SUSTAINABILITY REPORT

2016 | 2019

ARGO

SUSTAINABILITY REPORT

2016 | 2019

This first Sustainability Report is the result of the effort and commitment of several stakeholders who built Argo over its almost four years of history. We sought to demonstrate transparency and ethics in this publication, through which we share our journey with various stakeholders.

Enjoy your reading!

CONTENTS

OUR REPORT

GRI 102-45
102-46
102-50

This is the first Sustainability Report since our company was established in 2016. Throughout this document, we demonstrate and share with our stakeholders our positioning and journey in the first years of operation, especially the start of commercial operation of our first project - Argo I, in 2019. This report thus covers the implementation of the three projects in our portfolio: Argo I, Argo II and Argo III, as well as the operational and financial performance of Argo I, from the beginning of its commercial operation, in September 2019, up to December 2019.

GRI 102-46
102-54

The content of this publication was defined at Management and Executive Board meetings and inspired by the guidelines of the Global Reporting Initiative (GRI). It also meets the requirements of the "Social and Environmental, and Economic-Financial Responsibility Report" of the National Electric Energy Agency (ANEEL).

GRI 102-56

This document has not undergone external assurance, except for the economic and financial data, which has been audited annually since 2016 by Deloitte Touche Tohmatsu.

GRI 102-53

Questions, suggestions or comments about this document are welcome and should be submitted via email to **ri@argoenergia.com.br.**

ARGO ENERGIA

OUR PROFILE

We are Argo Energia Empreendimentos e Participações S.A., a Brazilian company that operates in the expansion of the National Grid (SIN) through the implementation, operation and maintenance of electric energy transmission assets

GRI 102-1
102-3
102-5

We are based in São Paulo and our controlling shareholders are Pátria Investimentos, a leader in alternative asset management in Latin America, and Temasek, an investment company with headquarters in Singapore and a total of eleven international offices*.

In 2019, we managed three projects in Brazil, two obtained through auctions promoted by ANEEL, in April and October 2016, and one resulting from the acquisition of the company Guaporé Transmissora de Energia S.A., in February 2019, which became, respectively:

- **Argo I:** Construction and operation of 1,150 km of transmission lines, four new substations and expansion of an existing substation, which will allow for the expansion of the energy base grid in the States of Maranhão, Piauí and Ceará;
- **Argo II:** Construction and operation of two synchronous compensators in Substation Janaúba 3, in the State of Minas Gerais; and
- **Argo III:** Construction and operation of 320 kilometers of transmission lines and expansion of five substations, including the installation of two new synchronous compensators, in the State of Rondônia.

GRI 102-2
102-4
102-6
102-7

We look for high-performance professionals, committed to contributing to the development of the energy sector. Our team, composed of 106 employees, is young, experienced, with a sense of ownership and committed to ethics and excellence in the quality of deliverables.

We have strong concerns with the social and environmental impacts that could result from our activities. We are always attentive to public interests, establishing, in our operations, respectful conduct and open dialog with society, especially with communities neighboring our projects. We acknowledge that the result achieved stems from the unity and effort of our employees and from the support, commitment, incentives and professionalism of our stakeholders.

** On November 22, Pátria Investimentos and Temasek announced our acquisition by Grupo Energía Bogotá and Red Eléctrica Internacional. This transaction is subject, among others, to the approvals of the Administrative Council for Economic Defense (CADE) and the National Electric Energy Agency (ANEEL).*

MISSION, VISION AND VALUES GRI 102-16

Mission

To contribute to the development of the electric energy sector, respecting the interests of all stakeholders, working with ethics, efficiency and commitment.

Vision

To be a highly recognized company in the sector, expanding its operations and the return to its investors.

Values

Ethical stance:
Ethics and respect for laws and regulations should guide all acts of the Company and of its employees and partners, especially with regards to the relationship with public authorities and the assets of investors.

Efficiency:
We operate efficiently, maximizing resources and looking to streamline all our processes. We coordinate the many players involved, seeking to achieve the best impact on the economic, social and environmental aspects.

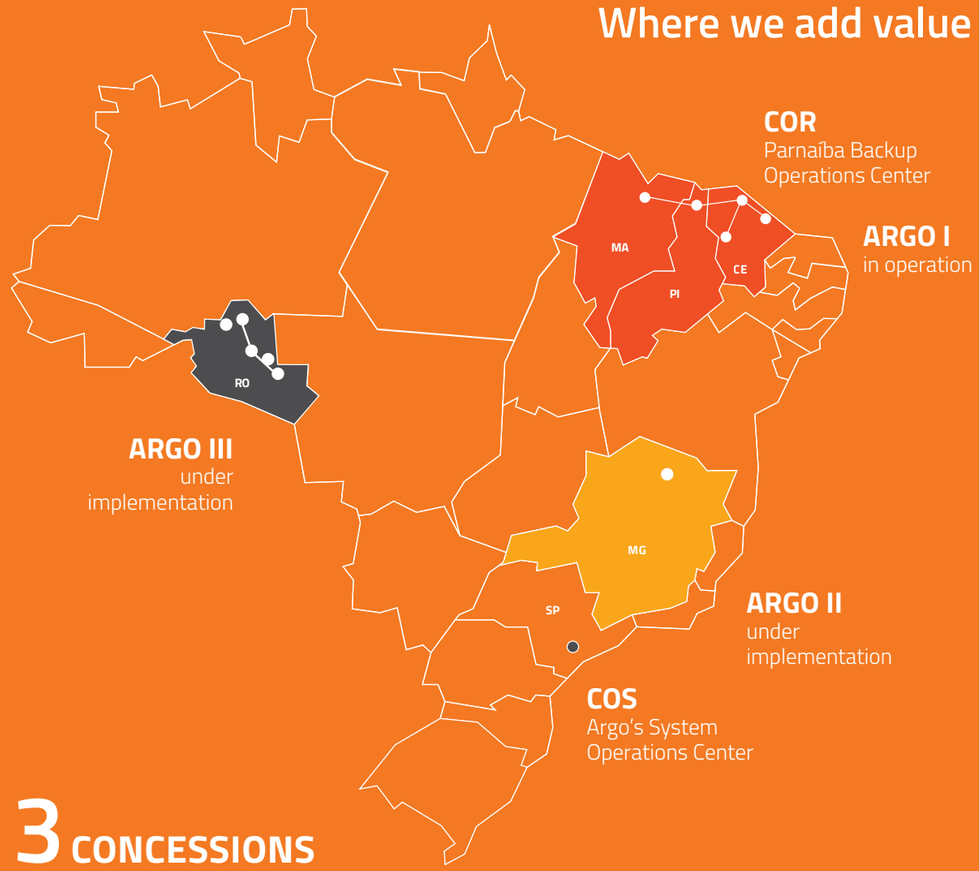
Safety:
Ongoing concern for the safety of our employees, partners and society is an essential driver behind all our activities.

Profitability:
We are diligent in assessing our investments and partnerships in order to optimize our results.

Entrepreneurial spirit:
We value the entrepreneurial spirit, looking to capture opportunities and quickly put them in place.

Enthusiasm:
We like our business and act with the pace and vigor to achieve our goals with agility, ethics and quality in the deliverables

Where we add value



COR
Parnaíba Backup Operations Center

ARGO I
in operation

ARGO III
under implementation

ARGO II
under implementation

COS
Argo's System Operations Center

3 CONCESSIONS

1,470 km
of transmission lines

11
substations

53
municipalities crossed

5
States

More than R$ 3 bi
in investments planned*

R$ 594 mm
in RAP** (Permitted Annual Revenue), of which:

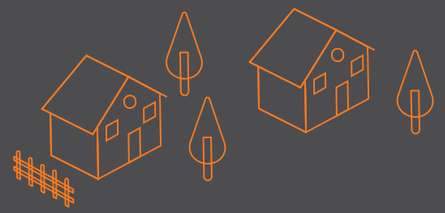
R$ 470 million from Argo I

R$ 44 million from Argo II

R$ 80 million from Argo III

** Amount reported to BNDES.*
*** Baseline date September 2019. Amount defined in the concession agreements.*

TIMELINE



2016

JANUARY
Pátria Investimentos identifies the opportunity in the energy transmission sector and decides to participate in Auction No. 013/2015 promoted by ANEEL.

APRIL
Lot A (Argo I) is secured through ANEEL Auction No. 013/2015, 1st phase, with a RAP of R$ 470 million.

OCTOBER
Lot 18 (Argo II), is secured through ANEEL Auction No. 013/2015 - 2nd phase, with a RAP of R$ 44 million.

2017

AUGUST
Preliminary License (LP) obtained for Argo I.

2018

JANUARY
Installation License (LI) issued for Argo I.

FEBRUARY
Beginning of civil works for Argo I.

NOVEMBER
Installation License (LI) issued for Argo II.

2019

FEBRUARY
Acquisition of Guaporé Transmissora de Energia (Argo III).

APRIL
Infrastructure for the System Operations Center (COS) completed.

MAY
Beginning of civil works for Argo III.

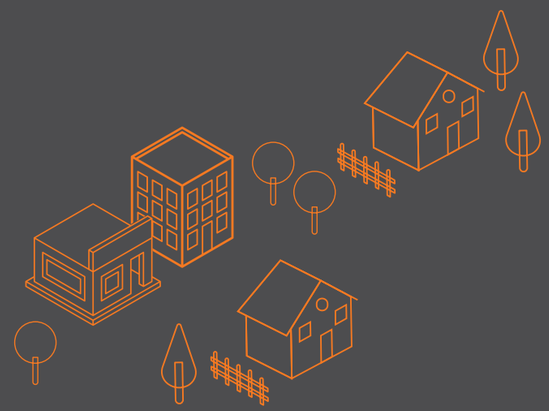
JULY
Beginning of civil works for Argo II.

SEPTEMBER
Argo I begins Commercial Operation.

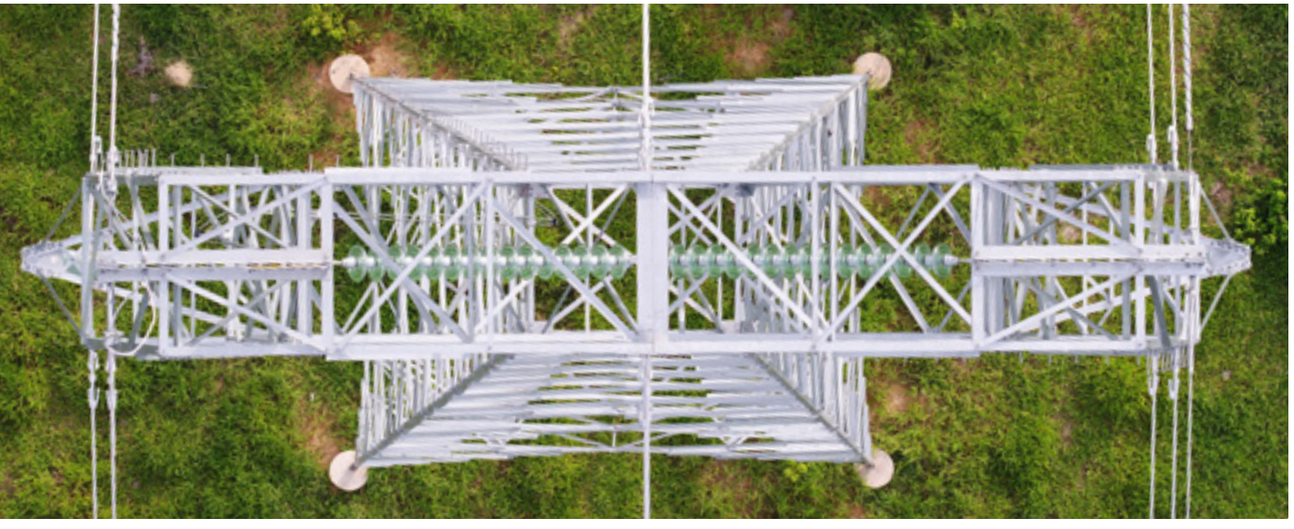
NOVEMBER
Execution of Argo's Share Purchase Agreement.

2020

Operating License (LO) issued for Argo I.



LETTER FROM THE CEO



LETTER FROM THE CEO

GRI 102-14

Since 2016, our operation has shown one of the purposes that drives us and inspired our creation: to contribute to raising the level of quality and performance of the operations in the electric energy sector. To this end, we put together an innovative and high-performance team, which has allowed us to carry out our business plan above expectations, especially in relation to deadlines. At the same time, our positioning in the market and in the regions where we operate has led us to win the respect of regulatory and environmental agencies, service providers and communities—benefited by social and environmental programs developed to address the specificities of each location.

We will maintain our goal of celebrating efficient deliverables — as well as winning bids at auctions. With this focus, we had, at the end of 2019, a portfolio with three well-structured projects executed in partnership with high-quality suppliers, which gives us the certainty that we will deliver against our commitments.

Our team is our main strength. Our employees have a sense of ownership, they know they can make a difference, and have freedom to express themselves and autonomy to make decisions. All this is highly valued, including in the financial aspect, through a merit pay program.

These features, which facilitate achieving our goal of becoming one of the best transmission companies in the country, were materialized with the beginning of commercial operations of Argo I, 22 months ahead of the schedule provided in the concession agreement. Argo II should also be completed more than one year ahead of schedule, in the fourth quarter of 2020—at the end of 2019, 50% of the implementation schedule had already been completed. The same is true for Argo III, where a substantial part of its assets is expected to be delivered throughout 2020, more than two years ahead of plan: nearly 80% of the works had already been completed at the end of the year.

