SUSTAINABILITY REPORT 2018

comgas

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1. MESSAGE FROM MANAGEMENT

Comgás' performance in 2018 was marked by the resumption of investment activity even with national policies and economic instability. With 114,000 new connections registered, our customer base surpassed its prior record of 1.9 million, climbing to a high of 1,905,455. Sales volume increased and contributed to leverage normalized EBITDA which, on a recurring basis, was up 12%, reaching a record R$ 1,938 million. These figures reflect the Company's investment strategy, guided by market intelligence and our business vectors: growth, profitability, saturation, and loyalty, which seek to increasingly improve customer experience with the Company.

Also deserving of mention is the conclusion of lawsuits against Petrobras as well as the negotiation of contractual addenda and commitment statements which guarantee natural gas supply until 2027. We also advanced our discussions with the São Paulo State Sanitation and Energy Regulatory Agency (ARSESP) concerning the 4th tariff review, which was concluded by the end of May 2019. This outcome represents a milestone for a new cycle, which will make feasible investments that are in line with our strategic plans and market growth, besides a turnaround of regulatory and business scenario stability.

Each challenge overcome reveals not only Comgás' resilience and consistency, but also our ability to think outside the box, shaping a new future for Brazil's energy matrix with increased use of natural gas.

This of course, without ever giving up our non-negotiable values: safety, meritocracy and sustainable growth. Safety as a prerequisite to operate under any circumstance; meritocracy by playing an outstanding role in the Company's journey of cultural change; and sustainability, intrinsic to our business, stepping up natural gas as a cleaner complementary source of energy, concerned with low-carbon footprint savings. [102-4]

Enjoy the read!

NELSON GOMES
CEO

Comgás' performance in 2018 was marked by the resumption of investment activity.

HIGHLIGHTS OF 2018

Comgás distributes

of Brazil's natural gas.

Comgás boasts over

1.9 MILLION

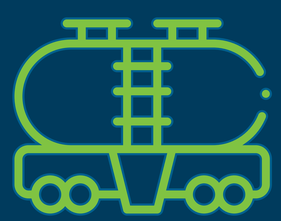
customers.

Comgás' complaint index tumbled

30.4%

as a result of faster delivery of services via virtual channels.

Our sales volume increased by 6% to



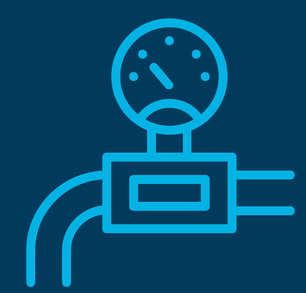
4.5 BILLION

cubic meters.

The 4th tariff review concluded on May 23, 2019, covering the period from May 31, 2018, to May 30, 2024.

In 2018, recurring normalized EBITDA totaled R$1,938 million, up 12% from 2017, mainly boosted by higher sales volume.

In 2018, we executed our first inventory of GHG emissions to thoroughly understand the impacts of our production chain.



2.

ABOUT THE REPORT

[102-50, 102-51, 102-52, 102-53, 102-54, 102-56]

The Sustainability Report is one of the key annual tools of communication and transparency adopted by Comgás to disclose to its stakeholders the Company's value generation model, its main financial and non-financial results, and its contribution to low-carbon footprint savings.

Like the previous report (2017), this document observes the guidelines of the Global Reporting Initiative (GRI) – Standard version (Core option) and prioritizes the performance indicators connected with the materiality matrix. Information contained herein, not submitted to external analysis, refers to the fiscal year from January 1 to December 31, 2018.

Email comments and concerns regarding this publication to investidores@comgas.com.br.

MATERIALITY

[102-40, 102-43, 102-44, 104-46, 102-47, 103-1]

In early 2019, we reviewed our materiality matrix in collaboration with several Company stakeholders in order to identify the most relevant economic, environmental, and social topics for Comgás' businesses. Six executives responded to the materiality questionnaire and nine other executives participated in in-depth interviews. Concurrently, some of the Company's strategic stakeholders, including investors, suppliers, and customers, were selected to take part in directed and qualitative interviews. The following topics were addressed during the engagement process, scenario, and risk analysis:

MATERIAL TOPIC	Approach	Reason of theme materiality for business	Related Parties	Correlation with ODS
Relationship with Regulatory Agents	We are a natural gas public utility concessionaire, thus, we are in permanent contact with the São Paulo State Sanitation and Energy Regulatory Agency (ARSESP).	- Operational risk - Reputational risk - Financial risk	Suppliers Investors Government	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 17 PARTNERSHIPS FOR THE GOALS
Assets Integrity and Processes Safety	Health and safety of our employees, outsourced workers and community is an absolute priority in our business model.	- Operational risk - Reputational risk - Financial risk	Employees Customers Suppliers Investors Communities	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Level of Preparation for Emergencies	Our Emergency Services Plan (PAE) determines the technical/administrative procedures to be followed in emergencies.	- Operational risk - Reputational risk - Financial risk	Customers Suppliers	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES
Occupational Health and Safety	Safety for us is a core value and key vector to define how we operate.	- Operational risk - Reputational risk	Employees Suppliers	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
Suppliers	All our suppliers were assessed according to previously established environmental criteria. Therefore, Comgás has conditions to verify partners' matureness in terms of sustainability practices and create continual improvement plans during contract effectiveness.	- Operational risk - Reputational risk - Financial risk	Suppliers Customers	8 DECENT WORK AND ECONOMIC GROWTH
Economic Performance	Greater competitiveness of piped natural gas and increased conversions are key vectors of our performance	- Financial risk	Employees Investors Customers Communities Government	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Employees	We foment the development of an entrepreneurship profile in an environment increasingly more favorable to generate ideas and innovation	- Operational risk - Reputational risk - Financial risk	Employees	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Public Policies	We work in partnership with the government for network expansion.	- Reputational risk - Financial risk	Customers Suppliers Investors Government Communities	7 AFFORDABLE AND CLEAN ENERGY; 17 PARTNERSHIPS FOR THE GOALS

3.

COMGÁS [102-1, 102-2]

Companhia de Gás de São Paulo – Comgás, Brazil's largest natural gas distributor, aspires to improve its customers' lives through first-rate delivery of energy. We continuously work to serve over 1.9 million customers in our concession area, which comprises the metropolitan region of São Paulo, the administrative area of Campinas, the Santos metropolitan area, and Paraíba Valley.

We believe that natural gas may help Brazil achieve a new level of large-scale growth, especially given the opportunity potential related to production at pre-salt fields.

The cleanest of fossil fuels, natural gas has great supply flexibility and the ability to offer greater operational safety to offset the seasonality of systems based on renewable sources. Thus, it is considered the transition and complementary fuel for a low carbon energy matrix.

Natural gas may help Brazil achieve a new level of large-scale growth.

CONCESSION MAP [102-4, 102-6]

NONSTOP SUPPLY AND 24-HOUR SERVICE OUR COMPANY HAS **1,005** EMPLOYEES. WE EMPLOY **2,468** OUTSOURCED WORKERS

WE HAVE **OVER 1.9 MILLION** CUSTOMERS

114,000 NEW CUSTOMERS WERE ADDED IN 2018

COMGÁS IS PRESENT IN **88** MUNICIPALITIES

THE CONCESSION AREA INCLUDES **177** MUNICIPALITIES IN TOTAL

26% OF BRAZIL'S GDP

OUR DISTRIBUTION NETWORK SPANS **OVER 16,000 KM**

NEW 840 KM NETWORK ONLY IN 2018

GÁS NATURAL DA BOLÍVIA GASBOL

GÁS PARA REGIÃO SUL GASBOL - FASE 2

BACIA DE CAMPOS GASPAL

BACIA DE SANTOS GASAN

MINAS GERAIS

SÃO PAULO

RIO DE JANEIRO

Mococa, Tambaú, Santa Rita do Passa Quatro, São João da Boa Vista, Aguaí, Analândia, Leme, Mogi Guaçu, Estiva Gerbi, Itirapina, Rio Claro, Araras, Ipeúna, Santa Gertrudes, Cordeirópolis, Moji Mirim, Iracemápolis, Limeira, Santo Antônio de Posse, Cosmópolis, Jaguariúna, Piracicaba, Americana, Paulínia, Amparo, Pedreira, Sumaré, Santa Bárbara do Oeste, Hortolândia, Nova Odessa, Montemor, Campinas, Valinhos, Vinhedo, Bragança Paulista, Capivari, Rafard, Elias Fausto, Indaiatuba, Itupeva, Loureira, Itatiba, Jundiaí, Campo Limpo Paulista, Varzea Paulista, Francisco Morato, Franco da Rocha, Cabreúva, Cajamar, Caieiras, Santana do Parnaíba, São Paulo, Guarulhos, Arujá, Itaquaquecetuba, Guararema, Jacareí, São José dos Campos, Caçapava, Taubaté, Pindamonhangaba, Campos do Jordão, Caratinguetá, Lorena, Silveiras, Cruzeiro, Carapicuíba, Jandira, Itapevi, Barueri, Osasco, Taboão da Serra, Embu, Cotia, Diadema, São Caetano do Sul, Mauá, Ferraz de Vasconcelos, Poá, Suzano, Ribeirão Pires, Rio Grande da Serra, Santo André, São Bernardo do Campo, Cubatão, Santos, São Vicente, Guarujá, Mogi das Cruzes

Comgás' concession area
Municipalities served by Comgás
Comgás distribution network
Transportation Pipeline
City-Gate

SEGMENTS

OUR BUSINESS [102-6]
Comgás is one of distributor of piped natural gas in the State of São Paulo. Our activities are regulated and supervised by the São Paulo State Sanitation and Energy Regulatory Agency (ARSESP). Our operations are governed by a 30-year concession agreement signed in 1999, and this agreement may be renewed at the end of the said term for another 20 years (until 2049). In 2018, the total volume of natural gas we supplied to the market reached the landmark of 4.5 billion cubic meters, excluding the thermopower volume through the electricity cogeneration, Natural Gas Vehicles (NGVs), commercial, residential, and industrial segments.

Residential
Vertical condominiums and houses account for most of Comgás' portfolio, witch concession area covers densely populated regions.

Commercial
The commercial segment entails both potential consumption and field of business activity including hospitals, laundromats, fitness centers, hotels, nightclubs, restaurants, snack bars, and bakeries.

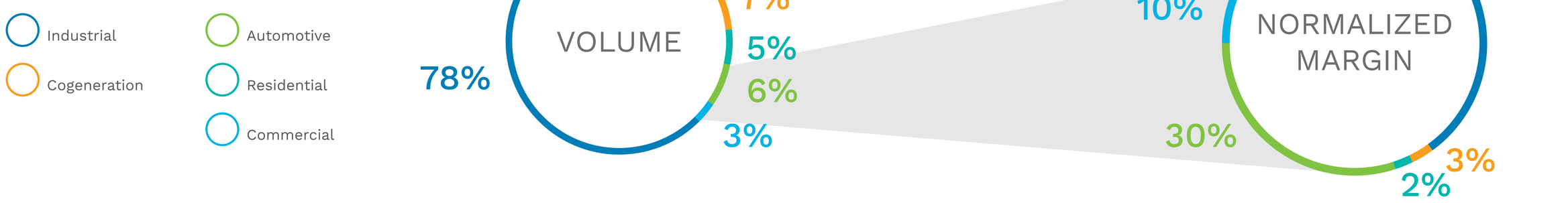
Industrial
This segment accounts for nearly 80% of the consumed volume; it includes customers from the steel/metallurgical, chemical/petrochemical, automotive, pulp and paper, food and beverage, glass and crystal, and ceramics and textile industries.

Cogeneration
This is a growing sector due to the promise of energy independence it holds for the customer and the access it provides to a special tariff.

Thermal power
Thermal power is the process of generating electricity through the natural gas burn in thermoelectric power plants.

Automotive (NGV)
Natural gas vehicles (NGVs) save fuel consumption; NGVs stand out on account of their eco-friendliness.

