





Economic Dimension

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TGI Compressor Station at Mariquita, Tolima

6.1 We create value for our shareholders



S&P Global Ratings and Fitch Ratings ratified and renewed their investment grade risk ratings with stable outlook, and for the fifth consecutive year we received the Investor Relations (IR) award of the Colombian Securities Exchange for our commitment to adequate disclosure of information.

The Group and its affiliates work on creating value for our shareholders. TRECSA Financial Management employees

(103-1) One of our main objectives is to build trust among our shareholders, national and international investors, analysts, risk rating agencies, government entities and the securities exchange, among others.

(103-2) To this end, we pursue active management based on our financial policy on matters related to the budget, adequate management of assets and liabilities, financial risk management of our investments and fulfillment of high standards of information disclosure for our stakeholders through press releases, reports and presentations. Our starting point is a solid financial plan that enabled our ongoing consolidation in 2018 as one of the main business groups in the energy industry in Colombia and Latin America.



Our Group's achievements are the result of our strategic objectives, which were focused on maximizing long-term dividends, optimizing capital and debt structures and improving the efficiency of our financial management. In 2018, we achieved the following objectives:

- We structured an interest rate hedging program approved by the Board of Directors for USD 490 million.
- We defined and updated the 2018-2025 Corporate Strategy's Financial Plan, based on the analysis of EBITDA as a proportion of Group equity at its affiliates and subsidiaries for internal measurement of targets.
- We improved our financial profile and increased the average maturity of our liabilities through debt management and by entering into a syndicated loan with international banks worth USD 749 million at a more favorable rate, in order to substitute EEB 2021 bonds.
- This good business performance will enable us to pay our shareholders COP 1.1 trillion, which represents dividends per share of COP 130 in 2019.

(103-3) Our overall purpose at Grupo Energía Bogotá is to ensure adequate financial and risk management through ongoing monitoring of indicators that enable us to create value for our shareholders.

Every month, we monitor the budget and counter-party credit limits, which enabled us to maintain manageable expenses and to access sources of financing. We also calculated the main financial indicators used by analysts and risk rating agencies to monitor the Group.

By maintaining frequent contact with our stakeholders we have established feedback channels to assess performance and fulfillment of good market practices,

TGI performed a successful international bond issue for USD 750 million, which was 3.5 times over-subscribed, a signal of the market's confidence in our Company.

aimed at improving, adjusting and standardizing processes, reports and responses to requests.



▶ **Risk rating agencies** measure each year's performance and results.



▶ **Financial analysts** issue reports covering the Company and target share prices.



▶ **Banks** provide a Group outlook for maintaining credit lines and servicing loan requirements.



▶ **Current and potential investors** are provided timely responses to their requirements through proactive relations.



▶ **Supervision authorities** ensure compliance with current regulations (Colombian Securities Exchange, Financial Superintendence of Colombia, Deceval, Office of the Comptroller of Bogotá, among others).



Scan this QR to view the corporate policies that guide our financial management and investor and shareholder relations.

For additional details on the mechanisms and frequency of relations and relevant matters for stakeholders, see the chapter on "Shared Value Model" and the annexes.

The Mega Goals we have set out to 2025 aim at positioning us among the five companies with best profitability in the Colombian market, with a year-on-year growth of over 9% and EBITDA of more than COP 8 trillion.

In order to continue consolidating and adding value for our stakeholders, we have set ourselves the goal (the 2018-2025 Mega Goals) for Grupo Energía Bogotá to be among the most profitable companies in the Colombian market, with year-on-year growth above 9%, and for its companies to generate EBITDA above COP 8 trillion from their Latin American operations.

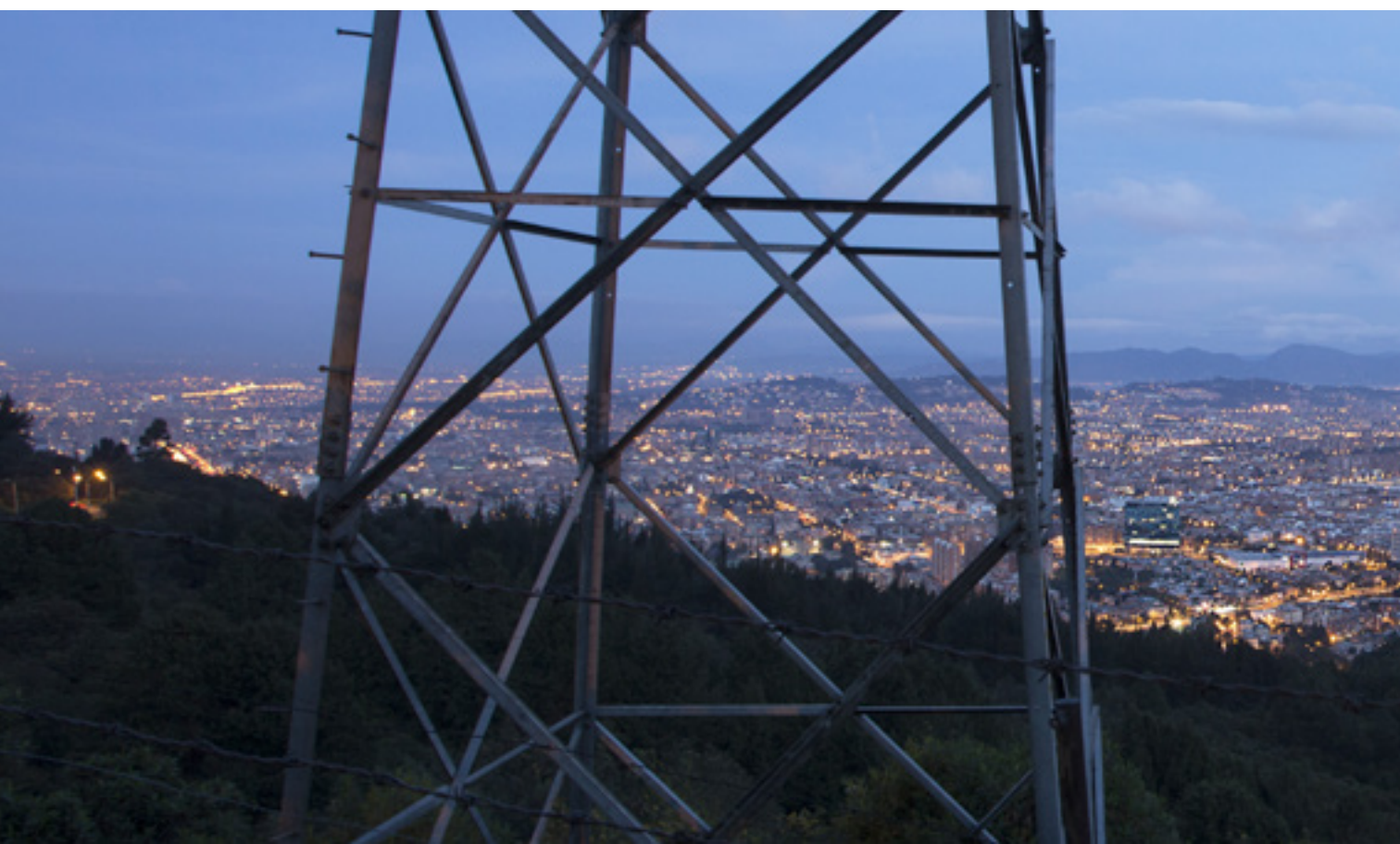
(103-2) In 2018, our affiliates also worked on creating value for shareholders as the ultimate goal of our work, always supported on the objectives of our strategic map. These were our affiliates' achievements:

TGI

In 2018, we successfully managed an international bond issue worth USD 750 million at a rate of 5.5% and a 10-year maturity, a transaction that was 3.5 times over-subscribed.

