

A photograph of an industrial facility, likely a refinery or chemical plant, featuring a complex network of yellow-painted pipes, valves, and structural steel. The scene is set outdoors under a clear blue sky. A large blue graphic overlay is positioned on the right side of the image, containing the word 'TAG' in white. Another blue graphic overlay is at the bottom, containing the text 'MANAGEMENT REPORT 2020'.

**TAG**

**MANAGEMENT  
REPORT  
2020**

# MESSAGE FROM THE BOARD OF DIRECTORS

In a totally atypical year as 2020, marked by the shock of an unprecedented pandemic, to ensure operational, financial, and socio-environmental results represent a challenge for any business. For TAG, operating under new management for just a few months - since its acquisition in June 2019 - overcoming this challenge became even greater.

For this reason, we take pride in sharing the Company's achievements, aligned with its shareholders' guidelines. TAG was able to keep delivering an essential service to the society, by adopting a series of protocols and preventive measures for employees and service providers. Additionally, we also assisted several communities within our influence area, including institutions as the Oswaldo Cruz Foundation (Fiocruz) in the state of Bahia, and executed our strategy designed to consolidate our business and contribute, along with other sector agents, to the sustainable development of the natural gas market in Brazil.

Among the many highlights of 2020, one has historical relevance: the acquisition from Petrobras of the remaining 10% shareholder stake of the Company by ENGIE and CDPQ. Confirming shareholders' confidence in the deal,

this move turned TAG into the first 100% privately owned gas transporter of the country, complementing one of the largest investments in Brazil's history, of approximately USD 9 billion.

Besides ensuring predictable revenue generation, anchored by long-term infrastructure assets, the investment in TAG is an important step to accelerate Brazil energy transition. We are confident in the relevant role that natural gas has in the Brazilian energy mix, boosting the economy and expanding the flexibility to attend demands for energy.

In the context of opening the natural gas market, optimization of the network infrastructure usage through integrated connection between natural gas offer and demand is paramount for the sector's development as well as for a reliable market supply, ensuring long-term energy sustainability. The prospect is that this scenario will also encourage new investments throughout the chain, by expansion of the available infrastructure and development of new technologies.

We have confidence on the expertise and innovation capacity of our TAG team and trust its commitment to look to the future and become a protagonist of the New

Gas Market transformation. Undoubtedly, this is a legacy that already began to be designed.

We thank all employees, partners and remaining stakeholders who courageously faced the challenges of 2020 and helped writing another important chapter of TAG's trajectory.



**Maurício Stolle Bähr**

President of the Board of Directors

# MESSAGE FROM THE CEO

**“***T*ransporting energy safely, integrating the natural gas market for sustainable development of the society”. This is TAG’s new Mission, as defined in 2020, as part of an intense effort dedicated to improving our corporate culture. Constructed jointly with our leaders and employees, this commitment was paramount to guide our actions in a year of unprecedented complexity.

As the pandemic struck Brazil in March 2020, we were working on the Company’s business plan, focusing on building our teams, and seeking development opportunities for TAG. As such, we established five strategic objectives to guide our actions aiming at: (i) sustainable value creation for our shareholders; (ii) consolidation of our organizational structure focusing on people, processes, and systems; (iii) increasing operational control to ensure network availability and integrity of our assets; (IV) creating a solid corporate culture based on diversity and ethical conduct and (V) strengthening relationships with the market and our stakeholders.

A key initiative by TAG to face the pandemic in 2020 was to adopt a series of preventive measures against Covid-19

and introduce alternative ways to protect the health and safety of employees and partners. This approach, despite restrictions imposed by the pandemic, allowed us to continue transporting natural gas, an essential input for the society, without interruption, with total efficiency and safety throughout the year.

TAG was also engaged in the solidarity chain established to combat Covid-19 in the Brazil and joined forces with partners, such as SESC Mesa Brazil, Transpetro and the Brazilian Navy for donation of food baskets and personal protection items to socially vulnerable families in the communities we serve and operate in the states of Amazonas and Espírito Santo. We carried out solidarity campaigns with our shareholders and employees, and donated BRL 1 million to the Oswaldo Cruz Foundation (Fiocruz) for implementation of a Support Unit for Molecular Diagnosis of Covid-19 in Bahia - a structure and legacy which will be maintained, ensuring the availability of diagnostics to face future endemics and virus’ outbreaks.

Through our effective contribution to overcome the pandemic and its consequences to the communities, TAG was able to pursue the results planned for the year.

We continued to build a highly qualified, diverse, and committed team, reaching a total of 113 employees by the end of 2020, more than twice the previous year.

We were able to put our Investment Plan into action, focusing on two main themes: assets maintenance and integrity, ensuring availability and reliability of the pipeline network, and pursuing new opportunities to expand the existing infrastructure. A total of about BRL 120 million were invested since June 2019, as an initial step towards execution of the Plan approved by the Company’s Board of Directors, which foresees investments of up to BRL 1.5 billion in the coming five years.

This Plan contemplates strategic projects for the natural gas segment in Brazil, assessing prospective investments for optimization and expansion of the gas pipeline network, as well as the gradual opening of the market. We believe natural gas transportation has a key role in connecting existing gas offers, promoting competition at national level, providing the infrastructure to support market integration through all distribution systems and generating investments with multiplying effects for the entire economy.

## MESSAGE FROM THE CEO

After almost 20 months operating under new management, we have deepened our asset knowledge, as well as our understanding of the natural gas market requirements; we are identifying new opportunities and establishing an objective dialogue around perspectives for the opening of the sector. Therefore, we trust in a regulatory framework modernization that promotes transparency and equality, anchored on contractual respect and integrated entrance of new players into the chain.

Finally, we want to highlight the financial results achieved by TAG in 2020, with a net revenue of BRL 6.0 billion - 16% above 2019 results, an EBITDA of BRL 5.2 billion and net profit of BRL 1.6 billion. This performance confirms our business model resilience and contributes to our increased confidence to execute the Company's ambitious Investment Plan, including the expansion of our pipeline network.

I would like to sincerely thank our shareholders and partners for their trust, and a special thanks to all our employees and service providers for their high level of professionalism, dedication, and engagement; fundamental factors for us to reach our goals.

We believe that a great tomorrow is built with a strong, committed, and multidisciplinary team such as ours. A team that stands out for its cooperation and entrepreneurship, preparing our company to overcome challenges in our effort to achieve a new level of growth. I am confident we will achieve TAG's Vision, defined in 2020: "Be the protagonist of the natural gas market transformation, connecting energy to life".

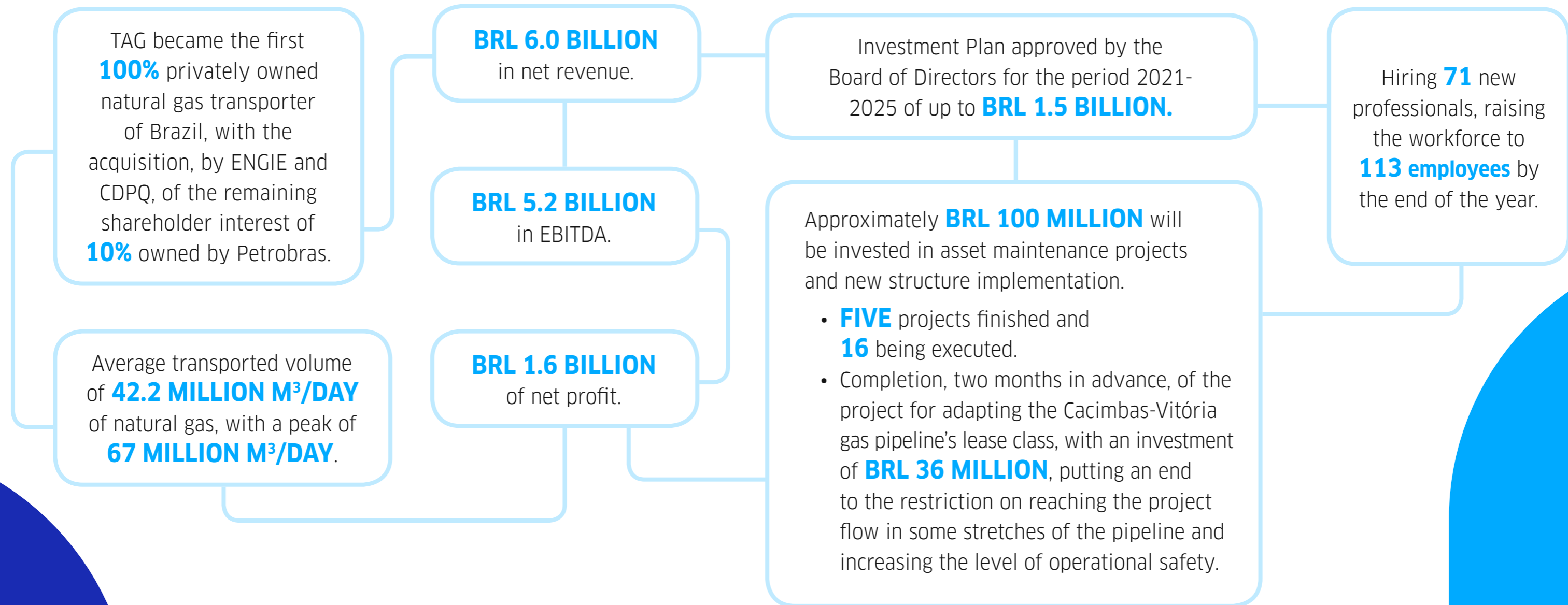
Enjoy your reading and let's move forward!



**Gustavo Henrique  
Labanca Novo**

Director-Superintendent

# HIGHLIGHTS 2020



# HIGHLIGHTS 2020

Performance of **80 risk analyses** for new contracts for Health, Environment and Safety issues.

Donation of **BRL 1 MILLION** to Fiocruz for implementation of a Support Unit for Molecular Diagnosis of Covid-19, in the state of Bahia.

**No work accidents with lost time** registered among our own employees or outsourced workers.

Beginning of Social Diagnosis of approximately **400 communities**, located in **177** municipalities in the assets' area of influence.

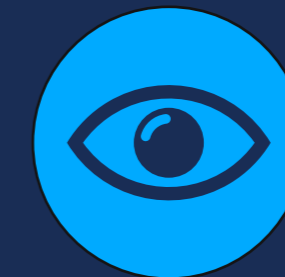
Definition of the **Mission** and **Vision**, presented at the side, as well as TAG's strategic objectives.

Taking active part with remaining Brazilian gas transporters, **in the Association of Natural Gas Transporters by Pipeline (ATGÁS)**, mainly in relation to regulatory issues, opening of the gas market and definition of criteria for transporter independence. ATGÁS has the main strategic objective to expand the midstream institutional representativity, which is paramount for strengthening of the entire natural gas chain in the Country.



## MISSION

Transporting energy safely, integrating the natural gas market for sustainable development of the society.



## VISION

Be the protagonist of the natural gas market transformation, connecting energy to life.

# CONTENTS

<b>01</b>	<b>Corporate Profile</b> .....	<b>8</b>
	TAG .....	9
	Corporate Structure .....	11
	Historical .....	12
	Business Model .....	13
	Strategic Directives .....	14
<b>02</b>	<b>Corporate Governance</b> .....	<b>19</b>
	Management Structure .....	20
	Ethics and Integrity .....	22
	Corporate Policies .....	24
	Risk Management .....	25
<b>03</b>	<b>Business</b> .....	<b>26</b>
	Transportation Contracts .....	27
	Tariff Escalation .....	29
	Gas Injection .....	29
	Gas Delivery to the Market .....	30
	Investments .....	32
<b>04</b>	<b>Economic-financial Performance</b> .....	<b>36</b>
	Net Revenue .....	37
	EBITDA and Net Profit .....	38
	Cost of Services Rendered and Administrative Expenses .....	39
	Financial Result .....	39
	Income Taxes .....	39
	Debt Structure .....	40
<b>05</b>	<b>Socio-Environmental Management</b> .....	<b>41</b>
	Employees .....	42
	Communities .....	50
	Suppliers .....	52
	Other Stakeholders .....	52
	Environment .....	53

# 1 CORPORATE PROFILE



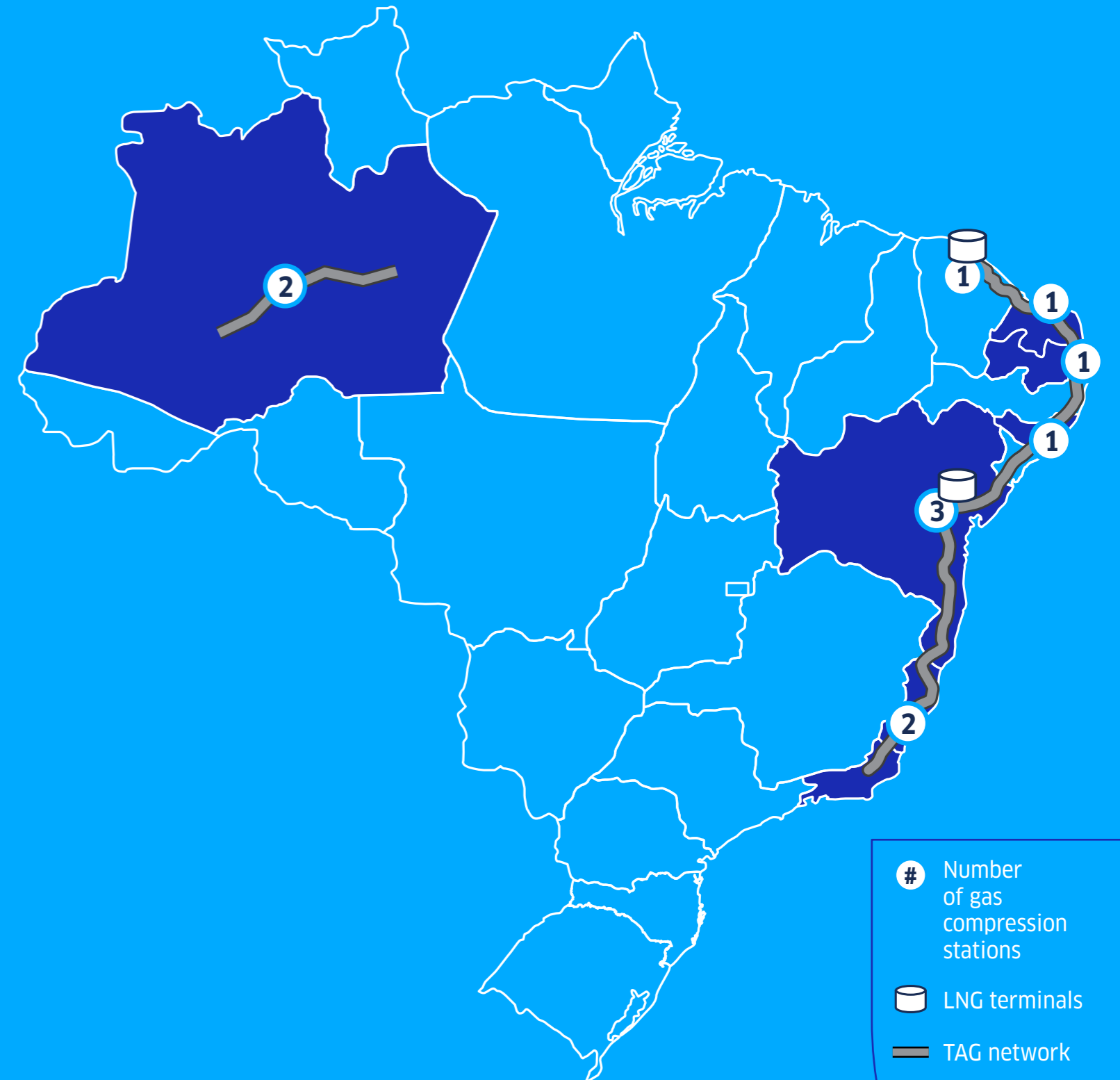


## TAG

**W**ith main office in Rio de Janeiro (RJ), Transportadora Associada de Gás S.A. - TAG operates as natural gas transporter, holding the largest gas pipeline network in Brazil - totaling about 4.5 thousand kilometers, corresponding to 47% of the gas transport infrastructure of the Country. This network is distributed between three Brazilian regions, passing through almost 200 municipalities in ten states - with 3,700 kilometers in the coastal region of Brazil, passing through Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe, Bahia, Espírito Santo, and Rio de Janeiro - and another 800 kilometers in the Amazon region, in a stretch that links the oil-producing region of Urucu to Manaus, in Amazonas.

