

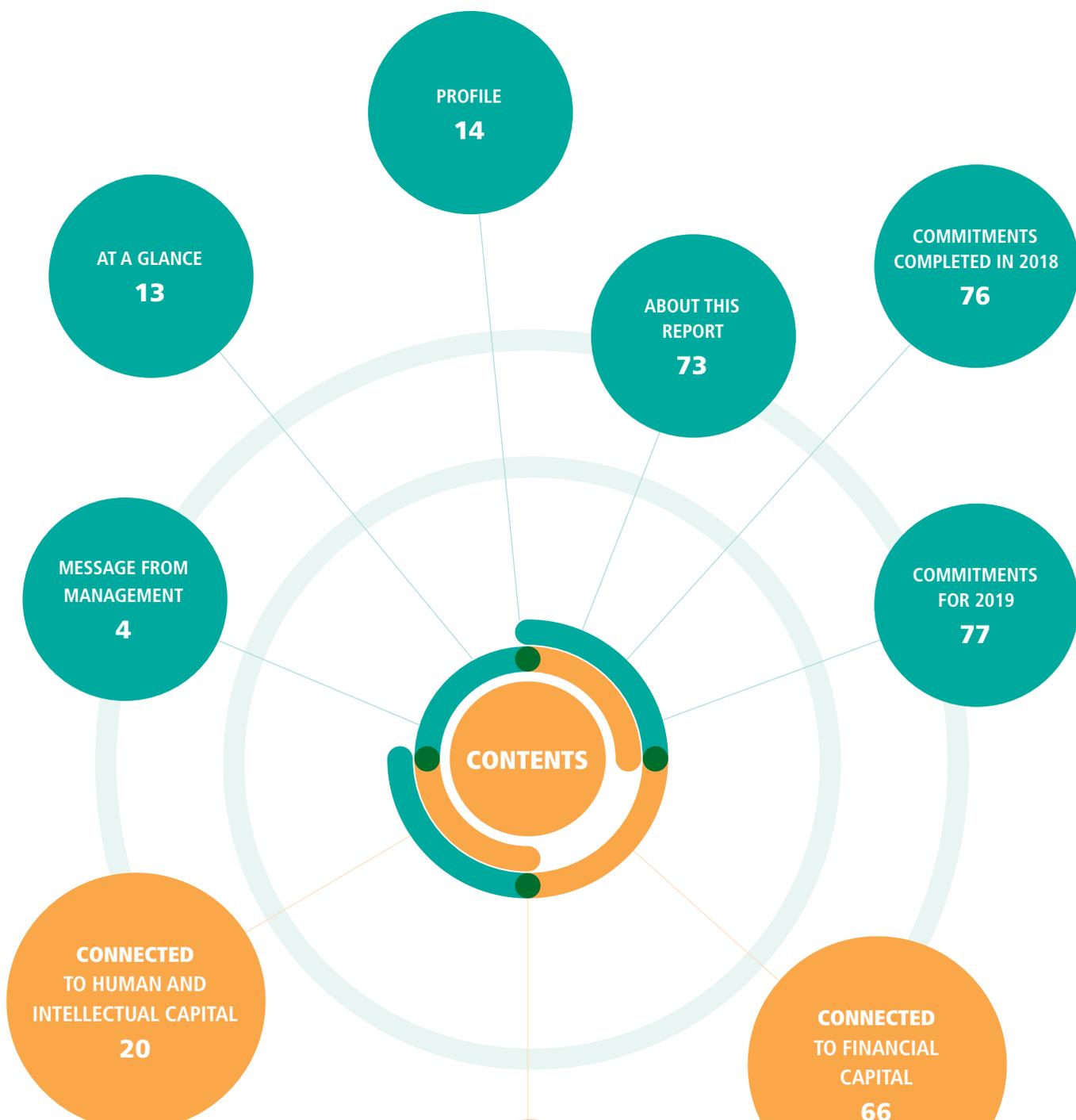


ANNUAL REPORT
2018

THE LIGHT WAY







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MESSAGE FROM MANAGEMENT

[GRI 102-14]

We are pleased to present our *Annual Report 2018*, in which we describe our business model, strategies and initiatives that have reaffirmed our commitment to sustainable development, the Global Compact principles and the UN Sustainable Development Goals (SDGs).

We continue to report “in accordance” with the Global Reporting Initiative (GRI) Standards and the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).

Toward the end of 2018, the global economy began to exhibit clear signs of a slowdown, primarily driven by the trade war between the world’s two largest economies—the US and China. External uncertainties are felt domestically in emerging economies, and Brazil, too, has been affected by the cooldown. Alongside the effects from the global economy, Brazil’s presidential elections in 2018 were also a factor that led to subdued foreign investment.

Despite these adverse conditions, Brazil’s economy experienced mild growth for the second consecutive year, after two years of strong economic retraction. GDP rose slightly by 1.1% compared

to 2017. Inflation was kept soundly in check, closing the year below the Central Bank target at 3.8%. This supported needed economic stimuli, including historically low basic interest rates.

In 2018 we continued our efforts to maximize efficiency, improve service to customers and reduce electricity theft and delinquency, while retaining a continuous focus on developing and valuing our human capital.

Brazil’s grid capacity in terms of reservoir levels and river discharge volumes remained a concern in 2018. Storage levels improved only in the Northeast compared with 2017. Hydropower generation levels remained low, and spot electricity prices remained high, albeit lower than the levels seen in 2017. The unfavorable supply conditions affected power purchase expenses for Light SESA and other Group distribution companies, especially payments within the Power Trading Chamber (CCEE).

The economic crisis, combined with significant customer migration to the free contracting environment, especially in the two-year period 2016/2017, undermined Light SESA’s captive market projections, generating contractual surpluses that exceeded our estimates, with these

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effects extending into 2018. These surpluses, however, will not result in pass-through losses in our rate-setting review in March 2019, as spot electricity prices in 2018 were generally higher than the average prices under Light SESA's contracts. In addition, customer movements from the regulated to the free-contracting environment have no effect on DisCo margins, as electricity will continue to be transported by, and those customers will continue to pay Distribution System Fees (TUSD) to, Light.

As part of our efforts to streamline customer access to our services, we have continued to diversify our service channels and have invested in improving quality of service by offering a wide range of automated services, products and functionality. Examples of the technology we are leveraging to improve the customer experience include integrated multichannel platforms providing a seamless service experience on any channel, and artificial intelligence-enabled self-service functionality.

To continually improve management efficiency and quality of service, we intensified preventive and predictive maintenance activities, expanded the number of switching points, and invested in self-healing systems that automatically restore

power in the event of an outage. This strategy, combined with positive performance on our Action Plan and Underground System Upgrade Plan, supported greater-than-expected improvement in operational quality indicators, in compliance with ANEEL requirements.

We ended the year with an EOD (Equivalent Outage Duration) of 7.78 hours, an improvement of 14.9% on December 2017, and 20.6% below the level agreed with the Brazilian power sector regulator (ANEEL) for year-end 2018 (9.80 hours). EOF (Equivalent Outage Frequency) as of December 2018 was 4.44 x, down 15.6% from December 2017 and 26.1% below the level agreed with ANEEL for 2018 (6.01 x).

Our anti-theft efforts in 2018 were primarily centered on inspection and connection normalization operations. Around 420 field crews performed a range of anti-theft operations in energy-theft hotspots. We undertook a revision of our strategy to strike a better balance of power recovery (REN), collection and Allowance for Doubtful Accounts (ACD) effort. As a result, power recovery effort was reduced, although it inherently generates relatively low levels of collections, especially where customers are disconnected. And while total grid losses

increased in the year—from 21.92% in 2017 to 23.95% in 2018—our strategy of balancing efforts across the three fronts has delivered more consistent and sustainable results for Light.

In collections, positive performance was supported by: planned delinquency prevention initiatives; an ICMS agreement with the state government to settle overdue payables; negotiations with delinquent municipal governments, especially Rio de Janeiro; actions addressing overdue receivables (blacklisting, protests and disconnection); and injunction reviews and monitoring at our legal department.

Hydropower generation conditions were more favorable in 2018 compared with 2017, especially in Southeast river basins (+10.9 p.p.). The higher river discharge volumes, combined with a growing share of wind power and sustained levels of thermal power generation operated by the National Grid Operator (ONS), helped recover reservoir storage levels, which ended the year at 31.9% stored energy.

In generation, the Lajes SHP commenced commercial operation in the second half of the year and is currently supplying electricity under long- and medium-term agreements, generating sustainable revenues for the Company. The Lajes SHP has also generated opportunities for local sourcing

of labor for activities such as plant operation and maintenance and cleaning and housekeeping, supporting the development of southern Rio de Janeiro State.

Commercial operation of the Lajes SHP facility also provides greater flexibility in the operation of the Lajes Complex, which provides water supply to more than 90% of the Metropolitan Area of Rio de Janeiro.

In 2018 we continued to pursue our strategy of adjusting our debt profile to improve liquidity. Net debt at year-end was R\$ 8,017 million. Between 2017 and 2018 our average debt maturity increased from 2.6 years to 3.5 years, debt service costs were reduced from 8.70% to 5.51%, and our balance of cash and cash equivalents rose from R\$ 342 million to R\$ 1.7 billion.

Exame, a Brazilian weekly business magazine, evaluated the performance of 70 electric utilities in 2018 and ranked Light Com as the second best company for profitability in Brazil's power sector. Our trading business generated returns on investment of 85.1%, the second highest as ranked by *Exame*. Light Com also ranked fifth overall based on total scores.

In October 2018 we completed the disposal of all shares in Light Esco – Prestação de Serviços

Exame, a Brazilian weekly business magazine, evaluated the performance of 70 electric utilities and ranked Light Com as the second best company for profitability in Brazil's power sector.

S.A., a wholly owned subsidiary, to Ecogen Brasil Soluções Energéticas S.A., for R\$ 43.4 million. The deal came as part of Light's strategy to focus on our distribution, generation and trading businesses.

The Light WAY pillars (Safety, Ethics and Results) have continued to serve as a foundation for our organizational culture initiatives. A range of prevention initiatives were organized with a focus on engagement around behavioral change and a Zero Harm culture. As a result, we ended the year with zero fatal injuries, excluding accidents when commuting, our best performance to date.

In ethics and compliance, Light ranked 11th in Transparency International Brazil's Transparency in corporate reporting study, which assessed the 100 largest companies and ten largest banks in Brazil on their anti-bribery and organizational transparency programs¹, including their codes of ethics, annual reports and corporate policies.

Lastly, we report that Light is structuring a new vehicle—Light Conecta—to develop new business opportunities related to our distribution company's core business, deepen our understanding of and relations with customers, and create value-added solutions for existing services.

In 2019 we continued to pursue a management approach focused on efficiency and profitability. We remain firm in our commitment to quality of service and the sustainable development of our concession area and broader Rio de Janeiro.

I hope you find our report useful and informative.

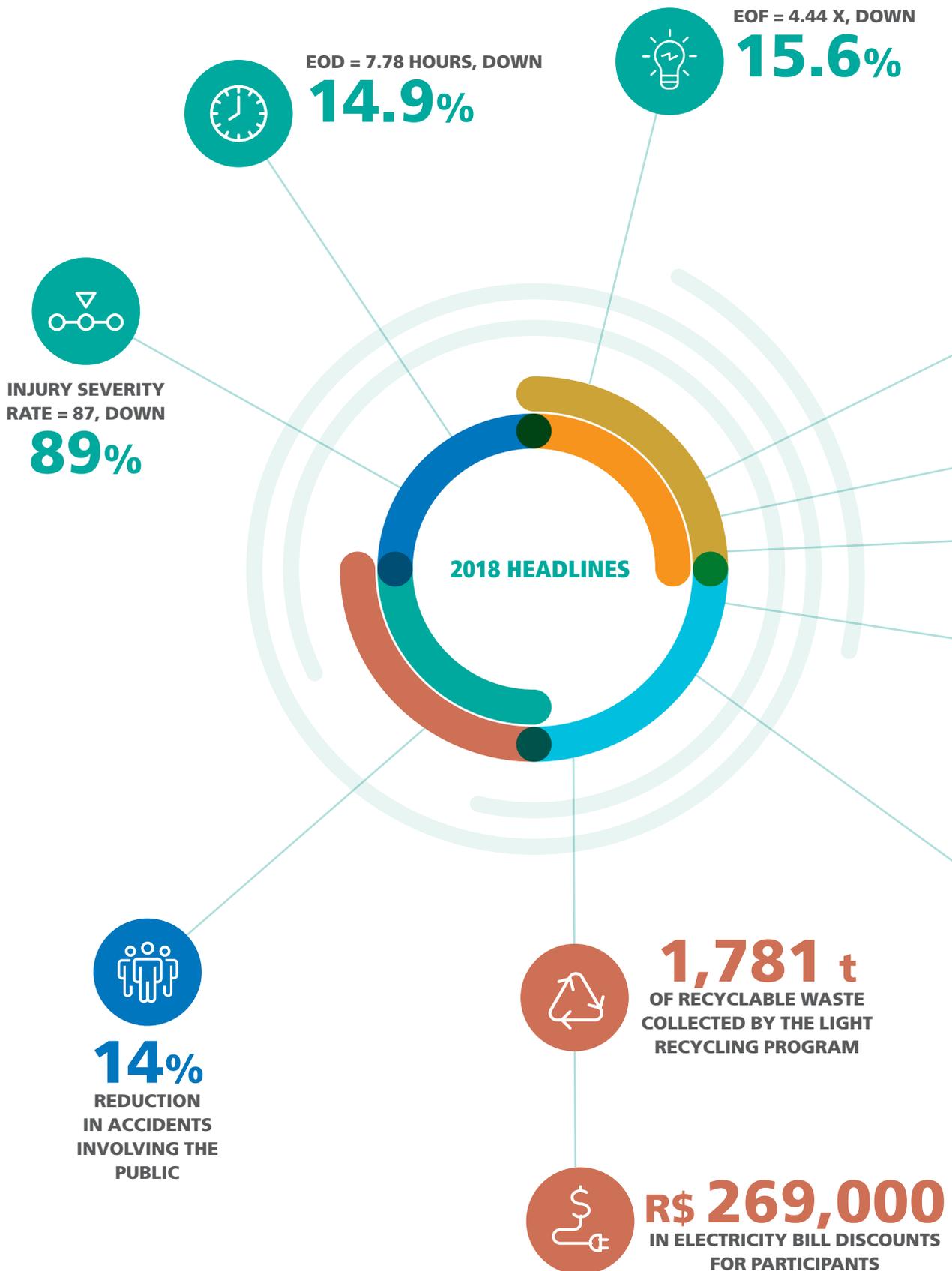
Nelson José Hubner Moreira
Chairman of the Board of Directors

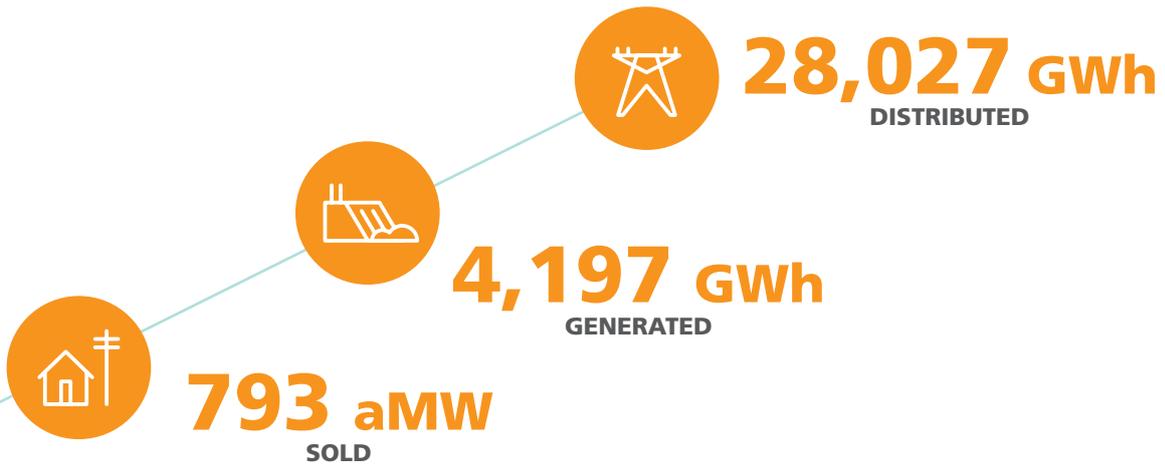
Luis Fernando Paroli Santos
CEO

¹ Anti-Bribery Program: addresses the civil and penal liability of companies and officers or employees involved in unlawful acts and corrupt practices, whether within or outside the company.

Organization Transparency: the attributes, such as accessibility, information and audits, that must be present in organizational processes and information to make them transparent.

2018 HEADLINES





LIGHT'S CAPITALS

[GRI 102-15]

We rely on resources, assets and people – known as capitals – in conducting our business activities. Those capitals, collectively, enable us to create value for all stakeholders and achieve superior results. Within the International Integrated Reporting Framework, these capitals are categorized as Manufactured, Natural, Human, Intellectual, Social, Relationship and Financial capitals.



STAKEHOLDERS



Government, suppliers, telecommunications carriers and cable-television broadcasters, the industry regulator.



Regulators, academia and surrounding communities.

IMPACTS



- Generation and distribution infrastructure;
- Energy security and power supply availability and reliability;
- Power quality;
- Impact on the environment and urban landscapes;
- Power outages.



- Use of renewable resources;
- Environmental investments;
- Access to water;
- Consumption of non-renewable resources;
- GHG emissions;
- Waste.



MANUFACTURED

Infrastructure, facilities, materials and equipment needed for our operations.



NATURAL

Environmental resources and processes that support us in providing goods and services, including water, land, forests and biodiversity.

HOW WE CREATE VALUE



By investing to improve our infrastructure and through the shared use of concession assets.



By investing in environmental licensing, maintenance and environmental safety, environmental projects, educational initiatives, reforestation and our Environmental Management System.

INDICATORS



- Power plant installed capacity;
- Distribution systems;
- Power outage frequency (EOF);
- Average outage duration (EOD).



- Environmental investments;
- Greenhouse gas (GHG) emissions;
- Certifications.

 Workforce, suppliers and peers in our industry.

- Job creation;
- Workforce training;
- Occupational and public safety;
- Fines and penalties related to services provided;
- Occupational injuries;
- Accidents involving the public.

 Academia, business partners and the workforce.

- IR&D investment and innovation;
- Collaborations with universities and research centers;
- Knowledge sharing;
- The risk of not achieving progress in innovation.

 Government, ANEEL, customers, community, suppliers, shareholders, industry associations and academia.

- Quality of service;
- Corporate social and environmental responsibility initiatives;
- Energy efficiency;
- Customer dissatisfaction with services provided;
- Higher non-technical losses.

 Shareholders, investors, financial institutions, market analysts, ANEEL, Federal Government and industry associations.

- Business sustainability;
- Taxes;
- Energy and financial industry development;
- Delinquency;
- Using resources inefficiently.

 **HUMAN**

The skills, knowledge and capabilities that together form our organization's pool of expertise and culture. Initiatives to align our workforce with our organizational culture and business strategies, including training, internal communications, engagement and cross-functional integration.

 By effectively implementing the standards outlined in our strategic plan in a way that meets established targets and stakeholders' needs.

- Hours of training;
- Injury Frequency Rate;
- Fines and sanctions for non-compliance with laws and regulations;

 **INTELLECTUAL**

Tacit knowledge, organizational standards and procedures, corporate systems, patents and licenses, technologies, R&D. This also includes knowledge management processes.

 From new technologies, more efficient processes, patent revenues, and knowledge retention.

- R&D investment;
- Patents.

 **SOCIAL AND RELATIONSHIP**

Relationships and networking with stakeholders to share information and enhance individual and collective well-being. Partnerships, common values, intangibles such as brand and reputation.

 By investing to establish a new approach to our relationship with communities. Brand and reputation management.

- Customer satisfaction;
- Social investments;
- Energy losses;
- Collections.

 **FINANCIAL**

The pool of funds that is available to the organization for use in the provision of services or investment, including return on investment, equity, debt or grants.

 Financial capital affects virtually all other capitals, as it provides the funds required for construction, training, research and improvements. It also relates to how funds are applied. Financial capital is also affected by the results generated by other capitals.

- Net revenue;
- EBITDA;
- EBITDA Margin;
- Net income (loss);
- Net debt;
- Capital expenditure.

Intangible assets

Human, Intellectual, and Social and Relationship capitals are considered intangible assets. These capitals have no physical form or market value separately and are developed through activities such as training, education, innovation and processes, communication campaigns, etc.

Other intangible assets reported in our financial statements include third-party software, software R&D expenditure, and concession infrastructure.

We recognize an intangible asset under a concession agreement when we have the right to commercially operate or charge for the use of concession infrastructure. That asset is an integral part of our Manufactured Capital.

R&D expenditure incurred with the intent of obtaining scientific or technological knowledge or expertise is recognized in profit or loss only if the costs can be measured reliably, if the product or process is technically and commercially feasible, if the future economic rewards are probable and if the Company has the intention and resources to conclude the development and use of or sell the asset. Capitalized expenditure includes the cost of materials, direct labor and overhead costs.

Managing and assessing our performance on each of those capitals, including intangible assets, helps us to create value both for the Company and for our stakeholders. The value we create is measured using the indicators described in the following table, which measure both internal impacts (use of resources, hours of training, financial performance) and external impacts (air emissions, power quality, and customer satisfaction).

WE CURRENTLY HAVE FOUR ISSUED PATENTS, INCLUDING ONE INTERNATIONAL PATENT, RESULTING FROM THE FOLLOWING R&D PROJECTS:

- Safety seal with chemical-based tamper tell-tale;
- *Device and method for inspecting aluminum cables with a steel core;*
- Filling putty, paint and composite for coating wood poles;
- Electronic meter with integral secure digital communications certification.

Key indicators



MANUFACTURED CAPITAL

	2016	2017	2018
Power plant installed capacity (MW)	1,024	1,023	1,119
Distribution system installed capacity (MVA)	10,492	10,522	10,522
Sub-transmission and distribution lines (km)	79,096	79,710	79,943
Power outage frequency – EOF (no. of outages)	6.5	5.3	4.4
Average power outage duration – EOD (hours)	11.7	9.1	7.8



NATURAL CAPITAL

	2016	2017	2018
Environmental expenditure (R\$ million)	33.4	30.2	12.5
Direct Greenhouse Gas (GHG) Emissions - Scope 1 (metric tons of CO ₂ eq.)	38,727	40,419	38,605
Indirect GHG Emissions - Scope 2 (metric tons of CO ₂ eq.)	230,669	225,105	173,001
Number of ISO 14000 certifications (Light SESA)	304	304	304



HUMAN CAPITAL

	2016	2017	2018
Hours of training per employee/year	27.2	42.7	44.7
Total recordable case frequency (TRCF)	3.16	1.95	1.96
Fines and penalties (R\$ million)	48.3	33.1	31.2



INTELLECTUAL CAPITAL

	2016	2017	2018
R&D investment (R\$ million)	8.2	6.7	23.9



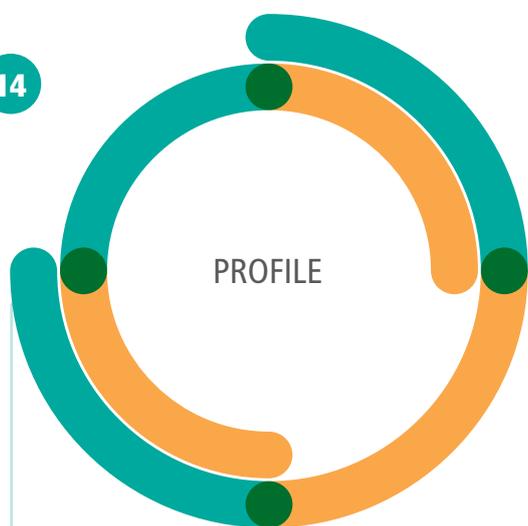
SOCIAL AND RELATIONSHIP CAPITAL

	2016	2017	2018
ANEEL Consumer Satisfaction Rate (IASC) (%)	63.9	55.1	58.2
Service Provision Satisfaction Rate (ISES) (%)	91.0	90.4	87.5
Perceived Quality Satisfaction Rate (ISQP) (%)	62.0	67.7	67.5
Community investment - Energy Efficiency Program (PEE) (R\$ million)	9.5	5.3	7.3
Nontechnical losses / Low-Voltage (LV) Market (%)	39.6	39.0	45.2
Collection rate (%)	98.9	96.6	98.5



FINANCIAL CAPITAL

	2016	2017	2018
Net revenue (R\$ million)	8,756	10,707	11,310
Adjusted EBITDA (R\$ million)	1,427	1,976	1,684
EBITDA margin (%)	16.3	18.5	14.9
Net income (loss) (R\$ million)	(313)	124	166
Net debt (R\$ million)	6,220	7,206	8,017
Capital expenditure (including contributions) (R\$ million)	953	895	890



[GRI 102-1, GRI 102-2, GRI 102-4, GRI 102-5, GRI 102-7, GRI 102-10, GRI 102-45]

With a presence in Rio de Janeiro for over a century, Light has operations in power generation, distribution and trading in a concession area covering

11,307,000 square kilometers in the state of Rio de Janeiro, and
11 million people, or **64%** of the State's total population.

Out of the State's 92 municipalities, we are present in

31 municipalities, supplying electricity to

7 million consumers and

4.5 million customers over

79,943 km of distribution and sub-transmission lines

37 service offices.

Light's workforce consists of

4,712 direct employees (including 199 people with disabilities), 7,861 contractor employees and 57 interns.

Our net revenue in 2018 was a total of

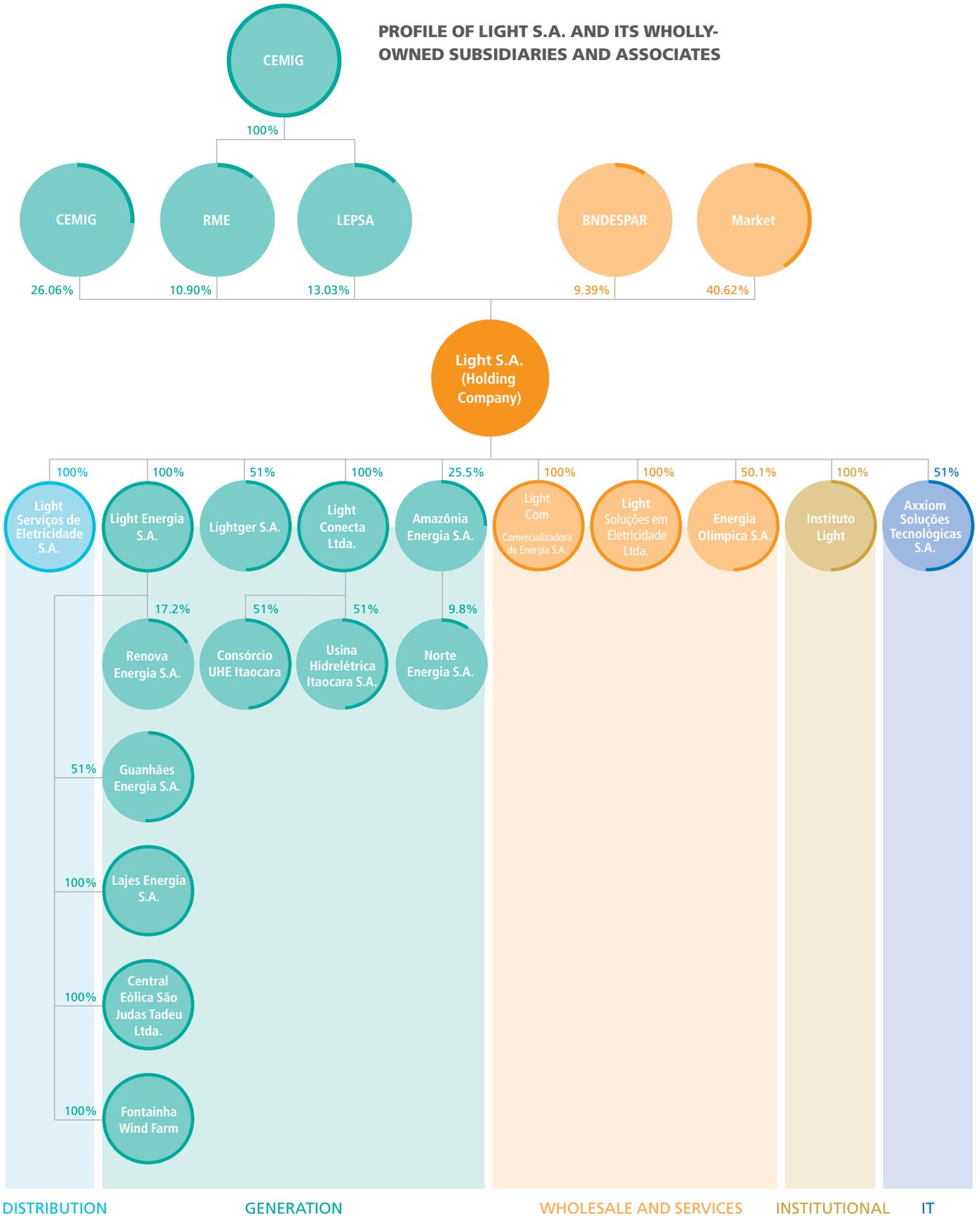
R\$ 11.3 billion

and Adjusted EBITDA² was

R\$ 1,684 million.

² EBITDA, as defined by the Brazilian Securities Commission (CVM), is net income or loss before net financial items, income and social contribution tax, depreciation and amortization, minority interests, and equity in earnings of associates. Adjusted EBITDA is CVM EBITDA less equity income and other operating income/expense.

PROFILE OF LIGHT S.A. AND ITS WHOLLY-OWNED SUBSIDIARIES AND ASSOCIATES





HOLDING COMPANY

LIGHT S.A.

Light S.A. is listed on the B3 (Brasil Bolsa Balcão) Novo Mercado segment under the ticker symbol LIGT3 and on the US OTC market under the ticker symbol LGSXY. Our B3-listed shares were priced at year-end at R\$ 16,50 and our market capitalization was R\$ 3.4 billion, a decrease of 0.3% compared with year-end 2017.

DIRECT SUBSIDIARIES

LIGHT SERVIÇOS DE ELETRICIDADE S.A.

Light SESA is Brazil's 6th largest distribution company by number of customers, and the 5th largest by volume of power supply according to data from the ANEEL Decision Support System Report 2018. In 2018 Light SESA posted 28,027 GWh in revenues from electricity supplied to captive customers and for use of our distribution systems by free-market customers and other utilities.

LIGHT ENERGIA S.A.

Light Energia's generation assets comprise five hydropower plants—Pereira Passos, Nilo Peçanha, Ilha dos Pombos, Santa Branca and Fontes Nova—and two pumped storage plants in Rio de Janeiro and São Paulo deriving hydropower from the Paraíba do Sul and Ribeirão das Lajes rivers. As of December 31, 2018 these assets had an installed capacity of 855 MW.

In 2018, Light Energia generated 4,197.16 GWh of electricity and purchased 1,169.50 GWh, an increase of respectively 1.87% and 92.34% compared with the previous year. A total of 174,879 GWh were purchased on the spot market in 2017 and 231,019 GWh were sold in 2018. The difference was primarily due to the larger volumes purchased on the free market in 2018. Light Energia's guaranteed power in 2019 is 621 average MW, of which 449 average MW are currently under contract.

Light Energia owns Lajes Energia S.A., the developer and operator of the Lajes Small Hydro Plant (SHP), with a nominal capacity of 17 MW.



LIGHT COM COMERCIALIZADORA DE ENERGIA S.A.

Light Com is a trading business that purchases and sells electricity on the spot and forward markets and free market, as well as providing consulting services to clients in a range of industries. In 2018 Light Com traded 793 aMW of electricity, generating revenues of R\$ 1.3 billion.

Exame, a Brazilian weekly business magazine, evaluated the performance of 70 electric utilities and ranked Light Com as the second best company for profitability in Brazil's power sector in 2018. Our trading business generated returns on investment of 85.1%, the second highest as ranked by *Exame*. Light Com also ranked fifth overall based on total scores.

LIGHT CONECTA LTDA.

Light Conecta designs, builds, installs and operates electric power plants. The company has a 51% stake through Light Energia in the Itaocara Hydropower Plant ("Itaocara HPP") joint venture and a 51% stake in UHE Itaocara S.A., a joint arrangement with CEMIG GT established for the construction of the Itaocara HPP. Due to the lack of financial support from shareholders to develop the project, and after failed attempts to sell the assets, UHE Itaocara initiated negotiations for bilateral termination of the CCEAR agreements concluded within Auction No. 003/2015 pursuant to ANEEL Resolution 711/2016, and was successful in canceling 70% of firm capacity.