We also performed a debt management operation consisting in the early redemption of bonds coming due in 2022 and a rate of 5.70%, which produced the following benefits: Longer maturity term for the principal of the Company's debt with lower financial cost as a result of the lower rate. The bonds due in 2028 reflect the investment grade we have been awarded, which also enabled us to eliminate the covenants that were attached to the 2022 bonds.

During the year, we also monitored our financial indicators, which are essential in order to efficiently manage our resources, maximize profitability and generate profits for investors, and we performed financial assessments of projects that will increase the Company's revenues and strengthen our market position.



To this end, the following were our management focus areas:

- Identification of the optimal capital structure that maximizes the Company's value through the right combination of debt and equity.
- Optimization of our debt profile by obtaining, repaying or re-financing debt instruments so as to achieve a longer debt maturity profile and lower financial costs.
- We managed adequate insurance for risks associated to our operations, which are covered by the required policies to protect the Company's assets, operations and personnel, as well as its equity interests.

Cálidda

The effective management of the economic value we generated and distributed reflects the higher level of adjusted revenues in 2018 compared to 2017, for USD 49.6 million (22%), and higher net income for USD 10.1 million (17%). The reasons behind this performance include the rate adjustment made in May 2018 (10%), our greater number of connections (33%) and the drive of new businesses compared to 2017, mainly in terms of finance.

During the year, we also managed new

business opportunities with adequate risk management and operating and administrative controls. This enabled us to exceed our EBITDA target by 7% (USD 8.8 million) compared to 2017, for a total result of USD 146.6 million.

Contugas

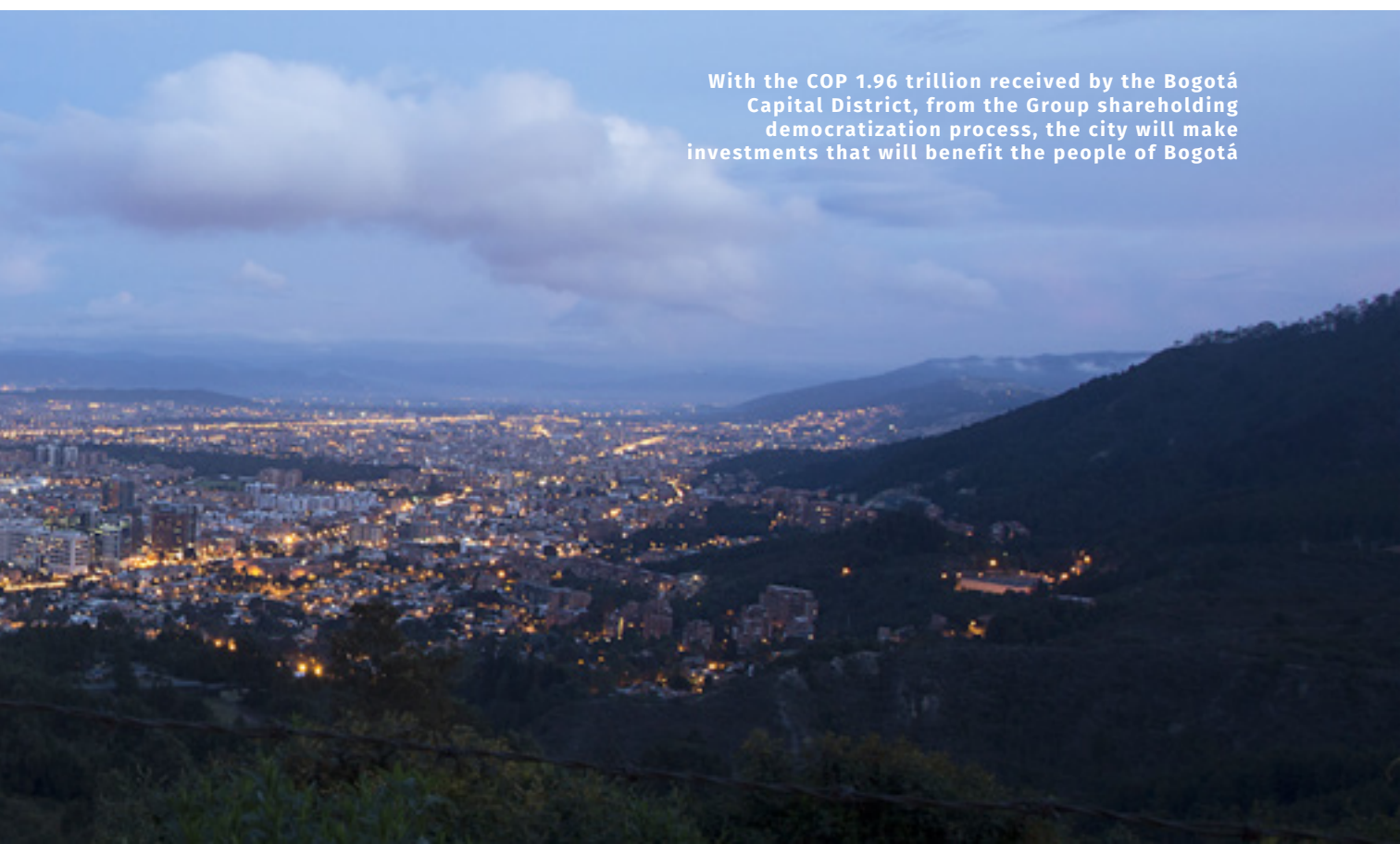
In 2018, we negotiated our loan, guarantee and syndicated loan agreements with international banks for USD 355 million, which was 1.7 times over-subscribed, generating savings of close to USD 5.3 million per year.

Also, our revenues increased by 3.3% compared to 2017 and we reported EBITDA of USD 16.6 million, up 22.6% from 2017.

