

Sustainability Report 2019

Presentation











Message from the Management

→ *GRI 102-14*

Aligned with the purpose of contributing to the harmonious progress of society, **ENGIE Brasil Energia continues steadfast in the delivery of consistent results in the present while at the same time advancing in the collective construction of a society which combines development and the common good.** We are committed to driving this transformation, conscious that contingent on the creation of the future is a change in the way we produce and consume energy. The Company's achievements in 2019 are confirmation of the positive impact of this commitment.

The year was characterized by a more favorable environment for the development of the businesses in Brazil following the approval of structural measures fundamental to the recovery of economic growth, such as Social Security Reform. The promising prospects give us the necessary security to pursue our growth strategy. On this basis, **we made our debut in the natural gas value chain by acquiring Transportadora Associada de Gás S.A. – TAG**, in partnership with a subsidiary of ENGIE S.A. and Caisse de Dépôt et Placement du Québec (CDPQ). The business, with an investment from the partners of the order of R$ 35 billion, and involving several financial institutions, was the largest in more than 20 years of ENGIE's operations in Brazil – a size justified by our conviction of the crucial role gas is to play in the Brazilian energy transition. Firstly, as a resource which enhances the flexibility of a system with a greater degree of intermittent renewable energy sources, such as solar and wind power, and from the perspective of a broader spectrum because of the multiple uses of natural gas along the production chain.

With TAG, the curtains were raised on a new cycle anchored in the credibility achieved by the Company over two decades of activities in the electricity sector. In this way, we have consolidated our position as a platform of investments in energy infrastructure aligned to the proposal for diversifying our activities. At the end of the year, there was another important acquisition in the direction of diversification: the **Novo Estado Energia**, the concessionaire for the construction, operation and maintenance of 1.8 thousand kilometers of power lines in the states of Pará and Tocantins.

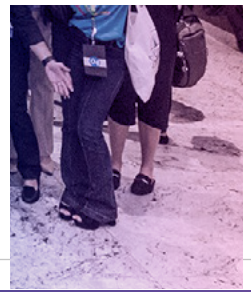
As in the past, the success of our new businesses has been accompanied by consistent deliveries. We reported **net income of R$ 2,311.1 million**, practically unchanged from 2018, largely due to the impact of interest and monetary restatement of the addition debt contracted to render our recent expansion a viable proposition – although the effect of this debt tends to lessen over subsequent fiscal years. **Cash generation as represented by Ebitda was very positive: R$ 5,163.1 million – a year-on-year increase of 18.2% in relation to 2018**

– a reflection of the assets acquired or going into operation in the period, to the positive performance of existing plants, the indemnity payment received for non-compliance with contractual conditions during construction work on Pampa Sul, as well as efficient management of the portfolio and costs, which characterize the financial discipline responsible for the Company's solid performance.

As to the unveiling of new capacity, particular mention must be made of the **operational startup of the Umburanas Wind Complex – Phase I** in the state of Bahia – a bold project given the short time frame set for installation but nevertheless concluded in record time below budget, reaffirming the Company's efficiency in the construction of its projects. The Umbaranas Wind Complex – Phase I together with the Campo Largo Wind Complex – Phase I, the latter in commercial operations since December 2018, constitutes ENGIE's largest wind farm cluster in Brasil, representing a total investment of R$ 3.5 billion. In this context, also worthy of mention is **the start of work on the Gralha Azul Transmission System** in the state of Paraná, with about a thousand kilometers' extension, as well as **early construction work on Phase II of the Campo Largo Wind Complex**, whose energy output has been fully absorbed through more than 60 agreements entered into with free-market clients – a virtuous circle whereby anticipating the sale of energy enables the construction of the project, which in turn permits the expansion of installed capacity to supply new consumers.





> ENGIE Brasil Energia continues steadfast in the delivery of consistent results in the present while at the same time advancing in the collective construction of a society which combines development and the common good.

And to **further increase our proximity to clients**, in 2019, we ramped up our Go To Market project dedicated to improving the relationship and strategies for operations with this stakeholder group. Additionally, we reinforced the understanding that by acquiring energy from ENGIE Brasil Energia, our clients become part of a value chain which has socio-environmental responsibility as its key differential. It is reasonable therefore that our clients should also enjoy the benefits accruing from the positive impact of our business on the environment and the communities, as illustrated by the partnerships with L'Oréal Brasil and Grupo Claro for the supply of renewable energy.

All the changes we seek to leverage in society can only be achieved with **integral care for the people in our team**. In 2019, we further increased health vigilance as well as the occupational safety of our employees, the focus being on hazards identification and correction. The result was one more year without fatal accidents. On another front, we robustly promoted diversity, notably in the form of gender equality, signing up to the United Nations Organization's "Women's Empowerment Principles" (WEPs) initiative which represents our long-term commitment so that the theme becomes a shared value throughout the Company.

Conscious that dialog is the key to the sharing of values, we are dedicated to listening to different stakeholders, especially employees, suppliers, clients, communities and investors. Besides our daily interactions, we promote events and panels of engagement in different regions of Brazil. In this way, we are able to capture stakeholder perceptions as to our operations on our potential for contributing to sustainable development. The result of such interactions renders our action plans richer and more assertive. This is particularly true of socio-environmental initiatives, which are based on the genuine demands of those closest to the businesses.



Meticulous attention to the interests of each stakeholder has also served as the lodestone in the decarbonization process, which includes the divestment of the Jorge Lacerda Thermoelectric Complex in the state of Santa Catarina and the Pampa Sul Thermoelectric Power Plant in the state of Rio Grande do Sul – which commenced operations in June 2019. In addition to ensuring fair and equitable negotiations in the light of the value of the assets, we are devoted to making sure that the new operators are mindful of to the needs of the people involved and to the environment as ENGIE Brasil Energia before them.

While decarbonization involves complex challenges, **the energy transition is accelerating, now driven by the consumer market**, which is increasingly conscious of the environmental and climatic impact of non-renewable sources of energy. The process has thus been shown as a one-way journey which requires strategies, investments and an effective capacity of execution. At the same time, a speedy modernization of sector regulations is called for. In Brazil, there is consensus on the need to adapt the rules as for example the reduction in subsidies for non-conventional sources of energy in order to avoid market distortions leading to inadequate conditions of competitiveness. While regulatory questions did not advance up the legislative agenda in 2019, we are confident that given their relevance, they will be made a priority in 2020.

At ENGIE Brasil Energia, sustainability in every aspect remains a priority. The expansion and consolidation of our position as a provider of energy infrastructure lies ahead. Looking at the more distant future, we are alert to the expiration of some of our concessions in 2028 as well as expiring concessions currently held by other operators – which could present market opportunities in the same way as the Jaguara and Miranda hydroelectric plants in the Brazilian Southeast, which ENGIE acquired in 2017.

We believe in Brazil and work daily to create prosperity – with the aim of "guaranteeing full and prosperous lives in harmony with nature", as suggested in the UN's 2030 Agenda for Sustainable Development. People's relationship with energy is an essential component in the transformation needed for the future of society. A transformation which we are leading with consistency and courage.

Good reading!



Maurício Stolle Bähr
Chairman of the Board of Directors



Eduardo Antonio Gori Sattamini
Chief Executive Officer

Note on COVID-19:

We were in the final stages of preparing this Sustainability Report when the COVID-19 pandemic took a turn for the worse. Although the event postdates those reported here, the relevance and complexity of its effects – present and future – justify communicating some of the measures that the Company took to adapt its activities on various fronts and to contribute to society as it faces this challenging moment for the global community.

We report, next, impacts observed or mapped as a result of the pandemic, as well as actions taken – both immediate and planned – to mitigate risks and continue to meet the demand for energy, an essential input. Out of the initiatives adopted by the end of April 2020, the following are worth emphasizing:

• Employee health and safety

As soon as the World Health Organization (WHO) declared the pandemic, on March 11, 2020, we engaged in deploying our Viral Pandemics Contingency Plan, to ensure employee health and safety and continued operations. In the first phase, which focused on containment, we monitored the pace of contagion in Brazil and worldwide and strictly followed health authorities' recommendations, reinforcing preventive guidance with our teams. We then moved on to mitigation-oriented actions under the coordination of a specific Crisis Committee. Some of these actions include:

○ Defining **minimum fieldwork staffing** to ensure electric energy generation, with the following precautions:

» Systematic field team monitoring by medical staff and distribution of individual protection facemasks;

» Intensified hygiene and cleaning procedures in line with sanitary authorities' guidelines;

» Physical segregation of Operation and Maintenance teams, with video-conference shift transfers to prevent personal contact. In addition, the Company established staggered shifts, with the team divided into two crews taking turns every fortnight; and

» Suspension of elective and non-mandatory maintenance work, while maintaining emergency and preventive maintenance.

○ Establishment of **Home-office regime for all support activities** – equivalent to 70% of the Company's headcount, including all non-operational activities. The following initiatives were adopted for these workers:

» Educational campaign on working from home and safety measures;

» E-learning to support the development of remote teamwork skills;

» Online occupational exercise, Pilates and physical conditioning lessons; and

» Mental health care for the duration of the isolation period, with online integration activities held.



In addition to these two action fronts, the Company restricted non-essential work-related travel, acquired 43 thousand quick tests for the disease – to be used with our teams – and requested and tracked subcontractors' contingency plans. The Plan's next phase will focus on suppression, and will – among other measures – cover total team isolation in operational areas for lengthier periods to minimize the risk of commuting-related contagion.

• Corporate social responsibility

- **Local communities:** since the early days of the deepening of the crisis, we have remained in contact with the communities where we operate to identify any specific social needs facing the crisis. Based on a mapping of health care institutions and charitable entities involved in fighting the disease, we allocated material and financial resources to local hospitals.

- **Employee engagement:** to leverage solidary actions, we launched a campaign with employees to donate staples kits to socially vulnerable families. Under the terms of the campaign, the Company made a commitment to matching every donation made, doubling the benefit. The effort raised more than R$ 250 thousand.

- **Industry action:** to strengthen Fiocruz's coronavirus-fighting efforts, ENGIE Brasil Energia joined forces with other electric energy companies to inject R$ 9 million into the institution's emergency fund. The funds have been allocated to producing and acquiring Covid-19 diagnosis kits.

• Trade relations

We reiterate our commitment to customers and other electric energy industry organizations to find solutions to reduce impacts in association with energy supply agreements in the regulated (ACR) and free (ACL) contracting environments. Our portfolio diversification enables smoothing negative effects on the Company, as the industries served have been impacted in different ways.

As for prospects, we understand that the context as of this Report's publication does not enable more assertive forecasts regarding the effective social and economic impacts of the pandemic. Therefore, ENGIE Brasil Energia will remain watchful of the developments, open to dialogue and cooperation with every stakeholder and, first and foremost, committed to finding solutions, hand in hand with society, for the crisis and its effects to be overcome as quickly as possible. We reiterate our thanks to our employees, in particular those directly involved in power plant operation and maintenance for the duration of this period, for their additional commitment and dedication at this critical time. With a sharp focus on collective good, we will overcome this challenge and continue, stronger and more united, to build harmonious progress.



2019's Highlights

Ranked by the **Institutional Investor magazine (Electric & Other Utilities),** as follows:

- **Best CEO:** 1st place, sell-side
- **Best CFO:** 1st place, sell-side
- **Best ESG Metrics:** 1st place
- **Best Analyst Day:** 2nd place

15th consecutive year

Component of B3's 2020 Corporate Sustainability Index (ISE)
– from the advent of the ISE.

Época Negócios 360º Award

Company of the Year and Best Company in the Energy Sector, Época Negócios 360º Award, sponsored by Editora Globo's Época Negócios magazine.

Best Company in the Energy Industry in the As Melhores da Dinheiro Award, hosted by **Istoé Dinheiro magazine.**

Highlight of the **ALAS20 (Agenda Líderes Sustentables 2020)**, a Latin-American initiative that reviews sustainable development- and corporate governance-related practices. Among Brazilian companies, ENGIE Brasil Energia was recognized as follows:

- **2nd place** – Investor relations leaders" category
- **4nd place** – "Sustainability leaders" category
- **6nd place** – "Corporate governance leaders" category

Global 100 2019 ranking

Component of the "Global 100" 2019 ranking of the Corporate Knights magazine: 72nd place among the world's 100 most sustainable companies.

2nd Broadcast Economática Ranking

Sustainability highlight and second place overall in the **Broadcast Economática Ranking of Publicly Listed Companies.**

Winner of the Transparency Trophy of the National Association of Finance, Administration and Accounting Executives (Anefac) – category "companies with net revenues up to R$ 5 billion".

Tracking indicators → *GRI 102-7*

(Indicators)

	2019	2018	2017	Change 2019/2018	Change 2019/2017
Operational and commercial					
Operating plants	**60**	41	31	19	29
Total installed operating capacity (MW)	**10,431.20**	9,725.50	9,588.80	7.3%	8.8%
Total own installed capacity (MW)	**8,710.50**	8,004.80	7,868.10	8.8%	10.7%
Own installed capacity from renewable sources (MW)	**7,508.50**	7,147.80	6,821.60	5.1%	10.1%
Own installed capacity from renewable sources (%)	**86.2**	89.3	86.7	-3.1 p.p.	-0.5 p.p.
Energy selling (GW)	**37,925**	36,411	35,761	4.2%	6.0%
Energy selling (average MW)	**4,329**	4,157	4,082	4.1%	6.0%
Average net sales price (R$/MWh)	**189.5**	181.2	180.4	4.5%	5.0%
Number of consumers from free market (ACL)	**621**	515	280	20.6%	121.8%
Installed capacity – ENGIE Geração Solar Distribuída (kWp)	**20,014**	10,059	5,510	99.0%	263.2%

Economic-financial *GRI 201-1*					(R$ million)
Total Assets	**30,135.58**	23,735.54	19,568.50	26.96%	54.00%
Shareholder's equity	**6,998.82**	6,320.58	6,834.70	10.73%	2.4%
Net revenue from sales	**9,804.50**	8,794.80	7,010.00	11.48%	39.86%
Net income	**2,311.10**	2,315.40	2,004.60	-0.19%	15.29%
Ebitda	**5,163.10**	4,367.60	3,519.50	18.21%	46.70%
Total debt (loans, financing and debentures)	**14,436.70**	9,498.30	6,738.20	51.99%	114.25%
Net debt	**10,191.80**	6,856.30	4,582.60	48.65%	122.40%
ROIC* (%)	**20.8**	23.0	22.8	-2.2 p.p.	2.0 p.p.
Gross debt/Ebitda	**2.8**	2.2	1.9	0.6 p.p	0.9 p.p
Net debt/Ebitda	**2.0**	1.6	1.3	0.4 p.p	0.7 p.p
Investments	**4,903.0**	3,452.1	5,538.1	42.0%	-11.5%

** ROIC: effective tax rate x EBIT / invested capital (invested capital: debt – cash and cash equivalents – deposits earmarked for debt servicing + SE).*

Investments in social responsibility programs					
Non-incentivized investments (R$ thousand)	**4,043.6**	3,497.0	2,898.1	15.4%	39.2%
Incentivized investments – Infancy and Adolescence Fund, Culture Incentive Law, Law for Sport, Health and others – (R$ thousand)	**21,841.0**	16,880.3	19,380.10	29.4%	12.7%

	2019	2018	2017	Change 2019/2018	Change 2019/2017
Shares (R$)					
Net earnings per share *	**2.831**	2.836	2.455	-0.2%	15.3%
Average price per share – ON **	**42.49**	26.96	23.36	57.6%	81.9%
Dividends per share*	**1.57**	2.79	2.45	-45.2%	-37.6%

** Due to the higher number of shares in 2018 because of the 163,185,548 bonus common shares to shareholders, earnings per share and dividends per share for the fiscal years prior to 2018 have been recalculated based on the current number of shares and restated for the purposes of reporting comparability.*
*** Simple average of the average daily prices.*

Environmental					
Donation and planting of seedlings (thousands)	**404**	414	275	-2.42%	46.91%
Plant visitors (thousands)	**90**	106	85	-15.09%	5.88%
Water consumption (millions of liters)	**426,629.6**	493,096.6	500,775.1	-13.48%	-14.81%
Waste generated (millions of tons)	**2.064**	1.447	1.412	42.69%	46.19%
Percentage of waste recovered (%)	**69.4%**	99.9%	97.7%	-30.5 p.p	28.3 p.p
CO_2 emissions per energy generated – Operational Control ($kgCO_2$/MWh)	**190.0**	184.7	202.7	2.9%	-6.3%
CO_2 emissions per energy generated – Corporate Participation ($kgCO_2$/MWh)	**152.4**	145.0	157.6	5.1%	-3.3%

Human capital					
Number of employees at ENGIE Brasil Energia (as at December 31)	**1,398**	1,337	1,048	4.6%	33.4%
Percentage of women in the workforce	**19.1%**	18.6%	17.7%	0.5 p.p.	1.4 p.p.
Investment in training and professional development (R$ million)	**5.6**	4.5	3.0	24.4%	86.7%
Total number of hours of training	**74,986**	83,124	51,829	-9.8%	44.7%
Number of occupational accidents and accidents with employees commuting to and from work	**7**	3	8	133.3%	-12.5%
Frequency Rate (FR) – direct employees*	**0.63**	0.97	1.05	↓	↓
Frequency Rate (FR) – direct employees + long-term service providers*	**1.72**	1.39	1.03	↑	↑
Accident frequency rate (FR) for out-sourced short term suppliers + construction work *	0.63	1.64	0.69	↓	↓

** FR: number of workplace related accidents for every million hours of exposure to hazards.*

Reader's guide

The 2019 Sustainability Report underscores **ENGIE Brasil Energia's** commitment to transparency, providing information on corporate policies and practices with a direct or indirect impact on society and the environment. To this end, throughout this publication, we attempt to emphasize the connection between our activities – in each location where we operate – and global sustainable development challenges.

The starting point for connection is the **2030 Agenda** that the United Nations Organization (UNO) has proposed as a guideline for improving economic, social and environmental conditions around the world. Therefore, the route to the future is based on the **17 Sustainable Development Goals (SGDs)** that form the Agenda and their 169 targets.

We at ENGIE Brasil Energia, believe in the SDGs' potential for transformation, and understand that the collective efforts of people and organizations around the world will produce results that will be beneficial to all – and the coming generations in particular –, building the harmonious progress that we strive for.

In line with this assumption, the central topic of the present Report emphasizes Prosperity, one of the five pillars of sustainable development **under the 2030 Agenda:**

The Pillars of sustainable development



Source: UNO, 2030 Agenda.

Reader's guide

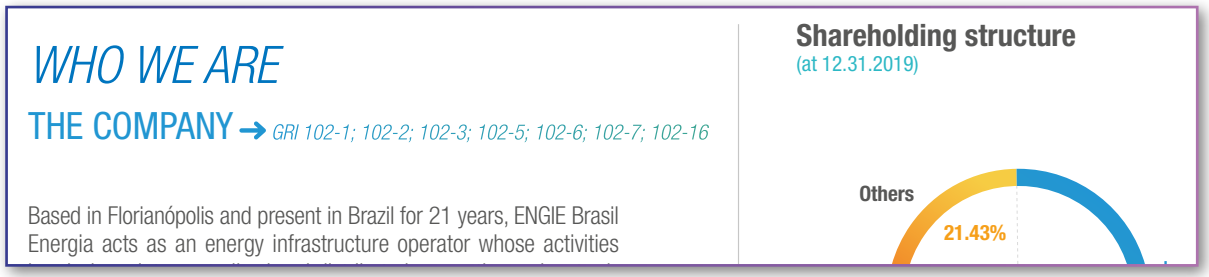
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To facilitate the connection between the 2030 Agenda and the contents of the present Report, the beginning of each section shows the icons for the related SDGs. And, next to each relevant portion of the text, the Report shows the Agenda target to which a certain policy or practice contributes – details on the targets can be viewed in the official UN , **document available here.**



In addition to ENGIE Brasil Energia's corporate profile, this Report also provides information on the Company's economic, social and environmental performance in 2019, according to the Global Reporting Initiative (GRI) guidelines – see **Chapter 6** for more information on the Report's drafting methodology.

Given this, the relevant GRI disclosures are indicated at the beginning of each topic and can also be viewed from the **GRI Summary**. Furthermore, the beginning of each topic provides a reference to indicators of the Sustainability Accounting Standards Board (SASB) – CDSB Framework, and Electric Utilities Power Generators Standard (2018) – see Chapter 6 for more.



To enable different levels of reading, depending on each public's interests, the contents of the Report has been broken down between this Main Volume, which contains essential annual reporting information, and a Supplementary Volume - which adds details on some actions and specific data on certain GRI disclosures.

We hope that you will find reading the Report fruitful and pleasant, disseminating knowledge on our activities, on the industry in which we operate, and on our contribution to the collective construction of sustainable development.

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1 Our Company







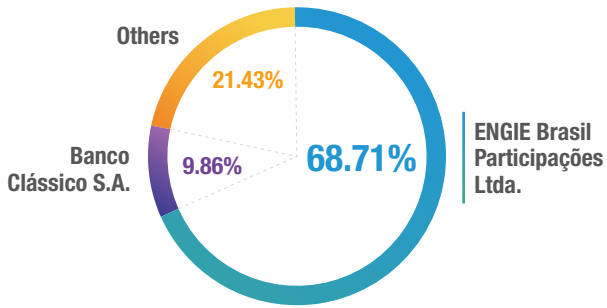



WHO WE ARE

THE COMPANY → *GRI 102-1; 102-2; 102-3; 102-5; 102-6; 102-7; 102-16*

Based in Florianópolis and present in Brazil for 21 years, ENGIE Brasil Energia acts as an energy infrastructure operator whose activities break down into centralized and distributed generation, sales, trading, and transmission. **In 2019, it also began to operate in the natural gas transportation sector after acquiring a stake in Transportadora Associada de Gás S.A. – TAG.** Through this and other new projects, we extended our direct presence in Brazil from 13 to 21 states.

Shareholding structure
(at 12.31.2019)



At the end of 2018, the Company´s capital stock amounted to R$ 4,903 million, a total of 815,927,740 common shares trading regularly on B3. The Company is also present in the United States over-the-counter market, where Level I American Depositary Receipts (ADRs) are traded under the EGIEY symbol at a ratio of one ADR for every common share.

MISSION

Provide innovative and sustainable solutions in energy.

VISION

Transform people's relationship with energy aiming at a sustainable world.

VALUES

Professionalism, sense of partnership, team work, creation of value, respect for the environment, ethics.

OUR CONTROLLING ENTITY

ENGIE Brasil Energia's controlling shareholder is ENGIE Brasil Participações Ltda. (EBP), which also holds a 40% stake in Energia Sustentável do Brasil – the concession holder for the Jirau Hydroelectric Plant. In Brazil, the Controlling Entity offers integrated solutions for companies and cities, focusing on improving the infrastructure associated with energy systems, telecommunications, security, urban mobility, and the oil and gas industry.

At the global level, Controlling Entity ENGIE S.A. has around 171 thousand employees on all five continents and maintains 96.8 GW in installed electric energy capacity, of which 54% come from natural gas and 27% come from renewable sources. The Company is sustainable development-oriented and committed to the **energy transition to a low-carbon economy.** As such, ENGIE's business strategy around the global takes into consideration improved access to renewable energy, mitigation of and adaptation to climate change, safe supply, and the rational use of natural resources.

ENGIE S.A.'S GLOBAL POSITIONING

OUR AMBITION

Be the global leader of the zero-carbon transition

GOALS

- Reduce the carbon footprint
- Creation of shared value
- Induce sustainable development

OUR STRATEGY

Support our customers (companies and local authorities) in their zero-carbon trajectories

FOCUS IN

- 20 countries
- 30 urban areas
- 500 global companies

HOW

Matching:

Our expertise in infrastructures (deployment and operation) and

Proximity/partnership with clients

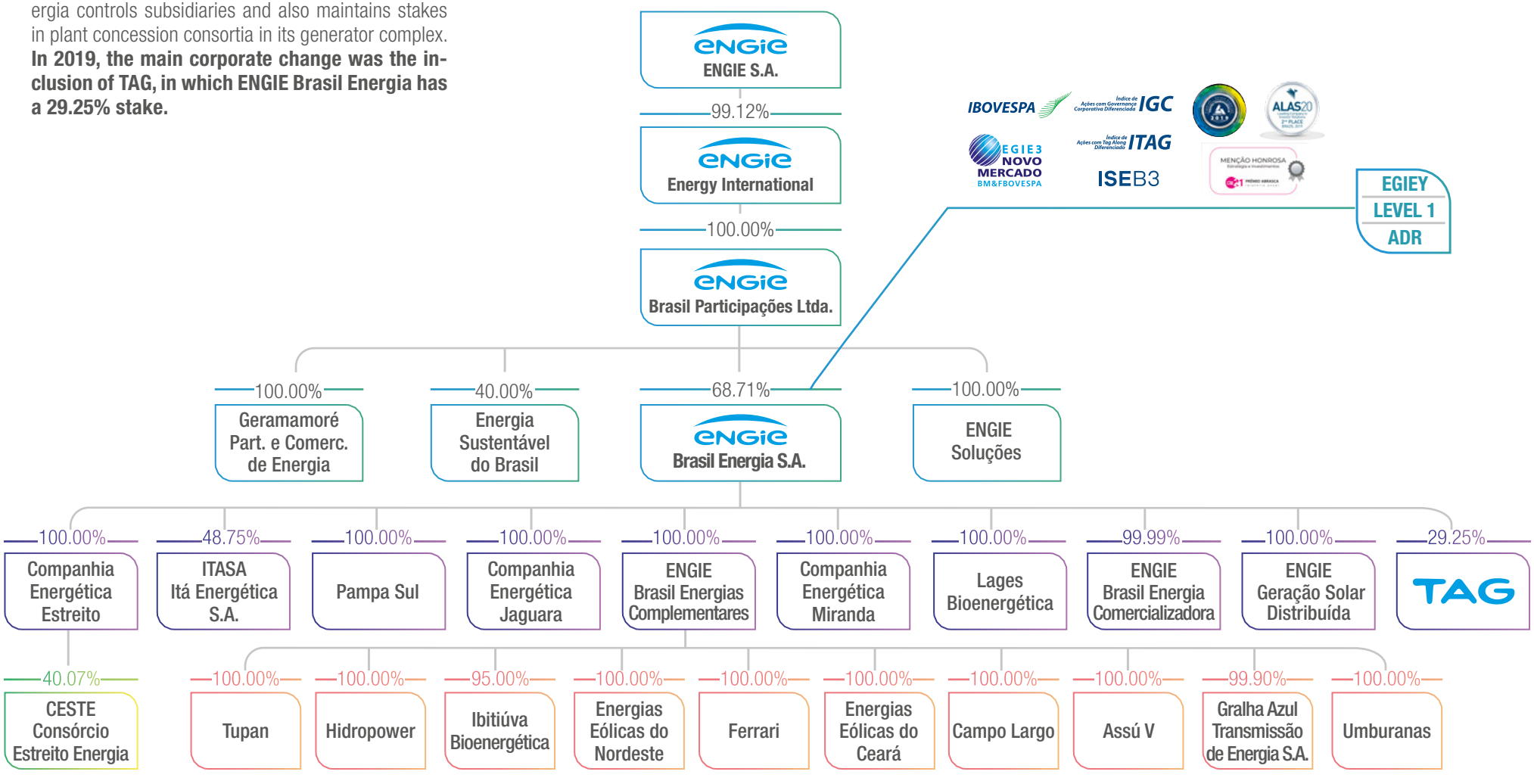
To know more https://www.youtube.com/watch?v=650qFP2a8wE

CORPORATE STRUCTURE

As the following infographic shows, ENGIE Brasil Energia controls subsidiaries and also maintains stakes in plant concession consortia in its generator complex. **In 2019, the main corporate change was the inclusion of TAG, in which ENGIE Brasil Energia has a 29.25% stake.**

Corporate structure*

(as at 12.31.2019)



** Simplified structure.*



WHAT WE DO → *GRI 102-2; 102-4; G4- EU1*

[2030 Agenda Goals: 7.2, 7.3, 9.4]

Our business model is connected with the context of the energy transition to a low-carbon economy and reflects the decarbonization, decentralization and digitalization shifts that are regarded as the key elements of the sector's drive towards sustainability. This model is dedicated to creating medium- and long-term value and is based on generation – preferably from renewable sources – and trading of energy. In addition, it increasingly incorporates the supply of integrated and innovative solutions to meet society's demands, in line with the vision of transforming how people relate with energy for a more sustainable world.

Operating segments ENGIE Brasil Energia

TRANSMISSION (under construction)

~2,800 km of **transmission** lines
6 substations

DISTRIBUTED SOLAR GENERATION

2,413 photovoltaic systems installed since 2016

35,935 kWp in installed capacity, in **17 Brazilian states**

CENTRALIZED GENERATION

60 operated **power plants**
8,710.5 MW own installed capacity
6.3% of **Brazil's** installed capacity

TRADING

Beginning of operations in **2018**

GAS TRANSPORTATION

29.25% of EBE participation in the Company
4,500 km of gas pipelines in operation in the Southeast, Northeast and North regions
47% of the Brazil's gas transmission

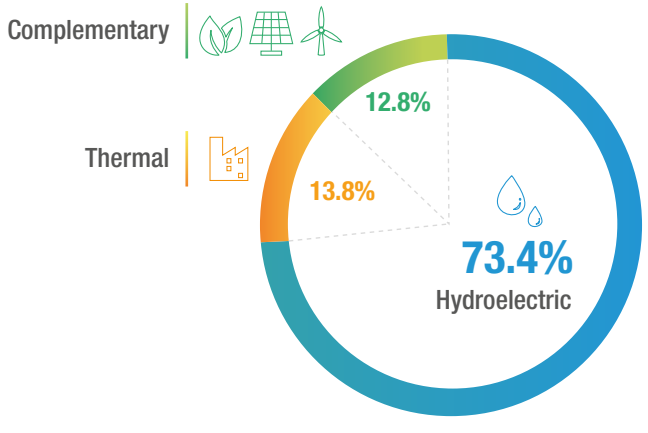
CENTRALIZED GENERATION

At the end of 2019, ENGIE Brasil Energia operated a generation complex with an installed capacity of 10,431.2 MW, composed of 60 plants. The Company fully controls 56 of these projects – in the others, it participates in the consortia that hold the concession or authorization for use. Thus, our total installed capacity was 8,710.5 MW, in a matrix formed predominantly by renewable sources (86.2% of the total).

In 2019, the main changes that occurred during the year were the completion of works on two new projects: the Pampa Sul Thermoelectric Plant, in Candiota (RS) – which added 345 MW to the Company's installed capacity – and the Umburanas Wind Farm – Phase I, located in Umburanas (BA), contributing 360 MW of renewable energy.

As part of the Company's commitments to the decarbonization of its portfolio, the market analysis to identify potential buyers for the Jorge Lacerda Thermoelectric Complex (SC) and for the Pampa Sul Thermoelectric Plant (RS) continued, but without conclusion up to the end of 2019.