Light Conecta also develops new business related to our core business activities, and helps to deepen our understanding of and relations with customers and create value-added solutions for existing services.

LIGHT SOLUÇÕES EM ELETRICIDADE LTDA.

Light Soluções em Eletricidade provides facilities construction, repair and maintenance services to clients in the low-voltage segment.



INSTITUTO LIGHT PARA O DESENVOLVIMENTO URBANO E SOCIAL

Instituto Light para o Desenvolvimento Urbano e Social engages in social and cultural programs supporting the economic and social development of communities.

In October 2018 we completed the disposal of all shares in Light Esco – Prestação de Serviços S.A., a wholly owned subsidiary, to Ecogen Brasil Soluções Energéticas S.A., for R\$ 43.4 million. The deal came as part of Light's strategy to focus on our distribution, generation and trading businesses.

ASSOCIATES³

RENOVA ENERGIA S.A.

Renova Energia is engaged in power generation from renewable sources, including small hydropower and wind and solar farms. Renova Energia has an installed capacity of 627.6 MW, including 190.2 MW in installed capacity currently in operation.

In February 2018 Renova Energia received a new binding offer from Brookfield Energia Renovável S.A. in replacement of the initial acquisition offer

accepted in November 2017. The new acquisition proposal includes the assets of the entire Alto Sertão III Complex and approximately 1.1 GW from wind farms currently being developed. The proposal was accepted by Renova Energia's Board of Directors, but due to disagreements between the parties when drafting the share purchase agreement, the deal was abandoned.

In December 2018, Renova Energia received a binding acquisition proposal from AES Tietê for the assets of the entire Alto Sertão III Complex and approximately 1.1 GW from wind farms currently being developed. This proposal was rejected by the Board of Directors of Renova Energia on December 28, 2018.

GUANHÃES ENERGIA S.A.

Guanhães is the developer and operator of the Dores de Guanhões (14MW), Senhora do Porto (12MW), Fortuna II (9MW) and Jacaré (9MW) SHPs, with a total installed capacity of 44MW. The SHPs are located on the rivers Guanhões and Corrente Grande, in the state of Minas Gerais.

On August 21, 2015 the project's SHPs were successful in Auction A-3 and concluded a power purchase agreement with a term of 30 years, at a

³ Learn more about our associates in the [Notes to the Financial Statements](#).

price of R\$ 205.50/MWh, commencing in January 2018. Construction of the four SHPs recommenced in November 2017 after the works were suspended in December 2015 due to the termination of the contract with the previous construction consortium. The Senhora do Porto and Dores de Guanhães SHPs are currently in commercial operation, and the Fortuna II and Jacaré SHPs are scheduled to begin operation in 1Q19 and 2Q19, respectively.

LIGHTGER S.A.

Lightger was created to develop and operate the Paracambi SHP, with an installed capacity of 25.7 MW and two generating units that started operation in 2012.

AMAZÔNIA ENERGIA PARTICIPAÇÕES S.A.

Amazônia Energia has a 9.8% equity interest in, and a material influence on the management of, but without having joint control of, Norte Energia S.A. (NESA). NESA holds a concession for the operation of the Belo Monte Dam. Built on the Xingu, in the state of Pará, the Belo Monte HPP is the 4th largest hydropower plant in the world and the largest fully Brazilian-owned dam. The facility has an installed capacity of 11,233 MW and a firm capacity of 4,571 average MW, enough for approximately 18 million homes.

In operation since April 2016, 13 of the dam’s 24 generating units are currently operational. 12 at the Main Powerhouse (Belo Monte) with an installed capacity of 7,333 MW, and six at the Secondary Powerhouse (Pimental) with an installed capacity of 233.1 MW, for a total capacity of more than 7,500 MW. In February 2018 unit 8 started commercial operation, with the plant reaching 100% of its firm capacity at 4,571 aMW. Unit 9 in Belo Monte started operation in the second quarter of 2018. In the fourth quarter, units 10, 11 and 12 at Belo Monte started operation.

AXXIOM SOLUÇÕES TECNOLÓGICAS S.A.

Axxiom Soluções Tecnológicas provides technology solutions and systems for operations management.

ENERGIA OLÍMPICA S.A.

Energia Olímpica is a special purpose entity established to develop the Olympic Village substation and two 138 kV underground transmission lines. These works have been completed and the liquidation of Energia Olímpica has therefore commenced. No material effects from the process are expected.

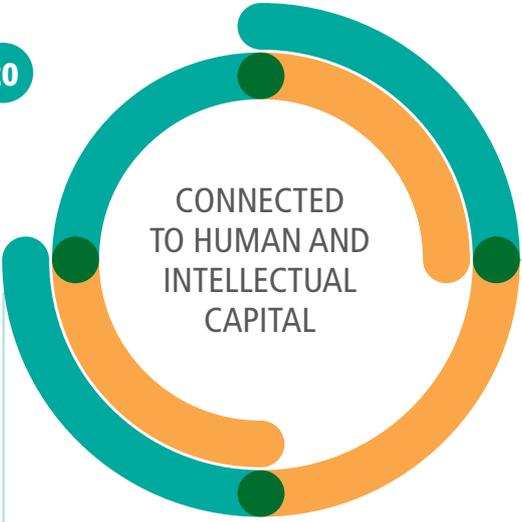
CURRENT GENERATION ASSETS [GRI EU1]

Current Hydropower Plants	Installed Capacity (MW) ^a	Firm Capacity (MWm) ^b	Start of Operation	Concession / Permit Expiration	% Interest
Fontes Nova	132	99	1942	2026	100%
Nilo Peçanha	380	334	1953	2026	100%
Pereira Passos	100	49	1962	2026	100%
Ilha dos Pombos	187	109	1924	2026	100%
Santa Branca	56	30	1999	2026	100%
Pumped storage	-	- 101			
Lajes SHP	17	15	2018	2026	100%
Paracambi SHP	13	10	2012	2031	51%
Renova	33	20	2008	2033	17%
Belo Monte	189	114	2016	2045	2%
Guanhaes	13	7	2018	2047	51%
Total	1,119	686	-	-	-

a Light’s proportional share
 b Firm Capacity from Jan 1 2018



1,119 MW
 installed capacity



CONNECTED TO HUMAN AND INTELLECTUAL CAPITAL

We recognize the importance of human capital for the sustainability of the business, and are committed to valuing and developing our workforce. Ethics, health, safety and training are the cornerstones in achieving workforce integrity, quality of service and, ultimately, customer satisfaction, directly affecting our social and relationship capital. By adhering to health and safety standards, we also minimize regulatory violations and related penalties, which in turn helps to protect our financial capital.

We work to develop and retain our intellectual capital by establishing related organizational standards and procedures, engaging in R&D, investing in new IT systems, and implementing knowledge management programs. All personnel, including directors and officers, are expected to demonstrate our organizational ethos and adhere to our governance and risk management frameworks, supporting value creation both for the Company and for stakeholders.

Organizational ethos and conduct

[GRI 102-16]

In 2018 we continued to review our processes to achieve and exceed set goals by sustaining and improving efficacy, balance and quality of service.

The Light WAY (Jeito de SER Light) (**S**afety, **E**thics and **R**esults) has served as a foundation for our organizational culture initiatives, for both employees and contractors. In occupational safety, we reinforce safe behavior and mindsets by fostering a zero-harm culture.

As part of our efforts to foster an ethical culture, in 2018 we organized awareness-raising initiatives and revised our Code of Business Ethics and Conduct to stress the importance of using our Corporate Hotline to report misconduct, and reassure employees that they will not suffer any retaliation for doing so.

We also launched I-nove, a collaboration program that encourages employees to submit ideas to improve results, to further strengthen our results-oriented culture.

In 2018 one our primary focuses was on balancing our quality of service outcomes with developing and valuing our human capital. As part of this, we implemented a Management Philosophy Program that will orchestrate a cultural transformation across the organization over the following months.

MISSION
To supply high-quality electricity and services in a sustainable manner, contributing to the well-being and development of society.

VISION
To be the industry's leading electric utility, recognized for delivering superior returns, efficient management and quality of service.

VALUES
Respect for Life
Ethics
Sense of Ownership
Simplicity
Meritocracy

The Light WAY translates our organizational ethos, the foundation of our business model

SAFETY always comes first

Act with INTEGRITY

Work to deliver RESULTS

Strategy

Our strategy, both internally and externally, is grounded in Light's organizational ethos, and reflects the risks affecting the business. Recognizing that our operations directly affect society and the environment in which we operate, we work to ensure that our strategy creates value not only for our shareholders, but also for our broader stakeholders by positively impacting our value chain.

In 2018 we retained our focus on maximizing efficiency, continually improving quality of service, reducing electricity theft and delinquency, managing financial leverage, and disposing of non-core assets. Sustainably reducing manageable costs and engaging in prudent investment are also among our strategic objectives.

Light's strategic guidelines

- Scale up efforts to reduce theft and delinquency;
- Strengthen liquidity, optimize cash flows to reduce indebtedness and implement measures to improve our capital structure by replacing

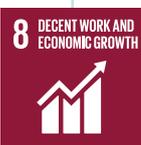
short-term bank debt with lower-cost, long-term bank debt, and seeking new sources of funding in the capital market;

- Increase resource allocation efficiency by implementing tools to manage costs, optimize investment and renegotiate supplier agreements;
- Reduce exposure to non-strategic assets and focus efforts on creating value for the distribution and generation segments;
- Ensure safety and quality of life for our workforce and the public in our concession area through a management approach focused on organizational climate and sustainable development.

Strategies are translated into action plans and into strategic and operational performance indicators. The targets established for these indicators are agreed in management commitments that are tracked monthly, and are aligned with the material topics in our Materiality Matrix and the Sustainable Development Goals (SDGs). **[GRI 103-3]**

Correlation between our strategy for 2018 and our material topics, the affected SDGs and the indicators we use to assess performance on the relevant topic

Strategy	Material Topic	SDG	Indicator
Reduce theft and delinquency	• Losses and Delinquency	11	<ul style="list-style-type: none"> • Nontechnical Losses / Low-Voltage Market • Community Investment • Collection Rate • Customer Satisfaction
	• Service Area Development		
	• Relations with Customers and Society		
Improve liquidity and optimize cash flows	• Financial Health and the Capital Market		• Net Debt
Improve resource allocation efficiency	• Quality of Service	7.9	<ul style="list-style-type: none"> • Investments • EOD /EOF
	• Operating Efficiency		
Reduce exposure to non-core assets	• Financial Health and the Capital Market		• Net Revenue
Enhance internal management	• People Management	3.8	<ul style="list-style-type: none"> • Hours of Training • Injury Rate • Misconduct Reports • Climate Survey
	• Supplier Management		
	• Health & Safety		



Political, economic and market overview

The business environment and external effects are taken into account in developing our business strategy. Light is subject to extensive regulation imposed by Brazil's Federal Government and electric utility regulator, ANEEL. This gives the government a high level of discretionary power and we are unable to predict how our businesses will be affected by any regulatory changes.

Brazil's macroeconomic environment can also affect our operations generally, and especially the level of demand for electricity. Inflation affects our costs and margins, while Gross Domestic Product (GDP) growth rates affect our business results. An extended economic downturn in Brazil, and its effects on the state of Rio de Janeiro, could affect demand for some of our services and ultimately our results of operations.

Brazil's hydropower landscape experienced significant fluctuation in terms of reservoir and river-discharge levels in 2018. Storage levels improved only in the Northeast compared with 2017. Hydropower generation levels remained low, and spot electricity prices remained high. The unfavorable supply conditions affected power purchase expenses for Light SESA and other Group distribution and generation entities, especially payments within the Power Trading Chamber (CCEE).

The economic crisis, combined with significant customer migration to the free contracting environment, especially in the two-year period 2016/2017, undermined Light SESA's captive market projections, generating contractual surpluses that exceeded our estimates, with these effects extending into 2018. The reduced load, however, will not result in pass-through losses in our rate-setting review in March 2019, as spot electricity prices in 2018 were generally higher than the average prices under our contracts. In addition, customer movements from the regulated to the free-contracting environment have no effect on DisCo margins, as electricity will continue to be transported by, and those customers will continue to pay Distribution System Fees (TUSD) to, Light.

Regulatory overview

A subject that has elicited extensive debate in recent years, including 2018, is the adoption of a Generation Scaling Factor (GSF) for electricity within the Free Contracting Environment (ACL).

Since publication of the Ministry of Mining and Energy's (MME) Public Consultation No. 33/2017, the market has been in anticipation of a new law containing provisions on the relevant agreements, addressing matters not affecting our generation business.

Despite the extensive debate during the year, Bill of Law 10,332, which addressed matters relating to Eletrobras distribution companies and GSF, was rejected by Congress.

Also in 2018, ANEEL Resolution 824/2018 regulated the sale by distribution companies of surplus electricity under Act 13360/2016 and Decree 9143/2017. Distribution companies now have an additional mechanism other than bilateral agreements and assignment of surpluses and deficits ("MCSDs") for disposing of surplus electricity.

Other significant legislation published in 2018 includes: Decree 9642/2018, under which rate discounts within the Energy Development Account (CDE) framework will be gradually reduced from January 1, 2019 in line with inputs obtained as part of MME Public Consultation 45/2018; and MME Directive 514/2018, which reduced the load threshold for conventional power supply agreements with free-market consumers to 2.5 MW from July 1, 2019 and to 2 MW from January 1, 2020.

Risk management [GRI 102-11]

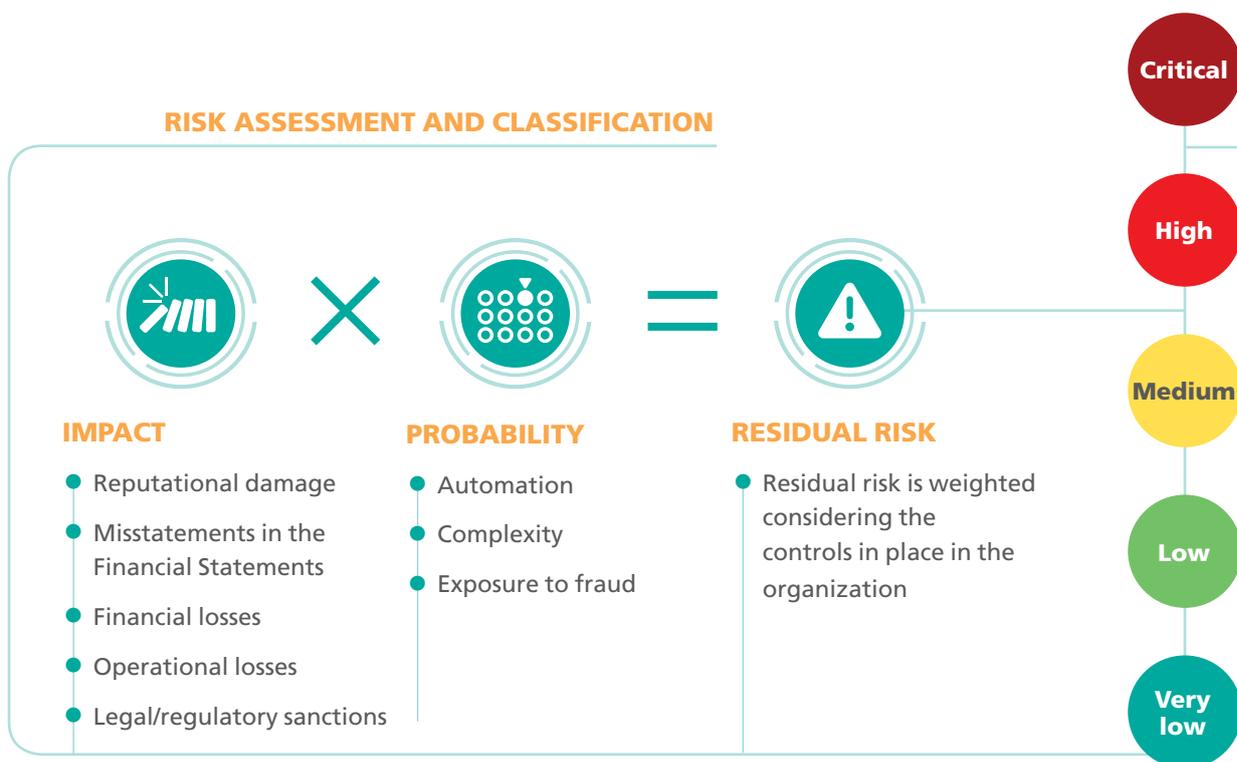
Light works to continually improve our processes for identifying, monitoring and managing the risks to which we are exposed, with risk defined as any factor which could positively or negatively affect our performance and results. Some of the key risks facing the business include: power outages, debt, legal and administrative proceedings and contingencies, the ability to attract and retain qualified talent, occupational injuries and injuries to members of the public, and environmental damage.

The first step in risk management is identifying risk factors based on our Reference Form, which lists our most significant risks. Interviews are then held with Light executives to identify their primary concerns relating to their functions. These inputs inform the development of a preliminary list of strategic risks, which is then submitted to the Executive Board and Board of Directors.

Following approval, strategic risks are ramified into detailed corporate risks. For every corporate risk, a process is established for individually assessing the level of risk.

In measuring the impacts from risks, we consider potential statutory and regulatory penalties, financial and operational aspects, potential reputational damage and whether the risk could generate inconsistencies in our financial statements. In measuring the likelihood of a risk materializing, we consider the degree of exposure to fraud and the relevant process's complexity and level of automation. The combination of the above factors determines the level of risk.

A **Corporate Risk Matrix**⁴ is then built and reviewed annually to incorporate emerging risks and reevaluate impacts and existing controls.



⁴ Light's Integrated Risk Management Framework is based on the methodology and procedures recommended by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for Enterprise Risk Management (ERM).

The Matrix currently comprises 15 strategic risks, 10 classified as high and five as medium risk. In our review in 2018, we updated 173 compliance risks, 81 financial risks and 119 operational risks, for a total of 373 risks that have been drilled down from identified strategic risks. In 2018 Light published a new, Board-approved Risk Management Policy.

In 2019 our Supplier Management function began sending Integrity Questionnaires to key suppliers to better measure the level of ethics risk inherent to each supplier. This will provide more detailed information to support decision making, while also encouraging suppliers to enhance compliance at their companies.



Our Integrated Risk Management Framework is based on the methodology and procedures recommended by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for Enterprise Risk Management (ERM).

RISKS ARE CLASSIFIED AS FOLLOWS:



Financial risks
Unexpected events which could affect our liquidity and/ or undermine our capital structure.



Operating risks
Unexpected actions and events, such as human error, equipment and system failure and actions by external agents which could cause substantial financial and reputational damages to the Company, affecting our customers and our long-term performance.



Compliance Risks
Legal and regulatory issues and changes in the political environment which could affect the electric utility industry. More specifically, regulatory changes could create additional legal contingencies for the Company.

Corporate governance

Light's corporate governance practices are detailed in our [Corporate Governance Handbook](#), which documents the mechanisms in place to ensure our business conduct is at all times aligned with our objectives of creating value for Light, our shareholders, and other stakeholders.

The composition and duties of the Board of Directors, its advisory committees and the Executive Board are described on our Investor Relations Website under [Management](#). Details about Board members' expertise and membership of other boards, committees, commissions and working groups can be found in our Reference Form CVM filing, which is available on our Investor Relations website under [Reference Form](#). [GRI 102-26]

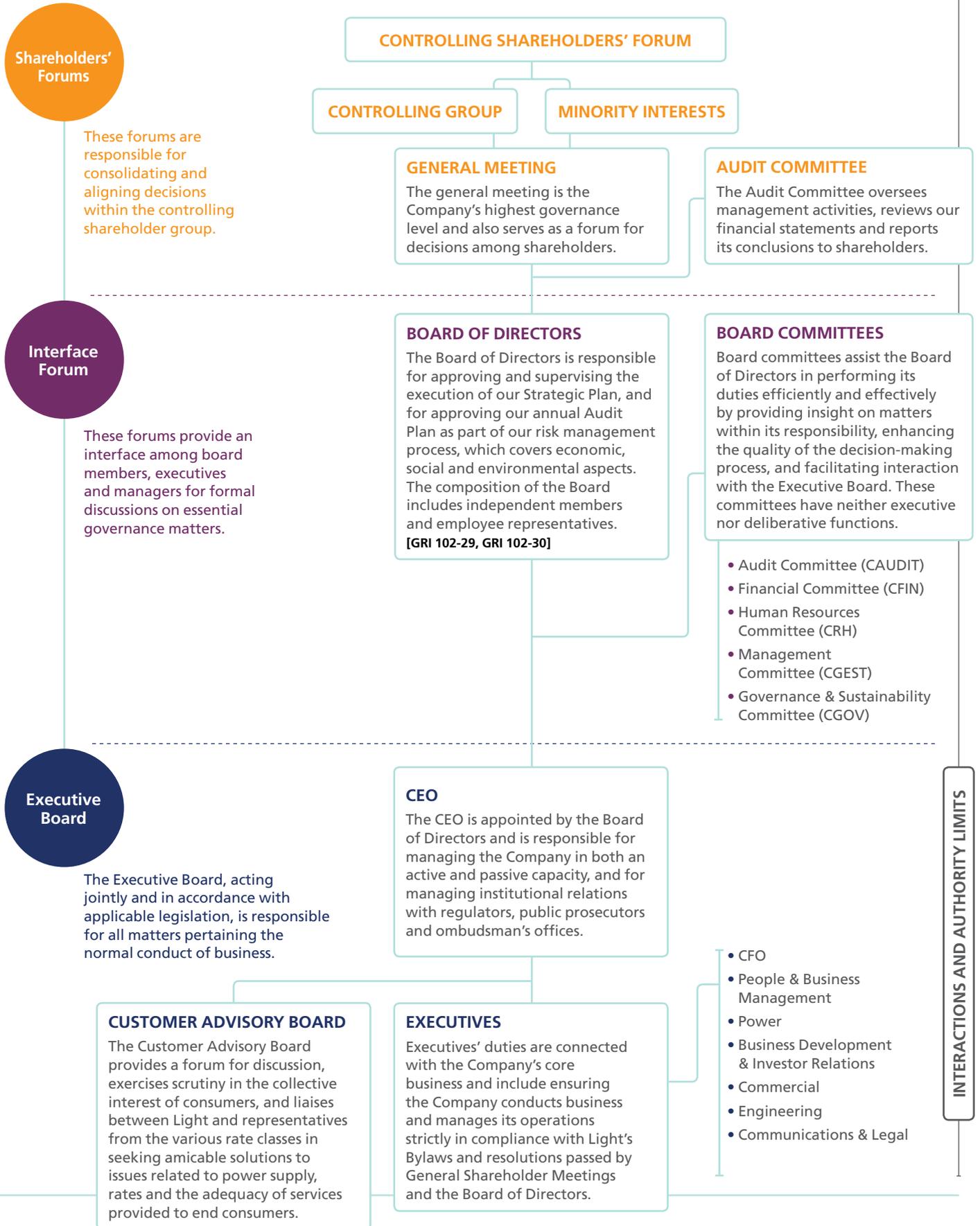
LIGHT ADHERES TO BEST PRACTICE AS ESTABLISHED IN THE BRAZILIAN CORPORATE GOVERNANCE CODE

In compliance with CVM 586, in 2018 we reported to the Brazilian Securities Commission (CVM) on our Corporate Governance practices, which include:

- **Annual performance reviews of** the Board of Directors, the CEO, committees, Board members and our Governance Office;
- **Board Rules of Procedure** establishing roles and responsibilities and rules on the operation of the Board;
- **Board meetings** with dedicated sessions for external Board members;
- **Processes and programs** for monitoring and reporting on the performance and impacts of our operations on society and the environment;
- **Annual performance assessments of the CEO** by the Board of Directors;
- **An incentives framework** under which a single person is not permitted to control both decision making and review;
- **An internal audit function** reporting directly to the Board of Directors;
- **A Risk Management Policy** approved by the Board of Directors;
- **Board of Directors** responsibility for ensuring the Executive Board has adequate mechanisms and controls for identifying, assessing a mitigating risk;
- **Executive Board assessments** of the effectiveness of risk management policies and systems, internal controls and our compliance program;
- **Bylaws containing rules** on which related-party transactions require Board of Directors approval;
- **An insider trading policy** to ensure trades are monitored and penalties are applied for violations of the policy;
- **A policy on voluntary contributions** forbidding contributions or donations to political parties or related parties.

Light's Governance Framework

[GRI 102-18, GRI 102-22]



Addressing social and environmental issues [GRI 102-31]

Under our [Corporate Governance Handbook](#), matters related to sustainability are addressed by our Governance & Sustainability Committee.

[GRI 102-19]

In addition to this Committee, our executives also share responsibility on economic, environmental and social matters as detailed in our [Bylaws](#).

[GRI 102-20]

Significant economic, social and environmental issues are referred to the relevant committees, and monitored and evaluated by the Board of Directors. [GRI 102-33].

A total of 15 critical economic issues, 15 social issues and 2 environmental issues were discussed at Board of Directors meetings in 2018, and actions were proposed to mitigate existing risks. Around 20% of meeting hours were dedicated to social and environmental matters. Where necessary, stakeholders are consulted through a range of engagement tools⁵. [GRI 102-21, GRI 102-34]

Situations posing conflicts of interest or involving related party transactions are addressed in accordance with applicable regulations.

Enhancing and assessing performance [GRI 102-28]

Each year, Light's Corporate Governance Office organizes and conducts an assessment on the performance of our Board of Directors, Board members, supporting committees, and the Chief Executive Officer.

Performance assessments, which are approved by the Board of Directors, are a self-assessment tool that allows us to evaluate the performance of our government bodies on aspects such as: the flow of information between Executive Officers and the Board, the conduct of and subjects discussed in meetings, timeliness and quality in decision-making, accountability, harmony between Board members, and the personal conduct of members.

Our Corporate Governance Office also organizes and conducts assessments on the extent to which the Board of Directors and Executive Board have incorporated social and environmental aspects into business and operational decisions.

The Chief Executive is assessed on aspects that include vision, strategic planning, leadership, results of operations, external relations and relations with the Board of Directors, development of key executives, and opportunities created for Light.

Performance feedback is discussed in the first Board of Directors meeting in the subsequent year, and significant recommendations are implemented by the Board.

Compensation policy [GRI 102-35]

Light's compensation policy has been designed using industry best practice to ensure we attract and retain competent and qualified professionals. Our compensation model provides both fixed and variable compensation, but not share-based compensation. Variable compensation plays an important role in fostering a results-based culture and ensuring shareholders, executives and employees are aligned around business objectives. Light's compensation policy is detailed under [Business Model](#) and in our [Reference Form](#) on our Investor Relations website.



For further information about Light's governance frameworks and mechanisms, see the [Business Model section of our investor relations website](#).

⁵ Read more in [About this Report](#).



Ethics and compliance

[GRI 102-16, GRI 102-17, GRI 103-2]

Supporting our culture of ethics are initiatives to disseminate the Light WAY through our compliance program, ethics & business conduct guidelines, and channels for reporting any misconduct.

GUIDING PRINCIPLES

CODE OF ETHICS AND BUSINESS CONDUCT

- Aligned with our mission, vision, values and organizational principles.
- Incorporates aspects of Brazil’s Anti-bribery Act.
- Addresses matters related to conflict of interest and other anti-bribery matters.
- Supports our commitment to sustainable development and to our workforce by acting against any form of prejudice or discrimination.

ETHICS COMMITTEE

- The Ethics Committee ensures our Code of Ethics is kept current and relevant by discussing and recommending changes and revisions for approval by the Executive Board. It also addresses ethics violations and recommends appropriate disciplinary or corrective action.

REPORTING CHANNELS

WORKFORCE

- Direct contact with immediate superiors.
- Light Ethics Committee, by email to comitedeeticalight@light.com.br.
- Corporate Hotline⁶, by phone (0800 777 0783); via the internet (www.canalcorporativolight.com.br), or by mail (Caixa Postal 521 – CEP: 06320-971).

CUSTOMERS AND THE GENERAL PUBLIC

- Our Virtual Office www.light.com.br.
- Call Center: by phone (0800 282 0120).
- Ombudsman’s Office: by phone (0800 284 0182); by mail (Av. Marechal Floriano, 168, 2º andar, Centro, Rio de Janeiro, CEP: 20080-002); by fax ((21) 2211-7584); or via our Mailroom (on the first floor of our headquarters building).

ACTION TAKEN IN RESPONSE TO ANY VIOLATIONS OF OUR CODE OF ETHICS

FOR DIRECT EMPLOYEES

- Reports are addressed by the relevant department manager, the Ethics Committee or Compliance depending on the case.
- Employees are subject to disciplinary action under applicable internal standards, including a warning, suspension or termination (including termination for cause).

FOR THIRD-PARTY EMPLOYEES

- The matter is referred to the relevant supplier to assess the veracity of the report and take any required action.

⁶ Our Corporate Hotline is a secure, confidential and, optionally, anonymous reporting service. Each report (except when submitted by snail mail) is assigned a number that can be used to track its progress through the report handling process. All reports are addressed by investigations that are managed by the *Compliance* department from receipt to closure. Depending on the subject matter, reports may be referred to the Ethics Committee. The Corporate Hotline is managed by an independent, world-leading firm.

ENGAGEMENT [GRI 205-2, GRI 412-2]

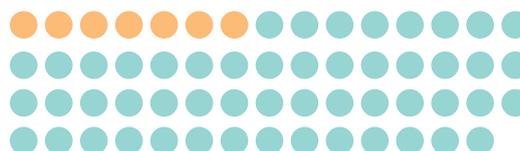
Throughout the year we implemented a range of initiatives to engage our employees around our Code of Business Ethics and Conduct. These included:

- Review and approval of our new Code of Business Ethics and Conduct by the Board of Directors;
- Communications on the concept of ethics;
- Sending the code in digital format to all employees and contractors with a letter signed by the CEO;
- **10,494 attendances in the following online courses:** Our Ethics, Ethics the Light WAY, 4 Minutes on Ethics, Anti-Bribery. Of these, 1,510 were completed in 2018;
- **Ethics “bites”:** content about prejudice and discrimination, diversity and social inclusion, political activity, and receiving and offering gifts or anything of value.

REPORTS [GRI 205-3, GRI 406-1]

Any suspected misconduct is investigated and the results of the investigation are categorized as either confirmed or not confirmed, by origin and by type, to provide an overview of those areas with the greatest exposure to compliance risks. Appropriate action was taken for all confirmed reports.

In 2018 we received 124 customer reports on misconduct. Of these, 29 (23%) were confirmed.

HOTLINE REPORT STATISTICS**2017**

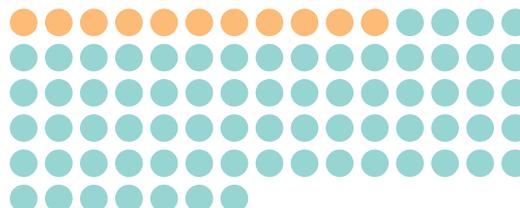
Total:
59

**7 Committee Email**

4 confirmed
3 not confirmed

52 Corporate Hotline

17 confirmed
35 not confirmed

2018

Total:
82

**11 Committee Email**

3 confirmed
8 not confirmed

71 Corporate Hotline

35 confirmed
36 not confirmed

TRANSPARENCY: RECOGNITION FOR INTEGRITY

- The annual list *Guia Exame* ranked Light 11th among Brazil's 100 largest companies and ten largest banks, based on the Transparency in Corporate Reporting study by Transparency International Brazil. Companies were assessed on their Anti-Bribery Programs and Organizational Transparency⁷ based on publicly available information such as their Codes of Ethics, Annual Reports and Corporate Policies. Light received a total score of 8.5, performing especially well on Organizational Transparency, in which 100% of applicable requirements were met. Identified areas for improvement are being addressed jointly by multiple functions.

⁷ Anti-Bribery Program: addresses the civil and penal liability of companies and officers or employees involved in unlawful acts and corrupt practices, whether within or outside the company.

Organization Transparency: the attributes, such as accessibility, information and audits, that must be present in organizational processes and information to make them transparent.

Commitment to sustainability

[GRI 102-12]

Light’s commitment to sustainability is long-standing, as demonstrated by our listing on B3 (Brasil Bolsa Balcão) Novo Mercado—a listing segment requiring enhanced corporate governance standards—in 2005, and subscribing to the UN Global Compact—which encourages businesses to implement corporate social responsibility practices—in 2007.

