



GrupoEnergíaBogotá

# SUSTAINABILITY STRATEGY



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## INTRODUCTION

The higher purpose of GEB is defined as “Improving lives with sustainable and competitive energy”. Our business is then, in essence, the construction of sustainable societies through competitive businesses in the energy sector, and the generation of value for our shareholders and well-being for the communities in the regions where we operate. To achieve this higher purpose, GEB has set out to manage its operations “... based on social, environmental and corporate governance principles”. As part of its strategic vision, it has the aim of being recognized, as “...an ethical company, socially and environmentally responsible, sustainable and a leader in the energy transition and innovation ...”. Clearly, sustainability is our mandate.

However, the businesses of GEB and its subsidiaries, in addition to the promotion of social well-being and equality through the generation, transport and distribution of renewable energies, Non-Conventional Sources of Energy and natural gas, also contribute to the mitigation of climate change and to the energy transition. Of course, the value of the Group’s companies and their growth does not depend solely on our ability to generate the social and environmental benefits inherent to our businesses. It also depends on our ability to develop operations and projects in a sustainable way. That is, to generate positive social, economic and environmental impacts in the areas of influence of our projects and operations, to protect life, and to manage our business in an effective, efficient, transparent, integral, innovative and empathic manner.

Although access to clean energy and natural gas accelerates the improvement of social conditions and contributes to the mitigation of global climate change, the generation or extraction of this energy, and its transport and distribution are complex industrial processes that can also generate negative externalities for the environment and communities. This Sustainability Strategy is therefore necessary not only to prevent and mitigate those potential impacts but, even more, to make sure that our presence in the territories generates environmental and social benefits at the local and regional levels.

The purpose of GEB’s Sustainability Policy, adopted in 2019, is “... to conduct business operations that create value with excellence, in the framework of respect for human rights, the Sustainable Development Goals, and securing the trust of our stakeholders.” The Sustainability Strategy presented in this

document further develops this policy objective and additionally incorporates the values adopted by the Group: Life comes first, Integrity, Teamwork with individual responsibility, Focus on results ,and Empathy.

This strategy includes a series of principles or criteria for action that should guide the decisions and actions of all those who, in one way or another, participate in the processes necessary to bring electricity and gas to the places and to the people who need them. It also includes a series of more specific tactical guidelines that, while recognizing the diversity of conditions in the settings where Grupo Energía Bogotá operates, indicate the path to achieving the objectives of this strategy.

Finally, the formal adoption of this strategy by the governance bodies of Grupo Energía Bogotá will not be sufficient to effectively achieve its objectives. The conviction and legitimate commitment of all its employees, in all of its subsidiaries, and that of its contractors will be necessary. Those objectives will be achieved through a continuous process that will require the permanent commitment, collaboration and care of all those involved.

## 1. Grupo Energía Bogotá

Grupo Energía Bogotá S.A. ESP is a public utility services company, incorporated as a joint stock corporation, pursuant to the provisions of Law 142/1994. Its main shareholder is the Capital District of Bogotá (65.7%). It has several private shareholders, including pension funds, investment funds and private equity funds, and Corporación Financiera Colombiana.

GEB is a multi-Latin organization with 125 years of history. It has operations in electricity generation, transmission and distribution, and in natural gas transport and distribution, through its own companies and through its participation in other companies in Colombia, Peru, Brazil, Guatemala, Costa Rica and Panama.

Through its branch in Colombia, with more than 1,650 kilometers of lines in operation and 2,420 kilometers under construction<sup>1</sup>, GEB has more than 20% of the transmission market. Its subsidiary Transportadora de Gas Internacional (TGI) has a 54% share of the Colombian natural gas transportation market, and 4,028 kilometers of gas pipelines. In generation, through its participation in Emgesa, the Group has 20% of the national market. Through Codensa (in Bogotá) and Emsa (in the Department of Meta), GEB has 20.5% of the national distribution market.

In Peru, GEB has, through its participation in ISA REP and ISA Transmantaro, 67.8% of the transmission market. With the acquisition of Grupo Dunas (Electro Dunas, Cantalloc and Perú Power) it entered the power distribution business, with a 3.22% share of the national market. Additionally, with its companies Cálidda and Contugas, it is a leader in the distribution of natural gas.

In Brazil, through Gebbras, GEB operates 1,094 kilometers of transmission lines; and in 2020 it acquired, jointly with the Spanish Red Eléctrica Internacional, the company Argo Energía. With this acquisition it consolidated an additional 1,470 kilometers of transmission lines.

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<sup>1</sup> As of February 2021



In Guatemala, through its companies Transportadora de Energía de Centroamérica (TRECSEA) and EEBis, GEB has a 20.8% share of the national market. Trecsa is currently developing the Energy Transmission System Expansion Plan (PET)<sup>2</sup> which will allow the incorporation of several hydro, solar, geothermal, coal and biomass power generation plants, and will be a key factor for the country's development, growth and competitiveness. It will also contribute to the reduction of interruptions of the service caused by transport failures. EEBis, for its part, completed the construction of the South Pacific Ring (APS) in 2018. This project includes the construction of 96 kilometers of transmission lines and seven substations. These enabled the transportation of the renewable energy generated by various sugar mills,<sup>3</sup> and made it available to the National Interconnected System. It is the first project of its kind carried out by a private initiative in Guatemala.

## 2. Background and Justification

The GEB Sustainability Policy, adopted in 2019, includes, in essence, a series of commitments, among which the following stand out: the protection, the safety and health of all its employees; the compliance with all applicable environmental, social, and occupational safety and health legislation; the management of its operations under the precautionary principle; the maintenance of genuine and reliable relationships that lead to the strengthening of trust with its stakeholders; the respect for social diversity; the contribution to cultural and social development and economic growth; the management of alliances with partners committed to competitiveness, equity and public values; the promotion of research, development and innovation; the incorporation of practices that protect the environment; the provision of services that meet customer demands; and the improvement of its management systems. In a complementary manner, GEB has adopted a sustainability model consisting mainly of a series of general guidelines for environmental and social management. This model was based on 6 strategic lines<sup>4</sup>, and defined the general terms for the management of relations<sup>5</sup> and for innovation<sup>6</sup>.

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<sup>2</sup> The Plan includes the construction of 783 kilometers of transmission lines and 22 substations.

<sup>3</sup> Magdalena, Madre Tierra, Pantaleón, La Unión y Santa Ana.

<sup>4</sup> Cultural transformation in occupational health and safety; connections for progress through energy; promotion of the regulatory agenda; promotion of renewable energies; transformation of territories, and climate resilience.

<sup>5</sup> Social dialogue, intercultural relations, institutional strengthening, community empowerment, promotion of social leadership, accountability, social investment, and volunteering.

<sup>6</sup> Regulatory proactivity, new low-emission businesses, digitization, green financing, green corridors, archaeological heritage, and strategic multilateral alliances.



This strategy complements and develops the general policy guidelines and the Sustainability Model indicated above. It constitutes an instrument to guide the positions, decisions and actions of the employees, contractors and suppliers of GEB and its subsidiaries so that their work effectively contributes to the Higher Purpose of GEB, and to the achievement of the objectives of its Sustainability Policy. Consequently, it includes a series of Principles and Criteria for Action, and a series of Tactical Guidelines. Additionally, it describes the conceptual and legal framework of sustainable development, and the general characteristics of the contexts in which this strategy is to be developed. It presents, in general terms, the material topics, which are its pillars, and the stakeholders for which those topics are important. It describes the strategic role of innovation and highlights the reputational and economic benefits of sound corporate governance in terms of high environmental and social performance, ethics, compliance, transparency and effectiveness. Finally, it identifies certain elements to ensure that the Group's financial strategy effectively contributes to the objectives of this sustainability strategy.

This strategy is necessary because, as indicated before, despite the fact that GEB's businesses, in themselves, generate social well-being and contribute to the mitigation of climate change, its projects and operations can also generate negative externalities on the environment and communities. To control those potential externalities, and furthermore to ensure that our presence in the territories generates positive environmental and social benefits at the local level, this sustainability strategy contains a series of criteria for action and tactical guidelines that should guide our environmental and social management. Finally, this strategy recognizes that its objectives will be achieved only to the extent that the Group and its subsidiaries consolidate a culture of sustainability among their employees and contractors.

### 3. Conceptual Framework

The concept that economic, social and cultural development is sustainable when "...it meets the needs of the present without compromising the needs of future generations"<sup>7</sup> is not new, but it has not lost its validity. A development model is then sustainable if the accumulation of human capital and capital goods is not achieved through the deterioration or depreciation of natural,

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<sup>7</sup> UN. (1987). Our common future. New York.

economic, social or cultural capital, but through its recognition, protection and increase.

Since 1991, the Political Constitution of Colombia embraced the concept of sustainable development, and made it a constitutional mandate: “The State will plan the management and use of natural resources, to guarantee their sustainable development, conservation, restoration or replacement.”<sup>8</sup> Similarly, the Political Constitution of Guatemala<sup>9</sup> assigned the State the obligation to “propitiate” a form of development that “...maintains ecological balance”; while the Constitution of Brazil assigned the State the duty to “protect the environment and combat pollution in any of its forms”<sup>10</sup>. That of Peru, for its part, includes among the fundamental rights<sup>11</sup>, the right “...to enjoy a balanced and appropriate environment for the development of life”. Extensive jurisprudence has further developed these constitutional precepts and has given them content in light of international human rights treaties.

The relatively voluntary concept of corporate social responsibility has evolved into one of an explicit commitment to co-responsibility for the creation of conditions conducive to economic, social and cultural well-being. An important step in this direction was the adoption, in 2011, by the United Nations of the Guiding Principles for Business and Human Rights. These proposed actions to ensure the respect, protection and remediation of human rights in the operations of companies, particularly those that participate in international markets and in the development and provision of essential services for the State. Additionally, on September 25, 2015, the United Nations adopted an explicit agenda for the attainment of 17 Sustainable Development Goals (SDG)<sup>12</sup> whose materialization depends on the coordinated and joint intervention of companies, governments and civil society.