VOLUME BY SEGMENT AND NORMALIZED MARGIN

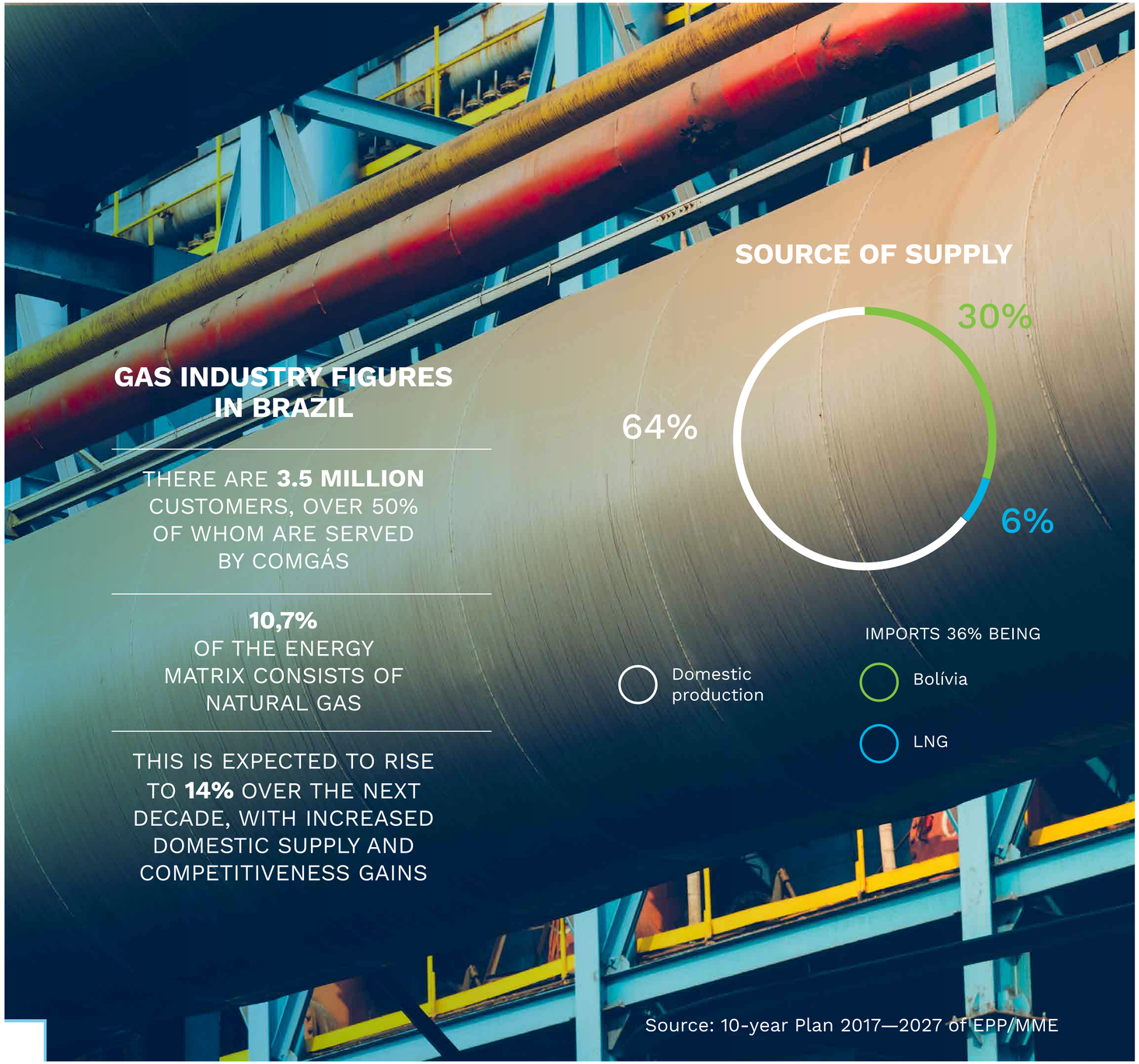


OUR SECTOR

Competition in piped natural gas foments new businesses where the distribution network is present. In Brazil, 3.5 million customers have already benefited from this type of energy, corresponding to 4.4% of 81 million consumer units served by the electric grid. However, this index is still below the index registered in developed countries, where gas accessibility to a set of potential consumers varies from 50% to 90%.

Considering supply, however, service universalization seems increasingly likely. Besides importing gas from Bolivia and Liquefied Natural Gas (LNG) from other countries, Brazil has huge oil field reserves, especially in pre-salt layers. Production already exceeds 110 million m^3/day[1] and is likely to reach 160 million m^3/day in 2025[2].

As one of Brazil's leading natural gas companies, Comgás contributes to the sector's evolution by actively participating in studies and discussions with the Brazilian Association of Piped Gas Distributors (Abegás), the Ministry of Mines and Energy (MME), the Brazilian National Agency of Oil, Natural Gas and Biofuels (ANP), ARSESP, and other governmental and regulatory bodies.



[1] Data from the Brazilian National Agency of Oil, Natural Gas and Biofuels (ANP).
[2] Projection of the Energy Research Company (EPE) and the Ministry of Mines and Energy (MME).

4. MANAGEMENT AND GOVERNANCE

[102-7, 102-16]

Our management model values reliability, transparency, and ethics in the disclosure of operating and financial results throughout the entire business sustainability chain. We also observe the Sarbanes-Oxley Act (SOx)[3] recommendations, even though we are not subject to it. We also periodically revise our internal controls structure.

Cosan S.A. is our majority shareholder, holding 99,13% of our shares. Cosan contributes to our daily activities through its technical expertise and governance culture, enhancing Comgás' businesses and creating value in the long run.

NUMBER OF COMGÁS S/A'S COMMON SHARES

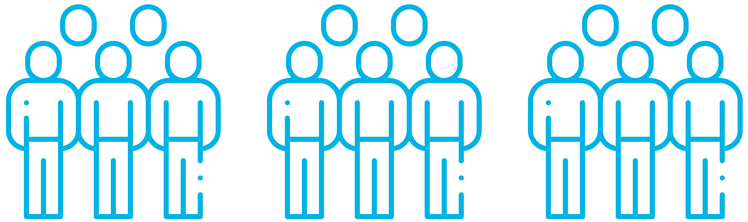
SHAREHOLDER	COMMON SHARES	COMMON SHARES%	PREFERRED SHARES	PREFERRED SHARES%	TOTAL	TOTAL%
Cosan S.A.	103,686,555	99.83	27,682,044	96.60	131,368,599	99.13
Other Shareholders (free float)	176,213	0.17	975,775	3.40	1,151,988	0.87
Total	**103,862,768**	**100**	**28,657,819**	**100**	**132,520,587**	**100**

[3] The US law foresees the creation of audit and security mechanisms at companies, such as committees overseeing their activities and operations. The objective is to avoid fraud and create ways to identify them.

GOVERNANCE STRUCTURE [102-18]

Our governance model is continually evolving. We monitor all aspects of our business and work to ensure that Comgás' corporate culture promotes values that are in line with those of our holding company, Cosan S.A.. We are also guided by our Code of Conduct, which evidences and reinforces our values, organizational identity, and the principles governing the conduct of businesses and interpersonal relations.

Click here to access our Code of Conduct and charters.



ADMINISTRATIVE STRUCTURE

- **Board of Directors:** This board defines overall business guidance, selects external auditors, and creates work groups and committees to advise it. Meetings are held at least once per quarter.

Decision Center

The General Meeting is the Company's highest-ranking decision-making body. It deliberates on proposals submitted by the Board of Directors. Held once a year (until April 30) and on occasions when circumstances dictate, shareholders, officers, and members of the Board of Directors attend. Due to the dynamism involved in our daily activities, Comgás is encouraging stronger horizontal relations in the Company's decision-making process within its governance structure.

- **Board of Executive Officers:** Principally, this board oversees the Company's regular operations. It also attends to other duties provided for in the Bylaws. Meetings are held at least once a month or under extraordinary circumstances.

- **Audit Committee:** This committee is an ancillary body subordinate to the Board of Directors. It ensures integrity is upheld throughout the Company. It also receives complaints, confidential or not; internal or external. Meetings are held at least once per quarter.

- **Fiscal Council:** This is an independent body that reviews the Company's managerial activity and financial statements, and reports its observations to shareholders. Meetings are held at least once per quarter.

Click here to learn more about our administrative structure.

NAME AND POSITION	Professional Experience
Rubens Ometto Silveira Mello Chairman of the Board	Graduated in Mechanical Production Engineering from the Polytechnic School of the University of São Paulo, Mr. Mello has over 40 years of experience in managing large companies. He is also the Chairman of the Board of Directors of Cosan Limited, Cosan S.A., Cosan Logística, Rumo and Raízen, as well as the controlling shareholder of the group. Prior to joining Cosan, he held executive positions at Unibanco and Votorantim. One of the most active entrepreneurs in the agribusiness sector, Mr. Mello is one of the founders of UNICA - Federation of Sugarcane Industries of São Paulo State, and he has been a member of the National Council for Industrial Development (CNDI) since 2015.
Marcos Marinho Lutz Vice-Chairman of the Board	Master in Business Administration from Kellogg Graduate School of Management at Northwestern University and bachelor in Naval Engineering from the Polytechnic School at the University of São Paulo. Prior to joining Cosan, Mr. Lutz held executive positions at CSN and Ultracargo and was a board member of MRS Logística, CFN Railways, Ita Energética and Monsanto Co. He currently holds a position of Chief Executive Officer at Cosan Limited, Cosan S.A. and Cosan Logística and Vice-Chairman of the Board of Directors of these companies and Rumo, as well as board member of Raízen. Outside the group, he is a board member at Corteva.
Marcelo Eduardo Martins Board Member	Graduated in Business Administration and specialized in finance from Fundação Getúlio Vargas, Mr. Martins has an extensive experience in capital and financial markets, having held executive positions at Citibank, Unibanco, UBS, FleetBoston, Salomon Smith Barney and Votorantim Cimentos. He is currently the Chief Financial and Investor Relations Officer of Cosan Limited, Cosan S.A. and Cosan Logística, as well as a board member of Rumo and Raízen. He is also a board member of Fundação Bienal, MASP and Museu Reina Sofia in Madrid.
Marcelo de Souza Scarcela Portela Board Member	He holds a law degree and a master's in Commercial Law from the University of São Paulo, with a specialization from McGill University Law School in Montreal, Canada. Mr. Portela also holds the position of Chief Legal Officer of Cosan Limited, Cosan S.A. and Cosan Logística, as well as a board member of these companies and Rumo.
Burkhard Otto Cordes Board Member	He holds a degree in Business Administration from Fundação Armando Álvares Penteado and an MBA in finance from IBMEC São Paulo, Mr. Cordes has a long career in the financial market. Prior to joining Cosan, he worked for companies such as Banco BBM and IBM Brasil. He is also a board member of Cosan Limited, Cosan S.A., Cosan Logística and Rumo.
Luis Henrique Cals de Beauclair Guimarães Board Member	Graduated in Statistics with a MBA in Marketing (COPPEAD - UFRJ) and over 20 years of professional experience. Luis has held several executive positions in Shell both in Brazil and abroad. Additionally, he has been employed in other companies, notably: Banco Nacional, Brasil Telecom and Webb. In the Cosan Group, Luis has acted as Commercial Executive President of Raízen Combustíveis, Chief Executive Officer and Investor Relations Officer of Comgás. Since 2016, he is the CEO of Raízen.
Nelson Roseira Gomes Neto Board Member and Chief Executive Officer	Graduated in Engineering with a Masters in Corporate Finance and a Masters in Business Administration. Nelson has over 25 years of professional experience having held executives positions in the ExxonMobil Corporation, in Brazil and abroad, later joining Esso Brasileiro de Petróleo. Before becoming the CEO of Comgás, he has acted as the CEO of Cosan Lubricants and CEO and IRO of Cosan S.A.
Silvio Renato Del Boni Board Member (employees representative)	Technologist in construction by FATEC São Paulo - UNESP and civil engineer graduated from the University of Guarulhos, Silvio also holds an MBA in business management and project management. He currently occupies the position of commercial manager of the High Income Househoulds Segment in Comgás, having held the position of regional commercial manager since 2010.

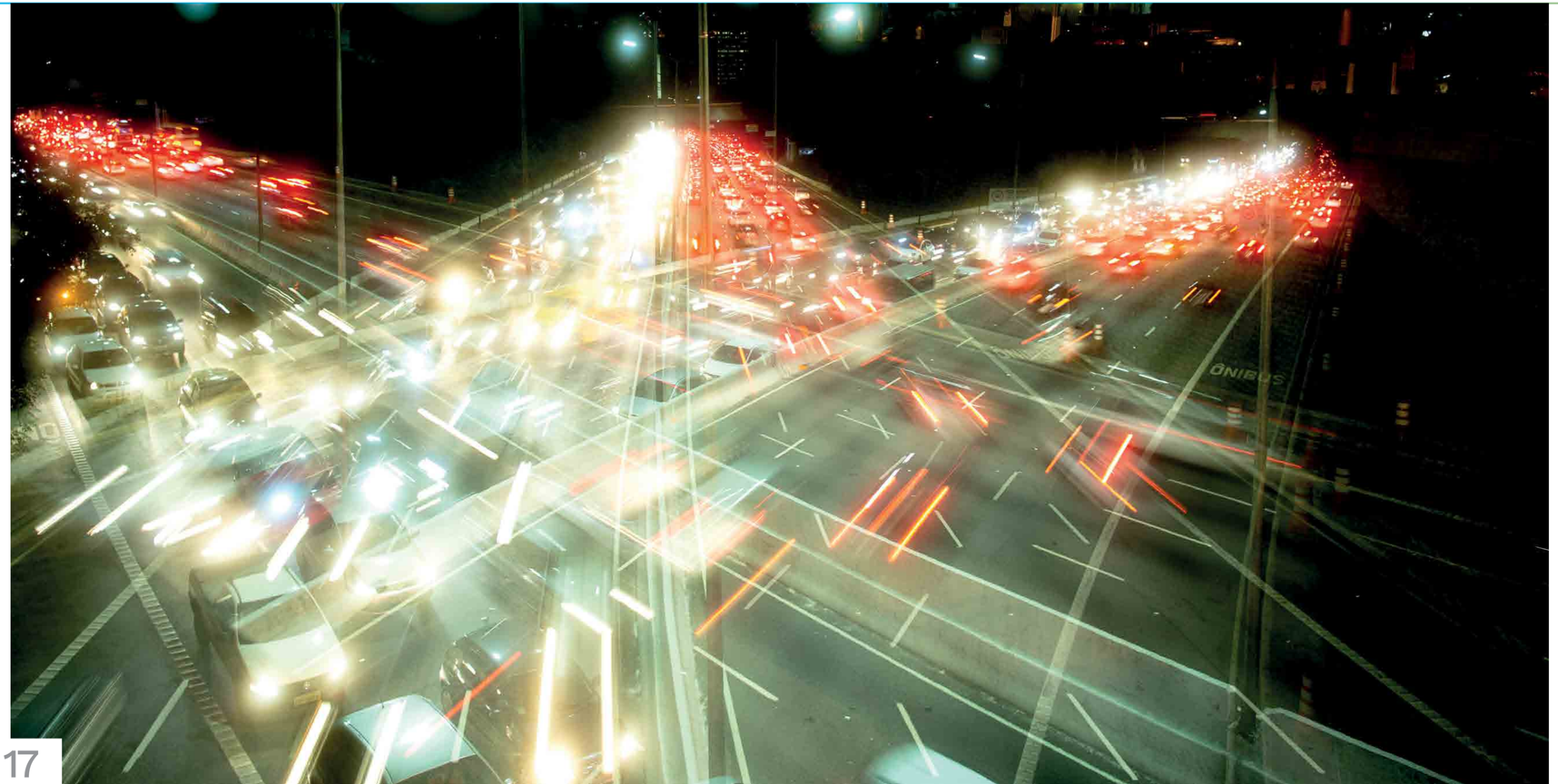
NAME AND POSITION	Professional Experience
Nelson Roseira Gomes Neto Chief Executive Officer and Board Member	See previous page.
Carlos Eduardo Freitas Bréscia Regulatory and Institutional Issues Director	Carlos has both an Electrical Engineering and Business Administration degree from Mackenzie University, and a Masters in Energy from the University of São Paulo (USP). He has extensive experience in the energy and natural gas markets, having joined Comgás in 1999 and previously held the positions as the director of the Companhia Energetica de São Paulo (CESP).
Guilherme Lelis Bernardo Machado Chief Financial and Investor Relations Officer	Mr. Guilherme Machado holds a degree in Production Engineering from the Fluminense Federal University and a Master's degree in Economics and Corporate Finance from FGV/RJ. He has 16 years of professional experience having worked at Esso Brasileira de Petróleo, Cosan S.As and Rumo S.A..
José Carlos Broisler Oliver Project and Gas Supply Director	Holds a Mechanical Engineering degree from the Faculty of Industrial Engineering - FEI, a Law degree from the University of São Paulo - USP and Masters from Mackenzie University. José has over 20 years in the energy market and was hired by Comgás in 1999 where he has held a range of executive positions.
Rafael Bergman Chief Operating Officer	Economics graduate from the Pontifical Catholic University of Rio de Janeiro (1998) and Masters in Finance by the London Business School (2004). He has held several executive positions in the Shell Group, both in Brazil and abroad, and in Raízen. In 2016 Rafael joined Comgás' Board of Directors, responsible for finance and investor relations. Since May 2018 he has acted as the Directorate of Operations and Services.
Sérgio Luiz da Silva Commercial Director	Mechanical Industrial Engineer graduated from the Federal Center for Technological Education of Minas Gerais, with an MBA in Marketing from Fundação Dom Cabral. Sérgio has over 30 years of professional experience in companies such as the Shell Group where is has held several executive positions in Brazil and abroad. He has acted as the Commercial Director of Shell Gas in Brazil, CEO of Shell Gas in Portugal and head of the strategic projects division of the Shell Group in London. In 2006, Sérgio became the Commercial Director of Comgás.