The TAG network comprises 11 gas compression stations, six of which are owned and five subcontracted. It also has 14 connected gas reception stations - including two Liquefied Natural Gas (LNG) terminals and two others with potential connection - and 91 delivery points, supplying with high levels of reliability and safety, refineries, fertilizer plants, and power plants in different locations around the Country, all integrated to the distribution network.

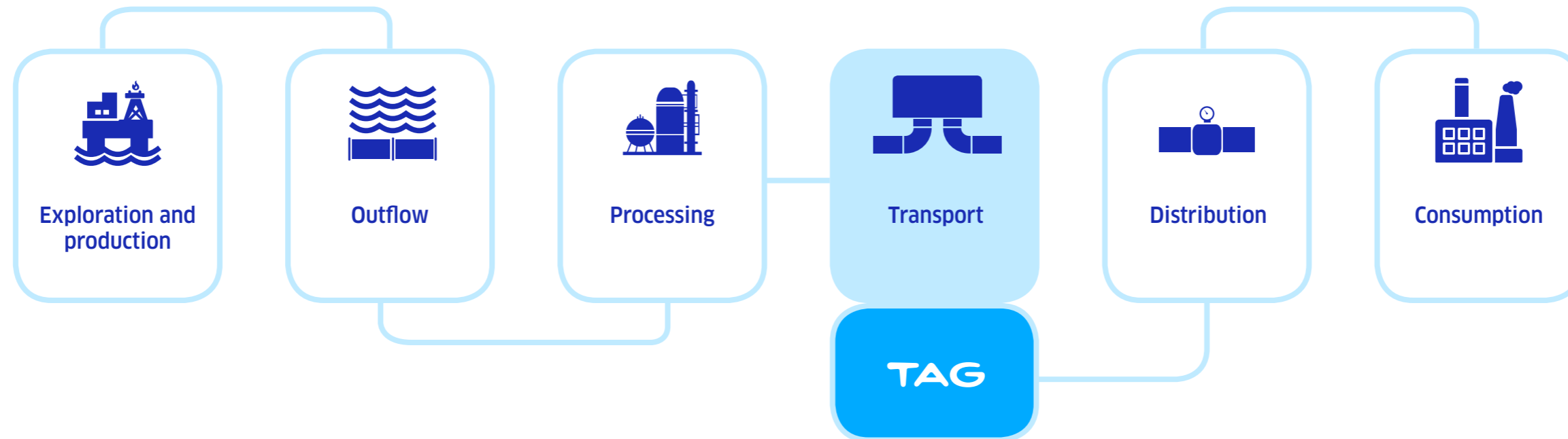
## GEOGRAPHICAL DISTRIBUTION OF ASSETS



By operating in a basic segment of the natural gas value chain, TAG plays a role of a flexibility agent of the national system, with a strategic function to meet demand fluctuations - especially at this time of market opening experienced by Brazil. In this context, it is worth noting that the Company infrastructure has several opportunities for connection of new offers both onshore and offshore - such as those generated by the pre-salt exploitation in the country.

Throughout 2020, TAG network fulfilled five contracts signed with Petrobras, which together reached the contracted transport capacity of 73.58 m<sup>3</sup>/day.

**NATURAL GAS CHAIN**

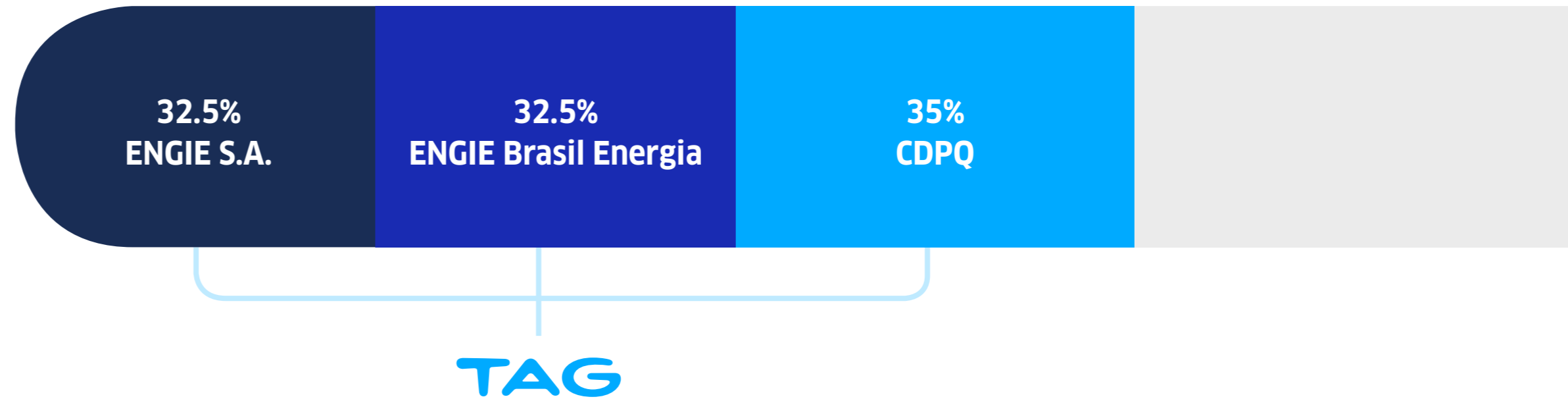


## CORPORATE STRUCTURE

TAG's pathway reflects the ongoing transition by the natural gas transport segment in Brazil. Founded in 2002 by Petrobras, with the name Transportadora de Gás Campinas-Cubatão S.A. (TCC), the company contributed for expansion of the state-owned gas pipeline network in Brazil.

After 17 years - a period marked by several incorporations and changes of the corporate name of the company - the trend to partial verticalization of the Petrobras business led to the sale of TAG. In April 2019, ENGIE and the Canadian institutional investor *Caisse de Dépôt et Placement du Québec* (CDPQ), through *Aliança Transportadora de Gás Participações S.A.* (Aliança), made the winning offer in the acquisition process of 90% of the Company participation, in the approximate amount of BRL 32.7 billion.

The sale was completed in June of the same year. A few months later, TAG carried out a reverse incorporation of Aliança, to unify assets and liabilities, meeting the requirements of the financing contracts. In July 2020, another historic milestone: TAG became the first 100% privately owned natural gas transporter in Brazil, when its shareholders acquired, for BLR 1 billion, the remaining 10% stock still in the hands of Petrobras.

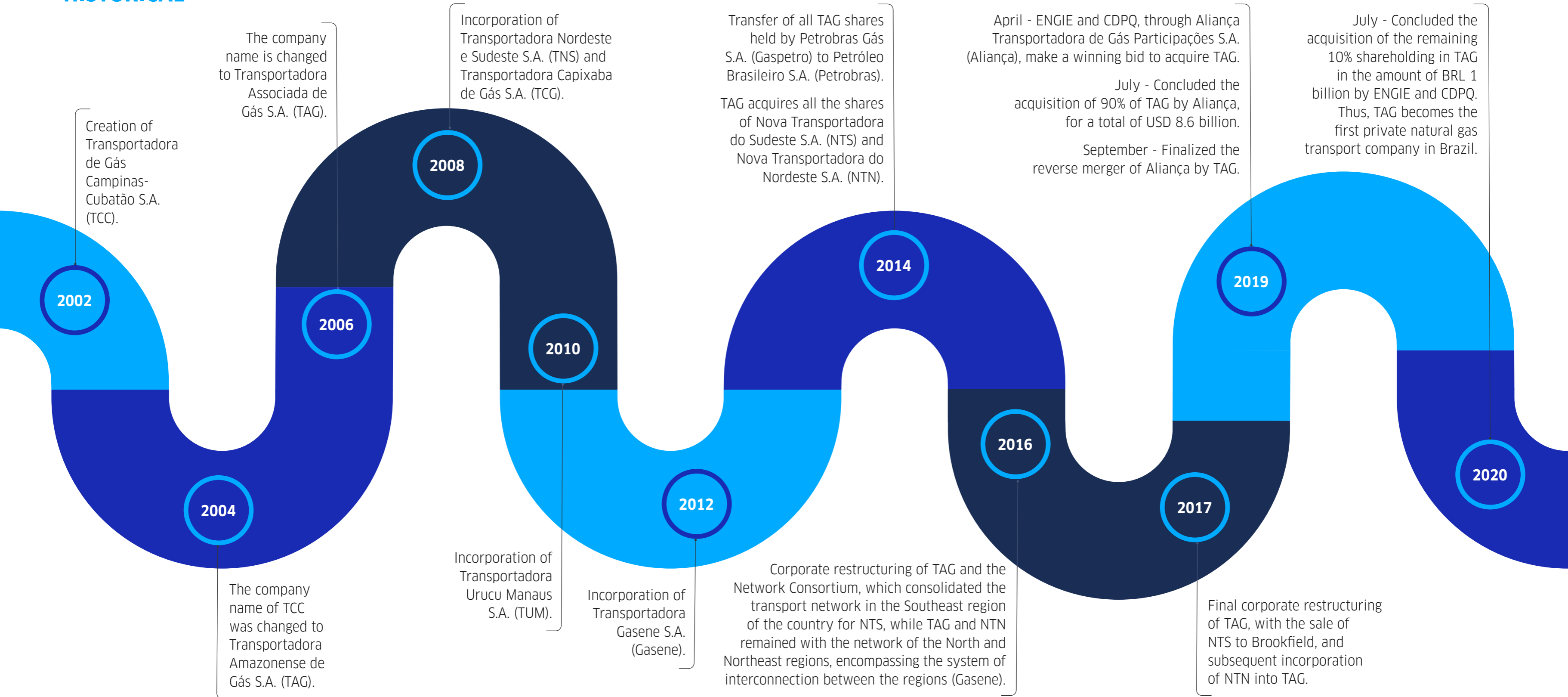


### Shareholders

**ENGIE** - Outstanding among the world's leading energy companies, operating in 70 countries on five continents - with focus on accelerating the energy transition to a low-carbon economy - the ENGIE Group holds 65.0% of TAG shares. Of this total, 32.5% belong to the subsidiary GDF International and the remaining 32.5% to ENGIE Brazil Energia, largest private electric energy producer of Brazil. With about 90% of its generation from renewable sources, the company performs as an energy infrastructure operator, dividing its activities between centralized and distributed generation, commercialization, trading, and transmission.

**CDPQ** - Global long-term institutional investor that primarily manages funds for public and quasi-public pension and insurance plans in the province of Quebec, with approximately CND 365 billion in assets under management on December 31st, 2020. CDPQ is one of the major global infrastructure investors, with approximately CND 32 billion of investments in this asset class, in which it has been active over 20 years. CDPQ holds a 35.0% share in TAG's social capital. With operations in more than 65 countries, it maintains strategic investments in energy sector companies, contributing to the global energy transition.

## HISTORICAL



## BUSINESS MODEL

The commercial relationship between a natural gas transporter and its customers - called carriers - is ruled by Natural Gas Transportation Service Agreements, regulated by the National Agency of Petroleum, Natural Gas and Biofuels (ANP). All TAG contracts effective at the end of 2020, had Petrobras as carrier.

Therefore, the company takes daily custody of the natural gas at its network reception points and delivers it back to the Petrobras carrier at the delivery points (city gates). In return, it receives revenues from the transportation service, composed of the portion of effective molecule movement, and of the unused capacity charge (ship-or-pay).



During the year 2020, TAG's infrastructure serviced five contracts entered with Petrobras, which together reached the contracted transport capacity of 73.58 million m<sup>3</sup>/day.

## STRATEGIC DIRECTIVES

**T**AG's business strategy focuses on creating sustainable value, based on optimizing the use of the existing network and on expansion to meet the demands of the Brazilian natural gas market. This premise is reflected in TAG's Business Plan for the years 2021-2025, approved at the end of 2020 by the Board of Directors, aimed at consolidating operational control and execution of strategic investments.

Among the pillars of this strategy is the formation of a diverse and multidisciplinary team, trained to act in the development of the gas market and effectively contribute to its opening. In 2020, to disseminate the corporate strategy among its employees, TAG divided the strategy into five major objectives, shared with leaders and their teams and fostered through internal communication campaigns.

### 5 STRATEGIC OBJECTIVES - 2020

- 1 Create sustainable value for shareholders.
- 2 Consolidate the Company's structure, focusing on people, processes, and systems.
- 3 Obtain greater operational control, ensuring availability of the pipeline network and asset integrity.
- 4 To ensure ethics and attending at high standards of SMS, fostering the development of the TAG culture.
- 5 Be recognized by stakeholders as a reference on the gas market.

### Sectorial Context

The drive for modernization of the natural gas sector received a new impulse in 2016 from the Gas to Grow initiative, and in 2019 from the New Gas Market program. With the Term of Commitment to Cease Practice (“Termo de compromisso de Cessação de Prática”), signed by the state-owned company with the Administrative Council for Economic Defense (CADE), Petrobras committed itself to sell a series of assets and stakes it holds in the natural gas chain and to renounce exclusivity in the use of contracted capacity in the country’s gas transportation network, entailing flexibility to existing transportation contracts and the possibility of negotiating access for other companies to existing essential transport and process infrastructures.

The year 2020 experienced an acceleration of changes on the Brazilian natural gas market due to the sale of Petrobras’ assets, being one of its main highlights the 100% sale of TAG to private companies, as well as the beginning of the process to sell stakes held by Petrobras in transportation companies such as TBG (51%) and NTS (10%), and Gaspetro (51%), a holding with equity stakes in several gas distribution companies. The divestment process also included shares in refineries, thermoelectric plants, and in onshore and offshore production fields, including the Urucu Pole.

Projections by the Brazilian Energy Research Company (EPE) indicate that from 2021 to 2030, natural gas should become the generation source with greatest expansion in the country, adding up to 16 GW of capacity. In the same period, the Brazilian production of natural gas should increase from 73 to 140 MM m<sup>3</sup>/day in that scenario.

