



SUSTAINABLE MANAGEMENT REPORT

2016

THANK YOU THE TEAMS THAT SUPPORTED THE BUILDING OF THIS REPORT OF MANAGEMENT



- Presidency
- Sustainable Development Management
- Internal Audit Management
- Planning and Performance Management
- Vice-Presidency of Operations
- Vice-Presidency of Business
- Vice-Presidency of Juridical and Government Affairs
- Vice-Presidency Administrative and Services
- Vice-Presidency Financial
- Sub direction of Communications

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TGI'S BANK OF PHOTOS

Bogota, January 2017

www.tgi.com.co

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01

INTRODUCTION

1. MESSAGE FROM
THE PRESIDENT*Global Compact*GRI
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Julián García Salcedo

Ten years being a part of Grupo Energía de Bogotá and twenty-five years of technical experience represent for us an unquestionable commitment with a cultural change permeating the fabric of our organization and leading us to the front and center of the best practices in the industry, as the right path to sustainability and the legacy we are called upon to leave. This requires a thorough review of the successes, an evaluation of the things we should keep doing and, first and foremost, dedicated work to improve anything interfering in the accomplishment of what we have called net positive impact on the environment.

When it comes to sustainability, in TGI we do not just refer to prevalence in time but also to the valuable opportunity of managing the most environmentally-friendly of fossil fuels. It is a privilege to know that global trends are poin-

ting toward natural gas as a remarkably interesting energy for mankind, due to its clean nature and versatility.

We believe in excellence as a necessary principle to make a difference with our operations, therefore the participation in initiatives related to social responsibility, such as the United Nations Global Compact, has the full support of Corporate Governance, because it is without a doubt a way to make sure we know what needs to be refined in our work, using reference points, observing what is being done and learning from others.

We have great challenges, one of which is listening to and understanding our stakeholders. A part of the behavior of a sustainable company lies in its capacity to establish dialogue, of systematizing conversation and optimizing its capacity of response. This makes us a company with a proactive spi-

rit, looking toward the market, with a capability to propose and make the most of what a resource like gas can do for the country.

When reviewing the lessons learned after these 10 years, none of them is on the sidelines of sustainability: the need to make sustainable investments, to maintain the highest standards for making strategic decisions and to ensure we go beyond what is required of us.

During 2016 we continue our work to lead the market with the conviction of innovation and compliance with our stakeholders through excellence in our behavior and service. Our responsibility goes well beyond operating the largest gas pipeline in Colombia, the experience of our team is our contribution to the energy sector.

As a part of Grupo Energía de Bogotá, we create synergies and challenges for ourselves and the guild alike, transporting not only gas but concrete facts in social, economic and environmental matters.

This Sustainable Management Report has been structured on the basis of our 7 pillars of excellence, which have given firm ground to what was for the Company, a transitional year. Our calling, upon this statement, is not other than achieving the best practices in the sector.

The gas sector needs a leader who points a concrete north to the market, a leader capable of interpreting the challenges related to the country's reserves and potential; at TGI we are determined to fulfill this role.



Julián García Salcedo
President

■ During **2016** we continue our work to lead the market with the conviction of innovation and compliance with our stakeholders.



02

OUR COMPANY

2.1 GRUPO ENERGÍA DE BOGOTÁ PROFILE

With over 120 years of trajectory, GEB has remarkable knowledge, experience and reputation

Grupo Energía de Bogotá (GEB), headed by Empresa de Energía de Bogotá S.A. ESP, (EEB), is a multilatin leading the delivery of services in the electrical energy and natural gas sectors, present in Colombia, Perú, Guatemala and Brazil. The Group- based in Bogotá, Colombia - is focused on the growth and development of big companies in the operating territories, through a solid and transparent corporate governance structure, for the benefit of its shareholders. With over 120 years of trajectory, GEB has remarkable knowledge, experience and reputation which generate added value for its stakeholders through the sustainable and profitable management of business, including the participation in companies of the energy chain, starting from the generation, transmission, distribution and marketing of energy, as well as the transportation and distribution of natural gas.

During 2016, Grupo Energía de Bogotá reformulated its corporate strategy, which meant a new organization of its portfolio and the companies integrating GEB, under three Strategic Business Groups, to wit:

STRATEGIC BUSINESS GROUPS



URBAN ENERGY SOLUTIONS

- CODENSA
- CALIDDA
- GAS NATURAL FENOSA
- CONTUGAS
- EMSA

COLOMBIA, PERÚ



INTERCONNECTION FOR MARKET DEVELOPMENT

- EMPRESA ENERGÍA DE BOGOTÁ
- TGI
- GEBBRAS
- CONTUGAS
- TRECSA
- EEBIS Guatemala
- ISA REP
- ISA Transmantaro

COLOMBIA, BRASIL, ARGENTINA, PERÚ



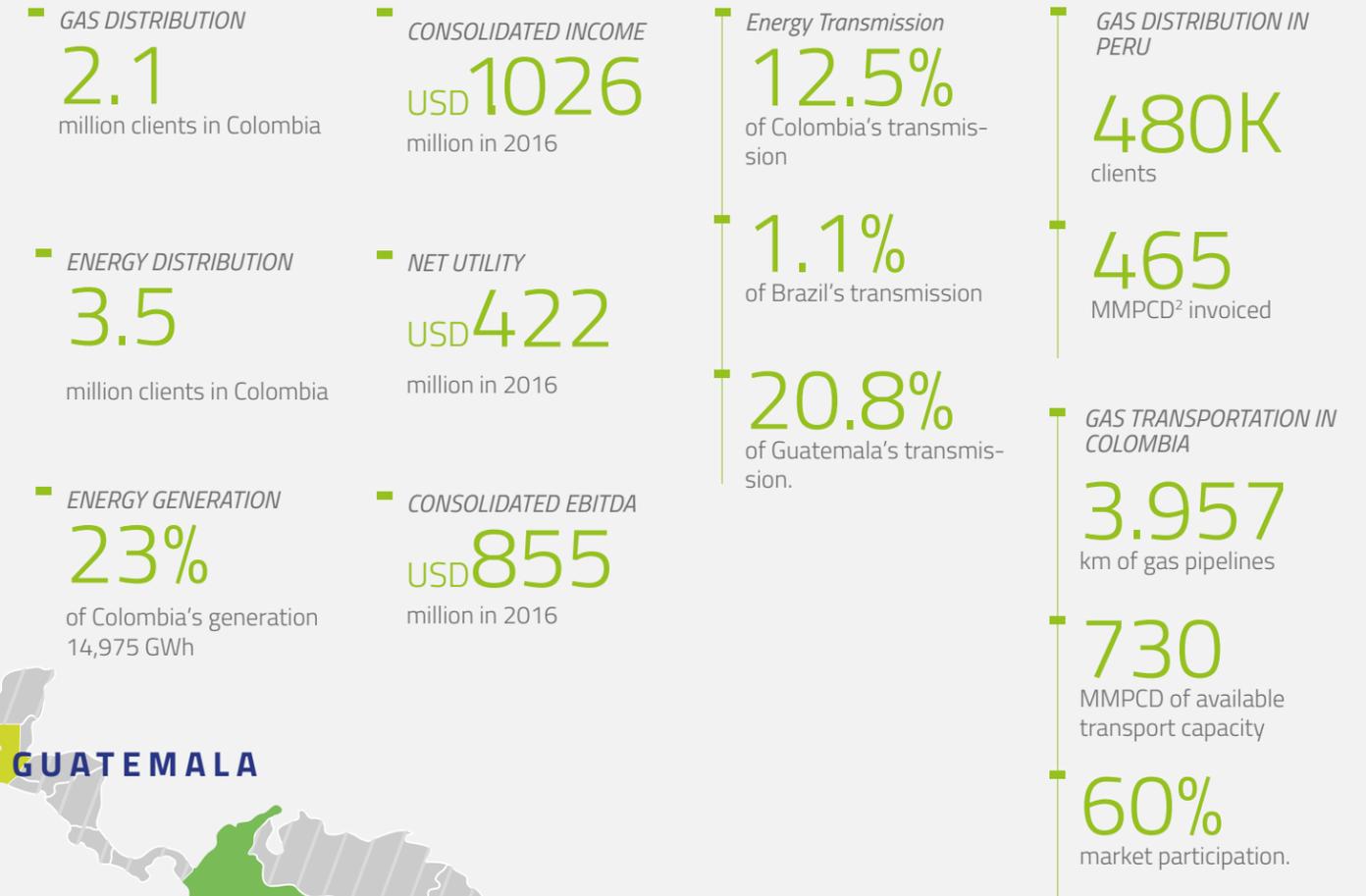
LOW EMISSION GENERATION

- EMGESA

COLOMBIA

Footnote 1: In the title of this chapter named "GEB's Corporate Strategy" the challenges and implications of this new navigation chart are explained. The aforementioned chart involves all the interest groups of the Group's companies.

At the end of 2016, tGrupo Energía de Bogotá served more than 6 million clients through a network of over 12,000 kilometers of power and gas transmission, and a generation capacity of over 14,000 Gigawatts per hour (GWH).



PRESENCE IN 4 LATIN AMERICAN COUNTRIES

(1) By income. Expected data from Guatemala 2017: 42.2% (2) Integrated Latin American Market.

2.2 GRUPO ENERGÍA DE BOGOTÁ BUSINESS

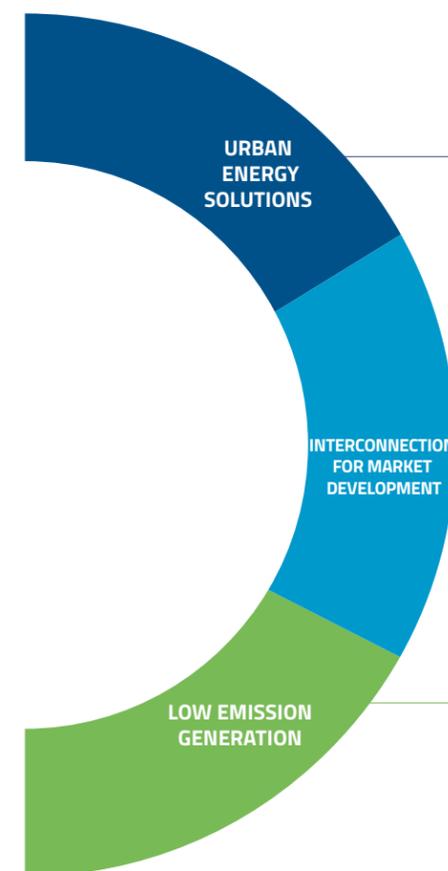
Grupo Energía de Bogotá genera value for its shareholders and stakeholders through the sustainable and profitable management of its businesses, which include shareholding participation in companies of the energy chain from the generation, transportation, distribution and marketing of electricity, as well as the transportation and distribution of natural gas.

COLOMBIA			
ELECTRICAL POWER			
100% transmission	1,67% transmission	51,5% distribution and commercialization	2,5% distribution and commercialization
16,2% distribution and commercialization	51% distribution and commercialization	51,5% distribution and commercialization	
NATURAL GAS			
99,97% transportation	15,6% distribution and commercialization	25% distribution and commercialization	
SERVICES			
100% services	100% services		



The Group contributes to the development of the countries it operates in (Colombia, Peru, Guatemala and Brazil) and spearheads projects that impact productivity and competitiveness in their territories, in order to efficiently and responsibly support the growth of energy demand. Its strategy is framed around:

- DISTRIBUTION
- TRANSPORTATION / TRANSMISSION
- GENERATION



STRATEGIC FOCUS	ESSENTIAL CAPACITY	REGIONAL SCOPE
Energy infrastructure around the concept of "smart cities"	Gas market maker in Colombia, multi-Latin American transmission entrepreneurship	Capacity to incorporate leading associates in each type of low emission energy to ensure high profitability
Understanding of the different markets and consumption types. Proactive "regulatory shaping"	Interconexión de mercados entre fuentes energéticas y heavy users	"Regulatory shaping" and knowledge of energy demand
Bogota and Lima: Latin American cities with high energy consumption	Southern part of Central America in electrical power transmission; North Pacific axis of South America in gas	Colombia and markets where opportunities for the energy matrix' transition to renewable energies have been identified

More information on Grupo Energía de Bogotá at: <http://www.grupoenergiadebogota.com>

2.3 TGI'S GENERAL INFORMATION

GRI
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GRI
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- CURRENTLY, THE COMPANY IS THE LARGEST NATURAL GAS TRANSPORTER IN COLOMBIA, WITH 3,957.29 KM OF GAS PIPELINES.

CORPORATE PROFILE

Transportadora de Gas Internacional S.A. ESP. (TGI S.A. ESP) is the biggest company of its type in Colombia, with over 25 years of experience and an expansion plan aimed at becoming a Multilatina leader in the transportation and processing of hydrocarbons (Midstream). It has a transportation infrastructure comprised of 3,957 km of gas pipelines with 172,000 hp of compression capacity in Colombia and 290 km in Perú through Contugas in partnership with GEB.

TGI performs its operations and business with a high degree of social and environmental responsibility, applying the best industry practices and making occupational health and safety a priority. Its team is talented, driven and as result-oriented as necessary to achieve operations with integrity, reliability and efficiency, and offering a high-quality and innovative service. The company maintains its financial stability joined by a proper risk management system, and it has a robust and profitable plan for growth. TGI strictly complies with its ethical and corporate governance codes, the law and honors its commitments.

TGI's main corporate purpose consists on the planning, organization, design, construction, expansion, enlargement, maintenance, operation and commercial exploitation of systems for the

transportation and processing of hydrocarbons, among other activities stipulated in the Corporate Bylaws.

TGI was created in 2007 as a result of the purchase to the nation of every asset and business of ECOGAS by part of Grupo Energía de Bogotá. At the same time, ECOGAS - Colombian gas company-, a State industrial and commercial company dedicated to the transportation of natural gas, was created in 1997 when it received from ECOPEPETROL, as a product of the split of its capital, every asset and right in the transportation of natural gas.

GRI
102-2

TGI has its administrative office in Bogotá and it is constituted as a public service company subject to the regulation, surveillance and control of the competent authorities such as the Energy and Gas Regulatory Commission (CREG), the Superintendence of Public Utilities (SSPD) and the Comptroller of Bogotá, D.C.

TGI operates as a mixed company (public and private) in the public service sector. It was incorporated in 2007 as a limited partnership, it is subject to the Colombian legal regime, it has administrative, capital and budgetary autonomy, and it exercises its activities in the realm of private law as a commercial entrepreneur.

The main activity of the Company consists on the transportation of natural gas from

the production fields to the dispatchers or clients through high-pressure gas pipelines and related or supplementary activities. TGI's participation in this chain is accomplished due to its transportation network which comprises a system of main gas pipelines connected to regional sections which transport gas to municipalities.

Currently, the Company is the largest natural gas transporter in Colombia, with 3,957.29 km of gas pipelines, and an available capacity of 730 MPCD (million cubic feet per day), to serve the country's most populated areas: Bogotá, Medellín, Cali, the Coffee Belt and the Piedemonte Llanero. In addition, it performs the operation and maintenance of Colombia's longest gas pipeline network, from La Guajira up to Valle del Cauca and from the Eastern Plains to Cundinamarca, Boyacá, Tolima and Huila.

Additionally, it has a shareholding interest of 32.81% in Contugas, a company with a 30-year concession for the transportation and distribution of natural gas in the Department of Ica, Perú, and the remaining 67.19% belonging to Empresa Energía de Bogotá. This shareholding interest represents for TGI the responsibility to participate and lead the continuity of the Contugas business and this has been accomplished through the operational support in the processes included in the value chain.

2.4 TGI'S HISTORY

CONCEPTION OF A GAS TRANSPORTATION COMPANY

In 1992, as the conclusion of an industry seminar to review international experiences on institutional schemes of the gas sector, and the Government's purpose being the generalization of gas consumption, as defined in CONPES document 2571 of 1991, the creation of a company dedicated to the transportation of natural gas in the interior of the country was conceived.

The aforementioned CONPES document also determined that the construction of the transportation infrastructure was to be in charge of the private sector, which was not possible without the State support.

In furtherance of the above, the National Energy Commission - CNE - (national energy authority at the time, currently CREG) specified the gas pipeline system to be built and the institutional scheme to make its implementation possible, which should be led by Ecopetrol in association with the private sector, in order to later create the company as decided in the seminar.

In order to accelerate this plan, and given that Ecopetrol did not have the resources to implement it, from the CNE plan, the CONPES document 2646 of March 18th 1993, instructed that the construction of the gas pipeline system had to be a coordinated action between said organization and the private sector, through contracting under BOMT systems or similar ones, and it ordered the creation of a company exclusively dedicated to the transportation of natural gas.



CONTRACTING AND CONSTRUCTION OF THE GAS PIPELINE SYSTEM

In compliance with the provisions established by the CNE and the CONPES, between 1993 and 1997 Ecopetrol developed directly and through BOMT and similar contracts with the private sector, the construction of the gas pipeline system. The Ballena - Barranca and Mariquita - Cali gas pipelines were contracted by Ecopetrol under a BOMT with Centragas (Enron affiliate) and Transgas de Occidente (consortium between Transcanada and BP), respectively. The same was applied for other gas pipelines under a firm transport contract, such as the section to Medellín with Transmetano (company led by EPM) and others built directly by Ecopetrol as new or converted from oil to gas pipeline, such as Cusiana - La Belleza.



ECOGAS

Once the whole planned system was contracted, built or in process of construction, the National Congress, through Act 401 of August 20th 1997, created ECOGAS - Colombian gas company- as a State industrial and commercial company focused on the business of transporting natural gas.

This Act provided that every asset and right related to the activity of transportation of natural gas belonging to ECOPE-TROL was to be transferred to ECOGAS, as a product of the split of its capital. In addition, it determined that the administrative office of the new company would be in the city of Bucaramanga.

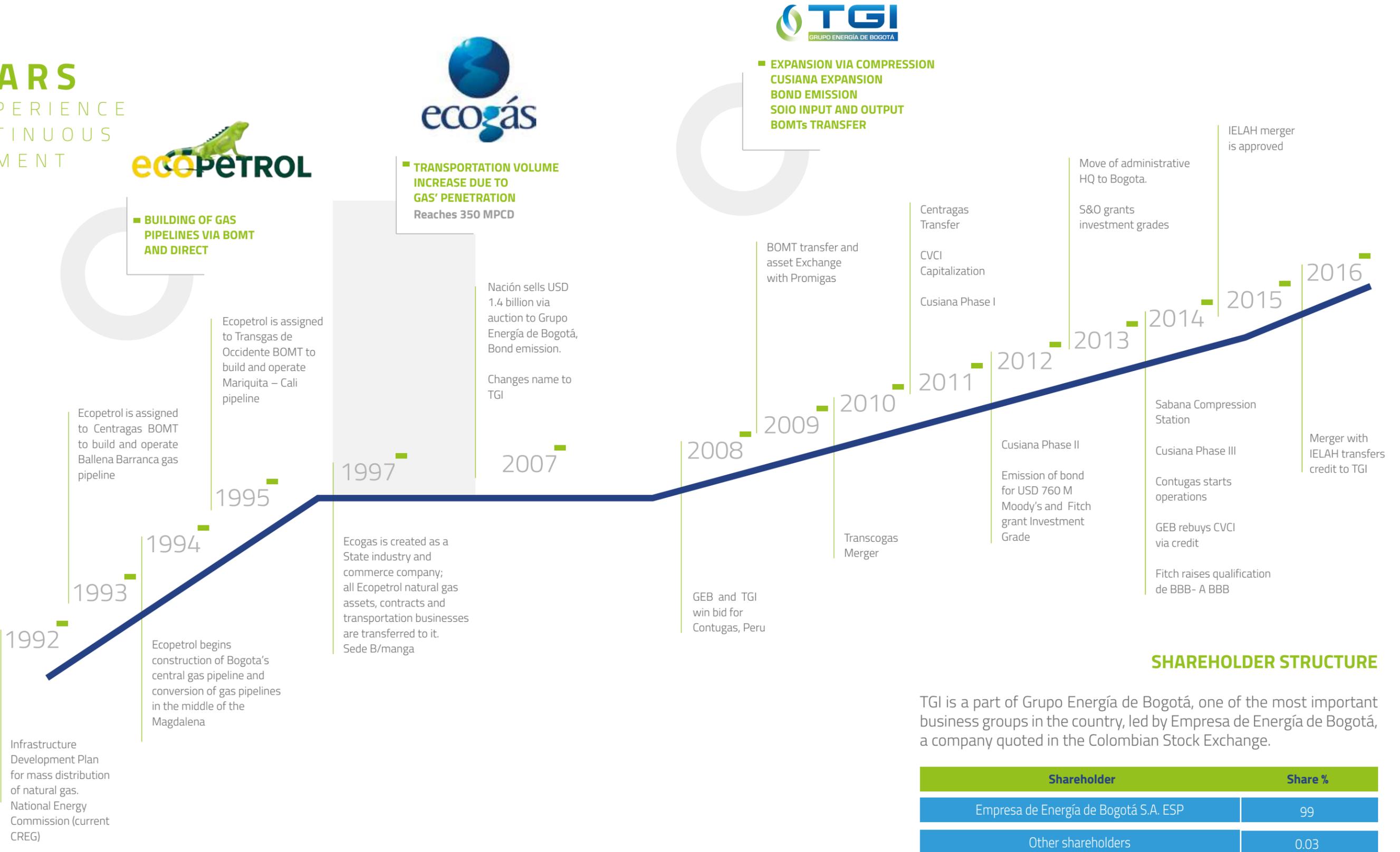
Over the following 10 years, ECOGAS saw the transported volume increase as the gas penetrated the interior's energy market through the construction of distribution networks, construction of gas thermal plants, the conversion of industrial processes to gas and the introduction of Natural Gas Vehicle (NGV) to the transportation sector.

TGI, COMPANY OF GRUPO ENERGÍA DE BOGOTÁ

In 2006, the nation decided to sell ECOGAS through auction, after not having reached a price agreement with the solidarity sector. This auction was won by Grupo Energía de Bogotá in December of the same year.

The purchase was made as the acquisition of every asset and business belonging to ECOGAS, for which it was necessary to create a new company - Transportadora de Gas del Interior -. TGI was incorporated as a limited partnership on February 16th 2007 through public deed No. 67 of the 11th Notary Office of the Bucaramanga Circuit, in accordance with Act 142 of 1994 on public service, and later it would change its name to Transportadora de Gas Internacional.

WE BRING
25 YEARS
 FROM EXPERIENCE
 AND CONTINUOUS
 IMPROVEMENT



SHAREHOLDER STRUCTURE

TGI is a part of Grupo Energía de Bogotá, one of the most important business groups in the country, led by Empresa de Energía de Bogotá, a company quoted in the Colombian Stock Exchange.

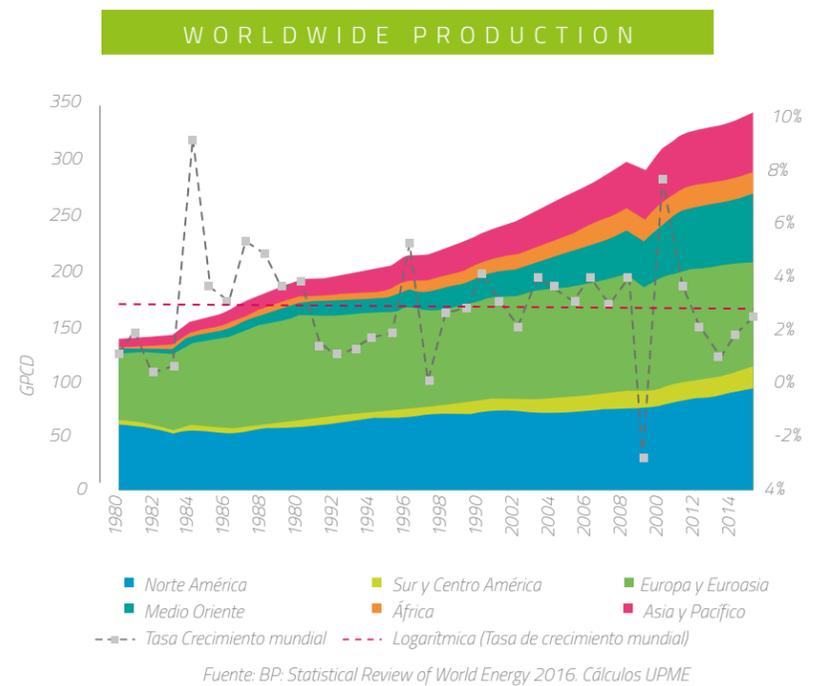
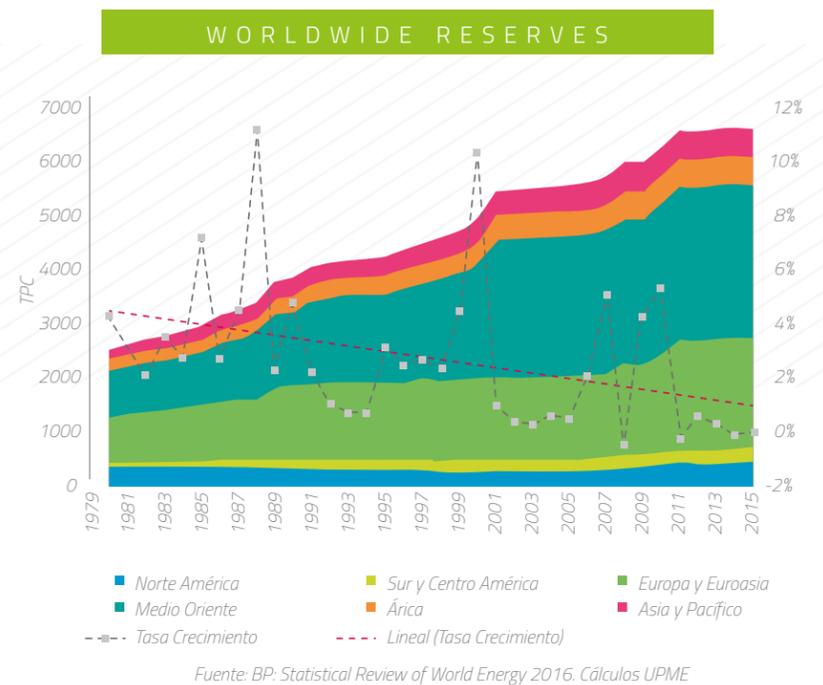
Shareholder	Share %
Empresa de Energía de Bogotá S.A. ESP	99
Other shareholders	0.03

2.5 INDUSTRY AND GAS SECTOR CONTEXT

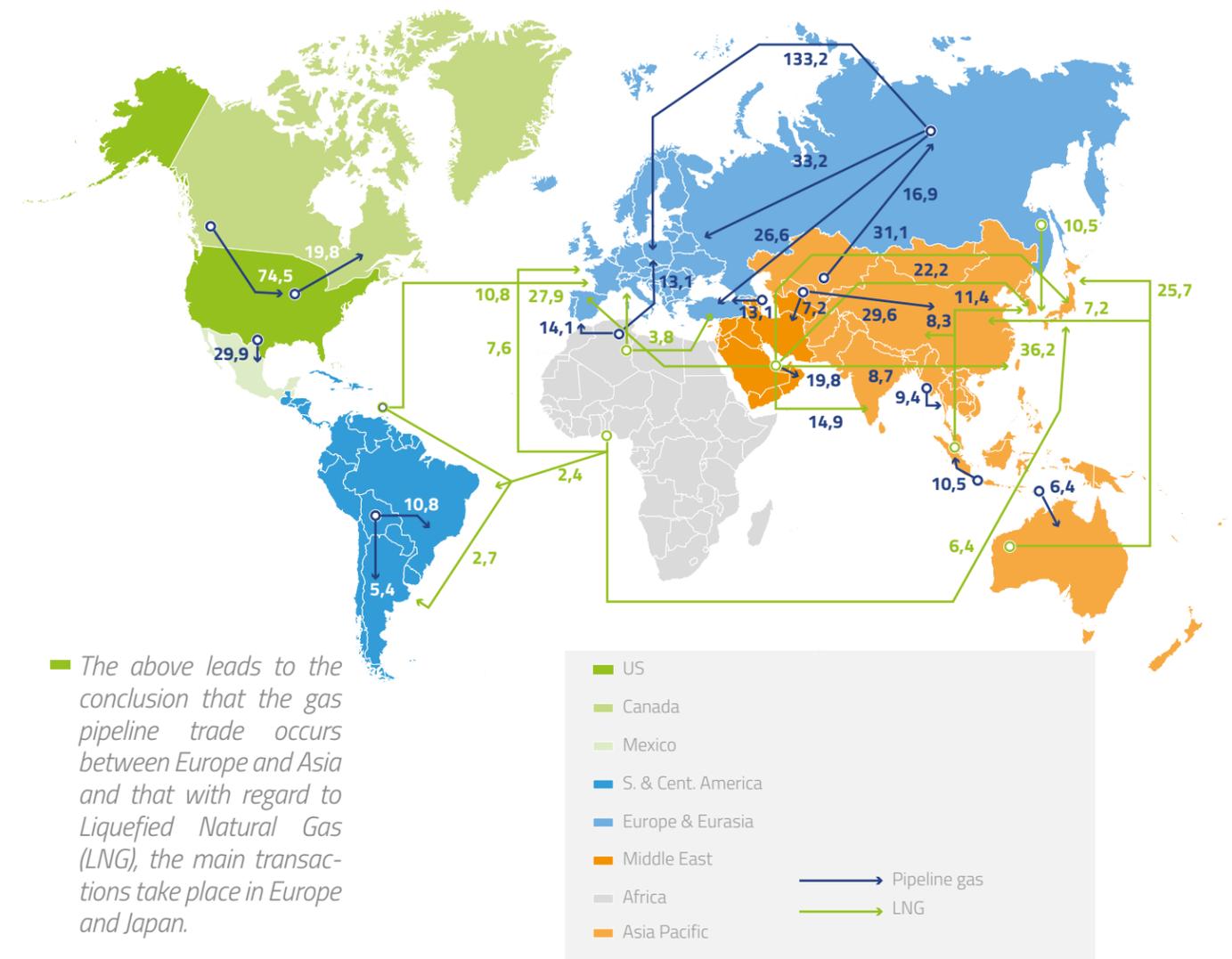
Around the world, natural gas is considered the transitional energy between fossil fuels and renewable energies given that it is the most environmentally-friendly option with a competitive price. This situation, joined to the new transportation possibilities with regassing and liquefaction technologies, has generated a substantial increase in its exploitation and consumption.

The Middle East and Eurasia are the regions with the main natural gas reserves and their energy balance allows them to be in surplus, therefore they focus on exports through gas pipelines or the marketing of Liquefied Natural Gas. Additionally, North America is becoming a net gas exporter, and even South America and the Caribbean are offering LNG as are Trinidad and Perú.

Regarding production, the regions with the highest indicators are North America, Europe and Eurasia, with an important increase in Asia Pacific and the Middle East. The following charts display the indicators for reserves and production:



Fuente: BP Statistical Review of World Energy, 2016.



The above leads to the conclusion that the gas pipeline trade occurs between Europe and Asia and that with regard to Liquefied Natural Gas (LNG), the main transactions take place in Europe and Japan.

In Colombia, Natural gas has a 25% share of the national energy matrix, mainly being used at a domestic, commercial and industrial level. Proven reserves have decreased since 2013 in spite of the new discoveries under the different policies implemented by the National Government to encourage its exploitation. This situation and the behavior of some sectors simplified the decision to incorporate Colombia to the global market of Liquefied Natural Gas, with a regassing plant in the Caribbean and a future one in the Pacific, as the infrastructure that will provide energy security to the country.

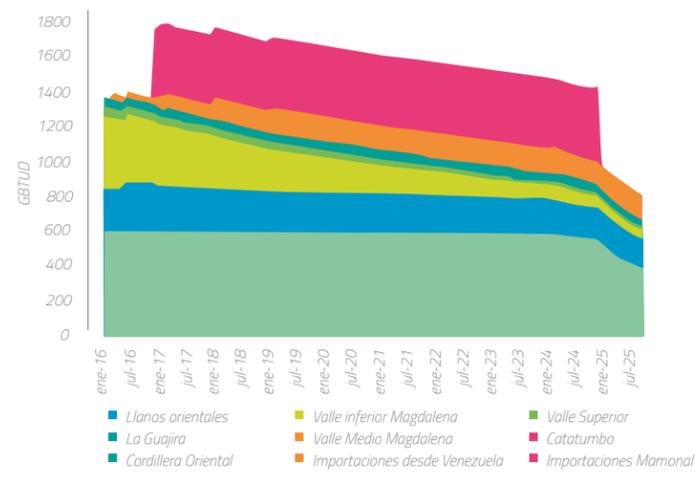
In addition, efforts are being made in offshore exploration, which have started to give positive indications in wells such as Orca and Kronos, among others, which will be useful to cover the decline of the main Colombian fields: La Guajira and Cusiana - Cupiagua.

PROJECTION OF RESERVES



Fuente: ANH, cálculos. UPME

STATEMENT OF NATIONAL PRODUCTION



Fuente: Ministerio de Minas y Energía. Cálculos UPME.

Considering TGI's supplies, the National Government and other industry sectors identified the necessary projects for the procurement and reliability of the System, which are key to guarantee the supply and reliability of the Company's network users. Said projects are the following:

CAUSE FOR THE WORK	COMMISSIONING	DESCRIPTION OF THE WORK	CURRENT PRICES (millions of dollars).	STATUS
Supply and reliability	2021	· Regassing plant in the Pacific, 400 MPCD, and 170,000 m3 of LNG.	400.0	Approved Res. 40006 Jan. 2017
	2021	· Buenaventura-Yumbo gas pipeline, 30",102 km.	161.3	Idem
	2021	· Yumbo-Mariquita bi-directionality	141.4	Idem
Supply	2020	· Mariquita-Gualanday loop, 10"	44.3	
Supply	2018	· Jobo-Cartagena gas pipeline, 20" loop, Jobo -Las Majaguas		Under construction
Supply	2018	· Cartagena-Barranquilla bi-directionality		Under construction

Fuente: UPME



CAUSE FOR THE WORK	COMMISSIONING	DESCRIPTION OF THE WORK	CURRENT PRICES (millions of dollars).	STATUS
Supply and reliability	2020	· Barranquilla-Ballena bi-directionality		Idem
reliability	2020	· Barranca-Ballena bi-directionality		Idem
Supply	2018	· Cusiana-La Belleza expansion		Under construction
Supply	2018	· Cusiana-Apiay gas pipeline		Under construction
Supply	2020	· Medellín Sebastopol compressors		Under construction
Supply	2020	· Cerrito-Popayan compressors		Idem

2.6 OUR STRATEGY

In 2016, TGI developed the definition of a new strategy from the guidelines established by Grupo Energía de Bogotá in its new approach, which included the following proposals:

BUSINESS

TGI creates and supplies solutions of intermediate activities for the hydrocarbon industry (Midstream) to big users, producers and developers of energy markets, connecting sources with consumption centers through long-term relationships and capital-intensive businesses.

VISION

TGI is expanding its performance domain, from the largest natural gas transportation company in Colombia to a Multilatina company leader in the intermediate activities and infrastructure of the hydrocarbon industry (Midstream) in 2017; recognized for its good practices, independence, capacity to provide efficient and sustainable solutions, and its corporate responsibility.

STRATEGY

TGI's value and growth generation strategy is based upon the following four elements:

1. Market orientation which contributes to the increase of natural gas consumption, directly related to important users and producers with market developers (distribution companies).
2. Providing solutions for the transportation of natural gas to urban areas, large energy-consuming power-generating and hydrocarbon producing industries.
3. Contribution of midstream solutions to hydrocarbon producers to make their production marketable (transportation and processing).
4. Development and operation of energy infrastructure shared with independence, efficiency, reliability and sustainability.

The Company has a portfolio of growth projects being implemented and others being developed.



CORPORATE VALUES

ODS 16 (16.6;16.7)

Global Compact - Anticorruption

Integrity: We act firmly, honestly, and consistently.

Respect: We interact by recognizing collective interests, individual diversity, sustainability of natural resources and institutional.

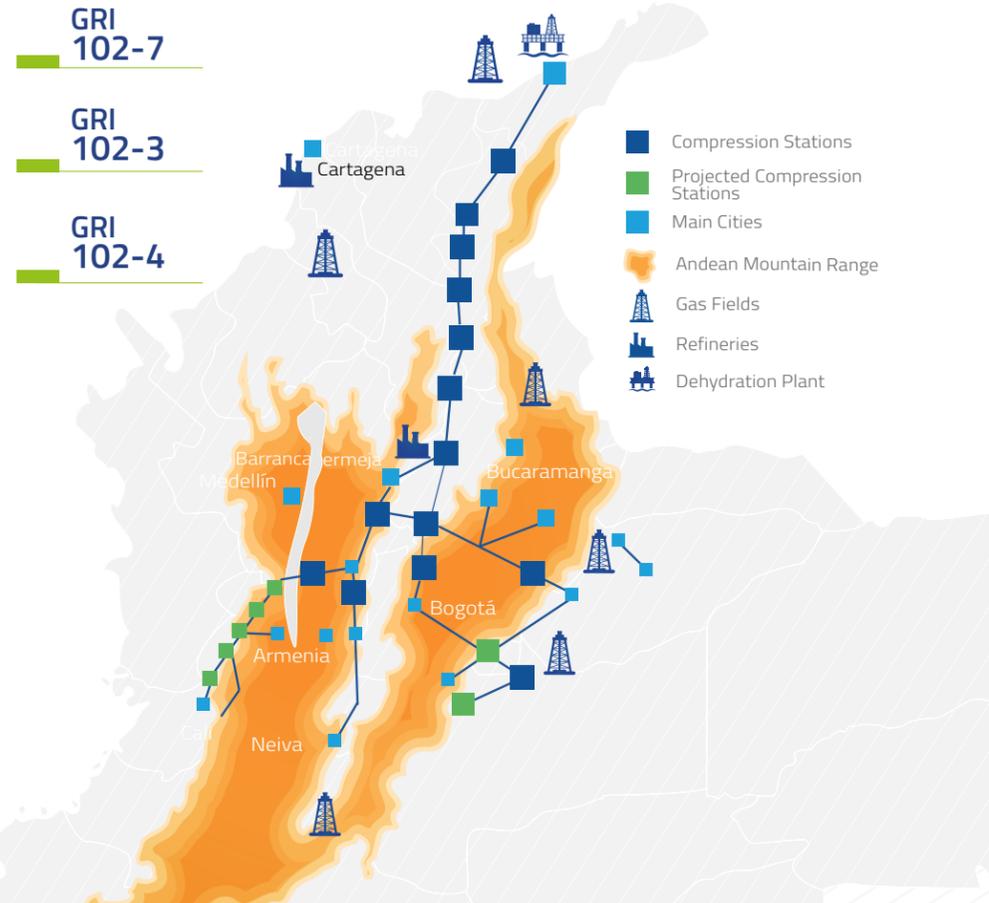
Transparency: We carry out our management objectively, clearly and verifiably.

Equality: We proceed with justice, equality and impartiality, seeking a positive and inclusive social impact.

2.7. GEOGRAPHIC COVERAGE

GAS PIPELINES NETWORK

Headquartered in Bogotá D.C., TGI S.A. ESP delivers a natural gas transportation service in Colombia through a system comprised of eight main gas pipelines, covering almost 4,000 km.



	Lenght (km)	Diameter (In)	Capacity (MPCD)
BALLENA - BARRANCABERMEJA	772	18	260
CENTRO ORIENTE	1.200	22 / 20 / 14 / 12 / 6	230 / 209 / 195 / 15
MARQUITA - CALI (BOMT)	760	20 / 8 / 6 / 4	170
LA SABANA	150	20 / 14 / 10 / 6 / 4 / 2	140
BOYACÁ SANTANDER	310	10 / 8 / 6 / 4 / 2	64
CUSIANA - LA BELLEZA	410	20 / 6 / 4 / 2	392
MORICHAL - YOPAL	13	4	5
CUSIANA - APIAY - USME	410	12 / 10 / 6	30 / 7
TOTAL	4000		370

The TGI gas pipeline network extends from the country's northeast to the south and southeast regions. The most significant points for natural gas production are located in the Ballena and Chuchupa fields at the northeast of Colombia and, to the east of Bogotá, in the Cusiana and Cupiagua fields.

The gas pipelines are connected to regional sections transporting gas to municipalities. The gas reaches residential areas, industries, businesses and other users either through the domestic distribution networks or in a direct manner, through connections to the transportation system of TGI's own network or the one contracted with the private sector.

The TGI network includes underground steel and large diameter gas pipelines through which natural gas is transported with a pressure between 500 and 1,400 pounds per square inch (psi), distributed as follows:

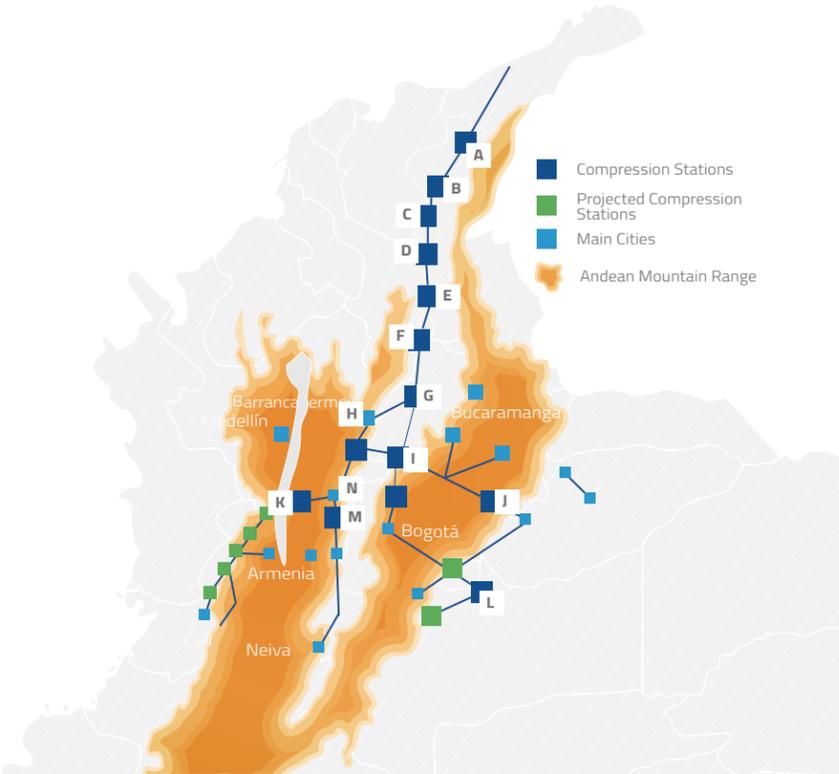
- 6 natural gas pipelines with a total length of 3,047 km, owned by TGI and also operated by the Company.
- 1 natural gas pipeline with a length of 150 km, owned by TGI and operated by a third party (Gas Natural S.A. ESP).
- 1 natural gas pipeline with a length of 760 km, owned by Transgas de Occidente and operated and maintained by the same Company. This contract under the BOMT mode refers to contracts to build, operate, maintain and transfer, and the total capacity is available for TGI exclusively for marketing. The BOMT contract expires in August 2017 and TGI will purchase the assets for a marginal amount.

For further information, see: <http://www.tgi.com.co>

GAS COMPRESSION SYSTEM

Along the TGI gas pipeline system, the stations compress once again the transported natural gas in order to restore pressure to the optimal operational value, which ensures a maximum usage of the pipeline capacity and an effective delivery.

The compression stations are duly located in strategic points along the entire network depending on the technical characteristics of the pipelines and the pressure required to make an effective delivery of gas.



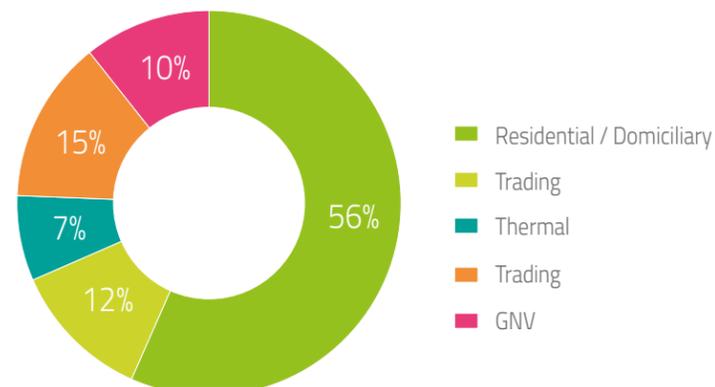
- 13 compression stations with a total of 61 compression units and a combined total power of 170,822 hp.
- 1 compression station (Apiay), with 3 natural gas compression units and a combined capacity of 2,475 hp. Fifty-percent (50%) of the station is owned by TGI and it is operated by Ecopetrol, owner of the remaining 50%.

