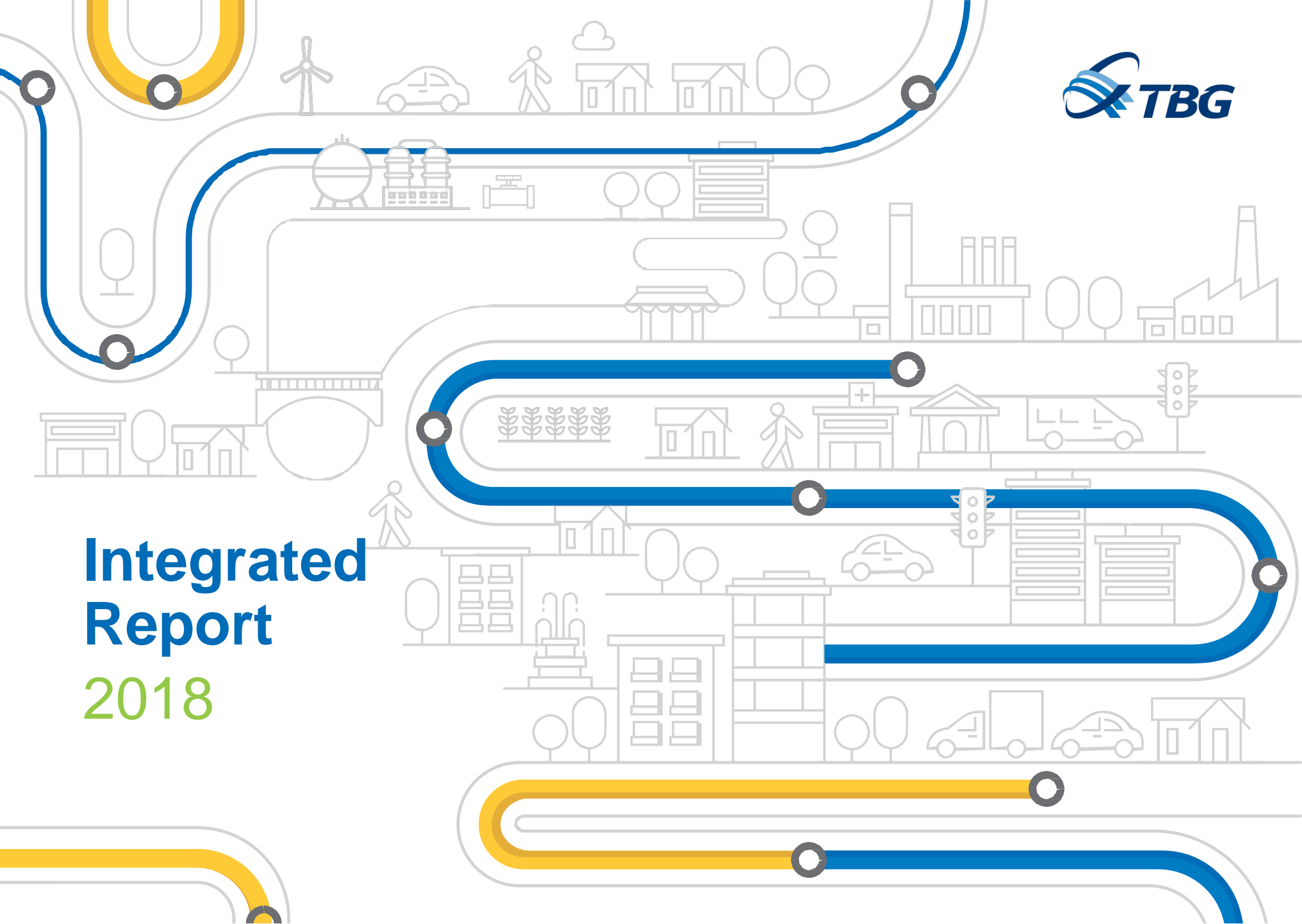


Integrated Report 2018



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Message from the Chairman of the Board of Directors

Good management is part of the company's success. It was a year of organization and preparation for change. The future that once seemed distant is already near us. In 2019, the company will carry out the first Public Call for contracting the transportation capacity available in the Entry and Exit mode. This required adequate change management involving all areas in order to be leaders in the transition and redesign of the Brazilian gas transportation market.

At this moment of recovery of the country and of resumption of investments, natural gas stands out. Its use, besides guaranteeing energy security, allows us to chart the transition path to a less polluting matrix.

The company participated actively in the discussions on the proposed changes in the regulatory framework of the natural gas industry. The enactment of Decree No. 9616, on 12/17/2018, ratified the main propositions made by the company in the Gas for Growth initiative of the Ministry of Mines and Energy and which were considered in the design of the Public Call.

To plan for the future is to act in the present, and in this sense the Board of Directors approved the Business and Management Plan - PNG 2019-2023, which reflects the business objectives of TBG and considers the guidelines defined in the Strategic Planning in force.

The company gained more representation in the sector due to the contributions it has been bringing to the definition

of the new natural gas transport regulation model. In this context, it is also worth mentioning its work with the Gas Transport Association (ATGás), which allowed the organization and alignment of the members of this business segment, in particular regarding the transition to the Entry and Exit Regime and the new role to be assumed by the carriers in the new regulatory scenario that is approaching.

Governance, ethics and compliance are pillars that underpin all TBG's activities. In 2018, our Company implemented the reform of its bylaws, in compliance with the State Law and implemented the Statutory Audit Committee, composed of independent professionals with recognized competence in this activity.

In 2018, debts contracted for the construction of the gas pipeline with shareholders and financing with the European Investment Bank and the Inter-American Development Bank were paid. With the settlement of these debts and financings, TBG ends the year without financial debts.

It is also worth highlighting the reduction of cases of clandestine diversion installation, which imputed to the preventive measures adopted by the Company throughout the year and which has also demonstrated excellent response in emergency situations.

In order to move forward in a sustainable manner, TBG needs, in addition to solid internal foundations, to join forces by mobilizing its stakeholders, market agents, regulators and civil society. The company's commitment is to contribute to value generation.

I take this opportunity to thank the members of management, managers and all employees who have dedicated their efforts to prepare the company for important changes that are to come in the natural gas sector. The actions aimed at developing the natural gas market in Brazil encourage us to dedicate our best efforts on a daily basis.

Rogério Santana da Silva
Acting Chairman of the Board of Directors





Message of the Director Superintendent

We are in an important moment for the future of TBG, considering the transition that the natural gas market is experiencing and the definition of a new business model for the sector.

In this context, the company is reinventing itself. We are pioneers in Brazil and protagonists in the pipeline transportation sector of natural gas. In the Public Call, which will take place in 2019, the transportation capacity will be offered in an isonomic way. The market will be able to hire the available capacity independently, in the Entry and Exit Regime, as is practiced in European countries such as Italy, France and Germany.

In the Public Call process, our main challenge, we conclude deliveries according to the schedule agreed upon with the regulatory agency. The draft of the Final Tender Protocol, the tariff proposal and the contracts related to the Public Call for the provision of transportation capacity were sent to the ANP on November 9, 2018. The company is committed to opening new avenues for natural gas, propitiating the growth of this industry in Brazil.

As the Company's leader, I emphasize that our focus has been the search for better results, thus ensuring the company's sustainability and generating value for shareholders and stakeholders. This involves improving business risk management, developing appropriate performance indicators, and reviewing internal processes.

We ended the year 2018 with excellent economic and financial results, in addition to paying off our debts, we distributed dividends to our shareholders in the total amount of R\$ 542 million. Revenue generated revenues of R\$ 1.5 billion, EBITDA was R\$ 1.2 billion and net income was R\$ 586 million.

We have kept the safety of the workforce as a priority. We have managed to keep our operating reliability and efficiency ratios high.

Therefore, we celebrate the record of 4 years and 282 days without accidents with remoteness. This historic brand, which we continue to expand annually, is the result of a set of preventive actions that involve the entire company, external entities and communities neighboring the pipeline. We maintained our indicators at high levels, without failures of delivery, with 99.5% Reliability of Compression System, with Recordable Accident Rate (TAR - *Taxa de Acidentes Registráveis*) equal to zero. We transport on average 21.42 million m³/day of Bolivian gas and 3.87 million m³ over 149 days of gas processed in the national territory.

I also emphasize the external recognition of TBG regarding the environmental practices of sustainability, nature preservation and socio-environmental responsibility with the receipt of the Certificate of Environmental Highlight, a green seal issued by the *Jornal do Meio Ambiente* de São Paulo.

Precursor in the pipeline transport of large volumes of high pressure natural gas and remote operation, the company, after auditing by certification companies, obtained the

certifications in: Quality Management (ISO 9001: 2015), Environmental Management (ISO 14001:2015), Occupational Health and Safety Management (OHSAS 18001: 2007), Measurement Management (ISO 10012:2004) and Management in Laboratories (ISO/IEC 17025):2017). TBG is the only gas carrier in Brazil to have all these certifications.

I would like to thank the members of the Board of Directors, the Statutory Audit Committee and the Statutory Audit Committee for assisting in the implementation of the company's continuous improvement process.

With great pride and satisfaction I congratulate our entire team of employees for the company's achievements this year. Innovate, renew and reinvent TBG. We are building the future of our business and we will be an integral part of the solution. We are all winners!

Renato de Andrade Costa
President Director



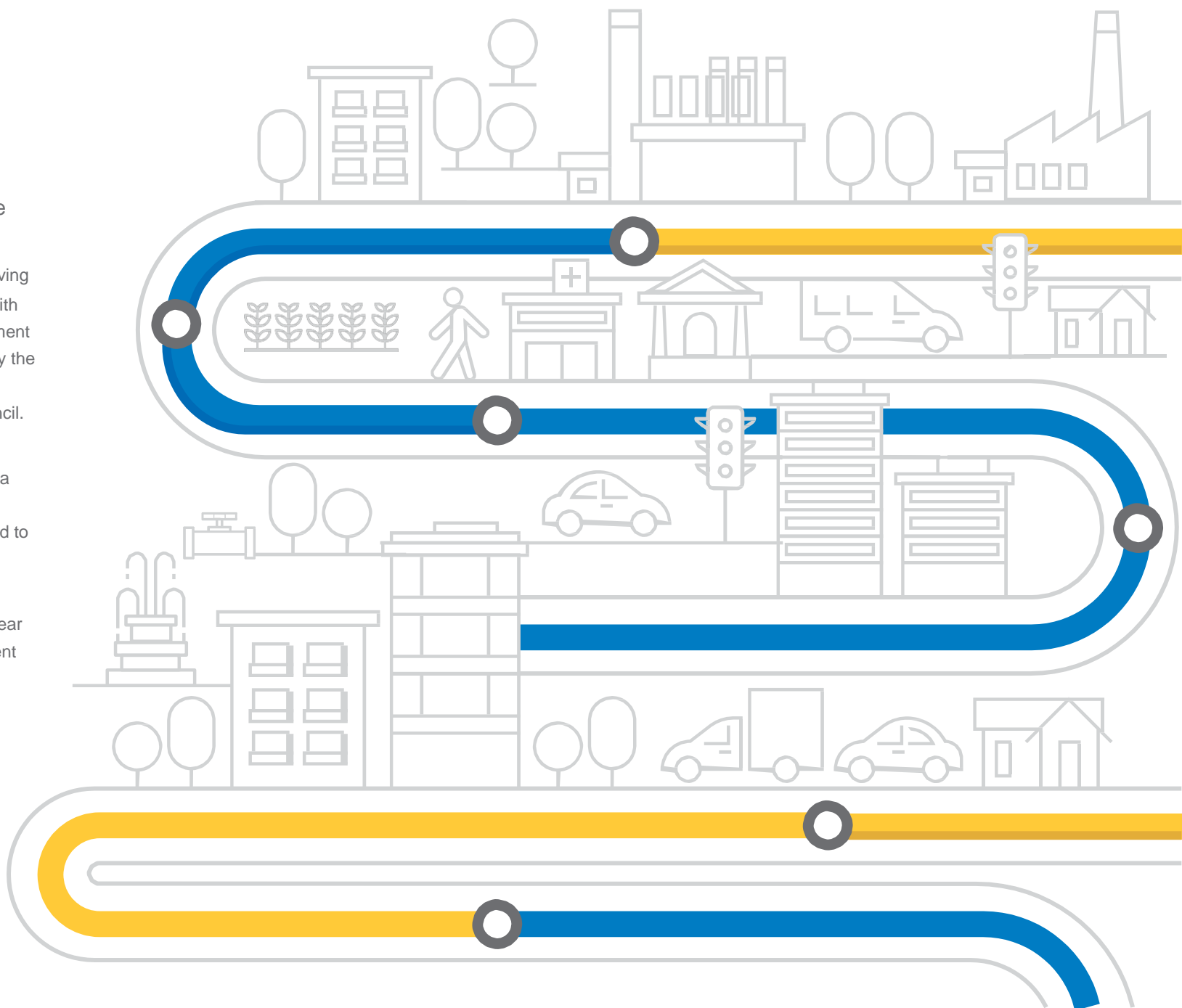


About This Report

The adoption of the Integrated Report became mandatory from Law 13303/16 (State Owned Companies Law). Since 2017, TBG has been improving its annual report ("management report" in accordance with corporate law), aiming at compliance with the "Management Report in the form of an Integrated Report", published by the Federal Audit Office (TCU). has reference in the model proposed by IIRC - International Integrated Report Council.

The purpose of this report is to unify financial and non-financial information in a concise manner, showing how a company's strategy, governance, performance, and prospects, in the context of its external environment, lead to value creation.

The contents of this report were approved by the Senior Management of TBG. The financial statements for the year ended December 31, 2018 were reviewed by independent auditors.





