



Management with Social Awareness

- 10. Management and Financial Report
- 13. Business Environment
- 15. Financial Results
- 16. Strategic Business Groups
- 18. Vision of the Future

Meeting with representatives of the Wiwa people, in the township of Patillal (Cesar), during a prior consultations event for the Colectora project

Management and Financial Report

Dear Shareholders and Stakeholders,

It is highly satisfactory to report positive financial, operating and social contribution results for Grupo Energía Bogotá and its affiliates in 2019, a year during which we consolidated the objectives we had set out in our Corporate Strategic Plan (CSP), the roadmap we developed four years ago to position ourselves as one of the most important companies in Latin America's energy industry.

In 2016 we launched a profound transformation to drive the Group's growth and make it more competitive in the highly dynamic energy sector. We evolved from being an electric energy transmission company with an investment portfolio to becoming a major Corporate Group with nine affiliates in Colombia, Peru, Brazil and Guatemala, and equity stakes in other major companies in the electric energy and natural gas value chain.

We set out to develop leading and profitable companies all along the energy value chain, with the highest standards of Corporate Governance and Sustainability, and we are well on track to achieving this objective. We are a strategic connector that adds value to companies and brings together ideas, knowledge, capital and resources. We share the best practices and promote the growth agendas of each of our companies.

We currently have 7.4 million customers through controlled and non-controlled companies, 14,006 kilometers of transmission lines, over 4,500 kilometers of gas pipelines, close to 12,000 kilometers in natural gas distribution networks and installed capacity of 3,506 megawatts.

The results we present in this *2019 Sustainability Report* confirm that we made the right decision. Last year we achieved record revenues and profits, as well as record dividends paid out to the Capital District of Bogotá, our main shareholder (with 65.7% of shareholdings) and to over 6,000 private investors who have placed their trust in GEB.

In 2019 we continued to expand in the countries where we are present through the acquisition of electric energy distribution and transmission companies in Peru and Brazil. We started up operations at new projects, increased our number of customers, raised our share of the energy value chain and built closer links with the communities in the territories where we carry out our projects, as a legitimate actor that contributes to well-being and progress in the framework of the Sustainable Development Goals.

These achievements are based on two pillars of growth. The first is our solid Corporate Governance, which has made us more competitive, sustainable and profitable.

Our Corporate Governance was strengthened thanks to the adoption of the measures contained in *Código País* (based on the recommendations of the Organization for Economic Co-operation

Beyond building and managing energy infrastructure assets, our 2,317 employees stand out for acting with Social Awareness.



Maintenance work at our transmission lines in Guasca (Cundinamarca)

and Development, OECD) and the Democratization Process of a percentage of shares held by the Capital District in Grupo Energía Bogotá, which involved a Shareholder Agreement that provides for rigorous independence criteria and strengthening of all governance bodies to promote decision-making based on technical processes and criteria. An example of this is that for the first time in the history of Grupo Energía Bogotá, an independent member was elected as Chairman of the Board of Directors.

The other central pillar for our growth is Sustainability, which is the ability of Grupo Energía Bogotá to understand and manage its social and environmental surroundings, innovate and adapt its businesses in order to achieve profitability and generate benefits for the territories in which we operate, with a long-term vision and with future generations in mind.

Beyond building and managing energy infrastructure assets and developing electricity transmission lines and gas pipelines, our 2,317 employees stand out for acting with Social Awareness and for addressing the needs of our environment with respect for each reality, building genuine long-term relationships based on trust.

Over the last four years we have benefited over 900,000 people, equivalent to 62% of the population in the areas of influence of our projects under construction and assets in operation.

COP 4.89
trillion in operating revenues.

COP 1.85
trillion in net income.

COP 27.8
trillion in consolidated assets.



Windmills in the municipality of Manaure (La Guajira) pump water to supply local communities

Thanks to our results in managing the Environmental, Social and Governance (ESG) factors of our businesses, for the eighth consecutive year we were ranked in the Dow Jones Sustainability Index, emerging market category, as the company with best performance in the gas sector. Additionally, for the second year in a row, we were listed in the Robeco SAM Sustainability Yearbook, which recognizes the top 15% of companies in each industry with best results in terms of Sustainability worldwide.

We also maintained high Occupational Safety and Health (OSH) standards and strengthened our main cultural attribute, Life Comes First, under the Vision Zero global prevention model. We also made major efforts to reduce and prevent any work-related accidents or diseases in all our operations.

