



ANNUAL SOCIAL AND
ENVIRONMENTAL
RESPONSIBILITY REPORT

2019

taesa 



PHOTO: ECIO FARIAS



PRESENTATION

Transmissora Aliança de Energia Elétrica S.A. (TAESA) presents its 12nd Annual Social and Environmental Responsibility Report. This document is compliant with the methodologies of the International Financial Reporting Standards ("IFRS") and standards established by the National Electric Energy Agency (ANEEL), in addition to incorporating several references from other environmental reports adopted by the largest Brazilian companies.

This particular document reports the actions in line with the UN Global Compact and the Sustainable Development Goals ("SDGs"), and reflects the compilation of information regarding the performance of the concessions incorporated into TAESA in 2019 and those in which the company has all the shares. The document was prepared considering five core dimensions:

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

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

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



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1 OVERVIEW



Overview

MESSAGE FROM MANAGEMENT

The year 2019, when Transmissora Aliança de Energia Elétrica S.A. (TAESA) celebrated its 10th anniversary, was both challenging and motivating. After closing 2018 with major acquisitions, both in the secondary market and in the auction of the Brazilian Electricity Regulatory Agency (ANEEL), we started out the year 2019 with the challenge of completing these acquisitions, advancing in the construction of concessions as yet non-operational, and continuing to seek growth opportunities.

In 2019, we completed the acquisitions of the three auction lots of ELETROBRAS (the ETAU, BRASNORTE and TRANSMINEIRAS lots), we acquired Bipar Energia, Telecomunicacao e Industria Metalúrgica S.A.'s stake in BRASNORTE, we signed a purchase and sale agreement for the concession Rialma Transmissora de Energia I S.A.(Lagoa Nova), and in early 2020 we completed the acquisitions of São João Transmissora de Energia S.A. and São Pedro Transmissora de Energia S.A. (ÂMBAR).

With 9 major projects under construction, totaling R\$ 5.6 billion in investments (R\$ 3.8 billion considering only Taesa's stake), in 2019 we invested R\$ 718 million in the execution of construction work and equipment acquisition, and we energized two concessions:

MIRACEMA and EDTE. The Company keeps its focus on the execution and on-time delivery of its projects under construction, and continues to work with a view to anticipating the start of operation of some of them, seeking Capex and financing efficiency, with the aim of further increasing the returns of these undertakings.

We continue to focus on the strategic pillars of sustainable growth, financial discipline, operational efficiency, and value creation for our shareholders. We have been working hard to make the Company more competitive every day, both in ANEEL's transmission auctions and in the secondary market, in addition to maintaining our position of leadership and reference in energy transmission in Brazil.

In 2019, the Company stood out on the debt market, leading the movement to extend the terms of infrastructure debentures in Brazil.



This year, we issued R\$ 4.7 billion in debentures (TAESA and projects), which included R\$ 3.7 billion in debt securities with a 25-year term. It is worth mentioning that this movement was made possible by our credibility with the debt market, as well as the highest credit risk rating at the three major agencies (Moody's, Fitch, and S&P), also allowing for a competitive advantage for the Company's growth, whether in new auctions or on the secondary market.

In the operational field, TAESA remained at a level of excellence in 2019, with an availability rate for its lines of 99.90% and a Variable Portion of 0.98% of the consolidated RAP. Net income under IFRS closed out the year at R\$ 1,002 million, and dividends distributed for the fiscal year totaled R\$ 656 million, representing a payout of 92.3%, excluding effects of CPC 47 of R\$ 291 million.

Finally, we would like to reinforce our attention and commitment to the Sustainability issue. In 2019, the Board of Directors approved a project aimed to increase TAESA's Environmental, Social and Governance (ESG) actions.

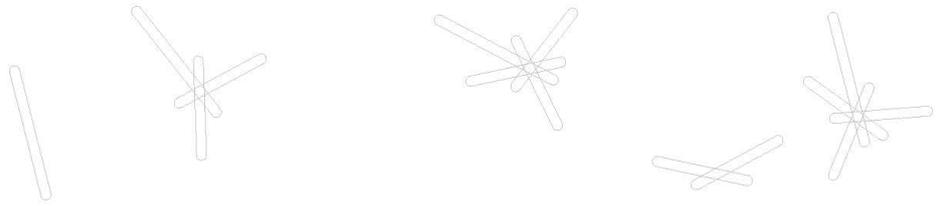
Furthermore, we issued four "green" infrastructure debentures, reinforcing our commitment and relevance dedicated to this issue. Another major action was our adherence to the UN Global Compact, which lays down 10 fundamental principles in the areas of labor relations, human rights, the environment, and the fight against corruption. As a result, TAESA is committed to supporting the Pact, in addition to respecting and complying with all principles, as part of its strategy, culture, and daily operations.

Among the various awards won by TAESA in 2019, we highlight the Great Place to Work and Best Companies in the area of Occupational Safety and Health, highlighting the Company's total commitment to the safety, health and well-being of its employees.

All this is proof that the Company has been growing and evolving every year, which is very motivating for everyone who works here. We really have a lot to celebrate on TAESA's 10th anniversary.

#IssoAquiÉTAESA

Executive Board



THE COMPANY

TRANSMISSORA ALIANÇA DE ENERGIA ELÉTRICA S.A. (TAESA) currently leads one of the largest electric power transmission groups in Brazil. Together, the companies comprising TAESA Group have approximately 13.5 thousand kilometers of transmission lines, members of the Basic Network.

The Company stands out for its high level of technical knowledge and high management and operational standards, to guarantee a satisfactory return for its shareholders and a motivating work environment for its employees.

Some results arising from the productivity achieved in 2019, including assets acquired in early 2020, are presented below:

9,410 MVA

of installed capacity

13,579 km

of transmission lines

10,980 km

of lines in operation

2,599 km

of lines under construction

6,643 km

of fiber optic cables

594

own employees

97

substations

8.74%

of transmission lines in the country

99.90%

of availability rate of transmission lines



ÉCYO FARIAS

TSN,
Novatrans,
ETEO, GTESA,
Patesa,
Munirah, NTE,
STE, ATE and
ATE II



The 39 transmission concessions/interest held by TAESA are segregated into:

- 10 concessions making up the holding company (TSN, NVT, ETEO, GTESA, PATESA, Munirah, NTE, STE, ATE and ATE II);
- 9 full investees (ATE III, Brasnorte, São Gotardo, Mariana, Janaúba, Miracema, Sant'ana, SPT, SJT and Lagoa Nova); and
- 19 shareholdings (ETAU, Aimorés, Paraguaçu, Ivaí, Transmineiras, TBE).

The figure below represents the structure of concessions/shareholdings of TAESA Group:

¹ In 2018, the Company announced the purchase of four operating assets from Ambar Energia Ltda. The acquisition of São João Transmissora de Energia S.A. and São Pedro Transmissora de Energia S.A. was completed on February 14, 2020. The closing of the transaction for acquiring Triângulo Mineiro Transmissora de Energia S.A. and São Bartolomeu Transmissora de Energia S.A. is still subject to the fulfillment of precedent conditions.

² Transmineiras is a set of Taesa's ownership interest in three concessions: Transirapé (54.0%), Transleste (54.0%) and Transudeste (54.0%).

³ TBE - Transmissora Brasileira de Energia is a economic group, result of a partnership with majority shareholders, Taesa and Alupar, currently responsible for 15 concessions.

⁴ AIE - Aliança Interligação Elétrica is an economic group in partnership with companies TAESA and ISA CTEEP, currently responsible for implementing three new undertakings

Regarding the companies in which TAESA holds equity interests, find below a simplified table detailing its ownership percentage – base year: 2019.

SPE	SHAREHOLDERS	OWNERSHIP PERCENTAGE (%)
BRASNORTE	Transmissora Aliança de Energia Elétrica S.A.	100
	Total	100
ETAU	Transmissora Aliança de Energia Elétrica S.A.	75.62
	DME Energética S.A.	14.38
	CEEE - GT	10.00
	Total	100
ECTE	Alupar Investimento S.A.	50.0222
	Centrais Elétricas de Santa Catarina - CELESC	30.8850
	Transmissora Aliança de Energia Elétrica S.A.	19.0928
	Total	100
ETEP	Alupar Investimento S.A.	50.0155
	Transmissora Aliança de Energia Elétrica S.A.	49.9845
	Total	100
ENTE	Alupar Investimento S.A.	50.0111
	Transmissora Aliança de Energia Elétrica S.A.	49.9889
	Total	100
EATE	Alupar Investimento S.A.	50.0176
	Transmissora Aliança de Energia Elétrica S.A.	49.9824
	Total	100
ERTE	Alupar Investimento S.A.	21.9595
	Transmissora Aliança de Energia Elétrica S.A.	21.9476
	Empresa Amazonense de Transmissão de Energia S.A.	18.0766
	Empresa Norte de Transmissão de Energia S.A.	38.0162
	Total	100
EBTE	Empresa Amazonense de Transmissão de Energia S.A.	51.0000
	Transmissora Aliança de Energia Elétrica S.A.	49.0000
	Total	100
Aimorés	CTEEP - Companhia de Transmissão de Energia Elétrica Paulista	50.0000
	Transmissora Aliança de Energia Elétrica S.A.	50.0000
	Total	100
Paraguçu	CTEEP - Companhia de Transmissão de Energia Elétrica Paulista	50.0000
	Transmissora Aliança de Energia Elétrica S.A.	50.0000
	Total	100



RIBEIRO GONÇALVES

SPE	SHAREHOLDERS	OWNERSHIP PERCENTAGE (%)
Ivaí	CTEEP - Companhia de Transmissão de Energia Elétrica Paulista Transmissora Aliança de Energia Elétrica S.A	50.0000
		50.0000
	Total	100
Companhia Transleste de Transmissão	Transminas Holding S.A.	41.00
	Transmissora Aliança de Energia Elétrica S.A.	49.00
	EATE	10.00
	Total	100
Companhia Transudeste de Transmissão	Transminas Holding S.A.	41.00
	Transmissora Aliança de Energia Elétrica S.A.	49.00
	EATE	10.00
	Total	100
Companhia Transirapé de Transmissão	Transminas Holding S.A.	41.00
	Transmissora Aliança de Energia Elétrica S.A.	49.00
	EATE	10.00
	Total	100

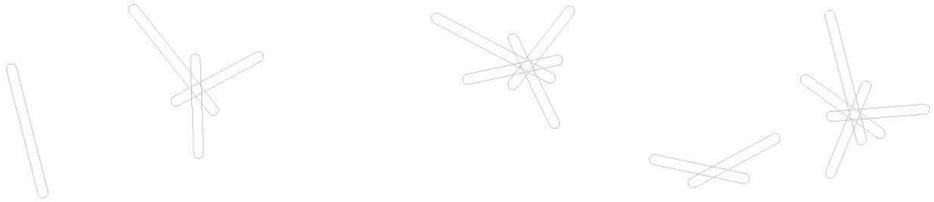
For a better view of the concessions that comprise the TAESA Group, find below a table with the main details of such Concession Contracts:

DETAILED CHART OF THE TAESA GROUP'S CONCESSION CONTRACTS

CONCESSION	CONCESSION CONTRACT	VENTURE	END OF CONCESSION
BRASNORTE	003/2008	LT Jauru - Juba LT Brasnorte - Nova Mutum	03/17/2038
NOVATRANS	095/2000	Interligação Norte - Sul II	12/20/2030
MUNIRAH	006/2004	LT Camaçari II - Sapeaçu	02/18/2034
TSN	097/2000	Interligação Sudeste - Nordeste	12/20/2030
ETEO	040/2000	LT Taquaruçu - Assis - Sumaré	05/12/2030
ETAU	082/2002	LT Campos Novos - Lagoa Vermelha - Santa Marta	12/18/2032
GTESA	001/2002	LT Goianinha - Mussurú II C3	01/21/2032
PATESA	087/2002	LT Paraíso - Açú	12/11/2032
NTE	002/2002	LT Xingó - Angelim II 500Kv LT Angelim - Campina Grande II 230Kv	01/21/2032
STE	081/2002	LT Uruguaiana - Santa Rosa	07/01/2032
ATE	003/2004	LT Londrina - Araraquara	07/30/2033
ATE II	011/2005	LT Colinas - Sobradinho	03/15/2035
ATE III	001/2006	LT Marabá - Colinas LT Itacaiúnas - Carajás	04/27/2036
SÃO GOTARDO	024/2012	SE São Gotardo	08/27/2042
EATE	042/2001	LT Tucuruí - Presidente Dutra	06/12/2031
EBTE	011/2008	LTs Juína - Brasnorte; Juba - Brasnorte; Parecis - Brasnorte; N. Mutum - Sorriso - Sinop	10/16/2038
ECTE	088/2000	LT Campos Novos - Blumenau	11/01/2030
ENTE	085/2002	LT Tucuruí - Açailândia	12/11/2032
ERTE	083/2002	LT Vila do Conde - Castanhal - Santa Maria	12/11/2032
ESDE	025/2009	SE Santos Dumont	11/19/2039
ETEP	043/2001	LT Vila do Conde - Tucuruí	06/12/2031
ETSE	006/2012	LT SE Abdon Batista	05/10/2042
Lagoa Nova	030/2017	LT Lagoa Nova 11 - Currais Novos 11	08/11/2047

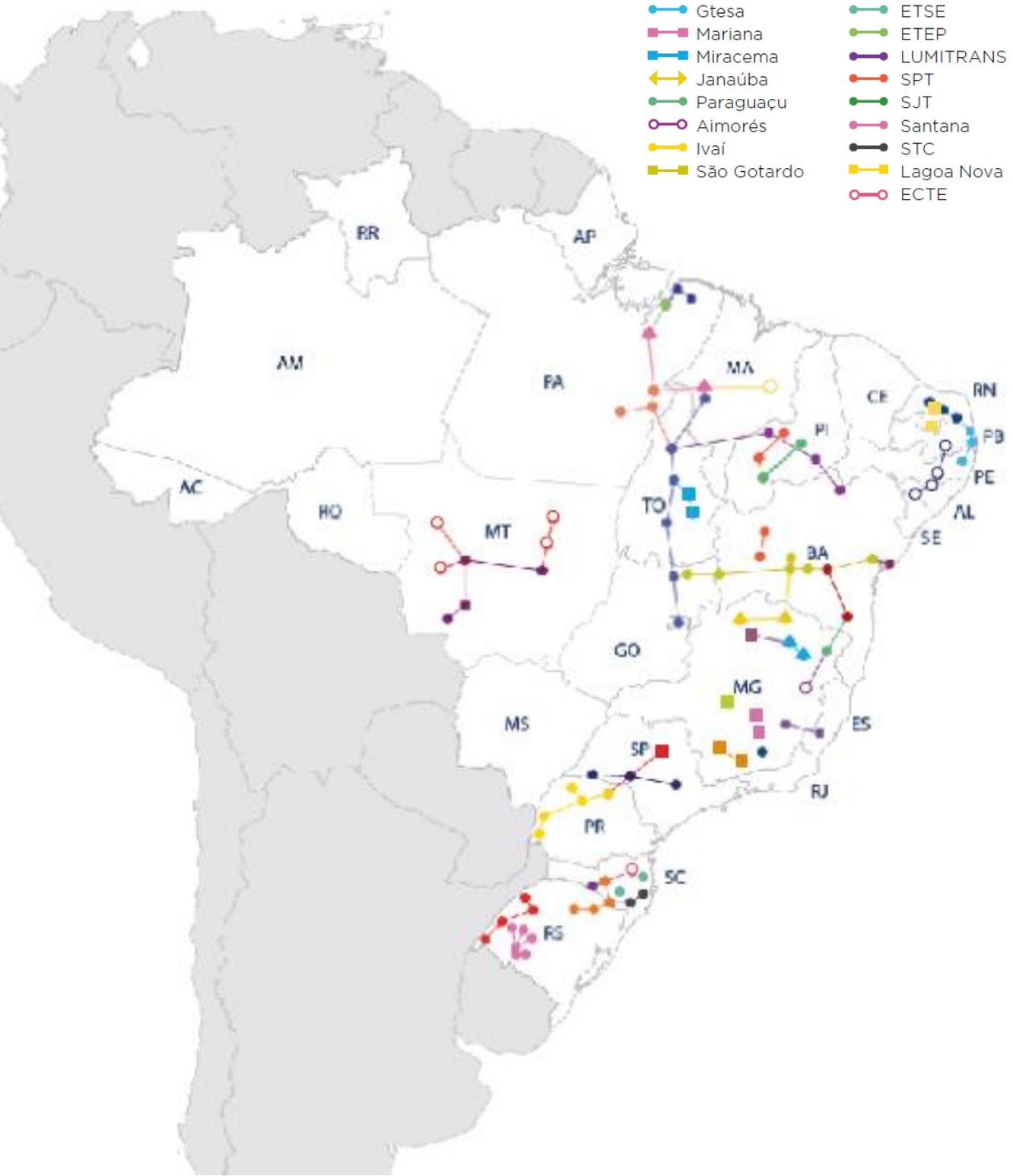
CONCESSION	CONCESSION CONTRACT	VENTURE	END OF CONCESSION
LUMITRANS	007/2004	LT Machadinho - Campos Novos	02/18/2034
STC	006/2006	LT Barra Grande - Lages - Rio do Sul	04/27/2036
TRANLESTE	009/2004	SE Montes Claros - SE Irapé	02/18/2034
TRANSUDESTE	005/2005	SE Itutinga - SE Juiz de Fora	03/04/2035
TRANSIRAPÉ	012/2005	SE Irapé - SE Araçuaí 2	03/15/2035
MARIANA	011/2014	LT Itabirito 2 - Vespasiano 2 CS	05/02/2044
MIRACEMA	017/2016	Transmission Line Miracema – Lajeado LT Lajeado – Palmas SE Palmas	06/27/2046
JANAÚBA	015/2017	LT Pirapora 2 - Janaúba 3 LT Janaúba 3 - Bom Jesus da Lapa II	02/09/2047
AIMORÉS	004/2017	LT Padre Paraíso 2 - Governador Valadares 6	02/09/2047
PARAGUAÇU	003/2017	LT Poções 3 - Padre Paraíso 2	02/09/2047
IVAÍ	022/2017	LT Foz do Iguaçu - Guaíra SE Guaíra (new yard) LT Guaíra - Sarandi SE Sarandi (new yard) LT Sarandi - Londrina LT Sarandi - Paranavaí do Norte SE Paranavaí do Norte	08/11/2047
SANTANA	012/2019	LT Livramento 3 - Alegrete 2 LT Livramento 3 - Cerro Chato LT Livramento 3 - Santa Maria 3 LT Livramento 3 - Maçambará 3 SE Maçambará 3 SE Livramento 3 LT Sections between SE Maçambará 3 and LTs Maçambará – Santo Ângelo	03/22/2049
SJT	08/2013	LT Gilbués II - São João do Piauí	08/01/2043
SPT	15/2013	LT Rio Grande II - Barreiras II LT Rio Grande II - Barreiras I LT Rio Grande II - Barreiras I LT Rio Grande II - Barreiras II SE Barreiras II SE Rio Grande II LT Gilbués II - Bom Jesus II LT Bom Jesus II - Eliseu Martins SE Eliseu Martins SE Gilbués II SE Bom Jesus II	10/09/2043

*Acronyms: TL - Transmission line; SE - Substation;



The projects operated by TAESA are distributed over the Brazilian territory, as follows:

- STE
- ETAU
- ETEO
- ATE
- ATE II
- ATE III
- Novatrans
- TSN
- Munirah
- Patesa
- NTE
- Gtesa
- Mariana
- Miracema
- Janaúba
- Paraguaçu
- Aimorés
- Ivaí
- São Gotardo
- Brasnorte
- Transrirapé
- Transleste
- Transudeste
- EATE
- EBTE
- ESTE
- EDTE
- ENTE
- ESDE
- ERTE
- ETSE
- ETEP
- LUMITRANS
- SPT
- SJT
- Santana
- STC
- Lagoa Nova
- ECTE



MISSION

TAESA's mission statement is to transmit electricity with excellence, in a continuous and efficient way, ensuring profitability and sustainability.

