



2019 Sustainability Report

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2019 Sustainability Report

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Joint Letter from the Chairman & CEO

◁ GRI 102-14 ▷



JERSON KELMAN

CHAIRMAN, ENEVA S.A.

2019 was a year of transformation for ENEVA. We revamped our portfolio, delivered our promises and even exceeded expectations. We created value, reinvented our business model, and positively surprised our stakeholders.

Our performance was the outcome of strong execution, continued investment in strategic imperatives, and another year of successful participation in energy auctions. We expanded our leadership as one of the most competitive energy sources in a transitioning market, and consolidated our reputation as preferred partner in the north and northeast regions of Brazil.

We understand and acknowledge that the nature of our business is currently experiencing extreme changes. As a result, we need to be prepared to adapt. In a capital-intensive industry such as ours, we frequently emphasize that our success should be measured by the value we create in the long term, considering the business environment we operate in. We hope to maintain our philosophy of excellent capital allocation, and continue promoting change within the Company as a means to build a long-lasting and sustainable business.

Over the last five years, we have conducted comprehensive Company restructuring. Our long-term commitment to foster the best practices of governance and sustainability make the foundation of our business practices. We share the growing interest of regulators and investors on environmental, social, and governance issues. To properly address these themes, we need a purpose and commitment to manage assets with a long-term vision; something the Company has always valued.

Our analysis of major trends in the energy sector revealed a transition to renewable energy, digitalization, and rise of batteries as the main drivers of change. We developed our strategy in a way that addresses the opportunities and challenges inherent to these various scenarios.

“

Advances in the execution of our strategy, as well as any changes resulting from technological progress or significant cost restructuring, must be assessed over time. There is no single formula for success. **We must be able to adapt to build an agile, inclusive, and resilient organization capable of executing strategies we hope to pursue.**

”

**PEDRO ZINNER**

CEO, ENEVA S.A.

Preferred partner in the transition to renewable energy

In an environment of rising global temperatures and a growing need for energy around the globe, decarbonization is a relevant topic in regards to the development of our portfolio and the transition into energy of the future. We believe the Brazilian energy matrix, due to unique characteristics, has the potential to expand generation from natural gas and plays a key role in building a low-carbon economy with transition fuel by replacing more polluting fossil fuels and increasing the safety and efficiency of Brazil's electricity system. We are enabling and accelerating Brazil's energy transition by adding fewer polluting fuels into the country's electricity matrix.

As we are aware of the impacts of our activities on the environment and climate, we have established targets and measures to control emissions originating from our operations. We set stricter internal limits in comparison to regulated emissions. Through the GHG Protocol inventory of emissions, we managed to reduce emission intensity from energy generated by our operations from 0.66 tCO₂e/MWh to 0.60 tCO₂e/MWh within a year.

We will transform gas from the state of Amazonas into energy for the state of Roraima, delivering cleaner low-cost energy to end consumers. The implementation of the Jaguatirica II project helps us contribute to the environment, displacing generation from diesel engines and reducing CO₂ emissions by 178,700 ton/year. In addition to lowering operational risks and environmental damage, it is safer to transport liquefied natural gas which has lower spill risks compared to diesel transportation.

Combined-cycle projects would also contribute to meeting the country's higher demand for energy through cleaner generation. 477 MW of generation capacity will be added to the system with no additional gas consumption, reducing emissions equivalent to an open-cycle thermal power plant of 1,110,330 ton/year.

“

We will continue to grow responsibly by providing safe energy, creating jobs, income, and continuously monitoring the environmental impacts of our operations. In order to enable this clean energy transition and guarantee the country's growth, we will continue to expand our business model. **We make a commitment to refrain from developing new coal-powered projects without compromising the assured energy under our current contracts. Alongside our stakeholders, we are driven to find more sustainable solutions that will not hinder the stability of the system.**

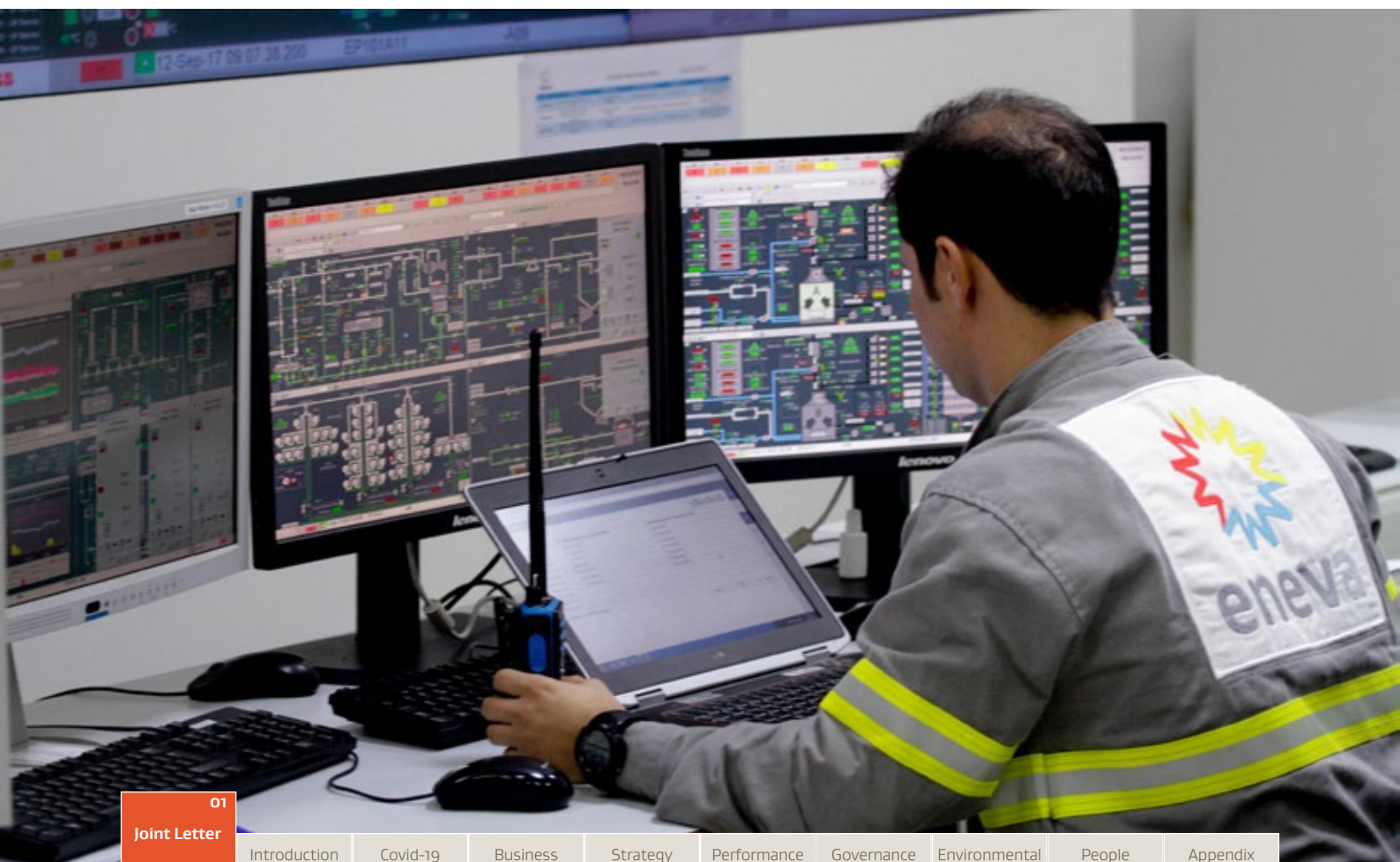
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Accelerating our digital transformation

The value and perpetuity of our business fundamentally depends on our ability to create and leverage synergies between technology and energy generation. We are aiming to increase the efficiency of our operations and foster new opportunities for growth.

The Brazilian ecosystem of energy start-ups has grown and matured quickly, requiring a more agile interface. In order to engage start-ups more efficiently, we created ENEVA Ventures in 2019: a vehicle for identifying and selecting start-ups aligned with our pillars of innovation and ongoing digital transformation.

After an initial evaluation of over 1,000 companies, we selected 7 start-ups and engaged with 5 of them. The goal for selected companies, among others, is to find solutions for the digitalization of our operations, electrification of transport matrix, decarbonization of the industry, efficient replenishment of reserves, and decentralization of energy chain with the advance of the free market.



Batteries: “the heart of the system”

It is safe to say that the “battery” of Brazil’s generation matrix has always been, and mostly still comes from the reservoirs of hydroelectric power plants. For decades, the system depended on the reliability of “natural batteries” to secure the country’s energy reliability. This means that reservoirs of hydroelectric power plants correspond to “energy warehouses” accumulating water, wind, insolation, sugarcane, gas, and other energy sources. This is a significant advantage for the country.

Over the next few years, renewable energy generation (from wind and solar power) will continue to grow significantly. As a result, there will also be an increasing need for generation methods that makes the system reliable. However, new hydroelectric power plant projects are mostly run-of-the-river. They have considerably smaller reservoirs, low regulation, and provide lower systemic efficiency. For this reason, it is necessary to complement “natural batteries” with new sources, preferably those that are controllable, less polluting, and more competitive. Without these additions, the sustainability of the national integrated system would be at risk.

We believe our gas reserves can play that role. They have a flexible dispatch and can be used whenever the system requires. They also have lower costs compared to offshore gas reserves or imported liquefied gas, and are cleaner than diesel or fuel oil options. In conclusion, gas functions as a transition fuel, and plays a key role in system reliability with a cleaner, more competitive, and domestic solution.

We want to continue to lead the development of projects that deliver safe, stable, and affordable energy to society, as well as support the transition and growth of renewable energy. We know the large-scale development of new energy storage technologies has significantly evolved within the last few years. Soon we will have solutions that complement gas and hydropower generation, which is the case for batteries. Old solutions, such as reversible hydroelectric power plants, could regain momentum due to the need for modulate load variations. This is why we study new business models, monitor regulatory changes required for implementation, and assess various possibilities to develop new solutions.

Addressing challenges from growth and people

One of the main reasons why we have achieved so much in such little time is the fact that we have a dynamic corporate culture. Our culture is not conservative or strict, and does not privilege excessive consensus and rigid processes. Quite the contrary, it is a combination of confidence, speed, and action.

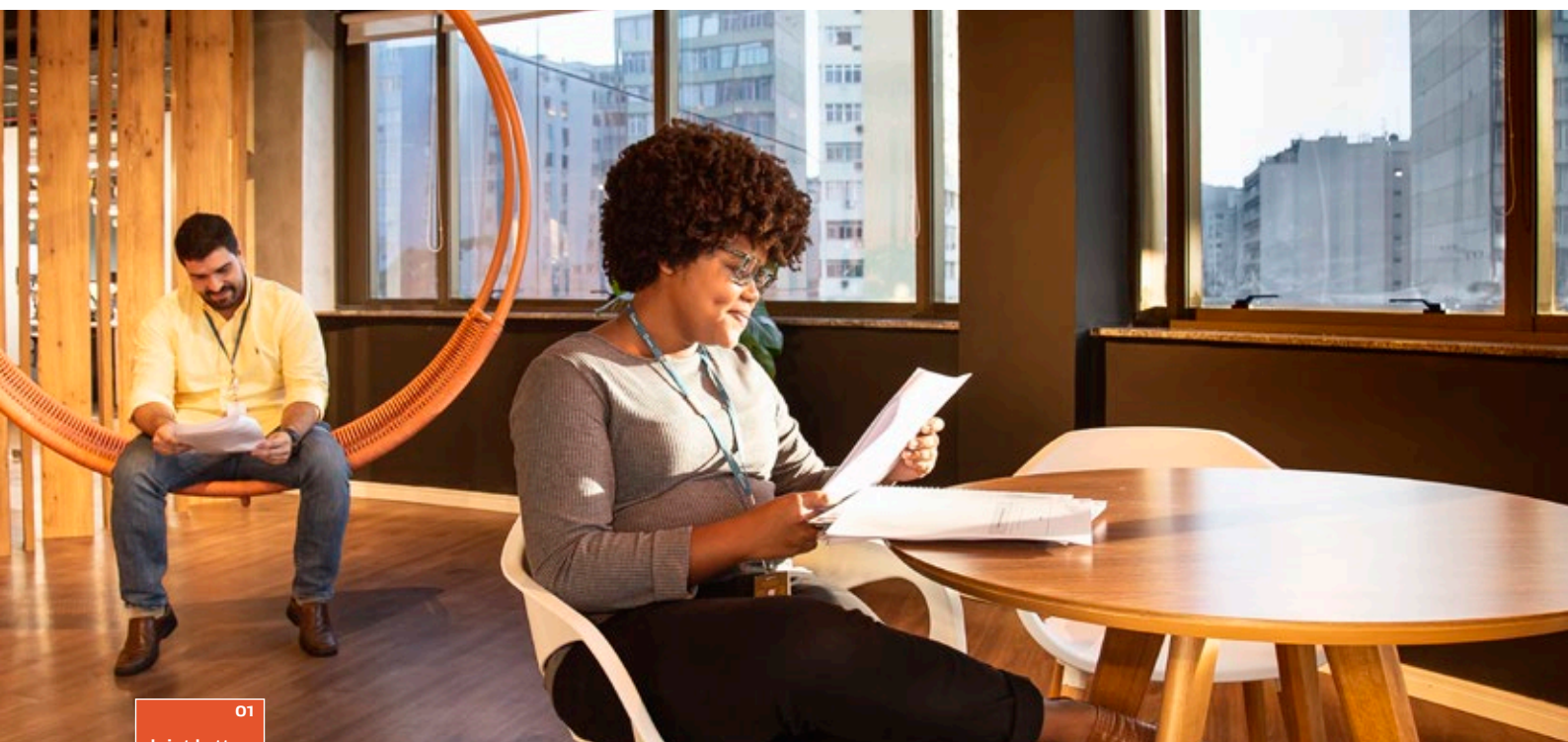
We promote a culture of open-door leadership, and encourage communication across Company hierarchical positions. This different approach enables quick action and helps employees learn. We see each human being's singularity as adding value to the Company. The more diversity we have on a day-to-day basis, the more capable we will be at tackling the potential challenges facing our business.

ENEVA - Rio de Janeiro
Photo: ENEVA's source

“

Cognitive diversity cultivates an environment where success is compensated without placing blame for any mistakes made throughout the process. We evaluate the quality of decisions made in circumstances of uncertainty by taking into consideration the context in which they were made. We refrain from using the ex-post point of view of the commentator regarding past events on who may have known exactly what decisions would have been optimal. We value different opinions as they are part of our culture. **As such, we believe ENEVA benefits from the diversity of competencies, experiences, and opinions from employees. We understand the importance of having a work environment with equal opportunities and inclusion for all.**

”



Safety as a way of being

Culture is the result of shared beliefs and behaviors. For a culture to be strong and long-lasting, it needs to permeate the entire Company, so that every employee is able to understand that safety is a priority when performing their role. The responsibility for workplace safety does not lie within any specific department, but with each employee performing a task.

We operate in segments that have inherently-high risks. The first step in establishing strong risk management is being able to recognize these risks. To do so, we constantly emphasize the elements of our operational health and safety management system. Each employee knows they have a duty and authority to interrupt any operating procedure if an incident is imminent. Through internal campaigns and audits, we can verify the compliance of our operations with internal standards and benchmarks with similar or more demanding metrics than those established by the regulators. As a result, we encountered zero fatalities in 2019, and had a reduction of approximately 40% in total recordable incident rate (TRIR).

Outlook

We always balance long-term investments and compliance with our current short-term commitments to drive sustainable growth. With the rise of Covid-19, issues related to sustainable policies and the climate became more prominent over the last few months, making us reevaluate the growth outlooks of our business portfolio.

All markets are subject to periods of transition. Any country, including Brazil, with a legacy of thermal power plants powered by diesel and coal, will require a partnership with the private sector to develop a cleaner energy matrix. We are preparing for these changes by restructuring and redeveloping our business.

Natural gas is the transition fuel into a world that is better prepared to tackle global warming. We are aware of our responsibility to excel in this role. We also know we cannot sit and wait. Rather, we will continue to pursue optimal results in different scenarios. Such as in a game of chess, we aim to get a head start and prepare for the future.

JERSON KELMAN

CHAIRMAN

PEDRO ZINNER

CEO

02 Introduction

Introduction

2.1 About This Report

◀ GRI 102-32 | 102-46 | 102-50 | 102-52 | 102-53 | 102-54 ▶

The publication of ENEVA’s first sustainability report following GRI/SASB standards is a key step in moving towards a more comprehensive discussion on the Environmental, Social, and Governance aspects (ESG) of Company wide strategic planning. Over the last 5 years, ENEVA went through a deep restructuring and transformative process. During this time, Company Management actively mitigated risks, and incorporated ESG criteria into capital allocation decision making.

This content provides an overview of the Company, includes key performance indicators, and details regarding actions developed with stakeholders during the period between January 1st through December 31st of 2019.

This report was prepared in accordance with GRI Standards, core option, reporting principles for defining report content, and the materiality principle as instructed by the Global Reporting Initiative (GRI). This document also considers the specific indicators for oil, gas, and energy industries from the Sustainability Accounting Standards Board. SASB is a tool that enables the identification, management, and communication of the most relevant topics from a financial and sustainable standpoint for each industry.

The information presented in this report has been formally examined and approved by the Company’s Board of Executive Officers. This report is pertinent to companies in the fields of natural gas exploration, production, and electricity generation.

With the publication of the sustainability report, ENEVA aims to take a step ahead by sharing key performance indicators with stakeholders to promote active participation in creating the Company's sustainability strategy. The purpose of this report is to provide a straight-forward diagnosis of ENEVA's current positioning which will serve as the basis for Company wide sustainability targets.

We are making a commitment to refrain from developing new coal-powered projects without compromising the assured energy under current contracts. We aspire to find solutions, alongside our stakeholders, to reduce the use of these assets without disrupting the stability of the system.

If you have any questions or comments regarding the information presented in this report, please send an e-mail to esg@eneva.com.br

Gas Treatment Unit (GTU) - Parnaíba Complex
Photo: ENEVA's source



2.2 About ENEVA

◀ GRI 102-1 | 102-2 | 102-3 | 102-4 | 102-6 | 102-7 ▶

ENEVA S.A. is an integrated energy Company with complementary businesses in electricity generation, as well as hydrocarbon exploration and production in Brazil. The Company's registered office is located in Rio de Janeiro, with assets in the states of Maranhão, Ceará, Amazonas, and Roraima.

The Company has a thermal power generation park of 2.2 GW, representing 12% of the country's capacity for thermal power generation from natural gas and coal¹. The total installed capacity will reach 2.8 GW by the end of 2024 with the addition of 3 new plants.

We operate 10 natural gas fields in the Parnaíba and Amazonas Basins with certified reserves of 27.7 bcm (billion cubic meters). We also have concession agreements for hydrocarbon exploration and production in more than 50,000 additional square kilometers. In 2019, the Company was the second largest natural gas operator in Brazil², with a production capacity of 8.4 million m³ per day. In 2021, with the start of operations in the Amazonas Basin, natural gas production capacity will reach 9.0 million m³ per day.

Operation Segments



Generation

9 generation thermal power plants in 3 Brazilian states (Maranhão, Ceará in Roraima) totaling 2.8 GW of installed capacity (78% operational).



E&P

10 natural gas fields in the Parnaíba and Amazonas sedimentary basins, with certified reserves of 27.7 bcm and over 50 thousand km² in exploratory concessions.



Trading

Commercial integration of different generation sources through contracts from own plants and third parties. It offers free market customers a combination of sources that minimize the socio-environmental impacts of power generation with security of energy supply.

¹ Calculation based on data available in the Generation Information System (SIGA) of the Brazilian Electricity Regulatory Agency (ANEEL), under option "Generation Capacity in Brazil." (bit.ly/3kl6m4R)

² Source: "Anuário Estatístico de Petróleo, Gás Natural e Biocombustíveis 2020" [2020 Statistics Yearbook for Oil, Natural Gas and Biofuels] (data related to fiscal year 2019). Available in "Table 2.12 - Produção de petróleo e gás natural, por operador [Oil and natural gas production per operator] – 2019". (bit.ly/2ZYswHZ)

2.3 Key Indicators

INDICATORS	2019	2018
Number of Employees ◁ People ▷	950	907
Concessions for hydrocarbon exploration ◁ Km² ▷	38,526	51,811
Number of power generation plants in operation ◁ TPP ▷	6	6
Total installed capacity ◁ GW ▷	2.2	2.1
Net Operating Revenue ◁ R\$ Million ▷	3137	3301
Net income ◁ R\$ Million ▷	600	886
EBITDA ◁ R\$ Million ▷	1,392	1,460
Direct emissions -Power Generation ◁ tCO ₂ e ▷	5,480,361	5,516,529
Injury rate ◁ (Number of injuries in the period)/(Total hours worked during the period) x 1,000,000 ▷	-	0.52
Total investment in Innovation, Research and Development	7.2	8.0



2.4 ENEVA's Way of Being

ENEVA's way of being is the combination of experiences and stories from the people who comprise our teams. This concept reflects the way we carry out our business and relationships guided by 3 pillars: mission, vision, and behavior.

MISSION STATEMENT

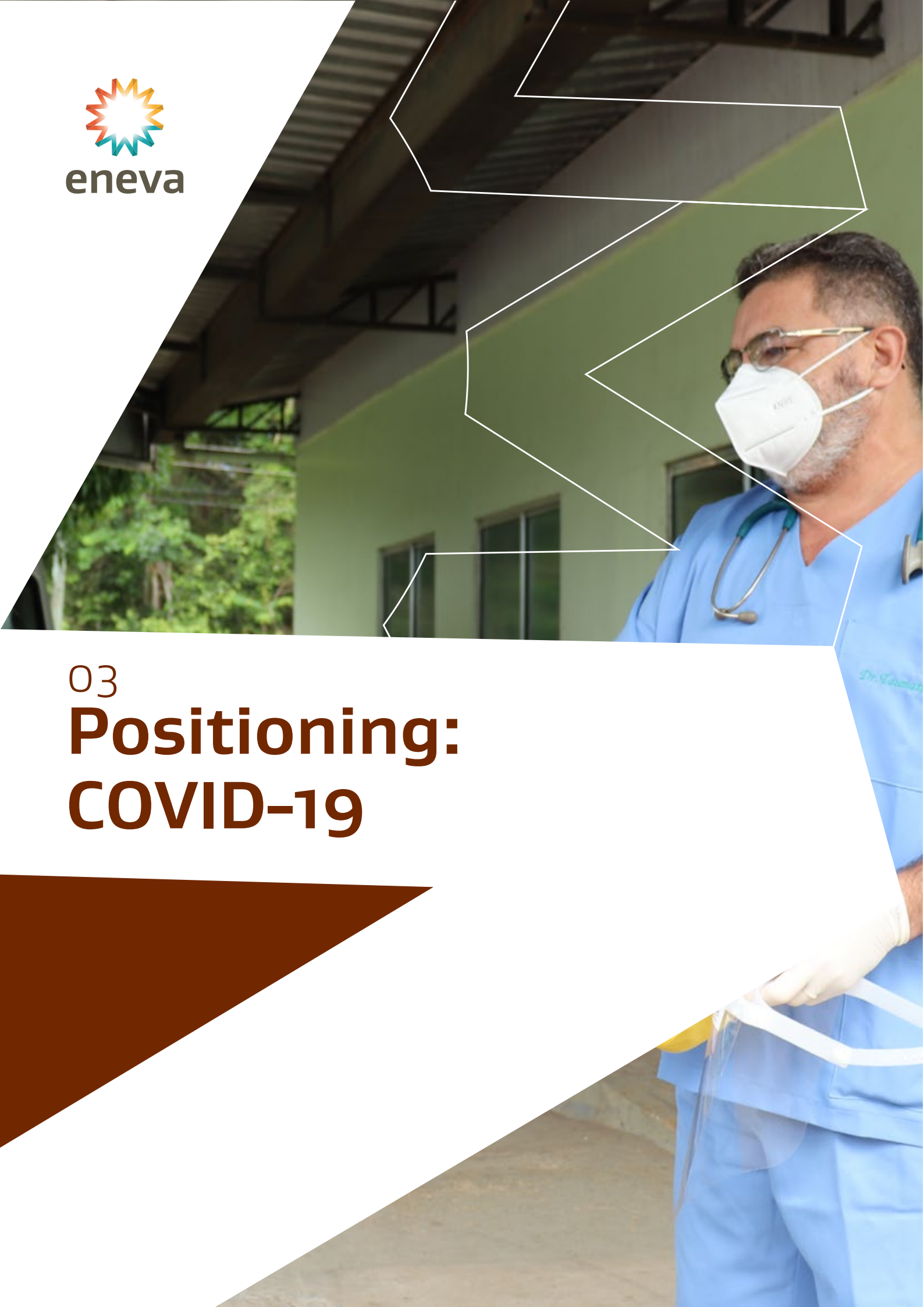
To be a reliable, competitive, and accountable pioneer in new energy frontiers.

2023 VISION

To reach 4.7 GW contracted generation capacity and become the most admired Brazilian Company for innovation, performance, and people.

OUTLINED BEHAVIOR

We have the courage to take responsible risks.
We are welcoming, constructive, and resilient.
We pursue the highest performance standards.
We rely on each other.
We celebrate and acknowledge success.



03

Positioning: COVID-19

Positioning: Covid-19

Although the effects of the Covid-19 pandemic were only observed in Brazil from 2020, given the relevance of impact, we felt obligated to include details regarding the actions taken by our Company to maintain proper work functions and help society fight the disease. These details are included in the sustainability report.

Energy is a vital input for modern living, and the interruption of our plant operations would further negative effects of the pandemic. Since the beginning of the Covid-19 dissemination in Brazil, ENEVA has developed health and safety protocols for employees in line with guidelines from the World Health Organization (WHO), Brazilian health authorities, and regulatory agencies. We also adopted plans to support our operations and the local communities surrounding them.

Health & Safety of Our Teams

To guarantee the continuity of our operations and health and safety of our teams, we prepared an action plan to prevent and fight the dissemination of Covid-19 on our sites. The main initiatives include:

- Adopting a work from home regime for all administrative and non-operational roles (53% of our employees)
- Identification and isolation (remote work) of employees in the at-risk group who hold operational roles
- Widespread testing of all employees and contractors on the field
- Access control to sites by taking temperatures of employees and performing clinical and epidemiological evaluations
- Early tetravalent vaccinations (H1N1/H2N3/Influenza A-B)
- Intensification of hygiene and cleaning procedures
- Improved health infrastructure by hiring additional medics and providing more ICU ambulances if necessary
- Addition of beds available for emergency treatment
- Development of digital inclusion device for the hearing-impaired to use in online meetings during remote work regime
- Online training focused on developing skills of remote workers
- Remodeling of Quality of Life program with new online yoga and functional training, as well as weekly conversations about mental health with a psychotherapist

Support For Local Communities

The volunteering initiatives in this period were directed at prevention, support, and income generation targeting 87 communities located in our areas of influence. The locations included the states of Maranhão, Ceará, Roraima, and Amazonas. For volunteering initiative details please refer below:



Support

- Donation of 700 cleaning kits to hospital units in Silves and Itapiranga, AM
- Donation of 1,400 masks and 200 caps to local health professionals in Silves and Itapiranga
- Donation of 25 respirators to state governments of Maranhão, Ceará, Roraima, and Amazonas
- Donation of 3,800 drugs to treat Covid-19 in the municipal health departments of Itapiranga and Silves, AM
- Donation of 239 cylinders of gas to hospitals in the state of Maranhão
- Support for the installation of a field hospital in Pedreiras, state of Maranhão (MA)
- Solidarity Live Stream: musical sponsorship to promote PPE donations to hospitals serving the Parnaíba Complex region.

Income Generation & Support For Underprivileged Families

- 49 tons of food in 7,600 food baskets across 67 different communities
- Costurando para o Bem project: a consortium of local seamstresses and craftswomen to make masks and coats for health professionals, employees, and communities in the states of Maranhão and Amazonas
- Prioritization of purchases for donations from local vendors and companies
- Supporting the disclosure of digital sales/delivery of products from the HortCanaã agricultural hub
- Development of projects with incentive resources to fight Covid-19 among elderly populations of Maranhão and Ceará

Costurando para o Bem do Amazonas - Entrega de Materiais
Photo: ENEVA's source



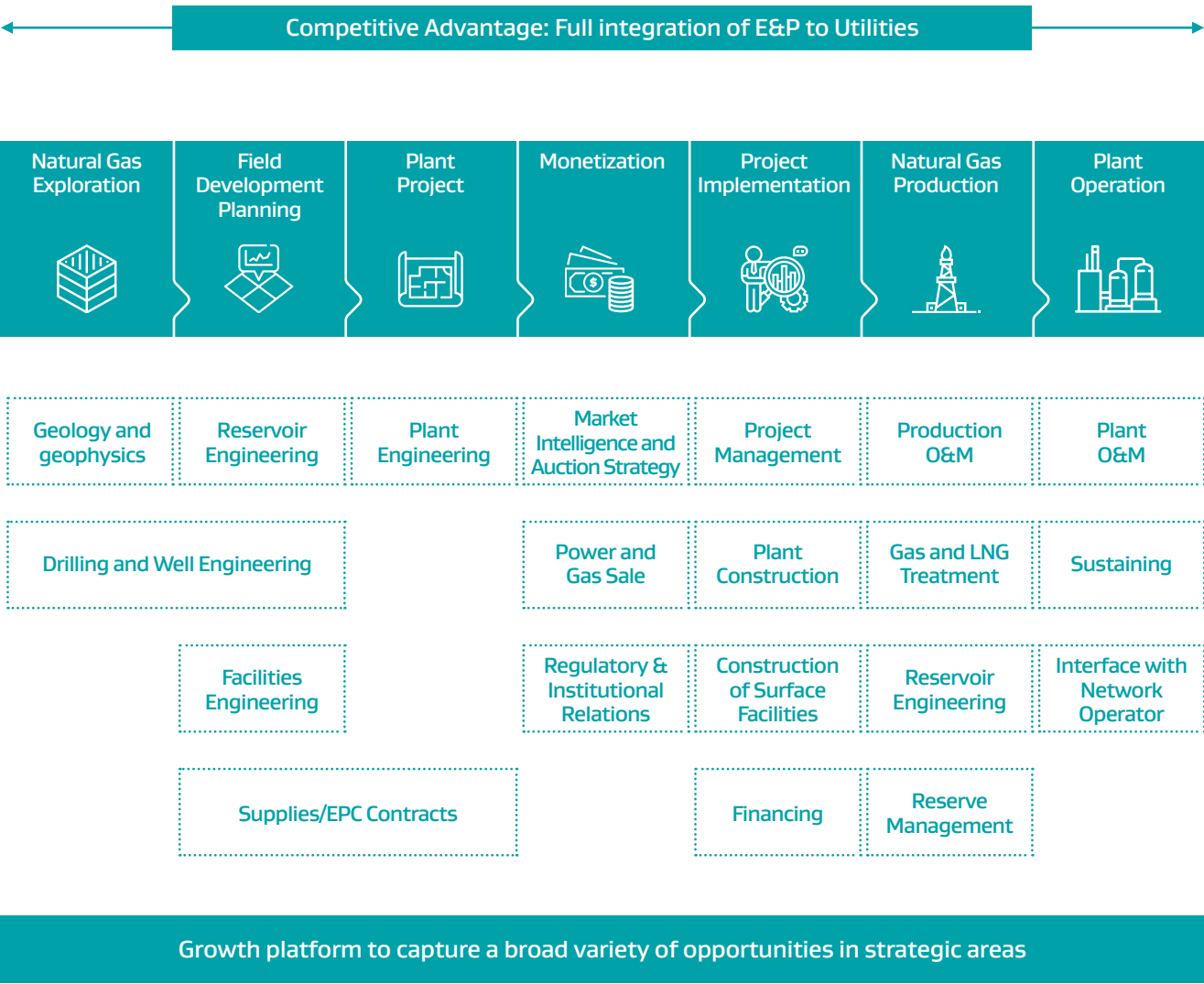
04

Business Model & Main Assets

Business Model & Main Assets

◁ GRI EU 1 | EU 6 | OG1 ▷

ENEVA was a pioneer in adopting the Reservoir-to-Wire (R2W) **business model with full integration of natural gas exploration through generated energy sales**. ENEVA’s operations across the value chain provide **a growth platform to capture a comprehensive variety of opportunities in strategic segments** for the energy sector.



The relevance of R2W lies in the fact that Brazil's infrastructure for power transmission is significantly larger than the country's gas pipeline infrastructure. This allows for the monetization of onshore natural gas through power generation in regions far from gas consumers.

→ Gas pipelines³

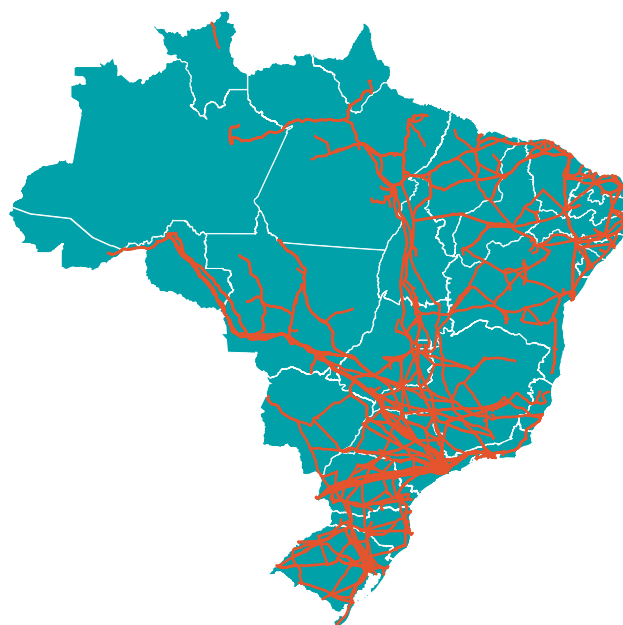
9,409 km of gas pipelines

(Sources: EPE and ANP, 2019)



→ Transmission Lines⁴

141,756 km of transmission lines



By accessing land reserves of natural gas to generate energy, the integrated business model allows for more flexible generation, and lowers costs and emissions, to meet the growing needs for new dispatchable and cleaner sources of thermal power in Brazil.

³ Information on gas pipeline extension available on Page 11 at bit.ly/2RKqqav.