In order to be more competitive and aligned with international trends, we began to implement a Digital Transformation process, involving an organizational change in which the people, the processes and the Business Model understand that technology is a tool to create value for employees and stakeholders. Our Digital Transformation aims to integrate new technologies in all areas of the Group and its affiliates in order to optimize processes, become more efficient, enhance service quality and reduce costs.

We also took major steps in promoting a more inclusive culture and closing the gender gap. In partnership with the Labor Ministry and the United Nations Development Program (UNDP), we are implementing the Equipares Gender Equality Management System, the purpose of which is to close gender gaps in organizations. We have also adopted a Policy on Diversity and Inclusion to promote a work environment that offers equal opportunities, rights and responsibilities for men and women.

Along with our financial, operating and social achievements, in 2019 we actively participated in national and international energy industry events, where we made proposals to benefit the sector. We established closer ties with representatives of the World Economic Forum, and we participated in a working session organized by the OECD in Paris (France), where we shared the corporate governance practices promoted by GEB and highlighted our democratization process.

We received recognitions that fill us with pride. Great Place to Work highlighted our work environment, for having reached very satisfactory level, above other companies in the sector. We climbed 18 positions in the ranking of the Corporate Reputation Monitor (Merco, for the Spanish original). Our Energy for Peace program, aimed at bringing progress and well-being to areas affected by the conflict, received four recognitions in 2019: The Women Together award, the Women Economic Forum, the 2019 Inspiring Company (from ANDI) and the social investment award of the Ministry of Mines and Energy.

We also received the Bonds & Loans Award from GFC Media Group in the "best Andean syndicated loan in 2018" category, for achieving favorable refinancing conditions

that enabled a substantial reduction in the company's financial cost. The award was received during the Bonds, Loans and Derivatives event, which brings together the main financial institutions, investment banks and corporate chief financial officers to share good practices and remain at the forefront of international trends.

Business Environment

A relevant event is an ongoing process at the Center for Arbitration and Reconciliation of the Chamber of Commerce of Bogotá related to arbitration proceedings between GEB and Enel Américas. In these proceedings, GEB has entered a series of claims associated with breach of investment framework agreements signed between the shareholders of Codensa and Emgesa.

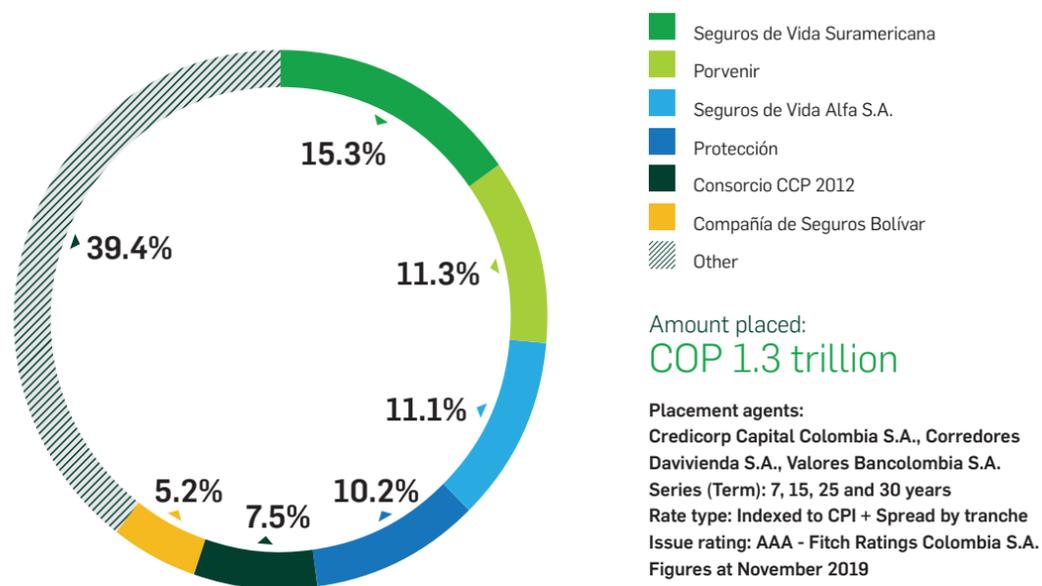
The claim seeks for the arbitrator to rule that Enel Américas has the binding obligation to fulfill the investment framework agreements, and on this basis, the development of any business related to non-conventional renewable energy sources by Enel or GEB must be jointly performed through Emgesa, and not individually, as Enel Américas has been doing through Enel Green Power Colombia S.A.S. It also seeks for the arbitration tribunal to rule on non-fulfillment by Enel regarding the distribution of 100% of the dividends generated by Emgesa and Codensa, in the terms of the investment framework agreements.