All projects were preceded by a set of risk mitigation processes and procedures, which form a sound and frequently monitored structure. As reinforcement, our corporate governance is consolidated, with strong interaction between the Board of Directors and the Executive Board.

The social and environmental aspects of the projects, as important as schedule and costs, are included in our development strategy and business model, from conception to operation. Throughout our nearly four years of operation, we have obtained all required environmental licenses, built our System Operations Center (COS) and secured long-term financing, which have ensured qualified deliverables.

The way we conduct our operations shows that we are established and structured to be among the best companies in the sector. We are a perennial, independent and autonomous company, very well prepared to implement and operate our current concessions and to continue growing and contributing to the development of Brazilian infrastructure.

We point out the work carried out by Bruno Chevalier, who held the presidency until March 2019, contributing to forming our company's main pillars. We also wish to thank all stakeholders involved in our journey, especially our shareholders and board members, for their unwavering trust and support, and our employees, for their dedication and commitment to the company's goals.

We thus reiterate our commitment to the sustainable development of the Brazilian electric energy sector.

Marcelo Souza
CEO

HOW WE OPERATE

MANAGEMENT AND BUSINESS MODEL

The decision to establish our company was based on the reformulations undergone by the electric energy sector in recent decades.

As of the vertical unbundling of the electric energy sector, the transmission segment was separated from the generation segment.

In recent years, following the establishment of large hydroelectric generation projects in the Amazon region, as well as of renewable generation assets, such as solar and wind in the Northeastern region, the transmission sector gained even more relevance, given the need for energy transmission through the National Interconnected System (SIN), with its main consumption center located in the Southeastern region. The goal is to develop as a company, in line with a new industry paradigm. We aim to be acknowledged for high-efficiency requirements in an environment that provides satisfaction in working and where deliverables are recognized through meritocracy practices.

Therefore, starting at the hiring process, we prioritize professionals with a sense of urgency and an ownership mentality, who know how to work as a team and recognize that success is the result of collaboration. Our team is lean and composed of employees who really seek to do things differently, which results in our ability to provide, ahead of schedule, qualified deliverables that are in strict compliance with the clauses of each contract agreement and regulatory obligations.

Our ambition is to be one of the best energy transmission companies and, to this end, our search is for profitable projects, capable of contributing to the development of the country. We were born to be the link between power generation, distribution and consumption centers, taking quality and progress everywhere we go. In the quest for the best results, we always consider a balance between the economic, social and environmental aspects.

Integrated and Sustainable Management

Starting with the choice of the projects, whether through participation in auctions or via the acquisition of an asset, our concern with sustainability sets us apart. When participating in auctions, there are prior assessments of the selected lots to gauge risks, interferences, potentialities, weaknesses and opportunities. All of these aspects are studied by our environmental, social responsibility, engineering, regulatory, financial and land teams, in order to make more informed and assertive decisions. Thus, our Business Development planning is conducted in an integrated manner, also taking into account schedules and budgets. When deciding on the acquisition of an asset, planning depends on the phase of the project, but there are always social and environmental due diligence processes, document analysis and field visits.

We also have in place integrated management procedures throughout the development, implementation and operation phases of the projects. In Argo I, coordination meetings were held every two weeks involving our engineering, land, environmental and regulatory teams, as well as the suppliers of each area. Thus, all aspects of the project included the search for the best solutions for each of the challenges faced.

We also provide regular reports to the relevant authorities, such as ANEEL, and to our management and governance bodies. Our Board of Directors discusses social and environmental aspects at all meetings and we submit information and social and environmental indicators to our shareholders on a quarterly basis. In addition, we participate in the Brazilian Association of Transmission Companies (ABRATE) to contribute to discussions on improving environmental licensing and regulation processes, among other relevant topics.

Learn more about our commitment to society in section “Our Stakeholders”.

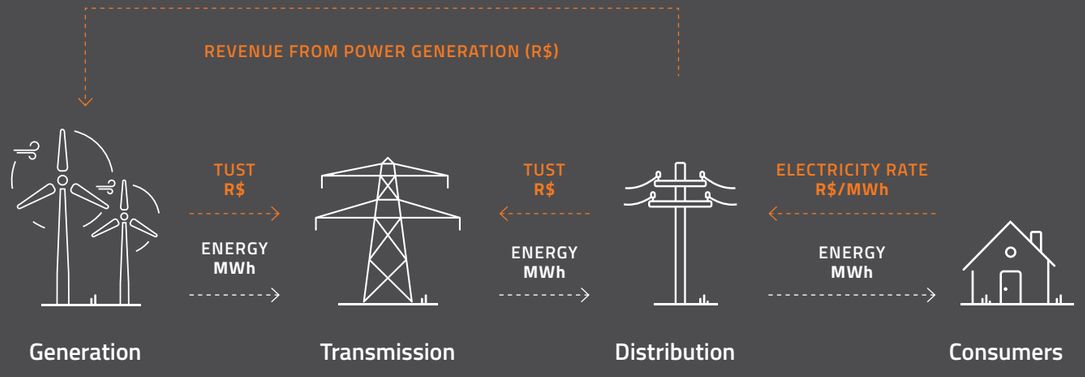
Learn more about our commitment to the environment in section “Environment”.

Transmission Sector

As determined by ANEEL, the quality of the service provided by power transmission utilities is assessed through indicators associated with the availability of the transmission system:

- **Permitted Annual Revenue (RAP):** It is the remuneration received by power transmission utilities for the provision of public transmission services. For the concessions that were auctioned, RAP is obtained as a result of the transmission auction itself, and the amount is paid to the transmission companies upon the start of commercial operation of their assets. There is also a revenue review every four or five years, pursuant to the terms of the concession agreements.
- **Variable Portion (PV):** Deducted from the transmission company's revenue due to unavailability of the transmission assets.

Payment for the use of the transmission system is made through the collection of the SIN's Transmission System Usage Tariffs (TUST) to all users of the Energy Base Grid. Tariffs are adjusted annually, reflecting on RAP adjustments.



Industry Participation

The defense of our interests, as well as that of other transmission agents, occurs within the scope of ABRATE, through which we also monitor ANEEL's public hearings and consultations in order to keep us updated and to contribute to the establishment of a better competitive environment. In 2019, in addition to the public contributions made within the scope of ABRATE, we made direct contributions to ANEEL related, among others, to the operation regime for transmission and generation assets by the National System Operator (ONS), and the improvement of regulations regarding the connection and access to transmission assets.

STRATEGY AND ALLOCATION OF RESOURCES

Our generation of economic value is driven by a strict capital allocation practice

We maintain a strict capital allocation discipline, which is ultimately the main driver of our creation of economic value. Our strategy includes extremely careful analysis for capital allocation, with comprehensive studies of when, where and how to invest.

We operate in long-term public concessions, with revenues previously defined in contract, paid according to availability at SIN and adjusted annually for inflation. In this context, we opted to maintain an optimized capital structure, supported by debt instruments, covering four main financing modalities:

- Own capital;
- Issuance of long-term financing;
- Issuance of long-term public debt instrument (debentures); and
- Innovative structure of redeemable preferred shares, with foreseeable payment flow.

Our debts are always associated with the projects, which is also an innovation in the sector and allows us to segregate financing risks. In April 2018, Argo I entered into a R$ 1.54 billion financing agreement with the National Bank for Economic and Social Development (BNDES). In June and July 2019, Argo III and Argo II contracted, also with BNDES, loans totaling R$ 465 million and R$ 152.8 million, respectively.

CORPORATE GOVERNANCE

GRI 102-16
102-17

Ethics and Conduct

We understand that ethics is a fundamental principle for the reputation and continuity of our businesses. We are aware of the complexity of interests and risks associated with our industry. We have established clear corporate governance guidelines based on our commitment to business ethics and transparency in all areas of operations.

In line with one of our Values, Ethical Stance, our corporate governance aims to strictly comply with legislation and favors interaction between decision-making bodies. We have in place a set of principles and standards designed to ensure ethical and responsible conduct by our employees in the development of activities, accountability and corporate responsibility.

We have developed policies and procedures based on consolidated market practices, and our performance is guided by our Code of Ethics and Conduct. This document is distributed to all employees, who sign a term of commitment with its guidelines. As a reinforcement, employment contracts contain a clause attesting to the employee's knowledge of the Code´s requirements and their willingness to comply with them.

Any actions or practices that violate ethical principles and standards of conduct provided for in the Code and/or applicable legislation may be communicated to the Ethics Channel, which is managed by a specialized third party. Contacts can be made via email (etica@argoenergia.com.br) and/or toll-free number (0800 377 8038). Identification of the whistleblower is not mandatory (reports can be made anonymously) and we have a Reporting Policy which prohibits retaliation and encourages the use of the Ethics Channel. All reports are handled accordingly, with analysis and investigation by our Compliance Department. Cases that require a differentiated treatment are escalated to the Ethics and Compliance Committee, composed of our Executive Board, the Legal Department and the Human Resources Department.

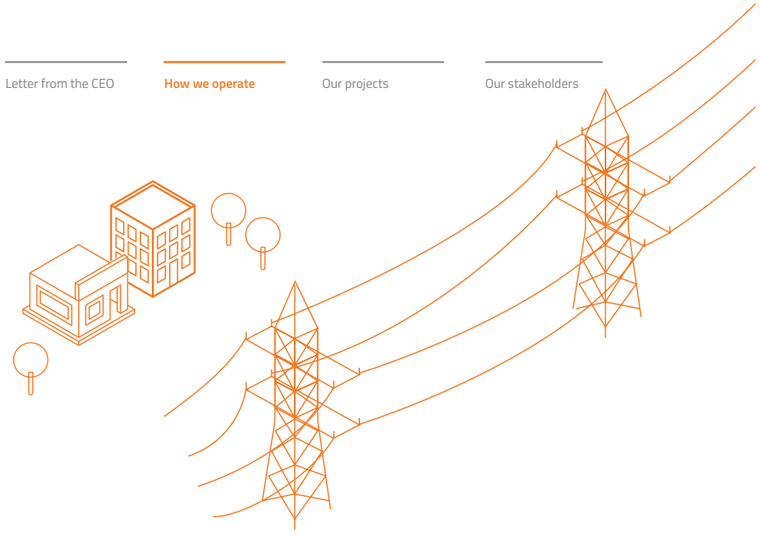
See our Code of Ethics and Conduct on the website www.argoenergia.com.br

As part of our Integrity Program, we have developed a number of policies in order to specify the guidelines contained in the Code of Ethics and Conduct. They are: (i) **Anti-corruption Policy**, which establishes guidelines and best practices to be observed by our employees concerning the participation in bids, donations, interaction with public authorities, sponsorships, licensing, gifts, entertainment and inducements, among other actions; (ii) **Policy for Donations and Sponsorships**, whose purpose is to establish the rules to be adopted when making donations or sponsorships, in order to prevent illegal acts; (iii) **Policy for Disclosure of Material Acts or Facts**, which advocates transparency in the quarterly disclosure of the Financial Statements to the Brazilian Securities and Exchange Commission (CVM); (iv) **Personal Data Protection Policy**, in compliance with Law N°. 13,709/18 - General Data Protection Law; and (v) Policy for Transactions with Stakeholders, which aims to ensure that decisions involving transactions with related parties are made on an equal and transparent basis.

All policies integrate the annual training calendar of our employees, provided in company and online modules, in order to ensure that everyone is familiar with and remains in line with the rules of conduct.

Since 2016, Deloitte Touche Tohmatsu has provided external audit services to analyze the regulatory and corporate Financial Statements. Internally, we undergo audits by Pátria in relation to processes. We are also registered with the Brazilian Securities and Exchange Commission (CVM) and have an Investor Relations (IR) department to keep our debenture holders informed, who can submit their questions and demands via email to ri@argoenergia.com.br. In general, the information requested is disclosed on our website: **www.argoenergia.com.br.**

See the files made available to the CVM on our IR page: www.argoenergia.com.br/investidores/

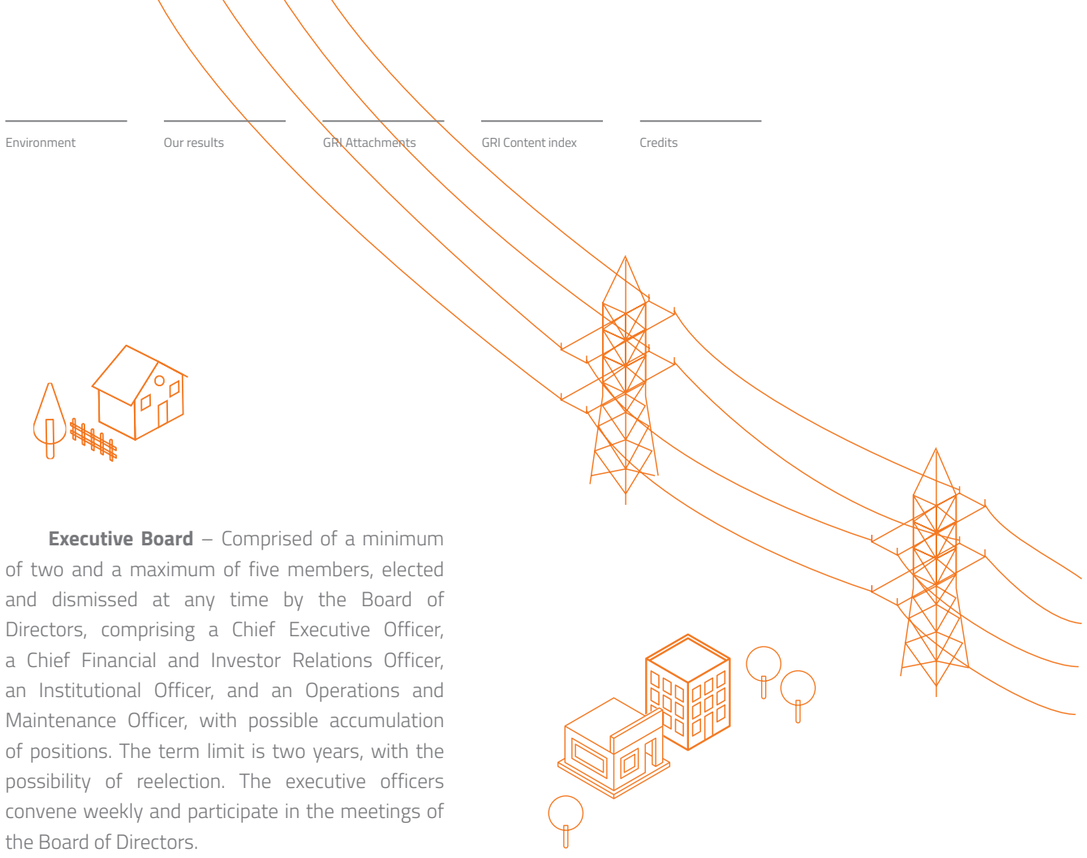


GRI 102-18

Governance Structure

Our corporate governance structure includes three decision-making bodies: (i) General Shareholders' Meeting, which is ordinarily held at the end of the reporting year and, extraordinarily, whenever social interests so require; (ii) Board of Directors; and (iii) Executive Board. The bodies are advised by committees such as the Ethics and Compliance Committee and, whenever necessary, by the Engineering, Procurement, Finance and Human Resources committees.