TBG

Who We Are

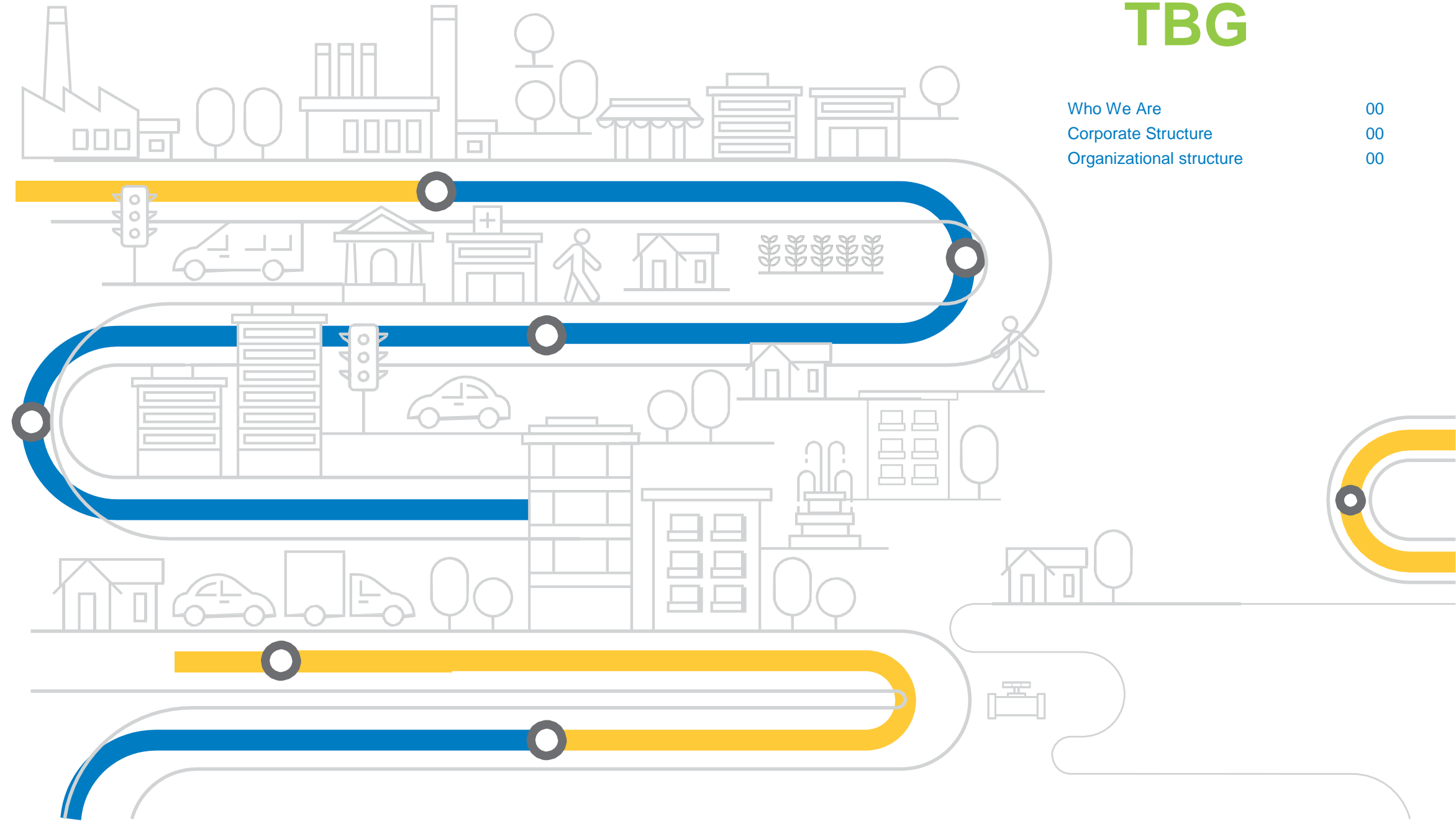
Corporate Structure

Organizational structure

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About Us

TBG has built a history of success, pioneering, excellence and challenges overcome. In more than two decades, since its conception in 1997, the Company has grown following the best practices in the management of its resources. Supported by a highly qualified team, it has been active in transforming the company into a reference in the transportation of natural gas.

Funded by national and international organizations, the construction work of the pipeline required approximately US\$ 2 billion in contributions and generated approximately 25 thousand direct and indirect jobs in the country. The pipeline went into operation in 1999 and is 2,593 kilometers long. It begins in Corumbá in Mato Grosso do Sul, crosses the states of São Paulo, Paraná and Santa Catarina, and ends in Canoas, in Rio Grande do Sul, covering 136 municipalities.

Owned and operated by the Bolivia-Brazil Gas Pipeline, TBG has an installed capacity to transport up to 30.08 million cubic meters of gas per day and, since 2016, it also transports natural gas produced and processed in the national territory.

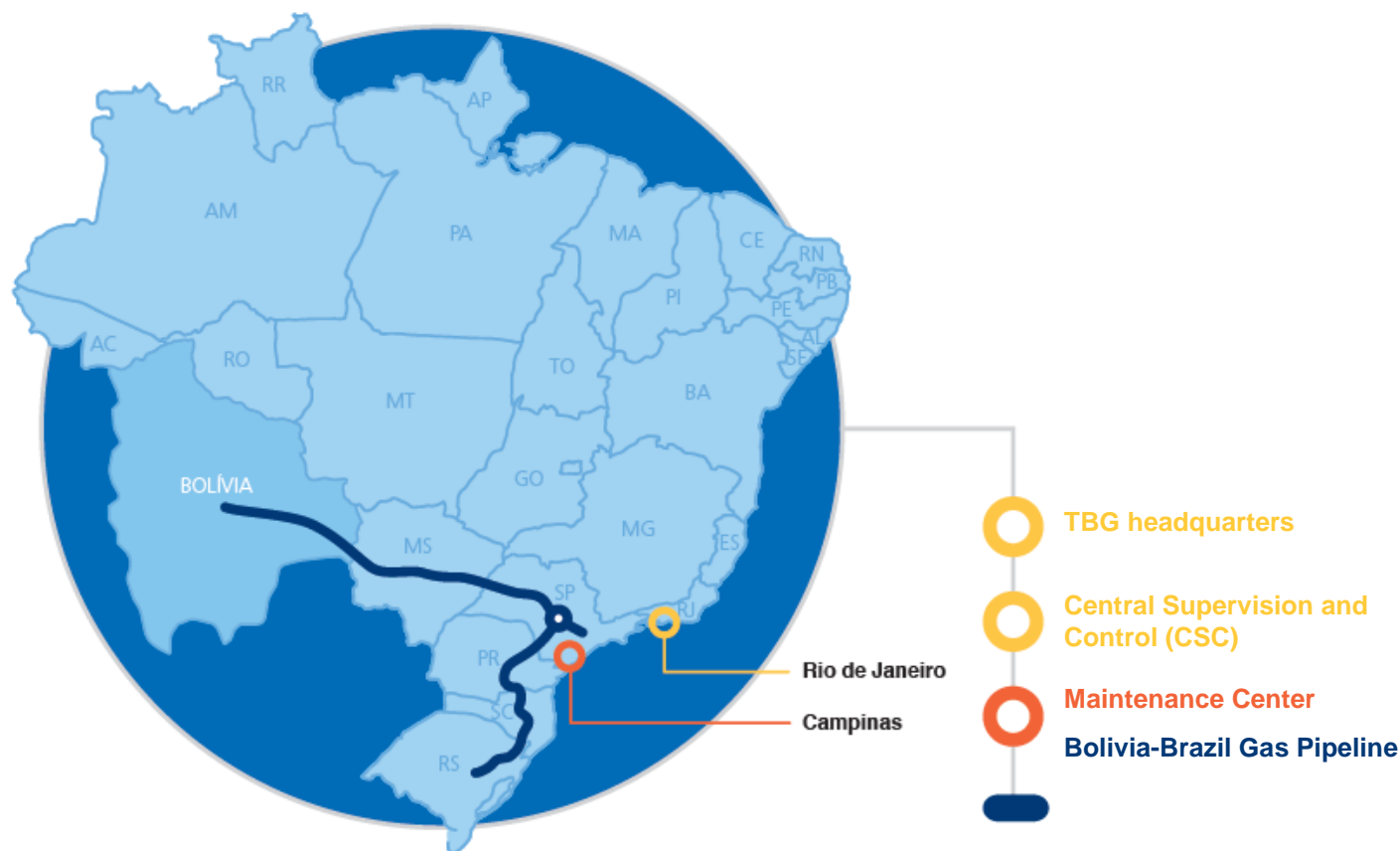
Operate, maintain and deploy transportation pipelines with safety, sustainability, efficiency, agility and operational reliability are the parameters that guide the performance of TBG. We remotely operate 15 Compression Stations, 47 Delivery Points, 3 Measuring Stations, 2 Pressure Reduction Stations, among other surface facilities that ensure the continuous operation of our transportation system.

We have technical teams that perform the inspection and maintenance of the gas pipeline and other facilities. We are on call 24 hours a day, every day, with the action of professionals in the Supervision and Control Center, located in Rio de Janeiro/RJ, controlling the operation of the gas pipeline remotely.

The operational flexibility of our facilities makes it possible to transport both Bolivian gas and processed gas in the national territory, by reversing the flow in the

Gas Pipeline Measurement Station Campinas-Rio (Emed Gascar), in Paulínia/SP. Thus, we are able to diversify the origin of the gas transported in our network.

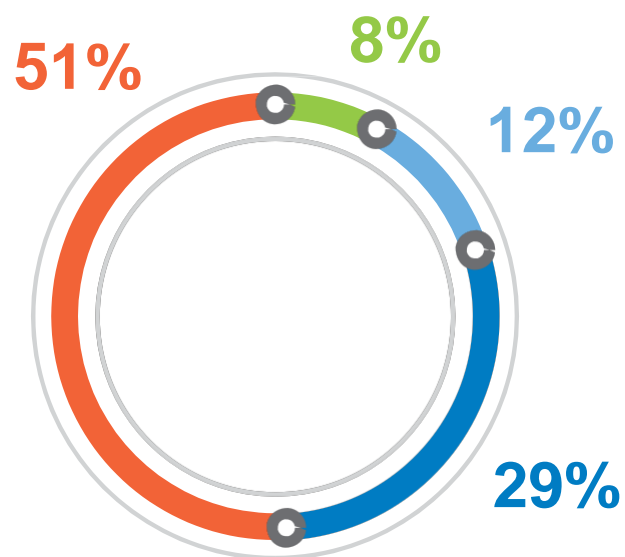
The company, in addition to supplying thermoelectric plants and refineries along the route of the gas pipeline, also supplies natural gas to seven local distributors, which together serve more than 1.9 million final consumers. In this way, we contribute to the growth of the share of natural gas in the national energy matrix.





Corporate Structure

TBG, a Brazilian corporation with closed capital, has the following shareholding composition:



GTB-TBG
Holdings
S.A.R.L.



YPFB Transporte do
Brasil Holding Ltda



BBPP Holdings
Ltda



Petrobras Logística
de Gás S.A

Organizational identity



Mission

Operate, maintain
and deploy
transportation
pipelines with
safety and
sustainability.



Vision

Be competitive and
grow in the natural
gas pipeline
transportation
market.



Values

Commitment,
respect, enthusiasm
and simplicity.

A full description of the values can be found at our portal:



www.tbq.com.br



In section:
TBG - Profile - Organizational Identity.



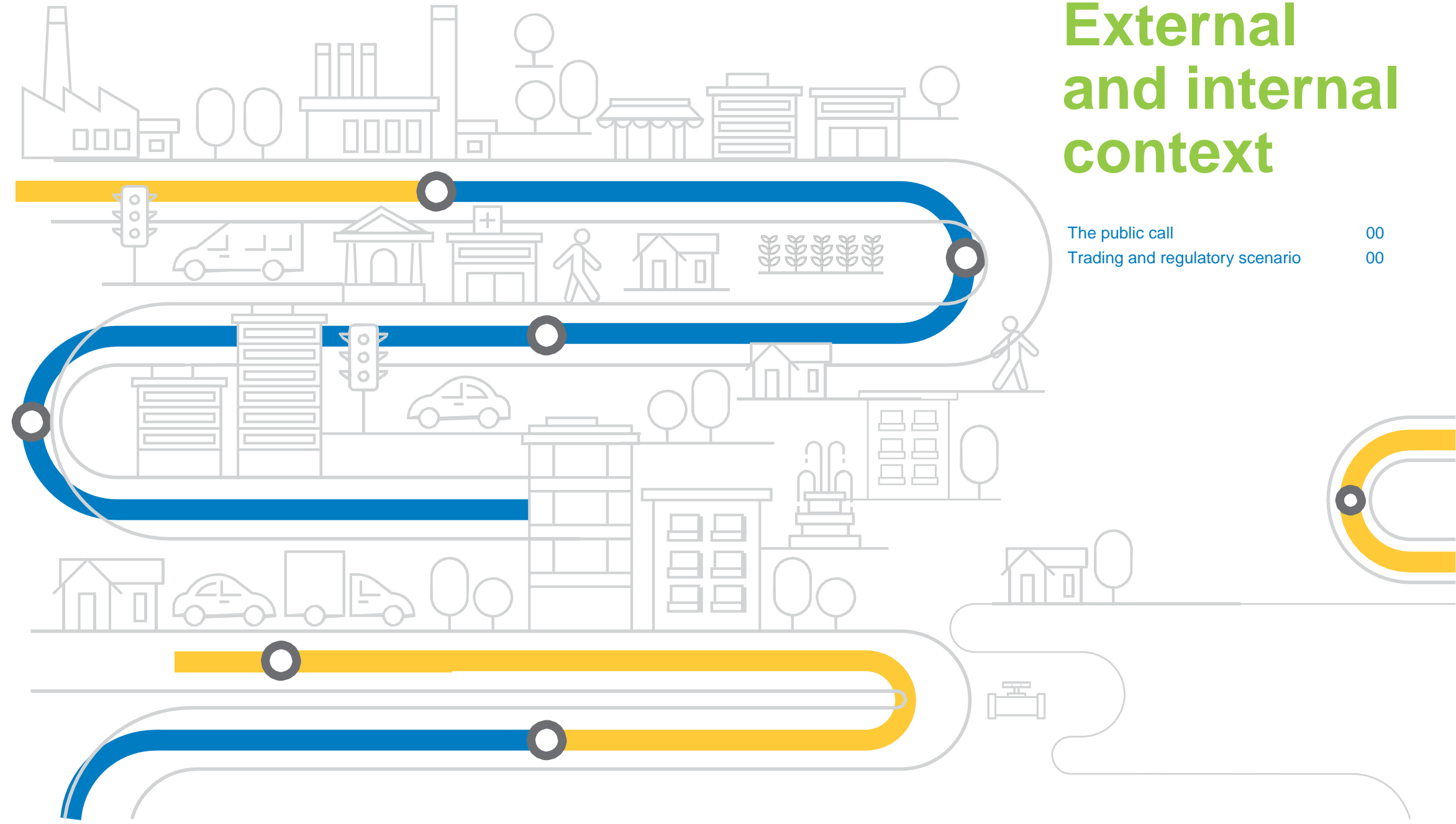
External and internal context

The public call

00

Trading and regulatory scenario

00





The Public Call

Instrument provided for in Law No. 11,909/09, the Public Call has the purpose of contracting gas transportation capacity in existing pipelines, to be built or expanded. Established by Resolution no. 11/16 of the National Agency of Petroleum, Natural Gas and Biofuels (ANP), it guarantees isonomic access to those interested in hiring natural gas transportation service.

