

Guatemalan women knitting handicrafts  
at a community in TRECSA's area of influence



# Sustainability is in our DNA

At Grupo Energía Bogotá, we understand that our shared value initiatives bring progress and well-being to the communities in which we operate



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# Sustainability

## Beyond philanthropy and social responsibility

An imperative of our corporate strategy is to ensure the growth and competitiveness of our companies in the countries in which we operate. It is about sustainability, which we define as a framework for action that guides our companies in building more egalitarian, fair and peaceful societies.

Over the last two years, our Sustainability Policy has enabled us to move beyond the concepts of philanthropy and social responsibility; we are clear that bringing progress and well-being to the territories involves more than installing electric energy transmission lines or gas pipelines. We need to continue building closer and genuine relations with employees, communities, authorities, opinion formers, shareholders, investors, customers and suppliers on topics related to building social and environmental capital, education, competitiveness and transformation, entrepreneurship and infrastructure.

The focus of our management in the territories where we operate is on contributing to the sustainable progress of communities through projects that produce

positive and permanent transformations in the areas where we are present and that are aligned with territorial and environmental plans and the Sustainable Development Goals (SDGs).

In our updated Corporate Strategic Plan (CSP), in 2018 we defined a new vision in our role as strategic connectors, in which we affirm that our corporate management must be driven by sustainability, shared value and social investment. This is all aimed at facilitating the tasks that enable us to grow and create value in our operations.

During the process of updating our CSP, we adjusted our definition of sustainability, based on the concepts of shared value and social investment, defined as the corporate ability to understand and manage the environment and innovate and adapt its businesses, in order to create profitability and share benefits in the territories in which we operate, with a long-term vision. In other words, we changed our approach towards business to favor ways that represent progress in the economic, social and environmental conditions of the communities, thus

LEFT

**Colombian knit work by the Wayúú communities of La Guajira in TGI's Ballena-Barranca Gas Pipeline's area of influence**

sharing benefits, resources and experiences to build solutions that will positively and permanently transform the territories affected by our operations.

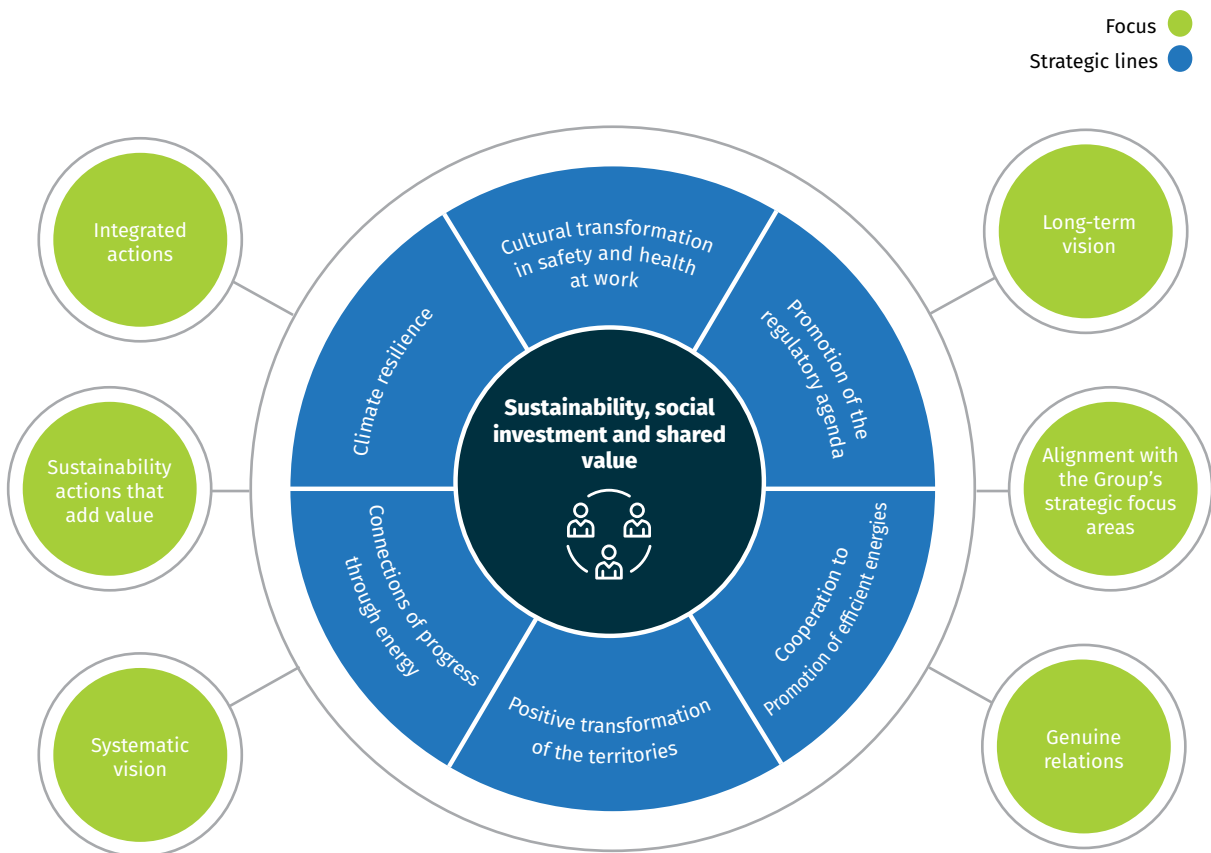
We also decided to strengthen our sustainability vision in the six strategic lines that support a Sustainability Model that is aligned with the planning instruments of the territories in which we operate, all in the framework of the SDGs:

- **Cultural transformation in occupational safety and health.** We promote and consolidate this culture as a primary corporate value to protect lives when carrying out our business and everyday activities.
- **Promotion of the regulatory agenda.** We promote the regulatory agenda to drive

the energy sector beyond the particular interests of the Group.