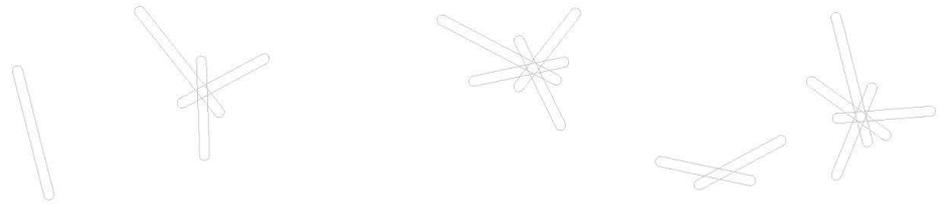
VISION

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

PRINCIPLES AND VALUES

TAESA adopts the following principles and values as commitments:

- Transparency
- Security
- Focus on Results
- Sustainability
- Spirit of Excellence
- Employee Appreciation
- Commitment
- Innovation
- Environmental Preservation
- Ethical and Respectful Behavior



OUR BUSINESS

The electric sector comprises three important stages until reaching the final consumer, namely: (1) generation, (2) transmission and (3) distribution. TAESA is exclusively dedicated to the construction, operation and maintenance of transmission assets, which conduct high voltage energy over long distances throughout the country.



The energy path

1

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

2

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

3

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

THE TRANSMISSION SECTOR

The National Interconnected System ("SIN") is a large electric power generating and transmission system operated by privately and publicly-held companies, managed by the National System Operator (ONS).

Such system is responsible for serving 98% of the Brazilian electric power market and its network reaches approximately 155.4 thousand Km of lines with voltage greater or equal to 230Kv.

The Transmission Service Provision Agreement (CPST) is signed between the ONS and the public transmission service concessionaires. It provides for the technical and commercial terms and conditions for the provision of transmission services. Pursuant to this Agreement, transmission

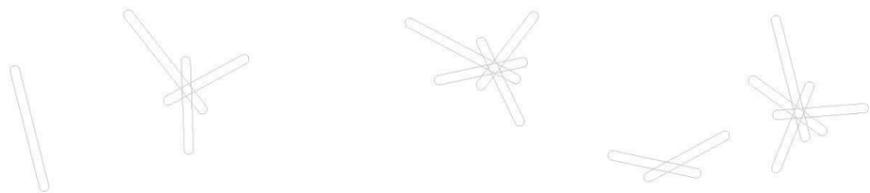
concessionaires assume responsibility for the operation and maintenance of the facilities and receive the Annual Permitted Income (RAP) for making such facilities available, being discounted for any observed unavailability.

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

based on the availability of the line and not on the volume of energy transmitted in the system. Thus, the transmission sector is not exposed to volume risk.

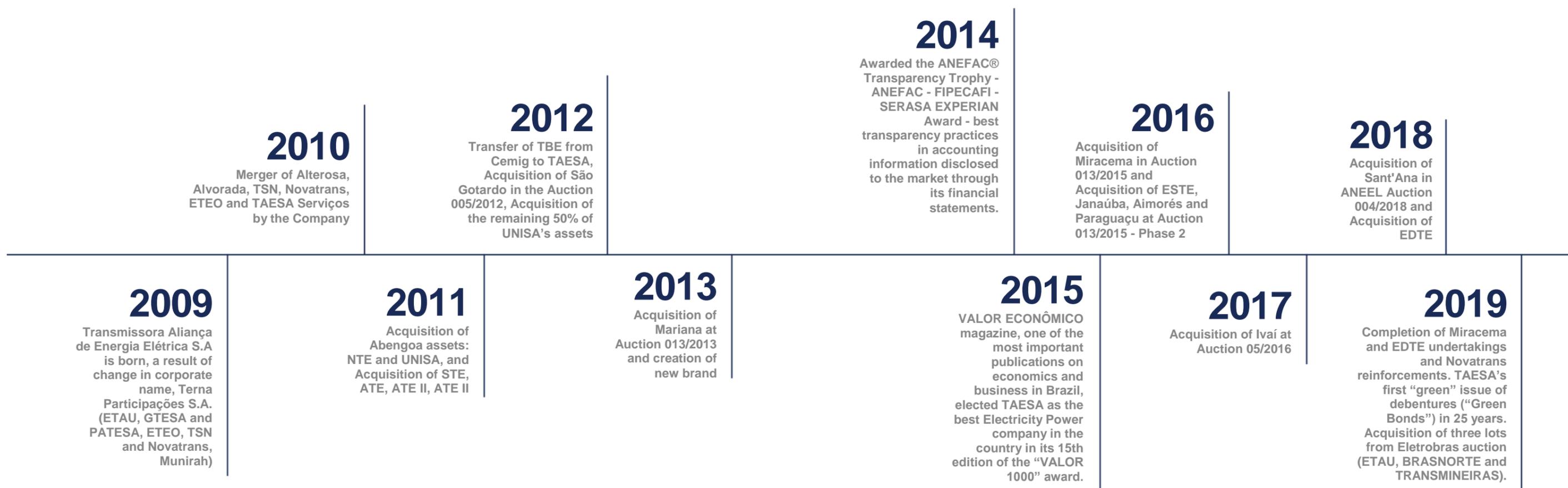
In 2019, TAESA received 20% of the Total Operational RAP for the market (categories 2 and 3 only) - which considers only the undertakings in operation, equivalent to R\$ 9.5 billion.





OUR HISTORY

Timeline - 10 years of TAESA



THE YEAR'S HIGHLIGHTS



ABRACONEE's Financial Statements Award

In November, the Brasnorte concession was awarded the Best Financial Statements Disclosure for the Year 2018, in the small business category, by the Brazilian Association of Accountants in the Electric Sector. The purpose of this award is to assess the level of accounting transparency of companies linked to the Brazilian electric sector.

Best company in the occupational safety and health (OSH)

On October 21, TAESA was awarded the best company in OHS in the "Energy" category by the National Association of the Occupational Safety and Security Industry (AMINASEG).



GPTW Badge

TAESA values the Organizational Climate and, as a result, was certified by the International Great Place To Work (GPTW) in October as a company with results significantly above the market benchmark, and is currently waiting for its position in the ranking of the best companies to work for in 2019/2020.



Global Compact Support

In December 2019, TAESA became a signatory to the Global Compact. The Global Compact is a voluntary initiative that provides guidelines for promoting sustainable growth and citizenship through 10 principles in the areas of Human Rights, Labor, Environment and Anti-Corruption, which are followed by committed and innovative corporate leaders.



CEO among the "Best CEOs in Brazil"

TAESA's president, Raul Lycurgo Leite, received this award on August 27 by Forbes Magazine in partnership with the Getúlio Vargas Foundation's C-Level program. The list recognizes executives who stood out most in leading large companies.



Broadcast Companies Award

In its debut in the ranking, which is prepared by Agência Estado in partnership with Economatica, the company reached 9th place in August among the best performance corporations in the previous year from the shareholder's point of view. The company also received the Small Cap highlight for leading the ranking within this category of companies listed on B3.



No more disposable products

On the World Environment Day (June 5), TAESA reaffirmed its commitment to sustainability by definitively eliminating disposable plastic cups in all its facilities.



TAESA signs agreement with RNP

In May, TAESA and the National Education and Research Network (RNP) signed a cooperation agreement that will bring high-speed internet to teaching and research institutions in Palmas (Tocantins), Salvador (Bahia) and Brasília (Federal District), using a pair of TAESA's fiber optics.

The R&D Project "0033: Supercable" is internationally recognized

In May, at the Regional Iberoamerican Meeting of CIGRE, the "Supercable" was the first cable with 2G superconducting tapes in Brazil to operate at high temperature for superconductors (-196°C). Based on the project's investment, it was possible to: (i) increase power transfer more efficiently and with virtually zero electrical losses; (ii) improve the stability and security in connecting regional transmission networks in the national territory; (iii) reduce the Brazilian technological gap; (iv) providing new infrastructure while keeping the technological legacy for future generations in the Superconducting Cables area.



Issues of Green Bonds

TAESA carried out 4 debenture issues throughout 2019, receiving the Green Bond certification and totaling R\$ 2,443,960,000.00. The criteria for green bonds considered the social and environmental performance of the projects according to the licensing process and management procedures, as well as TAESA's Environmental, Social and Governance (ESG) performance based on the evaluation of corporate policies and practices.



ORGANIZATION AND MANAGEMENT

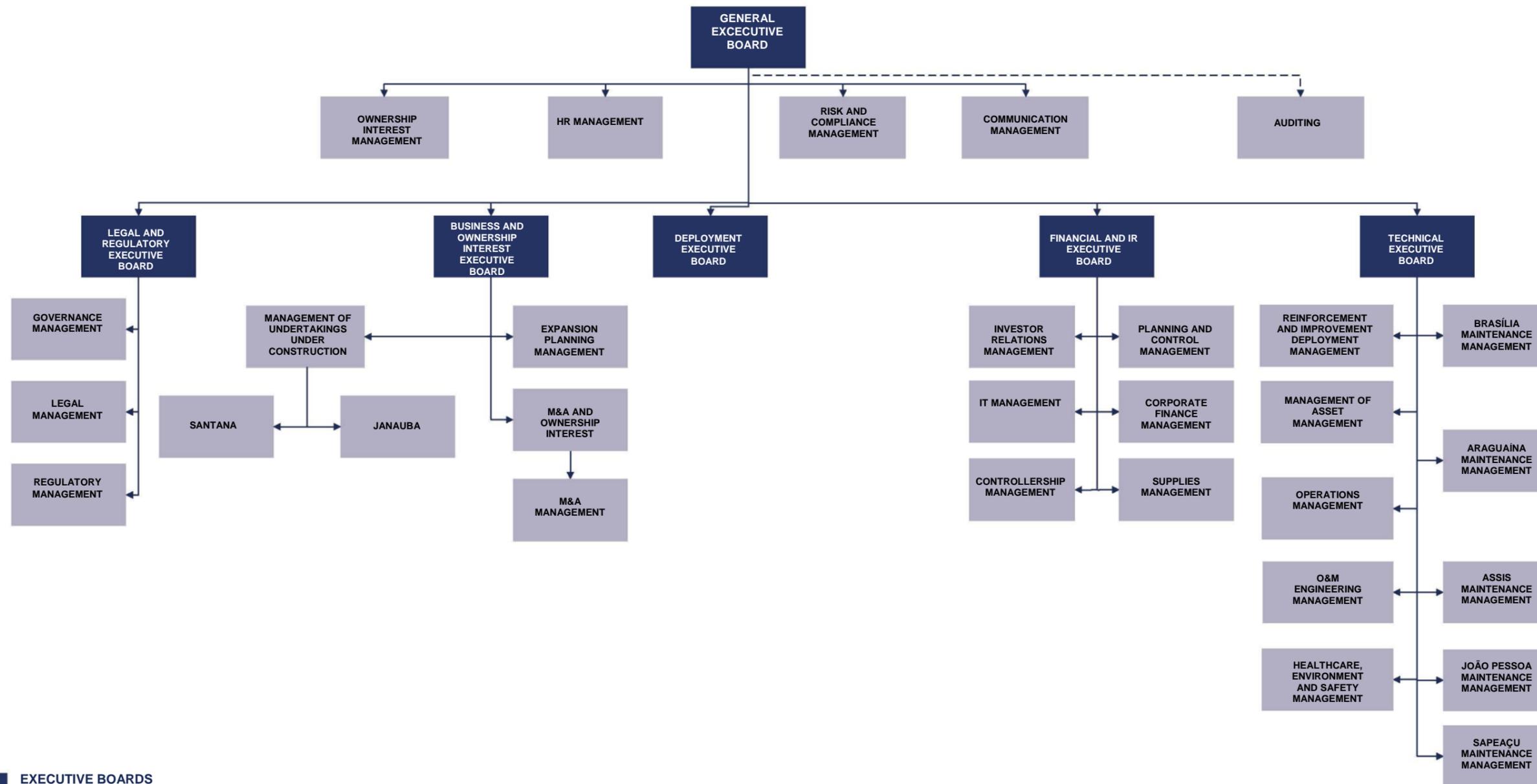
Aiming to structure the integrated management of operations for all TAESA's assets and its expansion projects, the following functional organization chart was restructured in 2019:

To manage its assets, TAESA currently relies on: (i) its administrative head office in Rio de Janeiro; (ii) the Operation and Control Center (COC) and laboratory, in Brasília, as well as its five regional offices, with facilities located in Assis - SP, João Pessoa - PB, Araguaína - TO, Brasília - Federal District and Sapeaçu - BA . Among the several models in force related to Process Management with the market, **TAESA** adopts the best management mechanisms to refine, control and establish internal procedures that add confidence and standardization for its activities.

TAESA constantly seeks to improve its policies and processes with the purpose of promoting its Environmental Management System (EMS), enabling its development and providing solutions to minimize its environmental needs.

The core parts of the management process comprise the identification, assessment and control of market, credit and liquidity risks, as well as of environmental, health and safety risks for employees and the community affected by the energy transmission concessions and heritage - and for the Company's assets.

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



■ EXECUTIVE BOARDS
■ MANAGEMENT

Responsibility with stakeholders

The following tables briefly present the main stakeholders of TAESA, detailing the types of relationships maintained.

Shareholders and Investors

DETAILS

The TAESA Group is controlled by Companhia Energética de Minas Gerais - Cemig and by ISA Investimentos e Participações do Brasil S.A. CEMIG is controlled by the State of Minas Gerais and is one of the most sound and important groups in the electric sector in Brazil. ISA Investimentos e Participações do Brasil S.A. is a holding company whose main purpose is to consolidate the investments made in Brazil by ISA Interconexión Eléctrica S.A. E.S.P., one of the largest international electric power transmission companies in Latin America. TAESA holds 63.45% of the shares traded in the market. One of TAESA's main objectives is to maximize the value for its shareholders, emphasizing the long-term business sustainability, providing a high quality core service and respecting the rules established by Brazilian regulatory authorities.

COMMUNICATION CHANNELS

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

Clients

DETAILS

The TAESA Group's customers are the electric power generators, free consumers, distributors and other transmission companies that connect or share their facilities with the Group. The Relationship Policy is guided by the Company's Quality Policy and Code of Ethics.

COMMUNICATION CHANNELS

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

Suppliers

DETAILS

The largest suppliers of the TAESA Group are manufacturers of large electrical equipment (transformers, circuit breakers, protective equipment, lightning rods, reactors, measuring transformers, etc.). There are also engineering and environmental advisory companies that provide services to the Group, both in projects (civil, electrical and mechanical parts) and in the performance of environmental programs and conditions established by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA). Another branch of activity of suppliers is office supplies, airline ticket and lodging reservations, vehicles, freight and insurance.

COMMUNICATION CHANNELS

The TAESA Group establishes strict registration and engagement standards for suppliers, aiming to make such processes transparent and auditable, and has developed standards for registration of suppliers, bids and bid evaluation. The support base for the Company's supply area is the SAP tool.

Employees, Collaborators and Others

DETAILS

The TAESA Group has a total of 594 employees (base date: December 31, 2019) (Including Brasnorte, ATEIII, Mariana, Miracema, Janaúba and Santana). The relationship policy is governed by the Human Resources Policy and by the Group's Code of Ethics, as well as the compliance with labor legislation.

COMMUNICATION CHANNELS

Team meetings, meetings with the executive board, corporate e-mail, celebration of the birthdays of the month, intranet, electronic board, personalized newsletters from the areas, corporate policy disclosure, annual performance evaluation.

Public Bodies

DETAILS

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

COMMUNICATION CHANNELS

The relationship with these public bodies occurs as follows:

- with ANEEL: by sending information and correspondence regarding the issued Resolutions; the same for corporate information of an accounting nature; through solicitations of consent in specific business processes; through participation in meetings and public hearings promoted by the Agency; through participation in auctions of new transmission lines.
- with the MME: by sending and tracking correspondence; through meetings when the issue requires.
- with environmental agencies: by attending to its obligations of the environmental programs; by means of technical meetings when the issue requires; by means of clarification provided.
- with ONS: through exchanges of correspondence and technical information; by means of technical meetings when the issue requires; through participation in its Board of Directors.

Social, Environmental and Community Organizations

The TAESA Group's relationship policy is guided by its Code of Ethics, available on its website (www.TAESA.com.br), by the concession agreements and by the legislation.

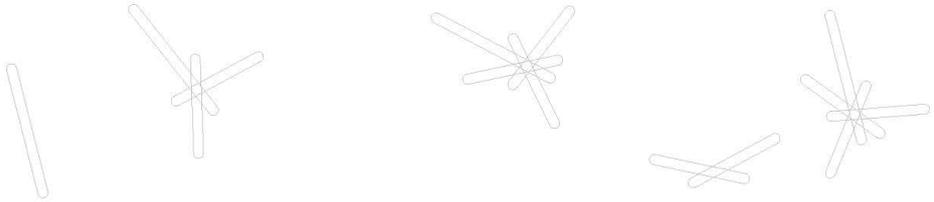
COMMUNICATION CHANNELS

The TAESA Group's website provides information on the Group's projects and also provides a toll-free telephone number for complaints, inquiries and other contacts. Regarding R&D and Social Project Programs, the relationship channel is through the website or directly with the responsible area.



2

CORPORATE
GOVERNANCE
DIMENSION



Governance

Since it is a publicly held company, TAESA entered into the Agreement on Adoption of Differentiated Corporate Governance Practices with the São Paulo Stock Exchange (Bovespa) as of October 5, 2006. By signing this instrument, TAESA complied with the “Regulation of Differentiated Level 2 Corporate Governance Practices” and also with the “Regulation of the Market Arbitration Chamber”, both issued by B3 S.A. - Brasil, Bolsa, Balcão S.A. (“B3”). The Company is also subject to the documents issued by the Brazilian Corporate Governance Institute (IBGC) and the Brazilian Securities and Exchange Commission (CVM).

The different levels of B3’s Corporate Governance are defined as follows:

LEVEL 1

Prices quoted (not adjusted) in active markets for identical assets and liabilities

LEVEL 2

Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices)

NEW MARKET

Assumptions, for assets or liabilities, which are not based on observable market data (non-observable inputs).



Although TAESA is registered at Level 2 of Corporate Governance, it is important to highlight that the Company adopts several measures included in the New Market (Novo Mercado) level, as follows:

NEW MARKET (AS OF 01/02/2018)	REQUIREMENTS MET BY TAESA
Minimum of 3 members (pursuant to legislation), of which at least 2 or 20% (whichever is greater) must be independent	4 Independent Board Members
Presentation of additional Policies , such as: (i) remuneration ; (ii) appointment of members of the Board of Directors , its advisory committees and the statutory executive board ; (iii) risk management ; and (iv) transaction with related parties.	TAESA already has the Related Party and Risk Management Policies
Regulations of the Board of Directors , of its advisory committees and of the Audit Committee , when installed	The internal regulations of the Board of Directors and Audit Committee were created, except for the regulations of Committees.
Required implementation for duties related to Compliance, internal controls and corporate risks , and the practice of holding multiple operating activities is forbidden.	Specific area created for Compliance matters, that does not accumulate operational activities.
Installation of audit committee , whether statutory or non-statutory, is mandatory and must meet the requirements stated in the regulation:	Own internal audit area with an independent operating arm reporting to the Audit Committee composition and duties

The corporate structure of TAESA in 2019 is presented below.

| TAESA Group – 2019 Organization Chart



¹ ISA Investimentos e Participações do Brasil S.A.

