, promoting the citizenship, inclusion and social development value.

CHILDHOOD AND ADOLESCENCE FUND (FIA) – (LAW 8069/1990)

Child and Adolescent: new time, new hopes

Held by *Fundação Futuro Brasil*, it seeks to offer more opportunities of access to education, culture and sport, especially to children and youngsters in situation of social vulnerability, aiming at developing citizenship and reducing social risks. Currently, there are approximately 600 supported children and youngsters with educational guidance, educational recreation, sports and leisure, pediatric outpatient follow-up, guidance on family planning/coexistence and sexually transmitted diseases.



Qualification, Rehabilitation and Social Inclusion - APAE Santa Maria (RS)

The Association of Parents and Friends of Exceptional Children (APAE) of Santa Maria (Rio Grande do Sul State, RS) promotes and articulates actions to defend rights related to improvement of disabled people's quality of life. Reference center in qualification and rehabilitation, APAE, through this project, will continue to assist 110 physically and intellectually disabled children and adolescents in classes on coexistence and strengthening of family and community bonds and in the early/ essential stimulation project, counting on a multi professional team formed by: social worker, psychologists, physiotherapists, occupational therapist, pedagogues, neuro pediatrician, traumatologist, special educators and phonoaudiologists.

NATIONAL PROGRAM OF ONCOLOGICAL ATTENTION (PRONON) – LAW 12715/2012



Centro Infantil de Investigações Hematológicas Dr. Domingos A. Boldrini

Boldrini is a not-for-profit institution that offers to children and adolescents with cancer or blood diseases, modern diagnostic, therapeutic, multidisciplinary care and rehabilitation technologies. In addition, it develops educational programs in specialties directly or indirectly related to these pathologies that are intended for resident physicians and other health professionals. In the context of project "Screening of *ex vivo* drugs in pediatric acute lymphoid leukemia", searches will be carried out to identify drugs, available in the market or that are in the clinical testing phase, that can be used successfully in cases of recurrent Acute Lymphoid Leukemia or Acute Lymphoid Leukemia with slow response to remission induction therapy.

Santa Casa de Misericórdia de Porto Alegre-RS

Santa Casa is comprised of four general and five specialized hospitals, forming a hospital complex of excellence that is a reference in Latin America. With project "Development of oncological immunotherapies and their predictive tests for response to SUS", it will be possible to provide options for access to high technological quality and favorable cost-benefit oncological treatments.

This project will gather and organize a group of scientists and clinical researchers for the purpose of developing new immunotherapeutic molecules aligned with innovative diagnostic strategies for the study and treatment of cancer. As a result, it will be possible to organize a database characterizing molecular and immunological profile of patients' tumors.



ELDERLY LAW - (LAW 21114/14)

Importance of Mobility in the Long-Term Care Facility for the Elderly

This project aims at improving facilities at Lar Vila Itagiba providing better accessibility, mobility and security during displacement of the institution's interns, who are followed up by a nutritionist, nurse, nursing technicians, social worker, physiotherapist and caregivers.



Well-cared-for Elderly

The Angelina Caron Hospital project envisions the acquisition of hospital articles and technological equipment, allowing safe care to an even larger portion of elderly population. Thus, it makes possible the improvement of the quality and agility of the health care services offered to the public served.

“Nutrition for the Elderly” – “Bom Samaritano Associação de Amparo”

Project of institution *Bom Samaritano Associação de Amparo* guarantees continuity of guidance activities for the elderly regarding adequate food. It contributes to maintain or recover nutritional status of patients, integrating multidisciplinary team and contributing to comprehensive care and prevention of health problems of the institution’s elderly.

Good nutrition and health - *Lar Beneficente Santo Antônio*

Project of institution *Lar Beneficente Santo Antônio* guarantees continuity of guidance activities for the third-age regarding adequate food. It contributes to maintain or recover nutritional status of patients, integrating multidisciplinary team and contributing to comprehensive care and prevention of health problems of the institution’s elderly.

TOTAL AMOUNT INVESTED IN SOCIAL RESPONSIBILITY

2018
R\$ 5,328,965.00

2019
R\$ 5,499,931.56

2020
R\$ 4,430,000.00

SUPPLIERS



Regarding suppliers and partners, **TAESA** is constantly seeking to be close and interact with the parties. The Company makes the engineering and HSE areas available as technical cooperation to validate the service capacity of suppliers and the security of services and materials to be purchased, aiming to mitigate possible risks in the deployment of its projects.

The Materials and Services Purchasing policy aims to establish the rules and guidelines for acquiring material/services for **TAESA** and its subsidiaries in order to:

- Ensure transparency, equality, control and compliance of the process.
- Optimize the process of meeting the needs for the acquisition of material and services, seeking the best balance between cost, quality and time.
- Ensure the quality of the suppliers base and compliance with regulatory bodies in all tasks of this process.
- The Purchasing Process addresses sensitive information from suppliers, such as price and technical solutions, and can be carried out in a centralized or decentralized manner with the participation of employees from different areas.

Accordingly, those directly or indirectly involved in this process must strictly follow the Code of Ethical Conduct and Compliance and other Company policies. It includes acting with clarity and equality with all suppliers, providing equal opportunities to all, and being extremely careful with the information they handle, preventing leakages or undue access to information.

Aiming to ensure the compliance with the contractual requirements assumed, the Company relies on the support of a specialized outsourced company, whose scope is to certify suppliers. After opening quotation process, this company analyzes the labor, social security, tax and social situation of participants, generating a risk note. Feedback passed on to **TAESA** and case evaluation are registered in the system by contract management areas.

Those suppliers that, for legal or technical reasons, do not meet requirements are designated as inactive for new hires for a certain period, until they prove necessary adjustments.

Attention when contracting suppliers is focused on these companies' respect for human rights, as **TAESA** does not tolerate and does not support any form of adult or child labor exploitation. This Commitment is in the **Code of Ethical Conduct and Compliance**. The Company is also a signatory to the United Nations Global Compact, whose purpose includes the elimination of all forms of forced or compulsory labor and the effective abolition of child labor.

SMS&S and HR departments carry out audits on the Company's main contracts, analyzing them from the perspective of good compliance practices. Workplace Safety and Environment team also carries out field inspections related to conditions of undertakings' facilities and construction sites.

For mobilization of construction work, specifically when incorporating employees, everybody goes through a process of adaptation to and integration into the workplace. Working conditions are checked as frequently as defined in internal inspections’ planning. Contractor has the contractual obligation of providing conditions to its employees, such as accommodation, chemical toilets, ambulance, etc.

Regarding supplies, in contracts of greater complexity, - especially those for new assets in an Engineering, Procurement and Construction (EPC) auction, as well as supply of cables, structures and compensators - a clause on forced labor or conditions similar to slavery is provided for. All service contracts, including land and environmental contracts, signed by the Company, have clauses with assumptions on Human Rights, child labor or slave-like labor and must also comply with the guidelines set out in the Health, Safety and Environment Policy (HSE).

Note that there was no stoppage due to Human Rights violation in TAESA's projects.

62.62%
of all the value contracted by the company occurred through formalization via contract.*

100%
of contracts drawn include clauses and/or assumptions on respect for Human Rights and the prohibition of child labor.

100%
of drawn up service contracts comply with HSE Policy.

* This difference (38.38%) refers to contracting made as a "purchase order", with no need of a contract.

INDIGENOUS AND TRADITIONAL PEOPLE

GRI 411-1



Committed to preservation of indigenous and traditional peoples’ rights, the Company did not register any occurrence that constitutes violation of such rights.

When the Company's projects come into contact with indigenous communities, procedures for prior guidance are adopted on sanitation issues and on *Fundação Nacional do Índio (FUNAI)* requirements to access the region, as well as on respect for culture to preserve ethnicity customs. These guidelines are shared with employees and outsourced people.

Occasionally, socio-environmental campaigns are carried out for instructions on transmission lines’ care, in addition to other general guidelines.

When the project directly or indirectly interferes in indigenous lands, environmental compensation is due also in relation with these communities. Thus, a Commitment Term between entrepreneur and managing body, namely FUNAI, is drawn up to fulfill this obligation.

ELECTRIC SECTOR INDICATORS



HUMAN RIGHTS



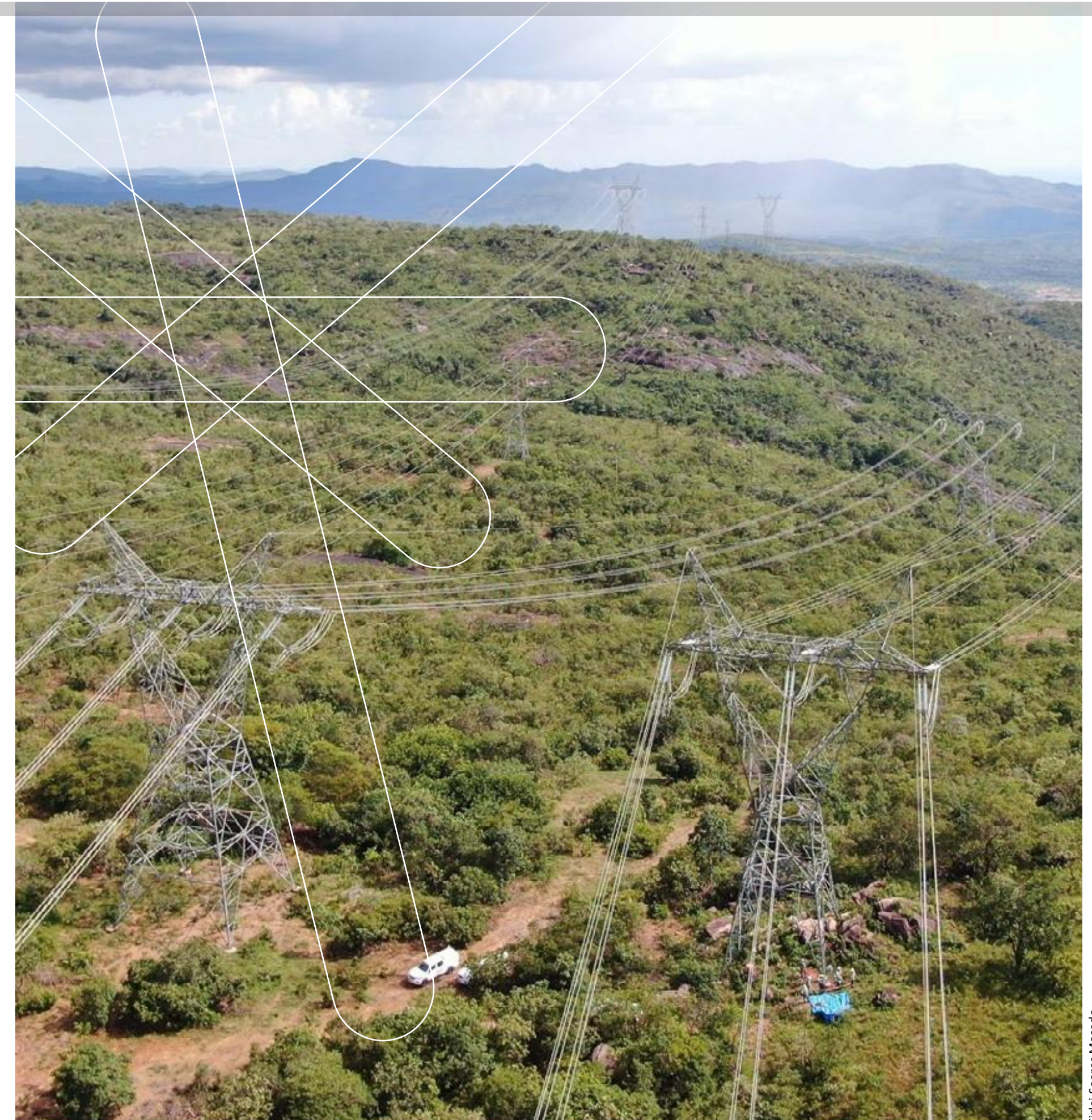
LABOR

The purpose of TAESA's Research, Development and Innovation Program (R,D&I) is to boost projects that contribute to sustainable technological development through relevant technical-scientific gains that aim at generating good results for the Company, the environment, and society.