ENGIE Brasil Energia energy matrix 2019 – own installed capacity



Generating complex breakdown (as at 12.31.2019)

		Total installed capacity (MW)	Total physical guarantee (aMW)	Ownership	Own installed capacity (MW)	Own physical guarantee (aMW)
Hydroelectric power plants						
1	Salto Santiago	1,420.0	733.3	100%	1,420.0	733.3
2	Itá	1,450.0	740.5	69.0%	1,126.9	564.7
3	Salto Osório	1,078.0	502.6	100%	1,078.0	502.6
4	Cana Brava	450.0	260.8	100%	450.0	260.8
5	Estreito	1,087.0	641.1	40.1%	435.6	256.9
6	Jaguara	424.0	341.0	100.0%	424.0	341.0
7	Miranda	408.0	198.2	100.0%	408.0	198.2
8	Machadinho	1,140.0	547.1	19.3%	403.9	165.3
9	São Salvador	243.2	148.2	100%	243.2	148.2
10	Passo Fundo	226.0	113.1	100%	226.0	113.1
11	Ponte de Pedra	176.1	133.6	100%	176.1	133.6
	Total	8,102.3	4,359.5		6,391.7	3,417.7
Thermoelectric power plants						
12[1]	Jorge Lacerda Complex	857.0	649.9	100%	857.0	649.9
13	Pampa Sul	345.0	323.5	100%	345.0	323.5
	Total	1,202.0	973.4		1,202.0	973.4
Complementary power plants						
14[2]	Umburanas Complex - Phase I (Wind)	360.0	213.3	100%	360.0	213.3
15[3]	Campo Largo Complex - Phase I (Wind)	326.7	169.6	100%	326.7	169.6
16[4]	Trairi Complex (Wind)	212.6	100.8	100%	212.6	100.8
17	Ferrari (Biomass)	80.5	35.6	100%	80.5	35.6
18	Assu V (Solar)	30.0	9.2	100%	30.0	9.2
19	Lages (Biomass)	28.0	16.5	100%	28.0	16.5
20	Rondonópolis (SHP)	26.6	14.0	100%	26.6	14.0
21	José G. da Rocha (SHP)	24.4	11.9	100%	24.4	11.9
22	Ibitiúva (Biomass)	33.0	17.3	69.3%	22.9	12.0
23	Nova Aurora R&D (Solar)	3.0	not applicable	100%	3.0	not applicable
24	Tubarão R&D (Wind)	2.1	not applicable	100%	2.1	not applicable
	Total	1,126.9	588.2		1,116.8	582.9
	General total	**10,431.2**	**5,921.1**		**8,710.5**	**4,974.0**

(1) Complex made up of three plants. (2) Complex made up of eighteen wind farms. (3) Complex made up of eleven wind farms. (4) Complex made up of eight wind farms.

DISTRIBUTED GENERATION

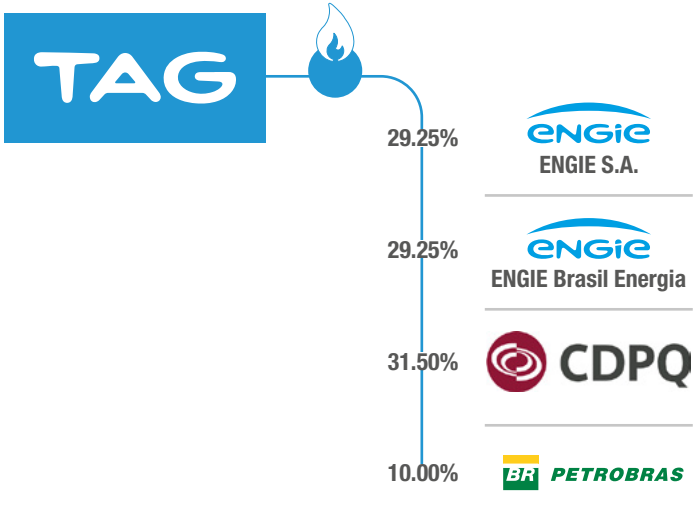
The Company has operated in the distributed generation market since 2016 through ENGIE Geração Solar Distribuída S.A. ("EGSD"). **The presence in the distributed solar generation segment is a strategic move, contributing to a more dynamic energy matrix and closer to the final consumer.**

The solution goes from technical feasibility visit, through project design and arrangements with the concession holder, to monitoring and maintenance of the installed system. Since the beginning of its operations, the company has reached a total of 2,413 installed systems, totaling 35,935 kWp of installed capacity, with a footprint in 17 Brazilian states.

NATURAL GAS TRANSPORTATION

TAG is the largest natural gas transportation operation in Brazil, with 4.5 thousand km of high-pressure gas pipelines. The gas pipeline network has several interconnection points, among them 10 gas distributors, 13 active gas entry points (including two Liquefied Natural Gas (LNG) terminals) and a further 90 gas outtakes as well as 11 compressor stations for supplying refineries, fertilizer plants and thermoelectric power plants.

Shareholding structure - TAG



This acquisition marks EBE`s entry into the natural gas segment in Brazil and is in line with the Group`s global strategy of being a leader in the energy transition – which requires large scale and sophisticated infrastructure. TAG`s gas pipelines are an example of that infrastructure, contributing to the diversification and decarbonization of the Brazilian energy mix.

TAG is significantly contracted (~99%) for an average term of approximately 10 years through current agreements with Petróleo Brasileiro S.A. (Petrobras). Following expiry of the current agreements, a five-year tariff revision cycle will be triggered under the responsibility of the National Petroleum Agency (ANP), which will decide the revised maximum permitted revenue flow.

GAS: the road to transition

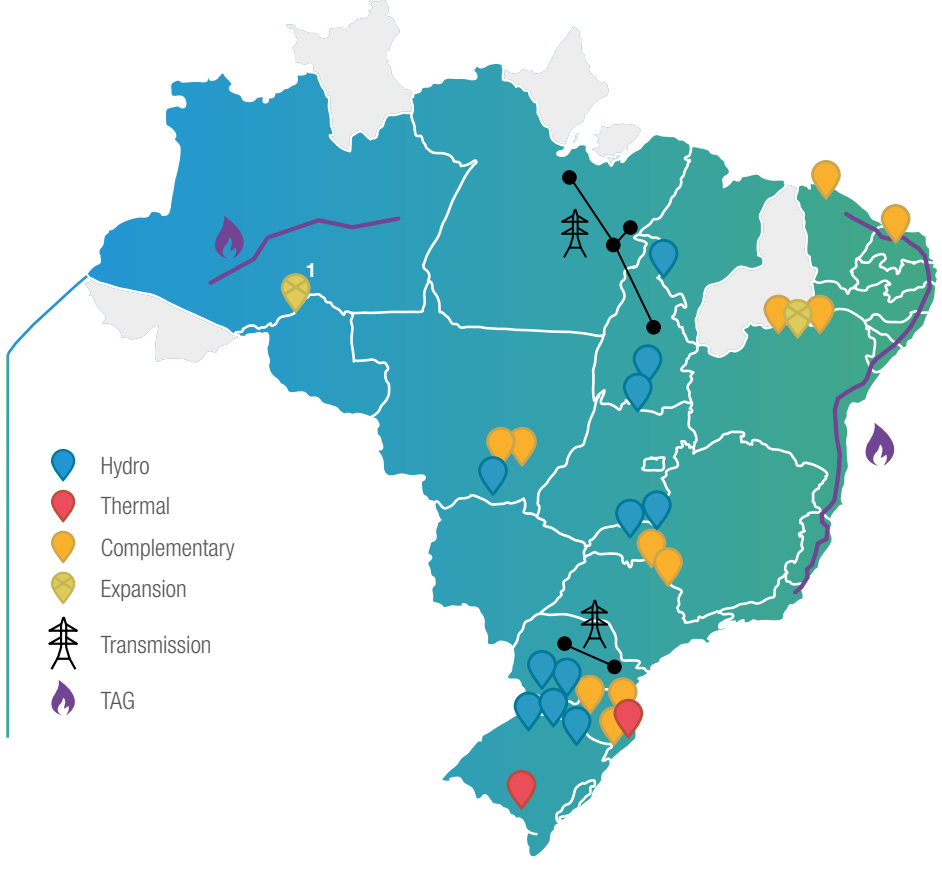
Natural gas is an energy resource that increases flexibility for system with greater presence of intermittent renewable sources, like solar and wind. It is therefore a requirement for balancing the national electric energy system, particularly within the context of the gradual shutdown of oil- and coal-burning thermal power plants nationwide, as well as of the construction of run-of-river hydroelectric power plants.



WHERE WE ARE → *GRI 102-4*

Our energy generation complex is distributed across all five regions of Brazil, with a marked concentration of plants in the South. The TAG network, by its turn, stretches along the entire Southeastern and Northeastern coastline, in addition to a stretch in the state of Amazons between Urucu and Manaus. The gas pipelines cross a total of 10 states and 181 municipalities in Brazil. The company's transmission lines, both of which are in their implementation phase, lie in the states of Paraná, Pará and Tocantins.

Geographic distribution of operations



Note:
[1]The transfer to ENGIE Brasil Energia of the 40.0% share in ENGIE Brasil Part. at the Jirau HPP should be evaluated in due course.

HOW WE WORK

[2030 Agenda Goals: 16.5, 16.6]

CORPORATE GOVERNANCE

ENGIE Brasil Energia conducts its business based on ethics and integrity, striving to ensure the rights of shareholders and the transparency of its actions, and consequently, the mitigation of risks and sustainable growth. For this reason, we operate in line with the best governance practices, such as those defined in the Brazilian Corporate Governance Code, and we integrate the Novo Mercado – B3 listing segment composed of companies with superior transparent corporate rules and with enhanced minority investor rights.

Over the course of 2019, we continued to work on adapting **to the changes in Novo Mercado regulations.** To adjust to the new regulations, among other reasons, the Corporate Bylaws were revised at the 22nd Annual Shareholders' Meeting, held April 2019. **The first semester of 2020 will see the installation of the Audit Committee, an organ that will assist the Board of Directors in matters related with risk management, ethics, internal controls, compliance, and internal and external audits.** At the same time, the Fiscal Council became non-permanent, reversing the model that was previously justified by the absence of an Audit Committee.

Annually, the Company publishes its annual Report on the Brazilian Corporate Governance Code. The document discloses information on the governance principles and practices prescribed in the Code that ENGIE Brasil Energia subscribes – those that it does not, are justified under the "comply or explain" principle. The Report is available on our Website – **www.engie.com.br/investidores/governanca-corporativa/**. It is worth emphasizing that the Code supports the continued evolution of our corporate governance practices and undergoes annual review by the Board of Directors as a means to monitor practices and enable reflection on them.

Policies and Management guidelines

Our values and organizational culture are enshrined in codes and policies that are endorsed by the Board of Directors to provide guidance for conducting the businesses and the relationship with the different stakeholders with which we interact. In 2019, we published Policies for the Appointment, Compensation and Evaluation of Directors, Officers, and Committee Members.

The policies and codes which we share with our value chain and which therefore are made public through our website are:

01

Ethics Code and Practical Guide to Ethics: public declaration of the standards and values of ethics, transparency, respect and integrity to be followed by everyone who directly or indirectly gets involved in actions of the Company's responsibility.

02

Policy for Combating Corruption and Bribery: establishes the commitment to comply with all the laws for prevention of corruption and bribery in the conducting of the businesses.

03

Sustainable Management Policy: expresses the Company's guidelines with respect to quality, energy management, environment, climate change, occupational health and safety, social responsibility and stakeholder engagement.

04

Human Rights Policy: establishes commitments and guidelines focusing on the Company's projects, operations and value chain.

05

Investments and Derivatives Policy: establishes the criteria for investing available resources in the financial market and limits on the use of derivatives.

06

Trading and Disclosure Policy: lays down practices for disclosure and the use of corporate information as well as for the trading of securities issued by ENGIE Brasil Energia, such as shares and debentures.

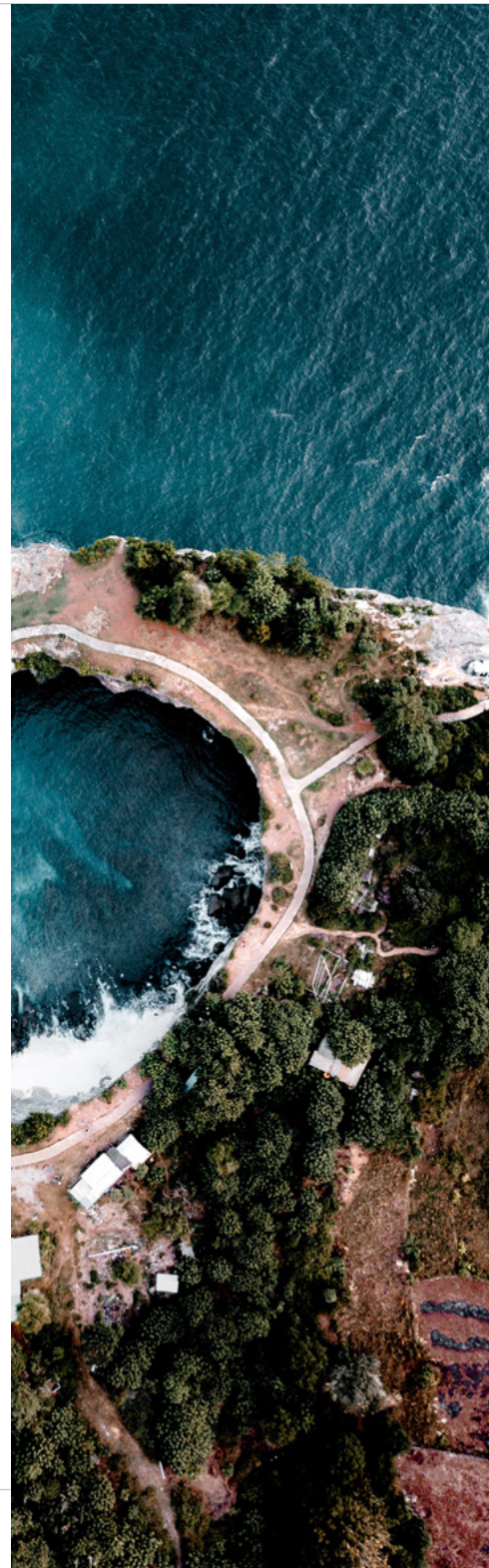
07

Risks and Opportunities Management Policy: aims to maintain and enhance the Company's value, reputation and internal motivation, encouraging the taking of legally reasonable risks that are deemed acceptable and economically viable.

08

Policies for the Appointment, Compensation and Evaluation of Directors, Officers and Committee Members: these were published in 2019 and aim to add transparency to the Company's top-management activities and procedures.

All the mentioned policies can be accessed through:
https://www.engie.com.br/en/investors/corporate-governance/bylaws-codes-and-polices/.

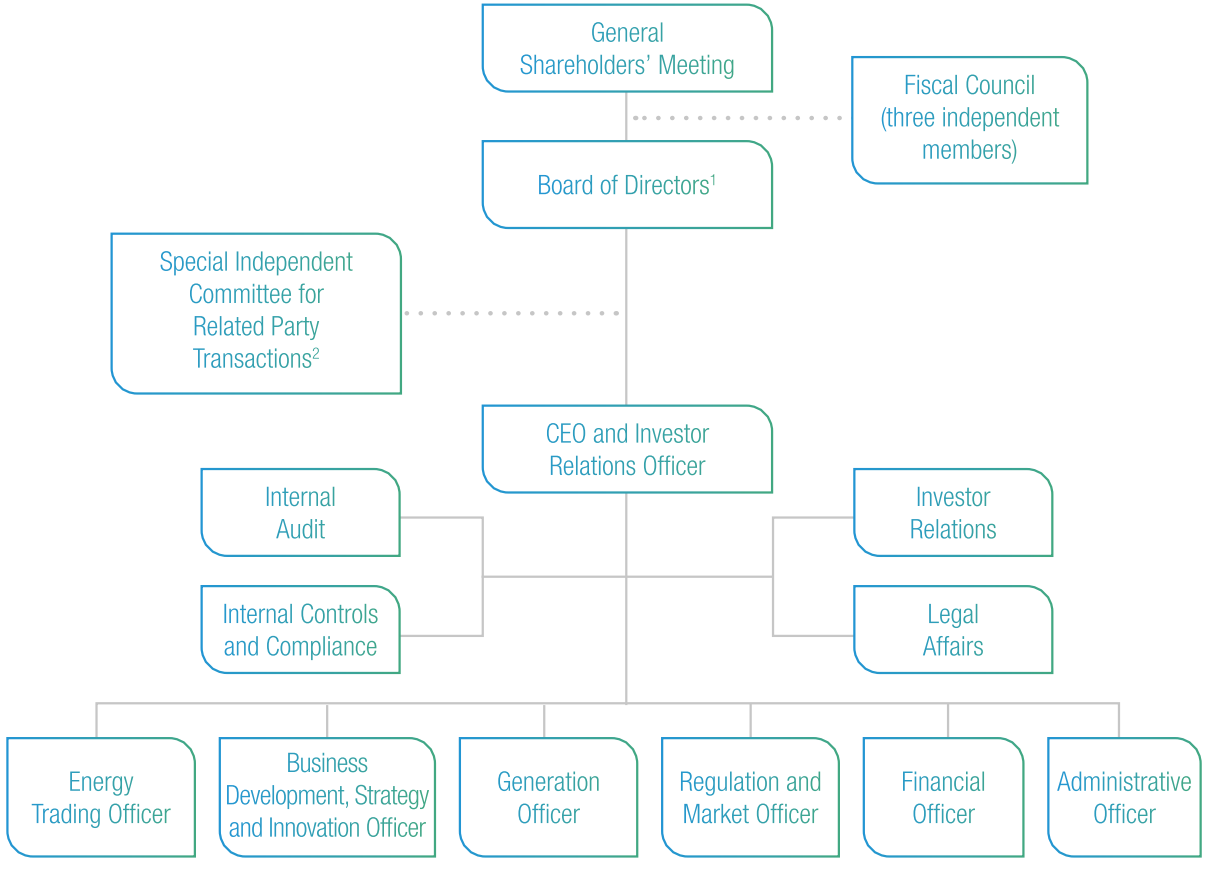


MANAGEMENT STRUCTURE → *GRI 102-18; 102-22; 103-2*

The General Shareholders' Meeting is the most senior deliberative body in ENGIE Brasil Energia's governance structure, followed by the Board of Directors and the Management Board.

Management Organization Chart

(as at 12.31.2019)



(1) Consists of nine members: chairman, vice chairman and seven directors: four representing the controlling company, two, minority interests and one, a representative of the employees.
(2) Non-permanent and made up of independent members who are not appointed by the controlling company.

The governing bodies' membership and duties can be viewed on our website.

ETHICS AND INTEGRITY

→ *GRI 102-16; 102-17; 103-1; 103-2; 103-3; 205-1, 205-3*

Integrity is one of the basic principles underlying our ethical behavior, to be observed by EBE's employees and management when relating to all our stakeholders. **The Code of Ethics and Practical Guide to Ethical and the Anti-Corruption and Bribery Policy define the guidelines for these relationships.** In addition, booklets and guides with specific approaches are available, such as the Gift and Hospitality Management Procedure, the Business Consultants Policy, the Conflict of Interest Prevention Policy and the Supplier Relationship Code of Conduct. **We also have in place regular practices to prevent and check hazardous situations and inappropriate events, such as due diligence processes, audits, training programs – including during the integration of each new employee –, awareness-building campaigns, contract clauses, and an internal controls program covering the Company's activities.**

In 2019, the Internal Controls and Compliance Advisory was created, aiming to give greater strength and focus to our second line of defense on the topic. As a result of this effort, during the year there were no cases of corruption involving the Company.

The Internal Controls and Compliance Advisory, together with the Administrative Area, the Legal Affairs Organizational Unit, Internal Audit, and the Human and Organizational Development Unit, form the Company's Ethics Forum, created in 2002 to disseminate, enforce and monitor our ethics benchmarks for the purposes of preventing ethical risk and fostering professional practices in line with ENGIE Brasil Energia's commitments.

Operations subject to ethics risk assessment

- Acquisitions, divestments of projects or assets (goods, rights and equity) from or to third parties (including project developers undergoing sale to the Company);
- Partnerships/joint ventures;
- Retainer of Engineering, Procurement and Construction (EPC) and civil construction services;
- Environmental licensing;
- Property leases;
- Retainer of intermediaries; and
- Agreements with financing banks



Ethics-related doubts or whistleblowing

One of 2019's highlights was the creation of an external channel for reporting or whistleblowing on ethics-related matters, complementing the existing internal channels. Access takes place at the Website **https://www.canalintegro.com.br/engiebrasil** or by telephone at (+55) 0800 580 2586 (toll-free).

All situations reported are kept under complete secrecy and non-retaliation is assured. Verification is conducted confidentially, and ENGIE Brasil Energia's Ethics Forum is the body in charge of reviewing alleged breaches.



Internal campaigns that took place during the year reinforced the precepts of the Code of Ethics and the Gift and Hospitality Management Procedure.

General Data Protection Law – LGPD

In 2019, the Company structured its governance framework for personal data usage, changing workflows and systems, adjusting policies, procedures and contracts as a means to build overall awareness of the cultural change brought about by the new law, along with any adjustments required.

We interviewed 50 people to identify the 22 areas that handle personal data flows, for a total 68 flows/processes mapped. Implementation of preventive steps will proceed over the course of 2020.



2 Our Business

CONTEXT AND POSITIONING → *GRI 103-1; 103-2; 103-3 ; 201-2*

[2030 Agenda Goals: 7.2, 7.3, 9.4]

Structural changes in electric energy systems that characterize the so-called energy transition have been leading companies and governments to pursue a balance between access to energy and climate-change mitigation – based on the understanding that climate change directly affects socio-economic development. Management of the risks associated with the topic is discussed in greater detail in the "Risk Management" topic.

The Figure below shows energy transition-related concepts, trends and opportunities, as well as the reflections thereof on society.

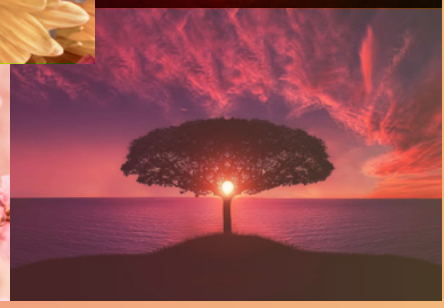












THE COURSE OF ENERGY TRANSITION

Current Scenario

Trends and challenges

Decarbonization: The pursuit of sustainable development requires society to steer its activities towards a low-carbon economy. In addition to changing the energy matrix as a means to replace fossil fuels, the process requires individual habit changes, as well as changes to business models.

- Challenge: **Intermittent generation**
- Why? Dependence on the instant availability of natural resources (sunlight and wind) for solar and wind generation requires complementary solutions to maintain 'round-the-clock quality energy supply.

Decentralization: The use of photovoltaic solar panels and other distributed energy resources allows individuals or companies anywhere to autonomously generate electric energy at competitive costs. This implies revising the traditional remuneration model for essential services, fostering innovative business models.

- Challenge: **New grids**
- Why? Energy currently flows from large power plants into the grid. With decentralized generation, grids become active with two-way transmission, making operation more complex – they need to include smart control systems with intense communication and data supervision.

Digitalization: New technologies – particular emphasis on mobile devices, the Internet of Things, and Big Data – enable efficiency gains and the automation of energy-related systems for the purposes of cost-cutting and operational flexibility.

- Challenge: **Investments**
- Why? Every party involved in energy generation and consumption (government, individuals, companies) will need to upgrade the energy infrastructure and to invest in new communication and control systems and technological solutions.

Future Scenario

The projected transformation

- **Cleaner matrix:** Reduced use of fossil fuels minimizes greenhouse gas emissions, helping fight climate change.
- **"Prosumer":** Individuals or companies generating their own energy become producers and consumers at once (or "prosumers"). There is even the potential for them to choose whom to sell their energy to - and at what price.
- **Energy Cloud:** The additional energy generated by a home, for example, can be injected into the grid and allocated to another consumer anywhere by means of an online dealing platform.
- **Real-time information:** With smart meters and communication systems, energy price changes can be transmitted to consumers almost immediately, which enables encouraging consumption at times of surplus generation and, by the same token, discouraging it at times of scarcity, optimizing the system's balance in real time.
- **Smart products:** The Internet of things allows programming devices to consume energy when the input is cheapest. Or, similarly, to shut down automatically when prices increase.

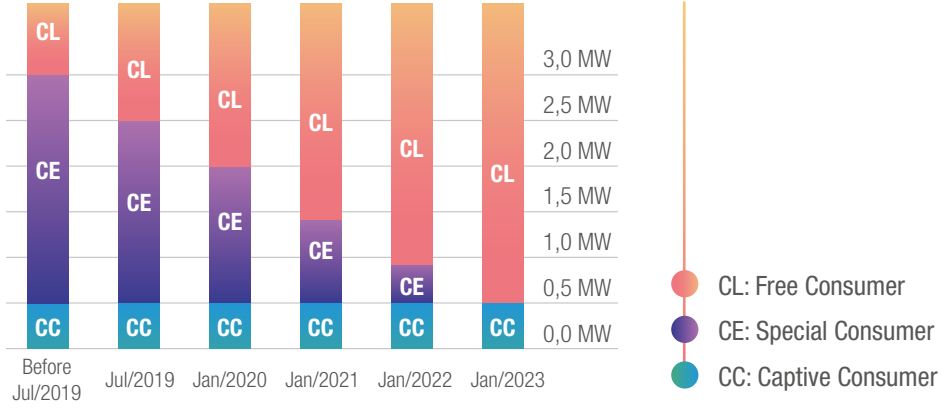
At the national level, two trends are gaining increasing traction, under the indirect influence of the energy transition: the opening-up of the natural gas sector; and the gradual decrease in minimum consumption for access to the free electric energy market (ACL). Given this context, we are positioning ourselves to maximize the opportunities created by these expansionary shifts, even as we minimize the associated risks.

Reduction of the minimum consumption range for Free-Market eligibility

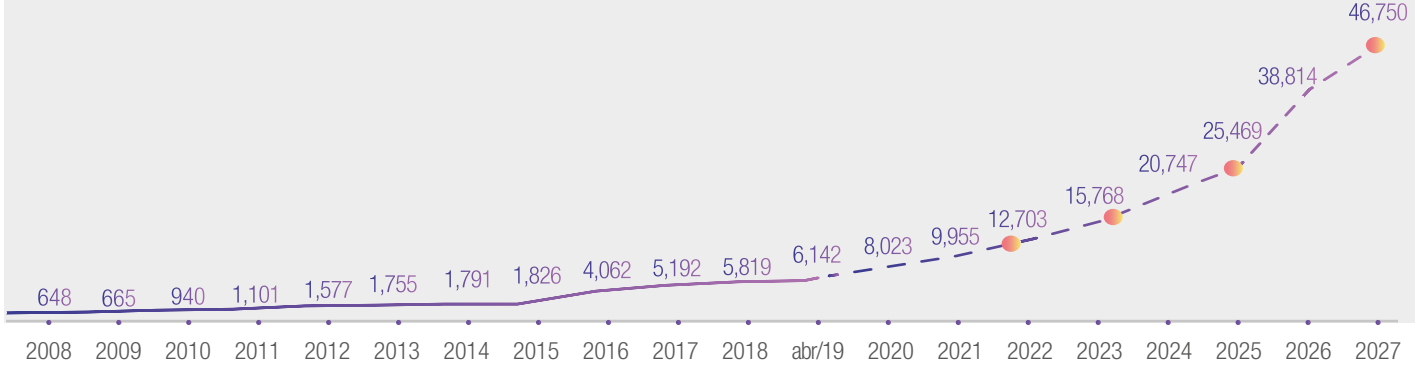
Trend: At present, consumers who wish to access the free market must have a contracted demand over 0.5 MW for incentivized energy and 2.0 MW for conventional energy. **For the coming years, reductions are already scheduled in eligibility limits for conventional energy**, as the figure shows. Furthermore, bills currently under Congressional appreciation aim to further extend eligibility, so that the free market will be open to all consumers, regardless of size.

Goals: greater access to the free market is expected to increase the participation of new agents (consumers and suppliers alike), leading to added liquidity and competitiveness and, thereby, lower prices.

Free Market Opening



Number of consuming agents in the market*



**Estimate of number of consuming agents in the market considers the migration of part of the potential market (eligible).*

Opening up the natural gas sector

Trend:

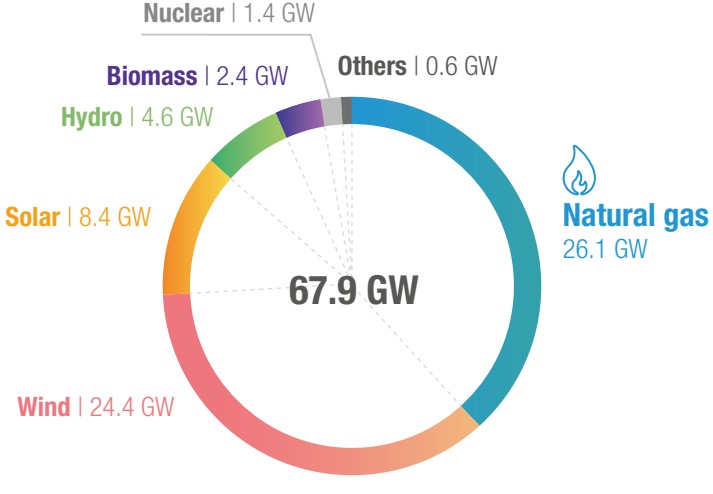
Brazil has vast potential for natural gas, which remains under-explored: supply is low and prices are high compared with other markets. The sector is quite verticalized, and some links along the chain are monopolistic. Empresa Brasileira de Pesquisa Energética (EPE) forecasts indicate that in 2020-2029 **natural gas will be the generation source with the highest growth in Brazil**, adding around 26 GW in capacity (triple the current level). In the same period, Brazilian domestic production of natural gas is expected to increase from 78 to 137 M cubic meters/day according to the basic scenario.

Goals:

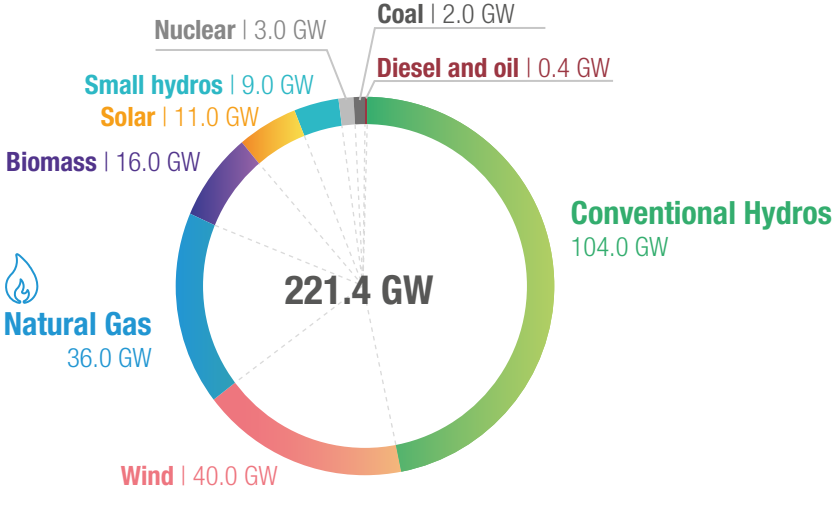
Increased number of operators: expanding infrastructure by means of new investments, creating liquidity and competitiveness and reducing prices to consumers.