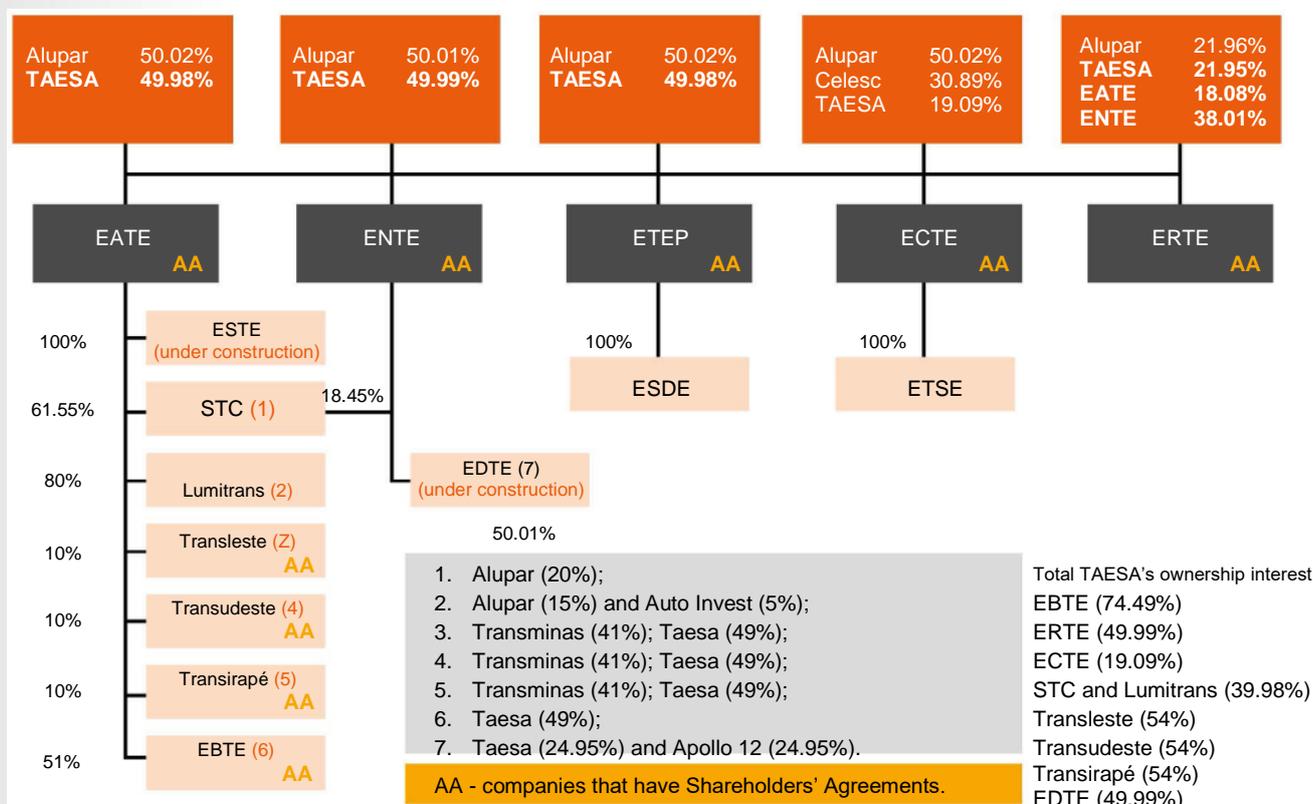
² In 2018, the Company announced the purchase of four operating assets from Ambar Energia Ltda. The acquisition of São João Transmissora de Energia S.A. and São Pedro Transmissora de Energia S.A. was completed on February 14, 2020. The closing of the transaction for acquiring Triângulo Mineiro Transmissora de Energia S.A. and São Bartolomeu Transmissora de Energia S.A. is still subject to the fulfillment of precedent conditions.

³ Transmineiras is a set of Taesa's ownership interest in three concessions: Transirapé (54.0%), Transleste (54.0%) and Transudeste (54.0%)

⁴ TBE - Transmissora Brasileira de Energia is a economic group, result of a partnership with majority shareholders, Taesa and Alupar, currently responsible for 15 concessions.

⁵ AIE - Aliança Interligação Elétrica is an economic group in partnership with companies TAESA and ISA CTEEP, currently responsible for implementing three new undertakings

| Corporate Organizational Chart - TBE



*TBE or TBE Group is a group of 15 electric power transmission concessionaires - Indirect Participation.

STATUTORY INFORMATION

Capital stock

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

Shareholders' Agreement

The controlling shareholders of TAESA Companhia Energética de Minas Gerais - Cemig and ISA Investimentos e Participações do Brasil S.A. entered into a "Shareholders' Agreement" with a view to regulating the Company's joint management.

The purpose of this Agreement is to govern the relationships and establish the rights and obligations of the controlling shareholders of TAESA, specifically:

- a. the assumptions and principles to be adopted by Companhia Energética de Minas Gerais - Cemig and by ISA Investimentos e Participações do Brasil S.A. with respect to the Agreement, to the Company and to its Subsidiaries;
- b. the exercise of voting rights in the Company and its Subsidiaries and Associated Companies;
- c. the form of administration of the Company and its Subsidiaries;
- d. the Company's capitalization, investment, financing and dividend policies;
- e. the rules applicable to the encumbrance and transfer of shares;
- f. the preemptive right in the subscription of shares and other securities issued by the Company; and
- g. the form of dispute settlement.

TAESA's Executive Board is comprised of six (6) board members, shareholders or who are not necessarily shareholders, resident in the country, being one (1) Technical Director, one (1) CFO and Investor Relations Officer, one (1) CLO and Regulatory Officer, one (1) Chief Executive Officer and one (1) Implementation Officer, all elected by the Board of Directors for an unified two-year (2) mandate, dismissible at any time, being allowed the accumulation of positions and the total or partial reelection of its members, pursuant to resolution of the Board of Directors. Currently, the Legal and Regulatory Officer also holds the position of Chief Executive Officer. Moreover, the Chief Deployment Officer position of the Company is also vacant. The table below shows the breakdown of the TAESA's executive board as of December 2019.

EXECUTIVE BOARD	
CEO	Raul Lycurgo Leite
CFO and Investor Relations Officer	Marcus Pereira Aucélio
Chief Technical Officer	Marco Antônio Resende Faria
Business and Ownership Interest Management Officer	José Aloise Ragone Filho
Chief Legal and Regulatory Officer	Raul Lycurgo Leite
Implementation Officer	Vacant position*

*Temporarily held: New Business and Ownership Interest Management Officer

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

The Company's CEO accounts for his acts to the Board of Directors. The other Directors account for their acts to the CEO, being also subject to, as well as the CEO, supervision by the Board of Directors and Audit Committee, pursuant to the Brazilian Corporations Act.

Executive Board

Board of Directors

The TAESA's Board of Directors shall be composed of thirteen (13) effective members Brazil residents or residents of other countries, elected by the General Meeting, with a unified term of office of one (1) year, with reelection permitted.

It is incumbent upon ISA INVESTIMENTOS E PARTICIPAÇÕES DO BRASIL S.A. ("ISA") to appoint four (4) members and COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG ("CEMIG") to appoint five (5) members. The other members of the Board of directors will be elected pursuant to item 5.3 of Corporate Governance Regulation Level 2 of B3 S.A. – Brasil, Bolsa Balcão.

After the election of the members of the Board of Directors, the Chairman of Board of Directors, will be chosen among the elected members, and it shall be observed that the job titles of Chairman of the Board of Directors and of Chief Executive Officer cannot be assigned to the same person. The Chairman of the Board of Directors shall be responsible for chairing the meetings.

Any member of the Board of Directors will have the right to be represented at the Board of Directors' Meetings by another Board member appointed as their alternate, provided that (i) the alternate was appointed by the same shareholder who appointed the alternate; and (ii) the alternate member is duly empowered to represent the member.

BOARD OF DIRECTORS

José Maria Rabelo

Antônio Dirceu Araújo Xavier

Daniel Faria Costa

Paulo Mota Henriques

José João Abdalla Filho

Carlos da Costa Parcias Junior

François Moreau

Bernardo Vargas Gibsone

César Augusto Ramirez Rojas

Fernando Augusto Rojas Pinto

Fernando Bunker Gentil

Celso Maia de Barros

Hermes Jorge Chipp

Audit Committee

TAESA's Audit Committee is a permanent body, formed by a minimum of three (3) and a maximum of five (5) members and their respective alternates, whether shareholders or not, elected by the General Meeting. Said council has its duties and powers defined by law.

AUDIT COMMITTEE

Holders	Alternate members
Custódio Antônio de Mattos	Eduardo José de Souza
Júlia Figueiredo Goytacaz Sant'Anna	Luiz Felipe da Silva Veloso
Manuel Domingues de Jesus e Pinho	João Henrique de Souza Brum
Murici dos Santos	Renato Venícius da Silva
Marcello Joaquim Pacheco	Alberto Jorge Oliveira da Costa

CODE OF ETHICAL CONDUCT AND COMPLIANCE

The Code of Ethical Conduct and Compliance aims to help people distinguish the ambiguous and/or potentially dangerous situations that may arise during the performance of daily business activities, but also relationships or behaviors not perfectly clear which may involve the Company. The main guidelines of the document are as follows:

GOOD MANAGEMENT

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

RESPECT

Act in a compatible manner with the rules of social and corporate interaction, aiming the interests (and well-being) of everybody.

FAIRNESS

Represents the ability to maintain a constant balance between the particular and general interests of the individual and the company, of all shareholders, of each user of the corporate networks, and of each supplier.

TRANSPARENCY

TAESA has Internal Policies included in the Compliance Program that establish rules related to personal transactions, as well as additional instructions on policies and procedures regarding certain areas due to specific activities, operational risks or individual responsibilities, and in other publications addressing the employee's conduct.

Regarding the expected behavior of managers and employees, the document defines:

PROFESSIONAL LOYALTY, which covers the following situations:

- Recognize cases of conflict between personal and business interests and resolve them in the interest of the Company;
- Do not adopt behaviors that may unlawfully influence public officials or employees of other companies to obtain favors from the Company; and
- Communicate in external relations that the rejection of certain behaviors is not only a formal but a substantial conduct.

The same holds true for the principle of preserving the integrity of corporate assets: the Company belongs to all, and the integrity of its value is a guarantee to those who work in it.

CONFLICT OF INTEREST between personal and company interests, occurring when a behavior or decision within the scope of the work activity itself can generate an immediate or deferred advantage for the individual himself/herself, his/her family members or acquaintances at the expense of the corporate interest.

Conflicts of interest have a direct effect on the person involved, limiting or influencing his/her objectivity of judgment. Anyone who sees or believes to be involved in a conflict of interest, or feels constrained to manage a professional situation due to outside influences or if he/she does not feel free in his/her decisions and in the performance of his/her own activities, he/she should indicate this to the person responsible or other persons indicated by the corporate procedures, to be clarified or to receive indications on how to behave, regardless of the type of courtesy or benefits received, degrees of kinship and familiarity or other variables.

Regardless of the personal perception of a conflict of interest, compliance with the following **general rules** is mandatory:

Regarding courtesies or other forms of gifts, there are some that are part of normal business practices or courtesy, while others exceed this limit and may aim to obtain favors in business relationships. The Company prohibits its employees from accepting courtesies that exceed the established value of US\$ 100 or that are a source of doubt regarding its purpose. Gifts that are received as a courtesy of other companies, suppliers and customers may be accepted provided the estimated commercial value is compatible with the idea of "courtesy".

The cases of first-degree relatives of the Company's employees and employees of their suppliers, customers, competitors or sectorial authorities should be indicated when their activity or function may have a reflection on the Company. In such cases, the Company's administrators must take measures to avoid any type of incompatibility arising from this situation.

According to the Code of Ethical Conduct and Compliance, aiming to prevent corruption-related behavior or behaviors that may be interpreted as such, the Company establishes a uniform conduct with respect to its own external courtesies. In general, they should aim to promote exclusively the image of the Company and its brand. For this reason, the Company:

Does not accept any form of gift that may also be interpreted as being above the ordinary business practices or courtesy, or in any way aimed at obtaining favors in the performance of any activity. Specifically, the Company prohibits any form of gift that may influence the independence of judgment – or induce the obtainment of any advantage – aimed at public officials, auditors, board members of the Group, Company or their respective family members;

To accept gifts over US\$ 100, the employee must inform his/her superior (at least of managerial level) and the Compliance area, which will record such situation in the database of gifts received and analyze the motivation, value, type, circumstances, frequency and profile of the person receiving the gift.

If you receive or offer gifts below the stipulated amount of US\$ 100, no authorization is required.

Exceptional cases must be submitted to the General Executive Board of TAESA and reported to the Board of Directors.

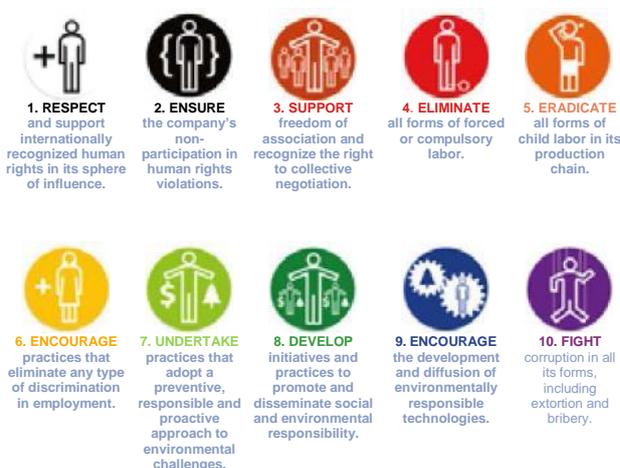
In any case, the Company refrain from practices not authorized by Law, by commercial uses or by the Codes of Ethics – if any – of the companies or entities with whom it has relations.

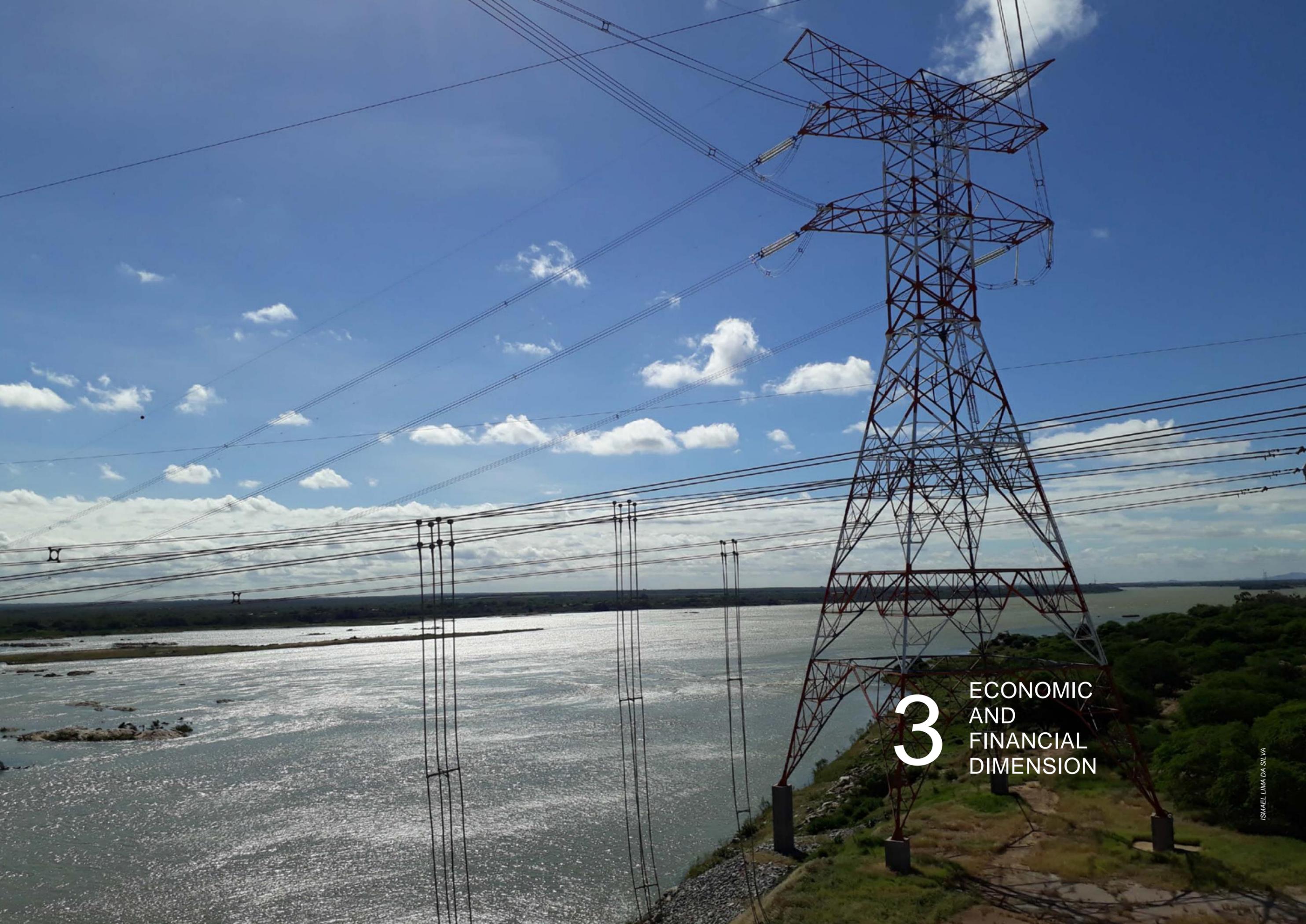
United Nations Global Compact

Aiming to corroborate its contribution to sustainability, TAESA joined the United Nations Global Compact in 2019, an initiative that promotes a dialogue between companies, corporations and UN bodies on social and environmental responsibility policies. The Compact is currently the world's largest corporate sustainability initiative, with over 13,000 members spread across 160 countries.

The central idea of the Global Compact is to promote the social dimension of globalization. To this end, this initiative seeks to engage the international business community in 10 Principles related to Human Rights, decent work, the environment and the fight against corruption.

The 10 Principles are as follows:

- 
1. **RESPECT** and support internationally recognized human rights in its sphere of influence.
 2. **ENSURE** the company's non-participation in human rights violations.
 3. **SUPPORT** freedom of association and recognize the right to collective negotiation.
 4. **ELIMINATE** all forms of forced or compulsory labor.
 5. **ERADICATE** all forms of child labor in its production chain.
 6. **ENCOURAGE** practices that eliminate any type of discrimination in employment.
 7. **UNDERTAKE** practices that adopt a preventive, responsible and proactive approach to environmental challenges.
 8. **DEVELOP** initiatives and practices to promote and disseminate social and environmental responsibility.
 9. **ENCOURAGE** the development and diffusion of environmentally responsible technologies.
 10. **FIGHT** corruption in all its forms, including extortion and bribery.



3

ECONOMIC AND FINANCIAL DIMENSION

Economic and financial

The Company's financial statements comprise parent company's individual financial statements, referred to as parent company, consolidated financial statements, referred to as consolidated, were prepared according to accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).



Accounting practices adopted in Brazil comprise those included in the Corporation law and the Pronouncements, Guidelines and Interpretations and technical pronouncements issued by the Accounting Pronouncement Committee - CPC and approved by the Federal Accounting Council - CFC.

The individual and consolidated financial statements were approved by the Executive Board and Audit Committee on March 12, 2020.