Station	No. of Units	HP
A. Hato nuevo	5	13,775
B. La Jagua del Pilar	4	14,200
C. Casacará	7	11,760
D. Curumaní	4	14,200
E. Norean	5	15,545
F. San Alberto	4	14,200
G. Barrancabermeja	7	10,560
H. Vasconia	4	10,920
I. Puente Guillermo	7	16,590
J. Miraflores	5	17,320
K. Padua	5	8,400
L. Apiay	3	1,237
M. Mariquita	2	1,600
N. La Sabana	2	21,456
TOTAL	60	171,763

CLIENTS AND SERVICE PORTFOLIO

As of December 31st 2016, TGI served a total of 41 dispatchers (clients) which are linked to the industrial, thermoelectric, distribution, oil, marketing and automotive sector. TGI's contractual structure is backed up by 100% of firm contracts with an average duration of 8.6 years.

GRI 102-7



SECTORS COVERED

DISTRIBUTION: the companies in this sector provide distribution services to the cities located in the area of influence of the gas pipelines managed by TGI and supply gas to the following markets:

- COGENERATION:** natural gas consumption for sequential production of thermal and electrical energy, linked to an industrial, commercial or service process.
- REGULATED:** it represents a consumption of up to 100 Kpcd (one thousand standard cubic feet per day) of natural gas. A regulated user is a minor consumer.
- NON-REGULATED:** it represents natural gas consumption over 100 Kpcd. A non-regulated user is a major consumer.

THERMAL: the companies in this sector use natural gas for the generation of electricity and are located in the area of influence of the gas pipelines managed by TGI.

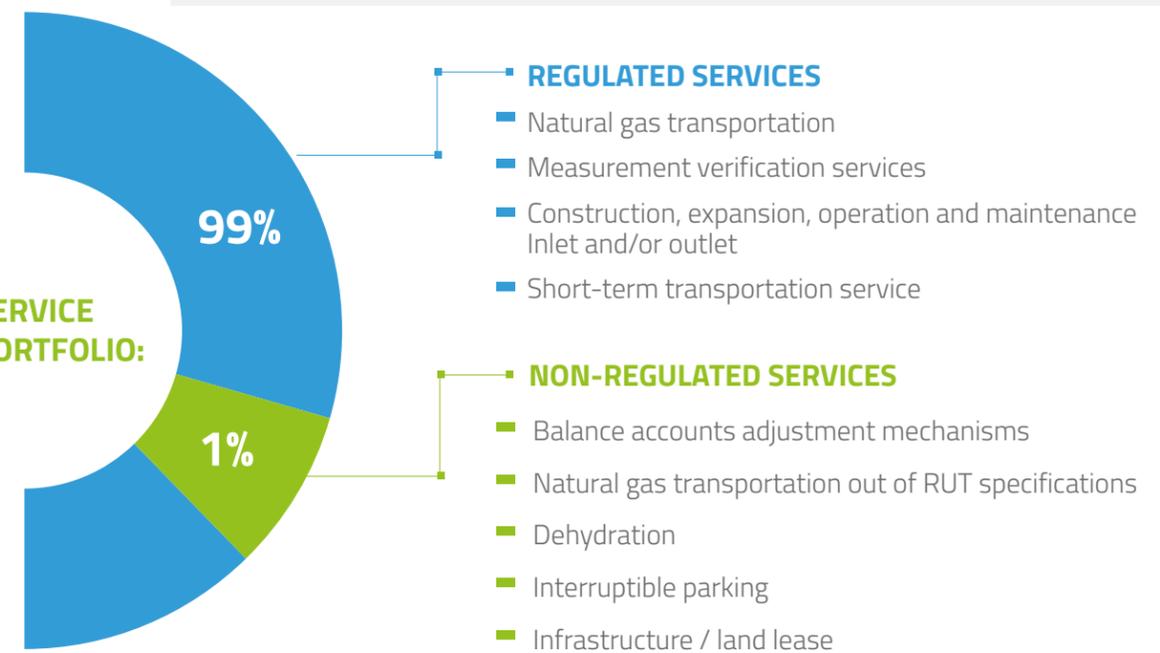
INDUSTRIAL: this sector uses natural gas as a primary fuel for its production and/or power generation process.

OIL: it covers the gas needs in refineries, gas for steam generation in upgraded recovery operations and gas for thermal generation in oil operations.

MARKETING: companies participating in purchase and sale activities of natural gas for final users or wholesale.

NGV: natural gas for vehicle usage.

SERVICE PORTFOLIO:



For further information, visit: <http://www.tgi.com.co>

2.6 PROFESSIONAL ASSOCIATIONS AND PARTICIPATION IN EXTERNAL INITIATIVES

PROFESSIONAL ASSOCIATIONS:

TGI participates in Andesco and Naturgas, organizations in which gas policies and regulations are discussed through the interaction between the main companies in the sector. Additionally, the Company maintains a permanent dialogue with the following governmental entities:

GRI 102-13

- Ministry of Energy and Mines.
- Energy and Gas Regulatory Commission (CREG).
- National Planning Department (DNP).
- Mining and Energy Planning Unit (UPME).
- Superintendence of Public Utilities (SSPD).
- National Hydrocarbon Agency (ANH).
- Natural Gas Market Manager (BMEC).

And it also participates in sectoral fora such as the Colombian Energy Conference ENERCOL and the ACIEM Pipeline Seminars, among others.

INITIATIVES IN THE SOCIAL, ECONOMIC AND ENVIRONMENTAL AREAS

GRI 102-12

TGI is a part of the United Nations Global Compact Network. In addition, it is integrated to the measurement led by for Colombia and is included in the Dow Jones Sustainability Index (through Empresa Energía de Bogotá).

2.7 AWARDS AND RECOGNITIONS

- In 2016, TGI maintained the degree of investment granted by the world's three most important risk qualifying agencies: Fitch Ratings, Moody's and Standard & Poor's, ratifying its qualifications in degree of investment with a stable perspective (BBB, Baa3 and BBB- respectively).
- Transportadora de Gas Internacional S.A. ESP maintained the certification from the Integrated Management System under international standards ISO 9001 "Quality Management System", ISO 14001 "Environmental Management System", OHSAS 18001 "Safety and Health at Work Management System" and ISO 50001:2011.

TGI 10 YEARS – 4000 KM OF GAS PIPELINES 2016

ODS: 5 - 7 - 8 - 12 - 13 - 15 - 16

GLOBAL PACT: ANTICORRUPTION – HUMAN RIGHTS – LABOUR STANDARDS – ENVIRONMENT

GOOD GOVERNANCE, ETHICS AND COMPLIANCE WITH THE LAW

Measure with new methodology for Transparency by Colombia - TGI presents its qualifications with a moderate risk level:

- Clear Rules: 75.4
- Openness: 80.3
- Control: 75.8

15 Committees established within the organization, including the Projects Committee, which guarantees the compliance with positive impacts in environmental, social and economic topics.
0 non-compliances of applicable regulations and legislation on service delivery.

PRIORITIZING SAFETY AND HEALTH IN THE WORKPLACE

0 fatalities of direct TGI workers, and 8 reported contractor accidents:

- 5 in operational activities and 3 at the administrative HQ = loss of 20 days, 50 less than in 2015.
- Over 500 hours of specialized training in critical activities for operation.

RESPONSIBLE TOWARDS THE ENVIRONMENT

COP 3.2 billion: climate change, water, residues, legal compliance = Positive net impact

42 Greenhouse Effect Gases (Scope 1) for less combustible gas from the North region's compression units.

A STAFF WITH TALENT, MOTIVATION AND RESULT-ORIENTED

355 collaborators.
2.312 hours of training on leadership. Continuity in the Great Place to Work measure. Improvements in the organizational structure = supports the economic growth and balance strategy.

SOCIALLY RESPONSIBLE

COP 2.387 million on social investment.
14 agreements = Work - Inclusion - Entrepreneurship.
Risk Management = 0 accidents in communities.
3.960 people received positive impact.

QUALITY AND INNOVATIVE SERVICE

8.1 n customer satisfaction.
100% compliance with improvement plan.

FINANCIAL STRENGTH AND RISK MANAGEMENT

USD 355 Million – EBITDA.
USD 67.4 million increase in utilities.
On 2016, the investment qualification given by the three risk qualification firms remained the same.
Moody's: Baa
S&P Global Ratings: BBB Fitch Ratings: BBB

OPERATIONS WITH INTEGRITY, RELIABILITY AND EFFICIENCY

COP 101.371 million invested in integral and reliable operations.
Efficient use of resources = **Savings by the order of COP 1.816 million** in materials' management.
Effective and sustainable facing illegal connection in the Yondó area.
Incursion in Mindstream services delivery with the Start-up on Operations of the Dehydration Plant – "Ballena".
Infrastructure Reliability Indicator: **99.89**.
100% supply capacity during the El Niño Phenomenon.

STRONG AND PROFITABLE GROWTH

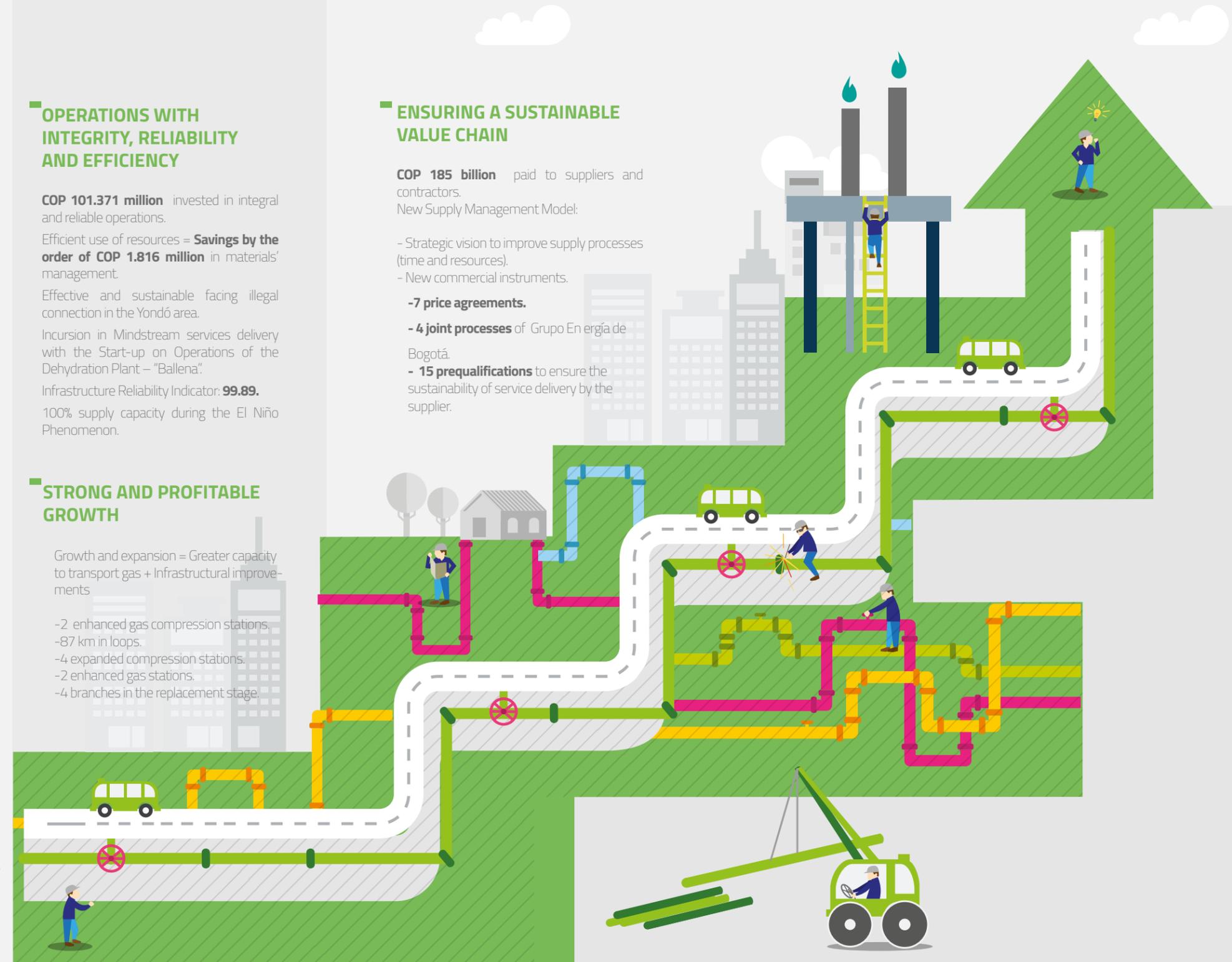
Growth and expansion = Greater capacity to transport gas + Infrastructural improvements

- 2 enhanced gas compression stations.
- 87 km in loops.
- 4 expanded compression stations.
- 2 enhanced gas stations.
- 4 branches in the replacement stage.

ENSURING A SUSTAINABLE VALUE CHAIN

COP 185 billion paid to suppliers and contractors.
New Supply Management Model:

- Strategic vision to improve supply processes (time and resources).
- New commercial instruments.
- **7 price agreements.**
- **4 joint processes** of Grupo Energía de Bogotá.
- **15 prequalifications** to ensure the sustainability of service delivery by the supplier.



3.1 REPORT PROFILE

GRI 102-50

REPORTING PERIOD

The information included in this report covers the Company's management from January 1st until December 31st 2016, understanding that the Company's operations are performed in Colombia.

GRI 102-51

DATE OF THE LATEST REPORT

The latest sustainability report was presented to address the Company's management in 2015 and it was published for its stakeholders in the website www.tgi.com.co during the first trimester of 2016 a and second revised version was published in the second semester of 2016.

GRI 102-52

PERIODICITY OF THE REPORT

TGI is committed to its stakeholders and especially to the Assembly of Shareholders and the Board of Directors, with regard to the dissemination of its sustainable management report with annual periodicity. 102-46

GRI 102-46

In this opportunity the 2016 Sustainable Management Report was prepared taking into account the organizational changes in a transitional period, in which the new President and the group of managers have worked to redefine the cor-

porate strategy to be implemented starting in 2017 and will be oriented toward the reinforcement of Grupo Energía de Bogotá through the provision of solutions consisting of intermediate activities in the hydrocarbon industry.

During 2016, the benchmark for the management of the organization consisted on the seven pillars of excellence:

7 PILLARS FOR EXCELLENCY

High-End Performance – Industry Best Practices

Priority on work security and safety

Environment and social responsibility

Staff with talent, motivation and result-oriented

Operations with integrity, reliability and efficacy

Quality and innovative service

Financial strength and risk management

Robust and profitable growth

Rigorously comply with: Codes of ethics and good governance, the Law and our commitments.

03

ABOUT THIS REPORT

These pillars were incorporated to each of the Company's areas on the understanding that each of them requires the support and participation of people, processes and results. This report presents the achievements and progress made in each of the pillars and transversal axes, which will allow TGI to include the best industry practices within a short term.

CONTACT REGARDING THE REPORT

CAROLINA BONILLA PORTILLA
Sustainable Development Management
Carolina.bonilla@tgi.com.co

This is the seventh Sustainable Management Report of the Company and the first prepared according to the recent Global Report Initiative (GRI) Standard, under the option of essential conformity.

In addition, it is aligned to the commitment established with the United Nations Global Compact and assuming the good practices of sustainability and transparency. During 2016, the practice of external verification of the Sustainable Management Report will continue through limited and independent assurance, in application of the ISAE 3000 Standard (published in

website). The external verification was performed by the firm KPMG Advisory Services SAS.

The preparation of this report did not give room to restatements or changes in the way of reporting.

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102-49

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102-56

3.2 INVOLVEMENT OF STAKEHOLDERS



102-42
102-44

In 2013, TGI carried out its first dialogue process with the stakeholders through external consulting, which applied the methodology exposed in the Guidelines for Liaisons with Stakeholders of AA1000 proposed by Accountability and UNEP. The result of this exercise was the input for the determination of the material aspects reported on by the sustainable management since 2014.

Between 2014 and 2015, TGI carried out once again the dialogue process with its stakeholders using the same methodology, in order to ensure representativeness and the quality of the sample. The participants assessed the priority of the issues and organized them according to the position they should have in the Company's global responsibility agenda. The results were presented in the 2015 Sustainable Management Report.



HIGH-END PERFORMANCE BEST PRACTICES OF THE INDUSTRY



Rigorously comply with:
Codes of Ethics and Good Governance, the Law and our commitments

RESULTS OF DIRECT DIALOGUE WITH CLIENTS, EMPLOYEES, SUPPLIERS, COMMUNITY AND ENVIRONMENTAL AUTHORITIES.

- Primary issues
- Sustainable management of the operation
- Human capital management
- Ethics, transparency and competence
- Climate change, emissions and biodiversity
- Financial management
- Social management and human rights
- Client management
- Corporate governance



GRI 102-4
GRI 102-43

In TGI, the dialogue process with stakeholders is complemented through liaison strategies and their respective mechanisms by way of which their expectations and needs are received:



3.3 MATERIAL ASPECTS AND REPORT COVERAGE

GRI 103-3

Since 2014, TGI has worked on the thorough analysis of its materiality in order to permanently adjust the relevance of its response to economic, social and environmental impact. This has become an essential input for this Sustainable Management Report, joined to the addition of external and internal sources, among which are the following:

INTERNAL SOURCES ANALYZED

- A.** Pillars of Excellence as defined by the High Management.
- B.** TGI S.A ESP 2014-2015 Sustainable Management Report.
- C.** Interviews to the Company's Managements.
- D.** Grupo Energía de Bogotá's Corporate Sustainability Policy.
- E.** Grupo Energía de Bogotá's Corporate Sustainability Guidelines.

EXTERNAL SOURCES ANALYZED

- A.** Results of dialogues with stakeholders in 2013 and 2015 (carried out by KPMG).
- B.** GRI directives and sectoral complement for Oil & Gas.
- C.** Dow Jones Sustainability Index (applied by EEB as Grupo Energía de Bogotá, including TGI information).
- A.** External referencing to professional associations, official entities and companies of the sector.

GRI 102-47

- Once this analysis was performed, a list of issues prioritized according to their frequency of appearance in the sources was obtained. This order was validated with the management team to produce the final list of material issues.

Pillars of Excellence

- Priority in occupational health and safety
- Environmental responsibility
- Social responsibility
- Talented, driven and result-oriented team
- High-quality and innovative service
- Operations with integrity, reliability and efficiency
- Financial stability and risk management
- Robust and profitable growth
- Compliance with ethics and corporate governance codes, and the law

Material aspects 2014-2015

- Seguridad y Salud Ocupacional.
- Integrated environmental management. Eco-efficiency. Climate change (emissions and leaks). Waste. Biodiversity. Relations with environmental authorities.
- Support to vulnerable populations. Community risk management and prevention
- Management, preservation and development of human talent
- Client satisfaction
- Integrated management of assets and process safety. Operational efficiency.
- Economic performance. Confidence of shareholders and investors.
- Increase of demand. Continuity of business.
- Cost-effective supply. Monitoring selection, thorough assessment of suppliers.

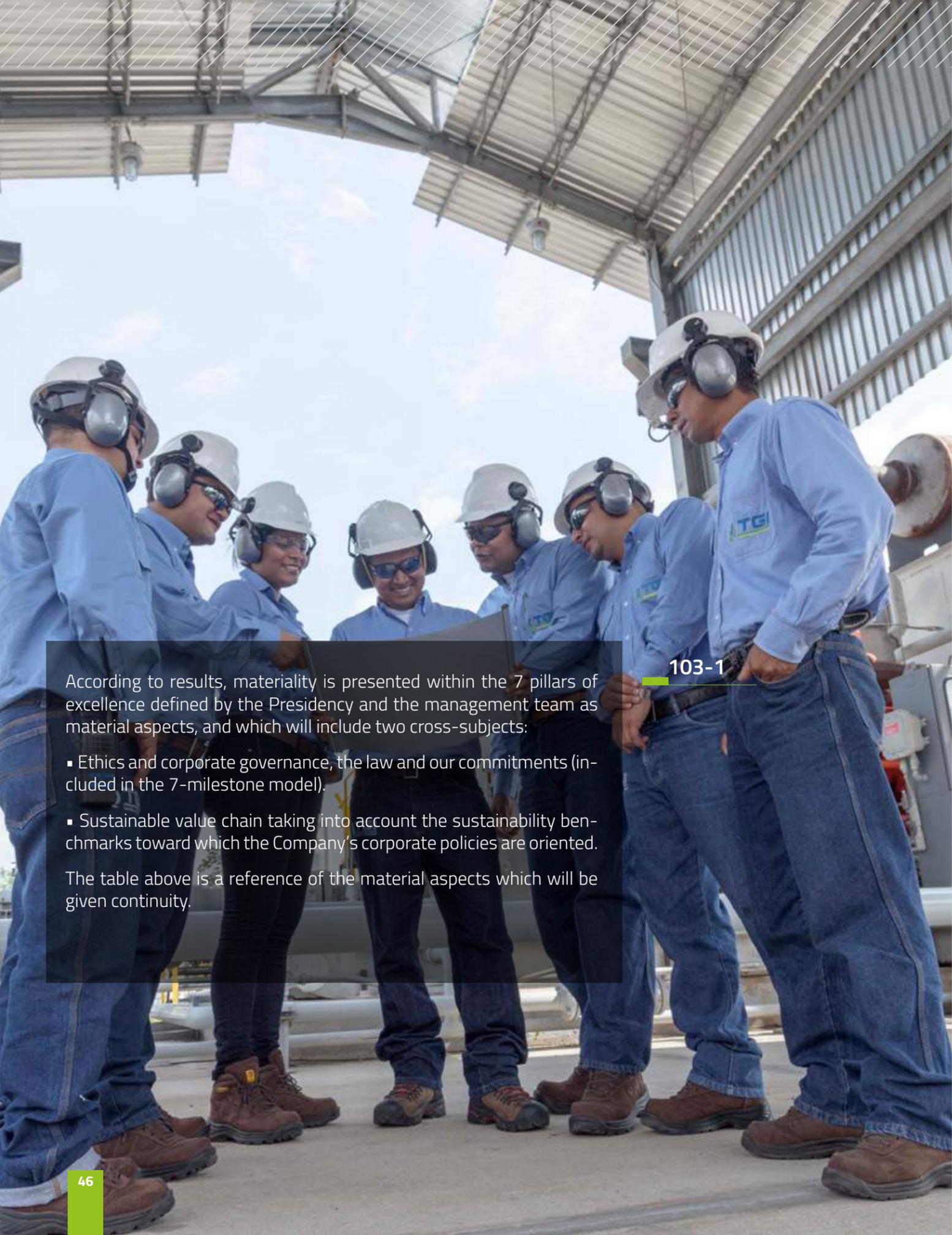
Primary issues Dialogues 2015

- No relevant issues identified
- Climate change and emissions and biodiversity
- Social management
- Human capital management
- Client management
- Sustainable management of the operation
- Financial management
- Ethics, transparency and competence. Corporate governance.

Comments to materiality

- Established as one of the primary issues by the Company's High Management
- Water and waste will not be considered a material aspect, taking into account that water use and consumption is not of significant environmental impact for the Company, and regarding waste there are established operational controls in construction activities.
- Material aspects are given continuity within general guidelines from the High Management to be environmentally responsible.
- The material aspect is reoriented taking into account the High Management guidelines, seeking the competent and motivated staff's contribution for the achievement of the Company's objectives.
- The material aspect is reoriented taking into account that the client satisfaction results are the consequence of delivering a high-quality service, as defined by the High Management.
- The material aspects defined in the sustainability report are given more importance
- maintained within the High Management general guidelines for financial stability and risk management. Regarding confidence of shareholders and investors, it will not be developed as a material aspect in the report, given that it is the result of the Company's management as a whole.
- Material aspects are maintained within the High Management guidelines for a robust and profitable growth. The continuity of business is separated from the economic performance as presented in previous sustainable management reports (2014-2015).
- It will be presented as a material aspect according to the High Management guidelines and the dialogue results.
- It will be considered a material aspect taking into account sustainability methodologies.





103-1

According to results, materiality is presented within the 7 pillars of excellence defined by the Presidency and the management team as material aspects, and which will include two cross-subjects:

- Ethics and corporate governance, the law and our commitments (included in the 7-milestone model).
- Sustainable value chain taking into account the sustainability benchmarks toward which the Company's corporate policies are oriented.

The table above is a reference of the material aspects which will be given continuity.

COVERAGE OF EACH MATERIAL ASPECT WITHIN THE ORGANIZATION

MATERIAL ASPECT	INTERNAL	EXTERNAL
Work health and safety	Employees	Contractors
· Integrated environmental management · Eco-efficiency · Climate change (emissions and leaks) · Waste · Biodiversity · Relationship with environmental authorities		Communities Environmental authorities
· Support to vulnerable population · Community risk management and prevention		Communities
Human talent management, preservation and development	Employees	
Client satisfaction Integrated management of assets and process safety		Clients
Operational efficiency		Clients Board of Directors
Economic performance Shareholders and investors' confidence	Employees	Shareholders Investors Financial entities Suppliers Control entities
Demand increase Continuity of business		Shareholders Investors Clients
Cost-effective supply Monitoring selection, thorough evaluation of suppliers		Suppliers Control entities

GRI 102-40

4.1. CORPORATE GOVERNANCE

MANAGEMENT APPROACH

In addition to the relevance of Corporate Governance for sustainability and value generation in TGI, the Company is convinced that it is also a way to convey trust to the shareholders and investors, to the extent that it gives them safety regarding the implementation of an adequate structure for the decision-making process while reducing the risk of financial crisis, generating value in every area where it operates and contributing to the growth and expansion of the organization by securing better financing conditions in the market.

During 2016, the following milestones were achieved in this matter:

- A.** Implementation of the provisions established in the Code of Commerce and Act 222 of 1995.
- B.** Implementation of the practices indicated for TGI in Circular Letter 28 of 2014 from the Financial Superintendence, in accordance with the Grupo Energía de Bogotá guidelines.
- C.** Establishment of the Corporate Bylaws (see here) and the Corporate Governance Code (see here), as guarantors for structuring, defining and compiling the ethical, political principles, business values, standards and guidelines directing every action performed by the Company. The Code establishes the Company's information and structure, the guidelines related to the management bodies (General Assembly of Shareholders), administrative bodies (Board of Directors), administration, remuneration criteria, external control, shareholders' rights and duties, among others.
- D.** In TGI, the Corporate Governance was re-institutionalized through the modification of the Corporate Bylaws, the appointment of the members of the General Assembly of Shareholders and Board of Directors' Committees with their respective regulations, as well as the creation of TGI's Management of Corporate Affairs including a 3-person team heading this department.

e. Assignment of user name and password to the members of the Board of Directors for the consultation of minutes and presentations from the formal meetings of this body, corporate bylaws and other reference documents.

f. Strictness in the preparation and delivery in advance to the members of the Board of Directors of the issues to be addressed and follow-up of a standard agenda, as well as in the completion of every session scheduled for the year.

TGI has different information mechanisms to meet the requirements of its 11 shareholders, who may submit their PQRS through the Company's website, via email to the Management of Corporate Affairs or through the Company's direct channels such as the official mail for notices and the correspondence window.

04

CORPORATE GOVERNANCE,
ETHICS AND COMPLIANCE
WITH THE LAW



GOVERNANCE BODIES

GRI
102-18

1. GENERAL ASSEMBLY OF SHAREHOLDERS, INTEGRATED BY:

- 1.1. Empresa Energía de Bogotá S.A. ESP
- 1.2. Minority shareholders

2. BOARD OF DIRECTORS

2.1. Main members: Gloria Astrid Álvarez Hernández, Moisés León Rubistain Lener, Raúl José Buitrago Arias, Oscar Edmundo Días Molina, Héctor Felipe Ángel Carvajal, José Fernando Montoya Carrillo, Jaime Alfonso Orjuela Vélez.

2.2. Alternate members: Diana Margarita Vivas Munar, Barón Lancheros Francisco Javier, Juan Daniel Ávila Gómez, Martha Nohora Riaño Reyes, Mauro Hernán Mejía Trillos, Camila Merizalde Arico, Leonardo Garnica Eljaiek.

3. COMMITTEES:

3.1. Statutory

3.1.1. Auditing Committee: it has the purpose of attending the Board of Directors meetings in its capacity of supervisor through the evaluation of accounting procedures, dealings with the statutory auditor and, in general, the revision of the Company's control structure, including the risk management system implemented by the Company.

3.2. Created by the Board of Directors

3.2.1. Operational and Investment Committee

3.2.2. Compensation Committee

3.2.3. Corporate Governance Committee

4. PRESIDENT: JULIÁN GARCÍA SALCEDO

4.1. First Alternate of the President: Yolanda Gómez Restrepo

4.2. Second Alternate of the President: Leonel Mauricio Vara Maldonado

5. VICE-PRESIDENT OF LEGAL AND GOVERNANCE AFFAIRS: Carlos Manilla McCormick

6. STATUTORY AUDITOR: Deloitte & Touche Ltda.



- Each of the bodies listed has the powers and attributions conferred to them by the bylaws, which shall be exercised pursuant to the special regulations stated therein and to the applicable law.
- The Company shall also have a Vice-President of Legal and Governance Affairs, as well as any other officials and bodies as determined by the Assembly and the Board of Directors.
- The Committees' main roles shall be that of advisors and consultants for the Board of Directors. The Committees' decisions shall be adopted with the majority of the members in attendance and their meetings shall be held when most of the members are in attendance.

STATUTORY AUDITING COMMITTEE:

The Committee's purpose is to assist the Board of Directors in its role of supervision through the evaluation of accounting procedures, dealings with the Statutory Auditor and, in general, the revision of the Company's control architecture, including the audit of the risk management system implemented by the Company. This Committee shall be integrated by three (3) main members of the Board of Directors and their respective alternates. Its meetings may be attended by, with the right to speak but not to vote, the President, the Financial Vice-President and the Internal Audit Manager of the Company. The Company's Statutory Auditor may attend the meetings solely in an advisory capacity, as the case may be; the above is provided in the Company's Bylaws, Article 57.

COMITÉS CREADOS POR JUNTA DIRECTIVA:

- **BOARD OF DIRECTORS' OPERATIONAL AND INVESTMENT COMMITTEE:** its purpose consists on the follow-up and analysis of every issue related to the business planning, the operation of infrastructure and the Company's investments, businesses, commercial and regulatory affairs. The above in order to make recommendations to the Board of Directors on these matters, as well as to offer its support thereto in the exercise of its decision-making functions linked to the jurisdiction of the Committee, in accordance with the Committee's regulations.
- **BOARD OF DIRECTORS' COMPENSATION COMMITTEE:** its purpose consists on ensuring that TGI's human management is framed within the corporate guidelines and that the compensation system allows the Company to include every person required for the fulfillment of its mission and strategic objectives, with a view to implementing the best practices of organizational development and generate value for the Company and its shareholders. For this purpose, this body is responsible for analyzing and discussing every subject related to the compensation of employees, such as fixed and variable compensation, incentives and benefits, worker-manager relations and industrial relations, in order to make recommendations to the Board of Directors regarding these matters, as well as supporting the Board in the exercise of its decision-making or advisory functions associated to the appointment and remuneration of the members of the Board of Directors and the High Management, in accordance with the Committee's regulations.
- **BOARD OF DIRECTOR'S CORPORATE GOVERNANCE COMMITTEE:** its purpose consists on proposing and supervising the compliance with the corporate governance measures as adopted by the Company, in accordance with the Committee's regulations.

ADDITIONAL COMMITTEES:

- **PRESIDENTIAL COMMITTEE:** the Presidential Committee was regulated through Directive No. 002 and its purpose consists on the coordination, management, follow-up and analysis of the matters corresponding to the Company's High Management in a multidisciplinary and integrated manner, by virtue of being integrated by the President, the vice-presidents and the sustainable development and planning managers. The Committee is governed by the Presidency's guidelines and it holds weekly meetings.
- **WORKPLACE HARASSMENT COMMITTEE:** it is integrated by a group of workers, employee representatives and worker representatives, all seeking to prevent workplace harassment and contribute to the protection of workers against psychosocial risks affecting occupational health, as established in Resolution 0652 of April 30th de 2012. The Committee's purpose consists on improving relations among workers. One of its main roles consists on formulating a plan of improvement agreed upon by all parties in order to build, renovate and encourage good labor relations. Other functions of the Committee include the follow-up of the commitments acquired by the parties involved in claims, submit to the High Management an annual report including the results of the Workplace Harassment Committee and any other report required by the control bodies, follow-up the compliance with the Committee's recommendations to the Company's departments of Human Talent and Occupational Health and Safety. The Committee's competence is related to the social area.
- **CONTRACTING OPERATIONAL AND EXECUTIVE COMMITTEES:** these Committees are responsible for the decisions adopted in terms of contracting; however, the responsibility of the Committees' members does not relieve the employees participating in every stage of the contractual process of their responsibility. They are responsible for approving the contracting strategy, which must include as a minimum: applicable selection mode, general technical scope, evaluation criteria, and negotiation rules.

- **COMMERCIAL COMMITTEE:** its competence includes the analysis, review and approval of the Company's commercial policies, as well as the assessment of rates, expansion of the transportation system and regulatory framework. Its main functions include the following: recommendation of the expansion of the transportation infrastructure, new types of commercial service to be offered by the Company, new commercial rates to be offered by the Company, service suspensions due to breach of commercial contracts, review and recommendation of capacity contracting in case there is no primary capacity available, as well as the modification of the corresponding contracts.
- **PROJECT COMMITTEE:** it is chaired by the President and its purpose consists on advising in the decision-making process regarding the start, development, changes and/or approvals in every stage of initiatives or projects, ensuring the following: alignment of initiatives with the objectives established in the corporate strategy, prioritization of initiatives based upon their impact and added value, definition of the relevance of investment in a specific project, definition of the next stage for every initiative, authorization of the maturation process of each initiative (start up), authorization of investment, work plan and resources for the next stage prior to authorization and investment in the project, including multidisciplinary team, appointment of the initiative or project leader and its project team, subscription of Decision Support certificate or memorandum.



RESPONSIBILITY OF COMMITTEES IN DECISION-MAKING

Committee	Responsable de decisiones de tipo
Compensation Committee	Social and economic
Corporate Governance Committee	Economic and corporate
Auditing Committee	Economic and ethical
Operational and Investment Committee	Operational, economic, social and environmental
Presidential Committee	Operational, economic, social, environmental, commercial management, legal and administrative
Workplace Harassment	Social
Contracting Committees	Economic and operational

Election

According to Article 47 of the Corporate Bylaws, the main and alternate members shall be elected and freely removed by the General Assembly of Shareholders. Pursuant to Act 142 of 1994, Article 19, numeral 16, the Board of Directors shall be integrated by proportionally expressing the shareholding ownership. The election by the General Assembly of Shareholders is performed through the electoral quotient system (Article 1 and 2 of the Board of Directors regulations).

Independence

The members of the Board of Directors shall not be related by kinship to each other, either with the President or with the Statutory Auditor or with any other employee of the management in a position of trust, within the fourth degree of consanguinity or second of affinity or first civil. The Board of Directors shall not include people linked by marriage or by de facto marital union.

Since TGI is not registered at the National Registry of Securities and Issuers (RNVE), it is not obliged to include independent members, as provided in Article 44 of Act 964.

Specific knowledge and experience in the economic, social and environmental areas

Regarding the capacities of the members integrating the Board, Article 2 of the Board of Directors regulations stipulate the following:
 "The Board of Directors shall be integrated by people with top professional and personal qualities. For their election, the General Assembly of Shareholders shall take into account criteria such as: (i) experience in the area of finances, law or similar sciences, and/or in activities related to the public service sector, and/or the operations performed by the Company, (ii) their profile, including track record, recognition, prestige, availability, leadership, good name and appreciation of the candidates due to their professional suitability and integrity.
 The evaluation of the suitability of the candidates to the Board of Directors and the compliance with the applicable requirements shall be completed prior to their election, in the terms indicated in the regulations of the General Assembly of Shareholders.
 At the same time, one of the functions of the Compensation Committee consists on recommending the Board of Directors the profiles and competences required in their members, which shall be in turn reported to the Shareholders' Assembly.

Involvement of stakeholders

In accordance with Articles 379, numeral 1 of the Code of Commerce and 17 of the Assembly regulations, in order to facilitate their legal right to nomination, the shareholders may subject the candidates to integrate the Board of Directors to the verification of the requirements by the Compensation Committee, in which case this shall submit to the Assembly a report on the compliance with said requirements, prior to the election. In the case the Compensation Committee has not performed this procedure, the proposing shareholder shall carry out the corresponding analysis and submit it to the Shareholders' Assembly prior to the voting process.

PRESIDENT

Article 59 of the Corporate Bylaws indicates that the President's term shall be of two (2) years counted from his/her election, but he/she could be elected indefinitely or freely removed from office before the expiration of said term. When the Board does not elect a President when it corresponds to do so, the previous President shall continue in office until a new appointment is performed.

VICE-PRESIDENT OF LEGAL AND GOVERNANCE AFFAIRS

Article 60 of the Corporate Bylaws states that the Company shall have a Vice-President of Legal and Governance Affairs.

STATUTORY AUDITOR

Article 62 of the Corporate Bylaws states that the Company shall have a Statutory Auditor with his/her respective alternate, who shall be appointed by the General Assembly of Shareholders for a two (2)- year term, equal to the Board of Directors, but he/she may be removed or reelected at any time, as established in these Bylaws. The alternate replaces the main auditor in case of temporary or permanent absence.

BOARD OF DIRECTORS' COMMITTEES

The Committees shall be integrated by the main members and their respective alternates of the Board of Directors.

He/she exercises the functions of secretary for the General Assembly of Shareholders, the Board of Directors and the Board's Committees, and therefore is not a member thereof.

Article 205 of the Code of Commerce.

See Board of Directors.

The President is elected by the Board of Directors, pursuant to criteria of suitability, knowledge, experience and leadership, as recorded in Minutes No. 128 of the Board of Directors. For the election of the President in 2016, a company specialized in the selection of high executives (head hunter) was hired, the Aristos Consultores de Gerencia S.A. Said firm submitted a report of the selection and evaluation process, including a report of the resúmenes and corresponding qualifications.

Appointed by the President.

The Statutory Auditor and his/her alternate may be natural or legal persons who shall have the capacity of public accountants, subject to the incompatibilities, inabilities, prohibitions and responsibilities determined by the law. As recorded in Minutes 34 of the General Assembly of Shareholders, the Statutory Auditor was appointed for 2016 and 2017.

See Board of Directors.

Secretary of the General Assembly of Shareholders.

Appointed by the General Assembly of Shareholders.

See Board of Directors.

Matters associated to diversity in the election are not identified herein.

INTEGRATION OF THE BOARD OF DIRECTORS

GRI 102-22

ODS 16 (16.6)

Member of the Board of Directors	Position	Company	Board Committees to which he/she belongs	Boards to which he/she belongs	Company Executive	Number of Board meetings attended ¹	Gender
Gloria Astrid Álvarez Hernández	Main	President EEB	Compensation and Corporate Governance Committees	Contugas, Cálidda, Promigas, EAB	No	14 of 15	Female
Moisés León Rubistain Lener	Main	Manager - Desarrollo Empresarial Ltda	Compensation, Operational and Auditing Committees	Pretecor Ltda., Citra S.A.S, Seseado Gomez Pretecor	No	8 of 15	Male
Raúl José Buitrago Arias	Main	General Secretary - Alcaldía Mayor de Bogotá	Compensation Committee	EAB	No	15 of 15	Male
Oscar Edmundo Díaz Molina	Main	Mobility Advisor - Alcaldía Mayor de Bogotá	Corporate Governance and Auditing Committees	ETB S.A. ESP, IDARTES (consejo Directivo)	No	14 of 15	Male
Héctor Felipe Ángel Carvajal	Main	District Treasurer	Auditing Committee	FONGEP	No	15 of 15	Male
José Fernando Montoya Carrillo	Main	Legal Representative - Doblefer SAS	Operational and Investment Committees	Centro de Liderazgo, Corporación Mesa de yeguas, Corporación Escuela Galán, Esenttia	No	12 of 15	Male
Jaime Alfonso Orjuela Vélez	Main	Manager of Planning and New Businesses - EEB	Operational, Investment and Corporate Governance Committees	Trecca	No	9 of 15	Male
Diana Margarita Vivas Munar	Alternate	General Secretary - EEB	Compensation and Corporate Governance Committees	Cálidda, Trecca, Contugas, EEB	No	2 of 15	Female
Juan Daniel Ávila Gómez	Alternate	Manager in charge of Sustainable Development - EEB	Compensation Committee	TGI	No	None	Male
Martha Nohora Riaño Reyes	Alternate	Presidential Advisor - EEB	Corporate Governance and Auditing Committees	Trecca, Contugas	No	1 of 15	Female
Mauro Hernán Mejía Trillos	Alternate	Supply Manager - EEB	Operational, Investment and Corporate Governance Committees		No	1 of 15	Male
Camila Merizalde Arico	Alternate	Manager of Corporate and Affiliate Affairs	Auditing Committee	Cálidda	No	1 of 15	Female
Leonardo Garnica Eljaiek	Alternate	Manager of Shareholding Portfolio and Corporate Planning - EEB	Operational and Investment Committee	Contugas SAC, Red de Energía del Peru, Consorcio Transmetano	No	1 of 15	Male
Francisco Javier Barón Lancheros	Alternate	Financial Planning Manager - EEB	Compensation, Operational and Auditing Committee	TGI	No		Male

¹Total of Board of Directors meetings held in 2016: 15; the attendance corresponds to the main members from their appointment, in their absence, the presence of alternate members was counted in compliance with the Colombian legislation.

GRI 102-28

The President's evaluation in terms of the Corporate Bylaws (Article 52, numeral 2) corresponds to the Board of Directors. The evaluation of the members and Committees of the Board of Directors is established in Article 20 of the Board of Directors regulations, which states that a self-evaluation report shall be submitted to the General Assembly of Shareholders on an annual basis, including its functions and its work as a collegiate body, identifying the degree of compliance thereof.

Additionally, it shall submit a report including the evaluation of its Committees and its members considered individually. For this purpose, an external advisor may be hired to help in the formulation of the criteria that should be taken into account for the development of said evaluation. In 2017, the

evaluation of the Board members will be performed through a third party in accordance with the Corporate Bylaws.

At an external level, the external audit of management and results is performed pursuant to the provisions of Act 142 of 1994 and Gestión y Auditoría Especializada Ltda - GAE - which receives an annual report including the Company's operational activities and the matters corresponding to Corporate Governance, such as the Company's composition, Board of Directors, Shareholders, among others. Said report is in turn submitted to the Superintendence of Public Utilities by GAE.

There are no changes in the members or the organizational practices for evaluation processes.

CHALLENGES FOR 2017

- Update of the Corporate Governance Code according to the GEB guidelines and the best corporate practices on the matter.
- The evaluation to the Board members will be performed through a third party in accordance with the Corporate Bylaws.

4.2. ETHICS AND TRANSPARENCY

MANAGEMENT APPROACH

Global Compact - Anticorruption

For TGI, the strengthening of ethics and anticorruption regulations is a part of its organizational structure and an essential factor in its relations with the stakeholders, as well as the actions performed in the markets where its business is developed.

The Company has implemented mechanisms supporting the development of coordinated actions against fraud and corruption, the promotion of corporate values and transparency.

- TGI has had for several years a Code of Ethics, which is the formal and institutional benchmark of the personal and professional behavior that should be displayed by every employee, member of the Board of

Directors, supplier and contractor, regardless of their job or position. In an annual basis, TGI's employees sign the form "Statement of Conflict of Interest" to adhere to the Code of Ethics. In addition, the contracts signed with third parties for the delivery of a good and service include a clause stating the unilateral termination of said contract in the case of breach or noncompliance with the Code of Ethics. During 2016, the Statement of Conflict of Interest form was reformulated, currently including specific aspects to be reported which will allow to identify possible situations, such as:

- Capacity of former employee, current employee, shareholder or member of the Board

The Company has implemented mechanisms supporting the development of coordinated actions against fraud and corruption

of Directors, either directly or through a legal person, any TGI's contractor or client (dispatcher).

- Having a spouse or life partner or relatives in the first or second degree of consanguinity (parents, children, siblings, grandparents, grandchildren), or first and second degree of affinity (parents in-law, sons in-law, daughters in-law and brothers or sisters in-law), or first civil (adopted children), who works at TGI or any company owned by Grupo Energía de Bogotá.

- Activities outside working hours which result in an economic benefit represented by profits, fees or salaries.

In addition, TGI has adhered to:



- The United Nations Global Compact, with the commitment to implement in its strategies and operations the ten principles within the framework of Human Rights, Labor Standards, Environment and Anticorruption.
- The initiative of the United Nations Office on Drugs and Crime in Colombia (UNODC): "The path to integrity. A collaboration between the Colombian public and private sector", a 3-year project (October 2015 - September 2018) aimed at strengthening the mechanisms for the prevention and fight against corruption from the principle of shared responsibility established in the United Nations Convention against Corruption (UNCAC) and the improvement of the dialogue between the public and private sector, in order to reinforce the anticorruption legal framework and create a culture of integrity in the Colombian private sector.