Board of Directors – Composed of a minimum of three and a maximum of five members, elected at the General Shareholders' Meeting, with unified two-year terms, with the possibility of reelection. Representatives of the shareholders, the board members convene bimonthly to, among other duties, establish the general guidelines for the business and approve the annual business plan.



Executive Board – Comprised of a minimum of two and a maximum of five members, elected and dismissed at any time by the Board of Directors, comprising a Chief Executive Officer, a Chief Financial and Investor Relations Officer, an Institutional Officer, and an Operations and Maintenance Officer, with possible accumulation of positions. The term limit is two years, with the possibility of reelection. The executive officers convene weekly and participate in the meetings of the Board of Directors.

Composition GRI 102-22 | 102-23 | 405-1

Executive	Qualification
Otávio Lopes Castello Branco Neto Chairman of the Board	▪ Age 61. ▪ Degree in Mechanical Engineering from the Polytechnic School of the University of São Paulo (USP). ▪ Member of Pátria Investimentos's Infrastructure Executive Committee. ▪ He was a member of the Federal Government's Energy Crisis Committee at the National Economic and Social Development Bank (BNDES) and of the Eletrobras Board of Directors. ▪ More than 20 years of experience in the investment sector.
André Franco Sales Vice Chairman of the Board	▪ Age 46. ▪ Degree in Engineering from the Polytechnic School of the University of São Paulo (USP). ▪ Partner and Investment Director of Pátria's infrastructure division. ▪ Worked at JP Morgan and BNDES. ▪ More than 15 years of experience in the infrastructure and energy sector.
Bruno de Rossi Chevalier Board Member	▪ Age 55. ▪ Degree in Law from UERJ and postgraduate degree (LLM) from the University of London, Queen Mary College. ▪ 16 years of experience in the electric energy sector.
Matheus Morgan Villares Board Member	▪ Age 48. ▪ Degree in Production Engineering from USP and MBA from the Booth School of Business, University of Chicago. ▪ More than 10 years of experience in the investment sector.

Composition GRI 405-1

Executive	Qualification
Marcelo Souza CEO	▪ Age 45. ▪ Degree in Economics and Accounting from PUC-MG and MBA from Ohio University. ▪ Partner of Pátria Infraestrutura, responsible for energy projects. ▪ 25 years of experience in the energy sector.
André Figueira Chief Financial and Investor Relations Officer	▪ Age 36. ▪ Degree in Business Administration from PUC-RJ and MBA from London Business School. ▪ Director of Pátria's infrastructure team. ▪ Ten years of experience in the financial market.
Alexandre Fontes Operations and Maintenance Officer	▪ Age 51. ▪ Degree in Industrial Engineering from FEI and MBA from Fundação Getulio Vargas. ▪ Responsible for the implementation of more than 1,800 kilometers of transmission lines and 17 substations. ▪ 25 years of experience in the energy sector.
Marcio Severi Institutional Officer	▪ Age 48. ▪ Degree in Mechanical Engineering, with specialization in Energy from Unifei. ▪ Former president of the Brazilian Association of Clean Energy Generation (ABRAGEL) and former Director of Institutional Relations at CPFL Renováveis. ▪ 23 years of experience in the energy sector.

GRI 102-15

RISK MANAGEMENT

We operate in a highly regulated sector, where contracts contain rules to be adopted in the face of possible risks—especially those associated with fluctuations of economic indicators, such as the IPCA (Brazil's Consumer Price Index). In addition, we have in place risk mitigation parameters for each project, with policies, systems, decision-making bodies and working committees capable of ensuring compliance with our strategy.

This pragmatic way of structuring processes includes minimizing risks by area. We follow procedures for procurement, expenses and contracts, among others, in addition to the Code of Ethics and Conduct, to manage compliance risks. There is also a Procurement Committee, coordinated by a third-party company, responsible for monitoring and improving our systems. Our Project Management team is responsible for tracking the progress of projects, in order to ensure that they are in line with our plan. In addition, our projects are regularly subjected to risk assessments, with a focus on anticipating risks and based on best practices recommended by PMI, CII and AACE.

Regarding the financial aspect, when making investment decisions, we develop a risk matrix based on the identification and analysis of the potential impacts of the project, assigning weights to their materialization and considering their possible effects on costs. With regard to construction risks, mitigation measures are already considered in the preparation of the engineering and installation project, even though we prioritize specialized management of the works and well-structured preventive maintenance agreements, which include owner's engineering. When procuring supplies, we analyze the good standings of the prospective companies and, in the case of large contracts, whether financial or reputational, our Legal Department conducts due diligence to ensure that the entire chain complies with legislation and conforms to our ethical principles.

This way of operating, with clearly defined processes and procedures, and with the mapping and monitoring of their respective risks, contributes to business continuity and internal knowledge management.

Project Risks

For each project, we analyze the risks and map the potential harmful events, listing the variables that can impact our operating, social and environmental and/or financial results, to which we must always be attentive. We observe and create mitigation strategies for, among others, the following risks:

- FINANCIAL
- OPERATIONAL
- REGULATORY
- SOCIAL AND ENVIRONMENTAL
- SUPPLY CHAIN
- CONSTRUCTION

OUR PROJECTS

We operate in the development and operation of extensive transmission networks, connecting, by means of the National Interconnected System (SIN), generation units (such as hydroelectric plants, wind farms, solar and thermoelectric plants, etc.) to consumption centers (power distribution companies).

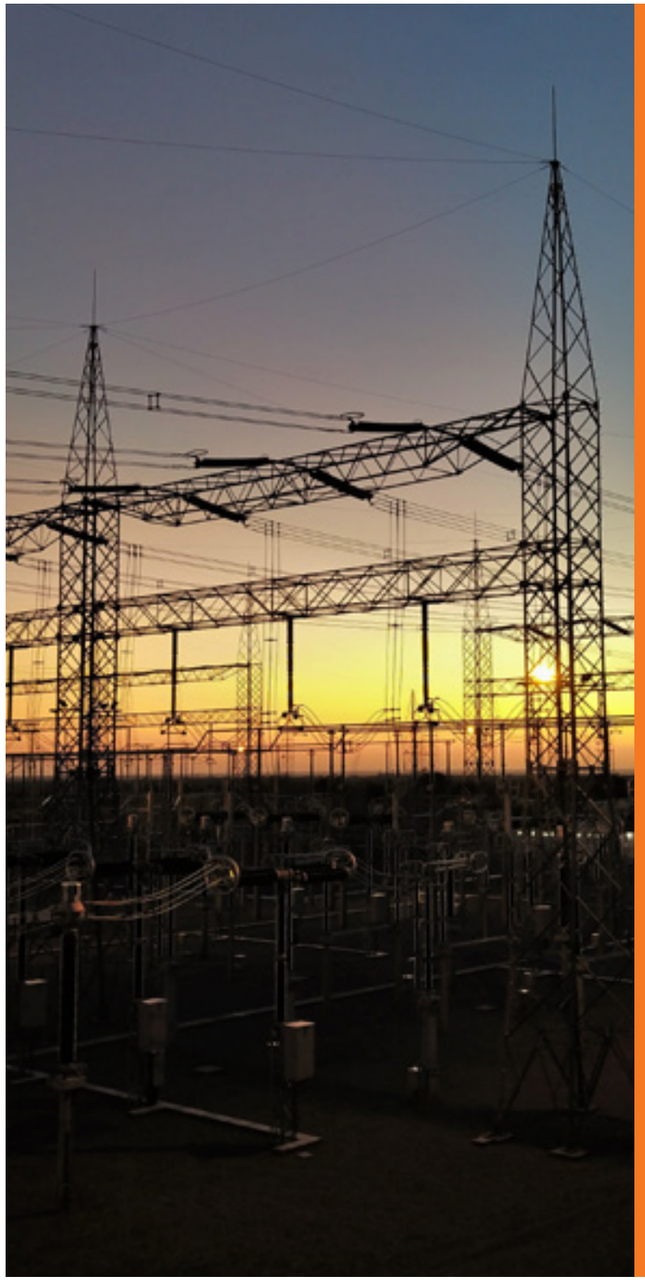
In this way, our activities allow the energy generated in a given region to be distributed throughout Brazil, contributing to the development of the country. Two of our projects, Argo I and Argo III, have a differentiated monitoring by ANEEL. This is due to the fact that they are projects for the expansion of the Base Grid that are considered priorities from a perspective of the greatest impact on the operation of the SIN.

Our projects have a high level of sophistication and compliance with the specifications and the implementation model, which reflects on the excellence of Operation & Maintenance (O&M). We have also decided to internalize O&M activities, carried out by company employees, which allows for better business governance and more assertive risk management.

Another distinctive characteristic is our capacity to deliver. The first project, Argo I, started commercial operation 22 months ahead of the schedule set out in the concession agreement, resulting in internal gains—in revenue—and for the SIN, with the early transmission of electric energy. Our System Operations Center (COS), located at our headquarters, was designed to manage not only Argo I, but all our current and future projects.

The Center is equipped with a remote assistance, supervision and monitoring system, allowing control of activities 24 hours a day, seven days a week. In addition, we have a support system to verify weather conditions, such as wind, rain, storm and lightning, as well as fires. In this way, we can act in advance, minimizing any risk of interference in the system. Additionally, we have the Parnaíba Backup Operations Center (COR), which acts as a backup, should the COS face any instability. Thus, we are able to guarantee the efficiency and availability of services.

At the end of 2019, we had three projects in our portfolio: Argo I, already in operation, and Argo II and Argo III, both under construction.



Asset Management GRI EU6

Seeking to improve reliability, we invest in online monitoring systems, mainly in reactors and transformers. Through this technology, it is possible to monitor the operations of this equipment, acting preventively to eliminate potential failures.

We operate with the support of a complete asset management system, with software that enables unified communication for decision making, supervision, control and cyber security. These solutions ensure continuous monitoring and analysis of network performance, for more safety and reliability in key transmission equipment and, consequently, fewer disruptions and lower maintenance costs.

ARGO I

On April 13, 2016, we secured Lot A in Transmission Auction No. 013/2015 - 1st phase, by ANEEL, and became responsible to build and operate the assets that form the transmission line (TL) 500 kV Bacabeira - Pecém II, also named Argo I. The project was developed to guarantee, through the SIN, the transmission of clean and renewable energy generated by the current and new wind farms installed in Brazil's Northeastern region.

In total, there are 1,150 kilometers of transmission lines, four new substations and the expansion of Substation Pecém II, in São Gonçalo do Amarante (CE), point of arrival of the transmission line. The lines built for the sectioning of the transmission line TL 500 kV Miranda II - São Luís II C1 and C2 and the TL 500 kV Teresina II - Sobral III will be donated to Eletronorte and Chesf, respectively. In 2019, the average availability of the transmission lines and Argo I totaled 98.81%.