System flexibility: According to ENGIE's strategy, natural gas is the strategic fuel for the energy transition, as it enables flexible thermal power plants and replaces other fossil fuels – it is worth mentioning that increase intermittent generation (solar and wind) may add instability to the energy system.

Electric energy expansion 2020 – 2029



Electric energy matrix in 2029



Source: EPE

ACTION STRATEGIES → *GRI 103-1; 103-2; 103-3*

ENGIE Brasil Energia strives to respond dynamically to energy transition-related challenges and opportunities, essential to consolidate the low-carbon economy. **The Company is attuned to the local and global impacts that industry transformation has been having on the activities and perceived value of businesses in this sector as well as the attempts to stay ahead of the process in Brazil. Recognized as a large energy infrastructures operator – and supported by its Controlling Entity's energy and energy efficiency services expertise –, ENGIE Brasil Energia has a head start in spearheading this transformation.**

We summarize the corporate strategy as three key pillars that complement one another mutually in pursuit of the corporate objectives:



Commercial and portfolio-management dynamism

- Proper balance of terms, prices, and market risk management.
- Customized offerings and consolidated.

Expansion and diversification

- Growth through acquisitions (capturing opportunities with results in the short run).
- Organic growth (constructivist vision for long-term results).

Innovation and zero carbon transition (3Ds)

- Decarbonization
- Decentralization
- Digitalization

COMPETITIVE CONDITIONS

ENGIE Brasil Energia's competitiveness is based on a business model that relies on financial soundness, operational excellence and the flexibility to adapt to the characteristic dynamics of the market in which it operates. Some of our main competitive advantages include:

Key sector: the energy sector is considered strategic to the development of the country, since energy constitutes a fundamental input for production and for a great number of society's daily activities. This guarantees greater predictability of revenue and investments with projects readily attracting finance.

Leadership: the Company is the largest private-sector energy producer in Brazil and its parent company is the largest independent producer in the world, which reinforces its potential for leveraging business opportunities.

Commercial intelligence: ENGIE Brasil Energia maintains high contracting levels in the long term, reducing exposure to short-term market fluctuations. In addition, its sales portfolio is balanced between free customers in various sectors, and regulated customers (distribution companies).

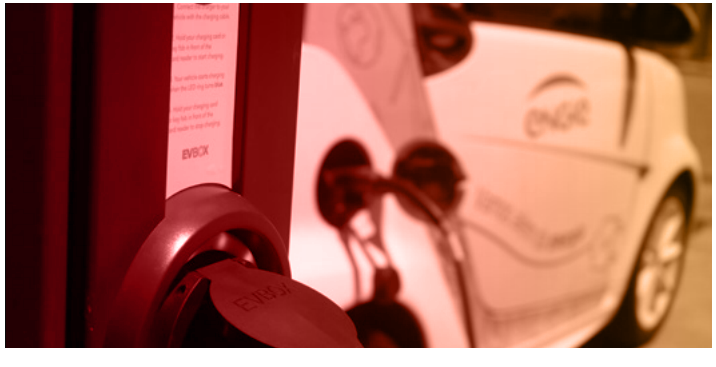
Predictability of cash flow: in addition to the above-mentioned long-term contracting, energy sales agreements are indexed to inflation.

High degree of operational performance: the generation units that the Company operates show a high level of uptime and reliability. Contributing to this result are NBR ISO 9001 (management of quality), NBR ISO 14001 (management of the environment) and OSHAS 18001 (occupational health and safety management) certification, which most of the plants possess. In recent years, we have invested in the remote operation and preventive maintenance of the projects, which increase the level of standardization and optimize operational costs.

Stable financial performance: the association of strong cash generation, high average Ebitda margin, consistent net income and the absence of currency exposure all contribute to the financial stability of the Company and its consequent resilience under less than favorable macroeconomic scenarios.

Differentiated risk classification: Fitch Ratings has assigned a Long-Term National Company Rating of 'AAA (bra)' and on the global scale, 'BB(bra)', one notch above Brazilian sovereign rating. The ratings are directly related to the capture of attractive credit lines, increasing our competitiveness in the development of new projects.

Best practices of governance and sustainability: just as with the Management Board, the Board of Directors is made up of experienced professionals with a broad-based knowledge of the sector, prepared to take decisions covering the interests of the shareholders and other stakeholders involved. Thus, economic, social and environmental aspects are indissolubly part of the decision-making process.

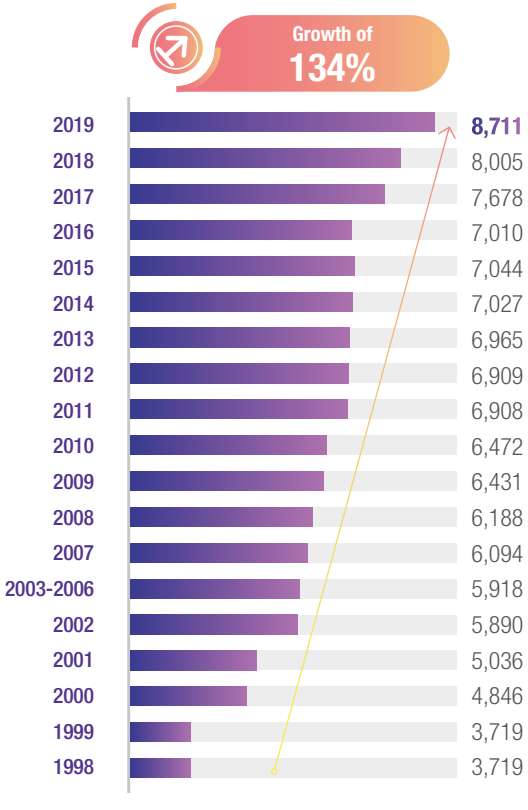


EXPANSION AND DIVERSIFICATION

The Company's growth strategy finds one of its main pillars in the expansion of the generation complex. **Responsible growth – maintaining high return rates and accepting risks in line with the corporate profile – focuses on a combination of rigorous project selection, raising funds at competitive costs, systematic planning, and competent execution.**

ENERGY GENERATION

Trend in own installed capacity (in MW)



Below, we present the expansion project for centralized generation.

Expansion projects – energy generation

Expansion projects – energy generation	Total installed capacity (MW)	Total physical guarantee (aMW)	Ownership	Own installed capacity (MW)	Own physical guarantee (aMW)	Expiration of concession/ authorization
Jirau Hydroelectric Plant[1]	3,750.0	2,184.6	40%	1,500.0	883.2	08.13.2043
Campo Largo Wind Complex – Phase II	361.2	196.5	100%	361.2	196.5	12.10.2054
Total	**4,111.2**	**2,381.1**		**1,861.2**	**1,079.7**	

(1) The project now belongs to Controlling Entity ENGIE Brasil Participações Ltda. It may be transferred to ENGIE Brasil Energia.

Jirau Hydroelectric Power Plant

Energia Sustentável do Brasil (ESBR) is responsible for the maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located on the Madeira River in the city of Porto Velho, state of Rondônia. Since November 2016, Jirau HPP has 50 generating units in operation, representing a total installed capacity of 3,750 MW. Its inauguration took place on December 16, 2016.

In May 2017, ENGIE Brasil Participações (EBP) announced the engagement of Banco Itaú BBA SA to provide financial advisory services in the form of an economic-financial study to prepare the proposed transfer to ENGIE Brasil Energia of its stake of 40% in ESBR Participações SA (ESBRpar), holder of 100% of ESBR's share capital, and its 100% interest in Geramamoré Participações e Comercializadora de Energia Ltda. The transfer assessment has been put on hold, awaiting more favorable conditions for the discussions to resume.



Campo Largo Wind Complex – Phase II

Activities are underway to implement the Campo Largo Wind Complex – Phase II, located in the municipalities of Umburanas and Sento Sé, approximately 420 km distant from the state capital, Salvador. Phase II represents 361.2 MW of installed capacity and 196.5 average MW of assured energy with investments of about R$ 1.6 billion. Operations are scheduled to conclude early in 2021.

The Project will enjoy the benefits of the synergies with existing structures such as the substation and transmission line, installed by the Company to support both the Campo Largo – Phase I and Umburanas – Phase I wind complexes with a total of 686.7 MW of installed capacity. With the installation of the second phase of Campo Largo, EBE's total installed wind capacity will surpass the mark of 1 gigawatt (GW) in the region. Power output from Campo Largo – Phase II will be sold entirely in the Free Contracting Environment (ACL).

During 2019, significant headway was made in the civil works for access roads and assembly platforms. The tower anchor bolts were delivered, permitting a start on the wind turbine foundations. The installation of the medium voltage networks is underway, these connecting the wind turbines to the collector substation. Significant progress with civil works, manufacture and inspection of the principal substation equipment was also achieved during the period.

All the installation licenses for the eleven wind farms have been obtained, thus allowing activities in all areas of the project to proceed.





ENERGY TRANSMISSION

In the transmission segment, we reached the end of 2019 with two projects on the execution agenda: Gralha Azul and Novo Estado, as detailed below.

Expansion projects – energy transmission

Expansion – transmission	Extension (km)	Substations	Ownership
Gralha Azul (PR)	1,000.0	5	100%
Novo Estado (PA and TO)	1,800.0	1	100%

Gralha Azul Transmission System

On December 15, 2017, the Company made a successful bid for Lot 1 of Aneel Transmission Auction 02 for a stretch of about 1,000 kilometers in the State of Paraná (PR), marking EBE's debut into the energy transmission sector in Brazil. The project also includes the installation of five new substations and expansion of another five existing ones. The concession term for the public utility transmission service, including the licensing, construction, assembly and operation and maintenance of the transmission line installations will be 30 years as from signature date of the concession agreement.

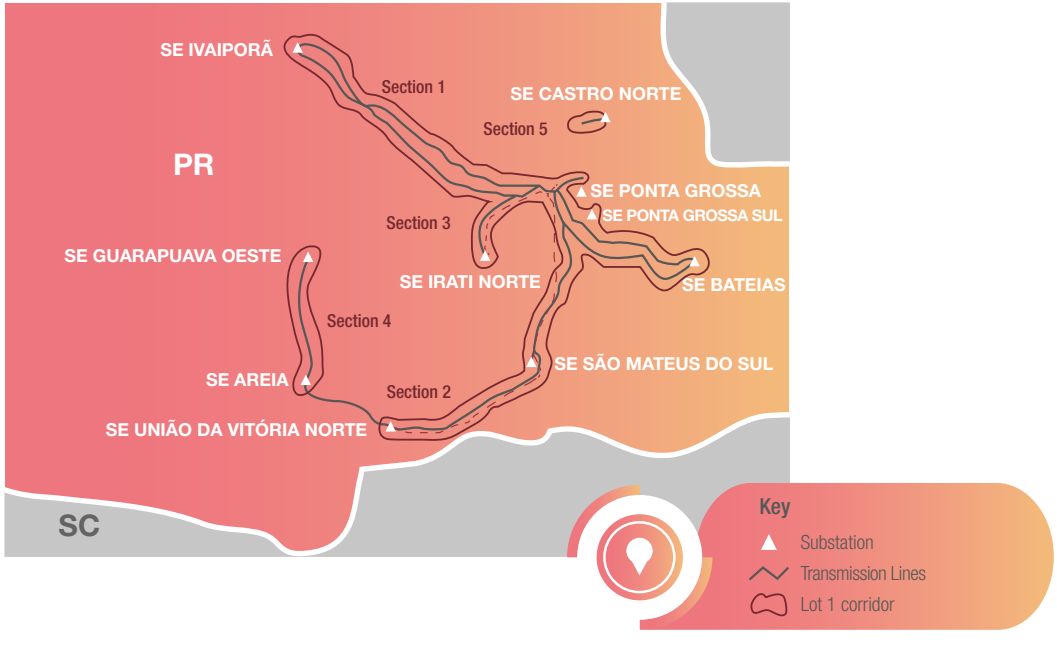
The stipulated cut-off date for startup in operations of the transmission line is March 9, 2023. The estimated reduction in investment relative to that stipulated by Aneel remains at approximately 15%.

Implementation of the executive projects continues while topographic and drilling activities are almost concluded. The subcontractors for the principal equipment have been selected and key agreements already signed.

From the licensing point of view, all the Project's Preliminary Licenses and Installation Licenses were issued. With respect to the archeological licensing, the necessary agreements have been obtained from the National Heritage Institute (Instituto de Patrimônio Histórico e Artístico Nacional – IPHAN) for almost the entire project with the exception of one sectioning.

As to land ownership issues, negotiations have been concluded for 98% of the properties, approximately 65% amicably and 35% submitted for court adjudication as to the institution of rights of way. By yearend, indemnity payments were being made, rights of way were being written into property deeds, and legal action was being pursued where no amicable agreement has been possible.

Location – Gralha Azul (Paraná State)

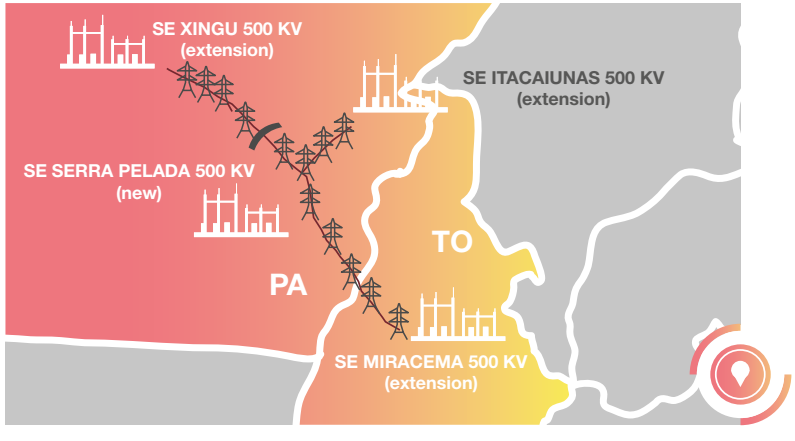


Transmissora Novo Estado Energia

In December 2019, the Company signed, through its subsidiary ENGIE Transmissão de Energia Participações SA, a purchase and sale agreement for all shares issued by Sterlite Novo Estado Energia SA, held by Sterlite Brasil Participações SA, winner of the Lot 3 of the Aneel Transmission Auction No. 02/2017, held in December 2017. The value of the contract is limited to R $ 410 million, subject to adjustments.

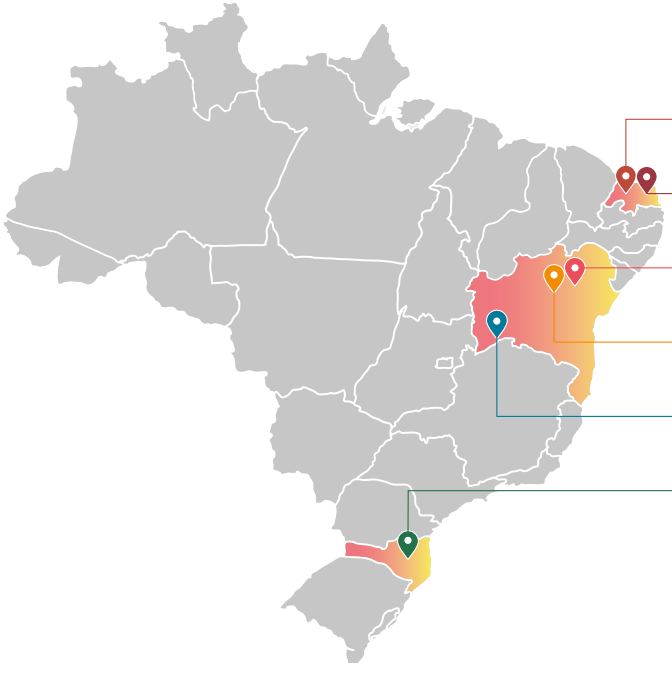
The object of the concession is the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines, a new substation and upgrades to a further three existing substations in the states of Pará and Tocantins, for a term of 30 years. The installation license of the project has already been issued by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama) and construction is scheduled to begin in the first half of 2020. The cutoff date for the transmission line to go into operation is March 9, 2023.

Location – Novo Estado (Pará and Tocantins States)



PROJECTS UNDER DEVELOPMENT

We currently have six projects in advanced development stages, focusing on diversifying the generation portfolio, as the figure next shows.



Photovoltaic Centrals Assú I, II, III e IV – RN
Capacidade: 120,0 MWp

WC Santo Agostinho - RN
Capacidade: 800 MW

WC Umburanas - BA (Phase II)
Capacidade: 300 MW

WC Campo Largo - BA (Phase III)
Capacidade: 250 MW

Photovoltaic Complex Alvorada - BA
Capacidade: 90 MWp

TPP Norte Catarinense - SC
Capacidade: 600 MW
Combustível: gás natural





COMMERCIAL AND PORTFOLIO-MANAGEMENT DYNAMISM → *GRI 102-6; 103-1; 103-2; 103-3; G4-EU3*

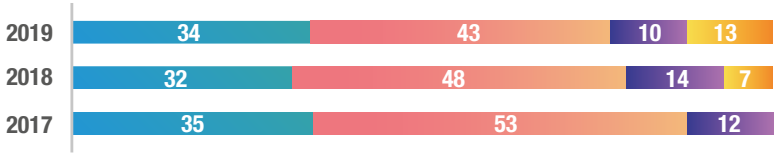
We trade energy both on the Regulated Contracting Environment (ACR), through Aneel-sponsored auctions, and on the Free Contracting Environment (ACL), entering into contracts directly with business firms or energy traders.

Our energy trading management strategy on the free market is based on two important distinctions: **management of the energy portfolio and the chosen sales dynamics.** Together, they enable superior results because few players share our characteristics – which emerge from the fact that we are one of the largest energy generators in Brazil, with the weight to offer competitive short- and long-term offerings, agility, and the dynamics of a private-sector global player, attuned to the market's opportunities and needs.

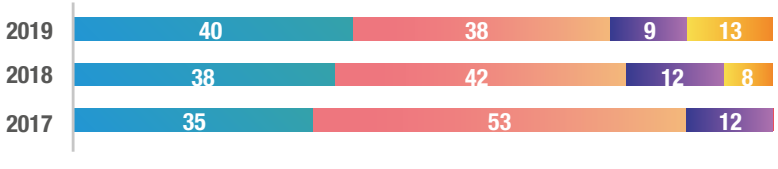
Managing the energy portfolio enables the Company to minimize its short-term risk exposure, thereby avoiding payment of high prices for energy at times of hydro generation deficits – which has been frequent in recent years.

Within the context of the **trading dynamics**, we have structured a diversified clients portfolio made up of companies of different sizes and in different industries, which mitigates the potential impact of negative situations in certain segments, reducing the risk of revenue decrease.

Breakdown of clients by physical sales (%)

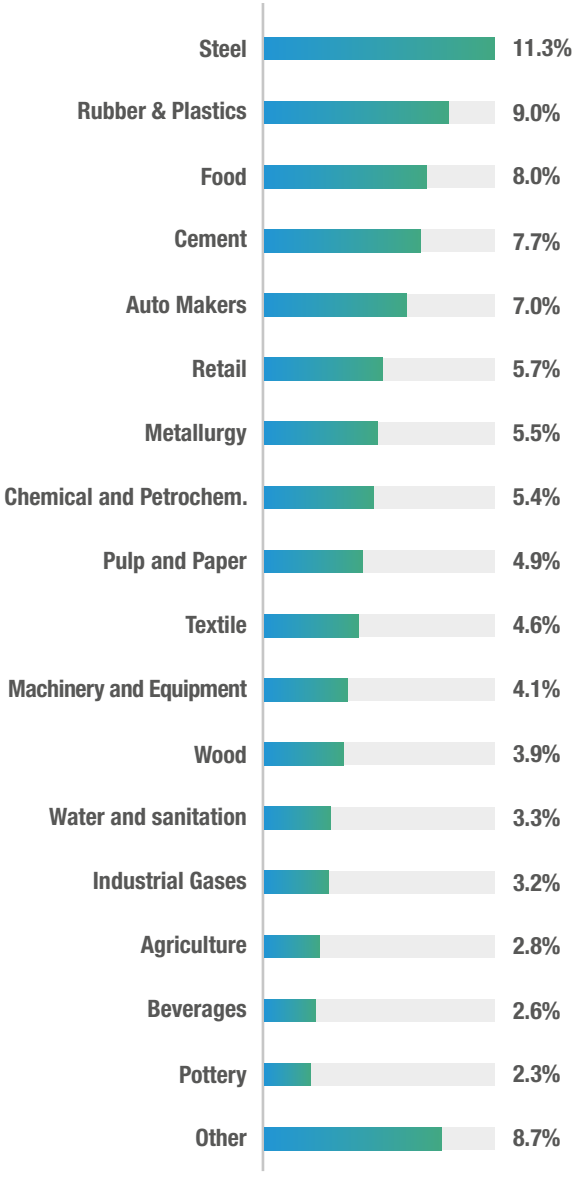


Breakdown of clients by contracted sales comprising net operational revenue (%)



Distribution companies | Free consumers | Trading companies | Trading operations

Distribution of energy sales among customer segments



We are the leaders of free-market energy trading, adapting as needed to different scenarios to capture the opportunities created by the market's expansion and to new relationship models. **We had 621 free-market customers in 2019**, up 20.6% from 2018's 515. In addition to energy from renewable sources, the Company has other related offerings, such as distributed generation products and services, and solutions for carbon emission neutralization, offsetting or reduction**.**

In an illustrative case of a successful partnership to provide clean solutions with positive social impacts, **ENGIE and L'Oréal** executed an agreement in 2019 to supply energy from the Trairí Wind Complex to all L'Oréal units in Brazil.



Click here for the video announcement:
https://youtu.be/8jtKFrEIHEk

These **three "green products"** were released in 2019 and are intended for companies looking for solutions to decarbonize their activities: **Renewable Energy Certificates (I-REC), Renewable Energy Contracts (ENGIE-REC) and Carbon Credits.** The Company thus contributes to the strategies of customers seeking not only to reduce their CO_2 emissions but also to add value to their business and contribute to socio-environmental projects.

DISTRIBUTED SOLAR GENERATION → *GRI 103-1; 103-2; 103-3 [IF-EU-420a.2]*

Through ENGIE Geração Solar Distribuída, we deployed 459 photovoltaic systems in 2019, with total capacity of 20,014 kWp, up 99.0% from 2018's 10,059 kWp, and 666 installed systems. **Since the outset of its operations, ENGIE Geração Solar Distribuída has installed 2,413 systems with an installed capacity of 35,935 kWp across 17 states of the country.**

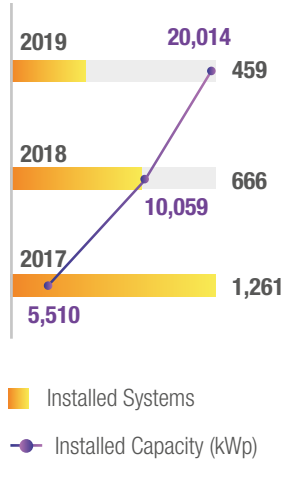
The B2B (business-to-business) segment strengthens the Company's relationship with leading corporations responsible for projects with higher installed capacities and representing 91.4% of total commercialized capacity in 2019 (40.6 MWp). Total sales are distributed throughout the country, being:



44.7% in the Southeast region
24.4% in the Northeast region
17.3% in the South region
7.0% in the Central-Western region; and
6.6% in the North

The Solar Industry Program, an initiative of the Industrial Federation of the States of Santa Catarina, Mato Grosso and Rio Grande do Sul in conjunction with the Unicred Solar and Credifoz Solar programs – both of the latter with regional co-ops, reached 3,000 enrollments in the residential class and more than 1,000 in the commercial category. These programs were concluded and new ones are under study.

Number of systems and installed capacity



INNOVATION AND ZERO-CARBON TRANSITION → *GRI 103-1; 103-2; 103-3; G4-EU8*

[2030 Agenda Goals: 7.2, 7.3, 8.2, 9.4.13.3]

Product and process innovation is key to the longevity of the business and has become increasingly tied in with the corporate strategy. This is due to the fact that it matches the highly dynamic context of the energy transition and the expansion of the free energy market, both of which require new solutions to meet society's demands.

In this sense, we launched a project in 2019 that aims to develop a management process to prioritize, plan and execute ENGIE Brasil Energia's investments in Research, Development and Innovation (RD&I), focusing on technological maturity diagnoses and trends evaluation. The goal, therefore, is to consolidate a list of technological paths to explore, including estimated durations and costs.

We showcase, next, the main innovation fronts on which the Company is active:

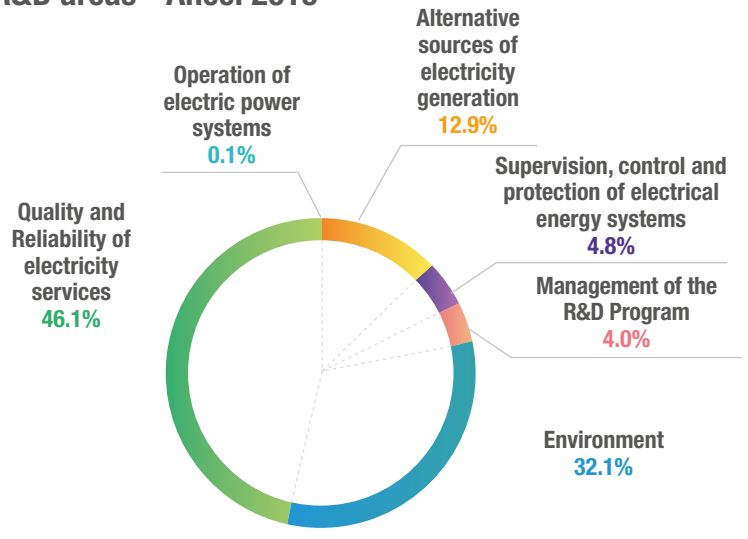
R&D

The Research and Development (R&D) program is an important link in our innovation-promotion strategy. Aligned to open innovation culture, R&D is conducted on the basis of partnerships with companies, universities and research institutes, pursuant to Law 9.991/2000, which requires energy companies to invest 1% of its annual operational net revenues in R&D. Throughout 2019, R$ 48.5 million was destined to the Program, with the following distribution:

- R$ 19.4 million to the National Science and Technology Development Fund (FNDCT);
- R$ 9.7 million to the Ministry of Mines and Energy (MME) as funding for the Empresa de Pesquisa Energética (EPE); and
- R$ 19.4 million to investment in new or ongoing R&D Projects.

The **11 ongoing projects received R$ 14.1 million** during the year, distributed in 6 different research areas, as shown in the graph.

R&D areas - Aneel 2019



Energy storage in the spotlight

Among the various R&D projects underway in 2019, one concerns energy storage and is intended to exploit the full potential of a battery-based energy-storage system applicable in four contexts: large centralized power plants; medium-size distributed generation; small distributed generation; and individual and collective electric vehicles. The project is being executed by the Santa Catarina Federal University (UFSC) and has Companhia Energética Estreito and Guascor as partners.

A lithium ion battery will be integrated into the Cidade Azul (solar) and Tubarão (wind) plants. Medium-sized distributed generation applications will be tested at a UFSC lab, and later at ENGIE clients. Small-size distributed generation applications will be tested at the homes of the Company's employees. And vehicular applications will be evaluated using a compact vehicle and a UFSC electric bus.

ENGIE Lab

As a global company that aims to value and integrate with local competences, ENGIE started an internationalization movement of the R&D + Innovation laboratories, the ENGIE Labs, promoting development projects in areas with a vocation for their application. In Brazil, the 11th ENGIE Lab was installed in 2018, a laboratory for open innovation projects – with a focus on disruptive, incubation and venture-capital projects.

Link Lab

ENGIE Brasil Energia is part of the Link Lab, a program that aims to bring large companies and startups closer together to maximize synergy in the development of innovative projects. In 2019, one of the program's highlights of was the tests carried out on the team management platform and environmental services of hydroelectric plants, developed in partnership with a startup in Florianópolis (SC). After the tests, the system was validated and will be used in all hydroelectric plants in our generating complex.

Inove Program

"Inove", a mechanism intended to stimulate internal innovation, underwent significant revamping in 2019. With the new guidelines, 89 ideas were received throughout the year – 11 of which were approved for implementation, with a total estimated budget estimated at R$ 643 thousand.

Innovation at the service of life

To reinforce the open innovation practice, ENGIE hosted the **2019 ENGIE Brasil Innovation Awards**, intended for small and midsized companies with innovative Occupational Health and Safety solutions focusing on the Company's area of activities.

The winner was startup NextCam, from the state of Paraná, with a solution that uses computer surveillance and artificial intelligence to reduce the risk of industrial accidents. The awarding ceremony was held on June 6, during the ENGIE Brasil Innovation Day, an event hosted at the Museum of Tomorrow, in Rio de Janeiro.

In addition to presenting its project in Brazil, the winner attended the ENGIE Innovation Week in Paris.

RISK MANAGEMENT → *GRI 102-11; 103-1; 103-2; 103-3; 201-2*

Risk analysis is a permanent exercise at the Company. In addition to Board Members and Officers, it involves every employee, and especially those in management positions. **The Risk Management Forum, a cross-sectional and multidisciplinary body, helps strengthen this dynamics. The analysis is guided by the Risk and Opportunity Management Policy, approved in 2016 by the Board of Directors, and comprises the identification and classification as to the probability of occurrence and the significance in terms of financial, strategic and operational impact.**

This analysis systematically pervades all activities and involving both senior management and staff, and is based on three core principles:

- Creation and maintenance of value, reputation and internal motivation.
- Encouraging a certain degree of risk taking, deemed reasonable relative to legal, economic and social aspects.
- Assurance of compliance with legal and regulatory requirements as well as with ENGIE Brasil Energia's values.

Climate change and corporate risk management

ENGIE Brasil Energia, as a leader of the energy transition movement, assesses climate change-related risks capable of reducing revenues and increasing costs in the absence of appropriate management and mitigation – as a result of either hydrological regime changes or changes in wind patterns, for example.

In this context, the Company's Risk-Opportunity Matrix covers topic-specific aspects that are systematically monitored. However, the magnitude of the impact these aspects may exert on ENGIE Brasil Energia's performance remains difficult to forecast, particularly on the financial front.

Results of this joint evaluation are entered into **the Risks and Business Opportunities Matrix**, an internal document which serves as guidance to the Company. The analyses and risks are categorized as follows:

1. Tax Risk

Description: adverse developments in tax laws, with potential impact on our results.

Mitigation: legislative changes with the potential to affect the Company's activities are systematically tracked, both individually and through trade associations.

2. Industrial safety risk

Description: damage to asset integrity, to the environment, and/or to occupational health and safety stemming from the Company's operating activities.