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<sup>8</sup> Article 80

<sup>9</sup> Article 97

<sup>10</sup> Article 23

<sup>11</sup> Article 2

<sup>12</sup> 1: No poverty; 2: Zero hunger; 3: Good health and well-being; 4: Quality education; 5: Gender equality; 6: Clean water and sanitation; 7: Affordable and clean energy; 8: Decent work and economic growth; 9: Industry, innovation, infrastructure; 10: Reduce inequalities between and within countries; 11: Sustainable cities and communities; 12: Responsible consumption and production; 13: Climate action; 14: Submarine life; 15: Life on land; 16: Peace, justice and strong institutions; 17: Partnerships to achieve the goals



### 4. Context

The presence of GEB and its subsidiaries in the territories can affect the social and environmental conditions in different directions. We have the responsibility and the capacity to ensure that our presence benefits the local stakeholders and natural environments, and, at the same time, GEB's shareholders. GEB only considers its businesses successful to the extent that these, in addition to contributing to national and regional business development, and to the improvement of global environmental conditions, also contribute to the prosperity and well-being of the communities in the areas of influence of its operations and projects.

GEB's contribution to global and local sustainable development is, in fact, significant: it plays a key role in the management of energy and climate challenges, and, by providing greater access to energy, it contributes to the improvement of productivity, to social welfare and to the alleviation of poverty. But beyond this, a top priority for GEB is also the creation of conditions of well-being for the communities of the regions where its projects and activities are conducted. This is because we understand that the growth of the Business Group, the well-being of the communities and the improvement of their environmental conditions are inseparable and interdependent matters.

The social conditions of the local environments in which GEB and its affiliates operate offer opportunities to contribute to the achievement of the Sustainable Development Goals (SDGs). To take advantage of these opportunities, it is necessary to understand the context of each territory, determine the possible contribution and identify, among the public and private organizations that are present in the same territories, partners with the interest and capacity to address the observed challenges in a coordinated manner. The construction of agendas that seek common objectives in matters of economic development, social welfare and environmental conservation is of the essence. Another key issue is the identification of the relationships that exist between the different challenges of sustainable regional development.

On the other hand, in the international arena, in December 2020, the Government of Colombia published its Nationally Determined Contribution<sup>13</sup> (NDC)<sup>14</sup> at the United Nations Conference on Climate Change. This commitment has nine cross-sectional elements<sup>15</sup>, and includes a 51% reduction in the country's greenhouse gas (GHG) emissions by 2030, compared to the baseline scenario<sup>16</sup> (business as usual), and carbon neutrality by 2050. The countries in which we have presence made their own commitments. Peru committed to reducing its emissions by 30% by 2030 with respect to the baseline scenario, plus an additional 10% conditional on international cooperation. Brazil committed to a reduction of its emissions by 37% by 2025 and by 43% in 2030, compared to 2005; and Guatemala, for its part, committed to a reduction of its emissions by 11.2% with respect to the baseline scenario by 2030, and by 22.6% conditional on international cooperation.

The global climate crisis, the urgency of the energy transition, the changes in social preferences, the alarming poverty figures, and the lack of access to basic resources for millions of people, pose challenges and opportunities whose identification and timely understanding are crucial to ensure business sustainability. GEB and its subsidiaries are not unaware of these realities and is determined to react to them. Adequate and timely action in the face of current social and environmental opportunities and challenges will ensure the sustainability of GEB's businesses. In this sense, it is strategically important to consolidate a culture and a sustained processes of innovation.

In any case, the implementation of this sustainability strategy requires taking into consideration the volatility of the local and global social conditions. Thus, the criteria for action and tactical guidelines of this strategy must be applied in a flexible and timely manner in the face of supervening changes.

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<sup>13</sup> Update of the Contribution Determined at the National Level of Colombia. Approved by the ninth meeting of the Intersectoral Commission on Climate Change on December 10, 2020.

<sup>14</sup> Nationally Determined Contribution

<sup>15</sup> Food security and poverty eradication, fair transition of the workforce, human rights, intergenerational equity and territorial inclusion, differential approach with ethnic and vulnerable communities, gender equality and empowerment of women, protection of water, ecosystems and biodiversity, circular economy, and implementation in the context of COVID-19.

<sup>16</sup> Projected since 2010

### 5. Environmental, social and governance challenges (ESG<sup>17</sup>)

This section presents the general social, environmental and governance challenges faced by GEB and its subsidiaries. However, given the diversity of local conditions, it is necessary, in each individual case, to further identify and prioritize the specific challenges faced.

**Environmental performance:** For GEB, it is a priority to contribute to the mitigation of climate change, to the protection and restoration of local ecosystems and to the improvement of air quality, especially at the urban level. In fact, the contribution of GEB and its subsidiaries to the energy transition and to the mitigation of climate change is significant. On the one hand, they transport and distribute natural gas to industrial, household and transportation consumers. In the absence of these services, the consumption of sources of energy such as firewood, charcoal or liquid fuels that generate CO<sub>2</sub> emissions and pollutants of sanitary concern (PM<sub>10</sub>, PM<sub>2.5</sub>) would be higher. On the other, they generate, transport, and distribute electricity generated, to a large extent, by renewable sources of energy. This electricity substitutes the consumption of nonrenewable energy whose consumption would contribute to the global climate crisis and to the generation local environmental impacts. In addition to the above, GEB is also interested in reducing emissions from its own projects and operations.

Operational excellence is a necessary condition to successfully face global and local environmental challenges. To simultaneously achieve higher levels of operational and environmental performance, it is also necessary to synchronize the industrial and environmental management processes. From the early planning phases of the projects, and throughout their construction and operation, the activities inherent to these processes should complement and reinforce each other.

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<sup>17</sup> Environment, Social and Governance (ESG)

**Social performance:** The achievement of GEB's business goals contributes to social well-being. However, our commitment to the well-being of the communities in the areas of influence of our projects and operations is even greater. We understand that in pursuit of our higher purpose ("Improving lives with sustainable and competitive energy"), the local communities should be a priority, and that the Group's growth will be more dynamic to the extent that we contribute to their well-being.

Consequently, GEB has adopted strategies and mechanisms to ensure virtuous relations and communication with local stakeholders, and develops initiatives to promote the prosperity and positive transformation of their territories. The respect for human rights and diversity, the protection of the integrity of people (employees, contractors, local communities, etc.), and their well-being, will determine the rhythm of growth of GEB. Whereas excellence in management of social affairs at the local level accelerates the Group's growth, deficient management would delay it.

**Corporate Governance:** The Corporate Governance model seeks, in essence, to preserve and strengthen the trust of the different stakeholder groups. The orderly and transparent operation of GEB's various governance bodies ensures responsibility, reasonableness, and the strategic consistency of decisions. It creates favorable conditions for efficient operations, and enables transparent relations with stakeholders. It also guarantees that activities, decisions and operations are carried out in the best interest of our shareholders. The Corporate Governance is guided by certainty and by compliance with the adopted processes. Thus, it must secure the duly documentation and support of decisions.

The Corporate Governance model, the Ethics and Compliance Program and its alignment with the strategic objectives are among GEB's most valuable strengths. It is a model based on the applicable legal framework and is complemented by practices that seek to strengthen integrity, diversity and transparency, that increase efficiency and strengthen relationships of trust with stakeholders. The promotion of meritocracy and diversity in the Group's management bodies and positions, and the generation of leadership opportunities for women and diverse individuals contribute to equity, innovation, and productivity.

Nonetheless, GEB's corporate governance model must constantly evolve to adapt to the dynamics of the environments, and to their legal, social and institutional particularities, always seeking harmony and complementarity in the actions of the parent company and its affiliates and subsidiaries.

### 6. Material Issues and Stakeholders

The materiality exercise reports on the social, environmental and governance topics that are strategic, and on their potential implications for business performance. It is an opportunity to build a list of priorities, and to compile information that enables the assessment of risks, opportunities, and trends from a sustainability perspective. Ultimately, it seeks to ensure that the sustainability perspective is incorporated in both routinary work and in strategic business objectives.

The materiality exercise requires the identification of stakeholders and of material topics. Stakeholders are the people and organizations that have an interest in the sustainability of the company's operations, whose actions may influence its performance, or that may be affected by its decisions or activities.<sup>18</sup> Material topics are those that are considered important by these stakeholders and that, given the magnitude of their economic, social and environmental implications, determine the direction, priorities and scope of our sustainability strategy and management. The material topics provide a cross-sectional orientation for establishing the objectives, goals and actions of the Group, its subsidiaries, and their teams.

Given the diversity of environments in which GEB and its subsidiaries operate, both the local stakeholders and the material topics should differ. Thus, they must be identified locally. However, in general terms, based on the analysis of the value chain and the operating environments of GEB and its subsidiaries, it can be said that the stakeholders include, at least, the following: customers, shareholders and investors, state authorities, communities, suppliers, and employees. Also in general terms, the topics that are likely to be material for these stakeholders include: climate change, energy transition, transparency

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<sup>18</sup> Examples: communities in the area of influence of projects and operations, shareholders, partners, suppliers, contractors and workers, environmental and government authorities, funding agencies, etc.

in management of government affairs, contribution to the well-being of local communities, protection of local and regional ecosystems and the environment, respect for human rights, and technological innovation, among others. It should be noted that in many cases stakeholders will agree on their interests (material topics), but occasionally their interests may diverge.

In general terms, national and local public authorities, communities and social organizations expect that the presence of GEB in the territories leaves a positive social and environmental legacy. They also expect a contribution to the reduction of social gaps. Shareholders, for their part, are primarily, but not exclusively interested in GEB's financial performance. Public shareholders expect a level of financial performance that facilitates, through the generation of taxes and dividends, the financing of social public investments. Shareholders – public and private - also expect high ethical standards and high levels of operational, social and environmental performance, and a solid capacity for innovation. Expectations include high levels of transparency, efficiency, technical quality, sustainability and equity in decision-making processes and in their actions. Stock markets and financial institutions also share these expectations.

The contribution of GEB and its subsidiaries to the mitigation of greenhouse gas (GHG) emissions is a matter of interest to a wide range of social groups. These include governments that have made international commitments to reduce emissions, the equity markets in which GEB and its subsidiaries are listed, the financial entities, local governments, social organizations, and the general population, especially young people.

Customers, for their part, usually prioritize the availability and reliability of the services they acquire. They also expect to have access to timely and transparent information on the conditions of those services, and on their safe use. Suppliers benefit from transparency in the evaluation and selection of their proposals, and from the monitoring and evaluation of their contributions. Group employees, for their part, are interested in a work environment that offers fair and transparent access to growth opportunities, fair remuneration, respect, and a corporate culture that allows them to contribute to high operational, social, environmental and financial performance. This, on the one hand, gives a higher meaning to their work and constitutes a source of personal pride. On the other, because their personal and professional growth and development depends on the viability and competitiveness of the Group and its subsidiaries.