TRECSA

During the year, we implemented the financial management processes through the Integrated Management System in order to standardize the Accounting, Treasury and Financial Planning processes and we established a new organizational structure to separate administrative from financial processes.

Thanks to these efforts, we achieved EBITDA of USD 10.24 million, up 10% compared to 2017.



With the COP 1.96 trillion received by the Bogotá Capital District, from the Group shareholding democratization process, the city will make investments that will benefit the people of Bogotá

More shareholders for Grupo Energía Bogotá

Based on the Management Agreement signed in 2017 between the Bogotá Capital District and Grupo Energía Bogotá, we organized, managed and implemented the democratization process of up to 20% of the city's shareholdings. The following is the step-by-step process of the transaction that became the largest securities market operation in Colombia in the last four years.



972,755,189

shares were awarded in the first and second stages of the democratization process.



COP 1.96 trillion

was the amount raised through the awarded shares, equivalent to 10.60% of the Group's capital stock.



8% of the Company's shares were offered in the second stage; the offer could be increased to up to 16%.



743,000,000

shares were offered in the second stage, and a total of 953,714,705 were awarded.



+60% was the increase in the number of shareholders of Grupo Energía Bogotá.

The Bogotá Capital District and Grupo Energía Bogotá S.A. E.S.P. signed a Management Agreement to manage the democratization process. The costs and expenses were covered by the Bogotá Capital District, in its capacity of selling shareholder.

► **February 7, 2017**

The Government Council of Bogotá, Capital District, issued a favorable opinion on the democratization process. The Mayor of Bogotá D. C. issued Decree 706 and signed the offer of the Shareholder Agreement.

► **December 20, 2017**

The Shareholder Agreement signed by the Bogotá Capital District became effective, which enables moving forward in the modernization process and assists in providing benefits to minority shareholders through the adoption of best corporate governance practices (see the chapter on "Corporate Governance").

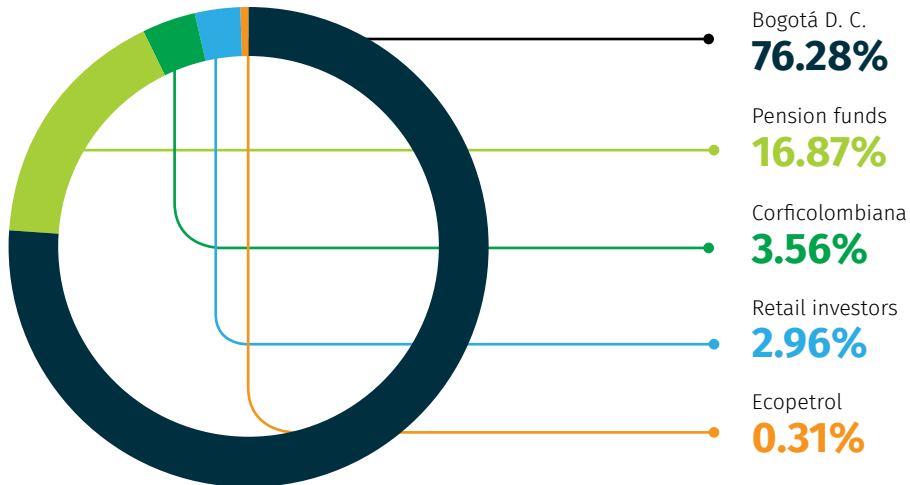
► **July 31, 2018**

The Group's General Shareholders Assembly approved the statutory reforms in order to adopt the provisions of the Shareholder Agreement derived from the democratization process, as well as the amendments to the Rules of the Assembly and the Policy on Appointments, Succession and Compensation of the Board of Directors.

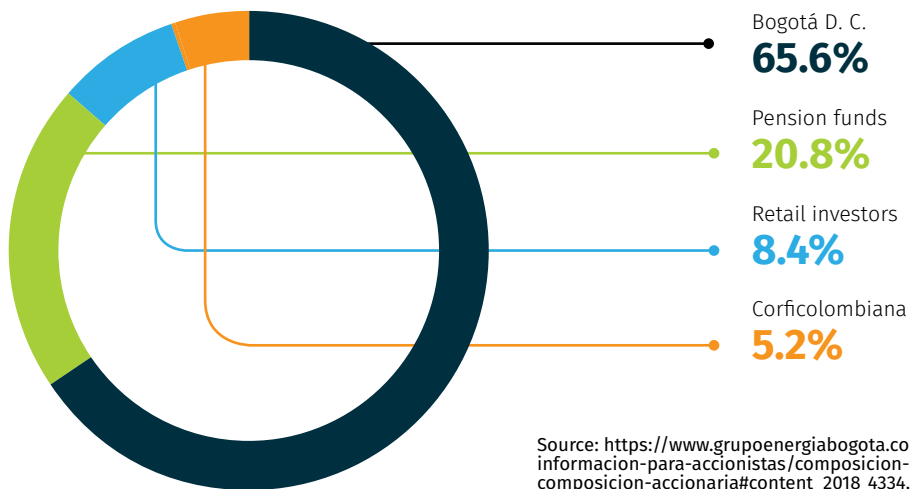
► **October 2, 2018**

Shareholdings before and after democratization

June 30, 2017



September 30, 2018



Source: https://www.grupoenergiabogota.com/inversionistas/informacion-para-accionistas/composicion-accionaria/historico-composicion-accionaria#content_2018_4334.

Photograph by
our employee
Ómar Gutiérrez,
from Grupo
Energía Bogotá
Operations
Management



6.2 We strengthen our customer relations

6.9

million customers served was one of our greatest achievements in 2018.

(103-1) Our customers are an essential stakeholder group and our customer relations are a top strategic priority. The quality of the services we deliver, produced by our operating excellence, is a key factor for the success of Grupo Energía Bogotá.

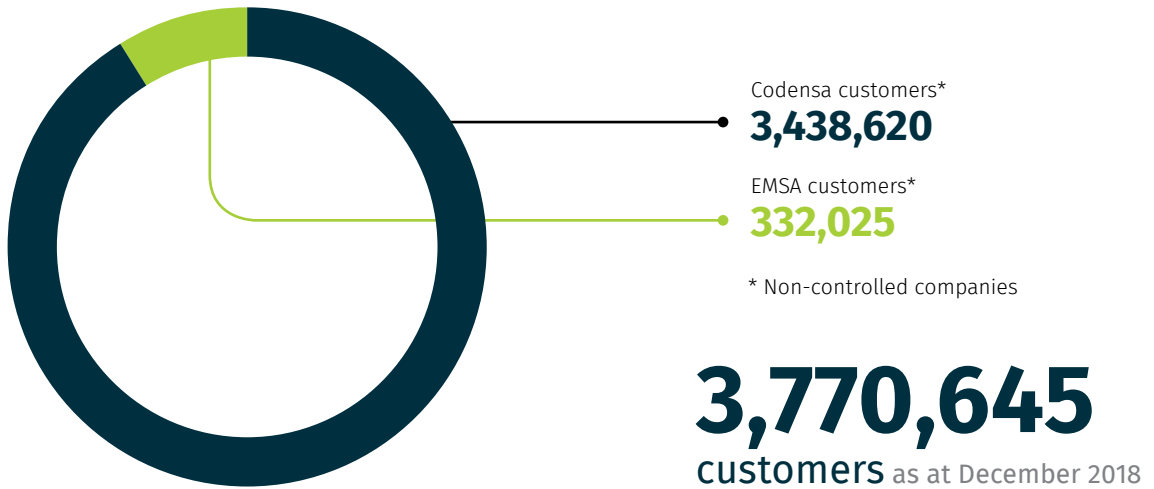
(102-6) Through our three Strategic Business Groups and through our own and non-controlling companies, we cover a variety of customer segments.