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

Generation of Wealth (R\$ thousand)	2019			2018	
	R\$ Thousand	%	Δ %	R\$ Thousand	%
OPERATING INCOME (Gross income from sales of electric power and services)	1,982,456	108.65	0.1	1,808,293	100.98
(-) INPUTS (Inputs acquired from third parties: Purchase of energy, materials, outsourced services, etc.)	(557,751)	-30.57	0.49	(375,336)	-20.96
Non-operating income					
= GROSS ADDED VALUE	1,424,705	78.08	-0.01	1,432,957	80.02
(-) Reintegration quotas (depreciation, amortization)	(13,201)	-0.72	1.06	(6,400)	-0.36
= NET ADDED VALUE	1,411,504	77.36	-0.010	1,426,557	79.66
+ ADDED VALUE TRANSFERRED (financial income, equity in income of subsidiaries)	413,088	22.64	0.13	364,169	20.34
= ADDED VALUE PAYABLE	1,824,592	100.00	0.02	1,790,726	100.00

DISTRIBUTION OF WEALTH - BY STAKEHOLDERS

	2019		2018	
	R\$ THOUSAND	(%)	R\$ THOUSAND	(%)
Employees	114,562	6.28	105,729	5.90
Government (taxes, rates, contributions and sector charges)	351,979	19.29	339,593	18.96
Lenders	355,736	19.50	274,100	15.31
Withheld	345,922	18.96	213,255	11.91
Shareholders	656,393	35.97	858,050	47.92
= DISTRIBUTED ADDED VALUE (TOTAL)	1,824,592	100.00	1,790,726	100.00

DISTRIBUTION OF GOVERNMENT WEALTH AND SECTORIAL CHARGES	2019		2018	
	R\$ THOUSAND	(%)	R\$ THOUSAND	(%)
Taxes/rates/contributions	275,990	78.41	259,507	76.42
PIS/COFINS	111,278	31.61	92,765	27.32
CORPORATE INCOME TAX/SOCIAL CONTRIBUTION	143,882	40.88	147,363	43.39
Other	20,830	5.92	19,379	5.71
Sectorial Charges	75,989	21.59	80,085	23.58
RGR	49,510	14.07	53,667	15.8
R&D	13,940	3.96	15,257	4.49
CDE	4,041	1.15	2,605	0.77
PROINFA	3,157	0.90	2,654	0.78
TFSEE	5,341	1.52	5,903	1.74
= DISTRIBUTED VALUE (TOTAL)	351,979	100.00	339,593	100.00

OTHER INDICATORS	2019		2018	
	R\$ THOUSAND	(Δ %)	R\$ THOUSAND	
Gross operating income (In thousands of reais)	1,982,456	9.63	1,808,293	
Deductions from income (R\$ thousand)	(187,497)	8.34	(173,056)	
Net operating income (R\$ thousand)	1,794,959	9.77	1,635,237	
Operating costs and expenses for services (R\$ thousand)	(706,114)	39.37	(506,638)	
Income (loss) from rendering of services (R\$ thousand)	1,088,845	-3.52	1,128,599	
Gain (Loss) on acquisitions of companies	9,811	100.00	-	
Financial income (R\$ thousand)	(258,797)	22.54	(211,187)	
Equity in net income of subsidiaries (R\$ thousand)	306,338	1.69	301,256	
Corporate income tax/social contribution (R\$ thousand)	(143,882)	-2.36	(147,363)	
Net income (R\$ thousand)	1,002,315	-6.44	1,071,305	
EBTITDA (R\$ thousand) - standard	1,418,195	-1.26	1,436,255	
EBTITDA (R\$ thousand) - adjusted	1,111,857	-2.04	1,134,999	
EBITDA Margin (%) - standard	79.01%	-10.04	87.83%	
EBITDA Margin (%) - adjusted	61.94%	-10.76	69.41%	
Current Liquidity	3.58	20.15	2.98	
General Liquidity	1.42	-13.41	1.64	
Gross Margin (net profit/gross operating income) (%)	50.56%	-14.66	59.24%	
Net Margin (net profit/shareholders' equity) (%)	20.34%	-13.18	23.43%	
Capital Structure				
Own capital (%)	43.87%	-17.32	53.06%	
Third-party capital (%)	56.13%	19.58	46.94%	
Customer default (accounts overdue up to 90 days / Gross operating income in the last 12 months)	0.007336	390.44	0.008043	

BALANCE SHEETS AS OF DECEMBER 31, 2019		
<i>(AMOUNTS EXPRESSED IN THOUSANDS OF REAIS - R\$)</i>		
	Consolidated	
	12/31/2019	12/31/2018
Assets		
<i>Current assets</i>		
Cash and cash equivalents	382,439	20,869
Securities	2,337,228	798,604
Accounts receivable from concessionaires and permissionaires	128,177	159,200
Concession financial asset	855,975	863,892
Taxes and social contributions	101,782	35,688
Dividends and JCP receivable	101	5,580
Other accounts receivable and other assets	62,605	43,838
Total current assets	3,568,430	1,927,671
<i>Non-current assets</i>		
Securities	4,586	4,339
Accounts receivable from concessionaires and permissionaires	18,869	13,618
Concession financial asset	5,239,610	4,592,202
Taxes and social contributions	-	26
Derivative financial instruments	44,107	29,853
Other accounts receivable	18,691	18,301
Judicial deposits	33,176	28,295
Investments	2,167,408	1,912,943
Right of use	33,772	-
Property, plant and equipment	22,667	23,218
Intangible assets	78,660	65,828
Total non-current assets	7,661,546	6,688,623
Total assets	11,229,976	8,616,294

	Consolidated	
	12/31/2019	12/31/2018
Liabilities		
<i>Current liabilities</i>		
Suppliers	91,200	58,314
Loans and financing	10,395	10,751
Debentures	724,086	417,529
Lease liability	8,521	
Taxes and social contributions	40,731	44,768
Regulatory fees	68,796	68,553
Dividends and interest on own capital payable	11	7
Other accounts payable	52,762	46,883
Total current liabilities	996,502	646,805
<i>Non-current liabilities</i>		
Loans and financing	414,557	409,780
Debentures	4,158,832	2,461,895
Lease liability	26,811	-
Derivative financial instruments	1,271	-
Deferred taxes and contributions:	309,427	163,738
Deferred taxes	334,905	286,886
Provision for labor, tax and civil risks	31,278	28,475
Provision for demobilization of assets	461	
Other accounts payable	29,137	46,663
Total non-current liabilities	5,306,680	3,397,437
Total liabilities	6,303,180	4,044,242
<i>Shareholders' equity</i>		
Capital	3,042,035	3,042,035
Capital reserve	598,736	594,507
Profit reserve	1,224,261	878,340
Additional dividends proposed	61,763	57,170
Total shareholders' equity	4,926,795	4,572,052
Total liabilities and shareholders' equity	11,229,976	8,616,294

STATEMENT OF INCOME AS OF DECEMBER 31, 2019 (AMOUNTS EXPRESSED IN THOUSANDS OF REAIS, EXCEPT EARNINGS PER SHARE)		
CONSOLIDATED		
	2019	2018
Net operating income	1,794,959	1,635,237
<i>Operating costs</i>		
Personnel	(56,069)	(45,866)
Material	(477,662)	(281,116)
Outsourced services	(29,057)	(27,520)
Depreciation and amortization	(5,007)	(279)
Other operating costs	(6,223)	(7,575)
	(574,018)	(362,356)
Gross income	1,220,941	1,272,881
<i>General and administrative expenses</i>		
Personnel and management	(78,256)	(77,686)
Outsourced services	(32,523)	(30,087)
Depreciation and amortization	(8,194)	(6,121)
Other operating expenses	(13,123)	(30,388)
	(132,096)	(144,282)
Gain (Loss) on acquisitions of companies	9,811	-
Income (loss) before net financial income (expenses), equity accounting, and taxes and contributions	1,098,656	1,128,599
Equity income (loss)	306,338	301,256
Financial income	96,939	62,913
Financial expenses	(355,736)	(274,100)
Net financial income (expenses)	(258,797)	(211,187)
Income (loss) before taxes and contributions	1,146,197	1,218,668
Current income tax and social contribution	(4,014)	(86,611)
Deferred income and social contribution taxes	(139,868)	(60,752)
Income tax and social contribution	(143,882)	(147,363)
Net income for the year	1,002,315	1,071,305
Earnings per share		
Earnings per common share - Basic and diluted (in R\$)	0.96939	1.03658
Earnings per preferred share - Basic and diluted (in R\$)	0.96939	1.03658

STATEMENTS OF ADDED VALUE AS OF DECEMBER 31, 2019
(AMOUNTS EXPRESSED IN THOUSANDS OF REAIS - R\$)

	2019	Consolidated 2018
Income		
Remuneration of concession financial asset	-	-
Restatement of financial assets	-	-
Compensation of concession contract assets	505,078	507,547
Restatement of contract assets	164,411	347,204
Operation and maintenance	607,244	573,088
Construction and indemnity	705,445	415,403
Variable portion	(15,278)	(20,264)
Other income	15,556	(14,685)
	1,982,456	1,808,293
Inputs acquired from third-parties (Including tax amounts - ICMS, IPI, PIS AND COFINS)		
Materials, Energy, outsourced services and other	(524,133)	(338,723)
General, administrative and other expenses	(33,618)	(36,612)
	(557,751)	(375,335)
	1,424,705	1,432,958
Gross added value	1,424,705	1,432,958
Depreciation, amortization and depletion	(13,201)	(6,400)
Net added value produced by the Company	1,411,504	1,426,558
Added value received as transfer		
Equity income (loss)	306,338	301,256
Financial income	96,939	62,913
	9,811	
	413,088	364,169
Total added value payable	1,824,592	1,790,727
Distribution of added value		
Personnel		
Direct remuneration	72,038	65,600
Benefits	37,002	34,608
FGTS	5,522	5,521
	114,562	105,729
Taxes, rates and contributions		
Federal (include Aneel's regulatory fees)	351,315	338,652
State	206	260
Municipal	458	681
	351,979	339,593
Third-party capital remuneration		
Debt charges and inflation adjustment, net	344,252	305,899
Derivative financial instruments	(5,538)	(39,522)
	3,070	
Other	13,952	7,723
	355,736	274,100
Remuneration of own capital		
Interim dividends paid	320,051	525,042
Interest on own capital paid	274,124	275,838
Legal reserve	50,093	53,565
Tax incentive reserve	19,071	48,613
Special reserve	276,757	111,077
Additional dividends proposed	61,763	57,170
	456	-
	1,002,315	1,071,305
Total added value paid	1,824,592	1,790,727

FINANCIAL INSTRUMENTS

Risk Management

Risk management framework

Risk management of the Company and its subsidiaries aims to identify, analyze and monitor the risks considered relevant by the Management, including capital, market, liquidity, credit and operational risks.

Capital risk management

The Company and its subsidiaries manage its capitals to ensure the maintenance of its regular activities and, at the same time, maximize return to all stakeholders or parties involved in its operation, through debt and equity balance optimization.

Capital structure is formed by net indebtedness, that is, loans and financing, derivative financial instruments and debentures, less cash and cash equivalents, securities, and shareholders' equity.

Categories of financial instruments (R\$ thousand)

	CONSOLIDATED		PARENT COMPANY	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Financial assets				
Fair value through profit or loss:				
- Securities	2,341,814	802,943	1,603,473	635,501
- Cash equivalents	81,805	20,044	74,973	18,832
Amortized cost:				
- Cash and banks	757	825	422	648
- Accounts receivable from concessionaires and permissionaires (*)	147,046	172,818	135,618	161,115
	2,571,422	996,630	1,814,486	816,096
Financial liabilities				
Fair value through profit or loss:				
- Loans and financing	396,154	382,787	396,154	382,787
- Debentures	2,306	-	2,306	-
- Derivative financial instruments	(42,836)	(29,853)	(42,836)	(29,853)
Other financial liabilities at amortized cost:				
- Suppliers	91,200	58,314	48,026	35,262
- Loans and financing	28,798	37,744	21,451	27,948
- Debentures	4,880,612	2,879,424	4,113,935	2,879,424
- Lease liability	35,332	-	33,474	
- Advance Apportionment and Adjustment Portion	18,241	35,768	14,950	32,874
	5,409,809	3,364,184	4,587,460	3,328,442

(*) Up to December 31, 2019, it was classified as Loans and receivables.

Market risk management

Exchange rate:

On December 31, 2019, the Company had 7.47% (R\$ 396,154) of its total debt (loans and financing, debentures, financial instruments and lease liability) linked to foreign exchange rate. To mitigate this risk, the Company contracted derivative financial instruments ("swap") to protect total principal and interest future payments from fluctuations in US dollar and in interest rate (Libor). The Company intends to settle both instruments on the same date.

Foreign exchange risk is the risk that fair values of a financial instrument future cash flows change due to changes in foreign exchange rates. Company's exposure to risk of changes in foreign exchange rates, refer mainly to the Company's obligations involving borrowings, financing, financial investments and securities, subject to variable exchange rates. In Brazil, the depreciation of Real against Dollar may give rise to a price increase in all economic areas. A scenario of currency instability with eventual depreciation of the Brazilian real may cause loss to the Company's results in future periods. The Company is subject to currency risk in the loans denominated in a currency other than the Company's functional currency, the Real (R\$).

Interest rate:

The Company and its subsidiaries' income is adjusted on a monthly basis at inflation rates. In case of deflation, the concessionaires will have their income reduced. In case of sudden increase of inflation, the concessionaires could not have their income timely adjusted, consequently suffering impacts on income (loss).

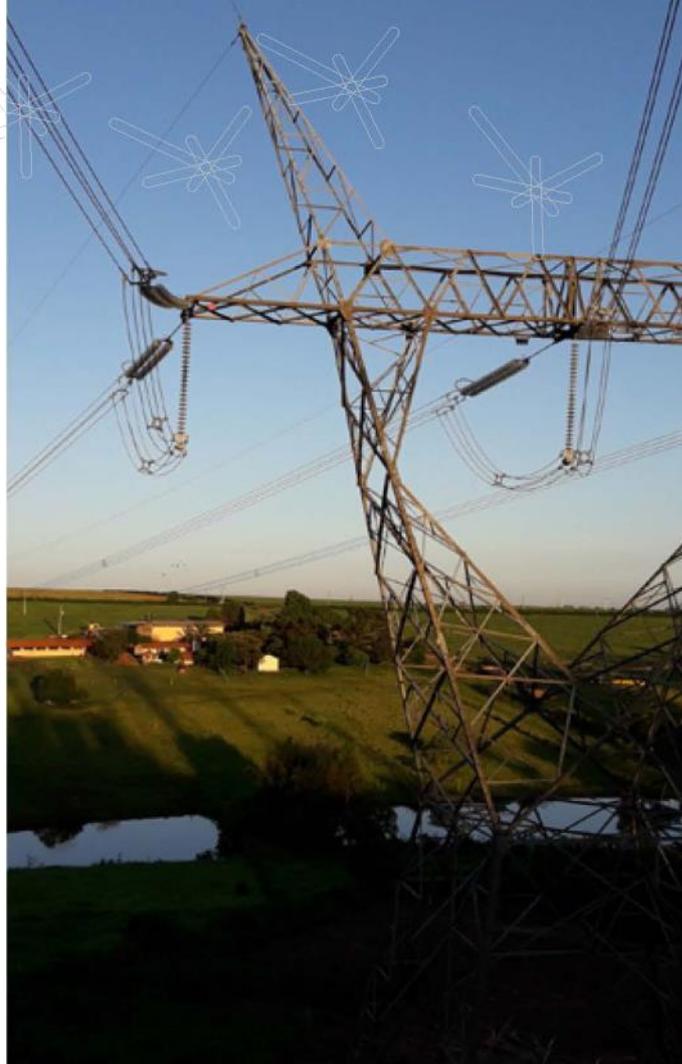
To minimize the risk of raising insufficient funds with adequate costs and reimbursement periods, the Company permanently monitors its obligations' payment schedule and cash generation. There were no changes in Company's market risk or in the management and measurement method of these risks in relation to the last report.

The Company and its subsidiaries are exposed to fluctuations of floating interest rate for loans and financing, debentures and financial investments. This risk is administered by monitoring changes in interest rates and by maintaining a proper mix of assets and liabilities denominated in floating interest rates.

Derivative financial instruments

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

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



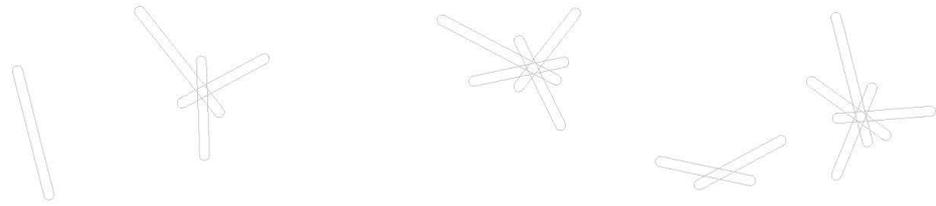
	CITIBANK FOREIGN EXCHANGE SWAP – RENEGOTIATION	SWAP 1s SERIES 6s DEBENTURE ISSUANCE
Reference value (Notional) as of 12/31/2019	US\$98,592	R\$ 400,000
Reference value (Notional) as of 12/31/2018	US\$98,592	-
The company's right to receive (long leg)	(3-month Libor + Spread: 0.34%) - ⁽¹⁾ 1.17647	108.0% CDI
The company's obligation to pay (short leg)	106.0% of CDI	1st swap (IPCA+3.995%) 2nd swap (IPCA+3.990%) 3rd swap (IPCA+3.940%) 4th swap (IPCA+3.910%) 5th swap (IPCA+3.660%) 6th swap (IPCA+3.590%)
Maturity on	05/10/2023	05/15/2026
Long position - 12/31/2019	396,154	404,675
Short position - 12/31/2019	(352,247)	(405,747)
Swap assets (liabilities) as of 09/31/2019 ⁽²⁾	43,907	(1,071)
Swap assets (liabilities) as of 12/31/2018 ⁽²⁾	29,853	-
Amount receivable (payable) as of 12/31/2019	43,907	(1,071)
Amount receivable (payable) as of 12/31/2018	29,853	-
Fair value as of 12/31/2019	43,907	(1,071)
Fair value as of 12/31/2018	29,853	-
Gains (losses) in 2019	4,840	698
Gains (losses) in 2018	24,145	15,377

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

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

CHANGES IN DERIVATIVE FINANCIAL INSTRUMENTS						
LENDER	12/31/2018	INTEREST, INFLATION ADJUSTMENT AND EXCHANGE-RATE CHANGE	FAIR VALUE ADJUSTMENT	INTEREST PAID	12/31/2019	NON-CURRENT
Citibank swap (1)	(29,853)	(6,497)	1,657	(9,214)	(43,907)	(43,907)
1st series swap - 6th issuance of debentures	-	(3,355)	3,355	-	-	-
1st series swap - 6th issuance of debentures	-	(1,767)	1,559	137	(71)	(71)
1st series swap - 6th issuance of debentures	-	(72)	(112)	184	(0)	(0)
1st series swap - 6th issuance of debentures	-	65	(327)	133	(129)	(129)
Total assets	(29,853)	(11,626)	6,132	(8,760)	(44,107)	(44,107)
1st series swap - 6th issuance of debentures	-	(292)	215	-	(77)	(77)
1st series swap - 6th issuance of debentures	-	(2,970)	2,713	(738)	(995)	(995)
1st series swap - 6th issuance of debentures	-	(3,475)	3,854	(577)	(198)	(198)
1st series swap - 6th issuance of debentures	-	-	-	-	-	-
Total liabilities	-	(6,737)	6,781	(1,315)	(1,271)	(1,271)
Parent company and Consolidated	(29,853)	(4,889)	(649)	(7,445)	(42,836)	(42,836)

CHANGES IN DERIVATIVE FINANCIAL INSTRUMENTS							
LENDER	12/31/2017	INTEREST, INFLATION ADJUSTMENT AND EXCHANGE-RATE CHANGE	FAIR VALUE ADJUSTMENT	INTEREST PAID	AMORTIZATION OF PRINCIPAL	12/31/2018	NON-CURRENT
Citibank swap Contract B (Renegotiation) (1)	34,243	-18,983	3,606	-3,772	-15,094	-	-
Citibank swap (1)	-	-25,153	1,008	-5,708	-	-29,853	-29,853
Parent company and Consolidated	34,243	-44,136	4,614	-9,480	-15,094	-29,853	-29,853



Sensitivity analysis of financial instruments and derivatives

The Company and its subsidiaries carried out sensitivity analyses as required by accounting practices and CVM Instruction 475/08, prepared based on net exposure to variable rates of relevant derivative and non-derivative asset and liability financial instruments outstanding at the end of this report's period, assuming that the value of assets and liabilities below were outstanding during the entire period, adjusted based on rates estimated for a probable scenario of risk behavior that may generate adverse results, in case it occurs.

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

	PROBABLE SCENARIO	SCENARIO A (25% deterioration)	SCENARIO B (50% deterioration)	REALIZED UP TO DECEMBER 31, 2019, ANNUALIZED
CDI (i)	4.25%	5.31%	6.38%	5.94%
IPCA (i)	3.16%	3.95%	4.74%	4.31%
Libor (ii)	0.8960%	1.1200%	1.344%	2.0886%

(i) According to data disclosed by the Central Bank of Brazil (BACEN) (Focus Report - medium-term Median Top 5), on March 06, 2020.

