

ANNUAL AND
SUSTAINABILITY REPORT
2013



Main Indicators

Consolidated financial information



Results (R\$ million)

	2012	2013
Gross revenue	2,287.20	1,118.30
Net revenue	2,014.99	981.17
Gross profit	1,391.97	417.23
EBITDA	1,370.50	346.50
Net income	843.48	31.92
Net value added	2,091.24	531.26

Margin (%)

EBITDA margin	68.0%	35.3%
Net margin	31.9%	3.3%

Financial indicators

Total assets	8,370.92	7,010.70
Shareholders' equity	5,078.23	4,912.44
Net debt	2,211.37	639.45

Market indicators

Number of shares outstanding ('000)	83,390	57,102
Trading volume (preferr./PN) (R\$ million)	3,567.12	1,887.51
Closing price (preferr./PN) (R\$)	32,99	26,92
Earnings per share (R\$/'000 shares)	5,53	0,21
Market capitalization (R\$ '000)	5,778,521	5,211,043
Shareholder return (dividends and interest on equity - IOE) (R\$ '000)	275,282	230,000

Sustainability Indicators

Environmental protection expenditures (R\$ '000)	4.3	3.8
# of injuries	2,00	6,00
Average training hours per employee	68.75	54.53
Hours of sustainability training	1,240	410



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Message from Management

GRI 1.1, 1.2

The year 2013 was a major milestone for CTEEP and strengthened our conviction that the Company has a unique ability to seize opportunities to improve efficiency even in adverse situations, such as the time when the Brazilian electric power industry is adapting to the change in the contract system to extend the concession, based on Law 12783/2013.

The rules recently introduced by the government had an impact on the industry's regulation, with a significant effect on our business. Despite greater challenges, we reaffirm our commitment to profitable growth, conservative financial management, operational excellence, sustainable business and sound corporate governance practices.

The first impact of this change required a careful examination to find a balance between a sharp drop in revenue and financial obligations connected with capital

projects under way. However, we managed to extend our average debt maturity by redeeming short-term debentures¹ ahead of maturity, issuing new debentures and obtaining long-term financing from BNDES (the Brazilian Development Bank).

Concerning our operational performance, we recorded our best indicators in eight years—with our lowest ENS (Non-Supplied Energy) index ever—in 2013. In addition, we invested R\$ 815.4 million in the Company, its subsidiaries and associates. We launched 50 projects, highlighting the first transmission line in the Madeira Complex, a project of utmost importance for the Brazilian electric energy infrastructure. Our construction projects in São Paulo State, designed to increase capacity and reliability, will enable us to cope with the increasing demand for energy, in addition to having an impact on the 2014 World Cup.

¹ Debt securities

As far as our financial performance is concerned, there was a drop in income in 2013 due to the decision to extend CTEEP's main concession contract. Our net operating revenue amounted to R\$ 981.2 million, versus R\$ 2,015.0 million in 2012. In turn, our net income totaled R\$ 31.9 million, vs. R\$ 843.5 million in 2012.

In 2013, our majority shareholder ISA, as an organization committed to innovation and corporate excellence, redefined its vision for 2020 and redesigned the organizational structure by creating the holding company, which will be focusing on achieving this vision and making its subsidiaries—including CTEEP—grow in a sustainable manner. We seek to reaffirm our commitment to sustainability in a coordinated manner, through relevant initiatives related to the issues covered by the Global Compact, which help society as a whole develop.

In 2014, we are going to stick to our conservative asset management policy and maintain our operational excellence, with sustainability serving as a guideline for us to build solid foundations for growth and long-term results. Important initiatives lie ahead, and some are related to the concession extension, such as the unpaid compensation connected with the assets prior to May 2009, which corresponds to a sizable percentage of our current shareholders' equity and will allow us to recover our ability to grow.

We would like to—once more—thank our shareholders for their trust and support amid an atmosphere of uncertainty and our employees for their clear commitment and dedication, essential for the Company to build its next cycle of development.

Reynaldo Passanezi Filho
Chief Executive Officer



About this Report

This is the sixth straight year in which CTEEP has launched its Annual and Sustainability Report. This annual report follows the guidelines provided by the Global Reporting Initiative - GRI, version G3.,1, and brings information about the Company's economic, social and environmental performance between January 01 and December 31, 2013. (GRI 3,1; 3,2; 3,3)

With Application Level B—submitted to GRI Check (Application Level Check)—, the document contains 58 performance indicators, 18 of which from the Electric Utilities Sector Supplement, in addition to the profile indicators. (The GRI Check is under way).

The performance indicators presented in this report are based on data for CTEEP and its regional offices and do not take into account CTEEP's subsidiaries, except where indicated otherwise. There are no specific restrictions on the scope or limits of this report. Information about changes in that scope and limits, and in indicator assessment methods, as well as re-statement of data provided in the 2012 Report, will be provided in the document itself as needed. (GRI 3,6; 3,7; 3,8; 3,9; 3,10; 3,11)

Aware of the best market practices, the Company fol-

lowed the review and launch phases of GRI's G4 version, examined the adaptations needed for publication and sought to adopt part of the new guidelines in preparing the 2013 report, mainly as regards stakeholder involvement and materiality as the criterion to determine the contents. (GRI 3,9)

The topics covered in this report were selected on the basis of the materiality matrix developed through a survey covering stakeholders' opinions conducted in 2013 (further information on p. 8 Stakeholder Consultations). Moreover, the Company took into account the criteria laid down by ABRASCA (the Brazilian Publicly-Held Companies' Association), the Communication on Progress Policy adopted by the UN Global Compact — of which CTEEP has been a signatory since 2011 —, the model recommended by ANEEL (the Brazilian Electric Energy Agency) for annual and social and environmental responsibility reports of electric utilities and the Social Balance Statement of IBASE (the Brazilian Social and Economic Analyses Institute). (GRI 4,12)

The data shown here have been recorded and monitored with asset and human resource management software, as well as other tools and interviews with the Company's management. (GRI 3,9)



As far as sustainability indicators are concerned, CTEEP uses assessment techniques and criteria widely accepted by the market. Only financial data are audited by Deloitte Touche Tohmatsu and are presented in consolidated figures and in Brazilian reais, pursuant to the Brazilian corporate law in effect and the IFRS (International Financial Accounting Standards) accounting standards. The Company decided not to use performance charts comparing the last three years due to the changes in the calculation methodology from one year to the next, which affects the basis for comparison. (GRI 3,13)

The Communications and the Strategic Management Departments, and the CFO and Investor Relations Officer are responsible for developing this report and selecting its contents, which are then validated by the CEO, officers and managers. Employees from different departments and levels of the Company were also involved in gathering the information.



Stakeholder Consultations

GRI 3.5, 3.9, 4.14, 4.15, 4.16, 4.17

CTEEP seeks to fulfill its stakeholders' expectations and take them into account in its organizational strategy. As a result, the Company developed a Materiality Matrix – included in this Annual and Sustainability Report – in 2013.

Shareholders were also consulted; however, their input was not taken into consideration because fewer shareholders than recommended by the proposed methodology participated.

MATERIALITY MATRIX

In 2013, CTEEP consulted its stakeholders once more to identify priority issues for managing its business and, therefore, select the contents of its report.

This process involved an online questionnaire based on the GRI guidelines, the UN Global Compact's principles; CTEEP's Risk Map, in addition to a series of guidelines outlined at meetings with managing group. In addition, there were consultations with the Company's management, staff, clients and suppliers – as well as, for the first time, ISA members, opinion shapers from the electricity industry (government bodies and regulators) and people from communities in the vicinity of the Company's operations.





Matrix Results

The survey was organized around four major fields, namely: Economic/Financial Issues and Management; Environment; Staff; and Relationship with Stakeholders. Each of these fields comprised seven issues so that there were a total of 28 subtopics that the respondents were supposed to rate according to their perceived importance. Both the stakeholders who took the survey and CTEEP considered the following topics the most important:

Staff

- . Knowledge management initiatives;
- . Leadership development;
- . Staff training.

Environment

- . Environmental protection policies, programs and practices;
- . Complying with licensing requirements;
- . Identifying, monitoring and managing the Company's environmental impacts.

Economic/Financial Issues and Management

- . Investing in preventive actions and ongoing improvement of operations/maintenance to boost efficiency;

Relationship with Stakeholders

- . Relationship with local, state and federal government bodies having any influence on the Company.

The chart below is a graphic representation of the Materiality Matrix. The topics in the top right area are those considered most relevant by CTEEP and its stakeholders.



Each circle represents one of the 28 topics covered by the survey with the Company's stakeholders. Each color shows a different major field. The most relevant topics were correlated with GRI aspects and indicators focused on more closely in the report.

Mission, vision and values

(GRI 4.8)

Mission

To expand, operate and maintain electric power transmission systems, with excellence in the rendering of services, customer satisfaction, environmental sustainability, while seeking to deliver a suitable return to shareholders and contributing to the communities' economic and social development.

Vision

Owing to the effects on the Company of the Extension of Concession Contract 059/2001 and consequence of the ISA 2020 strategic planning, CTEEP is developing a new vision that can reflect the current situation and is inspiring enough to serve as a guideline for the Company's new phase of growth.

Values

Ethics · To show consistency between words and actions by developing transparent attitudes and initiatives, which are essential to build long-lasting relationships with all stakeholders.

Social Responsibility · To pursue sustainable development continuously by honoring the commitments undertaken toward our stakeholders.

Innovation · To develop and introduce new practices or improvements that help achieve the Organization's goals.

Excellence · To ensure that quality standards are met throughout the Organization to be recognized by the market and add value to the business.

Awards and Recognition

(GRI 2.10)

Melhores Empresas para Estagiar 2012 (Best Companies to Intern for – 2012)

CTEEP was ranked second among 68 companies participating in the award, granted by CIEE (Company-School Integration Center), Toledo & Associados Pesquisa de Mercado e Opinião Pública and ABRH – SP (Brazilian Association of Human Resources – São Paulo State Chapter). The award ceremony took place in 2013.

Empresas do Bem (“Do-Good” Companies)

The Company was ranked among 50 “Do-Good” Companies in 2013 by Isto É Dinheiro Magazine, in the Education category. The award was given in recognition of the *Circuito Cultural* (Cultural Circuit) project, which has been promoting social inclusion since 2010. The annual survey is conducted to select initiatives and projects that combine environmental, economic and social sustainability.

APIMEC’s Gold Assiduity Seal

CTEEP received the APIMEC (Association of Capital Market Investment Analysts and Professionals) seal for holding annual meetings to announce its results.





About CTEEP

GRI 2.9, EU4

CTEEP – Companhia de Transmissão de Energia Elétrica Paulista – has been active in Brazil’s electricity transmission market for 15 years. It is considered one of the top private-sector electric utilities in Brazil. (GRI 2,1; 2,5; 2,6; 2,7; 2,8)

CTEEP is a publicly-held corporation controlled by Grupo ISA (37.8%). The remaining owners are Eletrobrás (35.2%), the São Paulo State Government (6.1%), Vinci (3.9%) and over 61 thousand individual and corporate shareholders. (GRI 2,3; 2,9)



Total capital stock

Total

3.9%

6.1%

17%

35.2%

37.8%

- ISA Capital do Brasil
- São Paulo State Government
- Eletrobrás
- Vinci Ltda
- Others

ISA

ISA leads major infrastructure projects directly or through its 33 branches and subsidiaries; thus, it promotes the development of the continent and the citizens of Colombia, Brazil, Peru, Bolivia, Ecuador, Argentina, Panama and Central America.

As a result, its main business activities are electricity transmission, telecommunications transportation, road concession management of and real-time intelligent systems.

In its 45-year history, the company has been recognized for its efficient, reliable services, as well as great respect for Human Rights and the environment, to promote regional competitiveness and sustainability, improve life quality and develop the communities in which it is present with the help of a team of 3,765 highly skilled and committed professionals.

At the close of 2013, ISA recorded US\$ 13.3 billion in assets, US\$ 1.9 billion in revenue and net income of US\$ 225 million.

ISA, a socially responsible company with an ethical culture, is committed to initiatives such as the Global Compact, the Millennium Development Goals and climate change, thus creating value for its stakeholders, companies and future generations.

Eletrobrás

Eletrobrás is an electricity generation, transmission and distribution company. It leads a system of 12 subsidiaries, a holding company (Eletrobras Eletropar), a research center (Eletrobras Cepel) and half the capital of Itaipu Binacional. A publicly-held corporation controlled by the Brazilian government, Eletrobrás focuses on the profitability, competitiveness, integration and sustainability of its business.

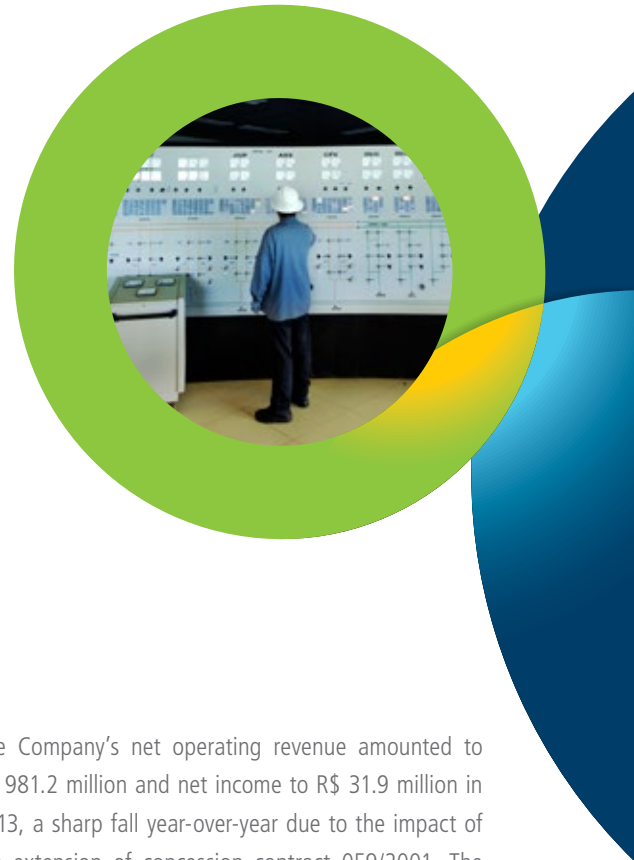
Considered the largest electric utility in Latin America, the São Paulo-based company provides electricity – in addition to well-being and development – for Brazilians through its 169 hydropower, thermal and thermonuclear plants, wind farms, over 50% of Brazil's transmission lines and six distribution companies.

Eletrobrás's main clients are other electric utilities, as well as electricity distributors and free consumers. The Company has five Regional Offices in São Paulo State cities (Cabreúva, Taubaté, Bauru, Jupia and São Paulo), one Transmission Operation Center (COT)

in Jundiaí, and one Backend Operation Center (COR) in Cabreúva. Furthermore, it has 106 substations located in the state of São Paulo, with voltage of up to 550 kV and 30,273 transmission towers. (GRI 2,3; 2,4; 2,7; 2,8)

This structure allows the company to carry about 30% of all electricity produced in Brazil per year and about 60% of the energy consumed in Southeastern Brazil. In addition, its subsidiaries provide electricity in 16 states: Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Minas Gerais, Espírito Santo, Rondônia, Mato Grosso, Mato Grosso do Sul, Goiás, Tocantins, Maranhão, Piauí, Paraíba, Pernambuco and Alagoas.

In 2013, 141,161 Gigawatts-Hour (GWh) was carried through CTEEP's assets, an energy grid made up of 13,516 km of lines, 18,892 km of circuit and 106 substations with voltage of up to 550 kV. This grid interconnects generators' and other transmission companies' connection points with free clients and distribution grids, which take energy to final consumers. (GRI 2,8)



(GRI EU4)
Length of Transmission Lines and Circuits

Voltage	Line Length (km)	Circuit Length (km)
440 kV	5,092	6,334
345 kV	443	715
230 kV	1,250	1,418
138 kV	5,426	8,938
88 kV	1,303	1,485
69 kV	2	2
TOTAL	13,516	18,892
	<i>(Underground lines account for 33km of this total)</i>	<i>(Underground circuits account for 74 km of this total)</i>

At the close of 2013, the Company reviewed the figures for line and circuit length, based on its own records and documents. As a result, it had to revise down the numbers posted in the 2012 report.

The Company's net operating revenue amounted to R\$ 981.2 million and net income to R\$ 31.9 million in 2013, a sharp fall year-over-year due to the impact of the extension of concession contract 059/2001. The company maintained at the same level its investments in reinforcement works, authorized by ANEEL; in improvements to make the system more reliable; and in projects connected with ANEEL's auctions to make new connections.

BUSINESS

CTEEP's goal is to exploit the utility concession for electric power transmission in Brazil by building, operating and maintaining both substations and transmission lines. To that end, CTEEP currently controls or holds equity stakes in eight electricity transmission companies. The Company's subsidiaries and associates are privately-held corporations operating in line with the Company's growth strategies.

