

Risk Management

We prevent and act upon risks

In the strategic map of GEB and its affiliates we keep in mind the way to prevent and act in case of eventualities. Our proactive attitude will always prevent crises or lessen their effects.

Why is it important?

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At Grupo Energía Bogotá, through the identification of risks and the adequate implementation of actions to mitigate their impact and probability of occurrence, we contribute to fulfilling our strategy and to the continuous improvement of our operations at all Group companies.

By being on the lookout for potential and emerging situations that may affect the organization and generating early warnings and managing risks within our acceptable risk appetite facilitates our decision-making, and also determines the risk levels, the contingencies and the competitiveness of our offerings in the case of new investments.

This management system prepares us to respond to any requirements by the internal and external oversight bodies, as well as comply with international standards related to quality, the environment, and Occupational Safety and Health (OSH). It is also a key element for building trust.

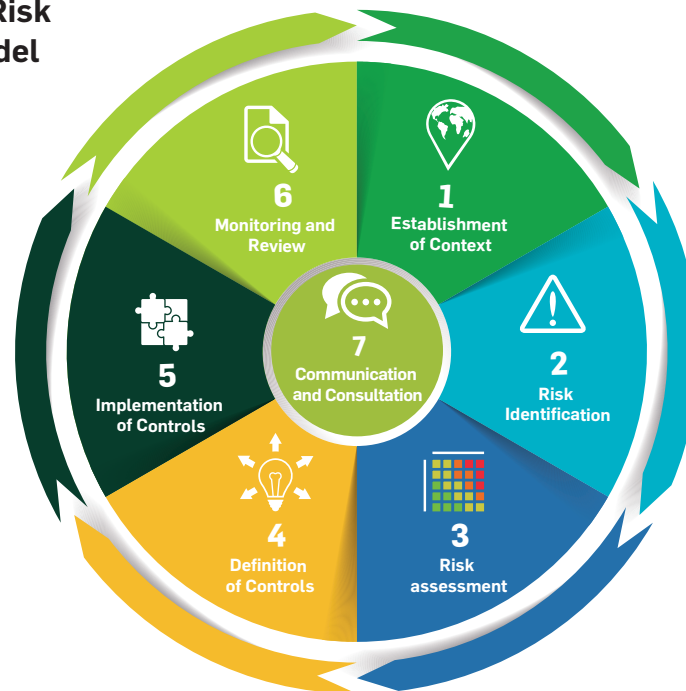
How we manage it

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Through application of our Comprehensive Risk Management Model, we identify and manage strategic risks in our processes and projects. From a strategic perspective, we identify events that may hinder or prevent fulfillment of our strategic objective of: "Proactively participating in the regu-

Comprehensive Risk Management Model

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Employees of Electro Dunas performing maintenance in Peru

latory agenda and in risk mitigation and control," which we implement at the Corporate Group and in all our businesses. In 2019, fulfillment of the indicators under this strategic objective reached 99.6%, thanks to the effectiveness of the model and performance of the initiative to strengthen financial risk management. (See annex - emerging strategic risks identified in 2019 in consolidation).

We identify and manage any transferable and insurable risks by acquiring insurance policies with the required coverage, thereby mitigating the financial impact of any loss event.

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Strengthening of our risk management culture has been a key element in achieving these results. This culture has been promoted at GEB and the affiliates by means of training included in the orientation program for all new hires. This training teaches the methodological aspects and the most important risks faced by the organization. We also raise awareness on the commitments and responsibilities of all employees regarding risk management.

During the year we provide reinforcement training at all levels of the organization, to ensure an adequate understanding of the Comprehensive Risk Management Model, and the methodology for its application. These training sessions are delivered at GEB, the Transmission Branch and at the affiliates.

Risk management is a process that requires monitoring and control, and for this reason at the Group we measure performance in project management through the Risk Management Indicator (RMI), and for processes through the Risk Materialization Indicator. Both indicators remained within the tolerable limits defined by the organization.

(103-3) Our Audit and Risk Committee is responsible for establishing general guidelines,

making recommendations to the Board of Directors on the risk matrix of the company and its affiliates, and for supervising and reporting periodically on the effective application of controls to identify, manage and report the main risks to the Board of Directors in a timely manner.

Our Internal Audits and the risk-based Annual Audit Plan also enable us to assess the risks and the effectiveness of the controls in mitigating them. In this process we assess both the design and operation of the risk controls, and we report any audit findings to provide feedback to the Risk Management System in order to take action and to continuously improve.

Every quarter the leader of the risk management area at GEB monitors this task to assess, among other matters, any new risks produced by changes in the internal or external environment, the materialization of any risks, the status of risk control implementation and performance results.

RESULTS

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- We approved and communicated the Comprehensive Risk Management Model, which provides a systematic approach for the continuous and effective improvement of risk management. This model consists of seven stages: establishing the context, risk identification, risk assessment, definition of controls, implementation of controls, monitoring and review, and communication and consultation.
- For each strategic project and UPME bidding process we undertook in 2019 we performed a risk assessment and the respective heat map, in order to calculate risk levels, mitigate impacts and increase competitiveness.
- We manage the risks of our projects with PMI standards, supported by the application of the Maturing and Value Creation Model.
- We strengthened risk management by adopting the GEB operating model in January 2019, through which the Comprehensive Risk Management process and its implementation were approved, to be managed through the Strategic Planning Department. This will provide us a global, comprehensive and strategic vision for Risk Management.
- Based on the approved model, we began updating the risk matrices by process to ensure their alignment with the new model and changes in the operational and organizational structure.
- We carried out an exercise to review and update the risks levels of the GEB and its affiliates, in order to strengthen our methodology for assessing them. In this process we took into consideration new elements to increase the accuracy of our calculations regarding their risk exposure. Some of the variables taken into consideration were the Corporate Strategic Plan (CSP), the risk response, the materialized risks and the financial structure.
- Our success stories associated with Risk Management include our participation in decision-making related to the acquisition of new businesses that will contribute to the Group's growth and expansion in Peru and its consolidation as a Multi-Latin group.



Photograph by our employee Mónica Sandoval in La Mesa, Cundinamarca

CHALLENGES

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- We will update the risk matrices according to the risks, levels and impact and probability assessment criteria that have been approved by the GEB and the affiliates.
- We will strengthen the Comprehensive Risk Management Model.
- We will work on the communication, understanding and implementation of the Comprehensive Risk Management Model at all levels of the organization and at the Group's affiliates.
- Our Risk Management will integrate strategic, process, project, OSH, environmental, SOX, information security and cyber-security risks, among others.
- We will lead the implementation of the Business Continuity Management Model.
- We will lead the integration and articulation of the Governance, Risk and Compliance models.
- We will adopt a technological tool with high standards to support Risk Management and its integration with the Control Architecture.
- We will identify and manage positive risks and opportunities in the strategic and process components.



TGI employees at the Mariquita gas compression station in Tolima