To carry out the materiality exercise, GEB and its subsidiaries, considering their particular environmental realities and their social, environmental and governance challenges, must first identify their specific material topics. In addition, they must identify the stakeholders that could affect their performance or be affected by their decisions and actions. The stakeholders identified must be classified bearing in mind their influence on the growth strategy. Similarly, the identified material topics should be prioritized, keeping in mind their effects on different stakeholders. A higher priority should be assigned to the most vulnerable social groups. The exercise of prioritizing material topics, given its strategic importance, must be endorsed by the senior management of each company. Subsequently, they must be submitted to the consideration of groups who represent the stakeholders, who should assess them by means of formal and structured processes.<sup>19</sup>

The identification of stakeholders and the corresponding material topics should lead to the definition of objectives and goals. The annex to this document presents the minimum indicators that should be used to monitor this strategy and the corresponding sustainability strategies of the subsidiaries. In the case of indicators related to the reduction of GHG emissions, these must be constructed using internationally recognized methodologies and protocols such as GHG Protocol Corporate Standard. Management of the topics identified as material must be periodically assessed using specific indicators that take into consideration the particularities of the different stakeholders and material topics. The materiality exercise should only be repeated when significant changes in relevant trends and conditions are identified.

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<sup>19</sup> Ideally through surveys that provide quantitative information that is easy to compile and interpret, and qualitative information that facilitates the interpretation of the data.



## 7. The Strategy

Keeping in mind the higher purpose<sup>20</sup>, the vision<sup>21</sup>, the mission<sup>22</sup>, the values<sup>23</sup> of GEB, its environmental, social and governance challenges, and the main material topics and stakeholders, this section presents the objectives of this sustainability strategy, its scope, and the principles and criteria for action that should guide decisions and actions of the employees of GEB, its subsidiaries and contractors. It also presents the assigned responsibilities and the tactical guidelines for the implementation of the necessary actions.

### 7.1 Objectives

#### General purpose

Ensure the sustainable growth of GEB by creating conditions of well-being and prosperity in the territories, transparent and fair relations with stakeholders, and contributing to the transition towards energy efficient and low carbon economies.

#### Specific purposes

- Prevent, mitigate, control and offset the environmental impacts associated with GEB's activities at the local and regional level, restore degraded ecosystems, contribute to the improvement of urban air quality; and contribute to the mitigation of climate change.
- Prevent, mitigate, control and offset social impacts in the areas of influence of GEB's projects and operations, guarantee the protection of human rights, and contribute to prosperity and social well-being at the local level.

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<sup>20</sup> "Improving lives through sustainable and competitive energy"

<sup>21</sup> "To be recognized as an ethical, socially and environmentally responsible, sustainable company and a leader in the energy transition and innovation, managing to double its EBITDA to 10 billion pesos by 2030"

<sup>22</sup> "Manage transmission, transport and distribution systems, as well as investments in the energy sector, in an ethical, sustainable, reliable and competitive manner"

<sup>23</sup> "Life Comes First, Integrity, Teamwork with Individual Responsibility, Focus on Results and Empathy"

- Strengthen Corporate Governance, ensure high ethical, integrity, transparency and compliance standards, and build trust with stakeholders.
- Monitor and take advantage of technological changes, strengthen the capacity to undertake innovation opportunities and to mitigate the risks generated by changes in local and global trends.

The intersection of these four specific objectives should lead to the sustainability of the operations, projects and activities of GEB and its subsidiaries, to the generation of value for the Group's shareholders, to greater efficiency in the use of energy resources, to the mitigation and adaptation to climate change, and to the improvement of social conditions. In parallel, it should contribute to the achievement of the following Sustainable Development Goals: Gender equality (5); Access to affordable and clean energy (7); Decent work and economic growth (8); Industry, innovation, infrastructure (9); Sustainable cities and communities (11); Climate Action (13); Life of terrestrial ecosystems (15); and Peace, justice, and strong institutions (16).

### 7.2 Scope

This sustainability strategy is aimed at Grupo Energía Bogotá (GEB), including the Transmission Branch, and all its subsidiaries. GEB will promote the application of this strategy even in the case of those subsidiaries that it does not control. In fact, the recently signed agreement with ENEL stipulates<sup>24</sup> that the Resulting Company "...will strive to integrate the United Nations Sustainable Development Goals into its strategic plan, including, but not limited to, the quality of education, clean and affordable energy, decent work, economic growth, and climate action"; and that its corporate governance instruments "... will incorporate in a cross-cutting manner the principles of ethics, transparency, inclusion, safety and respect for the environment and human rights, paying special attention to the responsibility due to the rights of the communities impacted in any way by the projects or operations...".

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<sup>24</sup> Article 98

Regarding gender equity, the agreement with ENEL indicates that the new company, its affiliates and subsidiaries will have an organizational culture that ensures equality between men and women, the balance between personal and family life, the prevention and punishment of sexual harassment, the generation of a suitable work environment and health for women, and fair recruitment and remuneration policies. The new company, in harmony with the provisions of this strategy, will prepare a sustainability report following the standards of the Global Reporting Initiative (GRI).

Additionally, this strategy constitutes a frame of reference for other stakeholders, mainly suppliers and customers. It is complementary and is articulated with the other management processes adopted by GEB. Its success requires a legitimate commitment to the application of the described principles and criteria of action. In those instances in which non-controlled subsidiaries adopt higher social and environmental performance standards than those indicated in this strategy, GEB and its controlled subsidiaries will endeavor to act in accordance with them.

Even though this strategy is led and coordinated by the Sustainability and Communications Department of GEB Corporate, its implementation is not the responsibility of a single office. It is a cross-sectional responsibility and commitment that falls upon each of the Group's employees, contractors, and suppliers; and requires fluid communications and coordination for its effective materialization.

To ensure synchronization between GEB's growth objectives and the objectives of this sustainability strategy, the processes established for the development of the different operations and businesses and for the implementation of this strategy must be coordinated. They must contribute, synergistically to, both, the social, environmental and governance objectives of this strategy, and to GEB's operations and businesses. To this end, the processes for the development of the different activities and projects of GEB must include timely interventions that ensure their environmental and social viability and, additionally, the sustainability process must include interventions aimed at ensuring fulfillment of the objectives of operations and business. In any case, it must be borne in mind that, in fact, the business objectives cannot be achieved without achieving the objectives of this sustainability strategy, and vice versa. Therefore, the pursuit of business objectives must be consistent with those of this sustainability strategy, and they must evolve in parallel.



### 7.3 Principles and criteria for action

To ensure the fulfillment of the objectives of this strategy, all the organizations, departments, and people responsible for its development must adopt the principles and criteria for action listed below:

1. Protection of life and integrity
2. Respect for Human Rights
3. Transparent relations
4. Ethical values and compliance
5. Group action, with a long-term vision
6. Building shared prosperity
7. Sustainability planning
8. Operational excellence and environmental performance
9. Timely social and environmental action
10. Rights and obligations

Each of these ten principles and performance criteria is described below.

#### 7.3.1 Life protection and integrity

In harmony with our cultural value of “life comes first”, GEB, its subsidiaries, contractors and employees place the protection of human life and integrity above all considerations. They make their best efforts to prevent harm and to protect their peers, the members of communities, and everyone they interact with. The protection of health and safety, in addition to being an legal obligation and a fundamental human right<sup>25</sup>, is a determining factor of business success.<sup>26</sup>

<sup>25</sup> Taken from the Internet on May 9, 2021: <https://www.ilo.org/global/topics/safety-and-health-at-work/lang-es/index.htm>

<sup>26</sup> Taken from Internet on May 9, 2021: <https://www.internationalsosfoundation.org/-/media/international-sos-foundation/files/resources/europe/spain/el-rendimiento-de-la-prentación--los-costos-y-beneficios-de-las-investments-en-la-Seguridad-y-Salud.pdf?la=en>

This principle of action requires all employees of GEB and its subsidiaries to promote and consolidate a culture of safety and health at work. All workers must take on a leadership role, and the decisions and actions of the management levels must reflect their commitment to this purpose. All decisions must be guided by the precautionary principle and, in the events of damage to the integrity of people, these must be repaired.

To secure that all our employees daily return healthy to their homes, a continuous process must be in place to identify and publicize the risks inherent in each activity. The corresponding prevention measures and safest behaviors must be adopted. The goal of zero fatal and disabling accidents is the only one acceptable.

### **7.3.2 Respect for human rights**

Human rights are inherent in all people. All people have the right to a dignified life, in conditions of freedom, equality and non-discrimination. Although the State is the first called upon to guarantee its primacy and materialization, it is also a co-responsibility of all people and companies. In the case of GEB, where the State participates with the private sector in the provision of public services, the protection of human rights has an even greater significance.

The policies, internal standards, and processes of GEB, and those of its subsidiaries, aim to secure the protection of fundamental rights. They are established within the framework of the UN International Declaration of Human Rights and other binding agreements and treaties that are part of the constitutional block of the countries in which GEB is present. Of particular relevance to the Group are those rights related to decent working conditions, environmental protection, respect for human diversity and equality, respect for the legitimate monopoly of force by the State, and the protection of life and dignity.

Likewise, GEB recognizes the relevance of the UN Guiding Principles on Business and Human Rights, and its call to i.) Publicly assume a commitment to respect human rights, ii.) Identify, prevent, mitigate and render accounts on damage caused to human rights, iii.) have processes in place to remedy any negative consequences for human rights. It also recognizes the importance of



the developments that have taken place within the OECD framework on this issue, through the guidelines for multinational companies and the principles that this organization has adopted on corporate responsibility and human rights.<sup>27</sup>

In accordance with the Guiding Principles on Business and Human Rights<sup>28</sup> all employees of the Group and its subsidiaries, contractors and suppliers, must commit to the identification, prevention, mitigation and reparation of the negative impacts of their own business activities on human rights. In accordance with these principles, GEB and all its subsidiaries must include in their supplier and contractor selection processes measures to ensure that their workers carry out their work activities in decent conditions. They must also guarantee their workers the rights to freedom of expression and association, to collective bargaining, to founding and joining trade unions, to go on strike, to equal pay, to health, and to an adequate level of life.