**PRESENT
THROUGHOUT
BRAZIL**

SUBSIDIARIES AND ASSOCIATES

(GRI 2.2; 2.3; 2.8; 2.9; EU4)

Interligação Elétrica de Minas Gerais (IEMG)

Location: Minas Gerais State

Transmission line: 500-kV Neves 1 – Mesquita TL

Length: 172.5 km

Interligação Elétrica Norte e Nordeste (IENNE)

Location: Tocantins, Maranhão and Piauí States

Transmission Lines: 500-kV Colinas – Ribeiro Gonçalves C2 TL and 500-kV Ribeiro Gonçalves – São João do Piauí C2 TL

Length: 720 km

Interligação Elétrica Pinheiros (Pinheiros)

Location: São Paulo

Substations: 345/138-88-kV Piratininga II SS, 440/138-kV Mirassol II SS, 440/138-kV Getulina SS, 440/138-kV Araras SS and 345/138-kV Atibaia II SS and 345/88-kV Itapeti SS

Transmission line and Section Switches: 345-kV Interlagos – Piratininga II TL; 440-kV Araraquara – Santo Ângelo TL; 440-kV Jupia – Bauru TL; Poços de Caldas – Mogi das Cruzes 345-kV TL and Jupia – Araraquara 440-kV TL

Length: 5.9 km

Transforming capacity: 4,100MVA

Interligação Elétrica Sul (IESul)

Location: Rio Grande do Sul, Santa Catarina and Paraná States (graphic project – map)

Substations: 230/138-kV Scharlau SS and 230/69-kV Forquilha SS

Transmission line and section switches: 230-kV Nova Santa Rita – Scharlau TL, 230-kV Joinville Norte – Curitiba TL (scheduled to go into operation in March 2014) and 230-kV Jorge Lacerda B – Siderópolis TL; 230-kV Siderópolis – Lajeado Grande TL

Length: 185 km

Transforming capacity: 750 MVA

Interligação Elétrica Serra do Japi (Serra do Japi)

Location: São Paulo

Substations: 440/138-88-kV Salto SS and 440/138-88-kV Jandira SS

Section Switches: Embu Guaçu – Gerdau 440-km TL and Bauru – Cabreúva 440-km TL

Length: 10.9 km

Transforming capacity: 1,600 MVA

Interligação Elétrica Garanhuns (IEGaranhuns)

Location: Pernambuco, Paraíba and Alagoas States
Substations: Garanhuns 500/230-kV (600-MVA) SS and Pau Ferro 500/230-kV (1,500-MVA) SS
Transmission line and section switches: 500-kV Luis Gonzaga – Garanhuns TL; 500-kV Garanhuns – Pau Ferro TL; 500-kV Garanhuns – Campina Grande III TL; 230-kV Garanhuns – Angelim I TL; 230-kV Paulo Afonso III C4 – Angelim I TL; 230-kV Paulo Afonso III C2 and C3 – Angelim I TL; 500-kV Luiz Gonzaga – Angelim II TL and 500-kV Angelim II – Recife II TL
Length: 751.1 km
Transforming capacity: 2,100 MVA

Interligação Elétrica do Madeira (IEMadeira)

Location: Rondônia, Mato Grosso, Goiás, Minas Gerais and São Paulo States
Transmission Lines: ±600-kVCC – Coletora Porto Velho – Araraquara-2; 500k VCA/±600k VCC – 3,150 MW Porto Velho 2 Rectifier Station; ±600k VCC/500k VCA – 2,950 MW Araraquara 2 Inverter Station
Length: 2,375 km
Transforming capacity: 6,100 MVA

Evrecy Participações Ltda.

Location: Minas Gerais and Espírito Santo States
Substations: Mascarenhas 230/138 kV (450 MVA) SS
Transmission line and section switches: 230-kV Aimorés – Mascarenhas (circuit 1) TL, 230-kV Governador Valadares – Conselheiro Pena TL and 230-kV Conselheiro Pena – Aimorés TL
Length: 154 km
Transforming capacity: 450 MVA

CTEEP’S EQUITY STAKE IN SUBSIDIARIES

(GRI 2.2; 2.3; 2.9)

CTEEP has equity stakes in other companies. Therefore, the parent company’s results also reflect the performance of its subsidiaries and associates. Below is a list of CTEEP’s equity stakes in its subsidiaries.



NEW 30-YEAR CYCLE

(GRI 1.2)

In 2013, the Brazilian Federal Government sanctioned Law 12783, dated 01.11.2013, which arose from Provisional Measure 591/2012 and stipulates the extension of the concession agreements with electricity generation, distribution and transmission companies to bolster the Brazilian manufacturing industry's competitiveness and benefit the population by reducing electric power tariffs.

The new law allowed CTEEP to extend its Concession Agreement with ANEEL so that the Company will be operating as a transmission utility in Brazil for another 30 years.

As a result of the Law, CTEEP started being paid for the management, operation and maintenance services that it provides, which led to a 70% drop in the Company's revenues and impacted its economic and financial performance in 2013.

This new regulatory framework posed a challenge for the Company, which was forced to adapt to the new situation. On the other hand, it is also seen as a great opportunity to improve and grow. (GRI 1,2; 2,9)

Following these changes, CTEEP reviewed its short- and long-term strategy and restructured its strategic plans during 2013.

This effort involved redesigning CTEEP's strategic plans, revising its Mission and Vision, restructuring its Set of Indicators and structuring its Strategic Projects, always in keeping with Grupo ISA's Strategic Planning. The current Strategic Map remains in line with our strategy and

will be maintained in 2014.

Sustainable growth with an emphasis on profitability and consistent creation of value are the essential pillars of the Company's business strategy. To face up to its growth challenges, CTEEP is optimizing its existing assets through reinforcement and new connections; in addition, it constantly assesses acquisition opportunities by taking part in auctions of transmission lines.

In 2014, Risk Management will be integrated into Strategic Management as part of our corporate strategy to optimize our efforts both to mitigate risks and to achieve the Company's goals.

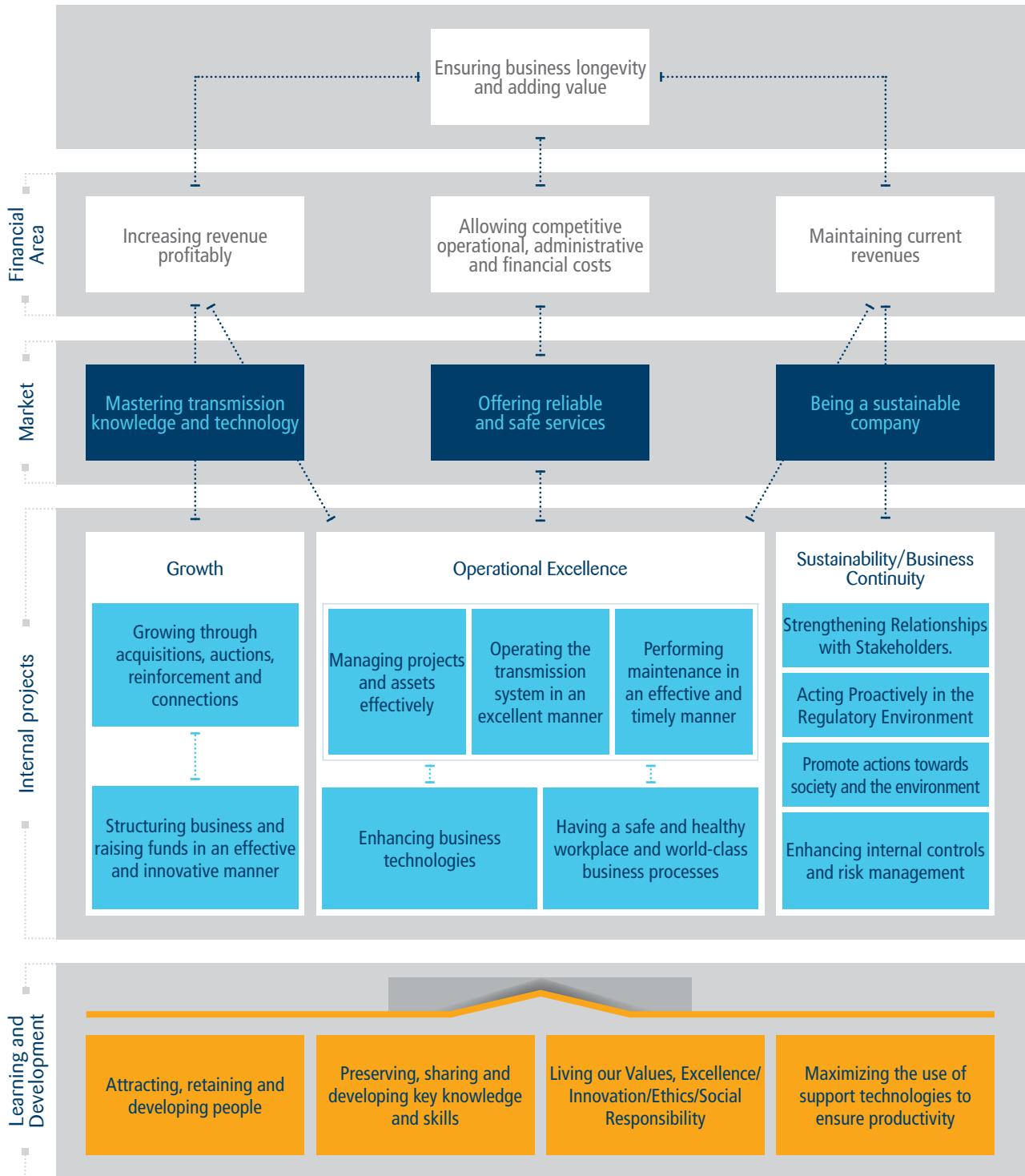
STRATEGIC MANAGEMENT

CTEEP's strategic management model follows the guidelines provided by the Company's Vision, Mission, Values, Goal Map, Indicators, Targets and Projects.

CTEEP adopts an integrated management model focused on assessing the outreach of the Company's business strategy as efficiently as possible, thus facilitating the decision-making process.

To that end, the Company uses two important tools. On the one hand, the Balanced Scorecard (BSC) methodology allows creating a strategic map and different levels of indicators so that it covers all departments and allows everyone to cooperate in achieving the Company's goals; on the other hand, the regular Strategic Assessment Meetings (RAE) focus on monitoring projects that ensure the execution of the outlined strategy, in addition to disseminating knowledge of the strategy and raising awareness of everyone's role in fulfilling CTEEP's mission.

Strategic Map



GROWTH

CTEEP invested R\$ 835.3 million in infrastructure in 2013. The Company started up 50 new projects and acquired new equipment for substations; as a result, there was an increase of 1035 MVA in installed capacity in the electric system.

Because of the 2014 World Cup in Brazil, CTEEP concluded major projects to increase the capacity and reliability of the electricity transmission system. These investments were considered priorities by the Ministry of Mines and Energy's World Cup Workgroup and were authorized by ANEEL.

Overall, there were nine reinforcement and maintenance projects. Among them is the installation of the fourth set of transformers (345-88/138 KV, 400 MVA) at the Bandeirantes Substation (SS) - in operation in the Southern part of São Paulo City -, which supplies power to important areas of the city. Investments in this substation will total R\$ 28 million. In turn, R\$ 30.7 million will be invested in Norte SS, in the São Paulo Metropolitan Area, to install a fourth set of transformers (345-138/88 kV), thus increasing by 400 MVA the installed transforming capacity in Greater São Paulo.

The Madeira Electrical Interconnection (EI), a consortium made up of CTEEP, CHESF and Furnas, put the Complexo Madeira (Madeira Complex) transmission lines into operation in 2013 as well. This subsidiary has 2,375 km of transmission lines, a transforming capacity of 6,100 MVA and serves 82 cities and towns. Therefore, the Madeira EI is Brazil's and the world's largest direct current line. It integrates the hydropower plants along the Madeira, Santo Antônio and Jirau Rivers with the Interconnected National System and carries the energy generated in Northern Brazil to the rest of the country. A joint venture with Furnas and CHESF, Complexo Madeira is extremely important for Brazil's energy infrastructure.

CTEEP's goal for 2014 is to continue managing the investments in its current projects in a conservative manner and focusing on operational excellence. In addition, there are important initiatives aimed at unpaid amounts related to the concession extension, such as the unpaid compensation connected with assets prior to May 2000, which corresponds to a sizable percentage of CTEEP's current shareholders' equity and will allow the Company to recover its ability to grow.

■ *How is the expansion of the electric system planned?* (GRI EU19)

The expansion of the Brazilian electrical system is planned on the basis of the 10-Year Transmission Plan, coordinated by EPE (Empresa de Pesquisa Energética, or Energy Research Company), whose purpose is to conduct research and studies to support planning in the electricity industry. Based on the 10-Year Transmission Plan designed by EPE, the Transmission Expansion Program (PET), which covers a five-year period, is developed. PET is the result of studies conducted by EPE jointly with electric utilities through this Regional Transmission Study Groups. In turn, the Enlargement and Reinforcement Plan (PAR), which covers three years, is developed by the Brazilian Electric System Operator (ONS) considering short and medium-term scenarios. Both are based on an analysis of load flows in transmission lines and the short-circuit levels in each busbar of the Interconnected National System (SIN). After these Regional Study Groups reach a consensus on solutions, the infrastructure works required for the expansion of the Brazilian electric system are determined and presented in a document named "Consolidation of Works", published by the Ministry of Mines and Energy (MME). Further information can be found on EPE's and MME's websites (www.epe.gov.br and www.mme.gov.br).



Operational Performance

Quality and efficiency are inseparable features of our operations; thus, CTEEP has some of the best indicators in the industry.

(GRI EU6)

CTEEP considers the quality of the electric energy transmission supplied to its clients a major commitment that has always guided the Company's operational efficiency strategy. The Company was able to provide a top-quality, efficient transmission service in 2013 despite the new compensation model introduced by the concession renewal. This is reflected in our excellent availability rates, seen below.

Transformers = 99.9937%
Transmission Lines = 99.9949%
Circuit Breakers = 99.9649%
Reactors = 99.9803%

In addition, the Company recorded the lowest non-supplied energy rate (IENS) rate in eight years. This indicator is calculated by dividing the amount of energy not supplied during all interruptions in the year by the amount of energy that would have been supplied without these events.

Another indicator of our efficiency is the Company's lost revenue in connection with periods when the Transmission Functions are unavailable, usually called Variable Portion, which corresponds to deductions from revenue due to these interruptions. CTEEP posted a 0.8%

deduction from its Annual Permitted Revenue for that reason whereas the average deduction of companies renewing their concessions after Provisional Measure 579 stood at 1.5%. These indicators show the high levels of safety and reliability of the Company's services.

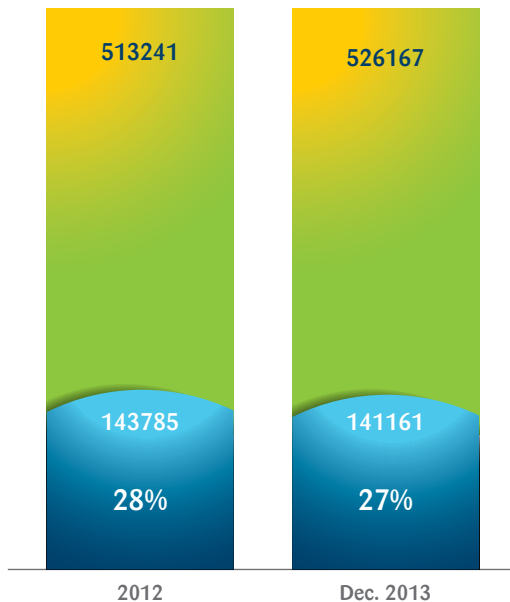


Energy Transportation

Comprising a structure of 13,516 km of transmission lines – which consists of 18,892km of circuits and 2,280 km of optical fiber cables owned by the Company itself – CTEEP’s grid carried 141,161 GWh in 2013, thus interconnecting connection points between generators and other transmission companies, as well as free clients and distributors’ grids, which, in turn, carry electric energy to final consumers.

The Company’s share in the Interconnected National System (SIN), Brazil’s electricity production and transmission system, increased by 2.2% on average between 2009 and 2013.

Share of CTEEP’s Load in SIN’s Load between 2010-2013 (GWh)



FREQUENCY AND DURATION OF INTERRUPTIONS

GRI EU28

To manage its system properly, CTEEP consistently monitors the Equivalent Frequency of Interruptions (FREQ), an indicator that shows the number of times that maximum demand is interrupted in the period under observation, as well as the Equivalent Duration of Interruptions (DREQ), which reflects the length of time in minutes during which maximum demand is interrupted in a given period.

The Company’s FREQ and DREQ stood respectively at 0.1178 (down from 0.2169 in 2012) and 1.8880 minutes (down from 3.9757 in 2012). These results are directly connected with the Company’s operational efficiency. (GRI EU28, EU29)

(GRI EU29)

Year	CTEEP DREQ	CTEEP FREQ
2011	3.3417	0.2554
2012	3.9757	0.2169
2013	1.8880	0.1178

The Company’s power transmission losses in 2013 were estimated at 1%, a loss rate considered low and expected in energy transmission activities. (GRI EU12)

CUTTING-EDGE TECHNOLOGY

CTEEP adopts different mechanisms and technologies to ensure the quality of its services and the reliability of the system, and prevent major disturbances in the electric system, which are usually difficult to anticipate.