- **Cooperation to promote efficient energies.** We become an integrator for various public, private or civil society organizations and academic institutions in the development of common actions aimed at promoting the adoption of low-emissions energy and efficient energy use.
- **Positive transformation of the territories.** We transform the territories crossed by our infrastructure projects through actions that promote progress and shared benefits.
- **Connections of progress through energy.** We turn energy sources into enablers of progress. Our companies bring energy to areas that are not connected to the grids, thereby promoting growth of newly connected communities.
- **Climate resilience.** We promote business opportunities associated with climate change and environmental and social challenges.

## Sustainability model

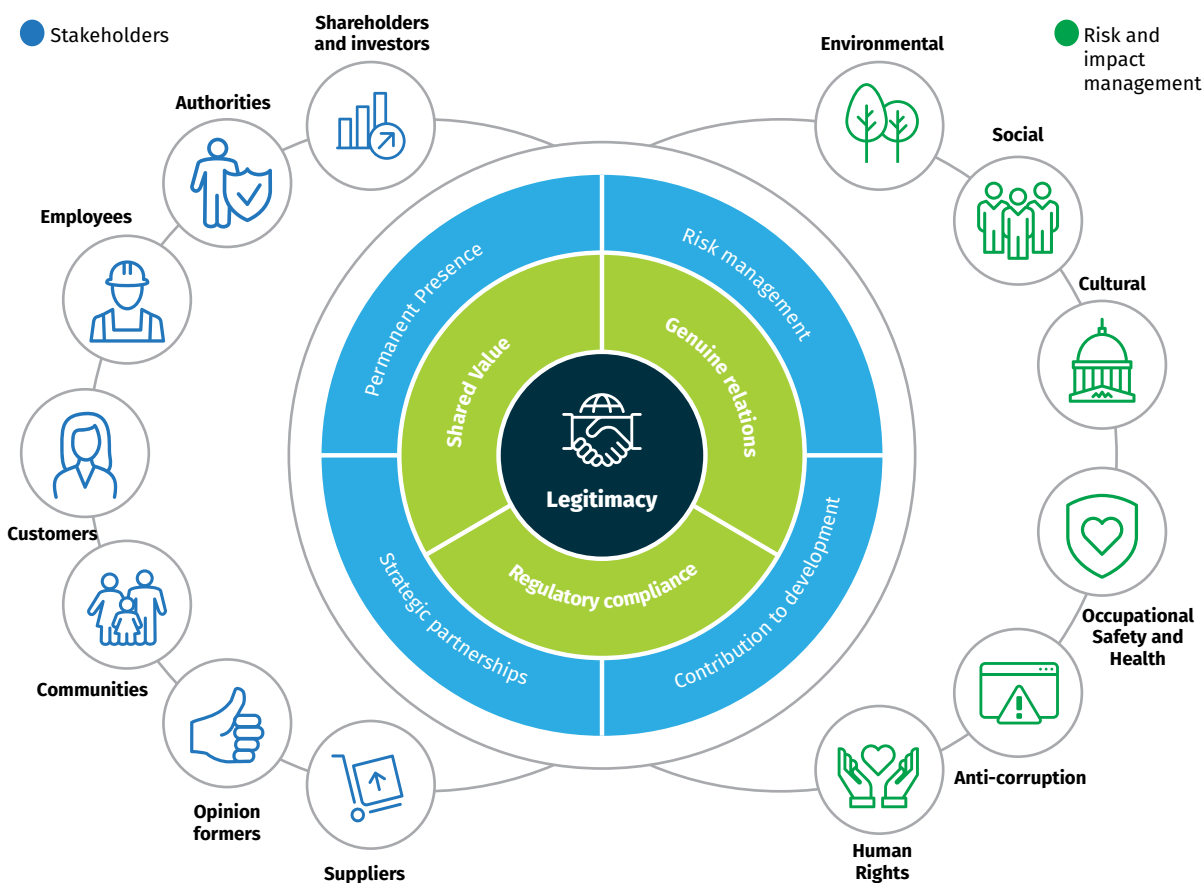


By updating our CSP, we matured our Sustainability Model. To this end, we created the Occupational Safety and Health Office and strengthened the Sustainability Department (previously Sustainable Development), which is responsible for leading and providing guidance on the implementation of the Sustainability Policy in specific areas: land management and environmental, social and shared value management, including specialized offices for ethnic

relations and resettlement management. This department has its own management and monitoring indicators, based on the dynamics of the social environment, which enables Grupo Energía Bogotá to ensure its presence in the territories, with the premise of becoming generators of progress.

It is also responsible for ensuring our legitimacy among our stakeholders; i.e. being perceived as a positive influence for the sustainable development of the territories, in abidance of laws and regulations.