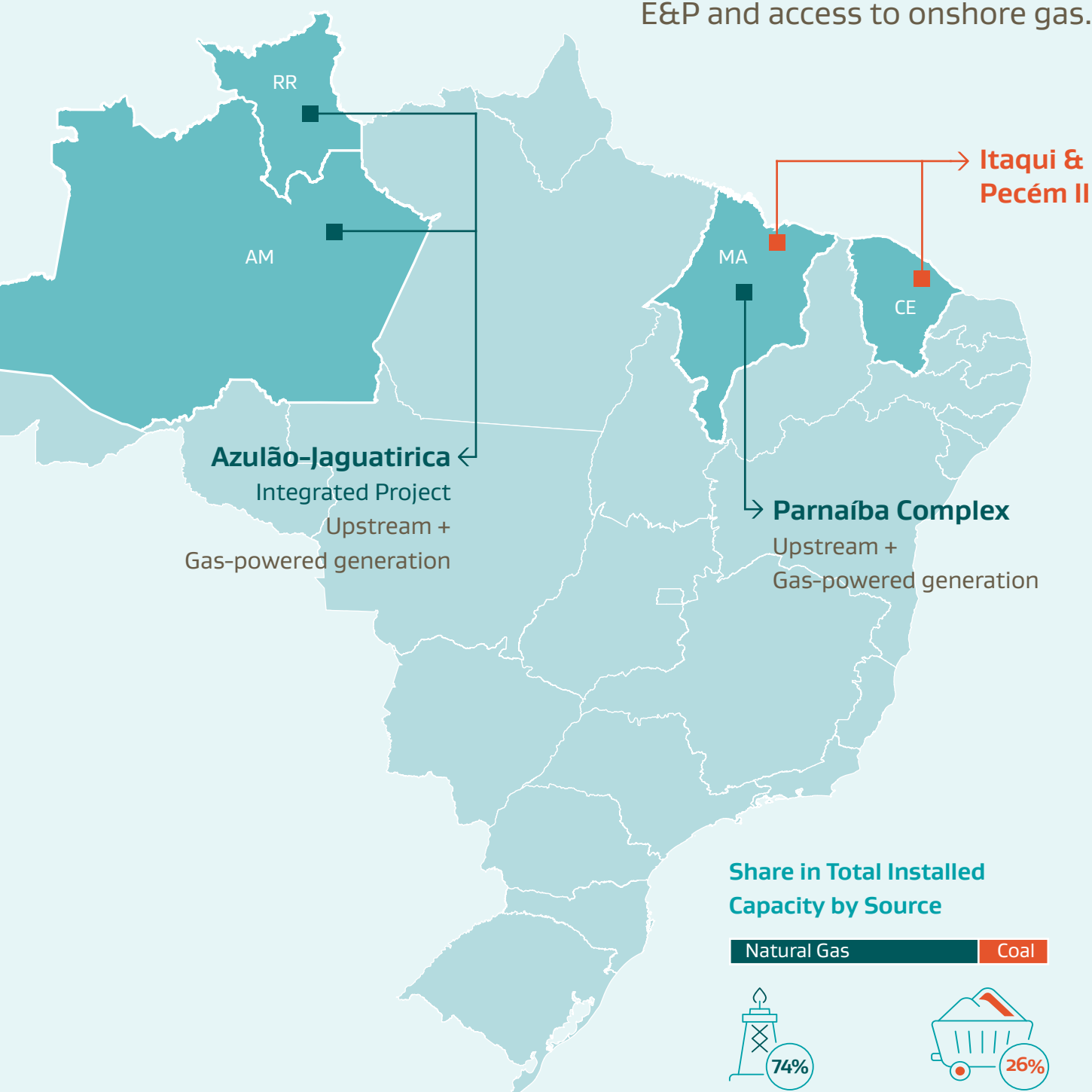
Map available at: bit.ly/2ZWvayh.

⁴ Information on the extension of transmission lines available on the Table "EXTENSÃO DA REDE BÁSICA DE TRANSMISSÃO [Extension of the Basic Transmission Network]," at bit.ly/3mHorlu.

Map available at: bit.ly/32NcO4w.

Main Assets

The only private power generation Company in Brazil with experience in E&P and access to onshore gas.



a. Parnaíba Complex: Pioneering R2W Project

The Parnaíba Complex has a total contracted capacity of 1.9 GW of which 1.4 GW is already in operation. The complex comprises 6 thermal power plants powered by natural gas from 9 surrounding land fields through a dedicated proprietary infrastructure. The strategic location of the generation park, near natural gas fields, guarantees energy generation at competitive costs, lower environmental impact, reduced fuel transportation costs, and losses.

Parnaíba Complex	Parnaíba I TPP	Parnaíba II TPP	Parnaíba III TPP	Parnaíba IV TPP	Parnaíba V ⁵ TPP	Parnaíba VI ⁶ TPP
Capacity ◁ MW ▷	676	519	178	56	385	92
Max. Gas consumption ◁ MM m ³ /day ▷	4.6	2.3	1.2	0.3	-	-
Contracting Environment	Regulated Market	Regulated Market	Regulated Market	Free Market	Regulated Market	Regulated Market
Contract maturity	Dec/2027	Apr/2036	Dec/2027	Merchant	Dec/2048	Dec/2049

5 Parnaíba V TPP: currently under construction.

6 Parnaíba VI TPP: currently under construction.







Parnaíba IV
Parnaíba III + VI
Parnaíba I + V
Parnaíba II

Generation Plants

Gas Treatment Unit

Transmission Lines

→ Gas-powered generation

- » 6 gas-powered thermal plants
 ‹ Parnaíba I, Parnaíba II, Parnaíba III, Parnaíba IV, Parnaíba V and Parnaíba VI ›
- » 1.9 GW of installed capacity (0.5 GW under construction)
- » Long-term PPAs hedged against inflation



→ Upstream Parnaíba Basin

- » 9 gas fields
- » 24.1 bcm of remaining certified reserves¹
- » 203 km gas pipeline network
- » Production capacity of 8.4 MMm³/day
- » Dedicated and proprietary fuel supply infrastructure



Gas Pipeline
1km – 70km away

b. Azulão-Jaguatirica Integrated Project: Replacement of Diesel Generation in Isolated Systems

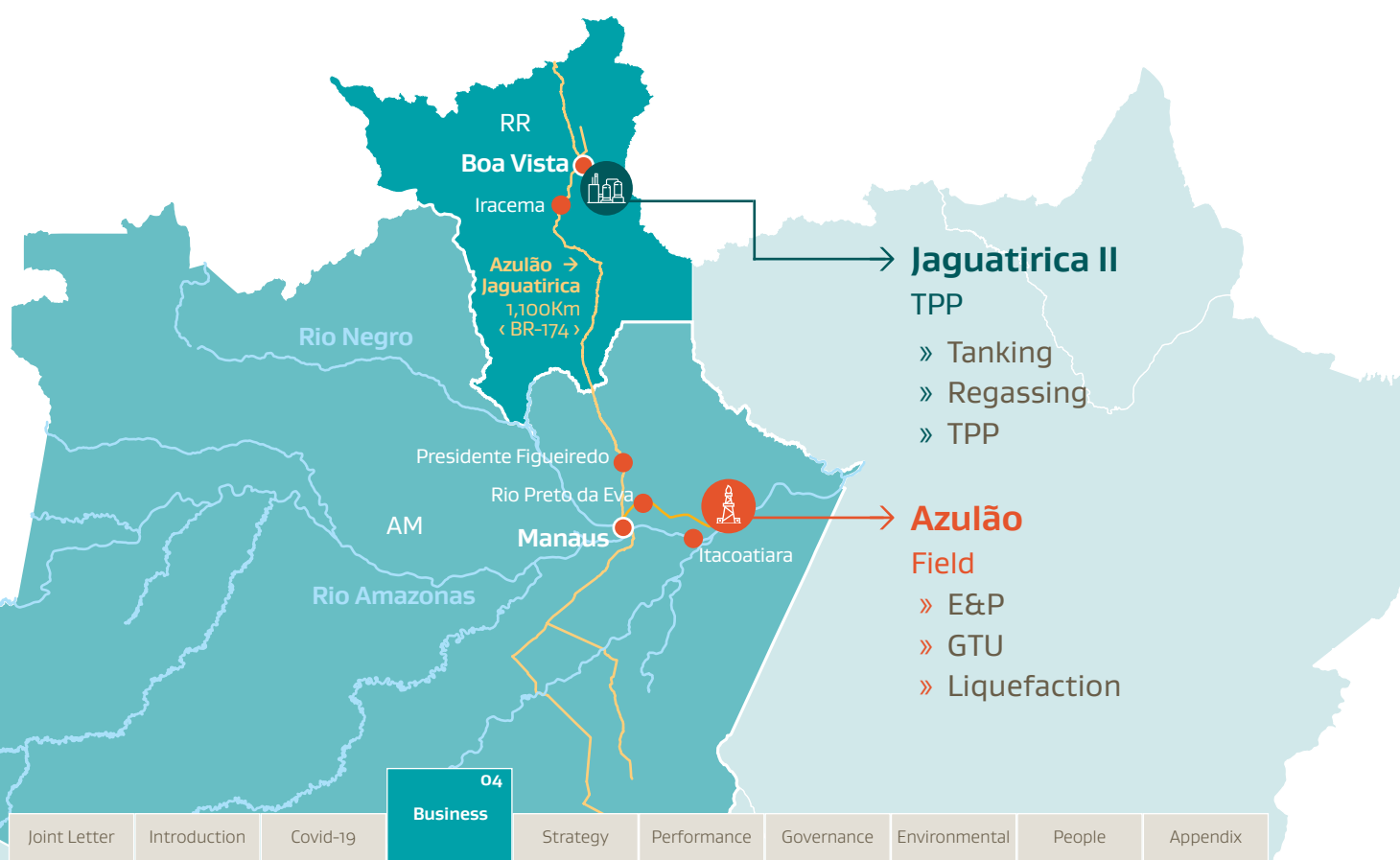
An isolated system (SI) is a power system disconnected from the national interconnected system. There are currently 235 isolated systems in Brazil mainly in the northern region. Among the state capitals, Boa Vista, in the state of Roraima, is the only one still being serviced by an isolated system.

In 2019, the state of Roraima faced an energy crisis caused by the interruption of electricity imports from Venezuela. As a result, all diesel plants had to be activated to guarantee power supply. At the peak of the crisis, the state of Roraima was consuming approximately 1.3 million liters of diesel per day to supply energy to approximately half a million people. To tackle this supply challenge, the Ministry of Mines and Energy

organized an emergency auction for energy supply to Boa Vista and the connected locations.

ENEVA won the auction with the project for TPP Jaguatirica II with an installed capacity of 141 MW. The start date is expected for the second half of 2021. The thermal power plant is being implemented in the city of Boa Vista within the state of Roraima.

The plant will consume and produce natural gas extracted from the Azulão field in the state of Amazonas. The gas will be liquefied and transported to the plant through an existing road using the logistics network currently dedicated to diesel fuel transportation



With the start-up of TPP Jaguatirica II, a significant portion of diesel generation supplying Roraima will be turned off. As a result, we estimate a reduction of approximately 35% in carbon emissions and 99% in NOx.

LEARN
MORE

Climate Change &
Thermal Power

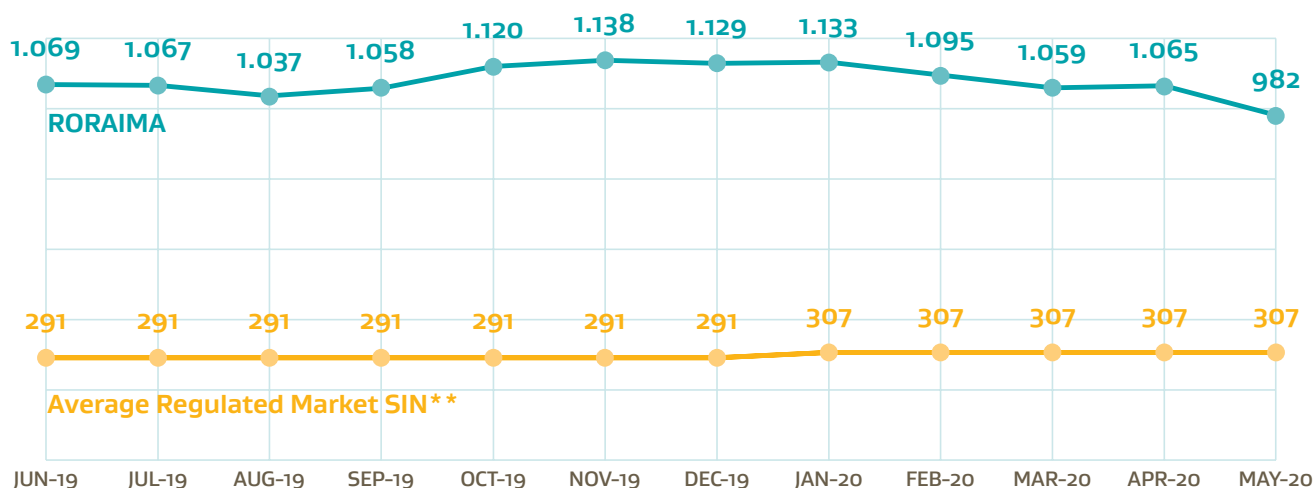


Comparative Analysis of Generation Costs

According to data from the Electric Power Trading Chamber (CCEE)*, from June 2019 to May 2020, the average cost of energy production in Roraima's isolated system was R\$1,079.06/MWh. The fact that TPP Jaguatirica II won the ANEEL 001/2019 auction for R\$798.17/MWh represents a decrease in 26% from the current average cost of generation in Roraima, as shown in the chart below.

Average generation cost

◀ R\$/MWh ▶



*Source: Prepared by the Company, based on CCEE data (bit.ly/3hPPUxG)

** SIN: Brazilian Interconnected System

In addition, the auction reference price had an implicit assumption of 70% dispatch from all plants to make them competitively equivalent. Considering a scenario of 100% dispatch for TPP Jaguatirica II, which is possible, since it has the lowest variable unit cost (CVU) among the auction winners in question. With the reference price recalculated as R\$618.72, it is possible to say that the decrease could be up to 43% in comparison to the current average cost of R\$1,079.06/MWh.

Winning TPPS from Auction 011/2019 (ANEEL)	CVU* (R\$/MWh)
Jaguatirica II	200.00
Pau Rainha	386.88
Santa Luz	386.88
Bonfim	386.88
Cantá	386.88
BBF Baliza	610.38
Palmaplan Energia 2	630.41
Híbrido Forte De São Joaquim	758.41
Monte Cristo Sucuba	1,008.36

Source: Prepared by the Company, based on CCEE data (bit.ly/304eLI5)

* CVU = Variable Unit Cost

TPP Jaguatirica II will be the first in the country to adopt air cooled condenser (ACC) technology to cool the water-steam cycle. In this type of operation, hot air is cooled by exchanging heat with atmospheric air through ventilators. This process consumes very little water, and spares use for energy generation.

Company activities in regions disconnected from the national interconnected system (SIN), such as Roraima, provide energy security and cost reduction by offering permanent power availability. Innovative projects such as Azulão-Jaguatirica offer solutions for our clients and contribute to the country's development.

JAGUATIRICA II: Government delivers three more licenses - Mar/20

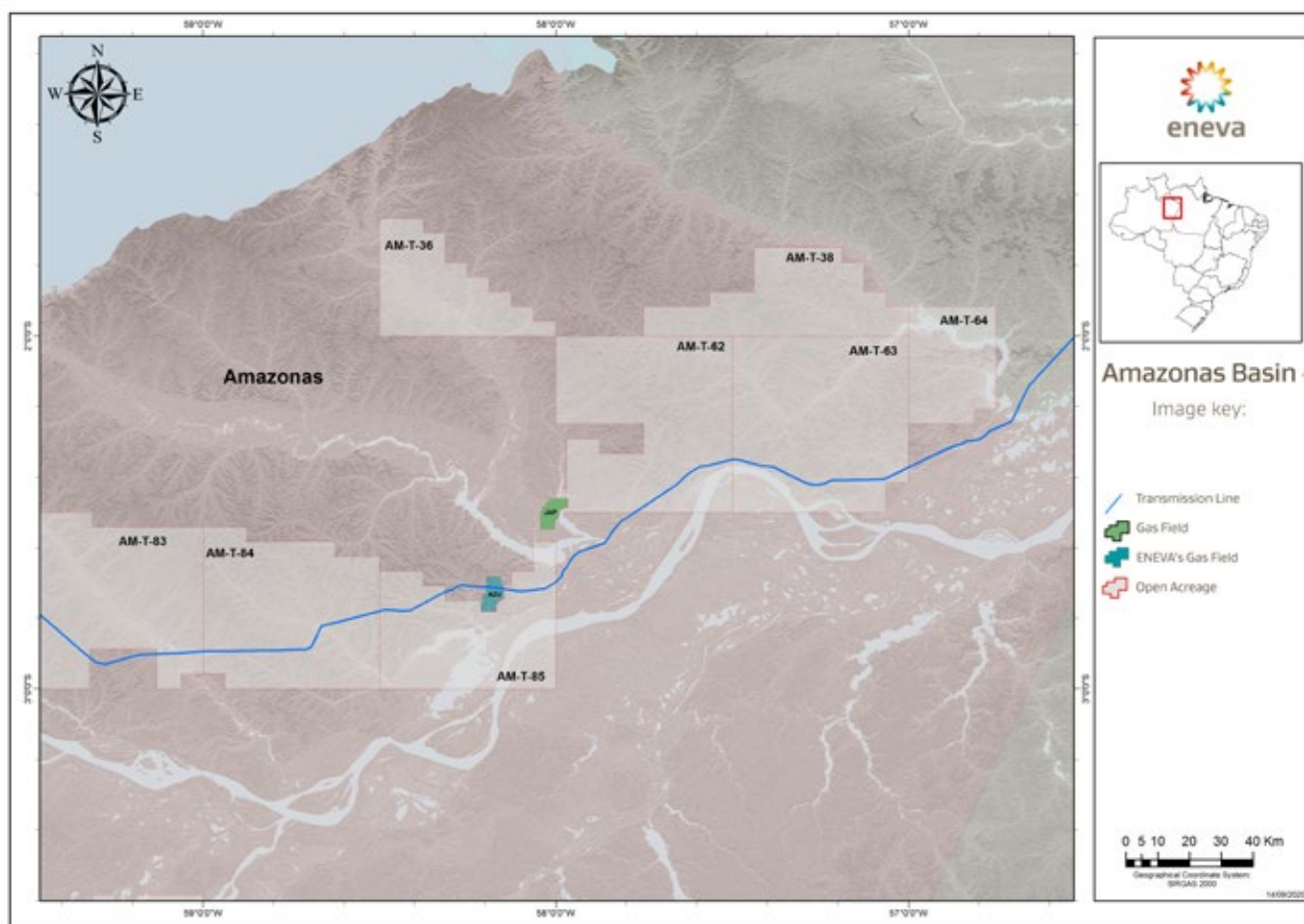
Photo: Ederson Brito



Azulão Field (AM)

Discovered in the 90s and declared commercial in 2004, the Azulão field had never developed before. In 2018, ENEVA acquired, and subsequently invested **over R\$1.8 billion in the Azulão-Jaguaririca integrated project**. The shipment and distribution challenges were overcome within a year.

The Azulão field has a reserve of **3.6 billion of m³ (bcm)** certified by Gaffney, Cline & Associates.



c. Thermal power plants Itaquí & Pecém II: offer a safe supply and commitment to efficient asset management until the end of current contractual obligations

In addition to the natural gas generation capacity, ENEVA operates 2 coal thermal power plants: TPP Itaquí and TPP Pecém II. TPP Itaquí is located in the state of Maranhão with an installed capacity of 360 MW. TPP Pecém II is in the state of Ceará and has an installed capacity of 365 MW. These plants have contracts by availability in the regulated contracting environment (ACR) that expire in 2026 for TPP Itaquí and 2027 for TPP Pecém II. Considering the gas-powered generation capacity is already contracted and under construction, coal-powered generation capacity accounts for 26% of ENEVA's total installed capacity.

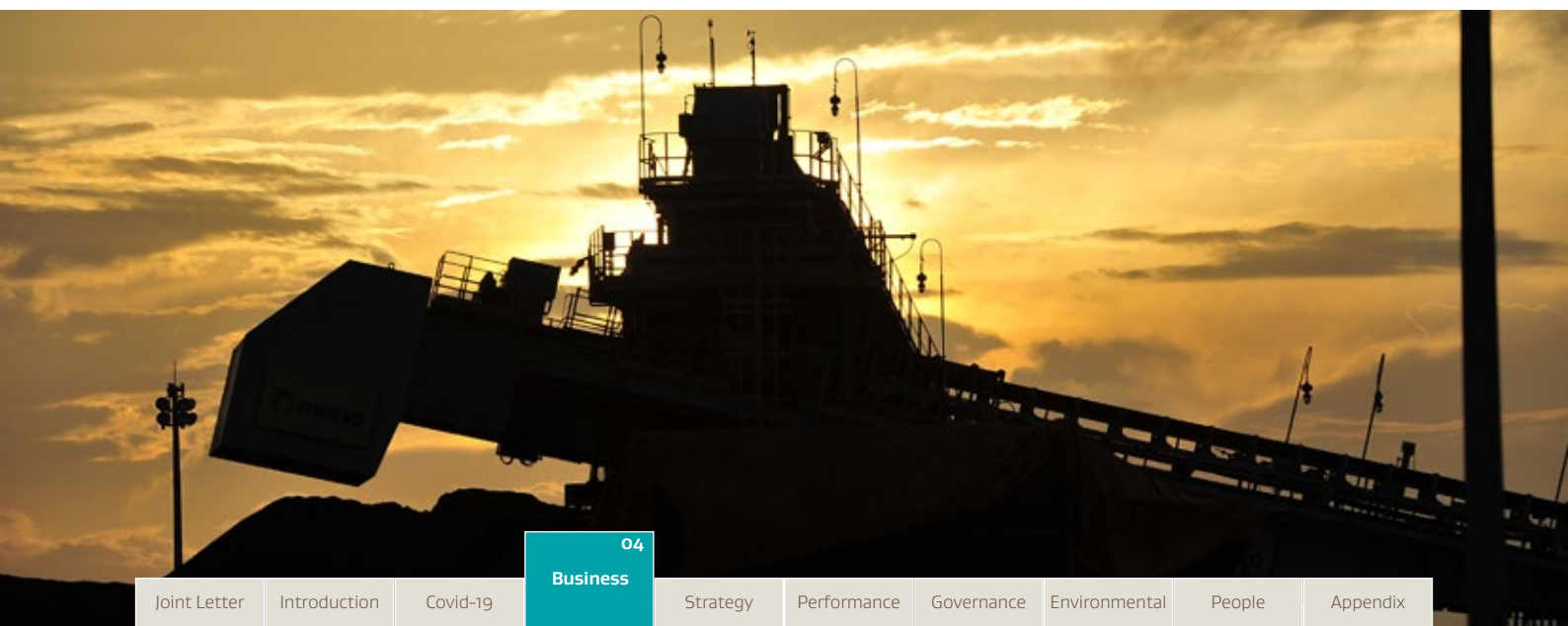
Recognizing the socio-economic consequences of climate change risks, we are making a commitment to halt the development of any new coal-powered projects without compromising the assured

energy under current contracts. We aim to find solutions, alongside our stakeholders, to reduce the use of these assets without disrupting the stability of the system.

Despite significant progress, there is no technology currently available to fully replace the use of fossil fuels within the electricity matrix for a profitable and reliable supply. Although mineral coal in Brazil represents only 2.1% of the generation matrix⁷, it still plays an important role in supply security.

In this context, efficiently operating our coal-powered plants is vital to our sustainability strategy. Over the last 3 years, we allocated significant investments to increase the efficiency of both plants and achieve concrete results.

⁷ ANEEL Data, available at: bit.ly/3kl6m4R





05 Strategic Management

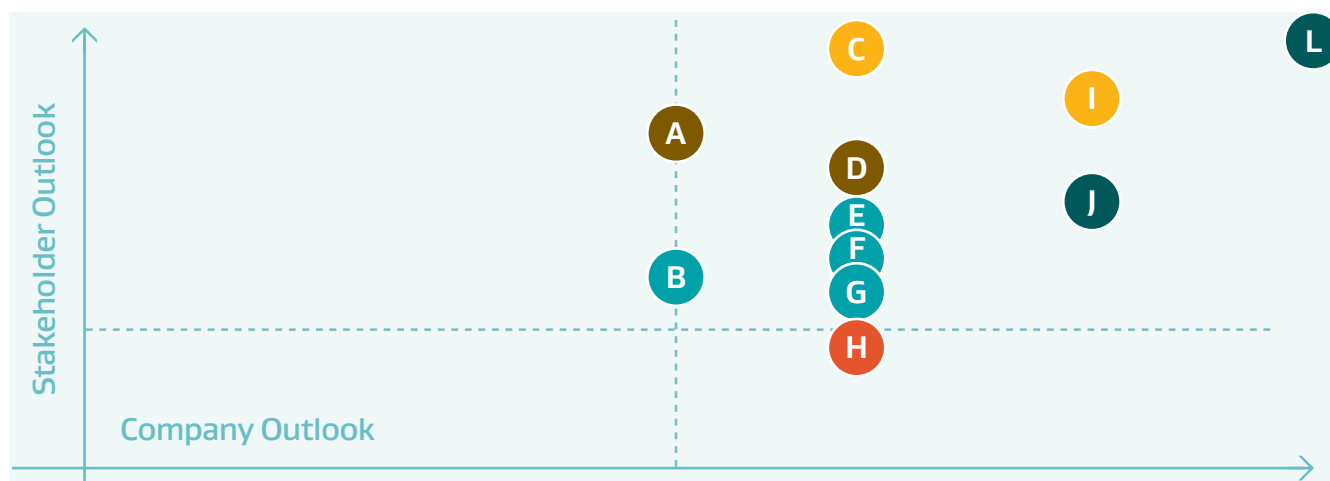
Strategic Management

◁ GRI 102-42 | 102-43 | 102-44 | 102-47 | 103-1 ▷

5.1 Materiality

When determining the most relevant topics for the Company and stakeholders, ENEVA used reporting principles for defining report content aligned with the Global Reporting Initiative ◁ GRI 102-40; 102-42 ▷. The development process comprised the Company's strategic goals, technical visits, examinations of internal and external documents such as sector studies and reports from companies in the industry, interviews with stakeholders, Company executives, and Management.

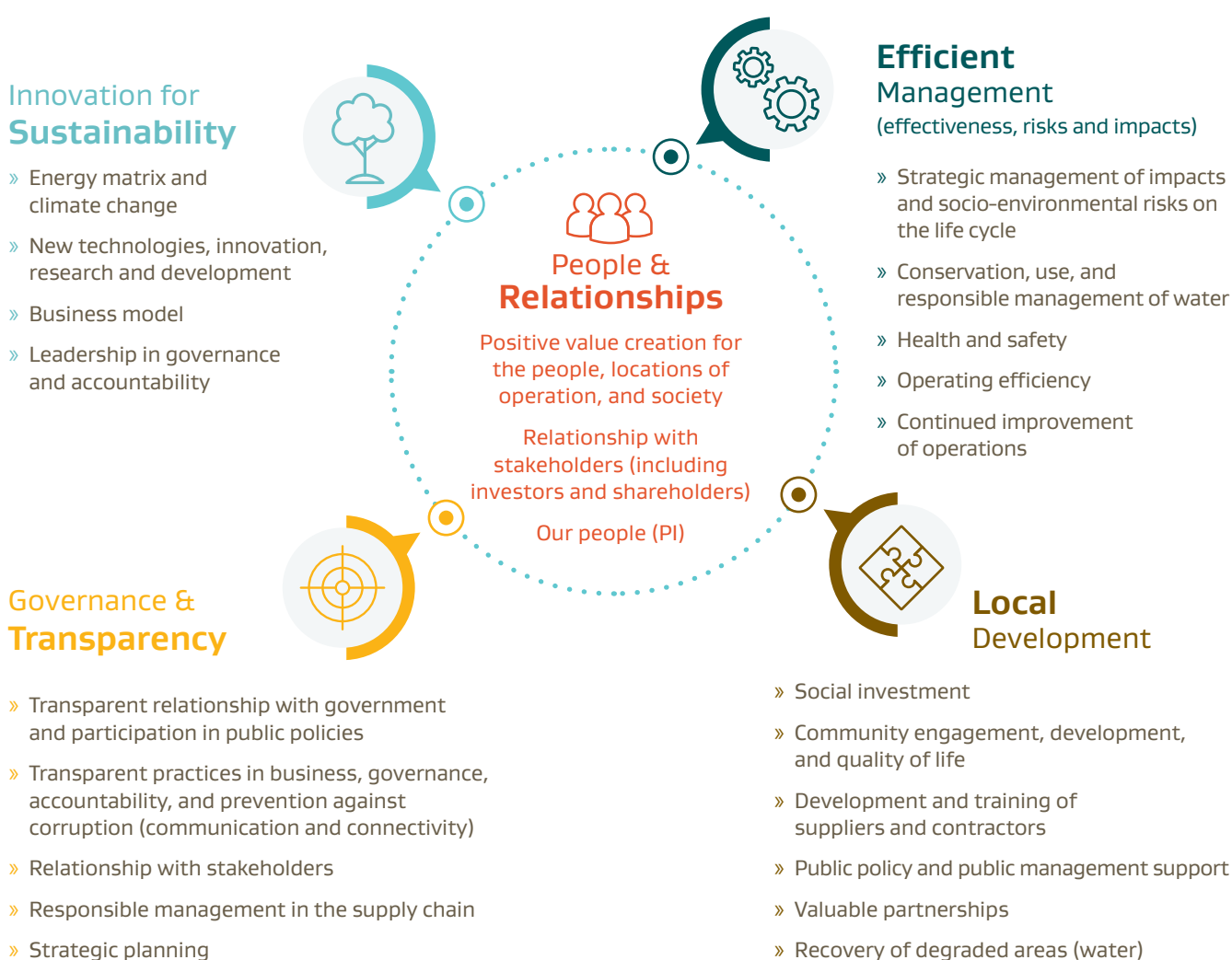
This process resulted in a list of 11 topics with the highest impact and influence on our business and stakeholders as shown below:



- | | |
|---|--|
| <p>A. Transparent business practices, governance, accountability and fight against corruption</p> <p>B. Health & Safety in operations and in the areas of influence</p> <p>C. Engagement and development of local, traditional and vulnerable communities</p> <p>D. Transparent relationship with the government and participation in public policies</p> <p>E. Management of socio-environmental impacts and risks</p> | <p>F. Responsible water management</p> <p>G. Social investment</p> <p>H. People & Human Capital</p> <p>I. Relationship with stakeholders</p> <p>J. New technologies, innovation, research and development</p> <p>L. Energy Matrix and Climate Change</p> |
|---|--|

Topics of priority were grouped into 5 sustainability pillars. We identified their respective scopes and the way each stakeholder relates to each pillar.

The results are presented below:



5.2 The Importance of Thermal Power Plants For Brazil's Electricity Matrix

◀ GRI 201-2 ▶

Brazilian and global energy industries have been undergoing structural changes. Energy transition is a trend towards achieving increasingly higher energy generation with lower carbon dioxide (CO₂) emissions in the atmosphere.

Although Brazil has one of the world's cleanest electricity matrixes, continental extensions and major social issues pose many challenges. This rings particularly true in regards to the pursuit of democratic access to safe, low-cost, and sustainable energy from a social, economic, and environmental standpoint.

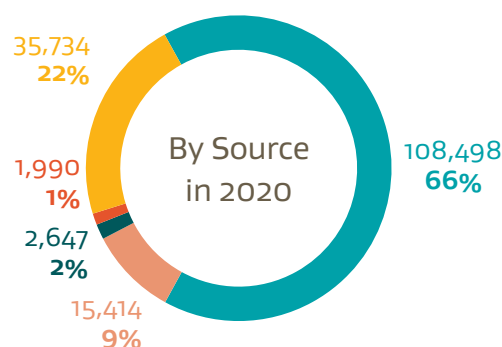
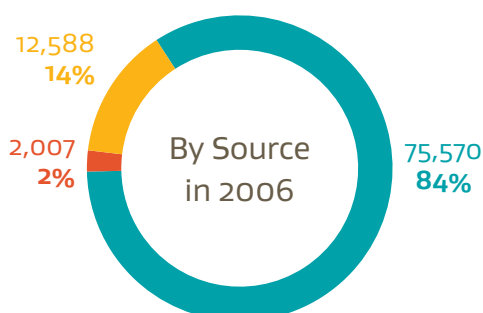
Historically, the Brazilian electricity matrix has always had a high share of hydroelectric power plants, which not only provide low levels of CO₂ emissions in energy generation,

but also grant the required security for electricity supply in the country. Water is stored in large reservoirs that guarantee a regular energy supply.

However, as time went by, the construction of new plants with the same characteristics grew rarer due to the major socio-environmental impacts caused by flooding from large areas to build reservoirs and new dams. Consequently, alternative energy generation methods began to play a larger role in the expansion of the electricity system. Wind, solar, and thermal power plants (nuclear, diesel fuel, fuel oil, biomass, coal and natural gas), and run-of-the-river hydroelectric power plants with considerably smaller reservoirs and low regularization are all included in this expansion.

