



TBG Integrated Report **2020**

Transportadora Brasileira
Gasoduto Bolívia-Brasil S.A.

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The background features a dark blue field filled with a complex, glowing circuit pattern of thin lines and nodes. Overlaid on this are large, flowing organic shapes in light blue, green, and orange. The text is positioned in the upper left, within a light blue area.

More agile
More digital
More competitive

We get better

01. *Message from the Chairman of the Board of Directors*

The TBG reorganization project moves forward in 2020

In 2020, I was privileged to act as Chairman of the TBG Board of Directors. The year required much dedication and caution as we faced many uncertainties and global challenges. We very closely monitored our company's unique capacity and competence to exercise our corporate vocation and, in some moments, to reinvent and innovate our processes.

The restructuring of the Company moved forward in the period as we started a new business cycle. One of the important measures was the adoption of a Board of Directors consisting of independent directors whose mission is to contribute to the fulfillment of all corporate expectations of a promising future, adapting to a new market vision, economic environment, and developing a strategic management plan to get on with the company's business. These initiatives demonstrate how different cultures from the public and private sectors, and the overseas and domestic markets can work in harmony.

Our diligence and commitment helped to improve Company performance in 2020. Company management approved many issues on different levels of complexity, demonstrating good understanding and a fruitful convergence of interests. Several initiatives were adopted, starting with the decision to work from home for the entire workforce in the same week that the World Health Organization (WHO) publicly acknowledged the Covid-19 pandemic. This work – at – home policy also included our Control and Supervision Center (CSC) staff which maintains TBG remote operations, assuring best management and monitoring practices of the 2,593-kilometer gas transport pipeline.

From the "Covid-19 Crisis Room", under the command of our company president and with the participation of managers, we started executing decisions always focused on ensuring our employees' health as well as company operational

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"To provide the best logistical solutions that connect natural gas supplies to the markets, adding value to favor the sustainable progress of industry, thermoelectric generation, and the heating of homes."

TBG's New Mission

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continuity. Several safety initiatives were implemented and integrated into the employee work routines, including REDLINE TBG, a weekly self-test, regular Internet broadcasts on health-related topics, distribution of anti-Covid kits containing protective gloves, masks and alcohol gel, among others. The communities living around the TBG Pipeline right-of-way, also received hygiene kits donated by TBG and distributed through a partnership with local Civil Defense authorities. Essential on-site maintenance activities were adopted to comply with strict safety protocols.

In this context, the upgrading of our management processes included the launching of initiatives as part of the consolidation of new TBG infrastructure including our innovative Capacity Booking Online Platform, the POC, the first virtual Portal offering pipeline gas transportation services to shippers in the country. Open Seasons were held, new business opportunities appeared, our services portfolio was expanded in accordance with Company's New Mission: "To provide the best logistical solutions that connect natural gas supplies to the markets, adding value to favor the sustainable progress of industry, thermoelectric generation, and the heating of homes".

We faced many unforeseen events, including contract cancellations and business postponements. Even so, and in the face of strong economic retraction, the company recorded an increase in the demand for natural gas supplies from thermoelectric generation plants, mainly in the second half of the year. These demands were met which once again demonstrates our unique capacity for overcoming challenges, transformation, and innovation.

In this atypical market environment, the Company recorded gross operating revenues of R\$ 1,948 million in 2020, generating a net income of R\$ 579 million, an EBITDA of R\$ 1,320 million, and proposed dividends of R\$ 613 million. This performance made it possible to adequately remunerate our shareholders for their investments, while maintaining a strict capital policy, cost optimization processes, innovations, transformations, new business fronts, and, at the same time, high standards of efficiency, safety, respect for life and the environment, and operational excellence. These are all clear demonstrations of our robust financial results, which once again confirms the unique TBG ability to excel at our work that has marked our history since its inception.

It is also worth mentioning our constant concern with operational continuity and employee health initiatives promoted by the company in such a challenging year. TBG has been untiring in its efforts, thanks to relevant pandemic prevention guidelines and information on adaptation measures, to protect the health of its employees and consultants without, however, neglecting efficiency of our operations.

At the end of 2020, we received excellent news. The Brazilian Ministry of Mines and Energy (MME) made us a proposal to build and expand the gas transport pipeline network in the country, under Ordinance 456/2020, which went into effect on December 24. The objective is to meet the increasing demands for gas transmission services in the regions where we operate. The Government also has declared that in addition to the Authorization regimen for the expansion of the pipeline network, they have granted us permission for launching a new Open Season for Contracting Transmission Services Capacity, but in an indirect way; under the supervision of the National Agency of Petroleum, Natural Gas and Bio-fuels (ANP). It also defines the rules applicable to the proposed regimen.

TBG is recognized as a strategic natural gas transmission company in Brazil, aligned with shareholder guidelines and the government's policy for the gas and energy sector. Its actions are developed based on environmental sustainability, operational excellence, financial soundness, ethics, and cooperation, always with a focus and concern for integrating the necessary technologies and sound development of environmental, social, and governance considerations.

The Board of Directors will continue to prioritize an objective and modern management approach, focused on a commitment to transparency, sustainability, governance, and building added value.

I wish to thank all our collaborators, including the TBG staff that is directly involved in providing the pandemic infrastructure and support.

I also take this opportunity to thank our shareholders for supporting Company Management initiatives, as well as the members of the Board of Directors, who have been contributing to improving our governance policies, and the members of the Audit Committee and the Statutory Audit Committee for performing their specific roles. Last but not least, I must thank all our corporate directors and the entire workforce who, in a transparent and effective way, achieved the results presented in this Report.

To conclude; I express my total confidence that TBG will continue to be a reference in the Brazilian natural gas market, due to its pioneering spirit and capacity for transformation, confirming and surpassing the expectations of a promising future for the New Market of Gas, while ensuring competitiveness, thanks to our new products and new businesses, thus assuring on-going and future revenues and profitability, creating added value for society as a whole. As in previous years, the Company will continue to reaffirm its commitment to the principles of transparency and social and environmental responsibility and to contribute to the balance of the Brazilian national energy matrix.

Alexandre Jadallah Aoude

Chairman of the Board of Directors

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The Board of Directors will continue to prioritize an objective and modern management approach, focused on a commitment to transparency, sustainability, governance, and building added value.

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The historic record reached in 2020; six years and eleven months without any kind of gas delivery failure, fulfilling all commercial and operational commitments, a true Company milestone.



Campo Grande in Mato Grosso do Sul's Compressor Station

02. Message from the Chief Executive Officer (CEO)

2020 – A special year for TBG

2020 was a very challenging year in the face of the global pandemic. TBG took many protective measures while preparing our internal procedures to continue improving our operations and contributing to add value to its shareholders and at the same time, adapt to the New Brazilian Natural Gas Market. Sustained by our history of resilience, in 2020, we consolidated the new TBG business and operations models, focused on improved natural gas transmission logistics solutions, ready for the challenges of caring for multiple clients and a diversified business portfolio.

I am proud to report that on December 12th, we reached the historic record of six years and 282 days without time-loss accidents. Additionally, following WHO guidelines, we have adopted all safety protocols to significantly reduce Coronavirus contamination among our collaborators. In 2020, our constant and frequent initiatives included accident prevention and health campaigns, an ongoing zeal for safety, which is one of the TBG permanent principles. “Employee health and operational continuity” was the motto that echoed in all company actions and procedures.

In regard to the New Gas Market environment, our transition was considered a strategic issue to ensure our strengthening and competitiveness in the sector. We migrated from a single-client model to become a Transmission System Operator (TSO), thanks to the use of a dynamic infrastructure to transport and operate our own gas pipeline transmission systems.

We also developed new product and service offerings in 2020, always aiming to consolidate our pioneering spirit and leadership in the Commercial area as well, such as the “Entry and Exit” transmission contracts, that guarantee the conditions necessary for pipeline operational continuity, while generating value and

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In an unprecedented way, we launched a transport logistics services platform, the Capacity Booking Platform (POC), which provides shippers a wide range of new products.

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assuring long-term business life for the Company. In an unprecedented way, we launched a transport logistics services platform, the Capacity Booking Platform (POC), which provides shippers a wide range of new products that will be detailed in this Integrated Report.

We took steps to meet the new demands made by the gas market. We started what we call the Virtuous Transformation Cycle. In this same year, we redefined our new organizational identity (Mission, Vision and Values). We designed and introduced more efficient work methods. We also developed the Inova TBG Program and we defined the five TBG strategic guiding drivers: New Products, New Business, Competitiveness, Digital Transformation, and Culture.

For example, based on our New Business concept, we started the first training program for pipeline operators for another company in the sector. Studies are underway on small-scale LNG organizations, which use natural gas as an alternative for expanding the frontiers of their pipeline services. The New Gas Pipelines project, aims at supplying the country’s southern region with interconnecting pipelines, and yet another project that foresees the participation and operation of an underwater 30-kilometer pipeline along the Brazilian coast.

This work was only possible due to the business and operational experience we have gained over the past two decades, since the beginning of our activities, which generated the expertise in providing gas transport services as well as know-how relayed to planning, designing, deploying and operating, and maintaining our pipelines, compression stations, and delivery points, what we call – city gates.

It is worth noting that we developed the new TBG product and service portfolio while dealing with the pressures of the Covid-19 pandemic. We worked in close collaboration with other market players in information exchanges held since 2019, in more than 50 workshops.

In record time, we adopted a system that allows us to manage a continuous remote monitoring system, for all TBG operational activities. In activities performed in the field, we adopted safety protocols that guarantee the maintenance of all activities and assets used in our operations. Today, we can, in an unprecedented way, administer our entire operations system in Brazil, directly from our operator's home offices. Our transmission system was nearly 100% available throughout the year, achieving a Compression System Reliability performance index of 98.44% and no delivery failures. We transported an average of 17.6 million m³/day of Bolivian gas and 4.8 million m³/day of gas processed originating from Brazil.

We reached the end of the 2020 fiscal year with a robust financial result, a structured portfolio of new business products and services, and solid corporate sustainability. Our vocation for expressing our pioneering spirit is once again confirmed so now we can focus on adapting TBG to the model required by the New Gas Market to enable the transmission of gas, either imported or processed in the national territory.

Our actions to encourage the preservation of the environment were recognized for the third consecutive year. TBG was awarded with the "Certificate of Environmental Distinction (Green Seal) issued by Jornal do Meio Ambiente de São Paulo. TBG is committed to reconciling economic growth with ethical business management. Being acknowledged as a strategic company contributing to the country's economic development also gives us a dimension of importance in our

role as a socially and environmentally responsible company.

I thank our shareholders, the Board of Directors, the Audit Committee, and the Statutory Audit Committee for their confidence in the TBG Executive Board of Directors, which has demonstrated our vision of best management practices put in place to achieve all our business targets and objectives, while maintaining a high level of professional performance and optimizing the available resources.

I especially wish to highlight the active participation of our collaborators work that has helped us to achieve the excellent TBG results. In 2020, they worked with commitment, technical competence, safety, compliance, and responsibility.

TBG has a solid management and the financial strength to move forward thanks to our new business initiatives, our remarkable pioneering spirit and proven corporate sustainability.

Let the next decades come!

Erick Portela Pettendorfer
Chief Executive Officer

Our transmission system was nearly 100% available throughout the year, achieving a Compression System Reliability performance index of 98.44%.

"I especially wish to highlight the active participation of our collaborators work that has helped us to achieve the excellent TBG results. In 2020, they worked with commitment, technical competence, safety, compliance, and responsibility."

Erick Portela Pettendorfer
Chief Executive Officer



Corumbá's Compressor Station

03. About the report

The TBG 2020 Annual Results are presented in this management report, in the form of an Integrated Report in accordance with current regulations. It complies with requirements set forth in Law 13.303/2016, Law 6.404/76, and the guidelines published by the Federal Audit Court (TCU) based on the principles of transparency, sustainability and best governance policies. The information covers the period from January 1 to December 31, 2020.

The Integrated Report consists of this document and the TBG Financial Statements. The Integrated Report unifies financial and non-financial information and demonstrates how strategy, business performance, and prospects, in the internal and external contexts, have led to the generation of added value to the Company in 2020.

The Report was elaborated in compliance with the principles recommended by the IIRC - International Integrated Report Council.

Throughout this publication, we will indicate TBG performance interfaces with some of the 17 Sustainable Development Targets (SDG) proposed in Agenda 2030 by the 193 Member States of the United Nations (UN). The sharing of best practices means to reinforce the value of corporate sustainability actions and strengthen collaboration between companies and nations, in order to reduce negative impacts on society.



Figure 1 - Sustainable Development Targets - SDGs

The contents of this report are validated by the Executive Board and approved by TBG's Board of Directors. The financial statements for the year ended December 31st, 2020 have been analyzed by the Statutory Audit Committee and the Audit Committee, and audited by an independent firm.

Throughout its 21 years of operation, TBG has been perfecting processes in search of better practices to carry out economic activities without forgetting its social function. To learn more about the company's performance, we invite you to read this report, where the paths taken by TBG in the search for the construction of a more just, ethical, and environmentally healthy society are expressed.

For additional information, please consult the TBG website: www.tbg.com.br

Good reading for everyone.

The transmission network consists of more than **2,593 kilometers**. Our gas pipeline crosses **five states** and **136 Brazilian municipalities**.

Right-Of-Way in Mato Grosso do Sul

04. About us

TBG – a Natural Gas logistic solutions pioneer

We are a Brazilian private corporation, founded to become a reference in the natural gas pipeline transport segment, offering the best logistic solutions and leading the transformations being made in the sector in Brazil.

We play the role of TSO – System Transmission Operator. In other words, we transport natural gas by pipeline and operate the gas delivery system across the country. As a carrier-operator, we play the part of a large shopping mall since we make it possible for agents that buy and sell natural gas to carry out new commercial gas transaction options we offer to the market.

The transmission network consists of more than 2,593 kilometers. Our gas pipeline crosses five states and 136 Brazilian municipalities. The route starts in the city of Corumbá, in Mato Grosso do Sul, and crosses the states of São Paulo, Paraná, and Santa Catarina, ending in the city of Canoas, in Rio Grande do Sul.

As the owners of the Bolivia-Brazil gas pipeline and acting as operators and carriers, we have the installed capacity to transport up to 30 million m³/day of natural gas uninterruptedly.

► The history of the TBG pioneer spirit

Our story starts back in the 1930s, when technical studies of the bilateral agreement for the purchase and sale of oil and natural gas were started. Years later, in the 1990s, TBG was created. *Transportadora Brasileira Gasoduto Bolívia-Brasil* (TBG) was founded on April 18, 1997. The Bolivia-Brazil Gas Pipeline (GASBOL), actually started gas transmission operations in 1999.

Since then, we have taken the lead on several fronts, including pioneering large-volume gas transmission through a pressurized pipeline around the country. Always exploring new avenues, TBG became forerunner a gas pipelines proj-

ect financing. We are unique, having consolidated our reputation as the only national gas transport carrier operating under its own Operation and Maintenance management. We are the national reference in cathodic protection processes, compressor operations, metrology, pipeline maintenance, and right-of-way proprietorship.