INSTRUMENTS FOR ETHICS

1. PREVENTION:

- Antifraud and Anticorruption Policy (Corporate): it promotes a culture of ethics within TGI in order to prevent fraud or corruption events, and establishes mechanisms for the detection, investigation and the effective and timely resolution of said events.
- Code of Ethics: it establishes and develops behavioral patterns and codes of conduct in terms of the relations with stakeholders and the actions performed in markets where the Company's business is developed, which are adjusted to the corporate values and the obligations assumed in the work relationship.
- SIPLA Manual (Integrated System for the Prevention of Asset Laundering and Terrorism Financing): it includes the policies, controls and procedures adopted by the Company to prevent the risk of asset laundering and terrorism financing.
- Training of all the Company's employees, High Management, suppliers and clients in matters related to the prevention of fraud and corruption, the Ethical Channel, the Code of Ethics, Conflicts of Interest and prevention of Asset Laundering and Terrorism Financing.
- Validations in restrictive and control lists of the natural and legal persons close to formalizing a commercial, contractual, labor relationship and other operations with the Company.

GRI
102-17

2. DETECTION:

- Ethical Channel: this mechanism has the purpose of preventing, detecting, investigating and resolving any fraud or corruption event, unlawful act or any other misconduct representing a prejudice for any Company of the Group. In addition, it may be used for the consultation and request of clarifications on ethical dilemmas.
- This channel is managed by an independent third party which guarantees objectivity in the process of reception and handling of information, providing TGI the reports of claims received in the Ethical Committee, taking into account the communication protocols.

3. INVESTIGATION:

the Company has defined activities and mechanisms aimed at investigating fraud and corruption events, as follows:

- Every report received is analyzed pursuant to the provisions established in the Verification Protocol and then is submitted to the Auditing Committee.
- In the case an investigation is required, TGI may perform it with internal resources or with the help of expert third parties; for this we have specialized services in these matters.
- The Audit Management is in charge of implementing programs for the prevention, reinforcement, training, evaluation and monitoring in this area. We have a team of six auditors and resources allocated to the execution of control activities.





FRAUD AND CORRUPTION RISK MANAGEMENT

The TGI risk management system has identified the fraud and corruption risk and defined the related mitigation controls, which are monitored periodically. The most relevant positive impact of prevention is related to the economic aspects, in the transparency of the contracting processes, services and supplies and in the fulfillment of social and environmental obligations.

- TGI has a fraud and corruption prevention policy and in 2016 it started the construction and im-

plementation of the Administration System for the prevention of fraud, bribery and corruption risks, which operates according to self-regulatory standards and complies with international standards on this matter:

- Responsibility levels.
- Methodologies for the identification of risk factors and the identification, measurement and control of the fraud and corruption risk and system monitoring.

- Tools for administration: prevention, detection and response, principles, definition of fraud and corruption acts, codes of conduct, gifts, hospitality and other benefits, donations, sponsorships and contributions for the financing of political campaigns, relationships with stakeholders, measures to ensure the compliance with the system, internal control procedure and reviews, external reports, indicators, disclosures and training.

TGI has the following Committees in charge of verification, according to the Communications Protocol of the Ethical Channel (find it here) :

- Workplace Harassment Committee.
- Ethics and Compliance Committee.
- Auditing and Risks Committee.
- Check list of fraud and corruption alerts in different Company processes, which is a part of the Annual Plan for Internal Audit.

In 2016 some strengthening strategies were implemented around these subjects:

- A.** Self-monitoring campaigns addressed to the employees and published in internal media, using a testimonial as closing.
- B.** Training and evaluation of ethical dilemmas, addressed to employees and contractors, focused on the different mechanisms and tools promoting ethics and the fight against corruption in TGI. There were 45 sessions in total held in the Bogotá office and the operational work sites, with a participation of 74.7% (dividing 266/356) of the total current staff (356). The total number of people in attendance was 325 people, out of which 266 are employees and 59 are suppliers and contractors.

Dissemination of the Contracting Manual to suppliers and contractors, including lectures on ethical issues, to which 196 suppliers and contractors from the Grupo Energía de Bogotá were invited.

GRI 205-2

C. Lectures on Ethics, addressed to Clients through the Transportation Committee, with the attendance of 54 clients and 25 TGI employees.

Level	Number	%	Number	%	Work site	Number	%	
High Management	12	5%	Members of the Board of Directors	7	50%	Administrative office	148	56%
Middle Management	24	9%	Gender	Number	%	Operational site assistant	118	41%
Coordination	54	20%						
Execution	77	29%	Female	76	29%			
Support and Assistance	99	37%						

SCORE AND RESULTS OF THE TRANSPARENCY FOR COLOMBIA SURVEY

Part of the evaluation of the TGI management in this area is performed through annual participation in the assessment of the National Transparency Index (ITN) headed by the Transparencia Por Colombia Corporation.

This is a social control tool, developed since the year 2002 to monitor and evaluate the degrees of transparency and corruption risks in entities at the three levels of public administration (national, departmental and municipal) with the purpose of identifying opportunities for improvement in the evaluated entities and progress in the control and prevention of the factors generating a corruption risk.

During 2016 the scores in the sub-components were the following:

- Anticorruption program: 72.4
- Internal controls: 85.4

These results are not comparable to 2015, taking into account the methodological changes made by the Corporation.

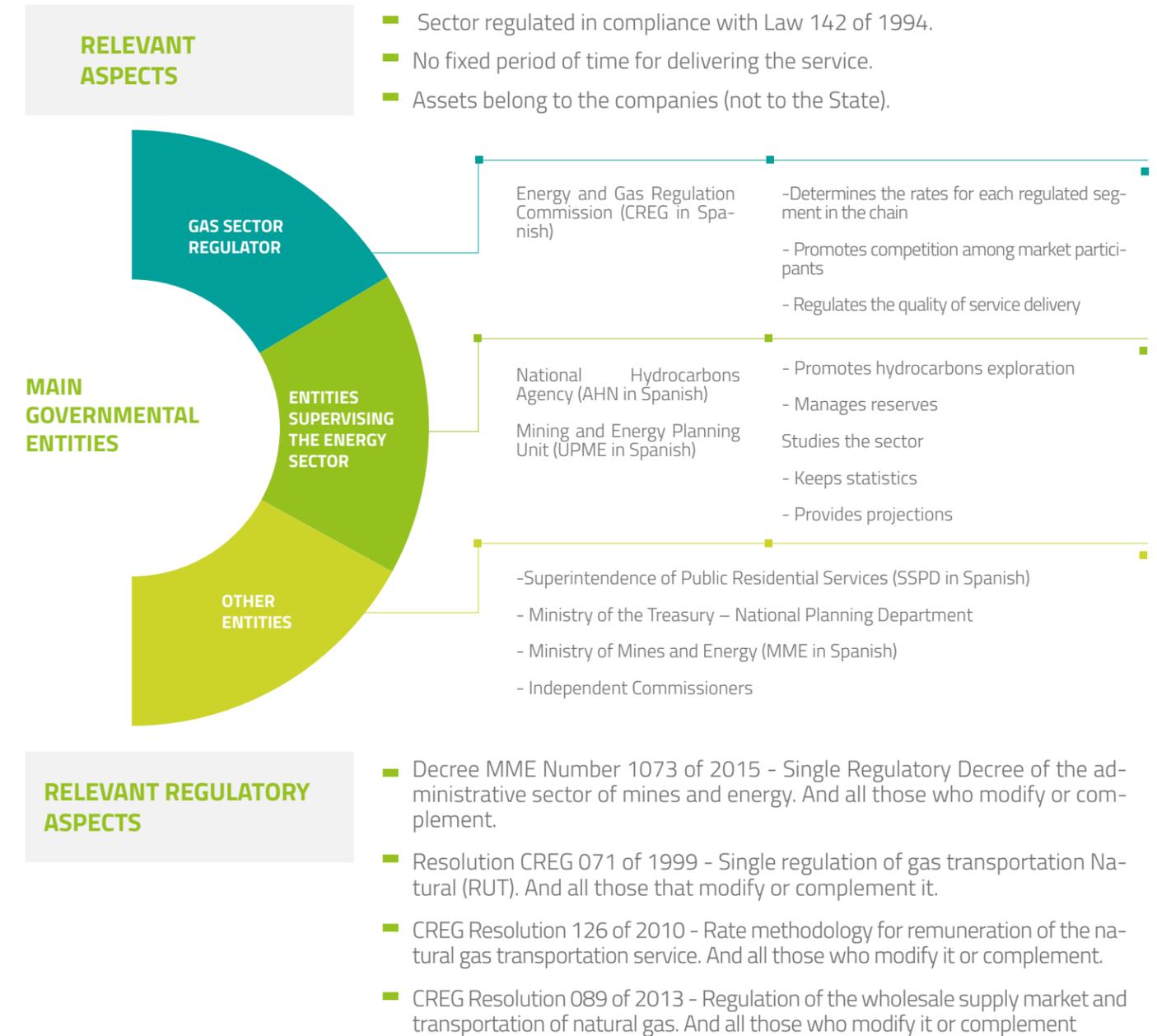
In addition, the External Audit of Management and Results evaluates the Company's internal control system every year.

BOARD OF DIRECTORS DECISIONS RESULTING IN CHANGES IN CORPORATE GOVERNANCE

- In session of June 28th 2016, the Corporate Governance Committee recommended to submit for consideration of the Board of Directors the modification of the Corporate Bylaws (as recorded in Minutes No. 28 of the Corporate Governance Committee). At the same time, in session 134, the Board of Directors recommended the Management to submit the reform of the Corporate Bylaws to the General Assembly of Shareholders (as recorded in Minutes No. 134 of the Board of Directors). In session No. 35 of the General Assembly of Shareholders the project of reform of the Corporate Bylaws was approved, in terms of the following aspects: corporate purpose, elimination of restrictions for share negotiation, roles and responsibilities of the Chairman of the Board of Directors, roles of the Board of Directors, adjustment of Corporate Bylaws to the new Contracting Manual, better protection to minority shareholders, rotation of Statutory Auditor and conflicts of interest, referral of Corporate Governance Code (as recorded in Minutes No. 35 of the General Assembly of Shareholders).
- In session 128 of the Board of Directors, Julián García Salcedo was appointed as President of the Company by the TGI SA ESP Board of Directors, in replacement of David Alfredo Riaño Alarcón. In the same session, Yolanda Gómez Restrepo was appointed the First Alternate of the President and Leonel Mauricio Vara Maldonado was appointed the Second Alternate of the President of TGI S.A. ESP, in replacement of Nixon José Arcos Rodríguez and Carlos Francisco Toledo Flórez, respectively (as recorded in Minutes No. 128 of the Board of Directors).
- In session 133 of the Board of Directors, the TGI Contracting Manual was approved with respect to the following aspects: name, inclusion of definitions, application exceptions, stages of the contractual process, possibility to hold meetings with possible offerors, mode and amount of contract, guarantees, advertising of contractual processes, application of electronic trade tools and verification of committees (as recorded in Minutes No. 133 of the Board of Directors).
- In session 34, the General Assembly of Shareholders determined the working hours of the members of the Board of Directors and Statutory Committees; in addition, 4 new members of the Board were appointed. In session 35 of July 18th 2016, 6 additional members of the Board of Directors were appointed, as recorded in the respective Minutes.

4.3. REGULATORY MANAGEMENT

INSTITUTIONAL SCHEME OF THE SECTOR IN THE COUNTRY



- In session 135 of the Board of Directors, the members of the Board Committees were appointed, as recorded in the Minutes of said session.
- The regulations of the Assembly (Minutes 35), Board of Directors (135) and each of the Board Committees were approved. The above in accordance with the current 2016 Corporate Bylaws.
- During 2016 the TGI Corporate Governance was re institutionalized through the modification of the Corporate Bylaws, the creation of the Board of Directors Committees with their respective regulations, the regulations of the General Assembly of Shareholders and the Board of Directors, as well as the creation of the TGI Management of Corporate Affairs.
- The practices to be applied in TGI were implemented, as established in Circular Letter 28 of 2014, from the Financial Superintendence, in accordance with the Grupo Energía de Bogotá guidelines.
- In sessions 133 and 135, the Board of Directors appointed the members of the Auditing, Corporate Governance, Compensation and Operational and Investment Committees, according to their legal and statutory attributions, particularly those established in numeral 28, Article 52 of the Corporate Bylaws.

CHALLENGES FOR 2017

1. Implementation and disclosure of the fraud, bribery and corruption risk management system to employees, contractors and suppliers, as well as to communities and the members of the Board of Directors.
2. Active participation in the activities and traineeships of the UNODC in order to strengthen the prevention of fraud, bribery and corruption within the framework of the initiative "A path to integrity. Collaboration between the Colombian public and private sector".
3. Development of campaigns related to internal control, ethics, ethical channel, prevention of fraud, bribery, corruption, asset laundering and terrorism financing and other guidelines aimed at the prevention of these risks.

MANAGEMENT REGARDING THE REGULATORY FRAMEWORK.

In this area, the Company has developed the following aspects:

A. Update of tariff file as of June 30th 2016, in order to meet the requirements possibly made by the Energy and Gas Regulatory Commission (CREG) in this sense.

It is worth mentioning that the CREG published the proposal for the new tariff methodology but decided to postpone the adoption of the final version, therefore it was not necessary to formally submit the file information; however, said data was used to analyze the impact of the CREG proposal.

B. Revision of charges (according to CREG Resolution 126 of 2010) which determined the aspects that may be subject to controversy and the assessment of the impact on the basis of recognized investment in order to evaluate possible regulatory opportunities allowing TGI an increase of the charges approved for this activity.

C. Promotion of appropriate mechanisms for the remuneration of reliability assets of the TGI system, from different

activities such as meetings and communications including the government entities whose purpose was to show that efficiency and reliability in the system can be achieved with works in the transportation sector in which the economy of scale is better than in other activities, such as the Palmira - Buenaventura gas pipeline. In addition, there were comments related to CREG Resolution 120 of 2016, with the purpose of determining the difference between distribution and transportation assets.

There was active participation along with CREG and UPME in the identification of the necessary reliability/supply projects and the appropriate remuneration thereof, in order to reflect the risks associated to the construction of infrastructure and the operational criteria showing the best industry practices (CREG Resolution 038 of 2016 in consultation and 090 of 2016 in consultation, respectively).

There were also several actions evidencing the possible risks for the sector's reliability

of creating competition in the construction of transportation infrastructure, which may affect the income of the concerned transporters, the appropriate operation of the system, the reliability of the system and the need to establish adequate practices for the construction of infrastructure (CREG Resolution 037 of 2016). In addition, the communication identified as 000190, the main purpose of which was to ensure the remuneration of the assets from the Natural Gas Supply Plan, was submitted to the Ministry of Energy and Mines with a copy to CREG. MME Resolution 40052 of 2016 was issued.

D. Development of the issue and inclusion of projects within the Natural Gas Supply Plan, making the Mining and Energy Planning Unit (UPME) include the main assets that TGI considered necessary to ensure the reliability and supply of the sector; for example: regassing plant in the Pacific; gas pipeline connecting the plant to the SNT in 30 inches; assets associated to the two-way Yumbo-Mariquita pipeline to carry the gas from the

regassing plant to the interior of the country; and Ballena-Barranca two-way functionality.

E. There was active participation along with CREG and UPME in the identification of the necessary reliability/supply projects and the appropriate remuneration thereof, in order to reflect the risks associated to the construction of infrastructure and the operational criteria showing the best industry practices (CREG Resolution 038 of 2016 in consultation and 090 of 2016 in consultation, respectively). There were also several actions evidencing the possible risks for the sector's reliability of creating competition in the construction of transportation infrastructure, which may affect the income of the concerned transporters, the appropriate operation of the system, the reliability of the system and the need to establish adequate practices for the construction of infrastructure (CREG Resolution 037 of 2016).

CHALLENGES FOR 2017.

- Disseminate the main comments to the new methodology in three entities participating in the CREG sessions.
- Evaluate and propose new assets to update the Supply Plan.
- Meet the requirements related to the termination of legal lifespan.
- Review the Open Season methodology and determine actions based on the final Resolution.
- Assessment of positions of entry and exit points and proposal (if underpaid).
- Proposal of regulatory agenda for 2018 to CREG.
- Design and implementation of decision memorandum, which allows to record the business case supporting high-level decisions with a complete analysis thereof. Every investment and business decision made by the Board of Directors in 2016 includes a decision memorandum prepared by the management.

05

OCCUPATIONAL
HEALTH AND
SAFETY PRIORITY

MANAGEMENT APPROACH

Global Compact - Labor Standards

The first two paragraphs have several segments with changes, I recommend their full replacement.

TGI includes an Industrial Safety and Occupational Health policy (SST), based upon principles and aligned with strategic objectives in order to protect the life, health and integrity of people, assets and the environment, as well as to prevent injuries and illness and comply with the law, foster the continuous improvement and participation of all the employees. Due to all of the above, this subject was one of the strategic pillars for high-performance outlined in 2016 by the Company's Presidency.

In order to demonstrate the Company's commitment with SST, this subject is the first point in the agenda in every meeting of the Board of Directors, Presidential Committees, project start-up and in every space allowing every employee and contractor of the Company to strengthen the culture of safety and lead the best practices in this area.

In order to guarantee the wellbeing and comfort of employees in the performance of their functions, TGI strictly fulfills and gives relevance to the Occupational Health and Safety (SST) guidelines through management programs and systems, understanding this as a multidisciplinary activity and as a current legislation to be strictly complied with in Colombia in order to avoid occupational accidents and illness.

In this sense, the adhesion to Global Compact fulfills the principles related to labor standards, especially regarding the protection of employees in case of forced or under duress labor, and the protection against any type of discrimination.

Additionally, the management in this area is regulated in Colombia by Decree 1072 of 2015, Regulatory Decree of the Labor Sector, Chapter 6. In the case of high-risk activities not regulated in the country, the Company has put into effect international standards for specific matters such as work in confined spaces and load hoisting, in order to control these activities which may generate potential accidents.

OCCUPATIONAL
HEALTH AND SAFETY IS
RELEVANT:

- Internally, as it analyzes the risks for employees and their working conditions and tries to minimize them in both office and field work, in order to reach the goal of zero accidents and zero fatalities.
- Externally, as it employs good industry practices and avoids damages in the different processes and generates a positive environmental impact, community work, asset integrity, etc.

In the last few years, the Company has worked on the standardization and improvement of the operational controls in the Operation and Maintenance critical activities, as reflected in the Occupational Health and Safety indicators for 2016, in which the highest percentage of accidents and absences was associated to risks located in administrative and operational facilities (falls on the same level during displacements) and, in a lower percentage, accidents related to the business' fundamental purpose.

TGI has a policy for the control of alcohol, tobacco, hallucinogenic substances and guns, as well as for road safety. The latter established the commitment to verify that in every

activity involving the driving of vehicles, the provisions of the Traffic and Transportation Regulations, as well as the Company's internal regulations are being respected, in order to achieve the highest standards in road safety.

For this purpose, the Company has implemented a road commitment strategy including an awareness plan for the employees and orientation for the prevention of traffic accidents at the Operational Work Sites, Administrative Facilities and Public Roads.

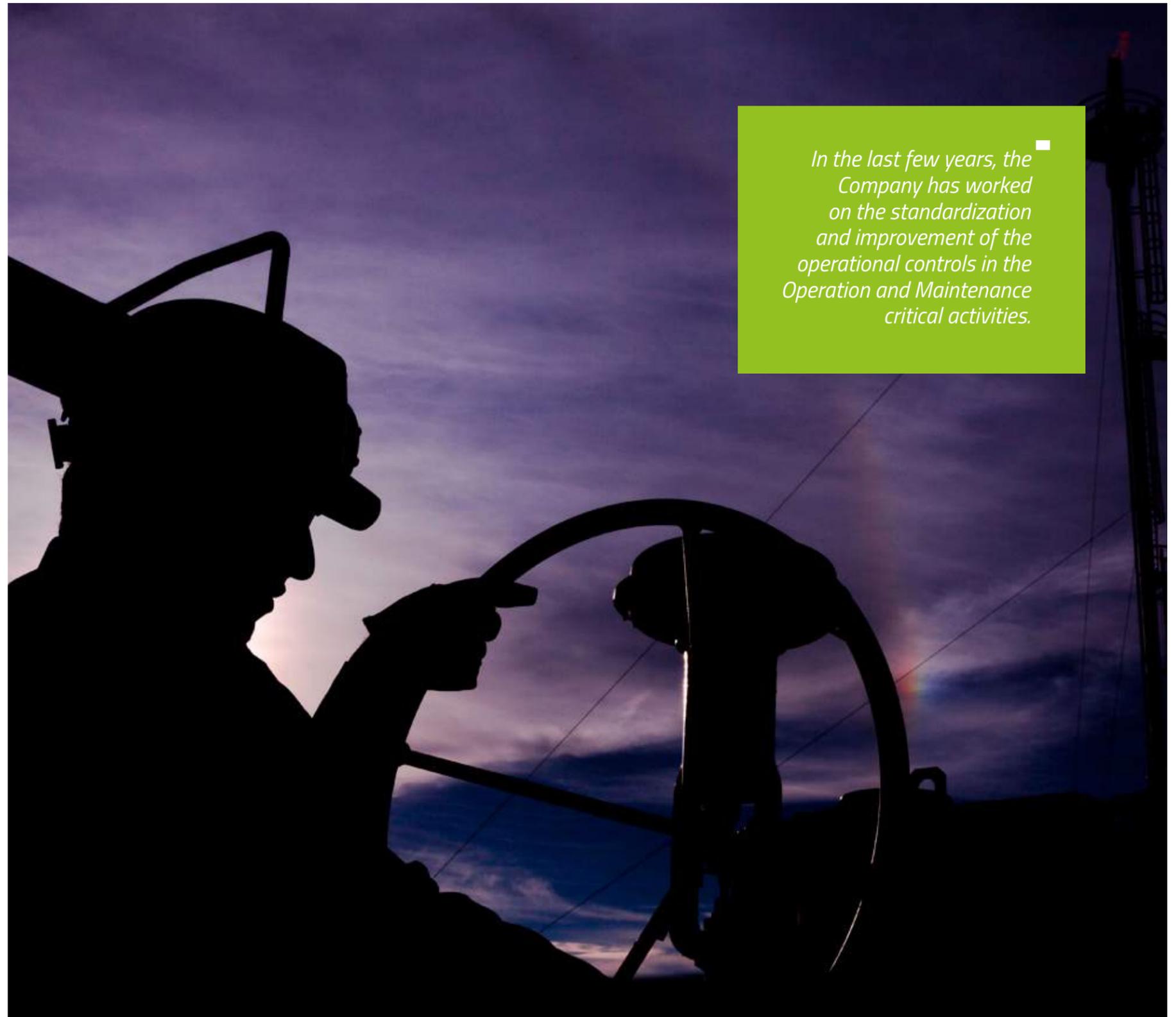
With regard to indicators, in 2016 the Company established new objectives and goals, as guided by the best industry practices, as follows:

- Frequency Index: Goal - 4.05.
- Severity Index: Goal - 22.05.
- HSE campaigns and plans: Goal - 3 programs in addition to the existing ones.

It is worth mentioning that in 2016, the PQRS related to Occupational Health and Safety were processed and issued by different stakeholders, such as: Labor Ministry, ARL Positiva, suppliers, contractors, among others.

As leaders of this management, TGI works with a multidisciplinary team in the HSEQ Sub-directorate (Sustainable Development Management) which is present in its different work facilities. In addition, it has an available budget to comply with the current legislation and for the prevention of accidents and illness, which amounts to 900 million pesos, which in turn supports the following programs:

In the last few years, the Company has worked on the standardization and improvement of the operational controls in the Operation and Maintenance critical activities.



- Occupational Health and Safety Management System (SG-SST): intervention and control of main risks detected in the identification, evaluation and control of risks, in the development of PHV cycle.

- Behavior-Based Safety Program (PSBC): intervention of unsafe behaviors and reinforcement of safe behaviors in order to reduce TGI's incident rate through the OAC Card (Observation and Assurance Card).

- Psychosocial Risk Program: identification, evaluation, prevention, intervention and monitoring of exposure to psychosocial risk factors in the workplace and stress reactions affecting TGI's employee population.

- Sensorineural Hearing Loss Epidemiological Surveillance System: integrated control of risk factors at the source, means and worker in order to reduce the probability of hearing alterations in the exposed employee population.

- Musculoskeletal Epidemiological Surveillance System: integrated control of risk factors associated to posture, workstation design, tool handling and load manipulation.

- Road Safety Strategic Plan- PESV: establishment of guidelines, dissemination of good practices and safe displacement behaviors to face different road scenarios, in order to avoid the occurrence of traffic accidents and minimize their severity when they occur.

- Emergency Plan: reduction of risk levels in each of the existing threats in the Company through a prevention and mitigation plan allowing to decrease the existing vulnerability, thus protecting the physical, mental and social integrity of TGI's employees, contractors, sub-contractors, visitors and its infrastructure.

- Safe Work at Heights Program: safe parameters for the execution of works at heights and rescue.

- Work in Confined Space Program: establishment of a safe procedure for the execution of activities in confined spaces at the Operational Worksites (Districts and Gas Compression Stations).

- Cardiovascular Risk Prevention Program: identification, establishment and implementation of mechanisms to improve the cardiovascular health of employees.

- Industrial Hygiene Program (Noise, Lighting): measurement and recording of occupational risk.

HSEQ Day: its scope includes all the operational work sites with the purpose of implementing workshops based on leisure activities in order to internalize the SST information. TGI manages Occupational Health and Safety along with its contractors and sub-contractors, through the following:

- HSEQ-related talks for legal representatives, managers, heads of departments or the contractor company's project, in order to disseminate and fulfill their requests regarding the contractual document and HSEQ Manual for contractors (mandatory document).

- HSEQ-related talks at operational sites for the contractor's workers in order to disseminate and make public the procedures, requirements, documentation, controls and risks through which they will be evaluated and measured during the execution of the activities.

- Occupational Health and Safety Indicators Report for strategic contractors including: severity index, frequency index, monthly accident rate and action plans.

- Contractors' commitment with TGI's policy.

The effectiveness of the Company's Health and Safety management is assessed through internal audits (programmed by the Integrated Management System), and external audits performed by the certifying entity Bureau Veritas in OHSAS standard 18001 and standards of compliance with legal requirements in this area.

Additionally, SST indicators are generated in a monthly basis and are submitted to the Company's Presidential Committee and Board of Directors. In 2016, there were visits of the Management to each of the operational work sites (Districts and Stations) in order to know the operations, dynamics, staff and contractor requirements and facilities in general.



CLAIM MECHANISMS FOR EMPLOYEES:

ODS 8 (8.8)
Global Compact - Labor Standards

GRI
403-1

- **COPASST:** integrated by four representatives of the Company and four representatives of the employees. Additionally, in each operational work site (District and Stations) the COPASST is represented by an Occupational Health and Safety Watchman, the person in charge of consolidating the needs of the employees and channeling them through the main COPASST located in Bogotá. In the second semester of 2016, said Watchmen were trained and skilled in their different roles and responsibilities, according to the current legislation.
- **WORK HARASSMENT COMMITTEE:** integrated by four representatives of the Company and four representatives of the employees. It was created for the prevention and resolution of work harassment situations in TGI. This Committee strives to generate a collective conscience of harmonious coexistence in order to promote dignified and fair conditions, a positive work environment in which privacy, honor, mental health and freedom are protected.

CRITICAL TASK MANAGEMENT

The purpose of this initiative consists on strengthening the knowledge of the Company's employees in critical tasks, such as: work in confined spaces, work at heights, electrical work and load hoisting, in order to mitigate the risks in the maintenance of the gas transportation infrastructure.

An inventory of dielectric elements was prepared for the control of electrical risk at operational work sites and the acquisition of the corresponding elements was processed. To complete the cycle, a rescue simulation in electrical risk was performed at the Sabana Gas Compression Station (middle and low-voltage TGI station).

- **WORK IN CONFINED SPACES:** the training and preparation was performed by the Colombian Safety Council (CCS) for 73 employees at the operational work sites in charge of carrying out maintenance tasks in confined spaces. In addition, the mapping of identified confined spaces was completed in order to minimize or eliminate the risk pursuant to re-engineering strategies.
- **ELECTRICAL WORK:** the 5 golden rules were disseminated to all the staff at the operational work sites, and a training course focused on Electrical Risks, effects on health and HSE operational controls, was provided to 112 people, with a total of 448 man hours of training.

- **WORK AT HEIGHTS:** there was training and coaching offered to 100% of the HSEQ professionals at the operational work sites, for their acquisition of the competences required as Coordinators of Safe Work at Heights (TSA); in addition the contract was processed to obtain the TSA qualification for training, retraining and rescue, in compliance with Resolution 1409 of 2012 and NFPA 1670 and 1006, of all the staff involved in this type of risk.
- **LOAD HOISTING:** there were five inspection visits to operational work sites (ECG Miraflores, ECG Padua, EGC Mariquita, ECG Puente Guillermo and Bodega Honda) in order to identify the risk factors derived from unsafe working conditions and behavior. As a complement, the procedure, instructional material and forms applied for the control of this critical activity were prepared and approved.

SING GAPS IN THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The initial diagnosis of the Occupational Health and Safety Management System as of December 31st 2015 was performed, along with ARL Positiva, in January 2016 in compliance with Decree 1072 of 2015, the result of which was 89.8% of compliance; this number was improved in the course of 12 months until reaching 93.7%, identifying the need to focus on actions to comply with 100% of the provisions established in the legislation, among which are the following:

- Preventive and Workplace Medicine Program (diagnosis of employees' health conditions management).
- Preparation of Training Plan and corresponding procedure.
- Adjustment of External-Internal communication procedure to the Occupational Health and Safety guidelines, pursuant to Decree 1072.
- Preparation and implementation of the General Inspection Program in Occupational Health and Safety.
- Preparation of the Order and Cleanliness Program.
- Design of mechanisms for the report of the employees' health conditions.
- Preparation of the Integrated Rehabilitation Procedure for the employees with a work-related illness.
- Adjustment of the Change Management Procedure to the Occupational Health and Safety guidelines, pursuant to Decree 1072.

AWARENESS RAISING

Road Safety Strategic Plan

TGI's Road Safety Strategic Plan was filed before the Ministry of Transport in June 2016 and since then, the Company Quality department started loading the document and the 87 annexes thereof, which were completely uploaded to the Isolución tool, version 4, on December 26th 2016.



OTHER ACTIONS:

- **HSEQ DAY:** it was celebrated at every operational work site through an agenda including workshops based on playful activities in order to internalize key information covering subjects such as sensorineural hearing loss, ergonomic risk, cardiovascular risk and self-care. At the administrative facilities, the awareness raising activities were focused on road safety risks, cardiovascular and psychosocial risks, electrical and gas risk, biomechanical risk, work at height risks, on-site risks, self-care and Emergency Plan development.
- **EMERGENCY BRIGADES AND ASSISTANCE:** a theoretical evaluation was performed to establish the knowledge level of 92 Brigade members. In addition, the new TGI Emergency Operational Committee (COE), led by the Company's President, was activated. The participation of the Emergency Brigade was demonstrated in the training track of the administrative facilities as well as in the District Evacuation Drill. The performance of evacuation drills and transfer of injured people was highlighted at the operational work sites.

OCCUPATIONAL HEALTH AND SAFETY INDICATORS

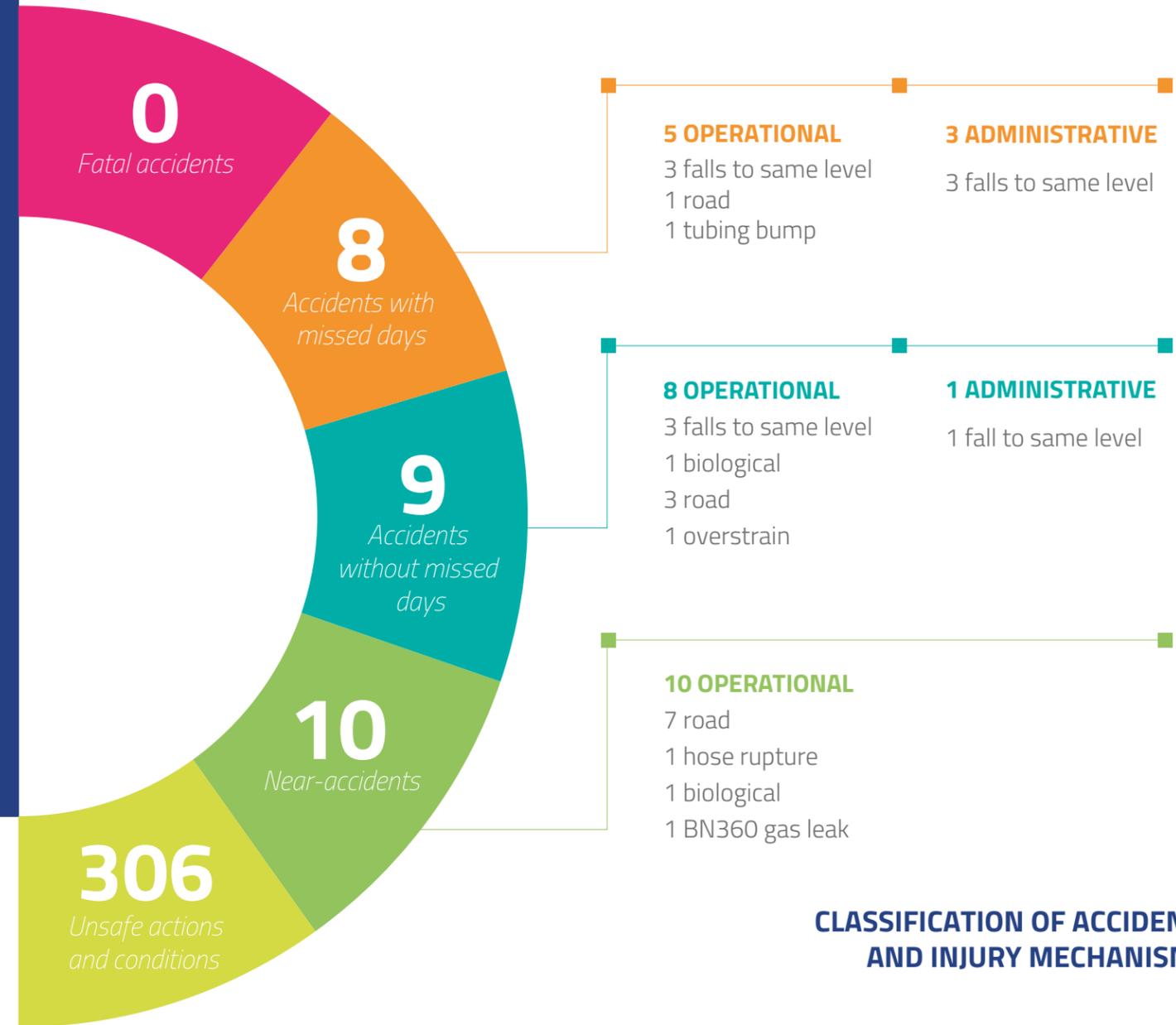
Frequency and Severity Index

The frequency index increased due to the occurrence of 17 work-related accidents in 2016 compared to 8 accidents in the previous year. In view of this result, the Company will implement an action plan in 2017 focused on the generation of better operational controls and awareness raising in safety matters.

GRI 403-2

Year	Frequency index	Severity index *
2011	5,75	5,75
2012	5,35	56,26
2013	2,2	7,2
2014	5,55	2106,38
2015	2,63	13,79
2016	5,63	6,62

* It measures the number of missed days and charged during the period caused by every case of work-related accidents and illness occurred for every 240,000 hours of exposure in the year.



306
Unsafe actions and conditions

CLASSIFICATION OF ACCIDENTS AND INJURY MECHANISMS:

The first and second levels of the pyramid correspond to the report of near-accidents and the report of unsafe actions and conditions without any effect on health. The last three levels of the pyramid correspond to the accidents reported.

In 2016 there was also a higher frequency of work-related accidents in administrative activities,

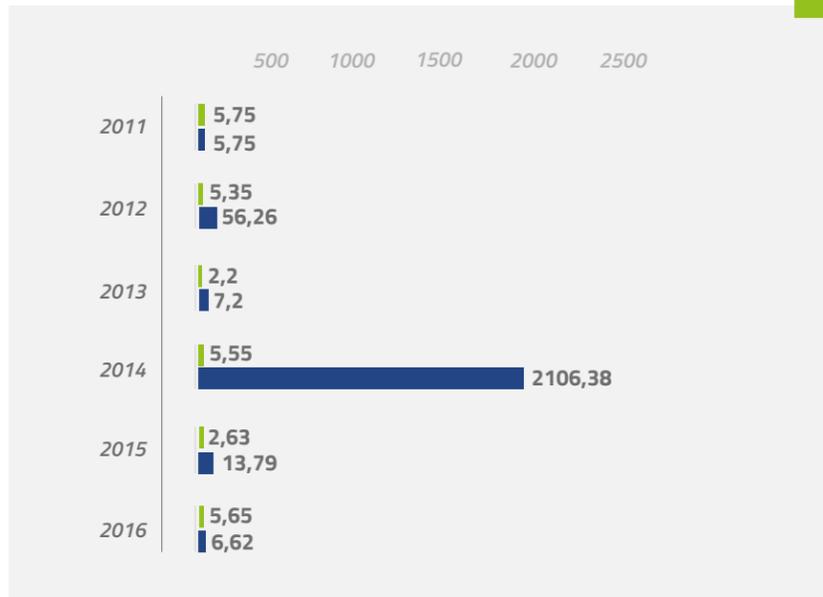
which are not directly related to the business purpose (gas transportation). The Company has created an Incident Management procedure, the purpose of which is to establish the guidelines for reporting, investigating and analyzing possible incidents in the workplace, in compliance

CLASSIFICATION OF 2016 ACCIDENTS BY RISK TYPE:

- On-site risk: 9
- Biological : 1
- Road: 4
- Biomechanical: 3

After investigating the incidents occurred in 2016, it has been concluded that the main causes were the following:

- Unsafe behaviors related to factors such as: rush, excess of confidence and lack of focus.
- Unsafe conditions which were not timely reported.



WORK-RELATED ACCIDENTS AND WORK-RELATED ILLNESS CASES

Year	Men	Women
2011	5	11
2012	8	10
2013	0	7
2014	2	14
2015	1	7
2016	6	11

Total of Fatal Accidents

There were no fatal accidents in 2016 involving the Company's employees, contractors or sub-contractors. This demonstrated the Company's commitment to safety and allowed employees to achieve one of the objectives of the performance management system, which established that the materialization of a fatal accident would imply a penalty of 50% of the performance bonus.

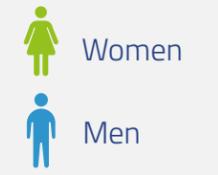
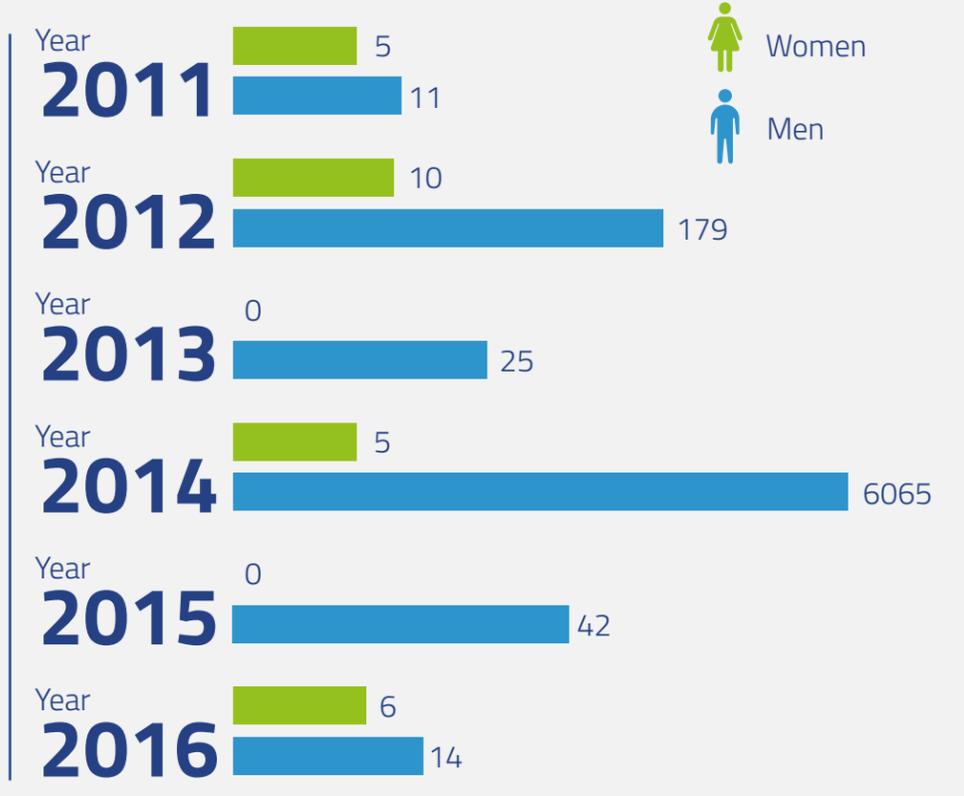
Total of Fatal Accidents

Year	Employees	Contractor
2011	0	1
2012	0	2
2013	0	0
2014	1	0
2015	0	0
2016	0	0

Missed days - Absence due to work-related accidents and illness

Year	Men	Women
2011	11	5
2012	179	10
2013	25	0
2014	6065	5
2015	42	0
2016	6	14

NO WORK-RELATED ILLNESS CASES OCCURRED.

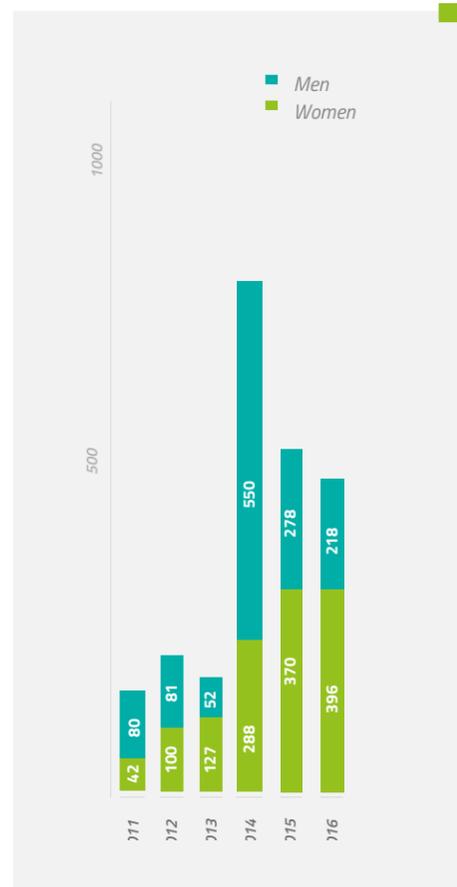


CAUSES OF ABSENCE BY GENDER AND OPERATIONAL WORK SITE

UNIT	CASES		CASES		CASES		CASES		HOURS	
	Work-related illness		Work-related accident		Fatal work-related accident		Work-related near-accident		MHW - Man Hours Worked	
	M	F	M	F	M	F	M	F	M	F
COG Barrancabermeja	0	0	2	1	0	0	1	0	21477	4567
COG Gualanday	0	0	0	0	0	0	2	0	19556	8146,5
COG Cagua	0	0	0	0	0	0	1	0	11165	2439,5
COG Villavicencio	0	0	1	0	0	0	0	0	2,25	6288,5
COG Paipa	0	0	0	0	0	0	0	0	26430	4870,5
COG Valledupar	0	0	0	0	0	0	2	0	17884,5	4309,5
COG Cota	0	0	0	0	0	0	0	0	4200	2172,5
ECC Hatonuevo	0	0	0	0	0	0	0	0	15110	0
ECC Jagua del Pilar	0	0	0	0	0	0	1	0	29704	0
ECC Casacara	0	0	0	0	0	0	0	0	17694,5	0
ECC Curumani	0	0	0	0	0	0	0	0	12585	0
ECC Norean	0	0	0	0	0	0	0	0	20813	0
ECC San Alberto	0	0	0	0	0	0	1	0	12509,5	0
ECC Barrancabermeja	0	0	1	0	0	0	0	0	29878,5	2091
ECC Vasconia	0	0	4	0	0	0	0	0	13521,5	0
ECC Puente Guillermo	0	0	1	0	0	0	0	0	17487	2431
ECC Miraflores	0	0	0	0	0	0	0	0	19618,5	0
ECC Padua	0	0	0	0	0	0	0	0	12228,5	0
ECC Mariquita	0	0	0	0	0	0	0	0	21516	2344,05
ECC Sabana	0	0	0	0	0	0	2	0	2065,5	0
Sede - Admón. - Bogotá	0	0	0	4	0	0	0	0	203040,5	133841
Total	0	0	12	5	0	0	10	0	551497	173501,05

MISSED DAYS - ABSENCE DUE TO COMMON ILLNESS

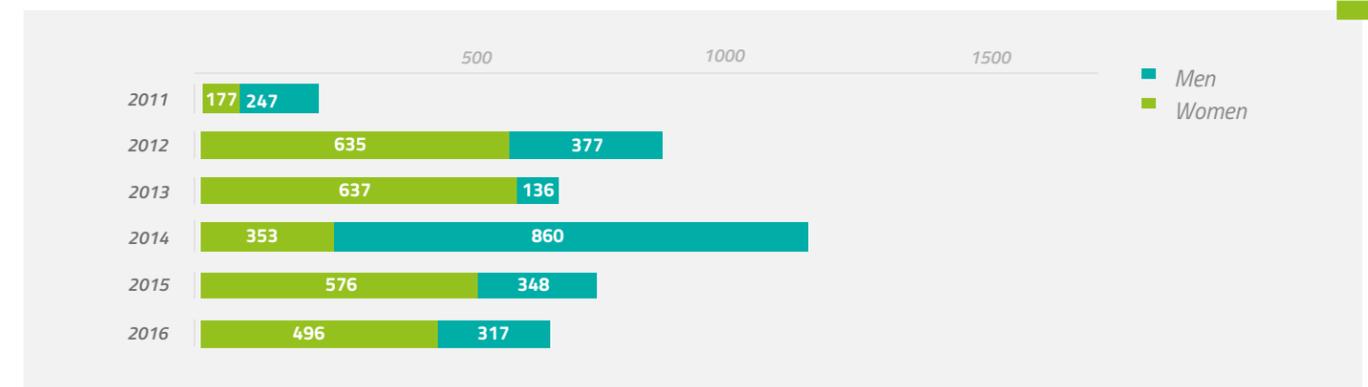
Year	Men	Women
2011	42	80
2012	100	81
2013	127	52
2014	288	550
2015	370	278
2016	396	218



CAPACITIES DUE TO COMMON ILLNESS

During 2016, the preventive medicine programs established were sustained through awareness conferences on subjects such as nutrition, and through the provision of medical advice by means of the healthcare policy given by the Company to the employees.