Mitigation: adopting best Engineering practices from plant construction to operation and maintenance, monitoring civil structures by means of inspections, analyses and preventive maintenance conducted by an expert team. All hydroelectric plants under ENGIE Brasil Energia's responsibility have Dam Safety Plans in place pursuant to the laws and regulations in force, as well as to the recommended criteria of the International Commission on Large Dams (ICOLD) and the Brazilian Large Dams Committee (CBGB).

Contingency: all NBR ISO14001-certified plants have Emergency Response Plans in place that provide for specific actions under various emergency scenarios established based on each project's reality and nature. As concerns dams, all of those that ENGIE Brasil Energia operates are rated low-risk according to matrix laid out by the National Water Agency (ANA) and adopted by the National Electric Energy Agency (Aneel). In addition, we maintain strict health and safety practices according to our Sustainable Management Policy, in addition to Internal Accident Prevention Commissions and 12 plants with NBR OHSAS 18001 (Occupational Health and Safety) certification.

3. Project installation risk

Description: the occurrence of events during project development or installation which can result in delays in the construction work schedule, additional installation costs and/or inefficiencies in project operation.

Mitigation: our experience, discipline and operational excellence minimize project implementation risks. In 2019, for example, we completed the Umburanas Wind Complex (360 MW) in April and the Pampa Sul Thermoelectric Plant (340 MW) in June.

4. Regulatory risk

Description: unfavorable trends in regulations governing the electric energy sector, which may impact the modality, terms and conditions of energy sales agreements that we are authorized to enter into, and our production levels.

Mitigation: by means of trade associations, we play an active part in debates on industry regulation changes and have a well-designed strategic process in place to anticipate major changes. Learn more about this in the **"Context and positioning"** sub-chapter.

Safety oversight

In 2019, we hosted members of Aneel and other regulatory authorities to inspect **dam safety at every Hydroelectric Plant** that the Company operates. The goal was to check the monitoring, control and civil maintenance procedures for the main dam and ancillary structures and Dam Safety (PSB) and Emergency Response (PAE) Plans, as well as to interact with Civil Defense and other safety and security authorities.



5. Market risk

Description: The supply of and demand for electricity can deviate from forecast thereby affecting energy prices and volume.

Mitigation: we have in place a proactive trading strategy and make continuous progress in how we manage our energy portfolio to capture price changes increasingly fast and earn positive results for the Company.

Hydrological risk

When rains are lacking in the hydroelectric plants' catchment areas, the plants may generate power below their physical guarantee, that is, below the required minimum. In this case, the plant's owner must "replace" the missing energy to make up the physical guarantee, either by means of other generation sources in its portfolio or by acquiring energy in the short-term market, usually at high prices. To mitigate this risk, in a collective way, there is the Energy Re-Allocation Mechanism (MRE), in which all centrally-dispatched hydroelectric generation companies are mandatory members. The MRE transfers surplus output from plants generating above their physical guarantee to other members with generation below physical guarantee. Energy transfers within the MRE are compensated based on the Energy Optimization Tariff (TEO), which covers the average cost of hydroelectric plant operation and maintenance.

The MRE mitigated the hydrological risk sufficiently well while the system as a whole was positive, that is, when the collective generation of the MRE's member plants was above the average physical guarantee. Starting in 2012, however, MRE members in general began to systematically generate less than their physical guarantees (Generation Scale Factor – GSF – lower than 1). Several discussions took place between the market and the regulator and, in 2015, operators had an opportunity to renegotiate the risk with the regulatory authority.

ENGIE Brasil Energia chose to adopt the renegotiation for the purposes of the energy traded on the ACR. Therefore, 1,344.51 aMW of power under contract in this environment are protected from impacts in excess of an average 7.5% hydroelectric energy generation deficit. Because the renegotiation reduces – but does not eliminate – risk, companies may also adopt individual mitigation strategies, as we do: we mitigate risk by keeping a higher-than-usual volume of short term decontracted energy, in addition to seasonally weighting the allocation of own resources.



6. IT&Digital risk

Description: due to the increasing dependence of the business on Information and Communication Technology, Automation Technology and the Internet of Things, insecurity in these resources can negatively impact continuity of operations and the Company's image.

Mitigation: IT and digital risks are managed and mitigated by means of policies, management processes, controls, and employee awareness building to the risks associated with digital technologies. This involves Information and Communication Technologies (ICT) as applied to business processes, and the Automation Technologies (AT) used in industrial operation, control and oversight.

7. Personal data privacy risk (Brazilian Data Protection Law – LGPD)

Description: The use of digital technologies in connection with the relationship between companies and individuals, by means of personal information collection, is increasingly used to customize and improve consumer service levels and experience. Lacking or faulty planning, management or security in connection with personal information may lead to unauthorized disclosure, exposing the company to regulatory risk associated with private personal information security.

Mitigation: a diagnosis has been made and a schedule has been defined to implement what must be done for compliance with the LGPD (the Brazilian General Law on Personal Data Protection), before it enters into force, in May 2021.

8. Commercial counterparty risk

Description: the risk of a commercial counterparty with which EBE has energy purchase or sale operations failing to fully honor their obligations.

Mitigation: commercial counterparty risk is mitigated by actively managing counterparty credit risk, based on the Counterparty Risk Policy approved in Jan/2019.

9. Operationalization of the strategy risk

Description: adversity in the process of ENGIE's strategic repositioning around its three basic pillars: digitalization, decentralization and decarbonization, as a result of both the outside context (partners, market and regulation maturity, financing mechanisms, etc.) and the internal context (skills and attitudes of managers and employees, decision-making adaptability and agility, clarity in connection with strategic planning).

Mitigation: on the external front, we seek to take part in debates with the regulatory authority and society at large on topics such as increased openness of the free energy market, the evolution of distributed generation regulations, carbon pricing and more. We contribute to the debates by stating the Company's views and interests. Internally, we invest in training, skills and structures – both brick-and-mortar and IT – so that innovation and the connection between areas can flow more openly, in line with the less stable and more dynamic energy-transition scenario.



10. Ethics and compliance risk

Description: noncompliance, whether internal or with outside collusion, with values and principles as provided in the Code of Ethics may lead to instances of corruption, misuse of Company property, interference with competitive processes, and trespass against human rights.

Mitigation: in addition to the Code of Ethics, the establishment of the Ethics Forum and of an outside whistleblowing channel, we are embracing a rigorous internal controls program – Income – to be applied by all companies under our direct or indirect control. It was created in 2005 for the purposes of compliance with the US Sarbanes Oxley law, and covers every operation in 12 processes that divide into 14 sub-processes. In addition to evaluating internal controls by means of processes and sub-processes, we analyze the overall controls environment based on the methodology established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

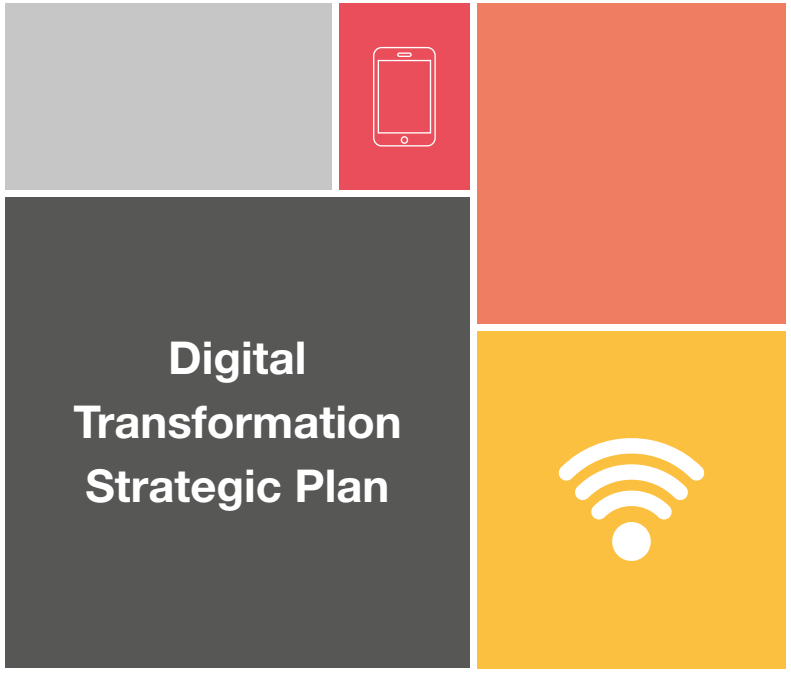
The results of Internal Audit tests and of the overall controls environment analyses are subject to approval by the Chief Executive and Investor Relations Officer and by the Chief Financial Officer. The assessments are subsequently submitted to the Board of Directors.

11. Digital Transformation Risk

Description: absence of technological innovation and slow response time developing and evolving the technology in line with what the business strategies require, in a safe, economical and sustainable manner. This also concerns the timely application of technological solutions compared with the development of similar technologies by competitors.

Mitigation: the Company established and implemented its Strategic Digital Transformation Plan, which, as a part of the Information Security Program, enables meeting business needs and maintaining and improving our market positioning.

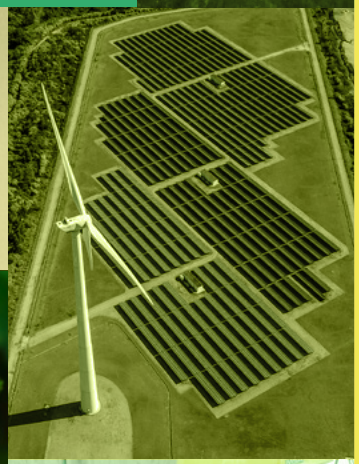




3 Our performance










MACROECONOMIC AND SECTORAL SCENARIO

Over the course of 2019, the Brazilian economy showed signs of resumed growth, albeit at a slower pace than expected. Gross Domestic Product (GDP) increased by 1.1% in the year, after rising 1.3% in 2018 and 2017, totaling R$ 7,257 trillion.

Inflation as measured by the National Consumer Prices Index – Comprehensive (IPCA) was 4.31% in 2019, according to the Federal Statistics Office (IBGE). It remains above the center of the target – 4.25% – but within the plus or minus 1.5 p.p. range set by the National Monetary Council. In 2018, the IPCA was 3.75%.

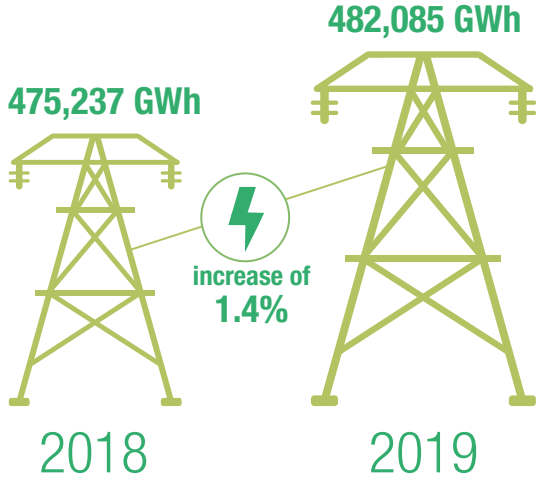
The SELIC funds rate reached year-end at its lowest level in history: 4.5% p.a., whereas the US Dollar (Ptax) was being traded at R$ 4.03 – 4.0% appreciation from 2018.

ELECTRIC SECTOR

According to data from the Energy Research Company (EPE), the net energy consumption in the country grew 1.4% in 2019, registering 482,085 GWh – growth had been 1.1% in 2018. Residential consumption grew 3.1% and commercial consumption 4.0%, while industrial consumption decreased by 1.6%. Other classes grew 2.1%. On a breakdown by region, the North region grew 2.0%, the Northeast 3.1%, the South 2.0%, the Central-West, 4.3% and the worst performance was registered by the Southeast region, with 0.2%.

Free market consumption grew by 1.9% in 2019, at a considerably lower rate than in recent years – in 2018 growth had been 6.3% and in 2017, 18.4%. The captive market, which registered a drop in consumption in recent years, reported a slight 1.2% increase in 2019.

Energy consumption in Brazil



In 2019

- **Residential** + 3.1%
- **Commercial** + 4.0%
- **Industrial** - 1.6%
- **Others** + 2.1%

INFLUENCE OF THE HYDROLOGICAL SCENARIO ON THE SECTOR

2019's hydrological scenario (at 54.8 GWa Natural Energy Input into the National Interconnected System – SIN) was even more restrictive than 2018 (at 60.9 GWa) in terms of hydroelectric energy supply. All subsystems reached year-end 2019 with storage levels below those of January.

Despite the low supply of hydroelectric energy and an increase in electric energy consumption of around 2%, the greater supply from other sources of energy – wind and solar in particular – ended up keeping 2019's average PLD below the previous year's.

According to CCEE data, the GSF (Generation Scaling Factor) in 2019 was 81.0%, down slightly from 2018's 81.6%.



OPERATIONAL PERFORMANCE → *GRI G4-EU1; EU2; EU11; EU30*

[SASB IF-EU-550a.2., IF-EU-420a.2]
[2030 Agenda Goals: 7.2, 7.3, 8.2, 9.4]

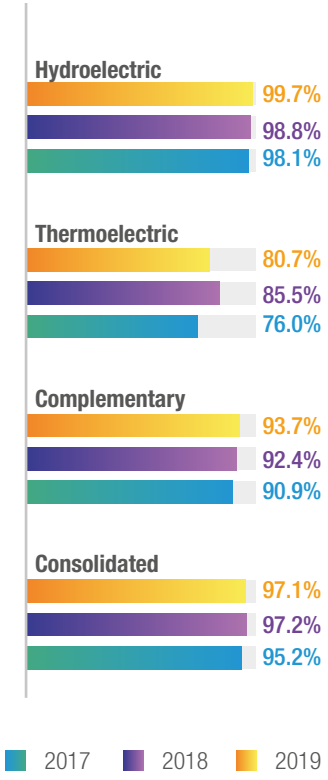
In addition to abiding by corporate policies in every activity, the Company's operational evolution is based on the strictness of the controls forming its Integrated Management System (SIG), a platform that consolidates information and performance indicators.

In 2019, out of the 60 plants in operation, 12 were certified according to NBR ISO 9001 (quality), NBR ISO 14001 (environment) and NBR OHSAS 18001 (Occupational Health and Safety) standards. In addition, the Jorge Lacerda Thermoelectric Complex is NBR ISO 50001 certified with respect to Energy Efficiency. Consequently, the percentage of certified installed capacity is 77.9%.

Out of the 10,431.2 MW operated by the Company, 41.5% (4,327.6 MW) are done remotely, by the Generation Operation Center (COG), located at ENGIE's Florianópolis headquarters. In this model, sophisticated technological resources, which allow real-time monitoring and ensure system reliability, increase the operational efficiency of the generating complex. In all, 47 of the 60 plants in the generator park are operated via COG, including the Salto Santiago Hydroelectric Plant, which began remote operations in 2019 – a milestone, since it is the second largest plant in capacity, among all that make up the Company's generating complex, and the 18th largest in the country.

During the year, the plants operated by the Company reached 97.1% uptime. Ex scheduled stoppages, aggregate uptime was 89.7%, 1.8 p.p. lower than 2018's. The reduction is mainly due to the delay in concluding the modernization of Generator Unit 5 at the Salto Osório Hydroelectric Plant, maintenance work on the Generator Unit 1 at the Jaguara Hydroelectric Power Plant and the overhaul of the Generator Units of the Jorge Lacerda B Thermoelectric Power Plant (GUs 5 and 6). The increase in wind farm uptime was due to the solutions to pending post-commissioning glitches.

Uptime Operating, not considering scheduled shutdowns



Traked changes

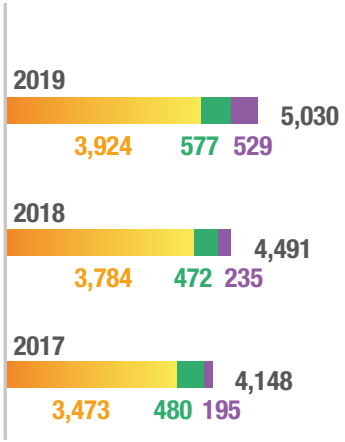
Aiming at more effective management of processes and operational parameters of the Company's plants, a newmonitoring tool was implemented in 2019, called Change Control. The solution contributes to the fulfillment of a series of requirements that impact on indicators related to ISO 9001, operational excellence, BARS, INCOME and GRC (insurance company). It also aligns with the movement of digitization undertaken by ENGIE globally.

The CA involves the analysis of risks, authorizations, responsibilities, communications and the traceability of changes in the plants. Such changes include significant changes in procedures, operational parameters, equipment, systems and / or structures. The fully computerized records allow the Company to monitor changes that may impact reliability, availability, the environment and safety over time.

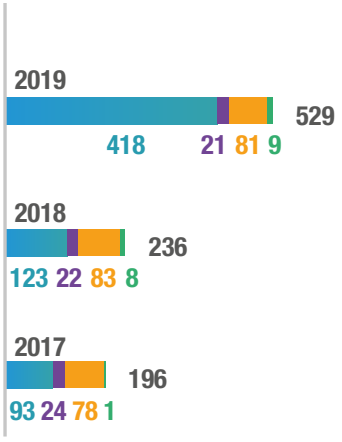


The entry into commercial operations of new plants (thermoelectric and wind) contributed to production reaching 44,058 GWh (5,030 MWa), that is, 12.0% greater than 2018, when the total was 39,340 GWh (4,491 MWa). In 2019, production from all energy sources was greater year-on-year, 3.7% in the case of the hydroelectric plants, 22.2% for the thermoelectric plants and 124.7% for the plants operated from complementary sources of energy.

Generation – aMW



Generation by Complementary Source - aMW



Hydroelectric
Thermal
Complementary

Wind
SHP
Biomass
Solar

Upgrades

Upgrades to the instrumentation and control systems (turbine speed regulator, generator voltage regulator, and oversight system) at the **Itá and Machadinho Hydroelectric Plants** were competed in 2019. Upgrade works began in 2018 to add reliability to and modernize project operations.

The **Salto Osório Hydroelectric Plant**, by its turn, is undergoing more extensive upgrades. The project began in November 2017 and the first upgraded generator unit is set for delivery in the first half of 2020, with full completion scheduled for 2022. In addition to improving operating attributes, the upgrade will increase efficiency, adding 13.9 MWa in physical guarantee.

As a means to mitigate risks and adapt to climate change, we launched a pilot for the automatic opening of floodgates at the **São Salvador Hydroelectric Plant**. The purpose of the system is to prevent excessive reservoir levels in excess of normal maximum during periods of high inflow, in the light of the potential for impossibility of remote control, or even of operating teams' access to the Plant.



ECONOMIC-FINANCIAL PERFORMANCE

→ *GRI 201-1; 201-4*

Result by segment – 2019 x 2018 (in R$ million)

	Electric Energy					
	Generation[1]	Trading	Transmission[2]	Solar panels[3]	Gas transportation	Consolidated
2019						
Net operating revenue	8,427.7	1,109.0	169.9	97.9	-	9,804.5
Operational costs	(4,294.1)	(1,111.4)	(151.5)	(96.0)	-	(5,653.0)
Gross income (loss)	**4,133.6**	**(2.4)**	**18.4**	**1.9**	**-**	**4,151.5**
Selling, general and administrative expenses	(243.2)	(2.9)	-	(7.1)	-	(253.2)
Other operating revenues, net	320.4	-	-	-	-	320.4
Impairment[4]	(4.9)	-	-	-	-	(4.9)
Equity income	-	-	-	-	81.1	81.1
Income (loss) before financial results and taxes	**4,205.9**	**(5.3)**	**18.4**	**(5.2)**	**81.1**	**4,294.9**
2018						
Net operating revenue	8,095.0	614.9	47.7	37.2	-	8,794.8
Operational costs	(4,217.0)	(580.2)	(45.4)	(33.4)	-	(4,876.0)
Gross income	**3,878.0**	**34.7**	**2.3**	**3.8**	**-**	**3,918.8**
Selling, general and administrative expenses	(203.5)	(2.1)	-	(2.1)	-	(207.7)
Other operating expenses, net	(3.7)	-	-	-	-	(3.7)
Impairment[4]	(39.3)	-	-	-	-	(39.3)
Equity income	-	-	-	(1.0)	-	(1.0)
Income before financial results and taxes	**3,631.5**	**32.6**	**2.3**	**0.7**	**-**	**3,667.1**
Variation						
Net operating revenue	332.7	494.1	122.2	60.7	-	1,009.7
Operational costs	(77.1)	(531.2)	(106.1)	(62.6)	-	(777.0)
Gross income (loss)	**255.6**	**(37.1)**	**16.1**	**(1.9)**	**-**	**232.7**
Selling, general and administrative expenses	(39.7)	(0.8)	-	(5.0)	-	(45.5)
Other operating revenues, net	324.1	-	-	-	-	324.1
Impairment	34.4	-	-	-	-	34.4
Equity income	-	-	-	1.0	81.1	82.1
Income (loss) before financial results and taxes	**574.4**	**(37.9)**	**16.1**	**(5.9)**	**81.1**	**627.8**



(1) Generation and sale of electric energy from the Company's portfolio ("Generation").
(2) Segment represented by the Gralha Azul Transmission System, under construction.
(3) The solar panels sales and installation segment was consolidated in the Company's financial statements in August 2018.
(4) Provision for reduction in impairment.

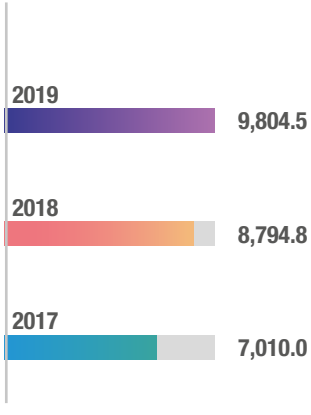
NET OPERATING REVENUE

In a comparison between years, net operating revenue increased from R$ 8,794.8 million in 2018 to R$ 9,804.5 million in 2019, that is an increase of R$ 1,009.7 million (11.5%). This variation reflects the following effects:

(i) R$ 494.1 million (80.4%) from an increase in energy trading operations;

(ii) R$ 332.7 million (4.1%) from an increase in the generation and sale of electric energy segment from the Company's portfolio, mainly due to (ii.i) growth of R$ 383.3 million given the large energy volume sold; (ii.ii) R$ 202.8 million corresponding to the increase in the net average selling price; (ii.iii) R$ 42.3 million increase in remuneration of financial assets relative to the payment of the concession grant for the Jaguara and Miranda Hydroelectric Power Plants; and (ii.iv) R$ 4.5 million increase in revenues from Generation Asset Management (GAG) relative to Jaguara and Miranda. These increases were partially attenuated by: (ii.v) a decrease in the transactions conducted on the short-term market amounting to R$ 224.3 million; and (ii.vi) a decrease of R$ 73.9 million of revenue from the indemnification from a business interruption claim and the collection of a contractual fine for downtime;

Net operating revenue (R$ million)



(iii) R$ 122.2 million (256.2%) increase relating to the transmission segment; and

(iv) R$ 60.7 million (163.2%) increase relative to revenues from the sale and installation of solar panels which started to be consolidated in the financial statements in August 2018. Results for the trading and transmission segments will be commented under separate headings.

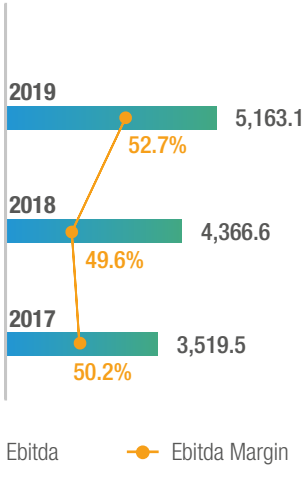
The variations in items (ii.i), (ii.ii) and (ii.v) were impacted by the R$ 574.3 million increase due to the entry into commercial operations of Pampa Sul, Campo Largo – Phase I and Umburanas. Excluding this effect as well as the effect of the non-recurring transaction in item (ii.vi), net operating revenue from the generation and sale of electric energy segment from the Company's portfolio fell by R$ 167.7 million (2.1%), on a 2019 x 2018 comparison.



EBITDA AND EBITDA MARGIN

On a 2019 x 2018 comparison basis, there was an increase in Ebitda of R$ 796.5 million (18.2%) from R$ 4,366.6 million in 2018 to R$ 5,163.1 million in 2019.

Ebitda[1] (R$ million) and Ebitda margin



(1) Ebitda: net income + income tax and social contribution and financial expenses, net + depreciation and amortization + impairment.

The variation reflects the following combination of positive effects:

(i) R$ 383.3 million due the increase in sales volume, excluding trading operations;

(ii) R$ 321.0 million with respect to the booking in 3Q19 of other operating revenues from an indemnity for contractual non-compliance received from the supplier responsible for construction of Pampa Sul, mainly relating to the delay in the conclusion of the work and resulting in loss of earnings by the Company;

(iii) R$ 202.8 million due to the increase of net average price of energy sold, excluding trading operations;

(iv) R$ 184.8 million relating to lower energy purchase volumes for management of the Company's portfolio;

(v) R$ 81.1 million positive result from the corporate stake in TAG/Aliança; and (vi) growth of R$ 55.7 million of revenues in remuneration and monetary restatement on assets of the Jaguara and Miranda Hydroelectric Power Plants and the Gralha Azul Transmission System.

The positive impacts were offset by the following negative effects:

(i) increase of R$ 90.5 million in costs of materials and third-party services;

(ii) reduction of R$ 73.9 million in non-recurring revenue with respect to non-recurring revenue from an indemnification for interruption of business due to contractual non-compliance and collection of a fine from a supplier

(iii) decrease of R$ 72.8 million in positive result from transactions executed across the short-term market in the generation segment and the sale of energy from the Company's portfolio;

(iv) increase of R$ 52.6 million in the costs with charges for the use of the electricity network and connection;

(v) growth of R$ 43.1 million in personnel costs;

(vi) R$ 37.9 million from the increase in the net negative result from energy trading operations – of which R$ 33.9 million reflect mark-to-market effects and R$ 4.0 million originate from transactions executed in this segment;

(vii) increase of R$ 37.2 million in sales, general and administrative expenses;

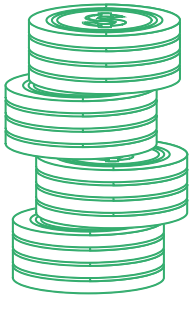
(viii) increase of R$ 20.9 million in fuel costs; and

(ix) increase of R$ 3.3 million in other operational costs and expenses.

The positive and negative effects reported above are impacted by the entry into commercial operations of Pampa Sul, Campo Largo – Phase I and Umburanas – Phase I, total Ebitda of which was R$ 719.0 million and R$ 95.5 million in 2019 and 2018, respectively.

The Ebitda margin recorded an increase of 3.1 p.p. from 49.6% in 2018 to 52.7% in 2019. Considering only the results reported by the generation segment and energy sales from the portfolio, excluding the results from the entry into commercial operations and non-recurring operations mentioned above (items (ii) for the positive effects and (ii) for the negative effects), Ebitda would be R$ 4,343.1 million in 2019 and R$ 4,150.2 million in 2018 while the Ebitda margin for 2019 would be 56.2% and in 2018, 52,6%, which would represent a 3.6 p.p. increase between the years under analysis.





NET INCOME

Net income fell from R$ 2,315.4 million in 2018 to R$ 2,311.1 million, equivalent to a reduction of R$ 4.3 million or 0.2%. This decrease is a consequence of the following effects:

(i) an increase of R$ 796.5 million in Ebitda;

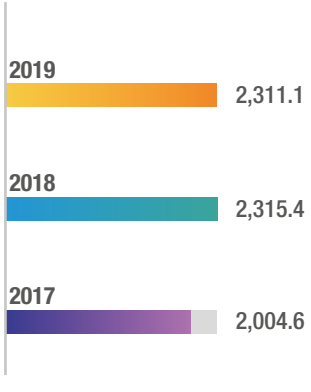
(ii) an increase of R$ 507.7 million in net financial expenses;

(iii) an increase of R$ 203.1 million in depreciation and amortization costs;

(iv) an increase of R$ 124.4 million in income tax and social contribution; and

(v) a reduction in asset impairment of R$ 34.4 million.

Net income (R$ million)



ECONOMIC VALUE GENERATED AND DISTRIBUTED

In 2019, the Company generated R$ 6,201.7 million in added value that was paid out to stakeholders as the graph shows. This is up 18% from 2018's R$ 5,490.3 million.

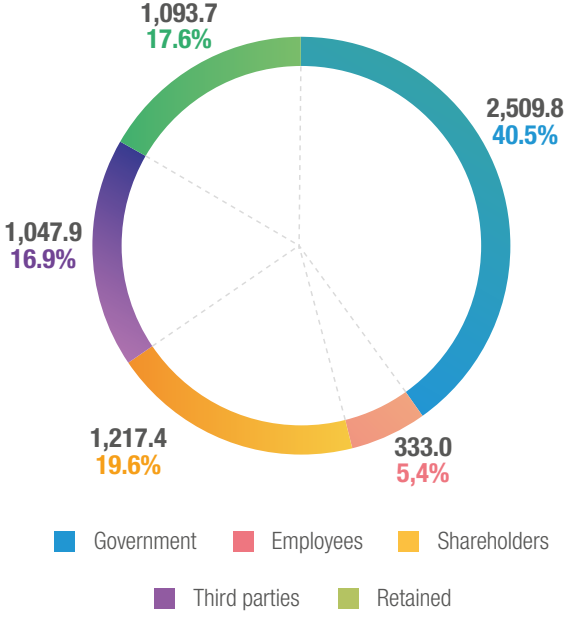
Out of the R$ 333 million paid out to employees, 210 million (3.4% of the total) concern compensation and charges, R$ 67.2 million (1.1%) concern benefits, R$ 35.1 million (0.6%) concern profit-sharing, and 20.6 million (0.3%) are associated with the Fundo de Garantia do Tempo de Serviço (FGTS) mandatory savings program.

Out of the R$ 2,509.8 million paid to the Government, R$ 1,808.0 (29.0% of the total) concern Federal taxes, R$ 34.7 million (0.6%) concern state taxes, R$ 4.7 million (0.1%) concern municipal taxes, R$196.7 million (3.2%) concern sectoral charge, and R$ 465.8 million (7.5%) are associated with charges payable on concessions.

The total monetary value of financial support from the government to ENGIE Brasil Energia in the period was R$ 76.9 million, as follows:

- R$ 65.3 million in Federal incentives (Superintendência do Desenvolvimento da Amazônia – SUDAM and Superintendência do Desenvolvimento do Nordeste – SUDENE);
- R$ 1.6 million in connection with the Federal Level RD&I incentives under the "Good Law" ("Lei do Bem"); and
- R$ 10.0 million in State incentives (Desenvolve Bahia).

Value-added distribution (R$ millions and % of total)





DEBT

The Company's total gross consolidated debt as at December 31, 2019, represented mainly by loans, financing and debentures, net of the effects of hedge operations, totaled R$ 14,436.7 million, an increase of 52.0% (R$ 4,938.4 million) compared to the position as at December 31, 2018.