One contributing factor to this perspective is the role natural gas plays as a strategic fuel in the energy transition to a low-carbon economy, because by replacing other fossil fuels, with greater polluting potential, it offers more safety and flexibility to a system with greater presence of intermittent renewable sources, such as solar and wind.

### Essential Resource

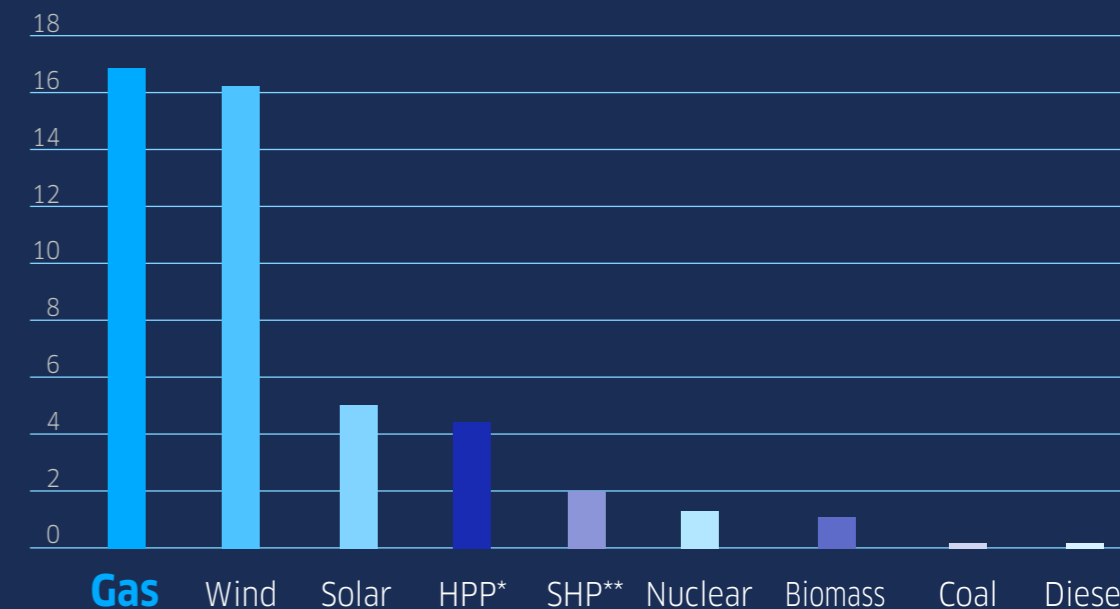
Natural gas has become an indispensable source to the balance of the national energy system, especially in the context of the progressive deactivation of more polluting sources in the Country and to compensate intermittence of renewable sources.

In addition, it is an important input for strengthening of the national industry.

### GROWTH PROJECTIONS

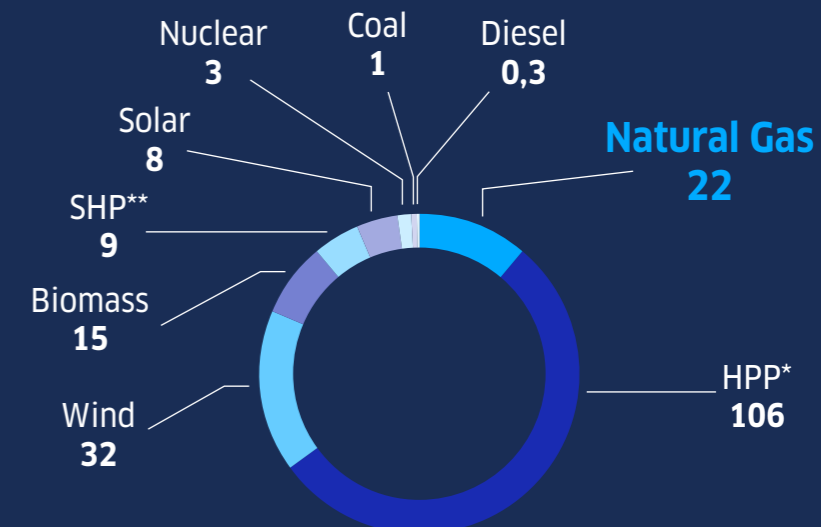
#### Ten-year Energy Expansion Plan 2030 - EPE

(GW)



#### Electric Power Matrix in 2030

(GW)



\*HPP: Hydropower Plant  
\*\*SHP: Small Hidro Power

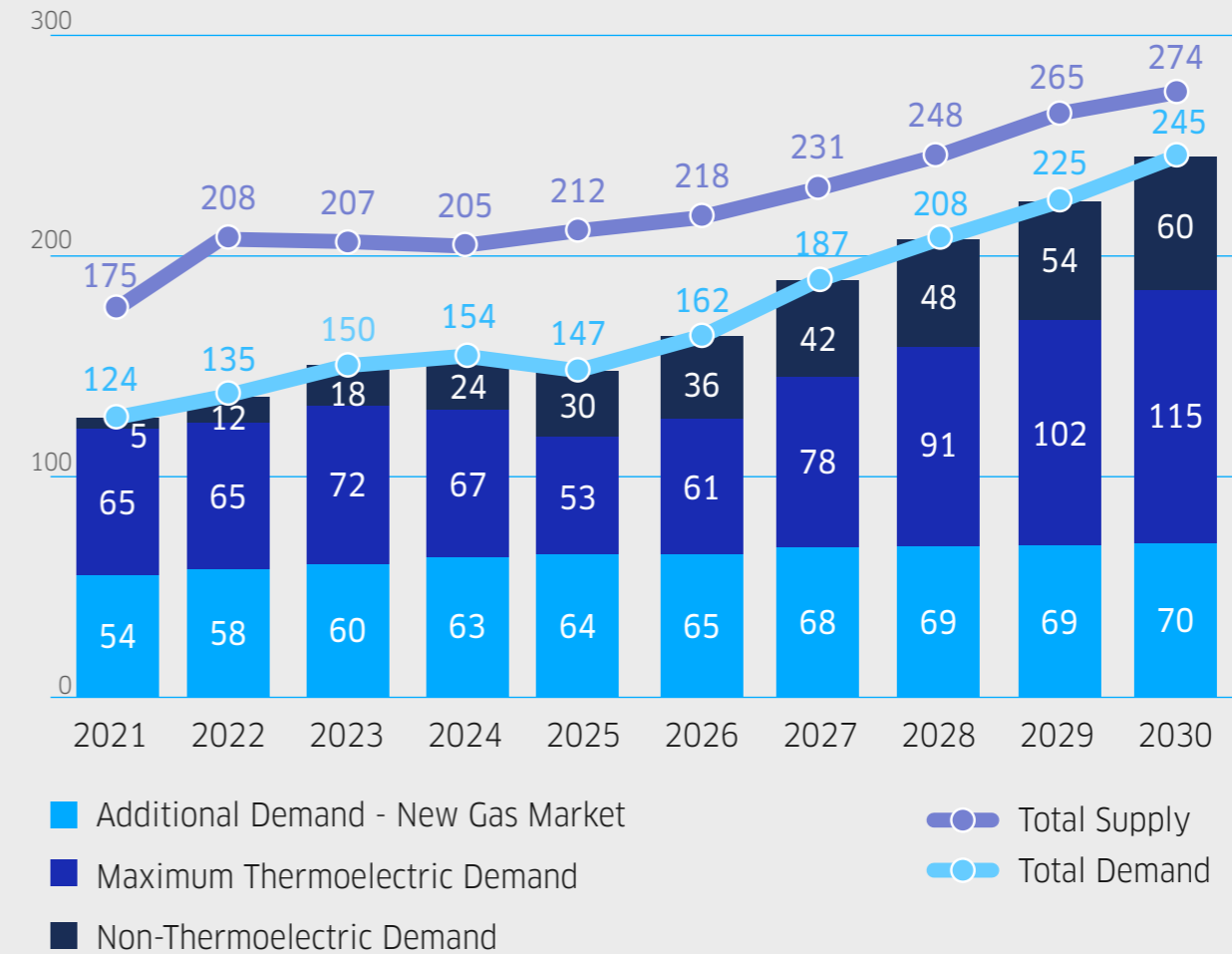
Source: Studies of the Ten-year Energy Expansion Plan 2030 (EPE in Portuguese)

The optimization of the natural gas chain is fundamental to the strengthening of the sector.

The entrance of new agents into the segment, through the integrated transport system, allows for competitiveness in the supply of the gas molecule, the main component of the final natural gas market price. Besides, the shared use of the network infrastructure (transportation and distribution), by a greater number of agents, fosters an increase in transaction volumes, resulting in lower unit costs for the use of the system.

All these changes should also drive the expansion of the available infrastructure through new investments, leading to a scenario of greater supply and competitiveness and, consequently, lower prices for the final consumer. Thus, the optimization of the natural gas chain is fundamental to the strengthening of the sector, as well as to market supply, ensuring long-term energy sustainability.

**NATURAL GAS MARKET IN BRAZIL - SUPPLY X DEMAND**  
Sensitivity of the New Gas Market (in million cubic meters per day)



Source: EPE



## Perspectives and Opportunities of the Natural Gas Market

The development of the natural gas sector in Brazil passes through the updating of legal and regulatory aspects, with emphasis on the so-called “New Gas Law” – Project for a Bill of Law (PL) 6.407/2013. Elaborated after years of dialogue with sector agents, the original text, proposed by the House of Representatives, proposes, among other advances, measures that value transparency, independence, and isonomy. Thus, it seeks to expand access to the transportation system and essential infrastructure, as well as to stimulate competition and development of the natural gas market.

The expectation, in this sense, is that legal and regulatory developments, always supported by the principle of legal security regarding contracts, will attract new investors to the market, increase competition and generate more competitiveness, allowing multiplying effects for the entire economy.

According to estimates by the National Confederation of the Industry (CNI), the new law could generate investments of around BRL150 billion by 2030. One of the main changes proposed is the adoption of the authorization regime, replacing the current concession regime, speeding

up the construction process of new gas pipelines in Brazil, following the successful experience of other countries.

In this new scenario, transportation continues as the main axis for connecting the different gas providers, with the necessary robustness to create a solid market environment, in which several supply options can transact with different demand links, connected by means of distribution networks - and the more optimized this dynamic is, the faster tariff moderation and price competition for the molecule will be achieved.

In 2020, TAG began internal studies to identify new expansion opportunities, which may occur either to the existing infrastructure (for instance in gas compression), or through new pipelines, as well as entry or exit points of the transportation system. In this sense, two Public Call processes are planned for 2021: the first will be the Incremental call for market mapping (access requirements demanding new investments in the TAG network) and the second will be a Public Call for access to the existing infrastructure, in capacity to be made available due to Petrobras’ reduced flexibility in prevailing gas transport contracts.

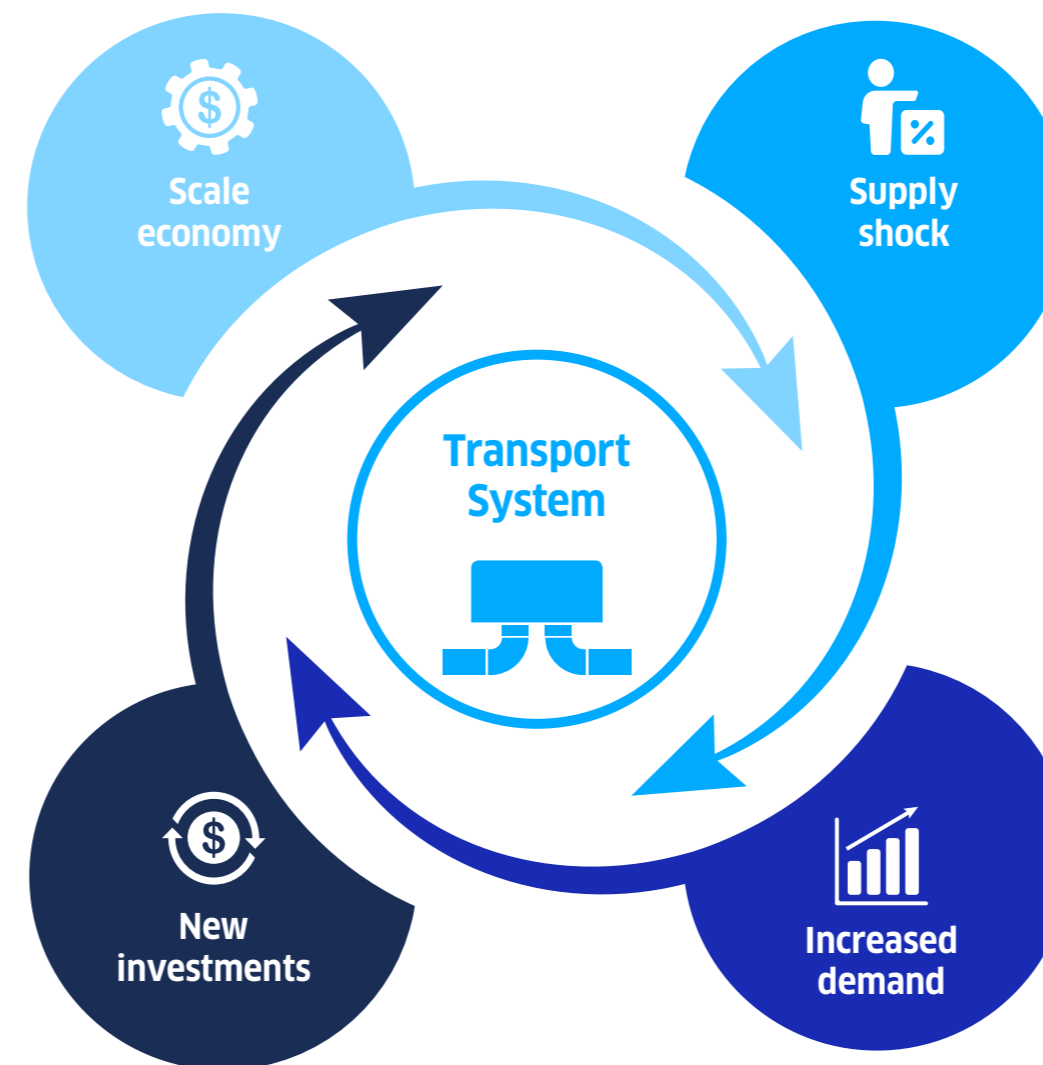


Thus, gas consumers, at the end of the chain, will be able to access offers from new agents connected to the integrated network industry - LNG terminals, onshore/offshore gas, including pre-salt, among others - increasing system liquidity, with the potential to reduce prices and create a virtuous circle throughout the industry.

Throughout 2020, TAG continued talking with stakeholders involved in discussions about improvements to the sector's legislation, such as governmental organizations, industry associations, control bodies and representative entities.

We highlight, in this sense, the Company's effort with other players in its segment, through the Association of Natural Gas Pipeline Transportation Companies (ATGÁS), to create conditions for the construction of an open, dynamic, and competitive market.