GEB and its subsidiaries act in accordance with the provisions of Convention 169 of 1989 of the International Labor Organization (ILO) on indigenous and tribal peoples, and the relevant national regulations and jurisprudence. Consequently, they protect the constitutional rights of communities and ethnic groups, including the rights to health, territorial rights; cultural, political and economic rights, the right of expression, and the right to peaceful protest. GEB and its subsidiaries must enforce compliance by their contractors or suppliers.

GEB rejects human trafficking, and forced, illegal or abusive labor of minors. It rejects slavery in its operations, and in those of its contracts and of third parties that work for the Company. In its operations and in those of its contractors, it is committed to acting in accordance with the strictest environmental, safety and health standards in line with its value of Life Comes First. GEB is an organization free of violence. Threats, physical injuries or intentional damage to people or property have no place in the organization. They are not tolerated. GEB requires its contractors and suppliers to apply these same standards.

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<sup>27</sup> <https://www.oecd.org/industry/inv/responsible-business-conduct-and-human-rights.htm>

<sup>28</sup> Guiding Principles on Business and Human Rights (United Nations, 2011). Office of the United Nations High Commissioner for Human Rights. New York and Geneva.

In any case, contracts related to the security of the Company's assets or people must adhere strictly to the applicable legal, constitutional and institutional framework, and must respect and guarantee the monopoly of force by the State. For contracts with the Company, persons or companies must attach, when applicable, their Human Rights and Sustainability Policy. In any case, they must sign, as an integral part of the Contract, the Group's Sustainability Strategy, and they will be required to respect it. Evidence of its violation shall be grounds for justified unilateral termination of any contractual relationship.

Additionally, GEB has a policy aimed at promoting and maintaining a work environment and a corporate culture with equal opportunities, rights and responsibilities, free from any type of discrimination, and guaranteeing the equality, equity and inclusion of all employees and stakeholders. GEB does not discriminate or tolerate any form of discrimination and exclusion. It values the fact that diversity enriches the organization, increases creativity and productivity, and opens doors to new visions and opportunities. Its employees reject and report all forms of exclusion and discrimination, and refrain from any insulting or offensive comments. GEB and its subsidiaries must also create spaces in which workers are heard and recognized, and where they can contribute to the joint creation of value.

### **7.3.3 Transparent relations**

As in physics, in social and organizational contexts the concept of transparency refers to the attribute of allowing to see what is happening inside. Transparency implies openness, integrity and communication. But transparency not only refers to the exercise of revealing information about the management of financial, environmental, social, operational matters, it also refers to the opening of relationships and communication between the people of the organization and the different stakeholders. For the sake of transparency, GEB and its subsidiaries must ensure timely stakeholder engagement through the appropriate reporting and communication channels.

Given that, in general, people's trust in governmental institutions and companies has declined, transparency is now even more important for GEB and its subsidiaries. Transparency and the absence of concealed information make us more competitive. They give us advantages over other competitors

by making us more reliable, safe and attractive for shareholders and investors. Just as transparency can be the key to business success by building the trust required to maintain sustained and long-term relationships, its absence can have devastating consequences.

GEB and its subsidiaries carry out their activities in social and institutional environments in which a wide diversity of actors, interests and visions converge. Sometimes the interests of some local actors are aligned with those of GEB, while sometimes they are not. The smooth development of the projects and operations of GEB and its subsidiaries depends, to a large extent, on our ability to build, through transparency, consensus based on trust.

Municipal and departmental authorities, and legitimate ethnic group authorities are key interlocutors in the regions. With them, communication and transparent relationships must be maintained throughout all phases of projects and operations. Those relationships should not be limited to the legally mandated consultations, participation and socialization events, or to meetings for the resolution of conflicts. They must be permanent. A transparent and sustained communication help to consolidate trust-based relationships.

Relations with other social organizations (Community Action Boards, NGOs, local unions, etc.) must be equally sustained and transparent. In addition to local communities, relationships based on trust must also be built with shareholders, partners, investors and clients, and with government entities from different sectors and levels of administration.

Tools such as the Dow Jones Sustainability Index rating, the Sustainability Report and the TCFD report<sup>29</sup> are highly relevant to inform the stock market, investors, governments and potential partners and shareholders about the Group's sustainability performance. In the case of rural communities, local radio stations and local newspapers can play a key role. Young people can be reached more effectively through social media. Shareholders, the board of directors and partners require more detailed and frequent information. To build trust with all of them, it is necessary to disclose, through the appropriate

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<sup>29</sup> The TCFD (Task Force on Climate-related Financial Disclosures) promotes voluntary disclosure to stakeholders (mainly banks, insurers, and investors) of transparent information on the risks of companies associated with climate change.

media and in the appropriate language, the information they need to ensure that the Group and its subsidiaries contribute to the achievement of their own objectives. In this sense, our communications strategy must be adapted to meet their needs. To ensure a virtuous relationship and the building of trust, our communications management must disclose, without reservation, the information that is relevant to the different stakeholders. It must communicate transparently what we do, the way we do it, and our achievements and missteps.

Given the diversity of interests, nature and conditions of our stakeholders, GEB and its subsidiaries should not express a preference for any political or ideological option. Nor should they express preference or rejection of any group or sector of society. They should favor the creation of spaces for dialogue and for the construction of agreements. They must reject harassment or undue pressure for any reason.

Finally, for the sake of transparency in the relationships with stakeholders, our managers, employees and contractors should not enter into negotiations and agreements that cannot be disclosed in a timely manner. They should not make commitments on any matters they cannot deliver, and they should always deliver on what they have promised. Their integrity must allow them to gain the trust of communities, leaders in the territories and the people with whom they interact. They should build relationships based on respect, transparency and empathy, and carefully manage risks of engagement<sup>30</sup> that may arise in the relationship with stakeholders.

### **7.3.4 Ethical values and compliance**

For GEB and its affiliated companies, the adoption of high ethical standards determines the creation of value, and is a necessary condition for the building of trust with its stakeholders. Maintaining high ethical standards strengthens the sustainability model and leads to fair and transparent relations with stakeholders. In addition, it generates savings through the prevention of compliance risks.

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<sup>30</sup> E.g., disruptive stakeholders, participation fatigue, etc.

Within the framework of the Corporate Responsibility Policy and the Corporate Governance Code, the Group has defined a series of internal policies and mechanisms to strengthen the internal control system and to consolidate a culture of ethics and transparent. These include: the Internal Audit Statute, the Internal Control and Prevention of Fraud and Corruption Policy, the Money Laundering and Terrorism Financing Prevention System, the Code of Ethics and the Ethics Channel. These policies and instruments make it possible to identify, detect, evaluate, mitigate, monitor, investigate, prevent and correct the risks of fraud and corruption that may arise within the Group's companies.

The administrative processes and controls aimed at achieving high levels of ethics and compliance may not be sufficient. A legitimate and ingrained organizational culture to accompany them is necessary. For this reason, the Ethics and Compliance Program contains mechanisms to ensure that managers, employees, suppliers and contractors, through their interactions with stakeholders and through their example, probity and behavior, demonstrate and transmit corporate ethical values and behaviors that are consistent with the corporate strategy. It is also necessary to create channels that promote the sincere, timely and transparent expression of those situations that must be addressed to guarantee accountability, to manage possible conflicts of interest, and to adequately address any act of violence, fraud, bribery, corruption, money laundering, terrorist financing or other illegal conduct. The attitudes and behaviors of GEB employees and its contractors must reflect and be aligned with the Group's strategic vision and corporate values.

### **7.3.5 Group action, with a long-term vision**

GEB includes a diverse group of companies and businesses that act in a decentralized manner and that autonomously face different challenges. Those challenges may include relations with stakeholders, government entities, other companies, suppliers, etc. To face the challenges posed by the different work environments, the Group and its subsidiaries must build unified and consistent positions.

The consistency of the actions taken by the Group and its subsidiaries to address the social environmental and other challenges must send clear and unequivocal signals about our codes of behavior and action. The measures taken to address those challenges can create opportunities for business growth and consolidation, but they can also create risks. Therefore, when undertaking

strategies to address their different challenges, the companies must bear in mind not only the possible consequences for their own growth, but also for other companies of GEB. The benefits that a Group subsidiary seeks, could end up being lower than the costs inflicted to the Group as a whole.

### **7.3.6 Construction of shared prosperity**

The growth of the Group and the well-being of local communities are interdependent matters. In essence, the concept of shared prosperity<sup>31</sup>, seeks the simultaneous improvement of the conditions of prosperity and social well-being at the local level, and the Group's growth. It emphasizes the poorest communities and vulnerable groups.

Our presence in the regions should generate benefits in terms of regional prosperity and the well-being of the poorest and most vulnerable people. It should contribute to prosperity and poverty alleviation, viewed broadly as a multidimensional phenomenon - not just monetary poverty. It must then contribute to the creation of favorable conditions for the improvement of dimensions of non-monetary income such as the quality of health and education services, access to energy, environmental conditions, human rights, etc. To the extent that GEB seizes or generates opportunities for the creation of prosperity and social well-being at the local level, the viability of its operations and projects will grow, and its shareholders will benefit.

The concept of shared prosperity recognizes that the market not only values financial performance, but also its contribution to social welfare, environmental improvement and human rights. It also recognizes that the communities' assessment of our environmental and social performance is as important as the investors' assessment of our financial performance. Therefore, our contribution must go beyond our legal and contractual obligations.

To gain the appreciation and respect of communities and to contribute to the construction of prosperous local environments, it is key to: i.) favor the hiring of local labor, ii.) create business opportunities, under conditions of equality,

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<sup>31</sup> Francisco H.G. Ferreira, Emanuela Galasso, and Mario Negre. 2018. Shared Prosperity: Concepts, Data, and Some Policy Examples. Institute of Labor Economics. Discussion Paper No. 11571.



plurality, competitiveness and transparency, for local suppliers of goods and services, and iii.) develop social and environmental projects that clearly contribute to economic prosperity and social well-being. Our operations and projects must generate opportunities for the diversification and strengthening of local economies, and for linking our activities with those of the communities.