R$2.5 billion
IN INVESTMENT*

R$470 million
IN RAP

GRI EU4
- TL 500 kV Bacabeira - Parnaíba III C1 - 298 km
- TL 500 kV Bacabeira - Parnaíba III C2 - 293 km
- TL 500 kV Parnaíba III - Acaraú III C1 - 190 km
- TL 500 kV Acaraú III - Pecém II C1 - 169 km
- TL 500 kV Acaraú III - Tianguá II C1 - 158 km
- Substation 500 kV Bacabeira
- Substation 500 kV Parnaíba III and 500 kV Static Compensator (-150/+300) MVAr
- Substation 500 kV Acaraú III
- Substation 500 kV Tianguá II
- Expansion of Substation Pecém II
- Sectioning of the TL 500 kV Miranda II - São Luís II C1 and C2, - 7.3 km
- Sectioning of the TL 500 kV Teresina II - Sobral III C1 and C2, - 33.7 km

1,150 KM
OF TRANSMISSION LINES

5 SUBSTATIONS

42
MUNICIPALITIES CROSSES

** Amount reported to BNDES.*

Watch on our website the videos of the project and construction of Argo I: www.argoenergia.com.br/argo-i/

Argo I Characteristics

Technical	
TL Extension	1,150 kilometers
Width of Right of Way	55 meters
Width of Service Lanes (average)	4 meters
Types of towers	Cable-stayed and self-supporting
Total number of towers	2,130
Maximum tower height	69 meters
Average distance between towers	520 meters
Minimum height from the ground	13 meters
Labor	
Number of employees during the implementation phase (peak of construction - October 2018)	3,300
Percentage of local labor (MA, CE, PI)	60%
Social and Environmental	
Municipalities crossed	42
Communities in the area of direct influence (2.5 km on each side of the transmission lines)	457
Number of construction sites	17
Conservation Units crossed	3
Biomes crossed	Caatinga, Cerrado (Savana), Amazon and Atlantic Rainforest

Since planning, our social and environmental concern has been a milestone. Several routing options were studied and, after extensive analysis and assessment of risks and impacts, we opted for the alternative that would least interfere according to the assessments of environmental and social variables, such as: distance from Indigenous lands and Quilombola (Traditional) communities, interference with Conservation Units, presence of natural cavities, proximity to urban centers, among others. In addition, planning considered the option with greater accessibility in order to minimize removal of local vegetation. After the analysis, the route was reviewed and evaluated by the environmental agency, which requested changes to minimize further potential adverse impacts. Thus, we arrived at the best alternative route for the project.

We also prioritized the installation of construction sites in locations relatively close to the municipalities, but distant from hospitals, schools and urban areas or local communities, since the implementation activities could cause specific impacts, such as noise and dust.

ARGO II

In October 2016, we secured Lot 18 of the second phase of ANEEL's Auction No. 013/2015, which involves the expansion of Substation Janaúba 3 and the installation of two reactive synchronous compensators to improve the operation of the Base Grid and increase power transmission capacity in the Northeast-Southeast interconnection. Named Argo II, the purpose of the project is to avoid voltage instability, islanding, voltage collapse and, in extreme cases, a blackout of the electric power system.

Argo II's concession area at Substation Janaúba 3 totals 24.7 hectares. Substation Janaúba 3 is owned by Mantiqueira Transmissora de Energia S.A. and we will assume responsibility for the Operation & Maintenance (O&M) activities of our expansion area for this substation. Control of the asset will be computerized, through our System Operations Center and specialized software, which constantly monitor the performance of synchronous compensators and the operation of the substation.

The works are expected to be completed in November 2020—more than one year ahead of schedule. At the end of 2019, nearly 50% of the schedule had already been met.

** Synchronous compensators are equipment that maintain the balance of the energy system, absorbing or providing reactive power and maintaining the grid voltage within the recommended standards for system operation and optimization of energy flow.*

R$ 190 million

PLANNED INVESTMENT*

R$ 44 million

CONTRACTED REVENUE

- Expansion of the 500 kV sector of Substation Janaúba 3
- Installation of two reactive synchronous compensators (-90/+150) MVAr
- Installation of two synchronous compensator connection modules
- Installation of a busbar interconnection structure

1 SUBSTATION

Shared Facilities

We have signed a Shared Facilities Agreement (CCI) with Mantiqueira, owner of Substation Janaúba 3, that includes the joint use of auxiliary system, land and main access. In addition, the facilities of Equatorial Transmissora de Energia S.A., responsible for the implementation of the shared 500kV busbar, are adjacent to our yard, whose access is also shared.

** Amount reported to BNDES.*

Environmental Solution

The Argo II region faces water shortage problems—which is why we have adopted Dry Coolers in the compensator cooling system, which makes it possible to reduce water consumption by 97% compared to other methods to cool large machines. This was possible because it is a closed circuit, which consumes minimal volume of water (free from contamination) to cool the compensators.

ARGO III

In February 2019, we finalized, with Cobra Brasil, the process to acquire 100% of Guaporé Transmissora de Energia's share capital. Thus, we assumed responsibility for Lot 32, secured from Transmission Auction No. 05/2016, , held on April 24, 2017 by ANEEL, where Cobra Brasil had the winning bid and established Guaporé as a concessionaire.

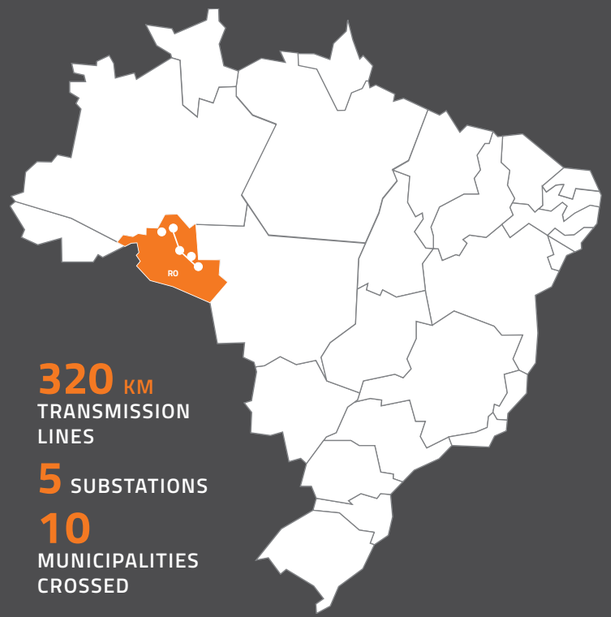
The goal of the project is the transmission of the additional power generated by the new turbines of Santo Antônio and Jirau Hydropower Plants, reinforcing the transmission grid of the State of Rondônia, and allowing locations not served in by the National Interconnected System, previously supplied by thermal generation using diesel oil, to have access to energy produced from hydroelectric sources, an important environmental gain.

Another highlight in planning Argo III is its small environmental impact given that it will be a 4th circuit and, as such, will require the opening of fewer access ways and involve interventions in existing substations. In addition, we opted to use drones and other solutions, whenever possible, to minimize impacts on local vegetation.

By the end of 2019, 80% of Argo III had been completed: the first assets are expected to begin commercial operation in the first half of 2020.

R$540 million
PLANNED INVESTMENT*

R$80 million
IN RAP



320 KM
TRANSMISSION LINES

5 SUBSTATIONS

10
MUNICIPALITIES CROSSED

** Amount reported to BNDES.*

GRI EU4

The project includes the construction of transmission assets in the State of Rondônia and consists of:

- TL 230 kV Samuel - Ariquemes, C4 - 155 km
- TL 230kV Ariquemes - Ji-Paraná, C4 - 165 km
- Installation of Reactive Synchronous Compensator in the 230 kV Ji-Paraná Substation (-90+150) MVAr
- Installation of Reactive Synchronous Compensator in the 230 kV Ariquemes (-90+150) MVAr
- Construction of a new 69 kV yard at the Porto Velho Substation, 2 x (90+10) MVA
- Construction of a new 138 kV yard at the Jaru Substation, (3+1) 16.7 MVA
- Outgoing Line at the Samuel Substation

Argo III Characteristics

Technical	
TL extension	320 kilometers
Total number of towers	661
Maximum tower height	67.5 meters
Average distance between towers	485 meters
Minimum height from the ground	7.5 meters
Types of towers	Cable-stayed and self-supporting
No. of substations	5

OUR STAKEHOLDERS

TEAM

Since our creation in 2016, we have invested in forming a team with a sense of ownership, autonomy and efficiency, guided by the values of merit, transparency and ethics in relationships.

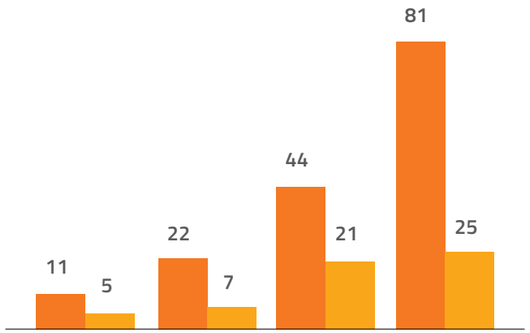
We believe in a light, informal work environment, with a reduced hierarchical structure, in order to streamline professional and business development. Based on these guidelines, in recent years, Human Resources (HR) has structured our company by attracting, hiring and retaining employees in line with our Vision—to be highly recognized in our sector.

Our HR team is lean and focused on strategic aspects. We outsource people management services, seeking the best solutions for implementing processes, procedures, policies and systems.

In order to ensure that Argo I operations were conducted with excellence and in line with high health and safety standards, we put together our operations team months before the start of activities. Hiring favored independent, committed people with the skills to manage risks inherent to the activities of a transmission company.

With the team formed for Argo I, we doubled our staff, without losing the agility and informality we value. In 2019 we also start to hire for Argo III, ending the year with 106 employees, 63% more than at the end of 2018.

GRI 102-8
401-1
405-1



Number of employees

	2016	2017	2018	2019
men	11	22	44	81
women	5	7	21	25

See the GRI Attachments for information on the breakdown of our employees.

Given this significant increase in the number of employees, we directed efforts towards the improvement and the development of procedures and policies, supported by specialized companies. We hired two platforms: one to provide and manage training, procedures and policies; and another to support us in the performance evaluation cycle. These partners gave us greater agility and transparency for people management practices.

We are always open to the adjustments and changes required to maintain an attractive work environment that is recognized for meeting or exceeding market standards.

Harmony

To maintain the synergy of our team, ours is an informal environment—there is no separation by rooms, for example—and we foster candid and open dialog. All employees are encouraged to share their opinions and are included in our system, with access to procedures, policies, objectives, schedules and deadlines for each of the projects.

GRI 404-3

Performance and recognition

In 2019, we conducted a structured 360° performance evaluation process at our headquarters, which covered 100% of our team and considered the requirements and demands of the roles and aspects such as focus on results, leadership, commitment and critical analysis. The results, compiled by an Executive Committee formed by members of the Executive Board, are the basis for our Variable Pay Program.

Learn more in subsection "Compensation and Benefits".

GRI 404-1

Training

We invest in the full development of our employees: we offer technical training, sponsor participation in seminars and conferences and support initiatives to hone skills. Managers were trained in 2019 to provide assertive feedbacks of our performance evaluation. We also strengthen knowledge management through online training.

Moreover, we have an incentive policy in place to encourage employees to obtain an additional degree. One year after hiring, all employees are eligible and we sponsor up to 75% of the total cost of the course up to a R$ 50,000 cap for graduate courses, MBA and LLM, and R$ 60,000 for Master's Degree.

Average hours of training per employee in 2019
GRI 404-1 *

Category	Men	Women
Operational Level	2,285.5	143
Administrative Level	34	39
Managerial Level**	815	91.5
Total	2,319.5	182

** Data from previous years are not available.*
*** Managerial level includes coordinators, managers and directors.*

Health, Safety and Quality of Life

For us, occupational health and safety are fundamental principles and all employees are directly responsible for their own safety, that of their peers and of the communities where we operate. We understand that the lives, the physical integrity and the health of our employees and partners must be unconditionally protected and respected. All our contracts contain obligations for partner companies and suppliers to comply with our procedures, regulations and legislation related to health and safety. In addition, our managers, at all hierarchical levels, are responsible for complying with and enforcing the Legal Norms and Health and Safety Procedures in force in our company.

Our investments in health and safety are intended to offer the best working conditions and reduce the number of accidents and expenses for lost time and, consequently, boost productivity and maintain our credibility. To this end, we standardize procedures, conduct continuous studies, training and safety inspections, among others. We also rely on highly trained professionals with a focus on safety. At the end of 2019, our staff had four safety professionals, one occupational safety engineer (OH&S Coordinator), and three safety technicians.

See the GRI Attachments for health and safety data of our employees.

In the year, we also invested in the following programs:

- ***Diálogo de Segurança* (Safety Dialog):** Intended to create, develop and maintain a preventive mindset by raising awareness among all employees and aligning Occupational Safety and Medicine topics. These are 5- to 10-minute talks that take place daily in all work .
- ***Blitz de Segurança* (Safety Blitz):** Includes unscheduled field visits by accident prevention teams to check if employees are employing Work Safety principles while performing their activities.
- **Safety Inspections:** Actions taken to ensure compliance with legislation, considering the availability of safety materials, vehicles, equipment and materials in perfect use conditions, safe facilities, proper work procedures, employees qualified to perform their activities, as well as compliance with the current legislation and with the agreements entered into with partner companies.

We also invest in the health and quality of life of our team. To this end, we hold flu vaccination campaigns—vaccines were paid for 100% of employees in 2019–and awareness campaigns on women's health (Pink October) and Men's (Blue November). We also have in place a comp time policy and include flexible hours, depending on the position, in addition to celebration of our results. We acknowledge the contributions of our employees, such as the milestone for the start of Argo I commercial operations 22 months ahead of schedule.