CTEEP invests constantly in new effective devices and tools to monitor electric systems in real time, as well as in technologies that add value to its grid, mainly in operational and maintenance activities. This produces significant results, such as those recently observed, highlighting those achieved in 2013. This is important for SIN and the Company itself, whose operating revenue depend directly on the availability of its assets (transmission lines, transformers, etc.)

carrying out mostly projects to enhance the quality of energy supply and improve operational efficiency, CT-EEP strengthens its position as a responsible company engaged in innovation initiatives.

In 2013, the Company invested R\$ 14,676 million in research projects. This amount is part of a total investment of R\$ 46 million in 22 projects, two of which cover Strategic issues proposed by ANEEL and described below.

Projeto Supercabo

Projeto Supercabo (Supercable Project) involves developing a technology for high-temperature superconducting cables for electric power systems to bridge the technological gap between utilities' technical staff, the academic world and the other international electric utilities that use the Superconductivity technology. Partners: CEMIG (applicant), ECATE, NovaTrans Energia, Transmissora Aliança and Universidade Federal Rural do Rio de Janeiro – UFRRJ (project executor).

Photovoltaic Systems

This project focuses on developing skills and assessing technical and commercial arrangements in distributed generation by photovoltaic systems connected to the grid. Among other initiatives, it comprises the installation of a 525 kWp photovoltaic solar power plant and a solarimetric station at the Energy and Environment Institute (IEE) and the Central Library, both on the campus of the University of São Paulo (USP). Partners: The São Paulo Energy Company (CESP, as a cooperator), the Permanent Program for Efficient Energy Use at USP and IEE/USP.

In addition to the strategic projects proposed by ANEEL, CTEEP invested in thirteen other R&D projects in 2013: Further information about the projects can be found on CTEEP's website: www.ctEEP.com.br.

TECHNOLOGY PLANNING & INNOVATION

(GRI EU8)

In 2013, CTEEP planned and structured projects – geared mainly to innovative and sustainability solutions – that could bring more significant results for its own business and the Industry as a whole.

The Company's projects follow the market trends, such as photovoltaic energy generation and the impacts of its introduction on SIN, as well as intelligent techniques and new tools to plan and expand energy grids, and control and ensure the reliability of current systems. By

EMERGENCY RESPONSE PLAN

(GRI EU21)

CTEEP has an Emergency Response Plan (PAE) applicable mainly to collapsing metallic structures of Transmission Lines, which lead to failures in the electric system. The plan consists of a coherent set of resources and infor-

mation to repair the affected transmission lines, such as the associated logistics operations needed to speed up the solution. As a result, it minimizes the impact of any events affecting the electric system while ensuring the safety of SIN and the employees of the Company, which considers the physical integrity and health of its staff foremost issues. PAE also involves environmental issues.



Communication with clients and the Electricity Industry authorities, mainly the Ministry of Mines and Energy (MME), ANEEL and the National Electric System Operator (ONS) is one of the PAE initiatives. In fact, the Company provides them with detailed information about events and recovery schedules. Information geared to society as a whole is provided for mass media outlets by CTEEP's press office and posted on the Company's website.

The Company offers maintenance teams regular training about the PAE procedures and communication initiatives.

In 2013, the Company tapped into its expertise to manage crises, especially to overcome the challenges posed by an accident with a vessel that collided with a double-circuit structure of the 440-kV Ilha Solteira/Bauru line, on the Tietê River, in the city of Birigui. The collision damaged seven transmission towers, and two circuits of the line had to be shut off. The repair works required careful planning to mitigate the impact of the event on SIN, comply with the regulatory deadlines for repair to ensure exemption from the Variable Portion and seek compensation for the extraordinary costs from the owner of the vessel that caused the accident.

TRANSMISSION QUALITY

(GRI PR5; EU6)

CTEEP has a Quality Management System, based on the ISO 9001:2008 standard, to provide top-quality electricity transmission services. Three of the Company's activities have been certified: "operating", "maintaining" and "managing" electricity transmission system projects.

Each of these activities involves a set of quality indicators, which are monitored by the departments

and officers in charge, basically the Operations and Maintenance Departments (under the COO), and the Chief Projects Officer. Between January and October 2013, the Company achieved all its goals, which mainly involve initiatives to minimize failure, speed up works, and improve operations, maintenance and client satisfaction.

The Company systematically conducts a Client Satisfaction Survey, which allows assessing clients' perceptions as to different aspects, such as service quality, system reliability, service promptness and cost competitiveness among others, thus revealing the needs and opportunities for improvement in each aspect.

The latest survey was conducted in 2010. After that (between 2011 and 2013), CTEEP tabulated and examined the findings, developed plans, focusing on synergy among the departments involved directly or indirectly in the issues requiring attention; and made improvements. Although the survey is conducted as needed (depending on internal and market conditions), but the Company is planning a new edition for 2014.



In 2013, CTEEP's client base comprised 16 distributors, 37 generators and self-producers, 12 transmission companies and 7 free consumers. (GRI EU3)

COMPLIANCE

(GRI S08; PR9)

CTEEP respects and applies all regulatory frameworks, as well as all international agreements and treaties relevant to its business.

In 2013, the administrative appeal filed by the Company on 02.27.2013 in response to a Tax Delinquency Notice issued by the Federal Revenue Department in connection with tax-like social contributions by reason of the non-cumulative system of PIS [Social Integration Program] and COFINS [Tax for Social Security Financing] in 2009 and 2010 was granted at the Administrative Council of Tax Appeals.

Additionally, the Company challenged the Tax Deficiency Notice issued by the Federal Revenue Department on 05.09.13 (in connection with Tax Procedure Order 0818500-2012-00052-2) to collect alleged tax debts from civil year 2008 related to the amortization of goodwill booked in connection with the merger of ISA Participações Ltda. This report does not include administrative proceedings related to labor, social security and land issues, as well as preparatory procedures or public civil inquiries.

In 2013, the Company also filed two legal actions – against ANEEL – in connection with its services.

One is related to the outage of about 870 MW of the Eletropaulo Metropolitana Eletricidade de São Paulo S.A. load, resulting from an incident at Milton Fornasaro Substation in 2011. The infringement notice imposes a fine of R\$ 1,250,336 thousand. In June 2013, CTEEP filed a legal action so that the enforcement of that fine is suspended.

The legal action is concerned with a fine related to service quality and failure to provide transmission services, in accordance with Articles 32 and 33 of Normative Resolution 270 between June 2010 and May 2011. The infringement notice imposes a fine of R\$ 416,167 thousand. In April 2013, CTEEP filed a legal action so that the enforcement of that fine is suspended.





Corporate Governance

We seek to improve our management practices continuously by focusing on transparent processes appropriate to our business market.

CTEEP adopts a Corporate Governance model – set forth formally in the Company’s Bylaws – responsible for establishing our strategic direction and guidelines for management, management monitoring and accounting auditing. The Company’s governance structure clearly defines the roles and responsibilities of the Board of Directors and the Board of Executive Officers in developing, approving and executing the strategic guidelines and conducting the Company’s business.

Based on the principles of fairness, transparency and accountability, CTEEP meets the main market requirements. In fact, it was the first electric utility in São Paulo State listed on BM&FBOVESPA’s Level 1 of Corporate Governance.

Furthermore, the Company meets BM&FBOVESPA’s higher governance criteria, such as a Board of Directors composed of up to ten² members, one of whom is a representative of the employees, and financial statements in English³ made available on the Company’s website.

The Company always seeks to gather and post material

information to meet the market’s demands, thus establishing an effective communication channel with its shareholders, investors and other stakeholders.

In addition, CTEEP follows the guidelines established by a series of instruments, such as the Company’s Security Trading Policy, Bylaws, Information Disclosure Policy and Code of Ethics and Corporate Governance, to ensure information security and transparency, as well as prevent situations characterizing conflicts of interest. (GRI 4,6)

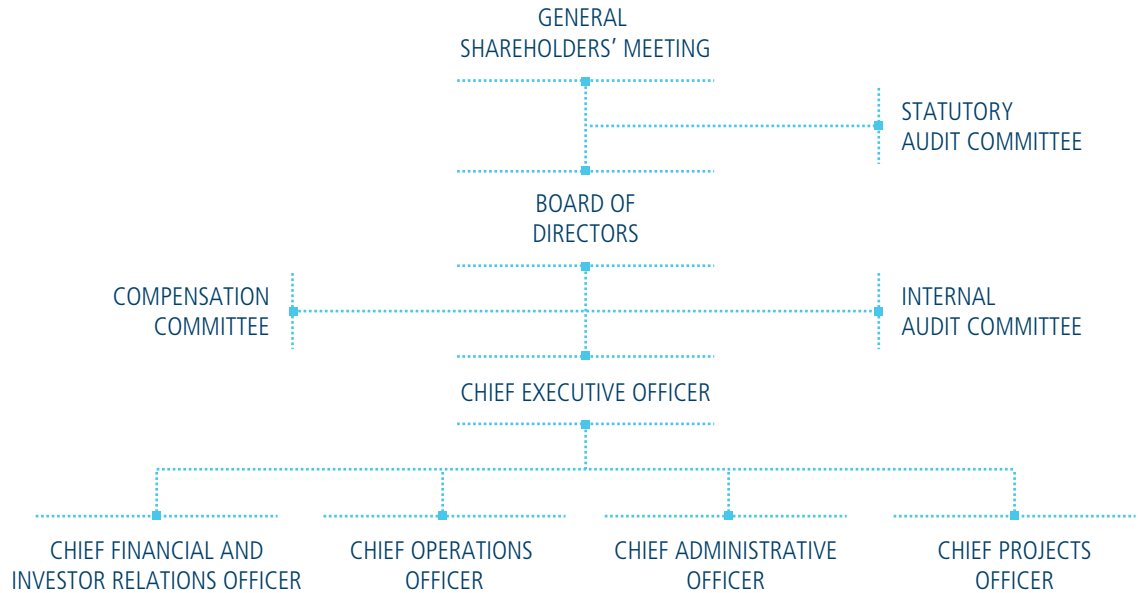
ORGANIZATION CHART

(GRI 4.1, 4.7, 4.10)

CTEEP’s corporate management structure is comprised of its Board of Directors, Statutory Audit Committee and Board of Executive Officers, all of which work in compliance with the Bylaws. In addition, advisory committees and commissions (the latter created by the Board of Directors) assist the Boards in strategic issues and issues that require monitoring.

² Level 1 recommends at least three and Level 2 at least five.

³ Publishing financial statements in English is a requirement for Level 2 and Novo Mercado-listed companies only.



BOARD OF DIRECTORS

CTEEP’s Board of Directors consists of 10 members⁴ elected by the General Shareholders’ Meeting pursuant to Law 6404 of 1976 (Brazilian Business Corporation Act), which governs corporations.

The Bylaws provide that one representative of the employees and one representatives of preferred minority shareholders sit on the Board of Directors. (GRI 4,4; 4,7)

Serving a one-year term of service, the Directors are in charge of electing the members of the Board of Executive Officers and monitoring business management; evaluating the Management Report, the Financial Statements and the Executive Board’s accounts; approving business plans, financial and project execution budgets;

as well as selecting and dismissing Independent Auditors. The Board of Directors also follows international standards and corporate principles, such as the Code of Ethics, the Global Compact and international standards for operational procedures.

At its regular meetings, the Board examines the financial indicators used in the Balanced ScoreCard and other strategic analysis tools, assesses market risks and opportunities, and prepares reports that may cover the Company’s social and environmental performance. In 2013, there were 13 Board meetings, six of which person-to-person. (GRI 4,9)

There are currently no performance assessment mechanisms for members of the Company’s Board of Directors and committees. (GRI 4,10)

⁴ The Directors’ résumés can be found in the 2013 Reference Form, available on the Brazilian Securities and Exchange Commission’s website (www.cvm.gov.br) or in the Investor Relations section of the Company’s website (www.cteep.com.br/ri).

Composition of the Board of Directors

(GRI 4.1; 4.2; 4.3)

On December 31, 2013, the Board of Directors was composed as follows:

Chairman

Luis Fernando Alarcón Mantilla

The Chairman of the Board of Directors holds no position on the Board of Executive Officers.

Deputy Chairman

Fernando Augusto Rojas Pinto

Directors

César Augusto Ramírez Rojas; Fernando Maida Dall'Acqua; Juan Ricardo Ortega López; Luisa Fernanda Lafaurie Rivera; Sinval Zaidan Gama (representative of minority shareholders); Valdivino Ferreira dos Anjos (representative of employees).

STATUTORY AUDIT COMMITTEE

(GRI 4.1)

The Statutory Audit Committee consists of up to five members⁵ and their respective alternates. The members of the Statutory Audit Committee - two of whom are appointed by minority shareholders - are elected by the Annual General Meeting for a one-year term of office and may be reelected.

It is the Committee's duty to monitor the Company's Management's acts; check compliance with duties stipulated by legislation or the Bylaws; provide its opinion on the annual management report; examine the trial balance sheet and the other financial statements prepared regularly by the Company; and examine and provide its opinion on the financial statements for each fiscal year.

⁵ Resumes for the members of the Statutory Audit Committee can be found in the 2013 Reference Form, available on CVM's (the Brazilian Securities and Exchange Commission) website (www.cvm.gov.br) and in the Investor Relations section of the Company's website (www.cteep.com.br/ri).

⁶ Résumés for the members of the Board of Executive Officers can be found in the 2013 Reference Form, available on CVM's (the Brazilian Securities and Exchange Commission) website (www.cvm.gov.br) and in the Investor Relations section of the Company's website (www.cteep.com.br/ri).

Chairman

Manuel Domingues de Jesus e Pinho

Directors

Antonio Luiz de Campos Gurgel; Rosangela da Silva; Flavio Cesar Maia Luz; Egídio Schoenberger.

Alternates

João Henrique de Souza Brum; Luiz Flávio Cordeiro da Silva; Josino de Almeida Fonseca; Luis Carlos Guedes Pinto; João Vicente Amato Torres.

BOARD OF EXECUTIVE OFFICERS

(GRI 4.1; 4.2)

CTEEP's Board of Executive Officers has five members⁶: one CEO and four officers, all elected by the Board of Directors for a 3-year term of office.

The Executive Board is also responsible for managing the Company's business, regular operations and administration.

The Board of Executive Officers also submits to the Board of Directors proposals for capital increases and amendments to the Bylaws; recommend the acquisition, disposal or encumbrance of assets, funding operations and loan operations exceeding 2% of the Company's capital stock; submits to the Board of Directors the financial statements for the fiscal year, annual and multiannual economic and financial plans and budgets, as well as construction project budgets.

Officers are assessed for competence every two years and for performance every year. The purpose of this assessment is to provide a guideline for the Company's management, with a focus on improving strategic indicators.

Chairman

César Augusto Ramírez Rojas until 10.31.2013
Reynaldo Passanezi Filho since 11.01.2013

Chief Projects Officer

Jorge Rodríguez Ortiz until 02.28.2013
Luiz Roberto de Azevedo since 04.22.2013

CFO and Investor Relations Officer

Reynaldo Passanezi Filho until 11.30.2013
Rinaldo Pecchio Junior since 12.02.2013

Chief Operations Officer

Celso Sebastião Cerchiari

Chief Administrative Officer

Pio Bárcena Villareal until 04.22.2013
The CEO is currently performing the Chief Administrative Officer's functions.

COMMITTEES

(GRI 4.1)

Internal Audit Committee

The Internal Audit Committee consists of four members of the Board of Directors and Grupo ISA's corporate auditor. It is in charge of strengthening the system of internal controls, risk management and corporate governance practices; improving the efficiency of internal audit; monitoring and evaluating the work of independent auditors; approving the Annual Internal Audit Plan; overseeing its execution; and introducing improvements recommended by internal and independent auditors.

Composition:

Fernando Maida Dall'Acqua
Sinval Zaidan Gamra
Jhon Jairo Vásquez López
Luisa Fernanda Lafaurie Rivera

Compensation Committee

The Compensation Committee, composed of three members from the Board of Directors, is responsible for monitoring, examining and presenting proposals related to officers' and Board members' compensation, appointing Executive Board members; and defining positions and salaries; the compensation policy; variable compensation; profit sharing and collective bargaining agreements.

Composition:

Luisa Fernanda Lafaurie Rivera
Luiz Fernando Alarcón Mantilla
César Augusto Ramírez Rojas.

CTEEP has other structured committees, such as the Ethics Committee, which examines issues related to the Code of Ethics so that it is understood and applied correctly and consider requests received through *Canal Ético* (the Ethical Channel); the Regulatory Committee, mainly responsible for outlining strategies related to regulatory affairs; the Integral Risk Management Committee, whose main duty is to manage the Company's resources effectively; the Strategic Committee for Innovation and Knowledge Management (IKM), which coordinates the IKM policy, and the Sustainability Committee, which aligns and integrates all the Company's sustainability initiatives.

CODE OF ETHICS

CTEEP's Code of Ethics is the formal expression of the Company's philosophy and corporate values. It was introduced in 2010 to serve as a guideline for the conduct and behavior of all the Company's employees, third parties, service providers and senior management in their professional relationship with the Company's different stakeholders, thus strengthening CTEEP's corporate identity and institutional consistency.