The Group's social and environmental investments should not be seen simply as measures to offset impacts, or to pave the way for our projects in the regions. They must generate, simultaneously, social welfare and environmental improvements that communities value. They must be relevant. Their planning and execution processes must be rigorous, and their benefits must be material and long-term. To ensure the relevance of those social and environmental investments, the municipal development plans, the life plans of indigenous communities and the ethno-development plans of the black communities, as appropriate, should be used as references during their identification process. In addition, those investments must demonstrate the harmony and complementarity that exists between our activities and the economy, culture and conservation strategies of the regions and the country. As far as possible, they should be complemented or shared with other entities - public, private, national or international - with which we meet in the territories, and with whom we share common purposes.

Among the social investments, GEB favors those that contribute to energy equity in the regions, income generation, education, health, and the development of cultural and recreational activities that contribute to strengthening relationships of trust and solidarity with the territories. The Group's foundation may act as implementing vehicle for these investments in Colombia. In the other countries in which the Group is present, the most suitable and cost-effective vehicles of implementation will be identified.

Two environmental problems that affect the prosperity and well-being of communities are the deterioration of ecosystems and urban air pollution. Thus, the conservation and restoration of the regional ecosystems that provide the environmental services on which the productive processes depend should be seen as priorities. Similarly, all actions aimed at controlling urban air pollution, in addition to their local and global environmental benefits, generate clear social and economic benefits.

Finally, the linear configuration of our electricity transmission and gas transportation infrastructure connects diverse communities across vast territories. Even though this creates challenges in terms of management and relationships, it also creates opportunities. Perhaps the most obvious is the possibility of facilitating dialogues and developing shared solutions with diverse communities around supra-regional challenges, including the restoration and connection of isolated ecosystems.

### **7.3.7 Sustainability planning**

The Environment Sustainability and Management Process must be rigorously articulated with the industrial and management processes of the Group and its subsidiaries. This Process includes planning and management milestones aimed at achieving the business objectives and those of this sustainability strategy. From their early stages, all industrial and management processes must include considerations and interventions aimed at achieving high levels of social and environmental performance. The precautionary principle must be applied to all planning processes. Prevention, mitigation and correction activities must be included in all processes that involve operational, environmental or social risks. They should take as a reference the measures contemplated in the mitigation hierarchy: avoid, minimize, rehabilitate / restore and offset, as applicable. This, with the aim of obtaining a No Net Loss and a Positive Net Impact.

Opportunities for the generation of social well-being and environmental improvement, and the strategies to take advantage of them, should be identified from the early planning phases of infrastructure projects. Likewise, environmental, social and human rights risks and challenges must be identified in a timely manner, and strategies must be designed to prevent and mitigate them. The sustainable management of the different phases of projects and operations must be orderly planned. However, adequate levels of flexibility should be allowed to be able to react tactically and quickly to any contingencies that may arise.

### **7.3.8 Operational excellence and environmental performance**

Operational excellence is a necessary condition to ensure high environmental performance, the success of this sustainability strategy and the achievement

of business objectives. In addition, it creates favorable conditions for safety and health at work. Sustainability and safety purposes are put at risk when operations and projects fail to achieve levels of operational excellence. Sub-optimal operating performance can generate social and environmental externalities, risks to the integrity of people, and affect the well-being of communities. These with high costs for the Group.

From the early planning phases of projects and during their operation and maintenance phases, the best practices and available technologies for operational and environmental management should be incorporated. Through research and innovation, technological updating and high operational performance must be ensured. Equally relevant is the continuous improvement of the management systems adopted by the Group. As a group focused on the energy sector, our high operational performance should contribute to the mitigation of climate change and the control of urban air pollution.

### **7.3.9 Timely social and environmental action**

Timely communication and early planning of social and environmental management saves time and money. On the contrary, reactive and hasty management brings surprises, and generates delays and cost overruns. The anticipated knowledge of the cultural, economic, political, environmental and institutional local conditions, and the transparent and timely construction of trust with social leaders and strategic actors, facilitate the development of projects and operations. The Group and its subsidiaries must identify in an early and timely manner the environmental risks and challenges of future projects, and must manage them under the precautionary principle. Based on the knowledge gained through early interventions and relationships, strategies and interventions must be designed aimed at avoiding risks and generating benefits for both the local communities and GEB.

### **7.3.10 Rights and obligations**

GEB and its subsidiaries manage and obtain from the competent authorities and their clients the rights to develop their projects and operations. They maintain and take care of those rights by complying with all the social, fiscal and environmental obligations that those rights imply, and they comply with the requirements of the contracted services. They do not limit themselves

to comply with applicable legislation and their contractual obligations, and strive to generate additional social and environmental benefits. They do not recognize authority to those who illegitimately intend to violate legitimately acquired rights.

### **7.4 Responsible Parties**

The responsibility for ensuring the sustainability of the Group's projects and operations does not fall on any particular department. It is a responsibility that must be shared and taken on by all its managers and employees, those of the subsidiaries and those of the contractor companies. This to the extent that all of them act and make decisions that, in one way or another, can contribute to sustainability, or undermine it.

The Sustainability and Communications Department at GEB corporate is responsible for leading the coordinated adoption of the principles and criteria for action of this strategy. The aim is to enable the Group to build and adopt unified positions and consistent actions in the face of the various challenges that may arise. This Department interacts with various areas of the Group and its subsidiaries to ensure their effective contribution to sustainability, the generation of shared prosperity in the regions, the achievement of the SDGs and respect for human rights. In addition, it facilitates the sharing of experiences, promotes continuous improvement, advises on the design of sustainability strategies for the Branch and subsidiaries, monitors the performance of these strategies, proposes the necessary adjustments, and compiles information on their performance for the different types of reports. This department also supports the Branch and the subsidiaries in managing the social and environmental challenges they may face, as required.

The Corporate Sustainability and Communications Department also advises on the identification, design and evaluation of environmental and shared value investments of the Branch and of TGI in Colombia. The GEB Foundation, for its part, is an option for the channeling of resources for environmental improvement and shared prosperity projects in Colombia, and eventually in other countries in which we are present.

The Sustainability Department at the Branch in Colombia leads the design, implementation, follow-up, monitoring and control of the social and

environmental management of transmission operations and projects. It works in coordination with the Corporate Sustainability and Communications Department, in accordance with the provisions of the sustainability process. It acts as the point of contact with the corporate body for the coordination of matters within its purview. The Branch's Shared Value Department is also responsible for the implementation of social and environmental investment projects. The communications area of the Branch facilitates relations and communications between the projects and operations local stakeholders, in accordance with the guidelines and orientation of the Sustainability and Communications Department of GEB corporate.

The offices in charge of sustainability at the Branch and at the subsidiaries are responsible for designing and implementing regional plans for the sustainable management of their projects and operations. These plans must be designed recognizing the social, cultural, institutional, economic and environmental realities of each region, and in light of the action criteria and tactical guidelines of this strategy. The collaborative relationships between these offices and GEB Corporate must follow the principle of subsidiarity,<sup>32</sup> in other words, recognizing the diversity of the environments of each subsidiary, and their closer knowledge of local conditions. The Corporate Sustainability and Communications Department only takes on duties that cannot be carried out more efficiently by the subsidiaries or the Branch. On the other hand, in those cases where the projects or operations of more than one subsidiary coincide in the same territory, a single plan for the management of local environmental and social aspects will be designed and implemented in a coordinated manner.

### 7.5 Tactical guidelines

Achieving the objectives of this strategy requires a series of tactical interventions that are developed considering the principles and criteria for action presented above. Given that GEB, its companies, its projects, its operations and the environmental challenges they face are diverse, the tactical guidelines described below must be adapted to the particular conditions of each case.

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<sup>32</sup> In accordance with the principle of subsidiarity, matters must be resolved by the body that is closest to the stakeholders, and the central authority should only take on the subsidiary function when, for different reasons, these matters cannot be efficiently resolved at the closest level.

The effective development of social and environmental management plans requires adequate budgeting of their costs, and the monitoring and evaluation of their performance. This includes the evaluation of the compliance of suppliers and contractors with the provisions of the Group's workplace safety, sustainability and human rights policies. Failure to comply with those obligations, notably those with implications for ethics and human rights, will be grounds for breach of contracts.

### 7.5.1 Environmental performance

Due to the nature of their businesses, the environmental challenges faced by GEB and its subsidiaries are of two types: global and local. The global ones are mainly related with the control of greenhouse gas emissions, and the local ones with the potential impact of their projects and operations on local ecosystems and air quality in cities. As indicated before, the precautionary principle will be applied in all decision processes that involve environmental risks.

#### 7.5.1.1 Global environmental challenges

GEB and its affiliates will accompany the governments of their respective countries in the fulfillment of the commitments presented in their Nationally Determined Contributions (NDCs<sup>33</sup>)<sup>34</sup> as part of the Paris agreements, with the objective to halt the increases in global temperature to levels no higher than between 1.5 and 2°C relative to pre-industrial levels. In the case of operations in Colombia, the emissions of GEB and its subsidiaries will be reduced by at least 51% by 2030 compared to the "business as usual" scenario, and will reach carbon neutrality no later than 2050. To achieve their respective goals, each of the subsidiaries, taking into consideration their technological, operational and financial realities, must design and undertake a strategy and design a path that allows them to achieve said goals.

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<sup>33</sup> Nationally Determined Contributions

<sup>34</sup> Peru: reduce its emissions by 30% compared to the Business as Usual scenario by 2030, plus an additional 10% that is conditional on international cooperation.

Brazil: reduce its emissions by 37% by 2025 and 43% by 2030, compared to 2005.

Guatemala: reduce its emissions by 11.2% compared to the Business as Usual scenario by 2030, and by 22.6% conditional on international cooperation.





*Our contribution to the mitigation of climate change is not simply a positive externality of our projects and operations. It is an explicit objective, harmonious with our higher purpose, that guides the direction of the organization. Consequently, the Group will continue to expand, through new alliances, its participation in generation projects with Non-Conventional Sources of Energy, and extending networks to ensure that renewable energies and Non-Conventional Sources of Energy are assigned top priority. Additionally, and concomitantly with SDG 15 (Terrestrial Ecosystems), the projects and operations of GEB and its subsidiaries will contribute, through the restoration and consolidation of biological corridors, to the fixation of CO<sub>2</sub>. Today, the operations of GEB's Branch in Colombia and the corporate offices are carbon-neutral. The Group's affiliates will achieve the goals to which the governments of the countries in which they operate have committed.*

These strategies must include, as a priority, the control of fugitive methane emissions, the increase in the energy efficiency of industrial processes, the rationalization in the consumption of electricity, fossil fuels and inputs, the control of SF<sub>6</sub> emissions, and the rationalization of travel and commuting. In any case, these strategies will select the emission reduction options with economic criteria, prioritizing them according to their respective marginal reduction costs, i.e., in a way that ensures that those that achieve the greatest reductions at the lowest costs are undertaken first.