### VIRTUOUS CIRCLE OF THE GAS MARKET



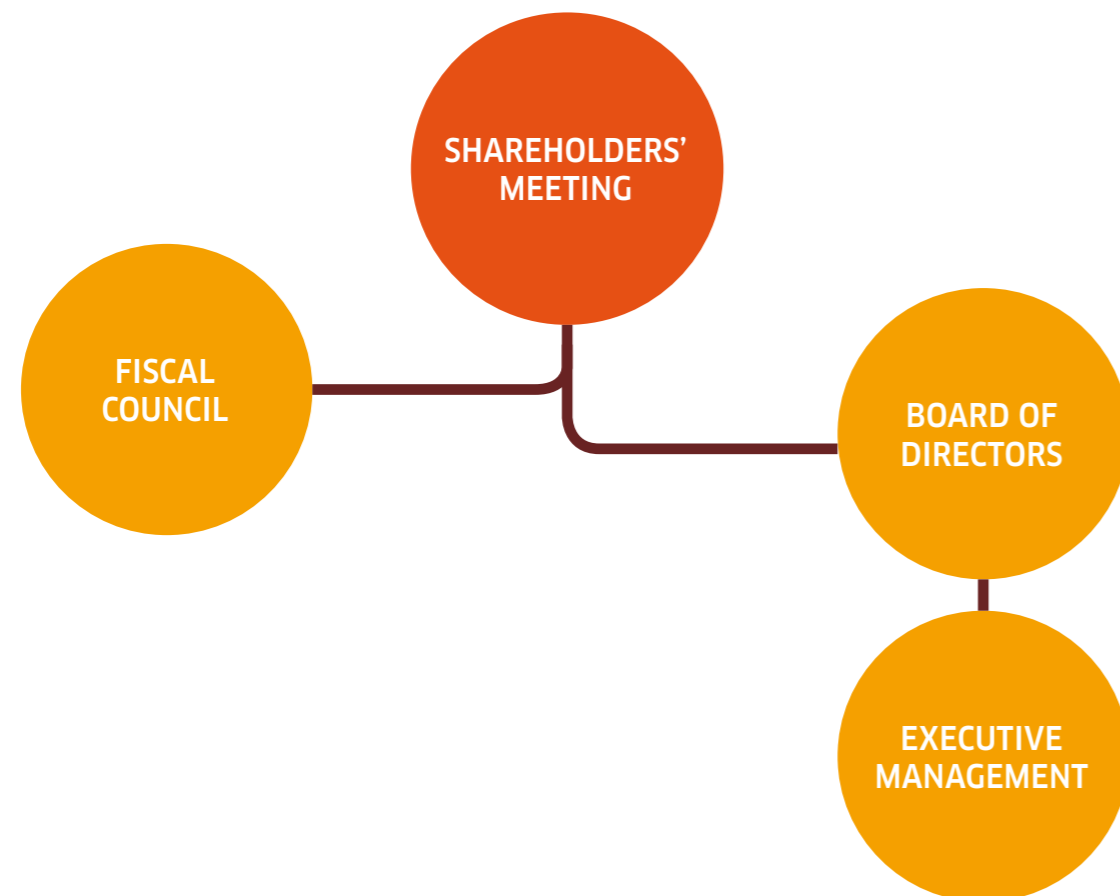
# 2 CORPORATE GOVERNANCE



## MANAGEMENT STRUCTURE

Aligned with the best corporate governance practices, TAG has its management guided by deliberative and executive bodies, acting in an integrated way, as foreseen in Law 6404/76 (Brazilian Corporate Law) and in the Company's Bylaws. Thus, the administrative structure establishes the Shareholder Meeting as the highest decision-making body.

### GOVERNANCE STRUCTURE (12.31.2020)



## Board of Directors

Responsible for defining the business strategy, as well as the policies and guidelines that lead to its execution. The directors also have the attribution of supervising the acts of the Executive Board and evaluating risks and opportunities related to the Company's activities - including, in this analysis, economic, and socio-environmental aspects.

All Board members are elected by the General Assembly for a two-year term - with provision for a maximum of three consecutive re-elections being allowed.

### COMPOSITION (12.31.2020)

Board Members	Election date
Maurício Stolle Bähr (Chairman)	06.13.2019
Eduardo Antônio Gori Sattamini	06.13.2019
Raphael Vicent Philippe Barreau	06.13.2019
Martin Jahan de Lestang	06.13.2019
Alexandre Atallah	03.25.2020
Nathalie Lisa Viens	12.10.2020

## Fiscal Council

Its main attribution is to represent shareholders in the analysis of the Company's financial statements, as well as inspection of the Executive Board's acts and evaluation of risk management and internal control systems. Independent of the Board of Directors, it comprises three members elected by the General Assembly, who may be reelected for a maximum of two consecutive terms.

### COMPOSITION

(12.31.2020)

Members	Paulo Mauricio Mantuano de Lima
	Alexandre Ribeiro Chequer
	Vespasiano Pinto Salerno
Alternate members	Manoel Eduardo Bouzan de Almeida
	Victor Braga Ferrão Galante
	Carla Carvalho de Carvalho

## Directors

Guided by the strategic guidelines set by the Board of Directors, TAG's officers conduct business, guiding employees in the development of actions that contribute for creation of value for the Company, as well as to the correct and ethical relationship with different stakeholders.

The Executive Board is made up of five members, three of whom are statutory (see table below), elected by the Board of Directors for three-year terms, with a maximum of three consecutive reelections allowed. Thus, the directors act in a matrix form, dividing activities and functions according to the objectives and competencies of the departments they lead.

### COMPOSITION

(12.31.2020)

Superintendent-Director (Statutory)	Gustavo Henrique Labanca Novo
Financial Director (Statutory)	Joaquim Jordão Saboia
Operating Director (Statutory)	Eric Denis Marie Courtalon*
Legal and Ethics Director	Felipe de Queiroz Batista
Commercial and Regulatory Director	Ovidio Quintana

\* In consular processing.

## ETHICS AND INTEGRITY

Ethics and integrity are fundamental and non-negotiable values for TAG, expressed in management guidelines and mechanisms throughout Company activities and interactions. Thus, aligned with the determinations of the Anticorruption Law (Law No. 12.846/13) and global compliance references, the Code of Ethics of the ENGIE Group, adopted integrally by TAG, unifies the fundamentals that guide also cooperate as the individual conduct in relation to the theme.

The Company's Ethics Committee - comprising the Legal and Ethics Director and the People & Culture, and Risks & Internal Controls Managers - is responsible for monitoring compliance with policies, procedures and processes regarding prevention of corruption, bribery and any ethical deviations. It also acts to clarify stakeholder doubts on the subject and to offer guidance on the applicability of the Company's internal regulations.

In 2020, the Committee was in charge to receive and investigate case reports that contradicted Company values and policies. Such manifestations were received by e-mail or via a dedicated area on the Company's website, due to their confidential nature - thus giving the whistleblower the possibility of anonymity and therefore warranting the confidentiality of the information and identity of any involved parties. To improve this mechanism, the Company structured a migration, as of 2021, to an ethics channel managed by an external, independent company, hired at the end of 2020.

As a complement to the Committee's performance, TAG maintains a dedicated team to divulge ethical values to all collaborators, through a Communication and Training Plan. Focused on awareness, this Plan is defined by the Ethics Committee, undergoing periodic adjustments based on business risks involved. Communications are made by e-mail, posters, publications in the internal social network, training sessions and videos.



Another fundamental platform to raise awareness of the theme are still integration meetings for new employees, where the Code of Ethics and other related guidelines are presented. In 2020, five of these meetings were held, orienting the new professionals who had just recently joined the company. On another front, in alignment with shareholder practices, employees underwent training and updating in ethical precepts, subdivided in four knowledge tracks: (i) Our Group, Our Ethics, (ii) Personal Data Protection and Personal Data Privacy Policy, (iii) Fraud, Corruption and Zero Tolerance, and (iv) Human Rights. A fifth track, on Competition Law, was offered as an option.

### Internal Controls

The Company develops a series of regular practices for prevention, detection, and correction of ethical deviations, in addition to the compliance of its own processes.

In this sense, in 2020, it adopted an Internal Controls Program (INCOME), promoted by ENGIE, based on the principle of self-assessment, which requires updating,

optimization and annual tests, formalized by an Attestation Letter, signed by the Board of Directors.

INCOME operates in addition to processes regarding due diligence, registration, investigation and follow-up of incidents and application of appropriate disciplinary measures. Tag also monitors the receipt and offer of presents, gifts and hospitality; occurrences of conflicts of interest, donations and sponsorships, management of business consultants, use of standard ethics clauses in its contracts and management of internal activity controls.

Ethical issues are reported to Senior Management, allowing to supervise actions and to recommend actions to mitigate risks, including those related to fraud and corruption.

## CORPORATE POLICIES

TAG's values and organizational culture are detailed in its policies and guidelines, formally agreed by the Board of Directors. These documents, together with internal procedures and other support documentation, guide the conduct of business and relationships with stakeholders, reinforcing the controllers' commitment to ethics, compliance, and process integrity.

### FEATURED POLICIES

- ✓ Business consultants policy.
- ✓ Code of conduct for supplier relations.
- ✓ Code of Ethics.
- ✓ Conflict of interest prevention policy.
- ✓ Guidelines for receiving and offering gifts and hospitality.
- ✓ Privacy and data protection policy.
- ✓ Procedure for the treatment of ethical claims.
- ✓ Supplier and subcontractors due diligence procedure.
- ✓ Supply guidelines.
- ✓ Supply policy.

In 2020, TAG policies and procedures underwent a review to adapt them to the General Data Protection Law (GDPL), which came into force in September. Among the actions taken in this regard, the following stand out:

- Preparation and approval, by the Board of Directors, of the Privacy and Data Protection and Information Security Policies;
- Appointment of the Data Protection Manager, a function TAG assigned to the Legal and Ethics Officer.
- Creation of the Information Security and Privacy Committee, comprising the Personal Data Protection Manager (PDPO), representatives of the departments: information Technology and Digitalization; Legal and Ethics; People & Culture; Risks and Internal Controls; and the SCADA Project.
- Elaboration of additives and new models for Employment Contracts, in addition to new standardized contract clauses, including aspects foreseen in the GDPL.
- Sending notices to suppliers about contractual changes.
- Carrying out training on the theme.



In 2020, as part of the structuring activities, the Company continued to deepen its Risk and Opportunity Matrix, reporting the results of the analysis to its shareholders.

## RISK MANAGEMENT

**M**acroeconomic, regulatory, financial, operational, commercial, social, and environmental aspects, as well as those related to information technology and security, are part of TAG's monitoring of risks and opportunities, from which specific action plans are derived, focused on eliminating or mitigating risks and capturing opportunities. Executed by different departments, the plans are monitored by the Executive Board and results are regularly evaluated by the Board of Directors.



# 3 BUSINESS



## TRANSPORTATION CONTRACTS

For being a regulated activity in Brazil's infrastructure sector - which requires intensive capital investment with a natural monopoly characteristic and network industry - the return on investments made in the construction, maintenance, improvement, or expansion of pipelines must be analyzed previously and validated by the regulator and guaranteed contractually, regardless of any fluctuations in demand for gas transportation.

To this end, transportation contracts include a clause called Charge for Unused Capacity (ship-or-pay), by which carriers commit to pay for the contracted transportation capacity, regardless of the transported volume. This methodology is in line with international best practices in the sector, aiming to promote a safe environment for attraction of long-term investments,

while at the same time allowing for feasibility of tariff moderation mechanisms to serve market users. Thus, the revenue from the transport service is composed of the portion of effective molecule shipping and the charge for unused capacity.

In 2020, all TAG contracts in force had Petrobras as their carrier. In the 12 months of that year, the Company operated five transport contracts: GASENE pipeline (divided between the South and North sections); Northeast Network; Pilar-Ipojuca and Urucu-Manaus. The sum of the Daily Contracted Quantities (DCQ) of these contracts corresponds to 73.58 million m<sup>3</sup>/day of natural gas. During the year, the average natural gas volume transported by TAG was 42.2 million m<sup>3</sup>/day of, with a peak of 67 million m<sup>3</sup>/day.



## CURRENT AGREEMENTS - 2020

Contract/ Stretch	Daily Contracted Quantities		Revenue share (%)	Average Daily Transported Volume (MMm <sup>3</sup> /day)	Peak Recorded Daily Volume (MMm <sup>3</sup> /day)	Date of Recorded Maximum	Network	
	MMm <sup>3</sup> /day	%					Km	Maturity
Gasene Sul	20.00	27.2	20.6	7.35	14.46	Oct-14-2020	1.400	nov/2033
Gasene Norte	10.30	14.0	17.2	8.75	15.22	Oct-20-2020		
Malha Nordeste	21.58	29.3	22.3	16.2	23.71	Jan-22-2020	2.000	dec/2025
Pilar-Ipojuca	15.00	20.4	5.8	4.81	7.81	Feb-21-2020	200	nov/2031
Urucu-Manaus	6.70	9.1	33.9	5.09	5.64	Feb-14-2020	800	nov/2030
Lagoa Parda-Vitória	In negotiation						100	
<b>Total</b>	<b>73.58</b>	<b>100</b>	<b>100</b>	<b>42.20</b>	<b>66.84</b>	<b>-</b>	<b>4,500</b>	<b>-</b>

By the end of 2020, four new transportation contracts that will become part of TAG commitments were in the process for analysis and approval by ANP, as follows:

- I. Extraordinary Transportation Service Contract for the Lagoa Parda-Vitória System, for a one-year term;
- II. Interruptible Pipeline Entry Transportation Service Contract, for a one-year term; and
- III. Two Interruptible Pipeline Exit Transportation Service Contracts at two different TAG network points, for a one-year term.

The contracts highlighted in items (ii) and (iii) are quite significant because they refer to agreements with a new agent, other than Petrobras, a representative milestone in the context of the sector's de-verticalization. The initiative results from the joint effort between companies, ANP and other institutions involved in the opening of the gas market in Brazil, to meet agents' demands, strengthening TAG's protagonism in the segment.

During the year, the average natural gas volume transported by TAG was 42.2 million m<sup>3</sup>/day of, with a peak of 67 million m<sup>3</sup>/day.

## TARIFF ESCALATION

Escalation of contract tariffs entered by TAG with Petrobras is bound to a basket of economic indexes. In 2020, approximately 64% of contractual revenues were pegged to annual adjustment by the General Market Price Index (IGP-M), 16% indexed to the National Wider Consumer Price Index (IPCA), and 20% to the US Dollar (USD).

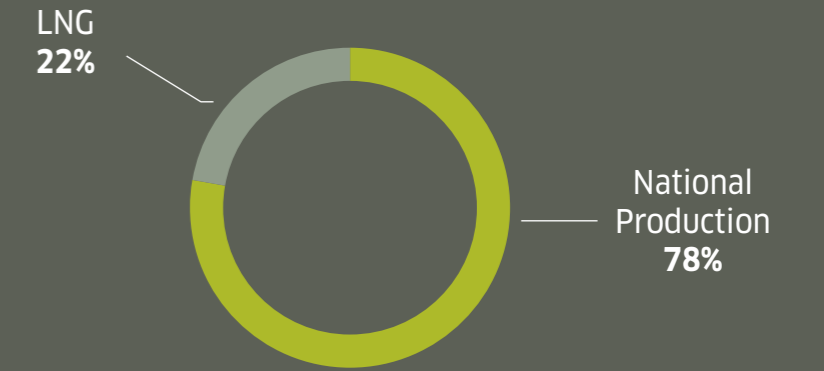


## GAS INJECTION

In 2020, 78% of the total natural gas injected into the TAG grid was produced and processed in Brazil, received at 11 of the 14 entry points destined for the North, Northeast and Southeast regions. The other three entry points correspond to injections into the TAG network from imports (22%), via two Liquefied Natural Gas Terminals (LNG) - one located in Pecém (CE) and one in Bahia.