Faced with this new scenario and the entry of different players in the market, the Ministry of Mines and Energy (MME) launched the Gas Growth Initiative in 2016. In this context, TBG has actively participated in the improvement of the normative framework of the natural gas sector. The Initiative established as one of its strategic guidelines the implementation of the

Entry and Exit to reserve transport capacity, as well as the implementation of a tariff system in this modality in the transportation of natural gas.

The main proposals of the Gas for Growth Initiative were ratified with the publication of Decree No. 9.616/18. The set of regulatory changes will be fundamental to the new Entry and Exit Regime and to the new functions of the operator conveyor.

In 2018, the Public Call Work Group was set up within the company, with the objective of coordinating, aligning and monitoring the various actions required to carry out the process.

TBG forwarded to the ANP the minutes of the Final Tender Protocol, the Fixed Transport Service Contract and the Tariff Proposal, with a view to conducting the Public Call process to contract the capacity that will be available after the termination of the TCQ (Basic Quantity Transportation Contract). According to the new contracting system, natural gas transport will not be limited to pre-defined contractual routes and access to the transmission system will occur independently at the points of entry and exit, providing greater flexibility in gas transportation and greater liquidity in the marketing.

The Company has developed and is testing the Capacity Offering Portal. The tool will be available for Internet access and will allow the preparation and execution of auctions of capacity offer, according to rules established in Public Notice. The Portal aims to simplify the contracting of the Firm Transport Capacity, allowing shippers to reserve capacity and use the services in a transparent way. In addition, you will have the following functions:

- **Disclosure of the Public Call and the Bidding Rules;**
- **Disclosure of schedule;**
- **Registration of interested carriers;**
- **Qualification of the Carriers for the Manifestation of Interest phase;**
- **Request for Capacity in the Stage of Expression of Interest;**
- **Completion of Guarantee Forms;**
- **Capacity Request in the Guaranteed Proposal rounds;**
- **Completion of the Term of Commitment;**
- **Disclosure of the Final Results.**
- **With the objective of promoting the Public Call with its stakeholders, we highlight:**
- **Sponsorship of Rio Oil & Gas Expo Conference, held from September 24 to 27, 2018;**
- **Presentation of the TBG Public Call at Rio Oil & Gas Conference, held on September 26, 2018;**
- **Production and disclosure of the "President's Speech" video about the Public Call for engagement of the workforce, on 10/15/2018.**





Trading and regulatory scenario

Maintaining a transformation position in the face of new government-mandated guidelines, TBG has made great strides in its development in the new natural gas market scenario. On November 11, 2018, the TCQ (Basic Quantity Transport Contract), TCCO (Contract for Transport of Additional Quantities), TCX (Contract for Transport of Complementary Quantities) and CPAC 2007 Transport resulting from the Public Tender for Capacity Allocation), with the objective of altering the allocation of contracted capacity.

After the negotiations, it was possible to offer a firm capacity of transport in the Public Call of TBG, in accordance with the current regulations, and the establishment of contractual operational and commercial conditions that allow the conviviality of existing contracts with new ones to be celebrated in the Regime of Entrance and exit.

The contract drafts of the Public Call were developed by TBG, under the guidance of the ANP, with reference to the European contracting model. Through clear language and modular structures, new contracts will provide more transparency and ease in understanding their terms and conditions to interested parties.

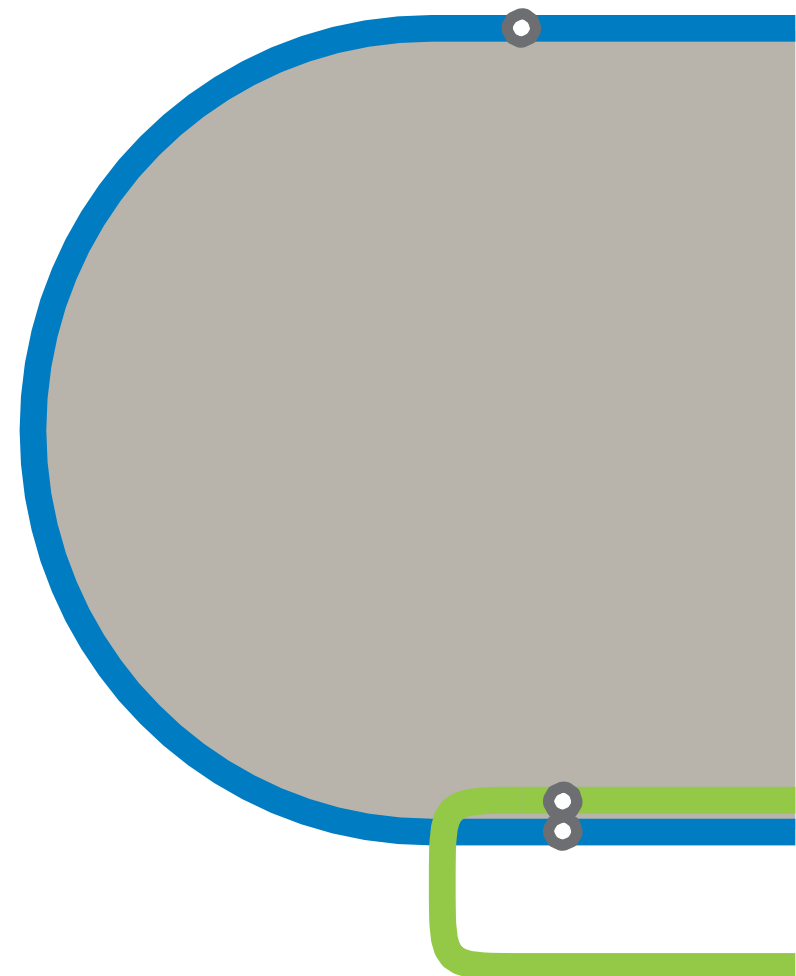
The documents elaborated represent the establishment of the first contractual reference of the Entry and Exit Regime in the national market and the first step for the harmonization of the rules of service provision in Brazil.

In the near future, common rules governing the transport service between the agents involved in the segment should be established, aiming at efficiency gains and price competitiveness.

Throughout 2018, the Company worked with the Natural Gas Carriers Association (ATGás), which allowed better organization and alignment of the companies around common themes, especially the transition issues to the Entry and Exit Regime and the new role to be taken by carriers.

As a result, ATGás forwarded the Term of Commitment to the ANP in which it undertakes to develop the main regulatory frameworks for the transportation sector, as well as the joint elaboration of the network code for transportation systems.

After the negotiations, it was possible to offer a firm capacity of transport in the Public Call of TBG, according to the current regulation





How we generate value

Materiality Matrix	00
Business Model	00
Our capital	00
Human Capital	00
Intellectual Capital	00
Natural Capital	00
Social and Relationship Capital	00
Productive Capital	00
Financial Capital	00



Materiality matrix

TBG's materiality matrix is the graphical representation of the relevant risks and opportunities that affect the company's ability to generate value.

TBG highlights the actions implemented throughout the year and aims to minimize risks and maximize opportunities for its operations, aligning its strategic objectives and serving its stakeholders through human, intellectual, natural, social and relationship, productive and financial.

The company generates value through its macro processes related to strategic management, business and business support that are established in its Business Model. The company established this model as a management tool and sought to boost growth and increase the generation of value for its stakeholders, from the harmonization of internal processes and the implementation of structured actions.

Constant re-evaluations in the processes are carried out, aiming both at meeting legal requirements and at adjusting to the new challenges that are required. In this way, process review becomes a continuing need.





Business model

OUR CAPITALS (Examples)

HUMAN

Number of
employees:

302

INTELECTUAL

Training hours per
employee

61.9

NATURAL

Environmental
Conservation
Units that the
pipeline crosses

11

RELATIONSHIP

Suppliers with which
TBG has entered into
service and material
procurement
agreements

381

PRODUCTIVE

Assets
Property, plant
and equipment
(R\$ million)

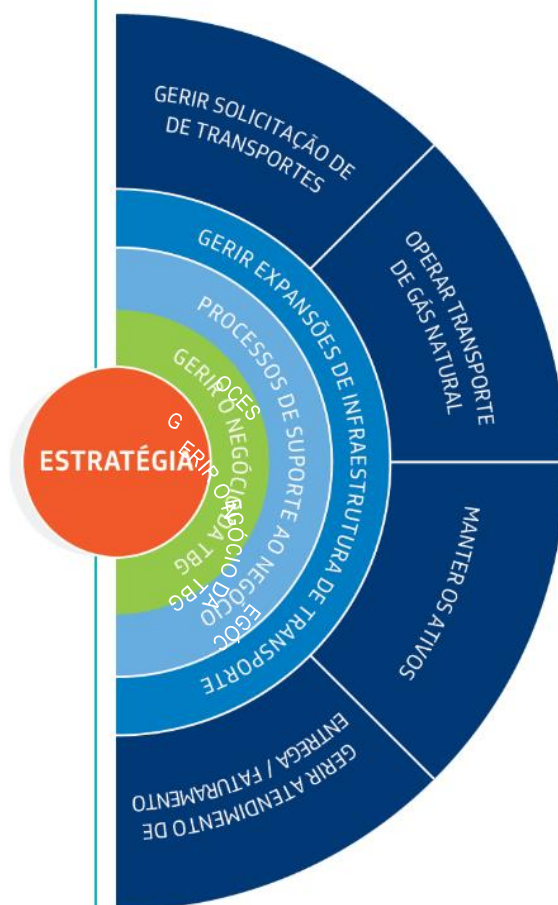
1,748

FINANCIAL

Indebtedness
linked to the Dollar
(R\$ million)

884

APPLIED TO OUR PROCESSES



RESULT IN:

SERVICES

AVERAGE TRANSPORTED VOLUME

MMm³/day

23.01

AND POTENTIAL IMPACTS

SAFETY

Recordable
Injury
Frequency
Rate (TAR)

0

ENVIRONMENT

Consumer
Routing Rate
(RCP)

2.54%

Environmental Impact Index
(IMA)

0

AND GENERATES

1,566
million

ADDED
VALUE for:

STATE
AND
SOCIETY

(R\$ million)
Tax and Contributions

627

EMPLOYEES
(R\$ million) Salaries
and social charges

169

SHAREHOLDERS AND
OTHERS

(R\$ million)
Financial Charges

184

Year-end Profit

586



Our Capitals



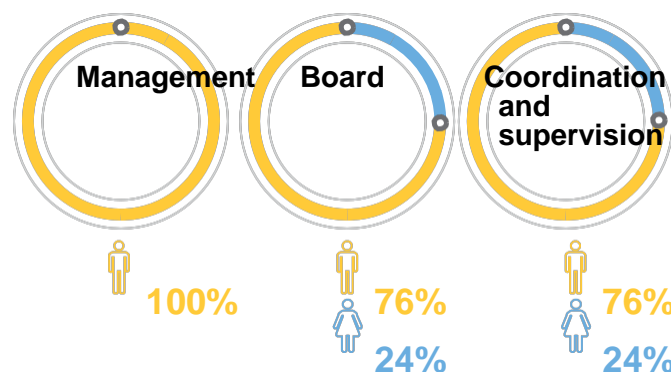
Human Capital

The Human Capital of TBG represents the set of knowledge, skills and attitudes that favor the accomplishment of the work in the company in order to produce economic value.

Our workforce is structured as follows:



Average	65	1
Superior	110	35
Post Graduate Degree	51	27
Master's degree	10	1
Doctorate	1	-
Post Doctoral	1	-



We offer the internship program for upper-level students. In 2018, we have 28 trainees. In addition to the professional experience acquired in the company, young people still had the opportunity to participate in workshops on professional qualification.

TBG offers benefits that seek the valuation of employees. The main benefits granted are the Supplementary Pension Plan and the Health Plan.

We also develop and follow initiatives that look after the health and well-being of our employees. We have awareness campaigns that represent a relevant action in the area of occupational health that also aims, among others, the reduction of absenteeism.

The Company offers the "Entre Amigos" program, which aims to help solve the personal problems of employees and their dependents. The program has a multidisciplinary team of psychologists, lawyers, financial experts, among others, and served 104 people a year.

In addition, we launched in May 2018 the "Quali+Life Program", which offers nutritional follow-up with specialists and coaching through individual consultations and continuous follow-up.

TBG also maintains, on a preventive and mandatory basis, the Medical Control and Occupational Health Program (PCMSO) and the Environmental Risk Prevention Program (PPRA), as determined by the then Ministry of Labor.



Intellectual Capital

Intellectual Capital is represented by the intangible organizational asset and is based on the knowledge and technical expertise of Human Capital. Seeking to improve the qualification of our professionals, the process of Knowledge Management was consolidated in 2018.

Through the Mentor Program, which involves 62 employees, it seeks to transmit and perpetuate knowledge, technical skills, values, experiences and consolidate a network of relationships. In addition, the program has as its scope process innovation and the maintenance of quality in critical activities that may be affected after the dismissal or the movement of employees.

For the sharing of knowledge and information, the Company uses the Integrated System of Processes and Standardization (SINPEP), where our policies, guidelines and procedures are stored and published.

New times, New leaders

Another important learning opportunity is the Leadership Development Program (PDL). The program refers to continuing education for TBG managers and its main objectives are to enable people to contribute to the change of business culture, to promote space for dialogue and exchange of experiences in the internal and external spheres, as well as to present methodologies and people management tools.

It is worth noting that, during 2018, 61.9 hours of training per employee were performed.