The Company's Code of Ethics is aligned with the ethical principles adopted by Grupo ISA and was designed

with the help of the Company's staff. Code-related issues are dealt with by the Internal Ethics Committee, whose purpose is to monitor individual expressions and carry out the necessary measures in cases of non-compliance. (GRI 4,8)

RISK MANAGEMENT

(GRI 1.2, 4.11)

According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the basic premise of Risk Management is that the organization exists to create value for its stakeholders. All companies are faced with uncertainties, and management's challenge is to determine to what extent those uncertainties should be accepted and how they may affect the company's effort to create value for its stakeholders.

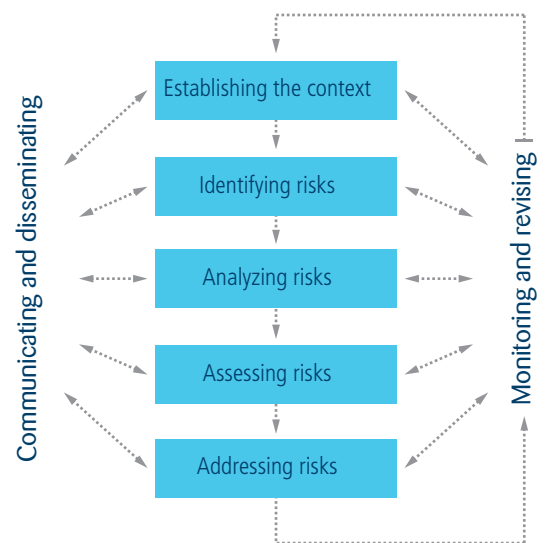
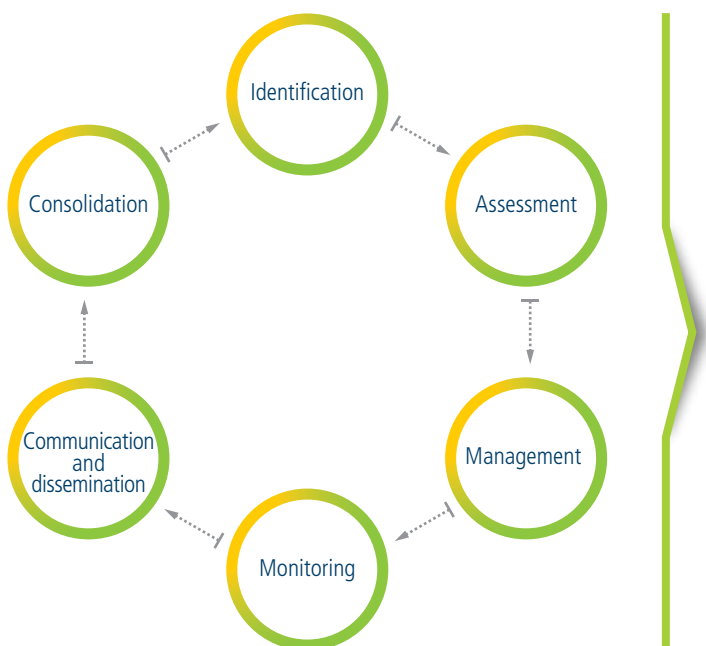
Managing corporate risks allows executives to deal efficiently with uncertainties, as well as the risks and opportunities associated with them, to increase their ability to create value for the company, which is maximized when the organization adopts strategies and sets goals to reach the ideal balance between growth targets and shareholder return.

Because this is such an important issue, CTEEP introduced its Integral Risk Management (IRM) policy in 2008, following ISA's guidelines. Since then, the Company itself has been managing the main risks involved in its macro activities.

CTEEP's IRM is intended to guide and control processes and activities by continuously assessing the risks to which the Company is exposed, thus safeguarding corporate integrity, preventing negative impacts and ensuring business efficiency.

In 2013, IRM underwent significant changes reflected in the Company's risk map.

This update was mainly due to two factors. On the one hand, the renewal of CTEEP's concession contract, in December 2012, led to a complete change in the assessment scale for financial resources. The other factor was an effort to adapt IRM to the ISO 31000 standard better, which resulted in a revision of the whole IRM cycle. This made it a more dynamic tool, with a change mainly in the PDCA (Plan, Do, Check and Act) cycle of risk management (as seen below), where the "communication and dissemination" and "monitoring and revision" stages now run parallel to the others.



As a result of these changes, many risks previously assessed as mild are now considered moderate or even critical, such as, trespassing on rights of way.

In addition, new scenarios were identified and incorporated into CTEEP's risk map, for example, the "social and political" risk, in response to demonstrations or crimes that may damage the Company's infrastructure.

CTEEP's new risk management methodology also involved identifying administrative measures that may be adopted to allow finding controls not yet applied that may decrease the possibility that these risks may materialize. These measures were listed in 2013 and will be considered by risk managers so that the IRM tools can effectively identify, prioritize and manage the organization's exposure to different risks that may affect its business.

In addition to the above-mentioned revisions, CTEEP has been adopting the methodological guidelines and aspects established by COSO and the Sarbanes-Oxley Act. As a result, CTEEP checked in 2013 which principles of the COSO recommendations were already followed and which were not, mainly those related to assessing the possibility that a given risk will materialize. This adaptation is expected to continue in 2014 until all principles are incorporated.

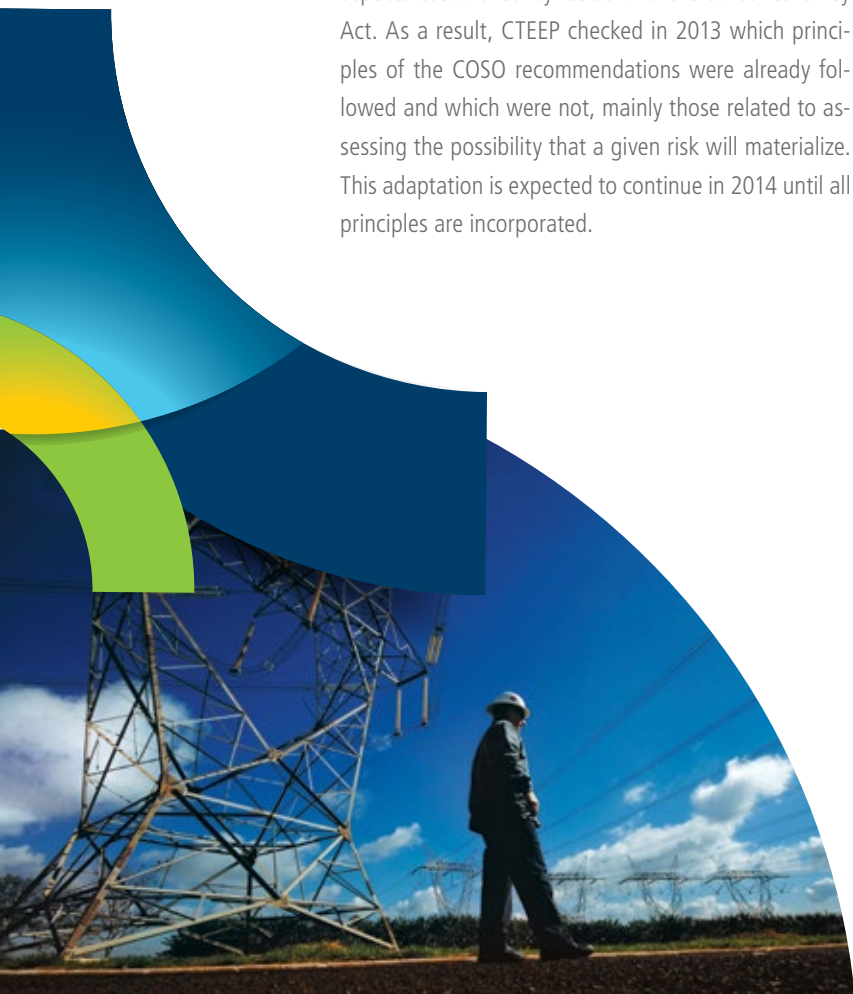
Therefore, CTEEP's risk matrix consists currently of 18 risks, eight of which are rated as priority risks, four as moderate risks and six as low risks, in four broad categories: Vicinity; Strategic; Financial and Operational.

Vicinity Risks	Related to the area in which CTEEP performs its activities
Strategic Risks	Events that may impact strategic goals
Financial Risks	Situations that may negatively impact the Company's financial indicators
Operational Risks	Events that may adversely affect the Company's operations

Vicinity Risks
The following risk indicators are monitored: environmental damage, environmental phenomena or external physical agents; trespassing on rights of way, equipment damage or failure; and social and political factors.

Strategic Risks
Regulatory risks are the main strategic risks for CTEEP. Growth risks, which involve tariff issues, and reputation risks are also monitored.

Financial Risks
Financial risks are those involving a lack of cash or transaction fraud. Governance, pension plan, construction and project delay risks also fall under this category.



Operational Risks

These risks involve: human or procedure failures; interruptions of information technology and communication services; occupational accidents, unethical or unlawful behavior; human capital and; poor supplier management.

DIRECTIVES

(GRI 4.12, 4.13)

Global Compact

CTEEP has been a signatory to the United Nations Global Compact since 2011. This decision reflects the Company's commitment to ten principles related to Human Rights, Labor Relations, Environmental Protection and Corruption Combat. In 2013, the Company submitted a new Communication on Progress (COP), a requirement to remain active in the network, and announced its progress in connection with these principles, to which it is committed. Additionally, the Company took part in the Global Compact Brazilian Network Survey about key global issues for sustainable development and attended the Global Compact Annual Network Meeting, in May. At that meeting, there were discussion groups about the commitments contained in the "Letter of Corporate Commitment to a Green and Inclusive Economy". CTEEP signed the letter in late 2012 and participated in the group that discussed corporations' contributions to education in Brazil.

Sustainability Reference Systems

In addition to the Global Compact, CTEEP voluntarily adopts three other sustainability reference systems that allow the Company to assess its management on a yearly basis, identify gaps and plan its initiatives: the Ethos Indicators for Sustainable and Responsible Businesses, the ISO 26000 standard – Social Responsibility Guidelines and Guia Exame de Sustentabilidade (Exame Magazine Sustainability Guide).

A new version (the 3rd Generation) of the Ethos Indicators was launched in 2013. CTEEP took part in two Workgroups created to review those indicators focusing on the introduction and applicability of the tool in organizations. Concerning ISO 26000, the Company continued its improvement initiatives as planned, reported to Grupo ISA on a quarterly basis, and made progress in aspects related to managing suppliers, measuring greenhouse gas emissions, promoting social responsibility in the Company's area of influence and acquiring knowledge about Human Rights.

RELATIONSHIP WITH THE GOVERNMENT AND THE INDUSTRY

CTEEP participates actively in forums and institutions intended to develop Brazil's electricity industry and has a close relationship with the main Government bodies.

The Company also has representatives on the Board of Directors, Committees and Commissions of the following government bodies and trade associations: ANEEL (the Brazilian Electric Energy Agency); ONS (the National Electric System Operator); ABRATE (the Brazilian Association of Large Electricity Transmission Companies); ABRACONEE (the Brazilian Association of Electricity Industry Accountants); ABDIB (the Brazilian Association of the Infrastructure and the Basic Industry) ABCE

(the Brazilian Association of Electric Concessionaires); ABRASCA (the Brazilian Association of Publicly-Held Companies); CEPEL (Electric Energy Research Center); CierBracier (the CIER Brazilian Committee); CIGRÉ (the Brazilian National Committee for Electric Energy Production and Transmission); Instituto Acende Brasil; São Paulo State Department of Sanitation and Energy.

In order to maintain its independence from the Brazilian political scene, CTEEP engaged in no lobbying activities and made no financial or in-kind contributions to any political parties, campaigns or related institutions in 2013. In addition, the Company received no financial assistance from the government, except access to financing lines from public institutions and R&D grants, as explained in the Management Report. (GRI EC4; SO5; SO6)

Industry Events

To disseminate the knowledge acquired through research on cutting-edge technology, CTEEP participated in a series of electric industry events in 2013. Some of these events were:

- VII CITENEL and III SEENEL – the Conference on Technological Innovation in Electric Energy and the Seminar on Energy Efficiency in the Electricity Industry, organized by ANEEL, in August 2013, with the main theme “Innovation with Responsibility: Overcoming Barriers and Adding Value”.
- XXII SNPTEE – The National Seminar on Electric Energy Production and Transmission, in October 2013, is considered the top event of the industry.. CTEEP participated prominently in the event by presenting three papers from its R&D Program and 12 technical papers, one of which was ranked first in the Transformer Study Group.
- III SIGAMT – The Internacional Seminar on Asset Management, Transmission Maintenance and Elec-

tricity Industry Performance, between June 10 and 12, 2013, was coordinated by CTEEP, supported by BRACIER – the Brazilian Committee of the Regional Energy Integration Commission (CIER) and organized by CIGRÉ Brasil (the Brazilian National Committee for Electric Energy Production and Transmission).

- BRACIER Seminar – CTEEP also participated in the 4th Seminar on Socially-Responsible Management in the Electricity Industry in Latin America, organized by the Brazilian Committee for the Regional Energy Integration (BRACIER). The event was attended by social responsibility professionals from different electric utilities. On that occasion, CTEEP’s Strategic Management Department was able to present the Amigos da Energia (Friends of Energy) project in the “Ethical Relationship for Development and Competitiveness” module.





Economic and Financial Performance

With a solid structure and wise strategic decisions, CTEEP was able to overcome the impacts on its economic and financial performance and adapt itself to the new industry situation.

(GRI EC1)

The uncertainty surrounding the world economy in previous periods persist in 2013, at least in the first half of the year. This situation, coupled with inflationary pressure and concerns about the fiscal policy, impacted the Brazilian economy. However, energy consumption in Brazil rose by 3.5% – vs. a GDP growth of 2.3% – to 463,740 GWh in 2013, driven by higher residential and commercial consumption.

Residential consumption totaled 124.8 thousand GWh in 2013, up 6.1% year-over-year. Commercial consumption came to 83.7 thousand GWh, rising by 5.7% against 2012. Higher consumption in both cases can be attributed to a larger number of business days and higher temperatures in the year. The industrial class was outperformed by the other classes and recorded a slight increase in consumption, which amounted to 184.6 thousand GWh in 2013. This is largely explained by a GDP growth below expectations in the year.

CTEEP's performance is directly connected with regulatory issues. An extension of Concession Contract 059/2001, between CTEEP and ANEEL (Concession Contract), was approved under the terms and conditions established by Provisional Measure (PM) 579/2012, governed by Executive Order 7805, of Sep-

tember 14, 2012, and amended by PM 591/2012, which will give rise to a proposed addendum to the Concession Contract.

As a result, the Company's concession contract was extended for another 30 years in December 2012 and the Allowed Annual Revenue (RAP) as determined by contract 059/2001 fell by about 73%, from R\$ 2,149.6 million to R\$ 568.2 million. This new RAP affected the year-over-year comparisons of the Company's financial indicators.

Consequently, the Company's net operating revenues amounted to R\$ 981.2 million, EBITDA (not including the São Paulo State Department of Finance (SEFAZ-SP) provision) to R\$ 346.5 million and net income to R\$ 31.9 million in 2013.

ANNUAL ADJUSTMENT OF REVENUES

Published in June 27, 2013, Ratifying Resolution 1595 establishes allowed annual revenues for CTEEP and its subsidiaries by allowing them to use the transmission facilities comprising the Basic Grid and Other Transmission Facilities for the 12-month between July 1, 2013 to June 30, 2014.

Ratifying Resolution 1595 increased CTEEP's RAP (contracts 143 and 059/2001), net of PIS and COFINS, from R\$ 497.1 million on January 01, 2013 to R\$ 542.1 million July 01, 2013, an increase of R\$ 10.5 million or 2.0%. CTEEP and its subsidiaries' RAP, R\$ 576.2 million put together on January 01, 2013, rose to R\$ 630.2 million on July 01, 2013, an increase of 9.4%.

REVENUE

(GRI 2.8)

In 2013, Consolidated Gross Operating Revenue came to R\$ 1,118.3 million, down 51.1% from the R\$ 2,287.2 million in 2012. This change mainly resulted from the new level of Financial Income, which reflects the current balance of Financial Assets, written off because the assets related to concession contract 059/2001 were returned to the Federal Government under the terms of addendum signed on December 04, 2012, which extended the contract by another 30 years.

Revenue from Construction Services

Revenues from construction or improvement services are recognized based on the progress of the works, under the service concession contract.

Consolidated Construction Revenues totaled R\$ 267.9 million in 2013, up 28.7% from the R\$ 208.1 million recorded in 2012. This change mainly resulted from the recognition of revenue from investments in Improvements by ANEEL, which reflects the stable Construction and Improvement revenues established in the extension of the Parent Company's concession contract 059/2001.

Financial Income

Financial income is recognized when future economic benefits are likely to be booked by the Company so that revenue can be measured accurately.