Over the course of 2020, 14 projects were developed. Investments ad by the Company up to December 31, 2020 are detailed below:

Description	2020	20199
Amount of net operating income	R\$ 1,545,924,432.62	R\$ 1,407,897,462.93
Investment right in R, D&I	R\$ 6,122,473.00	R\$ 5,575,831.54
Invested in R, D&I	R\$ 12,475,046.46	R\$ 8,249,952.99

9 Figures presented in this column are corrected in relation to those disclosed in last sustainability report. The Company apologizes for this misinformation.



0042 – ANALYSIS OF IMAGES

ANEEL CODE: PD-07130-0042/2016
STATUS: COMPLETED

- Full title: Intelligent computational application of automatic image acquisition and treatment for monitoring switchgear maneuvering, inspection and fault diagnosis in equipment.
- Result: Computational algorithm of image acquisition and treatment for monitoring switchgear maneuvering, inspection and fault diagnosis in equipment.
- Total investment made: R\$ 5,153,469.93

0044 – RIGHT OF WAY PROJECT

ANEEL CODE: PD-07130-0044/2016
STATUS: COMPLETED

- Full title: Study of actions to mitigate the risks of transmission line shutdown due to fire and evaluation of methods for the maintenance of easement areas.
- Result: This project developed a methodology and indicator of criticality and vulnerability to fires in rights of way, using objective criteria for maintenance prioritizing considering physical, biotic and socioeconomic variables inferred based on remote imaging sensors and field data. This plug-in was developed and licensed in open-source format for free use and is available [here](#) . Its installation and use manual can be accessed by clicking [here](#).
- Total investment made: R\$ 5,436,959.89

0045 – INSPECTION OF TIE RODS

ANEEL CODE: PD-07130-0045/2016
STATUS: IN PROGRESS

- Full title: Diagnosis and development of Predictive and Non-Destructive Inspection Methodology of Corrosion on Electricity Transmission Tower Guy Lines.
- Expected outcome: Assertive methodology to diagnose corrosive processes occurring in cable-stayed towers' anchor rods; software in artificial neural network that classifies the risk of the likelihood of system failure; diagnosis kit to be used in the field by TAESA maintenance teams.
- Investment made until 12/31/2020: R\$ 4,662,884.55

0046 – EQUIPMENT MONITORING

ANEEL CODE: PD-07130-0046/2017
STATUS: COMPLETED

- Full title: Development of multi-criteria methodologies to create a hierarchy scale of Transformers and Reactors, for online monitoring, supported by experimental software.
- Result: Experimental software with functionalities that will automatically obtain the transformer and reactor status indices and the hierarchy scale of this set of equipment as users provide up-to-date asset data to the software to carry out an ideal prioritization among assets for the application of online sensing and monitoring.
- Total investment made: R\$ 3,485,614.64

0047 – IOT TRACTION MONITORING

ANEEL CODE: PD-07130-0047/2019
STATUS: IN PROGRESS

- **Full title:** Technology for online monitoring of cable pulls on the towers and the publication of their data on a georeferenced basis, consisting of low-cost load cell sensors, data concentrators and computer system, which allows the installation of the system in all the towers.
- **Expected outcome:** Online monitoring technology of cable traction of towers of electric power transmission lines to identify structural stability failures.
- **Investment made until 12/31/2020:** R\$ 2,802,754.80

0048 – AUTOMATIC ANALYSIS OF OCCURRENCES

ANEEL CODE: PD-07130-0048/2019
STATUS: IN PROGRESS

- **Full title:** Methodology and tool for automatic analysis of occurrences using machine-learning algorithms.
- **Expected outcome:** System capable of analyzing oscillographs of automatic shutdowns, identifying their causes and assisting the decision making of real-time operators, maintenance and engineering technicians.
- **Investment made until 12/31/2020:** R\$ 1,472,288.92

0049 – AUTOMATED OPERATIONAL CLIMATOLOGY

ANEEL CODE: PD-07130-0049/2017
STATUS: IN PROGRESS

- **Full title:** Tool for predicting the risk of occurrence of weather-related phenomena and optimized allocation of resources for emergency maintenance of networks. Expected outcome: System that will permit the forecast of fires and lightings aiming at guiding those responsible for the operation and maintenance of the transmission network, through information arising from georeferenced systems and specialized systems that monitor meteorological events.
- **Investment made until 12/31/2020:** R\$ 2,333,309.14

0051 – SUPPORT AND SPACER SYSTEM

ANEEL CODE: PD-07130-0051/2020
STATUS: IN PROGRESS

- **Full title:** Support and Spacing System – mechanical support and damping modeling for conductor cables in transmission lines subject to operation overload.
- **Expected outcome:** Development of computer simulations and specification of modular spacers and applicable to several configurations of conductor cables or anchoring system for existing spacers supported by a high mechanical capacity insulating cable, anchored between the towers of transmission lines. All physical interactions, new and existing, must be considered in the modeling, to determine the ideal distance between devices along a span of a transmission line, as well as the dynamic behavior of cables and devices in relation to the installed environment (wind, vibration, mechanical loading, temperature etc.) and other necessary simulations that prove the feasibility of installing the equipment.
- **Investment made until 12/31/2020:** R\$ 707,260.78

0053 – Teleprotection in IEC-61850

ANEEL CODE: PD-07130-0053/2018
STATUS: IN PROGRESS

- Full title: Teleprotection in IEC-61850.
- Expected outcome: High-performance communication solution between substations, based on the IEC 61850 standard, which defines benchmark values for the correct performance of the network's teleprotection functions. To this end, networks defined by SDN (Software-Defined Networks) were studied and demonstrated their ability to improve teleprotection processes, offering improved performance for electrical systems and reducing failure recovery time.
- Investment made until 12/31/2020: R\$ 4,033,164.27

0059 – SEMI-AUTONOMOUS INSPECTION WITH DRONE

ANEEL CODE: PD-07130-0059/2020
STATUS: IN PROGRESS

- Full title: Semi-autonomous inspection with Drone.
- Result: Development of a transmission tower asset monitoring system comprising: low-cost drone, software for semi-autonomous flight, software for detecting transmission tower assets and software to update the asset's database.
- Investment made until 12/31/2020: R\$ 1,032,623.80

0057 – Route Analysis

ANEEL CODE: PD-07130-0057/2019
STATUS: IN PROGRESS

- Full title: Public multicriteria optimization tool for investment analysis in new transmission undertakings, using artificial intelligence techniques.
- Result: A system that uses georeferencing and artificial intelligence technologies will support the full cycle of analysis, optimization and investment in transmission projects. The software can be used for simulation studies and optimization of transmission planning and expansion and be developed in open source to be used by the entire sector.
- Investment made until 12/31/2020: R\$ 3,252,833.89

0060 – INTELLIGENT GAS RELAY

ANEEL CODE: PD-07130-0060/2019
STATUS: IN PROGRESS

- Full title: Protection relay with active oil and gas monitoring, and a smart system for diagnosing and monitoring high-voltage power transformers and reactors.
- Result: Development of an intelligent relay capable of actively monitoring and protecting, through a quali-quantitative detection of combustible gases mix, as well as change in oil volume and level in transformers and power reactors' tanks. The relay will analyze the magnitudes by diagnosing and transmitting data to the monitoring system.
- Investment made until 12/31/2020: R\$ 2,330,248.92

0062 – PREDICTIVE FAILURE ANALYSIS BY AI

ANEEL CODE: PD-07130-0062/2020
STATUS: IN PROGRESS

- **Full title:** Predictive Fault Analysis by AI – System for the identification and prediction of faults in power equipment based on networks of sensors and Artificial Intelligence (AI).
- **Result:** Prototype of a system (hardware and software) capable of identifying and predicting failures in electrical power equipment based on pre-existing statistics and historical data, as well as data obtained in the field through sensors installed close to monitored equipment.
- **Investment made until 12/31/2020:** R\$ 2,016,643.95

9190 – R&D MANAGEMENT

ANEEL CODE: PG-07130-2019/2019
STATUS: IN PROGRESS

- **Full title:** Management Project for the R&D Program (Year 2019).
- **Result:** The purpose of this project is to manage activities carried out from April 2019 to March 2021. Development of computational tools to improve management and provide conditions for efficient controls on resources used in the R,D&I Program.
- **Investment made until 12/31/2020:** R\$ 352,620.83

REGULATORY PAYMENTS

Still in compliance with Law 9991, the companies in the electric energy sector eligible pursuant to the law should allocate 0.4% of their Net Operating Income (NOR) to the National Development, Scientific and Technological Funding (FNDCT) and 0.2% of its NOR to the Ministry of Mines and Energy (MME).

Regarding these payment and investment determinations, TAESA confirms that if made investments with the FNDCT and MME in compliance with the provisions of the regulation in force. Find below the schedule of amounts referring to payments in the year:

DESCRIPTION	2020	2019
Amount of net operating income	R\$ 1,545,924,432.62	R\$ 1,407,897,462.93
Obligation payable to FNDCT	R\$ 6,322,294.36	R\$ 5,616,139.38
Amount paid to FNDCT	R\$ 6,224,894.03	R\$ 5,566,532.54
Obligation payable to MME	R\$ 3,161,903.44	R\$ 2,808,069.69
Amount paid to MME	R\$ 3,113,203.30	R\$ 2,783,266.34



5

ENVIRONMENTAL DIMENSION

<u>ENVIRONMENTAL LICENSING</u>	<u>96</u>
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ENVIRONMENTAL LICENSING

TAESA 's assets are located in different areas of the national territory. Therefore, they are related to different social and environmental means and several dynamics of land occupation and use. For this reason, even in the project preparation phases, the Company carries out detailed studies of the potential impacts of each project.

This process is conducted in accordance with the Brazilian law and in compliance with environmental licensing requirements and is carried out by responsible agencies existing at the federal, state and municipal levels, depending on project's scope. Environmental licensing in Brazil generally has three phases (highlighted).

In order to obtain the Preliminary License, an Environmental Impact Study (EIA) and the respective Environmental Impact Report (RIMA) are prepared with the support of experts from different areas. In some cases and in accordance with the licensor, Brazilian legislation has made the licensing modality more flexible, so that certain types of projects, including transmission lines, can obtain a joint license, which represents the unification of phases, allowing a faster deployment.

Environmental licensing represents more than a requirement: it is an opportunity to have the best definition, implementation and operation of each concession, respecting the specificities of the territories. Thus, it is possible to promote the generation of value for society in harmony with the areas of influence of the undertakings, ensuring the sustainability of businesses.

PRELIMINARY LICENCE

Issued at the preliminary phase of the project planning. Its emission certifies the environmental feasibility and provides for the basic requirements and conditions to be met by the project.

INSTALLATION LICENCE

It is granted after the initial project meets all the basic requirements, and authorizes the beginning of the works to install the project.

OPERATING LICENCE

It is obtained after the end of construction and verification of compliance with the requirements established by previous licenses. It determines control methods and the proper operating conditions.

HEALTH, SAFETY AND ENVIRONMENT POLICY (“HSE”)

GRI 403-1



ENVIRONMENT

A **TAESA** has a [Safety, Environment, and Health Policy](#) (HSE) to contribute for the safety and health of their employees and subcontractors, and also to improve the quality of life of population, regarding the environment and sustainable development.

Equipped with a broad vision, which goes beyond the economic-operational focus,

the Company understands that its organizational success is also linked to the social and environmental performance and, due to this, evaluates the management of these aspects as strategic.

SMS Policy is considered as the core document of the Management System, from which all managerial and operational actions related to the social and environmental aspects of the business are derived. Among the main commitments are:

- Protect Health, Safety and the Environment, through the identification, periodic assessment and prevention of risks, dangers and impacts.
 - Provide a safe and healthy work environment, spreading the concept of preventive attitude.
- Respect the Golden Rules that summarize the basis for the safe behavior of TAESA’s employees.
 - Establish the Health, Safety and Environment Management System Manual (HSEMSM).
- Deploy and observe the System’s processes and manuals.
 - Periodically review, update and adapt its processes, with economically feasible technological solutions, seeking continuous improvement.
- Develop effective processes of education, communication and information to strengthen the relationship with communities and the participation of stakeholders.
 - Fulfill the concession-related obligations of its assets, with safety, continuity and quality.
- Ensure integration of HSE issues with decision-making processes.
 - List social and environmental criteria in the selection of proposals and in service providers’ contracts.
- Promote a leadership operation committed to the excellence of performance and awareness of stakeholders regarding their Health, Safety and Environment (HSE) responsibilities.
 - Respect and ensure compliance with current legislation and voluntarily acquired commitments regarding health, safety and environment.