RISK MANAGEMENT [102-11]

This work consists of mapping the risks along with all companies' executive boards, measure them and point out mitigating actions. To define the dealings, assessment is carried out jointly, also involving the executive board in charge of the process where risk was identified, assessing the level of impact and likelihood of occurrence.

Cosan S.A.'s risk assessment methodology was improved by implementing a tool which ensures an efficient and effective management, in accordance with the international model defined by ISO 31000 and COSO 2017. The objective is to have an overview of all group company's risks and the capacity of identifying and managing internal and external events by using libraries and automatic capture mechanisms.

In 2018, we promoted the alignment of our risk management to Cosan S.A.



SYNERGY

In 2018, we promoted the alignment of our risk management to Cosan S.A.. This initiative was in line with the holding's strategy to manage risk on a continual basis among all group companies. The work consisted of mapping alongside Comgás' Executive Board each risk to which we are exposed, measuring them, and determining the appropriate mitigating actions.

This made all control environments healthier and safer for operations and ensured that they adhered to legislation.

RISKS	Mitigation actions
Reputational and financial [103-1, 103-2, 103-3]	Through the Anticorruption Program coordinated by the Compliance and Audit area, we promote several initiatives to outline and consolidate compliance practices in accordance with Anticorruption Laws. Besides training courses and newsletters, we rely on the Channel of Ethics, created to receive reports of suspected fraud, misconduct, or any facts contrary to the laws or Comgás' Code of Conduct. In 2018, there were no corruption cases registered in the Company. Access the Channel of Ethics at http://ir.comgas.com.br/enu/ethics-line or call 0800 725 0039
Suppliers [409-1]	In 2018, to ensure the integrity of our relationship with our suppliers, we reviewed our Supply policies and procedures, seeking to evolve in terms of governance, ensuring agility and organization to our procurement processes and services contract.
Operational and environmental compliance [103-1, 103-2, 103-3]	We conduct an environmental assessment of all projects before implementing them, ensuring compliance with environmental laws, and obtaining the appropriate authorizations to build networks and connect new customers. We also prioritize the directional perforation method (non-destructive) to avoid or minimize interventions in Areas of Permanent Preservation (APP) or devastation in other regions.
Operational Safety (asset integrity)	Our operational safety management system grounds on four pillars: risk management, asset life cycle management, regulatory technical compliance and operational safety culture. We promote the interface of our Management System with various key links in the value chain, such as the Network Operation, Network Maintenance, Network Construction, and Customer Connection. Since Comgás carries out activities with potential incidents of great proportions, it has ways of systematizing which are its prevention and mitigation processes, besides monitoring if these are adequate and sufficient. Thus, the Safety Case, considered an effective Risk Management Program, combines all the information necessary to ensure, evidence, improve and consolidate the safety of our gas distribution system, comprising facilities and operations executed from gas concession exchange (City Gate) to customers delivery.
Regulatory	The Company systematically acts to comply with the rules set forth in the Concession Agreement, other regulations, and parameters of the 23 quality indicators previously defined by the regulator. Eventual non-conformities with the latter are treated by areas that implement corrective actions such as process improvements, training, systems adaptations, etc.

5.

STRATEGY AND PERFORMANCE

To carry out operations on a sustainable basis, maintain relevant results, and remain in line with planning and budgets, we adopted the following strategies:

- Accelerate the execution of our value vectors by expanding the distribution network to connect new customers; increase the number of customers connected in networks already built; generate base profit by offering new equipment or services and loyalty.

- Consolidate the connection strategy based on market studies, focusing on areas with greater propensity to consume.

- Segment the value offered to each customer profile in the markets in which we operate.

- Bolster the Company's digital and cultural transformation to improve the customer experience.

Thereby, the Company detect and act upon opportunities to promote internal improvement and build up solid governance of data management processes.

Supplies warranty

Focused on the future of the market and pursuing new businesses, Comgás promoted several negotiations in 2018. With Petrobras, we solved a longstanding litigation scenario, settled strategic issues by renewing supply agreements until 2021 and executed commitment statements which ensure gas supply until 2027. Therefore, we ensured not only a safe supply for upcoming years but also the flexibility to foment the opening of the gas market in Brazil.

Energy independence

The Mercedes-Benz plant located in Iracemápolis (SP) is a pioneer within the automotive industry in its pursuit of energy independence. Thanks to Comgás' cogeneration system, two natural gas-powered generators with 2.7 MW of total power, simultaneously produce electricity and thermal power to fuel drying and painting ovens. This is a solution with a high level of efficiency and, as it uses an energy source with supplies warranty, it contributed to the plant's layout.

OPERATING RESULTS

The year of 2018 was marked by a mild recovery of economic activity, besides volatility caused by electoral period and the impacts of truckers' strike. Even so, we overcome adversities and recorded relevant achievements in 2018.

We continue to expand our network by adding 114,000 new customers to our base, or a 6.4% increase; Volume distributed grew 6%, reflecting our commercial team's focus on conquering new customers, besides expanding footprint in current customers by means of a proactive base management.

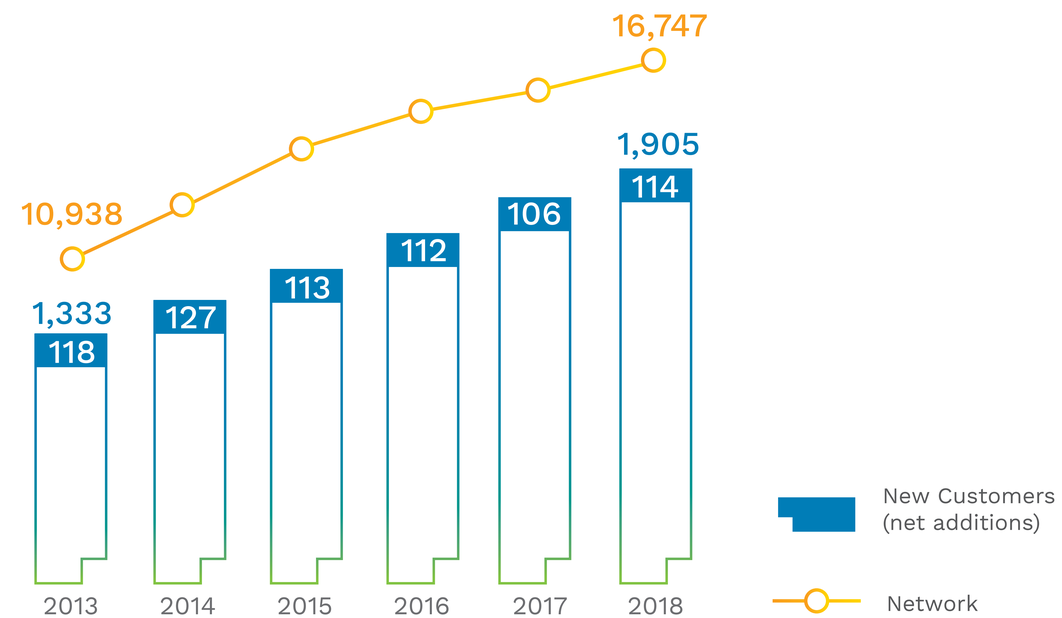
Check sales volume results by segment:

Residential: this segment increased by 7% as a result of connecting 113,000 new customers. Gradually, we moved the growth gravity center to inland, especially Campinas and the surrounding area, identifying households and condominiums with high consumption potential.

Commercial: this segment was up 9%, boosted by the addition of 938 customers and improved economic activity.

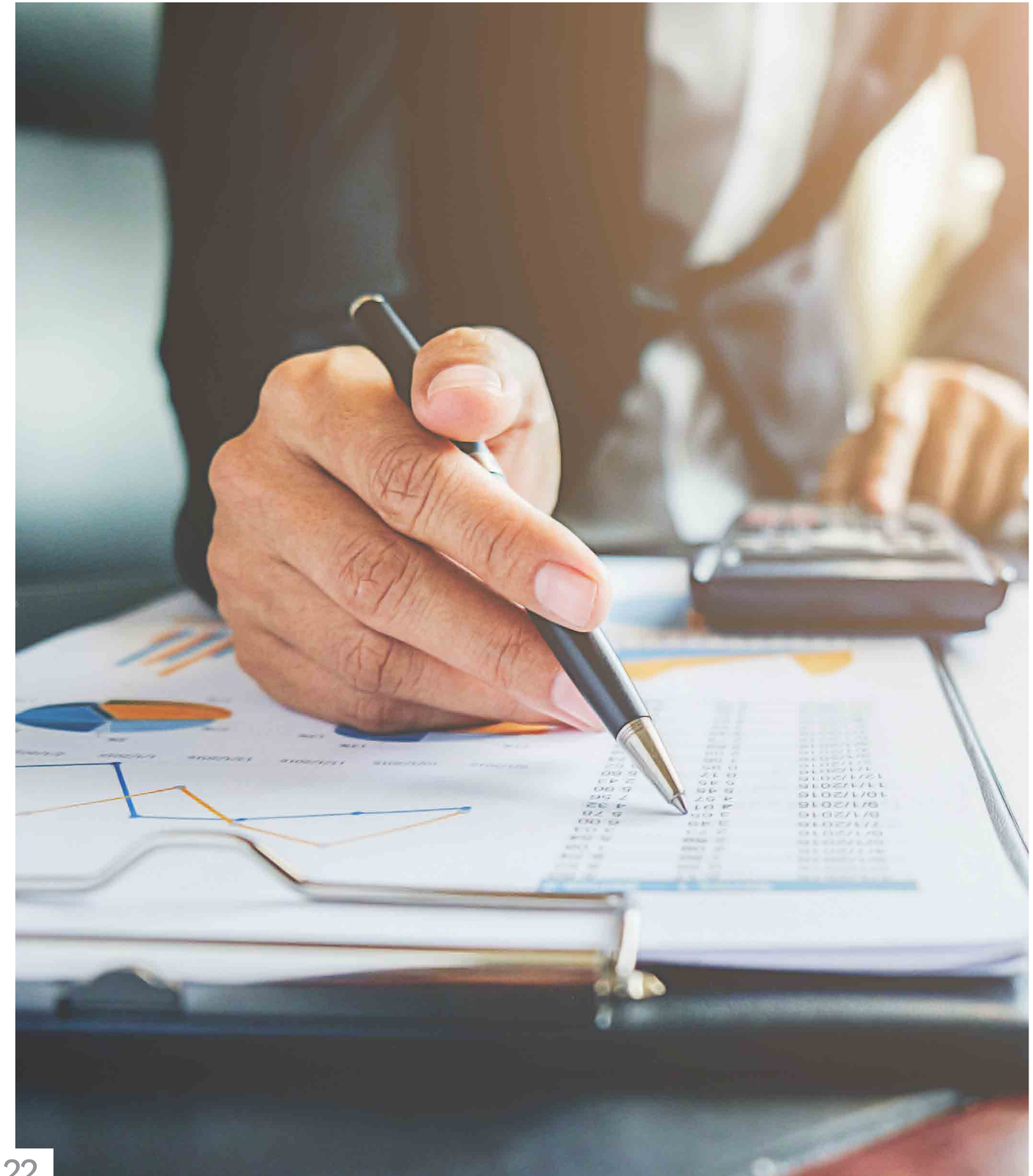
Industrial: industry grew 5% due to business negotiations that increased volume as well as connecting 75 new industries. These figures reflect a mild reaction from industrial production to the growth upturn in the country. We highlight the chemical/petrochemical, and pulp & paper sectors.