Our results in 2020 confirm this remarkable journey, as the following table shows:

TBG in the spotlight

- Six years and 282 days without time-loss accidents (Base date: 31/12/2020)
- Seven years and 11 months without gas delivery failure
- Compression System Reliability Performance Index of 98.44%
- 100% of Pipeline Environmental Compensations finalized as of 2019
- For the third consecutive year, awarding of the Certificate of Environmental Distinction
- Capacity Booking Platform (POC)
- Inova TBG – Incentive Alignment, Process Simplification and Innovation Program
- Dynamic Methodologies – Modern Corporate Culture
- Challenge of startups for digital transformation in ECOMPs
- TBG is among the most active companies in South America on social networks in September 2020
- First place ranking as the most profitable company in the gas transmission sector; the fifth most profitable in the country and the fifth best company in the gas transmission sector in Brazil, according to Exame Magazine issue – “Melhores e Maiores” (The Best and Biggest) 2020 Ranking

Our Operations

The TBG operational system is composed of remotely operated installations, namely: 15 Compression Stations, 47 City Gates, 3 Inlet Points, 9 Outlet Zones, 3 Gas Metering Stations, and a variety of other surface facilities ensuring the continuous operation of our national transmission system grid. We operate, maintain and deploy our transmission pipelines with total safety, sustainability, efficiency, agility, and operational reliability which are the parameters that ensure the excellence of our services and performance.

TBG's structure in numbers

47 City Gates

9 Outlet Zones

3 Inlet Points

2,593 Km

We serve the states of Mato Grosso do Sul, São Paulo, Paraná, Santa Catarina, and Rio Grande do Sul. We are also connected to other transmission pipelines in the national network by interconnections in the states of São Paulo (with the NTS carrier), and Rio Grande do Sul, with the TSB carrier.

We supply regions that include more than 50% of Brazilian Gross Domestic Product (GDP). Our Gas Pipeline is physically connected to 7 distributors and thousands of final consumers in living and working in these regions, creating a massive market area. We also supply natural gas to various thermoelectric plants and refineries located near our pipeline grid.

TBG maintains its own teams of professionals and specialized technical staff that perform continuous inspections and maintenance programs on the Pipeline and other installations. We are the only carrier in Brazil with our own Pipeline Operation and Maintenance management teams. As pointed out in the previous texts, we are a national reference for cathodic protection, compressor operation, metrology, and pipeline and right-of-way maintenance activities.

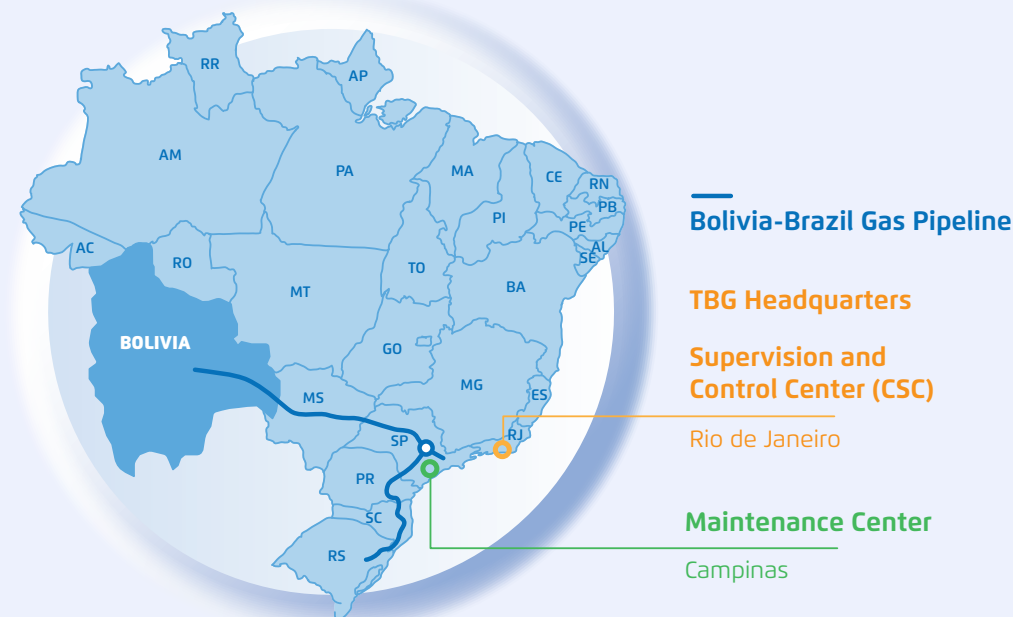


Figure 2 - Gas Pipeline Map

The operational flexibility of the facilities makes it possible to transport both Bolivian gas and gas processed in Brazil, through a process called inversion flow, a procedure conducted at our Metering Station in the Campinas-Rio Gas Pipeline (Emed Gascar) in Paulínia/SP. This allows for diversifying the origin of gas transmission procedures in the network.

We excel in the implementation of new business formats, products and services related to the transport and movement of natural gas. Our portfolio of solutions includes providing operational and maintenance services for all our installations, as well as technical services which are part of our basic and executive engineering areas, Metrology, Pipeline Integrity, and Thermohydraulic Simulation, among others.

Business Services and Partnerships



Natural Gas Logistics in New Developments

We seek, in the context of new ventures, to identify and evaluate our participation in bids for transmission pipelines, either directly or indirectly through strategic partnerships.



Pipeline Engineering Services

We act as service providers of pipeline engineering, developing and providing support for conceptual, basic and executive engineering projects for the construction and expansion of pipelines, their components and complements, such as delivery point compression stations, turbomachinery and turbo-compressors.



Other Services

In addition to O&M services, we offer consulting for the elaboration of thermal-hydraulic simulation reports and training in operation, maintenance, and inspection of transmission assets, through our Pipeline Business School.



Operation and Maintenance Services

We offer O&M services for natural gas transmission and handling assets, including operation, maintenance and inspection of surface facility pipelines (compression stations, entry and Outlet Points). We also offer removal and installation of turbine drives for natural gas compressors.

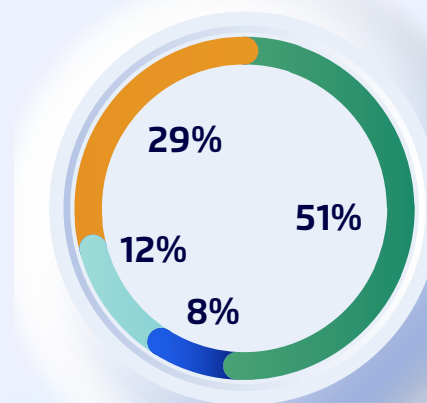


TBG Pipeline

Our logistics infrastructure is available by contracting transmission services on a firm basis, for off-the-shelf products (short term) or by extending the current infrastructure.

Corporate Structure

TBG shareholder distribution:



- 51% Petrobras
- 8% GTB-TBG Holdings S.À.R.L.
- 12% YPFB Transporte do Brasil Holding Ltda.
- 29% BBPP Holdings Ltda. (EIG Global Energy Partner Total Gas and Power Brazil)

iFigure 3 – Shareholding structure

**We led the transition
to the New Gas
Transmission Market in
2020. We took several
initiatives focused on
the best development of
the sector.**



Guararema/SP's Gas Metering Station

05. The New TBG

The transition to the New Gas Market made it necessary to implement structural changes in the company and in its relationship with the market. We are building strong foundations to maintain our leadership in the coming decades, creating new sources of revenue after termination of the firm contract with a single customer – Petrobras, earmarked for 2021. In the topics below, we present some of the initiatives already underway in 2020, which are part of the redesign of our organization.

› New Organizational Identity

Reinforcing our commitment to sustainable development and the well-being of our society

The change of culture demanded the reinventing of our Organizational Identity. In an unprecedented decision, our collaborators were invited to offer suggestions for the reviewing and updating of company concepts and values that underlie the definition of our Identity. We have adopted points of view that now redefine our inspiring Mission, challenging Vision, and non-negotiable Values.

After careful consideration of all the material we received, a workshop was organized with Management to define our updated identity, a proposition that best portrayed the work of transformation and construction of TBG's future.

Together, we created the basis for our future!



I believe in the value of **innovating** because with it we can grow.
 I believe in the value of **respect** because with it we are a team.
 I believe in the value of **pride** because it connects us to the company.
 I believe in the value of **transparency** because it gives us credibility.
 I believe in the value of **responsibility** because it is the foundation of results.
(Gilberto Luis Sanches Hernandez)

I believe in the value of **human capital** because it is the foundation of the organization.
 I believe in the value and **capacity of people development** because the company grows and prospers.
 I believe in respect for human **dignity and diversity** because it humanizes the organization.
 I believe in the **meritocracy policy** because it values human capital.
 I believe in **sustainable growth** because it perpetuates the company.
(Fatima Barbosa Bota)

I believe in the value of **effectiveness** because it is the act of doing the right things, we need to reinvent ourselves and change the course of the world!
 I believe in the value of **efficiency and effectiveness** because in addition to doing things right, we need to do the right things more than ever!
 I believe in the value of **sustainability** because it is our responsibility to foment natural gas exploitation without depleting the environment!
 I believe in the value of **sustainability and social responsibility** because it is our responsibility to transport gas and develop the business and but above all, to preserve life!
 I believe in the value of **efficiency and sustainability** because responsibility is to preserve nature and the quality of life, but also to provide resources so that all of this can be sustained!
(Rodrigo Rezende Pizzolante)

Figure 4 - Examples of employee contributions to the new Organizational Identity



Mission

Providing the best logistical solutions connecting natural gas offers to the markets generating value for the benefit of the sustainable progress of industry, thermoelectric generation, and home heating.



View

Being the reference in the Brazilian natural gas market for its pioneering and transformation capacity.



Values

Respecting life and the environment. Ethics. Focus on the result. Operational excellence. Innovation; Cooperation.

› New Gas Market

We led the transition to the New Gas Transmission Market in 2020. We took several initiatives focused on the best development of the sector. This migration represents the end of the business model adopted in the first 20 years of our activity, in which Petrobras was our only customer in a long-term contract format. In this new phase, we will have many customers and offer products in commercial transactions with various formats.

We consider that access to the transmission system is a key strategic issue for strengthening the industry and promoting competitiveness in the gas sector. We have made available, in an unprecedented way, a transport logistics services platform, the Capacity Booking Platform (POC), which provides a menu of new products in its exclusive virtual store: <http://ofertadecapacidade.tbq.com.br>. Our offerings are based on the best international market practices, adjusted to the Brazilian reality with a focus on flexibility, special conditions and tax legislation.

Entry and Exit

In 2020, we celebrated our first Entry and Exit regimen contracts for the sale of natural gas pipeline transmission services. In this modality, the shipper tells us the quantity of gas to be injected and informs its intention to commercialize the gas to one or more clients. These clients also declare the daily volume to be extracted from the pipeline and their intentions to buy from a specific agent. The injected gas can be exited at any point in the system, and from more dynamic negotiations. Now, the contracts celebrated now are exclusively focused on gas entry and exit capacities.

How it works::

Entry and Exit regimen

The shipper states the quantity of gas to be injected and states its intention to market this quantity to one or more recipients.

The recipients, in turn, state the daily volume to be taken from the pipeline and their intentions to buy from a particular agent in order to get the gas loaded into the system.

The injected gas can be withdrawn at any point in the system, and from more molecule-free negotiations between agents, the contracts concluded now deal exclusively with gas entry and exit capacities.



Annual Products

The TBG annual products are based on transmission service contracts on an existing capacity and on an Entry and Exit basis. This works very well for shippers with a more stable supply and demand profile. The contracts have a duration of one year and can be executed for a horizon of up to five consecutive years. They are supervised by the Brazilian ANP regulatory agency, which approves these transactions and publishes in a public notice announcement, the rules of the bidding process, the draft contracts, and the reference tariffs.

Short-Term Products

Off-the-shelf products, called Short-Term Products, may be daily, monthly, and quarterly contracts, with a certain predictability in the provision of the needed services that satisfy the demands of customers with seasonal and/or a short-term profile, but offering contract flexibility, agility, and predictability. They are executed in a fast and user-friendly manner, without the need for Open Seasons.

In this modality, the transmission capacities offered for contracting in the short term are firm and available, since they commercialize the balance of gas capacity not sold during the Annual Open Seasons. Interested shippers can request to contract the capacity through one or more products, by inlet point and/or outlet zone, according to their interests.

Incremental Open Seasons

These events were created to allow the adoption of new natural gas logistics projects, and increase access to our transmission system. They also offer the expansion and construction of new city gates (entry or outlet points), to meet the demands of shippers that cannot be met by our existing infrastructure.

Interruptible Transmission Product

In parallel to the above gas contracts formats, we are developing an interruptible transmission product, which is expected to be launched in the first half of 2021.

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TBG has been going through a profound transformation. In the business sphere, the Company is aware of the need to prospect new opportunities to perpetuate our business and continue generating value for the Company in the coming years.

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› New Business

TBG has been going through a profound transformation. In the business sphere, given, the soon-to-be expiration of the legacy contracts, TCQ in 2019 and TCX in 2021, the Company is aware of the need to prospect new opportunities to perpetuate our business and continue generating value for the Company in the coming years.

Upon analyzing the external environment, we identified several potential opportunities in 2020 aligned with our Company synergies. Some are briefly listed below:

- A contract was signed with the TSB transporter to provide services to implement the necessary procedures to comply with ANP's RTDT Technical Regulation;
- A contract was also signed with TSB to provide services in thermal-hydraulic simulations to meet ANP regulatory demands;
- A contract signed with NTS to provide technical training services to operational and maintenance employees;
- Development of the business model for the implementation of regional pipelines, aiming at expanding the TBG network by building and operating pipelines to transport natural gas derived from the trunk line. This expansion will internalize gas in the states, and interconnect with new LNG terminals and new sources of Brazilian offshore gas supply;
- Development of the business model to meet short-term demands from distributors (CDLs) in the southern region of Brazil through integrated Small Scale LNG logistics, with the transmission system. This initiative will improve revenue through an additional output capacity product based on integrated logistics service between the modes;
- Implementation of the Natural Gas Business School, an initiative that provides training services for professionals in Oil & Gas companies with TBG training courses. Besides earning income from the commercialization of these courses, TBG will further improve its brand image and presence as a major influence for the development of the New Gas Market in Brazil;

- Beginning of negotiations with NTS for the provision of maintenance services for the removal and installation of natural gas compression turbines. This initiative, which is in line with the internal technical qualification driver developed by our professionals, seeks to expand our range of activities, positioning itself in the market as a reference in the sector.