In 2013, Consolidated Financial Income came to R\$ 242.7 million, down 83.5% from the R\$ 1,467.3 million reported in 2012, reflecting the change in the financial flow expected for the realization of construction and reversal amounts. Owing to the extension of the Parent Company's concession contract 059/2001, financial assets comprised only investments realized and not considered in the reversal provided for by Law 12783/2013 at the close of 2013.





Other Revenues

Other revenues correspond to leasing with the fixed-line telephone company and maintenance and technical analysis services provided by third parties.

They totaled R\$ 21.2 million in 2013, up 8.7% from the 19.5% recorded in 2012, mainly due to the inflation adjustment in contract prices.

Deductions from operating revenues totaled R\$ 137.2 million in 2013, a drop of 49.6% against the R\$ 272.2 million recorded in 2012. This change reflects the 79.3% decrease in regulatory charges, proportional to the fall in RAP resulting from the extension of the Parent Company's concession contract 059/2001 and the suspension of the payments of the Global Reversal Reserve (RGR) charges and the Fuel Account (CCC) related to 2013 pursuant to Law 12783/2013.

OPERATING COSTS AND EXPENSES

(GRI EC1)

Consolidated operating costs(*) and expenses fell by 9.7% to R\$ 722.8 million, vs. the R\$ 800.4 million in 2012.

(*) Construction costs vary with construction revenues, whose share in total costs increased because, with the recognition of construction revenues for Improvements, the share of Improvement expenses started being recorded as construction costs and no longer as operating and maintenance costs. This change led to an increase in construction costs and a decrease in operating and maintenance costs.

This year-over-year drop mainly resulted from: (i) 28.3% lower expenses on materials mainly due to the conclusion of the Parent Company's reinforcement and improvement works; (ii) the 8.1% fall in third-party services, reflecting the advanced stage of the Company's main construction works; (iii) the 4.5% increase in personnel costs due to severance pay, in connection with downsizing in January 2013, as well as the collective bargaining agreement, which stipulated a 6.5% increase in wages and salaries in July 2013 and; (iv) an increase in the provision for contingencies, mainly due to the revision during the year of lawsuit losses.

The Parent Company's construction costs amounted to R\$ 198.8 million in 2013, vs. R\$ 135.5 million in 2012. Consolidated construction costs amounted to R\$ 243.8 million in 2013, vs. R\$ 182.8 million in 2012. The respective construction revenue is calculated by adding the PIS and COFINS rates to the invested amount. In the case of subsidiaries in the pre-operational stage, general administrative expenses and financial expenses are added to the invested amount. The projects have high enough margins to cover construction costs plus certain expenses for the construction period.

OTHER OPERATING REVENUE (EXPENSES)

CTEEP recorded a R\$ 531.7 million expense under other operating revenues (expenses) in 2013, mainly due to the recognition of a R\$ 516.3 million provision for losses in connection with the amounts to be received from SEFAZ-SP, booked in 2Q13.

This provision is related to part of the amount to be received from SEFAZ-SP in connection with the supplementary pension plan governed by State Law

4819/58, which provided for the creation of a State Social Assistance Fund for employees hired up to May 1974.

The São Paulo State Government is responsible for paying the beneficiaries and did so until 2003 by transferring funds through CESP and/or CTEEP. In January 2004, SEFAZ-SP started making the payments directly and suppressed part of the payroll amounts.

The beneficiaries then filed a lawsuit at the 2nd Finance Court, which dismissed the request for a supplementary pension in June 2005 and made SEFAZ-SP responsible for paying the supplementary amount.

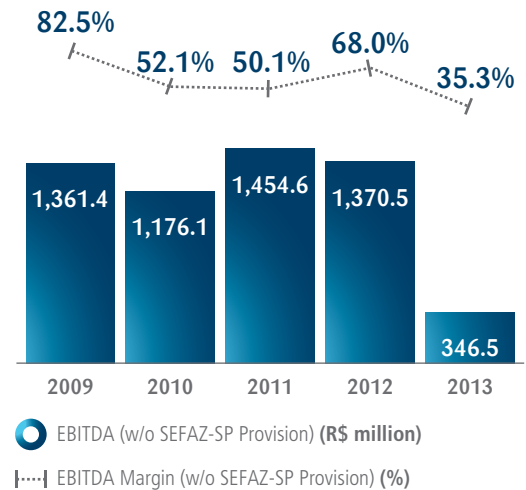
In another lawsuit filed in July 2005, the 49th Labor Court of São Paulo granted the beneficiaries' request for supplementary pension payments. In addition, it held SEFAZ-SP, CESP, CESP Foundation and CTEEP liable for these payments, and made CTEEP responsible for paying the amounts previously suppressed in connection with certain components of the total amount to be transferred.

Despite conflicting court decisions, CTEEP is following the court order and requests every month from SEFAZ-SP the funds needed to transfer the whole amount to CESP Foundation, which is supposed to process the respective payments to the beneficiaries.

Economic and Financial Performance



EBITDA and EBITDA Margin (both w/o SEFAZ-SP Provision)



In February 2013, the Federal Supreme Court judged an appeal connected with the litigations of other parties not related to this legal action and decided that regular (non-labor) courts of law have the jurisdiction to judge actions against private pension funds. This decision will serve as precedent for judging the jurisdiction conflict involving CTEEP's case in relation to Law 4819/58.

As previously mentioned, SEFAZ-SP has been transferring to CTEEP an amount lower than that needed to carry out the 49th Labor Court's decision since September 2005. As a result, CTEEP filed in December 2010 a collection suit for the amounts not received since September 2005 and an appeal for the adjudication on the merits of the case. This appeal is pending so that the deadline to receive the amounts not transferred by SEFAZ-SP but paid to the beneficiaries, booked under accounts receivable, has been postponed.

EBITDA and EBITDA Margin (both w/o SEFAZ-SP Provision)

EBITDA (without the SEFAZ-SP provision) amounted to R\$ 346.5 million in 2013, reflecting the new amounts related to the renewal of the concession contract. EBITDA margin (without the SEFAZ-SP provision) stood at 35.3%, down 32.7 percentage points year-over-year.

FINANCIAL RESULT

CTEEP recorded financial income of R\$ 304.3 million at the close of 2013, up 83.8% from 2012, when it came to R\$ 165.6 million. In turn, financial expenses dropped by 25.0% to R\$ 232.1 million in the same period.

As a result, the Company recorded net financial income of R\$ 72.2 million, vs. a net financial loss of R\$ 143.9 million in 2012. This positive result was due to monetary variance income, as well as interest income totaling R\$ 143.2 million, in connection with the adjustment for inflation as measured by the Broad Consumer Price Index (IPCA) + 5.59% from accounts receivable due to a reversal of the assets related to concession contract 059/2001 after May 2000 (in accordance with Interministerial Administrative Rule 580), coupled with falls in interest and charges on loans and exchange variance expenses.

NET INCOME

CTEEP’s net income amounted to R\$ 31.9 million, with 3.3% net margin, in 2013. Earnings per share was R\$ 0.21 in the year.

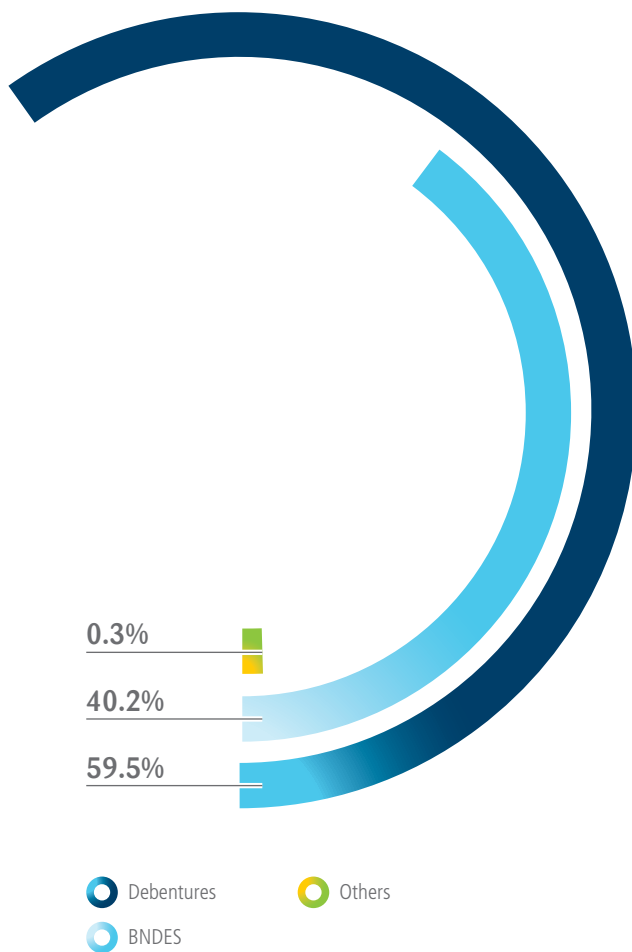
DEBT

Consolidated gross debt totaled R\$ 1,239.5 million on December 31, 2013, down 66.5% from 2012,

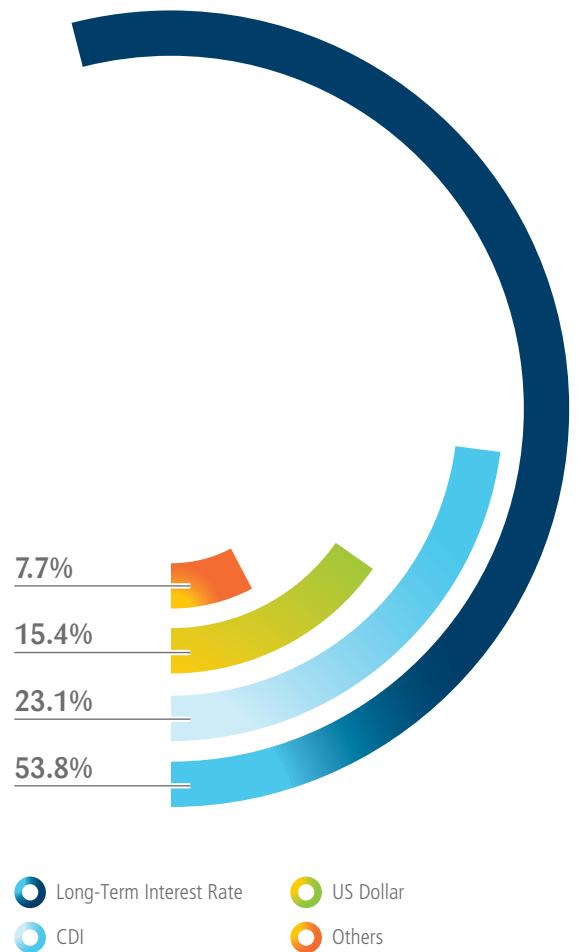
when it came to R\$ 3,694.5 million. This decrease was due to the settlement of the 6th issuance of promissory notes, totaling R\$ 400 million, and the swap settlement, totaling R\$ 150.0 million. Also in 2013, an early redemption of debentures totaling R\$ 700.0 million occurred, and another series was issued, in the amount of R\$ 500.0 million, maturing in late 2008.

On 12.31.2013, 69.5% of the Company’s debt had long-term maturity.

Debt Breakdown



Debt Charges



Economic and Financial Performance



1st issuance of simple debentures and the BNDES financing contracts.

i. Debentures: the financial indicators determined by the indenture are: Net Debt/Adjusted EBITDA Debentures ≤ 3.5 and Adjusted EBITDA Debentures/Financial Result (Income or Loss) ≥ 3.0 , calculated on a quarterly basis. The Company has been complying with all requirements and restrictive clauses (covenants) established by CTEEP's 1st Issuance of Simple Debentures.

ii. BNDES financing contracts: On December 26, 2013, BNDES sent the Company a letter altering the maximum financial indicators to Net Debt/Adjusted EBITDA BNDES ≤ 6.0 and Net Debt/(Net Debt + Shareholders' Equity) ≤ 0.6 , calculated on a yearly basis. This alteration will be formally made later through an addendum to the contract should there be no early redemption of the debt related to the restrictive clauses (covenants).

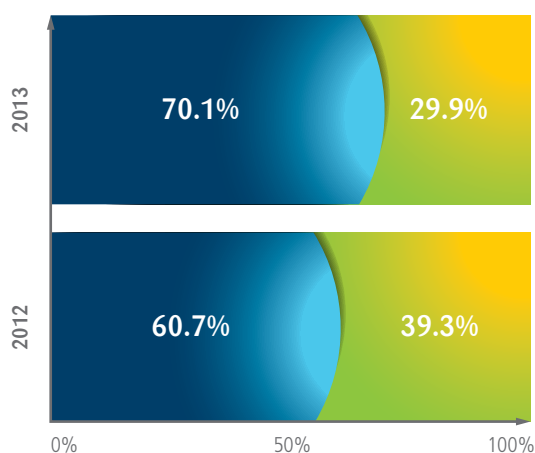
Net debt stood at R\$ 639.5 million at the close of 2013, an 80.4% fall from the R\$ 3,265.3 million recorded in 2012. The Company's debt ratio fell by 30.5 percentage points to 13.0% per year.

Loans and Financings – Consolidated

(R\$ million)	2013	2012
Gross Debt	1,239.5	3,694.5
Short-Term	377.7	1,302.2
Long-Term	861.8	2,392.2
Cash and Cash Equivalents	600.0	429.2
Cash and Cash Equivalents	600.0	429.2
Net Debt	639.5	3,265.3

The main financial indicators (covenants) to which CTEEP is submitted are established by the

CAPITAL STRUCTURE



Third Parties
 Own

ADDED VALUE DISTRIBUTION

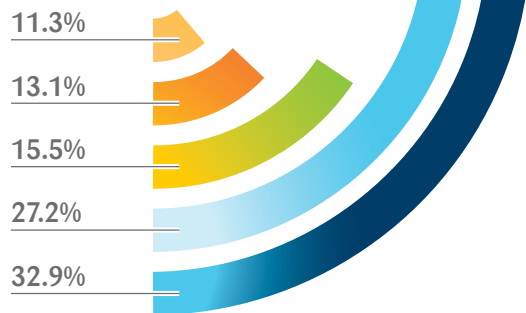
(GRI EC1)






CTEEP’s added value totaled R\$ 531.3 million in 2013, down 74.6% from the R\$ 2,091.2 million recorded in 2012. Of this total, R\$ 31.9 million was distributed to shareholders as dividends and interest on equity, R\$ 22.6 million was used to pay taxes, fees and social contributions; R\$ 231.3 million was spent on payroll and fringe benefits and R\$ 245.4 million was used to pay return on third parties’ capital.

In absolute amounts, there was a significant year-over-year drop as a result of the factors discussed above.



2012 Added Value Statement



-  Taxes, fees and contributions
-  Retained earnings
-  Dividends and interest on equity
-  Others
-  Wages, salaries and benefits

CAPITAL MARKET

CTEEP’s common and preferred shares (BM&FBovespa: TRPL3 and TRPL4) were priced at R\$ 42.69 and R\$ 26.92 at the close of 2013, down 1.1% and 18.4% year-over-year respectively. In the same period, Ibovespa and the Electric Energy Index (IEE) decreased by 15.5% and 8.8% respectively. The average daily trading volume of CTCEP’s preferred shares was R\$ 7.6 million, with an average of 1,074 transactions per day.

CTEEP also has a sponsored Level 1 ADR (American Depositary Receipt) program, backed by common and preferred stock at the ratio of 1 Depositary Share to each share of both types. At the close of 2013, ADRs backed by preferred shares (more liquid) were priced at US\$ 19.75.



Social Performance

Social responsibility is one of the values of the Company, which focuses on improving its relationship with stakeholders continuously. CTEEP's initiatives are based on ethical principles, transparent communication, honest relationships and a concern about safety and the environment.

CTEEP's business strategy follows a Corporate Social Responsibility model that focuses on relationships with stakeholders: employees, government, clients, shareholders, investors, suppliers and society. CTEEP

mapped these groups and took into account those with shared interests or interests similar to CTEEP's, which affect or are affected significantly by the Company's activities. (GRI 4,14; 4,15)

Commitments to Stakeholders





Social Performance



HUMAN RIGHTS

(GRI HR10)

CTEEP sees Human Rights as an inseparable part of its values and ethical principles, which govern all its business, and they pervade different aspects of the Company's activities. From planning facilities to providing services as part of its routine activities, the Company prevents situations that may lead to violations of its stakeholders' fundamental rights and encourages other organizations to do the same by having integration meetings with suppliers, honoring its commitment to the Global Compact and taking part in corporate workgroups and events related to Human Rights.

CTEEP's concern about Human Rights is translated into a series of initiatives: projects geared to employee safety; health and quality of life initiatives; policies and procedures to ensure that employees are treated fairly and recognized for merit; a ban on any type of discrimination (age, gender, ethnicity, religion, sexual orientation, etc.); transparent procurement processes; measures requiring suppliers to be aligned with the organization's business principles; environmental protection; educational projects geared to living safely in the vicinity of transmission lines; among other initiatives.