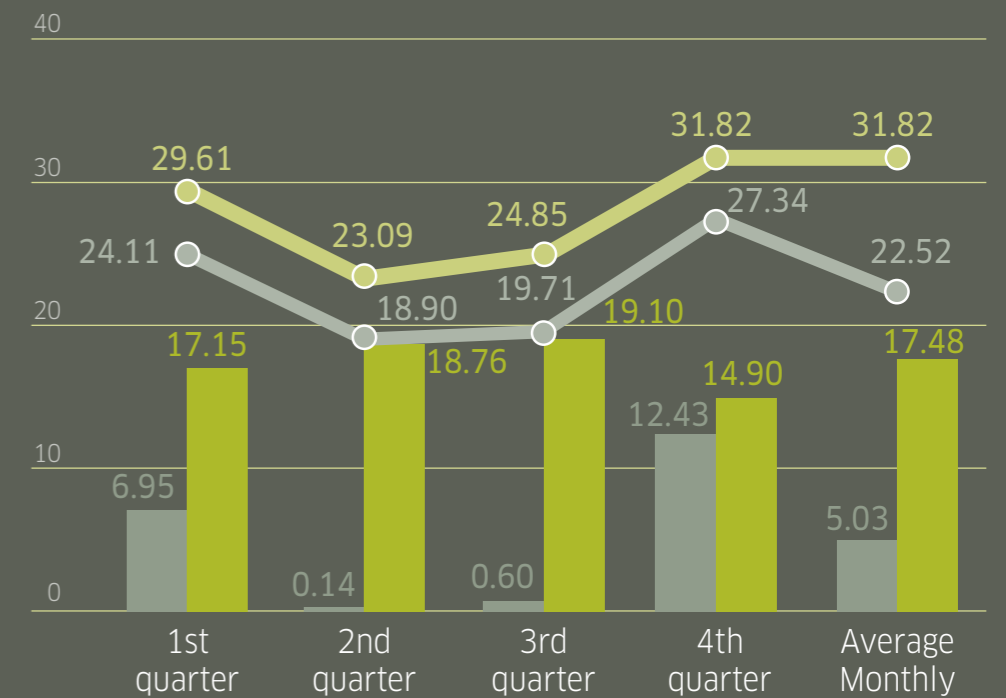


RECEIPT OF NATURAL GAS IN THE TAG NETWORK BY SUPPLY SOURCE - 2020



VOLUME RECEIVED BY SUPPLY SOURCE - QUARTERLY AVERAGE 2020

(millions m<sup>3</sup>/day)



■ LNG      ○ Total Average  
■ National Production      ○ Maximum Recorded

## DELIVERIES TO THE MARKET

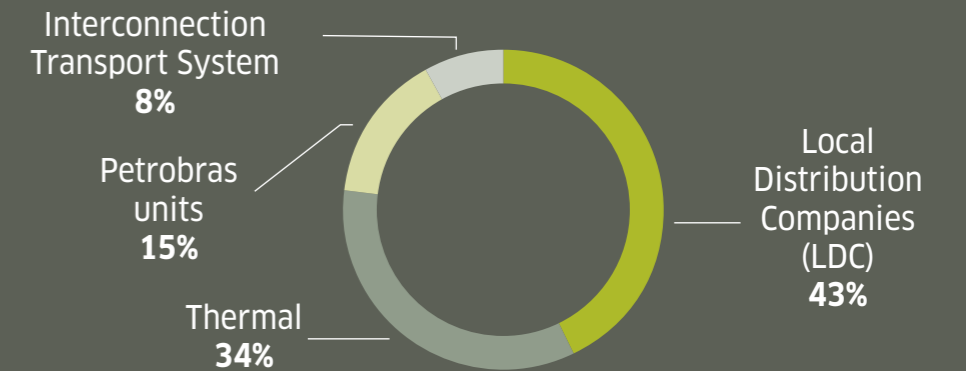
**A** In addition to Petrobras' industrial facilities - refineries, fertilizer, and hydrogen plants, as well as exploration and production units - the gas transported by TAG in 2020 and delivered to its city gates served the thermal segment and local piped gas retailers, in the industrial, commercial, residential, cogeneration, and vehicular sectors.

Throughout the year, Petrobras used the Gasene System bidirectionally to transfer natural gas to the Nova Transportadora do Sudeste S.A. - NTS pipeline system, through the Cabiúnas terminal (TECAB) - with a maximum delivery of 11.90 million m<sup>3</sup>/day, recorded October 14, 2020.

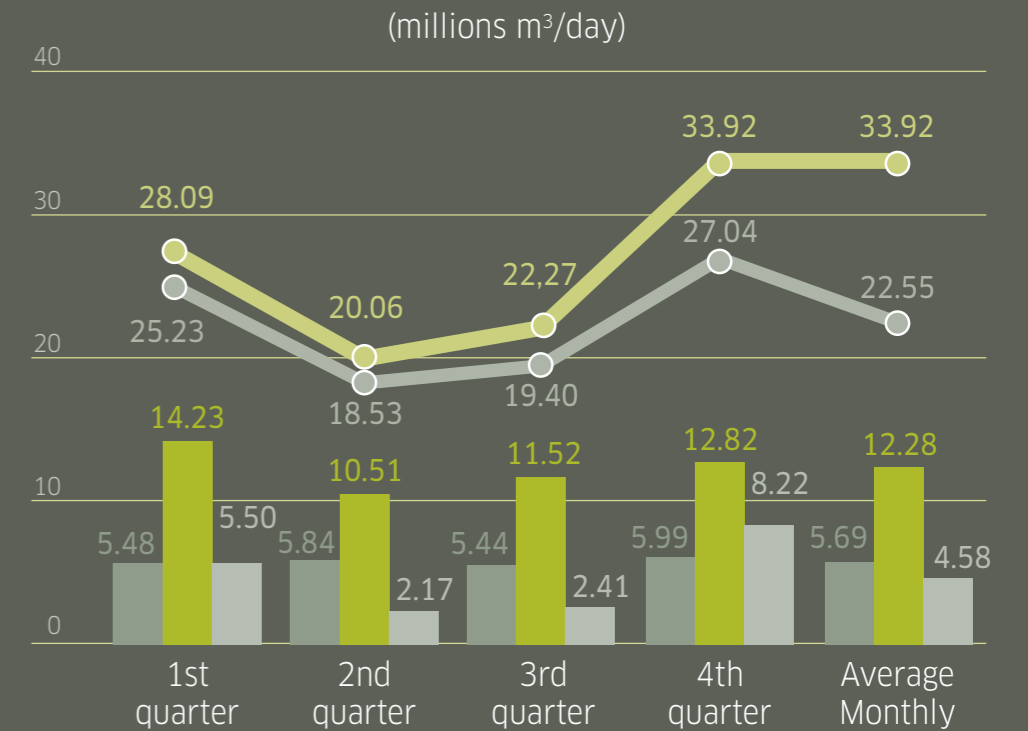
The infographic above shows average deliveries to city gates by region, in each quarter and the whole year, as well as the maximum daily volumes recorded in each period. In 2020, the monthly average reached 22.55 million m<sup>3</sup>/day, with a maximum of 33.92 million m<sup>3</sup>/day.



### NATURAL GAS DELIVERY SEGMENT AVERAGE 2020



### VOLUME DELIVERED BY REGION - QUARTERLY AVERAGE 2020



## Safe Transition

In 2019, when they took control of TAG, the Company's shareholders signed an operation and maintenance service agreement with Petrobras Transporte S.A. (Transpetro), a fully owned Petrobras subsidiary, recognized for its expertise by the natural gas transportation industry. The objective was to ensure that the control transition would not pose any risk to the operation, while maintaining the service level of excellence, reliability, and regularity.

Transpetro provides services comprising the operation of the natural gas transportation network - as well as inspection and maintenance activities of the TAG network to ensure, essentially, operational availability, safety for people and facilities, and integrity of the assets. The operational performance achieved since its acquisition, with a high level of safety and efficiency, attest the success of this partnership. At the same time TAG has the operational and technical support by GRTgaz - a company part of the ENGIE Group which operates a gas transport network of over 32,000 kilometers in France.



## INVESTMENTS

### Executed Projects

Throughout 2020, TAG developed a series of fundamental projects to modernize its natural gas transportation infrastructure, leading a movement with a positive impact on the market, considering the representativeness of the Company's network in the national territory - equivalent to 47% of the country's gas transportation infrastructure. Aligned with the strategic objectives defined for the year, the investments were allocated along two main axes: maintenance and revitalization of the assets, to ensure availability and reliability of the operation, and expansion of the infrastructure to face the perspectives of the opening of the market in the segment.

Although the Covid-19 pandemic impacted some foreseen schedules, mainly due to restrictions in the supply chain, all projects planned for 2020 were started. Among those finished in the year, the highlight was the adaptation of the Cacimbas-Vitória gas pipeline, due to a reclassification of the lease class<sup>1</sup>, entailed by the increase in population density in the areas surrounding stretches of the facilities. Finished two months ahead of schedule, the project required about BRL 36 million in investments, resulting in higher levels of safety for the operation, as well as for neighboring communities.

<sup>1</sup> According to criteria established in the ASME B31.8 Norm, Location Classes along gas pipelines are divided into Classes 1 (rural) to 4 (densely populated) and are based on the number of buildings and homes for human occupation.

Although the pandemic impacted some foreseen schedules, all projects planned for 2020 were started.





A series of other projects were dedicated to assets' maintenance, in different units and country regions. These projects included replacement of critical equipment, parts, and materials, as well as civil works to improve the installed infrastructure, among other activities, to ensure operational efficiency. Among the projects of this nature developed in 2020, a few are worth mentioning, such as the operational rehabilitation of the CAN-CAM 14" gas pipeline after occurrence of a landslide caused by heavy rains; the mechanical protection of GASFOR, the deactivation of the Goiana I Delivery Point (DP) and execution of remaining services at the Goiana II Delivery Point.

By the end of the year, five projects had been fully completed and 16 others were in different progress stages - most of them having surpassed the stages of technical and environmental studies (for licensing purposes), with the effective beginning of field activities scheduled for 2021. Together, they add up to investments of around BRL100 million.

With an estimated investment of BRL 270 million, the implementation of a new gas pipeline, called Gasfor II (Guamaré-Pecém Gas Pipeline), is among the main projects in development, reinforcing the Northeast Region network. The 83.2-kilometer stretch - located between the towns of Horizonte and Caucaia - will be a variant of the current

Gasfor gas pipeline, mitigating risks related to urban and population growth around the asset. The new pipeline is expected to begin operation in 2023.

In 2021, the activities started in 2020 for implementation of the Supervisory and Acquisition of Operational Data System (SCADA) and the Commercial Control and Dispatch System, will also continue. Both will enable remote operation of the assets from TAG's headquarters in Rio de Janeiro (RJ). This initiative meets the strategic objective to gain greater operational control, ensuring the availability and integrity of the network.

The remote operation is in line with the ongoing search for innovative solutions in all company activities, with a strong appeal for process digitalization and adoption of state-of-the-art technological tools in the projects developed.



TAG's Investment Plan for the years 2021-2025 foresees allocating up to BRL1.5 billion.

## Investment Plan

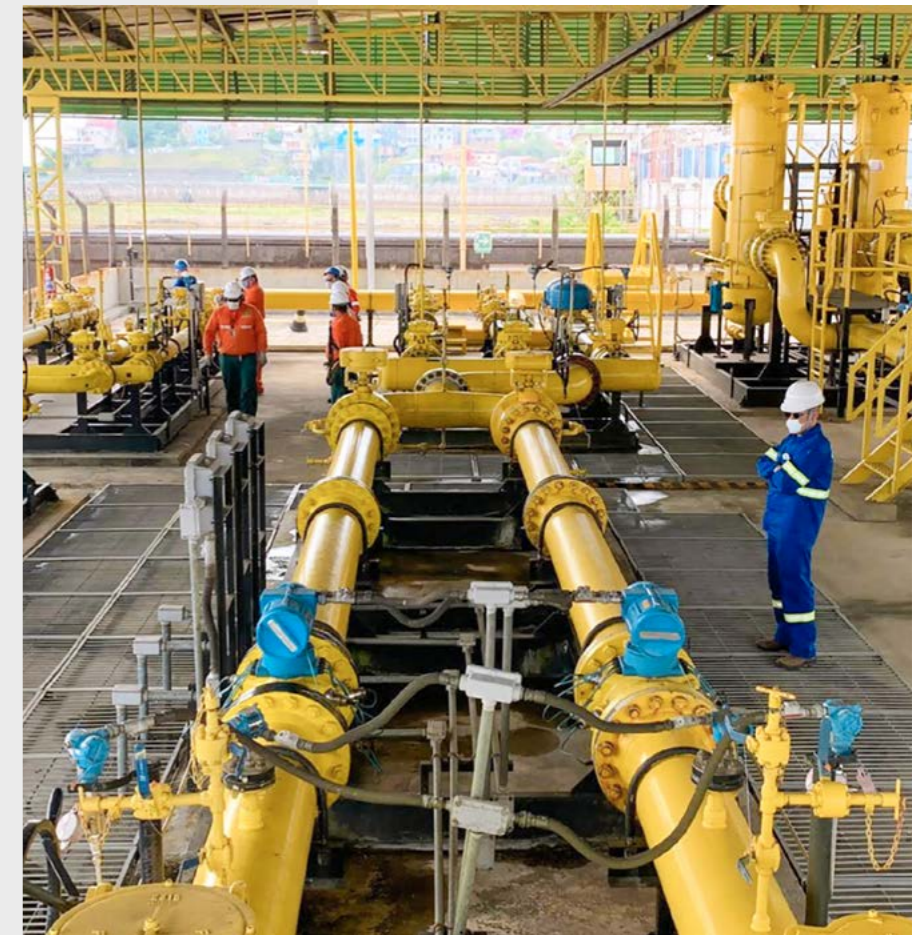
Approved by the Board of Directors in 2020, TAG's Investment Plan for the years 2021-2025 foresees allocating up to BRL1.5 billion to projects to strengthen the Brazilian gas transportation infrastructure. Part of these investments, planned to begin in 2020, is focused on the expansion of gas pipelines and strategic connections to enable entry of new agents, expanding service and competition in the gas transport. In addition, work will be intensified to maintain operational safety and integrity.

Aware of the transformation experienced by the natural gas industry in Brazil - and the prospect of accelerating the market opening with new regulations for the sector - TAG started, in 2020, preliminary studies to map the needs for natural gas transportation. The goal is to identify potential shippers, determine the size of the effective demand for the expansion of the gas pipeline network

and, thus, enable the contracting of incremental transportation capacity.

To be carried out in 2021, the mapping must precede the launch of an Incremental Public Call for Bids, a procedure supervised by ANP to warrant access to all interested in contracting natural gas transportation capacity in entry points or exit zones, whether new or existing. The expectation is that the connection of new agents into the network will leverage the supply shock and market opening process, strengthening the integrated performance of the sector's agents. In addition, it should generate new investments in the industrial and infrastructure segments, generating jobs and income for the population.