Other initiatives to which we have subscribed include the Carbon Disclosure Project (CDP); the Global Reporting Initiative (GRI) reporting guidelines; and the Call to Action: Anti-corruption and the Global Development Agenda. As a further attestation of our commitment to sustainability, Light has been selected as a constituent of the B3 Corporate Sustainability Index, or ISE, and is a member of the Working Group of Sustainability Reporting Pioneers, a component of Brazil’s Integrated Reporting Commission.

In 2018 we were listed for the 12th consecutive year as a constituent of the ISE, which lists companies demonstrating superior corporate sustainability practices. We also retained our listing on the *Guia Exame de Sustentabilidade* list of Brazil’s most sustainable companies.



In 2018 we were listed for the 12th consecutive year as a constituent of the ISE, which lists companies demonstrating superior corporate sustainability practices.

LIGHT POLICIES ON SOCIAL AND ENVIRONMENTAL MATTERS [GRI 103-2]

- Corporate Social Policy
- Environmental Policy
- Environment and Climate Commitment
- Anti-Corruption Policy
- Occupational Health & Safety Policy
- Sponsorship Policy
- Social Responsibility Agreement*
- Code of Business Ethics & Conduct*

* An integral part of our agreements with employees and suppliers.

Our people

We support diversity and provide equal opportunity to men and women, providing a work environment that is free of discrimination in promotions to management positions and in compensation paid for equivalent work. Currently 21% of our management positions are held by women.

In addition to Collective Bargaining Agreements and our Profit-Sharing Plan, we have undertaken a commitment to our industry's unions, under a Social Responsibility Agreement, to protect and defend the human rights recognized by the United Nations, the fundamental conventions of the International Labor Organization (ILO) and the principles established in labor legislation.

In 2018 we hired 676 people for technical and commercial activities previously performed by outsourced companies and now performed in-house. Further insourcing is taking place through our Young Apprentice Program, a collaboration with the Industry-Led Training Service (SENAI) to provide technical education to employees and community members.

In internal communications, we launched a corporate social network, OnLight, and we introduced the Light WAY at partner companies. OnLight

was launched to explore the Light WAY principles by connecting our people together.

The OnLight app, which received its name through a vote, has provided a platform for employee integration through two-way communication across organizational levels, connecting people who ordinarily are not able to interact because of distance or the nature of their jobs. Part our workforce operates in the field, and was therefore being reached less by Company communications and news.

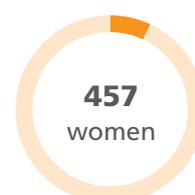
With OnLight, content published on our corporate page makes communication with this audience more effective by allowing them to view content from a mobile device. Another advantage is that employees can post their own content on the platform, providing a more organic and authentic source of Company news.

WORKFORCE PROFILE

4,712 employees



7,861 third-party workers



57 interns

199 people with disabilities

KNOWLEDGE MANAGEMENT

The specific expertise required in our industry, and the need to ensure our employees are continually developed and kept up-to-date, makes knowledge management a continuous effort at Light. We encourage our employees to seek self-development through tools such as our Knowledge Portal, which features up-to-date content and skill-specific development pathways⁸. In 2018, our Knowledge Portal registered a total of 36,893 course attendances and 16,000 hours of training. The “Ethics the Light WAY” pathway and the “Translating Skills” and “Safe Behavior” courses were the most popular in 2018.

Our Light Academy supports knowledge retention on two fronts:

- **In-house training:** we have an internal function tasked with updating and preparing procedures, instructions and educational materials that help to build employees’ skills through training courses;
- **Facilitator Program:** engineers update and develop operating procedures and provide operational training.

TRAINING AND CAPACITY BUILDING [GRI EU14]

In 2018, Light employees attended a total of 195,743 hours of training, an increase of 14% compared with the previous year. This included:

- **Crew leader training:** to develop crew leaders’ skills in areas such as safety, customer service and improving operational performance. Six groups received training in 2018.
- Further in-house training on Ministry of Employment regulations and operational training such as line-clearance tree trimming, live-line tree trimming, emergency response service on overhead lines and live lines at 138 kV substations.
- A total of 676 insourced employees received regulatory and operational training in-house, improving the quality of training and reducing costs by approximately 84% compared with training delivered by consultants.

AVERAGE HOURS OF TRAINING – DIRECT EMPLOYEES [GRI 404-1]

Average training man hours	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
Senior Management	14.7	13.8	19.9	19.8	13.8	13.2
Middle management	18.7	21.1	45.6	49.6	31.4	35.3
Operational	37.0	33.4	29.3	57.7	39.5	62.7
Professional	17.9	27.1	22.7	28.4	18.5	25.1
Technical	31.3	32.4	43.1	50.7	44.9	39.4
Average	23.9	25.5	32.1	41.2	29.6	35.1

⁸ A pathway is a set of development assets spanning different learning methods, including online courses, , classroom courses, book and movie recommendations, or other activities offering employees an opportunity to interact with others.

Leadership Development Program

A number of initiatives were launched in the year as part of our Leadership Development Program. A total of 198 delegates attended lectures on internal people management processes, and Company spokespersons attended media training to prepare them to deal with different audiences. Four management meetings were held throughout the year for alignment on business strategy, attended by the Executive Board and all leaders at Light. Speakers at these meetings included Hermes Chipp, José Roberto Guimarães and Marcio Fernandes, who discussed our Management Philosophy with Light executives during the first phase of development of a project.

Executives' first exposure to our Management Philosophy was through a specialized NGO. Delegates were divided into seven groups, with a total of 193 leaders, for a day of instruction on developing a project to help make dreams come true for children with serious illnesses. The goal of the initiative was build skills in our leaders that will help them work more closely and effectively with each other, as well as empathy and the ability to engage around common goals.

Individual Development Plans (IDP) [GRI 404-2]

Individual Development Plans (IDPs) prepared as a deliverable from competency assessments comprised more than 40 development activities for employees, including online training courses, videos, book recommendations, and other self-development activities to enhance individual performance. A group of 452 employees attended a workshop titled "Building results", which used Lego Serious Play methodology to reinforce and demonstrate the behaviors and mentalities expected of employees as part of their competencies so they are able to function in an integrated manner and deliver better results.

Engineer Development Program

In 2018 a pilot workshop program was initiated for engineers at our Distribution department to enhance self-awareness, accountability and career self-management. The program includes activities to develop successors, such as mentoring, job rotation, discussions with subject-matter experts, among other activities.

PERFORMANCE MANAGEMENT

[GRI 404-2, GRI 404-3]

Our Performance Management process uses an integrated approach to develop a culture of merit-based opportunity, feedback, and self career management. Employees are assessed on their competencies, performance and potential, and on how well they are performing against our management commitments and targets. Assessment results inform decisions on promotions and merit-based opportunities, as well as our corporate leadership development strategy.

In 2018, 95% of our direct employees completed competencies assessments, a process consisting of self-assessments followed by assessments by employees' managers, after which employees receive feedback and prepare an Individual Development Plan (IDP).

In the feedback step of the competencies assessment, we administered non-mandatory training to employees on how to receive feedback in a constructive way. The goal of the training was to help employees to profit more from their conversations with their managers.

ORGANIZATIONAL CLIMATE





HEALTH & SAFETY

Occupational safety is an ongoing challenge, and employee behavior at all levels of the organization is a determinant of safety performance. That is why we invest continually to improve our processes and procedures. Programa Vida! has remained a flagship program for workforce training and awareness-raising on safety. [GRI EU21]

Lower injury rates have come as a result of sustained efforts within Programa Vida!, including safety inspections, supplier screening, digitization

of the “right to refuse” process, follow-up on action in response to serious and very serious non-conformities, and the Light Risk Index, which monitors risks in operational activities based on the rate and seriousness of deviations. Last year the Light Risk Index was incorporated into our overall performance target, and was reduced to a value of 07 in the year, a decrease of 59% compared with the previous year.

PROGRAMA VIDA! LEVERS



1. AWARENESS

- Year-round initiatives and activities for direct employees and partners to raise awareness among the workforce on the importance of adhering to safety standards and protecting life in all situations.
- Our 365 Injury-Free Days campaign awarded prizes to **31 teams**, reaching 2.800 employees;
- **4,000 people** reached daily by Toolbox Talks;
- **715 behavioral observations** by operational leaders;
- **2,700** Caravanas da Vida workshop attendances;
- **3,472 people participated** in Internal Accident Prevention Week (SIPAT) activities.



2. CAPACITY BUILDING

- Crew leader training to develop team leadership skills with a focus on safety, customer service and improving operational results.
- Training on regulatory standards (NR10, NR35 and NR33) for direct employees, including refresher training, provided in-house to deliver a better training experience to participants.
- Operational training done in-house to meet internal training needs – turnover and insourcing of previously outsourced activities – and ad hoc refresher safety, process and technical training.



3. PROCESS REVIEWS

- Process reviews and occupational accident investigations, reformulation of Programa Vida! Committees and sub-committees, and processes for reviewing and updating technical, operational and safety procedures.

In 2018 we also conducted an assessment to determine the level of crew and leader engagement around the concept of an interdependent safety culture. The assessment drew inputs from 900 employees through questionnaires, interviews and focus groups.

Light also has a Permanent Accident Prevention Committee (CPPA), and has worked more closely with partners to improve safety performance by implementing commitment letters elicited by our People & Business Management Manager, and Annual Safety Plans for large partners.

Light ended the year with zero fatal injuries, excluding accidents when commuting. This was our best performance to date, exceeding our previous record in 2013. Reportable injuries increased by 13% and serious injuries declined by 8%, including in third-party operations. These figures reflect prevention initiatives and efforts undertaken with support from leadership.

Our Injury Frequency Rate in 2018 increased by 0.5% compared with 2017, although most lost-time injuries were minor injuries such as bruises, sprains and scrapes. Our injury severity rate decreased substantially by 89% compared with the previous year, to the lowest level since 2013, which means injuries resulting from incidents were less severe.

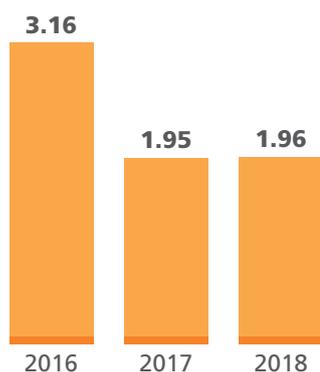
Occupational absenteeism was reduced by 6%: from 1.54 in 2017 to 1.45 in 2018. Some of our occupational safety improvements in the year included [GRI 403-3]:

- In-person medical exams where employees take leave for more than three days or multiple lost-time incidents occur for related reasons;
- Improved synergies with managers to ensure able-bodied employees return to work on modified duty; any deviations are reported to department managers, who work closely with employees to ensure their tasks support their recovery;
- Outpatient care at our medical clinic.

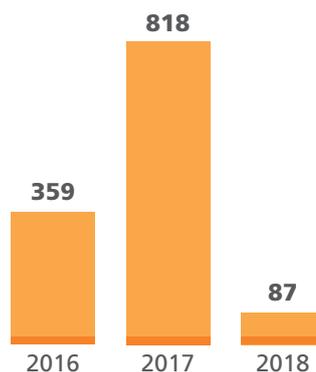
PUBLIC SAFETY

Light has intensified field inspections and monitoring activities to assess risks, and where unsafe situations are identified, we work directly with affected departments to alert the public. This has enabled us to reduce incidents involving members of the public. A total of 28 incidents involving the public occurred in 2017, four more than the 24 in 2018, meaning a 14% reduction this year.

FREQUENCY RATE (FR)



SEVERITY RATE (SR)



89% reduction in our Injury Frequency Rate



QUALITY OF LIFE PROGRAM

In 2018 we continued existing programs and launched new initiatives within our Quality of Life Program to improve the work environment and encourage employees to adopt healthy practices.

Our key activities and programs in the year included:

- **Viva Melhor:** We implemented a pilot Cardiovascular Risk Prevention program to identify, monitor and treat employees with cardiovascular risk;
- **The Light Running Team:** 50 employees are coached by a physical education instructor and participate in fun runs organized as part of our Quality of Life program;
- **Fun Runs:** Light Running Team members and other employees can participate in fun runs organized in Rio de Janeiro with supporting infrastructure and fitness coaches;
- **Yellow September:** Light marks Yellow September with suicide prevention campaigns featuring lectures to raise employee awareness about risk factors for psychiatric and emotional disorders;
- **Choir:** a choir comprised of employees stages performances on special occasions. Choir singing is not only for personal enjoyment, but also improves integration, teamwork and communication.

Other significant programs and activities included: *Bebê Saúde* (infant health) and breast-feeding lounges; our Active Living Program; fitness centers and workplace exercise; *Bem Querer* (prevention and treatment of alcohol and substance abuse); and Educational and Psychological Support allowances.

Special dates marked as part of our Quality of Life program:

- International Women's Day
- National Hypertension Prevention Day
- Heart Week
- Pink October and Blue November;
- Children's Day;
- Kindness Day

ILUMINAR

This program delivers on our commitment to corporate social responsibility by helping to give employment opportunities to youth with intellectual disabilities under the Internship Act.

The program has received recognition in the corporate world for its innovative approach, and in 2018 was used by the Industry-Led Training Service (SEBRAE) in Rio de Janeiro as a model for a similar program, which hired five former Light interns who participated in the program.

UNION RELATIONS

- Light fosters dialog based on trust, and in 2018 completed the collective bargaining process in record time—the agreement was approved in just 27 days, in May 2018;
- We periodically monitor any labor issues as required in our Collective Labor Agreement;
- Light has a Permanent Committee for Accident Prevention that reviews occupational health and safety indicators and recommends improvements for accident prevention.

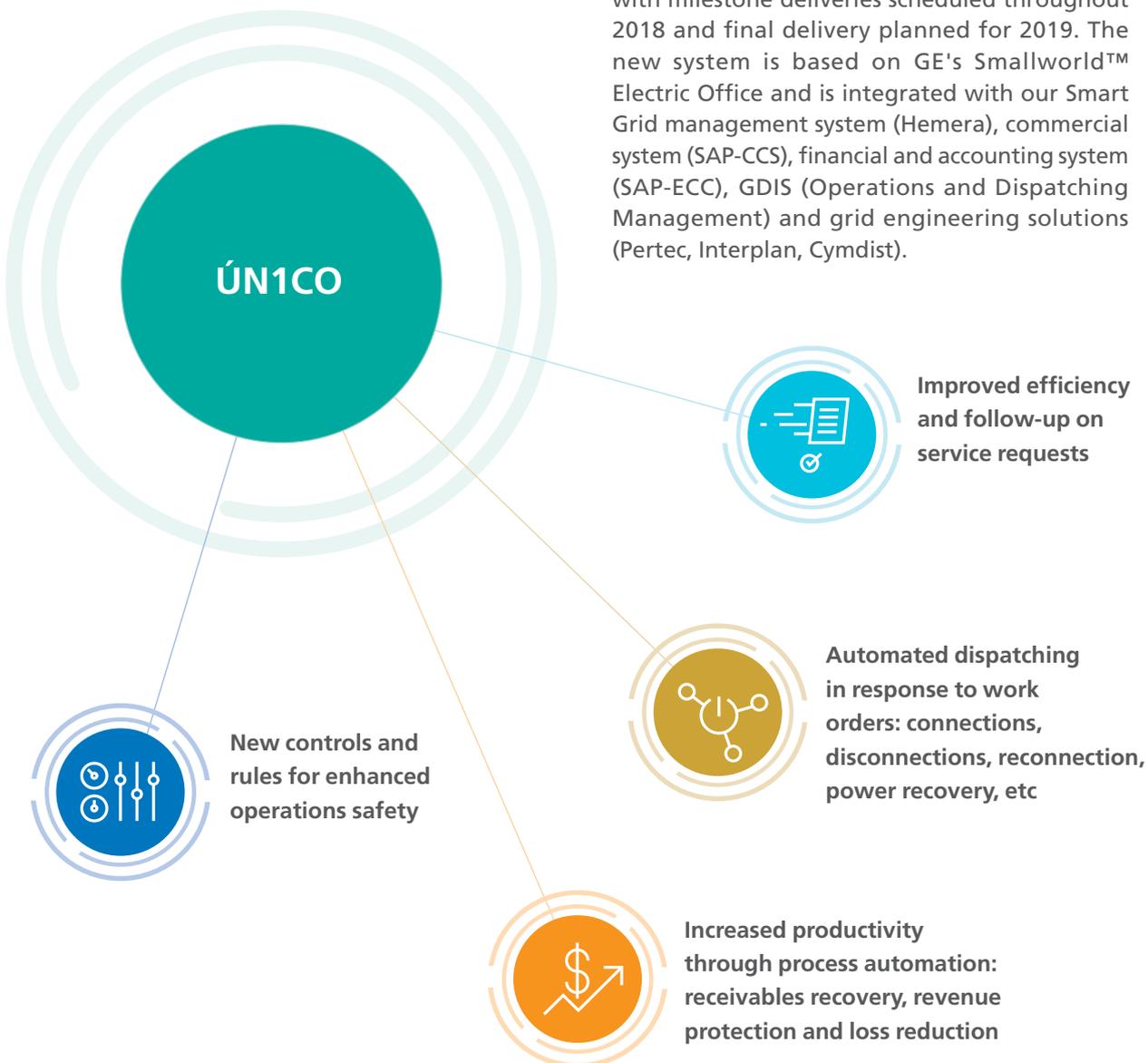
An agreement concluded between Light and unions provides employees terminated without cause with the right to retire if they are less than 24 months away from the minimum retirement age. Light pays the social security contributions remaining to be paid.

Innovation

Light is committed to developing new solutions to improve our services and customer satisfaction. In 2018 we made particularly significant progress in Information Technology; this included our ÚN1CO project, a new commercial management (Billing/ Customer Service) and Customer Relationship Management (CRM) solution. This solution has delivered improved efficiencies and excellence across our service channels, providing significant operational benefits.

Our GDIS system has been fully redesigned to manage the full scope of field operations, both technical and commercial, from crew dispatching to performance indicators. GDIS features include geographic dispatching with geospatial functionality, real-time switching, load determination, integration with billing and CRM systems, and other functionality.

Implementation of Atlantis, our new GIS (Geographic Information System), is on track for delivery as agreed between Light and CEMIG, with milestone deliveries scheduled throughout 2018 and final delivery planned for 2019. The new system is based on GE's Smallworld™ Electric Office and is integrated with our Smart Grid management system (Hemera), commercial system (SAP-CCS), financial and accounting system (SAP-ECC), GDIS (Operations and Dispatching Management) and grid engineering solutions (Pertec, Interplan, Cymdist).



OTHER IT HIGHLIGHTS IN 2018

OSB (On Site Billing): A solution that automates the meter reading and on-site billing process, improving efficiency and reducing operating costs. The new process has also provided the following benefits:

- New services embedded in the meter-reading process, including customer details updates, inspections, notices to customers, etc.;
- Meter reading agents as customer relationship representatives;
- Shorter invoice-to-due-date periods;
- Earlier revenue inflows and improved cash flows.

SCAN: A mobile solution for managing field operations and crews, including dispatching and Work Order (LIDE, CORE, REN and EMERGENCY) fulfillment, offering the following additional benefits:

- Operational efficiency;
- Automated integration with GDIS (Dispatching);
- Reduced operating costs;
- Elimination of backoffice activities;
- Supports multidisciplinary teams to optimize fieldwork.

Máximo: The first milestones were completed in implementing IBM Maximo Asset Management, a system designed to optimize maintenance management across our distribution assets, including substations, overhead and underground power lines, power system components and low, medium and high-voltage infrastructure. Key benefits include:

- Improved operations planning;
- Increased operations efficiency;
- Comprehensive management of work orders, contracts and materials;
- Enhanced regulatory compliance;
- Data integration for analysis in a single system;
- End-to-end asset management.

R&D PROGRAM [GRI EU8]

Total ANEEL-regulated R&D investment in 2018 was R\$ 23.9 million, including R\$ 20.7 million invested in projects at Light SESA and R\$ 3.2 million at Light Energia.

Although investments were less than planned, we met our regulatory R&D obligation of maintaining a pre-SEIIC balance below the regulatory limit. The target was missed as result of the delayed launch of new projects and the fact that we revisited previous process improvements in 2018. These improvements, however, have created a more collaborative approach to selecting projects, ensuring they are fully aligned with our strategic plan. In 2018 we initiated 30 new projects.

Our strategy for R&D projects focuses on the biggest challenges we face as a utility, including electricity theft and improving quality indicators. Out of the 30 projects initiated in 2018, 23 are related to these challenges, with seven addressing non-technical losses and 13 addressing power quality (six in distribution and seven for high-voltage systems).

Our approach is to develop R&D solutions that have applications in our day-to-day operations and deliver technology and process improvements that ultimately result in improved quality of service to customers. Light must remain alert to the changes emerging in our industry in the short and medium term. These changes range from disruptive innovation to expansion of distributed generation assets. We must also remain open to new ideas and solutions in addressing these significant challenges.

Light's R&D Program plays a strategic role as an innovation lever that is responsive to changing concepts and consumer behavior, enabling us to craft new strategies to achieve set goals and develop new business models for the utilities industry. It also develops solutions that are more connected to the digital world and continually improve efficiency and quality of service.

Key projects under development in 2018:

- Meters with tamper tell-tale devices (expenditure to date: R\$ 1,200,400.36);
- Corrosion detection system for live-line cables – Pilot Run (expenditure to date: R\$ 888,353.11);
- Smart fraud report handling system (expenditure to date: R\$ 861,462.51);
- Nanotechnology-based materials for gas capture in underground distribution system chambers (expenditure to date: R\$ 673,962.23);
- Hydro generator heat exchanger cleaning system (expenditure to date: R\$ 549,480.08).

Projects completed in 2018:

- Emerging power sector technology survey;
- Heat exposure management system for confined-space work in underground power systems;
- Stand-alone reverse logistics platform for municipal solid waste.

Our challenge in 2019 will be to monitor and control the roughly 60 R&D projects across Light SESA and Light Energia. These projects will receive an aggregate of R\$ 45 million in funding, including R\$ 39 million at Light SESA and R\$ 6 million at Light Energia, under a plan to reduce our SELIC balance by 2020, as a regulatory requirement.



We develop R&D solutions that have applications in our day-to-day operations and deliver technology and process improvements.



CONNECTED
TO NATURAL,
MANUFACTURED,
SOCIAL
AND RELATIONSHIP
CAPITAL



Our natural and manufactured capitals provide the resources needed to deliver safe and high-quality power supply. Light develops partnerships and maintains continual dialog with stakeholders to identify their needs and expectations, improve relations with stakeholders, provide high-quality service and create value for all stakeholders.

High-quality generation

The water supply systems for the Metropolitan Area of Rio de Janeiro and our hydroelectric power generation facilities are interconnected. The Metropolitan Area of Rio de Janeiro includes Rio de Janeiro City and 18 surrounding cities.

Much of the water supplied to the Metropolitan Area of Rio de Janeiro flows through the Lajes Complex—which primarily comprises the Nilo Peçanha, Fontes Nova and Pereira Passos hydro-power dams, all operated by Light Energia. The highly complex water intake system requires coordination across the different entities involved in operation and maintenance, as this affects the different pumping stations, power plants and multiple reservoirs.

Any changes or disruptions in water discharge can affect water supplies to residents in the Metropolitan Area of Rio de Janeiro. This could result in liability, reputational damage,

and material and adverse effects on results of operations.

Water is our primary natural capital as a raw material required to generate electricity. Accordingly, Light has an environmental management program in place for the protection of ecosystems and water quality. [GRI 304-2]

Market Overview

Water storage levels in the Paraíba do Sul River Basin were lower in early 2018 than in the same period in 2017. Between January and October, storage levels varied as observed in recent years. From November, storage levels rose substantially and ended the year at 34.15%, higher than the 33.9% at year-end 2017. In the Southeast/Midwest subsystems, Natural Inflow Energy (ENA) was above the expected long-term average, reflecting increased rainfall, and was augmented by Stored Energy (EAR) during these months.

In terms of discharge rates, Light's power plants were operated in compliance with Joint ANA/DAEE/IGAM/INEA Resolution 1382 (December 7, 2015) throughout the year.

Lajes SHP

The Lajes SHP commenced commercial operation in the second half of the year and is currently supplying electricity under long- and medium-term agreements, generating sustainable revenues for the Company.

The Lajes SHP has also generated opportunities for local sourcing of labor for activities such as



plant operation and maintenance and cleaning and housekeeping, supporting the development of southern Rio de Janeiro State.

Commercial operation of the Lajes SHP facility also provides greater flexibility in the operation of the Lajes Complex, which provides water supply to more than 90% of the Metropolitan Area of Rio de Janeiro.

Key initiatives in 2018:

- Developed a study on design options for a by-pass tunnel at the Nilo Peçanha HPP;
- Prepared Power Plant Emergency Response Plans containing guidelines on dam failure response;
- Recertified power plant Integrated Management Systems;
- Commissioned audible dam warning systems, including sirens installed at the Ilha dos Pombos hydropower plant and in the district of Porto Velho do Cunha, in the municipality of Carmo;
- Upgraded the supervisory and control system at the Pereira Passos HPP;
- Recertified power plant Integrated Management Systems;
- Completed our erosion remediation plan at the Santa Branca dam.

11 SUSTAINABLE CITIES AND COMMUNITIES



Quality of service

[GRI 203-1, GRI EU6, GRI EU23]

Supported by a strategy to effectively manage quality of service, in 2018 Light set a record for EOD and EOD with less investment than initially estimated.

10

KEY INITIATIVES
to improve quality
of service in 2018

1. Intensified preventive and predictive maintenance



2. Enhanced tree trimming efforts



3. Tree-branch grinders used to process tree trimming waste



4. Deployed smart sensors in our distribution systems to reduce the time taken to troubleshoot faults and restore power



5. Developed web-based integrated management tools that provide competitive advantage and minimize human error



6. Implemented asset management technologies



7. Installed new protection equipment



8. Drones used to inspect overhead power systems and substations



9. Self-healing systems⁹ used on 131 overhead distribution circuits, reducing EOD by 33 minutes



10. Created a short-circuit assessment tool to help troubleshoot substation faults and reduce the time taken to recover from, and the frequency of, circuit faults



⁹ Self-healing systems that support automatic system recovery without operator intervention in the event of a system fault.

Overhead and underground system improvements

- Installed protection equipment at a number of points in the overhead distribution system, some of which have been equipped with communication equipment supporting remote monitoring of electrical variables;
- Self-healing systems used to sectionalize faulted sections and reduce the number of customers affected by outages;
- Installed and replaced overhead power transformers to accommodate added loads;
- Conducted 3,863 preventive inspections on overhead circuits, 20,418 inspections on transformer vaults and 51,240 preventive actions on manholes;
- 2,937 distribution transformers replaced;
- Replaced sections of bare (unprotected) overhead lines with robust (protected and insulated) power lines;
- Installed new overhead power line sections to improve operational flexibility and mitigate impacts from contingency events;
- Continued to implement our Underground Distribution System Upgrade and Modernization Plan, including the removal and/or replacement of 578 mineral oil-insulated switches and replacement of 582 transformers, renewing approximately 10% of our current assets;
- Initiated a diagnostics and testing program for medium-voltage circuits to improve available information about underground system conditions to better target maintenance operations;
- Implemented new technologies in transformer vault renovations to improve water proofing and leak tightness.

High voltage system improvements

In 2018 we increased the number of high-voltage works and consequently our headcount, requiring increased supervisor involvement in disseminating our occupational safety policy.

Planned preventive maintenance on substation equipment and transmission lines presented another challenge in the year, and was only possible through improved resource efficiency.

In high-voltage operation and maintenance work, we developed operating procedures to allocate field crews and vehicles on a previously planned basis that takes weather and logistics conditions into account. These initiatives supported strong performance in the high-voltage segment in terms of quality of power supply.

In 2018 significant changes were made to our high-voltage system topology to accommodate integration with the new 500/138 kV terminal in Nova Iguçu. Other important milestones completed in the year include power line reconfigurations and the second-phase upgrade of the Cascadura 138 kV substation, the largest in our concession area.

Supplementing these investments, we implemented a new emergency control and protection system designed jointly with the National System Operator (ONS).

In addition to items under our regulatory plan, we completed the first phase of construction of a 138 kV circuit (TL 201) connecting the Cordovil and Brás de Pina substations, primarily serving the Ilha do Governador ring circuit.

**Key initiatives in 2018
in the high-voltage segment:**

- Completed the first phase of the digitization project for the Pedro Ernesto substation, improving the reliability of the Ilha do Governador ring circuit, which supplies power to the International Airport of Rio de Janeiro;
- Initiated a retrofit of the Distributed Control System at the Porta D'Água substation;
- Upgraded auxiliary switchgear at the Olaria substation, improving the reliability of the substation protection and control system;
- Upgraded telecommunications systems at several substations.

INVESTMENTS

Investments in distribution and transmission were R\$ 436.1 million in 2018. Maintenance expense was R\$ 145.4 million.

System expansion investments amounted to R\$ 78 million across multiple projects, including underground lines LTS 200/201 as part of the Ilha do Governador ring circuit; reconductoring of Cascadura São José lines 1 and 2; and replacement of 25 138 kV circuit breakers at the Cascadura substation, due to short-circuit levels being exceeded.

Under our quality plan, we invested a total of R\$ 7.6 million in substation automation and R\$ 900,000 in upgrading substation telecommunications systems.

RESULTS [GRI EU28, GRI EU29]

As a result of these initiatives and other activities under our Action Plan and Underground System Upgrade Plan, we ended the year with an EOD (Equivalent Outage Duration) of 7.78 hours, an improvement of 14.9% on 2017 and 20.6% below the level agreed with ANEEL. EOF (Equivalent Outage Frequency) as of December 2018 was 4.44 x, down 15.6% from December 2017 and 26.1% below the level agreed with ANEEL.

Other results and benefits included the positive financial impact on Factor X from reduced EOD and EOF, a R\$ 5.1 million reduction in financial compensation, and customer-base expansion, driving up revenues.

In terms of productivity, in 2018 we continued to insource tree trimming crews, with the result that tree trimming productivity improved by 7.3% to 255,700 operations in the year; and we started a pilot program to insource emergency response and live-line maintenance crews (distribution and transmission).

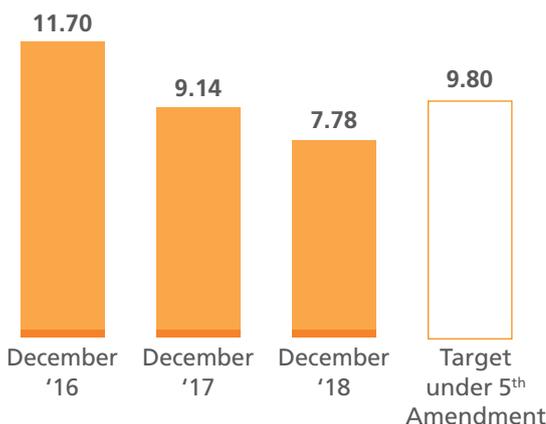


14.9%
EOD
reduction

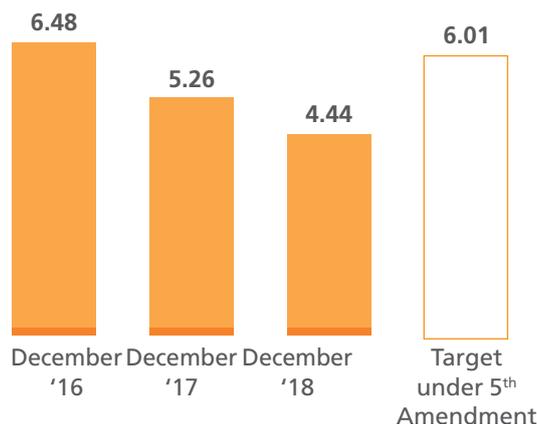


15.6%
EOF
reduction

EOD (hours) – 12 months



EOF (times) – 12 months



Our customers [GRI 102-6]

Total electricity consumption¹⁰ was 28,027 GWh in 2018, a decrease of 1.3% compared with 2017 reflecting a 6.2% retraction in the captive market¹¹ that was partly offset by 11.8% growth in the free market and 5,0% growth in utility consumption. The impact on the captive market was felt primarily in the commercial (-10.6%) and residential (-6.9%) segments, which together account for 76.9% of the total captive market. The industrial segment and other segments, accounting for 23.1% of the captive market, retracted by 10.5% and expanded by 4.8%, respectively. Growth in other segments is explained primarily by reinvoiced public lighting consumption in May (+44.2 GWh) and December (+47.7 GWh). The industrial and commercial segments in the free market recorded growth, with the commercial segment expanding by +19.0% and the industrial segment by +9.4%. The transportation segment retracted slightly by -0.2%.