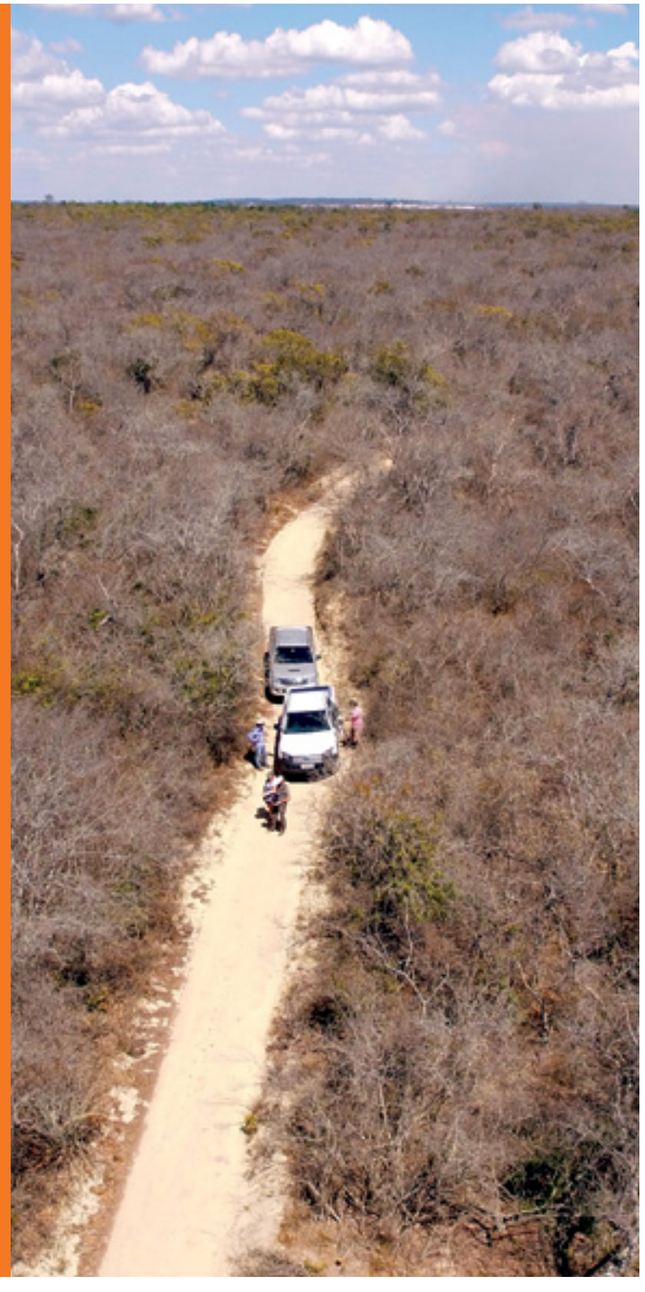
Sempre Juntos Program

Sempre Juntos (Always Together) is a program we offer to support our employees, their spouses and children under the age of 25 on personal and social issues. The program, managed by external consultants and highly qualified professionals, guarantees confidentiality and is available 24 hours for the following situations:

- **Intervention in critical situations: traffic accidents, household, floods, robberies, among others;**
- **Conflicts: interpersonal, family, professional or marital;**
- **Guidance on financial issues;**
- **Cases of drug or alcohol addiction;**
- **Identification and referral to public and/or private resources;**
- **Serious cases of clinical and mental health;**
- **Primary legal guidance—except labor issues;**
- **Death cases; and**
- **Support for emotional issues.**

Safety Policy on Defensive Driving

For the safety of our employees and contractors working in our projects, we have established a Safety Policy on Defensive Driving. All drivers took defensive driving courses and the vehicles were equipped with devices to control and measure speed. The Policy also establishes that driving should occur between 6:00 am and 6:00 pm, thus avoiding driving at night, which poses greater risk to drivers.



GRI 401-2

Compensation and Benefits

Our compensation and benefits policies are being improved, since we have doubled in size and are looking for sustainable growth. We offer salaries higher than or in line with the average paid in the transmission market. An example of this practice is that, in 2019, the lowest salary we paid was 3.01 times higher than the Brazilian minimum wage, for men, and 3.16 for women, which also demonstrates that we do not differentiate compensation based on gender.

GRI 202-1

We have a Variable Pay program in place for all our team. Conditional on the achievement of individual and shared results, employees are recognized through an annual additional pay.

Our benefits package is in line with market practices and includes, for example, fitness aid and a differentiated health plan in terms of reach and coverage, extended to legal dependents. In addition, we require that our third-party contractors (whose employees work in our kitchen, cleaning, reception and IT activities) offer the same standard of benefits that we offer to our employees. Also, once a year, relocated employees and their legal dependents receive a ticket to their home base.

Transforma Argo

With a focus on the development of our communities and as means to encourage the spirit of sympathy and citizenship among our employees, we created the volunteering project called Transforma Argo. Since 2018, this project has included Natal Transformador (Transformative Christmas), which, in the first year, benefited 61 families from the community of Andirobal, in the State of Maranhão (MA), having collected R$ 5,000 used to purchase toys, delivered by Santa Claus, and breakfast. In 2019, the initiative included families living in the community of Marcelino, also in the State of Maranhão. In that same year, we collected, through the voluntary donation of 65 employees, more than R$ 12,000. This amount was used to buy backpacks, school supplies, gifts and books, benefiting more than 88 children in the community.

See the GRI Attachments for more information on pay ratio.

SUPPLY CHAIN

We seek the best suppliers in the market in terms of quality and alignment with compliance requirements and social and environmental aspects, whether in ironclad contracts, such as Engineering, Procurement and Construction (EPC), or in the acquisition of software or equipment.

Thus, we work with renowned suppliers, recognized by the relevant bodies and who have certifications such as ISO 14001 (environmental management), ISO 9001 (quality) and OHSAS 18001 (occupational health and safety). The work performed by these partners, in all projects, is monitored in the field by our dedicated employees and through various control events, such as weekly field meetings, monthly coordination meetings, and monthly reports.

Our suppliers must operate according to our ethical principles, which is why they receive a copy of the Code of Ethics and Conduct when formalizing contracts, in addition to completing a statement of awareness regarding the document, registration forms and compliance questionnaires. Our standard draft contains a commitment not only to Brazilian legislation, but to our internal codes and policies. It also addresses anti-corruption aspects, requiring counterparty compliance obligations.

Contracts prepared by our Procurement area are preceded by background checks that attest to the good standing of applicant companies. Nevertheless, we can veto contracts with suppliers regarding compliance.

GRI 102-9

In 2019, our supply chain consisted of construction companies, equipment suppliers, environmental and social consultants and owner's engineering, in addition to telecommunication services. Since our establishment, nearly 240 suppliers (materials, equipment and service providers) have been engaged and, during the implementation of our projects, we mobilized more than 5,000 direct employees at the peak of construction activities.

GRI 204-1

The ratio of spending on local suppliers to the total spent on partner companies was 56%, which demonstrates our contribution to the development of the communities neighboring our operations. Priority is given, when possible, to hiring local or regional workforce, and we give preference to local services, trade and inputs. In Argo I, all supplies needed for the works were purchased regionally, in addition to some specialized services such as property security, food, transportation, maintenance of vehicles and equipment. We also encourage our partners to prioritize local labor. In Argo I, on average, 60% of the workforce hired by the engineering contractor came from the States of Maranhão, Piauí and Ceará.

See in the GRI Attachments the ratio and spending on suppliers by project.

We work with renowned partners, who share our social and environmental commitment

GRI 413-1
413-2

COMMUNITIES

We assess the social and environmental impacts—positive and negative—from our projects, from implementation to operation. As early as in the construction phase, we have employees in the social and environmental area who are dedicated to each of the projects, with a focus on the transparency of actions and to ensure that our initiatives are truly transformative. Thus, in addition to contributing to the development of national infrastructure through the transmission of energy, we seek to leave a true legacy in our areas of influence.

In our projects, respecting the regional specificities and the magnitude of the impacts, planning encompasses programs that address social communication, environmental management and all aspects of interference in wildlife, flora, culture, archaeological heritage and other aspects closely related to the communities. We prioritize, whenever necessary, meetings or public hearings, in addition to gatherings to share information and get to know the population of the affected municipalities and their demands with respect to cultural, social and environmental, political and economic, local and regional aspects.

Social Communication

The Social Communication Program (PCS) includes a list of stakeholders and teaching materials, information campaigns and an Ombudsman system. The goal is to provide quality information to stakeholders concerning::

- Projects;
- Environmental studies;
- Main activities within the construction process;
- Potential impacts related to activities;
- Restrictions and safety issues associated with Transmission Lines;
- Environmental programs planned and their results; and
- Communication channels.

For Argo I, the Ombudsman channel was established in 2016 and, by the end of 2019, it had received 545 calls. The percentage resolved within 10 business days was 76% and, by the end of the year, 99% of the calls had been closed. Of the total 545 calls, 91% were made during the construction phase. In the O&M phase, which started in September 2019, only 50 calls were received.

Social Communication Program - Argo I

	Argo I
Semiannual campaigns	5
Information posters	5,000
Folders	5,000
Newsletters	4,000
Radio campaigns	5
Visits to owners	7,249
Communication actions in the area of direct influence	1,105
Meetings with Municipal Public Authorities	812
Contacts with the Ombudsman (construction phase)	495

Land Management EU20

We have a structured land negotiation process, always focusing on respectful relationships with the communities in our areas of operation. We always seek quick and amicable agreements, reached in 87% of the 2,411 properties impacted by Argo I and in 84% of the 614 properties impacted by Argo III.

Land Negotiation

	Argo I	Argo II	Argo III
Number of properties	2,411	NA	614
Number of betterments affected	162	NA	104
% of amicable agreements	87	NA	84
% of litigation agreements	13	NA	16

AMICABLE AGREEMENTS IN IMPACTED PROPERTIES

87% OF THE **2.411** ARGO I

84% OF THE **641** ARGO III

Consistency in Communication

For Argo I, we trained all employees in the land negotiation area and developed an explanatory folder containing information of all companies involved in the project. We also prepared a Communication Guide to advise employees and suppliers in their contacts with the communities. The material included technical data about the projects and information on possible compensations, impacts of the installation and operation of transmission lines, and answers to general questions. The idea was to provide consistent and clear informationinanethicalandresponsible manner. With this in mind, we also invested in a very informative video explaining the construction process of the transmission lines, available at: www.argoenergia.com.br/argo-i/

Access and Infrastructure

For Argo I, improvements were made to roads, bridges and low-water crossings were built and renovated, storm drains were installed, among other structural actions, which, in addition to supporting vehicle traffic during the construction period, became a legacy to the population. In total, more than 30 kilometers of access ways were improved and 32 bridges were reinforced or built. Impact on local secondary roads is lower in Argo II, since it involves the expansion of an existing substation, and in Argo III, where we are working to install a fourth circuit, parallel to the existing ones and in an area with strong human influence.

Action Plan to Control Malaria (PACM)

Included in the requirement for environmental licensing of projects located in the Legal Amazon region is to have in place actions to prevent and control malaria. In Argo I, there are seven municipalities where the disease is endemic and, in Argo III, there are ten, which is why we invested heavily in actions to control the vector. We installed mosquito screens on construction sites, require the use of insect repellents and Personal Protective Equipment (PPE), and conduct thick films tests on all contractor employees in the pre-employment, periodic and exit medical examinations. This innovation, in our case, resulted from the fact that the exams are carried out on the construction sites, in a quick, practical and safe manner, without having to resort to the public health system.

In addition, we donate to health departments: bacteriological microscopes, household spray pumps, graduated test tubes, PPE Control kits (basically containing a lab coat, disposable latex gloves, face mask, and safety goggles), in addition to computers, air conditioning and motorcycles. In this way, we provide better structure for residents and greater safety to eradicate malaria—which has not increased due to our projects.

Training of Local Workforce - Argo I

We have provided courses to train the local workforce in the 15 cities where we installed the 17 worksites for the construction of Argo I. Our Local Workforce Training Program aimed to contribute to local and regional economic growth through professional training of residents in the project's areas of influence.

The actions were carried out with support from the National Service for Industrial Training (SENAI) and in partnership with the municipalities, covering areas related to construction works (worksite carpenters, bricklayers, residential electricians and rebar workers), administration (administrative assistants) and services (motorcycle mechanics and air conditioning maintenance personnel).

A total of 20 courses were provided, ten in cities in Ceará and Piauí (one course each) and ten in five municipalities in Maranhão (two courses each). In total, 468 openings were offered and 466 were filled, i.e., 99% of the total. In the end, 409 students completed the course, a small dropout rate of 12%.

20 COURSES
468 OPENINGS
99% OF OPENINGS FILLED
409 STUDENTS COMPLETED THE COURSES OFFERED

Archeology and Cultural Heritage Management- Argo I

Before the beginning of the construction works of Argo I, we carried out assessments of the potential impacts of the construction and operation of the project on the local Brazilian archaeological and cultural heritage. The analyses were made in accordance with the norms of the National Institute of Historic and Artistic Heritage (IPHAN), within the scope of the environmental licensing process.

With regard to archeology, we carried out surveys in the areas of influence of the project and identified 14 archaeological sites, of which ten were not impacted and remained preserved in their original location. The other four, on the other hand, could not be preserved and were salvaged and sent to the laboratory to be studied by archaeologists.