MANAGEMENT SYSTEM

The Management System is comprised by HSE and Biodiversity policies, by the Management Manual, and the theme-related programs. Such documents establish the objectives and targets to be reached, risks and impacts, action plans, criteria, performance indicators, management, evaluation, monitoring and review processes. Applied to the entire Company, it covers employees, contractors and partners subject to the Company's guidelines, improving tasks' fulfillment.

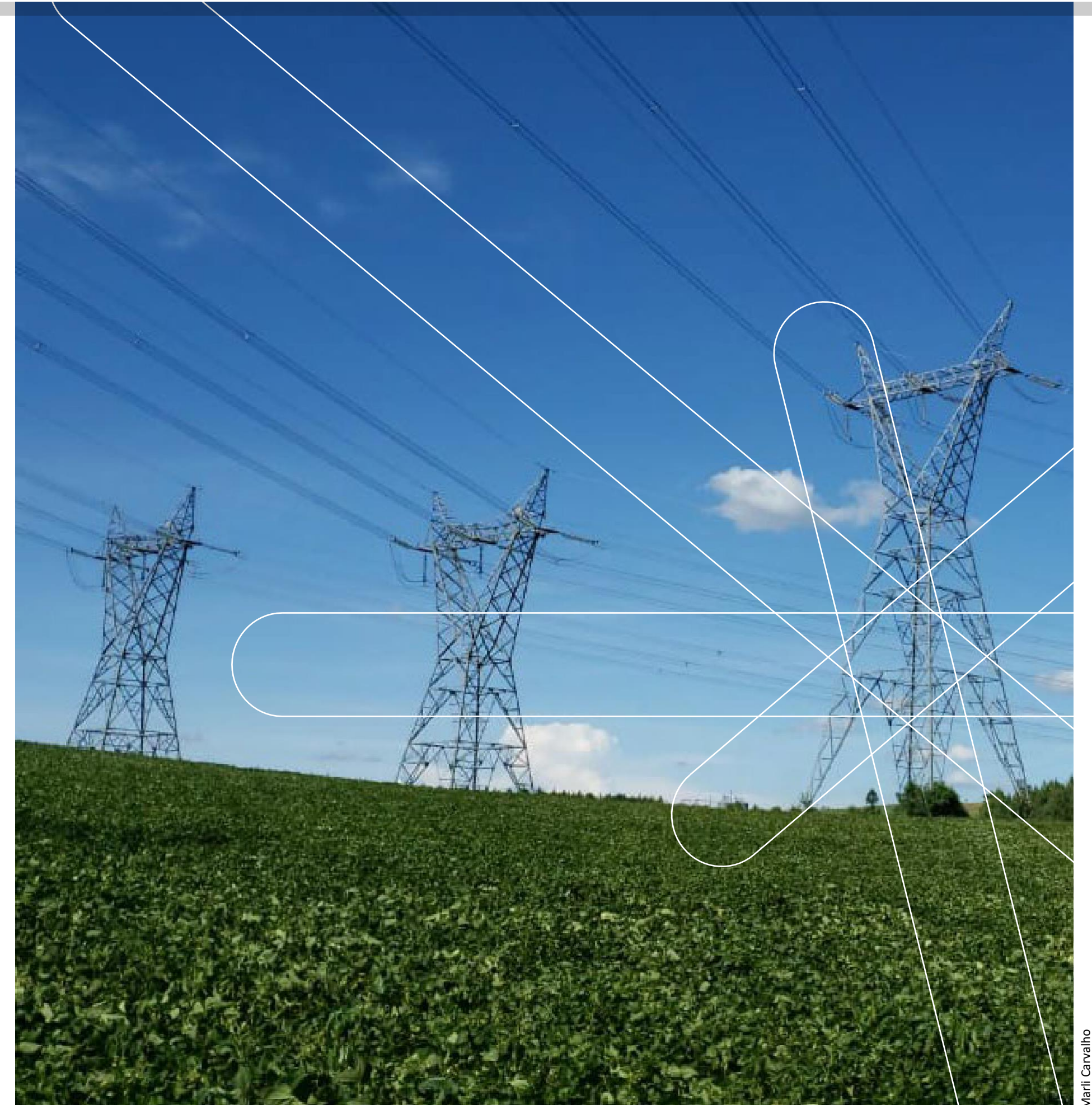
To continuously improve effectiveness and efficiency of TAESA's services and environmental performance, the System must provide solutions for minimizing environmental needs through planning, resource allocation, attribution of responsibilities and evaluation of practices, procedures and adopted processes, on a continuous basis.

It is an uninterrupted, participative and transversal process that affects several areas of the Company and is focused, first, on ensuring that all legal requirements related to the Company's operations performance are met and, subsequently, improved.

The review is an inherent process, based on the evaluations from the monitoring of the activities carried out, as well as on situations differentiated during the year, such as incidents or changes in the legislation. Thus, the processes are reviewed and, where appropriate, adjusted to achieve the goals and targets set forth.

To this end, behavioral guidelines are set forth to continually improve the organizational climate, thus contributing to increased satisfaction and individual performance, based on environmental, social, operational and economic aspects.

The following items show some of the Company's performance indicators.



GREENHOUSE GAS EMISSIONS

GRI 305-1
GRI 305-2



ENVIRONMENT

In 2020, TAESA began the process of identifying sources and accounting of greenhouse gas (GHG) emissions, which includes consolidation of GHG Emissions Inventory and implementation of the Emissions Collection, Management and Reporting System for concessions over which the Company has operational control.

This initiative meets specifications of the Brazilian Greenhouse Gas Protocol Program (GHG Protocol)¹⁰ and its Public Emissions Registry format, considering principles of relevance, completeness, consistency, transparency and accuracy, as well as requirements of reporting to the Carbon Disclosure Project (CDP Climate Change).

In the first stage, Inventory scope was defined (organization facilities and activities contemplated - organizational limit). Then, reference period and base year for Inventory (from January to December 2020) were defined.

The organization's GHG sources and sinks were identified, data collection process was carried out (by regional and corporate units) and emissions were calculated (using emission factors for conversion/ accounting) with the aid of a specialized software.

Results are compatible with energy sector, especially the transmission sector, as well as with concessions that have more intense activities with mapped emission sources. Annual data was compiled and is presented below:

¹⁰ Greenhouse Gas Protocol (GHG Protocol) is a tool used to understand, quantify and manage GHG emissions that was originally developed in the United States in 1998 by the World Resources Institute (WRI). It is now the method mostly used worldwide by companies and governments for carrying out GHG inventories. It is also compatible with ISO 14064 standard and with quantification methods of the Intergovernmental Panel on Climate Change (IPCC).

GHG EMISSIONS - SCOPE 1

GAS FAMILY	GAS	GWP	SCOPE 1
CH4	CH4	25	5.57
CO2	CO2	1	3,769.73
N2O	N2O	298	28.34
SF6	SF6	22800	696.54
Totais			4,500.18

Scope 1: Direct emissions. GWP = Global Warming Potential. Values in tCO2e.

CO2 EMISSIONS FROM RENEWABLE SOURCE - SCOPE 1

GAS	SCOPE 1
Renewable CO2	192.29
	192.29

Scope 1: Direct emissions.

GHG EMISSIONS - SCOPE 2

SCOPE 2			
GAS FAMILY	GAS	GWP	
CO2	CO2	1	79,113.59
	Total		79,113.59

Scope 2: Indirect emissions from energy consumption. GWP = Global Warming Potential. Values in tCO2e.

CO2 EMISSIONS FROM RENEWABLE SOURCE - SCOPE 2

(There is no data to be displayed)

REDUCTION OF FOSSIL FUEL CONSUMPTION IN THE FLEX FLEET

Aligned with the Mission, Vision and Values of **TAESA**, as well as with Sustainability Project development.

Considering results observed in GHG Emissions Inventory process, at the end of 2020, proposal to reduce gasoline consumption in the Company's flex fleet was presented and approved by the Executive Board, by replacing it by an ethanol fleet.

Built jointly by the SMS&S, Corporate Services and Regional Managements areas, this initiative proposes exchange not in absolute consumption volume in liters, but relative, redistributing respective consumption percentages for base year 2019.¹¹

At that time, the proportion of use was 91% gasoline and 9% ethanol. For 2021, proportional target of 70% gasoline and 30% ethanol was established for flex fleet.

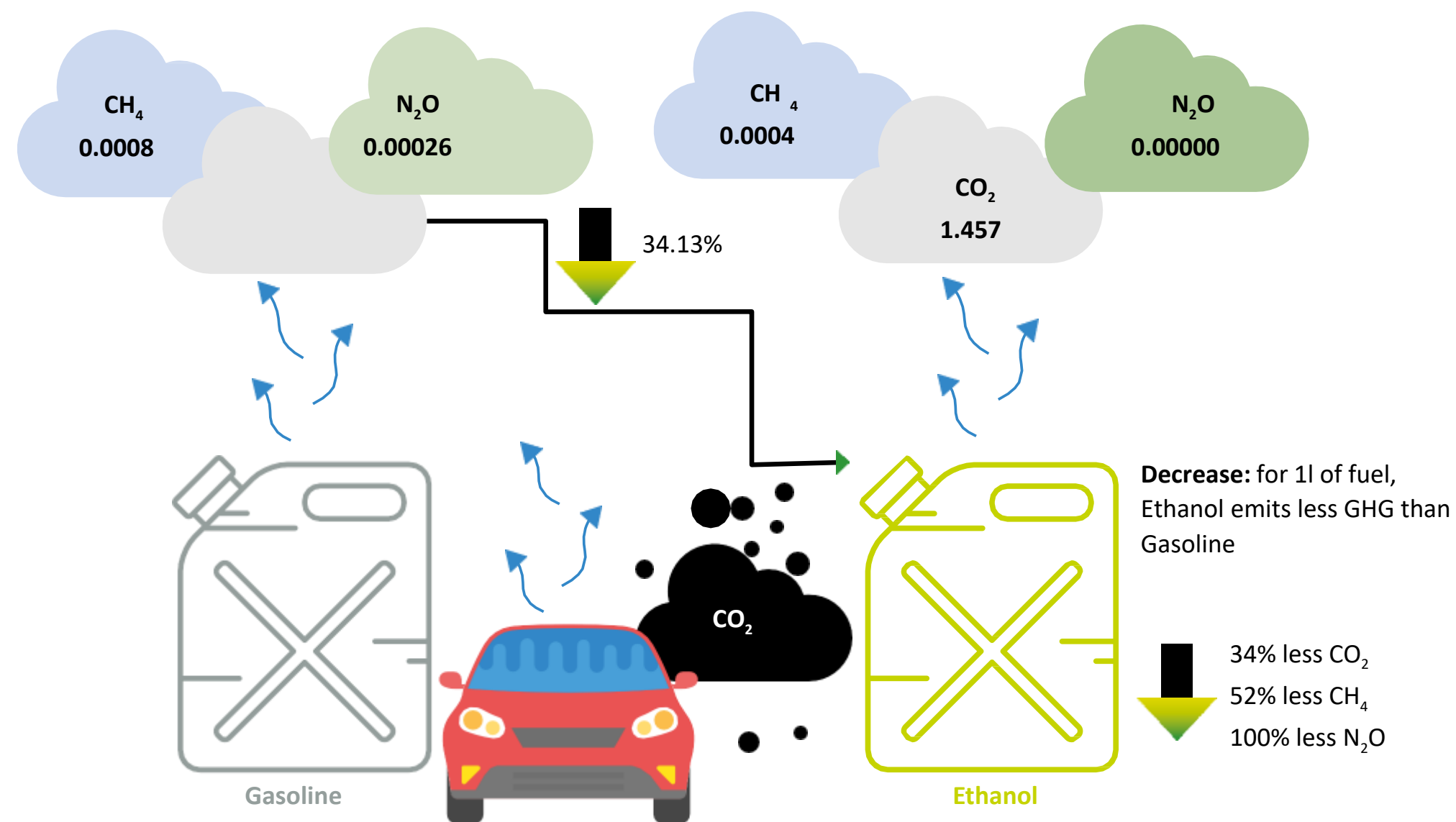
Gasoline is a fossil fuel that represents a greater amount of GHG than ethanol, biofuel produced from vegetable inputs.