Contugas employees at the Customer Service Center in Ica, Peru

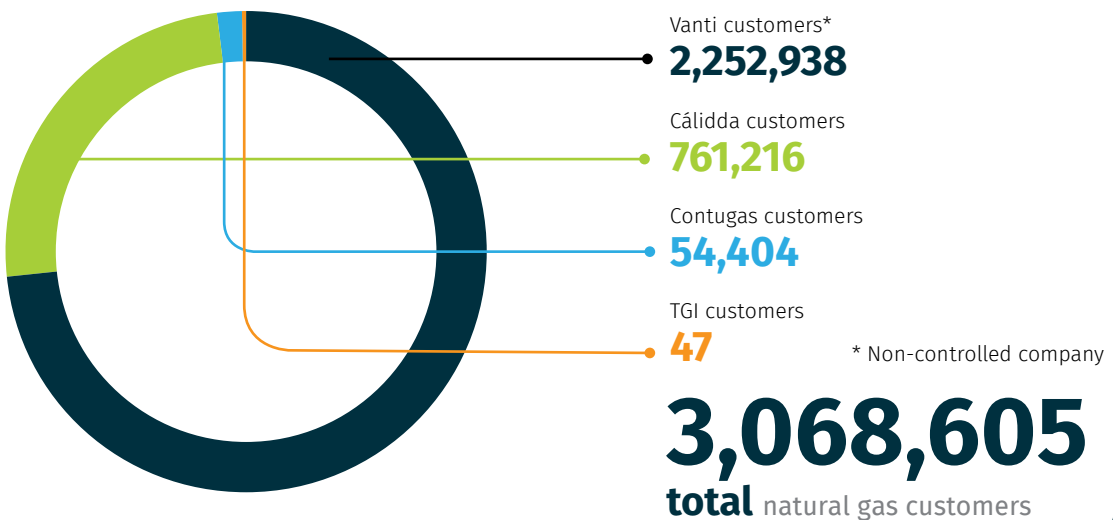


Grupo Energía Bogotá customers

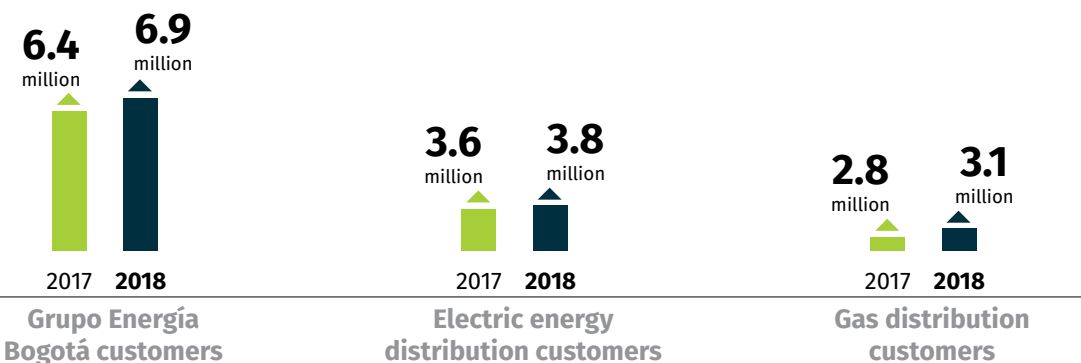
Electric energy distribution customers (Colombia)



Natural gas distribution customers (Colombia and Peru)



2017-2018 Customer comparison



(103-1) (103-2) (103-3) Our participation in the electricity and natural gas distribution markets is strategic because it enables us to play a key role in the development of proposals on national energy regulations and policies.

For example, Cálidda is the main gas distributor in Peru, because it operates in the Lima and Callao concession area. Last year, it maintained its market share.

The customers' perception of TGI's quality remains at a level of excellence, with a score of 8.1 over 10.

Market share*

Energy distribution

Affiliate	Position	Share
Transmission Branch	2	18.8%
EMSA	12	NA
Codensa	1	22.9%
Emgesa	1	20.4%
TRECSA	1	23.5%
REP and CTM	1	66.6%
Gebbras	NA	0.8%

Natural gas distribution

Affiliate	Position	Share
Cálidda	1	72.9%
Vanti	2	32.3%
Contugas	NA	3.6%
TGI	1	54.0%

(*) Own and non-controlling companies

(103-2) (103-3) (Own)

TGI (102-2) (102-3)

One of the purposes of our business strategy and the guiding principle of our customer relations is to strengthen consumption in the natural gas market. To this end, in 2018 we carried out actions to maintain our leadership in the local market and to develop new market niches, products and services.

We carried out these actions through our three business lines:

- **Major cities.** It includes the commercial, natural gas for vehicles (NGV) and residential sectors. Our strategy focused on promoting the use of gas through actions aimed at the mass transportation systems, waste collection systems and the conversion of vehicles to NGV. This helped consolidate us as promoters of the gas industry and as relevant leading players in creating alliances throughout the value chain to promote the industry's growth.
- **Industry and thermal generation.** Our focus is on mapping the manufacturing and thermal generation industry to understand their requirements and design an efficient and effective portfolio of products and services. We have developed an assistance route and our challenge for 2019 is to implement it.
- **Mindstream.** We structured a petroleum liquid gas project that will make use of TGI's infrastructure and will take advantages of the characteristics of the natural gas that arrives in the Sabana de Bogotá.

The area responsible for monitoring and assessing customer management at TGI is the Commercial Department, which leads the Commercial and Gas Transport committees, which are the bodies that review the manner in which we address customer requirements.

We also maintain ongoing feedback and relations channels through workshops and training sessions that enable us to understand their perceptions on products and services. We also use a service quality measurement tool that provides objective and quantifiable monitoring data and key inputs to address opportunities for improvement and optimize positive management efforts.