CUSTOMERS (THOUSAND) AND NETWORK (KM)



Natural Gas Vehicle (NGV): NGV grew 12.5% in 2018 due to increased conversions and greater attractiveness compared to other energy segments.

Cogeneration: cogeneration experienced 10.4% growth due to a Difference Settlement Price (DSP) increase and the conversion of new customers.



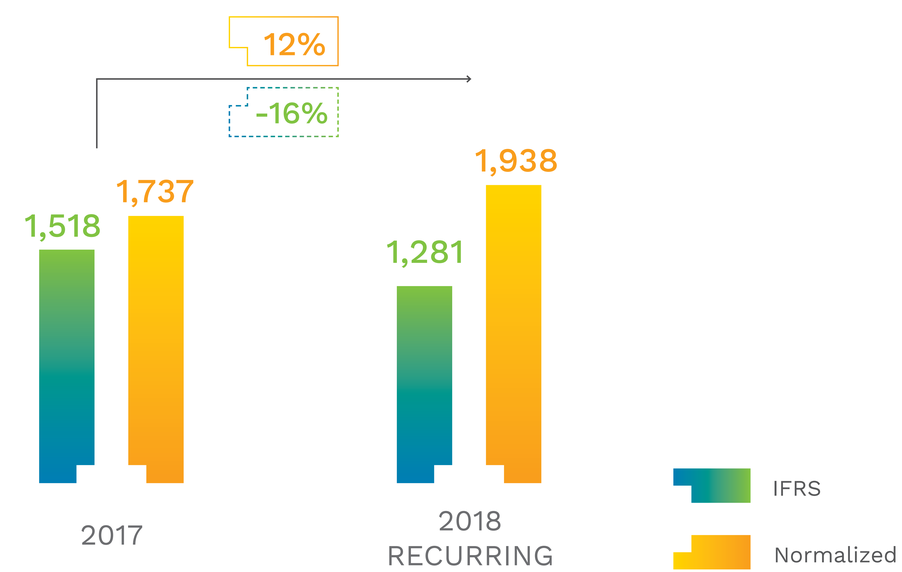
FINANCIAL RESULTS [102-7, 102-45, 103-2, 103-3]

In 2018, Comgás' **net revenue** was up 24% to R$ 6.8 billion, reflecting a partial transfer of gas and a transportation price increase defined by the regulatory agency. **Recurring normalized EBITDA** totaled R$1,938 million in 2018, 12% higher than in 2017, mainly bolstered by higher sales volume and operating expenses efficiencies.

We ended 2018 with a **normalized leverage** of 0.49x, reflecting the EBITDA advance in 2018, with R$ 757 million in **dividends and interest on equity to shareholders**. By the end of 2018, **cash and cash equivalents** came to R$ 1,727,341 million.

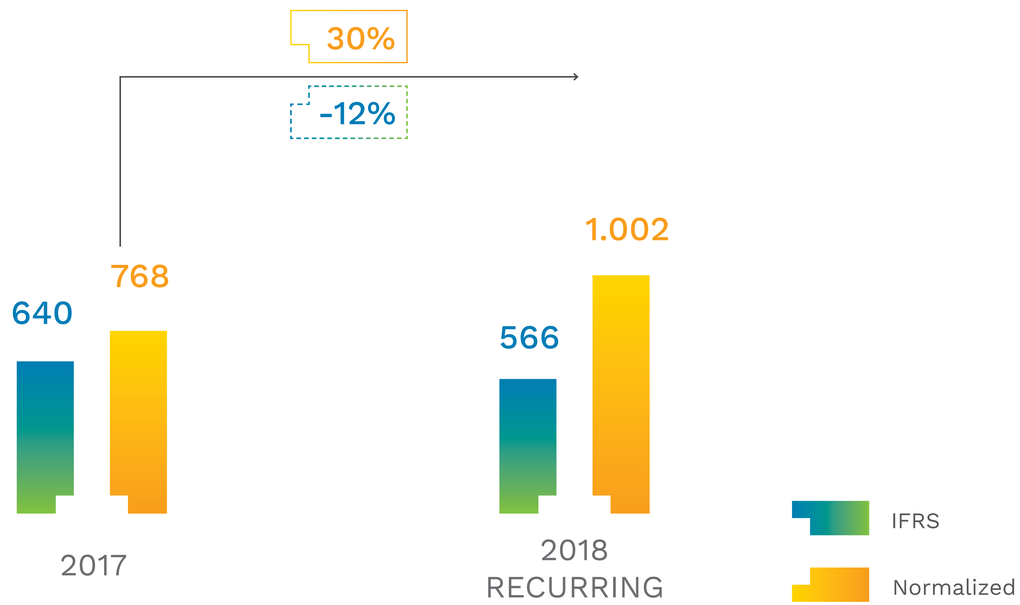
EBITDA

In millions of Reais



NET INCOME

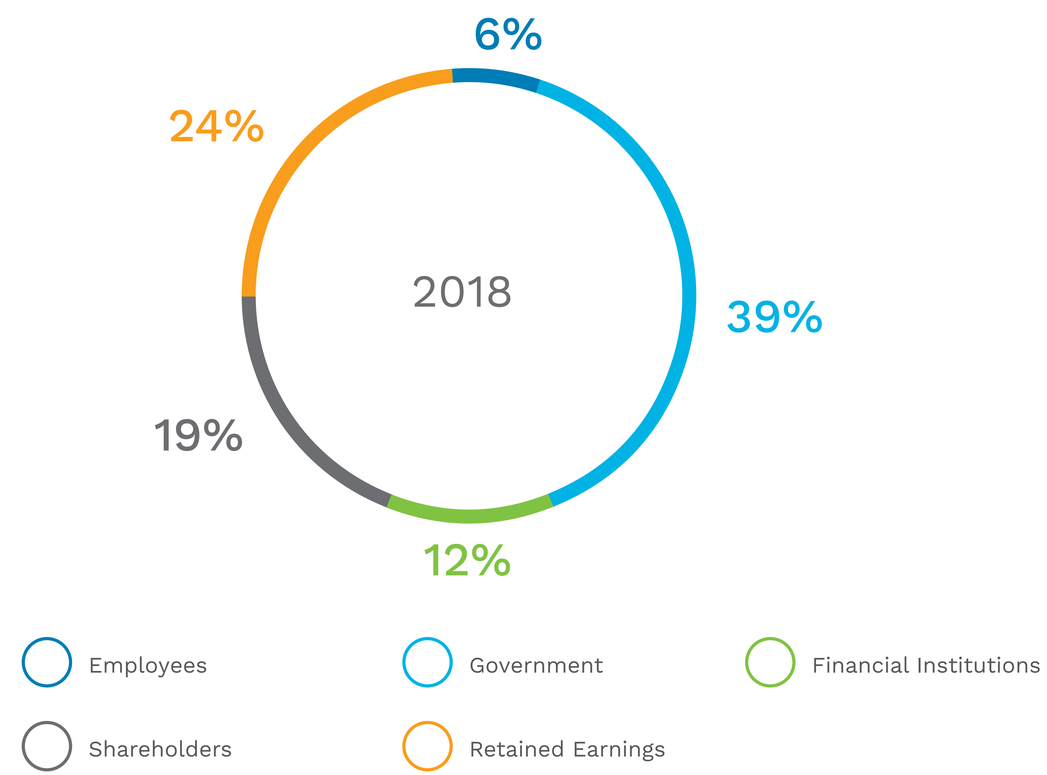
In millions of Reais



[201-1]

ADDED-VALUE DISTRIBUTION 2018 (R$ THOUSAND)

Personnel and charges	175,275
Taxes, fees, and contributions	1,228,385
Financial expenses and rentals	388,864
Dividends	456,632
Interest on equity	141,599
Retained earnings	741,202
Total	**3,131,957**



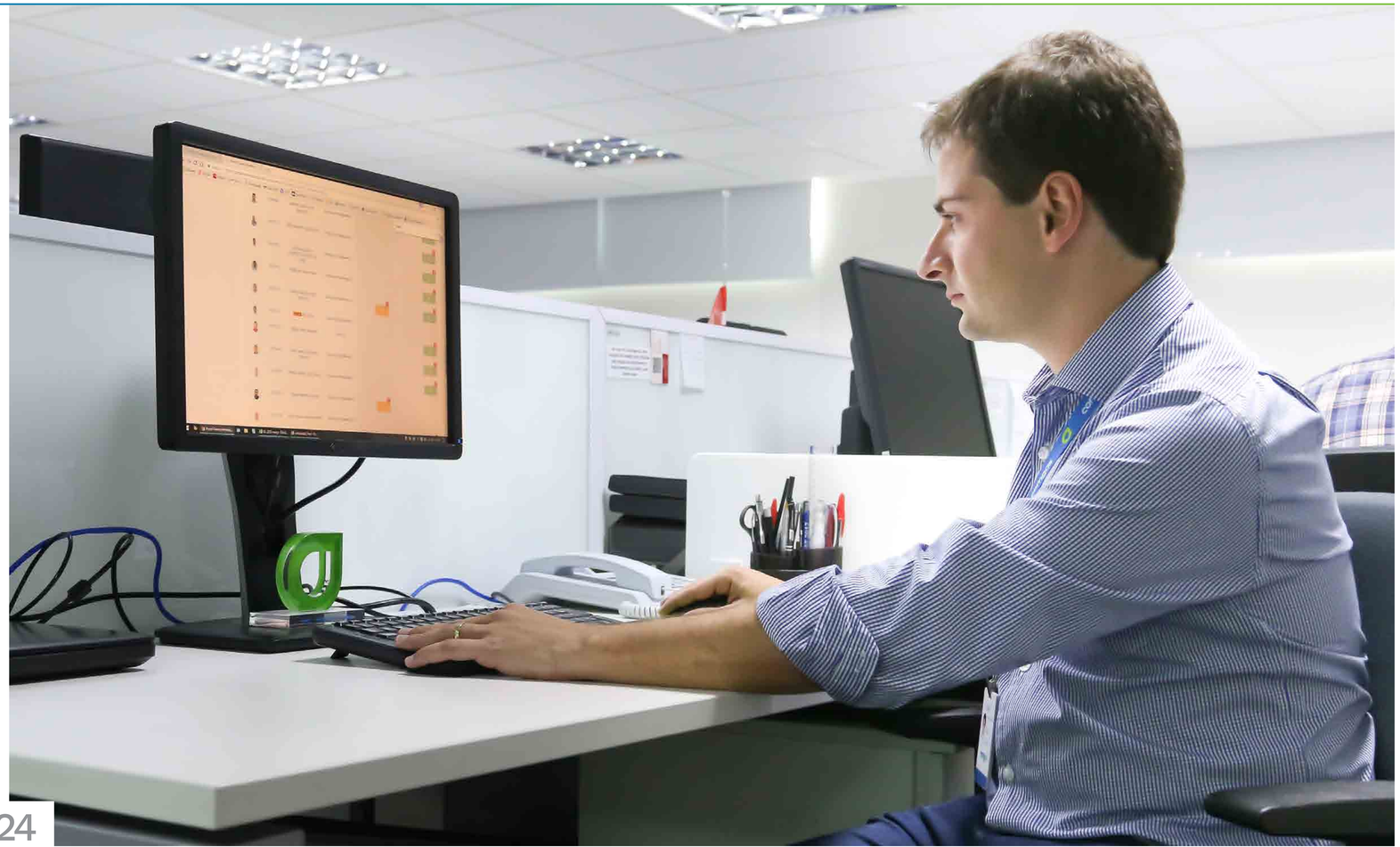
Added-value

The added-value totaled R$3.1 billion. This indicator of wealth aggregation corresponds to the values difference between what the company produced and the goods and services it used.

INVESTMENTS

In view of the prospects of regulatory stability resumption, we stepped up investments in 2018, from R$460 million in 2017 to R$530 million. We mainly invest in our network expansion and saturation, enabling us to supply natural gas to an increasing number of households. We also invest in the maintenance of our assets and technology for our business.

Only 40 km of cast iron network remains for Comgás to end the renovation cycle, which should take place in 2019.



Renovation of cast iron network

Only 40 km of cast iron network remains for Comgás to end the renovation cycle, which should take place in 2019. The renovation, which consists of introducing polyethylene pipes into a cast iron pipeline, increases operational safety and offers opportunities for market saturation thanks to higher system capacity. The process also involves adjustments to the new pressure regime, including the installation of regulators with meters and the replacement of branches that supply customers. This renovation started at the end of 1990, when we had over 1,000 km of cast iron networks in the city of São Paulo. The material was originally used to build low-pressure gas networks.

6.