The new commitment aims to optimize resource consumption of natural resources (eco-efficiency) and responsibly, reducing the volume emissions that contribute to the climate changes.

¹¹ The year 2020 was not considered, as it is an atypical period due to the pandemic.

ENERGY AND WATER

GRI 302-1
GRI 303-3



Proposal: Prioritize ethanol consumption

2019		2021
Gasoline/Ethanol	>	Gasoline/Ethanol
91%/09%		70%/30%



ENVIRONMENT

Most of **TAESA**'s units are supplied by local energy and water networks or by underground wells for access to water resources, and do not use these resources in their production process. The use of energy and water is limited to employees in offices, warehouses and substations, to building cleaning and maintenance and, occasionally, to reinforcement and improvement work in substations.

Management intends to avoid waste and encourage conscious use of resources. Monthly data on energy and water consumption is collected for monitoring with those responsible for each unit, together with other environmental indicators. The results are monitored periodically.

Stimulating and identifying initiatives developed by some units that can be expanded to others, such as rainwater collection, reuse of air conditioners' water and installation of consumption reduction devices in taps and toilets.

In relation to energy eco-efficiency, some initiatives are developed at the units, such as replacing light bulbs by LED ones, awareness campaigns for efficient use of equipment, and solar energy pilot projects.

ENERGY CONSUMPTION IN THE ORGANIZATION (GJ)

SCOPE				
GROUP OF PRECURSORS	PRECURSOR	SCOPE 1	SCOPE 2	TOTALS
Non-renewable fuels	Diesel/Brazil	17,247.43		17,247.43
	Gasoline/Brazil	2,877.64		2,877.64
Renewable fuels	Biodiesel	3.89		3.89
	Hydrous ethanol	319.63		319.63
Purchased electric power	Electricity/Brazil		4,577,607.06	4,577,607.06
Total		20,448.58	4,577,607.06	4,598,055.64

This panel considers energy consumption in sources categorized as Scope 1 and 2. Although conservatively categorized as non-renewable fuels, “Gasolina-Brasil” and “Diesel-Brasil” contain added renewable fuels (that is, ethanol and biodiesel, respectively).

ENERGY CONSUMPTION IN THE ORGANIZATION (MWH)

SCOPE				
GROUP OF PRECURSORS	PRECURSOR	SCOPE 1	SCOPE 2	TOTALS
Non-renewable fuels	Diesel/Brazil	4,790.95		4,790.95
	Gasoline/Brazil	799.35		799.35
Renewable fuels	Biodiesel	1.08		1.08
	Hydrous ethanol	88.78		88.78
Purchased electric power	Electricity/Brazil		1,271,557.52	1,271,557.52
Total		5,680.16	1,271,557.52	1,277,237.68

This panel considers energy consumption in sources categorized as Scope 1 and 2. Although conservatively categorized as non-renewable fuels, “Gasolina-Brasil” and “Diesel-Brasil” contain added renewable fuels (that is, ethanol and biodiesel, respectively).

ENVIRONMENTAL INDICATORS	2018	2019	2020
Fossil fuels (liters)	583,051.47	390,696.68	581,884.32 ¹
Total power consumption (MWh)	2,664.15	2,948.18	5,674.63
Total water consumption (megaliters) ²	70.50	3.08	12.84
Total water consumption in water stress areas (megaliters) ³	s/d	s/d	1.48
Occurrences of degraded area due to fires	13	12	23
Occurrence of oil leakage	8	5	2

1. Increase due to new assets for operation and maintenance (São João, São Pedro, Lagoa Nova, Brasnorte and part of ETAU, as well as support for projects under construction: Janaúba, Santana and Mariana).
2. 12.84 megaliters of total water intake in all areas, total fresh water (≤1,000 mg/L of total dissolved solids).
3. 1.48 megaliters of total water intake from all water stress areas. Concessions located in water stressed regions are GTESA, LAGOA NOVA, NTE, TSN, (2 SEs) and ATE II (2 SEs). There are no water catchment points under the lines, only at the facilities (substations, warehouses and offices). To identify water stress areas, Aqueduct Water Risk Atlas of the World Resources Institute (WRI) mapping was considered.

CONSERVATION AND BIODIVERSITY

GRI 103-1
GRI 304-2



Fully complying with environmental standards, including the development of sustainability actions, TAESA has the [Biodiversity Policy](#), published in 2020, that aims to establish guidelines related to the Biodiversity Management and Conservation in the planning and execution of the activities of installation, operation and maintenance of Company's transmission assets.

The Company also maintains a series of programs suitable for each phase of a project to avoid and minimize its interference with the environment.

All details of its activity main impacts on biodiversity are available at [Appendices to this report](#).

Under the transmission line, a Right of Way is established, whose area allows the performance all the activities required for the construction, operation and maintenance of the undertaking. The Right of Way is legally established through the Statement of Public Utility (DUP) issued by the Executive Power in favor of the entrepreneur, without, however, undergoing an expropriation process.

The calculation of the Right of Way varies based on the project and is standardized by ABNT NBR 5422 of 1985, which specifies the minimum safety distances between the conductors and the ground or the obstacles along the line, such as trees, buildings and rivers. It also considers the balance of the conducting cables due to the action of the wind, the electric field, radio interference, noise and the positioning of the support foundations.



USE AND OCCUPATION OF RIGHT OF WAY

The Program for Use and Occupation of Right of Way consists of reporting, encouraging and establishing a better use of the Right of Way. The general guideline is to develop uses that prevent or minimize the occurrence of fires in the area inside the spans of the right of way or invasions by people or farm animals that generate risk situations for the safety of the transmission system, the surrounding communities and the environment.

For example, the following situations are not safe uses:

the planting of species that reach high altitudes and plating of certain crops, such as sugarcane and eucalyptus.

MAINTENANCE OF THE RIGHT OF WAY AND ACCESS ROUTES

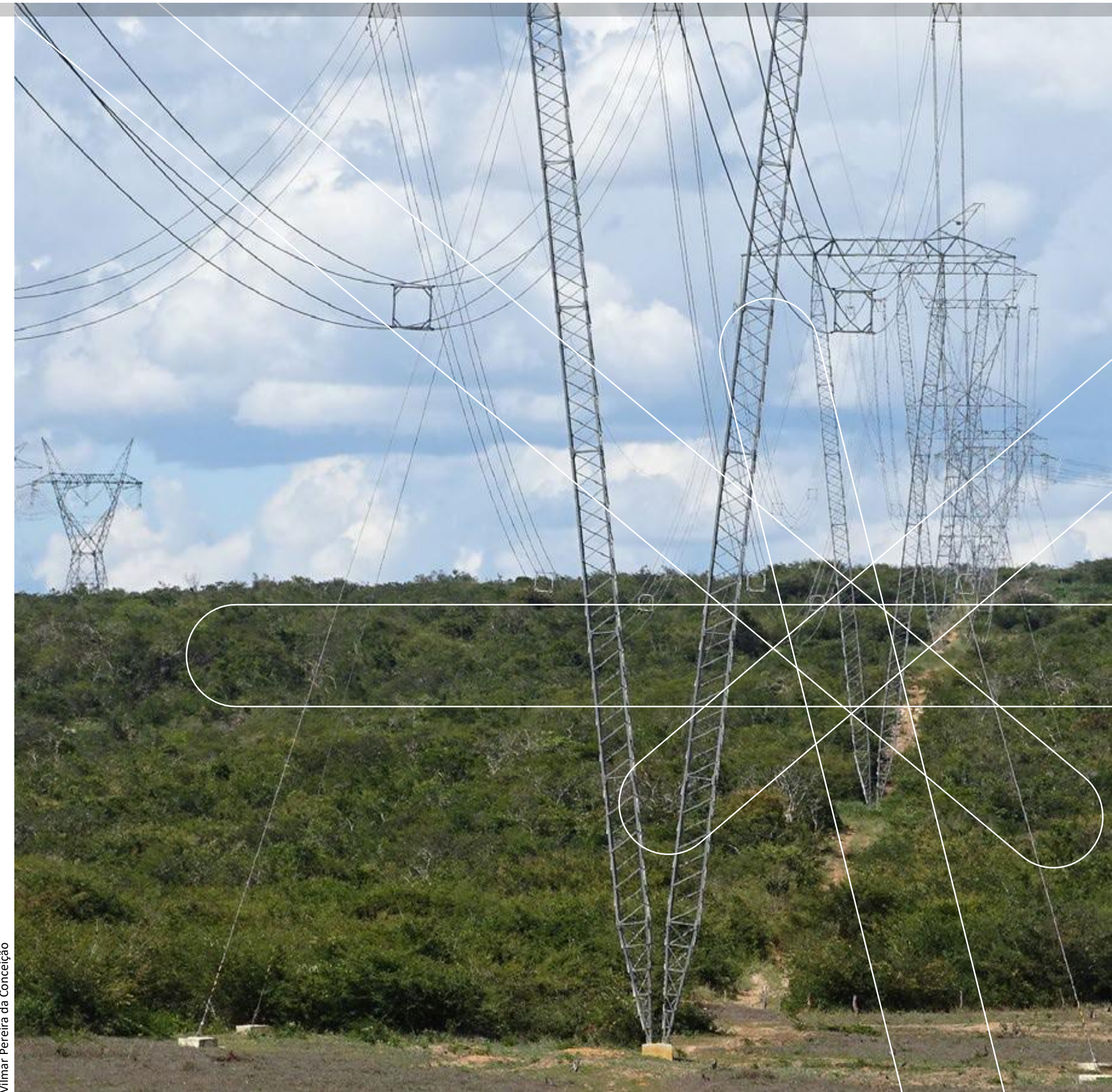
The Program for Maintenance of Access Routes and Right of Way aims at the preventive verification and identification of environmental non-conformities in the access roads.

in the squares of the towers and in the right-of-way. For this purpose, annual preventive inspections are carried out by the Operation and Maintenance teams, inspecting the transmission lines along their entire length.

The access routes to the towers must be in adequate conditions for the traffic of people, equipment and other vehicles for maintenance, especially in cases of emergency. Vegetation in the right of way, such as tabocas, grasses and the like that can cause the line shutdown due to fires, and must be pruned and removed to the side.

SELECTIVE VEGETATION CUTTING AND PRUNING

Much of the interference with vegetation occurs within the Right of Way. Thus, the goal is to reduce the impact on vegetation to the minimum necessary. Selective cutting consists of removing only larger species, the crown of which can interfere with the safety distance –





that must always be ensured between the canopy of vegetation and the height of the conducting cable. In addition, whenever possible, replacement of total removal of a tree by pruning is considered.

Depending on the height of the towers, the vegetation present in a Right of Way can be completely preserved. Another procedure to minimize the suppression of vegetation during the construction of transmission lines, and that TAESA has been adopting in its recent projects under deployment, is the use of drones to launch the cables. it is possible to avoid or mitigate interference in vegetation, ensuring environmental preservation.

FAUNA AND FLORA

So that interventionist activities resulting from implementation and operation of a project is carried out in an environmentally sustainable manner, actions aimed at maintenance, preservation of remaining natural vegetation and protection of fauna are employed by the Company.

Particularly for transmission lines, the main impacts are related to the construction period, despite dynamic and concentrated on a short period. Therefore, the installation phase of this type of undertaking is carefully monitored by TAESA by performing actions to mitigate its impacts on fauna and flora as far as possible. Programs are developed to:

- Chase fauna species away from the area to be suppressed and rescue those who are unable to move out of the suppression area, releasing them in suitable regions, close to the place of origin.
- Fauna monitoring with the characterization of the composition, wealth and conservation status of the target groups in the areas of direct and indirect influence of the projects.
- Saving of germplasm, aiming to preserve genetic variability of populations of target and native species affected, for future use in the conservation of local biodiversity and in scientific research.

Moreover, it is known that during the process of laying cables there is an increased risk of bird collisions, not yet adapted to these new obstacles. As a mitigating measure, signs are installed in strategic stretches on the lightning rod cables, between the tower spans, for a better visual orientation of the birds.