Generation Capacity in Brazil

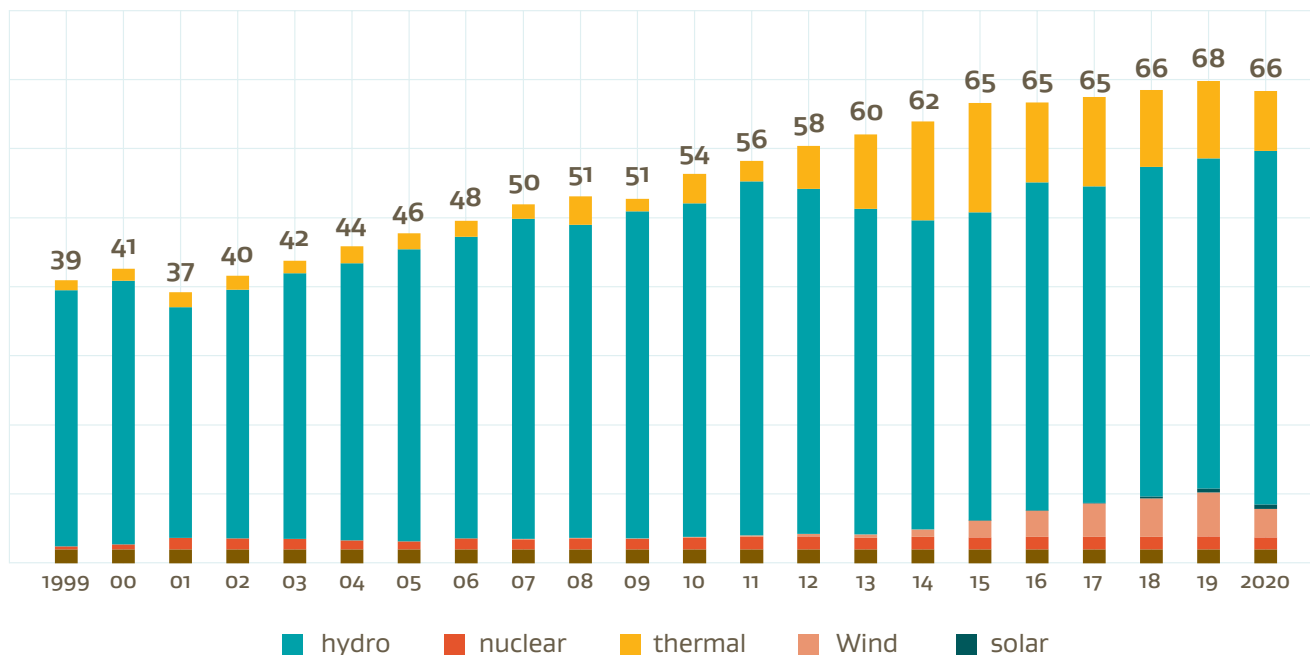
◀ MW ▶



■ hydro ■ nuclear ■ thermal ■ Wind ■ solar

Electric Generation by Source – 1999 till 2020

◀ Average GW ▶



Source: National System Operator – NSO

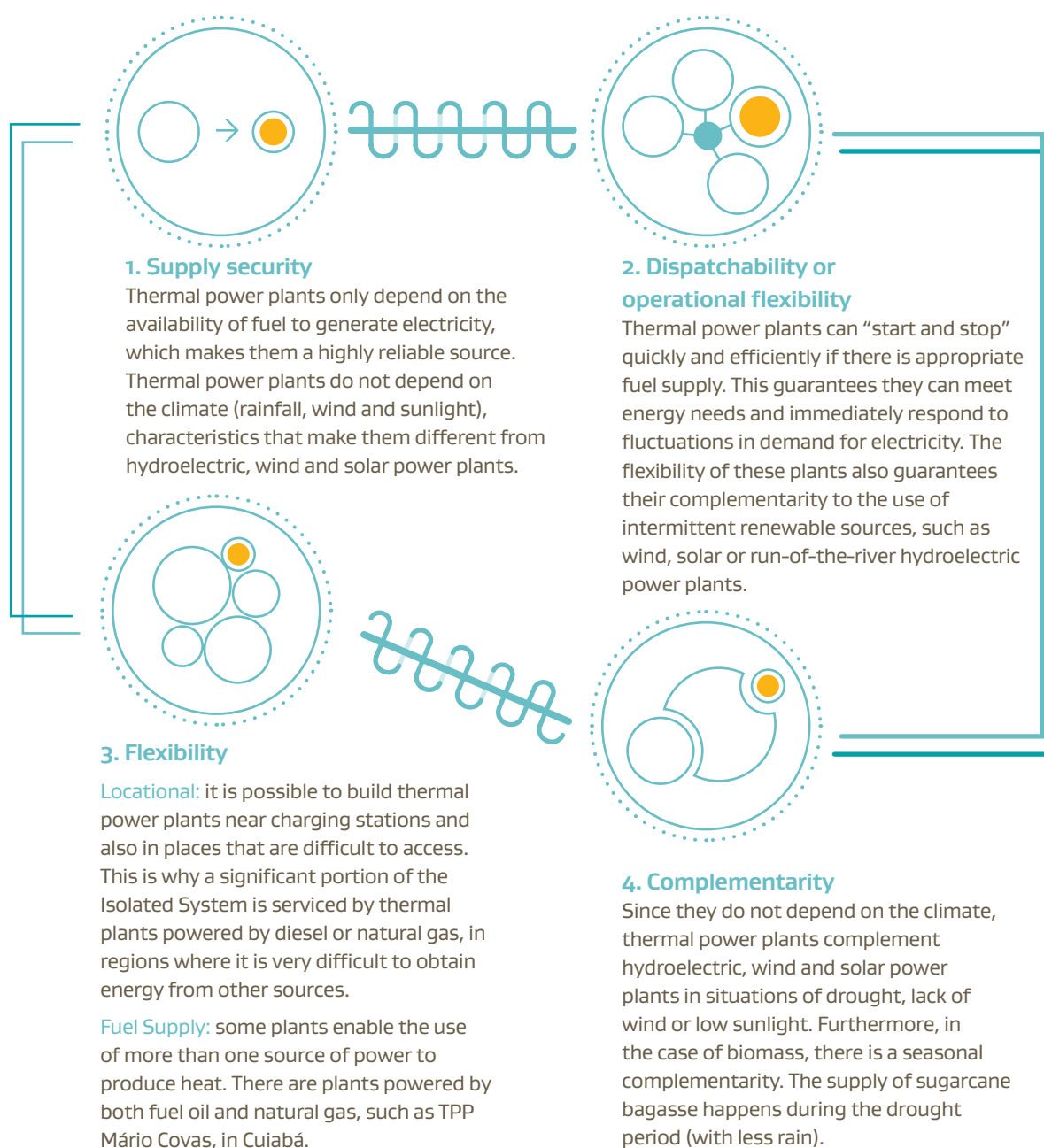
Without new plants with large reservoirs, and the increment of intermittent generation plants that depend on the availability of natural resources and climate factors (water, wind and insulation), the so-called regularization of the electricity system (i.e. supply of controllable energy) had a reduced role in the composition of the electricity matrix. As a result, the reliability of power supply is guaranteed by thermal power generation sources.

This happens because thermal power plants do not depend on climate conditions. They have operational flexibility, can be turned on and off as needed, and complement intermittent renewable energy sources.

To understand this complementarity, it is important to understand how the national interconnected system operates. The national system operator (ONS) is responsible for managing energy stored in reservoirs to mitigate the risk of supply deficit and guarantee supply security. The ONS determines when thermal power plants should be activated to preserve stored water. As such, the thermal park allows the operator to manage different climate scenarios.

Attributes of Thermal Power

Instituto Acende Brasil | Energy Bulletin #16 (bit.ly/3kK5Y5l)



Case Study: Supply Security

An Example From The Northeast Region

The Northeast Subsystem, where TPP Porto do Pecém II is located, has a wind power generation capacity of 12.9 GW, which corresponds to 38% of the region's total capacity, and 84% of the country's wind power capacity. However, the nature of wind power is intermittent and uncontrollable. To combat this, the ONS began following ANEEL's Normative Resolution no. 822.

In 2018, the ONS began to use the generation capacity of TPP Porto do Pecém II as additional dispatch to maintain the power reserve operational: a modality of the ancillary service. This means that intermittency caused by the high penetration of non-controllable sources in the northeast subsystem requires additional dispatch from thermal power plants in order to meet supply security criteria during system operations.

WIND ENERGY IN THE NORTHEAST

The role of energy planning in a period of lower wind generation.

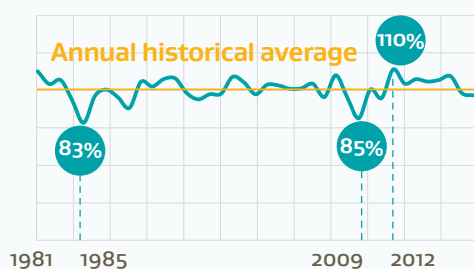
WIND CHARACTERISTICS IN NORTHEAST BRAZIL.

The Northeast region concentrates almost 90% of the installed wind capacity in the country and has different wind profiles depending on the location. At EPE, these different profiles are analyzed on annual, monthly and hourly scales.



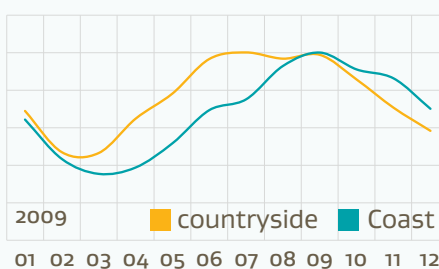
YEARLY

The region presents only one current profile with an average generation varying from +10% to -20% in relation to the historical average.



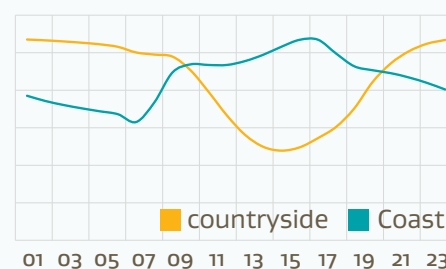
MONTHLY

Wind farms have 2 main monthly profiles, both with higher generation in the second half.



SCHEDULES

The winds that pass through the Northeast Region have 2 typical and complementary days, depending on the location.



Source: Fact Sheet - Wind energy in the Northeast
EPE (June 2020)

5.3 Strategic Planning

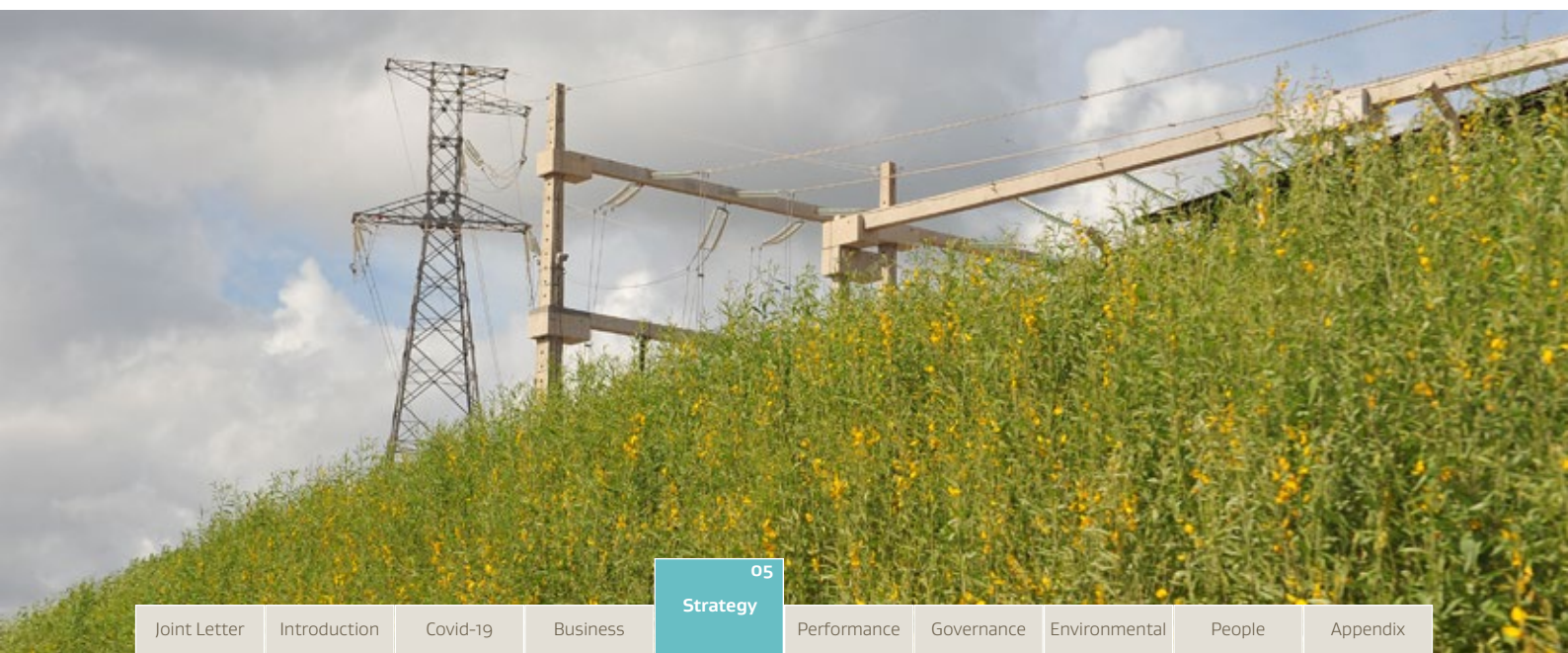
In 2018, ENEVA's strategic planning launched a challenge of reaching a contracted thermal power generation capacity of 4.7 GW within 5 years (by the end of 2023). This target would be reached through the development of thermal power greenfield projects powered by gas, renewable sources, or assets acquired in mergers and acquisitions.

Since then, we won four new energy auctions promoted by ANEEL: (i) TPP Parnaíba V (+385MW) in auction A-6 in 2018, (ii) TPP Parnaíba VI (+90MW) in auction A-6 in 2019, (iii) Azulão-Jaguatirica integrated project (+142MW) in the auction to supply Boa Vista and connected locations in 2019, (iv) revision of physical guarantee of Parnaíba I and Parnaíba III in the existing energy auction of 2019.

Climate Change & Thermal Power

◀ GRI EU 5 ▶

Due to the unique characteristics of Brazil's electricity matrix, there is the potential for expanding natural gas. As a transition fuel, natural gas plays a key role in building a low-carbon economy and in replacing more polluting fossil fuels. Natural gas also plays an important role in increasing the security and efficiency of Brazil's electricity system. Considered a reliable source of energy (Foundation Fuel), natural gas favors the preservation of reservoirs and advancement of renewable sources. There were no proceeds from the sale of carbon credit by ENEVA for the year.



According to the 2029 Ten-year Expansion Plan⁸ published in February 2020 by the Empresa de Pesquisa Energética (EPE), the Brazilian energy matrix is expected to incorporate approximately 33 GW of wind and solar power capacity by 2029. Given that these sources of energy are intermittent, EPE also claims that in order to guarantee supply security for the Brazilian energy system, approximately 23 GW of natural gas thermal power generation capacity should be added to the system for the same period. This functions as collateral for when renewable generation is unable to meet electricity demand. As such, the available capacity for thermal power generation from natural gas grants reliability to energy supply and allows for an increase in the share of renewable sources.

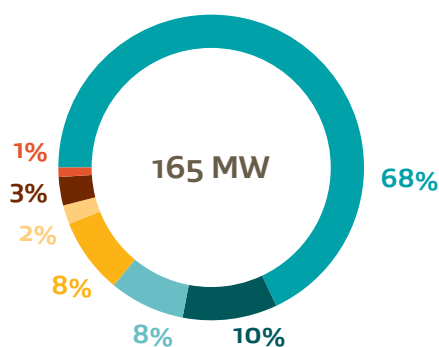
8 EPE: 2029 Ten-year Expansion Plan (bit.ly/2FR0TIK)



Indicative Expansion of The Generation Matrix

◀ 2029 Ten-Year Expansion Plan (TEP 2029) ▶

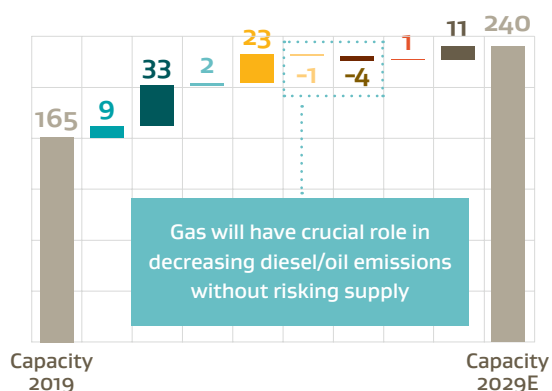
Installed Capacity Breakdown by source in Brazil



+33GW
WIND + SOLAR

+23GW
GAS-THERMAL
UNTIL 2029

Generation Matrix Indicative Capacity Expansion (GW)



■ Hydro + SH ■ Wind + Solar ■ Biomass ■ Natural Gas ■ Coal ■ Diesel + Oil ■ nuclear ■ Dist. Gen

Source: EPE

Natural gas plays a key role in the transition to an even cleaner energy matrix in Brazil. This fuel has the lowest greenhouse gas emissions compared to other fossil fuels such as coal and diesel.

Consequently, the Brazilian government has been working on opening the gas market with a new legal framework to solve

regulatory issues, especially in regards to sales, distribution, transportation, and access to gas reserves associated with pre-salt. The opening of the natural gas market has the potential to create opportunities for thermal power generation from gas and for the sale of this energy resource direct to end consumers.

Positive impact of thermal power plants powered by natural gas

Natural gas can generate electricity in both thermal stations and thermal power plants. The energy is generated by burning natural gas in the turbines that activate the energy generators, and has more advantages than other sources.



ENVIRONMENT

- » Significantly reduces pollutant emissions
- » Low environmental impact
- » Compliance with the Kyoto Protocol
- » Cleaner energy compared to other fuels



ELECTRICITY SYSTEM

- » Diversification of the energy matrix
- » Lower dependence on petroleum
- » Energy security
- » Broad availability



SOCIETY

- » Safer than coal-powered or nuclear thermal power plants
- » Promotes regional development
- » Less pollutant



ECONOMY

- » More economic energy compared to other fuels
- » Increases the competitiveness of companies
- » Attracts external investments
- » Competitive cost compared to other fuels



BUSINESS

- » Reduced use of road-railway-waterway transportation
- » Improved energy yield
- » Plants can be built near consumption hubs
- » Shorter construction time and lower investment
- » Higher flexibility

a. Focusing On Managing Existing Assets

The foundation of Company growth directly correlates with the ability to generate cash from operational assets. One of the main pillars we pursue is to operate efficiency optimization, and reduce input consumption in the entire chain.

Hydrocarbon E&P

Two of the important initiatives in hydrocarbon exploration & production we implemented include: a reduction in use of explosives for seismic acquisition, lower gravel generation, and use of synthetic fluid in drilling activities.

LEARN
MORE

Improved efficiency in natural gas exploration & production →

Coal generation

For coal generation, we invested R\$78.3 million since 2017 into programs for improving the efficiency of our assets. This resulted in a significant decrease of specific coal consumption, ash generation (t/hour), and majorly impacted GHG emission intensity and particulates.

LEARN
MORE

Improved efficiency at coal plants →



b. Closing The Cycle of Gas Generation Plants

By 2024, ENEVA should invest approximately R\$1.9 billion to close the cycle of Parnaíba I and III through the implementation of projects for Parnaíba V and VI. Combined cycle generation is more efficient, as it allows the remaining heat from gas turbine exhaustion to be used for steam production, which in turn fuels the steam turbine. Generation capacity grows without increasing the natural gas consumption.

At the Parnaíba Complex, when the two plants currently under implementation become operational, generation capacity will grow by 477 MW. There will be no use of additional fuel and, therefore, no additional CO₂ emissions.

Analysis of Reduced Emissions with Launch of TPPs Parnaíba V & VI

- Parnaíba V and VI do not emit CO₂ or any other polluting gases because of combined cycles
- Parnaíba V and VI will move the operation of simple-cycle gas turbines, with a higher variable generation cost per MWh (CVU)
- Generation of 1 MWh for a simple-cycle gas turbine emits approximately 0.536 tCO₂/h
- Annual dispatch of 50%
- Parnaíba V = 385 MW
- Parnaíba VI = 92 MW

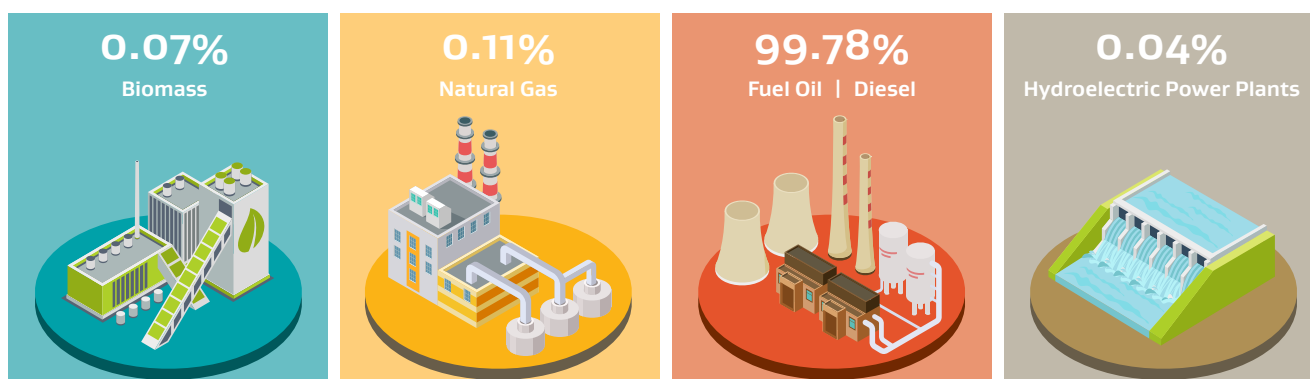


All together, the plants will reduce emissions by approximately
1,110 million tCO₂/year

c. Replacement of Oil Generation In Isolated Systems In Northern Brazil

There are currently 235 isolated locations in Brazil, mainly in the north region of the country, in the states of Rondônia, Acre, Amazonas, Roraima, Amapá, and Pará. Demand for energy in these regions, estimated at approximately 483 MW on average in 2020, is mainly supplied by diesel thermal power plants.

Composition of Electricity Matrix Installed Servicing Isolated Systems



Fonte: 2020 Annual Plan for Energy Operation in Isolated Systems – PEN SISOL 2020 (ONS, 2020) ⁹.

⁹ Available at: bit.ly/2FZ4mGu

Together, the states of Amazonas and Roraima account for roughly 70% of installed capacity for Brazil's isolated systems. In Amazonas, most of the isolated systems have no expected date for connecting to the SIN. The possibility of introducing electricity from onshore gas into these systems would have a significant impact on the cost of energy. Emissions would also be reduced in the region and country as a whole.

The 2020 Annual Plan for Energy Operations in Isolated Systems, published by the ONS, expects consumption of approximately 860,000 m³ of diesel for the year. This

number is estimated to meet the demand from isolated systems primarily in the states of Amazonas and Roraima.

With this context in mind, the Azulão-Jaguatirica integrated project created new growth pathways for ENEVA. Business expansions across the value chain, including gas liquefaction, and LNG supply logistics, positioned the Company to actively participate in transitioning the electricity matrix of isolated systems.

LEARN
MORE

Azulão-Jaguatirica
Integrated Project



d. Development of New Natural Gas Generation Projects To Support The Transition of The Electricity Matrix

We pursue partnerships with global E&P companies to develop and build thermal power plants powered by natural gas. We continue to pursue the development of projects and partnerships with other companies in the industry to build thermal power generation projects using pre-salt gas. Depending on market conditions and expected returns from the project, we will continue to expand the gas-to-power value chain in upcoming energy auctions.

Gas Treatment Unit
Photo: ENEVA's source



5.4 Innovation and R&D

◀ GRI EU 8 ▶

ENEVA'S MISSION STATEMENT

**To be a reliable, competitive,
and accountable pioneer in
new energy frontiers**

**Innovation is the pillar of our mission,
and it is ingrained into our work culture.**

We believe that the value and perpetuity of our business fundamentally depends on our ability to create and leverage synergies between technology and energy generation. We aim to increase the efficiency of our operations and foster new growth opportunities for the future.

Our innovation portfolio is structured into two groups:

- Sustaining Innovation and
- Disruptive Innovation.

Sustaining Innovation

Aims to identify and/or develop technologies to sustain and/or improve the efficiency and reliability of our assets.

Selection Criteria:

expected return + easy to implement.

Disruptive Innovation

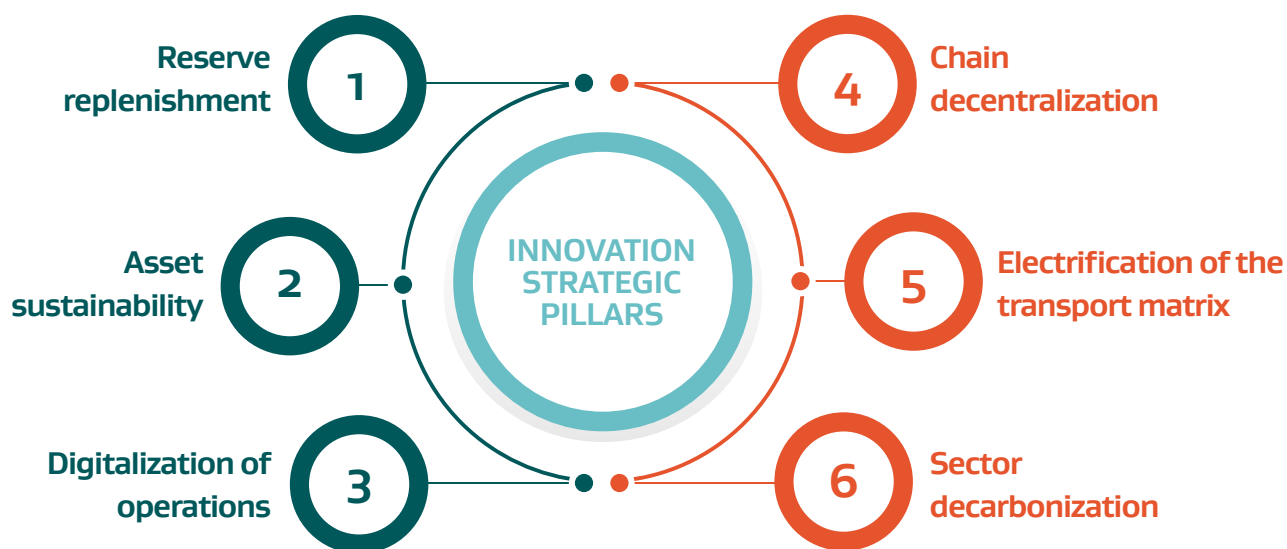
Aims to identify and monitor technology and market trends in our industries of operation.

Selection Criteria:

strategic alignment + market potential
+ competitive landscape.

These two categories and

6 strategic pillars guide ENEVA's innovation portfolio.



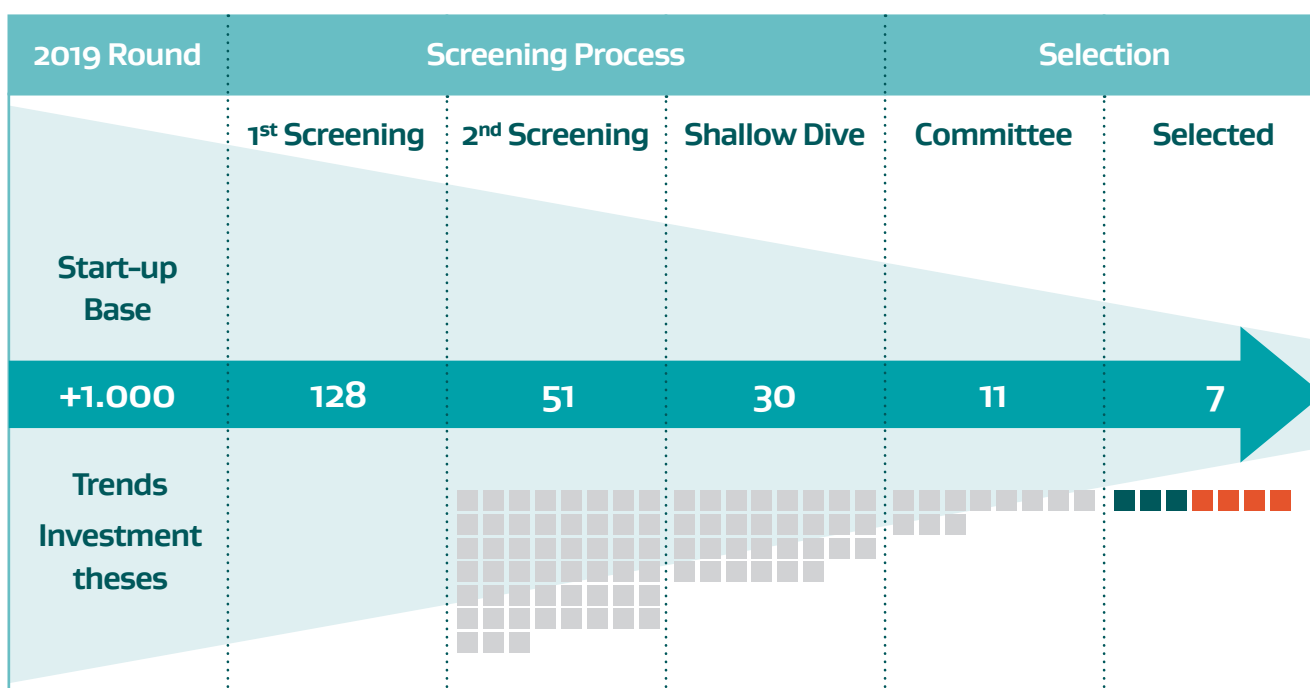
Based on these pillars, ENEVA develops their innovation portfolio in two main ways:

- Partnering with universities and research centers
- Partnering with innovative start-ups

The Brazilian ecosystem of energy start-ups has been growing and maturing quickly, and will require a more agile interface.

In order to engage start-ups more efficiently, we created **ENEVA Ventures** in 2019: a vehicle for identifying and selecting start-ups aligned with our pillars of innovation.

In 2019, we selected 7 start-ups and engaged with 5 of them.



Sustainment Innovation

- Right-of-way inspection
- Preventive inspection of coal conveyor belts
- Connectivity solution for remote areas (onshore campaigns)

Disruptive Innovation

- Trading platform (free market)
- GD seller to individuals (MG)
- Management platforms for distributed generation assets

Link Between Our Pillars For Innovation & ESG Performance:

- 01. Reserve Replenishment:** allows for reserves to be replenished more efficiently and effectively, and helps sustain the amortization of our production assets (e.g.: Parnaíba).
- 02. Asset Sustainability:** constantly seeks better sustainability for each of our assets, explores opportunities to reduce environmental impact, promotes a circular economy, and improves the life-cycle and efficiency of industrial assets.
- 03. Digitalization of Operations:** drives the partial and/or full replacement of human activities subject to HSSE risks.
- 04. Chain Decentralization:** helps improve efficiency of electricity system with generation distributed closer to the load, and enables the development/enhancement of an increasingly efficient free market between parties.
- 05. 5. Electrification of The Transportation Matrix:** a structure with technological enablers (in this case, frictionless charging transactions) for the partial sustainable transition of the transportation matrix.
- 06. 6. Industry's Decarbonization:** enables the migration from more polluting fossil fuels (fuel oil) to a transition fuel (natural gas).



01. Reserve Replenishment

Efficient replenishment of our gas reserves is one of the Company's main value drivers. Through innovation, we work to replenish these reserves in a more efficient and effective manner while sustaining the amortization of our assets.

To replenish reserves more efficiently, our exploration and reservoir teams must (1) collect (2) process and (3) interpret subsurface data.

Two fronts help constantly improve this process:

- Lean and innovative processes known as “doing more with less,” and by optimizing seismic campaigns;
- Big data, machine learning, increasing processing efficiency, and subsurface data interpretation.

Initiatives In Progress

Machine Learning 1.0 (ANP R&D)

The first version of the ALINE computer system was based on a recurrent neural network applied to the seismogram to identify regions with potential gas accumulation, a pioneering methodology for this type of application. The project makes predictions based on stacked data after seismic processing (post-stacking). The system's results were very promising.

Machine Learning 2.0 (ANEEL R&D)

Based on the promising results from the Machine Learning 1.0 project, ENEVA is developing the second version of the ALINE system by including new artificial intelligence methods and tests with larger quantities of data, and measuring efficiency gains according to the location of wells for gas extraction.

Seismic Campaign Harmony Patent

Aiming to achieve greater effectiveness and lower environmental impacts of onshore seismic campaigns in the Parnaíba Basin, ENEVA has developed a patented method to distribute and arrange the elements used to obtain bi-dimensional seismic data from explosive sources, reducing the use of blasting charges in the field, and improving imaging quality.

02. Asset Sustainability

ENEVA has a diverse footprint of generation assets in terms of location, source, and maturity. This leads to different challenges and opportunities in sustainability which must be analyzed and developed to consider the surrounding conditions of each asset.

The sustainability of our various operating assets is addressed from three perspectives:

- **Environmental Impact Reduction:** energy efficiency, CO₂ capture;
- **Circular Economy:** reuse of products from our assets (e.g. effluents or waste);
- **Life Cycle & Efficiency of Industrial Assets:** constant improvement of our main industrial processes (e.g. burning, transportation, and rotational machinery).

Initiatives In Progress

CO₂ Capture

Development of solutions for capturing CO₂ using zeolites made from ashes of coal burned in our thermal power plants.

Pollutant Dispersion

Simulated pollutant dispersion in the surroundings of thermal power plants to analyze and anticipate possible deviations.

Reuse of Ashes

Valuation of coal ashes, turning them into raw material for the civil construction industry, and applying them in road paving.

Life Cycle of Rotational Machines

Optimization of crankshaft fatigue in gas-powered internal combustion engines.

Distributed Solar Power

For the production and compression clusters of the Parnaíba complex in low voltage.

03. Digitalization of Operations

The convergence of digital technologies creates a unique opportunity to optimize our operations. This opportunity is amplified by the nature of our operations such as geographic extensions, difficulty of access, and operational complexity.

Opportunities to digitalize our operations are identified through a proof of concept (POC) promoting fast development focused on end customers:

- We identify “jobs needed to be completed” in the various operations/assets of the Company;
- We evaluate the potential and benefits of a possible partial or full digitalization;
- We implement a pilot which is then expanded in the case of proven success.

Initiatives In Progress

Inspection of Coal Conveyor Belts

Identification and anticipation of operational deviations in the 8-kilometer conveyor belt (that connect the port of Itaqui to TPP Itaqui) using machine learning to identify the heating of rollers and misalignment of belts through images and temperature controls captured by drone.

Maintenance of Gas Pipeline Right-of-Way

Optimization of right-of-way inspection process in our producing gas fields at the Parnaíba Complex using machine learning to identify erosion and damages with images captured by drone to mitigate operating risks.

04. Chain Decentralization

a. Distributed Generation

Initiatives In Progress

Pilots

Implementation of two pilot projects in Ceará and Maranhão with installed capacity of 1 MW each in shared GD to offset energy for small consuming units by establishing consortia.

Sunne Energias Renováveis

Contracting of the start-up's systems to support the commercial management of GD plants including billing and customer services.

b. Free Contracting Environment (ACL)

The ACL still lacks a robust ecosystem that enables efficient, safe, and fast transactions in-between parties, and requires regulatory, and technological innovations.

In this context, ENEVA strives to develop initiatives for the maturation of this ecosystem through efficient and integrated solutions for bilateral agreements, back-office procedures, financial management mechanisms, energy liquidation agreements, modeling, contract pricing, and others.

Initiatives In Progress

Tokenized Energy Commercialization Platform

The project (via the start-up FOHAT selected in the 2019 Round of ENEVA Ventures) aims to automate back-office procedures, and promote integration among the operations of energy sellers.

c. Electrification of Transportation Matrix

As distributed energy resources (DERs) become more abundant in the energy matrix, the electrification of new industries tends to achieve economic feasibility faster while specifically impacting the transport and heating industries. In Brazil, electric mobility has the highest disruption potential with TCO (Total Cost of Ownership) equivalence between combustion and electric vehicles expected for half of the decade.

With generation as the core business, ENEVA seeks to develop opportunities that allow and/or facilitate the sales of energy for purposes of electric mobility while contributing to decentralization and decarbonization.

Initiatives In Progress

Transaction Solutions For Electric Vehicle Charging

our project was one of the only four approved without reservations among 38 participants in the ANEEL-2019 Strategic Call¹⁰ for projects focused on efficient electric mobility. The project titled “transaction solutions for electric vehicle charging” aims to develop a platform that enables energy trading between generation companies (distributed generation, captive, and free market) and consumers who own electric vehicles. This would be done through providing electric charging stations with frictionless transactions using QR codes and broadly accepted payment gateways.

d. Industry Decarbonization

ENEVA’s goal is to work on two major fronts to promote the country’s decarbonization:

- Decentralization mainly through solar power distributed generation ;
- Replacement of diesel and fuel oil generation with natural gas.

Initiatives In Progress

Pilot projects

ENEVA has developed 2 pilot projects of 1 MWp each, in Ceará and Maranhão, to try out a B2C (business to consumer) operational model and position itself within a growing market

¹⁰ Available at: bit.ly/304fRDH

06

Business Performance

Business Performance

◁ GRI 103-1 | 103-2 | 103-3 ▷

6.1 Macroeconomic & Sector Scenarios

Macroeconomic Scenario

Although the Brazilian economy has maintained a recovery path since 2019, gross domestic product grew timidly by 1.1% per year. Inflation for the year, measured by the extended national consumer price index (IPCA), stood at 4.31%, slightly higher than the 4.25% target, but within the variation limit established by the National Monetary Council at the 1.5 percentage point.

Sector Scenario - Energy Market

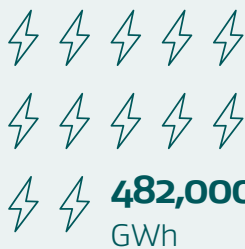
The year 2019 was marked by unusual periods of high thermal power generation and differences in settlement prices (PLD) in the SIN, due to unfavorable overall hydrological conditions, especially in the first and last months of the year.