The captive market, accounting for 65.8% of the total market in 2018 compared with 69.3% in 2017, consumed 18,455 GWh in the year, 1,218 GWh less (-6.2%) than in 2017. The weak consumption performance in the captive market is partly explained by reduced power recovery (REN) effort in the year, with power recoveries decreasing by 24.9% compared with the previous year (-271.9 GWh). Excluding the effect of power recoveries, the market retracted by 5.1% primarily as a result of 220.32 GWh in migrations to the Free Contracting Environment. Discounting both effects, lower-than-average temperatures in the first months of the year reduced consumption by 15% (-561.31 GWh) from 2017. The contraction additionally reflects the economic slowdown in the state of Rio de Janeiro.

The free market accounted for 24.6% of our total market and transmitted 6,906 GWh of electricity, 730 GWh more than in 2017, with power transmission increasing by 386 GWh in the industrial segment and 345 GWh in the commercial segment.



Mainstreaming the use of our virtual service and self-service channels is the best approach to serving today's consumers, who increasingly demand practical and fast solutions. In 2018 we implemented a range of improvements as part of this effort.

¹⁰ As from 2018, we are including utilities in total billings figures and have accordingly adjusted the figures for the first nine months of 2017 to include utilities for comparability.

¹¹ The amount of invoiced electricity supplied to captive consumers and other utilities, not including distribution system losses, as specified in ANEEL Resolution 166 (October 10, 2005).

12-MONTH (GWh)

	2018	2017	2018 - 2017	Change (%)	Share (%)
Captive	18,455	19,673	-1,218	-6.2%	100%
Residential	8,600	9,239	-638.71	-6.9%	46.6%
Industrial	697	779	-81.54	-10.5%	3.8%
Commercial	5,598	6,259	-661.56	-10.6%	30.3%
Other	3,560	3,397	163.59	4.8%	19.3%
Free	6,906	6,177	730	11.8%	100%
Residential	-	-	-	-	0.0%
Industrial	4,487	4,101	385.66	9.4%	65.0%
Commercial	2,156	1,811	344.56	19.0%	31.2%
Other	264	265	-0.58	-0.2%	3.8%
Free + Captive	25,361	25,850	-489	-1.9%	100%
Residential	8,600	9,239	-638.71	-6.9%	30.7%
Industrial	5,184	4,880	304.12	6.2%	18.5%
Commercial	7,753	8,070	-316.99	-3.9%	27.7%
Other	3,824	3,661	163.01	4.5%	13.6%
Utilities	2,666	2,539	127	5.0%	9.5%
Total + Conc.	28,027	28,389	-362	-1.3%	100.0%

RETAIL CUSTOMERS

Our retail customers across the residential, commercial, rural, industrial and other segments receive power supply at low voltage.

These customers have multiple service channels available for ease of access to our services. Our investments are focused on offering a wide range of automated services, products and functionality to improve quality of service.

We believe that mainstreaming the use of our virtual service and self-service channels is the best approach to serving today's consumers, who increasingly demand practical and fast solutions to their requirements. In 2018 we implemented a range of enhancements as part of this effort. Examples of our virtual service offering include self-service kiosks for paying bills, and automated Virtual Service Desk services.

Key customer service initiatives in 2018:

- Implemented invoice payment functionality in self-service kiosks, reducing service office occupancy, waiting time and queue length;
- On our Virtual Service Desk, customers can sign up to receive alerts about planned grid maintenance with text messages (SMS);
- Initiated a project to develop a humanized virtual service desk, with the project due to be completed in 2019;
- Implemented enhancements to our digital invoice functionality, allowing customers to opt out in case of invoice errors;
- The share of services accessed through automated channels increased from 66% to 80.5%;
- Unit service costs reduced by 42% from R\$1.35 to R\$ 0.78 as a result of the growing use of virtual channels.



80.5%

virtual channel share



SERVICE CHANNEL SHARE

Service channels	Cumulative	2016	2017	2018
Commercial offices	6.2%	6.7%	8.3%	4.1%
Call Center	15.5%	15.9%	13.7%	7.6%
URA	11.8%	16.4%	12.0%	7.9%
Virtual channels	66.5%	61.0%	66.0%	80.5%

New technologies

New technologies have been deployed on integrated, multi-channel platforms that provide customers with seamless service on any channel, and anticipate self-service users' needs through artificial intelligence, improving the customer experience.

Light has also undertaken investments in solutions to deliver omnichannel service. As part of these efforts, we are currently developing Light Digital, in which all service processes and functionality will be automated and integrated on a multichannel platform, further enhancing the customer experience.

PUBLIC AND PRIVATE WHOLESALE CUSTOMERS

In 2018 we further implemented a new collection and service management model for Private and Public Wholesale customers, which account for 40% of our revenues.

The Private segment—with 4,600 customers and 17,000 service drops—accounted for 25% of Light's total revenues in 2018, or approximately R\$ 4.24 billion in revenue. Through integrated customer relationship and collections management, our collection rate in the Private segment set a record of 101.47% of billings or R\$ 4.3 billion, compared with an initial projection of 99.53%.

The Government Organizations and Services segment—with 323 customers and approximately 30,000 service drops, accounted for 15% of total revenues at around R\$ 2.53 billion. The three-year collection rate for this segment also set a record at 103.98% of billings or R\$ 2.63 billion.

Improved collection rates were supported by:

- Planned delinquency prevention initiatives;
- An ICMS deduction agreement with the State Government to settle overdue payables;
- Negotiations with delinquent municipal governments, especially Rio de Janeiro;
- Actions addressing overdue receivables (blacklisting, protests and disconnection), and injunction reviews and monitoring at our legal department.

Service channels

The Wholesale Customer segment generated 487,000 customer service interactions in the year. Our online Virtual Service Desk handled approximately 77% of interactions, a total of 376,500.

Customer Service responded to approximately 77,000 emails addressed to grandesclientes@light.com.br in the year, including requests for services and information from wholesale customers. This channel handled 15% of interactions, and now incorporates new controls to track and monitor service interactions with wholesale customers.

Telephone service interactions are divided into two separate groups: emergency service is provided via a toll-free number and managed jointly with emergency service in the Retail segment. Commercial service is provided by account executives and support agents via a commercial PABX number, which handled a total of approximately 29,100 calls in the year, or 6% of service interactions.

Our Wholesale Customer Area, a dedicated service office at Av. Marechal Floriano, provides a venue for in-person service and account meetings, with a 2% channel share at approximately 4,000 interactions.

In 2018 we further implemented a new collection and service management model for Private and Public Wholesale customers, which account for 40% of our revenues.

CUSTOMER SATISFACTION

[GRI 102-43, GRI 102-44]

In 2018 we reformulated our customer satisfaction program with a new system of action items, tracking and indicators, helping to build closer relationships with Light SESA customers.

We created a Commercial Quality Department tasked with implementing continual process improvements to reduce the number complaints, improve satisfaction levels and retain ISO 9001/15 certification for regulated scopes.

Light also engaged consultants Buhamra e Romero to implement process improvements and further increase customer satisfaction levels. Their engagement began in September 2018 and will continue over the following two years, with engagement activities spanning from interviews with leaders to follow up on action plans.

Light won the “Modern Consumer Award for Excellence in Customer Service” in the Electric Utility category, which recognizes companies demonstrating a commitment to quality in customer relationship management.

However, satisfaction survey findings have not yet reflected recent efforts toward improvement. We believe the Company will exhibit better performance in subsequent assessments.

Enhanced controls and closer relationships with wholesale customers helped us to improve our performance in the ABRADÉE Wholesale Customer Satisfaction Survey by 1 percentage point compared with 2017; we ended the year with a Perceived Quality Satisfaction Rate (ISQP) of 71.7. The score assigned to customer relationship agents was especially high at 84.3, the highest in the last three years.

Another highlight in 2018 was our partnership with the Rio de Janeiro State Government to create Rede SUSTENT, a program implemented by the Rio de Janeiro State Revenue and Planning Office (SEFAZ-RJ) in collaboration with Light and the German Development Agency (GIZ). Rede SUSTENT provides solutions and training to government officials on the sustainable and efficient use of energy. Our Government relations initiatives in the year also included presentations delivered at city halls in our concession area, as well as forums, summits and meetings with the Rio de Janeiro Construction Industry Union (SINDUSCON), the Utilities Installation Workers’ Union (SINDINSTAL), the Rio de Janeiro Board of Engineering and Agronomy (CREA-RJ), the Rio de Janeiro Industry Federation (FIRJAN), the Association of Rio de Janeiro Municipalities (AEMERJ) and the Rio de Janeiro Trade Association (ACRJ) for networking, alignment on procedures and to strengthen customer satisfaction and our reputation.

SATISFACTION SURVEY (%)

	2016	2017	2018
Retail Customers			
ISQP – ABRADÉE	62.0	67.7	67.5
Customer Approval Rate – ABRADÉE	57.4	61.0	62.1
General Satisfaction Rate – ABRADÉE	49.6	60.8	65.2
Service Provision Satisfaction Rate (ISES)	91.0	90.4	87.5
ANEEL Consumer Satisfaction Rating (IASC)	63.9	55.1	58.2
ISQP – Private and Public Bulk Customers	73.4	69.3	71.1
Satisfaction Survey – Public and Private Bulk Customers (Quality Performance Rate (IDAR) – Customer Service)	82.1	83.2	84.3
IDAR Private Segment	86.7	83.7	83.4
IDAR Public Segment	97.3	91.7	94.2

Reducing electricity theft [GRI EU12]

Our anti-theft efforts in 2018 were primarily centered on inspection and connection normalization operations. Around 420 field crews performed a range of anti-theft operations in energy-theft hotspots. These targeted efforts send out a clear message that Light is highly determined in fighting electricity theft. Throughout the year, our anti-theft initiatives garnered extensive media coverage, helping to raise awareness that illegal connections are both a hazard and a criminal offense.

Electricity theft was also featured in Rede Globo's Sunday night special *Fantástico*, in a 14-minute report describing the modus operandi of criminal organizations specializing in electricity fraud, the challenges Light has faced in combating electrical power theft, and the harm it does to other consumers.

Change of strategy

Anti-theft initiatives improve two indicators affecting revenue and collections: REN (Power Recovery), or past consumption that is charged retroactively over the period in which the customer was illegally connected; and IEN (Incorporated Power), or the increase in revenues from normalized customers. However, the electricity charged retroactively has an adverse effect on collections performance.

Collection rates tend to decrease, and the Allowance for Doubtful Accounts (ADA) tends to increase. As a result, power recovery effort was reduced in the year, although it inherently generates low levels of collections, especially where customers are disconnected.

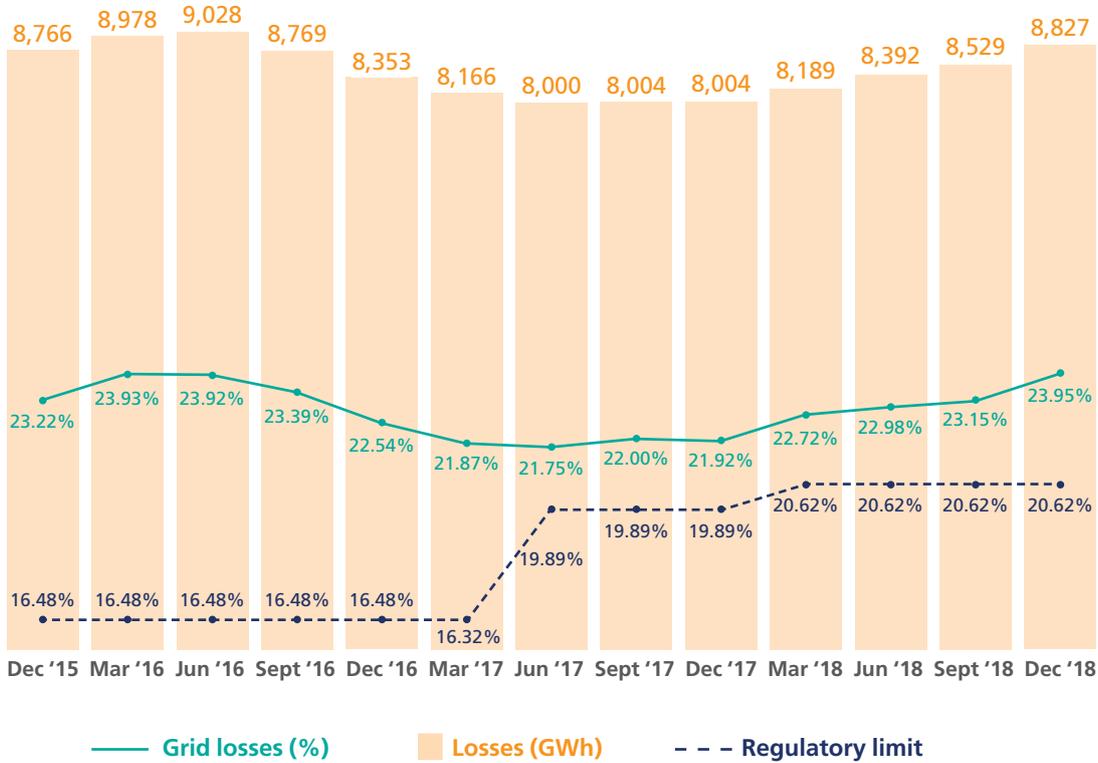
Throughout the year, the departments involved held several meetings to discuss an approach to balancing the two indicators. The primary change has been in the ratio of REN inspections on connected customers (where successful collection is more likely) to inspections on suspended customers (where successful collection is less likely). The ratio was calibrated from 50/50 to 70/30, then to 80/20, and finally to 90/10 in July 2018.

To improve collections and ADA performance, REN inspection crews have supported collections (monthly) and ADA efforts (collection from customers more than 90 days delinquent). Successful collections efforts help prevent customers from increasing ADA expense in the future.

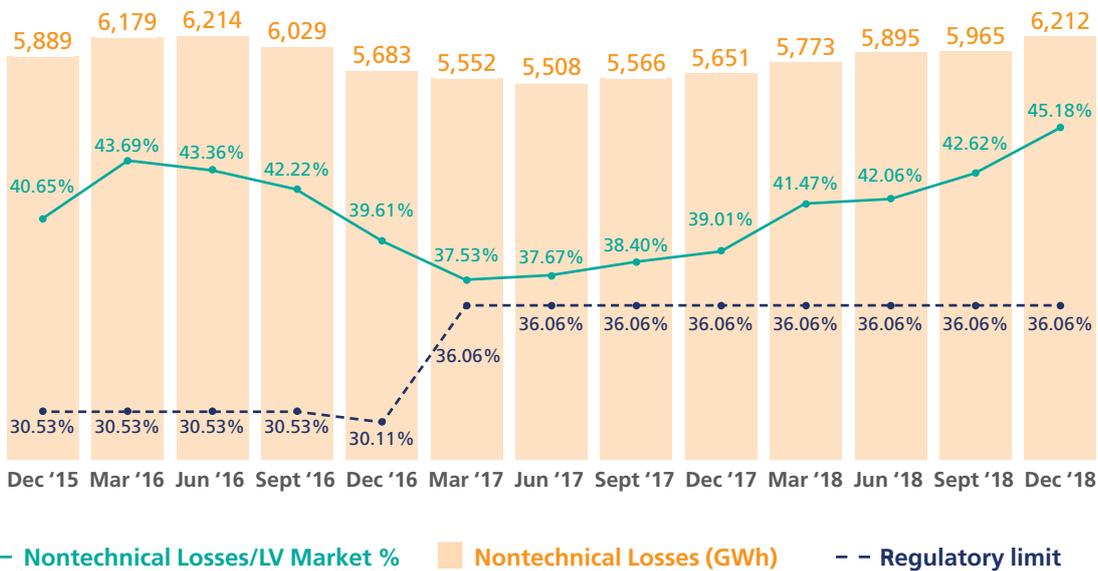
The change of strategy against electricity theft aims to balance REN, collections and ADA efforts and improve inspection quality to minimize litigation. On the downside, the new strategy increased our total grid losses from 21.92% in 2017 to 23.95% in 2018. While the negative grid-loss performance certainly deserves close attention, it must be borne in mind that our new strategy of balancing effort will deliver more consistent and sustainable results for the Company.

In Light's new strategy, field inspections prioritize customers that are currently connected and more likely to be able to pay their debt. Light has also intensified oversight of field crews and the quality of inspections, and has compiled better evidence to support inspection reports. This will contribute greatly to reducing litigation and standardizing our operations in compliance with regulator requirements.

TOTAL LOSSES – 12 MONTHS



NONTECHNICAL LOSSES/MARKET – 12 MONTHS



Market discipline

Our market discipline initiatives in 2018 generated 86 GWh in incorporated power (higher post-normalization consumption) under Light's Loss Reduction Plan, supporting better power recovery performance in the year. These include initiatives to address recurring fraud/irregularities; actively contacting customers suspended for delinquency but who fail to contact the Company to normalize their account; and visits to addresses without active power supply accounts.

Communication initiatives

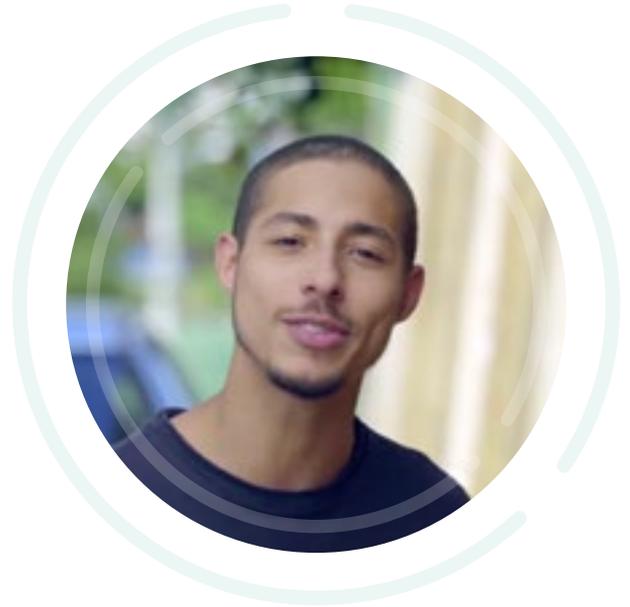
In 2018 we launched a new institutional campaign to underline Light's stance against electricity theft. In addition to encouraging discussion about the subject and describing our efforts against illegal connections, the campaign also invited people to report electricity theft, with the result that the number of reports on our Rio Sem Gato de Luz website more than doubled after the campaign was launched.

The campaign was featured on major TV channels, popular radio stations, bus media, and especially social media. On social media, we addressed common concerns raised through our customer service channels, and launched a web series titled "Four taps and a funeral", our first foray into video production.

Using casual and informative language, the four-episode YouTube series tells the story of Pedro da Luz, an electrician's son, who comes across different types of illegal connections and sees the impact they have on society.

On our Rio Sem Gato de Luz website, we published an increasing number of articles on electricity fraud, and on social media we repurposed published content to address institutional questions raised by customers. These efforts combined helped to increase Light's social media followers by 20%.

In press outreach, we developed strategic relationships with journalists through WhatsApp interactions, and as a result Light was featured in several high-audience news programs. While news organizations have become leaner, and



We launched a web series titled "Four taps and a funeral" to support our efforts against electricity theft, in our first foray into video content production.

media content has dwindled as a result, we have succeeded in securing a majority of positive versus negative media coverage.

We have continued to pursue a strategy of reaching out to digital influencers via WhatsApp interactions and in-person meetings. In September we launched a new video series to raise awareness about the problems caused by electricity theft. Digital influencers were invited to an exclusive premiere session, and the film was starred by actors from the Nós do Morro theater troupe, a collaboration enabled by our existing relationship with these stakeholders.

Social and environmental initiatives

Our sustainability is intertwined with the development of our concession area and broader Rio de Janeiro State. By supplying electricity and energy efficiency solutions, Light acts as a catalyst for local development.

ENVIRONMENT

Light is committed to preserving and conserving the environment in our concession area, and to proactively working to increase environmental awareness. The commitments we have undertaken under our Environmental Policy include: minimizing environmental impact and preventing pollution; using natural resources efficiently; supporting environmental education; and fostering dialog with communities and stakeholders.



Prioritize clean and renewable energy sources



Support the conservation of biodiversity in and around our reservoirs



Implement and promote waste recycling



Reduce direct and indirect greenhouse gas emissions



Adopt and disseminate water stewardship and waste reduction practices



Develop and promote technologies which benefit the climate and environment and reduce electric power wastage



In delivering on our environmental and climate commitments, we have implemented a range of environmental preservation programs and projects in our concession area that have firmly positioned Light as an environmentally responsible Company, and have expanded our environmental initiatives within the principles of sustainable development.

Key initiatives:

- Implementation of an Environmental Management System based on ISO 14001. In 2018 we migrated to the most recent edition of the standard (2015) at Light SESA, and maintained certification for more than 80% of our business units;
- All generation assets certified to ISO 9001 (Quality), OHSAS 18001 (Safety), and ISO 14001 (Environmental Management). In 2018 Light was recertified to all three standards and secured approval from the certification body to obtain certification to the most recent editions (2015) of the quality and environment standards [GRI 416-1];
- A Degraded Site Remediation Program (PRAD) or Reforestation Program, and component programs for the Lajes Complex, Ilha dos Pombos and Santa Branca facilities;
- Greenhouse Gas Emissions Inventories and action to reduce emissions;
- Reverse logistics for materials and other measures to prevent and mitigate pollution;
- Substation upgrades and newbuild high-voltage substations that minimize impact on the environment;
- Partnerships with universities supporting environmental R&D projects generating benefits not only for natural resource conservation in our concession area, but also for the academic and scientific community and for broader society.

In 2018 we invested R\$ 12.5 million in environmental initiatives involving environmental maintenance and safety; environmental education and projects; environmental licensing and compliance;

Environmental Management System (EMS) implementation and maintenance; reforestation and slope stabilization; aquatic plant removal; and R&D.

Our investment was less than in the previous year due to the completion of two major Group projects in the year. At Light Energia we completed erosion remediation work on the banks of the Santa Branca dam reservoir; and at Light SESA we completed an upgrade of the 138kV SF6 Gas Insulated Switchgear (GIS) at the Santo Antônio Substation.

Waste management

All waste is identified, packaged and sent for temporary storage, then transported and disposed of at licensed facilities. Waste management is conducted under a Waste Management Plan and related environmental procedures. Light SESA has a licensed facility for temporary storage of class I hazardous waste.

Light SESA manages hazardous and non-hazardous waste through reverse logistics. In this process, waste materials removed from our power transmission and distribution systems are stored in a dedicated aggregation warehouse. Materials are segregated by type in an adequate and environmentally compliant facility. They are then sent for environmentally compliant and/or sustainable disposal in accordance with the Brazilian Solid Waste Policy (Act 12305, August 2, 2010).

Light's revenue of R\$ 4,873,397.05 is net of the logistics costs of collecting waste materials at secondary warehouses and the operating costs of the reverse logistics warehouse.

Our waste collection operations compliantly disposed of approximately 797 metric tons of iron, 495 metric tons of aluminum cable, 215 metric tons of insulators, 43 metric tons of plastic, 206 metric tons of copper wire, 569 metric tons of wood fragments, 203 metric tons of wooden poles, 316 metric tons of concrete poles, 3,100 metric tons of overhead and underground transformers, 236 metric tons of electronic equipment and meters; and 133,000 liters of oil.



R\$ 4.9 million

return on reverse logistics

Natural resource efficiency [GRI 302-3]

At Light we monitor and meter our electricity and water consumption at our facilities, organize initiatives to raise awareness among employees, partners and customers, and work to continually improve our processes.

Light's total energy consumption in 2018 was 147 GWh, up 2.5% from the previous year, and our resulting energy intensity was 0.00743 kWh per R\$ of gross revenue. The increase is related to higher fuel consumption as a result of intensified field inspection and customer normalization activities.

Water consumption at our facilities decreased by 7.39% compared with the previous year as a result of process improvements.

Climate change [GRI 201-2, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5]

Our business results can be negatively affected by unfavorable hydrological conditions, power outage risks, and water rationing in Brazil. Climate change is an ongoing concern for our Company as it affects both Light Energia—which is 100% reliant on hydropower—and Light SESA, which is affected by rising temperatures and weather extremes. The warmer it is, the higher the consumption of electricity. This can potentially result in overloads of our distribution system, higher non-technical losses, and default.

Risks and opportunities related to climate change are detailed in the Carbon Disclosure Project (CDP) questionnaire available on our Investor Relations website under Reports.

Our annual Greenhouse Gas Emissions Inventory reported total emissions of 255,791.44 t CO₂eq across Light SESA, Light Energia and Light Esco, a decrease of 17.86% compared with the previous year.

Greenhouse gas emissions intensity, a measure that is relative to gross revenue, was 0.010 tCO₂eq/R\$ thousand for Light SESA; 0.012 tCO₂eq/R\$ thousand for Light Energia; and 0.373 tCO₂eq/R\$ thousand for Light ESCO. Emissions intensity refers to Scope 1 + 2.

Within Scope 1, our primary emission source is natural gas combustion (fixed source). These emissions are produced by Light ESCO's cogeneration plant, which captures and markets part of the carbon dioxide generated by natural gas combustion.

Scope 2 emissions are indirect emissions from purchased electricity and transmission and distribution losses. In accounting for Scope 2 emissions, a National Grid emission factor is applied that covers all power plants (hydro, fossil and wind) in operation in Brazil.

Our goal for 2018 will be to reduce Scope 1 emissions by 6%.

Carbon footprint

In 2018 Light SESA's carbon footprint was 25.7554kg of CO₂eq/MWh, and Light Energia's carbon footprint was 3.3102 kg of CO₂eq/MWh.

The greatest impact on carbon footprint emissions is from waste generated by the operations of both Light Energia and Light SESA. At Light Energia, aquatic plants (macrophytes) remain the primary component of the company's carbon footprint. Light has continued to invest in process improvements to address aquatic waste.

**LEARN MORE**

About our [environmental programs](#)



PRACTICES GEARED TO COMMUNITIES [GRI 203-2, GRI 413-1]

Light has developed programs that promote sustainable development, improve quality of life for residents in our concession area, and strengthen our relations with impoverished communities that are difficult to approach. The programs and projects we sponsor are aligned with our strategic plan and strategic guidance, and work towards goals that support Company results.

Company funds and a wide range of partnerships are used to support these programs, including funding from the ANEEL Energy Efficiency Program, social on-lending from the Brazilian Development Bank (BNDES) and tax-deducted funds under the Rio de Janeiro State Culture Incentive Act.

The projects Light sponsors are located in municipalities within our concession area, and must: contribute to social and environmental development, and support and disseminate culture, sports, education and knowledge; help to build Light's reputation as a company committed to sustainable development; and support the sustainability of Light's cultural venues, including museums, cultural centers, theaters, etc.

All applications for sponsorship are submitted to an internal committee that assesses whether each project is in line with our principles and whether the budget is feasible. Following validation by the committee, candidate projects are submitted to Executive Management for formal approval.

In 2018, we provided sponsorship funding of R\$ 8.3 million, including R\$ 1.3 million in Company funds.

LIGHT SPONSOSHIPS – BY TYPE (R\$ THOUSAND)

	2016	2017	2018
Sports	1,500	270	138
Culture	1,290	240	822
Education	-	-	-
Environment	-	82	-
Other	272	233	314
Total	3,062	825	1,274

Key sponsorships in 2018:

- Vale do Café **Festival 2018**: with a high-quality program of activities hosted at town squares, churches and historical farms, the festival has helped to boost tourism in the Vale do Paraíba area by increasing its visibility as a tourist destination, helping to activate the local economy. The festival also generates income and job and business opportunities locally, helping to keep wealth within communities. As part of a commitment to social inclusion, the festival also organizes free music courses taught by renowned, high-caliber musicians;
- **São João Marcos Park**: this project helps to maintain the park grounds and offers educational activities for students, as well as organizing cultural, social and environmental preservation initiatives. In 2018 the park attracted an estimated 10,000 visitors;
- Som Mais Eu: this program provides musical education to children, teenagers and young adults in Rio de Janeiro. The project—located in Morro da Providência, in Rio de Janeiro's port district, near Light's headquarters building—has a mission of improving quality of life for beneficiaries by engaging them in a program of activities supporting their artistic, cultural, personal and professional development. In addition to bettering the lives of participating children and teenagers, our sponsorship also entitles Light to four musical performances per year, and also includes training for a choir of Company employees.



Light at School: this program reaches more than 53,000 municipal school students in Rio de Janeiro.

INSTITUTO LIGHT

One of Instituto Light's flagship initiatives is a cultural education program that includes venues such as the Light Culture Center, the Light Energy Museum, and the São João Marcos Archaeological and Environmental Park, and projects such as Light at School and the educational play Quanta Energia. Through an entertaining, fun and culturally-oriented educational experience, audiences learn about their role as electricity consumers, the importance of energy in their day-to-day lives and for broader society, and how to improve their consumption habits.

In schools, a natural interest in the environment helps students become familiar with the subjects taught.

Some of Instituto Light's projects in 2018 were aligned with existing government programs, especially in the field of education, supporting those programs and their goals. These include the Light Electricity Museum, Light at School and the São João Marcos Archaeological and Environmental Park.

Key programs and projects run by Instituto Light:

- **Historical heritage:** Light has reintroduced a culture of preserving historical heritage for the future by developing an internal standard on collecting historically significant items; Light collected 9,000 new items in the year, and digitized 3,000 existing photos;
- **Light Culture Center:** total investment was reduced by 50% as a result of an increase of approximately 140% in visitors. The venue has earned R\$20,000 per year in rent;
- **Fontes Dam Heritage Center:** a new venue for technical and heritage education at the site of what in its time was the largest hydropower dam in Brazil, and one of the largest in the world, in the state of Rio de Janeiro;
- **Book Exchange:** a new space at the Light Culture Center where users can trade their books in for other books;
- **Quanta Energia:** an interactive performance that uses a fun approach to teach children and adults to be conscientious consumers. In 2018 the show was fully funded by our Energy Efficiency Program, which provided benefits in terms of brand building and greater flexibility in the choice of venues;
- **Light at School:** each year this program presents the concepts featured at the Light Electricity Museum to more than 53,000 municipal school students in Rio de Janeiro, as well as students from other public and private schools;
- **Light Electricity Museum:** the museum was remodeled and now features new experiments and an updated program;
- **São João Marcos Archaeological and Environmental Park:** visitors are introduced to concepts within our Energy Efficiency Program; the park now features new experiments, information panels, and educational materials;
- **Energy Park** new and improved panels and educational experiments;
- **Lamartine Babo Theater:** now featuring improved stage lighting and new equipment.



LEARN MORE
about [Light Institute](#)

7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



ENERGY EFFICIENCY PROGRAM

[GRI 302-4, GRI 302-5, GRI EU7]

Our ANEEL-regulated Energy Efficiency Program (EEP) provides funding for initiatives addressed to municipal customers, hospitals, daycare centers and other charities, without, however, neglecting initiatives geared to consumers and generating job and income opportunities at micro, small and medium-sized commercial and industrial businesses.

Projects are screened for adherence to ANEEL requirements and alignment with our corporate strategy, and prioritize customers with a genuine need for investment, strengthening their relationship with Light.

In 2018 Light organized two calls for project proposals and introduced changes in the project submission and evaluation process as part of our Management System (SG CPP). All project-related submissions and scoring were handled through the system, in an automated process that improves transparency and expedites Call for Proposals procedures.

Light's EEP program helps to reduce non-technical losses and delinquency. In addressing delinquency, for example, projects in collaboration with governments help to improve customers' payment capacity, minimizing future delinquency.

Our focus in 2018 was on our 5th Public Call for Proposals, which covers our two largest market segments—Residential and Commercial—as well as the Government and Public Services segment; and our 1st Call for Proposals for public lighting projects. A similar strategy is planned for 2019, in which we expect to organize two calls for proposals under Regulatory Resolution 830 (October 23, 2018), which amends the Energy Efficiency Program Procedures (PROPEE) previously approved under Regulatory Resolution 556 (July 2, 2013).

A number of important projects are currently in progress, largely for wholesale customers. These include lighting, solar farm, air conditioning, drive system and hospital equipment projects. These projects benefit customers such as universities,

public hospitals, municipal governments, schools, and NGOs. In addition to these projects, Light's EEP program is also highly focused on low-income communities in Rio de Janeiro.

In public lighting, our projects deliver benefits that include lower consumption, better lighting and enhanced security. Adding to these benefits, our 1st Call for Proposals for public lighting projects supports innovation and opportunities to develop smart cities by combining energy efficiency with energy management based on real-time monitoring capabilities. These projects will be implemented, and their results will be measurable, from 2019.