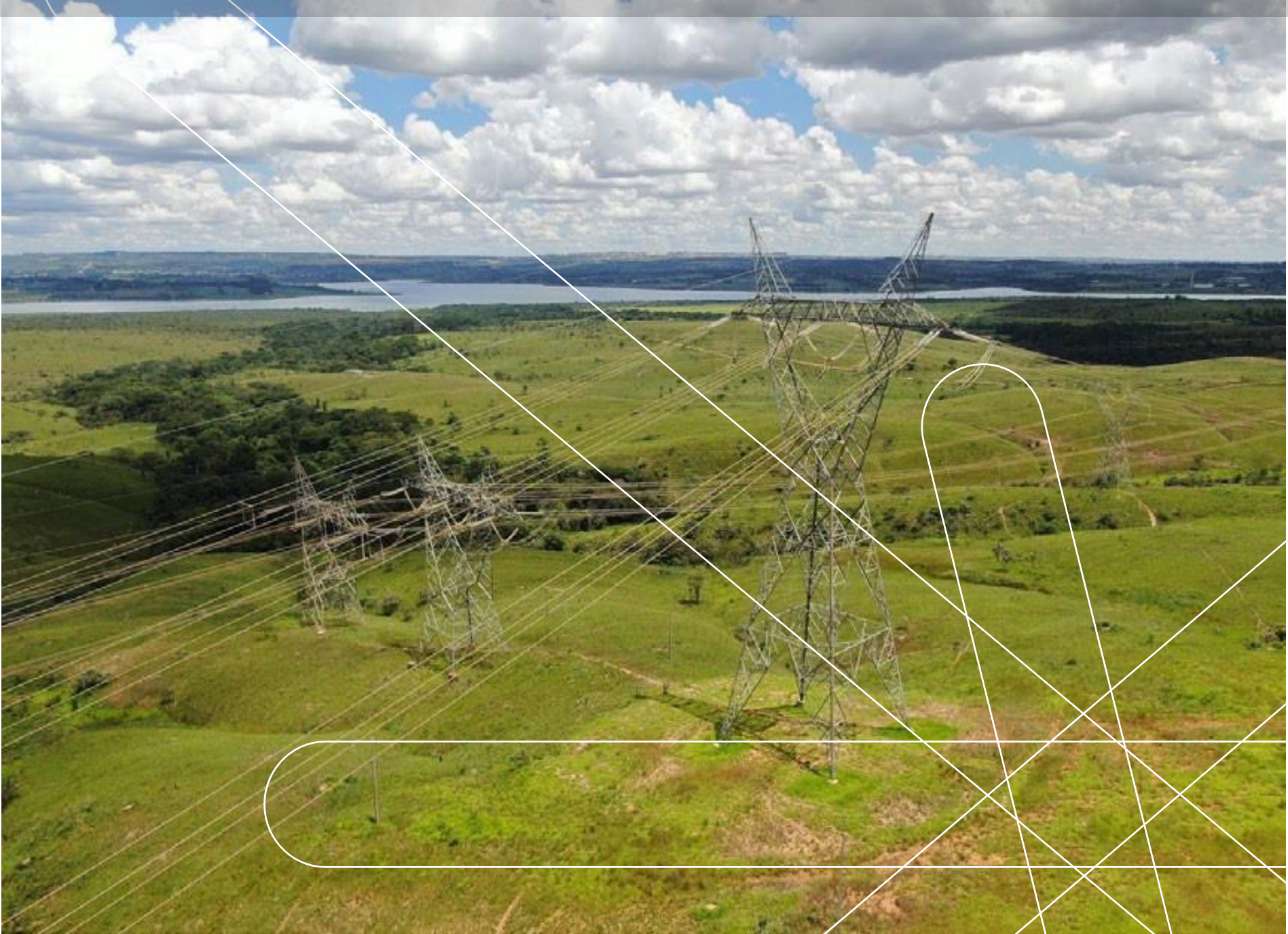
FOREST RESTORATION AND RECOVERY

Brazilian law provides for compensatory forest replacement when there is suppression of native vegetation cover and species threatened with extinction or protected by law. Forest replacement is an important action to compensate for direct and indirect impacts on fauna and flora. Based on the gradual forest reconstruction, its biodiversity, ecological function and sustainability are restored over time.

In 2020, the Mariana project continued with the performance of its Forest Replacement Project in the Serra do Sobrado State Park, in the Metropolitan Region of Belo Horizonte, with the progress of 4.8 hectares of planting, representing 10,128 seedlings. Gradual planning contemplates a horizon of up to five years (until 2026) to complete recovery of 62 hectares of forest, with planting of approximately 133 thousand seedlings.

In relation to other projects being implemented, forest replacement only begins, in general, after project construction.

The total planting includes the complete covering of areas without vegetation. On the other hand, the enrichment planting consists of introducing species, mainly in the final stages of ecological succession, in areas that have native vegetation, but with low species diversity.



Sirlei Soares Macedo

PODA	2018	2019	2020	COMMENTS
Volume of waste generated in m²	60	493	86	All wood material above 10 cm in diameter (DAP) was delivered to the owner for use, and the thin branches are chopped and spread out of the right of way to accelerate biocycling.

DEGRADED AREA RESTORATION

GRI 304-3



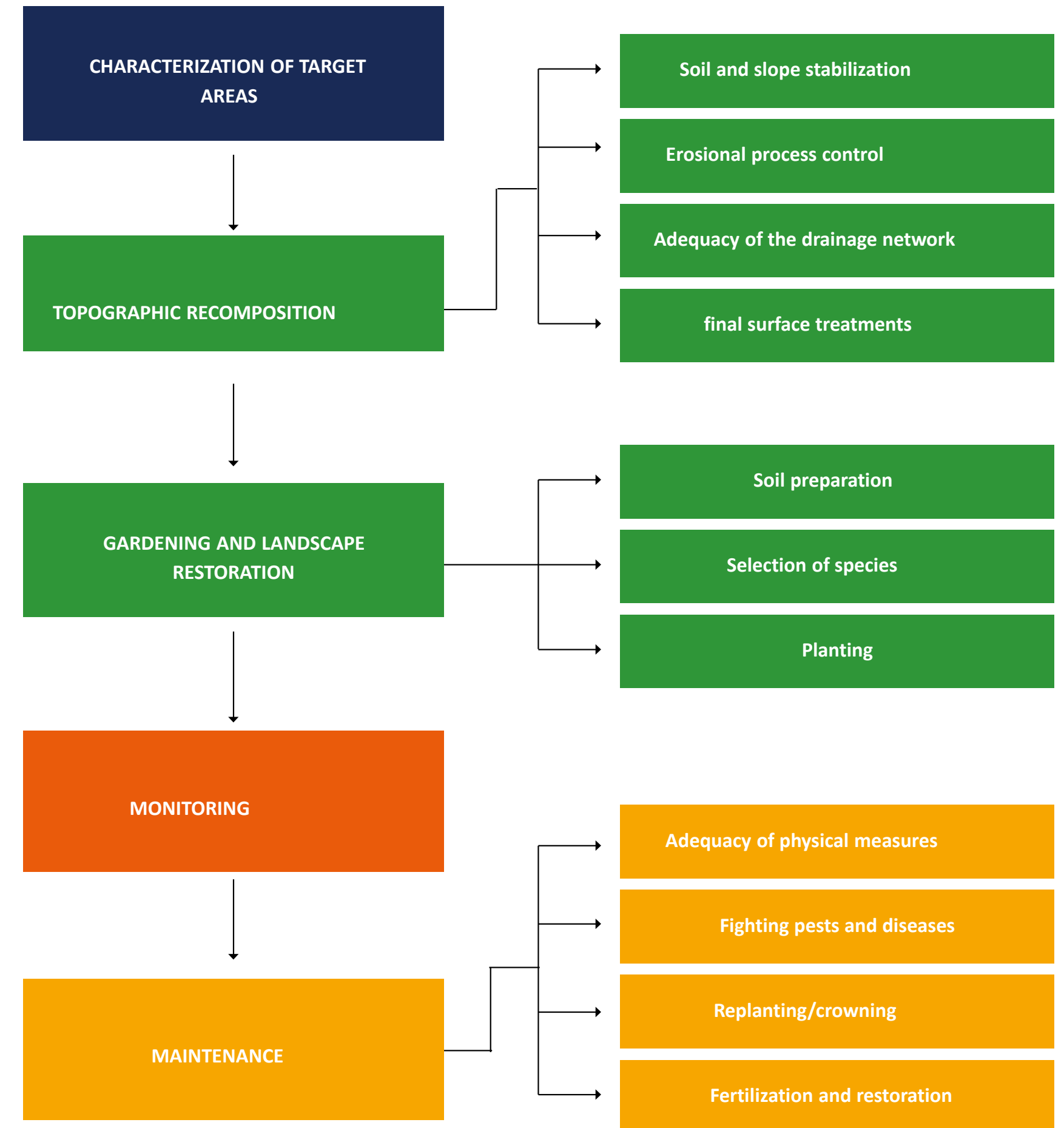
ENVIRONMENT

The purpose of the Program for Recovery of Degraded Areas (PRAD), currently undergoing the review/ updating stage, is mainly to promote recovery of areas degraded due to construction activities. Techniques for recomposing these sites are defined and specified, as well as the indication of corrective measures to be used for their reintegration into the original landscape.

In the operation phase of the transmission lines, the actions related to the PRADs are based on the correction of environmental non-conformities observed in the annual inspections of the Maintenance Program for Access Routes and Right of Way.

The recovery of degraded area can be accomplished by deploying surface drainage, energy dissipation elements and re-vegetation with species of the region itself.

In general, PRAD is developed in four distinct stages: planning, implementation, monitoring and maintenance, presented in chart below. These activities are carried out to provide conditions for reconstitution of areas with ecological and socio-cultural solutions, allowing greater integration of transmission lines with community in project region.



PRAD phases: 1: blue; 2: Green; 3: Orange; 4: Yellow

WASTE MANAGEMENT

GRI 306-1 | GRI 306-2 | GRI 306-3



ENVIRONMENT

The Waste Management Program (PGR) aims at eliminating or reducing waste in processes, whether during implementation or during operation and maintenance, adequately allocating waste or tailings that may damage the environment. It is carried out in accordance with regulatory instruction on Waste Control and Management, in compliance with current environmental laws and good practices already underway.

For this, generated waste is collected, segregated, stored, treated, transported, destined and properly disposed of, in addition to undergoing routine inspections to identify non-conformities that are recorded on specific monthly forms. Actions to raise workforce awareness regarding the importance and environmental gains of the correct management of solid waste are also carried out through training and lectures.

Before disposing of any material, possibility of reuse, recovery or recycling is verified.

For non-hazardous waste, when applicable, recyclables are sent to recycling cooperatives or to voluntary delivery points in municipalities according to the unit's local context. For hazardous waste, collection and disposal services – that are environmentally adequate - are contracted according to waste type.

In addition to legal implications, inadequate management causes soil degradation/ contamination and springs and air pollution, in addition to risks to population's health and quality of life.

in compliance with rules and standards required by official environmental agencies, HSE Policy, and Waste Management Program (PGR).

Implementation of transmission systems implies the execution of several activities in the fronts of construction works and sites, which generate different types of waste and effluents. Civil construction phase is the one that generates the largest and most significant waste volume.

There are concrete, wood, metal pile and iron bar leftovers, among others. For this reason, PGR (waste management program) is implemented on a systemic manner, aiming at minimizing generation and maximizing reuse and reprocessing, so as not to characterize damage to the environment.

Waste from this phase is managed by the contractor but is monitored and inspected by the Company. When contracting third parties, PGR and its guidelines are required for management actions - collection, handling and packaging, temporary storage, transportation, treatment and final disposal of generated solid waste and effluents.

While in operation, main potential impacts are in relation to (mineral, fuel and lubricant) oils and similar substances in substations, in case of leaks and splashes. During operation and maintenance of a transmission line, there is less generation of waste, which is, mainly, the result of vegetation pruning in easement strip, whose waste is laid out on soil for decomposition or delivered to the owner to use it as wood material.

TAESA substations have temporary storage bays or deposits for adequate storage for all classes of hazardous and non-hazardous waste. The facilities follow the standards by colors, types and segregation provided for the current legislation.

In the specific case of substations, it is pertinent to monitor and manage operational processes that involve waste handling, especially oils and the like.

The purpose is to prevent impacts on environment in cases of leaks and spills and to minimize them promptly in case of an event of this nature.

When carrying out the external transport of the waste, companies with the proper environmental authorization and adequate structures to serve the undertaking are selected. TAESA keeps a record of the documentation sent by these companies, together with a certificate of final disposal or destruction of the waste in question and the Waste Bill of Lading (MTR).