The variation in the Company's debt is related essentially to a combination of the following events during 2019:

(i) the issue of debentures for R$ 4,065.0 million with the purpose of providing working capital to finance the implementation of the Company's business plan and projects such as Assú V, Umburanas – Phase I, Jaguara and Miranda;

(ii) drawdowns from the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social – BNDES), totaling R$ 1,519.3 million for the construction of Pampa Sul TPP, Campo Largo – Phase I and Umburanas – Phase I Wind Complexes and, the expansion of the Ferrari Thermoelectric Power Plant and modernization of the Salto Santiago Hydroelectric Power Plant;

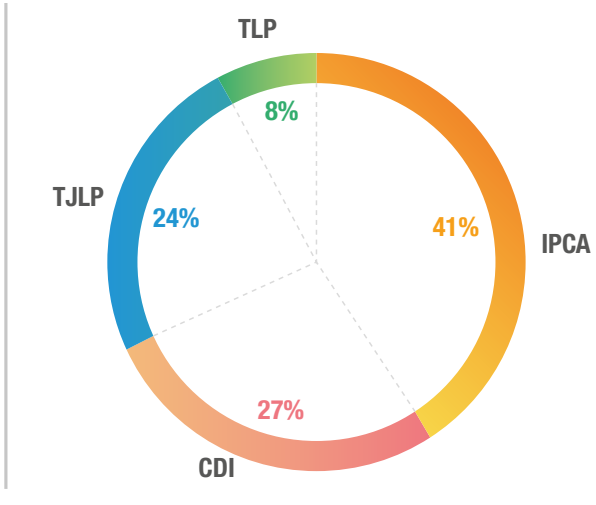
(iii) R$ 1,127.2 million in loans from overseas financial institutions, totally hedged by swap operations for safeguarding future cash flows;

(iv) generation of R$ 963.6 million in charges incurred to be paid and monetary restatement; and

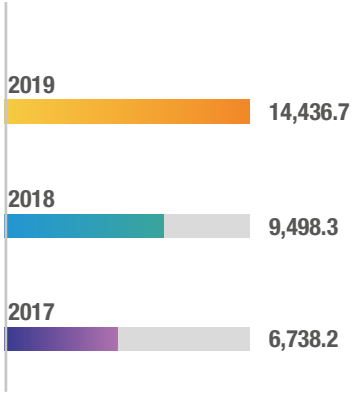
(v) R$ 2,752.7 million in amortization of loans, financing and debentures.

The average weighted nominal cost of debt at the end of 2019 was 7.6% (8.6% at the end of 2018). On December 31, 2019, the Company's net debt (total debt less income from derivatives operations, deposits earmarked as collateral against debt service, and cash and cash equivalents) was R$ 10,191.8 million, an increase of 48.6% compared with the end of 2018.

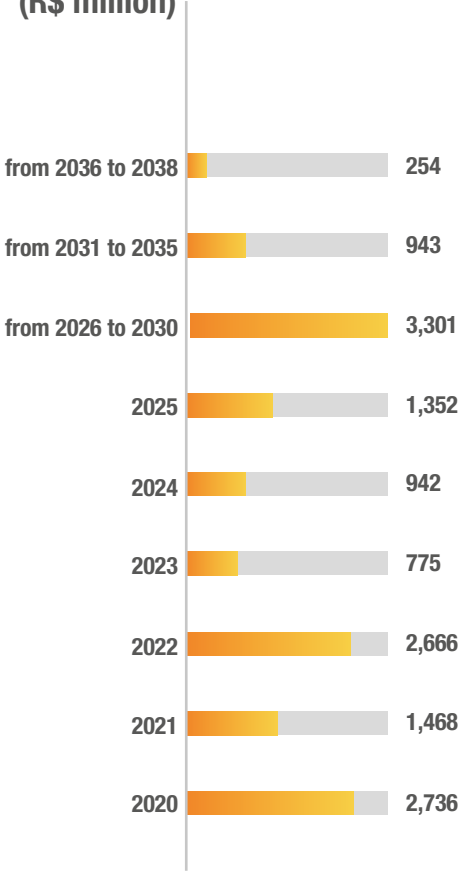
Debt breakdown



Total debt (R$ million)



Loan maturity (R$ million)



CAPITAL EXPENDITURES

In 2019, we invested R$ 4,903.0 million, of which:

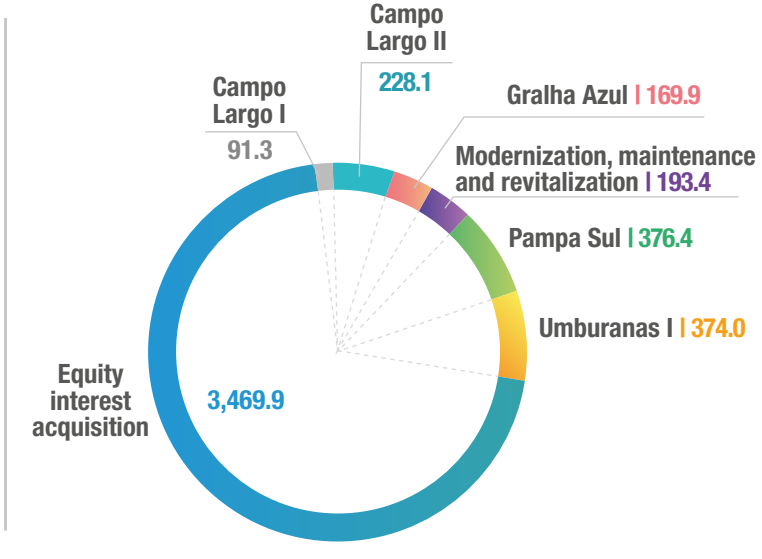
(i) R$ 3,469.9 million were allocated to the acquisition of a corporate stake in Aliança, the acquiring company of 90% of the stock of TAG;

(ii) R$ 1,239.7 million invested in the construction of new projects, being: R$ 376.4 million in Pampa Sul; R$ 374.0 million Umburanas – Phase I; R$ 228.1 million in Campo Largo – Phase II; R$ 169.9 million in the Sistema de Transmissão Gralha Azul; and R$ 91.3 million in Campo Largo – Phase I;

(iii) R$ 138.9 million were expended on maintenance and revitalization projects in the generating complex; and

(iv) R$ 54.5 million designated for the modernization

Capital expenditures (R$ million)

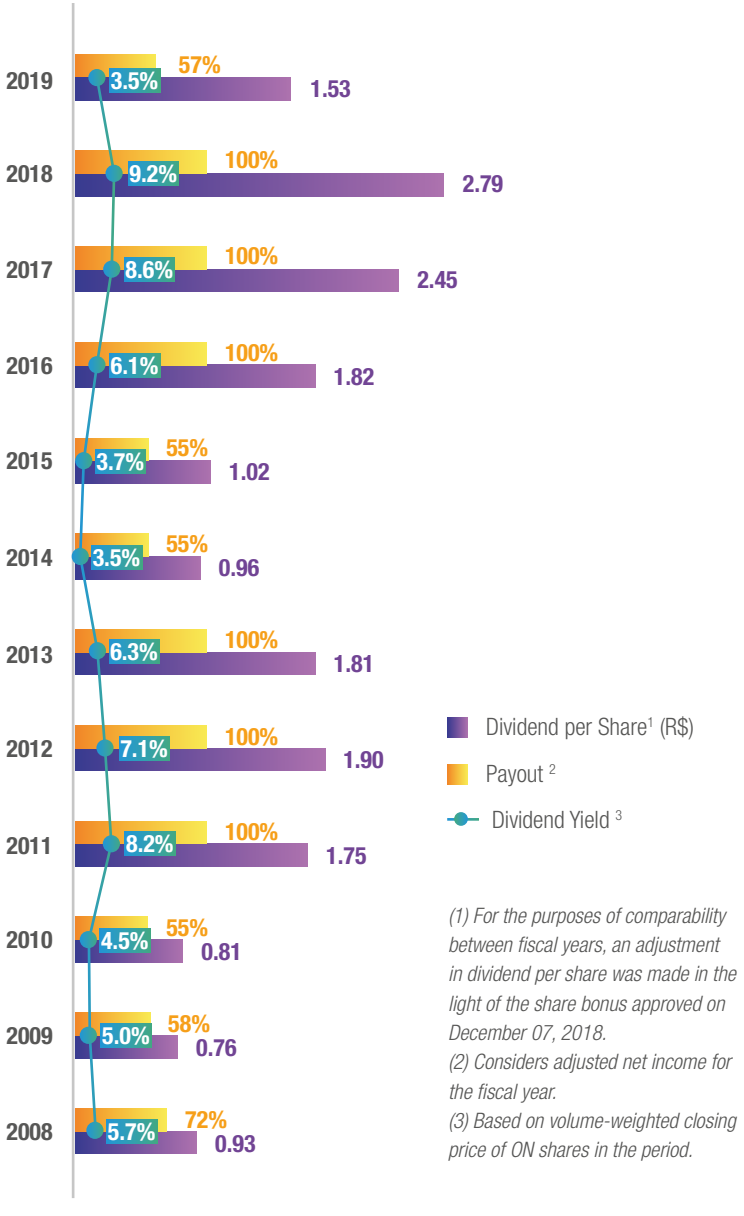


DIVIDENDS

The Company's Management proposed, at the 196th Meeting of the Board of Directors, on February 18, 2020, the payment of complementary dividends related to fiscal year 2019, which would total a payout of 100% of the adjusted net income for the year. However, the worsening effects of the COVID-19 pandemic caused a revaluation of the bases and assumptions used when the proposal for the distribution of complementary dividends was approved.

Therefore, the 201st Board Meeting, held on April 16, 2020, decided that the allocation of net income for the 2019 fiscal year, to be submitted to shareholders at the Annual Shareholders' Meeting, now includes: (i) the distribution of dividends in the amount of R$ 893,399,909.16 and interest on equity in the amount of R$ 354,000,000.00, which correspond to 56.8% of the adjusted net income for the year 2019; and (ii) the retention of the remaining balance, in the amount of R$ 949,743,683.28, based on the capital budget to be submitted to the shareholders' resolution at the Meeting, which aims to serve as part of the sources of funds destined to the direct application in the maintenance of the productive park and investment in new ventures, instead of distributing this amount as complementary dividends.

History of dividend distribution (payout)



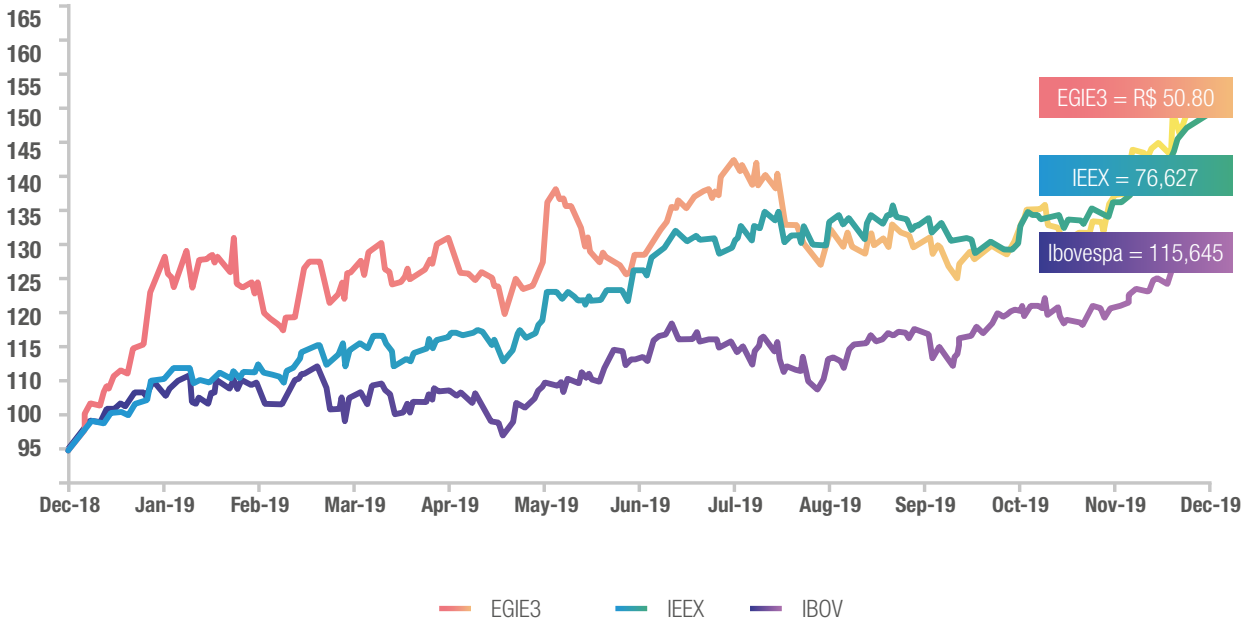
(1) For the purposes of comparability between fiscal years, an adjustment in dividend per share was made in the light of the share bonus approved on December 07, 2018.
(2) Considers adjusted net income for the fiscal year.
(3) Based on volume-weighted closing price of ON shares in the period.

CAPITAL MARKETS AND SHARE PERFORMANCE

The Company's shares are traded on the Brazilian stock exchange under the EGIE3 (100% common shares) symbol. In addition, the Company has a Level I American Depositary Receipts (ADRs) Program, the securities for which are traded on the United States Over-The-Counter (OTC) market under the EGIEY symbol at a ratio of one ADR to every one common share.

The shares of ENGIE Brasil Energia appreciated by 53.9%, slightly less than the IEEX, which increased 55.5% and much above Ibovespa's 31.6% appreciation. The average daily trading volume was R$ 60.0 million, an increase of 56.1% in relation to R$ 38.5 million in 2018. EBE's shares on the last trading day of December 2019 closed at R$ 50.80/share, equivalent to a Company **market capitalization of R$ 41.4 billion**.

EGIE3 vs. Ibovespa vs. IEEX (Base 100 – 12.31.2018)



Ratings

In 2019, Fitch Ratings reaffirmed the Company's National Long-Term Rating at 'AAA(bra)', stable outlook, and its international rating at 'BB', stable outlook, one level above the sovereign rating.

Fitch Ratings Agency	Classification
Domestic Rating	AAA(bra)
International Rating – Issues in Reais	BBB-
International Rating – Foreign Currency issues	BB
Sixth debenture issue Rating, due 2024	AAA(bra)
Seventh debenture issue, due 2026	AAA(bra)

For additional details on economic and financial performance, view our Management Report and Accounting Statement for Fiscal Year 2019.



4 Our social connections

SUSTAINABLE RELATIONSHIPS → *GRI 102-43; 406-1*

Open dialogue and mutual respect are the fundamentals of the relationship we formed with the various publics with which we interact. Beside our values, we try to share policies, practices and information relevant to stakeholders' decision-making, using a series of channels – such as events, public hearings, communication and plant visitation campaigns.

In addition, we take part in actions at the initiative of the communities where we operate and, whenever possible, engage in sustainable development-oriented entities and forums in the regions where the Company has a presence.



EMPLOYEES → *GRI 102-8; 103-1; 103-2; 103-3; 405-1*

Our human capital is an intangible asset crucial to the Company's competitiveness, and the basis for executing the corporate strategy. To this end, ENGIE Brasil Energia strives to provide an ethical workplace with favorable conditions for personal and professional development leading to quality living, recognition and satisfaction.

As at yearend 2019, we had 1,398 employees in our payroll, which also includes employees in projects where the Company has a 100% stake. In addition, there were 49 interns and 68 other workers employed by Companies that the company does not fully control (37 with TAG, 25 with Companhia Energética Estreito and six with Itá Energética).

We regularly hold organizational climate surveys to determine the effectiveness of the programs put into place for employees. In 2019, 86% of the staff completed their forms. The box next emphasizes the main results from the current survey cycle:

94% would recommend the Company as a good place to work

94% are proud to be associated with the Company

97% believe that ENGIE Brasil Energia is a socially responsible company

98% believe that ENGIE Brasil Energia is an environmentally responsible company

86% believe that management supports diversity and inclusion at ENGIE

Respect for Human Rights

In 2019, we carried out actions to prevent any manner of factual or verbal discrimination, in particular due to age, gender, ethnic, social or cultural, religious, political, union, sexual orientation or identity, health status, pregnancy, vulnerability, or physical distinction or special needs bias. Because of the continued dissemination of our policies and practices for this subject among employees, the Company logged no discrimination-related claims.

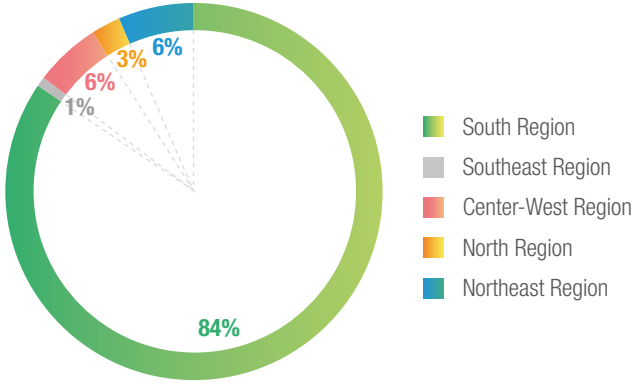


EMPLOYEES – LEADING INDICATORS

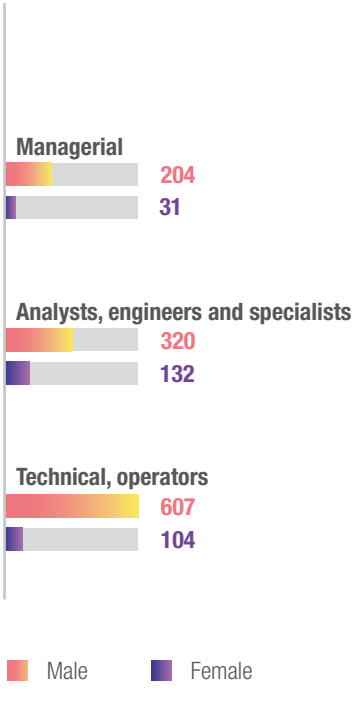
1.398

Employees as at yearend 2019
up 4.6% from 2018

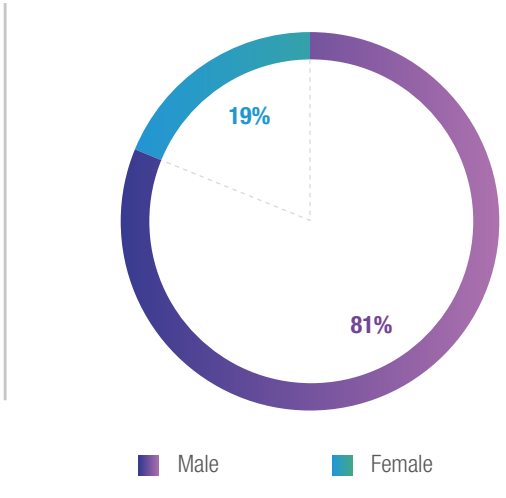
Own employees by region, %



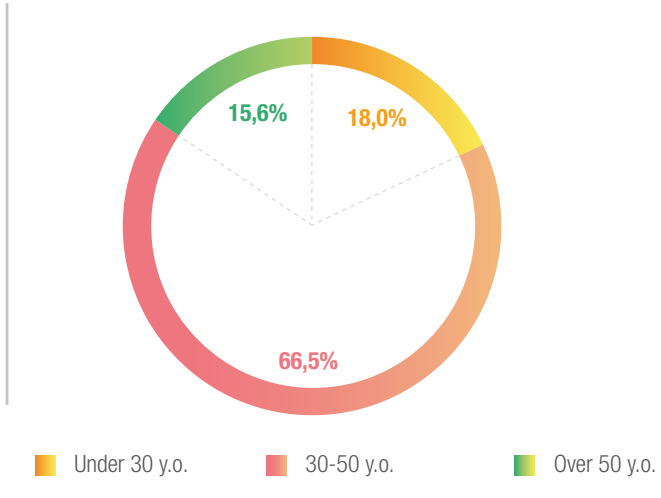
Number of own employees by gender and category



Percentage employees by gender*



Own employees by age bracket, %



** Does not include interns.*

ENGIE'S LEADERSHIP STYLE



The ENGIE leadership style, which is essential to the transformation that we propose to society, together with our partners, pervades all of the Company's People Management processes. The approach regards ENGIE's as a unique culture, and strengthens the various aspects of our people management, such as attracting new talents, people development, performance assessment, rewards and recognitions.

As the Figure shows, our style is based on five leadership dimensions to inspire daily actions and exert impact on teams, anchored on four key attitudes for the development among our staff of what we refer to as a community of "Imaginative Builders".

OCCUPATIONAL HEALTH AND SAFETY → *GRI 102-41; 403-1; 403-8; 403-9*

[SASB IF-EU-320a.1]

[2030 Agenda Goals: 8.5, 8.8]

As provided in our Sustainable Management Policy, care for the physical and psychic integrity of our employees is a constant commitment of the Company's that unfolds into a series of preventive and corrective actions. The same care devoted to own employees also extends to service providers – all agreements include clauses governing the matter, valuing assurance of the health and safety of subcontractors and third parties. In addition to its main offices, the Company maintains 12 OHSAS 18001-certified plants. The occupational health and safety standard covers 1,094 employees, or 78.2% of the workforce. Notwithstanding, the same Policies and Procedures apply even to non-certified operations.

Because of the constant efforts, no fatal accidents were observed in 2019. This achievement aside, the accident frequency goal was not attained, which led to corrective plans to be implemented at all plants and the main offices.



Indicators – Occupational Health and Safety *

Indicator	2017	2018	2019	2019 Goal	2020 Goal
Frequency Rate (FR), own employees	1.050	0.970	0.000	None	None
Severity Rate (SR), own employees	0.004	0.000	0.000	≤ **0.020**	≤ 0.020
Frequency Rate (FR), own employees + long-term service providers	1.030	1.390	1.720	≤ **0.800**	≤ 0.800
Frequency Rate (FR), short-term service providers + projects under construction	0.690	1.640	0.630	≤ **2.300**	≤ 2.400

** Does not include information on ENGIE Geração Solar Distribuída.*

Indicators – Occupational Health and Safety, ENGIE Geração Solar Distribuída

Indicator	2019	2019 Goal	2020 Goal
Frequency Rate (FR), own employees	4.650	≤ **10**	≤ 4.63
Severity Rate (SR), own employees	0.302	≤ **0.02**	≤ 0.069

Prevention of occupational accidents and diseases is reinforced by the actions of 15 Internal Accident-Prevention Commissions (CIPA) made up of 90 full members and seven appointees, representing 100% of all employees. Among other duties, the CIPA is responsible for organizing the Internal Occupational Accident Prevention Week (Sipat), held at all plants and the main offices.

All employees enjoy full unionization rights and, in 2019, 100% of the staff was covered by collective bargain agreements.

PREVENTIVE ACTIONS AND CAMPAIGNS

ENGIE Brasil Energia's managers are under performance goals tied in with preventive safety actions. These include **Managerial Safety Visits (VGS)**. In these visits, managers verify on-site the application of safety procedures, tracking control measures and reinforcing communications to increase employee engagement. In 2019, 713 visits were made.

The Company also as a computerized **risk- and near accident-situation communication and management system (GSR)**, which is intended to both facilitate records and improve management of these situations. The tool also enables consolidating histories and dashboards, integrating OHS indicators with the corporate management systems. Overall, 2,549 events were logged in 2019 – of which 46 were rated as HIPOs (high potential events), which deserve differentiated treatment including detailed action plans.



No life at risk

LIFE SAVING RULES
Key rules that everyone must respect everywhere.

THE BREAKPOINT
"Is your safety not on top? Say STOP!" It is your duty to guarantee everyone's safety.

HIPO
A HiPo is a high potential severity event that could have "ended up badly"! Report any HiPos to your manager to prevent worse accidents.

SHARED VIGILANCE
Employees, (sub) contractors, temps: all looking after everyone's safety.

Health and mobility

With a focus on improving urban mobility, employee health and emissions reduction, a campaign was launched in early 2019 encouraging employees to purchase and **ride bicycles**. In the period, 303 employees in different parts of Brazil chose to acquire electric bikes under the campaign. Over the year, as a means to supplement the campaign, the Company held bicycle safety courses, with information on conduct, helmet usage, and signaling equipment. In 01 year, the use of electric bikes prevents issuing 17 thousand tons of CO_2 into the global atmosphere and almost 350 thousand tonos of carbon monoxide.

DEVELOPMENT → *GRI 404-1; 404-3*

Our Corporate Education Program aims to continuously develop employees' competences and skills to enable the company to react nimbly to changes and innovations brought about by organizational strategy and the energy transition. **Close to 75 thousand hours all told were dedicated to training our teams, with R$ 5.6 million invested.** A highlight among skills-building initiatives is the **ENGIE University**, a corporate university coordinated by the Controlling entity at the global level, which provides a wide range of educational and development programs.

During the Performance Management process, which comprehends 100% of our workforce each year, there is an opportunity to prepare the Individual Development Plan (PDI), as agreed between evaluator and evaluee, based on the employees reflection on his career and professional aspirations, feedback meetings, and business needs. Analysis of the various PDIs also enables mapping collective development needs to enable creating opportunities to extend new knowledge to a wider group of professionals by means of online platforms or other mechanisms to ensure efficient and effective training.





Investment of R$ 5.6 million

U. Camp

The U Camp, an ENGIE University program, was held for the second time in Brazil in September 2-4, 2019, in Rio de Janeiro. The initiative aims to integrate several ENGIE areas and structures in a single environment to disseminate knowledge and, above all, integrate teams, create synergies, and exchange experiences.





DIVERSITY AND EQUALITY → *GRI 405-1*

[2030 Agenda Goals: 5.1, 5.5, 8.5, 8.6, 10.2, 10.3, 10.4]

Respect for diversity is a guideline in both the Code of Ethics of ENGIE Brasil Energia and its Human Rights Policy. We do not abide prejudice for ethnicity, religion, gender, political-partisan affiliation, age, social status, physical limitation or any other form of discrimination. Some of our main diversity-promotion initiatives include the pursuit of gender equality in the workplace, a major challenge that the energy industry faces in Brazil and worldwide.

As at yearend 2019, 19.1% of the Company's employees were women – up 0.5 p.p. from the previous year. We are therefore contributing to the Controlling Entity's target of a minimum 25% of women in its global workforce by 2020.

To this end, awareness-building actions and discussions about the topic are conducted internally to foster gradual indicator evolution. The plans for 2020 include gains in high management positions – currently, all seven Officers and all nine Directors are men.

One sign that Policies and practices intended to appreciate and retain employees have been successful is the 100% rate of permanence with the Company of women returning to work from maternity leave (considering the 12-month period from return). This mark has been reached in the past three years.

Our diversity policies also include **Special Needs Persons (SNP) and the young.** To facilitate admissions, the Company maintains a Website dedicated to announcing SNP job opportunities **(https://www.oportunidadesespeciais.com.br/Engie/)**. As at yearend 2019, the Company employed 44 special needs workers. As for the young, in October we renewed our engagement with the Mercosur Alliance for Youth. The initiative aims to support youths as they transition into professional life, based on a network of partner companies that carry out actions and programs intended for this public. A total of 58 companies have executed the Mercosur Youth Employability Agreement, committing to generating 45 thousand professional development opportunities for young workers by 2020.

Efforts for equality

ENGIE Brasil has embraced the "**Women's Empowerment Principles"** (WEP), a UN Women initiative to foster gender equality, beginning with increasing the number of female leaders – an essential effort for ENGIE's global strategy, which has set a worldwide target of 50% of leadership positions held by women by 2030.

In another related action intended to transform the jobs market, particularly as concerns Engineering, which men still dominate, young female engineers were given an opportunity to get in touch with ENGIE and other large Companies at the **1st Conecta Conference** – Female Industrial Engineers Edition, held November 6 in São Paulo (SP). Additionally, an internal campaign called **"Skill has no gender"** was held throughout the year, with lectures, debates and the dissemination of informative materials.





COMMUNITIES → *GRI 103-1; 103-2; 103-3; 413-1, 413-2*

[2030 Agenda Goals: 4.7, 8.3, 10.2, 11.3, 11.a, 12.8, 17.17]

Transparency, responsibility and ethics are the cornerstones of the relationship between ENGIE Brasil Energia and the communities where our projects lie. **The Company is aware of the role it plays in society and stays watchful for the positive and negative impacts that its activities generate, pursuing effective contribution to prosperity through dialogue with all stakeholders.**

In 2019, the Company invested R$ 26.0 million in community development projects not associated with project implementation. The investments were split between own and incentivized funds, as the table next shows. Some of the projects supported in 2019 include 12 accessibility-related ones with funds from the National Program in Support of Special Needs Persons' Health (Pronas/PCD) and six in the oncology are, financed by the National Oncological Care Support Program (Pronon) – historically, the two areas had shown little demand for support.

The selection criteria for socio-environmental investments take account of a series of factors. Besides alignment with corporate policies and strategies, the look at the relevant location's socio-economic calling, sustainable management capacity, and the project's potential for replication. Add to these the most important factor of all: community engagement, which is key for an initiative to generate long-term results free from excessive dependence on the Company. Besides, effective community participation enables understanding expectations and needs, so that we may collectively build solutions leading to prosperity.



All investment or partnership proposals received by either the main offices or the operational plants are reviewed by the Sustainability Goals, Actions and Projects Management system (GAS). The tool generates a projects list and an approvals workflow that analyzes eligibility criteria, including the initiative's contribution to attainment of related Sustainable Development Goals.

The Company also contributes indirectly to value creation in the communities where it has a presence. One means for this is Financial Compensation for the Use of Hydro Resources (CFURH), which applies to hydroelectric plants. Pursuant to the Law, municipalities and states earn 45% each of the total funds – the remaining 10% going to the Federative Union. The sharing basis is set according to each municipality's percentage flooded area. **In 2019, ENGIE Brasil Energia paid R$ 132.5 million in royalties. The exact amount allocated to each of the over 70 municipalities receiving this compensation can be seen here.**

Corporate social responsibility investments (R$ thousands)

Funds source	2017	2018	2019	2019x2018 Change
Non-incentivized investments	2,898.1	3,497.0	4,034.6	15.4%
Investments through the Children's and Teenagers' Fund – FIA	2,022.9	1,837.0	2,609.0	42.0%
Investments through the Cultural Incentives Law – Rouanet Act	9,537.1	8,798.0	9,375.0	6.6%
Investments through the Sports Incentives Law	1,895.2	1,610.0	2,490.0	54.7%
Investments through the National Cancer Care Support Program – PRONON	2,119.0	1,597.0	2,535.0	58.7%
Investments through the National Care Support Program for People with Special Needs - PRONAS/PCD	1,383.5	1,607.4	2,546.0	58.4%
Investments through the National Senior Citizens' Fund	2,423.2	1,430.9	2,286.0	59.8%
TOTAL	**22,278.9**	**20,377.3**	**25,875.60**	**27.0%**



CULTURE AND SUSTAINABILITY CENTERS

Another 2019 milestone was the unveiling of the Minacu (GO) Culture Center in the Cana Brava Hydroelectric Plant's region. It is the sixth such supported by the Company in Brazil and the first one outside the South region. The Centers are sponsored by the Company through incentivized funds (Rouanet Act) and intended to foster cultural and educational activities in the respective communities, providing an environment prepared for socialization and access to artistic manifestations such as drama, music, dance and film. In 2019, two other Centers received approval of the Ministry of Citizenship and Culture Bureau for construction start in Trairi (CE) and Saudade do Iguaçu (PR).