Concerning cultural heritage, we studied the Bumba Meu Boi Cultural Complex in the State of Maranhão, the Tambor de Crioula, Capoeira and the Artisanal Production of Cajuína, and no impacts were identified. Even so, within the scope of the Integrated Heritage Education Program, we developed several measures to value the cultural heritage identified in the region:

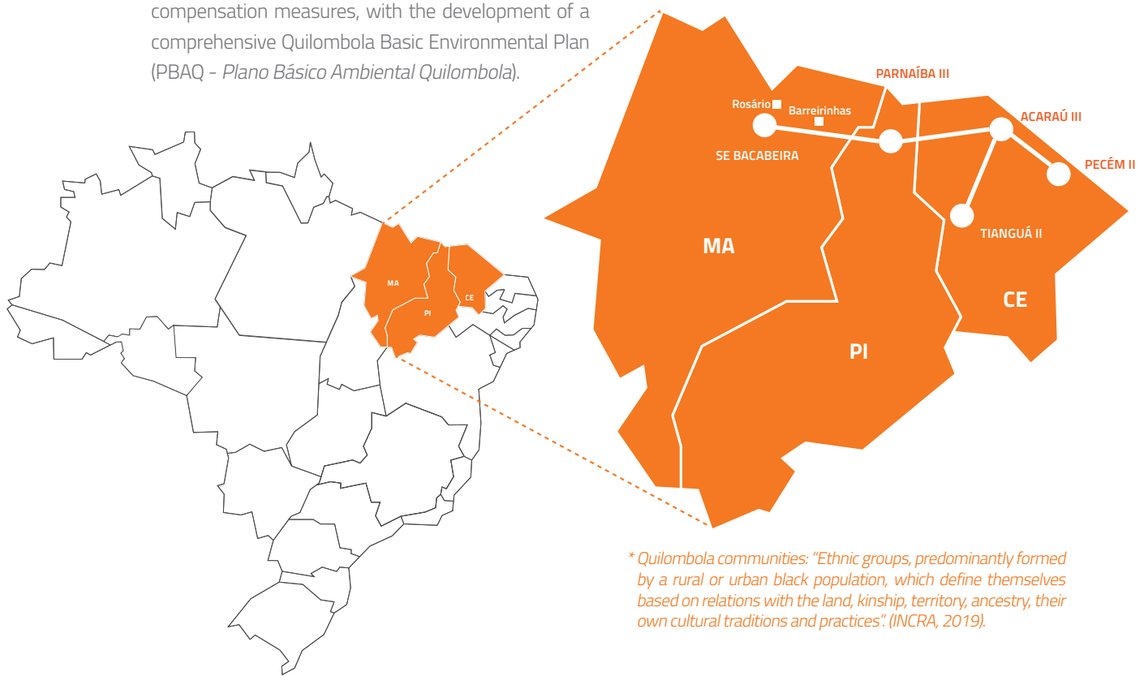
- Creation of an informative book of archeology for presentations in schools;
- Guided visits by residents of the surroundings to the archeological sites salvaged, so that they could see the excavation works firsthand and have quality information about this heritage;
- Lectures for construction workers; and
- Publishing of a book and of a calendar on the registered cultural assets, that were distributed to the owners of the assets and local schools.

The two books published - "*Archeology in the Northeast of Brazil and in the Coastal Region of the States of Maranhão, Piauí and Ceará*" and "*Bumba meu Boi, Cajuína and Capoeira - Intangible Heritage in the Coastal Regions of the States of Maranhão, Piauí and Ceará*" - and the calendar were widely disseminated in the region of the project.

Quilombola Communities*

For the development and construction of our transmission lines, we studied several routes and made all efforts to avoid any social and environmental interference in traditional communities. For Argo I, despite the efforts and the various routing studies, the TL interfered in the Remnant Quilombola Community called *Comunidade Remanescente de Quilombo* (CRQ -) Gleba São Miguel, located in the municipality of Rosário (MA). As part of the consultation and environmental licensing process, we conducted, in a participatory manner, a study called E*studo do Componente Quilombola* (ECQ), which identified the potential impacts of the installation and operation of the Argo I TL in their territory. Based on this definition, we also developed, in a participatory manner and through four workshops, the necessary mitigation and compensation measures, with the development of a comprehensive Quilombola Basic Environmental Plan (PBAQ - *Plano Básico Ambiental Quilombola*).

In Barreirinhas (MA), the initial route of the TL would impact another four remnant Quilombola communities, with which we also developed the ECQ and the PBAQ. However, after analysis and request from the environmental licensing agency, IBAMA, we diverted the TL, which made it possible to avoid a direct impact on the four communities: Santa Cruz, Cabeceira do Centro, Marcelino e Santa Rita. Even though no impacts are expected on the communities after the diversion of the TL and, consequently, without legal obligations, we continued with part of the actions previously agreed upon with these communities, contained in the Plan to Support Quilombola Communities (PACQ - *Plano de Apoio às Comunidades Quilombolas*).



** Quilombola communities: "Ethnic groups, predominantly formed by a rural or urban black population, which define themselves based on relations with the land, kinship, territory, ancestry, their own cultural traditions and practices". (INCRA, 2019).*

Informed Consultation and Participation (ICP)

We held preliminary consultation meetings, in accordance with ILO 169, encompassing specific environmental studies carried out in Quilombola territories, and conducted workshops for participatory preparation in the PBAQ and PACQ. This way, mitigation and compensation measures were jointly established as well as a consultation to obtain approval for the PBAQ and PACQ.

We continuously contribute to the sustainable development of the communities surrounding our operations

The PBAQ and PACQ were in place for nearly two years, with the participation of communities. The plans, implemented between February 2018 and September 2019 were structured around four lines of action, for which the following activities stand out.

1\ Social Communication

The communication actions and our information materials provided quality information about the construction phases of the transmission lines and organized the planning of the activities in the PBAQ. We always seek to clarify, in a transparent, educational and ethical manner, all questions submitted. To this end, we conducted face-to-face activities, using a sound truck, posters and telephone messages, and prepared information materials and a calendar of activities. At Gleba São Miguel, we conducted two guided visits to the project, plus:

- 23 institutional coordination meetings;
- 32 meetings with the leaders of Gleba; and
- 6 rounds of conversation, totaling 677 participants, representing 21 villages.

In the PACQ, 36 meetings were held in four communities to disseminate information and plan the activities that would be carried out. These meetings guaranteed the respect and harmonious participation of the Quilombolas in the process to prepare and implement the actions planned.

677 QUILOMBOLAS PARTICIPATED IN ROUNDS OF CONVERSATION AT GLEBA SÃO MIGUEL

36 MEETINGS HELD IN FOUR COMMUNITIES IN BARREIRINHAS

2\ Strengthening of the Territory

The main purpose of this line of action was to provide management tools that would strengthen the Quilombola territory. One important initiative was the work done to support and develop the associations. To this end, we offered a course on establishing voluntary associations, which helped regularize 12 associations in Gleba São Miguel, through a series of practical guidelines, and a Project Development and Management Course. Through regularized associations, communities can gain access to social projects and credit lines—topics covered in the training courses.

In Barreirinhas, the four associations were already regularized and received training on how to remain eligible to credit lines.

Also in this line of action, we conduct ethnic mapping activities and donate kits on Afro-Brazilian history to identify the socioeconomic, historical and natural elements that form the CRQ Gleba São Miguel territories. In addition, we held lectures on the Quilombola identity, involving nearly 400 participants from the five communities.

WE SUPPORT THE DEVELOPMENT OF STRATEGIES TO MAINTAIN THE ASSOCIATIONS, WITH A FOCUS ON COLLECTIVE GROWTH

400 PARTICIPANTS IN THE LECTURES ABOUT QUILOMBOLA IDENTITY

3\ Support to Infrastructure

The purpose of the initiatives in this line of action at CRQ Gleba São Miguel was to offset the impacts of the changes to the way of life of the Quilombola communities, of the changes to the local social and economic infrastructure, of the burden on local public services, among others. The idea was to improve the local social and economic infrastructure through the following projects:

- Construction of the Association's headquarters in the village of Centro Grande Maria Madalena;
- Reconstruction of the school Unidade Escolar Santa Terezinha, which serves students from the villages of Andirobal, Sítio Velho and São Benedito;
- Drilling of eight artesian wells;
- Relocation of the Flexeiras soccer field;
- Construction of two agro-industries that process cassava flour, in Bom Jardim, and fruit, in São Miguel;
- Paving of 10 kilometers of the secondary road between São Simão and São Miguel, the most widely used access in the Quilombola territory; and
- Construction of a bridge over the Humaitá de Cima stream, allowing a safer travel of the population during rainy seasons.

15 INFRASTRUCTURE WORKS IN THE GLEBA SÃO MIGUEL, BENEFITING 35 VILLAGES IN THE REGION

In Barreirinhas, we performed the following infrastructure works:

- Improvement and recovery of the secondary road that gives access to the CRQ Cabeceira do Centro, with benefits to the transportation of agricultural production and facilitating the movement of the Quilombolas to the Barreirinhas city center;
- Renovation of the Santa Rita Association's headquarters, providing an adequate space for community activities and strengthening its social organization; and
- Construction of a Rice agroindustry in Marcelino and a Fruit agroindustry in Santa Cruz, creating opportunities for greater economic development through jobs and income.

4 INFRASTRUCTURE WORKS IN BARREIRINHAS

4\ Income generation, autonomy and environmental sustainability

In this line of action, we have worked to contribute to the development of production activities and to allow the exchange of knowledge between Quilombolas and specialist technicians. The idea was to generate collective income, respecting local specificities. Thus, the following efforts were made at Gleba São Miguel:

- **Support to training local workers:** Courses were offered to prepare rebar workers, worksite carpenters, bricklayers, residential electricians, and motorcycle mechanics. A total of 137 Quilombolas were trained in these professions, 91% of the total enrolled. In addition, we hired a social worker to conduct Support Workshops to help them enter the labor market;

- **Sewing course:** This initiative was intended to increase income generation, especially for women, who were underrepresented in the local professional training courses. The goal was to teach how to sew basic pieces and how to safely operate a domestic sewing machine with quality and productivity. To teach the course, we hired a specialist consultant and purchased five sewing machines, which were drawn among the 29 participants at the end of the course;

- **Course on production and marketing of artisan foods:** Initiative that trained 27 people in the production of sweets and snacks, as a way of increasing income generation, especially for women, and encouraging the creation of a cooperative to market the production;

- **Cultural appreciation workshops:** The workshops adopted a different methodological strategy and were delivered by the Quilombolas themselves, in order to allow its contents to be replicated in the communities and help disseminate information about the culture of Gleba São Miguel;

- **Support for agroecology and technical assistance:** A survey was conducted to determine which rural producers were interested in receiving rural technical assistance and, based on demand, we offered support on agroecology. In total, there were 349 participants—40 farmers served through technical visits, and 309 in Agroecology Workshops; and

- **Seedling nursery:** We built five seedling nurseries based on agroecology practices, with a production capacity of 4,000 to 4,500 seedlings every 120/160 days. After consultation with the Quilombolas, the nurseries were installed in the communities of Flexeiras, Olhos D'Água, Alto do Pequizeiro, Andirobal, and Bom Jardim. These locations were selected to cover the largest number of communities and for ease of access.

EIn Barreirinhas, within the pillar 'Income generation, autonomy and environmental sustainability', we trained 117 Quilombolas in professional courses; the preparation of 64 curricula and guidance to 94 people to help them enter the formal labor market. We also held workshops such as Cultural Appreciation, in which the 42 Quilombolas had the opportunity to learn more about how to prepare traditional sweets and crafts so that they can use this knowledge to seek additional sources of income. We further exchanged experiences with farmers on the use of chemical fertilizers and pesticides in order to reduce damage to the environment.

Also within this pillar, we will offer, between September 2019 and September 2020, technical support to fruit, cassava and rice agroindustries, with a focus on administrative and production management, processing, marketing, business plans, feasibility studies, etc.

94 PEOPLE TRAINED TO ENTER THE FORMAL LABOR MARKET

117 QUILOMBOLAS IN TRAINING COURSES

We support and encourage the preservation of the culture and lifestyle of communities

ENVIRONMENT

The environmental component is inherent to our business and is present in all phases of the project life cycle, from the development or acquisition phase to operation and maintenance.

For this reason, we have developed environmental policies and procedures with an integrated approach.

To participate in auctions, the following are developed:

- Assessment of the main norms and legal instruments;
- Diagnosis of potential environmental interference;
- Social and environmental risk assessment;
- Route studies along with our engineering, land and regulatory teams in order to minimize impacts;
- Definition of environmental licensing strategies;
- Definition of environmental licensing schedules; and
- Preparation of budget for environmental licensing.

For the acquisition of projects, our social and environmental risk analysis includes:

- Impact assessment and determination of points of attention;
- Study of the status/scope of the project's licensing process, based on document analysis;
- Identification of gaps; and
- Preliminary schedule and budget to address the issues found, if any.

To hire EPC services, we have a Manual on Environmental Guidelines, containing the main requirements that must be followed by contractors for the construction of our projects. For the Operation & Maintenance (O&M) phase, we define the procedures that must be followed by our O&M team in order to always be in legal compliance and in line with our strategic environmental guidelines.

Thus, our analyses are comprehensive, strict, transparent and thorough, with a focus on respectful coexistence between our projects and the environment, always seeking to mitigate impacts.

In Argo I, we restricted the area of vegetation removal and increased the height of the transmission towers, whenever possible. When feasible, we also used drones to launch cables in areas of forest fragments.

Sustainable Projects

Argo I was planned for the transmission of clean and renewable electricity generated at wind and solar farms in the North and Northeast of Brazil. Argo II has a Dry Cooler solution for saving water (learn more in "Our Projects") and adopts sharing of facilities. Argo III was conceived for the transmission of energy generated by hydroelectric sources, replacing diesel thermal generation.

Learn more in "Our Projects".