Relying on this movement, TAG added BRL 500 million to the BRL 1 billion initially foreseen in its Investment Plan, realizing that the market opening will lead to a new project profile, with major engineering works for the implementation, for instance, of new compression stations, new pipeline branches and new delivery and receipt points, as well as expansion of the existing network.



## Projects in Evidence

TAG's Investment Plan includes strategic projects for the sector, which consider the process of market opening ongoing in the Country and prospective investments that will allow network optimization and expansion.

An example of the relevance of these projects is the connection of the Liquefied Natural Gas Terminal (LNG) in Sergipe to TAG's transportation network, to extend the service to several business segments along the Brazilian integrated system - currently, the terminal operates exclusively in the supply to a thermoelectric plant. This is a strategic investment for the Company, as well as for the market, since gas is available at the coast, but without being connected to the integrated system. The project aims to connect this terminal as well as a future connection

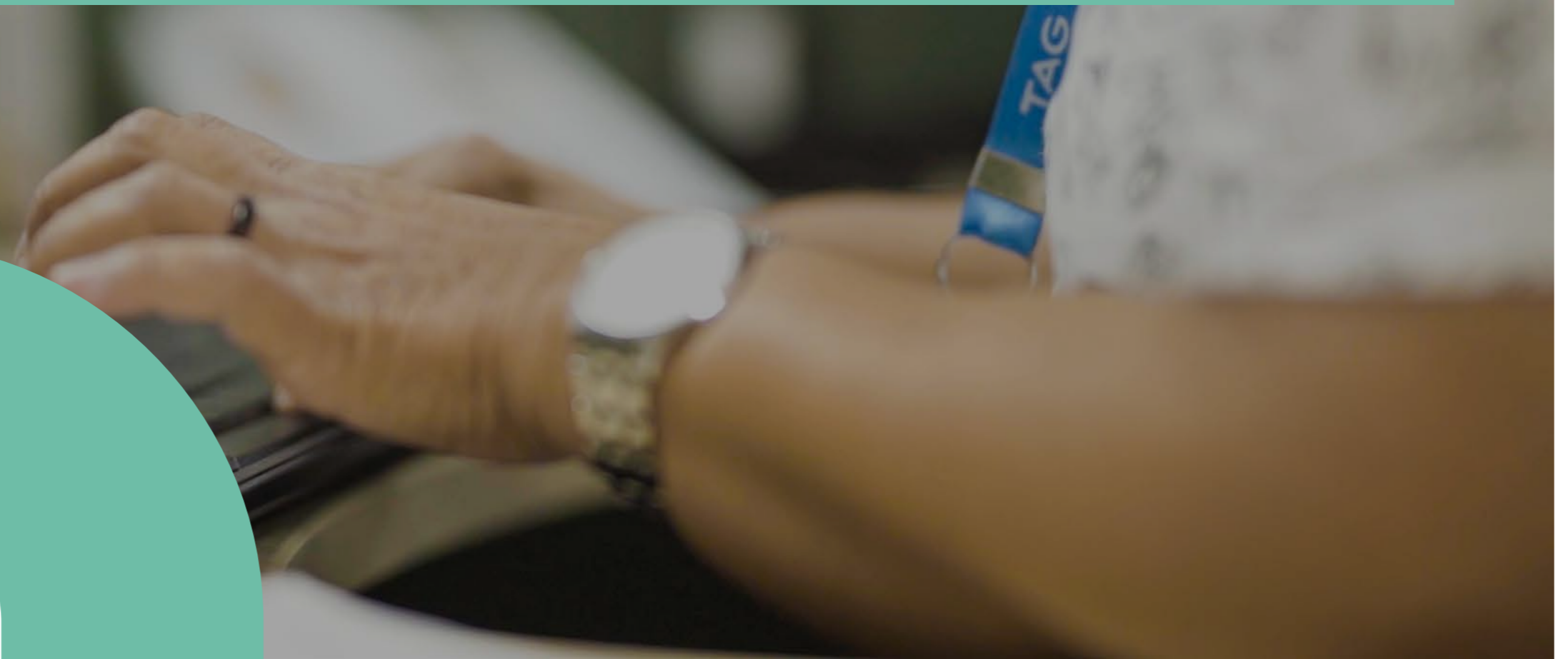
to the Sergipe-Alagoas Basin, whose offshore reserves represent a great economic potential in the Northeast Region of Brazil.

Another highlight is the implementation of a new Delivery Point to serve Bahiagás, two be interconnected to the GASCAC Gas Pipeline, in the city of Itagibá (BA), to filter, heat, regulate gas pressure, measure and limit gas flow to be supplied to the Local Distribution Company. With this investment, TAG will enable servicing new customers.

To receive new agents' requirements, TAG is preparing to launch in 2021 its first mapping process regarding gas demands, searching for projects that require additional investments to be served.



# 4 ECONOMIC-FINANCIAL PERFORMANCE



The consistency of the financial results achieved in 2020 attests the resilience of the Company's business model, which combines strategic assets for the Brazilian energy matrix, operational excellence, long-term contracts, protection against inflation and exchange rate fluctuations, among other relevant aspects. Due to its appropriate capital structure, TAG's solid performance positions the Company positively in relation to the Investment Plan to be executed in coming years.

Also noteworthy in the economic-financial performance of 2020 was the contracting of swap operations to fix the interest rate of the debt in Brazilian Reals (CDI), demonstrating the Company's management diligence in mitigating market risks - taking advantage of the favorable moment for such an operation, when the basic interest rate in Brazil reached the lowest level in its history. Another milestone of the year was the solid distribution of dividends to shareholders, in the amount of BRL 2.2 billion, ensuring the fulfillment of one of the main TAG strategic objectives.

## NET REVENUE

In 2020, TAG reported net revenues of BRL 6.0 billion, 16% higher than in the foregoing fiscal year (2019). This result revenue raise was caused by tariff adjustment of the contracts, impacted mainly by inflation indexes (IGP-M and IPCA), and by the exchange rate variation (with appreciation of the US dollar). These adjustments are defined in each GTA and are applied annually, automatically.

### CONTRACT AND TARIFF ESCALATION - 2020

Contract/Stretch	Revenue Share (%)	Annual Escalation Indices
Gasene Sul	20.63	48% IGP-M and 52% US Dollars
Gasene Norte	17.26	48% IGP-M and 52% US Dollars
Malha Nordeste	22.35	100% IGP-M
Pilar-Ipojuca	5.85	100% IGP-M
Urucu-Manaus	33.91	50% IGP-M and 50% IPCA
<b>Total</b>	<b>100.00</b>	<b>Escalation indices basket: 64% IGP-M</b> • 20% US Dollars • 16% IPCA

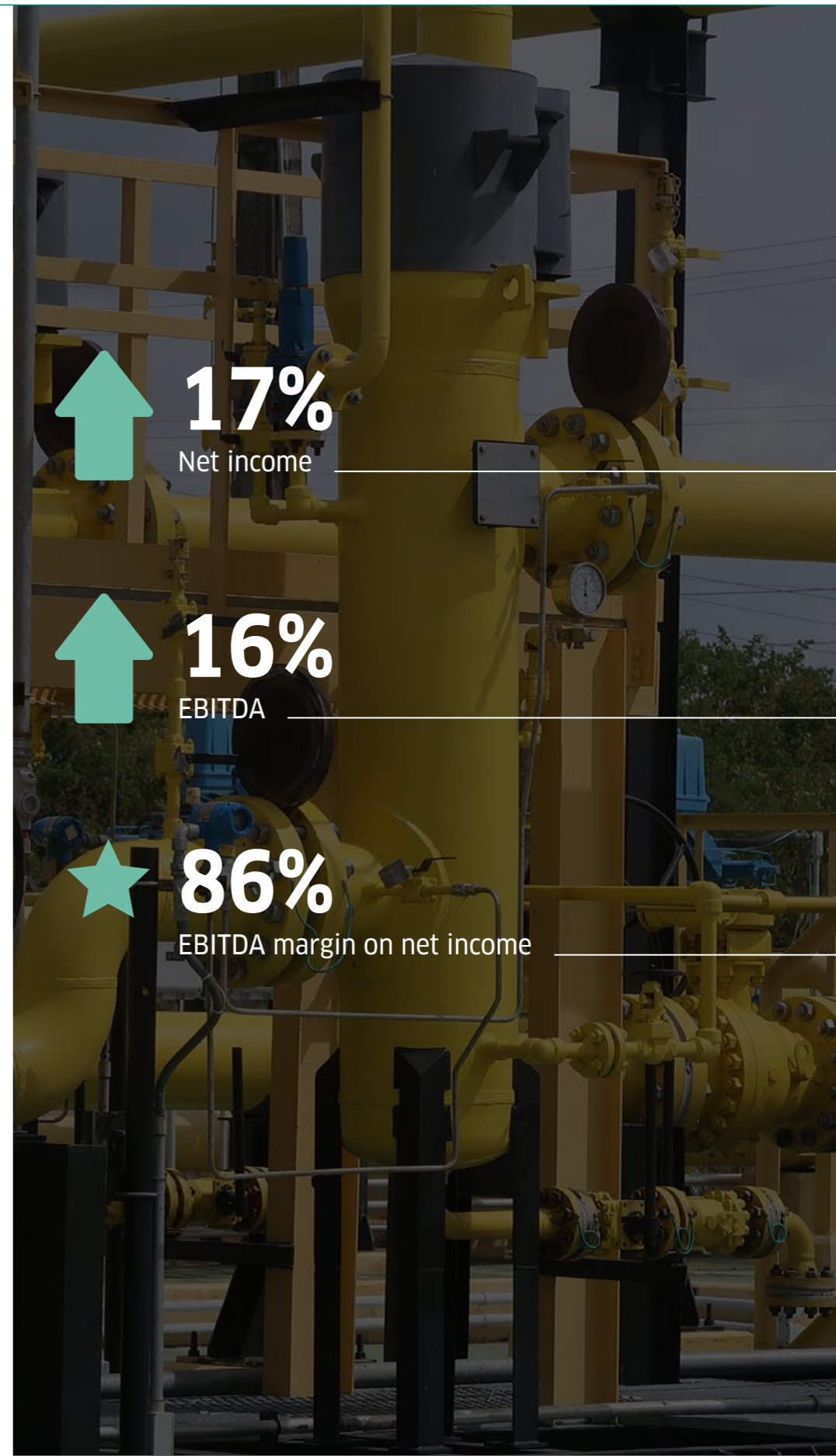
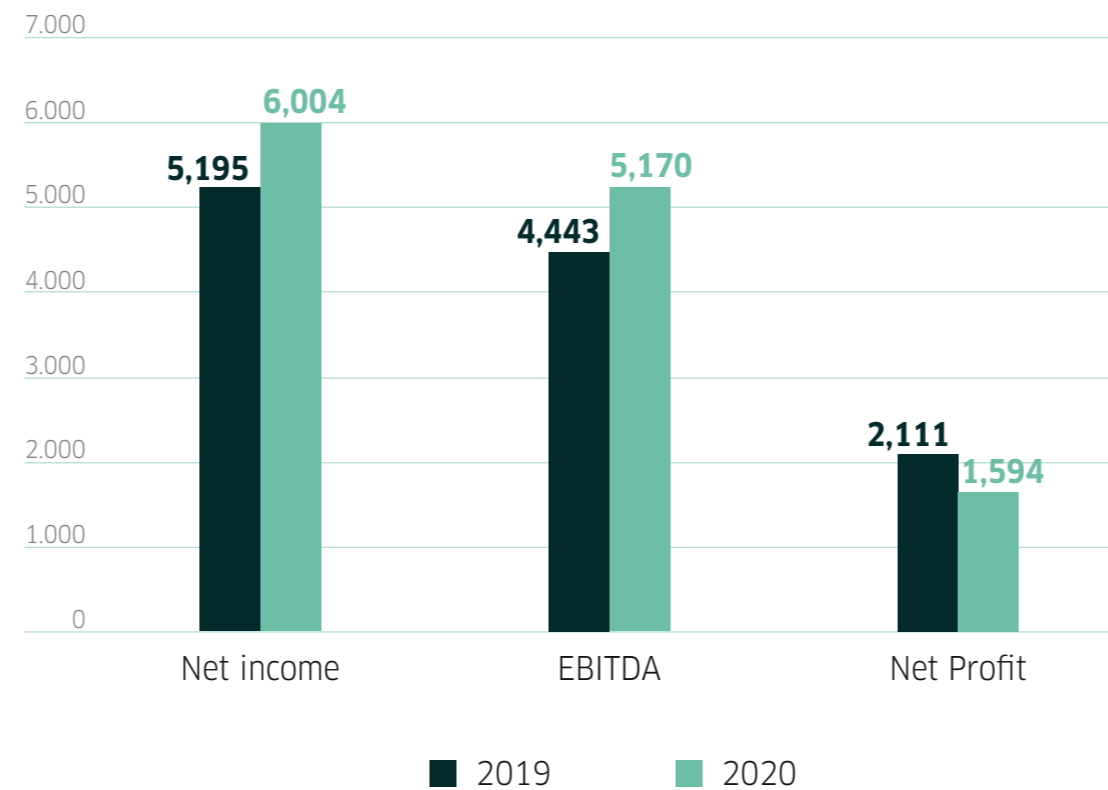
## EBITDA AND NET PROFIT

**E**BITDA reached BRL 5.2 billion, corresponding to an 86% margin on Net Revenue; a 17% increase compared to 2019. Net income, meanwhile, was BRL1.6 billion, down 24% from the previous year, due to two main factors:

- I. accounting impact of increased depreciation of permanent assets due to the addition of depreciable assets (“Mais Valia”); and
- II. increased financial expenses related to the financing structure for acquisition of the Company and incorporated into TAG after the reverse merger.

It is worth noting that both depreciation and financial expenses impacted the 2019 result only after beginning of the second half year, resulting in the reduction of Net Profit in the year-to-year comparison.

**FINANCIAL HIGHLIGHTS 2020**  
(in million BRL)



↑ **17%**  
Net income

↑ **16%**  
EBITDA

★ **86%**  
EBITDA margin on net income

## COST OF SERVICES RENDERED AND ADMINISTRATIVE EXPENSES

Operating costs and expenses, excluding depreciation and amortization, totaled BRL 837 million, an increase of 5% compared to 2019, as result of contractual adjustments for inflation and additional hiring to form the TAG's team, required for execution of the Business Plan and Company structuring.

## FINANCIAL RESULT

With the reverse merger of Aliança in September 2019, the debt issued for the TAG acquisition became part of the Company's liabilities. It should be noted that the impact of financial expenses from financing in 2020 lasted 12 months, compared to only four months in the foregoing year (2019). Thus, the financial result in 2020 was negative by BRL1.5 billion, compared to the negative amount of BRL 659 million in 2019.

The Company contracted swap operations with the objective of fixing the interest rate for 100% of the debt in USD (Libor rate) and for 50% of the debt in BRL (CDI rate) for the year 2021 and 25% for 2022, thus reducing exposure to the risk of interest rate variation. The derivative financial instrument (swap) is classified at "Fair value through other comprehensive income", as the cash flow hedge of its debt in foreign currency.