The northeast and north subsystems, where ENEVA has plants, specifically had atypical hydrological performances in 2019. This contributed to highly favorable reservoir levels at the beginning of the second half of 2019, surpassing previous years. This effect, along with a lack of significant consumption in the last three years, and an increase in wind power generation (due to continued

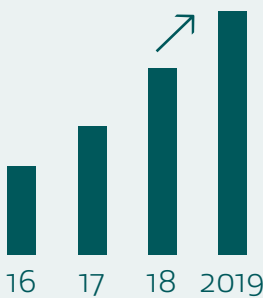
expansion of wind power installed capacity in the SIN), led to a reduction in thermal power dispatch in the third quarter, thus, passing onto the fourth quarter of 2019.

In the first few months of 2019, due to unfavorable hydrological conditions in the period, PLDs were considerably high in the southeast and south submarkets. Furthermore, there was a price mismatch between the submarkets due to energy shipment limits. In March, with the gradual recovery of affluent natural energy, PLDs reached lower levels and rose again in the last months of the year.

Electricity consumption in Brazil in 2019



+1.4% compared to 2018



Evolution of consumption by segment in Brazil in 2019



+3,1%

households



-1,6%

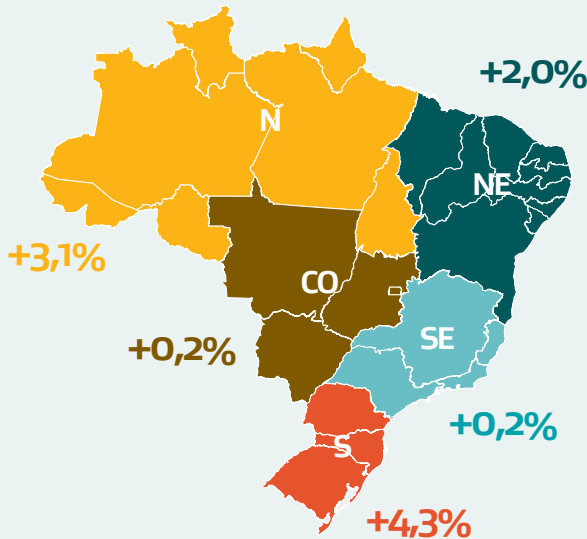
industry



+4,0%

commerce and services

Evolution of consumption by region in Brazil in 2019



Illuminated bridge of the Old City, São Luís - Maranhão
Photo: marcobritto



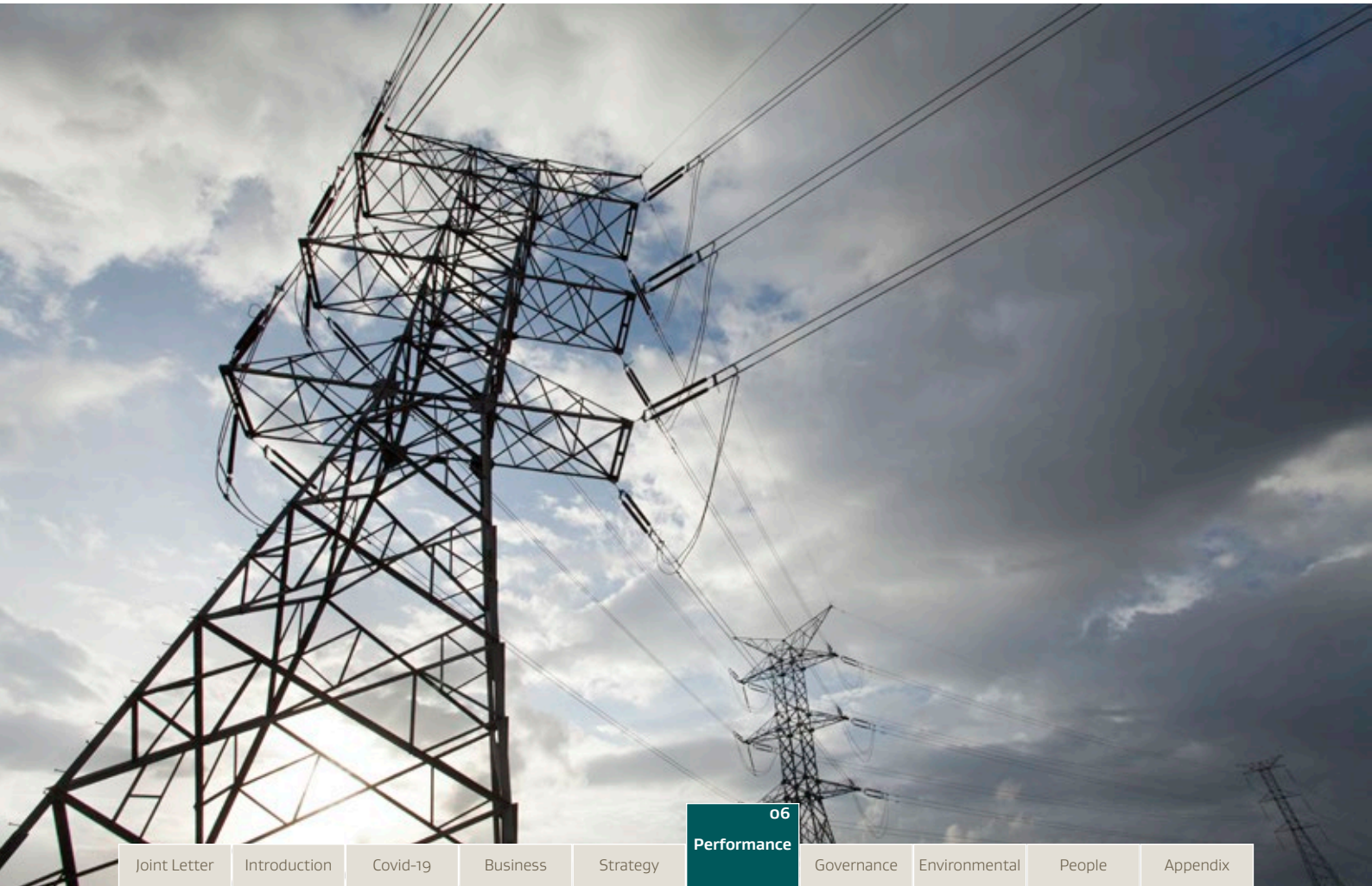
6.2 Operating Performance

< GRI EU 2 | EU 11 >

Generation

In 2019 our plants generated 8,966 GWh. 5,888 GWh came from gas-powered thermal plants and 3,078 GWh came from coal-powered thermal plants.

The average dispatch in 2019 stood at 52% with gas-powered thermal plants recording an average dispatch of 50%. Coal-powered thermal plants reached an average dispatch of 58%. Availability in all plants was higher than the contractual obligation, except for TPP Pecém II, which underwent a 60-day scheduled maintenance. The maintenance process included a full revision of the turbine and generator as specified by the manufacturer. In addition, a full inspection was conducted along with maintenance of the boiler and peripherals in compliance with safety regulation NR-13.



For all generation units, our generation efficiency levels met market standards. Generation powered by natural gas had efficiency levels between 24.0% and 44.7% for simple cycles and 42.2% and 64.2% for combined cycles¹¹. For generation powered by coal, levels varied between 33% and 40%¹².

TPP	Average generation efficiency*	Power Source
Parnaíba I	35.5%	Natural Gas (Simple Cycle)
Parnaíba II	54.4%	Natural Gas (Combined Cycle)
Parnaíba III	35.3%	Natural Gas (Simple Cycle)
Parnaíba IV	41.7%	Natural Gas (Simple Cycle)
Itaqui	35.4%	Imported Mineral Coal
Pecém II	36.6%	Imported Mineral Coal

(*) Average generation efficiency per plant (Net Heat Rate – NHR)¹³

Case Study: Improved Efficiency In Coal-Powered Plants

Over the last 3 years, ENEVA invested R\$78.3 million in efficiency improvement and major overhaul programs in coal-powered plants. Generation units underwent a full revamping process where engagement, decision-making based on

risk analysis, and knowledge of the process were key for the successful application of investments. The results achieved led to best-in-class value for the availability factor of our units on a global level¹⁴.

¹¹ Source: Gas Turbine World Performance Spec – 34th Edition (Edição de 2018)

¹² Source: Supercritical Thinking: To Achieve World's Best Performance, This Coal-Fired Power Plant Applies Bulletlike Pressures To Steam ([invent.ge/2ZZDmxq](https://www.invent.ge/2ZZDmxq))

¹³ Note: Heat Rate (HR): the amount of thermal power used by the gas turbine to generate one kilowatt-hour (KWh) of electricity. For the calculation we use the Net Heat Rate (NHR), which considers net generation, excluding the plant's internal consumption. Plants share monthly Net Heat Rate data in kJ/kWh. To estimate the average for the year, we weigh monthly values by net generation as provided by the Operational Planning department.

¹⁴ The North American Electric Reliability Corporation (NERC). 2018 Generating Unit Statistical Brochure ([bit.ly/32VolPp](https://www.nerc.ca.gov/~/media/Files/2018/01/32VolPp))

TPP Itaquí

Since 2017, ENEVA invested R\$38.3 million in efficiency improvement and major overhaul programs in TPP Itaquí. The revamping program was based on the following main investments:

- **Reengineering of Tubular Conveyor Belts**, reducing the contingent use of unloading by trucks, eliminating runaway materials; the investment significantly increased the availability of coal transportation systems, reducing ship lay days, and significantly reducing demurrage costs;
- **Retrofit of The Plant Cooling Tower**, including the replacement of cell and diffuser fills, increasing the equipment thermal dissipation capacity;
- **Retrofit of Coal Grinding Mills**, replacement of rolls and classifiers, increasing grinding efficiency and reducing coal consumption in the generation process;
- **Revamping of Water Pre-Treatment**, improving chemical consumption factors and preserving the structural integrity of assets exposed to saline environments.



Process parameter	Before	After	Improvement direction
Thermal efficiency (%)	31.3	35.4	↑
Heating rate (Net Heat Rate - NHR, kJ/kWh)	11,500	10,187	↓
Specific coal consumption (t/MWh)	0.41	0.37	↓
Coal supply rate (t/hour)	147.5	133.2	↓
Internal electricity consumption (%)	13	9	↓
GHG emission intensity (tCO ₂ e/MWh)	0.99	0.88	↓
Carbon monoxide emission (CO, mg/Nm ³)	425	161	↓
Ash generation (t/hour)	11.8	10.65	↓
Emission of particulates in ashes (mg/Nm ³)	28.6	14.1	↓

TPP Pecém II

In 2019, ENEVA invested R\$40 million in the unit's major overhaul and efficiency improvement programs. The revamping program was based on the following main investments:

- **Major Overhaul**, overall maintenance of the turbine, generator, and boiler, including ancillary equipment, restoring the unit's efficiency for the equipment project level;
- **Retrofit of The Plant's Cooling Tower**, including the replacement of cell and diffuser fills, increasing the thermal dissipation capacity of equipment;
- **Retrofit of Bag Filters**, with maintenance and replacement of filters, increasing efficiency in the treatment of combustion gases, reducing the unit's internal energy consumption, and emissions of particulate materials;
- **Retrofit of Coal Grinding Mills & Actuators**, with the replacement of rolls, classifiers, and actuators that control the boiler's combustion, increasing grinding efficiency and reducing coal consumption in the generation process.



Process parameter	Before	After	Improvement direction
Thermal efficiency (%)	36.6	36.7	↑
Heating rate (Net Heat Rate - NHR, kJ/kWh)	9,841	9,795	↓
Specific coal consumption (t/MWh)	0.386	0.365	↓
Coal supply rate (t/hour)	140	134.2	↓
Internal electricity consumption (%)	9	8	↓
GHG emission intensity (tCO ₂ e/MWh)	0.99	0.87	↓
Carbon monoxide emission (CO, mg/Nm ³)	388	138	↓
Ash generation (t/hour)	11.2	10.7	↓
Emission of particulates in ashes (mg/Nm ³)	35.2	22.8	↓

Upstream

ENEVA produced 1.4 billion m³ of natural gas in 2019 to meet the dispatch of thermal power plants in the Parnaíba Complex. The average dispatch in 2019 at the gas treatment unit was 46%.

In January 2020, the Company published an updated report on reserve certification prepared by the independent firm Gaffney, Cline & Associates. The report revealed an increment in 2P certified reserves of 4.1 billion m³ for the Parnaíba Basin in 2019, reaching a reserve replenishment rate of 293%. Considering gas consumption in 2019, the net increase in gas reserves in 2019 was 2.7 billion m³.



6.3 Economic-Financial Performance

◀ GRI 201-1 ▶

Consolidated EBITDA, excluding expenses with dry wells, reached R\$1,392 million in comparison to R\$1,460 million in 2018. These results were positively impacted by the improvement of fixed margins in generation segments and were offset by lower generation due to the decrease in variable margins driven by lower international prices of coal and gas (which are indexes of the variable revenues of the Itaquí, Pecém II and Parnaíba I plants). There was also an increase in general and administrative expenses.

Net income in 2019 amounted to R\$600 million compared to R\$886 million in 2018. The impact came from lower deferred tax amounts in 2019. At the end of 2019, the restructuring of the gas segment, along with the merger of Parnaíba Gás Natural S.A. into Eneva S.A., generated the accounting of deferred tax revenue totaling R\$246 million non-cash.

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Quarterly Results

ENEVA | Investor Relations →

Cash Position & Indebtedness

Over the course of 2019, the Company captured R\$3.4 billion through 3 issues of simple debentures for the early full settlement of the remaining balance of the reorganization plan. These three issues included: payments and refunds of expenses with the project to implement TPP Parnaíba V, the conclusion of debt refinancing for TPP Parnaíba II, and the investment plan for the upstream segment.

These initiatives improved the Company's consolidated debt profile in the annual comparison, extending the debt maturity term from 4.5 to 4.6 years, and reducing the average cost of debt from 9.5% to 8.2%. The balance of consolidated net debt at the end of 2019 was R\$3.9 billion compared to R\$3.8 billion in December 2018.

ENEVA ended 2019 with a consolidated free cash position of R\$1.8 billion, compared to R\$1.4 billion at the end of 2018, driven by the Company's operational generation.

Investments

Investments amounted to R\$1,056 million in 2019, 296% higher than the amount invested in 2018. The increase was mainly driven by the start of the Parnaíba V plant construction and the Azulão-Jaguatirica integrated project, which together required R\$665 million in 2019. From total investments of R\$161 million in the upstream segment, R\$95 million was allocated to the development of fields in the Parnaíba Complex, and the remaining R\$66 million was related to exploration activities. The major overhaul of Pecém II, concluded in the last quarter of 2019, required R\$33 million. The inspection and maintenance of the Hot Gas Path of the Parnaíba I and III plants required R\$85 million.

Economic Value Generated & Distributed

In 2019, the Company generated R\$3,630 million in direct economic value and distributed R\$2,363 million. Economic value retained in fiscal year 2019 was R\$1,267 million.

◀ in R\$ Million ▶

Generated and Distributed Economic Value	2019	2018
Revenues	3,630	3,696
Direct Economic Value Generated	3,630	3,696
Operational costs	1,285	1,477
Employees - salaries, benefits and contributions	295	249
Research and Development	30	29
Government	315	45
Payments to capital providers	432	532
Environmental expenditures	7	6
Distributed Economic Value	2,363	2,338
Accumulated Economic Value	1,267	1,359

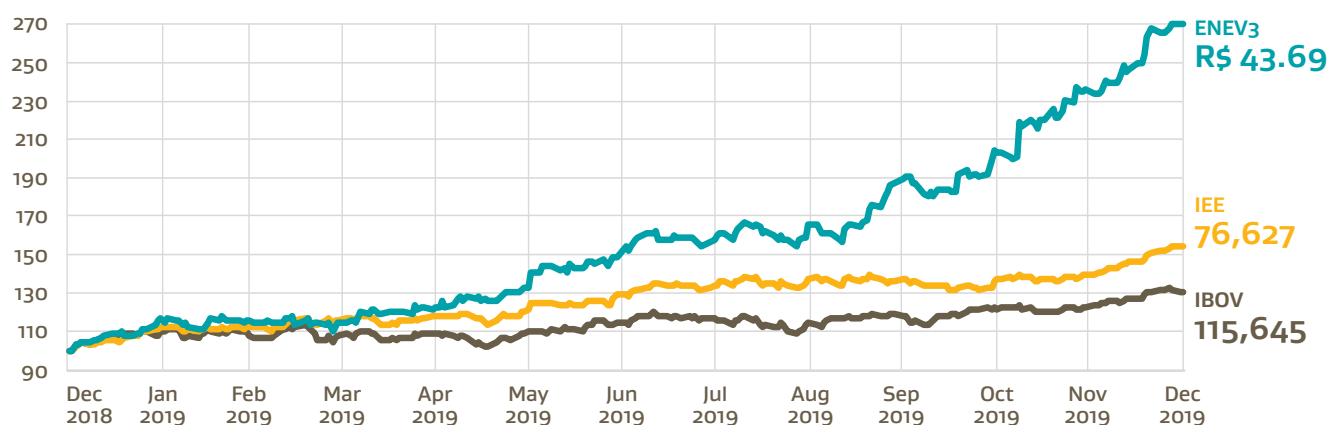
The total monetary value of financial aid received from the government by ENEVA in the period was R\$112.9 million. Federal incentives were comprised of R\$51 million. The most relevant amount referred to the regional tax benefit from Sudene (Northeast Development Superintendency) and a smaller portion corresponded to PAT (Worker's Meal Program). R\$61.9 million in subsidies for investments related to tax incentives from the State of Maranhão were in accordance with Law no. 9,463/2011 which provides ICMS (state VAT) presumed credits in natural gas outflows for thermal power plants powered by natural gas.

Capital Markets & Stock Performance

ENEVA's shares are listed on the Novo Mercado segment of B3 and traded under the ticker ENEV3. Over the course of 2019, ENEV3 shares increased by 172%, and outperformed the Brazilian stock market index, Ibovespa - IBOV (+32%) and the industry's reference index IEE (Electricity Index) (+56%). The average financial volume traded for ENEVA stock reached R\$33.5 million in 2019 compared to R\$5.0 million in 2018. ENEVA's shares closed the last trading session of 2019 at R\$43.69/share, representing a total market value of R\$13.8 billion¹⁵, and reaching an average financial volume of R\$53.1 million in the last trading session of the year. Enterprise value leaped from R\$8.9 billion at the end of 2018 to R\$17.7 billion at the end of 2019¹⁶.

ENEV3 and Indexes performance

◀ 100 basis: 31, Dec, 2018 ▶



Ratings

In 2019, for the first time ever, credit rating agencies Standard & Poors Global Ratings (S&P) and Fitch Ratings (Fitch) attributed long-term national ratings to the Company.

Agency	Emission	Rating
S&P	ENEVA S.A. - National Scale Brazil	brAAA / Stable perspective
Fitch	ENEVA S.A. - Long Term National Rating	AA+(bra) / Stable perspective

¹⁵ Market Value considers 100% of ENEVA's shares, including those held by Management.

¹⁶ Enterprise Value is equivalent to the sum of market value and the Company's net debt, both at the close of the period.



07
**Governance &
Transparency**

Governance & Transparency

< GRI 102-05 | 102-11 | 102-15 | 102-16 | 102-17 | 102-18 | 102-19 | 102-21 | 102-22 | 102-23 | 102-24 | 102-25 | 102-27 | 102-28 | 102-29 | 102-30 | 102-31 | 103-1 | 103-2 | 103-3 >

Corporate governance incorporates assertive strategies, and decision making relies on an organizational structure with solid processes. These rules and principles govern our performance with customer relations, shareholders, employees, suppliers, service providers, public entities, and other stakeholders.

We follow the rules of Novo Mercado: a listing segment with the strictest B3 corporate governance standards. Our governance structure abides by principles of transparency, equity accountability, corporate responsibility, and ethics for the application of best practices recommended by the Brazilian Institute of Corporate Governance (IBGC).

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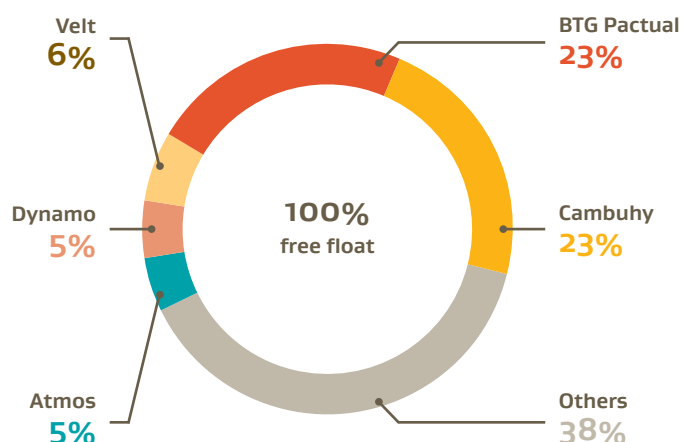
Governance Structure
Bylaws, internal
regulations and policies



ENEVA recognizes the value of strong corporate governance practices, and constantly strives to improve them. We actively hold meetings with investors, carry out discussions with shareholders, and encourage shareholder participation in general shareholder meetings. We also implement the latest sustainable development techniques into our projects.

7.1 Governance Structure

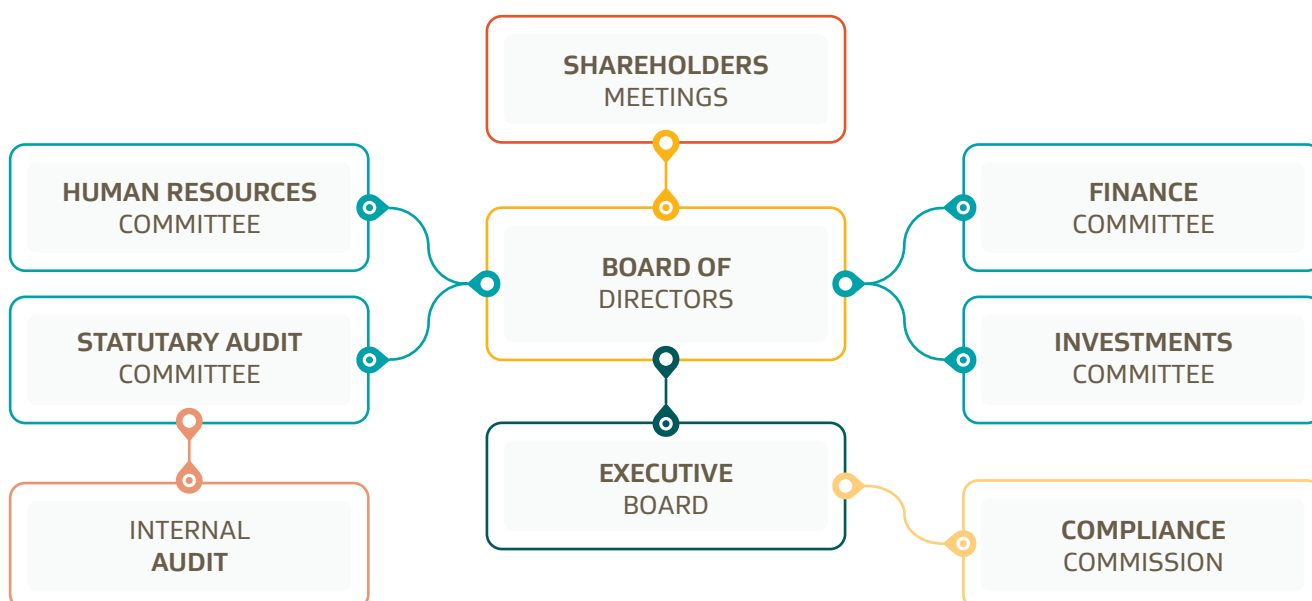
ENEVA SA is a corporation that has dispersed capital. With a single class of shares, share capital is currently made up of 315,767,683 common shares traded at Brasil, Bolsa, Balcão – B3, under ENEV3.



The governance structure of ENEVA has rules and principles that govern the organization, operations, and relations of the Company. These rules incorporate principles of integrity, transparency, application of best governance practices, strong decision-making processes, and mechanisms that guarantee agility, efficiency, and quality.

This model represents a permanent effort to improve any practices adopted while balancing the rights of shareholders.

We currently have the following structure for corporate governance:



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Governance
Structure



Board of Directors

for guiding, controlling, and overseeing Company operations and performance. In addition to matters addressed by Company bylaws, topics critical to the business are included in the agenda for Board of Director meetings, while placing significant importance on opportunities, sustainability, and risk assessments.

Board members, who meet at least six times a year (and whenever necessary), may be appointed by management personnel or by any shareholder of the Company. Members are elected or removed through the general shareholder meeting. These decisions are all in compliance with requirements established by Law 6,404/76, by regulations for the Novo Mercado segment B3, and by instructions from the Brazilian Securities and Exchange Commission (CVM).

The Board is currently composed of 7 members: of which 6 are independent. None of the members hold executive positions within the Company. Each member has a 1-year term, with a possibility of reelection, in accordance with Company bylaws.

7 members with a one-year term.

6 Independent Members

1 Woman

**FREQUENCY: AT LEAST
6 TIMES A YEAR**

BOARD OF DIRECTORS	
Jerson Kelman	Board of Directors' Chairman
José Aurélio Drummond Jr.	Board of Directors' vice-Chairman
Renato Antonio Secondo Mazzola	Independent Member
Marcelo Pereira Lopes de Medeiros	Independent Member
Guilherme Bottura	Independent Member
Lavinia Hollanda	Independent Member
Felipe Gottlieb	Independent Member

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Board of directors
and their duties →

The board of Directors and subsequent committees are periodically evaluated by external auditors, taking into account the following aspects of (i) composition (ii) structure and organization (iii) Board dynamics (iv) communications and information exchanges between the CEO and Executive Board, among others.

ENEVA complies with provisions of Law no. 6,404 / 76 and the CVM on conflicts of interest, transactions with related parties, and related disclosures. In addition, internal regulations for the Board of Directors and code of conduct outline conflicts of interest principles by which Company Board Members, Officers, and employees must abide.

Any Board Member who has an actual or potential conflict of interest, is linked to any related party, or whose overriding activities imply the existence of a conflict of interest with a particular matter to be examined by the board, should refrain from participating in parts of meetings where such matters are discussed.

In 2019, a total of twelve Company Board meetings were held. Topics of discussion regarding the approval of important matters included: participation in energy generation auctions, definition of the annual budget, preparation and revision of Company strategic planning, and financial funding plans, among others.

On April 29th 2019, the Company held their annual general meeting in compliance with requirements established by Brazilian corporation laws.

Statutory & Executive Board

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Bylaws:
Executive Board



The Statutory Executive Board is responsible for the execution of business strategies defined by the Board of Directors. This is in regards to the preparation of plans and projects, and for ENEVA's operational and financial performance. The Chief Executive Officer acts as an interface between the Executive Board and Board of Directors. The Company's Statutory Executive Board is composed of a minimum of 3, and maximum of 7 members, shareholders, or non-shareholders. Currently, the Executive Board consists of 4 members; each with a defined term until May 2021. The Executive Board has basic responsibilities for planning and conducting Company operations in line with guidelines proposed by the Board of Directors.

Executive Officers	
Pedro Zinner	CEO (Statutory)
Marcelo Habibe	CFO (Statutory)
Lino Cançado	COO (Statutory)
Luis Vasconcelos	Corporate Functions Officer (Statutory)
Thiago Freitas	Legal, Governance, Risks and Compliance Officer
Damian Popolo	Institutional and Regulatory Officer

Advisory Committees

To support decision-making processes, ENEVA has several advisory committees along with the Board of Directors. These committees include: the Statutory Audit Committee, Financial Committee, Human Resources Committee, and Investment Committee.

The Board of Directors is entitled to create specialized committees for developing and furthering the knowledge of their members on economic, environmental, and social topics. These committees act simultaneously with the Board of Directors, on a permanent or temporary basis, without power to deliberate. They must advise the Board on any activities conducted. Committees only report to the Board of Directors and act independently from the Company Executive Board.

Since 2018, the Company established a Statutory Audit Committee composed of members with extensive experience in accounting, internal controls, and compliance matters. This Committee plays an important role in Company governance: ensuring the balance, transparency, and integrity of financial information published for investors.

With a mission and strategic planning based on a vast portfolio of opportunities, the Board of Directors is assisted by the Financial Committee. This Committee is made up of Board Members and one external financial auditor. The committee's purpose is to advise on financial operations and other matters of this nature in the best and most efficient way possible.

Considering the number of capital projects in progress, the Board created the Investment Committee: responsible for reporting the progress of works within preset chronograms.

Additional responsibilities include assisting the Board of Directors with corporate matters such as compensation, benefits, definition of annual goals, retention, professional improvement, and succession plans. The Board also has a Human Resource Committee.

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Composition of advisory
Committees and their duties →

7.2 Ethics & Integrity

◁ GRI 205-2 | 419-1 ▷

ENEVA is committed to acting ethically, with integrity, and transparency. All employees and suppliers are encouraged to adopt sound conduct, in accordance with Brazilian laws, demonstrate the best business practices, adhere to internal policies, and principles outlined in our code of conduct. These principles serve as an instrument to underpin Company activities and drive business development.

In order to systematize this matter within the Company, we created the integrity program in 2015. This program outlines policies, guidelines, and procedures to guarantee ethical decision making and adherence to Brazilian anti-corruption legislations and best market integrity practices. In addition, the program serves as a mechanism through which we monitor the application of the code of conduct within our operations.

The Company understands that it must make positive contributions to society and business sustainability, under an integrity and ethics viewpoint, with the purpose of effectively collaborating for a better world. To ensure the dissemination of this culture among all employees and suppliers within the Company, we constantly provide training, engagement actions, and encourage practices that contribute to such themes.

The compliance department has broad competencies, budgetary autonomy to act, and is overseen by a manager who reports to the Chief Legal Officer and Board of Directors. The compliance department presents an annual work plan to the Board of Directors along with periodic reports to the Audit Committee and Executive Board on any progress achieved.

In 2019, the Company did not receive any significant penalties or non-monetary sanctions due to non-compliance with laws and regulations related to social and economic departments.

Integrity Program

ENEVA's integrity program is coordinated by the compliance department. Their activities are periodically reported to the legal affairs department and presented to the Board of Directors. This program guarantees that adequate measures are taken to promote ethical conduct in line with Company principles and guidelines.

The main mechanisms of the program are outlined below:



Code of Conduct

The Company code of conduct contains our main conduct guidelines. After joining the Company, all employees receive training on the code of conduct, ethics, and integrity matters. They also must acknowledge and sign acceptance terms. In 2019, 894 permanent employees and 47 outsourced employees received training on this topic.

This document is available on our website to the external public, and on the intranet for all internal employees. The code of conduct addresses topics such as health, safety, environment, harassment, forced labor, human rights, interactions with the government, third party relations, compliance with antitrust laws, conflicts of interest, the reporting channel, and other topics of relevance.

In 2019, an external consultancy carried out an assessment to identify any possible risks of misconduct related to our code of conduct. The risks were classified as high, medium, and low; any risks considered high were solved.

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Code of conduct
ENEVA →

Internal Regulations

Internal regulations establish guidelines and conduct to be complied with. These guidelines aim to prevent situations of corruption and other forms of non-compliance from occurring within the business, and guarantee work performance in alignment with ethical principles and applicable legislations. These standards are established and reviewed with the support of the Audit Committee and Board of Directors. Internal regulations are in compliance with the anti-corruption legislation and best integrity practices.

The normative basis of ENEVA's Integrity Program is supported by the documents found below:

- Code of Conduct
- Code of Conduct for Third Parties
- Interactions with The Government
- Gifts, Benefits, & Hospitality
- Third Party Relations
- Equal Opportunities & Mutual Respect
- Antitrust
- Donations & Sponsorships
- Conflicts of Interest
- Consequence Management



Compliance Committee

The Compliance Committee is a multidisciplinary advisory body that analyzes and supports dealings with consultations and reports received by our reporting channel.

In order to expand the scope of the program, all main departments within the Company are part of the Compliance Committee. This decision was made for the purpose of providing advisory support on compliance matters related to each department. The Compliance Committee cultivates assertiveness for investigating and monitoring cases of violations. They also clarify any doubts and support correct interpretations of the code of conduct and their dissemination throughout the Company.

Reporting Channel

ENEVA has a secure, confidential, external, and independent reporting channel. On this channel, employees, service providers, and members of society may anonymously report violations of ENEVA's code of conduct and Brazilian laws. The reports are then received and verified by the compliance department.

For all valid cases, measures are taken that vary from verbal to written warnings, suspensions, or dismissals when considered serious, according to consequence management guidelines.

It is the responsibility of the compliance department to investigate, monitor, and oversee all cases of violation reported through ENEVA's reporting channel. The department is also required to orient, clarify doubts, and provide correct interpretations of integrity regulations and code of conduct. In addition, they disseminate a culture of ethics and integrity throughout the Company.

The Company advises employees to report any forms of behavior in disagreement with the code of conduct. Face-to-face trainings are conducted on compliance matters for all new employees, in addition to, presenting the integrity program and main code of conduct guidelines.

All reports recorded on the reporting channel are investigated in accordance with the report investigation procedure. Since 2016, there have been no reports related to corruption of public agents or discrimination. In 2019, reports totaled at 39, of which 5 were considered valid, as shown in the tables below.

Reports in the reporting channel

TOTAL REPORTS RECEIVED IN THE YEAR	39
Analyzed and considered valid	5
Analyzed and considered partially valid	7
Analyzed and considered unfounded	16
Analyzed and inapplicable to the channel	6
Closed due to lack of information for analysis	5

Of all complaints received, investigated, and classified as valid: one referred to sexual harassment, two to moral harassment, and two to violations of laws by suppliers. The upheld sexual harassment complaint led to a subsequent dismissal of the employee. Measures such as warnings and notifications for suppliers, as detailed in work contracts, were applied to other complaints that referred to moral harassment and violation of laws.

Classification of reports in the reporting channel

TOTAL REPORTS RECEIVED IN THE YEAR	39
Moral Harassment	18
Sexual harassment	1
Inappropriate Conduct	3
Query	5
Supplier Favorability	2
Inapplicable to the Channel	1
Robbery and theft	1
Violation of Supplier Laws	8

Disclosure

To disseminate the guidelines of the integrity program and strengthen an ethical and legal compliance culture, we follow an annual communication plan on the topic. This plan includes events, speeches, and campaigns for our main audiences which include leaders, employees, third parties, and suppliers.



Integrity For Contracting Suppliers

These guidelines are outlined for suppliers in contracts through a specific anti-corruption clause. Compliance questionnaires are required for potential partners to demonstrate adherence to the third party code of conduct. This process is completed during the supplier's systemic registration and integrity due diligence in the contracting process.

During the time period covered by this report, all employees were informed of integrity topics regarding government relations, ethical behavior, gifts, anti-corruption laws and the reporting channel.

Integrity For Donations & Sponsorships

Donations and sponsorships carried out by the Company are subject to due diligence. Only institutional gifts without commercial value may be accepted; non-institutional gifts and gifts from customers and suppliers are evaluated by the compliance department for possible acceptance or refusal.

Anti-Corruption

Our Company is committed to fight any form of corruption, fraud, bribery, favoring, influence peddling, extortion, money laundering, or kickback from internal relations with suppliers, partners, or public agents.

All operations, including environment, legal, human resources, external relations, supplies and governance departments exposed to relationships with public bodies are taken into account during the assessment of corruption risks.

All ENEVA suppliers are required, beginning from the registration phase, to accept the terms outlined in the code of conduct for third parties. Once contracted, the contracts must have anti-corruption clauses to ensure compliance with Company anti-corruption principles.