ENVIRONMENTAL POLICY

Our Environmental Policy sets out the social and environmental commitments and guidelines we assumed and that must be observed and followed by our employees and suppliers. The goal is to:

- **Protect the environment and respect the communities in the vicinity of the projects;**
- **Maintain the quality of social and environmental management;**
- **Promote the social and environmental development of the regions where we operate; and**
- **Prevent situations of conflict and risk.**

To this end, in addition to considering the social and environmental component in the planning, construction and operation of assets, we:

- Follow IFC's social and environmental performance standards throughout the project life cycle;
- Adopt best practices in the sector;
- Comply with current legislation in all our activities;
- Obtain all environmental permits and licenses prior to the commencement of our activities;
- Adopt a high standard of compliance and transparency in our activities;
- Perform all activities with ethics and responsibility;
- Monitor our social and environmental performance through indicators (KPIs), which are reported periodically; and
- Have a qualified organizational structure, engaged in risk management and impacts of the projects.

All employees annually receive specific training on our Environmental Policy.

GRI 304-2

ENVIRONMENTAL MANAGEMENT

Given their characteristics, our three projects interfere differently with the environment. Regardless of the project, we have a dedicated environmental management and community relations team, supported by specialized environmental consulting teams.

In all projects, we conduct impact assessment studies, with the subsequent definitions of mitigation and compensation measures, approved by the relevant environmental agencies. Thus, in our environmental programs, we guarantee compliance with the applicable environmental legislation and with our social and environmental requirements.

Argo I

The Environmental Management Program (PGA) for Argo I, adopted during the installation phase of the project, included a set of measures to manage, coordinate and plan the actions, as well as Plans and Programs of the Basic Environmental Project (PBA). The construction company also followed the Environmental Construction Plan (PAC), which contains environmental procedures, techniques and guidelines to minimize the adverse impacts caused during the installation phase of the project. Other effects were mitigated through environmental education and environmental education programs for workers, in addition to:

- **Program to Prevent, Monitor and Control Erosion Processes and to Recover Degraded Areas:** Nearly 138 areas were identified as having some degree of environmental degradation, thus requiring physical and/or biological recovery measures, which occur through prior assessment of the needs and characteristics of each location. We also attempted to identify erosion processes for proper mitigation and recovery prior to starting and during the works. Thus, the degraded areas were recovered in parallel with the construction works and, at the end of the implementation phase, all areas had received the appropriate recovery measures. These areas will be monitored during the O&M phase.

- **Vegetation Removal Program:** The teams responsible for vegetation removal were trained and instructed. The species removed were identified by trained professionals with experience in taxonomic identification, who directly monitored the activities. The native vegetation removed totaled 613.32 hectares.

- **Solid Waste and Wastewater Management Program:** this program involves the actions and measures taken by the construction company in order to minimize the direct and indirect impacts associated with the generation of waste and wastewater. All solid waste generated during construction was segregated according to its classification, stored in identified bins and sent to the respective bays, with an environmentally correct final destination—hazardous waste was handled by a specialized company, with valid licenses and authorizations to provide collection, transportation and final disposal services. For recyclable and/or reusable waste, priority was given to recycling cooperatives. Wastewater was also properly measured for treatment and storage, always in compliance with current legislation and guidelines for the environmental licensing process. In their onboarding training, all employees were instructed to sort and correctly dispose of waste, which was inspected by the environmental area of the construction company.

GRI 306-2
306-4

See the GRI Attachments for more information on waste disposal and transportation.

- **Wildlife Frightening, Management and Rescue Program:** The purpose of this action was to minimize impacts on terrestrial wildlife. Thus, we implemented activities and procedures in line with the requirements of environmental licensing and applicable legislation, and all activities were supported by Authorization to Capture, Collect and Transport Biological Material - (ABIO) No. 914/2018. Almost 10,000 records were made during the program. The animals found injured or debilitated were cared for in the field and, when necessary, were sent for veterinary treatment at accredited clinics.

- **Bird Collision Prevention and Monitoring Program:** During the operation phase of the transmission lines, there is a risk of birds colliding with the cables, especially migrant and gregarious species associated with wetland areas. To minimize this impact, anti-collision diverters were installed on sections of the transmission line, 20 of which will be monitored during the operation phase.

- **Flora Management and Rescue Program:** The purpose of this program is to plan and perform activities to rescue genetic material of plants in the areas of the project to mitigate impacts and contribute to the conservation of genetic heritage.

We invest in minimizing environmental impacts resulting from project works

During the program, all work fronts were inspected before authorizing removal activities. Priority was given to saving target species, mainly fruits and seeds, in addition to bromeliads, orchids and cacti seedlings. The rescued seedlings were primarily relocated to the remaining vegetation in the vicinity of the project, while the seeds were used to enrich the vegetation or donated.

- **Environmental Compensation Program:** This program, guided by specific environmental legislation, determines that 0.5% of the project´s investment shall be set aside for Conservation Units.

SEEDS
DONATED OR USED TO ENRICH VEGETATION

GRI 304-1

As our route crosses the Environmental Protection Areas (APAs) Serra de Ibiapaba, Upaon-Açú/Miritiba/Alto Preguiças, and Delta do Parnaíba, all of which are Sustainable Use areas, in addition to the buffer zones of the Lençóis Maranhenses National Park and the Ubajara National Park, which are Fully Protected Conservation Units, we suggested that they should receive the environmental compensation resources. IBAMA´s Compensation Chamber is responsible for defining which Conservation Units will be benefitted, and with which we will sign the Terms of Commitment.

- **Forest Restoration Program:** Adopted as a compensation measure for the removal of vegetation native to the Caatinga, Cerrado, Amazon and Atlantic Rainforest biomes. According to our Forestry Inventory, approximately 613 hectares were removed for the installation of the project, which resulted in a forest restoration deficit of 139 hectares. The restoration projects will occur between 2020 and 2022.

Argo II

Argo II, still under construction, has an Environmental Management System (EMS), which aims to support the other programs approved by IBAMA in executing the project and has a professional responsible for monitoring the works throughout construction, in order to guarantee best environmental practices. Other actions include:

- **Environmental Plan for Construction:** Contains the construction procedures for adopting effective solutions with an environmental focus.

GRI 306-2

- **Waste Management Program:** For environmentally correct collection, storage and disposal, in line with CONAMA Resolution 307/02.

See the GRI Attachments for more information on waste disposal.

- **Vegetation Removal Program:** This program includes the procedures for land clearing activities necessary for the installation of Substation Janaúba 3, ensuring removal only in the area necessary for the construction of the project.

7.200 SQM WILL BE REFORESTED USING NATIVE SPECIES

- **Forest Restoration Program:** Developed to compensate for vegetation removal. Areas of approximately 7,200 sqm will be reforested with native species.

- **Wildlife Frightening and Rescue Program:** This program includes a series of measures to prevent animals from being injured or killed during the clearing activity. The program has a team of qualified professionals, who monitor vegetation removal to chase or capture animals, and those rescued are released outside the removal areas. Injured animals are sent to veterinary clinics.

- **Environmental Education Program for Workers:** The purpose of this program is to contribute to the mitigation of social and environmental, cultural and economic impacts through environmental education actions.

The environmental performance of Argo II will be published in the next report, after completion of the works and start of operations.

Argo III

The Environmental Management System (EMS) for Argo III is structured in three lines of action: Construction Support Programs and Release of the Administrative Right of Way, adopted in the phase prior to the beginning of the works and during part of the works; Construction Supervision and Control Programs, carried out during the installation phase of the project, ensuring that the construction processes occur without damage to the environment; and Complementary Programs, with activities developed for the proper and transparent flow of information and integration between all programs.

GRI 306-2

Among the programs, we highlight the following: Vegetation Removal Program, Wildlife Accident Prevention and Environmental Plan for Construction (PAC), Waste Management Program, Program to Control and Prevent Erosion Processes, and Program for Degraded Areas. All actions are carried out in line with legislation and with the requirements of the relevant agencies.

We also have in place the Environmental Education Program to inform and raise awareness of the residents in the areas crossed by the transmission line about this topic, in order to have a harmonious relationship and coexistence. We hope that the dissemination and clarification of basics in environmental education will bring, in the long term, changes in the use of natural resources that will lead to social and environmental benefits. In this sense, the goals of the program are:

The results of Argo III will be reported in the next cycle, after completion of the works and start of operations.

- **Provide Environmental Education in the areas crossed by the TL, disseminating, in local communities, sustainable knowledge and habits, according to their production activities and the environment where they live;**
- **Develop educational activities, encouraging the participation of school communities close to the project, in addition to the Government, associations and owners of lands crossed by the TL;**
- **Inform the local population about the safety rules of the works and operation, highlighting the Code of Conduct for Workers and care with the preservation of the right of way;**
- **Prevent possible disruptions and conflicts resulting from the circulation of construction personnel, which includes environmental preservation; and**
- **Continuously monitor and evaluate the actions within the program, allowing for adjustments to be made.**

OUR RESULTS

We disclose our economic and financial performance by consolidating the results of the projects, Argo I, Argo II and Argo III, in line with Accounting Pronouncements CPC No. 47 - Revenue from Contracts with Customers (IFRS 15) and in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). Data was audited by Deloitte Touche Tohmatsu.

Operating revenue GRI 102-7

In 2019, our gross operating revenue was R$ 1,940,411 and our net operating revenue was R$ 1,764,723, 7.0% and 6.8% lower than those recorded in the previous year, respectively. The variations are directly associated with revenue from construction, which in 2019 was 39.21% lower, when compared to 2018.

In the period, revenue from remuneration of contract assets was R$ 528,530, 227.7% higher than in 2018. Revenue from operation and maintenance determined in 2019 is R$ 9,823—in 2018 we had no other asset in operation and, therefore, there are no comparable values.

Operating revenue (R$)

	2019	2018	Δ% 2019/2018
Revenue from construction	1,000,205	1,645,319	-39,21
Adoption CPC 47	401,853	279,990	43,52
Revenue from remuneration of contract assets	528,530	161,281	227,71
Revenue from operation and maintenance	9,823	-	
Gross operating revenue	1,940,411	2,086,590	-7,01
(-) PIS and Cofins	-173,811	-193,010	-9,95
(-)Regulatory charges	-1,877	-	-
Deductions	-175,688	-193,010	-8,97
Net operating revenue	1,764,723	1,893,580	-6,80

Operating income

Our operating income before financial result was R$ 802,227 (111.77% higher than in 2018). This amount is the result of gross income, less operating expenses, which totaled R$ 37,004 in 2019. Gross income grew 109.57% over 2018, totaling R$ 839,231. The amount results from a net revenue of R$ 1,764,723, less the cost of assets constructed and services provided, which was R$ 925,492.

Operating income before income tax and social contribution totaled R$ 588,764, up 85.97% over 2018.

Ebitda

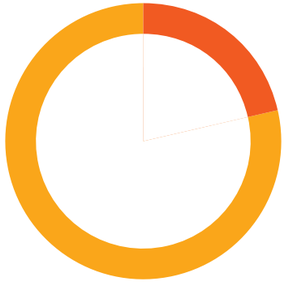
Our EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) grew 111.77% when compared to 2018. In 2019, the amount determined was R$ 802,227 and, in 2018, R$ 378,818. EBITDA margin in the year was 45.56%, an increase of 127.23% when compared to the 2018 margin, which was 20.01%.

Net income

In 2019, our net income was 125.06% higher than in 2018, totaling R$ 459,013 (R$ 203,955 in 2018). This increase is mainly due to the reduction in construction costs and the increase in revenue related to the adoption of CPC 47.

Indebtedness

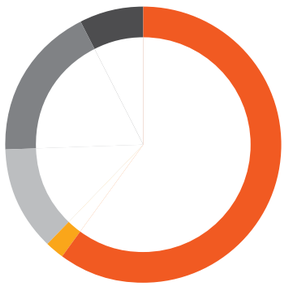
On December 31, 2019, our gross debt was R$ 2,863,575, up 63.29% over the previous year's consolidated position (R$ 1,753,681). This increase is mainly due to the new loans in the year from the Economic and Social Development Bank (BNDES) for the Argo II and Argo III projects, and the issuance of redeemable preferred shares for R$ 200,000,000, which totaled R$ 2,133,347.



Indebtedness 2018

R$ 1,285,255 BNDES - Argo I

R$ 468,426 Debentures



Endividamento 2019

R$ 1,718,482 BNDES - Argo I

R$ 64,906 BNDES - Argo II

R$ 349,959 BNDES - Argo III

R$ 520,320 Debentures

R$ 209,908 APR's

Shareholders' equity

Our shareholders' equity totaled R$ 1,208,705 at the end of 2019, more than the R$ 749,426 recorded in the previous cycle. This increase results from the profit for the period.

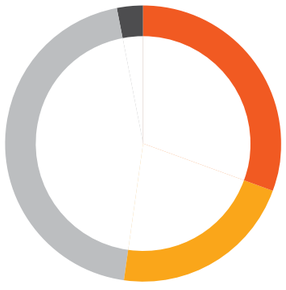
Shareholders' equity (R$)

	2019	2018
Capital stock	528,483	528,483
Capital reserves	9,245	16,802
Retained earnings	670,977	204,141
Additional dividends proposed	-	-
Accumulated earnings	-	-
Total shareholders' equity	1,208,705	749,426

GRI 201-1

Value added statement

Through our added value statements, we demonstrate the wealth we create each year and how this value was distributed through the allocation of resources among personnel, taxes, fees and contributions, remuneration of third-party capital and remuneration of equity capital.