## Sustainability policy



The following are the three central aspects of this legitimacy:

- **Genuine relations**, focused on permanent, close and transparent dialogs that recognize players in the territory based on their habits and customs, to build long-term relationships.
- **Regulatory compliance**, focused on the implementation of measures to comply with operating, environmental and social regulations in the territories, as well as monitoring legislative, regulatory and

tax trends in order to be competitive in the markets and protect the rights of stakeholders. We are also convinced that we need to go beyond legal compliance in order to fulfill our values.

- **Shared value** enables us to apply our skills, resources and management capabilities to lead progress and sustainable development in a more effective manner, thereby creating a virtuous cycle of growth, legitimacy and development in a territory.

**Our corporate management is driven by sustainability, shared value and social investment to ensure progress.**

### Projects that bring progress

In 2019, we will continue to mature our Sustainability Model, Shared Value and Social Investment as a strategy to manage the Organization's permanence over the long term. We also strongly believe in the relationship between strengthening our presence in the Latin American energy chain and the delivery of innovative solutions that generate new development opportunities for communities.

Our value proposition, included in our shared value portfolio, is that we will contribute as legitimate actors to the progress and well-being of communities through performance of projects that produce positive and permanent transformations in the territories. The principles for execution of this portfolio are based on development with a territorial, ethnic and gender approach, based on reaching a consensus on solutions and partnerships, as well as strengthening skills and competencies. During 2018, we launched dozens of shared value initiatives to bring progress and well-being to communities in Colombia, Peru and Guatemala.

The following were the prioritized sectors for our shared value projects in 2018:

- **Energy for transformation**, which promotes access to sustainable energy solutions for communities that are not connected or that experience deficient energy services, as well as the respon-

sible use of energy and the capacity of the communities to build sustainability into the solutions on their own. These solutions apply to social services such as health care, education, sports facilities, etc., also involving digital connectivity with the participation of partners.



- **Energy for competitiveness.** We support improved conditions for productivity by privileging the use of renewable energy and strengthening collective groups of farmers, particularly those devoted to organic crops or products of origin, and entrepreneurs, particularly those that promote female empowerment, tourism of nature and community cooperative companies devoted to safeguarding environmental services that provide, among other things, plant material, plantation management and conservation of biodiversity. The main activities we carry out are training, technical assistance, infrastructure for productivity, resource management and support to improve the production chain.



- **Education and development.** We promote leadership competencies and capabilities in community actors, civil servants, teachers and Group employees. We strengthen the social fabric in communities by transferring knowledge on entrepreneurship and cooperatives, particularly for women. We strengthen technical, work and social competencies and occupational safety and health. We promote processes of cultural appropriation by ethnic groups in order to strengthen their practices, recognition and survival.



- Social infrastructure. We assist communities and local governments in raising funds and formulating projects to develop social infrastructure for progress: road works, community spaces for events and recreation, rural schools and water supply and basic sanitation systems, among others. When the projects prioritized by the communities or local administrations are complex or large in scope, the Group may assist in the process of project formulation and raising finance with other partners.



The interaction between the SDGs and our contributions to development have enabled us to identify other priorities, such as female empowerment and the protection of life through a culture of safety and health.

## Alignment with Sustainable Development Goals (SDGs)

Prior to starting up and implementing these projects, we took into consideration their contribution to the attainment of the Sustainable Development Goals (SDGs), particularly the nine goals prioritized by the Organization because of their transformational power in the territories, with actions defined in the Sustainability, Shared Value and Social Investment model. The following are the nine prioritized goals:



- 1 Environmental Management
- 2 Occupational Safety and Health
- 3 Corporate Governance
- 4 Smart Cities
- 5 Low Emission Generation
- 6 Stakeholder Relations

Woman from the Wayúú  
community in TGI's  
Ballena-Barranca Gas  
Pipeline's area of influence







Biking at the Tominé Reservoir, “the green heart of Grupo Energía Bogotá”

The four specific actions defined in the Sustainability, Shared Value and Social Investment Model are:



**Permanent presence in the territory** to generate and facilitate timely and ongoing relationships with the community, to strengthen our legitimacy at the center of the Sustainability Model.



**Risk management** to identify, control and minimize risk levels, to enable us to implement our projects and contribute to achieving the strategy and continuous improvement.



**Strategic partnerships**, defined as joining efforts between the public and private sectors, as well as civil society, to develop viable and high-impacting projects that generate competitiveness and equality in the territories.



**Contributions to development**, through the implementation of projects aligned with the territorial and environmental planning policies, to achieve true impact and permanently transform the territories and the communities in the area.

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**In 2019, we will continue to work on maturing the Shared Value Project management model through social development initiatives to multiply the impact in the territories in which we are currently present.**