Culture Centers in 2019

Center Location	Visitors (estimated)	Students-Workshops
Alto Bela Vista (SC)	7,000	190
Capivari de Baixo (SC)	280,000	118
Concórdia (SC)	35,000	71
Quedas do Iguaçu (PR)	15,000	143
Entre Rios do Sul (RS)	3,000	294
Minaçu (GO)	-	-



VISITATIONS PROGRAM

The Visitations Program is another important tool for community engagement and diffusion of the sustainability culture. In partnership with other entities, the Company maintains structure visitation routines at the plants in its generation complex, showing how the projects work and the socio-environmental projects conducted in the neighboring areas. The Program is supplemented by presentations at schools and other community spaces, focusing on the same topics and emphasizing environmental education. **Around 90 thousand people attended the activities in 2019.**





NOTEWORTHY PROJECTS

Income generation and self-sufficiency

Four communal vegetable gardens were implemented in the surrounding areas of the **Umburanas and Campo Largo Wind Complexes, in the state of Bahia. Using the Mandala model, with low water usage for irrigation, the gardens aim to foster dietary self-sufficiency and enable sale of surplus produce, generating income for local families.** The Company invested around R$ 865 thousand in the project, including skills-building for the participating families, which now produce and market vegetables, eggs, chicken, duck, fish and shrimp.

In the same region, the Company offered training courses to leverage local callings. Topics included sundried fruit preparation, processing of the licuri (a local fruit), and production of oils and soap from plants in the Caatinga biome. **The initiatives provided skills to around 100 community residents, increasing their income-generation potential.**

Near the Pampa Sul Thermal Power Plant, in the state of Rio Grande do Sul, the "Milk means Household Income" project had as beneficiaries 300 member families of a local milk catchment program implemented by Cooperativa de Produção, Trabalho e Integração Ltda (Coptil) in the area surrounding the municipalities of Candiota and Hulha Negra. **The initiative, in which the Company invested R$ 215 thousand, included purchase of equipment to improve the Cooperative's sanitary and operational conditions, pasture enhancement, and dissemination of handling techniques.**



Local skills-building and hires

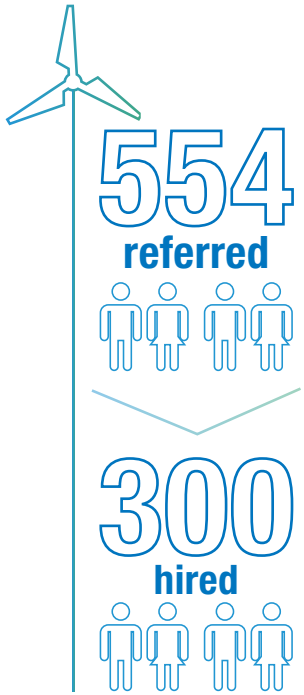
During implementation phase two of the Campo Largo Wind Complex, which is still underway, the Company executed a Cooperation agreement with SINEBAHIA – the state-level unit of the National Jobs System (SINE) to list and mediate the hiring of local workers. Overall, 554 workers were referred for the available positions, and 300 of them were hired.

To go on generating opportunities in the region after the implementation period, a technical Wind Farm Maintenance and Operation program was launched with 460 class hours. The initial target is to train 3000 workers in partnership with Senai and the involvement of the Company's Operations team.

The social investments focus on building the professional qualifications of the community neighboring the Pampa Sul Plant. Overall, 16 professional training programs were offered to local residents in areas associated with civil construction and electromechanical assembly of equipment. 580 vacancies were offered in 29 classes.

The programs were designed in partnership with local City Halls, local FGTAS/SINE branches, and the SENAI/RS. **Over the Plant construction period, an average 67% of workers hired were residents of Rio Grande do Sul, of which 45% from the municipality of Candiota, 19% from Bagé, 7% from Pinheiro Machado, and 5% from Hulha Negra. The remainder (24%) lived in other municipalities in the state.**

In addition to training directly associated with the project's construction and operation, we supported other programs offered, including baking and confectionery, industrial tailoring and shaping, and business management. The Company invested R$ 616 thousand in professional skills initiatives during the Plant's construction period.





Education and quality of life

In the surrounding areas of the Umburanas and Campo Largo Wind Complexes, a region marked by low Human Development Indices (HDI) according to the IBGE classification, **community support priority has been improving education conditions.** In this context, approximately R$ 690 thousand were allocated to restructuring the school facilities, furniture and equipment in the communities of Campo Largo, Alegre and Brejo da Brásida. Another R$ 101 thousand were invested in roofing over the school yard in Umburanas, where the communities also benefitted from the construction of an indoors multisport court, which demanded R$ 375 thousand invested.

On a different front, the Company carried out two strategic projects to improve the community's instruction status. With R$ 1.4 million invested, the **Young Adults Literacy Project (AJA)** has already completed four stages and provides – besides literacy programs – eye exams and eyeglass donations , information technology classes, and skills-building for teachers and other education workers In addition, the Healthy Schools Program covers educational activities involving hygiene, biomedical exams and anemia treatment. TO goal was to help improve students' health status and thereby their school attendance and performance. Approximately 1,000 students were seen in participating schools, for a R$ 510 thousand investment.



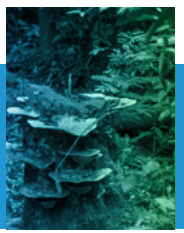
INTERFERING LAND USE AND OCCUPATION

Interference with the use and occupation of urban and rural areas are among the clearest socio-environmental impacts of our activities. In 2019, this impact was most intense in the transmission segment, with the institution of administrative right-of-way along the Gralha Azul Transmission System's and the Transmissora Novo Estado's powerlines.

According to regulatory standards, land use is restricted on a 60-meter range around the powerline, which may particularly impact farming or extracting activities, affecting rural properties' facilities. As a result, the affected landowners receive indemnity for restricted use arising from the establishment of the right-of-way – it is worth emphasizing that this indemnity only covers use restrictions, so that title over the area remains with the indemnity recipient. The Company only acquires land for substation implementation.

In the Gralha Azul System, an approximate 2.3 thousand landowners were directly affected by implementation. As at December 31, 2019, 64% of them had accepted amicable settlement, whereas 33% had resorted to the Courts – negotiations were ongoing with 3%. As for Transmissora Novo Estado, an approximate 1.1 thousand were directly affected, of which 71% accepted settlement amicably and 29% have negotiations underway.

During implementation of a hydroelectric power plant, the negative effects associated with land occupation – particularly in connection with reservoir filling – are quite noticeable to communities. ENGIE Brasil Energia has not implemented any such in almost ten years, but adopted and maintains indemnifying, mitigating and/or compensatory actions for projects built in the past. In line with the Law and the licensing authorities' guidelines, these actions generate direct and indirect positive impacts for directly affected individuals and for communities in general, mitigating permanent and irreversible effects.





TRADITIONAL PEOPLES AND COMMUNITIES

Some of the Company's operations directly or indirectly interact with traditional communities, such as Native tribes or Quilombos. ENGIE Brasil Energia devotes particular attention to these groups, respecting their unique traits while pursuing strengthened dialogue, cooperation, and joint solutions for communal challenges.

In the state of Goiás, approximately 20 years ago, 259.8 ha of the Avá-Canoeiro Tribal Lands unexpected flooded during the implementation of the Cana Brava Hydroelectric Plant – corresponding to 0.68% of the total surveyed area for flooding. Because of this, ENGIE submitted to the National Native Peoples' Foundation (Funai) a complementary Environmental Impact Study for the project and took urgent steps, according to an Emergency Plan as provided by Funai in 2004. However, according to the Foundation, the compensatory and mitigating measures for the Native element were not sufficiently executed. This challenge led to two Class Actions on the matter that were under appreciation by the Federal Courts in 2019.

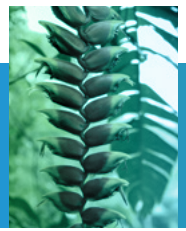
Near the end of the year, the Company submitted a new Working Plan to Funai as supplementation to prior ethno-ecological surveys. This could provide the basis for additional mitigating and compensatory measures. With this proposal, ENGIE Brasil Energia hope to address any impacts not yet mitigated with the relevant parties. Additional information can be found in the Company's Reference Form, item 4.3 – Non-Secret and Material Judicial, Administrative or Arbitration Proceedings.

In areas surrounding the Gralha Azul Transmission System, which is undergoing implementation. Four Quilombo communities were identified within the project's catchment area. Together, they are home to approximately 140 families. Our teams have been alongside with the communities since the project's planning stages, to establish partnerships capable of strengthening their territoriality, culture, autonomy and sustainability. Actions already planned include health education workshops, organic farming courses, plant nursery construction, and mini-programs on Quilombo rights. In addition, the Rio do Meio Quilombo, in the state of Paraná, will be provided with a photovoltaic energy system to be donated by the Company. The equipment will produce power for the agro-industrial plant there, reducing the expenses of the community's cassava processing unit.









SUPPLIERS → *GRI 102-9; 102-10; 103-1; 103-2; 103-3; 205-1; 308-1; 308-2; 403-8; 412-3; 414-1; 414-2*

[2030 Agenda Goals: 8.7, 8.8]

In recent years, we have been striving to improve the socio-environmental analysis of suppliers and service providers, investing in both the monitoring of the accredited base and in the definition of procurement categories. **One of the evolution's drivers was the ENGIE Due Diligence Policy, which the Group created to meet French Law, which requires steps to prevent corruption and defect damage to the environment, health, or human rights throughout companies' entire value chain. Together with the Company's already consolidated Sustainable Management and Human Rights Policies and Code of Ethics, this policy provides the basis for our relationships with commercial partners.**

SUPPLIER EVALUATIONS

A computerized big data tool enables analyzing 44 criteria, including derogatory information on firms and their owners (Unlawful and Suspended Companies Listing and National Penalized Companies Listing, among others), licensing, citation or environmental suspension status, association with slave labor, corruption-related legal proceedings or strong suspicion, conflicts of interest and money laundering, connection with politically exposed individuals, code of conduct or ethics, and human rights policy. This review is termed Level-1 Due Diligence.

Based on this review, the Company analyzes the need for a Level-2 Due Diligence, which is more meticulous and in-depth as concerns suspicious or non-compliant aspects. Over the course of 2020, **the Company's entire supplier base – approximately 3.5 thousand companies – will undergo quarterly Level-1 Due Diligence**, enabling dynamic reviews over time, which reduces the risk of becoming involved with suppliers not aligned with the Company's values and commitments. Up until 2019, suppliers of ENGIE Geração Solar Distribuída were not included in the review.

Because the process is quite recent, in 2019 there were no records of agreed improvements or terminated ties because of evaluations made – but accreditation of certain suppliers was withheld because of the review's outcomes.



CONTRACTS UNDERWAY

Suppliers that are certified after the due diligence phase(s) and are selected for retainer undergo specific documentation analyses for 100% of long-term service agreements involving high risk and carried out inside the Company's facilities. Controls also apply to mandatory additional requirements for specific supplies or services deemed critical, such as:

- Diving services, high work, confined spaces, and hot work, among others.

- Materials: supplies of coal, flammables and lubricant oils, among others (analysis also applies to transporters and all other agents in the materials' logistics chains).

All mandatory documents for the provision of services or supplies are described both in the negotiations process and in the agreements between the parties. They also establish agreement with ENGIE's Policies and values, including those associated with human rights, ethics, and legal compliance. Services involving employees of contracted firms inside our facilities include an integration meeting that involves 100% of outsourced workers. The main emphasis is on the dissemination of safety procedures, but the contents also include socio-environmental matters, pursuant to the Company's Policies.

After analysis of the documentation and commencement of the agreement, periodical reviews are held for performance parameters. Analysis requirements for suppliers (materials) include quality, timely supply, and quantity – applicable to 100% of the materials that the Company purchases. Critical services are jointly analyzed by the technical areas responsible for managing the service, in addition to the commercial and health & safety areas, covering the following parameters: quality; occupational safety, health and hygiene; the environment, social responsibility, improvements/innovations applied or suggested while performing, and administrative and legal aspects. If performance fails to achieve satisfactory levels in any of the items reviewed, action plans are agreed with the suppliers for adjustment. In the absence of evolution, agreements may be terminated.

CUSTOMERS → *GRI G4-EU3*

In 2019, ENGIE Brasil Energia had **agreements with 621 industrial, commercial and services free market customers, up 20.6% from 2018.** The Company's relationship with these customers is based on trust and value creation for both parties.

One of the year's highlights was the implementation of the **"Go to Market"** Multiannual plan. Based on the growth prospects of the free energy market as discussed in page 24, the company developed a comprehensive program for **improving our commercial strategy.** The new model provides for gradually changing the service, relationship and post-sale methods, assuming customer segmentation based on their activity and specific demands.

As an immediate result, in the first year of execution, our internal structure dedicated to this area was expanded with the **creation of the Market Intelligence and Marketing Area.** Additionally, in line with the corporate strategy's "digitalization" guideline, we are enhancing integration of the Commercial digital platforms (CRM, BI, Customer Portal, Sales Channel) and process automation.

The purpose of these initiatives is to provide the best experience to our customers in an increasingly competitive manner – to this end, execution of "Go To Market" activities will continue in 2020.

Additional details on the portfolio's profile and the solutions offered to our customers can be seen in the topic **Sales and portfolio management dynamism**.

ENGIE Meetings

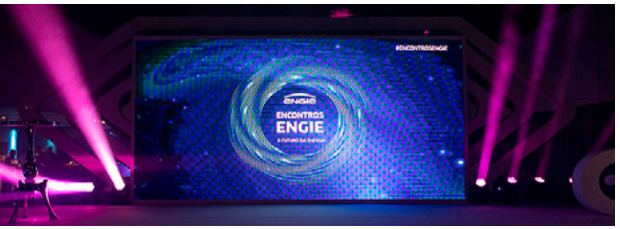
To build increasingly close ties with its main Free Market customers, the Company held in November another edition of the ENGIE Meetings, an event that offered strategic content to approximately 300 guests, all consumers of ENGIE-provided energy.

This year's ENGIE Meeting was held in São Paulo, featuring two main attractions The first was Luiz Barroso, the President of PSR – Energy Consulting and Analytics. From 2016 to 2018, Barroso was President of Empresa de Pesquisa Energética (EPE), a company associated with the Ministry of Mining and Power (MME) responsible for energy planning studies to support public policymaking for the industry.

The other attraction was Dr. Eduardo Guardia, an economist with degrees from the Economic Research Institute of the School of Economics, Administration and Accounting of the University of São Paulo (FIPE/USP) and a former Minister of Finance.









INVESTORS

From December 2018 to December 2019, ENGIE Brasil Energia's investor base almost tripled, from around 32 thousand to 99 thousand investors. This much trust in the Company is reinforced by the transparency that is the brand of our relationship with shareholders.

Our Website offers free access to a wide range of information on the business. A few highlights are as follows:

- Material Facts;
- Notices to Shareholders;
- Announcements to the Market;
- Quarterly Performance Reports;
- Management Report and Financial Statements;
- Sustainability Report

Additionally, the "Talk to IR" channel available on the Website allows getting into direct contact with our Relationship team –2019 saw 707 service calls performed via this channel, as compared to 410 in 2018.

In addition, interaction strengthens with investor attendance at conference calls for results presentations and meetings with market analysts.

In 2019, we held 14 events for this public – eight in Brazil and six abroad – including conferences,, non deal roadshows, meetings and "Inside ENGIE" (see box), involving 326 individual or corporate investors (numbers include possible overlaps).

As for the General Meeting, the Company provides – also on its Website – channels and instructions for remote attendance using distance voting ballots, pursuant to CVM Instruction 561. Furthermore, there is a specific communication channel for shareholders to submit suggestions for matters for deliberation at the Meeting.







Inside ENGIE

On November 29, 2019, 58 investors and market analysts were at the registered offices of ENGIE Brasil Energia for the "Inside ENGIE" event. The initiative aims to expand the room for dialogue with this public, so that shareholders or their representatives may talk with the Company's managers, visit its facilities, and get a deeper sense of our business model.

Footage of the event and the presentations delivered are available at:

https://www.engie.com.br/investidores/eventos-e-apresentacoes/reunioes-publicas/

5 Our environmental management

Respect for the environment is a fundamental value for ENGIE Brasil Energia, and the Company embraces the practice of identifying environmental aspects and impacts arising from its activities, based on programs and actions intended to monitor and control operations. In addition to activities carried out for ensure compliance with the applicable environmental laws, the Company implements a series of volunteer initiatives that focus on conserving natural resources and minimizing impacts.

To attain the corporate environmental objectives and goals, the Integrated Management System (SIG) regularly tracks several performance and compliance indicators. Some of the main aspects monitored include those relative to greenhouse gas emissions, solid waste, and wildlife and plant life handling. To continuously improve our performance, we establish annual goals for hydroelectric and thermal power plants, which are regarded as more relevant to impacts and resource usage.





2019 environmental goal status, by Plant

	Total goals	Met	Not met
Jorge Lacerda Thermal Complex	8	8	0
Cana Brava Hydroelectric Plant	7	6	1
Estreito Hydroelectric Plant	6	6	0
Itá Hydroelectric Plant	6	4	2
Machadinho Hydroelectric Plant	8	4	4
Passo Fundo Hydroelectric Plant	6	5	1
Ponte de Pedra Hydroelectric Plant	8	8	0
São Salvador Hydroelectric Plant	7	6	1
Salto Osório Hydroelectric Plant	7	6	1
Salto Santiago Hydroelectric Plant	8	6	2
Miranda Hydroelectric Plant	6	3	3
Jaguara Hydroelectric Plant	6	3	3

As regards legal compliance aspects, the following projects had their Operating Licenses (LO) renewed in 2019:

- Tubarão Wind Farm
- Ferrari Thermal Plant
- José Gelásio Small Hydroelectric Plant
- 230 kV Transmission Line of the Ponte de Pedra Hydroelectric Plant
- Pampa Sul Thermal Power Plant (LO secured)
- Umburanas Wind Complex (LOs secured for the Umburanas 1, 2, 3, 5, 6, 9, 10, 13, 15 and 18 wind farms)
- Lages Co-generation plant

In addition, the validity of the LOs for the Jorge Lacerda Thermal Complex was extended due to its NBR ISO 14001 Certification.





BIODIVERSITY → *GRI 103-1; 103-2; 103-3; 304-1; 304-3*

[2030 Agenda Goals: 2.5, 2.a, 15.5, 15.a]

ENGIE Brasil Energia strives to make its activities have the littlest impact possible on the biodiversity of the region s where it operates. To this end, it develops a series of environmental programs dimensioned according to each project's maturity stage, bearing in mind, also, the local ecosystem's level of conservation.

PROJECTS UNDERGOING IMPLEMENTATION AND RECENTLY IMPLEMENTED

The implementation period of a project, be it for energy generation or transmission, is usually quite critical in terms of biodiversity management. Several actions take place at this phase, from mapping pre-implementation conditions, through determination of impact occurrence or intensity, to the execution of any mitigation or handling plans. All of these activities are carried out in alignment with the licensing authorities and other bodies and entities, from City Halls to universities, that usually benefit from the results of the research and surveys done.

Pampa Sul Thermal Plant

One of the main impacts arising from the project was the creation of a reservoir with 370 ha of flooded area for the purposes of collecting water for the plant's cooling stacks. Because of the reservoir, a 160.41 ha Permanent Preservation Area (APP) was established in the surrounding area. There are also indirect impacts associated with coal extraction and construction – transmission line (20.4 kilometers), coal conveyor belt (4.2 kilometers), access way, and plant building.

More closely connected with the operations phase, another observed impact is the emission of pollutants, which may affect the health and well-being of the surrounding population, as well as wildlife, plant life, and the environment in general. To minimize this impact, emissions are continuously monitored. Several other programs remain in place during this phase, such as water (surface and underground), noise, and wildlife monitoring, in addition to environmental education for employees and the community.

Gralha Azul Transmission System

The transmission line, which is approximately 1,000 kilometers long and has minimum right-of-way width of 60 meters, crosses 27 municipalities and approximately 2.4 thousand properties. An approximate 67% of the directly influenced area is used as pasture or farmland – where new impact on biodiversity beyond those already present are minimal – and 31% are covered by vegetation. The most significant effects associated with the project are increased electric and magnetic field levels, habitat fragmentation and modification, reduced plant coverage, and potential wildlife accidents, particularly during the implementation period. Several steps are taken to mitigate these impacts, such as preservation of native tree species, limiting plant life suppression to the range strictly necessary for implementation, technical monitoring and guidance for suppression activities, and execution of the Forest Replacement Program. These and other impacts remain monitored for the entire construction period, which is still in an early phase, and some extend into the operational phase.



Umburanas and Campo Largo Wind Complexes

Biodiversity-related impacts of the implementation of Wind Farms in this region of the state of Bahia are relatively limited in terms of geographic extent. Chief among them lies vegetation suppression in areas occupied by wind turbines, administrative facilities, construction yard and internal and external access ways, and the respective effects on the wildlife.

Umburanas Wind Complex – Phase I

Total project lease area **5,331.0 ha**

Total preserved area **5,127.8 ha (96%)**

of which **45.1 ha** were areas recovered by the Degraded Areas Recovery Program, while the remainder endured no intervention.

Area occupied by facilities and access ways: **203.2 ha**

Campo Largo Wind Complex – Phase I

Total project lease area **7,399.1 ha**

Total preserved area **7,264.1 ha (98%)**

of which **99.7 ha** were areas recovered by the Degraded Areas Recovery Program, while the remainder endured no intervention.

Area occupied by facilities and access ways: **135.0 ha**



There is also a potential risk to archeological heritage which is quite pervasive in the area. The wind farm lies along the path of a migrating bird route, the Northeast Route, according to the Annual Report of the National Bird Research and Conservancy Center (Cemave)[1]. The Company therefore monitors the bird fauna and any carcasses, as required by the environmental licensing process and has so far detected no incidents involving colliding birds of any species as concerns operation of its wind turbines.

Therefore, impacts on the local ecosystem have been managed by means of Programs for Legal Reserve Preservation, Wildlife Monitoring, Distancing and Rescue, and Degraded Areas Recovery (chiefly construction sites), among others, with compensatory measures taken as needed. Some examples include the creation of a native species nursery – which produced 35 thousand saplings for donation and planting – and the rescue and release of over 3.7 thousand animals since implementation began, with approximately 300 individuals regularly monitored.

It is worth emphasizing that the Wind Complexes neighbor the Boqueirão da Onça National Park and lie within the limits of the namesake Environmental Protection Area (APA), one of the biggest most well preserved remnants of the Caatinga biome – providing important sheltering and breeding grounds for several regional wildlife and plant species and therefore playing an extremely important biological role. The Company looks at ways to join forces with local and national stakeholders to expand preservation actions for the Park and its surroundings.

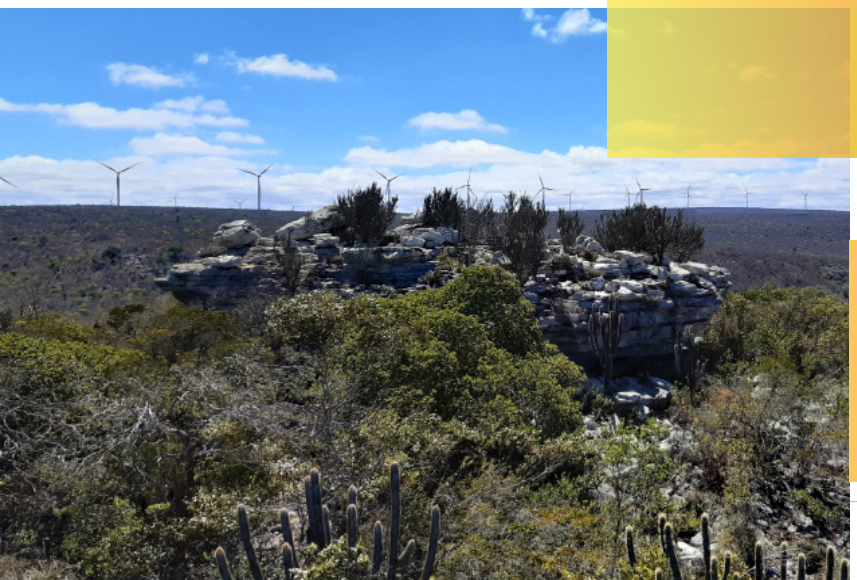
[1] *A member entity of the Chico Mendes Biodiversity Conservancy Institute (ICMBio).*

Archeological heritage

In the Wind Farms' region, 98 chiefly pre-colonial archeological sites have been found. Most of them were safe from any project-related impacts – particularly because they lie in the indirect influence area, where effects are less significant.

The entire effort to remove and record the material embraced the protocols of the Bahia state Historic and Artistic Heritage Institute (Iphan).

The Company intends to partner with the local government and community to develop heritage-conservation strategies, contributing to the dissemination of regional archeological knowledge. To this end, this knowledge must be integrated with information on record from other sources and investigative fields concerning related history and cultural heritage.







OPERATIONAL PROJECTS

In 2016, the Company launched a comprehensive biodiversity status mapping project in each project's region. Some of the expected developments from the project, called Biodiversity Matrix, include allocating investment to biodiversity targets, reconciling environmental conditions with priority conservation activities, optimizing the cost of legal requirements based on effective indicators and positive impact on threatened environmental attributes.

SUMMARY– BIODIVERSITY MATRIX PROJECT

10 parameters analyzed
8 applicable parameters

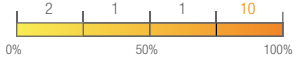
BIOMES
PHYTOECOLOGICAL REGIONS
VEGETATIVE FORMATIONS
PRIORITY AREAS
NATIVE LANDS
CONSERVATION UNITS
IMPORTANT BIRD AND BIODIVERSITY AREAS
MIGRATING BIRDS

NOT APPLICABLE
Ramsar WETLANDS
PATRIMÔNIO MUNDIAL DA UNESCO

PRIORITY AREAS
A tool to drive biodiversity conservation strategies (public policy, licensing conservation units)

EBE's operations
OVERLAP
17 PRIORITY AREAS

10 with high % overlap.



Considering neighboring areas:
37 PRIORITY AREAS
divided into 4 Biological Relevance classes

Extremely High	16
Very High	13
High	7
Little known	1

PRIORITY ACTIONS most often mentioned in generation plant:

Creation of Conservation Units | Creation of Ecological Mosaics and Corridors

The Trairi Wind Complex has high overlap rates with 5 different Priority Areas

CONSERVATION UNITS
Territories, including natural resources, created to preserve different populations, habitats and ecosystems.

EBE's projects lie close to 21 Conservation Units.

11 Atlantic Rainforest | **2 Caatinga** | **8 Cerrado**

Plant	Conservation Unit (UC)	Area (ha)	FU
Itá	Apertado Municipal Natural Park	22.43	RS
	Uruguay River Forest Teixeira Soares Municipal Natural Park	429.12	RS
	Fritz Plaumann State Park	733.36	SC
Machadinho	Espigão Alto State Park	1,443.68	RS
	Rio Canoas State Park	571.38	SC
Passo Fundo	Papagaio-Charão State Park	1,023.28	RS
	Sagrisa Municipal Natural Park	1,425.00	RS
Salto Santiago	Rio dos Touros Ecological Reserve	356.90	PR
Cana Brava	Serra do Tombador Private Natural Heritage Reserve	141.71	TO
	Pouso Alto Environmental Protection Area	77,274.86	GO
São Salvador	Lago de São Salvador do Tocantins, Paranã and Palmeirópolis Environmental Protection Area	14,587.11	TO
	Lago de Peixe/Angical Environmental Protection Area	7,628.66	TO
Rondonópolis	Dom Osório Stoffel State Park	13,068.03	MT
José Gelazio	Dom Osório Stoffel State Park	13,068.03	MT
Trairi	Dunas da Lagoinha Environmental Protection Area	1,320.88	CE
	Mundaú River Estuary Environmental Protection Area	9,222.38	CE
Ferrari	Porto Ferreira State Park	681.42	SP
	Sítio Kon Tiki Private Natural Heritage Reserve	11.89	SP
Estreito	Chapada das Mesas National Park	16,599.37	MA
	Fossilized Trees Natural Monument	18,018.99	TO
Jorge Lacerda	Baleia Franca Environmental Protection Area	8,534.08	SC

Itá is in contact with 3 Full Protection Units, 2 of them created and supported by EBE. **Usina Hidrelétrica Itá Fritz Plaumann Park Teixeira Soares Park**

In the area surrounding Jorge Lacerda, the Company created the **Encantos do Sul Environmental Park** (50 ha) from the restoration of a former ash disposal site.

Continuing with the Biodiversity Matrix, 2019 prioritized regions that include two of the Company's power plants: the Salto Osório Hydroelectric Plant, in Paraná, and the Campo Largo Wind Complex, in Bahia. Collection of biodiversity data in these locations become deeper, including the characterization of projects associated with economic activities and ecosystem services – to enable identifying priority actions and strategic stakeholders for conservation. The table next highlights the ecosystems that are most relevant to the sites, based on the identification of comparative evidence of more intense dependence, synergy, or potential impact relationships.

These services show different levels of relevance and impact for the various players, as concerns both the Company's operations and communities. The surveys enable identifying computer models applicable to the main ecosystem services in the region at hand. These models are appropriate to the data available and to ENGIE Brasil Energia's strategic objectives, and may direct environmental instruments intended to preserve ecosystem services and biodiversity.

Most relevant ecosystem services for local contexts

Salto Osório Hydroelectric Plant	Campo Largo Wind Complex
Erosion and water quality regulation	Water flow regulation
Provision of water for human supply and wildlife	Provision of water for human supply and wildlife
Provision of water for electric energy generation	Erosion and water quality regulation
Soil quality regulation	Scenic quality (local landscape)
Pollination	Recreation and tourism
Recreational fishing	

HIGHLIGHTS

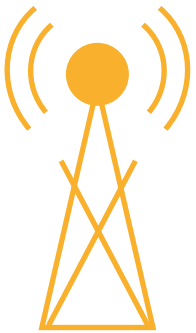
FISH FAUNA AND INVASIVE SPECIES

As an important aspect of biodiversity management, particularly in connection with hydroelectric projects, management of the fish fauna in the Company's reservoirs is key to corporate environmental management – both in terms of endemic species monitoring and conservation and fighting invasive species. One of the main invasive species is the gold clam, a small freshwater mollusk that anchors to and multiplies on Plant facilities, creating effective or potential damage to operations – increasing maintenance costs.

A related topic is macrophytes control, whose purpose is to mitigate the effects of eutrophication (excessive presence of water nutrients) and prevent indiscriminate development, which helps maintain the multiple uses of the reservoirs and minimize impacts on operations and other species.

New R&D Project

A new R&D project began in 2019 in the Machadinho Hydroelectric Plant to control and study the Pintado Amarelo (Pimelodus maculatus) cat fish, the species that the project's operations impact the most. The project, with R$ 5.6 million in predicted investment, includes the installation of sonars. Artificial intelligence software, and barriers to repel fish of this and other species.