Year	Men	Women
2011	177	247
2012	635	377
2013	637	136
2014	353	860
2015	576	348
2016	496	317



CHALLENGES FOR 2017

- Evaluate the performance in the area of Occupational Health and Safety of the Company's direct contractors.
- Strengthen the Occupational Health and Safety programs in critical activities (work at heights, work in confined spaces, load hoisting and dangerous energies).
- Reinforce the Company's culture of self-care.
- Achieve the goals related to the Occupational Health and Safety Indicators, according to the Operational Strategic Plan, with an annual reduction of 30% in LTIF (Lost Time Incident Frequency) and 20% in Frequency Index / Severity Index from 2016 target.

06

ENVIRONMENTALLY RESPONSIBLE

it is very important for TGI to commence in 2017 projects for the reduction of fugitive emissions

MANAGEMENT APPROACH

Global Compact – Environment

TGI's environmental commitment contemplates prevention, mitigation and correction principles as well as identification and valuation methodology for environmental aspects and impacts caused by the provision of natural gas transportation services. To make it come true, TGI plans, designs, builds, holds and deploys administrative and operational infrastructure in harmony with the environment, in compliance with the applicable rules, adopted voluntary agreements, and development of communications, innovation and liaising strategies with its groups of interest.

Therefore, the Company has identified Greenhouse Gas (GHG) emissions, generation of hazardous wastes and noise emission as the most significant environmental impacts during infrastructure construction, operation and maintenance.

Similarly, it has identified groups of interest and global

goals it affects with its environmental impacts; e.g. GHG emissions impact climate change and, therefore, the country's goal to achieve its reduction. That is why it is very important for TGI to commence in 2017 projects for the reduction of fugitive emissions and voluntary compensation of its direct emissions.

Environmental noise directly affects communities nearby compressor stations because during the operation of units levels of noise exceed the maximum permitted levels by regulation, which is why the Company has put soundproofing systems in place to reduce these levels and ensure they fall within the permitted limits. Being TGI a member of the UN Global Compact in Colombia, it is aligned with the initiative to encourage the achievement of the UN development goals and business practices based upon universal principles contributing

GRI
102-11

to generating a more stable, more equitable and more inclusive market in development of more prosperous societies.

TGI holds a preventive approach by establishing operational controls that allow for a decrease in emission generation to the atmosphere on application of operational best practices, and also continuing with initiatives defined in its environmental management programs.

TGI is also an ANDESCO member (acronym in Spanish for National Association of Utility and Communication Companies) committed to the promotion of business and community environmental management following sustainability principles –with the latter being understood as the proper balance between the environment, the social, and the economic to reach Sustainable Development.

Coupled with its interest in ensuring community welfare within a respectful environment, TGI also ensures the environmental legal requirements are followed, especially such requirements derived from licenses and permits necessary for the construction, operation and maintenance of transportation infrastructure.

The foregoing based on the strict implementation of ISO 14001 and ISO 50001, which were applied a follow-up audit in 2016, with satisfactory results leading to recommendations by the certifying entity –Bureau Veritas– to continue with the obtained certifications for administrative and operating work centers as well as with respect to ISO 50001, according to provided limits, which

correspond to La Sabana Gas Compressor Station, Mariquita Gas Compressor Station and Administrative Office.

The main management core in this matter corresponds to Grupo Energía de Bogotá Environmental Policy, which provides for guidelines upon which it commits to environmentally sustainable development, incorporating eco-efficiency goals into its energy performance, waste management and water consumption as well as biodiversity protection and climate change management.

Implementation of such policy above and adoption of such commitments are monitored by the HSEQ section to ensure compliance with the legal requirements and corporate responsibilities in sustainability good practices, including planning, implementation, execution, follow-up, technical guidance, assessment and improvement.

The lead team in this matter at the administrative office is responsible for the planning, follow-up and control of programs, requirements and undertaken commitments, which are implemented and executed by field experts appointed to operating centers, thus fully covering the Company's infrastructure within the environmental field. During 2016, the budget for operations and maintenance activities was 3.200 MM, which were used for assurance of environmental legal requirements.

The Company has in place a record and follow-up tool for requests, complaints and claims submitted to TGI by groups of interest, including environmental issues mostly received by the environmental authorities, ensuring their processing during the set period.

TGI holds a preventive approach by establishing operational controls that allow for a decrease in emission generation to the atmosphere



TGI has the following environmental programs in place:

- Climate Change Management Program, the objective of which is to design, establish and encourage the implementation of action plans and initiatives that help reduce or compensate greenhouse gas emissions, including such initiatives helping the Company have energy efficiency within its administrative, operations and maintenance processes for gas transportation infrastructure.
- Comprehensive Waste Management Program, the objective of which is to mitigate environmental impact caused by wastes generated during the normal course of operations and maintenance by implementing tools that allow for ecological awareness raising and commitment to the development of best practices by the Company's staff and ensuring the appropriate use and/or final disposal of such wastes.
- Effective water use and saving program: even if no significant impacts are caused on water, proposed actions are intended to control water consumption in carried out activities and get to optimally use it by implementing tools that allow for ecological awareness raising and commitment to the implementation of good practices applied by cooperators, contractors and visitors.

This issue is assessed through internal and external audits regarding Environmental Management and Energy System as per ISO 14001 and ISO 50001 as well as through the Company's Internal Audit Management, which, in 2016, conducted the verification of compliance with the legal requirements.

COST, EXPENSE AND ENVIRONMENTAL INVESTMENT INDICATOR

Costs, expenses and environmental investments (expressed in millions of Colombian Pesos)	2012	2013	2014	2015	2016
Investments and waste management and byproducts	293,00	446,00	419,00	547,00	501,94
Investments and atmospheric emission control (*)	39,00	129,00	669,00	63,80	0,00
Administration of Environmental Management System (**)	5.514,00	1.373,00	2.037,00	2.147,80	3.204,65
Education and training	32,00	18,00	17,00	12,00	35,17
Soundproofing projects	1.132,00	1.264,00	1.267,00	1.241,50	0,00
Other: permits, processes with the environmental authority	430,00	1.740,00	233,00	543,80	1071,52
Sanctions	0,00	0,00	0,00	0,00	0,00
Environmental commitment activities, maintenance for STARD, deep wells, reforestations, monitoring, etc.			2.048,00	1.697,60	4.375,04
Studies					318,32
Total	7.440,00	4.971,00	6.690,00	6.253,50	9.506,64

(*) Investments and atmospheric emission control: payment of emission permits in Padua and Mariquita, and monitoring of pressure levels and air quality.

(**) Administration of Environmental Management System: including fees for performance of services and plant personnel

For the 2016 report, total investment in expansion projects (payments to environmental authorities and environmental impact assessment) were considered as well as acquisition of premises for compensations.

6.1. CLIMATE CHANGE MANAGEMENT



ODS 13

It is very important for TGI to identify sources, drains or deposits of Greenhouse Gases as well as the quantification of its direct and indirect emissions associated with its production activities, because it emits significant amounts of methane upon natural gas transportation during normal operations, routine maintenance and emergencies.

Methane (CH₄) is the second most important greenhouse gas emitted by human activities after carbon dioxide (CO₂). It is responsible for over one third of anthropogenic climate change. Therefore, TGI undertakes to continue to implement actions intended to reduce emissions, to promote awareness of prevention and mitigation of such emissions and compensation of generated emissions.

The Company strengthened in 2016 its Climate Change Management Program upon the following activities:

- Energy review update at work centers falling within the scope of ISO 50001.
- Inventory of greenhouse gas emissions (Scope 1, 2 and 3) of the administrative office, 6 districts and 13 gas compressor stations.
- Energy saving and climate change awareness campaigns.

In 2016 the activities of the Inspection and Driven Maintenance (I&MD, acronym in Spanish) project for TGI gas infrastructure related fugitive emissions were ceased due to review of strategic direction and they are expected to restart in 2017 through quantification of such emissions in District IV and District V, thus covering 100% of gas transportation infrastructure, which allows for reporting indicators set out by sustainability standards and reviewing the baseline according to which reduction goals are set.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

ODS 7 (7.2; 7.3); ODS 8 (8.4); ODS 12 (12.2)

For the generation of information on natural gas consumption, TGI implements daily reports on combustible natural gas consumption as reported by operators from each compressor station, who get data from flow meters; and in the event that these are not available for maintenance, by calculating the average based on consumption history.

GRI 302-1
GRI 302-2
GRI 303-1

Energy consumption within the Organization (Giga Joules)	2012	2013	2014	2015	2017
Natural gas consumption**	1.845.580	1.596.024	1.909.035	1.976.280	1.516.716
Purchased energy consumption*	3.685	10.257	8.658	8.623	8.809,99
Total energy consumption	1.849.265	1.606.281	1.917.693	1.984.903	1.538.007,99

Comments

In respect of decrease in natural gas consumption during 2016 vs 2015, mainly corresponding to reduction in gas thermal power generation in the interior of the country, which decreased by 17.8% compared to 2015. This situation made the use of compressor stations fall, thus leading to lower consumption of combustible gas

*Factor used for kWh - GJ conversion was 0,0036.
** Factor used for MBTU - GJ conversion was 1.05587.

DIRECT GREENHOUSE GAS EMISSIONS

GRI 305-1

Emissions in Tons of CO2 equivalent	2012	2013	2014	2016
Direct emissions*	7.844	8.593	9.974	10.677
Controlled gas leaks	93.245	27.086	17.696	12.904
Fugitive emissions**	98.397	81.447,7	58.384,0	23.632
Other direct emissions***	88.108	96.567,2	98.690	60.461
Total emissions	287.594	213.694	184.744,1	107.673

* Combustion processes such as open-air burning of gas
** Proven and potential identified leaks by infrared cameras and methodology agreed upon with CDT de Gas.
***Natural Gas used as fuel for operation of compressor units.

REDUCTION OF GREENHOUSE GAS EMISSIONS

	2013	2014	2015	2016
	287.594*	213.694*	184.744,1*	107.673*
Comments	Decrease in combustible natural gas consumption, see EN3 – EN4 indicator			

*Tons of CO2 equivalent Scope 1

For the taking of the Greenhouse Gas inventory, the Company used as reference the provisions of World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) as well as NTC-ISO 14064-1, which specifies the principles and requirements for the design, development and management of Greenhouse

Gas (GHG) inventories for companies and organizations, and for the presentation of reports on such inventories.

Also, emission factors for Colombian fuels published by the Energy Mining Planning Unit (UPME, acronym in Spanish) were considered as well as emission factors for fuels based on the Colombian Energy

Information System (SIMEC, acronym in Spanish) which, in turn, present the Environmental Energy Mining Information System (SIAME, acronym in Spanish) module. SIAME estimates the emission factors for fuels in Colombia.

BURNT AND VENTED HYDROCARBONS 2014 - 2015

Hydrocarbons expressed in KCF/D	2013	2014	2015	2016
Volume of vented hydrocarbons	233.137,10	57.458,90	37.882,00	71.491,07
Volume of burnt hydrocarbons *	1.475.882,30	1,650.976,1	1.722.486,60	1.344.682,11
Total volume of burnt and vented hydrocarbons expressed in KCF/D	1.709.019,40	1.708.435,10	1.760.368,60	1.416.173,18
Produced or transported volume	167.196.810.000	180.506.079.000	190.847.052.000	163.819.317.758,34
Volume ration for burnt and vented hydrocarbon vs produced, transported hydrocarbons	0,001022%	0,000950%	0,000000%	0,000864%

* It corresponds to combustible gas used for compressor units and burnt gas at TEA.

6.2. WASTES

BY TOTAL WASTE, ACCORDING TO TREATMENT TYPE AND METHOD

GRI 306-2

Generated waste	2012	2013	2014	2015	2016
Recycling	1 TON	4 TON	6 TON	6 TON	4,5 TON
Incineration	ND	3 TON	3 TON	0,5 TON	0 TON
Hazardous landfill		11 TON	4 TON	7 TON	1,4 TON
Used	41 TON	379 TON	478 TON	395 TON	354 TON
Generated waste	2012	2013	2014	2015	2016
Landfill			10 TON	7,9 TON	9 TON
Recycling	3 TON	5 TON	3.7 TON	4,3 TON	4 TON

WASTE MANAGEMENT OPTIMIZATION

In 2016 and across all operating centers, through the Comprehensive Waste Management Program, an awareness and education campaign was implemented for the Company's employees in connection with initial waste segregation and reduction of waste generation.

The administrative office entered into an agreement with Cooperativa de Recicladores El Porvenir, the implementation

of which should be extended in 2017 to the operating centers. As regards initiative formulation to support reduction of hazardous wastes generated at work centers as a commitment reported as part of 2015 management, the Company continued to ensure appropriate waste management and final disposal in compliance with the legal requirements, and works on this initiative will continue for reporting in 2017.

6.3. BIODIVERSITY

MAJOR ACHIEVEMENTS IN 2016

ODS 15

TGI builds, operates and keeps linear projects that affect flora, fauna, soil, vegetation and water across the path where gas pipelines are located or gas compressor stations are built. This is why TGI prepares and follows up and controls continuously its environmental management plan, which provides for actions necessary to prevent, mitigate, control, compensate and correct any potential negative environmental effects or impacts caused by the development of each project.

ENVIRONMENTAL COMPENSATION PROJECTS

In addition to Management activities before regional corporations (CORPOCHIVOR, CORPOBOYACA, CORPORINOQUIA and CAS) for agreement upon projects, the following actions and their current performance status are presented:

80%
Forbidden species catalog

Sampling through 30 transects and plots in selected areas across stretches II, III, IV and V corresponding to ATV 027, ATV 028 and ATV 029 obligations. Analysis of results and determination of 156 species of vascular and non-vascular epiphytes. Design and preparation of dissemination brochure models, didactical books, school catalogs and luxury catalogs.

95%
Sowing day activities

Draw up minutes of commitment with the Community Action Boards for the development of plantations in community fields. Establishment of tree plantations corresponding to stretch III and IV in the municipalities of Jenesano, Boyacá and Santa Sofía, in compliance with ATV 028 obligation. Performance of three maintenance processes for plantations for their optimum development.

95%
Flora biodiversity

Selection of optimum sub-moor areas for research. Flora sampling in Bijagual (Boyacá) moors and Merchan complex (Boyacá-Santander) of stretches II, III, IV and V in compliance with ATV 027, ATV 028 and ATV 029 obligations. Analysis of results and identification of 85 species of birds, mammals and herpetofauna. Disclosure of information at schools participating in the project.

96%
Fauna biodiversity

Selection of optimum sub-moor areas for research. Fauna sampling in Bijagual (Boyacá) moors and Merchan complex (Boyacá-Santander) of stretches II, III, IV and V in compliance with ATV 027, ATV 028 and ATV 029 obligations. Analysis of results and identification of 85 species of birds, mammals and herpetofauna. Disclosure of information at schools participating in the project.

90%
Oak planting

Draw up minutes of commitment with the Community Action Boards for the development of plantations in community fields. Establishment of tree plantations corresponding to stretch III and IV in the municipalities of Jenesano, Boyacá and Santa Sofía, in compliance with ATV 028 obligation. Performance of three maintenance processes for plantations for their optimum development.

75%
School plant nursery

Visit to the municipalities of Miraflores, Zetaquirá, Jenesano, Ramiriquí and Santa Sofía to start constructing plant nurseries. Completion of general structure for 4 school tree nurseries and improvement of other two production plant nurseries.

95%
Environmental education

Provision of 50 workshops and trainings on forbidden species for children, teachers and rural community in the municipalities of Casanare, Boyacá and Santander for stretches II, III, IV and V in compliance with ATV 027, ATV 028 and ATV 029 obligations.

40%
Tree fern planting

Visit to the municipality of Otanche to select the plantation area. Plant 40 tree fern seedlings corresponding to stretch V in compliance with ATV 029 obligation.

6.4. COMPLIANCE WITH LEGAL REQUIREMENTS

REGULATORY INSTRUMENTS FOR MANAGEMENT

The main regulatory instruments for the design, construction and/or operation are as follows: National Code of Natural Resources 2811 of 1974 and Law 99 of 1993 and Decree 1076 whereby Single Regulatory Decree for Environment Sector and Sustainable Development was issued.

PROCESSES WITH ENVIRONMENTAL AUTHORITIES

Processes with the environmental authorities are carried out through the Sustainable Development Management, with its field experts and administrative professionals acting as the communication liaising representing the Company for environment protection, sustainable development, proper renewable natural resource management related matters.

This liaising includes obtaining environmental concessions, permits, authorizations and licenses necessary for the company to be able to build, operate and maintain its projects; compliance with requirements derived from environmental assessment, control and monitoring; as well as compliance with the applicable legal requirements.

The general and specific environmental legal requirement matrix of the project –the tool used to iden-

tify requirements and/or criteria provided for by the various authorities in regulations, administrative acts and official letters; and assess its corresponding compliance, which will allow for planning and programming of necessary activities and appointment of personnel for management and completion of provided obligations.

For the purpose of verifying the Company's level of compliance with the fulfillment and completion of environmental legal obligations provided by the Authorities, a contracting process was conducted by late 2016 for the update, assessment and assurance of the Company's specific environmental legal requirement matrixes within each environmental files.

GRI 307-1

Even if the Company may not report for 2016 its level of compliance with its specific environmental legal requirements considering the aforementioned verification and assessment project, for such period no claims or sanctions by authorities upon failure to comply with the environmental legislation and regulation are reported.

GRI 103-2

For this indicator, environmental claims were defined as claims issued by the environmental authorities, communities or other stakeholders, which may have been submitted to TGI upon written communication thereof, notifying of environmental impacts or effects caused by the Company during its construction, operation, maintenance, emergency and disassembly activities, or requests not included in the general and specific legal requirements in relation to the environmental files. These claims have been included as the tool defined by the Company for such purpose.

Total number of environmental impact claims filed during 2016	3
Please state the number of claims: were addressed during the reporting period	3
were settled during the reporting period	3
Please state the total number of environmental impact claims filed before and were settled during such period.	0

Requests are related to:

- Assistance in incident occurred at Miraflores Compressor Stations.
- Follow up on environmental damage mitigation request at QUINTA VEREDA TIGRANA
- Contingency plan request for potential La Niña phenomenon 2016-2018, internal communication - Ministry of Mines No. 2016039373 dated June 16, 2016.

2017 CHALLENGES

- Continue with the inspection and measurement of the CO2 emission indicator baseline. 66.3% of the total measured infrastructure is expected to be reached by 2016 (Sic).
- Reduce fugitive emissions by 7.9 Ton CO2e per km O&M
- Voluntary compensation of GHG (scope 1). 3 TonCO2e per km O&M
- Extend the scope of ISO 50001 to another two operating centers

7.1. SUPPORT TO THE MOST VULNERABLE POPULATION IN OUR AREAS OF INFLUENCE

GRI
413-1

MANAGEMENT APPROACH

Grupo Energía de Bogotá Sustainability Policy, adopted by TGI, provided for Companies to continue with responsible social and economic development in communities in areas where we have presence, seeking feasibility and sustainability of the Company's projects. This is realized through the Social Management Section, as part of the Sustainable Development Management.

This matter means direct support to development, together with the operation of the largest and the most efficient energy gas network in the country, which means –apart from improvement in quality of life for communities nearby– a contribution to building a permanent and proactive liaising fabric with groups of interest for the purposes of joining forces for the achievement of common goals, looking to generate employment opportunities locally, regionally and nationally.

TGI has two strategic lines to manage this matter:

DEVELOPMENT MANAGEMENT:

whereby the Company has gone beyond the license and social compensation requirements with actions intended to improve socio-economic conditions in communities nearby our areas of operation, thus changing quality of life for thousands of families across the area of influence, through basic remediation works, road and energy infrastructure, quality education, institutional strengthening, self-management processes, etc.

COMMUNICATION:

intended for the development of strategies that may help strengthen TGI corporate image and brand positioning before audiences of interest, information sharing, reciprocal attitudes, and response to concerns raised by leaders, communities and institutional representatives.

07

SOCIALLY
RESPONSIBLE

With the foregoing TGI implements an intervention strategy that allows for the identification, prevention, mitigation, control of and compensation for social impacts caused by the Company's infrastructure and operation in its Areas of Influence (AI). This means that parallel to the execution of construction, operation and maintenance efforts, resources are invested for improvement in quality of life and compensation projects are developed in compliance with the provisions of Environmental Management Plans (PMA, acronym in Spanish), all of the foregoing accompanied by training processes on the following:

- Basic remediation.
- Construction of social infrastructure (healthcare centers, schools, roads, etc.).
- Provision of computer hardware to education centers.
- Assistance in developing sustainable production projects.

It is to note that initiatives should be proposed and prioritized by them upon a written agreement supporting the project justification. Similarly, we try to connect the territorial entity with the community and/or institutions as trainers and/or technical advisors for the process and the Company.

Social, economic and environmental consensus about construction and/or expansion of infrastructure projects is sometimes challenging, considering the effect on natural and landscape resources harming communities in the areas of influence of projects. It also impacts the construction, operation and maintenance processes of the Company's gas transportation infrastructure.

There is continuous liaising by social professionals appointed to each TGI district, who enforce the

current procedures and/or regulatory provisions on social investment resource management. The appropriate management of expectations, dialogue and resources allocated to community contributes to the mitigation of risks associated with both parties.

From the social perspective, impacts of projects related to the gas pipeline operation are caused especially by groups of interest during pre and post-phases: community, local authorities, natural leaders and Community Action Boards, professional association representatives, among others. The Company, through awareness and information scenarios, tries to make community expectations known and, thus, include them in the compensation and SR projects.

The foregoing is in line with the Environmental Licensing criteria for infrastructure construction, operation and maintenance, with the UN Global Compact's Ten Principles, and with Grupo Energía de Bogotá Sustainability Strategy, intended to guide its cross sustainable ma-

agement activities, adopting and reporting best practices in the context of shared value and recognition of groups of interest in socioeconomic development actions, comprehensive risk management, biodiversity and eco-efficiency.

Goals are related to efficient investment of resources allocated to communities. Projects are mostly executed upon tripartite agreements where the purpose, scope, resources and term for execution are defined. For performance assessment in this area, there are mechanisms in place for Internal Control Audit, District Control and joint assessments with community by the end of projects, in the "Satisfactorily Received" process of resources contemplated as a contribution by the Company, which results in an investment follow-up indicator compared to allocated budget to such end. During 2016 new control mechanisms suggested by observations provided during audit process or by the Company's Supply and Administration departments were adopted.



When supporting groups of interest nearby, TGI keeps its commitment in mind:

- *"Community should take part in decisions about prioritization of the object of investment, acting as an active entity in the project execution. Also, the inclusion of recourses from the territorial entity (Mayor's Office, Governor's Office, State) should be obtained".*

STRATEGIC PROJECTS FOR COUNTRYSIDE WOMEN

ODS 8; ODS 5

In December 2016 the new Corporate Sustainability Policy and the sustainability strategy were approved by Grupo Energía de Bogotá Board of Directors, which policy provides for a commitment to respect for diversity as a cross guideline within all of the Company's processes, contemplating participation, employment opportunity and opinion scenarios.

During that same year an agreement was executed and two strategic projects are being developed to provide countryside and indigenous women with opportunities:

- **Agreement with the Wayuu Epinayú community (To be entered into):** Its purpose is to join forces for the construction and implementation of an artisan collection center in Pájaro sector, municipality of Manaure – Gender Perspective.
- **Agreement with Asociación de Mujeres Emprendedoras de Gualanday (To be entered into):** Creation of a sustainable production unit with organized, trained micro-business families of the Area of Influence of the gas

the context of strategic management of new projects, including specific communication and liaising guidelines for intervention in communities. It is expected to be applicable to the operation of the Social area.

ENTREPRENEURSHIP PROJECTS

The implemented improvement actions include the proposed goal for the annual performance plan for Social Management, the purpose of which was the signing, execution and close of 15 social compensation and entrepreneurship agreements with communities and resettled families.

- Entering into and execution of 14 in 15 agreements.
- Close of 10 in 15 agreements.

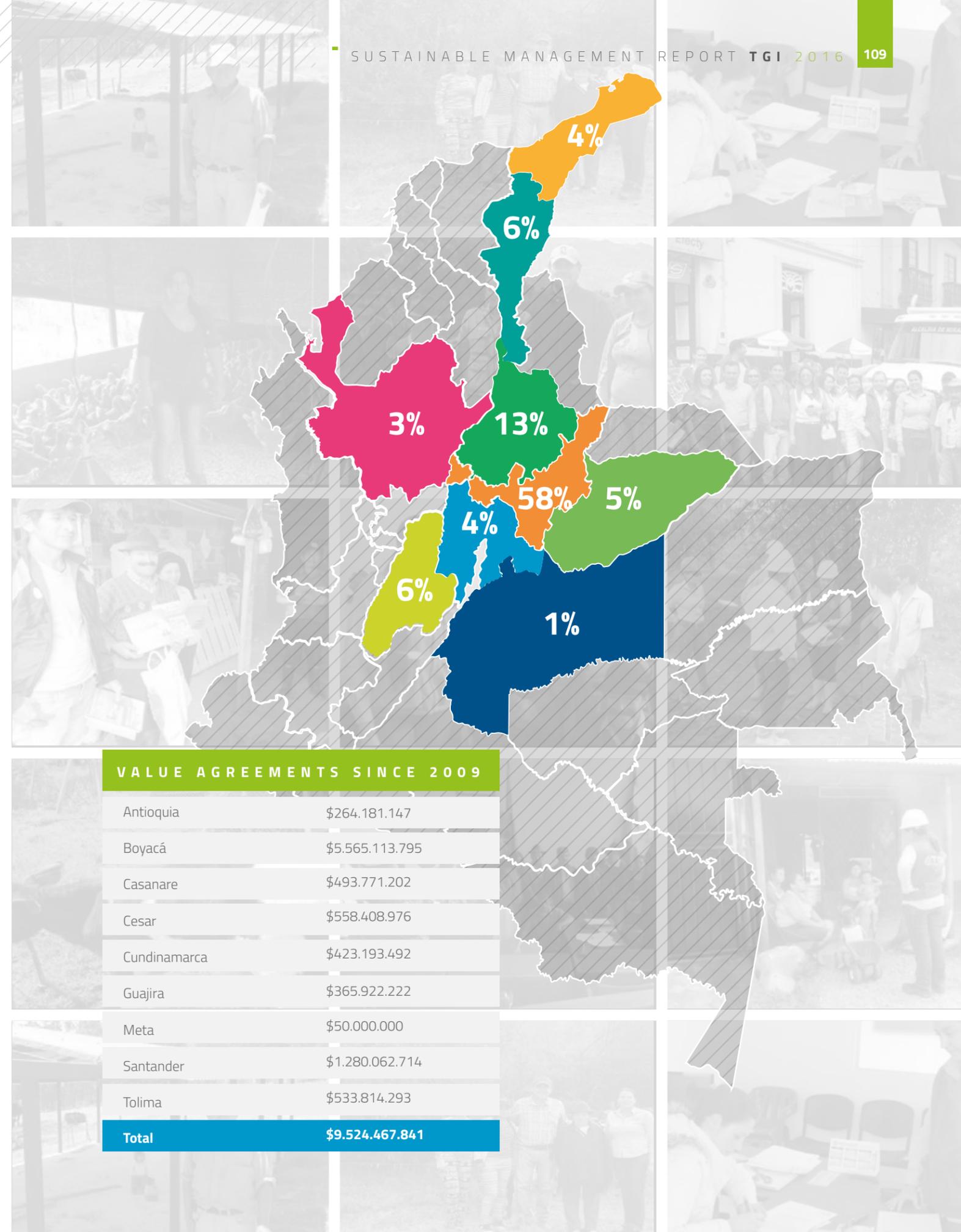
COMPENSATION TO COMMUNITIES

In 2016, the adjustment of procedures regarding the execution of agreements was considered among the continuous improvement actions in Social Management, with the purpose of speeding up formalities and preventing any setbacks. In this regard, a Service Level Agreement has been prepared, which has been initially framed under

- **Agreement with Waleker Association of Artisans (Executed):** it corresponds to the purchase of 100 traditional backpacks to strengthen good relations with TGI SA ESP groups of interest, such as suppliers, shareholders and Board of Directors, to be delivered as promotional material.

TGI -ECOPETROL-MUNICIPAL MAYOR'S OFFICE OF YONDÓ AGREEMENT

Appropriate Management that included an agreement to implement a temporary solution in the context of social gasification program, which looks to mitigate impacts from stopping irregular gas connections in the municipality of Yondó.



VALUE AGREEMENTS SINCE 2009

Antioquia	\$264.181.147
Boyacá	\$5.565.113.795
Casanare	\$493.771.202
Cesar	\$558.408.976
Cundinamarca	\$423.193.492
Guajira	\$365.922.222
Meta	\$50.000.000
Santander	\$1.280.062.714
Tolima	\$533.814.293
Total	\$9.524.467.841

DETAILS OF AGREEMENTS

AGREEMENT	MUNICIPALITY	PURPOSE
6500002251	Tauramena	Agreement between TGI S.A. ESP and the Community Action Board of El Palmar for the supply of 36 male zebu cattle to benefit the production reactivation processes for 36 families in El Palmar, municipality of Tauramena (Casanare).
6500002307	Honda	Agreement between TGI S.A. ESP, the municipality of Honda and the Community Action Board of Perico for the supply of materials for the construction of a community room in Perico, municipality of Honda - Tolima.
6500002273	La Belleza	Agreement between TGI S.A. ESP and RITA JULIA TELLEZ, on behalf of resettled families, for the provision of materials, supplies and/or tools required for the development of a production project "Production Unit for dual-purpose cattle raising and trading" to be implemented at Mata de Platano Farm, in San Cayetano, Municipality of La Belleza - Santander.
6500002271	La Belleza	Agreement between TGI SA. ESP and EXCELINO BAUTISTA, on behalf of resettled families, for the provision of materials, supplies and/or tools required for the development of a production project "Production Unit for dual-purpose cattle raising and trading" to be implemented at El Polvillo Ganadero, in Otro Mundo, Municipality of Florián- Santander.
6500002274	La Belleza	Agreement between TGI S.A. ESP and AYDE ROMERO ARIZA, on behalf of resettled families, for the provision of materials, supplies and/or tools required for the development of a production project "Production Unit for dual-purpose cattle raising and trading" to be implemented at La Esperanza Farm, in San Cayetano, Municipality of La Belleza - Santander.

AGREEMENT	MUNICIPALITY	PURPOSE
6500002272	La Belleza	Agreement between TGI S.A. ESP and JAIME RAMIRO TELLEZ VELASCO, on behalf of resettled families, for the provision of materials, supplies and/or tools required for the development of a production project "Production Unit for dual-purpose cattle raising and trading" to be implemented at El Porvenir Farm, in La Playa, Municipality of La Belleza - Santander.
6500002315	Otanche	Agreement between TGI S.A. ESP and RITO ALFONSO CUADROS, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Production Unit for steer raising and trading" in San José de Nazareth, Municipality of Otanche - Boyacá.
6500002317	Otanche	Agreement between TGI S.A. ESP and FAIR LINDOLFO OCAÑA ESPEJO, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Production Unit for steer raising and trading" in San José de Nazareth, Municipality of Otanche - Boyacá.
6500002316	Otanche	Agreement between TGI S.A. ESP and ADA LILIA ESPEJO, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Production Unit for steer raising and trading" in Cartagena, Municipality of Otanche - Boyacá
6500002296	Boyacá	Agreement between TGI S.A. ESP and MARCO FIDEL BERMUDEZ ARIAS, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Dual-purpose cattle raising" in La Palma, located in Huerta Grande, Municipality of Boyacá - Boyacá.

AGREEMENT	MUNICIPALITY	PURPOSE
6500002295	Jenesano	Agreement to be entered into by and between TGI S.A. ESP and MARTHA ISABEL SUAREZ MENDOZA, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Dual-purpose cattle raising", in San Joaquín, located in Nonceta, Municipality of Jenesano - Boyacá.
6500002298	Jenesano	Agreement between TGI S.A. ESP and LUIS MARTIN CASTRO MARTINEZ, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Dual-purpose cattle raising", in San Felipe, located in Palenque, Municipality of Jenesano - Boyacá.
6500002297	Jenesano	Agreement between TGI S.A. ESP and MARIA PATRICIA ORTIZ PAEZ, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Dual-purpose cattle raising", in La Planada, located in Nonceta, Municipality of Jenesano - Boyacá.
6500002294	Ventaquemada	Agreement between TGI S.A. ESP and MARIA DEL CARMEN MESA DE MESA, on behalf of resettled families, for the provision of materials, supplies, tools and/or livestock required for the development of a production project "Dual-purpose cattle raising", in Puente de Boyacá, Municipality of Ventaquemada - Boyacá.

LIAISING WITH INSTITUTIONS

As part of liaising with key institutions, a Key Audience Mapping was defined in 2016 contemplating the development of priority liaising strategies with groups of interest relevant to the Company's processes and interest; whereby the social fabric network is intended to be also expanded to establish strategic alliances also favorable to certain initiatives of these groups.

It is to mention that national and regional entities such as the National Hydrocarbons Agency (ANH), National Risk Management System and SENA have provided their assistance for the appropriate management of such aspects relating to Decree 1668 of 2016 on employment contracting in the hydrocarbon sector.

OPERATIONS WITH ENGAGEMENT OF LOCAL COMMUNITY, IMPACT MEASUREMENT AND PROGRAM DEVELOPMENT:

Activities and/or scenarios led by the Company with the community being continuously engaged are as follows:

- Workshops on community risk management plans
- Workshops on awareness of environmental matters
- Training and/or education processes in strategic alliance with SENA, Mayor's Offices, National Police and other entities generally in connection with sustainable projects.



As a mechanism to measure impact caused by the development of these programs, which are permanently included in the liaising and social management strategy, the Data Sheet for Awareness Activity Assessment, where participants express their opinions about any event related aspects, include as follows:

- Training content.
- Support material.
- Logistics.
- Trainer's performance.
- Significance of topics.

Suggestions and improvement actions for the process are also requested to be provided, whereby participants have been given the opportunity to participate in the design and scope of the creation of next-year process.

In this regard, impact has been highly positive considering that 98% of participants have provided positive opinions about company led processes; how they interact and emphasize their awareness, information, risk management or other purposes.



IMPACTS ON COMMUNITY AND TAKEN ACTIONS

GRI 413-2

These are work centers with negative impacts:

- Miraflores Gas Compressor Station
- Puente Guillermo Gas Compressor Station

As a background illustration, during the Execution of the Cusiana Phase I and II Expansion Project, especially for the expansion of Miraflores station and the construction of five loops in Phase II, Cusiana-El Porvenir- Miraflores-Samacá, Santa Sofía – Puente Guillermo and La Belleza – El Camilo, communities in the municipalities of Boyacá and Casanare

were on strike demanding the satisfaction of their unmet basic needs, increase in social compensation and salary raise, blocking, as their pressure strategy, access to personnel and preventing use of TGI and ECOPETROL equipment implemented for the construction of the Andean Pipeline, creating a regional movement known as: Movimiento por

el respeto a las comunidades de Boyacá y Casanare.

Therefore, extra charges were assumed by the Company, such as qualified and non-qualified manpower as well as an increase in compensations initially agreed upon, and charges in addition to costs initially agreed upon with the community.

Positive impact	Negative impact
<ul style="list-style-type: none"> ■ Employment contractl ■ Economic activation of the region 	<ul style="list-style-type: none"> ■ Non-compliance upon salary payment. ■ Non-compliance with commitments undertaken with suppliers
Negative impact	Action developed by TGI
<ul style="list-style-type: none"> ■ Failure to pay salaries to employees ■ Debts owed to suppliers ■ Relationship deterioration with local authorities ■ Lack of information by AID on project status ■ Outstanding voluntary investment claims 	<ul style="list-style-type: none"> ■ TGI agreed with BELLELLI to pay outstanding salaries to AID workers. ■ TGI quantified local debts and reviewed the various legal alternatives to provide prompt solutions ■ TGI directors met with local authorities of Puente Nacional, Miraflores and Vasconia ■ Information meetings at AIDs in connection with clarifications about the project status ■ Review of signed agreements by the contractor and the community

GRI 103-2

The Company has developed mechanisms to follow the community's requirements. For example, in 2016 the Company considered the statement made by community leaders of the municipality of La Belleza (Santander) about the development of social compensation processes and existence of unpaid social items generated by TGI contractors in connection with the Expansion Project (Construction of El Porvenir - La Belleza Loop).

Therefore, an immediate action plan was created, which helped:

- Consider the opinion of the beneficiary community about the scope of social compensation projects.
- Speed up formalities to grant resources to resettled families.
- Reach agreements with municipal authorities for joint implementation of investment projects, natural resource protection initiatives and sustainable development of the region.

■ Total number of social impact claims filed in 2016	24
■ Please state how many claims were addressed during the reporting period	2
■ were settled during the reporting period.	22
■ Please state the total number of social impact claims filed before and settled during the reporting period.	6

SOCIOECONOMIC IMPACTS ON COMMUNITIES

TGI significant economic impacts during 2016 include social compensation and investment projects that positively reached over 40 communities in the Areas of Influence. In this regard, voluntary investment projects were developed, such as "Fire Station Supply" in the Municipality of Saldaña, and "Equipment and Supplies for Waleker Association of Artisans" - Wayúu Community.

The Company intends, with these projects, to strengthen the

operation of benefited entities and contribute to safety and strengthening of Local Community Development Plans, as well as to dynamization of basic economy of income generation organizations, and sustainable development for the region, respectively.

Resettlement projects were also including for families in Santander and Boyacá, which are framed under the undertaking of sustainable production projects based on formal

GRI 203-2

training and technical advice processes during the launch and consolidation phases of the production experience, supported by specialized bodies such as SENA. These projects have favored the improvement in quality of life for resettled families, who have kicked off their production capacity, together with the technical qualification of their agricultural activities and the contribution of seed capital by the Company. For aspects assessed in these processes, income today exceeds the basis of their previous household economy.

GRI G4-OG10 Indicator – Community Conflicts

In 2016, from all of the gas transportation structure –with an area of influence that covers 14 departments, 157 municipalities, and 728 communities– 21 significant situations relating to community relations were settled, where 57% have backgrounds dating back to one or more years, associated with the following causes: undertaking of new projects that involve impacts on premises, roads and/or local infrastructure.

- Generation of social liabilities by the contractors: debts owed to local suppliers for material supply, restaurant services, security, salaries, etc.
- Disagreement upon local manpower contracting criteria because TGI asks contractors to follow the parameters provided by Law, and the community opposes this kind of mechanisms.
- Some cases are related to right of way, damage reconciliation.

In this regard, conflict situations with communities nearby the gas pipeline infrastructure, which given their importance have been prioritized in the constant liaising dynamics and, given the implications in connection with the expansion processes and the regulation of their operation and maintenance efforts, have been as follows:

- Community expectations and requirements exceeding the Company's compensation and voluntary investment parameters.
- Prevailing coercion actions upon disagreement or manipulation of certain community leaders nearby the Company's infrastructure, which have sometimes generated roadblocks preventing access to the Company's facilities.
- Massive right of way invasion of the gas pipeline and, in Yondó sector – Antioquia, natural gas illicitly taken from Ecopetrol's pipeline.
- Opposition by community to the development of new projects, which has been expressed in meetings held before the project.

7.2. RISK MANAGEMENT AND PREVENTION IN COMMUNITIES

MANAGEMENT APPROACH

Global Compact – Human Rights

TGI has a Risk Management Policy in place based on a methodology used to identify, analyze, assess, value, accept and communicate risks associated with its operation to control them and prevent human resources, finance, environmental, information and corporate image vulnerabilities.

As to social management, risk mitigation is two-way: from project to community, and from community to project, based on safety provisions contemplated in ANSI B 31.8 International Technical Regulation for the operation of natural gas transmission lines, as well as in the provisions of Law 1523 of 2012 of Colombia Risk Management.

TGI has continuously led risk management processes adopting participatory and inclusive methodologies of Groups of Interest in connection with the various liaising fields, going beyond the regulatory safety and risk management guidelines for the gas pipeline operation

towards the promotion of the culture of prevention.

For the management of this matter the following objectives and goals were set in 2016:

- Zero Accidents in each impacted community by the gas pipeline infrastructure and expansion projects being currently developed.
- 100% Awareness of Contingency Plan by Municipal Councils of Risk and Disaster Management (CMGRD, acronym in Spanish) in the area of influence.
- Preparation of Community Risk Management Plans and School Disaster Risk Management Plans 100% with communities and education communities in the direct area of influence of the gas pipeline.

- 100% annual monitoring of and follow up on sectors deemed as critical because of the community's proximity or the community has invaded the gas pipeline safety area.

Risk management with communities is developed through a sustainable process over time, intended to guide and strengthen the response capacity of communities in the area of influence of the various TGI gas pipelines in case of emer-

gency, which will help mitigate the harmful effects and/or damages to lives, assets and to the natural gas transmission system, in the gas infrastructure construction, operation and maintenance.



■ The Company's premise is to comply with the legislation and go beyond by conducting awareness processes and training annually both with members of the Municipal Councils for Risk Management (Mayor's Office and assistance entities), leaders and communities nearby the Company's operation infrastructure, in accordance with the provisions of Law 1523/12.

The foregoing results in a program that has sustainably encouraged risk mitigation in environmental emergencies, leaks, explosions, etc., from all fields possible with Groups of Interest such as: neighboring communities, assistance entities, local and regional authorities, technical operations team.

Impacts derived from potential system risks and the Contingency Plan for risk mitigation made known to the communities, authorities and entities in the National System of Risk and Disaster Management (SNGRD, acronym in Spanish) are made visible, raising awareness and generating cohabitation guides in relation to the gas pipeline operation. The program continuity during each term is due to urban growth, which has increased presence of inhabitants in areas restricted because of gas pipeline operation risks and considering that the community underestimates the potential risk.

It is important for TGI to harmonize interests in connection with locations when sometimes the community, an owner or mayor's offices may intend to develop projects, because proximity to the gas pipeline infrastructure may involve risks. This is why such proximity is restricted as a preventive mea-

sure against two-way damage as may result from their proximity to the natural gas transmission lines.

For this risk mitigation, the Company has adopted national and international standards, which are made known to its Groups of Interest and have sustainably generated a stakeholder network strengthening the Contingency Plan, which has resulted in training on potential risks and/or gas pipeline emergency management.

Practices currently adopted by TGI in respect of requirements by the sector include:

- Raise awareness in the community of existence of potential risks and emergency scenarios associated with their proximity to the gas pipeline.
- Teach the community how to risk map their sector, threats and vulnerabilities that may be intervened, and how to organize themselves to respond to a potential emergency.
- Raise awareness of risk management, which clearly is not an effort to be conducted by Companies or government entities, it is rather a permanent attitude for each individual and community sharing common risks.
- Go beyond, with tangible facts, the requirements of Law 1523 of 2012, reaching every family, school, Community Action Board, Mayor's Office and Governor's Office, strengthening the PAM ally network to make risk mitigation and control efforts.



In conducting risk management, ANSI B 31-8 is observed: have a risk matrix in place that includes the identification of critical zones due to population density in the vicinities of the gas pipeline infrastructure; identification of presence of illegal groups and/or fronts related to a resilient, organized community with functional operating entities and equipped with resources that may help them initially respond to an emergency event properly and efficiently.

In this regard, the Social Management area has carried out Community Plans and School Plans for Risk Management, whereby tai-

lored analysis of risks associated to their proximity to the gas pipeline is performed –these plans are implemented or updated annually in the closest communities to the gas pipeline right of way, in order to make them aware thereof

and train them on their significant contribution to risk management so that every family, school and Mayor's Office will learn the risk scenarios and how to face a potential emergency.

TGI has, for the purposes of measuring this process effectiveness, the following:

- Assessment Form of Training Workshops.
- Company's internal and external audit.
- Annual qualitative assessment based on opinions, proposals and suggestions of the groups of interest.