COP 14.2
trillion in liabilities

COP 13.1
trillion in equity

COP 1.29
trillion is the record proposed dividend payout

Main local bondholders



Source: Deceval local bondholder report - Confidential information Grupo Energía Bogotá 2020



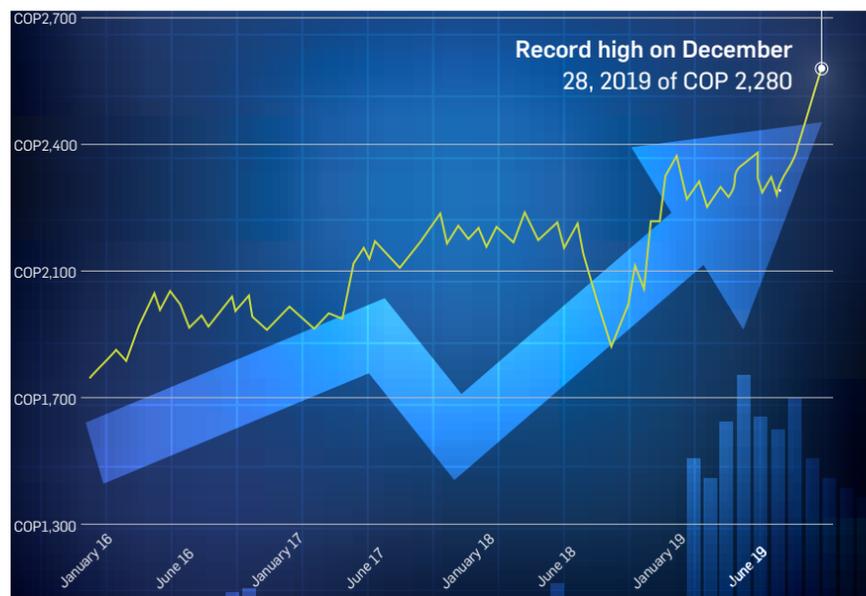
Electricity tower of the Brazilian company Argo, which is in the process of being acquired

Stock price trends

Between 2016 and December 31, 2019, the stock price has increased by over 30%.

Our Group has obtained the Colombian Securities Exchange's Investor Relations (IR) recognition since 2016.

We were ranked in **7th place among the 24** companies of the COLCAP index, with a 5.91% share of the total.



The arbitration tribunal should also rule on the change of brand of Emgesa and Codensa and on various decisions made in situations of conflict of interest and in breach of the bylaws and the investment framework agreements between the companies.

Simultaneously with the above arbitration proceedings, there are another two arbitration tribunals that should rule on the invalidity of the minutes of general meetings of shareholders and meetings of the boards of directors of Emgesa and Codensa, during which decisions were made in connection with the aforementioned claims.

Separately, we should point out that the businesses of Grupo Energía Bogotá displayed outstanding performance amidst a complex environment in Latin America, which only grew by 0.1%, the lowest growth rate in decades. Colombia stood out for having the highest economic growth in the region: an increase in Gross Domestic Product (GDP) of 3.3%, according to National Administrative Department of Statistics (DANE, for the Spanish original).

The electricity sector had a very dynamic year, with an increase in energy consumption of 4.02% in Colombia (71,925 gigawatts), according to XM, the wholesale market operator. The energy mix is about to experience major challenges due to

the entry of non-conventional renewable energy sources.

The gas market in Colombia faces a critical moment that requires making key decisions to assure supplies to meet demand with a diversity of complementary sources. This also requires regulations that enable profitable long-term investment, the use of existing resources and the development of future projects.

Financial Results

The Group's consolidated revenues increased from COP 4.00 trillion in 2018 to COP 4.89 trillion in 2019, with growth of 22.25%; profits increased by COP 1.75 trillion to COP 1.85 trillion at year end, a 5.71% increase. Consolidated adjusted EBITDA has increased over the last 10 years, displaying strong growth in the assets controlled by GEB, increasing from COP 2.64 trillion in 2018 to COP 3.12 in 2019, up 18.18%.

The dividend distribution proposal from 2019 profits to be submitted to the General Meeting of Shareholders is for COP 1.29 trillion, once again honoring the trust our shareholders have placed in Grupo Energía Bogotá.

The stock price has displayed positive performance, reaching all-time records, with valuation of 31.4% over the last four years, with cut-off at December 2019, which indicates that the market acknowledges the efforts we have made to consolidate the Group as a solid company managed according to the highest corporate governance standards, a sustainability strategy and profitable growth. For the sixth consecutive year we were received the IR recognition from the Colombian Securities Exchange.