Value Added Distribution (VAD) 2019

30,8% Taxes, fees and contributions (federal taxes)

21,5% Remuneration of third-party capital (interest)

44,7% Remuneration of equity (net income)

3,0% Personnel

	2019	2018
Revenue		
Revenue from the construction of own assets	1,000,205	1,645,319
Revenue from the operation of own assets	9,823	279,991
Revenue from contract assets (adoption of CPC 47)	401,853	161,288
Revenue from the remuneration of the concession assets	528,530	-
Inputs acquired from third parties		
Third-party services	-931,563	-1,501,974
Gross value added	1,008,848	584,624
Depreciation and amortization	-964	-
Net value added produced by the company	1,007,884	584,624
Value added received in transfer		
Result of equity accounting	-	-
Financial income	19,927	23,649
Total value added for distribution	1,027,811	608,273
Value Added Distribution (VAD)		
VAD	1,027,809	608,273
Personnel	30,930	11,807
- Direct remuneration	27,225	10,836
- Benefits	2,668	738
- FGTS (Government severance fund)	1,037	233
Taxes, fees and contributions (federal taxes)	316,523	331,495
Remuneration of third-party capital (interest)	221,343	61,016
Remuneration of equity (net income)	459,013	203,955

GRI ATTACHMENTS

TEAM

Total number of employees by employment contract GRI 102-8

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Permanent	22	7	44	21	81	25
Temporary	0	0	0	0	0	0
Total	22	7	44	21	81	25

Total number of contractors by employment contract GRI 102-8

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Permanent	1	3	1	3	1	3
Temporary	0	0	0	0	0	0
Total	1	3	1	3	1	3

Total number of employees by employment type GRI 102-8

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Full time	22	6	43	20	81	25
Part time	0	1	1	1	0	0
Total	22	7	44	21	81	25

Total de empregados por região GRI 102-8

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Southeast (São Paulo – SP)	15	7	22	16	44	21
Northeast (Parnaíba – PI)	5	0	16	3	14	2
Northeast (Bacabeira – MA)	2	0	2	2	5	0
Northeast (Tianguá – CE)	0	0	4	0	9	0
North (Ji Paraná – RO)	0	0	0	0	9	2
Total	22	7	44	21	81	25

Diversity of governance bodies and employees 2019* GRI 405-1

Percentage of individuals within governance bodies by age group

	under 30	30-50	Over 50
Board of Directors	0	2	2
Executive Board	0	3	1

** There are no women or representatives of minorities on the Board of Directors or the Executive Board. The table of employees shows the following proportions of blacks: 25% at Operational Level; 4% at Administrative Level, and 1% at Management Level.*

Diversity of governance bodies and employees GRI 405-1

Percentage of employees by age group (%)

	2017			2018			2019		
Employment Category	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Operational Level	0	0	0	100	0	0	28	66	6
Administrative Level	50	50	0	75	25	0	68	27	5
Managerial Level	12	85	3	11	85	4	8	83	9

DDiversity of governance bodies and employees GRI 405-1

Total and percentage of employees by gender

	2017				2018				2019			
Employment Category	Total Men	% Men	Total Women	% Women	Total Men	% Men	Total Women	% Women	Total Men	% Men	Total Women	% Women
Operational Level	7	100	0	0	17	94	1	6	47	94	3	6
Administrative Level	5	50	5	50	9	41	13	59	9	39	14	61
Managerial Level	10	83	2	17	18	72	7	28	25	76	8	24

New employee hires and employee turnover (total number and rate of new employees) GRI 401-1

	2017	2018	2019
Total number of employee hires by age group			
Under 30	9	17	21
30-50	6	25	36
Over 50	1	0	5
Rate of new employee hires by age group			
Under 30	56%	40%	34%
30-50	38%	60%	58%
Over 50	5%	0%	8%
Total number of employee hires by gender			
Men	11	24	67
Women	5	18	9
Rate of employee hires by gender			
Men	69%	57%	88%
Women	31%	43%	12%
Total number of employee hires by region			
Southeast (São Paulo – SP)	12	20	42
Northeast (Parnaíba – PI)	2	14	8
Northeast (Bacabeira – MA)	2	4	5
Northeast (Tianguá – CE)	0	4	6
North (Ji Paraná – RO)	0	0	14
Rate of employee hires by region			
Southeast (São Paulo – SP)	75%	48%	55%
Northeast (Parnaíba – PI)	13%	33%	11%
Northeast (Bacabeira – MA)	13%	10%	7%
Northeast (Tianguá – CE)	0%	10%	8%
North (Ji Paraná – RO)	0%	0%	18%

New employee hires and employee turnover (total number and rate of new employees) GRI 401-1

	2017	2018	2019
Total number of employee terminations by age group			
Under 30	5	3	4
30-50	1	3	16
Over 50	0	0	2
Employee turnover rate by age group			
Under 30	1.7%	0.5%	0.4%
30-50	0.3%	0.5%	1.6%
Over 50	0.0%	0.0%	0.2%
Total number of employee terminations by gender			
Men	3	2	17
Women	3	4	5
Employee turnover rate by gender			
Men	1%	0.4%	1.7%
Women	1%	0.7%	0.5%
Total number of employee terminations by region			
Southeast (São Paulo – SP)	6	4	15
Northeast (Parnaíba – PI)	0	0	3
Northeast (Bacabeira – MA)	0	2	3
Northeast (Tianguá – CE)	0	0	1
North (Ji Paraná – RO)	0	0	0
Employee turnover rate by region			
Southeast (São Paulo – SP)	2%	0.7%	1.5%
Northeast (Parnaíba – PI)	0%	0.0%	0.3%
Northeast (Bacabeira – MA)	0%	0.4%	0.3%
Northeast (Tianguá – CE)	0%	0.0%	0.1%
North (Ji Paraná – RO)	0%	0.0%	0.0%

** Absolute annual headcount divided by absolute annual terminations.*

Ratio of lowest salary to local minimum wage by gender GRI 202-1

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Local minimum wage (Brazil – R$)	937.00	937.00	954.00	954.00	998.00	998.00
Lowest salary paid by the organization (R$)	8,000.00	3,500.00	3,206.00	2,800.00	3,000.00	3,150.00
Ratio of lowest salary to local minimum wage	8.54	3.74	3.36	2.94	3.01	3.16

Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities* GRI 403-2

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Number of injuries	0	0	21	0	25	0
Injury rate (Frequency rate)	0	0	1	0	2.2	0
Occupational disease rate	0	0	0	0	0	0
Lost day rate	0	0	12,154	0	570	0
Absentee rate	0	0	0	0	0	0
Number of fatalities	0	0	2	0	0	0

**Minor injuries (first aid level) and fatalities are included in the injury rate. Data for company employees and contractors.*

Percentage of contractor and subcontractor employees that have undergone relevant health and safety training GRI EU18

Health and safety training for third party contractors

	2017	2018	2019
Number of contractor employees	ND	4,303	4,889
% of contractor employees who received training	ND	100	94

Training by category of third party contractors 2019 GRI EU18

	Total	% de trained
Transmission or distribution line worker	3,903	100
Substation operators and mechanics	1,068	100
Assistant operators and agents	270	100
Welders	14	100
Mechanics	9	100
Technicians	56	100
Engineers	26	100
Electricians	73	100

PARTNERS

Ratio of spending to local suppliers GRI 204-1

	2017	2018	2019
Argo I	NA*	32.33%	56.46%
Argo II	NA*	NA*	9.75%
Argo III	NA*	NA*	29.58%

**Construction work activities not started in the period.*

ENVIRONMENTAL MANAGEMENT

Waste by type and disposal method 2019 (tons) GRI 306-2

	Argo I		Argo II		Argo III	
	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Reuse	0	0	0	0,45	0	0
Recycling	0	83.96	0	0	4.18	0
Incineration (mass burn)	0	0	0.51	0	6,113	46.3
Landfill	0	200.47	0	0,2	0	33.4
On-site storage	14.24	284.43	0	0,25	0	0
Wastewater Treatment Plant (m³)	0	0	0.48	0	10.93	0
Clinical waste	0	0	0	0	0.0057	0

Transport of hazardous waste* (tons) GRI 306-4

	2017	2018	2019
Hazardous waste transported	ND	3.82	14.23
Hazardous waste treated	ND	0	6,623
Total	ND	3.82	20,853

**No hazardous waste imported or exported.*

GRI 102-55

GRI CONTENT INDEX

General disclosures	
Organization Profile	
Disclosures	Pages/Answers
102-1: Name of the organization	8
102-2: Activities, brands, products, and services	8
102-3: Location of headquarters	8
102-4: Location of operations	8
102-5: Ownership and legal form	8
102-6: Markets served	8
102-7: Scale of the organization	8, 90
102-8: Information on employees and other workers	50, 94
102-9: Supply chain	56, 99
102-10: Significant changes to the organization and its supply chain	Not applicable, as it is the first report.
102-12: External initiatives	We do not officially subscribe to or adopt charters or principles, but we follow the Social and Environmental Performance Standards of the International Finance Corporation for our projects.
102-13: Membership of associations	We are members of the Brazilian Association of Electric Energy Transmission Companies (ABRATE), in which Marcio Severi and Sany Medeiros, respectively IR Director and Regulatory Manager, hold seats in governance; of Acende Brasil; and of the Brazilian Association of Infrastructure and Heavy Industries (ABDIB).
Strategy	
102-14: Statement from senior decision-maker	16, 17
102-15: Key impacts, risks, and opportunities	30, 31
Ethics and integrity	
102-16: Values, principles, standards, and norms of behavior	9, 25
102-17: Mechanisms for advice and concerns about ethics	25
Governance	
102-18: Governance structure	
102-20: Executive-level responsibility for economic, environmental, and social topics	Our Institutional Director is responsible for environmental and social topics, and our CFO for economic issues. Both report directly to the Board of Directors.
102-22: Composition of the highest governance body and its committees	28
102-23: Chair of the highest governance body	28
Stakeholder engagement	
102-40: List of stakeholder groups	Shareholders and investors, customers, suppliers, employees and third parties, representatives of agencies, public programs, social, environmental and community organizations.
102-41: Collective bargaining agreements	At the end of 2019, 100% of our workforce was covered by collective bargaining agreements.
Reporting practice	
102-45: Entities included in the consolidated financial statements	4
102-46: Defining report content and topic Boundaries	4
102-50: Reporting period	4
102-52: Reporting cycle	This is our first Report and, when our projects enter into commercial operation, our results will be disclosed to the market on an annual basis.
102-53: Contact point for questions regarding the report	4
102-55: GRI content index	100, 101, 102, 103
102-56: External assurance	4
GRI 201 Economic performance	
201-1: Direct economic value generated and distributed	92, 93
GRI 202 Market presence	
202-1: Ratios of standard entry level wage by gender compared to local minimum wage	55, 98
GRI 204 Procurement practices	
204-1: Proportion of spending on local suppliers	57, 99
GRI 205 Anti-corruption	
205-3: Operations assessed for risks related to corruption	Since the establishment of our company, we have not registered any cases of corruption involving our operations.
GRI 206 Anti-competitive behavior	
206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Since the establishment of our company, there have been no legal actions related to anti-competitive behavior, anti-trust and monopoly practices.

GRI 304 Biodiversity	
304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	85
304-2: Significant impacts of activities, products, and services on biodiversity	81
304-3: Habitats protected or restored	Argo I will restore 139.9 hectares (ha) of forest—16.52 ha in Flona Sobral (CE); 73.41 ha in PE Mirador (MA); 5.15 ha in Sete Cidades National Park (PI). A total of 44.78 ha will also be set aside to compensate the Atlantic Rainforest, in a place yet to be determined.
GRI 306 Effluents and Waste	
306-2: Waste by type and disposal method	82, 86, 87, 99
306-4: Transport of hazardous waste	82, 99
GRI 307 Environmental Compliance	
307-1: Non-compliance with environmental laws and regulations	We did not receive environmental sanctions or fines in the period covered by this report.
GRI 401 Employment	
401-1: New employee hires and employee turnover	50, 96, 97
401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	
GRI 403 Occupational Health and Safety	
403-1: Occupational health and safety management system	There are no formal health and safety committees.
403-2: Hazard identification, risk assessment, and incident investigation	98
403-4: Worker participation, consultation, and communication on occupational health and safety	None.
GRI 404 Training and Education	
404-1: Average hours of training per year per employee	52
404-3: Percentage of employees receiving regular performance and career development reviews	52
GRI 405 Diversity and Equal Opportunity	
405-1: Diversity of governance bodies and employees	28, 29, 50, 95
GRI 406 Non-discrimination	
406-1: Incidents of discrimination and corrective actions taken	No cases were recorded.
GRI 411 Rights of Indigenous Peoples	
411-1: Incidents of violations involving rights of indigenous peoples	None.
GRI 415 Public Policy	
415-1: Political contributions	We do not make contributions to politicians or political parties.
EU Electric utilities sector disclosures	
EU4: Length of above and underground transmission and distribution	38, 46
EU6: Management approach to ensure short and long-term electricity availability and reliability.	35
DMA (Former EU8): Research and development	Our R&D projects will start in 2020 and will be reported in 2021.
EU18: Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	98
EU20: Approach to managing the impacts of displacement	59
EU25: Number of injuries and fatalities to the public involving company assets, including legal judgments,settlements and pending legal cases of diseases	No cases were recorded.

Credits

Overall Coordination
Fernanda Abreu
Environmental Manager

Writing, Proofreading, GRI Consulting, Graphic Design and Layout
KMZ Conteúdo

Photos
Argo Collection

Translation
Gotcha! Idiomas

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