(ii) As rates disclosed on Bloomberg website on March 06, 2020.



SENSITIVITY ANALYSIS OF THE NET EXPOSURE OF FINANCIAL INSTRUMENTS TO AN INCREASE IN INTEREST RATES AND/OR FOREIGN EXCHANGE	12/31/2019	EFFECT ON INCOME BEFORE TAXES – FROM JANUARY TO DECEMBER 2019 – INCREASE (DECREASE)		
		PROBABLE	SCENARIO A	SCENARIO B
Unhedged - Consolidated	-	-	-	-
<u>Financial assets</u>	=	=	=	=
Cash equivalents and securities	-	-	-	-
- CDI	2,423,619	(41,002)	(15,251)	10,500
<u>Financial liabilities</u>				
Debentures				
- CDI	1,149,421	19,445	7,233	(4,980)
- IPCA	3,850,997	44,132	13,710	(16,713)
		22,575	5,692	(11,193)
Unhedged – Parent Company				
<u>Financial assets</u>				
Cash equivalents and securities				
- CDI	1,678,446	(28,395)	(10,562)	7,272
<u>Financial liabilities</u>				
Debentures				
- CDI	1,149,421	19,445	7,233	(3,679)
- IPCA	3,036,255	25,859	8,025	(13,177)
		16,909	4,696	(9,584)
Hedged - Parent Company and Consolidated				
<u>Financial liabilities (protected debt)</u>				
Loans and financing				
- Libor	396,154	(887)	(1,997)	(3,106)
- Dollar	396,154	(11,725)	(113,695)	(215,665)
<u>Derivatives</u>				
Asset leg – Libor	(396,154)	887	1,997	3,106
Asset leg – Dollar	(396,154)	11,725	113,695	215,665
Liability leg - CDI	352,247	5,959	2,217	(1,526)
Net effect		5,959	2,217	(1,526)
<u>Financial liabilities</u>				
Debentures				
- CDI	404,675	6,846	2,546	(1,753)
- IPCA	405,747	4,650	1,444	(1,761)
<u>Derivatives</u>				
Asset leg - CDI	(404,675)	(6,846)	(2,546)	1,753
Liability leg - IPCA	(405,747)	(4,650)	(1,444)	1,761
Net effect		-	-	-
Total net effect		5,959	2,217	(1,526)

Credit Risk Management

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

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

As regards credit risk deriving from client transactions and concession financial asset, Management understands that it is not necessary to recognize a provision for losses or credit analyses in relation to its clients, as CUST, entered into by ONS and the Company and its subsidiaries, ensures receipt of amounts owed by users for services provided through a Contract for the Constitution of Guarantee (CCG) and Bank Guarantee Letter (CFB). Main advantages of these protection mechanisms are: (a) Diluted risks, as every user pays all the transmission companies; (b) Financial guarantees are provided individually by users; and (c) payment discussions take place between transmission companies and users. In case of non-payment, the Company as a transmission agent may request ONS to resort to the user's bank guarantee in connection with the guarantee agreement (CCG) or bank letter of guarantee (CFB).



Liquidity risk management

The liquidity risk refers to the Company's and its subsidiaries' risk of being unable to honor their obligations and their financial position.

The Company and its subsidiaries manage liquidity risk by maintaining proper reserves and bank credit facilities - and they also manage liquidity risk to raise loans - through monitoring cash flows and maturity profiles.

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

LOANS, FINANCING AND DEBENTURES	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	>5 YEARS	TOTAL
Postfixed	-	7,676	871,401	1,859,346	4,430,683	7,169,106
Prefixed	811	1,618	7,196	20,487	-	30,112
Derivative financial instruments	-	4,527	31,332	464,035	805,430	1,305,324
Consolidated	811	13,821	909,929	2,343,868	5,236,113	8,504,542
Postfixed		7,676	871,401	1,859,346	4,430,683	7,169,106
Prefixed	592	1,181	5,250	15,466	-	22,489
Derivative financial instruments	-	4,527	31,332	464,035	805,430	1,305,324
Parent company	592	13,384	907,983	2,338,847	5,236,113	8,496,919

Management of operating risks

It is the risk of direct or indirect losses arising from different causes related to the Company's processes, personnel, technology and infrastructure and external factors, except credit,

market and liquidity risks, as those arising from legal and regulatory requirements and from generally accepted corporate behavior standards:

Regulatory Risks	Extensive governmental legislation and regulation issued by the following bodies: Ministry of Mines and Energy - MME, ANEEL, ONS, Ministry of Environment, Ministry of Labor and Brazilian Exchange and Securities Commission (CVM). If the Company infringes any provisions of applicable law or regulation, such infringement may result in the imposition of sanctions by the competent authorities.
Insurance Risk	Hiring of operating risk and civil responsibility insurance for their substations. Despite the adoption criteria for obtaining insurance against operating risks and civil liability with the purpose of employing practices adopted by other representative companies in the activity, damage to transmission lines such as losses due to fire, lightning, explosions, short-circuits, and electricity outage are not covered by this insurance, which may give rise to significant costs and additional investments.
Risk of Interruption in Services	In case of interruption in services, the Company and its subsidiaries will be subject to reduction in their income due to application of certain penalties, depending on the type, level and duration of service unavailability, as rules established by regulatory body. In case of extended interruptions, the effects may be relevant.
Risk of Construction and Development of Infrastructures	<p>In the event the Company and its subsidiaries shall expand its business by constructing new transmission installations, it may incur in risks inherent to the construction activity, delays in the execution of the work, and potential environment damages that may result in costs not provided for and/or penalties. If any delay or environmental damage occurs in connection with the construction and development of infrastructures, such events may adversely affect the operating performance of the Company and its subsidiaries or delay their expansion programs, in which case the financial performance of the Company or its subsidiaries could suffer an adverse impact. Since they may depend on third parties to provide the equipment used in their facilities, they are subject to price increases and failures on the part of such suppliers, including delays in delivery or delivery of damaged equipment. Such failures could adversely affect the activities and have an adverse effect on the results.</p> <p>Additionally, due to the technical specifications of equipment used in their facilities, some suppliers are at their disposal and one single supplier for certain equipment, there is only one supplier. If a supplier discontinues the production or stop the sale of any equipment purchased, they may not be able to acquire such equipment with other suppliers. In this case, the provision of electricity transmission service provided may be materially affected, and the Company and its subsidiaries may be obliged to make not expected investments in order to develop or fund the development of new technology to replace the unavailable equipment, which may negatively impact the financial condition and operating income.</p>
Technical Risk	The concessions' infrastructure is dimensioned according to technical directions imposed by local and international standards. Nevertheless, some event of Act of God or force majeure may cause economic and financial impacts bigger than those provided for in the original project. In such cases, the costs necessary to replace installations in operating conditions should be supported by the Company and its subsidiaries, even if eventual unavailability of its transmission lines do not generate reduction in income (Variable Portion). If such risks materialize, the Company's financial and operating performance could be adversely affected.
Litigation Risk	The Company and its subsidiaries are parties to a number of lawsuits and administrative proceedings which are followed-up by legal advisors. The Company periodically analyzes information made available by its legal advisors to conclude on likelihood of obtaining success in lawsuits, avoiding financial losses and damage in reputation and seeking for cost effectiveness.

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



Fair value of derivative and non-derivative financial instruments - In thousands of Reais

Fair value hierarchy of financial instruments measured at fair value through profit or loss

	NOTE	12/31/2019	12/31/2018	FAIR VALUE HIERARCHY
Consolidated				
Securities	6	2,341,814	802,943	Level 2
Cash equivalents - Interest earning bank deposits	5	81,805	20,044	Level 2
Financial assets		2,423,619	822,987	
Loans and financing	14	396,154	382,787	Level 2
Debentures	15	2,306	-	Level 2
Derivative financial instruments	20,5	(42,836)	(29,853)	Level 2
Financial liabilities		355,624	352,934	

Fair value of financial instruments not measured at fair value through profit or loss (however, fair value disclosures are required)

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

	NOTE	12/31/2019		12/31/2018		FAIR VALUE HIERARCHY
		BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE	
<u>Consolidated</u>						
Debentures - Financial liabilities	15	4,880,612	4,521,820	2,879,424	2,927,641	Level 2
<u>Parent company</u>						
Debentures - Financial liabilities	15	4,113,935	4,290,726	2,879,424	2,927,641	Level 2

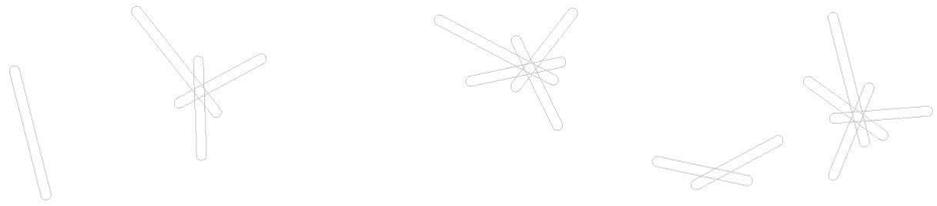
DEBENTURES

Management considers that debentures' accounting balances, classified as "other financial liabilities at amortized cost" approximate their fair values, except when these debentures have Unit Price - PU in secondary market close to report period. Except for the 4th series of 2nd issuance of debentures by the Company, other series presented negotiations in secondary market on December 31, 2017 and 2016, whose fair values were measured based on these quotations.

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



4 SOCIAL AND
SECTORIAL
DIMENSION



Social and Sectorial

PERSONNEL MANAGEMENT

The human resources policy is applied to all the **TAESA** Group's companies. The development process for employees must be understood as a business strategy and is an integral part of its management model. All investments related to this subject serve a strategic function to ensure, in the present and in the future, availability of the competences required to provide business leadership. By making continuous investments in the growth and development of its employees, TAESA prepares them to create and offer better results for the business.

TAESA ensures all its employees, in an ethical and transparent manner, equal opportunities, respect for diversity, the possibility of developing a solid career, remuneration compatible with the market, attractive benefits in a challenging and motivating environment and, also acts as a facilitator of information flow, promoting an objective, direct and two-way communication, that is respectful and transparent.



Attraction and Retention of Talents

TAESA believes that people are the company's propelling instruments, capable of providing it with the intelligence and learnings indispensable for continuous renovation and competitiveness in an environment of changes and challenges. Accordingly, people achieve their professional growth by using their talents to face challenging work situations.

Due to this fact, TAESA adopted the Internal Recruitment practice, where opportunities are also offered to the Company's employees, promoting real growth and development opportunities, stimulating professional growth, retaining talents and valuing human capital.

Training

TAESA'S Training Policy aims at promoting and providing learning actions and strategies that make it possible for employees to acquire and improve competences, skills and knowledge that may contribute to his/her professional development, reflecting the value given to the individual and meeting the quality and productivity standards necessary to accomplish the Company's mission and vision. TAESA intends to continue to broaden its training actions, motivating and supporting employees in his/her training initiatives aimed at the development of institutional and individual competences.

Continuous Qualification - qualification is an unquestionable differential in an increasingly demanding and accelerated market; moreover, through a robust program of technical and behavioral training, in addition to encouraging education (undergraduate and graduate) and languages, TAESA seeks continuous qualification of its employees;

Permanent Performance

Evaluation Program - one cannot grow without measuring and evaluating his or her results and, through the annual Performance Evaluation Program, all employees are evaluated based on the organizational and functional skills established for each position. Furthermore, throughout the year, both managers and employees are encouraged to practice constant feedback as a tool for continuous development.

Survey of Training Needs (LTN) - after the Annual Performance Assessment Cycle, managers identify with their employees the technical skills to be developed and improved over the next cycle.

Corporate Training - Based on its five Organizational Competencies, common to all employees, TAESA provides everyone with access to the Distance Learning platform, as well as to face-to-face training focused on the topics and with a previously defined agenda for the whole year, so that everyone can plan and participate. For employees who work far from their bases, our digital platform will offer interactive content addressed through web series in 2020.

Periodic Organizational Climate Survey - the climate survey is an extremely useful and important management tool and TAESA's HR area has been using this tool to discover points for improvement and, from there, develop action plans. We participated in the survey sponsored by Valor Econômico in 2018, winning the "Valor Carreira" Award as the 5th best company to work for and, in 2019, we participated in the Great Place to Work, having already been certified and awaiting our classification in the ranking for 2020.

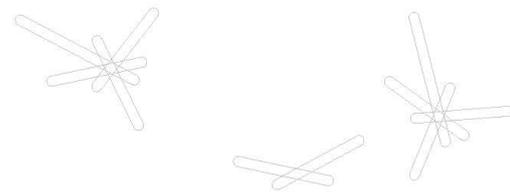
Leadership qualification and training of new leaders - leaderships are the link between TAESA's Executive Board and its employees, playing an important role in the dissemination of strategies to teams. Moreover, the leader must stimulate and inspire his followers. Being aware of this, TAESA seeks to qualify leadership with the best tools available in the market. Since 2018, all the Company's coordinators and managers have gone through the Amana-Key immersion program in São Paulo and, in 2020, we started a partnership with one of the best educational institutions in Brazil, Fundação Dom Cabral, to continue the development journey of our current managers. Furthermore, through a partnership with IBMEC, TAESA is developing all of its potential leaders using the best tools available on the market for this purpose;

Internship Program - preparing young people for the job market goes beyond TAESA's own interest. Currently, the Internship Program has approximately 30 interns who are prepared not only technically, but in the behavioral aspects and in the elaboration and performance of large projects, with assiduous participation and monitoring of managers, HR department, as well as support from the executive board.

Training of Electricians and Maintenance Staff - For technical leveling of our substation and transmission line professionals, distributed throughout Brazil, we provide technical training lasting 80 hours and 120 hours, respectively, for updating on standards and procedures, as well as providing technical reinforcement and occupational safety guidelines.

Lecture Series - Valuing the engagement, strategy alignment and efficient internal communication, TAESA's HR department promotes the monthly program called TAESA Connection, with monthly lectures providing information from the most diverse areas of the company, with content on the importance and relevance of each area in the processes and achievement of the final objective, which is the transmission of electric energy.

EMATT (Meeting of the Maintaining Entities of TAESA Transmission Assets) - The Technical Executive Board promotes the Meeting of the Maintaining Entities of TAESA Transmission Assets annually, which consists of a 3-day immersion of the company's technicians to be aligned with the new regulatory standards and receive strategic direction from the technical area.



Benefits offered by TAESA:

- Healthcare
- Dental care
- Life insurance
- Meal / Food Voucher
- Private pension
- Transportation voucher
- Christmas Basket
- Profit Sharing
- Daycare nursery grant
- GymPass
- Discount program
- Snack machine
- Labor Gymnastics
- Quick Massage
- Flexible Hours

Job and Salary Plan

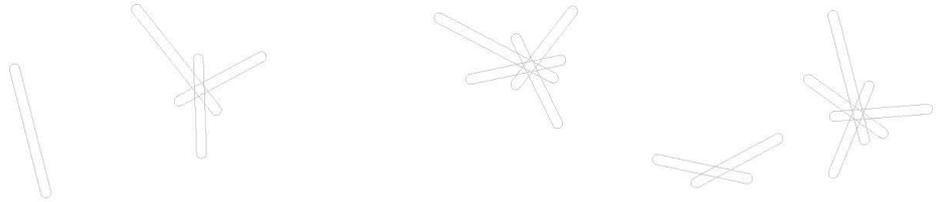
The aim of TAESA'S remuneration policy is to define and maintain equitable criteria for valuation and development, aiming at reaching an internal and external competitive balance in its structures of positions and salaries, as well as benefit plan.

Therefore, the Company counts on its own professional structure for executive support and on the external consulting support, which is independent and renowned in the market when required. Job structure is in line with the salaries offered in the industry. Furthermore, employees are entitled to a variable remuneration, aligned with the Company's financial results, together with the achievement of levels above those expected for the responsibilities established for their positions.

Also thinking about the employees' well-being, TAESA also incorporated the following initiatives:

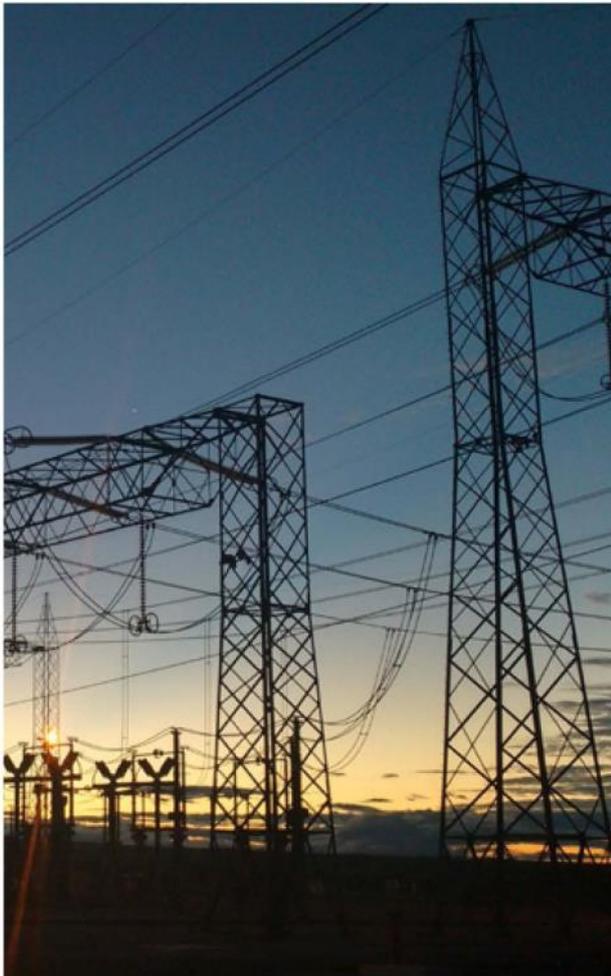
- Adherence to the Citizen Company program (extension of Maternity and Paternity Leave);
- Delivery of the TAESA's Baby Kit, a welcome kit for employees' new children. The kit consists of a backpack/bag with ointments, baby wipes, soaps, etc.
- Project #EuNãoUsoCopoDisposável (I don't use disposable cups), distributing cups and mugs to all employees, aimed at eradicating the use of plastic cups, in addition to environmental education campaigns;

As a result of the good practices adopted, TAESA received the Great Place to Work (GTPW) badge in 2019 and was ranked TOP 5 in the Best Personnel Management Companies award of Valor Carreira in 2018.



Communication Processes

TAESA believes that effective communication is one of the most important aspects of the success of large organizations. Accordingly, aiming at being increasingly closer to its employees, the Company made great investments in communication processes, implementing several vehicles that provide for a strengthening of the bond and trust between the Company and its employees, creating a culture where information is shared at all levels.



Occupational Health and Safety

Our Safety, Health and Well-Being Policy provides for the basic assumptions and guidelines for performing activities in the Electric Power System and in other TAESA's working environments, with the purpose of protecting and preserving employees, suppliers, third parties, visitors and stakeholders and maintain safe and healthy work environments.

Risk control, accident prevention, continuous improvement of working conditions and preservation of the environment are present in all the actions we take and in the decisions we make. We act in a preventive manner, either with our employees or with the community. The indicator zero accidents of any kind is our goal.

Seeking to commit its employees to the safety culture, TAESA promotes ongoing training and updates on safety standards and defensive driving, and maintains the 6 Golden Rules of TAESA:

1. Comply with procedures for intervention in equipment and works in the Electric Power System (SEP).
2. Develop and comply with the Risk Analysis.
3. Use Personal Protective Equipment (PPE) and Collective Protective Equipment (CPE).
4. Driving defensively, respecting traffic laws and internal recommendations.
5. Do not work or drive under the influence of alcohol or drugs incompatible with the function.
6. Immediately report any accident or unsafe condition.



Occupational health aims to promote the health of employees, and its main goal is to prevent diseases and other issues that may affect working environments. Occupational exams are carried out periodically, as provided for by the Ministry of Labor. Moreover, the Quality of Life Program provides for complementary exams for office employees in addition to those collaborators facing occupational risk.