Other highlights of our financial management include the refinancing of the syndicated loan signed in 2017 for USD 749 million; the deal enabled improving and cost and profile of the company's debt (maturity of the obligation was extended by one year until July 23, 2024), and the interest rates was reduced from LIBOR + 2.15% to LIBOR + 1.625%, producing annual savings of approximately USD 3.93 million.

The consolidated assets of Grupo Energía Bogotá totaled COP 27.8 trillion, liabilities totaled COP 14.2 trillion, and equity reached COP 13.1 trillion.

Strategic Business Groups

Transmission and Transport

This SBG displayed strong dynamics and outstanding events in 2019. We reached 14,006 kilometers of electric energy transmission lines, including our controlled and non-controlled companies, and 4,017 kilometers of gas pipelines through our TGI subsidiary.

We continue to move forward with our International Expansion and Strengthening Plan in the Latin American countries where we are present. In Brazil, jointly with the Spanish company Red Eléctrica Internacional, we initiated the process of acquiring 100%, in equal shares, of the Brazilian company Energia Empreendimentos e Participações S.A. (Argo).

Through this operation, which is currently under regulatory review and which totals BRL 1,775 million for GEB, we will add 1,460 kilometers of transmission lines and 11 substations distributed in the states of Ceará, Maranhão, Minas Gerais, Piauí and Rondonia. Our objective is to build a major electric energy transmission platform in Brazil.

In Colombia, through our Transmission Branch we remain the second-largest electric energy transmission company, with a share of 20% of the revenues of the National Transmission System (STN, for the Spanish original). We currently have nine projects under execution in the STN: Colectora, Sogamoso-Norte-Nueva Esperanza, Chivor II-Norte-Bacatá, Refuerzo Suroccidental, Tesalia-Alférez, the Ren-

acer-Mocoa substation, La Loma, San Fernando-Ecopetrol and the Drummond connection, through which our transmission lines will increase from 1,655 kilometers to 4,004, and our substations will grow from 29 to 48 by 2023.

Through our Transmission Branch, in 2019 we acquired assets in operation, including the substations Betania 230 kV and Tuluní 230 kV, and their associated lines.

One of the greatest challenges for electricity transmission, sustainability and shared value programs, and the development of non-conventional renewable energy sources in the country, are the prior consultations currently underway with the indigenous peoples of Sierra Nevada, Cesar and La Guajira, through which the Colectora project will pass, which involves building of 480 kilometers of transmission lines and two substations: Colectora and Cuestecitas.

This is a key project because it will enable carrying the electricity to be generated by the planned solar and wind farms in northern Colombia to the rest of the country. This is one of the largest prior consultations processes at present, because it involves 235 communities, which is a huge challenge for both Grupo Energía Bogotá and the government entities.

Our subsidiary Transportadora de Gas Internacional (TGI), a leading natural gas transportation company with a 54% market share and 4,017 kilometers of gas pipelines, started up operations at the Puerto Romero-Vasconia loop of the Cusiana Phase IV project. It also started up operations of the Pompeya and Yarigüies-Puerto Wilches sections. TGI stands out because of its solid Occupational Safety and Health (OSH) program, and for the fifth consecutive year no deaths were reported in operations, maintenance and development projects.

On its part, Transportadora de Energía de Centroamérica (Trecsa) reported a 77.2% completion rate in construction of the Electricity Transmission System Expansion Plan (PET, for the Spanish original), with 556 kilometers built of the project's total 866 kilometers; it consolidated the associated Chiantla substation and obtained construction licenses for areas such as Sololá.

Eebis, another GEB subsidiary, obtained recognition for a toll at Anillo Pacífico Sur, the first private project undertaken and which was 100% completed in Guatemala. This project consists of 96 kilometers of transmission lines and 7 substations that connect the region's sugar mills.



Our Cálidda employees and the administrative headquarters in Lima, Peru

Distribution

Through our Distribution SBG we reach 7.4 million customers, including 4.1 million electricity and 3.3 million natural gas customers.

Our subsidiary Cálidda, the largest natural gas distributor in Peru, with a 74% market share and 11,166 kilometers of distribution networks, achieved a record number of new connections: 191,466 last year, 4% more than the new connections reported in 2018. As a result, the company now serves 952,682 connected customers in the residential, commercial and industrial sectors, the highest number in its 15 years of history. It also arranged a local corporate bond issue that raised approximately USD 100 million, at a rate of 5.03%.