As a complement to the development of Intellectual Capital, TBG actively participated in major events related to the natural gas sector, such as the 27th Word Gas Conference 2018 in the United States, International Pipeline Conference 2018 in Canada and the 19th edition of Rio Oil & Gas Conference, in Rio de Janeiro, and presented in the latter several technical works besides the talk of our Chief Executive Officer.



61.9
hours
of training performed
by employees,
throughout 2018.



Natural Capital

The concept of Natural Capital represents the value of natural resources in relation to natural gas pipeline transportation service and all other renewable or non-renewable environmental resources that are part of the company's production process.

The pipeline
of the
has in total:

2,593 km

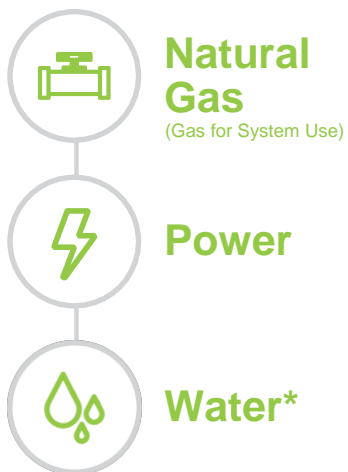
 **5**
States crossed

 **136**
municipalities

 **11**
Conservation units and Permanent Preservation Areas (APAs).



Main natural resources used by TBG:



* TBG uses a small amount of water in its main production process, i.e. the gas transportation service, which gave the company exemption of environmental grant for this resource.

The water resources, along the route of the pipeline, remained as before the construction work. Pipelines were buried at depths of 1.20 to 2.50 meters under the river bed in trenches two meters wide or in directional holes.

Main impacts generated:

Environmental Impact Index	Consumer Ratio at peak times	NG Leakage in the Duct
IMA = 0	RCP = 2.54%	VDG = 4
Permissible limit ≤ 0.5 m₃ /month	Target ≤ 3% / month	Target ≤ 11 /year

IMA_Sum of volumes of oils and chemicals released accidentally.
RCP_List of electric energy consumption of Ecomps at peak hours for consumption outside the peak hours.
VDG_Event of natural gas leakage occurring unplanned or uncontrolled release ≥ 1kg.

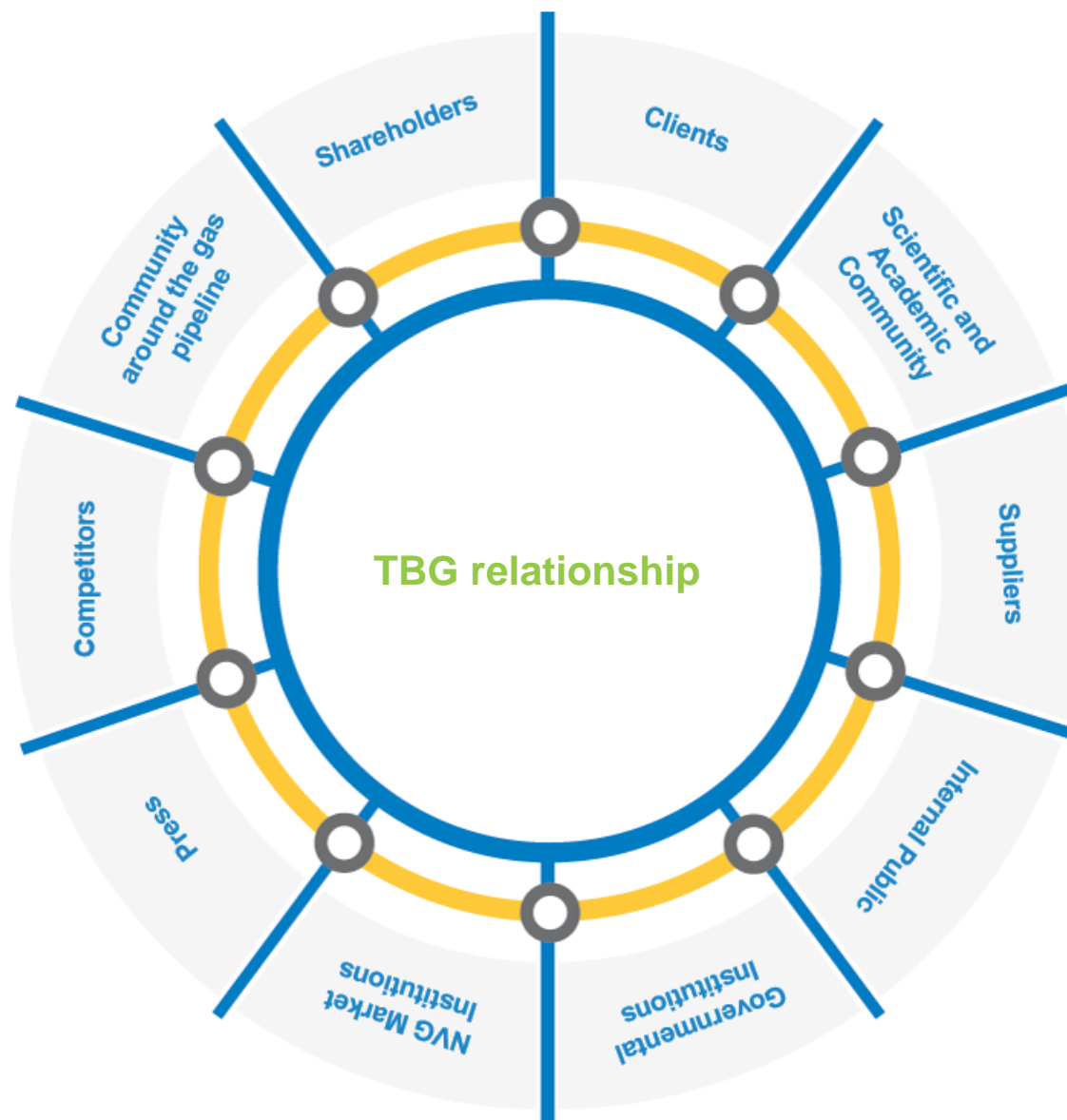
With regard to the waste generated and the emission of gases from the transportation and delivery of the gas along the pipeline, TBG complies with current environmental legislation, within established parameters, and is certified in Environmental Management (ISO 14001:2015).





Social Capital and Relationship

It is formed by interactions with our 10 stakeholders, seeking to improve our communication through transparent and permanent dialogue.





Communities around the pipeline

TBG has always looked after the safety of communities near the pipeline. They are informed about the impacts and / or risks that may arise from our activities and there is a permanent dialogue with the purpose of ensuring the safety of people, the environment and the Company's facilities.

We highlight the awareness work in the guidelines on basic care with the easement range, safety procedures and on the restrictions of use and occupation along the Replan-Guararema stretch with the surrounding communities. This activity is aimed at preventing undue interventions in the TBG pipeline in the shared bands. During the second half of 2018, 4 communication campaigns were carried out in the mentioned section, covering 750 individual properties.

TBG has the Gas Line 0800 026 0400 and Contact Us (available on our website: <http://www.tbg.com.br>), important channels of relationship with the communities around the easement range, being a tool integrity and protection of the gas pipeline and that consolidates the trust and partnership established with the population that lives with the Bolivia-Brazil Gas Pipeline. The call on the Gas Line is free, including by cell phone, and the service is available 24 hours a day, including weekends and holidays.

Through this communication channel with TBG, it is possible to be informed about what can be done in the easement range; request the visit of a technician, if it is necessary to carry out activity near the pipeline; to report possible incidents or abnormalities in any facility of the company, including those caused by nature; make a report on improper intervention or request explanations about the pipeline and TBG.



Gas Line

► 0800 026 0400.

Call for Free - 24h

Clients

TBG has Petrobras as its only client. Measuring the company's performance with regard to the services rendered, the relationship and the organizational image before the client is extremely important. For this, the Customer Satisfaction Survey (PSC) is carried out annually.

The result verified in 2018, measured by the level of customer satisfaction (NSC), reached 99.06%.

Suppliers

The Material Supply Conditions regulate the supply of Goods and Services Associated with TBG and aims to improve the relationship of the company with the supplier market. In order to regulate the general rules of contracting and to meet the requirements of Law 13303/16, the Bidding and Contracts Regulation of TBG was prepared. These documents are available on our website:



www.tbg.com.br



Signed **381** service
and acquisition of materials
contracts in 2018.



379

Number of gas line calls
in 2018



99.06

%

Level of Customer
Satisfaction (NSC)
ascertained in 2018.



Scientific and Academic Community and Institutions of the Natural Gas Market

TBG actively participates in the scientific and academic community and natural gas market institutions with issues related to gas transportation. Since its foundation, the Company has always been a pioneer, active and open to innovations in the sector. He participated in several scientific technical events throughout 2018, in which we highlight:

The Rio Oil & Gas Conference 2018, where the company also sponsored the event, participated in the Congress with the presentation of several technical papers and had a speech by the Chief Executive Officer with the theme "Opening of the Brazilian natural gas transportation sector in a new business environment.

At the 27th World Gas Conference - a global gas conference held in Washington, DC - TBG employees participated as moderators and coordinators of the working groups, respectively, of the Modern Management and Metering of Gas Transmission Systems and Transmission Pipelines panels: Trends and Challenges. We were also co-authors of the Case Study A quantitative risk analysis approach for transmission systems.

Governmental institutions

TBG maintains constant communication and relationship with governmental institutions and is in compliance with legal obligations, regulations, norms, among others that are related to the company's business.

Press

The relationship with the Press is carried out in a transparent way, by means of agile service to the demands and the issuance of notes on relevant subjects.

Media monitoring, through daily news clipping analysis, makes it possible to check TBG citations and make corrections to information released by the Press, when necessary.

The Public Call for contracting transportation capacity and the termination of the TCQ Contract were the main issues addressed by newspapers, magazines and websites when they mentioned TBG in 2018. Reports that contained statements from officials and experts expressed the expectation of changes in the natural gas market with the entry of new players and access to the pipeline. Another issue raised was the interest of foreign companies in investing in Brazil with the opening of the market.

Internal Audience

As established in the principles of the Communication Policy, TBG must maintain a clear, clear, consistent, transparent, simple and agile communication, representing its identity and attitudes for its public.

The actions directed at the Internal Public have the objective of informing, involving, educating and training the workforce in order to obtain the best results in the Company's generation of value. In this way, "Internal Communications" and "News for the Internal Portal of TBG" were developed for this purpose.

The actions directed at the Internal Public have the objective of informing, involving, educating and training the workforce in order to obtain the best results in the Company's generation of value.



Productive Capital

These are the resources available and used in the Company's production process, which are capable of generating wealth destined to increase productive capacity and improve the quality of services.

The productive capital of TBG is composed of all the infrastructure we use in our activity, especially the Compression Stations and Delivery Points.

The company also has a Maintenance Center located in Campinas/SP, the headquarters office located in Rio de Janeiro/RJ, a Distribution Center located in Hortolândia/SP and Operating Units distributed along the pipeline. TBG main assets are:

Earth Pipelines

The Bolivia-Brazil Gas Pipeline is 2,593 km long and is composed of welded steel pipes buried in the ground at an average depth of one meter and carries natural gas.

This pipeline is within a 20 meter wide strip of land, properly marked and demarcated, called the easement range.

Compression Stations

We have 15 Compression Stations that keep the pressure of natural gas in the ideal conditions for transportation. They are located in the states of Mato Grosso do Sul, São Paulo, Paraná and Santa Catarina.

Delivery Points

We have 47 Delivery Points that reduce natural gas pressure for delivery to local distribution companies. They are distributed throughout the states of Mato Grosso do Sul, São Paulo, Paraná, Santa Catarina and Rio Grande do Sul.

Measuring Stations

There are 4 Measurement Stations (3 in Brazil) that measure gas for delivery to local distribution companies. They are:

- _EMED Mutun | Bolivia
Gas inlet
- _EMED | Guararema (SP)
Gas outlet (possibly inlet)
- _EMED Gascar | Campinas-Rio
in Paulínia / SP - Gas inlet and outlet
- _EMED Gaspaj | Paulínia-
Jacutinga in Paulínia/SP – Gas
outlet

Operational Measurement Stations

The gas pipeline has two Operational Measurement Stations that are responsible for measuring the operational variables, such as the pressure and temperature of the natural gas.

They are also intended for pig launching operations, a device that is passed inside the duct for inspection and cleaning. They are:

- _EMOP | Corumbá (MS)
- _EMOP | Canoas (RS)





Pressure Reducing Stations

The Bolivia-Brazil Gas Pipeline also has two Pressure Reduction Stations that limit the operating pressure of a certain part of the Gas Pipeline. They are:

_ERP I Paulínia (SP)

_ERP I Araucária (PR)

Trunk Line Lock Valves (SDV)

These valves are installed to reduce the inventory of released gas to atmosphere in the event of a leak.

HUB of Paulínia

HUB is a central hub for pipeline interconnection, responsible for branching natural gas deliveries to various regions. The TBG HUB is located in Paulínia / SP.

Central Supervision and Control (CSC)

CSC permanently controls pipeline operation remotely. We have teams on call 24 hours a day, every day. It is located at TBG Headquarters in Rio de Janeiro / RJ.

TBG also has an emergency CSC with the same main features located in another building near the company headquarters.





Investments

TBG's investments totaled R\$ 31 million in 2018 distributed among projects of operational infrastructure and corporate support.