› Digital Transformation

We are heavily involved with our TBG Digital Transformation program. Focused on the commercialization of natural gas transmission services and the operational continuity of our gas pipeline, the TBG Corporate Digital Transformation Plan, in line with the new ICT Strategic Planning for 2020, is based on principles of innovation, agility, and effectiveness, and priority actions to assure increasing added value for the company's business. The main initiatives are listed below:

- In 2020, the **Capacity Booking Platform (POC)** started its operations, an unprecedented marketplace in Brazil that allows connecting players in the natural gas chain and makes viable freight and molecule buying and selling operations, in a simple and fast procedure. Using this Portal, TBG already conducts short, mid and long-term product sales operations in a secure, 100% digital process.
- The Naming, Scheduling, Certifying, and Billing processes were fully digitized in the **TBG Gas Transmission Portal (PTG)** and are being used by TBG customers and by Company Operational and Commercial areas. The operational allocation process has undergone a strong maturation and is getting ready to meet the new tax rules defined in 2020 by the SINIEF adjustment (National Integrated System of Economic-Fiscal Information).
- The use of **smart glasses** for remote guided mentoring has resulted in improved preventive maintenance, emergency maintenance, and even audits. Equipped with cameras, the goggles are attached to a safety helmet, freeing the hands of our professionals to safely handle the

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The TBG Corporate Digital Transformation Plan is based on principles of innovation, agility, and effectiveness, and priority actions to assure increasing added value for the company's business.

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equipment. Connection is made by voice recognition using the Microsoft Teams application. Now, the technician can receive instructions from a mentor or a group of consultants connected virtually. Images and videos are transmitted in real time, with features such as zoom and light level control.

- The inspections of units and, mainly, of the gas pipeline right-of-way zones have added increased operational efficiency through the use of **drones**, which reinforce the safety of employees and allow transmission of images of our field assets during preventive maintenance routines.
- SQUADS** have been implemented at TBG; a digital tool that will aid self-management in a modern way while receiving mentoring from management. Collective performance targets related to Innovation, Agility, and Effectiveness, and with the new autonomy and flexibility provided by management, TBG is undergoing numerous digital transformations in 2020, resulting in rapid gains, increased productivity, design of effective innovations, excellence in contract management, and cost optimization.
- In 2020, as part of a major program to optimize and modernize information processing, TBG consolidated 3 data centers into a single secure structure in Rio de Janeiro. We started the process of convergence between automation and ICT, moving much of the data and systems to Cloud Computing, in order to increase data security and gain better

operational continuity. Moving forward with TBG's Journey to Cloud Computing was an essential move for assuring efficient operational continuity and information security.

- Productivity, collaboration, and communication tools have also been made available to all TBG collaborators, through cloud computing services, allowing a prompt adaptation of activities for the people working from home.
- To improve Assets and Cyber and Information Security services through innovative digital tools, we implemented two new services: The Cyber Penetration Test and the Corporate Network Monitoring and Automation Service. They have raised the level of TBG cyber security. New tools and services were made available in order to contribute to the Asset Monitoring, as well as for protection of corporate information assets.

The development on the two platforms (POC and PTG) in 2020, was a key part of an important and unprecedented digital asset expansion in Brazil. This will contribute to the opening of the natural gas market in the country. From the perspective of the gas chain digital renovation, these upgrades significantly improve our annual Open Seasons, Incremental Open Seasons, as well as short-term and interruptible product sales, and the digital integration of the entire ecosystem.

› Innovation

Inova TBG is our new program to encourage innovation, efficiency, and entrepreneurship. The name was chosen after consultation with company collaborators.

The initiative is part of the Incentive Alignment, Process Simplification, and Innovation Program, whose main objectives are to increase productivity, promote innovation, and engage the workforce in this movement. Based on

the alignment of our workforce incentives and targets. It works with three predefined dimensions: Innovation, Process Simplification and Culture Change, which are connected to the Strategic Plan 2040 (in progress). Check the details of each dimension:

- **Innovation:** the first initiative is to hold an Ideas and Innovation Contest with the workforce, with a requirement that the results of the benefit be measurable.
- **Simplification:** the second dimension establishes targets and indicators for each step of TBG's main critical processes. The incentive attached to these targets is to link them to employee Performance Management.
- **Culture:** it proposes to foment changes in habits, increase proactivity, and reduce the influence of negative paradigms while increasing productivity.

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In 2020, we implemented two new services: The Cyber Penetration Test and the Corporate Network Monitoring and Automation Service. They have raised the level of TBG cyber security.

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Agile Methods

We started introducing more dynamic methodologies, alternatives to traditional project management views. The target was to improve processes and delivering faster more efficient results.

Where do we need to focus? How to align our activities to TBG's Strategic Planning? What are our priorities?



Figure 5 – Strategic Drivers of the Digital Transformation Plan 2020

In a management move as a response to the Covid-19 pandemic, our Supervision and Control Center (CSC) controllers started to work from home offices (Home CSC) to manage and monitor operations, and supervise and control the gas transport pipeline.



05. Coronavirus Prevention

Back in March 2020, TBG created the COVID Crisis Room in record time. Under the leadership of the company's president and with the participation of managers who supported the decisions made, the Committee focused mainly on preserving the health of our professionals and defending our operational continuity. Here are some initiatives:

- (i) Implementation of protocols aimed at controlling the spread of Coronavirus on TBG's premises and preserving the health of our peoples to guarantee operational continuity - TBG's institutional principles;
- (ii) Specialized medical consultants hired for medical/scientific support;
- (iii) REDLINE TBG (0800 026 0400) – a hotline for our collaborators and service providers to access Covid-19 related information, orientations, and questions;
- (iv) Record-time organization of the telework regimen for the offices at the headquarters, in Rio de Janeiro, and in Campinas/SP;
- (v) Weekly self-test for assessing collaborator health risks to Covid-19 and assess emotional issues, seeking to stratify and individualize pandemic-related care;
- (vi) Daily anti-Covid testing for all TBG workforce members following a four-question daily protocol;
- (vii) Health Kits available at Compression Stations and offices containing: gloves, mask, and alcohol gel 70%;
- (viii) On-line "Lives" (presentations to the workforce by videoconference) with professionals specialized in topics related to health issues;
- (ix) Official Publication (Covid Panel) for analysis of the external environment with information on contagion, lethality rate, and Covid-19 monitoring curves;
- (x) 10 Golden Rules for the workforce with reinforcement of Covid-19 pre-

TBG created the COVID Crisis Room in record time. Under the leadership of the company's president and with the participation of managers who supported the decisions made, the Committee focused mainly on preserving the health of our professionals and defending our operational continuity.

vention and banners installed in all operational units; and

- (xi) Regular awareness and prevention campaigns for the entire workforce.

In a management move as a response to the Covid-19 pandemic, our Supervision and Control Center (CSC) controllers started to work from home offices (Home CSC) to manage and monitor operations, and supervise and control the gas transport pipeline. This model, a first anywhere in the world, for pipeline operational control, will continue in 2021, or until the advent of mass vaccination in Brazil.

Anticipating municipal, state, and federal governments, TBG opted to reduce exposure to risk and, as of March 16, adopted a teleworking regimen for all our staff working in offices, to find the balance point capable of preserving the health of our collaborators and ensuring optimal operational continuity.

After authorization by the Crisis Room staff, led by the company's president, TBG maintenance technicians were oriented to follow a weekly maintenance plan considered essential to guarantee uninterrupted operational actions. Procedures are now performed in a telecommuting regimen from outside the normal workplace. Some professionals classified as "at risk", due to their age (over 60), and health histories, possible comorbidity victims, have also been added to our telework system and can be activated on demand from home.

Other preventive measures have been adopted to meet WHO protocols, such as:

- Notifying employees about access to information provided by the Company through WhatsApp;
- Encouraging the use of protective equipment and disseminating information on best work and health practices;
- Monitoring any symptoms shown by our collaborators on a daily basis and maintaining contact with our medical staff through a dedicated phone channel, called REDLINE;
- Wearing protective masks on TBG premises and in public places;
- Wearing gloves when going to TBG's facilities;
- Using alcohol gel to sanitize hands, vehicles, and workplaces;
- Keeping at least two meters away from anyone;
- Following good respiratory hygiene (mouth protection in case of sneezing or coughing);
- Continuously assessing risks and considering situations where our people may be exposed to possible infection;
- Monitoring our collaborators and contractors to identify possible symptoms at all entrances and exits at all our locations;
- Reviewing supply processes (loading and unloading) and planning supplies deliveries in strict compliance with contamination prevention guidelines.
- The maintenance of equipment critical to the operation, including those where legal and contractual requirements were prioritized, in accordance with gas transmission demands for receiving and delivering gas.

Covid-19 Social Action

In June of 2020, TBG donated nearly 30,000 essential items to meet Covid-19 threats. These actions were the result of a partnership formed by state and municipal Civil Defense teams from Mato Grosso do Sul, São Paulo, Santa Catarina, and Rio Grande do Sul. They were responsible for receiving TBG Covid Combat Kits and distributing them to the populations living in the vicinity of the pipeline. This project included volunteer professionals on the front lines of the fight against the pandemic; people from health institutions, and local indigenous and quilombo communities.

The TBG Kits contained bar soap, shampoo, toothpaste and a toothbrush. The company's contributions have thus joined the collective effort aimed at reducing eventual spreading of the Coronavirus in Brazil. TBG has chosen to adopt World Health Organization recommendations (WHO) and the Brazilian Ministry of Health, which highlight the importance of good hygiene habits as essential in the fight against viral contagion.

We, at TBG, are determined to build a healthier, more transparent, sustainable, and safer corporate environment, backed by ethical principles and values practiced not only at the Company, but also in our entire value chain.



Pantanal Sul-matogrossense

07. Environmental, Social and Governance Considerations (ASG)

We, at TBG, are determined to build a healthier, more transparent, sustainable, and safer corporate environment, backed by ethical principles and values practiced not only at the Company, but also in our entire value chain.

Besides the good Governance model practices, our commitment to society and to the environment has been a part of our philosophy since our very beginning, developed and consolidated in all TBG market actions.

We always act with responsibility and respect when we use natural resources and make every attempt to preserve and protect the environment. After more than twenty years of operations, we have created a unique way to prosper, much beyond only financial gain. We at TBG, generate positive impacts for shareholders, stakeholders and society.

› Respect for the Environment, Social and Environmental Responsibility

Our gas pipeline construction project guidelines included the utmost care to, whenever necessary, deviate from the original land route in order to avoid cutting down forests or other green areas. One of the main challenges that received special attention was the 85-km crossing of the Pantanal biome located in the state of Mato Grosso do Sul. Among the special measures taken, we also focused on reducing the noise of men and machines working in this area so as to not interfere with the migratory movements of birds in the region.

TBG has no legal fines or penalties related to environmental compensation cases arising from the construction of the Gas Pipeline. All the actions taken were carried out, while respecting 100% of the environmental guidelines in place. Our Operation licenses and their respective conditions have been strictly adhered to, namely: (Corumbá/MS-Canoas/RS stretch licensed by IBAMA/DF and Replan-Guararema stretch licensed by CETESB/SP).

We must mention the excellent work by our Senior Management during mobilization, as well as by several TBG departments, during the environmental crises resulting from the bush fires in Mato Grosso do Sul, in September 2020. This situation resulted in the implementation of the Crisis Room and the consequent adoption of firefighting actions and procedures including the implementation of a contingency plan using real-time satellite monitoring and close alignment with local Fire Departments and the other municipal, state, and federal Environmental Defense agencies. During this time, we constantly monitored our pipeline's robustness, and safety of our installations in view of the risks from eventual fire damage. The actions taken ensured the safety of those involved and assured our operational reliability. Happily, we can report that there was no damage to the Company's facilities, people, or to our operational continuity.

We also proudly mention that yet another award was given to TBG in 2020 – the "Green Seal" Certificate for the third consecutive year, granted by the Environmental Journal of the State of São Paulo due to the work performed by TBG in the category: Environmental Preservation and Education. This certificate was the result of a survey carried out with the State Environmental Secretariats, the Ministry of Environment, IBAMA, and CETESB.

› Focus on Safety

Nothing is so urgent that cannot be done safely. Everyone is responsible for safety: leaders, collaborators and all our service providers. Safety is a priority at TBG to ensure the lives and health of the workforce and to encourage everyone to maintain a high focus on where they are and what they are doing at all times. As a result of this culture, on December 31, 2020, we reached the historic mark of six years and 282 days without time-loss accidents.

To reinforce safety and accident prevention practices, and following up TBG life preservation initiatives, we have created a range of products already implemented at the Company such as the Safe Behavior and Golden Rules Training program that includes more than a thousand participants, among our own staff and service providers.

Tools and PPEs (personal protection equipment) and Procedures. The procedure is open to our leaders, and encourages use of a positive approach technique based on a previously defined checklist. Safety is all about Zero Tolerance for any issues involving HSE.

TBG is highly attentive to the safety of the communities around the Pipeline. These communities are the object of a continuous program to inform residents about possible impacts and/or risks. We developed the Social Communication Program (PCS), already in progress, aiming to raise risk awareness, explaining the care the communities must take when close to our pipeline right-of-way. We offer them safety procedures, and what and how to use these areas as well as the restrictions they should respect when in the Corumbá/MS-Canoas/RS pipeline area.

› Corporate Governance

The company performs all activities in compliance with Best Corporate Governance Practices, reaffirming its strategic importance in the composition of the national energy matrix. Through actions focused on human capital, on services, products and services, and in the relationship with our stakeholders, TBG continues to increase our corporate image credibility, seen as a solid, ethical and socially responsible company.

The continuous search for best practices will add value to the company's management and consolidate its institutional image.

Governance guidelines include: transparency; equitable treatment of shareholders; respect for society in general; accountability; economic, social and environmental responsibility; and respect for all applicable legal and regulatory requirements.

In pursuit of business excellence as part of the very best Corporate Governance practices, TBG periodically reviews performance indicators and risks and constantly evaluating what we do and how we do it, improving its processes where ever possible. Management conducts business with the Mission Statement in mind as well as the Company Vision and Values.



Figure 6 – HSE - Safety, Environment and Health

The Safety Dialog, Safe Driving, and Safety Cells programs were created to ensure compliance with TBG HSE requirements for all our service providers.

The Safety Moment is an event held at various meetings, most notably those the Board of Directors and the Field Critical Analysis Meetings (RAC). The HSE Reporting system focuses on the data collected from “near misses”, among our own personnel and third parties, and life risk management decisions arising from root cause analyses and preventive and corrective action plans.

The AUDICOMP program (Behavioral Audit) seeks to mitigate accidents arising from the behavior of the workforce associated with HSE deviations during routine activities underway in our work places. AUDICOMP addresses the HSE Golden Rules and includes topics such as Work Permits, Associated Risks, Use of

The TBG Compliance structure assures compliance with the rules, standards, ethical and legal procedures that guide the behavior of the workforce.

In 2020, we implemented the new Code of Ethical Conduct, published in our digital communication channels (intranet and internet), which presents the Company's ethical principles and commitments to people, to the environment, to property, and to every aspect that involves the business.

Governance is subject to the principles described in the Code of Ethical Conduct, which establishes Zero Tolerance for fraud, corruption, and any deviations in conduct. The principles support and orient management actions and decision-making, always aligned with transparency and corporate responsibility.

The individual and collective performance of company managers is routinely carried out annually and observes the following minimum requirements established in Law 13303/16: (i) exposure of management acts as practiced, within accepted lawfulness and effectiveness of administrative actions; (ii) contribution to the result of the fiscal year; and (iii) achievement of the objectives established in the Business Plan and meeting the long-term strategy.