In 2018, energy efficiency projects received total funding of R\$ 25.61 million, including R\$ 18.57 million directly in EEP funding and R\$ 7.04 million in third-party funding. PROCEL funding amounts will be realized in 2019.

Projects completed in 2018 generated electricity savings of approximately 2,528 MWh per year and peak shaving of 432 MW. It is important to note that expenditure figures are for all projects in progress in 2018, whereas stated electricity savings are only from projects completed in 2018, as project results can only be clearly measured following completion.

**PROJECTS
COMPLETED IN
2018**



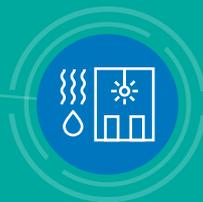
Energy efficiency projects involving lighting retrofits:

- Regional Electoral Court;
- Fundação Getúlio Vargas (FGV);
- Instituto Brasileiro de Administração Municipal (IBAM);
- Hospital São Francisco (HSF);
- Fundação Educacional Severino Sombra.



Energy efficiency projects involving lighting retrofits and renewable energy sources (solar farms):

- Instituto Estadual do Ambiente (INEA).



Energy efficiency projects involving lighting retrofits and water heating:

- Fluminense F.C.



Energy efficiency projects involving lighting retrofits and air conditioning:

- Hospital Universitário Sul Fluminense (HUSF).



Energy efficiency projects involving lighting retrofits, air conditioning, drive systems and renewable energy sources (solar farms):

- Novo Leblon Gated Community.



Energy efficiency projects involving lighting retrofits, air conditioning, and drive systems:

- Galeão Air Force Command.



Educational programs:

- São João Marcos Park
- Home Economics
- Favela Criativa II
- Museum III

11 SUSTAINABLE CITIES AND COMMUNITIES

**COMMUNITY** [GRI 203-1, GRI 203-2, GRI 413-1]

The lack of public security in low-income communities in Rio de Janeiro places a constraint on our crews' operations. With Peacekeeping Police Units becoming less effective, areas previously served by Light's Efficient Community Program have been rendered inaccessible for lack of security.

Light's strategy to gain access to these customers without placing our employees at risk has been to enhance communications at schools, health clinics and Social Services Centers (CRAS) to raise awareness and provide important information.

Community needs are identified through a participatory survey conducted by Light employees with residents, community leaders, school teachers and principals, and healthcare workers serving communities.

By working more closely with resident associations, Light has been able to operate in areas previously considered to pose a high risk to our operations.

In addition to energy efficiency and sustainability initiatives, communities covered by our Efficient Community Project received information about responsible consumption and social rates.

Raising awareness

Light organizes educational workshops about conscientious consumption, the hazards created by electricity theft, and Social Rates, helping eligible customers to apply for the benefit. We also organize educational events in town squares and public schools to raise awareness among residents.

In 2018 Light delivered a total of 162 lectures at resident associations, schools and Social Services Centers—where low-income families can register with the Federal Government Unified Register—and organized 15 educational events that were attended by 9,767 residents and elementary and high school teachers and students.

Efficient Community Program

In 2018 our investment of approximately R\$ 5.8 million as part of the ANEEL Energy Efficiency Program benefited 9,593 customers living in Light's concession area. These investments, within our 9th Efficient Community Program, were used toward replacing refrigerators for 1,663 customers, replacing 362 inefficient shower heads with models incorporating heat recovery technology, and replacing lamps at 8,409 homes.

EFFICIENT COMMUNITY PROGRAM RESULTS

	2016	2017	2018
Consumers benefited by the program	11,285	19,929	9,593
Customers attending community lectures and events (*)	1,667	6,860	9,767
Customers who received energy-efficient lamps	1,596	17,101	8,409
Number of incandescent lamps replaced and disposed of in 2018 within the 9 th Efficient Community Program	-	-	13,300
Number of fluorescent lamps replaced and disposed of in 2018 within the 9 th Efficient Community Program	-	-	52,625
Customers who received energy-efficient refrigerators	2,259	638	1,663
Customers who received shower heads with heat recovery technology	559	2,182	362

(*) These lectures are now organized by social managers in the area.



Compared with 2016 and 2017, the results from our Efficient Community Program initiatives in 2018 were highly positive. Program figures indicate that Light has gradually succeeded in restoring normal operation in low-income communities—including not only emergency response and system maintenance services, but especially loss recovery efforts.

Light Recycling

In 2018 approximately R\$ 1.6 million in ANEEL Energy Efficiency Program funding was invested in our Light Recycling program, a sustainable initiative through which customers can trade recyclable materials for discounts on their electricity bills. Total discounts within the program amounted to R\$ 269,214.52 in the year.

New partnerships were also created to expand the reach of the program, including a collaboration with the Vasco da Gama soccer club. Light is the first utility to create a recycling partnership of this kind in Brazil, and Vasco has become the first club in Rio de Janeiro to join the Light Recycling program.

We also developed partnerships internally during the year. A total of 27 metric tons of materials were collected internally, generating a total bonus of R\$ 5,000 that was donated as a discount on the electricity invoices of registered charities. The benefits from the program also include adequate disposal of waste materials without contaminating the environment, and peak shaving through recycling.

In 2018 the program was expanded to the municipality of Miguel Pereira.

LIGHT RECYCLING RESULTS

Waste	2017		2018	
	Total collected (metric tons)	MWh savings	Total collected (metric tons)	MWh savings
Paper	567.82	2,498.74	543.90	2,480.17
Plastic	521.54	2,764.21	354.75	1,880.16
Glass	107.71	68.94	550.46	352.30
Metal	132.02	714.69	308.85	974.23
Oil	9.63	36.10	16.77	62.89
Tetrapak Packaging	6.50	32.03	5.90	30.11
Total	1,345.22	6,114.71	1,780.63	5,779.86



1,781 metric tons

of waste collected as part of the Light Recycling program



Our suppliers [GRI 102-9]

A total of 126 companies provided services to Light in 2018, including 105 companies providing services to Light SESA and 21 serving Light Energia. These companies provide services related to our operations (disconnections, reconnections, maintenance, improvements, etc.), customer service, facilities management, security services and IT services.

In 2018 Light implemented a policy on screening suppliers of strategic services and materials, covering a contract portfolio worth approximately R\$ 5.8 billion. Current and potential suppliers are now screened against criteria that include sustainability, compliance and financial position.

Supplier development

Light assesses significant vulnerabilities in our supply chain, and these assessments then inform supplier development plans. All identified vulnerabilities were mitigated in 2018, exceeding the expectations articulated in related management commitments.

Supplier assessment

For the most strategic services and materials, our Supplier Management function performs quarterly assessments to support the continual improvement of sensitive contracts. The results of these assessments are then reviewed with the relevant supplier using PDCA (Plan-Do-Check-Act) methodology, with the involvement of relevant functions, such as operations, occupational safety, and material quality.

In 2018, 89% of suppliers met established requirements.

Labor, social security and tax audits

We are deeply committed to our workforce. Companies providing services to us or whose employees provide services to us undergo labor, social security and tax audits at least once per year. In 2018, a total of 106 companies were audited in a total of 240 audits.

These audits are carried out by a specialized independent firm and use an advisory approach to help improve the quality of our supplier management activities.

Supplier audits are divided into on-site audits and desktop audits. On-site audits are performed for companies with a large number of employees working for Light, such as grid operations and power recovery crews.

Desktop audits are conducted for companies posing less risk, and for subcontractors.

Nonconformities identified during audits are documented in our Third-Party Management system for review to inform action plans either to correct weaknesses or maintain good performance. Audits on all suppliers are performed at Light's expense.

Where audit scores are below an established threshold, the supplier's managers are assessed and invited to a meeting on Light's premises, where they are asked to present what action they will take to improve performance. These meetings are attended by the contracting department, the purchaser for the relevant supplier category, and the supplier management team.

Occupational safety audits are also performed as part of our commitment to our workforce.

Occupational safety audits

Occupational safety audits are conducted by a team of occupational health and safety specialists on operations related to our power systems. Audit procedures include interviews with operational employees and other procedures when auditing field operations.

Reviews are performed on personal and collective protective equipment specifications, on the results of contractor facilities inspections, and on previously listed documents. The purpose of these

audits is to assess the performance of contractors' management and Specialized Occupational Health and Safety Engineering Services in managing occupational health and safety.

Audit items include noncompliance with procedures, equipment conditions, documentation irregularities and unsafe workplace conditions. After an audit has been completed, an audit report is sent to the contractor describing any identified nonconformities. The contractor then submits a list of actions it will implement to address identified issues. The audit team evaluates and follows up on action items to completion.

● In 2018 we extended the Light WAY principles to our partners. After two years of internal communications, our employees had already become solidly versed on the Light WAY. However, to ensure our entire workforce was on the same page, we needed to align our messages on Safety, Ethics and Results with outsourced employees. A pilot project called "The Light WAY for Partners" identified communications opportunities at ten contractors and drew inputs to build an action plan, which is currently being implemented.

Compliance [GRI 419-1]

We are party to a total of 81,000 legal proceedings with a total case value of R\$ 7.6 billion. A provision has been established for proceedings in which the likelihood of defeat has been rated by our legal advisors as probable (R\$ 467 million). These proceedings include civil, tax and labor proceedings.

In general litigation, the primary matters concerned were as follows: charges for illegal connections; disconnections; complaints about charges; account transfers; unwarranted suspension; blacklisting; payment periods and collections processes, especially collections actions in support of anti-theft operations. Our legal department has worked both preventively, by seeking to reach a settlement where the Company is confirmed to have committed errors or violations, and through litigation, by gathering all required evidence from the functions involved to inform our defense in court and achieve a favorable outcome and/or minimize losses.

Labor claims primarily relate to overtime, rest between workdays, joint liability, salary parity, moral damages and double payment (article 467 of the Consolidated Bargaining Regulations). We provide extensive advice to our functions to mitigate the risk of further labor claims being brought.



CONNECTED TO FINANCIAL CAPITAL

Successful delivery of our business plans—and the results described in this report—largely depend on how effective we are at managing our financial capital. We derive from our financial capital—which includes electricity rates and debt—the funds needed to provide our services and make investments.

Financial capital is directly connected to all other capitals, as it provides the funds to pay wages and taxes, carry out expansion projects and maintenance, provide customer service, carry out social and environmental initiatives, and undertake other activities and improvements.

Financial capital, in turn, is affected by our performance on all other capitals. We are therefore committed to making a consistent and collective effort to ensure our indicators in every dimension increasingly approach the performance levels needed for the sustainable growth of the business.

Capital Expenditure

Total capital expenditure (CAPEX) in 2018 was R\$ 799 million, an increase of 7.4% from the previous year. The bulk of our investments were in the distribution segment: R\$ 660 million was invested in new connections, expansions, system maintenance and improvements, our underground system upgrade project,

and our loss reduction program. Losses ended the year in line with 2017. It is important to note that in 2017 we implemented a new and more cost-intensive strategy against electricity theft. The reduced investment in loss reduction was therefore reflected in 2017 with a 11.3% decrease in CAPEX compared with 2016.

In 2018 Light Energia invested a total of R\$ 55 million, 62% more than in 2017. The increase reflects higher investment in projects to mitigate pumping system risks, improve intake system reliability, and replace/upgrade equipment and systems.

Investments in jointly owned assets—Belo Monte, Guanhões and Itaocara—were a total of R\$ 92 million at year-end 2018, down 39% on 2017.

Investments in subsidiaries were a total of R\$ 891 million in 2018, a change of only 0.4% compared with the previous year.



**R\$ 799
million**

invested

TOTAL INVESTMENT

R\$ million	2016	2017	2018
Investment	772.6	743.8	798.6
Distribution	659.0	627.1	660.3
Generation	45.2	33.9	55.2
Management	66.5	81.9	83.0
Trading	1.9	0.9	0.1
Contributions to Subsidiaries	180.6	151.0	91.5
Total	953.2	894.8	890.1

Light's capital expenditure is primarily allocated to:

- New connections and system expansion to provide service to new customers;
- Distribution system maintenance and improvements to increase the quality of power supply;
- Our underground system upgrade project, which includes the replacement of all oil-filled equipment to mitigate explosion risks;
- Non-technical loss reduction activities;
- Generation asset maintenance.

Light plans to invest R\$ 941 million in 2019. Of our total budgeted investment for the period, R\$ 705 million is allocated electrical assets (distribution, transmission and loss reduction), R\$ 85 million to non-electrical assets, R\$ 80 million to other companies and R\$ 71 million to associates.

2018 Rate Adjustment

In a public meeting held on March 13, 2018, the Brazilian power sector regulator, ANEEL, approved a rate adjustment averaging +10.36%. The new rates became effective on March 15, 2018.

The average increase for residential consumers was 9.03%, as shown in the table below along with the effects on other segments and voltage levels.

Average Rate Review Impact by Segment and Voltage Level

	Free + Captive	Average effect
Group A	A2 (88 to 138kV)	16.60%
	A4 (2.3 to 25 kV)	12.10%
	AS (underground)	10.74%
LV	B1 (residential)	9.03%
	B2 (rural)	9.18%
	B3 (commercial)	9.18%
	B4 (street lighting)	9.18%
	Group A	13.40%
	LV	9.09%
	Group A+BT	10.36%

The annual rate-setting process passes non-manageable concession costs – such as purchased electricity, sector charges and transmission charges (Component A) – through to customers. It also adjusts manageable costs (Portion B - distribution) by the IPCA index adjusted for Factor X, which passes the utility's annual efficiency gains and adjustments to the operating costs established in the previous Rate Setting Review through to customers. It also incorporates incentives for improvement in quality of supply. Since the 2017 rate-setting review, impaired revenue has included a specific rate item that is annually updated to reflect changes in regulatory revenue.

The graph below shows the share of each cost item in the average increase applicable to consumers.

Progress on Action Plan

Light's Action Plan comprises four dimensions: quality of service, commercial quality, safety, and economic and financial sustainability.

In quality of service, Light has made great strides in reducing EOD and EOF to levels satisfactory to ANEEL.

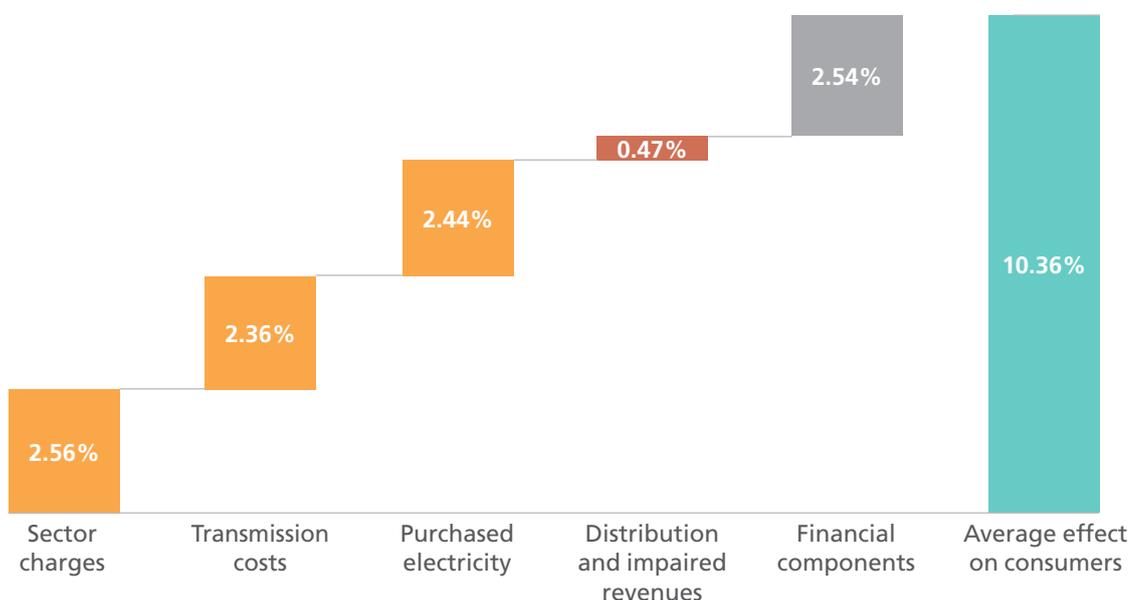
Our EOD was 7.78 hours in 2018, compared with a target under our Action Plan of 9.80 hours. Our EOF was 4.44 x, against an annual target of 6.01 x.

In relation to indicators of commercial service performance—including customer satisfaction, responsiveness to Sectoral Ombudsman complaints, and commercial quality indicators—Light is either enhancing or introducing new measures to improve commercial performance, especially in responsiveness to customer complaints.

The volume of customer complaints increased in 2018 as a result of two major structuring projects during the year: the migration of our commercial system to the ÚN1CO platform, and our new metering, invoicing and invoice delivery stem, called On Site Billing. These initiatives, which are still in an early stage of implementation and refining, have affected a range of operational processes within the Company.

In response, Light has reorganized functions to work with customer service to improve quality of service and customer communications, and to adequately manage complaints, from receipt to closure and communication of the resolution to the customer.

SHARE OF EACH COST ITEM IN THE AVERAGE INCREASE APPLICABLE TO CONSUMERS



In occupational safety, our occupational injury frequency rate rose slightly from 1.95 in 2017 to 1.96 in 2018, although most lost-time injuries were minor injuries such as bruises, sprains and scrapes.

Our injury severity rate, which measures the severity of injuries resulting from accidents, decreased substantially from 818 in 2017 to 87 in 2018.

In customer satisfaction, in 2018 the results from the IASC survey on customers' perceptions of quality of service improved overall at a national level. Light's performance in the IASC 2018 survey improved by 5.78%, outperforming the Brazil average of 4.67% improvement on 2017.

We will continue to implement initiatives within our Satisfaction Program—which helped us rank as the distribution utility with the highest IASC improvement in the South East Region in 2016—to meet the commitments under our Action Plan and create solutions that “wow” our customers and increase their satisfaction. Learn more about the Program in Our Customers.

EXPECTATIONS FOR 2019

Regulatory developments

In 2019 we expect discussions to continue, or to come to a conclusion, on the following issues: the Generation Scaling Factor (GSF), reducing volatility in power purchases by utilities, improving cost allocation among industry players, and the effects of customer migration to the free market given the recent changes in qualification criteria.

MME Directive 514/2018

With the promulgation of MME Directive 514/2018, which reduces the load threshold for conventional power supply agreements with free-market consumers to 2.5 MW from July 1, 2019, it is likely that customers will migrate from our distribution business to the free market.

2019 Rate Adjustment

As provided under the 5th Amendment to our concession agreement, on March 15, 2019 our rates will be adjusted to reflect changes in manageable costs (Component A) and to adjust manageable costs (Component B) by the IPCA index less Factor X.

Rate-setting changes

ANEEL's upcoming regulatory agenda includes public meetings in 2019 to revise the regulatory methods used to determine operational costs, Factor X, non-technical losses and impaired revenues.

Light will be actively engaged in advocacy for a regulatory model that is suited for the challenges in our concession area and ensures that set rates cover actual costs. The results of these discussions will be reflected in our rates as from the following rate-setting review, on March 15, 2022.



14%

reduction
in accidents
involving the
public

Debt

Net debt at year-end was R\$ 8,017 million. In 2018 we continued to pursue our strategy of adjusting our debt profile to improve liquidity. Between 2017 and 2018 our average debt maturity increased from 2.6 years to 3.5 years, debt service costs were reduced from 8.70% to 5.51%, and our balance of cash and cash equivalents rose from R\$ 342 million to R\$ 1.7 billion. Significant transactions in the year included:

- **February 2018:** rolled over R\$ 727 million in debt to Citibank, including R\$ 632 million at Light SESA and R\$ 92 million at Light Energia, both over a term of three years;
- **March 2018:** rolled over R\$ 425 million in debt owed by Light SESA to Banco do Brasil over a term of three years, with R\$ 325 million disbursed in March 2018 and R\$ 100 million in May 2018;
- **May 2018:** issued US\$ 600 million in bonds in the international market, including US\$ 400 million at Light SESA and US\$ 200 million at Light Energia, fully paid up and hedged against the Interbank Deposit Rate (CDI)—including the principal and interest—at a cost of 142,8% of the CDI rate;

- **June 2018:** raised R\$ 1.4 billion through a Receivables Investment Fund (FIDC) in two tranches: R\$ 1 billion at the CDI + 1.20% p.a. and R\$ 400 million at the IPCA + 5.75% p.a.;
- **October 2018:** Completed 15th issuance of incentive-backed, nonconvertible debentures in the amount of R\$ 700 million. The debentures were divided into two series: the first in the amount of R\$ 540 million, incurring interest at the IPCA + 6.83% p.a., with a maturity of seven years, and the second in the amount of R\$ 160 million, incurring interest at the CDI + 2.2% p.a., with a maturity of four years.

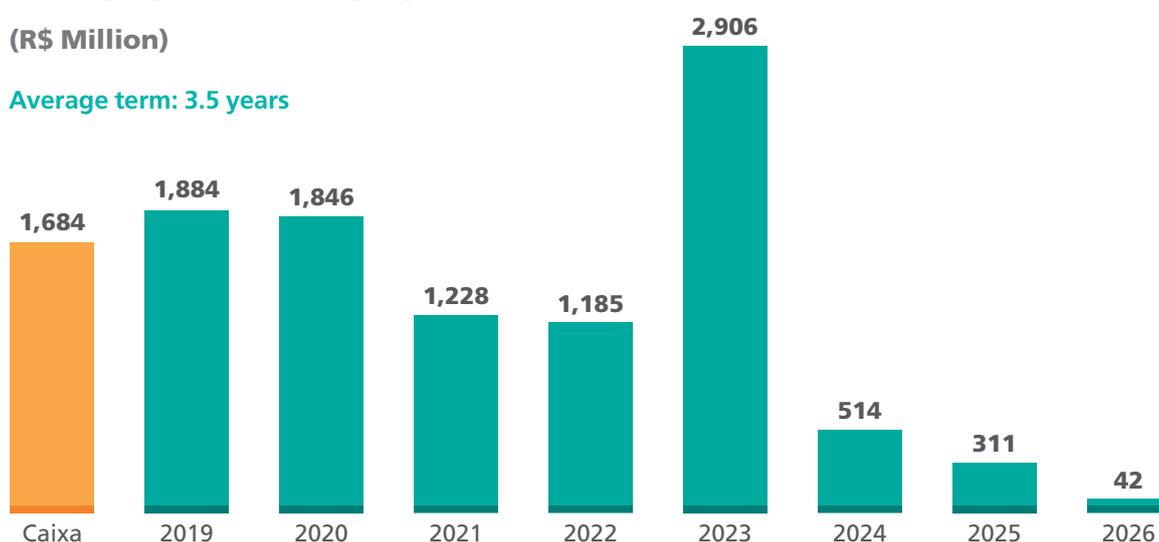
Net Debt to EBITDA was 3.63x at year-end 2018, less than the covenant limit of 3.75x. However, Light's bonds are subject to debt-incurrence covenants and the Company exceeded the Net Debt to EBITDA limit of 3.50x in the last quarter of the year. The Company is accordingly required to keep further debt within prescribed limits until those covenants have been satisfied.

The ratio of EBITDA to Interest at year-end was 3.17x, above the covenant minimum of 2,0x.

AMORTIZATION OF LOANS AND FINANCING AND DEBENTURES

(R\$ Million)

Average term: 3.5 years



Net income

- Consolidated net income was R\$ 166 million in 2018, up 33.5% from the previous year. The improvement is partially explained by higher financial revenue and equity in net income of associates.
- Consolidated adjusted EBITDA was R\$ 1,684 million in 2018, a decrease of 14.8% compared with the previous year. The reduction is explained by non-recurring effects in 2017, including: (i) an adjustment to concession indemnifiable assets (VNR) and (ii) an operational indemnity in our Trading subsidiary. To a lesser extent, the contraction of our total invoiced market and higher losses were a factor in the reduced EBITDA.
- Light reduced REN volumes to their lowest level in two years to enhance results from our Loss Reduction Program. Total REN in the year was 705 GWh *versus* 1,051 GWh in 2017.
- The change of strategy described above, combined with an agreement concluded in the last quarter with the State of Rio de Janeiro, resulted in a ratio of ADA to Gross Revenue of 2.7%, on a level with the previous year. The overall collection rate in 2018 was 98.5%, an improvement of 1.9 p.p. on 96.6% in 2017.
- Total grid losses (12 months) at December 2018 were 23.95%, an increase from 21.92% in 2017. The gap from the regulatory level (20.62%) stood at 3.33 p.p.
- EOD (12 months) was 7.78 hours in the year, an improvement of 14.9% compared with the previous year and 20.6% below the level agreed with ANEEL for year-end 2018 (9.80 hours). EOF (12 months) was 4.44x in 2018, 15.6% less than in 2017 and 26.1% below the level agreed with ANEEL for 2018 (6.01x).
- Net Debt to EBITDA was 3.63x at year-end 2018, less than the covenanted limit of 3.75x. Light's bonds are subject to debt-incurrence covenants and the covenanted limit of 3.50x was exceeded in 4Q18. The Company is accordingly required to keep further debt within prescribed limits until those covenants have been satisfied. Net debt at year-end 2018 was R\$ 8,017 million. EBITDA to Interest at year-end was 3.17x, above the covenanted threshold of 2.00x.
- Capital expenditure by Light S.A., excluding contributions to subsidiaries, was approximately R\$ 799 million in 2018 (>7.4% compared with 2017). Of total investment in 2018, approximately 85% was allocated to electrical assets (eligible for recognition in the Regulatory Asset Base).

Consolidated net income was R\$ 166 million in 2018, up 33.5% from the previous year.

SELECTED FINANCIALS (R\$ MM)

	2018	2017	Change %
Gross Operating Revenue	19,376	18,011	7.6%
Deductions	(8,066)	(7,303)	-10.4%
Net Operating Revenue	11,310	10,707	5.6%
Operating Expense	(10,171)	(9,250)	-9.9%
PMSO	(979)	(999)	1.9%
Personnel	(403)	(387)	-4.2%
Material	(41)	(71)	42.4%
Outsourced Services	(547)	(503)	-8.8%
Other	12	(38)	-
Purchased Electricity	(7,972)	(7,155)	-11.4%
Depreciation	(545)	(519)	-5.0%
Provisions	(674)	(577)	-16.7%
Adjusted EBITDA*	1,684	1,976	-14.8%
Financial Revenue/Expense	(651)	(876)	25.7%
Other Operating Income/Expense	(91)	(83)	-9.8%
Earnings Before Tax and Equity Income	397	498	-20.3%
Income and Social Contribution Tax	(82)	(137)	40.6%
Deferred Income and Social Contribution Tax	(64)	(37)	-72.8%
Equity Income	(85)	(199)	57.2%
Net Income	166	124	33.5%

NB: Excluding Construction Revenue/Costs.

* Adjusted EBITDA is calculated from income before social contribution and income tax, equity income, other operating income/expense, net financial expense, depreciations and amortization.

ADJUSTED EBITDA BY SEGMENT

Adjusted EBITDA by Segment (R\$ MM)	2018	2017	Change 2018/2017
Distribution	1,187	1,485	-20.1%
Generation	383	323	18.6%
Trading	127	166	-23.5%
Services	4	14	-68.4%
Other and Eliminations	(18)	(12)	-51.8%
Total	1,684	1,976	-14.8%
EBITDA margin (%)	14.9%	18.5%	-3.57 p.p.

LEARN MORE

For details on our results of operations for financial year 2018, see our Annual Report (which is published concurrently with our Financial Statements) and our quarterly Earnings Releases [here](#).

CONSOLIDATED RESULTS

Net Income/Loss by Segment (R\$ MM)	2018	2017	Change 2018/2017
Distribution	77	93	-17.3%
Generation	36	(73)	-
Trading	93	112	-16.8%
Services	(11)	25	-
Other and Eliminations	(29)	(33)	11.5%
Total	166	124	33.5%
Net Margin (%)	1.5%	1.2%	0.31 p.p.



ABOUT THIS REPORT

This report covers the period January 1 to December 31, 2018. *Light's Annual Report* is addressed to all of our stakeholders. In it we report on the management approach, initiatives undertaken and results achieved at Light S.A. and its wholly-owned subsidiaries, which in this report are referred to collectively as "Light". [GRI 102-50, GRI 102-51, GRI 102-52]

Light's annual reports are produced by a multi-disciplinary team, evaluated by our Governance & Sustainability Committee, and approved by our Board of Directors. [GRI 102-32]

The contents of this report have been prepared in accordance with best sustainability reporting practices, including:

- the Global Reporting Initiative (GRI) Standards: Comprehensive option, including all energy utilities sector disclosures applicable to the Company; [GRI 102-54]
- the International Integrated Reporting Framework;
- the ANEEL Social, Environmental and Economic Responsibility Reporting Requirements.

This report is integrated with two other annual filings: our [Reference Form](#), which is required and regulated by the Securities Commission, and the [Notes to the Financial Statements](#), which are required under Act 6404/1976 (the Brazilian "Corporations Act").

Our Financial Statements¹² conform to International Financial Reporting Standards (IFRS) and are audited by independent auditors Ernst & Young. Social and environmental disclosures in this report have not been audited. [GRI 102-56]

ENGAGEMENT & MATERIALITY

Since 2009 we have conducted a regular exercise of identifying topics that are material to us both from our own perspective and from the perspective of our stakeholders. The results from this exercise are compiled in a Materiality Matrix. The version of the Matrix presented in this report is unchanged since it was last revisited in 2016, as there have been no significant changes to our strategy or to other aspects covered by the materiality analysis. [GRI 102-46]

The disclosures contained in this report cover not only identified material topics, but also our management approach and performance across the Capitals. [GRI 103-1, GRI 103-2]

The table below correlates Light's material topics to the relevant GRI material topics and the stakeholders and businesses most affected. [GRI 102-44]

To learn more about the GRI disclosures related to each of these topics and where they are found in this report, view the [GRI Content Index](#). [GRI 102-55]

¹² The Financial Statements contain consolidated financial information for Light Group companies [GRI 102-45]

ABOUT THIS REPORT

MATERIAL TOPICS ADDRESSED IN THIS REPORT [GRI 102-44, GRI 102-46, GRI 102-47]

Material topics	Description	Relevant Capital	GRI Material Topics	Affected stakeholders	Affected Businesses
Losses and Delinquency	Loss reduction strategies, including projects in low-income communities.	Social and Relationship	<ul style="list-style-type: none"> • System efficiency • Local communities 	<ul style="list-style-type: none"> • Customers • Community • Regulator 	Light SESA
Regulations and Government Policy	Influence on and relationship with regulators and governments with which Light interacts.	Social and Relationship Financial	<ul style="list-style-type: none"> • Indirect economic impacts • Public policy 	<ul style="list-style-type: none"> • Customers • Community • Regulator • Government 	All
Relations with Customers and Society	Challenges in building closer relationships with customers and impacts on consumer behavior.	Social and Relationship	<ul style="list-style-type: none"> • Social and economic compliance • Supplier social assessment • Disaster and emergency planning and response • Marketing and labeling • Customer privacy • Access 	<ul style="list-style-type: none"> • Customers • Community • Suppliers • Regulator • Government 	Light SESA
Financial Health and the Capital Market	Business results, commitment to shareholders and lenders, and access to finance.	Financial	<ul style="list-style-type: none"> • Economic performance 	<ul style="list-style-type: none"> • Investors • Shareholders 	All
Quality of Service	Quality of power supply to end consumers.	Manufactured	<ul style="list-style-type: none"> • Availability and reliability • Access 	<ul style="list-style-type: none"> • Customers • Community • Regulator • Investor 	Light SESA
Operating Efficiency	Efficient operation and resource management.	Manufactured Social and Relationship Financial	<ul style="list-style-type: none"> • System efficiency • Availability and reliability • Economic performance • Indirect economic impacts 	<ul style="list-style-type: none"> • Customers • Community • Regulator • Investor 	All
Energy Efficiency	Demand-side management and other efficiency programs.	Social and Relationship	<ul style="list-style-type: none"> • Demand-side management • Energy 	<ul style="list-style-type: none"> • Customers • Community • Regulator • Academia 	Light SESA
Service Area Development	Investments in our concession area and in social and cultural development.	Social and Relationship	<ul style="list-style-type: none"> • Local communities • Indirect economic impacts 	<ul style="list-style-type: none"> • Customers • Community • Investor 	All
Environment and Climate Change	Environmental impacts and adapting to climate change.	Natural	<ul style="list-style-type: none"> • Economic performance • Emissions • Environmental compliance 	<ul style="list-style-type: none"> • Community • Regulator 	All
People management	People management, labor practices and decent work.	Human Intellectual	<ul style="list-style-type: none"> • Employment • Labor relations • Training and education • Diversity and equal opportunity 	<ul style="list-style-type: none"> • Internal stakeholders 	All

MATERIAL TOPICS ADDRESSED IN THIS REPORT [GRI 102-44, GRI 102-46, GRI 102-47]

Material topics	Description	Relevant Capital	GRI Material Topics	Affected stakeholders	Affected Businesses
Supplier Management	Supplier management in relation to social and environmental practices.	Social and Relationship	<ul style="list-style-type: none"> • Supplier environmental assessment • Supplier social assessment • Procurement practices 	Suppliers	All
Health & Safety	Health and safety of our workforce and communities.	Social and Relationship Human	<ul style="list-style-type: none"> • Occupational health and safety • Customer health and safety 	Internal stakeholders Customers	All
Ethics and Compliance	Integrity in management, commercial and operational practices.	Social and Relationship	Anti-bribery	All	All



To learn more about the GRI disclosures related to each of these topics and where they are found in this report, view the **GRI Content Index**. [GRI 102-55]

Any restatements of information contained in a previous report are documented and explained in the current report. In 2017, there were no significant restatements of previous information.