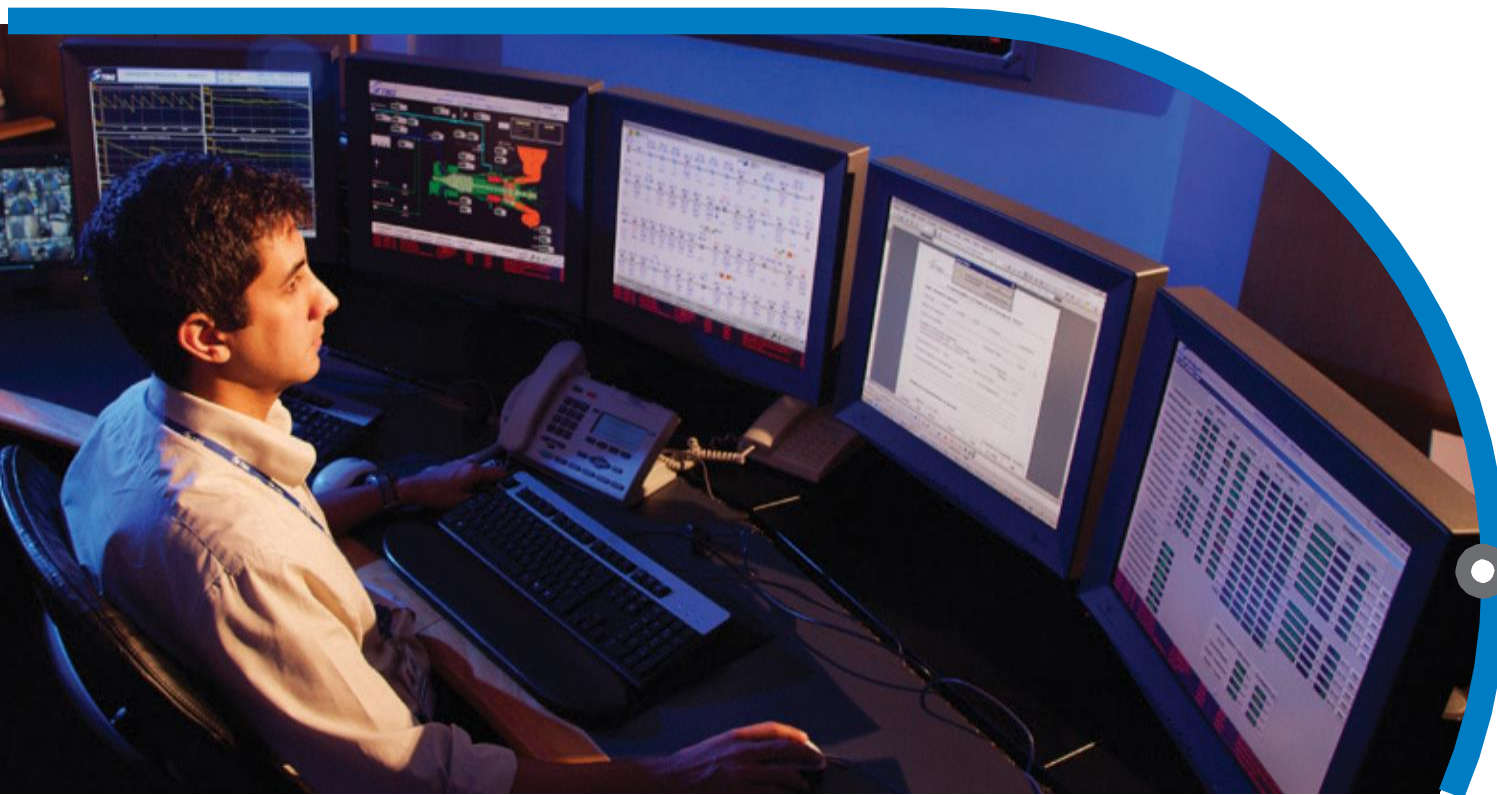
We highlight some projects of management and integrity of the pipeline, such as the completion of the Rehabilitation of the Crossing of the Jardim Novo Maracanã River, in the city of Campinas/SP. Due to the erosion of the river, the duct was exposed, making it necessary to design for duct protection. Interventions were also carried out in the pipeline for inspection and repair, resulting from the internal inspection campaigns by instrumented pigs.

Considering the optimization and the operational modernization, the Process Simulator Project stage was completed, which consisted in the integration of the System of Supervision and Data Acquisition and training of the Operators of the Supervision and Control Center. The project is an important operational simulation tool for the pipeline, as well as a fundamental part in the infrastructure necessary for the company's processes to function after the Public Call.

In pursuit of continuous improvement of the operation, aiming at reducing risks, the safety of people and the reliability of the transportation service, TBG acts systematically to revitalize facilities,

Overhaul of the Gas Turbines and Motors of the Motor Generators of the Compression Stations. Such projects are designed and developed without compromising the continuous flow of the operation and, consequently, without any impact on the obligations arising from gas transportation contracts.

We completed the projects of Adequacy of the New Distribution Center, Improvement of the Corporate Management System and Special Systems of Information Technology and Communications. All key to the company's corporate support and infrastructure.

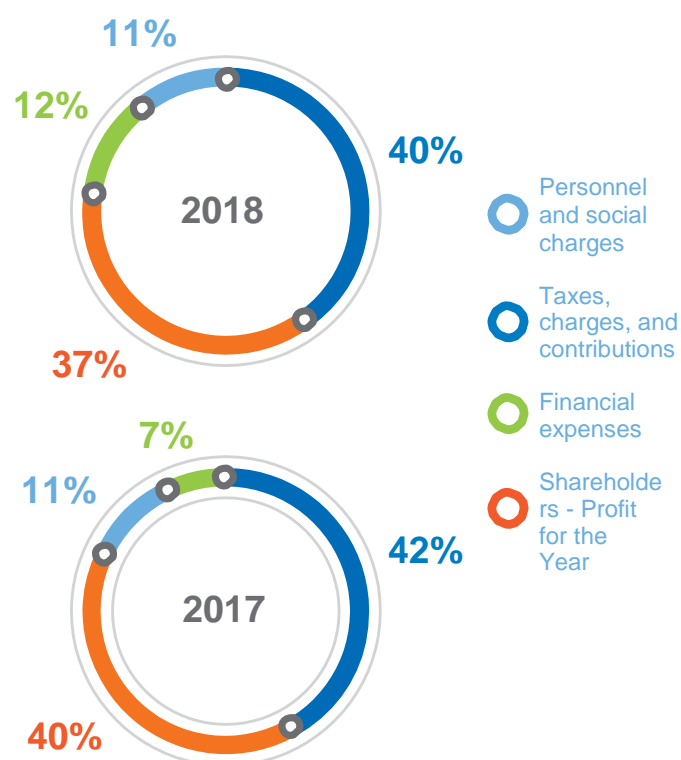


TBG's investments totaled R\$ 31 million in 2018 distributed among projects of operational infrastructure and corporate support.



Financial Capital

TBG was set up under the Brazil in Action program of the Federal Government, when the country made large investments in the energy area. The program aimed to promote the country's sustainable development and had projects strategically chosen for its ability to induce new productive investments and reduce regional and social inequalities.



Funded by national and international agencies, approximately \$ 2 billion has been invested.

The project required investments from Petrobras and external funding sources such as the Inter-American Development Bank (IDB), the International Bank for Reconstruction and Development (IBRD), the Andean Development Corporation (CAF), the European Investment Bank (EIB) .

In 2018, the last financing with the EIB and the IDB, assumed in 1998, for 20 years, in the amounts of US\$ 60 million and US\$ 240 million respectively, were settled.

After the liquidation of these financings, the debt with the shareholders was also paid with the payment of US\$ 52 million in the month of December. This debt was assumed in 1998, in the principal amount of US\$ 192 million.

TBG - DVA - Statement of Value Added (R\$ millions)

Distribution of added value	2018	2017
Operating income	1.878	1.629
Third-party inputs	(141)	(125)
Withholdings (depreciation)		(188)
(182) Financial income	17	37
Total added value	1.566	1.359
Distribution of added value	2018	2017
Personnel - includes social charges	169	152
Government - taxes and contributions	627	576
Financial charges	184	89
Shareholders - profit for the year	586	542
Value added distributed	1,566	1,359

Statement of Added Value (DVA)

The Statement of Added Value (DVA) presents information of an economic and social nature and the evaluation of TBG's activities in the natural gas pipeline transportation segment.

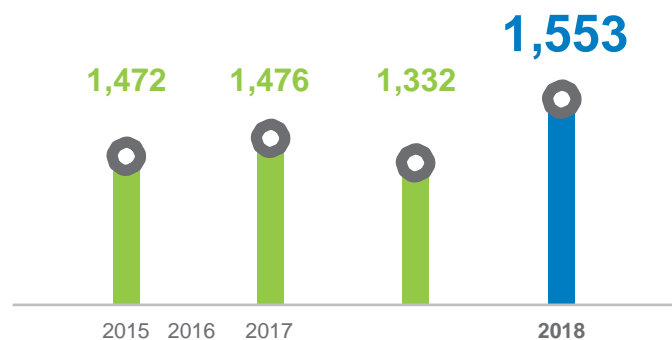
In summary, we present below the values corresponding to the formation of the wealth generated by the company in 2018 and its respective distribution. The activities of transportation of natural gas, operation and maintenance of the gas pipeline and economic-financial management of the company generated R\$ 1.6 billion of wealth added to the company.



Key Deliverables

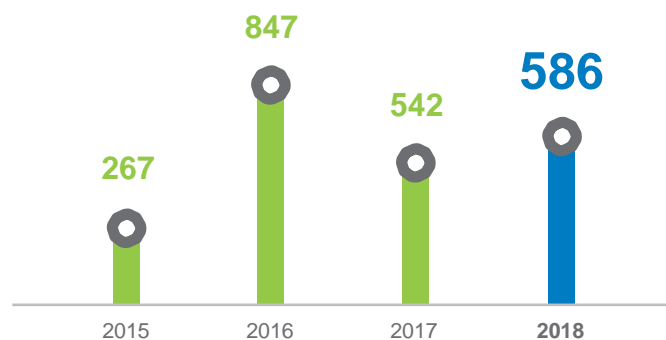
Net operating income

R\$ (Million)



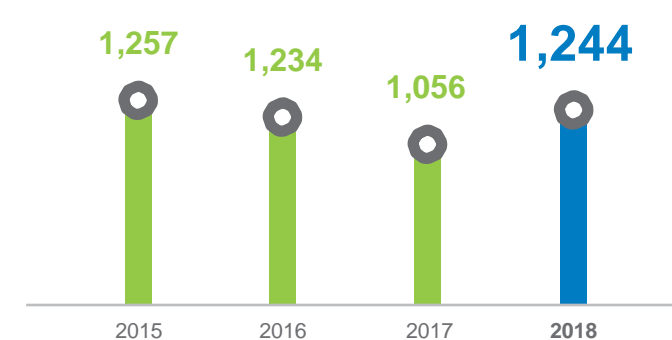
Net profit

R\$ Million



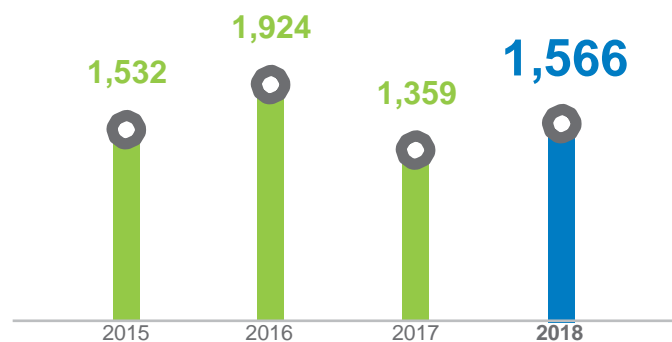
Ebitda

R\$ (Million)



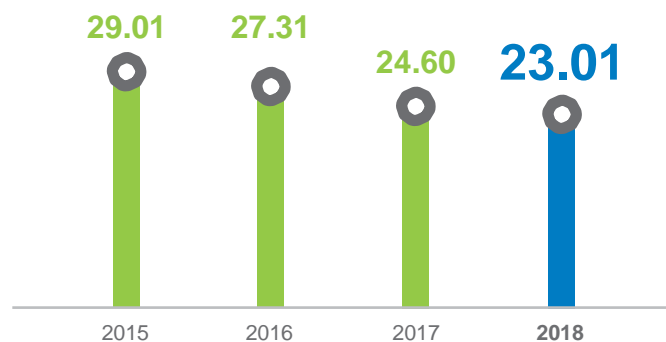
Additional Value

R\$ (Million)



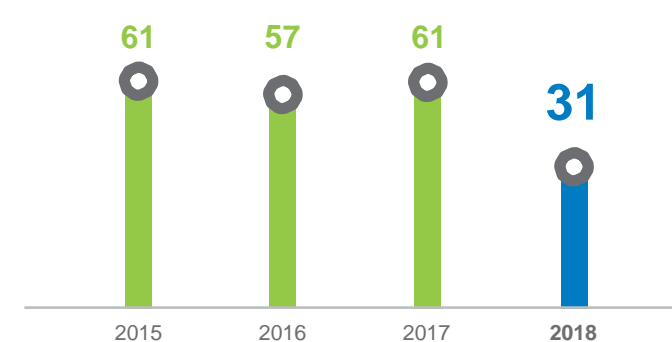
Average transported volume

MM m³/day



Investments

R\$ (Million)