The methodology used is based on the evaluation models for directors and chief officers, individually, for the Executive Board as a collegiate body, and for the Board of Directors. Additionally, an annual performance evaluation of the members of the Statutory Audit Committee is also carried out.

It is worth mentioning that the company's main governance instruments and other information regarding compliance with regulatory and legal norms are disclosed in the TBG Portal, and include the publication of the Annual Public Policies and Corporate Governance Letter, in compliance with Law 13.303/16. This document is intended for the general public, and describes Company's activities and public commitments, internal control structures, risk management and related factors, main corporate results, governance model, corporate governance practices, and a description of management's composition and compensation.

Key Policies

The Board of Directors is the body responsible under Company's articles of incorporation for approving Company General Policies, which include:

- Corporate Governance and Company Policy;
- Enterprise Risk Management Policy;
- Social Responsibility Policy;
- Health, Safety and Environment Policy;
- Compliance Policy;
- Internal Controls Policy;
- Protective Intelligence Policy and Corporate Security;
- Policy for Distribution of Results and Dividends;
- Policy for Appointing Members of the Audit Committee, the Board of Directors, the Executive Board, and Members of the Statutory Audit Committee;
- TBG's Related Party Transactions Policy;
- Communication Policy; and
- Human Resources Policy.

Corporate Governance Structure

TBG's Corporate Governance Structure consists of the deliberative and executive bodies acting together, in integrated and coordinated efforts. Its attributions follow what is defined in the Corporations Law. (Law No. 6.404/76) and in TBG's Articles of Incorporation available on our website: www.tb.com.br. Its principles are designed to assure and to contribute to:

- Generating Added Value for Shareholders and society in general, in an ethical and sustainable way;
- Ensuring TBG Sustainability and the perpetuation of best governance practices;
- Improving the Top Management decision-making processes;
- Improving Company Planning, Control, and Performance Processes;
- Increasing Transparency and Information Disclosure;
- Strengthening the Company institutional Image and Reputation.

Governance Agents

TBG's main governance agents include the Shareholders, the Board of Directors, the Audit Committee, the Statutory Audit Committee, the Executive Board, the Internal Audit and the Independent Audit. These bodies, despite having different responsibilities, act in an integrated manner in maintaining the development of the business and the creation of value for the company.

The **Board of Directors (CA)** is composed of eight members, without alternates, elected at a Shareholders' Meeting, with a term of office not to exceed two years, with no more than three consecutive reelections. The Board held 22 meetings in 2020.

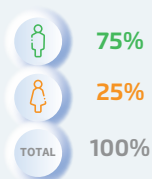
This Board is composed of three members appointed by private shareholders, three independent members, one member appointed by the Ministry of Economy and one member appointed by the employees (in compliance with Federal Law 12.353/10, providing for the participation of the workforce in guiding the Company's business). The directors' resumes are available on the Company's website: <https://www.tbg.com.br/estrutura-de-governanca>.

The adoption of independent directors with multidisciplinary market experience and vision corroborates the enrichment and strengthening of TBG governance and, unlike previous years, in 2020 the Company was led by an independent Chairman of the Board of Directors, an important step taken by Management to assure our promising future in the new Natural Gas Market.

The profile of TBG's Board of Directors in 2020 is as follows:

Perfil do Conselho da Administração da TBG em 2020

GÊNERO



FORMAÇÃO

- 1 Ciências Contábeis
- 2 Engenharia
- 2 Economia
- 2 Direito
- 1 Técnico de Segurança do Trabalho

8 TOTAL

The **General Shareholders Meeting** is Company's solely deliberative corporate body, which issues relevant decisions that will govern Company actions. There were 11 meetings held in 2020.

The **Audit Committee Fiscal Board (CF)** is a standing body independent from management and external auditors, as required by Brazilian Corporation Law. It consists of three members and their respective alternates, all elected at the Shareholders' Meeting, with a two-year term of office, with two consecutive reelections allowed. The FC held 16 meetings in 2020.

The **Statutory Audit Committee (CAE)** is composed of three members elected by the Board of Directors with the purpose of providing support to the board regarding the exercise of its auditing functions and the inspection of the financial statements and effectiveness of the internal control systems and internal and independent audits. The CAE held 44 meetings in 2020.

The **Executive Board (DE)**, the statutory body whose main function is the management and operation of the company's business, is composed of a CEO and three executive officers, including a Financial Officer (CFO), a Commercial Officer (CCO), and a Maintenance and Operations Officer. They are elected by the Board of Directors for a term of up to two years; no more than three consecutive reelections are permitted. The DE held 58 meetings in 2020.

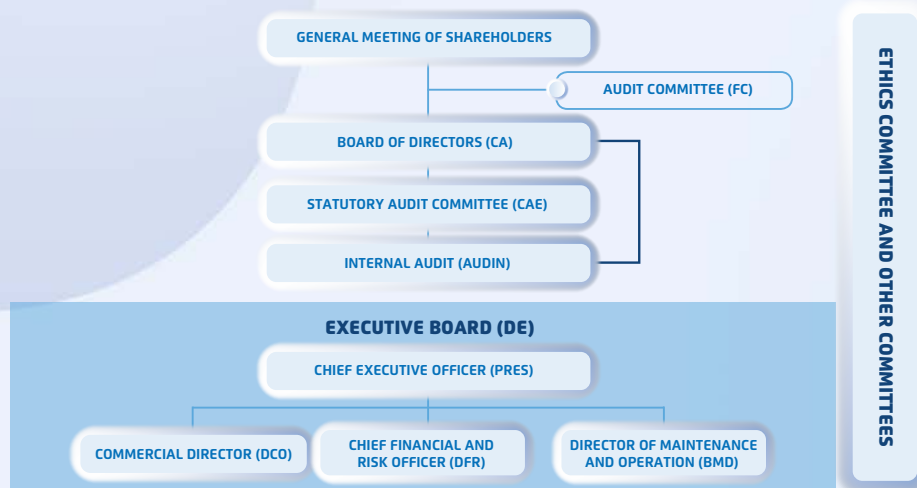
The **Internal Audit (AUDIN)** reports directly to TBG Board of Directors, and its activities are supervised by the CAE. Its internal regulation is approved by the Board of Directors and its main purpose is to act as an advisory group, so as to ensure adequate levels of internal control verification, in compliance with the Annual Internal Audit Activity Plan (PAINT). The results of the internal audits are submitted to the Board of Directors for approval, also monitored by the Audit Committee and Statutory Audit Committee. The main control activities performed are disclosed annually in the Internal Audit Annual Activity Report (RAINT).

Our Internal Audit Mission is to increase and protect organizational value by providing objective risk-based assessment, advice, and knowledge, and to centralize the demands, recommendations, and determinations of external control and inspection bodies, as the Federal Audit Court (TCU) and Office of the Comptroller General (CGU).

TBG also has engaged an **Independent External Auditing** to examine Company's financial statements at the end of each fiscal year. The final approval of these statements is made by the **General Shareholders Meeting (AGO)**.

The Company's Governance Structure also includes **commissions and committees**, constituted to assist the TBG Executive Board decision-making involving relevant organizational and integrated management topics. The governance structure and relevant committees are shown below:

Corporate Governance Structure



- Internal Accident Prevention Commission
- Ethics Commission
- Corrections Committee
- Human Resources Committee
- Corporate Risks Management Committee
- Corporate Safety Committee
- Telecommunications and Information Technology Committee
- Materials Management Committee
- Contracts Management, Supervision and Monitoring Committee
- Internal Energy Conservation Committee
- Organizational Development and Planning Committee
- Operational Deviations and Associated Commercial Impacts Committee

Figure 7 – TBG's Corporate Governance Structure

The TBG Organizational Structure is responsible for the management of the Company:

TBG Organizational Structure



Figure 8 – TBG General Organizational Chart

Compliance, Internal Controls, and Intelligence

TBG has implemented the Internal Controls Methodology (MCI-TBG) for strengthening our Internal Control System (SCI-TBG). This is a good market practice designed to guarantee achieving our organizational objectives.

To ensure achieving our objectives and create added value for our stakeholders, TBG Governance bodies have established the Corporate Identity (Mission, Vision and Values) that outline our strategic, tactical and operational objectives in line with our Internal Controls system. This concept has been summarized in the following table:

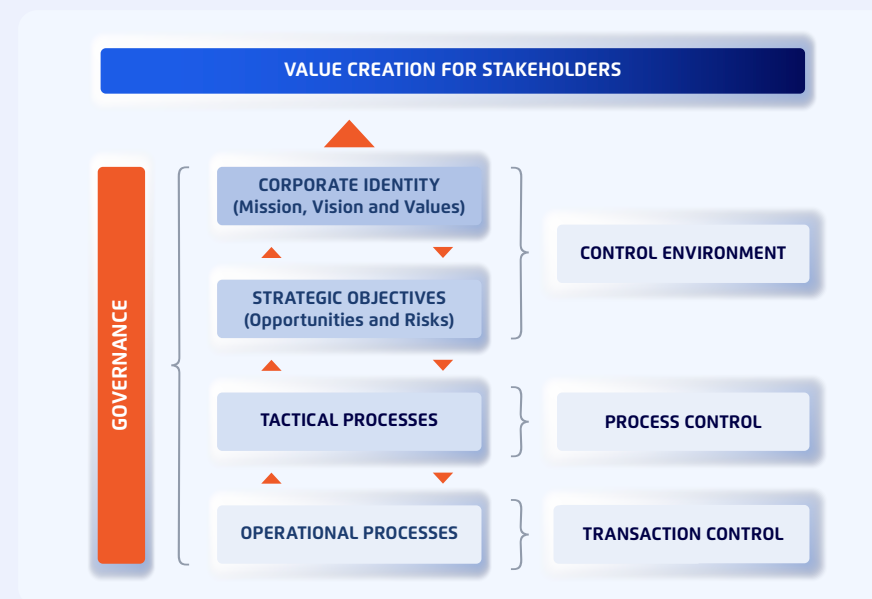


Figure 9 – TBG Internal Control System

Internal controls are based on two levels: Entity Level and Process Level (and/or Activities). In both cases, various methods are used to collect and analyze data. However, preponderantly the self-assessment method, also known as Control-Self Assessment (CSA) is used at TBG and structured by means of specific forms for each case and executed by the person in charge of each Management area.

To highlight; we are constantly promoting the Culture of Integrity by strengthening the pillars of Prevention, Detection, Remediation, and Monitoring.

We've introduced the concept of gamification to develop a pleasurable experience while developing a culture of compliance, ethics, and moral conduct through "Compliance Games". We are promoting "Compliance Talks", reaching out to leaders on all management levels. Furthermore, we have instituted meetings that now include a "Moment of Ethics and Integrity", which creates moments for reflection and while promoting our culture of integrity among the workforce.

We make continuous efforts to improve our Corruption Prevention Program (PPC-TBG) management which includes revisions of our protective measures. At TBG, we give compliance opinions for specific situations that are submitted to our Governance agents and followed by an Integrity Background Check Report for Management as well as for members of the Statutory Audit Committee, Audit Committee and Board of Directors. We have an Integrity Risk Grade check-up for all counterparties. Throughout 2020, some 20 Compliance Opinions were issued, seven Background Checks and 26 Due Diligence Integrity Reports were issued.

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Considering the current transformation of the natural gas market in Brazil, TBG has been working on the implementation of our Entry and Exit Contractual Model and the development of New Products to offer the available Natural Gas Transmission Capacity to market players.



08. Planning and Management

► Strategic Planning

Considering the current transformation of the natural gas market in Brazil, TBG has been working on the implementation of our Entry and Exit Contractual Model and the development of New Products to offer the available Natural Gas Transmission Capacity to market players. TBG understands we must create new long-term strategies to orient our business - this is essential for our success.

Business environment analyses were designed to identify and analyze external factors that influence the sector environment in which TBG is a part. Some highlights include: The Privatization Process, the New Gas Market, the Covid-19 Pandemic Crisis, Digital Transformation, changes in the Regulatory Framework and the Integration of the Natural Gas Transmission Systems in Brazil. The results achieved coming from the 2019 Open Season and renewed market interest in TBG's Transmission System was captured during the mapping TBG Incremental Capacity needs, the political crisis in Bolivia in 2019 and its consequent instability in the supply of natural gas. This motivated the revision of our Company Strategic Planning 2040 – PE TBG 2040.

TBG's Strategic Objectives

Our Strategy Map, in a logical and structured way, translates the TBG Mission, Vision, and future business outlook into a comprehensive set of objectives. The purpose is to make visible our performance strategy and how its practices impact on the achievement of results. The Strategic Map subsidizes the allocation of efforts and help avoid the dispersion of actions and resources. Our Consolidated Objectives may be examined below:



Figure 10 – TBG Strategic Map

Strategic Drivers

Considering the growth strategy and the changes required to achieve long-term objectives, we have defined our key Strategic Drivers to be deployed in the short, mid, and long-term initiatives:

- **Product Portfolio** – developing diversified transmission service-related products;
- **New Business** – developing new and profitable business;

- **Competitiveness** – stimulating innovation, simplification, and cost efficiency in our quest for greater profitability;
- **Digital transformation** – streamlining and providing process security for leadership;
- **Organizational culture** – implementing actions for the modernization and a renewed mindset.

In the new cycle of change, our Strategic Planning plays a central role in corporate management actions and governance, anchoring the core elements and activities that are essential to transformation, among them:

- **Change Management** – based on lectures and motivational activities for the teams involved;
- **Innovation Program** – creation of a Collaborative Community, Commission and awards associated with the benefit generated for TBG (Ideas and Innovations Contest);
- **Business Plan 2021-2025** – includes initiatives developed and based on the TBG 2040 PE;
- **Variable Remuneration Program** – defining individual targets and top metrics aligned to the TBG 2040 PE, to strengthen the practice of meritocracy.

TBG Business Plan

The comprehensive Business Plan considers the necessary adjustments to our strategic drivers and the transition to the new Brazilian Natural Gas Market, while considering the need for alignment with important external interfaces. It also aims to link initiatives to strategic objectives to achieve our targets set for the company's results and performance indicators and metrics.

The strategies are broken down into targets or indicators with specific actions set forth in the Business Plan, over the next five years, created to guide company actions in the short and mid-term.

Our management was driven by our adopted environmental, social, and governance commitments to create value for shareholders, stakeholders, and society, in compliance with the 2020-2024 Business Plan.

Future actions, approved in 2020 by the Board of Directors, are included in the Business Plan 2021-2025. They reflect TBG's business objectives and envision the short and mid-term strategies withing our governance structure, and based on risk analyses and new business opportunities, including the initiatives cited in the TBG 2040 PE.

Business Performance

Monthly progress reports on the operational, commercial and economic-financial performance of the Company are presented to Upper Management in our Monthly Business Performance Report (RMDE). Additionally, monthly Critical Analysis Meetings are held (RAC) involving several Company areas. This helps management to mitigate or define recovery actions, when problems in meeting targets are identified. The Corporate Governance structure guarantees the involvement of the Top Management and the managers in the whole process, from the definition of the targets to the periodic monthly follow-up.