We carry out campaigns focusing on preventive health annually, such as annual vaccination and awareness campaigns on health and safety sensitive issues, such as:

- Yellow May (traffic safety),
- Pink October (breast cancer),
- Blue November (prostate cancer).

The Company maintains initiatives to improve the physical and emotional well-being of employees, such as occupational gymnastics twice a week, aiming to prevent occupational injuries and fatigue, as well as Quick Massage sessions. Furthermore, TAESA participated with 5 teams in Bradesco Corporate Run in 2019, promoting a relaxed morning and raising awareness about the importance of physical activity for quality of life.

INTERNAL SOCIAL INDICATORS

Position as of 12/31/2019	TAESA
Number of Own Employees	594*
Number of Interns	30
Number of Young Apprentices	10
	In percentage
Employees with up to 30 years	17%
31–40 years	45%
41–50 years	28%
Over 50 years	10%
Number of women in relation to total	18%
Women in managerial positions in relation to total managerial positions	17%
African-American employees in relation to the total - including browns	5%
Black employees in relation to total - including browns	29%
Disabled employees	2%
	In R\$ thousand
Remuneration (Base salary + Allowance for Health Hazards / Transfer)	64,094,615.51
Fixed mandatory charges (52.53%)	33,667,507.46
Education	1,500,000.00
Food	6,258,218.61
Transportation	239,752.43
Healthcare	9,556,528.43
Division of the highest remuneration by the lowest paid (Base salary)	153.43
Division of the lowest remuneration by the current minimum wage (Base salary)**	0.58
	In percentage
Remuneration up to R\$ 1,300 (Base salary + Allowance for Health Hazards / Transfer)	2%
R\$ 1,301 to 3,000	6%
R\$ 3,001 to 5,000	21%
Over R\$ 5,000	71%
	In R\$ thousand (Base December 2019)
Average Executive Board salary	80,923.53
Average Management salary	29,205.44
Average Staff salary	9,561.96
Average Field salary	6,452.96
	As a percentage of total employees
Elementary School	7%
High School	42%
Higher Education	38%
Post-Graduation	13%
Amount invested in professional development	1,500,000.00
Number of hours invested in professional development per employee (in hours)	47
	In numbers
Total number of employees at the end of the period***	594
Number of dismissals during the period	91

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

** Remuneration for young apprentices below the minimum wage

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

EXTERNAL SOCIAL INDICATORS

Communities

Since the beginning of the **TAESA** Concession Operation and aiming to maintain a harmonious coexistence with the surrounding communities (stakeholders) of the projects, the activities related to the renovation/deployment of barbed-wire fence gates, gates, manholes and improvement of access roads, as well as conducting educational and communication campaigns with the disclosure of the number **0800-701-6682**, direct channel with the Company, have been included in the maintenance annual planning.

Due to the proximity to these stakeholders, satisfactory results are obtained, since besides avoiding relationship difficulties, this enables the formation of partnerships that reflect the protection of **TAESA's** facilities and, thus, the safety of infrastructure and reliability of the service provided are significantly preserved.

With this, it is important highlighting that regarding the management of the company's impact on surrounding communities, there were no negative records associated with this issue.



Suppliers

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

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

- Ensure transparency, equality, control and compliance of the process;
- Optimize the process of meeting the needs for the acquisition of material and services, seeking the best balance between cost, quality and time;
- Ensure the quality of the suppliers base and compliance with regulatory bodies in all tasks of this process;

The Purchasing Process addresses sensitive information from suppliers, such as price and technical solutions, and can be carried out in a centralized or decentralized manner, involving the participation of employees from different areas. Thus, all employees directly or indirectly involved with the process must strictly follow the Code of Ethical Conduct and Compliance and other TAESA's policies, act with clarity and equality with all suppliers, providing equal opportunities to all, and being extremely careful with the information they handle, preventing leakages or undue access to Supplier information.

Aiming to ensure that all of our suppliers comply with the contractual requirements assumed, TAESA relies on the support of a specialized outsourced company, whose scope is to certify suppliers. This company carries out the approval and monitoring processes, generating a risk score based on the information received and evaluated from suppliers. This service helps reducing risks and ensuring that choices are made on equal terms, since the analysis is carried out by an impartial third-party company in the process.

92.54%

of all the value contracted by TAESA occurred through formalization via contract.

100%

of contracts drawn up by TAESA include clauses on respect for human rights and the prohibition of child labor.

100%

of contracts drawn up by TAESA comply with the Health, Safety and Well-Being Policy.

SOCIAL RESPONSIBILITY PROJECTS

One of Transmissora Aliança de Energia Elétrica S.A. (“TAESA”) guidelines is to optimize, in the best possible manner, the use of resources for Social Responsibility Projects. In this sense, the Companies that comprise the Transmissora Aliança Group prioritize the execution of projects governed by sustainability and contributing to the citizenship value, inclusion and social development.

TOTAL AMOUNT INVESTED IN SOCIAL RESPONSIBILITY	
2018	R\$ 5,328,965.00
2019	R\$ 5,499,931.56



CULTURE INCENTIVE LAW (LAW 8313/91)

ANNUAL PLAN OF ACTIVITIES AND MAINTENANCE 2019 - INSTITUTO INHOTIM

The project “Annual Plan of Activities and Maintenance for 2019 – Inhotim Institute, aims at making possible the maintenance and conservation of the artistic and botanical collections of the Inhotim Institute and the several multidisciplinary activities aimed at the democratization of access to culture. TAESA’s support in the concerts of Alceu Valença and Titãs, totaling an audience of over 5,500 people in these two events.



Inhotim Institute

22nd TIRADENTES FILM FESTIVAL

The project “22- Tiradentes Cinema Exhibition” brought together art events in a comprehensive cultural program offered free of charge to the public. The Exhibition featured over 100 Brazilian films, seminars, debates, thematic tables, audiovisual dialogues, workshops, exhibitions and artistic attractions.



Cine-Plaza



Presentation of EnCanto Choral Group

ENCANTO CHORAL GROUP

The “EnCanto Choral Group” project aims to promote social inclusion for the Senior Citizens of Alto Paraíso de Goiás, in the state of Goiás, through singing practice and training. Participants will count on the dedication of renowned professionals in the field of classical music, with extensive experience in musical training. The rehearsals, as well as the choral group performances, will be open and free.

VIJAZZ & BLUES FESTIVAL 2019

The “Vijazz & Blues Festival” project promotes one of the major jazz and blues festivals in Brazil. With an average audience of 30,000 people per edition, it always presents local, national and international attractions. This year, Vijazz visited the cities of Ponte Nova, Ouro Preto, Ipatinga, Viçosa, Juiz de Fora and Belo Horizonte and paid tribute to women.



RECORD OF THE IMMATERIAL HERITAGE OF THE OMÁGUA-KAMBEBA PEOPLE

The project “Record of the Immaterial Heritage of the Omágua-Kambeba People” includes the record of testimonials of indigenous people from all Omágua-Kambeba villages that will be visited, generating an ethnographic documentary on the current reality of these people: religious and celebration rites, daily life in villages and stories told by old ancestors.

SPORTS INCENTIVE LAW (LAW 11438/06)

“MARIA ESTHER BUENO MASSIFICATION”

The “Maria Esther Bueno Massification” project is carried out in 6 centers: Brasília, Curitiba, Recife, São Paulo, Porto Alegre and Natal, aiming to expand the tennis player base in Brazil with the implementation of its own work methodology. Through this work, the project expects to discover new talents and give a new life opportunity to over 4,000 children, who will be able to use tennis as a training and education tool.



Training - Tennis Institute

“MURALHA DA ESPERANÇA” (“WALL OF HOPE”)

The “Wall of Hope” project aims to help children and adolescents at risk and socially vulnerable to have the opportunity to practice sports, in this case soccer, in a healthy way and accompanied by great professionals in the field.



“Muralha da Esperança” (“Wall of Hope”)

Elderly Law - (Law 21.114/14)

STATE FUND FOR THE ELDERLY’S RIGHTS - MG

In 2019, TAESA designated to the "State Senior Citizens Fund MG" tax incentives related to the Senior Citizen Law.

AUDIOVISUAL LAW (LAW 8685/93)

ANTHROPOCENE - THE AGE OF MAN

The “Anthropocene - The Age of Man” Project combines reality and fiction to raise people’s awareness of climate change and deforestation in the Amazon. The project is supported by the Massachusetts Institute of Technology (MIT), in the United States, and by the National Institute for Space Research (INPE), in Brazil, and will be offered in English and Portuguese. The documentary will address the establishment of a global energy transmission network in 2054 that will take advantage of the seasonality of each region through the use of renewable energies.

National Program of Oncological Attention (PRONON) (Law 12715/12)

IMPLEMENTATION OF A BIOBANK AND DEVELOPMENT OF A PANEL OF BIOMARKERS FOR LIQUID BIOPSY FOR PRECISION ONCOLOGY OF OVARIAN AND BREAST CANCER

The project “Implementation of a Biobank and Development of a Panel of Biomarkers for Liquid Biopsy for Precision Oncology of Ovarian and Breast Cancer” proposes the implementation of a Biobank in the Teaching and Research Center of Mário Penna Institute to subsidize biological samples and data clinical trials (initially of breast and ovary) for studies of the molecular and cellular aspects of women’s cancers. The project will also allow the integration of the samples into the national system, since the state of Minas Gerais does not have a biobank with these characteristics.

PRONAS - Nation Support Program for Attention of the Disabled Person’s Health (Law 12.715/12)

EXPANSION OF REHABILITATION SERVICES AT APAE IN ARAGUAÍNA

The project “Expansion of Rehabilitation Services at APAE in Araguaína” aims to expand the possibilities of treatment within the scope of Qualification and Rehabilitation, the development and promotion of quality of life for people with intellectual and multiple disabilities, ASD and the sequel of neurological pathologies and differential diagnosis of disabled people, expanding the service by increasing the multidisciplinary team and deploying the Neonatal Hearing Screening.



Anthropocene - The Age of Man

FIA - Children and Adolescents Fund (Law 8.069 / 90)

CHILDREN AND ADOLESCENTS TRANSFORMING THEM TODAY FOR A BRIGHT FUTURE

The project, “Children and Adolescents: Transforming Them Today for a Bright Future” to be held in Santos Dumont - Minas Gerais in 2020, seeks to continue the support, especially to children and adolescents in need and in situations of social risk, as well as their families concerning social and educational guidelines and pediatric outpatient monitoring, in addition to identifying and improving the potential of these children.



SENAI World- Araguaína (Tocatins)

“Empresa Madrinha SENAI” (Sponsoring Company”) Program

The “SENAI Sponsoring Company Program”, an initiative of SENAI CETEC of Araguaína (Tocatins), aims to provide students with the opportunity to experience practical situations similar to those they will face in their professional lives.

TAESA is the sponsor a Technical course in Electrotechnology, participating in the training of these students and providing a preparation geared towards the performance in the Energy Sector. In 2019, the Company

gave classes and lectures to the class and participated in the “SENAI World” annual event.

ELECTRIC SECTOR INDICATORS

Research and Development

Pursuant to Law Nº 9,9911, companies in the electricity sector must invest at least 0.4% of their Net Operating Income in Research and Development (R&D) for “transmission” service concessions.

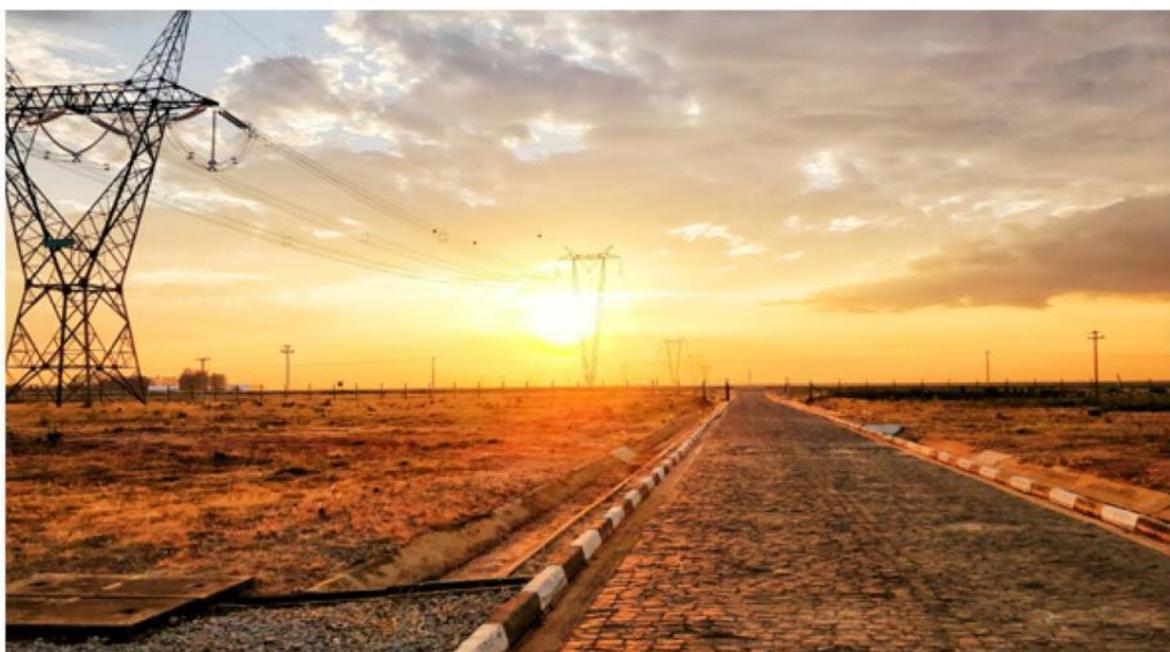
Regarding the instructions for direct investment in P&D projects (0.4%), the Company maintains the allocation of these amounts in compliance with the provisions of the regulation in force.

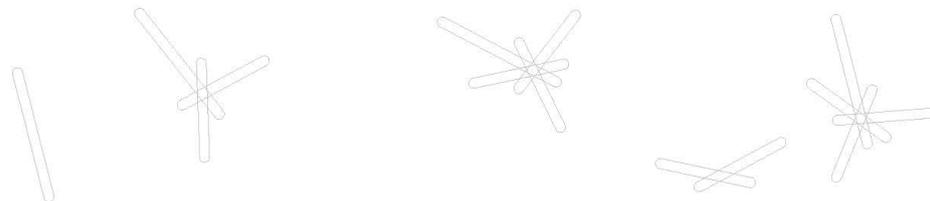
1 Law No. 9.991, of July 24, 2000, amended by Laws No. 10.438, of April 26, 2002, No. 10.848, of March 15, 2004, No. 11.465, of March 28, 2007, No. 12.111, of December 09, 2009, and No. 12.212, of January 20, 2010.

TAESA's R&D projects are aimed at developing new alternatives for the electric energy transmission sector, as well as at constantly seeking research projects that contribute to the sustainability, environment, economy, reasonability and, mainly, that generate good results and benefits for the Brazilian society, fostering the competitiveness of the country's industry. The results of these projects contribute to maintaining the Company in the technological forefront in the national electricity sector.

Find below the schedule of amounts referring to R&D investments for the year.

DESCRIPTION	YEAR 2019
Amount of net operating income	1,418,075,192.89
Investment right in R&D	5,616,138.72
Invested in R&D [1]	8,249,952.99





PROJECTS – 2019

PROJECT IDENTIFICATION		0042-ANALYSIS OF IMAGES
ANEEL Code	PD-02609-0042/2016	
Full Title	Intelligent computational application of automatic image acquisition and treatment for monitoring switchgear maneuvering, inspection and fault diagnosis in equipment.	
Expected result	Use this feature to ensure successful operation of switch disconnectors, allowing their status to be confirmed after a telecontrol operation. Moreover, the use of thermal imaging will enable the preventive identification of failures in supervised equipment. This development of artificial intelligence is currently a technology not available in the electrical sector, aiming to automatize the analyzes.	
Accumulated Realized Amount by Company/Concession	R\$ 4,889,077.70 TAESA/NOVATRANS	
Project total budget	* R\$ 5,210,927.70	
Project progress - December 2019	94%	
<i>* Reduced budget due to economy in hiring, thus generating savings to the project.</i>		

PROJECT IDENTIFICATION		0044-RIGHT OF WAY PROJECT
ANEEL Code	PD-02607-0044/2016	
Full Title	Study of actions to mitigate the risks of transmission line shutdown due to fire and evaluation of methods for the maintenance of easement areas.	
Expected result	The research provides for the creation of an indicator of criticality in the LTs stretch, through the correlation of the growth cycle of forest species and the response in different sensors, and to build modeling for the analysis of these parameters and other physical, biotic and socioeconomic means.	
Accumulated Realized Amount by Company/Concession	R\$ 5,076,197.98 TAESA/TSN	
Project total budget	* R\$ 5,617,241.04	
Project progress - December 2019	90%	
<i>* Reduced budget due to economy in hiring, thus generating savings to the project.</i>		

PROJECT IDENTIFICATION		0045-INSPECTION OF TIE RODS
ANEEL Code	PD-05012-0045/2016	
Full Title	Diagnosis and Development of Predictive and Non-Destructive Inspection Methodology of Corrosion on Electricity Transmission Tower Guy Lines – Case Study: LT 230 kv Paraíso - Açú.	
Expected result	The main product of the project, the methodology for the diagnosis of corrosion by means of the combination and correlation of electrochemical techniques and impulse reflectometry, will be applicable to the entire electric sector, within the scope of the power transmission lines, for the evaluation of the tie rods of towers, as well as for foundations and external metallic systems.	
Accumulated Realized Amount by Company/Concession	R\$ 2,454,596.60 TAESA/ATE R\$ 2,208,287.95 TAESA/ATE II	
Project total budget	R\$ 5,864,464.30	
Project progress - December 2019	80%	

PROJECT IDENTIFICATION		0046-EQUIPMENT MONITORING
ANEEL Code	PD-05012-0046/2017	
Full Title	Development of multi-criteria methodologies to create a hierarchy scale of Transformers and Reactors, for online monitoring, supported by experimental software.	
Expected result	Experimental software with functionalities that will automatically obtain the transformer and reactor status indices and the hierarchy scale of this set of equipment as employees provide up-to-date asset data to the software.	
Accumulated Realized Amount by Company/Concession	R\$ 3,325,010.40 TAESA/ATE II	
Project total budget	R\$ 3,566,334.20	
Project progress - December 2019	93%	

PROJECT IDENTIFICATION		0047-IOT TRACTION MONITORING
ANEEL Code	PD-07130-0047/2019	
Full Title	Smart monitoring of cable-stayed towers using IoT-based sensor fusion.	
Expected result	Technology for online monitoring of cable pulls on the towers and the publication of their data on a georeferenced basis, consisting of load cell sensors, data concentrators and computer system, which allows the installation of the system in all the towers.	
Accumulated Realized Amount by Company/Concession	R\$ 1,415,292.64 TAESA/TSN	
Project total budget	R\$ 5,985,766.63	
Project progress - December 2019	24%	
<i>* Project started in 2019</i>		

PROJECT IDENTIFICATION		0048-AUTOMATIC ANALYSIS OF OCCURRENCES
ANEEL Code	PD-07130-0048/2019	
Full Title	Methodology and tool for automatic analysis of occurrences using machine-learning algorithms.	
Expected result	System capable of analyzing oscillographs of automatic shutdowns, identifying their causes and assisting the decision making of real-time operators, maintenance and engineering technicians.	
Accumulated Realized Amount by Company/Concession	R\$ 733,217.89 TAESA/NVT	
Project total budget	R\$ 3,798,701.60	
Project progress - December 2019	19%	
<i>* Project started in 2019</i>		