In 2016 no claims were filed in this respect, and suggestions regarding the continuous improvement of training and risk mitigation processes were considered.

2016 ACHIEVEMENTS

RISK MANAGEMENT PROGRAM



Delivery of emergency kits to Câceza Fire Fighters



Delivery of emergency kits to Fosca Fire Fighters



Belén Fire Fighters

In 2016 TGI continued with its risk management program in 394 communities and education institutions across the area of influence, through community workshops and activities as well as assistance in the update of Community and School Plans, with 3,690 participants from community population and making 2015 results known in alliance with local disaster risk management authorities.

Considering proposals by the community and local authorities, such as the Municipal Council for Disaster Risk Management, these activities are expected to focus in 2017 on property ow-

ners and families directly affected by the infrastructure line, with the methodology of family risk management plans, which will allow for the strengthening of the culture of prevention and program purposes, scope and positive impact.

YEAR	COMMUNITY AND SCHOOL PLANS	PARTICIPANTS
2013	115	3.062
2014	345	11.491
2015	411	11.986
2016	418	3.490

Decrease in participation of education and neighboring communities engaged in community and school plans for risk management is due to the purpose of the 2016 activity, which focused on the documentary update of these plans; to the change of Community Action Board leaders which, according to Law and the provided democratic procedure, was completed in 2016.

EDUCATION AND WELFARE PROGRAM

TGI was able to reach –with its Education and Welfare Program, through strategic alliances– 114 areas of direct influence with education, directly benefiting 3,582 inhabitants, which represents an impact on communities strengthening their culture and regional development with new social inclusion programs, citizen cohabitation and peace. Conducted workshops focused on: health, environment and human rights.

INDICATORS AND SOCIAL INVESTMENT

As regards the Risk Management program, in 2015 100% of areas of influence were covered. In 2016, the program continued at the territorial levels and priority was given to locations programs would reach.

At the level of the Development Management Program, the expansion project programs continued and during 2016 these gas transportation infrastructure expansion project obligations closed, with social investment being thus reduced.



2017 CHALLENGES

- Analysis and implementation of the Management System following ISO 26000 Corporate Social Responsibility.
- Gap analysis of the Management System in SR.
- Strengthen and speed up internal and external networking with groups of interest.
- Based on communities' risk management needs, ensure the right of way signs are in place.
- Improve the local response capacity by strengthening family units and operating entities for emergency response.
- Develop Phase 1 of prioritized investment projects until the processing and execution of commitments (agreements) relating to expansion projects to be completed.

YEAR	Communication Program	Risk Management Program	Development Management Program	Education and Welfare Programs
2012	410.128.500	974.120.000	2.122.723.126	501.214.692
2013	33.373.201	2.703.461.210	1.928.310.589	752.017.572
2014	90.769.875	1.996.343.757 (3)	1.083.712.374	343.073.541(3)
2015	60.088.000	2.624.082.470	3.512.457.046	103.333.570 (4)
2016	169.567.181	494.508.535	1.398.645.222	324.955.964

08

TALENTED, MOTIVATED AND
RESULT-ORIENTED TEAM**MANAGEMENT
APPROACH***Global Compact – Labor Standards.*

According to the philosophy to consider Human Talent as a distinguishing factor, as a significant value generator, and as a development pillar within organizations, TGI values having talented, competent employees,

- *the Company has development alternatives in place, and makes sure to assess and intervene the work environment to generate optimum conditions*

who develop in the context of a culture of excellence and work environment encouraging the development of their potential and strengthening of their competencies.

The foregoing turns employees into the key to, with their individual impact, contribute to work teams and be in line with and committed to the achievement of strategic objectives. For these purposes, the Company has development alternatives in place, and makes sure to assess and intervene the work environment to generate optimum conditions that may result in appropriate quality of

life across all dimensions and, simultaneously, in commitment to and benefit for TGI and its groups of interest.

TGI, from the Administrative and Services VP's Office, in accordance with the corporate guidelines whereby the Strategic Human Talent Model was adopted, manages, through policies, initiatives and programs, anything necessary for the acquisition, retention and development of employees, work environment and excellence-oriented culture, counting on a competent, professional, human team committed to this management and to the organization.

Through the procurement process, the best talent is captured and selected based on a competency selection model seeking to hire the appropriate personnel for each job and generate from the very beginning a high level of contribution in each position.

TGI internal and external audit mechanisms cover these processes, continuously monitoring Human Talent related performance, measuring as corresponding according to reported findings, with the purpose of continuously improving its practices. In 2016 this was supplemented by the implementation of work environment surveys, which provided relevant information for the design and development of action plans that include workers' perception and feed the Company's new related strategies.

GRI
102-43

TGI believes communication is a key tool; it thus has:

- Institutional communication channels that help reach the target audience that, in this case, means the Company's employees. The communications area is currently designing communication tools to ensure the operating work centers are more efficiently covered.
- The work environment survey prepared by Great Place To Work as a relevant channel for employee

participation because it reflects employees' perceptions of and opinions about various topics; being it a relevant means to define strategies, programs and initiatives to ensure the team – Company alignment.

- Direct communication scenarios.
- Information repositories derived from previous-year results.

In 2016 the so called "TGI Team" Corporate Meetings were implemented, in quarterly meetings attended by all company employees in person and simultaneously from the different districts and gas compressor stations. The strategy, plans and policies, operations, finance, organizational development and the Company's performance are communicated during such meetings to, apart from communicate, give a sense of steering, work team and motivation for employees.

GRI
102-44

These are all significant analysis factors that feed the design of new strategies, re-orientation of practices and continuous improvement in the context of the culture of excellence.



COMPETENCY STRENGTHENING ORIENTED ORGANIZATION CULTURE

In 2016 the "Liderazgo desde el ser" initiative was implemented –an initiative intended to develop leadership competencies in nearly 220 employees from the various levels of the Company, covering both their personal and work lives. This initiative –proposed in 2015– involves the importance of leadership, communication, listening, innovation, team work, change management and recognition skills, by raising awareness from a professional, personal role and day-to-day interaction with peers, subordinates, and in leadership.

Also, apart from raising awareness among leaders and work teams, an intervention was prepared intended to develop and consolidate this kind of competencies through TGI leadership model and training plans throughout 2017.

EMPLOYEES' PARTICIPATION

The main source of employees' participation and the main channel to express their perceptions of the various aspects within the organization, other than institutional communication and CO-PASST, was GPTW.

EMPLOYEE STATS

TRAINING

ODS 8

GRI 404-1

GRI 404-2

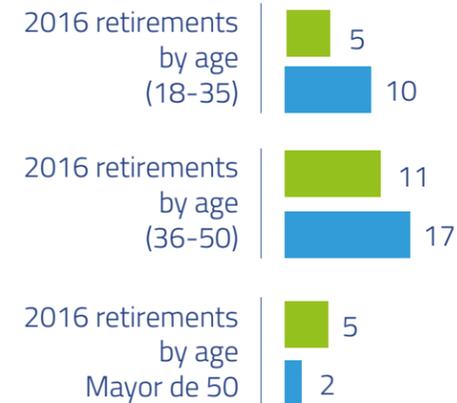
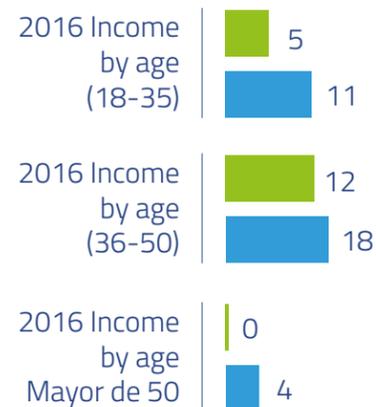
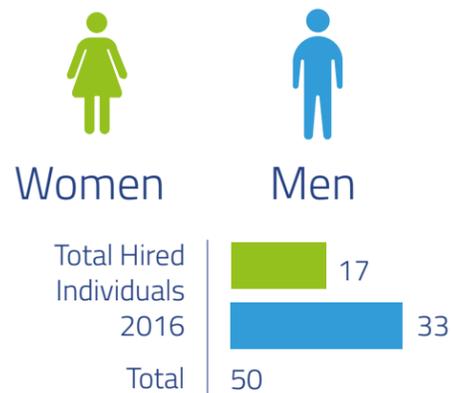
GRI 102-8

In 2016 TGI failed to have an individual training plan, but focused its activities on this front on covering the needs of each priority areas for the achievement of their objectives, keeping a close link to the development and consolidation of leadership competencies.

Description	Horas (Hr)	Man-hours	Woman-hours
Total training hours	2.312	1.740	572
Total trained individuals	95	70	25
Top management	172	11	
Middle management	109	8	
Coordination	447	25	
Execution	1144	39	
Support	440	12	
Average training hours per employee	6.58	22.88	24.85
Average training hours – top management	15.63		
Average training hours – middle management	13.62		
Average training hours – coordination	17.88		
Average training hours – execution	29.33		
Average training hours – support assistance	36.66		

2016 Income by Work Center Geographic Location (filled position)	
Department – Work Center (filled position)	Number
Bogotá	45
Santander	1
Cesar	0
Cundinamarca	0
Tolima	1
Boyacá	0
Otros	3

2016 Retirements by Employees' Department (Place of Birth)	
Departament	Number Of Employees
Bogotá	14
Santander	24
Valle del Cauca	0
Bolívar	1
Córdoba	0
Chocó	1
Otro	10



2016 Income by Employees' Department of Birth	
Zone	Number
Bogotá	36
Santander	4
Valle del Cauca	0
Bolívar	0
Córdoba	0
Chocó	0
Otros	10

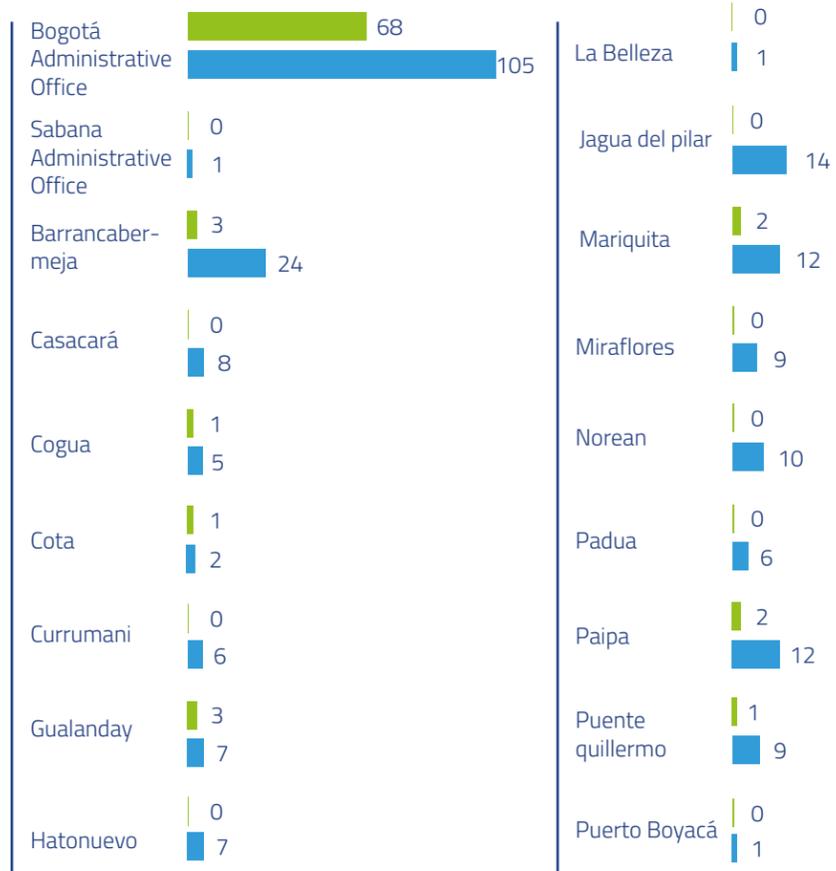
GRI 102-7	Total employees with traditional salary	Total employees with comprehensive salary	Total employees with fixed-term contracts	Total employees with open contracts
GRI 401-2	255	100	1*	354

*Accrued data as of December 31, 2016

GRI 401-3	Total TGI employees	Total employees with paternity leave	Total employees returning to work after paternity leave	Total women with maternity leave	Total employees returning to work after maternity leave
	355	5	5	1	1

*Accrued data as of December 31, 2016

This table shows TGI commitment to its employees trying to provide family and work life balance, respecting their legal maternity/paternity leave periods and keeping their positions for them to return after such leaves as a sign of support to stability in this new phase.



86
Women

269
Men

■ Note: *This corresponds to CEO position, who is the single employee hired upon a 2-year fixed-term contract.

■ Note: ** In total 105 employees in Bogotá Administrative Office, in the case of men, 1 of them has been hired upon a 2-year fixed-term contract, the other employees have open contracts (women and men)

■ Note: No substantial parts are performed by third parties.

■ Note: All TGI employees work full time.

■ Note: No substantial changes in working population year over year.

BENEFITS FOR EMPLOYEES UNDER EMPLOYMENT CONTRACTS

ODS 8

Compensation at TGI has three components:

In addition to basic salary and compliance with legal obligations, TGI provides the following:

1. Complementary extra-legal benefits such as health, loans, etc.
2. Performance bonus, or variable item.

TGI employees who earn ordinary salaries (not comprehensive) receive food subsidies and vacation bonuses.

As regards complementary benefits, all direct employees who earn ordinary and comprehensive salaries, also enjoy:

- Quality of life loans.
- Home loans.
- Contribution aid.
- Performance bonus.
- Education bonus.
- Common medical disability aid.
- Annual salary raise.
- Health insurance.
- Life insurance.
- Burial insurance.

401-2



In 2016 TGI guaranteed such benefits for **71,83%** of employees

GRI 403-4

COLLECTIVE AGREEMENT AND RESPECT FOR FREEDOM OF ASSOCIATION

ODS 8 (8.8)

Global Compact – Labor Standards

GRI 102-41

GRI 407-1

The company allocates an annual financial contribution to the Industry labor union, providing spaces and hours during the workday for pedagogical activities with employees and authorizing labor union leaves for training, participation and awareness according to Sintraelecol requests, as expressly stated in the

Collective Agreement. No labor union rights are threatened or sanctioned at TGI work centers.

Likewise, no collective agreement negotiation right has been threatened because even if the number of employees who are trade union members reaches 155, in 2016 TGI guaranteed such benefits for 71.83% of

employees (a total of 255), thus complying with the legal extension referred to in art. 471 of the Substantive Labor Code.

Similarly, in 2016 TGI implemented its monthly union fee deduction procedure for 255 employees, which fee is deducted through payroll, facilitating the union's funding and fund raising operations.

Additionally, the Labor Committee held various meetings during the year with a fair number of union representations and Company's representatives, with the purpose of addressing employment relationship, conditions and employees' benefit related matters.

Chapter VII of the Collective Agreement refers to Workplace Safety and Health, agreeing upon the following actions in accordance with the WSH standards:

- Delivery of PPE for the corresponding activities as provided for in the current legislation.
- Regular occupational examinations.

According to provisions of the Collective Agreement –which includes 10 chapters– 10% of the document refers to WSH matters.

2016 ACHIEVEMENTS

To complement the results referred to in this chapter, the following milestones are to be mentioned:

A. Improvement in TGI organization and operating structured in 2016.

The Human Talent area led the Company's restructuring, which was intended to:

- Generate greater efficiency and impact.
- Strengthen critical business areas allowing for the consideration and support of a growth and economic balance strategy.
- Encourage development and projection of employees through internal mobilization and identification of leaders, generating 11 changes of position and the opportunity for other shifts within the Company for the generated vacancies.

GRI 404-3

B. Performance Assessment:

During 2016, by decision of the Board of Directors, a temporary performance measurement model was adopted, considering for such purpose corporate indicators and indicators for each VP's and management office directly attached to the Presidency, with plans, each of which with 50% of representation in the final count.

TGI, with this assessment, tried to make the various areas within the Company strengthen the organization and group result and joint project development oriented goals through high performance teams, noting that according to obtained results a variable pay policy for direct employees is being contemplated.

Objectives will be assessed in 2017, and the measurement form will be suggested this year.

ORGANIZATIONAL ENVIRONMENT

TGI has a program and initiatives in place to both strengthen and assess its organizational environment.

"TGI a tu lado" (TGI by your side) program

This program focuses on participation of different significant themes to the organization, including welfare, quality of life, value encouragement and strengthening, training, development, those related to the Administration and Services VP's Office and which impact the organizational environment. Some of these activities were as follows:

- Celebration of special dates, consolidating the organizational culture, recognizing work roles, and bringing the employee family together with the Company.
- Healthy lifestyle and habit encouragement through access to gyms under the corporate agreement.

- Training and development activities.
- Year-end celebration activities for the recognition and gathering of work teams.

Measurement – Great Place To Work (GPTW)

In 2016 the new measurement of organizational environment was conducted, the results of which will be presented in the next Sustainable Management Report.

Some achievements in this field –as evidenced during the reporting year herein– and which resulted from the 2015 measurement activities are to be highlighted:

1. Joint work among the Human Talent Department, Supply Management, Mariquita Station, Valledupar District, and the Social Management Office for the establishment of the "Desayunos de Integración" program for routine innovation and favoring closer relationships among the team members within a different work space.

2. Obvious improvements in these four groups involved in such activity, going from high improvement potential to benchmarks within the organization.

2017 CHALLENGES

In 2017, TGI will face significant challenges in the Human Talent areas, including as follows:

- Respond to the Company's structure needs consistently with its dynamics and proposed strategy.
- Strengthen the development of employees to increase their level of contribution and performance.
- Consolidate and position the culture of excellence and achievement orientation in managing each area and individual.
- Intervention in areas identified as critical in the analysis of results from the work environment survey conducted in 2016 to keep the company's positioning as one GPTW.

09

INTEGRAL, RELIABLE AND
EFFICIENT OPERATIONSMANAGEMENT
APPROACH

services for its clients, observing the Colombian rules and legislation as well as guidelines provided by authorities such as CREG (acronym in Spanish for Energy and Gas Regulation Commission) or RUT (acronym in Spanish for Single Transportation Regulation), NTC (acronym in Spanish for Colombian Technical Rules), and the international technical rule: ASME B31.8.

The Company owns a national gas pipeline network which, as described above, provides natural gas transportation services to the main industry, residential, and commercial consumption centers across the country and other users directly.

This gas pipeline network supports the operating conditions for natural gas transportation, for which purpose it has compressor stations intended to increase energy by increasing pressure. Transportation goes

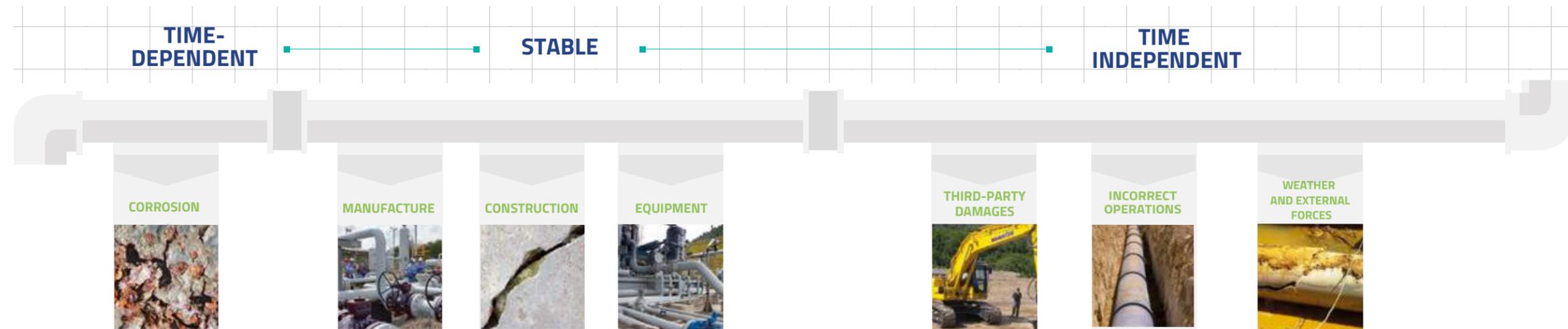
from La Guajira and from Los Llanos Orientales to Valle del Cauca, La Sabana de Bogotá, Huila and Tolima.

Operational excellence and integrity management are included in the Company's strategic milestones as follows:

01. Efficient operation and maintenance to maximize quality of service
02. Maximize useful lives of transportation infrastructure assets
03. Ensure physical integrity of facilities and safe operation of TGI transportation network

Management in this matter allows for mitigating risks inherent in the operation of high pressure transmission gas pipeline networks, minimizing impact on workers, individuals, own and adjacent facilities, and the environment. It is conducted through processes that establish the system conditions, planning of risk based maintenance efforts, and efficient, effective and timely execution of budget resources for risk mitigation and control of integrity threats, and guarantee of service continuity, thus generating Company value.

CLASSIFICATION OF THREATS TO GAS PIPELINES



Likewise, TGI has a series of objectives focused on the efficient infrastructure operation and maintenance to guarantee the highest quality of services, ensuring the gas pipeline system integrity and simultaneously maximizing its useful life. These objectives are realized through four initiatives developed within a strategic 5-year period, which are periodically re-assessed and consolidated:

1. Maintenance strategy.
2. New infrastructure and technologies.
3. Infrastructure completeness
4. Competency management.

In 2016 the Company's management focused on achieving the following performance objectives:

- Decrease in gas loss and exit point continuity, with a 0.75% goal.
- Compliance with internal line inspections (ILI, acronym in Spanish) with a 15 inspection goal.
- Availability of infrastructure, with a goal of \geq 95.8%.
- exit point continuity, with a 99,6% goal.

Management in this matter will be conducted through the Operations VP's Office, composed of Operations Manager's Offices and Asset Manager's Office and gas pipeline and gas compressor station maintenance departments, as well as the related Infrastructure Department –each of which is composed by a professional and technical staff team specialized in each required area for the operation and maintenance of the gas transportation infrastructure. Additionally, the VP's office is composed of 6 regional operations superintendencies responsible for maintenance routines and customer service.

For this management activities, the approx. 2016 cost and expense budget was COP

113.900.000.000, with an execution of 89%; additionally, there were information systems such as SAP PM module for maintenance planning and scheduling, and the information systems provided by contractors for the conduction of inspections and specialized maintenance.

Mechanisms implemented for complaints, claims or suggestions by Groups of Interests regarding this matter is known as the Request, Complaint and Claims and Suggestion System (PQRS, acronym in Spanish), which include in their classification the operating kind.

Through the Infrastructure Operation and Transportation Coordination processes, the Company seeks to appropriately plan transportation requests, guaranteeing continuous and safe operations in compliance with the authorized amounts, contracts, and legal and regulatory requirements, as well as with the Infrastruc-

ture Maintenance processes, which aim to increase natural gas transportation infrastructure availability and reliability with optimum resource management following the Management System and legal and regulatory requirements.

Management tools are generated through the aforementioned processes, such as the Daily Transportation Program; Detailed Maintenance Program; Metrological Assurance Plan; and Integrity and Reliability Plan.

The foregoing is subject to external audit whereby compliance with the Integrated Management System following ISO 9001, ISO 14001 and OHSAS 18001 is verified; as well as to internal operating or control audits by the Internal Audit Manager's Office.

9.1. COMPREHENSIVE ASSET MANAGEMENT AND PROCESS SAFETY

NEW MAINTENANCE MODEL

One of 2016 achievements was the implementation of the SAP PM module for 13 compressor stations and 6 districts, which resulted in efficiencies in planning and spare parts management process. The following was thus completed:

- Planning and scheduling of 100% of maintenance activities in SAP PM; also, the generation of 100% of material reserves for preventive and corrective maintenance. Upon the foregoing, activities are performed according to work orders in the system, which increases execution through weekly follow up using this tool.
- Increase in the maintenance performance indicator for each district compared to previous years. The foregoing corresponds to the new

maintenance model and to improvement in the follow-up processes and periodic reconciliation of maintenance plans.

GOOD PRACTICES IN MAINTENANCE

In 2016 TGI decided to prioritize the closing of gaps identified in 2015 during the development of the MES (Manufacturing Execution System) audit. These actions include the optimization of the SAP PM module as to maintenance notice and order management.

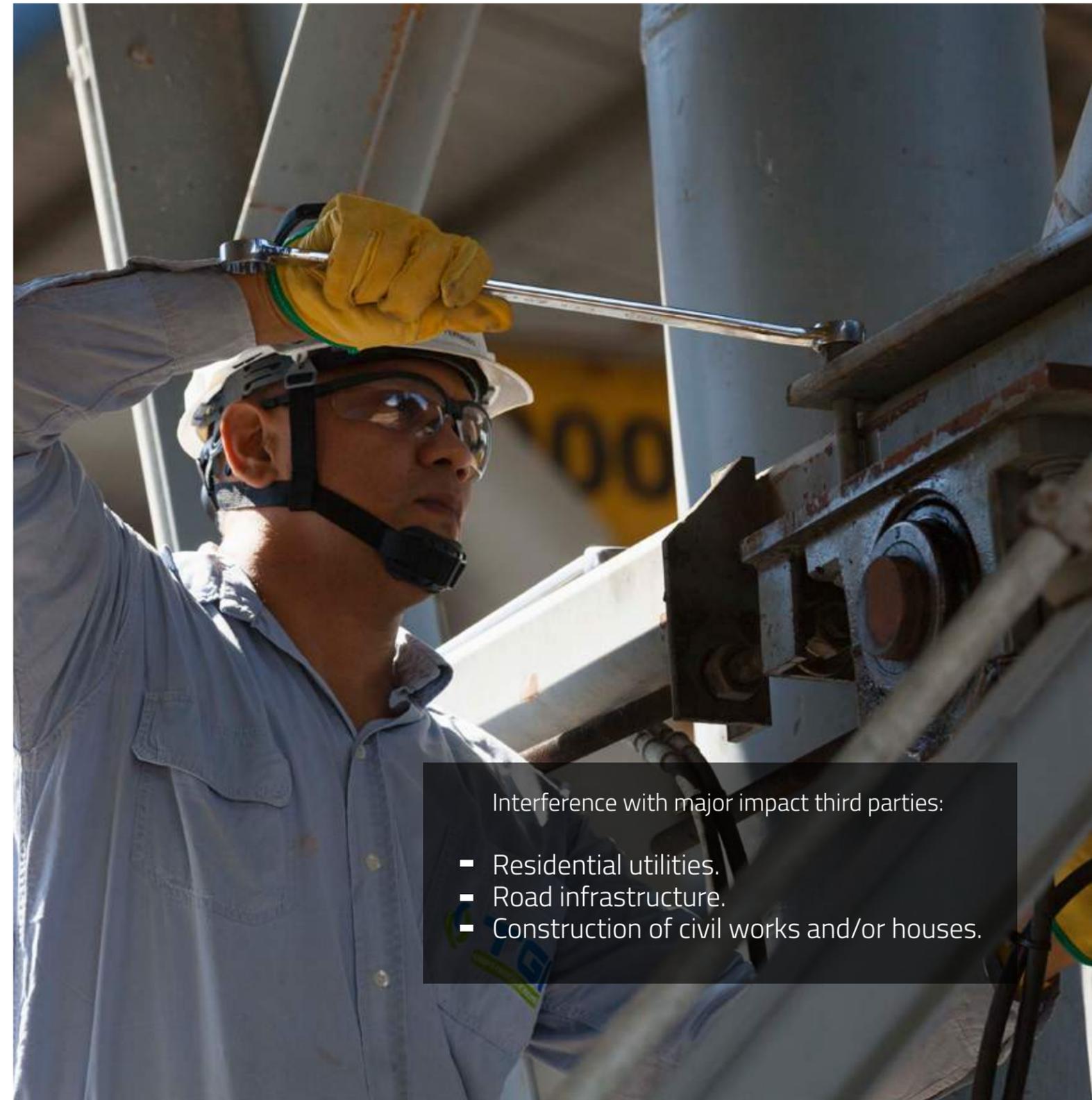
INFRASTRUCTURE INTEGRITY

In regard to compliance with the inspection plan, 18 smart inspections were recorded, which were contractually managed in 2016 and resulted in the identification of 59 Points with high level of loss of materials (>80%), which prompt solution will help prevent potential impacts on the performance of services.

One identified threat to the gas transportation infrastructure was related to third party harm or damage, which may occur upon voluntary damage, ignorance about the infrastructure location, or even if being aware of its location, procedures and parameters to followed are not known.

The most efficient practices for third party mitigation include the appropriate pipeline marker or sign and increase in depth. However, these mechanisms are sometimes insufficient or in the event of greater depths they cannot be implemented for various reasons (technical, environmental, property, etc.). Interference with major impact third parties:

- Residential utilities.
- Road infrastructure.
- Construction of civil works and/or houses.



Interference with major impact third parties:

- Residential utilities.
- Road infrastructure.
- Construction of civil works and/or houses.

Country development is promoted based on sustained growth of various sectors, including the energy sector, construction of road infrastructure, civil work construction sector, and expansion of residential utilities; each of which is governed by their own rules. In developing them, there have been very frequent interferences among new municipal and national projects and TGI facilities, which requires permanent identification, engineering and construction management procedures to ensure integrity of systems during contractual process and subsequently during operation.

However, TGI infrastructure requires periodic inspection for integrity assessment and maintenance to ensure the system's safe operation. A part of this tasks consists in ensuring the right of way remains without trees, structures and any other obstacles that may interfere with safe operation and access by personnel responsible for the pipeline maintenance and integrity.

In 2016 over 45 interferences were recorded, which affected TGI gas transportation infrastructure. The relevant technical concept and potential interference treatment were issued to ensure the third party project continuity.

Based on the completed management activities for third party interference processing, the Guidelines for Third Party Interference Response document was prepared recommending distances or types of mitigation to implement in each case.



MATERIALS MANAGEMENT

Implementation of the materials planning model, saving 80% (COP 1.816.389.361) in PO for materials in the amount of COP 2.271.608.548, by modelling the roadmaps for a 7-month time-frame in warehouses.

11 large facilities assessed through RCM (Reliability-Centered Maintenance) methodology, managing risks and improvements in equipment maintenance routines.

RIGHT OF WAY MAINTENANCE

This maintenance is intended to guarantee TGI gas transportation system's integrity, by identifying, in the area of influence of the infrastructure, the aspects, conditions, factors, and variables that may threaten the compliance with the SGI and regulatory requirements.

The rights of way of the Company's own gas pipeline transportation network have been interfered with through the construction of civil works for geotechnical maintenance and pipeline safeguarding across the right of way related roads and areas of influence in 28 areas that needed an intervention through geotechnical stabilization works, particularly the stabilization of the access road area to Cristales in the municipality of Jesús María, a road the Ramal Jesús María gas pipeline goes through.

Additionally, the stabilization of the right margin of Quemones stream in the Municipality of Tauramena is highlighted, given the risk it meant for the support structure of the Cusiana – Apiay Gas Pipeline Airway. Finally, the slope stabilization (narrow ridge) is highlighted, where El Porvenir – La Belleza Gas Pipeline tubes were exposed at Km 5+750, in the municipality of Sabanalarga in Casanare.

GAS COMPRESSOR STATION MAINTENANCE

- 104 recommendations were generated on maintenance notices and executed work orders.
- 5,000 gallons of lubricant oil equivalent to COP 172,000,000 were reported to have been saved compared to the previous period, due to methodology applied to oil changes because of its conditions rather than because of time, and periodic review of the right cycle timeframe for compressors.



OPERATION - BALLENA DEHYDRATION PLANT

On October 1, 2016, the Ballena Gas Dehydration Station started its operations following the acquired agreement with Chevron Petroleum Co., the objective of which is the performance of dehydration services for natural gas generated at Ballena fields, with a maximum capacity of 204 MMCFD for a 3-year term. TGI, with this new operation,

ventures into midstream service performance for producers. During October, there was a maximum dehydrated gas day of 176.418 MCF on average day 155.054, and a total month of 4.496.556 MCF, with average moisture of 1.99 pounds/MPC (value below 6 pounds/MPC of RUT).

NOTABLE ILLICIT PRACTICE MANAGEMENT AT GALÁN YONDÓ GAS PIPELINE

Global Compact – Human Rights

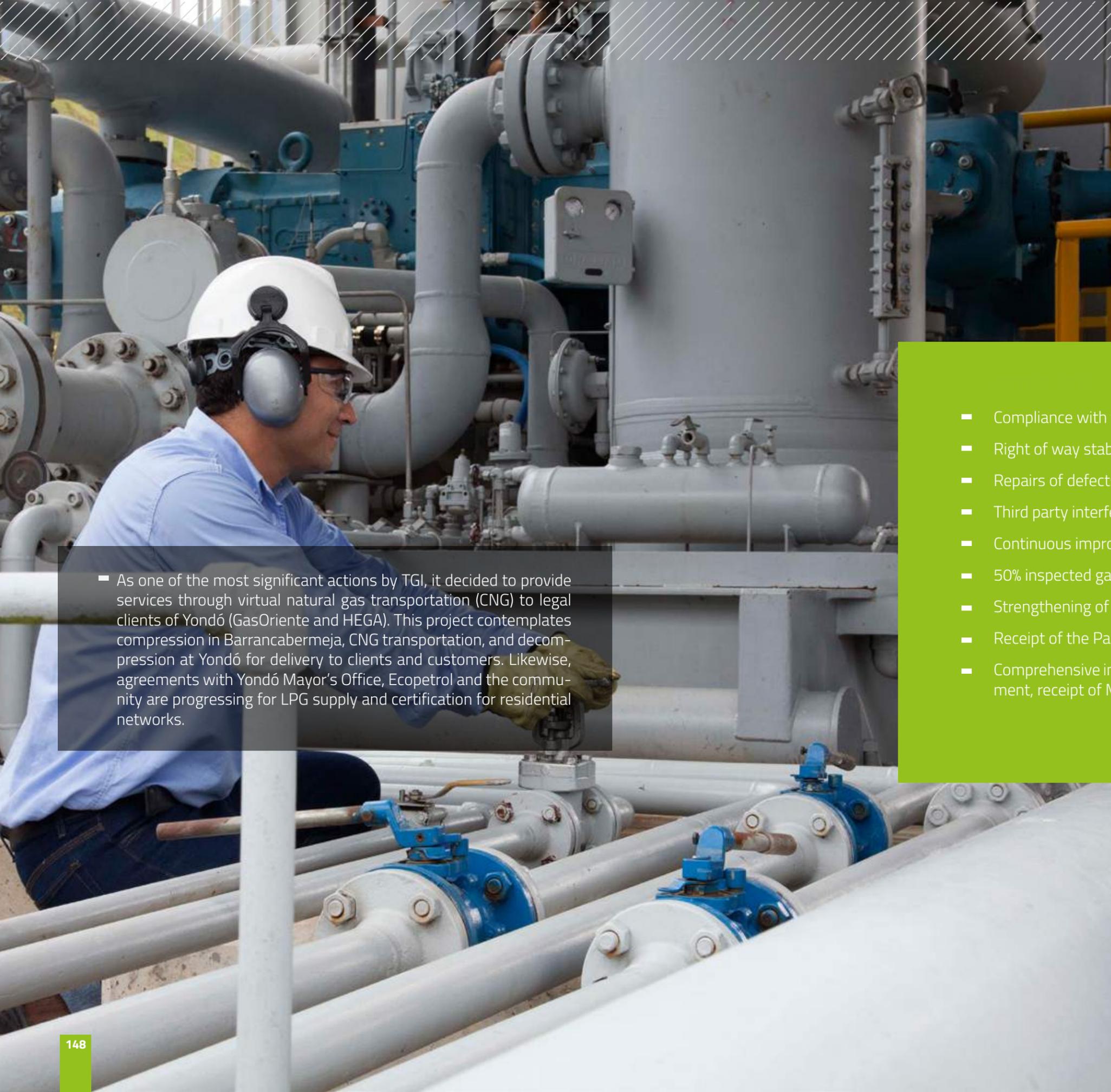
In 2016 TGI decided to aggressively face an over-20-year problem: presence of several illicit connections installed through 15 valves connected with polyethylene hoses (for water) to transportation infrastructure to transmit gas to homes nearby throughout 15 irregular neighborhoods, impacting 10,000 individuals (3,000 families). This issue has caused the following risks:

- Accidents and/or body injuries.
- Potential suits against TGI.
- Claims by distributor against TGI upon gas losses.
- Community reactions against the mistakenly called acquired gas right.
- Leaks because of connections failing to comply with the regulations.

TGI has recognized that this situation means a social and safety problem, which is why it has fostered an agreement with the community (instead of abruptly cutting their supply lines) and in alliance with Ecopetrol, Ministry of Mines and Energy, Mayor's Office, the Council, and Yondó risk offices, Gas Natural and Naturgas, among others, a joint solution to the physical safety of the population in the area was consolidated.

This is how the following progress has been made:

- A permanent work table was established for the development of inter-company actions.
- An agreement was entered into by TGI, Ecopetrol and Gas Natural.
- Permanent awareness of risks for communities in the area of influence.
- Delivery of propane gas to individuals who had been provided therewith illegally.
- Gas odorization in this stretch for community to be able to identify leaks and hazards.



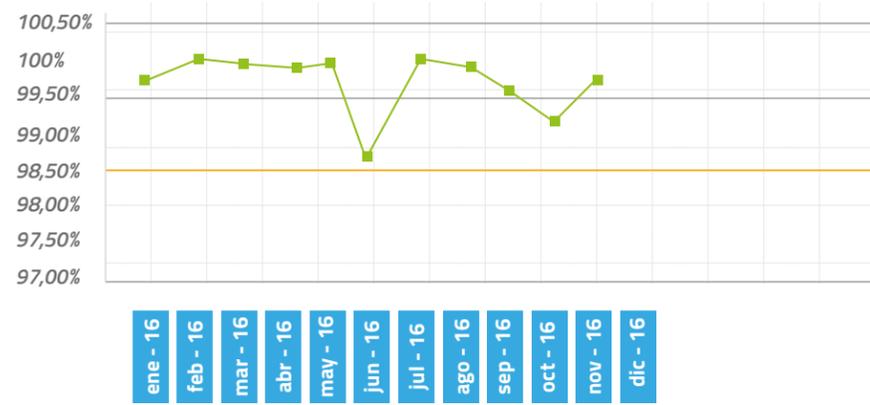
- As one of the most significant actions by TGI, it decided to provide services through virtual natural gas transportation (CNG) to legal clients of Yondó (GasOriente and HEGA). This project contemplates compression in Barrancabermeja, CNG transportation, and decompression at Yondó for delivery to clients and customers. Likewise, agreements with Yondó Mayor's Office, Ecopetrol and the community are progressing for LPG supply and certification for residential networks.

2017 CHALLENGES

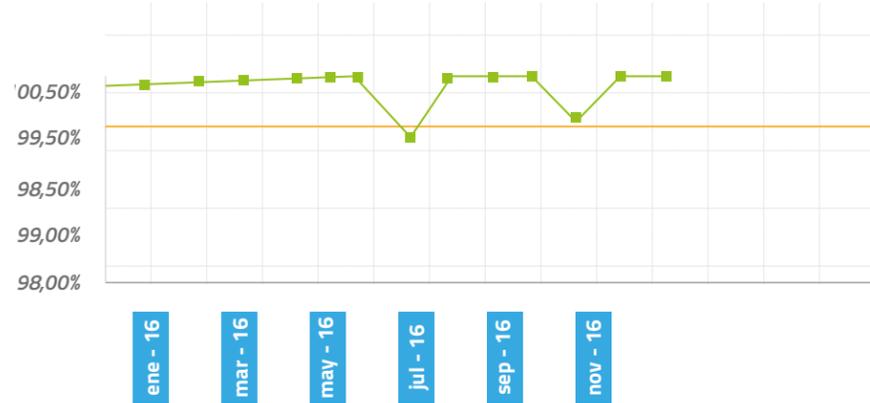
- Compliance with the integrity management plan within a 80-115% range
- Right of way stability
- Repairs of defects identified during Inspections inside ILI pipeline.
- Third party interference management.
- Continuous improvement of the maintenance management system.
- 50% inspected gas pipeline area included in the five-year program.
- Strengthening of the digital historical memory regarding the infrastructure.
- Receipt of the Paratebueno-Villavicencio gas compressor station.
- Comprehensive inventory management through Operations and Maintenance Management, receipt of Mariquita-Cali gas pipeline

9.2. OPERATIONAL EFFICIENCY

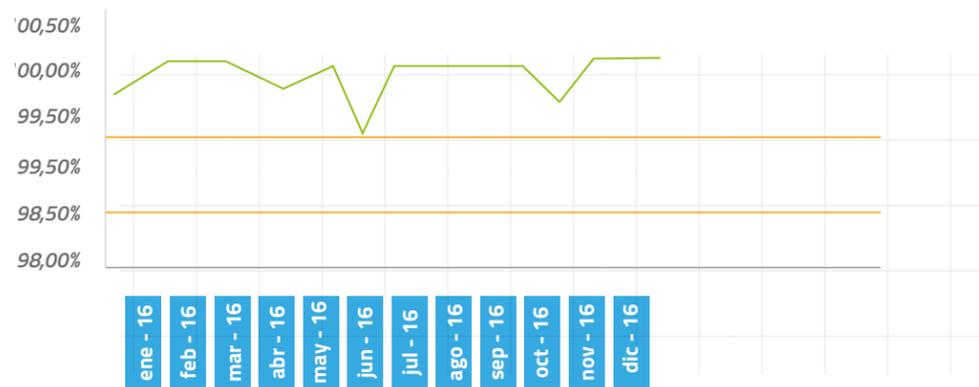
RELIABILITY INDEX



AVAILABILITY OF GAS PIPELINE SYSTEMS



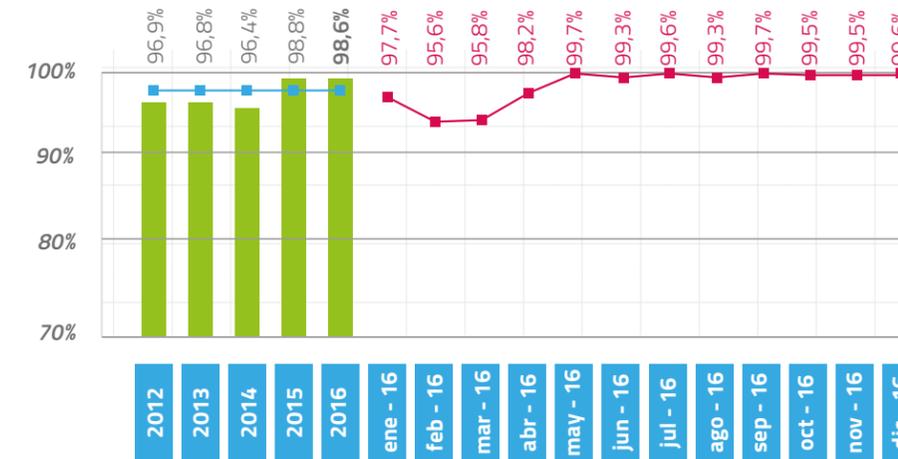
INFRASTRUCTURE RELIABILITY



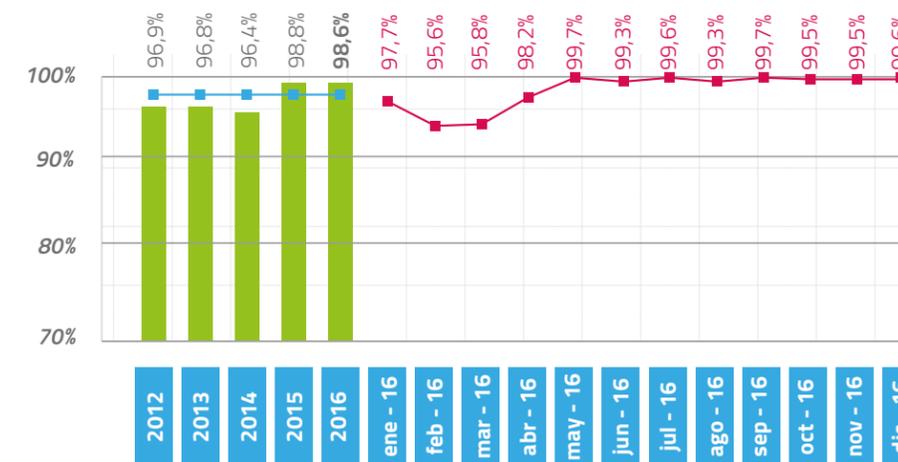
This indicator showed to be within the provided range, except during the month of June when it was 99.58%, falling below the 99.65% goal due to stress relief preventive maintenance at Mariquita-Cali Gas Pipeline, which affected capacity availability for 72 hours.

As regards the Infrastructure reliability indicator, the monthly average during the year stood at 99.89%, which shows that upon performed maintenance and force majeure events in 2016 only 0.11% could not be transported. However, in July this indicator showed to be 99.3% due to stress relief maintenance conducted at Mariquita-Cali Gas Pipeline, which took 72 hours.

AVAILABILITY OF GAS COMPRESSOR UNITS



RELIABILITY OF GAS COMPRESSOR UNITS



This indicator measures availability of the Compressor System, i.e. the ratio between available hours (calendar hours for the period, including hours during which equipment was off) and inactive hours due to planned and unplanned maintenance to compressor units.