TOTAL SOLID WASTE IN METRIC TONS IN 2020	
Class IIA and Class IIB waste – non-hazardous (t)	110.49
Class I waste – hazardous (t)	10.60
Class I waste – hazardous (liters)	26,163.25
Total (t)	121.081

¹ This number reflects a reduction in relation to 2019 value, which was 138.63 tons. Positive performance is due to processes improvement and training and instructions on the matter, as well as pandemic impacts.



SOCIAL COMMUNICATION AND ENVIRONMENTAL EDUCATION



ENVIRONMENT

The Program for Social Communication (PCS) and Environmental Education (PEA) seek to maintain conditions that facilitate the process of integrating communities with the new conditions created by the transmission line.

The environmental technical team carries out campaigns covering all the concessions operated by **TAESA** annually, aiming to guarantee the population's access to information and implement awareness initiatives actions on the necessary care for safe integration with the undertaking, in addition to actions to protect and improve the environment.

During campaigns, clarifications are transmitted with distribution of educational materials,

informational and playful materials, contacts with the community and public bodies, in addition to thematic lectures and activities in partnership with schools.

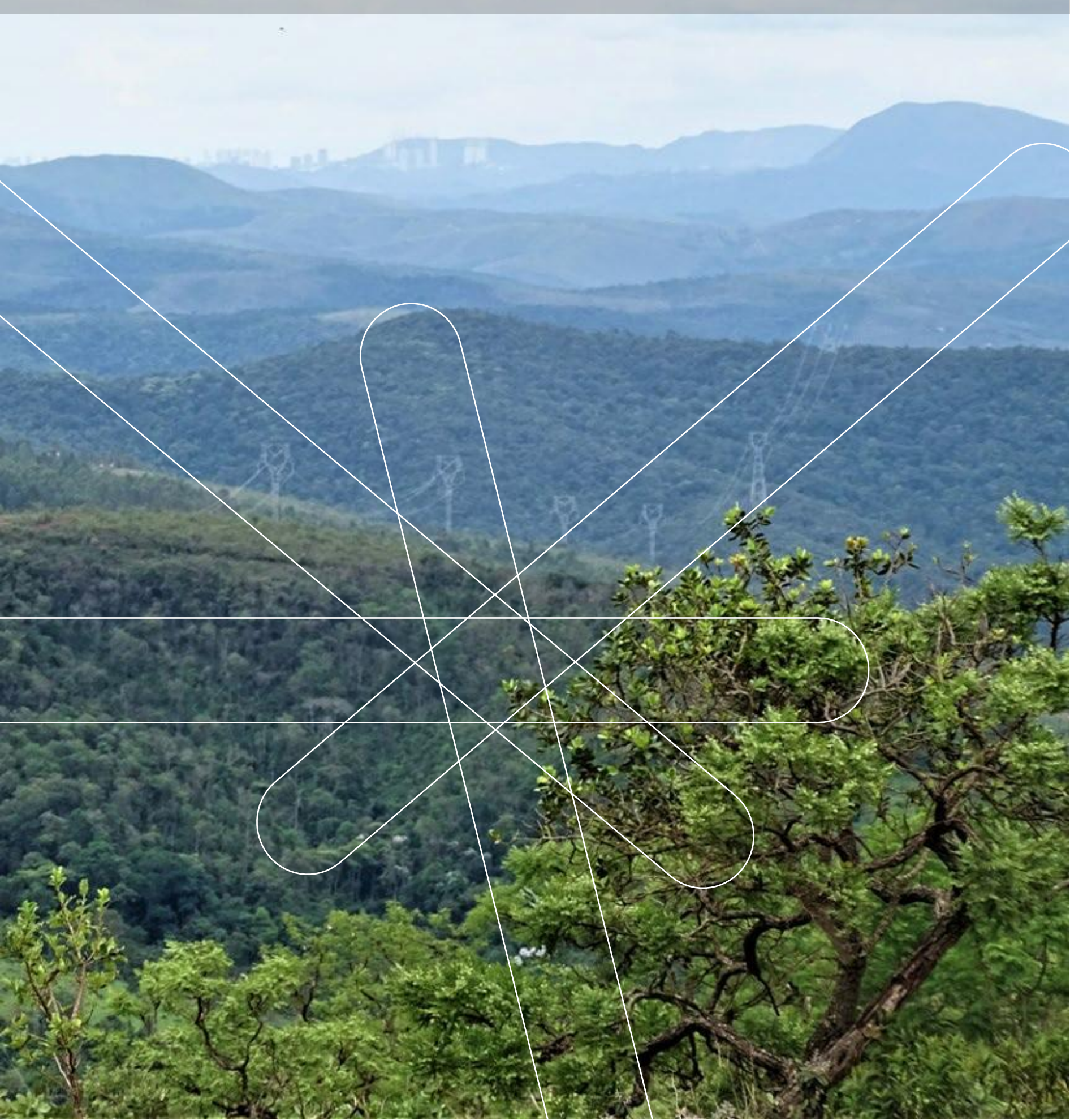
TAESA seeks to learn about the demands of the communities through participatory diagnostics and opinion polls, aiming to redirect its actions by specifying the audiences, topics and actions to be carried out by the PEA, considering local interests and problems.

In 2020, due to coronavirus pandemic and considering that socio-environmental actions generally require contact with communities, the Company reinvented itself to maintain an active relationship with interested parties.

Supplementary alternative measures were adopted so that messages could be effective and respect the distance that situation required. Campaigns were carried out through WhatsApp, radio jingles and sharing of digital media, or were carried out in places not requiring face-to-face contact, preserving the population and employees' health.

Another aspect of these initiatives occurs is within the scope of the Environmental Education for the Workers Program (PEAT), aimed at **TAESA's** own staff and at the teams of contractors working in the field. The purpose is to implement educational actions to raise awareness of professionals allocated to line and substation construction, operation and maintenance on socioenvironmental aspects involved.

Among the main topics addressed, we highlight the procedures for suppressing vegetation and selective cutting, the management of solid waste and effluents, fires, the conditions of licenses that depend directly or indirectly on performance in the field, the relationship with the community and the owners within the area of influence of the undertaking and issues related to the safety and health of the worker. Furthermore, HSE lectures are given to employees in the following events: Training Course for Electricians, **TAESA** Transmission Assets Maintainers' Meeting (EMATT), Familiarization Program for New Employees, and Environment Week.



Taysa Marinho

ENVIRONMENTAL EDUCATION AND AWARENESS	2018	2019	2020
Environmental Education – within the organization			
Number of employees trained in environmental education programs	47	152	44
Number of employees trained in Environmental Education programs	14%	26%	6%
Environmental Education and Social – Community*			
Cities visited	96	102	56
Owners visited	1,785	2,109	818
Primary and secondary education units served	16	27	8
Percentage of schools served/total schools	100%	100%	70%
Number of teachers trained	105	141	0*
Total listeners – target audience	5,323	7,509	2,546

**Due to Covid scenario, which demanded social distancing, TAESA did not carry out interactive training activities with school teachers; alternatively, it maintained only the sharing of instructions and materials on topics frequently addressed.*

ARCHEOLOGY

The archaeological sites and occurrences hold important information on the human groups that inhabited the territory where we currently live. Therefore, they are considered cultural assets and protected by laws.

During the licensing phase, new undertakings undergo studies to assess the potential and impact on archaeological heritage,

which are approved and analyzed by the National Historical and Artistic Heritage Institute (IPHAN).

In the event of potential archaeological occurrences in the area of influence of the undertaking, the Archaeological Heritage Management Program (PGPA) and the Integrated Heritage Education Project are prepared (PIEP). In these cases, archaeological monitoring is carried out - daily monitoring by the archaeologist at the works, as well as the archaeological rescue - research performed by archaeologists to identify, record and collect the traces found.

The training of workers is necessary for the preservation and conservation of findings. Thus, the Archeology team interacts with construction workers informing them about the care taken regarding the existence of archaeological material.



ENVIRONMENTAL COMPENSATION

Public service concessions are usually subject to obligation of Environmental Compensation, established by Federal Law. 9985/2000 and regulated by Decree°4340/2002 for all enterprises that generate significant environmental impact.

The entrepreneurs are obliged to support the implementation and maintenance of the Conservation Unit through the investment of corresponding funds in up to 0.5%

(amended by Federal Decree°6848/2009) of total costs expected from project implementation.

All TAESA's concessions under this obligation had their investment percentages evaluated and approved by the Environmental Bodies indicated in the table below: It is worth highlighting that, despite being a legal obligation resulting from licensing, TAESA proposes, together with the units benefited by the funds, actions that bring sustainable results to the community.



CONCESSION	BENEFITED INSTITUTIONS	INVESTMENT	INVESTMENT STATUS
TSN	Parque Nacional da Chapada Diamantina - Bahia	R\$ 5,681,000.00	100%
	APA de Pouso Alto - Goiás	R\$ 125,000.00	98%*
	Parque Municipal do Lavapés - Goiás	R\$ 499,888.76	99%*
MUNIRAH	Secretaria Estadual do Meio Ambiente da Bahia- SEMA - Bahia	R\$ 280,201.25	100%
PATESA	IDEMA's Management and Conservation Units Center.	R\$ 177,707.35	100%
GTESA	Fernando de Noronha Marine National Park - Pernambuco	R\$ 105,850.00	100%
	Reserva Biológica de Gurupi – Maranhão		
	Estação Ecológica Serra Geral do Tocantins – Tocantins		
	Nascentes do Rio Parnaíba National Park – Piauí/Maranhão/Tocantins/Bahia		
NOVATRANS	Parque Nacional da Chapada dos Veadeiros – Goiás	R\$ 6,042,000.00	100%
	Descoberto Environmental Protection Area – Federal District		
	Parque Nacional do Itatiaia – Rio de Janeiro		
	FUNAI - Comunidade Indígena Avá Canoeiro - Goiás	R\$ 623,000.00	93%**
ETEO	Environmental and Experimental Unit of Assis - São Paulo	Recovery of an area of 68.44 ha with the planting of 116,348 seedlings	100%

ATE III	SEMA/PA - Parque Ambiental de Bélem - Pará	R\$ 1,261,793.00	100%
	IBAMA - To be defined by the agency	R\$ 1,731,893.78	82%*
ATE	Ilha Grande National Park - Paraná;		
	Mata dos Godoy State Park - Paraná;		
	APA Estadual do Rio Batalha - São Paulo;		
	Sebastião Aleixo da Silva Ecological Station/SP;		
	Ibiporã State Park - Paraná;	R\$ 1,849,446.95	100%
	Caetetus Ecological Station - São Paulo;		
	Assis Ecological Station - São Paulo.		
	APA Municipal Água Parada - Bauru - São Paulo;		
	Arthur Tomas Municipal Park - Londrina – Paraná.		

ATE II	Instituto Chico Mendes de Conservação da Biodiversidade – ICMBio		
	Serra das Confusões National Park - Piauí;		
	Serra das Capivaras National Park - Piauí;		
	Ecological Station of Uruçuí-Uma - Mato Grosso;	R\$ 2,420,535.00	100%
	Mirador State Park - Maranhão	R\$ 400,000.00	100%
NTE	Saltinho Biological Reserve	R\$ 293,950.52	100%
	Pedra Talhada Biological Reserve	R\$ 577,179.00	100%
STE	Work Plan by Fundação Estadual de Proteção Ambiental (FEPAM) – Moreno Fortes Biological Reserve in the Municipality of Dois Irmãos das Missões - Rio Grande do Sul	R\$ 181,046.13	100%

*Compensations that are not fully invested are justified because the licensing agency is in the stage of defining the form of investment for the benefited units.

** Investment actions in progress - expected to be completed in 2020.

SUSTAINABILITY

In 2020, TAESA consolidated its growth trajectory in the Sustainability Project, strengthening the relevance of the topic in its various initiatives, with the objective of making the Company a benchmark in the area in the Electric Power Transmission sector in Brazil. To this end, a project for continuous improvement was approved by Top Management in June 2020, for the purpose of implementing some actions in a period of up to 36 months.

- Main actions to promote evolution of Environmental, Social and Governance (ESG) topics inside and outside the Company in 2020 include:
- Survey of the inventory of greenhouse gases (GHG) according to the GHG Protocol methodology.
- Targets for reducing the consumption of fossil fuels in the fleet.