RELATIONSHIP WITH STAKEHOLDERS

[102-42, 102-43]

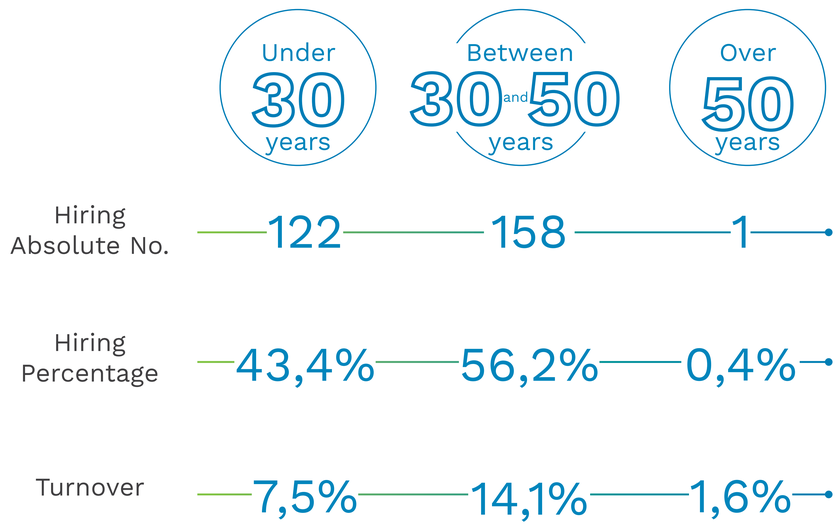
Our business continuity is directly related to our capacity to positively impact the environment and all stakeholders: customers, community, employees, suppliers, shareholders, and regulatory and governmental agencies. We put these values into practice through our business model and investing in solutions to shape a new future for Brazil's energy matrix.

EMPLOYEES [102-8, 103-1, 103-3, 404-3]
In 2018, we consolidated our employees' engagement, stimulating the development of an entrepreneur profile in an environment increasingly favorable to the generation of ideas and innovation. To monitor agility and modernization that operations require, we initiated a management horizontalization.

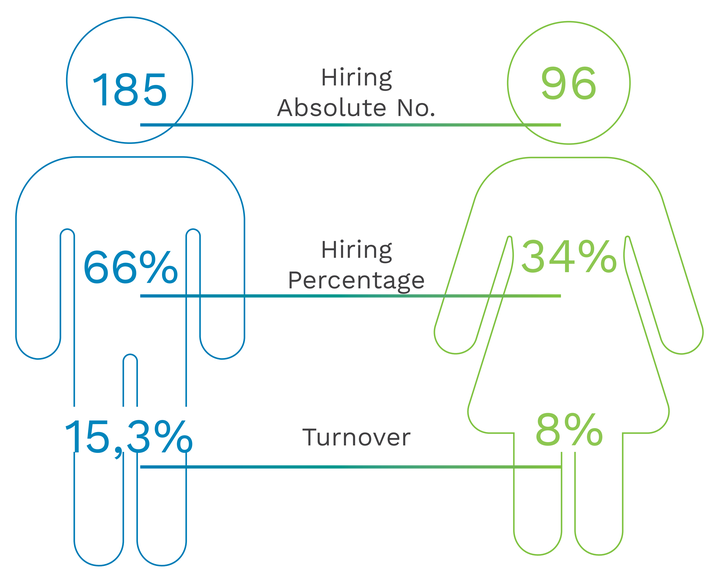
We have also implemented managed pilot projects with agile[4] or hybrid[5] models and multidisciplinary teams working in more collaborative areas. We believe that focusing on high performance makes all the difference in the Company's performance and delivery, making meritocracy a striking feature of our talent management.

We ended 2018 with 1,005 permanent employees, 12% higher than in 2017, consisting of 304 women and 701 men. Out of the total, 96.7% regularly underwent performance and career development evaluations. Also, our staff includes 2,468 indirect employees. Among them, 95% work in construction, expansion, and maintenance of our gas distribution network. In addition, admissions increased 103.62% compared to the average of the last two years due to the demand for sales/expansion projects.

HIRING AND PERCENTAGE TURNOVER BY AGE GROUP IN 2018 [401-1]



HIRING BY GENDER IN 2018 [401-1]



[4] Deriving from agile software development methodology, it does not have a rigid planning structure and focuses more on execution. In this management model, continual development and adjustment are essential for the process.

[5] The hybrid management combines elements of the traditional method, such as main planning parameters and aspects of agile methodologies by excellence, the execution dynamics. Thus, it seeks the advantages of both and balances the focus between planning and execution.

Training and development programs

[103-1, 103-2, 103-3, 404-2]

Until 2017, our training was based on corporate programs. In 2018, we changed strategies and directed our efforts towards training programs that impact Company development. Thus, we reduced the volume of programs and employees trained to invest in higher quality and assertiveness. Under this new perspective, we highlight leadership training and innovative technical training courses.

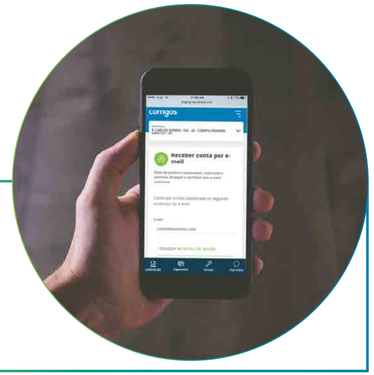
We built up the value of knowledge by launching the Leadership Development Program in partnership with the Dom Cabral Foundation. The objective is to stimulate a future-oriented leadership vision and corporate strategy support. This initiative is composed of two modules. The first module took place in 2018 and included themes such as culture, strategy, leadership, people management, and high performance.

Also in 2018, we structured the Trainee Upper, where hired employees may work in different areas of the Company and participate in a mentoring program preparing them to hold strategic positions in the future.

CUSTOMERS

Since 2016, we have been working on a cultural transformation process positioning the consumer at the center of our attention. This process started from the moment we defined the direction of our investments, which were guided by the relationship of the Company's value vectors with the consumer (growth, profitability, saturation, and loyalty). Our objective is to know the consumer intimately, be present where he or she is, and ensure access to all the advantages and possible uses of natural gas. Thus, we rely on a complete customer relationship structure to register requests and answer them within the terms provided for in the Concession Agreement.

Customer service channels



- Virtual Comgás (self-service channel via the Internet and mobile devices):
- Interaction via social networks
- On-site service
- 24-hour Call and Emergency Center (toll-free number 08000 110 197)

In 2018, we reduced the complaint index by 30.4%. In the previous year, the drop had already reached 57% as a result of measures taken to offer more agile services via virtual channels. Continuing this initiative, we deepened our analysis of root-case to adjust and correct processes. As a result, the First Call Resolution (FCR) index increased from 84.5% to 86.7%.

To measure the level of customer satisfaction and loyalty, we have invested in Net Promoter Score (NPS) research. Data served as the basis for Customer Experience Recommendation (CER), whose accumulated results reached 43 points in 2018, a rate 13% higher than in 2017. Such rate position us in a zone of improvement, wherein we are mapping processes improvements and opportunities which can be reviewed to transform our customers' experience. In turn, the ARSESP's customer satisfaction survey reveals that 97% of customers are satisfied or very satisfied with Comgás.

COMMUNITIES [103-1, 103-2, 103-3, 413-1]
Promoting social inclusion and improved quality of life and well-being of our relations network is also a priority at Comgás. Know the main initiatives executed in 2018:

#Ourfuture
Comgás' new volunteering program values social progress by taking actions to stimulate the development of education, access to social growth opportunities, and the reduction of inequalities. The first action was to renovate the State School of São Paulo, which receives over 180 students in the city capital. Classrooms, corridors, and yard were renovated and relied on 200 volunteers, among Comgás' employees, outsourced workers, and school community.

VOLUNTEERING IN FIGURES

127
employees of Comgás (among hired employees and relatives)

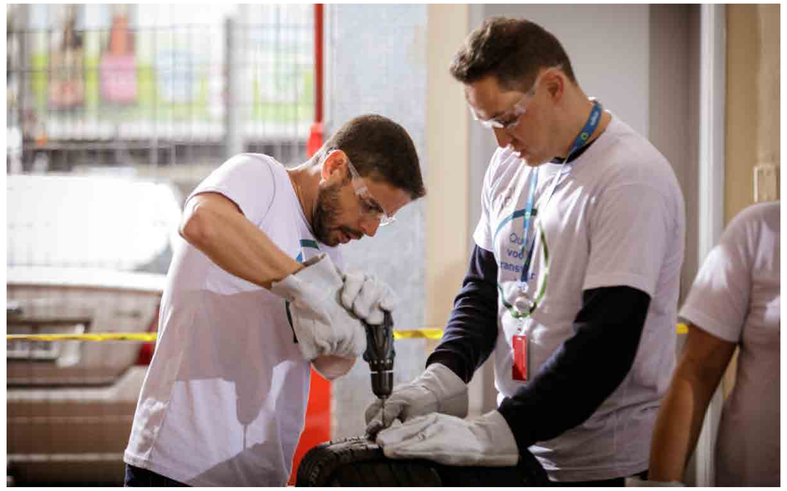
73
students, parents, schoolteachers, and employees

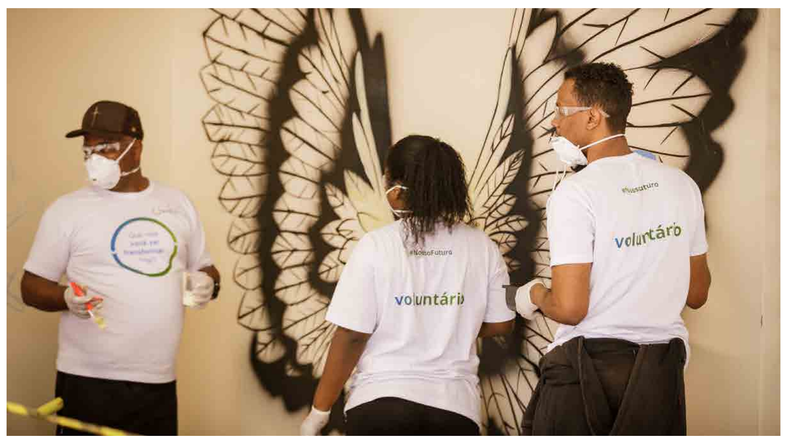
EVALUATION OF COMGÁS' EMPLOYEES

100%
would participate again in an action promoted by Comgás

84%
evaluated action as OPTIMUM

16%
evaluated action as GOOD





Association with Education Partners

We finance the annual action plan of the State School of São Paulo, which relies on the technical support of the Education Partners. The objective is to improve the students' performance in external exams of Portuguese Language and Mathematics. As a result, the School's IDESP[6] went from 2.5 to 4.4 in 2018.

Partnership with the National Service of Industrial Apprenticeship (SENAI)

We participate in providing, free of charge, the technical training necessary to qualify as a welder, gas technician, and building installer; this program targets community members, business partners, and suppliers. Between August 2018 and April 2019, 133 professionals received 1,344 hours of training; among them, 45 were qualified as welders, 75 as gas technicians, and 13 as building installers.

SOS Mata Atlântica Foundation

Through the Forests of the Future Program, we have planted 45,000 seedlings of native species, recovering approximately 27 hectares of Permanent Preservation Areas (PPA). In 2018, we concluded planting maintenance in the municipality of Indaiatuba, with 15,000 seedlings.

[6] The Education Development Index of the State of São Paulo (IDESP) is the index which summarizes students' performance in the Academic Achievement Evaluation System of the State of São Paulo and approval rates. Rates vary from 1 to 10.

SUPPLIERS [103-1, 103-2, 103-3]

In 2018, to ensure the integrity of our relationship with our suppliers, we reviewed all our Supply policies and procedures, seeking to evolve in terms of governance, ensuring agility and organization to our procurement processes and services contract. We point out that we always adopt good practices to make our processes auditable. In addition, we select a group of professionals in strategic areas, with a view to developing training courses, awareness actions and audits for certain suppliers.

Already considering our business agenda, we initiated assessment on the involvement of work services companies, so we can measure the impact of such involvement referred to as fixed cost on the whole.

Audits [102-11, 103-2, 103-3, 308-1, 414-1]

The audit processes help us to verify issues relating to the destination of waste, action controls, environmental damage, and the competency of employees regarding preservation, recycling, and the correct arrangement of products. In 2018, all suppliers were evaluated according to previously established environmental criteria. Out of this total, 8% were considered critical.

Therefore, Comgás has conditions to verify partners' maturity in relation to sustainability practices and generate continual improvement plans during contractual effectiveness, understanding the need for training, monitoring, and controlling.

Along with suppliers considered more critical, we acted as follows:

- **Materials Suppliers:** We made audit visits to conclude the re-qualification of all within five years. We verify the criteria and monitor the ISO 14001 parameters (it does not avoid ratification). We also require the Company to submit a plan and to evidence waste control and disposal.

- **Services Suppliers (execution above 30 days):** We analyze the Company's financial condition and monitor the regular payment of INSS (Brazilian National Institute of Social Security), FGTS (Government Severance Indemnity Fund for Employees), and payroll. We also require the Company to have a waste management plan and to evidence appropriate waste disposal (CADRI and landfill receipt).

Supply chain [102-9]

GAS PURCHASES:

Currently, Petrobras is the main supplier.

SERVICES:

The Company constructs the network and branches, performs internal installations and inspections, manages service, and provides customer assistance and readers. In 2018, we invested in the development of new partners to monitor the pace of growth and ensure services with quality and safety.

MATERIALS:

Our materials include pipes, connections, valves, meters, regulators, and stations. In 2018, Comgás adopted a more detailed approach to ratifying field items.

Excellence Program

In 2018, we developed an excellence program for our nine largest field construction operational partners. Deployed in 2019, this initiative combines 78 items to help our partners improve their management systems and the quality of their deliverables as well as to develop their own businesses.