Cálidda is a leader in free natural gas connections for 800 popular soup kitchens that benefit over 60,000 Peruvians. Photo of the women who serve at these soup kitchens

Our score on meeting customer expectations increased from 77% in 2017 to 84% in 2018, as a result of good commercial relations management. Every year, we also measure service quality with assistance from an external consultant, in order to listen to our customers and implement relevant actions.

The following are our short-term goals:

- We will promote the conversion of a greater number of vehicles to gas in Colombia.
- We will define a commercial strategy for our residential and commercial customers, and with manufacturing customers we will promote joint work with producers and distributors to roll out newly designed products and services.
- At Mindstream, we will focus on renewing contracts and on designing a portfolio of complementary services to transportation.

Cálidda (102-2) (102-3)

During 2018, we worked along two action lines to create shared value for our customers: market share and specialization

in segments. We maintained our 73% market share. In terms of invoiced volume, we exceeded our target by 2% and in terms of connections, we were well above target by connecting a record of 184,000 customers, for a new total of 750,000. This consolidates our position as the main natural gas distributor in Peru, with operations in the area with highest population density and highest concentration of economic activity.

Forecasts of natural gas demand suggest that the overall market growth will be gradual rather than in large leaps, approximately in line with growth in Gross Domestic Product (GDP) and electric energy demand. In order to maintain our market position and reduce risks, we specialize and focus on satisfying the needs of each specific customer segment. We achieve this through the development of new products that enable us to increase natural gas consumption, such as gas appliances, air conditioners and energy co-generation.

Commercial management at Cálidda is the responsibility of the Household, Mobility, Retail and Large Customers departments, which are responsible for monitoring volumes, connections, new customers and demand. These are monitored on a weekly basis at the Management Committee and monthly by the Company's management. The Internal Audit area is responsible for reviewing the results of the main indicators included in our dashboard.

In order to learn about and satisfy specific demands of our customers, we also have various physical and virtual channels, including five customer service centers.

The following are our challenges:

Short term

- We will exceed our goal of one million residential customers, 12,000 retail customers, 300 service stations, 675 manufacturing customers and 29 generators.
- We will invoice 779 million ft³

Medium term

- We will exceed our goal of 1.5 million residential customers, 18,000 retail customers, 310 service stations, 750 manufacturing customers and 30 generators.
- We will invoice 800 million ft³

Long term

- We will achieve revenues of USD 1 billion and EBITDA of USD 400 million.
- Growth in the natural gas distribution market.

Contugas (102-2) (102-3)

We aim for our customers to get to know the relevant and differentiated benefits we offer, always framed by criteria of process optimization and the search for effectiveness with economic sense.

For this reason, in 2018 we began a transformation process as regards our relations with the customers we serve (residential, commercial and industrial). With industry customers, we designed tools and solutions for their businesses; with commercial customers, we continued with the Contugas School for Business in Ica, and through individual work

Cálidda achieved a record of 184,000 natural gas connections, which consolidates our position as the number one gas distributor in Peru.

sessions we diagnosed and identified their growth potential. And with our residential customers, we scheduled the *Festival de Cine 3D en el Barrio* (3D Film Festival in the Neighborhood), a free event attended by close to 20,000 people.

We provide commercial service according to administrative guidelines defined by Osinermin, the supervising and oversight body of natural gas public utilities, and related technical and legal regulations. Each month, the Commercial Committee monitors commercial quality indicators.

In order to keep in touch with our customers and receive their feedback on the services we provide, every year we take a satisfaction survey.

The following are our goals for the next five years:

- Redesign 100% of customer contact processes from the perspective of improving the experience.
- Even out customer satisfaction levels across different communities.
- Make added value services a source of additional revenues for Contugas, leveraged by customer loyalty programs.

TRECSA (102-2) (102-3)

We worked on learning our customer expectations in Guatemala and identifying opportunities for improvement. Thanks to this and the progress made in the Electric



Tunal Substation, through which we supply energy to Bogotá

Energy Transportation Expansion Plan (PET, for the Spanish original), in 2018 we reached transportation services revenues of USD 17.2 million and an optimal EBITDA for the Company worth USD 10.24 million.

During the year, we focused on maturing our Integrated Management System, which includes active participation and relations with the stakeholders involved in the Company's businesses. In 2019, we will continue this task and we have the challenge of consolidating our Quality Management System under the ISO 9001 standard, which focuses on the customer.

In 2018, TRECSA came in first place in terms of TOP of Mind among energy transmission companies in Guatemala. We increased from 64% in 2017 to 84%.

In terms of customer relations, during the year we worked on the implementation of procedures to submit formal documentation from the digital document management platform ABOX, which lowers the use of paper and helps reduce environmental impact.

In order to remain in constant contact with our customers, we have an Ethical Channel in place, as well as suggestion boxes installed at mayors' offices and substations. The Strategic and Project Management committees are responsible for monitoring obligations with customers and for addressing their requirements.

Over the next two years, we will work on planning and implementing 18 customer relations events. The challenge over the next five years is to position our Transportation Companies Forum as a strategic event.

(418-1) No claims related to violation of privacy or loss of customer data have been reported (see Annexes).

6.3 We deliver reliable services



We participated in the benchmarking study CIER 11 Stage V, developed by PricewaterhouseCoopers. We came in 5th place among 14 participating companies in Latin America in terms of operating practices.

(103-1) (103-2) (103-3) The operations and maintenance processes of Grupo Energía Bogotá are aimed at ensuring reliable service and complying with quality standards established by national regulations and our Company. The objective is to manage losses and leaks and to ensure safe and reliable delivery of the electric energy and natural gas services, good performance and timely renovation of assets to ensure service availability for our customers.

The Río Córdoba Project in Magdalena will increase installed energy transmission capacity by close to 25% in the departments of Magdalena, Cesar and La Guajira



In order to face the challenges of the growth of our infrastructure in operation in 2018, the Group's Operations and Maintenance Department performed a comprehensive review of both processes, and introduced improvements in operation assessments and asset reliability. We also reinforced the technical team with new members.

This will enable us to perform the reviews we require to measure adequate equipment performance during system events, to enhance operational planning, to improve the effectiveness of equipment maintenance and to make equipment renewal decisions based on cost, risk and performance.

In 2018, the availability indicator, which measures the average percentage of hours/year during which the assets are available for use by the system operator, was 99.963%, which is above the 2018 target and remained stable compared to recent years.

We also participated in the benchmarking study CIER 11 Stage V, developed by PricewaterhouseCoopers. From among the 14 Latin American participating companies, we came in 5th place in operating practices with 79%, and in 3rd in maintenance practices with 71%. In both cases, we were above the average of all participants.

The following are the main achievements of 2018 in this area:

Grupo Energía Bogotá

We completed the upgrades to the protection, control and measurement systems at nine Group substations in the central area of the country: we incorporated leading edge technology that increases service quality and reliability, especially in Bogotá.

We also performed a cyber-security diagnosis of transmission assets to establish the series of infrastructure investments required to strengthen the security of operating networks.