STRATEGIC INDICATORS 2020	TARGET	RESULT
FCO - Net cash from operating activities	R\$ 1,110.12 million	R\$ 1,472.35 million
ROAE - Return on Average Equity	125.34%	140.30%
CCT - Cost of Technical Capacity	R\$ 10.33 million	R\$ 8.72 million
GOG - Manageable Operating Expenses	R\$ 311 million	R\$ 262.45 million
CSC - Compression System Reliability	98.00%	98.44%
NSC - Customer Satisfaction Level	95.00%	97.35%
RCO - Return on Operating Cash	38.35%	50.43%

Table 1 - Strategic Indicators

Thanks to our constant structural evolution and operational maturity, TBG has developed efficient cost management and capital discipline programs, aimed at sustaining safe and profitable pipeline operations.

We continue focused on our long-term strategy, in view of the implementation of initiatives associated with our Strategic Drivers through actions mapped out in our Business action plan under permanent monitoring by TBG Management.

› Integrated Management System

The Integrated Management System (SGI), in addition to adding value to the business, is improving our processes with a focus on quality, environment, occupational health and safety, and our modern calibration laboratory. The SGI proposes objectives and targets capable of promoting the continuous improvement of the Company.

The purpose behind SGI planning is to satisfy customer requirements, as well as meet the strategic objectives and premises as defined in the Company's Value Chain. It breaks down into strategic business and support macro processes, to serve the stakeholders and make management efficient by improving processes with a focus on risks and opportunities.

In 2020, TBG obtained, once again, after external audits, the renewal of certifications in the Quality Management norms (NBR ISO 9001), Environmental Management (NBR ISO 14001) and, for the first time ever, was certified to the new Occupational Health and Safety Management standard (NBR ISO 45001:2018), both internationally recognized.

We also renewed our ISO/IEC 17025:2017 Certification for our Calibration Service Management System (SGSC); gas pipeline pressure and temperature monitoring procedures conducted in our own laboratory. TBG remains the only gas carrier in Brazil to hold this certificate. The calibration of natural gas transfer equipment is of paramount importance in controlling losses and uncertainties.

We are the only natural gas pipeline operator in Brazil to hold the following international certifications:

- ISO 9001:2015 - Quality Management
- ISO 14001:2015 - Environmental Management
- ISO 45001:2018 - Occupational Health and Safety Management
- ISO/IEC 17025:2017 - Management in Test and Calibration Laboratories

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In 2020, TBG obtained, once again, after external audits, the renewal of certifications in the Quality Management norms (NBR ISO 9001), Environmental Management (NBR ISO 14001) and, for the first time ever, was certified to the new Occupational Health and Safety Management standard (NBR ISO 45001:2018), both internationally recognized.

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› Risk Management

TBG Risk Management was designed to defend against any risk that could affect the value of the Company by observing the action and alignment with the Company's strategy. It was created to anticipate any threat that may affect our strategic, economic and financial objectives, or our operational effectiveness or compliance with laws and norms. Good risk management makes it possible to embrace new opportunities that influence the way to reach corporate targets.

Another relevant aspect of this process is the maintenance of a continuous, transparent, and adequate flow of information involving management processes at the company. Administrators, investors, and other stakeholders must be constantly informed of emerging risk scenarios while respecting the confidentiality of this information, in line with corporate procedures, policies, guidelines and other internal norms of corporate and information security.

Our integrated enterprise risk management model is methodologically based on ISO 31000:2018 certification guidelines, which consists of identifying, analyzing and assessing risks and consolidating them into a Risk Matrix. Risk Management is a responsibility of all personnel and contractors. It is part of the new TBG

corporate culture. This is a sub-process created to identify, qualify, and monitor events and aligning business risk management to strategic objectives and corporate planning.

Enterprise Risk Management Policy

The Business Risk Management Policy establishes principles and guidelines that must be observed in every Company management process.

Methodology

The Business Risk Management Methodology establishes the different steps to be taken in the risk management process at TBG.

TBG Business Risk Classification

CATEGORIA	DESCRIÇÃO
Strategic	Defined, in general, by market expansion or retraction; unforeseen competitive conditions; development of new technologies or events that may significantly affect Company market value.
Operational	<p>Risks with potential negative impact on the Company's image and eventual contractual, regulatory and environmental ramifications. They are associated with:</p> <ul style="list-style-type: none"> Failures arising from people, processes, and systems involved in operational activities, which can lead to reduced or even interrupted operational capacity. Events derived from forces of nature including acts of terrorism, vandalism, and robbery/theft affecting Company assets or products. General and administrative activities, may involve personnel issues; training gaps; failures in purchasing and contracting processes and information systems that support administrative activities.
Financial	<p>Related to ineffective management and poor control of Company financial means and the effects of external factors.</p> <p>Example: credit availability, exchange rates, interest rate movements, and other types of market orientations.</p>
Legal/Regulatory	Associated with regulatory issues, meeting environmental requirements, tax legislation, etc.
Compliance	Risks associated with fraud, corruption, money laundering, terrorist financing and reliability of financial reporting.

Table 2 - TBG Risk Classification

TBG lived up to its pioneering vocation for creating natural gas logistics solutions by launching several measures aimed at interacting with the market and making contributions to the development of Company products.



09. External and Internal Contexts

The year 2020 brought dramatic challenges on a global scale. Based on the internal and external environment, characterized by great transformations in the business world, TBG lived up to its pioneering vocation for creating natural gas logistics solutions by launching several measures aimed at interacting with the market and making contributions to the development of Company products.

We participated in dozens of workshops with the sector's main associations, large industries, traders and producers, and with the institutions that represent government authorities. During these events, we were able to identify points for improvement in our contract proposals that resulted in a new formula for providing transmission services with a 90% reduction in transactional costs.

› Commercial Scenario and New Products

In 2020, the search for new sources of revenue became paramount to the Company's future. Already in January, we started operating transport services in the new Entry and Exit modality, unprecedented in the country at that time; we celebrated eight transport contracts. The transactions were conducted through a digital environment, on the TBG Natural Gas Transmission Platform (PTG).

The market players perception of this platform was reinforced during TBG workshops held for actual and potential customers. This is how we developed new improvements and new commercial and operational features.

Contractual Amendments

In order to meet the repressed demand for gas deliveries in Santa Catarina, we signed a contract Additive to the TCX contract, in which the Santa Catarina Zone was reorganized into Santa Catarina Zone 1 and Santa Catarina Zone 2, thus defining new maximum contracted capacities of 140 thousand m³/day in the Santa Catarina 2 Zone and 1,728,200 m³/day in the Rio Grande do Sul Zone.

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In January, we started operating transport services in the new Entry and Exit modality, unprecedented in the country at that time; we celebrated eight transport contracts.

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Billing Transmission Services

We made the necessary changes in TBG billing transmission services resulting from the approval of the SINIEF Adjustment (National Integrated System of Economic-Fiscal Information) dated March 4th, 2018, which conceded differentiated tax treatment to circulation operations and services rendered for natural gas transport in a gas pipeline. Upon the conclusion of credentialing Petrobras and TBG as shippers in all the states involved in transmission services, (as of 07/01/2020), the commercial flow was approved for billing purposes and for the incidence of accessory tax obligations in the new contracting regimen for natural gas pipeline transport.

› Regulatory Scenario

New Gas Law Project

TBG provided technical support to the Association of Gas Carriers (ATGAS) in conducting negotiations related to sustaining the best practices for the sector. In all, there were more than 30 meetings held in 2020 for action planning.

On 09/01/2020, Bill 6407/2013, which establishes the new legal framework for the natural gas sector, was approved in the Brazilian House of Representatives with the wording supported by ATGAS. On 12/10, the Senate made changes to the original version, which sent the original proposal back to the House of Representatives.

The Bill (PL) increases competition and generates greater legal certainties for investors. In the scope of Transmission activities, the PL will consolidate the In-bound and Outbound contracting regimen, which foresees that gas sales between the agents can take place even without a common physical point. TBG supports this model, already adopted in the European gas market.

The PL includes topics such as:

- Maintenance of the Authorization regimen;
- De-verticalization of the sector;
- Creation of Network Codes - Uniform rules for contract operations;
- Implementation of a Market Area Manager;
- Specific rules for classification of gas transport pipelines.

Throughout 2020,
we minimized risks
and maximized
opportunities aligned
with TBG strategic
objectives, generating
value for our
stakeholders.

São Carlos's Compressor Station

10. *How we create Value*

› TBG Corporate Matrix

The TBG Matrix is the graphical representation (see below), of all the relevant risks and opportunities that affect the Company's ability to generate value. Our analysis considered the connection between strategy, governance, performance, and outlook. For the definition of the matrix themes, we assessed aspects that reflect significant economic, environmental and social impacts, relevant to stakeholders and that, over time, could affect TBG's ability to generate value.

We defined the following themes to compose our matrix:

TBG Corporate Matrix



Figure 11 - Corporate Matrix

Business Model

Our Business Model, used as a management tool, promotes Company growth and generates value for our stakeholders through the implementation of structured actions and the integration of our internal processes. We constantly re-evaluate TBG macro-processes and procedures to meet legal requirements while adapting to new market challenges.

HOW WE GENERATE VALUE AT TBG



Figure 12 - Business Model

› Our Capitals

Throughout 2020, we minimized risks and maximized opportunities aligned with TBG strategic objectives, generating value for our stakeholders through many forms of capital, namely: Human Capital, Intellectual Capital, Natural Capital, Social and Relationship Capital, Manufacturing Capital and Financial Capital, as described below.

Human Capital

Human capital is a central factor for Company sustainable growth, based on advanced cognitive and socio-behavioral skills. Our Human Capital is formed by a qualified team of professionals and represents one of the Company's great differentials for its contribution to construction, operation, consolidation, and maturity of the company in the gas market, and for its commitment, technical competence, safety, ethics, compliance, and socio-environmental responsibility.

This is how our workforce is structured:

Profile of TBG Collaborators in 2020

EDUCATION

	Middle Level	Higher Level	Graduate	Master's Degree	PhD	Postdoctoral Fellowship
	72	100	51	10	-	1
	1	35	26	-	1	-
TOTAL	73	135	77	10	1	1

REGION

Southeast **234**

Mid-West **31**

South **32**

GENDER

240

57

Remote Working Network (Telework)

One of the important initiatives adopted in 2020 was the remote work regimen, approved in March/20 as a permanent measure to prevent contamination by the new coronavirus. Its adoption was extended to the entire company, including interns and service providers, ensuring TBG operational continuity while protecting the health of our human resources.

In order to facilitate adaptation to the new work regimen, TBG approved an allowance for telephone and internet expenses incurred at home. A booklet containing guidelines on topics such as ergonomics, productivity, and information security, among other topics, was also made available.

Subsequent surveys were applied to evaluate the adaptation to the new regimen. The results showed that a high percentage adapted satisfactorily (92%) maintaining the quality and punctuality of its deliveries (95%). Performance improved compared to face-to-face interactions (25%).

Job and Function Reassessment and Remuneration Benchmarking

In 2019, after reviewing the Position Plan (PCS) and restructuring some areas, then in 2020, Company managerial functions were reassessed, extending the same methodology to the evaluation of the Specialist and Supervisory functions, as well as for the new positions in the PCS. The initiative analyzed the levels of remuneration practiced, internal consistency and balance, as well as external competitiveness. We also conducted a benchmark study which allowed a comparison between the TBG remuneration policy and typical market practices.

The study showed that TBG adopts a salary and benefit strategy that positions the company very competitively against other market players, while preserving an adequate level of internal balance. Some recommendations arising from the study, which counted on the partnership of a Human Resources consultancy, are already underway, while additional recommendations will be implemented in 2021, to maintain the Company's capacity to attract, develop, and retain talents, and encourage high-level performance by our collaborators, aligned with Company strategic objectives and promoting meritocracy.

Table 1 - Profile of TBG collaborators

Hiring people for a fixed term

In 2020, we decided to hire new personnel under a fixed-term contract regimen. This was an exceptional measure taken to meet the urgent need to replenish the Company's staff, which became even more evident with the pandemic. We complied with legal labor precepts and worked within best recruitment and selection practices adopted by the market. We hired specialized external consults to conduct the selection processes to meet the needs of different company areas, but never losing or focus on assuring pipeline operational continuity and the need for transparency of the whole process.

Following the principles of impartiality and hiring ethics used throughout the entire process we attracted professionals from the market, and initiated recruitment and selection processes among the candidates over a period of a few months. This resulted in the contracting of seven technicians and two engineers. The evaluation, admissions and integration processes were conducted entirely at distance. By means of a survey among managers and collaborators, through virtual meetings with the newly hired, the success of this process was clear and evident to all.

Performance Management (GD)

As a way of strengthening collaborator commitment to Company strategic objectives and contributing to the achievement of better business results, TBG continued exercising the TBG Performance Management process. 2020, after approval of the new Strategic Plan 2040, the target review process received special attention. The results of the performance evaluation will serve as the basis for payment to our personnel of the Superior Performance Bonus (PDS) in 2021.

Leadership Development Program (PDL)

Our Leadership Development Program (PDL) was revised in 2020 to keep the focus on competencies that favor people management and enable leaders to act effectively even in a constantly changing scenario. Keeping teams engaged was our goal.

A totally online format, our program entitled, "Ciclo AproximaRH", focused on

Our Leadership Development Program (PDL) was revised in 2020 to keep the focus on competencies that favor people management and enable leaders to act effectively even in a constantly changing scenario.

the development of empathic leadership and the promotion of a culture of trust, while facing the challenges of achieving the business goals laid down in the Strategic Plan (PE) 2040. The themes, "Relational and Emotional Intelligence" and "Nonviolent Communication", were later addressed in workshops which brought together supervisors, coordinators, and managers.

The Ciclo AproximaRH program was a success and will be extended to all TBG leadership starting in 2021.

Retirement Preparation Program (PPA)

In 2020, we implemented the Retirement Preparation Program, to provide our workforce with information and the opportunity to reflect on the meaning of retirement and the importance of planning so that the transition can take place in a conscious manner. Forty employees from different directorates gave a positive evaluation of the 5 workshops held on topics related to self-knowledge, psychosocial aspects of family, social relationships during retirement, health and quality of life, financial planning, and social security, among others.

Internship Program

We continued the Internship Program that contributes to the professional training of students, by complementing academic education with the practical application of theoretical knowledge. Our 27 trainees from different courses participated in a training workshop and a meeting with supervisors to discuss their role and rethink the process of remote work supervision.

Throughout 2020, we promoted virtual meetings with our team of consultants as a way to keep the teams sensitized and engaged on relevant themes, and to foster a learning culture. The meetings on “Agile Methodologies” are worth mentioning; an audience of 256 employees (of which 71% rated it great) and on “Creativity”, which received an audience of 192 employees; 97% evaluated the initiative as great.