- Inclusion of environmental and social clauses/assumptions in contracts with suppliers.
- Preparation of this social and environmental report based on the practices of the Global Reporting Initiative.
- Creation of Diversity Program.
- Great Place to Work Certification.
- Signature of UN Global Compact by committing to the 2030 Agenda regarding the Sustainable Development Goals.
- ESG indicators dashboard available on the Investors Relations (IR) website.

From this process, it was possible to list relevant topics presented in the report, with details of their materiality and management form.

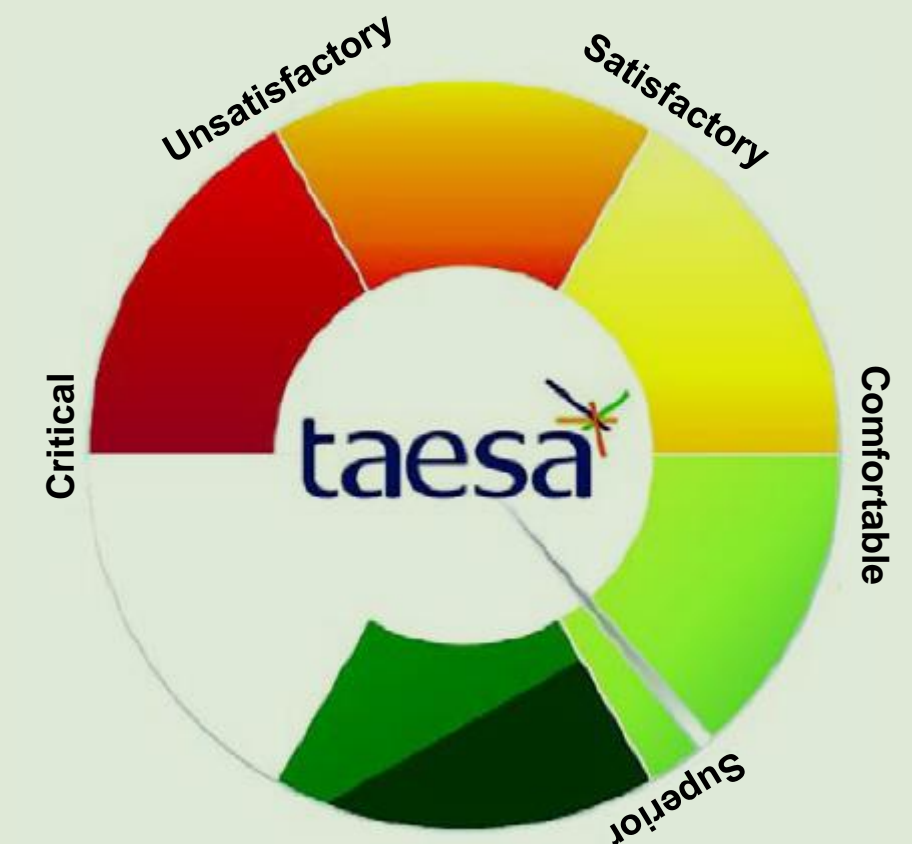
Note that this is the first time that the Company has presented its performance results based on GRI (Global Reporting Initiative) regulations, which represents an important step for documentation and sharing of best practices in Sustainability.

Improvement in registration over the next few years, as well as the possibility of benchmarking with other organizations, contributes to strengthen this topic and to continuously improve developed actions.

In Taesa's trajectory over the past years, one of the relevant points was the issuance of four Green Bonds in 2019.

As required by the Green Bond Principles (GBP), these bonds' target projects need frequent monitoring of socio-environmental activities, which occurred throughout 2020, thus reaching the Comfortable level according to the second opinion.

ANALYSIS OF THE COMPANY'S ESG PERFORMANCE



Strengths:

- Transparency with the licensing process.
- Waste management.
- Evaluation of environmental impacts.
- Institutional environmental programs.
- Lack of significant environmental controversies.



Taysa Marinho

It is worth emphasizing that GBP recognizes that energy transmission is an eligible category for the issuance of green bonds, as they observe that transmission lines in Brazil contribute to the flow and transmission of renewable energy in the National Interconnected System (SIN). Some conclusions regarding the 4 issues of Greens Bonds:

- The TAESA assets evaluated under implementation bring environmental benefits, since contributes to the increase of availability of the National Interconnected System (SIN) for renewable energy.
- The projects are in line with Company's strategy and offer tangible environmental benefits.
- The procedures for managing the funds raised through the debenture were clearly defined by the issuer, through a documented and transparent process.

- The Company has an ESG performance, with comfortable performance in the three dimensions analyzed: Environmental, social and governance policy.
- The Company has comfortable ESG practices and technical know how of their activities.
- The Company is involved in isolated cases of controversies and its level of responsiveness is considered adequate to resolve and mitigate these issues.
- The Company is fully capable of measuring, preventing, mitigating and compensating for possible negative impacts of its projects and sustaining the conditions that classify the debenture as a Green Bond.

Guided by its Values, and constantly improving its corporate practices, TAESA reinforces the transmission of electricity with excellence, in a continuous and efficient way, ensuring profitability and sustainability.



ATTACHMENTS

GRI ATTACHMENTS

INTERNAL SOCIAL INDICATORS*

GRI 102-8

POSITION as of 12/31/2020	TAESA	
Number of own employees**	678	
Number of Interns	33	
Age and gender information	Number	In percentage
Employees with up to 30 years	85	12.54%
31–40 years	300	44.25%
41–50 years	227	33.48%
Over 50 years	66	9.73%
Number of women in relation to total	117	17.26%
Women in managerial positions in relation to total managerial positions	4	0.59%
African-American employees in relation to the total - including browns	10	1.47%
Black employees in relation to total - including browns	146	21.53%
Disabled employees	15	2.21%
Compensation and other expenses	In reais (R\$)	
Remuneration (base salary + hazard bonus/ transfer) ***	171,492,521.28	
Fixed mandatory charges (52.53%)	51,717,622.33	
Education	213,759.02	
Food	7,488,639.81	
Transportation	169,603.13	
Healthcare	10,369,100.81	
Black maids	1,190,531.44	
Division of the highest compensation by the lowest paid (base salary)	80.73	
Division of the lowest compensation by the current minimum wage (Base salary)****	0.56	

Remuneration	In percentage	
Compensation up to R\$ 1,300 (base salary + hazard bonus/ transfer)	1.33%	
R\$ 1,301–3,000	4.42%	
R\$ 3,001–5,000	19.91%	
> R\$ 5.000	74.34%	
Average salaries	In reais (R\$)	
Average Executive Board salary	93,678.40	
Average Management salary	30,548.93	
Average Staff salary	9,067.23	
Average Field salary	6,226.38	
Education	Number	In percentage
Elementary School	285	8,11%
High School	55	42.04%
Higher Education	253	37.32%
Post-Graduation	86	12.54%
Amount invested in professional development	R\$ 725,000.00	
Number of hours invested in professional development per employee	21 hours	
Total numbers	Numbers	
Total number of employees at the end of the period*****	678	
Number of dismissals during the period	68	

* Historical series data is available [here](#).

** Number of young apprentices is considered in the number of own employees.

*** Total remuneration of all employees, excluding senior leadership.

**** Compensation for young apprentices below the minimum wage.

*****This line considers only the number of own employees.

ATTRACTION AND RETENTION OF TALENT

GRI 401-1

NEW EMPLOYEES IN 2020				
Number	Percentage	Age range	Gender	Region
8	1.18	< 30 years	Women	Southeast
21	3.10	< 30 years	Man	Midwest (2); Northeast (7); North (4); Southeast (7). South (1).
15	2.21	30–50 years	Women	Southeast
75	11.06	30–50 years	Man	Midwest (8); Northeast (24); North (9); Southeast (22); South (12).
2	0.29	>50 years	Women	Midwest (1); Southeast (1).
5	0.74	>50 years	Man	Northeast (2); South (3).
EMPLOYEE TURNOVER IN 2020				
Number	Percentage*	Age range	Gender	Region
0	0	< 30 years	Women	Midwest
0	0	< 30 years	Women	Northeast
0	0	< 30 years	Women	North
11	0.81	< 30 years	Women	Southeast
6	0.44	< 30 years	Man	Midwest
9	0.66	< 30 years	Man	Northeast
4	0.29	< 30 years	Man	North

7	0.66	< 30 years	Man	Southeast
1	0.07	< 30 years	Man	South
1	0.07	30–50 years	Women	Midwest
		30–50 years	Women	Northeast
25	1.84	30–50 years	Women	Southeast
		30–50 years	Women	South
13	0.96	30–50 years	Man	Midwest
35	2.58	30–50 years	Man	Northeast
11	0.81	30–50 years	Man	North
38	2.80	30–50 years	Man	Southeast
16	1.18	30–50 years	Man	South
2	0.07	>50 years	Women	Midwest
4	0.15	>50 years	Women	Southeast
11	0	>50 years	Man	Midwest
14	0.29	>50 years	Man	Northeast
5	0.07	>50 years	Man	North
37	0.29	>50 years	Man	Southeast
4	0.22	>50 years	Man	South

* In relation to total gross employees, that is, 678 employees.

INTERNAL AND EXTERNAL TRAINING POLICY

GRI 404-1

TYPE OF TRAINING	AVERAGE HOURS OF TRAINING PER EMPLOYEE IN 2020	GENDER
Technical	43.08	Man
Technical	51	Women
Organizational	7.64	Man
Organizational	10.71	Women
Organizational at distance	8.77	Man
Organizational at distance	8.10	Women

DIVERSITY AND INCLUSION

GRI 405-1 | GRI 405-2

DIVERSITY IN TAESA'S CORPORATE GOVERNANCE BODIES				
Functional category	Number	Percent	Age range	Gender
Member of the Board of Directors	12	100%	>50 years	Man
Members of the Strategy, Governance and Human Resources’ Committee	4	80%	>50 years	Man
Members of the Strategy, Governance and Human Resources’ Committee	1	20%	30–50 years	Women
Finance Committee Members	4	80%	>50 years	Man
Finance Committee Members	1	20%	30–50 years	Women
Audit Committee Members	4	80%	>50 years	Man
Audit Committee Members	1	20%	30–50 years	Women
Implementation and New Business Committee Members	4	80%	>50 years	Man
Implementation and New Business Committee Members	1	20%	30–50 years	Man
Audit Committee Sitting Members	3	60%	>50 years	Man
Audit Committee Sitting Members	1	20%	30–50 years	Man
Audit Committee Sitting Members	1	20%	30–50 years	Women
Executive Board Members	4	80%	>50 years	Man
Executive Board Members	1	20%	30–50 years	Man

DIVERSITY IN TAESA’S FUNCTIONAL CATEGORIES				
Functional category*	Number	Percentage	Age range	Gender
Administrative Support	22	3.24%	< 30 years	Women
Operational Support	3	0.44%	< 30 years	Women
Administrative Support	23	3.39%	< 30 years	Man
Operational Support	22	3.24%	< 30 years	Man
Administrative Support	63	9.29%	30–50 years	Women
Operational Support	15	2.21%	30–50 years	Women
Administrative Management	8	1.18%	30–50 years	Women
Administrative Support	68	10.03%	30–50 years	Man
Operational Support	334	49.26%	30–50 years	Man
Operational Management	24	3.54%	30–50 years	Man
Administrative Management	19	2.8%	30–50 years	Man
Administrative Support	4	0.59%	>50 years	Women
Administrative Management	2	0.29%	>50 years	Women
Administrative Support	12	1.77%	>50 years	Man
Operational Support	49	7.23%	>50 years	Man
Operational Management	9	1.33%	>50 years	Man
Administrative Management	1	0.15%	>50 years	Man

* Level classification is between management positions (managers and coordinators) and support (all other positions).

MATHEMATICAL RATIO BETWEEN BASIC WAGE AND REMUNERATION OF WOMEN IN RELATION TO MEN AT TAESA (TOTAL CONSOLIDATED AMOUNT)*			
Functional category**	Base salary and women’s remuneration (in R\$)	Base salary and men’s remuneration (in R\$)	Mathematical ratio between women's remuneration and men’s remuneration
Administrative Management	3,395,966.14	9,337,824.79	2,75
Operational Management	There are no women in this category	18,176,322.64	Not applicable
Administrative support	16,767,761.90	19,636,617.66	1,17
Operational Support	5,373,312.59	100,264,266.81	18,66

* Base salary for any job category is the same, regardless of gender. Consolidated difference is due to higher percentage of men, in addition to each employee accumulated professional trajectory.