Percentage of expenditures with local suppliers of products and servicess[7] [204-1]

40.35% of the budget is designated for local suppliers (State of São Paulo).

[7] Excluding Petrobras, the percentage of local purchase increased to

REGULATOR AND GOVERNMENT [103-1, 103-2, 103-3]
As we are providers of a public utility, natural gas, we are in permanent contact with the Regulatory Agency of Sanitation and Energy of the State of São Paulo (ARSESP), which regulates, controls, and inspects our activities. ARSESP is also liable for estimating the economic and financial breakeven of Comgás and balancing relations between the concessionaire, the market, and the granting authority, establishing a regime of "ceiling tariffs" and tariff reviews every five years.

The diversification of natural gas provided to the São Paulo energy matrix has been increasingly relevant.

4th tariff review

In order to offer solutions and incentives for preliminary discussions on the tariff review, Comgás drew up a Memorandum of Understanding[8] in 2018 in partnership with relevant market agents; this MoU outlines a set of proposals aimed at regulatory stability and the investments required to support energy infrastructure. In December 2018, ARSESP assumed a public commitment to have a definitive position on the Memorandum and established a schedule of events to prepare the 4th tariff review and address the 3rd review.

On May 23, 2019, ARSESP published the Final Technical Note NTF-0030-2019 and the Substantiated Report referring to the conclusion of the 4th tariff review, comprising the period from May 31, 2018, to May 30, 2024.

In relation to the Maximum Margin (P0), the amount defined was R$0.5182 per cubic meter. For the X Factor, the percentage established was 0.52% p.a. by means of its application as a reducer of annual adjustment of margins by IGPM (General Market Price Index), which it shares with the consumer the increased operational efficiency over the post-tariff review cycle. It is worth mentioning that the review of the 2014 cycle has not yet concluded due to administrative and legal discussions.

Partnerships with the government

We also advanced in a partnership with the government through the São Paulo Agency to Promote Investments and Competitiveness (Investe São Paulo). It foresees an investment of R$20 billion for the next 10 years, R$10 billion from Comgás and the remainder from external agents. The objective is to attract new projects for our concession area, make the market flexible, focus on network expansion, and boost demand.

[8] By Comgás jointly with FIESP, the Brazilian Technical Association of Glass Automatic Industries (ABIVIDRO), the Brazilian Association of Large Industrial Consumers of Energy and Free Consumers (ABRACE), the Brazilian Association of Chemical Industry (ABIQUIM), the São Paulo Association of Ceramic Tiles (ASPACER), and the Brazilian National Association of Energy Consumers (ANACE).

7.

OPERATIONS PERFORMANCE

HEALTH AND SAFETY [103-1, 103-2]

The health and safety of our employees, outsourced workers, and community is a non-negotiable value and priority in Comgás' business model. Our operations are based on technical and administrative procedures which seek to mitigate risks and prevent accidents both in field activities and in administrative environments. We invest heavily in campaigns that promote awareness of the risks associated with natural gas and the best ways to reduce these risks and prevent accidents.

COMGÁS' EMPLOYEES [403-2]

By gender and type of injury	2017		2018	
Number of fatalities	0	0	0	0
Injuries rate (LTIF)	0.27	0	0.47	0.11
Injuries rate (TRCF)	0.66	0	1.75	0.11

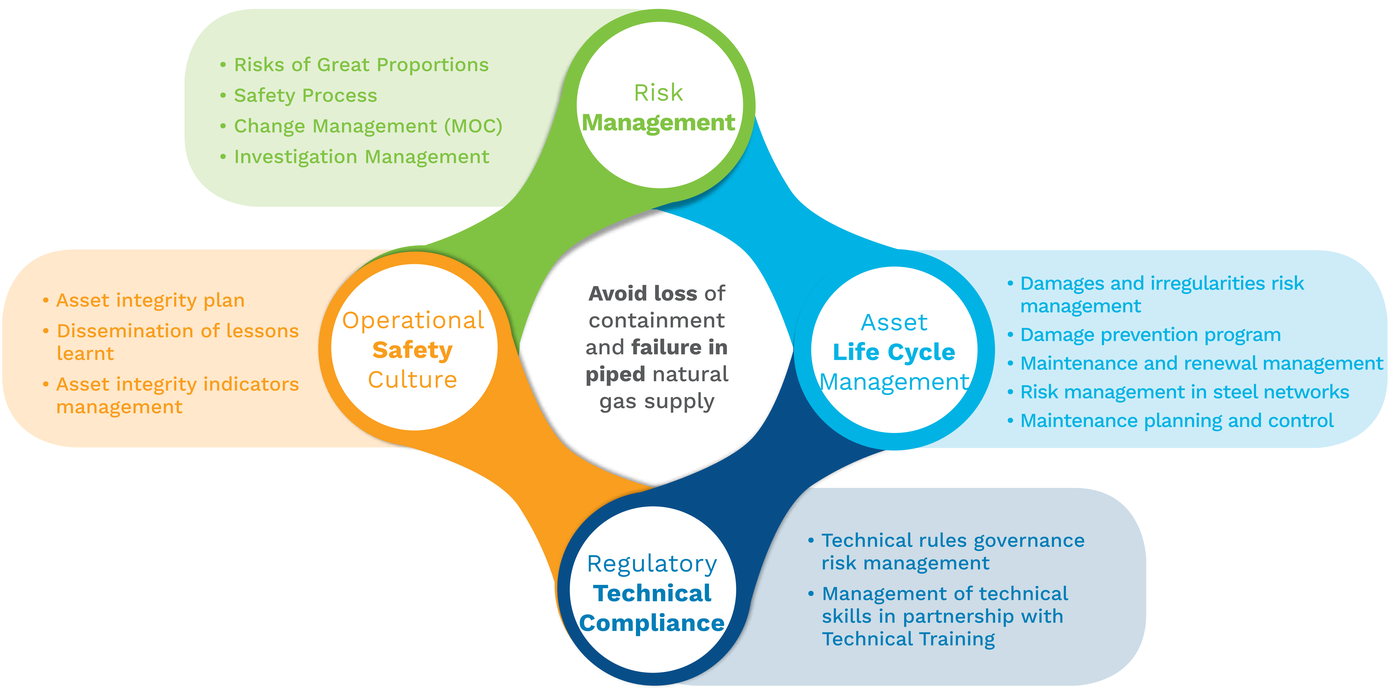
OUTSOURCED WORKERS [403-2]

By gender and type of injury	2017		2018	
Number of fatalities	0	0	0	0
Injuries rate (LTIF)	0.19	0	0.47	0
Injuries rate (TRCF)	0.58	0	1.56	0

OPERATIONAL SAFETY MANAGEMENT SYSTEM (ASSETS INTEGRITY) [103-2, 103-3]

The Operational Safety Management System (Assets Integrity) aims at avoiding the loss of containment and failure in the piped natural gas supply, thus, ensuring the Operational Safety. Its structure is grounded on four pillars: risk management; asset life cycle management; regulatory technical compliance and operational safety culture, as per figure below.

ASSETS **INTEGRITY**



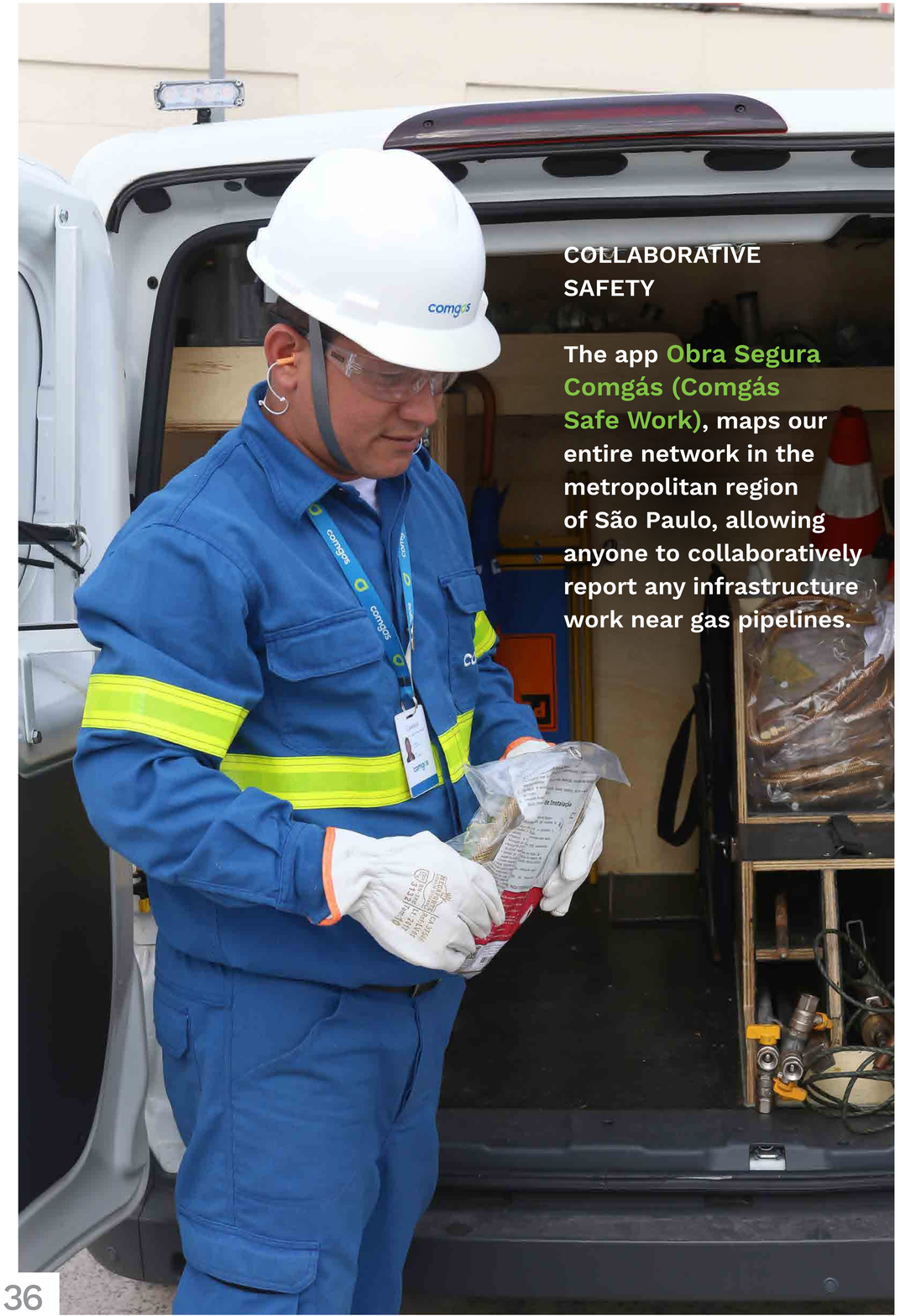
The **Risk Management** shows and assures that instruments, operations and safety measures currently effective are adequate and sufficient to avoid or reduce the effects of a serious incident or accident.

The **Asset Life Cycle Management** aims at managing the risk of damages and irregularities so that to manage third parties works risk close to the gas distribution network and ensure the regularization of construction non-conformities identified in Comgás' assets.

Today, Comgás has a georeferenced network which can be accessed for consultation by means of the website. In addition, asset registry information is sent when requested. Comgás' website includes technical information for execution of works nearby gas networks, besides answering technical inquiries referring to the network registration. By means of toll-free number 08000 110 197 it is possible to request guidance on works execution. In addition, assets maintenance and renewal are managed.

The **Regulatory Technical Compliance** is in charge of technical rules governance and technical skills necessary, in partnership with Technical Training area. In 2018, we started reviewing all the rules, procedures and training courses relating to operational safety, supported by external advisors, and ensuring a continual improvement. Actions will be implemented during 2019. For each critical activity, a specific competence development plan will be devised, as well as a control of professionals, employees and third parties who need training.

The **Operational Safety Culture** is daily reinforced by means of actions which disseminate lessons learnt, management of asset integrity indicators and training. In October 2018, Comgás held the week event called "Experiência Comgás", where Comgás' contractors' employees and of other concessionaires, as well as Fire Brigade and Civil Defense agents received training. In an environment simulating 3D and 5D, risk situations were presented and potential outcome; situations of leakage and gas smell in residences; cases of damages caused to network and ways of prevention. Overall, 3,000 professionals received training.



COLLABORATIVE SAFETY

The app Obra Segura Comgás (Comgás Safe Work), maps our entire network in the metropolitan region of São Paulo, allowing anyone to collaboratively report any infrastructure work near gas pipelines.

"SAFETY EXCELLENCE" [403-1]

"Safety as a non-negotiable value" is one of key commitments of our Health, Safety, Environment, and Asset Integrity Policy. We maintain frequent discussions and thinking on Health, Safety and Environment, covering various company's levels, also contractors, and subcontractors of Safety, Health, Environment and Quality (SSMQ) which holds monthly meetings with managers and officers of Comgás, contractors, and sub-contractors to share good practices, align expectations of the leadership role in the dissemination of a Culture of Health, Safety and Environment. We also rely on the Occupational Health Medical Control Program, which was developed, approved, and implemented based on the risk assessment of activities developed at the Company.

EMERGENCY RESPONSE [IF0102-03]

Our Emergency Services Plan (PAE) determines the technical/administrative procedures to be followed in emergencies. It foresees quick, efficient, and well-arranged measures to minimize damages and losses caused by an emergency in order to swiftly restore operations, preserve facilities, ensure the safety of local communities, and protect the environment. PAE also establishes mechanisms of articulation with state and municipal authorities as well as with natural gas transportation companies to adopt reasonable measures to combat and control emergencies.