Although during 2020 both the GEB Branch and the Corporate have offset all their emissions by acquiring carbon credits and, consequently, their operations are considered carbon-neutral,<sup>35</sup> in any case, they will continue to make efforts to reduce their emissions. Whenever affiliates find that the reduction costs are higher than the prices of acquiring "carbon credits" that prove avoided reductions, then they should choose this option.

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<sup>35</sup> In 2020, 400 carbon credits (equivalent to 400 tons) were acquired to neutralize the 200 tons emitted in 2019 by GEB corporate. 3,800 credits were acquired to neutralize the 3,000 issued by the Branch. TGI neutralized 13% of its emissions through this option, and Calidda 8%.

The participation of GEB and its subsidiaries in the carbon markets should prioritize the acquisition of avoided emissions in each country, and preferably those generated through the conservation and restoration of natural ecosystems. This, bearing in mind equity criteria: avoided emissions (“carbon credits”) generated in collective territories of ethnic groups through ecological restoration projects and avoided deforestation should be preferred. Those emission reduction projects should preferably be located within the areas of influence of the Group’s operations.

The design of infrastructure projects must include climate change adaptation measures that endow the infrastructure with the capacity to operate under extreme weather events, and with the capacity to withstand them. GEB and its subsidiaries will prioritize their participation in renewable generation projects and Non-Conventional Sources of Energy.

To contribute to the achievement of the goals established by each country in their corresponding NDCs, GEB and its subsidiaries will participate in the design and monitoring of relevant government policies and strategies. Especially those aimed at accelerating the massification of sustainable mobility, and the substitution of coal and liquid fuels for natural gas and electricity in industry and transportation. They must also actively participate in the design of regulations and incentives to promote the use of clean energy. This not only to contribute to the achievement of the NDCs of each country, but also to contribute to the control of the emissions of pollutants of local interest in cities (PM<sub>10</sub> and PM<sub>2.5</sub> mainly).



*Our contribution is focused on the development of clean and unconventional sources of energy, the transmission of these energies, energy efficiency and the transport and distribution of natural gas as a transition energy.*

### 7.5.1.2 Regional and local environmental challenges

The environmental performance of the projects and operations of GEB and its subsidiaries must reach levels of excellence higher than those required by the applicable national and local environmental standards. In the design of its projects, the Group and its subsidiaries, should take all the necessary measures to prevent impacts on ecosystems, and adopt those necessary to offset the unavoidable impacts and to ensure a positive net balance from an ecological point of view.

In the case of linear projects (transmission lines and gas pipelines), the main offsetting strategy for the generation of environmental benefits will be the structuring of ecological corridors along the rights of way and within their areas of influence. These corridors can include the conservation of natural ecosystems, the restoration of degraded areas, and the establishment of sustainable productive projects with local communities. These corridors should seek to connect isolated ecosystems, to reestablish the flow of ecosystem services such as the regulation of hydrographic basins, and those provided by biological controllers and pollinators. In addition, they must serve as carbon sinks.

GEB and its subsidiaries commit to the protection of biodiversity, the conservation and restoration of ecosystems in the areas of influence of their activities and projects, and to achieve net deforestation equal to zero in all of its projects and operations. Additionally, they will not undertake activities that

could generate negative impacts on World Heritage areas and protected areas of category I to IV of the IUCN<sup>36</sup>. And when operating in particularly biodiverse areas, they commit to apply a mitigation hierarchy (avoid, minimize, restore and offset), and to work with strategic partners to fulfill this commitment.

The technologies, materials and processes for the construction and operation of the projects must be selected including environmental criteria. Those technologies, in addition to contributing to the reduction of GHG emissions, must allow the highest possible efficiency in the use of water and energy, minimize the generation of waste, discharges, noise and emissions, and maximize the reuse and recycling of materials and supplies.

All subsidiaries must have an Environmental Management System (EMS)<sup>37</sup> to report on the environmental performance of their projects and operations, contribute to the creation of an internal culture of orderly management of information on environmental performance, and measure the progress and benefits of adjustment measures, among others. The System must cover the entire life cycle of the assets and projects and ensure environmentally safe decision-making on the design, location and operation of the assets. In addition, the System should assess the significance of possible impacts. The System must also guide the selection of technologies aimed at preventing, controlling and mitigating impacts, defining the necessary resources and responsibilities within the organization within the framework of the corporate governance strategy, and include indicators to evaluate performance and detect opportunities for improvement. All subsidiary companies and the Branch of GEB must keep orderly records of their environmental performance indicators. This information must be disclosed without any restriction among stakeholders that request it.

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<sup>36</sup> Category I. Strict protection. Its objective is to conserve undisturbed ecosystems, species and/or extraordinary features of the geodiversity particularly vulnerable (there are no examples of this category in South America); Category II: Conservation and protection of the ecosystem. It corresponds to the national parks. Its objective is to protect biodiversity and ecological structure, environmental processes, and promote education and recreational use. Categories III (Conservation of natural features) and IV (Conservation through active management) do not have homologous categories in Colombian legislation.

<sup>37</sup> The EMS of GEB, TGI and Calidda Branch are certified under the ISO 14001 standard.



*GEB and its affiliates are committed to contribute to the ecological restoration of the territories crossed by its linear infrastructure. This, through the structuring biological corridors. In addition to contributing to the fixation of CO<sub>2</sub>, these corridors will foster the restoration of the native population of fauna and flora, will contribute to the regulation of watersheds and will create favorable conditions for the development of sustainable agricultural systems. All new projects of GEB and its subsidiaries and projects in operation will identify opportunities to contribute to the restoration of those corridors. In all cases, the projects of GEB and its subsidiaries will leave a positive net balance in terms of biodiversity within their areas of influence.*

### 7.5.2 Social performance

#### 7.5.2.1 Social and environmental investments

All Group investments aimed at improving the quality of the environment must also generate direct benefits on social welfare. And, similarly, to the extent possible, investments aimed at generating social welfare should also leave positive environmental balances.

Some of the social and environmental investments of GEB and its subsidiaries are undertaken to comply with obligations derived from environmental instruments (mainly licenses) and with the agreements made in prior consultations with ethnic communities; others are voluntary. However, in all cases those investments are identified and developed with the same rigor. This because their purpose is essentially the same: to align our development and growth objectives with those of the well-being of the communities. For its financing, in addition to the Group's own resources, contributions from other public and private agencies and international cooperation must be sought. In the case of Colombia, opportunities such as the Public Works for Taxes mechanism should be taken advantage of. Similar opportunities should be sought in the other countries where GEB is present.

The regions in which we are present are as diverse as the challenges that their communities face. For this reason, to ensure its relevance, socio-environmental investment must be structured based on objective information on local realities, through dialogue with authorities and communities, and bearing in mind the strategic objectives and investment lines of the Group. GEB will standardize and adopt a methodology for the formulation and evaluation of these projects, and to dimension their benefits, monitor their development and evaluate their performance through objective indicators. A formal process will be designed and adopted for the evaluation, approval, and control of the execution of these projects.

GEB Foundation may channel public or private, national, or international resources for the identification, structuring and development of social and environmental investment projects. For this purpose, it may establish alliances with entities or organizations with the technical and financial capacities and necessary experience to develop the projects in the different regions of Colombia. Similarly, subsidiaries outside of Colombia must seek, considering the realities and institutions of each country, the arrangements and agreements that generate the greatest benefits, both, for them and for the communities in their surroundings.



*The contractor companies of GEB and its subsidiaries must favor the hiring of local labor - qualified and unskilled - under conditions of equality, ensuring diversity. GEB, its subsidiaries and its contractors will link their activities with local businesses and enterprises to favor formalization, inclusion, and the creation of conditions of local prosperity. In the evaluation of the proposals for the contracting of goods and services and in the evaluation of the performance of the contractors, the inclusion of local businesses in the projects and operations of GEB and its subsidiaries will be assessed.*

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### 7.5.2.2 Local linkages

Linking of our activities with those of the communities creates opportunities for the diversification and strengthening of local economies. As indicated before, GEB projects and activities must prioritize the hiring of local labor, goods and services under conditions of equality, plurality, competitiveness and transparency. To ensure this purpose, GEB and its subsidiaries must include in the text of their contracts with suppliers and contractors clauses that generate incentives in this direction. In the processes of evaluating proposals and the performance of suppliers and contractors, these matters will be considered.

However, often, suppliers and local workforce do not meet standards, or do not have the business or technical capabilities necessary to provide the services that GEB and its affiliates demand. In these cases, cooperative alliances can be developed with academic and technological institutions, and with organizations of the entrepreneurship ecosystem to build capacities and strengthen competitiveness and local entrepreneurship. In order to strengthen the supply chain in terms of diversity, equity and inclusion, the Group's companies must promote the empowerment of women and vulnerable groups in their projects and activities, and participate in initiatives and alliances with a gender and diversity approach.





*GEB has a Policy and a Committee on Diversity and Inclusion. Wage compensation is independent of gender, and the composition of the workforce is roughly equal<sup>38</sup>. During the last decade, the Corporate GEB and the Branch have emphasized the incorporation of women in tactical roles that represent opportunities to migrate to strategic and managerial positions. The rate of hiring of young women in entry positions - as apprentices, is 65% (2020); and the participation of women in managerial levels has increased. GEB has made a statutory commitment that at least 30% of the members of its boards of directors must be women<sup>39</sup>.*

*GEB's purposes of inclusion and equality seek to ensure that there is no room for any form of discrimination. In all the processes of promotion and selection of new personnel, equal access for women and diverse people is ensured. No argument in favor of exclusion is acceptable.*

*All contracts for the supply of goods and services of GEB and its subsidiaries must include clauses that ensure that their workers are able to fully exercise their labor rights, and that their human rights be respected. In the evaluation of the performance of the contractors, compliance with these obligations will be evaluated, and the results will be taken into consideration in future contracting processes.*

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### 7.5.2.3 Human rights

The commitment of GEB and its subsidiaries to the protection of Human Rights in the regions of their projects and operations must be explicit and demonstrated. The first step in that direction is the identification of possible impacts caused (due diligence). The identified impacts must be evaluated, and the necessary measures must be taken to prevent their occurrence. The effectiveness of these measures must be monitored and evaluated; and mechanisms must be put in place to provide early warnings before a risk situation crystallizes. GEB and its affiliates advertising and communication activities must be free from bias, and must promote diversity, inclusion, and fairness.