The processes of purchasing or servicing, for any amount equal or greater than R\$ 2 million, is subject to an integrity assessment. For the period covered by this report, 221 processes were evaluated to minimize any risks with suppliers. Additionally, ENEVA has outlined donation and sponsorship guidelines. Granting processes also undergo integrity risk assessments.

In 2019, we published a revision of the consequence management guidelines, and established a reporting investigation procedure. In addition to this, we systematically adopt preventive control measures, such as the recording of meetings that include interactions with public authorities for decision-making purposes. These meetings are recorded through an application managed by the compliance department. Different departments record the purpose of meeting, type of public agency, and participants involved. This monitoring process allows us to carry out specific training and communications for any departments exposed to interactions with public entities.

ENEVA adopts anti-corruption policies and disseminates the contents to all employees. These policies also apply to executives and board members who receive training and communications on the subject matter. The purpose of this is to guide their actions and decisions by ethics in any professional environment.

Training in 2019

To promote a corporate culture in line with our code of conduct guidelines and ethical principles, we offer online or face-to-face trainings on this topic for all employees, and third parties.

Subject

Government Relations

→ Format

Online Platform

→ Participation

89% of Employees

Subject

Ethics & Integrity

→ Format

Online Platform

→ Participation

81% of Employees

Subject

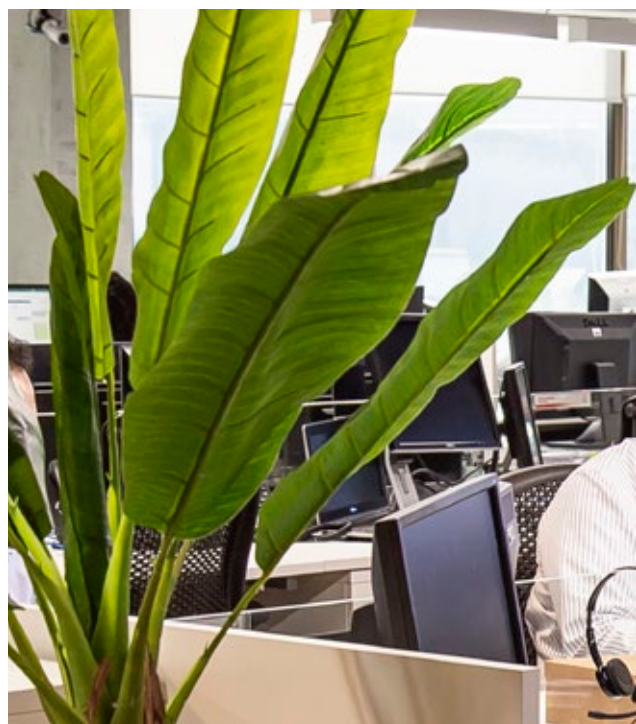
**Compliance,
Ethical Integrity,
Code of Conduct,
Integrity Policies,
Reporting Channel,
& Consequence
Management**

→ Format

Face-To-Face

→ Participation

**51% of New Employees
in 2019 & The Remainder
Scheduled For 2020**



International Anti-Corruption Day

As one of the main efforts of 2019, during the week of International Anti-Corruption Day, the Company held an event for all employees, along with participation by the Chief Executive Officer, Chief Legal Officer, and Corporate Services Officer. We used internal communication channels to reflect on ethics. In addition, we also organized a lecture given by an external expert consultant on the topic, which was simultaneously transmitted to all operational units. A discussion ensued thereafter on the topic of anti-corruption practices and main areas surrounding anti-corruption laws.

→ Format

Online & Face-To-Face

→ Participation

231 Employees

Communications in 2019

→ Compliance Minute

For the dissemination of ethical culture, we also use the compliance minute. The compliance minute is composed of texts on various subjects related to ethical conduct, professional integrity, gifts, our reporting channel, and anti-corruption laws. These texts are periodically sent to all employees through e-mail marketing campaigns, and are published twice a month in the weekly newsletter.



7.3 Risk Factors

The risk management process at ENEVA abides by Company principles on ethics, values, and culture. This process also supports growth, strategic planning, business continuity, and aims to reduce levels of uncertainty for achieving goals. Risk management preserves the value and perpetuity of the business, and promotes integrated management of all the risks ENEVA is exposed to. All Company governance and leadership bodies are involved and in charge of disseminating these guidelines to employees. They provide a culture of risk anticipation and prevention.

The risk management policy approved by the Board of Directors applies to the Company and subsidiaries, as well as, to employees, and Officers. This policy sets the principles, guidelines, and responsibilities to be complied with, in addition to, being the foundation of the whole process that follows COSO-ERM (Enterprise Risk Management) and ISO 31000 international standards.

To avoid exposing the Company to potential risks, we continuously work on identifying, assessing, treating, monitoring, and communicating such risks to Officers. We continuously ensure compliance with guidelines designed to follow the risk management policy's structure. Thus, we adopted the three lines of defense concept.



Main Risks To Which We Are Exposed



Annual assessments are carried out with as first line of defense. We target all areas of business, projects, and support, including face-to-face meetings to identify risks. Risks are classified according to a matrix that includes a probability and impact axis. Impacts considered may be classified as financial, legal, regulatory, reputational, on health, safety, communities, and the environment. Risks are periodically monitored by the governance, risks and compliance department where final classifications, control statuses and monitoring of action plans are updated. New risks can be identified at any point in time.

In November 2019, with the approval of the Executive Board, ENEVA established a Crisis Management Plan. The main goal was to prepare the Company for action in the case of any potential situations. Crisis management is the responsibility of each individual department within the Company. Everyone works in an integrated and coordinated fashion to solve problems through operational, management, and communication measures. The basic principles of ENEVA's crisis management model are agility, responsibility, and respect. A total of 87 key employees were trained for a potential crisis. In 2020, the Company expects to continue this project by conducting simulations and additional trainings for relevant personnel in company processes.

Also in 2019, the Internal Control Department, along with Information Technology, carried out a project to clean up profiles by focusing on job segregation, and mitigation of undue access. The Company's ERP eliminated 89% of access risks, and reduced critical risks by 99%.

It is also worth highlighting the establishment of a process to assess market and credit risks in the operations of ENEVA Comercializadora de Energia, created by the risk management department, during the restructuring of ENEVA's energy trading company. To assess market risks, limits were approved, using the value at risk (VaR) metric, to monitor the portfolio of operations carried out through marketing efforts. In addition, an internal credit assessment and granting

model for counterparties was defined. These risks and metrics are monitored on a daily basis and reported on a weekly basis to the Risk Committee. The Risk Committee is composed of the Chief Executive Officer, Chief Financial Officer, Legal Officer, the person responsible for the energy trader, and the Governance, Risk and Compliance department.

In the context of energy auctions, Risk Management also plays a fundamental role in preparing a proposal. The Board of Directors map out the main strategic risks and mitigation measures taken to properly assess and approve projects. Monitoring is also conducted in case the Company wins the bid.

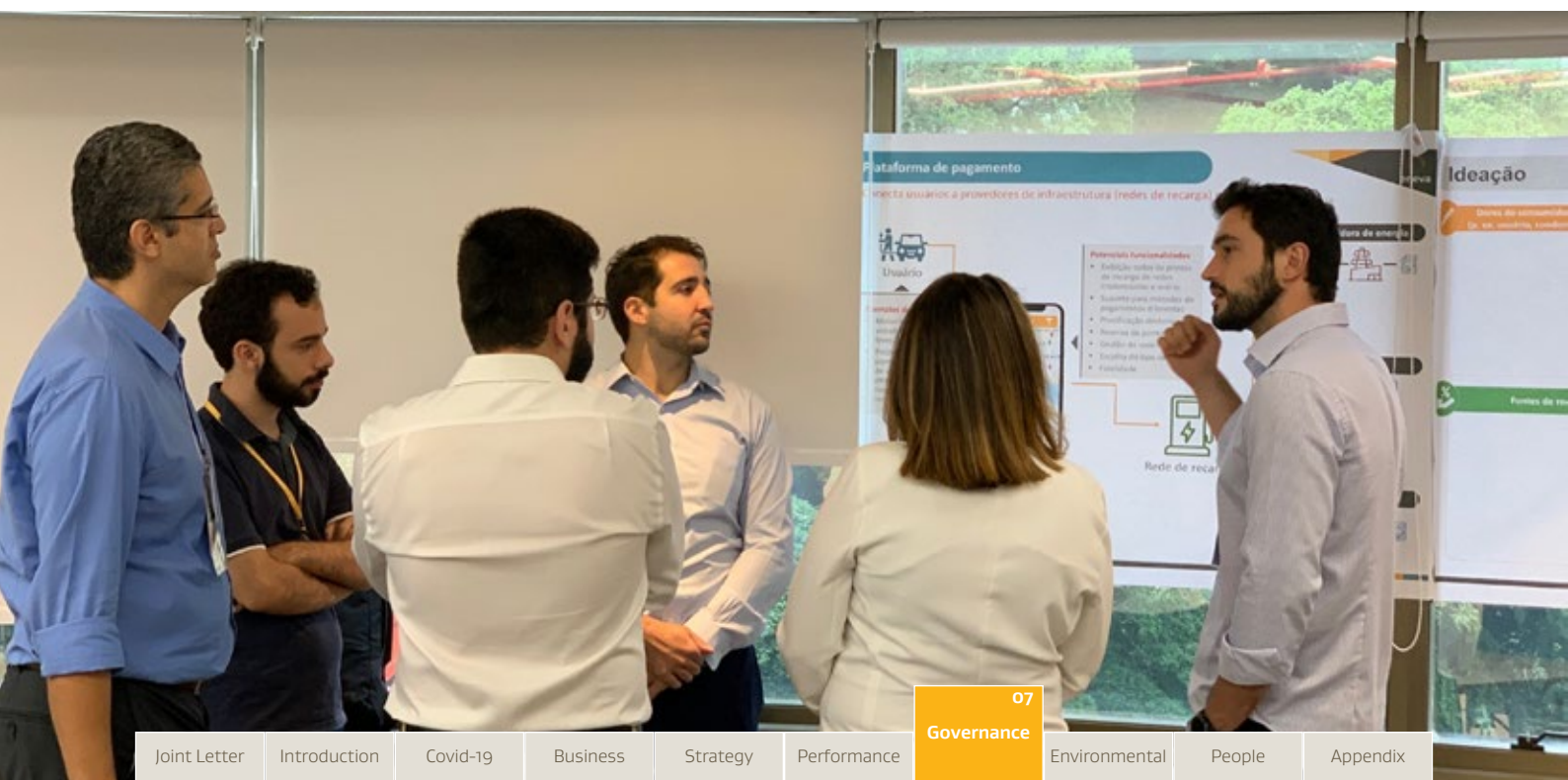
LEARN
MORE

Reference Forms
Risk Management



LEARN
MORE

Risk Management Policy
Risk Management



08

Environmental Management

Environmental Management

◀ GRI 102-11 | 102-21 | 103-1 | 103-2 | 103-3 ▶

Our business requires responsible management practices to mitigate any possible impacts of our operations on society, the environment, and communities surrounding our facilities. In order to prevent potential negative impacts, we established an operational management system in regards to Health, Environment and Safety. In 2019, this system was recognized as a success by the National Agency of Petroleum, Natural Gas and Biofuels (ANP). It was also presented as an example during the Operational Safety and Terrestrial Environment Workshop (SOMAT).

In order to manage any possible impacts on the delivery of our services, and contributions to the development of locations in which we operate, we made constant improvements to our processes, keeping them in line with precautionary principles. Throughout the year we fulfilled all legal obligations related to the matter.

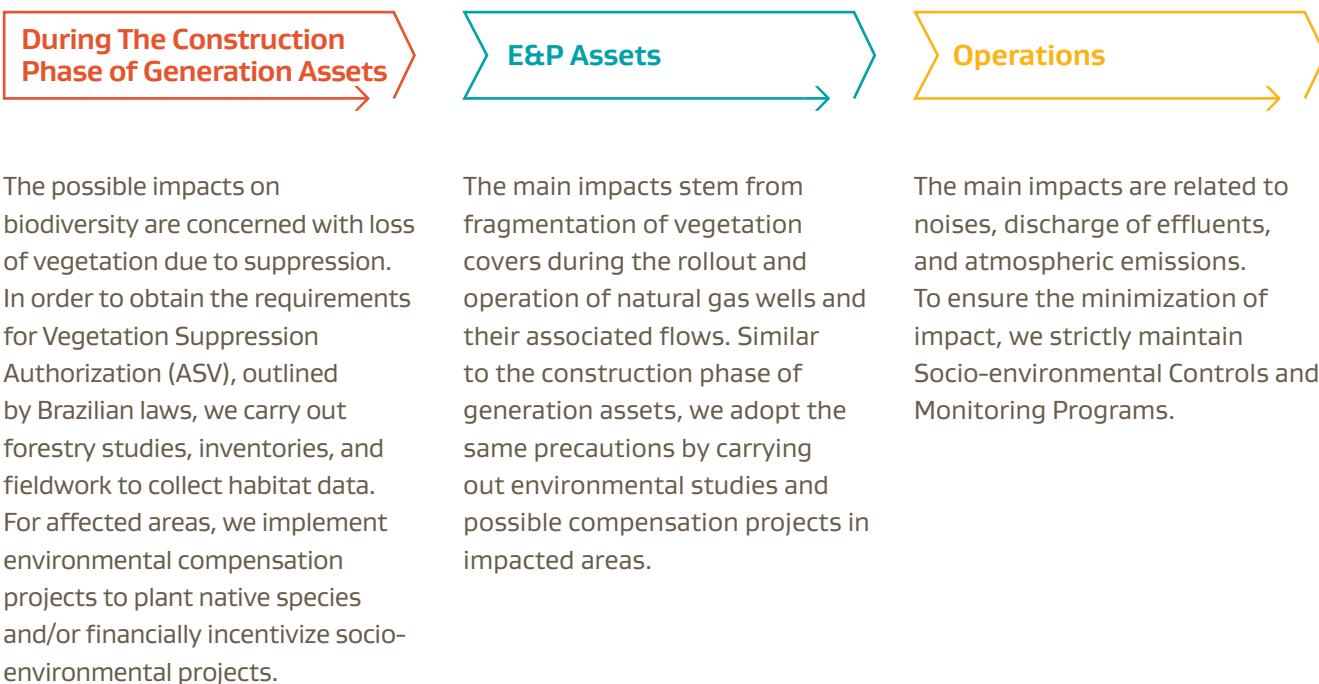


8.1 Biodiversity

◁ GRI 304-2 ▷

We are concerned with minimizing any potential impacts, direct and indirect, of our operations on biodiversity. To this end, we carry out prior environmental impact studies to support decision making during the development of new assets in order to assess environmental feasibility. Whenever possible, we eliminate potential negative effects resulting from our operations. Through socio-environmental controls and monitoring programs, we seek to ensure the lowest possible impact, and, whenever necessary, mitigate risk.

The main impacts on biodiversity that could result from our operations are:



Socio-environmental monitoring and control programs were developed and maintained by ENEVA in 2019. Please see the details and discussion of results below.

8.2

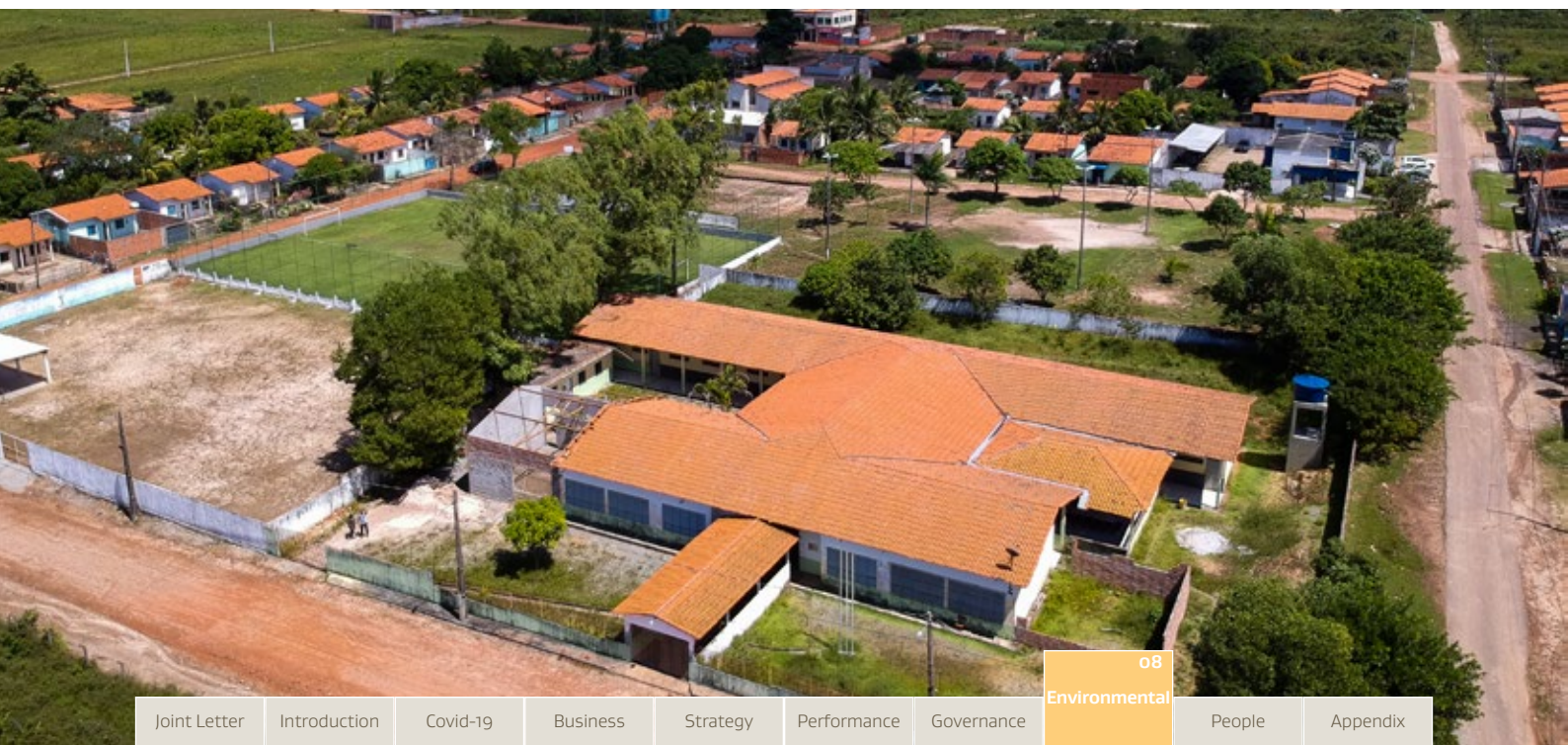
Social, Environmental Controls, & Monitoring Programs

We established controls for environmental protection and adopted strict internal quality standards across all sectors. We also consider any additional measures taken at every stage of the project. We promote the use of technologies, materials, equipment, and products that prevent and minimize impacts on the environment.

All results from socio-environmental controls and monitoring carried out by ENEVA in 2019 were presented to relevant environmental bodies. These results are available for public viewing as outlined in the environmental licensing processes for each body.

Main Programs:

- Control & Monitoring of Atmospheric Emissions;
- Control & Monitoring of Liquid Effluents;
- Monitoring the Quality of Surface & Groundwater;
- Solid Waste Management & Monitoring;
- Meteorological & Air Quality Monitoring;
- Monitoring of Soil Quality;
- Monitoring of Terrestrial & Aquatic Fauna;
- Noise Monitoring;
- Communication & Relationships with Local Communities;
- Environmental Education;
- Hiring & Supporting Local Labor;
- Population Resettlement.



8.3 Environmental Licenses & Authorizations

Through our deadline control system and compliance with legal requirements, we manage over 100 environmental licenses and authorizations, totaling more than 1,000 conditions distributed by our operational units.

In 2019, the maintenance of existing licenses, issue of 66 licenses, and authorizations ensured the strengthening and expansion of the Company, mainly in the north and northeast regions of the country. We comply with all deadlines for the development, construction, and operation of our assets.

Issuing of New Licenses & Authorizations For 2019

Among the licenses issued or renewed in 2019, 55% refer to hydrocarbon exploration and production assets. The following actions are guaranteed throughout the year:

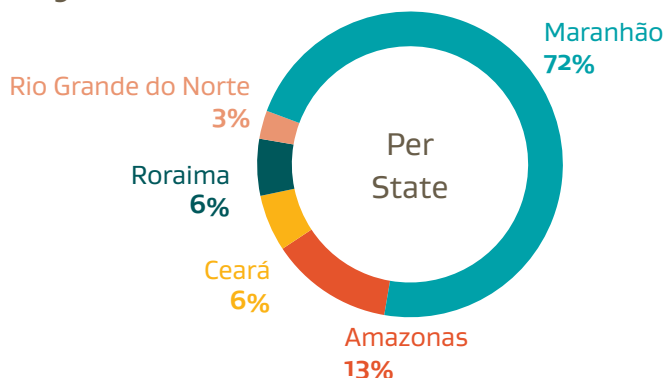
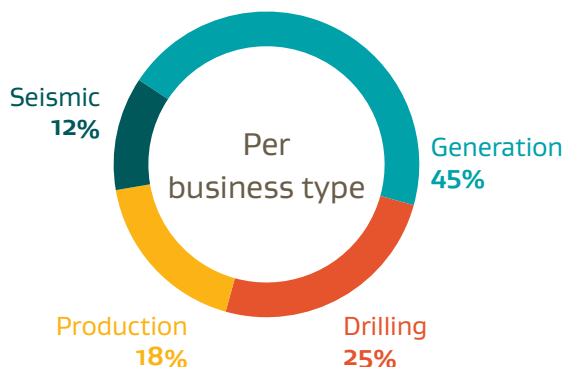
- Continuity of seismic research and well drilling campaigns in the states of Maranhão and Amazonas.
- Implementation of new gas pipelines for the production and disposal of natural gas in the Gavião Preto, Gavião Branco, Gavião Branco Norte, Gavião Azul, and Gavião Vermelho fields.
- Operational maintenance of STGP responsible for supplying gas to the Parnaíba thermoelectric complex.

The other 45% refer to electricity generation assets, and ensure:

- Compliance with start date for the construction of the Azulão-Jagatirica project.
- Locational viability and construction of renewable projects (wind and solar).
- Continuity in supply of water resources for the operational maintenance of Parnaíba I, II, III and IV TPPs.

Authorized and Issued Licenses

< in 2019 >



In 2019, all commitments signed through the Terms of Commitment and Environmental Compensation were duly paid. The total amount of R\$ 1.94 million was transferred to the federal government in compliance with Law 9,985/2,000 (National System of Nature Conservation Units - SNUC).

8.4 Efficiency in Use of Resources

< GRI 303-1 | 303-2 | 303-3 | 303-4 | 303-5 | 305-1 | 305-2 | 305-4 | 305-5 | 306-1 | OG7 >
 < SASB IF-EU-110a.1 | IF-EU-110a.2 | IF-EU-140a.1 | IF-EU-140a.3 | IF-EU-150a.1 >

With regards to actions that may directly or indirectly interfere with the environment, we have adopted the following procedures:

- Monitoring and ensuring compliance with legal requirements applicable to activities carried out through the enterprise cycle.
- Guaranteeing legal compliance with contracted companies.
- Ensuring that activities are carried out in accordance with industry best practices to prevent and minimize impacts on the environment.
- Activities must be supported by current environmental licenses issued by competent environmental agencies, and are always available for viewings or consultations at the facilities.
- Identification of significant environmental aspects, impacts on operations, and establishment of actions to prevent, mitigate, and compensate for such impacts.
- Elaboration of inventories of atmospheric emissions, effluents, and residues, which must indicate the sources of generation and estimated quantity, as well as, forms detailing packaging and final destination.
- Guaranteeing that solid waste and effluents from activities have temporary storage space, treatment, and an environmentally appropriate final disposal, along with documents regarding final disposal.

a. Water

Our generation assets represent the largest volume of water intake and consumption within our operations. For thermoelectric plants, average water consumption varies depending on the type of cycle, refrigeration technology used for humidity, room temperature, chemical properties, and physical characteristics of water collected. The process of cooling the water-steam cycle consumes most amount of water.

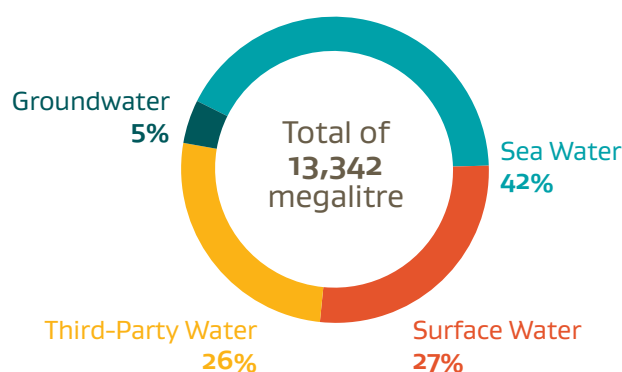
» Funding Efficiency

With the aim of reducing consumption and use of new water, we seek to maximize and maintain the efficiency of our energy generation. We use the semi-closed system of cooling from humid towers with forced ventilation. For this system, water temperature is reduced and recirculated several times until it is discarded.

During the development of any project, we carry out a preliminary assessment to consider the environmental, technological, and location feasibility of the project. During this stage, the best alternative to capturing water is based on technical studies that estimate whether the receiving water body has a sufficient enough flow for the required demand. In 2019, our generation assets collected a total of 13,342 ML of water; seawater from Itaquí was the main source of collection.

Water collection by source in 2019

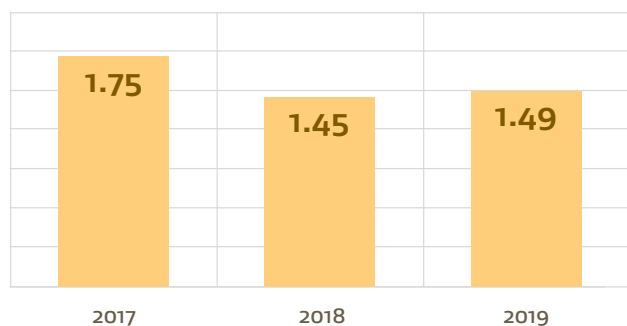
< megalitre and % >



To measure our efficiency in this process, we looked at the water collection rate. In 2019, this rate remained stable (when compared to 2018), but remained 15% below levels from 2017, reflecting the stabilization of sound practices. Operational efforts were implemented in 2018 to increase recirculation generation mainly for Pecém II.

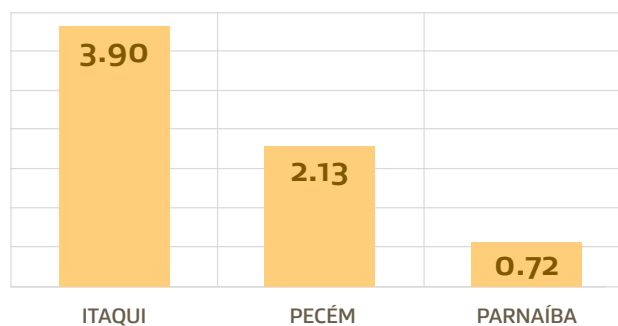
Evolution of water intake rate

< M³/MWH >



Rate of water intake in 2019

< M³/MWH >



Itaquí TPP (MA)

Itaquí TPP captures water from the São Marcos Bay, in São Luís, MA, where there are no restrictions on the collection volume for seawater. Periodic monitoring of water quality is carried out and presented to IBAMA, attesting that the water returned by the Company is always in better condition when compared to originally collected water.

Pecém II TPP (CE)

Pecém II TPP, in São Gonçalo do Amarante, CE, signed a water supply contract with the concessionaire of the state of Ceará, authorized by means of a concession. It is worth noting that, to minimize impacts and optimize the use of water, Pecém II TPP adopted specific chemical treatments that allowed for an increase in cooling tower water recirculation from 3.5 to 15 times. The results of this process demonstrate less water intake, consumption, and, consequently, lower generation of industrial effluents.

Parnaíba Complex (MA)

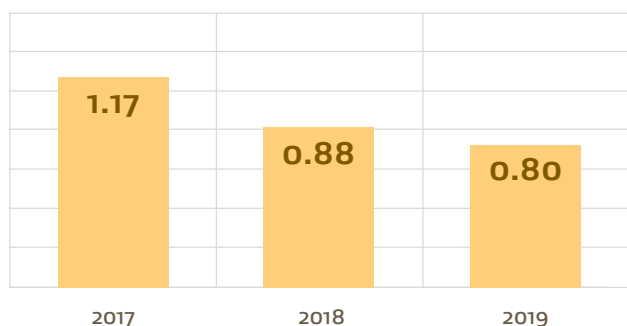
For the electricity generation process at the Parnaíba complex, we collected water from the Mearim River, with authorization from the State Secretariat of Environment and Natural Resources of Maranhão (SEMA). Following these assumptions, the flow of water currently collected by ENEVA is 0.16 m³/s which represents 0.4% of the available water capacity in the river. With the launch of Parnaíba V and VI TPPs, a natural increase in water consumption is expected over the next few years. Water consumption will rise by 0.58m³/s as foreseen in our water use grant issued by the state of Maranhão.

To ensure the safety and efficiency in using this resource we carry out:

- Technical-scientific hydrology studies to meet the limits set by legislations and measure hydrological conditions of the river.
- Evaluations on return water quality by specialists found that returned water was in better condition compared to collected water. The temperature, and other monitored parameters of the Mearim River, were preserved in their natural condition.
- Monitoring the river flow in the driest period to guarantee water availability.
- Using rainwater as an alternative to limit taking water from the river.

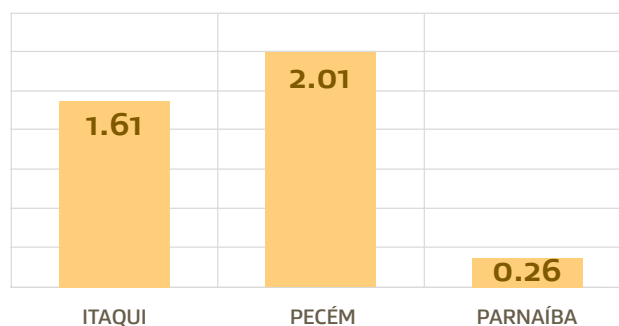
Evolution of water consumption

⟨ M³/MWH ⟩



Rate in water consumption in 2019

⟨ M³/MWH ⟩



Responsible Consumption

ENEVA's entire water consumption management process is monitored by indicators, assessed on a monthly basis, and discussed at Management meetings. Similar to collection, the main consumption, the amount of water collected (excluding the portion returned as treated effluent) is represented by generation units. In 2019, these assets consumed 7,139 ML, keeping our water consumption per MWh within the average¹⁷ for the thermoelectric sector.

The main indicator for measuring the efficiency of resource management is through the water consumption rate. This rate monitors the amount of water consumed (m³) per MWh generated. In 2019, this rate dropped by 9% when compared to 2018, with an accumulated reduction of 32% since 2017.

It is also worth noting that, in 2019, another major step towards improving water consumption efficiency was the adoption of the Air Cooled Condenser (ACC) technology. This technology was used in cooling the water-steam cycle for the UTE Jaguatirica II project. For this type of operation, cooling of hot air occurs during thermal exchanges with atmospheric air through the use of fans. Thus, there is no significant consumption of water, saving usage for the energy generation process.

Consumption of industrial water on plants with dry cooling technology, as for the Jaguatirica II TPP being built, is equivalent to only about 0.5% of water consumption in thermoelectric plants with wet cooling. This refers to thermoelectric plants with condensers and cooling towers.

¹⁷ Spource: Institute of Energy and Environment (IEMA): Use of water in thermoelectric plants (bit.ly/3iQZi5N)



b. Industrial Effluents

◀ GRI OG5 ▶

For all operations where water or effluents are discharged, we established control measures to be carried out in accordance with internal guidelines and federal, state, and municipal legislations. Emphasis was placed on complying with the CONAMA Resolution 430/2011 for the disposal of effluents.

We do not carry out any disposal or runoff of water that significantly affects water bodies, habitats, or areas with high environmental sensitivity. For locations with no treatment disposal of effluents through contracted companies, we perform primary management based on legal procedures applicable to treatment and the respective discharge of effluents. In such cases, we have our own Effluent Treatment Stations (ETE), in addition to programs for effluent quality monitoring and controls prior to final disposal.

The effluents generated in our natural gas exploration & production operations may vary depending on the task. Some examples include seismic intervention, well drilling, gas production or treatment. Volumes are significantly smaller when compared to effluents from energy generation which requires more water during the process. Energy generation represents the most significant source of industrial effluents from our operations.

In order to constantly measure and ensure this effectiveness, each operational asset has specific monitoring plans established with environmental agencies, in accordance with legal requirements for each type of effluent. In 2019, our generation assets reached 0.69 m³/MWh, totaling 6,204 ML of industrial effluents generated, treated, and disposed of. These assets were in compliance with applicable environmental standards.



08

Environmental

Joint Letter

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Performance

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Appendix

c. Waste

The main residue generated by our operations is ash, which stem from energy generation using mineral coal and clay gravel, and the drilling of natural gas wells. Whenever possible, we seek to find sustainable solutions to reuse these materials by turning them into a by-product. When this is not possible, we comply with legislations by correctly disposing of discarded waste.

Find out some of the initiatives we have taken for reusing and disposing waste generated by our operations below.

Sustainable Reuse of Coal Ash

→ CO₂e Reductions in Cement Production

Ashes from the energy generation process in coal assets (Itaqui and Pecém II) are sold to cement companies in Maranhão and Ceará. These companies reuse this input to reduce the amount of clinker in their production lines. It is a practice recognized as sound by the market, which contributes to the local development of the cement industry, and indirectly helps reduce CO₂e emissions. With this initiative, ENEVA complies with the national solid waste policy, ceasing to dispose of ashes in landfills in Maranhão and Ceará. In 2019, 53,235 tons of coal ash was generated, of which 100% was reused and repurposed for local cement companies.

→ Conservation of Natural Resources For Road Construction

In 2019, ENEVA participated in a project that used coal ash produced from energy generated at the Pecém thermoelectric complex, to pave a 1.3 km road that provides seamless access to the complex. Ashes replaced the need for natural soil by 50% to 95%. This was accomplished through the composition of asphalt, which uses less native soil, and consequently, preserves natural deposits.