Another achievement this year was the launch of our new transmission control center, which features equipment with cutting-edge technology at new facilities to monitor and assure the reliability of operation of our system's assets.



Group President Astrid Álvarez, and the Minister of Mines and Energy, María Fernanda Suárez, at the inauguration of the second transmission line of the Bolívar-Cartagena Project

Given that the transmission regulations do not depend on measurements and audits, but instead depend on reliability, our goal in 2019 focuses on maintaining availability at a value above the required level.

TGI

The main purpose of the Integrity Management Plan, designed in 2017 by the Operations Vice President's Office, is to implement an operating discipline that ensures fulfillment of TGI's strategic objective of performing efficient maintenance management.

Based on the definitions of the Risk Management Model, we established infrastructure inspection targets and developed a Review Plan which, by the end of 2018, had covered 89% of the total infrastructure. This quick execution is the result of an aggressive Assessment and Maintenance Plan to update the diagnosis of facilities and to perform the repairs identified in the Findings Plan, all with the purpose of guaranteeing supplies.



The following are highlights of our achievements in 2018:

- We fulfilled 99.6% of the Maintenance Plan thanks to the improvements made to the preventive maintenance scheduling process to maintain the infrastructure at the national level.
- In terms of operating efficiency, maintenance spending was 105% above budget over the last four years.
- Despite the increase in the number of emergencies, in 2018 the response time indicator decreased significantly, as a result of the optimization of the response processes and the establishment of internal service agreements.
- We highlight the response and service recovery with no incidents for the emergencies at Ballena (La Guajira), which took place in January, and Páez (Boyacá) in June. These events put to test the experience, skills and availability of the Incident Response team, which achieved service recovery with low impact on availability. We always communicate these events in a timely manner to the government and the people affected by it, the reasons for the emergency and the response process.

The following are TGI's planned objectives to increase service reliability in 2019:

- As part of the Integrity Management Plan, we will validate and deliver an optimized gas pipeline Risk Model and we will implement the integrity software.
- We will complete the infrastructure assessment on the remaining 11% of assets, thereby completing the inspection of all facilities.
- We will design an Asset Management Plan through the development of master documents for integrity and standardization.

Cálidda

At our Company, fulfillment of the infrastructure and maintenance objectives assures the availability of natural gas supplies for our different types of customers: residential, commercial, industrial, natural gas vehicles (NGV) and electric power generators. We also provide support to enable internal networks. Thanks to these efforts, we reduce the risk of complaints, with a positive impact on the Company's image and sustainability.

During 2018, we implemented the Damage Prevention Plan, aimed at preventing the occurrence of damages caused by third parties that might produce leaks. We achieved this by managing works performed by third parties that interfere with the distribution system's networks and by monitoring the system through patrols and the constant search for leaks.

100%
was the availability
of gas distribution
assets in Peru in 2018



The gas compressor station in Mariquita, Tolima, achieved an extraordinary reliability rating in the Gas Transportation System

The following are some of the activities carried out:

- In terms of infrastructure, we added 1,242 km of residential and commercial networks, and started up seven additional stations, thanks to which we were able to connect an additional 160,000 residential customers and 1,600 commercial customers. We also added 53.5 km of steel pipelines to serve 50 additional industries and 18 natural gas for vehicles (NGV) stations.
- We are currently performing in-line inspections of 20" and 30" gas pipelines, with a current completion rate of 55%. This assured the integrity of branch pipelines and maintained system availability at 100%.

The following are the goals of Cálidda over the next five years:

Short term

- Structure a comprehensive physical asset management platform.
- Implement lean maintenance tools.
- Develop the mobility and planning platform.

Medium term

- Improve maintenance response times.
- Optimize performance times through enhanced planning and information

management.

- Improve response times to notices.

Long term

- Increase system availability.
- Develop lean thinking.
- De-centralize servicing of notices.

Contugas

During 2018, we updated the Scada platform to version 2017 R12, which has enabled improved monitoring of field variables, analysis of historic trends and visualizations.

We also reduced third-party damages by 24% and trained 2,100 people on the Damage Prevention Plan.

Our objectives for upcoming years focus on achieving availability above 99.5% and reducing damages by 30% compared to those reported in 2018.

TRECSA

Our main achievements in 2018 were maintaining availability of 99.989% (against a target of 99.96%) and zero penalties for voltage regulation or asset non-availability thanks to our operations and maintenance strategy.

This helps achieve our goal for upcoming years: to position ourselves as the most reliable transportation company with the best infrastructure in Guatemala.

6.4 We optimize resources

(204-1) (308-1) (414-1) (Own)

See details on the indicators in the Annexes.



There were zero fiscal findings in 2018 thanks to strengthened procedures for planning and contractor selection.

(103-1) Adequate supply chain management is a condition for being more competitive in the electric energy and natural gas value chain, through relationships based on respect and cooperation with the people and companies that are members of our supplier team.

Valle del Cauca landscape. The Refuerzo Suroccidental Project will improve energy service reliability in Valle del Cauca, Risaralda and Antioquia