As a result, all CTEEP's operations are assessed for their impact on Human Rights, whether through structured processes or through communication channels for reporting incidents and submitting queries about Human Rights issues. An example of these processes was the

introduction in 2012 of a contract model for suppliers of goods and services containing clauses specifically related to Human Rights and the environmental issues. CTEEP revised these clauses in 2013, and a new version is expected in 2014.

As far as suppliers are concerned, CTEEP places great value on its transparent, ethical trust-based relationship with its 2,187 current suppliers. In addition, all companies interested in providing goods or services for CTEEP have to register on the Company's website and accept the Statement of Responsibility, which sets out CTEEP's ethical, social and environmental commitments.

The Company makes available for all its stakeholders Linha Ética (the Ethical Line), a hotline and a website for reporting violations of ethical standards and Human Rights, as well as submitting queries, criticisms and incident reports in general (0800 777 0775 or www.canalconfidencial.com.br/linhaeticacteep). In 2013, 14 reports about different issues were submitted to Linha Ética. No identification is needed, and the status of the report can be checked with the report number. All information is examined and followed up on by the Ethics Committee in a confidential manner. (GRI HR11)

HUMAN CAPITAL MANAGEMENT

Staff Profile

(GRI 2.8; LA1; LA13)

CTEEP had 1,503 employees at the close of 2013, vs. 1,593 at the close of 2012.

Employees by full-time or part-time work scheme

<i>Full-time or part-time</i>	<i>Permanent or Indefinite-Term Employment</i>	<i>Temporary or Fixed-Term Employment</i>	<i>Subtotal</i>
Full time	1,428	24	1,452
Part time	0	51	51
Subtotal	1,428	75	1,503

Employees by gender

<i>Gender</i>	<i>Permanent or Indefinite-Term Employment</i>	<i>Temporary or Fixed-Term Employment</i>	<i>Subtotal</i>
Male	1,299	52	1,351
Female	129	23	152
Subtotal	1,428	75	1,503

Employees by age group

<i>Age Group</i>	<i>Permanent or Indefinite-Term Employment</i>	<i>Temporary or Fixed-Term Employment</i>	<i>Subtotal</i>
> 50	248	19	267
30 to 50	993	5	998
< 30	187	51	238
Subtotal	1,428	75	1,503

Employees by category

<i>Category</i>	<i>Subtotal</i>	<i>Age Group</i>			<i>Gender</i>		<i>People with disabilities</i>
		<i>> 50</i>	<i>30 a 50</i>	<i>< 30</i>	<i>Male</i>	<i>Female</i>	
Directors	20	16	4	0	17	3	0
CEO	1	0	1	0	1	0	0
Officers	3	3	0	0	3	0	0
Managers	25	11	13	1	20	5	0
Coordinators	73	23	50	0	65	8	0
Administrative	247	38	162	47	142	105	59
Operational Tech.	1,083	176	768	139	1,072	11	5
Interns	41	0	0	41	27	14	0
Apprentices	10	0	0	10	4	6	0
Subtotal	1,503	267	998	238	1,351	152	64

CTEEP does not consider ethnic groups when compiling information about staff.

The turnover rate rose from 4.29 in 2012 to 8.68 in 2013 due to a comprehensive diagnostic assessment conducted internally to promote the optimal use of resources. As a result, some employees (mainly from the administrative area) were dismissed, which did not affect the Company’s efficiency and quality. (GRI LA2)

Dismissals and turnover rate	Overall	Gender		Age Group		
		Male.	Female	< 30	30 to 50	> 50
# of Dismissals	124	92	32	17	53	54
Turnover Ratio	8.68	7.08	24.81	9.09	5.34	21.77

(total dismissals divided by total employees at 2013-close)

The number of outsourced workers (total of workers providing services for CTEEP during the year) fell from 2,541 in 2012 to 2,391 in 2013. They are in different areas, as seen below.

(GRI EU17)

Area	Service	Number of outsourced workers	Days Worked in 2013 per Worker
<i>(approximations based on service category)</i>			
Headquarters	Security	3	180
	Lobby	5	240
	Administrative	80	242
Operation and Maintenance	Security	144	250
	Cleaning	202	250
	Lobby	53	250
	Drivers and Machine Operators	26	250
	Hoeing	107	250
	Construction Services (substations)	11	53
	Lightning-Related Services	4	43
	Equipment Installation	26	125
	Line Refurbishment	82	125
	Other maintenance activities	190	250
Engineering and Construction Management	Projects, Inspections, Construction and Commissioning	1,458	9,750 <i>(In this case, total days worked per worker)</i>

Compensation

CTEEP uses the best market practices to outline its strategies to attract and retain people. The Compensation Policy reinforces the Company's commitment to its employees, who are recognized for performance.

The Company has a professional development plan which allows employees to participate in projects, activities and processes that help them develop professionally. The tasks are more and more complex as the employee meets or surpasses the targets set. The Annual Meritocracy and Bonus Program awards employees with outstanding performances.

In this regard, it is worth noting that Executive Officers and other executives receive an annual bonus calculated according to their achievement of the performance targets set by CTEEP and Grupo ISA. In turn, Directors' compensation is not connected with performance. Instead, Directors receive variable compensation based on the Balanced ScoreCard (BSC) to ensure a strategic alignment with the Company's management since the BSC methodology is used to assess strategic performance, including economic, social and environmental metrics. Some of the indicators considered in determining variable compensation are: EVA, EBITDA, Non-Supplied Energy and Accident Rate. The targets are reviewed annually in relation to the previous year, and this is how improvement plans are outlined. (GRI 4,5)

Benefits

(GRI LA3)

All employees under the CLT (the Consolidation of the Brazilian Labor Laws) system for an indefinite term and officers required under the Bylaws, receive the following benefits: medical and dental assistance (ex-

tended to their dependants), meal vouchers or food allowances; monthly staples baskets (for wages up to R\$ 5,151.00), transit passes; discounts on drugstore items through the health plan, vacation pay above the rate established by CLT, and participation in training programs. In addition, mothers receive day care or child care allowances and employees who have children with special needs requiring full-time attention receive a special day care allowance.

The pension plan, with contributions from both employees and the Company, is called the Pension Supplementation Plan (PSAP/Transmissão Paulista). Managed by CESP Foundation, it is a defined benefit pension plan, in which the amount to receive is set previously. In 2013, CTEEP's contributions to the plan amounted to R\$ 3,608 thousand. All employees are eligible and join the plan voluntarily.

The Company expects 207 employees to retire due to age or contribution time as determined in PSAP/Transmissão Paulista in the next five years: I) 2% in executive positions; II) 24% in positions requiring a college degree; III) 68% positions requiring a technician certificate; IV) 5% positions in the operational area. (GRI EU15)

Temporary employees (young apprentices and interns) receive meal vouchers or food allowances, monthly staples baskets, transit passes, medical assistance and life insurance.

Professional Development

(GRI LA11; EU14)

A Política de Gestão Humana da CTEEP é norteada por diretrizes que estimulam o desenvolvimento dos colaboradores, criando um ambiente propício à inovação, criatividade e respeito, preservando a qualidade de vida e o aperfeiçoamento profissional.

CTEEP’s Human Resource Management Policy follows guidelines that foster our employees’ development by creating an environment conducive to innovation, creativity and respect while promoting quality of life and professional growth.

CTEEP held training sessions and educational and professional development events to prepare its employees to cope with the challenges of the Brazilian electricity transmission sector. About R\$ 2.9 million was invested in courses for technical teams in regional offices, as well as employees from other areas, in 2013.

There were improvements in the learning process, with a heavier focus on technical and behavioral issues. on-the-job training; e-learning; simulations; standardized methods to decrease operational and human failure rates. There were also job training sessions for internal multipliers of information, who share these skills with new employees in 2014.

Another initiative launched in 2013 was the Self-Development Program to Improve Transversal Skills, which focuses on topics like time management, conflict management and presentation skills and involved 82% of

all employees in the year. In turn, 13 employees participated in the 7th edition of the Leadership Development Program, for coordinators. The goal of the program twofold: for professionals to develop their people management skills and practice their leadership skills.

In addition, the Sustainability Education Program, designed to disseminate the Company’s sustainability strategies through training sessions, talks and events, involved 205 employees (14% of the Company’s own staff) in 410 training hours. Considering the 2012 numbers, the program has reached a total of 825 employees, a considerable number as the Company sees it since participation is voluntary.

Considering all Corporate Education initiatives, there were 518 training groups with 1,439 participants in 2013, with an average of 54 hours of training per employee, exceeding the 50-hour target for the year. However, both the target and the final result were lower than in 2012 (60 hours of training and 68.75 hours per employee on average) due to budget cuts.

The chart below shows total and average hours of training by employee category and gender. (GRI LA10)

Total and average hours of training by employee category and gender

Category*	Total hours	Average hours	Male	Female
Officers	8	0	1	0
Manager	911	1	18	5
Coordinator	3030	2	57	6
Administrative	4279	3	104	84
Operational Tech.	63870	46	1059	9
Intern	3511	2	69	26
Total	75617	54	1309	130

* Hours of training do not consider the Board of Directors and the Statutory Audit Committee. The Education Incentive and Apprenticeship Program is not included either.

Education Incentive Program

CTEEP has partnerships and agreements with universities, language schools, associations, research centers, institutes and trade unions. The Company invested R\$ 850 thousand in education incentive programs in 2013.

Overall, CTEEP offered 134 scholarships for vocation-

al and undergraduate courses, and 53 for language courses; as well as 40 for graduate programs, four of which were full scholarships funded by CTEEP at FUPAI (Foundation for Industry Research and Advisory Services) in specialization courses in Electric Power Systems and Protection of Electric Power Systems); In addition, educational partnerships allowed giving employees other discounts.

Developing New Talents

(GRI EU14)

CTEEP also creates opportunities to integrate young people into the labor market through different programs: Jovem Aprendiz (Young Apprentice), Jovem Profissional (Young Professional), Internship Program and a partnership with SENAI (the National Service for Industrial Training).

It is worth noting the Internship Program, which selected 70 students, 15 from vocational schools and 55 from higher education institutions. The program comprises job and behavioral training, and practical activities in the Company's field of business focusing on participants' professional development.

Over 3,000 hours of training in the following topics: Creativity and Innovation, Team Work and Emotional Intelligence. There were also technical training sessions and two visits to the Henry Borden Power Plant to learn about power generation.

Interns have to present a Company improvement project during the program. The idea is to encourage them to apply the knowledge acquired at university and in the department in which they work.

CTEEP was the first-runner up in CIEE's (Company-School Integration Center) "Best Company to Intern for" Award, which involved 68 companies. This is the result of a joint effort to make the Company an environment more and more conducive to learning by integrating academic initiatives with the Company's practices.

Another important job training program was launched in 2012. Intended to supply skilled labor and help develop the community's skills, the agreement with SENAI provide many opportunities for the Company to attract students. At present, 22 students from Electronics courses are participating in the project in the São Paulo Regional Office. In 2013, these interns attended 172 hours of technical and behavioral training, in addition to their Electronics course at SENAI.

Performance Indicators

(GRI LA12)

In 2013, CTEEP conducted the 5th Performance Evaluation Cycle with its employees. The goal is to assess each professional's contribution to the Company's business and focus career development efforts in a strategic manner. By the close of 2013, 74% of the 1,312 employees who had set specific result and personal development goals had received an assessment of and a formal follow-up report about their performances. The performance evaluation cycle was concluded in early 2014.

Climate Survey

(GRI 4.16)

CTEEP conducted an Organizational Climate Survey once more in 2013 to assess its employees' perceptions of aspects influencing the organizational environment. A total of 1,189 employees, or 89% of the workforce, took the survey. The Satisfaction Rate fell by four percentage points, from 62% to 58% year-over-year.

The survey will provide a basis to develop improvement plans to be monitored by Human Resources department on a monthly basis.

Occupational Health and Safety

(GRI PR1)

CTEEP follows Grupo ISA's Occupational Health Policy, which sets forth the Group's commitment to protecting and improving occupational health among all its employees and everyone who interacts when executing its processes. As a result, the Company has quality of life and health programs, as well as specific occupational safety training programs and projects for all employees and outsourced workers.

Health and Quality of Life

(GRI LA8)

Adopting a proactive approach, the Company offers its employees a Quality of Life Program, with campaigns to encourage exercising and having a healthy diet.

Some of the main projects carried out in 2013 were:

Health Control Program: provides at no cost for employees diagnostic tests for breast, female reproductive and prostate cancers, as well as kidney and heart diseases.

Programa Viva Melhor (Live Better Program): this support program is designed to offer employees and their family members guidance and assistance in learning, health, financial and legal issues among others through a dedicated hotline. The team caters to each person individually, which ensures confidentiality, and examines each service report to propose solutions. In 2013, the team saw to 1,727 employees and 55 employee dependants, in 3,134 consultations (2,840 active consultations and 294 receptive consultations).

Some of CTEEP's other health initiatives in 2013 were the Eye Health Week, in October, with the participation of 191 employees from the Corporate Headquarters; and the Quality of Life and Healthy Diet Week, during which participants received practical diet tips for a better life.

Safety in the Facilities

(GRI EU14)

CTEEP monitors health and safety indicators to enhance its performance and prevent accidents, in compliance with Regulatory Standards from the Ministry of Labor and Employment.

Every newly-hired operational employee or third party is required to have technical training in Regulatory Standard 10, which lays down the minimum conditions and requirements to protect the safety and health of workers performing activities in electrical installations and providing services involving electricity. The Company provides "step by step" training about the operational procedures followed in those services. These procedures cover safety instructions, resources needed and conditions in which services cannot be performed.

Workers also receive a Specific Instruction dealing with Occupational Safety in Equipment and Installations of CTEEP's Electric Power System. Therefore, job training ensures that workers' health and physical integrity are protected. In this regard, it is worth noting the health and safety training sessions based on NR-35 – Height Work. It should also be noted that the Company already offered this type of training, based on internal rules; however, workers were trained in the recently issued standard, which covers the minimum requirements and

protection measures for height work, in 2013.

CTEEP also designed the Mitigation of Human Failure project in 2013. The goal is to minimize human failure and, therefore, prevent accidents involving people, as well as failure in transmission equipment or functions that may lead to load shedding or impacts on the Inter-connected National System (SIN).

In 2013, CTEEP also mapped all substations whose handbooks will be revised so that substation operation training can be provided. In 2014, training will be provided by CTEEP's professionals who have been trained as internal multipliers of information.

This project is intended to lead to stricter observance of standard service procedures in CTEEP's facilities and mitigate human failure. (EU14)

Internal Accident Prevention Committee (CIPA)

CTEEP encourages its employees to participate in Occupational Health and Safety Committees and has 17 Internal Accident Prevention Committees (CIPAs), in Regional Departments, the Operations Department and the Corporate Headquarters. CIPAs comprise technical, operational and administrative employees, as well as coordinators.

The main focus of the 2013 Internal Occupational Accident Prevention Week (SIPAT) was the impact of our choices on the quality of our personal and professional lives. There were other presentations about the specific features of the areas in the vicinity of CTEEP's operations. Some of the topics covered were: defensive driving, motivation, eating habits, stress management and first aids.

Occupational Health and Safety Indicators

(GRI LA7)

Injuries

Injury/Frequency Rate (IR) 1.72%

of Injuries 6

Occupational Diseases

Occupational Disease Rate (ODR) -

of Occupational Diseases 0

Lost Days

Lost Day/Severity Rate (LDR) 24.06%

of Lost Days 84

Absenteeism (Jan. to Nov.)

Absentee Rate (AR) 0.91%

Scheduled man-hours 3,383,580

Fatalities

of Fatalities 0

There was a rise in CTEEP’s injury, lost day and absenteeism rates in 2013 in relation to 2012. A major initiative to change this situation was the introduction of regular records and analysis of occupational near-accidents (incidents not leading to injuries). The causes and control measures are described at CIPA meetings.



Safety of Outsourced Workers

(GRI EU16; EU18)

CTEEP has an internal standard to manage outsourced workers, both independent and employed by third parties, in compliance with the Regulatory Standards in effect. Workers responsible for work fronts attend a training program on Internal Health and Safety Instructions before beginning their activities. This training program covers Safety Instructions for dealing with Equipment and Installations of CTEEP’s Electric Power System and safety signaling among others. In 2013, 355 leaders of hired teams – or 12.04% of all outsourced workers in CTEEP’s facilities – were trained. This is a 10.25% rise in relation to 2012, which led to an improvement in outsourced workers’ skills.

Moreover, all outsourced workers must attend an integration meeting, where they trained in the risks to which they will be exposed and the respective control measures. In 2013, there were about 711 integration meetings attended by 2,948 outsourced workers.

RELATIONSHIP WITH SOCIETY

(GRI 501)

CTEEP seeks to contribute to sustainable development and social inclusion through initiatives and projects geared to the communities in the vicinity of its transmission lines and operations. These projects can be funded by the Company itself or sponsored by third parties through incentive laws. Sponsorship deals are closed after transparent examination of proposals submitted, in line with the Company’s CSR guidelines. In 2013, CTEEP invested R\$ 368,756 thousand from its own funds in social and cultural projects, without resorting to tax incentives.

