

**The target by 2023 is to reach over 3,800 km of lines in Colombia.  
Photograph by our employee Julio Hurtado, from the Transmission Business**



# We are transforming

A new Operating Model led to the creation of the Transmission Branch, one of the Group's main businesses in Colombia.

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# Change Management


## The Energy of our Transformation

*"We have transformed ourselves to make history".* Under this premise, Grupo Energía Bogotá is now a consolidated and solid Business Group that has understood that in order to continue growing it needs to transform itself. This is what we have done over our 122 years of history, and we will continue to do so.

Transformation has become one of our Group's principles. We understood this in 2016, and as a result we redefined our corporate strategy in order to consolidate our position as leaders in the Latin American energy chain, and as one of the few groups that combine electric energy with gas in a coordinated manner.

Following two years of implementation of the approved strategy, in 2018 we updated our Corporate Strategic Plan (CSP) to adapt it to market conditions, to the current situation and to the new challenges that lie ahead for the Group.

All the above in order to address the key challenges faced by the energy sector and as a Business Group, to maintain the path of profitable growth, to achieve the Mega Goals set for 2025, to actively intervene in our companies and to continue working on the public-private Governance Model, of which we are a regional benchmark-setter.



**City Gate of TGI in Buga, Valle del Cauca, is part of the infrastructure that enables the transportation of natural gas to the west of the country.**

## Corporate strategy



In order to implement our corporate strategy, we made two decisions:



▶ To focus the efforts of the corporate office on its role as Strategic Connector.



▶ To separate and leverage the Transmission Business as a branch (it was previously included in the Group's operations).

The Group Transformation project was born from this process with two central objectives and a cross-cutting strategy:



▶ Redesign the processes.

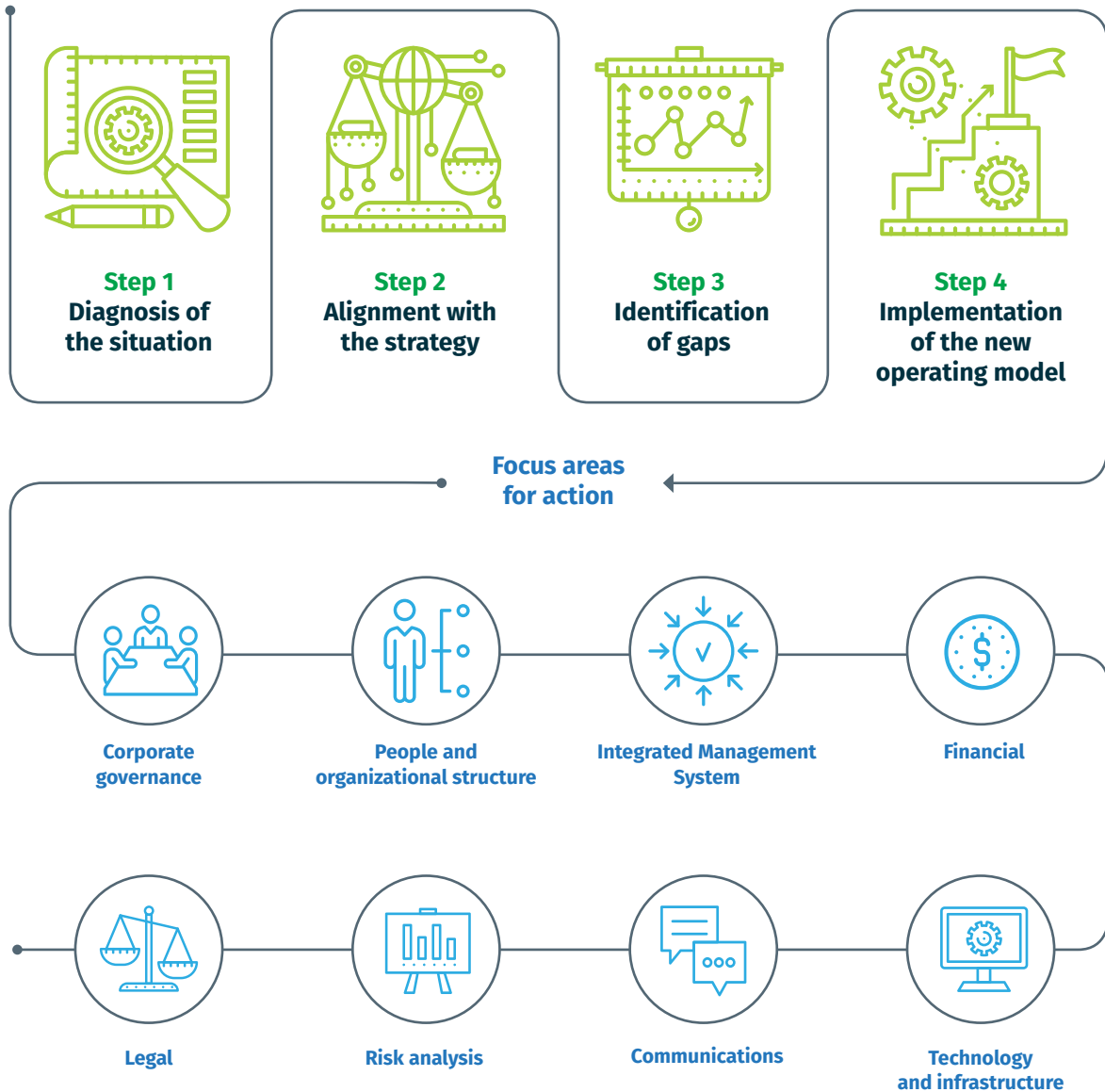


▶ Redefine the organizational structure.