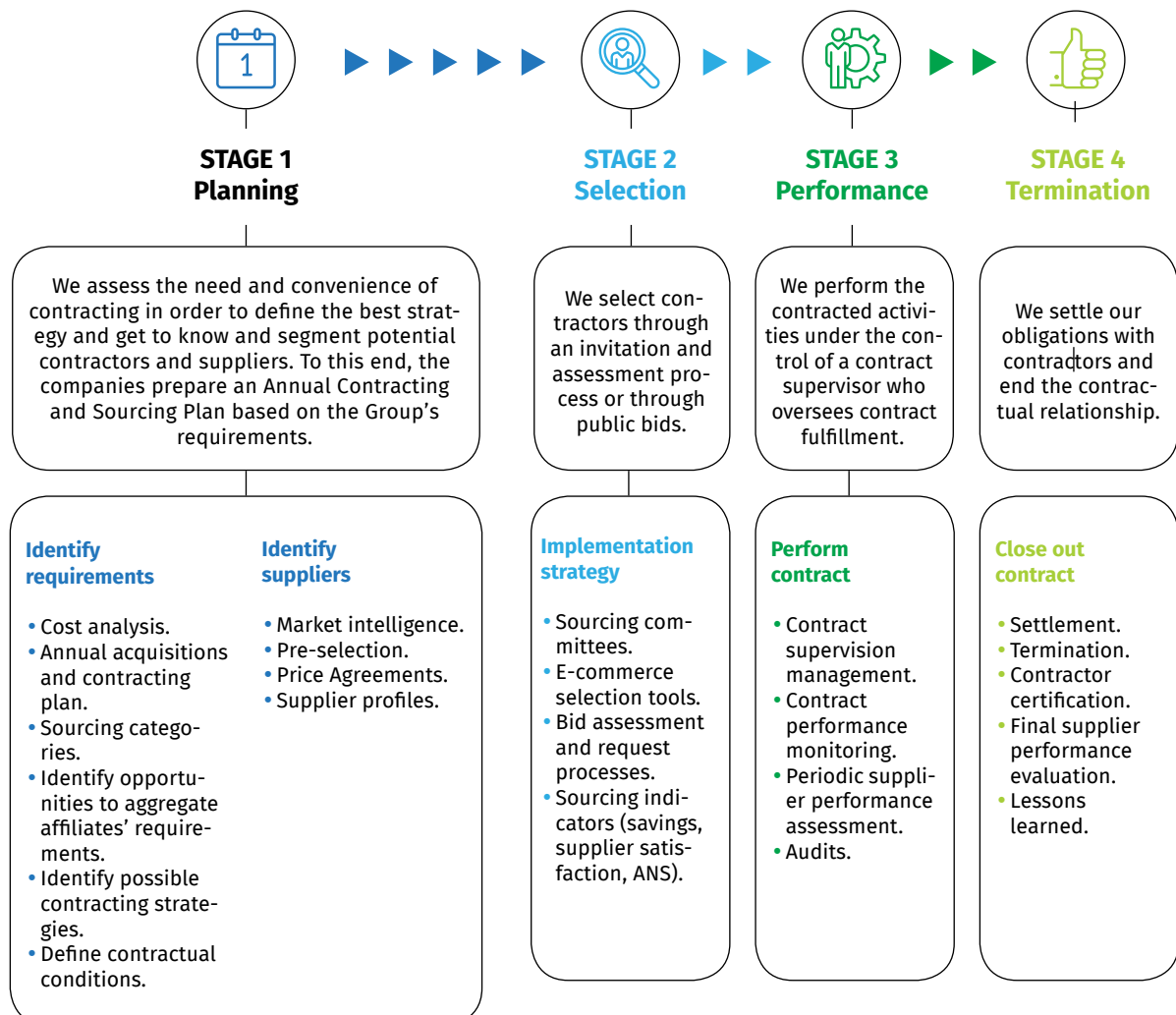
This management produces benefits such as strengthening planning and optimizing processes, cost reductions, improved commercial relations and the diversification of suppliers, as well as greater transparency and efficiency in contracting.

(103-2) For this reason, the Group has structured our guidelines for contracting and supplier relations through the Innovative Sourcing Model and manuals and instructions on contracting, management and contract supervision.

These good practices, adopted by all our companies, contribute to competitiveness and quality, and ensure responsible, sustainable and effective supplies in terms of costs, risk, impact and timeliness. It also takes into consideration aspects related to industrial safety, occupational health and environmental and social impacts throughout the value chain.

The Contracting Manual of Grupo Energía Bogotá establishes the principles of equality, morality, effectiveness, economy, celerity, impartiality, publicity, transparency, planning and fiscal management.

Sourcing Model (102-9) (103-2)



Implementation of our new Sourcing Model produced significant achievements:

- **Zero fiscal findings.** Thanks to the strengthened contractor planning and selection procedures, no fiscal findings were issued on preliminary stages prior to signing the contracts. We will continue to strengthen the contract supervision processes.
- **E-learning tool.** In April, we launched an e-learning tool for the contract supervision process.
- **Commercial Instruments.** We updated all pre-selection financial documents in order to perform a ranking of pre-selected suppliers.
- **Long-term negotiations.** At Tominé, we performed property management with the project partner, the logistics operator, the asset management supplier, and the transmission line and electric substations maintenance contractor.

Our logistics model

We developed an activities-based model that improves the Organization's results in terms of transportation planning, optimization of supplies timing and the development of logistics arrangements.

Our model is based on the following arrangement:

1. **Comprehensive operator.** Centralizing the operation had the following advantages:
 - Optimization of resources.
 - Reduction of import times for products.
 - Improvement of transportation rates through closed competitive processes.
2. **Transportation contract negotiation.** We awarded by auction to the best bidder through the Intelcost tool, from among the companies with which we have framework agreements. In this way, we obtain a greater number of transportation possibilities.
3. **Negotiation of free days.** We negotiated with freight liners 15 to 21 free days to perform customs clearance procedures and to transfer the cargo to a temporary storage facility or its final destination.



At the Third Meeting of Group Partners, we awarded the suppliers who stood out during the year in different categories

4. **Management of ITR operations.** Through this de-containerized arrangement, we achieved:
 - A smaller number of shipping trips in the national territory.
 - Easier and quicker return of containers to port.
5. **Negotiation with free trade zones.** We performed regional storage of supplies and equipment near strategic project locations and product importation ports in Colombia (free trade zones in Cali, Cartagena and Santa Marta).
6. **Implementation of strategic leader.** People from different areas monitor and support the areas in sourcing processes for goods and services:
 - Channeling and centralization of information between the projects area and the comprehensive operator.
 - Planning of international trade and logistics activities.
 - Assistance and monitoring of each operation.
 - Reception by the projects area of all documentation related to logistics activities.
 - Process and manage non-conformities that arise in the logistics process to generate solutions.

7. Coordination of EPC and own suppliers.

- Monitoring of purchase orders to control the process from when shipment abroad is made to the destination.
- Reception of shipping documents for coordination of space with warehouses, storage yards and free trade zones.
- Control of the times of each process.
- Optimization of cargo management according to the requirements of the projects area.
- Reduction of cost overruns in customs clearance performed by EPCS (engineering, purchasing and construction).

We implemented this model by performing the following activities:

- **Planning** of international trade and logistics activities based on each project's timetable for performance and deliveries.
- **Assistance** and monitoring of each operation.
- **Management and control** of space at warehouses, storage yards and free trade zones.
- **Control of time** of each logistics process and optimization of the resources assigned to each operation.

- **Structuring and organization** of documentation management for each logistics operation.

(Own) This produced significant savings on three fronts:



Customs clearance process for equipment and supplies.

Savings of COP 2,700 million thanks to expediting the timely removal of cargo from the Colombian ports of Buenaventura, Santa Marta and Cartagena.



Freight line negotiations.

Due to the large volume of cargo, refunds of deposits on 747 containers were achieved for COP 1,400 million and COP 589 million.



Transport. We achieved savings of COP 413 million thanks to open competitive bidding for the framework contract with the transportation companies that currently perform this activity.



To view the Contracting Manual scan this QR code.



We received the CIPS Standard Award

Our Strategic Sourcing Model received the CIPS Standard Award. This recognition highlights our world-class practices aligned with international sourcing standards.

This certification has many advantages for Grupo Energía Bogotá:

- It promotes improvement and value creation.
- It focuses on performance assessment in a cross-cutting manner.
- It provides the foundations and framework for transformational change.
- It enables demonstration of our performance aligned with world-class practices, which has already been certified by an independent and widely recognized entity.