R$ 5.6 million
invested



SAPLINGS DONATION AND PLANTING

ENGIE Brasil Energia keeps eight sapling nurseries that help maintain the biomes of the regions where they lie by breeding native species saplings, donations to the community and planting by the Company itself. A total 400 thousand saplings were donated or planted in 2019. In addition to helping preserve biodiversity, the project is educational in nature, as some donations are made at events held in schools and other community spaces.



Pampa Sul Thermal Power Plant Reservoir

The Pampa Sul TPP was unveiled in 2019 and one of its main socio-environmental impacts has been the creation of a water reservoir. Its purpose is to collect water for the Plant's cooling stacks and required flooding 370 ha, with the inclusion of 160.41 ha Permanent Preservation Area (APP) in the surrounding area. Implementation thus resulted in several impacts due to the need to acquire land, suppress vegetation, and change the water system (from lotic to lentic), among others. This affected the dynamics of the local wildlife and fish fauna.

Some of the main actions taken to mitigate theses impacts include fencing all of the APP areas to enable natural plant life regeneration, rescuing genetic material of conservation-interest plant species, supporting the recovery of an ecological corridor (8,32 km long by yearend 2019), developing

The Artificial Dam Surroundings Environmental Conservation and Use Plan (PACUERA), wildlife monitoring and rescue during vegetation suppression and reservoir filling. In addition, the Company monitored fish communities and replaced forests to offset the suppressed vegetation. A total 200 thousand saplings of 59 regionally native species were planted.

It is also worth mentioning the reservoir's positive impacts on neighboring communities, which include water supply, especially for the municipality of Hulha Negra, where a supply pipe grid and a Water Treatment Station (ETA) are being implemented.

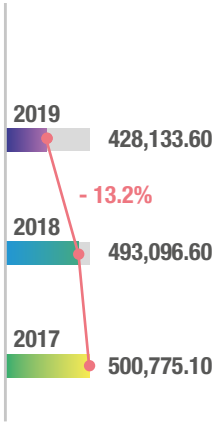


WATER AND EFFLUENTS → *GRI 103-1; 103-2; 103-3; 303-1; 303-2; 303-3; 303-4; 303-5*

[SASB IF-EU-140a.1; IF-EU-140a.2; IF-EU-140a.3]
[2030 Agenda Goals: 3.9, 6.4]

Commitment to hydro resources conservation pervades all of our activities. For this reason, the Company closely watches its consumption indicators and reuse opportunities. In 2019, considering all catchment sources, the total volume of water withdrawn for operations was 428.1 thousand ML, down 13.2% from 2018. Factors like lower generation at thermal plants – in particular CTJL Unit B, which operates in open cycle – and increased rainwater capture, contributed to this reduction. As for water consumption, the Company consumed 8.5 thousand ML in the same period.

Total water withdrawn (ML)



The Company's increased water withdrawal is mainly related with thermal plants operation. At hydro plants, the most significant use is associated with generation units cooling – however, the water used in the process simply flows through the system and returns to the catchment body with the same characteristics as when it was captured, except for temperature, which rises during the process but remains within legal standards. The quality of the discarded water is regularly monitored by means of physico-chemical and biochemical analyses, and the results are shared with authorities at all plants. Furthermore, all hydro plants run Reservoir Water Quality Monitoring Programs.

Main water management-related risks

The standards for effluents disposal are at least those provided by the law (such as CONAMA Resolutions 357/2005 and 430/2011, for example), including those specific for the water body's profile. Internally, ENGIE Brasil Energia abides by its Controlling Entity's procedures.

In 2019, total water disposal was 418.1 thousand ML, down 14.4% from 2018, in line with reduced consumption. This includes disposal from thermal plants and the water that flows through hydro plants' cooling systems. In both cases, the water is returned to the water bodies at quality and temperature levels compatible with those provided by the law.

Over the year, there were no cases of non-compliant water use (quantity, permissions, standards, and quality regulations).

Engagement for conservation

ENGIE Brasil Energia is a member of seven **Watershed Committees** for the regions where it operates, and where it discusses the sustainable use of water by society with public- and private-sector institutions. To additionally contribute to hydro resources conservation, we are members of the **State Hydro Resources Boards of Santa Catarina and Paraná**. In the hydro plants' catchment areas, water conservation also involves multiple reservoir use, which the Company governs based on the Artificial Dams Conservation and Use Plans (Pacuera), the legally prescribed instrument to minimize the negative impacts of activities carried out in a project's region.

Another noteworthy volunteer initiative that the Company carries out in this area is the **Headwaters Conservation Program**. It is executed in partnership with governmental and third-sector organizations and, in addition to promoting natural resources conservation, it contributes to improving the quality of the water that communities consume. Sing the program's launch, 1,907 headwaters have been protected, 126 of them in 2019 alone, in the catchment areas of 14 plants that the Company operates.

Potential risk	Mitigation strategies and practices
Risk of emergency oil leaks at energy generation plants, in particular hydroelectric ones, with potential water contamination.	NBR ISO 14001-certified Environmental Management System, with preventive maintenance procedures, Operation tests and inspections, firefighting systems, containment barriers, and water-oil separation systems.
Hydro plant reservoir pollution due to illegal use and occupation of reservoir banks.	Environmental and Social and Property Inspection Teams active in and around reservoirs.

ENERGY → *GRI 103-1; 103-2; 103-3; 302-1; 302-3*

[2030 Agenda Goals: 7.2, 9.4]

In line with our Sustainable Management Policy, the Company is committed to adopting measures to reduce fossil fuels consumption. These include preferred use of flex-fuel vehicles that can run on renewable-source fuels, retainer of collective commuting services for employees at the majority of plants, and intensified use of audio- and video-conferencing to prevent commuting to meetings. Concerning renewable fuels, the Company met all 2019 targets associated with increased use in the corporate fleet. The highlights were the Cana Brava, Plant, which reached 1000% usage, and the São Salvador Plant, at 98%.

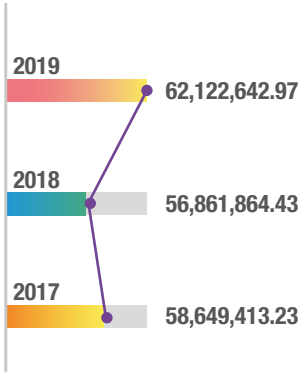
Consumption of energy from non-renewable sources was up 10.9% in 2019, due mainly to operational startup at the Pampa Sul Thermal Power Plant. A reflection of this was an increase in the Company's total energy consumption over the year: 62,122,642.97 GJ, up 9.25% form 2018.

Grid electricity usage in the year was 604.5 thousand GJ, up 97.5% from 2018. The significant increase is largely due to the increased number of hours where the Company served as synchronous compensator, a required role to balance grid voltage that requires generators to work as motors and consumer energy. This is a mandatory and compensated activity that arises in the presence of excess grid supply, as ordered by the National Electric Energy System Operator (ONS).

Furthermore, starting in 2018, we changed the methodology used to measure plants' energy consumption: We now subtract from total energy consumed the volume of energy generated by the plant itself. That is, figures now consider grid energy consumed alone.

As for fuel consumption, the Jorge Lacerda Thermal Complex, responsible for approximately 75% of fuel consumption at the Company's thermal power plants, is NBR ISO 50001-certified. The standard focuses on continued energy performance improvement and includes efficient energy usage aspects. To maintain the certification, several control actions have been established that periodically undergo to internal and external audit.

Total Energy Consumption (GJ)



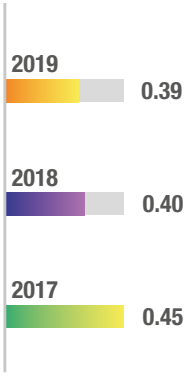
Cana Brava Hydro Plant

100% usage

São Salvador Hydro Plant

98% usage

Energy intensity (GJ consumed/ GJ produced)





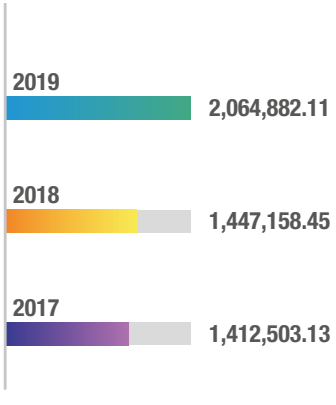
WASTE → *GRI 03-1; 103-2; 103-3; 306-2*

[SASB IF-EU-150a.1.]
[2030 Agenda Goals: 12.5]

Waste management at all of our operations aims to guarantee proper disposal, as well as enhancement, wherever possible, of materials recycling, re-use, and recovery processes. To guarantee proper disposal, the Company requires contractors retained to collect and dispose of waste to comply with the applicable environmental law, in particular Law 12305/2010, which governs the National Solid Waste Policy.

In 2019, the Company recognized a 42.7% increase in its total volume of waste generated. The increase was mainly due to operational startup at the Pampa Sul Thermal Power Plant and to the Salto Osório Hydroelectric Plant's modernization process.

Total waste (ton.)



Out of the total waste generated, 69.4% have been recovered. The rate is down from previous years, mostly because some of the ash generated at the Pampa Sul HPP is allocated to coal mine pits (which is not regarded as recovery). Until 2018, almost 100% of the total ash generated by the Company were allocated to the cement industry and to agriculture (sugar cane growing and planted forests) – this recover practice remains in place at the other thermal power plants.

Continued waste-management improvement is among the environmental goals of several plants in our generation complex – eight out of 12 corporate goals associated with waste recovery/recycling were attained in 2019.

ATMOSPHERIC EMISSIONS → *GRI 103-1; 103-2; 103-3; 201-2; 305-1; 305-2; 305-3; 305-4*

[SASB IF-EU-110a.1; IF-EU-110a.2; IF-EU-110a.3]
[2030 Agenda Goals: 7.2, 7.3, 13.2]

As part of the actions prescribed in the ENGIE Climate Change Policy, the Company periodically takes a Greenhouse Gas (GHG) Emissions Inventory to improve its mitigation and adaptation actions and strategies. The document accounts for and quantifies emissions based on concepts and guidelines in accordance with the Brazilian GHG Protocol Program, and is verified by an independent outside party. The Inventory's consolidated data takes account of the two approaches that the Program uses: operational control and equity stake. **Click here** to view the full version of our 2019 Greenhouse Gas Emissions Inventory.

GOALS

The ENGIE Group has two non-financial objectives that are directly associated with climate change and must be reached by 2020:

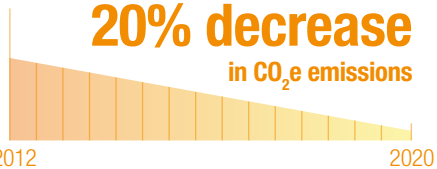
- Having more than 25% of its energy mix coming from renewable sources;
- Reach at least 20% reduction in the index of CO_2e emissions by unit of energy in 2020 compared with 2012*.

ENGIE Brasil Energia's contribution reaching these objectives is key. Our own installed capacity from renewable sources reached 82.6% in 2019.. For comparison, the ratio was 82.8% in 2012, that is, there has been a 3.4 p.p. increase. As for the emissions target, our emissions intensity was 179,6 Kg CO_2/MW in 2012 but 1524 CO_2/MWh in 2019 – down 15% in the period.

** 443kg CO_2/MWh in 2012.*

25%
Of energy produced from renewable sources

20% decrease
in CO_2e emissions



2012 **82.8%**

Own installed capacity from renewable sources up **3.4 p.p.**

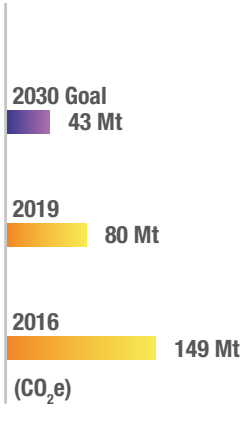
2019 **86.2%**

Although the targets had been set for 2020, because they were reached in 2019, the **ENGIE Group** set two new **climate-change and energy-transition related goals:**

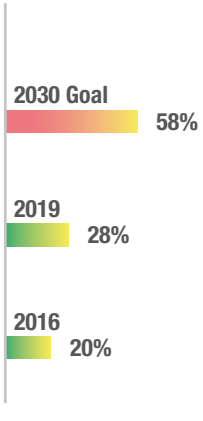
1 Emission of greenhouse gases from electricity production must decrease from 149 Mt of CO_2e in 2016 to 43 Mt in 2030. This goal is based on the Science Based Targets (SBT) initiative for Greenhouse Gas Emissions paths, which is recognized as compatible with the Paris Agreement;

2 The percentage of renewables in the electricity generation mix must increase from 20% in 2016 to 58% in 2030, in line with the SBT initiative's path.

Evolution of GHG emissions from electricity production



Presence of renewables in the generation mix



CARBON CREDITS

ENGIE Brasil Energia has nine Renewable Energy projects registered with the Clean Development Mechanism (CDM), corresponding to 38 Plants, including the Campo Largo – Phase I Wind Complex and the Umburanas – Phase I Wind Complex, the latest to be listed under the Mechanism. Together, t**he projects generate approximately 2 million carbon credits/year**, not to mention Lages Bioenergética, which has already completed the 10 years of credit emissions for which it was accredited.

Purchase of a credit carbon **entitles the beneficiary to offset scope 1, 2, or 3 emissions from its emissions inventory**, in addition to providing indirect contributions and benefits, such as reputational gains.

In addition to being registered under the CDM, the renewable energy projects included in the Activities Program form the ENGIE Group's Green Bonds financing structure, helping raise international funds to expand renewable energy in Brazil. Out of the 9.65 billion Euros that the Controlling Entity raised with green bonds, more than 1 billion have been allocated to projects in Brazil.

I-REC

Renewable energy certificates (I-RECs) substantiate that the electricity purchased by a customer comes from a renewable source, **and may be used to neutralize scope 2 emissions from their emissions inventory.**

ENGIE has certified the São Salvador Hydroelectric Plant as an I-REC issuer (every MWh of energy generated corresponds to one 1 I-Rec). Therefore, we generate an estimated 800 thousand I-RECs/year, approximately.

ENGIE-REC

Like I-RECs, the ENGIE-RECs substantiate the origin of the energy sold to a customer, including the socio-environmental attributes of the project selected by the buyer – whether wind, solar, or hydroelectric. In addition, **they neutralize scope 2 emissions**. Because these are bilateral agreements, the purchase limit is the renewable energy guarantee of the as-yet uncertified company.

PERFORMANCE

The Company emitted **5,288,046.07 tCO_2e in 2019 under the operational control methodology, and 5,293,110.33 tCO_2e under the equity stake approach,** as the table next shows – **up 21.1% from 2018 in each case. The Company's total emissions had been trending down for five consecutive years**, which is due mostly to the decommissioning/sale of three thermal power plants: Charqueadas, Alegrete and William Arjona. From the entry into operation of the Pampa Sul Thermal Power Plant, in mid-2019, emissions resumed rising, as the project's source of energy is coal combustion.

Total emissions (tCO_2e)

	Operational Control	Equity Stake
2019	5,288,046.07	5,293,110.33
2018	4,367,433.91	4,368,848.15
2017	4,437,836.99	4,437,910.54

Data on other significant atmospheric emissions (NOx, SOx, Particulate Material) can be seen in the Supplement (attachment).

DIRECT EMISSIONS (SCOPE 1)

The Company's total direct emissions in 2019 were 5,260,402.94 tCO_2e under the operational control approach, and 5,265,263.89 tCO_2e under the equity stake approach – up 21.2% and 21.3%, respectively, from the previous year. The increase is due mainly to entry into operations of the Pampa Sul Thermal Power Plant.

Direct emissions (scope 1) – tCO_2e

	Operational Control	Equity Stake
2019	5,260,402.94	5,265,263.89
2018	4,340,467.59	4,341,640.86
2017	4,403,996.75	4,402,504.66

INDIRECT EMISSIONS (SCOPE 2)

The Company's total indirect emissions in 2019 were 12,825.45 tCO_2e under the operational control approach, and 12,873.02 tCO_2e under the equity stake approach, up 7.4% and 6.5% respectively, from the previous year. GHG emissions from electricity consumed are mainly associated with the operations of the Jorge Lacerda Thermal Complex and ancillary services provided by the Company to the National Interconnected System (SIN) – which are necessary to balance grid voltage, requiring generators to operate as motors to consume energy. This is a mandatory and compensated activity that is carried out in the presence of excess energy in the grid, as determined by the National Electric System Operator (ONS).

Indirect emissions (scope 2) – tCO_2e

	Operational Control	Equity Stake
2019	12,825.45	12,873.02
2018	11,945.92	12,089.20
2017	17,926.97	19,412.44

OTHER EMISSION SOURCES (SCOPE 3)

The Company's total emissions from other sources in 2019 were 14,817.68 tCO_2e under the operational control approach and 14,973.42 tCO_2e under the equity stake approach, down 1.3% and 1.0% respectively, from the previous year. The Jorge Lacerda Thermal Power Complex answers for 81% of these emissions, which are mostly related with the transportation of inputs like Diesel fuel, and of waste, ashes in particular.

Other emissions sources (scope 3) – tCO_2e

	Operational Control	Equity Stake
2019	14,817.68	14,973.42
2018	15,020.40	15,118.09
2017	15,913.27	15,993.44

EMISSION INTENSITY

Like total emissions, **the Company's emission intensity (amount of CO_2 emitted to generate 1 MWh) had been trending down for five consecutive years** because of the sale and demobilization of thermal assets. The figure resumed **rising (2.9% under operational control and 5.1% under equity stake) compared with 2018** because of the operational startup of the Pampa Sul Thermal Power Plant.

Emission intensity ($kgCO_2e/MWh$)

Operational Control	Change from 2019 (%)	Equity Stake	Change from 2019 (%)
2019	190.0	152.4	
2018	184.7	145.0	5.1%
2017	202.7	157.9	-3.5%

6 Our Report

REPORTING PROFILE

→ *GRI 102-3; 102-45; 102-50; 102-51; 102-52; 102-53; 102-54; 102-56*

This is ENGIE Brasil Energia's 13th Sustainability Report according to the standards provided by the Global Reporting Initiative (GRI), a nonprofit organization that proposes guidelines to guarantee the reporting quality of organizations worldwide. Based on these guidelines, this edition provides information on corporate management and on our environmental, social and economic performance in the period from January 1 to December 31, 2019.

The publication addresses the performance of the Company, with registered offices in Florianópolis (state of Santa Catarina, Brazil), and of the companies responsible for the majority of its sales and operations as at yearend 2019, as disclosed in the 2019 **Management Report** and **Financial Statements**.





This Sustainability Report abides by the latest GRI-proposed guidelines, Standards: Core option and subject to independent external review – conducted by Bureau Veritas Certification Brasil (Bureau Veritas). (**see the independent auditors' Letter of Assurance**) Submitting the Report to audit underscores the Company's commitment to transparency so as to offer relevant information for the comprehension of its business by the different publics with which the Company interacts.

The Report's drafting process is coordinated by the Investor Relations area and involves tens of ENGIE Brasil Energia employees.

Publication

ENGIE Brasil Energia publishes Sustainability Reports on an annual basis. The 2018 edition was published in April of the following year and can be viewed at the **Company Website**. Comments on all editions of the Report can be sent to **ri.brenergia@engie.com**.



STAKEHOLDER OUTREACH

→ *GRI 102-40; 102-42; 102-43; 102-44; 102-46; 102-47; 102-49*

Following GRI's recommendations, ENGIE Brasil Energia attempted to focus its 2019 report on topics of relevance to sustainable business development. To ensure that the Report addresses the interests of both the Company and its stakeholders, our starting point was the comprehensive outreach process developed in the latter half of 2019 by means of the **Sustainability Panels – attended by 604**, including employees, local community representatives (residents' associations, public authorities, representative entities, learning institutions), the press, suppliers, and companies in the industry.

The events were held in 17 cities where we operate – covering 26 plants and our main offices – and enabled dialogue between the Company and various stakeholder groups. During the dialogues, participants were asked about the main impacts stemming from our activities, local challenges, and opportunities for ENGIE Brasil Energia to contribute to sustainable development. In addition, they were also asked about the relevance of the sustainability-related topics that the Company includes in its agenda based on its strategies and context studies. Definition of the stakeholders to whom we were to reach out was based on contact frequency, each group's relevance to the business, and level of engagement (from most to least engaged) and attitude towards/view of the Company (from support to opposition). The goal was to form as heterogeneous a group as possible, given the foregoing criteria, which were established by consensus between the managers of operating units and the Sustainability Forum.

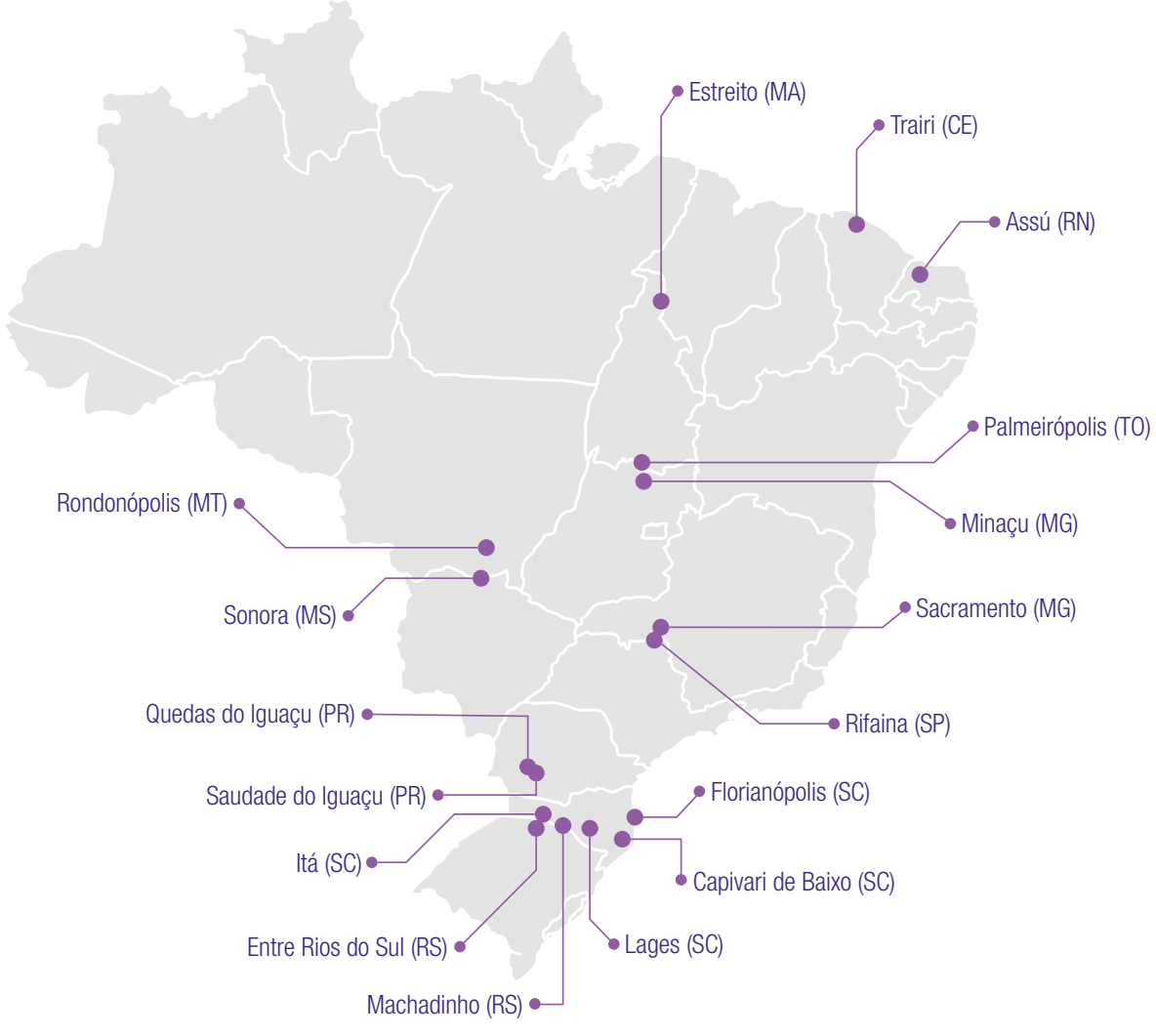








Host locations of the 2019 Sustainability Panels



Main impacts of the Company's activities as identified by Sustainability Panel Participants

POSITIVE	NEGATIVE
Creation of jobs, income and opportunities.	Communities displaced to implement projects empreendimentos.
Tax revenues.	Environmental change: wildlife and plant life impact, noise, emissions, landscape.
Improved local infrastructure.	Socio-economic consequences of decarbonization* descarbonização*.
Renewable energy generation.	
Care for the environment.	
Socio-environmental projects.	
Quality of life for employees.	

** Associated with the sale of thermal power plants.*

To enable reaching out to stakeholder groups that did not physically attend the Panels, like investors, customers and regulators, the Company launched a **supplementary survey**, by means of an online platform, containing issues similar to those addressed at the meetings. The survey had a total of 34 respondents.

Because the Company believes in the relevance of the process, **it based its selection of the Report's topics on the positive and negative impacts indicated by panel attendants.** Furthermore, it held an extensive context survey driven by the pillars and commitments according to the Sustainable Management Policy, in addition to key documents on related topics produced by several institutions, such as the Intergovernmental Panel on Climate Change (IPCC), B3, International Integrated Reporting Council (IIRC), the UN Global Compact, and GRI itself. In addition, we held benchmark analyses with players active in the same segments as the Company.

MATERIAL TOPICS DEFINITION

After submission of the results of the outreach process to the Sustainability Forum and the Company's Management, the survey's topics were reviewed to address the company's strategic vision and add include topics associated with impacts and externalities raised in stakeholder dialogues.

The material topics were thus broken down into **four key areas and 15 topics**, as the Figure below shows:

1. Consistent performance

- Generating economic results and sharing value with society.
- Innovate to improve processes and create new solutions and services.

2. Leading the energy transition

- Prioritizing renewable energy generation sources.
- Dynamic relationship with customers, focusing on providing sustainable solutions.
- Emissions management.
- Adaptation to climate change.



3. Wholesome, prosperity-oriented relations

- Preventing, monitoring and fighting corruption.
- Team and community safety.
- Employee well-being, development and diversity.
- Boosting local communities' prosperity.
- Fostering best socio-environmental practices among suppliers and customers.

4. Environmental management

- Water and effluents.
- Biodiversity.
- Solid waste.

RELATED INDICATORS

After material topics had been defined, the Company selected the performance indicators to monitor and report. For this cycle, in addition to the disclosures proposed by the **Global Reporting Initiative (GRI)**, which are traditionally reported, the report adds, as applicable, indicators from the **Sustainability Accounting Standards Board (SASB)** – CDSB Framework and the Electric Utilities Power Generators Standard (2018) to leverage communications, particularly with the financial market.

The GRI/SASB Summary shows the indicators selected by topic, as shown next.



GRI/SASB Summary

→ GRI 102-55

	Disclosure	Page	Answers and Omissions
102-1	Name of the organization	12	
102-2	Activities, brands, products, and services	12; 15	
102-3	Location of headquarters	12	
102-4	Number of countries in which the organization operates	15; 18	
102-5	Ownership and legal form	12	
102-6	Markets served	12; 32	
102-7	Scale of the organization	8; 12	
102-8	Information on employees and other workers	52; 91	
102-9	Description of the organization's supply chain	64	
102-10	Significant changes to the organization and its supply chain in the period	64	
102-11	Precautionary Principle approach	35	
102-12	External initiatives embraced or endorsed	95	
102-13	Membership of domestic or international associations	95	
102-14	Statement from the most senior decision-maker	2	
102-16	Values, principles, standards, and norms of behavior	12; 20	
102-17	Internal and external mechanisms adopted for guidance requests on ethical behavior	20	
102-18	Governance structure	20	
102-22	Composition of the highest governance body and its committees	20	
102-40	List of engaged stakeholders	81	
102-41	Percentage of employees covered by collective bargaining	55	
102-42	Identifying and selecting stakeholders	81	
102-43	Approach to stakeholder engagement	51; 81	
102-44	Key topics and concerns raised	81	
102-45	Entities included in the consolidated financial statements	80	
102-46	Defining report content and topic Boundaries	81	
102-47	List of material topics	81	
102-48	Explanation of the consequences of any restatements of information in previous reports	-	No restatements made.
102-49	Material changes from previous years as concerns material topics, limits on topics addressed	81	
102-50	Reporting period	80	
102-51	Date of most recent report	80	
102-52	Reporting cycle	80	
102-53	Contact point for questions regarding the report	80	

	Disclosure	Page	Answers and Omissions
102-54	Reporting assumptions in accordance with the GRI Standards	80	
102-55	GRI content index	84	
102-56	External assurance	80; 88	
103-1	Explanation of material topics and limits	20; 22; 26; 32; 33; 34; 35; 52; 59; 64; 69; 75; 76; 77	
103-2	Management approach to material topics	20; 22; 26; 32; 33; 34; 35; 52; 59; 64; 69; 75; 76; 77; 80	
103-3	Management evolution	20; 22; 26; 32; 33; 34; 35; 52; 59; 64; 69; 75; 76; 77	
201-1	Economic value generated and distributed	8; 44	
201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	22; 35; 77	
201-4	Financial support from government sources	44	
205-1	Percentage and total number of operations subject to corruption-related risk analysis and significant risks identified	20; 64	
205-3	Confirmed cases of corruption and steps taken	20	
302-1	Energy consumption within the organization	76; 98	
302-3	Energy intensity	76	
303-1	Interactions with water as a shared resource	75, 97	Partial. The Company does evaluate hydro impacts, but some of the information requested in version 2018 of the present disclosure are unavailable.
303-2	Management of water-disposal related impacts	75	
303-3	Total water withdrawal	75; 97	Partial. The amount of water produced and a breakdown of water withdrawn into fresh water and other water types was not measured in 2019.
303-4	Total effluents disposal in all areas	75; 97	Partial. Breakdown of water disposal between fresh water and other water types was not measured in 2019.
303-5	Total water consumption	75	
304-1	Location and size of areas held, leased or managed within protected areas or adjacent thereto, and areas of high biodiversity rates outside of protected areas	69	
304-3	Habitats protected or restored	69	Partial. Were reported only restored areas related to projects implemented in the last few years.
305-1	Direct GHG (Scope 1) emissions	77; 79	
305-2	Indirect GHG (Scope 2) emissions from energy acquired	77; 79	
305-3	Other indirect (Scope 3) GHG emissions	77; 79	
305-4	GHG emissions intensity	77; 79	
305-6	Emission of Ozone Depleting Substances (ODS)	100	
305-7	Emission of NO_x, SO_x, and other material atmospheric emissions	100	

	Disclosure	Page	Answers and Omissions
306-2	Waste generated, broken down by type and disposal method	77; 99	
308-1	Percentage of new suppliers selected based on environmental criteria	64	
308-2	Material negative environmental impacts (actual and potential) along the supply chain and measures taken in this respect	64	
401-1	New hires and employee turnover	98	
403-1	Occupational Health and Safety Management System	55	
403-8	Employees covered by the occupational health and safety management system	55	Partial. The number of service providers que working at sites controlled by ENGIE Brasil Energia and covered by the system is not calculated because it varies significantly over the year.
403-9	Occupational injuries information	55; 93	Partial. Qualitative information in this disclosure are being organized. Occupational hazards will be disclosed in the next reporting cycle.
404-1	Average training hours per year per employee, broken down by gender and category	57; 94	
404-3	Percentage employees with regular performance and career development reviews	57	
405-1	Governance body and workforce diversity	52; 58	
406-1	Total number of discrimination cases and steps taken	52	
412-3	Percentage and total number of material investment agreements and contracts that include human rights clauses or that underwent human rights screening	64	All agreements with suppliers (whether material or not) include human rights clauses. Material investments (projects) of the Company carry out human rights evaluations.
413-1	Percentage of operations with programs in place to engage local communities, evaluate impacts, and/or foster local development	59; 94	
413-2	Operations with significant actual and potential negative impacts on local communities	59; 94	
414-1	Percentage of new suppliers selected based on human rights-related criteria	64	
414-2	Material negative human rights impacts (actual and potential) along the supply chain and measures taken in this respect	64	
EU1	Installed capacity, broken down by primary energy source and regulatory regime	15; 42	
EU2	Energy input into the grid, broken down by primary energy source and regulatory regime – net energy production	42	
EU3	Number of residential, industrial institutional and commercial consumer units	32; 65	
EU8	Electric energy research and development and sustainable development promotion	34	
EU11	Average thermal plant efficiency by energy source and regulatory system	42; 98	
EU30	Average plant uptime factor by energy source	42	

Disclosure		Page	Answers and Omissions
SASB Indicators			
IF-EU-140a.1.	Total water withdrawn, total water consumed, percentage of each in each region under hydro stress	75; 97	
IF-EU-140a.2	Number of cases of water-related noncompliance	75	
IF-EU-140a.3	Description of water-management risks and discussion of mitigating strategies and practices	75	
IF-EU-110a.1	Scope 1 emissions	77; 100	
IF-EU-110a.2.	GHG emissions associated with energy deliveries	77; 100	
IF-EU-110a.3.	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction goals, and performance review	77	
IF-EU-120a.1	Atmospheric emissions of the following pollutants: NOx (except N2O), SOx, particulate material (PM10), lead (Pb) and mercury (Hg)	100	
IF-EU-150a.1.	Quantity of coal combustion waste generated and percentage recycled	77	
IF-EU-150a.2	Total number of withheld coal combustion waste, broken down by potential hazard rating and structural integrity evaluation	99	
IF-EU-320a.1	Total rate of reportable incidents, fatality rate and frequency rate	55	
IF-EU-550a.2	Average system interruption duration and frequency index	42	
IF-EU-420a.2	Percentage electricity load served by smart grid technology	33; 42	ENGIE applies – at both its Generation Operations Center (COG) in Florianópolis at locally operated plants – distinctive technological resources to ensure the reliability, safety and efficiency of the operation and, thereby, of the grid.