SAFETY WEEK [403-4]

During the two editions of Safety Week in 2018, 4,000 people gathered, with employees, suppliers, and other partners among them. In May, the theme was occupational safety. The schedule included a safe practices fair relating to Comgás' higher risk activities with respect to execution/operation. Each contractor used its own base to host the event.

In October, the focus was on operational safety conducted at Comgás. Over a week referred to as Comgás Experience, we received employees from our contractors and other concessionaires, and agents of the Fire Brigade and Civil Defense. In a 3D and 5D simulation environment, we presented high-risk situations, including cases of leakage and when a gas smell is detected within the home, followed by how to mitigate these risks and prevent damage, focusing on third-party registry information requests.

REVIEW OF THE OPERATIONAL SAFETY SYSTEM

In 2018, with the support of external advisors, we initiated the review of all rules, procedures, and training connected with operational safety with the objective to further improve upon our already satisfactory track record. We devised a strategy to train our employees and outsourced workers in the specialized skills they require for each critical activity. This strategy will be implemented in 2019.

Safety Excellence International Award

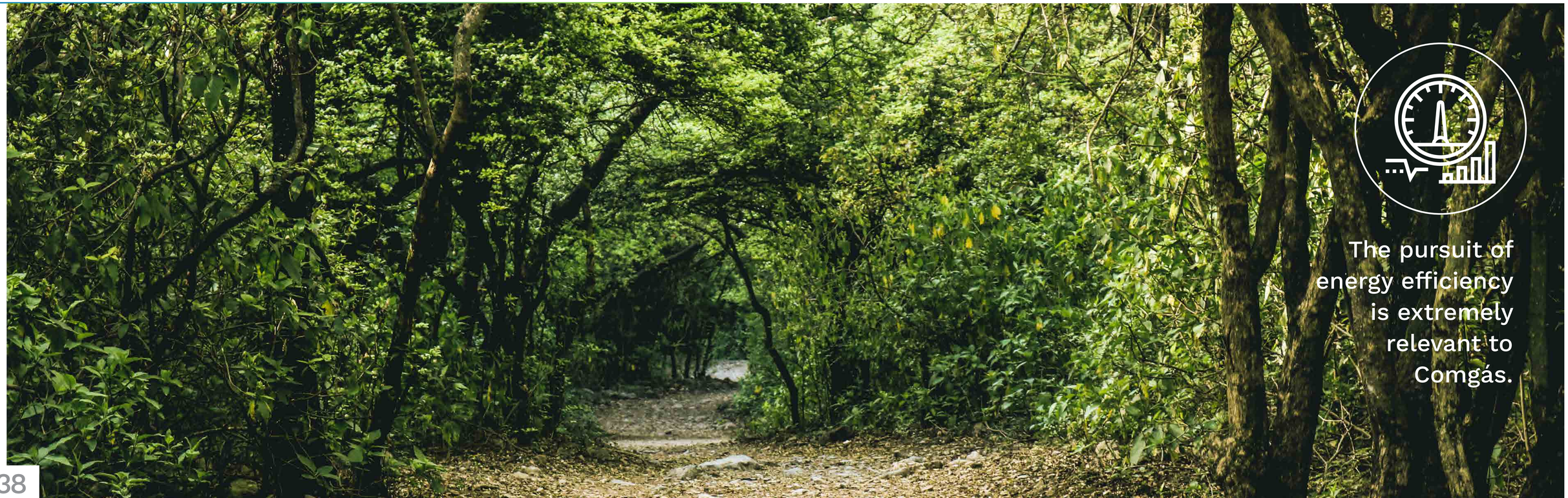
Comgás for the 11th time in a row stood out in safety by the American Gas Association (AGA), an international entity representing over 200 energy companies, which recognizes companies with the lowest occupational incidents index. In 2018, we ranked first in the “Employee Safety Excellence” category, competing with other 100 gas distributors of several countries.

OPERATING ECO-EFFICIENCY

ENERGY [103-1, 103-2, 103-3, 302-1, 302-2]
The pursuit of energy efficiency is extremely relevant to Comgás since energy is intrinsically related to operations and is mandatory for the monitoring and control of the gas distribution network. Total energy consumption in the organization was 25,224,760.91 MJ/year.

We periodically manage the consumption of electricity and natural gas to understand eventual fluctuations in consumption, propose the use of systems and more efficient equipment, avoid impacts on the environment, and reduce costs. Our base in São José dos Campos, for instance, relies on a photovoltaic plant which produces part of the energy it consumes. In 2018, 312,804 MJ or 86.89 MWh were generated.

Consumption (GJ)	2017	2018
Electricity consumption	13,200.96	14,208.88
Ethanol	8,495.12	6,847.60
Diesel oil	4,064.93	3,361.00
Natural gas	28,773.73	28,988.23
Gasoline	581.35	323.60



EMISSIONS [103-1, 103-2, 103-3, 201-2]
In 2018, several initiatives contributed to reducing the volume of GHG emissions by 13%. The renewal of the cast iron network, which is about to expire, contributed to eliminating natural gas leaks caused by cracks, one of the most efficient ways of reducing the number of methane leaks (CH4), the main natural gas component and with power to contribute to GHG 21 times more than carbon dioxide.

Pipeline safety is also a central focus of our attention. Reviewing, for instance, carbon steel networks located in crossing areas, about 1.5 km long on the way to Serra do Mar (Sea Ridge). We already have preventive maintenance plans for these networks, with inspections and a schedule of painting maintenance services.

GROSS DIRECT GHG EMISSIONS (SCOPE 1) IN TONS OF CO_2 EQUIVALENT [305-1]

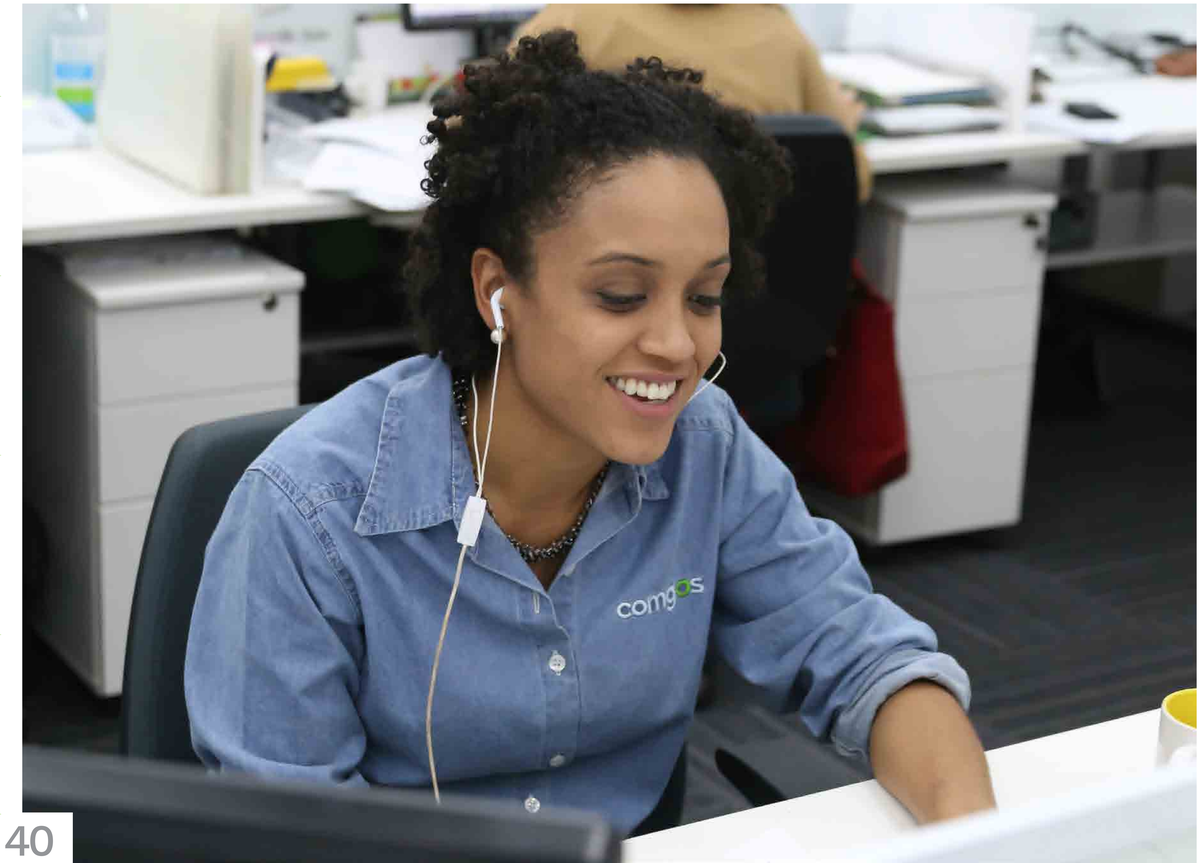
Calculation following Scope 1

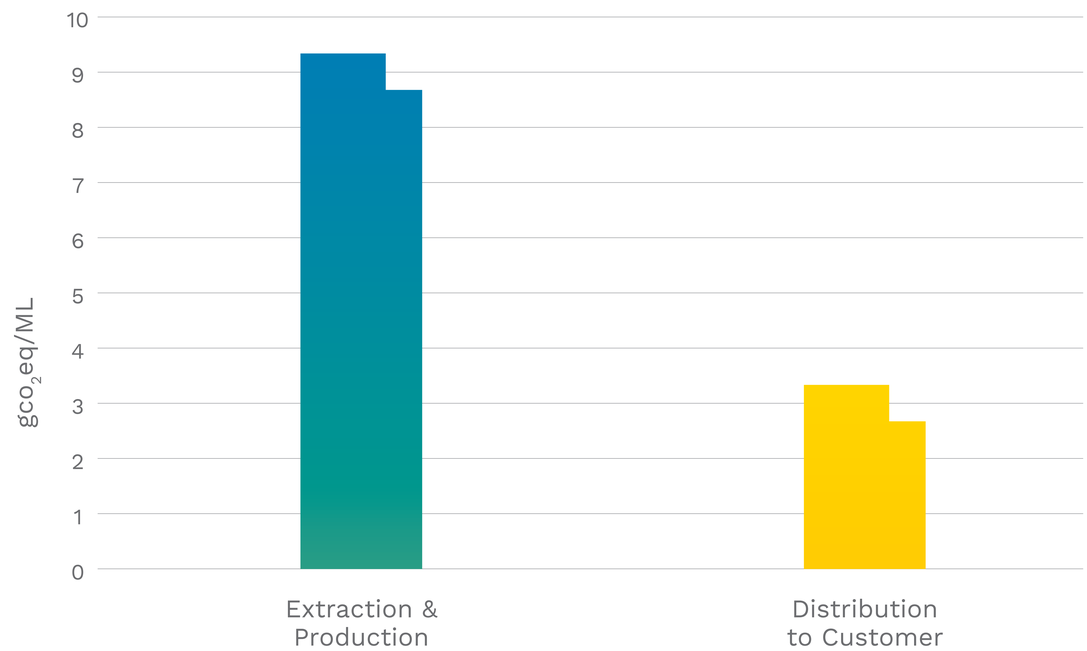
REDUCTION OF GHG EMISSIONS [305-5]

Emissions inventory

In 2018, we conducted our first inventory of GHG emissions to understand in more detail our production chain (from natural gas extraction to delivery to the customer) and identify improvement opportunities both for calculations of emissions and for our operations.

Through this study, we determined that our carbon footprint is 12.8 g CO_2eq by MJ. If we compare it with our oil carbon footprint, for instance, our impact is 66.2 g CO_2eq/lower MJ (79g CO_2eq/MJ of this product in total)[9]. The main contribution to emissions in life cycle phases assessed is production, with emissions of 9.4 g of CO_2eq/MJ. This phase (production) contributes 74% of 1 MJ footprint and includes the natural gas exploration and production processes. The distribution process has emissions of 3.4 g of CO_2eq/MJ of energy delivered, which accounts for 26% of the footprint.





From these results, the idea is to develop short and long-term plans to reduce GHG emissions, with specific KPIs and schedules.