PROJECT IDENTIFICATION		0049-AUTOMATED OPERATIONAL CLIMATOLOGY
ANEEL Code	PD-00414-0049/2017	
Full Title	Tool for predicting the risk of occurrence of weather-related phenomena and optimized allocation of resources for emergency maintenance of networks	
Expected result	System that will permit the forecast of fires and lightings aiming at guiding those responsible for the operation and maintenance of the transmission network, through information arising from GIS systems and INPE specialized systems that monitor meteorological events.	
Accumulated Realized Amount by Company/Concession	R\$ 1,736,670.57 TAESA/ETEO	
Project total budget	R\$ 2,835,776.32	
Project progress - December 2019	61%	

PROJECT IDENTIFICATION		0052-LANDFILL CONTROL
ANEEL Code	PD-04906-0052/2017	
Full Title	Control of temporary landfills: Applied IoT Technology for the Elimination of Improper Shutdown due to the Permanence of Temporary Landfill	
Expected result	Electronic system for the control and monitoring of the installation and removal of temporary ground cables in LTs, LDs and SEs via a local monitoring system and another remote system in the COC, to ensure that no reconnection maneuver be performed without the total withdrawal of the AT.	
Accumulated Realized Amount by Company/Concession	R\$ 1,968,084.41 TAESA/ATEi	
Project total budget	R\$ 2,144,113.00	
Project progress - December 2019	100%	
<i>* Project finished in December 2019</i>		

PROJECT IDENTIFICATION		0053-TELEPROTECTION IN IEC-61850
ANEEL Code	PD-07130-0053/2018	
Full Title	Teleprotection in IEC-61850	
Expected result	Develop a high-performance communication solution between the communication network substations in case of failure, low latency and security from a low-cost SDN (Software-Defined Networking) controller.	
Accumulated Realized Amount by Company/Concession	R\$ 2,487,794.51 TAESA/NTE	
Project total budget	R\$ 5,752,555.00	
Project progress - December 2019	43%	

PROJECT IDENTIFICATION		0057-ROUTE ANALYSIS
ANEEL Code	PD-07130-0057/2019	
Full Title	Public multicriteria optimization tool for investment analysis in new transmission undertakings, using Artificial Intelligence techniques.	
Expected result	Intelligent system using GIS technologies and artificial intelligence to support the full cycle of analysis, optimization and investment in transmission projects. The software can be used for simulation studies and optimization of transmission planning and expansion	
Accumulated Realized Amount by Company/Concession	R\$ 1,077,593.83 TAESA/ATE	
Project total budget	R\$ 5,323,120.00	
Project progress - December 2019	20%	
<i>* Project started in 2019</i>		

PROJECT IDENTIFICATION		0058-LANDFILL PERFORMANCE
ANEEL Code	PD-04835-0058/2018	
Full Title	New Methodology to Measure the Performance of Transmission Lines facing Atmospheric Discharges, based on measurement of Impulsive Impedance of Tower Basis and its Application to a Real Line.	
Expected result	Develop a new methodology for measuring the tower foot impedance of the transmission line.	
Accumulated Realized Amount by Company/Concession	R\$ 127,800/BRASNORTE	
Project total budget	R\$ 1,400,000.00 R\$ 298,800.00 (Brasnorte budget)	
Project progress - December 2019	100%	

PROJECT IDENTIFICATION		0060-INTELLIGENT GAS RELAY
ANEEL Code	PD-07130-0060/2019	
Full Title	Protection relay with active oil and gas monitoring, and a smart system for diagnosing and monitoring high-voltage power transformers and reactors.	
Expected result	Intelligent relay with online monitoring and active protection with qualitative and quantitative detection of mixture of combustible gases, change in volume and oil level in the tank of power transformers and reactors. The Relay analyzes the magnitudes, diagnoses and transmits data integrated with SCADA.	
Accumulated Realized Amount by Company/Concession	R\$ 878,824.24 TAESA/ATE	
Project total budget	R\$ 3,577,162.00	
Project progress - December 2019	25%	
<i>* Project started in 2019</i>		

PROJECT IDENTIFICATION		9170-PGESTÃO-2017
ANEEL Code	PG- 02607-2017/2017*	
Full Title	Management Project for the R&D Program (Year 2017).	
Expected result	Management of the activities carried out by the R&D program for the year 2017, 2018 and 2019.	
Accumulated Realized Amount by Company/Concession	R\$ 157,295.52	TAESA/TSN
	R\$ 17,000.00	TAESA/PATESA
	R\$ 25,210.37	TAESA/MUNIRAH
	R\$ 730.00	TAESA/GTESA
	R\$ 288,842.09	TAESA/NOVATRANS
	R\$ 49,000.00	TAESA/ETEO
	R\$ 28,073.00	TAESA/STE
	R\$ 47,383.14	TAESA/ATE
	R\$ 9,594.84	TAESA/ATE II
	R\$ 19,300.00	BRASNORTE
	R\$ 6,741.17	TAESA/ATE III
	R\$ 3,600.00	SÃO GOTARDO
R\$ 30,121.49	ETAU	
Project total budget	R\$ 863,694.66	
Project total realized	R\$ 682,891.62	
Project progress - December 2019	100%	
<i>* Project finished in March 2019</i>		

PROJECT IDENTIFICATION		9190-PGESTÃO-2019	
ANEEL Code	PG-07130-2019/2019		
Full Title	Management Project for the R&D Program (Year 2019).		
Expected result	Management of the activities carried out by the R&D program for the year 2019, 2020 and 2021.		
Accumulated Realized Amount by Company/Concession*	R\$ 38,743.43	TAESA/TSN	
	R\$ 0.00	TAESA/PATESA	
	R\$ 0.00	TAESA/MUNIRAH	
	R\$ 0.00	TAESA/GTESA	
	R\$ 57,912.84	TAESA/NOVATRANS	
	R\$ 0.00	TAESA/ETEO	
	R\$ 0.00	TAESA/NTE	
	R\$ 0.00	TAESA/STE	
	R\$ 15,535.16	TAESA/ATE	
	R\$ 480.00	TAESA/ATE II	
	R\$ 0.00	BRASNORTE	
	R\$ 0.00	TAESA/ATE III	
	R\$ 0.00	SÃO GOTARDO	
R\$ 0.00	ETAU		
Project total budget	R\$ 816,406.43		
Project total realized	R\$ 112,671.43		
Project progress - December 2019	14%		
*The remaining other concessions did not present financial realizations in 2019			

Regulatory Payments

Still in compliance with Law No. 9.991, the companies in the electric energy sector eligible pursuant to the law should allocate 0.4% of their Net Operating Income ("NOR") to the National Development, Scientific and Technological Funding ("FNDCT") and 0.2% of its NOR to the Ministry of Mines and Energy ("MME").

Regarding these payment and investment determinations, TAESA confirms that if made investments with the FNDCT and MME in compliance with the provisions of the regulation in force.

Find below the schedule of amounts referring to payments in the year.

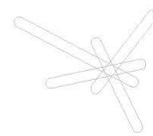
DESCRIPTION	YEAR 2019
Amount of net operating income	1,418,075,193.43
Obligation payable to FNDCT	5,616,139.38
Amount paid to FNDCT	5,566,532.54
Obligation payable to MME	2,808,069.69
Amount paid to MME	2,783,266.34

Note: The differences between the amount payable to FNDCT and MME and the amounts actually collected are due to the maturity period (up to 60 days). And the differences between the right to invest in P&D and the amount actually invested are derived from the amounts actually invested in P&D projects versus the accumulated amount available for investment.



taesa

5 ENVIRONMENTAL DIMENSION



Environmental

ENVIRONMENTAL LICENSING

TAESA's assets are located in different areas of the national territory. Therefore, they are related to different social and environmental means and several dynamics of land occupation and use.

For this reason, even in the project preparation phases, the Company carries out detailed studies of the potential impacts of each project. This process is guided by Brazilian legislation through environmental licensing and carried out by existing environmental agencies at the federal, state and municipal levels, depending on the scope of the projects.

Environmental licensing in Brazil generally has three phases:

RELIMINARY LICENCE

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

INSTALLATION LICENCE

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

OPERATING LICENCE

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

In order to obtain the Preliminary License, an Environmental Impact Study (EIA) and the respective Environmental Impact Report (RIMA) are prepared with the support of experts from different areas.

In some cases, Brazilian legislation has made the licensing modality more flexible, so that some types of projects, including transmission lines, can obtain a joint license, which represents the unification of licensing phases, allowing a faster deployment.

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

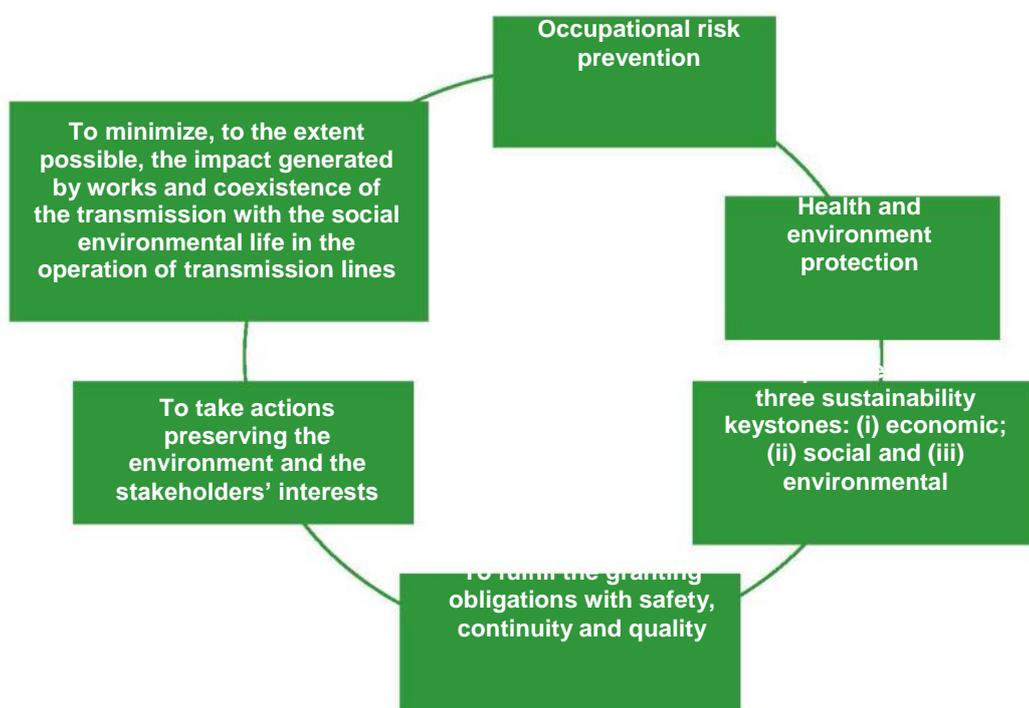
HEALTH, SAFETY AND ENVIRONMENT POLICY (“HSE”)

TAESA Group has an safety, environment and health policy to contribute for the safety and health of their employees and subcontractors, and also to improve the quality of life of population, regarding the environment and sustainable development.

With a broad vision that goes beyond the economic and operational focus, the Company understands that its organizational success is also linked to its social and environmental performance and, thus, considers the management of these aspects strategic.

SMS Policy is considered as the core EMS document, from which all managerial and operational actions related to the social and environmental aspects of the business are derived.

Among the main commitments are:



ENVIRONMENTAL MANAGEMENT SYSTEM

The EMS is comprised of the Policy, the Management Manual, and the theme-related Programs. Such documents establish the objectives and targets to be reached, risks and impacts, action plans, criteria, performance indicators, management, evaluation, monitoring and review processes. The Environmental Management System is applied throughout the Company and can be extended to the entire TAESA group, all its employees, outsourced employees and partners exposed to its guidelines, improving the performance of its tasks.

The Environmental Management System (EMS), whose purpose is the continuous improvement of the effectiveness and efficiency of its services and environmental performance, must provide solutions to minimize its environmental needs through planning, allocation of resources, assignment of responsibilities and evaluation of the practices, procedures and processes adopted, on an ongoing basis. The EMS is an uninterrupted, participative, and transversal process that reaches several areas of the company.

The focus of the EMS is to firstly ensure that all legal requirements related to the performance of the Company's operations are met, and subsequently that they are improved.

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

TAESA, in the preparation of its processes focused on SGA, aims at the quality of the relationship with its employees, outsourced collaborators and partners. To this end, the Company established behavioral guidelines to continually improve the organizational climate, thus contributing to increased satisfaction and individual performance, based on: environmental, social, operational and economic aspects.

The following are some of the TAESA Group's performance indicators:

ENVIRONMENTAL DIMENSION			
ANNUAL COMPARISON OF ENVIRONMENTAL INDICATORS IN 2017-2019 PERIOD			
	2017	2018	2019
Fossil fuels (in liters) ^a	358,534.83	583,051.47*	390,696.68
Total Power Consumption (in KWh)	4,681,788.81	2,664,152.89	2,948,188.89
Total water consumption (m ³)	5,422.399	70,504.46	3,078.72
Water consumption per employee (m ³)	10.78	144.14**	5.18
Number of occurrences of degraded area due to fires	41	13	12
Oil leakage points	02	08	05

^aFleet increase (O&M and Projects under implementation)
^{*}Increase due to works (reinforcements, improvements and implementation) of projects.



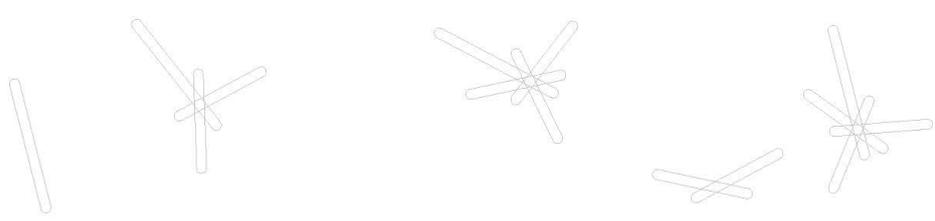
CONSERVATION AND BIODIVERSITY

TAESA, in full compliance with environmental standards, including developing additional social and environmental actions, maintains several programs suitable for each phase of the projects, aiming to avoid and minimize their interference with the environment.

Under the transmission line (TL), a **Right of Way** is established, whose area allows the performance all the activities required for the construction, operation and maintenance of the undertaking.

The right of way is legally established through the Statement of Public Utility (DUP) issued by the Executive Power in favor of the entrepreneur, without, however, undergoing an expropriation process.

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



Use and Occupation of Right of Way

The Program for Use and Occupation of Right of Way consists of reporting, encouraging and establishing a better use of the right of way.

The program general guideline is to develop uses that prevent or minimize the occurrence of fires in the area inside the spans of the right of way or invasions by people or farm animals that generate risk situations for the safety of the transmission system, the surrounding communities and the environment.

For example, the following situations are not safe uses: (i) the construction of buildings; (ii) the planting of species that reach high altitudes and, (iii) certain crops, such as sugarcane and eucalyptus.

Maintenance of the right of way and access routes

The Program for Maintenance of Access Routes and Right of Way aims at the preventive verification and identification of environmental non-conformities in the access roads, in the towers' region and in the right of way. For this purpose, annual preventive inspections are carried out by the Operation and Maintenance teams, inspecting the transmission lines along their entire length.

The access routes to the towers must be in adequate conditions for the traffic of people, equipment and other vehicles for maintenance, especially in cases of emergency.

Vegetation in the right of way, such as *tabocas*, grasses and the like that can cause the line shutdown due to fires and must be pruned and removed to the side of the right of way.



Selective vegetation cutting and pruning

Much of the interference with vegetation occurs within the right of way. Thus, our goal is to reduce the impact on vegetation to the minimum necessary.

Selective cutting consists of removing only larger species, the crown of which can interfere with the safety distance - a distance that must always be ensured between the canopy of vegetation and the height of the conducting cable. Moreover, it is considered, whenever possible, to replace the total removal of trees by pruning. Depending on the height of the towers, the vegetation present in a right of way can be completely preserved.

Another procedure to minimize the suppression of vegetation during the construction of transmission lines, and that TAESA has been adopting in its recent projects under deployment, is the use of drones to launch the cables. With this methodology, the Company avoids/mitigates interference in vegetation and, consequently, ensures environmental preservation.

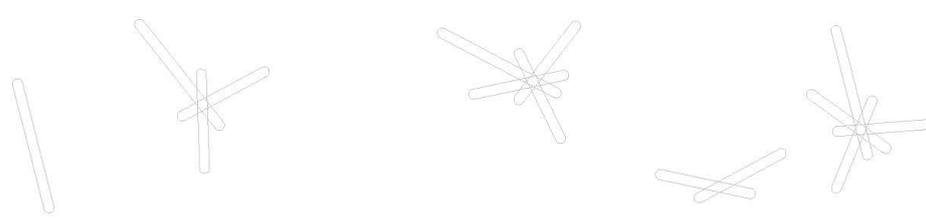
The program indicator is as follows:



UNITS	RESULTS			COMMENTS
	2017	2018	2019	
PRUNING Volume of waste generated in m ³	66	60	493*	All wood material above 10 cm in diameter (DAP) was delivered to the owner for use, and the thin branches are chopped and spread out of the right of way to accelerate biocycling.

* Increase compared to previous years due to preventive maintenance of vegetation that presented a reduction in the minimum distance between cable/vegetation (NRB 5422/85).





Fauna and Flora

In order for the interventionist activities resulting from the deployment and operation of the project to be carried out in an environmentally sustainable manner, actions aimed at the maintenance, preservation of the remnants of natural vegetation and fauna protection are employed by the Company.

Particularly for transmission lines, the main impacts are related to the construction period. Despite being dynamic and concentrated in a short period of time, TAESA carries out actions to minimize possible impacts to Fauna and Flora.

Therefore, the installation phase of this type of undertaking is carefully monitored to mitigate its effects on fauna and flora as far as possible.

Programs are developed to:

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

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



FOTOS: TAYSA MARINHO



SIRLEY SOARES MACEDO

Forest Restoration and Recovery

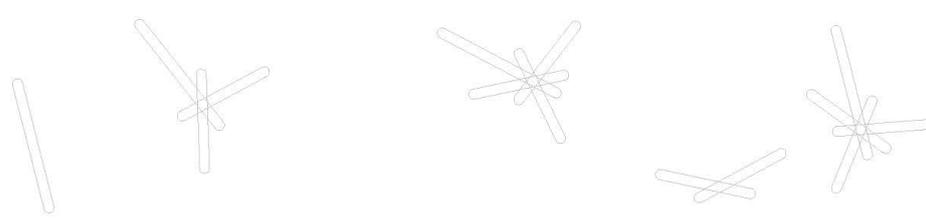
Brazilian law provides for compensatory forest replacement when there is suppression of native vegetation cover and species threatened with extinction or protected by law.

Forest replacement is an important action to compensate for direct and indirect impacts on fauna and flora. Based on the gradual forest reconstruction, its biodiversity, ecological function and sustainability are restored over time.

In 2019, in line with this issue, the Mariana project, currently under implementation, started the performance of its Forest Replacement Project in the Serra do Sobrado State Park, in the Metropolitan Region of Belo Horizonte. At the end the project, 62 hectares of forest were recovered, with the planting of approximately 133,000 seedlings.

It is worth highlighting the importance of this project in the context of biological conservation and preservation of water resources in the region. The Park represents one of the main forest remnants of the municipality of São José da Lapa and region, and is part of the Ribeirão da Mata basin, a tributary of the left bank of Rio das Velhas, belonging to the São Francisco River basin.