(103-2) y (103-3) As a Group, our future challenges are to:

- Align the affiliates with world-class CIPS standards and certify them.
- Implement cutting-edge technological platforms (SAP Ariba Sourcing).
- Consolidate the Annual Purchasing Plan (PAC, for the Spanish original) throughout the Group.
- Continue to train employees on the Sourcing Model.
- Reinforce and specialize our contract supervisors.
- Outsource contract supervision of critical contracts.
- Further train category leaders.
- Implement the Ariba electronic tool.
- Consolidate outsourcing of the operating area of the Sourcing Model.

During 2018, our companies carried out strategic activities to manage their supply chains. Below, we highlight their achievements during the year and their goals for 2019:

Grupo Energía Bogotá

The Group surpassed its savings target, which had been set at 10%, with total savings reported during 2018 of 27%. This was achieved thanks to the use of instruments such as online reverse auctions and open bidding processes for the construction of transmission projects.

The Group surpassed its savings target, which had been set at 10%, with total savings reported during 2018 of 27%.

TGI

We began to implement a pilot project on the development of suppliers in the Cusiana region, in partnership with the Fundes Foundation.

In 2019, we will work on establishing classification by categories to optimize the Company's contracting processes and on implementing the cross-cutting contracting tool to perform the entire process on line.

Cálidda

During the year, we held the second suppliers meeting "A Commitment to Sustainability", dialogue space for creating closer bonds between companies that contribute to the country's development. During the

Our supply chain management

Our supply chain management roles, responsibilities and authority levels have been defined in the sourcing procedures and in the Contracting Manual. Additionally, there are three sourcing committees responsible for approving contracts depending on the price of the contract entered into with the Group:

1. Strategic Sourcing Committee. Its purpose is to assess, promote and approve sourcing policies and strategies. It also identifies possible syner-

gies between Grupo Energía Bogotá and our affiliated companies, including reviewing the relevance of joint contracting processes.

2. Executive Contract Committee. It approves requests to open, assess and perform contracting in processes of mid-range amounts.

3. Operating Contract Committee. It approves requests to open, assess and perform contracting in processes of low-range amounts.

event, we awarded three contractors in the following categories: excellence in service, operating excellence and prevention and self-care.

In 2019, our efforts will focus on:

- Continuing to optimize spending and to simplify processes through the implementation of the following strategies: comprehensive contracts, contract packaging and use of e-commerce.
- Stabilize the contract supervision model by outsourcing Cálidda's main contracts.
- Strengthen preparation of the Annual Acquisitions and Contracting Plan with the active participation of our internal customers.

Contugas

In 2018, we achieved overall savings of 13% (14% compared to market prices and 11% compared to historic/negotiated prices).

In 2019, our efforts will focus on:

- Increasing the number of suppliers registered in our *Par Servicios* web platform.
- Increasing the number of processes performed through the electronic auction tools.
- Increasing satisfaction levels of internal and external customers.
- Improving savings levels in contracting processes.

TRECSA

One of our greatest achievements in 2018 was to surpass the target of 5% savings in contracting during the year, with the final outcome of 10% savings compared to the budget at December.

Over the next five years, we will work on the following challenges:

- Using e-commerce tools for reverse auctions.
- Implement sourcing management technological platforms such as SAP S4Hana in the MM module and tools for contracting processes (requests for bids, price comparisons and bid assessments).



Guavio Reservoir, which feeds the hydroelectric power plant with the same name. Grupo Energía Bogotá Project in Cundinamarca

6.5 We innovate for transformation



We carry out three types of innovation: sustained to improve our businesses; disruptive to create new businesses; and efficiency-oriented, for existing processes.

(103-1) The Group has set itself the challenge of discovering new business opportunities, of strengthening existing businesses and enhancing the efficiency of our processes, for which innovation is essential.

We innovate every day: in each project, in managing our assets, in the territories with the communities, in organizational processes, in our stakeholder relations and in the services we provide, in addition to the impact of new investments and businesses.

At Cálidda, we carry out the Non-Bank Financing Program to enable residential customers to acquire gas appliances and hot water plumbing.



(103-2) In 2018, we identified, compiled and consolidated our **good innovation practices**, which were implemented at our affiliates with results that exceeded our expectations, demonstrating that at Group companies we are willing to do things better, to think differently, and to always be open to change and transformation. The following were the most outstanding innovative initiatives:

Contugas Innovation Contest

(Own) Since 2014, Contugas awards its best practices during the Innovation Contest. In 2018, 46 ideas were proposed in three categories, aimed at increasing gas consumption in the concession area, developing savings processes and improving the brand's positioning. A jury comprised by employees of the affiliate selected nine finalists, whose proposals were published on the corporate blog, and by democratic vote by all employees and the Assessment Committee, comprised by managers, the three winners were selected. Of the initiatives that have been validated over the four years of the project, two have been implemented: digitalization of documentation and the automated meter reading system.

Over the next five years, we will implement at least three of the initiatives validated for the generation of revenues and savings at the Company, which in turn will help improve our relations with stakeholders. For example, the Nanobox Project would help increase sales of liquefied natural gas (LNG) by USD 1,530,000, with a 56% internal rate of return (IRR) and improve the satisfaction of transportation companies in urban and inter-urban areas, while the project for the micro-turbine generation system would produce annual energy savings worth USD 22,126.64, with a 15.4% return on investment, also contributing to improving the understanding of industrial customers on the use of natural gas to generate electricity.

TGI, pro-innovation partnership

Some of the projects TGI worked on in partnership with Colciencias include gas pipeline inspections, a mobile laboratory to assess and measure the quality and quantity of gas transportation, and the development of instruments for assurance and reliability of measurements.

In 2018, we formulated the Innovation Management System as an initiative that will have high impact on the work culture and environment(103-3)

Cálidda innovates in its commercial strategy

In 2018, we successfully implemented non-bank financing to enable our residential customers to buy gas appliances and hot water plumbing at competitive prices. Another important milestone was the installation of the first natural gas air conditioning system in Peru, in operation at our facilities in Lima, which we expect will not only produce savings in electric energy consumption, but will also demonstrate our air conditioning solutions to our customers.

Revenues from billing of the innovation products totaled USD 4.2 million. This year, we also made available to our customers new digital channels such as the Cálidda virtual office and app.

Also, based on the launch of cultural milestones within the Company, the **Calí-Innova** Innovation Project was developed, which seeks to create the tools required to assist our employees in developing internal initiatives and promoting cultural transformation.

Challenges (103-2)

Our commitment in 2019 is to adjust the process to develop a standard innovation culture at our affiliates. We will also continue working on training Group, TGI and Transmission Business employees on concepts and reasons to innovate, as well as on the identification, training and development of process leaders, and on strengthening the portfolio of successful cases.