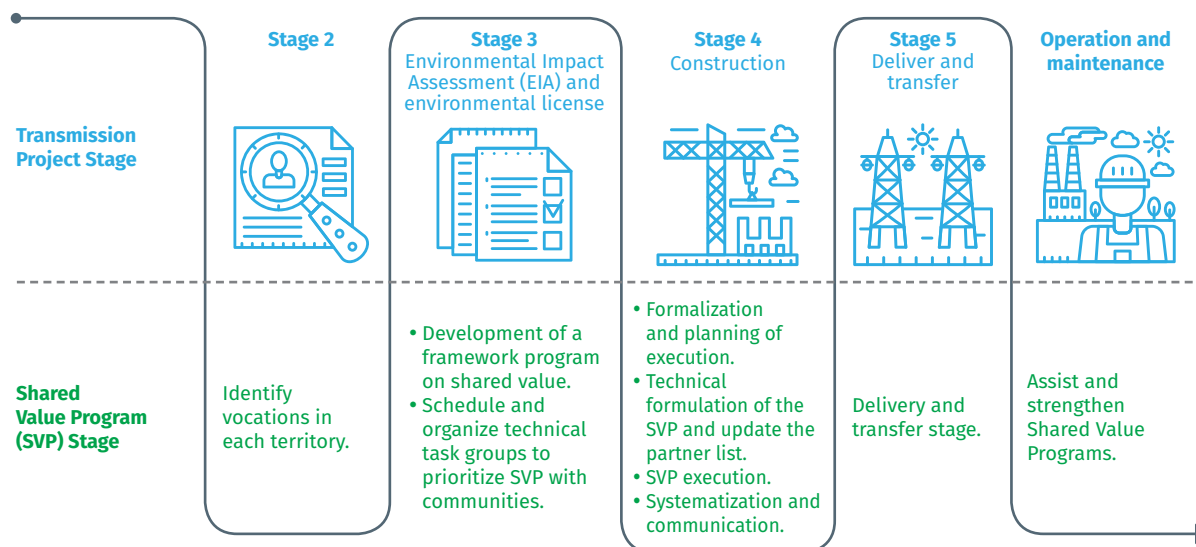
When we reformulated our corporate strategy in 2016, we performed a comprehensive assessment to understand the long-term challenges we would face by prioritizing the SDGs. In 2017, we integrated them into our Sustainability Report and aligned our management, business results and performance, with special emphasis on the respect for human rights, protection of the environment and the precautionary principle, as well as best workplace practices and ethical action to build trust.

In 2018, we have understood that the

SDGs interact with each other and enable us to develop value propositions for sustainable development. We put them in motion through projects and programs that are aligned with the Group's Maturing and Value Creation Model, and with the other transformations discussed in this report, which prepare us to become one of the fastest-growing companies in Latin America.

Taking into consideration the prioritized sectors and strategies, the following was the action route for the shared value projects we carried out in 2018:

### Action route for the Shared Value Programs



These are some of the most relevant shared value initiatives and projects we launched in our areas of influence in 2018:

- **Energy for Peace** seeks to restore the rights of victims that were violated during the armed conflict at 11 municipalities, 82 districts and 5 ethnic groups in Valle, Tolima and Huila. The objective is to recover their territory through operational and humanitarian demining, while at the same time providing safe conditions to perform the Tesalia Alférez Project.
- **Recreation, sports and entrepreneurial projects** with communities in the urban areas of Cartagena in our Bolívar-Cartagena Project's area of influence.
- Through our *Unidos con Energía* (United with

Energy) volunteer program, we carried out activities to embellish parks and different areas in Bogotá and other areas of the country.

- Activities with youth of the District Institute for Protection of Children and Youth (Idipron, for the Spanish original) at the Tominé Reservoir.
- In Peru, we assisted women heads of household who work at people's soup kitchens by installing free gas connections, and we have a positive influence of improving air quality for the city of Lima. We already have 800 soup kitchens connected to gas.
- In Guatemala, we promoted the empowerment of women by supporting their knitting culture and embroidery of typical dresses.

Sustainability, shared value and social investment are in our DNA. In 2018, we attended several events to acquire new knowledge and strengthen our model, in order to continue learning about good international practices.

- **Partnering for Green Growth (PG4 Summit).** In Copenhagen (Denmark), where we reiterated the importance of looking at our investment in sustainability as an opportunity to grow and to be more competitive.
- **Business Social Responsibility (BRS) Congress.** In New York (United States), where we learned how shared value is having a positive impact on companies and on the way of doing business.
- **Iberian-American Summit.** In Guatemala, where we presented the contributions of the private sector in attaining the Sustainable Development Goals (SDGs).
- **Sustainable Connections II.** An internal event of Grupo Energía Bogotá where we discussed the best opportunities for addressing sustainability.
- **Introduction to shared value workshop.** With the social impact consulting firm FSG, during which we reached agreements on the relevance of shared value for our purposes.