** Functional category: management positions consider managers and coordinators; and support considers all other positions. Senior leadership positions such as officers are treated separately, with no women currently occupying any of these positions.

IMPACTS ON BIODIVERSITY

GRI 304-2

ASPECT	DESCRIPTION	MITIGATION (CONTROL MEASURES)	REVERSIBILITY (SUBJECT TO RETURN TO THE PREVIOUS STATE)	DURATION
Construction or use of plants, mines and transport infrastructure.	Access roads for construction that remain for transmission lines’ operation and maintenance.	<ul style="list-style-type: none">• Mowing and cleaning without disruption.• Selective pruning on the access margins.• Implementation of complementary physical measures.• Implementation and maintenance of surface drainage system.• Implementation and maintenance of bridges, culverts, wet passages and ford passages.	No	Permanent
Pollution (introduction of substances that do not occur naturally in the habitat, from punctual and non-punctual sources).	<p>Air pollution due to emission of particulate materials (dust and exhaust gases from fleet vehicles and construction site activities).</p> <p>Risks of increased turbidity and silting of water bodies through the use of dry passages and wet passages for transposition of water bodies.</p> <p>Change in surface water and soil quality due to oil, fuel, grease products and effluent leaks.</p> <p>Fugitive SF6 emissions from equipment.</p>	<ul style="list-style-type: none">• Use of alternative fuels (ethanol).• Implementation of bridges, culverts and works of art.• Waste Management Program and specific training on necessary care through operational control during O&M activities.• Equipment preventive maintenance.	No	Temporary
Introduction of invasive species, harmful organisms and pathogens.	Clear cutting of vegetation, basically in construction phase (service lane and work site) can create conditions for the establishment of fauna and flora invasive species that benefit from environmental changes.	<ul style="list-style-type: none">• Integrated vegetation management through selective cutting, pruning and forestry.• Application of zoning and restriction criteria.• Follow selectivity criteria.• Prior marking of areas and trees to be suppressed.• Application of selective pruning.• In case of suppression, direct the tipping, thus avoiding damage to the remaining vegetation.• Shred, unfold, stack and remove the suppressed woody material.• Spread over the area (outside Right of Way) fine twigs and foliage that are not usable from the rest of suppressed material.• Implementation and maintenance of surface drainage system.	Yes	Temporary
Introduction of invasive species, harmful organisms and pathogens.	Borrowed soil for maintenance of access roads and plant seedlings of no-good origin used in Forest Restoration and PRAD may bring, without proper soil phytosanitary control and disinfection, pathogens and species that can reach pest status and transmit diseases.	<ul style="list-style-type: none">• During phytosanitary control and hardening of seedlings in a nursery of Regional Management of Araguaína (GMR) and upon purchasing of seedlings from third parties, all due controls related to seedlings quality are required.• Program for Recovery of Degraded Areas (PRAD), including methodologies for control of erosion processes in revision/ updating phase.	No	Permanent

Reduction of species.	Accidents and deaths of animals due to collisions against the structures of towers and cables, electrocution and being run over (this impact is only significant in the construction and in the first years of operation, since, according to studies resulting from the monitoring of the transmission sector, the birds “Learn” that there are obstacles over time, and incidents record a downward curve tending to zero). Suppression of vegetation causes reduction in biodiversity as a result of destruction of fauna shelter and refuge (habitats) and, consequently, of flora, as a result of decrease in gene flow due to scarcity of pollinators and other propagators.	<ul style="list-style-type: none">• The Vegetation Suppression programs, TAESA’s Internal Instructions and the Fauna Management Program through the critical analysis of their indicators, the Forest Replacement and the Fauna and Flora Rescue and Monitoring Program help to mitigate the losses of diversity, as well as the Integrated Vegetation Management (IVM), can reduce or eliminate such an impact.• Application of zoning and restriction criteria.• Follow selectivity criteria.• Prior marking of areas and trees to be suppressed.• Application of selective pruning.• In case of suppression, direct the tipping, thus avoiding damage to the remaining vegetation.• Shred, unfold, stack and remove the suppressed woody material.• Spread over the area (outside Right of Way) fine twigs and foliage that are not usable from the rest of suppressed material.• Implementation and maintenance of surface drainage system.	No	Temporary
Conversion of habitats.	Areas where towers and substations are installed and access road and service lane openings are converted.	<ul style="list-style-type: none">• Do not exceed the dimensions established in the project.• Undertake the management of ground vegetation to enable the regeneration of native herbaceous vegetation.• In steep terrain, implement supplementary physical measures.• Implementation and maintenance of surface drainage system.	No	Permanent
Changes in ecological processes outside natural variation range, such as salinity or changes in water table level.	During installation phase, there are edge effects in all projects that interfere with well-preserved forest fragments, at primary stage or at advanced stage of natural regeneration. Interference in Permanent Preservation Areas (APPs) may also change water table level.	<ul style="list-style-type: none">• Reforestation and the Program for Fauna and Flora Rescue and Monitoring help mitigate diversity losses, just as the Integrated Vegetation Management (IVM) may reduce or eliminate this impact.	Yes	Temporary

Affected species.	Methodology used for Right of Way maintenance (operation and maintenance phase) is the selective cutting. Th main purpose of Forest is to mitigate this impact according to current law.	<ul style="list-style-type: none">• Forest Replenishment and the Program for Fauna and Flora Rescue and Monitoring help to mitigate diversity losses, just as Integrated Vegetation Management (IVM) can reduce or eliminate this impact.• Application of zoning and restriction criteria.• Follow selectivity criteria.• Prior marking of areas and trees to be suppressed.• Application of selective pruning.• In case of suppression, direct the tipping, thus avoiding damage to the remaining vegetation.• Shred, unfold, stack and remove the suppressed woody material.• Spread over the area (outside Right of Way) fine twigs and foliage that are not usable from the rest of suppressed material.• Implementation and maintenance of surface drainage system.• Do not exceed the dimensions established in the project.• Undertake the management of ground vegetation to enable the regeneration of native herbaceous vegetation.• In steep terrain, implement supplementary physical measures.	Yes	Temporary
Extension of impacted areas.	<ul style="list-style-type: none">• Trees suppressed by selective cutting: 525.• Cleaning area of the lines in operation: 3560.75 hectares.• Vegetation suppression area - project under implementation (Janaúba and Santana): 116,415 hectares.	<ul style="list-style-type: none">• Forest Replenishment and the Program for Fauna and Flora Rescue and Monitoring help to mitigate diversity losses, just as Integrated Vegetation Management (IVM) can reduce or eliminate this impact.• Application of zoning and restriction criteria.• Follow selectivity criteria.• Prior marking of areas and trees to be suppressed.• Application of selective pruning.• In case of suppression, direct the tipping, thus avoiding damage to the remaining vegetation.• Shred, unfold, stack and remove the suppressed woody material.• Spread over the area (outside Right of Way) fine twigs and foliage that are not usable from the rest of suppressed material.• Implementation and maintenance of surface drainage system.	n/a	n/a

GRI INDEX

GRI indicator	Sustainable Development Goals (SDGs)	Global Compact Areas	Global Compact Principles	Pages
GRI 102-01	-			7
GRI 102-02	-			7, 11
GRI 102-03	-			7, 11
GRI 102-04	-			7
GRI 102-05	-			7
GRI 102-06	-			11
GRI 102-07	-			8
GRI 102-08	8 10	Human Rights - Labor	1 2 6	25, 69, 116
GRI 102-09	-			25
GRI 102-10	-			25
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Captions



Principles of the UN Global Compact



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

1

RESPEITAR
e apoiar a proteção de direitos humanos reconhecidos internacionalmente.

2

ASSEGURAR
a não participação da empresa em violações dos direitos humanos.

3

APOIAR
a liberdade de associação e o reconhecimento efetivo do direito à negociação coletiva.

4

ELIMINAR
todas as formas de trabalho forçado ou compulsório.

5

ERRADICAR
todas as formas de trabalho infantil da cadeia produtiva.

6

ESTIMULAR
práticas que eliminem qualquer tipo de discriminação no emprego.

7

ASSUMIR
práticas que adotem uma abordagem preventiva aos desafios ambientais.

8

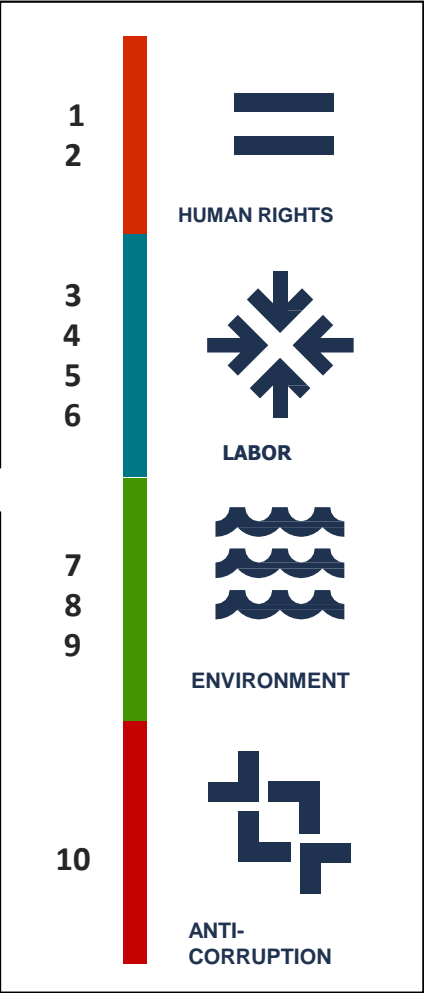
DESENVOLVER
iniciativas e práticas para promover maior responsabilidade ambiental.

9

INCENTIVAR
o desenvolvimento e difusão de tecnologias ambientalmente responsáveis.

10

COMBATER
a corrupção em todas as suas formas, inclusive extorsão e suborno.



Abbreviations:

- NOVATRANS** – Novatrans Energia S.A.
- TSN** - Transmissora Sudeste Nordeste S.A.
- ETEO** – Empresa de Transmissão de Energia do Oeste S.A.
- NTE** - Nordeste Transmissora de Energia S.A.
- STE** - Sul Transmissora de Energia S/A
- ATE** - Transmissora de Energia S/A (ATE)
- ATE II** - Transmissora de Energia S/A (ATE II)
- ATE III** - Transmissora de Energia S/A (ATE III)
- SÃO GOTARDO** – São Gotardo Transmissora de Energia S.A.
- EATE** – Empresa Amazonense de Transmissão de Energia S.A.
- ECTE** – Empresa Catarinense de Transmissão de Energia S.A.
- ENTE** – Empresa Norte de Transmissão de Energia S.A.
- ERTE** – Empresa Regional de Transmissão de Energia S.A.
- ETEP** – Empresa Paraense de Transmissão de Energia S.A.
- EBTE** – Empresa Brasileira de Transmissão de Energia S.A.
- STC** - Sistema Catarinense de Transmissão S.A.
- ESDE** – Empresa Santos Dumont de Energia S.A.
- Lumitrans** – Lumitrans Companhia Transmissora de Energia Elétrica S.A.
- ETSE** – Empresa Serrana de Transmissão de Energia S.A.
- Orteng** - Orteng Equipamentos e Sistemas S.A.
- Transmissoras** - Companhia Transudeste de Transmissão
- MARIANA** - Mariana Transmissora de Energia S.A.
- ETAU** – Empresa De Transmissão do Alto Uruguai S.A.
- BRASNORTE** – Brasnorte Transmissora de Energia S.A.
- JANAÚBA** – Janaúba Transmissora de Energia S.A.
- PARAGUAÇU** – Interligação Elétrica Paraguaçu S.A.
- AIMORÉS** – Interligação Elétrica Aimorés S.A.
- IVAÍ** – Interligação Elétrica Ivaí S.A.
- SPT** – São Pedro Transmissora de Energia S.A.
- SJT** – São João Transmissora de Energia S.A.
- ANEEL** – Agência Nacional de Energia Elétrica

EXECUTIVE BOARD:

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Chief Technical Officer/Legal and Regulatory Officer

Marco Antônio Resende Faria

Implementation Officer

Luis Alessandro Alves

Credits:

General Coordination

Safety, Environment, Health and Sustainability Management

Editing, GRI suitability and Review

Embroidered Word

Graphic Design and Layout

Design de Maria

Cover photo

Ellyvery Costa Magalhaes





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