To learn more about a particular subject or to submit a question about the contents of this report, contact us at: [GRI 102-53]

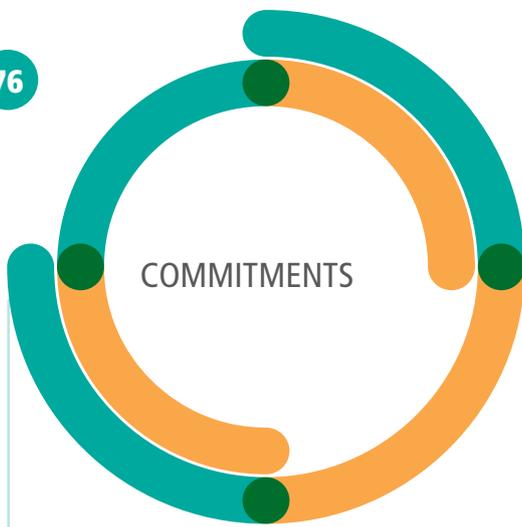
Email: relatorio@light.com.br

Address: Av. Marechal Floriano, 168, Centro, Rio de Janeiro/RJ, CEP: 20080-002.



TO LEARN MORE ABOUT...

- [Our stakeholder surveys and materiality matrix;](#)
- [Integrated Reporting;](#)
- [GRI \(English only\);](#)
- [Our Reference Form;](#)
- [Light's Financial Statements;](#)



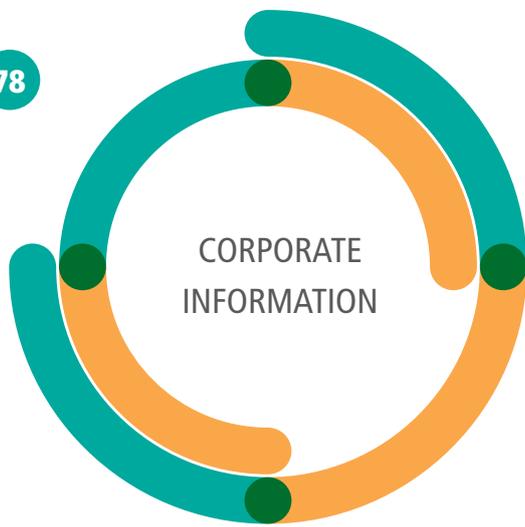
COMMITMENTS

Commitments completed in 2018

- Initiated commercial operation of the Lajes SHP;
- Completed the installation of a biomass grinder that will optimize macrophyte transportation, storage and composting. The environmental regulator's requirements precedent to issuing the operation license for the composting facility should be fully met in 2019;
- System predictability and maintenance improved with the installation of self-healing systems and protection equipment at a number of points in the distribution system, some of which have been equipped with communication equipment supporting remote monitoring of electrical variables;
- Initiated: implementation of maintenance management software (IBM MAXIMO); the use of drones for our overhead system and substation inspections; operation of a tree branch grinder to process tree trimming waste; and a pilot project using smart sensors in our distribution systems that will significantly shorten the time taken to troubleshoot power system faults and help recover from unscheduled outages;
- Increased the use of virtual and automated channels;
- Initiated a project in September 2018 to develop a humanized virtual service desk;
- Implemented improvements in the digital invoicing process, to be completed in 2019. The main enhancement was the incorporation of automatic opt-out in case of errors;
- Provided barcode-based debit card payment functionality on our self-service kiosks;
- Further improved collections from private and public wholesale customers;
- Expanded service channels for wholesale customers;
- Migrated to the latest edition of ISO 14001;
- Intensified responsible consumption initiatives in communities. A total of 162 lectures were delivered at residents' associations, schools and social services centers;
- Launched the web series "Four taps and a funeral", illustrating how electricity theft adversely affects communities and paying customers in a variety of ways;
- Implemented internal standards under which risk assessments are included in supplier screening and onboarding criteria.

Commitments for 2019

- Implement a new web and mobile solution to increase the share of virtual channels in customer interactions, as part of a broader digital transformation being undertaken at Light;
- Implement a strategy to integrate different communication channels and physical and virtual services into a single, seamless customer experience;
- Implement new models to improve and derive more meaningful data from predictive analysis methods, and build new approaches to clustering to identify similarities and predict customer behavior across key business processes;
- Meet regulatory requirements for new calls for proposals for energy efficiency projects, and prospect for projects to deploy emerging technology;
- Ensure calls for proposals are primarily for the benefit of charitable, social organizations;
- Enhance communications addressed to communities, schools and social services centers to raise awareness and provide important information about conscientious consumption;
- Enhance the benefits from social rates through our partnership with Social Services Centers (CRAS);
- Monitor and track our pipeline of ~60 R&D projects, with a total projected investment of R\$ 45 million;
- Set up new permanent and temporary exhibits at the Light Culture Center and resume the cultural program at the Lamartine Babo Theater;
- Send Integrity Questionnaires to key suppliers to measure the level of ethics risk inherent to each supplier;
- Meet regulatory requirements for the diversion to the Guandu River Basin;
- Upgrade the Vigário and Santa Cecília pumped storage facilities;
- Operate and maintain our assets in compliance with environmental regulations.



General coordination

HOLDINGS AND INVESTOR RELATIONS

Camilla Stohler Gonzaga
Fernanda Carvalho de Abreu e Crespo
Lilian Kaufman
Regiane Monteiro de Abreu
Roberta Duarte Benamor

Credits

WRITING

Massi Comunicação

REVISION

Agnes Rissardo

GRAPHIC DESIGN & LAYOUT

Multi Design

PHOTOS

Light and Adobe Stock

Light S.A.

Rua Marechal Floriano, 168 – Centro – Rio de Janeiro
www.light.com.br





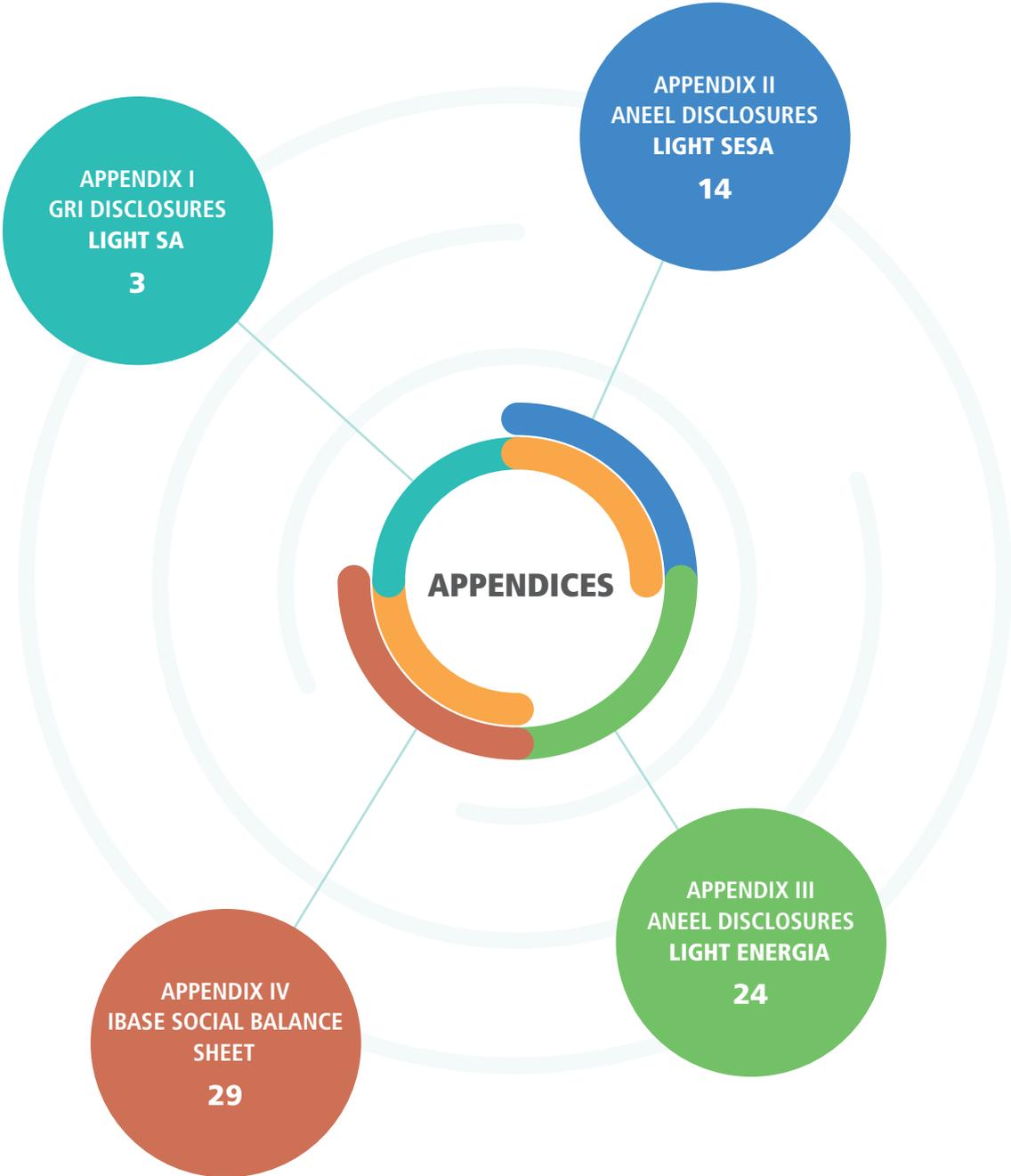
ANNUAL REPORT
2018

THE LIGHT WAY



APPENDICES





APPENDIX I

GRI Disclosures – Light S.A.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED [GRI 201-1]

STATEMENT OF ADDED VALUE (R\$ thousand)	Consolidated	
	2018	2017
Revenue	19,661,740	18,260,761
Sales of goods, products and services	19,375,666	18,010,600
Revenue relating to construction of company assets	720,874	647,996
Allowance (reversal of allowance) for doubtful accounts	(434,800)	(397,835)
Inputs purchased from third parties	(9,441,977)	(8,530,972)
Cost of goods sold and services rendered	(7,972,390)	(7,155,042)
Material, energy, outsourced services and other	(1,469,587)	(1,375,930)
Gross value added	10,219,763	9,729,789
Withholding	(544,943)	(519,319)
Depreciation and amortization	(544,943)	(519,319)
Net value added	9,674,820	9,210,470
Transferred value added	557,867	(99,103)
Equity in income of associates	(85,407)	(199,221)
Finance revenue	643,274	100,118
Added value to be distributed	10,232,687	9,111,367
Distribution of value added	10,232,687	9,111,367
Personnel	394,623	380,311
Direct compensation	283,341	268,731
Rewards and Benefits	80,678	69,952
FGTS	26,541	37,984
Other	4,063	3,644
Taxes	8,317,934	7,567,611
Federal	3,930,214	3,564,635
State	4,371,907	3,986,460
Municipal	15,813	16,516
Third-party capital remuneration	1,354,348	1,039,224
Interest	1,294,461	992,306
Rent	59,887	46,918
Interest on equity	165,782	124,221
Dividends	39,373	29,503
Retained earnings (accumulated losses)	126,409	94,718

DISTRIBUTION SYSTEM DATA [GRI EU4]

	2016	2017	2018
Installed capacity (MVA)	10,492	10,522	10,522
Transmission lines (Km)	2,033	2,026	2,039
Total distribution system length (km)	77,063	77,684	77,904
Substations	222	222	221
Distribution transformers (un.)	90,720	91,741	92,408

AVERAGE PLANT AVAILABILITY FACTOR (%) [GRI EU30]

	2016	2017	2018
Fontes Nova (FTN)	90.5	90.3	70.2
Nilo Peçanha (NLP)	92.3	93.0	89.6
Pereira Passos (PPS)	96.8	98.7	90.0
Ilha dos Pombos (ILH)	97.7	93.9	95.2
Santa Branca (SBR)	97.3	96.4	93.4

Source: IMS Performance Report

Note: Not including the Paracambi SHP, which is owned by LightGer, in which Light has a 51% interest.

NET ENERGY OUTPUT (GWh) [GRI EU2]

Plant	2016	2017	2018
Fontes Nova (Piraí - RJ)	690	662	500
Nilo Peçanha (Piraí - RJ)	2,104	2,403	2,556
Pereira Passos (Piraí - RJ)	292	336	349
Ilha dos Pombos (Carmo/Além Paraíba RJ/MG)	581	543	594
Santa Branca (Santa Branca/Jacareí SP)	53	175	196
Gross Output (including losses and internal consumption)	3,721	4,119	4,197
Net Output - Electric power delivered to the National Grid	3,102	3,403	3,499

Source: Net Output 2017

Note: Not including the Paracambi SHP, which is owned by LightGer, in which Light has a 51% interest.

CAPACITY AGAINST PROJECTED DEMAND BY ENERGY SOURCE [GRI EU10]

Energy Source	2016		2017		2018	
	GWh	%	GWh	%	GWh	%
Hydroelectric (Water Resources)	19,915	62.9	18,475	61.7	17,849	61.1
Thermal (Fossil fuels)	9,979	31.6	9,770	32.6	9,706	33.2
Angra (Eletronuclear)	870	2.8	868	2.9	868	3.0
Thermal (Alternative Source Auction)	125	0.4	120	0.4	33	0.1
Proinfa (Small Hydropower)	337	1.1	305	1.0	283	1.0
Proinfa (Wind)	162	0.5	138	0.5	147	0.5
Proinfa (Biomass)	68	0.2	55	0.2	65	0.2
Wind	158	0.5	200	0.7	256	0.9
Total	31,614	100	29,932	100	29,207	100

Note: Power is purchased to meet our projected demand through auctions without the option to choose the source of electricity. Power cannot be traded directly between Light Group generation and distribution/supply subsidiaries. Adjustment mechanisms are available that enable power supply and demand to be balanced by purchasing additional electricity or returning contracts.

TOTAL WATER WITHDRAWAL BY SOURCE FOR POWER GENERATION AND WATER SUPPLY TO THE METROPOLITAN AREA OF RIO DE JANEIRO (m³.10⁹/YEAR) [GRI 303-1]

	2016	2017	2018
Paraíba - Guandu Diversion (Annual Average)	100	101	111
Piraí - Guandu Diversion (Annual Average)	15	15	15
TOTAL WITHDRAWALS	115	116	126

Note: "Piraí - Guandu Diversion" refers to the average pumping rates at Santa Cecília; "Piraí - Guandu Diversion" refers to the average annual flow rates measured at the V-3-482 Rosário Tunnel Outlet and v-1-105 Fazenda Nova Esperança hydrological stations.

WATER SOURCES SIGNIFICANTLY AFFECTED BY WITHDRAWAL OF WATER (ANNUAL AVERAGE – m³/s) [GRI 303-2]

	2016	2017	2018
Total water withdrawal to the Guandu River - Riberão das Lajes (Lajes + Diversion)	112.6	111.2	134.1
Total water withdrawal to the Guandu River - CEDAE Intake	5.4	5.4	5.4
Total withdrawal/supply	117.0	116.6	139.5

Note: Total water withdrawal to the Guandu River - Riberão das Lajes is measured as the average annual discharge at Station V-3-489 – downstream of Pereira Passos. Total water withdrawal to the Guandu River – CEDAE Channel is measured as the average annual discharge at Station V-3-486 – CEDAE Channel.

WATER CONSUMPTION AT LIGHT FACILITIES [GRI 303-1]

	2016	2017	2018
Water consumption at Light facilities (average m ³ /day)	392	379	351

SCOPE 1 (OWN FLEET) ENERGY CONSUMPTION, BY PRIMARY SOURCE, IN MWh [GRI 302-1]

Fuel	2016	2017	2018
Diesel	5,254	5,200	5,651
Gasoline	5,359	5,513	5,253
Ethanol	44	56	53
Total	10,657	10,769	10,957

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION, BY PRIMARY SOURCE, IN MWh [GRI 302-2]

Fuel	2016	2017	2018
Diesel	5,805	3,628	6,761
Gasoline	7,613	3,142	8,729
Ethanol	21	30	183
Total	13,439	6,799	15,673

ENVIRONMENTAL INVESTMENT (R\$ THOUSANDS) [GRI 103-2]

Nature of Investment / division	2016			2017			2018		
	SESA	ENERGIA	Total	SESA	ENERGIA	Total	SESA	ENERGIA	Total
Environmental maintenance and safety	2,017	1,596	3,613	2,727	587	3,314	2,119	1,096	3,215
Environmental education and programs	14,489	21	14,510	10,567	116	10,683	1,200	169	1,369
Environmental licensing and compliance	529	192	721	884	0	884	725	337	1,062
Environmental management system implementation and maintenance	79	986	1,065	98	715	813	117	376	493
Reforestation / slope stabilization	3,905	6,366	10,271	573	11,845	12,418	99	2,768	2,866
Aquatic plant retrieval	NA	1,563	1,563	NA	1,951	1,951	NA	1,642	1,642
Research and development	377	1,308	1,685	0	172	172	717	1,131	1,847
Total	21,396	12,032	33,428	14,849	15,386	30,235	4,977	7,519	12,496

NB: In this report, tree trimming costs are not classified as environmental investments, but as operation and maintenance expense.

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD [GRI 306-2]

	Method of Disposal	2016	2017	2018
Paper and corrugated cardboard (metric tons)	Recycling /sale	5.2	30.68	27.06
Plastic (metric tons)	Recycling /sale	8,885.7	1,170.4	395.50
Glass (metric tons)	Recycling /sale	0.16	0.005	0.17
Metal (metric tons)	Recycling /sale	241.8	0.913	128.79
Incandescent lamps (metric tons)	Cleaning/recycling	0.3	6	4
Washable towels (metric tons)	Decontamination/reutilization	3.2	1.63	3.31

Note 1: Waste materials listed in the table are from the company's waste segregation center. Incandescent lamps, specifically, include waste derived from the community energy efficiency program.

Note 2: All waste is disposed of via recycling or resale, with the exception of washable towels, which are decontaminated and reutilized.

WEIGHT OF WASTE DEEMED HAZARDOUS UNDER THE BASEL CONVENTION – ANNEX I, II, III, AND VIII [GRI 306-4]

	Method of Disposal	2016	2017	2018
PPE	Co-processing	1,500	2,670	5,080
Oily waste	Co-processing/incineration	74,706	41,991	253,771
Fluorescent lamps	Cleaning/recycling	6,080	4,248	2.94
Stationary batteries	Recycling /sale	---	19,860	151,040
Batteries	Cleaning/recycling	1,057	6,930	3,589

Note 1: The waste materials reported in this table are documented in waste manifests that are managed through our Environmental an Integrated Management System.

Note 2: Stationary battery waste was generated in 2016, but could not be disposed of due to budgetary restrictions.

Note 3: The increase in oily waste in 2018 is from the removal and/or replacement of mineral oil-insulated switches under Light's Underground Distribution System Upgrade and Modernization Plan.

TOTAL DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG EMISSIONS BY WEIGHT, IN METRIC TONS OF CO₂eq [GRI 305-1, GRI 305-2]

Operating unit	2016	2017	2018
Light Energia (direct)	5,504	4,449	10,769
Light Energia (indirect)	3,528	4,058	3,873
Light SESA & Esco (direct)	33,223	35,970	27,836
Light SESA & Esco (indirect)	227,171	221,047	169,128
Total Light (direct)	38,727	40,419	38,605
Total Light (indirect)	230,669	225,105	173,001

NB: In 2018 some parameters in the calculation method for emissions related to solid waste were modified, resulting in a significant increase in Light Energia's direct emissions. The year 2018 has been set as the baseline for comparison.

TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION [GRI 102-8]

Employment Contract	2016				2017				2018			
	Greater Rio	Rest of State	SP	Total	Greater Rio	Rest of State	SP	Total	Greater Rio	Rest of State	SP	Total
Definite employment agreement	3	7	0	10	34	13		47	47	11	0	58
Indefinite employment agreement	3,531	537	7	4,075	3,466	545	6	4,017	4,008	637	9	4,654
Total	3,534	544	7	4,085	3,500	558	6	4,064	4,055	648	9	4,712

NB: All employees are full time.

TOTAL DIRECT WORKFORCE, BY GENDER AND REGION [GRI 102-8]

Region	2016			2017			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Greater Rio	949	2,585	3,534	939	2,561	3,500	1,001	3,054	4,055
Rest of State	58	486	544	60	498	558	56	592	648
São Paulo	1	6	7	1	5	6	0	9	9
Total	1,008	3,077	4,085	1,000	3,064	4,064	1,057	3,655	4,712

WORKFORCE BY GEOGRAPHY AND ACTIVITY – LIGHT SA [GRI 102-8]

Type of Position	2016				2017				2018			
	Greater Rio	Rest of State	São Paulo	Total	Greater Rio	Rest of State	São Paulo	Total	Greater Rio	Rest of State	São Paulo	Total
Senior Management	657	48	0	705	668	53		721	727	41	0	768
Middle Management	206	10	0	216	192	11		203	202	12	0	214
Operational	1,171	286	0	1,457	1,150	286		1,436	1,591	379	0	1,970
Professional	682	27	3	712	650	25	2	677	667	25	3	695
Technician	818	173	4	995	840	183	4	1,027	868	191	6	1,065
Total	3,534	544	7	4,085	3,500	558	6	4,064	4,055	648	9	4,712

NUMBER OF TERMINATIONS BY GENDER, AGE AND REGION [GRI 401-1]

		2016				2017				2018			
		Age Group				Age Group				Age Group			
Region	Gender	<30	>50	30-50	Grand Total	<30	>50	30-50	Grand Total	<30	>50	30-50	Grand Total
Greater Rio	W	23	31	75	129	32	38	91	161	29	7	56	92
	M	64	172	138	374	56	117	173	346	54	29	107	190
Greater Rio Total		87	203	213	503	88	155	264	507	83	36	163	282
Rest of State	W	5	0	2	7	3	2	1	6	8	0	0	8
	M	7	31	15	53	3	24	15	42	7	7	10	24
Rest of State Total		12	31	17	60	6	26	16	48	15	7	10	32
São Paulo	W	0	0	2	2	1	0	0	1	0	0	0	0
	M	0	2	2	4	0	0	0	0	0	0	0	0
São Paulo Total		0	2	4	6	1	0	0	1	0	0	0	0
Grand Total		99	236	234	569	95	181	280	556	98	43	173	314

EMPLOYEE TURNOVER BY GENDER, AGE AND REGION [GRI 401-1]

		2016				2017				2018			
		Age Group				Age Group				Age Group			
Region	Gender	<30	>50	30-50	Grand Total	<30	>50	30-50	Grand Total	<30	>50	30-50	Grand Total
Greater Rio	W	10%	31%	12%	14%	13%	49%	15%	17%	10%	8%	9%	9%
	M	11%	43%	9%	14%	9%	37%	11%	13%	8%	8%	5%	6%
Greater Rio Total		10%	41%	10%	14%	10%	39%	12%	14%	8%	8%	6%	7%
Rest of State	W	28%	0%	5%	12%	14%	100%	3%	10%	50%	0%	0%	14%
	M	7%	32%	5%	11%	3%	25%	5%	8%	5%	7%	3%	4%
Rest of State Total		10%	31%	5%	11%	4%	27%	5%	9%	9%	7%	3%	5%
São Paulo	W	0%	0%	0%	200%	100%	0%	0%	100%	0%	0%	0%	0%
	M	0%	0%	40%	67%	0%	0%	0%	0%	0%	0%	0%	0%
São Paulo Total		0%	0%	80%	86%	100%	0%	0%	17%	0%	0%	0%	0%
Grand Total		10%	40%	9%	14%	9%	37%	11%	14%	9%	7%	6%	7%

* FORMULA = Number of terminations in the year / Workforce in previous period (use the number of employees in tens, separated by region and gender, to calculate the percentage).

RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE, BY GENDER [GRI 401-3]

2018	Employees that were entitled to parental leave (unit) *	Employees that took parental leave (unit)	Employees that returned to work after parental leave ended that were		Return to work rate (%)	Retention rate of employees that took parental leave (%)
			Employees that returned to work after parental leave ended (unit)	Employees that still employed 12 months after their return to work (unit)		
Women	1,057	30	30	30	100%	100%
Men	3,655	137	137	135	100%	99%
Total	4,712	167	167	165	-	-

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN (%) BY EMPLOYEE CATEGORY [GRI 405-2]

Category	Average Salary Men / Women		
	2016	2017	2018
Senior Management	111	104	108
Middle Management	116	110	120
Operational	117	115	112
Professional	122	123	122
Technician	108	108	107

ENTRY-LEVEL SALARY AT SIGNIFICANT LOCATIONS OF OPERATION, IN R\$ [GRI 202-1]

Location	2018	
	No. of Employees	Entry-Level Salary (R\$)
Av. Mal Floriano, 168	1,594	1,202.93
R. Frei Caneca, 363	826	1,243.23
Estr. do Tindiba	223	1,243.23
Cascadura	422	1,160.18
Barra do Pirai	149	1,202.93
Nova Iguaçu	338	1,243.23

TOTAL THIRD-PARTY WORKFORCE BY EMPLOYMENT CATEGORY, EMPLOYMENT CONTRACT, GENDER AND REGION [GRI 102-8]

Region	2016			2017			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Greater Rio	741	6,356	7,097	489	6,833	7,322	440	7,076	7,516
Rest of State	28	355	383	18	391	409	17	328	345
São Paulo	0	0	0	0	0	0	0	0	0
Total	769	6,711	7,480	507	7,224	7,731	457	7,404	7,861

Note: Full-time with indefinite employment agreements.

NUMBER OF OUTSOURCED WORKERS BY ACTIVITY AND GEOGRAPHY [GRI 102-8]

Region	2016			2017			2018		
	Greater Rio	Rest of State	Total	Greater Rio	Rest of State	Total	Greater Rio	Rest of State	Total
Maintenance, cleaning, security and upkeep	349	23	372	405	15	420	498	21	519
Other administrative activities (core activities)	4,631	360	4,991	4,832	393	5,225	4,859	324	5,183
Other administrative activities (supporting activities)	2,117	0	2,117	2,086	0	2,086	2,159	0	2,159
Sales and marketing	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Total	7,097	383	7,480	7,323	408	7,731	7,516	345	7,861

Note 1: Contractor and subcontractor employees involved in construction, operation and maintenance activities are dedicated to these activities during the entire year and work during the working hours established in their employment contracts. [GRI EU17]

Note 2: Security-related activities are entirely outsourced. Light requires a complete training program, including training on the principles of human rights as set out in our Code of Ethics. [GRI 410-1]

TYPICAL LOST-DAY INJURIES OVER THE PAST THREE YEARS - THIRD-PARTY EMPLOYEES [GRI 403-2]

Third-Party Employees	2016					2017					2018				
	Fatal		Non-fatal			Fatal		Non-fatal			Fatal		Non-fatal		
	Women	Men	Women	Men	Total	Women	Men	Women	Men	Total	Women	Men	Women	Men	Total
Incidents	0	1	3	39	43	0	2	0	33	35	0	0	0	28	28

OVERALL ABSENTEEISM RATE (DIRECT EMPLOYEES) BY REGION [GRI 403-2]

Region	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
Greater Rio	2.08	2.12	2.25	1.75	2.00	1.60
Rest of State	0.69	0.91	2.74	1.12	2.23	0.66

TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE CONCERNING HEALTH AND SAFETY IMPACTS AND RESULTING LEGAL PROCEEDINGS [GRI 416-2, GRI EU25]

	2016	2017	2018
Total number of nonfatal injuries involving consumers	26	20	17
Total number of fatal injuries involving consumers	13	8	7
Lawsuits resulting from injuries involving consumers – General Litigation Database	438	397	379

INCIDENTS REPORTED OVER THE PAST THREE YEARS, BY REGION - LIGHT GROUP EMPLOYEES [GRI 403-2]

	2016				2017				2018			
	Greater Rio		Rest of State		Greater Rio		Rest of State		Greater Rio		Rest of State	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Total workforce	945	2,595	59	486	932	2,584	59	489	1,001	3,064	56	591
Number of Injuries – Typical	6	24	0	4	1	12	0	0	2	21	0	3
Lost days	47	410	0	364	4	490	0	0	19	357	0	71
Days deducted	0	0	0	0	0	6,000	0	0	0	0	0	0
Fatalities – Typical	0	0	0	0	0	1	0	0	0	0	0	0
Number of injuries – Commuting	19	22	0	0	15	21	0	0	18	31	0	4
Fatalities - Commuting	0	0	0	0	0	0	0	0	0	0	0	1

PERCENTAGE OF EMPLOYEES ELIGIBLE TO RETIRE, BY JOB CATEGORY, TIME REMAINING AND REGION. 2018 [GRI EU15]

Region	Senior Management					Middle Management					Operational					Professional					Technician				
																					Time remaining (years)				
	< 5	5 to 10	> 10	Retired	Grand Total	< 5	5 to 10	> 10	Retired	Grand Total	< 5	5 to 10	> 10	Retired	Grand Total	< 5	5 to 10	> 10	Retired	Grand Total	< 5	5 to 10	> 10	Retired	Grand Total
Greater Rio (%)	1	1	2	1	4	1	1	2	0	3	1	1	2	0	4	2	1	4	1	7	2	2	7	1	12
Rest of State (%)	1	0	3	0	4	1	0	1	0	2	2	3	4	1	11	1	0	2	0	3	3	3	9	2	17
São Paulo (%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	0	11	0	0	11	0	11

*Formula = Number of retirable employees by region and time remaining / Total by region

COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES
BY CATEGORY, GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP AND OTHER INDICATORS OF DIVERSITY – 2018 [GRI 405-1]

Race	Senior Management						Middle Management						
	Women			Men			Women			Men			
	<30	30 - 50	> 50	<30	30 - 50	> 50	<30	30 - 50	> 50	<30	30 - 50	> 50	
Asian	5	5	0		3				1			3	
White	64	130	26	53	65	23	1	31	3	1	89	26	
Indigenous	0	1	0			1		1			1		
Mixed race	67	82	11	35	33	20		3		2	24	7	
Black	25	40	5	14	20	3		2			4	2	
Not identified	1	5	5		2	24		3		1	5	4	
Total	162	263	47	102	123	71	1	41	3	4	126	39	

Race	Operational			Professional			Technician											
	Women		Men	Women		Men	Women		Men									
	<30	30 - 50	> 50	<30	30 - 50	> 50	<30	30 - 50	> 50									
Asian	1	15	15		5		2	1		4	9							
White	12	35	2	141	314	49	29	150	20	39	174	52	15	24	1	83	285	66
Indigenous			2	6	1				3			1				3	1	
Mixed race	28	29	1	205	578	57	16	56	8	8	57	8	7	20		74	271	31
Black	12	17	2	118	215	17	2	18	2	3	13	3	6	8		24	82	11
Not identified			1	16	20	60	2	4	3	3	6	9	1	1		3	21	12
Total	52	82	6	497	1,148	185	49	233	33	53	255	72	30	54	1	188	671	121

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND AUDIT COMMITTEE (%) [GRI 102-35]

2018	Board of Directors	Statutory Board	Audit Board	Total
ANNUAL FIXED COMPENSATION	100.0	47.8	100.0	67.4
Salaries or management fees	83.3	31.5	83.3	51.0
Direct and indirect benefits	0.0	2.8	0.0	1.8
Participation in committees	0.0	0.0	0.0	0.0
Other charges	16.7	13.5	16.7	14.6
VARIABLE COMPENSATION IN THE YEAR	0.0	33.3	0.0	20.8
Bonuses	0.0	26.0	0.0	16.2
Profit sharing	0.0	0.0	0.0	0.0
Participation in meetings	0.0	0.0	0.0	0.0
Commission	0.0	0.0	0.0	0.0
Other charges	0.0	7.3	0.0	4.6
POST-EMPLOYMENT	0.0	2.4	0.0	1.5
TERMINATION OF POSITION	0.0	16.5	0.0	10.3
SHARE-BASED (INCLUDING OPTIONS)	0.0	0.0	0.0	0.0
TOTAL COMPENSATION	100.0	100.0	100.0	100.0

REMUNERATION PAID BY THE COMPANY TO THE BOARD OF DIRECTORS, AUDIT COMMITTEE AND EXECUTIVE BOARD [GRI 102-35]

2018	Board of Directors	Statutory Board	Audit Board	Total
NUMBER OF MEMBERS	20.89	9.00	6.89	35.78
NUMBER OF MEMBERS RECEIVING COMPENSATION	16.78	9.00	6.89	31.67
ANNUAL FIXED COMPENSATION (IN R\$)	2,747,040.11	13,222,850.31	1,189,364.71	17,159,255.13
Salaries or management fees	2,289,346.63	8,629,496.10	991,313.12	11,910,155.85
Direct and indirect benefits	0.00	951,074.36	0.00	951,074.36
Participation in committees	0.00	0.00	0.00	0.00
Other charges	457,693.48	3,642,279.85	198,051.59	4,298,024.92
VARIABLE COMPENSATION IN THE YEAR (R\$ THOUSAND)	0.00	9,049,951.80	0.00	9,049,951.80
Bonuses	0.00	7,070,274.28	0.00	7,070,274.28
Profit sharing	0.00	0.00	0.00	0.00
Participation in meetings	0.00	0.00	0.00	0.00
Commission	0.00	0.00	0.00	0.00
Other charges	0.00	1,979,677.52	0.00	1,979,677.52
POST-EMPLOYMENT	0.00	628,749.72	0.00	628,749.72
TERMINATION OF POSITION	0.00	4,378,645.56	0.00	4,378,645.56
SHARE-BASED	0.00	0.00	0.00	0.00
TOTAL COMPENSATION BY BOARD (R\$ THOUSAND)	2,747,040.11	27,280,197.39	1,189,364.71	31,216,602.21

Note: The number of members on the board is equivalent to the average number of members on the board in each month as recommended by CVM.