In this regard, this indicator for 2016 meets the set goal and presented results specifically respond to stops due to corrective and preventive maintenance performed to gas compressor units, except for improvement maintenance and major maintenance performed to gas compressor units.

Risk and opportunities derived from climate change may cause significant changes in operations, income or expenditure.

GRI 201-2

ODS 13

- **Opportunity:** increase in gas consumption demand because of El Niño phenomenon.
- **Risk:** sliding or ground instability due to climate changes resulting in emergencies caused by pipes breaking.



Events occurred in 2016 with the following gas pipelines:

Gas pipeline	Value
GBS Gas Pipeline (Boyacá-Santander).	54.351.729
Troncal Bolívar Gasoducto Boyacá - Santander	90.943.162
Troncal Bolívar Gasoducto GBS	94.816.413
Gasoducto La Belleza - Cogua	251.048.070
Troncal Otero - Santana de Gaseoducto Boyaca-Santander	136.615.707
Total	\$ 627.775.081

EXECUTION PROGRESS IN YAMUNTA DISASSEMBLY

GRI G4- OG11

During 2016 El Porvenir – La Belleza Gas Pipeline disassembly progressed (in Yamunta), with the preparation of detail and construction engineering for disassembly and withdrawal from Yamunta sector between PK 39 and PK 43 of former 20 inch El Porvenir – Miraflores gas pipeline, located in Páez, Boyacá, in Porvenir – Belleza gas pipeline of district V.

2017 CHALLENGES

Continue to achieve the set goal for availability and reliability indicators for the natural gas transportation infrastructure, with optimum resource management.

10

QUALITY AND
INNOVATION SERVICESMANAGEMENT
APPROACH

TGI provides natural gas transportation services through a gas pipeline network from the Department of La Guajira to Valle del Cauca, and from Llanos Orientales to the Departments of Huila and Tolima, across various departments of the Andean region. This network is composed by three (3) major gas pipelines connected to regional branch lines that transport gas to the relevant municipalities.

Natural gas is thus brought to groups of interest (clients/customers) composed of homes, industries, commerce establishments, and other users throughout residential distribution networks or directly through connections to the transportation system of TGI own network or as contracted with the private sector.

The Quality Services title is very meaningful for the company's

TGI has continual improvement plans intended to provide excellent natural gas transportation services

strategy, for which TGI has continual improvement plans intended to provide excellent natural gas transportation services, through the implementation of best practices in the industry as well as through the execution of models and management tools within the value chain processes.

The Company offers its clients and customers a structured value proposal based on its Service Portfolio and different business policies that ensure availability, reliability, quality, safety, opportunity, added value and fair prices for its services, even if such

services are regulated (including rates). This helps the Company identify and propose the adaptation of international standards and good practices in operation and maintenance for natural gas transportation infrastructure.

A very important factor regarding this matter is that services provided by TGI are regulated by CREG (acronym in Spanish for Energy and Gas Regulation Commission) upon a regulation that ensures that offered services meet full transparency conditions to encourage free competition, prevent any abuse of authority, and guarantee equal conditions for clients and customers being provided with the Natural Gas Transportation Services.

If not effectively managed, the following risks might occur:

- Non-compliance with commercial conditions of the transportation agreement
- Inappropriate service hiring
- Loss of new business or profit
- Dissatisfied customers/clients.

This management directly impacts the Commercial Management process, the objective of which is to “optimize the final contracted capacity; encourage natural gas consumption; and manage the service portfolio in accordance with the customers’ legal and regulatory requirements”. This process generates income from provided services, which help TGI support itself over time and continue to be a high impact operating company in the country, offering growth and progress to its various audiences.

TGI has different areas responsible for guaranteeing service reliability and efficiency, which lead the vital processes:



designs services that offer effective solutions to clients/customers upon use of TGI infrastructure.

identifies improvement process and designs integrity, reliability and efficiency strategies.

maintains the infrastructure optimally to ensure safe natural gas transportation.

ensures compliance with the daily provision of safe gas transportation services.

ensures human talent is trained and prepared to face day-to-day challenges and commits to being reliable and efficient.

provides guidelines for environmentally friendly services and for the protection of the major value: life.

In 2016 the following commercial guidelines were effective in connection with the service provision:

- Guidelines for response to deviation of entry/exit points.
- Guidelines for response to gas keeping services.
- Guidelines for response to continuous gas keeping services.

Additionally, visit the Company's website (<http://www.tgi.com.co>) to read a guide for access, step by step, to the di-

fferent services provided by TGI to its clients/customers.

For this management, TGI has Commercial Management in place which is part of the Business VP's Office, composed of 7 professionals and supported by a significant budget allocated for 2016 management activities allowing for the development of activities such as the increase in natural gas demand, among others. It also has robust technology tools, such as the PipelineTransporter Gas (PLTG)

information system to manage the various processes that support the service provision, such as commercial agreement management (contracted capacities), nomination, balance accounts, billing, among others. During the second half of 2016, a new project was started for the improvement of this tool, which project will be developed and implemented in the medium term.

For the assessment of this matter, control audits were con-

ducted by TGI Internal Audit Management, focused on the 2016 period, specifically on billing and income processes, allocation of natural gas transportation capacities, management of commercial agreement guarantees, connection requests, among others. Similarly, Management System audits were conducted because TGI is a ISO 9001 certified company; other audits were also conducted as required by the Comptroller's Office and other government entities.

On the other hand, performance of the Commercial Management process and sub-processes were reported to Transparencia por Colombia with indicators such as:

- Market data
- Information access criteria
- Clients/customers
- Users

Commercial Management related indicators for 2016 reported for performance were as follows:

- Final contracted capacity
- Use of transportation capacity
- Service claims response
- Level of customer satisfaction (service quality)

These were duly managed and followed up on periodically for level of compliance and, where required, action plans to allow for alignment with goals.

Likewise, the Company's website <http://www.tgi.com.co> has posted a guide for access, step by step, to the different services provided by TGI to its clients/customers.

CUSTOMER SATISFACTION SURVEY RESULTS

In 2016, the Performance Plan metrics contemplated the measurement of Service Quality and response to new connection requests to the national natural gas transportation system –an indicator showing that the Company achieved its goal, because it appropriately responded and visits were completed within the provided periods of time.

To measure customer satisfaction, through the service quality indicator, CNC (acronym in Spanish for National Consulting Center) was hired. The survey was based on three (3) core items:

1. QUALITY OF INDIVIDUALS

- Service interest and attitude
- Advice and technical level of TGI employees

2. REQUEST HANDLING

- Agility to solve requirements or rapidity of processes
- Transparency in handling requests and response times

3. SERVICE COMMITMENT AND DAY-TO-DAY ACTIVITIES

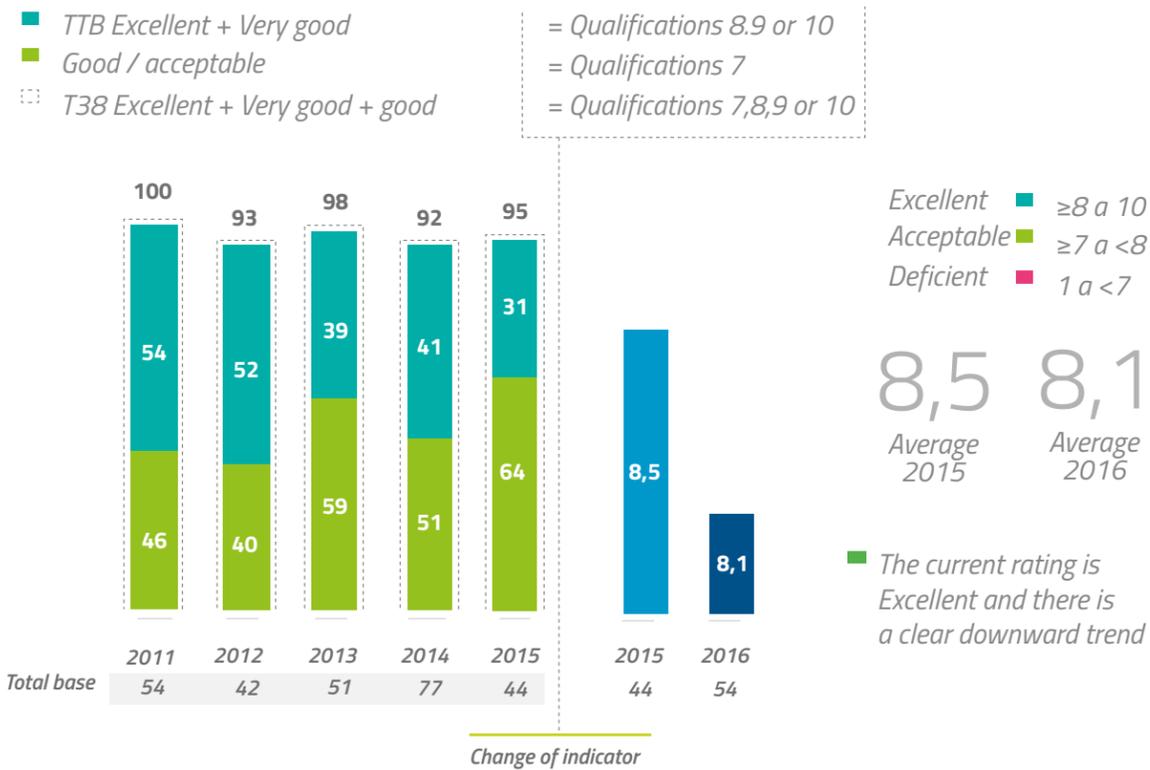
- Compliance with agreed upon commitments
- Efficiency and quality of results from each interaction

On a 1/10 scale, where 8, 9 and 10 are very good and excellent, and which specific objectives are as follows:

- Have a validated, quantifiable and objective system to measure TGI performance in relation to customers served during 2016.
- Learn the level of customer satisfaction TGI provided services for in 2016 using the Service Quality indicator.
- Help TGI understand the customers' specific needs and expectations for the services.
- Identify any areas that may be improved to strengthen customer relationships.
- Compared these survey results to results from previous year –an indicator to see trends.

Field work was carried out during the last quarter, with an average of 8.1 compared to 8.5 in 2015. This indicator fell mostly due to how customer requests were handled:

- Offer alternatives and/or be more agile in responding to requirements.
- Customers expect more adaptability from TGI in topics such as negotiations and/or to solve problems in a more favorable manner to them
- They continue to recognize TGI as a high quality company –this indicator is within the “excellent” option.



* 2011 – 2015 results expressed with percentages due to methodology used during such period (nominal scale). 2015-2016 used a numerical scale.

The Improvement Plan implemented in 2016 was fully achieved. Such plan included activities from the different service provision related process, as follows:

- Promote a training program that helps improve the level of customer knowledge by TGI according to the Company's Service Portfolio (regulated and non-regulated services), Regulatory Developments and Refocused Commercial Management.

Strengthen customer relationships based on a Visit Program by areas of influence, seeking to promote a space to communicate and clear up doubts about the service

portfolio, regulatory developments impacting the service dynamics, the main expansion projects, among others, as well as learning about the medium and long-term growth projects, which will help TGI identify new business opportunities.

- Make customers aware of the Code of Ethics, Anti-Fraud and Anti-Corruption Policy, Ethics Hotline, Conflict of Interest, Money Laundering and Terrorism Financing Prevention (ML/TF)

- Propose Training Programs focused on External Customers to be included in 2017 Training Plan for areas directly interacting with customers –Business, Finance and Main Control Center.

CONTINUOUS IMPROVEMENT OF THE SERVICE PORTFOLIO

It is important for TGI to keep a current service portfolio where its customers may find effective solutions to their needs of natural gas, for which purpose TGI conducts continuous market research to determine what the most relevant needs are. Find the portfolio at: <http://www.tgi.com.co> as well as in Our Company chapter.

CHALLENGES FOR 2017

- Increase the service quality indicator for a minimum average of 8.5
- Sign 100% of commercial agreements to render feasible any expansion projects that may be suggested.
- Successfully manage receipt of 100% of CO&M agreements of points located at Mariquita-Cali gas pipeline (BOMT TRANSGAS DE OCCIDENTE)
- Strengthen our growth and sustainable impact, improving our market orientation, generating innovative and proactive value proposals for current and potential customers.

MANAGEMENT APPROACH

The Company's management activities conducted for the achievement of Financial Strength and Risk Management had the following positive impacts

- A.** Identify the best way to fund the company's investment needs without risking its liquidity and risk ratings.
- B.** Identify short and medium-term opportunities to mitigate (previously identified) operating and financial risks.
- C.** Timely management of the company's budget items (availability of resources for all areas according to the company's policy).
- D.** Manage and cover, from the insurance area, the company's risks that may be mitigated.
- E.** Financial strength to respond to financial commitments and debts.

Similarly, it impacts the interest and expectations of Groups of Interest because financial reputation with banks, risk rating agencies, shareholders and investors may be affected in such cases strong financial planning is not completed, because if future business and market conditions are not accurately contemplated, a higher risk may be incurred, which would be reflected in ratings issued by the relevant agencies and debtholders –which would, in turn, lead to greater financing costs for TGI.

On the other hand, good management of company assurance guarantees its long-term strength. This is also important for control entities because it ensures information will be accurate and true, which will highlight a company's transparency in managing public resources. The proper management of financial resources allows for the development of projects that will positively affect the company and the community.

Regulatory requirements are based upon the use of the In-

ternational Financial Reporting Standards –IFRS. The company is also governed by the internal contracting policies, guidelines provided by DNP (acronym in Spanish for National Planning Department), and the Ministry of Finance and Public Credit, for financial debt management. It also follows the updated financial methodologies for project assessment (CAPM), soft controls and Grupo Energía de Bogotá policies.

As regards project assessment, it is important for TGI to identify risks in the related areas so as to quantify them and generate costs or savings in valuation. As support to contracting procedures, risks are managed by assessing each supplier and contractor. As to financial debt, policies stated by rating agencies and banks are observed; and finally, as to insurance, there are clear policies for each identified risk.

Liquidity risks associated with liabilities, portfolio billing and loan capacity are mitigated from the finance operation.

11
FINANCIAL STRENGTH
AND RISK MANAGEMENT



The Financial VP's Office and its Planning and Financial Control, Accounting and Treasury departments lead this area. It is to mention that the VP's Office was restructured in 2016 by forming three departments to have a more managerial and direct reporting level. This work team is composed of 17 specialized professionals in each topic handled in this area.

This matter impacts all organization processes as the company's short, medium and long-term strategy is financially projected, which is why in planning the Grupo Energía de Bogotá policies and guidelines are available to seek business value generation by simulating business reality. In operations, there are set financial discount and prompt payment policies, temporary investments, among others.

The Financial VP's Office and its Planning and Financial Control, Accounting and Treasury departments lead this area. It is to mention that the VP's Office was restructured in 2016 by forming three departments to have a more managerial and direct reporting level. This work team is composed of 17 specialized professionals in each topic handled in this area.

As to technology resources, TGI has SAP (FI and AM modules, TRM, investments and loans) as a system to manage the company's accounting information and budget. In respect of new project management, investment bank and banks provided their cooperation.

The mechanism provided to respond to requests, complaints, claims and suggestions

is the Company's PQRS system –available online or through a direct line to the relevant area.

A financial debt management program was implemented in 2016 seeking to find refinancing alternatives for TGI 2022 bond, analyze the market conditions for infrastructure and utility financing in Latin America, and get debt instrument quotes (international bonds, corporate debt), according to market conditions and procedures defined for financial operations, allowing for the appropriate standardization of activities in compliance with the applicable legal requirements to the process.

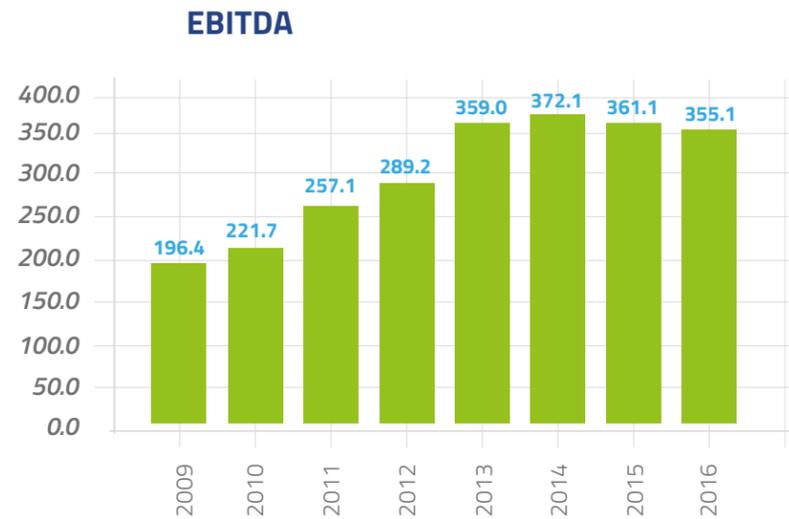
The Fiscal Auditor, risk rating agencies, shareholders and control entities such as the District Comptroller's Office assess the financial operation and business from different perspectives. In addition, the Audit Management applied in 2016 internal controls to payment and accounts receivable procedures as well as to compliance with the accounting procedures. External audits were also conducted for compliance with soft controls.

Numbers expressed below only contemplated TGI financial performance.

GRI 102-45

11.1 ECONOMIC PERFORMANCE

EBITDA MAXIMIZATION



YEAR	EBITDA (US\$ mm)
2009	196,4
2010	221,7
2011	257,1
2012	289,2
2013	359,0
2014	372,1
2015	361,1
2016	355,1

YEAR	INCOME (US\$ mm)
2009	251,9
2010	294,1
2011	338,1
2012	390,8
2013	465,5
2014	468,0
2015	439,1
2016	432,9

INCOME



As of December 31, operating income reached US\$ 432,9 MM, decreasing by US\$ 6,2 MM (-1,4%) compared to operating income received in 2015, as follows:

INCOME	At December 31, 2016	At December 31, 2015	USD Variation	% Variation
GAS TRANSPORT SERVICE				
FIXED CHARGE IN USD	245.315	245.315	-3.255	-1,3%
FIXED CHARGE WITH COP	128.690	128.690	-4.208	-3,2%
VARIABLE CHARGE IN USD	46.737	46.737	342	0,7%
ADDITIONAL SERVICES	12.176	12.176	907	8,0%
TOTAL INCOME	432.919	432.919	-6.214	-1,4%

Figures expressed in thousands of US\$

Fixed charges in USD, which compensate investments, reached in 2016 US\$ 245,3 MM compared to US\$ 248,6 MM (-1,3%) in 2015; that is, they remain constant considering that in the US\$ 3.3 MM decrease, US\$ 2.3 MM correspond to notes upon thermal customers. This fixed-charge income decrease is due to larger use of Cusiana gas, which transportation rates are lower, instead of Ballena gas source. As to the contracted capacity, it remained constant. Finally, the effect of price update for capital asset producers applied in 2016 corresponded to 1.138%.

Income compensating the administration, operation and maintenance expenses incurred by the Company (fixed charges in COP), which for 2016 closed at US\$ 128.7 MM (US\$ 132.9 MM in 2015) for a decrease of 3.2%, a drop due to monthly closing exchange rates throughout 2016 being higher than in 2015, so when re-expressing these charges in USD there is a decrease compared to the previous year. If this income comparison is made in the original currency (COP), increase corresponds to 7% going from COP 364.711 MM in 2015 to COP

390.506 MM in 2016, mainly due to the effect of the 6.77% price update for Colombian consumers implemented in 2016.

Variable charges saw an increase of 0.7% going from US\$ 46,4 MM in 2015 to US\$ 46,7 MM in 2016. Despite volumes of transported gas in 2016 compared to transported volumes in 2015, there was a decrease going from 522 MCFD to 493 MCFD (-5,6%). Non-recurrent income derived from an arbitration award provided the Company with US\$ 4.7 MM of additional income. Just as fixed charges, larger use of Cusiana gas source, to the detriment of Ballena, generated lower income upon lower rates.

Occasional charges that generated in 2015 US\$ 1.2 MM, disappeared in 2016 upon the coming into force of CREG resolutions 089 of 2013 and 089 of 2014, under which this kind of services should be marketed through the natural gas market manager. In 2016, the gas keeping service was significant during the first half of the year during El Niño phenomenon, substantially decreasing by the second half of the year, leading to lower income –which in 2015 corresponded to US\$ 1 million.

Complementary services increased by US\$ 0.9 MM, 8.0% higher compared to 2015 as shown below:

	At December 31, 2016	At December 31, 2015	USD Variation	% Variation
OCCASIONAL CHARGES	0	1.207	-1.207	-100,0%
PARKING	5.952	6.922	-970	-14,0%
BALANCE CROSS COUNT	1.652	1.720	-68	-4,0%
GAS DEHYDRATION	300	156	144	92,5%
RESERVE PREMIUM	0	0	0	N/A
OTHERS	4.272	1.264	3.008	238,0%
TOTAL INCOME	12.176	11.269	907	8,0%

As to Other item, it is to note that gas loss income increased by US\$ 1.9 MM in 2016, while operating and maintenance income increased by US\$ 0,8 MM.

¹ Updated price factor of income expressed in USD

² Updated price factor of income expressed in COP

COSTS AND EXPENSES

Operation costs increased 2.0%, from USD 138.4 million in 2015 to USD 141.2 million in 2016.

The most relevant increase was reported in the accounts of: i) maintenance and repair orders and contracts, which grew USD 4.0 million, mainly related to the integrity of gas pipelines, due to inspections to several gas pipelines comprised within the TGI system, carried out in 2016 by the intelligent inspection tool – ILL, and the perfor-

mance of maintenance works on the right of way; ii) depreciations, which increased USD 3.3 million; and iii) costs of goods and services, which rose USD 1.5 million, due to the variation of operation agreements and balance with producers (OBA) during 2016. On the other hand, the following items decreased: i) general, which dropped USD 2.2 million, due to lesser expenses regarding surveys and projects and relationship with communities; and ii) leasing, as

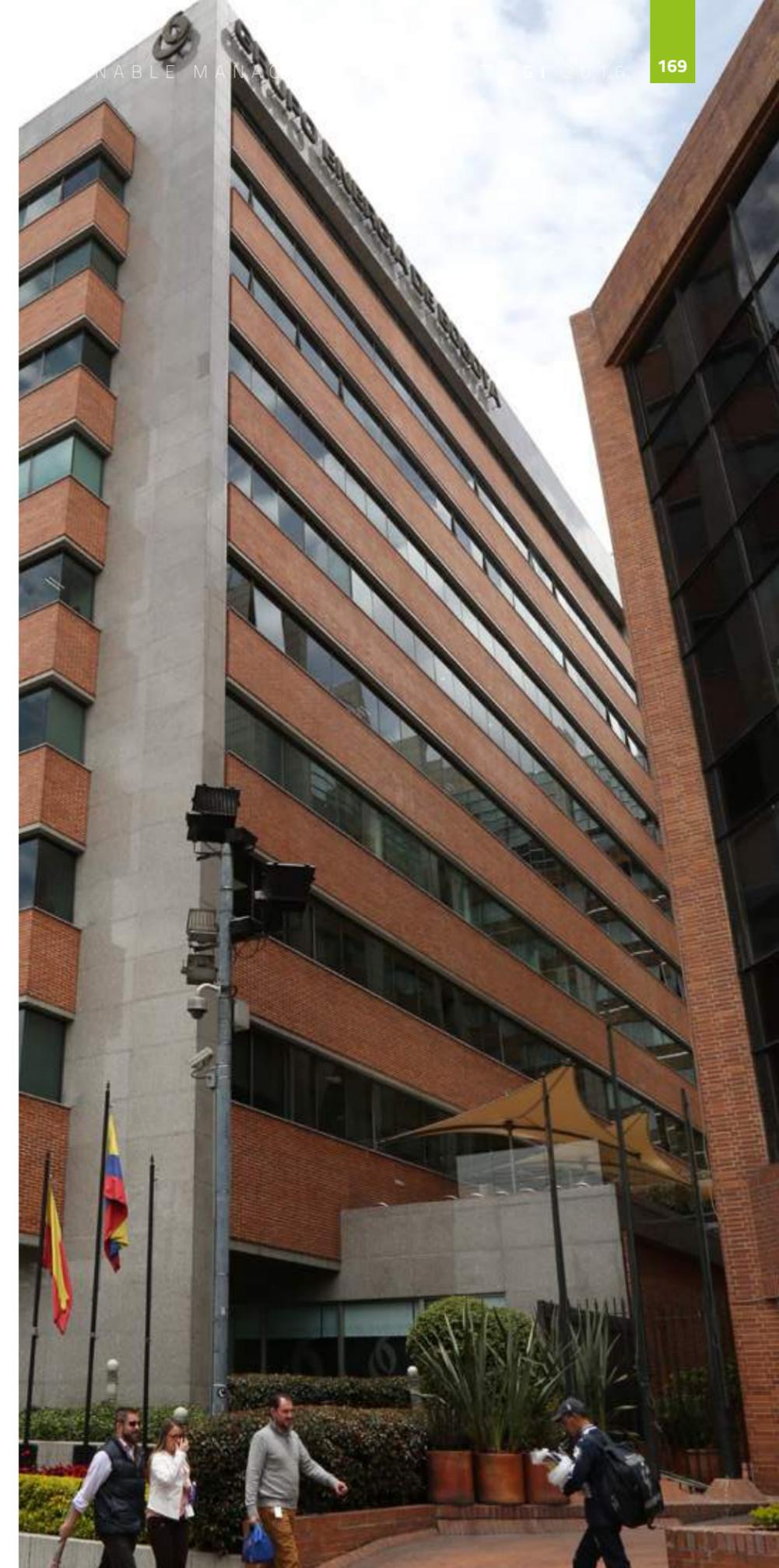
the transportation of operating staff (districts and gas pipelines) was hired under the modality of renting and transportation service, instead of vehicle leasing.

Administration expenses for 2016 remained at the same level of those reported in 2015, with a slight rise of 0.2%. Nevertheless, it is to be noted that provisions and amortizations accounts reported growth due to the record of inventory and property, plant and equipment

deterioration. On the other hand, the equity tax decreased USD 2.3 million, mainly as a result of the higher record exchange rate in 2016.

Other net income and expense reported a higher expense in the amount of USD 0.3 million. Other income reported a drop of USD 1.4 million, as the sale record in dollars in Bucaramanga produced loss for the sale of assets, even though the local currency reported profit. In other expenses, expenses decreased USD 1.2 million, as there was no donations made to the GEB Foundation in 2016.

For all the aforementioned reasons, the operation profit and loss decreased USD 9.3 million. The EBITDA, which excludes depreciations, amortizations, provisions, other income and expenses and the equity tax from operational profit and loss, went from USD 361.1 million in 2015 to USD 355.1 million in 2016, which is mainly explained by the decrease in operational income, especially that produced by fixed charges in dollars.



PROFIT AND LOSS STATEMENT FOR THE PERIODS ENDED ON DECEMBER 31st 2015 AND 2016
(Figures in Thousands of USD)

	By Dec 31st 2016	By Dec 31st 2015	USD Variation	% Variation
Gas Transportation Service	432.919	439.133	-6.214	-1,4%
Operational Costs	-141.208	-138.430	2.778	2,0%
GROSS PROFIT AND LOSS	291.711	300.703	-8.992	-3,0%
ADMINISTRATION EXPENSES				
Personal Services	-5.228	-5.737	-509	-8,9%
Administration and Operational Expenses	-10.630	-10.731	-101	-0,9%
Depreciation, amortization and provisions	-5.436	-2.712	2.724	100,5%
Taxes	-2.278	-2.000	278	13,9%
Equity Tax	-4.366	-6.700	-2.334	-34,8%
	-27.938	-27.880	57	0,2%
Other income	-1.085	340	-1.426	N/A
Other expenses	-66	-1.219	1.153	-94,6%
Net	-1.151	-879	-273	31,0%
OPERATIONAL PROFIT AND LOSS	262.622	271.944	-9.322	-3,4%
Financial Costs	-87.003	-77.279	9.724	12,6%
Financial Income	14.066	13.566	500	3,7%
Exchange Differences	16.882	-43.588	-60.470	N/A
	-	-	-	-
PROFIT AND LOSS BEFORE TAX ON PROFIT	206.566	164.643	41.924	25,5%
Taxes on Profit	-95.329	-119.726	-24.397	-20,4%
PROFIT AND LOSS FOR CONTINUING OPERATIONS	111.237	44.917	66.321	147,7%

**GRI
201-1**

DIRECT ECONOMIC VALUE PRODUCED AND DISTRIBUTED

Figures in USD	2016	2015	% Variation
Direct Economic Value Produced			
Income	432.918.912	439.133.099	-1,4%
Financial Income	14.065.570	13.565.908	3,7%
Profit on Sale of Assets	-1.287.148	117.989	N/A
Total Income	445.697.334	452.816.996	-1,6%
Economic Value Distributed			
Operational Expenses	46.722.903	46.443.857	0,6%
Employee's Wages and Benefits	16.112.462	17.462.257	-7,7%
Payment to Capital Suppliers	85.472.128	76.827.655	11,3%
Payment to the Government	7.887.178	10.810.823	-27,0%
Investment on Communities	242.997	2.098.503	-88,4%
Total Expenses	156.437.668	153.643.095	1,8%
Economic Value Withheld	289.259.666	299.173.900	-3,3%

The above table (201-1) shows the direct economic value produced and distributed index. This index is helpful to understand how the organization has been creating value for all the groups of interest and which its role is within sustainability of the economic systems.

According to the methodology presented, the Company withheld value for USD 289.3 million in comparison with USD 299.2 million in 2015, which represents a variation of -3.3%.

By December 31st, 2016, operational income of TGI increa-

sed to USD 432.9 million, with a decrease of -1.4% regarding this item in 2015.

With respect to financial income, this reported a positive net behavior in 2016 of 3.7% when compared with the same item in 2015. A higher accrual of interests from credits kept with GEB was the main reason for the increase of 137% reported in this item; on the other hand, the higher income previously mentioned was offset by the decrease in the income of CDTs in local currency as less resources were invested in these financial instruments.

Regarding income from the sale of assets, this item had a negative balance due to the difference in the Representative Market Exchange Rate - TRM (USD - COP) in force between the time when the purchase of the Bucaramanga seat was made and the TRM at the moment of sale of such asset. It is to be noted that the sale reported a profit, in local currency (COP).

In regards to operational expenses, these grew 0.6% when compared with the same item in the immediate previous year. The most representative expenses in the period 2016 were

produced by higher disbursements in services to guarantee integrity of gas pipelines, professional fees and consultancy; likewise, an effort was made regarding maintenance of facilities and gas pipelines which contributed to the increase of these two items. Higher investments were offset by a decrease in the repair of infrastructure and the contracting of surveys and projects.

Regarding wages and benefits, these decreased -7.7% due to a lower expense reported in bonuses, salaries, trips and travel expenses, explained by vacant positions during the year 2016. The impact of the 2016 devaluation had a positive result, in comparison with that of 2015, in the financial statements of the company at the expense level.

Payments to capital suppliers grew 11.3%, mainly because of interests accrued as a result of the

syndicated loan (IELAH). Additionally, financial costs from decommissioning increased due to a higher value expected in financial costs caused by a higher accounting of non-current assets in the financial statements of the company.

Payments to the Government reported a drop of -27.3% in comparison with 2015, mainly because of the lower expense with respect to tax on wealth and lower contributions made to the conversion of vehicles to natural gas.

Finally, investments within communities had a negative variation of -88.4% with respect to the previous year, due to the decrease of donations to the GEB Foundation.

11.2 CONFIDENCE OF SHAREHOLDERS AND INVESTORS

RISK RATING

TGI will keep permanent contact with risk rating agencies, as part of its efforts to manage the new financing needs do not affect its Investment Grade rating: In 2016, TGI kept its investment rating with the three risk rating agencies (S&P, Moody's and Fitch).

On June 1st, 2016, in its public report, the rating agency Moody's issued its rating for TGI, which was rated as Baa, as expressed in this extract of the report: "The Baa3 senior unsecured rating of Transportadora de Gas Internacional S.A. E.S.P. (TGI) reflects the issuer's leading position in the Colombian natural gas transportation market. It also factors the overall credit supportive regulatory environment under which it operates, its substantial contracted capacity and the limited volumetric exposure that underpin its predictable cash flows."

Besides, on September 2016, S&P Global Ratings, in its public communiqué, opened with this sentence:

"Empresa de Energia de Bogota And Subsidiaries Outlook Revised To Stable From Negative; 'BBB-'Ratings Affirmed", which served to ratify the rating. Additionally, it emphasized the improvement in the financial indicators of the group in general (EEB) and the good perspectives the group has for the future.

Finally, on October 20th, 2016, Fitch Ratings, in its press report, issued the following opinion: "Fitch Affirms Transportadora de Gas Internacional SA ESP's IDRs at 'BBB'; Outlook Stable". I also issued the following opinion regarding the company: "TGI's ratings reflect the company's stable and predictable cash flow generation, business strength, expectations of moderate leverage over the medium term, as well as its solid liquidity position. Historically, TGI has benefited from its linkage to its primary shareholder, Empresa de Energia de Bogota S.A. E.S.P. (EEB), which supports the company through an intercompany loan. TGI's exposure to regulatory risk is considered moderate further supporting its ratings."



INVESTMENT PLAN COVERAGE

A financial market survey was conducted with the main banks with a view to identifying the trends and opportunities for the issuance of long-term corporate debt.

Objectives determined for this goal are as follows:

- Determine refinancing alternatives of the TGI's 2022 bonus
- Analyze the market conditions for financing of infrastructure and public services in LA-TAM
- Assess prices indicating debt instruments (international bonuses, corporate debt), according to market conditions

Based on the above, a working plan for 2017 was designed, which looks forward to improve the financing conditions of the Company and guarantee resources required for the investment plan.

CHALLENGES FOR 2017

- Strengthen the ITC platform supporting the financial operation of TGI.
- Improve the financing conditions of the company, regarding costs and/or terms.
- Keep the investment grade of debt and TGI as issuer.
- Manage resources and financing required by the projects of the TGI strategic plan.



MANAGEMENT APPROACH

This matter represents for TGI the expansion guarantee of the Company, as well as the viability to grow and increase demand through the structuring of new businesses and the development of services related to gas transportation, which will result in value increased for shareholders.

In the management of new businesses, good practices are taken into account within the framework of ethics and legal matters, contracting, taxes, and financial standards, both national and international. Thus, this is how sensitivities of potential business are analyzed, quantified, assessed and mitigated through financial models, considering economic, social, market, environmental, legal, regulatory, technical and country risk variables.

This matter has a direct impact in strategic plans, in aspects such as diversification of activities, investments and expansion, and, at the same time, is supported by the majority of the areas of the Company such as Supply, Legal Consultancy, Finance, Operations, Government Issues and Sustainable Development.

The appropriate management in the development of expansion projects have a positive impact for shareholders and other groups of interest, among which the communities in the areas of influence, suppliers and contractors, considering that the biggest impact results in the compliance with the contracting conditions established by the commercial area with customers.

TGI, in order to develop the expansion projects, must comply

with the national and international technical standards required in each one of the specialized areas of infrastructure regarding gas transportation.

New businesses and the growth of the portfolio are managed in conformity with the guidelines established in the Corporate Strategic Plan, which is subsequently developed within the areas, considering ideas, opportunities, market intelligence, conceptualization and assessment of projects. All the above produces new businesses which are submitted for approval by the Boards and Committees of the Empresa Energia de Bogota and TGI, entities providing the guidelines and selection of alternatives for its management.

12

STRONG AND PROFITABLE GROWTH

Infrastructure expansion projects are the result of a new business approved and viable for the company, which are developed through the application of standards for the management of projects according to the best practices and aiming to get a final product in accordance with the specifications, budget and schedule previously determined. The development of these projects takes into account the guidelines established by the Project Management Institute (PMI®).

Objectives defined for this matter focus on the identification of New Potential Business, which may produce value to the Company, as well as on the ability to successfully generate new businesses producing value and growth to the company, either

nationally and internationally.

Leadership in this matter is kept by the Office of the Business Vice President and by the Commercial, New Business and Projects Managements, thanks to a team of professionals and advisors committed with the development of strong actions which may allow the demand to increase and the structuring of new business opportunities.

Additionally, other resources are available and, especially for the development of new businesses, consultancy has been contracted or developed among the several areas of the company depending on the characteristics of the project, and resources has been put into training and education on regulation and operation mat-

ters. For investment projects, a guaranteed investment budget is available for the execution of projects approved for the period of validity.

Management assessment on this matter is carried out through a Monthly Management Table developed by the leading area, through which follow up is kept on the structuring and development of each one of the projects and new businesses. Additionally, there is a verification and assessment department which is in charge of its Presentation before the TGI and EEB Committees and Boards of Directors.

Management is also assessed by the control-related entities, such as the District Comptroller's Office



12.1 BUSINESS CONTINUITY

NEW BUSINESSES

In 2016, the management of new businesses focused on the economic viability of expansion projects of the gas transportation infrastructure, required to address a higher request of demand, among which the following expansion projects: Cusiana Vasconia Stage IV, Cusiana-Apiay- Ocoa, Dehydration Service Guajira and normative

life span, which entails the feasibility assessment of pipelines to replace them as new or continue operating those gas pipelines which have already been operating for 20 years.

TGI was also exploring the possibilities to increase its international presence in markets identified as attractive by the company.

CHALLENGES FOR 2017

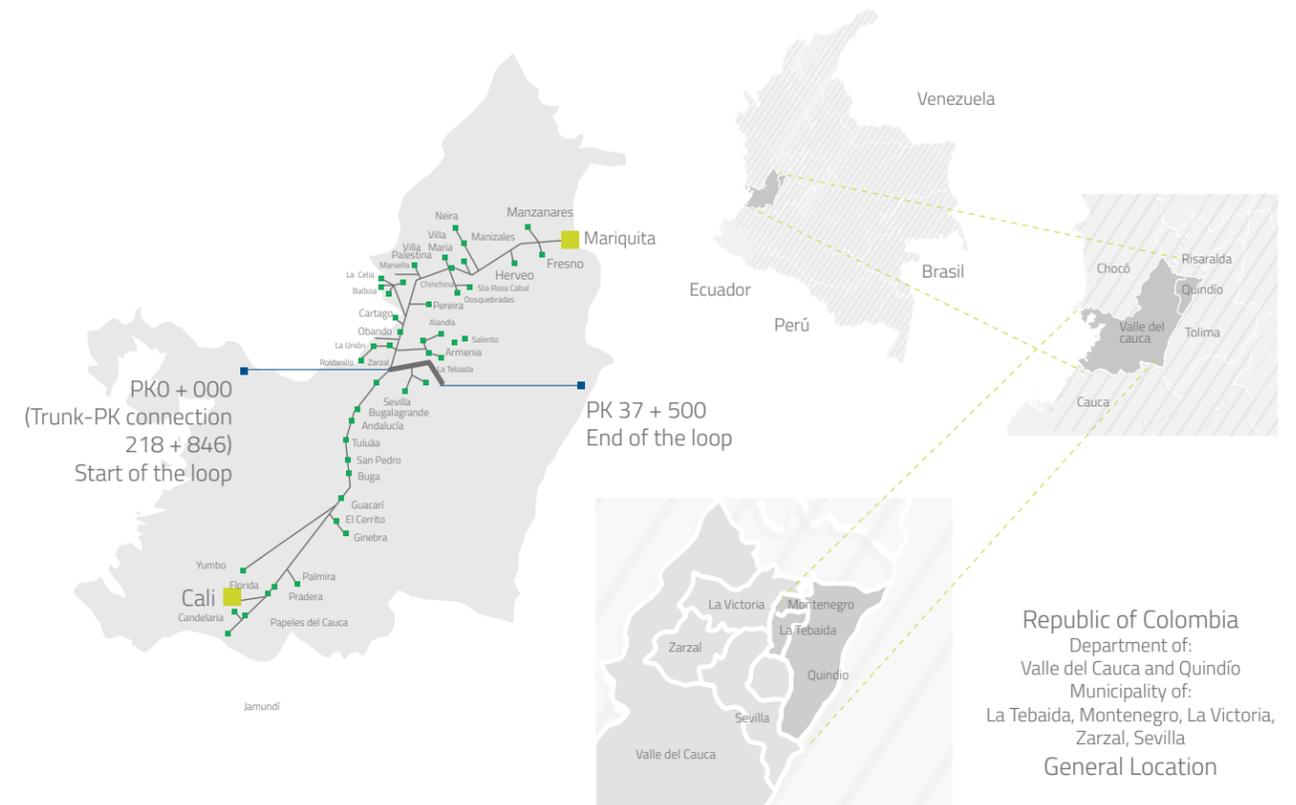
- Promote the use of natural gas as fuel in public transportation systems in Bogota, presenting natural gas as an advantageous and sustainable alternative from the financial and environmental points of view.
- Integrate gas production related to minor fields to the National Transportation System.
- Enable expansion projects required in infrastructure for gas transportation, in order to address demand requirements.
- Participate in projects presented by the UPME and adopted by the MME which intend to guarantee availability of and reliability on the provision of the natural gas transportation service.
- Define the continuity of operations of gas pipelines with 20 years of normative life span or their replacement as new.
- Continue exploring participation in international markets.

MANAGEMENT OF EXPANSION PROJECTS

TGI made a review on the development of infrastructure expansion projects and faced relevant changes during the 2016 business year, which posed the challenge for 2017 to solve delays in execution.

ARMENIA LOOP PROJECT

- Purpose: Increase the capacity of gas transported to the municipalities of Caicedonia and Sevilla in the Valle del Cauca department, and La Tebaida, Calarca, Montenegro, Armenia, Quimbaya, Filandia, Circasia and Salento, in the Quindio department. The increase is 8.3 MMSCFD, which represents millions of standard cubic feet per day
- Scope: Building of the Armenia Loop (38 Km in 8 inch-diameter between the PK 219 of the 20 inch-trunk line and the derivation of the branch to La Tebaida municipality, which will allow to increase capacity by 8.3 MMSCFD.
- Budget: 19.2 MUSD (Million Dollars).
- Term: Startup on October 2017
- Project Stage: Execution
- Project Location:



SOCIAL AND ENVIRONMENTAL IMPACTS OF THE PROJECT:

The project allows meeting the natural gas demand from populations in the municipalities of Caicedonia and Sevilla, in the Valle del Cauca department, and La Tebaida, Calarca, Montenegro, Armenia, Quimbaya, Filandia, Circasia and Salento, in the Quindio department. Likewise, other positive impacts are:

- Employment opportunities for skilled and unskilled laborers in the region
- Consumption of goods and services in the regions of influence
- Economic income to municipalities due to the distribution of taxes incurred in the region
- Reduction of cost for energy supply for regions provided with natural gas

Progress and results in 2016:

- Preparation of 100% of the Basic and Project Detail Engineering.
- Permit by the environmental authority to execute the project through the modification of the environmental license thereof
- During the last quarter of 2016, contracting was made for the supply of pipes and building of the project, which will commence building activities in 2017.

CUSIANA APIAY OCOA EXPANSION PROJECT

Purpose:

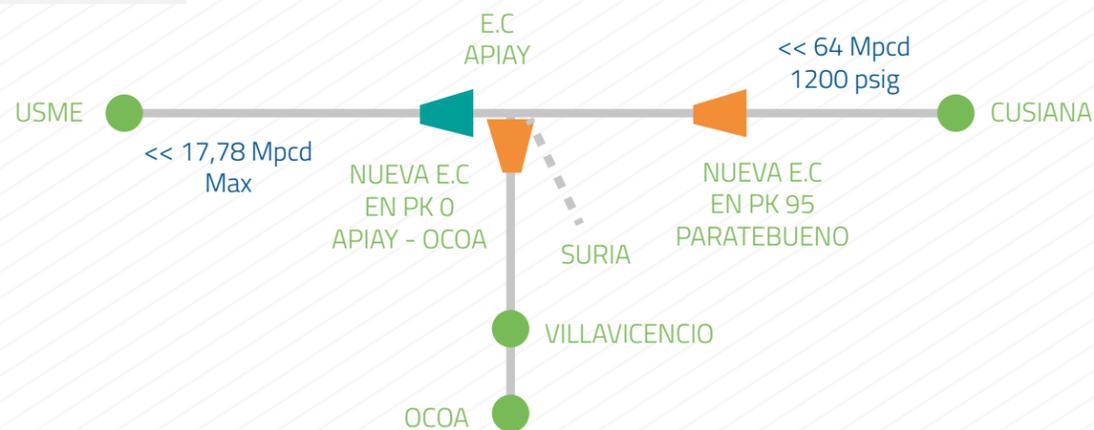
Increase the capacity of natural gas transported in 32 MMSCFD between Cusiana and Apiay. 7.7 MMSCFD will be deviated to the Apiay-Villavicencio-Ocoa gas pipeline. This increase in capacity will allow to address the request for transportation of natural gas from Cusiana, Apiay and Villavicencio.

Scope:

Building of 1 compression station of natural gas in the municipality of Paratebueno (Cundinamarca).

Building of 1 compression station of gas in the municipality of Villavicencio (Meta).

- Budget: 48.2 MUSD
- Term: December 2017
- Project Stage: To Execute
- Project Topology:



Social and Environmental Impacts of the Project: It allows addressing the demand expected for gas transportation in Villavicencio and the Ecopetrol thermoelectric plants.