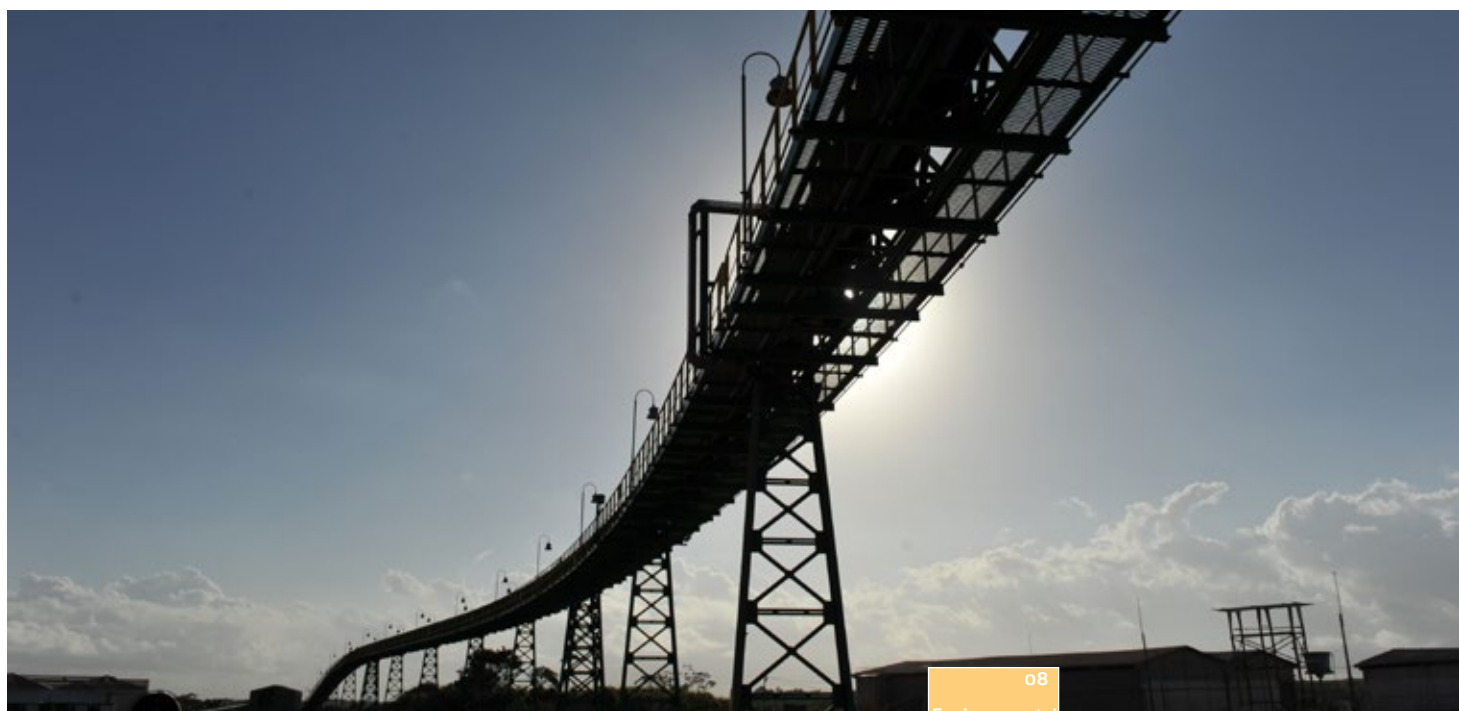
Reduction of Gravel Generation & Use of Synthetic Fluid For Drilling Wells

In 2019, during the drilling of 15 wells, each section was drilled into and completely cemented to the surface at a higher speed. This process was more efficient and used fewer resources, thus, generating a lower amount of waste.

When compared to conventional well execution, the use of this technique requires 24% less drilling fluids, and further reduces the generation of gravel in the second production phase of the wells by 32% on average. In 2019 alone, this technique led to a reduction of more than 700 tons of non-inert gravel. In the last 5 years, such reductions amounted to more than 2,200 tons.

Reduction in Use of Explosives For The Acquisition of Seismic Data

The acquisition of seismic data, an initial step to identify possible accumulations and define locations for drilling wells, uses explosives. Using state-of-the-art sensors enabled us to increase the sensitivity of acquired data, with optimization and reductions in the required amount of explosives. By comparing the required amount of explosives using conventional techniques, and based on the seismic lines executed by ENEVA from 2019, we can infer a 67% reduction in use of explosives for acquisitions of seismic data.



d. Emissions

Taking into consideration the potential impacts of our operations, we continuously set goals and take measures to control our emissions. We monitor our emissions using the GHG Protocol methodology, and have observed a gradual reduction in intensity of emissions from energy generated by our operations.

In addition, we establish and monitor internal limits through the Continuous Emissions Monitoring System (CEMS): an internationally recognized system indicated by the United States Environmental Protection Agency (US EPA) to determine the concentration of gases and particulate matter through sensors installed inside chimneys. This system generates data every 15 minutes, which allows for monitoring 24 hours a day, seven days a week.

Atmospheric Emissions in Operations (mg/Nm³)

All ENEVA plants, whether coal or gas¹⁸, use a technology called Low-Nox, which is based on low NOx emissions. The set, formed by the combustion system and the boiler, adopts a two-stage burner design, thus, minimizing air injection and controlling combustion temperature.

Coal-fired plants also use SOx emission abatement equipment. The Semi-Dryer Absorber (SDA) and bag filters reduce the emission of solid particles. In addition, imported mineral coal stored in our plants is unloaded by enclosed conveyor belts to avoid fugitive emissions and noise. We developed specific procedures to move the coal piles in our yards, and apply chemicals (polymer) that agglutinate particles of coal and water at specific times when the piles are moving, thus, making it difficult to disperse coal particles into the wind.

Coal Generation				Coal Generation			Gas Generation	
◁ Itaquí ▷				◁ Pecém II ▷			◁ Parnaíba Complex ▷	
	NOx (mg/Nm ³)	SO ₂ (mg/Nm ³)	MP (mg/Nm ³)	NOx (mg/Nm ³)	SO ₂ (mg/Nm ³)	MP (mg/Nm ³)	CO (mg/Nm ³)	NOx (mg/Nm ³)
Internal Goal	510	960	50	500	1250	50	58	45
Legal Limit	510	1386	500	500	1386	500	65	50

¹⁸ The Parnaíba IV is composed of engines that do not have current regulations for controlling and monitoring atmospheric emissions. Therefore, Low-Nox technology is not applicable.

Greenhouse Gas Emissions

Greenhouse gases are responsible for controlling the planet's temperature, increasing concentration levels in the atmosphere, and heavily impacting global warming. As we are aware of this impact, we carry out monitoring, efficiency, and mitigation procedures aimed at reducing GHG emissions from our operations.

5,478,635

tCO₂e

Direct Emissions
Scope 1

1,725.87

tCO₂e

Indirect Emissions
Scope 2

0.60

tCO₂e/MWh

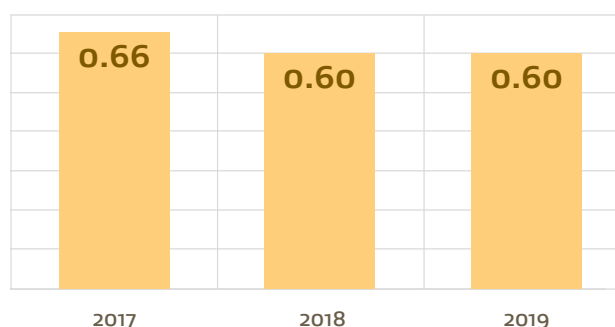
Total Emission
Intensity

EFFICIENCY IN GHG EMISSION [tCO ₂ e/MWh]	2017	2018	2019
Generation ENEVA	0.66	0.60	0.60
Coal	0.99	0.86	0.87
Itaqui	0.99	0.89	0.88
Pecém II	0.99	0.84	0.87
Parnaíba	0.47	0.46	0.46
Parnaíba I	0.55	0.54	0.56
Parnaíba II	0.36	0.36	0.36
Parnaíba III	0.55	0.54	0.56
Parnaíba IV	0.51	0.50	0.51

EFFICIENCY IN GHG EMISSION [tCO ₂ e/k.m³]	2017	2018	2019
Treatment ENEVA	0.051	0.047	0.047
STGP (Parnaíba Gas Treatment System)	0.051	0.047	0.047

Evolution of intensity of level I GHG emissions

< tCO₂e/MWh >



In 2019, the intensity of greenhouse gas emissions (level I), within the scope of energy generation, remained at the same levels of 2018, remaining 8% below the intensity rate of 2017. This reduction, which remained unaltered in 2019, was due to lower fuel consumption per MWh generated and lower use of diesel used for coal plant launches. In addition, operational efforts were made to maintain plant operational efficiency. Learn more about our GHG reduction initiatives below.

Main Measures To Control & Reduce GHG in Operations

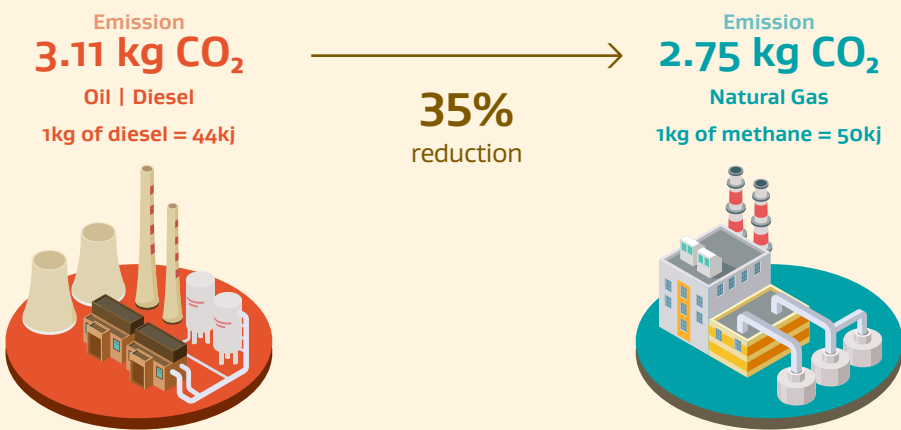
- **Expansion of natural gas:** our main generating source, which, when compared to other hydrocarbons, is much less polluting.
- **Reuse of steam in energy generation (cycle closing):** with the start of operations at the Parnaíba V and VI projects, we expect an approximate 20% improvement in the efficiency of Parnaíba complex emissions. Using closed-loop technology, these projects will take advantage of steams generated to produce energy at Parnaíba I and Parnaíba III TPPs, to add another 385 MW and 92 MW, respectively, without any additional gas flaring. In Roraima, the Jaguatirica II project also foresees the use of combined cycles to generate energy, and more efficiency in emissions.
- **Commitment to energy guaranteed in the current contracts, we plan to cease developing new coal projects and seek solutions from different stakeholders to minimize the use of these assets, without altering the stability of the system.**
- **Use of more efficient and less polluting fuels:** we use imported coal on our coal plants, which, due to its greater calorific value, reduces fuel consumption, and consequently, CO₂e/MWh emissions.
- **Expansion of the renewables portfolio:** another line of Company assets that contribute to the reduction of greenhouse gases (GHG) and fight against climate change. The photovoltaic plant in Tauá, in the state of Ceará, has operated since 2011 and was the first solar energy plant in the country to integrate the National Interconnected System (SIN). Currently, there are new expansion projects under development in the region. We have evaluated other states with potential for generating solar energy.
- **Reuse of Ashes from Itaqui & Pecém II plants:** 100% of ashes generated are reused by the cement industry, indirectly contributing to the reduction of GHG.
- **Emissions Inventory:** we monitor the direct and indirect emissions of our operating assets using the GHG Protocol methodology¹⁹.

¹⁹ GHG Protocol Brasil: Specifications and Technical Notes of the Brazilian GHG Protocol Program (bit.ly/2RLvawp)

Comparative Analysis of Gas x Diesel Emissions

In 2019, we highlight the Company’s success in the auction aimed at supplying energy to the isolated system of Roraima, through the Jaguatirica II TPP project. Construction works started in 2019 to guarantee the supply in the second half of 2021 – our project will offer a 35% cleaner energy in comparison to the current system.

Jaguatirica II TPP will have an installed capacity of 141 MW with a combined cycle powered by natural gas (composed mainly of methane). When comparing methane emissions with diesel, the current source of energy in the state of Roraima, there are remarkable gains in reducing emissions.





09

People & Relationships

People & Relationships

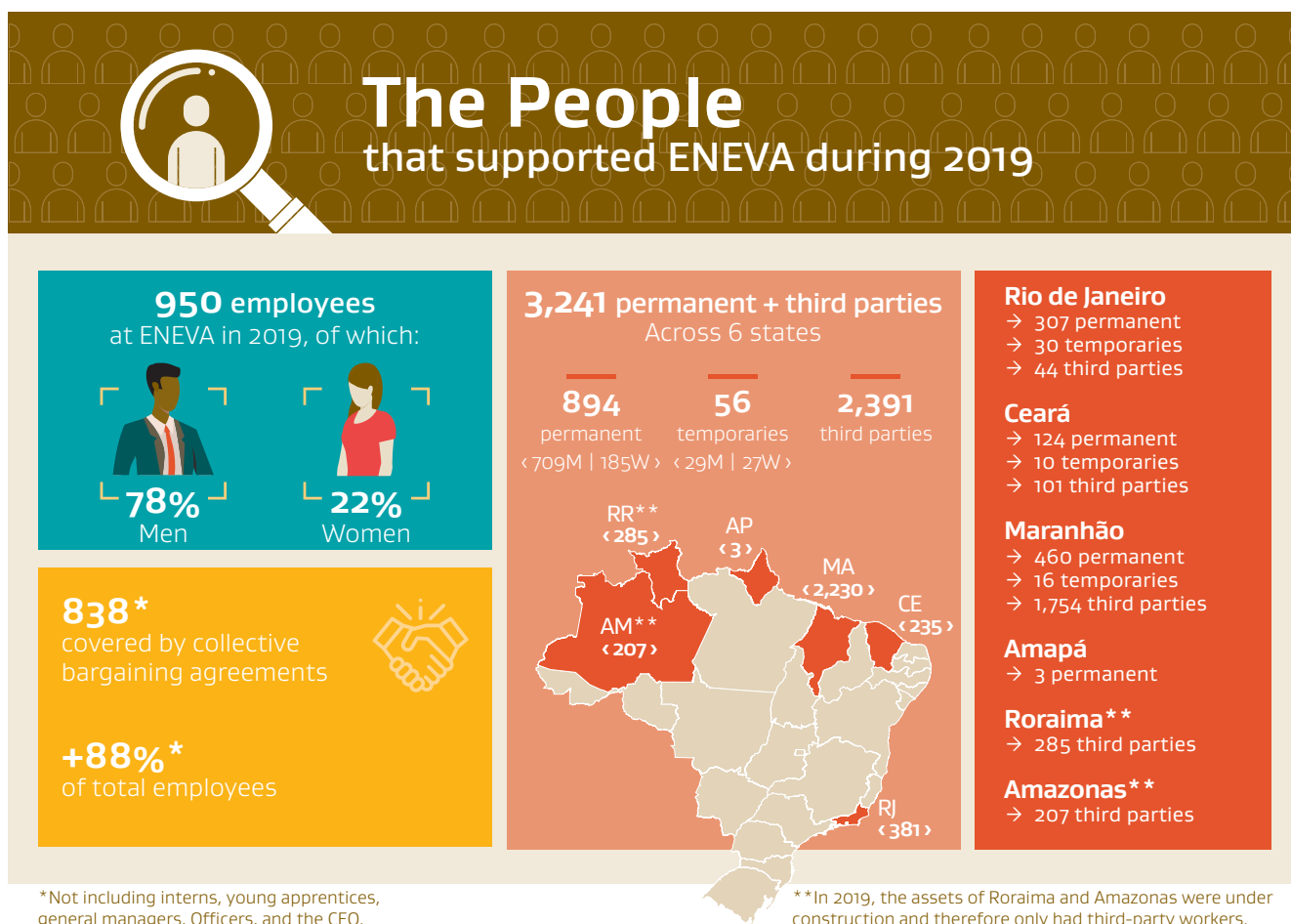
◀ GRI 102-8 | 102-9 | 102-10 | 102-21 | 102-36 | 102-41 | 103-1 | 103-2 | 103-3 ▶

9.1 Employees

◀ GRI 401-1 | 401-2 | 401-3 | 403-6 | 406-1 | EU 14 ▶

Employees are our main asset. Through its employees the Company is able to operate and create value for society as a whole. Our efforts to manage employees are focused on recognizing, valuing, attracting and retaining talent that can execute strategies with excellence. We count on experienced professionals who are proud of the Company, prepared to keep up with our growth, and support ENEVA's way of being.

Below we present a profile of our team:



With headquarters in Rio de Janeiro and assets in four other states, ENEVA's principle is to favor hiring locals. When we develop a project, we create new jobs and prioritize hiring professionals in the regions where we start operating. We always offer compensation that meets market standards. Our standard package includes a salary, short-term compensation, and competitive benefits.

Today, 53% of the direct jobs created in Maranhão are filled by people from within the state. In Ceará, state natives account for 48% of the work force employed by ENEVA. In Rio de Janeiro, 66% of employees were born in-state.

“

To increase levels of hiring locals, ENEVA carries out an annual internship program, among other initiatives, focused on developing a qualified work force in the region of Santo Antônio dos Lopes, and state of Maranhão, where the Parnaíba Complex is located. **The program is an opportunity for young students to take vocational courses based on structured planning for professional learning.**

”

Since 2017, a total of 34 interns participated in the program. Of this total, 47% were promoted to full-time ENEVA employees. Furthermore, all of the participants managed to maintain or increase their school grades during the program. This figure is expected to increase every year, consolidating the Company's role as an opportunity creator within the region.

In Ceará, with a special focus on the city of São Gonçalo do Amarante and the surrounding districts, we implemented the Training Program for the Thermal Power Plant Operators to prepare the local work force, provide opportunities and share knowledge. Enabled through a partnership with the Federal Institute of Ceará (IFCE) and EDP, the program had 200 applications. We selected 30 students to participate, and offered a total of 400 hours. Many ENEVA employees participated by sharing their knowledge and expertise with students. At the end of the training program, 6 students were hired to join ENEVA's team as full-time employees.

In the states of Roraima and Amazonas, where expansion work is being carried out, the Company did not make any new direct hires in 2019. Professionals working in these regions are outsourced from suppliers that prioritize local hiring.

To meet the contracting demand of units in Amazonas and Roraima, ENEVA established partnerships with selected educational institutions to launch the Operator Training School in 2020. By focusing on attracting and developing the local work force, the Company hopes to offer formal, theoretical, and practical opportunities to professionals who will be able to work as operators at one of our units after concluding the process.

	Third parties contracted	% of local work force
Amazonas – Azulão Project	207	62%
Roraima – Jaguatirica Project	285	69%
Maranhão – Parnaíba V Project	547	81%

Climate and Culture

In our current growth stage, it is a great challenge to maintain our corporate culture. ENEVA promotes its Culture of Open-door Leadership, and encourages communication across the Company's hierarchical positions. This differential enables for quick action to help employees learn.

Our Mission, Vision and Behaviors are constantly presented to our employees through our internal campaign entitled ENEVA's way of being. This content is constantly discussed during meetings, internal vehicles, and acknowledgment campaigns.

Corporate climate is one factor of ENEVA's success. To monitor the corporate climate, ENEVA has utilized a climate survey, since 2018, created by the Great Place to Work Institute. In a ranking put together by the institute, for both 2018 and 2019, we were listed as one of the best companies to work for in the mid-size category in the states where we operate.

Survey results are analyzed by Senior Management and committees with all managers. They work together to create a robust action plan that considers the singularities of each department and location. After this stage, the results are broadly disclosed in meetings and on all communication channels to guarantee everyone's commitment to implementing planned improvements.

As a result of this work, in 2019, we went up 9 positions from 2018 by ranking 12th in Rio de Janeiro. In Ceará, we went from 20th to 6th place during the same period. In Maranhão, ENEVA was only featured on the ranking for 2019; it was in 3rd place amongst the best companies to work for in the state.

These titles reflect our efforts, especially in regards to offering better training programs, expanding, and improving sound corporate practices. All of these decisions contribute to maintaining healthy turnover rates. Learn more about our employee turnover rates below.

New Hires and Hiring Rate, Demissions and Turnover Rate by Gender

Gender	Total Hires	Hiring Rate	Total demissions	Turnover Rate
Male	123	17%	93	15%
Female	75	35%	33	25%

New Hires and Hiring Rate, Demissions and Turnover Rate by Region

Region	Total Hires	Hiring Rate	Total demissions	Turnover Rate
Maranhão	57	11%	63	7%
Rio de Janeiro	118	38%	38	8%
Ceará	22	16%	24	2%
Amapá	1	33%	1	0%

New Hires and Hiring Rate, Demissions and Turnover Rate by Age Group

Age Group	Total Hires	Hiring Rate	Total demissions	Turnover Rate
Till 30 years	72	33%	37	25%
Between 30 & 50 years	106	17%	74	14%
+ 50 years	20	22%	15	19%

Human Rights and Diversity

ENEVA recognizes the importance of people to the business. We believe each human being's singularity is beneficial to the Company. The more diversity we have on a day-to-day basis, the more capable we will be in tackling challenges facing our Company. As such, we believe ENEVA is constantly improving due to the diversity of competencies, experiences, and opinions from employees. We recognize the importance of having a work environment with equal opportunities and inclusion.

Governed by its Code of Conduct, which includes respect for diversity, ENEVA does not tolerate any kind of discrimination or harassment by age, disability, ethnicity, origin, gender, color, religion, belief, sexual orientation, gender identity, marital status, or family condition. Every employee must take a stand to avoid discrimination or harassment at work. In 2019, we received no complaints related to discrimination on this channel.

In every situation, the Company meets applicable legal requirements and respects globally-recognized human rights laws.

Total Employees 2018							
By functional category		By Gender		By Age Group (Years)			
Category	Total	Male	Female	Till 30	From 30 to 50	+ 50	%
Leadership	164	138	26	5%	73%	22%	100%
Specialists, Analysts and Engineers	320	184	136	26%	68%	6%	100%
Operational and Technical	423	396	27	21%	71%	8%	100%
Total	907	718	189	-	-	-	-

Total Employees 2019							
By functional category		By Gender		By Age Group (Years)			
Category	Total	Male	Female	Till 30	From 30 to 50	+ 50	%
Leadership	165	139	26	5%	73%	22%	100%
Specialists, Analysts and Engineers	310	176	134	26%	67%	7%	100%
Operational and Technical	475	423	52	28%	65%	7%	100%
Total	950	738	212	-	-	-	-

For the climate survey conducted in 2019, 95% of employees said that people were treated well at ENEVA regardless of their age. 53% of our employees declared themselves as black, yellow, mixed-race, or indigenous. 97% of surveyors believe that ENEVA provides opportunities to grow regardless of skin color or ethnicity.

98% of employees declared as homosexual or bisexual said people are well treated regardless of their sexual orientation. 93% of women said they are treated equally, regardless of their gender.

Skill Management

The year 2019 brought significant changes to the Company, which required an even more strategic vision to manage the skills of our professionals. We structured our “workforce planning” for the next seven years. This allowed us to identify demands based on the profiles and skillsets required for new projects under development. Our planning forecasts an increase in 101% of positions with implementations of ongoing projects.

The planning process provided greater knowledge for those involved in strategic Company activities, as well as understanding of their needs and abilities. As a result, we were able to guide these professionals based on their individual profiles, increasing satisfaction and productivity levels.

Through this planning, it will also be possible to identify the regions where we will establish educational partnerships to develop local work forces in the future, in addition to knowing in advance the needs for leadership development and succession of critical roles for the business, guiding people’s actions.

Quality of Life

ENEVA has a Quality of Life program in place that integrates health, occupational health care, workplace safety, benefits, and HR, besides encouraging the Become Health-aware Culture and improving the workplace climate. By offering tools and resources for employees to invest in their own health and well-being from a physical, emotional, and social standpoint: the program includes jiu-jitsu classes, running teams, yoga practice, functional training, weekly soccer, tracking and shiatsu massages in the workplace. Inside the facilities, ENEVA offers opportunities for physical activity, making it easier for employees to reconcile their personal and professional life by adopting a healthier lifestyle.

All employees, including interns, receive benefits for which participants can access a large base of gyms, sports advisors, which are 70% subsidized by ENEVA.

Compensation and Benefits

◁ GRI 102-35 | 202-1 | 304-2 ▷

Our compensation model applies to all employees: including Senior Management and the Board of Directors. This model aims to guarantee fairness based on meritocracy, which is determined through performance evaluation. It also has the goal to motivate, acknowledge, and retain working professionals. This enables for an efficient and transparent management style that is aligned with our business strategy.

For definitions and revisions, we use the benchmarking provided by expert companies as a reference. Management compensation can comprise of a fixed portion, a variable portion, or Company stock options. This aligns the interests of Management personnel and shareholders to promote a result-oriented culture.

For each type of contract, compensation may include:

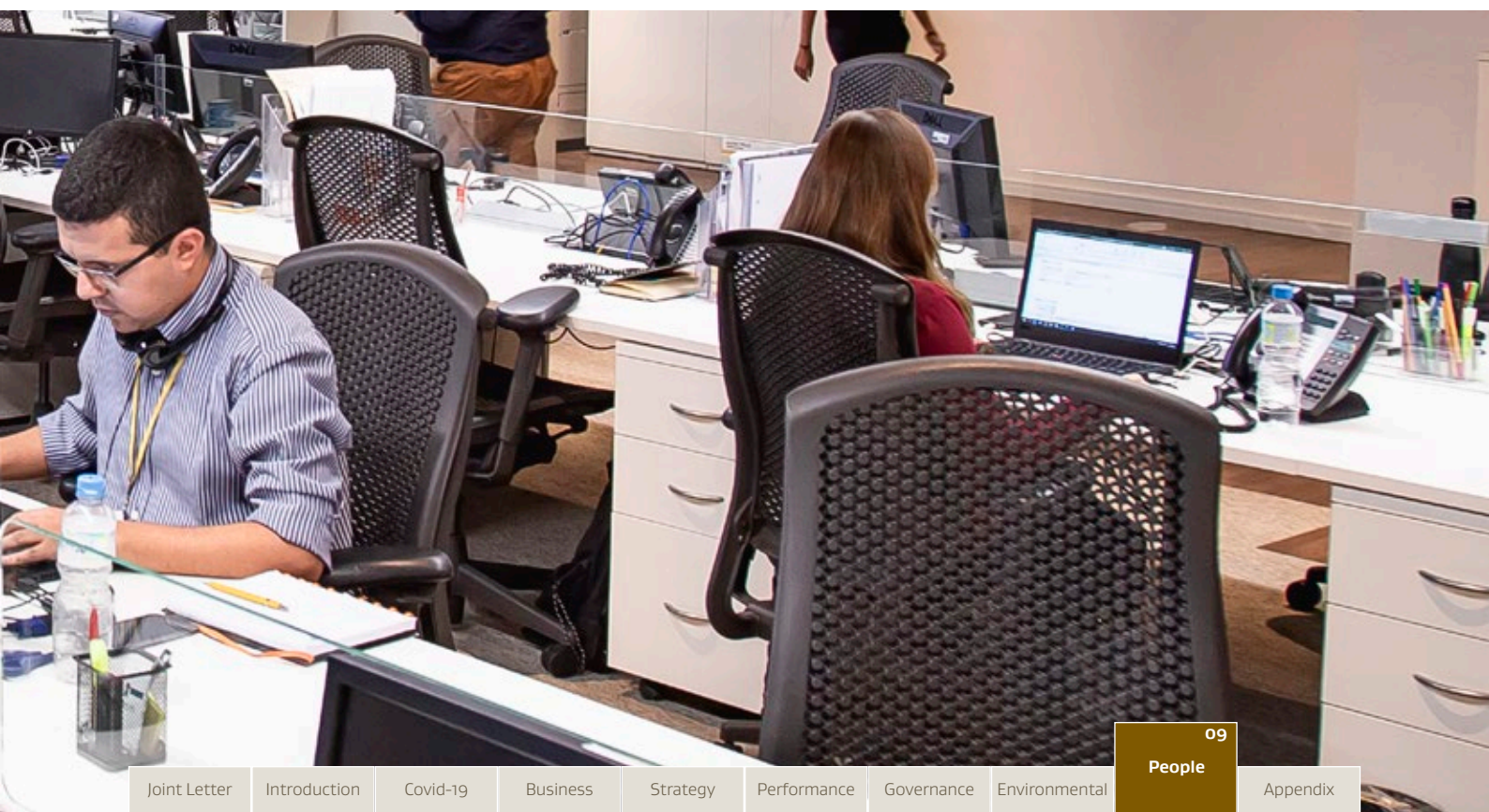
- Fixed compensation and benefits;
- Variable compensation based on the achievement of corporate and individual targets;
- Retention bonus granted as an incentive for working on strategic projects;
- Share-based compensation, strengthening strategic bonds, and maintaining competitiveness.

Selection, Training, and Development

Still through the planning we carried out in 2019, it will be possible to identify in which regions we will establish educational partnerships to develop local labor in the future, in addition to meeting with advance leadership development and succession needs critical to the business, guiding people's actions.

To maintain a qualified team prepared to tackle day-to-day demands, we offer training programs focused on our core activities. We invested over R\$2.3 million in employee training programs. Continued investment programs, individual development plans, technical training, and partnerships with education institutions are some examples of the initiatives employed. In 2019, new programs were carried out to develop leadership skills. Our programs emphasized the respect for thought plurality as a means to reduce cognitive bias in decision-making processes.

2019 was also the year we launched ENEVA's first trainee program. 25 applicants were selected and will rotate across all divisions within the Company. At the end of the program, approved applicants will be hired to contribute to our continued business growth.



9.2 Health, Environment & Safety

⟨ GRI 403-1 | 403-2 | 403-3 | 403-5 | 403-7 | 403-8 | 403-9 | 403-10 | EU 16 ⟩
 ⟨ SASB IF-EU-320a.1 ⟩

Our Health, Environment, and Safety (HES) management system applies to all divisions of the Company and covers 100% of our employees and contractors. In December, our total employee count amounted to 3,341 professionals.

The system is structured on three pillars:

- Operational Safety
- Occupational Health and Safety
- Environmental Protection

This system follows 10 HES corporate guidelines which guarantees operational safety, occupational safety, and environmental protection:

1. Leadership and Commitment

ENEVA believes HES themes are an integral part of business, and that executives are responsible for promoting individual accountability, on all hierarchical levels, regarding health, environmental protection and safety. This is especially true for preventing all potential risks associated with our operations and workplaces. In addition to the CEO, Officers, and managers, all other leadership positions within the Company, such as coordinators and supervisors, are directly responsible for implementing and maintaining the HES Management System into their fields of operation.

To promote the safety of our employees and operations, we pay special attention to the possible risks of our activities and constantly seek to mitigate the impacts on our environment, health, and local communities. ENEVA developed a study that analyzed the statistics and basic causes of severe incidents at the Company in the last few years. The result of the study resulted in ENEVA's Five Golden Rules. These rules guide all company employees on safety, behavior within the facilities, performing services on behalf of ENEVA, or establishing actions that have the potential to save lives.



Furthermore, all employees have a “STOP” card, which empowers them to take action in situations of risk. They also have the autonomy to protect themselves and report any risky events through ENEVA’s Whistleblowing Channel. This platform guarantees anonymity during the process.



2. Qualification and Training

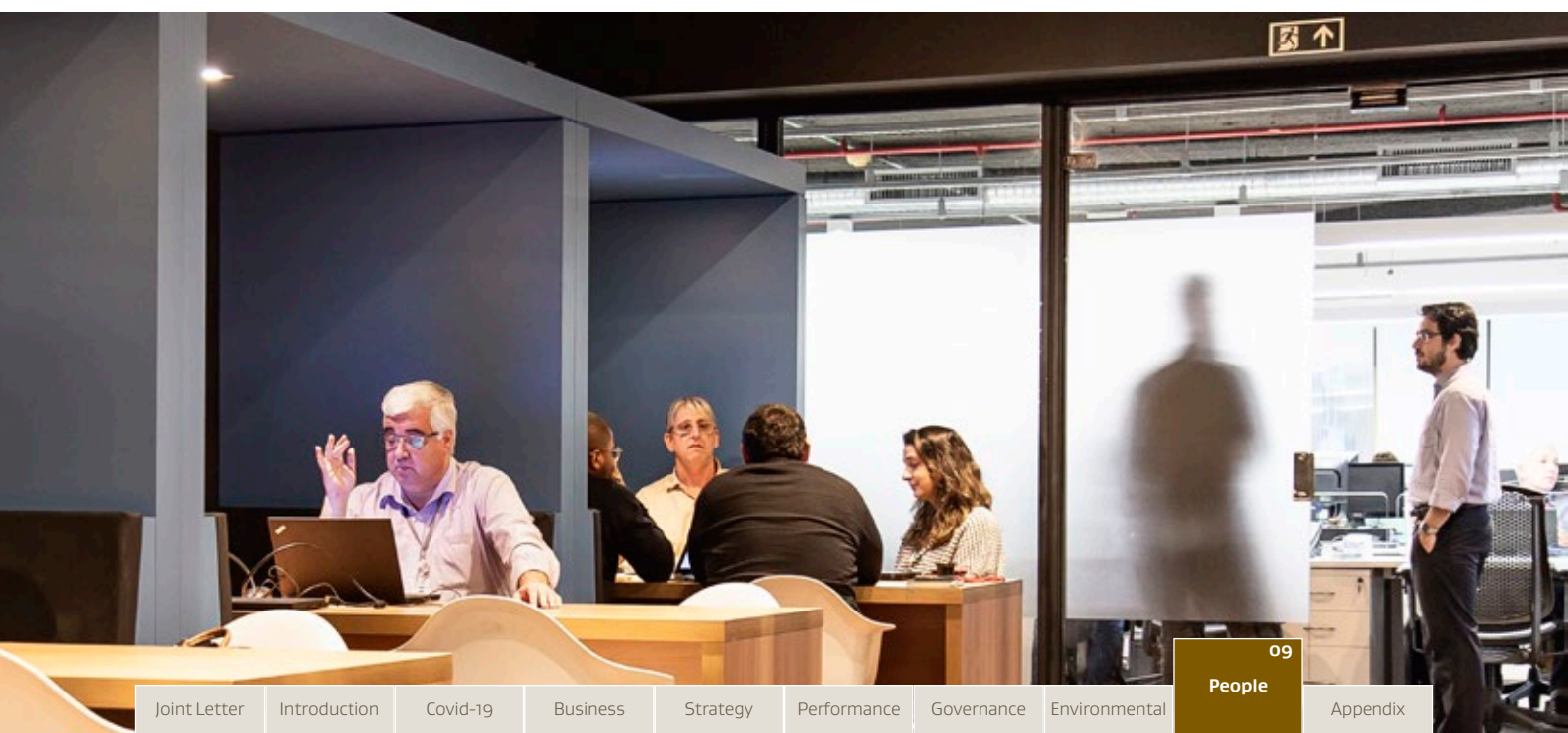
To disseminate prevention culture, the impacts of operation, and risks related to health and safety, all employees are mapped out using a training matrix on these topics. The same management model is required for contracted companies regarding outsourced workers.

In 2019, 950 employees and 2,391 outsourced workers had over 136,000 hours of training in Health and Safety.

	Amazonas	Roraima	Ceará	Maranhão
Nº of employees and third parties	207	285	235	2,230
Hours of training	7,977	4,518	23,615	90,054
Training hours/Nº of employees	38.5	15.8	100.5	40.38

3. Contracted Party Management

To mitigate any risks involved in activities performed by contracted parties, ENEVA relies on a management procedure that standardizes HES requirements for the supply chain. For critical services, we carry out frequent evaluations of contracted party performances, and audits of interface documents for management systems of both ENEVA and the contracted party. In 2019, we carried out 66 evaluations of 26 contracted parties.



4. Monitoring and Continued Improvement

ENEVA has a set of procedures to monitor and evaluate performance, aimed at promoting continued improvement of the HES Management System.