Reinforcing the initiatives to combat Covid-19, within the scope of the Sustainable Development Targets related to health and well-being, we organized awareness campaigns that were an important part of the occupational health area, in addition to various products, such as:

- The **“Entre Amigos” Program**, which offers support for personal problems among our collaborators and their dependents. The program has a multidisciplinary team made up of psychologists, lawyers, and financial experts, among others.
- The **Quali+Vida Program**, offers our personnel nutritional orientation by specialists and coaching through individual consultations and continuous monitoring.
- In regard to our preventive and mandatory programs, we must mention the **Medical Control and Occupational Health Program (PCMSO)** and the **Environmental Risk Prevention Program (PPRA)**, as determined by the Ministry of Labor.

Intellectual Capital

TBG Intellectual Capital is made up of our collective technical capacity, expertise and know-how in the operations, natural gas pipeline transport, and Pipeline management spheres at the Company. It represents one of our organizational intangible assets and is based on all the knowledge and technical expertise of our Human Capital, that is, the universe of knowledge, skills, and attitudes that underlie the work at the Company that produces economic value.

Competencies

- Expertise in Gas Pipeline Project Finance Expertise;
- Large-volume, pressurized natural gas transportation expertise;
- Development and expertise of the TBG Entry and Exit contract model;
- Expertise in measurement and calibration;
- Expertise in Pipeline remote operation from the TBG Supervision and Control Center (CSC);
- Remote Pipeline Operation with In-Home Controllers (Home CSC).

Knowledge Management

Knowledge Management creates value for the TBG business. It identifies, creates, preserves, and shares the applied knowledge required to carry out the company processes and projects. It safeguards against the loss of knowledge and helps innovate new processes, products, and services. Our Knowledge Management process was intensified in 2020. We mapped the strategic knowledge with the greatest potential to contribute to the key processes used by our Maintenance and Operations Directorate.

Initially, the employees with the highest probability of retirement were interviewed. Next, we identified more than 60 areas of expertise that they detained; their knowledge was analyzed and classified. By using criteria related to possible impacts and risk of loss of such knowledge, 52 topics were prioritized and built into an action plan that will be implemented throughout 2021, in order to preserve this special know-how at the company and begin sharing it among other people.

In the next stage, two workshops were organized in the second encounter of the TBG Mentor Program, which focused on accelerating the transmission of special knowledge held by experienced employees; holders of knowledge considered strategic and/or critical. This information was passed on to younger collaborators who are still developing their careers. The second class was attended by 13 mentors and 14 mentees.

Benefits of Knowledge Management:

- Ensure continuity and quality of activities developed in operational areas and units.
- Anticipation of demands that will require new knowledge.
- Retention of the knowledge necessary for the development of company activities.
- Preparing people with enough knowledge to perform effectively in processes and projects.
- Preparation for eventual knowledge vulnerability issues, such as: terminations, moves, and leaves.

Corporate Knowledge Management Practices:

- **Mentor Program:** a knowledge management practice that establishes a learning relationship between experienced professionals and a less experienced one. The focus is on sharing “TBG knowledge,” that is, technical skills, culture, values, and relationship networks.
- **On-Site Training (TLT):** an activity characterized by specific skill training related to practical situations carried out in the workplaces. It is based on pattern-structured activities, norms, manuals, procedures and other Company documents.
- **Dissemination of Knowledge – the Human Resources Development Program Abroad (PDRHE):** a knowledge management practice that establishes a methodology for collecting and disseminating knowledge acquired by participants in courses outside Brazil.
- **Knowledge Inventory:** a knowledge management support tool in which a collaborator identifies and records the activities he performs and the knowledge he uses to do so, to assure knowledge retention and sharing.

Human Resources Development Program (PDRH)

In 2020, we continued the Human Resources Development Program, promoting training actions aligned with our strategic planning, designed to develop the necessary competencies needed to: make new businesses viable, assure diversification of the TBG product and customer portfolio, foster digital transformation, and maintain operational excellence.

To meet the challenges and opportunities, we maintained our level of investment in training programs, totaling 16,482 hours in 2020. Some 53 conclaves, short, long-term, as well as language development courses were contracted to comply with legal requirements and improve the technical skills and behavioral development of our collaborators.

See the chart below to understand the distribution of training events by type:

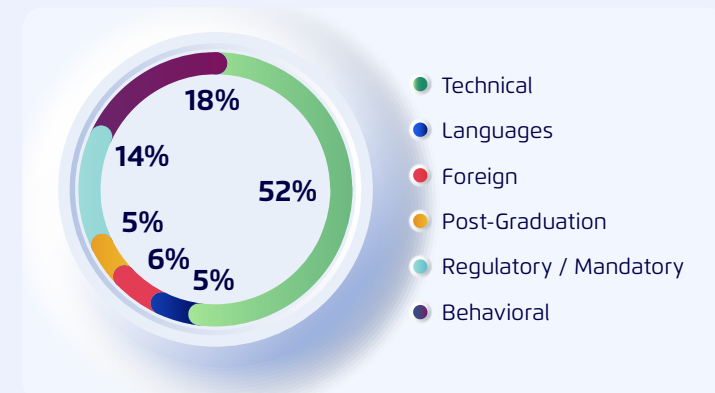


Chart 1 - Distribution per type of training at TBG

In 2020, all training demands were met with 100% distance learning solutions (EAD). This is the case for company training sessions normally conducted by internal instructors or trainings that were contracted in the market. By adopting a social distancing policy, TBG did not measure efforts to adapt our training demands. We included in the training agenda, distance learning formats by searching the market for specialists using this teaching resource.

The year 2020 was also marked by a constant stimulus to self-development and leadership among our staff. The workforce participated in free courses that were extensively offered by the Corporate Education market.

To foment the consolidation of a culture based on ethics and transparency, the annual Corporate Governance training program, offered managers and members of the Audit Committee, was extended to the members of the Statutory Audit Committee (CAE) and 27 other employees. TBG formed a partnership with the Brazilian Institute of Corporate Governance (IBGC) for 32 hours of training to update the best business practices.

Also considering the need to improve competencies needed to support new project development and partnerships, an EAD co-participation mode English language learning pilot project was implemented. In the first stage, the project included 41 employees, an exponential increase over 2019, which had only ten participants.

In the Safety, Environment and Health (SMS) area, TBG offered 2,424 hours of training carried out by our internal instructors, ensuring the qualification of our personnel for conducting safe operations and the maintenance routines.

Training is considered an important strategic tool to consolidate new knowledge, as well as to prepare our collaborators to face current and future challenges. On average, every collaborator participated in 54.7 hours of training in 2020.

Capital Natural

TBG's Natural Capital is composed of environmental resources, renewable or not, that integrate or are impacted by our productive process, specifically; our natural gas pipeline transport service.

Environmental Management System

The purpose of the TBG Environmental Management System is to safeguard the environment and to enable fast responses to changing environmental conditions, balanced with social or economic conditions. The commitment of our teams, together with Top Management was essential to the success of our system and for exceeding all our environmental objectives.

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TBG fulfilled 100% of our environmental goals arising from the construction work and our Gas Pipeline installations. The pipeline crosses 11 Conservation Units and Environmental Preservation Areas (APAs) along its route.

The main natural resources used by TBG include: Natural Gas for System Use (GUS), electric power and water.

Electric energy is used to a lesser extent in our assets, as most of our equipment is powered by natural gas. **Water** is used in small quantities in our main production process – the natural gas transport service, this fact exempted TBG for requiring an environmental permit to use this resource. **Natural water** resources, along the pipeline route have remained as they were before the construction work. The pipes are buried at depths of between 1.20 and 2.50 meters below the river beds, in two-meter-wide trenches or directional drilling.

TBG fully complies with all environmental legislation within the established parameters, and is certified by the ABNT NBR ISO 14001:2015 (Environmental Management System Requirements).

Waste Management

Our teams undergo environmental training in our operational units with a focus on good waste management methods, as well as on issues related to good work practices and care in all interventions required along our gas pipeline right-of-way. In four years of waste management actions, 587 employees were trained, 105 of them in 2020, including our own staff and some service providers.

The objective was to raise the workforce's awareness of the environment, as well as to meet legal obligations as outlined in our Company Operation License.

Environmental Auditing

TBG underwent our third Environmental Audit, which indicated Zero Non-Compliances. This process was carried out entirely online, between October 05 and October 09. The audit, was based on CONAMA Resolution 306/02, and complied with the requirements of Condition 2.17 of the Bolivia-Brazil Gas Pipeline 081/2000 Operation License. Locations and installations included in the audit procedure: our Headquarters, ECOMP São Carlos, in São Paulo; the stretch of pipeline - Km 430+000N, the VES-10170 valve and the MS05 rectifier, in Mato Grosso do Sul; and the delivery points located in Igrejinha and Cachoeirinha, both in Rio Grande do Sul.

Environmental Impact Index

TBG prevents any contamination of the environment through constant and strict monitoring of the levels of oily water and other products generated at several operational units. Eventual contaminants are treated with all the rigor of the environmental legislation in effect. The sum of the accidentally released oil volumes was Zero, in 2020, according to the IMA indicator – Environmental Impact Index:

Environmental Impact Index

IMA = 0

Permissible limit $\leq 0.5 \text{ m}^3/\text{month}$

IMA: Sum of the volumes of oils and chemicals accidentally released

Regarding item 6 of the TBG Sustainable Development Targets, which deals with clean water protection and sanitation measures, we can now comment on some of the environmental preservation work done, throughout 2020. In the

Environmental Protection Area - APA Guariroba/MS, we focused on protecting the main fresh-water source that supplies the city of Campo Grande/MS; a water course that runs through the TBG Gas Pipeline right-of-way. The Environmental Protection Area of the Guariroba stream, was created in 1995, and covers an area of 360 km². The Guariroba is the most important water source in the city of Campo Grande/MS, and is responsible for delivering 50% of the water that supplies the municipality.

Social and Relationship Capital

Interactions with stakeholders make up our social and relationship capital. The improvement of communication, by means of transparent and permanent dialog, is strengthened by dialog channels, social actions, our brand image, and several other interactions.

The TBG Institutional Communication agenda is responsible for coordinating and orienting activities related to the identification of demands that aid the expansion of company visibility in new business opportunities.

We have grown and consolidated the Company in the gas pipeline transmission market, establishing bonds of trust with society and strengthening relationships with our stakeholders. We will continue on this path and believe that we are well positioned to expand our business even more.

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The improvement of communication, by means of transparent and permanent dialog, is strengthened by dialog channels, social actions, our brand image, and several other interactions.

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The relationship network is formed by interactions with our ten stakeholders:



Figure 13 - TBG Relationship Network

Communities around the Pipeline

The TBG Social Communication Program consists of visits to the communities around the Pipeline and awareness meetings in these communities, focused on accident prevention and personal safety, Protecting the environment, and the Gas Pipeline.

The communities around the Pipeline are the focus of our concern and zeal for the safety and security of both the people and company assets. People who live in regular lots and settlements, or who work at distances of up to 200 meters from the pipeline right-of-way, are informed about the impacts and/or risks eventually resulting from our activities. We maintain a permanent dialogue with local residents to increase their awareness of the procedures necessary for safe coexistence.

To help this population contact TBG, we provide them with two relationship channels: **Gas Line** 0800 026 0400 and **Talk to us** (available on our website). The call is free, also by cell phone, and the service is available 24 hours a day, including weekends and holidays, to ensure that emergency communication calls, complaints and any doubts or suggestions can be made by the public living in the vicinity of Company the facilities and the pipeline right-of-way operated by TBG. All calls or contacts are received, registered and forwarded to our staff for internal processing.

660 calls were made by local residents to the TBG call hotline in 2020

Customers

Measuring the Company's performance in terms of the services provided, our relationships and organizational image, as seen by clients, is of utmost importance. To help TBG understand how the public thinks, a Customer Satisfaction Survey is organized every year.

The results obtained from the survey held in 2020 revealed a client satisfaction index of

97,35%

Throughout 2020, TBG interacted with market agents interested in learning about the new service delivery model and explaining the many commercial and operational aspects of our gas delivery services, as well as obtaining the market's perception of potential points of improvement in the contracts, all designed to increase the attractiveness of our products.

Suppliers

The TBG “Conditions of Supply for Material, Goods and Associated Services”, was elaborated to improve transparency in the Company’s relationship with the supplier market. Law 13.303/16, the TBG Bidding Process and Contract Regulation was elaborated to establish the general contracting rules and to meet the requirements set forth by the government. The documents are available at: <http://www.tb.com.br>.

Our contracting of services and acquisition of materials procedures are in line with public administration guidelines and are published in the Federal Official Gazette – DOU. They can be examined on the Petronect Portal: <http://www.petronect.com.br>.

In 2020, TBG celebrated purchase and service contracts with

451
suppliers

Press

The relationship with Press agents is conducted with total transparency TBG releases quick responses to demands and press releases on relevant issues involving the Company. Daily media monitoring by our staff helps us to analyze news clippings and allows TBG to check references and to correct information released by the Press, when necessary. In 2020, our news releases were received by 69 positive publications in 46 communication vehicles. TBG press releases were seen by 2,457,778 readers in on-line vehicles, evaluated to be worth R\$ 214,253.00, considering the cost of paid advertising space in print and online media. (source: Press office and clipping system metrics).

Internal Public

The purpose of actions directed at the internal public is to inform, involve, and engage our workforce, to obtain the best results in the generation of added value

for the Company and to promote a positive organizational climate. Throughout 2020, several internal campaigns were carried out, disseminating our new Organizational Identity (“Valoriza TBG”, “New Values, New TBG”) Innovation programs (“Inova TBG”); Covid awareness and support campaigns (“Distant, but together”; “Telework and Coronavirus prevention”; “What if it were you?”; “Gota d’Água”), among others. The “Gota d’Água” campaign, was essential to expanding Covid awareness and prevent information. It was also publicized on our external channels as a public utility service, reaching more than 4.8 thousand viewers and 34.8 hours of screen time on TBG’s social networks.

In 2020, our Internal Portal, posted 61 news items on relevant subjects. Following the principles of the TBG Communication Policy, the company keeps its communication precise, clear, consistent, transparent, simple, and timely, in line with the TBGs identity and our attitudes and concerns with our diverse publics.

Product portfolio promotion

We consider that access to the transmission system is a strategic issue necessary for strengthening the industry and promoting greater competitiveness in the gas sector.

In 2020, in an unprecedented way, we launched a gas transport logistics services platform; the Capacity Booking Platform (POC), which offers annual products through Open Seasons supervised by the Brazilian regulatory agent, the ANP. We also offer off-the-shelf products, called Short-Term Products, which are daily, monthly and quarterly contracts, providing market shippers with predictable transmission services. These contracts can be quickly issued, without the need for Open Seasons.