- Increase the transportation capacity of the Cusiana -Apiay and Apiay - Ocoa gas pipelines
- Employment opportunities for skilled and unskilled laborers in the region
- Consumption of goods and services in the regions of influence
- Economic income to the municipalities due to the distribution of taxes incurred in the region

CUSIANA III STAGE EXPANSION PROJECT

PURPOSE:

Increase the capacity for natural gas transportation in the Cusiana-Vasconia gas pipeline by 20 MMSCFD to address the requirement of shippers.

SCOPE:

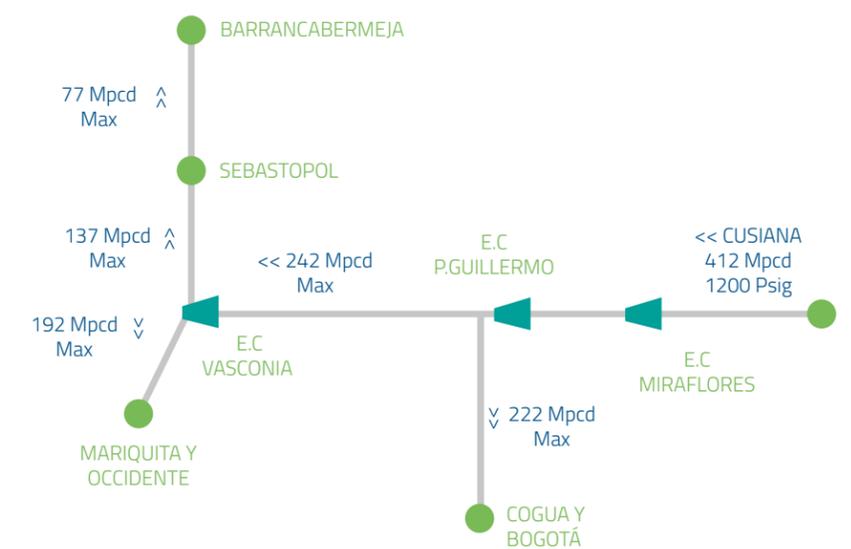
Basic Engineering, Detailed Engineering, Environmental Studies, request for environmental permissions before CAR's, procurement of compression units, equi-

pmment and pipes, environmental and social compensation, Supervision and Building of the expansion in Miraflores, Puente Guillermo and Vasconia stations and Adjustments for the Hub Vasconia.

- Budget: 31.6 MUSD
- Term: May 2017
- Project Stage: To Execute
- Project Topology:

Progress and Results in 2016:

- Purchase of parcels for the construction of compression stations.
- Preparation of an environmental impact study for the modification of the environmental license of the project.
- Elaboration of previous Engineering for the contracting of engineering, procurement and building of the two (2) new gas compression stations as of the year 2017.



Social and Environmental Impacts of the Project: It will allow addressing the unsatisfied demand from other main consumption centers within the country, including Medellin and the Coffee Sector. Other impacts are:

- Ratification of the TGI commitment with the increase of natural gas transportation in Colombia and the development of the sector.
- The project will subsequently allow counter flow transportation in the Ballena – Barrancabermeja gas pipeline.
- The project also increases the transportation capacity in the Vasconia – Barrancabermeja section by 45 MMSCFD.
- Employment opportunities for skilled and unskilled laborers in the region
- Consumption of goods and services in the regions of influence
- Economic income to the municipalities due to the distribution of taxes incurred in the region

PROGRESS AND RESULTS IN THE YEAR 2016:

The Company performed, in 2015, engineering and the purchase of three compression units, one additional unit per every station: Miraflores, Puente Guillermo, Vasconia, and Adjustments to the Hub Vasconia. During 2016, building works started for the expansion of compression stations, but risks of delay appeared in the Project Schedule and works were temporarily suspended. In consequence, in the same year, priority works for the security of the operation were contracted and executed and, in the last quarter of 2016, contracting was made for the conclusion of the project works, with a view to making such capacity available for the first quarter of 2017.

CUSIANA STAGE IV EXPANSION PROJECT

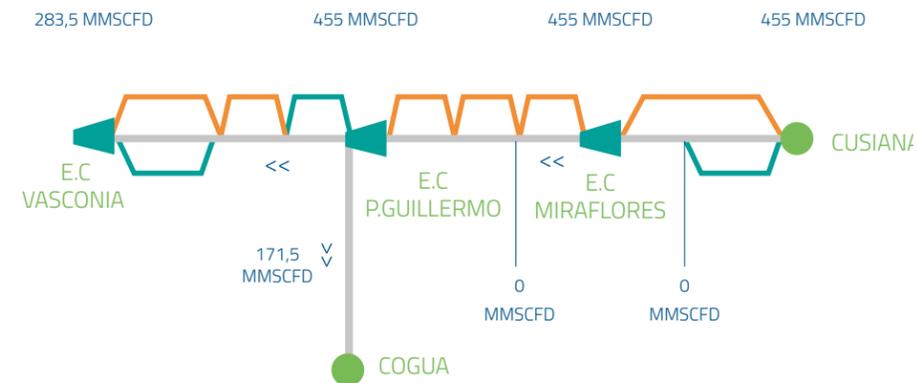
Purpose:

Increase the capacity of natural gas transportation in 43 MMSCFD between Cusiana and Vasconia, 17 MMSCFD as of the year 2017, and 43 MMSCFD as of the year 2018.

Scope:

- Building of 49.6 Km of 24" diameter-loops
- Expansion of the Puente Guillermo Gas Compression Station

- Adjustments to the Miraflores and Vasconia Gas Compression Stations
- Budget: 78.3 MUSD
- Term:
 - 17 MMSCFD: October 2017
 - 26 MMSCFD: June 2019
- Project Stage: Execution
- Project Topology:



FASE IV AMPLIACIÓN DE TRANSPORTE Y COMPRESIÓN EN 43 MMSCFD CON LA INCORPORACIÓN UNA UNIDAD EN PTE. GUILLERMO Y LA CONSTRUCCIÓN DE LOOPS ENTRE CUSIANA - EL PORVENIR, PTE GUILLERMO - LA BELLEZA Y PUERTO ROMERO - VASCONIA

Social and Environmental Impacts of the Project: The project responds to the requests for transportation capacity made by customers (Open season: April 2015).

- It allows solving the bottleneck existing in the system in La Belleza-Vasconia section (Main interested, Gases de Occidente).
- The execution of this project ratifies the TGI commitment with the increase of natural gas transportation in Colombia and the development of the sector.
- The project allows TGI to keep its position as main transporting company, which contributes with confidence to the system and eliminates a bottleneck in the system.
- Employment opportunities for skilled and unskilled laborers in the region
- Consumption of goods and services in the regions of influence
- Economic income to the municipalities due to the distribution of taxes incurred in the region

PROGRESS AND RESULTS IN 2016:

- Consolidation of the project execution strategy
- Preparation of 100% of the conceptual engineering of the project
- Preparation of the terms of reference for the contracting of Environmental Studies and basic Engineering of the project

PROJECT ON THE REPLACEMENT OF PIPELINES DUE TO NORMATIVE LIFE SPAN:

Purpose:

Replacement of 4 branches after their normative life span expired, in conformity with the CREG resolution 126 of 2016.

Scope:

- Replacement of the following branches in south of the Bolivar department:
 - Branch Yariguies - Puerto Wilches
 - Branch Z. Industrial Cantagallo – Cantagallo
 - Branch Cantagallo – San Pablo
 - Total Galan – Casabe – Yondo

Equivalent to about 23.7 Km of pipes in 4 inch-diameter and 3.7 Km of pipes in 2 inch-diameter.

- Budget: 16.7 MUSD
- Term: October 2018
- Project Stage: Selection

Social and Environmental Impacts of the Project: It allows solving illegal connections by houses illegally connected to the Galan – Yondo gas pipeline, for the provision of natural gas for domestic use in a safe manner. Other impacts include:

- Employment opportunities for skilled and unskilled laborers in the region
- Consumption of goods and services in the regions of influence
- Economic income to the municipalities due to the distribution of taxes incurred in the region

PROGRESS AND RESULTS IN 2016:

- Consolidation of the project execution strategy
- Preparation of 100% of the conceptual engineering of the project
- Preparation of the terms of reference for the contracting of Environmental Studies and Basic Engineering of the project



SSON LEARNED ON PROJECT MANAGEMENT

Building works being advanced in the development of the Cusiana Stage III Expansion Project, in the Puente Guillermo, Miraflores, Vasconia and Hub Vasconia Gas Compression Stations, were temporarily suspended for a 6 month-period during 2016 due to the termination of the contract by the Company with the contractor in charge of the works, which posed an identified risk of delay to the startup of the project as a result of the non-compliance with the contracting requirements by the contractor.

Such contracting termination caused the following social and environmental impacts in the communities of influence:

1. Termination of employment contracts for employees related to the project
2. Labor liabilities to employees related to the project
3. Commercial liabilities to suppliers of goods and services under the contract
4. Deterioration of relationships with the communities of influence
5. Decrease of income to municipalities due to resources received for taxes incurred

In the light of these events, TGI has adopted as lessons learned:

- Deficiencies in its selection and contracting processes
- Lack of contracting mechanisms allowing to guarantee the compliance with the purpose of contracts
- Planning deficiencies for the implementation of contracts

As a consequence of these lessons learned, the Company has been implementing the following actions and action plans which serve to mitigate the appearance of risks and their impacts:

- Review of the TGI Contracting Manual
- Prequalification processes of bidding firms
- Presentation of new strategies in line with the transparency policies and the Contracting Manual
- Structuring of a Project Management Model
- Review of priorities /needs of projects – Planning
- Development of engineering and previous studies
- Review of premises of projects

CHALLENGES FOR 2017

- Implementation and adaptation of the model on creation of value and project management for the appropriate selection and implementation of the right initiatives / projects.
- Implementation of the ex post assessment practice, to a minimum of 4 projects, with a view to leading the formulation and preparation of new projects, determining the value they add to the Company, providing feedback, improving the planning processes, and becoming a tool for the improvement of future decision making.
- Startup of the Armenia loop of 38 Km in 8 inch-diameter, to increase transportation capacity in 8.3 MMSCFD, within the planned scope, cost and time restrictions.
- Startup of compression units in the Vasconia, Puente Guillermo and Miraflores stations, on May 2017.
- Declaration of 32 MMSCFD capacity, by the construction and startup of the Paratebueno and Villavicencio stations, within the planned scope, cost and time restrictions.
- Declaration of 17 MMSCFD capacity, by the startup of an additional Compression unit in the Puente Guillermo station of the Cusiana Stage IV Expansion Project, within the planned scope, cost and time restrictions.
- Execution of the Capex Budget planned for the year 2017

12.2. INCREASE IN DEMAND

COLLABORATION AGREEMENTS WITH AGENTS OF THE NATURAL GAS CHAIN

In 2016, no agreements were entered into, as three agreements were still in force up to December 31st of the same year, which purpose was to increase the natural gas consumption through vehicle conversion. The agreements in

force during 2016 addressed the areas of Bogota, Medellin and the west part of the country. However, in the last quarter of 2016, the continuity of the company's participation in this kind of agreements was approved. This continuation was approved for two (2) more years, it is to say, up to December 2018.

In 2016, around 15 thousand vehicles were converted to natural gas with incentives provided by these agreements, from a total of 17.8 thousand vehicles converted in the country that same year. (According to statistics provided by the webpage of the Ministry of Mining and Energy).

INCENTIVES TO NATURAL GAS CONSUMPTION

Natural Gas for Vehicles:

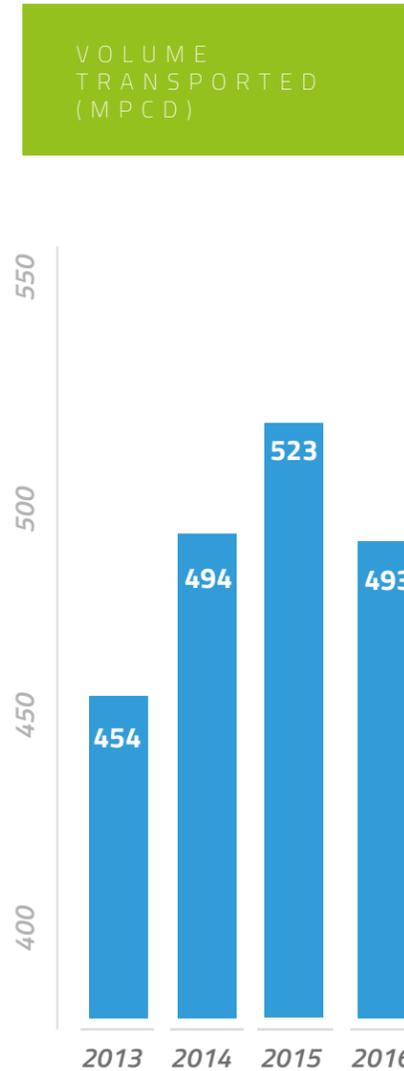
During 2016, in addition to the implementation of agreements in force to increase natural gas consumption through vehicle conversion in Bogota, the west part of the country and Medellin and Valle de Aburra, analysis was also conducted to assess the TGI's involvement in agreements to promote the entry of dedicated natural gas vehicles in fleets for passenger transportation, cargo transportation or distribution vehicles in order to increase the natural gas demand.

SYSTEM EXPANSION PROJECTS:

- The Cusiana - Vasconia expansion project will serve to increase the capacity of gas transportation to 455 MPCD. In the second quarter of 2017, this capacity could reach 412

MPCD, and by October 2019 it would be 455 MPCD (project named Cusiana stage IV).

- Another project TGI is actively involved in is the expansion of the Cusiana - Apiay gas pipeline, which aims at increasing the transportation capacity from 32 MPCD up to 64 MPCD. This project also expands the Apiay - Ocoa gas pipeline capacity from 7.2 MPCD up to 22 MPCD.
- Armenia Loop: Building of a 37.5 Km and 8 inch-loop parallel to the existing 6 inch-line Armenia - Zarzal, which additional gas transportation capacity is 8.3 MPCD and with the startup scheduled to take place on the third quarter 2017.



OTHER RELEVANT MATTERS

- In 2016, TGI concluded negotiations with the Chevron Petroleum Company for the provision of natural gas dehydration service, using the pertinent plant located in La Guajira (property of TGI). This service generates revenue for the Company of approx. USD 10,000 million with a validity period of three (3) years and possibility for renewal.
- Moreover, five (5) new connections were made, out of which three (3) exit points will benefit the industrial sector, one (1) new exit point will address the NGV sector and one (1) entry point will benefit the gas supply for the country directly.
- A successful experience in 2016 has been the management and address of matters derived from the Market Manager, where all processes structured by regulations for such purpose have been implemented and work has been done in conformity thereof in order to consolidate information entered into the SEGAS platform.

CHALLENGES FOR 2017

- Implementation of 100% of the commercial contracts to ensure the viability of new expansion projects arising during this period.
- Successful management of the receiving of 100% of the contracts for Construction, Operation and CO&M Maintenance of the points located in the Mariquita Cali gas pipeline (BOMT TRANSGAS DE OCCIDENTE).

13

HAVING A SUSTAINABLE VALUE CHAIN

MANAGEMENT APPROACH

For Transportadora de Gas Internacional, its value chain is especially important as it relates to the Company's sustainability and the service provided; therefore, TGI allocates a high percentage of its budget to the purchase and contracting of high quality goods and services, taking into account that the economic impacts (price, compliance with contracts, projects implementation), operational impacts (opportunity within supply, quality), environmental impacts (observance of the HSEQ regulations) and social impacts (groups of interest within the areas of influence) make of the alliances with suppliers a transversal matter.

GRI 102-10

During 2016, after the updating of and alignment with the best practices of the previous model and the analysis compared with the legal framework of other mixed economy and/or public services companies, three significant changes were made regarding the way TGI manages its Value Chain, all of which focused on adding sustainability to both the liaison and the process:

- A. New Supply Model (available here)
- B. New Contracting Manual
- C. New Supply Policy (available here)

With the above, principles ruling supply, namely: equality, morality, efficiency, economy, promptly, impartiality, advertising, transparency, planning and tax management, were also defined for the entire Grupo de Energía de Bogota.

Additionally, different risks were evidenced, which are covered in the new Contracting Manual:

- Unsuccessful contracting processes
- Inefficiencies in the contracting process for repetitive awarding of contracts to the same contractor
- Performance of activities without contractual backup
- Frauds or irregularities in contracting processes
- Loss of sensitive documents of the contracting processes
- Inadequate contractual supervision and management performance

For TGI, a 2016 milestone was given by the increase of inclusion in its selection processes for local suppliers, considering, within its new Contracting Model, to conduct a prequalification process aimed at adjusting the scope, so the MSMEs and Companies in the areas of influence may participate. For the above, financial range and clear rules were defined in order to prequalify these Companies in accordance with their capacity and size, avoiding to concentrate the prequalification only in big companies.

13.1. SUPPLY MODEL

SUPPLY CHAIN

The implementation of the new Supply Model has produced several changes in the process, among which:

- Establishment of four stages of the process: Planning, Selection, Execution and Termination, which allows highlighting the importance of planning for the development of contractual processes.
- Addition of the possibility to conduct non-binding Market Intelligence, with a view to exploring market during the planning stage.
- Definition of four contracting modalities: Request for Direct Bid, Close Competitive Process, Open Competitive Process and Emergency Contracting, defining causes for each one of them.
- Addition of the possibility to strengthen the contractual processes through electronic commerce tools.
- Modification of the pertinent Committees and their members, establishing the approval in only one instance, depending on the magnitude of the contractual process, being composed as follows: Operational Contracting Committee, Strategic Contracting Committee and Strategic Supply Committee.
- Definition of new delegations for contracting to the Supply Manager, the VPs and the CEO of the company.
- Appearance of Commercial Instruments as tools to accelerate contracting processes from previous agreements with contractors and suppliers, such as: price agreements, framework agreements, fees and price lists.

Even though different functional areas are involved, the department leading this process and the compliance with the newly published Model, Manual and Policy is the Supply Management, as part of the Office of the Services & Administrative Vice-President, which will centralize steps, such as requisitions of different areas of TGI, as well as the time saving and management indexes, which in fact, during 2016:

- Reported a reduction of 14 days in the duration of open processes and 22 days of duration in close processes.
- Reported a reduction in the number of approvals and verifications without value adding to the process, managing to give a strategic view to the supply within the company and extending the knowledge on the market by using commercial instruments.

THE SIX STAGES OF THE SUPPLY PROCESS:



VALUE CHAIN TRANSPORT SERVICE OF GAS

GRI 102-9

01 COMMERCIAL MANAGEMENT

In charge of management activities with customers, as well as of negotiation, signing and management of commercial contracts, and the follow up to contractual conditions.

02 OPERATION

In charge of the operation of the network of TGI Gas Pipelines, in compliance with the daily transportation schedules in conformity with the contracts and regulations for gas transportation, which may allow providing the service in a safe and continuous manner. Input: purchase of natural gas fuel for the operation of the compression stations.

185 billion COP in payments to suppliers and contractors

98,54% of the suppliers and contractors are Colombian

04 DESIGN AND BUILDING

In charge of expansion projects and improvement of infrastructure in TGI's natural gas transportation. Such projects include the design, building and startup of gas pipelines and their facilities, gas compression stations and Loops. Inputs: materials, tools, equipment, manpower and transportation. Designs, works, supply of equipment, supply of pipes and facilities of the transportation infrastructure are contracted for this process. Supervision of works and environmental consultancy are also contracted.

03 MAINTENANCE

In charge of all the planning, scheduling and execution activities for preventive, corrective and per condition maintenance as well as inspections to the gas transportation infrastructure in order to increase the availability of and reliability on the provision of the transportation service. Input: materials, tools and consumables, major maintenance, repairs, per condition maintenance, inspections to the infrastructure and maintenance of the Right of Way are contracted, as well as technical advice, supplies for personal security, personal transportation, among others.

3,957,29 km length of the gas pipeline with a capacity of 730 MPCD

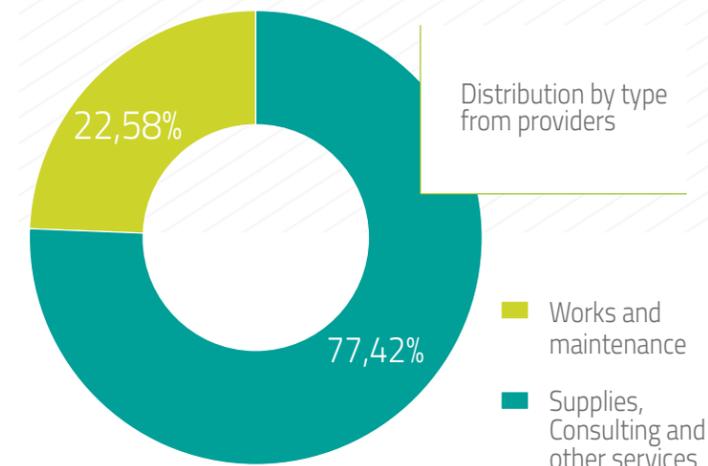


Location - City	Number	Percentage
Bogotá D.c.	90	66,67%
Bucaramanga	9	6,67%
Medellín	6	4,44%
Barrancabermeja	4	2,96%
Barranquilla	4	2,96%
La Belleza	2	1,48%
Jenesano	2	1,48%
Cota	2	1,48%
Aguazul	1	0,74%
Ibagué	1	0,74%
Miraflores	1	0,74%
Saldaña	1	0,74%
Boyacá	1	0,74%
Tunja	1	0,74%
Chía	1	0,74%
Yondó	1	0,74%
Páez	1	0,74%
Guamal	1	0,74%
Tauramena	1	0,74%
Envigado	1	0,74%
Ventaquemada	1	0,74%
Florián	1	0,74%
Aguachica	1	0,74%
Floridablanca	1	0,74%
Total General	135	100,00%

Location - Dept.	Number	Percentage
Cundinamarca	93	68,89%
Santander	17	12,59%
Antioquia	8	5,93%
Boyacá	7	5,19%
Atlántico	4	2,96%
Tolima	2	1,48%
Casanare	2	1,48%
Meta	1	0,74%
Cesar	1	0,74%
Total general	135	100,00%

Location - Country	Number	Percentage
Colombia	135	98,54%
México	1	0,73%
Estados Unidos	1	0,73%
Total general	137	100,00%

TYPES OF TGI SUPPLIERS



The value of payments to contractors made during the period of validity 2016 is \$185,373,380,854 COP.

The supply management had a budget of \$405,000,000 COP, with advising on bid assessment, registration of suppliers, consultancy for the analysis of expenses and service to elaborate a list of accepted brands. TGI has a team composed by 8 professionals and the Supply Manager, as well as the SAP information system, where contracts are registered and linked to the budget and payment modules.

As a communication mechanism to third parties, the Company has made available the Ethical Channel (managed by the Internal Supervision Management) through which irregular situations may be reported related to the contractual processes, as well as direct communications between contractors and supervisors managing contracts.

13.2. SELECTION, MONITORING AND COMPREHENSIVE ASSESSMENT OF SUPPLIERS AND CONTRACTORS

In TGI, the monitoring and assessment of the process may be summarized in four key aspects:

A. Verification through performance indicators allowing to balance working loads, measure times of the contractual process and its stages, as well as the signing dates of contracts and receiving of requisitions.

B. Internal and external audits by the Internal Audit Management and by the Comptroller's Office of Bogota, the Superintendency of Public Services and the Tax Auditing Office.

On this regard, during the 2016 business year:

Eight critical contractors were assessed (so defined by the danger and risks to security and health at work, as well as by the environmental aspects and impacts generated in the development of their activities, the provision of service in the different working centers of TGI and a term longer than one year for the execution of the activities), which provide the following services:

- Corporate Physical Security
- Collection of Liquid Hazardous Waste and Manager
- Collection of Solid Hazardous Waste and Manager
- Warehouse Management
- HSEQ Expansion Projects Management
- Maintenance of Right of Way
- General Services and supplies for the TGI working centers
- Document Management



Plans of action were established as a result of this assessment, with 4 contractors complying with the established terms, which entered into contracts with the Company in business years prior to 2016.

Two critical contracts for the Company were early terminated due to breach of contract, which correct implementation was directly related to growth projects representing future revenue for TGI, with the lesson learned and replicated

to all critical contracts to perform prequalification processes allowing the company to know in detail the financial, technical and legal capacities of the potential bidders.

Likewise, a bank of economic assessment equations was determined for bids, establishing options to the assessment by the lowest bid value, mitigating risks in the implementation of contracts awarded to those companies artificially configured as the lowest bidders.

GRI
414-1

A part of the reinforcement to this control and supervision includes the certificate of HSEQ and Social Good Standing, as a certificate issued by the Company after reviewing supporting documents such as: minutes, certificates of good standing with the community and the municipal administrations and HSQE verification list for contractors, among others. The corresponding percentage will be informed in the next issue of the Sustainable Management Report.

C. Formal meetings with potential suppliers to identify products and/or services and receive information on the supply model of the Company: These have also constituted hearing scenarios regarding the management of purchases and contracting; in case of claims, the entities defined in the legal documents are consulted, which are provided to the bidders within the development of the process.

The First Meeting of Suppliers, which took place in 2016 under the leadership of Empresa Energia de Bogota, consolidated as a new place for participation, dialogue and the ideal opportunity to share the aforementioned news regarding supply. This Meeting is expected to continue and, in 2017, a survey on suppliers satisfaction will be conducted with a view to identifying opportunities for improvement in their relationships.

D. Annual Purchases and Contracting Plan: by which management opportunities adding value to the Company are analyzed. In 2016, for instance, the Company managed to identify processes deemed critical due to their impact on TGI and expenditure level, and therefore five prequalification processes were performed to improve market knowledge and identify potential suppliers.

It is to be noted that a consultancy process was started on December 2016, with the purpose of analyzing the historic expenditure of the Company from which key input is expected to define contracting strategies.

GRI
102-43

A significant milestone for the selection of suppliers was the establishment of the Strategic Contracting Committee, which is chaired by the CEO of the Grupo de Energia de Bogota and aims at generating synergies among the Companies of the group, thus allowing to improve the commercial conditions through the adding of demand among the affiliates and the possibility to generate economies of scale, which has resulted for the entire group in:

- 7 price agreements
- 4 joint processes
- 15 joint prequalification processes

CHALLENGES FOR 2017

A. Implementation of new mechanisms for negotiation: considering that the Contracting Manual approves the use of electronic media to perform contractual processes, and after a positive experience in the Empresa de Energia de Bogota (affiliate of the group), TGI expects to conduct at least two pilot tests within 2017.

B. Implementation of technological tools for pre-contract management which may allow the measurement and control of processes

C. Reduction of contracting times

D. Maximization of the compliance with the Annual Contracting and Purchases Plan

E. Standardization and simplification of Supply documents

14

ANNUAL REPORT OF THE CORPORATE
GOVERNANCE OF TRANSPORTADORA
DE GAS INTERNACIONAL S.A. ESP FOR
THE YEAR 2016

General Matters

From its incorporation, **Transportadora de Gas Internacional S.A. ESP** (hereinafter "TGI S.A. ESP") has implemented a set of elements and practices, both formal and informal, which rule the relationship between the administrators and all those who invest resources in the Company, mainly shareholders, creditors, customers and suppliers. Good practices on Corporate Governance reasonably guarantee a better use of the Company's resources, while contributing to a higher level of accounting transparency and generate more confidence with the entities involved.

TGI S.A. ESP performed, in 2016, a "re-institutionalization of the Corporate Governance", which is understood as the means providing the companies with the necessary tools for an adequate administration and control, within the framework of a dynamic and changing process. Likewise, it is evident that supervision on the quality of the compliance with the practices implemented poses a challenge to the company, supervisors and investors in the years to come.

Within the framework of the "re-institutionalization of the Corporate Governance" process the Company's By-Laws were amended and regulations of the Board of Directors, its Committees and the Meeting of Shareholders were updated, with a view to adjusting the company to the new and best practices on organization and corporate matters.

Some of the elements implemented that TGI S.A. ESP handles within its Corporate Governance model are as follows:

- Meeting of Shareholders
- Corporate By-Laws
- Board of Directors
- Board Committees: Compensation, Audit, Corporate Governance and Operations and Investment.
- Integrated Management System (IMS)
- Administration, Corporate, Commercial and Operational Policies
- Sustainable Management Report
- Good Governance Code
- Code of Ethics
- Ethical Channel
- Risk Management System
- Internal Audit Statute
- Strategic Supply Model
- CEO's Committee

All these are available for consultation through the corporation website:

<http://www.TGI.com.co/>

The purpose of this report is present, in a concrete form, the main aspects of corporate governance of TGI S.A. ESP

The Board of Directors is in charge of observing the compliance with the commitments assumed by the Company and of developing these corporate instruments, for which it has the Corporate Governance Committee, which gathered 3 times during 2016. The Committee is supported at internal level by the Office of the Legal & Governance Affairs Vice President, with personnel exclusively dedicated to the promotion of good corporate practices; the Internal Audit area; the Statutory Auditor and the External Auditor, who ensure the compliance with the policies of the Corporate Governance.

This report aims at presenting, in a specific manner, the main aspects of the TGI S.A. ESP Corporate Governance. Therefore, you will be provided below a description of the TGI S.A. ESP situation, as well as its managing structure and risk control system, among others.

JULIÁN GARCIA
CEO of
TGI S.A. ESP S.A. ESP

EQUITY

TGI S.A. ESP is a public service Company, incorporated as a joint-stock company, in conformity with the provisions of the Law 142 of 1994, with administrative, assets and budgetary autonomy, which business is carried out within the private law as a commercial organization.

The following is the shareholding structure of TGI S.A. ESP by December 31st 2016:

Table No. 1
Equity Interest of TGI S.A. ESP

SHAREHOLDER	N° ACTIONS	FINAL PARTICIPATION
EMPRESA DE ENERGIA DE BOGOTA S.A. E.S.P.	145.349.998,00	99,9636761%
SANCHEZ DIAZ FABIO ALEXANDER	3.882,00	0,0026698%
LUGO LOPEZ HALDER ROMEL	1.282,00	0,0008817%
LINERO GOMEZJORGE EDUARDO	697,00	0,0004794%
VILLABONA REYES ADRIANA MILENA	269,00	0,0001850%
BAEZ HILARION CESAR AUGUSTO	261,00	0,0001795%
PARRA CONTRERAS EDMUNDO	45,00	0,0000309%
OSSMA GOMEZ OMAR DAVID	2,00	0,0000014%
ESPINOSA ERLES EDGARDO	2,00	0,0000014%
AYA GONZALEZ LUZ MARINA	2,00	0,0000014%
NARVAEZ GARCIA RICARDO*	41.231,00	0,0283564%

SHAREHOLDER	N° ACTIONS	FINAL PARTICIPATION
RUIZ MACIAS ALVARO HERNAN*	2.589,00	0,0017806%
LOPEZ SANTANA LUZ STELLA*	1.282,00	0,0008817%
ARDILA JUAN PABLO*	635,00	0,0004367%
MALDONADO MARTIN ALONSO*	635,00	0,0004367%
NANCY CAROLINA HURTADO CARDENAS	2,00	0,0000014%
Total	145.402.814,00	100,0000000%

*Shareholders which exercised their right to withdraw as a result of the Merge between INVERSIONES EN ENERGÍA LATINO AMÉRICA HOLDINGS, S.L.U. (hereinafter, "IELAH") and TGI S.A. ESP. These shareholders are still registered in the shareholders registry book as the sale of shares between Empresa de Energia de Bogota S.A. ESP (hereinafter, "EEB") and the dissenting shareholders has not been perfected up to this day.

The capital stock is divided as follows:

Table No. 2 Capital Stock

CAPITAL	VALUE	NO. OF SHARES	PAID-IN CAPITAL
Authorized Capital	1,581,000,001,550.67	146,843,686.00	\$10,766.5507766583
Subscribed Capital	1,565,486,780,000.00	145,402,814.00	\$10,766.5507766583
Paid-in Capital	1,565,486,780,000.00	145,402,814.00	\$10,766.5507766583

Being a predominantly institutional ownership structure, there are no family relations among the main holders of interest. Note that the shareholder with the highest interest is the Empresa de Energia de Bogota S.A. ESP. Regarding the members of the Board of Directors, these are not owners of shares in TGI S.A. ESP. Likewise, it is to be noted that, at senior management level, none of the senior officers have equity interest in TGI S.A. ESP.

It is important to note that TGI S.A. ESP has not been informed about shareholders' agreements currently in force, and in conformity with the Colombian corporate legal structure, if any shareholders' agreements may exist, these would only be valid and enforceable if these were deposited in the company and available for the other shareholders.

In line with the strategic planning of TGI S.A. ESP, there are five business lines from demand, namely: "Increase use and consumption of Natural Gas in the cities with the support of distributors", "Position gas as the main source of non-renewable generation by a strong knowledge of the needs of generators", "Provide the Industry with access to primary and secondary energy sources which may help it to be more competitive" and "Address the midstream needs of hydrocarbon producers being a liaison from production to market."

MEETING OF SHAREHOLDERS

During 2016, four (4) Meetings of Shareholders were held, one general and three special, where some changes were introduced at the level of Corporate Governance, as well as regarding the composition of the board of directors, decisions made on the distribution of dividends and the amendment of the corporate by-laws, precisely in order to adjust them to the good practices on this matter.

These meetings were represented by a percentage over 99% of shares, as follows:

**Table No. 3
Meeting of Shareholders**

NO.	MEETING	DATE	NOTICE	MAIN DECISIONS
33	Special	January 27th	January 27th	<p>Consideration on the election and appointment of the members of the Board of Directors.</p> <p>Authorization to the legal representative to forward the statement on the opening situation of January 1st 2014 and the financial reports to the Superintendency of Residential Public Services, the District Housing Secretariat and the General Accounting of the Nation.</p>
				Total of shares represented: 156,497,405 (99.97%)

NO.	MEETING	DATE	NOTICE	MAIN DECISIONS	% OF REPRESENTATION
34	General	March 29th	March 2nd	Consideration of management report 2015, Special report of operations with related companies, individual financial statements for the four month-period between January 1st and December 31st, 2015, consolidated financial statements for the year 2015, report by the statutory auditor and report on the financial situation.	Total of shares represented: 156,496,123 (99.97%)
				Consideration of distribution of profits	
				Report on the compliance with the Good Governance Code.	
				Appointment of the Statutory Auditor for the years 2016 and 2017	
				Consideration of election and appointment of the members of the Board of Directors.	
				Remunerations of the members of the Board of Directors and Statutory Committees	
35	Special	July 18th	July 11th	Consideration of election and appointment of the members of the Board of Directors.	Total of shares represented: 145,350,259 (99.96%)
				Consideration and approval of the comprehensive amendment to the Corporate By-Laws of TGI S.A. ESP S.A. ESP.	
				Consideration and approval of Regulations of the Meeting of Shareholders	

NO.	MEETING	DATE	NOTICE	MAIN DECISIONS	% OF REPRESENTATION
36	Special	October 05th	September 29th	Consideration and approval of the release and partial distribution of the Reserve in article 130 of the Tax Code.	Total of shares represented: 145,350,259 (99.96%)

Regarding the information above, the notice for the 33rd session of the Meeting of Shareholders was verified as made by a written announcement to every one of the shareholders, in conformity with article 34 of the Corporate By-Laws in force. Notices for sessions 34, 35 and 36 were made by publication through the webpage of TGI S.A. ESP, in accordance with article 34 of the Corporate By-Laws in force.

In regards to the terms of the notices of session 34 of the Meeting of Shareholders, these were made in advance within the 15 working day-term, in all the other cases (sessions 33, 35 and 36) notice was satisfactorily made in advance within 5 calendar days. All the above in compliance with Article 34 of the Corporate By-Laws in force of the Company.

It is important to note that, in the General and Special Meetings of Shareholders, the participation of both, the majority and the minority shareholders is guaranteed after verifying the presence of the shareholders, as evidenced by the respective Minutes, in compliance with Article 15 of the Good Governance Code and Articles 35, 36 and 37 of the Corporate By-Laws in force.

During the 2016 business year, only one request was presented by a shareholder, by which such minority shareholder notified TGI S.A. ESP about the sale of its two hundred eighty-two shares to a third party, so as to proceed with the registration in the book of registration of shareholders.

BOARD OF DIRECTORS

The Board of Directors is in charge of managing TGI S.A. ESP, through strategic definition, establishment of corporate policies and supervision to the financial and non-financial performance at short, medium and long term. The Board of Directors comprises 7 main members and their respective alternates.

Members of the Board of Directors (Main Members) for 2016

■ Gloria Astrid Álvarez Hernández

Civil engineer graduated from the Pontificia Universidad Javeriana, with a master degree in international affairs from the University of Ohio, a specialization in comprehensive management of environment and specialization in strategic purchases and suppliers management from the Universidad de los Andes. She has served as consultant with proficient experience on strategic advice in national and international companies; in the past years, she has been devoted to off-shore projects in the hydrocarbon sector and strategic supply. Likewise, she supports social matters, in a complementary and permanent manner, within the Fundación Servicio Juvenil del Padre Javier de Nicolo.

Moreover, she has gathered professional experience in business management, in companies such as: Empresa de Acueducto de Bogota, where she served for six years, a period in which she set the company's transformation and integrated the management and commercialization processes focused on high quality business efficiency; and Ecopetrol, where she was in charge of the implementation of the strategic supply model, from which significant savings and high efficiency were produced in the company's contractual management. She has served as member of the board of directors of several companies.

She is currently the CEO of Empresa de Energia de Bogota S.A. ESP, parent Company of Grupo Energia de Bogota (hereinafter "GEB").

■ Moisés Rubinstain Lerner

Industrial Economist graduated from the Universidad de los Andes in Bogota, Colombia, with a master degree in Business Management from the New York University. He has served as Account Manager in Merrill Lynch, in Panama, and as member of the Grupo Afin (Stockbrokers of Bogota). He has been in charge of the Financial Management of companies such as Manufacturas Eliot S.A. (Pat Primo Group), Filmtex S.A. and Carulla S.A. He has also served as Consultant in the Accounting and Financial area in Ficitec. He taught at the Universidad de los Andes, in Undergraduate, Post-Graduate and Managing Development areas, and in the Specialized Program on Finance in the following courses: Capital Market, Financial Management and Special Contents on Finance.

■ Raúl José Buitrago Arias

Mr. Buitrago has served as adviser-consultant on Economic Law in companies such as Cerrejon, GM, UPME, among others. Additionally, he has served as Large-Scale Mining Economic Director, Advisor to the Presidency's Counseling Ministry; Planning Office Chief to the National Television Commission; Economic Director to the Stockbrokers Association, among others. Mr. Buitrago teaches at Universidad Externado de Colombia a seminar on economic regulation of markets; a specialization on economic analysis of law for fiscal control, among other courses.

He is an Economist from Universidad Nacional de Colombia, with a specialization in Economic Law from Universidad Externado de Colombia, and a Cum Laude Master's Degree in Finance from the Universidad de los Andes.

■ Oscar Edmundo Díaz Molina

Mr. Díaz has entirely devoted his professional career to urban development and transportation in areas such as planning and implementation of mass transportation systems, non-motorized transport systems, traffic safety and the mitigation of transport impact on air quality and climate change. Mr. Díaz is an internationally recognized expert due to his involvement in and innovative contribution to different projects in five continents. He has managed projects implementing BRT systems (Bus Rapid Transit, TransMilenio-type systems) in Mexico, Brazil, Argentina, Paraguay, South Africa, China, India, Indonesia, and Tanzania. He is an expert in planning and developing safe infrastructure for non-motorized

transport (cycling and walking). This expertise is complemented by a solid financial expertise, having structuring and strengthening urban projects in America, Africa, and Asia. Mr. Díaz implemented the first Car-Free Day in Bogotá (February, 2000), whereupon the city received the Stockholm Challenge award. He has driven this initiative in other cities through the Earth Car-Free Day Committee and the UN Car-Free Days program.

Mr. Díaz was part of the Mayor Enrique Peñalosa's staff. After leaving the office, they worked together at the New York University, advising local governments in Latin America, Asia, and Africa on mass transportation systems. Subsequently, he served at the prestigious Institute for Transportation and Development Policy (ITDP) of New York, a Non-Profit Organization that promotes sustainable and equitable transportation worldwide. In addition, he is a renowned global speaker and has published documents that provide guidelines on the proper design of infrastructure for urban cyclists, Calm Traffic Guide, Methodology for Determining Maximum Speeds in Urban Areas, among others.

Mr. Díaz has a Bachelor's Degree in Finance and International Affairs with emphasis in Business Administration and Finance from Universidad Externado de Colombia, and a Master's Degree in International Affairs from Columbia University, in New York.

■ Jaime Alfonso Orjuela Vélez

Within the Colombian energy sector, Mr. Orjuela has served as coordinator of the planning group of the Energy Mining Planning Unit (UPME in Spanish), while in the planning and regulation fields, he has worked in companies such as Gas Natural Fenosa and Electrificadora del Meta, among others. At GEB, Mr. Orjuela has been in charge of the Planning and New Businesses Management attached to the Transmission Vice-Presidency, and he is currently the Regulation Leader for the Corporate Strategic Plan. He has been a member of the Board of Directors in several companies belonging to GEB, such as Empresa de Energía de Cundinamarca, CONTUGAS (Peru), and TRECESA (Guatemala), as well as in research and development centers of the energy sector like the Electric Energy Sector Research and Development Center (CIDET in Spanish). He is also an experienced teacher in post-gradua-

te programs on energy planning and project management in universities such as La Salle and Autónoma de Colombia.

Mr. Orjuela is an electric engineer from Universidad de la Salle, with a Master's Degree in Economy from Universidad Federal do Rio de Janeiro (IADB-Japan Scholarship Program) and a specialization in Public Opinion and Political Marketing from Universidad Javeriana.

■ Héctor Felipe Ángel Carvajal

Mr. Angel has served as Director of the Legal Consulting Office at the College of Advanced Studies in Administration (CESA in Spanish); Treasury Manager in Colombia and Regional Money Market Manager at Credicorp Capital Colombia (Correval S.A.), and Administrative and Financial Vice President at Jardines de Paz S.A. He also worked as Trader Senior and Trader Senior Money Market at Santander Bank. He currently serves as District Treasurer of the Mayor's Office of Bogotá, C.D.

Mr. Angel has a Bachelor's Degree in Business Administration from College of Advanced Studies in Administration and a Master's Degree in Business Management from INALDE – Universidad de La Sabana. In Addition, he did professional training courses on finance, stock market operations, and derivative instruments.

José Fernando Montoya Carrillo

Mr. Montoya has 33 years of experience in the hydrocarbon industry. The first 19 years in by-products marketing at Shell company, and the last 14 years in oil & gas exploration and production at HOCOL. He currently serves as founding partner and external Director of the Leadership and Management Center (CLG in Spanish), and is a legal representative and founding partner of Doblefer SA and Serifer SA, both companies dedicated to the real estate business in Colombia. He is also a member of the Board of Directors of Corporacion Escuela Galan para la Democracia; and a member of the Board of Directors of Esenttia (former Propilco, a subsidiary of Ecopetrol group).

Mr. Montoya is a Chemical Engineer from Universidad Nacional de Colombia, with studies in international institutions on: Finance, Operations, Leadership, Strategic Planning, Marketing, Crisis Management, Corporate Restructuring, Corporate Governance, Corporate Social Responsibility.