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



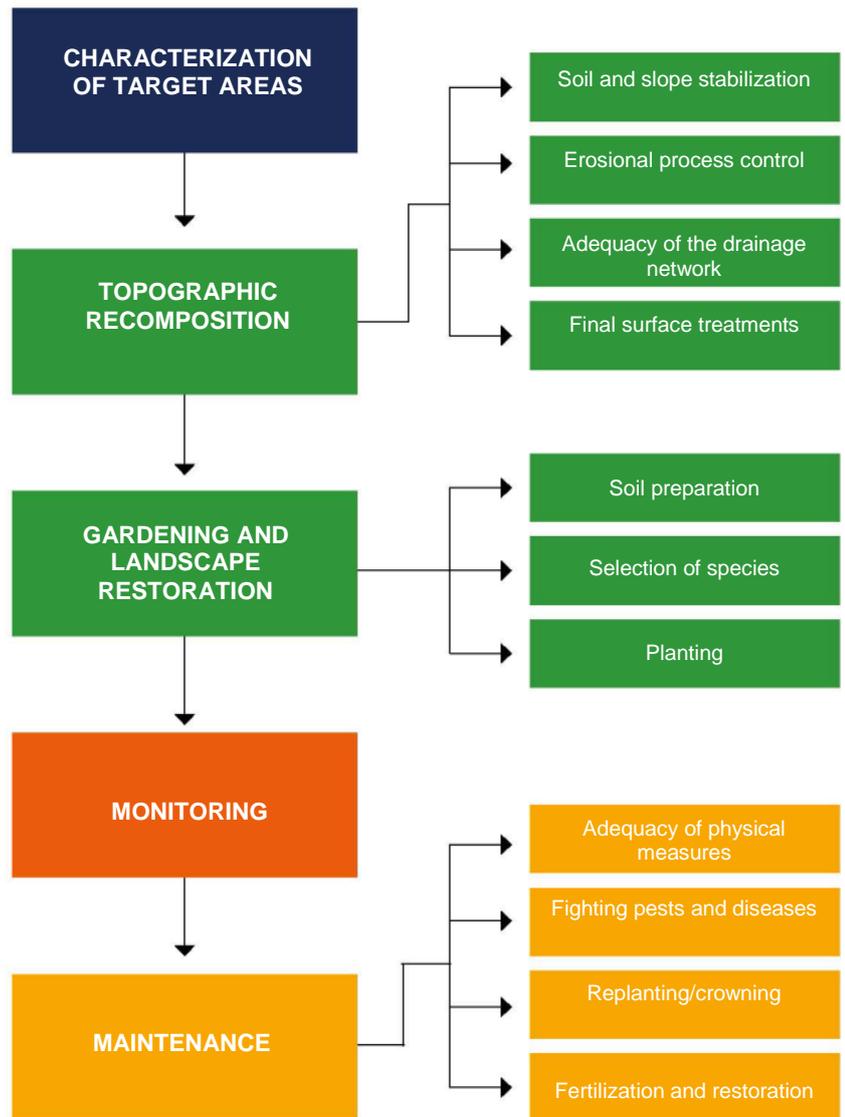
DEGRADED AREA RESTORATION

The Degraded Area Restoration Program (PRAD) has the main goal of promoting the recovery of degraded areas as a result of construction activities, through the definition and specification of techniques for the restoration of areas, as well as the indication of corrective measures to be used to its reintegration into the original landscape.

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

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

The Program is carried out in four different phases: (a) planning; (b) deployment; (c) monitoring and (d) maintenance, presented in diagram on the side:



PRAD phases: Phase 1: Blue, Phase 2: Green, Phase 3: Orange, Phase 4: Yellow

These activities are carried out in a rational manner, providing conditions for the restoration of these areas, through actions that contribute to ecological, social and cultural solutions, interacting with populations and allowing a greater integration of TLs with the region of the undertaking.

WASTE MANAGEMENT

The Waste Management Program, based on legal premises, aims to identify and list the general guidelines that TAESA and the service providers engaged by the company should adopt in management actions - collection, handling and packaging, temporary storage, transportation, treatment and final disposal of the solid waste generated.



The management actions performed to eliminate or minimize environmental risks, prevent pollution, preserve natural resources and meet the needs and expectations of stakeholders.

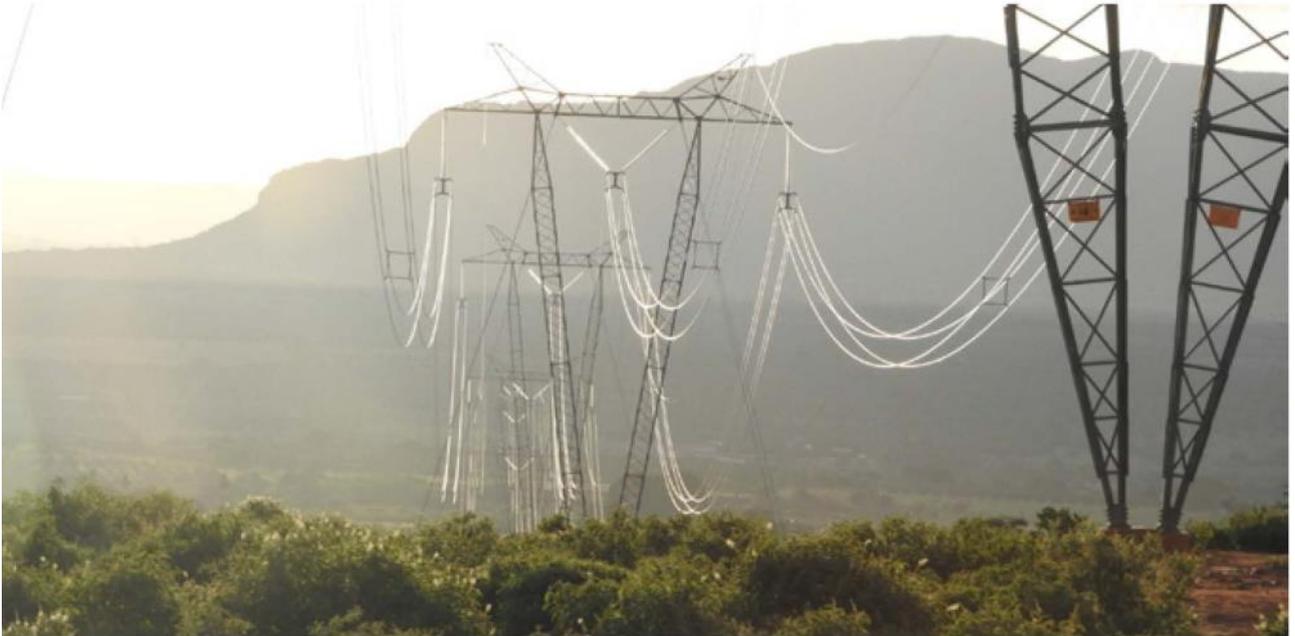
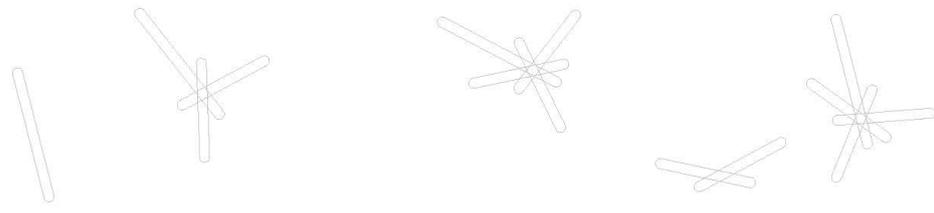
In the specific case of substations, it is pertinent to monitor and manage operational processes that involve waste handling, especially oils and the like, aiming to prevent impacts to the environment in cases of leakages and spills and to minimize them promptly in the event of a possible occurrence of this nature.

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

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

The program indicator is as follows:

SOLID WASTE			
Base year	2017	2018	2019
Annual amount of solid waste generated (tons)	126.78	147.44	138.63



EMERSON DOS ANJOS SANTOS

SOCIAL COMMUNICATION AND ENVIRONMENTAL EDUCATION

The programs for social communication (PCS) and environmental education (PEA) seek to maintain conditions that facilitate the process of integrating communities with the new conditions created by the Transmission Line.

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

Clarifications are transmitted personally in the campaigns, with the distribution of educational, informational and playful materials, contacts with the community and public bodies, in addition to thematic lectures and actions in partnership with schools.

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



Another aspect of these actions is within the scope of the Environmental Education for the Workers Program (PEAT), aimed at TAESA's own staff and at the teams of contractors working in the field, which aims to implement educational actions to raise awareness among the people allocated to the construction, operation and maintenance activities for lines and substations on the social and environmental aspects involved.

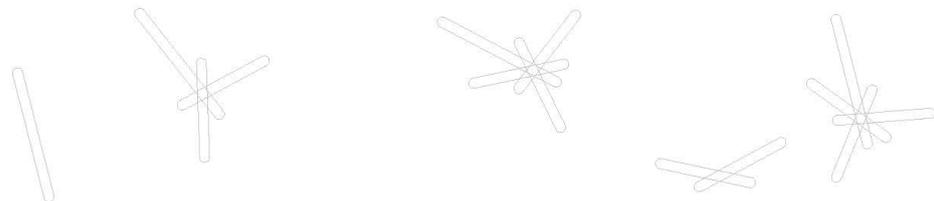
Among the main topics addressed, it is worth highlighting the procedures for suppression of vegetation and selective cutting; the management of solid waste and effluents; the fires; the conditions to obtain the Licenses that depend directly or indirectly on performance in the field; the relationship with the community and owners within the area of influence of the undertaking and worker health and safety issues.

Furthermore, HSE lectures are given to our employees regarding the following events: Training Course for electricians; Meeting of the Maintaining Entities of Taesa Transmission Assets - EMATT; Onboarding Program for New Employees; and Environment Week.

The program's indicators are as follows:

ENVIRONMENTAL EDUCATION AND AWARENESS	BASE YEAR 2017	BASE YEAR 2018	BASE YEAR 2019
Environmental Education - Within the organization			
Number of employees trained in environmental education programs	30	47	152
Percentage of employees trained in environmental education programs / total employees	6%	14%	26%
Number of hours of environmental training	23	56	102
Environmental Education and Social Community*			
Cities visited	97	96	102
Owners visited	2718	1785	2109
Primary and secondary education units served	53	16	27
Percentage of schools served / total schools	100%	100%	100%
Number of teachers trained	53	105	141
Total listeners - Target audience	9524	5323	7509

**Indicators considered based on critical areas*



ARCHEOLOGY

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

During the licensing phase, new undertakings undergo studies to assess the potential and impact on archaeological heritage, which are approved and analyzed by the National Historical and Artistic Heritage Institute of Brazil (IPHAN).

In the event of potential archaeological occurrences in the area of influence of the undertaking, the Archaeological Heritage Management Program (PGPA) and the Integrated Heritage Education Project are prepared.

In these cases, archaeological monitoring is carried out - daily monitoring by the archaeologist at the works, as well as the archaeological rescue - research performed by archaeologists to identify, record and collect the traces found.

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

For example, 5 archaeological sites were identified in the area of implementation of the LT 500 KV Miracema - Lajeado C2 project in 2019, with lithic and ceramic remains, referring to ancient indigenous occupations. These are: Serra Vermelha site, Caminho da Ema site, Miracema 01, Miracema 02 and Miracema 03.

The traces collected during the research were cleaned, cataloged and analyzed according to their categories and characteristics. After these procedures, the material was safeguarded by the State University of Maringá (UEM), in the state of Paraná.

ENVIRONMENTAL COMPENSATION

It is also important to mention the obligation in the environmental dimension the Environmental Compensation of public service concessions, established by Federal Law No. 9,985 /2000 and regulated by Decree No. 4,340/2002 and, therefore, it constitutes a legal obligation for all projects that cause significant environmental impact.

The entrepreneurs are obliged to support the implementation and maintenance of the Conservation Unit through the investment of corresponding funds in up to 0.5% (modified by Federal Decree No. 6,848/2009) of the total costs foreseen for the implementation of the project.

All **TAESA** Group's concessions under this obligation had their investment percentages evaluated and approved by the Environmental Bodies indicated in the table below:



CONCESSION	BENEFITED INSTITUTIONS	INVESTMENT	INVESTMENT STATUS
TSN	Parque Nacional da Chapada Diamantina - Bahia	R\$ 5,681,000.00	100%
	APA de Pouso Alto - Goiás	R\$ 125,000.00	98%*
	Parque Municipal do Lavapés - Goiás	R\$ 499,888.76	99%*
MUNIRAH	Secretaria Estadual do Meio Ambiente da Bahia- SEMA - Bahia	R\$ 280,201.25	100%
PATESA	IDEMA's Management and Conservation Units Center.	R\$ 177,707.35	100%
GTESA	Fernando de Noronha Marine National Park - Pernambuco	R\$ 105,850.00	100%
NOVATRANS	Reserva Biológica de Gurupi - Maranhão	R\$ 6,042,000.00	100%
	Estação Ecológica Serra Geral do Tocantins - Tocantins		
	Nascentes do Rio Parnaíba National Park - Piauí/Maranhão/Tocantins/Bahia		
	Parque Nacional da Chapada dos Veadeiros - Goiás		
	Descoberto Environmental Protection Area - Federal District		
	Parque Nacional do Itatiaia - Rio de Janeiro		
	FUNAI - Comunidade Indígena Avá Canoeiro - Goiás		
ETEO	Environmental and Experimental Unit of Assis - São Paulo	Recovery of an area of 68.44 ha with the planting of 116,348 seedlings	100%
ATE III	SEMA/PA - Parque Ambiental de Bélem - Pará	R\$ 1,261,793.00	100%
	IBAMA - To be defined by the agency	R\$ 1,731,893.78	82%*
ATE	Ilha Grande National Park - Paraná; Mata dos Godoy State Park - Paraná; APA Estadual do Rio Batalha - São Paulo; Sebastião Aleixo da Silva Ecological Station - São Paulo; Ibiporã State Park - Paraná; Caetetus Ecological Station - São Paulo; Assis Ecological Station - São Paulo. APA Municipal Água Parada - Bauru - São Paulo; Arthur Tomas Municipal Park - Londrina - Paraná.	R\$ 1,849,446.95	100%
ATE II	Instituto Chico Mendes de Conservação da Biodiversidade - ICMBio Serra das Confusões National Park - Piauí; Serra das Capivaras National Park - Piauí; Ecological Station of Uruçuí-Uma - Mato Grosso;	R\$ 2,420,535.00	100%
	Mirador State Park - Maranhão	R\$ 400,000.00	100%
NTE	Saltinho Biological Reserve	R\$ 293,950.52	100%
	Pedra Talhada Biological Reserve	R\$ 577,179.00	100%
STE	Work Plan by Fundação Estadual de Proteção Ambiental (FEPAM) - Moreno Fortes Biological Reserve in the Municipality of Dois Irmãos das Missões - Rio Grande do Sul	R\$ 181,046.13	100%

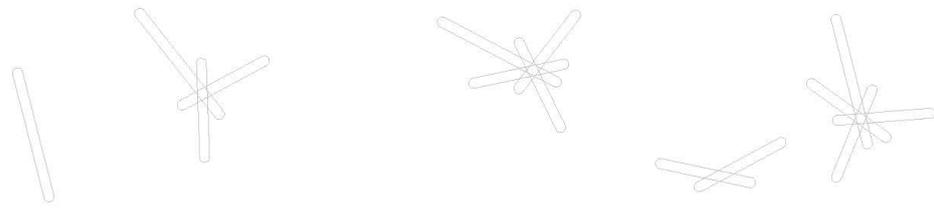
*Compensations that are not fully invested are justified because the licensing agency is in the stage of defining the form of investment for the benefited units.

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

It is worth highlighting that, despite being a legal obligation resulting from licensing, TAESA proposes, together with the units benefited by the funds, actions that bring sustainable results to the community.

As an example, TAESA has been carrying out activities with the Avá Canoeiro Indigenous Community, in the city of Minaçu, state of Goiás, which in addition to leaving a legacy for the ethnic group (health center), the full basic infrastructure allows for self-sustainability (source of supply per artesian well and energy source through photovoltaic plant).





SUSTAINABILITY

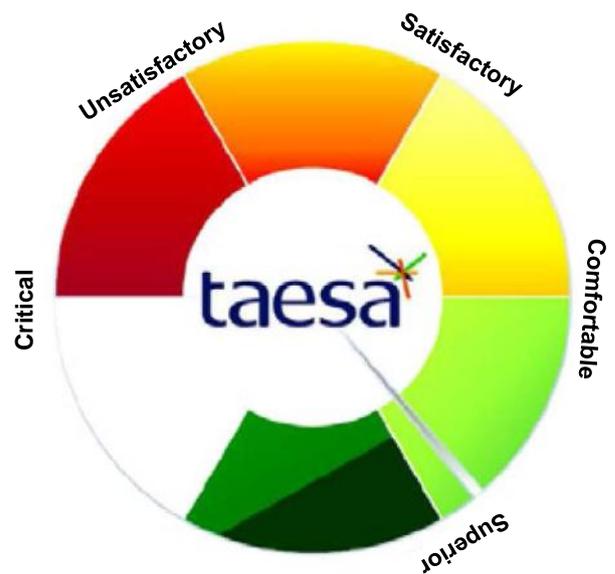
The year 2019 was important for TAESA regarding Sustainability. A new growth journey has been initiated regarding this topic, aiming at transforming TAESA into a benchmark company in sustainability in the Electric Transmission sector in Brazil. With the support of a consulting firm specializing in Corporate Sustainability, TAESA initiated the **SUSTAINABILITY PROJECT**. The Project mainly aims to formalize and innovate ESG (Environmental, Social and Governance) procedures, provide greater transparency in its social and environmental reports, and create initiatives that guide TAESA towards a more sustainable future.

Some activities developed during the project comprised:

- Mapping of important TAESA's ESG issues in relation to policies, procedures and practices;
- Benchmarking, through the analysis of sectoral rule, which consisted of 6 criteria, as follows:
 - Sustainability Policy and EMS (Environmental Management System).
 - R&D and Private Social Investment.
 - Communication, Internal Environmental Actions.
 - Internal Social Actions, and
 - Internal Corporate Governance Actions.
- Action plan to allow the direction and prioritization of actions, commitments and processes

A highlight regarding Sustainability in 2019 is that, besides stressing its commitment to ESG issues, TAESA issued 4 **Greens Bonds**, having reached a comfortable level in both, according to a second opinion.

Analysis of the company's ESG performance



Strengths

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



The analysis assumptions followed the Green Bond Principles (GBP). GBP recognizes that energy transmission is an eligible category for the issuance of green bonds, as they observe that transmission lines in Brazil contribute to the flow and transmission of renewable energy in the National Interconnected System (SIN).

Some conclusions regarding the 4 issues of Greens Bonds:

- The TAESA assets evaluated under implementation bring environmental benefits, since their construction will increase the availability of the National Interconnected System (SIN) for renewable energy;
- The projects are in line with TAESA's strategy and offer tangible environmental benefits;
- The procedures for managing the funds raised through the debenture were clearly defined by the issuer, through a documented and transparent process;
- TAESA has a comfortable ESG performance, with comfortable performance in the three dimensions analyzed: environmental, social and governance policy;
- TAESA has comfortable ESG practices and technical know how of their activities.
- The company is involved in isolated cases of controversies and its level of responsiveness is considered adequate to resolve and mitigate these issues.
- The company is fully capable of measuring, preventing, mitigating and compensating for possible negative impacts of its projects and sustaining the conditions that classify the debenture as a Green Bond.

This is TAESA reinforcing the transmission of electricity with excellence, in a continuous and efficient way, ensuring profitability and sustainability.

Captions



SUSTAINABLE DEVELOPMENT GOALS

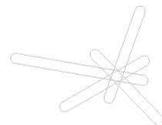
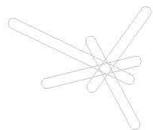


Principles of the UN Global Compact

- | | | | | |
|--|---|--|--|---|
|  <p>1. RESPECT
and support internationally recognized human rights in its sphere of influence.</p> |  <p>2. ENSURE
the company's non-participation in human rights violations.</p> |  <p>3. SUPPORT
freedom of association and recognize the right to collective negotiation.</p> |  <p>4. ELIMINATE
all forms of forced or compulsory labor.</p> |  <p>5. ERADICATE
all forms of child labor in its production chain.</p> |
|  <p>6. ENCOURAGE
practices that eliminate any type of discrimination in employment.</p> |  <p>7. UNDERTAKE
practices that adopt a preventive, responsible and proactive approach to environmental challenges.</p> |  <p>8. DEVELOP
initiatives and practices to promote and disseminate social and environmental responsibility.</p> |  <p>9. ENCOURAGE
the development and diffusion of environmental and responsible technologies.</p> |  <p>10. FIGHT
corruption in all its forms, including extortion and bribery.</p> |

Abbreviations:

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



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