▶ Change management.

## Transformation Project on the Move



During 2018, we undertook this project in four stages. First we diagnosed the situation to define the operating model, based on the analysis of the existing processes and organizational structure, compared to the required processes and organizational structure, **using as reference the processes proposed by the American Productivity & Quality Center (APQC)**, aligned with the industry's good practices. We also verified that these processes would enable the incorporation and development of the Group's capabilities.

Based on this work, we decided to undertake a deep transformation of the Organiza-

tion in terms of our core capabilities: those that define the Group's DNA and that of the Transmission Business, aimed at achieving our Mega Goals.

Once these core capabilities were defined, the next step was to align them with the strategy by designing the new operating model and the required organizational structure and processes. At this point, we differentiated those that belong to the Group, those that belong to the Transmission Business, and those that are shared by both.

The third step was to identify existing gaps: we defined the initiatives that would be required to take the Group to the desired

scenario in terms of processes and organizational structure.

The identification of these gaps enabled us to design the fourth stage: the implementation of the new operating model by putting the required activities in motion to lead the Company to the desired situation.

Today, the Transformation project displays resounding results, performed in 2018 in the eight defined action focus areas:

- **Corporate governance:** we defined the responsibilities and tasks of Senior Management, reviewed and established committees and the model according to service levels.
  - **Integrated Management System:** we defined the new Operating Model and the map of processes, and updated process descriptions, the architecture of metrics and mechanisms for their verification.
  - **Financial:** we implemented the financial structure and defined the 2019 budget for the Transmission Business, separately from the corporate business.
  - **Legal:** we defined the powers and legal representation of the General Manager of the Transmission Business, and registered in the mercantile registry.
  - **Risk analysis:** we identified new risks and updated the current risk maps.
- **Communications:** we designed the communications and positioning strategy both of the corporate office and of the Transmission Business.
  - **Technology and infrastructure:** we defined the physical infrastructure required to implement the new operating model, we developed and established software parameters, and took steps to ensure robust information and cybernetic security for business continuity.
  - **People and organizational structure:** we defined the organizational chart, the profiles and responsibilities of each position, the population of the defined structure and the Change Management Plan.

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**As a result of the Transformation project, we have 23 organizational processes and 2 structures in place that are independent from the corporate area for the Transmission Business.**

Transmission Business engineers at the La Loma Project, Cesar, which will improve energy service for industries in this department



## Changes for the people and by the people

With the certainty that once change management is incorporated in organizations, they and their teams adapt and contribute to being quicker and more effective, at Grupo Energía Bogotá, we define it as a cross-cutting strategy for our transformation process.

We conceive change management as a continuous action, as a process that endures and never ends, that is permanent and is maintained in the long term.

To this end, we focus our tasks on two action lines:

- **With employees**, generate the capacity to accept, to change and to promote change.
- **With the Company**, adopt a methodology to ensure that change takes place.

One of the most important results in 2018 was the definition and launch of the Change Management Plan, using the Prosci methodology. It is a step-by-step methodology that is managed in each of the Company's individual projects and enables the creation of competencies for change.

In the initial actions we focused on employees, as they are the key players in making the Transformation project a reality. To this end, we selected a group of 61 leaders, who are responsible for driving change in the Organization and its different areas using a common methodology. They were provided training on the methodology.

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**Change is the ability that moves us and today we are one of the leading groups in the energy chain in several Latin American countries.**

## Our commitment

In 2019, we will continue the process of permanent transformation. From January to April we will continue to implement and strengthen the new operating model, and to identify and implement action plans to close the identified gaps.

We expect to complete this process in the first half of 2019, but this does not imply that we will put a pause in our Company's transforming power. The challenge is to continue steering the changes and process improvements using the Group's Integrated Management System to ensure management, continuity, sustainability and the occupational safety and health culture and the improvement of the defined operating model; in this manner we will ensure that we maintain our international certifications: ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007. We will also perform a diagnosis to align the operating model with the affiliates.

The Change Management challenge is even greater: to give continuity to the Transformation project in the entire Group. To this end, we will continue to implement the Leadership Plan to ensure employees understand the underlying reasons for the changes, to create the desire to change at each position and role in the Group and to identify the most valuable opportunities to decide to undertake the best practices.



### Work environment

Our image as a Business Group, the positive impact we have in the territories where we operate, our motivation for addressing the transformation and the future of the Group, are reflected in our work environment. We are filled with pride: the organizational and pride dimensions reached the highest levels in 2018.



### Sourcing Model and Supply Chain Management

It makes us efficient, maximizes resources and produces savings under logistics arrangements, which additionally contribute to our supplier relations.

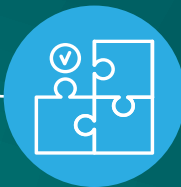


### Transmission Business

We structured a transformation in the way we operate, to specialize and recognize ourselves as leaders because of our operating excellence through a corporate office and an Electricity Transmission Branch.

# SUCCESS STORIES

## OF OUR TRANSFORMATION



### Three Lines of Defense Model

It refers to the Group's Internal Control System, which empowers us at all levels of the Organization in connection with the action standards and principles that mitigate risks.



### Maturing and Value Creation Model

It unifies all projects that intend to maximize the value we create as a Group. It is the new language of Grupo Energía Bogotá.



### Gender equality

Gender equality in the energy industry and the gender gaps in the territories where we operate are transformations that differentiate us.



### Change management

It implies understanding the reasons for the transformation and how each one of us decides on the processes that foster a powerful Business Group.