## Our Stakeholders

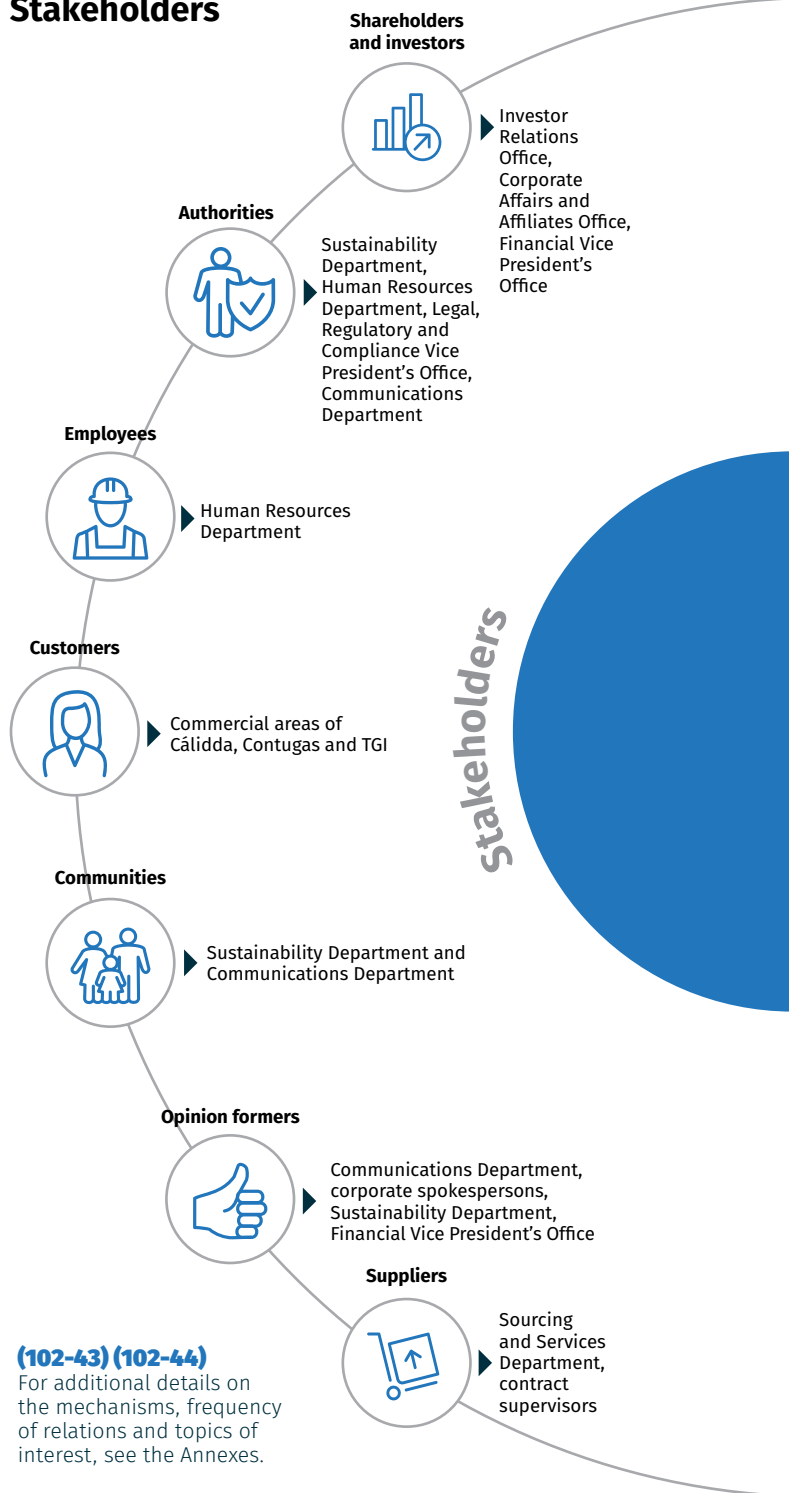
**(102-42) (102-40) (102-43)** We are a strategic connector not only for operations and business, but also for all the territories where we relate with our stakeholders. In permanent communication, with specific messages on positive transformation, and the legitimacy we achieve through our model require relationships based on trust. In this regard, the genuine relations that form part of our corporate identity have enabled us to get to know each territory and to identify different stakeholders.

We study the territories in which we operate to identify risks and opportunities in order to establish priorities with stakeholders, according to criteria defined by the various areas that manage communication channels and corporate relations, who also update their agendas every year and develop plans aimed at addressing the interests, level of influence, actual requirements and

opportunities to meet expectations related to the creation of shared value and distributed value.

The stakeholder relations channels are primarily managed by the following actors:

## Stakeholders



## Citizens who stand out with their good deeds

In Bogotá, and throughout Colombia, thousands of people wake up every day to work for others and to make our country a better place to live. They are unsung heroes who help, without expecting anything in return, with large or small deeds that help build a kinder and more inclusive society.

These are the people to whom Grupo Energía Bogotá paid tribute during the second edition of the *Ciudadanos con Buena Energía* (Citizens with Good Energy) Award, an event held in December that highlighted stories that inspire and leave their mark on other citizens.

**Ten nominees were selected and three stories were awarded:**



### Juan Camilo Chávez

Inspired by his sister's soul, he took the initiative of warning young people about the dangers of social networks.

### Ana Inés Vásquez

With her community, she gave a world class gift to Bosa (locality of the district of Bogotá), which was recognized as the cleanest neighborhood in Latin America.



### Natalia Ortiz

She leads the *Jerónimo, Soy Muy Feliz* Foundation, which creates spaces to generate emotional benefits for children with cancer and their families.



Astrid Álvarez, President of Grupo Energía Bogotá, with communities in La Guajira, Colectora Project's area of influence

## Ethnic relations

As a Group, one of the most important achievements in terms of human rights in 2018 was to help reconcile the visions of different communities where our projects are located, always respecting their customs and culture.

We currently have an Inter-cultural Relations Protocol in place, the purpose of which is to enable communities to participate in the environmental impact assessments and in decision-making. The protocol was developed taking into consideration the "International Labor Organization Convention 169 (ILO, 1989) on Indigenous and Tribal Peoples", which was adopted by Colombia through Law 21/1991. It provides guidelines for the protection of the rights of peoples and to ensure respect for their integrity, culture, land and natural resources, and to enable them to take part in decisions that affect their development.

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**Our Organization is committed to good ethnic relations because it strengthens the development of the communities, the respect for their customs and their quality of life, a constitutional right we must guarantee.**

As a Group we have established a philosophy of respect for human rights which we apply throughout our businesses and territories, taking into consideration the particularities of each country. For example, in Guatemala, where 70% of the population is indigenous, prior consultations are carried out following the guidelines of the International Labor Organization's (ILO) Convention 169. In the case of Peru, we should communicate a project's impact and management to the communities during prior consultations. However, it is not mandatory for ethnic groups to participate in decisions related to managing the project's impacts, as is the case in Colombia.