TBG developed a modern, dynamic, product portfolio in 2020, by interacting with market players in more than 50 workshops. In addition, we widely publicized our products, among other ongoing communication actions. Highlights include:

- Sponsorship of Rio Oil&Gas 2020, the biggest oil and gas event in Latin America, which took place this year in the fully online modality. TBG promoted products in a virtual showcase and an immersive room;

- In December, launching of the new TBG website on the Internet (<https://www.tbg.com.br>) in a modern, dynamic and responsive design, focused on the company's commercial publicity;
- 110 posts on LinkedIn, promoting the company's various products and actions, resulting in more than 18,500 views, more than 7,200 positive reactions, and an organic increase in the number of followers, which reached 9,500, 66.5% greater than the previous year;
- In March, TBG launched its own channel on YouTube, in which 89 videos were published. Of these, 51 were public videos promoting TBG products and various company actions, reaching a total of more than 8.8 thousand views and more than 317 hours of exhibition time;
- Development of a specific campaign, conducted between July and September 2020, to promote the Capacity Booking Platform and short-term products, which achieved more than 7.3 thousand views and 61 hours of screen time on TBG social networks. In the press, TBG produced 58 broadcasts in 39 vehicles, receiving more than 2.3 million views and R\$ 193,885.40 of publicity equivalent value at the present cost of advertising space in print and online vehicles (source: TBG press office and clipping

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TBG's Manufacturing Capital consists of natural gas pipeline services, new business, and our entire regulatory asset base. The infrastructure TBG uses in the production process contributes to generating wealth and aids in increasing production capacity and improving the quality of our services.

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metrics system).

Manufacturing Capital

TBG's Manufacturing Capital consists of natural gas pipeline services, new business, and our entire regulatory asset base. The infrastructure TBG uses in the production process contributes to generating wealth and aids in increasing production capacity and improving the quality of our services.

The Gas Pipeline is composed of welded steel pipes buried in the ground at an average depth of one meter, to transport natural gas over long distances. The pipeline has been laid in a 20-meter-wide strip of land, duly marked and signaled, called the right-of-way.

TBG maintains a Maintenance Center located in Campinas/SP, the head office located in Rio de Janeiro/RJ, a Distribution Center located in Hortolândia/SP, and operational units distributed along the Gas Pipeline. The main tangible assets are listed below:

TBG asset structure in numbers

2,593 Km of Overland Pipelines

4 Measuring Stations

47 City Gates

2 Pressure Reduction Stations

3 Inlet Points

2 Operational Metering Stations

9 Outlet Zones

1 Interconnection HUB in Paulínia - SP

15 Compression Stations

1 CSC – Control Supervision Center

Assets also include a variety of smaller items: Turbines, compressors, heaters, trunk line shut-off valves (SDV) and miscellaneous equipment installed along the Gas Pipeline, all part of our Manufacturing Capital.

Natural Gas transmission Service

We started the year 2020 transporting a gas volume of 27.7 million m³/day. With the advent of the Covid-19 pandemic, the sharp downturn in industrial production caused a reduction in the volume transported in April (- 42% compared to January). From June to September, there was an increase in gas transmission, establishing an average of 20.5 million m³/day in the period. As of October, influenced by a national directive to initiate operations at thermoelectric plants, the increase in the volume of gas transported was significant, reaching 26.6 million m³/day in November. It also influenced an increase in the receipt of volumes of domestic gas at the Paulínia Hub, then blended with Bolivian gas, and delivered downstream of the Hub, including the entire southern region.

Operational Excellence

TBG performance was centered on bold operational performance targets. In 2020 we registered Zero gas delivery failures and a 98.44% reliability index for the performance of our compression system.

The **historic record reached in 2020; of six years and eleven months without any kind of gas delivery failure**, fulfilling all commercial and operational commitments, a true Company milestone. The Gas Delivery Failure Index is one of the corporate business performance indicators TBG has adopted; the index target of course, is Zero occurrences. Compliance is a constant pursuit at the Company, necessary to avoid any service interruption that could cause the shutdown of a factory or a thermoelectric plant, or even a blackout in some city or community in the region, among other possible unforeseen events.

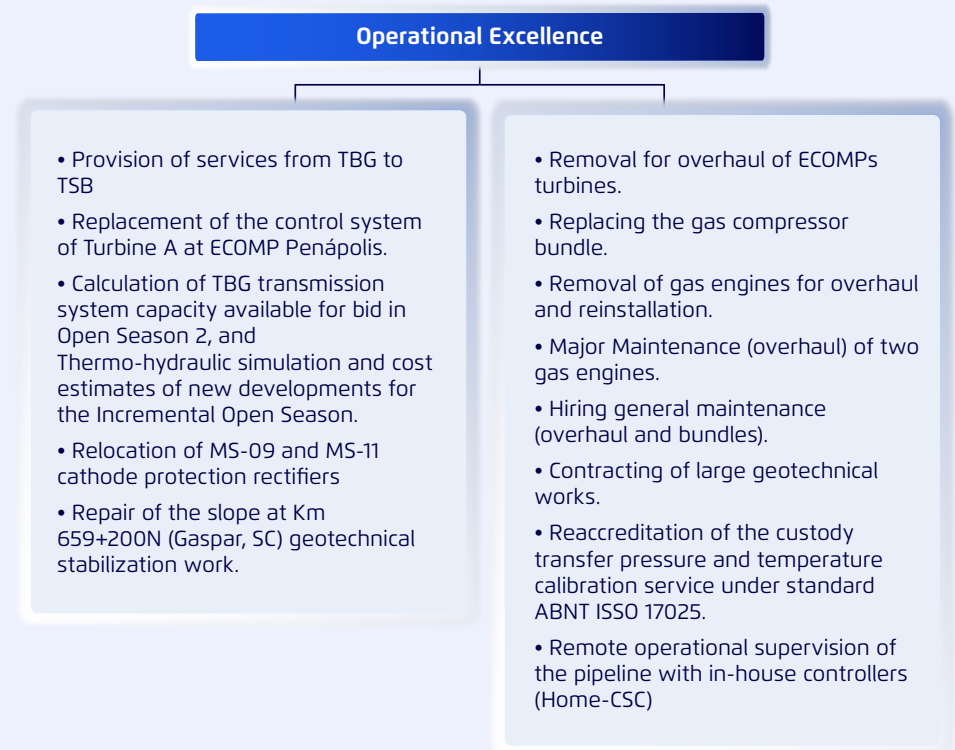
To ensure the delivery of natural gas without a single failure for so many years, TBG works long and diligently on inspection and monitoring services in a policy called Reliability Centered Maintenance (MCC). This is a Failure Cause and Effect Analysis technique that requires a very high reliability rating.

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To comply with this mission, in 2020, several operational services were performed during the year including:



Procurement of goods and services

The year 2020 was very much dedicated to optimizing the Procurement and Contracting process, with special attention to bidding procedures and low value purchase processes exempted from bidding. Under the Inova TBG program, simplifications were made in bidding procedures to make them faster and more competitive. The Company also revised milestone deadlines and the duration of total contracting time. This allowed more dynamic targets to be set for all agents involved in the process.

Small-value processes, as well as training and provisioning hires, were fully automated, unburdening the cash flow of buyers, who are now dedicated to more strategic acquisitions and hiring.

Another relevant fact, aligned with the Sustainable Development Target (ODS) of responsible consumption and production; the implementation of an electronic signature platform, eliminating the need to print purchase contracts a traditional part of any contracting process.

Despite the difficulties imposed by the Covid-19 pandemic, inventory management, receiving, storing and moving materials to fulfill maintenance orders, and the activities related to the purchase of spare parts, continued to be carried out according to orientations from the HSE - Safety, Environment, and Health area.

Also, during this period, our Foreign Trade area intensified its relationship with the Internal Revenue Service, as well as with the Maintenance and Operations Department, to speed up the release of imported equipment, especially items related to TBG turbines returning to Brazil after undergoing overhaul services abroad.

Infrastructure

TBG relocated its Hortolândia Distribution Center to a new warehouse, expanding storage capacity at a lower cost per square meter. The old space of 1,158 m² gave place to a property of 2,060 m², with a reduction in the lease price.

In turn, moving the Campinas Maintenance Center office to a new building of the same standard and at a lower cost than the previous real estate generated a reduction in the lease from R\$ 92.00/m² to R\$ 67.00/m².

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TBG relocated its Hortolândia Distribution Center to a new warehouse, expanding storage capacity at a lower cost per square meter.

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As part of the Company's modernization process, TBG, which occupied two floors (21st and 25th) at its headquarters in Rio de Janeiro, vacated the 21st floor, which was leased, and decided to concentrate the activities only on the 25th floor of the same building, which it owns.

The implementation of a home-office regimen, adopted in March 2020, will result in a reduction in the number of workstations, at the headquarters, transforming the 25th floor into a collaborative space (open space) with a new concept of integration of collaborators and activities.

Financial Capital

TBG revenue is guaranteed by gas transmission service contracts of the type, "ship-or-pay", in which customers are obliged to pay for the contracted transport capacity, regardless of the volume of gas actually transported. These contracts are negotiated during the Open Seasons in the Entry and Exit modality (based on the premise of possibility where an independent contracting of Input and Output services by multiple agents, may be replaced by a single shipper) and in the postal mode.

Tariff Modeling

The tariff regimen for natural gas pipeline transmission services is elaborated in accordance with rules set forth by the regulatory framework in force in Brazil, and in compliance with regulatory agency (ANP) guidelines. Our tariff planning and modeling team also prepares the tariff calculation for new contracts and for simulations requested by new shippers. This activity requires dynamism, market monitoring, constant updating of economic, financial, and regulatory parameters,

and commitment to offer competitive values, while acting in the best interests of the Company, shareholders, the market and society, and constant value generation to assure TBG corporate sustainability.

► Economic-Financial Performance

In 2020, the GDP growth projection, which was 2.30%, but reduced to -4.36%, according to Focus Bulletins released by the Brazilian Central Bank on 01/03/2020 and 12/31/2020, respectively.

Due to the societal impact of Covid-19 pandemic contingency measures, the unemployment rate increased in 2020, remaining in the double digits. In the quarter ended in November, the rate was 14.1%, which corresponds to about 14 million unemployed people in the country, according to data from the IBGE. In the quarter ending January 2020, the unemployment rate was at 11.2%.

Inflation measured by the National Wide Consumer Price Index (IPCA) accumulated a high of 4.52%, compared to a 4.31% increase in 2019. With this, the rate published by IBGE was above the mean target established by the Central Bank (BC) of 4%.

Despite the acceleration of inflation, interest rates showed a significant drop in 2020. In its last meeting of the year, held on December 8 and 9, the Monetary Policy Committee (COPOM) decided to maintain the interest rate at 2.00%. For purposes of sizing this interest rate drop, the Focus Bulletin of 01/03/2020 projected the SELIC rate at 4.50% by the end of 2020.

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TBG maintained its history of distributing dividends to its shareholders corresponding to the entire profit of the previous fiscal year, which in 2019 was equivalent to R\$ 744.7 million (principal).

oooo

Dividends

TBG maintained its history of distributing dividends to its shareholders corresponding to the entire profit of the previous fiscal year, which in 2019 was equivalent to R\$ 744.7 million (principal). Additionally, due to the Company's strong cash generation, dividends were prepaid to the shareholders, in October 2020. The payment of dividends corresponded to the accumulated profit recorded in the first semester of the year, in the amount of R\$ 250.4 million (principal), totaling R\$ 613 million (principal) of dividends paid in 2020.

Collectively, since the first payment in 2007, a total of R\$ 5.8 billion in dividends have been distributed to TBG shareholders (gross and nominal amounts) as shown in the following table:

(in R\$ million)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	TOTAL
176	153	233	191	187	281	389	581	466	336	886	555	752	581	5,766

*The 2020 amount contemplates dividends referring to the accumulated profit up to the second quarter of 2020, in the principal amount of R\$ 254.4 million, which was prepaid to shareholders on 10/21/2020, as well as the difference in relation to the total profit for 2020 of R\$ 578.8 million, or R\$328.4 million (Principal) - payment forecasted for 05/21/2021, which, corrected by the SELIC forecast, totals approximately R\$ 330.8 million.

Capital reduction

After approval by the General Meeting of Shareholders, the Company reduced its capital stock in 2020, as it considered it excessive to achieve corporate purposes, since TBG has already settled all financing and financial debts assumed for the construction of the Gas Pipeline. Thus, a further R\$ 132.3 million was distributed to shareholders in December 2020..

Credit Analysis Policy

To expand revenue earning capacity and seeking to diversify its business portfolio, TBG inaugurated its short-term products portfolio (daily, monthly and quarterly contracts, on an Entry and Exit basis; contracts assuring the predictability of transport services and commercialization, without the need for an Open Season regimen). To accelerate the development of the short-term

market, the Credit Analysis Policy for customers seeking this new modality of gas transmission services was approved and implemented, based on a methodology used in the market, and founded on commercial and financial criteria.

Financial applications

In 2020, financial investments in the Extramercado FAE 2 fund yielded 3.86% equivalent to 139.6% of the CDI. The Extramercado XIX fund, exclusive to TBG, earned 4.88% in the same period, corresponding to 176.16% of the CDI. In the consolidated, the Company's financial investments yielded 4.36%, which corresponds to 158% of the CDI in 2020.

Our capital discipline, cost management and search for better economic and financial results contributed to SDG #07 (Clean and Affordable Energy). The financial results obtained through increased profitability, greater long-term scale returns and economy, to stimulate new investments in the segment, thus leading to an increased supply of natural gas transmission service and lower energy prices.

Investments

TBG's investments totaled R\$ 79 million in 2020, distributed among infrastructure, operational, and corporate support projects. TBG presents its investment projects consolidated in Structural Programs, which contain the actions necessary to achieve the defined strategy. They include:

- **Transmission System Maintenance** – Objectives: Maintain the reliability and integrity of the pipeline and all facilities, to assure the safety of operations and fulfill all commitments, while focusing on total respect for life and the environment. Investments included in this Program are necessary to ensure the integrity of the facilities, reliability, safety, compliance with legal requirements, and operational efficiency, promoting actions to upgrade equipment and electronic components, improvements in the infrastructure of the facilities and in the electrical system, improvements and adjustments to the operational measurement and custody transfer systems, as well as a general overhaul of mechanical equipment.

TBG's investments totaled R\$ 79 million in 2020, distributed among infrastructure, operational, and corporate support projects.

- **Operational Support** – Projects to aggregate initiatives that support TBG operational conditions, that is, actions related to the maintenance of the corporate infrastructure, business security, environment, and social responsibility.
- **Innovation and New Technologies** – Adoption of best market practices and new technologies capable of increasing the efficiency of operations and process improvements. Includes investments necessary to operate the transmission system, in consonance with the new attributions and responsibilities required by the regulation in effect, considering the expanded role attributed to TBG, and a higher standard of customer service excellence.
- **New Business** – Investments in planning and implementing new developments arising from Company obligations as operator of the gas transport system, such as those linked to the Incremental Open Season, as those arising from new business opportunities to be developed. Objective: assure the continuity of Company business based on the concept of economic sustainability.