The company climbed up 18 positions in the Merco ranking, from position 42 in 2018 to 24 last year.

On its part, Contugas, with 300 kilometers of gas pipelines and over 1,000 kilometers of distribution networks, also achieved a record of over 60,000 connections, which implies that natural gas is becoming a mass market throughout the Ica region. In this manner, an ever increasing number of Peruvian families enjoy access to gas, which is more affordable and environmentally-friendly than the alternatives.

On September 30, 2019, the company successfully refinanced its syndicated loan in the amount of USD 355 million.

Our leadership in the Peruvian energy market, where we are number one in electric energy

transmission and natural gas distribution, was further leveraged last year by entering the electric energy distribution market. We successfully acquired Grupo Electro Dunas, which is comprised by three companies: Electro Dunas (an electricity distribution company), Cantalloc (which provides operation and maintenance services) and Perú Power Company (which develops co-generation, distributed generation and energy efficiency projects). The holding company, which has 245,990 users, was acquired in August 2019

7.4
million customers through
controlled and non-controlled
companies
Over
14,000
kilometers of electric energy
transmission lines through controlled
and non-controlled companies

Over
4,500
kilometers of gas pipelines
through subsidiaries

for USD 260 million. Through this operation, Grupo Energía Bogotá will have a 4% share of the Peruvian electric energy distribution market, and adds 605 employees to its payroll.

The companies of Grupo Electro Dunas contributed close to 2.1% of GEB's consolidated EBITDA in 2019. Given the geographic location of the operations of Contugas and Electro Dunas, we expect these companies to achieve significant operating synergies in the operating, commercial and financial fronts.

Electro Dunas, with 107 years of history, has an area of coverage of 5,402 square kilometers, and it primarily operates in the province of Ica, which is one of Peru's most dynamic and prosperous areas, as well as in Huancavelica and Ayacucho. It has presence in 11 provinces: Ica, Pisco, Chincha, Nasca and Palpa (Ica); Castrovirreyna and Huaytará (Huancavelica), and Lucanas, Parinacochas, Paucar del Sarasara and Sucre (Ayacucho). It features highly efficient operations, high collections levels, low levels of electricity losses, low operating costs and high service quality indicators.

Generation

The main investment of this Strategic Business Group is Emgesa, which has installed capacity of 3,506 megawatts, a 20.2% share of Colombia's installed capacity and a 21.7% share of total generation in 2019. It is one of the country's most important electric energy generation companies, and its major assets include the hydroelectric plants of Guavio (Cundinamarca) and Quimbo (Huila), and the Betania dam.

This sector has substantial growth potential, given that the government has adopted measures to enable greater diversification of the energy mix.

Currently, non-conventional renewable energy sources account for less than 1% of the mix, but the government expects that by 2030 at least 25% of the energy generated in the country will come from such sources, especially wind and solar energy. Global forecasts are ambitious, given that wind and solar energy are expected to produce 50% of the world's electricity by 2050.

Given this environment, GEB will search for investment opportunities in generation assets in

the countries in which it is present. In Colombia, the strategy focuses on the growth of Emgesa, through which investments of this type are expected to be made to assure its growth and consolidation.

Vision of the Future

The transformation we have implemented in recent years will allow us to continue growing in the Latin American energy market. To this end, we have set ourselves great challenges, including a Mega strategic vision, which states that by 2025 "Grupo Energía Bogotá will be among the five companies with greatest profits in the Colombian market, with year-on-year growth of more than 9%, and its companies will generate EBITDA of more than COP 8 trillion from their Latin American operations".

We will continue to search for growth opportunities in Latin America in the energy transmission business, where we will participate in bidding processes for new expansion projects. In natural gas, we will continue to promote the massification use of this type of energy, not only for consumption by households, industry and commerce, but also for mass transport as it is the more environmentally friendly transitional energy source.

Another objective is to maintain operational excellence, with high standards and Superior Performance by each of our employees, as well as working to incorporate new technologies (digitalization, storage, use of hydrogen), in order to become more efficient and competitive.

And we will of course continue to implement Shared Value programs to bring progress and well-being to the communities in the territories in which our assets are present.

Our corporate group will continue to work with enthusiasm and to contribute to the growth and development of Colombia, Peru, Brazil and Guatemala.

Thank you.


Astrid Álvarez Hernández

President of Grupo Energía Bogotá

(*) Weighted EBITDA of the individual assets.



Photograph by our employee Luis Ardila Cárdenas, from the GEB photography contest