Through these procedures:

- We evaluate the efficiency of HES guideline performance, and monitor 36 indicators with internal goals. The results are disclosed on TVs, bulletin boards, and on ENEVA's portal.
- We carry out audits at operating units in the last two months of every year. This is done in order to assess the effective implementation and functioning of the management system. Due to 2018 audit results, we established an action plan with a total of 303 actions implemented over the course of 2019. At the end of the year, all operating units went through a new auditing process.
- We have monthly meetings to critically analyze the management system. In the Corporate sphere, Operation Officers and the HES Corporate Manager focus on identifying changes in HES processes for improvement and standardization. In the local sphere, the Operation Officer, Operation, Maintenance, HES Managers, leaders, and Corporate HES representatives seek to identify actions and needs for resources to improve and correct identified problems. In 2019, we had 31 meetings that resulted in the implementation of 225 actions over the course of the year.

5. Information and Documentation

To guarantee the management of information and documentation related to the HES Management System, we seek formalization, traceability, standardization, updating and accessibility for pertinent stakeholders. ENEVA also has an Informatization System for Standard Management Processes, Management of Actions and Recommendations, Incident Communications and Investigations, Recordings and Treatment of Non-Compliances and Change Management.

In 2019, we consolidated the use of these tools into all operating units.

We also consolidated the implementation of the ENEVA Standards System: a training management tool for more than 1,201 internal standards of the Company.

6. Incident Investigation

The Incident Management Procedure, implemented as an informatized system, applies to all units within the Company and third parties, in accordance with the following assumptions:

- Communicating the occurrence of incidents and guaranteeing the mitigation of their consequences.
- Identifying, recording, and analyzing the causes and quantifying losses caused by incidents.
- Monitoring the application of corrective or preventive actions adopted to certify efficiency.
- Incorporating the perception and recognition of lessons learned, extracted from the responses to incidents, in order to constantly improve prevention systems.
- Consider near-incidents and incidents in respective performance indicators.

In 2019, we recorded and investigated 142 incidents, which resulted in 435 improvement actions within the prevention system.

Throughout the year, we had over 5.6 million hours worked without fatal incidents at our operating units. The Total Recordable Incident Rate dropped from 3.30 in 2018 to 1.99 in 2019. This data reveals the positive result of our work towards preventing accidents, identifying, and treating events before they represent losses or damages.

Near-Miss Frequency Rate (NMFR): 6.96

39 near-miss incidents were recorded in 2019. Events with no injury, but with potential risk. Near-miss incidents were classified as follows:

Type	Quantity
Almost high-potential accident	19
Falling objects	7
Loss of significant primary oil containment	5
Plant Emergency shutdown	2
Burning or emission of gas for emergency reasons	2
Significant primary containment loss of material with high damage potential	2
Criminal acts without loss/damage	2

Total Recordable Incident Rate (TRIR): 1.99

In 2019, we recorded 11 recordable incidents (lost-day, no lost-day with restrictions, no lost-day without restrictions).

In 2019, ENEVA did not record any work-related deaths or health issues among employees or contractors.

7. Integrity Management

ENEVA relies on procedures that define requirements to be taken into account for identifying, managing and controlling the Systems, Equipment and Critical Procedures related to Operational Safety at the units.

Critical equipment and systems identified are included as priorities for inspections and maintaining systems of operating units. Whenever it is necessary to temporarily deactivate a critical system or equipment due to operation or maintenance, a risk analysis process is carried out to guarantee the safety and continuity of operations.

Over the course of 2019, we carried out 709 risk analysis processes to temporarily deactivate critical equipment or systems.

For critical procedures, we verify the level of compliance of workers through the Procedure Compliance Verification (PCV). The purpose is to increase operational safety, predictability of results, and improve process management. In 2019 we carried out 21 PCVs, and established 26 improvement actions.

8. Risk Management

Our operations comply with the best standards of Workplace Health and Safety. Therefore, we map out the operating and occupational risks our employees are subject to. This analysis includes a Hazard and Operability Study (HAZOP), a Preliminary Risk Analysis (PRA), and operating safety procedures that guarantee efficient management of safety.

Risk analysis is reviewed every 5 years or when required by any change. In 2019, we reviewed the HAZOP of all our thermal power plants (Parnaíba complex, Itaquí, and Pecém II).

All changes, permanent and temporary, made to the facilities and operations, are managed and subject to evaluation by a competent multi-disciplinary team. In 2019, we carried out 265 change management processes, and established 539 control actions.

9. Emergency Management

ENEVA created a Crisis Committee in 2019, comprised of the Company's Senior Management, and developed a Corporate Crisis Management Guide. At our operating units, risks are identified and assessed, inspiring the development of Emergency Plans for the units.

In 2019, we carried out 66 simulations and implemented 61 improvement actions.

10. Safe Work Practices

ENEVA has practices in place that guarantee the creation and implementation of Work Permit (WP) procedures, which aims to manage occupational risks of activities carried out at ENEVA's units. As a good practice, ENEVA's operations also carry out work permit audits. Their purpose is to monitor the performance of activities and guarantee compliance with requirements established in approved procedures, WPs, related information and documentation, and correct deviations related to the WP process so that work permits and controls are used until the works are concluded. In 2019, we carried out 507 Work Permit Audits and implemented 77 improvement actions.

9.3 Government

ENEVA works in highly-regulated industries with significant interactions with the government. To guarantee a unified view of the processes connected to these agents, our interactions with them are headed by the External Affairs Department. This department is responsible for compliance with standards established by Brazil's National Agency for Petroleum, Natural Gas, and Biofuels (ANP) and Brazil's Electricity Regulatory Agency (ANEEL), and for relationship with the government and legislature on municipal, state, and federal levels. The department's work is based on the Company's Government Interaction Policy and Code of Conduct, in addition to relying on advisory from legal and compliance departments.

In 2019, there were no fines for non-compliance with any standards of the industry's regulatory agencies. Two notices of infraction from ANP - one related to the late notification of a drilling discovery in the Tianguar Discovery Evaluation Plan (Block PN-T-48) and another related to

audit processes regarding compliance with percentages of Local Content in agreement with ANP's 9th Bidding Round - were drawn up in this period, but their administrative proceedings have yet to be concluded.

In addition to complying with industry standards, ENEVA believes in the importance of establishing processes to monitor and contribute to discussions on public policies that could potentially affect the business. In 2019 we monitored 319 bills, requests, proposals in the federal legislature, and 244 bills in 6 federation units. The Company actively participated, both directly and through trade associations, in discussions such as the Modernization of the Electricity Industry, Program for Revitalization of Oil and Natural Gas Exploration and Production Activities on Land, and the New Gas Market. We also participated in 20 consultation and public survey processes with ANEEL, ANP, and the Ministry of Mines and Energy.

9.4 Investors

ENEVA's shares are traded on the Novo Mercado segment of Brasil Bolsa Balcão (B3). The Company adopts the strictest corporate governance standards for the Brazilian stock market.

Our relationship with shareholders and investors is rooted in basic principles such as transparency, symmetry of information, equitable treatment, respect for rights provided through Brazilian regulations, and laws.

In April 2019, we concluded a secondary offering with limited distribution efforts (Offering), in which we traded 60,646,269 common shares amounting to R\$1.1 billion at an initial price of R\$18.25. A total of 5 shareholders, which represented 43% of the Company's capital stock before the Offering, offered shares for the occasion.

The success of the Offering helped decentralize the Company's shareholder base, reducing the offering group's position to 23% of the Company's capital stock after the event conclusion. It also boosted share liquidity and turnover. In March, the month immediately before the Offering, average traded volume was approximately 643,000 shares, leaping to 1.4 million shares on average in the 30 trading sessions following the Offering liquidation.

At the end of December 2019, our shareholder base was comprised of 27,845 investors, both individual and institutional. Over the course of the year, we held 15 investor events, including conferences, roadshows, and our ENEVA Investor Day.

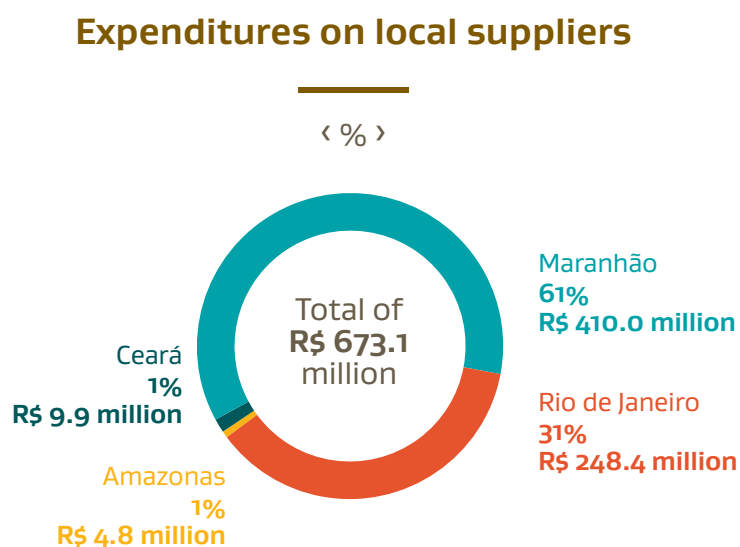
9.5 Suppliers

◁ GRI 204-1 ▷

In 2019, ENEVA paid approximately R\$2.5 billion to 1,700 suppliers that were part of its supply chain over the year. The Company's strategic suppliers include generation operation & management (O&M), infrastructure, generation equipment, operation, coal supply, drilling rigs, seismic surveys, as well as, indirect suppliers (facilities), and international logistics suppliers.

The Company promotes the development of the local economy through supply chain. We have also been expanding the development of our suppliers with industry organizations in states where we operate. In addition, we encourage the qualification of local suppliers and work forces in their fields of operation by always prioritizing local companies.

In 2019, expenses* with local suppliers were distributed as follows:



*There were no expenses with local suppliers in Roraima for the year

In Maranhão, we are one of 5 companies maintaining the Supplier Development Program created by the Federation of Industries of the State of Maranhão (FIEMA).

Supplier selection

For all of our operations, suppliers are selected based on socio-environmental criteria. We pay the same attention to all contracts involving services with exposure to risks. This is especially true for strategic risks that require supplier qualifications.

The Health, Environment and Safety (HES) department provides support to other departments with preparing procurement requests, and classifying service types as high, medium or low-risk based on technical scope and type of activity performed. Suppliers are informed of the criticality of their services. Together with technical specifications, they receive the HES Appendix and ENEVA's Golden Rules, which they need to acknowledge and agree with.

These documents include the overall HES requirements to be met with to guarantee the safety of employees, environment, and integrity of facilities. They also establish the minimum or specific requirements to be met by the contracted supplier in accordance with the criticality classification established in the Contracted Party Management procedure.

In the selection and contracting stage, suppliers go through a qualification process and are evaluated by Finance, Legal, Compliance and HES through specific questionnaires for each department. Furthermore, upon registering, suppliers need to complete an integrity evaluation questionnaire.

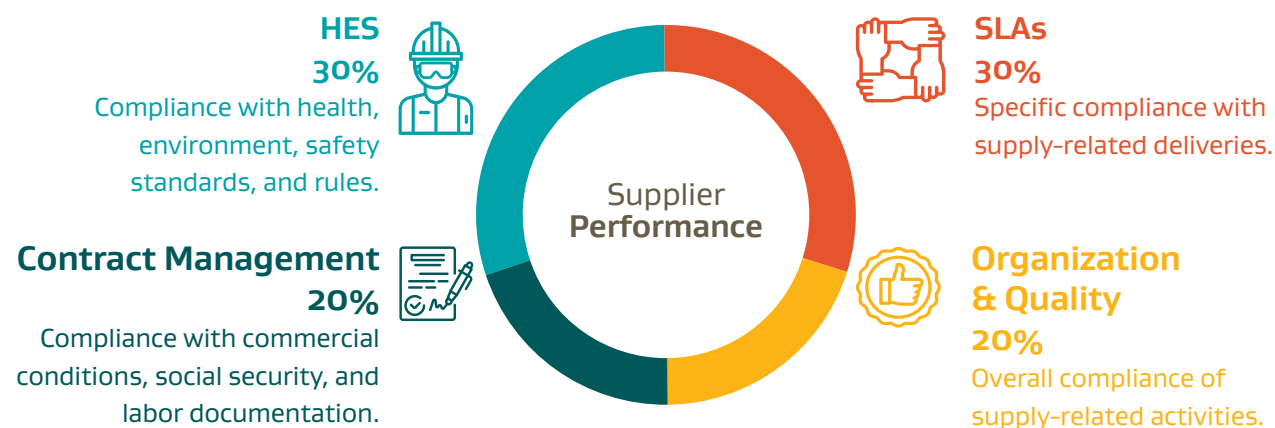
Evaluations consider their maturity on HES issues, consider the amount and rate of accidents and incidents, existence of standards and certifications, and management of environmental impact risks. Contracts signed imply acceptance with the HES Appendix and ENEVA's Golden Rules. This includes a clause for compliance with the regulatory standards, waste management, and the technical scope that encompasses our Contracted Party Management standard.

Supplier Performance Evaluation

In 2019, the Company started a pilot project to evaluate the performance of 10 strategic suppliers. The overall rate revealed a score of 78% characterized as a satisfactory service level for supplier performance.

The plan for 2020 is to stabilize the evaluation routine with a gradual increase in evaluated suppliers, as well as, pursue a higher performance standard.

The scope of evaluations is determined through the image below:



Relationship with Third Parties

Third parties are all representatives, service providers, outsourced workers, any other individuals or corporations, and other commercial partners. Third-party outsourcing by ENEVA depends on prior approval from the Board of Executive Officers and the Compliance department. A due diligence process is carried out when the third parties:

- Represent ENEVA during interactions with government officials in performing activities.
- Have a contract value of over R\$500,000.
- Receive compensation that includes commissions or success rates.
- Are recommended by government officials.

Our relationship with these parties is guided by the Policy for Relationships with Third-parties, and in 2019 we evaluated 81 third parties. All contracts signed included an anticorruption clause.

9.6 Communities

◀ GRI 203-1 | 203-2 | 413-1 | OG12 ▶

ENEVA's operation in the exploration and production of onshore natural gas in Brazil has the potential to promote economic and social development in remote regions of the country, create job opportunities, foster business development, provide professional training for the local community, as well as contribute to a higher tax collection and improved infrastructure.

Since the beginning of activities in the Parnaíba Basin, state of Maranhão, in 2009, ENEVA has already invested approximately R\$10 billion in the region. This resulted in a more dynamic local economy and greater internal development. The positive impacts resulting from ENEVA's operations includes the following:

- The city of Santo Antônio dos Lopes, state of Maranhão, where the GTU and generation plants of the Parnaíba Complex are located. With approximately 15,000 residents, the leader in natural gas production for years and continues to stand out among the Company's operations in the state. It accounts for 62% of the Company's entire natural gas production in Maranhão between the start of production in January 2013 and December 2019;
- Transition²⁰ from an economy based on agribusiness, services and public administration into the industrial segment;
- R\$ 40.5 million in royalties paid to the city between 2012 and 2019 (R\$1.3 million in 2019);
- Increase of 85.3% in the number of companies in the city between 2010 and 2018, going from 82 to 152 companies in the location²¹;
- Increase of 3.45 times in average salary per capita in the city between 2010 and 2018, higher than the state capital in 2018²²;
- Since the start of operations in the state, in 2010, another R\$60 million was invested in social projects, with R\$2.5 million invested in 2019 alone;
- More than R\$42.3 million paid as share of production²³ to the land owners (R\$5 million in 2019);
- Demand for services in cities close to the Parnaíba Complex, such as Capinzal do Norte, Esperantinópolis and Trizidela do Vale, increased 196%, 121% and 139%, respectively, between 2010 and 2017 (year of the most recent data)²⁴;

²⁰ Source: IBGE Cidades@ (bit.ly/32O5iGn)

²¹ Source: IBGE Cidades@ (bit.ly/2ROhOj8)

²² Source: IBGE Cidades@ (bit.ly/2ROhOj8)

²³ Source: ANP (bit.ly/3kCRJ2C)

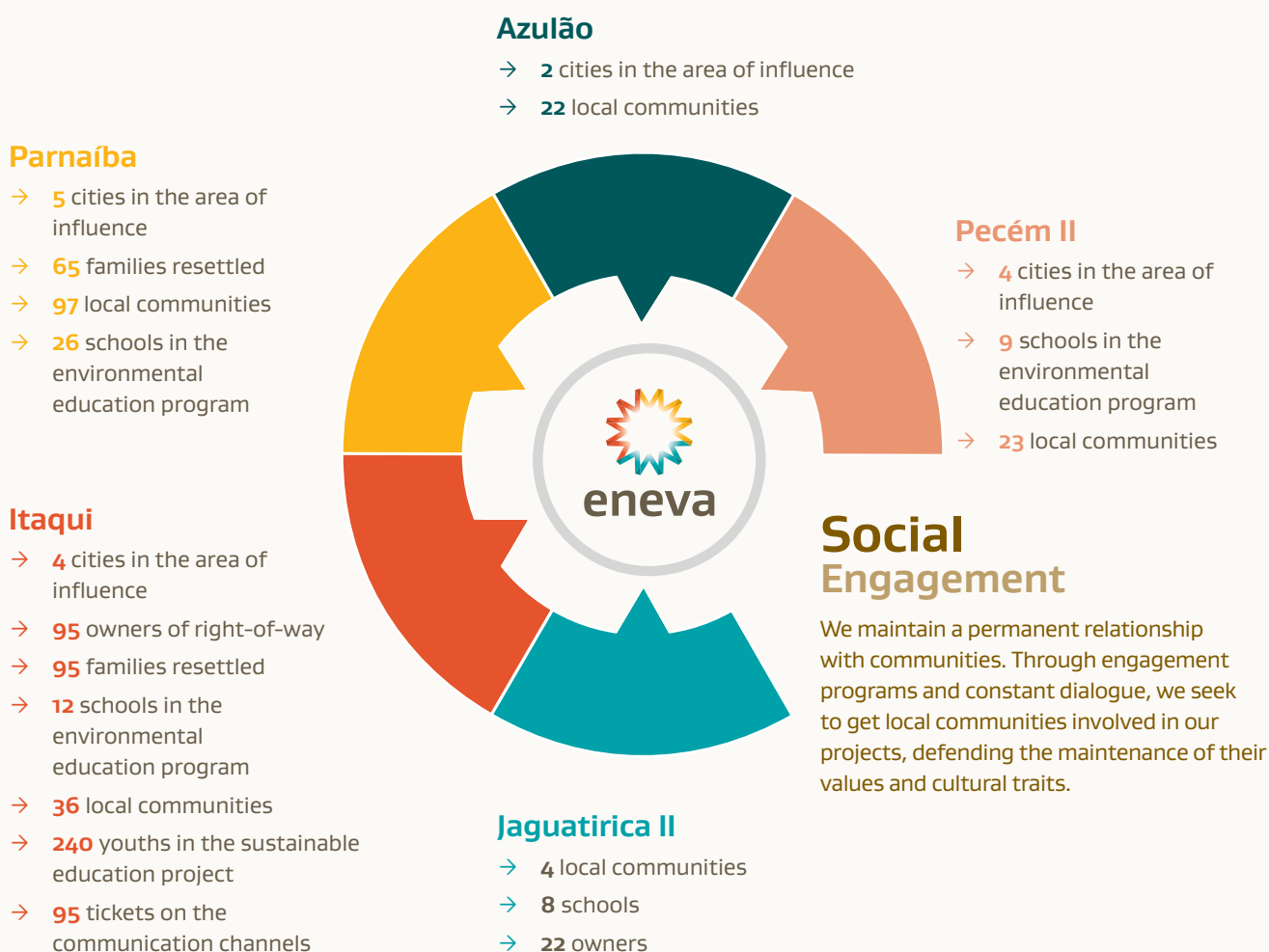
²⁴ Source: IBGE Cidades@ (bit.ly/3clBMed)

- Creation of direct jobs and income injection through higher average salary, payment of royalties and overall private investments, which multiplied the GDP of Santo Antônio dos Lopes by 22 times between 2010 and 2017 (year of the most recent data), according to the IBGE, contributing to the development of the cities and states even in a context of low economic growth on a national scale;
- Increase in local income through the economy multiplier effect - increase in GDP per capita from 5,093.52 in 2010 to 113,447.66 in 2017, according to IBGE data.

“

We believe in the sustainable development of the regions where we operate. Our initiatives focus on mitigating the negative impacts of our operations and fostering positive impacts.

”



ENEVA's commitment to promote sustainable local development in regions where it operates is fulfilled by adopting and disseminating territory management and governance practices, which incorporate the social, environmental, economic and cultural spheres, always in partnership with stakeholders. The Company works with regional industry associations and strengthens their relationships with local, regional, and national governments in order to expand partnerships and propose concrete action on topics that are relevant for local communities.

Sustainable development is achieved through various initiatives, including the qualification of local suppliers and initiatives that help the government become apt to receive financing and subsidies for structuring investments. ENEVA also maintains partnerships with universities, companies in the S System²⁵, and with governments on various levels. We believe it is possible to establish public and private partnerships, connect them to the social demands identified, and align with the Company's operation.

Knowledge and Training

When executing projects, ENEVA seeks to provide knowledge and training for communities, so that the people can be protagonists of their own future. The idea is to give an outline of the most relevant issues for the population to avoid merely welfarist proposals. Initiatives include the development of eco-friendly farming in settlements along with the spirit of formalizing work of communities in the form of associations, so that they can build their own identity.

In 2019, ENEVA won an award from O Imparcial²⁶, a newspaper in Maranhão, entitled The Best, in the social responsibility category, recognizing the projects implemented by the Company.

ENEVA's social programs aim to promote knowledge and empower communities involved, with the purpose of encouraging and recovering the social protagonist of communities and people involved, therefore avoiding the perpetuation of welfarism. The main initiatives are linked to agroecological family farming, supported by the pillar of inclusion in public policies, and training of the associations and institutions.

²⁵ The S System is the collection of institutions created with the purpose of promoting training and better quality for workers, their families and the community as a whole. it comprises SENAI, SESC, SESI, and SEBRAE, among others. (bit.ly/2ROIsx4)

²⁶ Available at: bit.ly/3hUgbhA

Payment of Royalties

Royalties are a financial compensation owed to the Federal Union, beneficiary states, and cities by companies producing oil and natural gas on Brazilian territory. In other words, it is a compensation from companies to society for the exploration of non-renewable resources. Official information on royalty payments must be requested from the National Agency for Petroleum, Natural Gas, and Biofuels (ANP). The federal authority is responsible for inspecting this type of payment.

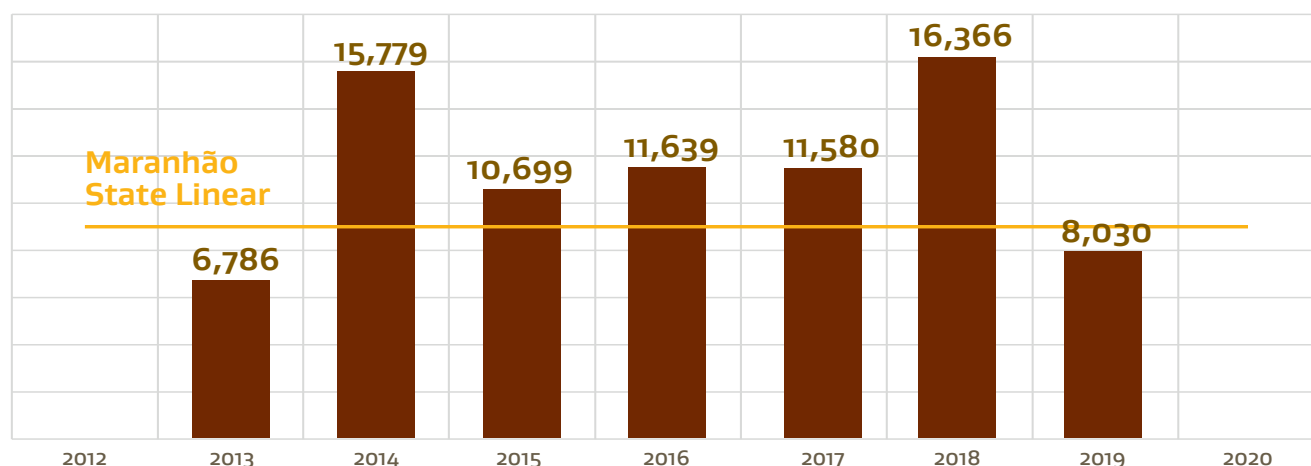
Based on data from the agency and on Law no. 9,478, it is possible to establish an estimate of the amounts paid in government shares (which include royalties) by ENEVA until December 2019.

ENEVA: Government Share Payments (2012-2019)		Total
Payment per area retention		R\$ 20,625,657.80
Special participations		R\$ 17,545,498.65
Research and Development		R\$ 15,288,573.85
Royalties		R\$ 404,412,734.71
States (Art. 48 II-a, Art. 49 II-a)		R\$ 80,882,546.94
Maranhão		R\$ 80,882,546.94
Producing Municipalities (Art. 48 II-b, Art. 49 II-b)		R\$ 68,750,164.90
Capinzal do Norte		R\$ 6,570,065.54
Lima Campos		R\$ 10,797,891.03
Pedreiras		R\$ 3,720,314.17
Poção de Pedras		R\$ 1,799.45
Santo Antônio dos Lopes		R\$ 40,583,465.23
Trizidela do Vale		R\$ 7,076,629.47
Affected Municipalities (Art. 49 II-c, Art. 49 II-c)		R\$ 12,132,382.04
Special Federal Fund/State Fund (Art. 48 II-d, Art. 49 II-d)		R\$ 80,882,546.94
Municipal Special Fund (Art. 48 II-e, Art. 49 II-e)		R\$ 80,882,546.94
Federal Social Fund (Art. 48 II-f, Art. 49 II-f)		R\$ 80,882,546.94
Production Participation (Producing Owners)		R\$ 40,441,273.47
TOTAL		R\$ 498,313,738.48

Based on the table Government Share Payments (2012-2019), it is possible to only highlight the amount paid in royalties to the producing states and cities between 2012 and 2019:

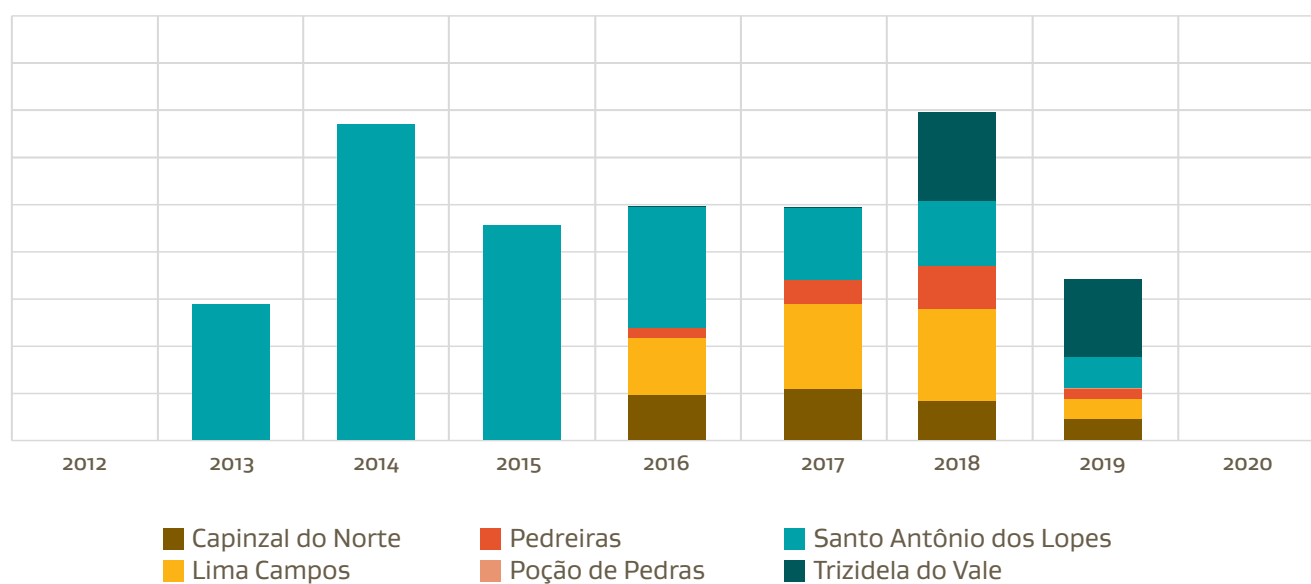
Historical series Royalties payment to the State of Maranhão (2012-2019)

◁ R\$ Million ▷



Historical series Royalties payment to the producing municipalities (2012-2019)

◁ R\$ Million ▷



Source: Prepared by the Company based on data from Agência Nacional de Petróleo, Gás Natural e Biocombustíveis (ANP) – jan12-dec19

10 Appendix

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

GRI Indicators	Disclosure	Page	Answers and Omissions
102-1	Name of the organization	About ENEVA (page 13)	-
102-2	Activities, brands, products, and services	About ENEVA (page 13)	-
102-3	Location of headquarters	About ENEVA (page 13)	-
102-4	Location of operations	About ENEVA (page 13)	-
102-5	Ownership and legal form	Governance & Transparency (page 69)	-
102-6	Markets served	About ENEVA (page 13)	-
102-7	Scale of the organization	About ENEVA (page 13)	-
102-8	Information on employees and other workers	People & Relationships (page 103)	-
102-9	Supply chain	People & Relationships (page 103)	-
102-10	Significant changes to the organization and its supply chain	People & Relationships (page 103)	There were no significant changes in the Company's structure and in its supplies.
102-11	Precautionary Principle or approach	Governance & Transparency (page 69) Environmental Management (page 86)	-
102-12	External initiatives	Entities & Associations (page 146)	-
102-13	Membership of associations	Entities & Associations (page 146)	-
102-14	Statement from senior decision-maker	Joint Letter from the Chairman & CEO (page 3)	-
102-15	Key impacts, risks, and opportunities	Governance & Transparency (page 69)	-
102-16	Values, principles, standards, and norms of behavior	Governance & Transparency (page 69)	-
102-17	Mechanisms for advice and concerns about ethics	Governance & Transparency (page 69)	-

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

GRI Indicators	Disclosure	Page	Answers and Omissions
102-18	Governance Structure	Governance & Transparency (page 69)	-
102-19	Delegating authority	Governance & Transparency (page 69)	-
102-21	Consulting stakeholders on economic, environmental, and social topics	Governance & Transparency (page 69) Environmental Management (page 86) People & Relationships (page 103)	-
102-22	Composition of the highest governance body and its committees	Governance & Transparency (page 69)	-
102-23	Chair of the highest governance body	Governance & Transparency (page 69)	-
102-24	Nominating and selecting the highest governance body	Governance & Transparency (page 69)	-
102-25	Conflicts of interest	Governance & Transparency (page 69)	-
102-27	Collective knowledge of highest governance body	Governance & Transparency (page 69)	-
102-28	Evaluating the highest governance body's performance	Governance & Transparency (page 69)	-
102-29	Identifying and managing economic, environmental, and social impacts	Governance & Transparency (page 69)	-
102-30	Effectiveness of risk management processes	Governance & Transparency (page 69)	-
102-31	Review of economic, environmental, and social topics	Governance & Transparency (page 69)	-

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

GRI Indicators	Disclosure	Page	Answers and Omissions
102-32	Highest governance body's role in sustainability reporting	About This Report (page 11)	-
102-35	Remuneration policies	Compensation and Benefits (page 109)	-
102-36	Process for determining remuneration	People & Relationships (page 103)	-
102-41	Collective bargaining agreements	People & Relationships (page 103)	-
102-42	Identifying and selecting stakeholders	Strategic Management (page 35)	-
102-43	Approach to stakeholder engagement	Strategic Management (page 35)	-
102-44	Key topics and concerns raised	Strategic Management (page 35)	-
102-46	Defining report content and topic Boundaries	About This Report (page 11)	-
102-47	List of material topics	Strategic Management (page 35)	-
102-48	Restatements of information	-	ENEVA's 2019 Sustainability Report is the Company's first reporting cycle, thus the indicator is not applicable.
102-49	Changes in reporting	-	ENEVA's 2019 Sustainability Report is the Company's first reporting cycle, thus the indicator is not applicable.
102-50	Reporting period	About This Report (page 11)	-
102-51	Date of most recent report	-	ENEVA's 2019 Sustainability Report is the Company's first reporting cycle, thus the indicator is not applicable.

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

GRI Indicators	Disclosure	Page	Answers and Omissions
102-52	Reporting cycle	About This Report (page 11)	-
102-53	Contact point for questions regarding the report	About This Report (page 11)	-
102-54	Claims of reporting in accordance with the GRI Standards	About This Report (page 11)	-
102-55	GRI content index	GRI / SASB Content Index (page 130)	
102-56	External assurance	-	There was no external verification in this first reporting cycle of the Company.
103-1	Explanation of the material topic and its boundary	Strategic Management (page 35) Business Performance (page 58) Governance & Transparency (page 69) Environmental Management (page 86) People & Relationships (page 103)	-
103-2	The management approach and its components	Business Performance (page 58) Governance & Transparency (page 69) Environmental Management (page 86) People & Relationships (page 103)	-
103-3	Evaluation of the management approach	Business Performance (page 58) Governance & Transparency (page 69) Environmental Management (page 86) People & Relationships (page 103)	-
201-1	Direct economic value generated and distributed	Economic-Financial Performance (page 65)	-
201-2	Financial implications and other risks and opportunities due to climate change	The Importance of Thermal Power Plants for Brazilian Electricity Matrix (page 37)	-
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Compensation and Benefits (page 109)	-
203-1	Infrastructure investments and services supported	Communities (page 124)	-
203-2	Significant indirect economic impacts	Communities (page 124)	-
204-1	Proportion of spending on local suppliers	Suppliers (page 121)	-
205-2	Communication and training about anti-corruption policies and procedures	Ethics & Integrity (page 74)	-

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

GRI Indicators	Disclosure	Page	Answers and Omissions
303-1	Interactions with water as a shared resource	Efficient Use of Resources (page 90)	-
303-2	Management of water discharge-related impacts	Efficient Use of Resources (page 90)	-
303-3	Water withdrawal	Efficient Use of Resources (page 90)	-
303-4	Water discharge	Efficient Use of Resources (page 90)	-
303-5	Water consumption	Efficient Use of Resources (page 90)	-
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity (page 87)	-
305-1	Direct (Scope 1) Greenhouse gas emissions	Efficient Use of Resources (page 90)	-
305-2	Energy indirect (Scope 2) Greenhouse gas emissions	Efficient Use of Resources (page 90)	-
305-4	Greenhouse gas emissions intensity	Efficient Use of Resources (page 90)	-
305-5	Reduction of Greenhouse gas emissions	Efficient Use of Resources (page 90)	-
306-1	Water discharge by quality and destination	Efficient Use of Resources (page 90)	-
401-1	New employee hires and employee turnover	Employees (page 103)	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees (page 103)	The following benefits Private Pension Plans, Profit Sharing and eligibility to Long-term Incentives, are offered by ENEVA to its full-time employees, but not to temporary or part-time employees.