## INCOME TAXES

The Corporate Income Tax expenses (IRPJ) and Social Contribution on Net Profit (CSLL) calculated on the profit in 2020 showed a reduction of BRL 132 million (19%), mainly due to the lower taxable income base, as result of the increase in depreciation, amortization, and financial expenses.

## DEBT STRUCTURE

**T**AG finished the year 2020 with a gross debt of BRL 24.6 billion, with debentures and working capital lines issued on the domestic market and financing on the foreign market, as detailed below:

- **Debentures:** BRL 14.0 billion, financed by the following banks: Itaú, Bradesco and Banco do Brasil, remunerated by the Interbank Deposit Certificate (CDI) plus 1.80% p.a., with semi-annual amortizations and maturity in June 2026. The balance on December 31, 2020 was BRL 12.4 billion.

For mitigation of the interest rate variation risk, TAG contracted a swap operation to fix the interest regarding half of the debt value in 2021 and 25% of the value in 2022.

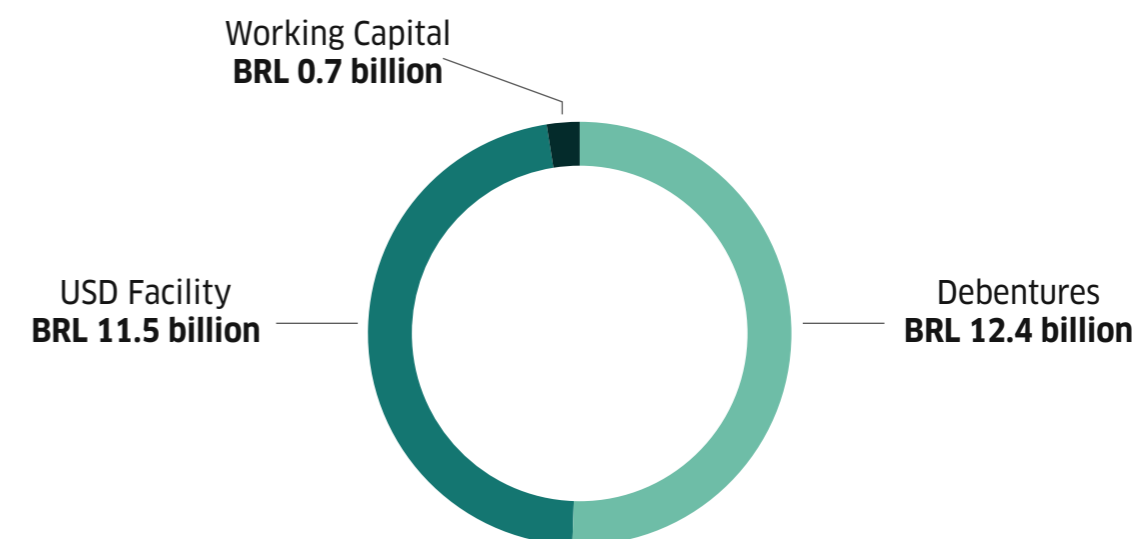
- **USD Facility:** USD 2.45 billion, financed by a pool of 13 international financial institutions, at the cost of the Libor rate plus an initial spread of 2.3% (ending in 3.6%), with semi-annual amortizations and maturity in June 2027. The balance on December 31, 2020 was BRL 11.5 billion.

The two risk variables of this debt (foreign exchange and interest rate) are hedged by the Company. TAG contracted a hedge operation to fix the Libor rate during the term of the debt. In addition, this financing on the foreign market was sized so that the oscillation in foreign currency on the debt varies according to the billing, also in US dollars, of a portion of the GTA Gasene contract. This guarantees symmetry between the revenue and the debt service, eliminating the exchange rate variation risk.

- **Working Capital Lines:** TAG has four lines to finance its working capital, contracted with the banks Itaú and Bradesco, remunerated by the CDI plus an average spread of 2.04%. The balance on December 31, 2020 was BRL 657 million.

### DEBT DISTRIBUTION

(12.31.2020)





# 5 SOCIO-ENVIRONMENTAL MANAGEMENT



## EMPLOYEES

In parallel with intense recruitment and selection efforts, focused on the composition of a diverse and highly qualified team, TAG developed, in 2020, a series of initiatives dedicated to strengthening its organizational culture. Fundamental for consolidation of the Company's structure, employees are at the center of the corporate strategy and the foundation for the achievement of the defined objectives - in the financial, operational, governance, environmental and social areas.

Challenging by nature, given TAG's context in its new phase, after acquisition by ENGIE and CDPQ in 2019 - the organizational restructuring under the new management became even more complex in face of the constraints arising from the Covid-19 pandemic. Tag's primary objective was to preserve the health and safety of its employees, adopting preventive and protective measures, such as adoption of telecommuting to perform activities remotely, and to ensure the continuity of the operation, given that natural gas is an essential input for Brazilian society. Thus, TAG quickly adapted processes, systems, and work formats, as well as its projects and programs dedicated to management of people.

In this new scenario, the alignment with business guidelines was anchored in different integration and communication platforms, which involved events, training, internal campaigns, and opportunities to exchange experiences. In addition, TAG continued to invest in the development of its leaders, to ensure they act as multipliers of ethical conduct and align with the Company's strategic objectives, building a work environment guided by commitment, collaboration, integrity, and respect.

During the year, fundamental pillars of the construction of the new organizational identity gave way to the process of elaboration and dissemination of the Mission and Vision, defined in 2020 (see page 6), with direct involvement of the leadership and all employees, through virtual collaborative meetings. Once established, these guidelines strengthen the organizational culture and reflect the goals shared by the TAG team.

Still in 2020, TAG conducted its first Engagement Survey, reaching a participation rate of 96% of employees, which also revealed, among other positive results, that **92% of employees would indicate TAG as a good place to work.**



Image recorded in an event prior to the Covid-19 pandemic.



## Personnel Expansion

In 2020, TAG continued to recruit employees, aiming to set up a multidisciplinary team with new experiences that contribute for the development by a diversified staff. Thus, recruitment and selection processes were intensified throughout the year, resulting in the addition of 71 new employees as existent in 2019. In a context of restrictions due to the Covid-19 pandemic, it was a learning and adaptation process, both for the People & Culture department as for managers, requiring the intense use of available technological resources to make the experience positive for applicants, despite in a virtual environment.

During the year, TAG also launched its first Intern Program, aimed at training and qualifying young talents in several areas of the Company. The initiative included monitoring the development of each participant, during his or her learning period.



By the end of 2020, TAG's staff reached the mark of 113 own professionals, 29 service providers (outsourced) and five interns.

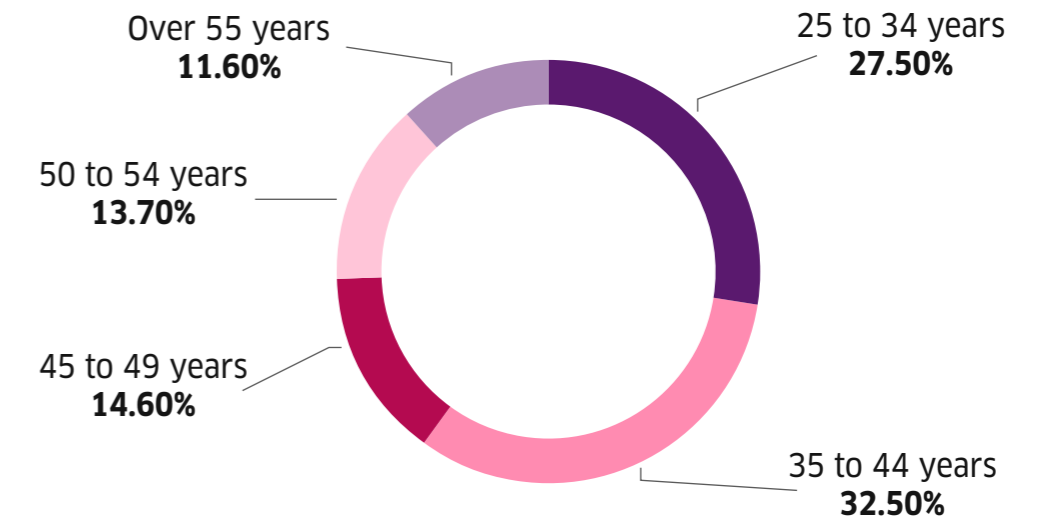
### Diversity and Inclusion

Aligned with shareholders' guidelines, TAG believes that diversity in the workplace contributes to the productivity of the work teams, speeds up decision making, improves risk management and accelerates innovation. Therefore, its people management policies are focused on an increasingly inclusive culture, which allows for equal opportunities, regardless of gender, age, ethnicity, beliefs, among other aspects.

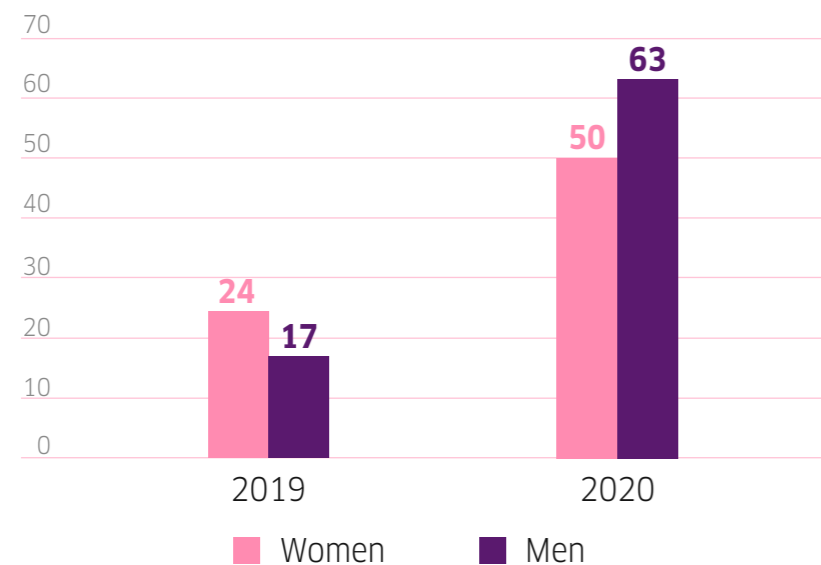
In relation to gender equality, TAG remains committed to advancing the inclusion of more women in operational and leadership positions. By 2020, women will represent

44% of the total number of employees occupying 31.5% of the leadership positions (Management and Directors). To progress in this direction, TAG seeks to ensure the inclusion of at least one woman among the finalists of the selection processes it carries out. Added to this initiative is the effort to search for women with expertise in the Oil and Gas market (in technical careers); the offer of benefits that reconcile professional and personal life; training to ensure a healthy environment of inclusion and self-knowledge and promotion of the advancement of diversity within the organization.

### EMPLOYEES, BY AGE GROUP

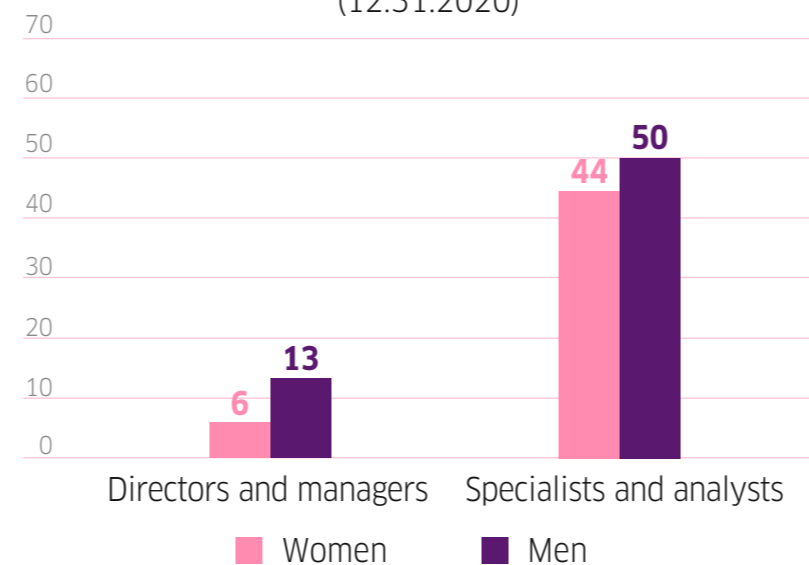


### EVOLUTION OF GENDER EQUALITY

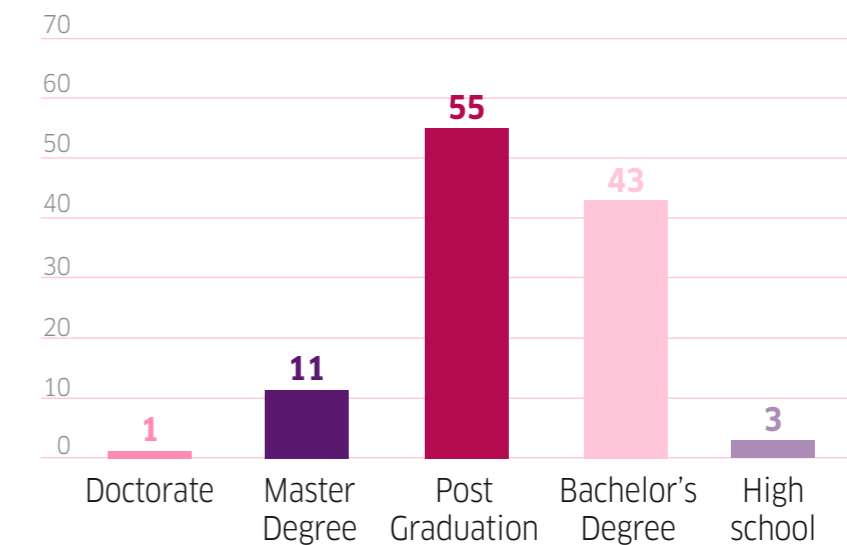


### EMPLOYEES, BY GENDER AND FUNCTIONAL CATEGORY

(12.31.2020)



### EMPLOYEE EDUCATION - 2020



## Training and Development

For TAG, the ongoing development of its professionals' competencies is an essential practice for business sustainability. Therefore, the Company encourages employees to seek knowledge, offering training programs that contribute to strengthen the corporate culture, improving performance in the execution of activities and evolution of individual performance.

In 2020, 1,895 hours were dedicated to training, many of them carried out through online platforms, enabling greater participation of the workforce in technical, behavioral and leadership training.

Aligned with the global initiatives of its shareholder ENGIE, TAG provides its employees with access to the ENGIE University, a corporate university that centralizes an extensive range of educational and development programs. Among them is the U.Camp, a physical structure temporarily installed in one of the 70 countries where the company does business, to reaffirm the group's commitments and

challenges in the context of energy transition and integrate different areas and structures, in the strive for synergies and exchange of experiences. In addition, TAG professionals can also access U.learn, a digital learning platform with over 3 thousand courses in the most diverse areas of knowledge available for access by any employee of the Group. The content deals with personal skills development (leadership, entrepreneurship, career management), technical (interviews, project management) and behavioral (ethics, diversity management, organizational culture).

Among the initiatives carried out by TAG in 2020, a novelty was the setup of a collaborative space to ensure knowledge sharing for the internal public, called "Sharing Hour". In this space, professionals from the Company's own technical departments and with extensive experience, share their knowledge with all employees, becoming a unique opportunity to learn more about ongoing projects in the Company and new technologies implemented in the field.