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<sup>38</sup> In GEB, the distribution of employees hired as of May 2021, is characterized by having 52 % men and 48 % women.

<sup>39</sup> Reform in the Company bylaws, the Rules of the General Meeting of Shareholders and the Policy on Appointment, Succession and Compensation of the Board of Directors, March 29, 2021.

The resettlement of peoples and communities, and the intercultural relations of the workers of GEB, its affiliate companies and their suppliers, and contractors must follow guidelines and protocols formally adopted and widely known. These must, explicitly, include the necessary measures to ensure the protection of human rights, and the fair compensation of the eventual impacts. Additionally, the contracts of GEB and its affiliates with suppliers and contractors must include the necessary clauses to ensure the protection of the rights of children, ethnic groups, and vulnerable groups.

Of particular relevance is the protection of the cultural, economic and territorial rights of ethnic groups in the areas of influence of the projects and activities of GEB and its subsidiaries. In this sense, the precise identification of the communities to be consulted is critical. Additionally, the consultation process must be transparent: all information that may have an effect on the well-being of the communities must be disclosed without reservation, communicated with appropriate languages and means to ensure its complete understanding by the communities. In these processes, the participation of women and other vulnerable groups must be promoted.

The agreements or contracts that GEB and its subsidiaries enter into with the public force or with private security companies to protect the integrity of their employees, contractors, or communities in their areas of influence, and their assets, must be developed under the highest standards of compliance with human rights. Any violation of human rights, mainly those of the communities and the unjustified use of force will be considered unacceptable, and will be the cause of the unilateral termination of the collaboration agreement or the contract, as appropriate.

GEB and its subsidiaries must establish a baseline to identify gender and diversity gaps within the organization and implement the necessary actions to eliminate those identified. This may include, among others, the following actions: adjustments in the selection and recruitment processes, development of inclusive communication manuals, promotion of work-life balance, and the definition of new criteria to support parents and caregivers, among others. Indicators will be used to measure the effectiveness of diversity and inclusion management.

GEB and its subsidiaries aim for at least 30% of the members of their boards of directors to be women. The companies will make the necessary adjustments and changes to attract people with disabilities, and people belonging to minority groups. Priority will continue to be given to hiring personnel from the regions where GEB and its subsidiaries operate to contribute to their development, and to ensure the inclusion of the local vision in the Group's strategies.

All Group companies will ensure compliance with the measures established to prevent, address, punish and eradicate labor and sexual harassment in the workplace. They will promote a work environment free of violence, and that facilitates the harmonization of work with personal and family life. The Diversity and Inclusion Committee of GEB and its subsidiaries is responsible for monitoring and ensuring compliance with the inclusion and equity policy and for the formulation of the recommendations it deems necessary.



*The Ethics and Compliance Program of GEB is oriented, in essence, towards the construction of a transparent, effective and fair organizational framework that generates trust and in which there is no room for corruption. It includes reporting measures and public accountability, the construction of preventive processes and a culture of trust, mechanisms for declaring assets and for the detection of conflicts of interest, the assurance of transparency in contracting, the application of measures to protect whistleblowers, and the application of exemplary sanctions.*

### 7.5.3 Corporate Governance

The new Ethics and Compliance Program should continue to improve the ethical standards of GEB and its subsidiaries, and should also strengthen relationships of trust with stakeholders. With this objective, the monitoring mechanisms must be proactive - not just reactive. It should aim at mitigating compliance risks, and at the strengthening of the ethical culture of GEB and its subsidiaries. At the end of the day, it is the employees who, in their interactions with stakeholders, set the ethical tone of management.

The Compliance Department must have an adequate level of independence and greater interaction with the Audit and Risk Committee. It is necessary to move from a formal control approach to one of effective detection of possible irregularities in a timely manner, conducting investigations, and acting decisively. GEB's strategy for the implementation of the Ethics and Compliance Program, both in the corporate and in the subsidiaries, includes, in essence, the following main activities: incorporation of prevention activities<sup>40</sup>,

detection<sup>41</sup> and response<sup>42</sup>, diagnosis of GEB's ethical culture, development of activities aimed at improving risk perception; and the strengthening of the ethical channel<sup>43</sup>, the research team, the detection mechanisms<sup>44</sup>; and risk matrices<sup>45</sup>. In addition, the strategy includes updating the Code of Ethics, the strengthening of monitoring mechanisms and the implementation of a control point to report and update the declaration of assets and income. The visibility of the results of the investigations should send strong messages that ensure non-repetition.

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**40** Prevention activities include the adoption of policies and procedures, communication and training, and the timely identification and mitigation of risks.

**41** Screening activities include managing information, identifying potential conflicts of interest, and monitoring levels of risk exposure. These are supported on the Channel. They also include due diligence to achieve safe levels of knowledge of the counterpart in M&A processes, new partners, new jurisdictions, current or potential suppliers, employees, and monitoring and testing to identify potential risks and determine the effectiveness of the established controls.

**42** Response-oriented activities include investigations and corrective measures, modification of the Group's processes and procedures, and reporting.

**43** Improve response times, provide feedback to the reporter, strengthen internal investigation capacity, and include cause / root analysis and lessons learned.

**44** Internal and external information cross-checking tool to identify potential conflicts of interest.

**45** They provide preventive information on the factors that allow the adequate identification, measurement, control and monitoring of risks.



*Non-conventional renewable energy sources (NCRES) represent 0.6% of the installed capacity in Colombia. The country expects to incorporate more than 2,500 MW of wind and solar generation capacity in the coming years, mainly in the departments of La Guajira and Cesar. Currently GEB is developing the Colectora Project that includes a substation in La Guajira to which 7 wind farms will be connected through a 467 km network at 500 kV that will allow the transmission of that energy to the National Interconnected System. This project will also allow the connection of future plants that could contribute 15,000 MW of NCRES to the national system (the country's current installed capacity is around 17,300 MW). This and other projects currently being developed by GEB will remove restrictions from the national system and grant it greater flexibility, which favors the greater participation of the NCRES, and the lower consumption of thermal energy. GEB is committed to expand its participation in the development of projects with NCRES, and to participate in the development of new energy sources such as hydrogen.*

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### 7.5.4 Innovation

The accelerated pace of social and technological changes that are taking place at the global and local levels generates pressing challenges that force the mainstreaming of a culture of innovation. Non-observance or late reaction to these changes can lead to business failure, or to the loss of competitiveness. GEB must monitor these changes, detect their inherited opportunities and risks, make the adjustments and adopt the necessary measures and strategies in a timely manner to grow and strengthen competitiveness.

It is thus necessary to strengthen the corporate culture of innovation, experimentation, standardization, and the capitalization and dissemination of “productive errors” and lessons learned. Learning from mistakes through calculated, gradual, iterative and scale experimentation will be key to the development of innovation processes. Innovation in all its forms (incremental, sustained, radical, and disruptive) contributes to operational excellence, guarantees business continuity, controls risks, and mitigates impacts. Innovation can be of an organizational, commercial, process, technological, or relationship type, among others.

To take advantage of and face new opportunities and challenges in terms of innovation, GEB recently created an Innovation Department. It will promote the ability to innovate and enable and accelerate the materialization of innovations through the provision of implicit (cultural transformation) and explicit services for all GEB business units and its subsidiaries. To maintain a space for evaluation and analysis of trends, opportunities and challenges, and to undertake the necessary innovations and changes in a timely manner, GEB and its subsidiaries will maintain systematic processes of technological surveillance, environmental analysis, idea generation, incubation and acceleration of innovative projects, among others.

International commitments to reduce GHG emissions and the growing demand - local and global - for energy and for clean and sustainable generation sources, make the need to seek new growth options unavoidable. The search for innovative options should not be a medium or a long-term matter.

GEB will formulate a strategy that allows it to participate in the low carbon hydrogen production, transportation and distribution business (blue<sup>46</sup> and green<sup>47</sup>). In addition, it will continue to participate in the massification of sustainable mobility, in the generation with non-conventional renewable energies (NCRE), in the development of capacities and initiatives to apply advanced analytics to businesses, leveraging its digitization initiatives. It will also adopt and will promote technologies that increase efficiency in the use of energy resources: smart meters that allow efficient management of energy demand, smart networks and homes, distributed generation, remote control of the state of the networks, and automation of substations, equipment, resistors, and circuits, among other initiatives.

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**46** Hydrogen produced by the separation of natural gas (or other hydrocarbons) into hydrogen and carbon dioxide (CO<sub>2</sub>) through a process that allows the capture and storage of the resulting CO<sub>2</sub>.

**47** Hydrogen produced by using renewable energy sources, which do not emit CO<sub>2</sub>, for the hydrolysis of water. That is, through a process that divides the water molecules into the two elements that compose it: hydrogen and oxygen.





*About 80% of the inhabitants of Latin America live in cities. Contributing to the construction of inclusive, safe, resilient and sustainable city models is one of the main commitments of GEB and its subsidiaries. Transporting and distributing clean and renewable energy and natural gas to cities is our core business. With this we are contributing to the prosperity of urban communities, the mitigation of climate change and the control of urban pollution.*

*As part of the Bogotá Smart program, GEB and CONDESA are promoting electric mobility and smart public lighting. The latter, through its autonomous and remote management, the analysis of Big Data, the Internet of things, and the installation of cameras, sensors, urban furniture and environmental monitoring systems. Additionally, GEB is designing market instruments that encourage sustainable construction initiatives, and self-generation with solar energy in the city's schools.*

### 7.5.5 Economic incentives

As indicated, the achievement of the objectives of this sustainability strategy depends, fundamentally, on the commitment of all GEB employees and contractors. In addition to the ethical reasons that could motivate them, additional incentives could ensure better results. Due to this, GEB and its subsidiaries must include among the performance evaluation criteria that serve as the basis for assigning variable compensation to employees, the fulfillment of sustainability goals. In all cases, goals related to climate change mitigation should be included.