During 2017, we held consultations with three community councils for the 110 kV La Loma Project, which is currently in the licensing stage. In 2018, we filed the request for the Refuerzo Suroccidental Project, section 102, where the indigenous community Embera and the councils of San Antonio, El Castillo and Afrotiple are present. Once the project is drafted, the environmental impact assessment will be presented to the communities.

In Colombia, we also held prior consultations with four peoples from Sierra Nevada de Santa Marta, where we communicated the impacts and benefits of the Colectora Project and began to identify the 145 Wayuú communities in La Guajira and Afro-Colombian communities in the territory.

We also carried out ethnic relations activities in Guatemala in the areas where TRECESA carries out its projects. Thanks to the construction of a road, 1,500 people are now able to transport their products and supplies, thereby improving their income.

As a result of these efforts, no complaints, penalties or rulings have been filed at our Human Rights offices that would imply interrupting operations or project execution. In the event any should arise, we will always manage them within the legal framework and with assistance from the Ministries of the Interior of each country.

## Materiality

The consolidation of our Business Group and our Strategic Business Groups is

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**As a result of our ethnic relations, no complaints have been filed at the Human Rights offices in Colombia, Brazil, Guatemala and Peru.**

aimed at creating value over the long term. To achieve this, our genuine relations with stakeholders have enabled us to define relevant topics for our corporate strategy, for our management and for our shared value projects.

**(102-46)** In order to communicate our efforts and results we have followed the guidelines of the GRI standard to focus on what is important, where it is important and who it is important for, based on the positive and negative impacts of our operations.

To this end, an exercise to prioritize topics was carried out in 2017, based on internal and external inputs of our companies and their sustainability contexts. In 2018, we carried out a review to validate these topics in our consolidation as a Group, and we designed an exercise to be carried out in 2019 covering the Business Group, which will enable us to identify new topics to continue positioning ourselves as key players for sustainable development who are legitimately recognized by our stakeholders.

The following were the main inputs taken into consideration in this materiality exercise:

### External inputs

- Global indicators and standards such as the Dow Jones Sustainability Index and SASB for energy and gas
- Most frequently viewed website contents
- External publications of interest

### Internal inputs

- Corporate strategy and Corporate Strategic Plan (CSP) monitoring
- Meetings with stakeholders
- Frequent inquiries through FAQs
- Previous materiality of Grupo Energía Bogotá companies
- Internal documents such as environmental risk matrices

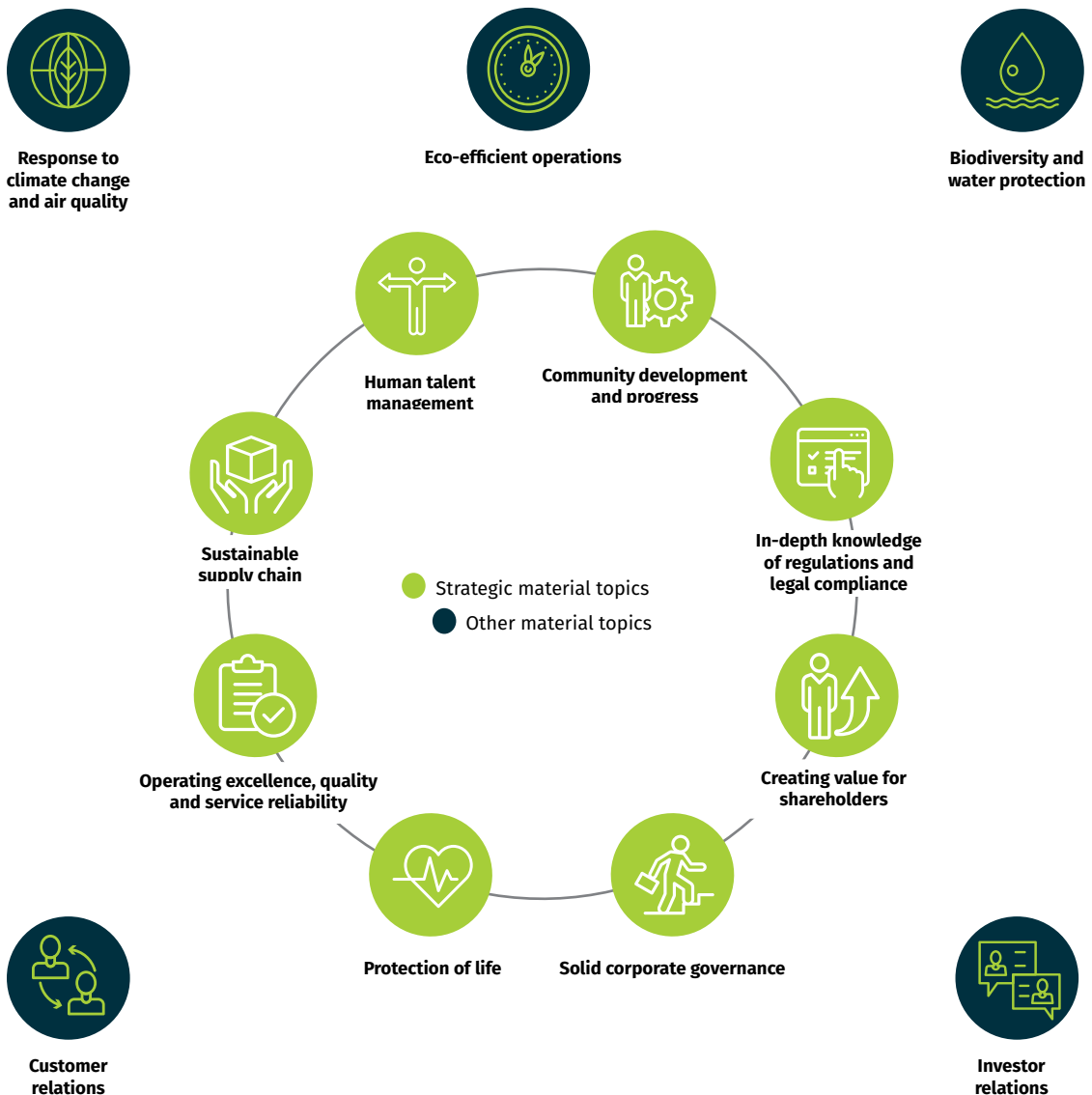
These inputs were reviewed using the following step-by-step process:

- Review of the criteria, topics of interest and recurring topics on which frequent queries are received.

- Identification of recurring topics of interest.
- Prioritize the topics based on inquiries with stakeholders and the corporate strategy.
- Validation of the topics through internal bodies and the Sustainable Development Management.
- In a future exercise to be held in 2019, review and reformulate from a Business Group perspective.

As a result of this process, we prioritized eight material topics that contribute to the attainment of the SDGs, with special emphasis on the guiding principles of our companies and human rights management:

## Material topics of Grupo Energía Bogotá (102-47)



## We manage our risks

**(103-1) (103-2) (102-11)** Risk management enables us to identify and establish the most suitable controls to minimize the risks faced by our businesses, as well as to assess and mitigate risks in the territories that may affect the communities where we operate. This contributes to the attainment of the strategic objectives and to the operating excellence we expect from each of our processes. It also contributes to building trust in relations with shareholders and investors and other stakeholders by disclosing relevant information on risk levels and the effectiveness of the controls implemented.

Risks are identified by means of an analysis of the context and the internal and external conditions that may have positive or negative influences on the Group's strategy and its operations. Additionally, by identifying the transferable risks, we manage our insurance policies and acquire the coverage required to mitigate financial costs for any claim events.

The effectiveness of our risk controls are monitored and reviewed by the Group in the framework of the **Internal Control System's three lines of defense**.

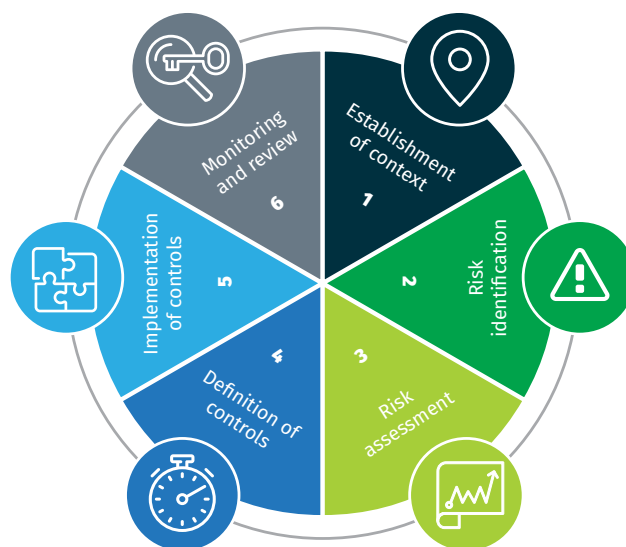
- **The team and process leaders**
- **The Risk and Insurance Management**
- **The Internal Audit Department based on the Annual Risk-Based Audit Plan**

Our efforts are guided by the Comprehensive Risk Management System, with support from the technical areas of the Sustainability Department in the case of specific risks, and the Three Lines of Defense Model of the Internal Control System during the monitoring and review stage. We also have a Risk Management Policy in place with relevant procedures. The responsibilities are defined within the system's governance structure, with support from the Internal Audit Department and the Board of Directors Audit and Risk Committee, which approves the guidelines and regularly monitors the effective implementation of the controls.



Scan this QR to view the Risk Management Policy

## Comprehensive Risk Management Model



**(103-3)** Every quarter, we perform a risk management review of all companies controlled by the Group, and each company presents its results to the Audit and Risk Committee, including any relevant changes in the risk matrices and the control monitoring results. The committee's recommendations and guidelines are implemented in order to improve the Risk Management System.

**(103-2)** The following were the risk management results in 2018:

- Identification of the risks of the new operating model for the Transmission Branch and updating the business's strategic risk matrix. This identification enables to establish of controls and mitigation measures to contribute to the adequate implementation of the changes at the organizational and structural level to be made in 2019.
- Adoption of a Risk Policy and an impact analysis methodology both at the Group and our controlled companies, which defines the guidelines and framework for action at all organizational levels. Risk management of the projects and of the Maturing and Value Creation Model are also aligned with this policy.