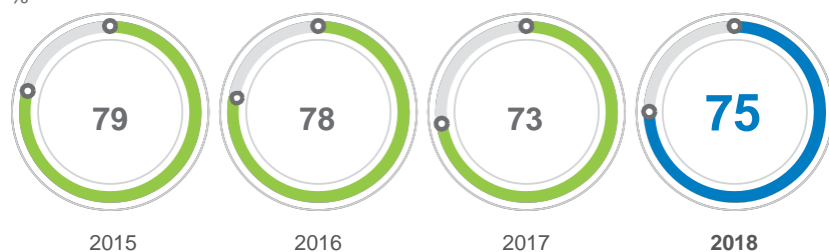


Profitability

Gross Margin

Gross profit on net revenue

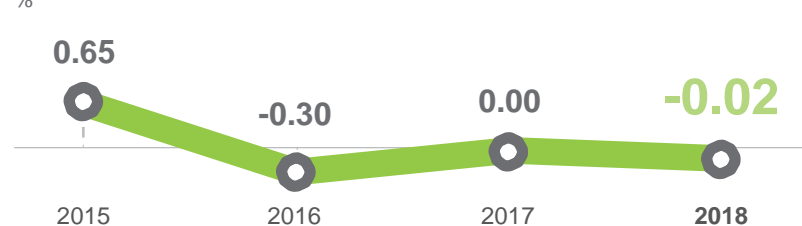
%



Net debt

on EBITDA

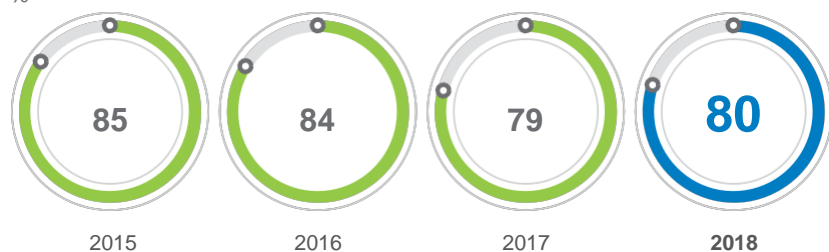
%



EBITDA

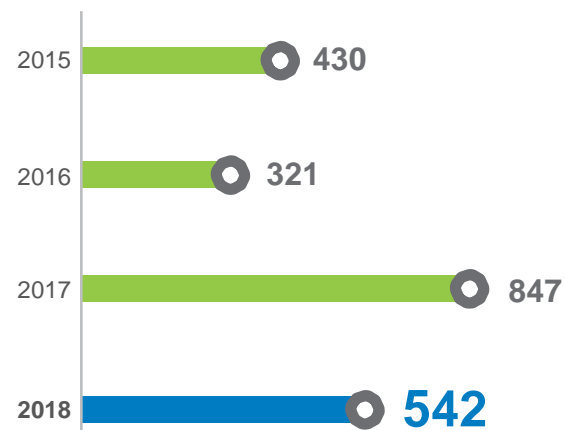
On Net Income

%



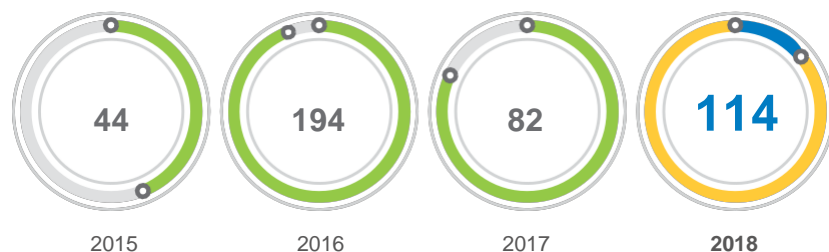
Paid dividends

R\$ (Million)



Profit on Shareholders' Equity

%

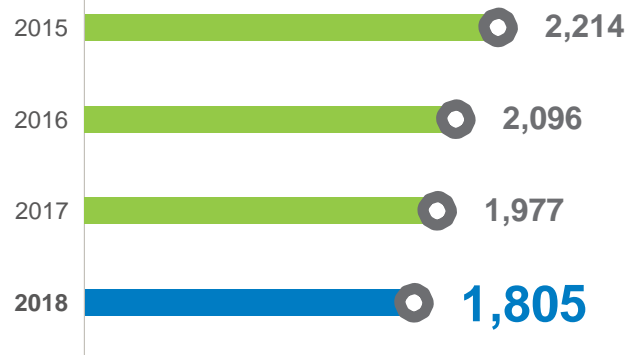




Financial

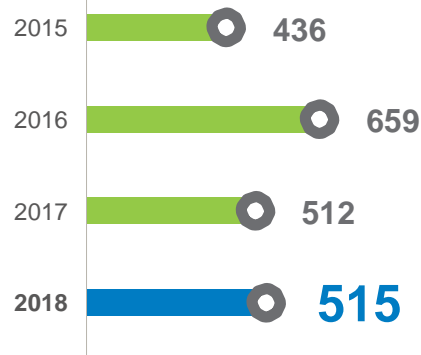
Property, plant and equipment and intangible assets

R\$ (Million)



Net Equity

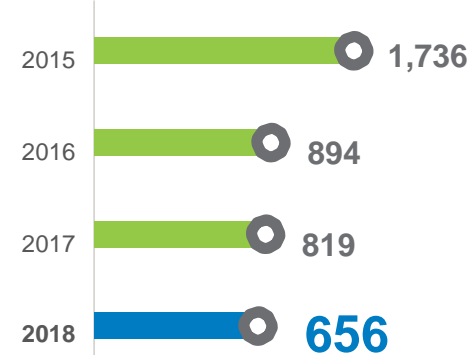
R\$ (Million)



Indebtedness

[Linked to Dollar](#)

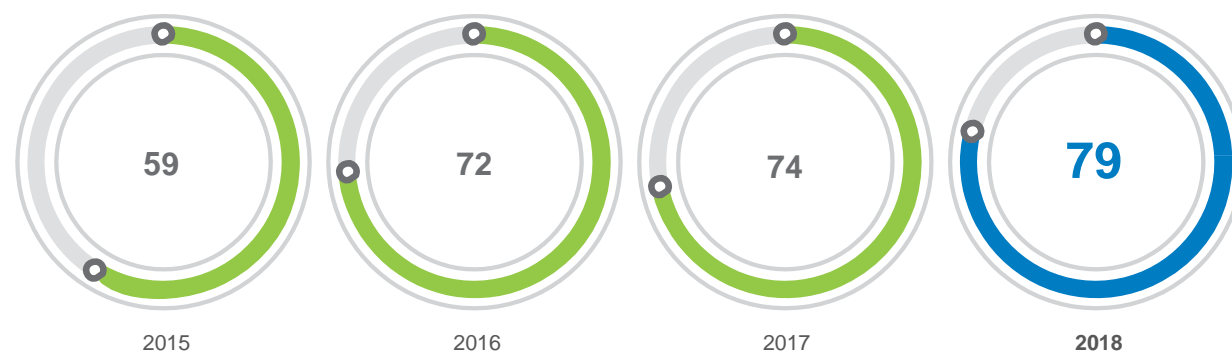
R\$ Million



Capital Structure

Equity / Total Liabilities

%



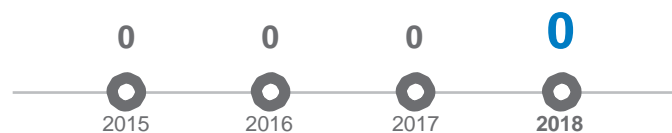


Profitability

1,736

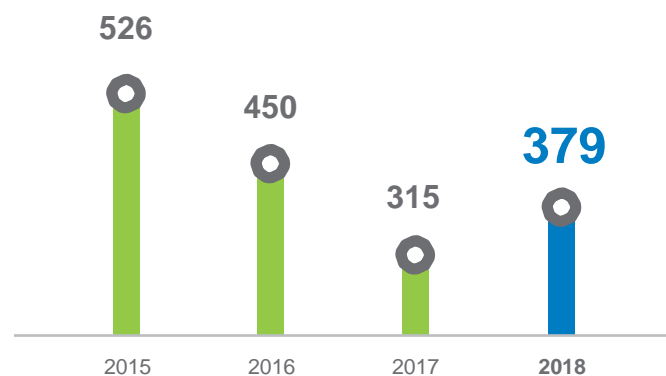
Delivery Failures

R\$ (Million)



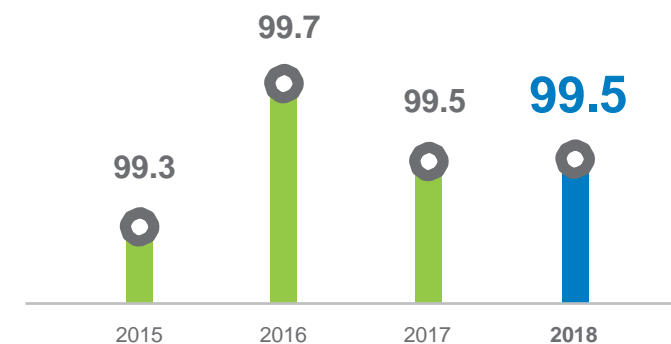
Gas Line Service

%



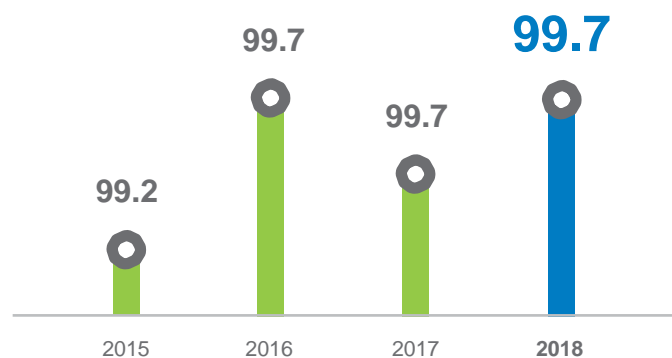
Compression System Reliability

%



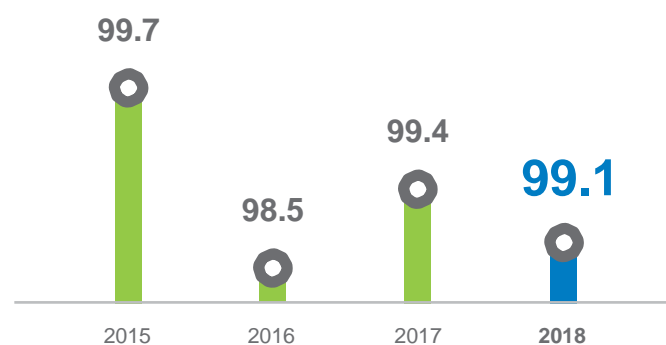
Preventive Maintenance

%



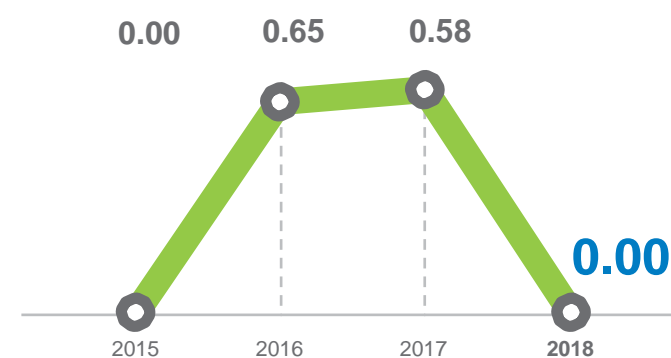
Level of Customer Satisfaction

%



Registrable Accident Rate

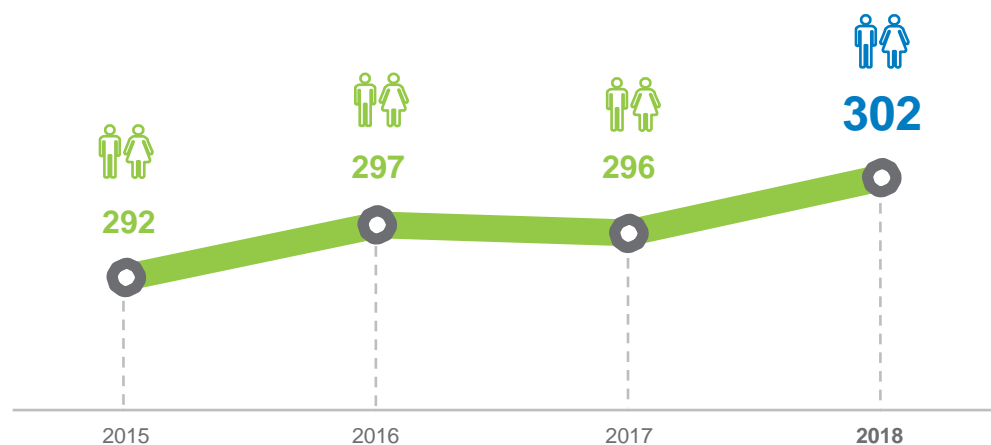
TAR





Profitability

Number of employees



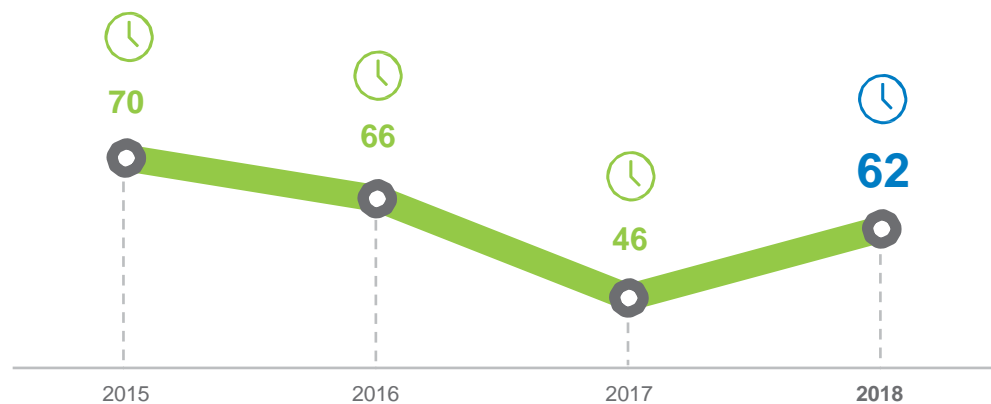
Gross Operating Revenue per Employee

R\$ million



Training hours

Employee/year





Management Results and Facts

Operation and Maintenance

Operating and maintaining pipelines safely and sustainability has always been our priority. Therefore, we are always looking for the improvement of safety and operational efficiency in our activities.

TBG's performance is centered on bold operational performance goals that require dedication and commitment from the workforce, such as zero gas delivery failure and 99.68% reliability of the compression system.

In 2018, the Overhaul Turbines process was highlighted. The activity, aimed at improving the efficiency of the equipment, dealt with the general review of two gas turbines model Taurus 60 from Ecomp of Campo Grande / MS.

The pig campaign, an important process to carry out cleaning and inspection inside the duct, was completed in four sections of the pipeline: Penápolis - São Carlos, Paulínia - Guararema, Biguaçu - Siderópolis and Siderópolis - Canoas. The inspections are aimed at assessing the integrity of the pipeline in order to ensure operational continuity with safety and reliability.

Throughout the year, projects and works that aim to mitigate threats of exposition of the duct in several points were executed to guarantee the structural integrity and the operational continuity, they are:

- Finalization of the gas pipeline protection project in the crossing of the Jardim Novo Maracanã stream.
- Plant cover restoration in segments of the easement belt of Guariroba Region.
- Recovery of gas pipeline coverage, km 0859+100, municipality of Birigui / SP.

Other actions were undertaken, such as the revitalization of Compressor Stations overhead cranes, measurement of resistance and continuity of grounding, maintenance of centrifugal compressors and gas engines.

A Working Group was set up to present preventive and mitigating actions to prevent third-party actions in the shared gas pipeline and in the Replan-Guararema stretch.