INDEPENDENT ASSURANCE STATEMENT BUREAU VERITAS

INTRODUCTION

Bureau Veritas Certification Brazil (Bureau Veritas) was engaged by Brasil Energia S.A. (ENGIE), to conduct an independent assurance of its Sustainability Report for the year 2019 (hereinafter referred to as the Report).

This assessment was conducted by a multidisciplinary staff with expertise in non-financial data.

SCOPE OF WORK

The scope of this verification encompassed the Standard and Principles[1] of the Global Reporting Initiative™GRI for Sustainability Reports, for the period from 1 January to 31 December 2019.

ENGIE AND BUREAU VERITAS RESPONSIBILITIES

The collection, calculation and presentation of the data published in the report are ENGIE's management sole responsibility. Bureau Veritas is responsible for providing an independent opinion to the Stakeholders, pursuant to the scope of work defined in this statement.

METHODOLOGY

The assurance work covered the following activities:

1. Interviews with the personnel responsible for material issues and Report content;

2. Review of documentary evidence provided by ENGIE in relation to the reporting period (2019);

3. Verification of performance data relating to the principles that ensure the quality of the information, pursuant to the GRI Standards;

4. Visit to ENGIE´s Head office at Florianópolis/SC, Brasil;

5. Desk review of ENGIE's stakeholder engagement activities;

6. Evaluation of the method used to define material issues included in the Report, taking into account the sustainability context and the scope of the information published.

The level of verification adopted was Limited, according to the requirements of the ISAE 3000 Standard[2], which were incorporated to the internal assessment protocols of Bureau Veritas.

LIMITATIONS AND EXCLUSIONS

Excluded from the scope of this work was any assessment of information related to:

- Activities outside the defined reporting period;
- Statements of position (expressions of opinion, beliefs, goals, or future intentions) on the part of ENGIE;
- Accuracy of economic and financial data contained in this Report which has been taken from financial statements verified by independent financial auditors;
- Inventory of Greenhouse Gas (GHG) emissions;
- Data and information regarding related companies that are not under operational control of ENGIE;

The following limitations apply for this assurance engagement:

- The principles of Accuracy and Reliability were limited to data samples related to material aspects published within the Report;
- Economic and financial data presented within the report were assessed against the GRI reporting principle of Balance.

1. Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Periodicity, Clarity, and Reliability. 2. International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information

TECHNICAL REPORT

• ENGIE conducted a materiality study in 2019 that resulted in 14 material topics. This study was carried out through 33 face-to-face meetings and complementary consultations with stakeholder groups, included by the company;

• In our understanding, the Report presents the impacts of the company's activities in a balanced way;

• With respect to the GRI 308-1 indicator, which deals with the screening of new suppliers, we evidenced a consistent system with the use of "big data" for the analysis and application of environmental criteria of suppliers;

• ENGIE demonstrated an adequate data collection and compilation method in relation to the GRI reliability Principle. However, we found certain inconsistency in some quantitative indicators, due to the absence of calculation logs to structure the collection.

RECOMMENDATIONS

• Systematize the collection and compilation of sustainability data published in the Report, using calculation logs for quantitative indicators, whenever relevant.

CONCLUSION

As a result of our assurance nothing has come to our attention that would indicate that:

• The information presented in the Report is not balanced, consistent and reliable;

• ENGIE has not established appropriate systems for the collection, aggregation and analysis of quantitative and qualitative data used in the Report;

• The Report does not adhere to the Principles for defining report content and quality of the GRI Standards and does not meet its Core level.

DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent professional services firm specializing in Quality, Health, Safety, Socialand Environmental Management, with more than185 years' experience in independent assessment.

Bureau Veritas has a quality management system that is certified by a third party, according to which policies and documented procedures are maintained for the compliance with ethic, professional and legal requirements.

The assessment team has no links with ENGIE and the assessment is performed independently.

Bureau Veritas implemented and follows a Code of Ethics throughout its business, in order to assure that its staff preserve high ethical, integrity, objectivity, confidentiality and competence/ professional attitude standards in the performance of their activities. At the end of the assessment, a detailed report was drawn up, ensuring traceability of the process. This Report is kept as a Bureau Veritas management system record.

Contact

Bureau Veritas Certification is available for further clarification on www.bureauveritascertification.com.br/faleconosco.asp or by telephone (55 11) 2655-9000.

São Paulo, Brazil, May 2020.

Alexander Vervuurt
Lead Auditor; Assurance Sustainability Reports (ASR)
Bureau Veritas Certification – Brazil

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Investor Relations – ri.brenergia@engie.com Phone No.: 55 48 3221-7225

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Depositary bank (American Depositary Receipts) – The Bank of New York Mellon

Environmental, health and safety, or social responsibility matters

Sustainability Forum – comitesustentabilidade.brenergia@engie.com

Ethics, corruption, harassment, discrimination, or human rights violation matters

Ethics Forum: comitedeetica.brenergia@engie.com

Whistleblowing or inquiries:
https://www.canalintegro.com.br/engiebrasil/ (guaranteed anonymity)

Suppliers

https://www.engie.com.br/fornecedores/

Customers

https://www.engie.com.br/para-sua-empresa/

https://minhaenergialivre.com.br/





Credits

General coordination
Investor Relations (RCI)

GRI Consultancy, text and editing
We Sustentabilidade

Graphic design and layout
Laura Camilo

Translations
Tristar Traduções Ltda

Image credits
ENGIE Group archives, ENGIE Brasil Energia, employees and service providers.

Supplement











SOCIAL MANAGEMENT

This section provides information and indicators in addition to those mentioned in the 2019 Sustainability Report's main volume, in connection with policies and practices embraced with the main publics with which we interact.

EMPLOYEES

DIVERSITY → *GRI 102-8; 401-1; 405-1*

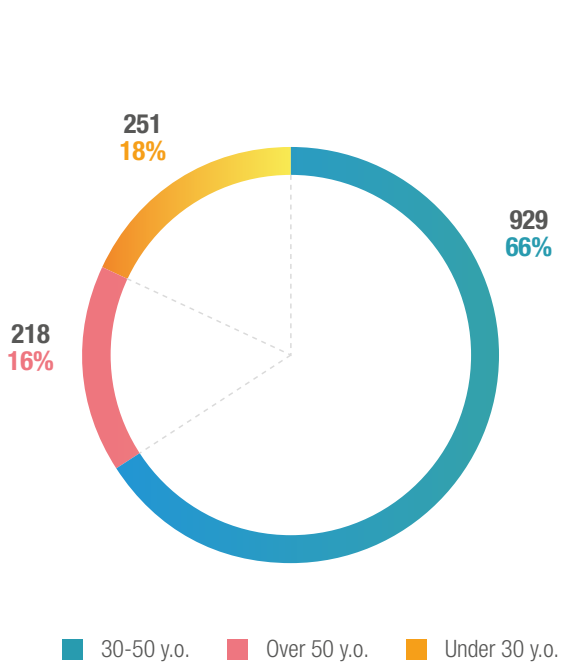
Governance body membership by gender

	Male	Female	Under 30 y.o.	30-50 y.o.	Over 50 y.o.
Board of Directors	100%	0%	0%	43%	57%
Executive Board	100%	0%	0%	38%	63%

Total employees by gender and category

	Male	Female	Total
Management	204	31	235
Anallysts, engineers and specialists	320	132	452
Operators, technicians	607	104	711
Total	**1,131**	**267**	**1,398**

Number of employees by age group



Number of employees by job type

	Female	Male
Permanent	267	1131
Temporary	22	27
Total	**289**	**1,158**

Number of employees by job type

	Female	Male
Full-time	261	1,125
Part-time	6	6

HIRES

Total hires in 2019 by gender and age group

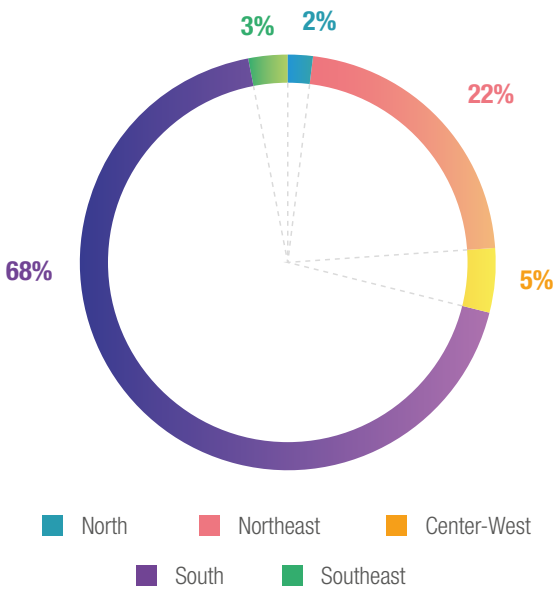
Age group	Female	Male	Total	Hire rate by age group
Under 30 y.o.	15	45	60	0.239
30-50 y.o.	11	67	78	0.084
Over 50 y.o.	0	2	2	0.009
Total	**26**	**114**	**140**	
Hire rate* by gender	0.097	0.100	0.10	

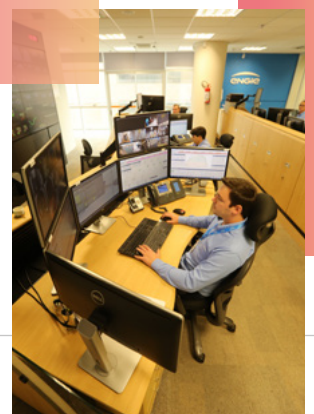
** Number of employees hired / total headcount.*

Hire rate in 2019 by region

North	Northeast	Center-West	Southeast	South
0.029	0.101	0.025	0.056	0.108

Percentage hires by region





SEVERANCES

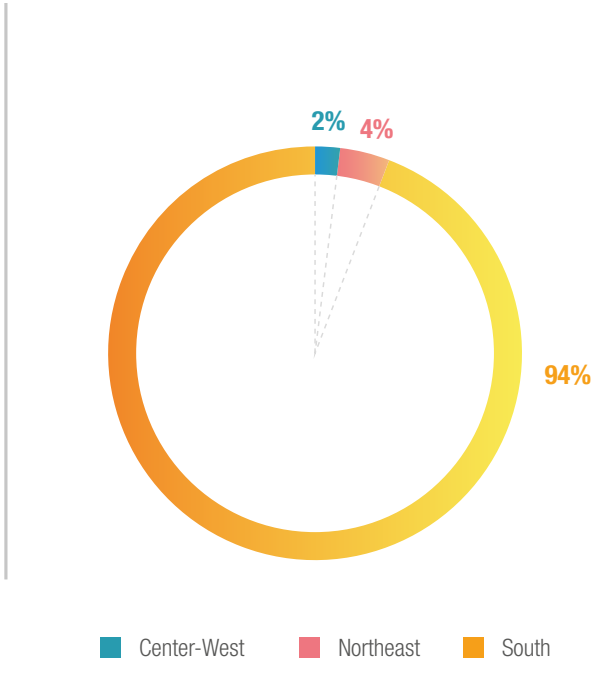
Total severances by gender and age group

Age group	Female	Male	Total	Turnover*
Under 30 y.o.	4	7	11	2.5%
30-50 y.o.	1	26	27	3.8%
Over 50 y.o.	1	40	41	1.5%
Total	**6**	**73**	**79**	**7.8%**

Turnover by region

North	Northeast	Center-West	Southeast	South
0%	0.4%	0.1%	0%	7.2%

Percentage severances in 2019 by region *



OCCUPATIONAL HEALTH AND SAFETY → *GRI 403-9*

Number of occupational accidents, except ENGIE Geração Solar Distribuída

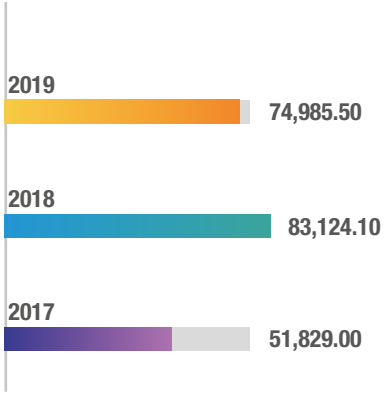
	2017	2018	2019
Own employees			
Hours of risk exposure	1,910,390	2,060,731	2,338,743
Number of occupational and commuting accidents without leave	8	3	7
Number of days lost – occupational accidents with leave	8	30	0
Number of fatal accidents	0	0	0
Contractor employees			
Hours of risk exposure	6,311,671	18,728,672	8,603,756
Number of occupational and commuting accidents with and without leave	31	155	55
Number of fatal accidents	1	0	0

Number of occupational accidents at ENGIE Geração Solar Distribuída

Own employees	
Hours of risk exposure	215,037
Number of occupational and commuting accidents with and without leave	1
Total accidents	65
Fatal accidents	0
Contractor employees	
Hours of risk exposure	126,073
Occupational and commuting accidents with and without leave	4
Fatal accidents	0

TRAINING AND DEVELOPMENT → *GRI 404-1*

Training hours



Average training and development hours by gender and category

Average by gender	
Male	52.9
Female	31.8
Average by category	
Managers	44.6
Analysts, engineers and specialists	40.6
Operators, technicians	56.7

COMMUNITIES → *GRI 413-1; 413-2*

Projects undergoing implementation

Resident communities in the vicinity of Company projects undergoing implementation are invited to take part in the environmental licensing process by means of public hearings intended to disclose information on projects and any socio-environmental impacts. Once implementation begins, several communication channels are made available, such as ombudsmen and information centers, visits with neighboring households, informational leaflets and brochures, spots on radio, and speaker-car announcements. As provided in the environmental licenses, some projects include Project Monitoring Commissions (CAE) formed to keep the population informed and comprised of representatives from society, public authorities, and community leaders.

To promote local hiring, particularly for construction jobs at projects undergoing implementation (masons, carpenters and armature workers, for example), the Company holds professional initiation and skills-building courses in partnership with learning institutions.

Even with the prioritization of local labor, insufficient contractor and services supply ends up attracting workers from other regions to the municipalities close by the project. Although the inflow makes the economy more dynamic, it may overload the public infrastructure due to overpopulation. When impacts of this kind are seen, the Company takes mitigating and compensating steps, including investments in the areas of health, safety and security, leisure and sanitation. Other initiatives aim to help local authorities structure actions on behalf of the community's interests, such as the city-plan drafting and waste management.

Socio-environmental impacts (actual or potential) – Gralha Azul Transmission System and Campo Largo Wind Complex – Phase II*

Positive impacts

- Local retail growth.
- Increased tax revenues.
- Jobs and income generation through the retainer of local companies and labor.
- Improved electric energy quality and reliability for the National Interconnected System and the region.
- Increased regional socio-economic development after implementation of the system, through improved reliability of the region's electric energy system.
- Increased scientific research of the local fauna, flora and archeology.
- Implementation of social projects in communities.
- Protection of the regional archeological and historic heritage, and development of related educational actions for the community.

Negative impacts

- Communities exposed to dust particle emissions and noise.
- Erosion processes occur.
- Interference with the routine of the surrounding community.
- Use of the land.
- Raising the local population's expectations.
- Suppressed vegetation and risk of environmental accidents.
- Local population exposed to increased heavy-vehicle traffic.

**According to the projects' Environmental Impact Studies (EIA).*

COMMITMENT TO OUTSIDE INITIATIVES → *GRI 102-12; 102-13*

One way for ENGIE Brasil Energia to contribute to the development of the industry and of the communities in which it is present is to have employees and managers take part in associations devoted to public interest and social well-being.

The company is a member and the main supporter of the "National SDG Movement – We Can Santa Catarina". It is also a member of the Ethos Institute's "Corporate Compact for Integrity and against Corruption".



In 2019 the Company embraced the Women's Empowerment Principles (WEP), a UN Women initiative. **Other initiatives where the Company takes part are as follows:**

- Brazilian Association of Electric Energy Generation Companies (Abrage);
- Brazilian Wind Power Association (ABEEólica);
- Brazilian Maintenance Association (Abraman);
- Brazilian Association of Electric Energy Trading Agents (Abraceel);
- Santa Catarina State Association of Energy Producers (Apesc);
- Brazilian Association of Independent Electric Energy Producers (Apine);
- Brazilian Association of Small Hydroelectric Plants and Hydroelectric Generation Centers (ABRAPCH);
- Health Care Association (Elosaúde);
- Electric Energy Trading Chamber (CCEE);
- Electric Energy Research Center (CEPEL);
- Jacutinga River Watershed and Contiguous Watersheds Management Committee;
- Apuaê-Inhandava Rivers Watershed Management Committee;
- Passo Fundo River Watershed Management Committee
- Tubarão River Watershed and Lagoon Complex Management Committee;
- Canoas River Watershed Management Committee;
- São Lourenço River Watershed Committee;
- Lower Iguaçu River Tributaries Committee;
- Rio Grande do Sul State Energy Planning Committee (Copergs);
- Cantuquiriguaçu Territory Development Council (Condetec);
- National Hydro Resources Council (CNRH);
- Santa Catarina State Hydro Resources Council (CERH-SC);
- Paraná State Hydro Resources Council (CERH-PR);
- Santa Catarina State Environment Council;
- National Industrial Confederation (CNI) Environment and Sustainability Theme Council;
- Electric Power Research Institute (EPRI/USA);
- Energy Research Company (EPE);
- Santa Catarina State Industrial Federation (Fiesc);
- Rio Grande do Sul State Industrial Federation and Center (Fiergs);
- Business Management Committee Foundation (Funcoge);
- Eletrosul Pension and Welfare Foundation (ELOS);
- Acende Brasil Institute;
- Tocantins River Watershed Crisis Room, coordinated by the National water Agency (ANA);e
- Supplementary Pension Society (PREVIG).

At the global level, Controlling Entity ENGIE is a signor of the Carbon Disclosure Program (CDP), the United Nations (UN) Global Compact, biodiversity protection initiative act4nature, and several initiatives focusing on climate change and the energy transition:

Solar Impulse Foundation;

- We Mean Business;
- Business Leadership Criteria on Carbon Pricing (UN Global Compact);
- Caring for Climate (UN Global Compact);
- Hidrogen Council;
- Terrawatt Initiative (founding member), which aims to exert global-level influence on the regulatory conditions for massive and competitive construction of solar generation.



ENVIRONMENTAL MANAGEMENT

We provide, next, supplementary indicators for material environment-related topics.

WATER AND EFFLUENTS → *GRI 303-3; 303-4; G4 setorial 303-1 [SASB IF-EU-140a.1]*

Total water withdrawn (ML)

	2017	2018	2019	2018/2019 change
Surface water (includes wetlands, rivers, and rainwater)	498,382.2	490,663.90	425,982.0	-13.2%
Ground water (water tables)	12.2	12.2	12.8	5.23%
Water produced	-	-	Not measured	
Third-party water (city supply or other water suppliers)	2,380.70	2,420.50	2,138.8	-11.6%
Total	**500,775.1**	**493,096.6**	**428,133.6**	**-13.2%**

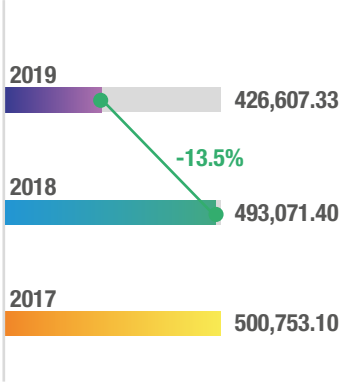
Water usage at thermal power plants (ML)

Procedure	2017	2018	2019	2018/2019 change
Processing	6,000.80	6,000.90	5,847.87	-2.6%
Cooling	494,752.30	487,070.50	420,759.46	-13.6%
Total	**500,753.10**	**493,071.40**	**426,607.33**	**-13.5**
Consumption*	6,526.70	4,511.10	8,459.08	87.5%

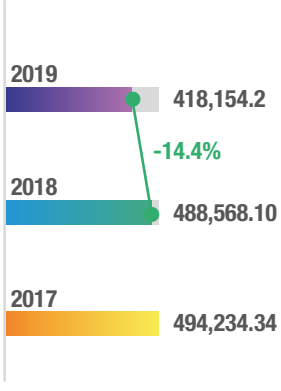
**Water consumption is not included in the total because it is part of the volume used for cooling.*



Total water used at thermal plants (ML)



Total water disposal (ML)



Total water disposal (ML)

	2019
Surface water (includes wetlands, rivers and lakes)	416,246.3
Ocean	NA
Water produced	Not Available
Third party water and share of the total remanded for use by other organizations, where applicable	1,907.9
Total	**418,154.2**

Planned thermal discharges (ML)	**418,148.2**

ENERGY → *GRI 302-1; GRI G4-EU11*

The Company is committed to adopting measures to reduce fossil fuels consumption and increase energy efficiency, in line with global commitments to contain global warming. This commitment is formalized and disseminated under ENGIE Brasil Energia's sustainable Management Policy.

Direct energy consumption – NON-RENEWABLE SOURCES (GJ)

	2017	2018	2019	2018/2019 change
Diesel fuel	131,189.78	160,411.96	209,448.19	31%
Fuel oil	123,631.64	124,675.09	121,905.74	-2%
Coal	45,132,422.85	44,122,138.66	48,926,974.19	11%*
Gas (LPG)	84,537.27	0.00	0.00	-
Total	**45,471,781.54**	**44,407,225.71**	**49,258,328.12**	**11%**

** Increased consumption is associated with the operational startup of the Pampa Sul Thermal Power Plant.*

Direct energy consumption – RENEWABLE SOURCES (GJ)

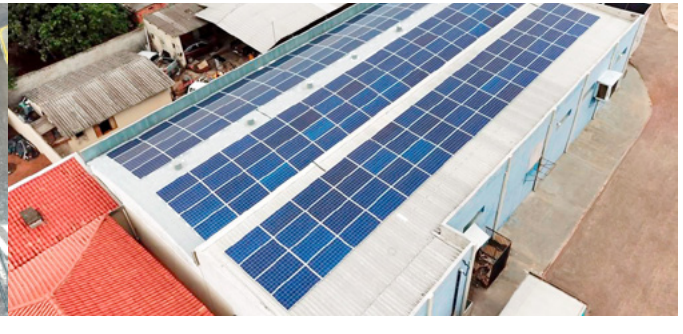
	2017	2018	2019	2018/2019 change
Wood biomass	2,211,861.23	2,306,668.52	2,195,229.60	-5%
Sugar-cane biomass	10,032,157.34	9,841,862.20	10,064,558.51	2%
Total	**12,246,035.57**	**12,148,530.72**	**12,259,788.11**	**1%**

Grid electricity consumption (GJ)

2017	2018	2019	2018/2019 change
931,596.12	306,108.00	604,526.74	97%







Average efficiency – Thermal power plants

Thermal Plant/Unit		2019 (%)	2018 (%)	Change (p.p.)	Aneel Benchmark (RN 801)	Specific consumption (Coal tons/MWh)
Jorge Lacerda Complex – CTJL (coal)	UTLA 1	24.9	25.3	-0.4	30%	0.76
	UTLA 2	29.6	29.0	0.6	30%	0.65
	UTLB	28.3	28.2	0.1	35 %	0.69
	UTLC	33.5	33.2	0.3	35 %	0.58
	Total CTJL	**30.3**	**30.1**	**0.2**	-	**0.63**
Pampa Sul (coal)		36.3	-	-	N.A.	0.93
Ibitiúva (biomass – sugar-cane bagasse)		25.9	25.1	0.8	N.A.	N.A.
Ferrari (biomass – sugar-cane bagasse)		18.7	19.9	-1.2	N.A.	N.A.
Lages (biomass – wood)		23.2	23.4	-0.2	N.A.	N.A.

WASTE → *GRI 306-2*

[SASB IF-EU-150a.2]

All of the Company's projects undergoing implementation have a Solid Waste Management Program that collects management procedures developed from scientific, technical and legal references to establish measures and guidance on the proper management of waste from source to final disposal. As input for the Program's execution, a Waste Management Plan is drafted, shared with all employees, and submitted to the environmental authority for approval.

Hazardous waste (t)

Disposal	2017	2018	2019
Re-use	32.3	34.78	34.54
Recycling	46.84	82.12	40.51
Incineration (mass burning)	0.03	0.03	0.01
Landfill	71.78	108.96	163.86
Local storage	51.81	48.94	30.95
Co-processing	404.85	150.32	280.88
Total	**607.61**	**425.15**	**550.75**

Non-hazardous waste (t)

Disposal	2017	2018	2019
Re-use	4.19	1.25	14.40
Recycling	868,470.91	813,440.62	843,551.91
Composting	70.05	257.01	284.21
Degraded areas recovery	510,130.63	632,368.55	1,219,643.41
Recovery, including energy recovery	77.6	58.78	62.42
Landfill	559.87	576.79	614.24
Coal mine pit	32,550.00	0.00	0.00
Local storage	21.45	18.30	119.41
Co-processing	10.82	12.00	41.36
Total	**1,411,895.52**	**1,446,733.30**	**2,064,331.36**

Out of the total non-hazardous waste, 1,914,479.27 tons correspond to ashes from coal burned at thermal units. Two ash pits store the waste removed from boilers. The parameters established by respective Environmental Operating Licenses (LAO) are monitored and periodically reported to the oversight authority.

ATMOSPHERIC EMISSIONS

→ *GRI 305-1; 305-2; 305-3; 305-4; 305-6; 305-7*
[SASB IF-EU-110a.1; IF-EU-110a.2; IF-EU-110a.3; IF-EU-120a.1.]

Particulate Material – Pampa Sul Thermal Power Plant

The technologies used at the Pampa Sul Thermal Power Plant **enable up to 99.9% reduction of particular materials released by the Plant's stack**, so that only a white steam plume is emitted as the product of the gas cooling process. Highlights of the Plant's technology suite range from the fluid-bed boiler – a clean coal-burning technology – to atmospheric emissions reduction systems, comprised of an electrostatic precipitator, a flue filter and a gas rinser (Flue Gas Desulfurization – FGD).



NOx, SOx e and other relevant atmospheric emissions (t)*

	2017	2018	2019	Percentage emissions in densely populated areas 2019	2018/2019 change
NO_x	15,088.57	14,208.20	**11,766.04**	85.9%	-17.2%
SO_x	105,647.42	114,706.24	**119,984.76**	87.1%	4.6%
Persistent organic pollutants (POP)	Não Mensurado	Não Mensurado	**Not Measured**	Not Measured	
Volatile organic compounds (VOC)	Não Mensurado	Não Mensurado	**Not Measured**	Not Measured	
Hazardous atmospheric pollutants (HAP)	Não Mensurado	Não Mensurado	**Not Measured**	Not Measured	
Particulate material (PM)	2,861.99	2,894.02	**2,820.39**	57.4%	-2.54%
Lead (Pb)	Não Mensurado	Não Mensurado	**Not Measured**	Not Measured	
Mercury (Hg)	-	-	**0.10**	64.9%	

** Sampled data.*

Intensity of emissions of NOx, SOx e and other relevant atmospheric emission (Kg/MWh)*

	2017	2018	2019	Percentage emissions in densely populated areas 2019	2018/2019 change
NO_x	0.42	0.37	**0.27**	85.9%	-27.8%
SO_x	2.9	3.0	**2.8**	87.1%	-6.7%
Persistent organic pollutants (POP)	Not Measured	Not Measured	**Not Measured**	Not Measured	
Volatile organic compounds (VOC)	Not Measured	Not Measured	**Not Measured**	Not Measured	
Hazardous atmospheric pollutants (HAP)	Not Measured	Not Measured	**Not Measured**	Not Measured	
Particulate material (PM)	0.079	0.076	**0.066**	57.4%	-13.2%
Lead (Pb)	Not Measured	Not Measured	**Not Measured**	Not Measured	
Mercury (Hg)	-	-	**0.0023**	64.9%	

** Sampled data.*

Emissions intensity by net generation from all combustion plants (kg/MWh)*

	2017	2018	2019
NO_x	4.0077	3.846	2.314
SO_x	28.061	31.046	23.593
Particulate material (PM)	0.7602	0.7830	0.5546

** Sampled data*

Intensity of emissions of NOx, SOx e and other relevant atmospheric emission - combustion plants (Kg/MWh)*

	Operational Control			Equity Stake		
	2017	2018	2019	2017	2018	2019
HCFC-22 (R-22)	271.45	279.84	324.27	288.39	296.51	382.56
HCFC-141b	15.30	0.00	0.00	10.60	0.00	0.00



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