PROPORTION OF SPENDING ON LOCAL SUPPLIERS BY STATE AND BY TYPE [GRI 204-1]

State	2016		2017		2018	
	Qty.	% of spending	Qty.	% of spending	Qty.	% of spending
Rio de Janeiro	968	52	830	44	694	50
São Paulo	475	22	440	33	381	27
Paraná	39	7	35	9	29	8
Minas Gerais	84	5	81	6	79	7
Santa Catarina	25	2	26	2	30	2
Other	99	12	90	6	93	6
Total Material	645	21	589	34	565	29
Total Services	1,045	79	913	66	741	71
Grand Total	1,690	100	1,502	100	1,306	100

NUMBER OF RESIDENTIAL DISCONNECTIONS FOR NON-PAYMENT [GRI EU27]

	2016	2017	2018
Disconnections for Nonpayment in the Residential Segment	745,840	765,791	877,985

FINES AND PENALTIES RELATED TO SERVICES PROVIDED, IN R\$ THOUSAND [GRI 419-1]

	2016	2017	2018
Financial Compensation (DIC/FIC/DMIC/DICRI)	42,975	26,980	29,374
Regulatory fines	4,837	5,777	0
Credit for failure to meet commercial service terms	494	504	1,804
Total	48,306	33,188	31,178

CONTINGENCIES & PROVISIONS [GRI 419-1]

	Portfolio	Contingency	Provision
Subject matter	(Qty)	(R\$ million)	(R\$ million)
Small Claims Court	21,589	29	29
Civil	55,711	1,135	211
Labor claims	2,520	555	144
Tax	1,069	6,132	83
Other	0	0	0
Total	80,889	7,851	467

Note: Six (06) Public Civil Actions were brought in 2018, as detailed in section 4.3 of our Reference Form.

APPENDIX II

ANEEL Disclosures - Light SESA

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED [GRI 201-1]

	CONSOLIDATED	
STATEMENTS OF ADDED VALUE (R\$ thousand)	2018	2017
Revenue	17,753,754	16,410,526
Sales of goods and services	17,527,442	16,212,030
Revenue relating to construction of company assets	661,036	607,191
Allowance (reversal of allowance) for doubtful accounts	(434,724)	(408,695)
Inputs purchased from third parties	(8,236,266)	(7,500,343)
Cost of goods sold and services rendered	(6,924,108)	(6,230,782)
Material, energy, outsourced services and other	(1,312,158)	(1,269,561)
Gross value added	9,517,488	8,910,183
Withholding	(486,769)	(458,775)
Depreciation and amortization	(486,769)	(458,775)
Net value added	9,030,719	8,451,408
Transferred value added	488,194	79,530
Finance revenue	488,194	79,530
Added value to be distributed	9,518,913	8,530,938
Distribution of value added	9,518,913	8,530,938
Personnel	356,716	344,267
Direct compensation	252,634	239,787
Rewards and Benefits	76,410	66,728
FGTS	24,610	34,469
Other	3,062	3,283
Taxes	7,993,146	7,156,213
Federal	3,626,492	3,255,674
State	4,352,302	3,883,923
Municipal	14,352	16,616
Third-party capital remuneration	1,092,342	937,403
Interest	1,035,117	879,417
Rent	57,225	57,986
Interest on equity	76,709	93,055
Dividend and interest on equity	18,219	22,101
Retained earnings (accumulated losses)	58,490	70,954

Purchased Electricity

Purchased Electricity	2016	2017	2018
Purchased electricity (GWh) - Total	31,614	29,932	29,207
1) Itaipu	5,115	5,090	4,648
2) Initial contracts	0	0	0
3) Bilateral contracts	6,368	6,351	6,351
3.1) Third parties	6,368	6,351	6,351
3.2) Related parties	0	0	0
4) Auction	0	0	0
5) PROINFA	534	498	495
6) CCEAR agreements (Hydro + thermal)	8,336	7,917	8,354
7) Surplus and Shortfall Settlement Chamber (MCSD)	1,683	1,486	1,846
8) Angra (Eletronuclear)	870	868	868
9) Quotas	8,550	7,523	6,645
10) Wind	158	200	256

Note: Light sold 2,070 GWh on the spot market, for a total energy requirement of 29,544 GWh.

Market

Total electricity distributed (GWh)	2016	2017	2018
Classes / Total	28,624	28,389	28,027
Residential	8,850	9,239	8,600
Industrial	4,901	4,880	5,184
Commercial	8,271	8,070	7,753
Rural	67	63	63
Government	1,488	1,336	1,393
Public Lighting	746	689	802
Public Utility	1,411	1,455	1,446
Internal Use	116	117	120
Concession operators	2,773	2,539	2,666
Captive electricity sold (GWh)	20,660	19,673	18,455
Residential	8,850	9,239	8,600
Industrial	1,060	779	697
Commercial	7,149	6,259	5,598
Rural	67	63	63
Government	1,488	1,336	1,393
Public Lighting	746	689	802
Public Utility	1,185	1,191	1,183
Internal Use	116	117	120
Free electricity sold (GWh)	5,191	6,177	6,906
Industrial	3,841	4,101	4,487
Commercial	1,122	1,811	2,156
Public Utility	226	261	264

Market

Electricity sold to utilities (GWh)	2016	2017	2018
Concession operators	2,773	2,539	2,666
% share of segments in total electricity distributed	2016	2017	2018
Residential	29.4%	30.7%	29.0%
Low-Income Residential	1.5%	1.9%	1.7%
Industrial	17.1%	17.2%	18.5%
Commercial	28.9%	28.4%	27.7%
Rural	0.2%	0.2%	0.2%
Government	5.2%	4.7%	5.0%
Public Lighting	2.6%	2.4%	2.9%
Public Utility	4.9%	5.1%	5.2%
Internal Use	0.4%	0.4%	0.4%
Utilities	9.7%	8.9%	9.5%
Number of accounts billed (*) at December each year – captive customers [GRI EU3]	2016	2017	2018
Classes / Total	4,419,720	4,559,721	4,457,615
Residential	4,058,527	4,196,110	4,092,836
Industrial	6,999	10,365	10,109
Commercial	326,567	325,589	327,095
Rural	12,160	12,296	12,387
Government	12,361	12,367	12,222
Public Lighting	659	721	765
Public Utility	1,987	1,813	1,746
Internal Use	460	460	455
(*) Including accounts with and without consumption			
Number of free consumers (*) [GRI EU3]	2016	2017	2018
Classes / Total	337	613	752
Industrial	61	104	130
Commercial	272	491	616
Public Utility	4	6	6
(*) number of installations per customer			
Number of utilities	2016	2017	2018
Concession operators	3	3	3
General Data	2016	2017	2018
Electricity sales per installed capacity (GWh/MVA*No. hours/year)	2.73	2.70	2.66
Electricity sold per employee (MWh)	7,431	7,380	6,285
Number of consumers per employee	1,147	1,185	1,000
Added value / GWh sold	287,571	300,502	339,634

Consumers

Excellence in service	2016	2017	2018
Call Center			
Calls Received (unit)	3,715,774	3,596,971	3,944,543
Average number of agents (unit)	58	63	77
INS Level of Service Rate (%)	88.94	90.54	87.30
IAb - Abandonment Rate (%)	1.19	0.49	0.57
ICO - Busy Call Rate (%)	0.41	0.21	0.16
TMA - Average Interaction Time (s)	277	292	286
Compensation for Electrical Damages			
Volume of Applications (unit)	8,016	7,360	8,030
Confirmed (unit)	2,377	1,832	304
Complaints Indicators (*)			
Confirmed Complaints (unit)	82,171	82,512	147,741
Equivalent Complaints Duration (ECD) (hours) (**)	174.98	134.70	212.45
Equivalent Complaint Frequency per One Thousand Consumer Units (ECF) (unit) (**)	21.05	21.05	38.22
Violation of commercial service time limits (Pursuant to the relevant regulation – REN 414/2010)			
Service interactions (unit)	967,894	940,492	1,159,835
Service interactions timely completed (unit)	14,083	32,817	43,153
Service Efficiency (%)	98.5	96.5	96.5
Number of customer complaints escalated			
to ANEEL – state / regional agencies	7,032	35,797	22,943
to the Company (excluding complaints relating to Outages, Electrical Damage and Supply Voltage)	245,885	263,367	440,840
to the courts	42,256	83,391	103,838
to PROCON	3,941	1,095	1,081

(*) Excluding complaints relating to Power Outages, Voltage Fluctuation and Electrical Damage, which under REN 414/2010 are not to be computed in ECD and ECF indicators as they are subject to rules and time frames under specific regulations

(**) Established in Regulatory Resolution 414/2010

Internal Stakeholders

General Information	2016	2017	2018
Total number of employees	3,852	3,847	4,459
Turnover rate (%)	10.7	13.5	14.3
Average overtime per employee/year (hours)	107.7	164.8	164.9
Employees aged 30 or under (%)	27.7	28.8	28.2
Employees aged 31 to 40 (%)	38.0	39.5	39.3
Employees aged 41 to 50 (%)	20.5	20.2	20.8
Employees over 50 (%)	13.7	11.4	11.7
Percentage of female employees (%)	25.1	25.0	22.9
Women in managerial positions - out of total managerial positions (%)	24.5	23.1	21.5
Black female employees (black and mixed race) - out of total employees (%)	9.8	10.6	10.3
Black male employees (black and mixed race) - out of total employees (%)	38.2	39.0	41.9
Black employees (black and mixed race) in managerial positions out of total managerial positions (%)	21.9	20.3	20.4
Percentage of interns out of total employees (%)	1.1	1.7	1.1
Apprentice program employees (%)	2.4	2.9	1.2
Employees with special needs	178	190	193
Compensation (R\$ thousand)			
Gross payroll	338,355	350,139	364,930
Compulsory social charges	66,939	68,590	88,343
Total Benefits (R\$ thousand)			
Education	812	899	870
Food and Restaurants	29,604	32,782	35,043
Transportation	3,830	4,774	5,721

Internal Stakeholders

General Information	2016	2017	2018
Health	17,438	18,846	25,033
Foundation	8,211	7,210	7,367
Occupational Health and Safety	646	646	551
Culture	0	0	0
Training and professional development	2,750	2,351	764
Day care and day care allowance	1,284	1,206	1,371
Other	2,135	2,442	2,029
Profit sharing			
Total investment in profit-sharing program (R\$ thousand)	23,739	37,446	31,636
Amounts distributed in relation to gross payroll (%)	7.0	10.7	8.7
Highest compensation divided by the lowest compensation in cash paid by the Company (including profit shares and bonuses)	44.9	66.5	48
Highest compensation divided by the minimum salary in force (including profit shares and bonuses)	1.4	1.4	1.31
Compensation profile by category - average salary (R\$)			
Managerial positions (managing directors, managers and coordinators)	13,301	14,350	14,651
Administrative positions	3,556	3,236	3,214
Production positions	2,772	2,843	2,690
Retirement provision			
Number of beneficiaries of supplementary pension plans	3,725	3,633	4,217
Number of beneficiaries of pre-retirement plans	0	0	0
Professional Development			
Education Levels (percentage of total employees)			
Illiterate employees (%)	0	0	0.0%
Primary education (%)	4.39	3.64	4.2%
Secondary education (%)	67.76	69.38	71.5%
Undergraduate (%)	23.05	22.28	20.0%
Graduate (specialization, master's, doctorate) (%)	4.31	4.21	3.9%
Amount invested in professional development and education (% of NOR)	0.04	0.02	0.01
Number of hours of professional development per employee/year (MH), by employee category			
Senior Management	14.3	19.8	13.6
Middle management	19.9	48.7	35.0
Operational	34.0	55.6	60.6
Professional	23.0	25.7	21.9
Technical	32.6	51.4	40.8
General	24.8	40.2	34.4
Labor Claims (direct employees)			
Provision for liabilities in the period (R\$ thousand)	68,904	53,915	56,807
Number of labor claims brought against the company in the period (*)	99	183	64
Number of labor claims accepted in the period (**)	113	133	130
Number of labor claims rejected in the period (**)	27	24	38
Value of damages and fines paid under court awards in the period (R\$ thousand)	5,659	9,105	7,527

(*) New labor claims brought in the period by direct employees.

(**) Active claims at period-end from direct employees.

Health & Safety

	2016	2017	2018
Total frequency rate for the period - employees	4.69	1.52	2.58
Total severity rate for the period - employees	113	757	41
Total frequency rate for the period - contractors	2.44	2.00	1.59
Total severity rate for the period - contractors	503	525	118
Total frequency rate for the period - workforce (employees + contractors)	3.15	1.82	1.96
Total severity rate for the period - workforce (employees + contractors)	379	611	90
Fatalities – employees	0	1	0
Fatalities – contractors	1	1	0

Suppliers

	2016	2017	2018
Number of outsourced employees	6,832	7,204	7,418

Community

	2016	2017	2018
Low-income rate [GRI 201-4]			
Number of low-income households served	229,005	213,514	233,059
Total low-income households out of total households served (residential customers/consumers) (%)	7	6	7
Revenue from sales to low-income residential subsector (R\$ thousand)	258,022	338,123	386,849
Total revenue from sales to low-income residential subsector out of total residential revenue (%)	3.8	4.9	4.9
Subsidy received (Eletrobrás) for low-income consumers (R\$ thousand)	69,113	84,382	74,236
Company involvement in cultural, sports and other projects (Rouanet Act)			
Funds allocated to cultural or sports projects etc. (Rouanet Act) (R\$ thousand) - across all divisions	0	0	0
Funds allocated to the largest cultural or sports project (Rouanet Act) (R\$ thousand) - across all divisions	0	0	0
Company involvement in social initiatives (Sponsorship – all divisions)			
Funds allocated to education (R\$ thousand)	0	82	0
Funds allocated to health care and sanitation (R\$ thousand)	0	0	0
Funds allocated to culture (R\$ thousand)	1,290	240	822
Funds allocated to sports (R\$ thousand)	1,500	270	138
Other funds allocated to social initiatives (R\$ thousand)	272	233	314
Employees carrying out voluntary work in the community outside the Company/total employees (%)	ND	ND	ND
Number of hours donated per month (employees released from normal working hours) by the Company for employee volunteer work	0	0	0

Environment

	2016	2017	2018
Shielded and insulated lines (ecological grid or green lines) in urban areas (km)	51,903	52,171	53,614
Percentage of shielded and insulated lines out of total distribution lines in urban areas (%)	83	82	85
Annual volume of greenhouse gas (CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆) emissions (in metric tons of CO ₂ equivalent) – Scopes 1 and 2	234,494	228,774	176,197
Annual volume of ozone-depleting emissions			Negligible
Annual quantity (in tons) of solid waste generated (refuse, waste, rubble etc.) (*)	806	5,296	581,354
Total electricity consumption by source (in MWh)			
Fossil fuels	ND	ND	ND
Alternative sources (gas, wind, solar, etc)	ND	ND	ND
Hydroelectric	ND	ND	ND
Total electricity consumption (in MWh)	115,657	117,339	119,664
Electricity consumption per kWh distributed (sold)	0.001	0.001	0.001
Total direct energy consumption by primary source (MWh)			
Ethanol	43	56	52
Diesel	5,089	5,059	5,059
Natural Gas	0	0	0
Gasoline	5,191	5,355	5,497
Total water withdrawal by source (m³)			
Municipal	133,071	129,155	119,578
Surface extraction (waterways)	NA	NA	NA
Groundwater (wells)	NA	NA	NA
Total water withdrawal (m ³)	133,071	129,155	119,578
Water withdrawal per employee (m ³)	34.55	33.57	26.81
Number of employees trained in environmental education programs	143	323	328
Employees trained in environmental education programs out of total employees (%)	3.7	8.4	7.35
Number of hours of environmental training for employees out of total hours of training (%)	0.29	0.20	1.09

(*) Includes only waste materials documented on Waste Manifests.

Research and Development [GRI EU8]

	2016		2017		2018	
By field of research (Research & Development Handbook – ANEEL)	Amount (R\$ thousand)	(%)	Amount (R\$ thousand)	(%)	Amount (R\$ thousand)	(%)
Alternative sources	4	0.1				
Thermal						
River Basin and Reservoir Management						
Environment						
Safety	310	5.8	288	8.2		
Energy Efficiency						
Power System Planning	763	14.3	300	8.6		
Power System Operation	413	7.7			1,342	6.7
Power System Supervision, Control and Protection					6,268	31.2
Power Supply Quality and Reliability	1,435	26.9	418	12.0	1,949	9.7
Metering, Billing and Loss Reduction	1,982	36.9	2,047	58.6	8,357	41.7
Other	446	8.4	441	12.6	2,143	10.7
Total	5,352	100.0	3,493	100.0	20,060	100.0

Note: in 2016, 2017 and 2018, in addition to project expenditure, respectively R\$ 668,000, R\$ 693,000 and R\$ 693,000 were invested in our Management Project.

R&D Investments – Project classification by research stage

	2016		2017		2018	
Innovation stage	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)
Basic Targeted Research						
Applied Research	7	1,978	5	1,672	11	5,132
Experimental Development	1	43	2	464	15	8,217
Prototyping	4	2,089	4	1,357	5	3,810
Pilot run	3	1,242			3	2,901
Placement on market					1	-
Total	15	5,352	11	3,493	35	20,060

IR&D Investment – Project classification by type of deliverable

	2016		2017		2018	
Type of deliverable	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)
Concept or Method	3	618	2	885	7	3,067
Software	3	805	3	478	12	6,021
System or Process	2	777	2	479	1	315
Material or Substance	3	413			3	2,037
Component or Device	3	2,430	2	674	7	4,920
Machinery or Equipment	1	310	2	978	5	3,700
Total	15	5,352	11	3,493	35	20,060

Energy Efficiency Program [GRI EU7]

Investment made (expenditure)

Project type	2016					2017					2018				
	Capital Expenditure		Source of funding (R\$ thousand)			Investment		Source of funding (R\$ thousand)			Investment		Source of funding (R\$ thousand)		
	Total (R\$ thousand)	(%)	Company	Third party	Customer	Total (R\$ thousand)	(%)	Company	Third party	Customer	Total (R\$ thousand)	(%)	Company	Third party	Customer
Industrial															
Trade and services	109	0.59	109			1,679	7.79	1,634	17	27	949	3.70	860		89
Government	3,375	18.28	3,330		45	2,132	9.89	1,756		376	5,840	22.80	5,777		63
Public Utility															
Rural															
Residential	390	2.11	390			1,756	8.15	1,756			505	1.97	388		117
Low-Income Residential	9,547	51.71	9,547			3,585	16.63	3,457		129	7,341	28.66	7,341		
Public Lighting															
Municipal Energy Management															
Education	4,117	22.30	2,515	1,602		2,571	11.93	2,571			10,348	40.40	3,574		6,773
EE management	923	5.00	923			672	3.12	672			633	2.47	633		
ABRADEE Campaign						1,185	5.50	1,185							
PROCEL (0.1 NOR)						7,973	36.99	7,973							
Total	18,461	100	16,813	1,602	45	21,553	100	21,003	17	532	25,615	100.00	18,573		7,042

(*) In 2018 an accounting restatement of R\$ 1,308.22 was made in relation to the CE VIII project. This restatement reduced the actual investment recognized in 2017.

(**) PROCEL payments in 2018 are not listed in the table as R\$ 9,119,881.93 in funding will be provided to the PROCEL program in 2019.

Energy Efficiency Program

Outcomes (from projects completed in the year)

Project type	2015			2017			2018		
	Units served	Energy savings (MWh)/year	Peak Shaving (kW)	Units Served	Energy Savings (MWh/year)	Peak Shaving (kW)	Units Served	Energy Savings (MWh/year)	Peak Shaving (kW)
Industrial				0	0	0			
Trade and services	2	71	24	6	1,415	246	5	983	233
Government	3	4,462	1,830	43	1,336	127	53	1,407	173
Public Utility				0	0	0			
Rural				0	0	0			
Residential	478,721*	69,020	18,682	6,666	6,444	1,210	1	138	27
Low-Income Residential				19,929	6,797	1,443			
Public Lighting				0	0	0			
Municipal Energy Management				0	0	0			
Education				0	0	0	4		
Total		73,553	20,536	26,644	15,991	3,027	63	2,528	432

(*) Residential I: 64,816 un and Residential II: 413,905 un.

APPENDIX III

ANEEL Indicators for Light Energia

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED [GRI 201-1]

	Consolidated	
STATEMENT OF ADDED VALUE (R\$ thousand)	2018	2017
Revenue	1,315,287	1,094,749
Sales of goods, products and services	1,255,449	1,053,944
Revenue relating to construction of company assets	59,838	40,805
Inputs purchased from third parties	(760,211)	(612,472)
Cost of goods and services sold	(686,573)	(559,160)
Material, Energy, Outsourced Services and Other	(73,638)	(53,312)
Gross value added	555,076	482,277
Withholding	(54,084)	(54,566)
Depreciation and amortization	(54,084)	(54,566)
Net value added	500,992	427,711
Transferred value added	23,861	(161,807)
Finance revenue	135,964	24,791
Equity in income of associates	(112,103)	(186,598)
Added value to be distributed	524,853	265,904
Distribution of value added	524,853	265,904
Personnel	19,596	24,545
Direct compensation	14,810	18,861
Rewards and Benefits	3,359	2,466
FGTS	1,402	2,790
Other	25	428
Taxes	206,611	191,292
Federal	203,600	185,327
State	394	5,010
Municipal	2,617	955
Third-party capital remuneration	262,645	123,387
Interest	258,559	122,138
Rent	4,086	1,249
Interest on equity	36,001	(73,320)
Accumulated losses	36,001	(73,320)

Generation Output

	2016	2017	2018
Total gross electricity generated (GWh)	3,721	4,119	4,197
Total net electricity generated (GWh)	3,102	3,403	3,499

Note: Not including the Paracambi SHP, which is owned by LightGer, in which Light has a 51% interest.

Internal Stakeholders

General Information	2016	2017	2018
Number of employees	191	182	220
Turnover rate (%)	9.3	10.8	12.3%
Average overtime per employee/year (hours)	61.8	103.7	164.4
Employees aged 30 or under (%)	27.2	30.8	31.4%
Employees aged 31 to 40 (%)	22.0	25.8	29.5%
Employees aged 41 to 50 (%)	16.2	14.8	14.1%
Employees over 50 (%)	34.6	28.6	25.0%
Percentage of female employees (%)	13.6	12.6	10.0%
Women in managerial positions - out of total managerial positions (%)	0.0	0.0	0.0%
Black female employees (black and mixed race) - out of total employees (%)	4.2	2.8	1.8%
Black male employees (black and mixed race) - out of total employees (%)	24.1	25.8	30.5%
Black employees (black and mixed race) in managerial positions out of total managerial positions (%)	0.0	0	0.0%
Percentage of interns out of total employees (%)	2.6	3.9	3.2%
Apprentice program employees (%)	0.5	1.1	1.4%
Employees with special needs (%)	5	3	6
Compensation (R\$ thousand)			
Gross payroll	20,466	23,930	23,930
Compulsory social charges	4,035	4,316	6,083
Total Benefits (R\$ thousand)			
Education	283	80	25
Food and Restaurants	1,339	1,454	1,718
Transportation	48	18	41
Health	646	534	1,072
Foundation	531	415	477
Occupational health and safety	0	0	0
Culture	0	0	0
Training and professional development	0	0	0
Day care and day care allowance	18	11	9
Other	25	26	37
Profit sharing			
Total investment in profit-sharing program (R\$ thousand)	1,977	1,472	2,549
Amounts distributed in relation to gross payroll (%)	9.7	6.2	10.7
Highest compensation divided by the lowest compensation in cash paid by the Company (including profit shares and bonuses)	32.3	26.5	23.63
Highest compensation divided by the minimum salary in force (including profit shares and bonuses)	1.4	1.6	1.81

Internal Stakeholders

	2016	2017	2018
Compensation profile by category - average salary (R\$)			
Middle management positions (managers and coordinators) - R\$	15,911	16,510	17,520
Administrative positions - R\$	3,978	3,916	4,165
Production positions - R\$	4,757	4,717	4,308
Retirement provision			
Number of beneficiaries of supplementary pension plans	180	166	204
Number of beneficiaries of pre-retirement plan	0	0	0
Professional Development			
Education Levels (percentage of total employees)			
Illiterate employees (%)	0	0	0.0%
Primary education (%)	7.9	5.5	4.5%
Secondary education (%)	53.4	57.7	61.8%
Undergraduate (%)	29.8	30.2	27.7%
Graduate (specialization, master's, doctorate) (%)	8.4	6.0	5.5%
Amount invested in professional development and education (% of NOR)	0.04	0.01	0.002
Number of hours of professional development per employee/year (MH), by employee category			
Senior Management	16.6	7.6	9.7
Middle management	20.7	42.1	22.2
Operational	15.7	16.1	80.3
Professional	26.7	31.4	26.8
Technical	29.6	38.8	30.3
General	21.9	27.2	33.8
Labor Claims			
Provision for liabilities (R\$ thousand)	1,590	1,925	4,309
Number of labor claims brought against the company in the period	2	6	3
Number of labor claims accepted in the period	0	2	3
Number of labor claims rejected in the period	2	0	1
Value of damages and fines paid under court awards in the period (R\$ thousand)	5	233	175

Health & Safety

	2016	2017	2018
Total frequency rate for the period - employees	0	0	1.86
Total severity rate for the period - employees	0	0	91
Total frequency rate for the period - contractors	4.13	5.25	1.99
Total severity rate for the period - contractors	78	5,292	6
Total frequency rate for the period - workforce (employees + contractors)	3.27	3.86	1.95
Total severity rate for the period - workforce (employees + contractors)	61.39	3,894	35.67
Fatalities – employees	0	0	0
Fatalities – contractors	0	1	0

Suppliers

	2016	2017	2018
Number of outsourced employees	647	527	443

Environment

	2016	2017	2018
Annual volume of greenhouse gas (CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆) emissions (in metric tons of CO ₂ equivalent) – Scopes 1 and 2	9,031	8,507	14,642
Annual volume of ozone-depleting emissions			Negligible
Annual quantity (in tons) of solid waste generated (refuse, waste, rubble etc.)	498	4,211	4,784
Quantity of contaminated PCB waste	0	0	0
Total electricity consumption by source (in kWh)			
Fossil fuels	ND	ND	ND
Alternative sources (gas, wind, solar, etc)	ND	ND	ND
Hydroelectric	ND	ND	ND
Total electricity consumption (in MWh)	192	187	192
Total direct energy consumption by primary source (MWh)			
Ethanol	0.98	0.25	0.68
Diesel	165	141	154
Natural gas	0	0	0
Gasoline	168	158	195
Total water withdrawal by source (m³)			
Municipal	6,598	6,110	5,897
Surface extraction (waterways)	NA	NA	NA
Groundwater (wells)	NA	NA	NA
Total water withdrawal	6,598	6,110	5,897
Water withdrawal per employee	34.55	33.57	26.81
Electricity consumption of generating and auxiliary units (maximum consumption in MWh by hydroelectric plant)	568,820	757,882	678,471
Water consumption per kWh generated (maximum flow rate - m ³ /s - per kWh delivered)	7.81	7.81	7.81
Restoration of riparian vegetation (ha)	64.58	50.64	35.87
Fish salvaged in turbines (kg of fish per shutdown)	ND	ND	ND
Fish restocking (number of fry released into reservoirs per year)	ND	ND	ND
Release of untreated sanitary effluent and leakage of lubricating and hydraulic oil from turbines (metric tons per year)	ND	ND	ND
Number of employees trained in environmental education programs	6	10	96
Percentage of employees trained in environmental education programs out of total employees (%)	3.14	5.49	43.64
Number of hours of environmental training for employees out of total hours of training	0.38	0.16	12.31

Research and Development [GRI EU8]

	2016		2017		2018	
	Amount (R\$ thousand)	(%)	Amount (R\$ thousand)	(%)	Amount (R\$ thousand)	(%)
By field of research (Research & Development Handbook – ANEEL)						
Alternative sources	415	19.7	94	3.8		
Thermal						
River Basin and Reservoir Management			1,121	45.4	946	30.0
Environment	1308	62.2	172	7.0	287	9.1
Safety						
Energy Efficiency						
Power System Planning						
Power System Operation	380	18.1	889	36.0	549	17.4
Power System Supervision, Control and Protection			194	7.8	618	19.6
Power Supply Quality and Reliability						
Metering, Billing and Loss Reduction						
Other					751	23.8
Total	2,103	100.0	2,471	100.0	3,152	100.0

Note: in 2016, 2017 and 2018, in addition to project expenditure, R\$ 38,000, R\$ 56,000 and R\$ 10,000 were invested in our Management Project. Respectively.