## Payment and Benefits

To remain competitive on the world market, TAG seeks to offer fair payment for its employees, which is attractive and compatible with the business, based on salary practices of both the regions and the segment in which it operates. Besides, it also offers an additional benefits package, to provide more security and comfort to employees and their families.

The benefits program includes a complementary pension plan (with 100% co-participation by the Company), health plan extensive to family members; daycare assistance; gym assistance; food/meal assistance (including during vacation periods); transportation; quality of life programs;

language policy for the performance of the function and an ongoing education program, arising from the evaluation of competencies and needs of the position. In 2020, due to the pandemic, a new telemedicine service and an employee assistance program were implemented, offering flexibility and service options for employees and their families, aiming at maintaining physical and mental health.

Outsourced workers also have a permanent benefits program, consisting of food vouchers and health plans, with their costs included in contracts with service providers.

**In 2020, due to the pandemic, a new telemedicine service and an employee assistance program were implemented.**



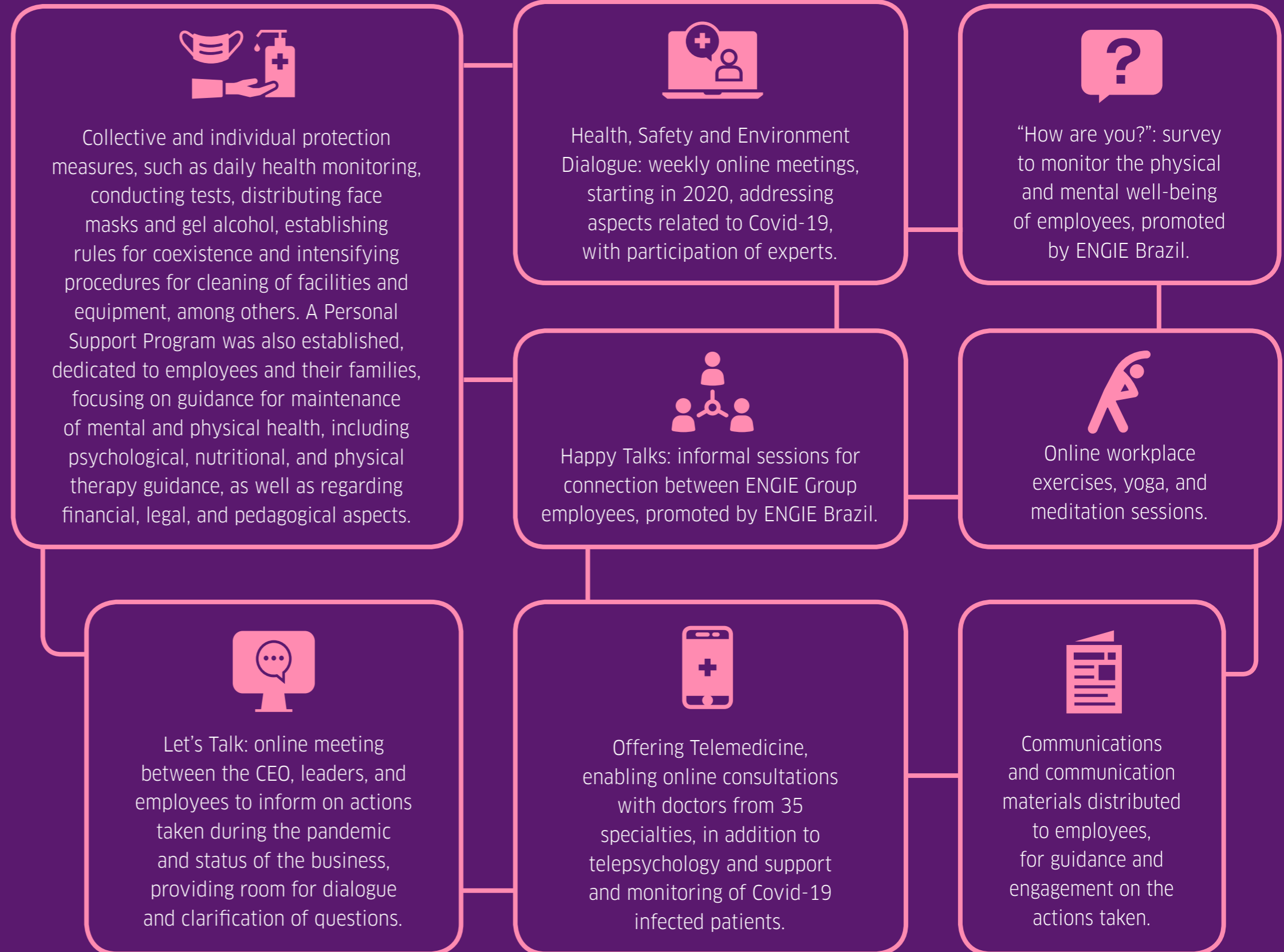
Images recorded in an event prior to the Covid-19 pandemic.



## Health and Safety at Work

In view of the health crisis caused by Covid-19, TAG revealed agility, adaptability, and resilience. As soon as the pandemic was declared by the World Health Organization (WHO), on March 11, 2020, the Company developed and implemented its Contingency Plan, following recommendations of national and international authorities. This Plan included several measures to monitor the evolution of the virus and preserve the health and safety of employees and partners, ensuring the continuity of operations - considering the essentiality of the service provided to the society.

Therefore, TAG carried out daily follow-ups with the companies in charge of operational activities, to monitor the health conditions of the teams and ensure the effectiveness of the preventive measures taken, aiming to limit the spread of the disease and the potential impacts on the gas transportation service. Among the initiatives developed in this regard, the following stand out:



## Accident control

Alongside with actions to face the pandemic, TAG reinforced its other Occupational Health and Safety activities, foreseen in the Environmental Risk Prevention Program (ERPP) and Occupational Health and Medical Control Program (OHMCP). In addition, by adopting all health protocols, TAG maintained a plan for periodic screening and updating of the Occupational Health Attestation pursuant NR-07. In 2020, the Company's Health, Safety and Environment Policy (HSE) was also prepared, establishing commitments related to the topic, applicable in all its areas and activities.

As a result of this work, during the year 2020 no lost time accident involving our own or outsourced employees was recorded, reflecting the effectiveness of the Company's efforts to ensure the safety of its own team as well as that of suppliers, visitors, customers, and nearby communities to its facilities. With systematic risk management, TAG has been improving its practices, to avoid occurrence of accidents and, at least minimize or mitigate their effects.

As a fundamental part of this process, the suppliers of goods and services are engaged in the Company's safety culture from the moment they are contracted. For each contract, the inherent risks are categorized and HSE guidelines appropriate to the objective and conditions

of the activity are defined and included as contractual attachments for compliance by the contractor. In 2020, TAG carried out over 80 risk analyses from newly entered contracts.

Added to these initiatives are field and communication drills carried out at the TAG facilities to promote proper training in emergency response processes. In 2020, several drills were conducted by contractors, which were adapted in view of the pandemic scenario.

During the year 2020 no lost time accident involving our own or outsourced employees was recorded, reflecting the effectiveness of the Company's efforts to ensure the safety.



Aligned with the global guidelines of its shareholders, the safety culture - incorporates the “No Life at Risk” concept, based on four pillars to prevent occurrence of accidents:

- Rules that Save Lives: 11 fundamental rules that must be respected by everyone everywhere;
- Activity Stopping - STOP: alert, stopping the activity and resuming it only after safety conditions are restored;
- HIPO: incident with high potential of severity, which must be duly informed and resolved;
- Shared Surveillance: everyone vigilant for each other’s safety.

In November 2020, TAG offered specific training for contractor representatives on this concept and its applications, to reinforce the role of each employee in accident prevention and in building a proactive and shared safety culture. In addition, the divulging of other safety management tools was intensified and informed by specialized teams to all construction work fronts.

To support the safety systems, the 1st Internal Commission for Accident Prevention (CIPA) was set up in 2020, composed of 14 employees, seven of whom were appointed by the Company and the other seven

elected by the employees. With monthly meetings, CIPA actively participates in the investigation of accidents and incidents, helping to identify risk factors and thus improve preventive actions.

Among the tools implemented in 2020 stand out the Preventive Safety Visits (PSV), of a managerial nature, dedicated to the dissemination of the OHS culture and risk management. Despite the restrictions imposed by the Covid-19 pandemic, requiring social distancing, 53 PSVs were made, 40 of which carried out by company directors and managers. Due to the health crisis, some of these visits were adapted to the remote model, with conversations organized by operational teams, in the field, and conducted by managers online, through videoconferencing.

During the year, the company also made progress in the implementation of TAG’s GoSafe Management System for Operational Excellence and Process Safety. Applied to the gas transportation by the ENGIE Group, this system complies with the best market practices and requirements established in the prevailing legislation. As a first GoSafe milestone, practices were implemented for management of TAG contractors considering the entire relationship cycle: selection, contracting, mobilization, execution of services and demobilization.



## COMMUNITIES

**A**ware of the social role it plays in its operation regions, TAG seeks to establish with local communities a relationship of partnership and mutual respect, focused on generating and sharing value. To this end, it remains open to dialogue, in an ethical and transparent manner, committed with respect for human rights, citizenship, and diversity.

In 2020, TAG started the mapping and social diagnosis of approximately 400 communities, located in 177 municipalities in its asset influence area. This process aims to identify social and environmental issues experienced by these communities, whether, or not, entailed by Company activities, to collaboratively build solutions that promote local prosperity and strengthen the relationship established between TAG and its stakeholders. The mapping is an addition to the Population Control Monitoring Program, already developed by the company, to monitor the occupation around the right of way of the assets, serving to guide risk analyses.

Throughout the year, faced with the challenges related to the Covid-19 pandemic, the Company supported the communities to face the health crisis and its unfoldings. Solidarity actions were promoted with focus on the most vulnerable social groups, especially those located around TAG assets, including:

- Donation of 2.5 thousand food baskets, 2.5 thousand units of gel alcohol, and 10,000 tissue masks to 18 communities in four municipalities in the Amazon region - Coari, Manacapuru, Iranduba, and Caapiranga. The contribution was made in partnership with SESC - Mesa Brazil, Transpetro, and the Brazilian Navy, fundamental for the distribution logistics of the donated items.
- Donation of 728 food baskets containing food, hygiene, and cleaning products to families in eight communities in Espírito Santo, distributed among six municipalities - Linhares, Serra, Itapemirim, Guarapari, Viana and São Mateus. The food baskets were purchased as part of the Solidarity Campaign promoted by ENGIE with employees from all over Brazil.



In addition, TAG donated BRL 1 million to the Oswaldo Cruz Foundation (Fiocruz), through the United Against Covid-19 program, to support the implementation of a Unit for Support to the Molecular Diagnosis of Covid-19 in the institution, in Bahia. The funds were destined for equipment and materials acquisition needed to expand the capacity to process diagnostic screening for SARS-CoV-2.

**Sensible with the situation in the country, TAG employees also took part in the actions to support vulnerable communities, carried out by the Company jointly with its shareholders, participating in three donation campaigns during the year, in which over BRL 55.8 thousand were collected and forwarded to several communities in Brazil.**



In addition to the actions to fight the pandemic, TAG upheld its corporate social responsibility initiatives, such as improvement of the leisure and educational space of the Areal community, located in the surroundings of the Cacimbas-Vitória gas pipeline, in Espírito Santo (ES). The voluntary action included improvement of a football field, expansion of community living spaces and donation of furniture, as well as school and sport material.

Another important relationship platform is the environmental communication and education program aimed at communities and employees, involving training, drills, meetings, lectures, seminars, and distribution of informative materials, among other activities. In 2020, due to the pandemic, the program was developed based on virtual communication tools, to ensure the health and safety of the participants.



## SUPPLIERS

**T**AG's supply chain involves companies that produce goods and service providers of different sizes and sectors, located in several Country regions. At the time of contracting them, the Company carries out a detailed evaluation process, which involves environmental, labor, legal, administrative, and work safety aspects, among others.

In 2020 this evaluation was strengthened by the implementation of the Supplier Due Diligence Procedure. Thus, all contracts signed include clauses that forbid the use of child, forced or compulsory labor, as well as practices characterizing corruption.

In addition, the company structured the Supplies department, focused on the management of strategic purchasing categories, with pre-defined Performance Indicators (KPI's). Another highlight of the year was the beginning of the Neutral Carbon Project, with targets to reduce Greenhouse Gas emissions (GHG) from products and services acquired from suppliers.

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## OTHER STAKEHOLDERS

**I**n addition to already covered publics in this Report - employees, communities, and suppliers TAG maintains relationships with several other stakeholder groups. Entities that represent the gas sector, universities, government representatives in all spheres, the press, and non-profit organizations, among others, make up the broad map of the company's stakeholders. With all of them, TAG strives to establish an open and productive dialogue, guided by ethics and cooperation.

## ENVIRONMENT

**P**remise of TAG's performance is its commitment to the environment reflected in the ongoing identification of aspects and impacts of its operations on ecosystems, as well as in development of programs and actions aimed at environmental conservation. All company activities are carried out in compliance with the current legislation and with the requirements established in the environmental licenses of its assets, which are periodically renewed.

Thus, both in the implementation of new projects and in interventions in operational assets, the company prepares studies and dedicated programs for evaluation of impacts on communities, fauna, flora, soil, water resources and air. Based on these studies, measures are proposed to eliminate, minimize, or compensate for possible impacts. In 2020, given the need to carry out preventive and corrective maintenance in the TAG network, several consents were requested from environmental agencies, especially those relating to the adaptation of measuring systems at delivery points, as well as communications for replacement of shut-off valves in sections of pipelines located in Bahia.

As a complement to the special actions related to the implementation or intervention projects, TAG develops ongoing environmental programs, meeting the requirements foreseen in the assets' operation licenses, which involve:

- ✔ Inspection and maintenance of pipeline tracks and facilities;
- ✔ Monitoring and control of erosive processes;
- ✔ Waste and effluent management;
- ✔ Monitoring and control of air pollution and noise;
- ✔ Control and monitoring of population growth;
- ✔ Social Communication and Environmental Education;
- ✔ Ecosystem Conservation;
- ✔ Risk Management; and
- ✔ Emergency Response Plan.

In addition to these programs, during 2020, five remote audits were carried out on network assets, relating to the O&M (Operation and Maintenance) Contract and applicable legal requirements. These audits generated compliance reports, identification of opportunities for improvement and risk management needs.

Also in 2020, TAG started an environmental diagnosis of all its forest recovery programs, encompassing an area of more than 400 hectares in the following states: Espírito Santo, Bahia, Ceará, Alagoas, Pernambuco, and Rio de Janeiro. Based on this diagnosis, the Company will design strategies to optimize the environmental gains of the forest recovery areas, seeking to rescue the biodiversity, with a view to the ecological function and long-term sustainability.

Additionally, for ends of biodiversity conservation, TAG installed wildlife crossings in stretches of Mata do Sabão, fragmented after opening of the right-of-way of the Catu-Carmópolis Gas Pipeline, to restore connectivity and allow the traffic by animals that inhabit the region.





# TAG



## Management Report 2020

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