Amigos da Energia (Friends of Energy)

This project was created in 2012 to build a closer relationship between the Company and neighboring communities by disseminating information about living safely in the vicinity of transmission lines. In 2013 alone, the project benefited 11,241 children and teenagers and 196 teacher directly. There were 242 talks at 57 schools in 27 cities and town in São Paulo State, in locations indicated by the Company’s Regional Managers. (<http://amigosdaenergia.ideiaeconceito.com.br>)

The number of participants between the creation of the project and the close of 2013 is upwards of 20 thousand. They learned about the importance of energy transmission for Brazil and received safety information, for example, about the risks caused by kites, illegal and accidental fires, and waste disposal among other recommendations, reinforced by informational materials.

After these successes, the Company will broaden the scope of the project. To that end, it is considering introducing new communication channels with the community in 2014. As far as teachers are concerned, CTEEP is planning to prepare them to use these contents in class. The project is also going to seize other opportunities for inter-

action, such as neighborhood associations and churches, to achieve more direct communication with adults.

Sponsorship and Movies with Power-Related Themes

Two projects sponsored by CTEEP in 2012 were launched in 2013. Fragmentos de Paixão [Passion Fragments], produce by INPE [Instituto Nacional de Pesquisas Espaciais, or Brazilian National Institute for Space Research] and Na Trilha da Energia [On the Trail of Energy], produced by Instituto Acende Brasil [“Light Up Brazil Institute”]. The sponsorship deals were made under the terms of the cultural incentive laws in 2012.

A series with five 26-minute episodes, Na Trilha da Energia (www.natrilhadaenergia.com.br) premiered on TV Cultura in May and showed the path of electricity from generation to consumers’ homes. It focused on environmental and population safety during the construction and operation of all projects.

In October, the Fragmentos de Paixão documentary (www.fragmentosdepaixao.net.br) opened in five Cinemark theaters (in São Paulo, Porto Alegre, São José dos Campos, Manaus and Rio de Janeiro). It should be noted that it was the first Brazilian scientific documentary shown in mainstream commercial theaters.

The film focuses on lightning events in Brazil’s history. It traces the journey of a scientist who comes across six lives affected by lightning in different manners.

The project received considerable print media and TV coverage and raise awareness of lightning-related risks, the impact of lightning on the electricity industry and climate change.

Na Trilha da Energia was made by Canal Azul Consultoria Audiovisual LTDA. and Fragmentos de Paixão by Iara Cardoso.

Energia Solidária (Solidary Energy)

The Energia Solidária Program continued the Company’s volunteering initiatives in 2013 and organized new editions of the Winter Clothing Drive and the Christmas Campaign. Employees from the Headquarters and Regional Offices collected 61 boxes of winter clothing and about 370 blankets during the first campaign, and over 1,075 toys at the end of the year. Overall, the donations went to 27 charities, including the Social Solidarity Funds and organizations registered in Fundação ABRINQ’s (Foundation of the Brazilian Association of Toy Manufacturers) Nossas Crianças (Our Children) Program.



SAFETY AND RISK PREVENTION IN NEIGHBORING COMMUNITIES

(GRI PR1; EU20)

CTEEP has to adopt different measures and undertake efficient guidance, inspection and prevention initiatives to ensure the safety of neighboring communities and service quality throughout its extensive transmission grid.

As a result, it is essential to have rights-of-way beneath

transmission lines. These are delimited areas with an appropriate and safe width for the construction, operation, maintenance and inspection of transmission lines, based on the following factors: the swinging of wires due to wind, the effects of electricity on people, the size and position of the structures.

CTEEP imposes restrictions on the use of rights of way so that there is no risk to the population’s physical integrity in case of incidents. These restrictions are emphasized by safety signs and, whenever necessary, other devices, such as fences to thwart trespassing attempts.

Transmission lines are inspected regularly as part of CTEEP’s maintenance routine. Whenever CTEEP becomes aware of an illegal settlement, it notifies squatters formally and warns them about the risks of remaining in the area. If the squatters refuse to leave voluntarily, the Company surveys and documents the features of the settlement for the Legal Department to examine them. Only when there is no more possibility of an out-of-court solution does CTEEP file a suit for repossession.

CTEEP is also careful to plan and coordinate action with the State and local governments, the Police department, the Fire department, the São Paulo Traffic Engineering Company (CET), among other bodies, so that the displaced families will be included in the Government’s housing programs and all resources needed to carry out the eviction order (such as ambulances, social assistants and police force) are available.

In 2013, the Company filed 9 suits for repossession, and 176 families in risk were relocated. No communities were relocated to make way for new projects or enlargements of existing projects. It is worth noting that no lawsuits led to the death of or accidents with users of CTEEP’s services or equipment in 2013. (GRI EU22; EU25)



Environmental Performance

CTEEP's formal Environmental Mission and Policy pervade the whole operation. Environmental protection and compliance with the applicable rules have always served as bases for introducing the Company's projects.

CTEEP's Environmental Policy is aligned with the Company's values and governs the introduction of all initiatives designed to optimize the use of natural resources and mitigate the impact of CTEEP's operations.

CTEEP's Environmental Management System (EMS) covers about 320 federal, state and local legal requirements, as well as applicable standards. Performance indicators are monitored and reported regularly to CTEEP's senior management.



ENVIRONMENTAL MANAGEMENT AND INVESTMENTS

(GRI EN30)

Environmental protection expenditures and investments follow the principles laid down by the Company's Environmental Mission and Policy, which set forth criteria for the preservation and sustainable use of natural resources. During the year, expenditures and investments amounted to R\$ 3.832 million (see chart below).

Environmental Protection Investments (R\$)

Waste disposal	3,015,028
Prevention	389,992
Environmental Management and Protection	319,921
Environmental Remediation	107,046
Total	3,831,987

Obs.: "Environmental Remediation" refers to two incidents of failure (at Vicente de Carvalho and Embú Guaçu Substations) that led to a superficial contamination of the soil, remediated in accordance with the prevailing environmental rules and legislation.

MATERIALS

(GRI EN1)

Non-Renewable

The following materials – required by energy transmission activities – were purchased by the Company in 2013.

Material	Volume/Amount	Unit of measurement
Bushings	124	unit
Command and control cables	Bare cables	358,773
	Insulated cables	776,140
Connectors	5204	unit
Circuit breakers	121	unit
Structures	3.356	metric ton
Gases	SF ₆	120
	Freon	245
	R407C	95
	Suva	204.3
Insulators	9,240	unit
Insulating oil	-	-
Lightning rods	130	unit
Power reactors	10	unit
Relays	2,615	unit
Rectifiers	3	unit
Section switches	249	unit
Power, current and potential transformers	435	unit

Renewable

Concerning renewable materials, CTEEP purchased 152 reams of A4 recycled paper in 2013, vs. 3,209 in 2012. This drop occurred because it was replaced by common paper, which is purchased only if it has the FSC certification, which ensures that the paper is produced in a sustainable manner. (GRI EN2)

WASTE

(GRI EN22)

CTEEP has five temporary waste storage facilities in operation, one in each Regional Department. This allows having larger amounts for final waste disposal, waste separation and segregation, with an economic benefit, in addition to ensuring that waste is stored properly until final disposal through a specialized ac-

credited company. In 2013, CTEEP disposed of the following amounts of waste stored in these sorting and storage facilities.

formers and circuit breakers. This initiative reduced the need to buy this material, thus leading to savings and lower environmental impact.

Waste	Weight (kg)	Disposal Method
Materials contaminated with oil or paint	8,209	co-processing
Lubricant oil and insulating oil	2,651	co-processing
Asbestos (material made of asbestos cement)	1,795	Class 1 landfill
Rubber and tire scrap	407	co-processing
Polypropylene foam scrap	0	co-processing
Nickel/cadmium batteries	12	incineration
Dry batteries (non-recyclable batteries)	140	incineration
Fluorescent lamp ballasts	349	co-processing
Gas-discharge lamps (metal halide, sodium-, mixed-, mercury-vapor and fluorescent lamps)	2,570	recycling
Asbestos	5,180	Class 1 landfill
Ink cartridges	104	incineration
Glass	61	co-processing
Chemical products for cleaning parts (with water)	16,130	incineration
PCB disposal	198,255	incineration

The waste above is produced by energy transmission activities and causes considerable environmental impact as the Company sees it. The disposal methods were based on the damage potential of each item, the prevailing legislation (which required, for example, analyses and reports about the waste and authorizations to transport environmentally-sensitive waste), the techniques available on the market and the costs.

It is worth noting that the Company regenerated 636,300 liters of insulating mineral oil, used to as a coolant and dielectric insulator in equipment like trans-

In addition, CTEEP's administrative headquarters generated 11,160 kg of potentially recyclable waste, sorted through selective waste collection. After being processed and sorted, 4,465 kg of waste, including plastic, paper, metals and glass, was recycled.

ENERGY AND GREENHOUSE GAS EMISSIONS

(GRI EN3; EN4; EN16; EN17; EN19; EN20)

The chart below shows CTEEP's energy consumption (fuel and electric energy) and greenhouse gas emissions (GGE).

Fuel

	<i>Consumption in liters</i>	<i>Consumption in gigajoules</i>	<i>Direct Emissions in metric tons of CO₂e</i>
Gasoline	476,641 liters	15,739.41 GJ	875.59 t CO ₂ e
Ethanol	22,482 liters	506.07 GJ	0.30 t CO ₂ e
Diesel Oil	368,779 liters	13,444.12 GJ	939.75 t CO ₂ e
Subtotal	867,902 liters	13,950.19 GJ	1,815.64 t CO ₂ e

Electricity

	<i>Consumption in kWh</i>	<i>Consumption in gigajoules</i>	<i>Indirect emissions in metric tons of CO₂e</i>
Headquarters	522,090 kWh	1,879.52 GJ	15.35 t CO ₂ e
65 Substations	25,933,791 kWh	93,361.65 GJ	762.45 t CO ₂ e
Subtotal	26,455,881 kWh	95,241.17 GJ	777.80 t CO ₂ e

Energy

Electricity consumption at substations is managed currently by the Maintenance Department through EMS, which covered 65 substations in 2013 (20 more than in 2012). In turn, the Supplies Department is responsible for managing the fuel consumed by CTEEP’s owned and rented vehicles, as well as electricity consumption at the Headquarters.

It is worth noting that emergency assistance groups (GAEs) powered by non-renewable energy sources (diesel oil) are put into action whenever power supply is interrupted at substations. However, there is no specific routine for recording the use of this material, except for purchasing records, which do not reflect the amount effectively consumed by equipment during the year.

GHG Emissions

The greenhouse gas emissions reported here resulted from fuel consumption by the Company’s own and rented motor vehicles and power consumption at the headquarters and substations.

They do not comprise emissions of SF₆ (sulfur hexafluoride), a gas used as an insulator in electric equipment, and Freon, a gas used as coolant in the Company’s air

conditioning systems, even though these gases account for most of CTEEP’s emission in terms of volume of CO₂ equivalent.

These gases were not included because new procedures for the use and control of SF₆ and Freon started being introduced in 2013 in response to a perceived need for improved monitoring of greenhouse gas emissions.

These procedures will be fully implemented during 2014. To that end, the Company has also reviewed the related forms and had all the gas currently in the inventory weighed to make the existing data uniform and eliminate any discrepancies.

This effort is part of an Action Plan related to ISO 26000 – Guidelines for Social Responsibility and is in the final stage of implementation. In addition to SF₆ and Freon, CTEEP is planning to include other emission sources (probably from Scope 3) in the 2014 report after structured and standardized monitoring.

Energy transmission activities produce no significant SOx and NOx emissions, which are, therefore, not reported here.

WATER

(GRI EN8; EN21)

Water consumption at the 66 substations monitored by EMS – 19 of which use groundwater and 47 of which use the public water supply system – amounted to 38,673.36 m³. In turn, water consumption at the Headquarters came to 5,482 m³ according to the Supplies Department.

The discharge of septic tank effluent (biological sludge) totaled 56.09 m³, sent to public or private waste management companies for biological effluent treatment by a specialized and authorized company. There is no measuring mechanism for substations connected to the sewerage system.

BIODIVERSITY

(GRI EN14)

Managing impact of our operations on the environment and biodiversity is a key issue for CTEEP. The Company's Engineering Department conducts environmental assessments for both new projects and projects needing refurbishment/improvements. These studies comprise a diagnostic survey of the area impacted by the project, an environmental impact assessment and proposed mitigation/compensation measures. In addition, the Company implements the respective mitigation/compensation Environmental Programs and is responsible for environmental management in all its projects. These assessments are more or less thorough depending on how complex and extensive the environmental impact caused by each project is, in compliance with the local, state and federal legislation.

Inspection and maintenance are routine activities at CTEEP to prevent incidents that may affect the business and the environment negatively.

Additionally, CTEEP undertakes awareness-raising and

risk prevention initiatives geared to the communities in the vicinity of its facilities, such as the Amigos da Energia project and the Burn Prevention Campaign, as well as environmental education initiatives (Cuca Project) and environmental recovery initiatives (Pomar Urbano, or Urban Orchard).

CTEEP's R&D projects also propose solutions for further reduction of impacts on the environment and biodiversity. These are but some of the results of some of these projects: an improved method for discharging PCBs (polychlorinated biphenyls); prevention and minimization of SF₆ leaks; and greater knowledge of load management in the electric system and the conditions needed to meet the demand for electricity, which may delay the need for reinforcement works or new transmission lines that would cause a direct environmental impact.

Protected and Recovered Areas

Part of the Company's transmission lines cross Conservation, Integral Protection Units and Sustainable Use Units. These areas total 548.22 hectares and cross the following conservation units: Itirapina Ecological Station; Pederneiras Experimental Station; Assis State Forest; Manduri State Forest; Horto Florestal de Palmittal; Carlos Botelho State Park; Cantareira State Park; Serra do Mar State Park (in Caraguatatuba, Cubatão, Curucutu and São Sebastião); Juquery State Park; Casa Branca Experimental Station Reserve; and São Simão Reserve. (GRI EN11)

CTEEP has no thorough biodiversity survey of the areas affected by its transmission lines and compensation areas. However, it conducts studies about environmental compensation initiatives and results of mitigation/compensation measures whenever the environmental body requests it to do so, new projects are started and existing transmission lines are repowered or have their wires replaced. These studies may comprise reports prepared by the Company, including photographic surveys and partnerships with

research institutes among others. CTEEP adds that it was required by no relevant public bodies to sign consent decrees to adapt to legal environmental requirements in 2013. (GRI EN13; EU13)

ENVIRONMENTAL PROJECTS AND INITIATIVES

(GRI EN26)

Burn Prevention Campaign

This annual campaign is geared to power plant employees, rural workers, farmers, communities and the Company's employees to engage them and raise awareness of the risks of vegetation fires.

The campaign is run in communities in the vicinity of transmission towers and through educational talks about the risks of illegal and accidental fires close to transmission towers, which may lead to power outages and risks for the population and the environment. Each edition of the campaign covers three areas, each of which comprising eight to ten cities or towns.

Cuca Project

(GRI EN26)

Developed by Cantareira State Park jointly with the Instituto Guatambu NGO, the Cuca Project focuses on environmental education for school children and communities in the vicinity of the Company's facilities.

The project consists of informative talks at local schools and guided visits to the Park, focusing on the importance of the conservation unit, biodiversity, the role of transmission lines in the development of Brazil, citizenship and other issues related to the negative environmental impact of human activity on the environment, such as incorrect waste disposal, poaching, unauthorized vegetation fires, wildfires and trespassing.

Urban Orchard

(GRI EC8)

CTEEP is one of the supporters of the Urban Orchard Project, an initiative of the São Paulo State Department of the Environment, jointly with public and private sector companies. The goal is to recover the environment and the landscape along the banks of the Pinheiros River (São Paulo City), in addition to job training and environmental education programs.

The Government sets and monitors parameters to allow the recovery of the river banks. In turn, the other partners hire employees to care for the area. CTEEP is currently responsible for an 800-m stretch of the river banks.

COMPLIANCE

(GRI EN28)

In 2013, the Company received two infringement notices and a notice related to environmental issues, as seen below.

- . Infringement Notice 1868/13, dated May 2013, issued by the Campinas City Government concerning cleanliness in a plot of land in the city CTEEP appealed and requested that the R\$ 22.20 fine be cancelled because no administrative proceedings had been previously conducted.
- . Infringement Notice 13,633, dated August 2013, issued by the Osasco City Government concerning cleanliness in a plot of land located on Anhanguera Highway. The Company had the area cleaned and submitted proof in this regard.
- . Infringement Notice 2013/203, dated October 2013, with a fine of R\$4,000 thousand, issued by the São Paulo City Government concerning cleanliness in a plot of land in Jaguaré district. The Company appealed, arguing that the infringement notice was unfounded since the plot of land was clean.