R&D Investments – Project classification by research stage

	2016		2017		2018	
Innovation stage	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)
Basic Targeted Research						
Applied Research	4	1,725	3	267	3	1,140
Experimental Development			2	1,315	2	1,462
Prototyping	1	378	1	889	1	549
Pilot run						
Placement on market						
Total	5	2,103	6	2,471	6	3,152

R&D Investment – Project classification by type of deliverable

	2016		2017		2018	
Type of deliverable	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)	No. of projects	Investments (in R\$ thousand)
Concept or Method	3	1,723	3	267	2	389
Software	1	2				
System or Process	1	378	3	2,203	4	2,763
Material or Substance						
Component or Device						
Machinery or Equipment						
Total	5	2,103	6	2,471	6	3,152

APPENDIX IV

iBase Social Balance Sheet

Company: CONSOLIDATED

1 - Calculation Base	2018 Amount (thousand reais)			2017 Amount (thousand reais)		
Net revenue (NR)	11,970,547			11,314,559		
Operating income (OI)	1,047,569			1,373,953		
Gross payroll (GP)	403,239			386,958		
2 - Internal Social Indicators	Amount (R\$ thousand)	% of GP	% of NR	Amount (R\$ thousand)	% of GP	% of NR
Food and Restaurants	37,075	9%	0%	34,542	9%	0%
Compulsory social charges	86,065	21%	1%	74,177	19%	1%
Private pension	8,097	2%	0%	7,842	2%	0%
Health insurance	26,372	7%	0%	19,628	5%	0%
Occupational health and safety	552	0%	0%	631	0%	0%
Education	844	0%	0%	899	0%	0%
Culture	0	0%	0%	0	0%	0%
Training and professional development	1,853	0%	0%	2,431	1%	0%
Day care and day care allowance	1,417	0%	0%	1,253	0%	0%
Profit sharing	35,468	9%	0%	39,496	10%	0%
Other	7,867	2%	0%	7,293	2%	0%
Total - Internal social indicators	205,610	51%	2%	188,192	49%	2%
3 - External Social Indicators	Amount (R\$ thousand)	% of OI	% of NR	Amount (R\$ thousand)	% of OI	% of NR
Education	4,307	0%	0%	5,857	0%	0%
Culture	6,664	1%	0%	4,121	0%	0%
Health care and sanitation	8	0%	0%	862	0%	0%
Sports	950	0%	0%	1,502	0%	0%
Hunger relief and food security	0	0%	0%	0	0%	0%
Other	37,704	4%	0%	17,357	1%	0%
Total contributions to society	49,632	5%	0%	29,699	2%	0%
Taxes (not including social charges)	6,144,871	587%	51%	5,788,018	421%	51%
Total - External social indicators	6,194,503	591%	52%	5,817,717	423%	51%
4 - Environmental Indicators	Amount (R\$ thousand)	% of RO	% of NR	Amount (R\$ thousand)	% of OI	% of NR
Investments related to company production / operation	40,224	4%	0%	60,459	4%	1%
Investments in external programs and/or projects	0	0%	0%	0	0%	0%
Total environmental investment	40,224	4%	0%	60,459	4%	1%

Company: CONSOLIDATED

Regarding the establishment of annual targets to minimize waste and overall consumption in production/operations and improve resource usage efficiency, the company	() has no targets () meets 51 to 75% of targets () meets 0 to 50% of targets (x) meets 76 to 100% of targets	() has no targets () meets 51 to 75% of targets () meets 0 to 50% of targets (x) meets 76 to 100% of targets
5 - Workforce Indicators	2018	2017
Number of employees at period-end	4,712	4,064
Number of hires during the period	965	531
Number of outsourced employees	7,861	7,731
Number of trainees	57	71
Number of employees over 45	970	844
Number of women working at the company	1,057	1,000
% management positions held by women	21.03%	22.17%
Number of black employees working at the company	2,406	1,966
% management positions held by black employees	20.56%	21.67%
No of people with handicaps or special needs	199	196
6 - Material information regarding corporate citizenship	2018	2019 Targets
Ratio of the lowest to the highest earners at the company	84	ND
Total number of occupational injuries	26	0
The social and environmental projects implemented by the company were selected by:	() top management (X) directors and managers () all employees	() top management (X) directors and managers () all employees
Occupational health and safety standards were established by:	() top and middle management () all employees (x) all + CIPA	() top and middle management () all employees (x) all + CIPA
Regarding freedom of association, the right to collective bargaining and internal representation of workers, the company:	() does not get involved (x) follows ILO standards () promotes and follows ILO standards	() will not interfere (x) will follow ILO standards () will promote and follow ILO standards
Private pension plans are extended to:	() top management () top and middle management (x) all employees	() top management () top and middle management (x) all employees
Profit sharing is extended to:	() top management () top and middle management (x) all employees	() top management () top and middle management (x) all employees
When selecting suppliers the ethical, social responsibility and environmental standards adopted by the company:	() are not addressed () are suggested (x) are required	() will not be addressed () will be suggested (x) will be required
In relation to volunteer work by employees, the company:	() does not get involved () supports it (x) organizes and encourages it	() will not interfere () will support it (x) will organize and encourage it
Total number of consumer complaints and criticism submitted:	at the company 371,235 at the Consumer Protection Agency 1,081 in Court 103,838	at the Company Reduce by 10% at the Consumer Protection Agency Reduce by 10% in Court Reduce by 10%
% complaints and criticism handled or resolved:	at the Company 94.52% at the Consumer Protection Agency 100% in Court 56%	at the Company 100% at the Consumer Protection Agency 100% in Court 100%
Added value to be distributed (in R\$ thousand):	In 2018: 10,232,687	In 2017: 9,111,367
Distribution of Added Value (DVA):	81.29% government 3.86% employees 0.00% shareholders 13.24% third parties 1.62% retained	83.06% government 4.17% employees 0.00% shareholders 11.41% third parties 1.36% retained
7 - Further Information		
0		

APPENDIX IV

iBase Social Balance Sheet

Company: LIGHT SESA

1 - Calculation Base		2018 Amount (thousand reais)		2017 Amount (thousand reais)			
Net revenue (NR)		10,334,019		9,801,523			
Operating income (OI)		659,246		931,546			
Gross payroll (GP)		364,930		350,139			
2 - Internal Social Indicators		Amount (R\$ thousand)	% of GP	% of NR	Amount (R\$ thousand)	% of GP	% of NR
Food and Restaurants		35,043	10%	0%	32,782	9%	0%
Compulsory social charges		78,411	21%	1%	68,590	20%	1%
Private pension		7,367	2%	0%	7,210	2%	0%
Health insurance		25,033	7%	0%	18,846	5%	0%
Occupational health and safety		551	0%	0%	646	0%	0%
Education		870	0%	0%	899	0%	0%
Culture		0	0%	0%	0	0%	0%
Training and professional development		764	0%	0%	2,351	1%	0%
Day care and day care allowance		1,371	0%	0%	1,206	0%	0%
Profit sharing		31,636	9%	0%	37,446	11%	0%
Other		7,751	2%	0%	7,286	2%	0%
Total - Internal social indicators		188,796	52%	2%	177,261	51%	2%
3 - External Social Indicators		Amount (R\$ thousand)	% of OI	% of NR	Amount (R\$ thousand)	% of OI	% of NR
Education		4,289	1%	0%	5,763	1%	0%
Culture		5,430	1%	0%	3,821	0%	0%
Health care and sanitation		0	0%	0%	0	0%	0%
Sports		830	0%	0%	1,502	0%	0%
Hunger relief and food security		0	0%	0%	0	0%	0%
Other		35,681	5%	0%	15,868	2%	0%
Total contributions to society		46,229	7%	0%	26,954	3%	0%
Taxes (not including social charges)		5,975,423	906%	58%	5,420,714	582%	55%
Total - External social indicators		6,021,652	913%	58%	5,447,668	585%	56%
4 - Environmental Indicators		Amount (R\$ thousand)	% of OI	% of NR	Amount (R\$ thousand)	% of OI	% of NR
Investments related to company production / operation		32,705	5%	0%	45,073	5%	0%
Investments in external programs and/or projects		0	0%	0%	0	0%	0%
Total environmental investment		32,705	5%	0%	45,073	5%	0%
Regarding the establishment of annual targets to minimize waste and overall consumption in production/operations and improve resource usage efficiency, the company		() has no targets () meets 51 to 75% of targets () meets 0 to 50% of targets (x) meets 76 to 100% of targets		() has no targets () meets 51 to 75% of targets () meets 0 to 50% of targets (x) meets 76 to 100% of targets			

Company: LIGHT SESA

5 - Workforce Indicators		2018	2017
Number of employees at period-end		4,459	3,847
Number of hires during the period		914	510
Number of outsourced employees		7,418	7,204
Number of trainees		49	62
Number of employees over 45		886	769
Number of women working at the company		1,019	960
% management positions held by women		21.5%	23.1%
Number of black employees working at the company		2,329	1,907
% management positions held by black employees		23.0%	24.2%
No of people with handicaps or special needs		193	191
6 - Material information regarding corporate citizenship		2018	2019 Targets
Ratio of the lowest to the highest earners at the company		35.4	ND
Total number of occupational injuries		25	0
The social and environmental projects implemented by the company were selected by:	() top management (X) directors and managers () all employees		() top management (X) directors and managers () all employees
Occupational health and safety standards were established by:	() top and middle management () all employees (x) all + CIPA		() top and middle management () all employees (x) all + CIPA
Regarding freedom of association, the right to collective bargaining and internal representation of workers, the company:	() does not get involved (x) follows ILO standards () promotes and follows ILO standards		() will not interfere (x) will follow ILO standards () will promote and follow ILO standards
Private pension plans are extended to:	() top management () top and middle management (x) all employees		() top management () top and middle management (x) all employees
Profit sharing is extended to:	() top management () top and middle management (x) all employees		() top management () top and middle management (x) all employees
When selecting suppliers the ethical, social responsibility and environmental standards adopted by the company:	() are not addressed () are suggested (x) are required		() will not be addressed () will be suggested (x) will be required
In relation to volunteer work by employees, the company:	() does not get involved () supports it (x) organizes and encourages it		() will not interfere () will support it (x) will organize and encourage it
Total number of consumer complaints and criticism submitted:	at the company 371,235 at the Consumer Protection Agency 1,081 in Court 103,838		at the Company Reduce by 10% at the Consumer Protection Agency Reduce by 10% In Court Reduce by 10%
% complaints and criticism handled or resolved:	at the Company 94.52% at the Consumer Protection Agency 100% in Court 56%		at the Company 100% at the Consumer Protection Agency 100% in Court 100%
Added value to be distributed (in R\$ thousand):	In 2018: 9,518,911		In 2017: 8,530,938
Distribution of Added Value (DVA):	83.97% government 3.75% employees 0.00% shareholders 11.48% third parties 0.81% retained		83.89% government 4.04% employees 0.00% shareholders 10.98% third parties 1.09% retained

7 - Further Information

0

APPENDIX IV

iBase Social Balance Sheet

Company: LIGHT ENERGIA

1 - Calculation Base		2018 Amount (thousand reais)		2017 Amount (thousand reais)			
Net revenue (NR)		1,118,461		927,823			
Operating income (OI)		332,008		269,687			
Gross payroll (GP)		23,930		23,764			
2 - Internal Social Indicators		Amount (R\$ thousand)	% of GP	% of NR	Amount (R\$ thousand)	% of GP	% of NR
Food and Restaurants		1,718	7%	0%	1,454	6%	0%
Compulsory social charges		6,083	25%	1%	4,316	18%	0%
Private pension		477	2%	0%	415	2%	0%
Health insurance		1,072	4%	0%	534	2%	0%
Occupational health and safety		0	0%	0%	0	0%	0%
Education		25	0%	0%	80	0%	0%
Culture		0	0%	0%	0	0%	0%
Training and professional development		0	0%	0%	0	0%	0%
Day care and day care allowance		9	0%	0%	11	0%	0%
Profit sharing		2,549	11%	0%	1,472	6%	0%
Other		195	1%	0%	43	0%	0%
Total - Internal social indicators		12,129	51%	1%	8,325	35%	1%
3 - External Social Indicators		Amount (R\$ thousand)	% of OI	% of NR	Amount (R\$ thousand)	% of OI	% of NR
Education		0	0%	0%	78	0%	0%
Culture		0	0%	0%	0	0%	0%
Health care and sanitation		0	0%	0%	0	0%	0%
Sports		0	0%	0%	0	0%	0%
Hunger relief and food security		0	0%	0%	0	0%	0%
Other		3,074	1%	0%	2,352	1%	0%
Total contributions to society		3,074	1%	0%	2,430	1%	0%
Taxes (not including social charges)		153,988	46%	14%	147,702	55%	16%
Total - External social indicators		157,062	47%	14%	150,132	56%	16%
4 - Environmental Indicators		Amount (R\$ thousand)	% of OI	% of NR	Amount (R\$ thousand)	% of OI	% of NR
Investments related to company production / operation		7,519	2%	1%	15,836	6%	2%
Investments in external programs and/or projects		0	0%	0%	0	0%	0%
Total environmental investment		7,519	2%	1%	15,836	6%	2%
Regarding the establishment of annual targets to minimize waste and overall consumption in production/operations and improve resource usage efficiency, the company		() has no targets () meets 51 to 75% of targets () meets 0 to 50% of targets (x) meets 76 to 100% of targets		() has no targets () meets 51 to 75% of targets () meets 0 to 50% of targets (x) meets 76 to 100% of targets			

Company: LIGHT ENERGIA

5 - Workforce Indicators		2018	2017
Number of employees at period-end		220	182
Number of hires during the period		44	17
Number of outsourced employees		443	527
Number of trainees		7	7
Number of employees over 45		78	71
Number of women working at the company		22	23
% management positions held by women		0.00%	0.00%
Number of black employees working at the company		71	52
% management positions held by black employees		0.00%	0.00%
No. of people with handicaps or special needs		6	5
6 - Material information regarding corporate citizenship		2018	2019 Targets
Ratio of the lowest to the highest earners at the company		18.03	ND
Total number of occupational injuries		1	0
The social and environmental projects implemented by the company were selected by:	() top management (X) directors and managers () all employees	() top management (X) directors and managers () all employees	
Occupational health and safety standards were established by:	() top and middle management () all employees (x) all + CIPA	() top and middle management () all employees (x) all + CIPA	
Regarding freedom of association, the right to collective bargaining and internal representation of workers, the company:	() does not get involved (x) follows ILO standards () promotes and follows ILO standards	() will not interfere (x) will follow ILO standards () will promote and follow ILO standards	
Private pension plans are extended to:	() top management () top and middle management (x) all employees	() top management () top and middle management (x) all employees	
Profit sharing is extended to:	() top management () top and middle management (x) all employees	() top management () top and middle management (x) all employees	
When selecting suppliers the ethical, social responsibility and environmental standards adopted by the company:	() are not addressed () are suggested (x) are required	() will not be addressed () will be suggested (x) will be required	
In relation to volunteer work by employees, the company:	() does not get involved () supports it (x) organizes and encourages it	() will not interfere () will support it (x) will organize and encourage it	
Total number of consumer complaints and criticism submitted:	at the company by the Consumer Protection Agency in Court	at the company by the Consumer Protection Agency in Court	
% complaints and criticism handled or resolved:	at the company by the Consumer Protection Agency in Court	at the company by the Consumer Protection Agency in Court	
Added value to be distributed (in R\$ thousand):	In 2018: 520,993	In 2017: 265,904	
Distribution of Added Value (DVA):	39.35% government 3.76% employees 0.00% shareholders 49.98% third parties 6.91% retained	71.94% government 9.23% employees 0.00% shareholders 46.40% third parties -27.57% retained	
7 - Further Information			
0			





ANNUAL REPORT
2018

THE LIGHT WAY

GRI CONTENT
INDEX



GRI Content Index

This report has been prepared in accordance with the GRI Standards: Comprehensive option [GRI 102-54].

The Light Annual Report 2018 also includes all the specific indicators of the electric sector applicable to the company.

The GRI Content Index in accordance with the GRI Standards: Comprehensive option presented below sets forth the relationship between GRI indicators and the Principles of the Global Compact and the Sustainable Development Goals.

Principles of the Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Sustainable Development Goals



GRI Content Index

[GRI 102-55]

“In Accordance” with the GRI Standards: Comprehensive option

GRI STANDARD	DISCLOSURE	PAGE/LINK	PRINCIPLE OF THE GLOBAL COMPACT	SDG
GRI 101: FOUNDATION 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Organizational Profile			
	102-1 Name of the organization	Annual Report, page 14		
	102-2 Activities, brands, products, and services	Annual Report, page 14 Light does not sell products that are banned in certain markets or subject to stakeholder questions or public debate.		
	102-3 Location of headquarters	Av. Marechal Floriano, 168 - Centro - Rio de Janeiro		
	102-4 Location of operations	Annual Report, page 14		
	102-5 Ownership and legal form	Annual Report, page 14		
	102-6 Markets served	Annual Report, page 47		
	102-7 Scale of the organization	Annual Report, page 14		
	102-8 Information on employees and other workers	Appendices, page 7, 9		
	102-9 Supply chain	Annual Report, Pages 64		
	102-10 Significant changes to the organization and its supply chain	Annual Report, page 14		
	102-11 Precautionary Principle or approach	Annual Report, page 24		
	102-12 External initiatives	Annual Report, page 31	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	
	102-13 Membership of associations	We are members of some entities of the electricity sector, including the Brazilian Association of Electricity Distributors (<i>Associação Brasileira de Distribuidores de Energia Elétrica – Abradee</i>), the Brazilian Association of Energy Trading Agents (<i>Associação Brasileira dos Agentes Comercializadores de Energia – Abraceel</i>), and the Brazilian Association of Large Energy Generation Companies (<i>Associação Brasileira de Grandes Companhias Geradoras de Energia – Abrage</i>).		
	EU1 Installed capacity	Annual Report, page 19		
EU2 Net energy output broken down	Appendices, page 4			
EU3 Number of residential, industrial, institutional and commercial customer	Appendices, page 16			
EU4 Length of above and underground transmission and distribution lines	Appendices, page 4			
EU5 Allocation of CO ₂ e emissions allowances or equivalent	The Company does not participate in the carbon market.	7, 8, 9		
Strategy				
102-14 Statement from senior decision-maker	Annual Report, page 4	8, 9		
102-15 Key impacts, risks, and opportunities	Annual Report, page 10 http://ri.light.com.br/sustainability/business-model			

GRI STANDARD	DISCLOSURE	PAGE/LINK	PRINCIPLE OF THE GLOBAL COMPACT	SDG
GRI 101: FOUNDATION 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Ethics and Integrity			16
	102-16 Values, principles, standards, and norms of behavior	Annual Report, Pages 20, 29	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	
	102-17 Mechanisms for advice and concerns about ethics	Annual Report, page 29	10	
	Governance			
	102-18 Governance structure	Annual Report, page 27		
	102-19 Delegating authority	Annual Report, page 28 http://ri.light.com.br/sustainability/business-model		
	102-20 Executive-level responsibility for economic, environmental, and social topics	Annual Report, page 28		
	102-21 Consulting stakeholders on economic, environmental, and social topics	Annual Report, page 28		
	102-22 Composition of the highest governance body and its committees	Annual Report, page 27 http://ri.light.com.br/sustainability/business-model		
	102-23 Chair of the highest governance body	http://ri.light.com.br/sustainability/business-model		
	102-24 Nominating and selecting the highest governance body	http://ri.light.com.br/sustainability/business-model		
	102-25 Conflicts of interest	http://ri.light.com.br/sustainability/business-model	10	
	102-26 Role of highest governance body in setting purpose, values, and strategy	Annual Report, page 26		
	102-27 Collective knowledge of highest governance body	In 2018, Light did not offer to its Board of Directors any type of additional specialization on social and environmental subjects.		
	102-28 Evaluating the highest governance body's performance	Annual Report, page 28		
	102-29 Identifying and managing economic, environmental, and social impacts	Annual Report, page 27 http://ri.light.com.br/sustainability/business-model		
	102-30 Effectiveness of risk management processes	Annual Report, page 27 http://ri.light.com.br/sustainability/business-model		
	102-31 Review of economic, environmental, and social topics	Annual Report, page 28 http://ri.light.com.br/sustainability/business-model		
	102-32 Highest governance body's role in Annual Reporting	Annual Report, page 73		
	102-33 Communicating critical concerns	Annual Report, page 28		
102-34 Nature and total number of critical concerns	Annual Report, page 28			
102-35 Remuneration policies	Annual Report, page 28 Appendices, page 11, 12 http://ri.light.com.br/sustainability/business-model			
102-36 Process for determining remuneration	http://ri.light.com.br/sustainability/business-model			
102-37 Stakeholders' involvement in remuneration	http://ri.light.com.br/sustainability/business-model			

GRI STANDARD	DISCLOSURE	PAGE/LINK	PRINCIPLE OF THE GLOBAL COMPACT	SDG
GRI 101: FOUNDATION 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Governance			
	102-38 Annual total compensation ratio	The relationship between the individual's remuneration paid and the remuneration of all the employees were 1,308%. The calculation basis took into account total remuneration (salary, hazard pay, premium for unhealthy work, on-call pay, night-shift premium, shift premium, overtime premium) + variable remuneration; and only employees who worked for the 12-month period at the company and received variable remuneration.		
	102-39 Percentage increase in annual total compensation ratio	The ratio between the increase in the remuneration of the highest paid individual and the remuneration of all employees was 2%.		
	Stakeholder Engagement			
	102-40 List of stakeholder groups	http://ri.light.com.br/sustainability/reports		
	102-41 Collective bargaining agreements	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-a-forca-de-trabalho.aspx		
	102-42 Identifying and selecting stakeholders	http://ri.light.com.br/sustainability/reports		
	102-43 Approach to stakeholder engagement	Annual Report, page 51 http://ri.light.com.br/sustainability/reports		
	102-44 Key topics and concerns raised	Annual Report, Pages 51, 73, 74		
	Reporting Principles			
	102-45 Entities included in the consolidated financial statements	Annual Report, Pages 14, 73		
	102-46 Defining report content and topic Boundaries	Annual Report, Pages 73, 74 http://ri.light.com.br/sustainability/reports		
	102-47 List of material topics	Annual Report, page 74 http://ri.light.com.br/sustainability/reports		
	102-48 Restatements of information	None.		
	102-49 Changes in reporting	None.		
	102-50 Reporting period	Annual Report, page 73		
	102-51 Date of most recent report	The previous Report was published in May 2018.		
	102-52 Reporting cycle	Annual Report, page 73		
	102-53 Contact point for questions regarding the report	Annual Report, page 75		
	102-54 Claims of reporting in accordance with the GRI Standards	GRI Summary Annual Report, page 73		
102-55 GRI content index	GRI Summary Annual Report, Pages 73, 75			
102-56 External assurance	GRI Summary Annual Report, page 73			

GRI STANDARD	DISCLOSURE	PAGE/LINK	OMISSIONS			PRINCIPLE OF THE GLOBAL COMPACT	SDG
			PART OMITTED	REASON	EXPLANATION		
Material Topics							
GRI 200 STANDARDS ECONOMIC TOPICS							
Economic Performance							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 66 a 72				1, 7, 8, 9	
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Appendices, page 3, 14, 24					
	201-2 Financial implications and other risks and opportunities due to climate change	Annual Report, page 57				7, 8, 9	
	201-3 Defined benefit plan obligations and other retirement plans	http://ri.light.com.br/sustainability/business-model				1	
	201-4 Financial assistance received from government	Appendices, page 19					
Market Presence							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Appendices, page 9				1	
	202-2 Proportion of senior management hired from the local community	http://ri.light.com.br/sustainability/business-model					
Indirect Economic Impacts							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, Page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 44 a 46, 58 a 63					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Annual Report, Pages 44, 62					
	203-2 Significant indirect economic impacts	Annual Report, Pages 58, 62					
Procurement Practices							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Appendices, page 12					

GRI STANDARD	DISCLOSURE	PAGE/LINK	OMISSIONS			PRINCIPLE OF THE GLOBAL COMPACT	SDG
			PART OMITTED	REASON	EXPLANATION		
Material Topics							
GRI 200 STANDARDS ECONOMIC TOPICS							
Anti-Corruption							16
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 29 a 30					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	As a result of all initiatives described in its report, Light considers that 100% of operations are submitted to risk analysis relating to corruption.				10	
	205-2 Communication and training about anti-corruption policies and procedures	Annual Report, page 30				10	
	205-3 Confirmed incidents of corruption and actions taken	None.					
Anti-Competitive Behavior							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None.					
Availability and Reliability							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 44 a 46					
	103-3 Evaluation of the management approach	Annual Report, page 22					
Availability and reliability 2016	EU6 Management approach to ensure short and long-term electricity availability and reliability	Annual Report, page 44					
	EU10 Planned capacity against projected electricity demand	Appendices, page 4					
Demand-Side Management							12
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 60 a 63					
	103-3 Evaluation of the management approach	Annual Report, page 22					
Management	EU7 Demand-side management programs	Annual Report, page 60 Appendices, page 22					

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Material Topics							
GRI 200 STANDARDS ECONOMIC TOPICS							
Research And Development							9
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 39 a 41					
	103-3 Evaluation of the management approach	Annual Report, page 22					
Development	EU8 Research and development activity and expenditure	Annual Report, page 40 Appendices, page 21					
Plant Descomissioning							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
Plant Descomissioning 2016	EU9 Provisions for decommissioning of nuclear power sites	The company does not have nuclear or thermal power plants.					
System Efficiency							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73.					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 52 a 54					
	103-3 Evaluation of the management approach	Annual Report, page 22					
System Efficiency 2016	EU11 Average generation efficiency of thermal plants	The company does not have nuclear or thermal power plants.					
	EU12 Transmission and distribution losses as a percentage of total energy	Annual Report, page 52					
GRI 300 STANDARDS ENVIRONMENTAL TOPICS							
Environmental compliance							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Non-material aspect					
	301-2 Recycled input materials used	Non-material aspect				8, 9	
	301-3 Reclaimed products and their packaging materials	% , energy generation, distribution and commercialization activities do not use packaging materials					

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Material Topics							
GRI 300 STANDARDS ENVIRONMENTAL TOPICS							
Energy							12
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 60 a 61					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Appendices, page 5					
	302-2 Energy consumption outside of the organization	Appendices, page 5					
	302-3 Energy intensity	Annual Report, page 57					
	302-4 Reduction of energy consumption	Annual Report, page 60				7, 8, 9	
	302-5 Reductions in energy requirements of products and services	Annual Report, page 60				8, 9	
Water							6
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 42 a 43					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 303: Water 2016	303-1 Water withdrawal by source	Appendices, page 5				8	
	303-2 Water sources significantly affected by withdrawal of water	Appendices, page 5				8	
	303-3 Water recycled and reused	Non-significant volume.				8	
Biodiversity							15
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 304: Biodiversity 2016 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Light does not have studies or surveys on this specific group of species. No specific study is expected to be made in the next years.				8	
	304-2 Significant impacts of activities, products, and services on biodiversity	Annual Report, page 42				8	
	304-3 Habitats protected or restored	http://www.light.com.br/grupo-light/Sustentabilidade/compromisso-com-o-meio-ambiente.aspx .					

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Material Topics							
GRI 300 STANDARDS ENVIRONMENTAL TOPICS							
Biodiversity							15
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Light does not have studies or surveys on this specific group of species. No specific study is expected to be made in the next years.					
	EU13 Biodiversity of offset habitats compared to the biodiversity of the affected areas	Light carries out monitoring from the studies cited in GRI 304-1.				7, 8, 9	
Emissions							13
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 57					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Annual Report, page 57 Appendices, page 7				8, 9	
	305-2 Energy indirect (Scope 2) GHG emissions	Annual Report, page 57 Appendices, page 7				8, 9	
	305-3 Other indirect (Scope 3) GHG emissions	Annual Report, page 57				8, 9	
	305-4 GHG emissions intensity	Annual Report, page 57				8, 9	
	305-5 Reduction of GHG emissions	Annual Report, page 57				7, 8, 9	
	305-6 Emissions of ozone-depleting substances (SDG)	Non-significant emissions.				8	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Non-significant emissions.				8	
Effluents and Waste							12
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Non-significant volume, relating only to administrative activities.				8	
	306-2 Waste by type and disposal method	Appendices, page 6				8	

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Material Topics							
GRI 300 STANDARDS ENVIRONMENTAL TOPICS							
Effluents and Waste							
GRI 306: Effluents and Waste 2016	306-3 Significant spills	No significant spills were recorded in recent years.				8	
	306-4 Transport of hazardous waste	Appendices, page 6				8	
	306-5 Water bodies affected by water discharges and/or runoff	None.				8	
Environmental Compliance							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 55, 57					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	For the company, significant fines are those that, individually or together, total at least R\$1 million. Accordingly, in 2018, the sum of sanctions related to non-compliance with environmental laws and regulations did not reach this amount.				8	
Supplier Environmental Assessment							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 64 a 65					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-fornecedores.aspx					
	308-2 Negative environmental impacts in the supply chain and actions taken	There is no specific study on significant environmental impacts on the entire supply chain.					

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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Employment							8
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 32					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendices, page 8				6	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-a-forca-de-trabalho.aspx					
	401-3 Parental leave	Appendices, page 8					
	EU14 Programs and processes to ensure the availability of a skilled workforce	Annual Report, page 33					
	EU15 Percentage of employees eligible to retire in the next 5 and 10 years	Appendices, page 10					
	EU16 Policies and requirements regarding health and safety	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-a-forca-de-trabalho.aspx					
	EU17 Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	Appendices, page 9					
EU18 Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-a-forca-de-trabalho.aspx					1, 2	
Labor/Management Relations							8
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 32					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice period regarding operational changes	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-a-forca-de-trabalho.aspx				3	

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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Occupational Health and Safety							3
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 36 a 38					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-a-forca-de-trabalho.aspx				3	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Appendices, page 10				1	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Annual Report, page 37				1	
	403-4 Health and safety topics covered in formal agreements with trade unions	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-a-forca-de-trabalho.aspx					
Training and Education							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 33, 34					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Annual Report, page 33					
	404-2 Programs for upgrading employee skills and transition assistance programs	Annual Report, page 34					
	404-3 Percentage of employees receiving regular performance and career development reviews	Annual Report, page 34					
Diversity and Equal Opportunity							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					

GRI STANDARD	DISCLOSURE	PAGE/LINK	OMISSIONS			PRINCIPLE OF THE GLOBAL COMPACT	SDG
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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Diversity and Equal Opportunity							
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Appendices, page 11				6	
	405-2 Ratio of basic salary and remuneration of women to men	Appendices, page 9				6	
Non-Discrimination							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Annual Report, page 30				1, 2, 3	
Freedom of Association and Collective Bargaining							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None.				3	
Child Labor							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-fornecedores.aspx				1, 2, 5	
Forced or Compulsory Labor							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-fornecedores.aspx				1, 2, 4	

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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Security Practices							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 32 a 38					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Appendices, page 9				1, 2	
Rights of Indigenous Peoples							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	In 2018, we received and processed a complaint related to impacts on society and / or local communities, which was resolved in the year.					
Human Rights Assessment							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Non-material aspect					
	103-2 The management approach and its components	Non-material aspect					
	103-3 Evaluation of the management approach	Non-material aspect					
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-fornecedores.aspx					
	412-2 Employee training on human rights policies or procedures	Annual Report, page 30					
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All contracts signed by the Company refer to respect for human rights.					

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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Local Communities							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 58 a 63					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Annual Report, Pages 58, 62				8	
	413-2 Operations with significant actual and potential negative impacts on local communities	None.					
	EU19 Stakeholder participation in decision making processes related to energy planning and infrastructure development	The participation of stakeholders, including shareholders, the government, and regulatory agencies in the execution of the company's strategy is presented					
	EU20 Approach to managing the impacts of displacement	No communities were displaced.				1, 2	
	EU22 Number of people physically or economically displaced and compensation	None.				1, 2	
Supplier Social Assessment							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 64 a 65					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-fornecedores.aspx				1, 2, 3, 4, 5	
	414-2 Negative social impacts in the supply chain and actions taken	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-fornecedores.aspx					

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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Public Policy							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 77					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 58, 59.					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 415: Public Policy 2016	415-1 Political contributions	Law No. 9,096, dated September 19, 1995, prohibits the financing of political campaigns.					
Customer Health and Safety							3
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 37, 73					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Annual Report, page 56					
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Appendices, page 10				1	
	EU25 Number of injuries and fatalities to the public involving company assets	Appendices, page 10					
Marketing and Labeling							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 48 a 51					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-clientes.aspx					
	417-2 Incidents of non-compliance concerning product and service information and labeling	None.					
	417-3 Incidents of non-compliance concerning marketing communications	None.					

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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Customer Privacy							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Light complies with the rules set forth by ANEEL and in the Consumer Protection Code. Confidentiality is set forth in the Code of Ethics of the company and is part of the commitments assumed by the workforce.					
	103-2 The management approach and its components						
	103-3 Evaluation of the management approach						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None.					
Socioeconomic Compliance							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 65, 73					
	103-3 Evaluation of the management approach	Annual Report, page 22					
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Annual Report, page 65 Appendices, page 13					
Disaster/Emergency Planning and Response							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 32 a 38					
	103-3 Evaluation of the management approach	Annual Report, page 22.					
Disaster/emergency planning and response 2016	EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	Annual Report, page 36					
Access							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 44 a 46					
	103-3 Evaluation of the management approach	Annual Report, page 22					
Access 2016	EU23 Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	Annual Report, page 44					8

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Material Topics							
GRI 400 STANDARDS SOCIAL TOPICS							
Access							
Access 2016	EU26 Percentage of population unserved in licensed distribution or service areas	0%					
	EU27 Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	Appendices, page 12					
	EU28 Power outage frequency	Annual Report, page 46					
	EU29 Average power outage duration	Annual Report, page 46					
	EU30 Average plant availability factor by energy source and by regulatory regime	Appendices, page 4					
Provision of Information							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report, page 73					
	103-2 The management approach and its components	Annual Report, Pages 29, 31, 73, 47 a 51					
	103-3 Evaluation of the management approach	Annual Report, page 22					
Provision of information 2016	EU24 Practices to address language, cultural, low literacy and disability	http://www.light.com.br/grupo-light/Sustentabilidade/relacoes-sustentaveis_compromisso-com-os-clientes.aspx				6	