[9] Source: https://www.opetroleo.com.br/shell-pretende-reduzir-a-pegada-de-carbono-das-operacoes-de-petroleo-e-gas/

Environmental Impact

Environmental gains can be seen when piped natural gas is used as a fuel alternative, such as BPF oil 4.5% and 1%, diesel S10 and S500, and Liquefied Petroleum Gas (LPG). Check the main benefits of natural gas in relation to GHG emissions polluting the atmosphere:

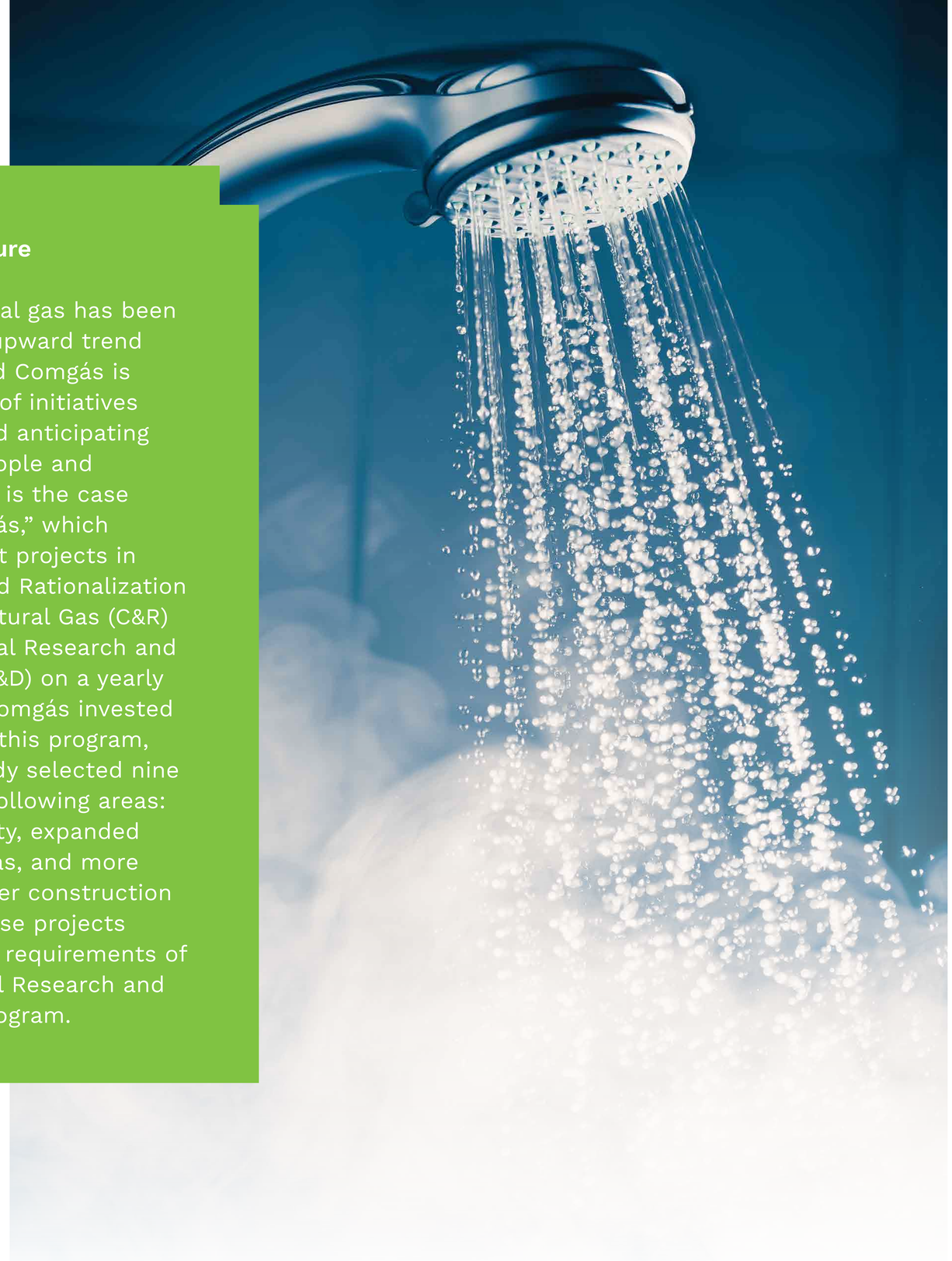
- Carbon Dioxide (CO_2), Nitrogen Oxides (NOx), and Particulate Material (PM): Reduction in emissions in relation to other fuels analyzed.
- Sulphur Oxides (SOx): SOx emission drops in relation to other fuels analyzed, except for diesel S10.
- Carbon Monoxide (CO) and Volatile Organic Compounds (VOCs): Reduction in emissions relative to LPG.

Another advantage is the decreased truck traffic carrying other fuels. According to a report of Emissions Estimate developed by Comgás, with Cubatão (SP) as a research field, we estimate that their replacement with natural gas would eliminate from 9 km to 22 km of tank trucks queues in municipality every month.

With huge reserves already discovered in Brazil, over the next decades, natural gas will appear as the energy transition to referred green economy: it is an option with available supply, economically feasible and environmentally sustainable.

Shaping the future

The use of natural gas has been an increasingly upward trend in the world, and Comgás is on the frontline of initiatives transforming and anticipating the future of people and businesses. This is the case for "Inova Comgás," which includes relevant projects in Conservation and Rationalization of the Use of Natural Gas (C&R) and Technological Research and Development (R&D) on a yearly basis. In 2018, Comgás invested R$5.9 million in this program, which has already selected nine projects in the following areas: operational safety, expanded use of natural gas, and more efficient and safer construction methods. All these projects comply with the requirements of ARSESP's Annual Research and Development Program.



8.

SUMMARY OF GRI STANDARDS – CONTENT INDEX

[102-55]

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
GRI 101: FOUNDATION 2016			
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	102-1 - Name of the organization		7
	102-2 - Activities, brands, products and services		7
	102-3 - Location of headquarters		53
	102-4 - Location of operations		9
	102-5 - Ownership and legal form	A public utility concessionaire privatized in 1999 is a corporation listed in B3 - Brasil, Bolsa, and Balcão. Its parent company is Cosan S.A., which currently holds 97.29% of the total shares issued by the Company	
	102-6 - Markets served		10
	102-7 - Scale of the organization		22
	102-8 - Information on employees and other workers		26
	102-9 - Supply chain	Gas is mainly supplied by Petrobras. The main service suppliers are Uniforte, Sial, Concrejato, CS, Conexão, Unigás, Mafe, Engemont, Bureau Veritas, and Sanear, among others. The materials suppliers are Emmeti, FGS, Plasson, Nicoll, Itron, Lao, Emerson, and Clesse	29
	102-10 - Significant changes to the organization and its supply chain	Opening of a sales office in Santo André	
	102-11 - Precautionary Principle or approach		17
	102-12 - External initiatives	Signatory of Paris agreement - COP21 Partnership with SOS Mata Atlântica	

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
GRI 102: General Disclosures 2016	102-13 - Membership of associations	ABEGÁS: Brazilian Association of Piped Gas Distributors COGEN: Association of Energy Cogeneration Industry SINDIENERGIA: Union of Energy Industry in the State of São Paulo CIESP: Center for Industries in the State of São Paulo IBEF: Brazilian Institute of Finance Executives LIDE: Business Leadership IBP: Brazilian Oil Institute IBE: Brazilian Executive Institute CIESP Cubatão AGA: American Gas Association GOI: Gas Operations Innovation Alliance	
STRATEGY			
GRI 102: General Disclosures 2016	102-14 - Statement from senior decision-maker		3
	102-15 - Key impacts, risks, and opportunities		18
ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16 - Values, principles, standards, and norms of behavior		12, 16
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18 - Governance structure		14
STAKEHOLDER ENGAGEMENT			
GRI 102: General Disclosures 2016	102-40 - List of stakeholder groups		6
	102-42 - The basis for identifying and selecting stakeholders with whom to engage		25

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
GRI 102: General Disclosures 2016	102-43 - Approach to stakeholder engagement		6, 25
	102-44 - Key topics and concerns raised		6
REPORTING PRACTICES			
GRI 102: General Disclosures 2016	102-45 - Entities included in the consolidated financial statements		22
	102-46 - Defining report content and topic Boundaries		6
	102-47 - List of material topics		6
	102-48 - Restatements of information of information	None	
	102-49 - Changes in reporting	None	
	102-50 - Reporting period		5
	102-51 -Date of most recent report		5
	102-52 - Reporting cycle		5
	102-53 - Contact point for questions regarding the report		5
	102-54 - Claims of reporting in accordance with the GRI Standards		5
	102-55 - GRI content index		42
	102-56 - External assurance	None	
MATERIAL TOPICS			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		6
	103-2 - The management approach and its components		20
	103-3 - Evaluation of the management approach		20

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
GRI 201: Economic Performance 2016	201-1 - Direct economic value generated and distributed		23
	201-2 - Financial implications and other risks and opportunities due to climate change		39
PROCUREMENT PRACTICES			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		30
	103-2 - The management approach and its components		
	103-3 - Evaluation of the management approach		30
GRI 204: Procurement Practices 2016	204-1 - Proportion of spending on local suppliers		31
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		16
	103-2 - The management approach and its components		16
	103-3 - Evaluation of the management approach		16
GRI 205: Anti-corruption 2016	205-1 - Operations assessed for risks related to corruption	No significant residual risks related to corruption were identified	
	205-2 - Communication and training about anti-corruption policies and procedures		16
	205-3 - Confirmed incidents of corruption and actions taken	Zero	
ENVIRONMENT			
ENERGY			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		28
	103-2 - The management approach and its components		28
	103-3 - Evaluation of the management approach		28

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
ENERGY			
GRI 304: Energy 2016	302-1 - Energy consumption		38
	302-4 - Reduction of energy consumption	The Company did not measure the reduction in energy consumption obtained from conservation and efficiency improvements. The Company has a single measurement of equipment per consumer unit, which does not allow it to obtain reduced value deriving from improved efficiency of any specific system	
	302-5 - Reduction in energy requirements of products and services	Energy consumption is related to the Company's administrative area, network protection, gas receiving stations, etc. Therefore, gas volume variation does not directly impact the Company's energy consumption	
EMISSIONS			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		37
	103-2 - The management approach and its components		37
	103-3 - Evaluation of the management approach		37
GRI 305: Emissions 2016	305-1 - Direct (Scope 1) GHG emissions		39
	305-5 - Reduction of GHG emissions		39
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		16
	103-2 - The management approach and its components		16
	103-3 - Evaluation of the management approach		16

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
GRI 307: Environmental Compliance 2016	307-1 - Non-compliance with environmental laws and regulations	Comgás proactively started investigating environmental liabilities in the soil and underground waters of an operating base located at Rua Capitão Faustino de Lima, 134, Brás, São Paulo (SP). Observing all the procedures established by applicable rules, the area was deemed contaminated, with risk confirmed (ACRi), but no impact for occupation or current use. Swiftly, we devised an intervention plan to remedy the problem. Results fell below the maximum acceptable concentration (CMA), confirming the absence of any risk to human health. The area was subsequently classified as an “area under monitoring process for shutdown” (AME), pursuant to Article 52 of Decree No. 59.263/2013	
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		30
	103-2 - The management approach and its components		30
	103-3 - Evaluation of the management approach		30
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		30
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		6
	103-2 - The management approach and its components		24
	103-3 - Evaluation of the management approach		24
GRI 401: Employment 2016	401-1 - Novas contratações de empregados e rotatividade de empregados		26

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
GRI 401: Employment 2016	401-3 - Parental leave	In 2018, 23 professionals were under maternity leave and 24 under paternity leave. The retention rate after leave is 61% for women and 83% for men. Comgás also participates in the “Empresa Cidadão” (Citizenship Company), which extends for another 60 days the maternity leave, and for 15 days the paternity leave, in addition to the five-day leave already defined	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		6, 34
	103-2 - The management approach and its components		34, 35
	103-3 - Evaluation of the management approach		35
GRI 403: Occupational Health and Safety 2016	403-1 - Workers representation in formal joint management–worker health and safety committees	100% of employees	36
	403-2 - Hazard identification, risk assessment, and incident investigation	The activities, considered to be of higher personal and environmental risk potential and associated with main Comgás’ processes are identified and registered in the Risk Preliminary Analysis. Depending on the operational activity, a Work Permit (WP) shall be issued. In case of an incident, after the conclusion of investigations, an action plan is devised to include the activities and respective persons in charge and deadlines to avoid similar incidents	
	403-3 - Occupational health services	Its duty is to prevent, track, and diagnose in advance work-related health hazards; necessary measures are taken to decrease or eliminate risk as well as deal with or monitor the treatment and recovery of employees with any disease and promote the health of a group of workers	

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
GRI 403: Occupational Health and Safety 2016	403-4 - Health and safety topics covered by formal agreements with unions		36
	403-6 - Promotion of worker health	We offer a nationwide healthcare plan for our employees as well as annual periodic medical examination, in-company fitness club membership, nutrition monitoring, tracking protocol of risks and diseases according to gender and age group, an annual influenza campaign and vaccinations, an executive check-up, and gynecological and prostate cancer prevention programs	
	403-8 - Workers covered by an occupational health and safety management system	100%	
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		6, 26
	103-2 - The management approach and its components		26
	103-3 - Evaluation of the management approach		26
GRI 404: Training and Education 2016	404-1 - Average number of training hours per year by employee	For this year we don't determine the separation by functional category and gender	
	404-2 - Programs for upgrading employee skills and transition assistance programs		27
	404-3 - Percentage of employees receiving regular performance and career development reviews		26

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
LOCAL COMMUNITIES			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		28
	103-2 - The management approach and its components		28
	103-3 - Evaluation of the management approach		28
GRI 413: Local Communities 2016	413-1 - Operations with local community engagement, impact assessments, and development programs		28
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		30
	103-2 - The management approach and its components		30
	103-3 - Evaluation of the management approach		30
GRI 414: Supplier Social Assessment 2016	414-1 - New suppliers that were screened using social criteria		30
PUBLIC POLICIES			
GRI 103: Management Approach 2016	103-1 - Explanation of the material topic and its Boundary		6, 30
	103-2 - The management approach and its components		30
	103-3 - Evaluation of the management approach		30
GRI 415: Public Policies 2016	415-1 - Political contributions	Zero	
FOSSIL FUEL SUBSTITUTES			
GRI OG14	OG14 – Volume of biofuels produced and pwurchased meeting sustainability criteria	The Supply area is not directly involved in purchasing and sale of natural gas substitute fuels such as biofuels	

GRI STANDARD	DISCLOSURE	COMMENT	PAGE
EMERGENCY PREPAREDNESS			
SASB	IF0102-02 – Number of reported pipeline incidents, corrective action orders and notices of probable violation	Among the incidents that occurred in 2018, 10 affected a significant number of customers (over 400). Measures taken by the Company are described in PR-068 Procedure to Prevent Damage to the Distribution System (PGPPD).	36
	IF0102-03 – Emergency preparedness level		36

ACKNOWLEDGMENTS AND CORPORATE INFORMATION

[102-3, 102-53]

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