GRI Summary

(GRI 3.12)

Id.	Indicator	Page (or notes)	Principles of the Global Compact
PROFILE			
<i>Strategy and Analysis</i>			
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	4	
1.2	Description of key impacts, risks, and opportunities.	4,17,30	
<i>Organizational Profile</i>			
2.1	Name of the organization.	12	
2.2	Primary brands, products, and/or services.	15,16	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	12,13,15,16	
2.4	Location of organization's headquarters.	13, 69	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	12	
2.6	Nature of ownership and legal form.	12	
2.7	Markets served.	12, 13	
2.8	Scale of the reporting organization.	12, 13, 14, 15, 35, 43	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	12, 15, 16, 17	
2.10	Awards received in the reporting period.	11	
<i>Report Profile</i>			
3.1	Reporting period for information provided.	6	
3.2	Date of most recent previous report (if any).	6	
3.3	Reporting cycle (annual, biennial, etc.)	6	
3.4	Contact point for questions regarding the report or its contents.	69	
<i>Report Scope and Boundary</i>			
3.5	Process for defining report content.	8	
3.6	Boundary of the report.	6	
3.7	State any specific limitations on the scope or boundary of the report.	6	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	6	

Id.	Indicator	Page (or notes)	Principles of the Global Compact
3.9	Data measurement techniques and the bases of calculations.	6,8	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	6	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	6	
3.12	Global Reporting Initiative (GRI) Content Index	60	
3.13	Policy and current practice with regard to seeking external assurance for the report.	7	
Governance			
4.1	Governance structure of the organization.	26, 28, 29	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	28	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	28	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	27	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance.	46	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	26	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	26, 27	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	10, 30	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	The Company does not have specific procedures concerning its regular supervision by the Board of Directors in terms of environmental performance. Partially answered.	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	26,27	

Id.	Indicator	Page (or notes)	Principles of the Global Compact
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	30	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	6, 32	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or views membership as strategic.	32	
4.14	List of stakeholder groups engaged by the organization.	8, 42	
4.15	Basis for identification and selection of stakeholders with whom to engage.	8, 42	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	8, 49	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	8	

PERFORMANCE INDICATORS

Economic Performance Indicators

EC1	Direct economic value generated and distributed.	34, 36, 41
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Not reported / nonmaterial*
EC3	Coverage of the organization's defined benefit plan obligations.	Not reported / nonmaterial*
EC4	Significant financial assistance received from government.	33
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not reported / nonmaterial*
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Not reported / nonmaterial*
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Not reported / nonmaterial*

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Id.	Indicator	Page (or notes)	Principles of the Global Compact
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	59	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	The Company does not apply any processes or specific procedures aimed at assessing the significant Indirect economic impacts from its operations, including the extent of such impacts. Partially answered.	
Environmental Performance Indicators			
EN1	Materials used by weight or volume.	55	
EN2	Percentage of materials used that are recycled input materials.	55	
EN3	Direct energy consumption by primary energy source.	56	8
EN4	Indirect energy consumption by primary source.	56	8
EN5	Energy saved due to conservation and efficiency improvements.	Not reported / nonmaterial*	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not reported / nonmaterial*	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not reported / nonmaterial*	
EN8	Total water withdrawal by source.	58	8
EN9	Water sources significantly affected by withdrawal of water.	Not reported / nonmaterial*	
EN10	Percentage and total volume of water recycled and reused.	Not reported / nonmaterial*	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	58	8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not reported / nonmaterial*	
EN13	Habitats protected or restored.	59	8
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	58	7,8

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Id.	Indicator	Page (or notes)	Principles of the Global Compact
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable. CTEEP provides electric power transmission services and its operations do not endanger any species at risk of extinction.	
EN16	Total direct and indirect greenhouse gas emissions by weight.	56 Partially answered.	8
EN17	Other relevant indirect greenhouse gas emissions by weight.	56 Partially answered.	8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Not reported / nonmaterial*	
EN19	Emissions of ozone-depleting substances by weight.	56	
EN20	NO, SO, and other significant air emissions by type and weight.	56	8
EN21	Total water discharge by quality and destination.	58	
EN22	Total weight of waste by type and disposal method.	55	8
EN23	Total number and volume of significant spills.	Not reported / nonmaterial*	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable. CTEEP provides electric power transmission services and its operations do not include any waste transportation.	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff .	Not applicable. CTEEP provides electric power transmission services and its operations do not present any significant impact on water bodies and related habitats.	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	59	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not Applicable. CTEEP is a transmission Company.	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	59	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not Applicable. CTEEP's logistics network does not incur significant impacts.	

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Id.	Indicator	Page (or notes)	Principles of the Global Compact
EN30	Total environmental protection expenditures and investments by type.	54	
Social Performance Indicators			
Labor Practices and Decent Work			
LA1	Total workforce by employment type, employment contract, and region.	43 Partially answered.	
LA2	Total number and rate of employee turnover by age group, gender, and region.	45 Partially answered.	6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	46	
LA4	Percentage of employees covered by collective bargaining agreements.	Not reported / nonmaterial*	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Not reported / nonmaterial*	
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not reported / nonmaterial*	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	51	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	49	
LA9	Health and safety topics covered in formal agreements with trade unions.	Not reported / nonmaterial*	
LA10	Average hours of training per year per employee by employee category.	47	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	46	
LA12	Percentage of employees receiving regular performance and career development reviews.	49	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	43	1, 6

* GRI indicators presented in this Report represent “materials” issues mentioned in a survey conducted within CTEEP and their stakeholders. “Material” in this case means “more relevant” to the company and its publics. The indicators reported as “nonmaterial”, thus, are related to subjects considered less relevant to the company, in the opinion of this public. More information can be found in “About this Report” (page 6).

Id.	Indicator	Page (or notes)	Principles of the Global Compact
LA14	Ratio of basic salary of men to women by employee category.	Not reported / nonmaterial*	
Human Rights			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not reported / nonmaterial*	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not reported / nonmaterial*	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not reported / nonmaterial*	
HR4	Total number of incidents of discrimination and actions taken.	Not reported / nonmaterial*	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not reported / nonmaterial*	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Not reported / nonmaterial*	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Not reported / nonmaterial*	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not reported / nonmaterial*	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not reported / nonmaterial*	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	43	1,2
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	43	1,2
Society			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	52	

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Id.	Indicator	Page (or notes)	Principles of the Global Compact
S02	Percentage and total number of business units analyzed for risks related to corruption.	Not reported / nonmaterial*	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Not reported / nonmaterial*	
S04	Actions taken in response to incidents of corruption.	In 2013, CTEEP did not register any incidents of corruption.	10
S05	Public policy positions and participation in public policy development and lobbying.	33	10
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	33	10
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not reported / nonmaterial*	10
S08	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	25	
Product Responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	49	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not reported / nonmaterial*	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not reported / nonmaterial*	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not reported / nonmaterial*	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	24	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not reported / nonmaterial*	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not reported / nonmaterial*	

* GRI indicators presented in this Report represent "materials" issues mentioned in a survey conducted within CTEEP and their stakeholders. "Material" in this case means "more relevant" to the company and its publics. The indicators reported as "nonmaterial", thus, are related to subjects considered less relevant to the company, in the opinion of this public. More information can be found in "About this Report" (page 6).

Id.	Indicator	Page (or notes)	Principles of the Global Compact
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not reported / nonmaterial*	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	25	
SECTOR SUPPLEMENT – ELECTRIC UTILITIES			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Not Applicable. CTEEP is a transmission Company.	
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Not Applicable. CTEEP is a transmission Company.	
EU3	Number of residential, industrial, institutional and commercial customer accounts.	25	
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	6, 12, 14, 15	
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework.	CTEEP does not participate in the Market of carbon credits.	
EU6	Management approach to ensure short and long-term electricity availability and reliability.	20, 24	1,2
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.	Not Applicable. CTEEP is a transmission Company.	
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	22	1,2,7,8
EU9	Provisions for decommissioning of nuclear power sites.	Not Applicable. CTEEP is a transmission Company.	
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	Not Applicable. CTEEP is a transmission Company.	
EU11	Average generation efficiency of thermal plants by energy source and regulatory regime.	Not Applicable. CTEEP is a transmission Company.	
EU12	Transmission and distribution losses as a percentage of total energy.	21	
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	59	
EU14	Programs and processes to ensure the availability of a skilled workforce.	46, 48, 50	
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	46	

Id.	Indicator	Page (or notes)	Principles of the Global Compact
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	51	
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	45	
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	51	
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	19	
EU20	Approach to managing the impacts of displacement.	53	1,2
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	23	1,2
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	53	1,2
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Not Applicable. CTEEP is a transmission Company.	
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.	Not Applicable. CTEEP is a transmission Company.	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	53	1,2
EU26	Percentage of population not served in licensed distribution or service areas.	Not reported / nonmaterial*	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Not Applicable. CTEEP is a transmission Company.	
EU28	Power outage frequency.	21	
EU29	Average power outage duration.	21	
EU30	Average plant availability factor by energy source and by regulatory regime.	Not Applicable. CTEEP is a transmission Company.	



Statement GRI Application Level Check

GRI hereby states that CTEEP has presented its report "Annual and Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 1 May 2014



Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 16 April 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

2013 Annual Social Report

Basis of Calculation	2012	2013
Net revenue (Nr)	1,888,432	822,235
Operating income (Oi) (Earnings Before Income Tax and Social Contribution)	1,183,240	-150,030
Gross Payroll (GP)	188,052	190,407

Internal Social Indicators

Meals	14,405	15,030
Compulsory social charges	49,186	50,008
Private pension fund	3,859	3,608
Health care	13,475	15,549
Occupational health and safety	1,943	1,621
Education	900	850
Culture	0	0
Professional training and development	2,260	1,985
Daycare or daycare allowance	223	223
Profit Sharing Program	11,500	8,200
Others	0	0
Total – Internal social indicators	97,751	97,074

External Social Indicators

Education (Amigos da Energia Project)	245	356
Culture (sponsorship through tax incentive laws)	2,937	0
Health and sanitation	0	0
Sports	0	0
Fight against hunger and food safety	0	0
Others (Energia Solidária Program)	25	13
Total contribution to society	3,207	369
Taxes (not including social charges)	321	448
Total	3,528	817

Environmental Indicators

Investments in the Company's production/operation (including waste disposal, environmental management and protection and remediation)	3,078	3,442
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	2012	2013
Investments in external programs and/or projects (including initiatives such as the Cuca Project, Urban Orchard and the Burn Prevention Campaign. In 2012, they included the construction of waste storage facilities, as well as TACs and TCRAs)	1,290	390
Total investments in environmental protection	4,368	3,832
Concerning the establishment of "annual targets" to minimize waste and overall consumption in production/operation, and boost efficiency in the use of natural resources, the Company:	(x) has no targets () meets from 51 to 75% () meets from 0 to 50% () meets 76 to 100%	(x) has no targets () meets from 51 to 75% () meets from 0 to 50% () meets 76 to 100%

Staff Indicators

# of employees at the end of period	1,506	1,438
# of hires during the period	126	69
# of outsourced workers (Considering all outsourced workers who provided services for CTEEP in 2012)	2,541	2,391
# of interns	62	41
# of employees over age 45	575	567
# of women working at the company	155	135
% management positions occupied by women	1%	1%
# of employees of African descent	CTEEP does not consider ethnic groups when compiling information about staff.	
% of management positions occupied by people of African descent		
# of disabled people or people with special needs	63	64

Relevant information concerning corporate citizenship

Ratio between the highest and lowest pay	17	16
Total number of occupational accidents	2	6
The social and environmental projects developed by the company were conceived by:	() officers (x) officers and managers () all employees	() officers (x) officers and managers () all employees
The occupational health and safety standards were set by:	(x) officers and managers () all employees () all + Internal Accident Prevention Committee	(x) officers and managers () all employees () all + Internal Accident Prevention Committee

	2012	2013
Concerning the freedom to join trade unions and right to collective bargaining and employee representation, the company:	<input type="checkbox"/> does not become involved <input type="checkbox"/> follows ILO rules <input checked="" type="checkbox"/> encourages and follows ILO	<input type="checkbox"/> does not become involved <input type="checkbox"/> follows ILO rules <input checked="" type="checkbox"/> encourages and follows ILO
The private pension fund is extended to:	<input type="checkbox"/> officers <input type="checkbox"/> officers and managers <input checked="" type="checkbox"/> all employees	<input type="checkbox"/> officers <input type="checkbox"/> officers and managers <input checked="" type="checkbox"/> all employees
Profit sharing is extended to:	<input type="checkbox"/> officers <input type="checkbox"/> officers and managers <input checked="" type="checkbox"/> all employees	<input type="checkbox"/> officers <input type="checkbox"/> officers and managers <input checked="" type="checkbox"/> all employees
In selecting suppliers, the company's ethical, environmental and social responsibility standards:	<input type="checkbox"/> are not taken into consideration <input checked="" type="checkbox"/> are suggested <input type="checkbox"/> are required	<input type="checkbox"/> are not taken into consideration <input checked="" type="checkbox"/> are suggested <input type="checkbox"/> are required
Concerning employee participation in volunteering programs, the company:	<input type="checkbox"/> does not become involved <input checked="" type="checkbox"/> supports <input type="checkbox"/> organizes and encourages	<input type="checkbox"/> does not become involved <input checked="" type="checkbox"/> supports <input type="checkbox"/> organizes and encourages
Total number of consumer complaints and criticisms:	at the company: 0 at the Consumer Protection Agency (PROCON): 0 at courts: 0	at the company: 0 at the Consumer Protection Agency (PROCON): 0 at courts: 0
% of complaints and criticisms resolved:	at the company: n/a at PROCON: n/a at courts: n/a (no complaints)	at the company: n/a at PROCON: n/a at courts: n/a (no complaints)
Added value to distribute (in thousand R\$):	2,061,349	475,052
Added Value Distribution:	Government: 33% Employees: 11% Shareholders: 13% Third parties: 15% Retained: 28%	Government: 0% Employees: 47% Shareholders: 7% Third parties: 46% Retained: 0%

Corporate Information

CTEEP - Headquarters

(GRI 2.4)

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S+G Comunicação

Images

S+G Comunicação
Acervo CTEEP



Glossary

Abbreviations of the Company's fields of operations

AS: Supplies Department
EE: Engineering Department
EO: Works Management Department
EP: Expansion Planning Department
FC: Accounting Department
OB: Bauru Regional Office Department
OC: Cabreúva Regional Office Department
OJ: Jupiá Regional Office Department
OMM: Maintenance Management Division
OPO: Operations Analysis Division
OS: São Paulo Regional Office Department
OT: Taubaté Regional Office Department
PJ: Legal Department

Other Abbreviations

ABCE: Brazilian Association of Electric Energy Concessionaires
ABDIB: Brazilian Association of the Infrastructure and the Basic Industry
ABRASCA: Brazilian Association of Publicly-Held Companies
ABRATE: Brazilian Association of Large Electricity Transmission Companies
ADR: American Depositary Receipts
ANEEL: Brazilian Electric Energy Agency
APIMEC: Association of Capital Market Analysts and Investment Professionals
BSC: Balanced ScoreCard
CEPEL: Electric Energy Research Center
CHESF: São Francisco Hydroelectric Company
CIER BRACIER: CIER's National Brazilian Committee
CIGRÉ Brasil: Brazilian National Committee for Electric Energy Production and Transmission
CIPA: Internal Accident Prevention Committee
COSO: Committee of Sponsoring Organizations of the Treadway Commission
CTEEP: Companhia de Transmissão de Energia Elétrica Paulista
DCR: Regulatory Financial Statements
DITs: Other Transmission Installations
DRE: Income Statement
DREQ: Equivalent Duration of Interruptions
DRRE: Regulatory Income Statement
EBITDA: Earning Before Interests, Taxes, Depreciation and Amortization

ENS: Non-Supplied Energy
EPE: Energy Research Company
ERM: Enterprise Risk Management
FREQ: Equivalent Frequency of Interruptions
GAEs: Emergency Assistance Groups
GIR: Integrated Risk Management
GRI: Global Reporting Initiative
GVO: Large Oil Volume
GWh: Gigawatt-hour
IEMADEIRA: Madeira Electrical Interconnection
IEMG: Minas Gerais Electrical Interconnection
IENNE: North and Northeast Electrical Interconnection
IESUL: South Electrical Interconnection
IF: São Paulo State Forest Institute
IFRS: International Financial Accounting Standards
IGC: Corporate Governance Index
km: Kilometer
kV: Kilovolts
LT: Transmission line
MCC: Reliability Centered Maintenance
MME: Ministry of Mines and Energy
MV: Megavolts
MVA: Megavolt Ampere
MWh: Megawatt-hour
OMM: Maintenance Management Division
ONS: National Electric System Operator
ONU: United Nations Organization
PAR: Expansion and Reinforcement Plan
PET: Transmission Expansion Program
PG: Global Compact
PLR: Profit Sharing Program
PV: Variable Portion
RAP: Allowed Annual Revenue
RTDS: Real-Time Digital Simulator
SEMASA: Santo André City Department of the Environment
SF6: Sulfur Hexafluoride
SGSST: Occupational Health and Safety Management System
SIESP: São Paulo State Energy Industry Business Association
SIPAT: Internal Occupational Accident Prevention Week
SIN: Interconnected National System
STO: Operator Training Simulator
T: Transmission Tower
TWh: Terawatt-hour
Wh: Watt-hour



CTEEP is responsible for the
transmission of about **30%**
of total **electricity produced**
in **Brasil** and approximately
60% of the electricity
consumed in the **Southeast region.**



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