Handicraft maker in Manaure Viejo, La Guajira, in the Colectora Project's area of influence. Photograph by our employee Juan David López

- Consolidation of a risk management culture through a training program performed with the expert consultant Marsh Risk Consulting at the Group and controlled companies. In total, 150 team members were trained, including managers, risk managers and employees responsible for risks.
- Each strategic and bidding process performed during the year was reviewed to calculate risk levels, mitigate impacts and enhance competitiveness. We also provided ongoing assistance in identifying strategic risks at our controlled companies and for new business opportunities of the Generation, Transmission and Transport Strategic Groups.
- We monitored risks by processes in the framework of the external audit for ISO 9001 quality certification, focusing on the responsibilities of the first line of defense in the Group's control architecture (process leaders and implementers) on identifying and managing our risks.

**(103-2)** See the Annexes for more information on our strategic and emerging risks.

The following are our future risk management challenges:

#### Short term

- We will align risk management by process with the new organizational structure and changes.
- We will review and update the risk appetite of Grupo Energía Bogotá and our affiliates, and will make appropriate updates to each of our current risk matrices.
- We will implement best methodological practices for measuring the effectiveness of risk controls.

#### Medium term

- We will consolidate a technological tool to manage risks at all levels of the Organization to facilitate analysis, interpretation and presentation of the information for adequate decision-making.
- We will mature the Business Continuity Management Model.

#### Long term

- We will manage opportunities by identifying and capitalizing on positive risks.

## **We promote development through Grupo Energía Bogotá Foundation**

During 2018, in the framework of its Strategic Plan, Fundación Grupo Energía Bogotá completed the consulting for its technical, economic and financial structure, including detailed plans for the Tominé Sustainability Project, which are key inputs for the development of the first stage of the project, the objective of which is to position this reservoir as a tourism attraction for enjoyment, recreation and eco-tourism, which will benefit the entire population of the Sabana de Bogotá and the rest of the country.

The studies and designs were developed in performance of Agreement 100775 (Grupo Energía Bogotá-TGI-GRB), for the implementation of the Foundation's Strategic Plan, as defined in 2016 by the Council of Founders.

In late 2018, we also defined the sustainability strategy, according to which in 2019 the Foundation will carry out activities to

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**We are aligned with the 2030 Development Agenda. The companies involved in this initiative have the potential of growing two or three times faster than average GDP over the next 10 to 15 years.**

enhance genuine relations with stakeholders at Group companies, aimed at strengthening bonds of trust that unite us in the common objective of carrying out responsible and sustainable management from an environmental and social perspective.



Group corporate volunteers at the Las Cruces Neighborhood in Bogotá.

## Tominé, the green heart

In the Sabana de Bogotá, we will contribute to the development of a great space for the enjoyment of all residents of Bogotá and national and international visitors. It is the Tominé Reservoir, an asset of Grupo Energía Bogotá with an area of 4,900 ha, located between the municipalities of Guatavita, Sesquilé and Guasca, in Cundinamarca.

In addition to being a water reserve and valuable environmental water regulator for the country's capital, it is used to generate energy at the Paraíso-La Guaca Line. In order to ensure the sustainability and to mitigate risks at this asset, we plan to use the land that surrounds the reservoir for sports, cultural and recreational activities.

In 2018, we completed the technical studies on the viability of the Tominé Project, we drafted detailed designs and assisted the Bogotá Capital District in raising COP 80,000 million from the General Royalties System. These resources were approved by the Collegiate Administrative and Decision Body (OCAD, for the Spanish original) on December 11, 2018.

As part of the community relations strategy in the asset's area of influence, we worked on informing about the project through over 40 information meetings, and we carried out activities such as *Cine Tominé* (Tominé Film), with participation by over 500 children from Guasca, Guatavita and Sesquilé.

Through a partnership with the District Development Department, 22 farmers from the 3 municipalities participated in 14 farmer's markets in Bogotá, and through a partnership with the local Chamber of Commerce, SENA and Artesanías de Colombia, entrepreneurs from these municipalities received courses on tourism, food handling, handicraft production, and environmental care, among others.

Through a partnership with the City Education Department of Bogotá, the City's Recreation and Sports Institute and the *Empresa de Acueducto de Bogotá*, we carried out youth camps called *La Ciudad de los Sueños* (The City of Your Dreams), with over 3,200 children from city schools in Bogotá, who enjoyed a three-day and two-night pedagogical outing at Tominé. Under the same format and through a partnership with the District Institute for Protection of

Children and Youth (Idipron), we organized youth camps called *Mi huella en Tominé* (My Footprint in Tominé), which benefited 150 homeless youths, who worked on maintenance activities while they had an experience related to their life projects.

We also held a photography and drawing contest on the plants and animals of Tominé, with the participation of children and teenagers from all the schools in the three municipalities. Also, on Children's Day we handed out school kits to 2,500 pupils from rural schools. Lastly, we held a Christmas Carols event in Guatavita, where 250 people enjoyed the talent of the Children's Symphonic Band from this municipality.

We participated in sports, recreation and cultural activities to publicize this area. For example, we promoted the Tominé Bicycle tour in partnership with the City's Tourism Institute and the City's Recreation and Sports Institute in the surrounding area of the reservoir, with the participation of over 500 athletes.

Jointly with the National Police, we assisted in a security diagnosis in Guatavita, Guasca and Sesquilé, and we presented the results to the mayors and other municipal authorities, aimed at developing a coordinated plan and minimizing security risks.

**Tominé Reservoir,  
"the green heart of  
Grupo Energía Bogotá"**