The members of the Board of Directors were mostly appointed in the Special Meeting held on January 27th, 2017 and it is composed as follows:

**Table No. 4
Composition of the Board of Directors - Minutes No. 33**

MAIN MEMBERS	ALTERNATES
Gloria Astrid Álvarez Hernández	Diana Margarita Vivas Munar
Andrés Camargo Ardila	Jorge Armando Pinzón Barragán
Raúl José Buitrago Arias	Carlos Alberto Díaz Rueda
Oscar Edmundo Días Molina	Alexandra Rojas Lopera
Dalila Astrid Hernández Corzo	Vacante
Héctor Felipe Angel Carvajal	Sergio Andrés Gomez Navarro
Ernesto Moreno Restrepo	Jaime Alfonso Orjuela Vélez

Most of the members were reelected and one main member and three alternates were appointed in the General Meeting of Shareholders No. 34 held on March 29th, 2016:

**Table No. 5
Composition of the Board of Directors – Minutes No. 34**

MAIN MEMBERS	REPLACING	ALTERNATES	REPLACING
José Fernando Montoya Carrillo	Ernesto Moreno Restrepo	Felipe Castilla Canales	José Armando Pinzón Barragán
		Mauro Hernán Mejía Trillos	No appointment
		Leonardo Garnica Eljaiek	Jaime Alfonso Orjuela Vélez

Finally, most of the members were reelected and two main members and four alternates were appointed in the Meeting of Shareholders held on July 18th, 2016. The board was composed as follows:

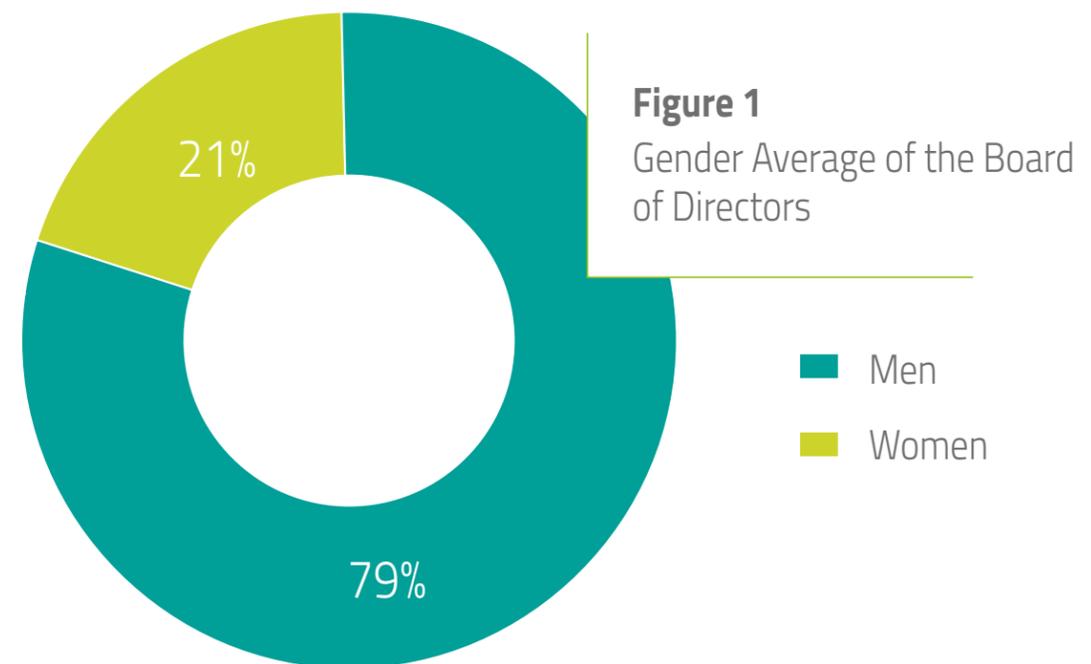
Table No. 6
Composition of the Board of Directors – Minutes No. 35

MAIN MEMBERS	MAIN MEMBERS REELECTED OR REPLACING	ALTERNATE	REELECTED OR REPLACING
Gloria Astrid Álvarez Hernández	Reelected	Diana Margarita Vivas Munar	Reelected
Moisés Rubinstain Lerner	Andrés Camargo Ardila	Francisco Barón Lancheros	Felipe Castilla Canales
Raúl José Buitrago Arias	Reelected	Juan Daniel Ávila Gomez	Carlos Alberto Díaz Rueda
Oscar Edmundo Días Molina	Reelected	Martha Nohora Riaño Reyes	Alexandra López Lopera
Héctor Felipe Ángel Carvajal	Reelected	Camila Merizalde Arico	Sergio Andrés Gómez Navarro
José Fernando Montoya Carrillo	Reelected	Leonardo Garnica Eljaiek	Reelected
Jaime Orjuela Vélez	Dalila Astrid Hernández	Mauro Hernán Mejía Trillos	Reelected

Therefore, with changes made in the General Meeting of Shareholders in sessions No. 33, 34 and 35, the 100% of members of the Board of Directors was renewed during 2016 and none of them has labor bonds with the company.

The Board of Directors is composed by persons with the highest professional and personal qualifications, as evidenced in their résumés. For their appointment, the Meeting takes into consideration criteria such as expertise in the fields of finance, law or related sciences and/or activities related to the utility industry and/or operations performed by the society. Likewise, the members are available, prestigious and renowned, and have a long professional career, leadership and a good name due to their professional aptitude and integrity.

Relevant information on the composition of the Board of Directors:



Currently, of the members of the Board of Directors of TGI S.A. ESP, Astrid Alvarez Hernandez is member of the Board of Directors of Contugas and Calidda;

Diana Margarita Vivas is member of Calidda, Trecca, EEB Energy RE ,and Contugas; Raul Jose Buitrago Arias is member of the Board of Directors of EBB; Oscar Edmundo Diaz belongs to the Board of Directors of Empresa de Telecomunicaciones de Bogotá S.A. ESP and IDARTES; Jaime Alfonso Orjuela is member of the Board of Directors of Trecca; Camila Merizalde Arico is member of the Board of Directors of Calidda; and Leonado Garcia is member of the Board of Directors of Contugas.

Relevant information on the functioning of the meetings of the Board of Directors in 2016:

- The meetings of the Board of Directors of TGI S.A. ESP are ordinarily held once a month. The quorum must be constituted by at least four present members of the Board and they decide with the majority of present votes. For the purpose of making decisions, each one of the members of the Board of Directors are entitled to one vote.
- Through 2016, the Board of Directors held 16 meetings, 12 of which were general, 3 special, and 1 distance meeting.
- In the 16 meetings, 37 decisions were made with the unanimous vote of all attendees.
- The average length of the meetings of the Board of Directors was 3 hours. Thus, meetings lasted a maximum of 4 hours, and in few cases, the minimum time spent was 2 hours.
- In all meetings of the Board of Directors, the minutes were wrote down and the President and the Secretary of the meeting executed them, which is evidenced in the deliberations, discussions and information sources that served as basis for decisions adopted.
- Of 16 sessions, 11 Meetings were held in Bogotá in the TGI's headquarters, 1 was held in the Meeting Room of the Compression Station in Cajica, Cundinamarca (Meeting 136 on August 31st, 2016), and 1 was virtually performed.
- The main members' general attendance average through 2016 was 97%.

Table No. 7
Attendance to Meetings of the Board of Directors in 2016

BOARD OF DIRECTORS	APPOINTMENT DATE	REMOVAL DATE	PERCENTAGE
Astrid Álvarez Hernández	January 27th, 2016		88%
Moisés Rubinstain Lerner	July 18th		89%
Raúl José Buitrago Arias	January 27th, 2016		94%
Oscar Edmundo Días Molina	January 27th, 2016		88%
Héctor Felipe Ángel Carvajal	January 27th, 2016		100%
José Fernando Montoya Carrillo	March 27th, 2016		100%
Jaime Alfonso Orjuela Vélez	July 18th		100%
Andrés Camargo Ardila	January 27th, 2016	July 18th	86%
Dalila Astrid Hernández Corzo	January 27th, 2016	July 18th	57%
Ernesto Moreno Restrepo	January 27th, 2016	arch 27th	80%

The attendance average is calculated based on the meeting attended by the each member since their appointment.

Through 2016, the Board of Directors of TGI S.A. ESP was focused on the redefinition process of the corporate strategy, aiming at becoming established as company by enabling the positioning of the firm within the industry to create a sustainable advantage with respect to its competitors. This redefinition addresses key challenges to maintain the growing profitable path, particularly to keep on developing the successful public-private business model, which is a regional benchmark.

In 2016, the Board of Directors also reviewed and approved corporate policies, plans, and guidelines related to the investment policy, the strategic supply model, the mobility of the company's associates, the financing and investment plans, the transparency mechanisms, and the ethical channels.

Through 2016, the activities mentioned below were carried out within the framework of the re-institutionalization of the Corporate Governance" of TGI S.A. ESP:

- The organizational structure was modified by virtue of the authority granted by the Board of Directors in the meeting held on April 27th, 2016 to the CEO of TGI S.A. ESP. Such modification did not imply a change in the number of workers.
- Engineer Julian Garcia Salcedo was appointed as CEO of the Company by the Board of Directors of TGI S.A. ESP, who replaced Mr. David Alfredo Riaño Alarcon.
- Mrs. Yolanda Gomez Restrepo was appointed as First Alternate of the CEO and Mr. Leonel Mauricio Vara Maldonado as Second Alternate of the CEO of TGI S.A. ESP, who replaced Nixon Jose Arcos Rodriguez and Carlos Francisco Toledo Florez, respectively.
- Members of the Audit, Compensation, Corporate Governance and Operation and Investment committees were appointed and regulations and work plans were approved.
- The reward model for a performance-based economic incentive was adopted in the 2016 business year.
- On May 11th, 2016 the merger agreement was executed as Public Deed pursuant the authorization granted by the Company Superintendency through resolution dated on January 29th, 2016.

- The strategic supply model of TGI S.A. ESP was approved, in connection with the following aspects: name, inclusion of definitions, exceptions, stages of the contractual process, chance to hold meetings with possible bidders, contract modality and amount, guarantees, advertisement for contract processes, implementation of e-commerce tools, and monitoring of committees.
- The reform of the By-Laws was approved, regarding the following aspects: corporate purpose, removal of restrictions on share trading, roles and responsibilities of the President of the Board of Directors, roles of the Board of Directors, adjustment of the By-Laws to the new strategic supply model, broader protection to minority shareholders, rotation of the Statutory Auditor, and the adherence to the Code of Corporate Governance regarding matters related to conflicts of interests and, in general, to the implementation of aspects regarding the best corporate practices according to Official Paper No. 028 of 2014, issued by the Financial Superintendency of Colombia and GEB's guidelines.

- The Regulations of the General Meeting of Shareholders were approved, which develops the following aspects: meetings, notices, quorum, elections and electoral coefficient systems, forbidden conducts regarding powers, information provision, procedures on the exercise of shareholders' certain rights, minutes, and roles.

The Regulations of the Board of Directors were approved, which develops the following aspects: composition, election, President and Secretary's roles, information provision, duties, rights, responsibilities, incapacities and incompatibilities, and self-assessment of the Board.

- The investment policy was reviewed regarding the following aspects: guidelines on assessment and submission of investment proposals, declarations of commitment, corporate governance, and investment handbook.

- The submission of a bid before the CREG for increasing the capacity of the Caucho – Gualanday section was authorized.

- The Contugas Company's capitalization up to US\$ 3 million was authorized.
- TGI S.A. ESP was authorized to grant one or more credits to EBB up to COP 400,000 million.
- The execution and subscription of deeds and contracts derived from the expansion of the Cusiana-Apiay-Ocoa gas pipeline.
- Investment was authorized for a project to replace as new the Pompeya branch for US\$ 215K and continue the operation and maintenance of other branches which normative lifespan expired according to CREG's regulations.



In 2016, in compliance with its responsibilities, the Board of Directors interacted with the Statutory Auditor, financial analysts, and investment banks to address the following matters: Statutory Auditor's opinion on individual and consolidated financial statements sub-

1. mitted before the General Meeting of Shareholders of 2016.
2. Corporate Strategic Plan
3. Analysis of new investments.

ORIENTATION AND TRAINING PROCESSES

- A training on regulatory and sectorial aspects of natural gas transportation was conducted in September 2016.
- Workshops on Strategic Planning carried out.
- An orientation for new members of the Board of Directors was performed.

ASSESSMENT OF THE BOARD OF DIRECTORS

The assessment will be performed in 2017 by a third party in accordance with the provisions of the By-Laws of the Company.

EXTERNAL CONSULTING

The Board of Directors of TGI S.A. ESP has the support of experts when it deems necessary. In such cases, it may request the hiring of a proper independent expert. In exercising this right, the Board of Directors of TGI S.A. ESP interacted with external experts through 2016 on the following matters:

1. Corporate strategy of TGI S.A. ESP, including elements related to legal and communicational strategy.
2. Information on investments.

PRESIDENT AND SECRETARY OF THE BOARD OF DIRECTORS

In 2016, the Board of Directors was chaired by Astrid Alvarez Hernández and, when absent (meetings 134 and 136), she was replaced by Jose Fernando Montoya Carrillo. The President of the Board of Directors is in charge of the following general roles:

1. Ensure that the Board of Directors sets and efficiently implements the strategic management of the company.
2. Drive the governance action of the Company, acting as link between shareholders and the Board of Directors.
3. Plan the functioning of the Board of Directors by establishing an annual work plan, based on the proposals presented by the Management.
4. Chair the meetings and moderate debates.
5. Watch over the execution of the agreements of the Board of Directors and track its assignments and decisions.
6. Monitor the notification of the agreements of the Board of Directors and track its assignments and decisions.
7. Authorize the presence of officers of the Company or special guests in the meetings for purposes of deliberation on specific matters.

In 2016, the By-Laws and the Regulations of the Board of Directors were modified in order to include the following as roles of the President of the Board of Directors: to promote an active involvement of the rest of the members, authorize the presence of officers of the Company or special guests in the meetings for purposes of deliberation on specific matters, and maintain an ongoing communication with the CEO of the Company in order to monitor the compliance with commitments and agreements made.

The Secretary of the first meeting (No. 128) was Jose Arcos Rodriguez, while Gloria Isabel Carreño was the Secretary of the remaining meetings (No. 129 and 130). Carlos Mantilla McCormick, Legal & Governance Affairs Vice President of TGI S.A. ESP, is currently the Secretary, who was appointed by the President of TGI S.A. ESP in May 2016. Part of the main roles of the Secretary includes: to prepare the agenda and the minutes of the meetings, send notices, certify acts and internal documents of the Board, and track its agreements and commitments.

BOARD OF DIRECTORS' CONFIDENTIAL AND PRIVILEGED INFORMATION MANAGEMENT

The information accessed by the members of the Board of Directors is subject to the duty of confidentiality and the acknowledgment that all their actions and decisions must be made in the interest of the Company and all shareholders, according to the Colombian legal framework. The provisions on the privileged and confidential information of the Board of Directors are establi-

shed in the Code of Corporate Governance and the Regulations of the Board of Directors, and these are complemented and managed through the regime of conflict of interests of TGI S.A. ESP.

TGI S.A. ESP has made a technological tool available to provide the members of the Board of Directors with the information related to the minutes, presentations and matters to be discussed in each meeting.

COMMITTEES OF THE BOARD OF DIRECTORS

In 2016, TGI S.A. ESP had 4 committees supporting the fulfillment of the Board of Directors' roles in terms of: audit, operations and investment, corporate governance, and compensations. Their composition, main roles, and attendance to the meetings of 2016 are detailed as follows:

Board Of Directors

Compensation Committee

Analyzes all matters regarding the remuneration of employees, the employee-employer relation, and the industrial relations, to make recommendations to the Board of Directors. It also supports the Board of Directors in the exercise of its roles related to the appointment and remuneration of the members of the Board of Directors and the Senior Management.

Audit Committee

Supervises through the assessment of accounting procedures, the relationship with the Statutory Auditor and, in general, the revision of the control architecture of the company, including the audit of the risk management system implemented by the company.

Corporate Governance Committee

Proposes and supervises the fulfillment of the corporate governance measures adopted by the Company.

Operation and Investment Committee

Monitors and analyses all matters related to business planning and infrastructure operation, as well as investments, businesses, business and regulatory affairs of the Company, to make recommendations to the Board of Directors.

Composition

- Astrid Alvarez Hernandez, Moises Rubinstain Lerner and Raul Jose Buitrago Arias.
- Moises Rubinstain Lerner, Oscar Edmundo Díaz and Hector Felipe Angel Carvajal.
- Astrid Alvarez Hernández, Jaime Orjuela Velez and Oscar Edmundo Diaz Molina.
- Jose Fernando Montoya Carrillo, Moises Rubinstain Lerner and Jaime Orjuela Velez.

Through 2016, the following adjustments to the committees of the Board of Directors were made:

- Regulations of Committees were modified,
- The name of the Operation Committee was changed to Operation and Investment Committee.

Table No. 8
Attendance to the Meetings of the Board of Directors, 2016

COMMITTEE	TOTAL MEETINGS	NAME	APPOINTMENT	% ATTENDANCE
Compensation Committee	3	Astrid Álvarez Hernández	January 27th, 2016	100%
		Moisés Rubinstain Lerner	July 18th	100%
		Raúl José Buitrago Arias	January 27th, 2016	100%
Audit Committee	4	Moisés Rubinstain Lerner	July 18th	100%
		Oscar Edmundo Díaz Molina	January 27th, 2016	50%
		Héctor Felipe Ángel Carvajal	January 27th, 2016	100%
Corporate Governance Committee	3	Astrid Álvarez Hernández	January 27th, 2016	33%
		Jaime Orjuela Vélez	July 18th	100%
		Oscar Edmundo Díaz Molina	January 27th, 2016	100%
Operation and Investment Committee	5	José Fernando Montoya Carrillo	March 29th	100%
		Moisés Rubinstain Lerner	July 18th	100%
		Jaime Orjuela Vélez	July 18th	80%

According to internal regulations, all committees of the Board of Directors deliberate and decide in a valid manner when at least two of its members are present. The average of attendance to the meetings of the committees was over 95%.

REMUNERATION OF THE BOARD OF DIRECTORS AND COMMITTEES

The fee of the members of the Board of Directors was set in the General Meeting of Shareholders No. 34 held on March 29th, 2016 which corresponds to 4 Valid Legal Minimum Wages (hereinafter referred to as VLMW), previously it was 3 VLMW. In such meeting, 3 VLMW were additionally established as fee for those members who attends the committees.

**Table No. 9
Fees Approved to the Board of Directors and Committees, 2016 (COP)**

Meeting of the Board of Directors 4 SMMLV	(COP) \$2.757.816
Meeting of Committee of the Board of Directors 3 SMMLV	(COP) \$2.068.362

**Table No. 10
Total Fees paid to Board of Directors and Committees, 2016**

BOARD OF DIRECTORS	(COP) \$250.272.126
COMMITTEES	(COP) \$59.982.490
TOTAL	(COP) \$310.254.624

RELEVANT INFORMATION ON THE REMUNERATION OF THE BOARD OF DIRECTORS:

- TGI S.A. ESP does not use a variable remuneration model for the Board of Directors, so all values are linked to the participation in the meetings.
- The members of the Board of Directors are excluded from the payment system that include share options.

SENIOR MANAGEMENT

Senior Management of TGI S.A. ESP, in accordance with the corporate strategy, complies with all duties at corporate level, so it defines guidelines and makes decisions in line with the business strategy.

The CEO is the head of TGI S.A. ESP, who is appointed by the Board of Directors and appoints five Vice Presidents, which as a group constitute the Senior Management of TGI S.A. ESP.

Julián García Salcedo CEO

Mr. Garcia has 30 years of experience in the oil and gas industry, covering multiple disciplines which include areas such as general management, operations, trading, planning, portfolio management, new business development, and State policy. He has been the CEO of the following companies in Colombia: Gran Tierra Inc (oil company listed in NY and Toronto); Emerald Energy Plc

(oil company listed in London); Gold Oil Plc (oil company listed in London); and Carboandes (private mining company). He was the first technical director of the National Hydrocarbons Agency, being responsible for leading the development and implementation of the new oil regime of the country in 2014.

Previously, he served for 10 years in management positions at BP in Colombia and international appropriations, and four years in Ecopetrol. He was an Hydrocarbon expert of the National Energy Commission (now CREG) and head of the Non-Renewable Natural Resources Division of the Department of National Planning.

Mr. Salcedo is a civil engineer from Universidad de Los Andes, with a Master's Degree in civil engineering (hydraulic resources) from the Colorado State University (USA), an MBA from the University of Birmingham (England), and Master studies in economics by Universidad de Los Andes.

Carlos Mantilla

Legal & Governance Affairs Vice President

Mr. Mantilla has been linked to the hydrocarbon industry by holding the position of Manager of the Legal Department at OXY Colombia and being Hydrocarbon Contracts Vice President at the National Hydrocarbons Agency.

He currently serves as Legal & Governance Affairs Vice President at TGI S.A. ESP.

Mr. Mantilla is a lawyer from Universidad Externado de Colombia, is highly experienced in teaching, being undergraduate and postgraduate professor at Universidad Externado de Colombia.

Yolanda Gómez

Services & Administrative Vice President

Mrs. Gomez has served, among others, as Legal Defense Director at the Colombian National Agency for Legal Defense of the State; Delegated Prosecutor for Economy and Public Treasury of the General Attorney's Office of Colombia; Administration and Human Resources Vice President, and CEO's consultant at Telecomunicaciones de Bogota. She also has been consultant of the World Bank; the Higher Council of the Judicature; the Ministry of Environment, Housing and Territorial Development. Mrs. Gomez also worked as legal manager of Empresa de Acueducto y Alcantarillado de Bogota and General Registrar of the Ministry of Justice and Law.

She currently serves as Service & Administrative Vice President at TGI S.A. ESP

Mrs. Gomez is a lawyer and a specialist in Criminal Law from Universidad Externado de Colombia, with more than 20 years of experience in the public sector.

Mauricio Vera

Business Vice President

Mr. Vera has more than 20 years of experience in infrastructure projects within the Oil & Gas, energy, roads, potable water, and basic sanitation sectors. He also has served as project leader, particularly in the seismic vulnerability field, infrastructure coordinator and Supply Strategic Leader at Ecopetrol. Additionally, he worked as coordinator of environmental permits at the

Ministry of Environment and Territorial Development; environmental advisor at Empresa de Energía de Bogotá, and environmental manager and operating director at Empresa de Acueducto de Bogotá.

He Currently serves as Business Vice President at TGI S.A. ESP.

Mr. Vera is a Civil Engineer from Universidad la Gran Colombia, with a Master's Degree in environmental management for sustainable development from Universidad Javeriana. He received professional training in projects by Universidad de los Andes. Mr. Vera has a PMP certificate from the Project Management Institute, training in strategic supply by Universidad de los Andes, and PSCM certificate by the International Trade Centre.

Antonio Angarita

Finance Vice President

Mr. Angarita is a Financial Executive with a broad experience in financial management developed in different sectors, in areas such as financial planning, treasury and business appraisal.

He is also experienced in the preparation of reports following the International Financial Reporting Standard and in SOX controls in multinational companies. He worked in multicultural environments and was developed high standard teams.

He currently serves as Financial Vice President at TGI S.A. ESP.

Andrés Restrepo

Vice President for Operations

A Civil Engineer and Certified Project Manager with 27 years of experience at national and international level in transport and production project management within the oil industry. He is highly experienced in all stages of a project from its conception to the operation and maintenance, with special emphasis in the efficient use of resources, safety, integrity of facilities, and environmental protection.

He currently serves as Operations Vice President at TGI S.A. ESP.



TGI Presidency Committee. From left to right, seated: Andrés Aljure, Planning Manager and development; Julián García, TGI President; Yolanda Gómez, Administrative and Services Vice president; Miguel Contreras, Sustainable Development Manager. From left to right, standing: Carlos Mantilla, Legal and Government Affairs Vice President; Antonio Angarita, Financial Vice President; Andrés Restrepo, Operations Vice President; Mauricio Vera, Business Vice President.

MANAGEMENT COMMITTEES

Additionally to the committees of the Board of Directors, TGI S.A. ESP has other committees, which purpose is to advise the CEO on the adoption and implementation of policies, guidelines and decisions related to the administrative and financial management, ethics and compliance, working environment, supply, safety and health at work, and other administrative and business issues.

**Table No. 11
Management Committees 2016**

CEO'S STRATEGIC COMMITTEE	To advise the CEO on the adoption and implementation of policies, guidelines and decisions related to the administrative and financial management of the business of TGI S.A. ESP.
ETHICS AND COMPLIANCE COMMITTEE	To help with the strengthening of the ethical conduct, as well as implementing coordinated actions in the light of events that violates the Code of Ethics. To monitor the implementation and continuity of compliance programs.
JOINT SAFETY AND HEALTH COMMITTEE – COPASST.	To serve as an agent promoting and watching over the rules and regulations on health at work in all levels of the Company.
WORKING ENVIRONMENT COMMITTEE	To help with alternative mechanisms other than those established in the regulations of TGI S.A. ESP, and the prevention and solution of situations caused by workplace harassment on workers within the Company.

SUPPLY COMMITTEE	
EXECUTIVE CONTRACTING COMMITTEE	To approve contracting requests, the opening and assessment of processes which value is equal to or exceeds ten thousand (10,000) VLMW, including VAT.
OPERATIONAL CONTRACTING COMMITTEE	To approve contracting requests, the opening and assessment of processes which value exceeds two hundred (200) VLMW, but do not exceed ten thousand (10,000) VLMW, including VAT.
RATEGIC SUPPLY COMMITTEE (COMMITTEE OF GEB)	To promote, analyze and approve supply policies and strategies, as well as identifying possible synergies that may be generated in GEB, including the analysis of the relevance of performing joint contracting processes.

Through 2016, the following adjustments to the Senior Management committees were made:

- The name of the Ethics and Conduct Committee was changed to Ethics and Compliance Committee, as well as its purpose, composition and roles.

Remuneration of Senior Management

The remuneration of the CEO of TGI S.A. ESP includes a fixed and a variable component. The variable component is based on the results of the assessment of his/her management, who has encouraged the achievement of goals.

CONFLICTS OF INTERESTS

Rules for managing conflicts of interests are compiled in the Code of Ethics and the Code of Corporate Governance of TGI S.A. ESP.

In case of a conflict of interests, or when there is doubt about its existence, the person upon which the potential conflict lies must refrain himself/herself from intervening in related activities and decisions, and inform his/her immediate superior about it in a detailed manner and in writing. The members of the Board of Directors must inform to the executive body about any situation generating a conflict of interests, and report relations that may generate conflicts of interests.

Additionally, regulations establish, as role, that the Audit Committee has to assess and inform the Board of Directors of TGI S.A. ESP about possible conflicts of interests generated and recommend the steps to manage it.

Through 2016, only one case was declared at the Audit Committee level, which was managed as follows:

- In the Audit Committee meeting No. 37 held on February 27th, 2016 Mr. Andres Camargo Ardila expressed his conflict with the controversy between Contugas and Consorcio G y M – Concovoles S.A., Peruvian branch.

The possible conflict was managed by the Committee and the member refrained himself from participating in the discussions and decisions related to that matter.

On the other hand, the members of the Board of Directors did not indicate they had a conflict of interest and submitted a statement expressing they were not in a situation of conflict of interest.

INTERNAL CONTROL SYSTEM

The Control System applies to the whole company and the roles inherent to each position, always oriented and advised by the immediate superior, in order to:

- Comply with functional, administrative and operating obligations.
- Establish and update control procedures and techniques.
- Adopt preventive and corrective immediate actions.
- Mitigate fraud risk.
- Prepare and communicate reliable, proper, timely and real information to the executive and management levels.
- Institutionalize self-control as an ongoing process of verification of planning and results.
- Review formalities and procedures in a permanent manner.
- Cooperate with the Internal Audit Management of TGI S.A. ESP regarding its assessment processes and the commitment to the implementation of agreed recommendations for improving the Internal Control System.
- Adopt good practices related to the Internal Control System.

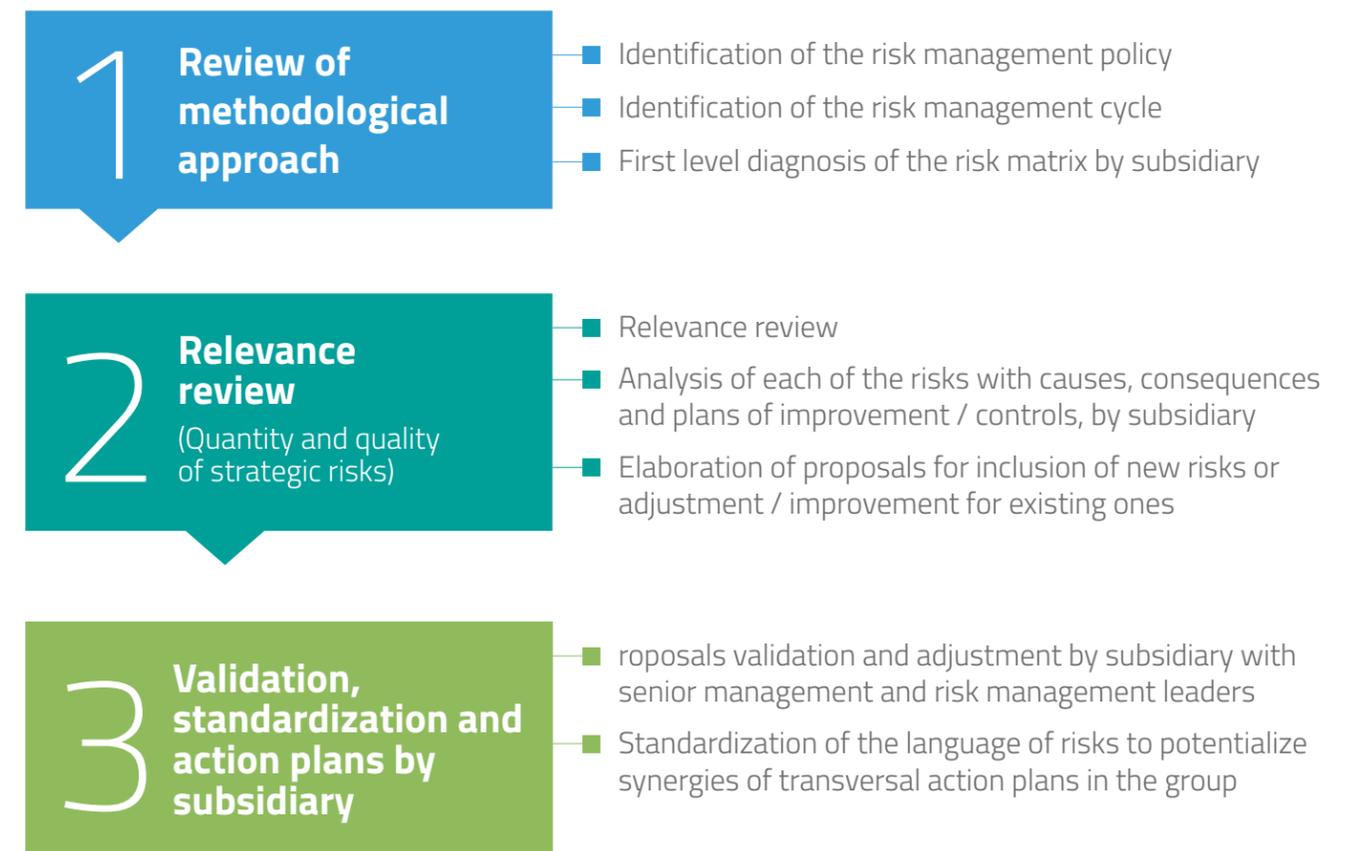
The company has the following mechanisms that make the strengthening of the Internal Control System possible, which also constitute the basis for the implementation, maintenance and improvement of control processes and activities, ensuring compliance with Article 50, phase 3 "Control Activities", of the Good Governance Code:

- Code of Ethics
- Good Governance Code
- Risk Management Policy
- Internal Control Policy
- Corporate Social Responsibility Policy
- Internal Audit Statute
- Strategic Supply Model
- Decisions and Guidelines from the CEO
- Corporate Strategic Plan (CSP)
- Integrated Management System (IMS)
- Integrated Management System Certification (ISO 50001; OHSAS 18001; ISO 9001; ISO 14001).
- Integrated Management System Indicators
- Risk Management System
- Information System – SAP R/3
- CEO's Committee, Audit Committee, Contracting Committee (operational, executive, strategic), Business Committee, Land Management Committee, Ethics and Compliance Committee, Operation and Investment Committee, Compensation Committee.
- Corporate mail management through Laserfiche WebLink system.
- Program for adoption of the International Standards for the Professional Practice of Internal Auditing.
- Program for adoption of IFRS
- Program for Prevention of Money Laundering and Terrorism Financing (SIPLA/SARLAFT).
- Campaigns on self-control, money laundering and terrorism financing, ethical dilemmas related to conflicts of interests
- Updating of By-Laws
- Updating of regulations of the Committees of the Board of Directors
- Adoption of the Strategic Supply Model
- Commitment to the adherence to the Global Deal
- Adhesion to the initiative: Towards integrity – a construction between the public and private sectors (Hacia la integridad - una construcción entre los sectores público y privado) of the UNODC, (United Nations Office on Drugs and Crime).
- Control and risk matrixes under SOX methodology.

RISK MANAGEMENT SYSTEMS OF THE COMPANY

Through 2016, TGI S.A. ESP made progress in the development of the following activities by stages:

Figure 2
Risk Management Activities

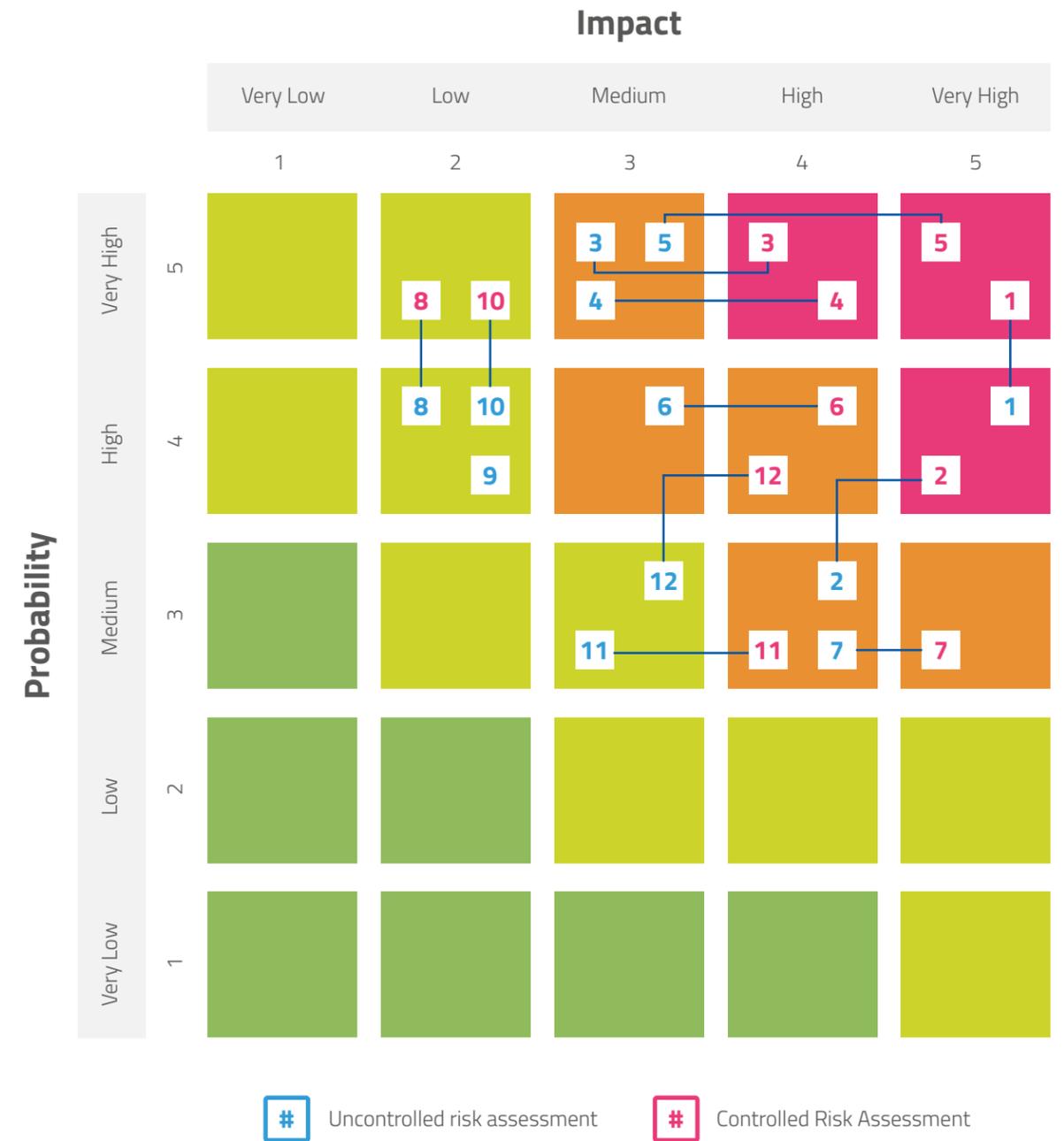


This generated a new risk and control map, which is shown as follows:

**Figure 3
Risk and Control Map**

TGI

#	Risks
1	Regulatory and/or tax changes that do not favor the company's interests
2	Inadequate project management
3	Non-compliance with the financial plan
4	Risk of social acceptance (communities, authorities, among others)
5	Non-continuity of the business and/or service
6	Participation in non-strategic investments
7	Weaknesses in commercial management
8	Operational incidents affecting the environment, infrastructure and persons
9	Unfavorable ruling during litigation management
10	Fraud and corruption
11	Not having the appropriate human capital with motivation to achieve the company's strategy
12	Vulnerability in information security and integrity



STATUTORY AUDIT

In 2016, TGI S.A. ESP chose Deloitte & Touche Ltda. as Statutory Auditor. The services provided by it at global level are mainly focused on consulting, taxes, legal consulting, financial consulting, and auditing.

Table No. 12
Remuneration of the Statutory Auditor

COMPANY	STATUTORY AUDITOR	REMUNERATION
TGI S.A. ESP S.A. ESP	Deloitte & Touch Ltda.	USD 129,502.68 Vat included

CONTRALORÍA DE BOGOTÁ D.C.

In 2016, Contraloría de Bogota D.C. conducted the regular audit corresponding to 2015 business year, from which 8 administrative findings resulted, 3 of which have a fiscal incidence. In such case, improvement plans were defined, which are subsequently verified by the control body.

EXTERNAL AUDITOR OF MANAGEMENT AND RESULTS

In 2017, Gestión y Auditoría Especializada Ltda. will present the report corresponding to the 2016 business year to the Domestic Public Service Superintendency.

MONEY LAUNDERING AND TERRORISM FINANCING PREVENTION

Aiming to prevent asset laundering and financing of terrorism in TGI S.A. ESP during 2016, the Compliance Official presented quarterly reports before the Audit Committee.

For the purpose of preventing money laundering and terrorism financing in TGI S.A. ESP through 2016, the Compliance Officer presented the quarterly report to the Audit Committee.

In addition, interest groups were regularly consulted through the Sentinel and World-Check tools, which allow verifying that suppliers, bidders, associates, and administrators, among others, are not included in official restrictive lists, weather national or international, and thus preventing the Company from establishing relations in terms of Money Laundering and Terrorism Financing. Consultations made did not generated any entry in the lists binding on Colombia: OFAC and UN, while reports presenting alerts were informed to the pertinent authorities in order to be checked and monitored.

No negative information on contractors, suppliers, bidders or administrators resulted from consultations made in the Sentinel and World-Check restrictive lists.

Finally, in 2016, the Internal Audit Management made an effort to give training courses on money laundering prevention to new associates and those located in the different districts and compression stations.

CONCLUSIONS AND RECOMMENDATIONS

As a result of this 2016 report on Corporate Governance of TGI S.A. ESP, it may be concluded that the compliance with the Code of Good Governance has been satisfactory, after monitoring commitments set forth in the Code of Good Corporate Governance, through the execution of the respective actions by each one of the responsible persons, by means of documentary verification tests and interviews.

Finally, the updating of the Code of Good Corporate Governance is recommended according to the guidelines of GEB and the best corporate practices on that matter.

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ANNEX

GRI Standard	Indicator	Page	Omissions	ODS	Global Pact
GRI 102: General Indicators	102-1 Name of the organization	14	None		
GRI 102: General Indicators	102-2 Activities, brands, products and services	15	None		
GRI 102: General Indicators	102-3 Location of the main HQ	28	None		
GRI 102: General Indicators	102-4 Location of operations	28	None		
GRI 102: General Indicators	102-5 Legal property and figure	14	None		
GRI 102: General Indicators	102-6 Covered markets	13	None		
GRI 102: General Indicators	102-7 Dimensions of the organization	28, 30, 132	None		
GRI 102: General Indicators	102-8 Information on employees and other workers	130	None		
GRI 102: General Indicators	102-9 Supply chain	194	None		
GRI 102: General Indicators	102-10 Significant changes within the organization and its supply chain	191	None		
GRI 102: General Indicators	102-11 Precaution principle	91	None		
GRI 102: General Indicators	102-12 External initiatives	34	None		
GRI 102: General Indicators	102-13 Membership in associations	34	None		
GRI 102: General Indicators	102-14 Letter by the Chairman	7	None		
GRI 102: General Indicators	102-16 Values, principles, standards and behavior norms	27	None	16.6; 16.7	Anticorruption

GRI Standard	Indicator	Page	Omissions	ODS	Global Pact
GRI 102: General Indicators	102-17 Mechanisms for consultancy and worries on ethics	62	None		
GRI 102: General Indicators	102-18 Government structure	51	None		
GRI 102: General Indicators	102-22 Composition of the highest government organ and its committees	58	None	16.6	
GRI 102: General Indicators	102-28 Assessment of the performance by the highest government body	59	None		
GRI 102: General Indicators	102-40 List of the interest groups	47	None		
GRI 102: General Indicators	102-41 Collective agreements	134	None		
GRI 102: General Indicators	102-42 Identification and selection of interest groups	39	None		
GRI 102: General Indicators	102-43 Involvement by interest groups	40	None		
GRI 102: General Indicators	102-44 Key subjects and worries of interest groups	128	None		
GRI 102: General Indicators	102-45 Entities included in the conformation of financial information	166	None		
GRI 102: General Indicators	102-46 Definition of the report's content and the subjects' limits	37	None		
GRI 102: General Indicators	102-47 List of material affairs	43	None		
GRI 102: General Indicators	102-48 Reexpression of information	38	None		
GRI 102: General Indicators	102-49 CChanges to the reporting	38	None		

GRI Standard	Indicator	Page	Omissions	ODS	Global Pact
GRI 102: General Indicators	102-50 Reporting period	37	None		
GRI 102: General Indicators	102-51 Date of most recent report	37	None		
GRI 102: General Indicators	102-52 Frequency of reporting	37	None		
GRI 102: General Indicators	102-53 Contact for enquiries on the report	38	None		
GRI 102: General Indicators	102-54 Type of report	38	None		
GRI 102: General Indicators	102-55 GRI Table	126	None		
GRI 102: General Indicators	102-56 External Audit	38	None		
GRI 103: Specific Indicators	103-1 Explanation of material affairs and their limitations	46	None		
GRI 103: Specific Indicators	103-2 Management and components focus	103, 116	None		
GRI 103: Specific Indicators	103-3 Evaluation of management focus	43	None		
GRI 201: Indicadores Específicos - Económicos	201-1 Direct, generated and distributed economic value	170	None		
GRI 201: Specific Indicators - Economic	201-2 Financial implications and other risks and opportunities due to climate change	152	None		
GRI 203: Specific Indicators - Economic	203-2 Significant indirect economic changes	116	None		
GRI 205: Specific Indicators - Social	205-2 Communication and training on anti-corruption policies and procedures	65	None		

GRI Standard	Indicator	Page	Omissions	ODS	Global Pact
GRI 302: Specific Indicators - Environmental	302-1 Company's Energy Consumption	96	None	7.2 ; 7-3; 8.4; 12.2	
GRI 302: Specific Indicators - Environmental	302-2 Consumption of energy outside the Company	96	None		
GRI 303: Specific Indicators- Environmental	303-1 Water use per source	96	None		
GRI 305: Specific Indicators- Environmental	305-1 Direct emissions of greenhouse effect	97	None		
GRI 306: Specific Indicators - Environmental	306-2 Residues by type and disposal method	99	None		
GRI 307: Specific Indicators - Environmental	307-1 Non-compliance with environmental laws and regulations	103	None		
GRI 401: Specific Indicators - Labor Practices and Decent Work	401-2 Benefits for full-time employees not given to part-time or temporal employees	132, 133	None		
GRI 402: Specific Indicators - Labor Practices and Decent Work	401-3 Representation of workers in formal employer - employee committees on health and safety	133	None		
GRI 403: Specific Indicators - Labor Practices and Decent Work	403-1 Maternity and paternity leaves	78	None	8.8	Labor Standards

GRI Standard	Indicator	Page	Omissions	ODS	Global Pact
GRI 403: Specific indicators - Labor Practices and Decent Work	403-2 Types and rates of injuries, occupational diseases, lost days, absenteeism and deaths due to work	82	None		
GRI 403: Specific indicators - Labor Practices and Decent Work	403-4 Health and safety issues covered in commercial agreements	135	None		
GRI 404: Capacitación y entrenamiento	404-1 Average training hours per employee, per year	130	None		
GRI 404: Training	404-2 Programs to improve the abilities of the employees and transition programs	130	None		
GRI 404: Training	404-3 Percentage of workers participating in performance and career evaluations	130	None		
GRI 407: Freedom of association and collective agreements	407-1 Operations and suppliers who could pose risks regarding freedom of association and collective agreements	134	None		
GRI 413: Local communities	413-1 Operations involving the local-community, impact measuring and development programs	105	None		

GRI Standard	Indicator	Page	Omissions	ODS	Global Pact
GRI 414: Assessment of suppliers with social criteria	414-1 New suppliers selected with social criteria	200	N/A		
		108	N/A	5	Anticorruption, Human Rights, Labor Standards and Environment
		32	N/A	7	Anticorruption, Human Rights, Labor Standards and Environment
		32, 108, 130, 133, 134	N/A	8	Anticorruption, Human Rights, Labor Standards and Environment
		32	N/A	12	Anticorruption, Human Rights, Labor Standards and Environment
		32, 152	N/A	13	Anticorruption, Human Rights, Labor Standards and Environment
		32, 100	N/A	15	Anticorruption, Human Rights, Labor Standards and Environment
		32	N/A	13	
		32	N/A	16	

GRI Standard	Indicator	Page	Omissions	ODS	Global Pact
		60	N/A		Anticorruption
		73, 127, 134	N/A		Labor Standards
		89	N/A		Environment
		74, 119	N/A		Human Rights



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