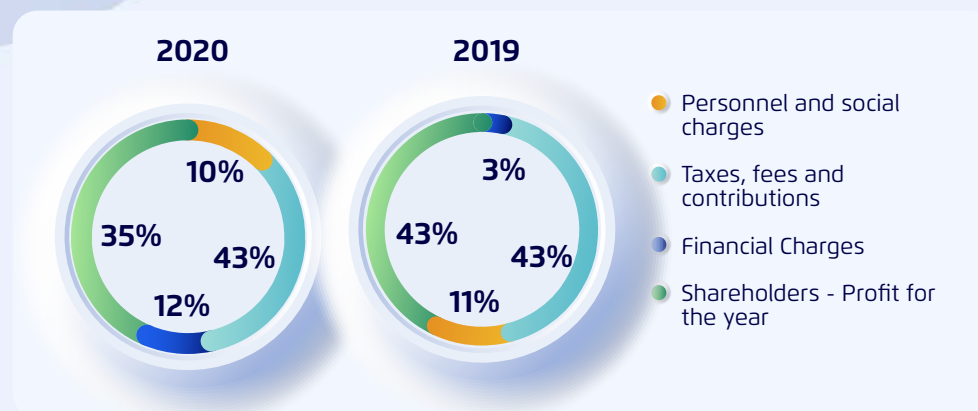
In the search for continuous operational improvements and risk reduction, people's safety and reliability of the gas transport service, TBG systematically works to revitalize the facilities, with emphasis on the projects for overhauling the gas turbines, moto-generator motors and turbine control system at Penápolis, due to the project's obsolescence (one of the first deployed, more than 20 years ago). Such projects are elaborated and developed without compromising the continuous flow of the operation and, consequently, without impacting the obligations arising from natural gas transmission contracts. In 2020, turbine overhauls (turbine D at Penápolis and of turbines C at Corumbá and Anastácio) were financed.

Our Manufacturing Capital and investments contribute to TBG Sustainable Development Targets and provide clean and affordable energy for home and industry, innovation and infrastructure, and actions to counteract global climate change.

► Statement Of Value Added (DVA)

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

We present below, in summarized form, the values corresponding to the formation of wealth generated by the company in 2020 and its respective distribution. The Company's activities of natural gas transmission, operation and maintenance of the Gas Pipeline, economic-financial management, and new business generated R\$ 1.7 billion of wealth added to society.



Graph 2 - Value Distribution 2020 - 2019

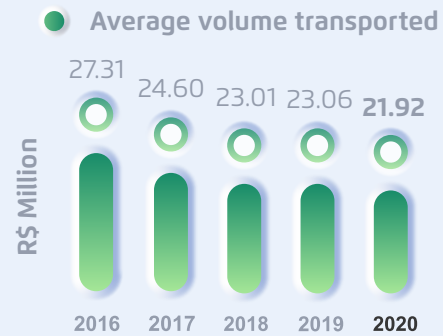
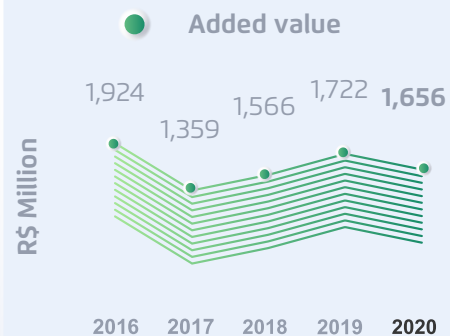
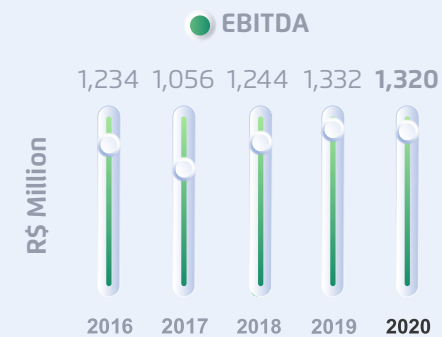
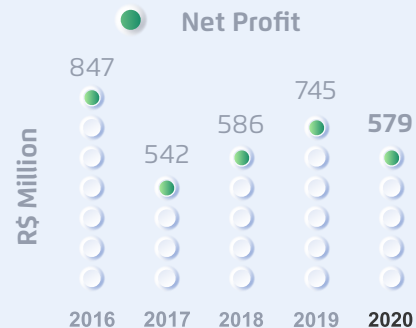
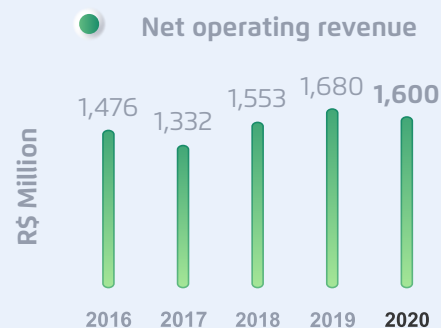
TBG - DVA - STATEMENT OF VALUE ADDED		
	(in R\$ million)	
Statement of Value Added	2020	2019
Operating revenues	1,948	2,044
Third-Party Inputs	(120)	(157)
Withholdings (depreciation)	(196)	(187)
Financial Revenues	25	22
Total Added Value	1,656	1,722

TBG - DVA - DEMONSTRAÇÃO DO VALOR ADICIONADO		
	(in R\$ million)	
Value Added Distribution	2020	2019
Personnel - includes social charges	161	191
Government - taxes and contributions	715	746
Financial Charges	201	40
Shareholders - profit for the year	579	745
Value Added Distributed	1,656	1,722

Table 3 - Distribution of Value Added 2020 - 2019



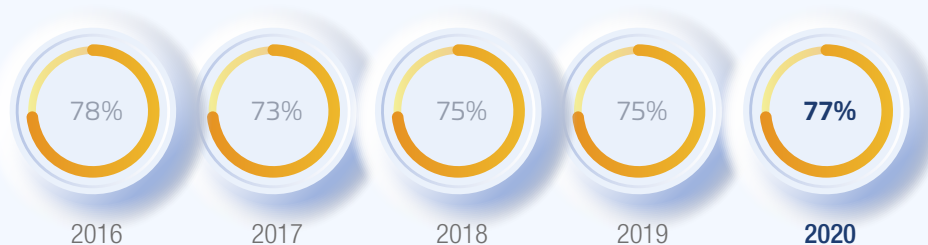
11. TBG's Main Results in 2020



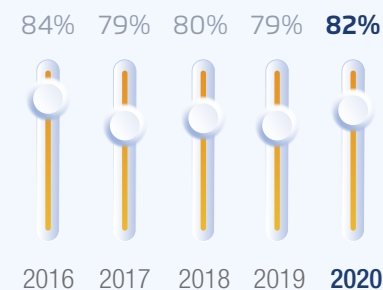
PROFITABILITY

Strategic Targets: Maximizing results and financial return and maintaining Corporate Sustainability.

Gross Margin (Gross Profit over Net Revenue)



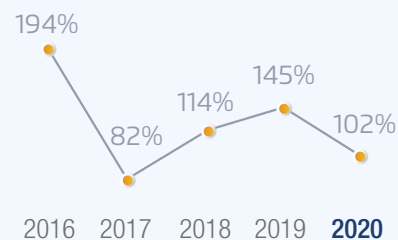
EBITDA over Net Revenue



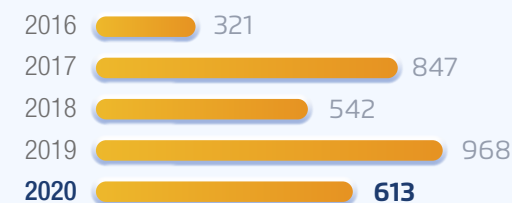
Net Debt over EBITDA



Profit over Shareholders' Equity



Dividends Paid R\$ million



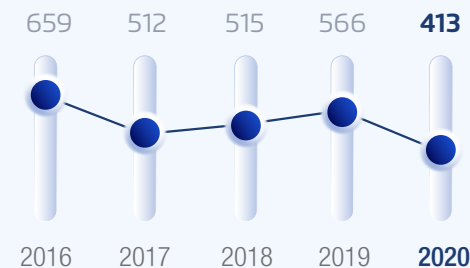
FINANCIAL

Strategic Objectives: Maximizing results and financial return.

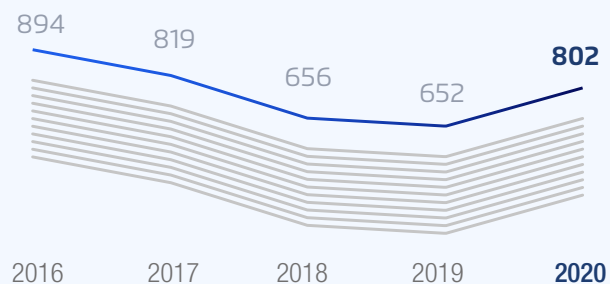
Fixed and intangible assets R\$ million



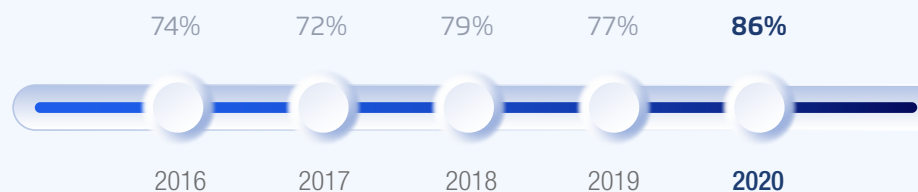
Shareholders' Equity R\$ million



Indebtedness Pegged to the dollar - R\$ million



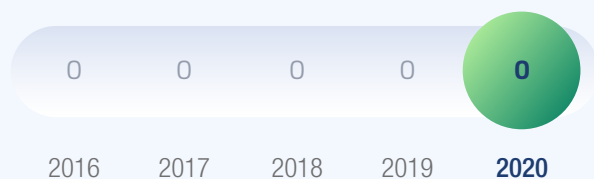
Capital Structure (third-party capital/total liabilities)



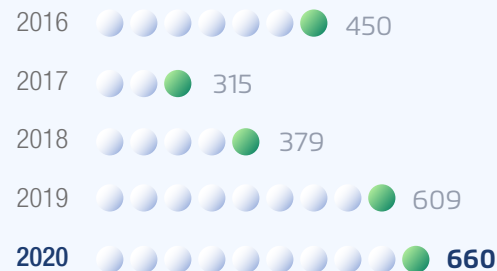
OPERATIONAL INDICATORS

Strategic Targets: Ensuring the integrity and adequate availability of assets; transporting natural gas safely, reliably, and with respect for life and the environment; act as Logistic Operator of the Transmission System, meeting clients' needs with excellence.

Delivery Failures



Gas Line Service



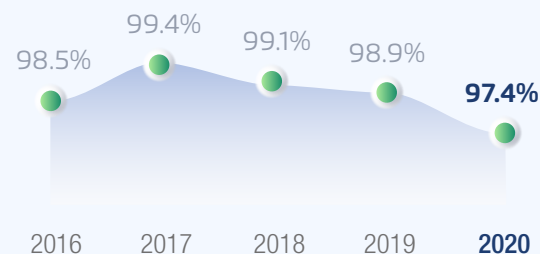
Compression System Reliability



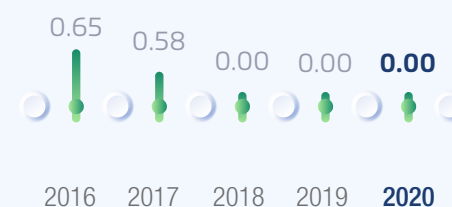
Preventive Maintenance



Level of Customer Satisfaction



Recordable Injury Rate (TAR)



HUMAN RESOURCES

Strategic Objectives: Developing people; encouraging productivity and innovation; promoting organizational development.

Number of Employees



Training hours per employee/year



Gross Operating Revenue per Employee

R\$ million



We will actively work on the integration of Brazil's gas transmission pipeline networks, contributing to the development of an Integrated Natural Gas Transmission System in Brazil.

São Carlos's Compressor Station

12. Perspectives

A new market moment began for TBG in 2020, with the entry into force of the transmission contracts in the Entry and Exit modality. We transport natural gas and operate in a more mature natural gas market context, both in terms of supply and demand, and on a more demanding level in commercial and environmental issues.

We believe that the control of the Covid-19 pandemic is a decisive factor for the return of industrial activities and the population to normality. Vaccinations will be an important step towards the full reopening of the country's economy. In fact, the expected GDP growth is largely based on containing the pandemic and, mainly, in vaccination, which is expected to gain strength throughout 2021.

The increased production capacity of domestic natural gas associated with LNG imports will further reduce Brazil's dependence on Bolivian natural gas, but already awakens in TBG the need to project the future anchored in other sources of supply. Additionally, the natural gas market may very well continue to expand, given the possibility of installing new LNG regasification terminals, either for imports or for handling greater domestic production.

The proposition of the Ministry of Mines and Energy (MME) to TBG to expand the pipeline network in the country, to meet new demands for gas transmission services in the regions where we operate, came to corroborate our strategic planning, since the gas pipeline is strategically installed in regions of Brazil with great consumer potential, whether due to industrial capacity or the growth of the consumer population.

TBG, in alignment with its shareholders guidelines and with the government policy for the gas and energy sector, will develop actions necessary to build the new TBG based on ethics, cooperation, innovation and good environmental, social and governance practices (ASG). We will remain firm in our efforts to protect the health and safety of our people by following strict WHO protocols.

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Our future actions will be guided by our goal of environmental sustainability, internalizing the concepts of social and economic progress in harmony with the environment, which has become one of our principals. As such, in our operations, as well as in the construction of new enterprises, the necessary care and criteria will be observed to contribute to the environmental quality where ever we maintain TBG facilities.

Based on the present-day regulatory model, TBG must prepare to develop and expand business valuation criteria. As for commercial transactions and the consequent use of the Pipeline capacity, it will give rise to tariff restructuring, negotiations with ANP and new shippers, elaboration of Open Seasons for expanding gas transport capacity, monitoring of market movements in the TBG area of influence and the development of new projects and products demanded by the market.

We, at TBG, will put our best efforts into the study and development of artificial intelligence resources and use of new software and applications to adhere to best business management practices, preparing the company for a digital transformation as part of a growing market competition scenario and new business opportunities. TBG has structured a new marketplace for natural gas transmission logistics services through the Capacity Booking Platform (POC).



TBG will continue to further strengthen its operational flexibility as new sources or modes of natural gas supply emerge. Regarding operational aspects, the Company will remain committed to maintaining a high level of reliability and operational excellence, in order to meet the special demands from the market.

We will actively work on the integration of Brazil's gas transmission pipeline networks, contributing to the development of an Integrated Natural Gas Transmission System in Brazil. To this end, a Network Code is being prepared that will establish the operational guidelines for all shippers by standardizing concepts, procedures, and operations.

Finally, with regard to the management of resources, TBG will continue to be engaged in maintaining an adequate level of remuneration for our shareholders, and developing businesses to grow profitably, expanding our product portfolio, and encourage innovation, and cost efficiency in our constant search of profitability and competitiveness and to implement actions for modernization and a change of mindset to renew the Company's organizational culture.

Together we will create the new future!



Message from
the Chairman
of the Board of
Directors

Message from
the CEO

About the
report

About us

The new
TBG

Coronavirus
Prevention

Environmental,
Social and
Governance
Considerations
(ESG)

Planning and
Management

External
and Internal
Contexts

How we
create Value

TBG Results
in 2020

Perspectives

Credits

Editorial Coordination

Institutional Communication Coordination

Content Coordination

Coordination of Performance and Risk Management

Graphical Project and Diagramming

Grupo1000agencia.com.br

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