### 7.5.6 Financial affairs

The sustainability strategy of GEB and its affiliate companies is not independent from the management of their financial affairs. In fact, the Group's financial management is one of the variables that determines its contribution to a sustainable development. GEB's financial strategy must reflect its commitment to sustainability. That is why GEB's financial area's strategic objectives include the management of its operations based on social, environmental and corporate governance principles (ESG - Environmental Social Governance).

The financial strategies of GEB and its subsidiaries will take into account the benefits associated with the selection of financing sources, investors and partners with high standards of environmental, social and corporate governance performance, and with solid ethics and compliance programs. The Group will seek opportunities to issue thematic bonds (green bonds<sup>48</sup>, sustainability bonds<sup>49</sup> or transition bonds<sup>50</sup>) and similar instruments for the financing of projects to reduce GHG emissions, energy efficiency, renewable energies or energy transition.

The ratings of the Dow Jones Sustainability Index is a benchmark for both companies and ESG investors. To inform the markets about GEB's sustainability performance, GEB will participate in the evaluation of its performance every year. This will allow the Group to take commercial and financial advantage of its high level of environmental, social and corporate governance performance. With the same purpose, GEB and its subsidiaries will continue to publish their sustainability reports annually following the GRI standards.

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<sup>48</sup> Bonds for financing projects related to "green buildings" and renewable energies.

<sup>49</sup> Bonds for financing projects that combine environmental objectives (e.g., renewable energy) and social objectives (e.g., education, health).

<sup>50</sup> Bonds to finance the gradual transition of companies towards the sustainability of their production processes.

GEB will progressively integrate the TCFD framework<sup>51</sup> for the economic valuation and reporting of risks and opportunities related to climate change, following the recommendations that this framework defines in terms of governance, strategy, risk management, and metrics and objectives. Additionally, in the ex-ante economic evaluation of its projects and investments, GEB will include the value of the future flows of the associated GHG emissions<sup>52</sup>. As a reference of those costs (“shadow price”), it will use the value of the carbon credits estimated by the Markit’s Global Carbon Index<sup>53</sup>

### 7.5.7 Communications

For GEB and its subsidiaries, it is of utmost importance to maintain a transparent, strategic, and genuine relationship with its stakeholders that leads to the building of trust. This is a responsibility that falls on all the Group’s employees and contractors who, in one way or another, interact with these groups.

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**51** The TCFD (Task Force on Climate-related Financial Disclosures) is an organization created in 2015 in Switzerland by the Financial Stability Board (FSB) with the aim of promoting voluntary disclosure to stakeholders (mainly banks, insurers, and investors) of transparent information on the risks of companies associated with climate change. The TCFD is made up of 32 members selected by the FSB (large banks, insurance companies, asset managers, pension funds, large non-financial companies, and credit rating agencies). The TCFD has proposed a series of recommendations for disclosure in four areas: i.) governance of the company to manage the risks and opportunities associated with climate change, ii.) business strategy for managing these risks and opportunities, iii.) company processes to identify, assess and manage risks, and iv.) indicators (metrics) and objectives for managing risks and opportunities. The main sectors that report under the TCFD framework are oil and gas, electric (including Enel), utilities, chemical, construction, automobiles, food, agriculture, forestry and financial. IDB Invest included its first disclosure in its 2019 annual report. In Colombia the following report: Bancolombia, Bolsa de Valores, Davivienda, Grupo Éxito and SURA.

**52** Cost-benefit analysis.

**53** This index is composed of the prices of the carbon credits of the California Compliance Allowance, which is the mandatory carbon market in the state of California, the Regional Greenhouse Gas Initiative (RGGI), which is the first mandatory market in the United States (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia), and the European Allowance which is the European mandatory market. The current price of this index (May 5, 2021) is 32.34 USD / ton CO<sub>2</sub>eq, and it has doubled in the last 12 months.

Complementarily, the communication areas of the different companies and operations of the Group have as a fundamental mission to keep all stakeholders informed; and to receive and analyze information about their local realities. The aim is to ensure that the relationships with stakeholders and the management strategies are nurtured with solid information that ensures its relevance. The means through which communication strategies are deployed must be appropriate. In other words, in order to ensure their effectiveness, they must recognize the cultural realities, habits, languages and preferences of the different stakeholders. Transparent dialogue and effective communication ensure, on the one hand, that information is transmitted clearly and completely and, on the other, that the interests, expectations, etc., of stakeholders are known. The objectives of this sustainability strategy could hardly be achieved in the absence of effective communication and dialogue.

The GEB Corporate communications area is in charge of leading the development of the Group's communications strategy. It is responsible for: i.) advising the Branch and the subsidiaries in their relationship with stakeholders; ii.) identifying the appropriate communication channels; and iii.) mapping communication risks. The Branch and the subsidiaries, for their part, must have their own communication strategies appropriate to local conditions. Their local sustainability strategies should include communication plans focused primarily on local communities and their leaders.

### **8. The Necessary Condition**

The sustainability of the activities, projects and operations of GEB and its subsidiaries, in addition to being a business purpose, also has to be a personal one. A necessary and irreplaceable condition for this strategy to be effective and for its objectives to be achieved is the adherence of all employees and contractors to its principles and criteria for action. Their behavior needs to be a public testimony of their commitment to sustainability. Their testimony must be evidenced by their commitment to the higher purpose of the Group, their respect for life, ethical commitment, transparency in relationships, empathy, integrity and excellence in the development of tasks. To ensure this, GEB and its subsidiaries will maintain continuous socialization and awareness-raising processes.

## 9. Annex

The following table includes the minimum indicators that GEB and its subsidiaries must use to monitor the development of this strategy. Additionally, each subsidiary and project, in accordance with the nature of its stakeholders and material topics, must use the additional indicators they deem necessary.

Dimension	Indicator	Description	Goal / Objective	GRI indicator
<b>Environmental performance:</b>	Carbon footprint	GHG emissions (Ton CO <sub>2</sub> eq) (Scope 1, 2 and 3)	Achieve emission reductions for each Group company at least equal to those indicated in the Nationally Determined Contributions (NDC) of their respective countries.	305-1; 305-2; 305-3
		Tons of CO <sub>2</sub> eq offset	Offset at least 10% of emissions with carbon certificates from REDD projects in collective territories of ethnic groups.	N.A.
	Energy consumption	Total internal energy consumption	GEB and its subsidiaries will design a strategy to increase efficiency in energy consumption and will set the corresponding goals.	302-1
	Water consumption	Total water consumption (Mega liters)	GEB and its subsidiaries will design a strategy to increase efficiency in water consumption and will set the corresponding goals.	303-5
	Waste generated	Tons of waste generated	GEB and its affiliates will design a strategy for the proper management and management of waste and will set the corresponding goals.	306-3
	Usable waste	% of usable waste (organic, inert, common, etc.) that was recycled, reused or disposed of in any waste recovery system	GEB and its subsidiaries will design a strategy to increase the use and recycling of waste and will set the corresponding goals.	306-3; 306-4
	Dangerous wastes	% of hazardous waste disposed of properly (according to national legislation)	100% of hazardous waste disposed of properly (in accordance with national legislation)	306-3; 306-5
	Environmental Compliance	No. of fines or penalties for non-compliance with environmental regulations	Zero fines or penalties	307-1

## ESTRATEGIA DE SOSTENIBILIDAD

Dimension	Indicator	Description	Goal / Objective	GRI indicator
Social performance	Employee and contractor accidents	Annual Lost Time Accident Rate for Employees and Contractors (LTIRF)	Reduction in the rate of lost-time accidents. Each affiliate must set an annual reduction goal.	403- 9 and 403-10
	Employee and contractor fatalities	No. of fatalities per year	Zero fatalities to employees and contractors	403- 9 and 403-10
	Employee training	Average hours of training by employee	Each company will design a strategy to strengthen the capacities of employees with its corresponding objectives and goals.	404-1
	Gender equality (Senior management and middle management)	% of women in senior and middle management	Each company will design a strategy to guarantee gender equality in senior and middle management and will define minimum goals.	405-1
	Training in human rights, diversity, inclusion.	Number of hours of training per employee in areas of human rights, diversity, inclusion, etc.	Each company will design a strategy to promote training on issues of human rights, diversity, inclusion, etc.	N.A.
	Diversity (Employees with disabilities)	Number of employees with disabilities in the workforce	Each company will design a strategy to attract personnel with disabilities.	405-1
	Salary segregation index	(Average labor income for men-average labor income for women) / Average labor income for men) * 100	Less than 1%. Each company will design a strategy to reduce the salary gaps between men and women to achieve this goal.	N.A.
	Social and Environmental Investment Projects	% of social and environmental investment projects agreed with the beneficiary communities.	100% of the social and environmental investment projects will be agreed with the beneficiary communities.	N.A.
	Consultations with ethnic groups *	% of consultations with ethnic groups carried out in accordance with the provisions of international	Carry out 100% consultations with ethnic groups in accordance with the provisions of the international agreements signed by Colombia, ILO Convention 169 of 1989 and current national legislation and jurisprudence.	N.A.



## ESTRATEGIA DE SOSTENIBILIDAD

Dimension	Indicator	Description	Goal / Objective	GRI indicator
		agreements signed by Colombia, ILO Convention 169 of 1989 and current national legislation and jurisprudence.		
	Environmental projects with social benefits	% of environmental projects that generate identifiable social benefits.	100% of environmental projects will generate identifiable social benefits.	N.A.
<b>Corporate Governance</b>	Ethics and transparency	% employees with proven serious violations to the code of ethics	Zero employees with serious violations of the Code of Ethics	N.A.
	Ethics and transparency	% suppliers with proven serious violations to the code of ethics	Zero suppliers with proven serious violations to the Code of Ethics	N.A.
	Gender diversity on the Board of Directors	Number of individuals on the Board of Directors	At least 30% of the members of the Board of Directors must be women	405-1
	Legal compliance	No. of fines or penalties for non-compliance with labor, corporate governance and other relevant national legislation.	Zero fines or penalties for non-compliance with labor regulations, corporate governance and other relevant national legislation.	N.A.
<b>Sustainability Management</b>	S&P Global Corporate Sustainability Assessment **	Score assigned by S&P Global in the Corporate Sustainability Assessment	Be included in the DJSI of emerging markets	N.A.

\* Applies only to Grupo Energía Bogotá SA ESP and TGI.  
Its scope of application is Grupo Energía Bogotá S.A. E.S.P.





GrupoEnergíaBogotá

# SUSTAINABILITY STRATEGY