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

GRI Indicators	Disclosure	Page	Answers and Omissions
401-3	Parental leave	Employees (page 103)	-
403-1	Occupational health and safety management system	Health, Environment and Safety (page 112)	-
403-2	Hazard identification, risk assessment, and incident investigation	Health, Environment and Safety (page 112)	-
403-3	Occupational health services	Health, Environment and Safety (page 112)	-
403-5	Worker training on occupational health and safety	Health, Environment and Safety (page 112)	-
403-6	Promotion of worker health	Employees (page 103)	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health, Environment and Safety (page 112)	-
403-8	Workers covered by an occupational health and safety management system	Health, Environment and Safety (page 112)	-
403-9	Work-related injuries	Health, Environment and Safety (page 112)	-
403-10	Work-related ill health	Health, Environment and Safety (page 112)	-
406-1	Incidents of discrimination and corrective actions taken	Employees (page 103)	-
413-1	Operations with local community engagement, impact assessments, and development programs	Communities (page 124)	-
419-1	Non-compliance with laws and regulations in the social and economic area	Ethics & Integrity (page 74)	-
EU 1	Installed capacity, broken down by primary energy source and by regulatory regime	Business Model & Main Assets (page 21)	-
EU 2	Net energy output, broken down by primary energy source and by regulatory regime	Operating Performance (page 60)	-

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

GRI Indicators	Disclosure	Page	Answers and Omissions
EU 5	Allocation CO ₂ e emissions allowances or equivalent, broken down by carbon trading framework	Climate Change & Thermal Power (page 41)	
EU 6	(DMA) Management approach to ensure short and long-term electricity availability and reliability	Business Model & Main Assets (page 21)	-
EU 8	(DMA) Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Innovation and R&D (page 48)	-
EU 11	Average generation efficiency of thermal plants by energy source and by regulatory regime	Operating Performance (page 60)	-
EU 14	(DMA) Programs and processes to ensure the availability of a skilled workforce	Employees (page 103)	
EU 16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors (DMA)	Health, Environment and Safety (page 112)	
EU 20	(DMA) Approach to managing the impacts of displacement	Main Social Projects (page 147)	-
OG1	Volume and type of estimated proved reserves and production	Business Model & Main Assets (page 21)	-
OG5	Volume and disposal of formation or produced water	Industrial Effluents (page 95)	-
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	Efficient Use of Resources (page 90)	-
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process	Communities (page 124)	

10.1 GRI / SASB Content Index

◀ GRI 102-55 ▶

SASB Indicators	Disclosure	Page	Answers and Omissions
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	Efficient Use of Resources (page 90)	-
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	Efficient Use of Resources (page 90)	-
IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Efficient Use of Resources (page 90)	-
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Efficient Use of Resources (page 90)	-
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Efficient Use of Resources (page 90)	-
IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Health, Environment and Safety (page 112)	-

10.2 Key Performance Indicators

Operations

Operations	2019	2018	2017
Generation capacity contracted by source (MW)	2,772	2,538	2,153
Coal	725	725	725
Gas	2,047	1,813	1,428
Renewable	-	-	-
Generation capacity contracted by source (% MW)	100.0%	100.0%	100.0%
Coal	26.2%	28.6%	33.7%
Gas	73.8%	71.4%	66.3%
Renewable	0.0%	0.0%	0.0%
Installed generation capacity by source (MW)	2,154	2,154	2,154
Coal	725	725	725
Gas	1,428	1,428	1,428
Renewable	1	1	1
Installed generation capacity by source (% MW)	100.0%	100.0%	100.0%
Coal	33.7%	33.7%	33.7%
Gas	66.3%	66.3%	66.3%
Renewable	0.0%	0.0%	0.0%
Gross generation by source (GWh)	8,967	9,096	10,747
Coal	3,078	3,177	3,935
Gas	5,887	5,917	6,810
Renewable	2	2	2
Gross generation by source (%)	100.0%	100.0%	100.0%
Coal	34.3%	34.9%	36.6%
Gas	65.7%	65.1%	63.4%
Renewable	0.0%	0.0%	0.0%

10.2 Key Performance Indicators

Operations

Operations	2019	2018	2017
Fuel usage			
Coal (ton)	1,199,048	1,239,041	1,543,732
Gas (bcm)	1.40	1.41	1.61
Diesel (l)	2,563,433	2,443,988	2,200,135
Condensate (l)	223,914	62,108	N/A
Natural gas			
Production (bcm)	1.40	1.41	1.61
Remaining 2P reserves, end of period (bcm) (*)	27.7	25.0	18.8
Parnaíba Basin	24.1	21.4	18.8
Amazonas Basin	3.6	3.6	-
2P developed reserves, end of period (bcm) (*)	14.3	14.9	15.5
Parnaíba Basin	14.3	14.9	15.5
Amazonas Basin	-	-	-
(*) Reservations certified by Gaffney, Cline & Associates			
Efficiency (%)			
Itaqui	35.4%	35.4%	N/A
Pecem II	36.6%	36.3%	N/A
Parnaíba I	35.5%	35.7%	N/A
Parnaíba II	54.4%	54.3%	N/A
Parnaíba III	35.3%	35.7%	N/A
Parnaíba IV	41.7%	42.9%	N/A

Note: Efficiency = 3600/Net Heat Rate

10.2 Key Performance Indicators

Environment

Environment	2019	2018	2017
Legal compliance			
Notifications and Fines received [unit]	-	N/A	N/A
Payment of Environmental Compensations [R\$M]	1.9	N/A	N/A
Licensing			
No of licenses issued [units]	66	N/A	N/A
Licenses in use [unit]	96	N/A	N/A
Emissions (only applicable to the generation segment)			
GHG Emission - Level I and II [tCO ₂ e]	5,480,361	5,516,529	7,174,023
GHG Emission Rate - Level I and II (efficiency) [tCO ₂ e/MWh]	0.60	0.60	0.66
Water resources			
New Water Collection [m ³] (*)	13,342,355	13,166,105	18,818,848
New Water Collection Rate. (efficiency) [m ³ MWh]	1.49	1.45	1.75
New Water Consumption [m ³] (*)	7,138,746	7,974,372	12,527,291
Effluents			
Generation of Industrial Effluents [m ³] (*)	6,203,610	5,191,733	6,291,557
Industrial Effluent Generation Rate (efficiency) [m ³ /MWh] (*)	0.69	0.57	0.59
Note: (*) Data applicable only to the power generation segment, not including E&P			

10.2 Key Performance Indicators

Health & Security

Health & Security	2019	2018	2017
Fatalities	-	-	-
Own employees	-	-	-
Third-party employees	-	-	-
Fatality Rate (FAT)	-	-	-
Own employees	-	-	-
Third-party employees	-	-	-
Accident leave	3.00	2.00	3.00
Own employees	-	1.00	-
Third-party employees	3.00	1.00	3.00
Lost Time Incident Frequency (LTIF)	0.54	0.44	0.58
Own employees	-	0.52	-
Third-party employees	0.87	0.38	0.90
Total Reportable Incident Rate (TRIR)	1.99	3.30	3.69
Own employees	0.96	2.61	2.74
Third-party employees	2.61	3.81	4.21
Lost work days	60.00	30.00	19.00
Own employees	-	15.00	N/A
Third-party employees	60.00	15.00	19.00

Note:

(1) The numbers consider only typical accidents

(2) Leave rate = (number of accidents x 1,000,000)/man-hour exposed to risk

10.2 Key Performance Indicators

Employees

Employees	2019	2018	2017
Total own-employees, per State (#) *	894	837	785
Rio de Janeiro	307	225	209
Maranhão	460	475	444
Ceará	124	134	129
Amazonas	0	0	0
Roraima	0	0	0
Amapá	3	3	3
% of women in ENEVA's direct workforce	21%	19%	19%
Voluntary turnover (%)	4.30%	5.22%	N/A
Rio de Janeiro	10.2%	8.6%	N/A
Maranhão	1.5%	4.5%	N/A
Ceará	4.5%	2.3%	N/A
Amazonas	-	-	N/A
Roraima	-	-	N/A
Amapá	0.0%	0.0%	N/A
Voluntary turnover (number of employees)	36	41	27
Rio de Janeiro	23	18	17
Maranhão	7	20	9
Ceará	6	3	1
Amazonas	-	-	-
Roraima	-	-	-
Amapá	-	-	-
* Considers the employment contract for an indefinite period			

10.2 Key Performance Indicators

Employees

Employees	2019	2018	2017
Total third-party employees by State (#)	2,391	759	1,723
Rio de Janeiro	44	41	19
Maranhão	1,754	658	1,600
Ceará	101	60	104
Amazonas	207	N/A	N/A
Roraima	285	N/A	N/A
Amapá	-	N/A	N/A
Training hours, per employee			
Training hours - Own	37	36	39
Training hours - Third parties	65	32	32
Own employees*	894	837	785
Third-party employees	1,553	1,144	1,409
Investment in training (R\$ M)	1,810,188	1,640,468	992,134

* Considers the employment contract for an indefinite period

10.2 Key Performance Indicators

Investments in Social Responsibility Programs

Investments in Social Responsibility Programs (R\$ M)	2019	2018	2017
Non-incentive investments	0.5	0.4	0.5
Invested incentives (Childhood and Adolescence Fund, Culture Incentive Law, Sports Law, Health and others)	0.5	1.1	N/A

Execution of the Socio-Economic Programs

Execution of the Socio-Economic Programs (R\$ M)	2019	2018	2017
Execution of the Socio-Economic Programs (R\$ M)	2.6	3.6	7.0

Governance

Governance	2019	2018	2017
Number of corruption cases reported to the Audit Committee and sentenced	0	0	0
Number of reported Code of Conduct violations	34	59	67

10.2 Key Performance Indicators

Financial

Financial	2019	2018	2017
Capital investments by type of asset (R \$ M)	1,056.3	228.3	314.4
Generation	872.0	130.6	47.2
Coal	83.6	80.0	29.0
Gas	773.9	50.6	18.2
Renewable	14.5	-	-
E&P	163.8	93.6	259.2
Others	20.5	4.1	8.0
Capital investments by type of asset (% (R\$ M))	100.0%	100.0%	100.0%
Generation	82.6%	57.2%	15.0%
Coal	7.9%	35.0%	9.2%
Gas	73.3%	22.2%	5.8%
Renewable	1.4%	0.0%	0.0%
E&P	15.5%	41.0%	82.4%
Others	1.9%	1.8%	2.5%
EBITDA by type of asset (R\$ M)	1,432.2	1,459.8	1,217.8
Generation	1,004.9	1,073.0	826.9
Coal	463.1	523.0	177.6
Gas	543.3	550.8	650.1
Renewable	-1.5	-0.8	-0.8
E&P	537.8	477.7	493.0
Others	-101.6	-91.7	-70.2
Intercompany eliminations	-8.9	0.8	-31.9
EBITDA by type of asset (% (R\$ M))	100.0%	100.0%	100.0%
Generation	70.2%	73.5%	67.9%
Coal	32.3%	35.8%	14.6%
Gas	37.9%	37.7%	53.4%
Renewable	-0.1%	-0.1%	-0.1%
E&P	37.6%	32.7%	40.5%
Others	-7.1%	-6.3%	-5.8%
Intercompany eliminations	-0.6%	0.1%	-2.6%

10.3 Entities & Associations

◀ GRI 102-12 | 102-13 ▶

Entities & Associations	Website
ABCM (Brazilian Mineral Coal Association)	https://www.carvaomineral.com.br
IBP (Brazilian Institute for Oil, Gas and Biofuels)	https://www.ibp.org.br
ABPIP (Brazilian Association of Independent Oil & Gas Producers)	https://abpip.org.br
ABRACEEL (Brazilian Association of Energy Sellers)	https://abraceel.com.br
ABRAGET (Brazilian Association of Thermal Power Generation Plants)	https://abraget.com.br
ABRIG (Brazilian Association of Institutional and Government Relations)	https://abrig.org.br
ABSOLAR (Brazilian Association of Photovoltaic Solar Energy)	http://www.absolar.org.br
APINE (Brazilian Association of Independent Electricity Producers)	http://www.apine.com.br
Amcham (American Chamber of Commerce)	https://www.amcham.com.br
Instituto Acende Brasil	https://acendebrasil.com.br
CEBRI (Brazilian Center for International Relations)	https://www.cebri.org
FIEMA (Federation of Industries in the State of Maranhão)	https://www.fiema.org.br

10.4

Main Social Projects

< GRI EU 20 >

a. Vila Canaã Resettlement

The area chosen for the implementation of TPP Porto do Itaqui, despite being located in a place with industrial vocation, was occupied by families of Vila Madureira at the time. The Vila Madureira community came to life when these families took possession of public land and settled there over time.

They were living in extreme poverty nearby a clandestine landfill. The relocation program was conceived as an opportunity to reconcile the implementation of a utility venture and the conduction of a resettlement model project capable of promoting the social and economic inclusion of families involved.

Although only some of the properties of Vila Madureira were located on the piece of land to be occupied by the plant, the Company believed the community as a whole would benefit from a resettlement project. A total of 95 families were included in the relocation program of Vila Madureira.

Conceived in a collective and participative manner and proposed to the community with the purpose of offering adequate living conditions, thus contributing to a better quality of life for the residents, the program was constantly monitored by the Public Defender's Office of Maranhão and Brazil's Environmental Agency (IBAMA) from day one.



The Vila Canaã resettlement project is in the post-emancipation phase since 2018, after all commitments undertaken before the environmental agency and community were fulfilled and concluded. The period of financial support and technical support was concluded by ENEVA in December 2017, and evidence of actions were submitted to Ibama. The post-emancipation period is being monitored. Advances of the project are consolidated with the inclusion of new partners, and implementation of public policies.

The development of this project involved many agreements and partnerships with public and private entities under Ibama's supervision and monitored by the Public Defender's Office of the state of Maranhão. Families received residential aid and indemnities proportional to the property evaluation carried out with each group of residents.

Overall, 100 homes were built by ENEVA in the Vila Residencial Nova Canaã allotment. 95 were occupied and delivered to the resettled families. Each house featured a complete basic infrastructure with electricity, treated water, and sewage. Each resident was given a brickwork house of 57 square meters and plot of land of 250 square meters covered by ceramic tiles and furnished with a stove, gas cylinder, refrigerator, blender, television set, desk and fully-equipped computer.





The project also included collective equipment to be used not only by the program's beneficiaries, but also by residents of Paço do Lumiar and nearby cities. Participating establishments included churches (one Catholic and two Protestant), a supermarket to sell products from the agricultural hub to the community, an association of residents of Vila Canaã, a basic education unit for 600 students in pre-school, primary education and YAE. This also included computer lessons, music classes, family farming, a basic health unit with capacity for 10,000 families, a military police base directly serving 1,000 families in 16 adjacent communities, Community Radio Station, and a Cultural Center with a movie theater, community library, theater and toy library.

The community has a very active collective representation under the coordination of the Vila Canaã Residents Association. The association received collective improvements and equipment and is responsible for managing them. The basic education unit, for instance, has its own function and maintenance promoted by the association. It also played a key role in establishing and developing the resettlement program, strengthening a sense of collective belonging among the community, and promoting actions for the conservation and management of public spaces.

→ HortCanaã Agricultural Hub

The HortCanaã Agricultural Hub Project was conceived together with the Vila Canaã resettlement to promote the community's financial sustainability, create jobs, income, and develop their autonomy. Launched in 2009, the 60 hectares of land used for production currently have an infrastructure that comprises canvases, incubators, automated irrigation, flour mills, cleaning mills, kiosks, warehouses, an office, and the Galinha Caipira Project.

Many training programs related to agricultural production were offered during the development of the Agricultural Hub. The main challenge was to transform their means of food production which was based on the intense use of burning and obsolete methods, into an agroecological means of production. This prioritizes the rational use of natural resources without chemicals. The adhesion of residents to this work method was based on educational actions and composting handling practices, rotating crops, and producing biofertilizers.

The hub's implementation phase guided and strengthened the project's sustainability vision and received support from public universities in the process of transforming family farmers, who face challenges of sustainable production in an organized manner. Through the Association of Farmers and Family Farmers of Vila Residencial

Nova Canaã, responsible for planning and executing the entire management process of the agricultural project. In addition, they are an independent legal entity with the autonomy to participate in public bidding processes.

The Association carries out actions and projects that make it stand out as an agricultural potential in the state of Maranhão. Their farmers received organic certifications for their entire production from the Ministry of Agriculture, Livestock and Supply. Examples include the production guide, grafting production, and rural street markets in the cities of Paço do Lumiar and São Luís.

The association also participates in the National Program for School Meals (PNAE), which, for five years, has regularly supplied products from family farming to 29 preliminary education schools in the city of Paço do Lumiar. Another important participation happens with the supply of products to the Food Acquisition Program of the Ministry of Social Development, in partnership with the Municipal Department of Paço do Lumiar. Participation in public programs allows for an incremental increase to the income of farmers through product purchase guarantees in call notices of aforementioned bidding processes.





→ Emancipation

The main purpose of the emancipation process of Vila Canaã was to promote the autonomy and social protagonism of the resettled community. Proposed actions helped residents make decisions and act as agreed upon during collective meetings. The Emancipation Plan had all of service points concluded. The highlights were: the Vila Canaã Cultural Center, Poste Nova Canaã Radio Station, Cleaning Center, Multisport Court and Soccer Field, and Reading Incentive Campaign.

The HortCanaã Agricultural Hub received the Prêmio Brasil Ambiental 2017 award as recognition for excellence and commitment to sustainability as promoted by ENEVA. The award celebrated the final emancipation process of the resettlement project, closed the cycle of financial and technical support, and started the phase of autonomy and protagonism for residents in 2018.

Today, the main partners of the Relocation Program are on municipal and state levels and aim to increase compliance with public policies that are important to the community. Main partnerships include the Municipal Agriculture Department of Paço do Lumiar, Federal Institute of Education, Science, and Technology of Maranhão (IFMA), State University of Maranhão (UEMA), FAMA College, University Center of Maranhão; Work and Citizenship Program, and Agroecological Street Market Itaquí TPP.

The Resettlement Project received awards such as the Prêmio Eco 2010, Prêmio Brasil Ambiental 2017 from the American Chamber of Commerce – Brazil (AMCHAM Brazil), and Best Social Practices of the Brazilian Electricity System. In 2019, these details were included as a reference in Ibama's Environmental Education Guide: the country's largest environmental authority.

The hub has already produced over 8 tons of food for the communities themselves, as well as, schools, institutions, care homes, markets, and universities.

In ecological agriculture, the community produces their own inputs and agrochemicals to be used for crops by reusing and reprocessing organic matter. Since the practice is not widely known in Brazil, ENEVA established technical partnerships to support the organization of production with plague control technologies, soil processing, and agrochemicals. Nova Canaã was the first community to receive an eco-label for organic products in Maranhão.

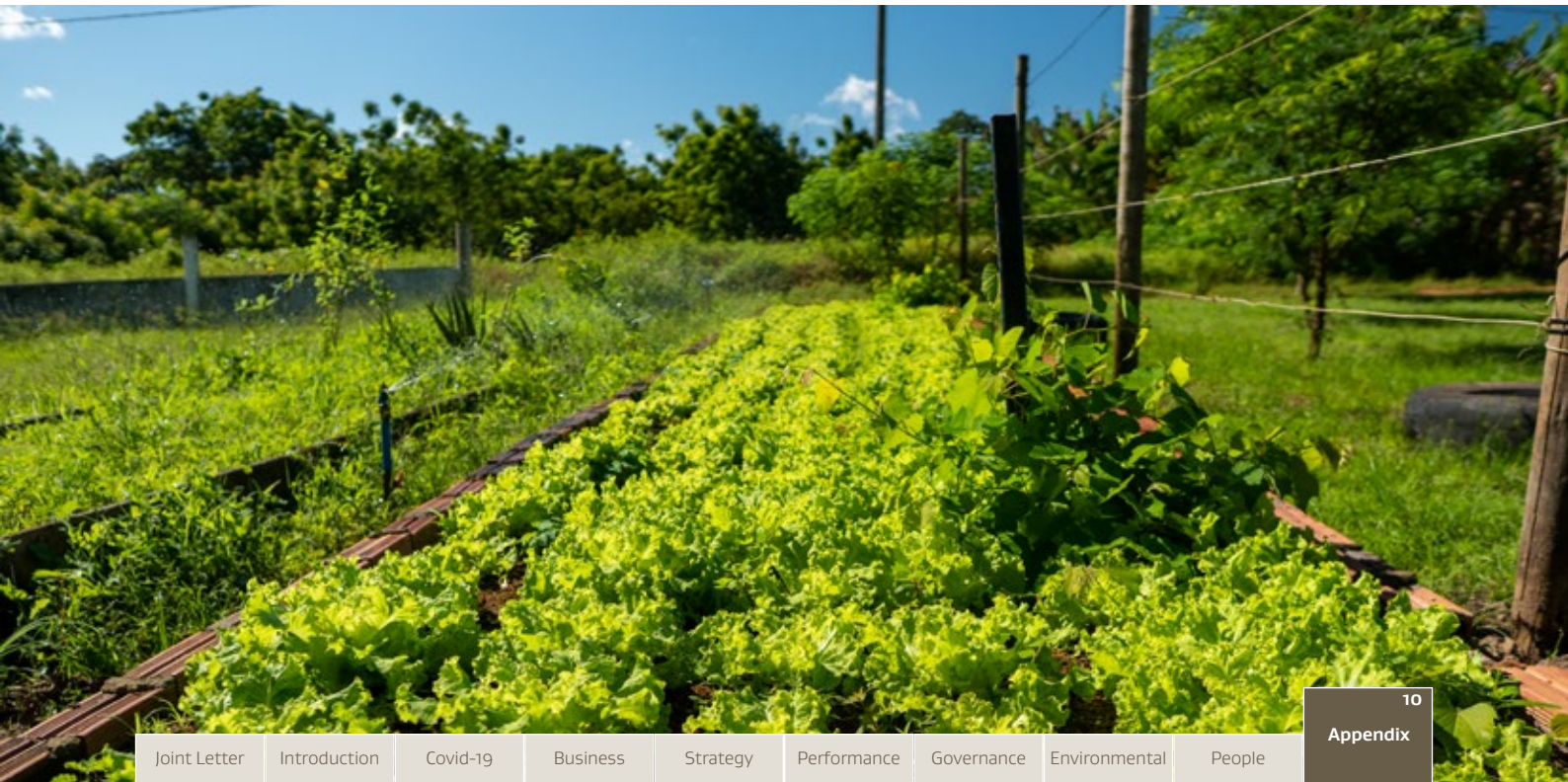
With formal legal representation, the Association of Family Farmers of the Agricultural Hub allowed the construction of the first Organization of Social Quality Control in Organic Production (Organic Content Standard - OCS) in the state of Maranhão. Together with the Ministry of Agriculture, Livestock and Supply, they enabled the use of having a seal of Compliance for Organic Production.

They also received local recognition as a Public Utility Law no. 011/2014 for participating in the National School Meal Program and Food Acquisition Program. Federal projects strengthen family farming practices through the guaranteed purchase

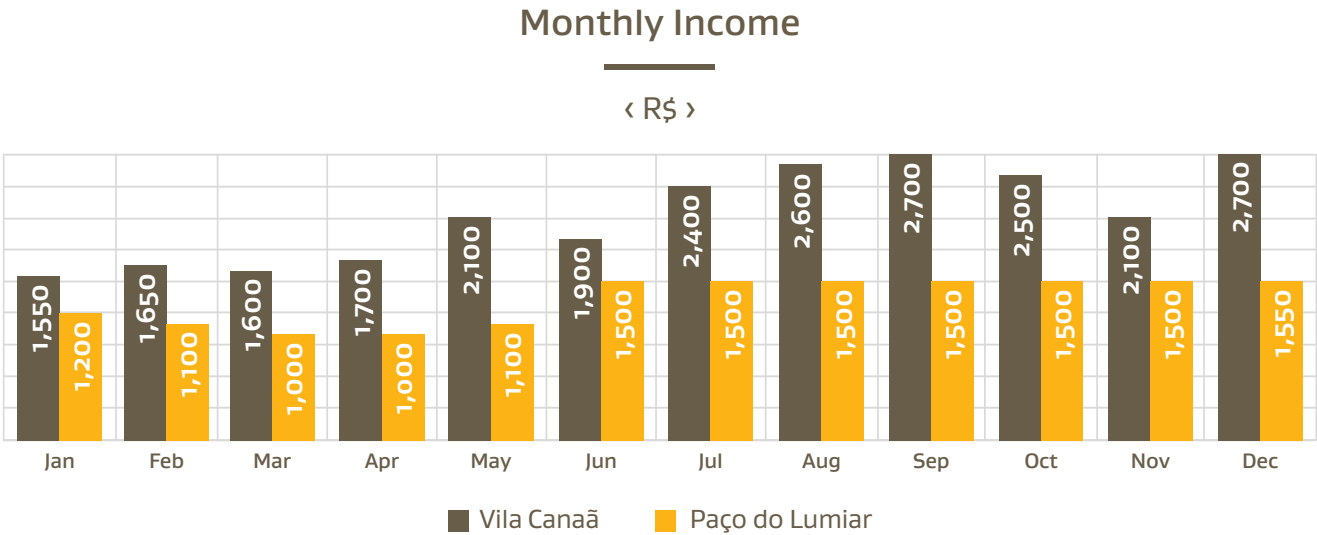
of their products. In the last few years, participation and inclusion of the HortCanaã Agricultural Hub in projects and public policies in the federal, state, and municipal spheres for agricultural reference, helped strengthen and emancipate farmers.

Programs and Projects	Benefits
Program "Agricultor Irrigante"	Up to 73% reduction in the energy bill
Financing Project for Cars, Tents and Tractors (Banco do Brasil Foundation)	R\$ 200,000.00
Rural Fairs	R\$ 70,000.00
National School Feeding Program	R\$ 870,000.00
Food Acquisition Program	R\$ 300,000.00
Fapema Project (Aviary)	R\$ 100,000.00

Other important partnerships support the work carried out by the Association. The main partners are the Ministry of Agricultural Development, Ministry of Agriculture, Livestock & Supply, the Municipal Department of Agriculture, Fishing & Supply of Paço do Lumiar, COMSEA (Food Safety Council), AGERP, AGED, UFMA, IFMA, CAAUP, IBAMA, FAPEMA, PAA, PNAE, Viva Primeiro Emprego, UEMA, UFMA, UNICEUMA, Pitágoras College, SEBRAE, SENAR, the Rural Union, and more.



Income generation was key for the social protagonism of the agricultural project, promoting a better quality of life for resettled families. In 2019, the average monthly income of farmer families compared to the average income of the city of Paço do Lumiar, where the Agricultural Hub is located, is detailed below.



Works carried out in the hub are innovative, as it functions as a disseminator of sustainable production technology through workshops and field days (in the 5th edition). At these events, young farmers, students, engineers, managers, and the community can learn the entire food production process following agroecological principles. The partnership with the Municipal Department of Agriculture, Fishing & Supply of Paço do Lumiar is another important innovation, since the Department provides organic waste from cutting trees and grass. Farmers produce biofertilizers, organic compost, and humus for use and sale.



b. Nova Demanda Resettlement

The Nova Demanda Resettlement Project conducted in 2016 was a rural voluntary collective project in the city of Santo Antônio dos Lopes, near the Parnaíba complex, impacting 65 families through a participative model by respecting family bonds and traditional lifestyles of the community for which agriculture was the main source of income.

The process of choosing the host area was carried out in a collective and participative manner, involving 4 options of host areas for resettlement through visitation. The best option was chosen by vote.

Each family received a plot of land of at least 3 hectares and a furnished house with running water and electricity, all built with a sustainable architectural design, including areas to breed and raise animals. Furthermore, the community received a school, a communal area with a computer room, a health unit, a rural sanitation system, water supply, two religious facilities and a community center.



With the second stage of the project in progress, focus has been placed on income generation by strengthening family farming through the agroecological model with organic production perspectives, special technical monitoring, provision of inputs, workshops with SENAR and the State University of Maranhão. Exchanges with other agricultural projects, such as the HortCanaã Agricultural Hub, improved experiences and promoted agricultural protagonism.

Also, with the purpose of promoting the agricultural strengthening phase and family farming in Nova Dемanda, with actions focusing on agroecological management and construction of potential farming leaders in the resettlement, as well as the inclusion of public policies, we promoted the first Agroecological Production Seminar at the local community center. Approximately 50 people participated, including community leaders in the region, public authorities, and representatives.

With proposals for agroecological growth and development, residents of the Nova Dемanda resettlement started an identification process through a statement of fitness to Pronaf (DAP), adjusting sale processes, and increasing participation in public calls for bids with subsidies or machinery acquisitions. These developments and advances enabled a certification by the ministry of agriculture by creating a family farming label to recognize the work of small producers along with their family.



LEARN MORE Nova Dемanda Resettlement Social Project →

c. Quintal Produtivo [Producing Yard] Project

Carried out with Quilombola communities, training in production, sales, management and access to public policies of incentive were offered along with the promotion of organic and agroecological farming projects.

The Quilombola Communities of Bom Jesus and São Francisco are part of the Bom Jesus dos Pretos quilombola territory, located near the MA-122 highway, approximately 7 km away from the municipal headquarters of Lima Campos. 140 families received support and special technical monitoring to have their own infrastructure for planting greens and raising animals. The purpose was to increment their income and improve local quality of life.

The project aims to take over the identity of social technology for integrated and

sustainable agroecological production in backyards within family structures, and become a new income option for families involved.

Backyards are turned into self-sustainable units with protein production areas (chickens and pigs) and fertilizer production from excrement. The project is based on a principle of production complementarity. The composition of the vegetable garden itself promotes synergies between the planted species, such as vegetables that fix nitrogen in the soil and, after being harvested, make room for another vegetable to be planted in the same spot using the same mineral. More than simply implementing agroecological planting, ENEVA teaches quilombolas to enjoy interactions between the two in a productive and positive manner.



d. Coconut Breakers

The Associação de Mulheres Quebradeira de Coco (Amuquec - Association of Babassu Coconut Breakers Women) is another group supported by the Company to strengthen the business. The association was created during the implementation of the Parnaíba complex, when it received machinery and training on how to operate, seeking to add value to products and byproducts of agroextraction activities.

The initiative was revitalized in 2018 with a new training program for workers and a partnership with the Industry Social Service (SESI) to diversify production by identifying new application possibilities. The vegetable has many applications, from oil extraction to be used for cooking to making cosmetics, and cleaning products.

After this stage was completed, the goal was to identify markets where the goods could be sold. The entire cycle of the business was contemplated - technical training, verification of public policies to boost the project, and identification of trading networks through end consumers in order to boost the project and establish a self-sustainable system.

The support proposal also expanded with the development and approval of the project trademark to further promote the consumer market of these products.



e. Projects To Promote Education and Entrepreneurship



→ Aprender [To Learn] Project

In partnership with the NGO Laboratório de Educação (LABEDU), the project focuses on improving education in early childhood (0 to 6 years old): an important and crucial stage of child development. The project was purposed to train both direct (parents and teachers) and indirect (doctors, nurses, social workers) agents in inland cities of Maranhão to emphasize areas of local vulnerability. These activities are in line with the national curriculum and take place during community meetings, school visits, and pedagogical meetings, impacting 4,400 children directly and indirectly.





→ Sustainable Education

Developed in all areas of operation of ENEVA with the purpose of promoting collective debate and disseminating socio-environmental information, the Program impacts 95 communities including schools and community associations. The themes discussed were based on the reality of groups involved, such as environmental quality, environmental preservation, and reuse of food.

Focusing on food safety by spreading techniques for organic and ecological farming, the project will expand with the implementation of vegetable gardens in schools. Teachers, students, and families will be able to acquire hands-on knowledge of these techniques. In addition to offering healthy meals to all the stakeholders involved, this will be the main challenge for 2020.

A total of 43 schools in Maranhão and Ceará will take part in the project, receiving theoretical and practical lessons about agricultural management and the quality of life. Completing the school vegetable gardens will be included in the pedagogical process.





→ Social Entrepreneurship Project

Created three years ago, the project was included as an extracurricular activity by the Municipal Department of Paço do Lumiar, in the state of Maranhão.

The main agents of the social project are the students of public schools, who receive the promotion and support for the construction of projects that foster their social protagonism. The improvement of this process brought gains such as a participation in the São Luís Book Fair and opening of social businesses.





→ Criança Energizada [Energized Children] Project

An incentive for 250 underprivileged children and teenagers in Ceará to play sports, focused on improving their performance in sports, as well as finding talents, increasing the number of students enrolled in school, improving their educational performance. The best-performing athletes compete for positions in professional youth academies of Ceará.

ENEVA's actions for children were recognized by the Friends of the Children Company seal, which recognizes the relevance of social projects developed to defend the rights of children and teenagers.



f. Projects Supported

In 2019, ENEVA allocated R\$511,426.25 for social projects in the states of Ceará, Maranhão, and Roraima through incentive laws. Donations were given to Instituto Povo do Mar (Fund for Children and Adolescents), Instituto Museu da Pessoa (Rouanet Law), Pague Menos Recreational Guild (Sports Incentive Law), and Hospital do Amor (Fund for the Elderly).



Photo: Luiz Alves (Instituto Dragão do Mar)

→ Pôr do Som [Sound set] Project

The main purpose of the event was to promote and expand the original instrumental music from the state of Ceará through daily performances by local groups, workshops, and seminars.

With the participation of public institutions from all across the Northeast region of Brazil, the programming was open to the general public, impacting approximately 2,000 people during the five-day duration of the event. As consideration for the social investments made, we had specific performances for our special work groups in Ceará, prioritizing those who had never had a chance to participate in such cultural events. Participants included children and teenagers from Fortaleza Down (PWD), teenagers from a socially-vulnerable region of Fortaleza/Jacarecanga (Centro de Formação de Atletas [“Athlete Training Center”]) and elderly people from the nursing home of Lar Torres de Melo.

As an extension of the project, there were performances in public schools in Ceará with interactions between students, teachers, and principals.

→ **Terapia da Dor [Pain Therapy] Project**

Supportive to palliative home care of terminal oncology patients in the state of Ceará through the state's Cancer Institute, with incentivized resources of R\$205,000.00.

→ **Lar Torres de Melo [Torres de Melo Nursing Home]**

Social and financial support to a volunteer institution that houses and cares for 250 elders in Fortaleza by offering nutritional, educational, and recreational services. The allocation was made through the municipal fund for elderly rights for the amount of R\$205,000.00.

→ **Associação de Combate ao Câncer Infanto-Juvenil [Association for Child and Youth Cancer Combat]**

Financial support to expand the facilities at the Pediatric Oncology Center of an institution located in Ceará. The investment of R\$246,559.00 was made with the purpose of expanding medical care and social programs of Associação Peter Pan.





→ Conexões Musicais [Musical Connections] Project

Bringing schools closer to classical music by making it accessible to children from the cities of Pedreiras, Trizidela do Vale, Lima Campos, Capinzal do Norte and Santo Antônio dos Lopes.

With this purpose, the Brazilian Symphonic Orchestra carried out an activity as part of the Conexões Musicais project, sponsored by ENEVA through a tax incentive law. Approximately 250 teachers from the public education network of the five cities participated in a training program with an OSB teacher, and received educational materials to share this knowledge with students.

During the project's execution, we (directly and indirectly) impacted approximately 2,300 people, including students from municipal schools and communities.





→ Seminar of Incentivized Projects

The purpose of these meetings was to train and encourage project and community leaders in the process of accessing incentive laws.

Both workshops were conducted in 2019 and had 150 participants, including social institutions, municipal, and state government representatives. It consisted of two days of roundtables, workshops, and lectures to acquire knowledge and support the management of social projects.

Furthermore, at the end of the meetings, two projects were selected to receive expert support during the formalized and incentivized financing period. The first project was Fortaleza Down: for children and teenagers with down syndrome in the city of Fortaleza. and the second, Escola Debaixo das Árvores, aimed to eradicate functional illiteracy amongst children and teenagers from public schools in the state of Maranhão.