Among his main contributions we highlight:

- Alignment of the Institutional Communication of the companies that share the range to exchange experiences, knowledge of the Communication Plan and deepening the theme;
- Elaboration of art for new signaling (plates) of shared track excerpts.

In order to intensify security efforts, the Company is committed to maintaining incident prevention actions, such as expanding monitoring of the gas pipeline and facilities.

TBG underwent a detailed process of inspection at its facilities, by a reinsurance company, involving several areas of the Company. This process is usual in the insurance market.

The final inspection report will be available to the insurance market and will contribute to TBG's best risk assessment by the market.

To enhance security efforts, the Company is committed to maintaining incident prevention actions.



Safety and Environmental Responsibility

Safety

Nothing is so urgent that it can not be done safely. This is our permanent principle. The safety culture was born with TBG and today has solid foundations in the company.

Responsibility for security rests with everyone, the leadership, the employees and the service providers. It is a priority for TBG to ensure the safety of the workforce and to encourage professionals to maintain their level of attention permanently. In our training, we advise employees and service providers to maintain a focus on behavior and awareness, with a view to mitigating accidents.

As a result of this practice, on 12/31/2018 we reached the historical mark of 4 years and 282 days without accidents with remoteness. This milestone is the result of continuous efforts and ongoing commitment to empower, educate and raise awareness of the workforce. We aim to "zero accidents" at our facilities and we are proud of not measuring efforts to achieve this goal.

In order to reinforce the concepts of security, and following the initiatives that have as their essence the preservation of lives,

carried out by our own technical team. In addition to bringing the programmatic content closer to the company's reality, it optimizes time, guarantees compliance with the deadlines established in the legislation, and reduces the costs associated with carrying out the required training.

The training of the 10 Golden Rules of SMS was a milestone. 835 employees were educated, including staff



Permit to work



Power Isolation



Work at height



Confined space



Explosive atmosphere



Safe Positioning



Personal protective equipment



Attention to changes



Traffic Safety



Alcohol and other drugs



The Safe Behavior, Safe Direction, Security Cells and SMS Reporting programs are already embedded in TBG's security programming and were maintained in 2018.

It should be noted that the company carries out several safety exercises annually, with classroom training and field simulations at our facilities or at certain points in the range of easement where the pipeline passes. The field exercises count on the participation of the local community and external entities such as the Fire Department, Military Police and Civil Defense. The objective is to train the emergency management system, about responsibilities, procedures, personnel involvement and necessary materials. In July 2018, TBG carried out a security exercise in Campo Grande / MS close to the service line of the gas pipeline, about 25 km from Ecomp Campo Grande, on the BR-163 highway, involving local entities, own personnel and service providers. services.

The Company is committed to maintaining the actions to prevent incidents related to the safety of the installations, as an example we have the expansion of the monitoring of the gas pipeline and the installations. In addition, TBG has a robust Emergency Response Plan, which outlines actions that are critical to operations safety.

In addition to the efforts generated and in search of a safe environment, our safety standards and emergency plans are periodically reviewed.

Social-Environmental responsibility

Environment

TBG maintains the Operating Licenses and the respective conditions in force (Corumbá-Canoas Excerpt licensed by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and Replan-Guararema Excerpt licensed by Companhia Ambiental do Estado de São Paulo (CETESB)).

In August 2018, through an independent audit, TBG was evaluated in its Environmental Management (CONAMA Resolution 306/2002), and Operational Units with zero nonconformities were surveyed.

The company carries out, with its own team, environmental training focused on waste management in the Operational Units, as well as on issues related to good practices and care in relation to the implementation of works and interventions in the pipeline. In 2018, more than 200 employees were trained by our own staff and service providers. This action is a legal obligation subject to the License of

Operation and aims to raise awareness of the workforce in relation to the environment.

We also carried out, during 2018, environmental preservation work in the Environmental Protection Area - APA Guariroba (MS), regarding the conservation of the water source that supplies the city of Campo Grande / MS, and where it passes through the pipeline.

We concluded, in an integral way, the environmental recovery in the area adjacent to the Delivery Point of Araçoiaba da Serra (SP). This is the vegetal recomposition by the planting of seedlings, a cyclical process that attends to the procedure of recomposition of the area and fulfills the Term of Commitment of Environmental Recovery, associated with CETESB.

Finally, we obtained the "Green Seal" Certificate, issued by the Environmental Journal of the State of São Paulo, due to the excellent work carried out by TBG in the area of environmental preservation and education. This certificate was the result of research carried out by the aforementioned newspaper with the State Secretariats of Environment, Ministry of Environment (MMA), IBAMA and CETESB.



-compliance

Continuing the practice of prevention of irregular and illicit acts, based on ethics, transparency and adherence to the Anti-Corruption Law, TBG implemented several internal improvements in order to solidify and foster a culture of compliance, disseminating good practices and informing the guidelines, standards and policies.

It is worth mentioning the new prerogatives provided by Law 13,303 / 16, regulated by Decree 8.945 / 16, which disciplined the State's direct exploitation of economic activity through its public companies, mixed-capital companies and their subsidiaries.

We also have Joint Normative Instruction No. 1 of 2016 of the Ministry of Planning, Budget and Management (MP) and the Federal Comptroller's Office (CGU), which provides for internal controls, risk management and governance within the Federal Executive Branch.

In this way, we find that the internal controls activity, besides being strategic, also becomes a legal prerogative to be fulfilled by the entities, which corroborates its relevance for TBG. In this sense, TBG's internal control methodology was developed based on the COSO model (in Portuguese: Committee of Sponsoring Organizations of the Treadway Commission) and the Three-Line Defense Concept, where the first line of defense is responsible for the internal controls of their respective areas.

In addition, Law 13303/16 establishes requirements for improving governance and state control mechanisms, with mechanisms for management, transparency and accountability. Based on these requirements, we carried out in 2018:

- Reform of Articles of Association;
- Review of processes, such as procurement and contracting, with the aim of increasing security and control mechanisms;
- Publication of the Annual Chart of Public Policies and Corporate Governance;
- Constitution of the Statutory Audit Committee of TBG and creation of its respective Internal Regulations, with the purpose of advising the Board of Directors in the exercise of its functions;
- Adoption of the standard on the Prevention of Money Laundering and the Financing of Terrorism.

In April, the Internal Control Policy was approved and in November, the Board of Directors approved the Corporate Compliance Policy. The latter, as one of its principles, is committed to promoting high values of ethics, integrity and transparency in the conduct of its business, with zero tolerance of fraud, corruption and money laundering, cultivating credibility with its publics. encouraging continuous action to comply with applicable laws and national and international initiatives to combat fraud, corruption and money laundering.

We administered a program of Integrity and Code of Conduct to the managers, with the participation of 51 people, 45 managers and 6 employees who later disseminated the knowledge acquired to all employees of the company.



Innovation in Internal Processes

During the two-year period for compliance with Law 13303/16, TBG underwent a major transformation in its internal procedures related to the procurement process, which culminated in the revision and creation of standards, review of all bidding material, in addition to the contracting of an electronic shopping portal Portal Petronect available at the electronic address <http://www.petronect.com.br>, in order to improve the procurement and hiring process.

Training was carried out for all the workforce in order to disseminate the knowledge related to the new regulation.

The Company has also developed and implemented the Communication Plan on Law 13303/16, whose main products are actions directed at the external and internal public, maintaining clear, consistent, true, transparent, simple and agile communication, representing their identity and attitudes.

Also in 2018, in compliance with Decree 9.573 / 18, related to critical infrastructures, the System of Registration of Occurrence of Business Security and Information was implemented. The system has allowed the improvement of corporate security processes, creating an information base for

preventive measures for the safety of persons and facilities. It also improved corporate communication since, through workflow, the information generated in the field arrives at the Company's headquarters in a structured way for knowledge and decision making.

Finally, after an intense logistic work, the company defined the ideal location of the warehouse that will house the new Distribution Center of TBG. The work defined the ideal storage area, the indication of the leases available for rental that met the requirements defined by TBG.

Deployment of e-Social

This is the compliance with Decree No. 8,373 / 14, which established the Digital Bookkeeping System for Tax, Social Security and Labor Obligations of TBG employees.

TBG started to communicate to the Government, in a unified and electronic way, the information on employees and statutory members, as well as social security, tax and labor contributions, payroll data and employee health, with 100% of the deadlines settled down.





Economic and Financial Performance

The year 2018 was marked by a slow recovery in the Brazilian economy due mainly to political uncertainties and fiscal imbalance. The Selic interest rate ended the year at 6.5% pa. and the official inflation index (IPCA) showed a positive change of 3.75%, lower than the government target (4.5%) and above the IPCA reached in 2017 (2.95%). In the foreign exchange market, the commercial dollar closed the year quoted at R\$ 3.875, representing a 17.13% increase compared to the previous year's closing.

Dividends were paid to shareholders between April and July 2018, in the amount of R\$ 542 million in principal, which, adjusted for the variation of the Selic rate, totaled R\$ 555 million in gross nominal values. For a further year, TBG was able to allocate 100% of the previous year's net income to the Shareholders.

The Company paid the remaining financial debts of funds to external creditors and to Shareholders.

used for the construction of the Bolivia-Brazil Gas Pipeline. Financing was settled with the EIB and IDB. These loans were made in 1998, for a period of 20 years, in the amounts of US\$ 60 million and US\$ 240 million, respectively. After the liquidation of these financings, subordinated debt with Shareholders was also paid, and the amount of US\$ 52 million (principal amount) was paid in December. This debt was assumed in 1998, in the principal amount of US\$ 192 million.

The settlement of the subordinated debt with Shareholders will provide a reduction in interest expenses which, in 2018, were in the order of US\$ 9 million.

Financial investments generated a financial income of R\$

18 million and gross profitability of 6.97%, reaching 100% of the fund's reference index (IRFM-1). TBG ended the year 2018 without debts with third parties, due to the liquidation of all its financing, before the balance of R\$ 17 million in 2017.

In addition to these financial obligations, there is the TCO contract, with a remaining balance of US\$ 169 million in December 2018 to be amortized by TBG with the provision of transportation services until 2041.

Indicators and their targets were defined with the objective of evaluating the implementation of the current strategy. A few strategic indicators are presented in the "Key Results" chapter. The results achieved exceeded the established targets, with the exception of the indicator "Reliability

of the Compression System ", by a difference of only 0.18%, due to the occasional unavailability of the electrical systems of some Compression Stations of the northern section, mainly due to failures of electricity concessionaires that occur more frequently in the months of rainfall and higher incidence of lightning. However, failure to meet the target did not compromise TBG's schedules of receipt and delivery of gas.

The follow-up of the Business and Management Plan and the operational, commercial and economic-financial performance are presented monthly to the Senior Management through the Monthly Corporate Performance Report.

The extent to which the company's strategic objectives have been met is demonstrated in the table.

Strategic Indicators

Indicators	Unit	Goal	Result
Net debt / EBITDA	Rate	≤ 0.05	-0.02
Operating Expenses	R\$ bi	≤ 0.31	0.27
TAR - Recordable Accident Rate Index	≤ 0.58	0.00	
Reliability of Compression System%	%	≥ 99.68%	99,.50%
Customer Satisfaction Level%	%	≥ 98.47%	99,.06%
Balance Held in Current Account	R\$	≤ 20,000	10,666



Planning and governance

Strategic planning

In recent years, there have been changes in Brazil and in the world: the enactment of the "Gas Law" (Law 11,909 / 09); the discovery of pre-salt reserves; expansion planning of pipeline infrastructure; the consolidation of the global liquefied natural gas (LNG) market; the discovery of unconventional natural gas deposits and the deepening of environmental and sustainability issues. Particularly for TBG, the approximation of the end of the validity of its transport contracts served as an additional motivation for a reflection on the future.

In 2012, taking into account this context, the current strategic position was approved. Throughout all these years, the company has been implementing actions focused on the need to adapt to the changes, to face the challenges and to maintain its permanence.

Recently, significant changes occurred in the business and legal / regulatory environment in which TBG is inserted, such as the signaling of Petrobras to reduce its participation in the natural gas market, the "Gas to Grow" initiative, the new role required of the carriers and the Public Call, demand a new revision of its strategic positioning.

With the objective of preparing for a new scenario in the Brazilian natural gas market, with the possibilities of greater diversification of actors and a change in the role of

Transporter, TBG sought to redefine its strategic positioning in this new context. The perception of the Senior Management, the constant monitoring with the organs of the granting power and the participation in the discussions of the new market design were actions that aimed to subsidize the Company in the revision of its role in the market. From a new positioning, the Strategic Planning review led to the definition of a new organizational identity for the company, with a mission, vision and values compatible with the creation and preservation of value for its shareholders and meeting the expectations of other interested parties.

The Business and Management Plan, with a five-year scope, reaffirms the attribute of integration document, becoming an important piece in the management of the company. Its elaboration is related to the implementation of actions that allow the Company to reach its strategic objectives, among them the perennality of the business and the commitment to generate value.

The company has been implementing actions focused on the need to adapt to the changes, face the challenges and maintain its permanence.



Management System

In order to add value to the business, TBG has an Integrated Management System (SGI), implemented since 1999, which seeks to improve our processes with a focus on quality, environment, safety and health at work, gas measurement and calibration laboratory, in addition to having objectives and goals that provide continuous improvement of the company.

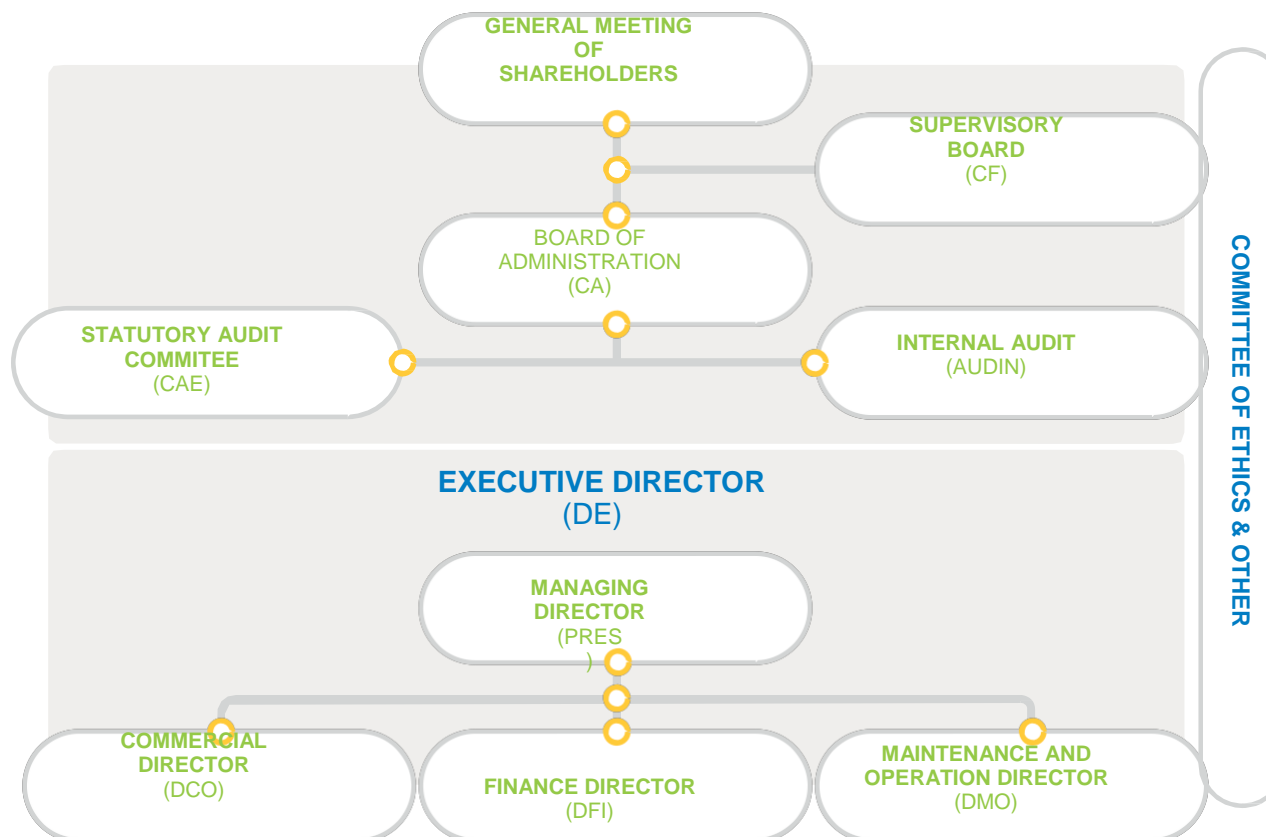
In 2018, the transition to the new versions of ISO 9001:2015 and ISO 14001:2015, which deal with Quality Management and Environmental Management, was made.

After intense work that mobilized all areas of the company, after the recertification audit process, TBG remained the only natural gas carrier in Brazil that has the following certifications:



In 2018, the company obtained the accreditation and maintenance of INMETRO in the new version of the ISO / IEC 17025:2017 ABNT NBR standard, conferred to the Laboratory of the Management System of the Calibration Service, in accordance with ANP / Inmetro Joint Resolution No. 001 / 2013 so that TBG can calibrate its secondary instruments of transfer of custody of natural gas. The recertification and maintenance of the standard represents the formal recognition that the company meets the requirements previously defined and is competent to carry out the activities accurately in its own laboratory.

TBG has the Integrated System of Processes and Standardization (SINPEP) which aims to disseminate our policies, guidelines and procedures, as well as providing, in a single and standardized system, a source for consulting all our standards associated with our processes.





Governance structure

TBG performs its activities based on the best practices of Corporate Governance, in order to preserve the value of the organization, respecting the principles of transparency, fairness, accountability and corporate responsibility.

The Corporate Governance structure of TBG has the deliberative and executive bodies acting in an integrated and coordinated manner, and its attributions follow what is defined in the Law of S.A. (Law no. 6.404 / 76) and in the Bylaws of TBG (consolidated and registered with the Commercial Registry of Rio de Janeiro on 05/14/2018, under number 00003192848).

In 2018, TBG's Bylaws underwent extensive reform to comply with the State Law, which stipulates in its Article 6 that "the social status of public companies, mixed-capital companies and their subsidiaries shall comply with governance rules corporate governance, transparency and structures, risk management and internal control practices, management composition and, if shareholders, mechanisms for their protection, all of which are contained in this Law. With such a reform, there was continuous improvement of governance, transparency and accountability.

In compliance with the aforementioned Law and the statutory reform of TBG, the company independently selected, with the help of a recruitment consultancy, the members of the TBG Statutory Audit Committee (CAE). The committee is composed of 03 professionals with extensive experience in boards of directors and corporate accounting. Among the attributions of the committee is the supervision of the activities associated with internal control, risks, internal audit, financial statements of the Company.

TBG also published the Annual Chart of Public Policies and Corporate Governance, which provides for the Company's activities and its public commitments, the structure of internal controls, management and risk factors, main results and governance model.

The company has been implementing actions focused on the need to adapt to the changes, face the challenges and maintain its permanence.





Risks and Opportunities

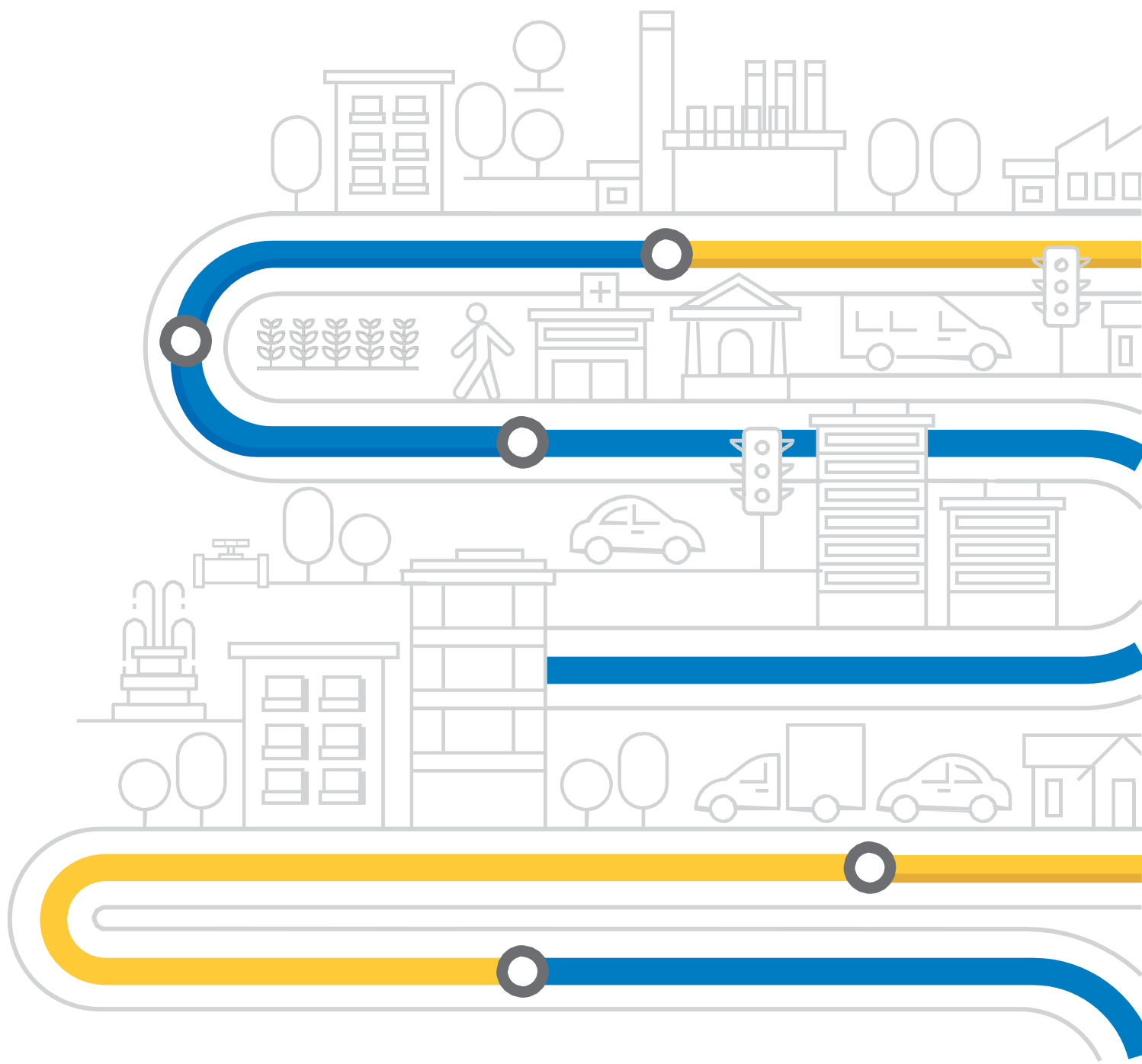
Risks management

The integrated and proactive risk management is fundamental for the delivery of results in a safe and sustainable way, being focused on the creation and preservation of the Company's value.

TBG's Corporate Risk Management structure complies with Law 13303/16 and other infra-legal provisions, such as Joint Normative Instruction MP / CGU No. 1/16 and Resolution No. 18/16 of the Inter-Ministerial Commission on Corporate Governance and Administration (CGPAR) and functions as a defense system to anticipate the threats that affect our strategic, economic, financial, operational or compliance objectives.

In addition, TBG's risk management structure follows the Three Lines of Defense model. The first line of defense of risk management is carried out by the various management of the CIA, the second line by the Risks and Internal Controls areas, and the third line is in charge of the Internal Audit.

In this way, we have a permanent Corporate Risk Management Committee (CRISC) for the purpose of monitoring the corporate risk management process, acting as advisory body to the Board of Executive Officers in analyzing specific risk management matters. Thus, each company management must identify, analyze, evaluate and monitor and, through the Risk area, periodically communicate to Top Management the main risks and response actions planned.





To assist in this process, our TBG Corporate Risk Management Policy establishes guidelines and responsibilities and is based on the following fundamental principles:

- **Respect for life in all its diversity;**
- **Full alignment and consistency with our Strategic Plan;**
- **Ethical performance and in compliance with legal and regulatory requirements;**
- **Integrated risk management;**
- **Orientation of risk response actions aimed at aggregating or preserving shareholder value and business continuity.**

The attributions and responsibilities of all the agents involved were reviewed in order to more accurately portray their roles in the management of TBG risks.

The company's Risk Methodology was also reviewed, seeking greater adherence with the latest version of the ISO 31.000 / 2018 ABNT standard. The risks to which we are exposed are classified into five groups according to our risk management system: Strategic, Operational, Financial, Compliance and Legal / Regulatory.

Since 2008, TBG has periodically reviewed its Corporate Risk Matrix, where the risks that TBG is exposed are identified, qualified and quantified. The review of this Matrix is carried out under the coordination of the Risks area and submitted to CRISC, DE and CA. This process involves all areas that have risk events under your responsibility.

Considering the management of corporate risks as a continuous process that permeates the entire Company, in addition to the importance of disseminating the risk culture, maintaining a constantly updated risk base is a step already taken by the company. In 2018, we implemented the Risk Management System (SGR), a tool that keeps the data centralized. This allows the managers to update every three months, as well as the issuance of managerial reports, thus avoiding the multiplication of spreadsheets with different versions, generating greater reliability in the information.

Opportunities

Our Corporate Risk Management Policy considers not only anticipating threats that may adversely affect our strategic, economic, financial, operational or compliance objectives, but also take advantage of the positive aspects of risks, identifying and potentiating new business opportunities, processes and products, or perfecting existing ones, resulting in actions and projects that are continually captured in our strategic planning.

TBG developed a pioneering model in the natural gas market, acting in an integrated way as operator and transporter of its own transport system. In this way, TBG with the Public Call, has the opportunity to perpetuate its operations, maintaining its operational assets and providing services with a high level of quality.

Since 2008, TBG has periodically reviewed its Corporate Risk Matrix, where the risks that TBG is exposed are identified, qualified and quantified.



Insights

The gas market is in deep transformation and our challenge is to fully adjust our operations.

The Gas to Grow initiative is being a watershed. The current participation of natural gas in the Brazilian energy matrix is 12.3% (Source: National Energy Matrix 2018.) However, this scenario may change if we take into account the global tendency to seek alternative and less polluting sources, as well as the promising reserves of the Brazilian pre-salt.

We know that in order to advance in this sector, it is necessary, in addition to the solid internal bases, to join forces, mobilizing agents and other interested parties. It is our commitment to work on different fronts to contribute to this advance.

The company has been building the necessary bases for everyone to work in an integrated way, considering reliability, accountability, transparency and

In this journey, the company has been building the necessary bases for everyone to work in an integrated way, considering reliability, responsibility, transparency and ethics in all strategic decisions and in the day to day operation.

With the Public Call, TBG has the opportunity to implement an isomeric and competitive model of contracting its available transportation capacity, optimizing its transportation capacity and perpetuating its participation in the natural gas transportation market. The Public Call for contracting transport capacity in the Entry and Exit Scheme, scheduled for 2019, will allow the use of the transport pipeline focused on contractual flows, bringing more flexibility, liquidity and competitiveness to the market.

In the second phase of the Public Call, called the incremental phase, we will offer the market the opportunity to register the interest of contracting new entrances and exits of natural gas in TBG's transportation system. As an example, the inputs may be contracted through LNG terminal projects in the southern section of the pipeline and the exits through new delivery points in the market area of Local Distributors, the installation of a new thermoelectric plant or another free consumer .

Growth and sustainability are goals that go together. The companies of the future must, necessarily, guarantee the generation of value over time to ensure the continuity of their performance. And it is on this path that we are following.

In this way, we will continue to play a leading role in the history of natural gas in Brazil, contributing, together with other players, to the expansion of the natural gas market and the National Energy Security.



MESSAGE FROM THE CHAIRMAN
OF BOARD OF
ADMINISTRATION

MESSAGE FROM THE
SUPERINTENDENT
DIRECTOR

ABOUT THIS
REPORT

TBG

EXTERNAL
AND
INTERNAL

HOW WE
GENERATE
VALUE

MAIN RESULTS

MANAGEMENT RESULTS
AND FACTS

PLANNING
& GOVERNANCE

RISKS AND
OPPORTUNITIES

INSIGHTS

Credits

Editorial Coordination

Institutional Communication Coordination

Content Coordination

Strategy, Planning and Risk Management
Management of Controllershship

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